

MOCK TEST PAPER 1
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

Mr. Ram is carrying on business of trading in furniture, the annual turnover from which is around ₹ 70 to ₹ 80 lakhs. His brother, Mr. Shyam, is carrying on business of wholesale trading in food grains and his annual turnover is around ₹ 11 crores. Mr. Shyam also exports food grains to South East Asian countries directly as well as through his associates. The following are the particulars relating to Mr. Ram and Mr. Shyam from A.Y.2018-19 to A.Y.2022-23 –

Mr. Ram	
(i)	Filed return of A.Y.2018-19 on 30.4.2020 in response to notice under section 148 served on 20.3.2020
(ii)	Filed return of A.Y.2019-20 on 12.9.2019
(iii)	Filed return of A.Y.2020-21 on 25.9.2020
(iv)	Filed return of A.Y.2021-22 on 30.9.2021
(v)	Filed return of A.Y.2022-23 on 30.9.2022
Mr. Shyam	
(i)	Filed return of A.Y.2018-19 on 30.4.2020 in response to notice under section 148 served on 9.4.2020
(ii)	Filed return of A.Y.2019-20 on 30.9.2019 Assessing Officer made a reference to the Transfer Pricing Officer on 2.4.2020 under section 92CA(1) during the course of proceeding for assessment of A.Y.2019-20 and the Transfer Pricing Officer passed an order on 4.8.2020.
(iii)	Filed return of A.Y.2020-21 on 1.10.2020
(iv)	Filed return of A.Y.2021-22 on 30.9.2021
(v)	Filed return of A.Y.2022-23 on 30.9.2022

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

1. What is the time limit available to the Assessing Officer for completion of assessment of Mr. Ram and Mr. Shyam for A.Y.2018-19?
 - (a) 31.3.2021 in both cases
 - (b) 31.3.2021 and 31.12.2021, respectively
 - (c) 31.12.2020 and 31.3.2022, respectively
 - (d) 31.3.2021 and 31.3.2022, respectively
2. What is the time limit available to the Assessing Officer for completion of assessment by passing order under section 143 for A.Y.2019-20 for Mr. Ram and Mr. Shyam?
 - (a) 30.9.2021, in both cases
 - (b) 31.3.2021 and 31.3.2022, respectively
 - (c) 30.9.2021 and 30.9.2022, respectively
 - (d) 31.12.2021 and 31.12.2022, respectively
3. What is the time limit available to the Assessing Officer for completion of assessment of Mr. Ram by passing order under section 143 for A.Y.2020-21 and A.Y.2021-22?
 - (a) 31.12.2021 and 31.12.2022, respectively
 - (b) 31.12.2021 and 31.3.2023, respectively
 - (c) 30.9.2022 and 31.12.2022, respectively
 - (d) 31.3.2022 and 31.3.2023, respectively
4. Assuming that Mr. Ram and Mr. Shyam have business losses pertaining to A.Y.2022-23, can they carry forward such loss for set-off against the business income of A.Y.2023-24?
 - (a) Yes, both Mr. Ram and Mr. Shyam can carry forward their business losses of A.Y.2022-23 for set-off against the business income of A.Y.2023-24
 - (b) Mr. Ram can carry forward business losses of A.Y.2022-23 for set-off against his business income of A.Y.2023-24; however, Mr. Shyam cannot do so
 - (c) Mr. Shyam can carry forward business losses of A.Y.2022-23 for set-off against his business income of A.Y.2023-24; however, Mr. Ram cannot do so
 - (d) No, both Mr. Ram and Mr. Shyam cannot carry forward their business losses of A.Y.2022-23 for set-off against the business income of A.Y.2023-24

(2 x 4 = 8 Marks)

Case Scenario II

The assessment of Shubh Associates, a partnership firm, for the assessment year 2020-21 was made under section 143(3) on 28th March, 2022. The Assessing Officer made two additions to the income of the assessee viz.

- (i) addition of ₹ 4 lacs under section 40(a)(ia) and
- (ii) addition of ₹ 5.5 lacs on account of unexplained cash credit.

The assessee contested addition on account of unexplained cash credit in appeal to the Commissioner (Appeals). The appeal was decided in February, 2023 against the assessee.

On 12th April, 2022, the Assessing Officer issued a notice under section 142(1) calling upon Shubh Associates to file return of income for Assessment Year 2021-22. In response to the said notice, the Shubh Associates furnished a return of loss and claimed carry forward of business loss and unabsorbed depreciation in the return.

Shubh Associates pays interest on loan @14% to its partners Anil & Ajay from 1.4.2022, being the date of loan, which amounts to ₹ 7 lakhs in total in the P.Y. 2022-23. The same was approved by modification of the partnership deed on 1.6.2022 w.r.e.f. 1.4.2022. Anil, a non-resident is a working partner but Ajay, who is resident in India, is not a working partner. Both of them share profits and losses of the firm equally.

Further, Shubh Associates furnished the following information pertaining to installments paid to a NBFC during the previous year 2022-23 towards loan borrowed for the business:

Month	Amount	Mode of Payment
30 th April	₹ 1,20,000	Cash
31 st May	₹ 1,50,000	Account payee cheque
30 th June	₹ 1,50,000	BHIM
31 st July	₹ 1,20,000	Cash
31 st August	₹ 50,000	Cash
30 th September	₹ 3,00,000	Cash

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

5. Would Shubh Associates be entitled to carry forward of business loss and unabsorbed depreciation claimed in the return for A.Y.2021-22?
 - (a) Yes, it can carry forward both business loss and unabsorbed depreciation
 - (b) No, it cannot carry forward the business loss and unabsorbed depreciation
 - (c) It can carry forward business loss but cannot carry forward unabsorbed depreciation
 - (d) It can carry forward unabsorbed depreciation but cannot carry forward business loss
6. Can Shubh Associates apply for rectification under section 154 or revision under section 264 with respect to addition of ₹ 5.5 lacs on account of unexplained cash credit for A.Y.2020-21?
 - (a) It can either apply for revision before the Commissioner under section 264 or can make application for rectification under section 154
 - (b) It cannot apply for revision before the Commissioner under section 264 but can make application for rectification under section 154
 - (c) It can apply for revision before the Commissioner under section 264 but cannot make application for rectification under section 154
 - (d) It can neither apply for revision before the Commissioner under section 264 nor for rectification under section 154
7. Would any penalty is leviable for installments received by NBFC? If yes, what would be amount of penalty and who can impose such penalty?
 - (a) No penalty is leviable
 - (b) Yes, penalty is leviable for ₹ 3,00,000 under section 271DA. It can be imposed by the Joint Commissioner.
 - (c) Yes, penalty is leviable for ₹ 5,90,000 under section 271DA. It can be imposed by the Joint Commissioner.

- (d) Yes, penalty is leviable for ₹ 3,00,000 under section 271DA. It can be imposed by any Income-tax authority
8. Is tax required to be deducted at source by the firm on payment of interest to Mr. Ajay and Mr. Anil?
- (a) No tax is required to be deducted at source in respect of interest payment to Mr. Anil & Mr. Ajay.
- (b) Yes, tax is required to be deducted at source in respect of payments to Mr. Anil & Mr. Ajay.
- (c) No tax is required to be deducted in respect of payment to Mr. Anil but tax is required to be deducted in respect of payment to Ajay.
- (d) No tax is required to be deducted in respect of payment to Ajay but tax is required to be deducted in respect of payment to Anil.
9. What is the amount of interest to be allowed while computing business income of the firm for A.Y. 2023-24, assuming that the tax deductible at source, if any, has been deducted and deposited on time?
- (a) ₹ 6 lakhs
- (b) ₹ 5 lakhs
- (c) ₹ 3 lakhs
- (d) ₹ 2.5 lakhs **(2 x 5 = 10 Marks)**
10. A Ltd. is a Singapore Company (whose POEM is in Singapore) which owns and operates an electronic platform for provision of services. B Ltd. is a Malaysian company (whose POEM is in Malaysia) which provides online advertisement services. The gross receipts from such services may be taken as ₹ 3 crores in the F.Y.2022-23 for both A Ltd and B Ltd. A Ltd. does not have a branch in India whereas B Ltd. has a branch in India at Mumbai and the online advertisement services are effectively connected to that branch. If Mr. X, a citizen and resident of India, has availed services from A Ltd. and B Ltd. in September, 2022 for purposes of business in India, and the amount payable to A Ltd. and B Ltd. is ₹ 1 lakh and ₹ 12 lakhs, respectively, would equalisation levy be attracted in respect of the same?
- (a) Equalisation levy would be attracted in both cases, *albeit* at different rates
- (b) Equalisation levy@2% would be attracted in the hands of A Ltd. in respect of consideration received from Mr. X.
- (c) Equalisation levy@6% would be attracted in respect of the transaction between Mr. X and B Ltd. However, no equalisation levy would be attracted in respect of transaction between Mr. X and A Ltd., since the consideration does not exceed ₹ 1 lakh.
- (d) No equalisation levy would be attracted in both cases. **(2 Marks)**
11. Y is a foreign company having permanent establishment in India namely X. Z, a non-resident associated enterprise, has invested ₹ 900 crore through debt in X. Earnings before interest, taxes, depreciation and amortisation (EBITDA) of X during the financial year was ₹ 150 crore. What is the amount of interest allowable in respect of the debt assuming that the debt was invested on the first day of the financial year and the rate of interest is 10% p.a.?
- (a) ₹ 45 crore
- (b) ₹ 90 crore
- (c) ₹ 30 crore
- (d) ₹ 27 crore **(2 Marks)**
12. Air India Ltd. has paid an amount of ₹ 20 lakhs on 1.4.2022 to Airports Authority of India towards landing and parking charges for the month of April, 2022. Which of the following statements is correct?

- (a) No tax is deductible at source on such payment
- (b) Tax is deductible at source@2% u/s 194C on such payment
- (c) Tax is deductible at source@2% u/s 194-I on such payment
- (d) Tax is deductible at source@10% u/s 194-I on such payment **(2 Marks)**
13. Mr. Rajan purchased 300 shares in Vaigai Ltd. on 12.1.2017 at a cost of ₹ 2,500 per share. The Fair Market Value (FMV) of the share as on 31.1.2018 is ₹ 1,800. Mr. Rajan sold all the shares of Vaigai Ltd. on 15.7.2022 for ₹ 3,200. Mr. Rajan's brother Mr. Ravi purchased 600 shares in Tapti Ltd. on 25.1.2017 at a cost of ₹ 1,900 per share. The FMV of the share as on 31.1.2018 is ₹ 2,400. Mr. Ravi sold all the shares of Tapti Ltd. on 31.1.2023 for ₹ 1,700 per share. What is the chargeable capital gains on sale of shares of Vaigai Ltd. and Tapti Ltd. in the hands of Mr. Rajan and Mr. Ravi, respectively, for A.Y.2023-24, assuming that STT was paid at the time of acquisition and sale?
- (a) Long-term capital gains of Mr. Rajan ₹ 2,10,000; Long-term capital loss of Mr. Ravi ₹ 4,20,000
- (b) Long-term capital gains of Mr. Rajan ₹ 4,20,000; Long-term capital loss of Mr. Ravi ₹ 4,20,000
- (c) Long-term capital gains of Mr. Rajan ₹ 4,20,000; Long-term capital loss of Mr. Ravi ₹ 1,20,000
- (d) Long-term capital gains of Mr. Rajan ₹ 2,10,000; Long-term capital loss of Mr. Ravi ₹ 1,20,000 **(2 Marks)**
14. Mr. Vallish, employed as Manager with ABC Ltd., pays rent of ₹ 50,000 per month to his landlord. Which of the following statements is correct?
- (a) Mr. Vallish is liable to deduct tax@10% u/s 194-I, since his annual rent exceeds ₹ 2,40,000
- (b) Mr. Vallish is liable to deduct tax@5% u/s 194-IB every month, since he pays rent of ₹ 50,000 per month
- (c) Mr. Vallish is liable to deduct tax@5% u/s 194-IB on the annual rent in the month of March, since he pays rent of ₹ 50,000 per month
- (d) Mr. Vallish is not liable to deduct tax at source **(2 Marks)**
15. Benefit of taxation of presumptive income under the Income-tax Act, 1961 would not be available to Akash, a non-resident, in A.Y. 2023-24, in respect of the related Indian income, if he is engaged in the business of –
- (a) Operation of ships
- (b) Operation of Aircraft
- (c) Civil construction in connection with an approved turnkey project
- (d) Plying, hiring or leasing of goods carriages **(2 Marks)**

Division B – Descriptive Questions

Question No. 1 is compulsory

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

1. Lambda Ltd. is engaged in the manufacture of fabrics since 01-04-2012. Its Statement of Profit and Loss for the previous year ended 31st March, 2023 shows a profit of ₹ 750 lakhs after debiting or crediting the following items:
- (a) Depreciation charged on the basis of useful life of assets as per Companies Act is ₹ 52 lakhs.

- (b) Industrial power tariff concession of ₹ 4.80 lakhs, received from Maharashtra State Government was credited to Statement of profit and loss.
- (c) The company had provided ₹ 18 lakhs, being sum fairly estimated as payable with reasonable certainty, to workers on agreement to be entered with the workers union towards periodical wage revision once in every three years.
- (d) Dividend received from a US company ₹ 12 lakhs.
- (e) Loss ₹ 17 lakhs, due to destruction of a machine worth ₹ 24 lakhs by fire due to short circuit and ₹ 3 lakh received as scrap value. The insurance company did not admit the claim of the company on charge of gross negligence.
- (f) Provision for gratuity based on actuarial valuation was ₹ 320 lakhs. Actual gratuity paid debited to gratuity provision account was ₹ 160 lakhs.
- (g) Advertisement charges ₹ 2.30 lakhs, paid by cheque for advertisement published in the souvenir of a political party registered with the Election Commission of India.
- (h) Long term capital gain ₹ 3 lakhs on sale of equity shares on which Securities Transaction Tax (STT) was paid at the time of acquisition and sale.

Additional Information:

- (i) Normal depreciation computed as per Income-tax Rules is ₹ 71 lakhs. Ignore adjustment, if any, due to scrap value of ₹ 3 lakhs.
- (ii) GST ₹ 8 lakhs collected from its customers was paid by the company on the due dates. On an appeal, the High Court directed the GST department to refund ₹ 3 lakhs to the company. The company in turn refunded ₹ 2 lakhs to the customers from whom it was collected and the balance ₹ 1 lakh is still lying under the head "Current Liabilities".

Compute the total income and tax liability of Lambda Ltd. for the A.Y. 2023-24 by analyzing and applying the relevant provisions of income-tax law. Briefly explain the reasons for treatment of each item. Ignore the provisions relating to Minimum Alternate Tax. Assume that the company has not opted for section 115BAA.

Note - The turnover of Lambda Ltd. for the P.Y.2020-21 was ₹ 450 crore. **(14 Marks)**

2. (a) XYZ Co-operative society is engaged in marketing of agricultural produce grown by its members. The profits and gains attributable to such business for A.Y.2023-24 is ₹ 65 lakhs (computed). It has employed ten new employees with salary of ₹ 22,000 p.m. on 1.5.2022. Salary is paid by account payee cheque. It gets its books of accounts audited under section 44AB. It also earns interest of ₹ 30 lakhs on fixed deposits with banks. Compute its total income and tax liability for A.Y.2023-24 and advise whether it should opt for the special provisions under section 115BAD.

(8 Marks)

- (b) Mr. Charles, a non-resident and German citizen, is employed in a German company. The German company has a PE in India and accordingly the income of the PE is chargeable to tax in India. Charles visited India during the F.Y. 2022-23 on official work and stayed for 85 days. His salary for that period was ₹ 28,00,000 which is borne by the Indian PE.

Charles held 1200 shares of B (P) Ltd., an Indian company since 28.11.2015 which he acquired for ₹ 15 per share. For acquiring the shares, he remitted USD 50,000 to India on 1.11.2015. He sold these shares on 23.6.2022 for ₹ 43 per share.

Charles also held 2000 equity shares of Aribitz GmbH (AG), a German company, which he had acquired for ₹ 145 per share in 2018. AG follows April to March as its financial year. He sold all these shares for ₹ 615 per share to David, another non-resident, on 26.08.2022. The relevant information of AG as on 31.3.2022 is given below:

- (i) Total value of assets ₹ 15 crores.
- (ii) Total value of immovable properties worldwide = ₹ 12 crores.
- (iii) Immovable properties held in India (included in (ii) above) - ₹ 8 crores.

Dividend from Aribitz GmbH received in India on 28.06.2022 was - ₹ 1,11,000.

You are required to compute the total income taxable in India of Mr. Charles ignoring the provisions of DTAA between India and Germany, if any.

Exchange rates for 1 USD on the relevant dates is given as hereunder:

Date	Buying Rate (1 US \$)	Selling Rate (1 US\$)
28.11.2015	₹ 59	₹ 61
1.11.2015	₹ 61	₹ 64
23.6.2022	₹ 74	₹ 76

(6 Marks)

3. (a) Examine the correctness of contention/action/treatment of the institution/charitable trust in each of the following separate cases –

(i) An institution runs a university solely for educational purposes and a hospital solely for philanthropic purposes. Both the university and the hospital are not for profit. The gross receipts from the university and hospital during the F.Y.2022-23 are ₹ 3 crores each. The institution contended that the income from university is eligible for exemption u/s 10(23C)(iiia) and income from hospital is eligible for exemption u/s 10(23C)(iiia), since the aggregate annual receipts in each case does not exceed the prescribed threshold; and there would be no requirement to get the approval of Principal Commissioner or Commissioner for availing the benefit of exemption under section 10(23C). **(3 Marks)**

(ii) A registered charitable trust, with the main object of relief of poor, wants to set off its excess application of ₹ 27 lakhs in the P.Y.2021-22 while computing its income required to be applied during the P.Y.2022-23. **(2 Marks)**

(iii) A charitable trust registered u/s 12AB borrowed ₹ 40 lakhs from SBI in April, 2022 for purchase of building for opening a school in a rural area for primary education of children in backward areas. It spent the entire amount for the said purpose and claimed the same as application of income. In March, 2023, it repaid the first instalment of ₹ 5 lakhs to SBI. **(3 Marks)**

(b) (i) The Authority for Advance Rulings has the powers of compelling the production of books of account – Examine the correctness or otherwise of this statement. **(3 Marks)**

(ii) MNO Inc., a Country A based company, is carrying on the business of manufacture and sale of furniture under the brand name "PUREWOOD". In order to increase its share in Indian market, it launched a massive advertisement campaign of its products. For the purpose of online advertisement, it utilized the services of PQR Inc., a Country Y based company which also owns and operates a digital platform. The gross receipt of PQR Inc from provision of such services during the P.Y.2022-23 is ₹ 3 crores. During the previous year 2022-23, MNO Inc. paid ₹ 5 lakhs to PQR Inc. for such services. Discuss the tax implications of such payment and receipt in the hands of MNO Inc. and PQR Inc., respectively, if both MNO Inc. and PQR Inc. have 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) An Indian company pays gross salary including allowances and monetary perquisites amounting to ₹ 7,30,000 to its General Manager. Besides, the company provides non-monetary perquisites to him whose value is estimated at ₹ 1,20,000. General manager is not opting for the provisions of section 115BAC.
 - (ii) A notified infrastructure debt fund eligible for exemption under section 10(47) of the Income-tax Act, 1961 pays interest of ₹ 5 lakhs to a company incorporated in USA. The US Company incurred expenditure of ₹ 12,000 for earning such interest. The fund also pays interest of ₹ 3 lakhs to Mr. X, who is a resident of a notified jurisdictional area.
 - (iii) Max Limited pays ₹ 1,02,000 to Mini Limited, a resident contractor who, under the contract dated 15th October, 2022, manufactures a product according to specification of Max Limited by using materials purchased from Max Limited.
 - (iv) A company operating a television channel makes payment of ₹ 5 lakh to a former Indian cricketer on 10th March, 2023 for making running commentary of a one-day cricket match.

(8 Marks)

- (b) Anush Motors Ltd., an Indian company declared income of ₹ 300 crores computed in accordance with Chapter IV-D but before making any adjustments in respect of the following transactions for the year ended on 31.3.2023
- (i) 10,000 cars sold to Rida Ltd., US company, which holds 30% shares in Anush Motors Ltd. at a price which is less by \$ 200 each car than the price charged from Shingto Ltd.
 - (ii) Royalty of \$ 1,20,00,000 was paid to Kyoto Ltd., a US company, for use of technical know-how in the manufacturing of car. However, Kyoto Ltd. had provided the same know-how to another Indian company for \$ 90,00,000. Kyoto Ltd. is the sole owner of technology used by Anush Motors Ltd. in its manufacturing process.
 - (iii) Loan of Euro 1000 crores carrying interest @10% p.a. advanced by Dorf Ltd., a German company, was outstanding on 31.3.2022. The total book value of assets of Anush Motors Ltd. on the date was ₹ 90,000 crores. The said German company had also advanced a loan of similar amount to another Indian company @9% p.a. Total interest paid for the year was EURO 100 crores.

Explain in brief the provisions of the Act affecting all these transactions and compute the income of the company chargeable to tax for A.Y.2023-24 keeping in mind that the value of 1\$ and of 1 EURO was ₹ 63 and ₹ 84, respectively, throughout the year. **(6 Marks)**

5. (a) The Commissioner of Income-tax issued notice to revise the order passed by an Assessing Officer under section 143. During the pendency of proceedings before the Commissioner, on the basis of material gathered during survey under section 133A after issue of the first notice, the Commissioner of Income-tax issued a second notice, the contents of which were different from the contents of the first notice. Examine whether the action of the Commissioner is justified as to the second notice.

(4 Marks)

- (b) The Director General of Income Tax after getting the information that Mr. Mogambo is in possession of unaccounted cash of ₹ 50 lacs, issued orders by invoking powers vested in him as per section 131(1A), for its seizure. Is the order for seizure of cash issued by the Director General of Income Tax correct? If not, does the Director General of Income Tax have any other power to seize such cash?

(4 Marks)

- (c) Mrs. Rajni, aged 63 years, is married and settled in Ranchi. She is a Hindustani classical dancer and choreographer who performs in concerts in India and Country M. She visits Country M every year in October to participate in the Spring dance concert held there. For the rest of the year, she performs in dance programs organized in India. India does not have a DTAA with Country M.

She earns CMD 10120 from concerts held in Country M. She also owns a residential house property in Country M. She earned rental income of CMD 25,000 from such property. She also paid municipal taxes of CMD 200 in respect of this property, which is not deductible in Country M. All income from Country M is taxable in Country M @20%. The entire tax due in Country M has been duly paid by Mrs. Rajni.

She earns ₹ 15 lakhs from performances in dance programs held in India. She has interest income of ₹ 4.2 lakhs (gross) from bank fixed deposits in her name and ₹ 15,000 from savings bank account in India.

She pays medical insurance premium of ₹ 29,000 to insure her health and ₹ 32,000 to insure the health of her husband, a resident aged 65 years. She deposits ₹ 1.50 lakhs in her public provident fund and ₹ 4 lakhs in five-year fixed deposit in the name of her son, Mr. Priyanshu. The TT buying rate as on 31.3.2023 for Country M Dollar (CMD) is ₹ 69.

Compute the total income and net tax payable by Mrs. Rajni for A.Y.2023-24, providing for deduction under section 91. Assume that Mrs. Rajni does not opt for section 115BAC. **(6 Marks)**

6. (a) Fearless General Finance & Investment Limited, a residuary non-banking company, accepts public deposits, issues deposit certificate and repays the same after some period of time alongwith interest, under different schemes run by it. Following transactions were noted from their books of account:
- (i) Mr. A, an individual, has deposited ₹ 15,000 on 1st May, 2019 for 48 months by bearer cheque and another ₹ 15,000 on 30th June, 2022 in cash to purchase a new certificate of 48 months tenure.
 - (ii) Mr. A has applied for premature withdrawal against both the certificates and the company has paid him ₹ 16,500, by a bearer cheque, against principal and interest on 23rd March, 2023, due against his first certificate (purchased in 2019) and ₹ 15,500 in cash on 25th March, 2023, against the second certificate.

Discuss the violation of income tax provision, if any, and consequential penalty for each transaction. **(4 Marks)**

- (b) Examine the doctrine of form and substance in the context of tax planning. **(4 Marks)**
- (c) What are the Extrinsic Aids to interpretation of a tax treaty? **(6 Marks)**