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It gives us immense pleasure to present before you MCQ BOOK on Income Tax: This book would not have been a reality but from the tremendous support from “My Love-Pallavi”

Special Thanks to Jayesh Santosh Gurav & Whole Vlearn Team, who has been involved “day & night literally” to fulfill this dream without whom this would not have been the light of the day.

Have been blessed to have an extraordinary support terms of colleagues, friends & family who have helped me in every sphere of my journey called this life: All these people deserve much more than a deep thank and love. I express all my gratitude to each and everyone of them for assisting me in all my endeavours. Thanks to the student community: For inviting me into your academics & making me your teacher. I am grateful for the opportunity to be of service to you. The love & affection you have shown is immense & invaluable.

“Padho toh Hadh kardo warna Program radh kardo”

I express my respect, love and gratitude to my PARENTS & my FAMILY for not only giving me life but giving your entire life to me: I am indebted to both of you a lot, indeed more than my life & to my lovely WIFE to bear with me in all the time I spend on making notes. And last to all my CRITICS because your criticism continuously keep me grounded and give me power to do even better. Every care has been taken to make the presentation is this book from blemish. Nevertheless, it is conceded that no one is infallible, unintended error or omission may have crept in. The user of this book are requested to bring these to the notice of the author & offer, without inhibition, their suggestion for further improvement.

Let us remind you two important things

- 1- This book is not a substitute for study material issued by ICAI, it's only an aid:
- 2- There is no short cut to success, it is resolute hard work that pays:

“Quality is what I serve, & my Passion drives it”

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For Sales No- 8956784251/52/53

For Technical No- 8956784254

For Subject Queries- 8956651954

INDEX

Chapter No	Chapter Name	Page No
Part A	Miscellaneous RTP MCQ	A1-A13

Part B	ICAI MCQ	B1-B53
---------------	-----------------	---------------

Part C	Topic-wise MCQ	
1.	Basics of Income Tax	1.1-1.12
2.	Residential status	2.1-2.10
3.	Exemptions	3.1-3.9
4.	Income from Salaries	4.1-4.16
5.	Income from House Property	5.1-5.8
6.	Profits & Gains from Business and Profession	6.1-6.20
7.	Income from Capital Gains	7.1-7.10
8.	Income from Other Sources	8.1-8.6
9.	Clubbing of Income	9.1-9.10
10.	Set off and Carry forward of income	10.1-10.10
11.	Deductions	11.1-11.7
12.	Advance Tax and TDS & TCS	12.1-12.7
13.	Return of Income	13.1-13.7

Miscellaneous (RTP/MTP MCQ)

Revision Test Paper (ICAI) For May 2020 Exam

Q.1. Mr. Sarthak (age 37 years) a share broker, sold a building to his friend Anay, who is a dealer in automobile spare parts, for ₹ 120 lakh on 10.11.2021, when the stamp duty value was ₹ 150 lakh. The agreement was, however, entered into on 1.9.2021 when the stamp duty value was ₹ 140 lakh. Mr. Sarthak had received a down payment of ₹ 15 lakh by a crossed cheque from Anay on the date of agreement. Mr. Sarthak purchased the building for ₹ 95 lakh on 10.5.2019. Further, Mr. Sarthak also sold an agricultural land (situated in a village which has a population of 5,800) for ₹ 60 lakhs to Mr. Vivek on 01.03.2022, which he acquired on 15.06.2016 for ₹ 45 lakhs. Stamp duty value of agricultural land as on 1.3.2022 is ₹ 75 lakhs

CII for F.Y. 2014-15; 240; F.Y. 2019-20: 289; F.Y. 2021-22: 317.

In the light of the above facts, you are required to answer the following:

- (i) Is there any requirement to deduct tax at source on consideration paid or payable on transfer of building ?**
- (a) No; no tax is required to be deducted at source on transfer of any capital asset
 - (b) Yes; Mr. Anay is required to deduct tax at source under section 194-IA.
 - (c) Yes; Mr. Vivek is required to deduct tax at source under section 194-IA.
 - (d) Yes; Mr. Sarthak is required to deduct tax at source under section 194-IA.
- (ii) In respect of transfer of building, capital gains chargeable to tax in the hands of Mr. Sarthak would be -**
- (a) long-term capital gains of ₹ 45,79,585
 - (b) long-term capital gains of ₹ 39,06,250
 - (c) short-term capital gains of ₹ 45,00,000
 - (d) short-term capital gains of ₹ 55,00,000
- (iii) Assuming that Mr. Sarthak has other income exceeding basic exemption limit, the tax payable (excluding surcharge and health and education cess) on transfer of building and agricultural land, would be -**
- (a) ₹ 7,81,250
 - (b) ₹ 13,97,500
 - (c) ₹ 9,15,917
 - (d) ₹ 10,97,500
- (iv) In respect of purchase of building from Mr. Sarthak, income chargeable to tax in the hands of Mr. Anay would be -**
- (a) ₹ 20 lakh
 - (b) ₹ 30 lakhs
 - (c) ₹ 15 lakhs
 - (d) Nil

Q.2. Mr. Hardik (age 45 years) is appointed as senior executive officer in Sky India Limited, Mumbai on 01.02.2021 in the scale of ₹ 35,000-3500-65,000. He is paid dearness allowance @40% of salary forming part of retirement benefits. He is given rent free unfurnished accommodation on 01.5.2021 which he occupied only from 01.10.2021. The company pays lease rent of ₹ 5,000 p.m. He has been provided a car of 2000 cc capacity which is used by him for private purposes only. The actual cost of the car is ₹ 8,00,000. The monthly expenditure of car is ₹ 5,000, which is fully met by the employer. He pays lumpsum premium of ₹ 1,50,000 towards health insurance for self and his wife for 48 months on 01.10.2021 by account payee cheque. He also contributes ₹ 1,50,000 towards PPF.

In the light of above facts, you are required to answer the following:

- (i) Value of rent-free accommodation chargeable to tax in the hands of Mr. Hardik, would be -**
- (a) ₹ 44,835
 - (b) ₹ 44,100
 - (c) ₹ 45,570
 - (d) ₹ 30,000
- (ii) Mr. Hardik would be eligible for deduction in respect of health insurance premium paid during the previous year 2021-22, for -**
- (a) ₹ 30,000
 - (b) ₹ 18,750
 - (c) ₹ 25,000
 - (d) ₹ 37,500
- (iii) Perquisite value of car chargeable to tax in the hands of Mr. Hardik would be-**
- (a) ₹ 28,800
 - (b) ₹ 21,600
 - (c) ₹ 60,000
 - (d) ₹ 1,40,000

Q.3. Mr. Raghav has three houses for self-occupation. What would be the tax treatment for A.Y.2022-23 in respect of income from house property?

- (a) One house, at the option of Mr. Raghav, would be treated as self-occupied. The other two houses would be deemed to be let out.
- (b) Two houses, at the option of Mr. Raghav, would be treated as self-occupied. The other house would be deemed to be let out.
- (c) One house, at the option of Assessing Officer, would be treated as self-occupied. The other two houses would be deemed to be let out.
- (d) Two houses, at the option of Assessing Officer, would be treated as self-occupied. The other house would be deemed to be let out.

Q.4. Arun's gross total income of P.Y. 2021-22 is ₹ 2,45,000. He deposits ₹ 45,000 in PPF. He pays electricity bills aggregating to ₹ 1.20 lakhs in the P.Y.2021-22. Which of the statements is correct?

- (a) Arun is not required to file his return of income u/s 139(1) for P.Y. 2021-22, since his total income before giving effect to deduction under section 80C does not exceed the basic exemption limit.

- (b) Arun is not required to file his return of income u/s 139(1) for P.Y. 2021-22, since his electricity bills do not exceed ₹ 2,00,000 for the P.Y.2021-22.
- (c) Arun is not required to file his return of income u/s 139(1) for P.Y. 2021-22, since neither his total income before giving effect to deduction under section 80C exceeds the basic exemption limit nor his electricity bills exceed ₹ 2 lakh for the P.Y.2021-22.
- (d) Arun is required to file his return of income u/s 139(1) for P.Y. 2021-22, since his electricity bills exceed ₹1 lakh for the P.Y.2021-22.

Q.5. Mr. Ritvik has purchased his first house in Gwalior for self-occupation on 5.4.2021 for ₹ 45 lakhs (stamp duty value being the same) with bank loan sanctioned on 30.3.2021 and disbursed on 3.4.2021. He paid interest of ₹ 3.8 lakhs during the P.Y.2021-22. What is the tax treatment of interest paid by him?

- (a) Interest of ₹2 lakhs allowable u/s 24
- (b) Interest of ₹2 lakhs allowable u/s 24 and ₹1.8 lakhs allowable u/s 80EEA
- (c) Interest of ₹2 lakhs allowable u/s 24 and ₹1.5 lakhs allowable u/s 80EEA
- (d) Interest of ₹1.5 lakhs allowable u/s 24 and ₹1.5 lakhs allowable u/s 80EEA

Q.6. During the P.Y.2021-22, Mr. Ranjit has short-term capital gains of ₹ 95 lakhs taxable under section 111A, long-term capital gains of ₹ 110 lakhs taxable under section 112A and business income of ₹ 90 lakhs. Which of the following statements is correct?

- (a) Surcharge@25% is leviable on income-tax computed on total income of ₹ 2.95 crore, since total income exceeds ₹ 2 crore.
- (b) Surcharge@15% is leviable on income-tax computed on total income of ₹ 2.95 crore.
- (c) Surcharge@15% is leviable in respect of income-tax computed on capital gains of ₹ 2.05 crore; in respect of business income, surcharge is leviable@25% on income-tax, since total income exceeds ₹ 2 crore
- (d) Surcharge@15% is leviable in respect of income-tax computed on capital gains of ₹ 2.05 crore; surcharge@10% is leviable on income-tax computed on business income, since the same exceeds ₹ 50 lakhs but is less than ₹ 1 crore.

Answers-

MCQ No.	Sub-part	Most Appropriate Answer	MCQ No.	Most Appropriate Answer
1.	(i)	(b)	3.	(b)
	(ii)	(a)	4.	(d)
	(iii)	(c)	5.	(c)
	(iv)	(b)	6.	(b)
2.	(i)	(d)		
	(ii)	(c)		
	(iii)	(d)		

Revision Test Paper (ICAI) For NOV 2020 Exam

Q.1. Mr. A (aged 52 years), is a CEO of XYZ Enterprise Limited. During the previous year 2021-22, he earned salary of ₹ 1,65,00,000 and long-term capital gain on sale of listed equity shares amounting to ₹ 1,06,500. He earned interest of ₹ 4,82,778 on saving account.

Further, he has provided the following other information for filing his return of income:

He does not receive house rent allowance from his employer. Mr. A took a loan from State Bank of India on 27th October 2017 for repairing his house (self-occupied) at Delhi and paid interest on such borrowings of ₹ 80,000 and ₹ 1,50,000 towards principal amount during the previous year 2021-22.

Mr. A has made the following payments towards medical insurance premium for health policies taken for his family members:

Medical premium for his brother: ₹ 13,500 (by cheque) Medical premium for his parents: ₹ 17,670 (by cheque) Medical premium for self and his wife: ₹ 21,000 (by cheque).

He also incurred ₹ 6,400 towards preventive health check-up of his wife in cash. He deposited ₹ 1,00,000 towards PPF. He also deposited ₹ 50,000 and 2,50,000 towards Tier I and Tier II NPS A/c, respectively.

He has paid ₹ 5,30,000 as advance tax. His employer has deducted tax at source of ₹ 51,89,000. He is of the opinion the balance amount of tax, if any he will pay on 27 July 2020 (i.e. before the due date for filing of return of income).

From the details given above, choose the most appropriate option to the questions given below:

- (i) Compute the amount of deduction available to Mr. A under Chapter VI-A for the assessment year 2022-23:**
- (a) ₹ 2,04,070
 - (b) ₹ 2,42,670
 - (c) ₹ 2,52,670
 - (d) ₹ 2,02,670
- (ii) Assuming Mr. A pays rent of ₹ 65,000 per month for his rented house at Mumbai to Mr. C, a resident individual, is Mr. A liable to deduct TDS on such rent. If so, what would be the rate and amount of TDS?**
- (a) Yes, Mr. A is liable to deduct TDS @5% amounting to ₹ 3,250 every month i.e., at the time of payment of such rent
 - (b) Yes, Mr. A is liable to deduct TDS @10% amounting to ₹ 6,500 every month i.e., at the time of payment of such rent
 - (c) Yes, Mr. A is liable to deduct TDS @5% amounting to ₹ 39,000 in the month of March 2022
 - (d) No, Mr. A is not liable to deduct TDS, since he is not required to get his books of accounts audited under section 44AB

- (iii) **What would be the amount of net tax payable for the assessment year 2022-23 in the hands of Mr. A?**
- (a) Tax payable of ₹ 78,230
 - (b) Tax payable of ₹ 60,290
 - (c) Tax payable of ₹ 49,530
 - (d) Tax payable of ₹ 67,470
- (iv) **Compute the amount of interest chargeable under section 234B on account of short payment of advance tax:**
- (a) ₹ 1,980
 - (b) Nil
 - (c) ₹ 3,130
 - (d) ₹ 2,410

Q.2. Mr. A, purchased foreign tour package from Vlearn travels for Maldives. The cost of package is ₹4,00,000. What is the responsibility of vlearn travellers towards this transactions. (modified question)

- (a) TDS shall be deducted
- (b) TCS will be collected
- (c) None of above
- (d) Both of above

Q.3. Mr. Arjun in PY.2020-21 has a Turnover of ₹12 crore in the current year purchased goods worth ₹ 63 lakhs. From Karna now as a professional advise? (modified question).

- (a) TDS will be deducted u/s 194Q @ 0.1%
- (b) TCS will be collected u/s 206C(1H) @ 0.1%
- (c) No TDS or TCS will be required
- (d) Both of the above section is attracted

Q.4. An amount of ₹ 40,000 was paid to Mr. X on 1.7.2021 towards fees for professional services without deduction of tax at source. Subsequently, another payment of ₹ 50,000 was due to Mr. X on 28.2.2022, from which tax@10% (amounting to ₹ 9,000) on the entire amount of ₹ 90,000 was deducted. However, this tax of ₹ 9,000 was deposited only on 22.6.2022. The interest chargeable under section 201(1A) would be:

- (a) ₹ 1,080
- (b) ₹ 860
- (c) ₹ 1,620
- (d) ₹ 840

Q.5. Mr. Nishant, a resident but not ordinarily resident for the previous year 2021-22 and resident and ordinarily resident for the previous year 2020-21 has received rent from property in Canada amounting to ₹ 1,00,000 during the P.Y.2021-22. He has deposited the same in a bank in Canada. During the financial year 21-22, he remitted this amount to India through approved banking channels. Is such rent taxable in India, and if so, how much and in which year?

- (a) Yes; ₹ 70,000 was taxable in India during the previous year 2020-21.
- (b) Yes; ₹ 1,00,000 was taxable in India during the previous year 2020-21.
- (c) Yes; ₹ 70,000 was taxable in India during the previous year 2021-22.
- (d) No; such rent is not taxable in India either during the previous year 2020-21 or during the previous year 2021-22.

Q.6. Mr. Dinesh, a resident in India, has gross total income of ₹ 2,30,000 comprising of interest on saving A/c and rental income during the previous year 2021-22. He incurred expenditure of ₹ 2,00,000 for his son for a study tour to Europe. Whether he is required to file return of income for the assessment year 2022-23? If yes, what is the due date?

- (a) Yes, 31st July of A.Y
- (b) Yes, 30th September of A.Y
- (c) Yes, 31st October of A.Y
- (d) No, he is not required to file return of income

Q.7. Mr. Nihar (aged 76 years), has only pension and interest income from bank. The said bank has already deducted the tax after considering rebate and deductions if any Advise ?(modified question)

- (a) Nihar not liable to file ROI (Section 194P)
- (b) Nihar liable to File ROI (Section 194P)

Answers-

MCQ No.	Sub-part	Most Appropriate Answer		MCQ No.	Most Appropriate Answer
1.	(i)	(d)		2.	(b)
	(ii)	(c)		3.	(a)
	(iii)	(c)		4.	(b)
	(iv)	(b)		5.	(d)
				6.	(d)
				7.	(a)

Revision Test Paper (ICAI) For May 2021 Exam

Case scenario

Mr. Sarthak, aged 38 years, working in Nobita Pvt. Limited as Senior Manager-Finance. His yearly pay slip for the financial year 2021-22 is as follows:

Earnings	Total	Deduction	Total
Basic Pay	6,34,068	Employee's contribution to Provident Fund	1,14,132
Dearness allowance	1,26,814	Profession tax	2,400
HRA	3,17,040	Income-tax	2,32,830
Transport Allowance	19,200	Net Pay	13,03,848
Personal Allowance	5,09,088		
Children Education Allowance for two children	12,000		
Medical Allowance	15,000		
Bonus	20,000		
Total Earnings	16,53,210		16,53,210

- (i) His employer also contributes equivalent amount of contribution towards provident fund.
- (ii) Dearness allowance forms part of retirement benefits.

- (iii) He has intimated to his company that he would opt for 115BAC for the A.Y. 2022-23. Consequently, he has not submitted any investment proof to company.
- (iv) He has paid ₹ 55,212 towards mediclaim premium for his parents (aged above 65 years) by account payee cheque.
- (v) He has purchased a house of ₹ 28,00,000 and taken a loan of ₹ 21,00,000 from HDFC. He is paying EMI of ₹ 22,835. Possession of house received on 01/04/2021. He himself is occupying this house. Total principal and interest paid for full year is ₹ 55,037 and ₹ 2,18,983 respectively as per interest certificate received from bank for F.Y. 2021-22.
- (vi) He has 3 children, studying in Sandalwood International School. The following are the components of school fees paid for the Academic Session 2021-22:

School Fees Component	Child 1	Child 2	Child 3	Total
Tuition fees	30,000	37,000	40,000	1,07,000
Admission fees	20,000	-	-	20,000
Books, stationery and uniform	8,000	12,000	15,000	35,000
Infrastructure Fund	25,000	30,000	35,000	90,000
Commute cost	8,000	8,000	8,000	24,000
Activity Fees	6,000	7,000	8,000	21,000
Total Fees	97,000	94,000	1,06,000	2,97,000

- (vii) He has invested ₹ 5000 in HDFC ULIP and taken a LIC policy for his wife for ₹ 10,000.
- (viii) He has invested ₹ 12,500 and ₹ 25,000 towards NPS Tier I A/c and Tier II A/c, respectively.
- (ix) He has also donated ₹ 50,000 in PM Cares fund created for relief from COVID-19 pandemic in India.
- (x) He has invested ₹ 40,000 in listed equity shares of Shaktimaan Power Solution Limited on 01/03/2021 at ₹ 200 per share and sells 100 shares at ₹ 350 per share on 01/11/2021. STT is paid both at the time of sale and purchase of these shares.

Based on the above facts, choose the most appropriate answer to Q. Nos. 1 to 5:

Q.1. What would be the amount of income chargeable to tax under the head "Salaries" in the hands of Mr. Sarthak for the A.Y. 2022-23?

- (a) ₹ 16,53,210
 (b) ₹ 16,21,236
 (c) ₹ 16,76,036
 (d) ₹ 16,71,236

Q.2. Whether the tax deducted at source by Nobita Pvt Ltd. on the salary paid to Mr. Sarthak based on the intimation submitted by him, is correct?

- (a) Yes, the amount of ₹ 2,32,830 deducted as tax at source is correct.
 (b) No, the correct amount of tax to be deducted at source is ₹ 2,49,920.
 (c) No, the Correct amount of tax to be deducted at source is ₹ 2,42,800.
 (d) No, the correct amount of tax to be deducted at source is ₹ 2,41,300.

Q.3. What would be the total income (without rounding off) of Mr. Ram for the A.Y. 2021-22, assume that he does not opt for section 115BAC?

- (a) ₹ 11,73,736
 (b) ₹ 11,76,699
 (c) ₹ 11,61,699

(d) ₹ 11,58,736

Q.4. What would be tax liability of Mr. Sarthak for the A.Y. 2022-23, if he does not opt for section 115BAC?

(a) ₹ 1,66,530

(b) ₹ 1,68,870

(c) ₹ 1,71,210

(d) ₹ 1,67,450

Q.5. Assuming for the purpose of answering this question only that no contribution is made by Mr. Sarthak and his employer towards provident fund, what amount of deduction is available to Mr. Sarthak under Chapter VI-A for the previous year 2021-22, if he does not opt for section 115BAC?

(a) ₹ 2,62,500

(b) ₹ 2,59,537

(c) ₹ 2,50,000

(d) ₹ 2,04,500

Q.6. Mr. Tejas, an Indian Citizen, left India permanently with his wife and two children, for extending his retail trade business of toys in Canada in the year 2018. From Canada, he is managing his retail business of toys in India. For the purpose his Indian business, he visits India every year from 1st September to 31st January. His business income is ₹ 23.50 lakhs and ₹ 18 lakhs from retail trade business in Canada and in India, respectively for the F.Y. 2021-22. He has no other income during the P.Y. 2021-22. Determine his residential status and income taxable in his hands for the A.Y. 2022-23.

(a) Resident and ordinarily resident in India and income of ₹ 18 lakhs and ₹ 23.50 lakhs would be taxable.

(b) Non-Resident and ₹ 18 lakhs from Indian retail trade business would only be taxable.

(c) Resident but not ordinarily Resident and ₹ 18 lakhs from Indian retail trade business would only be taxable.

(d) Deemed resident and ₹ 18 lakhs from Indian retail trade business would only be taxable.

Q.7. Mr. Ramesh entered into a transaction with Mr. Suresh wherein Mr. Ramesh shall collect TCS. It has be informed that Mr. Suresh has not filled the return for last 3 years. & each year the liability towards such TCS is more than 50,000. Now suppose the product is scrapped the TCS rate shall be___(modified question).

(a) 1%

(b) 2%

(c) 0.1%

(d) 5%

Q.8. Ms. Rimjhim (aged 32 years), an interior decorator, has professional receipts of ₹ 25,60,000 for the previous year 2020-21. She also earned ₹ 1,25,000 as dividend and ₹ 4,65,000 as interest income on fixed deposits. She incurred expenses of ₹ 13,00,000 for her profession and ₹ 30,000 as interest on loan for making investment in shares on which she received dividend. What would be her total income for the A.Y. 2022-23, assuming that she wishes to make maximum tax savings without getting her books of account audited?

(a) ₹ 18,45,000

(b) ₹ 18,70,000

(c) ₹ 18,40,000

(d) ₹ 18,25,000

Q.9. Mr. Arpan (aged 35 years) submits the following particulars for the purpose of computing his total income:

Particulars	₹
Income from salary (computed)	4,00,000
Loss from let-out house property	(-) 2,20,000
Brought forward loss from let-out house property for the A.Y. 2022-23	(-)2,30,000
Business loss	(-)1,00,000
Bank interest (FD) received	80,000

Compute the total income of Mr. Arpan for the A.Y.2022-23 and the amount of loss that can be carried forward for the subsequent assessment year?

- Total income ₹ 2,00,000 and loss from house property of ₹ 2,50,000 and business loss of ₹ 20,000 to be carried forward to subsequent assessment year.
- Total income ₹ 80,000 and loss from house property of ₹ 2,30,000 to be carried forward to subsequent assessment year.
- Total income ₹ 1,80,000 and loss from house property of ₹ 2,30,000 and business loss of ₹ 20,000 to be carried forward to subsequent assessment year.
- Total income is Nil and loss from house property of ₹ 70,000 to be carried forward to subsequent assessment year.

Q.10. De Dana Lottery, wish to pay ₹ 18 lakhs to Mr. Akshay an it is informed by Mr. Akshay that he has not filled ROI from last 3 years and the TDS Liability in each of such year is more than ₹50,000. The TDS rate will be _____

- 30%
- 60%
- 5%
- 10%

Answers:-

MCQ No.	Most Appropriate Answer	MCQ No.	Most Appropriate Answer
1.	(c)	6.	(c)
2.	(b)	7.	(d)
3.	(a)	8.	(a)
4.	(b)	9.	(a)
5.	(b)	10.	(a)

Revision Test Paper (ICAI) For NOV 2021 Exam

Case scenario

Mr. Animesh, an Indian citizen, aged 61 years, has set-up his business in Canada and is residing in Canada since 2009. He owns a house property in Canada, half of which is used by him for his residence and half is given on rent (converted into INR is ₹ 12,00,000 p.a.).

He purchased a flat in Delhi on 13.10.2018 for ₹ 42,00,000. The stamp duty value of the flat was ₹ 35,00,000. He has taken a loan from Canara Bank in India of ₹ 34,00,000 for purchase of this flat. The interest on such loan for the F.Y. 2021-22 was ₹ 3,14,000 and principal repayment was ₹ 80,000. Mr. Animesh has given this flat on monthly rent of ₹ 32,500 since April, 2019. The annual property tax of Delhi flat is ₹ 40,000 which is paid by Mr. Animesh, whenever he comes to India to meet his parents. Mr. Animesh visited India for 124 days during the previous year 2021-22. Before that he visited India in total for 366 days during the period 1.4.2017 to 31.3.2021.

He had a house in Ranchi which was sold in May 2018. In respect of this house, he received arrears of rent of ₹ 2,96,000 in February 2022 (not taxed earlier).

He also derived some other incomes during the F.Y. 2021-22 which are as follows:

- (i) Profit from business in Canada ₹ 2,75,000
- (ii) Interest on bonds of a Canadian Co. ₹ 6,20,000 out of which 50% was received in India.
- (iii) Income from Apple Orchid in Nepal given on contract and the yearly contract fee of ₹ 5,00,000 for F.Y. 2021-22, was received by Animesh in Nepal.

Mr. Animesh has sold 10,000 listed shares @ ₹ 480 per share of A Ltd., an Indian company, on 15.9.2021, which he acquired on 05-04-2017 @ ₹ 100 per share. STT was paid both at the time of acquisition as well as at the time of transfer of such shares.

On 31-01-2018, the shares of A Ltd. were traded on a recognized stock exchange as under :

Highest price - ₹ 300 per share
Average price - ₹ 290 per share
Lowest price - ₹ 280 per share

Based on the above facts, choose the most appropriate answer to Q. Nos. 1 to 5:

Q.1. What would be the residential status of Mr. Animesh for the A.Y. 2022-23?

- (a) Resident and ordinarily resident in India
- (b) Resident but not ordinarily resident in India
- (c) Non-resident
- (d) Deemed resident

Q.2. What would be amount of income taxable under the head "Income from house property" in the hands of Mr. Animesh for the A.Y. 2022-23?

- (a) ₹ 2,52,200
- (b) ₹ 1,38,200
- (c) ₹ 9,78,200
- (d) ₹ 10,92,200

Q.3. What amount of capital gain would arise in the hands of Mr. Animesh on transfer of shares of A Ltd?

- (a) ₹ 18,00,000
- (b) ₹ 19,00,000
- (c) ₹ 20,00,000
- (d) ₹ 38,00,000

Q.4. What would be total income of Mr. Animesh for the A.Y. 2022-23, if he does not opt to pay tax u/s 115BAC?

- (a) ₹ 22,82,200
- (b) ₹ 22,68,200
- (c) ₹ 22,48,200
- (d) ₹ 21,68,200

Q.5. What would be the tax liability (computed in the manner so as to minimise his tax liability) of Mr. Animesh for the A.Y. 2022-23?

- (a) ₹ 1,82,950
- (b) ₹ 1,87,110
- (c) ₹ 1,80,350
- (d) ₹ 1,84,510

Q.6. Mr. T, an Indian Citizen and resident of India, earned dividend income of ₹ 4,500 from an Indian company, which was declared on 1.10.2021 and paid in cash to Mr. T. What are the tax implications with respect to the dividend in the hands of Mr. T and Indian Company?

- (a) Such dividend is taxable in the hands of Mr. T and Indian company is required to deduct tax at source.
- (b) Such dividend is taxable in the hands of Mr. T and Indian company is required to deduct tax at source u/s 194C.
- (c) Such dividend is taxable in the hands of Mr. T. However, Indian company is not required to deduct tax at source since it does not exceed ₹ 5,000.
- (d) Such dividend is exempt in the hands of Mr. T. Hence, Indian company is not required to deduct tax at source.

Q.7. Mr. X is a working partner and Mr. Y is a non-working partner of XYZ partnership firm. XYZ Partnership firm subjected to tax audit under section 44AB for the P.Y. 2021-22. What is the due date for filing return of income for Mr. X and Mr. Y for the A.Y. 2022-23?

- (a) 31st July, 2022 for both Mr. X and Mr. Y
- (b) 31st October, 2022 for both Mr. X and Mr. Y
- (c) 31st July, 2022 for Mr. X and 31st October, 2022 for Mr. Y
- (d) 31st July, 2022 for Mr. Y and 31st October, 2022 for Mr. X

Q.8. Mr. Arpit, an employee of MNO Ltd. has contributed ₹ 1,61,280 towards NPS and similar amount is contributed by his employer. His basic salary is ₹ 80,000 p.m. and dearness allowance is 40% of basic salary which forms part of retirement benefits. He also paid ₹ 55,000 towards LIC premium for himself and his wife and medical insurance premium of ₹ 35,000 by crossed cheque for his mother, being a senior citizen during the previous year 2021-22. How much deduction is available under Chapter VI-A while computing total income of Mr. Arpit for the A.Y. 2022-23?

- (a) ₹ 3,46,280
- (b) ₹ 3,69,400
- (c) ₹ 3,19,400
- (d) ₹ 3,96,280

Q.9. A building was acquired on 1.4.1995 for ₹ 20,00,000 and sold for ₹ 80,00,000 on 01.06.2021. The stamp duty value on the date of transfer was ₹ 85,00,000. The fair market value of the building on 1.4.2001 was ₹ 25,00,000. Its stamp duty value on the same date was ₹ 22,00,000. Determine the capital gains on sale of such building for the A.Y. 2022-23?

Cost Inflation Index for F.Y. 2001-02: 100; F.Y. 2021-22: 317

- (a) ₹ 10,26,000
- (b) ₹ 18,78,000
- (c) ₹ 9,75,000
- (d) ₹ 4,75,000

Q.10. Mr. Vikas received a gold ring worth ₹ 60,000 on the occasion of his daughter's wedding from his best friend Mr. Vishnu. Mr. Vishnu also gifted a gold chain to Kavya, daughter of Mr. Vikas, worth ₹ 80,000 on the said occasion. Would such gifts be taxable in the hands of Mr. Vikas and Ms. Kavya?

- (a) Yes, the gift of gold ring and gold chain is taxable in the hands of Mr. Vikas and Ms. Kavya, respectively
- (b) Such gifts are not taxable in the hands of Mr. Vikas nor in the hands of Ms. Kavya
- (c) Value of gold ring is taxable in the hands of Mr. Vikas but value of gold chain is not taxable in the hands of Ms. Kavya
- (d) Value of gold chain is taxable in the hands of Ms. Kavya but value of gold ring is not taxable in the hands of Mr. Vikas

Answer

MCQ No.	Most Appropriate Answer	MCQ No.	Most Appropriate Answer
1.	(b)	6.	(a)
2.	(b)	7.	(b)
3.	(a)	8.	(b)
4.	(d)	9.	(a)
5.	(c)	10.	(c)

PART-B ICAI MCQ

- Q.1.** The tax liability of Mr. Saral, who attained the age of 60 years on 01.04.2021 and does not opt for the provisions of section 115BAC for the P.Y. 2021-22, on the total income of ₹ 5,60,000, comprising of salary income and interest on fixed deposits, would be -
- (a) ₹ 9,880
 - (b) ₹ 22,880
 - (c) ₹ 25,480
 - (d) Nil
- Q.2.** The tax liability of Nirlep Co-operative Society (does not opt to pay tax under section 115BAD) on the total income of ₹ 90,000 for P.Y. 2021-22, is -
- (a) ₹ 24,000
 - (b) ₹ 28,080
 - (c) Nil
 - (d) ₹ 24,960
- Q.3.** What is the amount of marginal relief available to Sadvichar Ltd., a domestic company on the total income of ₹ 10,03,50,000 for P.Y. 2021-22 (comprising only of business income) whose turnover in P.Y. 2019-20 is ₹ 450 crore, paying tax as per regular provisions of Income-tax Act? Assume that the company does not exercise option under section 115BAA.
- (a) ₹ 9,98,000
 - (b) ₹ 12,67,600
 - (c) ₹ 3,50,000
 - (d) ₹ 13,32,304
- Q.4.** The tax payable by Dharma LLP on total income of ₹ 1,01,00,000 for P.Y. 2021-22, is
- (a) ₹ 35,29,340
 - (b) ₹ 32,24,000
 - (c) ₹ 33,21,500
 - (d) ₹ 31,51,200
- Q.5.** Mr. Raman, aged 64 years, was not able to provide satisfactory explanation to the Assessing Officer for the investments of ₹ 7 lakhs not recorded in the books of accounts. What shall be the tax payable by him on the value of such investments considered to be deemed income as per section 69?
- (a) ₹ 2,18,400
 - (b) ₹ 55,000
 - (c) ₹ 5,46,000
 - (d) ₹ 54,600
- Q.6.** If Anirudh, a citizen of India, has stayed in India in the P.Y. 2021-22 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. 2022-23 would be -
- (a) Resident and ordinarily resident
 - (b) Resident but not ordinarily resident
 - (c) Non-resident
 - (d) Deemed resident but not ordinarily resident
- Q.7.** Mr. Ajay is found to be the owner of two gold chains of 50 gms each (market value of which is ₹ 1,45,000 each) during the financial year ending 31.3.2021 but he could offer satisfactory explanation to the Assessing Officer for ₹ 50,000 spent on acquiring these gold chains. As per section 115BBE, Mr. Ajay would be liable to pay tax of -
- (a) ₹ 1,87,200
 - (b) ₹ 2,26,200
 - (c) ₹ 1,49,760

(d) ₹ 1,80,960

Q.8. Mr. Ajay is a recently qualified doctor. He joined a reputed hospital in Delhi on 01.01.2022. He earned total income of ₹ 3,40,000 till 31.03.2022. His employer advised him to claim rebate u/s 87A while filing return of income for A.Y. 2022-23. He approached his father, a tax professional, to enquire regarding what is rebate u/s 87A of the Act. What would have his father told him?

- (i) An individual who is resident in India and whose total income does not exceed ₹ 5,00,000 is entitled to claim rebate under section 87A.
- (ii) An individual who is resident in India and whose total income does not exceed ₹ 3,50,000 is entitled to claim rebate under section 87A.
- (iii) Maximum rebate allowable under section 87A is ₹ 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 ₹ 12,500.
- (vi) Rebate under section 87A is available in the form of deduction from basic tax liability.

Choose the correct option from the following:

- (a) (ii), (iii), (vi)
- (b) (i), (v), (vi)
- (c) (ii), (iii), (iv)
- (d) (i), (iv), (v)

Q.9. Raman, a citizen of India, was employed in Hindustan Lever Ltd. He resigned on 27.09.2021. He received a salary of ₹ 40,000 p.m. from 1.4.2021 to 27.9.2021 from Hindustan Lever Ltd. Thereafter he left for Dubai for the first time on 1.10.2021 and got salary of rupee equivalent of ₹ 80,000 p.m. from 1.10.2021 to 31.3.2022 in Dubai. His salary for October to December 2021 was credited in his Dubai bank account and the salary for January to March 2022 was credited in his Mumbai 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

Q.10. Mr. Suhaan (aged 35 years), a non-resident earned dividend income of ₹ 12,50,000 from an Indian Company which was declared on 30.09.2021 and credited directly to its bank account on 05.10.2021 in France and ₹ 15,000 as interest in Saving A/c from State Bank of India for the previous year 2021-22. Assuming that he has no other income, what will be amount of income chargeable to tax in his hands in India for A.Y. 2022-23?

- (a) ₹2,55,000
- (b) ₹12,65,000
- (c) ₹12,50,000
- (d) ₹12,55,000

Q.11. Aashish earns the following income during the P.Y. 2021-22:

- Interest on U.K. Development Bonds (1/4th being received in India): ₹ 4,00,000
- Capital gain on sale of a building located in India but received in Holland: ₹ 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. 2022-23?

- (a) ₹7,00,000
- (b) ₹10,00,000
- (c) ₹6,00,000
- (d) ₹ 1,00,000

Q.12. 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 Chennai on 25th April, 2021. From the following details for the P.Y. 2021-22, What would be the residential status of Mr. Sumit for A.Y. 2022-23, assuming that his stay in India in the last 4 previous years preceding P.Y. 2021-22 is 365 days and last seven previous years preceding P.Y. 2021-22 is 730 days?

- Date entered in the Continuous Discharge Certificate in respect of joining the ship by Mr. Sumit: 25th April, 2021
- Date entered in the Continuous Discharge Certificate in respect of signing off the ship by Mr. Sumit: 24th October, 2021

Mr. Sumit has been filing his income tax return in India as a Resident for the preceding 2 previous years.

- (a) Resident and ordinarily resident
- (b) Resident but not-ordinarily resident
- (c) Non-resident
- (d) Deemed resident but not-ordinarily resident

Q.13. Mr. Square, an Indian citizen, currently resides in Dubai. He came to India on a visit and his total stay in India during the F.Y. 2021-22 was 135 days. He is not liable to pay any tax in Dubai. Following is his details of stay in India in the preceding previous years:

Financial Year	Days of Stay in India
2020-21	100
2019-20	125
2018-19	106
2017-18	83
2016-17	78
2015-16	37
2014-15	40

What shall be his residential status for the P.Y. 2021-22 if his income (other than income from foreign sources) is ₹ 10 lakhs?

- a. Resident but Not Ordinary Resident (RNOR)
- b. Resident and Ordinary Resident
- c. Non-resident
- d. Deemed Resident but not ordinarily resident

Q.14. Dividend income from Australian company received in Australia in the year 2020, brought to India during the previous year 2021-22 is taxable in the A.Y.2022-23 in the case of –

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

Q.15. Mr. Ramesh, a citizen of India, is employed in the Indian embassy in Australia. He is a non-resident for A.Y. 2022-23. He received salary and allowances in the Australia from the Government of India for the year ended 31.03.2022 for services rendered by him in Australia. In addition, he was allowed perquisites by the Government. Which of the following statements are correct?

- (a) Salary, allowances and perquisites received outside India are not taxable in the hands of Mr. Ramesh, since he is non- resident.
- (b) Salary, allowances and perquisites received outside India by Mr. Ramesh are taxable in India since they are deemed to accrue or arise in India.

- (c) Salary received by Mr. Ramesh is taxable in India but allowances and perquisites are exempt.
- (d) Salary received by Mr. Ramesh is exempt in India but allowances and perquisites are taxable.

Q.16. Mr. Nishant, a resident but not ordinarily resident for the previous year 2020-21 and resident and ordinarily resident for the previous year 2021-22 has received rent from property in Canada amounting to ₹ 1,00,000 during the P.Y. 2020-21 in a bank in Canada. During the financial year 2021-22, he remitted this amount to India through approved banking channels. Is such rent taxable in India, and if so, how much and in which year?

- (a) Yes; ₹ 70,000 was taxable in India during the previous year 2020-21.
- (b) Yes; ₹ 1,00,000 was taxable in India during the previous year 2020-21.
- (c) Yes; ₹ 70,000 was taxable in India during the previous year 2021-22.
- (d) No; such rent is not taxable in India either during the previous year 2020-21 or during the previous year 2021-22.

Q.17. Who among the following will qualify as non-resident for the previous year 2021-22?

- Mr. Joey, an Italian designer came on visit to India to explore Indian handloom on 03.09.2021 and left on 15.12.2021. For past four years, he visited India for fashion shows and stayed in India for 100 days each year.
- Mr. Sanjay born and settled in Canada, visits India each year for three months to meet his parents and grandparents, born in India in 1946, living in Mumbai. His Indian income is ₹ 15,20,000.
- Mr. Chang, a Korean scientist left India to his home country for fixed employment there. He stayed in India for study and research in medicines from 01.01.2017 till 01.07.2021.

Choose the correct answer:

- (a) Mr. Joey and Mr. Chang
- (b) Mr. Sanjay
- (c) Mr. Sanjay and Mr. Chang
- (d) Mr. Chang

Q.18. 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

Q.19. Which of the following statements is/are true in respect of taxability of agricultural income under the Income-tax Act, 1961?

- (i) Any income derived from saplings or seedlings grown in a nursery is agricultural income exempt from tax u/s 10(1).
- (ii) 60% of dividend received from shares held in a tea company is agricultural income exempt from tax u/s 10(1).
- (iii) While computing income tax liability of an assessee aged 50 years, agricultural income is required to be added to total income only if net agricultural income for the P.Y. exceeds ₹ 5,000 and the total income (including net agricultural income) exceeds ₹ 2,50,000.
- (iv) While computing income tax liability of an assessee aged 50 years, agricultural income is required to be added to total income only if net agricultural income for the P.Y. exceeds ₹ 5,000 and the total income (excluding net agricultural income) exceeds ₹ 2,50,000.

Choose the correct answer:

- (a) (i) and (iii)

- (b) (ii) and (iii)
- (c) (i) and (iv)
- (d) (i), (ii) and (iv)

Q.20. XYZ Ltd. has two units, one unit at Special Economic Zone (SEZ) and other unit at Domestic Tariff Area (DTA). The unit in SEZ was set up and started manufacturing from 12.3.2013 and unit in DTA from 15.6.2016. Total turnover of XYZ Ltd. and Unit in DTA is ₹ 8,50,00,000 and ₹ 3,25,00,000, respectively. Export sales of unit in SEZ and DTA is ₹ 2,50,00,000 and ₹ 1,25,00,000, respectively and net profit of Unit in SEZ and DTA is ₹ 80,00,000 and ₹ 45,00,000, respectively. XYZ Ltd. would be eligible for deduction under section 10AA for P.Y. 2021-22 for-

- (a) ₹38,09,524
- (b) ₹19,04,762
- (c) ₹23,52,941
- (d) ₹11,76,471

Q.21. Income derived from farm building situated in the immediate vicinity of an agricultural land (not assessed to land revenue) would be treated as agricultural income if such land is situated in –

- (a) an area at a distance of 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

Q.22. Anirudh stays in New Delhi. His basic salary is ₹ 10,000 p.m., D.A. (60% of which forms part of pay) is ₹ 6,000 p.m., HRA is ₹ 5,000 p.m. and he is entitled to a commission of 1% on the turnover achieved by him. Anirudh pays a rent of ₹ 5,500 p.m. The turnover achieved by him during the current year is ₹ 12 lakhs. The amount of HRA exempt under section 10(13A) is –

- (a) ₹ 48,480
- (b) ₹ 45,600
- (c) ₹ 49,680
- (d) ₹ 46,800

Q.23. Where there is a decision to increase the D.A. in March, 2022 with retrospective effect from 1.4.2021, and the increased D.A. is received in April, 2022, the increase is taxable –

- (a) in the previous year 2020-21
- (b) in the previous year 2021-22
- (c) in the previous year 2022-23
- (d) in the respective years to which they relate

Q.24. Anand is provided with furniture to the value of ₹ 70,000 along with house from February, 2021. The actual hire charges paid by his employer for hire of furniture is ₹ 5,000 p.a.. The value of furniture to be included along with value of unfurnished house for A.Y.2022-23 is-

- (a) ₹ 5,000
- (b) ₹ 7,000
- (c) ₹ 10,500
- (d) ₹ 14,000

- Q.25.** Mr. Kashyap received basic salary of ₹ 20,000 p.m. from his employer. He also received children education allowance of ₹ 3,000 for three children and transport allowance of ₹ 1,800 p.m. Assume he is not opting to pay tax under section 115BAC. The amount of salary chargeable to tax for P.Y. 2021-22 is -
- ₹ 2,62,600
 - ₹ 2,12,600
 - ₹ 2,11,600
 - ₹ 2,12,200
- Q.26.** Mr. Jagat is an employee in accounts department of Bharat Ltd., a cellular company operating in the regions of eastern India. It is engaged in manufacturing of cellular devices. During F.Y. 2021-22, following transactions were undertaken by Mr. Jagat:
- He attended a seminar on “Perquisite Valuation”. Seminar fees of ₹ 12,500 was paid by Bharat Ltd.
 - Tuition fees of Mr. Himanshu (son of Mr. Jagat) paid to private coaching classes (not having any tie-up with Bharat Ltd.) was reimbursed by Bharat Ltd. Amount of fees was ₹ 25,000.
 - Ms. Sapna (daughter of Mr. Jagat) studies in DPS Public School (owned and maintained by Bharat Ltd.). Tuition fees paid for Ms. Sapna was ₹ 750 per month by Mr. Jagat. Cost of education in similar institution is ₹ 5,250 per month.
- What shall be the amount which is chargeable to tax under the head “Salaries” in hands of Mr. Jagat for A.Y. 2022-23?
- ₹ 25,000
 - ₹ 37,500
 - ₹ 66,500
 - ₹ 79,000
- Q.27.** Vidya received ₹ 90,000 in May, 2021 towards recovery of unrealised rent, which was deducted from actual rent during the P.Y. 2019-20 for determining annual value. Legal expense incurred in relation to unrealised rent is ₹ 20,000. The amount taxable under section 25A for A.Y. 2022-23 would be -
- ₹ 70,000
 - ₹ 63,000
 - ₹ 90,000
 - ₹ 49,000
- Q.28.** 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 ₹ 2,05,000. The amount of allowable deduction in respect of each co-owner is -
- ₹ 2,05,000
 - ₹ 1,02,500
 - ₹ 2,00,000
 - ₹ 1,00,000
- Q.29.** Mr. Raghav has three houses for self-occupation. What would be the tax treatment for A.Y.2022-23 in respect of income from house property?
- One house, at the option of Mr. Raghav, would be treated as self-occupied. The other two houses would be deemed to be let out.
 - Two houses, at the option of Mr. Raghav, would be treated as self-occupied. The other house would be deemed to be let out.
 - One house, at the option of Assessing Officer, would be treated as self-occupied. The other two houses would be deemed to be let out.
 - Two houses, at the option of Assessing Officer, would be treated as self-occupied. The other house would be deemed to be let out.

- Q.30.** An electricity company charging depreciation on straight line method on each asset separately, sells one of its machinery in April, 2021 at ₹ 1,20,000. The WDV of the machinery at the beginning of the year i.e., on 1st April, 2021 is ₹ 1,35,000. No new machinery was purchased during the year. The shortfall of ₹ 15,000 is treated as -
- Terminal depreciation
 - Short-term capital loss
 - Normal depreciation.
 - Any of the above, at the option of the assessee
- Q.31.** Mr. X acquires an asset in the year 2016-17 for the use for scientific research for ₹ 2,75,000. He claimed deduction under section 35(1)(iv) in the previous year 2016-17. The asset was brought into use for the business of Mr. X in the P.Y.2021-22, after the research was completed. The actual cost of the asset to be included in the block of assets is -
- Nil
 - Market value of the asset on the date of transfer to business
 - ₹ 2,75,000 less notional depreciation under section 32 upto the date of transfer.
 - Actual cost of the asset i.e., ₹ 2,75,000
- Q.32.** Mr. X, a retailer acquired furniture on 10th May 2021 for ₹ 10,000 in cash and on 15th May 2021, for ₹ 15,000 and ₹ 20,000 by a bearer cheque and account payee cheque, respectively. Depreciation allowable for A.Y. 2022-23 would be -
- ₹ 2,000
 - ₹ 3,000
 - ₹ 3,500
 - ₹ 4,500
- Q.33.** The W.D.V. of a block (Plant and Machinery, rate of depreciation 15%) as on 1.4.2021 is ₹ 3,20,000. A second hand 'machinery costing ₹ 50,000 was acquired on 1.9.2021 through account payee cheque but put to use on 1.11.2021. During Jan 2022, part of this block was sold for ₹ 2,00,000. The depreciation for A.Y.2022-23 would be -
- ₹ 21,750
 - ₹ 25,500
 - ₹ 21,125
 - ₹ 12,750
- Q.34.** 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 2021-22 is ₹ 130 lakh
 - ◆ Out of the above:
 - ₹ 25 lakh received by A/c payee cheque during the financial year 2021-22;
 - ₹ 50 lakh received by cash during the financial year 2021-22;
 - ₹ 25 lakh received by A/c payee bank draft before the due date of filing of return;
 - ₹ 30 lakh not received till due date of filing of return.
- What shall be the amount of deemed profits of M/s ABC under section 44AD(1) for A.Y. 2022-23?
- ₹ 10.4 lakh
 - ₹ 7.0 lakh
 - ₹ 5.5 lakh
 - ₹ 9.4 lakh

Q.35. Mr. Shahid, a wholesale supplier of dyes, provides you with the details of the following cash payments he made throughout the year –

- 12.06.2021: loan repayment of ₹ 27,000 taken for business purpose from his friend Kunal. The repayment also includes interest of ₹ 5,000.
- 19.08.2021: Portable dye machinery purchased for ₹ 15,000. The payment was made in cash in three weekly instalments.
- 26.01.2022: Payment of ₹ 10,000 made to electrician due to unforeseen electric circuit at shop
- 28.02.2022: Purchases made from unregistered dealer for ₹ 13,500

What will be disallowance under 40A(3), if any, if Mr. Shahid opts to declare his income as per the provisions of section 44AD?

- (a) ₹18,500
- (b) ₹28,500
- (c) Nil
- (d) 13,500

Q.36. 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 without deducting STT paid is taxable at a concessional rate of 10% on such capital gains exceeding ₹ 1 lakh
- (d) Capital gains without deducting STT paid is taxable at concessional rate of 15%.

Q.37. 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 after the date of such transfer
- (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(1), whichever is earlier
- (d) At any time before the end of the relevant previous year.

Q.38. Belated return for the AY. 2022-23 can be made upto- (*Modified*)

- (a) 31st December 2022
- (b) Date of Assessment
- (c) Whichever is earlier
- (d) Whichever is later

Q.39. Mr. Kashyap has acquired a building from his friend on 10.10.2021 for ₹ 15,00,000. The stamp duty value of the building on the date of purchase is ₹ 16,20,000. Income chargeable to tax in the hands of Mr. Kashyap is

- (a) ₹ 70,000
- (b) ₹ 50,000
- (c) Nil
- (d) ₹ 1, 20,000

Q.40. Mr. X aged, 61 years, received dividend of ₹ 12,00,000 from ABC Ltd. in P.Y. 2021-22. Interest on loan taken for the purpose of investment in ABC Ltd., is ₹ 3,00,000. Income included in the hands of Mr. X for P.Y. 2021-22 would be –

- (a) ₹ 12,00,000
- (b) ₹ 9,60,000
- (c) ₹ 9,00,000
- (d) ₹ 2,00,000

Q.41. Mr. Mayank has received a sum of ₹ 75,000 on 24.10.2021 from his friend on the occasion of his marriage anniversary. What would be the taxability of the said sum in the hands of Mr. Mayank?

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

Q.42. 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

Q.43. Mr. Aarav gifted a house property valued at ₹ 50 lakhs to his wife, Geetha, who in turn has gifted the same to her daughter-in-law Deepa. The house was let out at ₹ 25,000 per month throughout the P.Y.2021-22. Compute income from house property for A.Y.2022-23. In whose hands is the income from house property chargeable to tax?

- (a) ₹ 3,00,000 in the hands of Mr. Aarav
- (b) ₹ 2,10,000 in the hands of Mr. Aarav
- (c) ₹ 2,10,000 in the hands of Geetha
- (d) ₹ 2,10,000 in the hands of Deepa

Q.44. Ram owns 500, 15% debentures of Reliance Industries Ltd. of ₹ 500 each. Annual interest of ₹ 37,500 was declared on these debentures for P.Y. 2021-22. He transfers interest income to his friend Shyam, without transferring the ownership of these debentures. While filing return of income for A.Y. 2022-23, Shyam showed ₹ 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.

Q.45. Mrs. Shivani, wife of Mr. Anurag, is a partner in a firm. Her capital contribution of ₹ 5 lakhs to the firm as on 1.4.2021 included ₹ 3.5 lakhs contributed out of gift received from Anurag. The firm paid interest on capital of ₹ 50,000 and share of profit of ₹ 60,000 during the F.Y.2021-22. 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. Shivani.

- (b) Share of profit is exempt but interest of ₹ 39,286 is includible in the income of Mr. Anurag and interest of ₹ 10,714 is includible in the income of Mrs. Shivani.
- (c) Share of profit is exempt but interest of ₹ 35,000 is includible in the income of Mr. Anurag and interest of ₹ 15,000 is includible in the income of Mrs. Shivani.
- (d) Share of profit to the extent of ₹ 42,000 and interest on capital to the extent of ₹ 35,000 is includible in the hands of Mr. Anurag.

Q.46. Mr. Arvind gifted a house property to his wife, Ms. Meena and a flat to his daughter-in-law, Ms. Seetha. Both 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. Arvind by virtue of section 64.
- b. Income from property gifted to wife alone is to be included in Mr. Arvind's hands by virtue of section 64.
- c. Mr. Arvind is the deemed owner of house property gifted to Ms. Meena and Ms. Seetha.
- d. Mr. Arvind is the deemed owner of property gifted to Ms. Meena. Income from property gifted to Ms. Seetha would be included in his hands by virtue of section 64.

Q.47. On 20.10.2021, Pihu (minor child) gets a gift of ₹ 20,00,000 from her father's friend. On the same day, the amount is deposited as fixed deposit in Pihu's bank account. On the said deposit, interest of ₹ 13,000 was earned during the P.Y. 2021-22. In whose hands the income of Pihu shall be taxable? Also, compute the amount of income that shall be taxable.

- (a) Income of ₹ 20,11,500 shall be taxable in the hands of Pihu's father.
- (b) Income of ₹ 20,13,000 shall be taxable in the hands of Pihu's father.
- (c) Income of ₹ 20,11,500 shall be taxable in the hands of Pihu's father or mother, whose income before this clubbing is higher.
- (d) Income of ₹ 20,13,000 shall be taxable in the hands of Pihu's father or mother, whose income before this clubbing is higher.

Q.48. Mr. A incurred short-term capital loss of ₹ 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.

Q.49. 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

Q.50. Brought forward loss from house property of ₹ 3,10,000 of A.Y. 2021-22 is allowed to be set-off against income from house property of A.Y. 2022-23 of ₹ 5,00,000 to the extent of -

- (a) ₹ 2,00,000
- (b) ₹ 3,10,000
- (c) ₹ 2,50,000
- (d) ₹ 1,00,000

Q.51. Mr. Rohan incurred loss of ₹ 3 lakh in the P.Y. 2021-22 in retail trade business. Against which of the following income during the same year, can he set-off such loss?

- (a) profit of ₹ 1 lakh from wholesale cloth business
- (b) long-term capital gains of ₹ 1.50 lakhs on sale of land
- (c) speculative business income of ₹ 40,000
- (d) All of the above

Q.52. Virat runs a business of manufacturing of shoes since the P.Y. 2019- 20. During the P.Y. 2019-20 and P.Y. 2020-21, Virat had incurred business losses. For P.Y. 2021-22, he earned business profit (computed) of ₹ 3 lakhs. Considering he may/may not have sufficient business income to set off his earlier losses, which of the following order of set off shall be considered:

(He does not have income from any other source)

- (a) First adjustment for loss of P.Y. 2019-20, then loss for P.Y. 2020-21 and then unabsorbed depreciation, if any.
- (b) First adjustment for loss of P.Y. 2020-21, then loss for P.Y. 2019-20 and then unabsorbed depreciation, if any.
- (c) First adjustment for unabsorbed depreciation, then loss of P.Y. 2019-20 and then loss for P.Y. 2019-20, if any.
- (d) First adjustment for unabsorbed depreciation, then loss of P.Y. 2019-20 and then loss for P.Y. 2020-21, if any.

Q.53. Mr. Ravi incurred loss of ₹ 4 lakh in the P.Y.2021-22 in leather business. Against which of the following incomes earned during the same year, can he set-off such loss?

- (i) Profit of ₹ 1 lakh from apparel business
- (ii) Long-term capital gains of ₹ 2 lakhs on sale of jewellery
- (iii) Salary income of ₹ 1 lakh

Choose the correct answer:

- (a) First from (ii) and thereafter from (i); the remaining loss has to be carried forward.
- (b) First from (i) and thereafter from (ii) and (iii)
- (c) First from (i) and thereafter from (iii); the remaining loss has to be carried forward
- (d) First from (i) and thereafter from (ii); the remaining loss has to be carried forward

Q.54. During the A.Y.2021-22, Mr. A has a loss of ₹ 8 lakhs under the head “Income from house property” which could not be set off against any other head of income as per the provisions of section 71. The due date for filing return of income u/s 139(1) in case of Mr. A has already expired and Mr. A forgot to file his return of income within the said due date. However, Mr. A filed his belated return of income for A.Y.2021-22. Now, while filing return of income for A.Y.2022-23, Mr. A wishes to set off the said loss against income from house property for the P.Y. 2021-22. Determine whether Mr. A can claim the said set off.

- (a) No, Mr. A cannot claim set off of loss of ₹ 8 lakhs during A.Y. 2022-23 as he failed to file his return of income u/s 139(1) for A.Y. 2021-22.
- (b) Yes, Mr. A can claim set off of loss of ₹ 2 lakhs, out of ₹ 8 lakhs, from its income from house property during A.Y. 2022- 23, if any, and the balance has to be carried forward to A.Y.2023-24.
- (c) Yes, Mr. A can claim set off of loss of ₹ 2 lakhs, out of ₹ 8 lakhs, from its income from any head during A.Y. 2022-23 and the balance, if any, has to be carried forward to A.Y.2023-24.

- (d) Yes, Mr. A can claim set off of loss of ₹ 8 lakhs during A.Y. 2022-23 from its income from house property, if any, and the balance has to be carried forward to A.Y.2023-24.

Q.55. The details of income/loss of Mr. Kumar for A.Y. 2022-23 are as follows:

Particulars	Amt. (in ₹)
Income from Salary (Computed)	5,20,000
Loss from self-occupied house property	95,000
Loss from let-out house property	2,25,000
Loss from specified business u/s 35AD	2,80,000
Loss from medical business	1,20,000
Long term capital gain	1,60,000
Income from other sources	80,000

What shall be the gross total income of Mr. Kumar for A.Y. 2022-23?

- (a) ₹4,40,000
(b) ₹3,20,000
(c) ₹1,60,000
(d) ₹4,80,000
- Q.56.** Mr. Srivastav, aged 72 years, paid medical insurance premium of ₹ 52,000 by cheque and ₹ 4,000 by cash during May, 2021 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) ₹ 30,000
(b) ₹ 50,000
(c) ₹ 52,000
(d) ₹ 56,000
- Q.57.** Mr. Ramesh pays a rent of ₹ 5,000 per month. His total income is ₹ 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) ₹ 60,000
(b) ₹ 32,000
(c) ₹ 70,000
(d) Nil
- Q.58.** An individual has paid life insurance premium of ₹ 25,000 during the previous year for a policy of ₹ 1,00,000 taken on 1.4.2018. He shall-
- (a) not be allowed deduction u/s 80C
(b) be allowed deduction of ₹ 20,000 u/s 80C
(c) be allowed deduction of ₹ 25,000 under section 80C
(d) be allowed deduction of ₹ 10,000 u/s 80C
- Q.59.** In respect of loan of ₹ 40 lakhs sanctioned by SBI in April, 2021 for purchase of residential house intended for self-occupation, compute the interest deduction allowable under the provisions of the Act for A.Y.2022-23, assuming that the disbursement was made on 1st June, 2021, the rate of interest is 8% p.a. and the loan sanctioned was 80% of the stamp duty value of the property.
- (a) ₹ 2,00,000 u/s 24 and ₹ 66,667 u/s 80EEA
(b) ₹ 1,50,000 u/s 80EEA and ₹ 1,16,667 u/s 24
(c) ₹ 2,00,000 u/s 24 and ₹ 50,000 u/s 80EEA
(d) ₹ 2,00,000 u/s 24

- Q.60.** The maximum amount which can be donated in cash for claiming deduction under section 80G for the P.Y. 2021-22 is –
- (a) ₹ 5,000
 - (b) ₹ 10,000
 - (c) ₹ 1,000
 - (d) ₹ 2,000
- Q.61.** Rajan, a resident Indian, has incurred ₹ 15,000 for medical treatment of his dependent brother, who is a person with severe disability and has deposited ₹ 20,000 with LIC for his maintenance. For A.Y.2022-23, Rajan would be eligible for deduction under section 80DD of an amount equal to –
- (a) ₹ 15,000
 - (b) ₹ 35,000
 - (c) ₹ 75,000
 - (d) ₹ 1,25,000
- Q.62.** Mr. Shiva made a donation of ₹ 50,000 to PM Cares Fund and ₹ 20,000 to Rajiv Gandhi Foundation by cheque. He made a cash donation of ₹ 10,000 to a public charitable trust. The deduction allowable to him under section 80G for A.Y.2022-23 is –
- (a) ₹ 80,000
 - (b) ₹ 70,000
 - (c) ₹ 60,000
 - (d) ₹ 35,000
- Q.63.** Mr. Ritvik has purchased his first house in Gwalior for self-occupation on 5.4.2021 for ₹ 45 lakhs (stamp duty value being the same) with bank loan sanctioned on 30.3.2021 and disbursed on 3.4.2021. He paid interest of ₹ 3.8 lakhs during the P.Y.2021-22. What is the tax treatment of interest paid by him?
- (a) Interest of ₹ 2 lakhs allowable u/s 24
 - (b) Interest of ₹ 2 lakhs allowable u/s 24 and ₹1.8 lakhs allowable u/s 80EEA
 - (c) Interest of ₹ 2 lakhs allowable u/s 24 and ₹1.5 lakhs allowable u/s 80EEA
 - (d) Interest of ₹ 1.5 lakhs allowable u/s 24 and ₹ 1.5 lakhs allowable u/s 80EEA
- Q.64.** Mr. Anuj is a businessman whose total income (after allowing deduction under Chapter VI-A except under section 80GG) for A.Y. 2022-23 is ₹ 5,95,000. He does not own any house property and is staying in a rented accommodation in Patna for a monthly rent of ₹ 9,000. Deduction under section 80GG for A.Y. 2022-23 is –
- (a) ₹ 48,500
 - (b) ₹ 1,48,750
 - (c) ₹ 60,000
 - (d) ₹ 1,08,000
- Q.65.** If Mr. Y's total income for A.Y. 2022-23 is ₹ 52 Lakhs, surcharge is payable at the rate of –
- (a) 15%
 - (b) 12%
 - (c) 10%
 - (d) 2%
- Q.66.** 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

- Q.67.** Unexhausted basic exemption limit of a non-resident individual can be adjusted against –
- only LTCG taxable @20% u/s 112
 - only STCG taxable @15% u/s 111A
 - both (a) and (b)
 - neither (a) nor (b)
- Q.68.** During the P.Y.2021-22, Mr. Ranjit has short-term capital gains of ₹ 95 lakhs taxable under section 111A, long-term capital gains of ₹ 110 lakhs taxable under section 112A and business income of ₹ 90 lakhs. Which of the following statements is correct?
- Surcharge @25% is leviable on income-tax computed on total income of ₹ 2.95 crore, since total income exceeds ₹ 2 crore.
 - Surcharge @15% is leviable on income-tax computed on total income of ₹ 2.95 crore.
 - Surcharge @15% is leviable in respect of income-tax computed on capital gains of ₹ 2.05 crore; in respect of business income, surcharge is leviable @25% on income-tax, since total income exceeds ₹ 2 crore.
 - Surcharge @15% is leviable in respect of income-tax computed on capital gains of ₹ 2.05 crore; surcharge @10% is leviable on income-tax computed on business income, since the same exceeds ₹ 50 lakhs but is less than ₹ 1 crore.
- Q.69.** Which of the following statements is not true with respect to A.Y. 2022-23?
- No exemption under section 80TTA would be available to resident senior citizens
 - Share of profit will not be exempt in the hands of partner, if firm claims exemption of income under section 10AA
 - Long term capital gains of ₹ 90,000 on STT paid listed equity shares would not be subject to income-tax under section 112A
 - Exemption under section 10(32) on income of minor child is allowed for more than two children also
- Q.70.** Gross total income of Arpita for P.Y. 2021-22 is ₹ 6,00,000. She had taken a loan of ₹ 7,20,000 in the financial year 2018-19 from a bank for her husband who is pursuing MBA course from IIM, Kolkata. On 02.04.2021, she paid the first installment of loan of ₹ 45,000 and interest of ₹ 65,000. Compute her total income for A.Y. 2022-23.
- ₹ 6,00,000
 - ₹ 5,35,000
 - ₹ 4,90,000
 - ₹ 5,55,000

- Q.71.** Mr. Uttam presents you following data related to his tax liability for A.Y. 2022-23:

Particulars	₹ in lakhs
Tax Liability as per regular provisions of Income-tax Act, 1961	15
Tax Liability as per section 115JC	12
AMT credit brought forward from A.Y. 2020-21	5

What shall be the tax liability of Mr. Uttam for A.Y. 2022-23?

- ₹ 12 lakhs
- ₹ 15 lakhs
- ₹ 10 lakhs
- ₹ 7 lakhs

Q.72. Mr. Nekinsaan, aged 43 years, provides following income details for P.Y. 2021-22 as follows:

Particulars	₹ in lakhs
Capital Gains under section 112A	120
Capital Gains under section 111A	110
Other Income	520

What shall be the tax liability of Mr. Nekinsaan as per regular provisions of the Income-tax Act, 1961 for A.Y. 2022-23?

- (a) ₹ 260.06 lakhs
- (b) ₹ 253.68 lakhs
- (c) ₹ 256.52 lakhs
- (d) ₹ 253.56 lakhs

Q.73. Continuing Q. 72, what shall be tax liability of Mr. Nekinsaan as per regular provisions of the Income-tax Act, 1961 for A.Y. 2022-23, if the Other Income is ₹ 480 lakhs?

- (a) ₹ 218.20 lakhs
- (b) ₹ 221.03 lakhs
- (c) ₹ 218.73 lakhs
- (d) ₹ 242.25 lakhs

Q.74. Mr. Bandu, aged 37 years, provides following details for P.Y. 2021-22 as follows:

Particulars	₹ in lakhs
Textile Business Income	22
Speculative Business Income	(4)
Textile Business Loss b/f from P.Y. 2018-19	(5)
Business income of spouse included in the income of Mr. Bandu as per section 64(1)(iv)	2
Deductions available under Chapter VI-A	3
TDS	1
TCS	0.5
Advance tax paid	1.3

What shall be the net tax payable/(refundable) as per regular provisions of the Income-tax Act, 1961 for A.Y. 2022-23 for Mr. Bandu?

- (a) ₹ 24,200
- (b) ₹ (1,00,600)
- (c) ₹ 2,11,400
- (d) ₹ 12,500

Q.75. Mr. Raj, aged 32 years, presents you the following data for A.Y. 2022- 23:

Particulars	₹ in lakhs
Gross Receipts from Business conducted entirely through banking channels (opted for section 44AD)	70
Capital Gains under section 112A	5
Capital Gains under section 111A	3
Winnings from horse races	1

What would be the tax liability as per the regular provisions of the Income-tax of Mr. Raj for the A.Y.2022-23?

- (a) ₹ 1,28,440
- (b) ₹ 1,05,560
- (c) ₹ 1,38,840
- (d) ₹ 1,45,080

Q.76. Mr. A, whose total sales is ₹ 201 lakhs, declares profit of ₹ 10 lakhs for the F.Y. 2021-22. He is liable to pay advance tax -

- (a) in one instalment
- (b) in two instalments
- (c) in three instalments
- (d) in four instalments

Q.77. Mr. Raj (a non-resident and aged 65 years) is a retired person, earning rental income of ₹ 40,000 per month from a property located in Delhi. 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 ₹ 10,000.
- (b) No, he is not liable to pay advance tax in India as his tax liability in India is less than ₹ 10,000.
- (c) No, he is not liable to pay advance tax in India as he has no income chargeable under the head “Profits and gains of business or profession” and he is of the age of 65 years.
- (d) Both (b) and (c)

Q.78. Mr. X, a resident, is due to receive ₹ 4.50 lakhs on 31.3.2022, towards maturity proceeds of LIC policy taken on 1.4.2019, for which the sum assured is ₹ 4 lakhs and the annual premium is ₹ 1,25,000. Mr. Z, a resident, is due to receive ₹ 95,000 on 1.10.2021 towards maturity proceeds of LIC policy taken on 1.10.2013 for which the sum assured is ₹ 90,000 and the annual premium is ₹ 10,000.

- (a) Tax is required to be deducted on income comprised in maturity proceeds payable to Mr. X and Mr. Z
- (b) Tax is required to be deducted on income comprised in maturity proceeds payable to Mr. X
- (c) Tax is required to be deducted on income comprised in maturity proceeds payable to Mr. Z
- (d) No tax is required to be deducted on income comprised in maturity proceeds payable to either Mr. X or Mr. Z

Q.79. An amount of ₹ 40,000 was paid to Mr. X on 1.7.2020 towards fees for professional services without deduction of tax at source. Subsequently, another payment of ₹ 50,000 was due to Mr. X on 01.03.2022, from which tax @ 7.5% (amounting to ₹ 6,750) on the entire amount of ₹ 90,000 was deducted and the net amount was paid on the same day to Mr. X. However, this tax of ₹ 6,750 was deposited only on 22.6.2022. The interest chargeable under section 201(1A) would be:

- (a) ₹ 585
- (b) ₹ 645
- (c) ₹ 1,215
- (d) ₹ 390

Q.80. The benefit of payment of advance tax in one installment on or before 15th March is available to assessee computing profits on presumptive basis –

- (a) only under section 44AD
- (b) under section 44AD and 44ADA
- (c) under section 44AD and 44AE
- (d) under section 44AD, 44ADA and 44AE

Q.81. Mr. Ramesh, Mr. Mahesh and Mr. Suresh, jointly owned a flat in Mathura, which was let out to Dr. Rajesh from 01.04.2021. The annual rent paid by Dr. Rajesh for the flat was ₹ 5,40,000, credited equally to each of their account. Mr. Rajesh approached his tax consultant to seek clarity in relation to deduction of tax on payment of the rent. He informed his consultant that he occupied such flat for his personal accommodation and his receipts from his profession during the previous year 2019-20 was ₹ 58 lakhs. As tax consultant, choose the correct answer –

- (a) No tax at source is required to be deducted since the rental payments are towards flat occupied for personal purpose
- (b) Tax is required to be deducted at source since the rent payment exceeds ₹ 2,40,000 and Dr. Rajesh is an individual having gross receipts from profession exceeding ₹ 50 lakh in the preceding financial year.
- (c) No tax is required to be deducted at source since the rent credited to each co-owner is less than ₹ 2,40,000
- (d) No tax is required to be deducted at source since Dr. Rajesh's gross receipts during the preceding financial year were less than ₹ 1 crore

Q.82. Mr. Nihar maintains a Savings A/c and a Current A/c in Mera Bank Ltd. The details of withdrawals on various dates during the previous year 2021-22 are as follows:

Date of Cash withdrawal	Saving Account	Current Account
05.04.2021	15,00,000	-
10.05.2021	-	22,00,000
25.06.2021	20,00,000	-
17.07.2021	-	5,00,000
28.10.2021	35,00,000	-
10.11.2021	-	38,00,000
12.12.2021	25,00,000	-

Mr. Nihar regularly files his return of income. Is Mera Bank Limited required to deduct tax at source on the withdrawals made by Mr. Nihar during the previous year 2021-22? If yes, what would the amount of tax deducted at source?

- (a) TDS of ₹ 4,60,000 is required to be deducted
- (b) No, TDS is not required to be deducted as the cash withdrawal does not exceed ₹ 1 crore neither in saving account nor in current account
- (c) TDS of ₹ 3,00,000 is required to be deducted.
- (d) TDS of ₹ 1,20,000 is required to be deducted.

Q.83. Mr. Jha, an employee of FX Ltd, attained 60 years of age on 15.05.2021. He is resident in India during F.Y. 2021-22 and earned salary income of ₹ 5 lakhs (computed). During the year, he earned ₹7 lakhs from winning of lotteries. What shall be his advance tax liability for A.Y. 2022-23 if all tax deductible at source has been duly deducted and remitted to the credit of Central Government on time? Assume he does not opt to pay tax under section 115BAC.

- (a) ₹ 2,20,000 + Cess ₹ 8,800 = ₹ 2,28,800, being the tax payable on total income of ₹ 12 lakhs
- (b) ₹ 2,10,000 + Cess ₹ 8,400 = ₹ 2,18,400, being the tax payable on lottery income of ₹ 7 lakhs

- (c) ₹ 10,000 + Cess ₹ 8,400 = ₹ 18,400, being the net tax payable on salary income, since tax would have been deducted at source from lottery income.
- (d) Nil

Q.84. Mr. P is a professional who is responsible for paying a sum of ₹ 2,00,000 as rent for use of building to Mr. Harshit, a resident, for the month of February, 2022. The gross receipts of Mr. P are as under:

From 01.04.2020 to 31.03.2021: ₹ 55,00,000
From 01.04.2021 to 28.02.2022: ₹ 45,00,000

Whether Mr. P is responsible for deducting any tax at source from the rent of ₹ 2,00,000 payable to Mr. Harshit?

- (a) Tax at source is required to be deducted u/s 194-I at the rate of 7.5%.
(b) Tax at source is required to be deducted u/s 194-IB at the rate of 3.75%.
(c) Tax at source is required to be deducted u/s 194-IB at the rate of 7.5%.
(d) No tax is required to be deducted at source.

Q.85. Mr. A has two bank accounts maintained with ICICI Bank and HDFC Bank. From 01.09.2021 till 31.03.2022, Mr. A withdrew the following amounts as cash from both the said accounts;

HDFC Bank: ₹ 50 Lakh ICICI Bank: ₹ 120 Lakh

What shall be the amount of tax to be deducted at source u/s 194N by HDFC Bank and ICICI Bank, respectively, while making payment in cash to Mr. A assuming Mr. A has filed his return of income for P.Y. 2018-19, P.Y. 2019-20 and P.Y. 2020-21 respectively?

- (a) ₹ 1,00,000 and ₹ 2,40,000
(b) Nil and ₹ 40,000
(c) ₹ 60,000 and ₹ 1,00,000
(d) ₹ 50,000 and ₹ 1,20,000

Q.86. Mr. Ram acquired a house property at Chennai from Mr. Satyam, a resident, for a consideration of ₹ 85 lakhs, on 23.8.2021. On the same day, Mr. Ram made two separate transactions, thereby acquiring an urban plot in Gwalior from Mr. Vipun, a resident, for a sum of ₹ 50 lakhs and rural agricultural land from Mr. Danish, a resident, for a consideration of ₹ 75 lakhs. Which of the following statements are correct assuming that in the consideration amounts as aforementioned all the charges incidental to transfer of the immovable property are included?

- (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@0.75% on ₹ 85 lakhs and ₹ 50 lakhs are attracted. No TDS on payment of ₹ 75 lakhs for acquisition of rural agricultural land
(d) TDS@0.75% on ₹ 85 lakhs is attracted. No TDS on payments of ₹ 50 lakhs and ₹ 75 lakhs.

Q.87. Which of the following details/evidences are required to be furnished by an employee to his/her employer in respect of deduction of interest under the head "Income from house property", when the employer is estimating the total income of the employee for the purpose of tax deduction at source u/s 192?

- (i) Amount of Interest payable or paid
(ii) Rate of interest payable or paid
(iii) Name of the lender
(iv) Address of the lender
(v) PAN or Aadhaar number as the case may be, of the lender
(vi) TAN of the lender Choose the correct answer:
(a) (i), (iii), (v)

- (b) (i), (iii), (iv), (v)
- (c) (ii), (iv), (v), (vi)
- (d) (i), (ii)

Q.88. Mr. X paid fees for professional services of ₹ 40,000 to Mr. Y, who is engaged only in the business of operation of call centre, on 15.7.2021. Tax is to be deducted by Mr. X at the rate of –

- (a) 0.75%
- (b) 1%
- (c) 2%
- (d) 1.5%

Q.89. An interior decorator has opted for presumptive taxation scheme under section 44ADA for A.Y. 2022-23. -

- (a) He is liable to pay advance tax on or before 15.3.2022
- (b) He is not liable to advance tax
- (c) He is liable to pay advance tax in three instalments i.e., on or before 15.9.2021, 15.12.2021 and 15.3.2022
- (d) He is liable to pay advance tax in four instalments i.e., on or before 15.6.2020, 15.9.2021, 15.12.2021 and 15.3.2022

Q.90. 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

Q.91. Mr. X, a resident Indian, wins ₹ 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

Q.92. In which of the following transactions, quoting of PAN is mandatory by the person entering into the said transaction?

- (i) Opening a Basic savings bank deposit account with a bank
- (ii) Applying to a bank for issue of a credit card.
- (iii) Payment of ₹ 40,000 to mutual fund for purchase of its units
- (iv) Cash deposit with a post office of ₹ 1,00,000 during a day.
- (v) A fixed deposit of ₹ 30,000 with a NBFC registered with RBI aggregating the total deposits to ₹ 3,50,000 for the F.Y upto to the date of this deposit made.
- (vi) Sale of shares of an unlisted company for an amount of ₹ 60,000

Choose the correct answer:

- (a) II, IV
- (b) II, III, IV
- (c) I, II, III, V, VI
- (d) II, IV, VI

Q.93. An individual client has consulted you on the matter of PAN. He is carrying on the business of sale & purchase of electronic appliances. His turnover is ₹ 3,00,000 and the profit is ₹ 75,000 for the P.Y. 2021-22. He has asked you to provide him threshold of turnover, if any, exceeding which he has to apply for PAN.

- (a) More than ₹ 2,00,000

- (b) More than ₹ 2,50,000
- (c) More than ₹ 3,00,000
- (d) More than ₹ 5,00,000

Q.94. Mr. Z, a salaried individual, has a total income of ₹ 8 lakhs for A.Y. 2022-23. He furnishes his return of income for A.Y. 2022-23 on 28th August, 2022. He is liable to pay fee of-

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

Q.95. Arun's gross total income of P.Y. 2021-22 is ₹ 2,45,000. He deposits ₹ 45,000 in PPF. He pays electricity bills aggregating to ₹ 1.20 lakhs in the P.Y.2021-22. Which of the statements is correct?

- (a) Arun is not required to file his return of income u/s 139(1) for P.Y. 2021-22, since his total income before giving effect to deduction under section 80C does not exceed the basic exemption limit.
- (b) Arun is not required to file his return of income u/s 139(1) for P.Y. 2021-22, since his electricity bills do not exceed ₹ 2,00,000 for the P.Y.2021-22.
- (c) Arun is not required to file his return of income u/s 139(1) for P.Y. 2021-22, since neither his total income before giving effect to deduction under section 80C exceeds the basic exemption limit nor his electricity bills exceed ₹ 2 lakh for the P.Y.2021-22.
- (d) Arun is required to file his return of income u/s 139(1) for P.Y. 2021-22, since his electricity bills exceed ₹ 1 lakh for the P.Y.2021-22.

Q.96. Which of the following returns can be revised under section 139(5)?

- (i) A return of income filed u/s 139(1)
- (ii) A belated return of income filed u/s 139(4)
- (iii) A return of loss filed u/s 139(3) Choose the correct answer:
 - (a) Only (i)
 - (b) Only (i) and (ii)
 - (c) Only (i) and (iii)
 - (d) (i), (ii) and (iii)

Q.97. Iskon Inc., a foreign company and non-resident in India for A.Y. 2022- 23, engaged in the business of trading of tube-lights outside India. The principal officer of the company has approached you to enlighten him regarding the provisions of the Income-tax Act, 1961 pertaining to the person who is required to verify the return of income in case of Iskon Inc. Advise him as to which of the following statements are correct, assuming that the company has a managing director-

- I The return of income in case of Iskon Inc. can be verified by the managing director.
- II The return of income in case of Iskon Inc. can be verified by any director, irrespective of the availability or otherwise of the managing director.
- III The return of income in case of Iskon Inc. may be verified by a person who holds a valid power of attorney from such company to do so, irrespective of the availability or otherwise of the managing director.

Choose the correct answer:

- (a) I or II or III
- (b) Only I
- (c) I or III
- (d) Only III

Q.98. Mr. Pawan is engaged in the business of roasting and grinding coffee beans. During F.Y. 2021-22, his total income is ₹ 4.5 lakhs. Mr. Pawan filed his return of income for A.Y. 2022-23 on 3rd March, 2023. What shall be the fee payable for default in furnishing in return of income for A.Y. 2022-23?

- (a) ₹ 5,000
- (b) Not exceeding ₹ 1,000
- (c) ₹ 10,000
- (d) No fees payable as total income is below ₹ 5,00,000

Q.99. Which of the following benefits are not allowable to Ms. Sakshi, a non- resident, while computing her total income and tax liability for A.Y. 2022-23 under the Income-tax Act, 1961?

- (a) Deduction of 30% of gross annual value while computing her income from house property in Bangalore
- (b) Tax rebate of ₹ 9,500 from tax payable on her total income of ₹ 4,40,000
- (c) Deduction for donation made by her to Prime Minister's National Relief Fund
- (d) Deduction for interest earned by her on NRO savings account permitted to be maintained by RBI.

Q.100. Mr. Dinesh, a resident in India, has gross total income of ₹ 2,30,000 comprising of interest on saving A/c and rental income during the previous year 2021-22. He incurred expenditure of ₹ 2,00,000 for his son for a study tour to Europe. Whether he is required to file return of income for the assessment year 2022-23? If yes, what is the due date?

- (a) Yes, 31st July of A.Y
- (b) Yes, 30th September of A.Y
- (c) Yes, 31st October of A.Y
- (d) No, he is not required to file return of income

Answer Keys

Question No.	Answer
1	(b) ₹ 22,880
2	(d) ₹ 24,960
3	(b) ₹ 12,67,600
4	(b) ₹ 32,24,000
5	(c) ₹ 5,46,000
6	(b) Resident but not ordinarily resident
7	(a) ₹ 1,87,200
8	(b) (i), (v), (vi)
9	(b) income received in India and in Dubai
10	(d) ₹ 12,55,000
11	(a) ₹ 7,00,000
12	(a) Resident and ordinarily resident
13	(c) Non-resident
14	(d) None of the above
15	(c) Salary received by Mr. Ramesh is taxable in India but allowances and perquisites are exempt
16	(d) No; such rent is not taxable in India either during the previous year 2020-21 or during the previous year 2021-

	22
17	(b) Mr. Sanjay
18	(d) All the above
19	(c) (i) and (iv)
20	(b) ₹ 19,04,762
21	(a) an area at a distance of 3 kms from the local limits of a municipality and has a population of 80,000 as per last census
22	(a) ₹ 48,480
23	(b) in the previous year 2021-22
24	(a) ₹ 5,000
25	(b) ₹ 2,12,600
26	(d) ₹ 79,000
27	(b) ₹ 63,000
28	(c) ₹ 2,00,000
29	(b) Two houses, at the option of Mr. Raghav, would be treated as self-occupied. The other house would be deemed to be let out
30	(a) Terminal depreciation
31	(a) Nil
32	(b) ₹ 3,000
33	(a) ₹ 21,750
34	(d) ₹ 9.4 lakh
35	(d) Nil
36	(c) Capital gains without deducting STT paid is taxable at a concessional rate of 10% on such capital gains exceeding ₹ 1 lakh
37	(a) within a period of 6 months after the date of such transfer
38	(C) Whichever is earlier
39	(c) Nil
40	(b) ₹ 9,60,000
41	(a) Entire ₹ 75,000 is chargeable to tax.
42	(d) as the income of the transferor-member
43	(b) ₹ 2,10,000 in the hands of Mr. Aarav
44	(b) No, since Ram has not transferred debentures to Shyam, interest income on the debentures is not taxable income of Shyam
45	(c) Share of profit is exempt but interest of ₹ 35,000 is includible in the income of Mr. Anurag and interest of ₹ 15,000 is includible in the income of Mrs. Shivani
46	(d) Mr. Arvind is the deemed owner of property gifted to Ms. Meena. Income from property gifted to Ms. Seetha would be included in his hands by virtue of section 64
47	(c) Income of ₹ 20,11,500 shall be taxable in the hands of Pihu's

		father or mother, whose income before this clubbing is higher
48	(b)	can be set-off against both short-term capital gains and long-term capital gains
49	(c)	Loss from house property and unabsorbed depreciation carried forward under section 32(2) depreciation carried forward under section 32(2)
50	(b)	₹ 3,10,000
51	(d)	All of the above
52	(a)	First adjustment for loss of P.Y. 2019-20, then loss for P.Y. 2020-21 and then unabsorbed depreciation, if any
53	(d)	First from (i) and thereafter from (ii); the remaining loss has to be carried forward
54	(d)	Yes, Mr. A can claim set off of loss of ₹ 8 lakhs during A.Y. 2022-23 from its income from house property, if any, and the balance has to be carried forward to A.Y.2023-24
55	(a)	₹ 4,40,000
56	(b)	₹ 50,000
57	(d)	Nil
58	(d)	be allowed deduction of ₹ 10,000 u/s 80C
59	(d)	₹ 2,00,000 u/s 24
60	(d)	₹ 2,000
61	(d)	₹ 1,25,000
62	(c)	₹ 60,000
63	(c)	Interest of ₹ 2 lakhs allowable u/s 24 and ₹ 1.5 lakhs allowable u/s 80EEA
64	(a)	₹ 48,500
65	(c)	10%
66	(c)	both (a) and (b)
67	(d)	neither (a) nor (b)
68	(b)	Surcharge@15%is leviable on income-tax computed on total income of ₹ 2.95 crore.
69	(b)	Share of profit will not be exempt in the hands of partner, if firm claims exemption of income under section 10AA
70	(b)	₹ 5,35,000
71	(a)	₹ 12 lakhs
72	(d)	₹ 253.56 lakhs
73	(c)	₹ 218.73 lakhs
74	(a)	₹ 24,200
75	(a)	₹ 1,28,440
76	(d)	in four instalments

77	(b)	No, he is not liable to pay advance tax in India as his tax liability in India is less than ₹ 10,000
78	(b)	Tax is required to be deducted on income comprised in maturity proceeds payable to Mr. X
79	(b)	₹ 645
80	(b)	under section 44AD and 44ADA
81	(c)	No tax is required to be deducted at source since the rent credited to each co-owner is less than ₹ 2,40,000
82	(d)	TDS of ₹ 1,20,000 is required to be deducted
83	(d)	Nil
84	(d)	No tax is required to be deducted at source.
85	(b)	Nil and ₹ 40,000
86	(c)	TDS@0.75% on ₹ 85 lakhs and ₹ 50 lakhs are attracted. No TDS on payment of ₹ 75 lakhs for acquisition of rural agricultural land
87	(b)	(i), (iii), (iv), (v)
88	(c)	2%
89	(a)	He is liable to pay advance tax on or before 15.3.2021
90	(d)	No tax has to be deducted at source on either salary or interest
91	(c)	No tax is deductible at source
92	(a)	II, IV
93	(d)	More than ₹ 5,00,000
94	(b)	₹ 5,000 under section 234F
95	(d)	Arun is required to file his return of income u/s 139(1) for P.Y. 2021-22, since his electricity bills exceed ₹ 1 lakh for the P.Y.2021-22
96	(d)	(i), (ii) and (iii)
97	(c)	I or III
98	(b)	Not exceeding ₹ 1,000
99	(b)	Tax rebate of ₹ 9,500 from tax payable on her total income of ₹ 4,40,000
100	(d)	No, he is not required to file return of income

CASE BASED SCENARIOS

Q.1. Mr. Shashikant, aged 45 years, is an Indian citizen and a member of the crew of a Singapore bound Indian ship engaged in carriage of passengers in international traffic departing from Chennai port on 29th May, 2021.

Particulars	Date
Date entered into the Continuous Discharge Certificate in respect of joining the ship by Mr. Shashikant	29th May, 2021
Date entered into the Continuous Discharge Certificate in respect of signing off the ship by Mr. Shashikant	19th December, 2021

He stayed in India in the last 4 previous years preceding the P.Y. 2021-22 for 400 days and for a period of 750 days in the last 7 previous years preceding to P.Y. 2021-22. He received salary of ₹ 7,20,000 for services rendered outside India, in his NRE account maintained with State Bank of India, Chennai Branch.

He also furnished details of other income earned by him during the previous year 2021-22:

S.no	Particulars	Amount (₹)
1.	Dividend declared in the month of April, 2021 by X limited, a Singapore company. The same was received by him in Singapore	1,00,000
2.	Agriculture income from land in Pakistan received in India	2,50,000
3.	Rent received from house property in Chennai	3,60,000

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

1.1 What is Mr. Shashikant's residential status for the P.Y 2021-22?

- a. Resident and ordinarily resident
- b. Resident but not ordinarily resident
- c. Non-resident
- d. Deemed resident

1.2 What would be the total income of Mr. Shashikant for A.Y. 2022- 23 assume that he does not opt to pay tax under section 115BAC?

- (a) ₹ 7,10,000
- (b) ₹ 11,72,000
- (c) ₹ 5,02,000
- (d) ₹ 6,02,000

1.3. Assume for the purpose of answering this question that Mr. Shashikant has transferred his house property in Chennai to his minor married daughter on 1st April, 2021 and his wife is a housewife and does not have any income. The minor married daughter receives the rent from house property. In such case, his total income would be -

- (a) ₹ 5,00,500
- (b) ₹ 6,00,500
- (c) ₹ 5,02,000
- (d) ₹ 6,02,000

1.4. Mr. Shashikant would like to minimize his tax liability and consulted you to compute the amount of same for the P.Y. 2021-22. Accordingly, his tax liability (rounded off) would be

- (a) ₹ 13,420
- (b) ₹ 13,210
- (c) ₹ 23,610
- (d) ₹ 34,840

Answer Keys

Question No.	Answer
1.1	(c) Non-resident
1.2	(c) ₹ 5,02,000
1.3	(a) ₹ 5,00,500
1.4	(b) ₹ 13,210

Q.2. Mr. Suraj (aged 48 years) furnishes the following particulars for the previous year 2021-22 in respect of an industrial undertaking established in "Special Economic Zone" in March 2016. It began manufacturing in April 2016.

Particulars	(₹)
Total sales	85,00,000
Export sales [proceeds received in India]	45,00,000
Domestic sales	40,00,000
Profit from the above undertaking	20,00,000

Export Sales of F.Y. of 2021-22 include freight and insurance of ₹ 5 lacs for delivery of goods outside India.

He received rent of ₹ 25,000 per month for a commercial property let out to Mr. Sudhir, a salaried individual. He earned interest on Savings Bank A/c of ₹ 12,500 and interest on Post Office Savings A/c of ₹ 5,500 during the P.Y. 2021-22.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

2.1 Compute the amount of export turnover and total turnover for purpose of computing deduction under section 10AA for A.Y. 2022-23.

- (a) ₹ 45,00,000 and ₹ 85,00,000, respectively
- (b) ₹ 40,00,000 and ₹ 80,00,000, respectively
- (c) ₹ 45,00,000 and ₹ 80,00,000, respectively
- (d) ₹ 40,00,000 and ₹ 85,00,000, respectively

2.2 Compute the amount of deduction available under section 10AA to Mr. Suraj under section 10AA for A.Y. 2022-23.

- (a) ₹ 10,00,000
- (b) ₹ 4,70,577
- (c) ₹ 5,62,500
- (d) ₹ 5,00,000

2.3. Assume for the purpose of this question only that Mr. Suraj established SEZ Unit and began manufacturing in April, 2018. Compute the amount of deduction available under section 10AA for A.Y. 2022-23.

- (a) ₹ 10,00,000
- (b) ₹ 9,41,154
- (c) ₹ 11,25,000
- (d) ₹ 5,00,000

2.4 Compute the total income of Mr. Suraj for the previous year 2021-22, assuming that he does not opt to pay tax under section 115BAC.

- (a) ₹ 12,14,500
- (b) ₹ 17,18,000
- (c) ₹ 17,14,500

(d) ₹ 17,28,000

Answer Keys

Question No.	Answer
2.1	(b) ₹ 40,00,000 and ₹ 80,00,000, respectively
2.2	(d) ₹ 5,00,000
2.3	(a) ₹ 10,00,000
2.4	(c) ₹ 17,14,500

Q.3. Mr. Kishan is engaged in the following activities on agricultural land situated in India, total area of land is 5 acres.

Activity A: He grows saplings or seedlings in a nursery spreading over on one acre land, the sale proceeds of which is ₹ 5,00,000. Cost of plantation is ₹ 1,40,000. Basic operations are not performed for growing saplings or seedlings.

Activity B: He grows cotton on 3 acres land. 40% of cotton produce is sold for ₹ 4,00,000, the cost of cultivation of which is ₹ 2,25,000.

The cost of cultivation of balance 60% cotton is ₹ 3,37,500 and the market value of the same is ₹ 6,00,000, which is used for the purpose of manufacturing yarn. After incurring manufacturing expenses of ₹ 1,00,000, yarn is sold for ₹ 8,50,00.

Activity C: Land measuring 1 acres is let out to Mr. Ramesh on monthly rental of ₹ 15,000 which is used by Mr. Ramesh as follows:

- 50% of land is used for agricultural purpose
- 50% of land is used for non-agricultural purpose.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

3.1 What amount of income arising from activity A would constitute agricultural income in the hands of Mr. Kishan?

- (a) ₹ 5,00,000
- (b) Nil
- (c) ₹ 3,60,000
- (d) ₹ 1,40,000

3.2. What amount of income from activity B with respect to sale of cotton would constitute agricultural income or/and business income in the hands of Mr. Kishan?

- (a) ₹ 1,75,000 as agricultural income
- (b) ₹ 1,75,000 as business income
- (c) ₹ 1,75,000 as agricultural income and ₹ 2,62,500 as business income
- (d) ₹ 4,00,000 as agricultural income

3.3. What amount of the income from activity B with respect to sale of yarn constitute agricultural income or/and business income in the hands of Mr. Kishan?

- (a) ₹ 1,50,000 as agricultural income
- (b) ₹ 2,62,500 as agricultural income and ₹ 1,50,000 as business income
- (c) ₹ 3,37,500 as agricultural income and ₹ 1,50,000 as business income
- (d) ₹ 4,12,500 as business income

3.4. What amount of income arising from activity C constitute agricultural income or otherwise in the hands of Mr. Kishan?

- (a) Whole amount of ₹ 1,80,000 would be agricultural income
- (b) Whole amount of ₹ 1,80,000 would be business income.
- (c) ₹ 90,000 would be agricultural income and ₹ 63,000 is chargeable to tax as income from house property
- (d) ₹ 90,000 would be agricultural income and ₹ 90,000 is chargeable to tax under the head "Income from Other Sources"

3.5. Compute the gross total income of Mr. Kishan for the P.Y. 2021-22, assuming he has no other source of income.

- (a) ₹ 2,40,000
- (b) ₹ 3,30,000
- (c) ₹ 5,02,500
- (d) ₹ 2,13,000

Answer Keys

Question No.	Answer
3.1	(c) ₹ 3,60,000
3.2	(a) ₹ 1,75,000 as agricultural income
3.3	(b) ₹ 2,62,500 as agricultural income and ₹ 1,50,000 as business income
3.4	(d) ₹ 90,000 would be agricultural income and ₹ 90,000 is chargeable to tax under the head "Income from Other Sources"
3.5	(a) ₹ 2,40,000

Q.4. Mr. Rajesh Sharma, aged 54 years, an Indian citizen, is working as Assistant Manager in ABC India Ltd. He is getting basic salary of ₹ 58,000 per month. He used to travel frequently out of India for his office work. He left India from Delhi Airport on 5th October, 2021 and returned to India on 2nd April, 2022.

For previous year 2021-22, following information's are relevant;

- a. Dearness Allowance - 10% of Basic Pay (considered for retirement purposes)
- b. Bonus - ₹ 98,000
- c. Medical allowance paid during P.Y. 2020-21 amounting to ₹ 60,000
- d. He was also reimbursed medical bill of his mother amounting to ₹ 15,000.
- e. He was also transferred a laptop by company for ₹ 15,000 on 31st December, 2021. The laptop was acquired by company on 1st October, 2018 for ₹ 1,00,000. Company was charging depreciation at 31.666% assuming useful life of laptop as 3 years.
- f. He was also reimbursed salary of house servant of ₹ 4,000 per month.
- g. Professional Tax paid by employer amounting to ₹ 2,400.
- h. 400 equity shares allotted by ABC India Ltd. at the rate of ₹ 250 per share against fair market value of share of ₹ 350 on the date of exercise of option.
- i. Short-term capital gain on sale of shares of listed company on which STT is paid amounting to ₹ 94,000.
- j. Mr. Rajesh does not opt to pay tax under section 115BAC.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

- 4.1 What is Mr. Rajesh Sharma's residential status for the A.Y. 2022-23?
- (a) Resident but can't determine resident and ordinarily resident or resident but not ordinarily resident, from the given information
 - (b) Non-Resident
 - (c) Resident but not ordinarily resident
 - (d) Resident and ordinarily resident
- 4.2 What are his taxable perquisites for A.Y. 2022-23?
- (a) ₹ 55,000
 - (b) ₹ 90,400
 - (c) ₹ 1,05,400
 - (d) ₹ 1,03,000

- 4.3 What is the income chargeable under the head “Salaries” in the hands of Mr. Rajesh Sharma for A.Y. 2022-23?
- ₹ 9,76,600
 - ₹ 9,86,600
 - ₹ 9,71,600
 - ₹ 9,61,600
- 4.4 The total tax liability of Mr. Rajesh Sharma for A.Y. 2022-23 is:
- ₹ 1,26,800
 - ₹ 1,40,710
 - ₹ 1,12,130
 - ₹ 1,39,960
- 4.5 Assume for the purpose of this question only, that Mr. Rajesh was found owner of ₹ 5 lakh worth jewellery acquired in F.Y. 2021-22, of which he could not provide any satisfactory explanation about source of income. What would be the tax liability (without considering surcharge and Health and education cess, if any) of Mr. Rajesh Sharma towards such unexplained expenditure:
- ₹ 1,00,000
 - ₹ 1,50,000
 - ₹ 3,00,000
 - ₹ 3,90,000

Answer Keys

Question No.	Answer
4.1	(a) Resident but can't determine resident and ordinarily resident or resident but not ordinarily resident, from the given information
4.2	(c) ₹ 1,05,400
4.3	(a) ₹ 9,76,600
4.4	(a) ₹ 1,26,800
4.5	(c) ₹ 3,00,000

Q.5. Mr. Hardik (age 45 years) is appointed as senior executive officer in Sky India Limited, Mumbai on 01.02.2021 in the scale of ₹ 35,000- 3500-65,000. He is paid dearness allowance @ 40% of salary forming part of retirement benefits.

He is given rent free unfurnished accommodation on 01.5.2021 which he occupied only from 01.10.2021. The company pays lease rent of ₹ 5,000 p.m.

He has been provided a car of above 1.6 liters capacity which is used by him for private purposes only. The actual cost of the car is ₹ 8,00,000. The monthly expenditure of car is ₹ 5,000, which is fully met by the employer. Car is owned by his employer.

He pays lumpsum premium of ₹ 1,20,000 towards health insurance for self and his wife (age 43 years) for 48 months on 01.10.2021 by account payee cheque. He also contributes ₹ 1,50,000 towards PPF.

Mr. Hardik is interested to opt for concessional tax regime available under section 115BAC.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

- 5.1 What would be the value of rent-free accommodation chargeable to tax in the hands of Mr. Hardik?
- ₹ 44,835
 - ₹ 44,100
 - ₹ 45,570
 - ₹ 30,000
- 5.2 What amount of health insurance premium paid during the previous year 2021-22 by Mr. Hardik can be claimed as deduction while computing total income, if he does not opt to pay tax under section 115BAC?
- ₹ 30,000
 - ₹ 15,000
 - ₹ 24,000
 - ₹ 25,000
- 5.3 What would be perquisite value of car chargeable to tax in the hands of Mr. Hardik?
- ₹ 28,800
 - ₹ 21,600
 - ₹ 60,000
 - ₹ 1,40,000
- 5.4 What would you advise to Mr. Hardik to opt to pay tax under section 115BAC?
- Yes, Mr. Hardik can opt for section 115BAC, since in such case his tax liability would be ₹ 22,760, being lower than the tax liability under normal provisions of the Act
 - Yes, Mr. Hardik can opt for concessional tax regime, since in such case his tax liability would be ₹ 17,560 being lower than the tax liability under normal provisions of the Act.
 - No, Mr. Hardik should not opt, since as per normal provisions of the Act, his tax liability would be ₹ 32,510, being lower than the tax liability under section 115BAC
 - No, Mr. Hardik should not opt, since as per normal provisions of the Act, his tax liability would be ₹ 22,110, being lower than the tax liability under section 115BAC

Answer Keys

Question No.	Answer
5.1	(d) ₹ 30,000
5.2	(c) ₹ 24,000
5.3	(d) ₹ 1,40,000
5.4	(d) No, Mr. Hardik should not opt, since as per normal provisions of the Act, his tax liability would be ₹ 22,110, being lower than the tax liability under section 115BAC

- Q.6.** Ananya Gupta, a citizen of India, lives with her family in New York since the year 2000. She visited India from 21st March, 2021 to 28th September, 2021 to take care of her ailing mother. In the last four years, she has been visiting India for 100 days every year to be with her mother. She owns an apartment at New York, which is used as her residence. The expected rent of the house is \$ 32,000 p.a. The value of one USD (\$) may be taken as ₹ 75. Municipal taxes paid in New York in January, 2021 are \$ 2,000. She took ownership and possession of her house in New Delhi on 25th March, 2022, for self-occupation, while she is in India. The municipal valuation is 4,20,000 p.a. and the fair rent is ₹ 4,50,000 p.a. She paid property tax of ₹ 22,000 to Delhi Municipal Corporation on 21st March, 2022. She had taken a loan of ₹ 16 lakhs @ 10% p.a. from IDBI Bank on 1st April, 2017 for constructing this house and the construction got

completed on 20th March, 2021. No amount has been paid towards principal repayment so far. The house is vacant for the rest of the year i.e., from October 2021 to March 2022.

She had a house property in Mumbai, which was sold on 28th March, 2021.

In respect of this house, she received arrears of rent of ₹ 3,00,000 on 4th February, 2022. This amount has not been charged to tax earlier.

She does not have any income under any other source in India during previous year in 2021-22.

Ananya Gupta does not want to opt for the new tax regime under section 115BAC for A.Y. 2022-23.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

- 6.1. What would be the residential status of Ananya Gupta for A.Y. 2022-23?
- Resident and ordinarily resident
 - Resident but not ordinarily resident
 - Deemed resident but not ordinarily resident in India
 - Non-resident
- 6.2. Ms. Ananya Gupta can claim benefit of “Nil” Annual Value under section 23(2) in respect of -
- Her Delhi house
 - Her New York house, since it is more beneficial; her Delhi house will be deemed to be let out and expected rent would be the annual value.
 - Her Delhi house alone; her New York house will be deemed to be let out and expected rent would be the annual value.
 - Both her Delhi house and New York house, since benefit of Nil Annual value u/s 23(2) is available in respect of two house properties.
- 6.3. What is the income chargeable under the head “Income from house property” of Ananya Gupta for A.Y. 2022-23?
- ₹ 15,65,000
 - ₹ 3,09,600
 - ₹ 1,00,000
 - ₹ 10,000
- 6.4. Assuming that, for the purpose of this question alone, Ananya Gupta has let out her flat in New York during the six months (April to September) when she is in India, for a sum of \$ 6,000 p.m. Such rent was received in a bank account in New York and then remitted to India through approved banking channels. What would be the income from house property chargeable to tax in her hands in India for A.Y. 2022-23?
- ₹ 10,000
 - ₹ 17,85,000
 - ₹ 17,95,000
 - ₹ 18,85,000

Answer Keys

Question No.	Answer
6.1	(d) Non-resident
6.2	(a) Her Delhi house
6.3	(d) ₹ 10,000
6.4	(a) ₹ 10,000

- Q.7.** Ram Builders & Developers is the sole-proprietorship concern of Mr. Ram. The main business of the concern is the construction, development and sale of residential and commercial units. Ram Builders & Developers developed a project named Luxuria Heaven, which has both residential and commercial units with its own funds. It

obtained certificate of completion for the said project with effect from 31/03/2021. Ram sold majority of its residential units and commercial units in the F.Y.2021-22. However, around 30 residential units and 15 commercial units were held by him as stock in trade as on 31.3.2022. During this period, there was a slump in the real estate sector. In order to earn some income from these units, Ram incidentally lets out some of the units held as stock-in-trade. The details of units constructed, sold and held as stock-in-trade are given hereunder:

Particulars	Total Units constructed	Units sold	Units held as stock-in-trade as on 31.3.2022 [(2) – (3)]	Units let out during P.Y.2021-22 out of (4)	Units vacant during the whole of P.Y.2021-22 [(4) – (5)]	Actual rent per unit per month [in respect of let out units mentioned in (5)]
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Residential Units	100	70	30	10	20	10,000 pm.
Commercial Units	40	25	15	5	10	18,000 pm.
	140	95	45	15	30	

Out of the residential units sold, 5 residential units were sold to his friend, Mr. Gaurav, who is also a real estate developer, on 15.2.2022, for ₹ 20 lakhs each. The stamp duty value on the date of sale was ₹ 23 lakhs each. However, the agreement of sale was entered into on 1.11.2021, on which the date the stamp duty value was 22 lakhs. Mr. Ram received ₹ 1 lakh by way of account payee bank draft on 1.11.2021 from Mr. Gaurav.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

- 7.1. While computing the total income of Mr. Ram, the income from residential and commercial units let out during the P.Y.2021-22 will be taxed under head:
- Income from house property
 - Profits and gains of business or profession
 - Income from let out residential units will be taxed under the head “Income from house property” and income from let out commercial units will be taxed under the head “Profits and gains of business or profession”
 - Income from other source.
- 7.2. What would be the tax treatment of vacant residential and commercial units held as stock in trade as on 31.3.2022?
- The vacant residential units would be deemed to be let out and expected rent would be deemed as the annual value chargeable to tax under the head “Income from house property” for A.Y. 2022-23.
 - The vacant units, both residential and commercial, would be deemed to be let out and expected rent would be deemed as the annual value chargeable to tax under the head “Income from house property” for A.Y. 2022-23.
 - The annual value of both vacant residential and commercial units would be Nil for A.Y.2022-23. Hence, no income is chargeable for such units under the head “Income from house property” for A.Y. 2022-23.
 - Vacant units held as stock-in-trade can never be deemed as let out at any point of time
- 7.3. What would be the full value of consideration in respect of sale of units to Mr. Gaurav for the purpose of computing profits and gains from transfer of units?

- (a) ₹ 1,00,00,000
- (b) ₹ 1,15,00,000
- (c) ₹ 1,10,00,000
- (d) ₹ 99,00,000

7.4. Assume that ₹ 1 lakh was paid in cash by Mr. Gaurav to Mr. Ram on 1.11.2021 instead of by way of account payee bank draft, what would be the income chargeable under section 56(2)(x) in the hands of Mr. Gaurav?

- (a) ₹ 15 lakh
- (b) ₹ 10 lakh
- (c) Nil, since the stamp duty value is within the permissible deviation limit
- (d) Nil, since section 56(2)(x) is not applicable in this case

Answer Keys

Question No.	Answer
7.1	(a) Income from house property.
7.2	(c) The annual value of both vacant residential and commercial units would be Nil for A.Y.2022-23. Hence, no income is chargeable for such units under the head "Income from house property" for A.Y. 2022-23.
7.3	(a) ₹ 1,00,00,000
7.4	(d) Nil, since section 56(2)(x) is not applicable in this case

Q.8. For the assessment year 2022-23, Mr. Sonu submits the following information:

Particulars	Building at Chennai (₹)	Building at Kochi (₹)
Municipal valuation	35,000	80,000
Standard Rent	36,000	70,000
Fair Rent	31,000	82,000
Rent received	38,000	68,000
Municipal taxes paid by tenant Mr. Ramu for building at Chennai and paid by Mr. Sonu for Building at Kochi.	3,000	4,000
Repairs paid by tenant Mr. Ramu for Chennai building and Mr. Sonu paid for Kochi buildings	500	18,000
Land revenue paid	2,000	16,000
Insurance premium paid	500	2,000
Interest on loan borrowed for payment of municipal tax of house property	200	400
Nature of occupation	Let out for residence	Let out for business
Date of completion of construction	1.4.1996	1.7.2008

Mr. Sonu is constructing one more building in Mumbai during the previous year. Mr. Raju, a film director, took on rent the building under construction in Mumbai at Rs 5,000 per month for his film shooting. The construction of the said building would be

completed by April 2022. Mr. Sonu is a real estate developer and letting out properties is not the business of Mr. Sonu.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

- 8.1. Which of the building's income is chargeable to tax under the head "Income from house property" in the hands of Mr. Sonu?
- (a) Building at Chennai only
 - (b) Building at Kochi only
 - (c) Both buildings at Chennai and Kochi
 - (d) All the three buildings at Chennai, Kochi and Mumbai
- 8.2. Which of the following payments/expenditure is allowable as deduction while computing income under the head "Income from house property" incurred in respect of the building at Chennai and Kochi?
- (a) Municipal taxes paid by Mr. Sonu and Mr. Ramu
 - (b) Municipal tax, land revenue, insurance premium, interest on loan borrowed for payment of Municipal tax paid by Mr. Sonu
 - (c) Only municipal tax paid by Mr. Sonu
 - (d) Both Municipal tax and repairs paid by Mr. Sonu
- 8.3. Under which head of income, the amount received from Mr. Raju would be chargeable to tax?
- (a) Income from house property
 - (b) Profits and gains from business or profession
 - (c) Income from other sources
 - (d) Income from house property or Income from other sources, at the option of Mr. Sonu
- 8.4. What is the amount chargeable to tax under the Income from house property in the hands of Mr. Sonu for the P.Y. 2021-22?
- (a) ₹ 72,800
 - (b) ₹ 81,200
 - (c) ₹ 1,14,800
 - (d) ₹ 70,700

Answer Keys

Question No.	Answer
8.1	(c) Both buildings at Chennai and Kochi
8.2	(c) Only municipal tax paid by Mr. Sonu
8.3	(c) Income from other sources
8.4	(a) ₹ 72,800

Q.9. Mr. Ganesh (a salaried person) has three houses. One in Thane (Maharashtra), second in Jaipur (Rajasthan) and third in Ratlam (Madhya Pradesh). Details of the flats/houses are as follows:

- ❖ **Thane flat:** 3 BHK flat purchased in April, 2002 for ₹ 90 lakhs. Afterwards, interior work done in 2006 of ₹ 15 lakhs. Mr. Ganesh took loan of ₹ 65 Lakhs for purchase of this flat in 2001 and settled full loan in 2018.
- ❖ **Jaipur house:** Purchased in July, 2019 of ₹ 62 Lakhs and interior work done in September, 2019 of ₹ 15 Lakhs. Loan taken for purchase of this house of ₹ 15 Lakhs in June, 2020. As per interest certificate, he paid ₹ 12,00,500 and ₹ 43,500 towards principal and interest, respectively.
- ❖ **Ratlam House:** Purchased in December 2020 for ₹ 70 lakhs (stamp duty value of ₹ 65 lakhs). For acquiring this house, he took loan of ₹ 40 Lakhs from Canara Bank. Loan was sanctioned on 1.8.2020. He pays EMI of ₹ 38,100 per month. As per interest certificate, for the previous year 2021-22, he paid ₹ 60,900 and ₹ 3,96,300 towards principal and interest, respectively.

Particulars	Thane House	Jaipur House (Apr-21 to Dec-21)	Ratlam House
Municipal Taxes paid	18,574	8,090	6,909
Municipal value (per month)	30,500	6,800	7,200
Fair Rent (per month)	33,000	7,000	7,500
Standard Rent (per month)	32,000	8,000	7,300

Other details are as follows:

- He has sold Jaipur house on 1st January, 2022 for ₹ 90 Lakhs and invested ₹ 15 Lakh in RECL bonds issued by the Central Government on 10th August 2022.
- Mr. Ganesha is working in WinDoor Exports Pvt Ltd, Mumbai and self-occupied Thane flat. He earned salary of ₹ 22,50,350 for the previous year 2021-22.
- He has no other income from any source for the P.Y. 2021-22.
- He has given Ratlam house on rent for F.Y. 2021-22 to Mr. Pratap on a monthly rent of ₹ 8,500.
- He has given Jaipur house on rent for the period of April, 2021 to June, 2021 to Mrs. Madhura Mahto on monthly rent of ₹ 7,100 and vacant for remaining period from July, 2021 to December, 2021.

Mr. Ganesha would not like to opt concessional tax rates available under section 115BAC.

Cost inflation index (CII) for the Financial Year (F.Y.) 2018-19 is 280; 2019-20: 289; F.Y. 2021-22: 317.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

- 9.1. What would be Net Annual Value of each house for the previous year 2021-22?
 - (a) Thane – Nil ; Jaipur – ₹ 13,210 ; Ratlam – ₹ 95,091
 - (b) Thane – Nil ; Jaipur – ₹ 54,910 ; Ratlam – ₹ 95,091
 - (c) Thane – Nil ; Jaipur – ₹ 21,300 ; Ratlam – ₹ 1,02,000
 - (d) Thane – Nil ; Jaipur – ₹ 13,210 ; Ratlam – ₹ 80,691
- 9.2. What would be income/loss under the head “Income from house property” in the hands of Mr. Ganesha?
 - (a) Loss of ₹ 1,67,689
 - (b) Loss of ₹ 2,86,236
 - (c) Loss of ₹ 3,20,489
 - (d) Loss of ₹ 3,63,989
- 9.3. How much amount will be carried forward as loss from house property for the subsequent assessment year 2023-24?
 - (a) ₹ 3,63,989
 - (b) ₹ 1,63,989
 - (c) ₹ 2,00,000
 - (d) ₹ 1,50,000
- 9.4. What would the amount of capital gains chargeable to tax in the hands of Mr. Ganesha during the previous year 2021-22?
 - (a) Short-term capital gains of 15,00,000
 - (b) Long-term capital gains of ₹ 23,35,000
 - (c) Long-term capital gain of ₹ 7,72,716
 - (d) Long-term capital gain of ₹ Nil, since he is eligible for deduction u/s 54EC in respect of amount invested in RECL bonds issued by Central Government
- 9.5. What would be the gross total income of Mr. Ganesha for the A.Y. 2022-23?
 - (a) ₹ 28,23,070
 - (b) ₹ 26,23,070
 - (c) ₹ 27,73,070
 - (d) ₹ 43,85,350

Answer Keys

Question No.	Answer
9.1	(a) Thane – Nil ; Jaipur –₹ 13,210 ; Ratlam –₹ 95,091
9.2	(d) Loss of ₹ 3,63,989
9.3	(b) ₹ 1,63,989
9.4	(c) Long-term capital gain of ₹ 7,72,716
9.5	(c) ₹ 27,73,070

Q.10. “LUX Enterprise” a proprietorship firm of Mr. Lucifer Mornig star, a resident individual, in Maharashtra engaged in business of printing and publishing. The following details pertain to the assets of the business:

Particulars	Date of purchase	Date of put to use	Amount
Office building superstructure constructed on leased land	30.09.2021	30.12.2021	1,85,00,000
BMW M4 convertible car	23.08.2020	25.08.2020	94,80,000
Machineries used in printing and publishing process	25.09.2021	15.10.2021	9,12,500

Notes:

- (1) Car is also used for personal purposes; disallowance for personal use may be taken at 20%.
- (2) Written down value of Plant & Machinery (Depreciable @15%) as on 1.4.2021 is ₹ 1,45,00,000.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions, assuming all the aforementioned assets are purchased through account payee cheque:

10.1. What would be the amount of depreciation allowable on plant and machinery (@15%) for the previous year 2021-22?

- (a) ₹ 24,25,938
- (b) ₹ 23,34,688
- (c) ₹ 24,94,376
- (d) ₹ 24,03,126

10.2. What would be the WDV of plant and machinery (Depreciable@15%) as on 1.4.2022?

- (a) ₹ 1,29,86,562
- (b) ₹ 1,29,18,124
- (c) ₹ 1,30,77,812
- (d) ₹ 1,21,65,312

10.3. What would the WDV of Office building superstructure constructed on leased land as on 1.4.2022?

- (a) ₹ 1,85,00,000
- (b) ₹ 1,66,50,000
- (c) ₹ 1,75,75,000
- (d) ₹ 1,57,25,000

10.4. What would be the amount of depreciation allowable on BMW M4 convertible car for the previous year 2021-22?

- (a) ₹ 22,75,200
- (b) ₹ 11,37,600

(c) ₹ 10,01,088

(d) ₹ 17,29,152

Answer Keys

Question No.	Answer
10.1	(b) ₹ 23,34,688
10.2	(c) ₹ 1,30,77,812
10.3	(c) ₹ 1,75,75,000
10.4	(d) ₹ 17,29,152

Q.11. In case of Slump sale full value of consideration shall be (*amendment based*)

- Net consideration
- Fair market value as may be prescribed
- Net worth
- None of above

Answer Keys

Question No.	Answer
11	(b) Fair market value as may be prescribed

Q.12. ABC & Co. is a partnership firm engaged in the business of sale of footwear. The partnership firm consist of three partners – A, B & C. A & B are working partners and C is a sleeping partner. The firm is liable to tax audit under section 44AB of the Act. It has a book profit of ₹ 11,50,000.

Following payments were made to partners as authorised by the partnership deed:

- Remuneration to A & B - ₹ 32,000 p. m. to each partner
- Remuneration to C - ₹ 10,000 p. m.
- Interest on capital @ 19.5% to A & B - ₹ 18,500 p. a. to each partner
- Interest on capital @ 17% to C - ₹ 10,540 p. a.

The firm has following brought forward losses of past years:

A.Y.	Business loss	Unabsorbed depreciation	Long-term capital loss
2019-20	26,000	17,600	5,300
2020-21	78,000	29,860	-
2021-22	1,05,670	54,180	13,470

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

12.1 What amount of interest is allowable as deduction in the hands of firm while computing profits and gains from business or profession ?

- ₹ 29,040
- ₹ 22,769
- ₹ 47,540
- ₹ 30,209

12.2. What amount of remuneration not allowable as deduction in the hands of firm while computing profits and gains from business or profession?

- ₹ 1,20,000
- Nil
- ₹ 1,08,000
- ₹ 78,000

12.3. What is the due date of filing of return of income for Mr. A and Mr. C for the A.Y. 2022-23?

- (a) 31st July 2022 for Mr. C and 30th September 2022 for Mr. A
- (b) 31st July 2022 for Mr. C and 31st October 2022 for Mr. A
- (c) 31st October 2022 for both Mr. A and Mr. C
- (d) 31st October 2022 for Mr. C and 31st July 2022 for Mr. A

12.4. What would be the income under the head “Profits and gains from business or profession” in the hands of ABC & Co. for the A.Y. 2022-23?

- (a) ₹ 70,690
- (b) ₹ 1,72,330
- (c) ₹ 51,920
- (d) ₹ 1,53,560

Answer Keys

Question No.	Answer
12.1	(d) ₹ 30,209
12.2	(a) ₹ 1,20,000
12.3	(c) 31st October 2022 for both Mr. A and Mr. C
12.4	(b) ₹ 1,72,330

Q.13. Mr. Sarthak (age 37 years) has purchased the residential property for self-occupation at a cost of ₹ 45 lakhs on 01.04.2017, in respect of which he took a housing loan of ₹ 35 lakhs from Bank of India@11% p.a. on the same date. The loan was sanctioned on 28th March, 2017. Compute the eligible deduction in respect of interest on housing loan for A.Y. 2022-23 under the provisions of the Income Tax Act, 1961, assuming that the entire loan was outstanding as on 31.3.2022 and he does not own any other house property.

- (a) ₹3,50,000
- (b) ₹4,50,000
- (c) ₹2,50,000
- (d) ₹1,50,000

Answer Keys

Question No.	Answer
13.1	(C) 2,50,000

Q.14. Mr. Narendra Sharma, aged 54 years, an Indian citizen, carrying on retail business in Dubai. He frequently visits India for business purpose. Details of his visits in India are as follows:

- 1) Came to India on 03.12.2016 and left India on 26.04.2017
- 2) Again came to India on 09.09.2019 and left India on 10.01.2020
- 3) Again came to India on 27.12.2020 and left India on 20.02.2021

Afterwards he decided to shift permanently in India and closed his business in Dubai. So, he came to India on 27.11.2021 and joined Indian Company “Cosmos Heritage India Limited” at registered office in Mumbai from 01.12.2021. From December 2021, he has taken a flat on rent for ₹ 60,000 per month from Mr. Sarthak, an Indian resident, and Mr. Sarthak has provided his PAN No. to Mr. Narendra Sharma.

Following details of his salary income earned in India:

- Basic Salary – ₹ 2,75,675 per month
- COLA (Cost of Living Allowance) (forms part of retirement benefits) – ₹ 1,20,200 per month

- HRA – ₹ 1,37,838 per month
- Other Allowances – ₹ 1,56,000 per month

For the period from April 2021 to November 2021, his business income arising in Dubai is ₹ 26,00,000. He is not liable to pay any tax in Dubai. Such business is controlled from Dubai.

He is active in equity share trading after coming to India. Following are the details of his portfolio:

S. No	Sale/ Purchase	Company	Date of Purchase/ Sale	Qty	Price per Share (₹)	Brokerage
1.	Purchase	First Smile Ltd	10.12.2021	250	203	1.5%
2	Purchase	Rainbow Ltd	10.12.2021	50	503	1.5%
3.	Purchase	Mega Service Ltd	12.12.2021	150	82	1.5%
4.	Sale	First Smile Ltd	18.12.2021	100	325	1.8%
5.	Purchase	Mega Service Ltd	15.12.2021	110	110	1.5%
6.	Sale	Mega Service Ltd	26.12.2021	150	100	1.8%
7.	Purchase	Rainbow Ltd	28.12.2021	200	385	1.5%
8.	Purchase	Rainbow Ltd	03.01.2022	100	465	1.5%
9.	Sale	First Smile Ltd	23.03.2022	200	150	1.8%
10.	Sale	Mega Service Ltd	26.03.2022	110	110	1.8%

Following additional details is also given by Mr. Narendra:

- First Smile Limited issued bonus shares 1:1 on 01.02.2022 and credited the shares in his account on 10.02.2022.
- Rainbow Limited declared an interim dividend of 200% on 28.02.2022 (face value of each share is ₹ 10). The record date was 31.1.2022.

He does not opt to pay tax as per section 115BAC.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

14.1. What is the residential status of Mr. Narendra for the previous year 2021-22?

- Resident
- Resident but not ordinary resident
- Non-resident
- Deemed resident

14.2. Which of the following statements is correct, in respect of dividend paid by Rainbow Ltd. to Mr. Naredra?

- Dividend received from Rainbow Ltd is exempt in the hands of Mr. Narendra. Hence, no tax is required to be deducted at source.
- Dividend received from Rainbow Ltd is taxable in the hands of Mr. Narendra but, since the dividend is less than ₹ 10,000, no tax is required to be deducted at source.
- Dividend received from Rainbow Ltd is taxable in the hands of Mr. Narendra. Tax of ₹ 525 is required to be deducted at source.

- (d) Dividend received from Rainbow Ltd is taxable in the hands of Mr. Narendra. Tax of ₹ 700 is required to be deducted at source.

14.3. What shall be the TDS liability of Mr. Narendra for rent paid to Mr. Sarthak?

- (a) There is no TDS liability of Mr. Narendra, since he is a salaried individual.
 (b) Mr. Narendra is liable to deduct TDS u/s 194-I of ₹ 6,000 for each month.
 (c) Mr. Narendra is liable to deduct TDS u/s 194IB of ₹ 3,000 for each month
 (d) Mr. Narendra is liable to deduct TDS u/s 194IB of ₹ 9,000 in the month of March 2022

14.4. What would be income chargeable to tax under the head “Income from Salaries” in the hands of Mr. Narendra for the A.Y. 2022-23:

- (a) ₹ 26,27,202
 (b) ₹ 26,77,202
 (c) ₹ 27,08,852
 (d) ₹ 26,58,852

14.5. What is the amount of short-term capital gain chargeable to tax in the hands of Mr. Narendra on sale of shares for the P.Y. 2021-22:

- (a) ₹ 21,860
 (b) ₹ 13,556
 (c) ₹ 8,018
 (d) ₹ 11,708

Answer Keys

Question No.	Answer
14.1	(d) Deemed resident
14.2	(c) Dividend received from Rainbow Ltd is taxable in the hands of Mr. Narendra. Tax of ₹ 525 is required to be deducted at source.
14.3	(d) Mr. Narendra is liable to deduct TDS u/s 194IB of ₹ 9,000 in the month of March 2022
14.4	(a) ₹ 26,27,202
14.5	(d) ₹ 11,708

Q.15. Mr. Akshaya Biyani celebrated his 26th birthday on 15th May 2021 and arranged a grand party at Radisson Blu hotel. On this occasion, he invited his friends, blood relatives and distant relatives to attend the party. The ceremony was very grand, the feast was also very spectacular. All the arrangements and decorations were absolutely wonderful. At the end of party, Mr. Akshaya was awarded by gifts and flower's bouquet as infra:

Gifts received from	Type of Gift	Remarks
Mother	One 22K Gold Chain	She purchased on the same day for ₹ 37,822
Father	One 22K Gold Bracelet	He purchased on the same day for ₹ 56,075
Wife	4 Gold Rings	She purchased these rings on 15.5.2020 for ₹ 35,500 each. Fair market value on 15th May 2021 is ₹ 37,429 each.
Sister	Painting	This painting is made by her. Fair

		market value is ₹ 45,000.
Cousin brother (Father's brother's son)	One Gold chain	He purchased it on the same day for ₹ 18,200.
Closest cousins (mother's sister's sons/daughters)	I-20 Car	Value of ₹ 4,10,000
Friends and other distant relatives	Cash	₹ 1,51,000

Mr. Akshaya desires to set up a new manufacturing unit with his friend in partnership on 1.12.2021. For making investment in the firm, he sold following jewellery which he has received on his 26th birthday celebration as gifts:

- Mother's gifted Gold Chain for ₹ 42,150
- Father's gifted Gold Bracelet for ₹ 60,180
- Cousin brother's gifted Gold Chain for ₹ 20,600

His wife gave him ₹ 1 lakh as a gift so that he could invest sufficient money in the unit. On 1st December 2021, he invested ₹ 6,00,000 (including the amount received on sale of above gifts and amount received from his wife) and his friend invested ₹ 4,00,000 in the firm.

On 1st February 2022, his wife again gave him ₹ 1 lakh as a gift to invest such money in the firm and apart from that he invested ₹ 50,000 more from his individual savings. On this day, his friend also invested ₹ 1,00,000 in the firm.

Since the firm is a manufacturing unit and at initial stage, the firm requires sufficient fund so Mr. Akshaya sold his wife's gifted Gold Rings for ₹ 40,250 each as on 31st March 2022 and he deployed the funds as partner's capital in the firm on 01st April, 2022.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

- 15.1. What is the amount of capital gain taxable in the hand of Mr. Akshaya for P.Y. 2021-22?
- (a) Short term capital gains ₹ 10,833
 - (b) Short term capital gains ₹ 29,833
 - (c) Short term capital gains ₹ 22,117
 - (d) No, capital gains is taxable in his hands, since he received the capital assets as gift.
- 15.2. What is the gift amount not considered as income under section 56(2)(x) for P.Y. 2021-22?
- (a) ₹ 8,98,613
 - (b) ₹ 3,06,813
 - (c) ₹ 9,16,813
 - (d) ₹ 7,16,813
- 15.3. What is the gift amount taxable in the hands of Mr. Akshaya for P.Y. 2021-22?
- (a) ₹ 1,51,000
 - (b) ₹ 1,69,200
 - (c) ₹ 5,79,200
 - (d) ₹ 5,61,000

15.4. Is any amount taxable in the hands of Akshaya's wife in respect of sale of jewellery by Mr. Akshaya, if yes, what shall be the taxable amount in her hands for P.Y. 2021-22?

- (a) No
- (b) Yes; ₹ 15,284
- (c) Yes; ₹ 19,000
- (d) Yes; ₹ 11,284

Answer Keys

Question No.	Answer
15.1	(a) Short term capital gains ₹ 10,833
15.2	(c) ₹ 9,16,813
15.3	(a) ₹ 1,51,000
15.4	(c) Yes, ₹ 19,000

Q.16. Mr. Rajesh gifted ₹ 15 lakhs to his wife, Raavi on her birthday on, 23rd February, 2021. Raavi lent ₹ 6,00,000 out of the gifted amount to Karuna on 1st April, 2021 for six months on which she received interest of ₹ 30,000. The said sum of ₹ 30,000 was invested in shares of a listed company on 18th October, 2021, which were sold for ₹ 66,000 on 25th March, 2022. Securities transactions tax was paid on purchase and sale of such shares. The balance amount of gift was invested on 1st April 2021, as capital by Raavi in her new business. She suffered loss of ₹ 22,000 in the business in Financial Year 2021- 22. Raavi is working with a Private company as sales executive at a salary of ₹ 62,000 p.m. She paid ₹ 3,500 p.m towards tuition fees for her daughter Riya studying in St. Thomas School, Mumbai.

Rajesh is working with an MNC on a monthly salary of ₹ 64,000. He has gifted ₹ 1,25,000 to Riya on her 13th Birthday. This amount is deposited as 2 years term deposits with SBI bank in her name. On which interest of ₹ 11,500 is earned during the previous year 2021-22. Both Mr. Rajesh and Mrs. Raavi opt to pay tax under section 115BAC.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

16.1. In whose hands, the interest income received from Karuna and interest on fixed deposits in the name of Riya would be included?

- (a) both interest income to be included in the hands of Mr. Rajesh
- (b) both interest income to be included in the hands of Mrs. Raavi
- (c) interest income from Karuna to be included in the hands of Mrs. Raavi and interest on two years terms deposits to be included in the hands of Mr. Rajesh.
- (d) interest income from Karuna to be included in the hands of Mr. Rajesh and interest on two years terms deposits to be included in the hands of Mrs. Raavi.

16.2. In whose hand's loss from business and capital gains would be included in Assessment Year 2022-23? Assume that capital invested in the business was entirely out of the funds gifted by her husband.

- (a) Both loss from business and capital gains would be included in the hands of Mr. Rajesh
- (b) Both loss from business and capital gains would be included in the hands of Mrs. Raavi
- (c) Loss from business included in the hands of Mr. Rajesh and capital gains included in the hands of Mrs. Raavi
- (d) Loss from business included in the hands of Mrs. Raavi and capital gains included in the hands of Mr. Rajesh

- 16.3. What would be the total income of Mrs. Raavi for the previous year 2021-22?
- (a) ₹ 6,88,000
 (b) ₹ 7,80,000
 (c) ₹ 7,91,500
 (d) ₹ 7,90,000
- 16.4. What would be total income of Mr. Rajesh for the previous year 2021-22?
- (a) ₹ 7,76,000
 (b) ₹ 8,09,500
 (c) ₹ 8,08,000
 (d) ₹ 7,98,000

Answer Keys

Question No.	Answer
16.1	(d) interest income from Karuna to be included in the hands of Mr. Rajesh and interest on two years terms deposits to be included in the hands of Mrs. Raavi.
16.2	(c) Loss from business included in the hands of Mr. Rajesh and capital gains included in the hands of Mrs. Raavi
16.3	(c) ₹ 7,91,500
16.4	(a) ₹ 7,76,000

Q.17. Miss Hetal transferred to his husband Mr. Hemant, a residential property worth ₹ 45 lakhs located in Nagpur without any consideration. The expected rent of such property is ₹ 5 lakhs. Municipal tax of ₹ 5,000 paid for this property during the previous year 2021-22. Miss Hetal has three residential properties in Mumbai. The expected rent from the 3 properties situated in Mumbai is ₹ 10 lakhs, ₹ 11 lakhs and ₹ 12 lakhs respectively. She purchased the properties out of her own funds. Municipal taxes due are ₹ 15,000, ₹ 20,000 and ₹ 25,000. The same have, however, not been paid this year in respect of the three properties. The expected rent is lesser than the standard rent in case of all the aforementioned properties. Miss Hetal does not have any income from any other source.

Miss Hetal's father, aged 58 years had capital gains of ₹ 5 crores from sale of house property. He reinvested the proceeds from sale in another residential house of ₹ 4.98 crores and the remaining sale proceeds were deposited in his savings bank account. He has paid ₹ 1,50,000 towards LIC premium. He has no other source of income.

Miss Hetal's grandfather is aged 81 years and has interest income on fixed deposits of ₹ 6 lakhs. He has to fly to USA for his treatment of cancer on 31st July, 2022 and his return of income is not filed before his flying to USA.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

- 17.1. What is the amount of income liable to be taxed in the hands of Miss Hetal under the head "Income from House Property" for A.Y.2022-23?
- (a) ₹ 7,00,000
 (b) ₹ 10,46,500
 (c) ₹ 10,50,000
 (d) ₹ 13,76,500

- 17.2. What would be tax liability of Miss Hetal for the assessment year 2022-23? Compute in a manner so that her tax liability is minimum.
- (a) ₹ 66,300
 (b) ₹ 88,400
 (c) ₹ 87,670
 (d) ₹ 1,31,510
- 17.3. Is Hetal's father required to furnish return of income in India for the A.Y.2022-23?
- (a) No, he is not required, since his income does not exceed basic exemption limit
 (b) Yes, he is required to furnish return of income on or before 31st July,2022
 (c) Yes, he is required to furnish return of income on or before 30th September, 2022
 (d) Yes, he is required to furnish return of income on or before 31st October, 2022
- 17.4. Is Miss Hetal's grandfather required to pay advance tax during the previous year 2021-22?
- (a) No, he is not required to pay advance tax, since he is a senior citizen
 (b) Yes, he is required to pay advance tax, since his tax liability exceeds ₹ 10,000
 (c) No, he is not required to pay advance tax, since he is a senior citizen and he is not having any income under the head "Profits and gains from business or profession"
 (d) Yes, he is required to pay advance tax, since his total income exceeds basic exemption limit of ₹ 5,00,000

Answer Keys

Question No.	Answer
17.1	(b) ₹ 10,46,500
17.2	(c) ₹ 87,670
17.3	(b) Yes, he is required to furnish return of income on or before 31st July,2022
17.4	(c) No, he is not required to pay advance tax, since he is a senior citizen and he is not having any income under the head "Profits and gains from business or profession"

Q.18. Ms. Chanchal, aged 45, provides the following data of her gross receipts for the financial year 2020-21 and 2021-22. She is engaged in agency business along with providing services as tarot card reader.

F.Y.	Receipts from business (₹)	Receipts from profession (₹)	Total Gross Receipts (₹)
2020-21	1,05,00,000	47,00,000	1,52,00,000
2021-22	98,00,000	49,00,000	1,47,00,000

She paid an amount of ₹ 12,00,000 to a contractor for polishing her old furniture in her self-occupied residential house property on 12.04.2021. Further on 05.06.2021, she has taken services from renowned interior designer for the same residential house property for which she paid ₹ 2,50,000.

Further, on 28.05.2021 she sold one commercial property for ₹ 50,00,000. The stamp duty value on the date of registration is ₹ 58,00,000. The value adopted for stamp duty was ₹ 54,00,000 on the date of agreement (part payment by account payee cheque was received on the date of agreement). It was purchased for ₹ 40,00,000 on 28.06.2019. (Cost Inflation Index for F.Y. 2021-22: 317, F.Y. 2018-19: 280).

The brought forward long-term capital loss from unlisted shares of F.Y. 2020-21 is ₹ 5,50,000.

During the year, Ms. Chanchal incurred a loss of ₹ 70,00,000 while trading in the agricultural commodity derivatives (no CTT paid).

Ms. Chanchal does not want to opt for the new tax regime available under section 115BAC for A.Y. 2022-23.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions: -

- 18.1. Is Ms. Chanchal liable to tax audit under the Income-tax Act, 1961 for the P.Y. 2021-22?
- Yes, as the total gross receipts exceeds ₹ 1,00,00,000
 - No, as the gross receipts from business or profession are below the specified threshold limits.
 - Yes, as the gross receipts from business exceeds ₹ 50,00,000
 - Yes, as the gross receipts from profession exceeds ₹ 25,00,000
- 18.2. With respect to payment made to contractor and to the interior designer during the P.Y. 2021-22, Ms. Chanchal consulted various persons and they have the following views -
- She is required to deduct tax at source under section 194C and 194J, since her turnover from business for the previous year 2020-21 exceeds ₹ 1,00,00,000
 - She is required to deduct tax at source under section 194M on both the payments
 - She is not required to deduct tax at source neither under section 194C nor under section 194J, since such amounts are paid for personal purposes
 - She is not required to deduct tax at source under section 194M, since payment to each individual does not exceed ₹ 50,00,000
- (v) Which views are correct?
- (iii) and (iv) views are correct
 - (i) view is correct
 - (ii) view is correct
 - (i) and (iv) views are correct
- 18.3. What is the amount and nature of Capital gain chargeable to tax in the hands of Ms. Chanchal?
- ₹ 14,00,000 and Short-term capital gain.
 - ₹ 10,00,000 and Short-term capital gain.
 - ₹ 11,00,000 and Long-term capital gain.
 - ₹ 7,00,000 and Long-term capital gain.
- 18.4. What is the amount of losses which can be carried forward to A.Y. 2023-24, assuming that business income is ₹ 45,00,000 and income from profession is ₹ 25,00,000 for the P.Y. 2021- 22?
- ₹ 5,50,000 under section 74
 - ₹ 70,00,000 under section 73
 - ₹ No loss is required to be carried forward, since brought forward loss and current year loss are set-off against current years income
 - ₹ 5,50,000 under section 74 and ₹ 70,00,000 under section 73

Answer Keys

Question No.	Answer
18.1	(b) No, as the gross receipts from business or profession are below the specified threshold limits.
18.2	(a) (iii) and (iv) views are correct
18.3	(b) ₹ 10,00,000 and Short-term capital gain.
18.4	(a) ₹ 5,50,000 under section 74

Q.19. Mr. Abhishek Seth, aged 42 years, is working as a CEO of Soil Limited. He provides you the following information for preparation and filing of his income-tax return for the year ended 31 March 2022:

- Salary, allowances and perquisites from Soil Limited - ₹ 1,35,00,000
- Dividend from ABC Ltd. which was declared in February, 2021 and received in April, 2021 - ₹ 4,55,000
- Dividend from PRQ Ltd. declared and received in July, 2021 - ₹ 5,90,000 (Gross)
- Interest income on saving bank account in SBI - ₹ 24,530
- Long term capital gains on transfer of residential house in Mumbai on 15th December, 2021 - ₹ 1,73,540
- Short term capital gain on transfer of listed equity shares (STT paid both at the time of transfer and acquisition) of Ind Ltd. - ₹ 73,00,000

He also furnished the following details of investment/ payments made by him during the P.Y. 2021-22:

- (a) Three-year post office time deposit - ₹ 25,000
- (b) Contribution to PPF - ₹ 35,000
- (c) Tuition fees of three children in Bharti Sr. Sec. School in Delhi - ₹ 20,000 per annum per children
- (d) Subscription to NHAI redeemable bonds after 5 years on 16th March, 2022- ₹ 2,00,000.

Further, his son Mr. Dhaval, aged 15 years, has also earned the following income:

- (a) Income from a quiz competition - ₹ 25,000
- (b) Interest on bank fixed deposit - ₹ 9,500

Mr. Abhishek does not want to opt for the provision of section 115BAC.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:-

19.1. What is the quantum of income of Mr. Dhaval which is to be clubbed with income of Mr. Abhishek, if any, assuming that income of Mr. Abhishek is greater than the income of his spouse?

- (a) ₹ 34,500
- (b) ₹ 8,000
- (c) ₹ 33,000
- (d) ₹ 9,500

19.2. What is the gross total income of Mr. Abhishek for A.Y. 2022-23?

- (a) ₹ 2,13,72,530
- (b) ₹ 2,14,22,530
- (c) ₹ 2,13,64,530
- (d) ₹ 2,15,46,070

19.3. What is the amount of deduction allowable under section 80C to Mr. Abhishek?

- (a) ₹ 1,00,000
- (b) ₹ 1,20,000
- (c) ₹ 95,000
- (d) ₹ 75,000

19.4. What shall be the tax liability of Mr. Abhishek for A.Y. 2022-23?

- (a) ₹ 62,67,350
- (b) ₹ 61,04,100
- (c) ₹ 59,60,050
- (d) ₹ 61,45,610

Answer Keys

Question No.	Answer
19.1	(b) ₹ 8,000
19.2	(a) ₹ 2,13,72,530
19.3	(d) ₹ 75,000
19.4	(b) ₹ 61,04,100

Q.20. M/s Abhinav & sons, a sole proprietorship is engaged in the business of manufacturing pharmaceutical products and it had started its business on 20th June 2017. Tax head of M/s Abhinav & sons furnishes you the following particulars for the year ended 31 March 2022:

- Income under the head PGBP - ₹ 5,75,22,750
- Interest on fixed deposits (Gross) - ₹ 12,50,000 [The same was received on 30th April, 2021 after deduction of tax at source]
- Donation to PM Cares Fund - ₹ 2,50,000

M/s Abhinav & sons does not want to opt for the provisions of section 115BAC. It has employed total 150 employees during the P.Y. 2020-21 with an annual increment of 10% in their monthly emoluments. Details of the same are as under:

Date of joining	No. of employees	Employee category	Monthly emoluments per employee (₹)	Participate in recognised provident fund
1.5.2020	50	Regular	26,500	Yes
1.6.2020	65	Casual	23,000	No
1.7.2020	35	Regular	22,500	Yes

It has employed further 50 employees during the P.Y. 2020-21. Details of the same are as under:

Date of joining	No. of employees	Employee category	Monthly emoluments per employee	Participate in recognised provident fund
1.4.2021	20	Regular	21,000	Yes
1.8.2021	30	Regular	26,000	Yes

Emoluments to all the employees are being paid by way of account payee cheque only. No employees have left the job during P.Y. 2020-21 as well as during P.Y. 2021-22. Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

20.1. What is the due date of filing of return of income of M/s Abhinav & sons for A.Y. 2022-23?

- (a) 31st July, 2022
- (b) 30th November, 2022
- (c) 30th September, 2022
- (d) 31st October, 2022

20.2. What shall be the amount of deduction available to M/s Abhinav & sons under section 80JJAA for A.Y. 2022-23?

- (a) Rs 36,38,250
- (b) Rs 15,12,000
- (c) Rs 46,30,500

(d) Rs 33,84,000

20.3. What would be the total income of M/s Abhinav & sons for the A.Y. 2022-23?

- (a) ₹ 5,70,10,750
- (b) ₹ 5,48,84,500
- (c) ₹ 5,57,60,750
- (d) ₹ 5,52,64,250

20.4. What would be the tax payable of M/s Abhinav & sons for the A.Y. 2022-23?

- (a) ₹ 2,47,47,810
- (b) ₹ 1,94,68,310
- (c) ₹ 2,31,92,680
- (d) ₹ 2,30,67,680

Answer Keys

Question No.	Answer
20.1	(d) 31st October, 2022
20.2	(a) ₹ 36,38,250
20.3	(b) ₹ 5,48,84,500
20.4	(d) ₹ 2,30,67,680

Q.21. Mr. X wanted to file his return of income for the previous year 2021-22. He required assistance for which he has approached you. He has shared the following details relevant to the P.Y. 2021-22.

Mr. X, owned a house property in Mumbai and the same was rented out for ₹ 70,000 p.m. He claims that this was the only income which he earned during the P.Y. 2021-22. However, when you had sought for his bank statement, you observed the following information additionally.

There is a credit for Rs 23,975/- towards income-tax refund which included ₹ 5,775 towards interest on income-tax refund. On 15th August, 2021, the bank statement showed a credit of ₹ 55,000 which he claimed to have received as a gift from his grandchildren on his 60th birthday. On further assessment you were able to understand that Mr. X and his wife had travelled to Australia during the P.Y. 2021-22 to spend some time with their daughter, who is staying in Australia, since her marriage. On scrutiny of their passport and relevant documents you conclude that they had left India on 27th September, 2021 and returned on 30th March, 2022. During the 4 years preceding previous year 2021-22, both had stayed in India for 320 days. Prior to that, they had been staying only in India.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

21.1. What is the residential status of Mr. X for the P.Y. 2021-22?

- (a) Resident and ordinarily resident
- (b) Resident but not ordinarily resident
- (c) Non-resident
- (d) Deemed resident but not ordinarily resident

- 21.2. Mr. X requests you to compute his tax liability for the A.Y. 2022-23 in a manner such that his tax liability is minimum.
Accordingly, his tax liability would be
- (a) ₹ 22,750
(b) ₹ 29,910
(a) ₹ 32,510
(c) ₹ 20,150
- 21.3. In continuation to question 21.2, what would be tax liability of Mr. X for the A.Y. 2022-23, if he had paid ₹ 1,00,000 towards life insurance premium for self?
- (a) ₹ 20,150
(b) ₹ 29,910
(d) ₹ 10,400
(e) Nil
- 21.4. Mr. X had given the house property at Mumbai on rent to Mr. Y, a salaried employee. Is there any requirement to deduct tax at source on such rent by Mr. Y, if yes, what would be the amount of TDS to be deducted?
- (a) No, there is no requirement to deduct tax at source, since Mr. Y is a salaried employee
(b) Yes, Mr. Y is required to deduct tax at source of ₹ 42,000
(c) Yes, Mr. Y is required to deduct tax at source of ₹ 31,500
(d) No, there is no requirement to deduct tax at source, since Mr. X is a non-resident
- 21.5. Which of the following statements is correct with respect to advance tax liability of Mr. X for P.Y. 2021-22?
- (a) Advance tax liability shall not arise to Mr. X since he is a non-resident
(b) Advance tax liability shall not arise, since Mr. X is a resident senior citizen and he has no income chargeable under the head "Profits and gains of business or profession"
(c) Advance tax liability shall arise, since he is a non-resident
(d) Advance tax liability shall arise, since his tax liability is not less than ₹ 10,000.

Answer Keys

Question No.	Answer	
21.1	(a)	Resident and ordinarily resident
21.2	(a)	₹ 22,750
21.3	(d)	Nil
21.4	(c)	Yes, Mr. Y is required to deduct tax at source of ₹ 31,500
21.5	(b)	Advance tax liability shall not arise, since Mr. X is a resident senior citizen and he has no income chargeable under the head "Profits and gains of business or profession"

Q.22. Mrs. Seetha is a retired Government employee. She was born on 20.04.1943 in India. She is residing in Bangalore. She has stayed with her elder daughter Mrs. Sakhshi from 4th April, 2021 to 18th September, 2021, who is residing in Singapore. She stayed in India for 360 days during the 4 previous years preceding the previous year 2021-22. During the previous year 2021-22, pension of ₹ 8,14,592 (Net of TDS) is credited in her account with State Bank of India, Town Hall Branch, Bangalore after deducting tax at source of ₹ 16,031. She received interest of ₹ 5,945 on her Saving A/c with SBI during the previous year 2021-22. She also received interest of ₹ 58,500 on Fixed Deposits with SBI in the month of April, 2021.

She has purchased two life insurance policies for her son Mr. Sohan and married daughter Mrs. Shobha, the details of which are as follows:

Person insured	Policy purchased on	Date of payment of premium	Sum Assured	Premium paid
Mr. Sohan (39 years old)	23.10.2021	23.10.2021	₹ 9,64,655	₹ 1,05,388
Mrs. Shobha (41 years old)	17.10.2021	17.10.2021	₹ 2,00,000	₹ 20,000

She has taken a medical insurance for herself for which she paid an amount of ₹ 12,000 towards health insurance premium by A/c payee cheque. She incurred ₹ 6,500 towards preventive health check-up of herself and her husband in cash. She also incurred medical expenditure of ₹ 18,000 in cash in the month of January 2022 for her husband. In the month of March 2022, she incurred medical expenditure of ₹ 5,500 for herself, which is paid by account payee cheque. She has given a wristwatch of ₹ 6,000 on her husband's 80th birthday. Her husband is resident in India for the P.Y. 2021-22. Mrs. Seetha does not opt to pay tax under section 115BAC.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

- 22.1. What would be amount of deduction Chapter VI-A available to Mrs. Seetha for the A.Y. 2022-23?
- (a) ₹ 1,83,466
(b) ₹ 1,39,411
(c) ₹ 1,91,466
(d) ₹ 1,88,966
- 22.2. What would be Gross total income of Mrs. Seetha for the assessment year 2022-23?
- (a) ₹ 9,01,568
(a) ₹ 8,51,568
(b) ₹ 8,45,068
(c) ₹ 8,35,538
- 22.3. What is amount of net tax payable/refundable of Mrs. Seetha for the A.Y. 2022-23?
- (a) ₹ 45,360
(b) ₹ 29,330
(c) ₹ 22,830
(d) ₹ 25,430
- 22.4. What would be total income of Mrs. Seetha for the assessment year 2022-23, if she opts to pay tax under section 115BAC?
- (a) ₹ 9,01,570
(b) ₹ 8,51,570
(c) ₹ 8,95,070
(d) ₹ 8,45,540
- 22.5. What is amount of net tax payable/refundable of Mrs. Seetha for the A.Y. 2022-23, if she opts to pay tax under section 115BAC?
- (a) ₹ 62,640
(b) ₹ 46,610
(c) ₹ 12,530
(d) ₹ 40,110

Answer Keys

Question No.	Answer
22.1	(a) ₹ 1,83,466
22.2	(b) ₹ 8,51,568
22.3	(c) ₹ 22,830
22.4	(a) ₹ 9,01,570
22.5	(d) ₹ 40,110

Q.23. Ms. Priya is engaged in the business of generation and distribution of power and opts the WDV method for claiming Depreciation. She has an opening block of ₹ 50,00,000. She acquired new machinery for ₹ 25,00,000 on 15th Nov 2021. She also imported a new machinery from Zurich for ₹ 10,00,000 on 14th Apr. 2021. This machine was used there earlier and she is the first user in India. Additionally, she bought computers for ₹ 5,00,000 on 9th Sep 2021. You are required to compute the allowable depreciation under income tax act, 1961 for AY.2022-23. (**modified question**)

- (a) ₹ 37,16,000
- (b) ₹ 5,40,625
- (c) ₹ 12,65,000
- (d) ₹ 16,37,000

Answer Keys

Question No.	Answer
23.1	(d) ₹ 16,37,000

Q.24. Mr. Rajan, aged 62 years, an Indian citizen resides in Delhi. His wife Sheetal and daughter Riya also reside with him. Riya, aged 16 years, is studying in 12th Standard in DAV school at New Delhi. Mr. Rajan left for employment to the United States of America on 15th September, 2021 but his family did not accompany him. He returned to India on 25th March 2022. Mr. Rajan had gone outside India for the first time in his life. During April, 2021 to September, 2021, he was working with a multinational company in Delhi. He earned salary of ₹ 14,00,000 from his job in India. He paid Tuition Fee of ₹ 1,80,000 for Riya's education in DAV school.

Apart from that, Mr. Rajan also earned professional income of ₹ 60,00,000 (Gross Receipts – ₹ 90 lakhs) from India. During the year, he also earned interest from his Indian savings bank account to the tune of ₹ 12,000 and interest from Fixed deposits with nationalized banks of ₹ 45,000. Mr. Rajan also earned a salary income equivalent to ₹ 6,00,000 from USA for his job, on which no tax is paid or payable in USA, which was deposited in his bank account in USA and later on remitted to India. Mr. Rajan decides not to opt to pay tax under section 115BAC.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:-

24.1 What is the residential status of Mr. Rajan for the previous year 2021-22?

- (a) Resident and ordinarily in India
- (b) Resident but not ordinarily resident in India
- (c) Non-resident in India
- (d) Deemed resident but not ordinarily resident in India

- 24.2 What would be the income chargeable to tax under the head “Salaries” in the hands of Mr. Rajan in India for F.Y. 2021-22?
- (a) ₹ 20,00,000
 (b) ₹ 19,50,000
 (c) ₹ 13,50,000
 (d) ₹ 19,60,000
- 24.3 How much deduction is available under Chapter VI-A from the Gross Total Income of Mr. Rajan?
- (a) ₹ 2,30,000
 (b) ₹ 1,95,000
 (c) ₹ 1,60,000
 (d) ₹ 2,00,000
- 24.4 What shall be the tax liability of Mr. Rajan for the A.Y. 2022- 23?
- (a) ₹ 22,69,810
 (b) ₹ 22,58,940
 (c) ₹ 22,56,010
 (d) ₹ 22,72,670
- 24.5 What would be the due date for filing income-tax return of Mr. Rajan for the P.Y. 2021-22?
- (a) 31st July, 2022
 (b) 31st October, 2022
 (c) 30th November, 2022
 (d) 31st March, 2023

Answer Keys

Question No.	Answer
24.1	(d) Deemed resident but not ordinarily resident in India
24.2	(c) ₹ 13,50,000
24.3	(d) ₹ 2,00,000
24.4	(c) ₹ 22,56,010
24.5	(b) 31st October, 2021

Chapter ~ 1 Basics Of Income Tax

1. The basic source of income-tax law is -

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

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.

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

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 upto 2 crore & 25% if total income exceeds 2 crore upto 5 crore & 37% on above 5 crore
- (d) Both (a) and (c), as the case may be.

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 PY 21-22, -

- (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

6. In case of a domestic company whose gross receipts for the P.Y. 2018-19 is Rs. 51 crores, the rate of tax applicable is -

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

7. The surcharge applicable to a domestic company for A.Y. 2022-23 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.

8. The surcharge applicable to a foreign company for A.Y. 2022-23 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.

9. The rate of tax applicable to a firm for A.Y. 2022-23 is -

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

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

11. Income accruing in India in previous year is taxable for -

- (a) Resident
- (b) Not ordinarily resident
- (c) Non-resident
- (d) All of the above.

12. 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.

13. 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.

14. Every year, the residential status of an assessee —

- (a) May change
- (b) Will certainly change
- (c) Will not change
- (d) None of the above.

- 15. The residential status of an assessee is determined for the relevant _____.**
- 16. The incidence of tax on any assessee depends upon his _____ under the Act.**
- 17. If control and management of the affairs HUF is situated wholly outside India it would become a _____**
- 18. An Indian company is always resident in India no matter where and to what extent its POEM is situated.**
- 19. Sandeep Ltd. is a company registered in Japan. The POEM of its affairs is wholly situated in India. Sandeep Ltd. is non-resident company in India.**
- 20. Education cess 4% is payable on _____**
- a) Income-tax
 - b) Income tax plus surcharge, if any
 - c) Surcharge
 - d) Not payable by any assessee
- 21. In respect of a resident assessee, who is of the age of 60 years or more at any time during the previous year**
- a) Higher basic exemption of Rs. 2,50,000 is available
 - b) Higher basic exemption of Rs. 3,00,000 is available
 - c) Higher basic exemption of Rs. 5,00,000 is available
 - d) none
- 22. A non resident individual having taxable income in India of Rs. 2,50,000 shall be allowed rebate under section 87 of**
- (a) 2,000
 - (b) 3,000
 - (c) 5,000
 - (d) Nil
- 23. ABC Inc, a foreign company has a total income of Rs. 1.2 crore. What would be the amount of surcharge applicable ?**
- (a) 10%
 - (b) 2%
 - (c) 5%
 - (d) Nil
- 24. Direct tax is a kind of tax where burden of tax ison payer.**
- (a) directly
 - (b) indirectly
 - (c) either a) or b)
 - (d) none of these

25. The provision of income tax is governed under which act

- (a) Income Tax Act,1961
- (b) Income Tax Act,1922
- (c) Direct tax code
- (d) All of the above

26. Decisions pronounced by.....becomes law.

- (a) Supreme Court
- (b) High Court
- (c) Income tax Appellate Tribunal
- (d) None of the above

27. A newly set up business coming into existence, the first previous year will commence from

- (a) Date of set up of business
- (b) 1st April of previous year
- (c) Any date after set up of business
- (d) one day before the date of set up of business

28. Exemption limit of Rs.2,50,000 or Rs.5,00,000 is applicable for

- (a) Resident assessee
- (b) Non-Resident assessee
- (c) Both resident and Non-Resident assessee
- (d) none of them.

29. A resident individual aged 70 years shall be allowed exemption of

- (a) Rs. 3,00,000
- (b) Rs.2,50,000
- (c) Rs.5,00,000
- (d) None

30. A non-resident individual who is 85 years of age shall be allowed exemption of from taxable income.

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

31. Income Tax is charged on the basis of rate prescribed by

- (a) Income tax Act
- (b) Finance Act
- (c) Central board of direct taxes
- (d) Ministry of Law

32. Income includes _____

- (a) Only Legal Income
- (b) Illegal Income
- (c) Both Legal And Illegal

(d) None Of The Above

33. Charging Section of income tax is _____

- (a) Section 4
- (b) Section 9
- (c) Section 15
- (d) Section 28

34. Rebate Under Section 87A Is Allowed To

- (a) Resident Individual
- (b) Any Individual (Resident Or Non Resident)
- (c) Resident Individual And HUF
- (d) All Assessee

35. Rebate Under 87A Shall Be Allowed To A Maximum Extent Of

- (a) Rs. 3,000
- (b) Rs. 12,500
- (c) Rs. 5,000
- (d) Tax payable

36. Any rent or revenue derived from land may be treated as agriculture income if

- (a) It Is Derived From Land
- (b) The Land Is Used For Agricultural Purpose
- (c) The Land Is Situated In India
- (d) All Of The Above

37. Which of the following income is agriculture 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

38. Which of the following income is an agricultural income

- (a) Income from brick making
- (b) income from agricultural land situated in Pakistan
- (c) prize from government
- (d) compensation received from insurance company on account of loss of crop.

39. Which of the following income is not included in term income under the Income tax Act,1961

- (a) Profit and gains
- (b) Dividend
- (c) Profit in lieu of salary
- (d) Reimbursement of travelling expenses

40. A person includes_____.

- (a) only an individual
- (b) only an individual and HUF
- (c) individuals, HUF, Firm , Company only
- (d) Individuals , HUF, Firm, Company, AOP or BOI, Local authority , Every Artificial Judicial Person.

41. Every assessee is a person, and

- (a) every person is also an assessee
- (b) every person need not be an assessee
- (c) an individual is always an assessee
- (d) a HUF is always an assessee

42. Describe the status of the following person. X and Y are legal heirs of Z. Z died in 2018 and X and Y carry on his business without entering into a partnership.

- (a) Firm
- (b) Limited Liability Partnership
- (c) Company
- (d) Body of individual

43. Assessment year can be a period of :

- (a) more than 12 months
- (b) 12 months and less than 12 months
- (c) 12 months
- (d) 12 months and more than 12 months

44. All assessee are required to follow:

- a) Uniform previous year which must be calendar year only
- b) Uniform previous year which must be financial year only
- c) Any period of 12 months
- d) Period starting from 1st July to 30th June only

45. First previous year in case of a business/profession newly set up on 31.3.2021 would:

- (a) Start from 1st April 2018 and end on 31st March 2019
- (b) Start from 31st March 2019 and will end on 31st March 2020
- (c) Start from 1st January 2020 and end on 31st December 2021
- (d) Start from 1st January 2015 and will end on 31st March 2015

46. A person follows Calendar year for accounting. For taxation, he has to follow:

- (a) Calendar year only - 1st January to 31st December
- (b) Financial year only - 1st April to 31st March
- (c) Any of the Calendar year or Financial year as per his choice
- (d) He will have to follow extended year from 1st January to next 31st March (period of 15 months)

47. In which of the following cases, income of previous year is assessable in previous year itself:

- (a) Assessment of persons leaving India
- (b) A person in employment in India
- (c) A person who is into illegal business
- (d) A person who is running a charitable institution

48. In which of the following cases, Assessing Officer has the discretion to assess the income of previous year in previous year itself or in the subsequent assessment year:

- (a) Shipping business of non-residents
- (b) Assessment of Association of persons or Body of Individuals formed for a particular event or purpose
- (c) Assessment of persons likely to transfer property to avoid tax
- (d) All of the above

49. In case of female individual, who is of 59 years of age, what is the maximum exemption limit for AY 2022-23.

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

50. Total income is to be rounded off to nearest multiple of and tax is to be rounded off to nearest multiple of

- (a) Ten, Rupee
- (b) Hundred, Ten
- (c) Ten, Ten
- (d) Rupee, Rupee

51. Assessee is always a person but a person may or may not be an assessee

- (a) True
- (b) False
- (c) Partly True
- (d) None of the above

52. A person may not have an assessable income but may still be assessee

- (a) True
- (b) False
- (c) Partly True
- (d) None of the above

53. A new business was set up on 15-11-2021 and commenced business from 1-12-2021. The first previous year in this case shall be

- (a) 15-11-2021 to 31-3-2022
- (b) 1-12-2020 to 31-3-2021
- (c) 2020-2021
- (d) 2021-2022

54. The maximum amount on which income tax is not chargeable in case of firm is

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

55. A co-operative society is taxable at a flat rate of 30% on total income.

- (a) True
- (b) False
- (c) Partly True
- (d) None of the above

56. Education cess is leviable in case of

- (a) An Individual and HUF
- (b) A company assessee only
- (c) All assesses
- (d) Only Individual

57. In case of an Individual and HUF , Education cess is leviable only when the total income of such assessee.

- (a) Exceeds Rs. 10,00,000
- (b) always levied
- (c) Exceeds Rs. 7,00,000
- (d) Exceeds Rs. 1,00,00,000

58. A circular of the CBDT u/s 119 of the Income tax Act,1961

- (a) can override or detract from the Act
- (b) cannot override or detract from the Act
- (c) May override the entire Act
- (d) None of the above

59. The circulars issued by CBDT are binding on _____

- (a) assessee
- (b) Income Tax authorities i.e Assessing Officers
- (c) Both of the above
- (d) None of the above

60. Decision passed by Supreme Court is binding on _____

- (a) All courts and Tribunal
- (b) Income Tax authorities
- (c) assessee
- (d) All of the above

61. The amount of HEC to be collected along with income tax for the assessment year 20-21 is _____

- (a) 2%
- (b) 1%
- (c) 4%

(d) Nil

62. Calculate the amount of rebate under section 87A in case of non-resident individual having total income of Rs. 3,00,000.

- (a) Rs. 3,000
- (b) Rs. 1,500
- (c) Rs. 2,500
- (d) Nil

63. Calculate the amount of rebate under section 87A in case of resident individual having total income of Rs. 3,00,000

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

64. Rebate u/s 87A is allowed only on fulfillment of which condition

- i) Assessee should be resident individual**
 - ii) The income of assessee is upto Rs. 5,00,000**
 - iii) All assessee**
- (a) (i) and (ii)
 - (b) only (ii)
 - (c) (ii) and (iii)
 - (d) (iii).

65. Income Tax Act Applies to _____

- (a) Whole of India and Foreign
- (b) Whole of India Except J&K
- (c) Whole of India
- (d) None

66. Income Tax is covered under entry no ____ to Union List

- (a) 83
- (b) 84
- (c) 82
- (d) 85

67. Agriculture Income can also be Taxed under entry no.82 to union list

- (a) True
- (b) False
- (c) None

68. Power to levy tax on agriculture income rest with _____

- (a) CG
- (b) SG
- (c) Both
- (d) None

69. Power to levy Tax on agriculture Income is given in entry no__ of state list

- (a) 46
- (b) 47
- (c) 48
- (d) 49

70. CBDT stands for _____

71. Finances bill became the Finance Act when it is passed by :

- (a) The Lok Sabha
- (b) Both the Lok Sabha and Rajya sabha
- (c) Both the houses of the Parliament and given the assent of the president
- (d) Both the houses of the Parliament and given the assent of the Prime Minister /Finance Minister.

72. Part I of schedule I of the finance Act ,2021 has given rates of income tax for the assessment year :

- (a) 2021-22
- (b) 2022-23
- (c) 2020-21.

73. A. O .P should consist of :

- (a) individuals only
- (b) person other than individuals only
- (c) both the above

74. Body of individuals should consist of :

- (a) individuals only
- (b) person other than individuals only
- (c) both of the above

75. Firm Includes _____

Answers:

1.a	2.d	3.d	4.d	5.a	6.b
7.d	8.c	9.b	10.a	11.d	12.a
13.d	14.a	15.Previous year	16. Residential status	17. Non-Resident	18. True
19.False	20. b	21.b	22.d	23.b	24.a
25.a	26.a	27.a	28.a	29.d	30.c
31.b	32.c	33.a	34.a	35.b	36.d
37.a	38.d	39.d	40.d	41.b	42.d
43.b	44.b	45.b	46.b	47.a	48.d

49.b	50.c	51.a	52.a	53.b	54.d
55.c	56.c	57.b	58.b	59.b	60.d
61.c	62.d	63.c	64.a	65.c	66.c
67.b	68.b	69.a	70. Central Board of Direct Tax.	71.c	72.a
73.b	74.a	75.LLP			

Chapter-2 Residential Status

- Q.1. If Anirudh has stayed in India in the P.Y. 2021-22 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. 2022-23 would be -**
- (a) Resident and ordinarily resident
 - (b) Resident but not ordinarily resident
 - (c) Non-resident
 - (d) Cannot be ascertained with the given information
- Q.2. Raman was employed in Hindustan Lever Ltd. He received a salary of Rs. 40,000 p.m. from 1.4.2021 to 27.9.2021. He resigned and left for Dubai for the first time on 1.10.2021 and got salary of rupee equivalent of Rs. 80,000 p.m. from 1.10.2021 to 31.3.2022. His salary for October to December 2021 was credited in his Dubai bank account and the salary for January to March 2022 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
- Q.3. A company would be a resident in India for the P.Y. 2021-22, 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)
- Q.4. 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
- Q.5. 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

Q.6. 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) none

Q.7. 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

Q.8. 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

Q.9. 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

Q.10. Dividend Income from Australian company received in Australia in the year 2018, brought to India during the previous year 2021-22 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

Q.11. Total income is based on / Total income varies according to

- (a) Residential status of assessee
- (b) Citizenship of assessee
- (c) Both a and b
- (d) None of the above

Q.12.is determined for each category of persons separately

- (a) Residential status
- (b) Citizenship
- (c) Origin ship
- (d) All of the above

Q.13. A person may resident in..... in any previous year

- (a) more than one country
- (b) Only one country
- (c) only two country
- (d) none of the above

Q.14. A person may be a but may not be a.....

- (a) Citizen of India, resident
- (b) Person of Indian origin, citizen of India
- (c) Resident of India, person of Indian origin
- (d) None of the above

Q.15. It is the duty of.....to place all material facts to determine his correct residential status in front of Assessing Officer

- (a) Assessee
- (b) Income Tax Officer
- (c) CBDT
- (d) All of the above

Q.16. Individual is a resident in India if he is in India for a period or periods amounting In all to-

- (a) More than 182 days
- (b) 182 days or more
- (c) Less than 182 days
- (d) 60 days or more

Q.17. The condition of 182 days or more shall be checked in:

- (a) Relevant previous year
- (b) Relevant assessment year
- (c) Relevant calendar year
- (d) Relevant valuation date

Q.18. In case of exception in basic condition, which of the following condition will be checked:

- (a) Stay in India for 182 days or more
- (b) Stay in India more than 182 days
- (c) Stay in India 60 days or more and 365 or more in 4 I.P.P.Y
- (d) None of the above

Q.19. For an assessee to fall in exception, he should leave in India:

- (a) for the purpose of employment
- (b) in the course of employment
- (c) for the purpose of employment or member of crew of an Indian ship
- (d) None of the above

Q.20. In exception one, the condition of 182 days or more should be checked in the relevant previous year in which.

- (a) he/she left India
- (b) he/she visits India
- (c) both a and b
- (d) None of the above

Q.21. In exception two of section 6, the condition of 182 days or more must be checked in the relevant previous year in which

- (a) he visits India
- (b) he left India

- (c) depend upon the residential status of assessee
- (d) None of the above

Q.22. A person merely undertaking tours abroad in connection with his employment in India would

- (a) Avail the relaxation of exception one
- (b) Not avail the relaxation of exception one
- (c) No provision in law
- (d) None of the above

Q.23. In computing the period of stay in India it isthat stay should be for a

- (a) not necessary, continuous period
- (b) necessary, continuous period
- (c) either a or b
- (d) None of the above

Q.24. Which of the following statement is true?

- (a) Presence in territorial water of India (TWI) would also be regarded as present in India
- (b) Place and purpose or stay is immaterial
- (c) After introduction exceptions, condition 2 has not been deleted
- (d) In computing period stay in India, day of entry & leaving India are not considered as stay in India

Q.25. HUF will become Non-resident if:

- (a) control and management is partly in India
- (b) control and management is partly in India and partly outside India
- (c) control and management is wholly situated in India
- (d) None of the above

Q.26. Indian company is said to be resident of India if:

- (a) POEM wholly or partly in India
- (b) Always resident
- (c) POEM wholly India
- (d) POEM wholly outside India

Q.27. If POEM of the foreign company is wholly in India, then it is___

- (a) Non-resident in India
- (b) Resident in India
- (c) RNOR in India
- (d) None of the above

Q.28. If the POEM of an Indian Company is wholly outside India, then company will become:

- (a) Resident in India
- (b) Non-resident in India
- (c) RNOR in India
- (d) None of the above

Q.29. An individual who is resident in India, shall be resident and ordinary resident in India if he satisfies___

- (a) Any one basic condition
- (b) both additional conditions
- (c) Both basic conditions

(d) Any one additional condition

Q.30. In 2nd additional condition, assessee should have stayed in India for

- (a) more than 730 days during 7 immediately preceding previous year
- (b) 730 days or more during 7 immediately preceding previous year
- (c) 365 days or more during 4 immediately preceding previous year
- (d) 182 days or during relevant immediately preceding previous year

Q.31. HUF which is resident in India shall be said to ROR in India if

- (a) Karta of the HUF satisfies both the basic conditions
- (b) Karta of the HUF satisfies any one basic condition
- (c) Karta of the HUF satisfies both additional conditions
- (d) Karta of the HUF satisfies any one additional condition

Q.32. A person say Mr. X has been non-resident in 9 out of 10 preceding previous year ; his residential status is _____

- (a) Resident in India
- (b) Non-resident in India
- (c) ROR in India
- (d) RNOR in India

Q.33. Income accruing from agriculture activity in foreign country is taxable in case of an assessee who is

- (a) Resident /Resident and ordinarily resident
- (b) Resident and ordinarily resident
- (c) Non -resident
- (d) None of the above

Q.34. Foreign income received in India during the previous year is taxable case of which assessee:

- (a) Resident
- (b) Not ordinarily resident
- (c) Non-resident
- (d) All of the above

Q.35. An individual born in India left for employment from India to France on 30.10. in PY He visited outside India for the first time. His residential status for the assessment year will be

- (a) ROR
- (b) RNOR
- (c) Non-resident
- (d) None of the above

Q.36. Income which accrue or arise outside India from a business controlled from India is taxable in case of:

- (a) ROR
- (b) Non-resident
- (c) Both ROR and RNOR
- (d) All of the above

Q.37. A resident in India cannot become resident in any other country for the same previous year.

- (a) True
- (b) False
- (c) Partly true Partly false
- (d) None of the above

- Q.38. X was born on 5th May 1992 in India and later on took the citizenship of U.S.A and resides there Neither his parents nor his grandparents were born in divided or undivided India. X in this case shall be**
- (a) Citizen of India
 - (b) Person of Indian origin
 - (c) A foreign National[NR]
 - (d) None of the above
- Q.39. X a foreign national visited India during the previous year 2021-2022 for 180 days. He had never visited India prior to this visit. X in this case shall be**
- (a) Resident in India
 - (b) Non-resident in India
 - (c) RNOR
 - (d) None of the above
- Q.40. Salary paid by Government to an Indian citizen who is non-resident in India for services rendered outside India is not taxable in India**
- (a) True
 - (b) False
 - (c) Partly true Partly false
 - (d) None of the above
- Q.41. Steve Waugh, the Australian Cricketer comes to India for 100 days every year. Find out his residential status for the AY**
- (a) Non-resident
 - (b) ROR
 - (c) RNOR
 - (d) None of the above
- Q.42. residential status and citizenship are same**
- (a) false
 - (b) True
 - (c) None of the above
 - (d) Partly True Partly False
- Q.43. Wipro ltd an Indian company has most of his business outside India. Determine its residential status.**
- (a) Resident
 - (b) Non-resident
 - (c) RNOR
 - (d) None of the above
- Q.44. A person shall be ROR if he satisfies the addition condition given in Sec._**
- (a) 6[1]
 - (b) 6(3)
 - (c) 6[5]
 - (d) 6[6]
- Q.45. Income accrued outside India and received outside India is taxable in case of :**
- (a) Resident and ordinary resident (ROR) only.
 - (b) Resident but not ordinary resident (RNOR) only.
 - (c) NON-resident only
 - (d) ROR, RNOR, Non-resident

Q.46. An Indian company would

- (a) be resident in India if its control and management is wholly situated in India
- (b) be resident in India if its control and management is wholly or partly situated in India
- (c) be resident in India if its control and management is wholly situated outside India
- (d) be always resident in India irrespective of control and management

Q.47. Determine the residential status of a HUF if HUF's control and management is wholly situated in India and Karta of HUF is a non-resident in India for that previous year.

- (a) Resident and ordinary resident (ROR)
- (b) Resident but not ordinary resident (RNOR)
- (c) Non-resident
- (d) None

Q.48. Profits of Rs. 2,00,000 is earned from a business in USA which is controlled in India , half of the profits being received in India . How much amount is taxable in India for a Non-resident individual

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

Q.49. Foreign Income received in India during the previous year is taxable in case of

- (a) Resident
- (b) Not ordinarily resident
- (c) Non-resident
- (d) All of the above

Q.50. Once a person is resident for a source of income in a particular previous year he shall be deemed to be resident of all other sources of income in the same previous year

- (a) True
- (b) False
- (c) Partly true partly false
- (d) None of the above

Q.51. Once a person is resident for a source of income in a particular previous year he shall be deemed to be resident for same source of income in all the previous year

- (a) True
- (b) False
- (c) Partly true partly false
- (d) None of the above

Q.52. R. ltd. is registered in U. K. The POEM is partly situated in India R. ltd shall be

- (a) Resident in India
- (b) Non-resident
- (c) Not ordinarily resident in India
- (d) None of the above

Q.53. R, a foreign national visited India during previous year for 180 days. Earlier to this he never visited India. R in this case shall be:

- (a) Resident in India
- (b) non-resident
- (c) Not ordinarily resident in India
- (d) None of the above

Q.54. A person is said to be resident in India. If he satisfies:

- (a) Any basic condition
- (b) Both the basic conditions
- (c) Both the additional conditions
- (d) Any one additional condition

Q.55. Residential status is to be determined for:

- (a) previous year
- (b) assessment year
- (c) accounting year

Q.56. Dividend paid by Indian company outside India is:

- (a) taxable in India in the head of the receipt
- (b) exempt in the head of recipient
- (c) taxable in the head of the company and exempt in the head of the recipient.

Write true or false

Q.57. Once a person is a resident in a previous year, he shall be deemed to be resident for subsequent previous year also.

Q.58. A resident in India cannot become resident in any other country for the same assessment year

Q.59. No person other than individual or HUF can be “resident but not ordinary resident in India.

Q.60. An Indian company is always resident in India

Q.61. A foreign company in always non-resident in India

Q.62. Salary payable by a company to an Indian citizen for service rendered outside India is an income which is deemed to accrue or arise in India.

Q.63. Salary payable by the government to an Indian citizen who is non – resident in India for services rendered outside India is not taxable in India.

Q.64. Once a person is a not ordinary resident in a previous year, he shall be deemed to be not ordinary resident for subsequent previous year also.

Q.65. Income deemed to be accrued in India is specified in Sec.

- (a) 6
- (b) 7
- (c) 7&8
- (d) 9

Q.66. Income deemed to be received in India is specified in Sec.

- (a) 6
- (b) 7
- (c) 7&8
- (d) 9

Q.67. The day person leaves India and the day he came to India both are Counted

- (a) True
- (b) False

Q.68. The period mentioned in continues discharge certificate is excluded while counting the overall number of days for ship crew member

- (a) True
- (b) False

Answers

1. b	2. b	3. d	4. a	5. d	6. a
7. d	8. d	9. a	10. d	11. a	12. a
13. a	14. a	15. a	16. b	17. a	18. a
19. c	20. a	21. a	22. c	23. a	24. a
25. d	26. b	27. b	28. a	29. b	30. b
31. c	32. d	33. a	34. d	35. a	36. c
37. b	38. c	39. b	40. b	41. c	42. a
43. a	44. d	45. a	46. d	47. b	48. c
49. d	50. a	51. b	52. b	53. b	54. a
55. a	56. c	57. false	58. false	59. True	60. True
61. False	62. False	63. False	64. False	65. d	66. c
67. a	68. True				

SPACE FOR WORK

Chapter-3 Exemptions

- Q.1. 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
- Q.2. 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
- Q.3. 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
- Q.4. 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
- Q.5. 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
- Q.6. 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.

Q.7. 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.

Q.8. 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

Q.9. 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)

Q.10. 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.

Q.11. 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.

Q.12. 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.

Q.13. 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.

Q.14. Under section 10(10), the maximum amount of gratuity received which is not chargeable to tax [covered under the act] shall be;

- (a) Rs 3,50,000
- (b) Rs 3,00,000
- (c) Rs 2,50,000
- (d) Rs 20,00,000

Q.15. 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

FILL IN THE BLANKS

Q.16. Remuneration earned by a member of HUF for the services rendered by him is _____ as income of the member.

Q.17. The HRA paid to an employee residing in Lucknow is exempt upto the lower of actual HRA or, excess of rent paid over 10% of salary or _____ of salary.

Q.18. The income of minor child shall be taxable in excess of _____ in the hands of parents.

Q.19. Under section 2(22AAA), _____ means a trust so approved by the Board in accordance with the scheme made in this regard by the Central Government.

TRUE AND FALSE

Q.20. Prize given to Suhesh by the Government of Madhya Pradesh on account of higher crop yield is an agricultural income.

Q.21. Voluntary contribution received by electoral trust shall be exempt in all cases. [ca final specifically]

Q.22. An income derived from land situated in India is agricultural income.

Q.23. Gallantry Awards instituted by the Central Government are exempted from income tax.

- Q.24. Income in the form of voluntary contribution made with a specific direction that they shall form part of the corpus of the trust or institution shall be fully exempt. [ca final specifically]**
- Q.25. Any sum received by an individual as a member of HUF from the income of HUF shall be:**
- (a) Fully taxable
 - (b) Fully exempt
 - (c) Included in the total income of the member for rates purpose.
- Q.26. In case of a partner, the share of the profits from the firm which is separately assessed shall be:**
- (a) Fully taxable
 - (b) Fully exempt
 - (c) included in the total income of the partner and relief of Income tax u/s 86 shall be allowed.
- Q.27. Casual income received by the assessee is :**
- (a) fully exempt
 - (b) exempt upto Rs 5,000
 - (c) fully taxable
- Q.28. R traced a missing person and was awarded a sum of Rs 1, 00,000 although there was no stipulation to that effect. Such receipt shall be**
- (a) Casual income and fully taxable
 - (b) Casual income and exempt upto Rs 5000
 - (c) Fully exempt
- Q.29. Scholarship received by a student to meet the cost of education is :**
- (a) Casual income
 - (b) Fully exempt
 - (c) Fully taxable
- Q.30. Family pension received by member of armed forces**
- (a) Casual income
 - (b) Fully exempt
 - (c) Fully taxable
- Q.31. A local authority has earned income from the supply of water or electricity outside its own jurisdiction area such income is :**
- (a) Exempt
 - (b) Taxable
- Q.32. A local authority has earned income from the supply of commodities outside its own jurisdiction area such income is :**
- (a) Exempt
 - (b) Taxable

Q.33. An income under the head capital gain to a local authorities is:

- (a) Exempt
- (b) Taxable

Q.34. Dividend Income of Rs.5L

- (a) Exempt
- (b) Taxable

Q.35. Dividend Income of Rs.14L , Rs. 4L shall be _____

- (a) Exempt
- (b) Taxable

Q.36. Income from Compulsory Acquisition of Urban Agriculture Land is

- (a) Exempt
- (b) Taxable

Q.37. Income from sale of Crude oil under an agreement with CG u/s 10[48A] is_____ to foreign company.

- (a) Taxable
- (b) Exempt

Q.38. HRA is exempt u/s_____

- (a) 10[10]
- (b) 10[20]
- (c) 10[13A]

Q.39. Retrenchment compensation is exempt u/s_____

- (a) 10[10]
- (b) 10[10B]
- (c) 10[10C]
- (d) None

Q.40. Amount Received under Life Insurance is exempt u/s_____

- (a) 10[10]
- (b) 10[10D]
- (c) 10[10C]
- (d) None

Q.41. Divided received by a company from a domestic company upto10L is:

- (a) Exempt
- (b) Taxable.

Q.42. Tax paid by the employer on non-monetary perquisite provided to employee shall be_____ in the hands of employee:

- (a) Exempt
- (b) Taxable

Q.43. Divided received from foreign company is:

- (a) Exempt
- (b) Taxable

Q.44. Income from buy back of Unlisted share is _____ u/s 10[34A]

- (a) Exempt
- (b) Taxable

Q.45. Income arising from the transfer of units of the unit trust of India or of mutual fund covered under section 10(23D) shall:

- (a) Be exempt
- (b) Not to be exempt

Q.46. LTCG on sale of securities on which STT is paid upto Rs.1L is

- (a) Taxable
- (b) Exempt
- (c) None

Q.47. Any person received by an individual or family pension received by any member of his family where such individual is in the service of Central or state government and was awarded Parmvir Chakra. or Vir chakra or any other notified gallantry award shall be:

- (a) Exempt
- (b) Taxable

Q.48. Amount received under the reversed mortgage scheme is exempt u/s _____

- (a) 10[32]
- (b) 10[34]
- (c) 10[43]
- (d) None

Q.49. Any amount received or receivable from Central government or a State Government or a local authority by an individual or his legal heir by way of compensation on account of any disaster shall be:

- (a) Taxable
- (b) Fully exempt
- (c) Exempt except to the extent the amount received or receivable has been allowed as deduction on account of any loss or damage caused by such disaster

Q.50. Where the income of individual includes the income of minor children, such individual shall be entitled to an exemption of:

- (a) Rs. 1,500
- (b) Rs. 1,500 per month child
- (c) Rs. 1,500 per month child or to extent of income of the minor child included in the total income of the assessee whichever is less.

Q.51. Income of a notified news agency is:

- (a) Exempt
- (b) Taxable
- (c) Exempt for 10 years but not beyond assessment year 2019-20

Q.52. Income from unit of UTI or Mutual fund covered under section 10(23D) shall

- (a) exempt
- (b) taxable

Q.53. Family pension received by the legal heir of a army personnel who died during operational duties shall be:

- (a) fully exempt
- (b) taxable

Q.54. Capital gain arising from compulsory acquisition of urban agricultural land shall be:

- (a) taxable
- (b) exempt
- (c) exempt u/s 10(37) if certain conditions are satisfied

Q.55. Any capital gain whether short term or long term shall be exempt if:

- (a) It is from the transfer of urban agricultural land
- (b) It is from the compulsory acquisition by law of urban agricultural land and certain condition are satisfied

Q.56. Income from long term gain from transfer of equity shares shall be exempt upto a limit of Rs1L:

- (a) Such share are sold through National Stock Exchange
- (b) Such share are sold through Bombay stock Exchange
- (c) Such share are sold through any recognized stock exchange in India and such transfer is subject to Securities Transaction Tax.

Q.57. In case of an individual. any income by way of interest on any money standing to his credit in a Non-resident (External) account in any bank in India shall be :

- (a) Exempt
- (b) Fully taxable
- (c) Exempt upto Rs 13,000

Answers

1. (c)	2. (d)	3. (d)	4. (b)	5. (c)	6. (d)
7. (d)	8. (d)	9. (c)	10. (a)	11. (a)	12. (a)
13. (d)	14. (d)	15. (b)	16. Exempt	17. 40%	18. Rs 1,500

19. Electoral trust	20. False	21. False	22. True	23. True	24. False
25.a	26.b	27.c	28.c	29.b	30.b
31.b	32.a	33.a	34.a	35.b	36.a
37.b	38. c	39.b	40.c	41.a	42.b
43.b	44.a	45.a	46.b	47.a	48.c
49.b	50.a	51.a	52.a	53.a	54.c
55.b	56.c	57.a			

SPACE FOR WORK

Chapter- 4 Income from Salary

- Q.1. 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
- Q.2. 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
- Q.3. 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
- Q.4. 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. 5,500p.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
- Q.5. The overall contribution in provident fund upto Rs._____ is not subject to taxability of perquisites.**
- (a) 5,00,000
 - (b) 7,50,000
 - (c) 12,00,000
 - (d) 12,50,000
- Q.6. 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

Q.7. Anand is provided with furniture to the value of Rs. 70,000 along with house from February, 2022. The actual hire charges 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.2022-23 is-

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

Q.8. Exemption on interest on PPF & RPF is not available if aggregate contribution exceed _____ in any P.Y.

- (a) Rs. 2,50,000
- (b) Rs. 3,00,000
- (c) Rs. 1,50,000
- (d) Rs. 5,00,000

Q.9. The entertainment allowance received by a Government employee is exempt up to the lower of the actual entertainment allowance received, $1/5^{\text{th}}$ of basic salary and-

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

Q.10. 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.

Q.11. Anand is entitled to get a pension of Rs. 600 per month from a private company. He 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.

Q.12. 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.

Q.13. 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.

Q.14. 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.

Q.15. 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) Nil
- (d) Rs. 900 per month

TRUE AND FALSE

Q.16. Remuneration received by Member of Parliament are taxable under the head “Income from other sources”.

Q.17. No deduction is allowable from income from salary.

Q.18. Allowances payable to Central Government employees for serving outside India is fully taxable as salary.

Q.19. Telephone provided to an employee at his residence is a tax-free perquisite.

Q.20. R, a chartered accountant is employed with R Ltd, as an internal auditor and requests the employer to call the remuneration as internal audit fee. R shall be chargeable to tax for such fee under the head:

- (A) income from salary
- (B) profit and gain from business and Profession
- (C) Income from other sources

Q.21. R Ltd pays a salary of Rs. .2,30,000 to his employee G and undertakes to pay

the Income Tax amounting to Rs. 3,090 during the previous year on behalf of G. The gross salary of G shall be:

- (a) Rs.1,90,000
- (b) Rs.2,33,090
- (c) Rs.1,86,910

Q.22. Sec.10[10][c] gives exemption of

- (a) Gratuity
- (b) Pension
- (c) VRS
- (d) None

Q.23. 10[10] [AA] gives exemption for_____

- (a) Gratuity
- (b) Pension
- (c) Leave Encashment
- (d) None

Q.24. R. who is entitled to salary of Rs. 10,000 p.m. took an advance of Rs. 40,000 against the salary in the month of March 2016. The gross salary of R for assessment year 2022-23 shall be:

- (a) Rs.1,60,000
- (b) Rs.1,20,000
- (c) Rs.none of these two

Q.25. R, who is entitled to salary of Rs. .10,000 p.m took advances salary from his employer for the month of April and May 2021 along with salary of March 2021 on 31-3-2021. The gross salary of R for assessment year 2022-23 shall be:

- (a) Rs. 1,20,000
- (b) Rs. 1,40,000
- (c) none of these two

Q.26. R is employed with G Ltd. at a salary of Rs.10,000 p.m. As G Ltd, was financial crisis, it paid the salary of January 2021 to March 2022 to R only in July 2021. The gross salary of R for assessment year 2022-23 shall be:

- (a) Rs. 1,20,000
- (b) Rs. 90,000
- (c) none of these two

Q.27. Salary of R is Rs.10000 p.m R had taken salary in advances for the month of April 2021 to June 2021 in March 2021 itself. The gross salary of R for assessment year 2022-23 shall be:

- (a) Rs. 1,20,000
- (b) Rs. 90,000
- (c) none of these two

Q.28. R who was working with another company joined the present employer w.e.f 1-

5-2021 at a salary of Rs. 10,000 p.m. His salary becomes due on first of next month. He was also entitled to a pension of Rs.4000 p.m. from his formal employer as he retired on 31-3-2021. His pension is taxable on due basis. His gross salary for assessment year 2022-23 shall be:

- (a) Rs.1,10,000
- (b) Rs.1,58,000
- (c) Rs.1,48,000

Q.29. The Government of India announced increase in the D.A on 15-03-2010 with the Retrospective effect from 1-5-2006 and the same were paid on 6-4-2010. The arrears of D.A shall be taxable in the previous year:

- (a) 2009-10
- (b) 2010-11
- (c) in respective previous year to which these relates

Q.30. Gratuity shall be fully exempt in case of:

- (a) Central and State Government employees
- (b) Central and State Government employees and employees of local authority
- (c) Central and State Government employees and employees of local authority and employee of statutory corporation.

An employee is covered under the Payment of Gratuity Act ,1972 (Q31-36)

Q.31. Salary for purpose of calculating 15 days' salary for each completed year of service shall be:

- (a) last drawn salary
- (b) average salary of last 10 months
- (c) average salary of last 3 completed years

Q.32. Salary for the above purpose shall:

- (a) Include D.A allowance and fixed percentage of commission on turnover achieved by the employee
- (b) Not include D.A
- (c) Include D.A allowances to the extent the terms of employment provide
- (d) Includes D.A

Q.33. If the employee has completed service of 16 years 6 month and 5 days, the number of completed year shall be taken as:

- (a) 16 years
- (b) 17 years
- (c) 16 years 6 months and 5 days.

Q.34. If he has completed exactly 16 years and 6 months, the completed year shall be:

- (a) 16 year
- (b) 17 years
- (c) 16 years and 6 months

Q.35. For the purpose of computing 15 day's salary, the number of days in a month

shall be taken as:

- (a) 30 days
- (b) 26 days
- (c) 31 days

Q.36. The maximum exemption of gratuity covered in Gratuity act shall be:

- (a) Rs. 3,00,000
- (b) Rs. 10,00,000
- (c) Rs. 20,00,000.
- (d) 20 months' salary

An employee is neither a Government employee nor covered under the Payment of Gratuity Act 1972. (Q 37-41)

Q.37. salary for purpose of calculating half month shall be taken as:

- (a) last drawn salary
- (b) average salary of 10 months.
- (c) average salary of each completed year.

Q.38. Salary for the above purpose:

- (a) shall include D.A allowance and fixed percentage of commission on turnover achieved by the employee
- (b) shall not include in D.A
- (c) shall include D.A to the extent the terms of employment so provide and fixed percentage of commission on turnover achieved by the employee
- (d) shall include D.A to the extent the terms of employment so provide

Q.39. If the employee has completed 16 years and 8 months of service, the number of completed years shall be taken as:

- (a) 17 years
- (b) 16 years
- (c) 16 years and 8 months

Q.40. The maximum exemption of gratuity uncovered shall be:

- (a) Rs. 300000
- (b) Rs. 10,00,000
- (c) 20,00,000
- (d) 20-month salary

Q.41. Salary is Taxable under section

- (a) 15
- (b) 16
- (c) 17

Q.42. R worked with a previous employer for 3 years but was not entitled to any gratuity. He worked with the present employer for 8 years and 7 months. The completed years of services for calculating exemption of gratuity shall be taken as:

- (a) 11 years

- (b) 8 years
- (c) 9 years
- (d) 12 years

Q.43. For purpose of calculating exemption of gratuity, salary shall include:

- (a) fixed commission
- (b) commission if it is fixed percentage on turnover
- (c) none of these two

Q.44. Un-commuted pension received by a Government employee is:

- (a) Exempt
- (b) Taxable
- (c) Partially taxable

Q.45. Commuted pension received shall be fully exempt in case of:

- (a) Government employee
- (b) Government employee or an employee of local authority
- (c) Government employee or an employee of local authority or an employee of statutory corporation.

Q.46. (i) An employee was also entitled to gratuity. He got 60% of his pension commuted and received a sum of Rs. 12,00,000 as commuted pension. The exemption in his case shall be:

- (a) Rs. 12,00,000
- (b) Rs. 4,00,000
- (c) Rs. 6,66,667
- (d) Rs. 8,00,000
- (e) Rs. 10,00,000

(ii) What shall be exemption if he was not entitled to any gratuity?

Q.47. Deduction from salary is covered u/s___

- (a) 15
- (b) 16
- (c) 17

Q.48. Encashment of leave salary at the time of retirement is fully exempt in the case of:

- (a) Central Government employee
- (b) State Government employee
- (c) both Central Government and State government employee
- (d) Government employee and employee of local authority

Q.49. HRA is exempt u/s 10

- (a) [12A]
- (b) [13A]
- (c) [14A]

Q.50. Salary for exemption of leave encashment shall be taken as :

- (a) last drawn salary
- (b) average salary of 10 months immediately preceding the month of retirement
- (c) average salary of 10 months immediately preceding the date of retirement

Q.51. The maximum exemption in case of leave encashment shall be :

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

Q.52. An employee availed the exemption of leave encashment of Rs. 1,00,000 in the past. He received from the second employer a sum of Rs. 2,50,000 as encashment of leave .He will be entitled to exemption to the extent of :

- (a) NIL
- (b) Rs. 2,50,000
- (c) Rs. 2,00,000
- (d) Rs. 1,40,000

Q.53. compensation received on voluntary retirement is exempt under 10(10C) to the maximum extent of:

- (a) Rs. 2,40,000
- (b) Rs. 3,50,000
- (c) Rs. 5,00,000
- (d) Rs. 1,40,000

Q.54. (i) If rent is paid for a house situated in Delhi , the house rent allowances shall be exempt to the maximum extent of :

- (a) 40% of salary
- (b) 50% of salary
- (c) 60% of salary

(ii) What shall be exemption if the rent is paid for a house in Ghaziabad .

Q.55. News paper and Journal is a taxable Perquisite

- a) True
- b) False

Q.56. A is entitled to Children education allowance @80 p.m per child for 3 children amounting Rs. 240 p.m. It will be exempt to the extent of:

- (a) Rs. 200 p.m
- (b) Rs. 160 pm
- (c) Rs. 240 pm

Q.57. R is entitled to Hostel expenditure allowance of Rs. 600 p.m The exemption in this case shall be:

- (a) Rs. 600 p.m
- (b) Rs. 400 p.m
- (c) Rs. 300 p.m .

Q.58. R is entitled to a transport allowance of Rs. 1000 p.m for commuting from his residence to office and back. He spends Rs. 600 p.m. The exemption shall be:

- (a) Rs. 1000 p.m
- (b) Rs. 800 p.m
- (c) Nil

Q.59. R is entitled to Rs. 6000 as medical allowance. He spends Rs. 4000 on his medical treatment and Rs. 1000 on the medical treatment of his major son not dependent on him. The exemption in this case shall be:

- (a) Rs. 4,000
- (b) Rs. 5000
- (c) NIL

Q.60. R is an employee of a Transport Company. He is entitled to transport allowance of Rs. 6,000 p.m. He spends Rs. 4,000 every month. The exemption shall be:

- (a) Rs. 6,000p.m
- (b) Rs. 4,000 p.m
- (c) Rs. 4,200 p.m

Q.61. Standard deduction allowed from salary is Rs. .

- (a) 30000
- (b) 40000
- (c) 50000
- (d) Nil

Q.62. Entertainment allowance in case of Government employee is :

- (a) Fully exempt
- (b) Fully taxable
- (c) Exempt upto certain limits mentioned in section 16 (ii)
- (d) First included in full in gross salary and thereafter deduction allowed from gross salary under section 16(ii)

Q.63. For claiming deduction of entertainment allowance Government employee includes:

- (a) Central and State Government employee
- (b) State government employee
- (c) Central and State Government Employees and employees of local authority
- (d) Central and State Government employees, employee of local authority and employees of statutory corporation

Q.64. During the previous year the employee was reimbursed Rs. 24,000 as medical expenses incurred by him which includes Rs. 7,000 spent in Government hospital. The taxable perquisite in this shall be:

- (a) Rs. 9,000
- (b) NIL
- (c) Rs. 2,000
- (d) Rs. 24,000

Q.65. Mrs. R, wife of R who is employed in G Ltd went for by pass surgery in England

along with her husband. Expenses on medical treatment of wife and stay outside India of wife and R amounted to Rs. 7,00,000 as against Rs. 6,50,000 permitted by RBI guidelines. The travel expenses amounted to Rs. 1, 50,000. All expenses were reimbursed by the employer. Assume the gross salary and income from other sources of the employee are Rs. 1, 40,000 and Rs. 40,000 respectively. The taxable perquisite in this case shall be:

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

Q.66. Professional Tax Paid is allowed

- (a) Actual Amount paid
- (b) 2000
- (c) 2500
- (d) None of above

Q.67. Leave travel concession is a tax free perquisite____

- (a) For one journey in a block of 4 years
- (b) One journey per year
- (c) Two journey in a block of 4 years

Q.68. Perquisite is defined u/s 17

- (a) True
- (b) False

Q.69. RFA In case of Government Employee shall be:

- (a) Rs. 20,000
- (b) License fee determined by the Government
- (c) Rs. 50,000
- (d) Rs. 1,30,000

Q.70. RFA In case of any other employee:

- (a) Taxable
- (b) Not Taxable

Q.71. The employee is provided with furniture costing Rs. 1,50,000 along with house w.e.f. 1-4-2010. The value of the furniture to be included in the valuation of unfurnished house shall be:

- (a) Rs. 15,000
- (b) Rs. 12,500
- (c) Rs. 18,750
- (d) Rs. 22,500

Q.72. Salary of an employee is Rs. 2, 00,000. Rent paid by the employer for the unfurnished house provided to employee at Moradabad is Rs. 3,000 p.m the employer charges Rs. 2,000 p.m. as rent from the employee. The valuation of this perquisite shall be:

- (a) Rs. 16,000

- (b) Rs. 6,000
- (c) Rs. 12,000
- (d) NIL

Q.73. A car of 1,500 cc is provided by the employer, to the employee whose salary is Rs. 20,000 p.m. The car is used by him partly for official and partly for his personal purpose. The expenses of running and maintenance for official purpose is met by the employer and the expenses of running and maintenance for private use is met by the employer. The value of this perquisite shall be:

- (a) NIL
- (b) Rs. 1800 p.m.
- (c) Rs. 600 p.m.

Q.74. An employer has provided a motor car of 1.5-liter capacity to his employee which the employee is allowed to use for official purpose and for traveling from office to residence and back. The expenses of running and maintenance of Motor Car are met by the employer. The value of this perquisite shall be:

- (a) Rs. 1,800
- (b) Rs. 600 per month
- (c) NIL
- (d) Rs. 2,400 p.m

Q.75. R is provided with a car of 1.6-liter capacity by the employer X Ltd. along with driver. The expenses of running and maintenance of car met by R himself. Besides using the car for official purpose, R uses the car for his personal purpose also. The valuation of the perquisite of car shall be:

- (a) Rs. 7,200
- (b) Rs. 18,000
- (c) Rs. 10,800
- (d) Nil

Q.76. R an employee owns a car which he uses for his private as well as official purpose. The expenses of running and maintenance of the car is met by the employer. The perquisite shall:

- (a) Be taxable in case of specified employee only
- (b) Be taxable in case of an employee other and specified employee
- (c) Be taxable case of specified and not specified employee
- (d) Not be taxable

Q.77. R is an employee Indian Oil Corporation Ltd. He is provided with free Gas for his personal purpose by the employer the value of this perquisite shall be:

- (a) NIL
- (b) 6 ¼ % of the salary
- (c) Manufacturing cost per unit
- (d) Market rate of Gas

Q.78. R owns a house in which he lives his employer reimbursed to him electricity bill

amounting to Rs. ₹5,000 it shall be perquisite for:

- (a) Specified employees only
- (b) Employee other than specified employees
- (c) Both specified and other employees

Q.79. An employer provides free facility of Gas, electricity etc. to his employee which he uses for partly official and partly for personal purpose. The actual amount spent by employees is Rs. 10,000 and the salary and the employer is Rs. 2,00,000 the valuation of this perquisite shall be:

- (a) Rs.10,000
- (b) Rs.6,000
- (c) Proportionate amount for personal use

Q.80. The employer provides free facility of watchman, Sweeper and Gardner to his employees. It will be a perquisite for:

- (a) Specified employee only
- (b) Employees other than specified employees
- (c) Specified as well as other employees

Q.81. The valuation of the perquisite in the above case shall be:

- (a) Actual wages paid to each servant
- (b) Rs.120 p.m. per servant
- (c) Rs.60 p.m. per servant

Q.82. R Ltd. provides the facility of cook to its employee for which it paid Rs. 1,000 p.m as salary to the cook. The valuation of this perquisite shall be:

- (a) Rs.120 p.m.
- (b) Rs.1000 p.m.
- (c) Rs.60 p.m.

Q.83. The Gardner, Sweeper and the watchman are employed by the employee but their salary of Rs.500 p.m. per person is paid by the employer. The valuation of this perquisite shall be:

- (a) Rs.4,320
- (b) Rs.18,000
- (c) Rs.1,960
- (d) Rs.6,000

Q.84. R Ltd, owns a house which has been provided to its employee along with the Gardner. The Gardner salary paid shall be:

- (a) Tax free perquisite
- (b) Taxable to the extent of Rs.120 p.m.
- (c) Fully taxable
- (d) Tax free perquisite but will be added to the fair rental value

Q.85. Employer's contribution to statutory fund shall be:

- (a) Fully exempt
- (b) Exempt upto 12 % of salary
- (c) Exempt upto 10 % of salary

Q.86. Interest credited to statutory provident fund shall be:

- (a) Fully exempt
- (b) Exempt upto 9.5% p.a
- (c) Fully taxable
- (d) Exempt upto 8.5 % p.a. if credited on or after 1-9-2010 and 9.5% If credited prior to 1-9-2010.

Q.87. Employer's contribution to recognized provident fund shall be:

- (a) Fully exempt
- (b) Fully taxable
- (c) Exempt upto 12% of salary

Q.88. Interest credited to recognized provident fund shall be:

- (a) Fully taxable
- (b) Fully exempt
- (c) Exempt upto 9.5%
- (d) Neither exempt nor taxable in the year of contribution

Q.89. Employers contributions to unrecognized provident fund shall be:

- (a) Fully taxable
- (b) Fully exempt
- (c) Exempt upto 12% salary
- (d) Neither exempt nor taxable in the year of contribution

Q.90. Interest credited to unrecognized provident fund shall be:

- (a) Fully taxable
- (b) Fully exempt
- (c) Exempt upto 8.5% p.a. if credited on or after 1-9-2010 and 9.5% if credited prior to 1-9-2010
- (d) Neither exempt nor taxable in the year of accrual.

Q.91. Employee's / assessee's own contribution to statutory provident fund or recognized provident fund or public provident fund shall be subject to:

- (a) Deduction under section 80 C
- (b) Deduction under section 80 CC
- (c) Deduction under section 16 from gross salary

Q.92. Employee's contribution to unrecognized provident fund shall be:

- (a) Deduction under section 80 C
- (b) Deduction under section 80 CCC
- (c) Nil deduction

Q.93. Payment from statutory fund and public provident fund shall be:

- (a) Taxable
- (b) Fully exempt
- (c) Taxable to the extent of employer's contribution and interest thereon

Q.94. Payment from recognized provident fund after 5 years of service shall be:

- (a) Taxable
- (b) Fully exempt
- (c) Taxable to the extent of employer's contribution and interest thereon.

Q.95. Payment from recognized provident fund before 5 years shall be:

- (a) Fully taxable
- (b) Fully exempt
- (c) Shall be treated as if the fund was unrecognized right from beginning

Q.96. Payment from unrecognized provident fund shall be:

- (a) Taxable
- (b) Fully exempt
- (c) Taxable to the extent of employer's contribution and interest thereon.
- (d) Same as (c) and the interest employer contribution shall be taxable under the head other sources

Q.97. ESOP IS a Taxable perquisite on basis of FMV

- (a) True
- (b) False

Q.98. R is entitled to a watchman allowance of Rs. 600 p.m for the security of his residences. He pays Rs. 500 p.m the watchman employed by him. The taxable allowance shall be:

- (a) Rs. 120 p.m.
- (b) Rs. 100p.m.
- (c) Rs. 600 p.m.

Q.99. (i) R is provided with a rent free accommodation owned by his employer in Delhi The value of this perquisite shall be:

- (a) 20% of salary
- (b) 15% of salary
- (c) 20% of salary plus excess of FRV over 50 % of salary
- (d) 20% of salary plus excess of FRV over 60 % of salary
- (e) 10 % of salary
- (f) 7.5 % of salary

Q.100. (i) R is provided with a rent free accommodation in Delhi which has been taken on rent by the employer. The value of perquisite shall be:

- (a) 15 % of salary
- (b) 15 % of salary or rent paid or payable whichever is lower
- (c) 20 % of salary or rent paid or payable whichever is lower
- (d) 7.5 % of salary or rent paid or payable whichever is less

Answers

1. D	2. D	3. B	4. B	5. B	6. B	7. A
8.A	9. C	10.C	11. B	12. D	13.C	14.D
15. C	16. True	17. False	18. False	19. True	20.A	21.B
22. C	23. C	24. A	25. B	26. A	27. A	28. B
29. B	30. B	31. A	32. A	33. B	34. A	35. B
36. C	37. B	38. C	39. A	40. C	41. A	42. C
43. B	44. B	45. B	46. c/e	47. B	48. D	49. B
50. C	51. C	52. C	53. C	54. B/A	55. B	56. A
57. C	58. C	59. C	60. C	61. C	62. D	63. C
64. D	65. B	66. A	67. C	68. A	69. B	70. A
71. A	72. B	73. B	74. C	75. B	76. A	77. C
78. C	79. A	80. C	81. A	82. B	83. D	84. C
85. A	86. A	87. C	88. C	89. D	90. D	91. A
92. C	93. B	94. B	95. A	96. C	97. A	98. C
99. B	100. B					

SPACE FOR WORK

Chapter ~5 Income From House Property

- Q.1. 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
- Q.2. 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
- Q.3. 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
- Q.4. Deduction under section 24(a) is**
- A. $1/3^{\text{rd}}$ of NAV
 - B. repairs actually incurred by the owner
 - C. 30% of NAV
 - D. Interest on borrowed capital
- Q.5. 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 instalments from the year of completion of construction
 - C. allowed in the respective year in which the interest accrues
 - D. Not allowed
- Q.6. The ceiling limit of deduction under section 24(b) in respect of interest on loan taken on 1.4.2020 for repairs of a self-occupied house is**
- A. ₹ 30,000 p.a.
 - B. ₹ 1,50,000 p.a.
 - C. ₹ 2,00,000 p.a.
 - D. No limit
- Q.7. 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
- Q.8. Leena received ₹ 30,000 as arrears of rent during the P.Y. 2021-22. The amount taxable (after deduction) under section 25A would be**
- A. ₹ 30,000
 - B. ₹ 21,000
 - C. ₹ 20,000
 - D. ₹ 15,000

Q.9. Vidya received ₹ 90,000 in May, 2021 towards recovery of unrealized rent, which was deducted from actual rent during the P.Y. 2018-19 for determining annual value. Legal expense incurred in relation to unrealized rent is ₹ 20,000. The amount taxable under section 25A for A.Y. 2022-23 would be
A. ₹ 70,000 B. ₹ 63,000 C. ₹ 60,000 D. ₹ 49,000

Q.10. 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 ₹ 2,05,000. The amount of allowable deduction in respect of each co-owner is
A. ₹ 2,05,000 B. ₹ 1,02,500 C. ₹ 2,00,000 D. ₹ 1,00,000

Q.11. Mr. Krishna owns a residential house in Delhi. The house is having two identical units. First unit of the house is self-occupied by Mr. Krishna and another unit is rented for ₹ 12,000 p.m. The rented unit was vacant for three months during the year. The particulars of the house for previous year 2022-23 are as under-

Standard rent	₹ 2,20,000 p.a.
Municipal valuation	₹ 2,44,000 p.a.
Fair rent	₹ 2,35,000 p.a.
Municipal tax paid by Mr. Krishna	12% of municipal valuation
Light and water charges	₹ 800 p.m.
Interest on borrowed capital	₹ 2,000 p.m.
Insurance charges	₹ 3,500 p.a.
Painting expenses	₹ 16,000 p.a.
Compute income from HP of Mr. Krishna for the A.Y. 2022-23.	

Q.12. Gross Annual Value of a self-occupied property is_____.
A. Fair Rent B. Nil C. Expected Rent D. None of Above

Q.13. Mr Rajesh owns a residential house, let out for a monthly rent of ₹ 15,000. The fair rental value of the property for the let-out period is ₹ 1,50,000. The house was self-occupied by him from 1st January, 2021 to 31st March, 2022. He has taken a loan from bank of ₹ 20 lacs for the construction of the property, and has repaid ₹ 1,05,000 (including interest ₹ 40,000) during the year. Compute Rajesh's income from house property for the Assessment Year 2022-23.

Q.14. Abhi is the owner of a house, the details of which are given below : Municipal value ₹. 30,000, Actual rent ₹. 32,000, Fair rent ₹. 36,000 Standard rent ₹. 40,000. The gross annual value would be_____.
A. ₹ 36,000 B. ₹ 35,000 C. ₹ 30,000 D. ₹ 40,000

Q.15. Sunil purchased a house for letting residential purpose after taking a loan in January, 2016. During the previous year 2021-22, he paid interest on loan ₹. 1,67,000. While computing income from house property, the deduction is allowable to the extent of
A. ₹ 30,000 B. ₹ 1,00,000 C. ₹ 1,67,000 D. ₹ 1,50,000

Q.16. Expected rent shall be higher of the
A. MV & SR B. FR & Actual rent received C. SR & FR D. MV & FR

Q.17. Municipal Value ₹. 14,000, Fair rent ₹. 14,500, Standard Rent ₹. 14200, Actual rent as property let out throughout the previous year ₹. 16800. Unrealised rent of the previous year ₹. 7,000. The annual value of the house property shall be
A. ₹ 9,800 B. ₹ 14,200 C. ₹ 7,200 D. ₹ 7,500

FILL IN THE BLANKS:

Q.18. Rent received by original tenant from sub-tenant is taxable under the head _____.

Q.19. The net annual value of house let-out is ₹. 1,00,000 and actual amount spent by the assessee on repairs and insurance premium is ₹. 20,000, the amount of deduction allowed under section 24(a) shall be ₹. _____

Q.20. Rent from house property let-out by an assessee to his employees when such letting is incidental to his main business, will be chargeable to tax under the head _____

Q.21. When annual value of two-self occupied house is nil, the assessee will be entitled to the standard deduction @ _____

Q.22. R gifted his house property to his wife in 2008. Mrs. has let out the house property @ ₹ 5,000 p.m. The Income from such house property will be taxable in the hands of:

- A. Mrs. R**
- B. R. However, income will be first computed as Mrs. R's income and thereafter clubbed in the income of R**
- C. R as he will be treated as deemed owner of the house property and liable to tax**

Q.23. R gifted the house property to his minor son which was let out @ ₹5,000 p.m. Income from such house property shall be taxable in the hands of:

- A. minor son**
- B. R, However, it will be first computed as minor's income & thereafter clubbed in the income of R**
- C. R as he will be deemed owner of such house property & liable to tax**

Q.24. R transferred his house property to his wife under an agreement to live apart. Income from such House Property shall be taxable in the hands of:

- A. R as deemed owner**
- B. R, However, it will be first computed as Mrs. R income & thereafter clubbed in the hands of R provided the income of the father is higher than the income of the her mother**
- C. Mrs. R**

Q.25. R has taken a house property on lease for 15 years from G and let out the same to S. Income from such house to R shall be taxable as:

- A. income under the head other sources**
- B. income from house property as R is the deemed owner**

Q.26. What shall be the answer if R had taken it on lease for 10 years _____

- Q.27. R gifted his house property to his married minor daughter. The income from such house property shall be taxable in the hands of:**
- R as deemed owner
 - R , However ,it will be first computed as Mrs. R income & thereafter clubbed in the hands of R provided the income of the father is higher than the income of the her mother
 - income of married minor daughter
- Q.28. R gifted his house property to his married minor daughter. The income from such house property shall be taxable in the hands of:**
- Co-operative society
 - R as Deem Owner
- Q.29. R is owner of superstructure although the land was taken by him on lease. The income from such house property shall be taxable under the head:**
- IFOS
 - Income from house property
- Q.30. R has taken a house on rent and sublet the same to G. Income from such house property shall be taxable under the head:**
- Income from House Property
 - IFOS
- Q.31. Municipal valuation of the house is ₹ 1,00,000 whereas the fair rent of house property is ₹ 1,20,000 and standard rent is ₹ 1,10,000 : actual rent received or receivable is ₹ 1,40,000 : municipal taxes paid 10% . The annual value in the case shall be**
- ₹ 90,000
 - ₹ 1,00,000
 - ₹ 1,30,000
- Q.32. Municipal valuation of the house ₹ 1,20,000 , Fair rent is ₹ 1,40,000, standard rent is ₹ 1,30,000 whereas actual rent received or receivable is ₹ 1,25,000 :municipal taxes paid are 40,000 . The annual value in this case shall be**
- ₹ 1,00,000
 - ₹ 85,000
 - ₹ 90,000
- Q.33. A has two house properties. Both are self-occupied. The annual value:**
- of both houses shall be Nil
 - 1 house shall be Nil
 - No House shall be NIL
- Q.34. Tick the deduction which shall be allowed in the case of one self- occupied house property whose annual value is nil:**
- 30% of net annual value
 - Insurance premium
 - Ground net
 - Lease out
 - Interest on money borrowed fully amount
 - Interest on money borrowed ₹30,000
 - Annual charges
 - Interest on money borrowed ₹ 30,000 or ₹ 2L as the case may be
- Q.35. Tick, from under mentioned, the cases where annual value can be negative :**
- let out property
 - one self-occupied house property
 - deemed let out property
 - one property which could not be occupied due to employment elsewhere
 - partly let out & partly self-occupied property

Q.36. If Annual Value of the house property let is negative then tick the deduction which shall be allowed u/s 24:

- A.** All deduction **B.** No deduction **C.** Deduction of interest on money borrowed

Q.37. In case of deemed let out property, tick the deduction which shall be allowed under section 24 :

- a) Repairs and collection charges**
- b) Insurance premium**
- c) Ground rent / lease rent**
- d) Annual charges**
- e) interest on money borrowed**
- f) vacancy allowance**
- g) standard deduction of 30%**

Q.38. Tick the cases where the income from house property can be negative due to deduction u/s 24:

- a) Let out property**
- b) Self-occupied property**
- c) Deemed let out property**
- d) Partly let out property self-occupied**
- e) One property which could not be occupied due to employment elsewhere**

Q.39. Municipal tax is deducted from:

- A.** Gross Annual Value **B.** Net Annual Value

Q.40. In case the property is owned by co-owners and it is let, income from such property shall be computed:

- A.** Separately for each co-owner
- B.** It will be first computed ignoring the co-ownership and then distributed amongst co-owners

Q.41. In case the property is owned by co-owners & it is self-occupied by all co-owners. The annual value of:

- A.** Such house property be Nil **B.** for each co-owner shall be Nil

Q.42. In the above case interest on money borrowed shall be allowed:

- A.** to the extent of ₹ 30,000 / ₹ 2L as the case may be
- B.** to each owner to the extent of ₹ 30,000 / ₹ 2L as the case may be

Q.43. In case of Let out property interest on borrowed capital allowed is:

- A.** Unlimited **B.** Limited

Q.44. Annual Value of the house property let is negative then tick the deduction which shall be allowed u/s 24:

- A.** 22 **B.** 23 **C.** 24 **D.** 25

Q.45. A house property whose fair rent is ₹ 1, 20,000 is neither let out nor did self-occupy throughout the previous year. Its annual value shall be:

- A.** ₹ 1,20,000 **B.** Nil

Q.46. Unrealized rent is a deduction from:

- A.** Gross Annual Value **B.** Net Annual Value **C.** Actual rent

Q.47. An assessee has borrowed money for purchase of a house & interest is payable outside India. Such interest shall -

- A.** be allowed as deduction
B. not be allowed on deduction
C. be allowed as deduction if the tax is deducted at source

STATE WHETHER TRUE OR FALSE:

Q.48. R gifted the house property to his wife in 2021. Mrs. R let out the house property @ ₹7,000 p.m. Income from such house property shall be taxable in the hands of Mrs. R

Q.49. R transferred his house property to his wife with an agreement to live apart. Income from such house property shall be taxable in the hands of Mrs. R

Q.50. A has two house properties. Both are self-occupied. The annual value of both houses shall be Nil

Q.51. Municipal taxes is a deduction from Net Annual Value

Q.52. An assessee was allowed deduction of unrealized rent to the extent of ₹ 40,000 in the past although the total unrealized rent was ₹60,000. He is able to recover from the tenant ₹ 45,000 during the previous year on account of such unrealized rent . He shall be liable to tax to the extent of ₹ 45,000

Q.53. Gross Annual value of the house property cannot exceed standard rent

Q.54. Deduction of municipal taxes shall be limited to gross annual value of the house property

Q.55. Net Annual value of one self-occupied house property can be negative due to deduction of municipal paid by the owner

Q.56. Income from one self-occupied property cannot be negative

Q.57. In case of let out property, the deduction on account of interest on the money borrowed for the purpose of construction of such house property cannot exceeds ₹ 1,50,000

FILL IN THE BLANKS:

Q.58. R gifted the house property which was let out @ ₹ 9,000 p.m. to his minor daughter Income from such house property shall be taxable in the hands of

Q.59. Municipal valuation of the house is ₹ 2,40,000, fair rent is ₹ 2,90,000 , standard rent is ₹ 2,50,000 whereas annual rent received ₹ 2,40,000 : municipal taxes paid are 40,000. The annual value in this case shall be __

Q.60. Fair rent value of house is ₹ 1,50,000, standard rent ₹ 1,20,000, Annual rent ₹ 1,30,000. Municipal taxes paid for 6 years in advance ₹ 1,50,000. The annual value shall be __

- Q.61.**In case the property is owned by co-owners and it is self-occupied by all co-owners. The annual value of such house property shall be __
- Q.62.**Co-owners Income of Hp is taxable as per sec. __
- Q.63.**Interest on capital borrowed for repairs of self-occupied house property is deductible to the maximum extent of __
- Q.64.**Arrears of rent shall be deemed to be income of the previous year in which such rent is _____ after deducting _____ of such amount
- Q.65.**Income is taxable under the head , house property only when the assessee is the _____ of such house property
- Q.66.**Municipal taxes are deductible from the gross annual value only when these are _____ during the _____
- Q.67.**Municipal tax paid outside India is____
- Q.68.**Interest on Fresh Loan to Taken to repay original Loan is _____

Answers:

1.c	2.b	3.b	4.c	5.b	6.a
7.a	8.b	9.b	10.c	11.41,352	12.b
13.1L	14.a	15.c	16. d	17. b	18. Other sources
19.30000	20. PGBP	21. NIL	22.c	23.c	24.c
25.b	26.a	27.b	28.b	29.b	30.b
31.c	32.c	33.a	34.h	35. A, C, E	36.c
37.E, G	38. A, B, C, D, E	39.a	40.b	41.a	42.b
43.a	44.a	45.a	46.c	47.c	48.F
49.T	50.T	51.F	52.F	53.F	54.F
55.F	56.F	57.F	58.R	59.210000	60.(-)20000
61.Nil for Each owner	62.26	63.30,000	64.recived; 30%	65.Owner	66.Paid; PY
67.Allowed	68.Allowed				

SPACE FOR NOTES

Chapter-6 Profits & Gains from Business & Profession

- Q.1. 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
- Q.2. Section 44ADA is applicable to**
- A. All person B. Individual, HUF, AOP,BOI C. Only Individual D. None of above
- Q.3. Mr. X, acquires an asset which was previously used for scientific research for ₹ 2,75,000. Deduction under section 35(1)(iv) was claimed in the previous year 2021-22. 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. ₹ 2,75,000 less notional depreciation under section 32 upto the date of transfer
 - D. Actual cost of the asset i.e., ₹ 2,75,000
- Q.4. A Ltd. has unabsorbed depreciation of ₹ 4,50,000 for the P.Y.2021-22. 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
- Q.5. Intangible Assets Does not Include**
- A. Purchased Goodwill B. Self Generated Goodwill C. any goodwill D. Patent
- Q.6. XYZ Ltd. incurred capital expenditure of ₹ 1,50,000 on 1.4.2021 for acquisition of patents and copyrights. Such expenditure is**
- A. Eligible for deduction in 14 years from A.Y.2022-23
 - B. Eligible for deduction in 5 years from A.Y.2021-22
 - C. Subject to depreciation @ 25% under section 32
 - D. Subject to depreciation @ 15% under section 32
- Q.7. 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.2022-23 and the maximum number specified under the section are**
- A. ₹ 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. ₹ 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. ₹ 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. ₹ 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 ₹ 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

Q.8. 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 2022-23, 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

Q.9. The W.D.V. of a block (Plant and Machinery, rate of depreciation 15%) as on 1.4.2021 is ₹ 3,20,000. A second hand 'machinery costing ₹ 50,000 was acquired on 1.9.2021 but put to use on 1.11.2021. During Jan 2022, part of this block was sold for ₹ 2,00,000. The depreciation for A.Y.2022-23 would be-

- A. ₹ 21,750
- B. ₹ 25,500
- C. ₹ 21,125
- D. ₹ 12,750

Q.10. 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

Q.11. Rate of depreciation chargeable on fully temporary wooden structure for the assessment year 2022-23 is -

- A. 5%
- B. 10%
- C. 40%
- D. None of above

Q.12. 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 above

Q.13. 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%

Q.14. B contributed a sum of ₹. 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. ₹. 30,000
- B. ₹. 45,000
- C. ₹. 37,500
- D. No Deduction

FILL IN THE BLANKS:

Q.15. Assessee being _____ will get benefit of Sec.35CCD

Q.16. The amount of additional depreciation in respect of new building constructed in financial year 2021-22 at a cost of ₹. 25 lakh for manufacturing garments will be ₹. _____.

Q.17. Deduction for bad debt is allowed to an assessee carrying on business in the year in which the debt is _____ as bad

Q.18. If an asset is put to use for less than 180 days in the previous year, the depreciation is charged at ___ of normal rate

Q.19. Under section 44AB, specified date means _____ of the assessment year

Q.20. Which of the following income is chargeable to tax under the head PGBP

- A. Cash compensatory support & Duty Drawback
- B. Sum received under a Keyman Insurance Policy
- C. Both of the above
- D. None of above

Q.21. Any profit on the transfer of Duty Free Replenishment Certificate is taxable under the head -

- A. Salary
- B. Other Sources
- C. PGBP
- D. None of above

Q.22. Any sum received under an agreement for not carrying any activity in relation to any business is taxable under the head -

- A. PGBP (provided not taxable as CG)
- B. Other Sources
- C. Any of above
- D. None of above

Q.23. No tax audit will be required if Cash Payment and Cash receipt doesn't exceed 5%, till the turnover of Rs. ____

- A. 1 crore
- B. 10 crore
- C. 5 crore
- D. None of the above

Q.24. Where assessee received commission and brokerage on the shares subscribed by the public in IPO, the commission and brokerage

- A. shall be taxable as income under the head Other Sources
- B. shall be taxable as income under head PGBP
- C. exempt from tax
- D. None of above

Q.25. Donation to Company having main object as research is allowed as deduction

- A. 50%
- B. 100%
- C. 150%
- D. None of above

Q.26. Which of the following deduction is allowed to assessee in respect of building

- A. Rent and Revenue expenses on repairs
- B. Rent and insurance premium
- C. Rent, Revenue expenses on repairs, insurance premium and municipal taxes
- D. None of the above

Q.27. Where assessee is owner of building and incurred capital expenditure on building, the expenditure

- A. shall not be allowed as deduction
- B. should be added to the cost of building and depreciation shall be allowed on same
- C. shall be allowed wholly in the year in which it is incurred
- D. None of the above

Q.28. Which of the following deduction is allowed to assessee in respect of Plant and Machinery and furniture used for the purpose of business and profession?

- A. Rent and Revenue expenses on repairs
- B. Rent and Revenue expenses on repairs, insurance premium
- C. Rent and Insurance premium
- D. None of the above

Q.29. Where assessee incurred expenditure on replacement of old machinery by new machinery, the expenditure

- A. is not allowed at all
- B. is allowable as revenue expenditure
- C. is not allowable as revenue expenditure and depreciation shall be allowed
- D. None of the above

Q.30. When is depreciation allowed as deduction?

- A. When the asset is used for the purpose of the business or profession
- B. It is owned wholly or partly by the assessee
- C. All of above
- D. None of above

Q.31. patent purchased is -

- A. Intangible asset
- B. Tangible Asset
- C. either a/b
- D. None of above

Q.32. A lessee, in respect of leased asset

- A. can claim depreciation under head PGBP
- B. cannot claim depreciation under head PGBP
- C. is allowed to claim depreciation
- D. None of the above

Q.33. Depreciation is allowed on -

- A. Actual Cost
- B. Book value of asset
- C. either a/b
- D. None of above

Q.34. What does Plant include?

- A. ships, vehicles, books
- B. ships, vehicles, books , scientific apparatus, and surgical equipments
- C. ships, vehicles, books, scientific apparatus
- D. None of the above

Q.35. When shall depreciation be restricted to 50% of depreciation allowed?

- A. If asset is put to use for less than 180 days in any year
- B. if asset is put to use for less than 180 days in year of acquisition
- C. if asset is put to use for less than 200 days in year of acquisition
- D. None of the above

Q.36. An assessee purchased an asset on 21st September 2020 on which rate of depreciation is 20%. The asset was put to use on 2nd April 2021. How much depreciation shall be allowed to assessee such asset during the period ending 31st March 2021 and 31st March 2022 -

- A. Nil; 20% B. 20%; 20% C. 10%; nil D. Nil; 10%

Q.37. An assessee purchased an asset on 21st September 2021 on which rate of depreciation is 20% and put to use on 10th October 2021. How much depreciation shall be allowed to assessee such asset during the period ending 31st March 2022-

- A. Nil B. 20% C. 10% D. Any

Q.38. Additional depreciation is allowed at the rate of -

- A. 10% B. 15% / 35% C. 20% D. 5%

Q.39. Additional Depreciation shall be allowed in which of the following case?

- A. engaged in the business of manufacture or production of any article or thing
- B. if assessee is engaged in the business of generation or generation or distribution of power
- C. Any of above D. None of above

Q.40. An assessee purchased an imported second hand machinery and contends that additional depreciation shall be allowed on same. Is the contention of assessee correct?

- A. Valid B. Invalid, no additional depreciation shall be allowed
- C. partly valid D. None of above

Q.41. An assessee purchased office appliances and contends that additional depreciation shall be allowed on same. Is the contention of assessee correct?

- A. Valid B. Invalid, no additional depreciation shall be allowed
- C. partly valid D. None of above

Q.42. Additional Depreciation is not allowed on

- A. When assessee is not engaged in business of manufacturing
- B. When assessee purchases a second hand machinery
- C. When whole of cost of plant is allowed as deduction
- D. All of the above

Q.43. When is additional depreciation allowed?

- A. First year in which the asset is installed and ready to use
- B. any year in which the asset is installed and put to use
- C. first year in which the asset is installed and put to use
- D. Any of the above

- Q.44. When an asset is put to use for less than 180 days in the year in which it is acquired, what rate of additional depreciation shall be allowed -**
- A. 20% B. 5% C. 10% D. Nil
- Q.45. When an asset on which depreciation is allowed is transferred and block does not cease to exist, how should it be treated?**
- A. Cost of asset shall be reduced from the block of asset
B. Sale proceeds of asset shall be reduced from block of asset
C. Profit shall be computed as per section 50 and chargeable under head capital gain
D. None of the above
- Q.46. An assessee who has a block of ₹.100 lakh of plant and machinery. He sold an asset of the block for ₹. 120 lakh, no asset were acquired during the year. On what amount should he charge the depreciation and what shall be the amount of capital gain-**
- Q.47. An assessee who has a block of ₹. 250 lakh of plant and machinery. He sold the entire block for ₹. 170 lakh, an asset of ₹. 20 lakh was acquired during the year. On what amount should he charge the depreciation and what shall be the amount of capital gain-**
- A. Nil, Nil B. 60, Nil C. Nil, (60) D. Nil, 60
- Q.48. An assessee who has a block of 160 lakh of furniture. He sold an asset of the block for 100 lakhs; no asset was acquired during the year. On what amount should he charge depreciation and what shall be the amount of capital gain-**
- A. Nil, Nil B. 60, Nil C. Nil, (60) D. Nil, 60
- Q.49. When an asset is destroyed in fire and assessee will receive insurance compensation. The amount of compensation?**
- A. shall not be deducted from WDV
B. shall be deducted from WDV in the year of receipt
C. shall be deducted from WDV even if the same has not been actually received
D. None of the above
- Q.50. How can depreciation of the current year set off from income-**
- A. any head B. PGBP C. Of same business of which it relates to D. None
- Q.51. Unabsorbed depreciation can be carried forward for**
- A. 8 years B. 4 years C. indefinitely D. not allowed to be c/f
- Q.52. Depreciation can be carried forward only if the return is filed. Is the statement correct?**
- A. The statement is correct
B. The statement is not correct and the depreciation can be carried forward even if the return is not filed
C. Filing of return is mandatory
D. None of the above

- Q.53. As per section 38(2), when asset is not used exclusively for the purpose of business then deduction**
- A. shall be restricted to a fair proportionate part
 - B. may be restricted to a fair proportionate part
 - C. shall not be restricted to a fair proportionate part and allowed fully
 - D. shall be restricted to a fair proportionate part thereof which Assessing Officer may determine having regard to use of such asset for the purpose of business or profession
- Q.54. Where assessee is engaged in business of generation/generation and distribution of power. Assessee**
- A. Straight Line Method (SLM) on each asset
 - B. Written Down Value (WDV) method on block of asset
 - C. Assessee has option to claim depreciation either as per a) or b)
 - D. None of above
- Q.55. An assessee engaged in business of generation/generation and distribution of power claims depreciation on SLM basis and sells asset. The sale price exceeds WDV of the asset, what shall be the tax treatment under the head PGBP**
- A. Actual cost - WDV is taxable under head PGBP
 - B. S.P - WDV is taxable under head PGBP
 - C. Least of a) and b)
 - D. None of above
- Q.56. Where an asset is put to use for less than 180 days, then depreciation u/s 32(1)(i) shall be restricted to 50%. Is the statement valid**
- A. Valid
 - B. Invalid
 - C. Partly Valid
 - D. None of above
- Q.57. When an assessee who claims depreciation under SLM basis u/s 32(1)(i) is sold during the previous year, and sale price of such asset exceeds actual cost of the asset, then**
- A. Sale Price - Actual Cost = Short Term Capital Gains
 - B. Sale Price - Actual Cost = Long Term Capital Gains
 - C. Sale Price - Actual Cost = Long or Short Term Capital Gains depending upon period of holding
 - D. Sale Price - Actual Cost = PGBP
- Q.58. Expense incurred on scientific revenue expenditure shall be allowed for how many years which are prior to commencement of business?**
- A. 4
 - B. 3
 - C. 2
 - D. Any number of years
- Q.59. Deduction under section 35(1)(ii) is allowed**
- A. sum paid to a research association having an object the undertaking of scientific research
 - B. sum paid to association/university/college/institution approved by Central Government under section 35(1)(ii)
 - C. Any of above
 - D. None of above
- Q.60. Payment to political party or electoral trust is ___ u/s 37**
- A. Allowed
 - B. Not allowed

- C. Depends
- D. None of above

Q.61. An assessee paid an amount of ₹. 10,00,000 to a research association having an object the undertaking of scientific research. The research is not related to his business. What amount of deduction shall be allowed under section 35(1)(ii)?

- A. ₹. 17,50,000
- B. Nil
- C. ₹. 15,00,000
- D. ₹. 12,50,000

Q.62. Deduction under section 35(1)(iia) is allowed

- A. sum paid to a research association having an object the undertaking of scientific research
- B. sum paid to university, college, or other approved institution to be used for research social science
- C. sum paid to company to be used by it for scientific research for the business of the assessee
- D. Any of above

Q.63. Where an assessee pays any sum to university, college or other approved institution to be used for research in social science or statistical research. The deduction allowed

- A. would be of 125% under section 35(1) (iia)
- B. would be of 175% under section 35(1)(ii)
- C. would be of 175% under section 35(1)(iii)
- D. 100%

Q.64. Capital expenditure incurred on scientific research of how many years prior to commencement is allowed as deduction u/s 35(1)(iv)?

- A. 4yrs
- B. 3yrs
- C. all years in which expense incurred
- D. 8yrs

Q.65. Deduction of capital expenditure u/s 35(1)(iv) is allowed in which year?

- A. It is allowed in the year when assessee starts earning profits
- B. It is allowed in the year of commencement
- C. It is allowed in the year subsequent to year of commencement
- D. None of above

Q.66. If assessee purchases land and building through composite agreement, cost of the land is and that of building is

- A. not allowable as deduction, allowed as deduction u/s 35(1)(iv)
- B. allowed as deduction u/s 35(1)(iv), allowed as deduction u/s 35(1)(iv)
- C. not allowable as deduction, not allowable as deduction
- D. allowed as deduction u/s 35(1)(iv), not allowable as deduction

Q.67. Any expense on advertisement in any souvenir, brochure, tract pamphlet or the like published by a political party Under the head PGBP

- A. shall be allowed as deduction
- B. Shall not be allowed as deduction
- C. may be allowed as deduction
- D. None of above

- Q.80. B. Ltd. is getting demerged to form a new company, V ltd. An expense of ₹. 5,00,000 is incurred by V ltd. How much deduction shall be allowed to be limited for this year and future year?**
- A. V ltd. shall be allowed deduction of ₹. 1,00,000 for this year and subsequent 4 years
 - B. Nil during this year and future years
 - C. ₹. 1,00,000 during this year and nil in future year
 - D. Nil during this year and ₹. 1,00,000 in future year
- Q.81. An assessee paid VRS as per the scheme of voluntary retirement amounting to ₹. 6,00,000 on 21st March 2022, how much deduction of same shall be allowed to assessee for the previous year ending 31st March 2022.**
- A. ₹. 6,00,000
 - B. ₹. 1,00,000
 - C. ₹. 1,20,000
 - D. ₹. 1,50,000
- Q.82. Deduction u/s 35DDA is allowed in relation to**
- A. Expenditure for the purpose of amalgamation or demerger
 - B. Expenditure by way of payment of any sum to an employee in connection with his voluntary retirement
 - C. both of the above
 - D. None of above
- Q.83. Deduction u/s 35AD is allowed to an assessee if**
- A. Allowed by AO
 - B. Available anyway
 - C. If opted and allowed
 - D. If opted
- Q.84. Deduction u/s 35AD is allowed on all expenses except**
- A. Goodwill
 - B. Land, goodwill, financial Instrument
 - C. Financial Instrument
 - D. None of above
- Q.85. Expenditure incurred on building and machinery shall be allowed as deduction u/s 35AD. State the validity of the statement**
- A. Invalid
 - B. valid
 - C. Partly Valid
 - D. None of above
- Q.86. If deduction u/s 35AD is taken then deduction under chapter VIA**
- A. Not allowed to Individual
 - B. allowed with condition
 - C. allowed
 - D. not allowed
- Q.87. Due date for the purpose of employee contribution to relevant fund is ??**
- A. As per 139(1)
 - B. as per Section 43B
 - C. as per finance Act
 - D. as per relevant Act
- Q.88. Which of the following is not allowed as deduction under section 36**
- A. Premium paid for insurance of stock
 - B. Premium paid on lives of partners
 - C. Insurance premium paid by any mode other than cash on health of employees to insurance company
 - D. None of above

- Q.89. Interest paid in respect of capital borrowed for the purpose of business or profession is allowed as deduction. State the validity of the statement?**
A. Valid B. Invalid C. Partly Valid D. None of above
- Q.90. What is the amount of deduction that shall be allowed on the death of animal held otherwise than stock-in-trade?**
A. Difference between amount realized on their sale and actual cost of the animals
B. Difference between actual cost of the animals and the amount realized on their sale
C. Difference between actual cost of animals and book value of animals
D. Difference between actual cost of the animals and market value of animals
- Q.91. Expenditure in the nature of capital expenditure is allowed as deduction u/s 37. Is the statement correct?**
A. Valid B. Invalid C. Partly Valid D. None of above
- Q.92. Any expenditure incurred by an assessee for any purpose which is an offence**
A. shall be deemed to be incurred for the purpose of business or profession
B. shall not be deemed to be incurred for the purpose of business or profession
C. may be deemed to be incurred for the purpose of business or profession
D. None of above
- Q.93. If penalty is in the nature of compensation, it is**
A. Is allowable as deduction B. Is not be allowable as deduction
C. may be allowed as deduction D. None of above
- Q.94. Any interest paid under Wealth tax Act and income tax act.....**
A. Is allowable as deduction B. Is not be allowable as deduction
C. may be allowed as deduction D. None of above
- Q.95. Demurrage paid to airport authorities**
A. is allowable as deduction since it is not penalty for infraction of any law
B. is not allowable as deduction since it is penalty for infraction of any law
C. may be allowed as deduction
D. None of above
- Q.96. Where the interest is paid or payable outside India to a NR and taxable in the hands of the recipient under I.T. Act and is tax to be deducted at source on said payments and the same is not deducted in the year of payments. TDS is paid in the subsequent year. The deduction of amount so paid**
A. is allowed as deduction in the year to which it relates
B. is not allowed as deduction in the year to which it relates
C. is allowed as deduction in the subsequent year when the amount is paid
D. None of above

Q.97. Where any sum chargeable under Income Tax Act is paid or payable outside a India to foreign company and taxable in the hands of the recipient under I. T. Act and tax is to be deducted at source on said payments and the same is not deducted. The amount so paid

- A. is allowed as deduction under the Income Tax Act
- B. is not allowed as deduction under the Income Tax Act
- C. may be allowed as deduction under the Income Tax Act
- D. None of above

Q.98. Which of the following statement is false?

- A. Income tax is not allowed as deduction for computing income under head PGBP
- B. Tax paid in foreign country for which relief/credit is available under DTAA u/s 90/90A is not allowed as deduction for computing income under head PGBP
- C. Tax paid in foreign country for which credit is available u/s 91 is not allowed as deduction for computing income under head PGBP
- D. None of above

Q.99. The maximum penalty for failure to get accounts audited u/s 44AB or furnish audit report along with the return of income is

- A. ₹. 1,25,000
- B. ₹. 1,20,000
- C. ₹. 1,50,000
- D. ₹. 1,00,000

Q.100. If an asset is put to use for less thandays in the previous year, the depreciation is charged atof normal rates

- A. 90 days, 75%
- B. 180 days, 60%
- C. 180 days, 50%
- D. 100 days, 50%

Q.101. M. Ltd purchased goods on credit from N ltd. on 7th May 2021 for ₹. 86,000 for which payment of ₹. 15,000 is made in cash on 12th May ₹. 30,000 by bearer cheque on 30th May; and ₹. 41,000 by account payee cheque on 13th June. The amount of disallowance u/s 40A(3) is

- A. ₹. 15,000
- B. ₹. 30,000
- C. Nil
- D. ₹. 86,000

Q.102. A person carrying on business is required to get his accounts audited by a Chartered Accountant if his gross receipts from profession for the previous year exceed?

- A. ₹. 1,00,00,000
- B. ₹. 25,00,000
- C. ₹. 40,00,000
- D. ₹. 60,00,000

Q.103. Which of the following income is not chargeable as income of business or profession?

- A. Profits and gains of business carried by an assessee during the previous year
- B. Income derived by a trade, professional or similar association from specific services performed for its members
- C. Income from the activity of owning and maintaining race horses
- D. Salary received by a partner of a firm from the firm in which he is a partner

Q.104. If a new machinery is purchase on 15.4.2021 and put to use for the purpose of the business on 28.12.2021, depreciation would be allowable at the rate of

- A. 7.5%
- B. 15%
- C. 10%
- D. 20%

Q.105. Every Assessee who has incurred expenditure by way of payment of any sum to an employee in connection with voluntary retirement under any scheme of VRS is entitled to claim deduction u/s 35DDA of the Act. Such deduction shall be allowed in _____ equal instalments starting from the PY in which such payment is made.

Q.106. M owns the following commercial vehicles :

- a) 2 light commercial vehicles: one for 9 months and two days and the other for 12 months
- b) 2 heavy good vehicles – one for 6 months and 25 days and other for 11 months and 12 days
- c) 2 medium good vehicles – one for 6 months and the other for 8 months and 15 days

Compute the income from business of M if he opts for the scheme u/s 44AE

- A. ₹. 2,42,500 B. ₹. 2,47,500 C. ₹. 2,50,000 D. ₹. 2,61,500**

Q.107. M owns two machineries eligible for depreciation at the rate of 15% . The WDV of these machines as on 1.4.2019 was ₹. 25,000 and ₹. 40,000 respectively. No other asset was acquired in this block during the year. One of these machines were sold during the previous year for ₹. 75,000. Compute the capital gain?

- A. Short term capital gain of ₹. 10,000
- B. Short term capital loss of ₹. 10,000
- C. Long term capital gain of ₹. 10,000
- D. No capital gain as depreciation would be allowed on one of the machines left with M

Q.108. For an industrial undertaking fulfilling the conditions, additional depreciation in respect of a machinery costing ₹. 10,00,000 acquired and installed on October 3, 2006 is?

- A. ₹. 75,000 B. ₹. 1,50,000 C. ₹. 1,00,000 D. None of above**

Q.109. An asset which was acquired for ₹. 5,00,000 was earlier used for scientific research, After the research was completed, the machinery was brought into the business of the assessee. The actual cost of the asset for the purpose of inclusion in the block of asset shall be

- A. ₹. 5,00,000
- B. Nil
- C. Market value of the asset on the date it was brought into business
- D. None of above

Q.110. In case the assessee follows mercantile system of accounting, bonus or commission to the employee are allowed as deduction on

- A. Due Basis B. Payment basis C. Due Basis subject to sec 43B D. None**

Q.111. Expenditure incurred on purchase of animals to be used by the assessee for the purpose of carrying on his business & profession is subject to

- A. Depreciation
- B. Deduction in the previous year in which animal dies or becomes permanently useless
- C. Nil Deduction
- D. None of above

- Q.112. Deduction u/s 40(b) shall be allowed on account of salary/remuneration paid to**
- A. Any Partner B. Major Partner only C. Working Partner only D. All partners
- Q.113. Remuneration paid to working partner shall be allowed as deduction to a firm**
- A. In full B. subject to Sec 40(b) C. None of these D. Any of above
- Q.114. Where assessee incurred capital expenditure on the plant and machinery, the expenditure.**
- A. shall not be allowed as deduction
 B. shall be allowed wholly in the year in which it is incurred
 C. should be added to cost of plant and machinery and depreciation shall be allowed on same
 D. None of above
- Q.115. Deduction of how much amount is allowed under section 35(1)(i)**
- A. 100% B. 150% C. 125% D. 175%
- Q.116. Salary, bonus, commission or remuneration due to or received by a working partner from the firm is taxable under the head.**
- A. Salaries B. Other sources C. Business & Profession
- Q.117. Perquisite received by the assessee during the course of carrying on his business or profession is taxable under the head.**
- A. Salaries B. Other sources C. Business & Profession
- Q.118. Export incentive received by an assessee are**
- A. Exempt B. Taxable u/s 28 C. Exempt upto certain limits
- Q.119. Income of a trade or professional association, from specific services performed for its member shall be**
- A. Exempt B. Taxable u/h PGBP C. Taxable u/h IFOS
- Q.120. Interest on capital or loan received by a partner from a firm is**
- A. Exempt u/s 10(2A) B. Taxable u/h PGBP C. Taxable u/h IFOS
 D. Taxable U/H business and profession on account of interest on capital and income from the other sources on account of loan to the firm
- Q.121. Under the head business and profession, the method of accounting which an assessee can follow shall be**
- A. Mercantile system only B. Cash system only C. A or B only
 D. Hybrid system E. Any of these systems
- Q.122. For computation of business income, the assessee has to follow.**
- A. Accounting standards prescribed by I.C.A.I
 B. Accounting standards notified by the Central Government

Q.123. Any sum received by an employer from Keyman insurance policy taken on the life of the employee shall be

- A. Exempt B. Taxable u/h PGBP C. Taxable u/h IFOS D. Taxable to employee**

Q.124. R, who was carrying on agency business received sum ₹ 5, 00,000 from his principal for termination of agency. Compensation amount so received shall be

- A. Exempt B. Taxable u/h PGBP C. Taxable u/h IFOS**

Q.125. (i) If the house property used for business or profession is taken on rent, tick the expenses which shall be allowed as deduction under section 30.

- a) Rent
b) Current repairs, other than expenditure in the nature of capital expenditure
c) Any repairs, other than expenditure
d) Insurance premium
e) Rates and taxes though due
f) Rates and taxes actually paid only
g) Rates and taxes paid or due subject to section 43 B**

(ii) Which expense shall be allowed if the premises in occupied by the assessee otherwise as tenant

Q.126. Where the machinery, plant and furniture is used by the assessee for the purpose of carrying on business and profession, he shall be entitled to deduction under section 31 on account of.

- A. Current repairs other than expenditure in the nature of capital expenditure
B. Revenue and capital expenditure on repairs
C. Any repairs**

Q.127. Depreciation is allowed in case of

- A. Tangible Assets only B. Intangible Assets only C. Both**

Q.128. Tick the tangible assets which are subject to depreciation

- (A) Land (B) Building (C) Machinery (D) Books (E) Tea bushes
(F) Live stock (G) Vehicles (H) Gold (I) furniture (J) Stock in hand**

Q.129. Depreciation is allowed to

- A. Owner of asset B. Owner incl Beneficial owner C. Lessee**

Q.130. Electricity companies are allowed depreciation on the basis of.

- A. Block of assets
B. Each assets separately
C. Each assets separately unless the assessee opts for block of assets system in the first previous year of its commencement
D. Either on block of asset or each asset separately provided the option is exercised in the first previous year**

- Q.131. (a) If the assets of a particular block is acquired and put to use during the previous year for less than 180 days, the assessee shall be entitled to depreciation**
- A. At normal rate B. At 50% of normal rate C. Proportion period of use**
- (b) What will be your answer in the above case if the asset is acquired by the electricity company which is claiming depreciation on straight line method**
- A. At normal rate B. At 50% of normal rate C. Proportion period of use**
- (c) What will be your answer in the above case, if the assessee is claiming additional depreciation on eligible plant and machinery**
- Q.132. (i) W D V of block of 15 % as on 1-4-2021 is ₹. 5, 00,000. An asset amounting to ₹.1,00,000 was acquired on 1-11-2021 and put to use on 1-12-2021. During the previous year 2021-22 a part of the block (other than the new asset) is sold for ₹. 5,40,000. The depreciation to be allowed for this block shall be**
- A. ₹. 9,000 B. ₹. 4,500 C. ₹. 5,000**
- (ii) In the above case, this part of the block is sold for ₹ 4, 80,000 instead of ₹ 5, 40,000, the depreciation allowed shall be**
- A. ₹. 10,500 B. ₹. 18,000 C. ₹. 9,000**
- (iii) What will be your answer in case of (i) above if the part of the block sold includes the new assets acquired during the year**
- Q.133. Where a part of block of assets is sold for a price more than opening W D V plus cost of assets acquired during the year, if any, the assessee shall be subject to**
- A. Balancing Charge B. STCG C. ST/LTCG depending on period before transfer**
- Q.134. Where a part of the block of asset is sold for a price less than the opening W D V plus cost of assets, if any, acquired during the year, the balance amount shall be treated as**
- A. STCL B. Terminal/balance depre C. WDV for charging depre in current year**
- Q.135. Where the entire block of asset is sold for a price more than the opening W D V and asset, if any, acquired during the year, the excess amount shall be subject to**
- A. Balancing Charge B. STCG C. ST/LTCG depending on period before transfer**
- Q.136. Where an electricity company claiming depreciation on straight line method on each asset separately sells such assets for a price more than its W D V then the excess amount shall be taxable.**
- A. As short-term capital gain**
- B. Balancing charge under business head**
- C. Balancing charge to the extent of depreciation allowed in the past and the balance if any short-term capital gain**
- D. Balancing charge to the extent of depreciation allowed in the past and the balance if any long term or short term or short term capital gain depending upon the period for which such assets was held**

- Q.137. Where the entire block of asset is sold for a price more than the opening W D V and asset, if any, acquired during the year, the excess amount shall be subject to**
- A. Terminal depre B. STCG C. WDV D. ST/LTCG depending on period before transfer
- Q.138. Where the electricity company charging depreciation on straight line method on each asset separately, sells any asset for price less than the opening W D V the balance amount shall be treated as**
- A. STCL B. Terminal/balance depreciation C. WDV
- Q.139. R acquired as asset for ₹ 5, 22,000 which includes ₹ 72,000 as GST for which the assessee has claimed CENVAT credit. The actual cost of acquisition to be included in the block of asset shall be (for CA Final)**
- A. ₹ 5, 22,000 B. ₹ 4, 50,000 C. None of these
- Q.140. An assets which was acquired for ₹ 5, 00,000 was earlier used for scientific research after the research was completed, the machinery was brought into the business of the assessee. The actual cost of the asset for the purpose of inclusion in the block of asset shall be (for CA Final)**
- A. ₹ 5, 00,000 B. Nil C. MV of assets on date it was brought into business
- Q.141. R had been using an asset for his business and its W D V as on 1-4-2019 was ₹ 3, 50,000. He sold this asset to G for ₹ 5, 00,000 and G leased back this asset to R The market value of this asset on the date of sale was ₹ 4, 00,000: in this case , the actual cost of this asset to G for charging depreciation shall be (for CA Final)**
- A. ₹ 5, 00,000 B. ₹ 3, 50,000 C. ₹ 4, 00,000
- Q.142. A car is imported after 1-4-2019 by R Ltd. from London to be used by its employee. R Ltd shall be allowed depreciation on such car at**
- A. 15% B. 20% C. 40% D. Nil
- Q.143. Unabsorbed depreciation which could not be set off in the same assessment year, can be carried forward for**
- A. 8yrs B. Indefinitely C. 4yrs
- Q.144. Unabsorbed depreciation brought forward from an earlier year of a particular business can be set off from.**
- A. The same business
B. Any head of income
C. Any business income
D. Any head of income but first from business income
- Q.145. Expenditure on scientific research incurred by the assessee shall be allowed if such research**
- A. is related to the business of the assessee
B. may or may not relate to the business of the assessee
C. is related to the research specified by the Government

Q.146. Brought forward unabsorbed capital expenditure on scientific research can be carried forward

- A. For any number of years B. 8 yrs C. 10 yrs

Q.147. In case of company assessee , the total preliminary expenses incurred are allowed as deduction to the extent of 5 % of

- A. Cost of Project B. Aggregate capital employed C. A or B

Q.148. Expenditure incurred on family planning amongst the employees is allowed to

- A. Any Assessee B. Company Assessee C. Assessee being Co or Cooperative St

Q.149. Deduction under section 37(1) shall be allowed of those expenditure which are of

- A. Revenue Exp B. Capital Exp C. both a & b

Q.150. Interest on capital of or loan from partner of a firm is allowed as deduction to the firm to the extent of

- A. 18% pa
 B. 12 % p.a. even if it is not mentioned in partnership deed
 C. 12% p.a. or at the rate mentioned in partnership deed whichever is less

Answers:

1.b	2.B	3.d	4.d	5.c	6.d
7.d	8.b	9.a	10.c	11.c	12.c
13.b	14.c	15.Company	16. Nil	17. Written Off	18. 50%
19.30 Sept	20. c	21.c	22.a	23.b	24.b
25.b	26.c	27.b	28.b	29.c	30.c
31.a	32.b	33.a	34.b	35.b	36.a
37.c	38.c	39.c	40.b	41.b	42.d
43.c	44.c	45.b	46.d	47.c	48.b
49.c	50.a	51.c	52.b	53.d	54.c
55.c	56.a	57.a	58.b	59.c	60.b
61.a	62.c	63.d	64.b	65.d	66.a
67.b	68.a	69.a	70.b	71.b	72.c
73.c	74.c	75.b	76.c	77.b	78.c
79.a	80.c	81.c	82.b	83.d	84.b
85.b	86.d	87.d	88.b	89.b	90.b
91.b	92.b	93.a	94.b	95.a	96.c
97.b	98.d	99.c	100.c	101.b	102.a
103.d	104.a	105.b	106.d	107.a	108.c
109.b	110.c	111.b	112.c	113.b	114.c
115.c	116.c	117.c	118.b	119.b	120.b
121.c	122.b	123.b	124.b	125.(i) A,C,D&G ii) BD&G	126.a
127.c	128.B,C, D,G,&I	129.b	130.c	131. All b	132.i)b ii) a

					iii) A of ques 6.17(i)
133.b	134.c	135.b	136.d	137.b	138.b
139.b	140.b	141.b	142.a	143.b	144.d
146.c	147.c	148.B	149.A	150.c	

SPACE FOR WORK

Chapter~7 Capital Gains

Q.1. 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

Q.2. 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. 10% B. 20% C. 15% D. 5%

Q.3. 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

Q.4. 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

Q.5. U/s 50C, guideline value for stamp duty is taken as 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

Q.6. 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

Q.7. 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

Q.8. 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(1), whichever is earlier
- D. At any time before the end of the relevant previous year

Q.9. 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 PY

Q.10. 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. incurred Cost of Indexation
- C. Nil
- D. Cost incurred by previous owner

Q.11. In computation of capital gain as per first proviso to section 48, cost of acquisition shall be converted at..... as on date of

- A. the rate being average of telegraphic transfer buying & selling rate , date of sale
- B. the telegraphic transfer buying, date of acquisition
- C. the rate being average of telegraphic transfer buying and selling rate, date of acquisition
- D. the telegraphic transfer selling , date of acquisition

Q.12. Second proviso to section 48 is applicable while computing

- A. Only on short term capital gain
- B. Only on LTCG
- C. Both short term and long term capital gain
- D. None of above

Q.13. CII for the assessment year 2022-2023 is

- A. 852
- B. 317
- C. 100
- D. None of above

Q.14. STT paid on sale of share or units shall not be from sales price

- A. Reduced
- B. Added
- C. Given any treatment
- D. Either a or b, depending upon situation

Q.15. When goodwill of business is acquired, it shall be valued at

- A. nil
- B. acquisition cost
- C. any of above
- D. None of above

Q.16. When right to manufacture, produce or process any article or thing or Right to carry on any business is self-generated, it shall be valued at

- A. nil B. acquisition cost C. any of above D. None of above**

Q.17. In case of any security listed on a recognized stock exchange, short term capital asset means a capital asset held by an assessee for..... immediately preceding the date of its transfer

- A. not more than 36 months B. not more than 12 months**
C. not more than 24 months D. None of above

Q.18. The cost of improvement of which asset shall be taken as nil

- A. Goodwill of a business**
B. Right to manufacture, produce or process any article or thing
C. All of the above

Q.19. The rate of taxability defined in section 111A for Short Term Capital is

- A. 10% B. 15% C. 20% D. Nil**

Q.20. Chapter VI A deduction on STCG referred to in section 111A

- A. Shall be allowed B. shall not be allowed**
C. May be allowed D. None of above

Q.21. Section 112 is applicable only if transfer of specified asset result in

- A. Short Term Capital Gain B. Long Term Capital Gain**
C. Any Capital Gain D. All of above

Q.22. Slump Sale taxable u/s

- A. 50A B. 50B C. 50C D. 50D**

Q.23. Under which circumstances, section 50D is APPLICABLE

- A. consideration not ascertainable B. consideration cannot be determined**
C. on discretion of Assessing Officer D. either a or b

Q.24. Which section deals about taxability of insurance claims received

- A. 45(1A) B. 45(2) C. 45(2) D. 45(1)**

Q.25. shall be deemed to be sales consideration for computing capital gains u/s 45(1A)

- A. Money received from insurance company**
B. FMV of other assets received from insurance company
C. Any of above
D. None of above

Q.26. If no claim is received on destruction of capital asset Shall arise

- A. Capital Gain B. No Capital gain C. Capital loss D. none**

Q.27. For computing capital gain as per section 45(1A) , date of transfer of the capital asset destroyed should be

- A. Date of destruction
- B. date of receipt of insurance claim
- C. 30 days after date of destruction
- D. none of above

Q.28. What shall be sale consideration of capital asset converted into stock in trade?

- A. FMV on date of conversion
- B. Amount recorded in Books of a/c
- C. Average of a & b
- D. none of above

Q.29. A is the owner of a car. On 01.04.2021, he starts a business of purchase and sale of motor cars. He treats the above car as part of stock in trade of his new business. The car was acquired for Rs. 2,00,000 and FMV as on date of conversion is Rs. 2,50,000. On sale of car, held as stock in trade, what amount shall be taxable under the head capital gains?

- A. 50,000
- B. Nil
- C. 2,50,000
- D. none

Q.30. What does section 45(3) of Income Tax Act state?

- A. Any transfer of capital asset by transfer to firm
- B. Any transfer of capital asset by member of AOP/BOI to AOP/BOI
- C. Any of the above
- D. None of above

Q.31. When is section 45(5) attracted

- A. Transfer of capital asset by compulsory acquisition under any law
- B. Transfer where consideration is determined or approved by Central Government or RBI
- C. Any of above
- D. None of above

Q.32. When shall enhanced compensation or part thereof received by the assessee be taxable?

- A. Year in which enhanced compensation is first received
- B. as and when enhanced compensation is received
- C. Year of compulsory acquisition of asset
- D. None of above

Q.33. X, while computing capital gain on enhanced compensation deducted litigation expenses incurred by him to obtain the enhanced compensation. Assessing Officer contended that litigation expenses are non-deductible. Is the contention of Assessing Officer valid?

- A. Valid
- B. Invalid
- C. Partly valid & partly invalid
- D. None

Q.34. What shall be the amount of deduction that aseese can claim while taxing interest on income?

- A. 50% of income
- B. 75% of income
- C. 25% of income
- D. No deduction

Q.35. Advance money forfeited relating to capital shall be treated under head

- A.** Other sources **B.** PGBP **C.** Capital Gains **D.** None of above

Q.36. Amount forfeited before 1.04.2014as per section 51

- A.** Shall not be deducted **B.** shall be deducted
C. Shall be added **D.** None of above

Q.37. What is the amount of exemption available under section 54 when amount invested is more than capital gains

- A.** Amount invested shall be allowed as exemption
B. Whole of the capital gain shall be allowed as exemption
C. Capital Gain shall be exempt on proportionate basis
D. Difference between capital gain and amount invested shall be taxable

Q.38. Exemption u/s 54B is available to

- A.** Any Assessee **B.** Any Assessee except individual & HUF
C. Individual & HUF **D.** Indian Company

Q.39. The land so transferred by the assessee was used to avail exemption u/s 54B

- A.** for any purpose for a period of three years prior to date of transfer by him or his parents
B. for agricultural purpose by the assessee or his parents for a period of three years prior to the date of transfer
C. for agricultural purpose by the assessee or his parents for a period of two years prior to the date of transfer
D. usage of land is irrelevant to claim exemption u/s 54B

Q.40. Exemption u/s 54EC is available to

- A.** Any Assessee **B.** Any Assessee except individual & HUF
C. Individual & HUF **D.** Indian Company

Q.41. Why is exemption u/s 54EC available

- A.** Assessee shall invest capital gains in bonds of RECI within 9 months of the date of transfer
B. Assessee shall invest capital gains in bonds of NHAI within 6 months of the date of transfer
C. Assessee shall invest capital gains in bonds of RECI and NHAI within 6 months of the date of transfer
D. Assessee shall invest capital gains in bonds of RECI and NHAI within 9 months of the date of transfer

Q.42. For claiming exemption u/s 54B the assessee should acquire

- A.** Urban Agriculture Land **B.** Rural Agriculture Land
C. Any Agriculture land **D.** Any Asset

- Q.43. New assets acquired for claiming exemption u/s 54 , 54B or 54D, if transferred within three years, will result in**
- A. Short term capital gain
 - B. Long term capital gain
 - C. ST or LTCG depending upon original transfer
 - D. Reduced from cost of asset
- Q.44. Cost of improvement incurred before 01.04.2001in all cases**
- A. shall be ignored
 - B. shall always be considered
 - C. may be considered
 - D. Discretion of Assessing Officer
- Q.45. Period of holding of bonus shares or any other financial asset allotted without any payment shall be reckoned from**
- A. The date of holding of original shares / financial asset
 - B. The date of offer of bonus shares / financial asset
 - C. The date of allotment of such bonus shares /financial asset
- Q.46. Transfer of capital asset under a gift or will or to an irrevocable trust shall**
- A. Be regarded as transfer in the hands of donor
 - B. Not be regarded as transfer in the hands of donor
 - C. None of these two
- Q.47. Transfer by holding company to its subsidiary company or by a subsidiary company to its holding company shall not be regarded as transfer if the holding company owns**
- A. 90% shares of the subsidiary company
 - B. 100 % shares of the subsidiary company
 - C. 51 % shares of the subsidiary company
- Q.48. Where a shareholder of an amalgamating company gets the share of the amalgamated company in lieu of the shares held by him in an amalgamating company, the cost of acquisition of such shares shall be:**
- A. Market value of the shares of an amalgamating company as on the date of amalgamation
 - B. Cost of the shares held in amalgamating company
 - C. Market value of the shares of the amalgamated company as on the date of amalgamation
- Q.49. If the shares are acquired on conversion of debenture, the cost of acquisition of such share shall be:**
- A. Market value of the shares on the date of conversion
 - B. Market value of the debenture on the date of conversion
 - C. Cost of acquisition of the debentures
- Q.50. The cost of acquisition of the employee stock option shall be:**
- A. Fair market value of the specified securities or sweet equity shares which has been taken into account for the purpose of valuation of perquisite

- B.** Fair market value of the specified security or sweet equity which has been taken into account for the purpose of valuation of perquisite as reduced by the amount paid by the employee
- C.** Nil or price at which it was offered to employee
- Q.51. Where any capital asset is transferred by a firm to its partner by way of distribution on the dissolution of firm, the full value of consideration in this case shall be:**
- A.** The price at which such asset was given to partner
- B.** Cost or WDV of such asset on the date of distribution
- C.** Fair market value of the asset as determined
- Q.52. Where the entire block of depreciable asset is transferred after 36 months, there will be**
- A.** STCG **B.** LTCG **C.** STCG/STCL **D.** LTCG/LTCL
- Q.53. In case of compulsory acquisition, if an assessee receives enhanced compensation then enhanced compensation is taxable as :**
- A.** STCG **B.** LTCG **C.** STCG/LTCG depending on original CG of acquisition
- Q.54. For claiming exemption under section 54, the assessee should purchase residential property**
- A.** 2 years after the date of transfer
- B.** 3 years after the date of transfer
- C.** one year before of two years after the date of transfer
- D.** one year before and 3 years after the date of transfer
- Q.55. Amount unutilized in the capital gain scheme for which exemption was claimed u/s 54 shall be treated as long term capital gain of**
- A.** Previous year in which period of 2 years has expired from the date of deposit
- B.** In which period of 2 year has expired from the date of transfer
- C.** In which period of 3 year has expired from the date of deposit
- D.** In which period of 3 year has expired from the date of transfer
- Q.56. For claiming exemption u/s 54B the new agricultural land should be purchased**
- A.** Within 3 years from the date of transfer
- B.** Within 2 years from the date of transfer
- C.** Within 2 year from the end of relevant previous year
- Q.57. Exemption u/s 54D is available if there is:**
- A.** Any assessee **B.** Any assessee owning an industrial undertaking
- C.** An individual or HUF owing an industrial undertaking
- Q.58. Exemption u/s 54D is available if there is:**
- A.** Transfer **B.** Compulsory Acquisition by law **C.** Sale

- Q.59. Exemption under section 54EC shall be available for transfer of**
- A. Land and Building
 - B. Any long term capital asset
 - C. Any long term capital asset other than residential house property
- Q.60. Under section 54 EC, the assessee shall be allowed exemption**
- A. To the extent of capital gain invested subject to maximum Rs 50 lakhs any financial year
 - B. Proportionate to the consideration price so invested
 - C. To the extent of capital gain invested
- Q.61. Long term capital gain on sale of equity shares and units of an equal oriented fund, where STT is paid as per 112A shall be**
- A. Taxable @ 10 % without indexation
 - B. Exempt
 - C. Exempt if sold on or after 1-10-2004
 - D. Exempt if sold on or after 1-10-2004 through a recognized stock exchange in India and such transaction is chargeable to securities transaction tax upto Rs.1L
- Q.62. Any short-term capital gain arising for the transfer of equity shares and units of equity oriented fund shall be taxable**
- A. At the normal rate
 - B. At the rate of 20 %
 - C. At the rate of 10 % if transferred on or after 1-10-2004 through a recognized stock exchange and such transaction is chargeable to securities transaction tax
 - D. At the rate of 15 % if transferred on or after 1-10-2004 through recognized stock exchange and such transaction is chargeable to securities transaction tax
- Q.63. ULIP issued after 2014 to which exemption u/s 10(10D) does not apply shall be _____**
- A. Treated as capital assets
 - B. Not Treated as capital assets
 - C. Treated as personal Effect
 - D. Not Treated as Personal Effect
- Q.64. In case of slump sale in case of section 50B Full value of consideration shall be**
- A. Net worth
 - B. Fair Market Value
 - C. Whichever is higher
 - D. Whichever is lower
- Q.65. Cost of acquisition for land and building where stamp duty value as on 01.04.2001 is available then _____**
- A. Fair market value as on 01.04.2001
 - B. Stamp duty value as on 01.04.2001
 - C. Whichever is higher
 - D. Whichever is lower

Answers:

1.	D	31.	C	61.	A
2.	C	32.	A	62.	D
3.	B	33.	B	63.	A
4.	D	34.	A	64.	B
5.	C	35.	A	65.	C
6.	C	36.	B		
7.	B	37.	B		
8.	A	38.	C		
9.	C	39.	C		
10.	C	40.	A		
11.	C	41.	C		
12.	B	42.	C		
13.	B	43.	D		
14.	A	44.	A		
15.	B	45.	C		
16.	A	46.	B		
17.	B	47.	B		
18.	C	48.	B		
19.	B	49.	C		
20.	B	50.	A		
21.	B	51.	C		
22.	B	52.	A		
23.	D	53.	C		
24.	A	54.	C		
25.	C	55.	C		
26.	B	56.	B		
27.	A	57.	B		
28.	A	58.	B		
29.	C	59.	A		
30.	C	60.	A		

SPACE FOR NOTES:

Chapter~8 Income from Other Sources

Q.1. Income from letting of machinery, plant and furniture is

- A. Always chargeable to tax under “Profits & 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”

Q.2. 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

Q.3. 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 ₹ 15,000, whichever is less
- C. 33-1/3% of the pension or ₹ 15,000, whichever is less
- D. 30% of the pension

Q.4. Ganesh received ₹ 60,000 from his friend on the occasion of his birthday

- A. Entire amount of ₹60,000 is taxable
- B. ₹ 50,000 is taxable
- C. The entire amount is exempt
- D. ₹ 10,000 is taxable

Q.5. Mr. Y has received a sum of ₹ 51,000 on 24.10.2021 from relatives on the occasion of his marriage:

- A. Entire ₹ 51,000 is chargeable to tax
- B. Only ₹ 1,000 is chargeable to tax
- C. Entire ₹ 51,000 is exempt from tax
- D. Only 50% i.e., ₹ 25,500 is chargeable to tax

Q.6. Mr. Mayank has received a sum of ₹ 75,000 on 24.10.2021 from his friend on the occasion of his marriage anniversary:

- A. Entire ₹ 75,000 is chargeable to tax
- B. Entire ₹ 75,000 is exempt from tax
- C. Only ₹ 25,000 is chargeable to tax
- D. Only 50% i.e., ₹ 37,500 is chargeable to tax

Q.7. The deduction in respect of interest on enhanced compensation of ₹ 1,50,000 received during the previous year 2021-22, would be:

- A. ₹ 1,50,000, being 100% of ₹ 1,50,000
- B. ₹ 75,000, being 50% of ₹ 1,50,000
- C. ₹ 45,000, being 30% of ₹ 1,50,000
- D. Nil

Q.8. Karan's bank account shows the following deposits during the financial year 2021-22. Compute Karan's (aged 45 years) total income for the A.Y. 2022-23, assuming that his income from house property (computed) is ₹ 62,000

(i) Gift from his sister in Amsterdam	₹.2,30,000
(ii) Gift from his friend on his birthday	₹.10,000
(iii) Dividend from shares of various Indian companies	₹.12,600
(iv) Gift from his mother's friend on his engagement	₹.25,000
(v) Gift from his fiancée	₹.75,000
(vi) Interest on bank deposits (Fixed Deposit)(Gross)	₹.25,000

Q.9. Anu received an aggregate gift of ₹75,000 on 10th August, 2021 from his three friends. The amount chargeable to tax in this case would be

- A. 50,000 B. 75,000 C. 25,000 D. Nothing is taxable

Q.10. On 5th February 2021 R gets gift of motor car from his relative M. Fair market value of the car is ₹. 3,60,000. The amount taxable u/s 56(2)(vii) is

- A. 3,60,000 B. 3,10,000 C. Nil D. 50,000

Q.11. Income from other sources is also known ashead of income

- A. Residuary head B. Useless head
- C. Complementary head D. None of the above

Q.12. Any income from game involving gambling, betting is known as & taxable @

- A. Normal income, slab rate B. Normal income, 30%
- C. Casual income, 30% D. Other income

Q.13. Interest from original compensation shall be taxable under the head

- A. Other source B. Capital Gains C. House Property D. None of above

Q.14. Deduction under Chapter VI A FROM CASUAL INCOME

- A. Allowed B. Not allowed C. Allowed as D. None of above

Q.15. The interest on Post Office Savings Bank Account would be exempt from tax only upto for an individual account

- A. 3,500 B. 5,500 C. 7,000 D. Without limit

Q.16. Movable property shall be taxable in the hands of the recipient if

- A. It has been received without consideration and the fair market value exceeds ₹. 50,000
- B. It has been received for consideration and the difference between consideration and fair market value exceeds ₹. 50,000
- C. Any of the above
- D. None of the above

Q.17. Karan has received gift of ₹. 1,50,000 in cash from his mother's sister. The amount shall be taxable in the hands of

- A. Karan
- B. His mother's sister
- C. Exempt from tax
- D. Either of above

Q.18. A car having fair market value of ₹. 2,00,000 has been gifted by to Rakesh by his father. The fair market value of car shall be:

- A. Exempt since received from a relative
- B. Taxable under head other sources
- C. Not taxable since watch is not property within the definition of section 56(2)(vii)
- D. None of the above

Q.19. Income under the head income from other source is taxable on

- A. Due basis
- B. Receipt basis
- C. On the basis of method of accounting regularly employed by the assessee

Q.20. Dividend declared by a domestic company is:

- A. Fully exempt in the hands of shareholders
- B. Fully taxable in the hands of unit shareholders
- C. Taxable but a deduction is allowed under section 80L on account of such dividend

Q.21. Where a specified movable property is acquired during the previous year and its market value exceeds the purchase price by more than ₹ 50,000 such excess amount shall be taxable in the hands of

- A. All assessee
- B. All assessee other than company
- C. Individual or HUF only

Q.22. Gift, whether in cash or kind, received by an individual on the occasion of his/ her marriage shall be:

- A. Fully exempt even if it exceeds ₹ 50,000
- B. Fully taxable if it exceeds ₹ 50,000
- C. Exempt upto ₹ 50,000 and balance taxable

Q.23. Which of the following income will be taxable as income from other sources?

- A. Purchase of house from husband for inadequate consideration
- B. Purchase of painting from the registered dealer at invoice value less than fair market value
- C. Cash gift from a non-resident friend on marriage anniversary
- D. All of the above

Q.24. A private limited company engaged in manufacturing activity had a general reserve of ₹ 20 lakhs. It granted a loan of ₹ 5 lakhs to a director who held 13% shareholding cum voting rights in the company. The said loan was re-paid by him before the end of the year.

The amount of deemed dividend arising out of the above transaction is

- (A) ₹ 2,60,000
- (B) ₹ 2,40,000
- (C) ₹ 5,00,000
- (D) Nil

Q.25. Where a foreign institutional investor received income in respect of securities other than income by way of dividend referred to in section 115- O or received in respect of securities other than units referred to in section 115AB, such income is taxable @_____

- (A) 15%
- (B) 10%
- (C) 20%
- (D) 30%

Q.26. Which of the following is not included in taxable income:

- (A) Income from smuggling activity
- (B) Casual income
- (C) Gifts of personal nature subject to a maximum of ₹ 50,000 received in cash
- (D) Income received in-kind

Q.27. A member of Parliament received ₹ 1,50,000 per month as salary and ₹ 4,50,000 as daily allowances during PY 2021-22. The taxable amount will be

- (A) Salary ₹ 18,00,000
- (B) Income from profession ₹ 22,50,000
- (C) Income from other sources ₹ 18,00,000
- (D) Nil

Q.28. A lady received gifts worth ₹ 1,00,000 from her relatives as defined under the Income-tax Act, 1961, and ₹ 60,000 from her office colleagues on her marriage anniversary. The taxable amount of gifts would be____

- (A) ₹ 1,60,000
- (B) ₹ 60,000
- (C) ₹ 10,000
- (D) ₹ 1,10,000

Q.29. Amit received ₹ 70,000 being winnings from lottery after deduction of tax at source.

His gross winnings from the lottery to be included in the total income is____.

- (A) Nil
- (B) ₹ 1,00,000
- (C) ₹ 70,000
- (D) ₹ 30,000

Q.30. R has taken a house on rent and sublets the same to G. Income from such house property shall be taxable under the head:

- (A) Income from house property
- (B) Income from other sources
- (C) Income from house property or income from other sources as decided by R
- (D) None of the above

Answer:-

1. C	2. A	3. C	4. A	5. C	6. A
7. B	8. 209600	9. B	10.C	11.A	12.C
13.A	14.B	15.A	16.B	17.C	18.C
19.C	20.B	21.A	22.A	23.C	24.C
25.C	26.C	27.C	28.B	29.A	30.B

Chapter-9 Clubbing of Income

- Q.1. 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
- Q.2. 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
- Q.3. Where a member of a HUF has converted or transferred his self-acquired property for inadequate consideration into joint family property, income arising therefrom 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
- Q.4. 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
- Q.5. 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 ₹1,500 in respect of each minor child
 - B. Upto ₹ 1,500 in respect of each minor child maximum of two children
 - C. Upto ₹ 2,000 in respect of each minor child
 - D. Upto ₹2000 in respect of each minor child maximum of two children
- Q.6. Mr. A gifts a sum of ₹ 1L to his brother's wife Mrs. B. Mr. B gifts a sum of ₹ 1,00,000 to Mrs. A. From the sum gifted to her, Mrs. B invests in a fixed deposit, income therefrom is ₹ 10,000. Aforesaid ₹ 10,000 will be included in the total income of**
- A. Mr. A B. Mrs. A C. Mrs. B D. Mr. B

Q.7. 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

Q.8. 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

Q.9. Mr. X transfers income of ₹ 51,000 from rent to his major son without transfer of house property. Rent of ₹ 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

Q.10. 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

Q.11. Mr. Mittal has four minor children consisting of three daughters and one son. The annual income of all the children for AY 2022-23 were as follows

Particulars	₹
First daughter (Including Scholarship received ₹ 5,000)	10,000
Second Daughter	8,500
Third Daughter (Suffering from disability specified)	4,500
Son	40,000

Mr. Mittal gifted ₹ 2,00,000 to his minor son who invested the same in the business and derived income of ₹ 20,000 which is included above.

Compute the amount of income earned by minor children to be clubbed in the hands of Mr. Mittal

Q.12. Mr. Dhaval has an income from salary (computed) of ₹ 3,50,000 and his minor children's income are as under

Particulars	₹
Minor daughter has earned the following income:	
From a TV show	50,000

- Q.18. Mrs. X receives salary from ABC Ltd. Mr. X has substantial interest in ABC Ltd. Mrs. X possess professional qualification to be eligible for job. Salary so received by Mrs. X shall be assessed in hands of**
- A. Mrs X B. Mr X C. Both of them D. Any of them
- Q.19. When the income of the individual include ₹.20,000 as the income of the minor child in terms of section 64(1A), taxable income in this respect will be?**
- A. Nil B. 20,000 C. 18,500 D. None of them
- Q.20. Mrs. R receives salary of ₹. 1,00,000 from PQ Ltd., Mr. R receives salary of ₹. 1,50,000 from PQ Ltd. Both of them have substantial interest in company. Other Income of Mr. A and Mrs. A excluding such remuneration is ₹. 10,00,000 and ₹. 12,00,000 respectively. Taxable income of Mr. A and Mrs. A shall be**
- A. 11,50,000; 13,50,000 B. 11,00,000; 13,50,000
C. 15,50,000; 12,00,000 D. 10,00,000; 14,50,000
- Q.21. Mr. Amit as on 1.10.2020 transferred shares without consideration to his fiancée, Ritika. They got married on 1.4.2021. Income from share for year the end shall be assessed in hands of**
- A. Amit B. Ritika C. Any of above D. None of them
- Q.22. Gold funds were transferred by Mr. Rahul to Mrs. Rahul under an agreement to live apart. Income from gold funds shall be assessed in the hands of**
- A. Mr Rahul B. Mrs Rahul C. Any of above D. None of them
- Q.23. To apply clubbing provisions under section 64(1)(iv), the relation of husband and wife must exist at the time of:**
- A. Only at the time of transfer of asset
B. Only at the time of accrual of income
C. Both at the time of transfer of asset and accrual of income
D. Shall be at the time of accrual, may be at the time of transfer
- Q.24. Section 64(1)(iv) is applicable on all assets except**
- A. House Property B. Share C. Gold D. None of them
- Q.25. Abhi transferred shares of Indian companies to his wife. The shares were sold by his wife and earned Capital Gains. The capital gains so computed shall be clubbed in the hands of Abhi. Is it correct**
- A. Correct B. Incorrect C. Clubbing not applicable D. None of them
- Q.26. Gold worth ₹. 2,00,000 was gifted by Reema to her son's wife, Naveena. Gold was sold by Naveena for ₹. 5,00,000. Capital Gains shall be taxable in hands of**
- A. Naveena B. Reema C. Equally in hands of a) and b) D. None
- Q.27. Mr. Rajesh formed a trust for the benefit of his wife. The income of trust meant for the benefit of Mrs. Rajesh shall be assessed in the hands of**
- A. Mrs Rajesh B. Mr Rajesh C. Any D. None

- Q.28. Mrs. Sharma has invested ₹. 5,00,000 in firm. As on 1st April 2021, out of total investment of ₹. 5,00,000, ₹. 3,00,000 is on account of money given by her husband. During the previous year, she earned interest of ₹. 50,000 and profit of ₹. 50,000. Amount to be clubbed in the income of Mr. Sharma**
- A. 31,000 B. 30,000 C. Nil D. 50,000**
- Q.29. Assets were transferred by A to an AOP for deferred benefit of his son's wife. Amount of income from assets used for benefits of his daughter in law shall be clubbed in the hands of**
- A. A B. A's wife C. A's son's wife D. None**
- Q.30. Income received by minor married daughter shall be assessed in the hands of**
- A. Married Daughter B. Her husband C. Parents, whose income is higher D. None**
- Q.31. When marriage of parents subsist, Income of minor child shall be included in the income of:**
- A. Father**
B. Mother
C. Parent, whose income (excluding such income) is higher
D. Parent, whose income (including such income) is higher
- Q.32. ₹. 1,00,000 earned by minor child from manual activity is invested in FDR. He earns ₹. 10,000 as interest from FDR during the previous year. ₹. 1,00,000 and ₹. 10,000 shall be assessed in the hands of**
- A. Minor, minor B. Minor, Parents C. Parents, Parents D. Parents, minor**
- Q.33. Securities worth ₹. 20,00,000 was transferred by Abhi, member of HUF to HUF. Interest income of ₹. 2,00,000 is earned on securities so transferred. Partition of HUF took place. $\frac{1}{4}$ of securities were transferred to Abhi, $\frac{1}{4}$ of securities were transferred to Abhi's wife. How much amount shall be taxable in the hands of Abhi**
- A. 20,000 B. 50,000 C. 1,00,000 D. None**
- Q.34. Securities worth ₹. 20,00,000 was transferred by Ravi, member of HUF to HUF. Interest income of ₹. 2,00,000 is earned on securities so transferred. Partition of HUF took place. $\frac{1}{4}$ of securities were transferred to Ravi, $\frac{1}{4}$ of securities were transferred to Ravi's wife and $\frac{1}{4}$ were transferred to his daughter in law. How much amount shall be taxable in the hands of Ravi**
- A. 2,00,000 B. 1,50,000 C. 1,00,000 D. None**
- Q.35. When an asset is transferred by member of HUF to HUF. Partition of HUF has taken place. $\frac{1}{4}$ of property is given to member, $\frac{1}{4}$ to his wife, $\frac{1}{4}$ to his minor child and rest to major son. What amount of income from property shall be clubbed with the income of member?**
- A. $\frac{1}{4}$ of income B. $\frac{1}{2}$ of income C. Whole of the income D. $\frac{3}{4}$ of income**

- Q.36. When an asset is transferred by member of HUF to HUF. Partition of HUF has taken place. Property is given to member, his wife, his minor child and major son. Whose income shall be clubbed in the income of member**
- A. Wife's share B. Minor and major child's share
C. His wife and minor child's share D. Wife, minor and major child's share
- Q.37. Income of a minor child suffering from any disability of the nature specified in the 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 that parent whose total income, before including minor's income, is lower
- Q.38. 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 taxable**
- A. As the income of the transferor-member B. In the hands of the HUF
C. In the hands of the karta of the HUF D. None of the above
- Q.39. 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 ₹. 1,200 in respect of each minor child
B. Upto ₹. 1,500 in respect of each minor child
C. Upto ₹. 2,000 in respect of each minor child
D. Upto ₹. 1,000 in respect of each minor child
- Q.40. An individual has 3 minor child each having income of ₹. 2,000. What amount shall be taxable in the hands of individual?**
- A. 6,000 B. 4,000 C. 1,500 D. Nil
- Q.41. An individual has 3 minor child A, B and C whose income is ₹. 1,200, ₹. 2,000 and ₹. 1,500. What amount shall be taxable in the hands of individual?**
- A. 4,700 B. Nil C. 200 D. 500
- Q.42. G has four minor children: 2 daughters and 2 sons. The annual income of 2 daughters was ₹. 7,500 and ₹. 5,000 and of sons was ₹. 5,500 and ₹. 1,250 respectively. The daughter having income of ₹. 5,000 is suffering from a disability specified under section 80U. Work out the amount of income earned by minor children to be clubbed in the hands of G.**
- A. 13,250 B. 10,000 C. 13,500 D. 9,750
- Q.43. Income from asset transferred to spouse, be taxable in hands of transferor of:**
- A. Asset has been transferred in pursuance of an agreement to live apart
B. Asset was transferred for an adequate consideration
C. Asset was transferred before marriage

- Q.53. Where an individual transfers the house property to his wife without adequate consideration, then income from such house property shall be subject to the provisions of:**
- Section 64(1) (iv) i.e. Income from such house property shall be clubbed in the hands of the transferor
 - Section 27 i.e. The transferor shall be the deemed owner of such house property and taxable under section 22
 - None of these
- Q.54. Clubbing provisions under section 64 (1) (vi) are applicable where the asset is transferred by an individual without an adequate consideration to**
- Daughter's husband
 - Son's wife
 - Major son
 - Major daughter
- Q.55. R gifts ₹ 5, 00,000 to his wife who invested to same in the partnership business. Mrs. R receives ₹ 2, 05,000 as her share of profits from such firm. In this case amount to be clubbed in the income of R shall be:**
- ₹ 2,05,000
 - ₹ 15,000 after giving maximum exemption of ₹ 1,90,000 to Mrs. R
 - Nil as share of profit from firm is exempt
- Q.56. R has gifted ₹10, 00,000 to his wife on 1-4-2010. The wife invested the above sum as capital contribution to the firm where she is a partner and earned interest every year. The total capital of Mrs. R as on 1-4-2018 including 3 years interest was ₹ 15,00,000. During the year she earned ₹ 2, 70,000 as interest on such capital balance. The income to be clubbed in the hands of R shall be**
- 2,70,000
 - 1,80,000
 - Nil
 - 90,000
- Q.57. As per sec 64 (1A) income accruing to a minor shall be clubbed in the income of**
- Father
 - Mother
 - Father or Mother at their option
 - A parent whose income before this clubbing is greater
- Q.58. If the marriage of the parents does not subsist , the income of the minor child shall be clubbed in the income of**
- Father
 - Parents who maintain the child
 - Father or Mother whose income is higher
- Q.59. When income of minor child is clubbed in the income of the parents concerned such parents will be allowed exemption of**
- ₹ 1500
 - ₹ 1500 per minor child
 - To extent of actual income clubbed or ₹ 1500 per minor child whichever is less

Q.60. Where a house property is transferred by an individual to his or her minor child other than a married minor daughter without an adequate consideration, income from such house property shall be subject to provisions of:

- A. Section 64(1A) i.e. Minor income to be clubbed in the income of the parents whose income other than such income is greater
- B. Section 27i.e. The transferor shall be the deemed owner of such house property and taxable under section 22
- C. None of these

Q.61. Any income of a minor child who is a person with disability shall be:

- A. Clubbed with the income of the parent whose income other than such income is greater
- B. Taxable in the hands of the minor through his guardian / legal representative
- C. Exempt

Q.62. Income of a minor child from the application of his talent / skill or from his manual work shall be:

- A. Clubbed with the income of the parent whose income other than such income is greater
- B. Taxable in the hands of the minor through his guardian / legal representative
- C. Exempt

Q.63. Income of a minor married daughter shall:

- A. Be clubbed in the income of her husband
- B. Be clubbed in the income of the parent whose income other than such income is greater
- C. Not be clubbed and taxable in her hands

Q.64. If any income has to be clubbed under section 64, it will be clubbed under the

- A. Head income from other sources
- B. Relevant head to which it belongs
- C. None of these

Answers:

1.A	2.B	3.A	4.D	5.A	6.A
7.A	8.B	9.A	10.B	11.49000	12.353500
13.Dhaval 778500; Hetal 460000	14.A	15.A	16.A	17. A	18.A
19.C	20. D	21.B	22.B	23.C	24.A
25.A	26.B	27.B	28.B	29.A	30.C
31.C	32.B	33.C	34.B	35.B	36.C
37.A	38.A	39.B	40.C	41.D	42.B
43.D	44.A	45.A	46.C	47.C	48.C
49.B	50.C	51.C	52.A	53.B	54.B
55.C	56.B	57.D	58.B	59.C	60.B
61.B	62.B	63.B	64.B		

Chapter-10 Set off & Carry Forward

- Q.1. 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
- Q.2. No Loss Can Be Setoff From Casual Income**
- A. False
 - B. True
- Q.3. 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
- Q.4. 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 C/F
- Q.5. Mr. A Incurred Short-Term Capital Loss Of ₹ 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. Is Not Allowed To Be Set-Off
- Q.6. 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 C/F
- Q.7. Loss From House Property Of ₹ 3,10,000 Of A.Y. 2020-21 Is Allowed To Be Set-Off Against Income From House Property Of A.Y. 2022-23 Of ₹ 5,00,000 To The Extent Of**
- A. ₹ 2,00,000
 - B. Fully Allowed I.E., ₹ 3,10,000
 - C. ₹ 2,50,000
 - D. ₹ 1,00,000

Q.8. 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

Q.9. Business Loss Of The Current Year Cannot Be Set-Off Against

- A. Any Income Other Than Business Income
- B. LTCG
- C. Either Long-Term Capital Gain Or Short-Term Capital Gain
- D. Salary Income

Q.10. Brought Forward Loss From House Property Can Be Set-Off

- A. Against Any Head Of Income To The Extent Of ₹ 2,00,000
- B. Against Income From House Property To The Extent Of ₹ 2,00,000
- C. Against Income From House Property Without Any Limit
- D. Against Any Head Of Income Without Any Limit

Q.11. 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)

Q.12. 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

Q.13. 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 PY? (For CA Final)

- 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

Q.14. Short Term Capital Loss Can Be Set-Off From

- A. STCG
- B. LTCG
- C. Both
- D. None

Q.15. Loss Under Head Salary Can Be Set Off From Income Under Head

- A. Capital Gain
- B. PGBP
- C. House Property
- D. Loss Not Possible Under Salary

Q.16. Loss Under Head House Property Can Be Set Off From Income Under Head

- A. PGBP
- B. HP
- C. Capital Gains
- D. Any Head

Q.17. Loss Under Head House Property Can Be C/F For Next Assessment Year

- A. 8
- B. 4
- C. Indefinite
- D. 0

Q.18. Loss From Owning And Maintenance Of Race Horses Can Be C/F For Next Assessment Year

- A. 8 B. 4 C. Indefinite D. 0**

Q.19. Speculative Loss Can Be Set Off From Income From

- A. Speculative Business B. Capital Gains
C. Other Sources D. Owning & Maintaining Horse Races**

Q.20. Speculative Loss Can Be Carried Forward And Set Off From Income From

- A. Speculative Business B. Capital Gains
C. House Property D. Owning & Maintaining Horse Races**

Q.21. Speculative Loss Can Be Carried Forward For

- A. Next 8 AY B. Next 4 AY C. Indefinite D. Can't C/F**

Q.22. Losses From Specified Business U/S 35 AD Can Be Carried Forward For

- A. 8 B. 4 C. Indefinite D. 0**

Q.23. Losses From Business Other Than Speculative And Specified Business Under Section 35AD Can Be Carried Forward For

- A. Next 8 AY B. Next 4 AY C. Indefinite D. Can't C/F**

Q.24. Losses From Business Other Than Speculative And Specified Business Under Section 35AD Can Be Carried Forward And Set Off From Income

- A. Any Business B. Capital Gains
C. Any Source Or Any Head Except Income From Salary D. House Property**

Q.25. Long Term Capital Loss Can Be Set Off From Income From

- A. LTCG B. STCG C. LTCG/STCG D. Any Head**

Q.26. Long Term Capital Loss Can Be Carried Forward And Set Off From Income From

- A. LTCG B. STCG C. LTCG/STCG D. Any Head**

Q.27. Long Term Capital Loss Can Be Carried Forward For

- A. Next 8 AY B. Next 4 AY C. Indefinite D. Can't C/F**

Q.28. Short Term Capital Loss Can Be Set Off From Income From

- A. LTCG B. STCG C. LTCG/STCG D. Any Head**

Q.29. Short Term Capital Loss Can Be Carried Forward For

- A. Next 8 AY B. Next 4 AY C. Indefinite D. Can't C/F**

Q.30. Loss From Other Sources Can Be Carried Forward For

- A. Next 8 AY B. Next 4 AY C. Indefinite D. Can't C/F**

Q.31. Compute The Taxable Income Of Mr. A For The A.Y. 2022 - 23.

Income From Salary	4,00,000
Loss From Self-Occupied Property	(-) 70,000

A. 4,00,000 **B.** 3,30,000 **C.** 3,65,000 **D.** Nil

Q.32. During The PY Mr. C Has Following Income And Brought Forward Losses

Short Term Capital Gains On Sale Of Shares	1,50,000
Long Term Capital Loss Of A.Y. 2020-21	(96,000)
Short Term Capital Loss Of A.Y. 2022-23	(37,000)

What Is The Capital Gain Taxable In The Hands Of Mr. C And How Much Loss Can Be Carried Forward For The A.Y.

A. 1,13,000; Nil **B.** 17,000; Nil **C.** 1,13,000; 96,000 **D.** 54,000; 37,000

Q.33. During The P.Y Mr. C Has Following Income And Brought Forward Losses

Long Term Capital Gain	1,75,000
Long Term Capital Loss Of A.Y. 2020-21	(96,000)
Short Term Capital Loss Of A.Y. 2022-23	(37,000)

What Is The Capital Gain Taxable In The Hands Of Mr. C And How Much Loss Can Be Carried Forward For The A.Y

A. 79,000; 37,000 **B.** 1,38,000; 96,000 **C.** 42,000; Nil **D.** Nil; Nil

Q.34. What Is The Taxable Income And Losses To Be Carried Forward Of Mr. E For The A.Y. 2020-21

Income From Speculation Business	60,000
Loss From Non-Speculation Business	(40,000)
Short Term Capital Gain	80,000
Long Term Capital Loss Of A.Y. 2022-23	(30,000)

A. 70,000; Nil **B.** 1,10,000; 40,000 **C.** 1,00,000; 30,000 **D.** 1,00,000; 40,000

Q.35. Compute The Total Income And Losses To Be Carried Forward Of Mr. Rahul For The AY 2022-23.

Loss From Profession	1,05,000
Capital Loss On The Sale Of Property-Short Term	55,000
Capital Gains On Sale Of Shares – Long Term	2,05,000
Winnings From Lotteries	1,00,000
Loss From Horse Races In Mumbai	40,000

A. 2,50,000;1,45,000 **B.** 1,05,000; Nil **C.** 1,45,000; 40,000
D. 3,05,000; 2,00,000

Q.36. According To Section 80, No Loss Which Has Not Been Determined In Pursuance Of A Return Filed In Accordance With Provisions Of Section 139(3), Shall Be Carried Forward. The Exceptions Are

- A.** Only Loss Under The Head “Capital Gains” Under Section 74
- B.** Loss Under The Head “Capital Gains” And Unabsorbed Depreciation Carried Forward Under Section 32(2)
- C.** Loss From House Property & Unabsorbed Depreciation Carried Forward U/S 32(2)
- D.** None Of The Above

Q.37. Section 70 Enables Set Off Of Losses Under One Source Of Income Against Income From Source Under The Same Head. The Exceptions To This Section Are

- A. Loss Under The Head “Capital Gains”, Loss From Speculative Business And Loss From The Activity Of Owning And Maintaining Race Horses
- B. Long-Term Capital Loss, Loss From Speculative Business, Loss From Business Specified Under Section 35AD And Loss From The Activity Of Owning And Maintaining Race Horses
- C. Short-Term Capital Loss, Loss From Business Specified Under Section 35AD And Loss From Speculative Business
- D. None Of The Above

Q.38. Mr. A Incurred Short-Term Capital Loss Of ₹. 10,000 On Sale Of Shares Through The National Stock Exchange. Such Loss Can Be Set-Off Against

- A. Only STCG
- B. Both STCG & LTCG
- C. Any Head
- D. None

Q.39. Loss From House Property Can Be Carried Forward And Set Off In Subsequent 8 Assessment Years

- A. Only If Return Of Loss Is Filed Within Due Date
- B. Even If Return Of Loss Is Filed After Due Date
- C. It Does Not Matter When Return Is Filed
- D. Carry Forward Of Loss From House Property Is Not Allowed At All

Q.40. Long Term Capital Loss Can Be Set Off From Which Of The Following

- A. Only STCG
- B. Only LTCG
- C. PGBP
- D. Income From Salary

Q.41. Loss From Owning And Maintenance Of Race Horses Can Be Carried Forward And Set Off From Income From

- A. Owning & Maintaining Horse Races
- B. House Property
- C. Capital Gains
- D. Any Head

Q.42. Losses From Specified Business U/S 35 AD Can Be Set Off From Income From

- A. Specified Business U/S 35 AD
- B. Any Business
- C. Capital Gains
- D. Cannot Be Set Off

Q.43. Loss From A Speculation Business Of A Particular Assessment Year Can Be Set Off In The Same Assessment Year From

- A. Profit And Gain From Any Business
- B. Profit And Gain From Any Business Other Than Speculation Business
- C. Income Of Speculation Business

Q.44. Loss On Account Of Owning & Maintaining The Race Horses Of Particular Assessment Year Can Be Set Off In The Same Assessment Year From Income From

- A. Business
- B. Other Sources
- C. Race Horses

Q.45. Short- Term Capital Loss Of Particular Assessment Year Can Be Set Off In The Same Assessment Year From

A. STCG B. LTCG C. LTCG/STCG

Q.46. Long Term Capital Loss Of Particular AY Can Be Set Off In The Same AY From

A. STCG B. LTCG C. None

Q.47. Loss Under The Head Capital Gain In A Particular Assessment Year Can

- A. Be Set Off From Any Other Head Of Income In The Same Assessment Year
- B. Can Be Setoff Within Head Or Be Carried Forward
- C. Neither Be Set Off Nor Carried Forward

Q.48. Section 70 Specify Intra Head Adjustments

A. True B. False

Q.49. During The Previous Year An Assessee Has Incurred Loss From His Business Amounting To ₹ 1,20,000 Whereas His Income From House Property Is ₹ 1,10,000. The Assessee In This Case Can Carry Forward

- A. Business Loss Of ₹ 10,000 Only
- B. Business Loss Of ₹ 1,10,000 And Claim Full Exemption Of Other Income In The Current Previous Year
- C. At His Option Do Any Of These

Q.50. Loss Under The Head Business And Profession Other Than Specified Business Referred In Section 35 AD Can Be Set Off In The Same Assessment Year From

- A. Income Under Any Other Head
- B. Income Under Any Other Head Exempt Salary Income
- C. Income Under Any Other Head Exempt House Property

Q.51. Loss From A Specified Business Referred To In Section 35 AD Can Be Set Off From

- A. Any Head Of Income Other Than Salary
- B. Income Under Business Or Profession Only
- C. Profit Of Any Other Specified Business Only

Q.52. The Loss Other Than Loss From House Property Is Allowed To Be Carried Forward Only When As Assessee Has Furnished

- A. Return Of Loss
- B. Return Of Loss Before The Due Date Mention U/S 139(1)
- C. Or Not Furnished The Return Of Loss

Q.53. Loss Under Head Income From House Property Is Allowed To Be Carried Forward

- A. Only If The Return Is Furnished Before The Due Date Mention U/S 139(1)
- B. Even If The Return Is Not Furnished
- C. Even If The Return Is Furnished After The Due Date

Q.54. A Business Loss Can Be Carried Forward And Set Off In The Subsequent Assessment Year When The Business On Account Of Which This Loss Has Arisen

- A. Is Continued In The Assessment Year In Which The Such Loss Is Set Off

- B. Is Continued Or Not
- C. Is Continued For Any Part Of The Previous Year

Q.55. A Business Loss Other Than Loss From A Specified Business Referred To In Section 35 AD Can Be Carried Forward For A Maximum Of

- A. 8 Year But It Should Be Set Off In The Subsequent Assessment Years If There Is Any Business Income
- B. 4 Year But It Should Be Set Off In The Subsequent Assessment Years If There Is Any Business Income
- C. Indefinitely But It Should Be Set Off In The Subsequent Assessment Year If There Is Any Business Income

Q.56. Loss From Specified Business Referred In Section 35 AD Can Be Carried Forward And Set Off From Income Of

- A. Any Business
- B. Specified Business

Q.57. Losses From Specified Business U/S 35 AD Can Be Carried Forward For

- A. 8 Years
- B. 4 Years
- C. Indefinite

Q.58. Loss On Account Of Owning & Maintaining The Race Horses Can Be Carried Forward

- A. 8 Years
- B. 4 Years
- C. Indefinite

Q.59. Loss From Derivative Trading In Shares Carried On In Recognized Stock Exchange Is

- A. A Loss From Speculative Business
- B. A Loss From Non-Speculative Business

Q.60. Loss From Derivative Trading In Share Carried On Recognized Stock Exchange Is Can Be Set Off

- A. From The Income From Speculative Business Only
- B. From The Income From Non Speculative Business Only
- C. From The Income Of Both ; Speculative And Non-Speculative Business

Q.61. Loss From Derivative Trading In Share Can Be Carried Forward For

- A. 8 Years
- B. 10 Years
- C. 4 Years

Q.62. Loss From Derivative Trading In Commodity Exchange Is A

- A. A Loss From Speculative Business
- B. A Loss From Non-Speculative Business

Q.63. Loss Under The Head Of House Property

- A. Can Be Carried Forward For 8 Years
- B. Cannot Be Carried Forward
- C. Can Be Carried Forward Only For 4 Years

Q.64. Brought Forward Loss

- A. Can Be Set Off In Any Of The 8 Succeeding Years

- B. Must Be Set Off In The Immediate Succeeding Year & Balance In The Immediately Next Succeeding Year And So On
- C. As Per (B) But Within The Time Allowed

Q.65. In Section 71 Specify Inter Head Adjustments

- A. None B. False C. True

Q.66. In Case Of Amalgamation If The Conditions Mention Under Section 72A Are Satisfied, The Amalgamated Company Shall Be Allowed To Carry Forward The Business Loss And Unabsorbed Depreciation Of Amalgamated Company For (For CA Final)

- A. Fresh Eight Year
- B. Eight Years Minus The Assessment Year Already Expired In The Hands Of Amalgamating Company
- C. Indefinitely
- D. Fresh Eight Years In Case Of Business Loss And Indefinitely In Case Of Unabsorbed Depreciation

Q.67. Loss Of A Closely Held Company Cannot Be Carried And Set Off Unless On The Last Day Of The Previous Year In Which The Loss Was Incurred And As On The Last Day Of The Previous Year In Which Such Loss Is Set Off At Least(For CA Final)

- A. 51 % Of Shares Are Beneficially Held By The Same Person
- B. 50 % Of The Shares Are Beneficially Held By The Same Person
- C. 49 % Of The Shares Are Beneficially Held By The Same Person

Q.68. Speculation Loss Can Be Carried Forward For The Maximum Of

- A. 8 Years B. 10 Years C. 4 Years

Answers:

1.C	2.B	3.A	4.A	5.B	6.C
7.A	8.C	9.D	10.A	11.C	12.A
13.A	14.C	15.D	16. D	17. A	18. B
19.A	20. A	21.B	22.C	23.A	24.C
25.A	26.A	27.A	28.C	29.A	30.A
31.B	32.C	33.C	34.C	35.C	36.C
37.B	38.B	39.A	40.B	41.A	42.A
43.C	44.C	45.C	46.B	47.B	48.A
49.A	50.B	51.C	52.B	53.C	54.B
55.A	56.B	57.C	58.B	59.B	60.C
61.A	62.A	63.A	64.C	65.C	66.D
67.A	68.C				

Q.9. Deduction available to an individual in respect of maintenance including medical treatment of a dependent (Senior citizen) being a person with 80% disability, when amount incurred in this respect is ₹. 40,000 will be

- A.** ₹ 40,000 **B.** ₹ 50,000 **C.** ₹ 1,00,000 **D.** None

Q.10. 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

Q.11. Maximum qualifying limit for deduction under section 80C is

- A.** ₹ 50,000 **B.** ₹ 1,10,000 **C.** ₹ 1,00,000 **D.** ₹ 1,50,000

Q.12. For claiming deduction u/s 80 C in respect of P.P.F , the contribution must be paid by the individual on the P.P.F account

- A.** Himself only **B.** Himself and spouse **C.** Himself , spouse or any child

Q.13. Deduction u/s 80TTA is not available to

- A.** Non Resident
B. Senior Citizen
C. Resident

Q.14. For claiming u/s 80 C , the payment or deposit should be made

- A.** Out of any income
B. Out of any income chargeable to income tax
C. During the current year out of any sources

Q.15. Deduction u/s 80 C shall be allowed for

- A.** Any education fee
B. Tuition fee exclusive of any payment towards any development fee or donation or payment of similar nature
C. Tuition fee and annual charges

Q.16. Deduction in respect of contribution for annuity plan to certain pension fund under section 80CCC is allowed to

- A.** Any Assessee **B.** Individual **C.** Individual/HUF **D.** Individual being Resident

Q.17. Deduction under section 80 CCC is allowed to the maximum extent to

- A.** ₹ 20,000 **B.** ₹ 1,50,000 **C.** ₹ 10,000

Q.18. Deduction under section 80 CCD is allowed to extent of

- A.** Central Govt Employees only **B.** Central & State Govt employee
C. Any employee **D.** Any employee or self employed individual

Q.19. Deduction under section 80 CCD is allowed to extent of

- A. Employee's contribution upto 10 % of salary
- B. Employee's contribution upto 15 % of salary
- C. Employee's and employer's contribution each upto 10 % of salary and in case of self-employed person upto 20 % of his gross total income
- D. Employee's and employer's contribution each upto 15 % salary

Q.20. As per section 80CCE deduction u/s 80C, 80CCC and 80 CCD can not exceed

- A. ₹ 1,00,000 including employers contribution to notified pension scheme referred in section 80CCD
- B. ₹ 1,50,000 exclusive of employers contribution to notified pension scheme referred in section 80CCD
- C. ₹ 1,20,000

Q.21. For the purpose of section 80 D, the family in relation to an individual shall mean

- A. The spouse and the dependent children
- B. The dependent spouse and the dependent children
- C. The spouse and the children

Q.22. Deduction u/s 80D is allowed to HUF for premium paid to to insure the health of

- A. Karta of HUF only
- B. Any Coparcener of HUF
- C. Any member of HUF
- D. Any male member of HUF

Q.23. The payment of insurance premium under section 80D should be paid

- A. In cash
- B. By cheque
- C. By any mode other than cash

Q.24. Deduction under section 80DD in respect of maintenance including medical treatment of dependent being a person with disability shall be allowed to

- A. Any Assessee
- B. Individual/HUF
- C. Individual/HUF - Resident

Q.25. (i) Deduction under section 80 DD shall be allowed

- A. To the extent of actual expenditure / deposit or ₹ 40,000 whichever is less
- B. For a sum of ₹ 75,000 irrespective of actual expenditure or deposit
- C. For a sum of ₹ 40,000 irrespective of any expenditure incurred or actual amount deposited

(ii) Deduction under section 80 DD in case of dependent with severe disability shall be allowed

- A. To the extent of actual expenditure / deposit or ₹ 50,000 whichever is less
- B. For a sum of ₹ 1,25,000 irrespective of actual expenditure or deposit
- C. For a sum of ₹ 50,000 irrespective of any expenditure incurred or actual amount deposited

Q.26. Deduction u/s 80 DDB in respect of medical treatment for specified ailment or disease is allowed to

- A. Any Assessee
- B. Individual/HUF
- C. Individual/HUF - Resident

- Q.27. Deduction under section 80 DDB shall be allowed for medical treatment of specified ailment or disease**
- A. Any dependent relative
 - B. Any dependent handicap relative
 - C. The assessee himself or any dependant relative
- Q.28. Deduction under section 80 DDB shall be allowed for a sum of**
- A. ₹ 40,000 irrespective of any expenditure
 - B. ₹ 40,000 or actual expenditure whichever is less
 - C. ₹ 75,000
- Q.29. Deduction under section 80 E is allowed on account of**
- A. Repayment of loan taken from certain specified institution
 - B. Repayment of loan and interest on loan taken from certain specified institution
 - C. Interest on loan taken from certain specified institution
- Q.30. Deduction under section 80E in respect of interest on loan taken for higher education shall be allowed to**
- A. An individual assessee only
 - B. An individual who is a resident of India
 - C. An individual or HUF
 - D. An individual or HUF who is resident of India
- Q.31. Deduction under section 80E shall be allowed in respect of amount paid by way of interest on loan taken from**
- A. Any person
 - B. Financial institution
 - C. Financial institution or approved charitable institution
- Q.32. Deduction u/s 80 E for payment by the way of interest on loan is allowed for**
- A. 5yrs
 - B. 8yrs or till interest paid whichever earlier
 - C. 10 yrs
 - D. 8yrs
- Q.33. Deduction under section 80G on account of donation is allowed to**
- A. Business Assessee only
 - B. Any Assessee
 - C. Individual/HUF
- Q.34. Sec.80G specify the deduction for**
- A. Donation
 - B. Rent paid
 - C. Investment in PPF
 - D. None
- Q.35. Deduction in respect of rent paid u/s 80 GG shall be allowed**
- A. An individual
 - B. An individual or HUF
 - C. Any assessee
- Q.36. The maximum deduction u/s 80GG shall be limited to**
- A. ₹ 1,000 p.m
 - B. ₹ 5,000 p.m
 - C. ₹ 3,000 p.m
- Q.37. Deduction u/s 80 GGA in respect of certain donation for scientific research or rural development is allowed to**
- A. Any assessee
 - B. Non corporate business assessee
 - C. An assessee whose gross total income does not include income chargeable U/H Business and Profession

Q.38. Deduction u/s 80GGA shall be allowed to the extent

- A. 100 % of the donation so made
- B. 1 ¼ times of the donation so made
- C. 1 ½ times of the donation so made

Q.39. Deduction u/s 80JJA in respect of profits and gains from business of collecting and processing of bio degradable work is allowed to the extent of

- A. 100 % of the profits derived from such business or ₹ 5,00,000 whichever is less
- B. 100 % of the profits for a period of 10 years
- C. 100 % of the profits for a period of 5 consecutive assessment years

Q.40. Deduction u/s 80JJAA in respect of employment of new worker be allowed to

- A. Any assessee
- B. An Indian company
- C. An Assessee liable to Tax Audit

Q.41. Deduction under section 80 JJAA shall be allowed to the extent of

- A. 100 % of additional wages paid to the new regular workmen
- B. 50 % of additional wages paid to the new regular workmen
- C. 30 % of the additional wages paid to the new regular workmen

Q.42. Deduction under section 80 QQB is allowed in respect of royalty income to

- A. An individual who is an author of a book
- B. An individual who is a resident of India and who is an author of a book
- C. An individual who is a resident of India who is either an author of a book or a joint author of the book

Q.43. Deduction u/s. 80 QQB is allowed to an author of a book of literary o artistic or scientific nature who is resident of India to the extent of

- A. 100 % of royalty income ₹ 5,00,000 whichever less
- B. 100 % of royalty income ₹ 3,00,000 whichever less
- C. 50 % of royalty income ₹ 5,00,000 whichever less
- D. 50 % of royalty income ₹ 3,00,000 whichever less

Q.44. Deduction u/s 80U in case of person with disability is allowed to

- A. An individual who is citizen of India
- B. An individual who is resident of India
- C. Any individual assessee

Q.45. The quantum of deduction allowed u/s 80U is

- A. ₹ 40,000
- B. ₹75000/125000
- C. ₹ 50,000 in case of individual resident of India who is a person with disability
- D. ₹ 60,000

Q.46. For claiming deduction of insurance where insurance is taken before 1.4.2012, premium paid on insurance shall be restricted to

- A. 10% of the sum assured
- B. 20% of the sum assured
- C. 15% of the sum assured
- D. No Restriction

Q.47. Any payment of insurance (including bonus) received on maturity of insurance policy

- A. Shall be exempt from tax under section 10(10D)
- B. Shall be exempt from tax under section 10(10C)
- C. Shall be taxable in the year of receipt
- D. Shall have no treatment

Q.48. If Assessee purchased electrical vehicle then interest for purchase of such vehicle.

- A. 1,50,000
- B. 1,00,000
- C. 75,000
- D. None of above

Q.49. Z Ltd. Has received dividend from foreign company rs. 5 lakhs and at the same time they paid dividend amounting to Rs. 3 lakhs the deduction under sec 80M is equal to ___3

- A. 2,50,000
- B. 4,00,000
- C. 1,05,000
- D. 3,00,000

Q.50. Deduction u/s 80RRB is allowed for

- A. Income from assignment of copyright of any book
- B. Income by way of royalty form patents
- C. Both of above
- D. None of above

Q.51. The Producer Company can claim deduction u/s

- A. Sec 80P
- B. Sec 80PA
- C. Sec 80DA

Answers:

1. B	2. D	3. B	4. C	5. D	6. B
7. D	8. A	9. A	10.C	11.D	12.A
13.B	14.A	15.C	16.B	17.B	18.D
19.C	20.B	21.B	22.C	23.C	24.C
25.B	26.C	27.C	28.C	29.C	30.A
31.B	32.B	33.B	34.A	35.B	36.B
37.C	38.A	39.C	40.C	41.C	42.C
43.B	44.B	45.B	46.B	47.A	48.A
49.A	50.B	51.A			

Chapter~ 12 Advance Tax & TDS

- Q.1. Any person responsible for paying to a resident any sum exceeding ₹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%
- Q.2. The rate of TDS on rental payments of plant, machinery or equipment is –**
- A. 2% B. 5% C. 10% D. 1%
- Q.3. Advance tax will not be paid if tax payable after TDS is not more than or equal to –**
- A. ₹10,000 B. ₹15,000 C. ₹20,000 D. ₹25,000
- Q.4. 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
- Q.5. 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
- Q.6. Mr. X, a resident Indian, wins ₹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 @ 31.2%
C. No tax is deductible at source D. None of above
- Q.7. Mr. X paid fees for Professional Services of ₹40,000 to Mr. Y, who is engaged only in the business of operation of call center, on 15.07.2021. Tax is to be deducted by Mr. X at the rate of –**
- A. 1% B. 2% C. 10% D. 20%
- Q.8. An interior decorator has opted for presumptive taxation u/s 44ADA for AY 2022-23. He is liable to pay advance tax-**
- A. In one installment B. In two installments
C. In three installments D. In four installments
- Q.9. Mr. A, a salaried individual, pays rent of ₹51,000 per month to Mr. B from June, 2021. 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 2020

- Q.10. Mr. A, whose total sales is ₹201 lakhs, declare profit of ₹10 lakhs for the F.Y. 2022-23. He is liable to pay advance tax -**
- A. In one installment B. In two installments
C. In three installments D. In four installments
- Q.11. Advance tax is payable in installments by a non corporate assessee -**
- A. 3 B. 2 C. 4 D. 1
- Q.12. Advance tax is payable in installments by a corporate assessee -**
- A. 3 B. 2 C. 4 D. 1
- Q.13. Tax shall be payable in advance during any financial year, in accordance with the provisions of section 208 to 219, in respect of an assessee's**
- A. Previous Income B. Current Income
C. Past Income D. Future Income
- Q.14. Obligation to pay advance tax arises in when advance tax payable is**
- A. ₹10,000 or more B. ₹10,000 or less
C. ₹10,000 D. ₹15,000 or more
- Q.15. Advance tax shall not be payable by an individual resident having income like interest, rent, etc. In India, who**
- A. Does not have any income chargeable u/h Profits and gains of business or profession
B. Is of the age of sixty years or more at any time during the previous year
C. Both of them
D. Advance tax shall be payable
- Q.16. How shall advance tax be computed**
- A. Tax on total income + Tax deducted at source
B. Tax on total income – Tax deducted at source
C. Tax on total income * Tax deducted at source
D. Tax on total income / Tax deducted at source
- Q.17. An assessee, who has opted for the scheme of computing business income u/s 44AD on presumptive basis at the rate of 8% of turnover shall be ... payment of advance tax in respect of such income -**
- A. Subject to B. Exempted from C. Either (a) or (b) D. None
- Q.18. An assessee has to himself estimate his current income and pay advance tax thereon and deposit the same. Discuss the validity of the statement**
- A. Correct B. Incorrect C. Partly correct D. None
- Q.19. E-commerce operator at the time of payment to ecommerce participant shall make TDS u/s 194O @_____**
- A. 1% B. 2% C. 3% D. 5%

- Q.20. XE Ltd. Is engaged in remittance of money outside India has remitted Rs. 9 Lakhs on behalf of Mr. X to his son outside India it has been reported by X that the amount is out of loan for educational purpose TCS collectible would be ___**
A. 0.5% B. 5% C. 3% D. 0.3%
- Q.21. Vlearn travellers arrange overseas tour program and collected from Mr. Jayesh 2 lakhs for a trip to Thailand TCS Collectible would be ___**
A. 0.5% B. 5% C. 3% D. 0.3%
- Q.22. As per section 206(CCA) if the receiver did not filled return for last 2 years and average TCS is 50K of more then TCS will be collected @___**
A. 5% B. Twice the rate in the ACT C. Higher of above
D. Lower of above
- Q.23. As per Section 194Q upon purchase of goods of a value exceeding _____ shall be subject to TDS@ 0.1%.**
A. 30,lakh B. 40 Lakh C. 50 Lakh D. 20 lakh
- Q.24. Mr. A has withdrawn 30 Lakhs from DE DANA DAN Bank & inform the bank that he has not filled the return for any of the year earlier. The TDS rate by the bank shall be**
A. 2% B. 5% C. 7.5% D. 6%
- Q.25. If 194O and 194Q is simultaneously attracted the TDS will be deducted u/s ___**
A. 194O B. 194Q C. Both of the above D. None of the above
- Q.26. If 194Q and 206C (1H) is simultaneously attracted then ___ will prevailed**
A. 194Q B. 206C(1H) C. both of the above D. neither of above
- Q.27. If the last day for payment of any installment of advance tax is a day on which the receiving bank is closed, the assessee can make the payment on the, and in such cases, the mandatory interest leviable under sections 234B and 234C would**
A. Next immediately following working day, would be charged
B. Next immediately following working day, would not be charged
C. Previous working day, would be charged
D. Previous working day, would not be charged
- Q.28. Where the assessee does not pay By the due date, he shall be deemed to be an In respect of such installments**
A. Last installment, assessee in default
B. Any installment, assessee in default
C. Any installment, not assessee in default
D. Last installment, not assessee in default

- Q.29. Advance tax is payable by an assessee on his/its total income, which includes**
- A.** Capital Gains **B.** Casual Income **C.** Either of income **D.** None
- Q.30. Where no such installment is due i.e. Income is earned after 15th March, the entire tax should be paid by**
- A.** 15th March **B.** 31st March **C.** 31st July **D.** 15th September
- Q.31. What shall be payable by assessee for deferment of advance tax beyond due dates.**
- A.** Interest is payable under section 234A
B. Interest is payable under section 234B
C. Interest is payable under section 234C
D. None of above
- Q.32. The interest liability under section 234C would be, for a period of, for every deferment**
- A.** 2%,6M **B.** 1%,1M **C.** 1%,3M **D.** 2%,3M
- Q.33. For the last installment of 15th March, the interest liability u/s 234C would be For**
- A.** 1%,3M **B.** 2%,1M **C.** 1%,1M **D.** Nil,Nil
- Q.34. In case of assessee being company, if advance tax payable in second installment is, no interest under section 234C shall be payable**
- A.** 36% **B.** 36% or more **C.** 12% or more **D.** None of above
- Q.35. In what case, interest under section 234B is attracted?**
- A.** Non-payment of advance tax
B. Payment of advance tax of an amount less than 90 % of assessed tax
C. In either of the case
D. None of above
- Q.36. The interest liability under section 234B would be From 1st April following the financial year up to the date of determination of income under section 143(1)**
- A.** 1% pm **B.** 1% pm or part of mont
C. 2% pm or part of month **D.** None of above
- Q.37. Assessed tax is the tax calculated on total income less**
- A.** Relief **B.** TDS **C.** Both **D.** None of above
- Q.38. If any person has paid income tax after expiry of the last date of filing of return of income, interest shall be payable For the period subsequent to the last date of filing of return of income**
- A.** 12% pa **B.** 1%pm or part of month **C.** 1%pm **D.** 10%pm

- Q.39. Advance tax shall be payable during a financial year, only when amount of such advance tax payable by the assessee during that year is**
- A. ₹10,000 or more B. More than 0
C. ₹1,00,000 or more D. ₹10,00,000 or more
- Q.40. An individual need to pay ₹1,00,000 as advance tax. By 15th December, how much amount must be paid by the individual**
- A. ₹30,000 B. ₹60,000 C. ₹1,00,000 D. Nil
- Q.41. The advance tax is payable by the assessee if the advance tax payable during the financial year :**
- A. Exceeds of ₹5,000 B. Does not exceed ₹10,000
C. Is ₹10,000 or more D. Exceeding ₹100,000
- Q.42. The first installment of advance tax in case of a company assessee should be made:**
- A. On or before 15th June of the relevant financial year
B. On or before 15th July of the relevant financial year
C. On or before 15th September of the relevant financial year
- Q.43. The first installment of advance tax in case of a non-company assessee should be made:**
- A. On or before 15th June of the relevant financial year
B. On or before 15th September of the relevant financial year
C. On or before 15th October of the relevant financial year
- Q.44. The amount of Advance tax payable by the Company Assessee on or before 15th June shall be:**
- A. 30% of the advance tax payable
B. 15% of the advance tax payable
C. 12% of the advance tax payable
- Q.45. A Company Assessee has to make the payment of advance tax**
- A. In 3 installments B. In 4 installments C. Every month
- Q.46. A Non-Company Assessee has to make the payment of advance tax**
- A. In 4 installments B. In 3 installments C. Every month
- Q.47. Advance tax is payable by**
- A. A company assessee only
B. An assessee other than individual or HUF
C. Any assessee
- Q.48. Advance tax can**
- A. Be paid after 15 th March of the relevant financial year
B. Not be paid after 15 th March
C. Be paid after 15 th March but by 31st March of the relevant financial year
- Q.49. The advance tax is payable by the assessee**
- A. On his own account
B. Only when the order for payment is passed by the Assessing Officer

C. On his own account or when the order for payment is passed by the Assessing Officer

Answers:

1.A	2.A	3.A	4.B	5.C	6.C
7.B	8.A	9.A	10.D	11.C	12.C
13.B	14.A	15.C	16. B	17. A	18. A
19.A	20. A	21.B	22.C	23.C	24.A
25.A	26.A	27.B	28.B	29.C	30.B
31.B	32.C	33.C	34.B	35.C	36.B
37.C	38.B	39.A	40.C	41.C	42.A
43.A	44.B	45.B	46.A	47.C	48.C
49.C					

- Q.16. X is spouse to Mr. Z who is covered in Sec. 5A of the Income Tax and Mr. Z is subject to tax audit the due date of filling return for Mrs. X will be**
- A. 31st July
 - B. 31st October
 - C. 31st December
 - D. 31st March
- Q.17. A women who is a non- resident in india and less than 65 years of age shall have to file the return of income if her total income exceeds :**
- A. ₹ 1,90,000 before allowing deduction under section 80C to 80U and Section 10A , 10B , and 10BA
 - B. ₹ 2,50,000 before allowing deduction under section 80c to 80 u and section Section 10A, 10B , 10BA
- Q.18. As per section 139 (1) , a person other than a company or a firm shall have to file a return of income of :**
- A. His total income exceeds ₹ 1,80,000
 - B. His total income exceeds the maximum amount which is not chargeable to tax
 - C. His total income inclusive of deduction under chapter vi and section 10a , 10b and 10ba exceeds the maximum amount which is not chargeable income tax
 - D. In all cases irrespective of any income or loss
- Q.19. A dies on 15.11.2021 and his total income till 15.11.2021 was ₹ 1,90,000 . Thereafter the business of A was inherited by his son R and his total income from such business was ₹ 1,75,000 . The son does not have any income. In this case the son :**
- A. Has to file a consolidated return of income amounting to ₹ 3,65,000
 - B. Has to file two return of income , one on behalf of his father for ₹ 1,90,000 & other in his own capacity for ₹ 1,75,000 .
 - C. Has to file one return of income on behalf of his father for ₹ 3,65,000
 - D. Has to file only one return of income on behalf of his father for ₹ 1,90,000
- Q.20. The last date of filling the return of income u/s 139(1) for Assessment year 2022-23 in case of company assessee is :**
- A. 30th Sep
 - B. 30th OCT of the Assessment year
 - C. 31st March of the Assessment year
 - D. 30th Nov of the Assessment year in case it is required to furnish report referred to in section 92E and 30th OCT of the Assessment year in any other case
- Q.21. The last date of filling the return of income u/s 139(1) for Assessment year 22-23. in case of non-corporate assessee who does not have any income u/h profits and gains from business or profession is :**
- A. 31st July of the assessment year
 - B. 30th Sep of the assessment year
 - C. 31st March of the assessment year

- Q.22. The last date of filling the return of income u/s 139(1) for assessment year 2022-23 in case of non- corporate 2022-23 in case of non- corporate business assessee whose accounts are not liable to be audited shall be :**
- A. 31st July of the assessment year
 - B. 30th June of the assessment year
 - C. 30th Sep of the assessment year
- Q.23. The due date of filling the return of income for assessment year 2022-23 in case of a working partner of a firm whose accounts are liable to be audited shall be :**
- A. 31st July of the assessment year.
 - B. 30th Oct of the assessment year
 - C. 30th June of the assessment year
- Q.24. E-filing of return in case of an office of the government /company and a firm whose accounts are liable to be audited assessee is :**
- A. Mandatory
 - B. Optional
- Q.25. The filling of return of loss in case of a person other than a company or firm is :**
- A. Mandatory
 - B. Not Mandatory
 - C. Mandatory If The Assessee Has To Carry Forward The Loss Which Are Allowed To Be Carried Forward & Set Off
- Q.26. If the assessee has to carry forward the loss , the return of loss must be submitted**
- A. On or before the due date mentioned in section 139(1)
 - B. At any time before the end of the relevant assessment year
 - C. At any time before the expiry of one year from the end of the relevant assessment year
- Q.27. If there is a loss u/h house property , it will be allowed to be carried forward (if it could not be set off from other head of income). In this case, however the assessee**
- A. Has to submit the return of income
 - B. Need not submit the return of income
 - C. Must submit the return of income but it can be a belated return submitted as per section 139(4)
- Q.28. Belated return u/s 139(4) can be filed at any time :**
- A. Before the expiry of relevant previous year
 - B. Before the expiry of one year from the end of the relevant assessment year
 - C. 3 months Before the end of the relevant assessment year or before the assessment is complete , whichever happens to be earlier
- Q.29. The assessee could not file his return of income for assessment year 2022-23 within the time allowed u/s 139(1). No assessment has so far been made. The assessee in this case can file his return of income till :**
- A. 31.3.2022
 - B. 31.12.2021
 - C. 31.3.2023

- Q.30. The assessee could not file his return of income for previous year 2021-22 within the time allowed as per section 139(1). No assessment has so far been made. The assessee in this case file is return of income till :**
- A. 31.3.2021 B. 31.12.2022 C. 31.3.2023**
- Q.31. If Aadhar and Pan is not linked by June 2021 then fees shall be _____**
- A. 2000 B. 10000 C. 100000 D. 1000 E. 5000**
- Q.32. For the previous year assessee has suffered a business loss of ₹ 2,50,000 . His income from other sources is ₹ 1,80,000. His due date of return was 31.7.2021 but he submitted the return on 9.9.2021 , the assessee in this case :**
- A. Shall be allowed to carry forward the loss of ₹ 70,000**
B. Shall not allowed to carry forward any loss
C. Shall be allowed to set off current year business loss to the extent of ₹ 1,80,000 but shall not be allowed to carry forward the balance loss of ₹ 70,000
D. Shall not allowed to set off the business loss to the extent of ₹ 1,80,000 & would be liable to tax on ₹ 1,80,000
- Q.33. For the previous year, the assessee incurred loss under the head, income from house property amounting to ₹ 1,20,000. His other income for the same previous year is ₹ 50,000. His due date of return was 31.7.2021 but he submitted the return on 9.9.2021 ,in this case the assessee :**
- A. Shall be allowed to carry forward the loss of ₹ 70,000**
B. Shall not be allowed to carry forward the loss of ₹ 70,000
- Q.34. For the previous year, the business income of the assessee. Before providing current year depreciation of ₹ 3,00,000, was ₹ 2,40,000 . His due date for furnishing the return of income was 30.9.2021 but he submitted the return on 15.12.2021. In this case , the assessee shall :**
- A. Be allowed to carry forward unabsorbed depreciation of ₹ 60,000**
B. Not be allowed to carry forward unabsorbed depreciation of ₹ 60,000
- Q.35. For the previous year , the business loss of the assessee was ₹ 1,00,000 and the current year depreciation was ₹1,40,000 . The assessee furnished the return of income on 15.12.2021 although the due date was for the previous year , the business loss of the assessee was ₹ 1,00,000 and the current year depreciation was ₹1,40,000 . The assessee furnished the return of income on 15.12.2021 although the due date was**
- A. Be allowed to carry forward business loss of ₹ 1,00,000 and unabsorbed depreciation of ₹ 1,40,000.**
B. Neither be allowed to carry forward business loss nor the unabsorbed depreciation
C. Not be allowed to carry forward business loss but shall be allowed to carry forward unabsorbed depreciation
- Q.36. R finds some mistake in the return of income submitted by him on 5.6.2020 for assessment year 2022-23. He wishes to revise such return .no assessment has been done in this case. R can revise such return till :**

A. 31.3.2021 B. 31.3.2022 C. 31.3.2023

Q.37. Revised return can be submitted for AY. 2022-23 Maximum by ____ if Assessment is not made.

A. 31.3.2021 B. 31.12.2022 C. 31.3.2023

Q.38. A partnership firm has turnover of ₹. 75,00,000 and income under head business/ profession ₹. 5,00,000 for PY 2021-22. In this case, the last date of filing of return of income shall be

A. 31st July 2021 B. 31st July 2023
C. 30th October 2022 D. No Need To File Return

Q.39. Mr. Swastik has a Electricity bill of Rs. 1,30,000 in the PY but taxable income is rs. 2,10,000 whether he is required to file return

A. Yes B. No C. cant say D. None

Q.40. Mr. Satyam is covered in Tax Audit whether his return can be submitted by TRP

A. Yes B. No

Q.41. Mr. Naman has paid Rs. 3 lakhs to Make my Trip.com for foreign Travel of his family whether he is required to filled the return _____

A. Yes B. No

Q.42. Mr. Rohan is a person residing in J&K and does not have Aadhar can he filled the Return

A. Yes B. No

Answers:

1.A	2.B	3.C	4.A	5.D	6.C
7.B	8.B	9.B	10.B	11.C	12.C
13.D	14.C	15.C	16. B	17. B	18.C
19.D	20. D	21.A	22.A	23.B	24.A
25.C	26.A	27.C	28.C	29. B	30. B
31. D	32. C	33. A	34.A	35. C	36. B
37. B	38. C	39. A	40. B	41.A	42. A