P15 · December 2026 · the questions to study

topic by topic, in study-material order

WHY THIS LIST

The exam keeps asking the same concepts. Share of each paper's marks on a concept that had already been asked in an earlier paper:

Jun'24 56% · Dec'24 63% · Jun'25 79% · Dec'25 80% · Jun'26 78%. Adding ICMAI's practice papers of the term: Jun'26 **98%**. This list is every concept asked in the seven papers (Jun'23–Jun'26) and in ICMAI's Jun'26 MQP, PTP and postal paper, plus our Dec'26 calls for concepts not yet asked. The rest of the marks come from new questions on the same topics (every Jun'26 question was on a topic asked before).

Law year: each past question was set under the law of its own year. Solve it with the law that applies to Dec'26 (Income-tax Act, 1961 as amended by the Finance Act 2025, A.Y. 2026-27, and the Dec'26 supplementary); old figures in the options may no longer be right.

HOW TO READ A ROW

- ★★★ concept asked in 3+ of the 7 papers, or one of our Dec'26 calls: prepare first
- ★★ concept asked in 2 papers
- ★ asked once, or only in ICMAI's practice papers · SM exercise lines: if time
- **What the stars were worth** (tested on Jun'26, counting only the papers before it): ★★★ concepts carried **54%** of its marks, ★★★ + ★★ **58%**, all three **78%**.
- **Answer in**: where your coaching books already answer the same question — for a sum: the SM illustration or ICMAI workbook problem the exam copied ("same problem") or closely followed ("similar problem"); its full solution is printed right after it. Blank = practise the problems listed under the topic.
- **Sums are listed by what they ask**, not the full problem: open the paper (or the SM / workbook page) to solve it. Each topic ends with **Problems to solve** from the SM and the workbook: ★★★ = the exam already used it, ★★ = SM illustration or workbook problem, ★ = SM exercise sum.

MCQ PLACES (Q1, 15 × 2 MARKS): TOPIC IN EACH PLACE, LAST FOUR PAPERS

Q1	Dec'24	Jun'25	Dec'25	Jun'26
(i)	1.2	3.1	2.1	2.1
(ii)	3.2	1.2	2.3	2.3
(iii)	2.3	1.3	1.1	1.3
(iv)	2.5	2.1	10.2	3.1
(v)	1.1	4.0	4.0	4.0
(vi)	2.2	1.1	2.4	6.0
(vii)	4.0	2.2	3.1	9.0
(viii)	6.0	1.1	9.0	10.2
(ix)	10.2	2.4	6.0	2.4
(x)	13.4	1.1	13.2	13.2
(xi)	13.2	1.1	13.3	13.3
(xii)	1.1	1.1	13.4	13.4
(xiii)	13.2	14.0	12.3	12.1
(xiv)	4.0	1.1	12.2	12.2
(xv)	12.2	13.4	14.0	14.0

DEC'26 MCQ CALLS: ONE TOPIC PER PLACE (A CALL, NOT A PROMISE)

Place	Call	Runner-up	Why
(i)	**2.1 Return of income (belated / updated return)**	1.1 Individual	2.1 in D25, J26 and the PTP.
(ii)	**2.3 Interest u/s 234A / B / C (numerical)**	2.5 Refund	2.3 in D25, J26 and the MQP.
(iii)	**1.3 Trust**	1.1 Individual	1.3 in J26, the MQP and the PTP.
(iv)	**3.1 Appeals**	3.2 Rectification	3.1 in J26 and the MQP; 3.2 in the PTP.
(v)	**4.0 Penalties and prosecution**	4.0 (second item)	4.0 in J25, D25, J26, MQP and PTP: the surest MCQ place.
(vi)	**6.0 Tax planning**	2.4 Survey and search	6.0 in J26 and the PTP; 2.4 in D25.
(vii)	**9.0 ICDS**	3.1 Appeals	9.0 in J26 and the PTP; 3.1 in D25.
(viii)	**10.2 Black Money Act**	9.0 ICDS	10.2 in J26, MQP and PTP; 9.0 in D25.
(ix)	**2.4 Survey, search and seizure**	5.x Business restructuring	2.4 J26, 6.0 D25, 1.2 MQP, 5.3 PTP: the most mixed place.
(x)	**13.2 Arm's length price**	13.1 Transfer pricing basics	13.2 in D25, J26 and the PTP.

(xi)	**13.3 Advance pricing agreement**	13.4 Safe harbour	13.3 in D25, J26, MQP and PTP.
(xii)	**13.4 Safe harbour, thin capitalisation, secondary adjustment**	13.3 APA	13.4 in D25, J26, MQP and PTP.
(xiii)	**12.3 Relief u/s 90 / 91 (DTAA)**	12.1 Types of DTAA	12.3 in D25 and the MQP; 12.1 J26; 12.4 PTP.
(xiv)	**12.2 OECD and UN models**	12.4 Articles	12.2 in D25 and J26.
(xv)	**14.0 GAAR**	14.0 (second item)	14.0 in J25, D25, J26, MQP and PTP.

1.1 Individual including Non-resident

SM pp. 6–36 · marks per attempt: **J26-21 · D25-23 · J25-26 · D24-18 · J24-20 · D23-9 · J23-6** · Dec'26 forecast: tier **A**, about **21** marks when it comes, chance it comes **99%** (Q3(a) regime comparison + Q4(b) non-resident sum + Q2(b) firm sum (firms filed here) + MCQ)

OUR DEC'26 CALLS FOR THIS TOPIC

1. A partnership firm pays interest and salary to its partners: find the allowable interest (12%) and remuneration (book-profit limits), apply 40(a)(ia) and 43B(h), and compute the firm's total income and each partner's taxable income. [REPEAT · J26 Q2(b); PTP Q2(b) (working and sleeping partners); MQP Q2(b) (an LLP)]
2. A retiring partner receives stock and land from the firm: compute the income taxable in the firm's hands (s.9B / s.45(4)) and the partner's position. [REPEAT · D25 Q2(b)]
3. An individual (salary, or a business, with house property, LTCG u/s 112A, deductions 80C / 80D / 80DD / 80CCD(2), exemption u/s 54): compute tax under the default regime u/s 115BAC and the old regime, and advise which to choose. [REPEAT · 5 of 6 papers since Dec'23 (J24, D24, J25, D25, J26); MQP Q3(a)]
4. In the same sum, apply the Finance Act 2025 slabs of the default regime (nil up to Rs 4 lakh, steps of 5% to 30% above Rs 24 lakh) and the s.87A rebate (up to Rs 60,000 where total income does not exceed Rs 12 lakh; not on special-rate income). [NEW-LAW · Jun'26 supplementary; every Jun'26 individual sum needed these rates]
5. A non-resident Indian with interest, dividends and capital gains on assets bought in foreign exchange: compute tax under Chapter XII-A (s.115C-115I), including the reinvestment exemption u/s 115F. [REPEAT · D23, J25, D25 Q4(b)]
6. A non-resident sportsman / trader with special-rate income (s.115BBA, royalty u/s 115A, bonds or GDR income) and other income: compute total income and tax; which deductions are not allowed. [REPEAT+PRACTICE · J26 Q4(b); MQP Q4(b), PTP Q4(b)]
7. A foreign company with a presumptive business (s.44B / 44BBB) or a non-resident selling shares bought in foreign currency (first proviso to s.48): compute income and tax. [REPEAT · D24 Q4(b), J24 Q4(b)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	Salaried individual: regular vs 115BAC	J23 Q5(a) · J24 Q3(a) · D24 Q3(a) · J25 Q3(a) · D25 Q3(a) · J26 Q3(a) · MQP Q3(a) · 6 m · asked in 6 papers	
★★★	Firm: interest/remuneration limits, 40(a)(ia), 43B(h) MSME; partner's income	J26 Q2(b) · 7 m · asked in 2 papers	
★★★	NRI cricketer: 115BBA + bonds/UTI income in foreign currency, no deductions	J26 Q4(b) · MQP Q4(b) · PTP Q4(b) · 7 m	
★★★	Non-resident Indian: tax under Chapter XII-A (interest, STCG, LTCG on foreign exchange asset)	D23 Q4(b) · J25 Q4(b) · D25 Q4(b) · 7 m · asked in 3 papers	
★★★	Retiring partner given stock and land: firm and partner taxed (s.9B / 45(4)) (old tag 1.2)	D25 Q2(b) · MQP Q2(b) · PTP Q2(b) · 7 m · asked in 2 papers	same problem: Workbook ch.1 illustration 2 (WB p.2; solution there)
★★★	Foreign company: civil construction u/s 44BBB + FTS through a branch (old tag 1.2; 44BBB is taught in 1.1)	D24 Q4(b) · 7 m	
★★★	Non-resident: CG on shares bought in USD (first proviso s.48), 54F/54EC	J24 Q4(b) · 7 m	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★★	(iii) What is the rate of tax (ignore surcharge and HEC) on the income from transfer of Virtual Digital Asset? (A) 10% (B) 20% (C) 30% (D) Normal slab rate of tax	D25 Q1(iii) · 2 m · asked in 4 papers	
★★★	(vi) Deepti, a resident individual, subscribed to shares of various domestic companies and earned dividend income of ₹ 6.60 lakhs for the year ended 31.03.2025. She had borrowed ₹ 20 lakhs for the purpose of investment in the shares of domestic companies and interest on such borrowings for the previous year 2024-25 amounts to ₹ 2.20 lakhs. How much of dividend income is includible in the total income of Deepti? (A) ₹ 6.60 lakhs (B) ₹ 5.94 lakhs (C) ₹ 5.28 lakhs (D) ₹ 4.40 lakhs	J25 Q1(vi) · 2 m · asked in 4 papers	same problem: Workbook ch.1 illustration 12 (WB p.19; solution there)
★★★	(viii) Amitabh is a dealer trading in mobiles and laptops. For the financial year 2024-2025, his total turnover was ₹ 105 lakhs out of this he realized ₹ 55 lakhs through UPI, and NEFT up to the 'due date' for filing the ITR. He opted to pay tax as per section 44AD of the Income-tax Act. How much would be his income chargeable under the head 'Profits and gains of business or profession' for the assessment year 2025-2026 by applying the relevant presumptive provision? (A) ₹ 4,40,000 (B) ₹ 6,30,000 (C) ₹ 7,30,000 (D) ₹ 8,40,000	J25 Q1(viii) · 2 m · asked in 4 papers	
★★★	(xi) Micheal, a non-resident but citizen of India earned a gross dividend of ₹ 50 lakhs from an Indian company. The shares were purchased in convertible foreign exchange. What shall be the rate of tax applicable on such dividend income? (A) At a flat rate of 20% plus applicable surcharge and HEC (B) At a flat rate of 10% plus applicable surcharge and HEC (C) The dividend is exempt in the hands of Micheal since the shares are purchased in foreign exchange (D) At the slab rates applicable to him including applicable surcharge and HEC	J25 Q1(xi) · 2 m · asked in 3 papers	
★★★	(v) Naveen employed in a FMCG company constructed a residential house property meant for self-occupation. He availed a bank loan of ₹ 60 lakhs. The loan was sanctioned on 01.04.2021. Interest on loan for the financial year 2023-24 amounts to ₹ 3,50,000. Naveen actually paid ₹ 2,50,000 towards interest up to 31st March, 2024. How much of the amount of interest is eligible for deduction for the assessment year 2024-25 in case he has opted out of default regime contained in section 115BAC (1A)? (A) ₹ 2,00,000 under section 24 (B) ₹ 2,50,000 under section 24 (C) ₹ 2,00,000 under section 24 and ₹ 1,50,000 under section 80EEA (D) ₹ 2,00,000 under section 24 and ₹ 50,000 under section 80EE	D24 Q1(v) · 2 m · asked in 4 papers	
★★★	(ii) Balu is employed in ABC Ltd. from 1st November, 2023 after he discontinued his proprietary business in textiles. He was given rent-free accommodation at Kolkata from the same date. His basic salary was ₹ 1,00,000 per month and DA ₹ 50,000 per month (eligible for retirement benefits). How much is the perquisite value of rent-free accommodation in the hands of Balu for the assessment year 2024-25? (A) ₹ 1,80,000 (B) ₹ 1,12,500 (C) ₹ 75,000 (D) ₹ 37,500	J24 Q1(ii) · MQP Q1(i) · 2 m · asked in 4 papers	
★★★	(vi) Anil a resident has derived (i) short-term capital gain of ₹ 35,000 from sale of shares (STT paid); (ii) long-term capital gain of ₹ 80,000 from sale of shares (STT paid); and (iii) ₹ 9,000 on sale of crypto currency held for 38 months. How much is the total amount of tax payable by Anil in respect of the capital gains? (ignore surcharge and HEC) (A) Nil (B) ₹ 5,550 (C) ₹ 6,600 (D) ₹ 7,950	J24 Q1(vi) · 2 m · asked in 4 papers	
★★	(xii) Giri & Co., a partnership firm, has paid a sum of ₹ 9 lakhs as interest on capital @ 12% to a non-resident partner by name Narain. The TDS obligation on the firm is: (A) Nil as rate of interest is 12% and it is interest on capital to a partner (B) 10%, since it is payment of interest to non-resident (C) 10.4%, since it is payment of interest to non-resident (D) At the rate in force, as per section 195	J25 Q1(xii) · 2 m · asked in 2 papers	

Priority	Question	Asked / marks	Answer in
★★	(xiv) During the previous year 2024-25, Orange Ltd., Delhi bought shares for ₹ 25 crores from a Foreign Institutional Investor (FII). All the shares are listed in the recognized stock exchanges in India. The purchase and sale of shares resulted in the long-term capital gain of ₹ 3 crores (computed) and short-term capital gain of ₹ 2.50 crores (computed) to the FII. How much tax should Orange Ltd. deduct at source out of the payments made to FII for the purchase of listed shares? (A) ₹ 114.40 lakhs (B) ₹ 116.688 lakhs (C) ₹ 58.344 lakhs (D) NIL	J25 Q1(xiv) · 2 m · asked in 2 papers	
★★	(xii) Robert (non-resident), a famous tennis player, came to India to play in a tennis tournament. He stayed in India for 31 days during the financial year 2023-24. He earned ₹ 10,00,000 as participation fee from the organizers of the tournament. He earned no other income in India during the financial year 2023-24. How much is the tax deductible at source under section 194E for the income earned by Robert in India? (A) ₹ 3,12,000 (B) ₹ 2,08,000 (C) ₹ 1,04,000 (D) No tax is deductible on such payment to non-resident sportsman. [2]	D24 Q1(xii) · POSTAL Q2(a) · 2 m · asked in 2 papers	
★★	(iii) Bala was found to be the owner of jewellery worth ₹ 22,60,000 during the financial year ending 31.03.2023 which was not recorded in his books of account and he could not offer satisfactory explanation of the source of income for acquiring the same. How much of income-tax is payable by Bala under section 115BBE (including surcharge and cess, if any) for the said jewellery? [2] - (A) ₹ 17,62,800 - (B) ₹ 7,05,120 - (C) ₹ 5,10,120 - (D) ₹ 4,32,120	D23 Q1(iii) · 2 m · asked in 2 papers	
★	(x) Which of the following companies can be treated as resident in India? 1. PQR Ltd. of UK (turnover in India ₹ 75 crores) - operates in India through a branch office in Kolkata. Its global turnover exceeds ₹ 500 crore. 2. Bruno GmbH of Germany (turnover in India ₹ 45 crores) – the place of effective management is wholly in India. 3. Inferno Inc. of USA (turnover in India ₹ 130 crores) – the place of effective management is wholly outside India. (A) Bruno GmbH only (B) PQR Ltd. and Bruno GmbH (C) None (D) PQR Ltd, Bruno GmbH, and Inferno Inc.	J25 Q1(x) · 2 m	
★	(iv) Chinta Co-operative Society is engaged in manufacturing activity and was set up and registered on 20th April, 2023. Its total income (computed) for the previous year 2023-24 was ₹ 22,50,000. How much is the income tax payable by it under section 115BAE of the Act? Note: Consider both surcharge and HEC. (A) ₹ 7,02,000 (B) ₹ 5,85,000 (C) ₹ 4,68,000 (D) ₹ 3,86,100	J24 Q1(iv) · 2 m	

Problems to solve (17): SM illustrations, SM exercise sums, ICMAI workbook

Priority	Problem (what it asks)	Where	Came in the exam
★★	USA Airlines incorporated as a company in USA operates its flights to India and vice versa…	SM M1 Illus. 1 · SM p.13	
★★	Practical problem: Anthony, a non-resident Indian, acquired 1,000 shares in A Ltd. (an Indian…	SM M1 Illus. 2 · SM p.17	
★★	Practical problem: Smart (a non resident) has computed his tax liability as under –	SM M1 Illus. 3 · SM p.31	
★★	Practical problem: Mr. Crown, a non-resident, gives you the following information for the year…	SM M1 Illus. 4 · SM p.32	
★★	Practical problem: Roger, a foreign national, furnishes the following data for the previous year…	SM M1 Illus. 5 · SM p.33	
★★	Practical problem: The total income of a non-resident Indian includes	SM M1 Illus. 6 · SM p.33	
★★	Practical problem: Mr. Q, a non-resident, operates an aircraft between Singapore and Chennai	SM M1 Illus. 7 · SM p.34	
★★	Practical problem: The net result of the business carried on by a branch of a foreign company in…	SM M1 Illus. 8 · SM p.34	
★★	Roger Federer, a tennis professional and a non-Indian citizen participated in India in a…	SM M1 Illus. 9 · SM p.35	
★★	Compute the income-tax in the following cases: (a) Royalty of ₹10 lakh received by a foreign…	SM M1 Illus. 10 · SM p.35	

Priority	Problem (what it asks)	Where	Came in the exam
★★	Practical problem: A non-resident foreign company has a permanent establishment (PE) in India, in...	SM M1 Illus. 11 · SM p.36	
★★	Individual (old regime): two house properties, salary with car and HRA, interest income	Workbook ch.1 illustration 6 · WB p.9	
★★	Senior citizen (old regime): three house properties with vacancy, salary and other income	Workbook ch.1 illustration 7 · WB p.12	
★★	Non-resident airline operator: presumptive income under section 44BBA	Workbook ch.1 illustration 9 · WB p.16	
★★	Non-resident sportsman: tax on prize money, article and advertisement income; must he file a return	Workbook ch.1 illustration 10 · WB p.17	
★★	NRI opting for Chapter XII-A: total income and tax on investment income and gains	Workbook ch.1 illustration 11 · WB p.17	
★	Practical problem: business income of an individual (Shri Khote), with adjustments	SM M1 exercise sum 1 · SM p.104	

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q35, Q38, Q41, Q43, Q44, Q47, Q48, Q49, Q55, Q102, Q103, Q105, Q109, Q110, Q117, Q125, Q130, Q139, Q145, Q156

1.2 Company

SM pp. 37–76 · marks per attempt: **J26-14 · D25-14 · J25-23 · D24-23 · J24-27 · D23-20 · J23-11** · Dec'26 forecast: tier **A**, about **14** marks when it comes, chance it comes **98%** (Q3(b) normal vs 115BAA/115BAB + Q8(a) MAT 115JB + MCQ)

OUR DEC'26 CALLS FOR THIS TOPIC

1. Compute the total income of a company from its profit and loss account (43B incl. 43B(h) MSME payments, 40A(2) / 40A(3), provisions, TDS defaults, donations, depreciation on imported machinery). [ROTATION · J24, D24, J25 Q2 (14 marks each) - replaced by trust + firm since Dec'25]
2. A domestic company: compute tax under the normal provisions and under s.115BAA (or s.115BAB for a new manufacturer), giving up additional depreciation and Chapter VI-A deductions except 80JJAA / 80M; work out 80JJAA from an employee table; advise which option to choose. [REPEAT+PRACTICE · D24, J25, D25, J26 Q3(b); J26 = MQP Q3(b) with new numbers]
3. A company: compute total income under the normal provisions and the book profit u/s 115JB (revaluation depreciation, lower of brought-forward loss and unabsorbed depreciation as per books, deferred tax, provisions), then the tax payable and MAT credit. [REPEAT+PRACTICE · D25, J26 Q8(a); MQP Q8(a), PTP Q8(a), postal Q2(b)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	Normal provisions vs 115BAA with 80-IA and 80JJAA	D24 Q3(b) · J25 Q3(b) · D25 Q3(b) · J26 Q3(b) · MQP Q3(b) · 7 m · asked in 4 papers	
★★★	Book profit u/s 115JB: CSR, provisions, revaluation, deferred tax, 10AA, 115BBF	D25 Q8(a) · 7 m · asked in 6 papers	same problem: Workbook ch.1 illustration 12 (WB p.19; solution there) · same problem: Workbook ch.1 illustration 2 (WB p.2; solution there)
★★★	Closely held company PGBP: 234B interest, 40A(3), 43B, electoral trust, s.79 change in shareholding	J23 Q2(a) · D24 Q2 · J25 Q2 · 9 m · asked in 5 papers	same problem: Workbook ch.1 illustration 4 (WB p.5; solution there)
★★★	Company total income: stock valuation, PF, 195, depreciation, 50C/sale to subsidiary, 50 + 54EC	J24 Q2 · 14 m · asked in 5 papers	

Priority	Question	Asked / marks	Answer in
★★★	Company business income: interest to NR without TDS, 43B, provisions, revaluation depreciation (old tag 1.1); Book profit u/s 115JB for the same company	D23 Q2(i)(ii) · 14 m · asked in 6 papers	
★	Rosy (P) Ltd. incorporated in April, 2018 is engaged in manufacturing activity with 4 equal shareholders. The company has paid up share capital of ₹ 40 lakhs with each equity share of ₹ 10 each, fully paid up. As per the provisions of Income-tax Act, 1961 it has the following as on 31st March, 2023: (i) Brought forward business loss ₹ 30 lakhs; and (ii) Unabsorbed depreciation ₹ 20 lakhs. For the previous year 2023-24 also it is expected that the company would have unabsorbed depreciation of ₹ 10 lakhs though it would not have any business loss for the year as per the provisions of Income-tax Act, 1961. The Board of Directors of the company desire to carry out business restructuring by issuing equity shares for ₹ 160 lakhs to new investors in March, 2024. Required: (i) Discuss the tax consequences of the proposal of Rosy (P) Ltd. (ii) What would be your answer in case Rosy (P) Ltd. is an eligible start-up in terms of section 80-IAC? [7]	J24 Q4(a) · 7 m	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★★	(a) Eagle Pharma Ltd., a domestic company, provides the following Profit & Loss Account for the year ended 31st March, 2026: | Particulars | ₹ (in Lakhs) | Particulars | ₹ (in Lakhs) | | | To Manufacturing Exp. | 950 | By Sales | 4,200 | | To Depreciation | 1,300 | By Other Incomes | 150 | | To Provision for Income Tax | 120 | | | | To Proposed Dividend | 80 | | | | To Provision for Doubtful Debts | 50 | | | | To Net Profit | 1,850 | | | | Total | 4,350 | Total | 4,350 | Additional Information: (i) Depreciation as per Income-tax Rules is ₹ 850 Lakhs, which includes additional depreciation of ₹ 150 lakhs on new machinery. (ii) Depreciation debited in the Profit and Loss account includes depreciation on revalued amounts ₹ 300 lakhs. (iii) Brought Forward items: *As per Books of account:* Business Loss = Nil; Unabsorbed Depreciation = ₹ 150 Lakhs. *As per Income-tax Act, 1961:* Business Loss of AY 2024-25 = ₹ 250 Lakhs; Unabsorbed Depreciation for AY 2011-12 = ₹ 300 Lakhs. (iv) The company has not opted for the provisions contained in section 115BAA and its turnover for F.Y. 2023-24 was ₹ 100 crore. Required: You are required to calculate the total income as per normal provisions and book profit under section 115JB and determine the final tax liability for the AY 2026-27. [7]	J23 Q1(i) · J26 Q8(a) · MQP Q8(a) · PTP Q8(a) · POSTAL Q1(i) · POSTAL Q2(b) · 2 m · asked in 6 papers	
★★★	(ii) What is the rate of tax (excluding surcharge and HEC) in case a company has to pay income-tax as per MAT provisions contained in section 115JB of the Income-tax Act, 1961? (A) 18.5% (B) 15% (C) 20% (D) 22%	J25 Q1(ii) · 2 m · asked in 6 papers	
★★★	(i) Ganesh (P) Ltd. is engaged in manufacturing activity. It is covered by section 115BA. For the assessment year 2024-25, its total income computed as per section 115BA is ₹ 24 lakhs and its book-profit computed as per the provisions of section 115JB is ₹ 45 lakhs. How much is the final tax liability of Ganesh (P) Ltd. (including Surcharge and HEC)? (A) ₹ 6,24,000 (B) ₹ 3,74,400 (C) ₹ 7,02,000 (D) ₹ 9,36,000 [2]	D24 Q1(i) · 2 m · asked in 6 papers	
★★★	(v) The total income of Minerals (P) Ltd. a trading company, computed as per the normal provisions of Income-tax Act is ₹ 8,40,000 for the year ended 31st March, 2023. The annual turnover of Minerals (P) Ltd. was always less than ₹ 10 crores. Book profit of the company computed as per the provisions of section 115JB is ₹ 18,40,000. What would be the final tax liability of the company for the assessment year 2023-24? *Note: Ignore surcharge and cess.* [2] - (A) ₹ 2,52,000 - (B) ₹ 2,76,000 - (C) ₹ 2,10,000 - (D) ₹ 2,25,000	D23 Q1(v) · 2 m · asked in 6 papers	
★★	(viii) Raghav Industries (P) Ltd. was subjected to a search under section 132 and a sum of ₹ 300 lakhs by way of cash was found as undisclosed income. Raghav Industries (P) Ltd. has unabsorbed depreciation of ₹ 200 lakhs. How much of the unabsorbed depreciation is eligible for set off against cash found as a result of search, representing undisclosed income? (A) NIL (B) ₹ 200 lakhs (C) ₹ 100 lakhs (D) ₹ 50 lakhs	J24 Q1(viii) · MQP Q1(ix) · 2 m · asked in 2 papers	

Priority	Question	Asked / marks	Answer in
★	(i) Vinayak (P) Ltd. has total income (computed) of ₹ 32,00,000 for the assessment year 2024-25. It has not opted sections 115BA or 115BAA or 115BAB. Its annual turnover was always less than ₹ 50 crores. How much is the income tax payable by Vinayak (P) Ltd. for the assessment year 2024-25 (including surcharge and HEC)? (A) ₹ 8,32,000 (B) ₹ 9,98,400 (C) ₹ 10,98,240 (D) ₹ 13,31,200	J24 Q1(i) · 2 m	
★	(x) Higgs Ltd. which has entered into international transactions attracting transfer pricing provisions, declared a final dividend of 10% on its paid-up capital of ₹ 20 crores on 23.08.2024. It has received dividend of ₹ 80 lakhs (gross) on 23.11.2023 from a business trust. How much is the quantum of deduction allowable under section 80M? (A) ₹ 200 lakhs (B) ₹ 80 lakhs (C) ₹ 120 lakhs (D) NIL as the dividend received is liable to tax.	J24 Q1(x) · 2 m	
★	(i) AB Ltd. has debited a sum of ₹ 780 lakhs towards income-tax in its Statement of Profit and Loss for the year ended 31-3-2023. It includes ₹ 34 lakhs towards surcharge and ₹ 6 lakhs towards HEC. How much would be the amount of disallowance of income-tax under section 40(a)(ii)? [2] - (A) Nil - (B) ₹ 740 lakhs - (C) ₹ 774 lakhs - (D) ₹ 780 lakhs.	D23 Q1(i) · 2 m	
★	(ii) For Doomsday Ltd. there was an outstanding interest payment due to a nationalized bank of ₹ 340 lakhs, which was converted into 8% Debentures on 12-03-2023. How much of interest due to the bank would be deemed as paid and allowable under section 43B by issue of 8% debentures? [2] - (A) Nil - (B) ₹ 85 lakhs - (C) ₹ 170 lakhs - (D) ₹ 340 lakhs	D23 Q1(ii) · 2 m	

Problems to solve (24): SM illustrations, SM exercise sums, ICMAI workbook

Priority	Problem (what it asks)	Where	Came in the exam
★★★	Closely held company with a change in shareholding: carry forward of losses and unabsorbed depreciation; MAT	Workbook ch.1 illustration 2 · WB p.2	D25 Q8(a) · D25 Q2(b) · D24 Q1(ix) · D25 Q4(a) · J23 Q8(b)
★★★	MAT: book profit with SEZ profit, agricultural income, reserves and brought-forward losses	Workbook ch.1 illustration 4 · WB p.5	J23 Q2(a) · J23 Q8(b)
★★★	MAT: book profit from a profit and loss account with SEZ profit, AOP share and capital gains	Workbook ch.1 illustration 12 · WB p.19	D25 Q8(a) · J25 Q1(vi) · J25 Q1(vii) · D23 Q1(vii) · J26 Q4(a)
★★	Practical problem: Compute gross total income of Minakshi Ltd. under the head Profits & gains of…	SM M1 Illus. 12 · SM p.44	
★★	Practical problem: Following are the details of X Pvt Ltd, determine the brought forward loss…	SM M1 Illus. 13 · SM p.49	
★★	Practical problem: A private limited company has share capital in the form of equity share capital	SM M1 Illus. 14 · SM p.50	
★★	Practical problem: Business income (before adjusting brought forward losses) & Book Profit of X…	SM M1 Illus. 15 · SM p.54	
★★	Practical problem: Apple Industries Ltd. provides the following information for the financial year…	SM M1 Illus. 16 · SM p.57	
★★	Practical problem: The book profits of a company in the previous year 2025-26 computed in…	SM M1 Illus. 17 · SM p.58	
★★	Practical problem: X Ltd. charged depreciation on its fixed assets at the rate prescribed in the…	SM M1 Illus. 18 · SM p.58	
★★	Practical problem: The net profit of Renuka Ltd. an Indian company, as per its profit and loss…	SM M1 Illus. 19 · SM p.58	
★★	Practical problem: Sun bright Ltd., an Indian company furnished the following particulars of its…	SM M1 Illus. 20 · SM p.60	
★★	Practical problem: Following is the profit and loss account of Z Ltd. for the year ended on…	SM M1 Illus. 21 · SM p.61	
★★	Practical problem: Following is the profit and loss account of Z Ltd. for the year ended on…	SM M1 Illus. 22 · SM p.63	

Priority	Problem (what it asks)	Where	Came in the exam
★★	DEF is a real estate investment trust (REIT)	SM M1 Illus. 23 · SM p.72	
★★	Practical problem: Compute total income of each investment fund for A.Y. 2026-27 from the…	SM M1 Illus. 24 · SM p.75	
★★	Practical problem: In case of case C of the aforesaid illustration, if Fund C has earned following…	SM M1 Illus. 25 · SM p.75	
★★	Company: total income from net profit with disallowances, refunds and related-party purchases	Workbook ch.1 illustration 1 · WB p.1	
★★	Company: total income and book profit from a profit and loss account with provisions	Workbook ch.1 illustration 3 · WB p.3	
★★	MAT liability and book profit with revaluation depreciation, provisions and losses	Workbook ch.1 illustration 5 · WB p.7	
★★	Indian branch of a foreign company: head office expenses allowed and taxable income	Workbook ch.1 illustration 8 · WB p.15	
★★	MAT: book profit with revaluation depreciation, AOP share and capital gains	Workbook ch.1 illustration 13 · WB p.20	
★★	New manufacturing company under section 115BAB: total income and tax	Workbook ch.1 illustration 16 · WB p.24	
★★	Foreign company's fees for technical services with and without a permanent establishment	Workbook ch.1 illustration 17 · WB p.31	

★ **SM exercise (if time):** M1 short essay 1 (p.104): How to compute book profit u/s 115JB · M1 short essay 3 (p.104): Provisions relating to carbon credit · M1 case 1 (p.105): Practical problem: Barun Co. Ltd. is engaged in the business of manufacture of chemicals since… · M1 case 2 (p.106): AC Flour Mills Ltd., a domestic company engaged in manufacture of wheat flour, furnishes the… · M1 case 3 (p.106): Practical problem: S Textiles (P) Ltd., Surat earned a profit of ₹ 20 lakhs after debit/credit of… · M1 case 4 (p.107): Practical problem: Father Ltd., an Indian company, earned a profit of ₹ 54 lakhs after debit/… · M1 case 5 (p.108): Practical problem: Profit and Loss account of X Ltd. for the year ending on 31st March 2026 shows…

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q1, Q3, Q4, Q5, Q40, Q58, Q101, Q104, Q108, Q116, Q119, Q121, Q122, Q123, Q126, Q136, Q155, Q160, Q161, Q165, Q166, Q167, Q173

1.3 Trust

SM pp. 78–94 · marks per attempt: **J26-9 · D25-7 · J25-2** · Dec'26 forecast: tier **A**, about **9** marks when it comes, chance it comes **92%** (Q2(a) trust total income sum + MCQ (iii))

OUR DEC'26 CALLS FOR THIS TOPIC

1. A trust registered u/s 12AB runs a hospital and a college. From its receipts (voluntary contributions, corpus donations, anonymous donations, fees) and its spending (capital assets, donations to other trusts, application deferred to next year), compute its total income and tax. [REPEAT · D25 Q2(a) (hospital + nursing college), J26 Q2(a) (hospital + engineering college)]
2. An educational trust accumulates part of its income u/s 11(2): what conditions must it meet, and what is its taxable income when the accumulated money is not used in time? [PRACTICE · PTP Q2(a); 85% application rule; Jun'26 supplementary: registration valid 10 years for smaller trusts]
3. A trust merges with a non-charitable entity: compute the tax on its accreted income u/s 115TD. [PRACTICE+NEVER · MQP Q2(a) - not yet in an exam]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	Trust running a hospital + nursing college: total income; deferment of application	D25 Q2(a) · J26 Q2(a) · PTP Q1(iii) · PTP Q2(a) · 7 m · asked in 2 papers	
★	Trust merged with an ineligible entity: tax on accreted income u/s 115TD	MQP Q2(a) · 7 m	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★	(iii) "Save Trees", a charitable trust registered under section 12AB of the Income-tax Act, 1961 received total donation amounting to ₹ 15 lakhs during the financial year 2025-26 and it includes anonymous donation of ₹ 2,50,000. How much of anonymous donation is taxable @30%? (A) ₹ 1,00,000 (B) ₹ 1,50,000 (C) ₹ 75,000 (D) ₹ 1,75,000	J26 Q1(iii) · MQP Q1(iii) · 2 m	
★	(iii) Vijay Child Welfare Trust is registered under section 12AA of the Income-tax Act. For the Assessment year 2025-2026 its income before allowing exemption under section 11 and under section 12 exceeded the maximum amount which is not chargeable to income-tax. It failed to file its return of income by 'due date' as specified under section 139(1). How much is the quantum of penalty that could be levied on the assessee for its failure to file its ITR on or before the 'due date'? (A) ₹ 100 per day for which the default continues (B) ₹ 200 per day for which the default continues (C) ₹ 500 per day for which the default continues (D) ₹ 10,000	J25 Q1(iii) · 2 m	

Problems to solve (2): SM illustrations, SM exercise sums, ICMAI workbook

Priority	Problem (what it asks)	Where	Came in the exam
★★	Practical problem: Compute taxable income of a charitable trust for the A.Y 2026-27 under the...	SM M1 Illus. 26 · SM p.84	
★★	Practical problem: Bangur Charitable Trust has earned income of ₹70 lacs during the previous year...	SM M1 Illus. 27 · SM p.85	

★ **SM exercise (if time):** M1 short essay 2 (p.104): Provisions relating to registration of trust

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q60, Q99

1.4 Mutual Association

SM pp. 95–102 · **never asked in the seven papers** · Dec'26 forecast: tier **C**, about **0** marks when it comes, chance it comes **5%** (-)

Problems to solve (1): SM illustrations, SM exercise sums, ICMAI workbook

Priority	Problem (what it asks)	Where	Came in the exam
★★	Practical problem: A is an association governed by the provisions of sec	SM M1 Illus. 28 · SM p.96	

★ **SM exercise (if time):** M1 solved case 1 (p.100): What will be value of taxable perquisites

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q2

2.1 Return of Income

SM pp. 112–125 · marks per attempt: **J26-2 · D25-2 · J25-2 · D23-2** · Dec'26 forecast: tier **B**, about **2** marks when it comes, chance it comes **88%** (MCQ (i))

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★	(i) Ganesh, a resident individual (age 42) has a total income of ₹ 3,50,000 comprising of salary income and interest from bank deposits for the financial year 2025-26. During the same year he incurred an expenditure of ₹ 1,40,000 each, on himself and his wife, for a travel to Singapore. Which of the following statements is correct assuming Ganesh has not opted out of default tax regime for the A.Y. 2026-27? (A) He is not required to file the return of income for the A.Y. 2026-27 since his total income does not exceed the basic exemption limit. (B) He is not required to file the return of income for the A.Y. 2026-27 since his expenses on foreign travel does not exceed ₹ 2 lakhs. (C) He is required to file the return of income for the A.Y. 2026-27 since his aggregate expenses on foreign travel exceeded ₹ 2 lakhs. (D) He is required to file the return of income for the A.Y. 2026-27 since his total income before standard deduction u/s 16(i)(a) exceeds the basic exemption limit.	D25 Q1(i) · J26 Q1(i) · 2 m · asked in 2 papers	

Priority	Question	Asked / marks	Answer in
★	(iv) Which of the following can be carried forward to subsequent assessment year even where the return is filed beyond the 'due date' specified in section 139(1) of the Act? (A) Unabsorbed depreciation (B) Long-term capital loss (C) Business loss (D) Short-term capital loss	J25 Q1(iv) · 2 m	
★	(vii) Mr. A filed his return of income for the assessment year 2023-24 on 20th December, 2023. He noticed in January, 2024 that he has omitted to admit income from business of ₹ 4 lakhs in the ITR filed by him for the assessment year 2023-24. What is the maximum time limit available for Mr. A to file updated return? [2] - (A) 31.03.2024 - (B) 31.03.2025 - (C) 31.03.2026 - (D) 31.03.2027	D23 Q1(vii) · 2 m	same problem: Workbook ch.1 illustration 12 (WB p.19; solution there)
★	Returns that can be revised u/s 139(5)	PTP Q1(i) · 2 m	

Problems to solve (4): SM illustrations, SM exercise sums, ICMAI workbook

Priority	Problem (what it asks)	Where	Came in the exam
★★	Tax audit: is it required in each case of business and professional receipts	Workbook ch.1 illustration 14 · WB p.23	
★★	Tax audit for a company with two businesses: higher threshold and penalty	Workbook ch.1 illustration 15 · WB p.23	
★★	Is filing a return compulsory: several taxpayers with low income or high receipts	Workbook ch.2 illustration 1 · WB p.33	
★★	Belated and revised return, late fee and interest after missing the due date	Workbook ch.2 illustration 2 · WB p.35	

★ **SM exercise (if time):** M2 short essay 1 (p.200): Provisions relating to filing of belated return

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q6, Q7, Q8, Q39, Q45, Q46, Q52, Q53, Q54, Q59, Q144

2.2 Assessment Procedure including Dispute Resolution Process

SM pp. 126–150 · marks per attempt: **J25-2 · D24-2 · J23-5** · Dec'26 forecast: tier **C**, about **2** marks when it comes, chance it comes **25%** (MCQ)

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★	Magnet Ltd. has following issues with regard to its assessment and tax management. You are to provide brief answers to the following: (i) It has a refund due of the assessment year 2021-22 of ₹ 5,60,000 which has been withheld. Explain how and when, such withholding of refund is sanctioned by law. [2] (ii) The Assessing Officer in order to invoke section 147 and to issue notice under section 148 has sought some information for the assessment year 2018-19. Briefly explain the scope of power of the Assessing Officer under section 148A. [3] (iii) For the previous year 2022-23, it has paid advance tax of ₹ 6 lakh on 20th March, 2023. Its total income for the assessment year 2023-24 amounts to ₹ 30 lakh. The rate of tax applicable is 25% plus HEC @ 4%. It wants to know the amount of interest payable under section 234C. [4]	J23 Q7(a)(i)(ii) · 5 m	

Priority	Question	Asked / marks	Answer in
★	Provide the answer to the following case study under the below-mentioned heads: (i) Issue involved (ii) Provisions applicable to the issue (iii) Analysis of the issue and (iv) Conclusion. The assessment of Vishal, was taken up for scrutiny by the Income-tax Department. The Assessing Officer (AO) found that a sum of ₹ 20 lakhs was credited in the bank account of Vishal. It was explained that the said amount had been received by him from his friend Gautam. The amount had been accepted through an account payee crossed cheque by way of loan. When the AO enquired Gautam, he accepted that he had given the amount to Vishal as loan. The AO insisted that mere acceptance by Gautam that he had given the amount to Vishal is not sufficient and that Vishal should prove the creditworthiness of Gautam, otherwise he would add the sum of ₹ 20 lakhs as unexplained cash credit. Is the AO correct in his contention? State tax liability and penalty in case the amount of loan is taxed as income of Vishal in the assessment. [8] (listed under 4.0 too)	J23 Q8(a) · 8 m	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★	(vii) For the assessment year 2024-2025, Rita Ltd. filed its return of income on 30th October, 2024. This return was selected for scrutiny for making regular assessment under section 143(3). What is the time limit for service of notice under section 143(2)? (A) 31.03.2025 (B) 30.06.2025 (C) 31.10.2025 (D) 31.12.2025	J25 Q1(vii) · 2 m · asked in 2 papers	same problem: Workbook ch.1 illustration 12 (WB p.19; solution there)
★★	(vi) Which of the following cannot be adjusted in computation of total income while processing the return of income (ITR) under section 143(1)? (A) An incorrect claim made which is apparent from any information in the ITR (B) An arithmetical error in the ITR (C) Any income appearing in Form 26AS which has not been included in total income (D) Any expenditure disallowed in audit report but not adjusted while filing return of income [2]	D24 Q1(vi) · 2 m · asked in 2 papers	

★ **SM exercise (if time):** M2 short essay 4 (p.200): Procedure of scrutiny assessment

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q9, Q106, Q129, Q133

2.3 Interest and Fees

SM pp. 151–166 · marks per attempt: **J26-2 · D25-2 · J25-7 · D24-5.5 · J24-2 · D23-7 · J23-6** · Dec'26 forecast: tier **A**, about **2** marks when it comes, chance it comes **96%** (MCQ (ii) computation; sometimes Q5(b) sum)

OUR DEC'26 CALLS FOR THIS TOPIC

1. A company or individual paid advance tax late or short: compute interest u/s 234B and 234C instalment by instalment.
   [REPEAT · J25 Q5(b), D23 Q5(b); PTP Q5(b) (a firm after an enhanced assessment)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	Company: shortfall per instalment, interest u/s 234B and 234C	J25 Q5(b) · 7 m · asked in 6 papers	
★★★	Advance tax needed by a senior with only LTCG (bank row Q5(b)); Pensioner: interest u/s 234A + 234B (bank row Q5(b))	D24 Q5(b)(iii)(iv) · 3.5 m · asked in 6 papers	
★★★	Individual with LTCG late in the year: interest u/s 234C	D23 Q5(b) · 7 m · asked in 6 papers	
★★★	Company: interest u/s 234C when all advance tax paid on 20 March	J23 Q7(a)(iii) · MQP Q1(ii) · PTP Q5(b) · 4 m · asked in 6 papers	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★★	(ii) Cheetah Ltd. a domestic company has a total tax liability of ₹ 10,00,000 for A.Y. 2026-27. The company has a TDS credit of ₹ 2,00,000. The advance tax instalments paid by the company during P.Y. 2025-26 are as follows: 12.06.2025 = ₹\ 1,00,000; 14.09.2025 = ₹\ 2,00,000; 13.12.2025 = ₹\ 2,60,000 and 18.03.2026 = ₹\ 2,40,000. How much of interest is payable under section 234C by Cheetah Ltd.? (A) ₹ 1,200 (B) ₹ 3,600 (C) ₹ 4,800 (D) ₹ 6,000	J26 Q1(ii) · 2 m · asked in 6 papers	
★★★	(ii) MNO LLP, Mumbai, furnished its return of income for the Assessment Year 2025-26 before the specified due date and declared an income of ₹ 1,20,000. The assessment was completed on 10^{\text{th}} February, 2026 and the total income was enhanced to ₹ 1,65,000. There was no advance tax or TDS credit available to assessee. How much is the amount of interest payable under Section 234B by MNO LLP? (A) ₹ 5,096 (B) ₹ 5,663 (C) ₹ 494 (D) ₹ 1,544	D25 Q1(ii) · 2 m · asked in 6 papers	
★★★	(iii) Under which section interest shall be charged for deferment of advance tax? (A) Section 234A (B) Section 234B (C) Section 234C (D) Section 234D [2]	D24 Q1(iii) · 2 m · asked in 6 papers	
★★	(ii) BG, a resident individual aged 67, has filed the return of income for the assessment year 2023-24 on 10th January 2024, showing an income of ₹ 11,00,000. He has opted for old tax regime. He has paid advance tax of ₹ 55,000 and there is TDS credit of ₹ 16,600. How much is payable by way of interest under section 234A? *Note: Due date for filing ITR is 31st July, 2023.* (A) NIL (B) ₹ 3,060 (C) ₹ 3,700 (D) ₹ 4,440	J23 Q1(ii) · 2 m · asked in 2 papers	
★	(iii) Vijay Child Welfare Trust is registered under section 12AA of the Income-tax Act. For the Assessment year 2025-2026 its income before allowing exemption under section 11 and under section 12 exceeded the maximum amount which is not chargeable to income-tax. It failed to file its return of income by 'due date' as specified under section 139(1). How much is the quantum of penalty that could be levied on the assessee for its failure to file its ITR on or before the 'due date'? (A) ₹ 100 per day for which the default continues (B) ₹ 200 per day for which the default continues (C) ₹ 500 per day for which the default continues (D) ₹ 10,000 (listed under 1.3 too)	J25 Q1(iii) · 2 m	
★	(v) TBF Ltd., an Indian company deducted ₹ 1,20,000 from various payments as TDS for the first quarter of financial year 2023-24. However, it has failed to file TDS return for the said quarter. How much shall be the amount of fee payable by it for default in furnishing TDS return? (A) ₹ 100 for every day during which the failure continues subject to a maximum of ₹ 1,20,000. (B) ₹ 100 for every day during which the failure continues subject to a maximum of ₹ 1,00,000. (C) ₹ 200 for every day during which the failure continues subject to a maximum of ₹ 1,20,000. (D) ₹ 200 for every day during which the failure continues subject to a maximum of ₹ 1,00,000.	J24 Q1(v) · 2 m	

Problems to solve (8): SM illustrations, SM exercise sums, ICMAI workbook

Priority	Problem (what it asks)	Where	Came in the exam
★★	Practical problem: Calculate interest u/s 234A in the following cases – Name of the assessee A A…	SM M2 Illus. 1 · SM p.154	
★★	Practical problem: A firm furnished its return of income on 30th June, 2026 showing income of…	SM M2 Illus. 2 · SM p.157	
★★	How shall your answer differ if the assessee pays ₹10,200 as self-assessment tax along with…	SM M2 Illus. 3 · SM p.157	
★★	Practical problem: A firm made the following payments of advance tax during the financial year…	SM M2 Illus. 4 · SM p.160	
★★	Practical problem: A Ltd. made the following payments of advance tax during the financial year…	SM M2 Illus. 5 · SM p.161	
★★	Interest for shortfall and deferment of advance tax	Workbook ch.2 illustration 3 · WB p.36	
★★	Interest for shortfall and deferment of advance tax (second set)	Workbook ch.2 illustration 4 · WB p.37	

Priority	Problem (what it asks)	Where	Came in the exam
★	Practical problem: The following particulars are furnished by Ms. Devi for the financial year...	SM M2 exercise sum 1 · SM p.200	

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q10, Q51, Q107, Q154

2.4 Survey, Search and Seizure

SM pp. 167–187 · marks per attempt: **J26-2 · D25-2 · J25-2 · D23-2 · J23-7** · Dec'26 forecast: tier **B**, about **2** marks when it comes, chance it comes **88%** (MCQ (ix))

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	The Assessing Officer (AO) entered the premises of M/s Ravindar Enterprises (assessee located in his jurisdiction) at 10 PM, [after sunset], to conduct a survey under section 133B for collecting certain information relating to assessment. The usual business hours of M/s Ravindar Enterprises is from 3 PM to 11 PM. During survey, the AO took custody of certain books of account which were in the premises of the assessee. The assessee opposed the act of AO of entering the premises after sunset and taking custody of books of account. Explain with relevant provisions of the Income-tax Act whether the acts of AO are valid. [5]	J23 Q3(a) · 5 m · asked in 3 papers	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★★	(ix) Which of the following assets cannot be seized during a search operation under Section 132 of the Income-tax Act, 1961? (A) Unaccounted cash found at the premises (B) Jewellery not recorded in the books of account (C) Stock-in-trade of the business (D) Undisclosed bank account balances	J23 Q1(ix) · J26 Q1(ix) · 2 m · asked in 3 papers	
★★★	(vi) A survey under section 133A was conducted in the business premises of AB & Co. Which of the following powers could not be exercised by the Income-tax authority conducting the said survey? (A) Seize cash not recorded in the books of account (B) Record statement of any partner who is present there at the premises during survey. (C) Verify cash and stock (D) Place marks of identification in the books of account	D25 Q1(vi) · 2 m · asked in 3 papers	
★★★	(ix) A search was initiated under section 132 in the premises of Sky & Co LLP on 10.12.2024 and the last authorization was executed on 18.12.2024. What would be the block period for the purpose of search assessment? (A) Assessment years relevant to the previous years 2023-24, 2022-23, 2021-22, 2020-21, 2019-2020, 2018-19 and the period from 1st April 2024 to 18.12.2024 (B) The assessment years 2023-24, 2022-23, 2021-22, 2020-21, 2019-2020 and 2018-19 (C) The assessment years relevant to the previous years 2023-24, 2022-23, 2021-22, 2020-21, 2019-2020, 2018-19 and the period from 1st April 2024 to 10.12.2024 (D) The previous years 2023-24, 2022-23, 2021-22, 2020-21 and the period from 1st April 2024 to 18.12.2024	J25 Q1(ix) · 2 m · asked in 3 papers	
★★★	(ix) Income-tax authority having jurisdiction of Azeem & Co conducted a survey under section 133A and seized the books of account and other documents on 10.10.2022. What is the maximum time limit that the books of account and other documents can be retained by the Income-tax authority without obtaining permission of higher authorities? [2] - (A) Up to 15 days exclusive of holidays - (B) Up to the end of the previous year i.e. 31.03.2023 - (C) Up to 30 days exclusive of holidays - (D) Up to the date of completion of assessment under section 143(3)	D23 Q1(ix) · 2 m · asked in 3 papers	

★ **SM exercise (if time):** M2 short essay 2 (p.200): Power of the income-tax authority u/s 131 · M2 short essay 3 (p.200): Deemed seizure

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q100, Q132, Q146, Q152

2.5 Collection, Recovery and Refund of Tax

SM pp. 188–198 · marks per attempt: **D24-2 · J24-2** · Dec'26 forecast: tier **B**, about **2** marks when it comes, chance it comes **45%** (MCQ)

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★	(iv) Chaitanya, a resident is employed in a multinational company as General Manager. He paid for his residence ₹ 60,000 as monthly rent throughout the financial year 2023-24. Which of the following statement is correct? (A) Liable to deduct TDS @ 10% since the annual rent exceeds ₹ 2,40,000. (B) Liable to deduct TDS @ 5% every month, since rent exceeded ₹ 50,000 per month. (C) Rent payment being a personal expenditure, it is not liable for tax deduction at source. (D) Liable to deduct tax at source @ 5% on the total rent paid during the year in the month of March, 2024. [2]	D24 Q1(iv) · 2 m · asked in 2 papers	
★★	(vii) Tarun, a resident sold Virtual Digital Asset (VDA) with the help of a broker through an Exchange. The sale consideration was ₹ 6,05,000 (excluding GST / commission). How much is the amount of TDS applicable in respect of sale of VDA? (A) ₹ 60,500 (B) ₹ 30,250 (C) ₹ 12,100 (D) ₹ 6,050	J24 Q1(vii) · 2 m · asked in 2 papers	
★	Interest on refund u/s 244A (0.5% a month)	PTP Q1(ii) · 2 m	

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q37, Q42, Q56, Q57, Q134, Q138

3.1 Appeal

SM pp. 204–217 · marks per attempt: **J26-2 · D25-9 · J25-2 · D24-7 · J24-7 · J23-2** · Dec'26 forecast: tier **A**, about **2** marks when it comes, chance it comes **90%** (MCQ (iv) and/or Q5(a))

OUR DEC'26 CALLS FOR THIS TOPIC

1. Appeal procedure: time limit to appeal to the CIT(A) and the ITAT, condonation of delay, time for disposal, pre-deposit / stay.
   [REPEAT · J24 Q5(a), D25 Q5(a)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	Dr. Mathew Cherian is a resident individual and reputed surgeon. His assessment for the assessment year 2024-25 was completed under Section 143(3) vide order dated 15^{\text{th}} September, 2025. He received the said assessment order and a notice of demand on 25^{\text{th}} September, 2025. In the assessment, the Assessing Officer had disallowed certain deductions and finally added ₹ 28,00,000 to the returned income. He filed an appeal before CIT (Appeals) on 15^{\text{th}} November, 2025 as he was outside India from 1^{\text{st}} September, 2025 to 13^{\text{th}} November, 2025. Required : Based on the above facts state (i) time limit for filing appeal; (ii) legal remedy in case it is filed beyond the time limit; (iii) time limit for disposal of appeal by CIT(Appeals); and (iv) whether any deposit of tax to be made for additional income assessed by the Assessing Officer before filing the appeal. [7]	D25 Q5(a) · 7 m · asked in 5 papers	
★★★	Briefly state remedial measures and time limit to the assessee who is aggrieved of the following: (i) Order passed under section 143(3) by the Assessing Officer. (ii) Order passed under section 263 by the Commissioner of Income-tax. (iii) Order passed under section 254 by ITAT. [7]	J24 Q5(a) · 7 m · asked in 5 papers	
★	Yarns (P) Ltd., could not succeed in the appeal filed before the CIT(A), for deletion of the addition of ₹ 75 lakhs made by the Assessing Officer (AO) in the scrutiny assessment under section 143(3). The company filed an appeal before the ITAT and also sought stay of collection of tax. The ITAT granted stay, initially for 180 days and subsequently extended the stay for 365 days. Even after the 365 days, the appeal was not disposed of, by the ITAT. The AO served a notice of demand and asked the company to pay the tax, citing that the stay granted by ITAT got vacated immediately after the expiry of 365 days. Is the action of the AO valid in law? [7]	D24 Q8(a) · 7 m	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★★	(iv) There is an estimated lump sum addition of ₹ 5 lakhs for admitting low gross profit in the assessment of Boyce & Co LLP. What is the time limit for filing appeal before Commissioner (Appeals)? (A) 30 days from the date of assessment order (B) 30 days from the date of payment of tax as per assessment order (C) 30 days from the date of service of the notice of demand (D) 30 days from the date of communication of the order to the assessee	J26 Q1(iv) · 2 m · asked in 5 papers	
★★★	(vii) What is the monetary limit of tax effect for the Department to file appeal to the High Court on being aggrieved by the order of ITAT? (A) ₹ 60,00,000 (B) ₹ 1,00,00,000 (C) ₹ 2,00,00,000 (D) ₹ 5,00,00,000	D25 Q1(vii) · 2 m · asked in 5 papers	
★★★	(i) Vignesh (P) Ltd has received order passed by CIT (Appeals) confirming the additions made to its total income in the assessment. What is the time limit for filing its appeal before Income Tax Appellate Tribunal? (A) Within 60 days from the end of the month in which the order sought to be appealed against is communicated to the assessee (B) Within 120 days from the end of the month in which the order sought to be appealed against is communicated to the assessee (C) Within 30 days from the end of the month in which the order sought to be appealed against is communicated to the assessee (D) Within 2 months from the end of the month in which the order sought to be appealed against is communicated to the assessee	J25 Q1(i) · 2 m · asked in 5 papers	
★★★	(xii) Mr. Rajesh is aggrieved by an order passed by the Commissioner of Income-tax imposing penalty under section 270A for under-reporting of income. What is the appellate remedy available to him under the Income-tax Act, 1961 and the specified time limit within which he has to file an appeal? (A) He can file an appeal to Appellate Tribunal under section 253 within 60 days from the date on which the order is communicated to him. (B) He can file an appeal to Commissioner (Appeals) under section 246A within 60 days from the date on which the order is communicated to him. (C) He can file an appeal to Appellate Tribunal under section 253 within 30 days from the date on which the order is communicated to him. (D) He can file an appeal to Commissioner (Appeals) under section 246A within 30 days from the date on which the order is communicated to him.	J23 Q1(xii) · MQP Q1(iv) · POSTAL Q1(ii) · 2 m · asked in 5 papers	

★ **SM exercise (if time):** M3 short essay 1 (p.230): Any five orders which are appealable before CIT (Appeals)

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q13, Q14, Q16, Q127, Q143, Q171

3.2 Rectification

SM pp. 218–218 · marks per attempt: **D24-2** · Dec'26 forecast: tier **C**, about **2** marks when it comes, chance it comes **15%** (MCQ)

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★	(ii) What is the maximum time limit for rectification of any mistake which is apparent from the record in an order passed by the Assessing Officer? (A) 4 years from the end of the financial year in which the order was passed. (B) 2 years from the end of the financial year in which the order was passed. (C) 1 year from the end of the financial year in which the order was passed. (D) There is no time limit. [2]	D24 Q1(ii) · PTP Q1(iv) · 2 m	

★ **SM exercise (if time):** M3 short essay 3 (p.230): Provisions u/s 154 relating to rectifying mistakes

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q11, Q12, Q124

3.3 Revision

SM pp. 219–223 · marks per attempt: **J26-3.5 · J25-7 · D24-7 · D23-14** · Dec'26 forecast: tier **A**, about **7** marks when it comes, chance it comes **60%** (Q5(a) legal situation)

OUR DEC'26 CALLS FOR THIS TOPIC

1. The Principal Commissioner wants to revise an assessment order u/s 263 (an issue under appeal, a report received after the assessment, a total merger): is it valid? Can the assessee seek revision u/s 264 instead? [REPEAT · D23, D24, J25 Q5(a), J26 Q5(a)(i)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	Evergreen Ltd. has the following income-tax issues: (i) For the assessment year 2023-24, the assessment was completed under section 143(3) on 30.10.2024 by accepting the returned income. There was a reference to Valuation Officer for cost of construction of its corporate office at Mumbai and the valuation report was not received up to the date of completion of assessment. Subsequently, it was received with a difference of ₹ 80 lakhs between the cost admitted by the assessee and valuation made by the Valuation Officer. On the basis of the said valuation report, the Commissioner of Income-tax issued a notice under section 263 in November, 2025, to set aside the completed assessment. Discuss the validity of the revision under section 263. (ii) For the assessment year 2024-25, the company admitted ₹ 45 lakh as its total income. The assessment under section 143(3) was completed on 20.10.2025 with an addition of ₹ 18 lakhs. The company wants you to give an opinion as to whether it can avail the benefit of Dispute Resolution Committee in respect of the assessment. *Note: Assume that there is no change in legal provisions as regards the above issues for the assessment year 2026-27.* [7]	J26 Q5(a)(i) · 3.5 m · asked in 4 papers	
★★★	Arun Ltd, Jaipur is engaged in multiple businesses. It has the following 3 issues: (i) The assessee has preferred appeal against certain additions relating to assessment year 2022-23 before CIT (Appeals) and did not contest a few other additions made to its returned income in the assessment made under section 143(3). When the appeal was pending, the Commissioner of Income-tax invoked section 263 in respect of certain other issues not dealt with in the assessment. The tax counsel of the company says that the doctrine of total merger would apply and therefore the revision proposed is bad in law. (ii) The company had sought a ruling from the Board for Advance Ruling and it is aggrieved with the ruling. Its tax counsel says that since the decision of the Board is binding on the applicant being the company in this case, it has no other option but to accept the ruling of the Board. (iii) For the assessment year 2022-23, the Assessing Officer made an addition of ₹ 180 lakhs on account of excessive depreciation and ₹ 150 lakhs by way of disallowance under section 40A(2). The company filed an appeal before the CIT(A) against the denial of depreciation and on being unsuccessful filed a further appeal before the Appellate Tribunal. In respect of the disallowance under section 40A(2), it did not file any appeal but filed a revision petition under section 264, to the Commissioner of Income-tax, who dismissed it on the ground that the assessment was a subject matter of appeal to the Appellate Tribunal. The tax counsel says that the action of the Commissioner is not tenable in law. Decide the correctness of the views of the tax counsel and suggest the course of action to be pursued by the company in respect of the above issues. [7]	J25 Q5(a) · 7 m · asked in 4 papers	
★★★	(a) The Assessing Officer (AO) of Dheeraj (P) Ltd. passed an assessment order under section 143(3) on 7th July, 2023 in respect of assessment year 2022-23 where he disallowed certain expenses to the extent of ₹ 5,00,000. However, he enhanced depreciation claim in respect of one of the assets. Dheeraj (P) Ltd. filed an appeal with the CIT (Appeals) against the disallowance of expenses. The CIT wants to revise the order under section 263 to withdraw allowance of enhanced depreciation made by the AO. Can the CIT exercise his revisionary power under section 263? Will your answer change if the CIT (Appeals) has disposed of the appeal without passing the order? Your answer should explain the relevant provisions of the Income-tax Act. [7]	D23 Q5(a) · D24 Q5(a) · 7 m · asked in 4 papers	
★	Dhruv, a resident Indian, was served an intimation under section 143(1) relating to the assessment year 2023-24. He came to know only then that he has omitted to claim deduction under section 80-IA, which he is eligible to claim. He wants to file a revision petition before the Principal Commissioner of Income-tax (PCIT) under section 264 of the Income-tax Act, 1961. The Tax Manager of his concern opines that intimation is not an "order" eligible for a revision under section 264 by PCIT. Is the opinion of the Tax Manager, correct? You are required to answer under the following heads: - (i) Issue involved, - (ii) Provisions applicable, - (iii) Analysis of the issue, and - (iv) Conclusion. [7]	D23 Q8(a) · 7 m	

★ **SM exercise (if time):** M3 short essay 2 (p.230): A note of revisionary power of the Commissioner u/s 263

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q17

3.4 Settlement Commission

SM pp. 224–225 · marks per attempt: **J26-3.5** · Dec'26 forecast: tier **B**, about **3.5** marks when it comes, chance it comes **30%** (Part of Q5(a))

OUR DEC'26 CALLS FOR THIS TOPIC

1. Is the assessee eligible to apply to the Dispute Resolution Committee (returned income up to Rs 50 lakh, variation up to Rs 10 lakh, no search / survey case)? [REPEAT+PRACTICE · J26 Q5(a)(ii); postal Q3(a)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	Evergreen Ltd. has the following income-tax issues: (i) For the assessment year 2023-24, the assessment was completed under section 143(3) on 30.10.2024 by accepting the returned income. There was a reference to Valuation Officer for cost of construction of its corporate office at Mumbai and the valuation report was not received up to the date of completion of assessment. Subsequently, it was received with a difference of ₹ 80 lakhs between the cost admitted by the assessee and valuation made by the Valuation Officer. On the basis of the said valuation report, the Commissioner of Income-tax issued a notice under section 263 in November, 2025, to set aside the completed assessment. Discuss the validity of the revision under section 263. (ii) For the assessment year 2024-25, the company admitted ₹ 45 lakh as its total income. The assessment under section 143(3) was completed on 20.10.2025 with an addition of ₹ 18 lakhs. The company wants you to give an opinion as to whether it can avail the benefit of Dispute Resolution Committee in respect of the assessment. *Note: Assume that there is no change in legal provisions as regards the above issues for the assessment year 2026-27.* [7]	J26 Q5(a)(ii) · POSTAL Q3(a) · 3.5 m	

3.5 Advance Ruling

SM pp. 226–228 · marks per attempt: **D23-2 · J23-4** · Dec'26 forecast: tier **B**, about **2** marks when it comes, chance it comes **25%** (MCQ or a note)

OUR DEC'26 CALLS FOR THIS TOPIC

1. Advance ruling: who may apply, on what questions, when the Board must refuse, and withdrawal of an application. [PRACTICE · PTP Q5(a), postal Q7(b); J23 Q3(b)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	Arun Ltd, Jaipur is engaged in multiple businesses. It has the following 3 issues: (i) The assessee has preferred appeal against certain additions relating to assessment year 2022-23 before CIT (Appeals) and did not contest a few other additions made to its returned income in the assessment made under section 143(3). When the appeal was pending, the Commissioner of Income-tax invoked section 263 in respect of certain other issues not dealt with in the assessment. The tax counsel of the company says that the doctrine of total merger would apply and therefore the revision proposed is bad in law. (ii) The company had sought a ruling from the Board for Advance Ruling and it is aggrieved with the ruling. Its tax counsel says that since the decision of the Board is binding on the applicant being the company in this case, it has no other option but to accept the ruling of the Board. (iii) For the assessment year 2022-23, the Assessing Officer made an addition of ₹ 180 lakhs on account of excessive depreciation and ₹ 150 lakhs by way of disallowance under section 40A(2). The company filed an appeal before the CIT(A) against the denial of depreciation and on being unsuccessful filed a further appeal before the Appellate Tribunal. In respect of the disallowance under section 40A(2), it did not file any appeal but filed a revision petition under section 264, to the Commissioner of Income-tax, who dismissed it on the ground that the assessment was a subject matter of appeal to the Appellate Tribunal. The tax counsel says that the action of the Commissioner is not tenable in law. Decide the correctness of the views of the tax counsel and suggest the course of action to be pursued by the company in respect of the above issues. [7] (listed under 3.3 too)	J25 Q5(a) · 7 m · asked in 4 papers	
★★★	Hats LLP, a foreign company, has filed an application for advance ruling on 20th January, 2023, in respect of a construction contract it has undertaken with Deepti Ltd., an Indian company. The ruling sought related to tax implications of certain complex terms in the contract. In this regard, you are required to answer the following: (i) Can Hats LLP withdraw on 14th April, 2023, the application for advance ruling, validly filed by it which was pending adjudication? (ii) Hats LLP seeks to acquire an immovable property from Deepti Ltd., as part of the contract. Can the ruling be sought, inter alia, in respect of ascertainment of fair market value of the said property? [4]	J23 Q3(b) · PTP Q5(a) · POSTAL Q7(b) · 4 m · asked in 2 papers	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★	(viii) Little Co. Ltd., Delhi, proposes to enter into a transaction for purchase of raw material from UK and sale of finished goods to its group company located in Australia. It has obtained advance ruling in respect of the transactions but it is aggrieved with the ruling given by Board for Advance Rulings. What is the legal remedy available to Little Co. Ltd? [2] - (A) File an appeal before Commissioner (Appeals) against the ruling. - (B) File an appeal before ITAT against the ruling. - (C) File an appeal before High Court against the ruling. - (D) File a revision petition under section 264 with Commissioner.	D23 Q1(viii) · 2 m · asked in 2 papers	

★ **SM exercise (if time):** M3 short essay 4 (p.230): Who can apply for advance ruling

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q15, Q135

4.0 Penalties | 4.1

SM pp. 233–253 · marks per attempt: **J26-2 · D25-2 · J25-2 · D24-4 · J24-2 · D23-4 · J23-19** · Dec'26 forecast: tier **B**, about **2** marks when it comes, chance it comes **95%** (MCQ (v))

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	Tax assessment of Harshal (P) Ltd. was completed on 20th December, 2022 with additions such as: (i) estimated disallowance of expenditure by Assessing Officer ₹ 2 lakh; (ii) estimated income in respect of scrap value by assessee but enhanced based on estimate by the Assessing Officer of ₹ 3 lakh; (iii) addition in respect of expenditure due to assessee's inability to explain the nature of expenditure ₹ 1,20,000; (iv) increase due to ALP determination by TPO ₹ 25 lakhs. Documents and other information as prescribed under section 92D were maintained and the international transactions were declared under Chapter X; and (v) incorrect claim of depreciation by claiming higher rate with resultant disallowance ₹ 6 lakh. *Note: The assessee has disclosed all facts material to the addition in respect of (i) and (ii) above.* Which of the above additions would be treated as under-reported income? How should the assessee seek immunity from penalty in respect of under-reported income? [9]	J23 Q4(a) · 9 m · asked in 3 papers	
★	Provide the answer to the following case study under the below-mentioned heads: (i) Issue involved (ii) Provisions applicable to the issue (iii) Analysis of the issue and (iv) Conclusion. The assessment of Vishal, was taken up for scrutiny by the Income-tax Department. The Assessing Officer (AO) found that a sum of ₹ 20 lakhs was credited in the bank account of Vishal. It was explained that the said amount had been received by him from his friend Gautam. The amount had been accepted through an account payee crossed cheque by way of loan. When the AO enquired Gautam, he accepted that he had given the amount to Vishal as loan. The AO insisted that mere acceptance by Gautam that he had given the amount to Vishal is not sufficient and that Vishal should prove the creditworthiness of Gautam, otherwise he would add the sum of ₹ 20 lakhs as unexplained cash credit. Is the AO correct in his contention? State tax liability and penalty in case the amount of loan is taxed as income of Vishal in the assessment. [8]	J23 Q8(a) · 8 m	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★★	(v) A domestic company who had entered into multiple international transactions with its Associated Enterprises failed to furnish such documents relating thereto when asked by the Assessing Officer. How much would be the penalty leviable for the said failure? (A) ₹ 1000 for each day of default till the date of assessment (B) No penalty for not furnishing documents relating to international transactions (C) Fixed penalty of ₹ 1,00,000, irrespective of the transaction value (D) 2% of the value of each international transaction for which documentation was not furnished	J26 Q1(v) · 2 m · asked in 4 papers	
★★★	(v) During the reassessment of RR Associates, a partnership firm, the Assessing Officer found misreported income to the extent of ₹ 20 lakhs. The total income originally assessed earlier was ₹ 12 lakhs. What shall be the amount of penalty leviable on the assessee for misreporting? (A) ₹ 12,48,000 (B) ₹ 12,00,000 (C) ₹ 3,12,000 (D) ₹ 3,00,000	J25 Q1(v) · 2 m · asked in 3 papers	
★★★	(xiv) Lekha & Co LLP having entered into international transactions did not obtain and furnish report from the accountant for the assessment year 2024-25. How much is the penalty leviable under section 271BA of the Act? (A) ₹ 10,00,000 (B) ₹ 5,00,000 (C) ₹ 1,50,000 (D) ₹ 1,00,000 [2]	D23 Q1(xiv) · D24 Q1(xiv) · POSTAL Q1(ix) · 2 m · asked in 4 papers	
★★★	(vii) In the assessment of X Co (P) Ltd., the Assessing Officer made an addition of ₹ 12 lakhs. The tax payable was ₹ 3,12,000 and interest payable was ₹ 98,000 for the addition made. The addition is covered by misreporting of income contained in section 270A(9). How much is the penalty leviable under section 270A in respect of the misreported income? (A) ₹ 6,24,000 (B) ₹ 3,12,000 (C) ₹ 4,10,000 (D) ₹ 1,56,000 [2]	D24 Q1(vii) · 2 m · asked in 3 papers	
★★★	(xiv) Mittal Ltd., Pune exported goods to its holding company Glory Ltd., UK for ₹ 20 crore and it has failed to keep and maintain information and documents in respect of ₹ 5 crore. How much is the quantum of penalty leviable for such failure in the hands of Mittal Ltd.? (A) ₹ 1,50,000 (B) ₹ 5,00,000 (C) ₹ 10,00,000 (D) ₹ 25,00,000	J24 Q1(xiv) · 2 m · asked in 4 papers	

Priority	Question	Asked / marks	Answer in
★★	(v) During the course of assessment of Sheela & Co for the assessment year 2025-26, it was found that a bogus purchase entry was made for ₹ 5 lakhs in the books of account. Even after the bogus purchase was disallowed in the assessment by the Assessing Officer, the assessee's total income consisted of only one item viz., business loss of ₹ 2 lakhs. How much is the amount of penalty leviable for the false entry made in the books of account? (A) ₹ 5,00,000 (B) ₹ 3,12,000 (C) ₹ 1,56,000 (D) Nil	D25 Q1(v) · 2 m · asked in 2 papers	
★★	(vi) During the course of assessment in the case of M & Co (firm) the Assessing Officer found out one accommodation entry (bogus purchase) for ₹ 7 lakh from another firm by name P & Co. Both M & Co and P & Co have admitted fake invoice and accommodation entry. What would be the penal consequence of the transaction? (Ignore HEC) [2] - (A) Penalty on M & Co @100% of tax being ₹ 2,10,000 - (B) Penalty on M & Co @200% of tax being ₹ 4,20,000 - (C) Penalty on M & Co @200% of transaction being ₹ 2,10,000 and amount equal to the transaction being ₹ 7,00,000. - (D) Penalty on M & Co @200% of tax being ₹ 4,20,000 plus the amount equal to the transaction being ₹ 7,00,000. Also, penalty equal to the amount of transaction on P & Co being ₹ 7,00,000.	D23 Q1(vi) · 2 m · asked in 2 papers	
★	(x) An assessee failed to pay to the credit of Central Government tax collected at source under section 206C. If the assessee is prosecuted, what would be the term of imprisonment? (A) Imprisonment of minimum 3 months to maximum 3 years (B) Imprisonment of minimum 3 months to maximum 7 years (C) Imprisonment of minimum 6 months to maximum 3 years (D) Imprisonment of minimum 6 months to maximum 7 years	J23 Q1(x) · 2 m	
★	Penalty u/s 271A for not keeping books	MQP Q1(v) · 2 m	
★	269SS limit for a loan from a primary agricultural credit society	MQP Q1(vii) · 2 m	
★	Penalty u/s 271A for not keeping books	PTP Q1(v) · 2 m	

Problems to solve (7): SM illustrations, SM exercise sums, ICMAI workbook

Priority	Problem (what it asks)	Where	Came in the exam
★★	Practical problem: Computation of under-reported income assuming income has been assessed for the...	SM M4 Illus. 1 · SM p.243	
★★	Practical problem: Computation of under-reported income assuming income has not been assessed for...	SM M4 Illus. 2 · SM p.244	
★★	Practical problem: Compute penalty leviable u/s 270A in case of X Ltd from the following details	SM M4 Illus. 3 · SM p.244	
★★	Practical problem: In the above example, out of addition of ₹10 lakh made in the book profit and...	SM M4 Illus. 4 · SM p.244	
★★	Penalty under section 270A for under-reporting and misreporting (normal and MAT)	Workbook ch.3 illustration 1 · WB p.39	
★★	Penalty under section 270A from returned and assessed income and book profit	Workbook ch.3 illustration 2 · WB p.40	
★★	Cash deposits and repayments: sections 269SS and 269T and penalties	Workbook ch.3 illustration 3 · WB p.41	

★ **SM exercise (if time):** M4 short essay 1 (p.254): Provisions relating to power of Commissioner to reduce or waive penalty u/s 273A · M4 short essay 2 (p.254): Amount of penalty u/s 271GA for non filing of information required to be furnished u/s 285A · M4 short essay 3 (p.254): Under-reporting of income

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q18, Q19, Q20, Q21, Q22, Q131, Q148, Q158

5.1 Amalgamation

SM pp. 258–265 · marks per attempt: **D23-7** · Dec'26 forecast: tier **B**, about **7** marks when it comes, chance it comes **30%** (Q4(a) rotation)

OUR DEC'26 CALLS FOR THIS TOPIC

1. Amalgamation: which losses and unabsorbed depreciation of the amalgamating company can the amalgamated company carry forward u/s 72A (conditions, years left), and how depreciation is split in the year of amalgamation. [ROTATION+NEW-LAW · D23 Q4(a); Jun'26 supplementary changed the loss carry-forward rule on amalgamation (s.72A / 72AA)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	Amalgamation: carry forward of losses, speculation loss, 35AD loss, depreciation in amalgamated company	D23 Q4(a) · 7 m	

Problems to solve (1): SM illustrations, SM exercise sums, ICMAI workbook

Priority	Problem (what it asks)	Where	Came in the exam
★★	Practical problem: Mr. Joseph has 1,000 equity shares of X Ltd. that he acquired on 17/08/2007...	SM M5 Illus. 1 · SM p.264	

★ **SM exercise (if time):** M5 short essay 1 (p.289): Amalgamation · M5 short essay 2 (p.289): Effect of amalgamation on the shareholder of the amalgamating company · M5 case 2 (p.290): Practical problem: ABC Ltd. was amalgamated with XYZ Ltd. on 01.04.2025 · M5 case 4 (p.292): Practical problem: Company X is proposed to be merged with company Y. The following are the...

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q23, Q24

5.2 Demerger

SM pp. 266–271 · marks per attempt: **D25-7 · J23-5** · Dec'26 forecast: tier **B**, about **7** marks when it comes, chance it comes **15%** (Q4(a) rotation)

OUR DEC'26 CALLS FOR THIS TOPIC

1. Demerger: is it a demerger u/s 2(19AA)? Split the shareholder's cost between the demerged and resulting company shares and compute the capital gain on a later sale. [ROTATION · D25 Q4(a), J23 Q6(a)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	Demerger: shareholder's cost split and capital gains on later sale	D25 Q4(a) · 7 m · asked in 2 papers	same problem: Workbook ch.1 illustration 2 (WB p.2; solution there)
★★★	Demerger: tax in company's hands, shareholder's cost split, later sale of resulting-company shares	J23 Q6(a) · 5 m · asked in 2 papers	
★	Tiger (P) Ltd. is engaged in manufacture of textile garments and automobile parts. It has been incurring losses in manufacture of automobile parts. The management of the company wants to divest automobile parts manufacture for a lump sum consideration of ₹ 500 lakhs. The net worth of the automobile division has been computed @ ₹ 340 lakhs. The automobile division was in existence for the past 10 years. The management has identified a potential buyer by name Lion Ltd. There are two options available to Tiger (P) Ltd. regarding divesting of automobile division viz. (i) slump sale; or (ii) demerger. Briefly explain to the management of Tiger (P) Ltd. the comparative pros and cons of slump sale and demerger of automobile division. [7] (listed under 5.3 too)	D23 Q3(b) · 7 m	

Problems to solve (1): SM illustrations, SM exercise sums, ICMAI workbook

Priority	Problem (what it asks)	Where	Came in the exam
★★	Practical problem: Dona purchases 600 equity shares in XY (P) Ltd. on 1-04-2025 @ ₹ 150 each	SM M5 Illus. 2 · SM p.269	

5.3 Slump Sale

SM pp. 272–275 · marks per attempt: **J26-7 · D23-7** · Dec'26 forecast: tier **B**, about **7** marks when it comes, chance it comes **25%** (Q4(a) rotation)

OUR DEC'26 CALLS FOR THIS TOPIC

1. Slump sale of one unit: compute the net worth (revaluation ignored, depreciable assets at WDV) and the capital gain (net worth = cost; long-term if held more than 36 months). [REPEAT · J26 Q4(a) = MQP Q4(a); PTP Q4(a), postal Q8(a) - just asked, less likely next]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	Slump sale of one unit: net worth (revaluation ignored, patents) and capital gain	J26 Q4(a) · MQP Q4(a) · PTP Q1(ix) · PTP Q4(a) · POSTAL Q8(a) · 7 m	same problem: Workbook ch.4 illustration 2 (WB p.44; solution there) · same problem: Workbook ch.1 illustration 12 (WB p.19; solution there)
★	Tiger (P) Ltd. is engaged in manufacture of textile garments and automobile parts. It has been incurring losses in manufacture of automobile parts. The management of the company wants to divest automobile parts manufacture for a lump sum consideration of ₹ 500 lakhs. The net worth of the automobile division has been computed @ ₹ 340 lakhs. The automobile division was in existence for the past 10 years. The management has identified a potential buyer by name Lion Ltd. There are two options available to Tiger (P) Ltd. regarding divesting of automobile division viz. (i) slump sale; or (ii) demerger. Briefly explain to the management of Tiger (P) Ltd. the comparative pros and cons of slump sale and demerger of automobile division. [7]	D23 Q3(b) · 7 m	

Problems to solve (3): SM illustrations, SM exercise sums, ICMAI workbook

Priority	Problem (what it asks)	Where	Came in the exam
★★	Practical problem: X Ltd. has several undertakings carrying on several businesses	SM M5 Illus. 3 · SM p.273	
★★	Practical problem: M/s AP a wholesale enterprises, has sold one of its undertaking consisting of...	SM M5 Illus. 4 · SM p.275	
★★	Slump sale for mixed consideration: capital gain of the seller	Workbook ch.4 illustration 3 · WB p.45	

★ **SM exercise (if time):** M5 short essay 3 (p.289): Practical problem: Discuss the tax treatment in case of slump sale · M5 case 1 (p.289): Practical problem: Padmaja Textiles Ltd., (PTL) has two separate divisions J and K. Division K was... · M5 case 3 (p.291): Practical problem: Kite & Co. (firm) had sold all its assets and liabilities on 31.03.2026 to ABC...

5.4 Conversion of Sole Proprietary Business to Company

SM pp. 276–276 · **never asked in the seven papers** · Dec'26 forecast: tier **B**, about **7** marks when it comes, chance it comes **15%** (Q4(a) rotation)

OUR DEC'26 CALLS FOR THIS TOPIC

1. A sole proprietor's business is taken over by a company: conditions of s.47(xiv) for no capital gain, and what happens if a condition is broken later. [NEVER · Never asked - the one M5 type no paper has set]

Problems to solve (1): SM illustrations, SM exercise sums, ICMAI workbook

Priority	Problem (what it asks)	Where	Came in the exam
★★	Proprietorship converted into a company mid-year: depreciation for each	Workbook ch.4 illustration 1 · WB p.43	

5.5 Conversion of Firm into Company

SM pp. 277–281 · marks per attempt: **J25-7** · Dec'26 forecast: tier **B**, about **7** marks when it comes, chance it comes **15%** (Q4(a) rotation)

OUR DEC'26 CALLS FOR THIS TOPIC

1. A firm is succeeded by a company: conditions of s.47(xiii), and the tax effect when a partner sells his shares too early. [ROTATION · J25 Q4(a)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	M/s Arihant Motors, Noida is a partnership firm having three partners, namely X, Y and Z, sharing the profits and losses in the ratio of 3:2:1. On 1st April, 2024 it was taken over by Anand (P) Ltd., Delhi. All the assets and liabilities of the firm were taken over at book value. The capital accounts of the partners immediately before the succession showed a credit balance of ₹ 10,00,000, ₹ 8,00,000 and ₹ 6,00,000 respectively. Anand (P) Ltd. has only two shareholders, namely A and B, having equity share capital of ₹ 10,00,000 each. The company further allotted equity shares worth ₹ 10,00,000, ₹ 8,00,000 and ₹ 6,00,000 respectively to X, Y and Z in the company as the consideration for the transfer. Required: (i) Analyse the above situation in the light of the conditions specified under section 47(xiii) (transactions not regarded as transfer in the case of succession of firm by a company). (ii) Suppose, shareholder X sells his entire shareholdings to Y for ₹ 12,00,000 on 1st January, 2025, what will be the tax implications in the hands of X and Anand (P) Ltd.? (iii) Will there be any change in your answer if the company allotted 3000 9% debentures of ₹ 100 each, to the three partners in their profit-sharing ratio besides the equity shares stated earlier? [7]	J25 Q4(a) · 7 m	

Problems to solve (3): SM illustrations, SM exercise sums, ICMAI workbook

Priority	Problem (what it asks)	Where	Came in the exam
★★	Practical problem: M/S ABC converted itself into a company as on 31/12/2025	SM M5 Illus. 5 · SM p.278	
★★	Practical problem: M/s. QQ Trading Co. a sole proprietary concern, was converted into a company...	SM M5 Illus. 6 · SM p.279	
★★	Practical problem: M/s S & Co., a sole proprietary concern is converted into a company, Sid Co....	SM M5 Illus. 7 · SM p.280	

5.6 Conversion of Private Limited Company/ Unlisted Public Company into LLP

SM pp. 282–288 · marks per attempt: **D24-7** · Dec'26 forecast: tier **B**, about **7** marks when it comes, chance it comes **15%** (Q4(a) rotation)

OUR DEC'26 CALLS FOR THIS TOPIC

1. A private company converts into an LLP: conditions of s.47(xiiib) for no capital gain and for keeping its losses (72A(6A)); effect of a shareholder leaving before or after the conversion. [ROTATION · D24 Q4(a)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	Patel Co (P) Ltd. consisted of 4 individual shareholders Arun, Bimal, Chirag and Dhaval having equal shareholding. It was decided to convert the company into an LLP by name Patel LLP. The company has brought forward depreciation of ₹ 5 lakhs and business loss (of assessment year 2023-24) of ₹ 10 lakhs. Shareholder Bimal does not want to continue in the business and wants to transfer his shareholding to Arun. You are the tax counsel of the company. Explain briefly the conditions to be satisfied by the company to have relief from capital gain on conversion into an LLP. Also, state how timing of the exit of shareholder Bimal be made from Patel LLP so that it does not lose the benefit of set off of unabsorbed depreciation and brought forward business loss. [7]	D24 Q4(a) · 7 m	

Problems to solve (2): SM illustrations, SM exercise sums, ICMAI workbook

Priority	Problem (what it asks)	Where	Came in the exam
★★	Practical problem: Balance sheet of Handoo & Handoo (P) Ltd. as on 31/08/2025 Liabilities	SM M5 Illus. 8 · SM p.283	
★★	Practical problem: Smile Ltd. is a wholly-owned subsidiary company of Happy Ltd., an Indian company	SM M5 Illus. 9 · SM p.287	

★ **SM exercise (if time):** M5 solved case 1 (p.288): What will be the networth of unit X

6.0 Introduction 6

SM pp. 295–318 · marks per attempt: **J26-2 · D25-2 · D24-2 · J24-9 · D23-7** · Dec'26 forecast: tier **B**, about **2** marks when it comes, chance it comes **90%** (MCQ (vi))

OUR DEC'26 CALLS FOR THIS TOPIC

1. Tax planning sum: equity vs debentures vs loan (choose by EPS after tax), or lease vs buy with tax shields. [ROTATION · J24 Q3(b); PTP Q3(b), postal Q8(b) - not since Jun'24]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	(vi) Anand (P) Ltd. made timely payment of the advance tax due and thereby, avoided the interest under sections 234B and 234C. What would you call this act of Anand (P) Ltd, out of the following? (A) Tax management (B) Tax planning (C) Tax evasion (D) Tax avoidance	D23 Q3(a) · D25 Q1(ix) · J26 Q1(vi) · PTP Q1(vi) · POSTAL Q1(vii)(xi) · POSTAL Q7(a) · 7 m · asked in 5 papers	
★★★	Capital structure: equity vs debentures vs loan, choose by EPS after tax	J24 Q3(b) · PTP Q3(b) · POSTAL Q8(b) · 7 m	
★	Allowances vs perquisites: which salary package is better	PTP Q3(a) · 7 m	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★★	(viii) Dave Ltd., an Indian company, deducts TDS from salary of its employees. To avoid interest and penalty, it always deposits the TDS to the credit of the Central Government 5 days before the prescribed 'due date'. What would you call this act of remittance of TDS amount? (A) Tax Planning (B) Tax Evasion (C) Tax Avoidance (D) Tax Management [2]	D24 Q1(viii) · 2 m · asked in 5 papers	
★★★	(ix) Swami sold his residential house on 21st April, 2023 for ₹ 110 lakhs and earned long-term capital gains of ₹ 60 lakhs. He bought a new residential house in March, 2024 for ₹ 55 lakhs in order to claim eligible exemption under the Income-tax Act. What would you call this action of Swami reinvesting the long-term capital gain by way of acquisition of a new residential house? (A) Tax Planning (B) Tax Evasion (C) Tax Management (D) Tax Avoidance	J24 Q1(ix) · 2 m · asked in 5 papers	

Problems to solve (12): SM illustrations, SM exercise sums, ICMAI workbook

Priority	Problem (what it asks)	Where	Came in the exam
★★	Practical problem: Naresh, who is neither a director nor has a substantial interest in any...	SM M6 Illus. 1 · SM p.312	
★★	Practical problem: Star Gas Ltd. commenced operations of the business of laying and operating a...	SM M6 Illus. 2 · SM p.314	
★★	Practical problem: Lucent Ltd. purchased machinery on 1st April, 2025 for ₹ 10 crores by availing...	SM M6 Illus. 3 · SM p.314	
★★	Practical problem: Mr. A owned two residential house for his own residential purpose, details of...	SM M6 Illus. 4 · SM p.315	
★★	Practical problem: Sure Success Ltd. wants to acquire an asset costing ₹ 1,00,000	SM M6 Illus. 5 · SM p.315	

Priority	Problem (what it asks)	Where	Came in the exam
★★	Specify whether the following acts can be considered as an act of (i) Tax management	SM M6 Illus. 6 · SM p.316	
★★	Lease or buy with a loan: present value of after-tax cash outflows	Workbook ch.5 illustration 1 · WB p.49	
★★	Three capital structures: effect of debt on tax and return to shareholders	Workbook ch.5 illustration 2 · WB p.50	
★★	Own funds, borrowing or lease for equipment with additional depreciation	Workbook ch.5 illustration 3 · WB p.51	
★★	Make or buy a component: after-tax present value of each choice	Workbook ch.5 illustration 4 · WB p.52	
★★	Sort actions into tax management, tax planning and tax evasion	Workbook ch.5 illustration 5 · WB p.53	
★	Practical problem: make or buy a component - tax planning (XYZ Ltd.)	SM M6 exercise sum 1 · SM p.319	

★ **SM exercise (if time):** M6 short essay 1 (p.319): Difference between tax planning, tax evasion and tax avoidance · M6 short essay 2 (p.319): Objectives of tax planning · M6 short essay 3 (p.319): Types of tax planning · M6 case 1 (p.320): Practical problem: Virat Ltd. is a widely held company

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q25, Q26, Q36, Q149

7.0 Income Tax Authorities [Sec. 116] 7.1

SM pp. 323–333 · marks per attempt: **J23-2** · Dec'26 forecast: tier **C**, about **2** marks when it comes, chance it comes **10%** (MCQ)

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★	(v) Which of the following power is not vested with CBDT under section 119(2) of the Act? (A) Relaxation of provisions relating to deductions under Chapter VI-A (B) Relaxation of provisions in relation to set-off of losses (C) Relaxation of time limit for filing income-tax return (D) All of the above	J23 Q1(v) · MQP Q1(vi) · POSTAL Q4(a) · 2 m	

★ **SM exercise (if time):** M7 short essay 1 (p.334): Power of the Central Board of Direct Taxes · M7 short essay 2 (p.334): Provision u/s 127 relating to power to transfer cases

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q27, Q28, Q168

8.0 Tonnage Tax Scheme [Sec. 115V to Sec. 115VZC] | 8.1

SM pp. 337–357 · marks per attempt: **D23-2 · J23-6** · Dec'26 forecast: tier **C**, about **2** marks when it comes, chance it comes **10%** (MCQ)

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★	Equalisation levy on e-commerce supply: interest for 72 days' delay, penalty	J23 Q6(b) · 4 m · asked in 2 papers	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★	(iv) Ramesh & Co paid ₹ 5 lakhs to Wave Inc. a foreign company not having a PE in India towards online digital advertisement charges. How much is the amount payable by Ramesh & Co as equalisation levy for the payment made? [2] - (A) ₹ 30,000 - (B) ₹ 31,200 - (C) Nil - (D) ₹ 12,000	D23 Q1(iv) · 2 m · asked in 2 papers	
★★	(vii) Mr. Rayon, a resident individual made an advertisement in a website (owned by a non-resident company) for sale of his house property at Chennai for which he paid ₹ 2,20,000. How much is the amount to be deducted by way of equalisation levy by Mr. Rayon? (A) ₹ 13,200 (B) ₹ 7,200 (C) ₹ 6,600 (D) No equalisation levy needs to be deducted	J23 Q1(vii) · POSTAL Q1(iv) · 2 m · asked in 2 papers	

★ **SM exercise (if time):** M8 MCQ (not in the bank) 2 (p.358): Prescribed threshold limit for attracting the provision of sec · M8 short essay 1 (p.358): A brief note on tonnage tax scheme · M8 short essay 2 (p.358): Who is termed as representative assessee u/s 160 · M8 short essay 3 (p.358): Duty of the liquidator u/s 178

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q29, Q30, Q111, Q112, Q113, Q147

9.0 Introduction

SM pp. 361–395 · marks per attempt: **J26-9 · D25-9 · D24-1.75 · J24-7 · J23-2** · Dec'26 forecast: tier **A**, about **9** marks when it comes, chance it comes **92%** (Q5(b) ICDS + MCQ (vii))

OUR DEC'26 CALLS FOR THIS TOPIC

1. Four short ICDS situations (construction contract, foreign-exchange difference, stock on dissolution, mark-to-market loss): how is each treated under the relevant ICDS? [REPEAT · J26 Q5(b); postal Q4(b) ICDS VI]
2. Compute the actual cost of an asset under ICDS V (shares issued as payment, imported used machine, exchange difference) and the depreciation, or value securities held as stock under ICDS VIII. [REPEAT · D25 Q5(b), J24 Q5(b)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	You are required to state with reasons the applicability or correctness of treatment under Income Computation and Disclosure Standards in the following independent scenarios: (i) Buildcon Ltd. is a contractor. In the first year of a 4-year project, the stage of completion is 15%. The company did not recognize any revenue, citing the uncertainty of the project outcome. (ii) On 31st March 2026, an Indian company had an outstanding trade payable of \1,00,000. The exchange rate on the date of transaction was ₹ 90 per \ and on 31st March, 2026 it was ₹ 93 per \. The company treated ₹ 3,00,000 loss as "Notional" and did not claim it as an expense in its return of income. (iii) A partnership firm by name Nyle & Co. had three partners viz. L, M and N. The firm was dissolved on 31st December, 2025 and the business was continued by L. On the date of dissolution, the firm valued its closing stock at "Cost," whereas the Net Realisable Value was 20% higher. (iv) True Ltd. followed a policy of creating a provision for "Expected Future Losses" on a long-term contract based on the "Marked-to-Market" (MTM) principle. The company argued that since it follows the mercantile system, it must recognize the loss. [7]	J26 Q5(b) · POSTAL Q4(b) · 7 m	
★★★	ICDS V actual cost of plant + ICDS VIII securities valuation	J24 Q5(b) · D25 Q1(viii) · 7 m · asked in 2 papers	
★★★	ICDS V actual cost (shares issued, imported used machine, forex) + depreciation	D25 Q5(b) · 7 m · asked in 2 papers	
★★★	Briefly answer the following by applying relevant legal provisions: (i) Laxmi a resident Indian has undisclosed foreign deposit of ₹ 30 lakhs. How much is the amount of tax payable under Black Money Act, 2015? (ii) Narain Ltd. received ₹ 10 lakhs as subsidy to meet 20% of the cost of machinery which was meant to reduce air pollution in the factory. How would the subsidy be dealt with as per ICDS VII? (iii) On 10th December, 2023 Ramesh (age 82) sold a vacant land for ₹ 40 lakhs and the resultant long-term capital gain (computed) was ₹ 12 lakhs. He has no other income chargeable to income-tax. How much Ramesh must have paid as advance tax instalments for the financial year 2023-24 to avoid interest levy, if any? (iv) Hari (age 67), a pensioner retired from SBI, has monthly pension of ₹ 82,000 throughout the previous year 2023-24. His only other income was savings bank account interest of ₹ 32,000. He filed his ITR on 29th October, 2024. No tax was deducted on pension paid to him. How much is payable by way of interest by Hari for non-payment of advance tax and delay in filing ITR? [7]	D24 Q5(b)(ii) · 1.75 m · asked in 3 papers	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★★	(vii) Which of the following is not a fundamental accounting assumption as per the Income Computation and Disclosure Standards? (A) Going Concern (B) Materiality (C) Consistency (D) Accrual	J26 Q1(vii) · 2 m · asked in 3 papers	

Priority	Question	Asked / marks	Answer in
★★★	(xi) Milan Co. Ltd. received ₹ 15 lakh as Government grant in respect of a machinery (capital asset) in the previous year 2021-22. The said grant became refundable in July, 2022. What would be the consequence of such refund of grant as per ICDS? (A) It would be added to the WDV of the block of asset to which it relates and depreciation would be allowed on the resultant value from assessment year 2023-24 onwards. (B) It is a capital receipt and hence no income tax implication would arise on refund of grant. (C) It is a loss incidental to business allowable under section 37. (D) It is taxable as income of assessment year 2023-24.	J23 Q1(xi) · PTP Q1(vii) · POSTAL Q1(vi) · 2 m · asked in 3 papers	

★ **SM exercise (if time):** M9 short essay 1 (p.396): A brief note of ICDS I · M9 short essay 2 (p.396): Disclosure requirements of ICDS III

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q31, Q32, Q50

10.1 Introduction to Black Money Act

SM pp. 399–399 · **never asked in the seven papers** · Dec'26 forecast: tier **C**, about **0** marks when it comes, chance it comes **5%** (-)

★ **SM exercise (if time):** M10 short essay 1 (p.406): How to compute total undisclosed foreign income and asset u/s 5 of the Black Money Act · M10 short essay 2 (p.406): Amount of penalty u/s 41 of the Black Money Act for failure to disclose foreign money and asset

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q33, Q34, Q140

10.2 Highlights of Black Money Act

SM pp. 400–405 · marks per attempt: **J26-2 · D25-2 · D24-3.75 · J24-2 · J23-3** · Dec'26 forecast: tier **B**, about **2** marks when it comes, chance it comes **88%** (MCQ (viii))

OUR DEC'26 CALLS FOR THIS TOPIC

1. Unaccounted foreign commission was used to buy a foreign apartment: compute the value taxable under the Black Money Act and the year of tax. [PRACTICE · MQP Q5(b) - not yet in an exam]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	Undisclosed foreign apartment: value taxable, tax, time limit under BMA	J23 Q5(b) · D25 Q1(iv) · MQP Q5(b) · PTP Q1(viii) · POSTAL Q5(a) · 3 m · asked in 4 papers	
★★★	Tax under BMA on an undisclosed foreign deposit (bank row Q5(b))	D24 Q5(b)(i) · 1.75 m · asked in 4 papers	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★★	(iii) Kailash is a resident individual who owns an apartment in Singapore acquired on 19.08.2020. He had disclosed only 60% of its value in his income-tax returns. The Assessing Officer received this information of partial non-disclosure on 18.02.2024 and issued a notice under section 10 of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 on 10.04.2024. What would be value of asset liable to tax under the said Act? (A) Fair Market Value of the asset as on 19.08.2020 (B) 40% of fair market value of the asset as on 19.08.2020 (C) 40% of fair market value of the asset as on 01.04.2024 (D) 40% of fair market value of the asset as on 01.04.2023	J24 Q1(iii) · 2 m · asked in 4 papers	
★	(viii) What is the aggregate monetary limit for foreign assets (other than immovable property) not reported in the ITR, in order to be not liable for penalty under the Black Money Act, 2015? (A) ₹ 10,00,000 (B) ₹ 20,00,000 (C) ₹ 30,00,000 (D) ₹ 40,00,000	J26 Q1(viii) · 2 m	

Priority	Question	Asked / marks	Answer in
★	(ix) Ketan a resident individual acquired an apartment in Singapore during the financial year 2020-21 and only 50% of its acquisition price was disclosed to the Income-tax authorities in India. The fact of non-disclosure of the asset's full acquisition price came to the notice of the Assessing Officer in April, 2023 and a notice under section 10 of the Black Money Act, 2015 was issued in June, 2023. What is the time limit for passing the order to tax the undisclosed foreign asset under the Black Money Act, 2015? (A) 31st March, 2024 (B) 31st March, 2025 (C) 31st March, 2026 (D) 31st December, 2024 [2]	D24 Q1(ix) · MQP Q1(viii) · 2 m	same problem: Workbook ch.1 illustration 2 (WB p.2; solution there)

Problems to solve (1): SM illustrations, SM exercise sums, ICMAI workbook

Priority	Problem (what it asks)	Where	Came in the exam
★★	Practical problem: A house property located outside India was acquired by an assessee in the...	SM M10 Illus. 1 · SM p.401	

11.0 Discussion on Various Cases 11.1

SM pp. 409–442 · marks per attempt: **J25-7 · D24-7 · J24-14** · Dec'26 forecast: tier **B**, about **7** marks when it comes, chance it comes **25%** (Q8 if the case-law format returns)

OUR DEC'26 CALLS FOR THIS TOPIC

1. Case law from the SM: is ready-to-use software royalty (TDS u/s 195)? Is foreign tax not given credit deductible as an expense? Is 80-IA limited by s.80AB? [REPEAT · J24, D24, J25 Q8; postal Q5(b)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★	True (P) Ltd., Mysore has 2 centres viz. Unit A at Hubli and Unit B at Guntur. Unit A is eligible for deduction under section 80-IA of the Income-tax Act. During the financial year 2023-24, the company earned a net profit of ₹ 67,00,000 from Unit A and suffered a loss of ₹ 24,00,000 from Unit B. The assessee claimed 100% of the profits from Unit A (amounting to ₹ 67,00,000) as a deduction under section 80-IA. However, the Assessing Officer applied section 80AB and allowed deduction only to the extent of income under the head 'Profits and gains of business and profession', i.e., ₹ 43 lakhs. Discuss whether the action of the Assessing Officer is tenable in law. [7]	J25 Q8(a) · 7 m	
★	EE (P) Ltd. is engaged in distribution of computer software and hardware. It procured copyrighted software from foreign companies and sold the same to its customers. No value addition was made. The softwares were "ready to use" softwares. Also, it procured computers in which softwares were affixed as an integrated unit. In the assessment, the amount paid for purchase of software was subjected to disallowance since no tax was deducted at source on the payments made to foreign companies supplying "ready to use softwares". The company wants to know the correct legal position. Also, it wants clarity as regards hardware purchased and software affixed therein. You are the tax consultant for EE (P) Ltd. You are requested to give your opinion in this regard. [7]	D24 Q8(b) · POSTAL Q5(b) · 7 m	
★	KL Ltd. is an Indian company engaged in the business of leasing and hire purchase of capital equipments by Indian entities (being its borrowing customers). For the purpose of its business activities viz. leasing and hire purchase, it borrowed USD 7,00,000 from a foreign company. Due to exchange fluctuations the loan amount repaid was higher by ₹ 10 lakhs. It claimed the excess payment due to exchange fluctuation as an expenditure under section 37(1). The Assessing Officer was of the view that it was financed by the assessee KL Ltd. for the purpose of purchase of capital asset by the customers in lease / hire purchase by them. (i) Discuss the validity of the claim of the assessee as regards excess payment made due to exchange fluctuation; and (ii) Will your answer be different, in case the assessee has not claimed the same as revenue expenditure originally but makes a fresh claim before the appellate tribunal. [7]	J24 Q8(a) · 7 m	

Priority	Question	Asked / marks	Answer in
★	Shakti (P) Ltd., an Indian company earned fee for technical services from Power Inc., a company resident in USA amounting to ₹ 2 crores. The company paid ₹ 30 lakhs as federal taxes in USA. During the course of assessment proceedings in India, the Assessing Officer allowed the foreign tax credit to the extent of ₹ 20 lakhs only from income-tax payable in India by Shakti (P) Ltd. The company accepted the non-allowance of foreign tax credit to the extent of ₹ 10 lakhs, however it wants to claim deduction of the disallowed portion of foreign tax as business expenditure deductible from its income chargeable to tax in India. Discuss the correctness of the assessee's claim. [7]	J24 Q8(b) · 7 m	
★	Capital contribution from gifts: ITAT moves the addition from 68 to 69A	MQP Q5(a) · 7 m	

12.1 Types of DTAA

SM pp. 452–452 · marks per attempt: **J26-2 · J23-2** · Dec'26 forecast: tier **B**, about **2** marks when it comes, chance it comes **55%** (MCQ (xiii))

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	Double Taxation Avoidance Agreements (DTAAs) have become vital in the present-day global business decisions. Section 90 of the Income-tax Act, 1961 empowers the Central Government to enter into agreements with foreign jurisdictions for this purpose. In this context, write a note addressing: (i) The primary objectives of DTAAs; (ii) The broad classification/types of DTAAs generally entered into by countries; and (iii) Name the prominent International Models of DTAAs used globally for drafting these agreements and highlight the key difference between the two major Models. [7] (listed under 12.2 too)	J26 Q6(a) · 7 m · asked in 4 papers	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★	(xiii) Which of the following can be termed as Juridical Double Taxation? (A) When two different persons are taxed on the same income (B) When the same income is taxed in the hands of the same person by more than one country (C) When the same income is taxed at different tax rates in different countries (D) When both a company and its shareholders are taxed on dividends	J26 Q1(xiii) · 2 m · asked in 2 papers	
★★	(vi) ₹ 15,000 arising in country B with which India has DTAA, has been taxed in the hands of Mr. Kabir as well as Ms. Yamini. This is an instance of ____ and the remedy for the same is through ____. (A) Economic Double Taxation, DTAA (B) Economic Double Taxation, Mutual Agreement Procedure (C) Jurisdictional Double Taxation, DTAA (D) Jurisdictional Double Taxation, Mutual Agreement Procedure	J23 Q1(vi) · MQP Q1(xiv) · 2 m · asked in 2 papers	

★ **SM exercise (if time):** M12 short essay 2 (p.507): A brief note on Model tax conventions

12.2 Models of DTAAs (OECD and UN)

SM pp. 453–455 · marks per attempt: **J26-9 · D25-2 · D24-2 · D23-2** · Dec'26 forecast: tier **A**, about **2** marks when it comes, chance it comes **92%** (MCQ (xiv) + part of Q6(a))

OUR DEC'26 CALLS FOR THIS TOPIC

1. Compare the OECD and UN Models on royalties (Article 12) and fees for technical services (Article 12A). [PRACTICE · MQP Q6(a) - unused; J26 Q6(a) asked DTAA objectives, types and models]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	Double Taxation Avoidance Agreements (DTAAs) have become vital in the present-day global business decisions. Section 90 of the Income-tax Act, 1961 empowers the Central Government to enter into agreements with foreign jurisdictions for this purpose. In this context, write a note addressing: (i) The primary objectives of DTAAs; (ii) The broad classification/types of DTAAs generally entered into by countries; and (iii) Name the prominent International Models of DTAAs used globally for drafting these agreements and highlight the key difference between the two major Models. [7]	J26 Q6(a) · 7 m · asked in 4 papers	
★★★	Explain the meaning of the term "permanent establishment"; and state whether use of facilities for storage or display or delivery of goods or merchandize is a permanent establishment under OECD and under UN model. [7] (listed under 12.4 too)	D23 Q6(a) · 7 m · asked in 3 papers	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★★	(xiv) OECD Model Tax Convention is primarily designed for treaties between which of the following? (A) A developed country and a developing country (B) Two developed countries (C) Two developing countries (D) Only member States of the United Nations	J26 Q1(xiv) · 2 m · asked in 4 papers	
★★★	(xiv) Which of the following Articles is present in UN Model Convention but absent in OECD Model Convention? (A) Article 14 – Independent Personal Services (B) Article 12A – Fee for technical services (C) Article 29 – Entitlements of benefits (D) Article 22 – Capital	D25 Q1(xiv) · 2 m · asked in 4 papers	
★★★	(xv) Which Model of DTAA is generally followed by India when it enters into double taxation avoidance agreements with other countries? (A) UN Model (B) UK Model (C) US Model (D) OECD Model [2]	D23 Q1(xii) · D24 Q1(xv) · MQP Q6(a) · 2 m · asked in 4 papers	

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q62, Q97, Q118, Q128, Q170

12.3 Interlink of DTAAs with Section 90 of Income Tax Act, 1961

SM pp. 456–467 · marks per attempt: **J26-7 · D25-9 · J25-7 · D24-7 · J24-7 · D23-7 · J23-6** · Dec'26 forecast: tier **A**, about **7** marks when it comes, chance it comes **99%** (Q6(b) s.91 sum + MCQ)

OUR DEC'26 CALLS FOR THIS TOPIC

1. A resident (professional / senior citizen / employee) has income from a country with no DTAA (royalty, business, dividend, a foreign loss): compute total income, tax under the regime asked, and relief u/s 91 at the lower of the Indian and foreign average rates. [REPEAT · Q6(b) in all 6 papers since Dec'23; MQP Q6(b), PTP Q6(b), postal Q3(b)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	Resident senior with business in a non-DTAA country: tax + relief u/s 91	J23 Q7(b) · D23 Q6(b) · J24 Q6(b) · D24 Q6(b) · J25 Q6(b) · D25 Q6(b) · J26 Q6(b) · MQP Q1(xiii) · MQP Q6(b) · PTP Q6(b) · POSTAL Q3(b) · 6 m · asked in 7 papers	
★★★	Tax under exemption-with-progression method (old tag 12.1) (listed under 12.4 too)	J23 Q2(b)(i)(ii) · D25 Q6(a) · PTP Q1(xiii) · 3 m · asked in 3 papers	
★★★	Explain methods of Bilateral relief in Double Taxation Avoidance Agreements (DTAAs) and briefly state how unilateral relief is provided in the Income-tax Act, 1961. [7] (listed under 12.4 too)	J24 Q6(a) · 7 m · asked in 3 papers	

Priority	Question	Asked / marks	Answer in
★★★	What is meant by 'Permanent Establishment'? State with brief reasons whether PE exists in the following cases in the case of a foreign company located in UK: (i) Establish a branch in India. (ii) Establish a subsidiary company in India. (iii) Open a liaison office in India with the permission of RBI. (iv) Appoint an agent in India to work exclusively for the company to market the products and the terms and conditions of trade to be decided by the company in UK. (v) Rent a machinery in India with supervisors (employees of foreign company) to maintain and monitor the machinery usage. [6] (listed under 12.4 too)	J23 Q5(c) · 6 m · asked in 3 papers	
★	Shakti (P) Ltd., an Indian company earned fee for technical services from Power Inc., a company resident in USA amounting to ₹ 2 crores. The company paid ₹ 30 lakhs as federal taxes in USA. During the course of assessment proceedings in India, the Assessing Officer allowed the foreign tax credit to the extent of ₹ 20 lakhs only from income-tax payable in India by Shakti (P) Ltd. The company accepted the non-allowance of foreign tax credit to the extent of ₹ 10 lakhs, however it wants to claim deduction of the disallowed portion of foreign tax as business expenditure deductible from its income chargeable to tax in India. Discuss the correctness of the assessee's claim. [7] (listed under 11.0 too)	J24 Q8(b) · 7 m	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★★	(xiii) Laxmi, a resident individual earned ₹ 35 lakhs as consultancy income in Country Y on which she paid tax in Country Y at the rate of 20%. Country Y does not have a Double Taxation Avoidance Agreement (DTAA) with India. She wants to know whether she can claim any relief in India in respect of the income tax she has paid on the said income in Country Y. Which of the following statements is correct in this regard? (A) Laxmi will not be able to get any relief of the tax paid in Country Y as there is no DTAA between India and Country Y. (B) Laxmi will be able to get relief of the tax paid in Country Y only if Country Y also provides tax credit to its residents in respect of the tax paid by them in India. (C) Laxmi will be able to get relief of the tax paid in Country Y even though there is no DTAA between India and Country Y. (D) Laxmi will be able to get relief of the tax paid in Country Y only if Country Y agrees to share information of Indian residents in Country Y with Indian tax authorities.	D25 Q1(xiii) · 2 m · asked in 7 papers	

Problems to solve (11): SM illustrations, SM exercise sums, ICMAI workbook

Priority	Problem (what it asks)	Where	Came in the exam
★★★	Foreign business income and loss without treaties: tax payable after relief	Workbook ch.6 illustration 3 · WB p.57	J26 Q1(b)
★★	Practical problem: Mr. Ramesh, a resident Indian, has derived the following incomes for the…	SM M12 Illus. 1 · SM p.458	
★★	Practical problem: Shri Anuj, an ordinarily resident in India, provides the following details of…	SM M12 Illus. 2 · SM p.458	
★★	Practical problem: Mr. Saha, a resident Indian, has derived the following incomes for the previous…	SM M12 Illus. 3 · SM p.461	
★★	Practical problem: Arvind, a textile merchant and resident Indian is doing business in India and…	SM M12 Illus. 4 · SM p.462	
★★	Practical problem: Amar, an individual, resident of India, receives the following payments after…	SM M12 Illus. 5 · SM p.463	
★★	Foreign income taxable only abroad under a treaty but included for rate: tax in India	Workbook ch.6 illustration 1 · WB p.55	
★★	Foreign royalty without a treaty: relief under section 91 and tax liability	Workbook ch.6 illustration 2 · WB p.56	

Priority	Problem (what it asks)	Where	Came in the exam
★★	Resident artist with foreign rent and professional income, no treaty: total income and relief	Workbook ch.6 illustration 4 · WB p.58	
★★	Foreign business income taxed abroad, no treaty: tax and relief under section 91	Workbook ch.6 illustration 5 · WB p.59	
★★	Celebrity with income and losses in two non-treaty countries: total income and relief	Workbook ch.6 illustration 6 · WB p.61	

★ **SM exercise (if time):** M12 short essay 1 (p.507): Provisions of sec · M12 case 1 (p.508): Practical problem: Suresh (age 61) an individual resident in India furnishes you particulars of...

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q61, Q120, Q169

12.4 Overview of Articles in DTAAs

SM pp. 469–506 · marks per attempt: **D25-7 · J24-9 · D23-7 · J23-14** · Dec'26 forecast: tier **A**, about **7** marks when it comes, chance it comes **55%** (Q6(a) theory)

OUR DEC'26 CALLS FOR THIS TOPIC

1. Explain the methods of relief from double taxation: exemption (Article 23A), credit (Article 23B: full / ordinary), underlying tax credit - and tax sparing, which D25 asked although the SM does not teach it. [REPEAT · J24 Q6(a), D25 Q6(a), J23 Q2(b)]
2. What is a permanent establishment? Is a branch, a subsidiary, a liaison office, a dependent agent, or a site used only for storage and display a PE under the OECD and UN Models? [REPEAT · D23 Q6(a), J23 Q5(c)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	Tax under exemption-with-progression method (old tag 12.1); Full credit vs ordinary credit method (old tag 12.1)	J23 Q2(b)(i)(ii) · D25 Q6(a) · PTP Q1(xiii) · 6 m · asked in 3 papers	
★★★	Explain methods of Bilateral relief in Double Taxation Avoidance Agreements (DTAAs) and briefly state how unilateral relief is provided in the Income-tax Act, 1961. [7]	J24 Q6(a) · 7 m · asked in 3 papers	
★★★	Explain the meaning of the term "permanent establishment"; and state whether use of facilities for storage or display or delivery of goods or merchandize is a permanent establishment under OECD and under UN model. [7]	D23 Q6(a) · 7 m · asked in 3 papers	
★★★	What is meant by 'Permanent Establishment'? State with brief reasons whether PE exists in the following cases in the case of a foreign company located in UK: (i) Establish a branch in India. (ii) Establish a subsidiary company in India. (iii) Open a liaison office in India with the permission of RBI. (iv) Appoint an agent in India to work exclusively for the company to market the products and the terms and conditions of trade to be decided by the company in UK. (v) Rent a machinery in India with supervisors (employees of foreign company) to maintain and monitor the machinery usage. [6]	J23 Q5(c) · 6 m · asked in 3 papers	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★★	(xi) For Roberts Inc. of Italy which of the following would mean that it has a Permanent Establishment (PE) in India? (A) Use of facilities solely for the purpose of storage or display of goods belonging to the enterprise. (B) Operating a factory in India. (C) Maintenance of goods belonging to the enterprise solely for the purpose of processing by another enterprise. (D) Maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise or of collecting information, for the enterprise.	J24 Q1(xi) · 2 m · asked in 3 papers	

Priority	Question	Asked / marks	Answer in
★	(iii) Rock Ltd. of Country W is engaged in manufacture of mobile handsets. It has a branch in Delhi through which it sold its goods in India. It decided to make direct sale of same quality of mobile handsets to Indian customers without the support of the branch located in Delhi. Its gross profit was 10% for sale through branch and @ 20% from direct sale to Indian customers. Under which of the following, the profit from direct sale to customers in India is taxable as the income of the branch? (A) Force of Attraction Rule (B) Limitation of Benefit Clause (C) Berry Rule (D) Controlled Foreign Company Rule	J23 Q1(iii) · PTP Q1(xiv) · 2 m	

★ **SM exercise (if time):** M12 solved case 1 (p.505): Practical problem: Mr. Amin, a resident individual in India (age 42) furnishes you the following...

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q153, Q163

13.1 Transfer Pricing including Specified Domestic Transactions

SM pp. 515–528 · marks per attempt: **J26-7 · D25-7 · J25-7 · J23-6** · Dec'26 forecast: tier **A**, about **7** marks when it comes, chance it comes **75%** (Q8(b) classification)

OUR DEC'26 CALLS FOR THIS TOPIC

1. In each of seven cases, say whether the two enterprises are associated enterprises (or deemed AEs) u/s 92A: voting power, loans of 51% of assets, guarantees, dependence on know-how, raw materials, appointment of directors. [REPEAT+PRACTICE · J26 Q8(b) = MQP Q7(a); J23 Q3(c)]
2. In each case, is it an international transaction, a specified domestic transaction (above Rs 20 crore) or neither? [REPEAT · D25 Q8(b); PTP Q8(b) (meaning of SDT)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	State with reasons, whether the following entities can be regarded as associated enterprises/ deemed to be associated enterprises as per the provisions of Income-tax Act, 1961: (i) Mano Ltd. an Indian company holds 25% equity shares in PWR LLP of UAE. (ii) Red Pte of Singapore is the owner of a patented technology for manufacturing a specific type of fertilizer X. Blue Ltd. of Delhi manufactures fertilizer X exclusively using the technology of Red Pte and for which Blue Ltd. pays royalty to Red Pte as per the market norms. Blue Ltd. does not manufacture or produce any other article or thing. (iii) Multi Associates, an Indian partnership firm at Mumbai, has three partners viz., Mr. Ray, Mr. Joy and M/s Bounty Inc. of USA having profit sharing ratio of 50%, 30% and 20% respectively. (iv) Bihu Ltd. an Indian company advanced a loan of ₹ 20 crore to Ritu Ltd. of UK which is 5% of total loan taken by Ritu Ltd. from various entities. The book value of total assets of Bihu Ltd. was ₹ 100 crore and of Ritu Ltd. was ₹ 350 crore. (v) Mango Ltd., Chennai guarantees a loan taken by Banana Inc. of USA (taken from a bank in USA) of ₹ 12 crore which is 15% of the total loan taken by Banana Inc. The book value of total assets of Mango Ltd. was ₹ 250 crore and of Banana Inc. ₹ 150 crore. (vi) Mr. Ranavijay holds a right to appoint 9 directors out of 15 directors on the Board of Directors of both Pigeon Ltd. of India and Cuckoo Inc. of USA. However, he appointed only 5 directors in Pigeon Ltd. and 8 directors in Cuckoo Inc. (vii) Mr. Cooper a foreign national and a non-resident in India, controls Carrot Ltd. of Kolkata while Mrs. Cooper controls Cucumber Inc. of USA. [7]	J26 Q8(b) · 7 m · asked in 2 papers	

Priority	Question	Asked / marks	Answer in
★★★	State with brief reasons whether the following independent transactions are (a) International Transaction; or (b) Specified Domestic Transaction; or (c) Regular Business Transaction (which is neither an international transaction nor specified domestic transaction): (i) C Ltd. Delhi received ₹ 28 crores from its UK based parent company for export of cloud-based IT service. (ii) AB Ltd. Jaipur paid ₹ 26 crores for purchase of electronic devices from its subsidiary company located in SEZ in Gujarat at a price 20% more than market price. (iii) EF Ltd. Chennai sold power generated by it to its holding company located in Mumbai at a premium price of 130% and the amount being ₹ 7.80 crores. (iv) TD (P) Ltd. Cochin paid ₹ 33 crores to SS (P) Ltd. Mysore for the raw material purchase. SS (P) Ltd. is taxable under Section 115BAB. The transaction was at cost plus 30% for SS (P) Ltd. who sold at cost plus 10% to other parties. In both the companies Amal is the Managing Director and 100% of shareholding in both the companies are held by Amal and his family members. [7]	D25 Q8(b) · PTP Q8(b) · POSTAL Q1(xii) · 7 m	
★★★	State with reasons whether AE relationship exists in the financial year 2022-23 in the following independent cases: (i) In Federicks (P) Ltd., Mumbai 27% of the voting power was held by Brearly Ltd., UK w.e.f. 20th July, 2021. Federicks (P) Ltd. went for capital expansion and issued shares in January, 2022 through private placement. The voting power of Brearly Ltd. got reduced to 23% after the fresh issue of shares by Federicks (P) Ltd. (ii) Clive Inc. of USA has 60% voting rights in Gower Ltd. of UK since April, 2020. Gower Ltd. has 40% voting rights in Crowe Ltd. of Mumbai. Is Clive Inc. AE of Crowe Ltd.? (iii) Kapil Ltd., Delhi is the exclusive wholesale distributor of medicines in India, which are manufactured in UK, by Greig Ltd. of UK. The price and other conditions are decided by Greig Ltd. There is no other relationship between them. [6]	J23 Q3(c) · MQP Q1(x) · MQP Q7(a) · 6 m · asked in 2 papers	
★	Shirt Ltd., Cochin is a part of a large multi-national group. It is engaged in the manufacturing of kids' wear. During the financial year 2024-25, it sold goods to its foreign associated enterprise, Coat Inc. of USA as well as to some unrelated parties in India and the USA. During the course of the assessment, the Transfer Pricing Officer computed arm's length price and the Assessing Officer (AO) applied it on all the transactions, with associated enterprises as well as with unrelated parties. Aggrieved with the adjustment, the assessee seeks your opinion whether the action of the Assessing Officer is valid or not. [7]	J25 Q8(b) · 7 m	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★	Period for keeping TP documents u/s 92D (8 years)	POSTAL Q1(iii) · 2 m	
★	Meaning of an uncontrolled transaction	POSTAL Q1(viii) · 2 m	

★ **SM exercise (if time):** M13 case 5 (p.611): Practical problem: I Ltd. is an Indian Company in which Z Inc., a US company, has 28% shareholding...

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q69, Q70, Q75, Q76, Q77, Q78, Q79, Q80, Q81, Q83

13.2 Determination of Arm's Length Price

SM pp. 529–531 · marks per attempt: **J26-9 · D25-9 · J25-7 · D24-4 · J24-11 · D23-7 · J23-8** · Dec'26 forecast: tier **A**, about **9** marks when it comes, chance it comes **99%** (Q7(a) ALP sum + MCQ (x))

OUR DEC'26 CALLS FOR THIS TOPIC

1. Compute the arm's length price by the comparable uncontrolled price method with adjustments (credit period, warranty, quantity discount, know-how, FOB vs CIF) and the adjustment to income. [REPEAT · D25, J26 Q7(a) (CUP), J24 Q7(a); PTP Q7(a), postal Q6(b)]
2. Resale price or cost plus method: find the most appropriate method and the arm's length price. [REPEAT · J25 Q7(a) (RPM), D23 Q7(a) (cost plus)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	CUP for imported handsets: credit period, quantity discount, warranty adjustments	J23 Q6(c) · J24 Q7(a) · D25 Q7(a) · J26 Q7(a) · MQP Q7(b) · PTP Q7(a) · POSTAL Q6(b) · 6 m · asked in 6 papers	
★★★	Resale price method for imported ACs: MAM and adjustment	J25 Q7(a) · 7 m · asked in 6 papers	
★★★	Cost plus method with discount, technical support and credit-period adjustments	D23 Q7(a) · 7 m · asked in 6 papers	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★★	(x) Atom Ltd., an Indian company, is a wholly owned subsidiary of Bull Inc., of USA. During FY 2025-26, Atom Ltd. transferred semi-finished products to Bull Inc., which was used by Bull Inc., to process further and manufacture a final product. To determine the arm's length price of the transactions between Atom Ltd. and Bull Inc., which of the following would be the most appropriate method? (A) Comparable Uncontrolled Price Method (B) Cost-plus method (C) Profit-split method (D) Transactional Net Margin method	J26 Q1(x) · 2 m · asked in 4 papers	
★★★	(x) Which method is generally considered most appropriate for determining ALP in the case of transfer of unique intangibles? (A) Cost Plus Method (B) CUP Method (C) Profit Split Method (D) Resale Price Method	D25 Q1(x) · 2 m · asked in 4 papers	
★★★	(xii) What is Berry Ratio in relation to the computation of the arm's length price of an international transaction? (A) Gross profit / Operating expenses (B) EBITDA / Shareholders funds (C) Net profit / Gross profit (D) Long term debts / Shareholders funds	J24 Q1(xii) · 2 m · asked in 4 papers	
★★★	(xv) Which of the following method of computing arm's length price is not a 'Transaction Based Method'? (A) Comparable Uncontrolled Price Method (B) Resale Price Method (C) Cost Plus Method (D) Profit Split Method	J24 Q1(xv) · 2 m · asked in 4 papers	
★★★	(iv) Under which of the following methods, arm's length price shall be the arithmetical mean of all values included in the dataset, irrespective of the number of entries in the dataset? [Note: You may assume that the variation between the arm's length price computed and the transaction price is 15%.] (A) Resale Price Method (B) Profit Split Method (C) Cost Plus Method (D) Transactional Net Margin Method	J23 Q1(iv) · PTP Q1(x) · 2 m · asked in 4 papers	
★	(xi) The Assessing Officer (AO) referred an international transaction for ₹ 3 crores entered into by Anuj (P) Ltd. with HIJ Inc., an associated enterprise (AE). In the same financial year, Anuj (P) Ltd. has entered into similar transactions with AST LLP of Singapore, [an AE] for ₹ 4 crores, and with RST LLP of Hong Kong [also an AE], for ₹ 12 crores. What is the scope of power of the Transfer Pricing Officer (TPO) as regards determination of ALP in respect of international transactions entered into by Anuj (P) Ltd.? (A) The TPO can determine ALP only in respect of the transaction which was referred to him by the AO. (B) The TPO can determine ALP in respect of any other international transaction whose value exceeded ₹ 5 crores, even though it was not referred to him. (C) The TPO can determine the ALP of any other international transaction whose value exceeded ₹ 10 crores, even though it was not referred to him. (D) The TPO can determine the ALP in respect of any other international transaction also, which comes to his knowledge, regardless of the value. [2]	D24 Q1(xi) · 2 m	
★	(xiii) The order of the Transfer Pricing Officer in determining the arm's length price of an international transaction is binding on which of the following? (A) Assessing Officer (B) Commissioner of Income-tax (C) Commissioner of Income-tax (Appeals) (D) Both Assessing Officer and Commissioner of Income-tax [2]	D24 Q1(xiii) · 2 m	

Problems to solve (5): SM illustrations, SM exercise sums, ICMAI workbook

Priority	Problem (what it asks)	Where	Came in the exam
★★	Arm's length price by the cost plus method with adjustments; addition to income	Workbook ch.7 illustration 1 · WB p.65	
★★	Arm's length price by the resale price method with adjustments for discounts and freight	Workbook ch.7 illustration 2 · WB p.66	
★★	Arm's length price by the profit split method for a unique joint product	Workbook ch.7 illustration 3 · WB p.67	
★★	Taxable income when the related-party fee is above or below the arm's length price	Workbook ch.7 illustration 4 · WB p.69	
★★	Transaction with a party in a notified jurisdiction: arm's length price and addition	Workbook ch.7 illustration 5 · WB p.70	

★ **SM exercise (if time):** M13 case 1 (p.610): Practical problem: Bharat Cellphones Ltd. (BCL) of Mumbai and Japan Mobiles Ltd. (JML) of Tokyo... · M13 case 2 (p.610): Practical problem: S Limited, an Indian Company supplied billets to its holding company, G... · M13 case 4 (p.611): Practical problem: U Ltd., a US company has a subsidiary, B Ltd., in India

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q63, Q64, Q65, Q68, Q82, Q84, Q98, Q115, Q137, Q142, Q157, Q159, Q164, Q172

13.3 Advance Pricing Agreement – Concept and Application

SM pp. 532–545 · marks per attempt: **J26-2 · D25-2 · J25-7 · D24-7 · D23-9 · J23-8** · Dec'26 forecast: tier **A**, about **7** marks when it comes, chance it comes **85%** (MCQ (xi); sometimes Q6(a)/Q8(b))

OUR DEC'26 CALLS FOR THIS TOPIC

1. APA situation: for which years will an APA signed in a given year apply, and can rollback cover earlier years (given whether returns were filed and appeals are pending)? [REPEAT+PRACTICE · D24, J25 Q6(a); PTP Q6(a)]
2. APA: years covered, effect on a return already filed (modified return), what rollback covers and excludes, and withdrawal. [PRACTICE · MQP Q8(b) - unused; D23 Q8(b) APA rules]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	(a) Ramesh (P) Ltd., Chennai is engaged in the manufacture of electronic goods and exporting the same to its Associated Enterprise (AE) outside India and various other unrelated enterprises. It has applied for Advance Pricing Agreement (APA) in respect of its transactions with its AE. The application for APA was filed on 10th February, 2024 and the APA was signed on 15th May, 2024. It applied for rollback in June 2024 which was signed on 18th October, 2024. The details of the status of income tax assessments as on the date of signing of rollback are as follows: • AY 2020-21: Reassessment under section 148 of the Income-tax Act is pending and it is in respect of the Arm's Length Price (ALP) determination, which was alleged by Revenue as wrongly computed in the original assessment. • AY 2021-22: The matter is pending before the High Court with regard to acquisition of a company by the assessee and the dispute is about the set off of loss of the erstwhile company. • AY 2022-23: Assessment was completed by making the reference to Transfer Pricing Officer (TPO) who enhanced the Arm's Length Price (ALP) of the international transaction by ₹ 200 crores. If APA is applied, ALP determined would get enhanced by ₹ 150 crores only instead of ₹ 200 crores determined by TPO. • AY 2023-24: Assessment regarding the computation of ALP of the international transaction was disputed before the Tribunal which set aside the order and directed for fresh consideration by the Assessing Officer in December 2024. • AY 2024-25: Notice under section 143(2) of the Act was issued and the assessment is pending. The income tax returns for all the above assessment years were filed within the 'due date' under section 139(1). You are required to state with reasons, the assessment years for which the APA and the rollback would apply. [7]	J23 Q8(b) · J25 Q6(a) · MQP Q8(b) · 8 m · asked in 4 papers	same problem: Workbook ch.1 illustration 4 (WB p.5; solution there) · same problem: Workbook ch.1 illustration 2 (WB p.2; solution there)

Priority	Question	Asked / marks	Answer in
★★★	Thirst Ltd. (TL), is an Indian company, engaged in international transactions, for the past 2 decades. It has been having international transactions with GH Inc., of Sweden for the past 8 years. On 23rd October, 2024, it entered into an Advance Pricing Agreement (APA) with the Department. The details relating to the last five assessment years are as under: | Asst. year | Date of filing ITR | ALP determined by assessee (per unit) | ALP determined as per APA (per unit) | | | 2020-21 | 12-11-2020 | ₹ 12,000 | ₹ 12,200 | | 2021-22 | 18-10-2021 | ₹ 12,500 | ₹ 12,400 | | 2022-23 | 13-03-2023 | ₹ 13,000 | ₹ 13,200 | | 2023-24 | 29-11-2023 | ₹ 13,600 | ₹ 13,800 | | 2024-25 | 30-09-2024 | ₹ 14,000 | ₹ 14,300 | You are required to advise TL about the following, with clear reasons: (i) Number of years for which APA will apply (assessment years may be stated); and (ii) Assessment years for which roll back will apply by giving supporting reasons. [7]	D24 Q6(a) · 7 m · asked in 4 papers	
★★★	Mittal & Co Ltd, Delhi is engaged in manufacture of computer hardware. It has been exporting its goods to unrelated parties till 31st March, 2023. It is contemplating to sell only to its associated enterprises exceeding ₹ 100 crore in every financial year commencing from financial year 2023-24. As tax manager of the company, you are requested to explain briefly with reference to Advance Pricing Agreement (APA): - (i) period of its validity; - (ii) fees payable; - (iii) on whom it is binding; and - (iv) determination of ALP after entering into APA. [7]	D23 Q8(b) · MQP Q1(xi) · PTP Q1(xi) · PTP Q6(a) · POSTAL Q1(x) · 7 m · asked in 3 papers	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★★	(xi) PMQ Ltd. applied for APA on 20.10.2025 and the APA was entered into on 10.04.2026. For which of the financial years, the APA would be applicable? (A) F.Y. 2025-26 to F.Y. 2029-30 (B) F.Y. 2026-27 to F.Y. 2030-31 (C) F.Y. 2024-25 to F.Y. 2029-30 (D) F.Y. 2026-27 to F.Y. 2029-30	J26 Q1(xi) · 2 m · asked in 3 papers	
★★★	(xi) PQR Ltd. has been supplying goods to its Associate Enterprise (AE) located in foreign country. It applied for Advance Pricing Agreement (APA) in respect of the transactions with its AE which amounted to ₹ 150 crores. How much is the fee payable by PQR Ltd in this regard? (A) ₹ 2 lakhs (B) ₹ 10 lakhs (C) ₹ 15 lakhs (D) ₹ 20 lakhs	D25 Q1(xi) · 2 m · asked in 3 papers	
★★★	(xiii) Mesne (P) Ltd. engaged in international transactions entered into APA on 1st June, 2022. Its appeal before CIT (Appeals) was pending for the assessment year 2021-22 and the ITAT has given decision in favour of the Revenue for the assessment year 2020-21. It wants to avail rollback benefit. Assume that the returns of income of all the assessment years were filed before the 'due date' specified in section 139(1). For which of the assessment years the rollback benefit would be available? [2] - (A) Assessment year 2018-19 to assessment year 2021-22 - (B) Assessment year 2019-20 to assessment year 2022-23 - (C) Assessment years 2019-20, 2020-21 and 2022-23 - (D) Assessment years 2019-20, 2021-22 and 2022-23	D23 Q1(xiii) · 2 m · asked in 4 papers	

★ **SM exercise (if time):** M13 short essay 1 (p.609): Advance pricing agreement

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q67, Q71, Q72, Q89, Q90, Q91, Q92, Q93, Q151

13.4 Safe Harbour Rules, Thin Capitalisation and Secondary Adjustment

SM pp. 546–607 · marks per attempt: **J26-9 · D25-9 · J25-9 · D24-16 · J24-9 · D23-11 · J23-8** · Dec'26 forecast: tier **A**, about **9** marks when it comes, chance it comes **99%** (Q7(b) 94B sum + MCQ (xii))

OUR DEC'26 CALLS FOR THIS TOPIC

1. After a primary adjustment, the excess money is not brought back in 90 days: compute the secondary adjustment interest, or the additional income-tax (18% plus 12% surcharge and cess) if the assessee chooses to pay it. [REPEAT+PRACTICE · D24 Q7(a); PTP Q7(b), MQP Q7(b), postal Q6(a)]
2. Interest paid to (or on a loan guaranteed by) an associated enterprise: compute the interest disallowed u/s 94B (above 30% of EBITDA) and the amount carried forward (up to 8 assessment years). [REPEAT · Q7(b) in all 6 papers since Dec'23]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	Interest disallowance u/s 94B after an ALP adjustment of interest	J23 Q4(b) · J24 Q7(b) · D24 Q7(b) · J25 Q7(b) · D25 Q7(b) · J26 Q7(b) · PTP Q1(xii) · 6 m · asked in 7 papers	
★★★	Primary + secondary adjustment, interest on non-repatriated money (SBI MCLR / LIBOR)	D24 Q7(a) · 7 m · asked in 6 papers	
★★★	Thin capitalisation u/s 94B: interest allowed / carried forward	D23 Q7(b) · 7 m · asked in 7 papers	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★★	(xii) The total income of Xavier Ltd. an Indian company, for the assessment year 2023-24 was enhanced by the Assessing Officer, by ₹ 210 lakhs, in conformity with the Arm's Length Price determined by the Transfer Pricing Officer in respect of its international transactions with AE. How much is the additional income-tax payable by Xavier Ltd. to avoid secondary adjustment? (A) ₹ 43,24,320 (B) ₹ 37,80,000 (C) ₹ 39,31,200 (D) ₹ 44,02,944	J23 Q1(viii) · J24 Q1(xiii) · D24 Q1(x) · J25 Q1(xv) · J26 Q1(xii) · MQP Q1(xii) · PTP Q7(b) · POSTAL Q6(a) · 2 m · asked in 6 papers	
★★★	(x) Srinath (P) Ltd. filed its return of income with suo moto adjustment of ₹ 300 lakhs in respect of ALP of its transactions with its associated enterprise. Within how many days the amount of secondary adjustment must be repatriated to India in order to avoid interest under section 92CE read with rule 10CB? [2] - (A) Within 90 days from the end of the assessment year - (B) Within 120 days from the date of filing ITR - (C) Within 90 days from the 'due date' specified in section 139(1) - (D) Within 30 days from the end of the assessment year	D23 Q1(x) · 2 m · asked in 6 papers	
★★★	(xv) In the assessment of Amit (P) Ltd. there was increase in income by way of arm's length price adjustment of ₹ 200 lakhs. The assessee decided to pay additional income-tax instead of making secondary adjustment. What is the tax rate at which the additional income-tax is payable by the assessee? [2] - (A) 10.92% - (B) 16.692% - (C) 20.9664% - (D) 23.296%	D23 Q1(xv) · 2 m · asked in 6 papers	
★	(xii) What is the meaning of the term "Safe harbour"? (A) A sea port where it is safe for the ships to park. (B) Circumstances in which the income-tax authorities shall accept the transfer price as declared by the assessee. (C) A fixed percentage of net income to gross sales admitted and there is no need for any transfer pricing adjustment. (D) A fixed percentage of equity shareholding below which entities are not treated as associated enterprises.	D25 Q1(xii) · 2 m	

Problems to solve (24): SM illustrations, SM exercise sums, ICMAI workbook

Priority	Problem (what it asks)	Where	Came in the exam
★★	Practical problem: arm's length price worked from the assessee's profit and loss account (AE and non-AE purchases)	SM M13 Illus. 1 · SM p.578	
★★	Practical problem: arm's length price worked from the assessee's profit and loss account (raw material from AE and non-AE)	SM M13 Illus. 2 · SM p.579	
★★	Practical problem: AE1 Ltd. is an Indian Company	SM M13 Illus. 3 · SM p.581	
★★	An Indian Company (I Co) buys back its equity shares issued to its foreign associated…	SM M13 Illus. 4 · SM p.581	
★★	Another example where this method could be used is in cases of cost allocation arrangements…	SM M13 Illus. 5 · SM p.581	
★★	Practical problem: Brain Inc. London has 35% equity in Salem Ltd. The company Salem Ltd. is…	SM M13 Illus. 6 · SM p.586	
★★	Practical problem: A Co. Ltd. of Chennai and Sky Inc. of Singapore are associate enterprises	SM M13 Illus. 7 · SM p.587	

Priority	Problem (what it asks)	Where	Came in the exam
★★	Practical problem: J Inc. of Korea and CD Ltd, an Indian Company are associated enterprises	SM M13 Illus. 8 · SM p.588	
★★	Comparable sales of same product DSM, a manufacturer, sells the same product to both…	SM M13 Illus. 9 · SM p.588	
★★	Effect of geographic differences FM, a foreign specialty radio manufacturer, also exports its…	SM M13 Illus. 10 · SM p.589	
★★	External Commercial Borrowing Pharma Ltd, an Indian company has borrowed funds from its parent…	SM M13 Illus. 11 · SM p.589	
★★	Practical problem: Megabyte Inc. of France and R Ltd. of India are associated enterprises	SM M13 Illus. 12 · SM p.589	
★★	NBR Medical Equipments Inc. (NBR) of Canada has received an order from a leading UK based…	SM M13 Illus. 13 · SM p.590	
★★	Lndco, an Indian company, has developed and manufactures a robot to be used for multiple…	SM M13 Illus. 14 · SM p.590	
★★	Fox Solutions Inc. a US Company, sells Laser Printer Cartridge Drums to its Indian Subsidiary…	SM M13 Illus. 15 · SM p.591	
★★	Practical problem: Khazana Ltd is an Indian Company engaged in the business of developing and…	SM M13 Illus. 16 · SM p.592	
★★	Practical problem: Videsh Ltd., a US company has a subsidiary, Hind Ltd. in India	SM M13 Illus. 17 · SM p.593	
★★	ABC India Limited ('the Company') is engaged in the business of import and sales of computers,…	SM M13 Illus. 18 · SM p.593	
★★	Practical problem: Compute arm's length price from following information	SM M13 Illus. 19 · SM p.595	
★★	Practical problem: Compute arm's length price from the following information	SM M13 Illus. 20 · SM p.596	
★★	Compute ALP through following information: - A Ltd. is a distributor of IT products	SM M13 Illus. 21 · SM p.596	
★★	Practical problem: A sold a machine to B (associated enterprise) and in turn B sold the same…	SM M13 Illus. 22 · SM p.597	
★★	Thin capitalisation (section 94B): interest disallowed and carried forward over two years	Workbook ch.7 illustration 6 · WB p.71	
★★	Thin capitalisation (section 94B): interest disallowed over two years (second set)	Workbook ch.7 illustration 7 · WB p.73	

★ **SM exercise (if time):** M13 solved case 1 (p.607): What will be considered as arm's length price per unit · M13 short essay 2 (p.609): Thin capitalisation · M13 short essay 3 (p.609): Practical problem: State the provisions relating to secondary adjustments · M13 case 3 (p.611): Practical problem: X Ltd., a resident Indian Company, on 01-04-2025 has borrowed ₹ 100 crores from…

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q66, Q85, Q86, Q87, Q88, Q96, Q141, Q150, Q162

14.0 Introduction | 14

SM pp. 615–631 · marks per attempt: **J26-2 · D25-2 · J25-2 · D23-2** · Dec'26 forecast: tier **B**, about **2** marks when it comes, chance it comes **90%** (MCQ (xv))

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★★	(xv) Butter Ltd., an Indian company, set up a unit in a Special Economic Zone (SEZ) during F.Y. 2020-21 for manufacture of chemicals. It claimed deduction under section 10AA in respect of profits earned from that unit in F.Y. 2025-26 (amount of deduction ₹ 15 crore). Which of the following statement is correct? (A) Yes, GAAR is applicable since the tax benefit exceeds ₹ 3 crore. (B) Yes, GAAR is applicable since the transaction is impermissible and lacks commercial substance. (C) No, GAAR is not applicable since it is taking advantage of the beneficial tax provisions. (D) Both GAAR and SAAR would be applicable in this case.	J26 Q1(xv) · 2 m · asked in 4 papers	
★★★	(xv) The Assessing Officer of ABC Ltd. finds a transaction to be an impermissible transaction. The Principal Commissioner made a reference to the Approving Panel after fully complying with the legal provisions. What is the time limit for the Approving Panel to issue its directions under Section 144BA(6) of the Income-tax Act, 1961? (A) Within 6 months from the date of reference. (B) Within 30 days from the date of reference. (C) Before the end of the financial year in which the reference was made. (D) Within 6 months from the end of the month in which the reference was made.	D25 Q1(xv) · 2 m · asked in 4 papers	
★★★	(xiii) What is the monetary limit of tax benefit by means of arrangement between the parties so as to attract invoking of GAAR provisions? (A) ₹ 3 crores (B) ₹ 5 crores (C) ₹ 10 crores (D) ₹ 20 crores	D23 Q1(xi) · J25 Q1(xiii) · MQP Q1(xv) · PTP Q1(xv) · POSTAL Q1(v) · 2 m · asked in 4 papers	

★ **SM exercise (if time):** M14 short essay 1 (p.632): Cases when provisions relating to GAAR are not applicable · M14 short essay 2 (p.632): Impermissible avoidance arrangement

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q73, Q74, Q94, Q95, Q114