

Chapter 20 Liability to pay in certain cases

1. Which section specifies the provisions for liability in case of transfer of business?
 - a. Section 85
 - b. Section 86
 - c. Section 87
 - d. Section 88
2. Who shall be liable to pay the tax, interest or penalty due up to the time of such transfer of business?
 - a. Transferor
 - b. Transferee
 - c. Transferor and transferee jointly and severally
 - d. Either (a) or (b)
3. Who shall be liable to pay the tax, interest or penalty with effect from the date of transfer of business?
 - a. Transferor
 - b. Transferee
 - c. Transferor and transferee jointly and severally
 - d. Either (a) or (b)
4. Which section specifies the provisions for liability of agent and principal?
 - a. Section 85
 - b. Section 86
 - c. Section 87
 - d. Section 88
5. Who shall be liable to the tax, interest or penalty where an agent supplies or receives any goods on behalf of his principal?
 - a. Principal
 - b. Agent
 - c. Principal and agent jointly and severally
 - d. Either (a) or (b)
6. Within how much time the liquidator is required to give intimation of his appointment to the Commissioner?
 - a. 30 days
 - b. 45 days
 - c. 60 days
 - d. 90 days
7. Within how much time the Commissioner is required to notify the liquidator of the amount payable in respect of tax, interest or penalty?
 - a. One month
 - b. Two months
 - c. Three months
 - d. Four months
8. Who shall be liable to pay the dues of tax, interest and penalty of the private company in case of its winding up whether before or after its liquidation?
 - a. Shareholders
 - b. Every person who is director at the time of winding up of the company shall jointly and severally be liable.
 - c. Every person who was director of the company at time during the period, for which the tax was due, shall jointly and severally be liable.
 - d. Liquidator
9. The director shall not be liable under section 88 if he proves to the satisfaction of the Commissioner that such non-recovery is not attributed to any gross neglect, misfeasance or breach of duty in relation to the affairs of the company. Comment.

- a. Correct
 - b. Incorrect
 - c. Partially correct
 - d. None of the above
10. Within how much time the retiring partner is required to make intimation to the Commissioner?
- a. 15 days
 - b. 1 month
 - c. 45 days
 - d. 2 months
11. The liability of the retiring partner shall continue until the date _____ if such partner fails to intimate the Commissioner within the prescribed time limit.
- a. Of full recovery of the dues
 - b. Of his retirement
 - c. On which such intimation is received by the Commissioner
 - d. On which the retiring partner sends his intimation
12. Who shall be liable to pay tax, interest or penalty in case of the date of the person if his business gets discontinued after his death?
- a. Tax will be waived off
 - b. His legal representatives (for full amount)
 - c. His legal representatives (for an amount the deceased person's estate is capable of)
 - d. None of the above
13. Who shall be liable to pay tax, interest or penalty in case of the date of the person if his business is carried on even after his death?
- a. Tax will be waived off
 - b. His legal representatives, if they are carrying on the business
 - c. His son, even if he is not carrying on business
 - d. His spouse, in any scenario
14. Who shall be liable in case of businesses carried on by the guardians, trustees or agents of a minor or other incapacitated person on their behalf?
- a. Minor or incapacitated person
 - b. Guardians, trustees or agents but after giving some exemptions
 - c. Guardians, trustees or agents by treating such as major or capacitated person
 - d. Liability shall arise when such minor will become major only
15. Which section deals with the provisions for determining liability in case of partition of HUF or AOP?
- a. 91(2)
 - b. 92(2)
 - c. 93(2)
 - d. 94(2)
16. Who shall be liable to pay tax, interest or penalty in case of partition of HUF or AOP?
- a. Only Karta or head of AOP
 - b. All the members of HUF or AOP jointly or severally
 - c. Only major members
 - d. All members except Karta
17. In case of reconstitution of partnership firm who will be liable to pay tax, interest or penalty?
- a. All the partners of the firm prior to the date of reconstitution and after the date of reconstitution shall be jointly and severally
 - b. All the partners of the firm prior to the date of reconstitution shall be jointly and severally
 - c. All the partners of the firm after the date of reconstitution shall be jointly and severally
 - d. None of the above

GST Bare Act Pages 120 V/s Direct Tax Bare Act Pages 1065

Direct Tax is very vast and complex compare to Indirect Tax. Taking ~ 200 hours coaching in Indirect Tax will impact entire group.

Call 93249 33998 to order pendrive available separately in English & Hindi

18. When two or more companies are amalgamated, the liability to pay tax on supplies between the effective date of amalgamation order and the date on amalgamation order would be on:
 - a. Transferee
 - b. **Respective companies**
 - c. Any one of the companies
 - d. None of the above
19. Mr. A, a registered person transfers his business to Mr. B as a going concern. Is Mr. B liable to be registered in GST?
 - a. **Yes**
 - b. No
20. In case of discontinuance of the AOP, the liability of the member exists in respect of the tax dues imposed_____
 - a. Prior to the date of discontinuance
 - b. After the date of discontinuance
 - c. **Both prior and after the date of discontinuance**
 - d. None of the above
21. Mr. A transfers his business to Mr. B. In this case who shall be the transferee & transferor?
 - a. **Mr. A – Transferor, Mr. B - Transferee**
 - b. Mr. A – Transferee, Mr. B - Transferor
 - c. Either (a) or (b)
 - d. None of the above
22. _____ means a person, including a factor, broker, commission agent, arhatia, Del-credere agent, an auctioneer or any other mercantile agent, by whatever name called, who carries on the business of supply or receipt of goods or services or both on behalf of another.
 - a. **Agent**
 - b. Arhatia
 - c. Principal
 - d. Job worker

ICAI MCQ

23. Who is liable to pay the tax in case of Principal and Agent?
 - a. Principal
 - b. Agent
 - c. **Both jointly and severally**
 - d. Jointly
24. When two or more companies are amalgamated, the liability to pay tax on supplies between the effective date of amalgamation order and date of amalgamation order would be on-
 - a. Transferee;
 - b. **Respective companies;**
 - c. Any one of the companies;
 - d. None of the above..
25. In case of amalgamation between two companies, such companies shall be treated as two distinct companies till–
 - a. **Till the date of the Court order**
 - b. Till the effective date of merger
 - c. Till the date of cancellation of registration
 - d. None of the above
26. Intimation regarding appointment of liquidator should be given to the Commissioner within 30 days of
 - a. Liquidation
 - b. Cancellation of registration
 - c. **Appointment of Liquidator**

- d. Order of Court
27. Commissioner will notify the amount of liability within how many days of intimation
- 3 months
 - 30 days
 - 60 days
 - 6 months
28. When shall the Director be not liable to pay the tax dues if the company is not able to pay?
- Liquidator refuses to pay
 - Auditor refuses to pay
 - If the non-recovery is not due to gross neglect of the Director
 - None of the above
29. When shall the Director of a Private Limited Company be not liable to pay the tax, interest or penalty, if the company is not able to pay?
- In all cases
 - Company refuses to pay
 - If the non-recovery is not due to gross neglect misfeasance or breach of duty of the Director
 - None of the above
30. Retiring partner should intimate the retirement to
- Department
 - Government
 - Commissioner
 - All of the above
31. Intimation to the Commissioner has to be given within.....
- 1 month
 - 60 days
 - 90 days
 - 45 days
32. If the intimation is delayed to the Commissioner, then the retiring partner is liable to pay tax, interest or penalty till:
- The intimation of the date of retirement of partner is received by the Commissioner
 - Till the date of acceptance of intimation by the Department
 - Till the date of retirement
 - Till the date of show cause notice
33. In case of business carried on by minor or other incapacitated person through Guardian/ Agent who is liable to pay tax?
- Guardian
 - Friend
 - Business Partner
 - None of the above
34. The dues recoverable under this section includes
- Only Interest
 - Any dues which are recoverable under this Act
 - Only tax
 - Only Penalty
35. If the estate or any portion of the estate of a taxable person is under the control of the Court of Wards, Administrative General etc., and the tax due from such taxable person is liable to be paid by-
- Court of Wards.
 - Taxable Person
 - Legal representative of taxable person
 - None of the above

GST Bare Act Pages 120 V/s Direct Tax Bare Act Pages 1065

Direct Tax is very vast and complex compare to Indirect Tax. Taking ~ 200 hours coaching in Indirect Tax will impact entire group.

Call 93249 33998 to order pendrive available separately in English & Hindi

36. The Court of Wards, Administrative General, etc., must be appointed by
 - a. Supreme Court
 - b. High Court
 - c. Any court
 - d. None of the above
37. The dues recoverable under this section includes
 - a. Only Interest
 - b. Any dues which are recoverable under this Act
 - c. Only tax
 - d. Only Penalty
38. Who is liable to pay tax if the business of an individual is discontinued before his death?
 - a. Board of Directors or Manager
 - b. Any member of his person who is willing to pay
 - c. Legal representative of taxable person
 - d. Employee
39. The legal representative or any other person of an individual who is dead is liable to pay tax, only if-
 - a. The business has been carried on by the legal representative
 - b. The business has been carried by the legal representative or any other person
 - c. The business has been carried by any other person
 - d. None of the above.
40. The dues recoverable under this section includes
 - a. Only Interest
 - b. Any dues which are recoverable under this Act
 - c. Only tax
 - d. Only Penalty
41. As per this section, the member or group of members of HUF or AOP is/are liable to pay tax on taxable supplies-
 - a. Even after its partition
 - b. Up to the time of partition
 - c. Both (a) and(b)
 - d. None of the above
42. In case of discontinuance of HUF business, the liability would arise till the date of
 - a. Discontinuance
 - b. Court verdict
 - c. As mutually agreed upon by the HUF members
 - d. Determination of liability by the Department
43. The expression 'firm' would include a _____
 - a. Company
 - b. LLP
 - c. HUF
 - d. AOP
44. In case of discontinuance of the AOP, the liability of the member exists in respect of the tax dues imposed_____
 - a. Prior to the date of discontinuance
 - b. After the date of discontinuance
 - c. Both prior and after the date of discontinuance
 - d. None of the above