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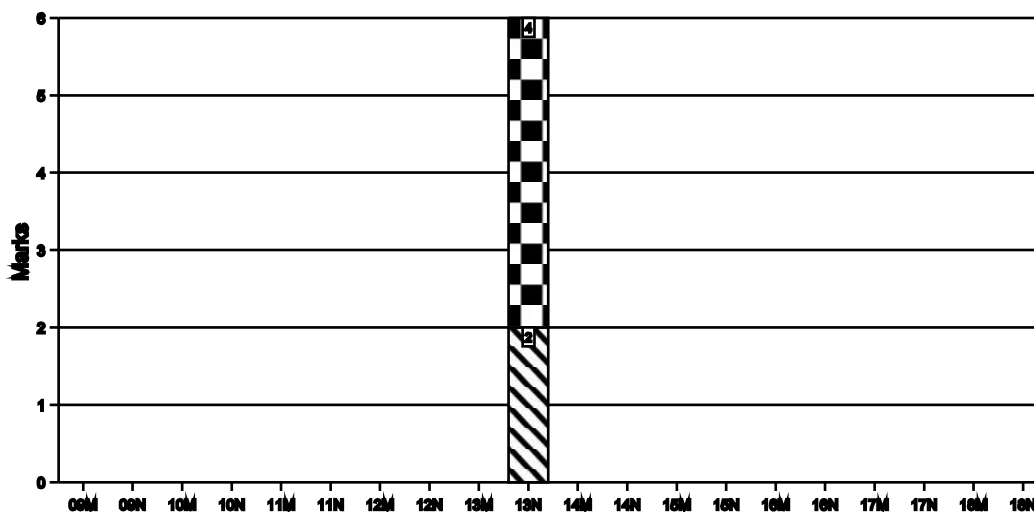
On the basis of Maximum marks from a chapter Nil
 On the basis of Questions included every year from a chapter Nil
 On the basis of Compulsory questions from a chapter Nil

CHAPTER	Basic Concepts
1	
THIS CHAPTER COMPRISES OF	
☞ Important Definitions ☞ Previous year and Assessment year ☞ Charge of Income-tax ☞ Rates of Tax ☞ Surcharge.	

Marks of Short Notes, Distinguish Between, Descriptive & Practical Questions

Legend

 Objective
  Short Notes
  Distinguish
  Descriptive
  Practical



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DESCRIPTIVE QUESTIONS

2013 - Nov [3] (a) Examine the following statements in the context of provisions contained in the Act relevant for the previous year ended on 31.03.2019:

- (i) The additions to income made by invoking provisions of Section 68 are subject to normal rates of tax as applicable to the assessee.

(2 marks)

Answer:

The said statement is false since u/s 115BBE, where the total income of the assessee includes income by way of additions u/s 68, he shall be liable to tax @ 60% (plus 25% surcharge plus + 4% health and education cess) on the income u/s 68.

PRACTICAL QUESTIONS

2013 - Nov [4] Examine critically any four out of the following problems/issues/cases in the context of provisions contained in the Act relevant for assessment year 2019-20. Support the answer with the case laws.

- (i) A company received liquidated damages of ₹ 25 lacs from the suppliers of plant & machinery for failure to supply the plant and machinery within the stipulated time. The Assessing Officer treated the same as income chargeable to tax as against the claim of the company of treating as capital receipt.

(4 marks)

Answer:

Liquidated damages received in connection with a capital asset are capital receipts. It should be reduced from the purchase price of the P&M for calculating actual cost. Hence the treatment of the AO of such receipt as taxable is not tenable. Similar view was echoed by the Supreme Court in *CIT vs Saurashtra Cement Ltd. (2010)*.

— Space to write important points for revision —————