

MKG
MOCK TEST-4
MAY 24
FULL SYLLABUS

ATTEMPT ALL QUESTIONS

Roll No ...487521.....

Time allowed: 3 hours

Maximum Marks: 100

MCQ BOOKLET NO. 4022024

PAPER CODE- MKG

INCOME TAX (50 Marks) & GST (50 Marks)

MULTIPLE CHOICE QUESTIONS (30 Marks)

Question 1 to 5

(2 Marks x 5 = 10 Marks)

Mr. Rajesh Sharma, aged 54 years, an Indian citizen, is working as Assistant Manager in ABC India Ltd. He is getting basic salary of ₹58,000 per month. He used to travel frequently out of India for his office work. He left India from Delhi Airport on 5th Oct, 2023 and returned to India on 2nd April, 2024.

For previous year 2023-24, following information are relevant;

- (a) Dearness Allowance - 10% of Basic Pay (considered for retirement purposes)
- (b) Bonus - ₹ 98,000
- (c) Medical allowance paid during P.Y. 2023-24 amounting to ₹60,000
- (d) He was also reimbursed medical bill of his mother amounting to ₹15,000.
- (e) He was also transferred a laptop by company for ₹15,000 on 31st Dec 2023. The laptop was acquired by company on 1st Oct, 2020 for ₹1,00,000. Company was charging depreciation at 31.666% assuming useful life of laptop as 3 years.
- (f) He was also reimbursed salary of house servant of ₹ 4,000 per month during P.Y. 2023-24.
- (g) Professional Tax paid by employer during P.Y. 2023-24 amounting to ₹ 2,400.
- (h) 400 equity shares allotted by ABC India Ltd. during P.Y. 2023-24 at the rate of ₹250 per share against fair market value of share of ₹ 350 on the date of exercise of option.
- (i) Short-term capital gain on sale of shares of listed company on which STT is paid amounting to ₹94,000.
- (j) Mr. Rajesh was also found owner of ₹5 lakh worth jewellery, of which he could not provide any satisfactory explanation.

Based on the above information, choose the most appropriate option of the following Multiple Choice Questions (MCQs) for A.Y. 2024-25:

1. What is Mr. Rajesh Sharma's residential status for the A.Y. 2024 -25?

- (a) Resident but can't determine resident and ordinarily resident or resident but not ordinarily resident from the given information
- (b) Non-Resident
- (c) Resident but not ordinarily resident
- (d) Resident and ordinarily resident

2. What is his taxable perquisite for A.Y. 2024-25?

- (a) ₹ 55,000
- (b) ₹ 90,400
- (c) ₹1,05,400
- (d) ₹1,90,400

3. What is the income chargeable under the head "Salaries" in the hands of Mr. Rajesh Sharma for A.Y. 2024-25?

- (a) ₹ 9,79,000
- (b) ₹ 9,86,600
- (c) ₹ 9,71,600
- (d) ₹ 9,61,600

4. The tax liability (without considering surcharge and Health and education cess, if any) of Mr. Rajesh Sharma towards unexplained jewellery would be _____

- (a) ₹ 1,00,000
- (b) ₹ 1,50,000
- (c) ₹ 3,00,000
- (d) ₹ 2,50,000

5. The total tax liability of Mr. Rajesh Sharma for A.Y. 2024-25 is _____

- (a) ₹ 4,63,790
- (b) ₹ 4,63,800
- (c) ₹ 4,38,800
- (d) ₹ 4,40,880

6. 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

(1 Marks)

7. An interior decorator has opted for presumptive taxation scheme under section 44ADA for A.Y. 2024-25. He is liable to pay advance tax -

- (a) In one instalment
- (b) In two instalments
- (c) In three instalments
- (d) In four instalments

(1 Marks)

8. M/S Thakural & Sons, paid ₹11,00,000 as remuneration to its partner. The same was in accordance with partnership deed. Partners are also entitled to interest on capital @ 11% as per partnership deed. Total interest paid during the year is ₹1,30,000. The book profit before interest on capital and remuneration is ₹37,00,000. The salary allowable as deduction to M/S Thakural & Sons is:

- (a) ₹22,62,000
- (b) ₹11,00,000
- (c) ₹23,10,000
- (d) ₹22,32,000

(1 Marks)

9. Mr. Kashyap received basic salary of ₹ 20,000 p.m. from his employer. He also received children education allowance of ₹ 3,000 for three children and transport allowance of ₹1,800 p.m. The amount of salary chargeable to tax for P.Y. 2023-24 is -

- (a) ₹2,62,600
- (b) ₹2,14,600
- (c) ₹2,12,600
- (d) ₹2,07,800

(1 Marks)

10. Two motor cars of the value of ₹12 lakhs and ₹8 lakhs was sold by a dealer to two different customers.

- (a) Tax @ 1% has to be collected on ₹20 lakhs
- (b) Tax @ 1% has to be collected on ₹12 lakhs
- (c) Tax @ 1% has to be collected on ₹8 lakhs
- (d) No tax collection at source is required in this case

(1 Marks)

11. Post office of Ashok Vihar, Delhi rendered speed post services and charged ₹1,00,000 from its customer in Delhi, in this case GST Payable shall be

- (a) CGST – ₹18,000
- (b) SGST - ₹18,000
- (c) CGST- ₹9,000 and SGST- ₹9,000
- (d) Nil

(1 Marks)

12. HDFC Bank Ltd. received commission of ₹10,00,000 for debt collection services provided to customers during the month of March, in this case taxable amount shall be –

- (a) Nil
- (b) ₹10,00,000
- (c) ₹5,00,000
- (d) CGST - ₹90,000 & SGST - ₹90,000

(1 Marks)

13. Services by way of admission to a museum is exempt if

- (a) consideration for admission is less than ₹500 per person
- (b) consideration for admission is more than ₹500 per person
- (c) consideration for admission is upto ₹500 per person
- (d) in all the above cases it is exempt.

(1 Marks)

14. Part payment made on 30.06.2023 and balance amount paid on 01.09.2023 and date of issue invoice 29.06.2023, in this case TOS under reverse charge shall be

- (a) 30.06.2023 for part payment and 29.08.2023 for balance payment
- (b) 29.06.2023 for part payment and 01.09.2023 for balance payment
- (c) 31.08.2023 for part payment and 01.09.2023 for balance payment
- (d) none of these

(1 Marks)

15. What is the time of supply of service in case of reverse charge mechanism?

- (a) Date on which payment is made to the supplier
- (b) Date immediately following 60 days from the date of issue of invoice
- (c) Date of invoice
- (d) Earlier of (a) and (b)

(1 Marks)

16. ABC Ltd. has sent certain goods through one GTA to XYZ Ltd. and freight is payable by XYZ Ltd. and both ABC Ltd. and XYZ Ltd. are registered under GST, in this case

- (a) normal charge shall be applicable and GTA will collect GST from ABC Ltd.
- (b) normal charge shall be applicable and GTA will collect GST from XYZ Ltd.
- (c) reverse charge shall be applicable and GST shall be paid by ABC Ltd.
- (d) reverse charge shall be applicable and GST shall be paid by XYZ Ltd.

(1 Marks)

17. What is the time limit for taking ITC?

- (a) 180 days
- (b) 1 year
- (c) 30th November of the next financial year or the date of filing annual return whichever is earlier
- (d) No limit

(1 Marks)

18. A supplier takes deduction of depreciation on the GST component of the cost of capital goods as per Income- tax Act, 1961. The supplier can-

- (a) avail only 50% of the said tax component as ITC
- (b) not avail ITC on the said tax component
- (c) avail 100% ITC of the said tax component
- (d) avail only 25% of the said tax component as ITC

(1 Marks)

19. What is the validity of the registration certificate?

- (a) One year
- (b) No validity
- (c) Valid till it is cancelled.
- (d) Five years.

(1 Marks)

20. Mr. A has started supply of services in Mizoram. He is required to obtain registration if his aggregate turnover exceeds _____ during a financial year.

- (a) ₹10 lakh
- (b) ₹20 lakh
- (c) ₹30 lakh
- (d) ₹50 lakh

(1 Marks)

21. Mr. A has started supply of goods within J&K. He is required to obtain registration if his aggregate turnover exceeds _____ during a financial year.

- (a) ₹10 lakh
- (b) ₹40 lakh
- (c) ₹30 lakh
- (d) ₹50 lakh

(1 Marks)

22. Rohan Toys is a registered supplier of goods in Delhi. It intends to attend a 7 days' Business Fair organised in Mumbai (next month) where it does not have a fixed place of business. Examine which of the following statements are true for Rohan Toys:

- (a) Rohan Toys is not required to obtain registration in Mumbai for attending a 7 days' Business Fair.
- (b) Rohan Toys has to obtain registration as a casual taxable person for attending the Business Fair.
- (c) Rohan Toys has to obtain a Unique Identification Number for attending the Business Fair.
- (d) None of the above

(1 Marks)

23. If a person is opting for composition scheme in one State then it shall be applicable in _____ States for multiple registration.

- (a) all the States
- (b) Optional for other States
- (c) not apply for other States
- (d) None of the above

(1 Marks)

24. Mr. X providing restaurant service in Delhi has opted for composition scheme of taxation under GST. Determine the rate of total GST payable by him under composition scheme:

- (a) 0.5% CGST & 0.5% SGST
- (b) 2.5% CGST & 2.5% SGST
- (c) 5% IGST
- (d) 5% SGST

(1 Marks)

25. CIN is a _____ digit unique number

- (a) 10
- (b) 14
- (c) 17
- (d) 30

(1 Marks)

INCOME TAX

SUBJECTIVE TYPE QUESTIONS (35 Marks)

Question 1
(10 Marks)

XYZ are the partners in a firm with profit sharing ratio 5:3:2 and profit and loss account of the partnership firm is as given below:

| Particulars | Amount ₹ | Particulars | Amount ₹ |
|---|-------------------|------------------------------|-------------------|
| Purchases | 90,00,000 | Sales | 102,00,000 |
| Salary and bonus to partners | | Discount | 10,000 |
| X | 3,00,000 | | |
| Y | 2,50,000 | | |
| Z | 1,50,000 | | |
| Municipal tax payable | 30,000 | Interest from Indian company | 60,000 |
| General expenses | 1,00,000 | Interest on drawings | 10,000 |
| Expenditure on technical know-how (purchased and put to use on 01.01.2024) | 40,000 | Income tax refund | 5,000 |
| Advance Income Tax | 70,000 | | |
| Expenses on GST proceedings | 10,000 | | |
| Expenses on income tax proceedings | 8,000 | | |
| Advertisements | 50,000 | | |
| Interest on capital to partners @ 13% p.a. | | | |
| X | 65,000 | | |
| Y | 39,000 | | |
| Z | 26,000 | | |
| Rent of building owned by partnership firm | 1,20,000 | | |
| Net Profit | 27,000 | | |
| | 102,85,000 | | 102,85,000 |

Additional information:

1. Capital contributed by Mr. X is ₹5,00,000 and by Mr. Y ₹3,00,000 and by Mr. Z ₹2,00,000.
2. Salary paid to Mr. X is ₹3,00,000 and to Mr. Y ₹2,50,000 and to Mr. Z ₹1,50,000.
3. The partnership firm has brought forward business loss for assessment year 2021-22 amounting to ₹1,00,000.
4. Municipal tax was paid on 01.11.2024.

Personal incomes of partners:

- (i) Mr. X has income from house property ₹5,00,000 and amount invested in National Saving Certificate ₹80,000.
- (ii) Mr. Y has income from house property ₹2,00,000 and amount invested in National Saving Certificate ₹1,00,000.
- (iii) Mr. Z has loss from house property ₹2,00,000.

Compute Tax Liability of the partnership firm and also that of its partners for the Assessment Year 2024-25.

Question 2.
(10 Marks)

Mr. X, a resident individual, retires from C Ltd. Delhi w.e.f. 1st February, 2024 after 25 years of service. He joined T Ltd. on the same day i.e. 1st February, 2024.

The following information is provided by him about his incomes/outgoing during the Previous Year 2023-24:

- (a) Salary/allowances/perquisites/other payment from 01.04.2023 to 31.01.2024 from C Ltd. ₹
- (i) Basic salary 12,000 p.m.
 - (ii) Dearness allowance (One-half includible for superannuation benefits) 3,000 p.m.

| | |
|--|------------|
| (iii) Commission, 5% on turnover achieved by him | 6,000 |
| (iv) House accommodation, rent paid by company | 5,000 p.m. |
| (v) Best suggestion award for total quality management scheme (in kind) | 12,000 |
| (vi) Lunch Facility (cost per meal is upto ₹50) | 500 p.m. |
| (vii) Gratuity under Gratuity Act, 1972 | 3,35,000 |
| (viii) Pension | 3,000 p.m. |
| (ix) Commuted value of one-half pension w.e.f. 01.02.2024 | 2,25,000 |
| (x) Refund of employer contribution from unrecognised provident fund (Including interest of ₹1,00,000) | 2,50,000 |
| (xi) Refund of employee contribution from unrecognised provident fund (Including interest of ₹1,00,000) | 2,50,000 |
| (b) Salary/allowances/perquisites etc. from 01.02.2024 to 31.03.2024 from T Ltd. | |
| (i) Salary | 8,000 p.m. |
| (ii) House rent allowance | 1,500 p.m. |
| (iii) Free use of motorcar (exceeding 1.6 litres engine capacity) (expenses met by employer) | |
| (iv) Rent paid by assessee | 2,000 p.m. |

You are required to compute his income under the head Salary and Tax Liability for the Assessment Year 2024-25.

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

Write a note updated Return as per section 139(8A).

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

A Ltd. which is engaged in manufacturing, furnishes the following particulars for the P.Y.2023-24. Compute the deduction allowable under section 35 for A.Y.2024-25, while computing its income under the head "Profits and gains of business or profession".

| | Particulars | ₹ |
|-----|---|----------|
| 1. | Amount paid to Indian Institute of Science, Bangalore, a notified research organisation for scientific research | 1,00,000 |
| 2. | Amount paid to IIT, Delhi for an approved scientific research programme | 2,50,000 |
| 3. | Amount paid to X Ltd., a company registered in India which has as its main object scientific research and development, as is approved by the prescribed authority | 4,00,000 |
| 4. | Expenditure incurred on in-house research and development facility as approved by the prescribed authority | |
| (a) | Revenue expenditure on scientific research | 3,00,000 |
| (b) | Capital expenditure (including cost of acquisition of land ₹ 5,00,000) on scientific research | 7,50,000 |

Question 4.**(5 Marks)**

Write a note on exemption under section 54EC.

GST

SUBJECTIVE TYPE QUESTIONS (35 Marks)

Question 5

(7 Marks)

Mr. X is a dealer registered in GST in Delhi and he has submitted information as given below:

- Purchased goods A on 10/07/2023 ₹4,00,000 plus CGST @ 10% and SGST @ 10% and goods were sold on 31/08/2023 ₹ 6,00,000 + CGST @ 10% and SGST @ 10% but invoice was issued on 01/09/2023 and payment was received on 01/10/2023.
- Purchased goods B on 10/09/2023 ₹5,00,000 plus CGST @ 10% and SGST @ 10% and goods were exported on 12/12/2023 and profit taken is 30% on cost.
- Purchased goods C on 10/09/2023 ₹7,00,000 plus CGST @ 10% and SGST @ 10% and goods were sold to our own branch in some other State on 31/12/2023 for ₹7,00,000 + IGST @ 20%. No Invoice has been issued and no payment has been received.

Determine TOS in each case and ITC and Net tax Payable for each month and ITC to be carried forward.

Question 6

(7 Marks)

Mr. Thiraj, a registered supplier of service in Bangalore (Karnataka State) has provided the following information for the month of February 2024:

| Particulars | Amount in (₹) |
|--|---------------|
| (i) Intra-state taxable supply of service | 5,20,000 |
| (ii) Legal fee paid to a Lawyer located within the State | 20,000 |
| (iii) Rent paid to the State Govt. for his office building | 30,000 |
| (iv) Received for services towards conduct of exams to Loveall University, Pune (recognized by law), being an inter-state transaction. | 16,000 |

Compute the net GST liability (CGST, SGST or IGST) of Mr. Thiraj for the month of February 2024.

Rate of CGST, SGST and IGST are 9%, 9% and 18% respectively.

All the amounts given above are exclusive of taxes.

Question 7

(5 Marks)

M/s. Flow Pro, a registered supplier, sold a machine to BP Ltd. It provides the following information in this regard: -

| S. No. | Particulars | Amount (₹) |
|--------|---|------------|
| (i) | Price of the machine [excluding taxes and other charges mentioned at S. Nos. (ii) and (iii)] | 25,000 |
| (ii) | Third party inspection charges [Such charges were payable by M/s Flow Pro but the same have been directly paid by BP Ltd. to the inspection agency. These charges were not recorded in the invoice issued by M/s Flo Pro.] | 5,000 |
| (iii) | Freight charges for delivery of the machine [M/s Flow Pro has agreed to deliver the goods at BP Ltd.'s premises] | 2,000 |
| (iv) | Subsidy received from the State Government on sale of machine under Skill Development Programme [Subsidy is directly linked to the price] | 5,000 |
| (v) | Discount of 2% is offered to BP Ltd. on the price mentioned at S. No. (i) above and recorded in the invoice | |

Note: Price of the machine is net of the subsidy received.

Determine the value of taxable supply made by M/s Flow Pro to BP Ltd.

Question 8**(4 Marks)**

M/s. Apna Bank Limited, a scheduled commercial bank, has furnished the following details for the month of August:

| Particulars | Amount [₹ in crores] (excluding GST) |
|--|---|
| Extended housing loan to its customers | 100 |
| Processing fees collected from its customers on sanction of loan | 20 |
| Commission collected from its customers on bank guarantee | 30 |
| Interest income on credit card issued by the bank | 40 |
| Interest received on housing loan extended by the bank | 25 |
| Minimum balance charges collected from current account and saving account holder | 01 |
| Compute the value of taxable supply. | |

Question 9**(4 Marks)**

Mr. Alok, a registered supplier of taxable goods, files GSTR 3B for the month of January 2024 on 15th April, 2024. The prescribed due date to file the said GSTR 3B was 20th February, 2024. The amount of net GST payable on supplies made by him for the said month worked out to ₹ 36,500 which was paid on the same date of filing the return.

Briefly explain the related provision and compute the amount of interest payable under the CGST Act, 2017 by Mr. Alok.

Question 10**(4 Marks)**

Luv & Kush Pvt. Ltd. of Meghalaya engaged in the supply of gifts items and repair services, provides you the following details:-

| S.No. | Particulars | Date |
|--------------|--|----------------|
| 1. | Commencement of the business of supplying goods and services | 01st August |
| 2. | Turnover exceeds ₹ 10,00,000 on | 15th August |
| 3. | Turnover exceeds ₹ 20,00,000 on | 05th September |
| 4. | Application for registration made on | 28th September |
| 5. | Registration certificate granted on | 06th October |

The company seeks your advice as to how it should raise revised tax invoices for supplies made. Is there any specific provision for issuance of revised tax invoices to unregistered customers? Explain.

Question 11**(4 Marks)**

XYZ Ltd., is engaged in manufacture of taxable goods. Compute the ITC available with XYZ Ltd. for the month of October, 2023 from the following particulars:-

| S. No. | Inward supplies | GST (₹) | Remarks |
|---------------|------------------------|----------------|--|
| (i) | Inputs 'A' | 1,00,000 | One invoice on which GST payable was ₹ 10,000, is missing |
| (ii) | Inputs 'B' | 50,000 | Inputs are to be received in two instalments. First instalment has been received in October, 2023. |
| (iii) | Capital goods | 1,20,000 | XYZ Ltd. has capitalised the capital goods at full invoice value inclusive of GST as it will avail depreciation on the full invoice value. |
| (iv) | Input services | 2,25,000 | One invoice dated 20.01.2023 on which GST payable was ₹50,000 has been received in October, 2023. |

Note:

- (i) All the conditions necessary for availing the ITC have been fulfilled.
- (ii) ABC Co. Ltd. is not eligible for any threshold exemption.
- (iii) The annual return for the financial year 2022-23 was filed on 15th September, 2023.

SPACE FOR ROUGH WORK