

# MOCK TEST

MAY 22/NOV 22

## TAXATION

**(ADVANCE INCOME TAX TO DEDUCTION FROM  
GROSS TOTAL INCOME)**

ATTEMPT ALL QUESTIONS

Time allowed: 3 hours

Maximum Marks: 100

MCQ BOOKLET NO. 1234567

PAPER CODE- MKG

### MULTIPLE CHOICE QUESTIONS (30 Marks)

1. The deduction under section 80QQB in respect of royalty income of authors of certain books is subject to a maximum limit of-

- (a) ₹1,00,000
- (b) ₹3,00,000
- (c) ₹5,00,000
- (d) ₹2,00,000

2. Deduction allowed under section 80JJAA is

- (a) 20%
- (b) 30%
- (c) 33%
- (d) none of these

3. Mr. X taken Preventive health check up of ₹3,000 (paid in cash) for himself and also taken in the name of parents who is senior citizen and paid ₹5,000 (in cash). Deduction allowed u/s 80D shall be:

- (a) ₹5,000
- (b) ₹8,000
- (c) ₹3,000
- (d) Nil

**4. Mr. X has taken a Life Insurance policy in the name of handicapped daughter on 10.01.2022 and paid premium by cheque of ₹60,000 and sum assured shall be ₹5,00,000, in this case maximum amount of deduction allowed u/s 80C shall be**

- (a) ₹50,000
- (b) ₹60,000
- (c) ₹5,00,000
- (d) Nil

**5. As per section 80CCE, ₹1.5 lakh is the maximum qualifying limit for deduction under -**

- (a) Section 80C and 80CCD.
- (b) Sections 80CCC and 80CCD
- (c) Sections 80C, 80CCC and 80CCD
- (d) Section 80C, 80CCC and 80D

**6. Ms. Padmaja let out a property for ₹20,000 per month during the year 2021-22. The municipal tax on the let-out property was enhanced retrospectively. Hence, she paid ₹60,000 as municipal tax which included arrears of municipal tax of ₹45,000. Her income from house property is —**

- (a) ₹1,80,000
- (b) ₹1,57,500
- (c) ₹1,26,000
- (d) ₹1,36,500

**7. The construction of a house was completed on 31st January, 2022. The owner of the house took a loan of ₹20,00,000 @ 6% p.a. on 1st May, 2021. In this case the deduction allowable for the previous year 2021-22 towards interest on borrowings is —**

- (a) 22,000
- (b) 24,000
- (c) 1,10,000
- (d) None of the above.

**8. Mr. Shahu has loss from house property for the assessment year 2022-23. He can carry forward such loss for subsequent ..... assessment years.**

- (a) 4
- (b) Nil
- (c) 8
- (d) Indefinite

**9. Mr. Ahmed acquired a property in April, 2021 for self-residential use. The loan interest payable to State Bank of India for the financial year 2021-22 amounts to ₹ 2,10,000. The amount eligible for deduction under section 24 is (all conditions for claiming higher interest have been complied with):**

- (a) ₹ 30,000
- (b) ₹ 2,00,000
- (c) ₹ 2,10,000
- (d) ₹ 1,50,000

**10. Deduction under section 24(a) is**

- (a) 1/3<sup>rd</sup> of NAV
- (b) repairs actually incurred by the owner
- (c) 30% of NAV
- (d) Interest on borrowed capital

**11. In case of default in payment of advance tax, interest shall be charged**

- (a) 2% p.m. u/s 234C
- (b) 1% p.m. u/s 234B
- (c) 1.5% p.m. u/s 234A
- (d) 1% p.m. u/s 234C

**12. In case of default in payment of self assessment tax after last date of filing of ROI, interest shall be charged**

- (a) 2% p.m. u/s 234C
- (b) 1% p.m. u/s 234B
- (c) 1% p.m. u/s 234A + 1% p.m. u/s 234B
- (d) 1% p.m. u/s 234C

**13. Advance tax is payable by a senior citizen only when**

- (a) he has income u/h capital gains
- (b) he has income u/h house property
- (c) he has income u/h business/profession
- (d) he has income u/h casual income

**14. Which of the following statement is not correct.**

- (a) advance tax payable upto 15<sup>th</sup> June of the previous year is atleast 15%
- (b) advance tax payable upto 15<sup>th</sup> Sept of the previous year is atleast 45%
- (c) advance tax payable upto 15<sup>th</sup> Dec of the previous year is atleast 70%
- (d) advance tax payable upto 15<sup>th</sup> March of the previous year is atleast 100%

**15.** Mr. Square, an Indian citizen, currently resides in Dubai. He came to India on a visit and his total stay in India during the F.Y.2021-22 was 135 days. He has no source of Income in India. Following is his details of stay in India in the preceding previous years:

| Financial Year | Days of Stay in India |
|----------------|-----------------------|
| 2020-21        | 125                   |
| 2019-20        | 106                   |
| 2018-19        | 83                    |
| 2017-18        | 78                    |
| 2016-17        | 37                    |
| 2015-16        | 40                    |
| 2014-15        | 35                    |

You are his tax consultant. Advise him on his residential status for the P.Y. 2021-22.

- (a) Resident but Not Ordinary Resident (RNOR)
- (b) Resident and Ordinary Resident
- (c) Non-Resident
- (d) Resident but information incomplete to know whether resident but not ordinarily resident or resident and ordinarily resident

**16.** In the year P.Y. 2021-2022, a sailor has remained on ship as a crew member of an Indian Ship as follows:

- (1) Outside the territorial waters of India for 183 days.
- (2) Inside the territorial waters of India for 182 days.

Advise him on his residential status for the P.Y. 2021-22.

- (a) Resident
- (b) Non-Resident

- (c) Indian Citizen
- (d) None of the above

**17.** Mr. Nishant, a resident but not ordinarily resident for the previous year 2020-21 and resident and ordinarily resident for the previous year 2021-22 has received rent from property in Canada amounting to ₹1,00,000 during the P.Y.2020-21. He has deposited the same in a bank in Canada. During the financial year 2021-22, he remitted this amount to India through approved banking channels. Is such rent taxable in India, and if so, how much and in which year?

- (a) Yes; ₹ 70,000 was taxable in India during the previous year 2020-21.
- (b) Yes; ₹ 1,00,000 was taxable in India during the previous year 2020-21.
- (c) Yes; ₹ 70,000 was taxable in India during the previous year 2021-22.
- (d) No; such rent is not taxable in India either during the previous year 2020-21 or during the previous year 2021-22.

**18.** If Anirudh has stayed in India in the P.Y. 2021-22 for 181 days, and he is non-resident in 9 out of 10 years immediately preceding the current previous year and he has stayed in India for 365 days in all in the 4 years immediately preceding the current previous year and 420 days in all in the 7 years immediately preceding the current previous year, his residential status for the A.Y.2022-23 would be-

- (a) Resident and ordinarily resident
- (b) Resident but not ordinarily resident
- (c) Non-resident
- (d) Cannot be ascertained with the given information

**19.** Raman was employed in Hindustan Lever Ltd. He received a salary of ₹40,000 p.m. from 1.4.2021 to 27.9.2021. He resigned and left for Dubai for the first time on 1.10.2021 and got salary of rupee equivalent of ₹80,000 p.m. from 1.10.2021 to 31.3.2022. His salary for October to December 2021 was credited in his Dubai bank account and the salary for January to March 2022 was credited in his Bombay account directly. He is liable to tax in respect of -

- (a) Income received in India from Hindustan Lever Ltd;
- (b) Income received in India and in Dubai;
- (c) Income received in India from Hindustan Lever Ltd. and income directly credited in India;
- (d) Income received in Dubai

**20.** Short term capital gains on sale of shares of an Indian company received in Australia is taxable in case of-

- (a) resident and ordinarily resident only
- (b) both resident and ordinarily resident and resident but not ordinarily resident
- (c) non-resident only
- (d) All the above

**21.** Mr. X took a loan of ₹5,00,000 on 01.10.2018 @ 10% p.a. for construction of house which was completed on 31.03.2022. Compute interest on capital borrowed for the previous year 2021-22

- (a) 25,000
- (b) 50,000
- (c) 1,75,000
- (d) 75,000

**22.** Vidya received ₹90,000 in May, 2021 towards recovery of unrealised rent, which was deducted from actual rent during the P.Y. 2019-20 for determining annual value. Legal expense incurred in relation to unrealized rent is ₹20,000. The amount taxable under section 25A for A.Y.2022-23 would be -

- (a) ₹70,000

- (b) ₹63,000
- (c) ₹60,000
- (d) ₹49,000

**23. Ganesh and Rajesh are co-owners of a self-occupied property. They own 50% share each. The interest paid by each co-owner during the previous year on loan (taken for acquisition of property during the year 2004) is ₹2,05,000. The amount of allowable deduction in respect of each co-owner is –**

- (a) ₹2,05,000
- (b) ₹1,02,500
- (c) ₹2,00,000
- (d) ₹1,00,000

**24. Mr. Zen owns a flat in Mumbai which was let out by him in the previous year 2021 – 22 on a rent of ₹20,000 p.m. upto December, 2021 and for ₹30,000 p.m. thereafter. The annual municipal value is of ₹3,00,000, Fair Rent is ₹2,50,000 and Standard Rent is ₹2,90,000. The Gross Annual Value of the flat shall be taken as:**

- (a) ₹ 2,70,000
- (b) ₹ 3,00,000
- (c) ₹ 2,50,000
- (d) ₹ 2,90,000

**25. The current year loss under the head house property can be set off from other heads maximum upto \_\_\_\_\_.**

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

**26. An assessee has paid life insurance premium of ₹ 25,000 during the previous year 2021-22 for a policy of ₹1,00,000 taken on 1.4.2015. He shall:**

- (a) not be allowed deduction u/s 80C
- (b) be allowed deduction of ₹ 20,000 u/s 80C
- (c) be allowed deduction of ₹ 25,000 under section 80C
- (d) be allowed deduction of ₹ 10,000 u/s 80C

**27. Mr. Srivastav, aged 72 years, paid medical insurance premium of ₹40,000 by cheque and ₹4,000 by cash during May, 2021 under a Medical Insurance Scheme of the General Insurance Corporation. The above sum was paid for insurance of his own health. He would be entitled to a deduction under section 80D of a sum of-**

- (a) ₹30,000
- (b) ₹40,000
- (c) ₹52,000
- (d) ₹56,000

**28. Mr. Anuj, a businessman, whose adjusted gross total income for AY 2022-23 is ₹5,95,000. He does not own any house property and is staying in a rented accommodation in Patna for a monthly rent of ₹9,000. Deduction allowance under section 80GG for A.Y. 2022-23 is:**

- (a) ₹48,500
- (b) ₹1,48,750
- (c) ₹60,000
- (d) ₹1,08,000

**29. Deduction under section 80TTB is allowed**

- (a) to all individual upto ₹ 50,000
- (b) to all individual upto ₹ 10,000

- (c) to a senior citizen upto ₹ 50,000
- (d) to a senior citizen upto ₹ 40,000

**30. Deduction u/s 80U in case of blind or physically handicapped persons is allowed to:**

- (a) Any assessee
- (b) an individual
- (c) An individual or HUF
- (d) An individual who is resident in India

## SUBJECTIVE TYPE QUESTIONS (70 Marks)

### Question 1 (a).

(5 Marks)

Examine the tax implications of the following transactions for the assessment year 2022-23: (Give brief reason)

- (i) Government of India has appointed Mr. Rahul as an ambassador in Japan. He received salary of ₹7,50,000 and allowances of ₹2,40,000 during the previous year 2021-22 for rendering his services in Japan. He is an Indian citizen having status of non-resident in India for the previous year 2021-22.
- (ii) Ms. Juhi, a non-resident in India is engaged in operations which are confined to purchase of goods in India for the purpose of export. She has earned ₹2,50,000 during the previous year 2021-22.
- (iii) Mr. Naveen, a non-resident in India, has earned ₹3,00,000 as royalty for a patent right made available to Mr. Rakesh who is also a non-resident. Mr. Rakesh has utilized patent rights for development of a product in India and 50% royalty is received in India and 50% outside India.
- (iv) Mr. James, a NRI, borrowed ₹10,00,000 on 01.04.2021 from Mr. Akash who is also non-resident and invested such money in the shares of an Indian Company. Mr. Akash has received interest @ 12% per annum.

### Question 1 (b).

(5 Marks)

Miss Charlie, an American national, got married to Mr. Radhey of India in USA on 02.03.2021 and came to India for the first time on 16.03.2021. She left for USA on 23.09.2021.

She returned to India again on 27.03.2022. While in India, she had purchased a show room in Mumbai on 22.04.2021, which was leased out to a company on a rent of ₹25,000 p.m. from 01.05.2021. She had taken loan from a bank for purchase of this show room on which bank had charged interest of ₹97,500 upto 31.03.2022.

She had received the following gifts from her relatives and friends during 01.04.2021 to 30.06.2021:

|   |           |
|---|-----------|
| - From parents of husband   | ₹ 51,000  |
| - From married sister of husband                                    | ₹ 11,000  |
| - From two very close friends of her husband, ₹1,51,000 and ₹21,000 | ₹1,72,000 |

Determine her residential status and compute the total income chargeable to tax alongwith the amount of tax payable on such income for the Assessment Year 2022-23.

### Question 2 (a)

(5 marks)

Mr. X furnishes you the following information:

Raw material purchased ₹5,00,000. Manufacturing expenses (revenue nature) ₹2,00,000.

Sale price ₹18,00,000. Plant & machinery acquired ₹2,60,000. Depreciation is allowed @ 15%.

He has made the investments as given below:

- (i) Fixed deposit with State Bank for two years ₹5,000.
- (ii) Investment in National Saving Certificates ₹5,000.
- (iii) Deposit in Public Provident Fund Account in the name of major married independent son ₹5,000.
- (iv) Deposit in Public Provident Fund Account in the name of minor son ₹5,000.
- (v) Payment of premium for LIC policy in name of major married independent daughter on 15.09.2021 ₹5,000. (sum assured ₹1,00,000).
- (vi) Payment of premium for LIC policy in name of major married independent son on 11.11.2021 ₹5,000. (sum assured ₹20,000)
- (vii) Investment in Home Loan Account Scheme of National Housing Bank ₹5,000 (Investment was made out of past savings).
- (viii) Investment in units of Mutual Funds notified under section 10(23D) ₹5,000. (Investment was made out of current income exempt from income tax).
- (ix) Investment in Equity Shares of Infrastructure Companies ₹5,000.

- (x) Payment of Tuition fees of his son to a private coaching centre for coaching in taxation ₹5,000.

Compute his income and tax liability for assessment year 2022-23.

**Question 2 (b)**

**(5 marks)**

Write a brief note on payment of interest for late payment of income tax u/s 234A, 234B & 234C and what are the due dates of instalments and the quantum of advance tax payable.

**Question 3. (a)**

**(5 Marks)**

Write a note on deduction in case of payment of interest on loan taken for Higher Education.

**Question 3 (b).**

**(5 Marks)**

A partnership firm made the following payments of advance tax during the financial year 2022-23:

|                         | ₹         |
|-------------------------|-----------|
| Upto June 15, 2021      | 4,15,000  |
| Upto September 15, 2021 | 8,25,000  |
| Upto December 15, 2021  | 16,64,000 |
| Upto March 15, 2022     | 26,23,000 |

Return of income filed by the firm is ₹88,00,000 under the head “profits and gains of business or profession” and ₹9,50,000 by way of long term capital gains on sale of a property effected on December 1, 2021. What is the interest payable by the assessee under section 234B and section 234C for assessment year 2022-23? Assume that the return of income was filed on 31.10.2022 i.e. the due date and tax was fully paid on self assessment.

**Question 4 (a).**

**(5 Marks)**

Mr. X has income from business/profession ₹6,00,000 and long term capital gain ₹4,00,000 and short term capital gain u/s 111A ₹2,00,000 and casual income ₹1,00,000.

He has paid premium of a mediclaim policy amounting to ₹20,000 taken in the name of his dependant grand father who is senior citizen and payment was made by a cheque on 09.01.2022.

He has given premium of Jeevan Suraksha policy ₹7,000, has donated ₹12,000 to the National Defence Fund, ₹4,000 to Rajiv Gandhi Foundation and ₹3,00,000 to a charitable institution and ₹1,00,000 to a social organization and ₹4,00,000 to religious organization and all such organization are notified under section 80G. (all the donations was made by cheque)

Compute his total income and tax liability for A.Y. 2022-23.

**Question 4 (b).**

**(5 Marks)**

Mr. Ravi, a resident and ordinarily resident in India, owns a let out house property having different flats in Kanpur which has municipal value of ₹27,00,000 and standard rent of ₹29,80,000. Market rent of similar property is ₹30,00,000. Annual rent was ₹40,00,000 which includes ₹10,00,000 pertaining to different amenities provided in the building. One flat in the property (annual rent is 2,40,000) remains vacant for 4 months during the previous year. He has incurred following expenses in respect of aforesaid property:

Municipal taxes of ₹4,00,000 for the financial year 2021-22 (10% rebate is obtained for payment before due date.) Arrears of municipal tax of financial year 2020-21 paid during the year of ₹1,40,000 which includes interest on arrears of ₹25,000.

Lift maintenance expenses of ₹2,40,000 which includes a payment of ₹30,000 which made in cash.

Salary of ₹88,000 paid to staff for collecting house rent and other charges. .



Compute the total income of Mr. Ravi for the assessment year 2022-23 assuming that Mr. Ravi has not opted provisions under section 115BAC.

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

Mr. X has taken a loan of ₹15,00,000 on 01.07.2017 from State Bank of India @ 12% p.a. for construction of one house which was completed on 01.05.2021 and was let out @ ₹90,000 p.m. w.e.f 01.07.2021 and Fair rent is ₹1,25,000 p.m. and the assessee has paid municipal tax of ₹30,000 in P.Y. 2021-22 and the assessee has repaid the loan amount in annual instalment of ₹1,00,000 starting from 01.01.2020.

Compute his income tax liability for the assessment year 2022-23.

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

Mr. X earns the following incomes during the financial year 2021-22.

₹

|   |          |
|---|----------|
| (1) Profits from a business in Japan, controlled from India,<br>(half of the profits received in India)   | 40,000   |
| (2) Income from property in Bombay, received in UK  | 70,000   |
| (3) Income from a property in USA, received there but subsequently remitted to India  | 2,00,000 |
| (4) Income from property in USA, received there (₹50,000 remitted in India)   | 80,000   |
| (5) Salary received in India for services rendered in USA   | 50,000   |
| (6) Income from profession in Paris, which was set up in India, received in Paris   | 80,000   |
| (7) Interest from deposit with an Indian company, received in Japan   | 9,000    |
| (8) Income from profession in Bombay received in Paris  | 30,000   |
| (9) Profits of business in Iran, deposited in a bank there, business controlled from India<br>(out of ₹4,00,000, ₹ 1,00,000 is remitted in India) | 4,00,000 |
| (10) Interest on German development bonds, half of which is received in India   | 10,000   |
| (11) Income from property in Canada, one-fifth is received in India   | 50,000   |

(Presume all the above incomes are computed income i.e. all the exemptions and deductions have already been allowed)

Determine the gross total income of Mr. X if he is (i) resident and ordinarily resident, (ii) resident but not ordinarily resident, (iii) non-resident in India during the financial year 2021-22.

**Question 6 (a).****(5 Marks)**

Mr. X an American citizen has come to India for the first time on 10.07.2017, as an employee of a multinational company. The particulars of his arrival and departure are as given below:

| <b>Date of arrival</b> | <b>Date of departure</b> |
|------------------------|--------------------------|
| 10.07.2017             | 07.08.2018               |
| 07.10.2018             | 27.11.2019               |
| 01.03.2020             | 01.02.2021               |
| 10.05.2021             | 30.03.2022               |

Not yet returned

Determine his residential status for previous year 2017-18 to 2021-22.

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

From the following particulars furnished by Mr. X for the previous year ending 31.03.2022. Compute the taxable income and tax liability for assessment year 2022-23:

(i) He owns a house property at metro city. The fair rental value per annum is ₹ 27,000 and the municipal value is ₹ 24,000.

(ii) The house was let out from 01.04.2021 to 31.08.2021 @ ₹2,100 per month. From 01.09.2021 Mr. X occupies the house for his residence.

(iii) Expenditure incurred on property and paid:

|                    |        |
|--------------------|--------|
| (a) Municipal tax  | ₹4,000 |
| (b) Fire insurance | ₹2,500 |
| (c) Land revenue   | ₹4,600 |
| (d) Repairs        | ₹1,000 |

(iv) Interest paid on borrowings for construction:

(a) For the current year ₹21,600

(b) Instalment of prior period ₹12,960

He has long term capital gains of ₹5,00,000.

**Question 7 (a).**

**(5 Marks)**

Explain Deduction in case of Units established in Special Economic Zone. Section 10AA

**Question 7 (b).**

**(5 Marks)**

Write a note on deduction in case of payment of premium for Medical Insurance/Medical Policy.