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2019

START

17 June

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TEST YOUR KNOWLEDGE – 1

Question No.1

The basic source of income-tax law is –

- a) Income-tax Act, 1961
- b) Income-tax Rules, 1962
- c) Circulars/Notifications issued by CBDT
- d) Judgments of Courts

Question No.2

A domestic company means -

- a) Only an Indian company
- b) Both Indian company and a foreign company having a branch in India
- c) Both Indian company and a foreign company having business connection in India
- d) Both Indian company and a foreign company which has made the prescribed arrangement for declaration and payment of dividends in India out of the income chargeable to tax in India

Question No.3

The rates of income-tax are mentioned in –

- a) The Income-tax Act, 1961 only
- b) Both Income-tax Act, 1961 and Income-tax Rules, 1962
- c) The First Schedule to the Annual Finance Act
- d) Both Income-tax Act, 1961 and the First Schedule to the Annual Finance Act

Question No.4

The surcharge applicable in the case of an individual is -

- a) 10% of tax payable if total income exceeds Rs. 50 lakhs but does not exceed Rs. 1 crore
- b) 10% of tax payable if total income exceeds Rs. 1 crore
- c) 15% of tax payable if total income exceeds Rs. 1 crore
- d) Both (a) and (c), as the case may be.

Question No.5

In respect of a non-resident assessee, who is of the age of 60 years or more but less than 80 years at any time during the previous year 2018-19, -

- a) Basic exemption of Rs. 2,50,000 is available
- b) Basic exemption of Rs. 3,00,000 is available
- c) Basic exemption of Rs. 5,00,000 is available
- d) No basic exemption limit would be available

Question No.6

In case of a domestic company whose gross receipts for the P.Y. 2016-17 is Rs. 51 crores, the rate of tax applicable is -

- a) 29%
- b) 25%
- c) 30%
- d) None of the above

Question No.7

The surcharge applicable to a domestic company for A.Y. 2019-20 is -

- a) 5%, if total income exceeds Rs. 1 crore.
- b) 10%, if the total income exceeds Rs. 1 crore
- c) 7%, if the total income exceeds Rs. 1 crore but does not exceed Rs. 10 crore, and 15%, if the total income exceeds Rs. 10 crore.
- d) 7%, if the total income exceeds Rs. 1 crore but does not exceed Rs. 10 crore, and 12%, if the total income exceeds Rs. 10 crore.

Question No.8

The surcharge applicable to a foreign company for A.Y. 2019-20 is -

- a) 5%, if the total income exceeds Rs. 1 crore.
- b) 10%, if the total income exceeds Rs. 1 crore.
- c) 2%, if the total income exceeds Rs. 1 crore but does not exceed Rs. 10 crore and 5% if the total income exceeds Rs. 10 crore.
- d) 2%, if the total income exceeds Rs. 10 crore.

Question No.9

The rate of tax applicable to a firm for A.Y. 2019-20 is -

- a) 25%
- b) 30%
- c) 35%
- d) 40%

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Question No.10

Where the total income of an artificial juridical person is Rs. 3,10,000, the income-tax payable is Rs. and surcharge payable is Rs.

- a) Rs. 3,000; surcharge – nil
- b) Rs. 6,000; surcharge – nil.
- c) Rs. 500; surcharge – nil
- d) Rs. 93, 000; surcharge – Rs. 4650

Question No. 11

If Anirudh has stayed in India in the P.Y. 2018-19 for 181 days, and he is non-resident in 9 out of 10 years immediately preceding the current previous year and he has stayed in India for 365 days in all in the 4 years immediately preceding the current previous year and 420 days in all in the 7 years immediately preceding the current previous year, his residential status for the A.Y. 2019-20 would be –

- a) Resident and ordinarily resident
- b) Resident but not ordinarily resident
- c) Non-resident
- d) Cannot be ascertained with the given information

Question No. 12

Raman was employed in Hindustan Lever Ltd. He received a salary of Rs. 40,000 p.m. from 1.4.2018 to 27.9.2018. He resigned and left for Dubai for the first time on 1.10.2018 and got salary of rupee equivalent of Rs. 80,000 p.m. from 1.10.2018 to 31.3.2019. His salary for October to December 2018 was credited in his Dubai bank account and the salary for January to March 2019 was credited in his Bombay account directly. He is liable to tax in respect of

- a) Income received in India from Hindustan Lever Ltd;
- b) Income received in India and in Dubai;
- c) Income received in India from Hindustan Lever Ltd. and income directly credited in India;
- d) Income received in Dubai

Question No. 13

A company would be a resident in India for the P.Y. 2018-19, if

- a) it is an Indian company
- b) during the year, majority of its directors are resident in India
- c) during the year, its Place of Effective Management is in India
- d) both (a) and (c)

Question No. 14

Income accruing in London and received there is taxable in India in the case of-

- a) resident and ordinarily resident only
- b) both resident and ordinarily resident and resident but not ordinarily resident
- c) both resident and non-resident
- d) non-resident

Question No. 15

Incomes which accrue or arise outside India but received directly in India are taxable in case of-

- a) resident and ordinarily resident only
- b) both resident and ordinarily resident and resident but not ordinarily resident
- c) non-resident
- d) All the above

Question No. 16

Income earned from a contract negotiated by an agent in India in the name of a non-resident but approved by such non-resident shall:

- a) be taxable in India as such income is deemed to accrue or arise in India
- b) not be taxable in India as there is no business connection in India
- c) be taxable in India only if it is received in India
- d) be taxable in India as such income accrues or arises in India

Question No. 17

Fees for technical services paid by the Central Government will be taxable in case of

- a) resident and ordinarily resident only
- b) both resident and ordinarily resident and resident but not ordinarily resident
- c) non-resident
- d) All the above

Question No. 18

Short term capital gains on sale of shares of an Indian company received in Australia is taxable in case of-

- a) resident and ordinarily resident only
- b) both resident and ordinarily resident and resident but not ordinarily resident
- c) non-resident only
- d) All the above

Question No. 19

Income from a business in Canada, controlled from Canada is taxable in case of –

- a) resident and ordinarily resident only
- b) both resident and ordinarily resident and resident but not ordinarily resident
- c) non-resident
- d) All the above

Question No. 20

Dividend Income from Australian company received in Australia in the year 2016, brought to India during the previous year 2018-19 is taxable in case of –

- a) resident and ordinarily resident only
- b) resident but not ordinarily resident
- c) non-resident
- d) None of the above

Question No. 21

The concept of partial integration of agricultural income with non-agricultural income is applicable to –

- a) only individuals & HUF
- b) only firms and companies
- c) Individuals, HUF, AOPs/BOIs & Artificial juridical persons
- d) All persons

Question No. 22

Which of the following would be agricultural income –?

- a) Income from breeding of livestock
- b) Income from poultry farming
- c) Rent received from land used for movie shooting
- d) Rent received from land used for grazing of cattle required for agricultural activities

Question No. 23

Which of the following income would be exempt in the hands of a Sikkimese Individual?

- a) only income from any source in the State of Sikkim
- b) only income by way of dividend
- c) only income from interest on securities
- d) All the above

Question No. 24

The proportion of agricultural and business income in case of income derived from the sale of coffee grown and cured by the assessee in India is –

- a) 65% and 35%, respectively
- b) 75% and 25%, respectively
- c) 60% and 40%, respectively
- d) 70% and 30%, respectively

Question No. 25

The proportion of agricultural and business income in case of income derived by the assessee from growing of tea leaves in India and manufacturing of tea is –

- a) 65% and 35%, respectively
- b) 75% and 25%, respectively
- c) 60% and 40%, respectively
- d) 70% and 30%, respectively

Question No. 26

In case of an individual aged 61 years, partial integration of agricultural income is not required if his –

- a) Net agricultural income does not exceed Rs. 5,000.
- b) Non-agricultural income does not exceed Rs. 2,50,000.
- c) Non-agricultural income does not exceed Rs. 3,00,000.
- d) Either (a) or (c) above.

Question No. 27

In case of a Member of Parliament –

- a) Daily allowance is exempt but constituency allowance received as per applicable Rules is taxable.
- b) Constituency allowance received as per applicable Rules is exempt but daily allowance is taxable.
- c) Both daily allowance and constituency allowance received as per applicable Rules are taxable.
- d) Both daily allowance and constituency allowance received as per applicable Rules are exempt.

Question No. 28

The quantum of deduction available under section 10AA in respect of profits and gains derived by a SEZ unit from export of articles is –

- a) 100% of export profits for first 10 consecutive AYs and 50% for next 5 consecutive AYs
- b) 100% of export profits for first 5 consecutive AYs and 50% for next 10 consecutive AYs+
- c) 100% of export profits for first 15 consecutive AYs
- d) 100% of export profits for first 5 consecutive AYs, 50% for export profits for next 5 consecutive AYs and upto 50% of export profits for next 5 consecutive AYs, as is credited to Special Reserve Account

Question No. 29

Which of the following income is not exempt under section 10?

- a) Share income of a member from a HUF
- b) Share income of a partner from a firm
- c) Salary received by a partner from a firm
- d) Both (b) and (c)

Question No. 30

Which of the following is an agricultural land assuming that crops are being cultivated on such land and such land is situated in –

- a) an area within 3 kms from the local limits of a municipality and has a population of 80,000 as per last census
- b) an area within 1.5 kms from the local limits of a municipality and has a population of 12,000 as per last census
- c) an area within 2 kms from the local limits of a municipality and has a population of 11,00,000 as per last census
- d) an area within 8 kms from the local limits of a municipality and has a population of 10,50,000 as per last census

Question No. 31

The maximum ceiling limit for exemption under section 10(10) in respect of gratuity for employees covered by the Payment of Gratuity Act, 1972 is –

- a) Rs. 10,00,000
- b) Rs. 5,00,000
- c) Rs. 3,50,000
- d) Rs. 20,00,000

Question No. 32

The maximum ceiling limit for exemption under section 10(10C) with respect to compensation received on voluntary retirement is –

- a) Rs. 2,50,000
- b) Rs. 3,00,000
- c) Rs. 3,50,000
- d) Rs. 5,00,000

Question No. 33

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
- b) 40% of salary
- c) 50% of salary
- d) 60% of salary

Question No. 34

Anirudh stays in New Delhi. His basic salary is Rs. 10,000 p.m., D.A. (60% of which forms part of pay) is Rs. 6,000 p.m., HRA is Rs. 5,000 p.m. and he is entitled to a commission of 1% on the turnover achieved by him. Anirudh pays a rent of Rs. 5,500 p.m. The turnover achieved by him during the current year is Rs. 12 lakhs. The amount of HRA exempt under section 10(13A) is –

- a) Rs. 48,480
- b) Rs. 45,600
- c) Rs. 49,680
- d) Rs. 46,800

Question No. 35

Where there is a decision to increase the D.A. in March, 2019 with retrospective effect from 1.4.2017, and the increased D.A. is received in April, 2019, the increase is taxable –

- a) in the previous year 2017-18
- b) in the previous year 2018-19
- c) in the previous year 2019-20
- d) in the respective years to which they relate

Question No. 36

Rajesh is provided with a rent free unfurnished accommodation, which is owned by his employer, XY Pvt. Ltd., in New Delhi. The value of perquisite in the hands of Rajesh is –

- a) 20% of salary
- b) 15% of salary
- c) 10% of salary
- d) 7.5% of salary

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Question No. 37

Anand is provided with furniture to the value of Rs. 70,000 along with house from February, 2018. The actual hire charge paid by his employer for hire of furniture is Rs. 5,000 p.a.. The value of furniture to be included along with value of unfurnished house for A.Y.2019-20 is-

- a) Rs. 5,000
- b) Rs. 7,000
- c) Rs.10,500
- d) Rs. 14,000

Question No. 38

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) 1st day of the relevant previous year
- b) Last day of the relevant previous year
- c) the day the loan is given
- d) 1st day of the relevant assessment year

Question No. 39

Mr. Kashyap received basic salary of Rs. 20,000 p.m. from his employer. He also received children education allowance of Rs. 3,000 for three children and transport allowance of Rs. 1,800 p.m. The amount of salary chargeable to tax for P.Y. 2018-19 is -

- a) Rs.2,62,600
- b) Rs. 1,97,600
- c) Rs. 2,22,200
- d) Rs. 2,07,800

Question No. 40

The entertainment allowance received by a Government employee is exempt up to the lower of the actual entertainment allowance received, 1/5th of basic salary and-

- a) Rs.4,000
- b) Rs. 6,000
- c) Rs. 5,000
- d) Rs.10,000.

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Question No. 41

Vacant site lease rent is taxable as

- a) Income from house property
- b) Business income or income from house property, as the case may be
- c) Income from other sources or business income, as the case may be
- d) Income from other sources or income from house property, as the case may be

Question No. 42

Treatment of unrealized rent for determining income from house property

- a) To be deducted from expected rent
- b) To be deducted from actual rent
- c) To be deducted under section 24 from annual value
- d) To be deducted from both expected rent and actual rent

Question No. 43

Municipal taxes to be deducted from GAV should be

- a) Paid by the tenant during the previous year
- b) Paid by the owner during the previous year
- c) Accrued during the previous year
- d) Paid during the previous year either by tenant or owner

Question No. 44

Deduction under section 24(a) is-

- a) 1/3rd of NAV
- b) repairs actually incurred by the owner
- c) 30% of NAV
- d) Interest on borrowed capital

Question No. 45

Interest on borrowed capital accrued up to the end of the previous year prior to the year of completion of construction is -

- a) allowed as a deduction in the year of completion of construction
- b) allowed in 5 equal annual installments from the year of completion of construction
- c) allowed in the respective year in which the interest accrues
- d) not allowed

Question No. 46

The ceiling limit of deduction under section 24(b) in respect of interest on loan taken on 1.4.2018 for repairs of a self-occupied house is :-

- a) Rs. 30,000 p.a.
- b) Rs. 1, 50,000 p.a.
- c) Rs. 2, 00,000 p.a.
- d) No limit

Question No. 47

Where an assessee has two house properties for self-occupation, the benefit of nil annual value will be available in respect of -

- a) Both the properties
- b) The property which has been acquired/ constructed first
- c) Any one of the properties, at the option of the assessee
- d) Any one of the properties and once option is exercised cannot be changed in subsequent years

Question No. 48

Leena received Rs. 30,000 as arrears of rent during the P.Y. 2018-19. The amount taxable under section 25A would be -

- a) Rs.30,000
- b) Rs. 21,000
- c) Rs.20,000
- d) Rs.15,000

Question No. 49

Vidya received Rs. 90,000 in May, 2018 towards recovery of unrealized rent, which was deducted from actual rent during the P.Y. 2016-17 for determining annual value. Legal expense incurred in relation to unrealized rent is Rs. 20,000. The amount taxable under section 25A for A.Y. 2019-20 would be -

- a) Rs. 70,000
- b) Rs. 63,000
- c) Rs.60,000
- d) Rs.48,000

Question No. 50

Ganesh and Rajesh are co-owners of a self-occupied property. They own 50% share each. The interest paid by each co-owner during the previous year on loan (taken for acquisition of property during the year 2004) is Rs. 2, 05,000. The amount of allowable deduction in respect of each co-owner is –

- a) Rs.2,05,000
- b) Rs.1,02,500
- c) Rs.2,00,000
- d) Rs.1,00,000

Question No. 51

An assessee uses plant and machinery for the purpose of carrying on his business. Under section 31, he shall be eligible for deduction on account of-

- a) both capital and revenue expenditure on repairs
- b) current repairs
- c) Current repairs plus 1/5th of capital expenditure on repairs.
- d) both (a) & (b)

Question No. 52

An electricity company charging depreciation on straight line method on each asset separately, sells one of its machinery in April, 2018 at Rs. 1, 20,000. The WDV of the machinery at the beginning of the year i.e. on 1st April, 2018 is Rs. 1, 35,000. No new machinery was purchased during the year. The shortfall of Rs. 15,000 is treated as –

- a) Terminal depreciation
- b) Short-term capital loss
- c) Normal depreciation.
- d) Any of the above, at the option of the assessee

Question No. 53

Mr. X acquires an asset which was previously used for scientific research for Rs. 2,75,000. Deduction under section 35(1)(iv) was claimed in the previous year 2014-15. The asset was brought into use for the business of Mr. X, after the research was completed. The actual cost of the asset to be included in the block of assets is –

- a) Nil
- b) Market value of the asset on the date of transfer to business
- c) Rs. 2, 75,000 less notional depreciation under section 32 upto the date of transfer.
- d) Actual cost of the asset i.e., Rs. 2,75,000

Question No. 54

A Ltd. has unabsorbed depreciation of Rs. 4,50,000 for the P.Y.2018-19. This can be carried forward –

- a) For a maximum period of 8 years and set-off against business income.
- b) Indefinitely and set-off against business income.
- c) Indefinitely and set-off against any head of income
- d) Indefinitely and set-off against any head of income except salary.

Question No. 55

Mr. X, a retailer acquired furniture on 10th May 2018 for Rs. 10,000 in cash and on 15th May 2018, for Rs. 15,000 and Rs. 20,000 by a bearer cheque and account payee cheque, respectively. Depreciation allowable for A.Y. 2019-20 would be –

- a) Rs. 2,000
- b) Rs. 3,000
- c) Rs. 3,500
- d) Rs. 4,500

Question No. 56

XYZ Ltd. incurred capital expenditure of Rs. 1, 50,000 on 1.4.2018 for acquisition of patents and copyrights. Such expenditure is –

- a) Eligible for deduction in 14 years from A.Y.2019-20
- b) Eligible for deduction in 5 years from A.Y.2019-20
- c) Subject to depreciation @ 25% under section 32
- d) Subject to depreciation @ 15% under section 32

Question No. 57

Under section 44AE, presumptive taxation is applicable at a particular rate provided the assessee is the owner of a maximum of certain number of goods carriages. The rate per month or part of the month relevant for A.Y.2019-20 and the maximum number specified under the section are –

- a) Rs. 7,500 for each goods carriage in the case of an assessee owning not more than 10 goods carriages at any time during the year
- b) Rs. 7,500 for each goods carriage in the case of an assessee owning less than 10 goods carriages at any time during the year
- c) Rs. 1,000 per ton of gross vehicle weight for per month or part of a month for a goods carriage for an assessee owning not more than 10 goods carriages at the end of the previous year
- d) Rs. 1,000 per ton of gross vehicle weight or unladen weight, as the case may be, for per month or part of a month for a heavy goods carriage and Rs. 7,500 per month or part of a month for other goods carriages in the case of an assessee owning not more than 10 goods carriages at any time during the previous year

Question No. 58

Where the total turnover of an assessee, eligible for presumptive taxation u/s 44AD, is received entirely by account payee cheque during the previous year 2018-19, the specified rate of presumptive business income is –

- a) 5% of total turnover
- b) 6% of total turnover
- c) 7% of total turnover
- d) 8% of total turnover

Question No. 59

The W.D.V. of a block (Plant and Machinery, rate of depreciation 15%) as on 1.4.2018 is Rs. 3, 20,000. Second hand 'machinery costing Rs. 50,000 was acquired on 1.9.2018 but put to use on 1.11.2018. During Jan 2019, part of this block was sold for Rs. 2,00,000. The depreciation for A.Y.2019-20 would be –

- a) Rs. 21,750
- b) Rs. 25,500
- c) Rs. 21,125
- d) Rs. 12,750

Question No. 60

Employer's contribution to provident fund/superannuation fund/gratuity fund is allowed as deduction in computing income under the head "Profits and gains of business or profession", provided it has been paid-

- a) before the end of the previous year
- b) On or before the due date by which the employer is required to credit an employee's contribution to the employee's account in the relevant fund.
- c) On or before the due date for filing the return of income under section 139(1).
- d) before the end of the relevant assessment year

Question No. 61

Which of the following would be regarded as transfer?

- a) transfer of a capital asset in a scheme of reverse mortgage
- b) transfer of a capital asset under a gift or will or an irrevocable trust
- c) transfer by way of conversion of equity shares from preference shares
- d) Redemption of Zero coupon bond

Question No. 62

Short-term capital gains arising on transfer of listed shares on which STT is paid at the time of transfer, would be chargeable to tax:-

- a) at the rate of 10%
- b) at the rate of 20%
- c) at the rate of 15%
- d) at the rate of 5%

Question No. 63

Distribution of assets at the time of liquidation of a company

- a) is not a transfer in the hands of the company or the shareholders
- b) is not a transfer in the hands of the company but capital gains is chargeable to tax on such distribution in the hands of the shareholders
- c) is not a transfer in the hands of the shareholders but capital gains is chargeable to tax on such distribution in the hands of the company
- d) is a transfer both in the hands of shareholders and company

Question No. 64

Land or building would be long term capital asset only if it is

- a) held for more than 12 months immediately preceding the date of transfer
- b) held for more than 24 months immediately preceding the date of transfer
- c) held for more than 30 months immediately preceding the date of transfer
- d) held for more than 36 months immediately preceding the date of transfer

Question No. 65

Capital gain on transfer of depreciable asset would be

- a) long term capital gain, if held for more than 36 months
- b) long term capital gain, if held for more than 24 months
- c) long term capital gain, if held for more than 12 months
- d) short term capital gain, irrespective of the period of holding

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Question No. 66

For an assessee, who is a salaried employee who invests in equity shares, what is the benefit available in respect of securities transaction tax paid by him on sale and acquisition of 100 listed shares of X Ltd. which has been held by him for 14 months before sale?

- a) Rebate under section 88E is allowable in respect of securities transaction tax paid
- b) Securities transaction tax paid is treated as expenses of transfer and deducted from sale consideration.
- c) Capital gains is taxable at a concessional rate of 10% on such capital gains exceeding Rs. 1 lakh
- d) Capital gains are taxable at concessional rate of 15%.

Question No. 67

Under section 50C, the guideline value for stamp duty is taken as the full value of consideration only if –

- a) the asset transferred is building and the actual consideration is less than the guideline value
- b) the asset transferred is either land or building or both and guideline value exceeds the actual consideration
- c) the asset transferred is either land or building or both and the guideline value exceeds 105% of the actual consideration.
- d) the asset transferred is land and the actual consideration is less than the guideline value

Question No. 68

Where there is a transfer of a capital asset by a partner to the firm by way of capital contribution or otherwise, the consideration would be taken as –

- a) The market value of the capital asset on the date of transfer
- b) The cost less notional depreciation of the capital asset
- c) The value of the asset recorded in the books of the firm.
- d) Any of the above, at the option of the assessee

Question No. 69

Under section 54F, capital gains are exempted if

- a) long-term capital gain arising on transfer of residential house is invested in acquisition of one residential house situated in or outside India
- b) long-term capital gain arising on transfer of a capital asset other than a residential house is invested in acquisition of one residential house situated in or outside India
- c) net sale consideration on transfer of a capital asset other than a residential house is invested in acquisition of one residential house situated in India
- d) short term or long-term capital gain arising on transfer of a capital asset other than a residential house is invested in acquisition of one residential house situated in India

Question No. 70

Under section 54EC, capital gains on transfer of land or building or both are exempted if invested in the bonds issued by NHAI & RECL or other notified bond:-

- a) within a period of 6 months from the date of transfer of the asset
- b) within a period of 6 months from the end of the relevant previous year
- c) within a period of 6 months from the end of the previous year or the due date for filing the return of income under section 139(I), whichever is earlier
- d) At any time before the end of the relevant previous year.

Question No. 71

Income from letting of machinery, plant and furniture is -

- a) always chargeable to tax under the head "Profits and gains of business and profession"
- b) always chargeable to tax under the head "Income from other sources"
- c) chargeable under the head "Income from other sources" only if not chargeable under the head "Profits and gains of business and profession"
- d) chargeable to tax under the head "Income from house property"

Question No. 72

In respect of winnings from lottery, crossword puzzle or race including horse race or card game etc

- a) no deduction under Chapter VI-A is allowed and basic exemption limit cannot be exhausted
- b) no deduction under Chapter VI-A is allowed but unexhausted basic exemption can be exhausted
- c) Both deduction under Chapter VI-A and basic exemption are allowed
- d) deduction under Chapter VI-A is allowed but basic exemption limit cannot be exhausted

Question No. 73

The deduction allowable in respect of family pension taxable under "Income from other sources" is

- a) 33-1/3% of the pension
- b) 30% of the pension or Rs. 15,000, whichever is less
- c) 33-1/3% of the pension or Rs. 15,000, whichever is less
- d) 30% of the pension

Question No. 74

Mr. Kashyap has acquired a building from his friend on 10.10.2018 for Rs. 15,00,000. The stamp duty value of the building on the date of purchase is Rs. 15,70,000. Income chargeable to tax in the hands of Mr. Kashyap is:-

- a) Rs. 70,000
- b) Rs. 50,000
- c) Nil
- d) Rs. 20,000

Question No. 75

Ganesh received Rs. 60,000 from his friend on the occasion of his birthday

- a) The entire amount of Rs. 60,000 is taxable
- b) Rs. 50,000 is taxable
- c) The entire amount is exempt
- d) Rs. 10,000 is taxable

Question No. 76

Mr. X aged, 61 years, received dividend of Rs. 12, 00,000 from a domestic company in P.Y. 2018-19. Tax chargeable under section 115BDDA is @10% on:-

- a) The entire amount of Rs. 12,00,000
- b) Rs. 2,00,000
- c) Nil
- d) Rs. 9,00,000

Question No. 77

In respect of dividend received from domestic companies in excess of Rs. 10,00,000 by an individual

- a) no deduction under Chapter VI-A is allowed but loss under other heads can be set-off against such income
- b) no deduction under Chapter VI-A is allowed and no loss can be set-off against such income
- c) both deduction under Chapter VI-A and set-off of losses against such income are allowed
- d) deduction under Chapter VI-A is allowed but set-off of losses under other heads against such income is not allowed

Question No. 78

Mr. Y has received a sum of Rs. 51,000 on 24.10.2018 from relatives on the occasion of his marriage.

- a) Entire Rs. 51,000 is chargeable to tax.
- b) Only Rs. 1,000 is chargeable to tax
- c) Entire Rs. 51,000 is exempt from tax
- d) Only 50% i.e., Rs. 25,500 is chargeable to tax

Question No. 79

Mr. Mayank has received a sum of Rs. 75,000 on 24.10.2018 from his friend on the occasion of his marriage anniversary.

- a) Entire Rs. 75,000 is chargeable to tax.
- b) Entire Rs. 75,000 is exempt from tax
- c) Only Rs. 25,000 is chargeable to tax
- d) Only 50% i.e., Rs. 37,500 is chargeable to tax

Question No. 80

The deduction in respect of interest on enhanced compensation of Rs. 1,50,000 received during the previous year 2018-19, would be – **(Answer b)**

- a) Rs. 1,50,000, being 100% of Rs. 1,50,000
- b) Rs. 75,000, being 50% of Rs. 1,50,000
- c) Rs. 45,000, being 30% of Rs. 1,50,000
- d) Nil

Question No. 81

Income of a minor child suffering from any disability of the nature specified in section 80U is –

- a) to be assessed in the hands of the minor child
- b) to be clubbed with the income of that parent whose total income, before including minor's income, is higher
- c) completely exempt from tax
- d) to be clubbed with the income of father

Question No. 82

Income arising to a minor married daughter is –

- a) to be assessed in the hands of the minor married daughter
- b) to be clubbed with the income of that parent whose total income, before including minor's income, is higher
- c) completely exempt from tax
- d) to be clubbed with the income of her husband

Question No. 83

Where a member of a HUF has converted or transferred his self-acquired property for inadequate consideration into joint family property, income arising there from is –

- a) Taxable as the income of the transferor-member.
- b) Taxable in the hands of the HUF.
- c) Taxable in the hands of the karta of the HUF.
- d) Exempt from tax.

Question No. 84

If the converted property is subsequently partitioned among the members of the family, the income derived from such converted property as is received by the spouse of the transferor will be taxable –

- a) as the income of the karta of the HUF
- b) as the income of the spouse of the transferor
- c) as the income of the HUF.
- d) as the income of the transferor-member

Question No. 85

Exemption of a certain amount (not exceeding the income clubbed) is available under section 10(32), where a minor's income is clubbed with the income of the parent. The maximum exemption available is –

- a) upto Rs.1,500 in respect of each minor child
- b) upto Rs. 1,500 in respect of each minor child maximum of two children
- c) upto Rs. 2,000 in respect of each minor child
- d) upto Rs.2000 in respect of each minor child maximum of two children

Question No. 86

Mr. A gifts a sum of Rs. 1, 00,000 to his brother's wife Mrs. B. Mr. B gifts a sum of Rs. 1,00,000 to Mrs. A. From the sum gifted to her, Mrs. B invests in a fixed deposit; income there from is Rs. 10,000. Aforesaid Rs. 10,000 will be included in the total income of

- a) Mr. A
- b) Mrs. A
- c) Mrs. B
- d) Mr. B

Question No. 87

Scholarship received by a minor child is –

- a) to be assessed in the hands of the minor child
- b) to be clubbed with the income of that parent whose total income, before including minor's income, is higher
- c) completely exempt from tax
- d) to be clubbed with the income of father

Question No. 88

Income of a minor child from a fixed deposit with a bank, made out of income earned from scholarship is–

- a) to be assessed in the hands of the minor child
- b) to be clubbed with the income of that parent whose total income, before including minor's income, is higher
- c) completely exempt from tax
- d) to be clubbed with the income of father

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Question No. 89

Mr. X transfers income of Rs. 51,000 from rent to his major son without transfer of house property. Rent of Rs. 51,000 is –

- a) taxable in the hands of the transferor-father
- b) taxable in the hands of the his son
- c) taxable in the hands of the that parent whose total income is higher
- d) exempt from tax

Question No. 90

Interest from a fixed deposit received by a minor married daughter is –

- a) to be assessed in the hands of the minor child
- b) to be clubbed with the income of that parent whose total income, before including minor's income, is higher
- c) completely exempt from tax
- d) to be clubbed with the income of her husband

Question No. 91

According to section 80, no loss which has not been determined in pursuance of a return filed in accordance with the provisions of section 139(3), shall be carried forward. The exceptions to this are:-

- a) Loss from specified business under section 73A
- b) Loss under the head "Capital Gains" and unabsorbed depreciation carried forward under section 32(2)
- c) Loss from house property and unabsorbed depreciation carried forward under section 32(2)
- d) Loss from speculation business under section 73

Question No. 92

Section 70 enables set off of losses under one source of income against income from any other source under the same head. The exceptions to this section are:-

- a) Loss under the head "Capital Gains", Loss from speculative business, Loss from house property and loss from the activity of owning and maintaining race horses
- b) Long-term capital loss, Loss from speculative business, Loss from specified business and loss from the activity of owning and maintaining race horses
- c) Short-term capital loss and loss from speculative business
- d) Loss from specified business and short-term capital loss

Question No. 93

Mr. X incurred long-term capital loss from sale of listed shares in recognized stock exchange and STT is paid at the time of acquisition and sale of such shares. Such loss –

- a) can be set-off only against long-term capital gains
- b) can be set-off against both short-term capital gains and long-term capital gains
- c) can be set-off against any head of income.
- d) is not allowed to be set-off

Question No. 94

The maximum period for which speculation loss can be carried forward is:-

- a) 4 years
- b) 8 years
- c) Indefinitely
- d) not allowed to be carry forward

Question No. 95

Mr. A incurred short-term capital loss of Rs. 10,000 on sale of shares through the National Stock Exchange. Such loss :

- a) can be set-off only against short-term capital gains
- b) can be set-off against both short-term capital gains and long-term capital gains
- c) can be set-off against any head of income.
- d) not allowed to be set-off

Question No. 96

The maximum period for which loss from specified business can be carried forward is :-

- a) 4 years
- b) 8 years
- c) indefinitely
- d) not allowed to be carry forward

Question No. 97

Loss from house property of Rs. 3,10,000 of A.Y. 2017-18 is allowed to be set-off against income from house property of A.Y. 2019-20 of Rs. 5,00,000 to the extent of –

- a) Rs. 2,00,000
- b) fully allowed i.e., Rs. 3,10,000
- c) Rs. 2,50,000
- d) Rs. 1,00,000

Question No. 98

Any loss from the specified business referred to in section 35AD can be set off against:-

- a) only profit and gains of same specified business of the assessee
- b) profits and gains of any business of the assessee
- c) profit and gains of any other specified business of the assessee
- d) income from any other head

Question No. 99

Business loss of the current year cannot be set-off against –

- a) Any income other than business income
- b) Long-term capital gain
- c) Either long-term capital gain or short-term capital gain
- d) Salary income

Question No. 100

Brought forward loss from house property can be set-off –

- a) Against any head of income to the extent of Rs. 2,00,000
- b) Against income from house property to the extent of Rs. 2,00,000
- c) Against income from house property without any limit
- d) Against any head of income without any limit

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ANSWERS – TEST YOUR KNOWLEDGE – 1

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
1	a	38	a	75	A
2	d	39	b	76	b
3	d	40	c	77	b
4	d	41	c	78	c
5	a	42	b	79	a
6	b	43	b	80	b
7	b	44	c	81	a
8	c	45	b	82	b
9	b	46	a	83	a
10	a	47	c	84	d
11	b	48	b	85	a
12	c	49	b	86	d
13	d	50	c	87	c
14	a	51	b	88	b
15	d	52	a	89	a
16	a	53	a	90	b
17	d	54	d	91	c
18	d	55	b	92	b
19	a	56	c	93	a
20	d	57	d	94	a
21	c	58	b	95	b
22	d	59	a	96	c
23	d	60	c	97	b
24	b	61	d	98	c
25	c	62	c	99	d
26	d	63	b	100	c
27	d	64	b		
28	d	65	d		
29	c	66	c		
30	a	67	c		
31	d	68	c		
32	d	69	c		
33	b	70	a		
34	a	71	c		
35	b	72	a		
36	b	73	c		
37	a	74	c		

MY RESULT

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TEST YOUR KNOWLEDGE – 2

Question No. 1

Mr. Srivastav, aged 72 years, paid medical insurance premium of Rs. 52,000 by cheque and Rs. 4,000 by cash during May, 2018 under a Medical Insurance Scheme of the General Insurance Corporation. The above sum was paid for insurance of his own health. He would be entitled to a deduction under section 80D of a sum of

- a) Rs. 30,000
- b) Rs. 50,000
- c) Rs. 52,000
- d) Rs. 56,000

Question No. 2

Mr. Ramesh pays a rent of Rs. 5,000 per month. His total income is Rs. 2,80,000 (i.e. Gross Total Income as reduced by deductions under Chapter VI-A except section 80GG). He is also in receipt of HRA. He would be eligible for a deduction under section 80GG of an amount of –

- a) Rs. 60,000
- b) Rs. 32,000
- c) Rs. 70,000
- d) Nil

Question No. 3

The deduction under section 80QQB in respect of royalty income of authors of certain books is subject to a maximum limit of

- a) Rs. 1,00,000
- b) Rs. 3,00,000
- c) Rs. 5,00,000
- d) Rs. 2,00,000

Question No. 4

Under section 80GGG, deduction is allowable in respect of contribution to political parties by

- a) any person other than local authority and every artificial juridical person wholly or partly funded by the Government
- b) Local authority and every artificial juridical person wholly or partly funded by the Government
- c) An Indian company
- d) Any assessee

Question No. 5

As per section 80CCE, Rs. 1.5 lakh is the maximum qualifying limit for deduction under

- a) Section 80C and 80CCD.
- b) Sections 80CCC and 80CCD
- c) Sections 80C, 80CCC and 80CCD(I)
- d) Sections 80C, 80CCC and 80CCD

Question No. 6

Deduction u/s 80C in respect of LIP, Contribution to provident fund, etc. is allowed to:

- a) Any assessee
- b) An individual
- c) An individual or HUF
- d) An individual or HUF who is resident in India

Question No. 7

An assessee has paid life insurance premium of Rs. 25,000 during the previous year for a policy of Rs. 1,00,000 taken on 1.4.2015. He shall:

- a) not be allowed deduction u/s 80C
- b) be allowed deduction of Rs. 20,000 u/s 80C
- c) be allowed deduction of Rs. 25,000 under section 80C
- d) be allowed deduction of Rs. 10,000 u/s 80C

Question No. 8

The payment for Insurance premium under section 80D should be paid:

- a) in cash
- b) by any mode other than cash
- c) by cheque
- d) through account payee cheque/ account payee bank draft

Question No. 9

The maximum deduction allowable under section 80EE for A.Y. 2019-20 is -

- a) Rs. 50,000
- b) Rs. 2,50,000
- c) Rs. 1,00,000
- d) Rs. 1,50,000

Question No. 10

The maximum amount which can be donated in cash for claiming deduction under section 80G is –

- a) Rs. 5,000
- b) Rs. 10,000
- c) Rs. 1,000
- d) Rs. 2,000

Question No. 11

Income under the Income-tax Act, 1961, is to be computed under –

- a) five heads
- b) six heads
- c) four heads
- d) seven heads

Question No. 12

What is the basic exemption limit for a woman assessee for A.Y. 2019-20, who turned 60 years on 2.4.2019?

- a) Rs. 2,00,000
- b) Rs. 3,00,000
- c) Rs. 2,50,000
- d) Rs. 5,00,000

Question No. 13

What is the rate of surcharge applicable to individuals having total income exceeding Rs. 1 crore?

- a) 15%
- b) 12%
- c) 10%
- d) 2%

Question No. 14

What is the basic exemption limit for Mrs. X, a resident individual who is of the age of 80 years as on 30.3.2019?

- a) Rs. 5,00,000
- b) Rs. 2,40,000
- c) Rs. 3,00,000
- d) Rs. 2,50,000

Question No. 15

Share of profit of Mr. P, who is a partner in M/s PQR, a firm resident in India, is –

- a) exempt from tax
- b) taxable as his business income
- c) taxable as his salary
- d) taxable as other sources

Question No. 16

What is the basic exemption limit for Mr. X, a resident individual who is of the age of 60 years as on 1.4.2019?

- a) Rs. 5,00,000
- b) Rs. 2,40,000
- c) Rs. 3,00,000
- d) Rs. 2,50,000

Question No. 17

The maximum amount of rebate allowable under section 87A for A.Y. 2019-20 is –

- a) Rs. 2,000, if the total income does not exceed Rs. 5 lakh
- b) Rs. 5,000, if the total income does not exceed Rs. 5 lakh
- c) Rs. 2,500, if the total income does not exceed Rs. 3.5 lakh
- d) Rs. 5,000, if the total income does not exceed Rs. 3.5 lakh

Question No. 18

If Mr. Y's total income for A.Y. 2019-20 is Rs. 52 Lakhs, surcharge is payable at the rate of –

- a) 15%
- b) 12%
- c) 10%
- d) 2%

Question No. 19

Unexhausted basic exemption limit of a resident individual can be adjusted against –

- a) only LTCG taxable @20% u/s 112
- b) only STCG taxable @15% u/s 111A
- c) both (a) and (b)
- d) casual income taxable @30% u/s 115BB

Question No. 20

Unexhausted basic exemption limit of a non-resident individual can be adjusted against –

- a) only LTCG taxable @20% u/s 112
- b) only STCG taxable @15% u/s 111A
- c) both (a) and (b)
- d) neither (a) nor (b)

Question No. 21

Any person responsible for paying to a resident any sum exceeding Rs. 2.5 lakh towards compensation for compulsory acquisition of his urban industrial land under any law has to deduct income-tax at the rate of-

- a) 10%
- b) 15%
- c) 20%
- d) 2%

Question No. 22

The rate of TDS on rental payments of plant, machinery or equipment is –

- a) 2%
- b) 5%
- c) 10%
- d) 1%

Question No. 23

Advance tax will not be paid if tax payable after TDS is not more than or equal to-

- a) Rs. 10,000
- b) Rs. 15,000
- c) Rs. 20,000
- d) Rs. 25,000

Question No. 24

For non-payment or short payment of advance tax -

- a) interest is payable under section 234A
- b) interest is payable under section 234B
- c) interest is payable under section 234C
- d) interest is payable under all the three sections 234A, 234B and 234C

Question No. 25

For deferment of advance tax -

- a) interest is payable under section 234A
- b) interest is payable under section 234B
- c) interest is payable under section 234C
- d) interest is payable under all the three sections 234A, 234B and 234C

Question No. 26

Mr. X, a resident Indian, wins Rs. 10,000 in a lottery. Which of the statement is true?

- a) Tax is deductible u/s 194B@30%
- b) Tax is deductible u/s 194B@30.9%
- c) No tax is deductible at source
- d) None of the above

Question No. 27

Mr. X paid fees for professional services of Rs. 40,000 to Mr. Y, who is engaged only in the business of operation of call centre, on 15.7.2018. Tax is to be deducted by Mr. X at the rate of-

- a) 1%
- b) 2%
- c) 10%
- d) 20%

Question No. 28

An interior decorator has opted for presumptive taxation scheme under section 44ADA for A.Y. 2019-20. He is liable to pay advance tax -

- a) In one installment
- b) In two installment
- c) In three installment
- d) In four installment

Question No. 29

Mr. A, a salaried individual, pays rent of Rs. 51,000 per month to Mr. B from June,2018. Which of the statement is true?

- a) No tax is deductible at source since Mr. A is not liable to tax audit u/s 44AB.
- b) Tax is deductible at source every month@10% on rent paid to Mr. B.
- c) Tax is deductible at source every month@5% on rent paid to Mr. B.
- d) Tax is deductible at source @5% on annual rent from the rent paid for March 2019.

Question No. 30

Mr. A, whose total sales is Rs. 201 lakhs, declare profit of Rs. 10 lakhs for the F.Y. 2018-19. He is liable to pay advance tax -

- a) in one installment
- b) in two installments
- c) in three installments
- d) in four installments

Question No. 31

Akash, who is 32 years old, has long-term capital gains on transfer of Capital Asset of Rs. 25,000 which is exempt under section 54EE and deduction of Rs. 80,000 claimed under section 80C. He has to file a return of income for A.Y. 2019-20, only if his total income exceeds -

- a) Rs. 1,70,000
- b) Rs. 1,45,000
- c) Rs. 1,50,000
- d) Rs. 2,50,000

Question No. 32

The due date for filing of a return of income for a company for Assessment Year 2019-20 is-

- a) 31st July, 2019
- b) 30th September, 2019
- c) 31st October, 2019
- d) 31st August, 2019

Question No. 33

For filing returns of income in respect of various entities, the Income-tax Act, 1961 has prescribed -

- a) One due date
- b) Two due dates
- c) Three due dates
- d) Four due dates

Question No. 34

The return of a company has to be verified by -

- a) The Managing Director or Director
- b) The General Manager
- c) The Secretary
- d) The Manager

Question No. 35

An assessee can file a revised return of income at any time before the completion of assessment or before expiry of the following period, whichever is earlier -

- a) one year from the end of the relevant assessment year
- b) two years from the end of the relevant assessment year
- c) six months from the end of the relevant assessment year
- d) end of the relevant assessment year

Question No. 36

As per section 139(I), filing of returns is compulsory irrespective of whether profit is earned or loss is incurred, in case of -

- a) companies only
- b) firms only
- c) both companies and firms
- d) All assesseees

Question No. 37

Mr. X has a total income of Rs. 7 lakhs for A.Y. 2019-20. He files his return of income for A.Y. 2019-20 on 13th January, 2020. He is liable to pay fee of-

- a) Rs. 1,000 under section 234F
- b) Rs. 5,000 under section 234F
- c) Rs. 10,000 under section 234F
- d) Not liable to pay any fee

Question No. 38

Mr. Y has a total income of Rs. 4,50,000 for A.Y. 2019-20. He furnishes his return of income for A.Y. 2019-20 on 2nd December, 2019. He is liable to pay fee of-

- a) Rs. 1,000 under section 234F
- b) Rs. 5,000 under section 234F
- c) Rs. 10,000 under section 234F
- d) Not liable to pay any fee

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Question No. 39

Mr. Z, a salaried individual, has a total income of Rs. 8 lakhs for A.Y. 2019-20. He furnishes his return of income for A.Y. 2019-20 on 28th August, 2019. He is liable to pay fee of-

- a) Rs. 1,000 under section 234F
- b) Rs. 5,000 under section 234F
- c) Rs. 10,000 under section 234F
- d) Not liable to pay any fee

Question No. 40

The due date of filing of return for a company with a business loss of Rs. 1,30,000 for A.Y. 2019-20 is-

- a) 31st July, 2019
- b) 30th September, 2019
- c) 31st October, 2019
- d) 31st August, 2019

Question No. 41

For opting safe harbor, the assessee shall require to furnish a Form No ____ to the assessing officer on or before the due date of furnishing the return of income for the relevant assessment year.

- a) Form 3CEFB
- b) Form 3CEB
- c) Form 3CEC
- d) Form 3CED

Question No. 42

The commissioner of Income tax is the ____ appellate authority.

- a) First
- b) Second
- c) Third
- d) Fourth

Question No. 43

Provision of advance ruling is provided under section ____ to ____.

- a) 237 to 245
- b) 80C to 80U
- c) 245A to 245L
- d) 245N to 245V

Question No. 44

Notice of scrutiny assessment should be served within ____ months.

- a) 5 months
- b) 6 months
- c) 18 months
- d) 24 months

Question No. 45

A claim of refund shall be made in Form No _____.

- a) Form No 20
- b) Form No 30
- c) Form No 30A
- d) Form No 30B

Question No. 46

Where the tax paid by the assessee is in excess of his tax liability, then such assessee shall be entitled to receive back such amount, called _____.

- a) Advance tax
- b) Refund
- c) Revision
- d) Rectification

Question No. 47

Interest on refund payable to assessee is @ ____ simple interest per month.

- a) 1/2 % per month
- b) 1% per month
- c) 1.5% per month
- d) None of the above

Question No. 48

In case of Company the return of income is verified by _____.

- a) Karta
- b) Principal officer
- c) Chief executive officer
- d) Managing Director

Question No. 49

TDS rate on Income from Foreign Currency Bonds.

- a) 5%
- b) 10%
- c) 15%
- d) 20%

Question No. 50

Fees for default in furnishing return of Income if the total income does not exceed five lakh rupees is ____.

- a) Rs. 50
- b) Rs. 1,000
- c) Rs. 1,500
- d) Rs. 5,000

Question No. 51

MAT credit can be set off and carry forward for ____ years.

- a) 5 years
- b) 8 year
- c) 10 years
- d) 15 years

Question No. 52

Non-corporate taxpayer to whom the provisions of AMT apply is required to obtain a report from a chartered accountant in Form No. ____ on or before the due date of filing the return of:-

- a) 29
- b) 29A
- c) 29AB
- d) 29C

Question No. 53

As per section 47(vib), any transfer in a demerger of a capital assets by the demerged company to the resulting company is not treated as transfer provided the resulting company is an ____ company.

- a) Foreign Company
- b) Domestic Company
- c) Indian Company
- d) None of the above

Question No. 54

Specified domestic transaction means a transaction where the aggregate of such international transaction entered into by the assessee in the previous year exceeds a sum of Rs. _____ crore.

- a) 5 crore
- b) 8 crore
- c) 10 crore
- d) 20 crore

Question No. 55

Two enterprises shall be deemed to be associated enterprises if one enterprise holds shares carrying not less than ____% of the voting power in another enterprise.

- a) 10
- b) 20%
- c) 26%
- d) 51%

Question No. 56

An application for advance pricing agreement shall be made in Form No ____.

- a) 3CEE
- b) 3CED
- c) 3CEDA
- d) None of the above

Question No. 57

The annual compliance report shall be furnished by the assessee to the Director General of Income Tax (International Taxation) in Form No. ____.

- a) 3CED
- b) 3CED
- c) 3CEF
- d) None of the above

Question No. 58

In case of Political Party the return of income is verified by _____.

- a) Karta
- b) Principal office
- c) Chief executive officer
- d) Any Partner

Question No. 59

TDS rate on Income of FII from securities.

- a) 5%
- b) 10%
- c) 15%
- d) 20%

Question No. 60

MAT provision shall not apply to any income accruing or arising to a company from _____.

- a) Insurance Business
- b) Banking Business
- c) Life Insurance business
- d) None of the above.

Question No. 61

Assessment u/s 143(1) can be made within a period of:

- a) 4 years from the end of the month in which return is filed
- b) 4 years from the end of the financial year in which return is filed.
- c) 4 years from the end of the assessment year in which return is filed
- d) None of above

Question No. 62

Which of the following mistake is not rectifiable u/s 154:-

- a) Value of closing and opening stock
- b) Clerical mistake
- c) Double taxation relief
- d) None of above

Question No. 63

Levy of late filing fees u/s 234E is for delay in filing of:

- a) Return of income
- b) TDS/TCS return
- c) Annual information report
- d) None of above

Question No. 64

The provisions of section 92 will apply only if the aggregate value of specified domestic transactions during the year exceeds:

- a) Rs. Twenty thousand
- b) Rs. Twenty lakhs
- c) Rs. Twenty crores
- d) None of above

Question No. 65

Income of disabled (physically) minor child is:

- a) Clubbed with parents total income
- b) Taxed in the hands of minor child
- c) Exempted
- d) None of above

Question No. 66

Presumptive Taxation Scheme u/s 44AD is applicable, at the option of assessee if turnover is:

- a) Not more than Rs. One crore
- b) Not more than Rs. Two crores
- c) Not more than Rs. 50 lakhs
- d) None of above

Question No. 67

What is the time limit for filing revised return for AY 2019-20?

- a) Within the assessment year or Completion of Assessment whichever is earlier
- b) Before the expiry of one year from the end of the relevant assessment year
- c) Before the expiry of two years from the end of the relevant assessment year
- a) Before the completion of assessment even if it takes more than one year from the end of the relevant assessment year

Question No. 68

Subsidy from the Government, received by a trust established by the government is:

- a) Not an income
- b) Part of income
- c) Exempted income
- d) None of above

Question No. 69

Double Taxation Relief is allowed on the basis of:

- a) PAN
- b) TRC
- c) Aadhaar
- d) None of above

Question No. 70

ICDS is applicable if assessee is maintaining the books of account under:

- a) Cash basis
- b) Mercantile system
- c) Hybrid system
- d) None of above

Question No. 71

The time limit for filing belated return is:

- a) Within the assessment year
- b) Within the assessment year or before completion of assessment whichever is earlier
- c) Within the one year from end of assessment year or before completion of assessment whichever is earlier
- d) None of above

Question No. 72

Appeal to High court is possible if:

- a) Question of fact is involved
- b) Question of law is involved
- c) Substantial question of law is involved
- d) None of above

Question No. 73

The following loss is not allowed to carry forward:

- a) House property loss
- b) loss from running and maintaining of race camels
- c) loss under the head —Income from other source
- d) None of above

Question No. 74

Income referred u/s 9(l) of ITA, 1961 is:

- a) Not taxable
- b) Taxable but eligible for double tax relief
- c) Taxable and not eligible for double tax relief
- d) none of above

Question No. 75

Income on which equalization levy is charged is:

- a) Chargeable under income tax
- b) Not chargeable under income tax
- c) Not an income under ITA, 1961
- d) None of above

Question No. 76

The rate of minimum Alternative Tax for unit located in International Financial Services Centre is:

- a) 18.5%
- b) 9%
- c) 30%
- d) None of above

Question No. 77

Deduction u/s 80 IAC for eligible start-ups is @ 100% for:

- a) 5 years
- b) 3 years
- c) 10 years
- d) None of above

Question No. 78

Tax payable by domestic companies' u/s 115BA is:

- a) 25%
- b) 29%
- c) 30%
- d) None of above

Question No. 79

Which of the following company is not liable to pay MAT u/s 115JB:

- a) Trading company
- b) Manufacturing company
- c) Tonnage tax company
- d) None of above

Question No. 80

The amount of deduction in respect of salary paid to its own members in case of AOP is:

- a) Without any limit
- b) Rs. 1,50,000
- c) Nil
- d) none of above

Question No. 81

The commissioner of IT Act (Appeal) shall dispose off the appeal within a period of _____ from the financial year in which appeal is made.

- a) 1 yrs
- b) 2 yrs
- c) 3 yrs
- d) None of the above

Question No. 82

As per section 142(2A), the tax authorities can direct the taxpayer to get his accounts audited from a _____ nominated by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner.

- a) Cost Accountant or Chartered Accountant
- b) Chartered Accountant
- c) Company Secretary
- d) None of the above

Question No. 83

The quantum of deduction in respect of royalty on patents as mentioned in Section 80RRB is:-

- a) Rs. 1,50,000
- b) Rs. 2,00,000
- c) Rs. 2,50,000
- d) Rs. 3,00,000

Question No. 84

The additional tax will have to paid by the principal officer of the domestic company and the company within _____ days from the date of declaration of dividend.

- a) 7 days
- b) 9 days
- c) 14 days
- d) 21 days

Question No. 85

In case of the Local Authority the return is verified by the _____.

- a) Karta
- b) Managing Director
- c) Principal officer
- d) Liquidator

Question No. 86

Pay as you earn scheme is known as:

- a) Interest
- b) Income tax
- c) Advance tax
- d) None of the above

Question No. 87

Form for making application of settlement of cases as specified u/s 245C(I):-

- a) Form 24A
- b) Form 26AS
- c) Form 34B
- d) None of the above

Question No. 88

Application made to the authority for advance ruling can be withdrawn after the lapse of _____ days period of application with the permission of authority if facts and circumstances so justify.

- a) 15 days
- b) 30 days
- c) 45 days
- d) 60 days

Question No. 89

Monetary limit of disposing of a case by a single member of ITAT u/s 255(3) is _____.

- a) Rs. 15 lakh
- b) Rs. 20 Lakh
- c) Rs. 50 lakh
- d) Rs. 65 Lakh

Question No. 90

An eligible business as referred to section 44AD shall pay the advance tax during each financial year on or before the _____.

- a) 15th September
- b) 15th December
- c) 15th March
- d) 31st March

Question No. 91

Maximum limit of deduction in respect of rent paid u/s 80GG is _____ p.m.

- a) 2,000
- b) 2,500
- c) 3,000
- d) 5,000

Question No. 92

Arm's length price is to be determined by applying any of the following methods:

- a) Fair market value method
- b) Resale price method
- c) Stamp duty value method
- d) None of the above

Question No. 93

Prosecution can be launched and the taxpayer can be punished if he commits willful failure to produce before the tax authorities the accounts and documents as demanded under section _____.

- a) 139
- b) 142 (I)
- c) 148
- d) None of the above

Question No. 94

The provision of section 80JJAA is applied to the business and where employees are employed for not less than _____ days in a previous year.

- a) 100 days
- b) 200 days
- c) 300 days
- d) 240 days

Question No. 95

Penalty to produce the information and documents within the period allowed s/s 286(B) is _____.

- a) Rs. 2,000 per day
- b) Rs. 3,000 per day
- c) Rs. 5,000 per day
- d) None of the above

Question No. 96

Penalty for failure to furnish the information and the document as required u/s 92D(4) by constituent entity of an International group referred to new Section 286 will attract penalty of Rs. _____.

- a) Rs. 2.5 Lakh
- b) Rs. 5 Lakh
- c) Rs. 10 Lakh
- d) None of the above

Question No. 97

For every non corporate taxpayer to whom the provisions of AMT apply is required to obtain a report from a Chartered Accountant in Form _____ on or before the due date of filing the return of income.

- a) Form 298
- b) Form 29
- c) Form 29A
- d) Form 29C

Question No. 98

Where assessed income is more than 2 Lakh then fees for filing an appeal with ITAT would be _____.

- a) Rs. 500
- b) Rs. 1000
- c) Rs. 1500
- d) 1% of assessed income subject to a maximum of Rs. 10,000

Question No. 99

The loss of a speculation business of any assessment year is allowed to be set off only against the profit and gains of _____.

- a) Business and profession
- b) Other sources
- c) Speculation business
- d) None of the above

Question No. 100

As per section 245(D)(I) on receipt of application under section 245C, the settlement commission shall within _____ days from the date of receipt of the application issue a notice to the applicant requiring him to explain as to why the application made by him be allowed to proceed with.

- a) 5 days
- b) 7 days
- c) 10 days
- d) None of the above

CA FINAL REGULAR NOV 2019/MAY 2020 EXAM		START 17 JUNE	
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ANSWERS – TEST YOUR KNOWLEDGE – 2

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
1	B	38	a	75	b
2	D	39	b	76	b
3	C	40	b	77	b
4	C	41	a	78	a
5	C	42	a	79	c
6	A	43	d	80	c
7	D	44	b	81	a
8	B	45	b	82	b
9	B	46	b	83	d
10	D	47	a	84	a
11	a	48	d	85	c
12	c	49	b	86	c
13	a	50	b	87	c
14	a	51	d	88	b
15	a	52	d	89	c
16	c	53	c	90	c
17	c	54	d	91	d
18	c	55	c	92	b
19	c	56	b	93	b
20	d	57	c	94	d
21	a	58	c	95	c
22	a	59	d	96	b
23	a	60	c	97	d
24	b	61	d	98	b
25	c	62	d	99	c
26	c	63	b	100	b
27	b	64	c		
28	a	65	b		
29	d	66	b		
30	d	67	a		
31	a	68	a		
32	b	69	b		
33	c	70	b		
34	a	71	b		
35	d	72	c		
36	c	73	c		
37	c	74	c		

MY RESULT

_____/100

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TEST YOUR KNOWLEDGE – 3

Question No. 1

An application for advance ruling by any person for determination whether an arrangement, is an impermissible avoidance agreement as referred to in Chapter X is to be made in Form No. ____.

- a) 34A
- b) 34C
- c) 34D
- d) 34EA

Question No. 2

Maximum qualifying limit for deduction u/s 80C is:-

- a) 50,000
- b) 1,00,000
- c) 1,50,000
- d) None of the above.

Question No. 3

Maximum qualifying limit for deduction u/s 80CCC is:-

- a) 50,000
- b) 1,00,000
- c) 1,50,000
- d) None of the above.

Question No. 4

The Board has prescribed that the information and documents shall be kept and maintained for a period of ____ years from the end of the relevant assessment year.

- a) 5 yrs
- b) 6 yrs
- c) 8 yrs
- d) 10 yrs

Question No. 5

The Settlement Commission _____ grant immunity from prosecution for an offence under the Indian Penal Code or under any Central Act.

- a) Shall
- b) Shall not
- c) may
- d) None of above

Question No. 6

Failure to keep and maintain any information and document shall attract a penalty under section 271AA which shall be a sum equal to _____ of the value of each specified transaction entered into by the person.

- a) 2%
- b) 3%
- c) 5%
- d) 10%

Question No. 7

When the shares are held in unlisted company, it is treated as long term capital assets when the holding period exceeds:

- a) 36 months
- b) 12 months
- c) 6 months
- d) 24 months

Question No. 8

Personal effects do not cover the following:

- a) Jewellery
- b) Immovable property
- c) Drawings
- d) All of the above

Question No. 9

TDS on interest on securities is covered under section ____

- a) Section 192
- b) Section 192A
- c) Section 193
- d) None of the above

Question No. 10

Rate of TDS on dividend u/s 194

- a) 5%
- b) 10%
- c) 20%
- d) None of the above

Question No. 11

Income of minor child is exempt upto _____.

- a) Rs. 1,000
- b) Rs. 1,500
- c) Rs. 2,500
- d) None of the above.

Question No. 12

The accounts of the political party shall be audited by a _____.

- a) Cost Accountant
- b) Chartered Accountant
- c) Company Secretary
- d) None of the above.

Question No. 13

Loss from specified business covered u/s 35AD can be adjusted against the income of:

- a) Any other business income
- b) Cannot be adjusted
- c) Any income other than salary
- d) Income from other specified business

Question No. 14

ICDS-II stands for _____.

- a) Accounting policies
- b) Construction Contract
- c) Revenue recognition
- d) Valuation of inventories

Question No. 15

ICDS-IV stands for _____.

- a) Accounting policies
- b) Construction Contract
- c) Revenue recognition
- d) Valuation of inventories

Question No. 16

TDS on income of FII from securities.

- a) 5%
- b) 10%
- c) 20%
- d) 30%

Question No. 17

TDS on commission other than insurance commission

- a) 5%
- b) 10%
- c) 20%
- d) 30%

Question No. 18

As per ICDS-II —Valuation on Inventories, there recognizes _____ costing formulae.

- a) 2
- b) 3
- c) 4
- d) 5

Question No. 19

Mr. Pankaj, partner of PKJ, is assessable as _____

- a) Firm
- b) Individual
- c) HUF
- d) None of the above

Question No. 20

In case of local authority the return of income is verified by _____

- a) Karta
- b) Managing director
- c) Principal officer
- d) Partner

Question No. 21

In case of self occupied house property, following category of person are considered.

- a) All assessee
- b) All assessee other than company
- c) All Assessee other than HUF
- d) Individual and HUF

Question No. 22

Amortization of preliminary expenses has been restricted to _____ of the cost of project.

- a) 2%
- b) 3%
- c) 5%
- d) 8%

Question No. 23

Unabsorbed business losses cannot be carried forward for more than _____

- a) 5 A.Y
- b) 6 A.Y
- c) 8 A.Y
- d) 10 A.Y

Question No. 24

Coverage of best judgment assessment is under which section _____.

- a) 143
- b) 139(I)
- c) 147
- d) 144

Question No. 25

Monetary limit for exemption in the case of encashment of earned leave on superannuation received by private sector employee is _____

- a) 1 Lakh
- b) 2 Lakh
- c) 3 Lakh
- d) None of the above

Question No. 26

Deduction is not allowed to the assessee while computing income from other sources for:-

- a) Direct Tax
- b) Interest payable outside India without TDS
- c) Personal expenditure
- d) All of the above

Question No. 27

Which of the following relates to the meaning of 'rent'?

- (i) Payment under lease
 - (ii) Payment under purchase
 - (iii) Payment under sub-lease
 - (iv) Payment under tenancy
- a) (i) and (ii)
 - b) (i), (ii) and (iii)
 - c) (i), (iii) and (iv)
 - d) (i), (ii), (iii) and (iv)

Question No. 28

Determine the due date of filing of return of income of public limited company whose accounts are not required to be audited under the Income-tax Act, 1961:

- a) 31.07.2019
- b) 30.09.2019
- c) 30.11.2019
- d) None of above

Question No. 29

Mr A is a resident assessee as per the provisions of Section 6 of the Income-tax Act, 1961. He has only pension income which is below the basic exemption limit. However, Mr. A owns few equity shares of a company incorporated and listed in USA. Is Mr. A under obligation to file the return of income under section 139 of the Income-tax Act, 1961 and if yes, what is the due date of filing of return of income for Mr. A;

- a) No obligation to file return of income
- b) He has to file return of income and the due date is 31.07.2019
- c) He has to file return of income and the due date is 30.09.2019
- d) He has to file return of income and the due date is 30.11.2019

Question No. 30

Mr R has obligation to file the return of income and his due date of filing the return of income of was 31.07.2019. Total income of Mr R is INR 12,00,000. However, the actual date of filing was 01.08.2019. What is the relevant section for levying interest which shall be applicable for delay in filing of return of income;

- a) Section 234B
- b) Section 234A
- c) Section 234C
- d) Section 234D

Question No. 31

Mr R has obligation to file the return of income and his due date of filing the return of income of was 31.07.2019. Total income of Mr R is INR 12,00,000. However, the actual date of filing was 01.08.2019. How much interest shall be applicable for delay in filing of return of income;

- a) 1.5% for 1 day
- b) 1% for 1 day
- c) 1% for a month or Part
- d) 1.5% for a month or Part

Question No. 32

Mr R has obligation to file the return of income and his due date of filing the return of income of was 31.07.2019. Total income of Mr R is INR 12,00,000. However, the actual date of filing was 01.08.2019. How much Late fee shall be applicable for delay in filing of return of income;

- a) Rs. 1000
- b) Rs. 5000
- c) Rs. 10000
- d) Nil

Question No. 33

Mr A has filed the return of his income for A.Y. 2019-20 on 25.09.2019 and the due date of filing the return of income was 31.07.2019. After filing the return of income, Mr A found some error in computation of tax and wants to rectify the error by filing the revised return under section 139(5) of the Income-tax Act, 1961. Can he do so? If he can, then what will be the due date of filing the revised return;

- a) No revised return can be filed since the original return was filed belatedly
- b) Revised return can be filed on or before 31.03.2020
- c) Revised return can be filed on or before 31.03.2021
- d) None of the above.

Question No. 34

In the P.Y.2018-19, a HUF has paid salary of Rs.50,000 per month to its Marketing Manager. The HUF was not liable for tax audit in the A.Y. 2018-19. Determine whether there was any liability to deduct any TDS in the P.Y.2018-19 and if yes, what is appropriate section;

- a) Not liable to deduct TDS, as it was not subject to tax audit in immediately preceding A.Y.
- b) liable to deduct TDS u/s 194H
- c) liable to deduct TDS u/s 194J
- d) liable to deduct TDS u/s 192

Question No. 35

Mr. V has taken housing loan for purchase of residential house which he has given on rent and has paid interest of INR 15,25,000 in PY 2018-19 relevant to AY 2019-20. He has computed net loss of INR 6,50,000 from income under head house property. He has salary income of INR 50,00,000 and wants to set off the interest paid against the salary income. Determine whether set off is possible and if yes, to what extent;

- a) Not eligible for set off
- b) Set off is possible to extent of INR 6,50,000
- c) Set off is possible to extent of INR 2,00,000
- d) Set off is possible to extent of INR 15,25,000

Question No. 36

You have filed the Income-tax return (ITR 1) of Mr. A for AY 2018-19 on 31.10.2018. The return filed was neither e-verified nor filed under digital signature. The same is required to be sent to CPC Bangalore under the signature of assessee for further processing. What is the time period by which the return should have been reached at CPC Bangalore?

- a) 90 days
- b) 150 days
- c) 120 days
- d) 100 days

Question No. 37

Mr. A set up his new business on 01.06.2018 after completing his higher studies in Management in April 2018. Determine the relevant previous year for Mr. A for the purpose of computing his business income.

- a) 01.04.2018 to 31.03.2019
- b) 01.05.2018 to 31.03.2019
- c) 01.06.2018 to 31.03.2019
- d) 01.04.2019 to 31.03.2020

Question No. 38

Mr. A set up his new business on 01.06.2018 after completing his higher studies in Management in April 2018. Determine the relevant assessment year for Mr. A for the purpose of computing his business income.

- a) 01.04.2018 to 31.03.2019
- b) 01.06.2018 to 31.03.2019
- c) 01.04.2019 to 31.03.2020
- d) 01.06.2019 to 31.03.2020

Question No. 39

Mrs. Alia, a non-resident aged 62 years, has an immovable property in India from which she gets rental income of Rs.3,00,000 per annum. She has appointed you as a consultant to advise her regarding the maximum amount not chargeable to tax in her case for A.Y. 2019-20.

- a) Maximum amount not chargeable to tax would be Rs.2,50,000
- b) Maximum amount not chargeable to tax would be Rs.3,00,000
- c) Maximum amount not chargeable to tax would be Rs.5,00,000
- d) She is not allowed to avail basic exemption as she is non-resident for A.Y. 2019-20

Question No. 40

Mr. P, a resident individual, has total income of Rs.75,00,000 for P.Y. 2018-19. What is the rate of surcharge, if any, applicable to him for A.Y. 2019-20?

- a) No surcharge as the income does not exceed Rs.1 crore
- b) 5%
- c) 10%
- d) 15%

Question No. 41

Mrs. Priyanka Chopra who is a non-resident, has total income of Rs.3,20,000 for P.Y. 2018-19. Determine the amount of rebate u/s 87A, if any, available to her for A.Y. 2019-20

- a) NIL
- b) Rs.2,500
- c) Rs.3,500
- d) Rs.5,000

Question No. 42

Mr. Mukesh, aged 58 years, has total income of Rs.3,25,000 during P.Y. 2018-19 which includes income from salary and bank interest. Compute his tax liability for A.Y. 2019-20;

- a) NIL
- b) Rs.1,290
- c) Rs.1,300
- d) Rs.3,900

Question No. 43

A proviso is inserted in any section, so as to provide the;

- a) Clarification on the provisions contained in that section
- b) Explanation regarding the provisions contained in that section
- c) Exception to the provisions contained in that section
- d) None of the above

Question No. 44

Mr. A has taken a Life Insurance Policy on 01.04.2016, the sum assured of which is Rs. 25,00,000. Mr. A has paid the annual premium of Rs. 5,10,000 on 01.04.2018. Compute the amount of eligible deduction available to Mr. A u/s 80C for A.Y. 2019-20;

- a) Rs.1,50,000
- b) Rs.5,00,000
- c) Rs.5,10,000
- d) Nil

Question No. 45

Life Insurance Policy was taken by Mr. A on 31.03.2012 and the sum assured is Rs.40 lakhs, what would be the amount of eligible deduction u/s 80C in respect of premium paid towards LIC;

- a) Rs.1,50,000
- b) Rs.4,00,000
- c) Rs.5,10,000
- d) Rs.8,00,000

Question No. 46

Mr. A has taken one time premium policy on 01.04.2013, the same is matured during the PY 2018-19, he consulted you to provide him your opinion regarding taxability of sum to be received under LIP including bonus at the time of maturity;

- a) The entire amount receivable including sum by way of bonus would be exempt of from tax.
- b) The entire amount receivable (less deduction claimed under section 80C) would be exempt
- c) The entire amount receivable including sum by way of bonus would be taxable.
- d) Only sum receivable by way of bonus would be taxable

Question No. 47

Ms. Suman, a resident individual, has gross total income of Rs. 5,00,000 for A.Y. 2019-20. Her daughter is studying in a school in Nepal. She has paid annual school fee of Rs. 2,00,000 out of which Rs.75,000 was towards tuition fee. Determine the amount eligible for deduction to her u/s 80C, if any;

- a) Nil
- b) Rs.75,000
- c) Rs.1,25,000
- d) Rs.2,00,000

Question No. 48

Mrs. Usha has gross total income of Rs. 5,00,000 for P.Y. 2018-19. She has done some renovation and repairs work in her residential house property after taking loan from Bank. During the P.Y. 2018-19, she has repaid a sum of Rs. 45,000 towards principal repayment and Rs.15,000 towards interest on loan. Compute the amount of deduction eligible u/s 80C to her for A.Y. 2019-20;

- a) Rs.60,00
- b) Rs.45,000
- c) Rs.15,000
- d) Nil

Question No. 49

Mr. A has total income under the following heads during P.Y. 2018-19;

- (i) Income under the head Salary - Rs.4,50,000
- (ii) Income under the head House Property - Rs. 4,00,000 Brought forward loss from house property of Rs.9,00,000 of A.Y. 2018-19.

Determine the total income of Mr. A for A.Y. 2019-20 and the amount of loss eligible for carry forward, if any

- a) Nil; loss eligible for carry forward Rs. 50,000
- b) Rs. 4,50,000; No loss eligible for carry forward
- c) Rs. 4,50,000; loss eligible for carry forward Rs. 5,00,000
- d) Rs. 8,50,000; loss eligible for carry forward Rs. 9,00,000

Question No. 50

Mr. B has total income under the following heads during P.Y. 2018-19;

- (i) Income under the Salary - Rs.50,00,000
- (ii) Business loss - Rs.20,00,000
- (iii) Income from other sources - Rs.15,00,000

Determine the total income of Mr. B for A.Y. 2019-20 and the amount of loss eligible for carry forward, if any

- a) Rs.65,00,000; loss to be carried forward Rs.20,00,000
- b) Rs.50,00,000; loss to be carried forward Rs.5,00,000
- c) Rs.45,00,000; No loss eligible for carry forward
- d) None of above

Question No. 51

Mr. Raj Kumar, aged 25 years, has paid the premium of Rs.28,000 towards health insurance and Rs.5,000 on account of preventive health check up for self and his spouse. Determine the amount of deduction available to him u/s 80D for A.Y. 2019-20;

- a) Rs.33,000
- b) Rs.30,000
- c) Rs.25,000
- d) Rs.28,000

Question No. 52

Mr. Sanjay Kumar, a resident, has paid premium of Rs.20,000 towards health insurance for self and his spouse. Further, he has paid a sum of Rs.35,000 on account of medical expenditure of his mother, aged 65 years and resident in India. No insurance scheme had been taken on the health of his mother. Determine the total amount of deduction available to Mr. Sanjay Kumar in A.Y. 2019-20 u/s 80D

- a) Rs.20,000
- b) Rs.45,000
- c) Rs.50,000
- d) Rs.55,000

Question No. 53

Mr. Ramesh Kumar taken medical policy and paid Rs. 60000/- by credit card for his mother who is senior citizen and non-resident during the PY 2018-19, how much will be the deduction u/s 80D:

- a) Rs.20,000
- b) Rs.45,000
- c) Rs.50,000
- d) Rs.55,000

Question No. 54

Mr. Ram Lal taken medical policy and paid Rs. 60000/- by cash for his mother who is senior citizen and non-resident during the PY 2018-19, how much will be the deduction u/s 80D:

- a) NIL
- b) Rs.45,000
- c) Rs.50,000
- d) Rs.55,000

Question No. 55

Mr. Shyam, a resident individual aged 61 years, has gross total income of Rs.9,50,000 for P.Y. 2018-19 which includes interest from Fixed deposits amounting to Rs.20,000. Determine the tax liability of Mr. Shyam for A.Y. 2019 20

- a) Rs.98,880
- b) Rs.99,840
- c) Rs.1,03,000
- d) Rs.1,04,000

Question No. 56

Mr. Kashyap, aged 59 years, has gross total income of Rs.12,50,000 for P.Y. 2018-19 which includes interest from Fixed deposits amounting to Rs.40,000 and interest from saving bank account of Rs.12,500. Determine the amount of deduction available to Mr. Kashyap under Chapter VI-A for A.Y. 2019-20

- a) Rs.52,500
- b) Rs.50,000
- c) Rs.12,500
- d) Rs.10,000

Question No. 57

What is the due date of filing the return of income for A.Y. 2019-20 in case of a working partner of a firm whose accounts are required to be audited under the Income-tax Act, 1961 and the firm is required to furnish a report u/s 92E of the Income-tax Act, 1961;

- a) 31.07.2019
- b) 30.09.2019
- c) 30.11.2019
- d) None of above

Question No. 58

What is the due date of filing of return of income for A.Y. 2019-20 of a dormant partner of a firm whose accounts are required to be audited under the Income-tax Act, 1961?

The dormant partner's total income for A.Y. 2019-20 is Rs.25 lakhs;

- a) 31.07.2019
- b) 30.09.2019
- c) 30.11.2019
- d) None of above

Question No. 59

What is the due date of filing of return of income for A.Y. 2019-20 of managing director of a company whose accounts are required to be audited under the Income-tax Act, 1961, assuming that his total income for that year is Rs.15 lakhs;

- a) 31.07.2019
- b) 30.09.2019
- c) 30.10.2019
- d) None of above

Question No. 60

Mr. A has stayed in India for a period of 82 days during the P.Y. 2018-19 and his stay in India for immediate preceding 4 years is 364 days, calculate his residential status for the P.Y. 2018-19;

- a) Resident
- b) Non Resident
- c) Resident but not ordinarily resident
- d) Cannot determine with the above facts

Question No. 61

A HUF whose control & management is in India and the residential status of its Karta is resident but not ordinarily resident, determine the status of residential of HUF;

- a) Resident but data is not sufficient to determine whether HUF is ROR or RNOR
- b) Resident but not ordinarily resident
- c) Non resident
- d) Resident and ordinarily resident

Question No. 62

A company is incorporated outside India. Its place of effective management in the P.Y. 2018-19 is in India. Determine its residential status in India for A.Y. 2019-20;

- a) Resident
- b) Non Resident
- c) Cannot determine with above facts
- d) Resident but not ordinarily resident

Question No. 63

Mr. A, aged 32 years, is resident and ordinarily resident in India and is deputed to USA under employment. He has received salary equivalent to Rs.40 lakhs in USA. The income earned by him in India comprises only of interest on fixed deposits, which is below the maximum amount not chargeable to tax. Determine the taxability of Mr. A in respect of the abovementioned incomes;

- a) Only interest income is taxable in India
- b) Only salary income is taxable in India
- c) Both interest income and salary income are taxable in India
- d) He has no taxable income in India

Question No. 64

During P.Y. 2018-19, Mr. P has salary income of Rs.3,40,000 and interest income of Rs.10,000. Mr. P has made investment in PPF of Rs.1,00,000. From the above information, determine whether Mr. P is under an obligation to file the return of income and if yes, then what is the due date of filing of return of income?

- a) No obligation to file return of income
- b) Obligation to file and the due date is 31.07.2019
- c) Obligation to file and the due date is 30.09.2019
- d) Obligation to file and the due date is 30.11.2019

Question No. 65

What maximum amount of rent payment does not require deduction of tax at source per financial year?

- a) Rs. 60,000
- b) Rs. 90,000
- c) Rs. 1,20,000
- d) Rs. 1,80,000

Question No. 66

If a person occupies two property for his residence, then the self occupied property benefit will be granted in respect of;

- a) Both properties
- b) One property as selected by him
- c) The property which was constructed first
- d) The property for which the annual value is lower

Question No. 67

Section _____ provides for levy of interest for default in payment of installment(s) of advance tax.

- a) 234D
- b) 234A
- c) 234C
- d) 234B

Question No. 68

While computing income chargeable to tax under the head "Income from house property" for A.Y. 2019-20 in the case of a let-out property, the municipal taxes due for P.Y. 2018-19 is Rs.45,000 and the taxes paid in P.Y. 2018-19 for P.Y. 2016-17 and P.Y. 2017-18 are Rs.40,000 and Rs.42,500, respectively. Determine the amount of deduction available to the assessee;

- a) Rs.45,000
- b) Rs.82,500
- c) Rs.1,27,500
- d) Nil

Question No. 69

As per section 194J, tax is to be deducted @ X% from the payments made to any person who is engaged only in the business of call centre. What is that X%;

- a) 5%
- b) 10%
- c) 2%
- d) 1%

Question No. 70

Interest under section _____ is levied from the first day of the assessment year, i.e., from 1st April till the date of determination of income under section 143(1) or when a regular assessment is made, then till the date of such a regular assessment.

- a) 234A
- b) 234B
- c) 234C
- d) 234D

Question No. 71

Deduction under section 24(b) is available on account of;

- a) Municipal taxes paid by the owner
- b) Capital repairs incurred by the owner
- c) Revenue repairs incurred by the owner
- d) None of above

Question No. 72

While conducting the tax audit of the assessee, M/s PQR Private Limited, you have observed that a payment is made towards installation of machinery by a company in its factory to a vendor, Mr. Raj amounting to Rs.45,000 and the company has not deducted any withholding tax on such payment. Determine the applicable section and the rate of TDS.

- a) U/s 194J @10%
- b) U/s 194C @2%
- c) U/s 194C @1%
- d) No TDS is applicable on said payment

Question No. 73

The mode by which the signed ITR V can be sent to CPC Bangalore:

- a) Only Speed Post
- b) Only Ordinary Post
- c) Speed Post or Ordinary Post
- d) Speed post, ordinary post, Registered post or courier.

Question No. 74

While filing the return of income of Mr. A, a non-resident, you have found that he has claimed deduction for the following payments:

- (i) Payment towards LIC for Rs.25,000
- (ii) Repayment of housing loan to SBI for purchase of self-occupied residential house property for Rs.1,75,000
- (iii) Payment towards interest on such housing loan for Rs.50,000
- (iv) Investment in PPF for Rs.10,000

Calculate the amount of eligible deduction u/s 80C to Mr. A

- a) Nil because he is a non-resident.
- b) Rs.1,50,000
- c) Rs.2,10,000
- d) Rs.2,60,000

Question No. 75

Ms Q, a non-resident in India and aged 60 years, has income from house property in India. Such income is received by her in her country of residence i.e., in USA. Determine whether such income is taxable and if yes, the maximum amount of income not chargeable to tax in case of Ms Q.

- a) Not chargeable to tax as income is not received in India
- b) Chargeable to tax and basic exemption limit is not available to non-resident
- c) Chargeable to tax and the maximum amount not chargeable to tax is Rs.2,50,000
- d) Chargeable to tax and the maximum amount not chargeable to tax is Rs.3,00,000

Question No. 76

Mr. Ram, a resident individual aged 85 years, has total income of Rs.7,50,000 for P.Y. 2018-19 which includes pension income from his employer as well as interest income. Determine tax payable for A.Y. 2019-20.

- a) Rs.51,500
- b) Rs.52,000
- c) Rs.61,800
- d) Rs.62,400

Question No. 77

Mr. Shyam, a non-resident individual aged 85 years, has total income of Rs.7,50,000 for P.Y. 2018-19 which includes pension income from his employer as well as interest income. Determine tax payable for A.Y. 2019-20.

- a) Rs.51,500
- b) Rs.52,000
- c) Rs.64,380
- d) Rs.65,000

Question No. 78

Circular issued by CBDT clarifying doubt regarding the scope and meaning of the provisions of the Act, is binding on:

- a) Assessee as well as Department
- b) Department only
- c) Assessee only
- d) Neither assessee nor department

Question No. 79

Mr. A, aged 40 years, is an individual resident in India. His gross total income for the P.Y. 2018-19 is Rs.4,50,000 and he has also paid an amount of Rs.1,50,000 towards life insurance premium during the said previous year. What will be the tax liability of Mr. A for Assessment Year 2019-20?

- a) Rs.2,500
- b) Nil
- c) Rs.2,575
- d) Rs.2,600

Question No. 80

Gross Total Income of Mr. X (61 years), a resident individual, for the Assessment Year 2019- 20 is Rs.1,04,00,000 (salary Rs.10,00,000, lottery winnings Rs.70,00,000 and long term capital gain under section 112 Rs.24,00,000). Mr. X is entitled to deduction under Section 80C of Rs.1,00,000. Determine the tax liability of X for A.Y. 2019-20.

- a) Rs. 26,70,000 (Plus applicable surcharge and cess)
- b) Rs. 26,72,500 (Plus applicable surcharge and cess)
- c) Rs. 26,90,000 (Plus applicable surcharge and cess)
- d) Rs. 28,70,000 (Plus applicable surcharge and cess)

Question No. 81

Ms. Ayushi is an Indian Citizen who left India for the purpose of employment on 02.08.2018. She was in India for a total period of 730 days during the Previous Years from 2014-15 to 2017-18. She was in India for 240 days in Previous Year 2012-13 and 310 days in Previous Year 2013-14. Determine her residential status for the A.Y. 2019-20.

- a) Resident and ordinarily resident
- b) Non-resident
- c) Resident but not ordinarily resident
- d) Resident but data is not sufficient to determine whether she is ROR or RNOR

Question No. 82

Mr. Aashish is working partner in a partnership Firm named "Aashish Group". The turnover of the firm for P.Y. 2018-19 is Rs.5 Crores. What is the due date of filing return of income for Mr. Aashish for A.Y. 2019-20?

- a) 31.07.2019
- b) 30.09.2019
- c) 30.11.2019
- d) 31.03.2020

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Question No. 83

X Pvt. Ltd. is engaged in the business of manufacture of cement. For A.Y. 2018-19, due to some technical issues, the return of income of X Pvt. Ltd. was delayed by 1 day and was filed on 01.10.2018. Now, the Accounts Officer of the Company discovers some omission in the said return of income and wants to revise the same. The assessment proceedings of the company are ongoing and will be completed on 31.12.2019. The Accounts Officer has contacted you to advise him regarding revision of return of income. Please advise.

- a) Yes, it can be revised and the due date is 31.03.2020
- b) Yes, it can be revised and the due date is 31.12.2019
- c) Yes, it can be revised and the due date is 31.03.2019
- d) No, the return cannot be revised as it is a belated return of income

Question No. 84

Z Ltd. is incorporated on 20.03.2018. It is engaged in manufacture of cosmetic items for domestic market. Determine the income tax rate of the said company for A.Y. 2019-20, if the turnover of the company was Rs.180 crores and total income was Rs.60 crores for P.Y. 2018-19.

- a) 25% (plus surcharge @7% + HEC@4%)
- b) 30% (plus surcharge @12% + HEC@4%)
- c) 25% (plus surcharge @12% + HEC@4%)
- d) 30% (plus surcharge @7% + HEC@4%)

Question No. 85

ABC Co-operative society is engaged in the business of banking and is paying interest on Fixed Deposit of Rs.9,000 to Ms. Neha. Whether ABC is liable to deduct TDS? If yes, then at what rate?

- a) Not liable to deduct TDS
- b) Yes, under Section 194A at the rate of 10%
- c) Yes, under Section 194A at the rate of 20%
- d) Yes, under Section 193 at the rate of 10%

Question No. 86

Mr. Piyush purchased a land on 01.07.2016. He sold the said land during the P.Y. 2018-19 on 31.10.2018. He has appointed you as a consultant and enquired regarding nature of resultant capital gain i.e., Short term capital gain or Long term capital gain. The resultant gain is

- a) Short-term, since the holding period is less than 36 months
- b) Short-term, since the holding period is less than 30 months
- c) Long-term, since the holding period is more than 12 months
- d) Long-term, since the holding period is more than 24 months

Question No. 87

X Cement Ltd. is in the process of determining the salary structure of its employees for A.Y. 2019-20. As per the CFO of the company, transport allowance granted to employees to meet the expenditure for commuting between office and residence by the employees is wholly exempt from tax. The company has approached you to advise him accordingly. What will be your advice as per the provisions of the Act?

- a) CFO's view is incorrect. Transport allowance for commuting between place of residence to place of office is exempt from tax to the extent of Rs.1,600 per month in the hands of employees
- b) CFO's view is correct. Transport allowance for commuting between place of residence to place of office is wholly exempt from tax in the hands of employees
- c) CFO's view is incorrect. Transport allowance for commuting between place of residence to place of office is exempt from tax to the extent of Rs.800 per month in the hands of employees.
- d) CFO's view is incorrect. Transport allowance for commuting between place of residence to place of office is chargeable to tax in the hands of employees.

Question No. 88

Miss Nitika (68 years) is a resident individual. For the Assessment Year 2019-20, she has following income: Long-term capital gain on transfer of equity shares Rs.1,80,000 (Securities Transaction Tax has been paid on acquisition and transfer of the said shares) Other income Rs.2,75,000 Calculate the tax liability of Miss Nikita for Assessment Year 2019-20.

- a) Nil
- b) Rs.5,670
- c) Rs.5,720
- d) Rs.8,320

Question No. 89

Texcos Ltd. is an Indian Company. It has 20 shareholders who are foreign citizens and nonresident in India. The business of the company is wholly carried out outside India. Determine the residential status of Texcos Ltd. for the Assessment Year 2019-20.

- a) Resident
- b) Non-resident, since the control and management of the company during the year is outside India
- c) Non-resident, since the place of effective management of the company during the year is outside India
- d) Either resident or non-resident, depending on the place of effective management, which is not possible to determine in this case since the information given in the question is insufficient

Question No. 90

Neha is an individual aged 65 years whose income as computed under the Income-tax Act, 1961 is Rs. 5,00,000 for assessment year 2019-20. She deposits Rs. 20,000 in a PPF account. Calculate the tax payable by Neha assuming that she has an agricultural income of Rs.5,000.

- a) Rs. Nil
- b) Rs.9,360
- c) Rs.6,760
- d) Rs.9,270

Question No. 91

XYZ is a partnership firm which purchased equity shares of Rs.20 Lakhs of Neelkanth Pvt. Ltd on 25.03.2019 and does not have any other business activity. Which of the following statements is correct with respect to XYZ?

- a) XYZ is not required to obtain PAN and also not required to file Income-tax Return.
- b) XYZ is not required to obtain PAN but is required to file Income-tax Return.
- c) XYZ is required to obtain PAN but is not required to file Income-tax Return.
- d) XYZ is required to obtain PAN and also required to file Income-tax Return.

Question No. 92

Mr. A is salaried employee who is working in a multinational company. Mr. A has taken a residential accommodation on rent from Mr. B, who is non-resident in India. During P.Y. 2018-19 relevant to A.Y. 2019-20, Mr. A has paid monthly rent of INR 75,000 per month to Mr. B. Mr. A is not having any income other than salary income. Determine, whether Mr. A is under obligation to deduct TDS as per the provisions of Income-tax Act, 1961 and if yes, under which section;

- a) Not liable to deduct TDS as Mr A is individual not subject to tax audit in the immediately preceding AY.
- b) liable to deduct tax u/s 194-I
- c) liable to deduct tax u/s 194-IB
- d) liable to deduct tax u/s 195

Question No. 93

Mr. A is salaried employee who is working in a multinational company. Mr. A has taken a residential accommodation on rent from Mr. B, who is non-resident in India. During P.Y. 2018-19 relevant to A.Y. 2019-20, Mr. A has paid monthly rent of INR 75,000 per month to Mr. B. Mr. A is not having any income other than salary income. Determine, whether Mr. A is under obligation to deduct TDS as per the provisions of Income-tax Act, 1961 and if yes, under will the rate of tds:-

- a) Since not liable to deduct TDS, hence no rate applicable.
- b) 10%
- c) 5%
- d) 31.20%

Question No. 94

ABC Charitable trust registered u/s 12AA, was formed with the main objective of providing medical relief in the year 2017-18. The total income of the trust before exemption u/s 11 and 12, were Rs.5,50,000 in the P.Y. 2017-18. The trustee of the trust wants you to be the tax consultant and wishes to know the due date for filing of return for A.Y. 2018-19;

- a) 31.07.2018
- b) 30.09.2018
- c) 31.10.2018
- d) 30.11.2018

Question No. 95

In case of a company, the assessment proceedings u/s 143(3) for A.Y. 2016-17 was completed on 31.05.2018. The assessment order was issued on 31.05.2018 and which was served on the assessee on 06.06.2018. The notice of demand was served on the assessee on 10.06.2018. The assessee is aggrieved by the order of the Assessing Officer and wish to file an appeal with the CIT (A). What is the time limit by which the assessee has to file an appeal?

- a) No time limit
- b) Within 30 days from the date of issue of assessment order
- c) Within 30 days from the date of issue of service of assessment order
- d) Within 30 days from the date of issue of service of notice of demand

Question No. 96

In case of Company who is authorised to verify the appeal before CIT(A)?

- a) Only the Managing Director
- b) Managing Director; If there is no managing director, then, by any director of the company
- c) Any person who is authorized to do so by the company
- d) Chartered Accountant of the company

Question No. 97

Mr. A is planning to enjoy his summer vacation in Goa and is considering booking rooms in a hotel. He has booked two rooms, one for his brother and one for himself and the room charges for the entire period is Rs.75,000 equally divided between both of them. However, the payment to the hotel is to be made by Mr. A and he will make the payment in cash. Mr. A has enquired whether he needs to give copy of PAN while making payment to hotel;

- a) No, copy of PAN is required when the payment exceeds Rs.1 lakh
- b) Yes, copy of PAN is required to be furnished
- c) No, as the amount relating to each person is less than Rs.50,000
- d) None of above

Question No. 98

Mr. A is planning to invest in bonds to be issued by Reserve Bank of India (RBI) for INR 99,000 in June 2018. Determine whether Mr. A is required to furnish copy of PAN while acquiring bonds to be issued by RBI;

- a) Yes, as the payment exceeds Rs. 50,000
- b) No, the threshold for submission of PAN is Rs. 1,00,000
- c) No, the threshold for submission of PAN is Rs. 2,00,000
- d) No, the threshold for submission of PAN is Rs. 5,00,000

Question No. 99

M/s PQR Limited is planning to purchase immovable property worth Rs.29,00,000. The company has asked you to determine the requirement for furnishing of PAN in this case;

- a) No, as the cost of immovable property is less than Rs.30,00,000
- b) No, PAN is required only in case of movable property
- c) Yes, since the amount exceeds Rs.10,00,000
- d) None of above

Question No. 100

If the assessee, Mr. C, has paid self-assessment tax and the amount so paid falls short of the aggregate amount of tax, interest and fee for A.Y. 2018-19, what would be criteria for adjustment of self-assessment tax paid by the assessee:

- a) The amount so paid shall be first adjusted towards fee payable, if any, then towards interest and balance, if any left, towards tax payable.
- b) The amount so paid shall be first adjusted towards tax payable, then towards interest and balance, if any left, towards fee payable.
- c) The amount so paid shall be first adjusted towards interest payable, thereafter against tax payable and the balance, if any, shall be towards fee payable.
- d) The amount so paid shall be first adjusted towards interest payable, thereafter against fee payable and the balance, if any, shall be towards tax payable.

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ANSWERS – TEST YOUR KNOWLEDGE – 3

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
1	d	38	c	75	c
2	c	39	a	76	b
3	c	40	c	77	d
4	c	41	a	78	b
5	b	42	c	79	b
6	a	43	c	80	a
7	d	44	a	81	b
8	d	45	a	82	b
9	c	46	c	83	c
10	b	47	a	84	c
11	b	48	d	85	a
12	b	49	c	86	d
13	d	50	b	87	d
14	d	51	c	88	c
15	c	52	d	89	a
16	b	53	a	90	b
17	a	54	a	91	d
18	b	55	b	92	d
19	b	56	d	93	d
20	c	57	b	94	b
21	d	58	a	95	d
22	c	59	a	96	b
23	c	60	b	97	b
24	d	61	b	98	a
25	c	62	a	99	c
26	d	63	c	100	a
27	c	64	b	MY RESULT _____/100 <u>Time Taken</u>	
28	b	65	d		
29	b	66	b		
30	b	67	c		
31	c	68	b		
32	b	69	c		
33	b	70	b		
34	d	71	d		
35	c	72	c		
36	c	73	c		
37	c	74	b		

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TEST YOUR KNOWLEDGE – 4

Question No. 1

Mr. Ram has prepared his computation of total income and tax liability for A.Y. 2019-20 relevant to P.Y. 2018-19 and the tax payable is Rs.15,000. He has prepaid taxes i.e. TDS amounting to Rs.5,500 and the balance tax payable is Rs.9,500. He has appointed you to advise him regarding the applicability of interest under the various provisions of the Income Tax Act. He wanted to file the return of income in July 2019

- a) Interest u/s 234B is applicable
- b) Interest u/s 234C is applicable
- c) Interest u/s 234B & 234C is applicable
- d) No interest is applicable.

Question No. 2

ABC (P) Ltd. has deducted tax of a foreign company u/s 195 read with 115A of the Income- tax Act in the month of December 2018. What would be the due date of deposit of tax deducted by ABC (P) Ltd.:

- a) 07th of the following month i.e., 07th January, 2019
- b) 15th of the following month i.e., 15th January, 2019
- c) 31st of the following month i.e., 31st January, 2019
- d) None of above

Question No. 3

ABC (P) Ltd. has deducted tax of a foreign company u/s 195 read with 115A of the Income- tax Act, the return of TDS would be filed:

- a) Form 24Q
- b) Form 26Q
- c) Form 26QB
- d) Form 27Q

Question No. 4

THP, a charitable trust registered under section 12AA of the Act, has the gross receipts of Rs.15,00,000 and total income of Rs.4,05,000, before claiming any exemption under section 11 & 12, during P.Y. 2018-19. Determine the applicability of audit under the provisions of Income-tax Act, 1961;

- a) Audit is not required as the gross receipts are less than Rs.1 crore as prescribed u/s 44AB
- b) Audit is required u/s 12A(1)(b)
- c) Income of the charitable trust is exempt u/s 11 & 12, hence audit is not required
- d) None of above

Question No. 5

Aakash HUF, a resident HUF, has incurred Rs.22,000 for medical treatment of Mrs. Aarti, Aakash's wife, who is a person with disability and has deposited Rs.30,000 with LIC for her maintenance. For A.Y.2019-20, the HUF would be eligible for deduction of an amount equal to –

- a) Rs.22,000
- b) Rs.52,000
- c) Rs.75,000
- d) Rs.1,25,000

Question No. 6

A firm pays salary and interest on capital to its resident partners. The salary and interest paid fall within the limits specified in section 40(b). Which of the following statements is true?

- a) Tax has to be deducted u/s 192 on salary and u/s 194A on interest
- b) Tax has to be deducted u/s 192 on salary but no tax needs to be deducted on interest
- c) No tax has to be deducted on salary but tax has to be deducted u/s 194A on interest
- d) No tax has to be deducted at source on either salary or interest

Question No. 7

Mr. Dinesh owns 8 light goods vehicle and declares profit on presumptive basis under section 44AE for A.Y.2019-20. He is –

- a) liable to pay advance tax in four installments in June, September, December and March
- b) liable to pay advance tax in three installments in September, December and March
- c) liable to pay advance tax in one installment in March
- d) Not liable to pay advance tax since he is declaring profit on presumptive basis.

Question No. 8

In respect of any payment made to a person located in a Notified Jurisdictional Area (NJA), tax is deductible at higher of the rate specified in the Income-tax Act 1961 or rates in force or –

- a) 10%
- b) 15%
- c) 20%
- d) 30%

Question No. 9

Mr. Manas, a salaried individual, pays rent of Rs.67,000 per month to Mr. Atishay from May, 2018. Which of the following statements is correct?

- a) No tax is required to be deducted for F.Y.2018-19 since Mr. Manas is not subject to tax audit u/s 44AB
- b) Mr. Manas has to deduct tax @5% from rent paid every month
- c) Mr. Manas has to deduct tax @5% on the entire rent paid for F.Y.2018-19 from the rent payable for March, 2019
- d) Mr. Manas has to deduct tax of Rs.67,000 from rent payable for March, 2019

Question No. 10

A motor car of the value of Rs.15 lakhs was sold by a dealer to a customer. Rs.9 lakhs was received in cash and the balance by account payee cheque. Which of the following statements is correct?

- a) Tax @1% has to be collected on Rs.15 lakhs
- b) Tax @1% has to be collected on Rs.9 lakhs only
- c) Tax @1% has to be collected on Rs.6 lakhs only
- d) No tax collection at source is required in this case, since the amount received in cash does not exceed Rs.10 lakhs.

Question No. 11

Mr. Jindal gifted a house property to his wife Ms. Tina and a flat to his daughter-in law Ms. Trisha. Both of the properties were let out. Which of the following statements is correct?

- a) Income from both properties is to be included in the hands of Mr. Jindal by virtue of section 64.
- b) Income from property gifted to wife alone is to be included in his hands by virtue of section 64
- c) Mr. Jindal is the deemed owner of house property gifted to Ms. Tina and Ms. Trisha
- d) Mr. Jindal is the deemed owner of property gifted to Ms. Tina. Income from property gifted to Ms. Trisha would be included in his hands by virtue of section 64.

Question No. 12

As per section 115JB, every taxpayer, being a company is liable to pay MAT, if the Income-tax payable on the total income, computed as per the provisions of the Income-tax Act in respect of any year is less than X% of its book-profit. What is that X%;

- a) 18.5%
- b) 15.5%
- c) 18%
- d) 16%

Question No. 13

There are certain specified financial transactions in which quoting of PAN is mandatory. If a person intending to enter into such transaction does not hold PAN then, he has to furnish;

- a) Form 60
- b) Form 49A
- c) Form 49C
- d) Form 49AA

Question No. 14

Mr. Sameer has gone to buy Honda Activa and vendor quoted the price of the Honda Activa Rs.40,000. He has consulted you to provide the threshold for furnishing of PAN on purchase of two vehicles. PAN has to be furnished

- a) in case the value of each vehicle exceeds Rs.50,000
- b) in case the value of both vehicles exceeds Rs.50,000
- c) in case of payment in cash of an amount exceeding Rs.50,000
- d) Need not to furnish PAN

Question No. 15

Equity oriented mutual fund means a mutual fund specified under section 10(23D) and X% of its investible funds out of total proceeds are invested in equity shares of a domestic company listed on a recognized stock exchange. Presume that, the fund does not invest in units of another fund but directly invests in listed equity shares of domestic company. What is that X %?

- a) 51%
- b) 65%
- c) 90%
- d) 100%

Question No. 16

Penalty under section 271BA for failure to furnish a report from an accountant as is required by section 92E is _____.

- a) Rs.50,000
- b) Rs.10,000
- c) 1% of the transaction amount
- d) Rs.1,00,000

Question No. 17

Every person entering into specified domestic transactions shall keep and maintain documents relating to such transactions for a period of _____ from the end of the relevant assessment year.

- a) 10 Years
- b) 2 Years
- c) 5 Years
- d) 8 years

Question No. 18

Mr. Kapil Khurana has purchased Life Insurance Policy, the premium of which is Rs.12,000 per annum. He has advised you on the matter of furnishing of PAN to the Insurer Company on the said transaction;

- a) Yes, PAN is required since premium exceeds Rs.10,000
- b) No, since the premium does not exceed Rs.50,000
- c) No, since the premium does not exceed Rs.20,000
- d) Yes, PAN is required irrespective of the amount of premium

Question No. 19

In a case where letting out of building and letting out of other assets are separable, rent of building will be charged to tax under the head _____ and rent of other assets will be charged to tax under the head _____.

- a) Income from House Property, Income from House Property
- b) Profits and gains of business and profession, Income from House Property
- c) Income from House Property, Profits and gains of business and profession" or "Income from other sources" (as the case may be)
- d) Profits and gains of business or profession, Income from other sources

Question No. 20

An individual client has consulted you on the matter of PAN. He is carrying on the business of sale & purchase of garments. His turnover is Rs.3,00,000 and the profit is Rs.75,000 for the P.Y. 2018-19. He has asked you to provide him threshold of turnover exceeding which he has to apply for PAN, if any;

- a) Rs.2,00,000
- b) Rs.2,50,000
- c) Rs.3,00,000
- d) Rs.5,00,000

Question No. 21

Mr. A is not a citizen of India. He wants to apply for PAN in India and he has consulted you to provide him the applicable form for application of PAN. What would be correct Form;

- a) Form 49A
- b) Form 49B
- c) Form 49AA
- d) None of above

Question No. 22

Every corporate taxpayer to whom the provisions of MAT apply is required to obtain a report from a chartered accountant on or before the due date of filing the return of income. What is that Form No;

- a) Form 29C
- b) Form 29D
- c) Form 29B
- d) None of above

Question No. 23

Book profit for the purposes of section 115JB means net profit as shown in the statement of profit and loss prepared in accordance with;

- a) Schedule I
- b) Schedule III
- c) Schedule II
- d) Schedule VI

Question No. 24

Mr. A, non-resident aged 65 years, has income under the following heads for P.Y.2018-19.

- (i) Interest income taxable under "Income from other sources"
- (ii) Income from Capital Gains

His estimated tax liability is Rs.1,05,575. Tax of Rs. 20,000 was deducted on interest income. Mr. has not paid any advance tax during P.Y. 2018-19. Calculate the amount of interest payable u/s 234B, if applicable, assuming he file his return of income on 15.07.2019

- a) Interest u/s 234B is not applicable
- b) Rs.3,420
- c) Rs.4,264
- d) Rs.3,423

Question No. 25

Mr. A, resident aged 65 years, has income under the following heads for P.Y.2018-19.

- (iii) Interest income taxable under "Income from other sources"
- (iv) Income from Capital Gains

His estimated tax liability is Rs.1,05,575. Tax of Rs. 20,000 was deducted on interest income. Mr. has not paid any advance tax during P.Y. 2018-19. Calculate the amount of interest payable u/s 234B, if applicable, assuming he file his return of income on 15.07.2019

- a) Interest u/s 234B is not applicable
- b) Rs.3,420
- c) Rs.4,264
- d) Rs.3,423

Question No. 26

Mr. Harish, a resident aged 61 years, earned interest income of Rs.16,000 from post office savings bank account and Rs.37,000 from bank fixed deposits for A.Y. 2019-20. What portion of such income would be ultimately included in his total income?

- a) Nil
- b) Rs.3,000
- c) Rs.39,500
- d) Rs.43,000

Question No. 27

Mr. Shalini made a donation of Rs.80,000 to National Children's Fund and Rs.20,000 to Rajiv Gandhi Foundation by cheque. She made a cash donation of Rs.15,000 to a public charitable trust. The deduction allowable to her under section 80G is Rs. _____

- a) 1,15,000
- b) 1,00,000
- c) 90,000
- d) 60,000

Question No. 28

Alpha Ltd.'s total income of A.Y. 2019-20 has increased by Rs.34 lakhs due to application of arm's length price by the Assessing Officer on transactions of purchase of goods from its foreign holding company in respect of a retail trade business carried on by it, and the same has been accepted by Alpha Ltd., then, -

- a) deductions under Chapter VI-A cannot be claimed in respect of the enhanced income
- b) business loss of A.Y. 2014-15 cannot be set-off against the enhanced income
- c) unabsorbed depreciation of A.Y. 2010-11 cannot be set-off against the enhanced income
- d) None of the above can be claimed or set-off against the enhanced income

Question No. 29

Mr. X, a retailer, acquired furniture on 10th May 2018 for Rs.10,000 in cash and on 15th May 2018, for Rs.15,000 and Rs.20,000 by a bearer cheque and account payee cheque, respectively. Depreciation allowable for A.Y. 2019-20 would be -

- a) Rs.2,000
- b) Rs.3,000
- c) Rs.3,500
- d) Rs.4,500

Question No. 30

Mr. Amir has gross total income of Rs.5,50,000 for P.Y. 2018-19. During the P.Y. 2017-18, Mr. Amir has bought one commercial property which he has given on rent and the income from house property is included in total income of Mr. Amir. During the P.Y. 2018-19, Mr. Amir has made repayment towards the loan he took for purchase of property and the principal amount of repayment was Rs.1,75,000. Determine the amount of deduction eligible u/s 80C to him for A.Y. 2019-20.

- a) Rs.1,75,000
- b) Rs.1,50,000
- c) Rs.1,00,000
- d) Nil

Question No. 31

Mr. Kapoor, aged 57 years and resident is a retired person. He purchased a piece of land in December, 2010 and sold the same in April, 2018. Taxable Long term capital gains on such sale amounted to Rs.4,00,000. Apart from gain on sale of land he is not having any income. He deposited Rs.1,00,000 in Public Provident Fund (PPF) and Rs.50,000 in NSC. He wants to claim deduction of Rs.1,50,000 under section 80C for amount deposited in PPF and NSC. What would be his tax liability?

- a) Rs.7,800
- b) Rs.31,200
- c) Rs.52,000
- d) NIL

Question No. 32

Mr. Kapil Khurana is running an Utencil shop. Tax liability of Mr. Kapil Khurana for the P.Y. 2018-19 is Rs.51,400. He has paid advance tax of Rs.49,000 till 31st March, 2019. Balance tax of Rs.2,400 is paid by him at the time of filing the return of income on 31.07.2019 for A.Y. 2019-20. Will he be liable to pay interest under section 234B? If yes, what is the amount of interest?

- a) No
- b) Yes; Rs.96
- c) Yes; Rs.120

- d) Yes; Rs.144

Question No. 33

Mr. Mukesh Rai Sapra, aged 67 years and non-resident is a retired person. He purchased a piece of land (at Delhi) in January, 2014 and sold the same in August, 2018. Taxable long-term capital gain on such sale amounted to Rs.2,84,000. Apart from gain on sale of land, he is not having any other income. What will be his tax liability for the A.Y. 2019-20?

- a) Nil
- b) Rs.7,070
- c) Rs.1,770
- d) Rs.59,070

Question No. 34

Notice under section 143(2) of the Income-tax Act, 1961 (i.e. notice of scrutiny assessment) should be served within a period of _____ from the end of the financial year in which the return of income is filed by the assessee.

- a) 6 months
- b) 24 months
- c) 12 months
- d) 18 months

Question No. 35

MNJ Pvt. Ltd., provided following information for calculation of perquisite value of company leased accommodation for its one of employee, Mr. Z for A.Y. 2019-20: Rent paid to landlord - Rs.35,000 p.m. Interest free refundable security deposit - Rs.1,80,000 15% salary of Mr. Z (computed) - Rs.36,325 p.m. Notional Interest Rate - 10% p.a. (return that might have been earned, if the amount of security deposit was invested) What will be treatment of notional interest?

- a) Notional interest has to be added after total value of perquisite is calculated i.e. 15% of salary or rent, whichever is lower
- b) Notional interest has to be included in total value of rent and then compare with 15% of salary to calculate the perquisite value
- c) Notional interest has to be added in the total of 15% of salary to calculate the perquisite value
- d) Notional interest should not be considered

Question No. 36

MNJ Pvt. Ltd. provided following information for calculation of perquisite value of company leased accommodation for its one of employee, Mr. Z: Rent paid to landlord - Rs.35,000 p.m. Interest free refundable security deposit - Rs.1,80,000 15% salary of Mr. Z (computed) - Rs.36,325 p.m. Notional Interest Rate - 10% p.a. (return that might have been earned, if the amount of security deposit was invested). Determine the perquisite value for company leased accommodation for Mr. Z for A.Y. 2019-20

- a) Rs.4,38,000
- b) Rs.4,35,900
- c) Rs.4,53,900
- d) Rs.4,20,000

Question No. 37

A Ltd. is a domestic company which has declared dividend on its equity shares for the quarter ending June, 2018 on 15.07.2018. The said dividend is distributed to the shareholders on 20.07.2018. Determine the due date by which A Ltd. is required to pay the tax on distributed profits to the credit of the Central Government.

- a) 03.08.2018
- b) 29.07.2018
- c) 27.07.2018
- d) 22.07.2018

Question No. 38

Your client Mr. Shah, did not oppose during the proceedings of scrutiny assessment. The Assessing Officer passed the order with a demand to be paid. Mr. Shah, however, now he feels that he missed to report a major expenditure during filing of return and proceedings. Assuming he can act in time limit, the remedial course available to him is to -

- a) File an appeal before Commissioner of Income- tax (Appeals) under section 246A(I)
- b) Move a revision petition before the Principal Commissioner or Commissioner of Income tax under section 264
- c) Either of the above. However revision option can be opted for only if time limit for filing appeal has expired, unless Mr. Shah has waived his right of appeal
- d) He cannot opt for remedial course since he did not oppose during proceedings.

Question No. 39

Total turnover of M/s Rajan & Traders, a proprietorship concern, for P.Y. 2017 -18 was Rs.89.70 lacs. It is likely to exceed Rs.100 lacs during P.Y.2018-19. He does not opt for presumptive taxation scheme. While going through the books of account, no TDS was deducted on following payments :

- Salary of Rs.4,75,000 paid to manager
- Interest of Rs.18,000 paid on loan taken from NBFC
- Interest of Rs.25,000 paid on loan taken from a banking company

The disallowance attracted under section 40(a)(ia) is:

- a) Rs.5,400
- b) Rs.1,42,500
- c) Rs.1,47,900
- d) Rs.1,55,400

Question No. 40

Total turnover of M/s Rajan & Traders, a partnership firm, for P.Y. 2017 -18 was Rs.89.70 lacs. It is likely to exceed Rs.100 lacs during P.Y.2018-19. Firm does not opt for presumptive taxation scheme. While going through the books of account, no TDS was deducted on following payments:

- Salary of Rs.4,75,000 paid to manager
- Interest of Rs.18,000 paid on loan taken from NBFC
- Interest of Rs.25,000 paid on loan taken from a banking company

The disallowance attracted under section 40(a)(ia) is:

- a) Rs.5,400
- b) Rs.1,42,500
- c) Rs.1,47,900
- d) Rs.1,55,400

CA FINAL REGULAR NOV 2019/MAY 2020 EXAM		START 17 JUNE	
DIRECT TAX Time: 7:00 AM - 10:00 AM Days : Mon to Sat 15000/-	CA VIJAY GAURAV CA PROFESSIONAL STUDIES www.cavijaygaurav.com CA Vijay Gaurav Facebook	Combo 27000/-	INDIRECT TAX Time: 10:30 AM - 01:30 PM Days : Mon to Sat 15000/-

Question No. 41

Total turnover of M/s Rajan & Traders, a partnership firm, for P.Y. 2017 -18 was Rs.89.70 lacs. It is likely to exceed Rs.100 lacs during P.Y.2018-19. It does not opt for presumptive taxation scheme. While going through the books of account, no TDS was deducted on following payments :

- Salary of Rs.4,75,000 paid to manager
- Interest of Rs.18,000 paid on loan taken from NBFC
- Interest of Rs.25,000 paid on loan taken from a banking company
- Rs.9,00,000 as salary to partners. However, Salary allowed as per provisions of section 40(b) is Rs.7,15,000

The disallowance attracted under section 40(a)(ia) is:

- a) Rs.1,47,900
- b) Rs.1,55,400
- c) Rs.3,62,400
- d) Rs.4,17,900

Question No. 42

Which of the following is NOT TRUE in respect of provisions of Alternate Minimum Tax (AMT) :

- (i) AMT provisions are not applicable to an individual, Hindu Undivided Family (HUF) and firm (including LLP) person whose adjusted total income does not exceed Rs.20,00,000.
 - (ii) The provisions of AMT will apply to every non-corporate taxpayer who has claimed deduction under section 35AD
 - (iii) Every non-corporate taxpayer to whom the provisions of AMT apply is required to obtain a report from a Chartered Accountant in Form No. 29C on or before the due date of filing the return of income
- a) (i) only
 - b) (i) & (ii)
 - c) (ii) & (iii)
 - d) (i) & (iii)

Question No. 43

On 19.08.2018, Mr. Khera moved to Turkey for employment. His family shall accompany him, owing to long term nature of employment. Mrs. Khera is also planning to start a fashion boutique in Turkey soon, once she gets settled. Both, Mr. & Mrs. Khera are Indian citizens and have been working in India for more than a decade now. Comment on their residential status for A.Y. 2019-20, assuming they did not visit India after August 2018

- a) Mr. & Mrs. Khera will qualify to be non-resident
- b) Mr. Khera will qualify to be non-resident and Mrs. Khera will be resident but not ordinarily resident
- c) Mr. Khera will qualify to be non-resident and Mrs. Khera will be resident and ordinarily resident
- d) Mr. & Mrs. Khera will qualify to be resident but not ordinarily resident

Question No. 44

XY India Pvt. Ltd. sold its major machinery held for manufacturing auto parts on discontinuity of line of business on 01.06.2018 for 1.70 crore. The machinery was acquired on 31.01.2015 and WDV on 01.04.2018 was Rs. 1.25 crore. What is amount of capital gain to be reported in return of income :

- a) Short Term Capital Gain of Rs.45 lakh
- b) Short Term Capital Gain of Rs.63.75 lakh
- c) Long Term Capital Gain of Rs.45 lakh
- d) Long Term Capital Gain of Rs.63.75 lakh

Question No. 45

XY India Pvt. Ltd. sold its major machinery held for manufacturing auto parts on discontinuity of line of business on 01.06.2018 for 1.70 crore. The machinery was acquired on 31.01.2015 and WDV on 01.04.2018 was Rs.1.25 crore. Can XY India Pvt. Ltd claim any exemption of capital gain? If yes, then choose the correct answer:

- a) Section 54G
- b) Section 54EC
- c) Both of the above
- d) None of the above

Question No. 46

Bill & Hill Pvt. Ltd. is bearing the taxes on perquisite for Ms. Lily, their Production Head from Germany for their newly set plant. In the initial years of run, the company, foreseen losses with minimum recovery. Also, Ms. Lily's India taxable income falls in the highest slab. On this arrangement of salary and taxes, which of the following is the correct treatment of taxes borne by employer in Lily's tax computation:

- a) Only offer tax borne by employer on monetary salary as perquisite in her tax computation
- b) Only offer tax borne by employer on non-monetary salary as perquisite
- c) Offer tax borne by employer on complete salary as perquisite
- d) No perquisite on tax borne by employer to be reported in her tax computation

Question No. 47

What would be the impact on company's taxable profit of tax borne by employer on perquisites and allowances provided to employees?

- a) Tax borne by employer on entire salary of employee would be allowable expenditure
- b) Tax borne by employer on monetary salary alone would be disallowed
- c) Tax borne on non-monetary perquisite will be allowed
- d) Tax borne on non-monetary perquisite will be disallowed

Question No. 48

Mr. Shahid, a wholesale supplier of dyes, provides you with the details of the following cash payments he made throughout the year –

- 12.06.2018: loan repayment of Rs.27,000 taken for business purpose from his friend Kunal. The repayment also includes interest of Rs.5,000.
 - 19.08.2018: Portable dye machinery purchased for Rs.15,000. The payment was made in cash in three weekly installments.
 - 26.01.2019: Payment of Rs.10,000 made to electrician due to unforeseen electric circuit at shop
 - 28.02.2019: Purchases made from unregistered dealer for Rs.13,500 The total disallowance under 40A(3), if any, will be –
- a) Rs.23,500
 - b) Rs.28,500
 - c) Rs.13,500
 - d) Nil

Question No. 49

X Ltd. files its return of loss for the A.Y. 2019-20 on 01.12.2019. The following data is taken from return submitted by the company:

Particulars	Rs.
Business Loss for P.Y. 2018-19 (before depreciation)	1,70,000
Depreciation	30,000
Short term capital loss	45,000
Long term capital gain	10,000
Income from other sources	23,000
Brought forward loss of earlier years which has been determined in pursuance of return filed within time limit of section 139(I):	
(a) Unabsorbed deprecation pertaining to A.Y. 2017-18 and A.Y. 2018-19	57,000
(b) Business loss of previous year 2015-16	8000

Compute the amount of loss that can be carried forward by X Ltd.

- Rs.1,05,000
- Rs.87,000
- Rs.2,87,000
- Rs.57,000

Question No. 50

On 26.05.2018, Z Ltd. purchases its own shares (face value: Rs.10, amount offered to shareholders: Rs.90 per share). Total amount distributed by Z Ltd. on buy-back of 30,000 shares is Rs.27,00,000. These shares were issued in F.Y. 2009-10 at a premium of Rs.15. Mr. A is one of the shareholders. He holds 5,000 shares (cost of acquisition: Rs.27 per share, year of acquisition 2011-12). He gets Rs.4,50,000. Determine the tax consequences in the hands of Z Ltd. and Mr. A assuming that the shares of Z Ltd. are not listed.

- Z Ltd. shall be liable to pay additional income tax at the rate of 20% on distributed income and income of Mr. A is chargeable to tax under the head capital gains.
- Z Ltd. is not liable to pay tax and income of Mr. A is taxable under the head capital gains.
- Z Ltd. shall be liable to pay additional income tax at the rate of 20% on distributed income and income of Mr. A is exempt from tax by virtue of section 10(34A).
- Both Z Ltd. and Mr. A are not liable to pay income on the above-mentioned transaction.

Question No. 51

Apeksha Ltd. is a wedding planner. The wedding day of Mr. Neeraj's son is arranged by Apeksha Ltd. For this event, four different invoices are issued by Apeksha Ltd. to Mr. Neeraj as follows:

- Invoice 1 for Lighting: Rs.15,50,000
- Invoice 2 for Flowers and Decoration: Rs.12,30,000
- Invoice 3 for Food and catering: Rs.38,00,000
- Invoice 4 for Gifts and Hampers distributed: Rs.25,00,000

Apeksha Ltd. has received the payment from Mr. Neeraj as per the details given below:

- Rs.1,80,000 for Invoice 1 on 24.06.2018 through a crossed cheque
- Rs.35,000 for Invoice 2 on 06.07.2018 in cash
- Balance amount of Rs.88,65,000 received in bank through RTGS on 25.07.2018

Discuss whether provisions of Section 269ST of the Income-tax Act, 1961 are applicable in this case and if yes, determine the amount on which penalty can be levied.

- a) Yes, provisions of Section 269ST of the Act are applicable and 100% penalty can be levied on the amount of Rs.35,000
- b) No, provisions of Section 269ST of the Act are not applicable since the payments received on different dates are less than Rs.2,00,000 respectively
- c) Yes, provisions of Section 269ST of the Act are applicable and 100% penalty can be levied on the amount of Rs.2,15,000
- d) No, provisions of Section 269ST of the Act are not applicable since the amount received in cash of Rs.35,000 is less than Rs.2,00,000

Question No. 52

Mr. A purchased equity shares of a listed company on 01.05.2018 through Bombay Stock Exchange. He will sell the said shares after holding them for 18 months on BSE. Mr. A is predicting that he will make a profit of Rs.1,20,000 by selling the equity shares and further, is of the view that the said profit shall be exempt from income-tax. Determine whether Mr. A's view is correct in the light of the tax implications that shall arise in his hands in the year of transfer of the said equity shares.

- a) Mr. A's view is correct. The resultant gain would be a long term capital gain arising from sale of STT paid listed equity shares, which is fully exempt from tax.
- b) Mr. A's view is incorrect. The resultant gain would be a long term capital gain, chargeable to tax in his hands at the rate of 20%.
- c) Mr. A's view is incorrect. The resultant gain would be a short term capital gain, chargeable to tax in his hands at the rate of 15%.
- d) Mr. A's view is correct. The resultant gain would be a long term capital gain, exempt to the extent of Rs.1,00,000. The long-term capital gain in excess of Rs.1,00,000 would be taxable@10%.

Question No. 53

For the Previous Year 2018-19, the taxable income of Mr. Khurana (resident and aged 49 years) computed as per the provisions of Income-tax Act is Rs.30,40,000. The taxable income has been computed after deduction of Rs.3,00,000 under section 80QQB in respect of royalty on books. Will provisions of Alternate Minimum Tax ("AMT") apply to Mr. Khurana for A.Y. 2019-20? What will be his tax liability for the said A.Y.?

- a) Yes, provisions of AMT will apply to Mr. Khurana and his tax liability for A.Y. 2019-20 shall be Rs.6,42,616.
- b) No, provisions of AMT will not apply to Mr. Khurana and his tax liability for A.Y. 2019-20 shall be Rs.7,53,480.
- c) Yes, provisions of AMT will apply to Mr. Khurana and his tax liability for A.Y. 2019-20 shall be Rs.7,53,480.
- d) Yes, provisions of AMT will apply to Mr. Khurana and his tax liability for A.Y. 2019-20 shall be Rs.8,47,080

Question No. 54

The Chief Executive Officer of every political party has to file the return of income of the party if the total income of the party without giving effect to the provisions of section _____ exceeds the maximum amount not chargeable to income-tax.

- a) 11
- b) 12
- c) 13
- d) 13A

Question No. 55

What is the due date of filing the return of income in case of a company who is required to furnish a report in Form No. 3CEB under section 92E?

- a) September 30 of the assessment year
- b) November 30 of the assessment the year
- c) July 31 of the assessment year
- d) June 30 of relevant assessment the year

Question No. 56

One of the following, can be carried forward even return of income is filed after due date:

- a) Unabsorbed Depreciation
- b) Business Loss
- c) Short term capital loss
- d) Long term capital loss

Question No. 57

Return filed under following sections can be revised u/s 139(5)

- a) 139(1)
- b) 139(4)
- c) 139(5)
- d) All of the above

Question No. 58

Assessment under following section is termed as scrutiny assessment

- a) 143(3)
- b) 144
- c) Both of the above
- d) None of the above

Question No. 59

Which of the following can be corrected while processing the return of income under section 143(1)?

- a) any arithmetical error in the return
- b) any error in the return of income
- c) any mistake in the return of income
- d) any claim by the taxpayer which is against law

Question No. 60

Intimation u/s 143(1) can be sent within a period of ____ year from the end of the financial year in which the return of income is filed

- a) 1
- b) 2
- c) 3
- d) 4

Question No. 61

The objective of carrying out assessment u/s 147 is to bring under the tax net _____

- a) Any money, bullion, jewellery, valuable article, etc. which are undisclosed
- b) Any income which has escaped assessment
- c) Any of the above
- d) Both of the above

Question No. 62

MAT shall not apply to any income accruing or arising to a company from

- a) Life insurance business
- b) Banking business
- c) Business of transmission of electricity
- d) All of the above

Question No. 63

While computing book profit u/s 115JB, one of the following is required to be reduced from the net profit

- a) Unabsorbed Depreciation as per books of account
- b) Brought forward business loss as per books of account
- c) Brought forward loss or unabsorbed depreciation, whichever is less as per books of account
- d) Income-tax paid or payable if not already debited to the Statement of Profit and Loss

Question No. 64

While computing adjusted total income u/s 115JC, total income is required to be increased, among others, by one of the following:

- a) Deduction under chapter VIA
- b) Deduction claimed u/s 80P
- c) Deduction claimed u/s 80H to sec. 80RRB
- d) Deduction claimed u/s 80H to sec. 80RRB (other than sec. 80P)

Question No. 65

AMT Credit can be carried forward and set off for _____

- a) 10 years
- b) 15 years
- c) 5 years
- d) Not available for carried forward

Question No. 66

Generally, a domestic company is taxable @ 30%, however for AY 2019-20 in one circumstances, it is taxable @ 25%

- a) Where its total turnover or gross receipts during the previous year 2015-16 does not exceed Rs. 50 crore
- b) Where its total turnover or gross receipts during the previous year 2016-17 does not exceed Rs. 250 crore
- c) Where its total turnover or gross receipts during the previous year 2017-18 does not exceed Rs. 250 crore
- d) None of the above

Question No. 67

As per section 178(3), the _____ of a company has to intimate the tax authority before he parts with any of the assets of the company or the properties in his hands and has to set aside the amount if any intimated to him by the tax authorities.

- a) Managing Director
- b) Manager
- c) Chartered Accountant
- d) Liquidator

Question No. 68

Prosecution can be launched and the taxpayer can be punished if he commits wilful failure to produce before the tax authorities the accounts and documents as demanded under section _____.

- a) 154
- b) 147
- c) 143(1)
- d) 142(1)

Question No. 69

As per section _____, the tax authorities can direct the taxpayer to get his accounts audited from a Chartered Accountant nominated by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner.

- a) 153A
- b) 148
- c) 142(2A)
- d) 44AB

Question No. 70

Any mistake which is apparent from the record in any order passed by the Assessing Officer can be rectified under section _____.

- a) 154
- b) 147
- c) 143
- d) 254

Question No. 71

No order of rectification can be passed after the expiry of _____ years from the end of the financial year in which order sought to be rectified was passed

- a) 2
- b) 3
- c) 4
- d) 6

Question No. 72

In case of an application made by the assessee u/s 154, the income-tax authority shall rectify the order/refuse there certification within _____ from the end of the month in which the application is received by the authority.

- a) 4 years
- b) 2 years
- c) 1 year
- d) 6 months

Question No. 73

If a person fails to comply with the provisions relating to PAN (i.e. obtaining PAN, quoting PAN, etc.), then penalty can be levied under section _____

- a) 270A
- b) 272
- c) 272A
- d) 272B

Question No. 74

A foreign company in which the Indian company holds _____ in nominal value of the equity share capital will be treated as foreign specified company for the purpose of section 115BBB of the Act.

- a) 25% or more
- b) 26% or more
- c) 50% or more
- d) 51% or more

Question No. 75

Dividend received from foreign company will be included in the total income of the tax payer and will be charged to tax at _____.

- a) 5%
- b) 20%
- c) 30%
- d) Normal rate of tax applicable to the assessee

Question No. 76

An appeal to the Commissioner of Income-tax (Appeals) shall be filed in Form No. _____.

- a) 35
- b) 36
- c) 34C
- d) 35B

Question No. 77

Section _____ specifies the orders against which an appeal can be filed before the Commissioner of Income tax (Appeals).

- a) 246A
- b) 260A
- c) 253
- d) 261

Question No. 78

As per section 211(1), payment of advance tax made on or before _____ shall be treated as advance tax paid during the financial year.

- a) 30th September
- b) 30th June
- c) 31st December
- d) 31st March

Question No. 79

As per section 142A, a Valuation Officer should send a report to the Assessing Officer within _____ from the end of the month in which a reference is made by the Assessing Officer under section 142A.

- a) 12 months
- b) 6 months
- c) 1 months
- d) 2 months

Question No. 80

As per section 115QA(3), tax to credit of Government in case of distributed income of domestic company for buy-back of shares shall be deposited within _____ days from date of payment of any consideration to the shareholder on buy-back of shares.

- a) 7 days
- b) 14 days
- c) 10 days
- d) 30 days

Question No. 81

Under section 12AA, an order of granting or refusing registration of trust shall be passed within _____ from the end of the month in which application u/s 12A(1)(a) is received.

- a) 6 months
- b) 12 months
- c) 2 months
- d) 24 months

Question No. 82

An application (in quadruplicate) for advance ruling by a resident applicant for determination of his tax liability arising out of one or more transactions valuing Rs. 100 crore or more in total which has been undertaken or is proposed to be undertaken by him is to be made in Form No. _____.

- a) 34D
- b) 34DA
- c) 34E
- d) 34EA

Question No. 83

If the amount of income in respect of which the penalty is imposed or imposable for the relevant year(s) exceeds Rs. _____, then no order reducing or waiving the penalty under section 273A(1) shall be made by the Principal Commissioner or Commissioner, except with the previous approval of the Principal Chief Commissioner or Chief Commissioner or Principal Director General or Director General, as the case may be.

- a) 1,00,000
- b) 2,00,000
- c) 5,00,000
- d) 10,00,000

Question No. 84

Principal Commissioner or Commissioner of Income-tax is empowered to grant relief from penalty to tax payers in genuine cases. Such power is granted under section 273A and section _____.

- a) 273B
- b) 273AA
- c) 273
- d) 274

Question No. 85

As per section ____ when any specified domestic transaction is carried out between associated enterprises, the said transaction should be carried out at arm's length price.

- a) 90
- b) 91
- c) 92
- d) 90A

Question No. 86

The provisions of sec. 92 will apply only if the aggregate value of specified domestic transactions entered into by the taxpayer during the year exceeds a sum of Rs. _____.

- a) 100 crore
- b) 5 crore
- c) 10 crore
- d) 20 crore

Question No. 87

Section _____ deals with methods of computation of arm's length price.

- a) 94
- b) 93
- c) 92C
- d) 91

Question No. 88

Advance Pricing Agreement shall be valid for such period not exceeding ____ consecutive previous years as may be specified in the agreement.

- a) 5
- b) 3
- c) 10
- d) 2

Question No. 89

As per sec. 94B, interest expenses claimed by an entity to its associated enterprises shall be restricted to _____ of its earnings before interest, taxes, depreciation and amortization (EBITDA) or interest paid or payable to associated enterprise, whichever is less.

- a) 30%
- b) 25%
- c) 20%
- d) 50%

Question No. 90

If any person fails to keep and maintain any such information and document as required by sec. 92D in respect of an international transaction or specified domestic transaction, the Assessing Officer or Commissioner (Appeals) may direct that such person shall pay, by way of penalty, a sum equal to _____

- a) Rs. 5,00,000
- b) 2% of the value of each international transaction or specified domestic transaction entered into by such person
- c) Rs. 1,00,000
- d) 1% of the value of each international transaction or specified domestic transaction entered into by such person

Question No. 91

Uncontrolled transaction means a transaction between _____, whether resident or non-resident.

- a) enterprises other than associated enterprises
- b) associated enterprises
- c) any enterprises
- d) none of the above

Question No. 92

Air India Ltd. has paid amount of Rs.20 lakhs during the year ended 31.3.2019 to Airports Authority of India towards landing and parking charges.

- a) No tax is deductible at source from such payment
- b) Tax is deductible at source@2% u/s 194C on such payment
- c) Tax is deductible at source@2% u/s 194-I on such payment
- d) Tax is deductible at source@10% u/s 194-I on such payment

Question No. 93

A Ltd. credited Rs.28,000 towards fees for professional services and Rs.27,000 towards fees for technical services to the account of Ram in its books of account on 12.11.2018.

The total sum of Rs.55,000 was paid by cheque to Ram on the same date.

- a) No tax is deductible at source from such payment
- b) Tax is deductible at source@10% u/s 194J on the entire payment of Rs.55,000
- c) Tax is deductible at source@10% u/s 194J on Rs.25,000 (Rs.55,000 - Rs.30,000)
- d) Tax is deductible at source@2% u/s 194-J on Rs.25,000 (Rs.55,000 - Rs.30,000)

Question No. 94

Mr. Hari, a salaried individual, pays rent of Rs.55,000 per month to Mr. Raghav from June, 2018. Which of the following statement is correct?

- a) No tax is required to be deducted for F.Y.2018-19 since Mr. Hari is not subject to tax audit u/s 44AB
- b) Mr. Hari has to deduct tax@5% from rent paid every month
- c) Mr. Hari has to deduct tax@5% on the entire rent paid for F.Y.2018-19 from the rent payable for March, 2019
- d) Mr. Hari has to deduct tax of Rs.55,000 from rent payable for March, 2019

Question No. 95

A Ltd., an Indian company, has a wholly owned subsidiary in Sri Lanka, and it extends corporate guarantee to the said non-resident subsidiary. If the amount guaranteed is Rs.90 crore, the Assessing Officer has to accept the guarantee fee declared by A Ltd. For F.Y.2018-19, if the guarantee fee declared is -

- a) Rs.45 lakhs
- b) Rs.80 lakhs
- c) Rs.90 lakhs
- d) Either (a) or (b)

Question No. 96

ABC Ltd. an Indian company paid dividend distribution tax under section 115-D in respect of dividend distributed by it to its resident and non-resident shareholders. Mr. John, a shareholder of ABC Ltd. and a resident of Country X, has to pay tax in Country X on dividend received by him from ABC Ltd., as per the domestic tax laws of Country X. This is an example of:

- a) Juridical double taxation
- b) Economic double taxation
- c) Territorial double taxation
- d) Municipal double taxation

Question No. 97

Music Academy, as per its rules, pays a fixed honorarium per concert to each musician performing in the concerts organised by it. Hari, a violinist, however, refuses to accept this sum. If he requests Music Academy to pay such sum directly to Aid Us, an unregistered institution providing relief to the poor and needy in rural India, what would be the tax consequence?

- a) No amount would be chargeable to tax in the hands of Mr. Hari, since this is a case of diversion of income at source by overriding title.
- b) The amount payable to Aid Us would be chargeable to tax only in the hands of Mr. Hari, since it is a case of application of income
- c) The amount payable to Aid Us would be chargeable to tax only in the hands of the institution which has received the amount
- d) The amount payable to Aid Us would be chargeable to tax both in the hands of Mr. Hari and in the hands of the institution.

Question No. 98

An application for advance ruling was made on 31.05.2018 in relation to a transaction proposed to be undertaken by Mr. Andrew, a resident of Germany. On 07.07.2018, he decides to withdraw the said application.

- a) Application cannot be withdrawn once filed
- b) Application can be withdrawn on 07.07.2018 only with special permission of Principal Chief Commissioner
- c) Application cannot be withdrawn since 30 days from date of application have passed
- d) Application can be withdrawn on 07.07.2018 with permission of the AAR, if the circumstances of the case so justify

Question No. 99

X Ltd., a company engaged in the business of manufacturing, paid Rs.2 lakh to IISc, Bangalore (an approved and notified institution) for scientific research. It also incurred capital expenditure of Rs.12 lakh (including cost of acquisition of land Rs.5 lakh) on in-house research and development facility as approved by the prescribed authority. The deduction under section 35 for A.Y.2019-20 would be

- a) Rs.9,00,000
- b) Rs.13,50,000
- c) Rs.14,00,000
- d) Rs.10,00,000

Question No. 100

Mr. X, set up a manufacturing unit in Warangal in the state of Telangana on 01.06.2018. It invested Rs.30 crore in new plant and machinery on 1.6.2018. Further, it invested Rs.25 crore in the plant and machinery on 01.11.2018, out of which Rs. 5 crore was second hand plant and machinery. The depreciation allowable under section 32 for A.Y.2019-20 is

- a) Rs.15.375 crore
- b) Rs.20.375 crore
- c) Rs.14.875 crore
- d) Rs.11.375 crore

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ANSWERS – TEST YOUR KNOWLEDGE – 4

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
1	d	38	c	75	d
2	a	39	b	76	a
3	d	40	c	77	a
4	b	41	a	78	d
5	c	42	a	79	b
6	d	43	c	80	b
7	a	44	a	81	a
8	d	45	d	82	b
9	c	46	a	83	c
10	a	47	d	84	b
11	d	48	c	85	c
12	a	49	a	86	d
13	a	50	c	87	c
14	d	51	c	88	a
15	b	52	d	89	a
16	d	53	c	90	b
17	d	54	d	91	a
18	b	55	b	92	b
19	c	56	a	93	a
20	d	57	d	94	c
21	c	58	a	95	c
22	c	59	a	96	b
23	b	60	a	97	d
24	b	61	b	98	d
25	a	62	a	99	b
26	a	63	c	100	b
27	c	64	d		
28	a	65	b		
29	b	66	b		
30	d	67	d		
31	b	68	d		
32	a	69	c		
33	d	70	a		
34	a	71	c		
35	d	72	d		
36	d	73	d		
37	b	74	b		

MY RESULT

_____/100

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TEST YOUR KNOWLEDGE – 5

Question No. 1

Y Ltd. purchased computers of the value of Rs.10 lakhs in November, 2018 and installed the same in its office. The depreciation allowable under section 32 for A.Y.2019-20 is respect of the same is –

- a) Rs.6 lakhs
- b) Rs.3 lakhs
- c) Rs.4 lakhs
- d) Rs.2 lakhs

Question No. 2

Mr. Arvind, engaged in the business of wholesale trade, has a turnover of Rs.90 lakhs for P.Y.2017-18 and Rs.210 lakhs for P.Y.2018-19. In the P.Y.2018-19, he paid salary of Rs.3 lakhs to Mr. Hari, a resident, without deduction of tax at source and commission of Rs.25,000 to Mr. Rajesh, a resident, without deduction of tax at source. The disallowance under section 40(a)(ia) while computing business income of A.Y.2019-20 would be –

- a) Rs.3,25,000
- b) Rs.97,500
- c) Rs.90,000
- d) Nil

Question No. 3

A public charitable trust registered under section 12AA for the previous year ended 31.3.2019, derived income of Rs.10 lakhs from properties held by trust and voluntary contributions from public 15 lakhs, out of which Rs.8 lakhs was applied for charitable purposes and Rs.4 lakhs towards repayment of loan taken for construction of orphanage. The total income of the trust for A.Y.2019-20 is –

- a) Rs.13 lakhs
- b) Rs.9.25 lakhs
- c) Rs.13.25 lakhs
- d) Rs.17 lakhs

Question No. 4

If Country A is a notified jurisdictional area (NJA), then, the rate at which interest receivable from a infrastructure debt fund notified u/s 10(47) is taxable in the hands of Mr. Ram, a resident of Country A, and the rate at which tax has to be deducted at source on such income are, respectively, -

- a) 30% and 5%
- b) 5% and 5%
- c) 30% and 30%
- d) 5% and 30%

Question No. 5

In October, 2014, Mr. Raghav, an Indian citizen who is a non-resident, bought 500 Global Depository Receipts (GDRs) of Alpha Limited, India, issued in accordance with the notified scheme of the Central Government against the company's initial issue of shares in foreign currency. In January, 2019, he sold 300 GDRs outside India to Mr. Joe, a citizen and resident of a country outside India and 200 GDRs to Mr. Kamal, a Resident but not ordinarily resident in India. What are the tax consequences of such sale transaction under the Income tax Act, 1961?

- a) Capital gains arising on sale of 500 GDRs shall be subject to tax @20% with indexation benefit in India
- b) No capital gains would arise on sale of 500 GDRs in India, since the GDRs are purchased in foreign currency
- c) No capital gains would arise on sale of 300 GDRs, but capital gains arising on sale of 200 GDRs shall be taxed in India @10% without indexation benefit
- d) No capital gains would arise on sale of 300 GDRs, but capital gains arising on sale of 200 GDRs shall be taxed @20% with indexation benefit in India

Question No. 6

If ABC Ltd. has two Units, Unit 1 is engaged in power generation business and Unit 2 is engaged in manufacture of wires. Both the units were set up in Karnataka in the year 2014. In the year 2018-19, twenty lakh metres of wire are transferred from Unit 2 to Unit 1 at Rs.125 per metre when the market price per metre was Rs.180. Which of the following statements is correct?

- a) Transfer pricing provisions would be attracted in this case
- b) Transfer pricing provisions would not be attracted in this case since Unit 1 and Unit 2 belong to the same company and are not associated enterprises.
- c) Transfer pricing provisions would not be attracted in this case as it is not an international transaction since both Units are in India. However, for the purpose of Chapter VIA deduction, the profits of power generation business shall, however, be computed as if the transfer has been made at the market value of Rs.180 per MT.
- d) Transfer pricing provisions would not be attracted in this case due to reasons mentioned in both (b) and (c) above.

Question No. 7

Which of the following is not an eligible international transaction for application of safe harbor rules?

- (i) Preparation of user documentation
- (ii) Receipt of intra-group loans where the amount of loan is denominated in Indian rupees
- (iii) Providing implicit corporate guarantee
- (iv) Purchase and export of core auto components
- (v) Receipt of intra-group services from group member

Choose the correct option

- a) Only (ii)
- b) (ii) & (v)
- c) (ii), (iv) & (v)
- d) (ii), (iii), (iv) & (v)

Question No. 8

XYZ Ltd. has failed to report an international transaction entered by it with PQR Inc., which is a specified foreign company in relation to XYZ Ltd. What would be the penalty leviable in this case?

- (i) 2% of the value of transaction
- (ii) 50% of tax payable on under-reported income
- (iii) 200% of tax payable on under-reported income

Choose the correct option

- a) Only (i)
- b) Only (iii)
- c) (i) & (ii)
- d) (i) & (iii)

Question No. 9

Alpha Ltd.'s total income of A.Y. 2019-20 has increased by Rs.34 lakhs due to application of arm's length price by the Assessing Officer on transactions of purchase of goods from its foreign holding company in respect of a retail trade business carried on by it, and the same has been accepted by Alpha Ltd., then, -

- a) business loss of A.Y. 2015-16 cannot be set-off against the enhanced income
- b) deductions under Chapter VI-A cannot be claimed in respect of the enhanced income
- c) unabsorbed depreciation of A.Y. 2010-11 cannot be set-off against the enhanced income
- d) Business loss referred to in (a), deductions referred to in (b) and unabsorbed depreciation referred to in (c) cannot be set-off against the enhanced income.

Question No. 10

Mr. Anjan, a property dealer, sold a flat in Mumbai, the stamp duty of which is Rs.2 crores for Rs.1.80 crores to his friend Mr. Ashwin, a college lecturer. Mr. Anjan had purchased the flat one year back for Rs.1.50 crores and the stamp duty value on that date was also Rs.1.50 crores. What are the tax implications of such sale?

- a) Rs.50 lakhs would be taxable as short-term capital gains in the hands of Mr. Anjan. There would be no tax implication in the hands of Mr. Ashwin
- b) Rs.50 lakhs would be taxable as business income in the hands of Mr. Anjan. There would be no tax implication in the hands of Mr. Ashwin
- c) Rs.50 lakhs would be taxable as business income in the hands of Mr. Anjan and Rs.20 lakhs would be taxable as income from other sources in the hands of Mr. Ashwin.
- d) Rs.50 lakhs would be taxable as short-term capital gains in the hands of Mr. Anjan and Rs.20 lakhs would be taxable as income from other sources in the hands of Mr. Ashwin.

Question No. 11

Dividend received by a real estate investment trust (REIT) from special purpose vehicle (SPV) and distributed to its unit holders is –

- a) exempt in the hands of both the REIT and the unit holders unconditionally
- b) exempt in the hands of the REIT only if the SPV is a specified domestic company; exempt in the hands of unit holders only if taxable in the hands of REIT
- c) exempt in the hands of the REIT only if the SPV is a specified domestic company; exempt in the hands of unit holders only if exempt in the hands of REIT
- d) exempt in the hands of the REIT only if the SPV is a specified domestic company; exempt unconditionally in the hands of unit holders

Question No. 12

Which of the following can be treated as "profits derived from" business or undertaking to qualify for deduction under section 80-IB?

- (i) Transport subsidy
 - (ii) Duty drawback receipts
 - (iii) interest subsidy
 - (iv) power subsidy
- a) Only (ii)
 - b) (ii) & (iii)
 - c) (i), (iii) & (iv)
 - d) All the above

Question No. 13

ABC Ltd., an Indian company engaged in manufacture of steel, has incurred expenditure on advertisement in a souvenir of a political party. Which of the following statements are correct?

- a) Such expenditure is allowable as deduction while computing its business income.
- b) Such expenditure is not allowable as deduction while computing its total income.
- c) Such expenditure is not allowable as deduction while computing its business income but is allowable as deduction from gross total income.
- d) Such expenditure is neither allowable as deduction from business income nor allowable as deduction from gross total income

Question No. 14

Rental income earned from the business of letting out of properties is -

- a) Always taxable as income from house property
- b) Always taxable as business income
- c) Taxable as business income or income from house property, at the option of the assessee. However, the practice should be followed consistently.
- d) Taxable as business income only if the entire or substantial income of the assessee was from letting out of property. Otherwise, the same would be taxable as income from house property.

Question No. 15

ABC Ltd., an Indian company commenced business on 1.2.2019. It incurred preliminary expenses of Rs.35 lakhs during the period from 1.4.2018 to 31.1.2019. The cost of the project is Rs.5 crore. The following are the details as on 31.3.2019: Issued Share Capital - Rs.3 crore; Share Premium - Rs.50 lakhs; Debentures - Rs.1 crore; Long-term borrowings - Rs.2 crore. The deduction under section 35D for P.Y.2018-19 is -

- a) Rs.5 lakhs
- b) Rs.6 lakhs
- c) Rs.6.50 lakhs
- d) Rs.7 lakhs

Question No. 16

Himalaya Ltd. is an eligible start-up engaged in eligible business. Its gross total income included profits of Rs.25 lakhs from such business. The Assessing Officer made disallowance of Rs.3 lakhs under section 40(a)(ia) and of Rs.2 lakhs under section 43B. The deduction allowable under section 80-IAC would be -

- a) Rs.25 lakhs
- b) Rs.28 lakhs
- c) Rs.30 lakhs
- d) Rs.20 lakhs

Question No. 17

Delta Limited is engaged in growing and manufacturing rubber in India. It commenced its operations from 1st April, 2018. It acquired plant and machinery (second hand), factory building and furniture at a cost of Rs.62 lakhs, Rs.37 lakhs and Rs.8 lakhs, respectively, in the P.Y. 2018-19 by way of ECS through bank account. Assuming that all the assets were put to use for more than 180 days during the P.Y. 2018-19, you are required to compute the written down value of each block as on 1st April, 2019.

- a) Rs.52.70 lakhs; Rs.33.30 lakhs & Rs.7.20 lakhs
- b) Rs.58.75 lakhs; Rs.35.71 lakhs & Rs.7.72 lakhs
- c) Rs.58.28 lakhs; Rs.35.52 lakhs & Rs.7.68 lakhs
- d) Rs.59.675 lakhs; Rs.36.075 lakhs & Rs.7.8 lakhs

Question No. 18

An Assessing Officer entered a hotel run by a person, in respect of whom he exercises jurisdiction, at 8.30 p.m. for the purpose of collecting information, which may be useful for the purposes of the Act. The hotel is kept open for business every day between 8 a.m. and 10 p.m. As per the provisions of section 133B,

- a) The A.O. cannot enter the premises at 8.30 p.m. since it is after sunset
- b) The A.O. can enter premises at 8.30 p.m. and take away books of account kept at the hotel after taking prior approval of the Principal Chief Commissioner or Chief Commissioner.
- c) The A.O. can enter premises at 8.30 p.m. and take away books of account kept at the hotel after recording reasons for doing so.
- d) The A.O. can enter premises at 8.30 p.m. but cannot take away books of account kept at the hotel

Question No. 19

In the course of search operations under section 132 in the month of May, 2019, Mr. Aakash makes a declaration under section 132(4) on the earning of income not disclosed in respect of P.Y. 2018-19. He also explains the manner in which he has derived such income and he pays the tax together with interest on such income and declares such income in the return of income filed by him in the month of July, 2019. Is penalty leviable in this case?

- a) No penalty is attracted since Mr. Aakash has voluntarily made a declaration under section 132(4).
- b) Penalty@10% of undisclosed income would be attracted even if Mr. Aakash has voluntarily made a declaration under section 132(4).
- c) Penalty@30% of undisclosed income would be attracted even if Mr. Aakash has voluntarily made a declaration under section 132(4).
- d) Penalty@60% of undisclosed income would be attracted even if Mr. Aakash has voluntarily made a declaration under section 132(4).

Question No. 20

ABC Ltd. took on sub-lease a building from Ms. Jhanvi with effect from 1.7.2018 on a rent of Rs.20,000 per month. It also took on hire machinery from Ms. Jhanvi with effect from 1.10.2018 on hire charges of Rs.15,000 per month. ABC Ltd. entered into two separate agreements with Ms. Jhanvi for sub-lease of building and hiring of machinery. Which of the following statements are correct with reference to ABC Ltd.'s liability to deduct tax at source, assuming that one-month's rent was received as security deposit, which is refundable at the end of the lease period?

- a) No tax needs to be deducted at source since rent for building does not exceed Rs.1,80,000 p.a. and rent for machinery also does not exceed Rs.1,80,000 p.a. Security deposit refundable at the end of the lease term is not rent for the purpose of TDS
- b) Tax has to be deducted@10% on rent of Rs.2,00,000 (including security deposit) for building, but no tax needs to be deducted on rent for machinery (including security deposit), since the same does not exceed Rs.1,80,000.
- c) Tax has to be deducted@10% on Rs.2,00,000 and @2% on Rs.1,05,000 (i.e. rent including security deposit)
- d) Tax has to be deducted@10% on Rs.1,80,000 and @2% on Rs.90,000. Security deposit refundable at the end of the lease period is not rent.

Question No. 21

Mudra Adco Ltd., an advertising company, has retained a sum of Rs.15 lakhs, towards charges for procuring and canvassing advertisements, from payment of Rs.1 crore due to Cloud TV, a television channel, and remitted the balance amount of Rs.85 lakhs to the television channel. Which of the following statements are correct?

- a) No TDS is attracted on the sum of Rs.15 lakhs retained by Mudra Adco Ltd.
- b) TDS@2% is attracted on the sum of Rs.15 lakhs retained by Mudra Adco Ltd
- c) TDS@5% is attracted on the sum of Rs.15 lakhs retained by Mudra Adco Ltd.
- d) TDS@10% is attracted on the sum of Rs.15 lakhs retained by Mudra Adco Ltd.

Question No. 22

Mr. X acquired a house property at Mumbai from Mr. Y, a resident, for a consideration of Rs.90 lakhs, on 20.6.2018. On the same day, Mr. X made two separate transactions, thereby acquiring an urban plot in Kolkata from Mr. C for a sum of Rs.49,50,000 and rural agricultural land from Mr. D for a consideration of Rs.60 lakhs. Which of the following statements are correct?

- a) No tax deduction at source is required in respect of any of the three payments.
- b) TDS@1% is attracted on all the three payments.
- c) TDS@1% on Rs.90 lakhs and Rs.49,50,000 are attracted. No TDS on payment of Rs.60,00,000 for acquisition of rural agricultural land
- d) TDS@1% on Rs.90 lakhs is attracted. No TDS on payments of Rs.49,50,000 and 60,00,000

Question No. 23

A notified infrastructure debt fund eligible for exemption under section 10(47) of the Income-tax Act, 1961 pays interest of Rs.5 lakhs to a company incorporated in a foreign country. The foreign company incurred expenditure of Rs.12,000 for earning such interest. The fund also pays interest of Rs.3 lakhs to Mr. Frank, who is a resident of Country A, a notified jurisdictional area. Which of the following statements are correct?

- a) No tax deduction at source is required in respect of both the payments.
- b) No TDS is required in respect of payment of Rs.5 lakhs to the foreign company. However payment of interest to Frank attracts TDS@31.2%
- c) TDS@5.20% is attracted on Rs.4,88,000 to the foreign company. TDS@31.2% is attracted interest payment of Rs.3 lakhs to Mr. Frank
- d) TDS@5.20% is attracted on interest payment of Rs.5 lakhs to the foreign company. TDS@31.2% is attracted on interest payment of Rs.3 lakhs to Mr. Frank

Question No. 24

Mr. Ram, a resident individual aged 55 years, has not furnished his return of income for A.Y.2018-19. However, the total income assessed in respect of such year under section 144 is Rs.12 lakh. Determine the quantum of penalty leviable under section 270A?

- a) Penalty leviable is Rs.1,79,400, being tax payable on total income of Rs.12 lakh
- b) Penalty leviable is Rs.89,700, being 50% of tax payable on Rs.12 lakh
- c) Penalty leviable under section 270A is Rs.53,300, being 50% of tax payable on under-reported income of Rs.9.50 lakhs (i.e., Rs.12 lakhs - basic exemption limit of Rs.2.50 lakhs)
- d) Penalty leviable under section 270A is Rs.1,06,600, being tax payable on under-reported income of Rs.9.50 lakhs (i.e., Rs.12 lakhs - basic exemption limit of Rs.2.50 lakhs)

Question No. 25

A private bank has not filed its statement of financial transaction or reportable account in relation to the specified financial transactions for the financial year 2018-19. A notice was issued by the prescribed income-tax authority on 1st October, 2019 requiring the bank to furnish the statement by 31st October, 2019. The bank, however, furnished the statement only on 15th November, 2019. What would be the penalty leviable under section 271FA?

- a) Rs.91,500
- b) Rs.13,600
- c) Rs.16,800
- d) Rs.22,800

Question No. 26

Raman & Associates had made payment of Rs.2 lakh to the contractors for carrying out labour job work at various sites, but had not deducted tax at source. What are the tax consequences?

- a) Rs.2,00,000 has to be added back while computing business income. However, no penalty is leviable
- b) Rs.60,000 has to be added back while computing business income. However, no penalty is leviable
- c) Penalty equal to the amount of tax which has not been deducted is leviable in this case. Also, Rs.2,00,000 has to be added back while computing business income.
- d) Penalty equal to the amount of tax which has not been deducted is leviable in this case. Also, Rs.60,000 has to be added back while computing business income

Question No. 27

Mr. Aryan is constructing a residential house property in Mumbai for self-occupation. He has taken a loan of Rs.35 lakhs on 30.3.2018 for this purpose. He pays interest of Rs.3 lakhs during the P.Y.2018-19. He repays Rs.3 lakhs towards principal on 31.3.2019. The construction is completed in April, 2019. This is the only house property of Mr. Aryan. For A.Y.2019-20,

- a) Mr. Aryan is entitled for deduction of Rs.2 lakhs under section 24 and Rs.1.50 lakhs under section 80C
- b) Mr. Aryan is entitled for deduction of Rs.2 lakhs under section 24, Rs.50,000 under section 80EE and Rs.1.50 lakhs under section 80C.
- c) Mr. Aryan is neither entitled for deduction under section 24 nor under section 80C. He is, however, entitled for deduction of Rs.50,000 under section 80EE.
- d) Mr. Aryan is not entitled for deduction under section 24, section 80C and section 80EE.

Question No. 28

PQR Ltd., a domestic company, has distributed on 15/10/2018, dividend of Rs.230 lakh to its shareholders. On 17/9/2018, PQR Ltd. has received dividend of Rs.60 lakh from its domestic subsidiary company XYZ Ltd., on which XYZ Ltd. has paid dividend distribution tax under section 115-D. The additional income-tax payable by PQR Ltd. under section 115-D is -

- a) Rs.29.70 lakhs
- b) Rs.34.944 lakhs
- c) Rs.34.608 lakhs
- d) Rs.29.42 lakhs

Question No. 29

Lima Ltd., a domestic company, purchases its own unlisted shares on 13th August, 2018. The consideration for buyback amounted to Rs.23 lakh, which was paid on the same day. The amount received by the company two years back for issue of such shares determined in the manner specified in Rule 40BB was Rs.17 lakh. The additional income-tax payable by Lima Ltd. is –

- a) Rs.1,03,824
- b) Rs.1,04,832
- c) Rs.1,39,776
- d) Rs.1,38,432

Question No. 30

A REIT derives rental income of Rs.2 crore from real estate property directly owned by it and short term capital gains of Rs.1 crore on sale of developmental properties. It also receives interest income of Rs.3 crore from Gamma Ltd., an Indian company, in which it holds controlling interest. The REIT holds 80% of the shareholding of Gamma Ltd. Which of the following statements is correct?

- a) All the above income are taxable in the hands of REIT
- b) REIT enjoys pass through status in respect of the above income and hence, such income are taxable in the hands of the unit holders.
- c) REIT enjoys pass through status in respect of interest income from Gamma Ltd. and hence, such income is taxable in the hands of the unit holders. Rental income and short-term capital gains are taxable in the hands of the REIT
- d) REIT enjoys pass through status in respect of interest income from Gamma Ltd. and rental income from directly owned real estate property and hence, such income are taxable in the hands of the unit holders. Short-term capital gains is taxable in the hands of the REIT

Question No. 31

Mr. Hari has income of Rs.52 lakhs under the head "Profits and gains of business or profession". One of his businesses is eligible for deduction@100% of profits under section 80-IB for A.Y. 2019-20. The profit from such business included in the business income is Rs.20 lakhs. The tax payable by Mr. Hari (rounded off), assuming that he has no other income during the P.Y.2018-19, is –

- a) Rs.8,03,400
- b) Rs.10,89,950
- c) Rs.9,90,860
- d) Rs.11,00,530

Question No. 32

The assessment of Satpura Ltd. was completed under section 143(3) with an addition of Rs.18 lakhs to the returned income. Satpura Ltd. preferred appeal before the Commissioner (Appeals) which is pending now. Which of the following statements is incorrect?

- a) The A.O. can initiate reassessment proceedings in respect of income chargeable to tax which has escaped assessment, provided such income which has escaped assessment does not form part of the additions of Rs.18 lakhs to the returned income, which is the subject matter of appeal.
- b) The A.O. can pass an order under 154(I) to rectify a mistake apparent from the record, provided the rectification is in relation to a matter, other than the matter which has been considered and decided in the appeal before Commissioner (Appeals).
- c) Under section 264, the Commissioner can revise the order pending before the Commissioner (Appeals), if the revision pertains to a matter, other than the matter(s) covered in the appeal before Commissioner (Appeals)
- d) Under section 263, if the order is prejudicial to the interests of the revenue, the Commissioner can revise the order pending before the Commissioner (Appeals), if the revision pertains to a matter, other than the matter(s) covered in the appeal before Commissioner (Appeals)

Question No. 33

Kamala charitable trust, registered u/s 12AA, having its main object as medical relief, earned dividend income of Rs.3 lakhs, income of Rs.2 lakhs from mutual funds registered under section 10(23D) and agricultural income of Rs.4 lakhs during the P.Y.2018-19. Which of the following statements is correct?

- a) The trust has to apply such income for charitable purposes as per the provisions of section 11 to claim exemption in respect of such income.
- b) The trust can claim exemption under section 10(1), 10(34) and 10(35) in respect of its agricultural income, dividend and income from mutual funds, respectively, without applying such income for charitable purposes.
- c) The trust can claim exemption under sections 10(34) and 10(35) in respect of its dividend and income from mutual funds, respectively, without applying such income for charitable purposes. However, it cannot claim exemption under section 10(1) in respect of agricultural income without applying such income for charitable purposes.
- d) The trust can claim exemption under section 10(1) in respect of its agricultural income without applying such income for charitable purposes. However, it cannot claim exemption in respect of its income from mutual funds registered under section 10(23D) and dividend income of Rs.3 lakhs without applying such income for charitable purposes.

Question No. 34

Delta Ltd., a domestic company, declared dividend of Rs.85 lakh for the year F.Y.2018-19 and distributed the same on 27.6.2019. Mr. Ganesh, holding 15% shares in Delta Ltd., receives dividend of Rs.12.75 lakh in June, 2019. Mr. Rajesh, holding 10% shares in Delta Ltd., receives dividend of Rs.8.50 lakh. Which of the following statements is correct?

- a) Dividend distribution tax u/s 115-D is attracted in the hands of Delta Ltd. There would be no tax on dividend received by Mr. Ganesh and Mr. Rajesh in their individual hands.
- b) Dividend distribution tax u/s 115-D is attracted in the hands of Delta Ltd. However, dividend received by Mr. Ganesh and Mr. Rajesh is also taxable in their individual hands
- c) Dividend distribution tax is payable by Delta Ltd. u/s 115-D. Also, dividend received by Mr. Ganesh is taxable in his hands@10%.
- d) Dividend distribution tax is payable by Delta Ltd. u/s 115-D. Also, Mr. Ganesh has to pay tax@10% on dividend of Rs.2.75 lakhs received by him.

Question No. 35

Which of the following individuals would be entitled to opt for presumptive taxation schemes under the Income-tax Act, 1961 for A.Y.2019-20?

- (i) A retail trader having turnover of Rs.2 crore during the previous year 2018-19
 - (ii) A practising CA having gross receipts of Rs.92 lakhs during the previous year 2018-19.
 - (iii) A wholesale trader having turnover of Rs.1.96 crore during the previous year 2018-19.
 - (iv) A doctor having gross receipts of Rs.50 lakhs during the previous year 2018-19
 - (v) Individual owning 8 goods carriages as on 1.4.2018. He sold 2 goods carriages on 1.5.2018 and purchased 4 goods carriages on 1.7.2018.
- a) Only (iii)
 - b) (iii) & (v)
 - c) (i), (iii), (iv) & (v)
 - d) (i), (ii), (iii), (iv) & (v)

Question No. 36

Mr. Arjun's, aged 40 years, total income comprises of long-term capital gains on sale of land Rs.5 lakhs; short-term capital gains on sale of STT paid listed equity shares Rs.2 lakhs; income from lottery Rs.1 lakh and savings bank interest Rs.30,000. He invests Rs.1.50 lakhs in PPF. His tax liability for A.Y.2019-20 is -

- a) Rs.1,64,800
- b) Rs.1,66,400
- c) Rs.1,14,400
- d) Rs.1,13,300

Question No. 37

Mrs. Kavitha, wife of Mr. Sundar, is a partner in a firm. Her capital contribution of Rs.5 lakhs to the firm as on 1.4.2018 included Rs.3 lakhs contributed out of gift received from Sundar. On 2.4.2018, she further invested Rs.1 lakh out of gift received from Sundar. The firm paid interest on capital of Rs.60,000 and share of profit of Rs.50,000 during the F.Y.2018-19. The entire interest has been allowed as deduction in the hands of the firm. Which of the following statements is correct?

- a) Share of profit is exempt but interest on capital is taxable in the hands of Mrs. Kavitha
- b) Share of profit is exempt but interest of Rs.40,000 is includible in the income of Mr. Sundar and interest of Rs.20,000 is includible in the income of Mrs. Kavitha
- c) Share of profit is exempt but interest of Rs.36,000 is includible in the income of Mr. Sundar and interest of Rs.24,000 is includible in the income of Mrs. Kavitha
- d) Share of profit to the extent of Rs.30,000 and interest on capital to the extent of Rs.36,000 is includible in the hands of Mr. Sundar

Question No. 38

X Ltd., a domestic company, has a total income of Rs.10,01,00,000 for A.Y.2019-20. The gross receipts of X Ltd. for P.Y.2016-17 are Rs.240 crore. The tax liability of X Ltd. for A.Y.2019-20 is

- a) Rs.2,76,55,500
- b) Rs.2,79,24,000
- c) Rs.3,46,42,610
- d) Rs.3,49,78,940

Question No. 39

M/s. Atlanta Airlines, incorporated as a company in USA, operated its flights to India and vice versa during the year 2018-19 and collected charges of Rs.280 crores for carriage of passengers and cargo, out of which Rs.100 crores were received in US Dollars for the passenger fare from Atlanta to Delhi. Out of Rs.100 crores, US dollars equivalent to Rs.40 crores is received in India. The total expenses for the year on operation of such flights were Rs.11 crores. The effective rate of income-tax applicable on total income of M/s. Atlanta Airlines is

- a) 42.432%
- b) 43.68%
- c) 43.26%
- d) 42.024%

Question No. 40

Abhinav, an individual aged 52 years resident in India, bought 3,000 equity shares of Rs.10 each of Theta Ltd. at Rs.70 per share on 1.6.2018. He sold 1,800 equity shares at Rs.50 per share on 3.11.2018 and the remaining 1,200 shares at Rs.60 per share on 23.3.2019. Theta Ltd. declared a dividend of 40%, the record date being 14.8.2018. On 15.3.2019, Abhinav sold a house from which he derived a long-term capital gain of Rs.1,25,000. Assuming Abhinav's interest income from bank fixed deposit is Rs.3,00,000, his tax liability (rounded off) for A.Y.2018-19 would be

- a) Rs.18,620
- b) Rs.19,920
- c) Rs.20,110
- d) Rs.18,440

Question No. 41

Ms Geetha, born in USA, comes to India for the first time on 5.1.2019 and left India on 28.5.2019. She was born and brought up in the USA but her grandparents were born in Karachi before the year 1940. In December, 2015, she bought, in foreign currency, 500 Global Depository Receipts of PQR Ltd, an Indian Company, which were issued in accordance with the notified scheme of the Central Government against the initial issue of shares of PQR Ltd. In January, 2018, she sold 300 GDRs outside India to Mr. Frank, a citizen and resident of Country 'X' and 200 GDRs to Mr. Kamal, a Resident but not ordinarily resident in India. Comment on the tax consequences of such sale transaction under the Income-tax Act, 1961 –

- a) Capital gains arising on sale of 500 GDRs shall be subject to tax @20% with indexation benefit in India
- b) No capital gains would arise on sale of 500 GDRs in India, since the GDRs are purchased in foreign currency
- c) No capital gains would arise on sale of 300 GDRs, but capital gains arising on sale of 200 GDRs shall be taxed in India @10% without indexation benefit
- d) No capital gains would arise on sale of 300 GDRs, but capital gains arising on sale of 200 GDRs shall be taxed @20% with indexation benefit in India

Question No. 42

The basic exemption limit in case of a non-resident individual being a senior citizen is:

- a) Rs. 1,80,000
- b) Rs. 2,40,000
- c) Rs. 2,50,000
- d) Rs. 2,00,000

Question No. 43

Which of the following is not an example of capital receipt?

- a) Money received on issue of shares
- b) Money received on sale of land
- c) Money received on sale of goods
- d) None of the above

Question No. 44

The amount of Health & Education cess to be collected along with Income tax for assessment year 2019-20 shall be

- a) 1%
- b) 2%
- c) 3%
- d) 4%

Question No. 45

The term 'income' includes the following types of incomes:

- a) Legal
- b) Illegal
- c) Legal and illegal both
- d) None of the above

Question No. 46

Which of the following income is not included in the term 'income' under the Income Tax Act, 1961?

- a) Profits and gains
- b) Profit in lieu of salary
- c) Dividend
- d) Reimbursement of travelling expenses.

Question No. 47

Income accruing in India in previous year is taxable for –

- a) Resident
- b) Not ordinarily resident
- c) Non-resident
- d) All of the above.

Question No. 48

Income accruing from agriculture in a foreign country is taxable in the case of an assessee who is

- a) Resident
- b) Not-ordinarily resident
- c) Non-resident
- d) None of the above.

Question No. 49

Foreign income received in India during the previous year is taxable in the case of

- a) Resident
- b) Not-ordinarily resident
- c) Non-resident
- d) All of the above.

Question No. 50

Every year, the residential status of an assessee

- a) May change
- b) Will certainly change
- c) Will not change
- d) None of the above.

Question No. 51

Which of the following income is agricultural income

- a) Rent received from agricultural land
- b) Income from dairy farm
- c) Income from poultry farm
- d) Dividend from a company engaged in agriculture.

Question No. 52

Income received in India from agriculture in a foreign country is taxable in the case of an assessee who is-

- a) Resident
- b) Not-ordinarily resident
- c) Non-resident
- d) All of the above.

Question No. 53

Which of the following income is an agriculture income?

- a) Income from brick making
- b) income from agriculture land situated in Pakistan
- c) Prize from government on account of higher crop yield
- d) Compensation received from insurance company on account of loss of crop.

Question No. 54

Under section 10, the maximum amount of gratuity received if assessee not covered under payment of gratuity act 1972 which is not chargeable to tax shall be;

- a) Rs. 3,50,000
- b) Rs. 3,00,000
- c) Rs. 10,00,000
- d) Rs. 20,00,000

Question No. 55

Leave encashment is exempt to the extent of maximum of the following:

- a) Rs. 3,50,000
- b) Rs. 3,00,000
- c) Rs. 10,00,000
- d) Rs. 2,50,000

Question No. 56

Which of the following income is taxable under the head 'income from salary'?

- a) Salary received by a partner from firm
- b) Salary received by a Member of Parliament
- c) Salary of a Government Officer
- d) None of the above.

Question No. 57

Mr. A gets three-fifth of the pension commuted and received Rs. 36,000. He did not receive gratuity. The taxable portion of commuted value of pension is _____

- a) Rs. 16,000
- b) Rs. 6,000
- c) Rs. 18,000
- d) Rs. 12,000.

Question No. 58

Sneha is an employee in a private company. In the previous year she received salary Rs. 1,80,000 and entertainment allowance Rs. 12,000. She spent Rs. 6,000 on entertainment. Under section 16(ii), she is entitled to deduction of _____

- a) Rs.12,000
- b) Rs.6,000
- c) Rs.5,000
- d) Nil.

Question No. 59

Interest-free loan to an employee, where the amount of loan does not exceed any one of the following, shall be treated as the tax-free perquisite in all cases under section 17(2)

- a) Rs. 10,000
- b) Rs. 15,000
- c) Rs. 20,000
- d) Rs. 25,000.

Question No. 60

Prakash obtained interest-free loan of Rs. 20,000 from his employer company for purchasing a two-wheeler. The market rate of interest on such loan is 20% per annum. The lending rate of State Bank of India is 15.5% and that of the private sector banks is 16%. The taxable amount of this perquisite will be computed at the rate of _____

- a) 20%
- b) 16%
- c) 15.5%
- d) Nil rate

Question No. 61

The maximum exemption in respect of transport allowance granted to an employee to meet his expenditure for the purpose of commuting between the place of his residence and the place of his duty shall be _____

- a) Rs. 600 per month
- b) Rs. 700 per month
- c) Rs. 800 per month
- d) Nil

Question No. 62

Abbi is the owner of a house, the details of which are given below

Municipal value Rs. 30,000, Actual rent Rs. 32,000, Fair rent Rs. 36,000, Standard rent Rs. 40,000.

The gross annual value would be _____

- a) Rs. 36,000
- b) Rs. 35,000
- c) Rs. 30,000
- d) Rs. 40,000.

Question No. 63

Sunil purchased a house for his residential purpose after taking a loan in January, 2019. During the previous year 2018-19, he paid interest on loan Rs. 2,67,000. While computing income from house property, the deduction is allowable to the extent of _____

- a) Rs. 30,000
- b) Rs. 1,50,000
- c) Rs. 2,67,000
- d) Rs. 2,00,000.

Question No. 64

Expected rent shall be higher of the;

- a) Municipal value and standard rent
- b) Fair rent and actual rent received
- c) Standard rent and Fair rent
- d) Municipal Value and Fair rent.

Question No. 65

Municipal Value Rs. 14,000, Fair rent Rs. 14,500, Standard Rent Rs. 14,200, Actual rent as property let out throughout the previous year Rs. 16,800. The annual value of the house property shall be _____

- a) Rs. 14,200
- b) Rs. 16,800
- c) Rs. 7,200
- d) Rs. 7,500

Question No. 66

Rate of depreciation chargeable on fully temporary wooden structure for the assessment year 2019-20 is _____

- a) 5%
- b) 10%
- c) 40%
- d) 100%.

Question No. 67

Under the Income-tax Act, 1961, depreciation on machinery is charged on –

- a) Purchase price of the machinery
- b) Market price of the machinery
- c) Written down value of the machinery
- d) All of the above.

Question No. 68

Depreciation allowance is charged @ _____ percent of written down value on intangible assets e.g. Know-how, patents, copyrights etc.

- a) 15
- b) 25
- c) 20
- d) 30

Question No. 69

B contributed a sum of Rs. 30,000 to an approved institution for research in social science, which is not related to his business. The amount of deduction eligible under section 35 would be

- a) Rs. 30,000
- b) Rs. 45,000
- c) Rs. 37,500
- d) No deduction as it is unrelated to his business

Question No. 70

Short-term capital loss can be set-off from

- a) Short-term capital gains
- b) Long-term capital gains
- c) Both short-term and long-term capital gains
- d) Any income of the previous year.

Question No. 71

Which of the following shall not be a personal effect?

- a) Mobile for personal use
- b) Computer for personal use
- c) Furniture for personal use
- d) Jewellery for personal use

Question No. 72

The Cost of Improvement in relation to a capital asset being goodwill of a business shall be taken to be;

- a) the incurred cost
- b) the incurred cost after indexation
- c) Nil
- d) the cost incurred by the previous owner

Question No. 73

On 30th December, 2018, Raju gets by gift a commercial flat from the elder brother of his father-in-law (stamp duty value is Rs. 25,00,000). The amount chargeable to tax in the hands of Raju is –

- a) Rs. 25,00,000
- b) Rs. 24,50,000
- c) Rs. 20,00,000
- d) Nil.

Question No. 74

Anu received an aggregate gift of Rs.75,000 on 10th August, 2018 from his three friends. The amount chargeable to tax in this case would be –

- a) Rs. 50,000
- b) Rs. 75,000
- c) Rs. 25,000
- d) Nothing is taxable.

Question No. 75

Gift of Rs.4,00,000 received on 10th July 2018 through account payee cheque from a non-resident regularly assessed to Income tax is

- a) A capital receipt not chargeable to tax
- b) Chargeable to tax as income from other sources
- c) Chargeable to tax as business
- d) Exempt upto Rs. 25,000 and balance chargeable to tax as income from other sources.

Question No. 76

Under which of the following circumstances transfers of income is revocable?

- a) If there is a sale with a condition of re-purchase
- b) If the transferor has power to change beneficiary or trustees.
- c) Both (a) and (b)
- d) Neither (a) nor (b)

Question No. 77

All income which arises to the minor child shall be clubbed in the income of his/her.....

- a) Parents
- b) Siblings
- c) Friends
- d) Neighbors

Question No. 78

In which case the firm is not entitled to carry forward and set off so much of the loss proportionate to the share of a retired or deceased partner as exceeds his/her share of profits, if any, in the firm in respect of the previous year?

- a) When a change occurred in constitution of firm
- b) When a business or profession is succeeded by another person
- c) When the public are not substantially interested in companies
- d) None of the above

Question No. 79

Deduction under Section 80-IB is available to:

- a) Charitable Trust
- b) Tour and Travels
- c) Industrial Undertaking
- d) Commercial Center

Question No. 80

Which of the following gets 50% deduction on the profits and gains derived from its business for a period of five consecutive years beginning from the initial assessment year in any place?

- a) Multiplex Theatre
- b) Convention Centre
- c) Hospital
- d) Charitable Trust

Question No. 81

Deduction under section 80C can be claimed for fixed deposit made in any scheduled bank, if the minimum period of deposit is

- a) 5 years
- b) 8 years
- c) 10 years
- d) 12 years.

Question No. 82

Deduction available to an individual in respect of maintenance including medical treatment of a dependent being a person with 80% disability, when amount incurred in this respect is Rs. 40,000 will be

- a) Rs. 40,000
- b) Rs. 1,00,000
- c) Rs. 1,25,000
- d) Rs. 75,000

Question No. 83

Which of the following is covered under section 80D of the Income Tax Act, 1961

- a) Repayment of loan taken for higher education
- b) Medical treatment of handicapped dependent
- c) Medical Insurance Premium
- d) Reimbursement of medical expenses

Question No. 84

Maximum qualifying limit for deduction under section 80C is _____

- a) Rs. 50,000
- b) Rs. 1,10,000
- c) Rs. 1,50,000
- d) Rs. 2,00,000

Question No. 85

According to Hindu law, a Joint Hindu family may consist of _____

- a) Persons lineally descended from a common ancestor
- b) Married daughters of a deceased person
- c) Widows of the members of the family
- d) All the above

Question No. 86

Which member of the family can demand partition in the property?

- a) All coparceners
- b) Son
- c) Mother
- d) Wife

Question No. 87

What is the rate of income-tax applicable to a co-operative society for the Assessment Year 2019-20 when total income does not exceeds Rs. 10,000?

- a) 8% of the total income
- b) 9% of the total income
- c) 10% of the total income
- d) 11% of the total income

Question No. 88

"Book Profits" means the net profit as shown in the profit and loss account for the relevant previous year prepared under this sub-section as increased by:

- a) The provision for income tax
- b) Proposed Dividend
- c) Depreciation
- d) All the above

Question No. 89

A company is said to be resident in India in any previous year, if _____

- a) It is an Indian Company
- b) The control and management is wholly situated in India
- c) Either it is a Indian company or the control and management is wholly situated in India
- d) It is both an Indian Company and the control and management is wholly situated in India.

Question No. 90

For which of the following incomes of the Off-shore Fund, the income tax shall be payable at the rate of 10%?

- a) Income received in respect of units purchased in foreign currency
- b) Income by way of long-term capital gains arising from the transfer of units purchased in foreign currency
- c) Both (a) and (b)
- d) Neither (a) nor (b)

Question No. 91

Which of the following incomes of non-residents are taxable in India?

- (i) Fees for technical services and royalties
 - (ii) Income from property in India
 - (iii) Profits earned by exports
 - (iv) Income from money brought into India and lent on interest
- a) (i) and (ii)
 - b) (i), (ii) and (iii)
 - c) (i), (ii) and (iv)
 - d) (i), (ii), (iii) and (iv)

Question No. 92

In which of the following cases tax is required to be deducted at source?

- a) Interest credited or paid by a co-operative society to its members
- b) Interest paid by a bank on the savings account balance.
- c) Interest paid by an individual to a bank on housing loan
- d) Interest paid by a bank on fixed deposit

Question No. 93

Under Payment in respect of Deposits under National Savings Scheme, Section 194EE, deduction shall not be made if the amount of payment or the aggregate of payment to the payee during the financial year is less than _____.

- a) Rs. 1,500
- b) Rs. 2,500
- c) Rs. 3,500
- d) Rs. 4,500

Question No. 94

List I in the Seventh Schedule to Article 246 of the Constitution of India has given the power to the Parliament to make laws on taxes on income other than agricultural income vide Entry_____.

- a) Entry 93
- b) Entry 82
- c) Entry 83
- d) None of above

Question No. 95

The levy of income-tax in India is governed by the Income-tax Act, 1961 came into force on _____

- a) 1st April 1961
- b) 1st April 1962
- c) 1st July 1961
- d) None of above

Question No. 96

The Income-tax Act, 1961 contains _____

- a) 298 sections and XV schedules
- b) 288 sections and XV schedules 1st July 1961
- c) 302 sections and XIV schedules
- d) 298 sections and XIV schedules

Question No. 97

Every year, the Finance Minister of the Government of India introduces the Finance Bill in the Parliament's Budget Session. When the Finance Bill is passed by both the houses of the Parliament and gets the assent of the President, it becomes the Finance Act. The First Schedule to the Finance Act contains _____ parts which specify the rates of tax -

- a) I
- b) II
- c) III
- d) IV

Question No. 98

The Golden rule of interpretation allows a judge to depart from a word's normal meaning in order to avoid an absurd result. It is a compromise _____

- a) between the literal rule and the mischief rule
- b) literal rule
- c) mischief rule
- d) None of above

Question No. 99

Under the act if a clause which begins with the phrase "notwithstanding anything contained in any other provision of the Act" or "notwithstanding anything contained in a particular provision(s) of the Act". Use of this phrase shows that the intent of lawmakers is to give it an overriding effect, in case of a conflict, over the other provisions of the statute mentioned in the provision is known as _____

- a) Provisos
- b) Non-obstante
- c) both of above
- d) None of above

Question No. 100

A daughter of coparcener by birth shall become a coparcener in her own right in the same manner as the son. Being a coparcener, she can _____ of the family.

- a) not claim for partition
- b) claim for partition
- c) claim unequal share in property
- d) None of above

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ANSWERS – TEST YOUR KNOWLEDGE – 5

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
1	d	38	b	75	b
2	c	39	b	76	c
3	b	40	c	77	a
4	d	41	c	78	a
5	c	42	c	79	c
6	a	43	c	80	a
7	d	44	d	81	a
8	d	45	c	82	c
9	b	46	d	83	c
10	c	47	d	84	c
11	d	48	a	85	d
12	c	49	d	86	a
13	c	50	a	87	c
14	d	51	a	88	d
15	b	52	d	89	c
16	c	53	d	90	c
17	a	54	c	91	c
18	d	55	b	92	d
19	c	56	c	93	b
20	d	57	b	94	b
21	a	58	d	95	b
22	d	59	c	96	d
23	d	60	d	97	d
24	b	61	d	98	a
25	a	62	a	99	b
26	d	63	d	100	b
27	d	64	d		
28	b	65	b		
29	c	66	c		
30	d	67	c		
31	d	68	b		
32	c	69	a		
33	d	70	c		
34	d	71	d		
35	c	72	c		
36	c	73	a		
37	c	74	b		

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TEST YOUR KNOWLEDGE – 6

Question No. 1

The relation of a HUF does not arise from a contract but arises from status, Under the Income-tax Act, 1961, _____ would be assessed as a HUF

- a) Jain undivided families and Sikh undivided families
- b) Jain undivided families
- c) Sikh undivided families
- d) Non of above

Question No. 2

The Dayabaga schools of thought under Hindu Law with regard to succession prevailed in _____

- a) West Bengal
- b) Assam
- c) West Bengal and Assam
- d) All over India

Question No. 3

The Mitakshara schools of thought under Hindu Law with regard to succession prevailed in _____

- a) West Bengal
- b) Assam
- c) West Bengal and Assam
- d) All over India except West Bengal and Assam

Question No. 4

A company owned by the Government (either Central or State but not Foreign) or the Reserve Bank of India (RBI) or in which not less than _____ of the shares are held by the Government or the RBI or corporation owned by that bank is a company in which public are substantially interested.

- a) 40%
- b) 50%
- c) 75%
- d) 100%

Question No. 5

Subsidy or Grant which are not included in the definition of income u/s 2(24) _____

- a) Subsidy or grant or reimbursement taken into account for determination of actual cost of depreciable asset in accordance with section 43
- b) Subsidy or grant by the Central Government for the purpose of the corpus of a trust or institution established by a Central Govt. or State Govt., as the case may be.
- c) Both of above
- d) Non of above

Question No. 6

A chartered accountant sets up his profession on 1st July, 2018. the previous year for the assessment year 2019-20 will start from _____

- a) 01.07.2018
- b) 01.04.2018
- c) 01.04.2019
- d) 01.07.2019

Question No. 7

If the assessee is found to be the owner of say 300 gms of gold (market value of which is Rs. 25,000) during the financial year ending 31.3.2019 but he has not recorded the same and assessee offers no satisfactory explanation thereof, the Assessing Officer can add _____ in Income of the assessee

- a) 200% of 25000/- i.e. 50000/-
- b) 100% of 25000/- i.e. 25000/-
- c) 50% of 25000/-
- d) Nil

Question No. 8

It is a general rule that income of the previous year is assessed to tax in assessment year however, in certain cases when income of a previous year will be assessed in the previous year itself includes:

- i. Shipping business of non-resident
 - ii. Persons leaving India
 - iii. AOP/ BOI/ Artificial Juridical Person formed for a particular event or purpose
 - iv. Persons likely to transfer property to avoid tax
 - v. Discontinued business
 - vi. Transfer of Immovable Property
 - vii. Income under the head salary
- a) i, ii, iii,
 - b) i, iv, vi
 - c) ii, vi, vii
 - d) i, ii, iii, iv, v

Question No. 9

A resident individual whose 60th birthday falls on 1st April, 2019, would be treated as having attained the age of 60 years in the _____, and would be eligible for higher basic exemption limit of Rs. 3 lakh in computing his tax liability.

- a) PY 2018-19
- b) PY 2019-20
- c) PY 2020-21
- d) Non of above

Question No. 10

In the case of a domestic company If the total turnover or gross receipt in the P.Y.2016-17 \leq Rs. 250 crore the basic tax rate applicable for AY 2019-20 will be _____

- a) 30%
- b) 29%
- c) 25%
- d) 20%

Question No. 11

Mr. A (aged 42), having total income of Rs. 51 lakhs for the Assessment Year 2019-20. Assume that his total income comprises of "Salary income", "Income under the head house property" and "Interest from Saving Bank Account". The tax payable will be Rs. _____

- a) 1476750
- b) 1412500
- c) 1454875
- d) 1469000

Question No. 12

In case assessee engaged in growing and manufacturing Rubber in India, the agriculture Income shall be _____ of Composite Income.

- a) 40%
- b) 60%
- c) 65%
- d) 75%

Question No. 13

Mr. C manufactures latex from the rubber plants grown by him in India. These are then sold in the market for Rs. 30 lacs. The cost of growing rubber plants is Rs. 10 lacs and that of manufacturing latex is Rs. 8 lacs. The Business Income will be Rs. _____ Lacs.

- a) 4.20
- b) 7.80
- c) 12.00
- d) None of above

Question No. 14

Shortest aerial distance from the local limits of a municipality or cantonment board is 3 Kms and the population is 80000 according to the last preceding census of which the relevant figures have been published before the first day of the previous year. Such land is _____

- a) Rural Agriculture Land
- b) Urban Agriculture Land
- c) Capital Asset
- d) None of Above

Question No. 15

X was the managing agent of a company. He was entitled for a commission at the rate of 10% p.a. on the annual net profits of the company. A part of the company's income was agricultural income. X claimed that since his remuneration was calculated with reference to income of the company, part of which was agricultural income, such part of the commission as was proportionate to the agricultural income was exempt from income tax.

- a) The Claim of Mr. X is not correct
- b) The Proportionate Commission Income will be Exempt
- c) The Commission will be Fully Exempt
- d) None of Above

Question No. 16

Y owned 100 acres of agricultural land, a part of which was used as pasture for cows. The lands were purely maintained for manuring and other purposes connected with agriculture and only the surplus milk after satisfying the assessee's needs was sold. The question arose whether income from such sale of milk was agricultural income.

- a) The Profit on sale of surplus milk is not Taxable
- b) Income from sale of milk is exempt having nexus with land
- c) The surplus arises on sale of milk is taxable as business income
- d) None of Above

Question No. 17

B was a shareholder in certain tea companies, 60% of whose income was exempt from tax as agricultural income. She claimed that 60% of the dividend received by her on her shares in those companies was also exempt from tax as agricultural income.

- a) 60% of Dividend will be treated as Agriculture Income hence exempt
- b) Dividend so received is not agriculture income however it is exempt u/s 10(34)
- c) 100% dividend is to considered as agriculture income
- d) Dividend so received is fully taxable

Question No. 18

In regard to forest trees of spontaneous growth which grow on the soil unaided by any human skill and labour there is no cultivation of the soil at all. Even though operations in the nature of forestry operations performed by the assessee may have the effect of nursing and fostering the growth of such forest trees, it cannot constitute agricultural operations.

- a) It will be treated as agriculture Income
- b) It will be Non Agriculture Income and hence not exempt
- c) It will be partially agriculture and balance non-agriculture income
- d) None of above

Question No. 19

The following are the agriculture income:

- 1) Income derived from the sale of seeds.
 - 2) Income from poultry farming.
 - 3) Income from dairy farming.
 - 4) Income from growing of flowers and creepers
 - 5) Income from growing of bamboo.
 - 6) Rent received from land used for grazing of cattle required for agricultural activities.
 - 7) Income from breeding of livestock.
 - 8) Income from fisheries.
- a) (1), (4), (5), (6)
 - b) (1), (2), (3), (5)
 - c) All of above
 - d) None of above

Question No. 20

An amount of Rs. 5 lacs was paid on 17.3.2019 to the parents of Amit by the Government of Chattisgarh as compensation to the aggrieved family, whose only son Amit lost his life in Maoist local bus bomb blast in Dantewada.

- a) The amount so received shall be taxable in the hands of parents
- b) The amount so received is exempt u/s 10
- c) 60% of the amount shall be exempt
- d) 40% of the amount shall be exempt

Question No. 21

In case of retired Chairman and retired members of UPSC, the exemption under section 10(45) a sum of maximum Rs. _____ per month for defraying the service of an orderly and for meeting expenses incurred towards secretarial assistance on contract basis.

- a) 14000/-
- b) 18000/-
- c) 20000/-
- d) 10000/-

Question No. 22

Mr. Sagar retired on 1.10.2018 receiving Rs. 5,000 p.m. as pension. On 1.2.2019, he commuted 60% of his pension and received Rs. 3,00,000 as commuted pension. You are required to compute his taxable pension assuming He is a private sector employee, receiving gratuity of Rs. 5,00,000 at the time of retirement.

- a) 166667/-
- b) 157333/-
- c) 300000/-
- d) 250000/-

Question No. 23

Mr. Garg received retrenchment compensation of Rs. 10,00,000 after 30 years 4 months of service. At the time of retrenchment, he was drawing basic salary Rs. 20,000 p.m.; dearness allowance Rs. 5,000 p.m. Compute his taxable retrenchment compensation.

- a) 1000000/-
- b) 432692/-
- c) 500000/-
- d) 567308/-

Question No. 24

Mr. Dutta received voluntary retirement compensation of Rs. 7,00,000 after 30 years 4 months of service. He still has 6 years of service left. At the time of voluntary retirement, he was drawing basic salary Rs. 20,000 p.m.; Dearness allowance (which forms part of pay) Rs. 5,000 p.m. Compute his taxable voluntary retirement compensation, assuming that he does not claim any relief under section 89.

- a) 700000/-
- b) 500000/-
- c) 200000/-
- d) 400000/-

Question No. 25

Mr. D went on a holiday on 25.12.2018 to Delhi with his wife and three children (one son – age 5 years; twin daughters – age 2 years). They went by flight (economy class) and the total cost of tickets reimbursed by his employer was Rs.60,000 (Rs.45,000 for adults and Rs.15,000 for the three minor children).What will be tax treatment

- a) Rs.45000/- for adults and Rs. 10000/- will be exempt only for two children
- b) Rs.45000/- for adults will be exempt and no exemption for children
- c) Entire Rs. 60000/- will be exempt
- d) Entire Rs. 60000/- will be Taxable

Question No. 26

Nargis, working as Regional Area Sales Manager of Pincer Marketing Ltd., was paid salary and a commission based as a percentage on the volume of sales effected by her. Nargis claimed the expenses incurred by her for earning the commission in the return of income. whether such expenses is an allowable deduction.

- a) No deduction shall be allowed for expenses
- b) Deduction shall be allowed only for those expenses incurred exclusively for such Income
- c) A Fixed deduction of 30% for expenses shall be allowed
- d) None of above

Question No. 27

Mr. X is a Member of Legislative Assembly. He underwent an open heart surgery abroad in respect of which he received Rs. 5 Lacs from the State Government towards reimbursement of his medical expenses. The Assessing Officer contended that such amount is taxable as a perquisite under section 17. Examine the correctness of the contention of the Assessing Officer.

- a) Yes the whole amount is taxable as perquisite
- b) Not taxable u/s 17 as there income is outside the purview of Salary Income
- c) Yes it is taxable but it is exempt to the extent of Rs. 15000/-
- d) None of above

Question No. 28

Rajesh, a British national, is a resident and ordinarily resident in India during the P.Y. 2018-19. He owns a house in London, which he has let out at £ 10,000 p.m. The municipal taxes paid to the Municipal Corporation of London is £ 8,000 during the P.Y. 2018-19. The value of one £ in Indian rupee to be taken at Rs. 92.50. Compute Rajesh's Net Annual Value of the property for the A.Y. 2019-20.

- a) 11100000/-
- b) 10000000/-
- c) 10360000/-
- d) None of above

Question No. 29

In the proceedings initiated under section 153A, the assessment order passed in respect of Mr. Simbu pertaining to a particular assessment year was annulled by the Income-tax Appellate Tribunal in its order passed on 28.1.2019. The same was received on 28.2.2019 by the jurisdictional Commissioner of Income-tax. Does the Department have any power to complete the assessment subsequent to such annulment? If yes, within what time limit?

- (a) Having no Power to make assessment
- (b) 18 Months from the end of the month in which the abated assessment revives or within the period specified in section 153B(1), whichever is later
- (c) Six Months from the end of the month in which the abated assessment revives or within the period specified in section 153B(1), whichever is later
- (d) one year from the end of the month in which the abated assessment revives or within the period specified in section 153B(1), whichever is later

Question No. 30

During the P.Y. 2018-19, R & Partners, a partnership firm, purchased the following assets on 15.06.2018:

- (1) Machine A for Rs.8,00,000 (Rs.4,50,000 paid in cash and balance transferred through NEFT)
- (2) Machine B for Rs.4,00,000 (Rs.2,00,000 paid through a bearer cheque and balance amount paid through account payee cheque)
- (3) Machine C for Rs.7,00,000 (Rs.2,50,000 paid through account payee bank draft and balance amount paid in cash)
- (4) Machine D for Rs.6,50,000 (whole amount transferred through RTGS)

For Machine B, a cash subsidy of Rs.40,000 was received by the firm from the Government. Compute the total amount of actual cost of the block of machinery in the hands of the firm.

- (a) Rs.25,10,000
- (b) Rs.14,50,000
- (c) Rs.14,10,000
- (d) Rs.16,10,000

Question No. 31

Ashiyana Ltd., a domestic company, has distributed on 15/11/2018, dividend of Rs.350 lakh to its shareholders. On 20/10/2018, Ashiyana Ltd. has received dividend of Rs.90 lakh from its domestic subsidiary company Luxury Ltd., on which Luxury Ltd. has paid dividend distribution tax under section 115D. The additional income-tax payable by Ashiyana Ltd. under section 115-D is -

- (a) Rs.45.4272 lakhs
- (b) Rs.53.4438 lakhs
- (c) Rs.52.9299 lakhs
- (d) Rs.44.9904 lakhs

Question No. 32

Which of the following individuals would be entitled to opt for presumptive taxation schemes under the Income-tax Act, 1961 for A.Y.2019-20?

- (i) A retail trader having turnover of Rs.2 crore during the previous year 2018-19
 - (ii) A practising CA having gross receipts of Rs.92 lakhs during the previous year 2018-19.
 - (iii) A wholesale trader having turnover of Rs.1.96 crore during the previous year 2018-19.
 - (iv) A doctor having gross receipts of Rs.50 lakhs during the previous year 2018-19
 - (v) Individual owning 8 goods carriages as on 1.4.2018. He purchased 4 goods carriages on 1.5.2018 and sold 2 goods carriages on 1.7.2018.
- (a) (i), (iii) & (iv)
 - (b) (iii) & (v)
 - (c) (i), (iii), (iv) & (v)
 - (d) (i), (ii), (iii), (iv) & (v)

Question No. 33

Mr. Akash and Mr. Manish are partners in AM & Co. They were engaged in business of selling packaging material in the state of UP. In order to save tax, they sold goods to their respective HUFs. HUFs further sold goods to their customers. This arrangement led to tax saving of Rs.2 lac for A.Y. 2019-20 by AM & Co. Revenue took a stand that this is a case of "Tax Evasion" and issued notice u/s 148 to the firm AM & Co. On the basis of judicial decisions, what is the correct nature of this arrangement undertaken by Mr. Akash and Mr. Manish:

- (a) Tax Planning
- (b) Tax Avoidance
- (c) Tax Evasion
- (d) Tax Management

Question No. 34

Mr. X acquired a house property at Delhi from Mr. Y, a resident, for a consideration of Rs.85 lakhs, on 21.7.2018. On the same day, Mr. X made two separate transactions, thereby acquiring an urban plot in Gwalior from Mr. C for a sum of Rs.50,00,000 and rural agricultural land from Mr. D for a consideration of Rs.60 lakhs. Which of the following statements are correct?

- (a) No tax deduction at source is required in respect of any of the three payments.
- (b) TDS@1% is attracted on all the three payments.
- (c) TDS@1% on Rs.85 lakhs and Rs.50,00,000 are attracted. No TDS on payment of Rs.60,00,000 for acquisition of rural agricultural land
- (d) TDS@1% on Rs.85 lakhs is attracted. No TDS on payments of Rs.50,00,000 and Rs.60,00,000.

Question No. 35

Mr. Rakesh, a non-resident individual aged 61 years, has not furnished his return of income for A.Y.2019-20. However, the total income assessed in respect of such year under section 144 is Rs.13 lakh. Determine the quantum of penalty leviable under section 270A?

- (a) Penalty leviable is Rs.2,10,600, being tax payable on total income of Rs.13 lakh
- (b) Penalty leviable is Rs.1,05,300, being 50% of tax payable on Rs.13 lakh
- (c) Penalty leviable under section 270A is Rs.66,300, being 50% of tax payable on under-reported income of Rs.10.50 lakhs (i.e., Rs.13 lakhs - basic exemption limit of Rs.2.50 lakhs)
- (d) Penalty leviable under section 270A is Rs.58,500, being 50% of tax payable on under-reported income of Rs.10 lakhs (i.e., Rs.13 lakhs - basic exemption limit of Rs.3 lakhs)

Question No. 36

Mr. X received an assessment order dated 11.11.2018 on 15.11.2018 wherein his total income was assessed at Rs.20 lakh. The returned income of X was Rs.5 lakh. However, Mr. X did not accept the assessment order and filed an appeal against the same before the Commissioner of Income Tax (Appeals). Now, while contesting the appeal, he wishes to submit some evidences that were not submitted by him before the Assessing Officer. As the Tax Consultant of Mr. X, what will be your advise to him regarding the submission of the said evidences?

- (a) Commissioner of Income Tax (Appeals) has no power to accept any evidences other than the evidences already submitted before the Assessing Officer.
- (b) Commissioner of Income Tax (Appeals) may accept the additional evidences if the conditions given in Rule 46A(I) of the Income-tax Rules, 1962 are satisfied.
- (c) Commissioner of Income Tax (Appeals) may accept the additional evidences if the conditions given in Rule 46(I) of the Income-tax Rules, 1962 are satisfied.
- (d) Commissioner of Income Tax (Appeals) has no power to reject any evidences which the Appellant wishes to submit before him during the appellate proceedings.

Question No. 37

For A.Y. 2017-18, XYZ Ltd. filed its return of income on 14.09.2017 declaring total income of Rs.80 Lakhs. The Assessing Officer issued notice under Section 143(2) to XYZ Ltd. on 23.09.2018 stating that there are certain points in connection with the return of income submitted by the Company on which he would like to seek some other information. The Company attended the assessment proceedings and the Assessment Order for A.Y. 2017-18 was passed under Section 143(3) by the Assessing Officer on 31.05.2020. Determine whether the said Assessment Order is barred by limitation.

- (a) Yes, the Assessment Order is barred by limitation as the time limit for passing Assessment Order expired on 31.12.2019.
- (b) Yes, the Assessment Order is barred by limitation as the time limit for passing Assessment Order expired on 31.03.2020.
- (c) No, the Assessment Order is not barred by limitation as the time limit for passing Assessment Order expires on 31.12.2020.
- (d) No, the Assessment Order is not barred by limitation as the time limit for passing Assessment Order expires on 31.03.2021.

Question No. 38

An Assessing Officer entered a hotel run by a person, in respect of whom he exercises jurisdiction, at 8.30 p.m. for the purpose of collecting information, which may be useful for the purposes of the Act. The hotel is kept open for business every day between 8 a.m. and 10 p.m. As per the provisions of section 133B,

- (a) The A.O. cannot enter the premises at 8.30 p.m. since it is after sunset
- (b) The A.O. can enter premises at 8.30 p.m. and take away books of account kept at the hotel after taking prior approval of the Principal Chief Commissioner or Chief Commissioner.
- (c) The A.O. can enter premises at 8.30 p.m. and take away books of account kept at the hotel after recording reasons for doing so.
- (d) The A.O. can enter premises at 8.30 p.m. but cannot take away books of account kept at the hotel.

Question No. 39

In the course of search operations under section 132 in the month of May, 2019, Mr. Anurag makes a declaration under section 132(4) on the earning of income not disclosed in respect of P.Y. 2018-19. He also explains the manner in which he has derived such income and he pays the tax together with interest on such income and declares such income in the return of income filed by him in the month of July, 2019. Is penalty leviable in this case?

- (a) No penalty is attracted since Mr. Anurag has voluntarily made a declaration under section 132(4).
- (b) Penalty@10% of undisclosed income would be attracted even if Mr. Anurag has voluntarily made a declaration under section 132(4).
- (c) Penalty@30% of undisclosed income would be attracted even if Mr. Anurag has voluntarily made a declaration under section 132(4).
- (d) Penalty@60% of undisclosed income would be attracted even if Mr. Anurag has voluntarily made a declaration under section 132(4).

Question No. 40

After serving proper notice under the respective sections, which of the following assessments can be concluded without giving opportunity of being heard to assessee?

- (a) Assessment under section 143(3)
- (b) Re-assessment under section 147
- (c) Assessment under section 144
- (d) Assessment under 153A in conformity with the directions issued under section 144C(5)

Question No. 41

What is the time limit for completion of assessment where reference is made to TPO during the course of proceeding for reassessment u/s 147, where notice is served on 28.3.2019?

- (a) 31.12.2021
- (b) 30.09.2021
- (c) 31.03.2021
- (d) 31.12.2020

Question No. 42

A Foreign Institutional Investor (FII) has total income which includes short-term capital gains on sale of preference shares of Rs.50 lakh. The rate of tax for charging such income to tax is:

- (a) 10%
- (b) 15%
- (c) 30%
- (d) 40%

Question No. 43

The provision relating to limitation of interest deduction in respect of debt issued by a non-resident associated enterprise would not apply where the expenditure by way of interest or similar nature is –

- (a) Rs.2.10 crore
- (b) Rs.2 crore
- (c) Rs.1.50 crore
- (d) Rs.1 crore

Question No. 44

A Bench of the Authority for Advance Rulings ("AAR") consists of a Chairman/Vice-chairman, one revenue member and one law member. An Assessee filed an application before the AAR pertaining to interpretation of certain provisions of the Income-tax Act, 1961. Determine which of the following persons can be a revenue member of the AAR for the purpose of adjudicating the said application?

- (a) A person from the Indian Revenue Service who is qualified to be a member of CBDT
- (b) A person from the Indian Customs and Central Excise Service who is qualified to be a member of CBEC
- (c) A member from the Indian Legal Service
- (d) Any person from the Indian Revenue Service

Question No. 45

In order to claim relief under the tax treaty in India, a non-resident –

- (a) Should have a business presence in India
- (b) Should produce his Permanent Account Number
- (c) Should produce Tax Residency Certificate (TRC)
- (d) Should produce his income-tax return filed in the home country

Question No. 46

Interest income earned by a non-resident during the P.Y. 2018-19 on bonds, issued by ABC Ltd., an Indian company, under a scheme notified by the Central Government, which were purchased by him in convertible foreign currency, is –

- (a) Taxable @10%
- (b) Taxable @15%
- (c) Taxable @20%
- (d) Not taxable

Question No. 47

A Ltd., an Indian company, has a wholly owned subsidiary in Sri Lanka, and it extends corporate guarantee to the said non-resident subsidiary. If the amount guaranteed is Rs.190 crore, the Assessing Officer has to accept the guarantee fee declared by A Ltd. for F.Y.2018-19, if the guarantee fee declared is-

- (a) Rs.95 lakhs
- (b) Rs.1 crore
- (c) Rs.1.9 crore
- (d) Either (a) or (b)

Question No. 48

Any term used in a DTAA with a foreign country and not defined in the agreement or the Act but assigned a meaning in the notification issued by the Central Government in the Official Gazette, shall have the meaning assigned in such notification and shall be effective from the -

- (a) Date of the DTAA
- (b) Date of the notification
- (c) Date of publication of the Official Gazette
- (d) None of the above.

Question No. 49

In case of conflict between the provisions of the DTAA and the Income-tax Act, 1961, then,

- (a) The provisions of the Act will always prevail over the DTAA.
- (b) The provisions of the DTAA will always prevail over the Act.
- (c) The provisions of the Act will apply to the extent they are more beneficial to the assessee
- (d) The issue will be resolved by mutual consent of the Contracting States

Question No. 50

Where a person derives income from a nation with which India does not have a DTAA, such person is given credit in India in the following manner:

- (a) Entire tax paid in the foreign country is allowed as deduction.
- (b) Tax paid in the foreign country on income which is doubly taxed, is allowed as deduction.
- (c) Tax paid on income which is doubly taxed, is allowed as deduction, at the Indian rate of tax only.
- (d) Tax paid on income which is doubly taxed, is allowed as deduction, at the Indian rate of tax or rate of tax of the foreign country, whichever is lower.

Question No. 51

In the tax treaties based on OECD and UN Model Tax Conventions, where capital gains arises on alienation of an immovable property, such gains derived -

- (a) Will always be taxed only in the place of residence of the taxpayer;
- (b) Will always be taxed only in the place of location of the immovable property;
- (c) Can be taxed in both States and appropriate relief allowed as per the terms of the DTAA in the place of residence;
- (d) None of the above.

Question No. 52

A separate article on "Independent Personal Services" is present -

- (a) Only in the OECD Model Convention
- (b) Only in the UN Model Convention
- (c) Only in the US Model Convention
- (d) Both in the OECD and UN Model Conventions

Question No. 53

During the P.Y. 2015-16 and P.Y. 2016-17, Mr. Rai was in India on business visits from June 15, 2015 to August 31, 2015 and July 1, 2016 to September 28, 2016, respectively. During the previous year 2017-18, Mr. Rai was in India during April - May 2017 and November 2017. What is the residential status of Mr. Rai for previous years 2016-2017 and 2017-2018, respectively?

- (a) Non-resident and Resident and Ordinarily Resident, respectively
- (b) Non-resident for both years
- (c) Resident and Ordinarily Resident for both years
- (d) Resident but Not Ordinarily Resident for both years

Question No. 54

During the Previous Year 2017-18, Mr. Rai received Rs.75,00,000 on account of sale of agricultural land in Mauritius. The money was first received in Mauritius and then remitted to his Indian bank account. Is the sum taxable in India?

- (a) No, as agricultural income is exempt u/s 10(1).
- (b) No, as the income has accrued and arisen outside India and is also received outside India.
- (c) Yes, since it is remitted to India in the same year.
- (d) Yes, as agricultural income earned outside India is not exempted in India in the hands of a resident.

Question No. 55

Mr. Bhandari only holds the shares in RB Pvt. Ltd. If he sells the shares held by him in RB Pvt. Ltd. for a gain during the Previous Year 2017-2018, which of the following statements is true?

- (a) The resultant gain is a short-term capital gain taxable under the normal provisions of the Act.
- (b) The resultant gain is a short-term capital gain taxable @15% u/s 111A.
- (c) The resultant gain is a long-term capital gain taxable @20% u/s 112.
- (d) The resultant gain is a long-term capital gain exempt u/s 10(38).

Question No. 56

Mr. Bhandari receives dividend payment from RB Pvt. Ltd. in his Indian bank account during 2017-2018 to the tune of Rs.1,50,000. Which of the following statements is true?

- (a) Mr. Bhandari is liable to pay tax on such dividend as it forms part of his total income
- (b) RB Pvt. Ltd. will have to pay a dividend distribution tax u/s 115-D on such payments
- (c) Mr. Bhandari is eligible for an exemption under section 10(34) in respect of such dividend.
- (d) Both (b) and (c)

Question No. 57

Which of the following factors is **not** considered under the OECD Model Convention to determine the residence of an individual?

- (a) Habitual abode
- (b) Centre of vital interests
- (c) Own house in Calcutta given on rent for the last ten years
- (d) Flat taken on rent in Pune where he is living for the last ten years.

Question No. 58

A, a resident individual, is engaged in the business of money lending. For the purpose of lending money to various persons, A borrows money from other persons. As a part of his business, A took a loan from B of an amount of Rs.10 lacs. B is a non-resident. On the said loan, A paid an amount of Rs.1 lac as interest during the P.Y. 2018-19 to B in India. A did not deduct tax at source while crediting/paying the interest amount to B. A is of the view that the amount of Rs.1 lac shall be allowed to him as a deduction under the Income-tax Act, 1961. Whether A's view is correct?

- (a) Correct, interest expenses incurred for business are allowed as deduction u/s 36(1)(iii).
- (b) Incorrect, as tax at source has not been deducted by A on the interest amount, full amount of interest of Rs.1 lac shall be disallowed in A.Y. 2019-20.
- (c) Incorrect, as tax at source has not been deducted by A on the interest amount, amount of interest of Rs.30,000 shall be disallowed in A.Y. 2019-20.
- (d) Correct, interest expenses incurred for business are allowed as deduction u/s 37(1).

Question No. 59

Mrs. Gupta, resident in India, holds many equity shares of reputed domestic companies. During the previous year 2018-19, total dividend earned by her is Rs.11,00,000. She is of the belief that dividend income earned by her is tax free. She approaches you to assist her in filing her income tax return. As her tax consultant, will you advise her that any dividend income earned by her is tax free?

- (a) Yes, as dividend earned by her is fully exempt from tax u/s 10(34).
- (b) No, as any dividend income earned by an individual is fully chargeable to tax.
- (c) No, as dividend income earned above Rs.10,00,000 is chargeable to tax in her hands.
- (d) Yes, as dividend income above Rs.10,00,000 is chargeable to tax only in the hands of the companies and not in her hands.

Question No. 60

Mr. X receives the following gifts during the previous year 2018-19:

- On 20.09.2018, he gets a gift of Rs.7,00,000 from his grandmother.
- On 30.12.2018, he gets by way of gift a commercial flat from the elder brother of his father-in-law (stamp duty value is Rs.25,00,000).
- On 20.01.2019, he gets a wrist watch by gift from his friend B (Fair market value: Rs.1,00,000).
- On 10.02.2019, he gets by way of gift a plot of land in Pune from a partnership firm. The partnership firm has only two partners- father of Mr. X and Mrs. X. The stamp duty value of the plot of land is Rs.19,00,000.

Compute the amount chargeable to tax in the hands of X under the head "Income from other sources" for the A.Y. 2019-20.

- (a) Rs.25,00,000
- (b) Rs.44,00,000
- (c) Rs.45,00,000
- (d) Rs.52,00,000

Question No. 61

Which of the following statements is true for companies in the context of the Income-tax Act, 1961?

- (a) Residential status of a company has an impact on the tax rate of company
- (b) Tax Rate of a company depends upon the place of incorporation
- (c) Residential status of a company helps to classify the company as domestic company and foreign company
- (d) Residential status of company helps classification of closely held company and widely held company.

Question No. 62

Which of the following is not a consequence of late filing of return?

- (a) Levy of interest under section 234A
- (b) Loss (other than loss under the head "Income from house property") cannot be carried forward
- (c) No deduction under Chapter VI-A under the heading „B“ – Deduction in respect of certain payments
- (d) All of the above

Question No. 63

Mr. Devansh has agricultural income of Rs.2,30,000 and business income of Rs.2,45,000. Which of the following statements are correct?

- (a) Agricultural income has to be aggregated with business income for tax rate purposes.
- (b) No aggregation is required since agricultural income is less than basic exemption limit.
- (c) No aggregation is required since business income is less than basic exemption limit.
- (d) Agricultural income is exempt under section 10(1) but the same has to be aggregated with business income, since it exceeds Rs.5,000.

Question No. 64

X is an employee of Z Ltd who receives Rs.1,25,000 as gratuity (he is covered under the Payment of Gratuity Act, 1972). He retires on 31.01.2019 after service of 29 years and 8 months. At the time of retirement, X drew monthly salary of Rs.5,200 and monthly bonus of Rs.2,000. Compute the amount of gratuity exempt from tax in the instant case u/s 10(10) of the Income-tax Act, 1961.

- (a) Rs.90,000
- (b) Rs.1,25,000
- (c) Rs.78,000
- (d) Rs.87,000

Question No. 65

Mr. Krishna is a philanthropic person. During the P.Y. 2018-19, out of his total receipts, he gave away Rs.8,00,000 in cash to Prime Minister's National Relief Fund and was left with only Rs.2,00,000 which is just enough money to meet his personal requirements. On these facts, Mr. Krishna is of the view that as Rs.2,00,000 is below the maximum amount not chargeable to tax, no income of him is chargeable to tax during the previous year. He approaches you to file his income tax return showing Rs.2,00,000 as his gross total income. Do you agree with the view of Mr. Krishna? Also, compute the amount of his total income.

- (a) Yes, as income actually left in Mr. Krishna's hands is Rs.2,00,000 only. His total income shall be Rs.2,00,000.
- (b) No, as what is done after income is earned by Mr. Krishna will not give him any tax exemption. His total income shall be Rs.10,00,000.
- (c) His gross total income and total income are Rs.10 lakhs, since this is a case of application of income and donation made in cash will not qualify for deduction under section 80G.
- (d) Yes, as Rs.8,00,000 is exempt from tax, the gross total income as well as total income of Mr. Krishna shall be Rs.2,00,000 only.

Question No. 66

Ms. Jaya acquires 5,000 equity shares on 01.01.2016 at Rs.500. The Fair Market Value of the said share on 31.01.2018 is Rs.250 and on 31.03.2018 is Rs.600. She sells the said shares on 30.04.2018 at Rs.700. Calculate the amount of long term capital gain in the hands of Ms. Jaya assuming that Securities Transaction Tax has been paid by her on acquisition and transfer of the said equity share.

CII – F.Y. 2015-16: 254; F.Y. 2018-19: 280

- (a) Rs.10 lakh, out of which Rs.9 lakh is taxable @10%
- (b) Rs.22.50 lakh, out of which Rs.21.5 lakh is taxable @10%
- (c) Rs.7.45 lakh, out of which Rs.6.45 lakh is taxable @10%
- (d) Rs.5 lakh, out of which Rs.4 lakh is taxable @10%

Question No. 67

Which of the following persons are compulsorily required to get their accounts audited u/s 44AB of the Income-tax Act, 1961?

- (i) An assessee, who has not opted for presumptive taxation and his turnover during the P.Y. is Rs.2 crore.
 - (ii) A professional whose gross receipts during the previous year amounts to Rs.50 lakh, who declares his profits and gains from profession u/s 44ADA.
 - (iii) An assessee having turnover of Rs.1.5 crore, who declares his profits and gains from business u/s 44AD.
 - (iv) A lawyer having gross receipts of Rs.40 lakhs during the P.Y. who claims his profits and gains from the legal profession to be 40% of the gross receipts.
 - (v) An individual who opts out of the presumptive taxation scheme u/s 44AD during the P.Y., however, his total income for the said year is Rs.2,00,000.
- (a) (i), (iv)
 - (b) (i), (iv), (v)
 - (c) (i), (ii), (iv)
 - (d) (iv), (v)

Question No. 68

The following information is available with respect to Tina:

- Capital Asset acquired on 01.04.2001 for Rs.85,200
- The capital asset was converted into stock-in-trade on 30.09.2017. On the said date, the fair market value of the said asset was Rs.6,00,000.
- The stock-in-trade so converted was sold on 15.07.2018 for Rs.8,50,000.

Determine the tax implications in the hands of Tina for A.Y. 2019-20.

Cost Inflation Index Financial year 2001-02: 100, 2017-18: 272, 2018-19: 280]

- (a) Only business profits of Rs.2,50,000 shall be chargeable to tax in the hands of Tina in A.Y. 2019-20.
- (b) Only long term capital gain of Rs.6,11,440 shall be chargeable to tax in the hands of Tina in A.Y. 2019-20.
- (c) Business profits of Rs.2,50,000 and long term capital gain of Rs.3,61,440 shall be chargeable to tax in the hands of Tina in A.Y. 2019-20.
- (d) Business profits of Rs.2,50,000 and long term capital gain of Rs.3,68,256 shall be chargeable to tax in the hands of Tina in A.Y. 2019-20.

Question No. 69

Mr. Happy, a US citizen, came to India for an assignment from 11.01.2015 to 09.10.2015 and went back to his home country on completion of the same. He thereafter, visited India on 05.07.2017 again for an assignment, which ended on 26.05.2018. What is the latest date by which Mr. Happy should depart from India after completing the assignment so as to qualify as non-resident for P.Y. 2018-19? (Assume that he shall not be visiting India again during the year)

- (a) 29-05-2018
- (b) 30-05-2018
- (c) 31-05-2018
- (d) 28-09-2018

Question No. 70

1. Under the provisions of the Income tax Act, 1961, the term "Person" would not include:

- (a) A body corporate incorporated in a country outside India
- (b) A Limited Liability Partnership (LLP)
- (c) Indian branch of a foreign company
- (d) A local authority

Question No. 71

Which of the following incomes is not deemed to accrue or arise in India under section 9(1)(i) of the Income-tax Act, 1961?

- (a) Income from any business connection in India
- (b) Income through or from any property in India
- (c) Income arising from transfer of a capital asset situated in India
- (d) Income relating to operations which are confined to purchase of goods in India for the purpose of export

Question No. 72

A member of parliament is entitled to salary, constituency allowance and daily allowance when the Parliament is in session. Which of the following statements are correct?

- (a) Only his salary component is taxable under the head "Income from other sources". Constituency allowance and daily allowance are exempt.
- (b) His entire income is taxable under the head "Salaries".
- (c) Only his salary component is taxable under the head "Salaries". Constituency allowance and daily allowance are exempt.
- (d) His salary component and constituency allowance is taxable under the head "Income from other sources". Daily allowance is exempt.

Question No. 73

Ms. Sheetal and her brother jointly own a bungalow. They had taken a housing loan to purchase the bungalow. The loan is sanctioned in the name of Ms. Sheetal and her brother in the year 2015. Interest on housing loan for the P.Y. 2018-19 amounted to Rs.4,50,000 which is paid by Ms. Sheetal (Rs.2,25,000) and her brother (Rs.2,25,000). The bungalow is used by them for their residence. In this case, what will be the amount of deduction available under section 24(b) to Ms. Sheetal and her brother?

- (a) Rs.30,000 each
- (b) Rs.2,00,000 each
- (c) Rs.2,25,000 each
- (d) Rs.4,50,000 each

Question No. 74

On 31.08.2018, Mr. Kashyap moved to Japan for employment. His family accompanied him, owing to long term nature of employment. Mrs. Kashyap is also planning to start a fashion boutique in Japan soon, once she gets settled. Both Mr. & Mrs. Kashyap are Indian citizens and have been working in India for more than a decade now. Comment on their residential status for A.Y. 2019-20, assuming they did not visit India after August 2018 -

- (a) Mr. & Mrs. Kashyap will qualify to be non-resident
- (b) Mr. Kashyap will qualify to be non-resident and Mrs. Kashyap will be resident but not ordinarily resident
- (c) Mr. Kashyap will qualify to be non-resident and Mrs. Kashyap will be resident and ordinarily resident
- (d) Mr. & Mrs. Kashyap will qualify to be resident but not ordinarily resident

Question No. 75

XYZ a partnership firm was dissolved on 30-6-2018. A machine acquired on 1-5-2016 for Rs.2,50,000 was distributed amongst the partners on dissolution for Rs.2,25,000. The value of machinery as per books of account and Fair Market Value on 30-6-2018 was Rs.2,00,000 and Rs.3,50,000, respectively. What will be the full value of consideration of this machine?

- (a) Rs.2,25,000
- (b) Rs.3,50,000
- (c) Rs.2,50,000
- (d) Rs.2,00,000

Question No. 76

Mr. Kabir (a non-resident and aged 70 years) is a retired person, earning rental income of Rs.45,000 per month from a property located in Mumbai. He is residing in Canada. Apart from rental income, he does not have any other source of income. Is he liable to pay advance tax in India?

- (a) Yes, he is liable to pay advance tax in India as he is a non-resident and his tax liability in India exceeds Rs.10,000.
- (b) No, he is not liable to pay advance tax in India as his tax liability in India is less than Rs.10,000.
- (c) No, he is not liable to pay advance tax in India as he is a senior citizen and has no income chargeable under the head "Profits and gains of business or profession".
- (d) Both (b) and (c)

Question No. 77

Mr. Vikram sold his old residential house in May, 2017 for Rs.25,00,000. Long-term capital gain arising on transfer of old house amounted to Rs.8,70,000. In December, 2017 he purchased another residential house worth Rs.4,50,000. The new house was however, sold in May, 2018 for Rs.14,00,000 (stamp duty value of the new house was Rs.13,00,000). What will be amount of taxable capital gains in the hands of Mr. Vikram for the A.Y. 2018-19 and 2019-20?

- (a) Long term capital gain of Rs.4,20,000 in A.Y. 2018-19 and short-term capital gain of Rs.14,00,000 in A.Y. 2019-20
- (b) Long term capital gain of Rs.4,20,000 in A.Y. 2018-19 and long term capital gain of Rs.4,50,000 and short-term capital gain of Rs.14,00,000 in A.Y. 2019-20
- (c) Long term capital gain of Rs.4,20,000 in A.Y. 2018-19 and long term capital gain of Rs.4,50,000 and short-term capital gain of Rs.9,50,000 in A.Y. 2019-20
- (d) Long term capital gain of Rs.4,20,000 in A.Y. 2018-19 and long term capital gain of Rs.4,50,000 and short-term capital gain of Rs.8,50,000 in A.Y. 2019-20

Question No. 78

M/s ABC & Co., a firm carrying on business, furnishes the following particulars for the P.Y. 2018-19.

Particular	Rs.
Book profits (before setting of unabsorbed depreciation and brought forward business loss)	250000
Unabsorbed depreciation of P.Y.2012-13	120000
Brought forward business loss of P.Y.2017-18	200000

Compute the amount of remuneration allowable under section 40(b) from the book profit.

- (a) Rs. 2,25,000
- (b) Rs.1,80,000
- (c) Rs.1,50,000
- (d) Rs.1,17,000

Question No. 79

Mr. William, an Indian citizen and a Government employee, left India for the first time on 28.02.2018 on account of his transfer to High Commission in United Kingdom. During P.Y. 2018-19, he visited India only for a week on occasion of his brother marriage. During F.Y. 2018-19, his income composition includes salary, foreign allowances, rent from property in Singapore and interest earned from fixed deposits maintained with SBI. His taxable income for P.Y. 2018-19 will include:

- (a) All of them, since Mr. William is a resident in India, hence his global income will be taxable
- (b) Only interest earned from fixed deposits maintained in India
- (c) No income shall be taxable since Mr. William is a non-resident in India for P.Y. 2018-19
- (d) Salary and interest income of fixed deposits with SBI (2 Marks)

Question No. 80

Provision of rent free accommodation and motor car owned by Alpha Ltd. to its employee Mr. Anurag, where motor car is allowed to be used by Mr. Anurag both for official and personal purposes, is a -

- (a) perquisite taxable in case of all employees
- (b) perquisite taxable only in case of specified employees
- (c) perquisite of rent free accommodation is taxable in case of all employees whereas perquisite of motor car is taxable only in case of specified employees
- (d) perquisite of rent free accommodation is taxable only in case of specified employees whereas perquisite of motor car is taxable in case of all employees

Question No. 81

Mr. Arjun, a businessman, whose total income (after allowing deduction under chapter VI-A except under section 80GG) for AY 2019-20 is Rs.5,50,000. He does not own any house property and is staying in a rented accommodation in Patna for a monthly rent of Rs.8,000. Deduction allowance under section 80GG for A.Y. 2019-20 is:

- (a) Rs.41,000
- (b) Rs.1,37,500
- (c) Rs.60,000
- (d) Rs.96,000

Question No. 82

A Pvt. Ltd. is a closely held Indian company. It is a subsidiary of a foreign company Y Inc. which had already issued 5,00,000 shares to its shareholders. During P.Y. 2017-18, it incurred a loss of Rs. 10 crores which couldn't be set off and hence, was carried forward. Further, there was also unabsorbed depreciation of Rs. 1 crore. During P.Y. 2018-19, Y Inc. amalgamated with Z Inc. and persons holding 2,45,000 shares of Y Inc. became the shareholders of Z Inc. Determine whether the brought forward loss of Rs. 10 crores and unabsorbed depreciation of Rs. 1 crore can be set off by A Pvt. Ltd. during P.Y. 2018-19.

- (a) Loss cannot be set off but the unabsorbed depreciation can be set off.
- (b) Loss can be set off but the unabsorbed depreciation cannot be set off.
- (c) Both loss and unabsorbed depreciation can be set off.
- (d) Both loss and unabsorbed depreciation cannot be set off

Question No. 83

Mr. Shiv was travelling from Delhi to Jodhpur on 05.07.2018 carrying FDRs of Rs. 20 Lakhs. The said FDRs were seized by the police authorities and subsequently, requisitioned by the income-tax authorities u/s 132A. The requisition was made on 20.07.2018. Now, the Assessing Officer has issued notices to Shiv u/s 153A for A.Y. 2009-10 to A.Y. 2018-19. Whether the said notices issued by the Assessing Officer u/s 153A are valid?

- (a) Invalid. Notices can be issued u/s 153A in the present case by the Assessing Officer only for A.Y. 2013-14 to A.Y. 2018-19, since FDRs do not constitute an asset for the purpose of section 153A.
- (b) Invalid. Notices can be issued u/s 153A in the present case by the Assessing Officer for A.Y. 2013-14 to A.Y. 2019-20.
- (c) Notices are valid for A.Y. 2013-14 to A.Y. 2018-19. However, for A.Y. 2009-10 to A.Y. 2012-13, notices can be issued u/s 153A only if the Assessing Officer has any evidence which reveals that income, represented in form of asset is greater than or equal to Rs. 50 lakhs.
- (d) Notices are valid for A.Y. 2009-10 to A.Y. 2018-19 as notices in case of requisition can be issued for 10 assessment years immediately preceding the A.Y. relevant to the P.Y. in which requisition is made.

Question No. 84

XYZ is a charitable trust registered u/s 12AA w.e.f 01.04.2010. During the P.Y. 2017-18, it received a specific corpus donation for construction of building which was claimed as exempt u/s 11 during the said previous year. Now, during the P.Y. 2018-19, it desires to claim depreciation on such building as application of its income. Comment upon the validity of the said claim of depreciation.

- Depreciation can be claimed as the acquisition of building was not claimed as application of income u/s 11(a).
- Depreciation cannot be claimed as the specific corpus donation was already claimed as exempt during P.Y. 2017-18.
- Depreciation can be claimed as it is a statutory deduction and no restriction regarding the same has been provided in section 11.
- It is upon the discretion of XYZ to either claim specific corpus donation for construction of building as exempt in the year of receipt or claim depreciation on building as application of income during various years.

Question No. 85

A is a resident individual aged 45 years. Find out his tax liability for A.Y. 2019-20 on the basis of the following particulars:

Business income	5,00,000
Dividend from different domestic companies (dividend distribution tax has been paid by these companies)	
- G Ltd.	40,00,000
- H Ltd.	10,000
- I Ltd.	11,90,000
Expenditure for earning dividend income	2,60,000

- Rs. 4,49,800
- Rs. 6,09,180
- Rs. 4,22,760
- Rs. 13,000

Question No. 86

The tax liability of Mr. Sunil for the financial year 2018-19 came to Rs. 1,54,000. He has paid advance tax of Rs. 1,38,000 and there was a TDS credit of Rs. 44,000 in his account. He filed his return of income on 30th July, 2019 claiming the refund due. His assessment was completed under section 143(1) and he was granted the refund on 15th February, 2020. Subsequently, his case was selected for scrutiny and his income was assessed under section 143(3). As per the assessment order dated 25th August, 2020, his income was recomputed after making certain additions and his revised tax liability was computed at Rs. 1,76,000. Whether he will be liable to pay any interest on the excess refund granted to him? If yes, then for what period?

- (a) Sunil will be liable to pay interest on the excess refund of Rs. 22,000 at the rate of $\frac{1}{2}$ percent for a period of 7 months.
- (b) Sunil will not be liable to pay any interest on the excess refund granted to him.
- (c) Sunil will be liable to pay interest on the excess refund of Rs. 22,000 at the rate of 1 percent for a period of 6 months.
- (d) Sunil will be liable to pay interest on the total refund of Rs. 28,000 at the rate of $\frac{1}{2}$ percent for a period of 7 months.

Question No. 87

P Ltd. is a domestic company which filed its return of income for A.Y. 2019-20 declaring a total income of Rs. 1,15,00,000. The assessment in its case was opened by the Assessing Officer by issuing notice u/s 143(2). The Assessing Officer doubted the genuineness of loans taken by the company and added an amount of Rs. 5,00,000 to the total income u/s 68 as cash credits. What shall be the effective rate at which the said income of Rs. 5,00,000 shall be taxable in the hands of P Ltd.?

- (a) 77.25 %
- (b) 66.768 %
- (c) 78 %
- (d) 33.384 %

Question No. 88

Mr. A who is the tax consultant of X Pvt. Ltd. is computing the income from business of the company for A.Y. 2018-19 for determining the tax liability. X Pvt. Ltd. is not liable for tax audit u/s 44AB during the said year. While computing the business income under the normal provisions of the Income-tax Act, 1961, Mr. A has duly considered the provisions of the Income Computation and Disclosure Standards ("ICDS") wherever applicable. However, Mr. A is confused regarding the applicability of ICDS while computing book profits for determining the MAT liability of the company u/s 115JB. Advise Mr. A regarding the same.

- (a) Provisions of ICDS will not apply while computing "book profits" for the purposes of MAT as ICDS are applicable only for computation of income under the regular provisions of the Income-tax Act, 1961.
- (b) Provisions of ICDS will apply while computing "book profits" for the purposes of MAT as ICDS are applicable for computing income under the "Profits and gains of business or profession", whether computed under the normal provisions or on the basis of book profits under MAT provisions.
- (c) Provisions of ICDS will not apply while computing "book profits" for the purposes of MAT as ICDS are not applicable in the case of an assessee not liable for tax audit.
- (d) Provisions of ICDS will apply while computing "book profits" for the purposes of MAT as no exception regarding the same has been carved out in the notification with respect to ICDS.

Question No. 89

Mr. X purchases 1,000 unlisted equity shares of Rs. 10 each in A Ltd. on 10.05.2018 @ Rs. 60. On 20.10.2018, he transfers 800 equity shares @Rs. 30 per share and remaining 200 shares are transferred on 20.12.2018 @Rs. 20 per share. A Ltd. declares 50 percent dividend (record date: 03.08.2018). Also, during the previous year 2018-19, X has also earned long term capital gain of Rs. 96,000 on sale of a capital asset. Compute the amount of short term capital loss on sale of shares in question that can be set off from the long term capital gain of Rs. 96,000.

- (a) Rs. 28,000
- (b) Rs. 32,000
- (c) Rs. 27,000
- (d) Rs. 8,000

Question No. 90

Mr. Gagan, aged 67 years and resident, is a retired person earning a monthly pension of Rs. 12,000 from his employer. He purchased a piece of land in Delhi in December, 2010 and sold the same in April, 2018. Taxable LTCG amounted to Rs. 2,80,000. Apart from pension income and gain on sale of land, he is not having any other income. What will be his tax liability (rounded off) for the year 2018-19?

- (a) Rs. 25,790
- (b) Rs. 6,450
- (c) Rs. 4,370
- (d) Rs. 17,470

Question No. 91

ABC India Pvt. Ltd and XYZ India Pvt. Ltd are related parties, as defined under section 40A(2)(b), who have entered into a transaction for purchase of goods for Rs. 25 lacs on 2nd April, 2018. The Arm Length Price for such goods is Rs. 15 lacs. Aggregate value of such transactions in the previous year 2018-19 is Rs. 22.5 crores. Can the transaction be considered as a specified domestic transaction to attract transfer pricing provisions?

- (a) Yes, as the aggregate transaction value exceeds Rs. 20 crores
- (b) Yes, as parties are related parties.
- (c) No, transfer pricing provisions are not applicable in this case
- (d) Yes, since parties are related parties and the aggregate transaction value exceeds Rs. 20 crores

Question No. 92

Mr. Sumit is an Indian citizen and a member of the crew of an America bound Indian ship engaged in carriage of freight in international traffic departing from Kochi on 25th April, 2018. From the following details for the P.Y. 2018-19, determine the residential status of Mr. Sumit for A.Y. 2019-20, assuming that his stay in India in the last 4 previous years preceding P.Y. 2018-19 is 365 days and last seven previous years preceding P.Y. 2018-19 is 730 days:

- Date entered in the Continuous Discharge Certificate in respect of joining the ship by Mr. Sumit: 25th April, 2018
- Date entered in the Continuous Discharge Certificate in respect of signing off the ship by Mr. Sumit: 24th October, 2018
- Mr. Sumit has been filing his income tax return in India as a Resident for previous 2 years.

What is his residential status for A.Y. 2019-20:

- (a) Resident and ordinarily resident
- (b) Resident but not-ordinarily resident
- (c) Non-resident
- (d) Non-resident till 24.10.2018 and resident till 31.03.2019

Question No. 93

Aashish earns the following income during the P.Y. 2018-19:

- Interest on U.K. Development Bonds (1/4th being received in India): Rs.4,00,000
- Capital gain on sale of a building in India but received in Holland: Rs. 6,00,000

If Aashish is a resident but not ordinarily resident in India, then what will be amount of income chargeable to tax in India for A.Y. 2019-20?

- (a) Rs. 7,00,000
- (b) Rs. 10,00,000
- (c) Rs. 6,00,000
- (d) Rs. 1,00,000

Question No. 94

Mr. Anay (aged 25) has agricultural income of Rs. 2,10,000 and business income of Rs. 2,35,000. Which of the following statement is correct?

- (a) Agricultural income always has to be aggregated with business income for rate purposes
- (b) No aggregation is required since business income which constitutes his total income, is less than basic exemption limit
- (c) No aggregation is required since agricultural income is less than basic exemption limit
- (d) Agricultural income is exempt under section 10(1) but the same has to be aggregated with business income, since it exceeds Rs. 5,000

Question No. 95

Miss Riya has started working in a reputed company. This is her first job. She earned total income of Rs.8 Lakhs in P.Y. 2018-19. While filing her return of income she had a doubt with respect to deduction of transport allowance. Her father advised her that she cannot claim deduction of transport allowance while her friend told that maximum deduction of Rs.1600 p.m. in respect of the said allowance can be claimed. According to you, what is the correct treatment for the same?

- (a) Transport allowance upto a maximum Rs.1600 per month can be claimed.
- (b) Transport allowance upto a maximum Rs.800 per month can be claimed.
- (c) No separate deduction for transport allowance is allowed. However, a standard deduction of Rs. 40,000 is allowed to salaried assesseees.
- (d) Deduction of transport allowance is allowed without any monetary limit.

Question No. 96

In respect of loss from house property, which of the following statements are correct?

- (a) While computing income from any house property, the maximum interest deduction allowable under section 24 is Rs. 2 lakhs
- (b) Loss from house property relating to a particular year can be set-off against income under any other head during that year only to the extent of Rs. 2 lakhs
- (c) The loss in excess of Rs. 2 lakh, which is not set-off during the year, can be carried forward for set-off against any head of income in the succeeding year(s)
- (d) All the above

Question No. 97

M/s ABC, an eligible assessee, following mercantile system of accounting, carrying on eligible business under section 44AD provides the following details:

- ◆ Total turnover for the financial year 2018-19 is Rs. 130 lakh
- ◆ Out of the above:
 - Rs. 25 lakh received by A/c payee cheque during the financial year 2018-19;
 - Rs. 50 lakh received by cash during the financial year 2018-19;
 - Rs. 25 lakh received by A/c payee bank draft before the due date of filing of return;
 - Rs. 30 lakh not received till due date of filing of return.

Compute the amount of deemed profits of M/s ABC under section 44AD(I) for A.Y. 2019-20.

- (a) Rs. 10.4 lakh
- (b) Rs. 7.0 lakh
- (c) Rs. 5.5 lakh
- (d) Rs. 9.4 lakh

Question No. 98

Ram owns 500, 15% debentures of Reliance Industries Ltd. of Rs. 500 each. Annual interest of Rs. 37,500 was declared on these debentures for P.Y. 2018-19. He transfers interest income to his friend Shyam, without transferring the ownership of these debentures. While filing return of income for A.Y. 2019-20, Shyam showed Rs. 37,500 as his income from debentures. As tax advisor of Shyam, do you agree with the tax treatment done by Shyam in his return of income?

- (a) Yes, since interest income was transferred to Shyam therefore, after transfer it becomes his income.
- (b) No, since Ram has not transferred debentures to Shyam, interest income on the debentures is not taxable income of Shyam.
- (c) Yes, if debentures are not transferred, interest income on debentures can be declared by anyone, Ram or Shyam, as taxable income depending upon their discretion.
- (d) No, since Shyam should have shown the income as interest income received from Mr. Ram and not as interest income earned on debentures.

Question No. 99

Mr. Rajan incurred loss of Rs. 5.3 lakh in the P.Y. 2018-19 in toy business. Against which of the following income earned during the same year, can he set-off such loss?

- (a) profit of Rs. 2 lakh from wholesale cloth business
- (b) speculative business income of Rs. 80,000
- (c) long-term capital gains of Rs. 1.20 lakhs on sale of land
- (d) All of the above

Question No. 100

Mr. Ajay is a recently qualified doctor. He joined a reputed hospital in Delhi on 01.01.2019. He earned total income of Rs. 3,40,000 till 31.03.2019. His employer advised him to claim rebate u/s 87A while filing return of income for A.Y. 2019-20. He approached his father to enquire regarding what is rebate u/s 87A of the Act. His father told him:

- (i) An individual who is resident in India and whose total income does not exceed Rs. 3,50,000 is entitled to claim rebate under section 87A.
- (ii) An individual who is resident in India and whose total income does not exceed Rs. 5,00,000 is entitled to claim rebate under section 87A.
- (iii) Maximum rebate allowable under section 87A is Rs. 5,000.
- (iv) Rebate under section 87A is available in the form of exemption from total income.
- (v) Maximum rebate allowable under section 87A is Rs. 2,500.
- (vi) Rebate under section 87A is available in the form of deduction from tax liability.

As a tax expert, do you agree with the explanation given by Mr. Ajay's father? Choose the correct option from the following:

- (a) (ii), (iii), (vi)
- (b) (i), (v), (vi)
- (c) (ii), (iii), (iv)
- (d) (i), (iv), (v)

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ANSWERS – TEST YOUR KNOWLEDGE – 6

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
1	a	38	d	75	B
2	c	39	c	76	B
3	d	40	d	77	A
4	a	41	d	78	B
5	c	42	c	79	D
6	a	43	d	80	C
7	b	44	a	81	A
8	d	45	c	82	A
9	a	46	a	83	C
10	c	47	c	84	A
11	d	48	a	85	A
12	c	49	c	86	a
13	a	50	d	87	c
14	a	51	c	88	a
15	a	52	b	89	a
16	c	53	b	90	d
17	b	54	b	91	c
18	b	55	a	92	a
19	a	56	a	93	a
20	b	57	c	94	b
21	a	58	b	95	c
22	b	59	c	96	b
23	d	60	b	97	d
24	c	61	b	98	b
25	c	62	c	99	d
26	a	63	c	100	b
27	b	64	a		
28	c	65	c		
29	d	66	a		
30	c	67	a		
31	b	68	d		
32	a	69	a		
33	b	70	c		
34	c	71	d		
35	b	72	a		
36	b	73	b		
37	a	74	c		

MY RESULT

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