

PRACTICE MANUAL

Final Course

PAPER : 7

DIRECT TAX LAWS

Assessment Year 2014-15

[Relevant for May 2014 and
November 2014 examinations]

Volume – III



BOARD OF STUDIES
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

This practice manual has been prepared by the faculty of the Board of Studies. The objective of the practice manual is to provide teaching material to the students to enable them to obtain knowledge and skills in the subject. Students should also supplement their study by reference to the standard text books. In case students need any clarifications or have any suggestions to make for further improvement of the material contained herein, they may write to the Director of Studies.

All care has been taken to provide interpretations and discussions in a manner useful for the students. However, the practice manual has not been specifically discussed by the Council of the Institute or any of its Committees and the views expressed herein may not be taken to necessarily represent the views of the Council or any of its Committees.

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A WORD ABOUT PRACTICE MANUAL

The Board of Studies has been instrumental in imparting theoretical education for the students of Chartered Accountancy Course. The distinctive characteristic of the course i.e., distance education, has emphasized the need for bridging the gap between the students and the Institute and for this purpose, the Board of Studies has been providing a variety of educational inputs for the students. Bringing out a series of subject-wise Practice Manuals is one of the quality services provided by the Institute. These Practice Manuals are highly useful to the students preparing for the examinations, since they are able to get answers for all important questions relating to a subject at one place and that too, grouped chapter-wise. It covers a wide range of questions including practical questions and questions based on case laws. The Practice Manual includes questions from past examinations at Final level as well as other important questions, which would facilitate in thorough understanding of the provisions contained in the chapters of the study material.

The Practice Manual in the subject of "Direct Tax Laws" is divided into 28 chapters in Income-tax in line with Volumes I & II of the Study Material. The questions on wealth tax are contained in chapter 29. This will help the students to correlate the Practice Manual with the Study Material and facilitate in complete revision of each chapter. This Practice Manual has been prepared on the basis of the law as amended by the Finance Act, 2013 and would, therefore, be relevant for students appearing in May 2014 and November 2014 examinations.

The questions contained in the Practice Manual have been adapted and answered taking into account the amendments made by the Finance Act, 2013, which are relevant for the A.Y. 2014-15, being the assessment year applicable for students appearing in May, 2014 and November, 2014 examinations.

The Practice Manual also contains a matrix showing the topic-wise distribution of examination questions to make the students aware of the weightage given to the various chapters in the examination. The Practice Manual will serve as a useful and handy reference guide while preparing for Final Examination. Further, it will enhance the understanding about the pattern of questions set and the manner of answering such questions. It will enable solving the problems in the best possible manner and guide the students to improve their performance in the examinations. It will also help them to work upon their grey areas and plan a strategy to tackle problems in income-tax and wealth-tax. For further clarification/guidance, students may send their queries at priya@icai.in.

Happy Reading and Best Wishes!

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Paper – 7: Direct Tax Laws

Statement showing topic-wise distribution of Examination Questions along with Marks

	Chapter	Nov-08		Jun-09		Nov-09		May-10		Nov-10		May-11		Nov-11		May-12		Nov-12		May-13		Total Marks	Avg. Marks
		Q	M	Q	M	Q	M	Q	M	Q	M	Q	M	Q	M	Q	M	Q	M	Q	M		
1	Basic Concepts	3(b)	6													6(d)	3			7(a)	6	13	1.3
2	Residence and scope of Total Income			2(a)(iii)	2									3(c)	4			6(c)	4			10	1
3	Incomes which do not form part of Total Income	2(d) 3(a) (ii) 4(b)	4 2 4	2(a) (i) 2(a) (ii) 2(a) (v) 2(b)	2 2 2 4	5(c)	5	3(b) (i) 6(c)	2 6	5(c)	4	3(A) 3(B) 3(C) 3(D)	4 4 4 4	1(a)	10	1(a) 3(a)	10 6	4(b) 5(a)	4 4			87	8.7
4	Income from Salaries	2(b) 3(a) (i)	3 2	5(a)	3	6(b)	6	4(b)	5	7(a)	5	3(E)	4					4(e)	4			32	3.2
5	Income from house property			4(b)	3	5(b)	3	5(b)	3	5(e)	4											10	1
6	Profits and Gains of Business and Profession	1(b) 4(a) 5(c)	6 6 4	1(a) 3(a) 4(a) 4(c) 5(b) 5(c) 6(a)	13 5 6 5 4 4 4	3(a) 4(a)	4 5	2(a) 3(a)	10 6	1(a) 2(b) 3(b) 4(d)	5 6 10 3	4(B) 5(A) 5(B)	4 12 4	3(a) 4(b) 4(c)	7 4 4			1(b) 3(c) (i) 4(a) 4(d)	4 2 4 4	2 5(a) 5(b) 5(d) 5(e)	16 4 4 4 4	173	17.3
7	Capital gains	2(a) 2(c) (i)	4 2.5			3(b)	4	3(c)	5	1(b) 3(a)	5 6	1(A) 2(C)	10 6			3(b) 6(a) 6(c)	5 3 7	1(a)	6	1(a) 3(a)	10 6	79.5	7.9

8	Income from Other Sources	3(a) (iii)	2	2(a) (iv)	2								3(b)	5	4(e) 7(c)	4 7	5(b)	4	3(b)	4	28	2.8	
9	Income of other persons included in Assessee's total Income	3(a) (v)	2					2(b)	4	1(d)	5	7(B)	5						7(b)	4	20	2	
10	Set-Off and Carry Forward of losses	3(a) (iv)	2							2(a)	10					6(b)	3					15	1.5
11	Deductions from Gross Total Income	6(a)	8	3(c) 6(c)	4 3			3(b) (ii) 5(c)	1 7	5(a)	4			7(a)	5			3(c) (ii) 6(d)	3 3	7(c)	6	41	4.1
12	Inter-Relationship between Accounting and Taxation	6(b)	5											7(c)	6			4(c)	4			15	1.5
13	Assessment of Various entities	1(a)	14	1(b)	7	1(a) 2(a) 5(a)	15 6 6	1	20	4(b) (i) 4(b) (ii) 4(b) (iii) 6(b)	2 2 9	4(A) (i) 4(A) (ii)	3 3	2 4(e) 5(b)	16 4 6	2	16	2 3(b)	16 6	4(b)	8	177	17.7
14	Tax Planning and Ethics in taxation																					4	0.4
15	Double Taxation Relief	4(c) 5(a) 6(c)	6 4 3	3(b)	5	1(b)	5	6(b)	4			2(B) 6(A)	4 8	5(a)	4	5(d)	4			6(a)	8	55	5.5
16	Transfer Pricing					6(c)	4			7(d)	3	2(A)	6	5(c)	6	5(a)	4	6(b)	4	3(c)	6	33	3.3
17	Foreign Collaboration																	5(c)	8			14	1.4
18	Business Restructuring			6(b)	7																	7	0.7
19	Taxation of E-commerce															5(b)	4					4	0.4

	Transactions																						
20	Income-Tax Authorities												4(a) 6(a)	4 4								12	1.2
21	Assessment procedure	5(d)	4			2(b) 4(c)	5 4	4(c) 6(a)	3 4	4(a) 4(c) 5(b) 5(d)	3 4 4 4	6(B) 7(C)	4 5	6(b) 6(c)	4 5	4(c) 4(d) 7(b)	4 4 4	3(a)	5	5(c) 6(b) (i) 6(b) (ii)	4 2 2	70	7
22	Settlement of Tax cases											7(A)	6			3(c)	5					11	1.1
23	Advance Rulings											4(C)	3			5(c)	4					7	0.7
24	Appeals and Revisions	2(c) (ii) 5(b)	2.5 4			3(c) (i) 4(b)	3 5	5(a)	4					6(d)	3					6(c)	4	29.5	2.9
25	Penalties					3(c) (ii)	3					4(A) (iii)	3					6(a) 7(b)	5 5			16	1.6
26	Offences and Prosecution																						
27	Miscellaneous provisions									6(a) 7(c)	7 3											10	1
28	Collection and Recovery of Tax			5(d)	3	2(c)	3	4(a)	6			6(C)	4	4(d) 7(b)	4 5	4(a) 4(b) 7(a)	4 4 5	7(c)	7	4(a)	8	53	5.3
29	Wealth Tax	7	16	7	10	7	10	7	10	1(c) 7(b)	5 5	1(B) 1(C) 1(D)	3 3 4	1(b) 1(c) 1(d)	4 3 3	1(b) 1(c) 1(d)	4 3 3	1(c) 1(d)	5 5	1(b) 1(c)	5 5	106	10.6

Note: 'Q' represents question numbers as they appeared in the question paper of respective examination. 'M' represents the marks which each question carried in that examination. The question papers of all the past attempts of Final Examination can be accessed from the BOS Knowledge Portal on the Institute website www.icaai.org.