

MOCK TEST

NOV-2022

TAXATION

COMPUTATION OF TOTAL INCOME AND TAX LIABILITY AND TAXABILITY OF GIFT

ATTEMPT ALL QUESTIONS

Time allowed: 3 hours

Maximum Marks: 100

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MULTIPLE CHOICE QUESTIONS (30 Marks)

1. The basic source of income-tax law is -

- (a) Income-tax Act, 1961
- (b) Income-tax Rules, 1962
- (c) Circulars/Notifications issued by CBDT
- (d) Judgments of Courts

2. A domestic company means -

- (a) Only an Indian company
- (b) Both Indian company and a foreign company having a branch in India
- (c) Both Indian company and a foreign company having business connection in India
- (d) Both Indian company and a foreign company which has made the prescribed arrangement for declaration and payment of dividends in India out of the income chargeable to tax in India

3. The surcharge applicable in the case of an individual is -

- (a) 10% of tax payable if total income exceeds ₹50 lakhs but does not exceed ₹1 crore
- (b) 10% of tax payable if total income exceeds ₹1 crore but does not exceed ₹2 crore
- (c) 15% of tax payable if total income exceeds ₹1 crore but does not exceed ₹2 crore
- (d) Both (a) and (c), as the case may be.

4. The surcharge applicable to a domestic company for A.Y. 2022-23 is -

- (a) 5%, if total income exceeds ₹1 crore.
- (b) 10%, if the total income exceeds ₹1 crore
- (c) 7%, if the total income exceeds ₹1 crore but does not exceed ₹10 crore, and 15%, if the total income exceeds ₹10 crore.

(d) 7%, if the total income exceeds ₹1 crore but does not exceed ₹10 crore, and 12%, if the total income exceeds ₹10 crore.

5. The surcharge applicable to a foreign company for A.Y. 2022-23 is -

- (a) 5%, if the total income exceeds ₹1 crore.
- (b) 10%, if the total income exceeds ₹1 crore.
- (c) 2%, if the total income exceeds ₹1 crore but does not exceed ₹10 crore and 5% if the total income exceeds ₹10 crore.
- (d) 2%, if the total income exceeds ₹10 crore.

6. Where the total income of an artificial juridical person is ₹3,10,000, the income-tax before cess payable is ₹..... and surcharge payable is ₹.....

- (a) ₹3,000; surcharge – nil.
- (b) ₹6,000; surcharge – nil.
- (c) ₹500; surcharge – nil
- (d) ₹93,000; surcharge – ₹4650

7. What is the basic exemption limit for a woman assessee for A.Y. 2022-23, who turned 60 years on 31.03.2022?

- (a) ₹2,00,000
- (b) ₹3,00,000
- (c) ₹2,50,000
- (d) ₹5,00,000

8. Tax Liability of a resident individual having LTCG 3.5 Lakh shall be

- (a) ₹7,800
- (b) ₹72,800
- (c) ₹18,200
- (d) ₹20,800

9. The maximum amount of rebate allowable under section 87A for A.Y. 2022-23 is -

- (a) ₹2,000, if the total income does not exceed ₹5 lakh
- (b) ₹5,000, if the total income does not exceed ₹5 lakh
- (c) ₹12,500, if the total income does not exceed ₹5 lakh
- (d) ₹2,500, if the total income does not exceed ₹3.5 lakh

10. If Mr. Y's total income for A.Y. 2022-23 is ₹52 Lakhs, surcharge is payable at the rate of -

- (a) 15%
- (b) 12%
- (c) 10%
- (d) 2%

11. Rebate u/s 87A shall be allowed if total income is

- (a) less than ₹5,00,000
- (b) less than ₹3,50,000
- (c) upto ₹5,00,000
- (d) upto ₹3,50,000

12. Marginal relief shall be allowed to

- (a) all persons
- (b) only individual
- (c) individual & HUF
- (d) non -resident

13. Mr. X has agricultural Income of ₹4,900 and non – agricultural income of ₹2,65,000. Tax Payable shall be

- (a) Nil
- (b) ₹780
- (c) ₹1,030
- (d) ₹14,030

14. Mr. X has agricultural Income of ₹1,00,000 and non – agricultural income of ₹2,45,000. Tax Payable shall be

- (a) Nil
- (b) ₹4,940
- (c) ₹2,340
- (d) ₹17,940

15. Tax Liability of a resident individual having only STCG 111A 3.5 Lakh shall be

- (a) ₹2,600
- (b) ₹15,600
- (c) ₹54,600
- (d) ₹13,000

16. Tax Liability of a resident individual having only casual income 3.5 Lakh shall be

- (a) ₹96,200
- (b) ₹18,200
- (c) ₹31,200
- (d) ₹1,09,200

17. Tax Liability of a non - resident individual having only STCG 111A 3.5 Lakh shall be

- (a) ₹15,600
- (b) ₹2,600
- (c) ₹54,600
- (d) ₹52,000

18. The rate of tax applicable to a limited liability partnership (LLP) for A.Y. 2022- 23 is -

- (a) 25%
- (b) 30%
- (c) 40%
- (d) at slab rate

19. Mr. Devansh has agricultural income of ₹2,30,000 and business income of ₹2,45,000. Which of the following statements are correct?

- (a) Agricultural income has to be aggregated with business income for tax rate purposes
- (b) No aggregation is required since agricultural income is less than basic exemption limit.
- (c) No aggregation is required since business income is less than basic exemption limit.
- (d) Agricultural income is exempt under section 10(1) but the same has to be aggregated with business income, since it exceeds ₹5,000

20. For the purpose of gift, the term relative shall include

- (a) grand father of individual
- (b) bother's son of individual
- (c) brother of father of spouse
- (d) all the above

21. Property for the purpose of gift shall include

- (a) shares and securities

- (b) jewellery
- (c) mobile phone
- (d) (a) and (b)

22. Which of the statement is correct

- (a) scholarship received by any person is exempt u/s 10(17A)
- (b) award or reward of central government is taxable u/s 28
- (c) gift received by a professional from his client is taxable as per section 28
- (d) gift received by an employee exceeding ₹5,000 is taxable u/h other sources

23. Mr. Kashyap has acquired a building from his friend on 10.10.2021 for ₹15,00,000. The stamp duty value of the building on the date of purchase is ₹15,70,000. Income chargeable to tax in the hands of Mr. Kashyap is

- (a) ₹ 70,000
- (b) ₹ 50,000
- (c) Nil
- (d) ₹ 20,000

24. Mr. Y has received a sum of ₹51,000 on 24.10.2021 from relatives on the occasion of his marriage.

- (a) Entire ₹51,000 is chargeable to tax.
- (b) Only ₹ 1,000 is chargeable to tax
- (c) Entire ₹ 51,000 is exempt from tax
- (d) Only 50% i.e., ₹ 25,500 is chargeable to tax

25. Mr. Mayank has received a sum of ₹ 75,000 on 24.10.2021 from his friend on the occasion of his marriage anniversary.

- (a) Entire ₹ 75,000 is chargeable to tax.
- (b) Entire ₹75,000 is exempt from tax
- (c) Only ₹ 25,000 is chargeable to tax
- (d) Only 50% i.e., ₹ 37,500 is chargeable to tax

26. Ashok took possession of property on 31st August 2021 booked by him three years back at ₹25 lakhs, The Stamp Duty Value (SDV) of the property as on 31st August 2021 was ₹31 lakh and on date of booking it was ₹29 lakh. He had paid ₹2 lakh by A/c payee cheque as down payment on date of booking. Which of the following will be considered as income, if any, and in which previous year

- (a) ₹4 lakhs in P.Y. 2021-22
- (b) ₹4 lakhs in P.Y. 2018-19
- (c) ₹6 lakhs in P.Y. 2020-21
- (d) No income shall be taxable, since down payment was paid by A/c cheque while booking the property

27. Sujata, aged 16 years, received scholarship of ₹50,000 during the previous year 2021-22. Which of the following statements are true regarding taxability of such income:

- (a) Such income shall be assessed in hands of Sujata
- (b) Such income to be included with the income of parent whose income before such clubbing is higher
- (c) Such income is completely exempt from tax
- (d) Such income to be clubbed with father's income

28. Mr. X received cash gift ₹ 51,000 and gift of jewelry valued ₹ 49,000, in this case taxable amount shall be

- (a) ₹ 51,000
- (b) ₹ 49,000
- (c) ₹ 1,00,000
- (d) Nil
- (e) none of these

29. Mr. X received cash gift ₹ 40,000, gift of land stamp duty value ₹ 40,000 and gift of building stamp duty value ₹ 40,000, in this case taxable amount shall be

- (a) ₹ 40,000
- (b) ₹ 80,000
- (c) ₹ 1,20,000
- (d) Nil
- (e) none of these

30. Mr. X purchased one house property for ₹ 3,00,000 market value ₹ 7,00,000 stamp duty value ₹ 3,40,000, in this case taxable amount shall be

- (a) ₹ 4,00,000
- (b) ₹ 40,000
- (c) Nil
- (d) ₹ 3,40,000
- (e) none of these

SUBJECTIVE TYPE QUESTIONS (70 Marks)

Question 1 (a).

(5 Marks)

Mrs. X has received the following gifts during previous year 2021-22.

- (i) On the occasion of her marriage on 14.08.2021, she has received ₹90,000 as gift out of which ₹70,000 are from relatives and balance from friends.
 - (ii) On 12.09.2021, she has received gift of ₹18,000 from cousin of her mother.
 - (iii) A cell phone of ₹71,000 is gifted by her employer on 15.08.2021.
 - (iv) She gets a gift of ₹25,000 from the elder brother of her husband's grandfather on 25.10.2021.
 - (v) She has received a gift of ₹2,000 from her friend on 14.04.2021.
 - (vi) She has won ₹4 lakh from a game show on electronic media.
- Compute her tax liability for assessment year 2022-23.

Question 1 (b).

(5 Marks)

Briefly Explain taxability of gift.

Question 2 (a)

(5 Marks)

Mr. X has income as given below:

Income under the head PGBP	₹505,00,000
LTCG 112A	₹101,00,000
STCG 111A	₹100,00,000

Compute his tax liability for A.Y. 2022-23.

Question 2 (b)

(5 Marks)

- (i) Mr. X aged 59 years has gross total income ₹5,60,000 and deduction allowed under section 80C to 80U are ₹60,000. Compute his tax liability previous year 2021-22, assessment year 2022-23.
- (ii) Presume he is a resident and is aged 62 years.

Question 3. (a)

(5 Marks)

Compute tax liability in the following cases for the assessment year 2022-23.

- (i) Mr. X (non-resident) has total income of ₹4,20,000
- (ii) Mrs. X (resident), aged 60 years has total income of ₹105,00,000
- (iii) Mr. X (non-resident), aged 60 years has total income of ₹70,00,000
- (iv) Mrs. X (resident), aged 80 years has total income of ₹103,00,000
- (v) Mr. X (non-resident), aged 80 years has total income of ₹12,00,000

Question 3 (b).

(5 Marks)

Define the circumstances in which gift is exempt without any limit.

Question 4 (a).

(5 Marks)

(i) Mr. X has income under the head Salary ₹5,00,000 and casual income ₹3,00,000 and deduction under section 80C to 80U ₹2,00,000, Compute his tax liability for the Assessment year 2022-23.

(ii) If in the above case deduction allowed under section 80C to 80U is ₹6,00,000.

Question 4 (b).

(5 Marks)

(i) Mr. X is a Non- Resident and has incomes as given below:

• Income under the head salary	35,000
• Income under the head house property	45,000
• Income under the head business/profession	30,000
• Long term capital gains	1,10,000
• Long term capital gains u/s 112A	5,00,000

• Short term capital gains	25,000
• Short term capital gains u/s 111A	7,00,000
• Casual Income (winnings of lottery)	55,000
• Other income	3,000
Deductions allowed under section 80C to 80U	2,00,000
Compute his tax liability for the assessment year 2022-23.	

(ii) Presume he is resident and is aged 82 years.

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

Mr. X has income from business ₹ 203 lakhs and short term capital gain under section 111A ₹ 30 lakhs and long term capital gains under section 112A ₹ 41 lakhs. Compute his total income and tax liability for the assessment year 2022-23.

Question 5 (b). **(5 Marks)**

Compute tax liability of ABC Ltd. a domestic company in the following situations:

- (i) The company has income under the head Business/Profession ₹500,00,000.
- (ii) The company has income under the head Business/Profession ₹100,00,000.
- (iii) The company has long term capital gains of ₹200,00,000.
- (iv) The company has long term capital gains of ₹10,20,000.
- (v) The company has income under the head Business/Profession ₹11 crore.

Question 6 (a). **(5 Marks)**

Mr. X, aged 68 years, has income under the head House Property ₹5,25,000, agricultural income of ₹1,00,000, Long term capital gain amounting to ₹45,000 and casual income ₹35,000. He is eligible for deduction under section 80C ₹20,000. Compute tax liability of Mr. X for assessment year 2022-23.

Question 6 (b). **(5 Marks)**

Compute Tax Liability as per section 115BAC in the following independent cases.

- (i) Mr. X has total income of ₹6,00,000
- (ii) Mr. X has total income of ₹8,00,000
- (iii) Mr. X has total income of ₹10,00,000
- (iv) Mr. X has total income of ₹12,00,000
- (v) Mr. X has total income of ₹20,00,000

Question 7 (a). **(5 Marks)**

Discuss the taxability of agricultural income under the Income Tax Act, 1961. How will income be computed where an individual derives agricultural and non-agricultural income?

Question 7 (b). **(5 Marks)**

Define the following

- (i) Meaning of Property
- (ii) Meaning of Relative

SPACE FOR ROUGH WORK