

**J.K. SHAH<sup>®</sup>**  
**CLASSES**

**INTER CA DIRECT TAX**

**PAPER ANALYSIS  
OF JULY (MAY)  
2021**

**(PAPER 4A)**



**NOTE:**

**FROM DESCRIPTIVE  
QUESTIONS - 100%  
PROVISIONS ARE COVERED  
IN JKSC TEXTBOOK.**

**Q.1 Int of PPF-Exempt.**

Int on saving bank account-IFOS and 80TTA deduction.

Int on NSC-VIII-Taxable in IFOS and 80C deduction.

Family planning expense deductible to company only as per section 36(1).

Payment to sister in law is not covered by 40A(2) and hence no disallowances.

Employee contribution to EPF deposited after due date of that act to be added to income.

Medical expense disallowed from PGBP and deduction of 80D.

Commission-TDS U/s 194H applicable and not deducted so 30% disallowed.

Books and computers 40% depreciation.

Furniture disallowed from PGBP and its depreciation allowed. But on amount paid exceeding 10000 otherwise than by account payee cheque, draft, ECS or other e-mode no depreciation.

Motor car brought to business use then original cost will be actual cost for depreciation.

Contribution to PPF-Deduction U/s 80C.

**Q.2 (a)** When for Person of Indian origin Indian Income is less than 15 Lakhs and visiting India for less than 182 days then she will become NR.

For NR if asset/source is in India then taxable in India.

LIP paid outside India-80C allowed.

From rent Income deduct 24(a) 30% standard deduction.

For NR no shifting benefit and no rebate U/s 87A.

Deduction U/c VI-A cannot exceed general rate Income.

(b) 194M applicable for Individual/HUF whose turnover is less than 1 cr/50L and payment for contract/professional fees/commission made in excess of 50 Lakhs.

194C applicable for Individual/HUF whose turnover is > 1 cr /50L.If in the year payment exceed 1 lakh then TDS applicable.

194H not applicable if turnover of Individual less then 1 cr in last year and 194M is not applicable because amount is less than 50 Lakhs.

194N applicable on cash withdrawal above 1 cr by person who have filled return of last 3 years.(TDS on amount in excess of 1 cr)

**Q.3 (a)** For a House property:

**For Let put unit:**

Expected rent in proportion to %.From actual rent effect of unrealised rent and then effect of vacancy loss.

Municipal tax to be deducted Proportion to %.

24(a) standard deduction of NAV(30%).

24(b) Interest on borrowed capital to be taken% wise.

(No deduction of ground rent,fire insurance)

**For Self occupied unit:**

Only deduction of interest u/s 24(b) %wise.

**For business unit:**

All expense to be deducted % wise from PGBP Income.

(b) (i) For listed shares acquired before 1.2.18 cost of acquisition will be as per 55(2)(ac)

Higher of:

1. Actual Cost

Or

2. Lower of: FVC or FMV on 31.1.18.

(ii) For residential house sold-FVC to be decided based on section 50C  
And if amount invested in bonds of NHAI exemption U/s 54EC available.

(c) In case of slump sale U/s 50B-for Any depreciable asset if no depre is provided then after taking depreciation add to net worth.

Deduct Liability from net worth.

**Q.4 (a)** Clubbing of minor child to be done in hands of parent having highest income.

In clubbing of minor child as per 64(1A) Income of minor suffering from disability u/s 80U-Not to be clubbed.

Income from special talent-Not to be clubbed.(Interest Income from any FD to be clubbed).

Gift not exceeding 50,000 is not taxable(56(2)(x))

Scholarship Income-Exempt U/s 10(16)

From minor Income exemption U/s 10(32)-1500 p.a. per child.

- (b) House property loss can be setoff maximum upto Rs.2,00,000 against any other head.

Non speculative business loss can be setoff against speculative Income but speculative business loss cannot be setoff against non speculative Income.

Short term cap loss can be setoff against long term cap gain.

No loss can be setoff against casual Income.

- (c) If return not filled before 139(1) then only HP loss and unabsorbed depreciation can be carried forwarded.

**OR**

IF Gross total Income before claiming capital gain exemptions exceed basic exemption limit then return to be filled.

If any asset owned by ROR in foreign country return to be filed.

If electricity exps above 1 Lakh in year then return to be filed.