

MOCK TEST

INCOME TAX VOLUME 1

Time allowed: 3 hours

Maximum Marks: 100

DESCRIPTIVE TYPE QUESTION (70 Marks)

Question 1 (a)

(6 Marks)

Mr. Arihant, a resident individual aged 40 years, has Gross Total Income of ₹ 7,50,000 comprising of income from Salary and income from house property for the assessment year 2020-21. He provides the following information:

Paid ₹ 70,000 towards premium for life insurance policy of his handicapped son (section 80U disability). Sum assured ₹ 4,00,000; and date of issue of policy 1-8-2017.

Deposited ₹ 90,000 in tax saver deposit in the name of his major son in Punjab National Bank of India.

Paid ₹ 78,000 towards medical insurance for the term of 3 years as a lumpsum payment for himself and his spouse. Also, incurred ₹ 54,000 on medical expenditure of his father, a resident aged 68 years. No medical insurance policy is taken in the name of his father. His father earned ₹ 4,50,000 interest from fixed deposit.

Contributed ₹ 25,000 to The Clean Ganga Fund, set up by the Central Government. Compute the Total Income and deduction under Chapter VI-A for the Assessment year 2020-21.

Question 1 (b)

(6 Marks)

Determine the residential status of Mrs. Ria Bran and compute her gross total income chargeable to tax for the Assessment Year 2020-21 from the following information gathered from her documents:

Mrs. Ria Bran is an Australian, got married to Mr. Arjun of India in Australia on 2.01.2019 and came to India for the first time on 18.02.2019. She left for Australia on 15.9.2019. She returned to India again on 23.03.2020.

On 01.04.2019, she had purchased a Flat in Delhi, which was let out to Mr. Sahil on a rent of ₹ 28,000 p.m. from 1.5.2019. She had taken loan from an Indian bank for purchase of this flat on which bank had charged interest of ₹ 2,15,500 upto 31.03.2020.

While in India, during the previous year 2019-20, she had received a gold chain from her in-laws worth ₹1,50,000, a Car worth ₹7,50,000 from married sister of her husband and ₹1,72,000 from very close friends of her husband.

Question 2 (a)

(4 Marks)

Simran, a Chartered Accountant, is presently working in a firm in India. She has received an offer for the post of Chief Financial Officer from a company at New York. As per the offer letter, she should join the company at any time between 1st September, 2019 and 31st October, 2019. She approaches you for your advice on the following issues to mitigate her tax liability in India:

(a) Date by which she should leave India to join the company;

(b) Direct credit of part of her salary to her bank account in Delhi maintained jointly with her mother to meet requirement of her family.

(c) Period for which she should stay in India when she comes on leave.

Question 2 (b)**(4 Marks)**

Examine and compute the liability for deduction of tax at source, if any, in the cases stated hereunder, for the financial year ended 31st March, 2020

- (a) State Bank of India pays ₹50,000 per month as rent to the Central Government for a building in which one of its branches is situated.
- (b) Karan, a part time director of ABC Pvt. Ltd. was paid an amount of ₹ 1,75,000 as fees which was actually in the nature of commission on sales for the period 1.6.2019 to 30.9.2019.
- (c) Fee paid on 1.11.2019 to Dr. Kashyap by Varun (HUF) ₹ 5,00,000 for surgery performed on a member of his family.
- (d) Payment of ₹ 1,50,000 made to John Cena, an American wrestler, by an Indian newspaper agency on 1.8.2019 for contribution of articles in relation to the spot of wrestling.

Question 3 (a)**(4 Marks)**

Briefly mention the provisions of Income-tax Act, 1961 with regard to quoting Aadhar Number under section 139AA of the Act.

Question 3 (b)**(4 Marks)**

Mr. Ramesh furnishes the following particulars for the previous year 2019-20 in respect of an industrial undertaking established in "Special Economic Zone" in March 2014. It began manufacturing in April 2014.

Particulars	₹
Total sales	85,00,000
Export sales [proceeds received in India]	45,00,000
Domestic sales	40,00,000
Profit from the above undertaking	20,00,000

Export Sales of F.Y. of 2019-20 include freight and insurance of ₹ 5 lacs for delivery of goods outside India. Compute the amount of deduction available to Mr. Ramesh under section 10AA for A.Y. 2020-21.

Question 4 (a)**(6 Marks)**

Mrs. Daya, a resident of India, owns a house property at Panipat in Haryana. The Municipal value of the property is ₹ 8,50,000, Fair Rent of the property is ₹ 7,30,000 and Standard Rent is ₹ 8,20,000 per annum.

The property was let out for ₹ 85,000 per month for the period April 2019 to December 2019.

Thereafter, the tenant vacated the property and Mrs. Daya used the house for self occupation. Rent for the months of November and December 2019 could not be realized from the tenant. Mrs. Daya has not instituted any legal proceedings for recovery of the unpaid rent.

She paid municipal taxes @ 12% during the year and paid interest of ₹ 50,000 during the year for amount borrowed towards repairs of the house property.

You are required to compute her income from house property for the A.Y. 2020-21.

Question 4 (b)**(4 Marks)**

The following details are provided by Mr. Divakar, an individual, for the assessment year 2020-21.

	Amount (₹)
Total estimated tax payable	4,40,000
TDS (deductible but not deducted)	55,000

Determine the advance tax payable with their due dates for the assessment year 2020-21.

Question 5 (a)**(4 Marks)**

Mr. Sudarshan, due to inadvertent reasons, failed to file his Income-tax return for the assessment year 2020-21 on or before the due date of filing such return of income.

- (i) Can he file the above return after due date of filing return of income? If yes, which is the last date for filing the above return?
- (ii) What are the consequences of non-filing the return within the due date under section 139(1)?

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

Mr. Rajesh Sharma (aged 62 years), an Indian citizen, travelled frequently out of India for his business trip as well as for his outings. He left India from Delhi airport on 29th May 2019 as stamped in the passport and returned on 27th April 2020. He has been in India for less than 365 days during the 4 years immediately preceding the previous year. Determine his residential status and his total income for the assessment year 2020-21 from the following information:

- (1) Short term capital gain on the sale of shares of Tilt India Ltd., a listed Indian company, amounting to ₹58,000. The sale proceeds were credited to his bank account in Singapore.
- (2) Dividend amounting to ₹ 48,000 received from Treat Ltd., a Singapore based company, which was transferred to his bank account in Singapore. He had borrowed money from Mr. Abhay, a non-resident Indian, for the above-mentioned investment on 2nd April, 2019. Interest on the borrowed money for the previous year 2019-20 amounted to ₹ 5,800.
- (3) Interest on fixed deposit with Punjab National Bank, Delhi amounting to ₹ 9,500 was credited to his saving bank account.

Question 6 (a)**(4 Marks)**

Mr. Vihaan is a resident but not ordinarily resident in India during the Assessment Year 2020-21. He furnishes the following information regarding his income/expenditure pertaining to his house properties for the previous year 2019-20:

- He owns two houses, one in Singapore and the other in Pune.
- The house in Singapore is let out there at a rent of SGD 4,000 p.m. The entire rent is received in India. He paid Property tax of SGD 1250 and Sewerage Tax SGD 750 there. (1SGD=INR 51)
- The house in Pune is self-occupied. He had taken a loan of ₹ 25,00,000 to construct the house on 1st June, 2015 @12%. The construction was completed on 31st May, 2017 and he occupied the house on 1st June, 2017.

The entire loan is outstanding as on 31st March, 2020. Property tax paid in respect of the second house is ₹ 2,800.

Compute the income chargeable under the head "Income from House property" in the hands of Mr. Vihaan for the Assessment Year 2020-21.

Question 6 (b)**(6 Marks)**

Mr. Raghav is a chartered accountant and his income from profession for the year 2019-20 is ₹ 15,00,000. He provides you with the following information for the year 2019-20.

Particulars

₹

Income of minor son Rahul from company deposit	1,75,000
Income of minor daughter Riya (professional dancer) from her dance performances	20,00,000
Interest from Canara bank received by Riya on fixed deposit made in 2015 out of income earned from her dance performances	20,000
Gift received by Riya from friends of Mr. Raghav on winning National award	45,000
Loss from house property (computed)	2,50,000
Short term capital loss	6,00,000
Long term capital gain under section 112	4,00,000
Short term capital loss under section 111A	10,00,000

Mr. Raghav income before considering clubbing provisions is higher than that of his wife.

Compute the Total Income of Mr. Raghav for Assessment Year 2020-21 and the losses to be carried forward assuming that he files his income tax returns every year before due date.

Question 7 (a)**(8 Marks)**

		(Amount in ₹)
(i)	Income from salary	6,50,000
(ii)	Income from House-I	55,000
(iii)	Loss from House-II (self-occupied property)	1,25,000
(iv)	Loss from House-III	1,90,000
(v)	Loss from leather business	68,000
(vi)	Profit from cloth business	1,70,000
(vii)	Short term capital loss in equity oriented funds on which STT was paid	35,000
(viii)	Income from crossword puzzles	12,000
(ix)	Dividend from foreign company	8,500
(x)	Loss on owning and maintenance of race horses	7,500
(xi)	Income from owning and maintenance of race bulls	9,000

Compute the gross total income and losses to be carried forward of Mr. Mustafa for assessment year 2020-21. Mr. Mustafa has filed his return of income on 25.07.2020.

Question 7 (b)**(4 Marks)**

Mr. Vijay gifted a sum of ₹ 4 lakhs to his brother's wife on 19-6-2019. On 21-7-2019, his brother gifted a sum of ₹ 3 lakhs to Mr. Vijay's wife. The gifted amounts were invested as fixed deposits in banks by Mrs. Vijay and wife of Mr. Vijay's brother on 01-8-2019 at 9% interest. Examine the consequences of the above under the provisions of the Income-tax Act, 1961 in the hands of Mr. Vijay and his brother.

MULTIPLE CHOICE QUESTION

(MCQ) (30 Marks)

Write the most appropriate answer to each of the following multiple choice questions by choosing one of the four options given. All questions are compulsory.

1.

(4 X 2 Marks)

Ananya Gupta, a citizen of India, lives with her family in New York since the year 2000. She visited India from 23rd March, 2019 to 28th September, 2019 to take care of her ailing mother. In the last four years, she has been visiting India for 100 days every year to be with her mother. She owns an apartment at New York, which is used as her residence. The expected rent of the house is \$ 32,000 p.a. The value of one USD (\$) may be taken as ₹75. Municipal taxes paid in New York in January, 2020 is \$ 2,000.

She took ownership and possession of her house in New Delhi on 25th March, 2019, for self-occupation, while she is in India. The municipal valuation is ₹4,20,000 p.a. and the fair rent is ₹4,50,000 p.a. She paid property tax of ₹22,000 to Delhi Municipal Corporation. She had taken a loan of ₹16 lakhs @ 10% p.a. from IDBI Bank on 1st April, 2016 for constructing this house. No amount has been paid towards principal repayment so far. The house is vacant for the rest of the year i.e., from October 2019 to March 2020.

She had a house property in Mumbai, which was sold on 28th March, 2019. In respect of this house, she received arrears of rent of ₹3,00,000 on 4th February, 2020. This amount has not been charged to tax earlier.

Based on the above information, choose the most appropriate option of the following Multiple Choice Questions (MCQs) for A.Y. 2020-21:-

- (i) What would be the residential status of Ananya Gupta for A.Y.2020-21?
- (a) Resident and ordinarily resident
 - (b) Resident but not ordinarily resident
 - (c) Resident; Not possible to determine whether she is ordinarily resident or not since number of days of stay in the last seven years is not given in the question
 - (d) Non-resident
- (ii) Ms. Ananya Gupta can claim benefit of “Nil” Annual Value under section 23(2) in respect of -
- (a) Her Delhi house
 - (b) Her New York house, since it is more beneficial; her Delhi house will be deemed to be let out and expected rent would be the annual value.
 - (c) Her Delhi house alone; her New York house will be deemed to be let out and expected rent would be the annual value.
 - (d) Both her Delhi house and New York house, since benefit of Nil Annual value u/s 23(2) is available in respect of two house properties.
- (iii) What is the income chargeable under the head “Income from house property” of Ananya Gupta for A.Y.2020-21?
- (a) ₹15,85,000
 - (b) ₹3,09,600
 - (c) ₹1,00,000
 - (d) ₹10,000

(iv) Assuming that, for the purpose of this MCQ alone, Ananya Gupta has let out her flat in New York during the six months (April to September) when she is in India, for a sum of \$ 6,000 p.m. Such rent was received in a bank account in New York and then remitted to India through approved banking channels. What would be the income from house property chargeable to tax in her hands in India for A.Y.2020-21?

- (a) ₹10,000
- (b) ₹17,85,000
- (c) ₹17,95,000
- (d) ₹18,85,000

2.

(2 Marks)

Mr. Ajay is found to be the owner of two gold chains of 50 gms each (market value of which is ₹ 1,45,000 each) during the financial year ending 31.3.2020 but he could offer satisfactory explanation for ₹ 50,000 spent on acquiring these gold chains. As per section 115BBE, Mr. Ajay would be liable to pay tax of –

- (a) ₹ 1,87,200
- (b) ₹ 2,26,200
- (c) ₹ 1,49,760
- (d) ₹ 1,80,960

3.

(2 Mark)

Neeraj was working as an accountant with the company Ujala Ltd. He died on 30.04.2019 and on account of his death, his wife Neha started receiving a pension of ₹10,000 per month w.e.f. 01.06.2019. Determine under which head of income, the pension received by Neha during F.Y. 2019-20 shall be taxable. Also, compute the taxable amount in her hands.

- (a) Income from other sources: ₹ 1,00,000
- (b) Income from other sources: ₹85,000
- (c) Income from Salary: ₹1,00,000
- (d) Income from Salary: ₹85,000

4.

(2 Marks)

Mr. Vikesh, a US citizen, came to India for an assignment from 11.01.2016 to 09.10.2016 and went back to his home country on completion of the same. He thereafter, visited India on 05.07.2018 again for an assignment, which ended on 26.05.2019. What is the latest date by which Mr. Vikesh should depart from India after completing the assignment so as to qualify as non-resident for P.Y. 2019-20? (Assume that he shall not be visiting India again during the year)

- (a) 29-05-2019
- (b) 30-05-2019
- (c) 29-09-2019
- (d) 28-09-2019

5.

(1 Marks)

Which of the following statements is/are true in respect of taxability of agricultural income under the Income-tax Act, 1961?

- (i) Any income derived from saplings or seedlings grown in a nursery is agricultural income exempt from tax u/s 10(1).

- (ii) 60% of dividend received from shares held in a tea company is agricultural income exempt from tax u/s 10(1).
- (iii) While computing income tax liability of an Assessee aged 50 years, agricultural income is required to be added to total income only if net agricultural income for the P.Y. exceeds ₹5,000 and the total income (including net agricultural income) exceeds ₹2,50,000.
- (iv) While computing income tax liability of an Assessee aged 50 years, agricultural income is required to be added to total income only if net agricultural income for the P.Y. exceeds ₹5,000 and the total income (excluding net agricultural income) exceeds ₹2,50,000.

Choose from the following options:

- (a) (i) and (iii)
- (b) (ii) and (iii)
- (c) (i) and (iv)
- (d) (i), (ii) and (iv)

6. (1 Marks)

Mr. Hari is 65 years old residing in Agra. During F.Y. 2014-15, he purchased a house property in Kamla Nagar for ₹ 25 lacs. This house property was self-occupied by him till F.Y. 2016-17. In F.Y. 2017-18, he shifted to Delhi and the house property in Kamla Nagar was let out to Mr. Kishore. His income from house property was ₹ 5 lacs per annum (computed). During F.Y. 2019-20, Mr. Hari earned long-term capital gain of ₹ 2.50 lacs, casual income of ₹ 10 lacs, agricultural income of ₹ 3 lacs and profits from business of ₹ 4 lacs. During the same year, he transferred house property situated in Kamla Nagar to Mrs. Neelam (his son's wife) without any consideration. Subsequently, income from house property was received by Mrs. Neelam for F.Y. 2019-20. Compute gross total income of Mr. Hari for A.Y. 2020-21:

- (a) ₹ 16.50 lacs
- (b) ₹ 21.50 lacs
- (c) ₹ 19.50 lacs
- (d) ₹ 24.50 lacs

7. (1 Marks)

Mr. Ram acquired a house property at Chennai from Mr. Satyam, a resident, for a consideration of ₹85 lakhs, on 23.8.2019. On the same day, Mr. Ram made two separate transactions, thereby acquiring an urban plot in Gwalior from Mr. Vipun for a sum of ₹50 lakhs and rural agricultural land from Mr. Danish for a consideration of ₹75 lakhs. Which of the following statements are correct?

- (a) No tax deduction at source is required in respect of any of the three payments.
- (b) TDS @ 1% is attracted on all the three payments.
- (c) TDS @ 1% on ₹85 lakhs and ₹50 lakhs are attracted. No TDS on payment of ₹75 lakhs for acquisition of rural agricultural land
- (d) TDS @ 1% on ₹85 lakhs is attracted. No TDS on payments of ₹50 lakhs and ₹75 lakhs.

8. (1 Marks)

Mr. Ramesh, a citizen of India, is employed in the Indian embassy in the Australia. He is a non-resident for A.Y. 2020-21. He received salary and allowances in the Australia from the Government of India for the year ended 31.03.2020 for services rendered by him in the Australia. In addition, he was allowed perquisites by the Government. Which of the following statements are correct?

- (a) Salary, allowances and perquisites received outside India are not taxable in the hands of Mr. Ramesh, since he is non-resident.

- (b) Salary, allowances and perquisites received outside India by Mr. Ramesh are taxable in India since they are deemed to accrue or arise in India.
- (c) Salary received by Mr. Ramesh is taxable in India but allowances and perquisites are exempt.
- (d) Salary received by Mr. Ramesh is exempt in India but allowances and perquisites are taxable.

9. (1 Marks)

Mrs. Shivani, wife of Mr. Anurag, is a partner in a firm. Her capital contribution of ₹5 lakhs to the firm as on 1.4.2019 included ₹3.5 lakhs contributed out of gift received from Anurag. On 10.4.2019, she further invested ₹2 lakh out of gift received from Anurag. The firm paid interest on capital of ₹50,000 and share of profit of ₹60,000 during the F.Y.2019-20. The entire interest has been allowed as deduction in the hands of the firm. Which of the following statements is correct?

- (a) Share of profit is exempt but interest on capital is taxable in the hands of Mrs. Shivani.
- (b) Share of profit is exempt but interest of ₹39,286 is includible in the income of Mr. Anurag and interest of ₹10,714 is includible in the income of Mrs. Shivani.
- (c) Share of profit is exempt but interest of ₹35,000 is includible in the income of Mr. Anurag and interest of Rs.15,000 is includible in the income of Mrs. Shivani.
- (d) Share of profit to the extent of ₹42,000 and interest on capital to the extent of ₹35,000 is includible in the hands of Mr. Anurag.

10. (1 Marks)

Mr. Raj, an Indian citizen and a Government employee, left India for the first time on 25.03.2019 on account of his transfer to High Commission in Singapore. During P.Y. 2019-20, he visited India only for ten days on occasion of his sister's marriage. During F.Y. 2019-20, his income composition includes salary, foreign allowances, rent from property in Singapore and interest earned from fixed deposits maintained with SBI. His taxable income for P.Y. 2019-20 will include:

- (a) All of them, since Mr. Raj is a resident in India, hence his global income will be taxable
- (b) Only interest earned from fixed deposits maintained in India
- (c) No income shall be taxable since Mr. Raj is a non-resident in India for P.Y. 2019-20
- (d) Salary and interest income of fixed deposits with SBI

11. (1 Marks)

Mr. A has two bank accounts maintained with ICICI Bank and HDFC Bank. From 01.09.2019 till 31.03.2020, Mr. A withdrew the following amounts as cash from both the said accounts;

HDFC Bank: ₹50 Lakh

ICICI Bank: ₹120 Lakh

Compute the amount of tax to be deducted at source u/s 194N by HDFC Bank and ICICI Bank, respectively, while making payment in cash to Mr. A.

- (a) ₹1,00,000 and ₹2,40,000
- (b) Nil and ₹40,000
- (c) Nil and ₹2,40,000
- (d) ₹50,000 and ₹1,20,000

12. (1 Marks)

XYZ LLP falls under which category of person?

- (a) Firm
- (b) Company
- (c) Association of persons

(d) Artificial judicial person

13.

(1 Marks)

Mr. Raghav has three houses for self-occupation. What would be the tax treatment for A.Y.2020-21 in respect of income from house property?

- (a) One house, at the option of Mr. Raghav, would be treated as self-occupied. The other two houses would be deemed to be let out.
- (b) Two houses, at the option of Mr. Raghav, would be treated as self-occupied. The other house would be deemed to be let out.
- (c) One house, at the option of Assessing Officer, would be treated as self-occupied. The other two houses would be deemed to be let out.
- (d) Two houses, at the option of Assessing Officer, would be treated as self-occupied. The other house would be deemed to be let out.

14.

(1 Marks)

Arun's gross total income of P.Y. 2019-20 is ₹ 2,45,000. He deposits ₹ 45,000 in PPF. He pays electricity bills aggregating to ₹ 1.20 lakhs in the P.Y.2019-20. Which of the statements is correct?

- (a) Arun is not required to file his return of income u/s 139(1) for P.Y. 2019-20, since his total income before giving effect to deduction under section 80C does not exceed the basic exemption limit.
- (b) Arun is not required to file his return of income u/s 139(1) for P.Y. 2019-20, since his electricity bills do not exceed ₹ 2,00,000 for the P.Y.2019-20.
- (c) Arun is not required to file his return of income u/s 139(1) for P.Y. 2019-20, since neither his total income before giving effect to deduction under section 80C exceeds the basic exemption limit nor his electricity bills exceed ₹ 2 lakh for the P.Y.2019-20.
- (d) Arun is required to file his return of income u/s 139(1) for P.Y. 2019-20, since his electricity bills exceed ₹ 1 lakh for the P.Y.2019-20.

15.

(1 Marks)

Mr. Ritvik has purchased his first house in Gwalior for self-occupation on 5.4.2019 for ₹ 45 lakhs (stamp duty value being the same) with bank loan sanctioned on 30.3.2019 and disbursed on 3.4.2019. He paid interest of ₹ 3.8 lakhs during the P.Y.2019-20. What is the tax treatment of interest paid by him?

- (a) Interest of ₹ 2 lakhs allowable u/s 24
- (b) Interest of ₹ 2 lakhs allowable u/s 24 and ₹ 1.8 lakhs allowable u/s 80EEA
- (c) Interest of ₹ 2 lakhs allowable u/s 24 and ₹ 1.5 lakhs allowable u/s 80EEA
- (d) Interest of ₹ 1.5 lakhs allowable u/s 24 and ₹ 1.5 lakhs allowable u/s 80EEA

16.

(1 Marks)

During the P.Y.2019-20, Mr. Ranjit has short-term capital gains of ₹ 95 lakhs taxable under section 111A, long-term capital gains of ₹ 110 lakhs taxable under section 112A and business income of ₹ 90 lakhs. Which of the following statements is correct?

- (a) Surcharge@25% is leviable on income-tax computed on total income of ₹ 2.95 crore, since total income exceeds ₹ 2 crore.
- (b) Surcharge@15% is leviable on income-tax computed on total income of ₹ 2.95 crore.

- (c) Surcharge@15% is leviable in respect of income-tax computed on capital gains of ₹ 2.05 crore; in respect of business income, surcharge is leviable@25% on income tax, since total income exceeds ₹ 2 crore.
- (d) Surcharge@15% is leviable in respect of income-tax computed on capital gains of ₹ 2.05 crore; surcharge@10% is leviable on income-tax computed on business income, since the same exceeds ₹50 lakhs but is less than ₹ 1 crore.

17.

(1 Marks)

Mr. Suhaan (aged 35 years), a non-resident earned dividend income of ₹ 12,50,000 from an Indian Company which is credited directly to its bank account in France and ₹ 15,000 as interest in Saving A/c from State Bank of India during the previous year 2019-20. Assuming that he has no other income, what will be amount of income chargeable to tax in his hands in India for A.Y. 2020-21?

- (a) ₹ 2,55,000
 (b) ₹ 2,65,000
 (c) ₹ 15,000
 (d) ₹ 5,000

18.

(1 Marks)

XYZ Ltd. has two units, one unit at Special Economic Zone (SEZ) and other unit at Domestic Tariff Area (DTA). The unit in SEZ was set up and started manufacturing from 12.3.2012 and unit in DTA from 15.6.2015. Total turnover of XYZ Ltd. and Unit in DTA is ₹ 8,50,00,000 and 3,25,00,000, respectively. Export sales of unit in SEZ and DTA is ₹ 2,50,00,000 and ₹ 1,25,00,000, respectively and net profit of Unit in SEZ and DTA is ₹ 80,00,000 and ₹ 45,00,000, respectively. XYZ Ltd. would be eligible for deduction under section 10AA for -

- (a) ₹ 38,09,524
 (b) ₹ 19,04,762
 (c) ₹ 23,52,941
 (d) ₹ 11,76,471

19.

(1 Marks)

Mr. Jha, an employee of FX Ltd, attained 60 years of age on 15.05.2019. He is resident in India during F.Y. 2019-20 and earned salary income of ₹5 lacs (computed). During the year, he earned ₹ 7 lacs from winning of lotteries. Compute his advance tax liability for A.Y. 2020-21:

- (a) ₹ 2,20,000 + Cess ₹ 8,800 = ₹2,28,800, being the tax payable on total income of ₹12 lacs
 (b) ₹ 2,10,000 + Cess ₹ 8,400 = ₹2,18,400, being the tax payable on lottery income of ₹7 lacs
 (c) ₹ 10,000 + Cess ₹400 = ₹ 10,400, being the tax payable on salary income, since tax would have been deducted at source from lottery income.
 (d) Nil

20.

(1 Marks)

APM Ltd. is a pioneer company in textile industry. At the end of F.Y. 2019-20, it decided to distribute deposit certificates (without interest) to its shareholders (preference as well as equity shareholders). Total value of accumulated profits of APM Ltd. was ₹ 25 lakhs. Mr. A is an equity shareholder of APM Ltd. holding 10% of share capital. During F.Y. 2019 - 20, Mr. A received deposit certificates (without interest) valuing ₹5,00,000 from APM Ltd.

Comment upon taxability of receipt of deposit certificates in the hands of Mr. A.

- (a) Deposit Receipts (without interest) are taxable to the extent of ₹2,50,000 under Income from other sources.
 (b) Deposit Receipts (without interest) are fully taxable under Income from other sources.
 (c) Deposit Receipts (without interest) are exempt since DDT is payable by the company.
 (d) Deposit Receipts (without interest) are fully taxable and shall be included in Gross total income. But such receipt shall be allowed as deduction under Chapter-VI A.