

SOLUTION TO MCQs of MTP 1 MAY 22 EXAM

RELEASED BY ICAI

INCOME TAX

1. (i) Ans. (d)

Residential status of Anjali

Stay in India in 2021-2022

Oct -31 + Nov 30+ Dec -31+ Jan – 31+ Feb -28 + Mar – 31 = 182 days

Her Stay in India is 182 days hence she is Resident and also her stay in preceding 7 years is more than 729 days hence she is ROR.

1. (ii) Ans. (c)

Residential status of HUF

Karta of HUF is grandfather of Anjali and her grandfather stays outside India and in the question it is given that HUF is managed outside India and all the decisions regarding the HUF are made outside India hence HUF is non-resident.

1. (iv) Ans. (c)

Hint: To maximize tax saving she can opt for section 44AD

Gross Turnover (10,00,000+12,00,000+1,05,000+2,25,000)	25,30,000
Business Income as per section 44AD (6% of 25,30,000)	1,51,800

2. Ans. (b)

Amount Received from Debtor	68,000
Existing Debtor (bad debts not allowed) (1,00,000-60,000)	(40,000)
Balance Income taxable	28,000
Less: Loss from cloth business	(8,000)
Taxable	20,000

3. Ans. (b)

Residential House Property

Full Value of consideration	8,00,00,000
Less: Indexed Cost of Acquisition	6,00,00,000
Long term capital gains	2,00,00,000
Exemption u/s 54	(2,00,00,000)
Taxable	Nil

Jewellery

Full Value of consideration	3,00,00,000
Less: Expenses	(2,00,000)
Net Consideration	2,98,00,000
Less: Indexed Cost of Acquisition	2,00,00,000
Long term capital gains	98,00,000
Exemption u/s 54F $(98,00,000/298,00,000 \times 50,00,000)$	(16,44,295)
Taxable	81,55,705

5. Ans. (c)**Computation of amount of deduction available u/s 80CCD**

Employee Contribution 80CCD (1) - $(10\% \times 17,94,000)$ but restricted to 1,50,000	=	1,50,000
Employee contribution 80CCD (1B)		50,000
Employer Contribution 80CCD (2) - $(10\% \times 17,94,000)$	=	1,79,400
Total		3,79,400

Note: Salary for this purpose is Basic salary + DA forming part of salary i.e. $30\% = (1,15,000 + 34,500) \times 12 = 17,94,000$

GST**1.3 Ans. (a)**

Hint: As per section 16(3) if GST component is capitalized then registered person is not eligible to claim any ITC on such GST.

1.4 Ans. (c)

Hint: If registered person has not made the payment to the supplier, even in that case tax credit shall be allowed but such registered person should make payment for supply plus tax within 180 days from the date of issue of invoice otherwise amount of ITC is to be paid along with Interest.

In the given case, payment of ABC is due for more than 180 days hence 15000 is required to be reversed.

2 Ans. (b)

Hint: As per section 16(3) if GST component is capitalized then registered person is not eligible to claim any ITC on such GST.