

Topic: Basics, Agriculture Income & House Property

Total Marks: 62 Marks

Time Allowed: 2 Hours

Questions:

Part-A Multiple Choice Questions

[Total 12 Marks]

1. Miss Nisha (45 years) is a non-resident individual. For the AY 2026-27, she has following income:

Long-term capital gain on transfer of equity shares ₹ 1,80,000 (Securities Transaction Tax has been paid on acquisition and transfer of the said shares)
Other income ₹ 2,75,000
Calculate the tax liability of Miss Nisha for Assessment Year 2026-27 under default tax regime.
(a) Nil
(b) ₹ 7,150
(c) ₹ 5,720
(d) ₹ 8,320
2. What is the amount of marginal relief available to Sadvichar Ltd., a domestic company, on the total income of ₹10,03,50,000 for P.Y. 2025-26 (comprising only of business income) whose turnover in P.Y. 2023-24 is ₹ 450 crore, paying tax as per regular provisions of Income-tax Act? Assume that the company does not exercise option u/s 115BAA.
(a) ₹ 9,98,000
(b) ₹ 12,67,600
(c) ₹ 3,50,000
(d) ₹ 13,32,304
3. For A.Y.2026-27, Mr. Hari, a resident Indian, earns income of ₹ 10 lakhs from sale of rubber manufactured from latex obtained from rubber plants grown by him in India and ₹ 15 lakhs from sale of rubber manufactured from latex obtained from rubber plants grown by him in Malaysia. What would be his business income chargeable to tax in India, assuming he has no other business?
(a) ₹ 3,50,000
(b) ₹ 4,00,000
(c) ₹ 8,75,000
(d) ₹ 18,50,000
4. Ms. Sowmya has three farm buildings situated in the immediate vicinity of a rural agricultural land. In the P.Y.2025-26, she earned ₹ 3 lakh from letting out her farm building 1 for storage of food grains, ₹ 10 lakh from letting out her farm building 2 for storage of dairy products and ₹ 15 lakh from letting out her farm building 3 for residential purposes of Mr. Sumanth, whose food grain produce is stored in farm building 1. What is the amount of agricultural income exempt from income-tax?

- (a) Nil
(b) ₹ 3,00,000
(c) ₹ 13,00,000
(d) ₹ 18,00,000
5. Mr. Virat has a house property in Chennai which he let out to Mr. Sumit. For acquisition of this house, Mr. Virat has taken a loan of ₹ 30,00,000 @10% p.a. on 1-4-2019. He has further taken a loan of ₹ 5 lakhs @12% p.a. on 1.7.2025 towards repairs of the house. He has not repaid any amount of loan so far. The amount of interest deduction u/s 24(b) to Mr. Virat for A.Y. 2026-27 if he opted for the provisions of section 115BAC is –
- (a) ₹ 2,00,000
(b) ₹ 2,30,000
(c) ₹ 3,45,000
(d) ₹ 3,60,000
6. Mr. Mahesh is found to be the owner of two gold chains of 50 gms each (value of which is ₹ 1,45,000 each) during the financial year ending 31.3.2026 which are not recorded in his books of account and he could not offer satisfactory explanation for the amount spent on acquiring these gold chains. As per section 115BBE, Mr. Mahesh would be liable to pay tax of –
- (a) ₹ 1,80,960
(b) ₹ 2,26,200
(c) ₹ 90,480
(d) ₹ 1,23,958

Part-B Descriptive Questions

Question: 1

Mr. Roy owns a house in Kolkata. During the previous year 2025-26, 3/4th portion of the house was self-occupied and 1/4th portion was let out for residential purposes at a rent of ₹ 12,000 p.m. The tenant vacated the property on 28th February, 2026. The property was vacant during March, 2026. Rent for the months of January 2026 and February 2026 could not be realised in spite of the owner's efforts. All the conditions prescribed under Rule 4 are satisfied.

Municipal value of the property is ₹ 4,50,000 p.a., fair rent is ₹ 4,70,000 p.a. and standard rent is ₹ 5,00,000. He paid municipal taxes @10% of municipal value during the year. A loan of ₹ 30,00,000 was taken by him during the year 2015 for acquiring the property. Interest on loan paid during the previous year 2025-26 was ₹ 1,51,000. Compute Roy's income from house property for the A.Y. 2026-27. Assume he opted out of section 115BAC. [7 Marks]

Question: 2

Compute the tax liability of Mr. B (aged 51), having total income of ₹ 1,01,00,000 for the Assessment Year 2026-27. Assume that his total income comprises of salary income, Income from house property and interest on fixed deposit and in both the regime his total income is same.

- (i) Mr. B opted default taxation regime u/s 115BAC.
- (ii) Mr. B opt out from default taxation regime and followed normal provisions. [7 Marks]

Question: 3

Mr. Raghav aged 26 years and a resident in India, has a total income of ₹ 6,50,000, comprising his salary income and interest on bank fixed deposit. Compute his tax liability for A.Y.2026-27 under default tax regime u/s 115BAC. [3 Marks]

Question: 4

Mr. X, a resident (age 40 Years), has provided the following particulars of his income for the P.Y.2025-26. i.e.

- (i) Income from salary (computed) - ₹ 15,80,000
- (ii) Income from house property (computed) - ₹ 2,50,000
- (iii) Agricultural income from a land in Assam - ₹ 4,80,000
- (iv) Expenses incurred for earning agricultural income - ₹ 1,70,000

Compute his tax liability for A.Y. 2026-27. [8 Marks]

Question: 5

Mr. Raja, a resident Indian, earns income of ₹ 10 lakhs from sale of coffee grown and cured in India during the A.Y. 2026-27. His friend, Mr. Shyam, a resident Indian, earns income of ₹ 20 lakhs from sale of coffee grown, cured, roasted and grounded by him in India during the A.Y.2026-27. What would be the business income chargeable to tax in India of Mr. Raja and Mr. Shyam? [4 Marks]

Question: 6

Mr. Akash owns a residential house property whose Municipal Value, Fair Rent and Standard Rent are ₹ 1,60,000, ₹ 1,70,000 and ₹ 1,90,000, respectively. The house has two independent units. Unit I (25% of floor area) is utilized for the purpose of his profession and Unit II (75% of floor area) is let out for residential purposes at a monthly rent of ₹ 8,500. Municipal taxes @8% of the Municipal Value were paid during the year by Mr. Akash. He made the following payments in respect of the house property during the previous year 2025-26:

Light and Water charges ₹ 2,000, Repairs ₹ 1,45,000, Interest on loan taken for the repair of property ₹ 36,000. Mr. Akash has taken a loan of ₹ 5,00,000 in July, 2019 for the construction of the above house property.

Construction was completed on 30th June, 2022. He paid interest on loan @12% per annum and every month such interest was paid. No repayment of loan has been made so far.

Income of Mr. Akash from his profession amounted to ₹ 8,00,000 during the year (without debiting house rent and other incidental expenditure including admissible depreciation of ₹ 8,000 on the portion of house used for profession).

Determine the Gross total income of Mr. Akash for the A.Y. 2026-27 ignoring the provisions of section 115BAC. [8 Marks]

Question: 7

Mr. X a resident, aged 56 years, till recently was a successful businessman filing his return of incomes regularly and promptly ever since he obtained PAN card. During the COVID Pandemic period his business suffered severely and he incurred huge losses. He was not able to continue his business and finally on 1st January, 2026 he decided to wind-up his business which he also promptly intimated to the jurisdictional Assessing Officer about the closure of his business.

The Assessing Officer sent him a notice to tax income of A.Y. 2026-27 during the A.Y. 2025-26 (PY 25-26) itself. Does the Assessing Officer have the power to do so? Are there any exceptions to the general rule “Income of the previous year is assessed in the assessment year following the previous year”? [4 Marks]

Question: 8

Mr. Tony had estates in Rubber, Tea and Coffee. He derives income from them. He has also a nursery wherein he grows and sells plants. For the previous year ending 31.3.2026, he furnishes the following particulars of his sources of income from estates and sale of plants. You are requested to compute the taxable income for the Assessment year 2026-27:

Particulars	Amt. (₹)
(1) Manufacture of rubber	5,00,000
(2) Manufacture of Coffee grown and cured	3,50,000
(3) Manufacture of Tea	7,00,000
(4) Sale of plant from Nursery	1,00,000

[4 Marks]

Question: 9

Mr. Charan grows paddy and uses the same for the purpose of manufacturing of rice in his own Rice Mill. He furnished the following details for the financial year 2025-26:

- Cost of cultivation of 40% of paddy produce is ₹ 9,00,000 which is sold for ₹ 18,50,000.
- Cost of cultivation of balance 60% of paddy is ₹ 14,40,000 and the market value of such paddy is ₹ 28,60,000.
- Incurred ₹ 3,60,000 in the manufacturing process of rice on the balance (60%) paddy. The rice was sold for ₹ 38,00,000.

Compute the Business income and Agricultural Income of Mr. Charan for A.Y. 2026-27. [5 Marks]