

K1- LEVEL QUESTIONS

UNIT I

1. Surcharge of 10 per cent is payable by an individual where the total income exceeds:
a) Rs.7,50,000
b) Rs.8,50,000
c) Rs.10,00,000
d) None of the three
2. Additional surcharge (education cess) of 3% per cent is payable on
a) Income tax
b) Income tax plus surcharge
c) Surcharge
3. Family pension received by a widow of a member of the armed forces where the death of the member has occurred in the course of the operational duties, is
a) Exempt up to Rs.3,00,000
b) Exempt up to Rs. 3,50,000
c) Totally exempt under section 10(19)
d) Totally chargeable to tax
4. In respect of shares held as investment, while computing the capital gains, securities transaction tax paid in respect of sale of listed shares sold in a recognized stock exchange,
a) Is deductible up to Rs.1,00,000
b) Is deductible up to Rs.2,00,000
c) Is deductible if C.G.'s is < 5,00,000
d) Is not deductible at all
5. Gift of Rs 5,00,000 received on 10 July, 2008 through account payee cheque from a non-relative regularly assessed to income-tax, is
a) A capital receipt not chargeable to tax
b) Chargeable as other sources
c) Chargeable to tax as business income
d) Exempt up to Rs.50,000 and balance chargeable to tax as income from other source
6. The rate of tax that is leviable on STCG arising from transfer of Equity shares of a Company or units of an Equity oriented fund is
a) 10%
b) 15%
c) 20%
7. For an employee in receipt of hostel expenditure allowance for his three children, the maximum annual allowance exempt under section 10(14) is
a) Rs.10, 800
b) Rs.7,200
c) Rs.9,600

d) Rs.3,600

8. For an industrial undertaking fulfilling the conditions, additional depreciation in respect of a machinery costing Rs.10 lakh acquired and installed on October 3, 2005 is

a) Rs.75,000

b) Rs.1,50,000

c) Rs.1,00,000

d) None of the above

9. A.O.P should consist of :

a) Individual only

b) Persons other than individual only

c) Both the above

10. Body of individual should consist of :

a) Individual only

b) Persons other than individual only

c) Both the above

UNIT II

1. Income tax is rounded off to:

a) Nearest ten rupees

b) Nearest one rupee

c) No rounding off of tax is done

2. A's TI for the A.Yr.2009-10 is Rs.2,50,000.His tax liability shall be

a) 10,000

b) 10,300

c) 11,330

3. Residential status to be determined for :

a) Previous year

b) Assessment year

c) Accounting year

4. Incomes which accrue or arise outside India but are received directly into India are taxable in case of

a) Resident only

b) Both ordinarily resident and NOR

c) Non-resident

d) All the assesses

5. Income deemed to accrue or arise in India is taxable in case of :

a) Resident only

b) Both ordinarily resident and NOR

c) Non-resident

d) All the assesses

6. Income which accrue outside India from a business controlled from India is taxable in case of:

a) Resident only

b) Not ordinarily resident only

c) Both ordinarily resident and NOR

d) Non-resident

7. Income which accrue or arise outside India and also received outside India taxable in case of:

a) resident only

b) not ordinarily resident

c) both ordinarily resident and NOR

d) none of the above

8. TI of a person is determined on the basis of his:

a) residential status in India

b) citizenship in India

c) none

d) both of the above

9. R Ltd., is an Indian company whose entire control and management of its affairs is situated outside India. R Ltd., shall be :

a) Resident in India

b) Non-resident in India

c) Not ordinarily resident in India

10. R Ltd., is registered in U.K. The control and management of its affairs is situated in India .R Ltd

shall be :

a) Resident in India

b) Non-resident

c) Not ordinarily resident in India

UNIT III

1. R, who is entitled to a salary of Rs.10,000 p.m. took an advance of Rs.20,000 against the salary in the month of March 2009.The gross salary of R for assessment year 2009-10 shall be:

a) Rs.1,40,000

b) Rs.1,20,000

c) None of these two

2. A is entitled to children education allowance @ Rs. 80 p.m. per child for 3 children amounting Rs. 240 p.m. It will be exempt to the extent of :

a) Rs.200 p.m.

b) Rs.160 p.m.

c) Rs. 240 p.m.

3. R gifted his house property to his wife in 2000. R has let out the house property @ Rs.5,000 p.m. The income from such house property will be taxable in the hands of :

- a) Mrs. R
- b) R. However , income will be computed first as Mrs. R's income and thereafter clubbed in the income of R

c) R as he will be treated as deemed owner & liable to tax

4. R transferred his house property to his wife under an agreement to live apart. Income from such house property shall be taxable in the hands of :

- a) R as deemed owner
- b) R. However, it will be first computed as Mrs. R income & Thereafter clubbed in the hands of R

c) Mrs. R

5. R gifted his house property to his married minor daughter. The income from such house property shall be taxable in the hands of :

- a) R as deemed owner.
- b) R. However, it will be first computed as minor daughters income & clubbed in the income of R.

c) Income of married minor daughter.

6. A has two house properties. Both are self-occupied. The annual value of

- a) Both house shall be nil

b) One house shall be nil

- c) No house shall be nil

7. An assessee has borrowed money for purchase of a house & Interest is payable outside India. Such interest shall:

- a) Be allowed as deduction
- b) Not to be allowed on deduction

c) Be allowed as deduction if the tax is deducted at source

8. Salary, bonus, commission or remuneration due to or received by a working partner from the firm is taxable under the head.

- a) Income from salaries
- b) Other sources

c) PGBP

9. Perquisite received by the assessee during the course of carrying on his business or profession is taxable under the head.

- a) Salary
- b) Other sources

c) PGBP

10. Interest on capital or loan received by a partner from a firm is:

- a) Exempt U/S 10(2A)
- b) Taxable U/H business and profession**
- c) Taxable U/H income from other sources

UNIT IV

1. Expenditure incurred on family planning amongst the employees is allowed to
 - a) Any assessee
 - b) A company assessee**
 - c) An assessee which is a company or cooperative society
2. Interest on capital of or loan from partner of a firm is allowed as deduction to the firm to the extent of:
 - a) 18% p.a.
 - b) 12% p.a. even if it is not mentioned in partnership deed
 - c) 12% p.a. or at the rate mentioned in partnership deed whichever is less.**
3. Deduction under section 40(b) shall be allowed on account of salary /remuneration paid to :
 - a) Any partner
 - b) Major partner only
 - c) Working partner only**
4. Remuneration paid to working partner shall be allowed as deduction to a firm:
 - a) In full
 - b) Subject to limits specified in section 40(b)**
 - c) None of these two
5. A firm business income is nil /negative. It shall still be allowed as deduction on account of remuneration to working partner to the maximum extent of:
 - a) Actual remuneration paid as specified in partnership deed
 - b) Rs.50,000**
 - c) Nil
6. For person carrying on profession, tax audit is compulsory, if the gross receipts of the previous year exceeds:
 - a) Rs.50 lakhs
 - b) Rs.40 lakhs
 - c) Rs.10 lakhs**
7. Tax audit is compulsory in case a person is carrying on business whose gross turnover/sales/receipts, as the case may be, exceeds:
 - a) Rs. 10 lakhs
 - b) Rs. 40 lakhs**
 - c) 1 crore

8. In case an assessee is engaged in the business of civil construction, presumptive income scheme is applicable if the gross receipts paid or payable to him in the previous year does not exceed:

- a) Rs.10 lakhs
- b) Rs. 40 lakhs**
- c) Rs. 50 lakhs

9. In the aforesaid case ,the income shall be presumed to be :

- a) 5% of gross receipts
- b) 8% of gross receipts**
- c) 10% of gross receipts

10. In case an assessee is engaged in the business of plying hiring or leasing goods carriage, presumption income scheme under section 44AE is applicable if the assessee is the owner of maximum of :

- a) 8 goods carriages
- b) 10 goods carriages**
- c) 12 goods carriages

UNIT V

1. If good will of a profession which is self generated is transferred, there will:

- a) Be capital gain
- b) Not be any capital gain**
- c) Be a short-term capital gain

2. Exemption under section 54 is available to :

- a) All assesses
- b) Individuals only
- c) Individual HUF.**

3. The exemption under section 54 ,shall be available:

- a) To the extent of capital gain invested in the HP**
- b) Proportionate to the net consideration price invested
- c) To the extent of amount actually invested

4. The exemption u/s 54B is allowed to:

- a) Any assessee
- b) Individual only**
- c) Individual or HUF

5. For claiming exemption under section 54B the assessee should acquire:

- a) Urban agricultural land
- b) Rural agricultural land
- c) Any agricultural land**

6. New assets acquired for claiming exemption u/s 54, 54B or 54D, if transferred within 3 years, will result in:

- a) **Short-term capital gain**
- b) long-term capital gain
- c) ST or LTCG depending upon original transfer

7. Loss from a speculation business of a particular A. Yr. can be set off in the same A. Yr. from:

- a) Profit and gains from any business
- b) Profit and gains from any business other than speculation business
- c) **Income of speculation business**

8. Loss under the head capital gain in a particular assessment year can:

- a) Be set off from other head of income in the same assessment year.
- b) **Be carried forward**
- c) Neither be set off nor carried forward

9. The loss is allowed to be carried forward only when as assessee has furnished:

- a) Return of loss
- b) **Return of loss before the due date mentioned u/s 139(1)**
- c) Or not furnished the return of loss

9. Loss under the head income from house property can be carried forward:

- a) Only if the return is furnished before the due date mentioned u/s 139(1)
- b) Even if the return is not furnished
- c) **Even if the return is furnished after the due date**

10. Deduction u/s 80C in respect of LIP, Contribution to provident fund, etc. is allowed to :

- a) Any assessee
- b) An individual
- c) **An individual of HUF**
- d) An individual or HUF who is resident in India

K2 Level Questions

UNIT-I

1. A new business was set up on 15-11-2008 and it commenced its business from 1-12-2008. The first previous year in this case shall be:

- a) **15-11-2008 to 31-3-2009**
- b) 1-12-2008 to 31-3-2009
- c) 2008-2009

2. A person leaves India permanently on 15-11-2008. The assessment year for income earned till 15-11-2008 in this case shall be:

- a) 2007-08
- b) **2008-09**
- c) 2009-10

3. Surcharge in case of an individual or HUF for assessment year 2009-10 is payable at the rate of :

- a) 12% of the income-tax payable provided the total income exceed Rs.60,000.
- b) **10% of the income-tax payable provided the total income exceeds Rs.10,00,000**
- c) 5% of the income-tax payable if the total income exceeds Rs.8,50,000

4. Surcharge in case of a firm for assessment year 2009-10 is payable at the rate:

- a) 2.5% of income-tax payable
- b) 5% of income-tax payable
- c) **10% of income-tax payable**

5. The maximum amount on which income-tax is not chargeable in case of firm is:

- a) Rs.1,00,000
- b) Rs. 90,000
- c) **Nil**

6. The maximum amount on which income-tax is not chargeable in case a co-operative society is:

- a) Rs.50,000
- b) Rs.30,000
- c) **Nil**

7. Education cess is leviable @:

- a) **3%**
- b) 5%
- c) 2.5%

8. Education cess is leviable in case of:

- a) An individual and HUF
- b) A company assessee only
- c) **All assesses**

9. In case of an individual and HUF education cess is leviable only when the total income of such assessee

a) Exceeds Rs.10,00,000

b) No income limit

c) below 10,00,000

10. The TI of the assessee has been computed as Rs.2,53,494.90. For rounding off ,the TI will be taken as:

a) Rs.2,53,500

b) Rs.2,53,490

c) Rs.2,53,495

UNIT-II

1. R, a foreign national visited India during previous year 2008-09 for 180 days. Earlier to this he never visited India. R in this case shall be:

a) Resident in India

b) Non-resident

c) Not ordinarily resident in India

2. Dividend paid by an Indian company is:

a) Taxable in India in the hands of the recipient

b) Exempt in the hands of recipient

c) Taxable in the hands of the company and exempt in the hands of the recipient

3. Agricultural income is exempt provided the:

a) Land is situated in India

b) Land is situated in any rural area India

c) Land is situated whether in India or outside India.

4. If the assessee is engaged in the business of growing and manufacturing tea in India ,the agricultural income in that case shall be:

a) 40% of the income from such business

b) 60% of the income from such business

c) Market value of the agricultural produce minus expenses on cultivation of such produce

5. Agricultural income is :

a) Fully exempt

b) Partially exempt

c) Fully taxable

6. The partial integration of agricultural income, is done to compute tax on:

- a) Agricultural income
- b) non agricultural income**
- c) Both agricultural and non agricultural income

7. There will be no partial integration of agricultural income with non agricultural income, if the non agricultural income does not exceed:

- a) Rs.1,50,000**
- b) Rs. 1,00,000
- c) Rs.1,10,000

8. There will be no partial integration, if the agricultural income does not exceed:

- a) Rs.40,000
- b) Rs.50,000
- c) Rs.5,000**

9. A local authority has earned income from the supply of commodities outside its own jurisdictional area. It is :

- a) Exempt
- b) Taxable**
- c) both a and b

10. R, a chartered accountant is employed with R Ltd., as an internal auditor and requests the employer to call the remuneration as internal audit fee. R shall be chargeable to tax for such fee under the head.

- a) Income from salaries**
- b) Profit and gains from Business and Profession
- c) Income from other sources.

UNIT-III

1. Under the head Business or Profession, the method of accounting which an assessee can follow shall be :

- a) Mercantile system only
- b) Cash system only
- c) Mercantile or cash system only**
- d) Hybrid system

2. An asset which was acquired for Rs. 5, 00, 000 was earlier used for scientific research. After the research was completed, the machinery was brought into the business of the assessee. The actual cost of the asset for the purpose of inclusion in the block of asset shall be :

- a) Rs.5,00,000
- b) Nil**
- c) Market value of the asset on the date it was brought into business

3. A car is imported after 1- 4- 2005 by R Ltd. from London to be used by its employee. R Ltd. shall be allowed depreciation on such car at:

- a) 15%
- b) 40%
- c) **Nil**

4. Unabsorbed depreciation which could not be set off in the same assessment year, can be carried forward for:

- a) 8 Years
- b) **Indefinitely**
- c) 4 Years

5. Certain revenue and capital expenditure on scientific research are allowed as deduction in the previous year of commencement of business even if these are incurred:

- a) Five years immediately before the commencement of business
- b) **3 years immediately before the commencement of the business**
- c) Any time prior to the commencement of the business.

6. If any amount is donate for research, such research should be in nature of:

- a) Scientific research only
- b) Social or statistical research only
- c) **Scientific or social or statistical research**

7. Preliminary expenses incurred are allowed deduction in:

- a) 10 equal annual installments
- b) **5 equal annual installments**
- c) full

8. In case the assessee follows mercantile system of accounting, bonus or commission to the employee are allowed as deduction on:

- a) Due basis
- b) Payment basis
- c) **Due basis but subject to section 43B**

9. Interest on money borrowed for the purpose of acquiring a capital asset pertaining to the period after the asset is put to use is to be:

- a) Capitalized
- b) **Treated as revenue expenditure**
- c) Nil deduction

10. Expenditure incurred on purchase of animals to be used by the assessee for the purpose of carrying on his business& profession is subject to

- a) Depreciation
- b) **Deduction in the previous year in which animal dies or become permanently useless**
- c) Nil deduction

UNIT-IV

1. In case an assessee is engaged in the business of retail trade, presumptive income scheme is applicable if the total turnover of such retail trade of goods does not exceed:

- a) Rs.10 lakhs
- b) Rs.30 lakhs
- c) Rs.40 lakhs**
- d) Rs.50 lakhs

2. In the above case the income to be presumed under section 44AF shall be :

- a) 8% of total turnover
- b) 5% of total turnover**
- c) 10% of total turnover

3. If the assessee opts for section 44AD or 44AF or 44AE, then the assessee shall:

- a) Not be entitled to any deduction under sections 30 to 37
- b) Be entitled to deduction under sections 30 to 37
- c) Not be entitled to deduction under sections 30 to 37 except for interest on capital or loan from partner and remuneration to a working partner subject to conditions laid down under section 40(b)**

4. The period of holding of shares acquired in exchange of convertible debentures shall be reckoned from:

- a) The date of holding of debentures
- b) The date of when the debentures were converted into shares**
- c) None of these two

5. Securities transaction tax paid by the seller of shares and units shall

- a) Be allowed as deduction as expenses of transfer
- b) Not be allowed as deduction**
- c) None of these two

6. The cost inflation index number of the P.Yr.2008-09 is :

- a) 480
- b) 519
- c) 551
- d) 582**

7. Conversion of capital asset into stock in trade will result into capital gain of the previous year:

- a) In which such conversion took place
- b) In which such converted asset is sold or otherwise transferred**
- c) None of these two

8. Where a partner transfers any capital asset into the business of firm, the sale consideration of such asset to the partner shall be :

- a) Market value of such asset on the date of such transfer
- b) Price at which it was recorded in the books of the firm**
- c) Cost of such asset to the partner

9. Where the entire block of the depreciable asset is transferred after 36 months, there will be:

- a) Short-term capital gain
- b) Long-term capital gain
- c) Short-term capital gain or loss**
- d) Long-term capital gain or loss

10. In the case of compulsory acquisition, the indexation of cost of acquisition or improvement shall be done till the :

- a) Previous year of compulsory acquisition**
- b) In which the full compensation received
- c) In which part or full consideration is received

UNIT-V

1. Deduction under section 80C is allowed from:

- a) Gross total income**
- b) Total income
- c) Tax on total income

2. An assessee has paid life insurance premium of Rs.25,000 during the previous year for a policy of Rs.1,00,000. He shall:

- a) Not be allowed deduction u/s 80C
- b) Be allowed Deduction u/s 80C to the extent of 20% of the capital sum assured i.e. Rs.20,000**
- c) Be allowed Deduction for the entire premium as per the provisions of section 80C

3. For claiming Deduction u/s 80C, the payment or deposit should be made:

- a) Out of any income
- b) Out of any income chargeable to income tax**
- c) During the current year out of any source

4. Deduction under section 80C shall be allowed for :

- a) Any education fee
- b) Tution fee exclusive of any payment towards any development fee or donation or payment of similar nature**
- c) Tution fee and annual charges

5. Deduction under section 80CCC is allowed to the extent of :

- a) Rs. 2, 00,000
- b) Rs. 1, 00,000**
- c) Rs. 4, 00,000

6. Deduction under section 80D in respect of medical insurance premium is allowed to:

a) Any assessee

b) An individual or HUF

c) Individual or HUF who is resident in India d) Individual only

7. Deduction u/s 80D is allowed if the premium is paid to :

a) Life insurance Corporation

b) General insurance Corporation or any other insurer approved by IRDA

c) Life insurance or General insurance corporation

8. The payment for Insurance premium under section 80D should be paid:

a) In cash

b) By any mode other than cash

c) Cash/by cheque

9. The quantum of deduction allowed under section 80D shall be limited to:

a) Rs.20,000

b) Rs.10,000

c) Rs. 15,000

10. Deduction U/s 80G on account of donation is allowed to:

a) A business assessee only

b) Any assessee

c) Individual or HUF only

K3 LEVEL QUESTIONS

UNIT- I

1. Difference between Gross Total Income and Total Income?
2. How To Round Off The Tax Liability
3. Analyze Marginal Relief And How It Is Computed
4. Under How Many Heads The Income Of A Taxpayer Is Classified
5. How To Compute The Total Tax Liability
6. Does the tax liability of an individual get affected due to his residential status? If yes, explain.
7. Explain the basic and additional conditions for Resident and ordinarily resident (ROR)?
8. Examine the Rules for Calculation of Income tax on Income from House Property
9. Explain the Standard Deduction
10. Differences between assessment year and previous year

UNIT- II

11. Analyze the rules regarding Capital Gains
12. Examine the term total income
13. Categorize the sources of income
14. Enumerate the procedure for filing of returns
15. Analyze the term assessee under section 2(7)
16. Mr. D an Indian citizen left India for the first time on 20.9.2013 for employment in Denmark. During the Previous Year 2014-15 he comes to India on 5.5.2014 for 150 days. Determine the residential status of D for the Assessment Years 2018-19
17. Ms. A widow of Mr. A received family pension of ₹20,000 during the assessment year 2015-16. Discuss the taxability of Family Pension.
18. Mr. Parekh is an employee of XYZ Ltd. getting a salary of ₹40,000 per month which is 'due' on the last day of the month but is paid on the 5th of next month. He is paid the salary of April, 2017 and May, 2017 in advance in March, 2015. What will be his gross income for the assessment year 2018 – 2019?
19. A Ltd lets out its property to B. B sub-lets it. How is the sub-letting receipt will assessed in the hands of B?

20. (i) Mrs. M holds 7% equity shares in B Ltd., where her married sister, Mrs. N also holds 14% equity shares. Mr. M is employed with B Ltd., without holding technical professional qualification. The particulars of their income for the Previous Year 2014-2015 are given as follows: Income of Mr. M (a) Gross Salary from B Ltd. 2,04,000 — (b) Dividend from B Ltd. — 12,000 (c) Income from House Property 1,80,000

UNIT-III

21. The W.D.V. of the block of assets as on 1.4.2014 was ` 10 lacs. Rate of Depreciation @ 15%. An asset of the same block was acquired on 11.5.14 for ` 6 lacs. There was a fire on 18.9.2014 and the assets were destroyed by fire and the assessee received a sum of ` 24 lacs from the insurance company. Compute the Capital Gain assuming: (a) All the assets were destroyed by fire (b) Part of the block was destroyed by fire Would your answer differ if the assessee received `14,00,000 from insurance company assuming: (a) All the assets were destroyed by fire (b) Part of the block was destroyed by fire.
22. The Depository Account shows the following details of M's holdings: Date of Credit Particulars Quantity 10.11.2001 Shares of XYZ LTD. purchased in physical form on 10.11.2001 @ ` 20 per share 300 30.11.2002 Purchased dematerialized shares of Y Ltd. on 25.11.2002 @ ` 70 per share 500 06.12.2004 Shares of XYZ LTD. held in physical form, were got dematerialized on 01.12.2004 M sold 600 dematerialized shares on 6th June 2014 @ ` 250 per share. Brokerage is paid @2% of sale price. Compute Capital Gains.[Ignore the exemption available u/s10(38)]
23. ABC Ltd. was amalgamated with XYZ Ltd. on 31.03.2017. All the conditions of section 2(1B) were satisfied. ABC Ltd. has the following carried forward losses as assessed till the Assessment Year 2018-19: Particulars Rs. (in lakhs) (i) Speculative Loss 4 (ii) Unabsorbed Depreciation 18 (iii) Unabsorbed expenditure of capital nature on scientific research 2 (iv) Business Loss 120 XYZ Limited has computed a profit of Rs. 140 lakhs for the financial year 2017-18 before setting off the eligible losses of ABC Ltd. but after providing depreciation at 15% per annum on 150 lakhs, being the consideration at which plant and machinery were transferred to XYZ Ltd. The written down value as per income-tax record of ABC Ltd. as on 31st March, 2017 was Rs. 100 lakhs. The above profit of XYZ Ltd. includes speculative profit of Rs. 10 lakhs. Compute the total income of XYZ Ltd. for Assessment Year 2018-19.
24. the normal tax rates for the financial year 2017-18 applicable to an individual below the age of 60 years are as follows:

Nil upto income of Rs. 2,50,000

5% for income above Rs. 2,50,000 but upto Rs. 5,00,000

20% for income above Rs. 5,00,000 but upto Rs. 10,00,000

30% for income above Rs. 10,00,000.

Apart from above rates, cess will be computed separately.

25. Compute Gross annual value: Actual rent Rs: 24,000 p.a. Fair rent Rs:28,000 p.a. Standard rent Rs: 20,000 p.a.
26. The net profit of business of Mr. Baveesh as disclosed by its P&L account was Rs:3,25,000 after charging the following:
 - Municipal taxes on house property let out Rs:3,000
 - Bad debt written off Rs:15,000
 - Provision for bad and doubtful debts Rs: 16,000
 - Provision for taxation Rs: 15,000
 - Depreciation Rs: 25,000
 - Depreciation allowance as per rule is Rs:20,000

. Compute taxable business profit.
27. Calculate the amount of depreciation on the assets of a mill: Factory building W.D.V. on 01-04-2012 Rs: 14, 00,000 Additions made on 01-06-2012 Rs: 6,00,000 Rate of depreciation 10% The part of factory building which was destroyed by fire, for which the insurance company accepted the claim for Rs: 60,000 and scrap value realized amounted to Rs:10,000.
28. Mr. Vishal sold his residential house for Rs:4,50,000 in November, 2016. Indexed cost of this house was Rs: 1,80,000. He paid 3 % of sale as commission to broker. He purchased another house on 26th January, 2017 for Rs:2,00,000. Compute his capital gains for the AY 2018-19.
29. Mr. Anandamurthy showed his block of assets as on 1-4-2017 at a WDV of Rs:1,50,000. He purchased another asset within the block during the year 2017-18 for Rs:40,000. The entire block of assets is sold during the previous year for Rs:2,00,000. Calculate capital gain for the assessment year 2018-19.
30. Mr. S.B.Singh, a College Professor, furnished the following particulars. You are required to compute income from other sources: Examination remuneration Rs: 7,000 Royalty from books and articles Rs: 25,000 Winnings from card games Rs: 6,700 Winnings from State lottery Rs: 30,000 Expenditure on purchase of lottery tickets Rs: 12,000.

UNIT-IV

31. Compute income from other sources: Dividend (Gross) Rs:9,600 Expenses incurred for its collection Rs: 500 Receipts from letting of plant and machinery Rs: 10,000 Repairs of Plant and Machinery Rs: 4,000 Insurance premium in respect of plant and machinery Rs: 2,000 Depreciation allowed for letting Rs:4,000
32. Compute income from other sources of Mr. Ajayakumar for the AY 2013-14. His investments are : 5% govt. securities Rs: 70,000 7.5% Agra Municipal Bond Rs: 50,000 9% debentures of a company Rs:30,000 7% Capital Investment Bond Rs: 20,000
33. The business income of an individual for the AY 2018-19 has been determined by the AO at Rs: 3,50,000. Later, it is found that he has not considered the following while determining the income: Depreciation for the current year Rs: 12,000 Unabsorbed depreciation carried forward Rs: 15,000 Unabsorbed business loss carried forward from AY 2016-17 Rs: 3,000 Determine the total income for the AY 2018-19.
34. From the following information of a trader, compute the gross total income for the AY 2018-19: 1) Income from H.P. Rs: 2,50,000 2) Business Loss Rs: 60,000 3) Current year's depreciation Rs: 10,000 4) Business loss of preceding years Rs: 50,000 5) Unabsorbed depreciation of preceding years Rs: 30,000 6) STCG Rs:40,000 7) LTCG Rs: 50,000
35. Ram Prakash (70 years of age) gives the following information. Compute deductible amount under sec.80C for the A.Y. 2108-19:
1. Payment of LIC premium for his own life (policy amount Rs: 60,000) Rs: 13,000.
 2. Payment of LIC premium on life of his wife Rs: 5,000 (paid out of agricultural income)
 3. Contribution to URPF Rs: 24,000
 4. Contribution to PPF Rs: 15,000
 5. Interest accrued on NSC (VIII issue) including 6th year's interest of Rs: 1,500 is Rs: 8,000
 6. Repayment of loan taken for construction of a residential flat from Housing Development Finance Corporation (includes interest Rs: 34,000) Rs: 80,000.
36. From the following information, compute total income for the A.Y. 2013-14: 1. Business income of Surjih, aged 70, is Rs: 13,20,000 2. He deposited Rs: 70,000 in PPF And purchased NSC VIII issue Rs: 50,000 3. He paid interest on loan taken from a financial institution for

higher education of his grandson Rs:1,20,000. 4. He spent Rs: 40,000 on medical treatment of disabled dependent.

37. Compute total income of Mr. X, a disabled, for the A.Y 2018-19: 1. Salary income is Rs: 4,30,000 2. He deposited Rs:20,000 in URPF. 3. He paid LIC premium Rs: 45,000 on a policy (issued on 15-6-2017) of Rs: 4,00,000 4. He donated Rs: 20,000 to National Children's Fund by cheque.

38. From the following, compute Total Income of Mrs. Rajalakshmi for the A.Y. 2018-19: Income from poultry farming Rs: 30,000 Interest from bank deposits Rs: 4,000 Dividend from shares held in an Indian company (Gross) Rs: 20,000 Income from units of Mutual Fund (Gross) Rs:8,000 Income from other sources Rs:42,000 Donation to National Defence Fund Rs:2,000.

39. Compute the taxable income of HUF: Profit from business Rs: 32,000 Salary received by a member of the family Rs: 8,000 Director's fee received by Karta of the family Rs: 6,000 Profit from a firm Rs:10,000 Dividend (Gross) Rs: 5,000 Rental value of the property let out Rs: 12,000 Municipal taxes Rs: 600.

40. Compute the tax liability of Mr. Atin (aged 32), having total income of Rs. 51 lakhs for the Assessment Year 2019-20. Assume that his total income comprises of "Salary income" and "Interest from Saving Bank Account".

UNIT- V

41. AT & Co., a partnership firm is doing its business activities in India. However, meetings of its partners for decision making take place outside India except one, which has taken place in India. Determine Residential status of Partnership firm for AY 2019-20.

42. Mr. E is a Finance Manager in ABC Ltd. The company has provided him with rent-free unfurnished accommodation in Mumbai. He gives you the following particulars: Basic salary Rs. 6,000 p.m. Dearness Allowance Rs. 2,000 p.m. (30% is for retirement benefits) Bonus Rs. 1,500 p.m. Even though the company allotted the house to him on 1.4.2018, he occupied the same only from 1.11.2018. Calculate the taxable value of the perquisite for A.Y.2019-20

43. Anirudh has a property whose municipal valuation is Rs. 1,30,000 p.a. The fair rent is Rs. 1,10,000 p.a. and the standard rent fixed by the Rent Control Act is Rs. 1,20,000 p.a. The property was let out for a rent of Rs. 11,000 p.m. throughout the previous year. Unrealised rent was Rs. 11,000 and all conditions prescribed by Rule 4 are satisfied. He paid municipal taxes

@10% of municipal valuation. Interest on borrowed capital was Rs. 40,000 for the year. Compute the income from house property of Anirudh for A.Y. 2019-20.

44. Mr. 'D' is employed in Mumbai. His particulars of income for the assessment year 2017-2018 are as follows;

Basic salary Rs.17000 per month, Dearness Allowance Rs 4000 per month (40% is computed for retirement benefit), Bonus Rs 20000 per year, commission Rs 15000 per year, entertainment allowance Rs 3000 per month.

Calculate Mr. 'D'S salary income for the A.Y. 2017-2018.

45. A company took a house on rent and allotted it to its employee. From the following information find out the value of perquisite of accommodation;

Rent paid for the year	60000
Salary	500000
Cost of furniture provided in the house	60000
Rent charged from the employee per month	1000

46. from the following information compute the amount deductible in computing profits and gains of business for the assessment year 2017-2018.

1. Purchased goodwill of business for Rs 2, 50,000 in April, 2016.
2. Purchased trademark for 3, 00,000 in Nov., 2016.
3. Purchased patent for Rs 4, 00,000 in may, 2016.

47. Mr. N prepared the following profit and loss account of his cloth shop for the year ended 31st March, 2017. Find out his income from the business for the assessment year 2017-2018.

Profit and loss account
(for the year ended 31st March, 2017)

Salaries and wages	330000	Gross profit	334725
Rent	1600	Gifts received from relatives	275
Household expenses	82000		
Income tax	900		
Advertisement	800		
Postage	600		
Gifts to relatives	900		
Fire insurance premium	400		
Life insurance premium	2100		
Bad debts reserve	800		
Audit fees	400		
Net profit transferred to capital A/c	211500		
	335000		335000

48. Mr. X is the owner of the three houses, which are all let out and are not governed by the rent control Act. From the following particulars find out the gross annual value in each case.

particulars	House I	House II	House III
Municipal value	30000	20000	35000
Fair rent	36000	24000	32000
Actual rent	32000	28000	30000

49. Compute the net Annual Value for the following information:

Particulars	A	B	C	D
Municipal	60000	48000	36000	96000
Fair rental value	75000	60000	45000	116000
Actual rent	69000	54000	40000	120000
Standard rent	-	72000	42000	115000
Municipal taxes paid	6000	4800	3600	9600

50. The following incomes were received by Mr. A during the financial year 2016-2017.

Income from agricultural land in Pakistan	40000
Directors fee	6000
Interest from post office savings bank account	1500
Interest on fixed deposit in SBI	1800
Winning from lottery (net)	35000
Crossword Puzzles	2500
Royalty on books	20000

(Expenses in this connection Rs 4000)

Compute his income from other sources.

K4 LEVEL QUESTIONS

UNIT-I

1. Examine the following allowances (i) taxable (ii) non taxable (iii) partly taxable
2. List out Perquisites? How they are taxed? How to get exemption for uniform allowance?
3. How the house property loss is set-off & carried forward?
4. List out the Incomes Chargeable to Profits and Gains of Business or Profession
5. Classifying Income under Profits and Gains of Business or Profession

UNIT-II

1. List out the Types of Capital Assets?
2. List out the Capital Gains Exemption
3. Difference between long-term Capital Gains and short-term Capital Gains
4. List out the rules regarding setup and carry forward
5. List out the rules regarding calculation of individual tax liabilities

UNIT-III

1. Mr. X who is 35 years old and employed in M/s ABC Ltd., has the following details relating to his income and investment during financial year 2017-18:-

Basic pay	Rs. 300000
Commission on sales	Rs.100000
House rent allowance	Rs.150000
Contribution by Mr. X to Provident Fund	Rs.36000
Amount deposited in PPF account	Rs.50000
House rent paid for residence in Delhi	Rs.72000
LIC premium paid	Rs.10000
Medical insurance premium paid for self	Rs.16000
Interest received from Saving Bank Account	Rs.12000

Calculate income tax liability of Mr. X for assessment year 2018-19.

2. A holds 15,000 shares (10% of total share holding) in B Ltd. which he had purchased on 10.2.96 for ₹ 6,00,000. The company went into liquidation on 16.7.2017 and paid a sum of ₹ 20 per share in cash and an asset whose market value as on the date of distribution i.e. 5.10.17 was ₹ 21,20,000 to A.

The accumulated profits of the company were ` 15 lacs. (a) Compute the income of A for the A.Y. 2018-19 assuming that he has no other income. (b) Compute the Capital Gain chargeable to tax if the asset of B Ltd. is sold by A for ` 25 lacs on 28.3.17.

3. Mr. X is the owner of the three houses, which are all let out and are not governed by the rent control Act. From the following particulars find out the gross annual value in each case.

particulars	House I	House II	House III
Municipal value	30000	20000	35000
Fair rent	36000	24000	32000
Actual rent	32000	28000	30000

4..Mr. Khan discloses following particulars of his receipts during the Previous Year 2014-2015: (a) Salary income earned at Pune but received in China ` 5,00,000. (b) Profits earned from a business in South Africa which is controlled in India, half of the profits being received in India `4,40,000. (c) Income from property, situated in Nairobi and received there `1,50,000. (d) Income from agriculture in Bangladesh and brought to India `1,90,000. (e) Dividend-paid by an Indian company but received in Itali on 15th May, 2014 `44,000. (f) Interest on USA Development Bonds, one half of which was received in India `1,52,000. (g) Past foreign untaxed income brought to India `4,20,000. (h) Gift of \$1000 from father, settled in USA, received in India `1,60,000. (i) Capital Gains on sale of Land in Delhi, consideration received in Canada `5,00,000. (j) Income from structure-designing consultancy service, set up in Germany, controlled from India, profits being received outside India `8,00,000. (k) Loss from foreign business, controlled from India, sales being received in India `4,00,000. Determine his Gross Total Income for the Previous Year 2017-2018 if he is (i) Resident and Ordinarily Resident, (ii) Resident but not Ordinarily Resident, (iii) Non Resident.

5. Mr. Y submits the following information in respect of his property for financial year 2017-18:-

Rent received	Rs.240000
Municipal taxes paid	Rs.20000
Expenditure on repair	Rs.15000
Insurance charges paid for building	Rs.6000

Ground rent paid	Rs.2000
------------------	---------

Interest paid against loan taken to purchase above-

Property	Rs.20000
----------	----------

Compute the income under the head 'Income from House Property' for assessment year 2018-19.

UNIT-IV

1.Mr. Abhinand constructed one house in 2010. Half of the portion is let out and the remaining half is used for his residence. The following particulars are available: MRV Rs: 12,500; Rent received Rs:10,000 ; Municipal taxes Rs:2,500 ; Ground rent Rs;250 ; Repairs Rs:2,000 ; Interest on loan taken for construction Rs: 2,500. Compute income from house property of Mr. Abhinand for the AY 2018-19.

2. Mr. X who is 40 year old, submits following information for F.Y. 2017-18. Calculate his income tax liability:-

Income from business	Rs.400000
----------------------	-----------

Rent from house property	Rs.200000
--------------------------	-----------

Municipal Tax paid for above house	Rs.20000
------------------------------------	----------

Bank interest from fix deposits	Rs.40000
---------------------------------	----------

Life Insurance Premium paid	Rs.15000
-----------------------------	----------

Medical Insurance Premium paid for self	Rs.20000
---	----------

3. Agricultural land purchased in 1984-85 for Rs: 75,000 sold for Rs: 7,20,000 on 01-05-2017. The assessee purchased another piece of agricultural land on 01-08-2017 for Rs:80,000 and deposited Rs:50,000 in Capital Gains Account Scheme, 1988. Compute the Capital Gain chargeable to tax for the AY 2018-19. CII in 1984-85 was 125 and in 2012-13 is 852.

4. The following are the details relating to Mr. Siddharth for the P.Y. 2012-13. Compute income from other sources: Income from agriculture in Pakistan Rs: 5,000 Interest on post office savings bank Rs: 1,000 Dividend from foreign company Rs: 700 Dividend from Indian company Rs:1,000 Rent from sub-letting house Rs: 26,250 Expenses for sub-letting house Rs: 1,000 Winning from lottery (Net) Rs: 14,000

5. From the following, prepare a statement of assessment of income of Mr. Ashikh for the A.Y. 2018-19:

1) Monthly salary Rs: 15,000 w.e.f. 01-07-2017.

2) His contribution to URPF is 15%

3) Employer's contribution is 10%

4) Dividend on preference share of an Indian company Rs: 8,000

5) Deposit made in a bank (interest 5 %) Rs:20,000

6) He owns a house, half of which is occupied by his son for his residence who is living separate from his father and the other half is let at Rs: 1,500 p.m. ; insurance premium Rs: 250; local taxes Rs:6,000

7) He has income from a firm Rs:12,000 and from the HUF Rs: 10,000.

UNIT-V

1.Mr. X is the owner of two houses which he uses for his residential purposes. He submits the following information in respect of these houses for the previous year 2017-18.

Particulars	I House	II House
Municipal	4000	10000
Fair rent	5000	12000
Municipal taxes paid	500	1500
Fire insurance premium	100	200
Interest on loan taken for the construction	3000	15000

His other incomes are 250000. Advise Mr. which house he should opt for self- occupation concession.

2. Shri Sharma sells his only residential house in mangaluru on 24th august, 2016 for Rs. 55,00,000 and incurs an expenditure of Rs 1,00,000 in connection with the transfer. Cost of acquisition of the house for him in 1978 was Rs 1,80,000 and on 1st April 1981 the fair market value was 4,00,000. On 16th Jan 2017 he deposits Rs,8,00,000 in the capital gains account scheme.

Compute the taxable capital gains for the Assessment year 2017-18. The cost inflation index for 1981-82 was 100 and for 2017-18 it was 1125.

3. Mr. KapilDev an ordinarily resident in India earned the following incomes during the financial year 2017-19.

Director's fees	2,000
Income from agricultural land in Pakistan	5,000
Ground-rent for land in pathankot	10,000
Interest on postal savings bank account	100
Interest on deposits with IFCI	500
Dividend from foreign company	700
Rent-from sub-letting a house	26,250
Rent payable by Mr. KapilDev for the sub-let house	12,000
Other expenses incurred on this sub-let house	1,000
Winning from Race-course	12,300
Interest on securities	4,000

You are required to calculate 'Income from Other Sources' of Mr. KapilDev for the assessment year 2018-19.

4. Mr .Rathi submits the following information relevant for the A.Y 2018-19.

Particulars	Income	Loss
Taxable income from salary	242000	---
Taxable income from house property		
House A	15000	---
House B	---	17000
House C	---	21000
Taxable profit from Business		
Business A	8000	---
Business B	---	10000
Business C (speculative)	11000	---
Business D (speculative)	----	23000
Taxable Capital Gains		
Short –term capital gains	6000	---
Short – term capital loss	---	28000

Long term capital gains	12500	---
Taxable income from other sources		
Income from card games	13000	---
Loss from card games	---	7010
Loss on maintenance of race horses	---	6000
Interest on securities	4000	---

Determine the gross total income of Mr.Rathi for the A.Y 2018-19

5. Dr Mano is medical practitioner. He gives you the following summary of cash book for the year ending 31-3-2017:

To balance	10000	by rent of clinic	18000
To consultation fee	60000	by purchase of medicines	38000
To visiting fee	45000	by staff salaries	24000
To gifts and presents	8000	by surgical equipments	40000
To sale of medicine	42000	by motor car expenses	8000
To dividend from UTI	6000	by purchase of motor car	140000
To life insurance maturity	100000	by house hold expenses	7000
To interest from national		by closing balance	2000
Defense bonds	6000		
	277000		277000

Other information:

- 5% of the motor car expenses incurred in connection with profession. Car was purchased in December 2015.
 - House hold expenses include Rs 6800 for life insurance premium
 - Gifts and presents include Rs 3000 from relations
 - Closing stock of medicine Rs 12000 and on 1-4-2015, opening stock was Rs4000
- Compute his professional gain for the assessment year 2018-19.