

# MKG

**MAY 21/NOV 21**

**MOCK TEST**

## **AGRICULTURAL INCOME TO MISCELLANEOUS TOPICS**

**Time allowed: 3 hours**

**Maximum Marks: 100**

### **MULTIPLE CHOICE QUESTION (30 Marks)**

**Write the most appropriate answer to each of the following multiple choice questions by choosing one of the four options given. All questions are compulsory.**

**1. Sham Singh spends ₹1,00,000 on cultivation and harvesting of his agricultural produce. 50% of the production is sold for ₹1,10,000 and rest is stored for self consumption. What is the amount of the agricultural income?**

- (a) ₹ 60,000
- (b) ₹ 1,10,000
- (c) ₹ 1,20,000
- (d) ₹ 1,00,000

**2. Mr. Ajay Sahu, proprietor of M/s Blue Bird Enterprises having turnover of ₹ 65 lakhs and Turnover is less than 100 lakhs during P.Y. 2019-20, has received two bills for payment. The first bill is for ₹ 42,00,000 from Vijay Associates, an advocate and property dealer firm, for his daughter's hearing and ₹ 21,00,000 from same Vijay Associates for brokerage service provided in relation to purchase of one property. Both bills were raised on 21-12-2020 but payment were made in instalments. 1st Instalment of ₹5,00,000 as advance was payment on 15-11-2020, 2nd Instalment of ₹45,00,000 on 25-03-2021 and balance amount ₹13,00,000 on 11-05-2021. Determine the TDS liability for Mr. Ajay Sahu, if any, for A.Y. 2021-22?**

- (a) ₹ 2,50,000
- (b) ₹ 3,15,000
- (c) ₹ 65,000
- (d) Nil

3. Mr. Nihar maintains a Savings A/c and a Current A/c in Mera Bank Ltd. The details of withdrawals on various dates during the previous year 2020-21 are as follows:

Date of Cash withdrawal	Saving Account	Current account
05.04.2020	15,00,000	-
10.05.2020	-	22,00,000
25.06.2020	20,00,000	-
17.07.2020	-	5,00,000
28.10.2020	35,00,000	-
10.11.2020	-	38,00,000
12.12.2020	25,00,000	-

Is Mera Bank Limited required to deduct tax at source on the withdrawals made by Mr. Nihar during the previous year 2020-20? If yes, what would the amount of tax deducted at source?

- (a) No, TDS is not required to be deducted as the aggregate cash withdrawal on or after 1.9.2020 does not exceed ₹ 1 crore  
 (b) No, TDS is not required to be deducted as the cash withdrawal does not exceed ₹ 1 crore neither in saving account nor in current account  
 (c) TDS of ₹ 60,000 is required to be deducted.  
 (d) TDS of ₹ 1,20,000 is required to be deducted.

4. An amount of ₹ 40,000 was paid to Mr. X on 1.7.2020 towards fees for professional services without deduction of tax at source. Subsequently, another payment of ₹ 50,000 was due to Mr. X on 28.2.2021, from which tax @ 10% (amounting to ₹ 9,000) on the entire amount of ₹ 90,000 was deducted. However, this tax of ₹ 9,000 was deposited only on 22.6.2021. The interest, chargeable under section 201(1A) would be:

- (a) ₹ 1,080  
 (b) ₹ 860  
 (c) ₹ 1,620  
 (d) ₹ 840

5. Which of the following statements is/are true in respect of taxability of agricultural income under the Income-tax Act, 1961?

- (i) Any income derived from saplings or seedlings grown in a nursery is agricultural income exempt from tax u/s 10(1).  
 (ii) 60% of dividend received from shares held in a tea company is agricultural income exempt from tax u/s 10(1).  
 (iii) While computing income tax liability of an Assessee aged 50 years, agricultural income is required to be added to total income only if net agricultural income for the P.Y. exceeds ₹5,000 and the total income (including net agricultural income) exceeds ₹2,50,000.  
 (iv) While computing income tax liability of an Assessee aged 50 years, agricultural income is required to be added to total income only if net agricultural income for the P.Y. exceeds ₹5,000 and the total income (excluding net agricultural income) exceeds ₹2,50,000.

Choose from the following options:

- (a) (i) and (iii)  
 (b) (ii) and (iii)  
 (c) (i) and (iv)  
 (d) (i), (ii) and (iv)

**6. The proportion of agricultural and business income in case of income derived from the sale of coffee grown and cured by the assessee in India is -**

- (a) 65% and 35%, respectively                      (b) 75% and 25%, respectively  
(c) 60% and 40%, respectively                      (d) 70% and 30%, respectively

7. Mr. Ram acquired a house property at Chennai from Mr. Satyam, a resident, for a consideration of ₹85 lakhs, on 23.8.2020. On the same day, Mr. Ram made two separate transactions, thereby acquiring an urban plot in Gwalior from Mr. Vipun for a sum of ₹50 lakhs and rural agricultural land from Mr. Danish for a consideration of ₹75 lakhs. Which of the following statements are correct?

- (a) No tax deduction at source is required in respect of any of the three payments.  
(b) TDS @ 1% is attracted on all the three payments.  
(c) TDS @ 1% on ₹85 lakhs and ₹50 lakhs are attracted. No TDS on payment of ₹75 lakhs for acquisition of rural agricultural land  
(d) TDS @ 1% on ₹85 lakhs is attracted. No TDS on payments of ₹50 lakhs and ₹75 lakhs.

**8. In case of an individual aged 61 years, partial integration of agricultural income is not required if his-**

- (a) Net agricultural income does not exceed ₹5,000.  
(b) Non-agricultural income does not exceed ₹2,50,000.  
(c) Non-agricultural income does not exceed ₹3,00,000.  
(d) Either (a) or (c) above.

9. Mrs. Shivani, wife of Mr. Anurag, is a partner in a firm. Her capital contribution of ₹5 lakhs to the firm as on 1.4.2020 included ₹3.5 lakhs contributed out of gift received from Anurag. On 10.4.2020, she further invested ₹2 lakh out of gift received from Anurag. The firm paid interest on capital of ₹50,000 and share of profit of ₹60,000 during the F.Y.2020-21. The entire interest has been allowed as deduction in the hands of the firm. Which of the following statements is correct?

- (a) Share of profit is exempt but interest on capital is taxable in the hands of Mrs. Shivani.  
(b) Share of profit is exempt but interest of ₹39,286 is includible in the income of Mr. Anurag and interest of ₹10,714 is includible in the income of Mrs. Shivani.  
(c) Share of profit is exempt but interest of ₹35,000 is includible in the income of Mr. Anurag and interest of Rs.15,000 is includible in the income of Mrs. Shivani.  
(d) Share of profit to the extent of ₹42,000 and interest on capital to the extent of ₹35,000 is includible in the hands of Mr. Anurag.

**10. Income of a minor child suffering from any disability of the nature specified in section 80U is -**

- (a) to be assessed in the hands of the minor child  
(b) to be clubbed with the income of that parent whose total income, before including minor's income, is higher  
(c) completely exempt from tax  
(d) to be clubbed with the income of father

11. Mr. A has two bank accounts maintained with ICICI Bank and HDFC Bank. From 01.09.2020 till 31.03.2021, Mr. A withdrew the following amounts as cash from both the said accounts;

HDFC Bank: ₹50 Lakh

ICICI Bank: ₹120 Lakh

Compute the amount of tax to be deducted at source u/s 194N by HDFC Bank and ICICI Bank, respectively, while making payment in cash to Mr. A.

- (a) ₹1,00,000 and ₹2,40,000
- (b) Nil and ₹40,000
- (c) Nil and ₹2,40,000
- (d) ₹50,000 and ₹1,20,000

**12. Mr. Aarav gifted a house property valued at ₹50 lakhs to his wife, Geetha, who in turn has gifted the same to her daughter-in-law Deepa. The house was let out at ₹25,000 per month throughout the P.Y.2020-21. Compute income from house property for A.Y.2021-22.**

**In whose hands is the income from house property chargeable to tax?**

- (a) ₹3,00,000 in the hands of Mr. Aarav
- (b) ₹2,10,000 in the hands of Mr. Aarav
- (c) ₹2,10,000 in the hands of Geetha
- (d) ₹2,10,000 in the hands of Deepa

**13. Mr. Raghav has three houses for self-occupation. What would be the tax treatment for A.Y.2021-22 in respect of income from house property?**

- (a) One house, at the option of Mr. Raghav, would be treated as self-occupied. The other two houses would be deemed to be let out.
- (b) Two houses, at the option of Mr. Raghav, would be treated as self-occupied. The other house would be deemed to be let out.
- (c) One house, at the option of Assessing Officer, would be treated as self-occupied. The other two houses would be deemed to be let out.
- (d) Two houses, at the option of Assessing Officer, would be treated as self-occupied. The other house would be deemed to be let out.

**14. Arun's gross total income of P.Y. 2020-21 is ₹ 2,45,000. He deposits ₹ 45,000 in PPF. He pays electricity bills aggregating to ₹ 1.20 lakhs in the P.Y.2020-21. Which of the statements is correct?**

- (a) Arun is not required to file his return of income u/s 139(1) for P.Y. 2020-21, since his total income before giving effect to deduction under section 80C does not exceed the basic exemption limit.
- (b) Arun is not required to file his return of income u/s 139(1) for P.Y. 2020-21, since his electricity bills do not exceed ₹ 2,00,000 for the P.Y.2020-21.
- (c) Arun is not required to file his return of income u/s 139(1) for P.Y. 2020-21, since neither his total income before giving effect to deduction under section 80C exceeds the basic exemption limit nor his electricity bills exceed ₹ 2 lakh for the P.Y.2020-21.
- (d) Arun is required to file his return of income u/s 139(1) for P.Y. 2020-21, since his electricity bills exceed ₹ 1 lakh for the P.Y.2020-21.

**15. As per section 139(1), filing of returns is compulsory irrespective of whether profit is earned or loss is incurred, in case of -**

- (a) companies only
- (b) firms only
- (c) both companies and firms
- (d) All assesses

**16. The due date of filing of return for a company with a business loss of ₹ 1,30,000 for A.Y. 2021-22 is—**

- (a) 31<sup>st</sup> July, 2021
- (b) 30<sup>th</sup> September, 2021
- (c) 31<sup>st</sup> October, 2021
- (d) 31<sup>st</sup> August, 2021

**17. Which of the following income is not exempt under section 10?**

- (a) Share income of a member from a HUF
- (b) Share income of a partner from a firm
- (c) Salary received by a partner from a firm
- (d) Both (b) and (c)

**18. Which of the following benefits are not allowable to Ms. Geetha, a non-resident, while computing her total income and tax liability for A.Y.2021-22 under the Income-tax Act, 1961?**

- (a) Deduction of 30% of gross annual value while computing her income from house property in Bangalore, India
- (b) Tax rebate of ₹12,500 from tax payable on her total income of ₹3,40,000
- (c) Deduction for donation made by her to Prime Minister's National Relief Fund
- (d) Deduction for interest earned by her on NRO savings account

**19. Mr. Jha, an employee of FX Ltd, attained 60 years of age on 15.05.2020. He is resident in India during F.Y. 2020-21 and earned salary income of ₹5 lacs (computed). During the year, he earned ₹ 7 lacs from winning of lotteries. Compute his advance tax liability for A.Y. 2021-22:**

- (a) ₹ 2,20,000 + Cess ₹ 8,800 = ₹2,28,800, being the tax payable on total income of ₹12 lacs
- (b) ₹ 2,10,000 + Cess ₹ 8,400 = ₹2,18,400, being the tax payable on lottery income of ₹7 lacs
- (c) ₹ 10,000 + Cess ₹400 = ₹ 10,400, being the tax payable on salary income, since tax would have been deducted at source from lottery income.
- (d) Nil

**20. Which of the following income would be exempt in the hands of a Sikkimese Individual?**

- (a) only income from any source in the State of Sikkim
- (b) only income by way of dividend
- (c) only income from interest on securities
- (d) All the above

**21. Exemption of a certain amount (not exceeding the income clubbed) is available under section 10(32), where a minor's income is clubbed with the income of the parent. The maximum exemption available is -**

- (a) upto ₹1,500 in respect of each minor child
- (b) upto ₹1,500 in respect of each minor child maximum of two children
- (c) upto ₹2,000 in respect of each minor child
- (d) upto ₹2000 in respect of each minor child maximum of two children

**22. Mr. X received a cell phone as a gift from his friend valued ₹ 1,00,000, in this case**

- (a) It is taxable under the head Other Sources
- (b) It is taxable under the head Business/Profession
- (c) It is not taxable
- (d) None of these

**23. The deduction in respect of interest on enhanced compensation of ₹1,50,000 received during the previous year 2020-21, would be –**

- (a) ₹ 1,50,000, being 100% of ₹ 1,50,000  
 (b) ₹ 75,000, being 50% of ₹ 1,50,000  
 (c) ₹ 45,000, being 30% of ₹ 1,50,000  
 (d) Nil

**24. M/S Mohan & Sons (liable to audit) paid ₹35,000 to Mr. Goel on 01.05.2020 towards fee for legal advisory services without deduction of tax at source. Another payment of ₹47,000 was due to Mr. Goel on 31.07.2020 and TDS on entire amount (i.e. ₹35,000 plus ₹47,000) was deducted and then the net amount was paid. However, the total tax deducted was deposited on 15.11.2020. The interest chargeable under section 201 will be:**

- (a) ₹650  
 (b) ₹433  
 (c) ₹486  
 (d) ₹597

**25. Which of the following statement is correct.**

- (a) As per section 194H tax shall be deducted at source @ 5% provided the amount being paid or payable to a particular person during a particular year is ₹ 15,000 or more  
 (b) As per section 194H tax shall be deducted at source @ 5% provided the amount being paid or payable to a particular person during a particular year is exceeding ₹ 15,000  
 (c) As per section 194H tax shall be deducted at source @ 10% provided the amount being paid or payable to a particular person during a particular year is exceeding ₹ 15,000  
 (d) None of these

**26. Mr. X paid fees for professional services of ₹40,000 to Mr. Y, who is engaged only in the business of operation of call centre, on 15.7.2020. Tax is to be deducted by Mr. X at the rate of –**

- (a) 1%                      (b) 2%                      (c) 10%                      (d) 20%

**27. A registered firm pays salary and interest on capital to its resident partners. Which of the following statements is true?**

- (a) Tax has to be deducted u/s 192 on salary and u/s 194A on interest  
 (b) Tax has to be deducted u/s 192 on salary but no tax needs to be deducted on interest  
 (c) No tax has to be deducted on salary but tax has to be deducted u/s 194A on interest  
 (d) No tax has to be deducted at source on either salary or interest

**28. Mr. Ravi incurred loss of ₹4 lakh in the P.Y.2020-21 in retail trade business. Against which of the following incomes earned during the same year, can he set-off such loss?**

- (a) profit of ₹1 lakh from wholesale cloth business  
 (b) long-term capital gains of ₹1.50 lakhs on sale of land  
 (c) speculative business income of ₹40,000  
 (d) All of the above

**29. The maximum period for which speculation loss can be carried forward is -**

- (a) 4 years                      (b) 8 years  
 (c) indefinitely                      (d) not allowed to be carry forward

**30. Mr. X has a total income of ₹ 7 lakhs for A.Y. 2021-22. He files his return of income for A.Y. 2021-22 on 13th January, 2022. He is liable to pay fee of–**

- (a) ₹ 1,000 under section 234F  
 (b) ₹ 5,000 under section 234F  
 (c) ₹ 10,000 under section 234F  
 (d) Not liable to pay any fee

## **SUBJECTIVE TYPE QUESTION (70 Marks)**

**Question 1 (a)****(5 Marks)**

Write a note on Revised Return of Income Section 139(5).

**Question 1 (b)****(5 Marks)**

(i) What is the fee for default in furnishing return of income u/s 234F?

(ii) To whom the provision of section 139AA relating to quoting of Aadhar Number do not apply?

**Question 2 (a)****(5 Marks)**

Miss. Kavita, a resident and ordinarily resident in India, has derived the following income for the year ended 31-3-2021. ₹

(i) Income from sale of centrifuged latex processed from rubber plants grown in Darjeeling.	1,00,000
(ii) Income from sale of coffee grown and cured in Yercaud, Tamil Nadu	2,00,000
(iii) Income from sale of coffee grown, cured in Colombo. Sale Consideration was received in Chennai.	5,00,000
(iv) Income from sale of tea grown and manufactured in Shimla.	10,00,000
(v) Income from sapling and seedling grown in a nursery at Cochin. Basic operations were not carried out by her on land.	2,00,000

You are required to compute the Income of Miss. Kavita for the Assessment Year 2021-22.

**Question 2 (b)****(5 Marks)**

Mr. X is an employee of Larsen Limited and has substantial interest in the company. His salary is ₹25,000 p.m. Mrs. X also is working in that company at a salary of ₹10,000 p.m. without any professional qualification. Mr. X also receives ₹ 30,000 as income from securities, Mrs. X owns a house property which she has let out. Rent received from such house property is ₹ 12,000 p.m.

Mr. & Mrs. X have three minor children-two twin daughters and one son. Income of the twin daughters is ₹2,000 p.a. each and that of his son is ₹ 1,200 p.a. Compute the income of Mr. & Mrs. X.

**Question 3 (a)****(5 Marks)**

Mr. X reports the following transactions to you:

(i) Received cash gifts on the occasion of his marriage on 15.06.2020 of ₹ 1,08,000. It includes gift of ₹28,000 received from non-relatives.

(ii) On 15.08.2020, being his birthday, he received a gift by means of cheque from his mother's maternal aunt for an amount of ₹ 49,000.

(iii) On 25.12.2020 he acquired a vacant site from his friend for ₹ 1,50,000. The State stamp valuation authority fixed the value of site at ₹ 2,25,000 for stamp duty purpose.

(iv) He bought 200 equity shares of a listed company from another friend for ₹ 75,000.

The value of shares in the stock exchange on the date of purchase was ₹ 1,75,000.

(v) A cell phone worth ₹ 21,000 is gifted by his friend on 16.8.2020

Determine the amount chargeable to tax in the hands of Mr. X for the Assessment Year 2021-22.

Your answer should be supported with reasons.

**Question 3 (b)****(5 Marks)**

(A) Mr. X submits his return of income on 12.09.2021 for AY 2021-22 consisting of income under the head house property and other sources. On 21.01.2022, he realized that he had not claimed deduction under section 80TTA in respect of his interest income on the Savings Bank Account. He wants to revise his return of income, since one year has not elapsed from the end of the relevant Previous year Year. Discuss.

(B) Where the Karta of an Hindu undivided family is absent from India, the return of income can be signed by any male member of the family? Give reasoning for the statement to be true or false.

**Question.4. (a)****(5 Marks)**

Following are the details of incomes/ losses of Mr. Rishi for the F.Y. 2020-21:

<b>(Figures in brackets represents losses)</b>	<b>₹</b>
Taxable salary income (computed)	3,60,000
Taxable income from house property (computed)	
- from rented house property X	1,20,000
- from rented house property Y	(3,40,000)
Taxable profit from business (computed)	
- business P	2,30,000
- business Q	(12,000)
- business R (speculative business)	15,000
- business T (speculative business)	(25,000)
Taxable Income from other sources:	
- from card games	16,000
- from owning & maintenance of race horses	(7,000)
- interest on securities	5,000

You are required to determine the Gross total income of Mr. Rishi for Assessment year 2021-22.

**Question 4 (b)****(5 Marks)**

Ms. Julie received following amounts during the previous year 2019-20.

(1) Received loan of ₹5,00,000 year from the ABC Private Limited, a closely held company engaged in textile business. She is holding 10% of the equity share capital in the said company. The accumulated profit of the company was ₹2,00,000 on the date of the loan.

(2) Received Interest on enhanced compensation of ₹5,00,000. Out of this interest, ₹1,50,000 relates to the previous year 2016-17, ₹1,90,000 relates to previous year 2017-18 and ₹1,60,000 relates to previous year 2018-19. She paid 1 lakh to her advocate for his efforts in the matter.

Discuss the tax implications, if any, arising from these transactions in her hand with reference to Assessment Year 2020-21.

**Question 5 (a)****(5 Marks)**

From the following information, compute taxable income and tax liability of Mrs. X for the assessment year 2021-22.

	<b>₹</b>
Income from business – letting cycles on hire	2,40,000
Fixed deposit interest received from companies on deposits made of sale proceeds of land	18,000
Dividends from an Indian company having rubber plantations	6,000
Salary received as a partner from a firm growing and manufacturing tea	40,000
Sale of agricultural produce	1,75,000
Payment of government tax on agricultural lands	6,000
Expenses on power, irrigation cess and farm labour	10,000
Purchase of seeds	1,000

Tractor hire charges (for agricultural operations)

2,500

**Question 5 (b)**

**(5 Marks)**

Examine the TDS implications in the following cases along-with reasons thereof;

- (i) Ms. Varsha received a sum of ₹ 95,000 on 31<sup>st</sup> December 2020 towards maturity proceeds of LIC taken on 1<sup>st</sup> October 2013 for which sum assured was ₹ 80,000 and annual premium was ₹ 10,000.
- (ii) Mr. Deepak transferred a residential house property to Mr. Karan for ₹ 45 lacs. The stamp duty value of such property is ₹ 55 lacs.
- (iii) XYZ Private Limited pays the following amounts to Mr. Narayan during previous year 2020-21:
  - (1) ₹ 22,000 towards fee for professional services
  - (2) ₹ 18,000 towards royalty
- (iv) Payment of ₹ 1,75,000 made to Mr. Vaibhav for purchase of calendar according to specification of M/s. ABC Limited. However, no material was supplied for such calendar by ABC Limited to Mr. Vaibhav.
- (v) Talent Private Limited pays ₹ 12,000 to Ms. Sudha, its director, towards sitting fee which is not taxable u/s 192.
- (vi) Radha Limited is engaged for Shyam Limited only in the business of operation of call centre. On 18-03-2021, the total amount credited by Shyam Limited in the ledger account of Radha Limited is ₹ 70,000 regarding service charges of call centre. The amount is paid through cheque on 28/03/2021 by Shyam Limited.

**Question 6 (a)**

**(5 Marks)**

During the previous year 2020-21 the following transactions occurred in respect of Mr. X.

- (a) Mr. X had a fixed deposit of ₹ 5,00,000 in Bank of India. He instructed the bank to credit the interest on the deposit @ 9% from 01.04.2020 to 31.03.2021 to the savings bank account of Mr. B, son of his brother, to help him in his education.
- (b) Mr. X holds 75% share in a partnership firm. Mrs. X received a commission of ₹25,000 from the firm for promoting the sales of the firm. Mrs. X possesses no technical or professional qualification.
- (c) Mr. X gifted a flat to Mrs. X on April 1, 2020. During the previous year the flat had income under the head House Property ₹52,000 to Mrs. X.
- (d) Mr. X gifted ₹2,00,000 to his minor son who invested the same in a business and he got a share income of ₹ 20,000 from the investment.
- (e) Mr. X's minor son derived an income of ₹20,000 through a business activity involving application of his skill and talent.  
During the year Mr. X got a monthly pension of ₹10,000. He had no other income. Mrs. X received salary of ₹ 20,000 per month from a part time job.  
Discuss the tax implications of each transaction and compute the total income of Mr. X, Mrs. X and their minor child.

**Question 6 (b)**

**(5 Marks)**

Write a note on TDS in case of Payment of certain amounts in cash.

**Question 7 (a)**

**(5 Marks)**

Mention the significant differences between TDS and TCS.

**Question 7 (b)**

**(5 Marks)**

Mrs. X has received incomes as given below during the previous year 2020-21:

1. Interest on savings bank account with State Bank ₹50,000 (gross).
2. Interest from Government securities ₹1,00,000 on 01.01.2021 (collection charge paid to the bank @ 1.5%).
3. Interest from ABC Ltd on non listed debentures ₹3,60,000 (after TDS) on 01.03.2021 (collection charge paid to the bank ₹30).

4. Interest credited to post office savings bank account during the year ₹ 10,000.
  5. Interest credited to public provident fund during the year ₹ 15,000.
  6. Interest received from XYZ Ltd on listed debentures ₹ 1,35,000 (Net).  
(Collection charge ₹30) The amount was invested by taking a loan of ₹15,00,000 @ 12% p.a.
  7. Mrs. X received rent of house property ₹ 72,000 per month after TDS.
  8. Winnings from a lottery ₹70,000 (after TDS)
- Compute her tax liability and also tax payable for the assessment year 2021-22.