

MKG

MOCK TEST-3

NOV 23

INCOME TAX VOLUME -1

ATTEMPT ALL QUESTIONS

Roll No ...387451.....

Time allowed: 3 hours

Maximum Marks: 100

MCQ BOOKLET NO. 03052023

PAPER CODE- MKG

MULTIPLE CHOICE QUESTIONS (30 Marks)

1. If Anirudh has stayed in India in the P.Y. 2022-23 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.2023-24 would be-

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

2. 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. 2021-22, 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 21-12-2022 but payment were made in instalments. 1st Instalment of ₹5,00,000 as advance was payment on 15-11-2022, 2nd Instalment of ₹45,00,000 on 25-03-2023 and balance amount ₹13,00,000 on 31-03-2023. Determine the TDS liability for Mr. Ajay Sahu, if any, for A.Y. 2023-24?

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

3. The ceiling limit of deduction under section 24(b) in respect of interest on loan taken on 1.4.2020 for repairs of a self-occupied house is

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

4. Leena received ₹30,000 as arrears of rent during the P.Y. 2022-23. The amount taxable under section 25A would be -

- (a) ₹30,000
- (b) ₹21,000
- (c) ₹20,000
- (d) ₹15,000

5. 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

6. Mr. X taken Mediciclaim policy for his parents who is senior citizen and paid premium by cheque of ₹35,000. Deduction allowed u/s 80D shall be:

- (a) ₹25,000
- (b) ₹35,000
- (c) ₹50,000
- (d) Nil

7. Mr. X taken Preventive health check up of ₹3,000 (paid in cash) for himself and also taken in the name of parents who is senior citizen and paid ₹5,000 (in cash). Deduction allowed u/s 80D shall be:

- (a) ₹5,000
- (b) ₹8,000
- (c) ₹3,000
- (d) Nil

8. Mr. X has purchased NSC of ₹50,000 in the name of dependent father on 10.01.2023, in this case maximum amount of deduction allowed u/s 80C shall be

- (a) ₹50,000
- (b) ₹5,000
- (c) ₹75,000
- (d) Nil

9. M/S Mohan & Sons (liable to audit) paid ₹35,000 to Mr. Goel on 01.05.2022 towards fee for legal advisory services without deduction of tax at source. Another payment of ₹47,000 was due to Mr. Goel on 31.07.2022 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 15.11.2022. The interest chargeable under section 201 will be:

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

10. Mr. Harini earned income of ₹4,00,000 from sale of tea grown and manufactured in Shimla. Income from sapling and seedling grown in nursery at Cochin is ₹80,000. Her agricultural income is

- (a) ₹4,80,000
- (b) ₹4,00,000
- (c) ₹2,40,000
- (d) ₹3,20,000

11. 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

12. The proportion of agricultural and business income in case of income derived by the assessee from growing of tea leaves in India and manufacturing of tea is -

- (a) 65% and 35%, respectively
- (b) 75% and 25%, respectively
- (c) 60% and 40%, respectively
- (d) 70% and 30%, respectively

13. Interest from a fixed deposit received by a minor married daughter is –

- (a) to be assessed in the hands of the minor child
- (b) to be clubbed with the income of that parent whose total income, before including minor's income, is higher
- (c) completely exempt from tax
- (d) to be clubbed with the income of her husband

14. Mr. Aarav gifted a house property valued at ₹50 lakhs to his wife, Geetha, who in turn has gifted the same to her daughter-in-law Deepa. The house was let out at ₹25,000 per month throughout the P.Y.2022-23. Compute income from house property for A.Y.2023-24.

In whose hands is the income from house property chargeable to tax?

- (a) ₹3,00,000 in the hands of Mr. Aarav
- (b) ₹2,10,000 in the hands of Mr. Aarav
- (c) ₹2,10,000 in the hands of Geetha

(d) ₹2,10,000 in the hands of Deepa

15. Scholarship received by a minor child is –

- (a) to be assessed in the hands of the minor child
- (b) to be clubbed with the income of that parent whose total income, before including minor's income, is higher
- (c) completely exempt from tax u/s 10(16)
- (d) to be clubbed with the income of father

16. 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

17. The deduction in respect of interest on enhanced compensation of ₹1,50,000 received during the previous year 2022-23, 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

18. Mr. Arjun, aged 53 years, has a total income of ₹51 lakhs for A.Y.2023-24. His total income comprises of salary, income from house property and interest on savings bank account. His tax liability for A.Y.2023-24 would be –

- (a) ₹13,96,200
- (b) ₹14,82,000
- (c) ₹15,35,820
- (d) ₹14,69,000

19. Mr. Harish, aged 40 years, earned interest of ₹15,000 during P.Y. 2022-23 from post office savings bank account. What portion of such income would be ultimately included in his total income?

- (a) ₹15,000
- (b) ₹5,000
- (c) ₹1,500
- (d) Nil

20. 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

21. Jenny has invested in debt securities of Haryali Pvt. Ltd., a company deriving its main source of income from business of growing and processing organic vegetables and fruits. Thus, the company has 80% of income exempt as agricultural income and 20% is taxable as business income. During the P.Y. 2022-23, Jenny derived ₹ 5,000 as interest income from the above investments. Which of the following statements are correct on taxability:

- (a) Interest will be exempt from tax to the extent of 80%, since Hariyali Pvt. Ltd has 80% exempted income.
- (b) Interest will be exempt from tax to the extent of 20%, since Hariyali Pvt. Ltd has claimed 80% of income as exempt.
- (c) Interest will be fully taxable
- (d) Interest will be fully exempt

22. Where the total income of an artificial juridical person is ₹3,10,000, the income-tax before cess payable is ₹..... and surcharge payable is ₹.....

- (a) ₹3,000; surcharge – nil.
- (b) ₹6,000; surcharge – nil.
- (c) ₹500; surcharge – nil
- (d) ₹93,000; surcharge – ₹4650

23. What is the basic exemption limit for a woman assessee for A.Y. 2023-24, who turned 60 years on 31.03.2023?

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

24. Mr. Y has received a sum of ₹51,000 on 24.10.2022 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

25. Mr. Mayank has received a sum of ₹ 75,000 on 24.10.2022 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

26. Ashok took possession of property on 31st August 2022 booked by him three years back at ₹25 lakhs, The Stamp Duty Value (SDV) of the property as on 31st August 2022 was ₹31 lakh and on date of booking it was ₹29 lakh. He had paid ₹2 lakh by A/c payee cheque as down payment on date of booking. Which of the following will be considered as income, if any, and in which previous year

- (a) ₹4 lakhs in P.Y. 2022-23
- (b) ₹4 lakhs in P.Y. 2019-20
- (c) ₹6 lakhs in P.Y. 2021-22
- (d) No income shall be taxable, since down payment was paid by A/c cheque while booking the property

27. Audit is required

- (a) if turnover of business exceeding ₹100 lakhs
- (b) if turnover of profession exceeding ₹50 lakhs
- (c) (a) or (b)
- (d) if income of business is exceeding ₹10 lakhs

28. 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%

29. 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.2022-23 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
2021-22	125
2020-21	106
2019-20	83
2018-19	78
2017-18	37
2016-17	40
2015-16	35

You are his tax consultant. Advise him on his residential status for the P.Y. 2022-23.

- (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

30. Mr. Nishant, a resident but not ordinarily resident for the previous year 2021-22 and resident and ordinarily resident for the previous year 2022-23 has received rent from property in Canada amounting to ₹1,00,000 during the P.Y.2021-22. He has deposited the same in a bank in Canada. During the financial year 2022-23, 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 2021-22.
- (b) Yes; ₹ 1,00,000 was taxable in India during the previous year 2021-22.
- (c) Yes; ₹ 70,000 was taxable in India during the previous year 2022-23.
- (d) No; such rent is not taxable in India either during the previous year 2021-22 or during the previous year 2022-23.

SUBJECTIVE TYPE QUESTIONS (70 Marks)

Question 1 (a).

(5 Marks)

For the Assessment year 2023-24, the Gross Total Income of Mr. Chaturvedi, a resident in India, was ₹8,18,240 which includes long-term capital gain of ₹2,45,000 taxable under section 112 and Short-term capital gain of ₹58,000. The Gross Total Income also includes interest income of ₹12,000 from savings bank deposits with banks and ₹40,000 interest on fixed deposits with banks. Mr. Chaturvedi has invested in PPF ₹1,20,000 and also paid a medical insurance premium ₹51,000 by account payee cheque. Mr. Chaturvedi also contributed ₹50,000 to Public Charitable Trust eligible for deduction under section 80G by way of an account payee cheque. Compute the total income and tax thereon of Mr. Chaturvedi, who is 70 years old as on 31.3.2023.

Question 1 (b).

(5 Marks)

Examine TDS/TCS implications in case of following transactions, briefly explaining provisions involved assuming that all the payees are residents; state the rate and amount to be deducted, in case TDS/TCS is required to be deducted/collected.

(i) On 1.5.2022, Mr. Brijesh made three fixed deposits of nine months each of ₹ 3 lakh each, carrying interest @ 9% p.a. with Mumbai Branch, Delhi Branch and Chandigarh Branch of CBZ Bank, a bank which had adopted CBS. These Fixed Deposits mature on 31.01.2023.

(ii) Mr. Marwah, aged 80 years, holds 6½% Gold Bonds, 1977 of ₹ 2,00,000 and 7% Gold Bonds 1980 of ₹3,00,000. He received yearly interest on these bonds on 28.02.2023.

(iii) M/s AG Pvt. Ltd. took a loan of ₹ 50,00,000 from Mr. Haridas. It credited interest of ₹ 79,000 payable to Mr. Haridas during the previous year 2022-23. M/s AG Pvt. Ltd. is not liable for tax audit during previous years 2021-22 and 2023-24.

(iv) Mr. Prabhakar is due to receive ₹ 6 lakh on 31.3.2023 towards maturity proceeds of LIC policy taken on 1.4.2018, for which the sum assured is ₹ 5 lakhs and the annual premium is ₹ 1,40,000.

Question 2 (a)

(5 marks)

Mr. Mahadev, a noted bhajan singer of Rajasthan and his wife Mrs. Dariya furnish the following information relating to the Assessment Year 2023-24.

		₹
1	Income of Mr. Mahadev- professional bhajan singer (computed)	5,65,000
2	Income under the head salary of Mrs. Dariya (computed)	3,80,000
3	Loan received by Mrs. Dariya from Ramu & Jay (Pvt) Ltd. (Mrs. Dariya holds 35% shares of the Co. has incurred losses since its inception 2 years back)	2,50,000
4	Income of their minor son Golu winning signing reality show on T.V.	2,50,000
5	Cash gift received by Golu from friend of Mr. Mahadev on winning the show	21,000
6	Interest income received by minor married daughter Gudia from deposit with Ramu & Jay Pvt Ltd.	40,000

Compute total taxable income of Mr. Mahadev & Mrs. Dariya for the Assessment Year 2023-24.

Question 2 (b)

(5 marks)

Mr. X, aged 62 years, earned professional income (computed) of ₹5,50,000 during the year ended 31.03.2023. He has earned interest of ₹14,500 on the saving bank account with State Bank of India during the year. Compute the total income of Mr. X for the assessment year 2023-24 from the following particulars:

- (i) Life insurance premium paid to Birla Sun life Insurance in cash amounting to ₹25,000 for insurance of life of his dependent parents. The insurance policy was taken on 15.07.2022 and the sum assured on life of his dependent parents is ₹ 1,25,000.
- (ii) Life insurance premium of ₹ 25,000 paid for the insurance of life of his major son who is not dependent on him. The sum assured on life of his son is ₹1,75,000 and the life insurance policy was taken on 18.04.2011.
- (iii) Life insurance premium paid by cheque of ₹ 22,500 for insurance of his life. The insurance policy was taken on 08.09.2022 and the sum assured is ₹ 2,00,000.
- (iv) Premium of ₹ 16,000 paid by cheque for health insurance of self and his wife (₹8,000 for self and ₹8,000 for spouse).
- (v) ₹1,500 paid in cash for his health check-up and ₹ 4,500 paid in cheque for health checkup for his parents.
- (vi) Paid interest of ₹ 6,500 on loan taken from bank for MBA course pursued by his daughter.
- (vii) A sum of ₹ 15,000 donated in cash to an institution approved for purpose of section 80G for promoting family planning.
- (viii) Contribution ₹ 10,500 made in cheque to an electoral trust.

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

Compute amount of tax to be deducted at source on the following payments made by M/s ABC Ltd. during the financial year 2022-23 as per the provisions of the Income-Tax Act, 1961.

Sr. No.	Date	Nature of Payment
(i)	01.10.2022	Payment of ₹2,00,000 to Mr. "X" a transporter who is having PAN and who do not have more than 10 goods carriages.
(ii)	01.11.2022	Payment of fee for technical services of ₹45,000 to Mr. X who is having PAN.
(iii)	30.12.2022	Payment of ₹25,000 to M/s X Ltd. for repair of building.
(iv)	01.01.2023	Payment of ₹2,00,000 made to Mr. Y for purchase of diaries made according to specifications of M/s ABC Ltd. However, no material was supplied for such diaries to Mr. Y by M/s ABC Ltd.
(v)	01.01.2023	Payment made ₹2,20,000 to Mr. Z for compulsory acquisition of his house as per Law of the State Government.
(vi)	01.02.2023	Payment of commission of 25,000 to Mr. A.

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

Mr. X has 2 houses. First is self occupied with fair rent ₹20,000 p.a., municipal valuation is ₹55,000 p.a.. Fair rent as per Rent Control Act is ₹50,000 p.a.. However the house remains vacant for 2 months Architect has issued completion certificate on 01.07.2020. Mr. X has taken loan for addition to house ₹3,50,000 on 01.04.2022 @ 13% p.a. The loan was repaid on 01.03.2023 and assessee has submitted a certificate from the person from whom he has taken the loan certifying that the amount of interest claimed by Mr. X is correct. In the earlier years, the house was let out and the assessee has recovered unrealised rent of ₹2,000 in the previous year 2022-23. The assessee has also incurred legal expenses of ₹350.

The second house is also self-occupied. However its similar building rent is ₹64,000 p.a. and rent determined by municipality for charging house tax is ₹66,000 p.a. Its standard rent is ₹6,000 p.m. municipal tax payable are ₹5,000.

He has long term capital gains ₹20,00,000.

Compute his income tax liability for Assessment Year 2023-24.

Question 4 (a).**(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 09.01.2023.

He has given premium of Jeevan Suraksha policy ₹7,000, has donated ₹12,000 to the National Defence Fund, ₹4,000 to Rajiv Gandhi Foundation 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. 2023-24.

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

Mr. X, a resident, has provided the following particulars of his income for the P.Y.2022-23.

i. Income under the head salary	₹3,40,000
ii. Income under the head house property	₹3,00,000
iii. Agricultural income from a land in Jaipur	₹1,80,000
iv. Expenses incurred for earning agricultural income	₹1,20,000

Compute his tax liability assuming his age is -

- (a) 45 years
(b) 70 years

Question 5 (a)**(5 Marks)**

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

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

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

Following gifts are received by Mrs. X, who is carrying on jewellery business, during the previous year 2022-23:

- (i) On the occasion of her marriage on 07.09.2022, she has received ₹1,20,000 as gift out of which ₹85,000 are from relatives and balance from friends.
(ii) On 03.10.2022, 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 21.09.2022.
(iv) She gets a cash gift of ₹2,40,000 from the elder brother of her husband's grandfather on 10.12.2022.
(v) She has received a cash gift of ₹6,00,000 from her friend on 27.01.2023.
(vi) She has received bullion, the fair market value of which was ₹4,75,000 on her birthday,19.01.2023.

Mrs. X purchased from her friend, who is also carrying jewellery business, jewellery at ₹ 2,50,000 on 25.01.2023, 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.2023-24.

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

Mrs. Vibha Gupta, a resident individual is running a SEZ unit, as well as a unit in Domestic Tariff Area (DTA). She furnishes the following details relating to the year ended 31-3-2023, pertaining to these two units (₹ in lakhs)

	DTA Unit	SEZ Unit
Export turnover	100	1000
Total turnover	400	1100
Net profit	50	220

Compute the deduction available u/s 10AA:

- (i) When the SEZ unit had been set up on 12-3-2015, and
(ii) When the SEZ unit had been set up on 12-8-2020

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

Miss. Kavita, a resident and ordinarily resident in India, has derived the following income for the year ended 31-3-2023.

	₹
(i) Income from sale of centrifuged latex processed from rubber plants grown in Darjeeling.	1,00,000
(ii) Income from sale of coffee grown and cured in Yercaud, Tamil Nadu	2,00,000
(iii) Income from sale of coffee grown, cured in Colombo. Sale Consideration was received in Chennai.	5,00,000
(iv) Income from sale of tea grown and manufactured in Shimla.	10,00,000
(v) Income from sapling and seedling grown in a nursery at Cochin. Basic operations were not carried out by her on land.	2,00,000

You are required to compute the Income of Miss. Kavita for the Assessment Year 2023-24.

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

Mr. X purchased 10,000 equity shares of ABC Co. Pvt. Ltd. on 28.02.2022 for ₹ 1,20,000. The company was wound up on 31.07.2022. The following is the summarized financial position of the company as on 31.07.2022:

Liability	₹	Assets	₹
1,00,000 Equity shares	10,00,000	Land	42,00,000
General reserve	40,00,000	Cash at bank	10,50,000
Provision for taxation	2,50,000		
	52,50,000		52,50,000

The tax liability was ascertained at ₹3,00,000. The remaining assets were distributed to the shareholders in the proportion of their shareholding. The market value of land as on 31.07.2022 is ₹100,00,000.

The land received above was sold by Mr. X on 28.02.2023 for ₹ 15,00,000.

Discuss the tax consequences in the hands of the company and Mr. X

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

Determine the Gross total income of Shri Ram Kumar and Smt. Ram Kumar for the assessment year 2023-24 from the following:

- (i) Salary received by Shri Ram Kumar from a company ₹1,80,000 per annum and Smt. Ram Kumar also doing job in a company and getting salary of ₹2,40,000 per annum
- (ii) Shri Ram Kumar transferred a flat to his wife Smt. Ram Kumar on 1st September, 2022 for adequate consideration. The rent received from this let-out flat is ₹9,000 per month.
- (iii) Shri Ram Kumar and his wife Smt. Ram Kumar both are partners in a firm. Shri Ram Kumar received ₹36,000 and Smt. Ram Kumar received ₹64,000 as interest from the firm and also had a share of profit of ₹12,000 and ₹26,000 respectively.
- (iv) Smt. Ram Kumar transferred 10% debentures worth ₹3,00,000 to Shri Ram Kumar. The whole amount of ₹3,30,000 invested by Shri Ram Kumar in the similar investments and earned income of ₹39,000.
- (v) Mother of Shri Ram Kumar transferred a property to Master Rohit (son of Shri Ram Kumar) in the year 2021. Master Rohit (Aged 13 years) received of ₹15,000 as income from this property on 20th February, 2023.

SPACE FOR ROUGH WORK