

CHAPTER WISE TEST 15**(All Questions are compulsory)****(Time allowed: 1.5 Hours)****(40 Marks)****Multiple Choice Questions**

1. Mr. Arihant, a non-resident, received foreign currency equivalent to ₹ 85,000 from his friend, a resident Indian in January 2026. The same was paid by such resident from his bank account in Country X and was received by Mr. Arihant in his bank account in Country X. The friend also gifted a Gold Chain to Mr. Arihant in Country X. Fair Market Value of Gold Chain on the date of gift was ₹ 95,000. Are the gifts received by Mr. Arihant taxable in his hands under the Income-tax Act, 1961? Assume no DTAA exist between India and Country X. (2 Marks)
- (a) Yes; ₹ 1,80,000 would be taxable as Income from other sources.
 - (b) Partially; ₹ 85,000 received from resident friend would be taxable as Income from other sources.
 - (c) Partially; only ₹ 35,000, being cash gift in excess of ₹ 50,000, received from resident friend would be taxable as Income from other sources.
 - (d) No; such gifts are not taxable in the hands of Mr. Arihant under the Income-tax Act, 1961, since they are received outside India.
2. Is Fiserv Inc. required to file return of income for the A.Y. 2026-27, if there is no DTAA between India and Country F? (2 Marks)
- (a) Yes, required to file return of income, since the said income is chargeable to tax in India.
 - (b) No, not required to file return of income, since the said income is not chargeable to tax in India.
 - (c) Yes, required to file return of income, even if the said income is not chargeable to tax in India as information of income arising from India is to be disclosed in return.
 - (d) No, not required to file return of income, if Turmeric Ltd. deducted tax at source on such income.

Descriptive Questions

1. (a) Mr. Ritesh, a resident individual, aged 42 years, received the following sums during the previous year 2025-26:

Income from a business in India ₹ 4,85,000

Royalty from Country N ₹ 7,80,000 (Rate of Tax in Country N 10%, Tax deducted ₹ 78,000)

Interest from Country Y US \$ 9,500 (interest became due on 01.04.2025) Tax deducted (on 21.02.2026) : US \$ 950 (Rate of Tax 10%)

Agriculture income in Country M: ₹ 1,09,000 Additional Information:

- i. As per the DTAA between India and Country N, the royalty will only be taxable in the Source State.
- ii. As per the DTAA between India and Country Y, interest can be taxed in both the states and tax credit will be available in respect of tax payable in resident state.

Agriculture income is exempt in country M. India does not have a DTAA with Country M.

Telegraphic transfer buying rate on different dates of US \$:

Date	Rate (₹)
31.03.2025	75
31.01.2026	78
21.02.2026	79
31.03.2026	80
01.01.2026	80

You are required to calculate the total income and tax payable by Mr. Ritesh assuming that he did not opt to be governed by provisions of Section 115BAC. (6 Marks)

1. (b) Mr. Pradeep, aged 48 years, a resident individual has furnished the following details of income earned during the previous year 2025-26:

India

(i) Income from a sole-proprietary business in Indore ₹ 80 lakhs.

(ii) Share of profit from a partnership firm in Bhopal ₹ 20 lakhs.

Country G

(iii) Agricultural Income (gross) from tea gardens of CGD 40000. Taxable @20%.

(iv) Brought forward business loss of F.Y.2022-23 in Country G was CGD 5,200 which is not permitted to be set off against other income as per the laws of that country.

Country M

(v) Dividend income (gross) of CMD 30,000. Taxable @10%.

(vi) Rental Income of CMD 52,000 from house property. Taxable @15%. CMD 6,000 paid towards Municipal taxes in Country M. Municipal taxes are not allowed as deduction in Country M.

Other Information

- Mr. Pradeep has deposited ₹1,50,000 in public provident fund and paid medical insurance premium of ₹ 28,000 by account payee cheque to insure the health of himself and his wife (aged 48 years).
- India has no DTAA with Country G and Country M.

Compute total income and tax liability of Mr. Pradeep for the A.Y. 2026-27 after providing for deduction under section 91, assuming that 1 CGD/CMD = ₹70. Mr. Pradeep is not opting for section 115BAC. (6 Marks)

2. (a) Mrs. Rajni, aged 63 years, is married and settled in Ranchi. She is a Hindustani classical dancer and choreographer who performs in concerts in India and Country M. She visits Country M every year in

October to participate in the Spring dance concert held there. For the rest of the year, she performs in dance programs organized in India. India does not have a DTAA with Country M.

She earns CMD 10,120 from concerts held in Country M. She also owns a residential house property in Country M. She earned rental income of CMD 25,000 from such property. She also paid municipal taxes of CMD 200 in respect of this property, which is not deductible in Country M. All income from Country M is taxable in Country M @20%. The entire tax due in Country M has been duly paid by Mrs. Rajni.

She earns ₹ 15 lakhs from performances in dance programs held in India. She has interest income of ₹ 4.2 lakhs (gross) from bank fixed deposits in her name and ₹ 15,000 from savings bank account in India.

She pays medical insurance premium of ₹ 29,000 to insure her health and ₹ 32,000 to insure the health of her husband, a resident aged 65 years. She deposits ₹ 1.50 lakhs in her public provident fund and ₹ 4 lakhs in five-year fixed deposit in the name of her son, Mr. Priyanshu. The TT buying rate as on 31.3.2026 for Country M Dollar (CMD) is ₹ 69.

Compute the total income and net tax payable by Mrs. Rajni for A.Y.2026-27, providing for deduction under section 91. Assume that Mrs. Rajni does not opt for section 115BAC. (8 Marks)

2. (b) Mr. Raj (aged 45 years), a resident of India employed with a private company in India, received the following sums during the F.Y. 2025-26:

i)	Basic Salary	₹ 62,000 p.m.
ii)	Dearness Allowance - 10% of basic salary	
iii)	Royalty Income (gross) received from Country 'M' in respect of a literary book	₹ 9,80,000
iv)	Expenses incurred for earning royalty	₹ 98,000
v)	Rental Income (gross) from a house property situated in Country 'N'	₹ 2,80,000
vi)	Dividend from a company incorporated in Country 'N' (Gross)	₹ 2,20,000

Mr. Raj purchased a residential house in Bhopal for his residence on 1st August, 2025 for a consideration of ₹ 23,00,000 and paid 1% stamp duty on it.

He paid ₹ 26,000 towards his health insurance premium and ₹ 50,000 to insure the health of his father, a non-resident aged 72 years, who is not dependent on him.

The rate of tax in Country 'M' is flat 12% and the rate of tax in Country 'N' is 20% in respect of dividend income and 15% in respect of rental income. No standard deduction is allowed in Country 'N' from rental income.

Assuming that India does not have a Double Taxation Avoidance Agreement with both the countries, you are required to compute the total income of Mr. Raj and net tax liability thereon for A.Y. 2026-27 as per the provisions of Income-tax Act, 1961, after providing deduction u/s 91. Mr. Raj has not opted to pay tax as per the provisions of section 115BAC. (8 Marks)

3. (a) Mr. Kamesh, an individual resident in India aged 52 years, furnishes you the following particulars of income earned in India, Country "X" and Country "Y" for the previous year 2025-26. India has not entered into double taxation avoidance agreement with these two countries.

Particulars	₹
Income from profession carried on in India	7,50,000
Agricultural income in Country "X" (gross)	50,000
Dividend from a company incorporated in Country "Y" (gross)	1,50,000
Royalty income from a literary book from Country "X" (gross)	6,00,000
Expenses incurred for earning royalty	50,000
Business loss in Country "Y" (Proprietary business)	65,000
Rent from a house situated in Country "Y" (gross)	2,40,000

Municipal tax paid in respect of the above house in Country "Y" (not allowed as deduction in country "Y")	10,000
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Note: Business loss in Country "Y" not eligible for set off against other incomes as per law of that country.

The rates of tax in Country "X" and Country "Y" are 10% and 20%, respectively.

Compute total income and net tax liability of Mr. Kamesh in India for Assessment Year 2026-27, assuming that he opted out of the default tax regime under section 115BAC. *(8 Marks)*

