

MKG

MOCK TEST-2

SEPT 24/JAN 25

INCOME TAX VOLUME 1

ATTEMPT ALL QUESTIONS

ATTEMPT ALL QUESTIONS

Roll No ...249875.....

Time allowed: 3 hours

Maximum Marks: 100

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MULTIPLE CHOICE QUESTIONS (30 Marks)

1. Interest on borrowed capital accrued up to the end of the previous year prior to the year of completion of construction is

- (a) allowed as a deduction in the year of completion of construction
- (b) allowed in 5 equal annual installments from the year of completion of construction
- (c) allowed in the respective year in which the interest accrues
- (d) not allowed

2. Leena received ₹30,000 as arrears of rent during the P.Y. 2023-24. The amount taxable under section 25A would be -

- (a) ₹30,000
- (b) ₹21,000
- (c) ₹20,000
- (d) ₹15,000

3. Vidya received ₹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 ₹20,000. The amount taxable under section 25A for A.Y.2024-25 would be -

- (a) ₹70,000
- (b) ₹63,000
- (c) ₹60,000
- (d) ₹49,000

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

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

5. Mr. Zen owns a flat in Mumbai which was let out by him in the previous year 2023 – 24 on a rent of ₹20,000 p.m. upto December, 2023 and for ₹30,000 p.m. thereafter. The annual municipal value is of ₹3,00,000, Fair Rent is ₹2,50,000 and Standard Rent is ₹2,90,000. The Gross Annual Value of the flat shall be taken as:

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

6. 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) 1%
- (b) 2%
- (c) 10%
- (d) 20%

7. ₹2 lakh is paid to Mr. Vallish, a resident individual on 15.3.2024 by the State of Haryana on compulsory acquisition of his urban agricultural land.

- (a) No tax is deductible at source
- (b) Tax is deductible @ 1%
- (c) Tax is deductible @ 5%
- (d) Tax is deductible @ 10%

8. The construction of a house was completed on 31st January, 2024. The owner of the house took a loan of ₹20,00,000 @ 6% p.a. on 1st May, 2023. In this case the deduction allowable for the previous year 2023-24 towards interest on borrowings is —

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

9. Mr. A, a salaried individual, pays rent of ₹51,000 per month to Mr. B from June,2023. Which of the statement is true?

- (a) No tax is deductible at source since Mr. A is not liable to tax audit u/s 44AB.
- (b) Tax is deductible at source every month @ 10% on rent paid to Mr. B.

(c) Tax is deductible at source every month @ 5% on rent paid to Mr. B.

(d) Tax is deductible at source @ 5% on annual rent from the rent paid for March 2024.

10. M/S Mohan & Sons (liable to audit) paid ₹35,000 to Mr. Goel on 01.05.2023 towards fee for legal advisory services without deduction of tax at source. Another payment of ₹47,000 was due to Mr. Goel on 31.07.2023 and TDS on entire amount (i.e. ₹35,000 plus ₹47,000) was deducted and then the net amount was paid. However, the total tax deducted was deposited on 15.11.2023. The interest chargeable under section 201 will be:

(a) ₹650

(b) ₹433

(c) ₹486

(d) ₹597

11. If any person has purchased immovable property for ₹20 lakh but stamp duty value is ₹23 lakhs, in this case taxable amount of gift shall be

(a) 3 lakh

(b) 1 lakh

(c) Nil

(d) 23 lakh

12. Recovery of unrealized rent shall be taxable under the head

(a) House Property

(b) Business/Profession

(c) Other sources

(d) None of the above

13. If any person is engaged in the business of letting out of house property, income shall be taxable under the head

(a) Business/profession

(b) House property

(c) Other sources

(d) Capital gains

14. John is a foreign citizen born in USA. His father was born in Delhi in 1960 and his grand-father was born in Lahore in 1935 but his mother was born in UK in 1963. John came to India for the first time on 1st June, 2023 and stayed in India for 183 days and then left for USA. His residential status for the A.Y. 2024-25 shall be :

(a) Resident and ordinarily resident

(b) Resident but not ordinarily resident

(c) Non-resident

(d) Foreign National

15. The following income of Ms. Nargis who is a non-resident shall be included in her total income:

(i) Salary for 2 months received in Delhi ₹40,000.

(ii) Interest on Savings Bank Account in Mumbai ₹2,100.

(iii) Agricultural income in Bangladesh and Invested in shares in Bangladesh.

(iv) Amount brought into India out of past non-taxed profits earned in USA.

(a) (i), (iii) and (iv)

(b) (i) and (ii)

(c) (i), (ii) and (iv)

(d) All the four above

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

(a) will not change

(b) will certainly change

(c) may change

(d) None of the above

17. Mr. Rajiv, born and brought up in India left for employment in Belgium on 15-10-2023. He has never gone out of India, previously. What is his residential status for the assessment year 2024-25?

(a) Non-resident

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

18. Mr. Ramji (age 55) is Karta of HUF doing textile business at Nagur. Mr. Ramji is residing in Dubai for the past 10 years and visited India for 20 days every year for filing the income tax return of HUF. His two major sons take care of the day to day affairs of the business in India. The residential status of HUF for the assessment year 2024-25 is :

- (a) Non-resident
- (b) Resident and ordinarily resident in India
- (c) Not ordinarily resident
- (d) None of the above

19. If Mr. A has stayed in India in the P.Y. 2023-24 for 100 days, and he is non-resident in 8 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 710 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) Cannot be ascertained with the given information

20. Mr. A, a Canadian citizen, comes to India for the first time during the P.Y. 2019-20. He was in India during 2019-20- 55 days, 2020-21 – 60 days, 2021-22 – 90 days, 2022-23 – 150 days, 2023-24 – 70 days. Residential status for the previous year 2023-24 shall be

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

21. Karta of one HUF comes to India every year for minimum 10 days and maximum 104 days, residential status of HUF shall be

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

22. Mr. A gifts a sum of ₹ 1,00,000 to his brother's wife Mrs. B. Mr. B gifts a sum of ₹ 1,00,000 to Mrs. A. From the sum gifted to her, Mrs. B invests in a fixed deposit, income therefrom is ₹10,000. Aforesaid ₹10,000 will be included in the total income of

- (a) Mr. A
- (b) Mrs. A
- (c) Mrs. B
- (d) Mr. B

23. Mr. Aarav gifted a house property valued at ₹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 ₹25,000 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) ₹3,00,000 in the hands of Mr. Aarav
- (b) ₹2,10,000 in the hands of Mr. Aarav
- (c) ₹2,10,000 in the hands of Geetha
- (d) ₹2,10,000 in the hands of Deepa

24. The deduction in respect of interest on enhanced compensation of ₹1,50,000 received during the previous year 2023-24, would be –

- (a) ₹ 1,50,000, being 100% of ₹ 1,50,000
- (b) ₹ 75,000, being 50% of ₹ 1,50,000
- (c) ₹ 45,000, being 30% of ₹ 1,50,000
- (d) Nil

25. In case of default in payment of Self assessment tax, interest shall be charged

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

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

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

27. Mr. A, whose total sales is ₹201 lakhs, declare profit of ₹10 lakhs for the F.Y. 2023-24 . He is liable to pay advance tax-

- (a) in one instalment
- (b) in two instalments
- (c) in three instalments
- (d) in four instalments

28. Mr. Harish, aged 40 years, earned interest of ₹15,000 during P.Y. 2023-24 from post office savings bank account. What portion of such income would be ultimately included in his total income?

- (a) ₹15,000
- (b) ₹5,000
- (c) ₹11,500
- (d) Nil

29. For the purpose of gift, the term relative shall include

- (a) grand father of individual
- (b) brother's son of individual
- (c) brother of father of spouse
- (d) all the above

30. Mr. X purchased one house property for ₹ 3,00,000 market value ₹ 7,00,000 stamp duty value ₹ 3,40,000, in this case taxable amount shall be

- (a) ₹ 4,00,000
- (b) ₹ 40,000
- (c) Nil
- (d) ₹ 3,40,000

SUBJECTIVE TYPE QUESTIONS (70 Marks)

Question 1 (a).

(5 Marks)

Examine the applicability and the amount of TDS to be deducted in the following cases for F.Y. 2023-24:

- (i) S and Co. Ltd. paid ₹ 25,000 to one of its Directors as sitting fees on 02-02-2024.
- (ii) ₹ 2,20,000 paid to Mr. Mohan, a resident individual, on 29-02-2024 by the State of Haryana on compulsory acquisition of his urban land.
- (iii) Mr. Purushotham, a resident Indian, dealing in hardware goods has a turnover of ₹12 crores in the previous year 2022-23. He purchased goods from Mr. Agarwal a resident seller, regularly in the course of his business. The aggregate purchase made during the previous year 2023-24 on various dates is 80 lakhs which are as under:

10-06-2023	₹25,00,000
20-08-2023	₹27,00,000
12-10-2023	₹28,00,000

He credited Mr. Agarwal's account in the books of accounts on the same date and made the payment on 29.02.2024 ₹80 lakh. Mr. Agarwal's turnover for the financial year 2022-23 is ₹20 crores.

Question 1 (b).

(5 Marks)

Following gifts are received by Mrs. X, who is carrying on jewellery business, during the previous year 2023-24:

- (i) On the occasion of her marriage on 07.09.2023, she has received ₹1,20,000 as gift out of which ₹85,000 are from relatives and balance from friends.
- (ii) On 03.10.2023, she has received cash gift of ₹2,50,000 from cousin of her mother.
- (iii) A mobile phone worth ₹15,000 is gifted by her friend on 21.09.2023.
- (iv) She gets a cash gift of ₹2,40,000 from the elder brother of her husband's grandfather on 10.12.2023.
- (v) She has received a cash gift of ₹6,00,000 from her friend on 27.01.2024.
- (vi) She has received bullion, the fair market value of which was ₹4,75,000 on her birthday, 19.01.2024.

Mrs. X purchased from her friend, who is also carrying jewellery business, jewellery at ₹ 2,50,000 on 25.01.2024, the fair market value of which was ₹5,00,000 on that date.

Compute total income and tax liability of Mrs. X for A.Y.2024-25.

Question 2 (a)

(5 marks)

Write a note on Deduction of tax at source on payment of certain sum for purchase of goods. (section 194Q)

Question 2 (b)

(5 marks)

Mr. Mahadev, a noted bhajan singer of Rajasthan and his wife Mrs. Dariya furnish the following information relating to the Assessment Year 2024-25.

		₹
1	Income of Mr. Mahadev- professional bhajan singer (computed)	5,65,000
2	Income under the head salary of Mrs. Dariya (computed)	3,80,000
3	Loan received by Mrs. Dariya from Ramu & Jay (Pvt) Ltd. (Mrs. Dariya holds 35% shares of the Co. has incurred losses since its inception 2 years back)	2,50,000
4	Income of their minor son Golu winning signing reality show on T.V.	2,50,000
5	Cash gift received by Golu from friend of Mr. Mahadev on winning the show	21,000
6	Interest income received by minor married daughter Gudia from deposit with Ramu & Jay Pvt Ltd.	40,000

Compute total taxable income of Mr. Mahadev & Mrs. Dariya for the Assessment Year 2024-25.

Question 3. (a)

(5 Marks)

Compute gross annual value in the following cases for the assessment year 2024-25:

Particulars	Situation 1	Situation 2	Situation 3	Situation 4
Fair Rent (p.m.)	9,000	13,000	16,000	12,000
Municipal Valuation (p.m.)	10,000	9,000	18,000	9,000
Standard Rent (p.m.)	12,000	11,000	16,000	7,000
Rent received/ receivable (p.m.)	7,000	11,500	16,000	20,000
Vacancy	1 month	1 month	2 months	2 month

Question 3 (b).

(5 Marks)

A partnership firm made the following payments of advance tax during the financial year 2024-25:

	₹
Upto June 15, 2023	4,15,000
Upto September 15, 2023	8,25,000
Upto December 15, 2023	16,64,000
Upto March 15, 2024	26,23,000

Return of income filed by the firm is ₹88,00,000 under the head “profits and gains of business or profession” and ₹9,50,000 by way of long term capital gains on sale of a property effected on December 1, 2023. What is the interest payable by the assessee under section 234B and section 234C for assessment year 2024-25? Assume that the return of income was filed on 31.10.2024 i.e. the due date and tax was fully paid on self assessment.

Question 4 (a).

(5 Marks)

Miss. Kavita, a resident and ordinarily resident in India, has derived the following income for the year ended 31-3-2024.

	₹
(i) Income from sale of centrifuged latex processed from rubber plants grown in Darjeeling.	1,00,000
(ii) Income from sale of coffee grown and cured in Yercaud, Tamil Nadu	2,00,000
(iii) Income from sale of coffee grown, cured in Colombo. Sale Consideration was received in Chennai.	5,00,000
(iv) Income from sale of tea grown and manufactured in Shimla.	10,00,000
(v) Income from sapling and seedling grown in a nursery at Cochin. Basic operations were not carried out by her on land.	2,00,000

You are required to compute the Income of Miss. Kavita for the Assessment Year 2024-25.

Question 4 (b).

(5 Marks)

Mrs. X and Mrs. Y are sisters and they earned the following income during the Financial Year 2023-24. Mrs. X is settled in Malaysia since 2018 and visits India for a month every year. Mrs. Y is settled in Indore since her marriage in 2018. Compute the total income of Mrs. X and Mrs. Y for the assessment year 2024-25:

Sl. No.	Particulars	Mrs. X ₹	Mrs. Y ₹
(i)	Income from Profession in Malaysia, (set up in India) received there	15,000	-
(ii)	Profit from business in Delhi, but managed directly from Malaysia	40,000	-
(iii)	Rent (computed) from property in Malaysia deposited in a Bank at Malaysia, later on remitted to India through approved banking channels.	1,20,000	-
(iv)	Cash gift received from a friend on Mrs. Y's 50 th birthday	-	51,000

(v)	Agricultural income from land in Maharashtra	7,500	4,000
(vi)	Past foreign untaxed income brought to India	5,000	-
(vii)	Fees for technical services rendered in India received in Malaysia	25,000	-
(viii)	Income from a business in Pune (Mrs. X receives 50% of the income in India)	12,000	15,000
(ix)	Interest on debentures in an Indian company (Mrs. X received the same in Malaysia)	18,500	14,000
(x)	Short-term capital gain on sale of shares of an Indian company	15,000	25,500
(xi)	Interest on Fixed Deposit with SBI in India	12,000	8,000

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

Mr. X has let out one house property to Mr. Y @ ₹ 80,000 p.m. Fair rent ₹90,000 p.m. Municipal valuation ₹80,000 p.m. and Standard rent of the house ₹76,000 p.m. The house remained vacant for 2 months and there was unrealised rent for 3 months. Mr. X has paid municipal tax of ₹60,000 and interest on loan for construction of house property is ₹69,000.

Compute his Income and Tax Liability for A.Y.2024-25.

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

From the following transactions compute the total income of Mr. Raman and his wife Savita for the Assessment year 2024-25.

- Mr. Raman had a fixed deposit of ₹5,00,000 in the bank. He instructed the bank to credit the interest on deposit @ 6% from 01.04.2023 to 31.03.2024 to the savings account of his brother's son for his education.
- Savita is a B.com graduate and working in the ABC Private Limited as an accountant with a monthly salary of ₹25,000. Raman holds 30% equity shares of the ABC Private Limited.
- Raman started proprietary business on 01.04.2022 with a capital of ₹10,00,000. He incurred a loss of ₹2,00,000 during the previous year 2022-23. To overcome the financial position, Savita gifted a sum of ₹4,00,000 to him on 01.04.2023 which was immediately invested in the business by Mr. Raman. He earned a profit of ₹3,00,000 during the previous year 2023-24.
- Sajan, younger son of Raman, aged 17 years won in a debate competition during the annual competitions held at his school and received a cash award of ₹10,000 and he also earned interest of ₹7,000 on balance maintained in his savings bank account.

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

Miss Charlie, an American national, got married to Mr. Radhey of India in USA on 02.03.2023 and came to India for the first time on 16.03.2023. She left for USA on 23.09.2023.

She returned to India again on 27.03.2024. While in India, she had purchased a show room in Mumbai on 22.04.2023, which was leased out to a company on a rent of ₹25,000 p.m. from 01.05.2023. She had taken loan from a bank for purchase of this show room on which bank had charged interest of ₹97,500 upto 31.03.2024.

She had received the following gifts from her relatives and friends during 01.04.2023 to 30.06.2023:

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

Determine her residential status and compute the total income chargeable to tax for the Assessment Year 2024-25.

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

Mr. X has income under the head Business/Profession ₹30,00,000 and he has made the following investments:

- Investment in NSC ₹40,000.
- Investment in PPF ₹50,000.
- Investment in bank Fixed deposit for 5 year ₹10,000.
- Investment in Post office 5 years time deposit account ₹20,000.
- Payment of premium of LIC policy ₹60,000.

Compute income and tax liability under both the Regime.

Question 7 (a).**(5 Marks)**

Mr. Arjun (52 years old) furnishes the following particulars in respect of the following payments:

S. No.	Particulars	Amount (₹)
1.	Premium paid for insuring the health of – <ul style="list-style-type: none"> • Self • Spouse • Dependant son • Mother 	10,000 8,000 4,000 18,000
2.	Paid for Preventive Health Check-up of <ul style="list-style-type: none"> • himself • spouse • mother 	2,000 1,500 4,000
3.	Incurred medical expenditure of ₹ 25,000 and ₹15,000 for his mother, aged 80 years and father, aged 85 years. Both mother and father are resident in India.	

Compute the deduction available to Mr. Arjun under section 80D for the A.Y. 2024-25 under optional tax regime.

Question 7 (b).**(5 Marks)**

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

He has paid premium of a mediclaim policy amounting to ₹20,000 taken in the name of his dependant grand father who is senior citizen and payment was made by a cheque on 09.01.2024.

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

Compute his total income and tax liability for A.Y. 2024-25 under optional tax regime