



CA INTERMEDIATE WARM UP SESSIONS MAY 2024

Top 50 MCQ

Income Tax

By – Jasmeet Sir



QUESTION



#Q Mr. Q, a resident of age 55 years, has total income for AY 2024-25 comprising short term capital gain u/s 111A of ₹6 crore and income from house property of ₹10 lakh. Compute his tax liability under the optional tax regime.

A ₹1,08,98,550

B ₹91,12,500

C ₹1,24,84,125

D ₹1,13,90,625

QUESTION



#Q Mr. Garry 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 Kochi on 25th April, 2023. From the following details for the P.Y. 2023-24, determine the residential status of Mr. Garry 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. Mr. Garry has been filing his income tax return in India as a Resident for previous 2 years. What is his residential status for A.Y. 2024-25?:

Date entered in the Continuous Discharge Certificate in respect of joining the ship	25th April, 2023
Date entered in the Continuous Discharge Certificate in respect of signing off the ship	24th October, 2023

- A** Resident and ordinarily resident
- B** Resident but not-ordinarily resident
- C** Non-resident
- D** Non-resident till 24.10.2023 and resident till 31.03.2024

QUESTION



#Q 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 `18 lakhs and `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 and 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



Rajesh, covered under the optional tax regime, received the following emoluments during the PY 2023-24: Dearness allowance of `5,000 p.m. Overtime allowance of `3,000 p.m. underground mine allowance of `1,000 p.m. and tribal area allowance of `1,000 p.m in the State of Madhya Pradesh. How much amount is taxable as salary?

- A** `96,000
- B** `1,20,000
- C** `1,08,000
- D** `1,00,000

QUESTION



Ganesh is employed with BK Ltd. in Delhi. His emoluments for PY 2023-24 comprised of basic salary of ₹50,000 p.m. and leave travel concession of ₹1,00,000. During June 2023, he proceeded to travel to Bangalore along with his spouse (working and independent), mother (working and independent) and three children (major twins and minor daughter; all born after 1.10.1998). Earlier to the PY 2023-24, he had availed LTC exemption during 2020 and 2021. He decided to travel via Nagpur by Indigo and spent ₹15,000 per person. Air India economy class fare for direct route was ₹10,000 per person. He spent ₹50,000 towards food & accommodation. Compute his gross salary for AY 2024-25 under the optional tax regime,

A ₹96,000

B ₹1,20,000

C ₹1,08,000

D ₹1,00,000

QUESTION



Suyash is employed as an engineer with BCD Pvt. Ltd. Following particulars are available for PY 2023-24: The employer paid fees of ₹12,500 for attending a seminar on the subject of engineering. His son studied in a school for which the tuition fee of ₹25,000 was reimbursed by the employer. The employer also owned and maintained a school in which his daughter studied for which he paid a tuition fee of ₹750 per month. Cost of education in a similar education in nearby locality was ₹5,250 p.m. Compute the taxable value of the aforesaid benefits for AY 2024-25.

A ₹25,000

B ₹66,500

C ₹37,500

D ₹79,000

QUESTION



Mr. X is Employed with Altd since 2015. Altd has provided accommodation to Mr. X in Delhi, which is taken on rent @ Rs. 10,000 pm by A ltd. Mr. X received Basic salary of 20,000 pm; DA 100% of basic salary (60% forms part of retirement benefits); Commission 5,000 pm; Bonus 5,000 pm; children education allowance 500 pm each for 3 childrens. Calculate taxable perquisites under default regime.

A ₹1,20,000

B ₹63,075

C ₹78,300

D ₹52,200

QUESTION



From the following data calculate the GAV:

Annual fair rental value (FRV) = ₹4,80,000

Annual municipal value (MV) = ₹4,56,000

Annual standard rent (SR) = ₹4,68,000

Actual Rent = ₹41,000 p.m.

Period of vacancy = 2 months

Unrealized rent = 1 Month

Municipal taxes = ₹55,700

(a) ₹3,90,000

(b) ₹4,51,000

(c) ₹4,68,000

(d) ₹3,95,300

Karan owns a house in Delhi. The house has two identical units. First unit is self-occupied by the Karan while other is rented at ₹12,000 p.m. The rented unit remained vacant for 3 months. The standard rent, municipal value and fair rent was ₹2,20,000 2,44,000 and 2,35,000 p.a. respectively for the entire house. Karan paid municipal taxes which was 12% of municipal value. Interest on borrowed capital was ₹2,000 p.m. Compute income from house property.

- (a) ₹53,352
(c) ₹42,652

- (b) ₹50,452
(d) ₹41,352

QUESTION



Jagan purchased 10 equipments of ₹50,000 each on 14.6.2023 for his production business, entitled to 15% rate of depreciation. Five equipments were put to use immediately. Two could be put to use only from 10.5.2024. One equipment, was installed at his residence for personal use. One equipment was put to use on 1.12.2023. One equipment was not unboxed since it was purchased in excess of requirements. There were no assets in the relevant block as on 1.4.2023. Depreciation allowable for PY 2023-24 will be:

(a) ₹75,000

(b) ₹41,250

(c) ₹45,000

(d) ₹60,000

Mr. Shine, engaged in manufacture of computers, purchased machinery A, B and C on 5.9.2023 for ₹1 lakh each, entitled to 15% depreciation. Second hand Machine A was imported from France which was not used any time before in India. Machine B was installed in the office. Machine C was installed in the factory. Compute the normal depreciation and additional depreciation allowable for AY 2024-25 as per the optional tax regime.

(a) ₹45,000 and ₹20,000

(b) ₹30,000 and ₹20,000

(c) ₹45,000 and ₹60,000

(d) ₹45,000 and ₹40,000

Gupta ji commenced business of fertilizer production in India on 20.4.2023. He had acquired plot of land for ₹30 lakh on 1.11.2022 on which he constructed factory at a cost of ₹40 lakh (completed on 15.3.2023, cost capitalized in books as on 20.4.2023). He also imported a second-hand machinery for ₹5 lakh on 20.5.2023 (15% rate of depreciation) which was not used any time before in India and depreciation was never claimed under the Act in respect of such machinery. He purchased new furniture of ₹25,000 on 30.6.2023 by making payment in cash. He has opted to claim benefit of section 35AD. Calculate the amount of deduction available to him for AY 2024-25 u/s 35AD and u/s 32 as per the optional tax regime,

- (a) ₹45 lakh; Nil
- (b) ₹45.25 lakh; ₹75,000
- (c) ₹75 lakh; ₹2,500
- (d) ₹75.25 lakh; Nil

Gupta ji commenced business of fertilizer production in India on 20.4.2023. He had acquired plot of land for ₹30 lakh on 1.11.2022 on which he constructed factory at a cost of ₹40 lakh (completed on 15.3.2023, cost capitalized in books as on 20.4.2023). He also imported a second-hand machinery for ₹5 lakh on 20.5.2023 (15% rate of depreciation) which was not used any time before in India and depreciation was never claimed under the Act in respect of such machinery. He purchased new furniture of ₹25,000 on 30.6.2023 by making payment in cash. He has opted to claim benefit of section 35AD. Calculate the amount of deduction available to him for AY 2024-25 u/s 35AD and u/s 32 as per the optional tax regime,

- (a) ₹45 lakh; Nil
- (b) ₹45.25 lakh; ₹75,000
- (c) ₹75 lakh; ₹2,500
- (d) ₹75.25 lakh; Nil

M/s Science & Co. commenced its business of medicines on 1.4.2023. From 1.4.2021 to 31.3.2023, it spent ₹5 lakh on salary of employees and purchase of materials for scientific research on medicines (out of which only 40% was certified by the prescribed authority). It spent ₹6 lakh for the same purpose during PY 2023-24 (which was not certified). It also purchased land for ₹30 lakh and equipment to be used in research for ₹10 lakh during PY 2023-24. How much deduction is available for PY 2023-24 in respect of all this expenditure?

- (a) ₹2 lakh deduction; depreciation on ₹10 lakh
- (b) ₹11 lakh deduction; depreciation on ₹10 lakh
- (c) ₹18 lakh deduction; no depreciation
- (d) ₹42 lakh deduction; no depreciation

Zydus Ltd. incurred the following employee welfare cost during PY 2023-24: Group health insurance premium of ₹1 lakh paid by account payee cheque; Commission of ₹3 lakh paid to a senior employee shareholder which would otherwise have been payable as dividend (paid on 31.3.2024); EPF contribution of Zydus Ltd. of ₹2 lakh and of employees of ₹2 lakh paid on 15.7.2024 (after 15 day time prescribed under EPF Scheme). Due date to file return for Zydus Ltd. is 31.10.2024. The amount deductible for AY 2024-25 in computing business income will be:

- (a) ₹8 lakh
- (c) ₹3 lakh

- (b) ₹5 lakh
- (d) ₹6 lakh

QUESTION



M/s Ram & Shyam paid ₹1.5 lakh each to both its partners as remuneration. Further, it paid ₹25,000 as interest on capital to Ram @ 10%. Income under the head PGBP, computed under the Act after deducting these payments, amounted to ₹1 lakh. The firm earned capital gains of ₹1 lakh and income from house property of ₹50,000 during the PY. Amount taxable in the hands of the firm under the head 'PGBP' for AY 2024-25 will be:

(a) ₹1.25 lakh

(b) ₹2.5 lakh

(c) ₹1 lakh

(d) ₹2.75 lakh

Gita pays rent of ₹1 lakh to Rohan, a resident, on 5.1.2024 (tax is deductible u/s 194-1) without deduction of tax. She deducts tax on 5.4.2024 and deposits it with the Government on 10.4.2024. In which year will rent be allowed as deduction?

- (a) ₹70,000 in PY 2023-24; 30,000 in PY 2024-25
- (b) ₹1,00,000 in PY 2023-24
- (c) ₹1,00,000 in PY 2024-25
- (d) ₹70,000 in PY 2024-25; ₹30,000 in PY 2025-26

QUESTION



Raj is a resident and ordinarily resident for PY 2022-23 and resident but not ordinarily resident for PY 2023-24. He carries on the business of trading in food grains and has clocked turnover of ₹1 crore during the PY 2023-24, 10% of which is received in cash and the balance through banking channels within the PY itself. What would be taken to be the profits and gains for the AY 2024-25 u/s 44AD?

- (a) ₹6,00,000
- (b) Computed by deducting expenses from receipts
- (c) ₹8,00,000
- (d) ₹6,20,000

QUESTION



Raj is a resident and ordinarily resident for PY 2022-23 and resident but not ordinarily resident for PY 2023-24. He carries on the business of trading in food grains and has clocked turnover of ₹1 crore during the PY 2023-24, 10% of which is received in cash and the balance through banking channels within the PY itself. What would be taken to be the profits and gains for the AY 2024-25 u/s 44AD?

- (a) ₹6,00,000
- (b) Computed by deducting expenses from receipts
- (c) ₹8,00,000
- (d) ₹6,20,000

Rashmi started a jewellery business on 1.2.2020 and brought her personal jewellery that she used to wear, into the business on 1.9.2020 as inventory (worth ₹5,00,000 on this date). She had purchased the jewellery on 15.6.2010 for ₹1,00,000. She sold 50% of this jewellery to various customers for ₹4,00,000 on 1.5.2023. Compute the capital gain and business income arising from these transactions.

- (a) PGBP of ₹1,50,000 for AY 2024-25; no capital gain
- (b) LTCG of ₹1,59,880 for AY 2021-22 and PGBP of ₹1,50,000 for AY 2024-25
- (c) PGBP of ₹3,50,000 for AY 2024-25; no capital gain
- (d) LTCG of ₹1,59,880 and PGBP of ₹1,50,000 for AY 2024-25

Mr. Kishore celebrated his 50th marriage anniversary. On this occasion, his wife received a diamond necklace worth ₹5,00,000 from Kishore's brother. Kishore's son gifted him a luxurious car worth ₹15,00,000. His grandchildren gifted them a new furniture set worth ₹3,00,000. Also, he received cash gifts from his friends amounting collectively to ₹80,000. Which of the following statements is correct?

- (a) Neither of them will be liable to pay tax for any gift
- (b) Both will jointly share the tax liability on all the gifts
- (c) Mrs. Kishore will be taxable on diamond set and Mr. Kishore will be taxable on cash gift
- (d) Mr. Kishore will be taxable on cash gift only

Divyansh acquired a house from his friend as gift on the occasion of Deepawali on 10.11.2023 when its SDV was ₹60 lakh and FMV was ₹65 lakh. His friend had purchased the house for ₹40 lakh on 10.11.2020. Divyansh sold the house on 12.2.2024 for ₹70 lakh (SDV on this date was ₹75 lakh). Amount taxable in the hands of Divyansh for AY 2024-25 would be:

- | | |
|-------------------------------------|-------------------------------------|
| (a) IFOS ₹60 lakh; STCG ₹10 lakh | (b) IFOS ₹60 lakh; LTCG ₹25.74 lakh |
| (c) IFOS ₹60 lakh; LTCG ₹30.74 lakh | (d) IFOS ₹65 lakh; STCG ₹10 lakh |

Jayant, staying in a flat at a rent of ₹10,000 p.m., sub-let the flat at ₹15,000 p.m. He owned a printing machine which he rented out at ₹2,000 p.m. w.e.f. 1.10.2023 after incurring repair expenses of ₹5,000 in cash. He purchased a motor car for ₹4 lakh on 1.6.2022 which he let out to a car driving school for ₹10,000 p.m. from the same date. He paid ₹7,000 as insurance premium of the car on 1.6.2023 and also claimed depreciation under the Income Tax Act @ 15%. He had no other income during the year. His total income for AY 2024-25 would be:

(a) ₹2,49,000

(b) ₹1,29,000

(c) ₹1,20,000

(d) ₹1,59,000

Jayant, staying in a flat at a rent of ₹10,000 p.m., sub-let the flat at ₹15,000 p.m. He owned a printing machine which he rented out at ₹2,000 p.m. w.e.f. 1.10.2023 after incurring repair expenses of ₹5,000 in cash. He purchased a motor car for ₹4 lakh on 1.6.2022 which he let out to a car driving school for ₹10,000 p.m. from the same date. He paid ₹7,000 as insurance premium of the car on 1.6.2023 and also claimed depreciation under the Income Tax Act @ 15%. He had no other income during the year. His total income for AY 2024-25 would be:

(a) ₹2,49,000

(b) ₹1,29,000

(c) ₹1,20,000

(d) ₹1,59,000

QUESTION



Champion, a resident of age 29 years, earned the following during PY 2023-24: Salary (computed) ₹1,00,000 (gross of TDS); dividend ₹20,000; winning from a game show ₹70,000 (net of TDS @ 30%; related expenditure was ₹20,000). He deposited ₹1,50,000 in his PPF Account. He has opted out of default tax regime. His tax liability for AY 2024-25 would be:

(a) ₹31,200

(b) ₹21,840

(c) Nil

(d) ₹18,200

On 1.4.2023, Mr. B gifted ₹1.5 lakh to Mrs. C (spouse of Mr. C, his brother). Mr. C, in turn, gifted ₹1 lakh to Master B (minor child of Mr. B). On the same day, both recipients invested the money in instruments generating interest of 10% p.a. Income of Mr. B is higher than Mrs. B (without considering interest income). Determine the income taxable in the hands of these persons for AY 2024-25 considering the provisions of the default tax regime.

(a) Mr. B ₹8,500; Mr. C ₹15,000

(b) Mr. B ₹15,000; Mr. C ₹10,000

(c) Mr. B ₹10,000; Mr. C ₹10,000; Mrs. C ₹5,000

(d) Mr. B ₹8,500; Mr. C ₹10,000; Mrs. C ₹5,000

Sakshi is a partner in ABC & Co, partnership firm. Her capital contribution in the firm is ₹8 lakh which includes ₹2 lakh gifted by her spouse on 1.1.2023. She made additional capital contribution of ₹4 lakh on 1.4.2023 out of gift made by her spouse. The firm paid her interest on capital of 1,20,000 for the PY 2023-24. This amount was fully allowed as deduction in the hands of the firm. She also received her share of profit in the firm of ₹2,50,000. Determine the amount to be included in the income of Sakshi and her spouse for the AY 2024-25.

- (a) ₹60,000 for Sakshi; ₹60,000 for spouse (b) ₹3,10,000 for Sakshi; ₹60,000 for spouse
(c) ₹55,000 for Sakshi; ₹1,55,000 for spouse (d) ₹1,55,000 for Sakshi; nil for spouse

Sakshi is a partner in ABC & Co, partnership firm. Her capital contribution in the firm is ₹8 lakh which includes ₹2 lakh gifted by her spouse on 1.1.2023. She made additional capital contribution of ₹4 lakh on 1.4.2023 out of gift made by her spouse. The firm paid her interest on capital of 1,20,000 for the PY 2023-24. This amount was fully allowed as deduction in the hands of the firm. She also received her share of profit in the firm of ₹2,50,000. Determine the amount to be included in the income of Sakshi and her spouse for the AY 2024-25.

- (a) ₹60,000 for Sakshi; ₹60,000 for spouse (b) ₹3,10,000 for Sakshi; ₹60,000 for spouse
(c) ₹55,000 for Sakshi; ₹1,55,000 for spouse (d) ₹1,55,000 for Sakshi; nil for spouse

Sana has loss from grocery business of ₹1 lakh, income from hospital business referred u/s 35AD of ₹3 lakh, loss from speculative day trading in shares of ₹2 lakh, loss from let out house property of ₹2.5 lakh, long term capital gain u/s 112A of ₹4 lakh, short term capital loss of ₹3.5 lakh, loss from card games of ₹50,000 and winning from betting of ₹1.5 lakh. Her total income, under the optional tax regime, would be:

(a) Income of ₹2 lakh

(b) Income of ₹3 lakh

(c) Income of ₹1.5 lakh

(d) Income of ₹1 lakh

For AY 2024-25, Gunjan has income from food business of ₹2,00,000 (before depreciation), current year depreciation of ₹50,000, unabsorbed depreciation of AY 2023-24 of ₹80,000, brought forward business loss from AY 2021-22 of ₹1,00,000, long term capital gain of ₹20,000 and salary income of ₹60,000. Determine total income for AY 2024-25 and loss to be carried forward:

- (a) Total income ₹80,000; carry forward business loss of ₹30,000
- (b) Total income ₹80,000 carry forward unabsorbed depreciation of ₹30,000
- (c) Total income ₹60,000; carry forward unabsorbed depreciation of ₹10,000
- (d) Total income ₹50,000; carry forward loss of Nil

QUESTION



Srishti's income for PY 2023-24 comprised income from house property of ₹2,00,000. She invested ₹50,000 in NSC Certificates (IX issue) on 31.3.2024. Accrued interest for the year on certificates held by her amounted to ₹20,000. Her total income, as per the optional tax regime, would be:

(a) ₹1,30,000

(b) ₹1,50,000

(c) ₹2,00,000

(d) ₹1,80,000

Mr. A, a Central Government employee, made the following payments during the year (all by cheque): Contribution to Central Government Health Scheme ₹10,000; mediclaim premium for married son (dependent) ₹5,000; mediclaim premium of younger brother (dependent) ₹10,000; preventive health check-up for spouse (not dependent) ₹7,000. Compute deduction u/s 80D under the optional tax regime.

(a) ₹22,000

(b) ₹15,000

(c) ₹20,000

(d) ₹25,000

Riya took an education loan from a notified financial institution for her spouse (not dependent on her) pursuing M. Tech course from USA. Loan was sanctioned on 1.3.2016 and disbursed on 15.4.2016. The course began on 1.9.2016 and Riya started paying interest from 1.3.2017. During the PY 2023-24, she paid interest of ₹3 lakh and repaid principal of ₹2 lakh. Her gross total income is ₹6 lakh. Compute her total income. Riya has opted out of the default tax regime.

(a) ₹6 lakh

(b) Nil

(c) ₹3 lakh

(d) ₹1 lakh

Josh carried on business of footwear manufacturing having 20 employees as on 31.3.2023. The business was liable to tax audit u/s 44AB. During the PY 2023-24, two existing employees resigned on 1.5.2023. He employed 5 people on 1.6.2023 on salary of ₹20,000 per month. A new employee was later appointed on 1.10.2023 on salary of ₹26,000 per month.

Determine the deduction available u/s 80JJAA for AY 2024-25.

(a) ₹2,26,800

(b) ₹1,80,000

(c) ₹3,33,333

(d) Nil

Josh carried on business of footwear manufacturing having 20 employees as on 31.3.2023. The business was liable to tax audit u/s 44AB. During the PY 2023-24, two existing employees resigned on 1.5.2023. He employed 5 people on 1.6.2023 on salary of ₹20,000 per month. A new employee was later appointed on 1.10.2023 on salary of ₹26,000 per month.

Determine the deduction available u/s 80JJAA for AY 2024-25.

(a) ₹2,26,800

(b) ₹1,80,000

(c) ₹3,33,333

(d) Nil



THANK
YOU

