**Taxation- Direct and Indirect**

**Q1. Mr. Pradhan, an Australian citizen, comes to India for the first time during the previous year 2016-17. During the financial year 2016-17, 17-18, 2018-19, 2019-20 and 20-21 he was in India for 50 days, 55 days, 70 days, 80 days and for 140 days, respectively. Determine his residential status for the assessment year 2021-22 and discuss the applicable provision. (10 Marks)**

**Ans 1.**

**Introduction:**

The residential status is critical as it helps determine tax incidence at the taxpayer. There are three vast categories of taxpayers based totally on residential popularity:

* Non-resident
* Resident and primarily resident
* Resident but not mostly resident

Section 6 of the Earnings Tax Act, 1961 deals with residential repute. The residential status of the taxpayer may alternate from 12 months to some other and hence should be ascertained in

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**Q2. Mr. Damman on his birthday purchased a residential property on 25th July 2018 for Rs 50 Lakhs and made some addition to the property in the month of September 2018 for Rs 3 lakhs.**

**He sold the house property in May 2020 to his brother-in-Law for 70 Lakhs. Out of the sale proceeds he spends 10 lakhs to purchase another house property in his home town Jhabua, in the month of October, 2020.**

**Discuss Section 54, also whether the benefit of indexation will be available or not as per Section 54.**

**Further, calculate the amount of capital gains taxable (long term / short term) in the hands of Mr. Damman for the assessment year 2021-22 (10 Marks)**

**Ans 2.**

**Introduction:**

Income earned by using someone is divided below numerous heads of profits as according to the earnings-tax Act, 1961. The income earned on the switch of capital property is taxable in the relevant previous year underneath the top 'Capital gains.' as a result, to calculate the profits chargeable to tax under capital gains, we ought to first recognize critical phrases, i.e., 'transfer' and 'capital asset.'

**3. Mrs. Sita is a housekeeping staff at JM Hospital. She receives basic salary at Rs30000 per month. She holds a house property in Nanded, the monthly rental received from the property is Rs 5ooo per month for 12 months. She paid Municipal taxes for the year Rs 1000.**

**She received Rs 35000 as an inflow from winnings from TV game show. Interest on income tax refund received is Rs 300.**

**She paid tuition fees to the Mumbai University for full time education of her daughter Rs 75000**

**She paid medical insurance premium for her mother, aged 69 years, for Rs 28000**

**She has taken loan for higher education of her daughter Rs 5lakhs. She pays to the Bank of Baroda, Interest on loan taken for higher education Rs25000**

**a. Compute the total income of Mrs. Sita, post deductions under Chapter VI A for the assessment year 2021-22 (5 Marks)**

**Ans 3a.**

**Introduction:**

Someone can also earn income from numerous sources like salary, rent, dividends, and so forth. Those incomes are chargeable to tax below exclusive heads. Further, several prices are deducted from those earnings. An assesses affirming his profits chargeable to tax beneath the Act is eligible for numerous deductions on his gross earnings. These deductions are provided below

**b. Discuss the relevant provisions of Chapter VI- Deductions, as applicable in the given case (5 Marks)**

**Ans 3b.**

**Introduction:**

The total profits earned through a person's various heads of income sums as much as shape the overall gross earnings. Every taxpayer is eligible for certain deductions from the whole gross profits. Those deductions help them lessen the tax burden leviable on their taxable profits.