

TEST 5

(Salaries +opted out of Sec 115BAC)

Time : 30 minutes Total Marks : 20 (5 x 4)

Question 1 : Mr. Rajesh Sharma, aged 54 years, an Indian citizen, is working as Assistant Manager in ABC India Ltd. He is getting basic salary of ₹58,000 per month. He used to travel frequently out of India for his office work. He left India from Delhi Airport on 5th Oct, 2023 and returned to India on 2nd April, 2024.

For previous year 2023-24, following information are relevant;

- (a) Dearness Allowance - 10% of Basic Pay (considered for retirement purposes)
- (b) Bonus - ₹ 98,000
- (c) Medical allowance paid during P.Y. 2022-23 amounting to ₹60,000
- (d) He was also reimbursed medical bill of his mother amounting to ₹15,000.
- (e) He was also transferred a laptop by company for ₹15,000 on 31st Dec 2023. The laptop was acquired by company on 1st Oct, 2020 for ₹1,00,000. Company was charging depreciation at 31.666% assuming useful life of laptop as 3 years.
- (f) He was also reimbursed salary of house servant of ₹ 4,000 per month during P.Y. 2023-24.
- (g) Professional Tax paid by employer during P.Y. 2022-23 amounting to ₹ 2,400.
- (h) 400 equity shares allotted by ABC India Ltd. during P.Y. 2023-24 at the rate of ₹250 per share against fair market value of share of ₹ 350 on the date of exercise of option.
- (i) Short-term capital gain on sale of shares of listed company on which STT is paid amounting to ₹94,000.
- (j) Mr. Rajesh was also found owner of ₹5 lakh worth jewellery, of which he could not provide any satisfactory explanation.

Based on the above information, choose the most appropriate option of the following Multiple Choice Questions (MCQs) for A.Y. 2024-25:

- (i) What is Mr. Rajesh Sharma's residential status for the A.Y. 2024 -25?
 - (a) Resident but can't determine resident and ordinarily resident or resident but not ordinarily resident from the given information
 - (b) Non-Resident
 - (c) Resident but not ordinarily resident
 - (d) Resident and ordinarily resident
- (ii) What is his taxable perquisite for A.Y. 2024-25?
 - (a) ₹ 55,000
 - (b) ₹ 90,400
 - (c) ₹1,05,400
 - (d) ₹1,90,400

(iii) What is the income chargeable under the head “Salaries” in the hands of Mr. Rajesh Sharma for A.Y.2024-25?

- (a) ₹ 9,76,600
- (b) ₹ 9,86,600
- (c) ₹ 9,71,600
- (d) ₹ 9,61,600

(iv) The tax liability (without considering surcharge and Health and education cess, if any) of Mr. Rajesh Sharma towards unexplained jewellery would be _____

- (a) ₹ 1,00,000
- (b) ₹ 1,50,000
- (c) ₹ 3,00,000
- (d) ₹ 2,50,000

(v) The total tax liability of Mr. Rajesh Sharma for A.Y. 2024-25 is _____

- (a) ₹ 5,16,800
- (b) ₹ 5,18,880
- (c) ₹ 4,38,800
- (d) ₹ 4,40,880

TEST 5 SOLUTION (Salaries)

Solution 1:**(i) Answer: (a)**

Since stay of Mr. Rajesh is 188 days in the current years hence he is resident in India. From the given data, it cannot be determined whether he is ROR/NOR because the period of stay of earlier years is not given.

(ii) Answer: (c)**Computation of taxable perquisite**

Medical reimbursement fully taxable	15,000
Reimbursement of servant salary	48,000
Laptop (not taxable since value of laptop is less than the sale value)	Nil
Professional tax	2,400
Equity shares 400 X 450-350	40,000
Taxable perquisite	1,05,400

(iii) Answer: (a)**Computation of income chargeable under the head salaries**

Basic salary (58,000 x 12)	6,96,000
Dearness Allowance (10%)	69,600
Bonus	98,000
Medical allowance	60,000
Medical reimbursement fully taxable	15,000
Reimbursement of servant salary	48,000
Laptop (not taxable since value of laptop is less than the sale value)	Nil
Professional tax	2,400
Equity shares (400 x (350-250))	40,000
Gross salary	10,29,000
Less: Standard deduction u/s 16(ia)	(50,000)
Less: Professional tax u/s 16(iii)	(2,400)
Income under the head salary	9,76,600

(iv) Answer: (c)**Computation of tax without surcharge and cess on unexplained jewellery**

Unexplained income	5,00,000
Tax @ 60%	3,00,000

(v) Answer: (a)

Computation of total tax liability

Tax on 9,76,600 at slab rate	1,07,820
Tax on STCG 111A 94,000 @ 15%	14,100
Tax on unexplained jewellery (60% + surcharge @ 25%)	3,75,000
Tax before cess	4,96,920
Health and education cess @ 4%	19,876.80
Total tax liability	5,16,796.80
Rounded off u/s 288B	5,16,800.00

