

INCOME TAX MCQs - SERIES 'D'

Best Series for conceptual practice

CASE SCENARIOS BASED MCQs - 41 Questions

CA Intermediate - Jan 2025 EXAM

ASSESSMENT YEAR 2024-25

(As Per Finance Act 2023)

For Admission / Inquiry - WhatsApp at 8527230445 (10am to 2pm)

CA SURAJ AGRAWAL - SATC

1. **[PGBP - Section 44AB & Section 44AD]**

IMPORTANT Mr. Naveen, aged 40 years, is engaged in the manufacturing business. He follows mercantile system of accounting. The details pertaining to his business for the year ending on 31.3.2024 is as under –

Particulars	Amount (₹)
Capital receipts	1.20 crores
Turnover	2.80 crores
Amount received in cash [out of turnover]	8 lakhs
Amount received in cash [out of capital receipts]	2 lakhs
Amount received through account payee cheque/ NEFT and other prescribed mode on or before the specified date under section 139(1) [out of turnover]	2.50 crores
Total payment	1.60 crores
Cash payment [out of total payments]	9 lakhs
Net profit as per books of account	10.50 lakhs

An analysis of profit and loss for the year ended on 31.3.2024 revealed the following information

- Salary includes wages of ₹ 15,000 p.m. each paid to 1 security guard, 2 housekeeping staff in cash.
- Other administration expenses include ₹ 70,000 paid in cash (Payment in a day is less than ₹8,000).
- Interest charges includes interest payable on loan to Kamal of ₹ 70,000 on which TDS has not been deducted. Loan was taken for the business purpose.

On the basis of the facts given above, choose the most appropriate answer to below questions–

- A. Is Mr. Naveen eligible to declare income on presumptive basis under the provisions of the Income-tax Act, 1961 for A.Y. 2024-25?**
- No, since turnover of Mr. Naveen exceeds the threshold limit of ₹2 crores.
 - Yes, since aggregate cash receipts during the year do not exceed 5% of total amount received.
 - Yes, since amount received in cash during the year do not exceed 5% of turnover.
 - No, as cash payments during the year exceed 5% of aggregate payments.

- B. What would be your answer to MCQ 'A', assuming for the purpose of answering this MCQ and MCQ 'C' that Mr. Naveen has additionally received ₹ 10 lakhs by way of crossed cheque [out of turnover] during the PY 2023-24?**
- No, since turnover of Mr. Naveen exceeds the threshold limit of ₹2 crore.
 - No, since the aggregate cash receipts during the year exceed 5% of turnover.
 - No, as cash payments during the year exceed 5% of aggregate payments.
 - No, due to both (a) and (b)
- C. Is Mr. Naveen required to get his books of account audited during the PY 2023-24?**
- No, since turnover of Mr. Naveen does not exceed the threshold limit of ₹10 crores.
 - Yes, since amount received in cash during the year exceeds 5% of turnover.
 - Yes, since cash payments during the year exceed 5% of aggregate payments.
 - No, since the amount received in cash during the year does not exceed 5% of total amount received.
- D. What is the amount of profits and gains of business chargeable to tax in the hands of Mr. Naveen as per books of account?**
- ₹10,50,000
 - ₹16,11,000
 - ₹16,81,000
 - ₹16,60,000
- E. What is the amount of profits and gains of business chargeable to tax in the hands of Mr. Naveen if he does not want to get his books of account audited?**
- ₹17,40,000
 - ₹16,96,000
 - ₹22,40,000
 - ₹16,80,000

ANSWER KEY

MCQ No.	Most Appropriate Answer
A	(c)
B	(d)
C	(c)
D	(b)
E	(a)

2. [TDS & IFOS]

Mr. Rudra is engaged in the business of trading since 2018. His turnover for the P.Y. 2022-23 was ₹ 6 crores. His minor daughter's marriage is fixed in December, 2023. He planned destination wedding in Goa for his minor daughter. For the wedding, he withdrew ₹ 40,00,000 cash in the month of September, 2023 & ₹ 65,00,000 cash in the month of Oct, 2023 from Hamara Paisa Bank.

He booked 30 rooms for 5 days for the accommodation of his relatives in Raho Hotel and paid ₹ 40,000 in cash as advance and balance by account payee cheque. He took the catering services of Tasty Caterers, a sole Proprietor, for the wedding for which he paid ₹ 10,20,000 on 15.10.2023. For her wedding, he gifted his daughter a house property, purchased from SK Builders on 10.10.2023 by account payee cheque for ₹ 15,00,000. The stamp duty value of the property on 10.10.2023 is ₹ 16,00,000 and on the date of transfer to minor daughter is ₹ 20,00,000.

Mr. Rudra paid ₹ 45,000 in cash and balance in cheque to travel agent for the return ticket of some of his relatives to US. He regularly files his return of income.

Based on the above information, choose the most appropriate option of the following Multiple Choice Questions (MCQs):-

- (i) The amount of tax to be deducted by Hamara Paisa Bank on cash withdrawals by Mr. Rudra is -
(a) ₹ 10,000
(b) ₹ 25,000
(c) ₹ 1,70,000
(d) ₹ 1,85,000
- (ii) The amount of tax to be deducted by Mr. Rudra on payment made to Tasty Caterers is -
(a) ₹ 10,200
(b) ₹ 20,400
(c) ₹ 51,000
(d) Nil
- (iii) What shall be the amount taxable and in whose hands with respect to purchase of immovable property by Mr. Rudra from SK Builders and gift of the same to his daughter?
(a) ₹ 1,00,000 in the hands of Mr. Rudra and ₹ 20,00,000 in the hands of minor daughter
(b) Nothing is taxable in the hands of Mr. Rudra and Minor daughter
(c) ₹ 1,00,000 in the hands of Mr. Rudra and nothing is taxable in the hands of minor daughter
(d) Nothing is taxable in the hands of Mr. Rudra but ₹ 20,00,000 is taxable in the hands of minor daughter

ANSWER KEY

MCQ No.	Most Appropriate Answer
(i)	(a)
(ii)	(d)
(iii)	(b)

3. [House Property + Deductions]

Mr. Mayank had bought a residential house worth ₹ 2.5 crores at South Extension, Delhi in 2018 and let out the house on rent to Mr. Rihaan. The property was funded through loan from PNB. The interest due for F.Y. 2023-24 to PNB is ₹ 25 lakhs, out of which he paid only ₹ 20 lakhs during the year. Mr. Mayank then took a loan of ₹ 1.5 crores from SBI on 1.7.2023 for construction of first floor in that house for self-occupation. The construction is in progress as on 31.3.2024. Mr. Mayank started repaying EMIs due to SBI. During the P.Y. 2023-24, he repaid principal amount of ₹ 25 lakhs and ₹ 5 lakhs to PNB and SBI, respectively. He also paid interest of ₹ 8 lakhs to SBI out of ₹ 10 lakhs, being interest due for the period from 1.7.2023 to 31.3.2024.

Mr. Mayank owns another house in Haryana. He transferred that house to his minor daughter Miss Sia on her birthday as her birthday gift. Miss Sia gave the said house to the local Panchayat from September, 2023 at a rent of ₹ 5,000 per month. Mrs. Mayank's total income for A.Y. 2024-25 is higher than that of Mr. Mayank. This is the first year when Miss Sia has any source of income.

Mr. Mayank bought electric vehicle worth ₹ 50 lakhs on loan from BSM Bank which it sanctioned on 1.4.2022. BSM Bank charged interest of ₹ 7 lakhs on electric vehicle for the P.Y. 2023-24. Mr. Mayank has also taken loan from ABC Bank for his daughter's higher education. He paid ₹ 50,000 as interest to ABC Bank. He also paid mediclaim of ₹ 20,000 to New India Assurance Scheme for insuring his health

From the information given above, choose the most appropriate answer to the following questions-

- (i) What is the amount of interest allowable as deduction u/s 24 to Mr. Mayank for A.Y. 2024-25?
 - (a) ₹ 2 lakhs
 - (b) ₹ 25 lakhs
 - (c) ₹ 28 lakhs
 - (d) ₹ 35 lakhs
- (ii) What is the amount of deduction permissible to Mr. Mayank under Chapter VI-A of Income-tax Act, 1961 for A.Y. 2024-25 if he has opted out of the default tax regime?
 - (a) ₹ 1,70,000
 - (b) ₹ 2,20,000
 - (c) ₹ 3,70,000
 - (d) ₹ 9,20,000
- (iii) In whose hands would Sia's rental income from house property at Haryana be taxable and how much income would be taxable?
 - (a) In Sia's hands; ₹ 24,500
 - (b) In Mr. Mayank's hands; ₹ 24,500
 - (c) In Mrs. Mayank's hands; ₹ 23,000
 - (d) It would change every year depending on the parent whose income is higher in that year.

ANSWER KEY

MCQ No.	Most Appropriate Answer
(i)	(b)
(ii)	(c)
(iii)	(b)

4. [Section 10AA, IFOS & Deductions]

Mr. Sambhav (aged 48 years) furnishes the following particulars for the previous year 2023-24 in respect of an industrial undertaking established in "Special Economic Zone" in March 2018. It began manufacturing in April 2018.

Particulars	(₹)
Total sales	85,00,000
Export sales [proceeds received in India by 30.9.2024]	45,00,000
Domestic sales	40,00,000
Profit from the above undertaking	20,00,000

Export Sales of F.Y. of 2023-24 include freight and insurance of ₹5 lakhs for delivery of goods outside India.

He received rent of ₹30,000 per month for a commercial property let out to Mr. Akash, a salaried individual. He earned interest on savings bank A/c of ₹15,000 and interest on Post Office savings A/c of ₹7,000 during the P.Y. 2023-24.

Mr. Sambhav has shifted 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:

- (i) Compute the amount of export turnover and total turnover for purpose of computing deduction under section 10AA for A.Y. 2024-25.
- ₹45,00,000 and ₹85,00,000, respectively
 - ₹40,00,000 and ₹80,00,000, respectively
 - ₹45,00,000 and ₹80,00,000, respectively
 - ₹40,00,000 and ₹85,00,000, respectively
- (ii) Compute the amount of deduction available to Mr. Sambhav under section 10AA for A.Y. 2024-25.
- ₹10,00,000
 - ₹4,70,577
 - ₹5,62,500
 - ₹5,00,000
- (iii) Compute the total income of Mr. Sambhav for A.Y. 2024-25.
- ₹17,60,500
 - ₹12,60,500
 - ₹18,72,000
 - ₹17,64,000

ANSWER KEY

MCQ No.	Most Appropriate Answer
(i)	(b)
(ii)	(d)
(iii)	(a)

5. [Residential Status & Salaries]

Mr. Anshul, aged 54 years, an Indian citizen, is working as Assistant Manager in ABC India Ltd. He is getting basic salary of ₹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 - ₹98,000
- c) Medical allowance paid during P.Y. 2023-24 amounting to ₹60,000
- d) He was also reimbursed medical bill of his mother amounting to ₹15,000.
- e) He was also reimbursed salary of house servant of ₹4,000 per month.
- f) Professional tax paid by employer amounting to ₹2,400.
- g) 400 equity shares allotted by ABC India Ltd. at the rate of ₹250 per share against fair market value of share of ₹350 on the date of exercise of option.
- h) Mr. Anshul 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:

- i. What is Mr. Anshul'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
- ii. What are his taxable perquisites for A.Y. 2024-25?
 - a) ₹55,000
 - b) ₹90,400
 - c) ₹1,05,400
 - d) ₹1,03,000
- iii. What is the income chargeable under the head "Salaries" in the hands of Mr. Anshul for A.Y. 2024-25?
 - a. ₹9,76,600
 - b. ₹9,86,600
 - c. ₹9,71,600
 - d. ₹9,61,600

ANSWER KEY

MCQ No.	Most Appropriate Answer
(i)	(a)
(ii)	(c)
(iii)	(a)

6. [Deductions + Section 10(10D) + Tax Computation + Section 115BAC]

Mr. Akash (aged 47 years) is a CEO of BAC Enterprises (P) Ltd. During the P.Y. 2023-24, he has earned the following income -

- Salary of ₹ 45 lakhs [SATC Comment: As per ICAI - It is Gross Salary]
- long-term capital gain on sale of listed equity shares (STT paid) amounting to ₹ 6,54,000
- dividend of ₹ 12,00,000 from shares of Indian companies
- interest on saving bank account with SBI of ₹ 16,000
- interest on fixed deposits with BOB of ₹ 45,000

Mr. Akash has made the following payments towards medical insurance premium for health policies taken for his family members:

- Medical premium for his spouse aged 43 years: ₹ 13,500 (by cheque)
- Medical premium for his mother aged 65 years: ₹ 26,670 (by cheque)
- Preventive health check-up of ₹ 5,500 each for his wife and mother in cash.

Mr. Akash also incurred medical expenses, by credit card, of ₹ 17,000 for the treatment of his mother and of ₹ 27,000 for his father who is 67 years old.

He has multiple life insurance policies. The details of such policies are given hereunder:

Particulars	X	Y	Z	A	B (Term insurance policy)
Date of issue	1.4.2017	1.4.2023	1.4.2025	1.4.2024	1.3.2023
Annual premium (excluding GST)	₹ 40,000	₹ 3,00,000	₹ 2,00,000	₹ 2,50,000	₹ 80,000
GST@18%	₹ 7,200	₹ 54,000	₹ 36,000	₹ 45,000	14,400
Total premium	₹ 47,200	₹ 3,54,000	₹ 2,36,000	₹ 2,95,000	₹ 94,400
Date of maturity	31.3.2026	31.3.2032	31.3.2034	31.3.2033	28.3.2056
Consideration received on maturity (including bonus)	₹ 7,00,000	₹ 36,00,000	₹ 28,00,000	₹ 30,00,000	-
Sum assured	₹ 5,00,000	₹ 33,00,000	₹ 25,00,000	₹ 27,00,000	₹ 2,00,00,000

On the basis of the facts given above, choose the most appropriate answer to questions below, based on the provisions of the Income-tax Act, 1961 –

A. Which are the life insurance policies in respect of which Mr. Akash would be eligible for exemption under section 10(10D) in respect of maturity proceeds? Choose the option most beneficial to Mr. Akash.

- (a) X, Y and Z
- (b) X and Y
- (c) X, Z and A
- (d) Y and Z

- B.** What would be your answer to MCQ A, if Mr. Akash surrendered LIC "A" in A.Y. 2026-27 and claimed exemption under section 10(10D) in respect of such LIC? This information is only for the purpose of this MCQ.
- X, Y and Z
 - X and Y
 - X, Z and A
 - Y and Z
- C.** What would be the amount of deduction available to Mr. Akash under Chapter VI-A for the A.Y. 2024-25 if he has exercised the option to shift out of the default tax regime?
- ₹ 82,170
 - ₹ 78,500
 - ₹ 2,28,500
 - ₹ 2,32,170
- [SATC Hint: Deduction ₹ 2,28,500 = ₹ 1,50,000 (Sec 80C) + ₹ 50,000 (Sec 80D) + ₹ 18,500 (Sec 80D) + ₹ 10,000 (Sec 80TTA)]
- D.** What is Mr. Akash's tax liability for A.Y. 2024-25 under the default tax regime under section 115BAC?
- ₹ 16,97,350
 - ₹ 16,80,190
 - ₹ 18,41,270
 - ₹ 18,84,170
- [SATC Hint: ₹ 45,00,000 – ₹ 50,000 + ₹ 6,54,000 + ₹ 12,00,000 + ₹ 16,000 + ₹ 45,000 = GTI /TI ₹ 63,65,000 (including LTCG 112A ₹ 6,54,000); Tax = Slab Rate for ₹ 57,11,000 + LTCG (₹ 6,54,000 - ₹ 1,00,000) x 10% + Surcharge@10% + H&EC@4%]
- E.** What is Mr. Akash's tax liability for A.Y. 2024-25 if he has exercised the option to shift out of the default tax regime?
- ₹ 17,30,470
 - ₹ 18,93,720
 - ₹ 17,29,210
 - ₹ 17,27,500
- [SATC Hint: ₹ 45,00,000 – ₹ 50,000 + ₹ 6,54,000 + ₹ 12,00,000 + ₹ 16,000 + ₹ 45,000 = GTI ₹ 63,65,000 – Deduction ₹ 2,28,500 (₹ 1,50,000 + ₹ 50,000 + ₹ 18,500 + ₹ 10,000) = TI (including LTCG 112A ₹ 6,54,000) ₹ 61,36,500; Tax = Slab Rate for ₹ 54,82,500 + LTCG (₹ 6,54,000 - ₹ 1,00,000) x 10% + Surcharge@10% + H&EC@4%]

ANSWER KEY

MCQ No.	Most Appropriate Answer
A	(a)
B	(c)
C	(c)
D	(b)
E	(a)

7. [Section 35AD + Section 80JJAA]

Mr. Kamal, aged 45 years, commenced operations of the business of a new three-star hotel in Delhi on 1.4.2023. He incurred capital expenditure of ₹ 50 lakhs on land in March, 2023 exclusively for the above business, and capitalized the same in his books of account as on 1st April, 2023. Further, during the P.Y. 2023-24, he incurred capital expenditure of ₹ 2 crores (out of which ₹ 50 lakhs was for acquisition of land and ₹ 1.50 crore was for acquisition of building) exclusively for the above business. The payments in respect of the above expenditure were made by account payee cheque. The profits from the business of running this hotel (before claiming deduction under section 35AD) for the A.Y. 2024-25 is ₹ 85 lakhs.

He has employed 220 new employees during the P.Y. 2023-24, the details of whom are as follows

–

whom are as follows – No. of employees	Date of employment	Regular/ Casual	Total monthly emoluments per employee (₹)
40	1.6.2023	Regular	24,000
80	1.7.2023	Regular	24,500
50	1.7.2023	Casual	25,500
30	1.9.2023	Regular	25,000
20	1.12.2023	Casual	24,000

All regular employees participate in recognized provident fund and their emoluments are paid by account payee cheque. His gross revenue from the hotel is ₹ 11 crores. Mr. Kamal has opted out of the default tax regime under section 115BAC.

Mr. Kamal also has another existing business of running a four-star hotel in Ahmedabad, which commenced operations twenty years back, the profits from which are ₹ 140 lakhs for the A.Y. 2024-25

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

- i. Assuming that Mr. Kamal has fulfilled all the conditions specified for claim of deduction under section 35AD and has not claimed any deduction under Chapter VI-A under the heading “C. – Deductions in respect of certain incomes”, what would be the quantum of deduction under section 35AD, which he is eligible to claim as deduction for A.Y. 2024-25?
 - (a) ₹ 250 lakhs
 - (b) ₹ 200 lakhs
 - (c) ₹ 100 lakhs
 - (d) ₹ 150 lakhs
- ii. What would be the income chargeable/loss under the head “Profits and gains of business or profession” for the A.Y. 2024-25 in the hands of Mr. Kamal?
 - (a) ₹ 75 lakhs
 - (b) ₹ 140 lakhs
 - (c) ₹ 25 lakhs
 - (d) ₹ 10 lakhs

[SATC Hint: Loss from eligible business can be setoff with specified business (whether eligible or not)]

- iii. Would Mr. Kamal be eligible for deduction under section 80JJAA in the A.Y. 2024-25? If so, what is the quantum of deduction?
- a) No, he would not be eligible for deduction u/s 80JJAA
 - b) Yes; ₹ 75,00,000
 - c) Yes; ₹ 81,72,000
 - d) Yes; ₹ 99,72,000

[**SATC Hint:** Deduction under chapter VI-A cannot exceeds GTI]

ANSWER KEY

MCQ No.	Most Appropriate Answer
(i)	(d)
(ii)	(a)
(iii)	(b)

8. [Residential Status + TDS + Advance Tax]

Mr. Arvind, an Indian citizen, wants 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. Arvind owned a house property in Bangalore and the same was rented out for ₹ 65,000 p.m. to Mr. Arjun, a salaried employee. 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 ₹ 23,975 towards income-tax refund which includes ₹ 5,775 towards interest on income-tax refund. On 15th August, 2023, the bank statement showed a credit of ₹ 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. Arvind and his wife had travelled to Mauritius during the P.Y. 2023-24 to spend some time with their son, who is staying in Mauritius. On scrutiny of their passport and relevant documents you conclude that they had left India on 27th September, 2023 and returned on 31st 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:

- i. What is the residential status of Mr. Arvind 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
- ii. Is there any requirement to deduct tax at source under section 194-IB on such rent by Mr. Arjun? If yes, what would be the amount of TDS to be deducted?
 - a) No, there is no requirement to deduct tax at source under section 194-IB, since Mr. Arjun is a salaried employee
 - b) Yes, Mr. Arjun is required to deduct tax at source of ₹ 39,000 under section 194-IB
 - c) Yes, Mr. Arjun is required to deduct tax at source of ₹ 78,000 under section 194-IB
 - d) No, there is no requirement to deduct tax at source under section 194-IB, since Mr. Arvind is a non-resident
- iii. Which of the following statements is correct with respect to advance tax liability of Mr. Arvind for P.Y. 2023-24?
 - a) Advance tax liability shall not arise to Mr. Arvind since he is a non-resident
 - b) Advance tax liability shall not arise, since Mr. Arvind 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 ₹ 10,000

ANSWER KEY

MCQ No.	Most Appropriate Answer
(i)	(c)
(ii)	(d)
(iii)	(d)

9. [Capital Gains + IFOS + TDS + Return]

Mr. Pankaj, an Indian resident, purchased a residential house property at Kanpur on 20.08.1998 for ₹ 20.5 lakhs. The fair market value and the stamp duty value of such house property as on 1.4.2001 was ₹ 28.5 lakhs and ₹ 25 lakhs, respectively. On 05.02.2016, Mr. Pankaj entered into an agreement with Mr. Gyan for the sale of such property for ₹ 61 lakhs and received an amount of ₹ 2.5 lakhs as advance. However, as Mr. Gyan did not pay the balance amount, Mr. Pankaj forfeited the advance.

On 10.05.2023, Mr. Pankaj sold the house property to Mr. Rohan for ₹ 1.50 crores, when the stamp duty value of the property was ₹ 2 crores. Further, he purchased two residential house properties at Delhi and Mumbai for ₹ 57 lakhs each on 28.09.2024. Mr. Pankaj has no other income during the P.Y. 2023-24.

On 31.01.2025, Mr. Pankaj decided to sell the house property at Mumbai to his brother, Mr. Gaurav, for ₹ 58 lakhs, from whom ₹ 25,000 was received in cash on 15.01.2025 as advance for signing the agreement to sale. Sale deed was registered on 30.03.2025 on receipt of the balance amount through account payee cheque from Mr. Gaurav. The stamp duty value of house property at Mumbai on 31.01.2025 and 30.03.2025 was ₹ 61 lakhs and ₹ 64 lakhs, respectively.

Cost inflation index:

P.Y. 2023-24: 348; P.Y. 2015-16: 254; P.Y. 2001-02: 100

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

- (i) *What shall be the indexed cost of acquisition of residential house property at Kanpur for computation of capital gains in the hands of Mr. Pankaj?*
- a) ₹ 78,30,000
 - b) ₹ 87,00,000
 - c) ₹ 90,48,000
 - d) ₹ 99,18,000
- (ii) *The amount of capital gains taxable for A.Y. 2024-25 in the hands of Mr. Pankaj for sale of residential house property at Kanpur is -*
- a) Nil
 - b) (₹ 1,00,000)
 - c) ₹ 63,00,000
 - d) ₹ 1,13,00,000
- (iii) *The amount of capital gains taxable for A.Y. 2025-26 in the hands of Mr. Pankaj for sale of residential house property at Mumbai is -*
- a) ₹ 8 lakhs
 - b) ₹ 7 lakhs
 - c) ₹ 4 lakhs
 - d) ₹ 1 lakh
- (iv) *The amount taxable under section 56(2)(x) in the hands of Mr. Gaurav, if any, is -*
- a) Nil
 - b) ₹ 1 lakh
 - c) ₹ 3 lakhs
 - d) ₹ 6 lakhs

- (v) *What shall be the tax credit available with Mr. Pankaj with respect to sale of property at Kanpur during P.Y. 2023-24 assuming the tax was fully deducted by Mr. Rohan?*
- a) ₹ 2,00,000
 - b) ₹ 1,50,000
 - c) ₹ 1,00,000
 - d) ₹ 87,000
- (vi) *Is Mr. Pankaj required to file his return of income for A.Y. 2024-25?*
- a) Yes, since his total income exceeds the basic exemption limit
 - b) No, since his total income does not exceed the basic exemption limit
 - c) Yes, since tax deducted in his case exceeds ₹25,000
 - d) Yes, since his total income before exemption under section 54 exceeds the basic exemption limit

ANSWER KEY

MCQ No.	Most Appropriate Answer
(i)	(b)
(ii)	(d)
(iii)	(b)
(iv)	(a)
(v)	(a)
(vi)	(a)

10. [Capital Gains + IFOS + TDS]

Mr. Ramesh, an Indian resident, purchased a residential house property at Gwalior on 28.05.1999 for ₹ 28.5 lakhs. The fair market value and the stamp duty value of such house property as on 1.4.2001 was ₹ 33.5 lakhs and ₹ 32.4 lakhs, respectively. On 05.02.2012, Mr. Ramesh entered into an agreement with Mr. Raju for sale of such property for ₹ 74 lakhs and received an amount of ₹ 3.9 lakhs as advance. However, as Mr. Raju did not pay the balance amount, Mr. Ramesh forfeited the advance.

On 15.04.2023, Mr. Ramesh sold the house property for ₹ 2.10 crores, when the stamp duty value of the property was ₹ 2.33 crores. Further, he purchased two residential house properties at Delhi and Mumbai for ₹ 54 lakhs each on 28.08.2023.

On 28.02.2024, Mr. Ramesh signed agreement to sale the house property at Mumbai to his friend's son, Mr. Vishal, for ₹ 58 lakhs, from whom ₹ 19,000 was received in cash on 15.01.2024 as advance for signing the agreement to sale. Sale deed was registered on 30.05.2024 on receipt of the balance amount through account payee cheque from Mr. Vishal. The stamp duty value of house property at Mumbai on 28.02.2024 and 30.05.2024 was ₹ 61 lakhs and ₹ 64 lakhs, respectively.

Cost inflation index - P.Y. 2023-24: 348; P.Y. 2011-12: 184; P.Y. 2001-02: 100

Based on the above information, choose the most appropriate option of the following MCQs:-

- (i) What shall be the indexed cost of acquisition of residential house property at Gwalior for computation of capital gains in the hands of Mr. Ramesh?
- ₹ 1,10,88,500
 - ₹ 1,07,24,400
 - ₹ 99,18,000
 - ₹ 97,97,600
- [SATC Hint: $(₹ 32,40,000 - ₹ 3,90,000) \times 348/100$]
- (ii) The amount of capital gains taxable for A.Y. 2024-25 in the hands of Mr. Ramesh for sale of residential house property at Gwalior is -
- ₹ 25,82,000
 - ₹ 84,66,500
 - ₹ 27,02,400
 - ₹ 18,80,500
- [SATC Hint: ₹ 2,33,00,000 - ₹ 99,18,000 - ₹ 54L - ₹ 54L (exemption)]
- (iii) The amount of capital gains taxable for A.Y. 2025-26 in the hands of Mr. Ramesh for sale of residential house property at Mumbai is -
- ₹ 7 lakhs
 - ₹ 10 lakhs
 - ₹ 61 lakhs
 - ₹ 64 lakhs
- [SATC Hint: ₹ 64L - {₹ 54L - ₹ 54L (exemption withdrawn)}]
- (iv) The amount taxable under section 56(2)(x) in the hands of Mr. Vishal, if any, is -
- ₹ 3 lakhs
 - Nil
 - ₹ 6 lakhs
 - ₹ 5.50 lakhs
- (v) What shall be the amount of TDS available with Mr. Ramesh with respect to sale of houseproperty at Gwalior assuming the tax was fully deducted by the buyer at the time of payment?
- ₹ 2,33,000
 - ₹ 2,31,000
 - ₹ 2,10,000
 - ₹ 23,300

Answers Key

(i)	(ii)	(iii)	(iv)	(v)
(c)	(a)	(d)	(c) [₹ 64L - ₹ 58L]	(a) 1% of SDV [Sec 194-IA]

11. [Salaries + Deductions + Section 115BAC + Tax Computation + TDS]

Mr. Sahil, aged 45 years, working in Sky Pvt. Limited as Senior Manager - Finance. His yearly pay slip for the financial year 2023-24 is as follows:

<u>Earnings</u>	<u>₹</u>	<u>Deduction</u>	<u>₹</u>
Basic Pay	6,34,068	Employee's contribution to RPF	1,14,132
Dearness allowance	1,26,814	Profession tax	2,400
HRA	3,17,040	Income-tax [TDS]	2,32,830
Transport Allowance	19,200	Net Pay	13,03,848
Personal Allowance	5,09,088		
Children Education Allowance for two children	12,000		
Medical Allowance	15,000		
Bonus	20,000		
Total Earnings	16,53,210		16,53,210

- (i) His employer also contributes equivalent amount of contribution towards RPF.
- (ii) Dearness allowance forms part of retirement benefits.
- (iii) He has intimated to his company that he wants to pay tax as per section 115BAC for the A.Y. 2024-25. Consequently, he has not submitted any investment proof to company.
- (iv) He has paid ₹ 55,212 towards mediclaim premium for his parents (resident and aged above 65 years) by account payee cheque.
- (v) He has purchased a house of ₹ 38,00,000 during the year 2021 and taken a loan of ₹ 28,00,000 from HDFC to purchase this house. Stamp duty value of such house was ₹ 35,00,000. He is paying EMI of ₹ 22,835. Possession of house is received on 01.04.2023. He himself is occupying this house. Total principal and interest paid for full year is ₹ 55,037 and ₹ 2,18,983, respectively, as per interest certificate received from bank for F.Y. 2023-24.
- (vi) He has 3 children, studying in Sandalwood International School. The following are the components of school fees paid for the Academic Session 2023-24:

<u>School Fees Component</u>	<u>Child 1</u>	<u>Child 2</u>	<u>Child 3</u>	<u>Total</u>
Tuition fees	30,000	37,000	40,000	1,07,000
Admission fees	20,000	-	-	20,000
Books, stationery and uniform	8,000	12,000	15,000	35,000
Infrastructure Fund	25,000	30,000	35,000	90,000
Commute cost	8,000	8,000	8,000	24,000
Activity Fees	6,000	7,000	8,000	21,000
Total Fees	97,000	94,000	1,06,000	2,97,000

- (vii) He has invested ₹ 5000 in HDFC ULIP and taken a LIC policy for his wife for ₹ 10,000.
- (viii) He has invested ₹ 12,500 and ₹ 25,000 towards NPS Tier I A/c and Tier II A/c, respectively.
- (ix) He has also donated ₹ 50,000 in PM CARES fund.
- (x) He has invested ₹ 40,000 in listed equity shares of Shaktimaan Power Solution Limited on 01.03.2023 at ₹ 200 per share and sells 100 shares at ₹ 350 per share on 01.11.2023. STT is paid both at the time of sale and purchase of these shares.

Based on the above information, choose the most appropriate option of the following Multiple Choice Questions:

- (i) What would be the amount of income chargeable to tax under the head "Salaries" in the hands of Mr. Sahil for the A.Y. 2024-25?
 (a) ₹ 16,53,210
 (b) ₹ 16,21,236
 (c) ₹ 16,26,036
 (d) ₹ 16,71,236
[SATC Hint: Section 115BAC; ₹ 16,53,210 + ₹ 1,14,132 – ₹ 91,306 [12% of ₹ 6,34,068 + ₹ 1,26,814] – ₹ 50,000]
- (ii) Whether the tax deducted at source by Sky Pvt. Ltd. on the salary paid to Mr. Sahil based on the intimation submitted by him, is correct?
 (a) Yes, the amount of ₹ 2,32,830 deducted as tax at source is correct.
 (b) No, the correct amount of tax to be deducted at source is ₹ 1,95,320.
 (c) No, the correct amount of tax to be deducted at source is ₹ 2,42,800.
 (d) No, the correct amount of tax to be deducted at source is ₹ 2,41,300.
[SATC Hint: Section 115BAC – Compute Tax on ₹ 16,26,040]
- (iii) What would be the total income (without rounding off) of Mr. Sahil for the A.Y. 2024-25, assume that he shifts out from section 115BAC?
 (a) ₹ 11,73,736
 (b) ₹ 11,76,699
 (c) ₹ 11,61,699
 (d) ₹ 11,54,753
[SATC Hint: ₹ 16,53,210 - ₹ 2,400 (₹ 100 x 2 x 12) + ₹ 1,14,132 (RPF) – ₹ 91,306 [12% of ₹ 6,34,068 + ₹ 1,26,814] - Sec 16(ia) ₹ 50,000 - Sec 16(iii) ₹ 2,400 (-) HP Loss (₹ 200,000) + STCG 111A (₹ 15,000) = GTI ₹ 14,36,236 – Deductions [80C – Maximum 150,000 (₹ 5,000 + ₹ 10,000 + ₹ 40,000 + ₹ 37,000 + ₹ 55,037 + ₹ 114,132) + 80CCD (₹ 12,500) + 80D (₹ 50,000) + 80EEA (₹ 18,983) + 80G (₹ 50,000)]
- (iv) What would be tax liability of Mr. Sahil for the A.Y. 2024-25 [Ignoring section 115BAC]?
 (a) ₹ 1,66,530
 (b) ₹ 1,68,870
 (c) ₹ 1,71,210
 (d) ₹ 1,62,940
[SATC Hint: TI - ₹ 11,54,750 (including STCG u/s 111A - ₹ 15,000); Tax@15% on ₹ 15,000 + Slab rate on ₹ 11,39,750]
- (v) Assuming for the purpose of answering this question only that no contribution is made by Mr. Sahil and his employer towards RPF, what amount of deduction is available to Mr. Sahil under Chapter VI-A for the previous year 2023-24, if he shifts out from section 115BAC?
 (a) ₹ 2,78,520
 (b) ₹ 2,59,537
 (c) ₹ 2,50,000
 (d) ₹ 2,04,500
[SATC Hint: 80C (₹ 5,000 + ₹ 10,000 + ₹ 40,000 + ₹ 37,000 + ₹ 55,037) + 80CCD (₹ 12,500) + 80D (₹ 50,000) + 80EEA (₹ 18,983) + 80G (₹ 50,000)]

ANSWER KEY

MCQ No.	Most Appropriate Answer
(i)	(c)
(ii)	(b)
(iii)	(d)
(iv)	(d)
(v)	(a)

12. **Salaries + Deductions + Tax Computation + Section 115BAC**

[Important] Mr. Shaan, a resident aged 42 years, is employed in an MNC in Gurugram since 2013. He submitted his resignation on 31st July, 2023 for starting his own business and gave a notice period of one month to the employer. He received the following emoluments from his employer for the period from 1st April, 2023 to 31st August, 2023:

Basic pay	₹ 45,000 p.m.
Dearness Allowance (Forming part of retirement benefits)	10% of Basic pay
Medical allowance	₹ 5,000 p.m.
Entertainment allowance	₹ 2,500 p.m.
Commission	₹ 10,000 p.m.
Employee's contribution to RPF	₹ 7,500 p.m.
Employer's contributed the same amount to the RPF	
Interest accrued in the RPF @13%	₹ 14,300

In October, 2023, he started the business of manufacturing of footwear under the brand name "COMFORT". He withdrew the entire amount from his RPF account in September, 2023 to invest in his business. He has employed 75 regular employees on 1.11.2023 at a salary of ₹ 23,000 p.m. and they participate in recognized provident fund.

For the P.Y. 2023-24, the profits and gains derived from such business is ₹ 51 lakhs (computed) and the turnover is ₹ 7 crores. Mr. Shaan received 12% of the sales in cash.

On 1st December, 2023, he has purchased a house property for ₹ 90 lakhs for self-occupation by taking a loan of ₹ 45 lakhs @ 10% p.a. on the same day. He has paid stamp duty of ₹ 6,25,000 on purchase of such house property. Mr. Shaan has shifted out from section 115BAC.

Based on the above facts, choose the most appropriate answer to Q. No. 'A' to 'E':

A. What is the amount of salary chargeable under the head "Salaries" to Mr. Shaan for AY 2024-25?

- a) ₹ 2,85,000
- b) ₹ 2,99,300
- c) ₹ 2,96,650
- d) ₹ 2,84,150

[SATC Hint: $(45000 + 4500 + 5000 + 2500 + 10000) \times 5 + \{7500 \times 5 - (45000 + 4500) \times 5 \times 12\% + 14,300 \times 3.5 / 13 - 50,000\}$]

B. What is the amount of deduction available to Mr. Shaan under Chapter VI-A for AY 2024-25?

- a) ₹ 1,50,000
- b) ₹ 25,87,500
- c) ₹ 26,25,000
- d) ₹ 27,37,500

[SATC Hint: $80C \text{ (RPF + Stamp Duty)} + 80JJAA (\text{₹ } 23,000 \times 75 \times 5 \text{ months} \times 30\%)$]

C. What is the total income of Mr. Shaan for A.Y. 2024-25?

- a) ₹ 25,09,150
- b) ₹ 24,59,150
- c) ₹ 24,61,800
- d) ₹ 25,59,150

[SATC Hint: $\text{HP Loss ₹ } 150,000 + \text{Salary ₹ } 296,650 + \text{PGBP ₹ } 51,00,000 - \text{Deduction ₹ } 27,37,500$]

D. Compute the tax liability of Mr. Shaan for A.Y. 2024-25.

- a) ₹ 5,87,860
- b) ₹ 10,78,660
- c) ₹ 10,62,520
- d) ₹ 5,72,250

[SATC Hint: $\text{AMT: Adjusted TI } 50,96,650 \text{ (TI + 80JJAA); Tax = (18.5\% of } 50 \text{ Lakhs} + 96,650) \times 104\%$] Marginal Relief]

- E. Compute the tax liability of Mr. Shaan for A.Y. 2024-25 if he pays tax under section 115BAC. Assume that the figure of profits and gains from business or profession remains the same under section 115BAC also.

- a) ₹ 15,68,990
- b) ₹ 5,56,650
- c) ₹ 5,72,250
- d) ₹ 5,64,450

[SATC Hint: TI as per section 115BAC(2): 25,09,150 + 150,000 + 150,000]

ANSWER KEY

MCQ No.	Most Appropriate Answer
A	(c)
B	(d)
C	(a)
D	(c)
E	(d)

13. [TDS & TCS]

Kishore & Sons is a dealer of coal. Its turnover for the F.Y. 2022-23 was ₹ 12 crores. The State Government of Hyderabad granted a lease of coal mine to **Kishore & Sons** on 1.5.2023 and charged ₹ 11 crores for the lease. **Kishore & Sons** sold coal of ₹ 95 lakhs to **M/s BAC Co.** during the P.Y. 2023-24.

Details of sale to and payments from **M/s BAC Co.** by **Kishore & Sons** are as follows:

S. No.	Date of sale	Date of receipt/Payment	Amount (₹)
1	29.05.2023	10.05.2023	35,00,000
2	30.06.2023	10.07.2023	25,00,000
3	25.11.2023	25.10.2023	8,00,000
4	20.01.2024	22.01.2024	15,00,000
5	01.03.2024	15.02.2024	12,00,000

Turnover of **M/s BAC Co.** during the P.Y. 2022-23 was ₹ 11 crores. The above amounts were credited to **Kishore & Sons** account in the books of **M/s BAC Co.** on the date of sale. **M/s BAC Co.** furnishes a declaration to **Kishore & Sons** that coal is to be utilised for generation of power.

M/s XYZ Ltd. purchased coal of ₹ 55 lakhs from **Kishore & Sons** for trading purpose in July 2023. Turnover of **M/s XYZ Ltd.** during the P.Y. 2022-23 was ₹ 12 crores. PAN is duly furnished by the buyer and seller to each other.

Based on the above facts, choose the most appropriate answer to Q. No. A to E:

- A. Who is required to deduct/ collect tax at source in respect of lease of coal mine by the State Government of Hyderabad to Kishore & Sons and at what rate?**
- State Government of Hyderabad is liable to collect tax at source @ 2% on ₹11 crores
 - State Government of Hyderabad is liable to collect tax at source @0.1% on ₹ 10.50crores, being the amount exceeding ₹50 lakhs
 - Kishore & Sons** is liable to deduct tax at source @0.1% on ₹ 10.50 crores, being the amount exceeding ₹50 lakhs
 - Neither State Government of Hyderabad is liable to collect tax at source nor **Kishore & Sons** is liable to deduct tax at source
- B. Is Kishore & Sons required to collect tax at source in respect of the sale transactions with M/s BAC Co. If yes, when and what is the amount of tax to be collected?**
- Yes; ₹ 1,000 on 30.6.2023, ₹ 800 on 25.10.2023, ₹ 1,500 on 20.1.2024 and ₹ 1,200 on 15.2.2024
 - Yes; ₹ 35,000 on 10.5.2023, ₹ 25,000 on 30.6.2023, ₹ 8,000 on 25.10.2023, ₹ 15,000 on 20.1.2024 and ₹ 12,000 on 15.2.2024
 - Yes; ₹ 1,000 on 10.7.2023, ₹ 800 on 25.10.2023, ₹ 1,500 on 22.1.2024 and ₹ 1,200 on 15.2.2024
 - No, **Kishore & Sons** is not liable to collect tax at source
- C. Is Kishore & Sons required to collect tax at source in respect of the sale transaction with M/s XYZ Ltd. If yes, what is the amount of tax to be collected?**
- Yes; ₹ 55,000
 - Yes; ₹ 5,500
 - Yes; ₹ 500
 - No, **Kishore & Sons** is not liable to collect tax at source
- D. Is M/s BAC Co. required to deduct tax at source in respect of the purchase transactions with Kishore & Sons. If yes, when and what is the amount of tax to be deducted?**
- Yes; ₹ 1,000 on 30.6.2023, ₹ 800 on 25.10.2023, ₹ 1,500 on 20.1.2024 and ₹ 1,200 on 15.2.2024
 - Yes; ₹ 3,500 on 10.5.2023, ₹ 2,500 on 30.6.2023, ₹ 800 on 25.10.2023, ₹ 1,500 on 20.1.2024 and ₹ 1,200 on 15.2.2024
 - Yes; ₹ 1,000 on 10.7.2023, ₹ 800 on 25.10.2023, ₹ 1,500 on 22.1.2024 and ₹ 1,200 on 15.2.2024
 - No, **M/s BAC Co.** is not liable to deduct tax at source

- E.** Assume for the purpose of this MCQ, M/s BAC Co.'s turnover for the F.Y. 2022-23 was ₹ 9 crore, who will be required to deduct/ collect tax at source in respect of transactions between Kishore & Sons and M/s BAC Co. and at what rate?
- (a) Kishore & Sons is liable to collect tax at source @1% of ₹ 95 lakhs
 - (b) Kishore & Sons is liable to collect tax at source @0.1% of ₹ 45 lakhs, being the sum exceeding ₹ 50 lakhs
 - (c) M/s BAC Co. is liable to deduct tax at source @0.1% of ₹ 45 lakhs, being the sum exceeding ₹ 50 lakhs
 - (d) Neither Kishore & Sons is liable to collect tax at source nor M/s BAC Co. is liable to deduct tax at source

ANSWER KEY

MCQ No.	Most Appropriate Answer
A	(a)
B	(d)
C	(a)
D	(a)
E	(d)

14. [Residential Status + Salaries + Deductions + Tax Comp.]

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 the United States of America 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 worked with a multinational company in Delhi. He earned salary of ₹ 14,00,000 from his job in India. He paid Tuition Fee of ₹ 1,80,000 for Riya's education in DAV school.

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

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

- (i) 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
- (ii) What would be the income chargeable to tax under the head "Salaries" in the hands of Mr. Rajan in India for F.Y. 2023-24?
- (a) ₹ 20,00,000
(b) ₹ 19,50,000
(c) ₹ 13,50,000
(d) ₹ 19,60,000
- (iii) How much deduction is available under Chapter VI-A from the Gross Total Income of Mr. Rajan?
- (a) ₹ 2,30,000
(b) ₹ 1,95,000
(c) ₹ 1,60,000
(d) ₹ 2,00,000
- (iv) What shall be the tax liability of Mr. Rajan for the A.Y. 2024-25?
- (a) ₹ 22,69,810
(b) ₹ 22,58,940
(c) ₹ 22,56,080
(d) ₹ 22,72,670
- (v) 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

ANSWER KEY

MCQ No.	Most Appropriate Answer
(i)	(d)
(ii)	(c)
(iii)	(d)
(iv)	(c)
(v)	(b)

15. CAPITAL GAIN [Section 45(5A)] + IOS [Section 56(2)(x)]

High Tech Ltd., a real estate development company, entered into an agreement with Mr. Sakshar, a resident individual on 25.6.2019 as per which Mr. Sakshar agrees to transfer a plot of land measuring 12 acres in New Delhi to High Tech Ltd. Mr. Sakshar purchased such land on 14.7.2017 for ₹ 80,50,000.

High Tech Ltd. has planned to develop a high-rise society of 250 flats on such land. In consideration, High Tech Ltd. paid a part consideration of ₹ 1 crore to Mr. Sakshar on the date of agreement and would provide 3 flats in the society to him as final settlement.

The certificate of completion of society was issued by the authority as on 10.8.2023. On such date, stamp duty value of each flat in the society was ₹ 2,51,00,000. Subsequently on 31.8.2023, Mr. Sakshar sold 2 flats in the society to Mr. Kevin for a consideration of ₹ 2,70,00,000 each while the stamp duty value of each flat on such date was ₹ 2,98,00,000. During the P.Y. 2023-24, Mr. Kevin has **earned salary income** of ₹ 30,50,000.

Out of the proceeds received on sale of land, Mr. Sakshar has purchased a house on 08.09.2023 for a consideration of ₹ 47,00,000 and occupied for own residence. Mr. Sakshar has taken a loan of ₹ 35,00,000 (80% of stamp duty value) from SBI for purchase of such house which was sanctioned and disbursed at the interest rate of 12% p.a. on 01.07.2023. He does not own any other residential house on the date of sanction of loan. Ignore section 115BAC.

Cost Inflation Index: 2023-24: 348; 2019-20: 289; 2017-18: 272

Based on the above facts, choose the most appropriate answer -

A. What would be the tax, if any, required to be deducted by High Tech Ltd. in respect of agreement entered into with Mr. Sakshar?

- (a) ₹ 10,00,000
- (b) ₹ 85,30,000
- (c) ₹ 8,53,000
- (d) ₹ 1,00,000

[SATC Hint: Section 194-IC]

B. What would be the capital gain in the hands of Mr. Sakshar in respect of the agreement entered into with High Tech Ltd. and in which year it would be taxable?

- (a) ₹ 7,59,18,199 in P.Y. 2023-24
- (b) ₹ 7,20,46,875 in P.Y. 2023-24
- (c) ₹ 7,72,50,000 in P.Y. 2023-24
- (d) ₹ 7,67,46,875 in P.Y. 2021-22

C. Determine the capital gain/loss in the hands of Mr. Sakshar in respect of sale of 2 flats to Mr. Kevin during the P.Y. 2023-24.

- (a) ₹ 38,00,000
- (b) ₹ 47,00,000
- (c) ₹ 56,00,000
- (d) ₹ 94,00,000

D. What would be the total income of Mr. Kevin for the P.Y. 2023-24?

- (a) ₹ 30,50,000
- (b) ₹ 86,50,000
- (c) ₹ 86,00,000
- (d) ₹ 30,00,000

[SATC Hint: ₹ 30,50,000 - ₹ 50,000 + ₹ 28,00,000 + ₹ 28,00,000]

E. What would be the total deduction available under the relevant provisions of the Income-tax Act, 1961 to Mr. Sakshar for the P.Y. 2023-24 in respect of interest on loan taken from SBI?

- (a) ₹ 2,00,000
- (b) ₹ 3,15,000
- (c) ₹ 3,50,000
- (d) ₹ 4,20,000

[SATC Hint: Section 24(b) + Section 80EEA = NIL]

Answers Key

A	B	C	D	E
(a)	(c)	(d)	(c)	(a)

16. Mrs. Shalini is a retired Government employee. She was born on 01.04.1944 in India. She is residing in Delhi. She stayed with her elder son Mr. Nakul from 1st May, 2023 to 15th October, 2023, who is residing in Australia. She stayed in India for 361 days during the 4 previous years preceding the previous year 2023-24.

During the previous year 2023-24, pension of ₹ 7,15,461 is credited in her account with State Bank of India, Uttam Nagar Branch, Delhi after deducting tax at source of ₹ 14,565. She received interest of ₹ 4,352 on her saving A/c with SBI during the previous year 2023-24. She also received interest of ₹ 67,500 on Fixed Deposits with Canara Bank in the month of April, 2023.

She has purchased two life insurance policies for her son Mr. Yuvaan and married daughter Mrs. Kajal, the details of which are as follows:

Person insured	Policy purchased on	Date of payment of premium	Sum Assured	Premium paid
Mr. Yuvaan (50 years old)	15.10.2020	23.10.2023	₹9,84,655	₹1,00,388
Mrs. Kajal (45 years old)	20.09.2020	25.09.2023	₹2,00,000	₹17,000

She has taken a medical insurance for herself for which she paid an amount of ₹ 35,000 towards health insurance premium by A/c payee cheque. She incurred ₹ 7,500 towards preventive health check-up of herself and her husband in cash. She also incurred medical expenditure of ₹ 25,000 in cash in the month of January 2024 for her husband.

In the month of March 2024, she incurred medical expenditure of ₹ 10,500 for herself, which is paid by account payee cheque. She has given a wristwatch of ₹ 10,000 on her husband's 85th birthday. Her husband is resident in India for the P.Y. 2023-24. Mrs. Shalini has shifted out from section 115BAC.

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

- What would be the amount of deduction under Chapter VI-A available to Mrs. Shalini for the A.Y. 2024-25?
 - ₹ 2,05,466
 - ₹ 2,08,466
 - ₹ 2,07,388
 - ₹ 2,18,466
- What would be the Gross total income of Mrs. Shalini for the assessment year 2024-25?
 - ₹ 7,87,313
 - ₹ 8,04,878
 - ₹ 7,59,378
 - ₹ 8,09,378
- What is the amount of net tax payable/(refundable) of Mrs. Shalini for the A.Y. 2024-25?
 - (₹ 10,850)
 - (₹ 1,790)
 - (₹ 1,080)
 - (₹ 450)
- What would be the total income of Mrs. Shalini for the assessment year 2024-25, if she pays tax under section 115BAC?
 - ₹ 7,51,880
 - ₹ 8,01,880
 - ₹ 7,87,310
 - ₹ 7,59,380
- What is the amount of net tax payable/(refundable) of Mrs. Shalini for the A.Y. 2024-25, if she pays tax under section 115BAC?
 - ₹ 22,760
 - ₹ 13,200
 - ₹ 10,110
 - ₹ 25,030

Answers Key

(i)	(ii)	(iii)	(iv)	(v)
(a)	(c)	(a)	(d)	(c)

17. [PGBP/Section 35AD, AMT & Sec 80JJAA]

Mr. Raj, aged 45 years, commenced operations of the business of a new three-star hotel in Mumbai, Maharashtra on 1.4.2023. He incurred capital expenditure of ₹ 90 lakh on land in March, 2023 exclusively for the above business, and capitalized the same in his books of account as on 1st April, 2023. Further, during the P.Y. 2023-24, he incurred capital expenditure of ₹ 2.50 crore (out of which ₹ 1 crore was for acquisition of land and ₹ 1.50 crore was for acquisition of building) exclusively for the above business. The payments in respect of the above expenditure were made by account payee cheque. The profits from the business of running this hotel (before claiming deduction under section 35AD) for the A.Y. 2024-25 is ₹ 75 lakh. Mr. Raj has shifted out from section 115BAC.

Mr. Viraj, brother of Mr. Raj, has commenced the business of manufacture of apparel on 1.10.2023. He employed 220 new employees during the P.Y. 2023-24, the details of whom are as follows –

	No. of employees	Date of employment	Regular/ Casual	Total monthly emoluments per employee (₹)
(i)	40	1.10.2023	Regular	24,000
(ii)	80	1.10.2023	Regular	24,500
(iii)	50	1.11.2023	Casual	25,500
(iv)	30	1.11.2023	Regular	25,000
(v)	20	1.12.2023	Casual	24,000

All regular employees participate in Recognized Provident Fund and their emoluments are paid by account payee cheque. The profits and gains derived from manufacture of apparel that year is ₹ 80 lakhs and his total turnover is ₹ 11 crores.

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

- (i) Assuming that Mr. Raj has fulfilled all the conditions specified for claim of deduction under section 35AD and has not claimed any deduction under Chapter VI-A under the heading "C. – Deductions in respect of certain incomes", what would be the quantum of deduction under section 35AD, which he is eligible to claim as deduction for A.Y. 2024-25?
 - (a) ₹ 340 lakh
 - (b) ₹ 250 lakh
 - (c) ₹ 190 lakh
 - (d) ₹ 150 lakh
- (ii) Assuming that Mr. Raj also has another existing business of running a four-star hotel in Ahmedabad, which commenced operations twenty years back, the profits from which are ₹ 130 lakh for the A.Y. 2024-25, what would be its income chargeable/loss under the head "Profits and gains of business or profession" for the A.Y. 2024-25?
 - (a) ₹ 130 lakh
 - (b) ₹ 55 lakh
 - (c) (₹ 20 lakh)
 - (d) ₹ 15 lakh
- (iii) If, out of the amount of ₹ 1 crore paid for acquisition of land in the P.Y. 2023-24, ₹ 50 lakh was paid by way of cash, what would be the answer to questions (i) and (ii) above?
 - (a) ₹ 150 lakh; ₹ 55 lakh, respectively
 - (b) ₹ 100 lakh; ₹ 105 lakh, respectively
 - (c) ₹ 290 lakh; (₹ 85 lakh), respectively
 - (d) ₹ 140 lakh; ₹ 65 lakh, respectively

- (iv) Considering the assumption given in question (ii) above, what would be the tax payable (rounded off) by Mr. Raj for A.Y. 2024-25?
- (a) ₹ 16,73,100
 - (b) ₹ 42,03,940
 - (c) ₹ 2,73,000
 - (d) ₹ 15,21,000
- [SATC Hint: Compute Adjusted TI under AMT]
- (v) Would Mr. Viraj be eligible for deduction under section 80JJAA in the A.Y. 2024-25? If so, what is the quantum of deduction?
- (a) No, he would not be eligible for deduction u/s 80JJAA since the employees have not been employed for 240 days in the P.Y. 2023-24. He can, however, claim deduction thereunder in the P.Y. 2024-25
 - (b) Yes; ₹ 63,81,000
 - (c) Yes; ₹ 58,68,000
 - (d) Yes; ₹ 52,56,000

ANSWER KEY

MCQ No.	Most Appropriate Answer
(i)	(d)
(ii)	(b)
(iii)	(a)
(iv)	(b)
(v)	(b)

18. [TDS TCS CHAPTER - Section 194-O + Section 194Q & Section 206C(1H)]

Mr. Subhash is a retailer of car spare parts. He started his business in May, 2022. His turnover for the P.Y. 2022-23 was ₹ 10.50 crores. He generally purchases goods from Car accessories & Co. only. Car accessories & Co. manufactures and sells spare parts directly to the customers as well as through an e-commerce platform – CarParts.com. Car accessories & Co.'s turnover from the business for the P.Y. 2022-23 was ₹ 15 crores.

The relevant information of purchases made by Mr. Subhash in P.Y. 2023-24 is given hereunder:

Date of credit to account of Car accessories & Co.	Date of Payment to Car accessories & Co.	Value of spare parts without GST (₹)	GST @18%	Total value of spare parts/ payment
15.05.2023	02.06.2023	40,00,000	7,20,000	47,20,000
18.06.2023	30.06.2023	15,00,000	2,70,000	17,70,000
28.08.2023	17.08.2023	21,50,000	3,87,000	25,37,000
14.02.2024	28.02.2024	10,50,000	1,89,000	12,39,000

In addition to the above, Mr. Subhash also purchased spare parts of Car accessories & Co. for ₹ 12,00,000 inclusive of GST@18% through CarParts.com on 31.12.2023. The payment was made directly to Car accessories & Co. on 15.1.2024. PAN is duly furnished by Mr. Subhash, Car accessories & Co. and CarParts.com. The GST portion is indicated separately in the invoice of Car accessories & Co. but it is not shown separately when the goods are purchased through CarParts.com.

Based on the above facts, choose the most appropriate answer to Q. NO. A to E –

- A.** Is Mr. Subhash required to deduct tax at source in respect of the purchase transactions made directly with Car accessories & Co. If yes, when and what is the amount of tax to be deducted? [Hint: Sec. 194Q]
- (a) Yes; ₹ 2,150 on 17.08.2023 and ₹ 1,050 on 14.02.2024
 (b) Yes; ₹ 500 on 18.06.2023, ₹ 2,537 on 17.08.2023 and ₹ 1,050 on 14.02.2024
 (c) Yes; ₹ 500 on 18.06.2023, ₹ 2,150 on 17.08.2023 and ₹ 1,050 on 14.02.2024
 (d) No, Mr. Subhash is not liable to deduct tax at source.
- B.** Is Car accessories & Co. required to collect tax at source in respect of the sale transactions with Mr. Subhash. If yes, when and what is the amount of tax to be collected? [Hint: Section 206C(1H)]
- (a) Yes; ₹ 500 on 30.06.2023, ₹ 2,150 on 17.08.2024 and ₹ 1,050 on 28.02.2024
 (b) Yes; ₹ 1,490 on 30.06.2023, ₹ 2,537 on 17.08.2023 and ₹ 1,239 on 28.02.2024
 (c) Yes; ₹ 1,490 on 30.06.2023
 (d) No, Car accessories & Co. is not liable to collect tax at source.
- C.** Assume that Mr. Subhash has started the retail business of car spare parts in May, 2023. In such case, would the answer of MCQ A and B be different? If yes, what would be the answer of MCQ A and B? [Hint: Section 206C(1H)]
- (a) No, the answer of MCQ A and B would be the same
 (b) Yes, the answer of MCQ A would change to (d) but the answer of MCQ B would be the same
 (c) Yes, the answer of MCQ A would change to (d) and the answer of MCQ B would change to (b)
 (d) Yes, the answer of MCQ A would change to (d) and the answer of MCQ B would change to (a)
- D.** Are the provisions of tax deduction/ collection at source attracted in respect of the transactions with CarParts.com? If yes, who has to deduct/ collect at source and at what rate? [Hint: Section 194-O]
- (a) Mr. Subhash is required to deduct tax at source on ₹ 12 lakhs @0.1%.
 (b) Car accessories & Co. is required to collect tax at source on ₹ 12 lakhs @0.1%.
 (c) CarParts.com is required to deduct tax at source on ₹ 12 lakhs @0.1%.
 (d) CarParts.com is required to deduct tax at source on ₹ 12 lakhs @1%.
- E.** If Mr. Subhash has not furnished his PAN to Car accessories & Co. but has furnished his Aadhar number, what would be the rate of TCS for the purpose of MCQ B.
- (a) 5%
 (b) 1%
 (c) 0.1%
 (d) Car accessories & Co. is not liable to collect tax at source.

Answers Key

A	B	C	D	E
(b)	(d)	(c)	(d)	(c)

19. [Residential Status + Gift + PGBP]

Anjali is a research scholar pursuing her PhD. She is unmarried and her parents are living in Ahmedabad, Gujarat. Her parental grandparents and other family relatives are staying in South Africa. She was in India with her parents till May 2019. After then, she went to London for further education. In October 2022, she returned to India. On 28th March 2023, she travelled out of India to Johannesburg, in South Africa, for her research project and Khadi business exhibitions. She returned on 1st October 2023 to participate in the 152nd Birth Anniversary Celebrations of Mahatma Gandhi. In this connection, she attended numerous events held all over India, while also holding exhibitions for her textile business in 'Khadi - the fabric that breathes, the livery of freedom' - as showcased by Mahatma Gandhi. She won accolades and awards, gifts and donations in the course of showcasing her work. You have been provided with the following data in respect of her receipts and income for the F.Y. 2023-24

S. No.	Details	Amount (₹)
1.	Scholarship for pursuing her research work	4,80,000
2.	Gross receipts from exhibitions held in South Africa in collaboration with the leading Fashion House	10,00,000
3.	Gross receipts from exhibitions held in India	12,00,000
4.	Gross receipts from sale of Honey in the exhibitions in India	1,05,000
5.	Gross receipts from sale of Handmade Khadi designer fashion accessories and other Khadi stationery products	2,25,000
6.	Gift from father's sister whom she visited in Johannesburg, South Africa	51,000
7.	Cash gifts received from friends in 'Gandhi Gujarat Seva Samaj' with whom she stayed while in Johannesburg, South Africa.	27,000
8.	Received share of income from the HUF	22,000
9.	Cost of material for exhibitions held in South Africa and India - ₹ 12,00,000; Cost of Handmade Khadi designer fashion accessories and other Khadi stationery products - ₹ 1,00,000; Other eligible Business expenses - ₹ 4,00,000; Cost of Honey purchased for sale in the exhibitions in India - ₹ 55,000.	
10.	Mr. Patel of South Africa gave her a cheque of ₹5,00,000 favouring 'Gandhi Smarak Trust' as donation to the Trust. She was requested to hand over the cheque to the Trust's office at Ahmedabad.	

Notes:

1. Anjali does not manufacture any of the Khadi products. She sourced all the Khadi materials, accessories, products and honey from suppliers of such items.
2. All financial transactions are carried out in account payee cheques and TDS has been deducted, wherever applicable.
3. Her paternal grandfather is the Karta of the family HUF. Her paternal grandfather comes on visit in India for 6 months every year since 2016. The HUF is managed outside India and all decisions regarding the HUF are made outside India.
4. Ignore section 115BAC.

From the information given above, choose the most appropriate answer to the following questions –

(i) What is the residential status of Anjali for the A.Y. 2024-25?

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

(ii) What is the residential status of HUF for the A.Y. 2024-25?

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

(iii) Determine the taxability of gift received by Anjali from her father's sister and from her friends in 'Gandhi Gujarat Seva Samaj' for the A.Y. 2024-25?

- (a) ₹ 51,000 will be exempt as it is a gift received from a relative. ₹ 27,000 received as cash gifts from her friends would not be taxable as all her friends are non-residents.
- (b) ₹ 51,000 will be taxed as "Income from other sources" as father's sister is not a relative. ₹ 27,000 received as cash gifts from friends will also be taxable as the total gifts from non-relatives during the A.Y. 2024-25 exceeds ₹ 50,000.
- (c) ₹ 51,000 will be exempt as it is a gift received from a relative. ₹ 27,000 received as cash gifts from friends will be taxed as amount is paid in cash and is received from non-residents.
- (d) ₹ 51,000 will be exempt as it is a gift received from a relative. ₹ 27,000 received as cash gifts from friends will not be taxable as the total gifts received from non-relatives during the A.Y. 2024-25 does not exceed ₹ 50,000.

(iv) What would be the total income of Ms. Anjali for A.Y. 2024-25 if she wishes to maximize tax savings?

- (a) ₹ 12,55,000
- (b) ₹ 8,02,000
- (c) ₹ 1,51,800
- (d) ₹ 7,75,000

[SATC Hint: Section 44AD – 6% of Gross Receipts]

ANSWER KEY

MCQ No.	Most Appropriate Answer
(i)	(d)
(ii)	(c)
(iii)	(d)
(iv)	(c)

20. [Section 115BAC, Deduction & Tax Computation] Write the most appropriate answer to each of the following multiple choice questions by choosing one of the four options given. All questions are compulsory.

Mr. Suresh born on 1.4.1964 furnished his return of income for Assessment Year 2024-25 on 25.07.2024. He has computed total income & paid taxes as per section 115BAC. He had shown the following income in his original return of income -

- Salary of ₹ 10.50 lakhs from ABC (P) Ltd.
- Interest from savings bank account of ₹ 15,700.
- Interest from fixed deposits with SBI of ₹ 50,000.

During the P.Y. 2023-24, he paid interest on loan ₹ 2,50,000 for purchase of self-occupied property. He contributed ₹1,50,000 towards the PPF. He paid health insurance premium of ₹ 40,000 by account payee cheque for self and wife. He paid ₹ 2,200 in cash for his health check-up and ₹ 4,000 by cheque for preventive health check-up of his parents. He also paid medical insurance premium of ₹ 29,000 during the year to insure the health of his mother, aged 80 years. He further incurred medical expenditure of ₹ 18,000 on his father, aged 81 years, who is staying with him. His father is not covered under any mediclaim policy.

He met one of his friends, CA. Nakul on 31.1.2025. While discussing with his friend, his friend told him that the concessional tax rate under section 115BAC is not beneficial to him. He advised him to revise his return of income and shift out from section 115BAC. However, Mr. Suresh's son, who is employed in the accounts department of XYZ (P) Ltd., is of the view that once original return is filed as per section 115BAC, it cannot be changed in revised return.

From the information given above, choose the most appropriate answer to the following questions –

- (i) What is the tax payable by Mr. Suresh for A.Y. 2024-25 as per original return of income filed by Mr. Suresh?
- (a) ₹ 97,070
 - (b) ₹ 80,450
 - (c) ₹ 96,030
 - (d) ₹ 1,01,030
- (ii) What is the total deduction under Chapter VI-A allowable to Mr. Suresh if he shifts out from the provisions of section 115BAC?
- (a) ₹ 2,34,800
 - (b) ₹ 2,35,000
 - (c) ₹ 2,92,000
 - (d) ₹ 2,92,200
- (iii) What is total income of Mr. Suresh under the normal provisions of the Act for A.Y. 2024-25?
- (a) ₹5,23,700
 - (b) ₹ 6,23,700
 - (c) ₹ 6,75,700
 - (d) ₹ 6,80,700
- (iv) Compute the tax liability of Mr. Suresh for A.Y. 2024-25 if he shifts out from the section 115BAC.
- (a) ₹ 36,130
 - (b) ₹ 50,590
 - (c) ₹ 17,930
 - (d) ₹ 49,550
- (v) Can Mr. Suresh file his revise return of income for A.Y. 2024-25 and declare income under the regular provisions of the Act?
- (a) Yes, Mr. Suresh can revise his return of income and declare income under the regular provisions of the Act
 - (b) No, though he can file a revised return of income, option under section 115BAC once opted in original return of income cannot be changed in revised return of income
 - (c) No, Mr. Suresh cannot revise his return of income for A.Y. 2024-25
 - (d) No, he cannot do so since he is a salaried employee. He would have made a declaration to opt for section 115BAC to his employer, which cannot be changed subsequently at the time of filing of return of income

Answers Key

(i)	(ii)	(iii)	(iv)	(v)
(b)	(c)	(b)	(a)	(c)

21. [Residential Status + House Property + Clubbing of Income + Section 115BAC]

Mr. Shashikant, aged 45 years, is an Indian citizen and a member of the crew of a Singapore bound Indian ship engaged in carriage of passengers in international traffic departing from Chennai port on 29th May, 2023.

Particulars	Date
Date entered into the Continuous Discharge Certificate in respect of joining the ship by Mr. Shashikant	29 th May, 2023
Date entered into the Continuous Discharge Certificate in respect of signing off the ship by Mr. Shashikant	19 th December, 2023

He stayed in India in the last 4 previous years preceding the P.Y. 2023-24 for 400 days and for a period of 750 days in the last 7 previous years preceding to P.Y. 2023-24. He received salary of ₹ 7,20,000 in his NRE account maintained with State Bank of India, Chennai Branch.

He also furnished details of other income earned by him during the previous year 2023-24:

S. No.	Particulars	Amount(₹)
1.	Dividend declared in the month of April, 2023 by X limited, a Singapore company. The same was received by him in Singapore.	1,00,000
2.	Agriculture income from land in Pakistan received in India	2,50,000
3.	Rent received from house property in Chennai	3,60,000

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

- A. What is Mr. Shashikant's residential status for the P.Y. 2023-24?**
- Resident and ordinarily resident
 - Resident but not ordinarily resident
 - Non-resident
 - Deemed resident
- B. What would be the total income of Mr. Shashikant for A.Y. 2024-25 assume that he has shifted out from section 115BAC?**
- ₹ 7,10,000
 - ₹ 12,72,000
 - ₹ 5,02,000
 - ₹ 6,02,000
- C. Important [Section 27, Section 64(1A) + Section 10(32)]** Assume for the purpose of answering this question that Mr. Shashikant has transferred his house property in Chennai to his minor married daughter on 1st April, 2023 and his wife is a housewife and does not have any income. The minor married daughter receives the rent from house property.

In such case, his total income as per normal provisions of the Act would be –

- ₹ 5,00,500
- ₹ 6,00,500
- ₹ 5,02,000
- ₹ 6,02,000

- D. Mr. Shashikant would like to minimize his tax liability and consulted you to compute the amount of same for the P.Y. 2023-24. Accordingly, his tax liability (rounded off) would be-
- (a) ₹ 13,208
 - (b) ₹ 13,210
 - (c) ₹ 13,416
 - (d) NIL

[SATC Hint: Section 115BAC & Rebate under Section 87A]

Answers Key

Question No.	Answer
21.A	(c) Non-resident
21.B	(c) ₹ 5,02,000
21.C	(a) ₹ 5,00,500
21.D	(d) NIL

22. [Agricultural Income]

Mr. Kishan is engaged in the following activities on agricultural land situated in India, total area of land is 5 acres.

Activity A: He grows saplings or seedlings in a nursery spreading over on one acre land, the sale proceeds of which is ₹ 5,00,000. Cost of plantation is ₹ 1,40,000. Basic operations are not performed on land for growing saplings or seedlings.

Activity B: He grows cotton on 3 acres land. 40% of cotton produce is sold for ₹ 4,00,000, the cost of cultivation of which is ₹ 2,25,000. The cost of cultivation of balance 60% cotton is ₹ 3,37,500 and the market value of the same is ₹ 6,00,000, which is used for the purpose of manufacturing yarn. After incurring manufacturing expenses of ₹ 1,00,000, yarn is sold for ₹ 8,50,000

Activity C: Land measuring 1 acres is let out to Mr. Ramesh on monthly rental of ₹ 15,000 which is used by Mr. Ramesh as follows:

- 50% of land is used for agricultural purpose
- 50% of land is used for non-agricultural purpose.

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

- A.** What amount of income arising from activity A would constitute agricultural income in the hands of Mr. Kishan?
- (a) ₹ 5,00,000
(b) Nil
(c) ₹ 3,60,000
(d) ₹ 1,40,000
- B.** What amount of income from activity B with respect to sale of cotton would constitute agricultural income or/and business income in the hands of Mr. Kishan?
- (a) ₹ 1,75,000 as agricultural income
(b) ₹ 1,75,000 as business income
(c) ₹ 1,75,000 as agricultural income and ₹ 2,62,500 as business income
(d) ₹ 4,00,000 as agricultural income
- C.** What amount of the income from activity B with respect to sale of yarn constitute agricultural income or/and business income in the hands of Mr. Kishan?
- (a) ₹ 1,50,000 as agricultural income
(b) ₹ 2,62,500 as agricultural income and ₹ 1,50,000 as business income
(c) ₹ 3,37,500 as agricultural income and ₹ 1,50,000 as business income
(d) ₹ 4,12,500 as business income
- D.** What amount of income arising from activity C constitute agricultural income or otherwise in the hands of Mr. Kishan?
- (a) Whole amount of ₹ 1,80,000 would be agricultural income
(b) Whole amount of ₹ 1,80,000 would be business income.
(c) ₹ 90,000 would be agricultural income and ₹ 63,000 is chargeable to tax as income from house property
(d) ₹ 90,000 would be agricultural income and ₹ 90,000 is chargeable to tax under the head "Income from Other Sources"
- E.** Compute the gross total income of Mr. Kishan for the P.Y. 2023-24, assuming he has no other source of income.
- (a) ₹ 2,40,000
(b) ₹ 3,30,000
(c) ₹ 5,02,500
(d) ₹ 2,13,000

Answers Key

22.A	22.B	22.C	22.D	22.E
(c)	(a)	(b)	(d)	(a)

23. [Salaries + Deductions + Tax Computation + Section 115BAC]

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

- He is given rent free unfurnished accommodation on 01.5.2023 which he occupied only from 01.10.2023. The company pays lease rent of ₹ 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 ₹ 8,00,000. The monthly expenditure of car is ₹ 5,000, which is fully met by the employer. Car is owned by his employer.
- He pays lumpsum premium of ₹ 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 ₹ 1,50,000 towards PPF.
- Mr. Hardik is interested to pay tax under section 115BAC (Default tax regime).

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

- A.** What would be the value of rent-free accommodation chargeable to tax in the hands of Mr. Hardik?
- (a) ₹ 44,835
(b) ₹ 30,380
(c) ₹ 45,570
(d) ₹ 30,000
- B.** 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 shifts out from section 115BAC to pay taxes?
- (a) ₹ 30,000
(b) ₹ 15,000
(c) ₹ 24,000
(d) ₹ 25,000
- C.** What would be perquisite value of car chargeable to tax in the hands of Mr. Hardik?
- (a) ₹ 28,800
(b) ₹ 21,600
(c) ₹ 60,000
(d) ₹ 1,40,000
- D.** **[Important – Section 115BAC & Rebate under section 87A]** Would you advise to Mr. Hardik to shift out from section 115BAC?
- (a) No, Mr. Hardik can pay tax under section 115BAC, since in such case his tax liability would be ₹ 27,850, being lower than the tax liability under normal provisions of the Act
- (b) No, Mr. Hardik can pay tax under section 115BAC, since in such case his tax liability would be ₹ 17,560 being lower than the tax liability under normal provisions of the Act.
- (c) No, Mr. Hardik should pay tax as per Section 115BAC, since in such case his tax liability would be ₹ 18,510, being lower than the tax liability as per normal provisions.
- (d) Yes, Mr. Hardik should shift out from Section 115BAC, since as per normal provisions of the Act, his tax liability would be ₹ 22,110, being lower than the tax liability under section 115BAC

Answers Key

23.A	23.B	23.C	23.D
(d)	(c)	(d)	(c)

24. [Residential Status + House Property]

Ananya Gupta, a citizen of India, lives with her family in New York since the year 2000. She visited India from 21st March, 2023 to 28th September, 2023 to take care of her ailing mother. In the last four years, she has been visiting India for 100 days every year to be with her mother.

She owns an apartment at New York, which is used as her residence. The expected rent of the house is \$ 32,000 p.a. The value of one USD (\$) may be taken as ₹ 75. Municipal taxes paid in New York in January, 2024 are \$ 2,000.

She took ownership and possession of her house in New Delhi on 25th March, 2023, for self-occupation, while she is in India. The municipal valuation is ₹ 4,20,000 p.a. and the fair rent is ₹ 4,50,000 p.a. She paid property tax of ₹ 22,000 to Delhi Municipal Corporation on 21st March, 2024. She had taken a loan of ₹ 16 lakhs @ 10% p.a. from IDBI Bank on 1st April, 2019 for constructing this house and the construction got completed on 20th March, 2023. No amount has been paid towards principal repayment so far. The house is vacant for the rest of the year i.e., from October 2023 to March 2024.

She had a house property in Mumbai, which was sold on 28th March, 2023. In respect of this house, she received arrears of rent of ₹ 3,00,000 on 4th February, 2024. This amount has not been charged to tax earlier.

She does not have any income under any other source in India during previous year in 2023-24. Ananya Gupta wants to shift out from section 115BAC for A.Y. 2024-25.

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

- A. What would be the residential status of Ananya Gupta for A.Y. 2024-25?**
- a) Resident and ordinarily resident
 - b) Resident but not ordinarily resident
 - c) Deemed resident but not ordinarily resident in India
 - d) Non-resident
- B. [Important] Ms. Ananya Gupta can claim benefit of “Nil” Annual Value under section 23(2) in respect of -**
- a) Her Delhi house [as New York House is not taxable in India]
 - b) Her New York house, since it is more beneficial; her Delhi house will be deemed to be let out and expected rent would be the annual value.
 - c) Her Delhi house alone; her New York house will be deemed to be let out and expected rent would be the annual value.
 - d) Both her Delhi house and New York house, since benefit of Nil Annual value u/s 23(2) is available in respect of two house properties.
- C. What is the income chargeable under the head “Income from house property” of Ananya Gupta for A.Y. 2024-25?**
- a) ₹ 15,65,000
 - b) ₹ 3,09,600
 - c) ₹ 1,00,000
 - d) ₹ 10,000

- D.** Assuming that, for the purpose of this question alone, Ananya Gupta has let out her flat in New York during the six months (April to September) when she is in India, for a sum of \$ 6,000 p.m. Such rent was received in a bank account in New York and then remitted to India through approved banking channels. What would be the income from house property chargeable to tax in her hands in India for A.Y. 2024-25?
- a) ₹ 10,000
 - b) ₹ 17,85,000
 - c) ₹ 17,95,000
 - d) ₹ 18,85,000

Answers Key

24.A	24.B	24.C	24.D
(d)	(a)	(d)	(a)

25. **[House Property + PGBP + IFOS]** Ram Builders & Developers is the sole-proprietorship concern of Mr. Ram. The main business of the concern is construction, development and sale of residential and commercial units. Ram Builders & Developers developed a project named Luxuria Heaven, which has both residential and commercial units with its own funds. It obtained certificate of completion for the said project with effect from 31/03/2023.

Ram sold majority of its residential units and commercial units in the F.Y. 2023-24. However, around 30 residential units and 15 commercial units were held by him as stock in trade as on 31.3.2024.

During this period, there was a slump in the real estate sector. In order to earn some income from these units, Ram incidentally let out some of the units held as stock-in-trade. The details of units constructed, sold and held as stock-in-trade are given hereunder:

Particulars	Total Units constructed	Units sold	Units held as stock- in-trade as on 31.3.2024 [(2) – (3)]	Units let out during P.Y. 2023-24 out of (4)	Units vacant during the whole of P.Y. 2023-24 [(4) – (5)]	Actual rent per unit per month [in respect of let out units mentioned in (5)]
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Residential Units	100	70	30	10	20	10,000 pm.
Commercial Units	40	25	15	5	10	18,000 pm.
	140	95	45	15	30	

Out of the residential units sold, 5 residential units were sold to his friend, Mr. Gaurav, who is also a real estate developer, on 15.2.2024, for ₹ 20 lakhs each. The stamp duty value on the date of sale was ₹ 23 lakhs each. However, the agreement of sale was entered into on 1.11.2023, on which the date the stamp duty value was ₹ 22 lakhs. Mr. Ram received ₹ 1 lakh by way of account payee bank draft on 1.11.2023 from Mr. Gaurav.

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

- A.** While computing the total income of Mr. Ram, the income from residential and commercial units let out during the P.Y. 2023-24 will be taxed under head:
- Income from house property
 - Profits and gains of business or profession
 - Income from let out residential units will be taxed under the head "Income from house property" and income from let out commercial units will be taxed under the head "Profits and gains of business or profession"
 - Income from other source

- B. What would be the tax treatment of vacant residential and commercial units held as stock in trade as on 31.3.2024?**
- a) The vacant residential units would be deemed to be let out and expected rent would be deemed as the annual value chargeable to tax under the head "Income from house property" for A.Y. 2024-25.
 - b) The vacant units, both residential and commercial, would be deemed to be let out and expected rent would be deemed as the annual value chargeable to tax under the head "Income from house property" for A.Y. 2024-25.
 - c) The annual value of both vacant residential and commercial units would be Nil for A.Y. 2024-25. Hence, no income is chargeable for such units under the head "Income from house property" for A.Y. 2024-25.
 - d) Vacant units held as stock-in-trade can never be deemed as let out at any point of time
- C. What would be the full value of consideration in respect of sale of units to Mr. Gaurav for the purpose of computing profits and gains from transfer of units?**
- a) ₹ 1,00,00,000
 - b) ₹ 1,15,00,000
 - c) ₹ 1,10,00,000
 - d) ₹ 99,00,000
- D. Assume that ₹ 1 lakh was paid in cash by Mr. Gaurav to Mr. Ram on 1.11.2023 instead of by way of account payee bank draft, what would be the income chargeable under section 56(2)(x) in the hands of Mr. Gaurav?**
- a) ₹ 15 lakh
 - b) ₹ 10 lakh
 - c) Nil, since the stamp duty value is within the permissible deviation limit
 - d) Nil, since section 56(2)(x) is not applicable in this case

Answers Key

25.A	25.B	25.C	25.D
(a)	(c)	(a)	(d)

26. **[House Property]** For the assessment year 2024-25, Mr. Sonu submits the following information:

Particulars	Building at Chennai (₹)	Building at Kochi (₹)
Municipal valuation	35,000	80,000
Standard Rent	36,000	70,000
Fair Rent	31,000	82,000
Rent received	38,000	68,000
Municipal taxes paid by tenant Mr. Ramu for building at Chennai and paid by Mr. Sonu for Building at Kochi.	3,000	4,000
Repairs paid by tenant Mr. Ramu for Chennai building and Mr. Sonu paid for Kochi building	500	18,000
Land revenue paid	2,000	16,000
Insurance premium paid	500	2,000
Interest on loan borrowed for payment of municipal tax of house property	200	400
Nature of occupation	Let out for residence	Let out for business
Date of completion of construction	1.4.1996	1.7.2008

Mr. Sonu is constructing one more building in Mumbai during the previous year 2023-24. Mr. Raju, a film director, took on rent the building under construction in Mumbai at ₹ 5,000 per month for his film shooting. The construction of the said building would be completed by April 2024. Mr. Sonu is a real estate developer and letting out properties is not the business of Mr. Sonu.

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

- A. Which of the building's income is chargeable to tax under the head "Income from house property" in the hands of Mr. Sonu?**
 - a) Building at Chennai only
 - b) Building at Kochi only
 - c) Both buildings at Chennai and Kochi
 - d) All the three buildings at Chennai, Kochi and Mumbai
- B. Which of the following payments/expenditure is allowable as deduction while computing income under the head "Income from house property" incurred in respect of the building at Chennai and Kochi?**
 - a) Municipal taxes paid by Mr. Sonu and Mr. Ramu
 - b) Municipal tax, land revenue, insurance premium, interest on loan borrowed for payment of Municipal tax paid by Mr. Sonu
 - c) Only municipal tax paid by Mr. Sonu
 - d) Both Municipal tax and repairs paid by Mr. Sonu
- C. Under which head of income, the amount received from Mr. Raju would be chargeable to tax?**
 - a) Income from house property
 - b) Profits and gains from business or profession
 - c) Income from other sources
 - d) Income from house property or Income from other sources, at the option of Mr. Sonu

- D.** What is the amount chargeable to tax under the head “Income from house property” in the hands of Mr. Sonu for the P.Y. 2023-24?
- a) ₹ 72,800
 - b) ₹ 81,200
 - c) ₹ 1,14,800
 - d) ₹ 70,700

Answers Key

26.A	26.B	26.C	26.D
(c)	(c)	(c)	(a)

27. [House Property + Capital Gains + Total Income]

Mr. Ganesha (a salaried person) has three houses. One in Thane (Maharashtra), second in Jaipur (Rajasthan) and third in Ratlam (Madhya Pradesh). Details of the flats/houses are as follows:

- **Thane flat:** 3 BHK flat purchased in April, 2003 for ₹ 90 lakhs. Afterwards, interior work done in 2006 of ₹ 15 lakhs. Mr. Ganesha took loan of ₹ 65 lakhs for purchase of this flat in 2001 and settled full loan in 2019.
- **Jaipur house:** Purchased in July, 2019 of ₹ 62 lakhs and interior work done in September, 2020 of ₹ 15 lakhs. Loan taken for purchase of this house of ₹ 15 lakhs in June, 2019. As per interest certificate, he paid ₹ 12,00,500 and ₹ 43,500 towards principal and interest, respectively, during the P.Y. 2023-24.
- **Ratlam House:** Purchased in December 2020 for ₹ 70 lakhs (stamp duty value of ₹ 65 lakhs). For acquiring this house, he took loan of ₹ 40 lakhs from Canara Bank. Loan was sanctioned on 1.8.2020. He pays EMI of ₹ 38,100 per month. As per interest certificate, for the previous year 2023-24, he paid ₹ 60,900 and ₹ 3,96,300 towards principal and interest, respectively.

Particulars	Thane House	Jaipur House (Apr-23 to Dec-23)	Ratlam House
Municipal Taxes paid by Mr. Ganesha	18,574	8,090	6,909
Municipal value (per month)	30,500	6,800	7,200
Fair Rent (per month)	33,000	7,000	7,500
Standard Rent (per month)	32,000	8,000	7,300

Other details are as follows:

- He has sold Jaipur house on 1st January, 2024 for ₹ 95 lakhs and invested ₹ 15 lakh in RECL bonds issued by the Central Government on 10th August 2024.
- Mr. Ganesha is working in WinDoor Exports Pvt Ltd, Mumbai and self-occupied Thane flat. He **earned salary** of ₹ 22,50,350 for the previous year 2023-24.
- He has no other income from any source for the P.Y. 2023-24.
- He has given Ratlam house on rent for F.Y. 2023-24 to Mr. Pratap on a monthly rent of ₹ 8,500.
- He has given Jaipur house on rent for the period of April, 2023 to June, 2023 to Mrs. Madhura Mahto on monthly rent of ₹ 7,100 and vacant for remaining period from July, 2023 to December, 2023.

Mr. Ganesha would like to shift out from section 115BAC.

Cost inflation index (CII) for the Financial Year (F.Y.) 2019-20 is 289; 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:

A. What would be Net Annual Value of each house for the previous year 2023-24?

- Thane – Nil; Jaipur – ₹ 13,210; Ratlam – ₹ 95,091
- Thane – Nil; Jaipur – ₹ 54,910; Ratlam – ₹ 95,091
- Thane – Nil; Jaipur – ₹ 21,300; Ratlam – ₹ 1,02,000
- Thane – Nil; Jaipur – ₹ 13,210; Ratlam – ₹ 80,691

B. What would be income/loss under the head “Income from house property” in the hands of Mr. Ganesha?

- Loss of ₹ 1,67,689
- Loss of ₹ 2,86,236
- Loss of ₹ 3,20,489
- Loss of ₹ 3,63,989

- C. How much amount will be carried forward as loss from house property for the subsequent assessment year 2025-26?**
- a) ₹ 3,63,989
 - b) ₹ 1,63,989
 - c) ₹ 2,00,000
 - d) ₹ 1,50,000
- D. What would the amount of capital gains chargeable to tax in the hands of Mr. Ganesha during the previous year 2023-24?**
- a) Short-term capital gains of ₹ 18,00,000
 - b) Long-term capital gains of ₹ 18,98,962
 - c) Long-term capital gain of ₹ 3,00,037
 - d) Long-term capital gain of Nil, since he is eligible for deduction u/s 54EC in respect of amount invested in RECL bonds issued by Central Government
- E. What would be the gross total income of Mr. Ganesha for the A.Y. 2024-25?**
- a) ₹ 23,50,390
 - b) ₹ 20,99,810
 - c) ₹ 23,00,390
 - d) ₹ 38,99,312

Answers Key

27.A	27.B	27.C	27.D	27.E
(a)	(d)	(b)	(c)	(c)

28. **[Depreciation & PGBP]** "LUX Enterprise" a proprietorship firm of Mr. Lucifer Mornigstar, a resident individual, in Maharashtra engaged in business of printing and publishing. The following details pertain to the assets of the business:

Particulars	Date of purchase	Date of put to use	Amount
Office building super structure constructed on leased land	30.09.2023	30.12.2023	1,85,00,000
BMW M4 convertible car	23.08.2021	25.08.2021	94,80,000
Machineries used in printing and publishing process	25.09.2023	15.10.2023	9,12,500

Notes:

- Car is also used for personal purposes; disallowance for personal use may be taken at 20%.
- Written down value of Plant & Machinery (Depreciable @15%) as on 1.4.2023 is ₹ 1,45,00,000.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions, assuming all the aforementioned assets are purchased through account payee cheque:

- A.** What would be the amount of depreciation allowable on plant and machinery (@15%) for the previous year 2023-24?
- ₹ 24,25,938
 - ₹ 23,34,688
 - ₹ 24,94,375
 - ₹ 24,03,125
- B.** What would be the WDV of plant and machinery (Depreciable@15%) as on 1.4.2024?
- ₹ 1,29,86,562
 - ₹ 1,29,18,125
 - ₹ 1,30,77,812
 - ₹ 1,30,09,375
- C.** What would the WDV of Office building superstructure constructed on leased land as on 1.4.2024?
- ₹ 1,85,00,000
 - ₹ 1,66,50,000
 - ₹ 1,75,75,000
 - ₹ 1,57,25,000
- D.** What would be the amount of depreciation allowable on BMW M4 convertible car for the previous year 2023-24?
- ₹ 13,93,560
 - ₹ 10,27,395
 - ₹ 8,80,957
 - ₹ 13,14,156

Answers Key

Question No.	Answer
28.A	(b) 23,34,688
28.B	(c) ₹ 1,30,77,812
28.C	(c) ₹ 1,75,75,000
28.D	(c) ₹ 8,80,957

29. **[Depreciation + Capital Gains + TDS]** Mr. X has set up a manufacturing unit in Chittoor, Andhra Pradesh on 1st April 2022. During the previous year 2022-23 and 2023-24, Mr. X has purchased following assets:

Date of put to use	Asset	Amount (₹)
7 Jun 2022	Plant & machinery "X"	14,75,340
25 Jul 2022	Office Furniture	7,65,400
14 Jan 2023	Plant & machinery "Y"	5,00,000
15 May 2023	Plant & machinery "Z"	8,00,000

He has paid professional fees of ₹ 35,000 each to Mr. A, Mr. B and Mr. C on 10th September 2023 credited in the books on the same day, to discuss some legal matter related to business.

The net profit computed in accordance with "Chapter IV-D - Computation of business income" of the Income-tax Act, 1961 for the previous year 2022-23 is ₹ 1.2 crore.

Mr. X has 2,000 equity shares of MNO Pvt. Ltd. On 21 October 2023, MNO Pvt. Ltd has bought back 50% shares from its shareholders amounting to ₹ 13,50,000 which were issued for ₹ 5,70,000 which include ₹ 1,15,000 towards premium.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions (Mr. X has shifted out from Section 115BAC):

- A.** What would be the amount of depreciation in respect of Plant & Machinery "Y" allowable as deduction while computing income under the head "Profit & Gains from business or profession" for the previous year 2023-24?
- ₹ 61,875
 - ₹ 1,11,875
 - ₹ 69,375
 - ₹ 63,750
- B.** What shall be the total amount of depreciation for the previous year 2023-24 allowable as deduction while computing profits and gains from business or profession?
- ₹ 3,77,481
 - ₹ 3,71,856
 - ₹ 5,54,607
 - ₹ 6,04,607
- C.** Mr. X wanted to know from you, whether tax is required to be deducted on professional fees paid to Mr. A, Mr. B and Mr. C. If tax has to be deducted, then what would be the rate and amount of tax to be deducted at source?
- Yes, TDS amounting to ₹ 7,875 @7.5% on ₹ 1,05,000 is to be deducted
 - Yes, TDS amounting to ₹ 1,575 @1.5% on ₹ 1,05,000 is to be deducted
 - No, tax is to be deducted, since amount does not exceed the threshold limit
 - Yes, TDS amounting to ₹ 10,500 @10% on ₹ 1,05,000 is to be deducted
- D.** What shall be the amount of tax payable by MNO Private Limited on buy-back of its shares?
- ₹ 2,08,500
 - ₹ 1,81,710
 - ₹ 3,14,496
 - ₹ 1,62,240

Answers Key

29.A	29.B	29.C	29.D
(b)	(d)	(d)	(b)

30. [PGBP/Firm & Return]

ABC & Co. is a partnership firm engaged in the business of sale of footwear. The partnership firm consist of three partners – A, B & C. A & B are working partners and C is a sleeping partner. The firm is liable to tax audit under section 44AB of the Act. It has a book profit of ₹ 11,50,000.

Following payments were made to partners as authorised by the partnership deed:

- Remuneration to A & B - ₹ 32,000 p.m. to each partner
- Remuneration to C - ₹ 10,000 p.m.
- Interest on capital @ 19.5% to A & B - ₹ 18,500 p.a. to each partner
- Interest on capital @ 17% to C - ₹ 10,540 p.a.

The firm has following brought forward losses of past years:

A.Y.	Business loss	Unabsorbed depreciation	Long-term capital loss
2021-22	26,000	17,600	5,300
2022-23	78,000	29,860	-
2023-24	1,05,670	54,180	13,470

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

- A. What amount of interest is allowable as deduction in the hands of firm while computing profits and gains from business or profession?**
- ₹ 29,040
 - ₹ 22,770
 - ₹ 47,540
 - ₹ 30,210
- B. What amount of remuneration not allowable as deduction in the hands of firm while computing profits and gains from business or profession?**
- ₹ 1,20,000
 - Nil
 - ₹ 1,08,000
 - ₹ 78,000
- C. What is the due date of filing of return of income for Mr. A and Mr. C for the A.Y. 2024-25?**
- 31st July 2024 for Mr. C and 30th September 2024 for Mr. A
 - 31st July 2024 for Mr. C and 31st October 2024 for Mr. A
 - 31st October 2024 for both Mr. A and Mr. C
 - 31st October 2024 for Mr. C and 31st July 2024 for Mr. A
- D. What would be the income under the head “Profits and gains from business or profession” in the hands of ABC & Co. for the A.Y. 2024-25?**
- ₹ 70,690
 - ₹ 1,72,330
 - ₹ 51,920
 - ₹ 1,53,560

Answers Key

30.A	30.B	30.C	30.D
(d)	(a)	(c)	(b)

31. [Capital Gains + IFOS + TDS + Tax Computation]

Mr. Sarthak (aged 37 years) a share broker, sold a building to his friend Anay, who is a dealer in automobile spare parts, for ₹ 120 lakh on 10.11.2023, when the stamp duty value was ₹ 150 lakh. The agreement was, however, entered into on 1.9.2023 when the stamp duty value was ₹ 140 lakh. Mr. Sarthak had received a down payment of ₹ 15 lakh by a crossed cheque from Anay on the date of agreement. Mr. Sarthak purchased the building for ₹ 95 lakh on 10.5.2018. Further, Mr. Sarthak also sold an agricultural land (situated in a village which has a population of 5,800) for ₹ 60 lakhs to Mr. Vivek on 01.03.2024, which he acquired on 15.06.2015 for ₹ 45 lakhs. Stamp duty value of agricultural land as on 1.3.2024 is ₹ 65 lakhs.

CII for F.Y. 2015-16; 254; F.Y. 2018-19: 280; F.Y. 2023-24: 348.

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

- A. What is the amount of tax to be deducted by Mr. Anay and Mr. Vivek, if any, on consideration paid or payable for transfer of building and agricultural land?**
- ₹ 1,20,000 by Mr. Anay and Nil by Mr. Vivek
 - ₹ 1,50,000 by Mr. Anay and Nil by Mr. Vivek
 - ₹ 1,50,000 by Mr. Anay and ₹ 65,000 by Mr. Vivek
 - ₹ 1,20,000 by Mr. Anay and ₹ 60,000 by Mr. Vivek
- B. What amount of capital gains is chargeable to tax in the hands of Mr. Sarthak in respect of transfer of building?**
- Long-term capital gains of ₹ 31,92,857
 - Long-term capital gains of ₹ 27,69,643
 - Long-term capital gains of ₹ 7,69,643
 - Short-term capital gains of ₹ 55,00,000
- C. Assuming that Mr. Sarthak has other income exceeding basic exemption limit, the tax liability (excluding surcharge and health and education cess) on transfer of building and agricultural land, would be -**
- ₹ 5,53,930
 - ₹ 1,53,930
 - ₹ 6,38,570
 - ₹ 16,50,000
- D. What amount of income is chargeable to tax in the hands of Mr. Anay in respect of transfer of building?**
- ₹ 20 lakh
 - ₹ 30 lakhs
 - ₹ 15 lakhs
 - Nil

Answers Key

31.A	31.B	31.C	31.D
(b)	(a)	(c)	(b)

32. [Residential Status + Salaries + Capital Gains + TDS]

Mr. Narendra Sharma, aged 54 years, an Indian citizen, carrying on retail business in Dubai. He frequently visits India for business purpose. Details of his visits in India are as follows:

1. Came to India on 03.12.2018 and left India on 26.04.2019
2. Again came to India on 09.09.2021 and left India on 10.01.2022
3. Again came to India on 27.12.2022 and left India on 20.02.2023

Afterwards he decided to shift permanently in India and closed his business in Dubai. So, he came to India on 27.11.2023 and joined Indian Company "Cosmos Heritage India Limited" at registered office in Mumbai from 01.12.2023. From December 2023, he has taken a flat on rent for ₹ 60,000 per month from Mr. Sarthak, an Indian resident, and Mr. Sarthak has provided his PAN No. to Mr. Narendra Sharma.

Following details of his salary income earned in India:

- Basic Salary – ₹ 2,75,675 per month
- COLA (Cost of Living Allowance) (forms part of retirement benefits) – ₹ 1,20,200 per month
- HRA – ₹ 1,37,838 per month
- Other Allowances – ₹ 1,56,000 per month

For the period from April 2023 to November 2023, his business income arising in Dubai is ₹ 26,00,000 and his turnover for the P.Y. 2022-23 was ₹ 95,00,000. He is not liable to pay any tax in Dubai. Such business was controlled from Dubai.

He is active in equity share trading after coming to India. Following are the details of his portfolio:

S. No	Sale/ Purchase	Company	Date of Purchase/ Sale	Qty	Price per Share (₹)	Brokerage
1.	Purchase	First Smile Ltd	10.12.2023	250	203	1.5%
2	Purchase	Rainbow Ltd	10.12.2023	50	503	1.5%
3.	Purchase	Mega Service Ltd	12.12.2023	150	82	1.5%
4.	Sale	First Smile Ltd	18.12.2023	100	325	1.8%
5.	Purchase	Mega Service Ltd	15.12.2023	110	110	1.5%
6.	Sale	Mega Service Ltd	26.12.2023	150	100	1.8%
7.	Purchase	Rainbow Ltd	28.12.2023	200	385	1.5%
8.	Purchase	Rainbow Ltd	03.01.2024	100	465	1.5%
9.	Sale	First Smile Ltd	23.03.2024	150	250	1.8%
10.	Sale	Mega Service Ltd	26.03.2024	110	110	1.8%

Rainbow Limited declared an interim dividend of 200% on 28.02.2024 (face value of each share is ₹ 10). The record date was 31.1.2024.

He has shifted out from section 115BAC.

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

- A. What is the residential status of Mr. Narendra for the previous year 2023-24?**
- Resident
 - Resident and ordinary resident
 - Non-resident
 - Deemed resident
- B. Which of the following statements is correct, in respect of dividend paid by Rainbow Ltd. to Mr. Narendra?**
- Dividend from Rainbow Ltd is exempt in the hands of Mr. Narendra. Hence, no tax is required to be deducted at source.
 - Dividend from Rainbow Ltd is taxable in the hands of Mr. Narendra but, since the dividend is less than ₹ 10,000, no tax is required to be deducted at source.
 - Dividend from Rainbow Ltd is taxable in the hands of Mr. Narendra. Tax of ₹ 525 is required to be deducted at source.
 - Dividend from Rainbow Ltd is taxable in the hands of Mr. Narendra. Tax of ₹ 700 is required to be deducted at source.
- C. What shall be the TDS liability of Mr. Narendra for rent paid to Mr. Sarthak?**
- There is no TDS liability of Mr. Narendra, since he is a salaried individual.
 - Mr. Narendra is liable to deduct TDS u/s 194-I of ₹ 6,000 for each month.
 - Mr. Narendra is liable to deduct TDS u/s 194-IB of ₹ 3,000 for each month
 - Mr. Narendra is liable to deduct TDS u/s 194-IB of ₹ 12,000 in the month of March 2024.
- D. What would be income chargeable to tax under the head "Income from Salaries" in the hands of Mr. Narendra for the A.Y. 2024-25:**
- ₹ 26,27,202
 - ₹ 26,77,202
 - ₹ 27,08,852
 - ₹ 26,58,852
- E. What is the amount of short-term capital gain chargeable to tax in the hands of Mr. Narendra on sale of shares for the P.Y. 2023-24:**
- ₹ 20,202.20
 - ₹ 21,950
 - ₹ 19,474.25
 - ₹ 19,074.95

Answers Key

32.A	32.B	32.C	32.D	32.E
(d)	(d)	(d)	(a)	(d)

33. [Capital Gains + IFOS + Clubbing of Income]

Mr. Akshaya Biyani celebrated his 26th birthday on 15th May 2023 and arranged a grand party at Radisson Blu hotel. On this occasion, he invited his friends, blood relatives and distant relatives to attend the party. The ceremony was very grand, the feast was also very spectacular. All the arrangements and decorations were absolutely wonderful. At the end of party, Mr. Akshaya was awarded by gifts and flower's bouquet as infra:

Gifts received from	Type of Gift	Remarks
Mother	One 22K Gold Chain	She purchased on the same day for ₹ 37,822
Father	One 22K Gold Bracelet	He purchased on the same day for ₹ 56,075
Wife	4 Gold Rings	She purchased these rings on 15.5.2022 for ₹ 35,500 each. Fair market value on 15 th May 2023 is ₹ 37,429 each.
Sister	Painting	This painting is made by her. Fair market value is ₹ 45,000.
Cousin brother (Father's brother's son)	One Gold chain	He purchased it on the same day for ₹ 18,200.
Closest cousins (mother's sister's sons/daughters)	I-20 Car	Value of ₹ 4,10,000
Friends and other distant relatives	Cash	₹ 1,51,000

Mr. Akshaya desires to set up a new manufacturing unit with his friend in partnership on 1.12.2023. For making investment in the firm, he sold following jewellery which he has received on his 26th birthday celebration as gifts:

- Mother's gifted Gold Chain for ₹ 42,150
- Father's gifted Gold Bracelet for ₹ 60,180
- Cousin brother's gifted Gold Chain for ₹ 20,600

His wife gave him ₹ 1 lakh as a gift so that he could invest sufficient money in the unit.

On 1st December 2023, he invested ₹ 6,00,000 (including the amount received on sale of above gifts and amount received from his wife) and his friend invested ₹ 4,00,000 in the firm.

On 1st February 2024, his wife again gave him ₹ 1 lakh as a gift to invest such money in the firm and apart from that he invested ₹ 50,000 more from his individual savings. On this day, his friend also invested ₹ 1,00,000 in the firm.

Since the firm is a manufacturing unit and at initial stage, the firm requires sufficient fund so Mr. Akshaya sold his wife's gifted Gold Rings for ₹ 40,250 each as on 31st March 2024 and he deployed the funds as partner's capital in the firm on 01st April, 2024.

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

- A. What is the amount of capital gain taxable in the hand of Mr. Akshaya for P.Y. 2023-24?**
- a) Short term capital gains ₹ 10,833
 - b) Short term capital gains ₹ 29,833
 - c) Short term capital gains ₹ 22,117
 - d) No, capital gains is taxable in his hands, since he received the capital assets as gift.
- B. What is the gift amount not considered as income under section 56(2)(x) for P.Y. 2023-24?**
- a) ₹ 8,98,613
 - b) ₹ 3,06,813
 - c) ₹ 9,16,813
 - d) ₹ 7,16,813
- C. What is the gift amount taxable in the hands of Mr. Akshaya for P.Y. 2023-24?**
- a) ₹ 1,51,000
 - b) ₹ 1,69,200
 - c) ₹ 5,79,200
 - d) ₹ 5,61,000
- D. Is any amount taxable in the hands of Akshaya's wife in respect of sale of jewellery by Mr. Akshaya, if yes, what shall be the taxable amount in her hands for P.Y. 2023-24?**
- a) No
 - b) Yes; ₹ 15,284
 - c) Yes; ₹ 19,000
 - d) Yes; ₹ 11,284

Answers Key

33.A	33.B	33.C	33.D
(a)	(c)	(a)	(c)

34. [Clubbing of Income]

Mr. Rajesh gifted ₹ 15 lakhs to his wife, Raavi, on her birthday on 23rd February, 2023. Raavi lent ₹ 6,00,000 out of the gifted amount to Karuna on 1st April, 2023 for six months on which she received interest of ₹ 30,000. The said sum of ₹ 30,000 was invested in shares of a listed company on 18th October, 2023, which were sold for ₹ 66,000 on 25th March, 2024. Securities transactions tax was paid on purchase and sale of such shares.

The balance amount of gift was invested on 1st April 2023, as capital by Raavi in her new business. She suffered loss of ₹ 22,000 in the business in Financial Year 2023-24.

Raavi is working with a Private company as sales executive at a salary of ₹ 62,000 p.m. She paid ₹ 3,500 p.m towards tuition fees for her daughter Riya studying in St. Thomas School, Mumbai.

Rajesh is working with an MNC on a monthly salary of ₹ 64,000. He has gifted ₹ 1,25,000 to Riya on her 13th Birthday. This amount is deposited as 2 years term deposits with SBI bank in her name. On which interest of ₹ 11,500 is earned during the previous year 2023-24. Both Mr. Rajesh and Mrs. Raavi wants to pay tax under section 115BAC.

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

- A. In whose hands, the interest income received from Karuna and interest on fixed deposits in the name of Riya would be included?**
- both interest income to be included in the hands of Mr. Rajesh
 - both interest income to be included in the hands of Mrs. Raavi
 - interest income from Karuna to be included in the hands of Mrs. Raavi and interest on two years term deposits to be included in the hands of Mr. Rajesh.
 - interest income from Karuna to be included in the hands of Mr. Rajesh and interest on two years term deposits to be included in the hands of Mrs. Raavi.
- B. In whose hand's loss from business and capital gains would be included in Assessment Year 2024-25? Assume that capital invested in the business was entirely out of the funds gifted by her husband.**
- Both loss from business and capital gains would be included in the hands of Mr. Rajesh
 - Both loss from business and capital gains would be included in the hands of Mrs. Raavi
 - Loss from business included in the hands of Mr. Rajesh and capital gains included in the hands of Mrs. Raavi
 - Loss from business included in the hands of Mrs. Raavi and capital gains included in the hands of Mr. Rajesh
- C. What would be the total income of Mrs. Raavi for the previous year 2023-24?**
- ₹ 6,88,000
 - ₹ 7,80,000
 - ₹ 7,41,500
 - ₹ 7,90,000
- D. What would be total income of Mr. Rajesh for the previous year 2023-24?**
- ₹ 7,26,000
 - ₹ 8,09,500
 - ₹ 8,08,000
 - ₹ 7,98,000

Answers Key

34.A	34.B	34.C	34.D
(d)	(c)	(c)	(a)

35. [House Property + Tax Computation + Section 115BAC + Advance Tax + Return]

Miss Hetal transferred to his husband, Mr. Hemant, a residential property worth ₹ 45 lakhs located in Nagpur without any consideration. The expected rent of such property is ₹ 5 lakhs. Municipal tax of ₹ 5,000 paid by Miss Hetal for this property during the previous year 2023-24.

Miss Hetal has three residential properties in Mumbai. The expected rent from the 3 properties situated in Mumbai is ₹ 10 lakhs, ₹ 11 lakhs and ₹ 12 lakhs respectively. She purchased the properties out of her own funds. Municipal taxes due are ₹ 15,000, ₹ 20,000 and ₹ 25,000. The same have, however, not been paid this year in respect of the three properties. The expected rent is lesser than the standard rent in case of all the aforementioned properties. Miss Hetal does not have any income from any other source.

Miss Hetal's father, aged 58 years had capital gains of ₹ 5 crores from sale of house property. He reinvested the proceeds from sale in another residential house of ₹ 4.98 crores and the remaining sale proceeds were deposited in his savings bank account. He has paid ₹ 1,50,000 towards LIC premium. He has no other source of income.

Miss Hetal's grandfather is aged 81 years and has interest income on fixed deposits of ₹ 6 lakhs. He has no other income for the P.Y. 2023-24. He has to fly to USA for his treatment of cancer on 31st July, 2024 and his return of income is not filed before his flying to USA.

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

- A. What is the amount of income liable to be taxed in the hands of Miss Hetal under the head "Income from House Property" for A.Y. 2024-25?**
- ₹ 7,00,000
 - ₹ 10,46,500
 - ₹ 10,50,000
 - ₹ 13,76,500
- B. What would be tax liability of Miss Hetal for the assessment year 2024-25? Compute in a manner so that her tax liability is minimum.**
- ₹ 66,300
 - ₹ 69,654
 - ₹ 69,650
 - ₹ 1,31,510
- C. Is Hetal's father required to furnish his return of income in India for the A.Y. 2024-25?**
- No, he is not required, since his income does not exceed basic exemption limit
 - Yes, he is required to furnish return of income on or before 31st July, 2024
 - Yes, he is required to furnish return of income on or before 30th September, 2024
 - Yes, he is required to furnish return of income on or before 31st October, 2024
- D. Is Miss Hetal's grandfather required to pay advance tax during the previous year 2023-24?**
- No, he is not required to pay advance tax, since he is a senior citizen
 - Yes, he is required to pay advance tax, since his tax liability exceeds ₹ 10,000
 - No, he is not required to pay advance tax, since he is a senior citizen and he is not having any income under the head "Profits and gains from business or profession"
 - Yes, he is required to pay advance tax, since his total income exceeds basic exemption limit of ₹ 5,00,000

Answers Key

35.A	35.B	35.C	35.D
(b)	(c)	(b)	(c)

36. [PGBP + Capital Gains + TDS + Setoff of losses]

Ms. Chanchal, aged 45, provides the following data of her gross receipts for the financial year 2022-23 and 2023-24. She is engaged in agency business along with providing services as tarot card reader. She is generally engaged in cash payments and cash receipts.

F.Y.	Receipts from business (₹)	Receipts from profession (₹)	Total Gross Receipts (₹)
2022-23	1,05,00,000	47,00,000	1,52,00,000
2023-24	98,00,000	49,00,000	1,47,00,000

She paid an amount of ₹ 12,00,000 to a contractor for polishing her old furniture in her self-occupied residential house property on 12.04.2023. Further on 05.06.2023, she has taken services from renowned interior designer for the same residential house property for which she paid ₹ 2,50,000.

On 28.05.2023, she sold one commercial property for ₹ 50,00,000. The stamp duty value on the date of registration is ₹ 58,00,000. The value adopted for stamp duty was ₹ 54,00,000 on the date of agreement (part payment by account payee cheque was received on the date of agreement). It was purchased for ₹ 40,00,000 on 28.06.2021. (Cost Inflation Index for F.Y. 2023-24: 348, F.Y. 2021-22: 317).

The brought forward long-term capital loss from unlisted shares of F.Y. 2022-23 is ₹ 5,50,000.

During the year, Ms. Chanchal incurred a loss of ₹ 70,00,000 while trading in the agricultural commodity derivatives (no CTT paid).

Ms. Chanchal has shifted out from section 115BAC for A.Y. 2024-25.

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

A. Is Ms. Chanchal liable to tax audit under the Income-tax Act, 1961 for the P.Y. 2023-24?

- a) Yes, as the total gross receipts exceeds ₹ 1,00,00,000
- b) No, as the gross receipts from business or profession are below the specified threshold limits.
- c) Yes, as the gross receipts from business exceeds ₹ 50,00,000
- d) Yes, as the gross receipts from profession exceeds ₹ 25,00,000

B. With respect to payment made to contractor and to the interior designer during the P.Y. 2023-24, Ms. Chanchal consulted various persons and they have the following views -

- i. She is required to deduct tax at source under section 194C and 194J, since her turnover from business for the previous year 2022-23 exceeds ₹ 1,00,00,000
- ii. She is required to deduct tax at source under section 194M on both the payments
- iii. She is not required to deduct tax at source neither under section 194C nor under section 194J, since such amounts are paid for personal purposes
- iv. She is not required to deduct tax at source under section 194M, since payment to each individual does not exceed ₹ 50,00,000

Which views are correct?

- a) (iii) and (iv) views are correct
- b) (i) view is correct
- c) (ii) view is correct
- d) (i) and (iv) views are correct

- C. What is the amount and nature of Capital gain chargeable to tax in the hands of Ms. Chanchal?**
- a) ₹ 14,00,000 and Short-term capital gain
 - b) ₹ 10,00,000 and Short-term capital gain
 - c) ₹ 10,08,833 and Long-term capital gain
 - d) ₹ 6,08,833 and Long-term capital gain
- D. What is the amount of losses which can be carried forward to A.Y. 2025-26, assuming that business income is ₹ 45,00,000 and income from profession is ₹ 25,00,000 for the P.Y. 2023-24?**
- a) ₹ 5,50,000 under section 74
 - b) ₹ 70,00,000 under section 73
 - c) No loss is required to be carried forward, since brought forward loss and current year loss are set-off against current year's income
 - d) ₹ 5,50,000 under section 74 and ₹ 70,00,000 under section 73

Answers Key

36.A	36.B	36.C	36.D
(b)	(a)	(b)	(a)

37. Mr. Abhishek Seth, aged 42 years, is working as a CEO of Soil Limited. He provides you the following information for preparation and filing of his income-tax return for the year ended 31st March 2024:

- Salary, allowances and perquisites from Soil Limited - ₹ 1,35,00,000
- Dividend from ABC Ltd. which was declared in February, 2023 and received in April, 2023 - ₹ 4,55,000
- Dividend from PRQ Ltd. declared and received in July, 2023 - ₹ 5,90,000 (Gross)
- Interest income on saving bank account in SBI - ₹ 24,530
- Long term capital gains on transfer of residential house in Mumbai on 15th December, 2023 - ₹ 1,73,540
- Short term capital gain on transfer of listed equity shares (STT paid both at the time of transfer and acquisition) of Ind Ltd. - ₹ 73,00,000

He also furnished the following details of investment/ payments made by him during the P.Y. 2023-24:

- a. Three-year post office time deposit - ₹ 25,000
- b. Contribution to PPF - ₹ 35,000
- c. Tuition fees of three children in Bharti Sr. Sec. School in Delhi - ₹ 20,000 per annum per children
- d. Subscription to NHAI redeemable bonds after 5 years on 16th March, 2024 - ₹ 2,00,000.

Further, his son Mr. Dhaval, aged 15 years, has also earned the following income:

- a. Income from a quiz competition - ₹ 25,000
- b. Interest on bank fixed deposit - ₹ 9,500

Assuming that the tax has been deducted on time, wherever applicable. Mr. Abhishek has shifted out from section 115BAC.

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

- A. What is the quantum of income of Mr. Dhaval which is to be clubbed with the income of Mr. Abhishek, if any, assuming that income of Mr. Abhishek is greater than the income of his spouse?
 - a) ₹ 34,500
 - b) ₹ 8,000
 - c) ₹ 33,000
 - d) ₹ 9,500
- B. What is the gross total income of Mr. Abhishek for A.Y. 2024-25?
 - a) ₹ 2,13,72,530
 - b) ₹ 2,14,22,530
 - c) ₹ 2,13,64,530
 - d) ₹ 2,15,46,070
- C. What is the amount of deduction allowable under section 80C to Mr. Abhishek?
 - a) ₹ 1,00,000
 - b) ₹ 1,20,000
 - c) ₹ 95,000
 - d) ₹ 75,000
- D. What shall be the tax liability of Mr. Abhishek for A.Y. 2024-25? [SATC Note: Ignore TDS]
 - a) ₹ 62,67,350
 - b) ₹ 61,04,100
 - c) ₹ 59,60,050
 - d) ₹ 61,45,610

Answers Key

37.A	37.B	37.C	37.D
(b)	(a)	(d)	(b)

38. [Deductions + Tax Computation]

M/s Abhinav & sons, a sole proprietorship is engaged in the business of manufacturing pharmaceutical products and it had started its business on 20th June 2019. Tax head of M/s Abhinav & sons furnishes you the following particulars for the year ended 31 March 2024:

- Income under the head PGBP - ₹ 5,75,22,750
- Interest on fixed deposits (Gross) - ₹ 12,50,000 [The same was received on 30th April, 2023 after deduction of tax at source]
- Donation to PM Cares Fund - ₹ 2,50,000
- Turnover during the previous year 2023-24 - ₹ 15,50,00,000

M/s Abhinav & sons has shifted out from section 115BAC. It has employed total 150 employees during the P.Y. 2022-23 with an annual increment of 10% in their monthly emoluments. Details of the same are as under:

Date of joining	No. of employees	Employee category	Monthly emoluments per employee (₹)	Participate in recognised provident fund
1.5.2022	50	Regular	26,500	Yes
1.6.2022	65	Casual	23,000	No
1.7.2022	35	Regular	22,500	Yes

Casual employees do not participate in the recognised provident fund. It has employed further 50 employees during the P.Y. 2023-24. Details of the same are as under:

Date of joining	No. of employees	Employee category	Monthly emoluments per employee	Participate in recognised provident fund
1.4.2023	20	Regular	₹ 21,000	Yes
1.8.2023	30	Regular	₹ 26,000	Yes

Emoluments to all the employees are being paid by way of account payee cheque only. No employees have left the job during P.Y. 2022-23 as well as during P.Y. 2023-24.

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

- A.** What is the due date of filing of return of income of M/s Abhinav & sons for A.Y. 2024-25?
- a) 31st July, 2024
 - b) 30th November, 2024
 - c) 30th September, 2024
 - d) 31st October, 2024
- B.** What shall be the amount of deduction available to M/s Abhinav & sons under section 80JJAA for A.Y. 2024-25?
- a) ₹ 36,38,250
 - b) ₹ 15,12,000
 - c) ₹ 46,30,500
 - d) ₹ 33,84,000
- C.** What would be the total income of M/s Abhinav & sons for the A.Y. 2024-25?
- a) ₹ 5,70,10,750
 - b) ₹ 5,48,84,500
 - c) ₹ 5,57,60,750
 - d) ₹ 5,52,64,250

- D.** What would be the tax payable of M/s Abhinav & sons for the A.Y. 2024-25?
- a) ₹ 2,47,47,810
 - b) ₹ 1,94,68,310
 - c) ₹ 2,31,92,680
 - d) ₹ 2,30,67,680

Answers Key

38.A	38.B	38.C	38.D
(d)	(a)	(b)	(d)

39. [Residential Status + Agricultural Income + Capital Gains + Tax Computation]

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 its manufacturing unit and then sells the finished product there. An income of ₹ 8,75,000 was received in Singapore out of this activity in the P.Y. 2023-24. He had purchased a residential property for ₹ 17,50,000 in Indore in April 2019. On getting an attractive deal in November, 2023, he sold the property for ₹ 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 ₹ 6,50,000.
- Cost inflation index (CII) for the Financial Year (F.Y.) 2019-20 is 289; F.Y. 2023-24: 348

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

- A. 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
- B. 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 ₹ 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
- C. Would income arising from transfer of residential property in Indore be 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 ₹ 5,68,175 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 ₹ 6,88,419 is chargeable to tax, since he is resident in India
 - (c) Yes, long term capital gain of ₹ 4,65,234 is chargeable to tax, since he is resident in India
 - (d) Yes, long term capital gain of ₹ 6,88,419 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

- D. 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.
- E. What is the tax liability of Mr. Zukaro for A.Y. 2024-25 assuming he has shifted out from section 115BAC?**
- (a) ₹ 2,14,680
 - (b) ₹ 2,23,270
 - (c) ₹ 3,04,680
 - (d) ₹ 2,81,370

Answers Key

39.A	39.B	39.C	39.D	39.E
(a)	(b)	(c)	(a)	(d)

40. [Residential Status + Deductions + Tax Computations]

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 the United States of America 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 ₹ 14,00,000 from his job in India. He paid Tuition Fee of ₹ 1,80,000 for Riya's education in DAV school.

Apart from that, Mr. Rajan also earned professional income of ₹ 60,00,000 (Gross Receipts – ₹ 90 lakhs) from India.

During the year, he also earned interest from his Indian savings bank account to the tune of ₹ 12,000 and interest from Fixed deposits with nationalized banks of ₹ 45,000.

Mr. Rajan also earned a salary income equivalent to ₹ 6,00,000 from USA for his job, on which no tax is paid or payable in USA, which was deposited in his bank account in USA and later on remitted to India. Mr. Rajan decides to shift out from section 115BAC.

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

- A. 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
- B. What would be the income chargeable to tax under the head "Salaries" in the hands of Mr. Rajan in India for F.Y. 2023-24?**
- (a) ₹ 20,00,000
 - (b) ₹ 19,50,000
 - (c) ₹ 13,50,000
 - (d) ₹ 19,60,000
- C. How much deduction is available under Chapter VI-A from the Gross Total Income of Mr. Rajan?**
- (a) ₹ 2,30,000
 - (b) ₹ 1,95,000
 - (c) ₹ 1,60,000
 - (d) ₹ 2,00,000
- D. What shall be the tax liability of Mr. Rajan for the A.Y. 2024-25?**
- (a) ₹ 22,69,810
 - (b) ₹ 22,58,940
 - (c) ₹ 22,56,080
 - (d) ₹ 22,72,670

- E. 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

Answers Key

40.A	40.B	40.C	40.D	40.E
(d)	(c)	(d)	(c)	(b)

41. [House Property + Deductions + TDS + Tax Computation + Advance Tax]

Mr. A (aged 52 years), is a CEO of XYZ Enterprise Limited. During the previous year 2023-24, he earned salary of ₹ 1,65,00,000 and long-term capital gain on sale of listed equity shares amounting to ₹ 1,06,500. He earned interest of ₹ 4,82,778 on saving bank account.

Further, he has provided the following other information for filing his return of income:

- He does not receive house rent allowance from his employer. Mr. A took a loan from State Bank of India on 27th October 2021 for repairing his house (self-occupied) at Delhi and paid interest on such borrowings of ₹ 80,000 and ₹ 1,50,000 towards principal amount during the previous year 2023-24.
- Mr. A has made the following payments towards medical insurance premium for health policies taken for his family members:

Medical premium for his brother: ₹ 13,500 (by cheque) Medical premium for his parents: ₹ 17,670 (by cheque) Medical premium for self and his wife: ₹ 21,000 (by cheque).

He also incurred ₹ 6,400 towards preventive health check-up of his wife in cash. He deposited ₹ 1,00,000 towards PPF. He also deposited ₹ 50,000 and 2,50,000 towards Tier I and Tier II NPS A/c, respectively.

- He has paid ₹ 5,30,000 as advance tax. His employer has deducted tax at source of ₹ 51,89,000. He is of the opinion the balance amount of tax, if any he will pay on 27th July 2024 (i.e. before the due date for filing of return of income).
- Mr. A has shifted out from section 115BAC.

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

- A.** What would be the amount of deduction available to Mr. A under Chapter VI-A for the assessment year 2024-25?
- (a) ₹ 2,04,070
 - (b) ₹ 2,42,670
 - (c) ₹ 2,52,670
 - (d) ₹ 2,02,670
- B.** Assume that, for the purpose of answering this question alone, that Mr. A pays rent of ₹ 65,000 per month for his rented house at Mumbai to Mr. C, a resident individual, is Mr. A liable to deduct TDS on such rent. If so, what would be the rate and amount of TDS?
- (a) Yes, Mr. A is liable to deduct TDS @ 3.75% amounting to ₹ 2,438 every month i.e., at the time of payment of such rent
 - (b) Yes, Mr. A is liable to deduct TDS @5% amounting to ₹ 3,250 every month i.e., at the time of payment of such rent
 - (c) Yes, Mr. A is liable to deduct TDS @5% amounting to ₹ 39,000 in the month of March 2024
 - (d) No, Mr. A is not liable to deduct TDS, since he is a salaried person
- C.** What would be the amount of net tax payable for the assessment year 2024-25 in the hands of Mr. A?
- (a) Tax payable of ₹ 78,230
 - (b) Tax payable of ₹ 60,290
 - (c) Tax payable of ₹ 49,530
 - (d) Tax payable of ₹ 67,470

- D.** What would be the amount of interest chargeable under section 234B on account of short payment of advance tax?
- (a) ₹ 1,980
 - (b) Nil
 - (c) ₹ 3,130
 - (d) ₹ 2,410

Answers Key

41.A	41.B	41.C	41.D
(d)	(c)	(c)	(b)