

MOCK TEST

NOV 22

INCOME TAX VOLUME -1

(UPTO RESIDENTIAL STATUS AND SCOPE OF TOTAL INCOME)

ATTEMPT ALL QUESTIONS

Time allowed: 3 hours

Maximum Marks: 100

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MULTIPLE CHOICE QUESTIONS (30 Marks)

1. Rebate u/s 87A shall be allowed to

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

2. 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

3. Marginal relief shall be allowed to

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

4. 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

5. 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

6. 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

7. 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

8. 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

9. 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

10. 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

11. In case of default in payment of advance tax, interest shall be charged

- (a) 2% p.m. u/s 234C
- (b) 1% p.m. u/s 234B
- (c) 1.5% p.m. u/s 234A
- (d) 1% p.m. u/s 234C

12. In case of default in payment of self assessment tax after last date of filing of ROI, interest shall be charged

- (a) 2% p.m. u/s 234C
- (b) 1% p.m. u/s 234B
- (c) 1% p.m. u/s 234A + 1% p.m. u/s 234B
- (d) 1% p.m. u/s 234C

13. Advance tax is payable by a senior citizen only when

- (a) he has income u/h capital gains
- (b) he has income u/h house property
- (c) he has income u/h business/profession
- (d) he has income u/h casual income

14. Which of the following statement is not correct.

- (a) advance tax payable upto 15th June of the previous year is atleast 15%
- (b) advance tax payable upto 15th Sept of the previous year is atleast 45%
- (c) advance tax payable upto 15th Dec of the previous year is atleast 70%
- (d) advance tax payable upto 15th March of the previous year is atleast 100%

15. Mr. Square, an Indian citizen, currently resides in Dubai. He came to India on a visit and his total stay in India during the F.Y.2021-22 was 135 days. He has no source of Income in India. Following is his details of stay in India in the preceding previous years:

Financial Year	Days of Stay in India
2020-21	125
2019-20	106
2018-19	83
2017-18	78
2016-17	37
2015-16	40
2014-15	35

You are his tax consultant. Advise him on his residential status for the P.Y. 2021-22.

- (a) Resident but Not Ordinary Resident (RNOR)
- (b) Resident and Ordinary Resident
- (c) Non-Resident
- (d) Resident but information incomplete to know whether resident but not ordinarily resident or resident and ordinarily resident

16. In the year P.Y. 2021-2022, a sailor has remained on ship as a crew member of an Indian Ship as follows:

- (1) Outside the territorial waters of India for 183 days.
- (2) Inside the territorial waters of India for 182 days.

Advise him on his residential status for the P.Y. 2021-22.

- (a) Resident
- (b) Non-Resident
- (c) Indian Citizen
- (d) None of the above

17. Mr. Nishant, a resident but not ordinarily resident for the previous year 2020-21 and resident and ordinarily resident for the previous year 2021-22 has received rent from property in Canada amounting to ₹1,00,000 during the P.Y.2020-21. He has deposited the same in a bank in Canada. During the financial year 2021-22, he remitted this amount to India through approved banking channels. Is such rent taxable in India, and if so, how much and in which year?

- (a) Yes; ₹ 70,000 was taxable in India during the previous year 2020-21.
- (b) Yes; ₹ 1,00,000 was taxable in India during the previous year 2020-21.
- (c) Yes; ₹ 70,000 was taxable in India during the previous year 2021-22.
- (d) No; such rent is not taxable in India either during the previous year 2020-21 or during the previous year 2021-22.

18. If Anirudh has stayed in India in the P.Y. 2021-22 for 181 days, and he is non-resident in 9 out of 10 years immediately preceding the current previous year and he has stayed in India for 365 days in all in the 4 years immediately preceding the current previous year and 420 days in all in the 7 years immediately preceding the current previous year, his residential status for the A.Y.2022-23 would be-

- (a) Resident and ordinarily resident
- (b) Resident but not ordinarily resident
- (c) Non-resident
- (d) Cannot be ascertained with the given information

19. Raman was employed in Hindustan Lever Ltd. He received a salary of ₹40,000 p.m. from 1.4.2021 to 27.9.2021. He resigned and left for Dubai for the first time on 1.10.2021 and got salary of rupee equivalent of ₹80,000 p.m. from 1.10.2021 to 31.3.2022. His salary for October to December 2021 was credited in his Dubai bank account and the salary for January to March 2022 was credited in his Bombay account directly. He is liable to tax in respect of -

- (a) Income received in India from Hindustan Lever Ltd;
- (b) Income received in India and in Dubai;
- (c) Income received in India from Hindustan Lever Ltd. and income directly credited in India;
- (d) Income received in Dubai

20. Short term capital gains on sale of shares of an Indian company received in Australia is taxable in case of-

- (a) resident and ordinarily resident only
- (b) both resident and ordinarily resident and resident but not ordinarily resident
- (c) non-resident only
- (d) All the above

21. A company would be a resident in India for the P.Y. 2021-22, if

- (a) it is an Indian company
- (b) during the year, majority of its directors are resident in India
- (c) during the year, its Place of Effective Management is in India
- (d) both (a) and (c)

22. Income accruing in London and received there is taxable in India in the case of-

- (a) resident and ordinarily resident only
- (b) both resident and ordinarily resident and resident but not ordinarily resident
- (c) both resident and non-resident
- (d) non-resident

23. If Mr. Akash has stayed in India in the P.Y. 2021-22 for 100 days, and he is non-resident in 9 out of 10 years immediately preceding the current previous year and he has stayed in India for 365 days in all in the 4 years immediately preceding the current previous year and 730 days in all in the 7 years immediately preceding the current previous year, his residential status for the A.Y.2022- 23 would be-

- (a) Resident and ordinarily resident
- (b) Resident but not ordinarily resident
- (c) Non-resident
- (d) Cannot be ascertained with the given information

24. Mr. A, a Canadian citizen, comes to India for the first time during the P.Y. 2017-18. He was in India during 2017-18- 55 days, 2018-19 – 60 days, 2019-20 – 90 days, 2020-21 – 150 days, 2021-22 – 70 days. Residential status for the previous year 2021-22 shall be

- (a) Resident and ordinarily resident
- (b) Resident but not ordinarily resident
- (c) Non-resident
- (d) Cannot be ascertained with the given information

25. A Korean company received ₹20 lakhs from a non – resident for use of patent for a business in India is _____

- (a) taxable in India
- (b) not taxable in India
- (c) None of the above

26. Mr. Ramji (age 55) is Karta of HUF doing textile business at Nagur. Mr. Ramji is residing in Dubai for the past 10 years and visited India for 20 days every year for filing the income tax return of HUF. His two major sons take care of the day to day affairs of the business in India. The residential status of HUF for the assessment year 2022-23 is :

- (a) Non-resident
- (b) Resident and ordinarily resident in India
- (c) Not ordinarily resident
- (d) None of the above

27. 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

28. 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

29. 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

30. Mr. Kishore celebrated his 50th marriage anniversary. On this occasion, his wife received a diamond necklace worth ₹5,00,000 from Kishore's brother. Kishore's son gifted him a luxurious car worth ₹15,00,000, His grandchildren gifted them a new furniture set worth ₹3,00,000. Also, he received cash gifts from his friends amounting collectively to ₹80,000. Which of them the following statements stand true on taxability.

- (a) Neither Mr. Kishore nor Mrs. Kishore will be liable for tax for any gifts since they have been received on occasion of marriage anniversary
- (b) Mr. Kishore & Mrs. Kishore will jointly share the tax liability on all the gifts
- (c) Mrs. Kishore will be liable to pay tax on diamond set and Mr. Kishore will bear tax for the cash gifts received
- (d) Mr. Kishore will be liable for tax on cash gifts only.

SUBJECTIVE TYPE QUESTIONS (70 Marks)

Question 1 (a).

(5 Marks)

Examine the tax implications of the following transactions for the assessment year 2022-23: (Give brief reason)

- (i) Government of India has appointed Mr. Rahul as an ambassador in Japan. He received salary of ₹7,50,000 and allowances of ₹2,40,000 during the previous year 2021-22 for rendering his services in Japan. He is an Indian citizen having status of non-resident in India for the previous year 2021-22.
- (ii) Ms. Juhi, a non-resident in India is engaged in operations which are confined to purchase of goods in India for the purpose of export. She has earned ₹2,50,000 during the previous year 2021-22.
- (iii) Mr. Naveen, a non-resident in India, has earned ₹3,00,000 as royalty for a patent right made available to Mr. Rakesh who is also a non-resident. Mr. Rakesh has utilized patent rights for development of a product in India and 50% royalty is received in India and 50% outside India.
- (iv) Mr. James, a NRI, borrowed ₹10,00,000 on 01.04.2021 from Mr. Akash who is also non-resident and invested such money in the shares of an Indian Company. Mr. Akash has received interest @ 12% per annum.

Question 1 (b).

(5 Marks)

Mr. X 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.

Question 2 (a) (5 marks)

Define the following

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

Question 2 (b) (5 marks)

Write a brief note on payment of interest for late payment of income tax u/s 234A, 234B & 234C and what are the due dates of instalments and the quantum of advance tax payable.

Question 3. (a) (5 Marks)

Compute Tax of Mr. X in the following independent cases assuming he has opted for Section 115BAC

- (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 3 (b). (5 Marks)

A partnership firm made the following payments of advance tax during the financial year 2022-23:

	₹
Upto June 15, 2021	4,15,000
Upto September 15, 2021	8,25,000
Upto December 15, 2021	16,64,000
Upto March 15, 2022	26,23,000

Return of income filed by the firm is ₹88,00,000 under the head “profits and gains of business or profession” and ₹9,50,000 by way of long term capital gains on sale of a property effected on December 1, 2021. What is the interest payable by the assessee under section 234B and section 234C for assessment year 2022-23? Assume that the return of income was filed on 31.10.2022 i.e. the due date and tax was fully paid on self assessment.

Question 4 (a). (5 Marks)

You are required to determine the residential status of Mr. Dinesh, a citizen of India, for the previous year 2021-22.

Mr. Dinesh is a member of crew of a Singapore bound Indian ship, carrying passengers in the international waters, which left Kochi port in Kerala, on 16th August, 2021.

Following details are made available to you for the previous year 2021-22:

Particulars	Date
Date entered into the Continuous Discharge Certificate in respect of joining the ship by Mr. Dinesh	16th August, 2021

Date entered into the Continuous Discharge Certificate in respect of signing off the ship by Mr. Dinesh	21st January, 2022
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In June, 2021, he had gone out of India to Dubai on a private tour for a continuous period of 27 days. During the last four years preceding the previous year 2021-22, he was present in India for 425 days. During the last seven previous years preceding the previous year 2021 -22, he was present in India for 830 days.

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

X (HUF) has incomes as given below:

1. Income under the head Business/Profession ₹5,00,000
 2. Income under the head House Property ₹3,00,000
 3. Long term capital gains ₹4,00,000
 4. Short term capital gains under section 111A ₹3,00,000
 5. Casual Income ₹2,00,000
 6. Deductions allowed under section 80C to 80U ₹35,000
- Compute tax liability of HUF for the assessment year 2022-23.

Question 5**(10 Marks)**

Mr. X earns the following incomes during the financial year 2021-22.

	₹
(1) Profits from a business in Japan, controlled from India, (half of the profits received in India)	40,000
(2) Income from property in Bombay, received in UK	70,000
(3) Income from a property in USA, received there but subsequently remitted to India	2,00,000
(4) Income from property in USA, received there (₹50,000 remitted in India)	80,000
(5) Salary received in India for services rendered in USA	50,000
(6) Income from profession in Paris, which was set up in India, received in Paris	80,000
(7) Interest from deposit with an Indian company, received in Japan	9,000
(8) Income from profession in Bombay received in Paris	30,000
(9) Profits of business in Iran, deposited in a bank there, business controlled from India (out of ₹4,00,000, ₹ 1,00,000 is remitted in India)	4,00,000
(10) Interest on German development bonds, half of which is received in India	10,000
(11) Income from property in Canada, one-fifth is received in India	50,000

(Presume all the above incomes are computed income i.e. all the exemptions and deductions have already been allowed)

Determine the gross total income of Mr. X if he is (i) resident and ordinarily resident, (ii) resident but not ordinarily resident, (iii) non-resident in India during the financial year 2021-22.

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

Mr. X an American citizen has come to India for the first time on 10.07.2017, as an employee of a multinational company. The particulars of his arrival and departure are as given below:

Date of arrival	Date of departure
10.07.2017	07.08.2018
07.10.2018	27.11.2019
01.03.2020	01.02.2021
10.05.2021	30.03.2022

Not yet returned

Determine his residential status for previous year 2017-18 to 2021-22.

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

(i) 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.

(ii) Presume in the above question, Mr. X is Non Resident.

Question 7 (a).

(5 Marks)

Mr. X, a dealer in shares, received the following without consideration during the P.Y.2021-22 from his friend Mr. Y, -

(1) Cash gift of ₹ 75,000 on his anniversary, 15th April, 2021.

(2) Bullion, the fair market value of which was ₹ 60,000, on his birthday, 19th June, 2021.

(3) A plot of land at Faridabad on 1st July, 2021, the stamp value of which is ₹ 5 lakh on that date. Mr. Y had purchased the land in April, 2015.

Mr. X purchased from his friend Z, who is also a dealer in shares, 1000 shares of X Ltd. @ ₹ 400 each on 19th June, 2021, the fair market value of which was ₹ 600 each on that date.

(4) Mr. X sold these shares in the course of his business on 23rd June, 2021.

(5) On 1st November, 2021, Mr. X took possession of property (building) booked by him two years back at ₹ 20 lakh. The stamp duty value of the property as on 1st November, 2021 was ₹ 32 lakh and on the date of booking was ₹ 23 lakh. He had paid ₹ 1 lakh by account payee cheque as down payment on the date of booking. Compute the income of Mr. X chargeable under the head "Income from other sources" for A.Y.2022-23.

Question 7 (b).

(5 Marks)

Mr. X has paid advance tax as given below:

Upto 15.06.2021	₹ 15,000
Upto 15.09.2021	₹ 45,000
Upto 15.12.2021	₹ 95,000
Upto 15.03.2022	₹1,70,000

He had long term capital gains of ₹3,00,000 on 01.01.2022 and his income under the head business/Profession is ₹11,00,000

He has filed return of income on 10.12.2022 and has paid difference of the tax on 10.12.2022.

Last date for filing of return is 31.07.2022.

Compute interest payable under section 234A, 234B and 234C.

SPACE FOR ROUGH WORK