

**MOCK TEST PAPER 2**  
**FINAL COURSE: GROUP - II**  
**PAPER – 7: DIRECT TAX LAWS AND INTERNATIONAL TAXATION**

*Working Notes should form part of the answer. Wherever necessary, suitable assumptions may be made by the candidates and disclosed by way of a note. However, in answers to Questions in Division A, working notes are not required.*

*All questions relate to Assessment Year 2023-24, unless stated otherwise in the question.*

**Total Marks: 100 Marks**

**Time Allowed: 3 Hours**

**Division A – Multiple Choice Questions**

**Write the most appropriate answer to each of the following multiple choice questions by choosing one of the four options given. All questions are compulsory.**

**Case Scenario I**

Delta Limited has three Units – Alpha, Beta and Gamma. It transferred its Unit Gamma to Epsilon Limited by way of slump sale on 1<sup>st</sup> April, 2022. The Balance Sheet of Delta Limited as on that date is given below:

Liabilities	₹ (in lakhs)	Assets	₹ (in lakhs)
Paid up capital	2,550	Fixed Assets:	
Reserve & Surplus	930	Unit Alpha	225
		Unit Beta	225
Liabilities:		Unit Gamma	825
Unit Alpha	60	Other Assets:	
Unit Beta	165	Unit Alpha	780
Unit Gamma	135	Unit Beta	1,200
		Unit Gamma	585
<b>Total</b>	<b>3,840</b>	<b>Total</b>	<b>3,840</b>

**Additional information:**

- (i) Lump sum consideration on transfer of Unit Gamma is ₹ 1,320 lakhs.
- (ii) Fixed assets of Unit Gamma include land which was purchased at ₹ 90 lakhs in March, 2021 and revalued at ₹ 135 lakhs as on March 31, 2022. The stamp duty value of land on that date was ₹ 130 lakhs.
- (iii) Other fixed assets represent plant and machinery and furniture, which are reflected at ₹ 690 lakhs (i.e., ₹ 825 lakhs less value of land) which represents written down value of those assets as per books. The written down value of these assets u/s 43(6) of the Income-tax Act, 1961 is ₹ 615 lakhs.
- (iv) Other assets do not include jewellery, artistic work, shares and securities.
- (v) Liabilities represent ascertained liabilities and does not include provision for taxation or proposed dividend.
- (vi) Unit Gamma was set up by Delta Limited in March, 2021.
- (vii) Assume that the turnover of Delta Ltd. for F.Y. 2020-21 is ₹ 1295 lakhs and Delta Ltd. has **not** opted for section 115BAA.
- (viii) Book profit of Delta Ltd. computed as per section 115JB is ₹ 400 lakhs

From the information given above, choose the **most appropriate answer** to the following questions -

1. For computing capital gains on slump sale of Unit Gamma, what would be the deemed cost of acquisition and improvement for the purposes of section 48 and 49 and the resultant capital gains?
  - (a) ₹ 1275 lakhs and ₹ 45 lakhs, respectively
  - (b) ₹ 1230 lakhs and ₹ 40 lakhs, respectively
  - (c) ₹ 1155 lakhs and ₹ 115 lakhs, respectively
  - (d) ₹ 1155 lakhs and ₹ 165 lakhs, respectively
2. What is the tax liability on capital gain arising on slump sale of Unit Gamma?
  - (a) ₹ 55,08,360
  - (b) ₹ 45,90,300
  - (c) ₹ 57,65,760
  - (d) ₹ 48,04,800
3. If Unit Gamma was set up on March, 2010 instead of March, 2021, and the sale consideration is ₹ 3000 lakhs instead of ₹ 1320 lakhs, what would be the capital gains arising to Delta Ltd. on slump sale and the resultant tax liability? The CII of F.Y.2009-10 is 148 and F.Y.2022-23 is 331. Assume that there is no change in any other information given in the case scenario.
  - (a) ₹ 416.86 lakhs and ₹ 92.78 lakhs, respectively
  - (b) ₹ 416.86 lakhs and ₹ 97.11 lakhs, respectively
  - (c) ₹ 1845 lakhs and ₹ 429.81 lakhs, respectively
  - (d) ₹ 1845 lakhs and ₹ 410.62 lakhs, respectively
4. What would be the minimum alternate tax computed under section 115JB for A.Y.2023-24, if Delta Ltd. is located in an IFSC and derives its income solely in convertible foreign exchange?
  - (a) ₹ 66,76,800
  - (b) ₹ 62,40,000
  - (c) ₹ 40,06,080
  - (d) ₹ 37,44,000
5. If Delta Ltd. is a company, being a unit of an IFSC, deriving income solely in convertible foreign exchange and has distributed dividend of ₹ 200 lakhs in the P.Y.2022-23, what would be the tax implications in the hands of Delta Ltd. and shareholders?
  - (a) No distribution tax in the hands of Delta Ltd. and no income-tax in the hands of the shareholders in respect of dividend so distributed
  - (b) Delta Ltd. is liable to pay distribution tax; income is exempt in the hands of shareholders
  - (c) No distribution tax in the hands of Delta Ltd.; shareholders liable to tax on dividend income
  - (d) No distribution tax in the hands of Delta Ltd.; shareholders liable to tax on aggregate dividend income in excess of ₹ 10 lakh

**(2 x 5 = 10 Marks)**

### **Case Scenario II**

MCS Pvt. Ltd. is a company engaged in providing consultancy and business advisory services. It provides a range of services including financial management, project advisory, business mergers, business valuations, etc. During the financial year 2022-23, it has provided various services and its gross receipts amounted to ₹ 70,00,00,000. This is the first year of their operation and the company thinks it has defaulted in certain

compliances. Moreover, during the year, it received the following loans in cash from various vendors due to some business exigency:

- ₹ 25,00,000 availed from Mr. A on 15<sup>th</sup> April 2022
- ₹ 21,000 availed from Mr. B on 15<sup>th</sup> May 2022
- ₹ 11,000 availed from Mr. C on 15<sup>th</sup> June 2022

Further, MCS Pvt. Ltd. made the following loan repayments during the year:

- ₹ 8,000 to Mr. A on 15<sup>th</sup> July 2022 in cash
- ₹ 2,50,000 to Mr. A on 15<sup>th</sup> August 2022 through account payee cheque
- ₹ 21,000 to Mr. A on 15<sup>th</sup> September 2022 through RTGS
- ₹ 15,000 to Mr. A on 15<sup>th</sup> October 2022 through crossed cheque

MCS Pvt. Ltd. has also received an amount of ₹ 2,00,000 for services rendered to Mr. Shyam through bearer cheque. Also, he received cash of ₹ 90,000 for services rendered to Mr. Ankit. Furthermore, MCS Pvt. Ltd. does not know about the applicability of tax audit under section 44AB of the Income-tax Act, 1961.

From the information given above, choose the **most appropriate answer** to the following questions –

6. What is the amount of penalty, if any, which would be leviable on MCS Pvt. Ltd. for availing loan in cash from various vendors?
  - (a) Penalty of ₹ 25,32,000 under section 271E
  - (b) Penalty of ₹ 25,21,000 under section 271D
  - (c) Penalty of ₹ 25,00,000 under section 271E
  - (d) Penalty of ₹ 25,32,000 under section 271D
7. What is the amount of penalty leviable on repayment of loan to Mr. A?
  - (a) Penalty of ₹ 23,000 under section 271E
  - (b) Penalty of ₹ 23,000 under section 271D
  - (c) No penalty is leviable since the repayment otherwise than by way of prescribed modes is less than ₹ 20,000
  - (d) Penalty of ₹ 44,000 under section 271E
8. Has MCS Pvt. Ltd. violated any provision of the Income-tax Act, 1961, while receiving payment from Mr. Shyam and Mr. Akhil? If yes, what is the amount of penalty which MCS Pvt. Ltd. is liable to pay?
  - (a) Yes, contravention of section 269ST on receiving payment from Mr. Shyam; Penalty of ₹ 2,00,000 u/s 271DA; No contravention on receiving payment from Mr. Akhil
  - (b) Yes, contravention of section 269ST on receiving payment from Mr. Shyam and Mr. Akhil & Penalty of ₹ 2,90,000 u/s 271DA
  - (c) Yes, contravention of section 269SU on receiving payment from Mr. Shyam & Penalty of ₹ 2,00,000 is attracted u/s 271DB; No contravention on receiving payment from Mr. Akhil
  - (d) No violation on receiving payment from either Mr. Shyam or Mr. Akhil
9. What is the time limit for filing tax audit report for A.Y. 2023-24 and the amount of penalty leviable if the company does not file its tax audit report within the due date?
  - (a) 30.09.2023; penalty leviable is ₹ 35,00,000 u/s 271A
  - (b) 31.10.2023; penalty leviable is ₹ 35,00,000 u/s 271B

(c) 30.09.2023; penalty leviable is ₹ 1,50,000 u/s 271B

(d) 31.10.2023; penalty leviable is ₹ 1,50,000 u/s 271B

(2 x 4 = 8 Marks)

10. Mr. Vishal and Mr. Guha sold their residential house property in Pune for ₹ 3 crore and ₹ 4 crore, respectively, in January, 2023. The house property was purchased by them 25 months back. The indexed cost of acquisition is ₹ 1 crore and ₹ 1.75 crore, respectively. Mr. Vishal purchased two residential flats, one in Delhi and one in Agra for ₹ 70 lakhs and ₹ 80 lakhs, respectively, in April, 2023. On the same date, Mr. Guha also purchased two residential flats, one in Mumbai and the other in Pune, for ₹ 80 lakhs and ₹ 75 lakhs, respectively. Both of them invested ₹ 30 lakhs in bonds of NHAI in March, 2023 and ₹ 30 lakhs in bonds of RECL in April, 2023. What is the income taxable under the head "Capital Gains" for A.Y.2023-24 in the hands of Mr. Vishal and Mr. Guha?

(a) ₹ 70 lakhs and ₹ 95 lakhs, respectively

(b) ₹ 60 lakhs and ₹ 85 lakhs, respectively

(c) Nil and ₹ 95 lakhs, respectively

(d) Nil and ₹ 20 lakhs, respectively

(2 Marks)

11. A Ltd., an Indian company, borrowed money from B Inc. in Country B, C Ltd. in Country C, D Inc. in Country D and E Ltd. in Country E, the details of which are given hereunder-

Lender	Amount borrowed by A Ltd.	Interest paid in the P.Y.2022-23	Is it an Associated Enterprise of A Ltd.?
B Inc.	₹ 15 crores	₹ 1.50 crores	Yes
C Ltd.	₹ 25 crores	₹ 2.50 crores	No
D Inc.	₹ 25 crores	₹ 2.50 crores	Yes
E Ltd.	₹ 15 crores	₹ 1.50 crores	No

B Inc. has provided guarantee of loan taken by A Ltd. from C Ltd. D Inc. has deposited ₹ 15 crores with E Ltd. Earnings before Interest, Tax and Depreciation of A Ltd. for A.Y.2023-24 is ₹ 10 crores. What is the interest to be disallowed under section 94B for A.Y.2023-24?

(a) ₹ 1 crore

(b) ₹ 3 crores

(c) ₹ 4 crores

(d) ₹ 5 crores

(2 Marks)

12. Under which of the following cases, will arm's length price be determined by considering the median of the dataset?

Case	Most Appropriate Method	No. of entries in the dataset	Does the price at which the transaction is undertaken fall within the arm's length range beginning from the 35 <sup>th</sup> percentile of the dataset and ending on the 65 <sup>th</sup> percentile of the dataset?
I	CUP	5	-
II	RPM	6	Yes
III	TNMM	7	Yes
IV	Cost Plus	8	No

(a) II and III

(b) I and IV

- (c) Only IV  
(d) Only I (2 Marks)
13. XYZ Ltd., a Foreign Institutional Investor (FII), has total income comprising of only short-term capital gains of ₹ 50 lakh on sale of listed equity shares and interest income referred under section 194LD of ₹ 15 lakh. What is the tax liability of the FII for the P.Y. 2022-23?
- (a) ₹ 8,58,000  
(b) ₹ 16,38,000  
(c) ₹ 15,75,000  
(d) ₹ 18,72,000 (2 Marks)
14. Mr. Suresh, a retailer of spare parts, purchases goods from Petal LLP. He purchased goods worth ₹ 55 lakhs from Petal LLP on 1.11.2022. Petal LLP wishes to collect tax at source from Mr. Suresh on the given sale at the time of receipt of the consideration. In order to meet the compliances, it calls for the PAN of Mr. Suresh. However, Mr. Suresh provides only his Aadhar card. Even after continuous follow up, Mr. Suresh refuses to provide his PAN. What amount of tax is to be collected on the given sale, assuming Petal LLP's turnover for the F.Y. 2021-22 was ₹ 12 crores and Mr. Suresh's turnover was ₹ 7 crores?
- (a) ₹ 5,000  
(b) ₹ 500  
(c) ₹ 25,000  
(d) Nil, since Mr. Suresh is required to deduct tax under section 194Q in this case. (2 Marks)
15. Mr. A, aged 59 years, won ₹ 9 lakh and Mr. B, aged 50 years, won ₹ 8 lakh from lotteries. Tax deductible at source under section 194B was duly deducted. Assuming that this is the only source of income of Mr. A and Mr. B for A.Y.2023-24, are Mr. A and Mr. B liable to pay advance tax for that year?
- (a) No, Mr. A and Mr. B are not liable to pay advance tax as tax deductible at source under section 194B has been fully deducted  
(b) Yes, Mr. A and Mr. B are liable to pay advance tax  
(c) Mr. A is liable to pay advance tax but Mr. B is not liable to pay advance tax  
(d) Mr. B is liable to pay advance tax but Mr. A is not liable to pay advance tax (2 Marks)

### Division B – Descriptive Questions

*Question No. 1 is compulsory*

*Attempt any **four** questions from the remaining **five** questions*

1. XYZ Ltd. is engaged in the manufacture of textile since 01-04-2009. Its Statement of Profit & Loss shows a profit of ₹ 700 lakhs after debit/credit of the following items:
- (i) Depreciation calculated on the basis of useful life of assets as per provisions of the Companies Act, 2013 is ₹ 50 lakhs.  
(ii) Employer's contribution to EPF of ₹ 2 lakhs and Employees' contribution of ₹ 2 lakhs for the month of March 2023 were remitted on 30<sup>th</sup> June, 2023.  
(iii) The company appended a note to its Income Statement that industrial power tariff concession of ₹ 2.5 lakhs was received from the State Government and credited the same to Statement of P & L.  
(iv) The company had provided an amount of ₹ 25 lakhs being sum estimated as payable to workers based on agreement to be entered with the workers union towards periodical wage revision once

in 3 years. The provision is based on a fair estimation of wages and reasonable certainty of revision once in 3 years.

- (v) The company had made a provision of 10% of its debtors towards bad and doubtful debts. Total sundry debtors of the company as on 31-03-2023 was ₹ 200 lakhs.
- (vi) A debtor who owed the company an amount of ₹ 40 lakhs was declared insolvent and hence, was written off by debit to Statement of Profit and loss.
- (vii) Sundry creditors include an amount of ₹ 50 lakhs payable to A & Co, towards supply of raw materials, which remained unpaid due to quality issues. An agreement has been made on 31-03-2023, to settle the amount at a discount of 75% of the outstanding. The amount waived is credited to Statement of Profit and Loss.
- (viii) The opening and closing stock for the year were ₹ 200 lakhs and ₹ 255 lakhs, respectively. They were overvalued by 10%.
- (ix) Provision for gratuity based on actuarial valuation was ₹ 500 lakhs. Actual gratuity paid debited to gratuity provision account was ₹ 300 lakhs.
- (x) Commission of ₹ 1 lakhs paid to a recovery agent for realization of a debt. Tax has been deducted and remitted as per Chapter XVIIIB of the Act.
- (xi) The company has purchased 500 tons of industrial paper as packing material at a price of ₹ 30,000/ton from PQR, a firm in which majority of the directors are partners. PQR's normal selling price in the market for the same material is ₹ 28,000/ton.

**Additional Information:**

- (1) There was an addition to Plant & Machinery amounting to ₹ 50 lakhs on 10-06-2022, which was used for more than 180 days during the year. Additional depreciation has not been adjusted in the books.
- (2) Normal depreciation calculated as per Income-tax Rules, 1962 is ₹ 80 lakhs.
- (3) The company had credited a sub-contractor an amount of ₹ 10 lakhs on 31-03-2022 towards repairing a machinery component. The tax so deducted was remitted on 31-12-2022.
- (4) The company has collected ₹ 7 lakhs as GST from its customers and paid the same on the due dates. However, on an appeal made, the High Court directed the Department to refund ₹ 3 lakhs to the company. The company, in turn, refunded ₹ 2 lakhs to the customers from whom the amount was collected and the balance of ₹ 1 lakh is still lying under the head "Current Liabilities".

Compute total income and tax liability for A.Y. 2023-24. Ignore MAT provisions and the provisions of section 115BAA.

**Note** - The turnover of XYZ Ltd. for the P.Y.2020-21 was ₹ 405 crore.

**(14 Marks)**

2. (a) Victory Polyfibres, a partnership firm, has earned a gross total income of ₹ 300 lakhs for the year ended 31-3-2023. The firm has not undertaken any international transaction or specified domestic transaction during the said year.

The above income includes a profit of ₹ 200 lakhs from an undertaking eligible for deduction under section 80-IA, having a turnover of ₹ 80 crores. This is the fifth year and deduction under section 80-IA is available to the extent of ₹ 200 lakhs.

There are some grey areas in the taxation workings and hence, the assessee is contemplating to file the return of income on 7-12-2023, after seeking clarifications from tax experts.

Advise the assessee-firm by working out the total income and tax payable, where the return is filed on 31-10-2023 or when the same is filed on 7-12-2023.

What is the practical solution as regards obtaining clarifications, which might or might not have an impact on the total income? You may ignore interest under section 234A, 234B, 234C and 234F while making the computation in support of your advice. **(8 Marks)**

- (b) Singtel Ltd. is a company incorporated in Singapore and 55% of its shares are held by Godavari (P) Ltd., an Indian company. Singtel Ltd. has its presence in India also. The details relating to Singtel Ltd. for the P.Y.2022-23, are as under:

Particulars	India	Singapore
Fixed assets at depreciated values for tax purposes (₹ in crores)	120	80
Intangible assets (₹ in crores)	50	200
Other assets (value as per books of account) (₹ in crores)	40	120
Income from trading operations (₹ in crores)	25	50
The above figure includes:		
(i) Income from transactions where purchases are from associated enterprises and sales are to unrelated parties	2	4
(ii) Income from transactions where sales are to associated enterprises and purchases are from unrelated parties	3	5
(iii) Income from transactions where both purchases and sales are from/to associated enterprises	5	10
Interest and dividend from investments (₹ in crores)	20	15
Number of employees (Residents in respective countries)	70	90
Payroll expenses on employees (₹ in crores)	8	12

Determine the residential status of Singtel Ltd. for A.Y.2023-24, if during the F.Y.2022-23, eight board meetings were held – 3 in India and 5 in Singapore. **(6 Marks)**

3. (a) (i) A public charitable trust registered under section 12AB, for the previous year ending 31.3.2023, derived gross income of ₹ 21 lakhs, which consists of the following:

	(₹ in Lacs)
(a) Income from properties held by trust	10
(b) Income from business (incidental to main objects)	4
(c) Voluntary contributions from public	7

The trust applied a sum of ₹ 11.60 lacs towards charitable purposes during the year which includes repayment of loan taken for construction of orphanage ₹ 3.60 lacs. The entire expenditure incurred on construction of orphanage was allowed as application of income in the P.Y. 2020-21.

Determine the taxable income of the trust for the assessment year 2023-24. **(4 Marks)**

- (ii) A not for profit trust undertakes philanthropic activities through an educational institution and a hospital. During the P.Y. 2022-23 the trust had annual receipts of ₹ 3 crores from its educational institution and ₹ 4 crore from the hospital. During the P.Y. 2022-23, it desires to avail exemption under section 10(23C)(iiia) and 10(23C)(iiib), as the individual threshold under each of the sub-clauses, is less than ₹ 5 crore. Can it do so? Examine. **(4 Marks)**
- (b) (i) The term 'Advance Ruling' includes within its scope, a determination by the Board for Advance Rulings only in relation to a transaction undertaken by a non-resident applicant. Examine the correctness of this statement, with reference to the provisions of the Income-tax Act 1961.

**(3 Marks)**

- (ii) ABC Ltd., an Indian company, is carrying on the business of manufacture and sale of teakwood furniture under the brand name "PUREWOOD". In order to expand its overseas sales/exports, it launched a massive advertisement campaign of its products. For the purpose of online advertisement, it utilized the services of PQR Inc., a London based company. During the previous year 2022-23, ABC Ltd. paid ₹ 5 lakhs to PQR Inc. for such services. Discuss the tax implications/TDS implications of such payment and receipt in the hands of ABC Ltd. and PQR Inc., respectively, if PQR Inc. has no permanent establishment in India. **(3 Marks)**
4. (a) Examine in the following cases the obligation of the person paying the income in respect of tax deduction at source:
- (i) MNO Ltd., the employer, credited salary due for the financial year 2022-23 amounting to ₹ 5,40,000 to the account of Q, an employee, employed on 15.1.2023 in its books of account on 31.3.2023. Q has not furnished any information about his income/loss from any other head or proof of investments/ payments qualifying for deduction under section 80C.
- (ii) T, an individual whose total sales in business during the year ended 31.3.2022 was ₹ 2.20 crores, paid ₹ 9 lacs by cheque on 1.1.2023 to a contractor (an individual), for construction of his factory building. No amount was credited earlier to the account of the contractor in the books of T.
- (iii) BCD Ltd. credited ₹ 28,000 towards fees for professional services and ₹ 27,000 towards fees for technical services to the account of HG in its books of account on 6.10.2022. The total sum of ₹ 55,000 was paid by cheque to HG on 18.12.2022.
- (ii) By virtue of an agreement with a nationalised bank, a catering organisation receives a sum of ₹ 50,000 per month towards supply of food, water, snacks etc. during office hours to the employees of the bank. **(8 Marks)**
- (b) Examine with reasons whether the two enterprises referred to in the independent situations given below can be deemed to be associated enterprises under the Indian transfer pricing regulations:
- (i) PQR Inc, a US company having its place of effective management also in the USA, has advanced a loan equivalent to ₹ 170 crores to Mahanadi Ltd., an Indian company on 10-4-2022. The total book value of assets of Mahanadi Ltd. is ₹ 300 crores. The market value of the assets, however, is ₹ 320 crores. Mahanadi Ltd. repaid ₹ 30 crores before 31-3-2023.
- (ii) Queenland plc., a French company having its place of effective management also in the France, has appointed 3 of the directors of Godavari Ltd, an Indian company, whose total number of directors in the Board is 8.
- (iii) Total value of raw materials and consumables of Saraswati Ltd., an Indian company, is ₹ 900 crores. Of this, supplies to the tune of ₹ 830 crores are by Zoel GmbH, a German company having its place of effective management in Germany, at prices and terms decided by the German company. **(6 Marks)**
5. (a) Cash of ₹ 25 lacs was seized on 12.9.2022 in a search conducted as per section 132 of the Act. The assessee moved an application on 27.10.2022 to release such cash after explaining the sources thereof, which was turned down by the department. The assessee seeks your opinion on, the following issues:
- (i) Can the department withhold the explained money?
- (ii) If yes, then to what extent and upto what period? **(4 Marks)**
- (b) Tai Ltd. filed its return of income for assessment year 2022-23 on 26<sup>th</sup> September, 2022. The return is selected for regular assessment under section 143(3) for which notice under section 143(2) is served on the company on 3rd July, 2023. The company responded to the notice under section



143(2). Examine whether the service of the notice is within time and if not, whether the assessment order can be challenged by the assessee. **(4 Marks)**

- (c) When does it become necessary to apply the tie-breaker rule? Discuss the manner of application of the tie-breaker rule. **(6 Marks)**
6. (a) An assessee had credited a sum of ₹ 50,000 in cash in the account of Madan, said to represent a loan obtained from him. The Assessing Officer, having gone into the genuineness of the transaction, disbelieved the story of loan and treated the sum of ₹ 50,000 as the income of the assessee from undisclosed sources. He also started proceedings under section 271D and levied a penalty of ₹ 60,000 on the assessee for having accepted the loan in contravention of section 269SS. Examine the correctness of the levy. **(4 Marks)**
- (b) Critically examine the following cases and discuss whether the provisions of General Anti-avoidance Rules (GAAR) can be invoked in these cases?
- (i) Diva Ltd., an Indian company has 2 manufacturing units, unit A in the Special Economic Zone (SEZ) and unit B in non-SEZ. Manufacturing activities are carried out in Unit B while unit A only does the packaging of the goods manufactured by unit B. In its books of accounts, it shows the manufacturing to be carried out in unit A and claims allowable deductions.
- (ii) Jeeva Ltd., an Indian company has 2 manufacturing units, unit C in the Special Economic Zone (SEZ) and unit D in non-SEZ. It transfers the goods manufactured by unit D to unit C at a price significantly lower than the market value of the goods and thus becomes eligible for higher deductions. **(4 Marks)**
- (c) Mr. Kamesh, an individual resident in India aged 52 years, furnishes you the following particulars of income earned in India, Country "X" and Country "Y" for the previous year 2022-23. India has not entered into double taxation avoidance agreement with these two countries.

Particulars	₹
Income from profession carried on in India	7,50,000
Agricultural income in Country "X" (gross)	50,000
Dividend from a company incorporated in Country "Y" (gross)	1,50,000
Royalty income from a literary book from Country "X" (gross)	6,00,000
Expenses incurred for earning royalty	50,000
Business loss in Country "Y" (Proprietary business)	65,000
Rent from a house situated in Country "Y" (gross)	2,40,000
Municipal tax paid in respect of the above house in Country "Y" (not allowed as deduction in country "Y")	10,000

**Note:** Business loss in Country "Y" not eligible for set off against other incomes as per law of that country.

The rates of tax in Country "X" and Country "Y" are 10% and 20%, respectively.

Compute total income and tax payable by Mr. Kamesh in India for Assessment Year 2023-24, assuming that he does not opt for section 115BAC. **(6 Marks)**