

MKG
MOCK TEST-2
MAY 24

**COMPUTATION OF TOTAL INCOME AND TAX
LIABILITY TO DEDUCTION FROM GROSS TOTAL
INCOME UPTO SECTION 80G**

ATTEMPT ALL QUESTIONS

Roll No ...289713.....

Time allowed: 3 hours

Maximum Marks: 100

MCQ BOOKLET NO. 2102023

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MULTIPLE CHOICE QUESTIONS (30 Marks)

1. Interest on borrowed capital accrued up to the end of the previous year prior to the year of completion of construction is
 - (a) allowed as a deduction in the year of completion of construction
 - (b) allowed in 5 equal annual installments from the year of completion of construction
 - (c) allowed in the respective year in which the interest accrues
 - (d) not allowed
2. Leena received ₹30,000 as arrears of rent during the P.Y. 2023-24. The amount taxable under section 25A would be -
 - (a) ₹30,000
 - (b) ₹21,000
 - (c) ₹20,000
 - (d) ₹15,000
3. Vidya received ₹90,000 in May, 2023 towards recovery of unrealised rent, which was deducted from actual rent during the P.Y. 2021-22 for determining annual value. Legal expense incurred in relation to unrealised rent is ₹20,000. The amount taxable under section 25A for A.Y.2024-25 would be -
 - (a) ₹70,000
 - (b) ₹63,000
 - (c) ₹60,000
 - (d) ₹49,000
4. Ganesh and Rajesh are co-owners of a self-occupied property. They own 50% share each. The interest paid by each co-owner during the previous year on loan (taken for acquisition of property during the year 2004) is ₹2,05,000. The amount of allowable deduction in respect of each co-owner is –
 - (a) ₹2,05,000
 - (b) ₹1,02,500
 - (c) ₹2,00,000
 - (d) ₹1,00,000
5. Mr. Zen owns a flat in Mumbai which was let out by him in the previous year 2023 – 24 on a rent of ₹20,000 p.m. upto December, 2023 and for ₹30,000 p.m. thereafter. The annual municipal value is of ₹3,00,000, Fair Rent is ₹2,50,000 and Standard Rent is ₹2,90,000. The Gross Annual Value of the flat shall be taken as:
 - (a) ₹ 2,70,000
 - (b) ₹ 3,00,000
 - (c) ₹ 2,50,000
 - (d) ₹ 2,90,000
6. A borrowed ₹5,00,000 @ 12% p.a. on 1-4-2019 for construction of house property which was completed on 15-3-2023. The amount is still unpaid. The deduction of interest for previous year 2023-24 shall be :
 - (a) ₹60,000
 - (b) ₹96,000
 - (c) ₹1,80,000
 - (d) ₹2,40,000
7. Ms. Padmaja let out a property for ₹20,000 per month during the year 2023-24. The municipal tax on the let-out property was enhanced retrospectively. Hence, she paid ₹60,000 as municipal tax which included arrears of municipal tax of ₹45,000. Her income from house property is —
 - (a) ₹1,80,000
 - (b) ₹1,57,500
 - (c) ₹1,26,000
 - (d) ₹1,36,500
8. The construction of a house was completed on 31st January, 2024. The owner of the house took a loan of ₹20,00,000 @ 6% p.a. on 1st May, 2023. In this case the deduction allowable for the previous year 2023-24 towards interest on borrowings is —

- (a) 22,000
- (b) 24,000
- (c) 1,10,000
- (d) None of the above.

9. Standard Deduction u/s 24(a) shall be

- (a) 25% of NAV
- (b) 30% of NAV
- (c) 25% of GAV
- (d) 30% of GAV

10. Prior Period Interest shall be allowed in

- (a) 5 annual equal installments
- (a) 4 annual equal installments
- (c) 3 annual equal installments
- (d) 2 annual equal installments

11. The Ceiling limit of deduction u/s 24(b) in respect of interest on loan taken for let out property shall be

- (a) ₹ 30,000 p.a.
- (a) ₹ 1,50,000 p.a.
- (c) ₹ 2,00,000 p.a.
- (d) No limit

12. Recovery of unrealized rent shall be taxable under the head

- (a) House Property
- (b) Business/Profession
- (c) Other sources
- (d) None of the above

13. If any person is engaged in the business of letting out of house property, income shall be taxable under the head

- (a) Business/profession
- (b) House property
- (c) Other sources
- (d) Capital gains

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) brother'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)

Compute Tax Liability in the following independent cases:

- (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

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)

Compute gross annual value in the following cases for the assessment year 2024-25:

Particulars	Situation 1	Situation 2	Situation 3	Situation 4
Fair Rent (p.m.)	9,000	13,000	16,000	12,000
Municipal Valuation (p.m.)	10,000	9,000	18,000	9,000
Standard Rent (p.m.)	12,000	11,000	16,000	7,000
Rent received/ receivable (p.m.)	7,000	11,500	16,000	20,000
Vacancy	1 month	1 month	2 months	2 month

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 has let out one house property to Mr. Y @ ₹ 80,000 p.m. Fair rent ₹90,000 p.m. Municipal valuation ₹80,000 p.m. and Standard rent of the house ₹76,000 p.m. The house remained vacant for 2 months and there was unrealised rent for 3 months. Mr. X has paid municipal tax of ₹60,000 and interest on loan for construction of house property is ₹69,000.

Compute his Total Income and Tax Liability for A.Y.2024-25.

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

Mr. X has one big house. 25% of it is being used by the assessee in his own business/profession and 50% of the house is let out @ ₹10,000 p.m. However, it remained vacant for one month and there is unrealised rent for 1½ month. Remaining 25% is self occupied throughout the year. Fair rent of the entire house is ₹25,000 p.m., municipal valuation ₹22,000 p.m. and municipal tax paid is ₹22,000. Insurance premium paid is ₹6,000, repair charges ₹8,000, land revenue paid ₹4,000, ground rent is ₹3,000 and depreciation of the house is ₹12,000. Assessee's income under the head business/profession before charging expenditure relating to house property is ₹8,00,000.

Compute his total income and tax liability for assessment year 2024-25.

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

Miss Charlie, an American national, got married to Mr. Radhey of India in USA on 02.03.2023 and came to India for the first time on 16.03.2023. She left for USA on 23.09.2023.

She returned to India again on 27.03.2024. While in India, she had purchased a show room in Mumbai on 22.04.2023, which was leased out to a company on a rent of ₹25,000 p.m. from 01.05.2023. She had taken loan from a bank for purchase of this show room on which bank had charged interest of ₹97,500 upto 31.03.2024.

She had received the following gifts from her relatives and friends during 01.04.2023 to 30.06.2023:

- From parents of husband	₹ 51,000
- From married sister of husband	₹ 11,000
- From two very close friends of her husband, ₹1,51,000 and ₹21,000	₹1,72,000

Determine her residential status and compute the total income chargeable to tax alongwith the amount of tax payable on such income for the Assessment Year 2024-25.

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

Mr. X has income under the head Business/Profession ₹30,00,000 and he has made the following investments:

(i) Investment in NSC ₹40,000.

(ii) Investment in PPF ₹50,000.

(iii) Investment in bank Fixed deposit for 5 year ₹10,000.

(iv) Investment in Post office 5 years time deposit account ₹20,000.

(v) Payment of premium of LIC policy ₹60,000.

Compute total Income and tax liability under both the Regime i.e. default and optional regime.

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

Mr. Arjun (52 years old) furnishes the following particulars in respect of the following payments:

S. No.	Particulars	Amount (₹)
1.	Premium paid for insuring the health of – <ul style="list-style-type: none"> • Self • Spouse • Dependant son • Mother 	10,000 8,000 4,000 18,000
2.	Paid for Preventive Health Check-up of <ul style="list-style-type: none"> • himself • spouse • mother 	2,000 1,500 4,000
3.	Incurred medical expenditure of ₹ 25,000 and ₹15,000 for his mother, aged 80 years and father, aged 85 years. Both mother and father are resident in India.	

Compute the deduction available to Mr. Arjun under section 80D for the A.Y. 2024-25 under optional tax regime.

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

Mr. X has income from business/profession ₹6,00,000 and long term capital gain ₹4,00,000 and short term capital gain u/s 111A ₹2,00,000 and casual income ₹1,00,000.

He has paid premium of a mediclaim policy amounting to ₹20,000 taken in the name of his dependant grand father who is senior citizen and payment was made by a cheque on 09.01.2024.

He has given premium of Jeevan Suraksha policy ₹7,000, has donated ₹12,000 to the National Defence Fund, ₹4,000 to The Prime Minister's Drought Relief Fund and ₹3,00,000 to a charitable institution and ₹1,00,000 to a social organization and ₹4,00,000 to religious organization and all such organization are notified under section 80G. (all the donations was made by cheque)

Compute his total income and tax liability for A.Y. 2024-25 under optional tax regime.

SPACE FOR ROUGH WORK