

**INTERMEDIATE EXAMINATION
Syllabus 2016**

Paper 7: DIRECT TAXATION (DTX)

Time Allowed: 3 Hours

Full Marks: 100

There are Sections A, B, C and D to be answered subject to instructions given against each.

Section A					20 x 1
You are required to answer all the questions. Each question carries 1 mark.					= 20
Instructions: Each question is followed by 4 Answer choices and only one is correct. You are required to select the choice which according to you represents the correct answer.					Marks
1.					
	a.	For a domestic company, the minimum amount of total income liable for surcharge and the rate of surcharge applicable therein are _____ .			
		(i)	10 crore and 10% respectively		
		(ii)	5 crore and 7% respectively		
		(iii)	1 crore and 7% respectively	A	
		(iv)	1 crore and 15% respectively		
	b.	The Maximum amount of leave salary not chargeable to tax as specified by the Government in case of a non-government employee is _____ .			
		(i)	Rs. 73,700		
		(ii)	Rs. 50,000		
		(iii)	Rs. 2,40,000		
		(iv)	Rs. 3,00,000	A	
	c.	Best Judgement Assessment is covered u/s _____ .			
		(i)	143(3)		
		(ii)	143(1)		
		(iii)	144	A	
		(iv)	147		
	d.	Under the Income Tax Act,1961, 'Notional Profit' from speculative business is:			
		(i)	Taxable under PGBP (Profits and Gains of Business or Profession)		
		(ii)	Taxable under IFOS (Income from Other Sources)		
		(iii)	Taxable either as PGBP or IFOS		
		(iv)	Not taxable	A	
	e.	New plant and machinery acquired and put to use by an assessee engaged in			

Mock Test Paper with Model Answer for June 2022 Online Examination-Inter/P07-DTX/S2

		transmission of power is eligible for additional depreciation at ____ of actual cost.	
	(i)	10%	
	(ii)	12.5%	
	(iii)	15%	
	(iv)	20%	A
	f.	Provisions of section 44AD for computation of presumptive income are not applicable to :	
	(i)	LLP	A
	(ii)	Partnership firm	
	(iii)	Resident HUF	
	(iv)	Resident Individual	
	g.	From which of the following the long term capital loss can be set off?	
	(i)	Short term capital gain only	
	(ii)	Long term capital gain only	A
	(iii)	Income from business or profession	
	(iv)	Income from salary	
	h.	A person carrying on profession will also have to get his accounts audited before the specified date, if gross receipts from the profession for a previous year or years relevant to assessment year exceeds:	
	(i)	Rs. 10 lakh	
	(ii)	Rs. 25 lakh	
	(iii)	Rs. 50 lakh	A
	(iv)	Rs. 1 crore	
	i.	Rent after deducting municipal taxes is Rs. 2,00,000, the amount of taxable income from house property is:	
	(i)	Rs. 2,00,000	
	(ii)	Rs. 1,40,000	A
	(iii)	Rs. 2,60,000	
	(iv)	None of above	
	j.	Deduction in respect of donations to National Defense Fund is allowed u/s -	
	(i)	80 G	A
	(ii)	80 CCG	
	(iii)	80 C	
	(iv)	None of the above	
	k.	Mr. X, a resident Indian, wins Rs. 10,000 in a lottery. Which one of the following statement is true?	
	(i)	Tax is Deductible u/s 194 B @ 30%	A

Mock Test Paper with Model Answer for June 2022 Online Examination-Inter/P07-DTX/S2

	(ii)	Tax is Deductible u/s 194 B @30.9%		
	(iii)	No tax is deductible at source		
	(iv)	None of the above		
I.	An Individual has paid life insurance premium of Rs. 25,000 during the previous year for a policy of Rs. 1,00,000 taken on 01.04.2017. He shall:			
	(i)	Not be allowed deduction u/s 80 C		
	(ii)	Be allowed deduction Rs. 30,000 u/s 80 C		
	(iii)	Be allowed deduction Rs. 25,000 u/s 80 C		
	(iv)	Be allowed deduction Rs. 10,000 u/s 80 C	A	
m.	Unexhausted basic exemption of a non-resident individual can be adjusted against-			
	(i)	Only LTCG taxable @ 20% u/s 112		
	(ii)	Only STCG taxable @ 15% u/s 111A		
	(iii)	Both (i) & (ii)		
	(iv)	Neither (i) nor (ii)	A	
n.	Mr. S, a resident in India, has gross total income of Rs. 2,40,000 comprising of interest on saving A/c and rental income during the previous year 2021-22. He incurred expenditure of Rs. 1,90,000 for his son for a study tour to New Zealand. Whether he is required to file return of income for the assessment year 2022-23? If yes, what is the due date?			
	(i)	Yes, 31 st July of A.Y		
	(ii)	Yes, 30 th September of A.Y		
	(iii)	Yes, 31 st October of A.Y		
	(iv)	No, he is not required to file return of income	A	
o.	The maximum amount which can be donated in cash for claiming deduction u/s 80 G for the P.Y. 2021-22 is :			
	(i)	Rs. 5,000		
	(ii)	Rs. 10,000		
	(iii)	Rs. 1,000		
	(iv)	Rs. 2,000	A	
p.	Mr. R is engaged in the business of roasting and grinding coffee beans. During F.Y. 2021-22, his total income is Rs. 4.5 lakhs. Mr. R filed his return of income for A.Y. 2022-23 on 3rd December, 2022. What shall be the fee payable for default in furnishing in return of income for A.Y. 2022-23?			
	(i)	Rs.5,000		
	(ii)	Rs.1,000	A	
	(iii)	Rs.10,000		
	(iv)	No fees payable as total income is below Rs.5,00,000		

Mock Test Paper with Model Answer for June 2022 Online Examination-Inter/P07-DTX/S2

	q.	A purchased a residential house property in Jaisalmer on loan for which he paid an interest of Rs. 50,000 during the previous year. He is working in Varanasi and getting an HRA of Rs. 4000 per month. He can claim exemption/deduction for _____.		
	(i)	Only HRA		
	(ii)	Only Interest paid		
	(iii)	Either interest paid or HRA but not both		
	(iv)	Both HRA and Interest paid	A	
	r.	The tax payable by S LLP on total income of Rs.1,01,00,000 for P.Y. 2021-22, is Rs. _____.		
	(i)	35,29,340		
	(ii)	32,24,000	A	
	(iii)	33,21,500		
	(iv)	31,51,200		
	s.	Calculate the tax liability of Mr. LN, who attained the age of 60 years on 01.04.2021 and does not opt for the provisions of section 115BAC for the P.Y. 2021-22. The total income is Rs.5,60,000, comprising of salary income and interest on fixed deposits.		
	(i)	Rs.9,880		
	(ii)	Rs.22,880	A	
	(iii)	Rs.25,480		
	(iv)	Nil		
	t.	Employer's contribution to provident fund/superannuation fund/gratuity fund is allowed as deduction in computing income under the head "Profits and gains of business or profession", provided it has been paid _____.		
	(i)	Before the end of the previous year		
	(ii)	On or before due date by which employer is required to credit an employee's contribution to the employee's account in the relevant fund.		
	(iii)	On or before due date for filing the return of income under section 139(1)	A	
	(iv)	Before the end of the relevant assessment year		
<p align="center">Section B</p> <p align="center">You are required to answer all the questions. Each question carries 2 mark.</p> <p align="center">Instructions: Each question is followed by a space where you are required to type your answer.</p>				10 × 2 = 20 Marks
2.				
	a.	What is the statutory limit u/s 16(ii) for deduction of entertainment allowance in case of a non-Government employee?		
		Type your answer here Nil		
	b.	Which income is eligible for deduction u/s 80RRB of the Income-tax Act, 1961?		
		Type your answer here Royalty on patents		
	c.	What is rate of tax percentage under Alternate Minimum Rate u/s 115JC ?[Basic rate excluding		

Mock Test Paper with Model Answer for June 2022 Online Examination-Inter/P07-DTX/S2

		surcharge, cess , etc.]	
		Type your answer here 18.5	
	d.	Mr. V received the following income: Director's fees Rs. 5,000; Income from agricultural land in Pakistan Rs.15,000; rent from let-out of land in Agra Rs.20,000; Interest on deposit with K Bank Rs. 1,000 and dividend from Indian company Rs.5,000. What will be his income from other source?	
		Type your answer here Rs. 46,000	
	e.	What is the maximum amount of gratuity being received at the time of retirement which is not chargeable to tax as specified by the Government in case of a non- Government employee?	
		Type your answer here Rs. 20,00,000	
	f.	In which heads of income, unrealized rent received based on court decree is taxable if at the time of receipts, the property was not owned by the assessee?	
		Type your answer here Income from house property	
	g.	In which heads of income, income from sub-letting is taxable?	
		Type your answer here Income from other source	
	h.	What is the third due date for payment of advance tax in case of an individual?	
		Type your answer here 15 th December of the previous year	
	i.	Which income received by an assessee are exempt under section 10 of the Income Tax Act	
		Type your answer here Agriculture Income	
	j.	Which form number is to be used for filing the return of income by an individual having business income ?	
		Type your answer here Form Number 3	
<p align="center">Section C</p> <p align="center">You are required to answer any 4 out of 6 questions in this section</p> <p align="center">Instructions: Each question is followed by a space where you are required to type your answer.</p>			<p align="center">12 × 4 =</p> <p align="center">48</p> <p align="center">Marks</p>
3.	(a)	Answer the following questions :	
	(i)	Mr. P manufactures latex from the rubber plants grown by him in India. These are then sold in the market for Rs.30 lacs. The cost of growing rubber plants is Rs.10 lacs and that of manufacturing latex is Rs.8 lacs. What will be his business income?	2
		<p>Type your answer here Business income = Rs. 4,20,000</p> <p>Rough Work</p> <p>The total income of Mr. P comprises of agricultural income and business income.</p> <p>Total profits from the sale of latex= Rs.30 lacs – Rs.10 lacs –Rs. 8 lacs = Rs.12 lacs.</p> <p>Agricultural income = 65% of 12 lacs = Rs.7.8 lacs</p> <p>Business income = 35% of 12 lacs = Rs.4.2 lacs</p>	

	(ii)	"Exemption is available to a Sikkimese individual, only in respect of income from any source in the State of Sikkim". Examine the correctness of the statement with reference to the provisions of the Income-tax Act, 1961 along with brief explanation.	2												
		Type your answer here The statement is not correct. Exemption under section 10(26AAA) is available to Sikkimese individual not only in respect of the said income, but also in respect of income by way of dividend or interest on securities.													
	(iii)	Mr. J, a non-resident in India, received a sum of Rs.1,30,000 from Mr. R, a resident and ordinarily resident in India. The amount was paid to Mr. J on account of transfer of right to use the manufacturing process developed by Mr. J. The manufacturing process was developed by Mr. J in Singapore and Mr. R uses such process for his business carried on by him in Dubai .	2												
		Type your answer here Consideration for transfer of right to use the manufacturing process falls within the definition of royalty. Income by way royalty payable by Mr. R, a resident and ordinarily resident, is not deemed to accrue or arise in India in the hands of Mr. J as per section 9(1)(vi)(b), since royalty is payable in respect of right used for the purposes of a business carried on by Mr. R outside India i.e., in Dubai.													
	(iv)	Mr. N grows paddy on land. He then employs mechanical operations on grain to make it fit for sale in the market, like removing hay and chaff from the grain, filtering the grain and finally packing the rice in gunny bags. He claims that entire income earned by him from sale of rice is agricultural income not liable to income tax since paddy as grown on land is not fit for sale in its original form.	2												
		Type your answer here The income from the process ordinarily employed to render the produce fit to be taken to the market would be agricultural income under section 2(1A)(b)(ii). The process of making the rice ready from paddy for the market may involve manual operations or mechanical operations, both of which constitute processes ordinarily employed to make the product fit for the market. Accordingly, the entire income earned by Mr. N from sale of rice is agricultural income.													
	(b)	Discuss the taxability or otherwise of the following in the hands of the recipient under section 56(2)(x) the Income-tax Act, 1961 along with proper reasons: (i) Mr. C, a member of his father's HUF, transferred a house property to the HUF without consideration. The stamp duty value of the house property is Rs.18,20,000. (ii) XY HUF gifted a car to the son of Karta for achieving good marks in Cost Accounting examination. The fair market value of the Car is Rs.7,17,000.	4												
		Type your answer here <div align="center">Statement showing Taxability u/s 56(2)(x)</div> <table border="1"> <thead> <tr> <th>Sl. No.</th><th>Taxable/ Non-taxable</th><th>Amount liable to tax (Rs.)</th><th>Reason</th></tr> </thead> <tbody> <tr> <td>(i)</td><td>Non –taxable</td><td>Nil</td><td>Immovable property received without consideration by a HUF from its relative is not taxable under section 56(2)(x). Since Mr. C is a member of the HUF, he is a relative of the HUF. However, income from such asset would be included in the hands of Mr. C u/s 64(2)</td></tr> <tr> <td>(ii)</td><td>Non-taxable</td><td>Nil</td><td>Car is not included in the definition of property for the purpose of section 56(2)(x), therefore, the same shall not be taxable.</td></tr> </tbody> </table>	Sl. No.	Taxable/ Non-taxable	Amount liable to tax (Rs.)	Reason	(i)	Non –taxable	Nil	Immovable property received without consideration by a HUF from its relative is not taxable under section 56(2)(x). Since Mr. C is a member of the HUF, he is a relative of the HUF. However, income from such asset would be included in the hands of Mr. C u/s 64(2)	(ii)	Non-taxable	Nil	Car is not included in the definition of property for the purpose of section 56(2)(x), therefore, the same shall not be taxable.	
Sl. No.	Taxable/ Non-taxable	Amount liable to tax (Rs.)	Reason												
(i)	Non –taxable	Nil	Immovable property received without consideration by a HUF from its relative is not taxable under section 56(2)(x). Since Mr. C is a member of the HUF, he is a relative of the HUF. However, income from such asset would be included in the hands of Mr. C u/s 64(2)												
(ii)	Non-taxable	Nil	Car is not included in the definition of property for the purpose of section 56(2)(x), therefore, the same shall not be taxable.												

4.	(a)	<p>R has a house property acquired on 7/07/1995 for Rs3,00,000. He incurred improvement expenditure on such property Rs.70,000 on 16/08/2000 and Rs.50,000 on 17/07/2010. Market value of such property as on 1/04/2001 is Rs.4,50,000. On 16/08/2013, such property is compulsorily acquired by the Government and compensation decided at Rs11,50,000. 20% of the compensation received on 31/03/2022 and balance on 2/04/2022. On further appeal, on 16/08/2022 enhanced compensation is declared by the Government Rs2,00,000. Expenditure incurred to get enhanced compensation is Rs.11,000. Such compensation received on 18/08/2023.</p> <p>Compute income under the head Capital Gains of R for :</p> <p>(i) The assessment year 2014-15 (ii) The assessment year 2022-23; (iii) The assessment year 2023-24; and (iv) The assessment year 2024-25</p>	2+2+2 +2																																																								
		<p>Type your answer here</p> <p>(i) Nil (ii) Long term capital gain Rs.94,132 (iii) Nil (iv) Long term capital gain Rs.1,89,000</p> <p>Rough Work</p> <p>Computation of capital gains of R for the A.Y. 2022-23</p> <table border="1"> <thead> <tr> <th>Particulars</th><th>Working</th><th>Details</th><th>Amount</th></tr> </thead> <tbody> <tr> <td>Sale consideration</td><td></td><td></td><td>11,50,000</td></tr> <tr> <td>Less: Expenses on transfer</td><td></td><td></td><td>Nil</td></tr> <tr> <td>Net sale consideration</td><td></td><td></td><td>11,50,000</td></tr> <tr> <td>Less: i) Indexed cost of acquisition</td><td>Rs 4,50,000 x 220 /100</td><td>9,90,000</td><td></td></tr> <tr> <td>ii) Indexed cost of improvement</td><td>Rs 50,000 x 220/167</td><td>65,868</td><td>10,55,868</td></tr> <tr> <td>Long Term Capital Gain</td><td></td><td></td><td>94,132</td></tr> </tbody> </table> <p>1. The initial compensation (i.e. Rs.11,50,000) decided by the Government shall be treated as sale consideration. 2. Cost of acquisition is the original cost of acquisition (i.e. Rs.3,00,000) or Fair market value as on 1/04/2001 (i.e. Rs.4,50,000) whichever is higher. 3. Cost of improvement incurred before 1/04/2001 is to be completely ignored. 4. Though the property was compulsorily acquired by the Government in the P.Y 2013-14 but the compensation was received in the P.Y.2021-22, therefore the amount shall be taxable in the P.Y.2021-22, however indexation benefit shall be available till the previous year 2013-14.</p> <p>Computation of capital gains of Mr. R for the A.Y. 2023-24: As the assessee has not received enhanced compensation during the P.Y.2022-23, hence nothing is taxable in the A.Y. 2023-24. Computation of capital gains of Mr. R for the A.Y. 2024-25</p> <table border="1"> <thead> <tr> <th>Particulars</th><th>Working</th><th>Details</th><th>Amount(Rs.)</th></tr> </thead> <tbody> <tr> <td>Sale Consideration</td><td>Enhanced compensation</td><td></td><td>2,00,000</td></tr> <tr> <td>Less: Expenses on transfer</td><td></td><td></td><td>11,000</td></tr> <tr> <td>Net Sale Consideration</td><td></td><td></td><td>1,89,000</td></tr> <tr> <td>Less: i) Indexed cost of acquisition</td><td></td><td>Nil</td><td></td></tr> <tr> <td>ii) Indexed cost of improvement</td><td></td><td>Nil</td><td>Nil</td></tr> <tr> <td>Long Term Capital Gain</td><td></td><td></td><td>1,89,000</td></tr> </tbody> </table> <p>In case of enhanced compensation, the cost of acquisition shall be taken as nil and the nature of</p>	Particulars	Working	Details	Amount	Sale consideration			11,50,000	Less: Expenses on transfer			Nil	Net sale consideration			11,50,000	Less: i) Indexed cost of acquisition	Rs 4,50,000 x 220 /100	9,90,000		ii) Indexed cost of improvement	Rs 50,000 x 220/167	65,868	10,55,868	Long Term Capital Gain			94,132	Particulars	Working	Details	Amount(Rs.)	Sale Consideration	Enhanced compensation		2,00,000	Less: Expenses on transfer			11,000	Net Sale Consideration			1,89,000	Less: i) Indexed cost of acquisition		Nil		ii) Indexed cost of improvement		Nil	Nil	Long Term Capital Gain			1,89,000	
Particulars	Working	Details	Amount																																																								
Sale consideration			11,50,000																																																								
Less: Expenses on transfer			Nil																																																								
Net sale consideration			11,50,000																																																								
Less: i) Indexed cost of acquisition	Rs 4,50,000 x 220 /100	9,90,000																																																									
ii) Indexed cost of improvement	Rs 50,000 x 220/167	65,868	10,55,868																																																								
Long Term Capital Gain			94,132																																																								
Particulars	Working	Details	Amount(Rs.)																																																								
Sale Consideration	Enhanced compensation		2,00,000																																																								
Less: Expenses on transfer			11,000																																																								
Net Sale Consideration			1,89,000																																																								
Less: i) Indexed cost of acquisition		Nil																																																									
ii) Indexed cost of improvement		Nil	Nil																																																								
Long Term Capital Gain			1,89,000																																																								

		capital gain shall be same as that of initial compensation.							
	(b)	<p>Mr. V transferred an immovable property to RK Pvt. Ltd on 13.02.2022 for Rs. 3,50,000 when the stamp duty value was Rs. 5,15,000. The indexed cost of acquisition of such property for Mr. V was computed at Rs. 4,25,000.</p> <p>(i) Determine the income chargeable to tax in the hands of Mr. V.</p> <p>(ii) Determine the income chargeable to tax in the hands of RK Pvt. Ltd.</p>	2+2						
		<p>Type your answer here</p> <p>(i) Rs 90,000 as Long term capital gains</p> <p>(ii) Rs 1,65,000 as Income from other sources</p> <p>Rough Work</p> <p>Rs.90,000 chargeable to tax in the hands of Mr. V as long-term capital gains and</p> <p>Rs.1,65,000 is taxable under the heads “ Income from other sources” in the hands of RK Pvt Ltd.</p>							
5.	(a)	<p>Two brothers Mr.B and Mr.V are co-owners of a house property with equal share. The property was constructed during the financial year 1998-1999. The property consists of eight identical units and is situated at Cochin.</p> <p>During the financial year 2021-22, each co-owner occupied one unit for residence and the balance of six units were let out at a rent of 12,000 per month per unit. The municipal value of the house property is Rs.9,00,000 and the municipal taxes are 20% of municipal value, which were paid during the year. The other expenses were as follows:</p> <table><tr><td>(i) Repairs</td><td>Rs. 40,000</td></tr><tr><td>(ii) Insurance premium (paid)</td><td>Rs. 15,000</td></tr><tr><td>(iii) Interest payable on loan taken for construction of house</td><td>Rs. 3,00,000</td></tr></table> <p>One of the let out units remained vacant for four months during the year.</p> <p>B could not occupy his unit for six months as he was transferred to Chennai. He does not own any other house.</p> <p>The other income of Mr. B and Mr. V are Rs.2,90,000 and Rs.1,80,000, respectively, for the financial year 2021-22.</p> <p>You are requested to:</p> <ol style="list-style-type: none">Write down total income of Mr. B for the A.Y. 2022-23Write down total income of Mr. V for the A.Y. 2022-23	(i) Repairs	Rs. 40,000	(ii) Insurance premium (paid)	Rs. 15,000	(iii) Interest payable on loan taken for construction of house	Rs. 3,00,000	4+4
(i) Repairs	Rs. 40,000								
(ii) Insurance premium (paid)	Rs. 15,000								
(iii) Interest payable on loan taken for construction of house	Rs. 3,00,000								

Type your answer here

i. Total income of Mr. B for the A.Y. 2022-23 = Rs. 3,85,850

ii. Total income of Mr. V for the A.Y. 2022-23 = Rs. 2,75,850

Rough Work

Computation of total Income for A.Y. 2022-23

Particulars	B (Rs.)	V (Rs.)
Income from House Property		
I. Self-occupied portion(25%)		
Annual Value	Nil	Nil
Less: Deductions under Section 24(b)		
Interest on loan taken for construction *37,500 (being 25% of 1.5 lakh) restricted to maximum of 30,000 for each co-owner since the property was constructed before 1.04.1999. Hence, it is assumed that loan was taken before 1.4.1999	30,000	30,000
Loss from self-occupied property	(30,000)	(30,000)
II. Let-out portion (75%) – See working note below	1,25,850	1,25,850
Income from house property	95,850	95,850
Other Income	2,90,000	1,80,000
Total Income	3,85,850	2,75,850

Computation of Income from Let-out Portion of House Property

Particulars	(Rs)	(Rs)
Let-out portion (75%)		
Gross Annual Value		
(a) Municipal Value (75% of Rs 9 lakh)	6,75,000	Nil
(b) Actual Rent [(Rs 12,000 x 6 x 12)- (Rs 12,000 x 1 x 4)	8,16,000	
= Rs. 8,64,000 – Rs 48,000 -whichever is higher		8,16,000
Less: Municipal taxes 75% of Rs 1,80,000(20% of Rs 9 lakh)		1,35,000
Net Annual Value		6,81,000
Less: Deduction Under Section 24		
(a) 30% of NAV	2,04,300	
(b) Interest on loan taken for the house (75% of Rs 3 lakh)	2,25,000	4,29,300
Income from let-out portion of house property		2,51,700
Share of each co-owners (50%)		1,25,850

	(b)	<p>Mr. J furnishes the following information for the financial year 2022-23.</p> <table><tr><th>Particulars</th><th>Rs.</th></tr><tr><td>Loss from speculation business-X</td><td>85,000</td></tr><tr><td>Profit from speculation business-Y</td><td>45,000</td></tr><tr><td>Interest on borrowings in respect of self-occupied house property</td><td>3,18,000</td></tr><tr><td>Income from let out house property</td><td>1,20,000</td></tr><tr><td>Presumptive Income from trading and manufacturing business under section 44AD</td><td>1,00,000</td></tr><tr><td>Salary from XYZ (P) Ltd</td><td>5,25,000</td></tr><tr><td>Interest on PPF deposit</td><td>65,000</td></tr><tr><td>Long term capital gain on sale of Vacant site</td><td>1,25,000</td></tr><tr><td>Short term capital loss on sale of Jewellery</td><td>65,000</td></tr><tr><td>Investment in tax saver deposit on 31-03-22</td><td>60,000</td></tr><tr><td>Brought forward loss of business of assessment year 2017-18</td><td>1,00,000</td></tr><tr><td>Donation to a charitable trust recognized under section 12AA and approved under section 80G (payment made via credit card)</td><td>60,000</td></tr></table> <p>Additional Information: Assessee is not opting for section 115BAC Assessee wants to lower his tax burden</p> <p>Compute the following:</p> <p>i. Taxable Salary income after adjustment of losses if any ii. Taxable profits and gains from business or profession after adjustment of losses if any</p>	Particulars	Rs.	Loss from speculation business-X	85,000	Profit from speculation business-Y	45,000	Interest on borrowings in respect of self-occupied house property	3,18,000	Income from let out house property	1,20,000	Presumptive Income from trading and manufacturing business under section 44AD	1,00,000	Salary from XYZ (P) Ltd	5,25,000	Interest on PPF deposit	65,000	Long term capital gain on sale of Vacant site	1,25,000	Short term capital loss on sale of Jewellery	65,000	Investment in tax saver deposit on 31-03-22	60,000	Brought forward loss of business of assessment year 2017-18	1,00,000	Donation to a charitable trust recognized under section 12AA and approved under section 80G (payment made via credit card)	60,000	2+2							
Particulars	Rs.																																			
Loss from speculation business-X	85,000																																			
Profit from speculation business-Y	45,000																																			
Interest on borrowings in respect of self-occupied house property	3,18,000																																			
Income from let out house property	1,20,000																																			
Presumptive Income from trading and manufacturing business under section 44AD	1,00,000																																			
Salary from XYZ (P) Ltd	5,25,000																																			
Interest on PPF deposit	65,000																																			
Long term capital gain on sale of Vacant site	1,25,000																																			
Short term capital loss on sale of Jewellery	65,000																																			
Investment in tax saver deposit on 31-03-22	60,000																																			
Brought forward loss of business of assessment year 2017-18	1,00,000																																			
Donation to a charitable trust recognized under section 12AA and approved under section 80G (payment made via credit card)	60,000																																			
		<p>Type your answer here</p> <p>i. Rs. 4,55,000 ii. Rs. Nil</p> <p>Rough Work</p> <p>Computation of Total Income of Mr. J for Assessment Year 2022-23</p> <table><tr><th>Particulars</th><th>Rs.</th><th>Rs.</th></tr><tr><td>A. Salary from XYZ (P) Ltd</td><td>5,25,000</td><td></td></tr><tr><td>Less: Standard Deduction u/s 16(ia)</td><td>50,000</td><td></td></tr><tr><td></td><td>4,75,000</td><td></td></tr><tr><td>Less: Loss from house property of Rs.20,000[Rs.80,000 –Rs.60,000] (being the loss set-off against long-term capital gains)</td><td>20,000</td><td>4,55,000</td></tr><tr><td>B. Profits and gains from business or profession Capital Gains:</td><td></td><td></td></tr><tr><td>Profit from speculation business Y</td><td>45,000</td><td></td></tr><tr><td>Less: Loss of 85,000 from speculation business X set-off against profit from speculation business Y to the extent of such profit</td><td>(45,000)</td><td></td></tr><tr><td></td><td></td><td>Nil</td></tr><tr><td>Presumptive Income from trading and manufacturing</td><td>1,00,000</td><td></td></tr><tr><td>Less: Brought forward business loss of AY. 2015-16 set off since the period of eight assessment years has not expired</td><td>(1,00,000)</td><td>Nil</td></tr></table>	Particulars	Rs.	Rs.	A. Salary from XYZ (P) Ltd	5,25,000		Less: Standard Deduction u/s 16(ia)	50,000			4,75,000		Less: Loss from house property of Rs.20,000[Rs.80,000 –Rs.60,000] (being the loss set-off against long-term capital gains)	20,000	4,55,000	B. Profits and gains from business or profession Capital Gains:			Profit from speculation business Y	45,000		Less: Loss of 85,000 from speculation business X set-off against profit from speculation business Y to the extent of such profit	(45,000)				Nil	Presumptive Income from trading and manufacturing	1,00,000		Less: Brought forward business loss of AY. 2015-16 set off since the period of eight assessment years has not expired	(1,00,000)	Nil	
Particulars	Rs.	Rs.																																		
A. Salary from XYZ (P) Ltd	5,25,000																																			
Less: Standard Deduction u/s 16(ia)	50,000																																			
	4,75,000																																			
Less: Loss from house property of Rs.20,000[Rs.80,000 –Rs.60,000] (being the loss set-off against long-term capital gains)	20,000	4,55,000																																		
B. Profits and gains from business or profession Capital Gains:																																				
Profit from speculation business Y	45,000																																			
Less: Loss of 85,000 from speculation business X set-off against profit from speculation business Y to the extent of such profit	(45,000)																																			
		Nil																																		
Presumptive Income from trading and manufacturing	1,00,000																																			
Less: Brought forward business loss of AY. 2015-16 set off since the period of eight assessment years has not expired	(1,00,000)	Nil																																		
6.	(a)	A, 35 years, has provided following details relating to his income for the previous year 2021-22:	4+4+2																																	

		<p>a. Income from business Rs.15,00,000</p> <p>b. Income from saving bank interest Rs.12,000</p> <p>c. Interest on PPF Rs.36,000</p> <p>d. Investment in PPF Rs.1,50,000</p> <p>(i) Compute tax liability of Mr. A under regular tax regime.</p> <p>(ii) Compute tax liability of Mr. A under alternate tax regime.</p> <p>(iii) Advise him whether he should opt for alternate tax regime u/s 115BAC or not</p>																																																	
		<p>Type your answer here</p> <p>(i) Tax liability of Mr. A under regular tax regime is Rs.2,26,820</p> <p>(ii) Tax liability of Mr. A under Alternate tax regime is Rs.1,98,740</p> <p>(iii) In the instant case, tax liability under alternative tax regime u/s 115BAC is lower, hence it is advisable to opt for provision of sec. 115BAC</p> <p>Rough Work</p> <p>Computation of Income and tax liability of Mr. A for A.Y. 2022-23</p> <table><tr><th>Particulars</th><th>Regular Tax Regime</th><th>Alternative Tax Regime</th></tr><tr><td>Business Income</td><td>15,00,000</td><td>15,00,000</td></tr><tr><td>Interest on saving bank deposit</td><td>12,000</td><td>12,000</td></tr><tr><td>Interest on PPF</td><td>Exempt</td><td>Exempt</td></tr><tr><td>Gross Total Income</td><td>15,12,000</td><td>15,12,000</td></tr><tr><td colspan="3"><u>Less: Deduction</u></td></tr><tr><td>U/s 80C (PPF Contribution)</td><td>1,50,000</td><td>NA</td></tr><tr><td>U/s 80TTA (Interest on Saving Bank Interest)</td><td>10,000</td><td>NA</td></tr><tr><td>Total Income</td><td>13,52,000</td><td>15,12,000</td></tr><tr><td>Tax on above</td><td>2,18,100</td><td>1,91,100</td></tr><tr><td>Less: Rebate u/s 87A (As income exceeds Rs.5,00,000)</td><td>NA</td><td>NA</td></tr><tr><td>Tax after rebate</td><td>2,18,100</td><td>1,91,100</td></tr><tr><td>Add: Surcharge</td><td>Nil</td><td>Nil</td></tr><tr><td>Tax and surcharge</td><td>2,18,100</td><td>1,91,100</td></tr><tr><td>Add: Health & Education cess</td><td>8,724</td><td>7,644</td></tr><tr><td>Tax liability (Rounded off u/s 288B)</td><td>2,26,820</td><td>1,98,740</td></tr></table>	Particulars	Regular Tax Regime	Alternative Tax Regime	Business Income	15,00,000	15,00,000	Interest on saving bank deposit	12,000	12,000	Interest on PPF	Exempt	Exempt	Gross Total Income	15,12,000	15,12,000	<u>Less: Deduction</u>			U/s 80C (PPF Contribution)	1,50,000	NA	U/s 80TTA (Interest on Saving Bank Interest)	10,000	NA	Total Income	13,52,000	15,12,000	Tax on above	2,18,100	1,91,100	Less: Rebate u/s 87A (As income exceeds Rs.5,00,000)	NA	NA	Tax after rebate	2,18,100	1,91,100	Add: Surcharge	Nil	Nil	Tax and surcharge	2,18,100	1,91,100	Add: Health & Education cess	8,724	7,644	Tax liability (Rounded off u/s 288B)	2,26,820	1,98,740	
Particulars	Regular Tax Regime	Alternative Tax Regime																																																	
Business Income	15,00,000	15,00,000																																																	
Interest on saving bank deposit	12,000	12,000																																																	
Interest on PPF	Exempt	Exempt																																																	
Gross Total Income	15,12,000	15,12,000																																																	
<u>Less: Deduction</u>																																																			
U/s 80C (PPF Contribution)	1,50,000	NA																																																	
U/s 80TTA (Interest on Saving Bank Interest)	10,000	NA																																																	
Total Income	13,52,000	15,12,000																																																	
Tax on above	2,18,100	1,91,100																																																	
Less: Rebate u/s 87A (As income exceeds Rs.5,00,000)	NA	NA																																																	
Tax after rebate	2,18,100	1,91,100																																																	
Add: Surcharge	Nil	Nil																																																	
Tax and surcharge	2,18,100	1,91,100																																																	
Add: Health & Education cess	8,724	7,644																																																	
Tax liability (Rounded off u/s 288B)	2,26,820	1,98,740																																																	
	(b)	State to whom Alternate tax regime u/s 115BAC is applicable	2																																																
		Type your answer here Individual /HUF																																																	
7.	(a)	Write what do you know about Intimation [Sec.143(1)].	8																																																
		<p>Type your answer here</p> <p>Where a return has been made u/s 139 or in response to a notice u/s 142(1), such return shall be processed in the following manner, namely: —</p> <p>a. the total income or loss shall be computed after making the following adjustment:</p> <p>i. any arithmetical error in the return;</p>																																																	

		<p>ii. an incorrect claim, if such incorrect claim is apparent from any information in the return;</p> <p>iii. disallowance of loss claimed, if return of the previous year for which set off of loss is claimed was furnished after the due date;</p> <p>iv. disallowance of expenditure or increase in income indicated in the audit report but not taken into account in computing the total income in the return;</p> <p>v. disallowance of deduction claimed u/s 10AA or under any of the provisions of Chapter VI-A under the heading "C.—Deductions in respect of certain incomes", if the return is furnished after the due date;</p> <p>b. the tax, interest and fee, if any, shall be computed on the total income computed above;</p> <p>c. the sum payable by (or the amount of refund due to), the assessee shall be determined after adjustment of the tax, interest and fee, if any, by any TDS, TCS, advance tax paid, any relief, tax paid on self-assessment and any amount paid otherwise by way of tax, interest or fee;</p> <p>d. an intimation shall be prepared or generated and sent to the assessee specifying the sum determined to be payable by, or the amount of refund due to, the assessee; and</p> <p>e. the amount of refund due to the assessee in pursuance of the determination shall be granted to the assessee.</p> <p>f. An intimation shall also be sent to the assessee in a case where the loss declared in the return by the assessee is adjusted but no tax or interest or fee is payable by, or no refund is due to, him.</p> <p>Time limit for intimation: No intimation shall be sent after the expiry of 1 year from the end of the financial year in which the return is made. The period of limitation will run from the date of filing of latest revised return.</p> <p>Notes:</p> <p>An incorrect claim apparent from any information in the return shall mean a claim, on the basis of an entry, in the return,—</p> <p>(a) of an item, which is inconsistent with another entry of the same or some other item in such return;</p> <p>(b) in respect of which the information required to be furnished under this Act to substantiate such entry has not been so furnished; or</p> <p>(c) in respect of a deduction, where such deduction exceeds specified statutory limit which may have been expressed as monetary amount or percentage or ratio or fraction;</p> <p>The acknowledgment of the return shall be deemed to be intimation where either no sum is payable by the assessee or no refund is due to him.</p> <p>In case, where refund becomes due to the assessee u/s 143(1) and the Assessing Officer is of the opinion, having regard to the fact that a notice has been issued u/s 143(2) in respect of such return, that the grant of the refund is likely to adversely affect the revenue, he may, for reasons to be recorded in writing and with the previous approval of the Principal Commissioner or Commissioner, as the case may be, withhold the refund up to the date on which the assessment is made [Sec. 241A]</p>	
	(b)	Write down the conditions to claim exemption by Political Party.	4
		<p>Type your answer here</p> <p>Conditions to claim exemption u/s 13A are as follows:</p> <p>(i) Maintenance of Books of Account: The political party keeps and maintains such books of account and other documents as would enable the Assessing Officer to properly deduce its income therefrom;</p> <p>(ii) Record of voluntary contribution in excess of ` 20,000: The political party keeps and maintains a record of -</p> <ul style="list-style-type: none"> • each voluntary contribution (other than contribution by way of electoral bond) in excess of Rs. 20,000; and • names and addresses of persons who have made such contributions 	

		<p>(iii) Audit of accounts: The accounts of the political party shall be audited by a chartered accountant.</p> <p>(iv) Cap on Cash Donation: Donation exceeding Rs. 2,000 shall not be received by such political party otherwise than by an account payee cheque drawn on a bank or an account payee bank draft or use of electronic clearing system through a bank account or through other prescribed electronic modes or through electoral bond.</p> <p>(v) Return of Income: Return of income for the previous year should be furnished within due date.</p> <p>(vi) Submission of report: The political party should submit a report to the Election Commission showing contribution received in excess of Rs. 20,000.</p> <p>Time limit for submission of such report: On or before the due date of submission of return of income.</p> <p><u>Exemption:</u></p> <p>The following categories of income derived by a political party are not included in computing its total income:</p> <p>(i) Any income which is chargeable under the heads "Income from house property", "Income from other sources" and "Capital gains".</p> <p>(ii) Any income by way of voluntary contributions.</p>	
8.		You are required to write Short Notes on any 4 out of 5 questions.	4×3 = 12 Marks
	(a)	Scope and Disclosure requirement of ICDS III	
		<p>Type your answer here</p> <p>ICDS III- Construction Contracts Scope: 1. The Standard should be applied in determination of income for a construction contract of a contractor. (i) Construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use and includes: (A) contract for the rendering of services which are directly related to the construction of the asset, for example, those for the services of project managers and architects; (B) contract for destruction or restoration of assets, and the restoration of the environment following the demolition of assets.</p> <p>2. Construction contracts are formulated in a number of ways which are classified as fixed price contracts and cost plus contracts.</p> <p>(i) Fixed price contract is a construction contract in which the contractor agrees to a fixed contract price, or a fixed rate per unit of output, which may be subject to cost escalation clauses.</p> <p>(ii) Cost plus contract is a construction contract in which the contractor is reimbursed for allowable or otherwise defined costs, plus a markup on these costs or a fixed fee. Disclosure requirement –</p> <p>A person shall disclose:</p> <p>a. the amount of contract revenue recognised as revenue in the period; and</p> <p>b. the methods used to determine the stage of completion of contracts in progress.</p>	
	(b)	Conditions to be satisfied to claim additional depreciation	
		<p>Type your answer here</p> <p>Conditions to be satisfied</p> <p>1. Assessee must be an industrial undertaking, which manufactures or produces any article or thing or in the business of generation, transmission or distribution of power.</p> <p>2. Assessee acquired and installed after 31st March, 2005, a new plant or machinery, other than the following:</p>	

		<ul style="list-style-type: none"> • Ships and air crafts; or • Any plant or machinery which was used either within or outside India by any other person before such installation; or • Any plant or machinery installed in office premises or any residential accommodation or guest house; or • Any office appliances or road transport vehicle; or • Any plant or machinery, which is allowed for 100% deduction (whether by way of depreciation or otherwise) in the previous year. 	
	(c)	Expenditures allowed on Cash Basis [Sec. 43B]	
		<p>Type your answer here</p> <p>Deduction in respect of following expenses are allowed only if payment is made on or before the due date for furnishing return of income u/s 139(1)1 of the previous year in which such liability is incurred:</p> <ol style="list-style-type: none"> 1. Any sum payable by way of tax, duty, cess, fee, by whatever name called, under any law for the time being in force. 2. Any sum payable as bonus or commission to employees for services rendered. 3. Any sum payable as interest on loan or borrowing from any <ul style="list-style-type: none"> • public financial institutions (i.e., IFCI, LIC, etc.); • a State financial corporation; or State industrial investment corporation. 4. Any sum payable by the assessee as interest on any loan or borrowing from a deposit taking non-banking financial company or systemically important non-deposit taking non-banking financial company, in accordance with the terms and conditions of the agreement governing such loan or borrowing <ul style="list-style-type: none"> • Systemically important non-deposit taking non-banking financial company means a non-banking financial company which is not accepting or holding public deposits and having total assets of not less than Rs. 500 crore as per the last audited balance sheet and is registered with the RBI. • Deposit taking non-banking financial company means a non-banking financial company which is accepting or holding public deposits and is registered with the RBI. 5. Any sum payable as interest on any loans and advances from a scheduled bank or a co-operative bank other than a primary agricultural credit society or a primary co-operative agricultural and rural development bank in accordance with the terms and conditions of the agreement governing such loan or advances. 6. Any sum payable by an employer in lieu of any leave at the credit of employee (i.e. leave encashment). 7. Any sum payable by an employer by way of contribution to any provident fund, superannuation fund, gratuity fund or any other fund for the welfare of employees. 8. Any sum payable by the assessee to the Indian Railways for the use of railway assets . 	
	(d)	Revocable Transfer and it's exceptions	
		<p>Type your answer here</p> <p>Revocable transfer:</p> <p>As per sec. 63(a), a transfer shall be deemed to be revocable if -</p> <ul style="list-style-type: none"> • It contains any provision for the retransfer (directly or indirectly) of any part or whole of the income/assets to the transferor; or • It, in any way, gives the transferor a right to re-assume power (directly or indirectly) over any part or whole of the income/assets. 	

		Exceptions [Sec. 62] As per sec. 62(1), the provision of sec. 61 shall not apply to an income arising to a person by virtue of – (i) A transfer by way of creation of a trust which is irrevocable during the lifetime of the beneficiary; (ii) Any transfer which is irrevocable during the lifetime of the transferee; or (iii) Any transfer made before 1.4.61, which is not revocable for a period exceeding 6 years. In any case, the transferor must not derive any benefit (directly or indirectly) from such income.																									
	(e)	Deduction in respect of Income of Producer Companies Under section 80PA																									
		Type your answer here Applicable to Producer Company as defined u/s 581A of the Companies Act, 2013 Conditions to be satisfied: a) Turnover: Total turnover of the assessee is less than Rs.100 crore in any previous year. b) Profit from eligible business: Gross total income of the assessee includes any income from eligible business. Eligible Business means— a. the marketing of agricultural produce grown by the members; or b. the purchase of agricultural implements, seeds, livestock or other articles intended for agriculture for the purpose of supplying them to the members; or c. the processing of the agricultural produce of the members; Quantum of deduction 100% of the profits and gains attributable to such eligible business Other Points a) No deduction shall be available u/s 80PA from A.Y. 2025-26 b) No double deduction c) Return of income in time: Refer sec. 80-IA																									
		Section D You are required to answer all the questions in this section Instructions: Each question is followed by a space where you are required to type your answer	1 x 12 = 12 Marks																								
9.		Mr. A, an employee of X Ltd., furnishes the following details for the financial year 2021-22: <table><tr><th>Particulars</th><th>Amount (Rs.)</th></tr><tr><td>Basic Salary</td><td>6,00,000</td></tr><tr><td>Dearness Allowance</td><td>3,50,000</td></tr><tr><td>Commission</td><td>50,000</td></tr><tr><td>Entertainment Allowance</td><td>7,500</td></tr><tr><td>Medical expenses reimbursed by the employer</td><td>21,000</td></tr><tr><td>Professional tax (of this, 50% paid by employer)</td><td>4,000</td></tr><tr><td>Health Insurance premium paid by employer</td><td>9,000</td></tr><tr><td>Cash Gift given by employer on his birthday</td><td>12,000</td></tr><tr><td>Life insurance premium of A paid by employer</td><td>34,000</td></tr><tr><td>Laptop provided for use at home. Actual cost of Laptop to employer [Children of the assessee are also using the laptop at home]</td><td>30,000</td></tr><tr><td>Employer company owns a car (Engine cubic capacity more than 1.6 litres), which was provided to the assessee, both for official and personal use. No driver was</td><td></td></tr></table>	Particulars	Amount (Rs.)	Basic Salary	6,00,000	Dearness Allowance	3,50,000	Commission	50,000	Entertainment Allowance	7,500	Medical expenses reimbursed by the employer	21,000	Professional tax (of this, 50% paid by employer)	4,000	Health Insurance premium paid by employer	9,000	Cash Gift given by employer on his birthday	12,000	Life insurance premium of A paid by employer	34,000	Laptop provided for use at home. Actual cost of Laptop to employer [Children of the assessee are also using the laptop at home]	30,000	Employer company owns a car (Engine cubic capacity more than 1.6 litres), which was provided to the assessee, both for official and personal use. No driver was		
Particulars	Amount (Rs.)																										
Basic Salary	6,00,000																										
Dearness Allowance	3,50,000																										
Commission	50,000																										
Entertainment Allowance	7,500																										
Medical expenses reimbursed by the employer	21,000																										
Professional tax (of this, 50% paid by employer)	4,000																										
Health Insurance premium paid by employer	9,000																										
Cash Gift given by employer on his birthday	12,000																										
Life insurance premium of A paid by employer	34,000																										
Laptop provided for use at home. Actual cost of Laptop to employer [Children of the assessee are also using the laptop at home]	30,000																										
Employer company owns a car (Engine cubic capacity more than 1.6 litres), which was provided to the assessee, both for official and personal use. No driver was																											

Mock Test Paper with Model Answer for June 2022 Online Examination-Inter/P07-DTX/S2

		provided. All expenses are met by the employer																												
		Annual credit card fees paid by employer[Credit card is not exclusively used for official purposes; details of usage or not available]	5,000																											
	(a)	Compute the value of motor car facility.		2																										
		Type your answer here Value of motor car facility = Rs. 28,800 Rough Work Value of motor car facility p.m. 2400 x 12 months																												
	(b)	Compute the value of laptop facility.		2																										
		Type your answer here Value of laptop facility= Nil Laptop provided for use at home is an exempt perquisite as per Rule 3(7)(vii)																												
	(c)	Compute the deduction available u/s 16.		2																										
		Type your answer here Deduction available u/s 16=Rs. 54,000																												
	(d)	Calculate the Net taxable salary of Mr. A for A.Y. 2022-23.		6																										
		Type your answer here Rs. 10,56,300 Rough Work Computation of income chargeable under the head “Salaries” of Mr. A for A.Y. 2022-23																												
		<table><tr><th>Particulars</th><th>Rs.</th></tr><tr><td>Basic Salary</td><td>6,00,000</td></tr><tr><td>Dearness allowance</td><td>3,50,000</td></tr><tr><td>Commission</td><td>50,000</td></tr><tr><td>Entertainment allowance</td><td>7,500</td></tr><tr><td>Medical expenses reimbursed by the employer is fully taxable</td><td>21,000</td></tr><tr><td>Professional tax paid by the employer is taxable perquisite as per section 17(2)(iv), since it is an obligation of the employee which is paid by the employer</td><td>2,000</td></tr><tr><td>Health insurance premium of Rs. 9,000 paid by the employer is an exempt perquisite [Clause (iii) of proviso to section 17(2)]</td><td>Nil</td></tr><tr><td>Cash Gift given by employer on Mr. A’s birthday [entire amount is taxable]</td><td>12,000</td></tr><tr><td>Life Insurance Premium of Mr. A paid by employer is taxable perquisite as per section 17(2)(v)</td><td>34,000</td></tr><tr><td>Laptop provided for use at home is an exempt perquisite as per Rule 3(7)(vii)</td><td>Nil</td></tr><tr><td>Provision of motor car (engine cubic capacity more than 1.6 litres) owned by employer provided to employee, the perquisite value would be Rs. 28,800[2400 x 12] as per Rule 3(2)</td><td>28,800</td></tr><tr><td>Annual Credit card fees paid by employer is a taxable perquisite as per rule 3(7)(v) since the credit card is not exclusively used for official purposes and details of usage or not available</td><td>5,000</td></tr></table>	Particulars	Rs.	Basic Salary	6,00,000	Dearness allowance	3,50,000	Commission	50,000	Entertainment allowance	7,500	Medical expenses reimbursed by the employer is fully taxable	21,000	Professional tax paid by the employer is taxable perquisite as per section 17(2)(iv), since it is an obligation of the employee which is paid by the employer	2,000	Health insurance premium of Rs. 9,000 paid by the employer is an exempt perquisite [Clause (iii) of proviso to section 17(2)]	Nil	Cash Gift given by employer on Mr. A’s birthday [entire amount is taxable]	12,000	Life Insurance Premium of Mr. A paid by employer is taxable perquisite as per section 17(2)(v)	34,000	Laptop provided for use at home is an exempt perquisite as per Rule 3(7)(vii)	Nil	Provision of motor car (engine cubic capacity more than 1.6 litres) owned by employer provided to employee, the perquisite value would be Rs. 28,800[2400 x 12] as per Rule 3(2)	28,800	Annual Credit card fees paid by employer is a taxable perquisite as per rule 3(7)(v) since the credit card is not exclusively used for official purposes and details of usage or not available	5,000		
Particulars	Rs.																													
Basic Salary	6,00,000																													
Dearness allowance	3,50,000																													
Commission	50,000																													
Entertainment allowance	7,500																													
Medical expenses reimbursed by the employer is fully taxable	21,000																													
Professional tax paid by the employer is taxable perquisite as per section 17(2)(iv), since it is an obligation of the employee which is paid by the employer	2,000																													
Health insurance premium of Rs. 9,000 paid by the employer is an exempt perquisite [Clause (iii) of proviso to section 17(2)]	Nil																													
Cash Gift given by employer on Mr. A’s birthday [entire amount is taxable]	12,000																													
Life Insurance Premium of Mr. A paid by employer is taxable perquisite as per section 17(2)(v)	34,000																													
Laptop provided for use at home is an exempt perquisite as per Rule 3(7)(vii)	Nil																													
Provision of motor car (engine cubic capacity more than 1.6 litres) owned by employer provided to employee, the perquisite value would be Rs. 28,800[2400 x 12] as per Rule 3(2)	28,800																													
Annual Credit card fees paid by employer is a taxable perquisite as per rule 3(7)(v) since the credit card is not exclusively used for official purposes and details of usage or not available	5,000																													

Mock Test Paper with Model Answer for June 2022 Online Examination-Inter/P07-DTX/S2

		<table><tr><td>Gross Salary</td><td>11,10,300</td></tr><tr><td>Less: Deductions under section 16</td><td></td></tr><tr><td>Standard deduction as per section 16(ia), lower of gross salary and Rs. 50,000</td><td>50,000</td></tr><tr><td>Entertainment allowance (deduction not allowable since Mr. A is not a Government employee)</td><td>Nil</td></tr><tr><td>Professional tax paid allowable as deduction as per section 16(iii)</td><td>4,000</td></tr><tr><td>Income chargeable under the head “Salaries”</td><td>10,56,300</td></tr></table>	Gross Salary	11,10,300	Less: Deductions under section 16		Standard deduction as per section 16(ia), lower of gross salary and Rs. 50,000	50,000	Entertainment allowance (deduction not allowable since Mr. A is not a Government employee)	Nil	Professional tax paid allowable as deduction as per section 16(iii)	4,000	Income chargeable under the head “Salaries”	10,56,300	
Gross Salary	11,10,300														
Less: Deductions under section 16															
Standard deduction as per section 16(ia), lower of gross salary and Rs. 50,000	50,000														
Entertainment allowance (deduction not allowable since Mr. A is not a Government employee)	Nil														
Professional tax paid allowable as deduction as per section 16(iii)	4,000														
Income chargeable under the head “Salaries”	10,56,300														

END