

# **MOCK TEST**

**MAY 24**

**TAXATION**

**COMPUTATION OF TOTAL INCOME AND TAX  
LIABILITY AND TAXABILITY OF GIFT**

**ATTEMPT ALL QUESTIONS**

**Roll No ...147851.....**

**Time allowed: 2 hours**

**Maximum Marks: 70**

**MCQ BOOKLET NO. 1092023**

**PAPER CODE- MKG**

## **MULTIPLE CHOICE QUESTIONS (20 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. 2024-25 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. 2024-25 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. What is the basic exemption limit for a woman assessee for A.Y. 2024-25, who turned 60 years on 31.03.2023?**

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

**7. The maximum amount of rebate allowable under section 87A for A.Y. 2024-25 is -**

- (a) ₹2,500, if the total income does not exceed ₹7 lakh
- (b) ₹5,000, if the total income does not exceed ₹7 lakh
- (c) ₹12,500, if the total income does not exceed ₹7 lakh
- (d) ₹25,000, if the total income does not exceed ₹7 lakh

**8. If Mr. Y's total income for A.Y. 2024-25 is ₹52 Lakhs, surcharge is payable at the rate of -**

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

(d) 2%

**9. Marginal relief shall be allowed to**

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

**10.** Miss Himanshi is a resident individual. During the assessment year 2024-25, she has income from Long-term capital gain on transfer of equity shares ₹3,80,000 (Securities transaction has been paid on acquisition and transfer of the said shares) and income from Other sources ₹ 2,75,000. Compute her tax liability for Assessment year 2024-25.

- (a) Nil
- (b) 26,520
- (c) 36,920
- (d) 520

**11. Gift of sum of money is exempt if**

- (a) aggregate value during particular year is less ₹50,000
- (b) aggregate value during particular year is upto ₹50,000
- (c) if value of individual gift is upto ₹50,000
- (d) aggregate value during particular year is less ₹1,00,000

**12. Which of the statement is correct**

- (a) gift received by an employee is exempt upto ₹10,000
- (b) cash gift received by an employee upto ₹5,000 is exempt
- (c) gift in kind received by an employee upto ₹5,000 is exempt
- (d) gift in kind received by an employee upto ₹50,000 is exempt

**13. 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

**14. The term relative do not include**

- (a) lineal ascendant or descendant of individual
- (b) lineal ascendant or descendant of spouse of individual
- (c) lineal ascendant or descendant of brother of individual
- (d) none of the above

**15. If any person has purchased immovable property for ₹20 lakh but stamp duty value is ₹23 lakhs, in this case taxable amount of gift shall be**

- (a) 3 lakh
- (b) 1 lakh
- (c) Nil
- (d) 23 lakh

**16. Mr. Kashyap has acquired a building from his friend on 10.10.2023 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

**17. Ganesh received ₹60,000 from his friend on the occasion of his birthday**

- (a) The entire amount of ₹60,000 is taxable
- (b) ₹50,000 is taxable
- (c) The entire amount is exempt
- (d) ₹10,000 is taxable

**18. Mr. Y has received a sum of ₹51,000 on 24.10.2023 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

**19. Mr. Mayank has received a sum of ₹ 75,000 on 24.10.2023 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

**20. 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 (50 Marks)**

### **Question 1 (a).**

**(5 Marks)**

Following gifts are received by Mrs. X, who is carrying on jewellery business, during the previous year 2023-24:

- (i) On the occasion of her marriage on 07.09.2023, she has received ₹1,20,000 as gift out of which ₹85,000 are from relatives and balance from friends.
  - (ii) On 03.10.2023, she has received cash gift of ₹2,50,000 from cousin of her mother.
  - (iii) A mobile phone worth ₹15,000 is gifted by her friend on 21.09.2023.
  - (iv) She gets a cash gift of ₹2,40,000 from the elder brother of her husband's grandfather on 10.12.2023.
  - (v) She has received a cash gift of ₹6,00,000 from her friend on 27.01.2024.
  - (vi) She has received bullion, the fair market value of which was ₹4,75,000 on her birthday, 19.01.2024.
- Mrs. X purchased from her friend, who is also carrying jewellery business, jewellery at ₹ 2,50,000 on 25.01.2024, the fair market value of which was ₹5,00,000 on that date.
- Compute total income and tax liability of Mrs. X for A.Y.2024-25.

### **Question 1 (b).**

**(5 Marks)**

Briefly Explain taxability of gift.

### **Question 2**

**(10 Marks)**

- (i) Mr. X has LTCG ₹7,00,000 and deduction allowed under chapter VI-A ₹1,00,000
- (ii) Mr. X has LTCG 112A ₹7,00,000 and deduction allowed under chapter VI-A ₹1,00,000
- (iii) Mr. X has STCG 111A ₹7,00,000 and deduction allowed under chapter VI-A ₹1,00,000
- (iv) Mr. X has causal income ₹7,00,000 and deduction allowed under chapter VI-A ₹1,00,000
- (v) Mr. X has income under the head House Property ₹7,00,000 and deduction allowed under chapter VI-A ₹1,00,000
- (vi) Mr. X has LTCG ₹300,00,000 and deduction allowed under chapter VI-A ₹1,00,000
- (vii) Mr. X has LTCG 112A ₹300,00,000 and deduction allowed under chapter VI-A ₹1,00,000
- (viii) Mr. X has STCG 111A ₹300,00,000 and deduction allowed under chapter VI-A ₹1,00,000
- (ix) Mr. X has causal income ₹300,00,000 and deduction allowed under chapter VI-A ₹1,00,000
- (x) Mr. X has income under the head House Property ₹300,00,000 and deduction allowed under chapter VI-A ₹1,00,000

### **Question 3. (a)**

**(5 Marks)**

Mr. X, a dealer in shares, received the following without consideration during the P.Y.2023-24 from his friend Mr. Y, -

- (1) Cash gift of ₹ 75,000 on his anniversary, 15<sup>th</sup> April, 2023.
  - (2) Bullion, the fair market value of which was ₹ 60,000, on his birthday, 19<sup>th</sup> June, 2023.
  - (3) A plot of land at Faridabad on 1<sup>st</sup> July, 2023, 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 19<sup>th</sup> June, 2023, 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 23<sup>rd</sup> June, 2023.
  - (5) On 1<sup>st</sup> November, 2023, 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 1<sup>st</sup> November, 2023 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.2024-25.

### **Question 3 (b).**

**(5 Marks)**

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

**Question 4 (a).****(5 Marks)****Compute tax liability in the following independent situations:**

- (i) Mr. X has total income ₹51,00,000
- (ii) Mr. X has total income ₹102,00,000
- (iii) Mr. X has total income ₹101,80,000
- (iv) Mr. X has total income of ₹7,10,000
- (v) Mr. X has total income of ₹7,00,000

**Question 4 (b).****(5 Marks)****Compute tax liability of ABC Ltd. a domestic company in the following independent situations:**

- (i) The company has income under the head Business/Profession ₹50,000.
- (ii) The company has income under the head Business/Profession ₹500,00,000.
- (iii) The company has income under the head Business/Profession ₹100,00,000.
- (iv) The company has long term capital gains of ₹200,00,000.
- (v) The company has income under the head Business/Profession ₹11 crore.

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

Define the following

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

<b>SPACE FOR ROUGH WORK</b>
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