

*(Section-A MCQ)*

Choose the most appropriate alternative for the following:

[5 x 2 = 10 Marks]

1. The HRA paid to an employee residing in Patna is exempt up to the lower of actual HRA, excess of rent paid over 10% of salary and –
 

(A) 30% of salary	(C) 50% of salary
(B) 40% of salary	(D) 60% of salary
  
2. Mr. X, a foreign national and citizen of USA, working with M Inc., a US based company, came to India during the P.Y. 2024-25 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 is not a condition to be fulfilled to claim such remuneration as exempt income under the Income-tax Act, 1961?
 

(A) M Inc. should not be engaged in any trade or business in India	(C) Mr. X's stay in India should not exceed 90 days in aggregate during the P.Y. 2024-25
(B) Mr. X should not be engaged in any trade or business in India	(D) Remuneration received by Mr. X should not liable to be deducted from M Inc.'s income chargeable to tax under the Income tax, 1961
  
3. For the purpose of determining the perquisite value of loan at concessional rate given to the employee, the lending rate of State Bank of India as on is required;
 

(A) 1 <sup>st</sup> day of the relevant previous year	(C) the day the loan is given
(B) Last day of the relevant previous year	(D) 1 <sup>st</sup> day of the relevant assessment year
  
4. Anirudh stays in New Delhi. His basic salary is ₹10,000 p.m., D.A. (60% of which forms part of pay) is ₹6,000 p.m., HRA is ₹5,000 p.m. and he is entitled to a commission of 1% on the turnover achieved by him. Anirudh pays a rent of ₹5,500 p.m. The turnover achieved by him during the current year is ₹12 lakhs. The amount of HRA exempt u/s 10(13A), if he exercises the option of shifting out of the default regime provided u/s 115BAC(1A), is
 

(A) ₹48,480	(C) ₹49,680
(B) ₹45,600	(D) ₹46,800
  
5. Anand is provided with furniture to the value of ₹70,000 along with house from 1<sup>st</sup> April, 2024. The actual hire charges paid by his employer for hire of furniture is ₹5,000 p.a. The value of furniture to be included along with value of unfurnished house for A.Y.2025-26 is
 

(A) ₹5,000	(C) ₹10,000
(B) ₹7,000	(D) ₹14,000

*(Section-B)**Descriptive***Question 6:** Mrs. Kabra, is working with T Ltd. received the following emoluments during the previous year 2024-25:

- (a) Basic pay on 01.04.2024 ₹ 24,000 (increment of ₹ 1,000 p.m. falls due on 1st July each year).
- (b) Dearness Allowance (forming part of salary) @ 100% of basic pay
- (c) Children Education Allowance ₹ 600 p.m. (she has one child).
- (d) Remuneration from Bhawanipur University as examiner ₹ 1,400.
- (e) Medical Allowance ₹ 1,000 p.m. and bonus ₹ 15,000 p.a.
- (f) The employer provided a free furnished accommodation in Kolkata. Fair rental value of the house was ₹ 14,500 p.m. and furnished with furniture costing ₹ 50,000. She was provided with a sweeper and a watchman whose monthly salaries were ₹ 3,000 and ₹ 4,500 respectively. A free telephone was also provided by employer at her residence, which was used by her both for personal and official purposes.
- (g) She is a member of a recognised provident fund and contributed 14% of her salary. Her employer also contributed 14% of her salary to the provident fund.
- (h) Interest credited at 13% p.a. credit balance of provident fund ₹ 6,500.

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- (i) She had taken a life policy for ₹ 5,00,000 on her own life for which she paid a premium of ₹ 15,000 during the previous year. (Policy was taken on 01.08.22.)
- (j) Employer paid her professional tax of ₹ 1,000
- (k) She is provided with a 14 H. P. car owned by employer and has been used both for the purpose of her employment and personal use. Entire expenses were borne by the employer.

Compute income from salary of Mrs. Kabra for the assessment year 2025-26.

**[10 Marks]**

**Question 7:** Mr. Rahul Agarwala is the employee of HPL India Ltd. He furnishes the under-noted particulars of his income for the previous year 2024-25. Compute his salary income for the A.Y. 2025-26:

- Basic salary drawn in March, 2025 ₹ 60,000 (last increment was in January, 2025, ₹ 5,000) Dearness Allowance @ 80% of Basic Salary (40% forming part of retirement benefits)
- House Rent allowance 10% of Basic Salary. He resides in his own house.
- Transport allowance paid ₹ 400 p.m.
- He and his employer each contributed 14% of Salary to a Recognized Provident Fund (RPF).
- Interest credited to this fund @ 11% is ₹ 12,100 during the year.
- His personal electric bill amounts to ₹ 20,000 p.a. out of which he paid ₹ 5,000 and balance paid by his employer.
- He used his own car (1.8 litres) both for Private and official use. All expenses are met by him. (Expenses related to Private use calculated at ₹ 80,000).
- He took a new life insurance policy of LIC during the year and premium was paid by his employer ₹40,000.
- Profession tax was paid by his employer ₹ 2,400.
- His employer has provided him with a Laptop for official and private use (original cost ₹ 45,000).

**[10 Marks]**

**Question 8:** Mr. Amit is working with ABC Ltd. for the P.Y. 2024-25, he furnished the following information:

	₹
Basic salary	32,000 p.m.
Dearness Allowance @ 20% of basic salary	—
Medical allowance	1,500 p.m.
Entertained allowance	500 p.m.
Employer's contribution to a Recognised Provident Fund	32,000
Interest credited to said RPF @ 12% p.a.	10,800
Facility of motor car of less than 1600 CC with driver (entire expenses borne by the employer)	—
Children education allowance for 2 children	500 p.m.
Rent free furnished house in Chennai for which employer pays rent of ₹ 3,000 p.m.	—
Cost of furniture provided in the house	50,000
Free services of watchman	600 p.m.

He paid professional tax ₹2,640 during the year. Compute his salary income for the A.Y. 2025-26.

**[10 Marks]**

**Question 9:** Sri Samir furnished the following information for the previous year 2024-25:

Basic salary	₹ 1,60,000
Dearness allowance	25% of basic pay
Transport allowance	₹ 1,200 p.m.
Contribution of RPF	15% of basic salary and DA
Children education allowance (For two children)	₹ 500 p.m.
Interest credited on the balance of RPF @ 12%	₹ 7,200
Entertainment allowance	₹ 1,000 p.m.

- He is provided with rent-free accommodation in Kolkata for which employer pays rent ₹ 5,000 pm
- During the previous year, he spent ₹ 5,000 for medical treatment of himself in a private nursing home and his employer reimbursed the entire amount.
- He engaged a domestic servant at a salary of ₹ 500 p.m. and his employer paid the salary.
- His employer presented him Laptop Computer costing ₹ 15,000 in the previous year.
- Professional tax of ₹ 1,600 was paid by his employer.

Compute taxable income for salary of Sri Samir for the A.Y. 2025-26 assuming he has opted for the old tax regime.

**[10 Marks]**