

MULTIPLE CHOICE QUESTIONS AND CASE SCENARIOS

Topic: 1 Basic Concepts

Question 1

Ms. Sowmya has three farm buildings situated in the vicinity of a rural land. In the PY 23-24 she earned ₹ 3 lakh from letting out her farm building 1 for storage of food grains, ₹ 10 lakh from letting out her farm building 2 for storage of dairy products and ₹ 15 lakh from letting out her farm building 3 for residential purposes of Mr. Sumanth, whose food grain produce is stored in farm building 1. What is the amount of agricultural income exempt from?

- (a) Nil
- (b) 3,00,000
- (c) 13,00,000
- (d) 18,00,000

Question 2

Which of the following is agriculture income?

- (a) Income from breeding of livestock
- (b) Income from fisheries
- (c) Income derived from saplings or seedlings grown in a nursery
- (d) Income from juice centre

Question 3

Miss Nisha (45 years) is a non-resident individual. For the Assessment Year 2024-25, she has following income:

Long-term capital gain on transfer of equity shares ₹ 1,80,000 (Securities Transaction Tax has been paid on acquisition and transfer of the said shares)

Other income ₹ 2,75,000

Calculate the tax liability of Miss Nisha for Assessment Year 2024-25 under default tax regime.

- (a) Nil
- (b) ₹ 9,620
- (c) ₹ 5,720
- (d) ₹ 8,320

Question 4

Income derived from farm building situated in the immediate vicinity of an agricultural land

(not assessed to land revenue) would be treated as agricultural income if such land is situated in –

- (a) an area at a distance of 3 kms from the local limits of a municipality and has a population of 80,000 as per last census
- (b) an area within 1.5 kms from the local limits of a municipality and has a population of 12,000 as per last census
- (c) an area within 2 kms from the local limits of a municipality and has a population of 11,00,000 as per last census
- (d) an area within 8 kms from the local limits of a municipality and has a population of 10,50,000 as per last census

Question 5

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 basic exemption limit.
- (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 basic exemption limit.

Choose the correct answer:

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

Question 6

The rates of income-tax are mentioned in -

- (a) The First Schedule to the Annual Finance Act
- (b) Both Income-tax Act, 1961 and the First Schedule to the Annual Finance Act
- (c) Both Income-tax Act, 1961 and Income-tax Rules, 1962
- (d) The Income-tax Act, 1961 only

Question 7

Mr. Nekinsaan, aged 43 years, provides the following income details for P.Y. 2023-24 as follows:

Particulars	₹ in lakhs
Capital Gains under section 112A	120
Capital Gains under section 111A	110

Other Income	520
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What shall be the tax liability of Mr. Nekinsaam under optional tax regime as per normal provisions of the Income-tax Act, 1961 for A.Y. 2024-25?

- (a) ₹ 260.06 lakhs
- (b) ₹ 253.68 lakhs
- (c) ₹ 256.52 lakhs
- (d) ₹ 253.56 lakhs

Question 8

Mr. Raman, aged 64 years, was not able to provide satisfactory explanation to the Assessing Officer for the investments of ₹ 7 lakhs not recorded in the books of accounts. What shall be the tax payable by him on the value of such investments considered to be deemed income as per section 69?

- (a) ₹ 2,18,400
- (b) ₹ 55,000
- (c) ₹ 5,46,000
- (d) ₹ 54,600

Question 9

For A.Y.2024-25, Mr. Rajesh, a resident Indian, earns income of ₹ 12 lakhs from sale of coffee grown and cured in India. His friend, Mr. Ganesh, a resident Indian, earns income of ₹ 25 lakhs from sale of coffee grown, cured, roasted and grounded by him in India. What would be the business income chargeable to tax in India of Mr. Rajesh and Mr. Ganesh?

- (a) ₹ 3,00,000 and ₹ 6,25,000, respectively
- (b) ₹ 3,00,000 and ₹ 10,00,000, respectively
- (c) ₹ 4,80,000 and ₹ 10,00,000, respectively
- (d) ₹ 9,00,000 and ₹ 15,00,000, respectively

Question 10

Mr. Baba, aged 65 years and a resident in India, has a total income of ₹ 3,20,00,000, comprising long term capital gain taxable under section 112 of ₹ 57,00,000, long term capital gain taxable under section 112A of ₹ 65,00,000 and other income of ₹ 1,98,00,000. What would be his tax liability for A.Y. 2024-25 under default taxation regime u/s 115BAC.

- (a) ₹ 88,74,320
- (b) ₹ 89,19,170
- (c) ₹ 96,46,000
- (d) ₹ 94,60,880

Question 11

For AY 24-25, Mr. BB, a resident Indian, earns income of ₹ 10 lakhs from sale of rubber from latex obtained from rubber plants grown by him in India and ₹ 15 lakhs from sale of rubber manufactured from latex obtained from rubber plants grown by him in Malaysia. What would be his business income chargeable to tax in India, assuming he has no other business?

- (a) ₹ 3,50,000
- (b) ₹ 4,00,000

- (c) ₹ 8,75,000
(d) ₹ 18,50,000

Question 12

The Gupta HUF in comprises of Mr. Harsh Gupta, his wife Mrs. Nidhi Gupta, his son Mr. Deepak Gupta, his daughter-in-law Mrs. Deepti Gupta, his daughter Miss Preeti Gupta and his unmarried brother Mr. Gautam Gupta. Which of the members of the HUF are eligible for coparcenary rights?

- (a) Only Mr. Harsh Gupta, Mr. Gautam Gupta and Mr. Deepak Gupta
(b) Only Mr. Harsh Gupta, Mr. Gautam Gupta, Mr. Deepak Gupta and Miss Preeti Gupta
(c) Only Mr. Harsh Gupta, Mr. Gautam Gupta, Mr. Deepak Gupta, Mrs. Nidhi Gupta and Mrs. Deepti Gupta
(d) All the members are co-parceners

Answer Keys

Question No.	Answer
1	(b) ₹ 3,00,000
2	(c) Income derived from saplings or seedlings grown in a nursery
3	(d) ₹ 8320
4	(a) an area at a distance of 3 kms from the local limits of a municipality and has a population of 80,000 as per last census
5	(c) (i) & (iv)
6	(b) Both Income-tax Act, 1961 and the First Schedule to the Annual Finance Act
7	(d) 253.56 lakhs
8	(c) 5,46,000
9	(b) ₹ 3,00,000 and ₹ 10,00,000, respectively
10	(a) ₹ 88,74,320
11	(d) ₹ 18,50,000
12	(b) Only Mr. Harsh Gupta, Mr. Gautam Gupta, Mr. Deepak Gupta and Miss Preeti Gupta

Topic: 2 Residence Status & Scope of Total Income

Question 1

Mr. Sushant is a person of Indian origin, residing in Canada, During P.Y. 2023-24, he visited India on several occasions and his period of stay, in total, amounted to 129 days during P.Y. 2023-24 and his period of stay in India during P.Y. 2022-23, P.Y.2021-22, P.Y. 2020-21 and P.Y. 2019-20 was 135 days, 115 days, 95 days and 125 days, respectively. He earned the following incomes during the P.Y. 2023-24:

Source of Income	Amount (Rs.)
Income received or deemed to be received in India	2,50,000
Income accruing or arising or which is deemed to accrue or arise in India	3,75,000
Income accruing or arising and received outside India from business controlled from India	5,50,000
Income accruing or arising and received outside India from business controlled outside India	6,50,000

What is the residential status of Mr. Sushant for A.Y. 2024-25 and his income liable to tax in India during A.Y. 2024-25?

- (a) Non-Resident; Rs. 6,25,000 is liable to tax in India
- (b) Resident and ordinary resident; Rs.18,25,000 is liable to tax in India
- (c) Resident but not ordinarily resident; Rs. 11,75,000 is liable to tax in India
- (d) Non-Resident; Rs. 11,75,000 is liable to tax in India

Question 2

Mr. Rajesh, aged 53 years, and his wife, Mrs. Sowmya, aged 50 years, are citizens of Country X. They are living in Country X since birth. They are not liable to tax in Country X. Both of them have keen interest in Indian Culture. Mr. Rajesh's parents and grandparents were born in Country X. Mrs. Sowmya visits India along with Mr. Rajesh for four months every year to be with her parents, who were born in Delhi and have always lived in Delhi. During their stay in India, they organize Cultural Programme in Delhi-NCR. Income of Mr. Rajesh and Mrs. Sowmya from the Indian sources for the P.Y. 2023-24 is Rs. 18 lakhs and Rs. 16 lakhs, respectively. What is the residential status of Mr. Rajesh and Mrs. Sowmya for A.Y. 2024-25?

- (a) Both are resident and ordinarily resident in India
- (b) Both are non-resident in India
- (c) Mr. Rajesh is resident but not ordinarily resident in India and Mrs. Sowmya is non-resident
- (d) Mrs. Sowmya is resident but not ordinarily resident in India and Mr. Rajesh is resident and ordinarily resident in India

Question 3

Raman, a citizen of India, was employed in Hindustan Lever Ltd. He resigned on 27.09.2023. He received a salary of ₹ 40,000 p.m. from 1.4.2023 to 27.9.2023 from Hindustan Lever Ltd. Thereafter he left for Dubai for the first time on 1.10.2023 and got salary of rupee equivalent of ₹ 80,000 p.m. from 1.10.2023 to 31.3.2024 in Dubai. His salary for October to December 2023 was credited in his Dubai bank account and the salary for January to March 2024 was

credited in his Mumbai 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.

Question 4

Income from a business in Australia, controlled from Australia is taxable in case of ?

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

Question 5

Determine residential status of Sundaram (HUF) which carries out its transactions in Malaysia. Its affairs are partly controlled from India. The Karta of HUF, Mr. Sundaram who is from Chennai visits India on 01.06.2023 and leaves to Malaysia on 10.02.2024. He has not visited India for the past 11 years.

- (a) Non-resident
- (b) Resident but not ordinarily resident
- (c) Deemed resident
- (d) Resident and ordinarily resident

Question 6

Who among the following will qualify as non-resident for the P.Y. 2023-24?

- Mr. Bob, an Italian dancer, came on visit to India to explore Indian dance on 15.09.2023 and left on 25.12.2023. For past four years, he visited India for dance competition and stayed in India for 120 days each year.
- Mr. Samrat born and settled in USA, visits India each year for 100 days to meet his parents and grandparents, born in India in 1946, living in Delhi. His Indian income is Rs. 15,20,000
- Mr. Joseph, an American scientist, left India to his home country for fixed employment there. He stayed in India for study and research in medicines from ^[1]_{SEP} 01.01.2018 till 01.07.2023

Choose the correct answer

- (a) Mr. Bob and Mr. Joseph
- (b) Mr. Samrat
- (c) Mr. Bob, Mr. Samrat and Mr. Joseph
- (d) None of the three

Question 7

If Devam, a citizen of India, has stayed in India in the P.Y. 2023-24 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. 2024-25 would be –

- (a) Resident and ordinarily resident
- (b) Resident but not ordinarily resident
- (c) Non-resident
- (d) Deemed resident but not ordinarily resident

Question 8

Mr. Tejas, an Indian Citizen, left India permanently with his wife and two children, for extending his retail trade business of toys in Canada in the year 2016. From Canada, he is managing his retail business of toys in India. For the purpose of his Indian business, he visits India every year from 1st September to 31st January. His business income is ₹ 23.50 lakhs and ₹ 18 lakhs from retail trade business in Canada and in India, respectively for the F.Y. 2023-24. He has no other income during the P.Y. 2023-24. Determine his residential status and income taxable in his hands for the A.Y. 2024-25.

- (a) Resident and ordinarily resident in India and income of ₹ 18 lakhs and ₹ 23.50 lakhs would be taxable.
- (b) Non-Resident and ₹ 18 lakhs from Indian retail trade business would only be taxable.
- (c) Resident but not ordinarily Resident and ₹ 18 lakhs from Indian retail trade business would only be taxable.
- (d) Deemed resident and ₹ 18 lakhs from Indian retail trade business would only be taxable.

Question 9

Mr. Sumit is an Indian citizen and a member of the crew of an America bound Indian ship engaged in carriage of freight in international traffic departing from Chennai on 25th April, 2023. From the following details for the P.Y. 2023-24, what would be the residential status of Mr. Sumit for A.Y. 2024-25, assuming that his stay in India in the last 4 previous years preceding P.Y. 2023-24 is 365 days and last seven previous years preceding P.Y. 2023-24 is 730 days?

- Date entered in the Continuous Discharge Certificate in respect of joining the ship by Mr. Sumit: 25th April, 2023
- Date entered in the Continuous Discharge Certificate in respect of signing off the ship by Mr. Sumit: 24th October, 2023

Mr. Sumit has been filing his income tax return in India as a resident for the preceding 2 previous years.

- (a) Resident and ordinarily resident
- (b) Resident but not-ordinarily resident
- (c) Non-resident
- (d) Deemed resident but not-ordinarily resident

Question 10

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. 2023-24 was 135 days. He is not liable to pay any tax in Dubai. Following is his details of stay in India in the preceding previous years:

Financial Year	Days of Stay in India
2022-23	100
2021-22	125
2020-21	106

Financial Year	Days of Stay in India
2019-20	83
2018-19	78
2017-18	37
2016-17	40

What shall be his residential status for the P.Y. 2023-24 if his total income (other than income from foreign sources) is ₹ 10 lakhs?

- (a) Resident but not ordinary resident
- (b) Resident and ordinary resident
- (c) Non-resident
- (d) Deemed resident but not ordinarily resident

Question 11

Aashish earns the following income during the P.Y. 2023-24:

- Interest on U.K. Development Bonds (1/4th being received in India): ₹ 4,00,000
- Capital gain on sale of a building located in India but received in Holland: ₹ 6,00,000

If Aashish is a resident but not ordinarily resident in India, then what will be amount of income chargeable to tax in India for A.Y. 2024-25?

- (a) ₹ 7,00,000
- (b) ₹ 10,00,000
- (c) ₹ 6,00,000
- (d) ₹ 1,00,000

Answer Keys

Question No.	Answer
1	(a) Non-Resident; Rs. 6,25,000 is liable to tax in India
2	(d) Mrs. Sowmya is resident but not ordinarily resident in India and Mr. Rajesh is resident and ordinarily resident in India
3	(b) income received in India and in Dubai.
4	(a) resident and ordinarily resident only
5	(b) Resident but not ordinarily resident
6	(b) Mr. Samrat
7	(b) Resident but not ordinarily resident
8	(c) Resident but not ordinarily Resident and ₹ 18 lakhs from Indian retail trade business would only be taxable.
9	(a) Resident and ordinarily resident
10	(c) Non Resident
11	(a) ₹ 7,00,000

Topic: 3 Heads of Income

Question 1

Mr. Vikas took a loan of Rs. 5,00,000 @10% p.a. on 1-4-2021 for the construction of residential house for self-occupation. The construction of the house began in June, 2021 and was completed on 30-6-2023. He has not repaid any amount of loan so far. The amount of interest deduction u/s 24(b) for A.Y. 2024-25, if he has exercised the option of shifting out of the default regime provided under section 115BAC(1A), is ?

- (a) Rs. 1,50,000
- (b) Rs. 1,80,000
- (c) Rs. 2,00,000
- (d) Rs. 2,10,000

Question 2

Mr. Devam has received a sum of Rs. 75,000 on 24.10.2023 from his friend on the occasion of his marriage anniversary. What would be the taxability of the said sum in the hands of Mr. Devam?

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

Question 3

Mr. Ram, an Indian resident, purchased a residential house property at Gwalior on 28.05.1999 for Rs. 28.5 lakhs. The fair market value and the stamp duty value of such house property as on 1.4.2001 was Rs. 33.5 lakhs and Rs. 32.4 lakhs, respectively. On 05.02.2012, Mr. Ram entered into an agreement with Mr. Byomkesh for sale of such property for Rs. 74 lakhs and received an amount of Rs. 3.9 lakhs as advance. However, as Mr. Byomkesh did not pay the balance amount, Mr. Ram forfeited the advance. What would be the indexed cost of acquisition of Mr. Ram if he sells the property in F.Y. 2023-24? Cost Inflation Index for F.Y. 2001-02: 100; F.Y. 2023-24: 348

- (a) Rs. 1,16,58,000
- (b) Rs. 1,12,75,200
- (c) Rs. 1,03,00,800
- (d) Rs. 99,18,000

Question 4

In case of a Member of Parliament –

- (a) Daily allowance is exempt but constituency allowance received as per applicable Rules is taxable.
- (b) Constituency allowance received as per applicable Rules is exempt but daily allowance is taxable.
- (c) Both daily allowance and constituency allowance received as per applicable Rules are taxable.

- (d) Both daily allowance and constituency allowance received as per applicable Rules are exempt.

Question 5

The HRA paid to an employee residing in Patna is exempt up to the lower of actual HRA, excess of rent paid over 10% of salary and -

- (a) 30% of salary
- (b) 40% of salary
- (c) 50% of salary
- (d) 60% of salary

Question 6

Mr. X, a foreign national and citizen of USA, working with M Inc., a US based company, came to India during the P.Y. 2023-24 for rendering services on behalf of the employer. He wishes to claim his salary income earned during his stay in India as exempt. Which of the following is not a condition to be fulfilled to claim such remuneration as exempt income under the Income-tax Act, 1961?

- (a) M Inc. should not be engaged in any trade or business in India
- (b) Mr. X should not be engaged in any trade or business in India
- (c) Mr. X's stay in India should not exceed 90 days in aggregate during the P.Y. 2023-24
- (d) Remuneration received by Mr. X should not liable to be deducted from M Inc.'s income chargeable to tax under the Income tax, 1961

Question 7

For the purpose of determining the perquisite value of loan at concessional rate given to the employee, the lending rate of State Bank of India as on is required;

- (a) 1st day of the relevant previous year
- (b) Last day of the relevant previous year
- (c) the day the loan is given
- (d) 1st day of the relevant assessment year

Question 8

Mr. Raja, a proprietor, commenced operation of the business of a new three star hotel in Mumbai on 1.7.2023. He had made a total investment of Rs. 7.58 crores till 30.6.2023. Out of total investment of Rs. 7.58 crores, Rs. 1.58 crores was used for purchase of land in P.Y. 2022-23. Rs. 4.70 crores was used for constructing Hotel and balance of Rs. 1.30 used for purchasing the furniture in P.Y. 2023-24. He wants to avail the benefit of deduction under section 35AD as he satisfied with all the conditions prescribed u/s 35AD and has exercised the option of shifting out of the default regime provided under section 115BAC(1A). His profit and gains from the business for P.Y. 2023-24 is Rs. 50 lakhs before claiming deduction u/s 35AD. He wants to file his income-tax return on 12.12.2024. How much deduction Mr. Raja can claim for A.Y. 2024-25 and the losses which he can carry forward to A.Y. 2025-26?

- (a) He can claim the deduction of Rs. 7.58 crores from his business income but he would not be able to carry forward the business loss of Rs. 7.08 crores
- (b) He can claim the deduction of Rs. 6.00 crores from his business income and can carry forward the business loss of Rs. 5.50
- (c) He can claim the deduction of Rs. 6.00 crores from his business income but cannot carry forward the business loss of Rs. 5.50

- (d) He can claim the deduction of Rs. 7.58 crores from his business income and can carry forward the business loss of Rs. 7.08 crores

Question 9

Mr. Raghav has three houses for self occupation. What would be the tax treatment for A.Y.2024- 25 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.

Question 10

For an assessee, who is a salaried employee who invests in equity shares, what is the benefit available in respect of securities transaction tax paid by him on sale and acquisition of 100 listed shares of X Ltd. which has been held by him for 14 months before sale?

- (a) Rebate under section 88E is allowable in respect of securities transaction tax paid .
- (b) Securities transaction tax paid is treated as expenses of transfer and deducted from sale consideration.
- (c) Capital gains without deducting STT paid is taxable at a concessional rate of 10% on such capital gains exceeding Rs. 1 lakh.
- (d) Capital gains without deducting STT paid is taxable at concessional rate of 15%.

Question 11

Mr. XX, a retailer, acquired furniture on 10th May 2023 for Rs. 10,000 in cash and on 15th May 2023, for Rs. 15,000 and Rs. 20,000 by a bearer cheque and account payee cheque, respectively. Depreciation allowable for A.Y. 2024-25 would be-

- (a) Rs. 2,000
- (b) Rs. 3,000
- (c) Rs. 3,500
- (d) Rs. 4,500

Question 12

Anirudh stays in New Delhi. His basic salary is Rs. 10,000 p.m., D.A. (60% of which forms part of pay) is Rs. 6,000 p.m., HRA is Rs. 5,000 p.m. and he is entitled to a commission of 1% on the turnover achieved by him. Anirudh pays a rent of Rs. 5,500 p.m. The turnover achieved by him during the current year is Rs. 12 lakhs. The amount of HRA exempt under section 10(13A), if he exercises the option of shifting out of the default regime provided under section 115BAC(1A), is

- (a) Rs. 48,480
- (b) Rs. 45,600
- (c) Rs. 49,680
- (d) Rs. 46,800

Question 13

Mr. C aged 35 years is a working partner in M/s BCD, a partnership firm, with equal profit sharing ratio. During the P.Y. 2023-24, the firm has paid remuneration to Mr. B, Mr. C and Mr. D, being the working partners of the firm, of Rs. 2,00,000 each. The firm has paid interest on capital of Rs. 1,20,000 in toto to all the three partners and the same is within the prescribed limit of 12%. The firm had a loss of Rs. 1,12,000 after debiting remuneration and interest on capital. Note - Remuneration and interest on capital is authorized by the partnership deed. You, being the CA of Mr. C, are in the process of computing his total income. What would be his taxable remuneration from the firm?

- (a) Rs. 2,00,000
- (b) Rs. 1,51,600
- (c) Rs. 1,27,600
- (d) Rs. 1,50,000

Question 14

Anand is provided with furniture to the value of Rs. 70,000 along with house from 1st April, 2023. The actual hire charges paid by his employer for hire of furniture is Rs. 5,000 p.a. The value of furniture to be included along with value of unfurnished house for A.Y.2024-25 is

- (a) Rs. 5,000
- (b) Rs. 7,000
- (c) Rs. 10,000
- (d) Rs. 14,000

Question 15

Mr. Kumar, engaged in wholesale business of clothes and speculative business, discontinued its operations on 19.10.2023 and 30.09.2023, respectively. The cloth business loss upto 19.10.2023 for P.Y. 2023-24 is Rs. 8,000 and speculative business loss upto 30.09.2023 for P.Y. 2023-24 was Rs. 40,000. Out of total bad debts of Rs. 1,00,000 that were claimed by Mr. Kumar in respect of a particular debtor, Rs. 60,000 was allowed by the Assessing Officer in P.Y. 2022-23. On 29.01.2024, Mr. Kumar received a sum of Rs. 68,000 from the debtor in full and final settlement of cloth business. How much amount would be taxable in the hands of Mr. Kumar for A.Y. 2024-25?

- (a) Rs. 28,000
- (b) Rs. 20,000
- (c) Rs. 60,000
- (d) Rs. 68,000

Question 16

Mr. Kashyap has acquired a building from his friend on 10.10.2023 for Rs. 15,00,000. The stamp duty value of the building on the date of purchase is Rs. 16,20,000. Income chargeable to tax in the hands of Mr. Kashyap is

- (a) Rs. 70,000
- (b) Rs. 50,000
- (c) Nil
- (d) Rs. 1,20,000

Question 17

The W.D.V. of a block (Plant and Machinery, rate of depreciation 15%) as on 1.4.2023 is Rs. 3,20,000. A second-hand machinery costing Rs. 50,000 was acquired on 1.9.2023 through account payee cheque but put to use on 1.11.2023. During January 2024, part of this block was sold for Rs. 2,00,000. The depreciation for A.Y.2024-25 would be –

- (a) Rs. 21,750
- (b) Rs. 25,500
- (c) Rs. 21,125
- (d) Rs. 12,750

Question 18

Vidya received Rs. 90,000 in May, 2023 towards recovery of unrealised rent, which was deducted from actual rent during the P.Y. 2021-22 for determining annual value. Legal expense incurred in relation to unrealized rent is Rs. 20,000. The amount taxable under section 25A for A.Y. 2024-25 would be –

- (a) Rs. 70,000
- (b) Rs. 63,000
- (c) Rs. 90,000
- (d) Rs. 49,000

Question 19

Mr. Vikas received a gold ring worth Rs. 60,000 on the occasion of his daughter@s wedding from his best friend Mr. Vishnu. Mr. Vishnu also gifted a gold chain to Kavya, daughter of Mr. Vikas, worth Rs. 80,000 on the said occasion. Would such gifts be taxable in the hands of Mr. Vikas and Ms. Kavya?

- (a) Yes, the gift of gold ring and gold chain is taxable in the hands of Mr. Vikas and Ms. Kavya, respectively.
- (b) Such gifts are not taxable in the hands of Mr. Vikas nor in the hands of Ms. Kavya.
- (c) Value of gold ring is taxable in the hands of Mr. Vikas but value of gold chain is not taxable in the hands of Ms. Kavya.
- (d) Value of gold chain is taxable in the hands of Ms. Kavya but value of gold ring is not taxable in the hands of Mr. Vikas.

Question 20

Mr. X, aged 61 years, earned dividend of Rs. 12,00,000 from ABC Ltd. in P.Y. 2023-24. Interest on loan taken for the purpose of investment in ABC Ltd., is Rs. 3,00,000. Income includible in the hands of Mr. X for P.Y. 2023-24 would be –

- (a) Rs. 12,00,000
- (b) Rs. 9,60,000
- (c) Rs. 9,00,000
- (d) Rs. 2,00,000

Answer Keys

Question No.	Answer
1	(c) Rs. 2,00,000
2	(a) Entire Rs. 75,000 is chargeable to tax
3	(d) Rs. 99,18,000
4	(d) Both daily allowance and constituency allowance received as per applicable Rules are exempt.
5	(b) 40% of salary
6	(b) Mr. X should not be engaged in any trade or business in India
7	(a) 1st day of the relevant previous year
8	(c) He can claim the deduction of Rs. 6.00 crores from his business income but cannot carry forward the business loss of Rs. 5.50
9	(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.
10	(c) Capital gains without deducting STT paid is taxable at a concessional rate of 10% on such capital gains exceeding Rs. 1lakh
11	(b) Rs. 3,000
12	(a) Rs. 48,480
13	(c) Rs 1,27,600
14	(a) Rs. 5,000
15	(b) Rs. 20,000
16	(c) Rs. Nil
17	(a) Rs. 21,750
18	(b) Rs. 63,000
19	(c) Value of gold ring is taxable in the hands of Mr. Vikas but value of gold chain is not taxable in the hands of Ms. Kavya
20	(b) Rs. 9,60,000

Topic: 4 Income of Other Persons included in Assessee's Total Income

Question 1

Mr. Arvind gifted a house property to his wife, Mrs. Meena and a flat to his daughter-in law, Mrs. Seetha. Both the properties were let out. Which of the following statements is correct?

- (a) Income from both properties is to be included in the hands of Mr. Arvind by virtue of section 64
- (b) Income from property gifted to wife alone is to be included in Mr. Arvind's hands by virtue of section 64
- (c) Mr. Arvind is the deemed owner of house property gifted to Mrs. Meena and Mrs. Seetha
- (d) Mr. Arvind is the deemed owner of property gifted to Mrs. Meena. Income from property gifted to Mrs. Seetha would be included in his hands by virtue of section 64

Question 2

Mr. Aarav gifted a house property valued at Rs. 50 lakhs to his wife, Geetha, who in turn has gifted the same to her daughter-in law Deepa. The house was let out at Rs. 20,000 per month throughout the P.Y.2023-24. Compute income from house property for A.Y.2024-25. In whose hands is the income from house property chargeable to tax?

- (a) Rs. 2,40,000 in the hands of Mr. Aarav
- (b) Rs. 1,68,000 in the hands of Mr. Aarav
- (c) Rs. 1,68,000 in the hands of Geetha
- (d) Rs. 1,68,000 in the hands of Deepa

Question 3

Ram owns 500, 15% debentures of R Industries Ltd. of Rs. 500 each. Annual interest of Rs. 37,500 was payable on these debentures for P.Y. 2023-24. He transfers interest income to his friend Shyam, without transferring the ownership of these debentures. While filing return of income for A.Y. 2024-25, Shyam showed Rs. 37,500 as his income from debentures. As tax advisor of Shyam, do you agree with the tax treatment done by Shyam in his return of income?

- (a) Yes, since interest income was transferred to Shyam, therefore, after transfer, it becomes his income.
- (b) No, since Ram has not transferred debentures to Shyam, interest income on the debentures is not taxable income of Shyam. It would be included in the hands of Ram.
- (c) Yes, if debentures are not transferred, interest income on debentures can be declared by anyone, Ram or Shyam, as taxable income depending upon their discretion.
- (d) No, since Shyam should have shown the income as interest income received from Mr. Ram and not as interest income earned on debentures.

Question 4

Mr. Vishal started a proprietary business on 01.04.2022 with a capital of Rs. 5,00,000. He incurred a loss of Rs. 1,00,000 during the year 2022-23. To overcome the financial position, his wife Mrs. Kamini, a Chartered Accountant, gave a gift of Rs. 4,00,000 on 01.04.2023,

which was immediately invested in the business by Mr. Vishal. He earned a profit of Rs. 2,00,000 during the year 2023-24. What is the amount to be clubbed in the hands of Mrs. Kamini for the Assessment Year 2024-25?

- (a) Rs. 88,888
- (b) Rs. 1,00,000
- (c) Rs. 2,00,000
- (d) Nil

Question 5

On 20.10.2023, Pihu (minor child) gets a gift of Rs. 20,00,000 from her father's friend. On the same day, the amount is deposited as fixed deposit in Pihu's bank account. On the said deposit, interest of Rs. 13,000 was earned during the P.Y. 2023-24. In whose hands the income of Pihu shall be taxable? Also, compute the amount of income that shall be taxable under default regime under section 115BAC

- (a) Income of Rs. 20,11,500 shall be taxable in the hands of Pihu's father
- (b) Income of Rs. 20,13,000 shall be taxable in the hands of Pihu's father
- (c) Income of Rs. 20,11,500 shall be taxable in the hands of Pihu's father or mother, whose income before this clubbing is higher
- (d) Income of Rs. 20,13,000 shall be taxable in the hands of Pihu's father or mother, whose income before this clubbing is higher

Question 6

Pankaj gifted an amount of Rs. 3,00,000 to his wife, Pinky and Rs. 2,00,000 to his daughter, Rinky aged 20 years, on 1st April 2020. Both Pinky and Rinky invested the amounts on the same date in Government of India 11% Taxable Bonds. The interest accrues yearly and is reinvested in the same bonds. Determine what will be the amount taxable in hands of Pinky for A.Y. 2024-25.

- (a) Rs. 4,473
- (b) Rs. 12,132
- (c) Rs. 33,000
- (d) Rs. 36,630

Question 7

Mr. Raj makes a gift of Rs. 25,000 to his wife, Mrs. Rama, on 27.03.2023. Mrs. Rama, on 1.4.2023, invests Rs. 75,000 (Rs. 25,000 out of gift and Rs. 50,000 of her own) in a partnership firm as capital which is her total capital contribution in the firm. During the year ended 31.03.2024 she earns an interest of Rs. 12,000 and salary of Rs. 1,20,000 from the firm, both of which are approved by the partnership deed. What amount shall form part of total income of Mr. Raj for the previous year 2023-24?

- (a) Rs. 3,000 as interest on capital from firm
- (b) Rs. 4,000 as interest on capital from firm
- (c) Rs. 3,000 as interest on capital from firm and Rs. 40,000 as salary from firm.
- (d) Rs. 4,000 as interest on capital from firm and Rs. 40,000 as salary from firm.

Question 8

Mr. A, a member of his father, Mr. C's HUF, converts his individual property into property of the HUF. If the converted property is subsequently partitioned among the members of the HUF, the income derived from such converted property as is received by Mrs. A will be taxable

–

- (a) as the income of Mr. C
- (b) as the income of Mrs. A
- (c) as the income of the HUF
- (d) as the income of Mr. A

Question 9

Mrs. Bhawna, wife of Mr. Sonu, is a partner in a firm. Her capital contribution of Rs. 10 lakhs to the firm as on 31.3.2023 included Rs. 6 lakhs contributed out of gift received from Sonu. On 1.4.2023, she further invested Rs. 2 lakh out of gift received from Sonu. The firm paid interest on capital of Rs. 1,20,000 and share of profit of Rs. 1,00,000 during the F.Y.2023-24. 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. Bhawna
- (b) Share of profit is exempt but interest of Rs. 80,000 is includible in the income of Mr. Sonu and interest of Rs. 40,000 is includible in the income of Mrs. Bhawna
- (c) Share of profit is exempt but interest of Rs. 72,000 is includible in the income of Mr. Sonu and interest of Rs. 48,000 is includible in the income of Mrs. Bhawna
- (d) Share of profit to the extent of Rs. 60,000 and interest on capital to the extent of Rs. 72,000 is includible in the hands of Mr. Sonu

Answer Keys

Question No.	Answer
1	(d) Mr. Arvind is the deemed owner of property gifted to Mrs. Meena. Income from property gifted to Mrs. Seetha would be included in his hands by virtue of section 64
2	(b) Rs. 1,68,000 in the hands of Mr. Aarav
3	(b) No, since Ram has not transferred debentures to Shyam, interest income on the debentures is not taxable income of Shyam. It would be included in the hands of Ram.
4	(b) Rs. 1,00,000
5	(d) Income of Rs. 20,13,000 shall be taxable in the hands of Pihu's father or mother, whose income before this clubbing is higher
6	(b) Rs. 12,132
7	(a) Rs. 3,000 as interest on capital from firm
8	(d) as the income of Mr. A
9	(b) Share of profit is exempt but interest of Rs. 80,000 is includible in the income of Mr. Sonu and interest of Rs. 40,000 is includible in the income of Mrs. Bhawna

Topic: 5 Aggregation of Income, Set-off and Carry Forward of Losses

Question 1

The details of income/loss of Mr. Kumar for P.Y.2023-24 are as follows:

Particulars	Amt. (in Rs.)
Income from Salary (computed)	5,20,000
Loss from self-occupied house property	95,000
Loss from let-out house property	2,25,000
Loss from specified business u/s 35AD	2,80,000
Loss from medical business	1,20,000
Long term capital gain	1,60,000
Income from other sources	80,000

What shall be the gross total income of Mr. Kumar for A.Y. 2024-25 assuming that he has exercised the option of shifting out of the default regime provided under section 15BAC(1A)?

- (a) Rs. 4,40,000
- (b) Rs. 3,20,000
- (c) Rs. 1,60,000
- (d) Rs. 4,80,000

Question 2

A Ltd. has unabsorbed depreciation of Rs. 4,50,000 for the P.Y.2023- 24. This can be carried forward –

- (a) for a maximum period of 8 years and set-off against business income.
- (b) indefinitely and set-off against business income.
- (c) indefinitely and set-off against any head of income
- (d) indefinitely and set-off against any head of income except salary.

Question 3

According to section 80, no loss which has not been determined in pursuance of a return filed in accordance with the provisions of section 139(3), shall be carried forward. The exceptions to this are –

- (a) Loss from specified business under section 73A
- (b) Loss under the head Capital Gains and unabsorbed depreciation carried forward under section 32(2)
- (c) Loss from house property and unabsorbed depreciation carried forward under section 32(2)
- (d) Loss from speculation business under section 73

Question 4

Mr. Ravi incurred loss of Rs. 4 lakh in the P.Y.2023-24 in leather business. Against which of the following incomes earned during the same year, can he set-off such loss?

- (i) Profit of Rs. 1 lakh from apparel business
 - (ii) Long-term capital gains of Rs. 2 lakhs on sale of jewellery
 - (iii) Salary income of Rs. 1 lakh
- (a) First from (ii) and thereafter from (i); the remaining loss has to be carried forward.
 - (b) First from (i) and thereafter from (ii) and (iii)
 - (c) First from (i) and thereafter from (iii); the remaining loss has to be carried forward
 - (d) First from (i) and thereafter from (ii); the remaining loss has to be carried forward

Question 5

During the A.Y. 2024-25, Mr. Kabir has a loss of Rs. 6 lakhs under the head Income from house property, loss of Rs. 5 lakhs from business of profession and income of Rs. 3 lakhs from long term capital gains. He filed his return of income for the A.Y. 2024-25 on 31.12.2024. Determine the total income of Mr. Kabir for A.Y. 2024-25 assuming that he has exercised the option of shifting out of the default regime provided under section 115BAC(1A) and the amount of loss which can be carried forward in a manner most beneficial to him?

- (a) Total income Nil; loss of Rs. 4,00,000 from house property and loss of Rs. 4,00,000 from business or profession.
- (b) Total income Rs. 1,00,000; loss of Rs. 4,00,000 from house property.
- (c) Total income Nil; No loss is allowed to be carried forward.
- (d) Total income Nil; loss of Rs. 6,00,000 from house property.

Question 6

Mr. A incurred short term capital loss of Rs. 10,000 on sale of shares through the National Stock Exchange. Such loss –

- (a) can be set-off only against short term capital gains.
- (b) can be set-off against both shortterm capital gains and long-term capital gains.
- (c) can be set-off against any head of income.
- (d) not allowed to be set-off.

Question 7

Brought forward loss from house property of Rs. 3,10,000 of A.Y. 2023-24 is allowed to be set-off against income from house property of A.Y. 2024-25 of Rs. 5,00,000 to the extent of-

- (a) Rs. 2,00,000
- (b) Rs. 3,10,000
- (c) Rs. 2,50,000
- (d) Rs. 1,00,000

Question 8

Mr. Rohan incurred loss of Rs. 3 lakh in the P.Y. 2023-24 in retail trade business. Against which of the following income during the same year, can he set-off such loss?

- (a) profit of Rs. 1lakh from wholesale cloth business
- (b) long-term capital gains of Rs. 1.50 lakhs on sale of land
- (c) speculative business income of Rs. 40,000

(d) all of the above

Question 9

Mr. Arpan (aged 35 years) submits the following particulars for the purpose of computing his total income:

Particulars	Amt. (in Rs.)
Income from Salary (computed)	4,00,000
Loss from let-out house property	(-) 2,20,000
Brought forward loss from let-out house property for the A.Y. 2023-24	(-) 2,30,000
Business loss	(-) 1,00,000
Bank interest (FD) received	80,000

Compute the total income of Mr. Arpan for the A.Y.2024-25 and the amount of loss that can be carried forward for the subsequent assessment year if he pays tax under section 115BAC?

- Total income Rs. 2,00,000 and loss from house property of Rs. 2,50,000 and business loss of Rs. 20,000 to be carried forward to subsequent assessment year.
- Total income Rs. 1,60,000 and loss from house property of Rs. 2,30,000 to be carried forward to subsequent assessment year.
- Total income Rs. 4,00,000 and loss from house property of Rs. 4,50,000 and business loss of Rs. 20,000 to be carried forward to subsequent assessment year.
- Total income is Nil and loss from house property of Rs. 70,000 to be carried forward to subsequent assessment year.

Question 10

Virat runs a business of manufacturing of shoes since the P.Y. 2021-22. During the P.Y. 2021-22 and P.Y. 2022-23, Virat had incurred business losses. He also has unabsorbed depreciation. For P.Y. 2023-24, he earned business profit (computed) of Rs. 3 lakhs. Considering he may/may not have sufficient business income to set off his earlier losses and unabsorbed depreciation, which of the following order of set off shall be considered: (He does not have income from any other source)

- First adjustment for loss of P.Y. 2021-22, then loss for P.Y. 2022-23 and then unabsorbed depreciation.
- First adjustment for loss of P.Y. 2022-23, then loss for P.Y. 2021-22 and then unabsorbed depreciation.
- First adjustment for unabsorbed depreciation, then loss of P.Y. 2022-23 and then loss for P.Y. 2021-22.
- First adjustment for unabsorbed depreciation, then loss of P.Y. 2021-22 and then loss for P.Y. 2022-23.

Question 11

During the A.Y.2023-24, Mr. A, exercising the option of shifting out of the default tax regime provided under section 115BAC(1A), has a loss of Rs. 8 lakhs under the head "Income from house property" which could not be set off against any other head of income as per the provisions of section 71. The due date for filing return of income u/s 139(1) in case of Mr. A has already expired and Mr. A forgot to file his return of income within the said due date. However, Mr. A filed his belated return of income for A.Y.2023-24. Now, while filing return of income for A.Y.2024-25, Mr. A wishes to set off the said loss against income from house

property for the P.Y. 2023-24. His income from house property (computed) for the P.Y. 2023-24 is Rs. 5 lakhs and interest on bank fixed deposits is Rs. 1 lakh. Determine whether Mr. A can claim the said set off.

- (a) No, Mr. A cannot claim set off of loss of Rs. 8 lakhs during A.Y. 2024-25 as he failed to file his return of income u/s 139(1) for A.Y. 2023-24.
- (b) Yes, Mr. A can claim set off of loss of Rs. 2 lakhs, out of Rs. 8 lakhs, from his income from house property during A.Y. 2024-25 and the balance loss of Rs. 6 lakhs has to be carried forward to A.Y.2025-26.
- (c) Yes, Mr. A can claim set off of loss of Rs. 2 lakhs, out of Rs. 8 lakhs, from his income from any head during A.Y. 2024-25 and the balance loss of Rs. 6 lakhs has to be carried forward to A.Y.2025-26.
- (d) Yes, Mr. A can claim set off of loss of Rs. 5 lakhs during A.Y. 2024-25 from his income of Rs. 5 lakhs from house property and the balance loss of Rs. 3 lakhs has to be carried forward to A.Y.2025-26.

Answer Keys

Question No.	Answer
1	(a) Rs.4,40,000
2	(d) indefinitely and set-off against any head of income except salary.
3	(c) Loss from house property and unabsorbed depreciation carried forward under section 32(2)
4	(d) First from (i) and thereafter from (ii); the remaining loss has to be carried forward
5	(d) Total income Nil; loss of Rs. 6,00,000 from house property.
6	(b) can be set-off against both shortterm capital gains and long-term capital gains.
7	(b) Rs. 3,10,000
8	(d) all of the above
9	(c) Total income Rs. 4,00,000 and loss from house property of Rs. 4,50,000 and business loss of Rs. 20,000 to be carried forward to subsequent assessment year.
10	(a) First adjustment for loss of P.Y. 2021-22, then loss for P.Y. 2022-23 and then unabsorbed depreciation.
11	(d) Yes, Mr. A can claim set off of loss of Rs. 5 lakhs during A.Y. 2024-25 from his income of Rs. 5 lakhs from house property and the balance loss of Rs. 3 lakhs has to be carried forward to A.Y. 2025-26.

Topic: 6 Deductions from Gross Total Income

Question 1

Mr. Suhaan (aged 35 years), a non-resident, earned dividend income of Rs. 12,50,000 from an Indian company which was declared on 30.09.2023 and credited directly to his bank account on 05.10.2023 in France and Rs. 15,000 as interest on savings A/c from State Bank of India for the P.Y. 2023-24. Assuming that he has no other income, what will be amount of income chargeable to tax in his hands in India for A.Y. 2024-25 if Mr. Suhaan has exercised the option of shifting out of the default regime provided under section 115BAC?

- (a) Nil
- (b) Rs. 12,65,000
- (c) Rs. 12,50,000
- (d) Rs. 12,55,000

Question 2

Rajan, a resident Indian, has incurred Rs. 15,000 for medical treatment of his dependent brother, who is a person with severe disability and has deposited Rs. 20,000 with LIC for his maintenance. For A.Y.2024-25, if Mr. Rajan exercises the option of shifting out of the default regime provided under section 115BAC(1A), he would be eligible for deduction under section 80DD of an amount equal to-

- (a) Rs. 15,000
- (b) Rs. 35,000
- (c) Rs. 75,000
- (d) Rs. 1,25,000

Question 3

Mr. Shiva made a donation of Rs. 50,000 to PM Cares Fund and Rs. 20,000 to Prime Minister's Drought Relief Fund by cheque. He made a cash donation of Rs. 10,000 to a public charitable trust registered under section 80G. If Mr. Shiva has exercised the option of shifting out of the default regime provided under section 115BAC(1A), the deduction allowable to him under section 80G for A.Y.2024- 25 would be-

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

Question 4

Mr. Ramesh pays a rent of Rs. 5,000 per month. His total income is Rs. 2,80,000 (i.e., Gross Total Income as reduced by deductions under Chapter VI-A except section 80GG). He is also in receipt of HRA. If he exercises the option of shifting out of the default tax regime u/s 115BAC, he would be eligible for a deduction under section 80GG of an amount of

- (a) Rs. 60,000
- (b) Rs. 32,000
- (c) Rs. 70,000

(d) Nil

Question 5

Mr. Arpit, an employee of MNO Ltd. has contributed Rs. 1,61,280 towards NPS and similar amount is contributed by his employer. His basic salary is Rs. 80,000 p.m. and dearness allowance is 40% of basic salary which forms part of retirement benefits. He also paid Rs. 55,000 towards LIC premium for himself and his wife and medical insurance premium of Rs. 35,000 by crossed cheque for his mother, being a senior citizen during the previous year 2023-24. How much deduction is available under Chapter VI-A while computing total income of Mr. Arpit for the A.Y. 2024-25 if he exercises the option of shifting out of the default regime provided under section 115BAC(1A)?

- (a) Rs. 3,46,280
- (b) Rs. 3,69,400
- (c) Rs. 3,19,400
- (d) Rs. 3,96,280

Question 6

Mr. Krishna, a resident Indian aged 61 years, maintains a saving account with a co-operative land development bank and he earns Rs. 20,000 as interest on saving account for the Financial Year 2023-24. Mr. Krishna also maintains a fixed deposit and recurring deposit account with Mani Finance (A Non-Banking Finance Company) and earns Rs. 25,000 and Rs. 10,000 as interest on fixed deposit and recurring deposit, respectively. What would be the deduction allowable to Mr. Krishna under Chapter VI-A if he has exercised the option of shifting out of the default regime provided under section 115BAC(1A) for the A.Y. 2024-25?

- (a) Rs. 55,000
- (b) Rs. 10,000
- (c) Rs. 20,000
- (d) Rs. 50,000

Question 7

Mr. Srivastav, aged 72 years, paid medical insurance premium of Rs. 52,000 by cheque and Rs. 4,000 by cash during May, 2023 under a Medical Insurance Scheme of the General Insurance Corporation. The above sum was paid for insurance of his own health. If he has exercised the option of shifting out of the default tax regime provided under section 115BAC(1A), he would be entitled to a deduction under section 80D of a sum of –

- (a) Rs. 30,000
- (b) Rs. 50,000
- (c) Rs. 52,000
- (d) Rs. 56,000

Question 8

Mr. X 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 12.3.2016 and unit in DTA from 15.6.2017. Total turnover of Mr. X and Unit in DTA is Rs. 8,50,00,000 and Rs. 3,25,00,000, respectively. Export sales of unit in SEZ and DTA is Rs. 3,50,00,000 and Rs. 1,25,00,000, respectively and net profit of Unit in SEZ and DTA is Rs. 80,00,000 and Rs. 45,00,000, respectively. Proceeds from export sales in SEZ received in convertible foreign exchange by 30.9.2024 is Rs. 2,50,00,000. Assuming that Mr. X would file his return on or before 31.10.2024 exercising the option of shifting out of the default tax regime provided under

section 115BAC(1A), he would be eligible for deduction under section 10AA for P.Y. 2023-24 of an amount equal to

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

Question 9

An individual has paid life insurance premium of Rs. 25,000 during the previous year for a policy of Rs. 1,00,000 taken on 1.4.2019. If he pays tax under default tax regime under section 115BAC, he shall –

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

Question 10

Gross total income of Arpita for P.Y. 2023-24 is Rs. 6,00,000. She had taken a loan of Rs. 7,20,000 in the financial year 2020-21 from a bank for her husband who is pursuing MBA course from IIM, Kolkata. On 02.04.2023, she paid the first installment of loan of Rs. 45,000 and interest of Rs. 65,000. Compute her total income for A.Y. 2024-25, if she has exercised the option of shifting out of the default regime provided under section 115BAC(1A)

- (a) Rs. 6,00,000
- (b) Rs. 5,35,000
- (c) Rs. 4,90,000
- (d) Rs. 5,55,000

Answer Keys

Question No.	Answer
1	(d) Rs. 12,55,000
2	(d) Rs. 1,25,000
3	(c) Rs. 60,000
4	(d) Nil
5	(b) Rs. 3,69,400
6	(c) Rs. 20,000
7	(b) Rs. 50,000
8	(b) Rs. 19,04,762
9	(a) not to be allowed deduction u/s 80c
10	(b) Rs. 5,35,000

Topic: 7 Advance Tax, TDS & TCS

Question 1

Mr. A has two bank accounts maintained with ICICI Bank and HDFC Bank. From 01.04.2023 till 31.03.2024, Mr. A withdrew the following amounts as cash from both the said accounts;

HDFC Bank: ₹ 50 Lakh

ICICI Bank: ₹ 120 Lakh

What shall be 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 assuming Mr. A has filed his return of income for P.Y. 2020-21, P.Y. 2021-22 and P.Y. 2022-23 respectively?

- (a) ₹ 1,00,000 and ₹ 2,40,000
- (b) Nil and ₹ 40,000
- (c) ₹ 60,000 and ₹ 1,00,000
- (d) ₹ 50,000 and ₹ 1,20,000

Question 2

Mr. Prakash is employed with XYZ Ltd. from 05.11.2019. He resigned on 31.03.2024 and wants to withdraw the accumulated balance of employer's contribution in his EPF Account i.e., ₹ 55,000. The tax deducted on such withdrawal would be -

- (a) ₹ 500 u/s 192
- (b) ₹ 5,500 u/s 192
- (c) ₹ 4,125 u/s 192A
- (d) ₹ 5,500 u/s 192A

Question 3

Mr. Nihar maintains a savings A/c and a current A/c in Mera Bank Ltd. The details of withdrawals on various dates during the previous year 2023-24 are as follows:

Date of Cash withdrawal	Saving Account	Current Account
05.04.2023	15,00,000	-
10.05.2023	-	22,00,000
25.06.2023	20,00,000	-
17.07.2023	-	5,00,000
28.10.2023	35,00,000	-
10.11.2023	-	38,00,000
12.12.2023	25,00,000	-

Mr. Nihar regularly files his return of income. Is Mera Bank Limited required to deduct tax at source on the withdrawals made by Mr. Nihar during the previous year 2023-24? If yes, what would the amount of tax deducted at source?

- (a) TDS of ₹ 3,20,000 is required to be deducted
- (b) No, TDS is not required to be deducted as the cash withdrawal does not exceed ₹ 1 crore neither in saving account nor in current account
- (c) TDS of ₹ 3,00,000 is required to be deducted.
- (d) TDS of ₹ 1,20,000 is required to be deducted.

Question 4

Mr. Raj (a non-resident and aged 65 years) is a retired person, earning rental income of ₹ 40,000 per month from a property located in Delhi. He is residing in Canada. Apart from rental income, he does not have any other source of income. Is he liable to pay advance tax in India? Assume he pay tax under default taxation regime u/s 115BAC

- (a) Yes, he is liable to pay advance tax in India as he is a non- resident and his tax liability in India exceeds ₹ 10,000.
- (b) No, he is not liable to pay advance tax in India as his tax liability in India is less than ₹ 10,000.
- (c) No, he is not liable to pay advance tax in India as he has no income chargeable under the head "Profits and gains of business or profession" and he is of the age of 65 years.
- (d) Both (b) and (c)

Question 5

Mr. X, a resident Indian, wins ₹ 10,000 in a lottery. Which of the statement is true?

- (a) Tax is deductible u/s 194B@30%
- (b) Tax is deductible u/s 194B@30.9%
- (c) No tax is deductible at source
- (d) None of the above

Question 6

The benefit of payment of advance tax in one installment on or before 15th March is available to assesseees computing profits on presumptive basis –

- (a) only under section 44AD
- (b) under section 44AD and 44ADA
- (c) under section 44AD and 44AE
- (d) under section 44AD, 44ADA and 44AE

Question 7

Mr. Jha, an employee of FX Ltd, attained 60 years of age on 15.05.2023. He is resident in India during F.Y. 2023-24 and earned salary income of ₹ 5 lakhs (computed). During the year, he earned ₹ 7 lakhs from winning of lotteries. What shall be his advance tax liability for A.Y. 2024-25 if all tax deductible at source has been duly deducted and remitted to the credit of Central Government on time? Assume he pay tax under section 115BAC.

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

(d) Nil

Question 8

Mr. P is a professional who is responsible for paying a sum of ₹ 2,00,000 as rent for use of building to Mr. Harshit, a resident, for the month of February, 2024. The gross receipts of Mr. P are as under:

From 01.04.2022 to 31.03.2023: ₹ 55,00,000

From 01.04.2023 to 28.02.2024: ₹ 45,00,000

Whether Mr. P is responsible for deducting any tax at source from the rent of ₹ 2,00,000 payable to Mr. Harshit?

- (a) Tax at source is required to be deducted u/s 194-I at the rate of 10%.
- (b) Tax at source is required to be deducted u/s 194-IB at the rate of 5%.
- (c) Tax at source is required to be deducted u/s 194-IB at the rate of 10%.
- (d) No tax is required to be deducted at source.

Question 9

Mr. Vyas, aged 80, is a retired government employee. On 1st April 2023, he received the maturity amount of his LIC policy amounting to ₹ 3,50,000. This policy was taken by Mr. Vyas on 1st April 2014 on which the sum assured was ₹ 3,00,000 and the annual premium was ₹ 40,000. His other income comprised of pension amounting to ₹ 85,000. Mr. Vyas furnishes a declaration in Form 15H for non-deduction of tax at source to the insurance company stating that his net tax liability for the year is NIL.

Choose the correct statement from below:

- (a) The declaration made by Mr. Vyas is wrong and the insurance company has to deduct tax of ₹ 3,500 under section 194DA.
- (b) The claim by Vyas is right and insurance company is not required to deduct tax at source.
- (c) The insurance company has to deduct tax under section 194DA since declaration in Form 15H cannot be made for tax deduction under section 194DA.
- (d) The declaration made by Mr. Vyas is wrong and the insurance company has to deduct tax of ₹ 1,000 under section 194DA.

Question 10

An interior decorator has opted for presumptive taxation scheme under section 44ADA for A.Y. 2024-25.—

- (a) He is liable to pay advance tax on or before 15.3.2024
- (b) He is not liable to advance tax
- (c) He is liable to pay advance tax in three instalments i.e., on or before 15.9.2023, 15.12.2023 and 15.3.2024
- (d) He is liable to pay advance tax in four instalments i.e., on or before 15.6.2023, 15.9.2023, 15.12.2023 and 15.3.2024

Question 11

Mr. X, a resident, is due to receive Rs. 6 lakhs on 31.3.2024, towards maturity proceeds of LIC policy taken on 1.4.2021, for which the sum assured is Rs. 5 lakhs and the annual premium is Rs. 1,50,000. Mr. Z, a resident, is due to receive Rs. 99,000 on 1.10.2023 towards maturity proceeds of LIC policy taken on 1.10.2015 for which the sum assured is Rs. 90,000 and the annual premium is Rs. 10,000.

- (a) Tax is required to be deducted on income comprised in maturity proceeds payable to Mr. X and Mr. Z
- (b) Tax is required to be deducted on income comprised in maturity proceeds payable to Mr. X
- (c) Tax is required to be deducted on income comprised in maturity proceeds payable to Mr. Z
- (d) No tax is required to be deducted on income comprised in maturity proceeds payable to either Mr. X or Mr. Z

Question 12

Mr. X paid fees for professional services of ₹ 40,000 to Mr. Y, who is engaged only in the business of operation of call centre, on 15.7.2023. Tax is to be deducted by Mr. X at the rate of –

- (a) 0.75%
- (b) 1%
- (c) 1.5%
- (d) 2%

Question 13

A firm pays salary and interest on capital to its resident partners. The salary and interest paid fall within the limits specified in section 40(b). Which of the following statements is true?

- (a) Tax has to be deducted u/s 192 on salary and u/s 194A on interest
- (b) Tax has to be deducted u/s 192 on salary but no tax needs to be deducted on interest
- (c) No tax has to be deducted on salary but tax has to be deducted u/s 194A on interest
- (d) No tax has to be deducted at source on either salary or interest

Question 14

Mr. Ram acquired a house property at Chennai from Mr. Satyam, a resident, for a consideration of ₹ 85 lakhs, on 23.8.2023. On the same day, Mr. Ram made two separate transactions, thereby acquiring an urban plot in Gwalior from Mr. Vipun, a resident, for a sum of ₹ 50 lakhs and rural agricultural land from Mr. Danish, a resident, for a consideration of ₹ 75 lakhs. Which of the following statements are correct assuming that in the consideration amounts as aforementioned all the charges incidental to transfer of the immovable property are included?

- (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.

Question 15

Mr. T, an Indian Citizen and resident of India, earned dividend income of ₹ 4,500 from an Indian company, which was declared on 1.10.2023 and paid in cash to Mr. T. What are the tax implications with respect to the dividend in the hands of Mr. T and Indian Company?

- (a) Such dividend is taxable in the hands of Mr. T and Indian company is required to deduct tax at source @7.5%.
- (b) Such dividend is taxable in the hands of Mr. T and Indian company is required to deduct tax at source @10%.

- (c) Such dividend is taxable in the hands of Mr. T. However, Indian company is not required to deduct tax at source since it does not exceed ₹ 5,000.
- (d) Such dividend is exempt in the hands of Mr. T. Hence, Indian company is not required to deduct tax at source.

Answer Keys

Question No.	Answer
1	(b) Nil and ₹ 40,000
2	(d) ₹ 5,500 u/s 192A
3	(d) TDS of ₹ 1,20,000 is required to be deducted.
4	(b) No, he is not liable to pay advance tax in India as his tax liability in India is less than ₹ 10,000.
5	(c) No tax is deductible at source
6	(b) under section 44AD and 44ADA
7	(d) Nil
8	(d) No tax is required to be deducted at source.
9	(b) The claim by Vyas is right and insurance company is not required to deduct tax at source
10	(a) He is liable to pay advance tax on or before 15.3.2024
11	(b) Tax is required to be deducted on income comprised in maturity proceeds payable to Mr. X
12	(d) 2%
13	(d) No tax has to be deducted at source on either salary or interest
14	(c) TDS@1% on ₹ 85 lakhs and ₹ 50 lakhs are attracted. No TDS on payment of ₹ 75 lakhs for acquisition of rural agricultural land.
15	(b) Such dividend is taxable in the hands of Mr. T and Indian company is required to deduct tax at source @10%

Topic: 8 Return Filing and Self Assessment

Question 1

Which of the following returns can be revised under section 139(5)?

- (a) A return of income filed u/s 139(1)
- (b) A belated return of income filed u/s 139(4)
- (c) A return of loss filed u/s 139(3)

Choose the correct answer:

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

Question 2

Mr. X is a working partner and Mr. Y is a non-working partner of XYZ partnership firm. XYZ Partnership firm subjected to tax audit under section 44AB for the P.Y. 2023-24. What is the due date for filing return of income for Mr. X and Mr. Y for the A.Y. 2024-25?

- (a) 31st July, 2024 for both Mr. X and Mr. Y
- (b) 31st October, 2024 for both Mr. X and Mr. Y
- (c) 31st July, 2024 for Mr. X and 31st October, 2024 for Mr. Y
- (d) 31st July, 2024 for Mr. Y and 31st October, 2024 for Mr. X

Question 3

An individual client has consulted you on the matter of PAN. He is carrying on the business of sale & purchase of electronic appliances. His turnover is ₹ 3,00,000 and the profit is ₹ 75,000 for the P.Y. 2023-24. He has asked you to provide him threshold of turnover, if any, exceeding which he has to apply for PAN.

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

Question 4

Mr. Kumar, aged 62 years resident and ordinarily resident, is a retired employee with a monthly pension of ₹ 22,000. He has no other source of income. He has a house property in Bhatinda and his only son is living in London and has a house over there. He met with an accident and died and thereby leaving the house at London in the name of his father, Mr. Kumar. Mr. Kumar seeks your advice, as to whether he is required to file his income-tax return u/s 139?

- (a) Yes, he is mandatorily required to file his income-tax return as he is a resident and ordinarily resident in India and has asset located outside India
- (b) No, he is not required to file return of income as his income is below basic exemption limit
- (c) Yes, he is required to file his return of income as his income exceeds the basic exemption limit
- (d) No, he is not required to file his return of income as he is a senior citizen and retired

employee

Question 5

Iskon Inc., a foreign company and non-resident in India for A.Y. 2024-25, engaged in the business of trading of tube-lights outside India. The principal officer of the company has approached you to enlighten him regarding the provisions of the Income-tax Act, 1961 pertaining to the person who is required to verify the return of income in case of Iskon Inc. Advise him as to which of the following statements are correct, assuming that the company has a managing director-

- I The return of income in case of Iskon Inc. can be verified by the managing director.
- II The return of income in case of Iskon Inc. can be verified by any director, irrespective of the availability or otherwise of the managing director.
- III The return of income in case of Iskon Inc. may be verified by a person who holds a valid power of attorney from such company to do so, irrespective of the availability or otherwise of the managing director.

Choose the correct answer:

- (a) I or II or III
- (b) Only I
- (c) I or III
- (d) Only III

Question 6

Mr. Pawan is engaged in the business of roasting and grinding coffee beans. During F.Y. 2023-24, his total income is ₹ 4.5 lakhs. Mr. Pawan filed his return of income for A.Y. 2024-25 on 3rd December, 2024. What shall be the fee payable for default in furnishing in return of income for A.Y. 2024-25?

- (a) ₹ 5,000
- (b) Not exceeding ₹ 1,000
- (c) ₹ 10,000
- (d) No fees payable as total income is below ₹ 5,00,000

Question 7

Arun's gross total income of P.Y. 2023-24 is ₹ 2,45,000. He exercises the option of shifting out of the default regime provided u/s 115BAC(1A). He deposits ₹ 45,000 in PPF. He pays electricity bills aggregating to ₹ 1.20 lakhs in the P.Y.2023-24. Which of the statements is correct?

- (a) Arun is not required to file his return of income u/s 139(1) for P.Y. 2023-24, 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. 2023-24, since his electricity bills do not exceed ₹ 2,00,000 for the P.Y.2023-24.
- (c) Arun is not required to file his return of income u/s 139(1) for P.Y. 2023-24, 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. 2023-24.
- (d) Arun is required to file his return of income u/s 139(1) for P.Y. 2023-24, since his electricity bills exceed ₹ 1 lakh for the P.Y.2023-24.

Question 8

Mr. Z, a salaried individual, has a total income of ₹ 8 lakhs for A.Y. 2024-25. He furnishes his return of income for A.Y. 2024-25 on 28th August, 2024. He is liable to pay fee of –

- (a) upto ₹ 1,000 under section 234F
- (b) ₹ 5,000 under section 234F
- (c) ₹ 10,000 under section 234F
- (d) Not liable to pay any fee

Question 9

Mr. Dinesh, a resident in India, has gross total income of ₹ 2,30,000 comprising of interest on saving A/c and rental income during the previous year 2023-24. He incurred expenditure of ₹ 2,00,000 for his son for a study tour to Europe. Whether he is required to file return of income for the assessment year 2024-25? If yes, what is the due date?

- (a) Yes, 31st July of A.Y
- (b) Yes, 30th September of A.Y
- (c) Yes, 31st October of A.Y
- (d) No, he is not required to file return of income

Question 10

In which of the following transactions, quoting of PAN is mandatory by the person entering into the said transaction?

- I Opening a Basic savings bank deposit account with a bank
- II Applying to a bank for issue of a credit card.
- III Payment of ₹ 40,000 to mutual fund for purchase of its units
- IV Cash deposit with a post office of ₹ 1,00,000 during a day.
- V A fixed deposit of ₹ 30,000 with a NBFC registered with RBI aggregating the total deposits to ₹ 3,50,000 for the F.Y upto to the date of this deposit made.
- VI Sale of shares of an unlisted company for an amount of ₹ 60,000

Choose the correct answer:

- (a) II, IV
- (b) II, III, IV
- (c) I, II, III, V, VI
- (d) II, IV, VI

Answer Keys

Question No.	Answer
1	(d) (i), (ii) and (iii)
2	(b) 31st October, 2024 for both Mr. X and Mr. Y
3	(d) More than ₹ 5,00,000
4	(a) Yes, he is mandatorily required to file his income-tax return as he is a resident and ordinarily resident in India and has asset located outside India
5	(c) I or III
6	(b) Not exceeding 1,000
7	(d) Arun is required to file his return of income u/s 139(1) for P.Y. 2023-24, since his electricity bills exceed ₹ 1 lakh for the P.Y.2023-24.
8	(b) ₹ 5,000 under section 234F
9	(d) No, he is not required to file return of income
10	(a) II, IV

Topic: 9 Income Tax Liability, Computation and Optimization

Question 1

Mr. Bandu, aged 37 years, provides the following details for P.Y. 2023-24 as follows:

Particulars	₹ in lakhs
Textile business income	22
Speculative business loss	(4)
Textile business loss b/f from P.Y. 2021-22	(5)
Business income of spouse included in the income of Mr. Bandu as per section 64(1)(iv)	2
Deductions available under Chapter VI-A	3
TDS	1
TCS	0.5
Advance tax paid	1.3

What shall be the net tax payable/(refundable) as per regular provisions of the Income-tax Act, 1961 for A.Y. 2024-25 for Mr. Bandu?

- (a) ₹ 24,200
- (b) (₹ 1,00,600)
- (c) ₹ 2,11,400
- (d) ₹ 12,500

Question 2

Mr. Raj, aged 32 years, presents you the following data for A.Y. 2024-25:

Particulars	₹ in lakhs
Gross receipts from business conducted entirely through banking channels (opted for section 44AD)	70
Capital gains under section 112A	5
Capital gains under section 111A	3
Winnings from horse races	1

What would be the tax liability as per the regular provisions of the Income-tax Act, 1961 of Mr. Raj for the A.Y.2024-25?

- (a) ₹ 1,28,440
- (b) ₹ 1,05,560
- (c) ₹ 1,38,840

(d) ₹ 1,45,080

Question 3

Mr. X, who has opted out of the default tax regime under section 115BAC and pays tax under the optional tax regime, can carry forward the AMT credit for

- (a) 8 assessment years
- (b) 10 assessment years
- (c) 12 assessment years
- (d) 15 assessment years

Question 4

Mr. Uttam presents you the following data related to his tax liability for A.Y. 2024-25:

Particulars	₹ in lakhs
Tax Liability as per regular provisions of Income-tax Act, 1961	15
Tax Liability as per section 115JC	12
AMT credit brought forward from A.Y. 2023-24	5

What shall be the tax liability of Mr. Uttam for A.Y. 2024-25?

- (a) ₹ 12 lakhs
- (b) ₹ 15 lakhs
- (c) ₹ 10 lakhs
- (d) ₹ 7 lakhs

Answer Keys

Question No.	Answer
1	(a) ₹ 24,200
2	(a) ₹ 1,28,440
3	(d) 15 assessment years
4	(a) ₹ 12 lakhs

Case Study

Case Study 1.

Mr. Rajesh Sharma, aged 54 years, an Indian citizen, is working as Assistant Manager in ABC India Ltd. He is getting basic salary of Rs. 58,000 per month. He used to travel frequently out of India for his office work. He left India from Delhi Airport on 5th October, 2023 and returned to India on 2nd April, 2024. For previous year 2023-24, following information are relevant;

- (a) Dearness Allowance 10% of Basic Pay (considered for retirement purposes)
- (b) Bonus Rs. 98,000
- (c) Medical allowance paid during P.Y. 2023-24 amounting to Rs. 60,000
- (d) He was also reimbursed medical bill of his mother amounting to Rs. 15,000
- (e) He was also transferred a laptop by company for Rs. 15,000 on 31st December, 2023. The laptop was acquired by company on 1st October, 2020 for Rs. 1,00,000. Company was charging depreciation at 31.666% assuming useful life of laptop as 3 years
- (f) He was also reimbursed salary of house servant of Rs. 4,000 per month
- (g) Professional Tax paid by employer amounting to Rs.2, 400
- (h) 400 equity shares allotted by ABC India Ltd. at the rate of Rs. 250 per share against fair market value of share of Rs. 350 on the date of exercise of option
- (i) Short-term capital gain on sale of shares of listed company on which STT is paid amounting to Rs. 94,000
- (j) Mr. Rajesh has exercised the option of shifting out of the default tax regime under section 115BAC

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

Question 1

What is Mr. Rajesh Sharma's residential status for the A.Y. 2024-25?

- (a) Resident but can't determine resident and ordinarily resident or resident but not ordinarily resident from the given information
- (b) Non-Resident
- (c) Resident but not ordinarily resident
- (d) Resident and ordinarily resident

Question 2

What are his taxable perquisites for A.Y. 2024-25?

- (a) Rs. 55,000
- (b) Rs. 90,400
- (c) Rs. 1,05,400
- (d) Rs. 1,03,000

Question 3

What is the income chargeable under the head "Salaries" in the hands of Mr. Rajesh Sharma for A.Y. 2024-25?

- (a) Rs. 9,76,600
- (b) Rs. 9,79,000
- (c) Rs. 9,74,200
- (d) Rs. 10,26,600

Question 4

The total tax liability of Mr. Rajesh Sharma for A.Y. 2024-25 is:

- (a) Rs. 1,26,800
- (b) Rs. 1,54,630
- (c) Rs. 1,12,130
- (d) Rs 1,39,960

Question 5

What would be the total tax liability of Mr. Rajesh Sharma for A.Y. 2024-25 if he does not exercise the option of shifting out of the default tax regime under section 115BAC and pays tax under default tax regime under section 115BAC.

- (a) Rs. 81,590
- (b) Rs. 73,790
- (c) Rs. 89,390
- (d) Rs 98,700

Case Study 2.

Mr. Hardik (age 45 years) is appointed as senior executive officer in Sky India Limited, Mumbai on 01.02.2023 in the scale of Rs. 35,000-3500-65,000. He is paid dearness allowance @ 40% of basic pay forming part of retirement benefits.

He is given rent free unfurnished accommodation from 01.10.2023. The company pays lease rent of Rs. 5,000 p.m.

He has been provided a car of above 1.6 liters capacity which is used by him for private purposes only. The actual cost of the car is Rs. 8,00,000. The monthly expenditure of car is Rs. 5,000, which is fully met by the employer. Car is owned by his employer.

He pays lumpsum premium of Rs. 1,20,000 towards health insurance for self and his wife (age 43 years) for 48 months on 01.10.2023 by account payee cheque. He also contributes Rs. 1,50,000 towards PPF.

Mr. Hardik wants to pay tax under default tax regime under section 115BAC.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

Question 1

What would be the value of rent-free accommodation chargeable to tax in the hands of Mr. Hardik?

- (a) Rs: 30,380
- (b) Rs. 44,100
- (c) Rs. 45,570
- (d) Rs. 30,000

Question 2

What amount of health insurance premium paid during the previous year 2023-24 by Mr. Hardik can be claimed as deduction while computing total income, if he exercises the option to shift out of the default tax regime under section 115BAC?

- (a) Rs. 30,000
- (b) Rs. 15,000
- (c) Rs. 24,000
- (d) Rs. 25,000

Question 3

What would be perquisite value of car chargeable to tax in the hands of Mr. Hardik?

- (a) Rs. 28,800
- (b) Rs. 21,600
- (c) Rs. 60,000
- (d) Rs. 1,40,000

Question 4

Would you advise Mr. Hardik to exercise the option of shifting out of the default tax regime under section 115BAC?

- (a) Yes, Mr. Hardik should exercise the option of shifting out of the default tax regime and pays tax under normal provisions of the Act, since in such case his tax liability O would be Rs. 53,310, being lower than the tax liability under default tax regime under section 115BAC
- (b) Yes, Mr. Hardik should exercise the option of shifting out of the default tax regime and pays tax under normal provisions of the Act, since in such case his tax liability would be Rs. 53,100, being lower than the tax liability default tax regime under section 115BAC
- (c) No, Mr. Hardik should not exercise the option of shifting out of the default tax regime, since as per default tax regime, his tax liability would be Rs. 18,510, being lower than the tax liability under normal provisions of the Act
- (d) No, Mr. Hardik should not exercise the option of shifting out of the default tax regime, since as per default tax regime, his tax liability would be Rs. 27,850, being lower than the tax liability under normal provisions of the Act

Case Study 3.

Mr. Rajan, aged 62 years, an Indian citizen, resides in Delhi. His wife Sheetal and daughter Riya also reside with him. Riya, aged 16 years, is studying in 12th Standard in DAV school at New Delhi. Mr. Rajan left for employment to Dubai on 15th September, 2023 but his family did not accompany him. He returned to India on 25th March 2024. Mr. Rajan had gone outside India for the first time in his life. During April, 2023 to September, 2023, he was working with a multinational company in Delhi. He earned salary of Rs. 14,00,000 from his job in India. He paid Tuition Fee of Rs. 1,80,000 for Riya's education in DAV school.

Apart from that, Mr. Rajan also earned professional income of Rs. 60,00,000 (Gross Receipts – Rs. 90 lakhs) from India. During the year, he also earned interest from his Indian savings bank account to the tune of Rs. 12,000 and interest from fixed deposits with nationalized banks of Rs. 45,000. Mr. Rajan also earned a salary income equivalent to Rs. 6,00,000 for his job in Dubai, on which no tax is paid or payable in Dubai, which was deposited in his bank account in Dubai and later on remitted to India. Mr. Rajan has exercised the option to shift out of the default tax regime under section 115BAC.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:-

Question 1

What is the residential status of Mr. Rajan for the previous year 2023-24?

- (a) Resident and ordinarily in India
- (b) Resident but not ordinarily resident in India
- (c) Non-resident in India
- (d) Deemed resident but not ordinarily resident in India

Question 2

What would be the income chargeable to tax under the head "Salaries" in the hands of Mr. Rajan in India for P.Y. 2023-24?

- (a) Rs. 20,00,000
- (b) Rs. 19,50,000
- (c) Rs. 13,50,000
- (d) Rs. 19,60,000

Question 3

How much deduction is available under Chapter VI-A from the Gross Total Income of Mr. Rajan?

- (a) Rs. 2,30,000
- (b) Rs. 1,95,000
- (c) Rs. 1,60,000
- (d) Rs. 2,00,000

Question 4

What shall be the tax liability of Mr. Rajan for the A.Y. 2024-25?

- (a) Rs. 22,69,810
- (b) Rs. 22,58,950
- (c) Rs. 22,56,080
- (d) Rs. 22,72,670

Question 5

What would be the due date for filing income-tax return of Mr. Rajan for the P.Y. 2023-24?

- (a) 31st July, 2024
- (b) 31st October, 2024
- (c) 30th November, 2024
- (d) 31st March, 2025

Case Study 4.

Mr. X wanted to file his return of income for the previous year 2023-24. He required assistance for which he has approached you. He has shared the following details relevant to the P.Y. 2023-24.

Mr. X owned a house property in Mumbai and the same was rented out for Rs. 70,000 p.m. He claims that this was the only income which he earned during the P.Y. 2023-24. However,

when you had sought for his bank statement, you observed the following information additionally.

There is a credit for Rs. 23,975 towards income-tax refund which includes Rs. 5,775 towards interest on income-tax refund. On 15th August, 2023, the bank statement showed a credit of Rs. 55,000 which he claimed to have received as a gift from his grandchildren on his 60th birthday. On further assessment you were able to understand that Mr. X and his wife had travelled to Australia during the P.Y. 2023-24 to spend some time with their daughter, who is staying in Australia, since her marriage. On scrutiny of their passport and relevant documents you conclude that they had left India on 27th September, 2023 and returned on 30th March, 2024. During the 4 years preceding previous year 2023-24, both had stayed in India for 320 days. Prior to that, they had been staying only in India.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

Question 1

What is the residential status of Mr. X for the P.Y. 2023-24?

- (a) Resident and ordinarily resident
- (b) Resident but not ordinarily resident
- (c) Non-resident
- (d) Deemed resident but not ordinarily resident

Question 2

Mr. X requests you to compute his tax liability for the A.Y. 2024-25 in a manner such that his tax liability is minimum. Accordingly, his tax liability would be

- (a) Rs. 22,750
- (b) Rs. 29,910
- (c) Rs. 32,510
- (d) Nil

Question 3

Mr. X had given the house property at Mumbai on rent to Mr. Y, a salaried employee. Is there any requirement to deduct tax at source on such rent by Mr. Y, if yes, what would be the amount of TDS to be deducted?

- (a) No, there is no requirement to deduct tax at source, since Mr. Y is a salaried employee
- (b) Yes, Mr. Y is required to deduct tax at source of Rs. 42,000
- (c) Yes, Mr. Y is required to deduct tax at source of Rs. 31,500
- (d) No, there is no requirement to deduct tax at source, since Mr. X is a non-resident

Question 4

Which of the following statements is correct with respect to advance tax liability of Mr. X for P.Y. 2023-24?

- (a) Advance tax liability shall not arise to Mr. X since he is a non-resident
- (b) Advance tax liability shall not arise, since Mr. X is a resident senior citizen and he has no income chargeable under the head "Profits and gains of business or profession"
- (c) Advance tax liability shall arise, since he is a non-resident
- (d) Advance tax liability shall arise, since his tax liability is not less than Rs. 10,000

Case study 5.

Mr. Zukaro, aged 42 years, a Singapore citizen, visits India for business purpose on a regular basis. He was in India for the first time in the year 2019-20 for 270 days, in the year 2020-21 for 190 days, in the year 2021-22 for 145 days and in the year 2022-23 for 155 days. In the current financial year 2023-24, he along with his family had come to India on 10th August, 2023 for a pleasure trip. His family returned to Singapore on 31st August, 2023, however he stayed back to complete some business commitments and then returned to Singapore on 17th November, 2023.

Mr. Zukaro owns a manufacturing unit in Singapore. He basically comes to India for procurement of raw material. He has appointed Mr. Manish, as a dependent agent in Mumbai, who procures raw material from India and then exports it to Singapore to his manufacturing unit and then sells the finished product there. An income of Rs. 8,75,000 was received in Singapore out of this activity in the P.Y. 2023-24. He had purchased a residential property for Rs. 17,50,000 in Indore in April 2020. On getting an attractive deal in November, 2023, he sold the property for Rs. 26,25,000. He also paid brokerage @2% on sales consideration.

Mr. Zukaro had also purchased an agricultural land in India and leased it out to a tenant. The tenant shares a portion of his agricultural income with Mr. Zukaro as a consideration for rent of land every year. The share in the income from the land for the previous year 2023-24 was Rs. 6,50,000.

Cost inflation index (CII) for the Financial Year (F.Y.) 2020-21: 301; F.Y. 2023-24: 348

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:-

Question 1

What is the Residential Status of Mr. Zukaro for the assessment year 2024-25?

- (a) Resident and ordinarily resident
- (b) Resident but not ordinarily resident
- (c) Non-resident
- (d) Deemed resident but not ordinarily resident

Question 2

Assume for the purpose of answering this question only, that Mr. Zukaro is a non-resident in India for the P.Y. 2023-24, would income of Rs. 8,75,000 earned through activity of procuring raw material for manufacturing unit in Singapore be taxable in India?

- (a) Yes, since it is deemed to accrue or arise in India through a business connection in India
- (b) No, as it is confined to purchase of goods in India for further export and hence not an income deemed to accrue or arise in India
- (c) Yes, as business is controlled from India
- (d) No, as income is received outside India

Question 3

Would income arising from transfer of residential property in Indore is chargeable to tax in India in the hands of Mr. Zukaro? If yes, compute the amount of capital gains chargeable to tax

- (a) Yes, long term capital gain of Rs. 5,49,244 is chargeable to tax, since income is deemed to accrue or arise in India and hence taxable in his hands though he is non resident in India

- (b) Yes, long term capital gain of Rs. 6,01,755 is chargeable to tax, since he is resident in India
- (c) Yes, long term capital gain of Rs. 5,49,244 is chargeable to tax, since he is resident in India
- (d) Yes, long term capital gain of Rs. 6,01,744 is chargeable to tax, since income is deemed to accrue or arise in India and hence taxable in his hands though he is non resident in India

Question 4

Would income earned from agricultural land given on lease is taxable in the hands of Mr. Zukaro?

- (a) No, such income is exempt, since it is agricultural income
- (b) Yes, such income is taxable as income from house property, since land is given on lease
- (c) Yes, such income is taxable as income from other sources, since land is given on lease
- (d) Yes, such income is taxable since he is non-resident even though it is an agricultural income

Question 5

What is the tax liability of Mr. Zukaro for A.Y. 2024-25 assuming that he has exercised the option to shift out of the default tax regime and pays tax under normal provisions of the Act?

- (a) Rs. 2,05,240
- (b) Rs. 3,95,040
- (c) Rs. 2,87,350
- (d) Rs. 2,98,840

Case study 6.

Mr. Animesh, an Indian citizen, aged 61 years, has set-up his business in Canada and is residing in Canada since 2011. He owns a house property in Canada, half of which is used by him for his residence and half is given on rent (converted into INR is Rs. 12,00,000 p.a.).

He purchased a flat in Delhi on 13.10.2021 for Rs. 42,00,000. The stamp duty value of the flat was Rs. 35,00,000. He has taken a loan from Canara Bank in India of Rs. 34,00,000 for purchase of this flat. The interest on such loan for the F.Y. 2023-24 was Rs. 3,14,000 and principal repayment was Rs. 80,000. Mr. Animesh has given this flat on monthly rent of Rs. 32,500 since April, 2023. The annual property tax of Delhi flat is Rs. 40,000 which is paid by Mr. Animesh, whenever he comes to India to meet his parents. Mr. Animesh visited India for 124 days during the previous year 2023-24. Before that he visited India in total for 366 days during the period 1.4.2019 to 31.3.2023.

He had a house in Ranchi which was sold in May 2020. In respect of this house, he received arrears of rent of Rs. 2,96,000 in February 2024 (not taxed earlier).

He also derived some other incomes during the F.Y. 2023-24 which are as follows:

- (i) Profit from business in Canada Rs. 2,75,000
- (ii) Interest on bonds of a Canadian Co. Rs. 6,20,000 out of which 50% was received in India
- (iii) Income from Apple Orchard in Nepal given on contract and the yearly contract fee of Rs. 5,00,000 for F.Y. 2023-24, was received by Animesh in Nepal

Mr. Animesh has sold 10,000 listed shares @ Rs. 480 per share of A Ltd., an Indian company, on 15.9.2023, which he acquired on 05-04-2017 @ Rs. 100 per share. STT was paid both at the time of acquisition as well as at the time of transfer of such shares.

On 31-01-2018, the shares of A Ltd. were traded on a recognized stock exchange as under:

Highest price - Rs. 300 per share

Average price - Rs. 290 per share

Lowest price - Rs. 280 per share

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:-

Question 1

What is the Residential Status of Mr. Animesh for the assessment year 2024-25?

- (a) Resident and ordinarily resident
- (b) Resident but not ordinarily resident
- (c) Non-resident
- (d) Deemed resident

Question 2

What would be amount of income taxable under the head "Income from house property" in the hands of Mr. Animesh for the A.Y. 2024-25?

- (a) Rs. 2,52,200
- (b) Rs. 1,38,200
- (c) Rs. 9,78,200
- (d) Rs. 10,92,200

Question 3

What amount of capital gain would arise in the hands of Mr. Animesh on transfer of shares of A Ltd?

- (a) Rs. 18,00,000
- (b) Rs. 19,00,000
- (c) Rs. 20,00,000
- (d) Rs. 38,00,000

Question 4

What would be total income of Mr. Animesh for the A.Y. 2024-25, if he has exercised the option to shift out of the default tax regime and pays tax under normal provisions of the Act?

- (a) Rs. 22,82,200
- (b) Rs. 22,68,200
- (c) Rs. 22,48,200
- (d) Rs. 21,68,200

Question 5

What would be the tax liability (computed in the manner so as to minimise his tax liability) of Mr. Animesh for the A.Y. 2024-25?

- (a) Rs. 1,82,950
- (b) Rs. 1,87,110
- (c) Rs. 1,80,350

(d) Rs.1,84,510

Solution

		Question No.				
		1.	2.	3.	4.	5.
Case study	1.	A	C	A	A	B
	2.	D	C	D	C	-
	3.	D	C	D	C	B
	4.	A	D	B	B	-
	5.	A	B	C	A	D
	6.	B	B	A	D	C