

DETAILED ANSWERS TO MCQ OF MTP-2

1. (i) (d)

₹150,00,000 (deduction for land is not allowed under section 35AD)

(ii) (b)

₹75,00,000 + ₹130,00,000 – ₹150,00,000 = ₹55,00,000

Since the business is covered under section 35AD hence deduction for expenditure on building is allowed.

Note: In this question it is mentioned that the hotel commenced business 20 years back but 35AD is applicable only for the hotels which started w.e.f. 01.04.2010 hence in our opinion it should not be covered under section 35AD.

(iii) (a)

Since expenditure on land is not allowed hence it will not make any difference if the payment was made in cash

(iv) (b)

Profits from business ₹75,00,000 + ₹130,00,000 =	205,00,000
Less: Deduction u/s 35AD	(150,00,000)
Profit	55,00,000
Tax at slab rate on ₹55,00,000	14,62,500
Add: Surcharge @ 10%	1,46,250
Total	16,08,750
Add: HEC @ 4%	64,350
Total	16,73,100
Computation of tax applying AMT	
Profits from business ₹75,00,000 + ₹130,00,000 =	205,00,000
Less: Deduction u/s 35AD	Nil
Less: Depreciation (150,00,000 x 10%)	(15,00,000)
Profit	190,00,000
Tax at 18.5%	35,15,000
Add: Surcharge @ 15%	5,27,250
Total	40,42,250
Add: HEC @ 4%	1,61,690
Total	42,03,940

(v) (b)

Deduction allowed under section 80JJAA shall be

40 x 24,000 x 6 =	57,60,000
80 x 24,500 x 6 =	117,60,000
30 x 25,000 x 5 =	37,50,000
Total	212,70,000
Deduction allowed shall be 212,70,000 x 30%	63,81,000

2. (c)

LTCG	5,00,000
Short term u/s 111A	2,00,000
Casual Income	1,00,000
Interest on saving bank account	30,000

Gross Total Income	6,30,000
Less: 80TTA	(10,000)
Less: 80C	(20,000)
Total Income	6,00,000
Tax Liability	
LTCG ($\text{₹}5,00,000 - \text{₹}2,50,000$) x 20%	50,000
Short term u/s 111A $2,00,000 \times 15\%$	30,000
Casual Income $\text{₹}1,00,000 \times 30\%$	30,000
Total	1,10,000
Add: HEC @ 4%	4,400
Tax Liability	1,14,400

3. (b)

In this case Mr. Samrat is the person of Indian origin, he will be resident only if he comes to India for a period of atleast 120 days and also for 365 days or more during 4 years preceding the relevant previous year.

4. (a)

Since he is covered under section 44ADA, his turnover is not exceeding ₹50 lakhs hence TDS provision is not applicable u/s 194H or u/s 194C

5. (d)

Since the house is completed in the P.Y. 2022-23, no deduction shall be allowed in the P.Y. 2021-22.