

# **MKG**

# **MOCK TEST-7**

**NOV 23**

**FULL SYLLABUS**

**(Income Tax: 60 & GST: 40 Marks)**

**ATTEMPT ALL QUESTIONS**

**Roll No ...745862.....**

**Time allowed: 3 hours**

**Maximum Marks: 100**

**MCQ BOOKLET NO. 07082023**

**PAPER CODE- MKG**

**MULTIPLE CHOICE QUESTIONS**  
**INCOME TAX 18 Marks & GST 12 Marks**

**Question 1 to 5****(5 x 2 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, 2022 and returned to India on 2nd April, 2023.

For previous year 2022-23, 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. 2022-23 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 2022. The laptop was acquired by company on 1st Oct, 2019 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. 2022-23.
- (g) Professional Tax paid by employer during P.Y. 2022-23 amounting to ₹ 2,400.
- (h) 400 equity shares allotted by ABC India Ltd. during P.Y. 2022-23 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. 2023-24:

**1. What is Mr. Rajesh Sharma's residential status for the A.Y. 2023 -24?**

- (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. 2023-24?**

- (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. 2023-24?**

- (a) ₹ 9,76,600
- (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. 2023-24 is \_\_\_\_\_**

- (a) ₹ 5,16,800

- (b) ₹ 5,18,880
- (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. 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

(2 Marks)

7. Mr. X is engaged in a business with turnover ₹150,00,000 (all payments received by account payee cheque, bank draft or through electronic clearing) and expenses incurred shall be ₹1,40,00,000, presumptive income shall be

- (a) ₹10,00,000
- (b) ₹9,00,000
- (c) ₹12,00,000
- (d) ₹11,00,000

(1 Marks)

8. An interior decorator has opted for presumptive taxation scheme under section 44ADA for A.Y. 2023-24. 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)

9. 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)

10. 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. 2022-23 is -

- (a) ₹2,62,600
- (b) ₹2,12,600
- (c) ₹2,22,200
- (d) ₹2,07,800

(1 Marks)

**11. Mr. X (Non- Govt. Employee) retired w.e.f 01.12.2022 after 20 years 10 months of service, receiving leave salary of ₹ 5,00,000. Other details of his salary income are:**

<b>Basic Salary</b>	<b>: ₹ 5,000 p.m. (₹ 1,000 was increased w.e.f. 01.04.2022)</b>
<b>Dearness Allowance</b>	<b>: ₹ 3,000 p.m. (60% of which is for retirement benefits)</b>
<b>Commission</b>	<b>: ₹ 500 p.m.</b>
<b>Bonus</b>	<b>: ₹ 1,000 p.m.</b>
<b>Leave availed during service</b>	<b>: 480 days</b>

**He was entitled to 30 days leave every year. Taxable leave salary shall be**

- (a) 5,00,000
- (b) Nil
- (c) 4,73,600
- (d) 4,55,600

**(1 Marks)**

**12. 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)**

**Question 13 to 17 ( 1 x 5 = 5 Marks)**

Mr. Kumar started interior designing practice from the month of January. His turnover up to the month of March was ₹ 12,50,000. On 30th June, his turnover exceeded ₹ 20,00,000 & reached to ₹ 20,05,000. Mr. Kumar applied for GST registration (as regular taxpayer) on 15th July and registration was granted to him on 25th July.

On 16th July, he entered into a contract for designing the flat of Mr. Shyam. The service was completed on 22nd July and Mr. Kumar issued invoice on the same day for ₹ 6,00,000. On 5th July, Mr. Kumar purchased capital goods amounting to ₹ 4,50,000 and from 25th July to 31st July, he availed services amounting to ₹1,75,000 for the purpose of completing the service.

On 1st August, Mr. Kumar got another contract for interior designing from Mr. Ram, which he accepted on 2nd August. The service was completed on 6th August and invoice was issued on 7th August for ₹ 5,00,000. Payment was received on 29th August.

All values are excluding taxes, unless specifically mentioned. Mr. Kumar makes only intra-State outward supplies and all purchases are also intra-State. Rates of tax are CGST - 9% and SGST – 9%.

In relation to the above, answer the following questions:

**13. The effective date of registration for Mr. Kumar is-**

- (a) 30th June
- (b) 15th July
- (c) 25th July
- (d) 16th July

**14. Mr. Kumar can issue a revised tax invoice till-**

- (a) 23rd October
- (b) 8th September
- (c) 25th September
- (d) 25th August

**15. Eligible input tax credit available with Mr. Kumar for the month of July is-**

- (a) CGST ₹ 40,500 & SGST ₹ 40,500
- (b) CGST ₹ 15,750 & SGST ₹ 15,750

- (c) CGST ₹ 56,250 & SGST ₹ 56,250  
 (d) CGST ₹ 36,000 & SGST ₹ 36,000

**16. The time of supply of services provided by Mr. Kumar to Mr. Ram is-**

- (a) 7th August  
 (b) 1st August  
 (c) 29th August  
 (d) 6th August

**17. If instead of opting for regular scheme, Mr. Kumar opts to pay tax under section 10(2A) of the CGST Act, 2017, the tax liability for the month of July will be-**

- (a) CGST Nil and SGST Nil  
 (b) CGST ₹ 54,000 & SGST ₹ 54,000  
 (c) CGST ₹ 18,000 & SGST ₹ 18,000  
 (d) CGST ₹ 78,150 & SGST ₹ 78,150

**18. C & Co., a registered supplier in Delhi, opted for composition levy under sub-sections (1) and (2) of section 10 of the CGST Act, 2017. It sold goods in the fourth quarter of a financial year for ₹ 15,00,000 (exclusive of GST). The applicable GST rate on these goods is 12%. C & Co. purchased goods from Ramesh & Co., registered in Delhi, for ₹ 9,55,000 on which Ramesh & Co. had charged CGST of ₹ 57,300 and SGST of ₹ 57,300. C & Co. had also purchased goods from E & Co., registered in Haryana, for ₹ 2,46,000 on which E & Co. had charged IGST of ₹ 29,520. GST liability of C & Co. for the fourth quarter of the financial year is-**

- (a) CGST ₹ 7,500 & SGST ₹ 7,500  
 (b) CGST ₹ 3,180 & SGST ₹ 32,700  
 (c) CGST ₹ 32,700 & SGST ₹ 3,180  
 (d) Nil

(1 Marks)

**19. During the month of May, Z Ltd. sold goods to Y Ltd. for ₹ 2,55,000 and charged GST @ 18%. However, owing to some defect in the goods, Y Ltd. returned the goods by issuing debit note of ₹40,000 in the same month. Z Ltd. records the return of goods by issuing a credit note of ₹ 40,000 plus GST in the same month. In this situation, GST liability of Z Ltd. for the month of May will be-**

- (a) ₹ 45,900  
 (b) ₹ 38,700  
 (c) ₹ 53,100  
 (d) ₹ 40,000

(1 Marks)

**20. Kalim & Associates made an application for cancellation of GST registration in the month of March due to closure of its business. Its application for cancellation of GST registration was approved on 14th September. In the given case, Kalim & Associates is:**

- (a) required to file Final Return on or before 13th December  
 (b) not required to file Final Return  
 (c) required to file Final Return on or before 30th September  
 (d) required to file Final Return on or before 14th December

(1 Marks)

**21. Which of the following service is not exempt under GST?**

- (a) Loading and unloading of paddy
- (b) Loading and unloading of sugarcane
- (c) Loading and unloading of tea bags
- (d) Loading and unloading of potato

**(1 Marks)****22. to 24 (1 x 3 = 3 Marks)**

M/s. Shanky Consultants, a partnership firm registered in Delhi, renders following services during the year:

- (i) Security services: ₹ 2,00,00,000/ to registered business entities
- (ii) Manpower services (Accountants): ₹ 5,00,000/-
- (iii) Auditing services: ₹ 1,00,00,000/-

Other Information

- (i) Shanky Consultants also paid sponsorship fees of ₹ 70,000/- at seminar organized by a private NGO (a partnership firm) in Delhi.
- (ii) Shanky Consultant pays rent amounting to ₹ 6,00,000/- for a building owned by MCD.
- (iii) Assume all services are taxable at 18% and all transactions to be intra-State supplies.

Based on the above information, answer the following questions:

**22. What is the aggregate turnover of Shanky Consultants?**

- (a) ₹ 3,05,00,000/-
- (b) ₹ 3,05,70,000/-
- (c) ₹ 1,05,00,000/-
- (d) ₹ 1,05,70,000/-

**23. GST liability paid under reverse charge by Shanky Consultants is?**

- (a) CGST: ₹ 60,300/-, SGST: ₹ 60,300/-
- (b) CGST: ₹ 6,300/-, SGST: ₹ 6,300/-
- (c) CGST: ₹ 54,000/-, SGST: ₹ 54,000/-
- (d) None of the above

**24. State which of the following statement is true in respect of security services provided by Shanky Consultants to registered business entities:**

- (a) Shanky Consultants shall issue GST compliant tax invoice.
- (b) Shanky Consultants shall issue bill of supply stating "Tax to be paid by service recipient under reverse charge".
- (c) Shanky Consultants can issue any document in lieu of tax invoice.
- (d) Shanky Consultants shall issue receipt voucher every time Shanky Consultants receives payment.

## INCOME TAX

### SUBJECTIVE TYPE QUESTIONS (42 Marks)

#### Question 1.

(12 Marks)

From the following particulars of Shri Jagdish (Aged 59 Years) for the Assessment Year 2023-24, you are required to find out his taxable income and net tax liability:

- (i) Basic Salary @ ₹ 51,000 per month, Dearness allowance @ ₹ 10,000 per month (Part of salary for retirement benefits), House rent allowance ₹ 4,000 per month and rent paid for house in Mumbai is ₹ 7,000 per month.
- (ii) He owns a commercial building at New Delhi, which is let out on 1/7/2022 at a monthly rent of ₹ 46,000. He paid for municipal taxes of ₹ 27,000 and ₹ 25,000 for the financial year 2021-22 and 2022-23 on 31-3-2023 and 20-4-2023 respectively.
- (iii) He deals in shares. During financial year 2022-23 he earned ₹ 1,70,000 from his share business and paid ₹ 30,000 as security transaction tax.
- (iv) He purchased 4000 unlisted shares of Shyam Limited on 16-1-2010 for ₹ 80,000. Company declared bonus in the ratio of 1:1 on 1<sup>st</sup> February, 2010. Shri Jagdish sold 3000 Bonus Shares on 28/12/2022 for ₹ 2,00,000 to his friend Mr. Mehul through unrecognized stock exchange. (Cost Inflation Index: 2009-10: 148, 2022-23 : 331)
- (v) He received dividend of ₹ 13,00,000 as dividend income from listed domestic company, Interest from saving bank account deposits with IDBI Bank ₹ 15,000 and lottery winnings (Net of TDS @ 30%) is ₹ 21,000.

He paid the following amount out of his taxable income :

- (a) Deposits in Public Provident Fund ₹ 2,00,000.
- (b) Medical insurance premium paid for health of his wife ₹ 19,000 and for health of dependent son ₹ 12,000 through cheque.

#### Question 2 (a).

(7 Marks)

Mr. X, finance manager of KLM Ltd. Mumbai, furnishes the following particulars for the financial year 2022-23:

- (i) Salary ₹ 46,000 per month
- (ii) Rent free accommodation owned by the company
- (iii) Housing loan of ₹ 6,00,000 at the interest rate of 5% p.a. (No repayment made during the year, but the loan is repayable in tenth year) (Presume SBI Rate 10.5% p.a.)
- (iv) Gifts made by the company in kind on the occasion of wedding anniversary of Mr. X ₹ 4,750
- (v) A wooden table and 4 chairs were provided to Mr. X at his residence. These were purchased on 01.05.2019 for ₹ 60,000 and put to use on 01.06.2019 and sold to Mr. X on 01.08.2022 for ₹ 30,000
- (vi) Personal purchases through credit card provided by the company amounting to ₹ 10,000 was paid by the company. No part of the amount was recovered from Mr. X.
- (vii) An ambassador car which was purchased by the company on 16.07.2019 for ₹ 2,50,000 and put to use on the same date. It was sold to the assessee on 14.07.2022 for ₹ 80,000.

Compute the Total Income of Mr. X and the tax thereon for the Assessment Year 2023-24.

#### Question 2 (b).

(3 Marks)

Enumerate the cases where a return of loss has to be filed on or before the due date specifies u/s 139(1) for carry forward of the losses. Also enumerate the case where losses can be carried forward even though the return of loss has not been filed on or before the due date.

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

Mr. X purchased agricultural land in the urban area on 01.04.2001 for ₹2,00,000. It was being used for agricultural purposes since then and was sold by the assessee on 01.07.2022 for ₹123,00,000.

He made following investments:

- (i) Bonds of National Bank for Agriculture and Rural Development on 01.06.2022 for ₹1,50,000 which are redeemable after 5 years.  
(ii) He purchased agricultural land on 01.09.2022 for ₹2,00,000.  
(iii) He has invested ₹75,000 on 01.10.2022 in the bonds of National Highway Authority of India redeemable after five years.

He sold the bonds of National Highway Authority of India on 15.04.2023 for ₹3,00,000.

Compute his capital gains for various years and also tax liability for assessment year 2023-24.

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

Mr. X has the following Assets which are eligible for depreciation at 15% on Written Down Value (WDV) basis:

01.04.2019	WDV of plant 'X' and Plant 'Y'	₹2,00,000
10.12.2022	Acquired a new plant 'Z' for	₹2,00,000
22.01.2023	Sold plant 'Y' for	₹4,00,000
	Expenditure incurred in connection with transfer	₹ 10,000

Compute eligible depreciation claim/chargeable capital gain if any, for the Assessment Year 2023-24.

**Question 4 (a)****(5 marks)**

Following are the details of incomes/ losses of Mr. Rishi for the F.Y. 2022-23:

<b>(Figures in brackets represents losses)</b>	<b>₹</b>
Taxable salary income (computed)	3,60,000
Taxable income from house property (computed)	
- from rented house property X	1,20,000
- from rented house property Y	(3,40,000)
Taxable profit from business (computed)	
- business P	2,30,000
- business Q	(12,000)
- business R (speculative business)	15,000
- business T (speculative business)	(25,000)
Taxable Income from other sources:	
- from card games	16,000
- from owning & maintenance of race horses	(7,000)
- interest on securities	5,000

You are required to determine the Gross total income of Mr. Rishi for Assessment year 2023-24.

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

Mr. X, Marketing Manager of KL Ltd. based at Mumbai furnishes you the following information for the year ended 31.03.2023:

Basic salary	-	₹1,00,000 per month
Dearness allowance	-	₹50,000 per month (forming part for retirement benefit salary)
Bonus	-	2 Months basic salary

Contribution of employer to Recognized Provident Fund @ 15% of basic salary plus Dearness allowance

Rent free unfurnished accommodation was provided by the company at Mumbai (accommodation owned by the company).

	₹
(i) Recognized Provident Fund contribution made by Mr. X.	1,50,000
(ii) Health insurance premium for his family paid by cheque.	20,000
(iii) Health insurance premium in respect of parents (senior citizens) paid by cheque.	28,000
(iv) Medical expenses of dependent brother with 'severe disability' (covered by Section 2(o) of National Trust of Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999).	60,000
(v) Interest on loan taken for education of his son studying B.com (full-time) in a recognized college.	24,000
(vi) Interest on loan taken for education of a student for whom Mr. X is the legal guardian for pursuing B.Sc. (Physics) (full-time) in a recognized university.	20,000

Compute the Total Income of Mr. X for the Assessment Year 2023-24.

**GST****SUBJECTIVE TYPE QUESTIONS (28 Marks)****Question 1 (a)****(5 Marks)**

Mr. Uttam Kumar a registered supplier of service in Kolkata, has provided following information for the month of October, 2022:

No.	Particulars	Amount in (₹)
1.	Intra-State taxable supply of service	6,40,000
2.	Amount received from Kapola Pvt. Ltd., for service provided to company. (He is a director in Kapola P. Ltd.), being Intra-State transaction.	5,00,000
3.	Paid legal fee to senior advocate for one legal matter within State, being Intra-State transaction.	50,000
4.	Amount received for service provided by him as a commentator to a local recognized sports body, being Intra-State transaction	1,20,000
5.	Amount received for acting as a coach in recreational activities relating to sports, from one local charitable entity registered under section 12AA or 12AB of the Income Tax Act, 1961, being Intra-State transaction.	30,000

Compute the net GST liability (CGST, SGST or IGST) of Mr. Uttam Kumar for the month of October, 2022  
Rate of CGST, SGST and IGST are 9%, 9% and 18% respectively.

All the amounts given are exclusive of CGST, SGST and IGST.

**Question 1 (b)****(5 Marks)**

Shri Krishna Pvt. Ltd., a registered dealer, furnishes the following information relating to goods sold by it to Shri Balram Pvt. Ltd. in the course of Intra State.

S. No	Particulars	Amount (₹)
(i)	Price of the goods	1,00,000
(ii)	Municipal Tax	2,000
(iii)	Inspection charges	15,000
(iv)	Subsidies received from Shri Ram Trust (As the products is going to be used by blind association)	50,000
(v)	Late fees for delayed payment. (Though Shri Balram Pvt. Ltd, made late payment but these charges are waived by Shri Krishna Pvt. Ltd.)	1,000
(vi)	Shri Balram Pvt. Ltd. paid to Radhe Pvt. Ltd. (on behalf of Shri Krishna Pvt. Ltd.) weighment charges.	2,000

According to GST Law, determine the value of taxable supply made by Shri Krishna Pvt. Ltd .. Items given in Point (ii) to (vi) are not considered while arriving at the price of the goods given in point no. (i).

**Question 2 (a)****(5 Marks)**

Department of Posts provided following services to persons other than Government during the month ended 31.03.2023:-

Services rendered	Amount charged for such services (₹ in lakh)
Basic mail services	100
Transfer of money through money orders	500

Operation of saving accounts	150
Rural postal life insurance services	200
Distribution of mutual funds and bonds	500
Issuance of post card (less than 10 gram)	300
Collection of telephone and electricity bills	100
Pension payment services	50
Speed post services	500
Express parcel post services	200

Compute the GST liability of Department of Posts for the month of March 2023.

**Notes:**

1. Time of supply for all the aforesaid cases fall during the month of March 2023.
2. All the service charges stated above are exclusive of GST, wherever applicable.
3. Rate of CGST @ 9% & SGST @ 9%.

**Question 2 (b)**

**(5 Marks)**

Well-Being Nursing Home has received the following amounts in the month of February, 2023 in lieu of various services rendered by it in the same month. You are required to determine its GST liability for February, 2023 from the details furnished below:-

<b>Particulars</b>	<b>(₹)(in lakh)</b>
i. Palliative care for terminally ill patients at patient's home ( <i>Palliative care is given to improve the quality of life of patients who have a serious disease</i> )	30
ii. Services provided by cord blood bank unit of the nursing home	24
iii. Hair transplant services	100
iv. Ambulance services to transport critically ill patients from various locations to nursing home	12
v. Naturopathy treatments.	80
vi. Plastic surgery to restore anatomy of a child affected due to an accident. ( <b>Anatomy means</b> study of the structure of human or animal bodies)	30
vii. Reiki healing treatments. <i>Such treatment is not a recognized system of medicine</i>	120
viii. Mortuary services	10

**Note:** All the amounts given above are exclusive of tax and Rate of Tax is CGST @ 9% and SGST @ 9%. Point of supply for the services rendered by Well-Being Nursing Home in the month of February, 2023 fall in the month of February itself.

**Question 3 (a)**

**(4 Marks)**

Determine in which of the following independent cases, e-invoicing is applicable?

- (i) Harnam & Co., dealing in interior decoration products made supplies to various registered and unregistered persons in the preceding financial year. The aggregate turnover of Harnam & Co. in the preceding financial year is ₹ 60 crore.
- (ii) Rich & Poor Bank, registered under GST has an aggregate turnover of ₹ 75 crore in the preceding financial year.

**Question 3 (b)**

**(4 Marks)**

Agni Ltd. a registered supplier wishes to transport cargo by road between two cities situated at a distance of 368 kilometres. Calculate the validity period of e-way bill under rule 138(10) of CGST Rules, 2017 for transport of the said cargo, if it is over dimensional cargo or otherwise.