

AGRICULTURAL INCOME

M1. During the PY 2021-22, Kaushik earned rent of Rs. 1,20,000 from plot of land meant for crop harvesting but.....

Dairy farming: Not exempt as not used for agriculture; Nepal: Not exempt as land not in India; Andhra Pradesh: Exempt

M2. During the PY 2021-22, Juhi earned Rs. 5,00,000 as rent from land situated in Tamil Nadu and used for.....

Income from sale taxable as capital gain since land is urban agricultural land. Rest is exempt.

M3. Rahul owns four plots of land: Plot A in rural area used for rice farming, Plot B in rural area used for cattle.....

Plot A NIL as rural agricultural land + Plot B 30 lakh not exempt as not rural agricultural land + Plot C 30 lakh not exempt as not rural agricultural land + Plot D 30 lakh not exempt as not rural agricultural land = 90 lakh.

M4. Suman runs a nursery where he grows saplings and seedlings in pots. He does not carry out any operation on.....

Income from saplings or seedlings grown in a nursery is deemed to be agricultural income.

M6. Govind carries out farming activities on a plot of land owned by him. During the PY 2021-22 he earned income of.....

Exempt = Pulses 3,00,000 as sold in raw form + Rice 6,00,000 as sold after compulsory processing + Rice milk Nil as it is not exempt

M7. Which of the following is not a condition for claiming exemption in respect of income from building used.....

It should be either be assessed to land revenue/be subject to local rate OR not be situated in urban area

M8. The principal business of a rural society is to sell butter made by its member societies. They make butter from.....

Taxable as no agricultural operations are carried out on land

M9. Mr. Chai holds 40% shares of Chai Ltd. a tea company, whose 60% income is exempt as agricultural income under.....

Mere indirect connection with agricultural income is not sufficient for exemption.

M10. Raj is the managing agent of Saj Ltd. He is entitled to a commission of 10% on the annual net profits of Saj Ltd.....

Mere indirect connection with agricultural income is not sufficient for exemption.

M11. Yana uses a part of agricultural land as pasture for cows. Milk from the cows is regularly sold in the market.....

Taxable as no agricultural operations are carried out on land

M12. Mr. Junglee owns a patch of forest land. Several medicinal herbs and shrubs grow spontaneously without.....

Taxable as no agricultural operations are carried out on land

M13. Jane has invested in debt securities of Flowers Pvt. Ltd., a company deriving its main source of income from.....

Mere indirect connection with agricultural income is not sufficient for exemption

M14. Saurabh grows sugarcane in his farm and manufactures sugar in his factory. He sells both sugarcane and sugar in.....

Agricultural income = 3,00,000 from direct sale (Sale proceeds of sugarcane 9,00,000 – Cost of cultivation (60%) 6,00,000) + 2,00,000 apportioned u/r 7 (Market value of sugarcane used in manufacture 6,00,000 – Cost of cultivation (40%) 4,00,000) = 5,00,000.

Business income = Sale proceeds 10,00,000 – Market value of raw material 6,00,000 – Cost of manufacturing 2,00,000 = 2,00,000.

M15. Ramesh owns rubber plantations in Kerala and sells crepe rubber in the market. During the PY 2021-22, sales.....

Rule 7A applies. Composite income = 25 lakh – 5 lakh – 12 lakh = 8 lakh. Business income @ 35% = 2,80,000.

M16. Srishti owns coffee plantations in Tamil Nadu. During the PY 2021-22, she incurred Rs. 3,00,000 in growing.....

Rule 7B applies. Composite income = 5,00,000 – 2,70,000 (90%) – 1,00,000 = 1,30,000. Business income @ 40% = 52,000.

M17. Gurpreet carries on tea business. 40% of income from this business will be treated as business income where.....

Rule 8 applies to sale of tea grown and manufactured by the seller in India

M18. Sham Singh spends Rs. 1,00,000 on cultivation and harvesting of his agricultural produce. 50% of the production.....

Agri income = 1,10,000 – 50,000 = 60,000

M22. During the PY 2021-22, Dev, resident of age 30 years, has agricultural income of Rs. 3,30,000 and business income.....

No tax liability and no partial integration of agricultural income as TI ≤ BEL of 2,50,000

M23. Devina, a resident aged 81 years, has agricultural income of Rs. 4,50,000 and taxable income from business.....

Tax on NAI + TI of 11,50,000 is 1,45,000. Tax on NAI + BEL of 5,00,000, i.e., on 9,50,000 is 90,000. Difference = 55,000. Tax liability = 55,000 + 2,200 HEC = 57,200

DEDUCTION U/S 10AA

M25. DEF Pvt. Ltd. commenced manufacture of computer parts in a SEZ on 15.12.2020. The letter of approval was.....

Used P&M is more than 20% of total value of P&M. Deduction not available.

M26. Suresh commenced manufacture of products in his SEZ unit on 1.6.2020. He purchased plant and machinery for.....

Year in which unit begins manufacture

M27. Jacob set up Units A and B in a SEZ. While Unit A began manufacturing on 1.6.2010, Unit B began manufacturing.....

Unit A: AY 2022-23 is 12th year. Deduction = Lower of 5 lakh (50% of 10 lakh) or NIL credit to SEZRRRA = NIL

Unit B: AY 2022-23 is 8th year. Deduction = 50% of 15 lakh = 7.5 lakh.

M29. Mr. Z has set up a Unit in SEZ which began to manufacture goods for export on 12.7.2018. For the FY 2021-22.....

AY 2022-23 is 4th year, hence, 100% deduction is available.

Deduction = Profits of SEZ Unit 15 lakh × [Export turnover of SEZ Unit 40 lakh (45 lakh – 5 lakh) / Total turnover of SEZ Unit 55 lakh (60 lakh – 5 lakh)] = 10,90,909

M32. PQR Ltd. has two units, one in SEZ and other at DTA. SEZ unit was set up and started manufacturing from.....

AY 2022-23 is 7th year from AY 2016-17.

Deduction = 50% of [70,00,000 × (2,80,00,000 ÷ 4,50,00,000)]

OTHER EXEMPTIONS

M33. Mr. C received the following during the PY 2021-22: Rs. 5,00,000 received out of the income of HUF of which he is.....

From HUF NIL as exempt u/s 10(2) + Share from firm NIL as exempt u/s 10(2A) + Salary from firm 6,00,000 taxable as PGBP = 6,00,000.

M34. Mr. X, a non-resident in India, received interest of Rs. 2,00,000 on his Non-resident (External) Account.....

NRE interest exempt u/s 10(4)(ii) + BD Pvt. Ltd. not taxable as accrued/received outside India + XYZ Ltd 2,50,000 as accrued/received in India = 2,50,000.

M35. Which of the below incomes is not exempt in case of an individual, not being a citizen of India?.....

A: Exempt u/s 10(6)(ii); B: Not exempt u/s 10(6)(viii) as total stay in India should not exceed 90 days; C: Exempt u/s 10(6)(xi)

M37. During the PY 2021-22, JBL Inc, a foreign company, deputed Mr. Z, its employee and a citizen of Germany, to.....

Remuneration not exempt u/s 10(6)(vi) as stay exceeds 90 days. Rs. 10 lakh taxable. Balance not taxable as Mr. Z is a NR and amount is accrued/received outside India.

M38. Raman received the following amounts during the PY 2021-22: Salary of Rs. 12 lakh from the National.....

Salary from NTRO not exempt 12,00,000 + Compensation exempt u/s 10(10BC) + Sukanya Samriddhi proceeds exempt u/s 10(11A) + FTS from GOI of 5,00,000 not exempt = 17,00,000

M39. In which of the following cases is sum received under a life insurance policy exempt from tax?.....

A: Exempt u/s 10(10D). Annual premium of 2.75 lakh \leq 20% of sum assured as policy issued before 1.4.2012. Not a high premium ULIP as issued before 1.2.2021.

B: Not exempt u/s 10(10D). Annual premium of 2.75 lakh $>$ 10% of sum assured as policy issued after 31.3.2012.

C: Not exempt u/s 10(10D). High premium ULIP as issued on or after 1.2.2021 with annual premium $>$ 2.5 lakh

D: Not exempt u/s 10(10D): Keyman insurance policy

M40. Rohan received Rs. 2 lakh as scholarship from Tata Education Trust to meet the cost of his higher education.....

Exempt u/s 10(16). Amount actually spent is not relevant.

M41. Mr. Shah, a Member of Parliament, earned the following during the PY 2021-22: Salary of Rs. 2,40,000.....

Salary is taxable under the head IFOS. Daily/Constituency allowance exempt u/s 10(17).

M42. Which of the following incomes is taxable?.....

A: Exempt u/s 10(18); B: Exempt u/s 10(19). C: Taxable under the head 'Salaries'

M43. Which of the following incomes is not exempt in case of a Sikkimese individual?.....

Exempt = A: Income accruing/arising from source in Sikkim; B: Dividend; C: Interest on securities.

D: Not exempt as Sikkimese woman has married a non-Sikkimese on or after 1.4.2008

DISALLOWANCE UNDER SECTION 14A

M47. Jagat is an agriculturist based in Madhya Pradesh. During the PY 2021-22, he sold maize for Rs. 10 lakh. He.....

20 lakh – 5 lakh.