दक्षिणामूर्ति प्रकाशन

CRACK D TEST SERIES

CA INTER
INCOME TAX

CASE STUDY BASED MCQS

DISPELLING DOUBTS

Applicable for Jan -25 Exam

A.Y 2024-25

दक्षिणामूर्ति प्रकाशन
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दक्षिणामूर्ति प्रकाशन

॥ ॐ श्री दक्षिणामूर्तये नमः ॥

॥ गुरोस्तु मौनं व्याख्यानं शिष्यास्तुच्छिन्नसंशयाः॥

दक्षिणामूर्ति प्रकाशन

CA INTER - INCOME TAX

Case Study Based MCQs

CS 1 :-

Mr Raju, a resident individual residing at Bombay, has residential house property at Pune which is let out @ Monthly rent of Rs. 10,00,000. FMV of the same is Rs. 1,11,00,000 p.a. Mr Raju has taken a loan of Rs. 60,00,000 from Punjab national bank @ 10% interest p.a. on 01/04/2022. The outstanding amount of the loan as on 01/04/2023 was Rs. 40, 00,000. Municipal taxes of the property is Rs.2,00,000

Mr. Raju has neither paid municipal tax nor interest on housing loan. He has another house property at Mumbai which is self occupied by him. He has taken a loan of Rs. 30,00,000 @11% for construction of this house property.

During the year 2023-24 Mr Raju has sold plot of land at Nasik @ Rs. 1,50,00,000. Expenses on transfer was Rs. 5,60,000 It was purchased by him during the year 2012-13 @ Rs. 60,00,000. (CII for 2012-13 = 200)

He has sold shares of RIL @ Rs. 1,32,00,000 through recognized stock exchange and STT was paid and cost of acquisition was Rs. 42,00,000. It was purchased during the year 2021-22 from the recognized stock exchange & STT was paod on purchase of such shares.

He has sold 1500 shares of TATA Industries Ltd @ Rs. 3200 per share on 12/12/2023 from recognized stock exchange (STT paid) & which was purchased by him from recognized stock exchange (STT paid) before 6 months @ Rs. 1200 per share.

Based on the above case scenario, choose the most appropriate answer to the following questions

1 What is the total income from house property?
A) Rs.80,00,000 B) Rs.78,00,000 C) Rs.76,00,000 D) Rs.77,00,000

2 What is the amount of long term capital gain from sale of Plot of land @ Nasik?
A) Rs.80,00,000 B) Rs.40,00,000 C) Rs.46,00,000 D) Rs.47,00,000

3 What is the Long term and short term capital gain from sale of shares ?
A) Rs. 90,00,000 &32,00,000 B) Rs. 91,00,000 & 30,00,000
C) Rs. 80,00,000 & 32,00,000 D) Rs. 90,00,000 & 30,00,000

4 What is the total income of Mr Raju for A.Y. 2024-25?
A Rs. 2,40,00,000 B) Rs. 2,39,00,000 C) Rs. 2,50,00,000 D)Rs. 2,38,00,000

5 What is the amount of tax on long term capital gain shares of RIL ?
A) Rs. 9,00,000 B)Rs. 8,90,000 C)Rs. 13,50,000 D)Rs. 13,35,000

6 What is the amount of tax on long term capital gain on sale of plot of land ?
A) Rs. 4,00,000 B)Rs.6,90,000 C) Rs. 8,00,000 D) Rs. 12,00,000

7 What is the amount of tax on short term capital gain on shares of TATA Ltd ?
A) Rs. 4,50,000 B) Rs. 6,00,000 C)Rs. 3,00,000 D) Rs. 2,90,000

8 What is the amount of tax on income from house property ?
A) Rs. 24,00,000 B) Rs. 21,00,000 C) Rs. 16,00,000 D)Rs. 12,00,000

9 What is the applicable rate of surcharge on total income - in case of default tax system?
A) 10% B) 25% C) 20% D) 15%

10 What is the amount of tax payable on total income as per default tax system?
A) Rs.50,71,040 B)Rs. 52,91,520 C) Rs.50,83,000 D) Rs. 55,25,000

Ans:-

1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
A	**B**	**D**	**A**	**B**	**C**	**A**	**B**	**D**	**A**

CS-2:-

Mr. X working in a private company from last 10 years. His salary details for the financial year 2023-24 are:

i. Basic Salary 1,50,000 p.m.	iv. Transport Allowance 5,000 p.m
ii. Dearness Allowance 55,000 p.m.	v. Medical Reimbursement 20,000 paid during the year
iii. Commission 35,000 p.m.	

Mr. X resigned from the services on 30th September, 2023. He was paid gratuity of ₹ 20 lakhs on his retirement. A lumpsum amount of ₹ 36 lakhs was also paid from unrecognized provident fund. The provident fund amount consisted of employer contribution ₹ 13.20 lakhs and interest thereon ₹ 3 lakhs. The employee contribution was ₹ 16.20 lakhs and interest thereon was ₹ 3.60 lakhs.

He had taken the possession of house on 28th February, 2024 after making payment of final installment of housing loan to bank. Loan was taken on 01-04-2022. The accumulated interest as on 31st march, 2023 was ₹1.5 lakh. He made payment of ₹ 2,20,000 during the year which included interest ₹ 1,10,000. House was self occupied by him.

He started business of hiring of goods vehicle, purchased 3 small goods vehicle on 15th November, 2023 and 3 heavy vehicles having gross weight of 15 MTs each on 1st December, 2023. He did not maintain books of accounts for income and expenditure of hiring of goods vehicle. One of his friends gifted him ₹ 6 lakhs to purchase the vehicles.

He was holding 25% equity shares in CMF Ltd., an Indian company. The paid up share capital of company as on 31st March, 2023 was ₹ 20 lakh divided into 2 lakh shares of ₹ 10 each which were issued at a premium of ₹ 30 each. Company allotted shares to shareholders on 1st October, 2015. Company bought back 30% of its share on 30th April, 2023 under the provisions of Companies Act, 2013 on making payment of ₹60 per share.

He paid insurance premium of ₹ 20,000 on his life policy during the financial year 2023-24. The policy was taken in April 2011 and sum assured was ₹ 1,50,000. He also made payment of ₹ 25,000 L.I.C pension fund and premium of ₹ 40,000 towards Mediclaim policy for self and wife.

Based on the case scenario given above, choose the most appropriate answer to the following questions:- (CII for 2015 -16 →254 & for 2023-24 →348)

1 What is the amount of Taxable salary?
A Rs. 43,60,000 B Rs. 43,10,000 C Rs. 40,60,000 D Rs. 40,10,000

2 What is the total income under the head income from house property to be included in total income?
A Nil B Rs.1,40,000 C (Rs. 1,40,000) D Rs.1,00,000

3 What is the total income under the head income from business & profession?
A Rs.2,92,500 B Nil C Rs.2,90,000 D Rs. 5,00,000

4 What is the gross total income ?
A Rs.43,60,000 B Rs. 46,02,500 C Rs. 43,10,000 D Rs.55,62,500

5 What is the amount of Tax payable on total income as per default tax system?
A Rs. 15,65,850 B Rs. 14,23,500 C Rs.16,37,020 D Rs. 16,25,550

Ans:-

1	**2**	**3**	**4**	**5**
B	**A**	**A**	**D**	**A**

CS 3:-

Mr. X, an individual set up a unit in Special Economic Zone (SEZ) in the financial year 2019-20 for production of washing machines. The unit fulfills all the conditions of section 10AA of the Income-tax Act, 1961. During the financial year 2022-23, he has also set up a warehousing facility in a district of Tamil Nadu for storage of agricultural produce. It fulfills all the conditions of section 35AD. Capital expenditure in respect of warehouse amounted to ₹ 75 lakhs (including cost of land ₹ 10 lakhs). The warehouse became operational with effect from 1st April, 2023 and the expenditure of ₹ 75 lakhs was capitalized in the books on that date.

Relevant details for the F.Y. 2023-24 are as follows:

Particulars	₹
Profit of unit located in SEZ	40,00,000
Export turnover received in India in convertible foreign exchange on or before 30.9.2024	80,00,000
Domestic sales of above unit	20,00,000
Profit from operation of warehousing facility (before considering deduction under Section 35AD)	1,05,00,000

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

1) What is the total income of Mr X under default tax regime ?
A Rs. 1,38,50,000 B Rs. 48,00,000 C Rs.98,50,000 D Rs.50,00,000

2) What is the amount of deduction u/s 35AD under default tax regime?
A Rs.65,00,000 B Rs. 60,00,000 C Rs.55,00,000 D Nil

3) What is the amount of deduction u/s 35AD under regular provision of the IT ACT?
A Rs.65,00,000 B Rs.60,00,000 C Rs.55,00,000 D Rs. Nil

4) What is the amount of deduction under section 10AA under regular provision of the IT ACT?
A Rs.65, 00,000 B Rs.60, 00,000 C Rs. 32, 00,000 D Nil

5) What is the total income of Mr X under the regular provisions of the IT ACT?
A Rs.1,38,50,000 B Rs.48,00,000 C Rs.98,50,000 D 50,00,000

6) What is the Tax liability of Mr. X under default tax regime?
A Rs.46,10,580 B Rs.48,00,000 C Rs.13,02,600 D Rs. 30,64,450

7) What is the tax liability of Mr. X under regular provisions of the IT ACT – after considering AMT?
A Rs. 46,10,580 B Rs. 48,00,000 C Rs. 13,02,600 D Rs.30,64,450

Answer:-

1	2	3	4	5	6	7
A	D	A	C	B	A	D

CS 4:-

Mr. Y carries on his own business. An analysis of his trading and profit & loss for the year ended 31-3-2024 revealed the following information:

(1) The net profit was ₹ 11,20,000.

(2) The following incomes were credited in the profit and loss account:

(a) Income from UTI ₹ 22,000 (Gross)

(b) Interest on debentures ₹ 17,500 (Gross)

(c) Winnings from horse races ₹ 15,000 (Gross)

(3) It was found that some stocks were omitted to be included in both the opening and closing stocks, the value of which were:

Opening stock ₹ 8,000.

Closing stock ₹ 12,000.

(4) ₹ 1,00,000 was debited in the profit and loss account, being contribution to a University approved and notified under section 35(1)(ii).

(5) Salary includes ₹ 20,000 paid to his brother which is unreasonable to the extent of ₹ 2,500.

(6) Advertisement expenses include 15 gift packets of dry fruits costing ₹ 1,000 per packet presented to important customers.

(7) Total expenses on car was ₹ 78,000. The car was used both for business and personal purposes. ¾th is for business purposes.

(8) Miscellaneous expenses included ₹ 30,000 paid to A & Co., a goods transport operator in cash on 31-1-2024 for distribution of the company's product to the warehouses.

(9) Depreciation debited in the books was ₹ 55,000. Depreciation allowed as per Income-tax Rules, 1962 was ₹ 50,000.

(10) Drawings of ₹ 10,000 debited in the books.

(11) Investment in NSC ₹ 15,000 debited in the books.

Based on the above case scenario, choose the most appropriate answer to the following questions. (Mr. Y has exercised the option of shifting out of default tax regime.)

1 What is the total income of Mr Y under the head business & profession?

A 11, 21,500 B 11, 20,000 C 12, 26,000 D 11, 51,500

2 What is the gross total income (before deduction) of Mr Y?

A 11, 56,000 B 11,21,500 C 11,76,000 D 11,56,000

3 What is the amount of deduction u/s 80C?

A Nil B 10,000 C 20,000 D 15,000

Ans:-

1	**2**	**3**
A	**C**	**D**

CS 5:-

Ramdin, aged 33 years, working as Manager (Sales) with Frozen Foods Ltd., provides the following information for the year ended 31.03.2024:

–	*Basic Salary*	*₹ 15,000 p.m.*
–	*DA (50% of it is meant for retirement benefits)*	*₹ 12,000 p.m.*
–	*Commission as a percentage of turnover of the Company*	*0.5 %*
–	*Turnover of the Company*	*₹ 50 lacs*
–	*Bonus*	*₹ 50,000*
–	*Gratuity*	*₹ 30,000*
–	*Own Contribution to R.P.F.*	*₹ 30,000*
–	*Employer's contribution to R.P.F.*	*20% of basic salary*
–	*Interest credited in the R.P.F. account @ 15% p.a.*	*₹ 15,000*

– *Gold Ring worth ₹ 10,000 was given by employer on his 25th wedding anniversary.*

– *Music System purchased on 01.04.2023 by the company for ₹ 85,000 and was given to him for personal use.*

– *Two old light goods vehicles owned by him were leased to a transport company against the fixed charges of ₹ 6,500 p.m. Books of account are not maintained.*

– *Received interest of ₹ 5,860 on bank FDRs on 24.4.2023 and interest of ₹ 6,786 (Net) from the debentures of Indian Companies on 5.5.2023.*

– *Made payment by cheques of ₹ 15,370 towards premium on Life Insurance policies and ₹ 22,500 for Mediclaim Insurance policy for self and spouse.*

– *Invested in NSC ₹ 30,000 and in FDR of SBI for 5 years ₹ 50,000.*

– *Donations of ₹ 11,000 to an institution approved u/s 80G and of ₹ 5,100 to Prime Minister's National Relief Fund were given during the year by way of cheque.*

Based on the above case scenario, choose the most appropriate answer to the following questions (Mr. Ramdin has exercised the option to shift out of default tax regime.)

1 What is the total salary income of Mr Ramdin?
A 4,05,760 B 4,55,760 C 5,00,000 D 4,15,760

2 What is the total taxable income of Mr Ramdin?
A 4,25,760 B 5,99,160 C 4,40,690 D 4,15,760

3 What is the net tax payable by Mr Ramdin?
A Tax payable Rs.750 B Nil C Amount refundable Rs. 750 D Tax payable Rs. 9,535

Ans:-

1	**2**	**3**
A	**C**	**C**

CS 6:-

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 **(6 x 2 = 12 Marks)**

Ans:-

1	2	3	4	5	6
B	D	B	A	A	A

CS 7:-

Ms. Rita, an Indian citizen and an MBA from Howard University, was employed in AFL LLP of Country A since June, 2016. She came to India on 15.11.2023 and joined as CEO of Autofit Ltd. Ms. Rita was in India before she left for overseas education in May, 2012 and was subsequently employed outside India and never visited India thereafter.

There is no income-tax in Country A. She has earned interest income of Rs. 2,40,000 (net) in Country A and salary income from AFL LLP of Rs. 15 lakhs up to the date of her return to India in the financial year 2023-24.

Salary income (computed) of Ms. Rita from Autofit Ltd. up to 31.03.2024 is Rs. 13,50,000 and she earned dividend of Rs. 3,00,000 from shares of an Indian company.
What would be the residential status of Ms. Rita and her total income for the A.Y. 2024-25?
Q-1 What would be the residential status of Ms Rita for AY 2424-24?
A Resident & Ordinarily Resident B Non resident
C Deemed Resident D As determined by the Assessing Officer

Q-2 What would be her total income for A.Y 2024-25?
A) 13,50,000 B)3,00,000 C) 16,50,000 D) 16,00,000

Q-3 Deemed resident is always treated as
A) Resident & ordinarily resident
B) Resident & not ordinarily resident
C) Non resident
D) Resident or non resident as determined by the Assessing officer

Ans:-

1	2	3
C	C	B

CS 8:-

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 Rs. 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 Rs. 2 crores (out of which Rs. 50 lakhs was for acquisition of land and Rs. 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 Rs. 85 lakhs.

He has 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	1.6.2023	Regular	24,000
(ii)	80	1.7.2023	Regular	24,500
(iii)	50	1.7.2023	Casual	25,500
(iv)	30	1.9.2023	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. His gross revenue from the hotel is Rs. 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 Rs. 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:

1 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) Rs. 250 lakhs (b) Rs. 200 lakhs (c) Rs. 100 lakhs (d) Rs. 150 lakhs

2 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) Rs. 75 lakhs (b) Rs. 140 lakhs (c) Rs. 25 lakhs (d) (Rs. 10 lakhs)

3 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; Rs. 75,00,000

(c) Yes; Rs. 81,72,000 (d) Yes; Rs. 99,72,000

Ans: -

1	**2**	**3**
D	**A**	**A**

CS 9 :-

During the previous year 2023-24, the following transactions occurred in respect of Mr. A.

(a) Mr. A had a fixed deposit of ` 5,00,000 in Bank of India. He instructed the bank to credit the interest on the deposit @ 9% p.a. from 1-4-2023 to 31-3-2024 to the savings bank account of Mr. B, son of his brother, to help him in his education.

(b) Mr. A holds 75% profit share in a partnership firm. Mrs. A received a commission of ` 25,000 from the firm for promoting the sales of the firm. Mrs. A possesses no technical or professional qualification.

(c) Mr. A gifted a flat to Mrs. A on April 1, 2023. During the previous year 2023-24, Mrs. A's "Income from house property" (computed) was ` 52,000 from such flat.

(d) Mr. A gifted ` 2,00,000 to his minor son who invested the same in a business and he derived income of ` 20,000 from the investment.

(e) Mr. A's minor son derived an income of ` 20,000 through a business activity involving application of his skill and talent. During the year, Mr. A got a monthly pension of ` 10,000. He had no other income. Mrs. A received salary of ` 20,000 per month from a part time job.

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

Mr. A, Mrs. A and their minor child exercise the option of shifting out of the default tax regime provided under section 115BAC(1A).

1 What is the total income of Mr A ?
A) Rs. 2,10,500 B) Rs. 1,90,000 C) Rs. 20,000 D) Rs. 2,25,000
2 What is the total income of Mrs A ?
A) Rs. 2,10,500 B) Rs. 1,90,000 C) Rs. 20,000 D) Rs. 2,25,000

3 What is the total income of Mrs A ?
A) Rs. 2,10,500 B) Rs. 1,90,000 C) Rs. 20,000 D) Rs. 2,25,000

Ans: -

1	2	3
A	B	C

CS 10:-

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
- 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	1.4.2024	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	31.3.2033	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 Q.1 to Q.5 below, based on the provisions of the Income-tax Act, 1961 -

1. 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

2. What would be your answer to MCQ 1, 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.

(a) X, Y and Z

(b) X and Y

(c) X, Z and A

(d) Y and Z

3. 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?

(a) ₹ 82,170

(b) ₹ 78,500

(c) ₹ 2,28,500

(d) ₹ 2,32,170

4. What is Mr. Akash's tax liability for A.Y.2024-25 under the default tax regime under section 115BAC?

(a) ₹ 16,97,350

(b) ₹ 16,80,190

(c) ₹ 18,41,270

(d) ₹ 18,84,170

5. 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?

(a) ₹ 17,30,470

(b) ₹ 18,93,720

(c) RS. 17,29,210

(d) Rs. 17,27,500

Ans: -

1	2	3	4	5
A	C	C	B	A

CS 11

Mr. Rohan, an employee of ABC Ltd. is posted at Mumbai. He was appointed on 1st March 2023 on the scale of Rs. 60,000 - Rs. 2,000 - Rs. 80,000. Details of his other income for the previous year 2023-24 are as follows:

(i) Dearness allowance: 40% of basic salary (60% forms part of pay for retirement benefits)

(ii) Telephone allowance @Rs.500 per month.

(iii) Both Mr. Rohan and the company contribute 15% of basic salary to RPF. Interest accrued in this Fund@12% p.a. amounted to Rs. 25,800.

(iv) The company has provided him with the rent free unfurnished accommodation in Mumbai owned by the company.

(v) The salary of Rs. 2,500 p.m. of domestic servant is reimbursed by the company.

(vi) Rohan has used his own motor car of 1.8 ltr engine capacity for both official and personal purposes. The running and maintenance costs of Rs. 50,000 are borne by the company.

(vii) Professional tax paid Rs. 2,500 of which Rs. 1,500 was paid by the employer.

(viii) During the year 2022-23, Mr. Rohan gifted a sum of Rs. 6, 00,000 to Mrs. Rohan. She started a business by introducing such amount as her capital.

On 1st April, 2023, her total investment in business was Rs. 10, 00,000. During the previous year 2023-24, she has suffered a loss of Rs. 1, 20,000 from such business.

Based on the above case scenario, choose the most appropriate answer to the following questions

1 What is the amount of taxable salary for A.Y 2024-25 under normal provision of the Act?
A) 11,84,594 B) 11,34,594 C)11,82,594 D)11,32,094

2 What is the amount of business income for A.Y. 2024 -25 under normal provision of the Act?
A) Income Rs. 72,000 B) Loss Rs. 72,000
C) Income Rs. 75,000 D) Loss Rs. 75,000

3 What is the amount of total Income for A.Y 2024- 25 under normal provision of the Act?
A) 12,04,094 B) 11,34,594 C)11,82,594 D)11,32,094

Ans: -

1	2	3
D	B	D

CS 12

Mr. Raj, a resident in India, owns two house property, one in Delhi and another in Kanpur. The property in Kanpur is self-occupied by Mr. Raj, however, the property in Delhi is let out throughout the year. The particulars of the Delhi house for the P.Y. 2023-24 are as under:

Standard rent	Rs. 1,72,000 p.a.	Rent received	15,000 p.m.
Municipal valuation	Rs. 2,05,000 p.a.	Municipal tax (Paid by Mr. Raj)	5% of municipal valuation
Fair rent	Rs. 1,95,000 p. a		

Municipal tax paid by Mr. Raj on 10.6.2023 for Kanpur house is Rs. 3,500. Mr. Raj had taken a loan from SBI of Rs. 35 lakhs@12 p.a. in April, 2021 for purchase of Delhi house. The stamp duty value of this house was Rs. 40 lakhs. Mr. Raj purchased a plot in Kanpur in May, 2021 and the construction of the Kanpur house was began in June, 2021 and was completed on December, 2022. Mr. Raj took a loan of Rs. 25,00,000@10% on 1-7-2021 for the construction of this house. No repayment has been done so far for both the loans.

During the P.Y. 2023-24, Mr. Raj has earned a salary income of Rs. 18, 00,000.

1 What is the Gross Annual Value of Delhi Property for the purpose of computing income from house property?
A) 1,80,000 B) 2,05,000 C) 1,72,000 D) 1,69,750

2 What is the amount of pre construction period interest allowed against income from Kanpur house property computed under default tax regime ?
A)1,87,500 B) 37,500 C) 2,00,000 D) Nil

3 What is the amount of pre construction period interest allowed against income from Kanpur house property computed under normal tax regime ?
A)1,87,500 B) 2,00,000 C) 37,500 D) Nil

4 What is the total income under the default tax Regime ?
A) 14,48,825 B) 17,50,000 C) 20,51,175 D)14,00,000

5 What is the total income under the normal tax Regime ?
A) 14,48,825 B) 17,50,000 C) 20,51,175 D)14,00,000

Ans:-

1	**2**	**3**	**4**	**5**
A	**D**	**C**	**B**	**D**

CS 13

Mr. Rajkumar bought a residential house for Rs. 5 crores in March 2016. He entered into an agreement for sale of the said residential house with Ms. Nikita (not a relative) in July 2023 for Rs. 17 crores. The sale proceeds were to be paid in the following manner:
(i) 10% through account payee bank draft on the date of agreement.
(ii) 80% on the date of the possession of the property.
(iii) Balance after the completion of the registration of the title of the property.

Ms. Nikita was handed over the possession of the property on 10.11.2023 and the registration process was completed on 05.02.2024. She paid the sale proceeds as per the sale agreement.

Value of property for stamp duty in July 2023 was Rs. 19 crores. Subsequently, the State stamp valuation authority had revised the values, hence, the value of property for stamp duty purposes was Rs. 20 crores on 05.02.2024. Mr. Rajkumar paid 1% as brokerage on sale consideration received.

Subsequent to sale, he purchased another residential house for Rs. 13 crores in Mumbai in March 2024.

You are required to compute the capital gains chargeable to tax in the hands of Mr. Rajkumar for A.Y. 2024-25. (CII: 2015-16: 254; 2023-24: 348)

1 What is the amount of sale consideration for computing capital gain for the A Y 2024-25?
A) 17 Cr B) 19 Cr C) 20 Cr D) 18 Cr

2 What is the amount of exemption u/s 54 for AY 2024-25?
A) 10 Cr B) 13 Cr C) 12 Cr D) 2 Cr

3 What is the amount of Taxable Long term Capital Gain for A.Y 2024 -25?
A) Nil B) 9.98 Cr C) 1.98 Cr D) 3.98 Cr

4 While computing capital gain on sale of new house for A.Y 2025-26 ,what is the cost of acquisition?
A) 13 Cr B) 10 Cr C) Nil D)3 Cr

5 What is the amount of Capital Gain for A.Y 2025 -26 on sale of new house?
A) LTCG of Rs. 2 Cr B) STCG of Rs. 2 Cr
C) LTCG of Rs. 12 Cr D) STCG of Rs. 12 Cr

Ans: -

1	2	3	4	5
B	A	C	D	D

CS 14:-

Mr. Rajesh is a working partner in M/s Sunflower Associates, a partnership firm. Mr. Rajesh has contributed Rs. 15 lakhs as capital in the firm.
Partnership deed authorises payment of interest to partners @ 13% and also payment of remuneration to partners @20,000 per month. Whole of the remuneration is allowable as deduction to M/s Sunflower Associates.

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

During the P.Y. 2023-24, Mr. Rajesh has commenced a business of warehousing facility for storage of edible oil. The net profit of this business as per profit & loss account is Rs. 7,50,000. The following items are debited to Profit & Loss Account:
(i) Personal drawings Rs. 70,000
(ii) Advance income-tax paid Rs. 1,00,000
(iii) Purchase of warehouse building of Rs. 10 lakhs on 10.6.2023 for the purpose of storage of edible oil.

The following items are credited to Profit & Loss account:
(i) Interest on saving bank account with post office Rs. 15,000
(ii) Interest on fixed deposit with SBI Rs. 20,000
(iii) Dividend from Indian companies (Gross) Rs. 32,000

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

1 What is the total income under the default tax regime?
A) 29,86,500 B) 28,01,500 C) 27,00,000 D) 26,01,500

2 What is the amount of tax payable under the default tax regime?
A)5,79,070 B) 4,63,060 C) 5,19,790 D) 6,19,790

3 What is the total income under the normal tax regime?
A) 29,86,500 B) 28,01,500 C) 27,00,000 D) 26,01,500

4 What is the tax liability under the normal tax regime?
A)5,79,070 B) 4,63,060 C) 5,19,790 D) 6,19,790

Ans: -

1	2	3	4
A	C	B	A

CS 15:-

Sagar LLP is an LLP unit set up in Special Economic Zone (SEZ) in the financial year 2018-19 for manufacture of textiles. The unit fulfils all the conditions under section 10AA of the Income-tax Act, 1961. The details of this unit for the financial year 2023-24 are given:

Particulars	₹
Profits of unit located in SEZ	58,00,000
Export sales of above unit received in India in convertible foreign exchange on or before 30.9.2024	1,00,00,000
Domestic sales of above unit	60,00,000

Sagar LLP has three partners, Mr. Ram, Mr. Shyam and Mr. Ganesh. Mr. Ram and Mr. Shyam are working partners while Mr. Ganesh is a non-working partner. All the three partners are receiving remuneration of Rs. 1 lakh per month from the LLP which is already debited to the profits and loss account of the LLP.

Apart from this, Mr. Ganesh was employed in XYZ Ltd. till 30.9.2023 and having a salary of Rs. 80,000 per month. He resigned then and decided to start his own business. He set up a warehousing facility in Pune for storage of agricultural produce, fulfilling the conditions for claim of deduction under section 35AD. Capital expenditure in respect of warehouse amounted to Rs. 90 lakhs (including cost of land Rs. 30 lakhs) was incurred during the P.Y. 2023-24. The warehouse became operational with effect from 1st December 2023. The profit from operation of warehousing facility (before considering deduction under section 35AD) during the F.Y. 2023-24 is Rs. 1,10,00,000.

He pays lumpsum premium of Rs. 90,000 towards health insurance for self and his wife (age 43 years) for 36 months on 01.10.2023 by account payee cheque. He also contributes Rs. 1,50,000 towards PPF.

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

1 What is the amount of remuneration allowable as deduction to the LLP for A.Y.2024-25 under the head "Profits and gains of business or profession"?
(a) Rs. 36.00 lakhs (b) Rs. 57.30 lakhs (c) Rs. 35.70 lakhs (d) Rs. 24.00 lakhs

2 What is the amount of deduction available under section 10AA to Sagar LLP and under section 35AD to Mr. Ganesh while computing income under the regular provisions of the Income-tax Act, 1961 for A.Y.2024-25?
(a) Rs. 36.25 lakhs and Rs. 60 lakhs, respectively
(b) Rs. 21.875 lakhs and Rs. 60 lakhs, respectively
(c) Rs. 18.125 lakhs and Rs. 60 lakhs, respectively
(d) Rs. 21.875 lakhs and Rs. 90 lakhs, respectively

3. What is the total income of Mr. Ganesh under the regular provisions of the Income-tax Act, 1961 for A.Y.2024-25?
(a) Rs. 52,57,500 (b) Rs. 52,55,000 (c) Rs. 53,05,000 (d) Rs. 64,55,000

4. What is the tax liability (rounded off) of Mr. Ganesh under default tax regime under section 115BAC for A.Y.2024-25?
(a) Rs. 37,42,280 (b) Rs. 40,18,560
(c) Rs. 36,34,640 (d) Rs. 40,65,200

5. What is the tax liability (rounded off) of Mr. Ganesh if he has opted out of the default tax regime for A.Y.2024-25?
(a) Rs. 15,89,870 (b) Rs. 24,24,460
(c) Rs. 15,89,020 (d) Rs. 24,90,280

Ans: -

1	2	3	4	5
D	B	A	C	B

CS 16:-

Mr. Mayank, a resident individual, furnished the following information in respect of income earned and losses incurred by him for the F.Y. 2023-24

Particulars	Amount (₹)
Income from Salary (Computed)	27,40,000
Long term capital loss on sale of shares of Reliance Ltd. STT has been paid both at the time of acquisition and sale	(1,25,000)
Income from let out property in Kanpur	5,50,000
Loss from let out property in Delhi	(3,75,000)
Interest on self-acquired property in Mumbai	(1,50,000)
Net winnings from online games (Net of TDS)	35,000
Profit and gains from manufacturing business (after deducting normal depreciation of ₹ 2,00,000 and additional depreciation of ₹ 50,000)	36,86,000

The other details of losses and unabsorbed depreciation pertaining to A.Y. 2023-24 are as follows:

Business loss from manufacturing Business	(5,35,000)	Loss from Activity of owning & maintaining race horses	(1,50,000)
Unabsorbed normal depreciatiion	(2,10,000)	Loss from Let out property in Delhi	(2,10,000)

Mr. Mayank filed his return of income for A.Y. 2023-24 on 28.7.2023 and opted for section 115BAC.

Based on the above case scenario, choose the most appropriate answer to the following questions

1 What is the total income from house property?
A) 1,75,000 B) 3,75,000 C) 5,50,000 D) (3,75,000)

2 What is the total income under the head business & profession?
A) 37,36,000 B) 36,86,000 C) 36,96,000 D) 29,91,000

4 What is the gross total income of Mr Mayank for the A. Y 2024-25?
A) 59,96,000 B) 59,56,000 C) 59,06,000 D) 59,00,000

Ans: -

Q-1	Q-2	Q-3
A	**D**	**B**

CS 17:-

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

1. Salary incudes wages of Rs. 15,000 p.m. each paid to 1 security guard, 2 housekeeping staff in cash.

2. Other administration expenses include Rs. 70,000 paid in cash (Payment in a day is less than Rs. 8,000).

3. Interest charges includes interest payable on loan to Kamal of Rs. 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 Q.1 to Q.5 below –

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

2. What would be your answer to MCQ 1, assuming for the purpose of answering this MCQ and MCQ 3 that Mr. Naveen has additionally received Rs. 10 lakhs by way of crossed cheque [out of turnover] during the P.Y. 2023-24?
(a) No, since turnover of Mr. Naveen exceeds the threshold limit of Rs. 2 crore.
(b) No, since the aggregate cash receipts during the year exceed 5% of turnover.
(c) No, as cash payments during the year exceed 5% of aggregate payments.
(d) No, due to both (a) and (b)

3. Is Mr. Naveen required to get his books of account audited during the P.Y. 2023-24?
(a) No, since turnover of Mr. Naveen does not exceed the threshold limit of Rs. 10 crores.
(b) Yes, since amount received in cash during the year exceeds 5% of turnover.
(c) Yes, since cash payments during the year exceed 5% of aggregate payments.
(d) No, since the amount received in cash during the year does not exceed 5% of total amount received.

4. What is the amount of profits and gains of business chargeable to tax in the hands of Mr. Naveen as per books of account?
(a) Rs. 10,50,000 (b) Rs. 16,11,000 (c) Rs. 16,81,000 (d) Rs. 16,60,000

5. 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?
(a) Rs. 17,40,000 (b) Rs. 16,96,000 (c) Rs. 22,40,000 (d) Rs. 16,80,000

Ans: -

1	2	3	4	5
C	D	C	B	A

CS 18:-

Mr. Anand, a resident Indian aged 45 years, has provided you the following information for the previous year ended on 31.03.2024

(i) He owns an industrial undertaking established in a SEZ and which had commenced operation during the financial year 2019-20. Total turnover of the undertaking was Rs. 200 lakhs. Export turnover received in India in convertible foreign exchange on or before 30.9.2024 is Rs. 120 lakhs. This industrial undertaking fulfills all the conditions of section 10AA of the Income-tax Act, 1961. Profit from this industry is Rs. 35 lakhs.

(ii) Mr. Anand sold equity shares of different Indian companies on 14th March, 2024:

Name	Sale value (per share)	Purchase price (per share)	Acquired on	No. of shares	FMV as on 31.1.2018
Sam Ltd.	₹ 150	₹ 120 (STT paid at acquisition)	2nd Feb, 2024	2000	-
Jam Ltd.	₹ 100	₹ 72 (STT paid at acquisition)	16th April, 2017	1250	50

CII – F.Y. 2017-18: 272; F.Y. 2023-24: 348

Sale proceeds were subject to brokerage of 0.1% and securities transaction tax of 0.125% on the gross consideration.
He made payment of Rs. 90,000 on 1.9.2023 vide cheque towards medical insurance as lumpsum premium for himself and his wife till 31.8.2027. He also made cash payment of Rs. 7,500 towards preventive health checkup for himself and his wife.

(iv) He received royalty of Rs. 2,88,000 from abroad for a book authored by him in the nature of artistic. The rate of royalty as 16% of value of books and expenditure made for earning this royalty was Rs. 40,000. The amount remitted to India till 30th September, 2024 is Rs. 2, 50,000.

(v) He received income-tax refund of Rs.15, 750 (including interest Rs. 1,750) relating to the assessment year 2023-24.

(v) He occupies ground floor of his residential building and has let out first floor for residential use for a monthly rent of Rs. 15,000. He has paid municipal taxes of Rs. 30,000 for the current financial year. Both floors are of equal size. He has taken a loan from bank of Rs. 50 lakhs for the construction of this property in 2020 and has repaid Rs. 2, 05,000 (including interest Rs.1, 00,000) during the year 2023-24.

(vi) Mr. Anand deposited Rs. 1,30,000 in Public Provident Fund and Rs. 80,000 in 5 years term deposit in the name of his minor son, Aman.

Based on the above case scenario, choose the most appropriate answer to the following questions

1) What is the total income of Mr X under default tax regime ?
A Rs. 39,09,830 B Rs. 13,76,830 C Rs. 39,00,000 D Rs. 13,00,000

2) What is the amount of tax payable of Mr X under default tax regime?
A Rs. 8,88,000 B Rs. 8,87,670 C RS. 2,14,380 D 2,14,000

3) What is the total income of Mr X under regular/normal tax regime?
A Rs. 39,09,830 B Rs. 13,76,830 C Rs. 39,00,000 D Rs. 13,00,000

4) What is the amount of tax payable of Mr X under regular/normal tax regime?
A Rs. 8,88,000 B Rs. 8,87,670 C RS. 2,14,380 D 2,14,000

Ans: -

1	2	3	4
A	B	B	C

CS 19:-

Mrs. Sarika, an Indian citizen, is in employment with an overseas company located in UAE. She is not liable to tax in UAE. During the P.Y. 2023-24, she comes to India for 121 days. She was in India for 50 days, 100 days, 76 days and 145 days in the financial years 2019-20, 2020-21, 2021-22 and 2022-23, respectively. Her annual income for the previous year 2023-24 is as follows:

	Particulars	Amount (₹)
(i)	Salary accrued or arisen in UAE	15,00,000
(ii)	Income accrued and arisen in India	2,00,000
(iii)	Income deemed to be accrued and arisen in India	7,00,000
(iv)	Income arising and received in UAE, from a business set up in India	5,00,000
(v)	Life Insurance premium paid by cheque in India	1,00,000

Mrs. Sarika has opted out of the default tax regime under section 115BAC.

Based on the above case scenario, choose the most appropriate answer to the following questions

1 What is the residential status of Sarika for A. Y 2024-25?

A Resident and ordinarily resident

B Resident but not ordinarily resident

C Non-resident

D Deemed resident

2 What is the total income of Mrs. Sarika for the A.Y 202425?

A Rs. 8,00,000 B Rs. 9,00,000 C Rs. 13,00,000 D Rs. 15,00,000

Ans: -

1	**2**
C	**A**

CS 20:-

Mr. Anshul, a salaried employee in a private company, furnishes you the following information for the year ended on 31-03-2024:

(i) Basic salary Rs. 75,000 p.m. From 1st December 23, basic salary increased to 85,000 p.m.

(ii) Dearness allowance @50% of basic salary (40% of D.A. forms part of salary for retirement benefits).

(iii) Entertainment allowance Rs. 10,000

(iv) Contribution of employer to recognized provident fund account of the employee @18% of basic salary. Employees also contribute an equivalent amount.

(v) Professional tax paid Rs. 2,200 of which Rs. 1,800 was paid by the employer.

(vi) House rent allowance of Rs. 16,000 p.m. He paid rent of Rs. 17,000 p.m. for accommodation in Meerut.

(vii) Conveyance allowance of Rs. 1,500 p.m. by the company towards actual reimbursement of conveyance spent on official duty.

(viii) Loan of Rs. 2,00,000 was taken from the employer on 1.7.2023 for medical treatment of his brother for tuberculosis treatment. Interest charged on such loan is 5%. The entire loan is outstanding as on 31.3.2024. No medical insurance has been taken for his brother. SBI rate of interest on 1.4.2023 was 11%.

(ix) Free education was provided to the sister of Mr. Anshul in a school maintained and owned by the company. The cost of such education facility is computed at Rs. 900 p.m. No amount was recovered by the company for such education facility from Anshul.

(viii) Leave travel concession given to Anshul, his wife and three children (one daughter aged 6 and twin sons aged 4). Cost of air tickets (economy class) reimbursed by the employer Rs. 20,000 for adults and lumpsum of Rs. 25,000 for three children. Anshul is eligible for availing exemption this year to the extent it is permissible under the Income-tax Act, 1961.

Anshul has shifted out of default tax regime.

Based on the above case scenario, choose the most appropriate answer to the following questions

1 What is the amount of taxable HRA?
A Rs. 1, 92,000 B Rs. 1, 82,000 C RS. 1, 80,000 D Rs.1,00,800

2 What is the amount of deduction from salary?
A Rs. 50,000 B Rs. 75,000 C Rs.52, 200 D RS. 51,000

3 What is the amount of taxable salary?
A Rs. 15, 15,040 B Rs. 15, 67,240 C Rs. 16, 00,000 DRs. 15, 00,000

Ans: -

1	**2**	**3**
D	**C**	**A**

CS 21:-

Karan, a resident aged 50 years, furnishes the following information for the year ended on 31-03-2024:

Particulars	Amount (₹)
Salary (Gross)	2,75,000
Income from let out house property	(2,85,000)
Interest on loan paid for self-occupied house property	1,20,000

Income from sale of rubber products from rubber plants	2,00,000
Business income - Retail business	1,20,000
Business income - wholesale business	(1,00,000)
Brought forward business loss (A.Y. 2023-24)	(1,35,000)
Dividend received from ABC Ltd., an Indian company carrying on agricultural operations	13,500
Long term capital gain from sale of listed equity shares (STT paid on sale and purchase of shares)	2,00,000
Short-term capital gains on sale of shares	(1,10,000)
Lottery winnings (gross)	45,000
Contribution to provident fund and NSC	1,50,000
Income of minor son Raju from special talent	1,50,000
Interest from Bank received by Raju on deposit made out of his special talent	10,000

Based on the above case scenario, choose the most appropriate answer to the following questions Karan follows default tax regiem.

1 What is the total taxable amount of income from business & profession?
A Rs. 1,90,000　　B Rs. 90,000　　C Rs. Nil　　D Rs. 1,00,000

2 What is the total income from other sources?
A Rs. 70,000　　B Rs. 68,500　　C Rs. 67,000　　D RS. 55,000

3 What is the amount of total income?
A Rs. 4,85,000　　B Rs. 3,85,000　　C Rs. 3,00,000　　D Rs. 4,50,000

Ans:-

1	2	3
C	A	B

CS 22 :-

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 Rs. 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 Rs. 23,975 towards income-tax refund which includes Rs. 5,775 towards interest on income-tax refund. On 15th August, 2023, the bank statement showed a credit of Rs. 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 retuned 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:

1 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

2 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 Rs. 39,000 under section 194-IB
(c) Yes, Mr. Arjun is required to deduct tax at source of Rs. 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

3 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 Rs. 10,000

Ans:-

1	**2**	**3**
C	**D**	**D**

CS 23

Mr. Amit, having business of manufacturing of furniture, gives the following Trading and Profit & Loss Account for the year ended 31.03.2024:

Trading and Profit & Loss Account

Particulars	₹	Particulars	₹
Opening Stock	5,62,500	Sales	2,33,25,000
Purchases	1,88,62,500	Closing Stock	6,75,000
Freight & Cartage	1,89,000		
Gross profit	43,86,000		
	2,40,00,000		**2,40,00,000**
Bonus to staff	71,250	Gross profit	43,86,000
Rent of premises	80,250	Income-tax refund	30,000
Advertisement	7,500	Warehousing charges	22,50,000
Bad Debts	1,12,500		
Interest on loans	2,51,250		
Depreciation	1,07,250		
Goods and Services tax demand paid	1,62,525		
Salary	5,50,000		
Miscellaneous expenses	2,38,475		
Net profit	50,85,000		
	66,66,000		**66,66,000**

Following are the further information relating to the financial year 2023-24:
(i) Income-tax refund includes amount of Rs. 4,570 of interest allowed thereon.

(ii) Salary include Rs. 30,000 paid to his brother which is unreasonable to the extent of Rs. 5,000.

(iii) Advertisement expenses include an amount of Rs. 2,500 paid for advertisement published in the souvenir issued by a political party. The payment is made by way of an account payee cheque.

(iv) Miscellaneous expenses include an amount of Rs. 1,00,000 paid to Political Party by cheque.
(v) Goods and Services Tax demand paid includes an amount of Rs. 5,300 charged as penalty for delayed filing of returns and Rs. 12,750 towards interest for delay in deposit of tax.

(vi) Mr. Amiit had purchased a warehouse building of Rs. 20 lakhs in rural area for the purpose of storage of agricultural produce. This was made available for use from 15.07.2023 and the income from this activity is credited in the Profit and Loss account under the head "Warehousing charges".

(vii) Depreciation under the Income-tax Act, 1961 works out at Rs. 65,000 excluding depreciation on warehouse building.

(viii) Interest on loans includes an amount of Rs. 80,000 paid to Mr. Mohit, a resident, on which tax was not deducted.

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

1 What is the total income under the default tax regime?
A 50,38,620 B 31,38,620 C 50,00,000 D 32,38,620

2 What is the amount of tax payable under the default tax regime?
A 12,38,620 B 12,88,170 C 12,00,000 D 9,50,190

3 What is the total income under the normal tax regime?
A 50,38,620 B 31,38,620 C 50,00,000 D 32,38,620

4 What is the tax liability under the normal tax regime – after considering AMT?
A 12,38,620 B 12,88,170 C 12,00,000 D 9,50,190

Ans:-

1	2	3	4
A	B	B	D

CS 24:-

Mr. Raja, an Indian citizen, aged 61 years, has set-up his business in Canada and is residing in Canada since 2009. He owns a house property in Canada, half of which is used by him for his residence and half is given on rent (converted into INR is Rs. 12,00,000 p.a.).

He purchased a flat in Delhi on 13.10.2019. He has taken a loan from Canara Bank in India of Rs. 34,00,000 for purchase of this flat. The interest on such loan for the F.Y. 2023-24 was Rs. 3,14,000 and principal repayment was Rs. 80,000. Mr. Raja has given this flat on monthly rent of Rs. 32,500 since April, 2023.

The annual property tax of Delhi flat is Rs. 40,000 which is paid by Mr. Raja, whenever he comes to India to meet his parents. Mr. Raja visited India for 124 days during the previous year 2023-24. Before that he visited India in total for 366 days during the period 1.4.2019 to 31.3.2023.

He had a house in Ranchi which was sold in May 2021. In respect of this house, he received arrears of rent of Rs. 2,96,000 in February 2024 (not taxed earlier).
Mr. Raja has sold 10,000 listed shares @ Rs. 480 per share of A Ltd., an Indian company, on 15.9.2023, which he acquired on 05-04-2017 @ Rs. 100 per share. STT was paid both at the time of acquisition as well as at the time of transfer of such shares.

On 31-01-2018, the shares of A Ltd. were traded on a recognized stock exchange as under:
A Highest price - Rs. 300 per share B Average price - Rs. 290 per share
C Lowest price - Rs. 280 per share
Mr. Raja wants to pay tax under 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:-

1 What would be the residential status of Mr. Raja for the A.Y. 2024-25?
A Resident and ordinarily resident in India B Resident but not ordinarily resident in India
C Non-resident D Deemed resident

2 What would be amount of income taxable under the head "Income from house property" in the hands of Mr. Raja for the A.Y. 2024-25?
A Rs. 2,52,200 B Rs. 1,38,200 C Rs. 9,78,200 D Rs. 10,92,200

3 What amount of capital gain would arise in the hands of Mr. Raja on transfer of shares of A Ltd?
A Rs. 18,00,000 B Rs. 19,00,000 C Rs. 20,00,000 D Rs. 38,00,000

Ans:-

1	2	3
B	**B**	**A**

CS 25:-

Mr. Akshay (aged 59 years), an Indian citizen, travelled frequently out of India for his business trip as well as for his outings. He left India from Delhi airport on 20th April 2023 and returned on 15th October 2023. He has been in India for less than 700 days during the 7 years immediately preceding the previous year. Determine his residential status and his total income for the assessment year 2024-25 from the following information:

(1) Long term capital gain on sale of shares of Shama India Ltd., a listed Indian company, amounting to Rs. 1,12,000. The sale proceeds were credited to his bank account in UK.

(2) Dividend amounting to Rs. 40,000 received from RIL Ltd., an Indian company. He had borrowed money from Mr. Abhay, a nonresident Indian, for the above-mentioned investment on 2nd April, 2023. Interest on the borrowed money for the P.Y. 2023-24 amounted to Rs. 10,000.

(3) Interest on post office saving bank account amounting to Rs. 9,500.

Mr. Akshay has shifted out of the default tax regime and wants to pay tax under normal provisions of the Act.

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

1 What would be the residential status of Mr. Akshay for the A.Y. 2024-25?
A Resident and ordinarily resident in India
B Resident but not ordinarily resident in India
C Non-resident
D Deemed resident

2 What is the amount of deduction u/s 80TTA?
A Rs. 9,500
B Rs. 7,000
C Rs. 3,500
D Rs. 6,000

3 What is the total income of Mr Akshay for A Y 2024 – 25?
A Rs. 1,44,000
B Rs. 1,50,000
C Rs. 1,60,000
D Rs. 1,75,000

Ans: -

1	2	3
B	**D**	**A**

CS 26:-

Mr. Anay (aged 52 years), is a CEO of XYZ Enterprise Limited. During the previous year 2023-24, he earned salary of Rs. 1,65,00,000 and long-term capital gain on sale of listed equity shares (STT paid) amounting to Rs. 1,06,500. He earned interest of Rs. 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. Anay 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 Rs. 80,000 and Rs. 1,50,000 towards principal amount during the previous year 2023-24.

Mr. Anay has made the following payments towards medical insurance premium for health policies taken for his family members:
Medical premium for his brother: Rs. 13,500 (by cheque)
Medical premium for his parents: Rs. 17,670 (by cheque)
Medical premium for self and his wife: Rs. 21,000 (by cheque).
He also incurred Rs. 6,400 towards preventive health check-up of his wife in cash. He deposited Rs. 1,00,000 towards PPF. He also deposited Rs. 50,000 and Rs. 2,50,000 towards Tier I and Tier II NPS A/c, respectively.

He has paid Rs. 5,30,000 as advance tax. His employer has deducted tax at source of Rs. 51,89,000. He is of the opinion that the balance amount of tax, if any, he will pay on 27th July 2024.

Mr. Anay 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:-

1 What would be the amount of deduction available to Mr. Anay under Chapter VI-A for the assessment year 2024-25?

(a) Rs. 2,04,070 (b) Rs. 2,42,670 (c) Rs. 2,52,670 (d) Rs. 2,02,670

2 Assume that, for the purpose of answering this question alone, that Mr. Anay pays rent of Rs. 65,000 per month for his rented house at Mumbai to Mr. C, a resident individual. Is Mr. Anay liable to deduct TDS on such rent? If so, what would be the rate and amount of TDS?

(a) Yes, Mr. Anay is liable to deduct TDS @ 3.75% amounting to Rs. 2,438 every month i.e., at the time of payment of such rent

(b) Yes, Mr. Anay is liable to deduct TDS @5% amounting to Rs. 3,250 every month i.e., at the time of payment of such rent

(c) Yes, Mr. Anay is liable to deduct TDS @5% amounting to Rs. 39,000 in the month of March 2024

(d) No, Mr. Anay is not liable to deduct TDS, since he is a salaried person

3 What would be the amount of interest chargeable under section 234B on account of short payment of advance tax?

(a) Rs. 1,980 (b) Nil (c) Rs. 3,130 (d) Rs. 2,410

Ans:-

1	**2**	**3**
D	**C**	**B**

CS 27:-

Mr. Amit, aged 45 years, a resident Indian has provided you the following information for the previous year ended 31.03.2024

(i) He received royalty of Rs. 2,88,000 from abroad for a book authored by him in the nature of artistic. The rate of royalty as 18% of value of books and expenditure made for earning this royalty was Rs. 40,000. The amount remitted to India till 30th September, 2024 is Rs. 2,30,000.

(ii) He owns an industrial undertaking established in a SEZ and which had commenced operation during the financial year 2021-22. Total turnover of the undertaking was Rs. 200 lakhs, which includes Rs.140 lakhs from export turnover which have been received in India in convertible foreign exchange on or before 30.9.2024. Profit from this industry is Rs. 20 lakhs.

(iii) He was holding 30% equity shares in TSP (P) Ltd., an Indian company. Company allotted shares to shareholders on 1st October, 2020. The paid up share capital of company is Rs. 20 lakh divided into 2 lakh shares of Rs. 10 each which were issued at a premium of Rs. 30 each.
He sold all these shares on 30th April, 2023 for Rs. 60 per share. Equity shares of TSP (P) Ltd. are listed on National Stock Exchange and Mr. Amit has paid STT both at the time of acquisition and transfer of such shares. FMV on 31.1.2018 was Rs. 50 per share.

(iv) Received Rs. 30,000 as savings bank deposits.

(v) He occupies ground floor of his residential building and has let out first floor for residential use at an annual rent of Rs. 2,28,000. He has paid municipal taxes of Rs. 60,000 for the current financial year. Both floor are of equal size.

(vi) He paid insurance premium of Rs. 39,000 on life insurance policy of son, who is not dependent on him and Rs. 48,000 on life insurance policy of his dependent father.

(vii) He paid tuition fees of Rs. 42,000 for his three children to a school. The fees being Rs. 14,000 p.a. per child.

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

1) What is the total amount of deduction under chapter VI of the Income tax Act?
A) Rs. 2,57,000 B) Rs. 2,67,000 C) Rs. 2,00,000 D) Rs. 2,50,000

2) What is the total income after deduction?
A) Rs.27,49,600 B)Rs. 27,59,600 C) Rs 30,16,600 D) Rs. 30,16,000

3) What is the amount of tax payable ?
A) Rs. 5,27,680 B) Rs. 5,65,000 C)Rs. 5,65,580 D) Rs. 5,76,000

Ans: -

1	**2**	**3**
B	**A**	**C**

CS 28:-

The profit and loss account of Mr. X for the year ending 31st March, 2024 discloses net profit of ₹3,90,000. Travelling expenses debited to the profit and loss account include the following:
(i) ₹1,80,000 being expenditure incurred on a foreign tour, out of which ₹15,000 is incurred in Indian currency and ₹1,65,000 in foreign currency for a visit of 8 days to Germany; out of 8 days, 2 days are utilized by Mr. X for attending personal work.

(ii) ₹45,000 being expenditure on air–fare in India by a sales manager.
(iii) ₹6,500 incurred for purchasing a machine for factory. (Put to use for more than 180 days)
(iv) ₹66,000 being hotel expenses as follows:
(a) 4 days visit to Madras : ₹ 18,000
(b) 3 days visit to Bombay : ₹ 8,000
(c) 17 days visit to Bangalore :₹ 40,000

Salary to employees include the following:
Own salary of Mr. X : ₹ 26,000
Commission on purchases to employees :- (which is actually paid on 1st November, 2024): ₹42,000

Based on the above case scenario, choose the most appropriate answer to the following questions

1) What is the amount of allowable depreciation u/s 32?
A Rs. 975 B Rs. 1025 C Rs. 1200 D Rs. 900

2) What is the total income of Mr. X?(rounded off to nearest multiple of Rs. 10)
A Rs. 5,05,530 B 6,00,000 C Rs. 5,08,530 D Rs. 5,10,530

3)What is the total tax liability of Mr X?
A Rs. 11,000 B Nil C Rs. 10,635 D Rs. 12,000

Ans:-

1	2	3
A	C	B

CS 29:-

ABC Ltd., a manufacturing company, which maintains accounts under mercantile system has disclosed a net profit of ₹12.50 lakhs for the year ending 31st March, 2024.:

(i) Advertisement expenditure includes the sum of ₹60,000 paid in cash to the sister concern of a director, the market value of which is ₹52,000.

(ii) Repairs of plant and machinery includes ₹1.80 lakhs towards replacement of worn out parts of machineries.
(iii) A sum of ₹6,000 on account of liability foregone by a creditor has been taken to general reserve. The same was charged to the revenue account in the Assessment Year 2021-22.

(iv) Sale proceeds of import entitlements amounting to ₹ 1 lakh have been credited to profit and loss account, which the company claims as capital receipt not chargeable to income tax.

(v) The company has donated ₹2,00,000 to National Urban Poverty Eradication Fund. The amount has been debited to the profit and loss account.

(vi) Being also engaged in the biotechnology business, the company incurred the following expenditure on in- house research and development as approved by the prescribed authority:
(a) Research equipment purchased ₹1,50,000.
(b) Remuneration paid to scientists ₹ 50,000.
The total amount of ₹2, 00,000 is debited to the profit and loss account.

1 What is the amount of total income of ABC Ltd. For A.Y. 2024-25?
A 13,15,000 B 13,16,000 C 12,50,000 D 13,10,000

2 What is the amount of tax liability for A.Y. 2024-25?
A 4,10,590 B 4,08,720 C 3,90,000 D 4,11,000

Ans:-

1	2
B	A

CS 30:-

Mr. B is a sales manager in PQR Ltd. During FY 2023-2024 he has received the following towards his salary and allowances / perquisites;

(i) Basic pay ₹85,000 per month upto December 2023 and thereafter an increase of ₹2,000 per month.

(ii) Dearness allowance 40% of basic pay forming part of retirement benefits.

(iii) Bonus 1 month basic pay based on the salary drawn during January month every year.

(iv) He contributes 14% of his basic pay & Dearness Allowance towards his recognized provident fund and his employer company contributes the same amount.

(v) Travelling allowance of ₹5,000 per month towards on duty tours.

(vii) Research and training allowance ₹3,000 per month.

(viii) Children education allowance of ₹600 per month, per child for his 2 sons and 1 daughter.

(ix) Accommodation owned by PQR Ltd. was provided to him in Hyderabad for the whole year and furniture of ₹2,00,000 was provided from 1st October, 2023.

(ix) Reimbursement of medical expenses on his treatment in private hospital – ₹15,000, medical allowance ₹1,500 per month. Company has paid premium on medical policy purchased on his health ₹12,500.

Based on the above case scenario, choose the most appropriate answer to the following questions. Also assume that he has spent whole travelling allowance for official duty.

Q-1 What is the taxable value of perquisites of rent free furnished accommodation under default tax regime u/s115BAC?

A 1,59,900 B 1,69,900 C 1,59,660 D 1,69,660

2 What is his total income chargeable to tax under the head "Income from Salary", if he does not opt for the provisions under section 115BAC.

A 17,59,988 B 17,62,628 C 18,09,988 D None

3 What is his total income chargeable to tax under the head "Income from Salary", if he opts for the provisions under section 115BAC.

A 17,59,988 B 17,62,628 C 18,09,988 D None

Ans:-

Q-1	Q-2	Q-3
B	A	B

CS 31:-

Ms. Geeta, a resident individual, residing at Kanpur and working with XYZ Ltd as an Assistant manager. Her monthly basic salary is 2, 00,000 and DA is 70% of the basic salary . She has received Rs. 7500 pm as fixed medical allowance.

Details of her income and loss from various sources during the year 2023-24 are as under:-

	Particulars	(₹)
(i)	Salary Income - As mentioned above	
(ii)	Rent received from house property situated in Delhi	5,00,000
(iii)	Interest on loan taken for purchase of above property. Loan was taken from a friend	7,50,000
(iv)	Rent received from house property situated in Jaipur	3,20,000

(v)	Interest on loan taken for house property in Mumbai which is self-occupied. Loan was taken from PNB on 01.01.1999 for purchase of this property	1,57,000
(vi)	Interest on loan taken for repair of house properties situated in Mumbai and Delhi. Loan was taken on 01.04.21 and was utilized in 50:50 ratio for house properties situated in Mumbai and Delhi, respectively.	1,50,000
(vii)	Long term capital gains on sale of equity shares computed in accordance with Section 112A	8,95,000
(viii)	Interest on fixed deposit	73,000
(ix)	Loss from textile business	7,50,000
(x)	Speculation profit	2,30,000
(xi)	Lottery income	75,000
(xii)	Loss incurred by the firm in which she is a partner	1,60,000
(xiii)	Salary received as a partner from partnership firm. The same was allowed to firm	50,000
(xiv)	Brought forward short-term capital loss on sale of gold.	2,75,000
(xv)	Brought forward loss on sale of equity shares of the nature specified u/s 111A	25,000
(xvi)	Life insurance premium paid for her son who is 30 years of age and is working in USA	15,000

For the above solution, you may assume principal repayment of loan as under:

(1) Loan taken for purchase of house property in Delhi – ₹ 2,50,000	(2) Loan taken for purchase of house property in Mumbai – ₹ 50,000
(3) Loan taken for repair of house properties in Delhi and Mumbai – ₹ 75,000	

Based on the above case scenario, choose the most appropriate answer to the following questions (Assume that she has opted old tax regime)

1What is her total salary income?
A 41,70,000 B 41,20,000 C 40,80,000 D 40,50,000

2 What is her income from House 1 @ Delhi?
A (4,75,000) B 3,50,000 C 5,00,000 D 4,75,000

3 What is her income from House 2 @ Jaipur?
A (3,20,000) B 3,50,000 C (2,24,000) D 2,24,000

4 What is her income from Business?
A Nil B 2,80,000 C 2,30,000 D 2,50,000

5 What is her income under the head other sources?
A 73,000 B 75,000 C 1,48,000 D 1,00,000

6 What is her Gross total income?

A 41,93,000 B 40,80,000 C 45,00,000 D 46,00,000

Ans:-

1	2	3	4	5	6
B	**A**	**D**	**A**	**C**	**A**

CS 32:-

Dr. Rohan, 82 years old resident surgeon, having his Nursing Home in Mumbai, gives the following particulars for the year ended on 31.03.2024.

Receipts	₹	Payments	₹
Op. Balance b/d	1,25,000	Salary to Staff	3,50,000
Fees from visits to other hospitals(Net)	5,85,000	Taxes & Insurance	26,000
Fees for March, 2023 received inApril, 2023		Entertainment Expenses	1,10,000
IPD 40,000 OPD 45,000	85,000	Purchase of Television	48,000
Dividend from shares (Net)	18,900	Gift to daughter-in- law	60,000
Fees received during the year	10,25,000	Interest on Loan for repairs to property	65,000
Gifts received from relatives of patients	45,000	Personal medical expenses	70,000
Honorarium for painting services inJai Hind Art School (Net)	22,500	Deposits in PPF A/c	55,000
Income Tax Refund (Including interest ₹1,500)	12,100	Nursing Home expenses	3,75,000
		Professional fees paid for consultingservices	1,20,000
		Purchase of furniture at home	1,35,000
		Personal Expenses	3,00,000
		Balance c/f	2,04,500
Total	**19,18,500**	**Total**	**19,18,500**

A)He keeps his books of accounts on cash basis and has not opted for the provisions of section 44ADA.

B) Salary includes ₹60,000 paid to his sister who is a qualified nurse paid in cash.

C) Entertainment expenses include ₹25,000 for dinner to doctors in a five star hotel.

D) Interest on loan for repairs to property includes ₹40,000 for his residential property.

E) His daughter-in-law earned income ₹10,000 from the amount received as gift.

F) Fixed Assets values as on 01.04.2023 are as under:-
Nursing Home Equipment's ₹2,20,000, Medical Books (including annual publications ₹10,000) ₹35,000, Laptop ₹40,000.

G) Television purchased for nursing home purpose on 21.09.2023 is put to use on 03.10.2023.

H) He has donated ₹10,000 towards PM CARES Fund on 15.08.2023.

Based on the above case scenario, choose the most appropriate answer to the following questions

1 What is the total income under default tax regime in case of Mr. Rohan?
A Rs. 8,46,300 B Rs. 9,00,000 C Rs. 10,00,000 D Rs. 8,36,300

2 What is the amount of tax payable /refundable under default tax regime ?
A Tax payable Rs. 28,380 B Tax Refundable RS. 28,380
C Tax payable Rs. 31,215 D Tax refundable Rs. 18,380

3 What is the total income if Mr Rohan opts for Sec 44ADA?
A Rs. 9,02,500 B Rs. 9,12,500 C Rs. 9,50,000 D Rs. 9,60,000

Ans:-

1	**2**	**3**
A	**B**	**D**

CS 33:-

Mr. Ashish, a resident individual, aged 43 years, provides professional services in the field of interior decoration. His Income & Expenditure A/c for the ended 31st March, 2024 is as under:

Expenditure	**₹**	**Income**	**₹**
To Employees' Remuneration & Benefits	13,66,000	By Consultancy Charges	58,80,000
To Office & Administrative Exp.	3,14,000	By Interest on PPF Account	60,000
To General Expenses	75,000	By Interest on Savings Bank	20,000
To Electricity Expenses	65,000	By Interest on National Saving Certificates VIII Issue (for 3rd year)	21,000

To Medical Expenses	80,000		
To Purchase of Furniture	48,000		
To Depreciation	90,000		
To Excess of income over exp.	39,43,000		
	59,81,000		**59,81,000**

The following other information related to financial year 2023-24

The expenses on Employees' Remuneration & Benefits includes:
(a) Family Planning expenditure of ₹ 20,000 incurred for the employees which was revenue in nature. The same was paid through account payee cheque.

(b) Payment of salary of ₹ 25,000 per month to sister-in-law of Mr. Ashish, who was in-charge of the Accounts & Receivables department. However, in comparison to similar work profile, the reasonable salary at market rates is ₹ 20,000 per month.

c) Amount received by Mr. Ashish as Employees' Contribution to EPF for the month of February, 2024 :- - ₹10,000 was also deposited after the due date under the relevant Act relating to EPF.

d) Medical Expenses of ₹ 80,000 as appearing in the Income & Expenditure A/c was expensed for the treatment of father of Mr. Ashish. His father was 72 years old and was not covered by any health insurance policy. The said payment of ₹ 80,000 was made through account payee cheque

e) General expenses as appearing in the Income & Expenditure A/c, includes a sum of ₹ 25,000 paid to Ms. Anjaleen on 5th January 2024 as commission for securing work from new clients. This payment was made to her without deduction of tax at source.

f) Written down value of the depreciable assets as on 1st April, 2023 were as follows: Professional Books₹ 90,000 & Computers ₹ 35,000

g) The new Furniture as appearing in the Income & Expenditure A/c was purchased on 31st August, 2023 and was put to use on the same day. The payment was made as under:

- ₹ 18,000 paid in cash at the time of purchase of new furniture on 31.08.2023.
- ₹ 19,000 paid by account payee cheque on 05.09.2023 as balance cost of new furniture and
- ₹ 11,000 paid in cash on 31.08.2023 to the transporter as freight charges for the new furniture.

h) Mr. Ashish purchased a car on 02.04.2022 for ₹ 3,35,000 for personal use. However, on 30.04.2023 he brought the said car for use in his profession. The fair market value of the car as on 30.04.2023 was ₹ 2,50,000.

i) Mr. Ashish made a contribution of ₹ 1,00,000 in his PPF A/c on 31.01.2024

The Gross Professional Receipts of Mr. Ashish for P.Y. 2022-23 was ₹ 52,00,000.

Based on the above case scenario, choose the most appropriate answer to the following questions

1 What is the total amount of depreciation u/s 32 on furniture?
A Rs. 3000 B Rs. 1,900 C Rs. 4,100 D Rs. 950

2 What is the total income under default tax regime in case of Mr. Ashish?
A Rs. 40,36,350 B Rs. 50,36,350 C Rs. 40,00,000 D Rs. 48,36,300

3 What is the tax liability under default tax regime ?
A Rs.9,47,340 B Rs. 8,47,340 C Rs. 10,47,350 D Rs. 11,47,360

Ans:-

1	2	3
B	**A**	**A**

CS 34 :-

Mr. Aditya furnishes the following details for the year ended 31-03-2024:

Particulars	*Amount (₹)*
Loss from speculative business A	*25,000*
Income from speculative business B	*5,000*
Loss from specified business covered under section 35AD	*20,000*
Income from salary (computed)	*3,00,000*
Loss from let out house property	*2,50,000*
Income from trading business	*45,000*
Long-term capital gain from sale of urban land	*2,00,000*
Long-term capital loss on sale of shares (STT not paid)	*75,000*
Long-term capital loss on sale of listed shares in recognized stock exchange (STT paid at the time of acquisition and sale of shares)	*1,02,000*

Following are the brought forward losses:
(1) Losses from owning and maintaining of race horses pertaining to A.Y. 2022-23 ` 2,000.
(2) Brought forward loss from trading business ` 5,000 relating to A.Y.2019- 20.

He exercises the option of shifting out of the default tax regime provided under section 115BAC(1A).

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

1 What is the amount of loss under the head house property that can be carried forward to next year?
A Rs. 30,000 B Rs. 50,000 C Rs. 40,000 D Rs. 35,000

2 What is the amount of speculative loss that can be carried forward to next year?
A Rs. 30,000 B Rs. 50,000 C Rs. 40,000 D Rs. 20,000

3 What is total income of Mr Aaditya ?
A Rs.1,63,000 B Rs. 47,000 C Rs. 1,63,350 D Rs. 1,65,000

Ans:-

1	2	3
B	D	A

CS 35:-

Mr. Anil started business of manufacturing tables in February 2024. He follows mercantile system of accounting. He purchased wood from Mr. A, Mr. B and Mr. C. The details of purchases and payment made are as under:

Buyer	Date of purchase	Purchase amount (₹)	Payment due as per written agreement, if any	Date of payment
Mr. A, a micro enterprise	15.02.2024	5 lakhs	Within 30 days from the date of purchase	29.03.2024
Mr. B, a small enterprise	17.03.2024	7 lakhs	No written agreement	15.04.2024
Mr. A, a medium enterprise	25.03.2024	8 lakhs	Within 40 days from the date of purchase	30.11.2024

Morover, Mr. he took an education loan of Rs. 8 lakhs on 1.7.2023 from State Bank of India, Mumbai, for his son's MBA from University of Oxford, UK and remitted the said amount through the same bank, which is an authorised dealer, under the Liberalised Remittance Scheme of RBI (LRS).

He, further, remitted Rs. 2 lakhs on 15.10.2023 to his son for his personal expenditure, out of his personal savings, through Bank of India, Mumbai which is also an authorised dealer, under LRS. He also remitted Rs. 6 lakhs on 28.3.2024, out of his personal savings, under LRS through Union Bank of India, Mumbai, for his sister's medical treatment in London.

He has furnished undertaking containing the details of earlier remittance to Bank of India and Union Bank of India.

Based on the above case scenario, choose the most appropriate answer to the following questions

1 How much deduction would be available to Mr. Anil in A.Y. 2024-25 in respect of purchases made during the P.Y. 2023-24 while computing business income?
(a) Nil (b) Rs. 5 lakhs (c) Rs. 13 lakhs (d) Rs. 12 lakhs

2 What is the amount of tax to be collected from Mr. Anil in respect of the remittance of amounts to his son and sister?
(a) TCS@0.5% of Rs. 1 lakh in respect of remittance for son's education; @5% of Rs. 2 lakhs in respect of remittance for son's personal expenditure and 5% of Rs. 6 lakhs in respect of remittance for sister's medical treatment.

(b) TCS@0.5% of Rs. 1 lakh in respect of remittance for son's education; @20% of Rs. 2 1respect of remittance for sister's medical treatment.

(c) TCS@0.5% of Rs. 1 lakh in respect of remittance for son's education; no TCS in respect of remittance for son's personal expenditure and sister's medical treatment since each transaction is of less than Rs. 7 lakhs.

(d) TCS@0.5% of Rs. 1 lakh in respect of remittance for son's education; @5% of Rs. 1 lakh in respect of remittance for sister's medical treatment.

Ans: -

1	2
C	B

CS 36:-

Rosy and Mary are sisters, born and brought up at Mumbai. Rosy got married in 1982 and settled at Canada since 1982. Mary got married and settled in Mumbai. Both of them are below 60 years. The following are the details of their income for the previous year ended 31.3.2024:

S. No.	Particulars	Rosy ₹	Mary ₹
1.	Pension received from State Government	--	60,000
2.	Pension received from Canadian Government	20,000	--
3.	Long-term capital gain on sale of land at Mumbai	1,00,000	1,00,000
4.	Short-term capital gain on sale of shares of Indian listed companies in respect of which STT was paid	20,000	2,50,000
5.	LIC premium paid	--	10,000
6.	Premium paid to Canadian Life Insurance Corporation at Canada	40,000	--
7.	Mediclaim policy premium paid by A/c Payee Cheque	--	25,000
8.	Deposit in PPF	--	20,000
9.	Rent received in respect of house property at Mumbai	60,000	30,000

Both of them exercised the option to shift out of default tax regime.

Based on the above case scenario, choose the most appropriate answer to the following questions

1 What is the total income of Rosy for A.Y 2024-25?

A Rs. 1,22,000 B Rs. 3,50,000 C Rs. 1,20,000 D Rs. 3,60,000

2 What is the total income of Mary for A.Y. 2024-25?

A Rs. 1,22,000 B Rs. 3,50,000 C Rs. 1,20,000 D Rs. 3,60,000

3 What is the tax liability of Rosy for A.Y 2024-25?

A Rs. 23,920 B Rs. 2,600 C Rs. 23,000 D Rs. 2,500

4 What is the tax liability of Mary for A.Y 2024-25?

A Rs. 23,920 B Rs. 2,600 C Rs. 23,000 D Rs. 2,500

Ans: -

1	2	3	4
A	B	A	B