**Fundamentals of Taxation**

**April 2024 Examination**

**Q1. The Income Tax Act 1961 defines and describes various terms. While reading and making interpretations it’s important that these definitions to be adhered. In general, Assessee and persons are used interchangeably but the Income Tax Act differentiate between the two. Discuss, in the light of provisions of the Income Tax Act, 1961, how these differs. (10 Marks)**

**Ans 1.**

**Introduction**

The Income Tax Act of 1961 in India serves as a cornerstone in the realm of taxation, outlining the legal framework and definitions pivotal for the appropriate levy and collection of income tax. Central to this framework is the precise interpretation of terms defined within the Act, which is crucial for ensuring compliance and legal accuracy. Among the myriad terms, the distinction between 'Assessee' and 'Person' holds significant importance. While often used interchangeably in common parlance, the Act It is only half solved

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**Q2. Ms. Elizabeth Miller is an American citizen. She always dreamt of visiting India. She came to India on 5 August 2022 and visited four states. She finally left for America on 25 December 2022. What will be her residential status for the subsequent assessment year? Identify the assessment year and previous year as per the Income Tax Act, Discuss the relevant provision mentioning the categories of residential status of individuals, application and conclusion in the given case. (10 Marks)**

**Ans 2.**

**Introduction**

The concept of residential status under tax laws is pivotal in determining a person's tax liability in a given country. In the context of Ms. Elizabeth Miller, an American citizen who spent a significant amount of time in India during the year 2022, the determination of her residential status is essential to understand her tax obligations under the Indian Income Tax Act. The assessment of an individual's residential status involves a careful examination of their physical presence in the country during the relevant financial year and is governed by specific rules outlined in the Act. This analysis is crucial as it dictates the scope of taxable income in India. In Ms. Miller's case, her visit spanning from August 5, 2022, to December 25, 2022, necessitates a detailed

**Q3. In September 2021, in the context of India, an individual taxpayer has the option to choose between the old tax regime and the new tax regime introduced by the government.**

**Eligible taxpayers, including salaried individuals and pensioners, can choose between these two regimes every financial year based on their preference and tax-saving requirements. Once a taxpayer selects a specific regime for a particular financial year, it remains applicable for that year and can be changed in subsequent years.**

**When deciding between the old and new tax regimes, individuals must carefully evaluate their financial situation, investment plans, and potential tax-saving opportunities. Those with substantial deductions under the old regime or specific financial goals to be achieved through investments may find it more beneficial to stick with the old regime. Conversely, taxpayers seeking simplicity and lower tax rates may opt for the new tax regime.**

**An individual can choose the new tax regime against the old tax regime.**

**a) List down at least 10 such exemptions/ deductions. (5 Marks)**

**Ans 3a.**

**Introduction**

The introduction of the new tax regime in India in 2021 brought with it significant changes to the tax landscape. Under this regime, taxpayers, including salaried individuals and pensioners, are presented with an option to choose between the old and new tax structures each financial year. This decision is crucial as it impacts their overall tax liability. The old tax regime offers various exemptions and deductions, which can significantly reduce taxable income. It's essential for taxpayers to