

# QUESTION BANK

FOR JAN 25

(CONTAINING RTP, MTP AND PYQ)



WITNESS UNMATCHED CONCEPTUAL TEACHING FOR CA INTERMEDIATE

By CA POOJA DATTE

**COMBINED QUESTION – PGBP BASED**

**Question 1**

Mr. Manohar, a resident individual, age 53 years provides consultancy services in the field of Taxation. His Income and Expenditure account for the year ended 31<sup>st</sup> March 2024 is as follows:

(RTP M-20 Q)

**Income and Expenditure account for the year ending 31<sup>st</sup> March, 2024**

Expenditure	Amount (₹)	Income	Amount (₹)
To Salary	4,00,000	By Consulting fees	58,00,000
To Motor car expenses	88,000	By Share of Profit from HUF <del>₹</del>	55,000
To Depreciation	87,500	By Interest <del>on bank</del> fixed deposits	25,000
To Medical expenses	70,000	By Interest on income tax refund	26,000
To Purchase of computer	90,000		
To Bonus	25,000		
To General expenses	1,05,000		
To Office & administrative	1,15,000		
To Excess of income over Expenditure	49,25,000		
	<b>59,06,000</b>		<b>59,06,000</b>

The following other information relates to the financial year 2023-24:

- (1) Salary includes a payment of ₹ 22,000 per month to his sister-in-law who is in-charge of the marketing department. However, in comparison to similar business, the reasonable salary of a marketing supervisor is ₹ 18,000 per month.
- (2) Witten down value of the assets as on 1<sup>st</sup> April, 2023 are as follow:
  - Motor Car (25% used for personal use) ₹ 3,50,000
  - Furniture and Fittings ₹ 80,000
- (3) Medical expenses include:
  - Family planning expenditure ₹ 15,000 incurred for the employees which was revenue in nature.
  - Medical expenses for his father ₹ 55,000. (Father's age is 65 years and he is not covered under any medical insurance policy). ₹ 2,500 incurred in cash and remaining by credit card.
- (4) The computer was purchased on 5th June, 2023 on credit. The total invoice was paid in the following manner:
  - ₹ 18,000 paid in cash as down payment on the date of purchase.
  - Remaining amount was paid through account payee cheque on 10<sup>th</sup> August, 2023.
- (5) Bonus was paid on 30<sup>th</sup> September, 2024.
- (6) General expenses include commission payment of ₹ 42,000 to Mr. Mahesh for the promotion of business on 17<sup>th</sup> September, 2023 without deduction of tax at source. 30% D.I.
- (7) He also received gold coins from a family friend on the occasion of marriage anniversary on 15<sup>th</sup> November, 2023. The market value of the coins on the said date was ₹ 85,000.

The consultancy fees for the previous year 2022-23 was ₹ 52,50,300.

Compute the total income and the tax liability of Mr. Manohar for the AY 2024-25. Assume he has exercised the option to shift out of the default tax regime u/s 115BAC

**QUESTION BANK FOR JAN 25 EXAMS – PART 1**

**Question 2**

Mr. Suraj aged 50 years, a resident individual, engaged in a wholesale business of health products. He is also a partner in XYZ & Co., a partnership firm. The following details are made available for the year ended 31.3.2024:

SI. No.	Particulars	₹	₹
(i)	Interest on capital received from XYZ & Co., at 15% [in accordance with the partnership deed]		1,50,000
(ii)	Share of profit from the firm		35,000
(iii)	Salary as working partner (fully allowed in the hands of the firm)		1,00,000
(iv)	Interest from bank on fixed deposit (Net of TDS)		40,500
(v)	Interest on saving bank account		12,300
(vi)	Income-tax refund received relating to assessment year 2023-24 including interest of 2,300		34,500
(vii)	Net profit from wholesale business		
	Amounts debited include the following:		5,60,000
	• Depreciation as per books	34,000	
	• Motor car expenses	40,000	
	• Municipal taxes for the shop	7,000	
	(For two half years; payment for one half year made on 12.7.2024 and for the other on 31.12.2024)		
	Salary to manager by way of a single cash payment	21,000	
(viii)	The WDV of the assets (as on 1.4.2023) used in above wholesale business is as under:		
	• Computers	2,40,000	
	• Computer Printer	1,50,000	
(ix)	Motor car acquired on 31.12.2023 (20% used for personal use)	6,80,000	
(x)	He owned a house property in Mumbai which was sold in January, 2018. He received arrears of rent in respect of the said property in October, 2023.		1,15,000
(xi)	LIP paid for independent son	60,000	
(xii)	PPF of his wife	70,000	
(xii)	Health insurance premium paid towards a policy covering her mother aged 75 by way of cheque. She is not dependent on him.	35,000	
(xiii)	Contribution toward Prime Minister National Relief Fund	50,000	

You are required to compute the total income of the Mr. Suraj for the assessment year 2024-25 and the closing WDV of each block of assets. Assume he has exercised the option to shift out of the default tax regime u/s 115BAC.

**[RTP N-20 Q.]**

**Question 3**

Mr. Prakash furnishes the following information for the financial year 2024-25.

Particulars	₹
Loss from speculation business-X	85,000
Profit from speculation business-Y	45,000
Interest on borrowings in respect of self-occupied house property	3,18,000
Income from let out house property	1,20,000
Presumptive Income from trading and manufacturing business u/s 44AD	1,00,000
Salary from XYZ (P) Ltd.	5,25,000
Interest on PPF deposit	65,000
Long term capital gain on sale of Vacant site	1,25,000
Short term capital loss on sale of Jewellery	65,000
Investment in tax saver deposit on 31-03-24	60,000
Brought forward loss of business of assessment year 2018-19	1,00,000
Donation to a charitable trust recognized u/s 12AB and approved u/s 80G (payment made via credit card)	60,000

Compute total income of Mr. Prakash for the assessment year 2024-25 also show the loss, eligible to be carried forward. Assume he has exercised the option to shift out of the default tax regime u/s 115BAC.

**(MTP Q.)**

**Question 4**

You are required to compute the total income and tax liability of Mr. Alok, aged 58 years, a resident individual. Mr. Alok is an advocate and furnishes you the receipts and payments account for the financial year 2023-24.

Receipts and Payments Account

Receipt	₹	Payment	₹
Opening Balance (01-04-2023)		Staff salary and bonus to clerks	17,50,000
Cash & Bank	80,000	Other general and administrative expenses	22,00,000
Fee from legal services	49,60,000	Office rent	1,48,000
Motor car loan from SBI @12% p.a. interest	5,00,000	Life Insurance Premium (Sum Assured ₹ 5,00,000]	49,000
Sale receipts of 5,800 listed equity shares (sold on 31 <sup>st</sup> March 2024)	5,95,000	Motor car (Acquired in January 2024 by way of NEFT)	9,50,000
		Books bought by way of A/c payee cheque in the month of May, June and September 2023 (annual publications)	80,000
		Computer acquired on 1-11- 2023 for professional use (payment made by A/c payee cheque)	52,000
		Domestic drawings	6,23,000
		Motor car maintenance	75,000
		Public subscription Provident Fund	1,50,000

		Closing balances (31-03-2024) Cash & Bank	61,000
	<b>61,35,000</b>		<b>61,35,000</b>

Other information:

- (i) Listed equity shares on which STT was paid were acquired in August 2015 for ₹ 1,21,800. The fair market value of such shares as on 31<sup>st</sup> January 2018 and on 1<sup>st</sup> April 2018 was ₹ 75 per share and ₹ 85 per share, respectively.
- (ii) Motor car was put to use for both official and personal purposes. 1/ 3rd of the motor car is for personal purpose. No interest on car loan was paid during the previous year 2023- 24.
- (iii) Mr. Alok purchased a flat in Kanpur for ₹ 35,00,000 in July 2012 cost of which was partly financed by a loan from Punjab National Housing Finance Limited of ₹ 25,00,000, his own- savings ₹ 1,00,000 and a deposit from Repco Bank for ₹ 9,00,000. The flat was given to Repco Bank on lease for 10 years @ ₹ 35,000 per month. The following particulars are relevant:
  - (a) Municipal taxes paid by Mr. Alok ₹ 8,200 per annum
  - (b) House insurance ₹ 11,000

As per interest certificate issued by Punjab National Housing Finance Limited for the financial year 2023-24, he paid ₹ 1,80,000 towards principal and ₹ 2,01,500 as interest.

- (iv) He earned ₹ 1,20,000 in share speculation business and lost ₹ 1,80,000 in commodity speculation business.
- (v) Mr. Alok received a gift of ₹ 21,000 each from four of his family friends.
- (vi) He contributed ₹ 1,21,000 to PM Cares Fund by way of bank draft.
- (vii) He donated to a registered political party ₹ 3,50,000 by way of cheque.
- (viii) He follows cash system of accounting.

You are requested to compute his total income and tax liability of Mr. Alok for the Assessment Year 2024-25, in the manner so that he can make maximum tax savings.

**(MTP Q.)**

**Question 5**

Mr. Ayush, a resident individual, aged 54 years, is engaged in the business of manufacturing textiles. He earned profit of ₹ 82,45,000 as per profit and loss account after debiting and crediting the following items:

- (i) Depreciation ₹ 15,40,000
- (ii) Short term capital gains on transfer of listed equity shares in a company on which STT is paid ₹ 10,00,000
- (iii) He received income-tax refund of ₹ 15,550 which includes interest on refund of ₹ 4,550.
- (iv) Dividend income from Indian companies ₹ 15,00,000. Dividend received from each company is less than ₹ 5,000.

**Additional information -**

- (i) Mr. Ayush installed new plant and machinery for ₹ 65 lakhs on 1.10.2023 which was put to use on 1.1.2024. Depreciation (including additional depreciation) on this amount of ₹ 65 lakhs is included in the depreciation debited to profit and loss account which has been computed as per Income-tax Rules, 1962.
- (ii) Mr. Ayush took a loan from SBI of ₹ 50 lakhs on 1.9.2023 @10.5% p.a. to purchase such plant and machinery. Total interest upto 31.3.2024 has been paid on 31.3.2024 and the same has been debited to profit and loss account.
- (iii) Advance tax paid during the year is ₹17,50,000

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- (iv) Ayush purchased goods for ₹ 40 lakhs from Mr. Ram, his brother. The market value of the goods is ₹ 35 lakhs.
  - (v) He paid ₹ 40,000 as life insurance premium taken on the life of his married daughter who is not dependent on him. The sum assured is ₹ 5,00,000 and the policy was taken on 1.4.2016.
  - (vi) He paid ₹ 45,000 by cheque towards health insurance policy covering himself, his spouse and his children.
  - (vii) On 1.7.2023, Mr. Ayush withdrew ₹ 1.5 crores in cash from three current accounts maintained by him with SBI. There are no other withdrawals during the year. He regularly files his return of income.
- You are required to compute the total income and tax payable by Mr. Ayush for the A.Y. 2024-25 assuming that he has shifted out of the default tax regime under section 115BAC.

**(MTP II – July 24)(15 Marks)**

**Question 6**

Mr. Sahil, resident Indian aged 40 years, a Manufacturer at Chennai, gives the following Manufacturing, Trading and Profit & Loss Account for the year ended 31.03.2024.

**Manufacturing, Trading and Profit & Loss Account for the year ended 31.03.2024**

Particulars	₹	Particulars	₹
To Opening Stock	71,000	By Sales	43,50,000
To Purchase of Raw Materials	17,20,500	By Closing Stock	2,00,000
To Manufacturing Wages & Expenses	5,80,500		
To Gross Profit	21,78,000		
<b>Total</b>	<b>45,50,000</b>	<b>Total</b>	<b>45,50,000</b>
To Administrative Charges	2,90,000	By Gross Profit	21,78,000
To SGST Penalty Paid (It is not compensatory nature)	7,000	By Dividend From Domestic Companies	15,000
To GST Paid	1,10,000	By Winning from Lotteries (Net of TDS) (TDS 4,500)	10,500
To General Expenses	55,000	By Profit on Sale of Shares	45,000
To Miscellaneous Expenses	1,50,500		
To Loss on Sale of Shares	20,000		
To Interest to Bank (on Machinery term loan)	60,000		
To Depreciation	2,00,000		
To Net Profit	13,56,000		
<b>Total</b>	<b>22,48,500</b>	<b>Total</b>	<b>22,48,500</b>

Following are the further information relating to Financial Year 2023-2024:

- (i) Administrative Charges include ₹ 46,000 paid as commission to brother of Assessee. The

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Commission amount at the market rate in ₹ 36,000.

- (ii) The assessee paid ₹ 33,000 in cash to a Transport Carrier on 26.12.2023. This amount is included in Manufacturing Expenses. (Assume that the provisions relating to TDS are not applicable on this payment.)
- (iii) A Sum of ₹ 4,000 per month was paid as salary to a staff throughout the year and this has not been recorded in books of account.
- (iv) Bank Term Loan Interest actually paid upto 31.03.2024 was ₹ 20,000 and the balance was paid in October 2024.
- (v) Miscellaneous Expenses include ₹ 10,000 contributed to Prime Minister's Relief Fund.
- (vi) Loss on Sale of Shares represents shares sold within a period of 6 months from the date of purchase.
- (vii) Profit on Sale of Shares represents shares held for 2 years & Securities Transaction Tax was paid on it.
- (viii) Housing Loan Principal repaid during the year was ₹ 50,000 and it relates to residential property occupied by him. Interest on Housing Loan was ₹ 2,60,000. Housing Loan was taken from Canara Bank. (Value of house property is ₹ 45 Lakhs, loan value ₹ 25 Lakhs and sanction date 31.03.2017). These amounts were not dealt with in the Profit and Loss Account given above. (Assume this housing loan is eligible for 80EE deduction).

(ix) Depreciation allowable under the Act to be computed on the basis of following information:

Plant & Machinery (Depreciation Rate @15%)	₹
Opening WDV (as on 01.04.2023)	12,00,000
Additions During the year (Used for more than 180 Days)	2,00,000
Total Additions during the year	4,00,000
<i>Note: Ignore Additional Depreciation u/s 32(1)(iia)</i>	

Compute the total income and tax liability of Mr. Sahil for the A.Y. 2024 -25 if he has exercised the option of shifting out of the default tax regime provided under Section 115BAC(1A). **(May 24-QP)(15 Marks)**

### Question 7

Ms. Farah, aged 40 years, is an advocate (Taxation). She keeps her books of accounts on accrual basis. Her profit & loss account for the year ended on March 31, 2024 is as follows:

#### Profit & Loss Account for the year ending March 31, 2024

	AMOUNT (₹)		AMOUNT (₹)
Staff salary	40,10,000	Fees Earned from:	
Rent	9,00,000	Taxation services	50,00,000
Administrative expenses	6,50,000	Appeals	16,00,000
Incentives to office staff	2,00,000	Consultancy	15,00,000
Meetings, Seminars and conferences	1,70,000	Dividend from an Indian company (gross)	11,00,000
Purchase of car (for official use) on 01.07.2023	3,00,000	Interest on deposit certificates issued under gold monetization scheme, 2015	25,000

## QUESTION BANK FOR JAN 25 EXAMS – PART 1

Repairs and Maintenance of car	35,000	Honorarium received for valuation of answer papers	50,000
Travelling Expenses	5,00,000	Rent received in respect of house property	90,000
Municipal tax paid in respect of house property	9,000		
Net profit	<u>25,91,000</u>		
	<b>93,65,000</b>		<b>93,65,000</b>

### Other information:

- (i) Administrative expenses include ₹ 50,000 paid to a tax consultant in cash for assisting Ms. Farah in one of the professional assignments.
- (ii) The traveling expenses include expenditure incurred on foreign professional tour of ₹ 50,000 which was within the RBI norms.
- (iii) Ms. Farah paid medical insurance premium for her parents (senior citizens and not dependent on her) online amounting ₹ 47,000. She also paid ₹ 8,500 by cash towards preventive health check-up for herself and her spouse.
- (iv) Repairs and maintenance of car is for the period from 1-10-2023 to 30-09-2024.
  - (v) She has paid ₹ 1,00,000 towards advance tax during the P.Y. 2023-24.

Compute Total Income and Net tax payable as per the most beneficial taxation scheme for Ms. Farah for the A.Y. 2024-25.

**(MTP II - July 24)(15 Marks)**



# COMBINED QUESTION – 115 BAC & MTP May RTP 24

115 BAC - by PKD

115 BAC - Chapterwise benefit to be foregone v/s 115 BAC

- no 115A - basic AN / benefit AN X
- Salary → HRA X
- LTE X
- Allowance X 10% (except on travelling / daily / conveyance / Transport all handicapped)
- 115A → 16(1A) std dedu. TTBC
- 14(1) EA X
- 16(1) PT X 50% lunch facility X v/s 115 BAC
- PGBP → 35 AB X (if you dont take 35 AB then claim depreciation)
- additional dep X
- donation (under 35 X for scientific research)
- HP → 24 b Int on borrowed - 50 X
- Clubbing → 10(32) - 1500 p.a.
- Set off → Interhead adj of HP without 115 BAC
- loss arising due to above adj can't be - 115 BAC
- VIA → all deductions X
- 80 CCB (2)
- NPS - Employer / contrib
- 80 CCH (5)
- CG - Contri Agri. or bus.
- 80 JJA
- 10 AA X

normal	115 BAC
BASIC Sal 10,00,000	10,00,000
DA 1,00,000	1,00,000
HRA 6,00,000	→ 6,00,000
Exemption 4,00,000	2,00,000
Gross Sal 13,00,000	17,00,000
Res. std ded (115A) 50,000	→ 50,000
EA -	→ NA
PT 16(1) 2,500	→ NA
Net Sal 12,47,500	16,50,000

Question 1 - Assessee opting for default scheme

- Ans - one working 115 BAC - NTI / sacrificed
- Tax working 115 BAC

Question 2 :- Assessee wants to opt out of 115 BAC  
Assessee does not to opt for 115 BAC  
Optional - working - Compute NTI (no sacrificed)

Tax - optional

Question 3 Calculate Tax Liability:

Choose the & method what is beneficial for assesse

Answer - Both working  
Choose the lower tax liability.

Suggestion - start with optional and then go for 115 BAC

115 BAC - You can get questions to compute Income

115 BAC = B&L always = 3,00,000 [irrespective of age]

0 to 3,00,000	0%	3,00,000	0%	= 0
3L to 6L	5%	next 3,00,000	5%	= 15,000
6L to 9L	10%	next 3,00,000	10%	= 30,000
9L to 12L	15%	next 3,00,000	15%	= 45,000
12L to 15L	20%	next 3,00,000	20%	= 60,000
above 15L	30%	15,00,000	30%	= 4,50,000

on 15,00,000 Tax = 1,50,000  
above 15,00,000 Tax @ 30%

Special Rates LTCG 112 20%  
LTCG 112A 10% on gain exceeding 1 lakh  
STCG 111A 15%  
Casual Income = 30%

Surcharge above 50 - 1 cr = 10%

marginal rebate above 1 cr - 2 cr = 15%  
above 2 cr = 25%

Income LTCG 112 (LTCG 112A) STCG 111A and dividend - 10% and 75%  
33% is highest rate of Surcharge

HEC 4%

Rebate - R. Ind. NTI up to 7,00,000  
Rebate = Tax @ 25,000

In Rebate concept of relief is available  
this concept of relief in rebate is only in 115 BAC

⊗ LTCG 112A is not eligible for Rebate

Agri Income - Partial Integration also applicable in 115 BAC

Benefit of unexhausted B&L also available

**Question 8**

Mr. Rajesh is a working partner in M/s Sunflower Associates, a partnership firm. Mr. Rajesh has contributed ₹15 lakhs as capital in the firm.

Partnership deed authorises payment of interest to partners @ 13% and also payment of remuneration to partners @20,000 per month. Whole of the remuneration is allowable as deduction to M/s Sunflower Associates.

Mr. Rajesh has set up a unit in SEZ in May, 2017. The total turnover, export turnover and net profit for the year ended 31.3.2024 were ₹ 120 lakhs, ₹ 45 lakhs and ₹7.5 lakhs respectively. Out of the export turnover of ₹ 45 lakhs, only ₹ 40 lakhs has been received in convertible foreign exchange by 30.9.2024.

During the P.Y. 2023-24, Mr. Rajesh has commenced a business of warehousing facility for storage of edible oil. The net profit of this business as per profit & loss account is ₹ 7,50,000. The following items are debited to Profit & Loss Account:

- (i) Personal drawings ₹70,000
- (ii) Advance income-tax paid ₹1,00,000
- (iii) Purchase of warehouse building of ₹10 lakhs on 10.6.2023 for the purpose of storage of edible oil.

The following items are credited to Profit & Loss account:

- (i) Interest on saving bank account with post office ₹15,000
- (ii) Interest on fixed deposit with SBI ₹20,000
- (iii) Dividend from Indian companies (Gross) ₹32,000

He has paid the premium of ₹ 60,000 on life insurance policy in the name of her married daughter. The policy was taken on 1.10.2018 and the sum assured being ₹5,00,000.

Compute the total income and tax payable by Mr. Rajesh for the

A.Y. 2024-25 under default tax regime and normal provisions of the Act.

**(RTP May 24)**