Paper 4A Income-tax Law (New Course)

1. 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. 2019-20 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.2,500 from tax payable on her total income of Rs.3,40,000
   (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.

2. Unexhausted basic exemption limit, if any, of a non-resident for A.Y. 2019-20 can be adjusted against –
   (a) Only LTCG taxable @20%
   (b) Only STCG taxable @15%
   (c) Both (a) and (b)
   (d) Neither (a) nor (b)

3. Under the provisions of the Income-tax Act, 1961, the term “Person” would not include:
   (a) A body corporate incorporated in a country outside India
   (b) A Limited Liability Partnership (LLP)
   (c) Indian branch of a foreign company
   (d) A co-operative society

4. Which of the following incomes is not deemed to accrue or arise in India under section 9(1)(i) of the Income-tax Act, 1961?
   (a) Income from any business connection in India
   (b) Income through or from any property in India
   (c) Income arising from transfer of a capital asset situate in India
   (d) Income relating to operations which are confined to purchase of goods in India for the purpose of export

5. During the P.Y. 2018-19, 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.

6. Gross total income of Arpita for P.Y. 2018-19 is Rs.6,00,000. She had taken a loan of Rs.7,20,000 in the financial year 2015-16 from a bank for her husband who is pursuing MBA course from IIM, Kolkata. On 02.04.2018, she paid the first installment of loan of Rs.45,000 and interest of Rs.65,000. Compute her total income for A.Y. 2019-20.
   (a) Rs.6,00,000
   (b) Rs.5,35,000
   (c) Rs.4,90,000
   (d) Rs.5,55,000

7. 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:
(a) Rs.55,000
(b) Rs.29,000
(c) Rs.68,000
(d) Rs.72,000

8. 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

9. Mr. Pulkit, aged 45 years, paid health insurance premium in lump sum of Rs.90,000 for three years on 01-05-2018. Compute the amount of deduction allowable to him for A.Y. 2019-20.
(a) Rs.90,000
(b) Rs.30,000
(c) Rs.25,000
(d) Nil

10. 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 01.04.2018 to 31.03.2019. 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.

11. Mr. Happy, a US citizen, came to India for an assignment from 11.01.2015 to 09.10.2015 and went back to his home country on completion of the same. He thereafter, visited India on 05.07.2017 again for an assignment, which ended on 26.05.2018. 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. 2018-19? (Assume that he shall not be visiting India again during the year)
(a) 29-05-2018
(b) 30-05-2018
(c) 31-05-2018
(d) 28-09-2018


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<td>Book profits (before setting of unabsorbed depreciation and brought forward business loss)</td>
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<td>Unabsorbed depreciation of P.Y.2012-13</td>
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Brought forward business loss of P.Y.2017-18  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

13. Mr. B acquires 1000 equity shares on 01.01.2016 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 30.04.2018 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

14. Mr. Dinesh owns 7 goods vehicle and declares profit on presumptive basis under section 44AE for A.Y.2019-20. 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.

15. Mr. Ravi incurred loss of Rs.4 lakh in the P.Y.2018-19 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)

Solution

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