

PREPARATORY TEST PAPER I: HP AND SALARY

Time Allowed – 1hr

Maximum Marks – 25

Question 1: Sri Ram owns a building consisting of three identical units, the construction of which was completed on 1/4/2024. The building was occupied from 1/4/2024. The particulars pertaining to the 3 units for the year ended 31/3/2025 are given below:

| PARTICULARS | UNIT I | UNIT II | UNIT III |
|-------------------------------|---------------|---------|-------------------|
| Fair Rent | 50,000 | 50,000 | 50,000 |
| Rent Received | - | 72,000 | - |
| Municipal Taxes Paid | 3,000 | 5,000 | 3,000 |
| Outstanding Municipal Taxes | 3,000 | 5,000 | 3,000 |
| Land revenue due but not paid | 1,200 | 1,200 | 1,200 |
| Ground Rent paid | 2,400 | 2,400 | 2,400 |
| Nature of occupation | Self occupied | Let out | Used for business |

On 1/4/2023 Sri Ram had borrowed a sum of ₹5,00,000 bearing interest @ 12% p.a. for construction of the building. Rate of depreciation on building 10%. The total construction cost came to ₹12,00,000. The business income before considering any item connected with property was ₹2,10,000. Municipal Taxes and Land revenue due on 31/3/2025 were however paid on 1/7/2025.

[Due date of return 31/7/2025]

Compute income from House property both under Old and New Tax regime.

[6 Marks]

Question 2: From the following details, find out the salary chargeable to tax of Mr. Anand for A.Y 2025-26:

Mr. Anand is a regular employee of Malpani Ltd. in Mumbai. He was appointed on 01-03-2024 in the scale of 25,000-2,500-35,000. He is paid dearness allowance (which forms part of salary for retirement benefits) @ 15% of basic pay and bonus equivalent to one and a half month's basic pay as at the end of the year. He contributes 18% of his salary (basic pay plus dearness allowance) towards recognized provident fund and the company contributes the same amount. He is provided free housing facility which has been taken on rent by the company at ₹ 15,000 per month. He is also provided with following facilities :

(i) The company reimbursed the medical treatment bill of ₹ 25,000 of his daughter, who is dependent on him.

(ii) The monthly salary of ₹ 2,000 of house keeper is reimbursed by the company.

(iii) He is getting telephone allowance @ ₹ 1000 per month.

(iv) A gift voucher of ₹ 4,700 was given on the occasion of his marriage anniversary.

(v) The company pays medical insurance premium to effect an insurance on the health of Mr. Anand ₹ 12,000.

(vi) Motor car running and maintenance charges fully paid by employer of ₹ 36,600. (The motor car is owned and driven by Mr. Anand. The engine cubic capacity is below 1.60 litres. The motor car is used for both official and personal purpose by the employee.)

(vii) Value of free lunch provided during office hours is ₹ 2,200.

[8 Marks]

Question 3: Mr. Raman is a co-owner of a house property along with his brother.

| | |
|--------------------------------------|---------------|
| Municipal value of the Property | ₹ 1,60,000 |
| Fair Rent | ₹ 1,50,000 |
| Standard rent under Rent Control Act | ₹ 1,70,000 |
| Rent received | ₹ 15,000 p.m. |

The loan for the construction of this property is jointly taken and the interest charged by the bank is ₹ 25,000 out of which ₹ 21, 000 have been paid. Interest on the unpaid interest is ₹ 450. To repay this loan, Raman and his brother have taken a fresh loan and interest charged on this loan is ₹ 5, 000.

The Municipal Taxes of ₹5,100 have been paid by the tenant.

Compute the income from this property chargeable in the hands of Mr. Raman.

[5 Marks]

Question 4: Compute Gross Total Income of Mr. A from the following:

House I: Mr. A took the House on lease from Mr. X at a lease rent of ₹2,000 p.m. and let out the House to Mr. Y for a monthly rent of ₹4,000. He Paid Municipal Tax ₹5,000; Water Benefit Tax ₹7,000; Repairs ₹4,000 and incurred ₹400 for security services of the House.

House II: Mr. A gifted the House measuring 150 sq ft. to Mrs. A on 1/4/2019. The Municipal Tax paid @ 20% amounted to ₹ 28,800. The Rent of identical house of 100 sq ft in similar locality is ₹ 1,00,000 (excluding GST @18%). Standard Rent of this house is ₹1,20,000. The House was vacant for 2 months. Rent of ₹20,000 is considered unrealizable. Interest of ₹ 50,000 was paid to non- resident but no tax was deducted at source. Actual Rent ₹ 12,000 p.m.

[6 Marks]