1. Mr. Karan filed his return of income for A.Y.2020-21 showing total income of Rs.7 lakhs on 1.1.2021. The fee payable by him under section 234F is –
   (a) Nil
   (b) Rs.1,000
   (c) Rs.5,000
   (d) Rs.10,000

2. Mr. Arjun, aged 53 years, has a total income of Rs.51 lakhs for A.Y.2020-21. His total income comprises of salary, income from house property and interest on savings bank account. His tax liability for A.Y.2020-21 would be –
   (a) Rs.13,96,200
   (b) Rs.14,82,000
   (c) Rs.15,35,820
   (d) Rs.14,69,000

3. Mr. Aarav gifted a house property valued at Rs.50 lakhs to his wife, Geetha, who in turn has gifted the same to her daughter-in-law Deepa. The house was let out at Rs.25,000 per month throughout the P.Y.2019-20. Compute income from house property for A.Y.2020-21. In whose hands is the income from house property chargeable to tax?
   (a) Rs.3,00,000 in the hands of Mr. Aarav
   (b) Rs.2,10,000 in the hands of Mr. Aarav
   (c) Rs.2,10,000 in the hands of Geetha
   (d) Rs.2,10,000 in the hands of Deepa

4. Rajan, a resident Indian, has incurred Rs.15,000 for medical treatment of his dependent brother, who is a person with severe disability and has deposited Rs.20,000 with LIC for his maintenance. For A.Y.2020-21, Rajan would be eligible for deduction under section 80DD of an amount equal to –
   (a) Rs.15,000
   (b) Rs.35,000
   (c) Rs.75,000
   (d) Rs.1,25,000

5. Mr. Harini earned income of Rs.4,00,000 from sale of tea grown and manufactured in Shimla. Income from sapling and seedling grown in nursery at Cochin is Rs.80,000. The basic operations were not carried out by her on land. Her agricultural income is
   (a) Rs.4,80,000
   (b) Rs.4,00,000
   (c) Rs.2,40,000
   (d) Rs.3,20,000

6. Rs.2 lakh is paid to Mr. Vallish, a resident individual on 15.3.2020 by the State of Haryana on compulsory acquisition of his urban agricultural land.
   (a) No tax is deductible at source
(b) Tax is deductible@ 1%
(c) Tax is deductible@ 5%
(d) Tax is deductible@ 10%

7. Which of the following statements is not true with respect to the A.Y. 2020-21:
   (a) No exemption under section 80TTA would be available to resident senior citizens
   (b) Share of profit will not be exempt in the hands of partner, if firm claims exemption of income under section 10AA
   (c) Exemption will be available in respect of long term capital gains of Rs.90,000 on STT paid listed equity shares
   (d) Exemption under section 10(32) on income of minor child is allowed for more than two children also

8. Mr. Prem earned income of Rs.22 lakhs from manufacture and sale of coffee grown, cured, roasted and grounded by him in India. The business income chargeable to tax in his hands would be –
   (a) Rs.8,80,000
   (b) Rs.5,50,000
   (c) Rs.13,20,000
   (d) Rs.16,50,000

9. Mr. Ramanan, a resident aged 40 years, has a total income of Rs.3,25,000 for A.Y.2020-21, comprising of his salary income and income from house property. His tax liability for A.Y.2020-21 would be –
   (a) Rs.3,900
   (b) Rs.1,300
   (c) Rs.2,600
   (d) Nil

10. Mr. Shaleen, a businessman, whose total income (before allowing deduction under section 80GG) for A.Y.2020-21 is Rs.4,60,000, paid house rent at Rs.12,000 p.m. in respect of residential accommodation occupied by him at Chennai. The deduction allowable to him under section 80GG for A.Y.2020-21 is
   (a) Rs.98,000
   (b) Rs.1,15,000
   (c) Rs.60,000
   (d) Rs.24,000

11. Mr. Shiva made a donation of Rs.50,000 to National Children’s Fund and Rs.20,000 to Rajiv Gandhi Foundation by cheque. He made a cash donation of Rs.10,000 to a public charitable trust. The deduction allowable to him under section 80G for A.Y.2020-21 is
   (a) Rs.80,000
   (b) Rs.70,000
   (c) Rs.60,000
   (d) Rs.35,000

12. Which of the following returns can be revised under section 139(5)?
   (a) Only a return of income filed u/s 139(1)
13. A firm pays salary and interest on capital to its resident partners. The salary and interest paid fall within the limits specified in section 40(b). Which of the following statements is true?
(a) Tax has to be deducted u/s 192 on salary and u/s 194A on interest
(b) Tax has to be deducted u/s 192 on salary but no tax needs to be deducted on interest
(c) No tax has to be deducted on salary but tax has to be deducted u/s 194A on interest
(d) No tax has to be deducted at source on either salary or interest

14. Mr. X, a resident, is due to receive Rs.4.50 lakhs on 31.3.2020, towards maturity proceeds of LIC policy taken on 1.4.2017, for which the sum assured is Rs.4 lakhs and the annual premium is Rs.1,25,000. Mr. Z, a resident, is due to receive Rs.95,000 on 1.10.2019 towards maturity proceeds of LIC policy taken on 1.10.2012 for which the sum assured is Rs.90,000 and the annual premium is Rs.10,000.
(a) Tax is required to be deducted on income comprised in maturity proceeds payable to Mr. X and Mr. Z
(b) Tax is required to be deducted on income comprised in maturity proceeds payable to Mr. X
(c) Tax is required to be deducted on income comprised in maturity proceeds payable to Mr. Z
(d) No tax is required to be deducted on income comprised in maturity proceeds payable to either Mr. X or Mr. Z

15. Provision of rent free accommodation and motor car owned by Beta Ltd. to its employee Mr. Anand, where motor car is allowed to be used by Mr. Anand both for official and personal purposes, is a -
(a) perquisite taxable in case of all employees
(b) perquisite taxable only in case of specified employees
(c) perquisite of rent free accommodation is taxable in case of all employees whereas perquisite of motor car is taxable only in case of specified employees
(d) perquisite of rent free accommodation is taxable only in case of specified employees whereas perquisite of motor car is taxable in case of all employees

16. In respect of loss from house property, which of the following statements are correct?
(a) While computing income from any house property, the maximum interest deduction allowable under section 24 is Rs.2 lakhs
(b) Loss from house property relating to a particular year can be set-off against income under any other head during that year only to the extent of Rs.2 lakhs
(c) The loss in excess of Rs.2 lakh, which is not set-off during the year, can be carried forward for set-off against any head of income in the succeeding year(s)
(d) All of the above

17. Mr. Ravi incurred loss of Rs.4 lakh in the P.Y.2019-20 in retail trade business. Against which of the following incomes earned during the same year, can he set-off such loss?
(a) profit of Rs.1 lakh from wholesale cloth business
(b) long-term capital gains of Rs.1.50 lakhs on sale of land
(c) speculative business income of Rs.40,000
18. Mr. Harish, aged 40 years, earned income of Rs.15,000 during P.Y. 2019-20 from post office savings bank account. What portion of such income would be ultimately included in his total income?
   (a) Rs.15,000
   (b) Rs.5,000
   (c) Rs.1,500
   (d) Nil

19. Mr. Devansh has agricultural income of Rs.2,30,000 and business income of Rs.2,45,000. Which of the following statements are correct?
   (a) Agricultural income has to be aggregated with business income for tax rate purposes.
   (b) No aggregation is required since agricultural income is less than basic exemption limit.
   (c) No aggregation is required since business income is less than basic exemption limit.
   (d) Agricultural income is exempt under section 10(1) but the same has to be aggregated with business income, since it exceeds Rs.5,000.

20. Mr. Arvind gifted a house property to his wife, Ms. Meena and a flat to his daughter-in-law, Ms. Seetha. Both of the properties were let out. Which of the following statements are correct?
   (a) Income from both properties is to be included in the hands of Mr. Arvind by virtue of section 64.
   (b) Income from property gifted to wife alone is to be included in Mr. Arvind’s hands by virtue of section 64.
   (c) Mr. Arvind is the deemed owner of house property gifted to Ms. Meena and Ms. Seetha.
   (d) Mr. Arvind is the deemed owner of property gifted to Ms. Meena. Income from property gifted to Ms. Seetha would be included in his hands by virtue of section 64.

21. The benefit of payment of advance tax in one installment on or before 15th March is available to assesses computing profits on presumptive basis –
   (a) under section 44AD
   (b) under section 44AD and 44ADA
   (c) under section 44AD and 44AE
   (d) under section 44AD, 44ADA and 44AE

22. M/s Mohan & Sons paid Rs.35,000 to Mr. Goel on 01.05.2019 towards fee for legal advisory services without deduction of tax at source. Another payment of Rs.47,000 was due to Mr. Goel on 31.07.2019 and TDS on entire amount (i.e. Rs.35,000 plus Rs.47,000) was deducted and then the net amount was paid. However, the total tax deducted was deposited on 15.11.2019. The interest chargeable under section 201(1A) will be:
   (a) Rs.650
   (b) Rs.433
   (c) Rs.486
   (d) Rs.597

23. Jenny has invested in debt securities of Haryali Pvt. Ltd., a company deriving its main source of income from business of growing and processing organic vegetables and fruits. Thus, the company has 80% of income exempt as agricultural income and 20% is taxable as business income. During the P.Y. 2019-20, Jenny derived
Rs.5,000 as interest income from the above investments. Which of the following statements are correct on taxability:

(a) Interest will be exempt from tax to the extent of 80%, since Hariyali Pvt. Ltd has 80% exempted income.
(b) Interest will be exempt from tax to the extent of 20%, since Hariyali Pvt. Ltd has claimed 80% of income as exempt.
(c) Interest will be fully taxable
(d) Interest will be fully exempt

24. Virat, runs a business of manufacturing of shoes in P.Y. 2017-18. During the P.Y. 2017-18 and P.Y. 2018-19, Virat had incurred business losses. For P.Y. 2019-20, he earned business profit (computed) of Rs.3 lakhs. Considering he may/may not has sufficient business income to set off his earlier losses, which of the following order of set off shall be considered:

(He does not income from any other source)
(a) First adjustment for loss of P.Y. 2017-18, then loss for P.Y. 2018-19 and then unabsorbed depreciation, if any, income is available for adjustment.
(b) First adjustment for loss of P.Y. 2018-19, then loss for P.Y. 2017-18 and then unabsorbed depreciation, if any, income is available for adjustment.
(c) First adjustment for unabsorbed depreciation, then loss of P.Y. 2018-19 and then loss for P.Y. 2017-18, if any, income is available for adjustment
(d) First adjustment for unabsorbed depreciation, then loss of P.Y. 2017-18 and then loss for P.Y. 2018-19, if any, income is available for adjustment

25. Mr. Kishore celebrated his 50th marriage anniversary. On this occasion, his wife received a diamond necklace worth Rs.5,00,000 from Kishore's brother. Kishore's son gifted him a luxurious car worth Rs.15,00,000, His grandchildren gifted them a new furniture set worth Rs.3,00,000. Also, he received cash gifts from his friends amounting collectively to Rs.80,000. Which of the following statements stand true on taxability.

(a) Neither Mr. Kishore nor Mrs. Kishore will be liable for tax for any gifts since they have been received on occasion of marriage anniversary
(b) Mr. Kishore & Mrs. Kishore will jointly share the tax liability on all the gifts
(c) Mrs. Kishore will be liable to pay tax on diamond set and Mr. Kishore will bear tax for the cash gifts received
(d) Mr. Kishore will be liable for tax on cash gifts only.

26. Mr. Joe, a foreign national, working with Mint Inc., a USA company, came India during the P.Y. 2019-20 for rendering services on behalf of the employer. He wishes to claim his salary income earned during his stay in India as exempt. Which of the following conditions are NOT necessary to be fulfilled to claim such remuneration as exempt income

(a) Mint Inc. should not engage in a business activity in India.
(b) Mr. Joe should be an overseas citizen of India
(c) Mr. Joe stay in India should not exceed 90 days during the P.Y. 2019-20
(d) Remuneration received by Mr. Joe should not liable to be deducted from Mint Inc.’s income chargeable to tax under the Act

27. Mr. Anuj, a businessman, whose total income (after allowing deduction under chapter VI-A except under section 80GG) for A.Y. 2020-21 is Rs.5,95,000. He does not own any house property and is staying in a rented
accommodation in Patna for a monthly rent of Rs.9,000. Deduction allowance under section 80GG for A.Y. 2020-21 is:
(a) Rs.48,500
(b) Rs.1,48,750
(c) Rs.60,000
(d) Rs.1,08,000

28. Sujata, aged 16 years, received scholarship of Rs.50,000 during the previous year 2019-20. Which of the following statements are true regarding taxability of such income:
(a) Such income shall be assessed in hands of Sujata
(b) Such income to be included with the income of parent whose income before such clubbing is higher
(c) Such income is completely exempt from tax
(d) Such income to be clubbed with father’s income

29. M/s Thakural & Sons paid Rs.11,00,000 as remuneration to its partners. The same was in accordance with partnership deed. Partners are also entitled to interest on capital @ 11% as per partnership deed. Total interest paid during the year is Rs.1,30,000. The book profit before interest on capital and remuneration is Rs.37,00,000. The salary allowable as deduction to M/s Thakural & Sons is:
(a) Rs.22,62,000
(b) Rs.11,00,000
(c) Rs.23,10,000
(d) Rs.22,32,000

30. Mr. Warner, an Indian citizen and a Government employee, left India for the first time on 31.01.2019 on account of his transfer to High Commission in United Kingdom. During P.Y. 2019-20, he visited India only for a week on occasion of his brother marriage. During F.Y. 2019-20, his income composition includes salary, foreign allowances, rent from property in Singapore and interest earned from fixed deposits maintained with SBI. His taxable income for P.Y. 2019-20 will include:
(a) All of them, since Mr. Warner is a resident in India, hence his global income will be taxable
(b) Only interest earned from fixed deposits maintained in India
(c) No income shall be taxable since Mr. Warner is a non-resident in India for P.Y. 2019-20
(d) Salary and interest income of fixed deposits with SBI

31. Ashok took possession of property on 31st August 2019 booked by him three years back at Rs.25 lakhs, The Stamp Duty Value (SDV) of the property as on 31st August 2019 was Rs.31 lakh and on date of booking it was Rs.29 lakh. He had paid Rs.2 lakh by A/c payee cheque as down payment on date of booking. Which of the following will be considered as income, if any, and in which previous year?
(a) Rs.4 lakhs in P.Y. 2019-20
(b) Rs.4 lakhs in P.Y. 2016-17
(c) Rs.6 lakhs in P.Y. 2019-20
(d) No income shall be taxable, since down payment was paid by A/c cheque while booking the property

32. ABC Ltd. wants 400 customized backpacks which will be distributed by the company to its employees on the annual event. ABC Ltd. hires a local vendor for this task and ABC Ltd. informs the local vendor about its
specifications for the backpacks. The local vendor procures its own raw material and supplies the required backpacks to the Company. He charges Rs.1,00,000 for the backpacks from ABC Ltd. While making payment to the vendor, at what rate ABC Ltd. is required to deduct tax at source?
(a) 1%
(b) 2%
(c) 10%
(d) No tax is required to be deducted at source.

33. Which of the following benefits are not allowable to Ms. Sakshi, a non-resident, while computing her total income and tax liability for A.Y. 2020-21 under the Income-tax Act, 1961?
(a) Deduction of 30% of gross annual value while computing her income from house property in Bangalore
(b) Tax rebate of Rs.9,500 from tax payable on her total income of Rs.4,40,000
(c) Deduction for donation made by her to Prime Minister’s National Relief Fund
(d) Deduction for interest earned by her on NRO savings account.

34. Unexhausted basic exemption limit, if any, of a non-resident for A.Y. 2020-21 can be adjusted against –
(a) Only LTCG taxable @20%
(b) Only STCG taxable @15%
(c) Both (a) and (b)
(d) Neither (a) nor (b)

35. During the P.Y. 2019-20, Mr. Samar, a non-resident, received Rs.75,00,000 on account of sale of agricultural land in Mauritius. The money was first received in Mauritius and then remitted to his Indian bank account. Is the sum taxable in India?
(a) No, as agricultural income is exempt u/s 10(1).
(b) No, as the income has accrued and arisen outside India and is also received outside India.
(c) Yes, since it is remitted to India in the same year.
(d) Yes, as agricultural income earned outside India is not exempted in India in the hands of a non-resident.

36. Gross total income of Arpita for P.Y. 2019-20 is Rs.6,00,000. She had taken a loan of Rs.7,20,000 in the financial year 2016-17 from a bank for her husband who is pursuing MBA course from IIM, Kolkata. On 02.04.2019, she paid the first installment of loan of Rs.45,000 and interest of Rs.65,000. Compute her total income for A.Y. 2020-21.
(a) Rs.6,00,000
(b) Rs.5,35,000
(c) Rs.4,90,000
(d) Rs.5,55,000

37. Soumil, aged 47 years, paid medical insurance premium of Rs.15,000 and Rs.20,000 to insure health of himself and his spouse, respectively. He also paid medical insurance premium of Rs.43,000 to insure health of his father, aged 69 years, not dependant on him. He had also incurred Rs.4,000 in cash on preventive health check up of his father. Total deduction admissible under section 80D to Mr. Soumil is:
38. Mr. X, a resident employee of Hindustan Company established in India, received a scholarship of Rs.5,00,000 from his employer to meet the cost of education of his children. X actually spent an amount of Rs.4,50,000 on education of his children. What will be the amount of income exempt in the hands of X?
(a) Nil
(b) Rs.4,50,000
(c) Rs.50,000
(d) Rs.5,00,000

39. Mr. Pulkit, aged 45 years, paid health insurance premium in lump sum of Rs.90,000 for three years on 01-05-2019. Compute the amount of deduction allowable to him for A.Y. 2020-21.
(a) Rs.90,000
(b) Rs.30,000
(c) Rs.25,000
(d) Nil

40. Mr. Agarwal moved to Mumbai. He took a property on rent for his residential purpose. However, the property was not fully occupied by him. He let out the property to his friend at Rs.15,000 p.m. from 01.04.2019 to 31.03.2020. Mr. Agarwal is of the view that income from subletting of property is taxable as Income from House Property. As tax advisor of Mr. Agarwal, find out whether his view is correct?
(a) Correct, as any income from a house property is taxable under the head Income from House Property.
(b) Incorrect, as Mr. Agarwal is not the owner of the property let out by him. The income from subletting shall be taxable under the head Profits and Gains of Business or Profession.
(c) Incorrect, as Mr. Agarwal is not the owner of the property let out by him. The income from subletting shall be taxable under the head Income from other sources.
(d) Correct, as income from subletting of a property is directly attributable to the property itself and hence, chargeable to tax as income from house property.

41. Mr. Happy, a US citizen, came to India for an assignment from 11.01.2016 to 09.10.2016 and went back to his home country on completion of the same. He thereafter, visited India on 05.07.2018 again for an assignment, which ended on 26.05.2019. What is the latest date by which Mr. Happy should depart from India after completing the assignment so as to qualify as non-resident for P.Y. 2019-20? (Assume that he shall not be visiting India again during the year)
(a) 29-05-2019
(b) 30-05-2019
(c) 31-05-2019
(d) 28-09-2019

42. M/s PQR & Co., a firm carrying on business, furnishes the following particulars for the P.Y. 2019-20.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Rs.</th>
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© The Institute of Chartered Accountants of India
Book profits (before setting of unabsorbed depreciation and brought forward business loss)
2,70,000

Unabsorbed depreciation of P.Y.2012-13
1,20,000

Brought forward business loss of P.Y.2018-19
2,00,000

Compute the amount of remuneration allowable under section 40(b) from the book profit.
(a) Rs. 2,43,000
(b) Rs.1,80,000
(c) Rs.1,50,000
(d) Nil

43. Mr. B acquires 1000 equity shares on 01.01.2017 at Rs.200. The Fair Market Value of the said shares on 31.01.2018 is Rs.500. Mr. B sells the said shares on 30.04.2019 at Rs.400. Calculate the amount of capital gain in the hands of Mr. B, assuming that securities transaction tax has been paid by Mr. B on acquisition and transfer of the said equity shares.
(a) Nil
(b) (-) Rs. 1,00,000
(c) Rs. 2,00,000
(d) Rs. 3,00,000

44. Mr. Dinesh owns 7 goods vehicle and declares profit on presumptive basis under section 44AE for A.Y.2020-21. He is –
(a) liable to pay advance tax in four instalments in June, September, December and March
(b) liable to pay advance tax in three instalments in September, December and March
(c) liable to pay advance tax in one instalment in March
(d) not liable to pay advance tax since he is declaring profit on presumptive basis.

45. Mr. Ravi incurred loss of Rs.4 lakh in the P.Y.2019-20 in leather business. Against which of the following incomes earned during the same year, can he set-off such loss?
(i) Profit of Rs.1 lakh from apparel business
(ii) Long-term capital gains of Rs.2 lakhs on sale of jewellery
(iii) Salary income of Rs.1 lakh
Choose the correct answer.
(a) Only (i)
(b) Only (ii)
(c) Only (iii)
(d) Both (i) and (ii)

46. During the A.Y. 2019-20, Mr. A has a loss of Rs.8 lakhs under the head “Income from house property” which could not be set off from any other head of income as per the provisions of section 71. The due date for filing return of income u/s 139(1) in case of Mr. A has already expired and Mr. A forgot to file his return of income within the said due date. However, Mr. A filed his belated return of income for A.Y. 2019-20. Now, while filing return of income for A.Y. 2020-21, Mr. A wishes to set off the said loss during P.Y. 2019-20. Determine whether Mr. A can claim the said set off?
(a) No, Mr. A cannot claim set off of loss of Rs.8 lakhs during A.Y. 2020-21 as he failed to file his return of income u/s 139(1) for A.Y. 2019-20.
(b) Yes, Mr. A can claim set off of loss of Rs.2 lakhs, out of Rs.8 lakhs, from its income from house property during A.Y. 2020-21, if any, and the balance has to be carried forward to A.Y.2021-22.

(c) Yes, Mr. A can claim set off of loss of Rs.2 lakhs, out of Rs.8 lakhs, from its income from any head during A.Y. 2020-21 and the balance, if any, has to be carried forward to A.Y.2021-22.

(d) Yes, Mr. A can claim set off of loss of Rs.8 lakhs during A.Y. 2020-21 from its income from house property, if any, and the balance has to be carried forward to A.Y.2021-22.

47. Mr. P has a house property in Delhi whose Municipal value is Rs.1,00,000 and the Fair Rental Value is Rs.1,20,000. The standard rent is fixed at Rs.1,08,000. It was self-occupied by Mr. P from 01.04.2019 to 31.07.2019. With effect from 01.08.2019, it was let out at Rs. 10,000 per month. Compute the net annual value of the house property for A.Y. 2020-21 if the municipal taxes paid by him during the year were Rs. 20,000.

(a) Rs.1,00,000
(b) Rs. 88,000
(c) Rs. 60,000
(d) Rs.1,08,000

48. An assessee purchases furniture worth Rs. 80,000 on 05.09.2019 and makes the payment of Rs. 45,000 by account payee cheque and Rs. 20,000 in cash on the same date. The balance of Rs. 15,000 is paid by the assessee by bearer cheque on 06.09.2019 when the furniture is delivered in his office. Compute the amount of actual cost of furniture to the assessee.

(a) Rs. 45,000
(b) Rs. 80,000
(c) Rs. 60,000
(d) Rs. 65,000

49. Maya had bought 3,000 STT paid listed shares of a company on 25.02.2019 at Rs.300 per share. The company announces and allots bonus shares in the ratio of 3:1 on 01.07.2019. After the allotment of bonus shares, the shares were sold by Maya on 10.03.2020 at Rs.400 per share and STT was paid on it. Compute the amount of capital gain/loss in her hands for A.Y. 2020-21.

(a) Long term capital gain of Rs.7,00,000.
(b) Long term capital gain on sale of original shares of Rs.3,00,000. Short term capital gain on sale of bonus shares of Rs.4,00,000.
(c) Long term capital of Rs.6,71,071.
(d) Long term capital gain on sale of original shares of Rs.2,71,071. Short term capital gain on sale of bonus shares of Rs.4,00,000.

50. XYZ & Co., a partnership firm, owns a house property which is utilized by the partners for their residence. On 31.10.2019, the firm sells the property at a long-term capital gain of Rs.3,50,000. Can the firm or partners claim exemption under section 54?

(a) Yes, the firm can claim exemption u/s 54 as the firm has earned long term capital gains from the transfer of a residential house.
(b) Yes, the partners can claim exemption u/s 54 as the property was used by them for residential purpose and the said property has been indirectly transferred by the partners only in the capacity of a firm.
(c) Neither the firm nor the partners can claim deduction u/s 54 as the said deduction is allowed only in case of a commercial property.

(d) The firm cannot claim deduction u/s 54 as deduction under the said section is allowed only to an individual or HUF. Further, the partners cannot claim deduction u/s 54 as the transferor in the instant case is the firm.

51. X Ltd. credits a sum of Rs. 45,000 as commission to Y Ltd., an Indian company on 25.06.2019 without deducting tax at source. Y Ltd. paid its entire tax liability on its income by way of advance payment of tax during P.Y. 2019-20 and filed its return of income for A.Y. 2020-21 on 15.07.2020. X Ltd. also has a certificate in Form No. 26A from a chartered accountant. Compute the amount of deduction that shall be allowed to X Ltd. in respect of the commission credited to Y Ltd. assuming that X Ltd. follows mercantile system of accounting.

(a) Rs. 45,000
(b) Nil
(c) Rs. 13,500
(d) Rs. 31,500

52. On 20.10.2019, Pihu (minor child) gets a gift of Rs. 20,00,000 from her father's friend. On the same day, the amount is deposited in Pihu's bank account. On the said deposit, interest of Rs. 13,000 was earned during the P.Y. 2019-20. In whose hands the income of Pihu shall be taxable? Also, compute the amount of income that shall be taxable.

(a) Income of Rs. 20,11,500 shall be taxable in the hands of Pihu's father.
(b) Income of Rs. 20,13,000 shall be taxable in the hands of Pihu’s father.
(c) Income of Rs. 20,11,500 shall be taxable in the hands of Pihu’s father or mother, whose income before this clubbing is higher.
(d) Income of Rs. 20,13,000 shall be taxable in the hands of Pihu’s father or mother, whose income before this clubbing is higher.

53. A Ltd. is 100% holding company of B Ltd. A Ltd. transfers a capital asset (acquired in 2002 for Rs. 50,000) on 16.06.2019 for Rs. 3,70,000 to B Ltd. B Ltd. is an Indian company, while A Ltd. is a foreign company. The capital asset is transferred as stock-in-trade to B Ltd. Determine whether any capital gains shall be chargeable to tax in the instant case?

(a) Any transfer between a holding company and 100% subsidiary company is not treated as a transfer at all. Hence, no capital gains tax liability shall arise.
(b) Any transfer between a holding company and 100% subsidiary company is not treated as a transfer if the transferee company is an Indian company. Hence, no capital gains tax liability shall arise.
(c) A transfer between a holding company and 100% subsidiary company is treated as a “transfer” as there is no specific exclusion in this regard. Hence, capital gains tax liability shall arise.
(d) Any transfer between a holding company and 100% subsidiary company is not treated as a transfer if the transferee company is an Indian company. However, this rule is not applicable if the capital asset is transferred as stock-in-trade. Hence, capital gains tax liability shall arise.

54. Mr. Raj (a non-resident and aged 65 years) is a retired person, earning rental income of Rs. 40,000 per month from a property located in Delhi. He is residing in Canada. Apart from rental income, he does not have any other source of income. Is he liable to pay advance tax in India?

(a) Yes, he is liable to pay advance tax in India as he is a non-resident and his tax liability in India exceeds Rs. 10,000.
(b) No, he is not liable to pay advance tax in India as his tax liability in India is less than Rs. 10,000.
(c) No, he is not liable to pay advance tax in India as he has no income chargeable under the head “Profits and gains of business or profession”.
(d) Both (b) and (c)

55. Mr. Vaibhav sold his old residential house in April, 2018 for Rs.28,00,000. Long-term capital gain arising on transfer of old house amounted to Rs.8,40,000. In December, 2018, he purchased another residential house worth Rs.5,00,000. The new house was however, sold in April, 2019 for Rs.14,00,000 (stamp duty value of the new house was Rs.12,00,000). What will be amount of taxable capital gains in the hands of Mr. Vaibhav for the A.Y. 2019-20 and 2020-21?
(a) Long term capital gain of Rs.3,40,000 in A.Y. 2019-20 and short-term capital gain of Rs.14,00,000 in A.Y. 2020-21
(b) Long term capital gain of Rs.3,40,000 in A.Y. 2019-20 and long term capital gain of Rs.5,00,000 and short-term capital gain of Rs.14,00,000 in A.Y. 2020-21
(c) Long term capital gain of Rs.3,40,000 in A.Y. 2019-20 and long term capital gain of Rs.5,00,000 and short-term capital gain of Rs.9,00,000 in A.Y. 2020-21
(d) Long term capital gain of Rs.3,40,000 in A.Y. 2019-20 and long term capital gain of Rs.5,00,000 and short-term capital gain of Rs.7,00,000 in A.Y. 2020-21

56. Which of the following persons is/are liable to pay advance tax as per the provisions of Income-tax Act, 1961?
I. A resident individual aged 62 years having only income from capital gains of Rs.20,00,000 (estimated) during P.Y. 2019-20.
II. A resident individual aged 58 years having only income from other sources of Rs.2,00,000 (estimated) during P.Y. 2019-20.
III. A private company having estimated total income of Rs.1,00,000 during P.Y. 2019-20.
IV. A partnership firm which has estimated its total income to be Nil for P.Y. 2019-20.
V. A HUF having estimated total income of Rs.6,00,000 during P.Y. 2019-20.
(a) I, III, V
(b) I, II, III, IV, V
(c) III, V
(d) III, IV, V

57. Mr. Sujal and his brother jointly own a bungalow. They had taken a housing loan to purchase the bungalow. The loan is sanctioned in the name of Mr. Sujal and his brother in the year 2015. Interest on housing loan for the P.Y. 2019-20 amounted to Rs.5,00,000 which is paid by Mr. Sujal (Rs.2,50,000) and his brother (Rs.2,50,000). The bungalow is used by them for their residence. In this case, what will be the amount of deduction available under section 24(b) to Mr. Sujal and his brother?
(a) Rs.30,000 each
(b) Rs.2,00,000 each
(c) Rs.2,50,000 each
(d) Rs.5,00,000 each

58. Sumit acquired a building for Rs.15 lakh in June, 2017 in addition to the cost of Rs.3 lakh in respect of the land on which the building is situated. It was used for personal purposes until he commenced business in June, 2019 and since then it was used for business purposes. The amount of depreciation eligible in his case for the A.Y. 2020-21 would be:
59. M/s Unnati Group, a proprietorship firm following cash system of accounting incurred the following expenditure during the P.Y. 2019-20:
- Customs duty of A.Y. 2020-21: Rs.75,000 paid on 15.5.2020
- Income tax paid for A.Y. 2019-20: Rs.84,000 paid on 16.6.2019
Calculate the amount of expenditure allowable to Unnati Group while computing its business income for A.Y. 2020-21.
(a) Rs.1,59,000
(b) Rs.75,000
(c) Nil
(d) Rs.84,000

60. ABC a partnership firm was dissolved on 1-5-2019. A machine acquired on 1-5-2017 for Rs.3,50,000 was distributed amongst the partners on dissolution for Rs.3,00,000. The value of machinery as per books of account and Fair Market Value on 1-5-2019 was Rs.2,50,000 and Rs.4,00,000, respectively. What will be the full value of consideration of this machine?
(a) Rs.3,00,000
(b) Rs.4,00,000
(c) Rs.3,50,000
(d) Rs.2,50,000

61. Iskon Pvt. Ltd., a foreign company and non-resident in India for A.Y. 2020-21, engaged in the business of trading of tube-lights outside India. The principal officer of the company has approached you to enlighten him regarding the provisions of the Income-tax Act, 1961 pertaining to the person who is required to verify the return of income in case of Iskon Pvt. Ltd. Advise him.
I. The return of income in case of Iskon Pvt. Ltd. can be verified by the managing director.
II. The return of income in case of Iskon Pvt. Ltd. can be verified by any director.
III. The return of income in case of Iskon Pvt. Ltd. may be verified by a person who holds a valid power of attorney from such company to do so.
(a) I or II or III
(b) Only I
(c) I or II depending upon the availability of the managing director
(d) Only III

62. In which of the following transactions, quoting of PAN is mandatory by the person entering into the said transaction?
I. Opening a Basic savings bank deposit account with a bank.
II. Applying to a bank for issue of a credit card.
III. Payment of Rs.40,000 to mutual fund for purchase of its units.
IV. Cash deposit with a post office of Rs.1,00,000 during a day.
V. A fixed deposit of Rs.30,000 with a NBFC registered with RBI.
VI. Sale of shares of an unlisted company for an amount of Rs.60,000.
(a) II, IV  
(b) II, III, IV  
(c) I, II, III, V, VI  
(d) II, IV, VI

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