

MKG EDUCATION
MOCK TEST-3
MAY 24
INCOME TAX
GST UPTO FILING
OF RETURN

ATTEMPT ALL QUESTIONS

Roll No ...396547.....

Time allowed: 3 hours

Maximum Marks: 100

MCQ BOOKLET NO. 3012024

PAPER CODE- MKG

INCOME TAX (75 Marks) & GST (25 Marks)

MULTIPLE CHOICE QUESTIONS (30 Marks)

Question 1 to 5

(2 Marks x 5 = 10 Marks)

Ms. Chanchal, aged 45, provides the following data of her gross receipts for the financial year 2022-23 and 2023-24. She is engaged in agency business along with providing services as tarot card reader.

| F.Y. | Receipts from business (₹) | Receipts from profession (₹) | Total Gross Receipts (₹) |
|---------|-------------------------------|---------------------------------|-----------------------------|
| 2022-23 | 78,00,000 | 43,00,000 | 1,21,00,000 |
| 2023-24 | 85,00,000 | 47,00,000 | 1,32,00,000 |

During the F.Y. 2023-24, she paid an amount of ₹ 1,20,000 to a contractor for polishing her old furniture. She has taken services from renowned interior designers for her self-occupied residential house property for which she paid ₹ 2,50,000.

Further, on 28.05.2023 she sold one commercial property for ₹ 50,00,000. The value adopted for stamp duty was ₹ 52,00,000. It was purchased for ₹ 40,00,000 on 28.04.2019. (Cost Inflation Index for F.Y. 2023-24: 348, F.Y. 2019-20: 289).

The brought forward long-term capital loss from unlisted shares of F.Y. 2022-23 is ₹ 7,80,000.

During the year, Ms. Chanchal incurred a loss of ₹ 70,00,000 while trading in the agricultural commodity derivatives (no CTT paid).

From the details given above, choose the most appropriate option to the questions given below:

1. Is Ms. Chanchal liable to tax audit under the Income-tax Act, 1961 for the P.Y. 2023-24?

- (a) Yes, as the total gross receipts exceeds ₹ 1,00,00,000
- (b) No, as the gross receipts from business or profession are below the specified threshold limits.
- (c) Yes, as the gross receipts from business exceed ₹ 50,00,000
- (d) Yes, as the gross receipts from profession exceed ₹ 25,00,000

2. What is the total amount of tax to be deducted by Ms. Chanchal for P.Y. 2023-24?

- (a) ₹ 1,200
- (b) ₹ 26,200
- (c) Nil
- (d) ₹ 27,400

3. What is the amount and nature of Capital gain chargeable to tax in the hands of Ms. Chanchal?

- (a) ₹ 10,00,000 and Short-term capital gain.
- (b) ₹ 12,00,000 and Short-term capital gain.
- (c) ₹ 4,18,685 and Long-term capital gain.
- (d) ₹ 9,50,000 and Long-term capital gain.

4. What is the amount of losses which can be carried forward to A.Y. 2025-26, assuming that business income is ₹ 45,00,000 and income from profession is ₹ 25,00,000 for the P.Y. 2023-24?

- (a) ₹ 7,80,000 under section 74
- (b) ₹ 70,00,000 under section 73
- (c) ₹ 3,61,315 under section 74
- (d) ₹ 30,000 under section 74 and ₹ 70,00,000 under section 73

5. Mr. Ajay Sahu, proprietor of M/s Blue Bird Enterprises having turnover of ₹ 65 lakhs and Turnover is less than 100 lakhs during P.Y. 2022-23, has received two bills for payment. The first bill is for ₹ 42,00,000 from Vijay Associates, an advocate and property dealer firm, for his daughter's hearing and ₹ 21,00,000 from same Vijay Associates for brokerage service provided in relation to purchase of one property. Both bills were raised on 21-12-2023 but payment were

made in instalments. 1st Instalment of ₹5,00,000 as advance was payment on 15-11-2023, 2nd Instalment of ₹45,00,000 on 25-03-2024 and balance amount ₹13,00,000 on 31-03-2024. Determine the TDS liability for Mr. Ajay Sahu, if any, for A.Y. 2024-25?

- (a) ₹ 2,50,000
- (b) ₹ 3,15,000
- (c) ₹ 65,000
- (d) Nil

6. The deduction allowable in respect of family pension taxable under “Income from other sources” is

- (a) 33-1/3% of the pension
- (b) 30% of the pension or ₹15,000, whichever is less
- (c) 33-1/3% of the pension or ₹15,000, whichever is less
- (d) 30% of the pension

7. The deduction in respect of interest on enhanced compensation of ₹1,50,000 received during the previous year 2023-24, would be –

- (a) ₹ 1,50,000, being 100% of ₹ 1,50,000
- (b) ₹ 75,000, being 50% of ₹ 1,50,000
- (c) ₹ 45,000, being 30% of ₹ 1,50,000
- (d) Nil

8. Mr. X received a cell phone as a gift from his friend valued ₹ 1,00,000, in this case

- (a) It is taxable under the head Other Sources
- (b) It is taxable under the head Salary
- (c) It is taxable under the head Business/Profession
- (d) It is not taxable

9. M/S Mohan & Sons (liable to audit) paid ₹35,000 to Mr. Goel on 01.05.2023 towards fee for legal advisory services without deduction of tax at source. Another payment of ₹47,000 was due to Mr. Goel on 31.07.2023 and TDS on entire amount (i.e. ₹35,000 plus ₹47,000) was deducted and then the net amount was paid. However, the total tax deducted was deposited on 15.11.2023. The interest chargeable under section 201 will be:

- (a) ₹650
- (b) ₹433
- (c) ₹486
- (d) ₹597

10. ₹2 lakh is paid to Mr. Vallish, a resident individual on 15.3.2024 by the State of Haryana on compulsory acquisition of his urban agricultural land.

- (a) No tax is deductible at source
- (b) Tax is deductible @ 1%
- (c) Tax is deductible @ 5%
- (d) Tax is deductible @ 10%

11. Mr. X paid fees for professional services of ₹40,000 to Mr. Y, who is engaged only in the business of operation of call centre, on 15.7.2023. Tax is to be deducted by Mr. X at the rate of –

- (a) 1%
- (b) 2%
- (c) 10%
- (d) 20%

12. Which of the following income is not exempt under section 10?

- (a) Share income of a member from a HUF
- (b) Share income of a partner from a firm
- (c) Salary received by a partner from a firm
- (d) Both (b) and (c)

13. Mr. Prem earned income of ₹22 lakhs from manufacture and sale of coffee grown, cured, roasted and grounded by him in India. The business income chargeable to tax in his hands would be –

- (a) ₹8,80,000
- (b) ₹5,50,000
- (c) ₹13,20,000
- (d) ₹16,50,000

14. In case of an individual aged 61 years, partial integration of agricultural income is not required if his—

- (a) Net agricultural income does not exceed ₹5,000.
- (b) Non-agricultural income does not exceed ₹2,50,000.
- (c) Non-agricultural income does not exceed ₹3,00,000.
- (d) Either (a) or (c) above.

15. 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

16. ABC Ltd. has imported certain goods for ₹ 2,00,000 and paid custom duty ₹ 20,000, in this case IGST shall be charges on

- (a) 2,00,000
- (b) 20,000
- (c) 2,20,000
- (d) none of these

17. ABC Ltd. sold certain goods for ₹ 2,00,000 and charged ₹ 5,000 for packing and ₹ 3,000 for transportation and ₹ 10,000 for installation, in this case value of supply shall be

- (a) 2,00,000
- (b) 2,05,000
- (c) 2,08,000
- (d) none of these

18. What is the due date for submission of Quarterly CMP-08?

- (a) on or before 10th day of the immediately succeeding quarter
- (b) on or before 15th day of the immediately succeeding quarter
- (c) on or before 18th day of the immediately succeeding quarter
- (d) on or before 20th day of the immediately succeeding quarter

19. Which of the following person are not required to file the GSTR-1?

- (a) Input Service Distributor
- (b) Person paying tax under composition scheme
- (c) Non-resident Taxpayer
- (d) All of the above

20. Annual return is required to file in Form no. _____.

- (a) GSTR-4
- (b) GSTR-1
- (c) GSTR-6
- (d) GSTR-9

21. Mr. X has taken advance of ₹ 30,000 on 01.01.2024 for rendering services and services were rendered on 10.01.2024 and issued invoice on 12.01.2024 and balance amount of ₹ 70,000 was received on 31.01.2024, in this case TOS shall be

- (a) For ₹ 30,000, 01.01.2024 and for ₹ 70,000, 31.01.2024
- (b) For ₹ 30,000, 10.01.2024 and for ₹ 70,000, 12.01.2024

(c) For ₹ 30,000, 01.01.2024 and for ₹ 70,000, 12.01.2024

(d) For ₹ 30,000, 31.01.2024 and for ₹ 70,000, 12.01.2024

22. A machine has to be supplied at site. It is done by sourcing various components from vendors and assembling the machine at site. The details of the various events are:

10.09.2023 Purchase order with advance of ₹ 50,000 is received for goods worth ₹ 12 lakh and entry duly made in the seller's books of account

20.09.2023 The machine is assembled, tested at site, and accepted by buyer

30.09.2023 Invoice raised

10.10.2023 Balance payment of ₹ 11,50,000 received

Time of supply shall be

(a) 10.09.2023

(b) 20.09.2023

(c) 30.09.2023

(d) 10.10.2023

23. Mr. X is a dealer registered in GST and has purchased goods of ₹5,00,000 and paid CGST @ 5% and SGST @ 5% and sold the goods at a profit of ₹2,00,000 and charged output CGST @ 5% and Output SGST @ 5%. Tax Payable shall be

(a) CGST – ₹35,000 & SGST - ₹35,000

(b) CGST – ₹10,000 & SGST - ₹10,000

(c) CGST – Nil & SGST - ₹20,000

(d) CGST – Nil & SGST - Nil

24. Mr. X is not registered in GST and has purchased goods for ₹7,60,000 + CGST @ 9% and SGST @ 9% and sold the goods at a profit of 40% on cost. Tax Payable shall be

(a) CGST – ₹27,360 & SGST - ₹27,360

(b) CGST – ₹27,360 & SGST - Nil

(c) CGST – Nil & SGST - ₹27,360

(d) CGST – Nil & SGST - Nil

25. Mr. X is a dealer registered in GST and has purchased goods from other State ₹10,00,000 and paid IGST @ 12% and sold the goods at a profit of ₹1,00,000 and charged output CGST @ 6% and Output SGST @ 6%. Tax Payable shall be

(a) CGST – ₹66,000 & SGST - ₹66,000

(b) CGST – ₹12,000 & SGST - ₹12,000

(c) CGST – Nil & SGST - ₹12,000

(d) CGST – Nil & SGST - Nil

INCOME TAX
SUBJECTIVE TYPE QUESTIONS (55 Marks)

Question 1.**(10 Marks)**

Mr. B is a sales manager in PQR Ltd. During FY 2023-2024 he has received the following towards his salary and allowances / perquisites;

- (i) Basic pay ₹85,000 per month upto December 2023 and thereafter an increase of ₹2,000 per month.
- (ii) Dearness allowance 40% of basic pay forming part of retirement benefits.
- (iii) Bonus 1 month basic pay based on the salary drawn during January month every year.
- (iv) He contributes 14% of his basic pay & Dearness Allowance towards his recognized provident fund and his employer company contributes the same amount.
- (v) Travelling allowance of ₹5,000 per month towards on duty tours.
- (vi) Research and training allowance ₹3,000 per month.
- (vii) Children education allowance of ₹600 per month, per child for his 2 sons and 1 daughter.
- (viii) Accommodation owned by PQR Ltd. was provided to him in Hyderabad for the whole year and furniture of ₹2,00,000 was provided from 1st October, 2023.
- (ix) Reimbursement of medical expenses on his treatment in private hospital – ₹15,000, medical allowance ₹1,500 per month. Company has paid premium on medical policy purchased on his health ₹12,500.

You are required to:

- I. Compute the income chargeable to tax under the head “Income from Salary”, assuming that he does not opt for the provisions under section 115BAC.
- II. What will be the income under ‘Salary’, if he opts for the provisions under section 115BAC?

Question 2.**(10 Marks)**

Mr. X purchased 100 equity shares in ABC Ltd. on 01.10.1995 @ ₹10 per share. The company has issued 100 bonus shares on 01.10.1998 and market value of the shares on 01.04.2001 was ₹7 per share. The company has again issued 100 bonus shares on 01.10.2013.

The company has offered 100 right shares on 01.04.2023 @ ₹140 per share though the market value is ₹250 per share. Mr. X purchased half of the shares and remaining half were renounced by him in favour of his friend Mr. Y. He has charged ₹20 per share from Mr. Y for renouncing the right.

All the shares were sold by Mr. X and Mr. Y @ ₹300 per share on 01.01.2024

Mr. X has income under the head house property ₹2,20,000 and has causal income ₹50,000 and has invested ₹1,00,000 in NSC.

Mr. Y has income under the head house property ₹3,50,000 and has invested ₹30,000 in NSC.

Compute tax liability of Mr. X and Mr. Y. (No STT was paid)

Question 3 (a).**(5 Marks)**

Mr. X has let out one House property and rent received is ₹90,000 p.m. after TDS. He paid Municipal Tax ₹1,00,000 and Interest u/s 24 (b) is ₹2,00,000. He has received ₹ 12,60,000 in connection with professional services after TDS. The Assessee made the payment of tax on 10.05.2024. Compute Total Income and Tax Payable and also Compute Interest u/s 234A, 234B & 234C.

Question 3 (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 4 (a).

(5 Marks)

Examine whether TDS provisions would be attracted in the following cases, and if so, under which section. Also specify the rate of TDS and amount required to be deducted at source as applicable in each case. Assume that all payment are made to residents.

| S.No. | Particulars of the payer | Nature of Payment | Aggregate of payments made in the F.Y. 2023-24 (Amt. in ₹) |
|-------|---|--|---|
| (A) | Mr. Kale, receiving pension from Central Government | Contractual payment made during April 2023 for reconstruction of his residential house in Arunachal Pradesh | 52,50,000 |
| (B) | Mr. Rahul, a wholesale trader of spices whose turnover was ₹ 5 crores in F.Y. 2022-23 | Contract payment for Construction of Office godown during January to March, 2024 to Mr. Akhilesh, and individual | 50,00,000 |
| (C) | Mr. Golu, an individual carrying on garment trading business with turn-over of ₹ 95 lakhs in F.Y. 2022-23 | Payment of commission to Mr. Vinay for securing a contract for big Business House in November 2023 | 1,20,000 |
| (D) | XYZ Urban Co-operative bank | Payment by way of cash withdrawal, by ABC & Co. a partnership firm, amounting ₹ 1.2 crores during Financial year 2023-24 ABC & Co. has filed his tax returns for the last 3 financial year with in time. | 1,20,00,000 |

Question 4 (b).

(5 Marks)

What are the clarifications made by CBDT with respect to Section 206 C (1F) relating to following issues:

- Whether TCS on sale of motor vehicle is applicable only to luxury car?
- Whether TCS is applicable on each sale or aggregate value of sale motor vehicle, exceeding ₹ 10 lakhs?
- Whether TCS is applicable in case of an individual?
- Whether TCS on sale of motor vehicle is at retail level or only by manufacturer to distributor or dealer?

Question 5 (a).

(5 Marks)

From the following transactions compute the total income of Mr. Raman and his wife Savita for the Assessment year 2024-25.

- Mr. Raman had a fixed deposit of ₹5,00,000 in the bank. He instructed the bank to credit the interest on deposit @ 6% from 01.04.2023 to 31.03.2024 to the savings account of his brother's son for his education.
- Savita is a B.com graduate and working in the ABC Private Limited as an accountant with a monthly salary of ₹25,000. Raman holds 30% equity shares of the ABC Private Limited.
- Raman started proprietary business on 01.04.2022 with a capital of ₹10,00,000. He incurred a loss of ₹2,00,000 during the previous year 2022-23. To overcome the financial position, Savita gifted a sum of ₹4,00,000 to him on 01.04.2023 which was immediately invested in the business by Mr. Raman. He earned a profit of ₹3,00,000 during the previous year 2023-24.
- Sajan, younger son of Raman, aged 17 years won in a debate competition during the annual competitions held at his school and received a cash award of ₹10,000 and he also earned interest of ₹7,000 on balance maintained in his savings bank account.

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

Mr. Prakash is in the business of operating goods vehicles. As on 1st April, 2023, he had the following vehicles:

| Vehicle | Gross Vehicle Weighted (in Kgs.) | Date of Purchase | Put to use during F.Y. 2022-23 |
|---------|----------------------------------|------------------|--------------------------------|
| A | 8500 | 02-04-2022 | Yes |
| B | 13000 | 15-05-2022 | Yes |
| C | 12000 | 04-08-2022 | No (as under repairs) |

During P.Y. 2023-24, he purchased the following vehicles:

| Vehicle | Gross Vehicle Weight (in Kgs.) | Date of Purchase | Date on which put to use |
|---------|--------------------------------|------------------|--------------------------|
| D | 11000 | 30-4-2023 | 10-5-2023 |
| E | 15000 | 15-5-2023 | 18-5-2023 |

Compute his income under Section 44AE of the Income Tax Act, 1961 for A.Y. 2024-25.

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

Mr. Kailash, a resident and ordinarily resident in India, could not file his return of Income for the assessment year 2024-25 before due date prescribed under section 139(1). Advise Mr. Kailash as a tax consultant:

What are the consequences for non-filing of return of Income within the due date under section 139(1)?

GST**SUBJECTIVE TYPE QUESTIONS (15 Marks)****Question 7.****(7 Marks)**

ABC Ltd is a manufacturer and is registered in GST in Delhi and has purchased raw material/spare parts etc. for ₹6,00,000 plus CGST @ 9% plus SGST @ 9% and incurred ₹ 4,00,000 on processing. Profit @ 40% on cost and entire product was sold to a wholesaler and charged CGST @ 12% and SGST @ 12%. Compute input tax credit/ output tax and net tax.

The wholesaler has further sold it to retailer at a profit of 30% on cost and charged CGST @ 12% and SGST @ 12%. Compute input tax credit/ output tax and net tax of the wholesaler.

The retailer has further sold it to a consumer Mr. X at a profit of 30% on cost and charged CGST @ 12% and SGST @ 12%. Compute input tax credit/ output tax and net tax of the retailer.

Question 8.**(4 Marks)**

Mr. X is a supplier of services registered in GST and has submitted the information as given below:

1. Rendered services on 01.05.2023 and issued bill on 10.06.2023 for ₹ 6 lakhs and payment was received on 10.12.2023
2. Rendered services on 07.06.2023 and issued bill on 30.06.2023 for ₹ 15 lakhs and payment was received on 07.03.2024.
3. Rendered services on 12.07.2023 and issued bill on 31.08.2023 for ₹ 30 lakhs and payment was received on 07.01.2024.
4. Rendered services on 22.11.2023 and issued bill on 28.12.2023 for ₹ 60 lakhs and payment was received on 18.11.2023.

All the above amounts are exclusive of GST and Rate of CGST is 9% and SGST is 9%.

Determine TOS in each case and also compute the GST Payable for each month and also last date upto which GST should be paid.

Question 9.**(4 Marks)**

Explain who is required to furnish final return, time limit for filling of final return and late fee for delay in filing final return.

SPACE FOR ROUGH WORK