

MKG
MOCK TEST-1
NOV - 2024

**COMPUTATION OF TOTAL INCOME AND TAX
LIABILITY TO RESIDENTIAL STATUS**

ATTEMPT ALL QUESTIONS

Roll No ...157846.....

Time allowed: 3 hours

Maximum Marks: 100

MCQ BOOKLET NO. 1032024

PAPER CODE- MKG

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. 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. John is a foreign citizen born in USA. His father was born in Delhi in 1960 and his grand-father was born in Lahore in 1935 but his mother was born in UK in 1963. John came to India for the first time on 1st June, 2023 and stayed in India for 183 days and then left for USA. His residential status for the A.Y. 2024-25 shall be :

- (a) Resident and ordinarily resident
- (b) Resident but not ordinarily resident
- (c) Non-resident
- (d) Foreign National

15. The following income of Ms. Nargis who is a non-resident shall be included in her total income:

- (i) Salary for 2 months received in Delhi ₹40,000.**
 - (ii) Interest on Savings Bank Account in Mumbai ₹2,100.**
 - (iii) Agricultural income in Bangladesh and Invested in shares in Bangladesh.**
 - (iv) Amount brought into India out of past non-taxed profits earned in USA.**
- (a) (i), (iii) and (iv)
 - (b) (i) and (ii)
 - (c) (i), (ii) and (iv)
 - (d) All the four above

16. The income earned during the previous year is subject to tax under the Act on the basis of residential status of an assessee. However, the residential status of an assessee every year.

- (a) will not change
- (b) will certainly change
- (c) may change
- (d) None of the above

17. Mr. Rajiv, born and brought up in India left for employment in Belgium on 15-10-2023. He has never gone out of India, previously. What is his residential status for the assessment year 2024-25?

- (a) Non-resident
- (b) Not ordinarily resident
- (c) Resident and ordinarily resident in India
- (d) Indian citizen

18. 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 2024-25 is :

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

19. If Mr. A has stayed in India in the P.Y. 2023-24 for 100 days, and he is non-resident in 8 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 710 days in all in the 7 years immediately preceding the current previous year, his residential status for the A.Y.2024 - 25 would be-

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

20. Mr. A, a Canadian citizen, comes to India for the first time during the P.Y. 2019-20. He was in India during 2019-20- 55 days, 2020-21 – 60 days, 2021-22 – 90 days, 2022-23 – 150 days, 2023-24 – 70 days. Residential status for the previous year 2023-24 shall be

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

21. Karta of one HUF comes to India every year for minimum 10 days and maximum 104 days, residential status of HUF shall be

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

22. Which of the following statement is not correct.

- (a) if atleast 12% of actual tax has been paid upto 15th June, interest u/s 234C is not payable
- (b) if atleast 24% of actual tax has been paid upto 15th Sept, interest u/s 234C is not payable
- (c) if atleast 75% of actual tax has been paid upto 15th Dec, interest u/s 234C is not payable
- (d) last date for Filing of ROI in case of a company is 31st Oct of the assessment year

23. 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%

24. 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

25. In case of default in payment of Self assessment 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

26. 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

27. 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

28. In case of gift of immovable property, value to be taken into consideration shall be

- (a) market value of individual property
- (b) market value of all the properties
- (c) stamp duty value of individual property
- (d) stamp duty value of all the properties

29. 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

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

SUBJECTIVE TYPE QUESTIONS (70 Marks)

Question 1 (a).

(5 Marks)

- (i) Mr. X has LTCG 112A ₹7,00,000 and deduction allowed under chapter VI-A ₹1,00,000
 (ii) Mr. X has causal income ₹7,00,000 and deduction allowed under chapter VI-A ₹1,00,000
 (iii) Mr. X has income under the head House Property ₹7,00,000 and deduction allowed under chapter VI-A ₹1,00,000
 (iv) Mr. X has STCG 111A ₹300,00,000 and deduction allowed under chapter VI-A ₹1,00,000
 (v) Mr. X has causal income ₹300,00,000 and deduction allowed under chapter VI-A ₹1,00,000
 Compute Tax Liability in the above independent cases.

Question 1 (b).

(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 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)

ABC Ltd. has paid advance tax for the previous year 2023-24 as given below:

- | | |
|--------------------|-----------|
| 1. Upto 15.06.2023 | ₹ 50,000 |
| 2. Upto 15.09.2023 | ₹1,50,000 |
| 3. Upto 15.12.2023 | ₹3,00,000 |
| 4. Upto 15.03.2024 | ₹6,00,000 |

Actual tax liability was found to be ₹7,00,000 and balance tax was paid on 10.12.2024. Compute interest payable under section 234A, 234B, 234C.

Question 3 (b).

(5 Marks)

A partnership firm made the following payments of advance tax during the financial year 2024-25:

Upto June 15, 2023	₹ 4,15,000
Upto September 15, 2023	8,25,000
Upto December 15, 2023	16,64,000
Upto March 15, 2024	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, 2023. What is the interest payable by the assessee under section 234B and section 234C for assessment year 2024-25?

Assume that the return of income was filed on 31.10.2024 i.e. the due date and tax was fully paid on self assessment.

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

Mr. X an American citizen has come to India for the first time on 10.07.2019, as an employee of a multinational company. The particulars of his arrival and departure are as given below:

Date of arrival	Date of departure
10.07.2019	07.08.2020
07.10.2020	27.11.2021
01.03.2022	01.02.2023
10.05.2023	30.03.2024

Not yet returned

Determine his residential status for previous year 2019-20 to 2023-24.

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

Mrs. X and Mrs. Y are sisters and they earned the following income during the Financial Year 2023-24. Mrs. X is settled in Malaysia since 2018 and visits India for a month every year. Mrs. Y is settled in Indore since her marriage in 2018. Compute the total income of Mrs. X and Mrs. Y for the assessment year 2024-25:

Sl. No.	Particulars	Mrs. X ₹	Mrs. Y ₹
(i)	Income from Profession in Malaysia, (set up in India) received there	15,000	-
(ii)	Profit from business in Delhi, but managed directly from Malaysia	40,000	-
(iii)	Rent (computed) from property in Malaysia deposited in a Bank at Malaysia, later on remitted to India through approved banking channels.	1,20,000	-
(iv)	Cash gift received from a friend on Mrs. Y's 50 th birthday	-	51,000
(v)	Agricultural income from land in Maharashtra	7,500	4,000
(vi)	Past foreign untaxed income brought to India	5,000	-
(vii)	Fees for technical services rendered in India received in Malaysia	25,000	-
(viii)	Income from a business in Pune (Mrs. X receives 50% of the income in India)	12,000	15,000
(ix)	Interest on debentures in an Indian company (Mrs. X received the same in Malaysia)	18,500	14,000
(x)	Short-term capital gain on sale of shares of an Indian company	15,000	25,500
(xi)	Interest on Fixed Deposit with SBI in India	12,000	8,000

Question 5 (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, -

- Cash gift of ₹ 75,000 on his anniversary, 15th April, 2023.
- Bullion, the fair market value of which was ₹ 60,000, on his birthday, 19th June, 2023.
- A plot of land at Faridabad on 1st 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 19th June, 2023, the fair market value of which was ₹ 600 each on that date.
- Mr. X sold these shares in the course of his business on 23rd June, 2023.
- On 1st 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 1st 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 5 (b)**(5 Marks)**

Mr. X is a citizen of India and is employed in ABC Limited and getting salary ₹1,00,000 p.m. He was transferred out of India on 01.09.2023 and he left India for first time on 01.09.2023. He visited India from

26.01.2024 to 15.02.2024 and salary for January 2024 was received in India. At the time of departure, he received 3 gifts ₹20,000 (each) from his 3 friends and also a mobile phone of ₹70,000.

He has agricultural income in India ₹4,00,000

Compute his tax liability for assessment year 2024-25.

(i) Default regime

Question 6 (a).

(5 Marks)

Examine the tax implications of the following transactions for the assessment year 2024-25: (Give brief reason)

- (i) 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 2023-24.
- (ii) 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.
- (iii) Mr. James, a NRI, borrowed ₹10,00,000 on 01.04.2023 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 6 (b).

(5 Marks)

Compute Tax Liability of Mr. X in the following independent cases:

- (i) ₹50 lakh
- (ii) ₹7.10 lakh
- (iii) ₹100 lakh
- (iv) ₹200 lakh
- (v) ₹8 lakh

Question 7.

(10 Marks)

Determine the taxability of the following incomes in the hands of a resident and ordinarily resident, resident but not ordinarily resident, and non-resident for the A.Y. 2024-25 –

Particulars	Amount (₹)
(1) Interest on UK Development Bonds, 50% of interest received in India	10,000
(2) Income from a business in Chennai (50% is received in India)	20,000
(3) Profits on sale of shares of an Indian company received in London	20,000
(4) Profits on sale of plant at Germany 50% of profits are received in India	40,000
(5) Income earned from business in Germany which is controlled from Delhi (₹40,000 is received in India)	70,000
(6) Profits from a business in Delhi but managed entirely from London	15,000
(7) Income from property in London deposited in a Indian Bank at London, brought to India	50,000
(8) Interest for debentures in an Indian company received in London.	12,000
(9) Fees for technical services rendered in India but received in London	8,000
(10) Profits from a business in Bombay managed from London	26,000
(11) Pension for services rendered in India but received in Burma	4,000
(12) Income from property situated in Pakistan received there	16,000
(13) Past foreign untaxed income brought to India during the previous year	5,000
(14) Income from agricultural land in Nepal received there and then brought to India	18,000
(15) Income from profession in Kenya which was set up in India, received there but spent in India	5,000
(16) Gift received on the occasion of his wedding	20,000
(17) Interest on savings bank deposit in State Bank of India	10,000
(18) Income from a business in Russia, controlled from Russia	20,000
(19) Agricultural income from a land in Rajasthan	15,000

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