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## CA INTER — INCOME TAX MCQ | AY 2026-27

### CASE 1 —

Mr. Aryan Kapoor, aged 34, an Indian citizen, works as a senior consultant for a UK-based company. He visited India during PY 2025-26 on the following dates: 1st April 2025 to 15th June 2025 (76 days), 1st November 2025 to 28th February 2026 (120 days). His stay in India in the immediately preceding 4 years was: PY 2024-25 = 180 days; PY 2023-24 = 60 days; PY 2022-23 = 55 days; PY 2021-22 = 40 days. He has never been Resident in India in the last 10 years prior to PY 2025-26. He earned the following during PY 2025-26: Salary from UK company for services rendered in UK = ₹22,00,000; Interest on NRE account = ₹80,000; Dividend from Indian company received in UK = ₹1,50,000; Agricultural income in UK = ₹3,00,000; Long-term capital gain on sale of shares of Indian company = ₹4,00,000 (STT paid).

Based on the above, answer MCQs 1 to 4:

**MCQ 1. What is Mr. Aryan Kapoor's residential status for AY 2026-27?**

- (a) Non-Resident — stayed less than 182 days in India
- (b) Resident and Ordinarily Resident — stayed more than 60 days and 365 days in preceding 4 years
- (c) Resident but Not Ordinarily Resident (RNOR) — conditions for ROR not satisfied
- (d) Non-Resident — since he works for a foreign company

**MCQ 2. What is Mr. Aryan's total income chargeable to tax in India for AY 2026-27?**

- (a) ₹5,50,000 — only Indian-sourced incomes (dividend + LTCG)
- (b) ₹6,30,000 — dividend + LTCG + NRE interest
- (c) ₹5,50,000 — dividend + LTCG; NRE interest exempt for RNOR
- (d) ₹27,50,000 — all incomes taxable as he is Resident

**MCQ 3. If Mr. Aryan opts for the Default Tax Regime u/s 115BAC for AY 2026-27, which of the following deductions/exemptions will he still be eligible for on his taxable Indian income?**

- (a) Standard deduction u/s 16(ja) on salary and deduction u/s 80C
- (b) Exemption u/s 10(4) on NRE interest and LTCG exemption u/s 112A up to ₹1,25,000
- (c) Deduction u/s 80TTA on savings bank interest and deduction u/s 80D
- (d) Set-off of brought forward capital loss against current year LTCG

**MCQ 4. If Mr. Aryan had instead stayed in India for only 100 days in PY 2025-26 (his stay in preceding 4 PYs remains unchanged), and he has Indian-sourced income only (LTCG = ₹4,00,000 on Indian shares), what would be the tax payable (ignoring surcharge and cess)?**

- (a) NIL — LTCG exempt up to ₹1,25,000 and NR is not taxable on LTCG
- (b) ₹33,750 — LTCG of ₹2,75,000 @ 12.5% under Sec 112A
- (c) ₹50,000 — full LTCG ₹4,00,000 @ 12.5% as NR has no basic exemption
- (d) ₹33,750 — LTCG ₹4,00,000 less exemption ₹1,25,000 = ₹2,75,000 @ 12.5%

### CASE 2 —

Ms. Shraddha Menon, aged 29, is employed as VP – Finance at InnoTech Ltd., Bengaluru. Details for PY 2025-26 are as follows: Basic Salary = ₹1,80,000/month; HRA = ₹72,000/month (she pays rent of ₹80,000/month for her Bengaluru apartment); Special Allowance = ₹30,000/month (fully taxable); Company-provided car (1600 cc engine) used for both official and personal purposes — employer pays all running expenses; The company gave her ESOPs: 500 shares allotted on 1st June 2025 at exercise price ₹100 each (FMV on allotment date = ₹850 per share); She sold all 500 shares on 1st December 2025 at ₹1,100 per share (STT paid). She contributes ₹21,600/month to EPF; Employer also contributes ₹21,600/month to EPF.

Based on the above, answer MCQs 5 to 8:

**MCQ 5. What is the perquisite value of the company car (1600 cc) for AY 2026-27 under the old tax regime?**

- (a) ₹28,800 — ₹2,400/month as car used for both purposes
- (b) ₹21,600 — ₹1,800/month as car used partly for personal use
- (c) ₹43,200 — ₹3,600/month as employer pays running expenses for >1600 cc car
- (d) NIL — official use car is not a perquisite

**MCQ 6. What is the taxable perquisite on ESOPs at the time of allotment, and under which head is it taxed?**

- (a) NIL at allotment — ESOPs taxed only at the time of sale as capital gains
- (b) ₹3,75,000 — (FMV ₹850 – Exercise price ₹100) × 500 shares; taxable as Salary
- (c) ₹5,00,000 — Sale price ₹1,100 × 500 = ₹5,50,000 less cost ₹50,000; capital gains
- (d) ₹3,75,000 — taxable as Income from Other Sources at the time of exercise

**MCQ 7. On sale of ESOP shares on 1st December 2025, what is the capital gain taxable in Ms. Shraddha's hands?**

- (a) ₹1,25,000 STCG — (₹1,100 – ₹850) × 500 = ₹1,25,000; held < 12 months; STT paid; taxable @ 20%
- (b) ₹5,50,000 STCG — full sale proceeds; cost is NIL as ESOPs are granted free
- (c) ₹1,25,000 LTCG — held > 6 months qualifies as long-term for listed shares
- (d) NIL — already taxed as perquisite at allotment; no further capital gains

**MCQ 8. Ms. Shraddha wants to compare her tax liability under the old regime vs. the default regime. The employer's EPF contribution exceeds the threshold. Which of the following statements is CORRECT?**

- (a) Employer's EPF contribution is fully exempt — no perquisite arises regardless of the amount
- (b) Under old regime, HRA exemption u/s 10(13A) is available; under default regime it is not
- (c) Under default regime, standard deduction of ₹75,000 is not available to salaried employees
- (d) Employer's EPF contribution > ₹7,50,000 threshold attracts perquisite only under the old regime, not the default regime

### CASE 3 —

Mr. Devraj Iyer, aged 55, a resident individual, sold the following assets during PY 2025-26:

**Asset 1:** Ancestral house in Chennai sold on 1st July 2025 for ₹1,20,00,000. This house was inherited from his father in FY 2001-02; FMV as on 1st April 2001 = ₹12,00,000. CII for FY 2001-02 = 100; FY 2025-26 = 363.

**Asset 2:** Listed equity shares sold on 15th August 2025 for ₹8,00,000. Purchased on 1st February 2024 for ₹5,50,000. FMV as on 31st January 2018 = ₹4,00,000. STT paid.

**Asset 3:** Unlisted debentures sold for ₹3,00,000. Purchased 3 years ago for ₹2,00,000.

He purchased a new residential house on 1st September 2025 for ₹55,00,000 and also invested ₹50,00,000 in 54EC bonds (NHAI) on 1st October 2025. He had a brought forward long-term capital loss of ₹6,00,000 from sale of gold in PY 2023-24.

Based on the above, answer MCQs 9 to 12:

**MCQ 9. What is the Indexed Cost of Acquisition (ICOA) of the ancestral house, and the resulting LTCG before exemptions?**

- (a) ICOA = ₹43,56,000; LTCG = ₹76,44,000
- (b) ICOA = ₹12,00,000; LTCG = ₹1,08,00,000 (indexation not allowed on inherited property)
- (c) ICOA = ₹Nil; LTCG = ₹1,20,00,000
- (d) ICOA = ₹4,35,600; LTCG = ₹1,15,64,400 (index applied on original owner's cost)

**MCQ 10. What is the capital gains tax treatment on the listed equity shares (Asset 2) for AY 2026-27?**

- (a) STCG = ₹2,50,000 @ 20% u/s 111A; grandfathering not applicable as purchased after 31 Jan 2018
- (b) LTCG = ₹2,50,000 u/s 112A; exempt up to ₹1,25,000; taxable ₹1,25,000 @ 12.5%
- (c) STCG = ₹2,50,000 @ 20% u/s 111A; held only 18 months from purchase — qualifies as LTCG
- (d) LTCG = ₹2,50,000 u/s 112A; purchased after 31-Jan-2018 so actual cost applies; taxable ₹1,25,000 @ 12.5%

**MCQ 11. How much LTCG from the sale of the ancestral house (before applying brought-forward loss) can be claimed as exempt u/s 54 and u/s 54EC?**

- (a) Sec 54 = ₹55,00,000; Sec 54EC = ₹50,00,000; Total exempt = ₹1,05,00,000 (exceeds LTCG, so full LTCG exempt)
- (b) Sec 54 = ₹55,00,000; Sec 54EC = ₹50,00,000; Total exempt = ₹76,44,000 (capped at LTCG)
- (c) Sec 54 = ₹55,00,000; Sec 54EC = ₹21,44,000 (balance LTCG); Total = ₹76,44,000
- (d) Sec 54EC = ₹50,00,000 only; Sec 54 requires purchase within 1 year BEFORE sale which is not satisfied here

**MCQ 12. After all set-offs and exemptions, what is Mr. Devraj's net taxable capital gain for AY 2026-27? (Consider all 3 assets and the brought-forward LTCL)**

- (a) ₹1,25,000 LTCG + ₹1,00,000 STCG (debentures) — B/F LTCL set off against LTCG
- (b) ₹1,25,000 LTCG (net) + ₹1,00,000 STCG
- (c) NIL LTCG + ₹1,00,000 STCG — B/F LTCL absorbs remaining LTCGAdd at the end
- (d) NIL — all gains exempt or set off

# FINAL ANSWER KEY — Quick View

MC Q	1	2	3	4	5	6	7	8	9	10	11	12
Ans	C	C	B	D	B	B	A	B	C	D	B	D