

# MKG

## MOCK TEST

### UPTO DEDUCTION FROM GROSS TOTAL INCOME

ATTEMPT ALL QUESTIONS

(Maximum Marks : 100)

Time allowed: 3 hours

#### Question 1

(30 Marks)

**(i) What is the basic exemption limit for Mrs. X, a resident individual who is of the age of 80 years as on 31.3.2020?**

- (a) ₹5,00,000
- (b) ₹2,40,000
- (c) ₹3,00,000
- (d) ₹2,50,000

**(ii) Tax Liability of a resident individual having LTCG 3.5 Lakh shall be**

- (a) ₹7,800
- (b) ₹72,800
- (c) ₹18,200
- (d) ₹20,800

**(iii) Mr. Mayank has received a sum of ₹ 75,000 on 24.10.2019 from his friend on the occasion of his marriage anniversary.**

- (a) Entire ₹ 75,000 is chargeable to tax.
- (b) Entire ₹75,000 is exempt from tax
- (c) Only ₹ 25,000 is chargeable to tax
- (d) Only 50% i.e., ₹ 37,500 is chargeable to tax

**(iv) Ashok took possession of property on 31st August 2019 booked by him three years back at ₹25 lakhs, The Stamp Duty Value (SDV) of the property as on 31st August 2019 was ₹31 lakh and on date of booking it was ₹29 lakh. He had paid ₹2 lakh by A/c payee cheque as down payment on date of booking. Which of the following will be considered as income, if any, and in which previous year**

- (a) ₹4 lakhs in P.Y. 2019-20
- (b) ₹4 lakhs in P.Y. 2016-17
- (c) ₹6 lakhs in P.Y. 2019-20
- (d) No income shall be taxable, since down payment was paid by A/c cheque while booking the property

**(v) Income earned from a contract negotiated by an agent in India in the name of a non-resident and approved by such non-resident shall:**

- (a) be taxable in India as such income is deemed to accrue or arise in India
- (b) not be taxable in India as there is no business connection in India
- (c) be taxable in India only if it is received in India
- (d) not taxable in India as such income accrues or arises outside India

**(vi) In case of inter source adjustment the loss derived from a house property can be set off during the year against:**

- (a) the income of any other house property

- (b) the capital gain
- (c) the income under other sources
- (d) (b) and (c) above

**(vii) Income accruing in London and received there is taxable in India in the case of-**

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

**(viii) The maximum amount of rebate allowable under section 87A for A.Y. 2020-21 is -**

- (a) ₹2,000, if the total income does not exceed ₹5 lakh
- (b) ₹5,000, if the total income does not exceed ₹5 lakh
- (c) ₹12,500, if the total income does not exceed ₹5 lakh
- (d) ₹2,500, if the total income does not exceed ₹3.5 lakh

**(ix) The income earned during the previous year is subject to tax under the Act on the basis of residential status of an assessee. However, the residential status of an assessee ..... every year.**

- (a) will not change
- (b) will certainly change
- (c) may change
- (d) None of the above

**(x) Mr. Rajiv, born and brought up in India left for employment in Belgium on 15-10-2019. He has never gone out of India, previously. What is his residential status for the assessment year 2020-21?**

- (a) Non-resident
- (b) Not ordinarily resident
- (c) Resident and ordinarily resident in India
- (d) Indian citizen

**(xi) Mr. Zen owns a flat in Mumbai which was let out by him in the previous year 2019 – 20 on a rent of ₹20,000 p.m. upto December, 2019 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

**(xii) Mr. Ahmed acquired a property in April, 2019 for self-residential use. The loan interest payable to State Bank of India for the financial year 2019-20 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

**(xiii) A borrowed ₹5,00,000 @ 12% p.a. on 1-4-2015 for construction of house property which was completed on 15-3-2019. The amount is still unpaid. The deduction of interest for previous year 2019-20 shall be :**

- (a) ₹60,000
- (b) ₹96,000
- (c) ₹1,80,000
- (d) ₹2,40,000

**(xiv) If Anirudh has stayed in India in the P.Y. 2019-20 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.2020-21 would be-**

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

**(xv) Raman was employed in Hindustan Lever Ltd. He received a salary of ₹40,000 p.m. from 1.4.2019 to 27.9.2019. He resigned and left for Dubai for the first time on 1.10.2019 and got salary of rupee equivalent of ₹80,000 p.m. from 1.10.2019 to 31.3.2020. His salary for October to December 2019 was credited in his Dubai bank account and the salary for January to March 2020 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

**(xvi) A company would be a resident in India for the P.Y. 2019-20, if**

- (a) it is an Indian company
- (b) during the year, majority of its directors are resident in India
- (c) during the year, its Place of Effective Management is in India
- (d) both (a) and (c)

**(xvii) Incomes which accrue or arise outside India but received directly in India are 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
- (d) All the above

**(xviii) Fees for technical services paid by the Central Government will be 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
- (d) All the above

**(xix). Deduction under section 80TTA is allowed**

- (a) to every person for interest on saving accounts
- (b) to an individual for interest on fixed deposit
- (c) to an individual and HUF for interest on savings account
- (d) to an individual and HUF for interest on any account

**(xx). Deduction under section 80TTB is allowed**

- (a) to all individual upto ₹ 10,000
- (b) to all individual upto ₹ 50,000
- (c) to a senior citizen upto ₹ 40,000
- (d) none of these

**(xxi). Deduction for investment in Kisan Vikas Patra is allowed under section**

- (a) 80C
- (b) 80CCC
- (c) 80CCD
- (d) none of these

**(xxii). Deduction for repayment of principal amount under section 80C is allowed**

- (a) for any house property
- (b) repairs of residential house property
- (c) purchase or construction of residential house property
- (d) construction of commercial house property

**(xxiii). Deduction u/s 80DD in case of expenditure in connection with handicapped dependent relative is allowed to:**

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

**(xxiv). 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

**(xxv). The maximum amount which can be donated in cash for claiming deduction under section 80G is—**

- (a) ₹ 5,000
- (b) ₹ 10,000
- (c) ₹ 1,000
- (d) ₹ 2,000

**(xxvi). Mr. Shiva made a donation of ₹50,000 to National Children's Fund and ₹20,000 to Rajiv Gandhi Foundation by cheque. He made a cash donation of ₹10,000 to a public charitable trust. The deduction allowable to him under section 80G for A.Y.2020-21 is**

- (a) ₹80,000
- (b) ₹70,000
- (c) ₹60,000
- (d) ₹35,000

**(xxvii). Mr. Shaleen, a businessman, whose adjusted gross total income for A.Y.2020-21 is ₹4,60,000, paid house rent at ₹12,000 p.m. in respect of residential accommodation occupied by him at Chennai. The deduction allowable to him under section 80GG for A.Y.2020-21 is**

- (a) ₹98,000
- (b) ₹1,15,000
- (c) ₹60,000
- (d) ₹24,000

**(xxviii). Mr. Ramesh pays a rent of ₹5,000 per month. His adjusted gross total income is ₹2,80,000. He is also in receipt of HRA. He would be eligible for a deduction under section 80GG of an amount of -**

- (a) ₹60,000
- (b) ₹32,000
- (c) ₹70,000
- (d) Nil

**(xxix). Mr. Anuj, a businessman, whose adjusted gross total income for AY 2020-21 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. 2020-21 is:**

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

(xxx). 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

**Question 2 (a).** **(5 marks)**

Explain taxability of Gift u/s 56(2)(x)

**Question 2 (b).** **(5 Marks)**

A partnership firm made the following payments of advance tax during the financial year 2019-20:

	₹
Upto June 15, 2019	4,15,000
Upto September 15, 2019	8,25,000
Upto December 15, 2019	16,64,000
Upto March 15, 2020	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, 2019. What is the interest payable by the assessee under section 234B and section 234C for assessment year 2020-21? Assume that the return of income was filed on 30.09.2020 i.e. the due date and tax was fully paid on self-assessment.

**Question 3.** **(10 Marks)**

Determine the taxability of the following incomes in the hands of a resident and ordinarily resident, resident but not ordinarily resident, and non-resident for the A.Y. 2020-21 –

Particulars	Amount (₹)
(1) Interest on UK Development Bonds, 50% of interest received in India	10,000
(2) Income from a business in Chennai (50% is received in India)	20,000
(3) Profits on sale of shares of an Indian company received in London	20,000
(4) Dividend from British company received in London	5,000
(5) Profits on sale of plant at Germany 50% of profits are received in India	40,000
(6) Income earned from business in Germany which is controlled from Delhi (₹40,000 is received in India)	70,000
(7) Profits from a business in Delhi but managed entirely from London	15,000
(8) Income from property in London deposited in a Indian Bank at London, brought to India	50,000
(9) Interest for debentures in an Indian company received in London.	12,000
(10) Fees for technical services rendered in India but received in London	8,000
(11) Profits from a business in Bombay managed from London	26,000
(12) Pension for services rendered in India but received in Burma	4,000
(13) Income from property situated in Pakistan received there	16,000
(14) Past foreign untaxed income brought to India during the previous year	5,000

(15) Income from agricultural land in Nepal received there and then brought to India	18,000
(16) Income from profession in Kenya which was set up in India, received there but spent in India	5,000
(17) Gift received on the occasion of his wedding	20,000
(18) Interest on savings bank deposit in State Bank of India	10,000
(19) Income from a business in Russia, controlled from Russia	20,000
(20) Dividend from Reliance Petroleum Limited, an Indian Company	5,000
(21) Agricultural income from a land in Rajasthan	15,000

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

Compute gross annual value in the following cases for the assessment year 2020-21:

Particulars	Situation 1	Situation 2	Situation 3	Situation 4
Fair Rent (p.m.)	10,000	12,000	13,000	15,000
Municipal Valuation (p.m.)	11,000	10,000	8,000	17,000
Standard Rent (p.m.)	12,000	11,000	7,000	16,000
Rent received/ receivable (p.m.)	7,000	11,500	20,000	16,000
Vacancy	-	2 months	1 month	3 month
Unrealised rent	1 month	-	3 month	1 month

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

Mr. X has let out one house property @ ₹70,000 per month and there is unrealised Rent of 2 months and there is vacancy of 3 months. Fair rent ₹60,000 per month, municipal valuation ₹55,000 per month and standard rent ₹80,000 per month. Municipal tax paid ₹62,000. Interest on loan for construction of the house property is ₹75,000. The assessee has unrealised Rent of ₹2,00,000 in P.Y. 2016-17 and he has recovered ₹1,50,000 in P.Y. 2019-20 and interest of ₹18,000 and he has incurred ₹11,000 as legal expense.

Compute his tax liability for assessment year 2020-21.

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

Mr. X (non-resident) has one house with fair rent ₹20,000 p.m., municipal valuation ₹10,000 p.m., standard rent ₹18,000 p.m. It was let out for ₹12,000 p.m. but it remains vacant for 1½ months and there was unrealised rent for 2 months. Municipal taxes paid are ₹11,000 and interest on capital borrowed for construction of the house is ₹3,00,000.

Mr. X has income under the head other sources ₹7,00,000.

Compute his total income and tax liability for the assessment year 2020-21.

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

The following are the income of Shri Subhash Chandra, a citizen of India for the previous year 2019-20:

- Income from business in India ₹ 2,00,000. The business is controlled from London and ₹ 60,000 were remitted to London.
- Profits from business earned in Japan ₹ 70,000 of which ₹ 20,000 were received in India. This business is controlled from India.
- Untaxed income of ₹ 1,30,000 for the year 2017-18 of a business in England which was brought in India on 3<sup>rd</sup> March, 2020.
- Royalty of ₹ 4,00,000 received from Shri Ramesh, a resident for technical service provided to run a business outside India.
- Agricultural income ₹ 90,000 in Bhutan.

- (vi) Income of ₹ 73,000 from house property in Dubai, which was deposited in bank at Dubai.

Compute Gross total income of Shri Subhash Chandra for the A.Y. 2020-21, if he is –

- (1) A resident and Ordinarily Resident, and
- (2) A resident and Not Ordinarily Resident

**Question 6 (a).**

**(5 Marks)**

Rudra Ltd. has one unit at Special Economic Zone (SEZ) and other unit at Domestic Tariff Area (DTA), the company provides the following details for the previous year 2019-20.

Particulars	Rudra Ltd. (₹)	Unit in DTA (₹)
Total Sales	6,00,00,000	2,00,00,000
Export Sales	4,60,00,000	1,60,00,000
Net Profit	80,00,000	20,00,000

Calculate the eligible deduction under section 10AA of the Income-tax Act, 1961, for the Assessment Year 2020-21, in the following situations:

- (i) If both the units were set up and start manufacturing from 22.05.2013.
- (ii) If both the units were set up and start manufacturing from 14.05.2017.

**Question 6 (b).**

**(5 Marks)**

Compute the eligible deduction under Chapter VI-A for the Assessment year 2020-21 of Ms. Roma, who has a gross total income of ₹15,00,000 for the assessment year 2020-21 and provide the following informations about his investments/payments during the financial year 2019-20:

Sl. No.	Particulars	Amount (₹)
1.	Life Insurance premium paid (Policy taken on 01.01.2012 and sum assured is ₹1,50,000)	35,000
2.	Public Provident Fund contribution.	90,000
3.	Repayment of Housing loan to Bhartiya Mahila Bank, Bangalore.	20,000
4.	Payment to L.I.C. Pension Fund	25,000
5.	Mediclaime Policy taken for self, spouse and dependent children, premium paid by cheque	20,000
6.	Medical Insurance premium paid for parents (Senior Citizen), premium paid by cheque	25,000

**Question 7 (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 mediclaime 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 09.01.2020.

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. 2020-21.

**Question 7 (b).**

**(5 Marks)**

Mr. X an American citizen has come to India for the first time on 01.07.2016 as an executive of a multinational company. His employer has allowed him to visit USA every year and for this purpose he will be leaving India every year on 1<sup>st</sup> November and shall come back on 31<sup>st</sup> December, besides that he has visited Hong Kong on several occasions in connection with the official work, because he is looking after the employer's operations in Hong Kong also, with details asunder:

**Date of leaving India**  
10.09.2016

**Date of arriving in India**  
30.09.2016

07.02.2017	08.05.2017
11.07.2017	21.10.2017
10.02.2018	23.07.2018
11.02.2019	12.06.2019
01.02.2020	10.04.2020

Determine his residential status for the previous years 2016-17 to 2019-20.

**Question 8 (a).**

**(5 Marks)**

ABC Ltd., a domestic company has current profits of ₹150 lakhs and the company has distributed dividends of ₹55 lakhs. Mr. X, one of the shareholder has received dividend of ₹7,00,000. Compute income tax liability of the company and that of shareholder.

Calculate additional income tax payable by the company also.

(ii) Presume in the above case the company is the foreign company.

**Question 8 (b).**

**(5 Marks)**

Mrs. X has received the following gifts during previous year 2019-20.

- (i) On the occasion of her marriage on 14.08.2019, she has received ₹90,000 as gift out of which ₹70,000 are from relatives and balance from friends.
  - (ii) On 12.09.2019, she has received gift of ₹18,000 from cousin of her mother.
  - (iii) A cell phone of ₹21,000 is gifted by her employer on 15.08.2019.
  - (iv) She gets a gift of ₹25,000 from the elder brother of her husband's grandfather on 25.10.2019.
  - (v) She has received a gift of ₹2,000 from her friend on 14.04.2019.
  - (vi) She has won ₹4 lakh from a game show on electronic media.
- Compute her tax liability for assessment year 2020-21.