

CHAPTER 8 INCOME FROM OTHER SOURCES

MULTIPLE CHOICE QUESTIONS

INCOMES TAXABLE UNDER INCOME FROM OTHER SOURCES

(1) Income of every kind, which is not to be excluded from the total income under this Act and not charged to income-tax under any of the other four heads, shall be chargeable to income-tax under the head :

- (a) Income from salaries
 (b) Income from House Property
 (c) Profits and gains from business and profession
 (d) Income from Other Sources Ans.(d)

(2) Which is the charging section for income chargeable under the head Income from other sources ?

- (a) Section 15
 (b) Section 28
 (c) Section 22
 (d) Section 56 Ans.(d)

(3) John, engaged in fertiliser trade received rent by sub-letting a building. This will be taxable under the head - (June, 2015)

- (a) Income from house property
 (b) Income from capital gains
 (c) Income from profits and gains of business and profession
 (d) Income from other sources.

Ans.(d)

(4) Under the Income-tax Act, 1961, dividend derived from the shares held as stock-in-trade are taxable under the head - (June, 2015)

- (a) Income from other sources
 (b) Income from profits and gains of business or profession
 (c) Capital gains
 (d) Either capital gains or income from profits and gains of business or profession. Ans.(a)

(5) Which of the following incomes are chargeable under the head 'Income from other sources'?

- (a) Dividends
 (b) Winnings from lotteries
 (c) Betting
 (d) All of these Ans.(d)

(6) Agriculture income received from outside India will be -

- (a) Taxable under the head Profit and Gains of Business or Profession
 (b) Taxable under the head Income from other sources
 (c) Exempt from tax
 (d) None of these Ans.(b)

(7) Ramesh was dealing in the business of lotteries. He himself won a lottery out of Stock in trade. Income earned from such lottery will be -

- (a) IOS
 (b) PGBP
 (c) Exempt

(d) None of these Ans.(b)

(8) Salary paid to a member of parliament will be -

(a) Taxable under the head Profit and Gains of Business or Profession

(b) Taxable under the head Income from other sources

(c) Exempt

(d) None of these Ans.(b)

(9) Any sum of money received as an advance or otherwise in the course of negotiations for transfer of a capital asset is forfeited and the negotiations do not result in transfer of such capital asset will be taxable under the head -

(a) Profit and Gains of Business or Profession

(b) Income from other sources

(c) Capital gains

(d) Income from house property Ans.(b)

(10) Any sum of money received exceeding Rs. 50,000 without consideration or for inadequate consideration will be taxable under the head -

(a) Income from house property

(b) Capital gains

(c) Income from other sources

(a) Profit and Gains of Business or Profession Ans.(c)

(11) Aman entered into an agreement with Brij for sale of a building for Rs. 20 lakh in June, 2019. Aman received advance of Rs. 2 lakh. Subsequently, the agreement was cancelled and Aman forfeited the advance money. The advance money is - (Dec. 2015)

(a) To be reduced from the cost of acquisition

(b) To be reduced from indexed cost of acquisition

(c) Taxable as capital gains

(d) Taxable as income under the head 'income from other sources' Ans.(d)

(12) Shashank received Rs. 10,000 as directors fee from a company. This amount will be taxable under the head -

(a) Profit and Gains of Business or Profession

(b) Income from other sources

(c) Exempt

(d) None of these Ans.(b)

(13) An assessee earned interest on post office savings bank account: Rs. 6,000. Such sum shall be taxable under the head :

(a) Salaries (b) Profit & Gains of Business & Profession

(c) Capital Gains (d) Income from Other Sources Ans.(d)

(14) Rakesh owned a machinery. He let it on hire to Raghu for Rs. 2,40,000 p.a. Such amount shall be taxable under head:

(a) Income from other sources (b) Income from house property

(c) Income from Business and profession (d) Any of the above Ans.(a)

(15) Income from letting on hire of plant, machinery or furniture is chargeable under the head -

(a) Income from other sources.

(b) Profits and gains of Business or Profession.

(c) Capital Gains.

(d) Either (a) or (b)

Ans.(d)

(16) Under which head income from letting on hire of machinery etc. will be taxed if the same is not chargeable under the head 'Profits and gains of Business and Profession' ?

(a) Income from Other Sources.

(b) Salaries

(c) Capital Gains

(d) Income from House Property Ans.(a)

(17) Income earned by an assessee from letting on hire machinery, plant or furniture belonging to him and also buildings, and where letting of buildings is inseparable from the letting of the said machinery, plant or furniture shall be taxable under the head:

(a) Income from other sources

(b) Income from house property

(c) Income from Business and profession

(d) Any of the above Ans.(a)

(18) Any sum received by employer from employees as contribution to certain funds is taxable under the head :

(a) Salaries

(b) Profit & Gains of Business & Profession

(c) Capital Gains

(d) Income from Other Sources Ans.(d)

DIVIDEND, DEEMED DIVIDEND AND ITS TAXABILITY

(19) Amount paid to or received by a shareholder in proportion to its shareholding in a company out of the total sum so distributed is known as :

(a) Share

(b) Dividend

(c) Bonus

(d) Profit Ans.(b)

(20) The date fixed by a company for entitlement of dividend or by a mutual fund/administration/ specified company for entitlement of dividend or bonus units is known as :

(a) Due date

(b) Record date

(c) Expiry date

(d) None of these Ans.(b)

(21) Radha held 1,000,12% Preference shares of Rs. 100 each in Rosa Ltd. Dividend was received by her on 25 th March, 2020. Calculate the amount chargeable to tax.

(a) Exempt

(b) Rs. 12,000

(c) Rs. 120

(d) None of the above Ans.(a)

(22) Deemed dividends as given in Section 2(22), which provides "dividend" includes -

(a) Distribution of accumulated profits, entailing release of assets by the company to its shareholders.

(b) Distribution of debentures/deposit-certificates to shareholders or bonus shares to preference shareholders to an extent to which the company possesses accumulated profits.

(c) Distribution to shareholders on liquidation to the extent to which the distribution is attributable to the accumulated profits of the company immediately before its liquidation.

(d) All of the above.

Ans.(d)

(23) Which of the following distributions by a company to its shareholders are not considered as deemed dividends ?

- (a) Debentures (b) Debenture Stock
 (c) Shares issued for full cash consideration (d) Bonus shares Ans.(c)

(24) A private limited company engaged in manufacturing activity had general reserve of Rs. 20 lakh. It granted a loan of Rs. 5 lakh 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 - (Dec. 2015)

- (a) Rs. 2,60,000 (b) Rs. 2,40,000
 (c) Rs. 5,00,000 (d) Nil. Ans.(c)

⇒ (25) Mr. X resident individual 45 years of age gives the following information pertaining to the assessment year 2020-21 :

Particulars -

Dividend from shares of Indian company on which the 12,50,000 company has paid dividend distribution tax u/s 115-0 Expenses incurred on collecting such dividends 12,500

Determine the amount of tax liability for the assessment year 2020-21.

- (a) Rs. 1,28,750 (b) Rs. 1,27,460
 (c) Rs. 26,000 (d) Rs. 23,180 Ans.(c)

(26) X Ltd. reduced its share capital and for that distributed to its shareholders an amount of Rs. 55,00,000. The company possessed accumulated profits of Rs. 35,00,000 as on the date of distribution. What shall be the amount to be assessed as deemed dividend?

- (a) Rs. 55,00,000 (b) Rs. 35,00,000
 (c) Rs. 20,00,000 (d) No deemed dividend Ans.(b)

(27) XYZ Pvt. Ltd. gave a loan of Rs. 5,00,000 to its shareholder. The shareholder was the beneficial owner of equity shares of the company as he held 12% of the voting power of the Company. The company possessed accumulated profits of Rs. 3,00,000 as on the date of advancement of loan. What shall be the amount to be assessed as deemed dividend in the hands of shareholder?

- (a) Rs. 5,00,000
 (b) Rs. 3,00,000
 (c) Rs. 2,00,000
 (d) Dividend will be exempt in hands of shareholder under Section 10(34).

Ans.(d)

(28) Libra P. Ltd. engaged in trading activity had accumulated profits of Rs. 15,00,000 as on 1-4-2019, Mr. Gautam having 30% of the equity shares and voting rights in the company received Rs. 5 lakhs as loan on 1-6-2019 from the company. The loan was repaid by him on 30-11-2019. The amount liable to tax in the hands of Mr. Gautam as deemed dividend is: (June, 2017)

- (a) Rs. 4,50,000
 (b) Rs. 15,00,000
 (c) Dividend will be exempt in hands of shareholder under Section 10(34).
 (d) Rs. 1,50,000

Ans.(c)

(29) As per section 2(22) (e), loan/ advances given by a private company to a concern in which its shareholder has substantial interest, then to the extent of accumulated profits held by the private company (capitalised accumulated profits not included), it shall be considered as deemed dividend taxable in the hands of shareholder. A person is deemed to have a substantial interest:

- (a) If he holds 20% of the voting power (equity shares) in the company;
- (b) If he is beneficially entitled to 20% or more of the income of such concern.
- (c) Either (a) or (b)
- (d) None of these.

Ans.(c)

(30) ABC Pvt. Ltd. gave a loan of Rs. 9,00,000 to PQR & Co.. 'C1, a shareholder of ABC Pvt. Ltd. was holding 20% of the voting power (equity shares) in the concern PQR & Co. The company possessed accumulated profits of Rs. 5,20,000 as on the date of advancement of loan to the PQR & Co. What shall be the amount to be assessed as deemed dividend in the hands of shareholder?

- (a) Rs. 3,80,000
- (b) Rs. 9,00,000
- (c) Rs. 5,20,000
- (d) Dividend will be exempt in hands of shareholder under Section 10(34).

Ans.(d)

(31) Compute income taxable under head income from other sources :

Dividend from shares of Indian company Rs. 3,000

Winnings from lotteries (net) Rs. 70,000

Rental Income of Plant and machinery y 51,000

- (a) 1,51,000
- (b) Rs. 1,21,0000
- (c) Rs. 1,54,000
- (d) y 1,24,000

Ans.(a)

(32) Compute income taxable under head income from other sources received by Mr. X :

Cash gift received from his brother on occasion of his marriage anniversary Rs. 75,000

Winnings from lotteries (net) Rs. 70,000

Forfeited advance money received on occasion of transfer of capital asset Rs. 51,000

- (a) Rs. 1,96,000
- (b) Rs. 1,51,000
- (c) Rs. 1,75,000
- (d) Rs. 1,00,000

Ans.(b)

(33) Compute income taxable under head income from other sources received by Mr. X :

Cash gift received from his friend on occasion of his marriage anniversary y 75,000

Winnings from lotteries (net) Rs. 70,000

Forfeited advance money received on occasion of transfer of capital asset Rs. 51,000

- (a) Rs. 1,96,000
- (b) Rs. 1,51,000
- (c) Rs. 1,75,000
- (d) Rs. 2,26,000

Ans.(d)

(34) Mrs. Laxmi, 70 years old, received Rs. 30,000 every month from SBI under reverse mortgage scheme by mortgaging her residential house property. She also received monthly family pension of Rs. 15,000. Her total income for the assessment year 2020-21 is - (June 2016)

- (a) Rs. 5,40,000
- (b) Rs. 1,80,000
- (c) Rs. 1,65,000
- (d) Rs. 3,60,000

Ans.(c)

(35) Winnings from lotteries, crossword puzzles, races including horse races, card games and other games of any sort or from gambling or betting of any form or nature, taxable under the head 'Income from other sources' after grossing up is taxed without allowing basic exemption limit at flat rate of:

- (a) 30% (b) 20%
(c) 10% (d) 15% Ans.(a)

(36) Winnings from lotteries (gross) Rs. 90,000. Calculate the amount to be included while computing income under the head 'Income from Other Sources'.

- (a) Rs. 90,000 (b) Rs. 1,28,571
(c) Rs. 27,000 (d) Rs. 1,17,000 Ans.(a)

(37) Amit received Rs. 70,000 being winnings from lottery after deduction of tax at source. His gross winnings from lottery to be included in the total income is - (Dec. 2016)

- (a) Nil (b) Rs. 1,00,000
(c) Rs. 70,000 (d) Rs. 30,000 Ans.(b)

(38) An assessee earned an income of Rs. 65,000 from lottery. Expenditure incurred by him in regard to earn this income was of Rs. 18,000. Deduction of such amount of expenditure shall be:

- (a) Allowed (b) Disallowed
(c) Partly allowed and partly disallowed (d) Any of the above Ans.(b)

(39) Winnings from horse race (net) Rs. 35,000. Calculate the amount to be included while computing income under the head 'Income from Other Sources'.

- (a) Rs. 35,000 (b) Rs. 50,000
(c) Rs. 10,500 (d) Rs. 60,500 Ans.(b)

(40) Miss. Z received an amount of Rs. 27,760 on 1-12-2019 in connection with winning from **camel races**. Cost of race tickets purchased was Rs. 2,000. Calculate amount to be included under the head 'Income from Other Sources':

- (a) Rs. 27,760 (b) Rs. 25,760
(c) Nil (d) Rs. 2,000 Ans.(a)

(41) Rs. 30,000, 11% securities (unlisted) of a textile company. What shall be the amount of interest income earned from securities to be taxable under the head of Income from Other Sources?

- (a) Rs. 30,000 (b) Rs. 3,300
(c) Rs. 26,700 (d) Not taxable Ans.(b)

(42) An assessee received an income of Rs. 9,000 (net) as interest on securities of a listed paper manufacturing company (TDS Rate 10%). What shall be the amount of interest income earned from securities to be taxable under head Income from Other Sources?

- (a) Rs.9,000 (b) Rs. 10,000
(c) Rs. 8,100 (d) Not taxable Ans.(b)

→ (43) Reema received rent of Rs. 60,000 from letting a residential building (in Mumbai) along with plant and machinery (letting out building is inseparable from letting of plant and machinery). She expended Rs. 6,000 for repairs and insurance of the buildings and plant and machinery. The WDV of building was Rs. 2,00,000 as on 1-4-2019 and the plant and machinery was purchased on 9th May 2019 for Rs. 20,000. Amount taxable is :

- (a) Rs. 54,000 (b) Rs.31,000
(c) Rs. 60,000 (d) Rs. 44,000 Ans.(b)

(44) The dividend received by an individual from an company in excess of ____ is chargeable to tax @ ____

- (a) 10,00,000,10% (b) Rs. 5,00,000, 20%
 (c) Rs. 1,00,000,10% (d) None of the above Ans.(a)

(45) If interest on securities is received after deduction of tax at source then the amount to be included in the total income is :

- (a) Gross interest (b) Net interest
 (c) No amount to be included (d) None of these Ans.(a)

(46) Sum received under a Keyman insurance policy including bonus shall be taxable under the head:

- (a) Income from other sources (b) Income from house property
 (c) Income from Business and profession (d) Any of the above Ans.(a)

TAXABILITY OF GIFTS

(47) Rakesh acquired a motor car for Rs. 3,00,000 from his friend (non-relative) when the fair market value of the motor car was Rs. 5,00,000. The amount liable to tax in the hands of Rakesh from the transaction is : (June, 2017)

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

Note : Since motor car is not covered in the meaning of movable property.

(48) A lady received gifts worth Rs. 1,00,000 from her relatives as defined under the Income-tax Act, 1961 and Rs. 60,000 from her office colleagues on her marriage anniversary. The taxable amount of gifts would be - (Dec. 2016)

- (a) Rs. 1,60,000 (b) Rs. 60,000
 (c) Rs. 10,000 (d) Rs.1,10,000 Ans.(b)

(49) A cash gifts or immovable or movable property is taxable u/s 56(2)(x), if it is being received by:-

- (a) Individual or HUF (b) Partnership firm
 (c) AOP or BOI (d) All of the above Ans.(d)

(50) Mr. A received drawings worth Rs. 1,00,000 as gift from his friend, on 20th April, 2019. The taxable amount in the hands of the firm is :-

- (a) Rs. 1,00,000 (b) Rs. 60,000
 (c) Rs. 50,000 (d) No Tax liability arise Ans.(a)

(51) A firm received drawings worth Rs. 1,00,000 as gift from X, an Individual, on 20th April, 2019. The taxable amount in the hands of the firm is :-

- (a) Rs. 1,00,000 (b) Rs. 60,000
 (c) Rs.50,000 (d) No Tax liability arise Ans.(a)

(52) Akshay received a gift of Rs. 35,000 each on 22th May, 2019 from his three friends. The amount chargeable to tax in this case would be - (Dec. 2014)

- (a) Rs. 50,000 (b) Rs. 1,05,000
 (c) Nil (d) Rs.55,000 Ans.(b)

(53) Cash gifts exceeding _____ shall be chargeable under the head income from other sources

(a) Rs. 5,000 (b) Rs. 20,000
 (c) Rs. 50,000 (d) Rs. 25,000 Ans.(c)
 (54) Gifts from employer exceeding _____ shall be chargeable under the head income from Salary :

(a) Rs. 5,000 (b) Rs. 20,000
 (c) Rs. 50,000 (d) Rs. 25,000 Ans., (a)

(55) The taxability of gift shall not apply if this gift is received from:

(a) Relative (b) Local authority
 (c) By way of inheritance (d) All of these Ans..(d)

(56) Mrs. X received the following gifts during the year. Which gifts shall be included in computing the income from other sources?

- (a) Gift of Rs. 2,000 from her employer.
- (b) Gift of Rs. 21,000 on 15th December from her mother's friend.
- (c) Gift of Rs. 1,21,000 from her husband's brother.
- (d) Gift of Rs. 60,000 on 25th November from her father's brother.

Ans.(b)

(57) Mrs. X received the following gifts during the year. Which gifts shall not be included in computing the income from other sources?

- (a) Scholarship of Rs. 1,20,000 from a charitable institution registered under section 12AA.
- (b) Gifts of Rs. 51,000 each received from her four friends on the occasion of her marriage on 21st October.
- (c) Gift of Rs. 1,41,000 from her husband's brother.
- (d) All of the above.

Ans.(d)

(58) Which of the following income will be taxable as income from other sources -**(June, 2015)**

- (a) Purchase of house from husband for inadequate consideration
- (b) Purchase of painting from 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.

Ans.(b&c)

Note – Since the questions is asked in such a mannet therefore you can tick any of the option.

(59) Richa received gift of jewellery, fair market value of which is Rs. 3,00,000 on 17th October from her fiancée. What will be the taxable amount ?

(a) Nil (b) Rs. 3,00,000
 (c) Rs. 2,50,000 (d) Rs. 50,000 Ans.(b)

(60) Mohan received a watch worth Rs. 60,000 from his cousin grandfather (brother of his grandfather). What will be the taxable amount ?

(a) Nil (b) Rs. 60,000
 (c) Rs. 10,000 (d) Rs. 50,000 Ans, (a)

(61) If A receives Rs. 31,000 from B and Rs. 20,000 from C, then, what will be the taxable amount ?

(a) Nil (b) Rs. 1,000
 (c) Rs. 51,000 (d) Rs. 50,000 Ans.(c)

(62) Sohan received a share of Rs. 60,000 from his cousin grandfather (brother of his grandfather). What will be the taxable amount ?

- (a) Nil (b) Rs. 60,000
 (c) Rs. 10,000 (d) Rs. 50,000 Ans.(b)

(63) Nisha received a gift from his sister in Netherlands of Rs. 2,50,000. What will be the taxable amount ?

- (a) Exempt (b) Rs. 2,50,000
 (c) Rs. 2,00,000 (d) Rs. 50,000 Ans.(a)

(64) Rakesh received Rs. 70,000 from his friend on the occasion of his birthday.

- (a) The entire amount of Rs. 70,000 is taxable (b) Rs. 20,000 is taxable
 (c) The entire amount is exempt (d) None of the above. Ans.(a)

(65) Hemali received a cash gift of Rs. 80,000 from her friend on her 25th wedding anniversary. Amount taxable is :

- (a) Exempt (b) Rs. 80,000
 (c) Rs. 30,000 (d) Rs. 50,000 Ans.(b)

(66) Gift of Rs. 5,00,000 received on 10th July, 2019 through account payee cheque from a non-relative regularly assessed to income-tax, is -

- (a) A capital receipt not chargeable to tax
 (b) Chargeable to tax as income from other sources
 (c) Chargeable to tax as business income
 (d) Exempt upto Rs. 50,000 and balance chargeable to tax as income from other sources.

Ans.(b)

⇒ (67) Mr. A received cash gift worth Rs. 55,000 from his grandfather's brother Mahesh, on the occasion of the marriage of his son. What will be the taxable amount -

- (a) Rs. 55,000 (b) Nil
 (c) Rs. 50,000 (d) Rs. 5,000 Ans.(a)

(68) Mr. J received a Watch worth Rs. 55,000 from his employer on the occasion of his birthday. What will be the tax consequences?

- (a) Rs. 55,000 taxable in the hand of J, as income from Salaries
 (b) Rs. 55,000 taxable in the hands of J, as Fringe salaries benefit.
 (c) Rs. 55,000 taxable, as income from other sources
 (d) None of these Ans.(a)

(69) On 5th February, 2020 Rajat gets a gift of motor car from a relative Madan. Fair market value of the car is Rs. 3,60,000. The amount taxable in the hands of Rajat under section 56(2)(x) is - (Dec. 2012)

- (a) Rs. 3,60,000 (b) 13,10,000
 (c) Nil (d) Rs. 50,000 Ans.(c)

(70) On 30th December, 2019, Raju gets by gift a commercial flat from the elder brother of his father-in-law (stamp duty value is Rs. 25,00,000). The amount chargeable to tax in the hands of Raju is - (June, 2012)

- (a) Rs. 25,00,000 (b) Rs. 24,50,000

- (c) Rs. 20,00,000 (d) Nil. Ans.(a)
- (71) On 30th December, 2019, Raju gets by gift a commercial flat from the elder brother of his father (stamp duty value is Rs. 25,00,000). The amount chargeable to tax in the hands of Raju is -
- (a) Rs. 25,00,000 (b) Rs. 24,50,000
- (c) Rs. 20,00,000 (d) Nil. Ans.(d)
- (72) Rohan received gift of immovable property from his friend the stamp duty value is Rs. 6,00,000. What will be the taxable amount ?
- (a) Nil (b) Rs. 6,00,000
- (c) Rs. 50,000 (d) Rs. 5,50,000 Ans.(b)
- (73) Ramesh purchased an immovable property for a consideration of Rs. 1,00,000. The stamp duty value is Rs. 4,00,000. What will be the taxable amount under "Income from other Source" ?
- (a) Nil (b) Rs. 2,50,000
- (c) Rs. 3,00,000 (d) Rs. 4,00,000 Ans.(c)
- (74) Rajesh gifted an immovable property for a consideration of Rs. 70,00,000. The stamp duty value as on the date of agreement is Rs. 81,00,000 whereas stamp duty value on the date of registration was Rs. 82,50,000. Part of the amount of consideration of Rs. 34,00,000 has been received by cheque on the date of agreement for transfer of the asset. What will be the taxable amount ?
- (a) Rs. 34,00,000 (b) Rs. 36,00,000
- (c) Rs. 11,00,000 (d) Rs. 10,50,000 Ans.(c)
- (75) Rajni received a movable property without consideration amounting to Rs. 3,00,000 on the occasion of her marriage. The aggregate fair market value of the property was of Rs. 4,50,000. What will be the taxable amount ?
- (a) Nil (b) Rs.3 ,00,000
- (c) Rs. 4,50,000 (d) Rs. 4,00,000
- Ans.(a)
- (76) Rakhi received a movable property without consideration amounting to Rs. 3,00,000. The aggregate fair market value of the property was of Rs. 4,50,000. What will be the taxable amount ?
- (a) NU (b) Rs. 3,00,000
- (c) Rs. 4,50,000 (d) Rs. 4,00,000
- Ans.(c)
- (77) Raima received a movable property for a consideration amounting to Rs. 3,00,000. The aggregate fair market value of the property was of Rs. 4,50,000. What will be the taxable amount ?
- (a) Nil (b) Rs. 1,50,000
- (c) Rs. 1,00,000 (d) Rs. 4,50,000 Ans.(b)
- (78) Manju purchased bullion for Rs. 4,00,000 whose fair market value is Rs. 4,85,000. What will be the taxable amount ?
- (a) 85,000 (b) Rs. 4,85,000

(c) Rs.35,000 (d) Nil Ans (a)

(79) Manju purchased bullion for Rs. 4,40,000 whose fair market value is Rs. 4,85,000. What will be the taxable amount ?

(a) Nil

(b) Rs. 4,85,000

(c) Rs.4,40,000

(d)Rs. 45,000

Ans (a)

(80) M & Co. purchased bullion for Rs. 4,00,000 whose fair market value is Rs. 4,85,000. What will be the taxable amount ?

(a) 85,000

(b) Rs. 4,85,000

(c) Rs. 4,00,000

(d) Nil

Ans.(a)

(81) Mr. Ram received cash gift of Rs. 51,000 from his friends on the occasion of his 50th birthday. None of the friends are relative. The amount liable to tax in the hands of Mr. Ram. would be : (June, 2017)

(a) Nil

(b) Rs. 1,000

(c) Rs. 51,000

(d) Rs. 46,000

Ans.(c)

(82) No taxability in regard to gift received shall arise if such gift is received -

(a) Under will or by inheritance.

(b) In contemplation of death of payer or donor.

(c) From Trust or institution registered u/s 12AA.

(d) All of the above.

Ans.(d)

(83) Nikita, a member of her father's HUF, transferred a house property to the HUF without consideration. The stamp duty value of the house property is Rs. 19,00,000. Discuss the taxability or otherwise of the issue in the hands of the recipient as per section 56(2) (x) of the Income-tax Act, 1961 -

(a) Non-taxable

(b) Taxable

(c) Exempt

(d) None of the above.

Ans.(a)

(84) X & Co. received a gift of 700 shares of RZX Pvt. Ltd. for nil consideration. The aggregate fair market value of shares is Rs. 2,30,000. What will be the taxable amount under the head Income from Other Sources ?

(a) Nil

(b) Rs. 50,000

(c) Rs. 2,30,000

(d) Rs. 70,000

Ans.(c)

(85) Where a firm or closely held company received from any person any property being shares of closely held company without consideration: (June, 2017)

- (a) The whole of the fair market value of the shares shall be taxable
- (b) The whole of the FMV shall be taxable if it exceeds Rs. 50,000
- (c) The whole of FMV shall be exempt
- (d) The whole of the cost of such shares shall be exempt

Ans.(b)

(86) X & Co. received a gift of 900 shares of RST Pvt. Ltd--at a consideration of Rs. 1,60,000. The aggregate fair market value of shares is Rs. 2,30,000. What will be the taxable amount under the head Income from Other Sources u/s 56(2)(x)?

- (a) nil
- (b) Rs. 50,000
- (c) Rs. 70,000
- (d) Rs. 1,60,000

Ans.(c)

(87) Agra (P) Ltd. issued equity shares of Rs. 10 each at Rs. 40 per share. The fair market value of the share on the date of issue was ascertained as Rs. 25 per share. The company issued 1,00,000 equity shares. The amount liable to tax in the hands of the company would be : '(June, 2017)

- (a) Rs. 15,00,000
- (b) Rs. 30,00,000 Rs.
- (c) Nil
- (d) Rs. 40,00,000

Ans. (a)

(88) VSC Pvt. Ltd. issued 1,00,000 shares. The face value of shares is Rs. 200, Fair Market value Rs. 190 and issue price Rs. 210. Calculate the amount to be considered as income in hands of VSC Pvt. Ltd. as per section 56(2)(viib).

- (a) Nil
- (b) Rs. 20,00,000
- (c) Rs. 10,00,000
- (d) Rs. 5,00,000 000

Ans.(b)

(89) If in the above case, face value of shares is Rs. 200, Fair Market value Rs. 190 and issue price Rs. 198. Calculate the amount to be considered as income in hands of VSC Pvt. Ltd. as per section 56(2)(viib).

- (a) Nil
- (b) Rs. 20,00,000
- (c) Rs. 10,00,000
- (d) Rs. 5,00,000

Ans., (a)

(90) Use Pvt. Ltd. issued 1,00,000 shares. The face value of shares is Rs. 200, Fair Market value Rs. 220 and issue price Rs. 230. Calculate the amount to be considered as income in hands of USC Pvt. Ltd. as per section 56(2)(viib).

- (a) Nil
- (b) Rs. 20,00,000
- (c) Rs. 10,00,000
- (d) Rs. 5,00,000

Ans.(c)

(91) XYZ Pvt. Ltd. issued shares. Mr. K, resident of India, purchased the shares at a consideration of Rs. 5,00,000. The fair market value of such shares was of Rs. 4,50,000. What will be the taxable amount under the head Income from Other Sources ?

- (a) Nil
- (b) Rs. 50,000
- (c) Rs. 4,50,000
- (d) Rs. 5,00,000

Ans.(a)

(92) Sameer received the following income during financial year 2019-20 : Director's fees Rs. 5,000, income from agricultural land in Pakistan Rs. 15,000, rent from let-out of land in Jaipur Rs. 20,000, interest on deposit with HDFC Bank Rs. 1,000 and dividend from Indian company Rs. 5,000. His income from other sources is - (Dec. 2014)

- (a) Rs. 41,000 (b) Rs. 46,000
(c) Rs. 31,000 (d) Rs. 26,000 Ans.(a)

⇒ (93) Rishab received the following gifts during the previous year :

- (i) Rs. 50,000 from his employer
(ii) Rs. 1,00,000 from mother's sister
(iii) Rs. 10,000 from his friend on the occasion of his marriage
(iv) Rs. 60,000 in the form of scholarship from a registered charitable trust.

The amount of taxable gift under the head '**income from other sources**' is - (June 2016)

- (a) Nil (b) Rs. 50,000
(c) Rs. 1,50,000 (d) Rs. 2,10,000 Ans.(a)

(94) Comfort (Pvt.) Ltd. issued 10,000 equity shares to Pawan at Rs. 18 per share when the fair market value of each share was determined at Rs.11 per share. The tax implication of the transaction is - (June 2016)

- (a) Rs. 70,000 taxable as income for Comfort (Pvt.) (b) Rs. 20,000 taxable as income for Pawan
(c) Rs. 10,000 taxable as income for Pawan (d) Nil Ans.(a)

DEDUCTIONS IN COMPUTING INCOME FROM OTHER SOURCES

(95) Interest on compensation/enhanced compensation shall -

- (a) be taxable in the year of receipt. (b) be taxable in the year of accrual.
(c) be taxable receipt/accrual, whichever is earlier, (d) not be taxable. Ans.(a)

(96) Sarath has received a sum of Rs. 3,40,000 as interest on enhanced compensation for compulsory acquisition of land by State Government in May, 2019, of this, only Rs.12,000 pertains to the current year and the rest pertains to earlier years. The amount chargeable to tax for the assessment year 2020-21 would be - (June, 2015)

- (a) Rs. 12,000 (b) Rs. 6,000
(c) Rs. 3,40,000 (d) Rs. 1,70,000 Ans.(d)

(97) Ad hoc deduction available in respect of income of interest on compensation/enhanced compensation shall be:

- (a) 50% (b) 30%
(c) Nil (d) 100% Ans.(a)

(98) Assessee received interest on enhanced compensation of Rs. 50,000 as per court decree in December 2019 by Mr. Yogesh. Out of the said amount a sum of Rs. 35,000 relates to preceding financial years. The taxable income is:

- (a) Rs. 25,000 (b) Rs. 15,000
(c) Rs. 17,500 (d) Rs. 35,000 Ans.(a)

(99) Assessee received interest on enhanced compensation of Rs. 1,00,000 as per court decree in March, 2020. He incurred legal expense of Rs. 5,000. The taxable income is:

- (a) Rs. 95,000 (b) Rs. 50,000
(c) Rs. 1,00,000 (d) Rs. 47,500

Ans.(b)

(100) Incomes taxable under the head of Income from Other Sources are:

- (a) Interest on bank deposits and loans.
(b) Interest on foreign Government securities.
(c) Agricultural income received from outside India.
(d) All of the above.

Ans.(d)

(101) Which of the following income is not taxable under the head income from other sources ?

- (a) Income from letting.
(b) Income from sub letting.
(c) Director's fees.
(d) Commission received by the director on giving bank guarantee for the company.

Ans.(a)

⇒ (102) Royalty received from a publisher by Nina was of Rs. 42,700. She spent Rs. 2,700 on books, stationery, typing, etc. Calculate the amount of income chargeable to **tax under head Income from other sources?**

- (a) Exempt (b) Rs. 42,700
(c) Rs. 40,000 (d) Rs. 2,700

Ans.(c)

(103) Mr. Ram was earning income from sub-letting of motor car to his friend. Such income shall be taxable under which head of income?

- (a) Income from other sources (b) Income from house property
(c) Income from Business and profession (d) Any of the above

Ans.(a)

(104) The amount deductible from family pension is upto - (Dec. 2014)

- (a) Rs. 15,000 or 1/3rd of family pension whichever is less
(b) Rs. 15,000 or 1/4 of family pension whichever is less less
(c) Rs. 10,000 or 1/3rd of family pension whichever is less
(d) No deduction.

Ans.(a)

⇒ (105) Ms. Mala received family pension of Rs. 15,000 per month during the previous year 2019-20. Also, she was employed in a private firm where she got a monthly consolidated salary of Rs. 20,000 per month. Her total income chargeable to tax is : (June, 2017)

- (a) Rs. 4,20,000 (b) Rs. 2,40,000
(c) Rs. 3,60,000 (d) Rs. 4,05,000

Ans.(d)

(106) Ms. Sitara is in receipt for family pension of Rs. 15,000 p.m. during 2019-20. Income chargeable to tax for assessment year 2020-21 of Ms. Sitara is - (Dec. 2015)

- (a) Rs. 1,80,000 (b) Rs. 1,20,000
(c) Rs. 1,65,000 (d) Nil.

Ans.(c)

⇒ (107) J took a house on lease for 10 years and let it further to a tenant for his residence at a monthly rent of Rs. 2,400. He incurred following expenses during year : Lease rent: Rs. 1000 p.m., Salary of

Durban : Rs. 200 p.m. and Interest on loan taken to pay for acquisition of lease : Rs. 200 p.m.
Compute income chargeable under head Income from other sources?

- (a) Rs. 12,000 (b) Rs. 28,800
(c) Rs. 16,800 (d) Nil Ans.(a)

(108) What is the taxability of dividend income under section 2(22)(a) to 2(22)(d) in hands of shareholders?

- (a) Dividend tax @ 12.5%
(b) Exempt u/s 10(34) upto Rs. 10,00,000.
(c) Dividend tax @ 12.5% + Surcharge + HEC
(d) None of these Ans.(b)

(109) What is the taxability of dividend income under section 2(22)(a) to 2(22)(d) in hands of company?

- (a) Dividend distribution tax @15%
(b) Exempt
(c) Dividend distribution tax @ 15% on the gross amount of dividends + 12% Surcharge + 4% HEC i.e. 20.5552941% of the net amount of dividends
(d) None of these

Ans c

→ (110) Compute income taxable under head income from other sources:

Winnings from lotteries (net) Rs. 33,936

Interest on Post office savings bank account Rs. 500

Rent from P&M 3,000

- (a) Rs. 51,480 (b) Rs. 51,980
(c) 36,936 (d) Rs. 37,436 Ans.(a)

(111) What is the taxability of dividend income under section 2(22)(e) in the hands of company?

- (a) Dividend tax @ 15%
(b) Taxable
(c) Dividend tax @ 12.5% + Surcharge +HEC
(d) Liable to pay dividend distribution tax @ 30% + 12% Surcharge + 4% HEC

Ans.(d)

(112) What is the taxability of dividend income under section 2(22) (e) in the hands of shareholder?

- (a) Exempt u/s 10(34) (b) Taxable
(c) Not Taxable (d) None of these

Ans.(a)

(113) What is the treatment of dividend income under section 12(22)(e) in the hands of company?

- (a) TDS to be deductible @ 10% by the company

(b) Taxable at the @ 10% in hands of the company

(c) Taxable @ 20.35764% in hands of company

(d) Liable to pay dividend distribution tax @ 30% + 12% Surcharge + 4% HEC Ans.(d)

(114) Interim Dividend declared by a company is accrued in which of the following year ?

(a) Previous year in which it is declared.

(b) Previous year in which it is given.

(c) Financial year in which it is actually given.

(d) None of these. Ans.(a)

(115) In which year dividend declared by a company or distributed or paid by it u/s 2(22) is deemed to be the income?

(a) Previous year in which it is discussed.

(b) Previous year in which it is given.

(c) Previous year, in which it is so declared, distributed or paid, as the case may be.

(d) None of these. Ans.(c)

⇒ (116) Sunder died on 23rd July, 2017 while being in Central Government service. In terms of rules governing his service, his widow Mrs. Sunder is paid a family pension of Rs. 10,000 per month and dearness allowance of 40% thereof. Compute taxable income for the assessment year 2020-21.

(a) Rs. 1,68,000

(b) Rs. 1,20,000

(c) Rs. 1,53,000

(d) Rs. 1,05,000

Ans.(c)

(117) Amounts that are not deductible while computing Income from Other Sources:

(a) Personal expenses of the assessee; Wealth tax paid by assessee.

(b) All disallowances under section 40A.

(c) Interest/ Salaries payable outside India on which tax has not been paid or deducted.

(d) All of the above.

Ans. (d)

(118) Which of the following amount is not deductible while computing income from other sources ?

(a) Any sum paid on account of income tax.

(b) Any personal expenses of the assessee.

(c) 30% of the expenditure on which Tax has not been deducted at source.

(d) All of the above

Ans.(d)

(119) An assessee earned income of interest on securities amounting to Rs. 65,000. He paid a reasonable sum of Rs. 32,000 as commission to a banker for realising such interest on behalf of the assessee. Such amount of expenditure shall be:

(a) Allowed

(b) Disallowed

(c) Partly allowed and partly disallowed

(d) Any of the above

Ans.(a)

(120) The deduction for family pension under section 57 can be determined as :

- (a) One third of the family pension (b) Rs. 15,000
 (c) Lower of (a) or (b) (d) Higher of (a) or (b) Ans.(c)

(121) Family pension received by a widow of a member of the armed forces where the death of the member has occurred in the course of the operational duties in the circumstances and subject of prescribed conditions, is -

- (a) Exempt upto Rs. 3,00,000 (b) Exempt upto Rs. 3,50,000
 (c) Totally exempt under section 10(19) (d) Totally chargeable to tax Ans.(c)

→ (122) Family pension received by Mr. Ram from the Government of Madhya Pradesh was of Rs. 15,000. Calculate the amount of income chargeable to tax under the head of income from other sources ?

- (a) Rs. 15,000 (b) Rs. 10,000
 (c) Rs. 5,000 (d) Nil Ans.(b)

→ (123) Family pension received by Mr. Ram from the Government of Madhya Pradesh was of Rs. 15,000 p.m. Calculate the amount of deduction available, if any?

- (a) Rs. 15,000 (b) 160,000
 (c) Rs. 50,000 (d) Nil Ans.(a)

→ (124) Bahadur, a defence personnel, died in a war. His wife received the family pension of Rs. 7,500 per month during the year 2019-20. Calculate the amount of income chargeable to tax under the head of income from other sources ?

- (a) Rs. 90,000 (b) Rs. 75,000
 (c) Rs. 15,000 (d) Nil Ans.(d)

→ (125) If in the above case bahadur did not die in a war then calculate the amount of income chargeable to tax ?

- (a) Rs. 90,000 (b) Rs. 75,000
 (c) Rs. 15,000 (d) Nil Ans.(b)