

SOLUTION TO MCQs OF RTP MAY 23 EXAM

RELEASED BY ICAI

INCOME TAX

1. Ans. (a)

As per section 206C(1C), every person giving license shall collect tax in the following cases:

(i) Parking lot	2%
(ii) Toll plaza	2%
(iii) Mining and quarrying	2%

In the given case State Government of Hyderabad is giving License to Kishore and sons hence State Government is liable to collect TCS @ 2% on 11 crores.

2. Ans. (d)

As per section 206C(1), Every seller shall collect tax in case of sale of coal @ 1% but if buyer in the retail sale of such goods or used for personal consumption then section 206C(1) is not applicable.

In the given case, Buyer is utilizing coal for power generation hence it is for personal consumption hence TCS provision is not applicable and Kishore and sons is not liable to collect TCS on the same.

3. Ans. (a)

As per section 206C(1), Every seller shall collect tax in case of sale of coal @ 1%

In the given case, Buyer is purchased the coal for trading purpose hence section 206C(1) is applicable and liable to collect TCS @ 1% on 55,00,000 = 55,000.

4. Ans. (a)

As per section 194Q, If any person is purchasing goods of aggregate value during a particular year exceeding ₹50 lakh, such person shall deduct tax at source @ 0.1% of the sum exceeding ₹50 lakh however such buyer should also be engage in a business and turnover from such business should exceed ₹10 crores in financial year immediately preceding the year in which goods are being purchased.

In the given case, BAC Co is engaged in the business and turnover in preceding year is exceeding 10 crores hence BAC Co is liable to deduct TDS u/s 194Q @ 0.1% on amount exceeding 50 lakhs.

30.06.2022 (60,00,000-50,00,000) x 0.1% = 1,000

25.10.2022 (8,00,000) x 0.1% = 800

20.01.2023 (15,00,000) x 0.1% = 1,500

15.02.2023 (12,00,000) x 0.1% = 1,200

5. Ans. (d)

As per section 206C(1), Every seller shall collect tax in case of sale of coal @ 1% but if buyer in the retail sale of such goods or used for personal consumption then section 206C(1) is not applicable.

In the given case, Buyer is utilizing coal for power generation hence it is for personal consumption hence TCS provision is not applicable and Kishore and sons is not liable to collect TCS on the same.

As per section 194Q, If any person is purchasing goods of aggregate value during a particular year exceeding ₹50 lakh, such person shall deduct tax at source @ 0.1% of the sum exceeding ₹50 lakh however such buyer should also be engaged in a business and turnover from such business should exceed ₹10 crores in financial year immediately preceding the year in which goods are being purchased.

In the given case, BAC CO. turnover is not exceeding 10 crores in the preceding hence BAC CO. is not liable to deduct TDS u/s 194Q.

6. Ans. (c)

As per section 115BAC, Interest u/s 24(b) is not allowed in case of self-occupied property but in the given case property is let out hence Interest u/s 24(b) is allowed.

Calculation of Interest allowed.

30,00,000 x 10%	=	3,00,000
5,00,000 x 12% x 9/12	=	<u>45,000</u>
		3,45,000

7. Ans. (b)**Computation of Tax Liability**

Tax on Normal Income 2,90,00,000 u/s 115BAC	84,37,500
Tax on LTCG 85,00,000 u/s 112 @ 20%	17,00,000
Tax on LTCG 74,00,000 (75,00,000-1,00,000) u/s 112A @ 10%	<u>7,40,000</u>
	1,08,77,500
Add: Surcharge @ 25% on 84,37,500	21,09,375
Add: Surcharge @ 15% on 24,40,000	<u>3,66,000</u>
Tax Before HEC	1,33,52,875
Add: HEC @ 4%	5,34,115
Tax Liability	1,38,86,990

8. Ans. (c)

GST

1. Ans. (a)

Distribution of laptops free of cost to the needy students is an exempt supply.

2. Ans. (d)

3. Ans. (c)

Monthly charges from old age home for senior citizens is an exempt supply.

Renting of rooms where charges are less than ₹ 1,000 per day is an exempt supply.

Value of exempt supply = $15,000 \times 20 = 3,00,000 + 35,000 = 3,35,000$

4. Ans. (b)

Renting of premises, community halls, kalyanmandapam or open area, and the like where charges are ₹10,000 or more per day is an taxable service.

Renting of community hall for function and exhibition is liable to attract GST. Hence $5,000+6,000 = 11,000$ is the value of taxable supply for the month of august.

5. Ans. (b)

Hint: $3,50,000 \times 18\% = 63,000$

Services used for supplying taxable outward supplies is eligible for Input tax credit.