

Chapter I : Profits and Gains of Business and Profession

1. Section _____ is the charging section of PGBP

a) 27	b) 28
c) 29	d) 26

Answer- B

2. Income chargeable u/s 28 includes:

a) Income from business, profession or vocation	b) Any amount received by any person, by whatever name called, holding an agency in India for any part of the activities relating to the business of any other person, at or in connection with the termination of the agency or the modification of any of the terms and conditions relating thereto
c) Any amount received by any person, for or in connection with the vesting in the Government or any corporation owned or controlled by the Government under any law for the time being in force, of the management of any property or business	d) All the above

Answer- D

3. Income chargeable u/s 28 includes:

a) Income from specific services performed for its members by a trade, professional or business	b) Any amount received by any person, by whatever name called, at or in connection with the termination or modification of the terms and conditions, of any contract relating to his business.
c) Incentives received or receivable by assessee carrying on export business	d) All the above

Answer- D

4. Income chargeable u/s 28 includes:

a) Value of any benefit or perquisite:	b) Sum due to, or received by, a partner of a firm.
c) Any sum received or receivable, in cash or kind, under an agreement for not carrying out any activity	d) All the above

Answer- D

5. Which of the following transactions are not to be regarded as speculative transactions:

a) Hedging contract in respect of raw materials or merchandise	b) Hedging contract in respect of stocks and shares
c) Forward contract	d) All the above

6. Which of the following transactions are not to be regarded as speculative transactions:

a) Trading in derivatives	b) Trading in commodity derivatives
c) Forward contract	d) All the above

Answer- D

7. Section _____ allows deduction in respect of the rent, rates, taxes, repairs and insurance of buildings used by the assessee for the purpose of his business or profession

a) 30	b) 31
b) 32	d) 33

Answer- A

8. Apart from rent, section 30 allows deductions in respect of expenses incurred on account of repairs to building in case where _____

a) the assessee is the owner of the building	b) the assessee is a tenant who has undertaken to bear the cost of repairs to the premises
c) Even if the assessee occupies the premises otherwise than as a tenant or owner	d) All the above

Answer- D

9. Section _____ allows deduction in respect of the expenses on current repairs and insurance of machinery, plant and furniture in computing the income from business or profession

a) 30	b) 31
b) 32	d) 33

Answer- B

10. The deduction allowable in respect of premia paid for insuring the machinery, plant or furniture is subject to the _____ conditions

a) The insurance must be against the risk of damage or destruction of the machinery, plant or furniture	b) The assets must be used by the assessee for the purposes of his business or profession during the accounting year
c) The premium should have been actually paid	d) All the above

Answer- D

11. Where the machinery, plant and furniture are used partly for business and partly for other purposes, only a proportionate part of the expenses attributable to that part of the machinery, plant and furniture used for purposes of business will be allowed as a deduction

a) True	b) False

Answer- A

12. The condition to be satisfied for allowance of depreciation are;

a) The assets in respect of which depreciation is claimed must belong to specified categories	b) The assets should be actually used by the assessee for purposes of his business or profession during the previous year
c) The assessee must own the assets, wholly or partly	d) All the above

13. Where any asset is acquired by the assessee during the previous year and is put to use for the purposes of business or profession for a period of less than _____ depreciation shall be allowed at 50 per cent of the allowable depreciation

a) 260	b) 180
c) 90	d) 120

Answer- B

14. Rate at which additional depreciation is charged is _____

a) 30	b) 15
c) 20	d) 5

Answer- C

15. Additional depreciation is not allowable in case of _____

a) any machinery or plant which, before its installation by the assessee, was used within or outside India by any other person	b) any machinery or plant installed in office premises, residential accommodation, or in any guest house
c) office appliances or road transport vehicles	d) All the above

Answer- D

16. All asset are divided into _____ major categories

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

Answer- C

17. Any new machinery or plant installed to manufacture or produce any article or thing by using any technology or other know-how developed in or is an article or thing invented in a laboratory owned or financed by the Government or a laboratory owned by a public sector company or a University or an institution recognized by the Secretary, Department of Scientific and Industrial Research, Government of India shall be treated as a part of the block of assets qualifying for depreciation @ %

a) 20	b) 40
c) 30	d) 60

Answer- B

18. In order to avail increased rate of depreciation under Rule 5(2) the conditions to be fulfilled includes:

a) The right to use such technology or other know-how or to manufacture or produce such article or thing has been acquired from the owner of such laboratory or any person deriving title from such owner	b) The return filed by the assessee for any previous year in which the said machinery is acquired, should be accompanied by a certificate from the Secretary, Department of Scientific and Industrial Research, Government of India to the effect that such article or thing is manufactured or produced by using such technology or other know-how developed in such laboratory or such article or thing has been invented in that laboratory
c) The machinery or plant is not used for the purpose of business of manufacture or production of any article or thing specified in the Eleventh schedule	d) All the above

Answer- D

19. As per the sixth proviso to section 32(1)(ii), depreciation allowable in the hands of _____ shall not exceed the amount of depreciation calculated at the prescribed rates as if the succession, business reorganization, amalgamation or demerger had not taken place

a) predecessor and the successor in case of succession of firm/ sole proprietary concern by a company fulfilling the conditions mentioned in section 47(xiii)/(xiv)	b) predecessor company and successor LLP in case of conversion of a private company or an unlisted public company into an LLP fulfilling the conditions mentioned in section 47(xiiib)
c) predecessor and the successor in case of succession of business otherwise than on death	d) All the above

Answer- D

20. For the purpose of allowing depreciation an assessee claiming deduction in respect of the assets acquired on hire purchase would be required to furnish a certificate from the seller or any other suitable documentary evidence in respect of the initial value or the cash price of the asset

a) True	b) False

Answer- A

21. The expression _____ means the actual cost of the asset to the assessee as reduced by that portion of the cost thereof, if any, as has been met directly or indirectly by any other person or authority

a) Actual Cost	b) Book Value
c) Market Value	d) None of the above

Answer- A

22. Where an assessee incurs any expenditure for acquisition of any asset or part thereof in respect of which a payment or aggregate of payments made to a person in a day, otherwise than by an account payee cheque drawn on a bank or account payee bank draft or use of electronic clearing system through a bank account, exceeds Rs _____, such expenditure shall not form part of actual cost of such asset

a) 5,000	b) 10,000
c) 15,000	d) 20,000

Answer- B

23. Where inventory is converted or treated as a capital asset and is used for the purpose of business or profession, the _____ of such inventory as on the date of its conversion into capital asset determined in the prescribed manner, shall be the actual cost of such capital asset to the assessee

a) Actual Cost	b) Book Value
c) Fair market Value	d) None of the above

Answer- C

24. Where an asset is acquired by way of gift or inheritance, its actual cost shall be the written down value to the previous owner

a) True	b) False

Answer- A

25. Where any asset which had once belonged to the assessee and had been used by him for the purposes of his business or profession and thereafter ceased to be his property by reason of transfer or otherwise, is re-acquired by him, the actual cost to the assessee shall be

a) the written down value at the time of original transfer	b) the actual price for which the asset is re-acquired by him
c) Either A or B which is lower	d) Either A or B which is higher

Answer- D

26. Where a building which was previously the property of the assessee is brought into use for the purposes of the business or profession, its actual cost to the assessee shall be the actual cost of the building to the assessee, as reduced by an amount equal to the depreciation calculated at the rates in force on that date that would have been allowable had the building been used for the purposes of the business or profession since the date of its acquisition by the assessee

a) True	b) False

Answer- A

27. In a scheme of amalgamation, if any capital asset is transferred by the amalgamating company to the amalgamated Indian company, the actual cost of the transferred capital assets to the amalgamated company will be taken at the same amount as it would have been taken in the case of the amalgamating company had it continued to hold it for the purposes of its own business

a) True	b) False

Answer- A

28. In the case of a demerger, where any capital asset is transferred by the demerged company to the resulting Indian company, the actual cost of the transferred asset to the resulting company shall be taken to be the same as it would have been if the demerged company had continued to hold the asset

a) True	b) False

Answer- A

29. Where any capital asset is acquired under a scheme for corporatization of a recognised stock exchange in India approved by the SEBI, the actual cost shall be deemed to be the amount which would have been regarded as actual cost had there been no such corporatization

a) True	b) Partly True
c) False	

Answer- A

30. Section 43(1) provides that the actual cost of any capital asset, on which deduction has been allowed or is allowable to the assessee under section 35AD, shall be _____

a) Book Value	b) Fair Market Value
c) Nil	d) Either A or B which is lower

Answer- C

31. Explanation 6 to section 43(6) provides that

a) the actual cost of an asset has to be adjusted by the amount attributable to the revaluation of such asset, if any, in the books of account	b) the total amount of depreciation on such asset provided in the books of account of the assessee in respect of such previous year or years preceding the previous year relevant to the assessment year under consideration shall be deemed to be the depreciation actually allowed under the Income-tax Act, 1961 for the purposes of section 43(6)
c) the depreciation actually allowed as above has to be adjusted by the amount of depreciation attributable to such revaluation	d) All the above

Answer- D

32. The written down value of any block of assets, may be reduced to nil as per section ____

a) 47	b) 48
c) 49	d) 50

Answer- B

33. Section _____ provides for carry forward of unabsorbed depreciation. Where, in any previous year the profits or gains chargeable are not sufficient to give full effect to the depreciation allowance, the unabsorbed depreciation shall be added to the depreciation allowance for the following previous year and shall be deemed to be part of that allowance

a) 32(1)	b) 32(2)
c) 32(3)	d) 32(4)

Answer-B

34. Section _____) provides for the manner of calculation of the amount which shall be chargeable to income-tax as income of the business of the previous year in which the moneys payable for the building, machinery, plant or furniture on which depreciation has been claimed under section 32(1)(i),.

a) 42(1)	b) 42(2)
c) 42(3)	d) 42(4)

Answer- A

35. The balancing charge will be the amount by which the moneys payable in respect of such building, machinery, plant or furniture, together with the amount of scrap value, if any, exceeds the _____

a) Market Value	b) Actual cost
c) written down value.	d) Net realizable value

Answer- C

36. In order to encourage the setting up of industrial undertakings in the backward areas of the States of Andhra Pradesh, Bihar, Telangana and West Bengal, section 32AD provides for a deduction of an amount equal to _____% of the actual cost of new plant and machinery.

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

Answer- B

37. The conditions to be satisfied for the purpose of section 32AD are .:

a) The assessee sets up an undertaking or enterprise for manufacture or production of any article or thing on or after 1st April, 2015 in any backward area notified by the Central Government in the State of Andhra Pradesh or Bihar or Telangana or West Bengal	b) the assessee acquires and installs new plant and machinery for the purposes of the said undertaking or enterprise during the period between 1st April, 2015 and 31st March, 2020 in the said backward areas
c) Both A&B	d) Either A or B

Answer- C

38. In order to ensure that the manufacturing units which are set up by availing this incentive actually contribute to economic growth of these backward areas by carrying out the activity of manufacturing for a substantial period of time, a suitable safeguard restricting the transfer of new plant and machinery for a period of _____ years has been provided.

a) 3	b) 4
c) 5	d) 8

Answer- C

39. Under section 32(1)(ia), to encourage investment in new plant or machinery, additional depreciation of _____% of the actual cost of plant or machinery acquired and installed is allowed. Such additional depreciation under section 32(1)(ia) is allowed over and above the normal depreciation under section 32(1)(ii)..

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

Answer- C

40. Additional depreciation @ _____-% to be allowed to assessee setting up manufacturing units in notified backward areas of specified States and acquiring and installing of new plant & machinery [Proviso to section 32(1)(ia)]

a) 10	b) 15
c) 20	d) 35

Answer- D

41. The benefit available under sections 32AD would not be allowed in respect of second hand plant and machinery n

a) True	b) False

Answer- A

42. In the case of a demerger, the cost of acquisition of the shares in the resulting company shall be the amount which bears to the cost of acquisition of shares held by the assessee in the demerged company the same proportion as the _____ of the assets transferred in a demerger bears to the net worth of the demerged company immediately before such demerger

a) gross book value	b) net book value
c) market value	d) purchase value

Answer- B

43. Section _____ provides for a deduction in the computation of the taxable profits in the case of an assessee carrying on business of growing and manufacturing tea or coffee or rubber in India

a) 33AA	b) 33AB
c) 33AC	d) 33AD

Answer- B

44. Section 33AB the quantum of deduction allowed shall be _____ %

a) 25	b) 30
c) 40	d) 20

Answer- C

45. Where the assessee is a firm or any association of persons or any body of individuals the deduction under this section shall not be allowed in the computation of the income of any partner or member of such firm, AOP or BOI.

a) True	b) False
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Answer-A

46. Any amount standing to the credit of the assessee in the special account or deposit account can be withdrawn for the purpose of _____

a) Closure of business	b) Death of an assessee
c) Partition of HUF	d) All the above

Answer- D

47. Any amount standing to the credit of the assessee in the special account or deposit account can be withdrawn for the purpose of _____

a) Closure of business	b) Dissolution of a firm
c) Liquidation of a company	d) All the above

Answer- D

48. Where the sum standing to the credit of the assessee in the Special account or in the Deposit account is released by the National Bank or is withdrawn by the assessee from the Deposit account and is utilized for the purchase of _____ the whole of such amount so utilized will be treated as taxable profits of that year and taxed accordingly

a) Any machinery or plant installed in any office premises or residential accommodation including a guest house	b) Any office appliances
c) Any machinery or plant, the whole of the actual cost of which is allowed as a deduction (whether by way of depreciation or otherwise) in computing the income chargeable under the head 'Profits and gains of business or profession' of any one previous year	d) All the above

Answer-D

49. Where any amount standing to the credit of the assessee in the special account or in the deposit account is utilized by the assessee for the purpose of any expenditure in connection with such business in accordance with the scheme or deposit scheme, such expenditure shall not be allowed in computing the business income

a) True	b) False
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Answer-A

50. Where an asset acquired in accordance with the scheme or deposit scheme is sold or otherwise transferred in any previous year by the assessee to any person at any time before the expiry of _____ years from the end of the previous year in which it was acquired, such portion of the cost relating to the deduction allowed under section 33AB(1) shall be deemed to be profits and gains of business or profession of the previous year in which the asset is sold or transferred and shall be chargeable to income-tax as the income of that previous year.

a) 3	b) 5
c) 8	d) 10

Answer-C

51. Section 33ABA the quantum of deduction allowed shall be _____ %

a) 25	b) 30
c) 40	d) 20

Answer- D

52. Where any deduction in respect of any amount deposited in the special account or Site Restoration Account has been allowed in any previous year, no deduction shall be allowed in respect of such amount in any other previous year.

a) True	b) False

Answer-A

53. Under section 35 expenditure incurred within _____ years immediately preceding the commencement of the business on payment of salary to research personnel engaged in scientific research related to his business carried on by the taxpayer or on purchase of material inputs for such scientific research will be allowed as deduction in the year in which the business is commenced

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

Answer-B

54. Any expenditure of a capital nature on scientific research related to the business carried on by the assessee would be deductible in full in the previous year in which it is incurred as per section 35(1)(iv)..

a) True	b) False
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Answer-A

55. No deduction u/s 35 shall be allowed in respect of capital expenditure incurred on the acquisition of any land whether the land is acquired as such or as part of any property.

a) True	b) False

Answer-A

56. Capital expenditure incurred on scientific research which cannot be absorbed by the business profits of the relevant previous year can be carried forward to the immediately succeeding previous year and shall be treated as the allowance for that year

a) True	b) False

57. Amount of deduction under section 35 by a company engaged in business of Bio-technology or in any business of manufacture or production of any article, not being article or thing specified in the list of the Eleventh Schedule on an approved in-house research and development facility @ _____%

a) 100	b) 150
c) 200	

Answer-B

58. Where the capital asset became the property of the assessee by any of the modes specified in section 49(1), the cost of acquisition to the assessee will be the cost of acquisition to the previous owner

a) True	b) False

Answer-A

59. Where a company engaged in the business of bio-technology or in any business of manufacture or production of any article or thing, not being an article or thing specified in the list of the Eleventh Schedule incurs any expenditure on scientific research on in-house research and development facility as approved by the prescribed authority, a deduction of a sum equal to ___ _ times of the expenditure will be allowed

a) 1½	b) 1
c) 2	d) 5

Answer- A

60. Rate of deduction allowed under section 35 for revenue expenditure incurred on scientific research related to the assessee's business is _____%

a) 100	b) 150
c) 50	d) 200

Answer- A

61. Rate of deduction allowed under section 35 for notified approved research association/ university/ college/ other institutions for scientific research is _____%

a) 100	b) 150
c) 50	d) 200

Answer- B

62. Rate of deduction allowed under section 35 for an approved Indian company for scientific research is _____%

a) 100	b) 150
c) 50	d) 200

Answer- A

63. Rate of deduction allowed under section 35 for notified approved research association/ university/ college/ other institutions for research in social science or statistical research is _____%

a) 100	b) 150
c) 50	d) 200

Answer- A

64. Rate of deduction allowed under section 35 for Capital expenditure (other than expenditure on land) incurred on scientific research related to the assessee's business is _____%

a) 100	b) 150
c) 50	d) 200

Answer- A

65. Rate of deduction allowed under section 35 for an approved National Laboratory/ University/ IIT/ person for scientific research undertaken under an approved Programme specified is _____%

a) 100	b) 150
c) 50	d) 200

Answer- B

66. Section 50 provides for the computation of capital gains in case of depreciable assets

a) 49	b) 50
c) 50A	d) 49A

Answer- B

67. Where the full value of consideration received or accruing for the transfer of the asset **plus** the full value of such consideration for the transfer of any other capital asset falling with the block of assets during previous year exceeds the aggregate of the _____ such excess shall be deemed to be the capital gains arising from the transfer of short-term capital assets

a) expenditure incurred wholly and exclusively in connection with such transfer	b) WDV of the block of assets at the beginning of the previous year
c) the actual cost of any asset falling within the block of assets acquired during the previous year	d) All of the above

Answer- D

68. Section _____ provides for amortization of license fee in case of right to use spectrum for telecommunication service

a) 35AA	b) 33ABA
c) 33ACA	d) 33ADA

Answer- B

69. As per section 35ABB if the license is obtained before commencement of business, the deduction shall be allowed from the PY in which the business commences till the PY in which license expires

a) True	b) False

Answer- A

70. As per section 35ABB if the license is obtained after commencement of business, the deduction shall be allowed from the PY in which the fees is paid till the PY in which license expires

a) True	b) False

Answer- A

71. In case of transfer of the spectrum where the proceeds of the transfer of spectrum are less than the expenditure incurred remaining un-allowed the amount of deduction available would be

a) Expenditure remaining un-allowed-Sale Proceeds	b) Expenditure allowed till date
c) Either A or B which is lower	d) Nil

Answer- A

72. In case of transfer of the spectrum where the proceeds of the transfer of whole or any part of the spectrum exceed the amount of expenditure remaining un-allowed the amount of deduction available would be

a) Expenditure remaining un-allowed-Sale Proceeds	b) Expenditure allowed till date
c) Either A or B which is lower	d) Nil

Answer- C

73. In case of transfer of part of the spectrum and where the proceeds of the transfer of part of the spectrum does not exceed the amount of expenditure remaining unallowed the amount of deduction available would be

a) $\frac{\text{Expenditure remaining un-allowed-Sale Proceeds}}{\text{unexpired no of relevant PY}}$	b) Expenditure allowed till date
c) Either A or B which is lower	d) Nil

Answer- A

74. Section _____ provides for amortization of license fee in case of telecommunication service

a) 35AA	b) 33ABA
c) 35ABB	d) 33ADA

Answer- C

75. Where a deduction is claimed and allowed for any previous year under section 35ABB, then no depreciation on capital expenditure so incurred shall be allowed by way of depreciation under section 32(1) for the same previous year or in any other previous year

a) True	b) False

Answer- A

76. Section _____ -provides Investment-linked tax incentives" for specified businesses

a) 35AA	b) 33ABA
c) 35ABB	d) 33AD

Answer- D

77. With the specific objective of creating rural infrastructure and environment friendly alternate means for transportation of bulk goods, investment-linked tax incentives have been introduced for specified businesses, namely

a) setting-up and operating 'cold chain' facilities for specified products	b) setting-up and operating warehousing facilities for storing agricultural produce
c) laying and operating a cross-country natural gas or crude or petroleum oil pipeline network for distribution,	d) All the above

Answer- D

78. With the specific objective of creating rural infrastructure and environment friendly alternate means for transportation of bulk goods, investment-linked tax incentives have been introduced for specified businesses, namely

a) building and operating a hotel of two-star or above category, anywhere in India	b) building and operating a hospital, anywhere in India, with at least 100 beds for patients
c) developing and building a housing project under a notified scheme for slum redevelopment or rehabilitation framed by the Central Government or a State Government	d) All the above

Answer- D

79. With the specific objective of creating rural infrastructure and environment friendly alternate means for transportation of bulk goods, investment-linked tax incentives have been introduced for specified businesses, namely

a) developing and building a housing project under a notified scheme for affordable housing framed by the Central Government or State Government	b) production of fertilizer in India
c) setting up and operating an inland container depot or a container freight station notified or approved under the Customs Act, 1962	d) All the above

Answer- D

80. With the specific objective of creating rural infrastructure and environment friendly alternate means for transportation of bulk goods, investment-linked tax incentives have been introduced for specified businesses, namely

a) bee-keeping and production of honey and beeswax	b) setting up and operating a warehousing facility for storage of sugar
c) laying and operating a slurry pipeline for the transportation of iron ore	d) All the above

Answer- D

81. With the specific objective of creating rural infrastructure and environment friendly alternate means for transportation of bulk goods, investment-linked tax incentives have been introduced for specified businesses, namely

a) setting up and operating a semiconductor wafer fabrication manufacturing unit, if such unit is notified by the Board in accordance with the prescribed guidelines	b) developing or maintaining and operating or developing, maintaining and operating a new infrastructure facility
c) laying and operating a slurry pipeline for the transportation of iron ore	d) All the above

Answer- D

82. _____% of the capital expenditure incurred during the previous year, wholly and exclusively for the businesses u/s 35AD would be allowed as deduction from the business income

a) 100	b) 150
c) 200	d) 250

Answer- A

83. For claiming deduction under section 35AD, the specified business of laying and operating a cross-country natural gas or crude or petroleum oil pipeline network for distribution, including storage facilities being an integral part of such network should fulfill the _____ conditions

a) it should not be set up by splitting up, or the reconstruction, of a business already in existence	b) it should not be set up by the transfer to the specified business of machinery or plant previously used for any purpose
c) Either A or B	d) Both A &B

Answer- D

84. For claiming deduction under section 35AD, the specified business of laying and operating a cross-country natural gas or crude or petroleum oil pipeline network for distribution, including storage facilities being an integral part of such network should fulfill the _____ conditions

a) Such business should be owned by a company formed and registered in India under the Companies Act, 1956 or by a consortium of such companies or by an authority or a board or a corporation established or constituted under any Central or State Act	b) It should have been approved by the Petroleum and Natural Gas Regulatory Board and notified by the Central Government in the Official Gazette
b) It should have made not less than such proportion of its total pipeline capacity available for use on common carrier basis by any person other than the assessee or an associated person	d) All the above

Answer- D

85. For claiming deduction under section 35AD, the specified business of developing or operating and maintaining or developing, operating and maintaining a new infrastructure facility should fulfill the _____ conditions

a) The business should be owned by a company registered in India or by a consortium of such companies or by an authority or a board or corporation or any other body established or constituted under any Central or State Act	b) The entity should have entered into an agreement with the Central Government or a State Government or a local authority or any other statutory body for developing or operating and maintaining or developing, operating and maintaining, a new infrastructure facility
c) Either A or B	d) Both A &B

Answer- D

86. Once the assessee has claimed the benefit of deduction under section 35AD for a particular year in respect of a specified business, he cannot claim benefit under Chapter VI-A under the heading "C.- Deductions in respect of certain incomes" or section 10AA, for the same or any other year and viceversa

a) True	b) False

Answer- A

87. The loss of an assessee claiming deduction under section 35AD in respect of a specified business can be set-off against the profit of another specified business under section 73A, irrespective of whether the latter is eligible for deduction under section 35AD

a) True	b) False

Answer- A

88. Section_____ -provides for contribution for rural development

a) 35CCA	b) 33ABA
c)35ABB	d)33AD

Answer- A

89. Section_____weighted deduction in respect of expenditure incurred on notified agricultural extension project

a) 35CCA	b) 33ABA
c)35CCC	d)33AD

Answer- C

90. In order to incentivize the business entities to provide better and effective agriculture extensive services, section 35CCC provides a weighted deduction of a sum equal to % of expenditure incurred by an assessee on agricultural extension project in accordance with the prescribed guidelines

a) 100	b) 150
c) 200	d) 250

Answer- B

91. Conditions to be fulfilled u/s 35CCC are:

a) the project shall be undertaken by an assessee for training, education and guidance of farmers	b) the project shall have prior approval of the Ministry of Agriculture, Government of India
c) an expenditure (not being expenditure in the nature of cost of any land or building) exceeding the amount of ` 25 lakhs is expected to be incurred for the project	d) all the above

Answer- D

92. Section_____weighted deduction in respect of expenditure incurred by companies on notified skill development project

a) 35CCA	b) 33ABA
c)35CCD	d)33AD

Answer- C

93. In order to encourage companies to invest on skill development projects in the manufacturing sector, section 35CCD provides for a weighted deduction of a sum equal to_____% of the expenditure (not being expenditure in the nature of cost of any land or building) on skill development project incurred by the company in accordance with the prescribed guidelines.

a) 100	b) 150
c) 200	d) 250

Answer- B

94. Section _____ provides for amortization of preliminary expenses

a) 35CCA	b) 33ABA
c)35CCD	d)35D

Answer- D

95. Section 35D applies to _____

a) only to Indian companies and resident non-corporate assessees	b) in the case of new companies to expenses incurred before the commencement of the business
c) in the case of extension of an existing undertaking to expenses incurred till the extension is completed	d) All the above

Answer- D

96. Preliminary expenditure incurred shall be amortized over a period of _____ years

a) 3	b) 5
c) 2	d) 6

Answer- B

97. Eligible expenses for preliminary expenditure incurred shall be _____

a) the preparation of feasibility report	b) the preparation of project report;
c) conducting market survey or any other survey necessary for the business of the assessee	d) All the above

Answer- D

98. Eligible expenses for preliminary expenditure incurred shall be _____

a) the preparation of feasibility report	b) legal charges for drafting any agreement between the assessee and any other person for any purpose relating to the setting up to conduct the business of assessee;
c) engineering services relating to the assessee's business	d) All the above

Answer- D

99. The maximum aggregate amount of the qualifying expenses that can be amortised has been fixed at _____% of the cost of the project or in the case of an Indian company

a) 2	b) 5
c) 10	d) 15

Answer- B

100. The maximum aggregate amount of the qualifying expenses that can be amortised has been fixed at _____% of the cost of the project or in the case of an Indian company or, at the option of the company, 5% of the capital employed in the business of the company, whichever is higher

a) 2	b) 5
c) 10	d) 15

Answer- B

101. Where the undertaking of an Indian company is transferred, before the expiry of the period of years, to another Indian company under a scheme of amalgamation, the provisions of section 35D will apply to the amalgamated company as if the amalgamation had not taken place

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

Answer- C

102. Section _____ provides for amortization of expenses for amalgamation/demerger

a) 35CCA	b) 33ABA
c) 35DD	d) 35D

Answer- C

103. The assessee shall be allowed a deduction equal to one-fifth of such expenditure for _____ successive previous years beginning with the previous year in which amalgamation or demerger takes place

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

Answer- A

104. Section _____ provides for amortization of expenses for prospecting and development of certain minerals

a) 35E	b) 33ABA
c) 35DD	d) 35D

Answer- A

105. The nature and kind of expenditure qualifying for amortization under section 35E are:

a) It must have been incurred during the year of commercial production and any one or more of the four years immediately preceding that year	b) It must be incurred wholly and exclusively on any operations relating to the prospecting for any mineral or group of certain minerals listed in the Seventh Schedule of the Income-tax Act, 1961 or on the development of a mine or other natural deposit of any mineral or group of associated minerals
c) Both A & B	d) Either A or B

Answer- C

106. Expenses not allowed u/s 35E includes: .

a) Expenditure incurred on the acquisition of the site of the source of any minerals or group of associated minerals stated above or of any right in or over such site	b) Expenditure on the acquisition of the deposits of minerals or group of associated minerals referred to above or to any rights in or over such deposits;
c) Expenditure of a capital nature in respect of any building, machinery, plant or furniture for which depreciation allowance is permissible under section 32	d) All the above

Answer- D

107.If insurance policy has been taken out against risk, damage or destruction of the stock or stores of the business or profession, the premia paid is deductible under section_____.

a) 36(1)(i)	b) 36(1)(ii)
c) 36(1)(iii)	d) 36(1)(iv)

Answer- A

108.Deduction is allowed in respect of the amount of premium paid by a Federal Milk Co-operative Society to effect or to keep in force an insurance on the life of the cattle owned by a member of a co-operative society being a primary society engaged in supply of milk raised by its members to such Federal Milk Co-operative Society. Under section_____.

a) 36(1)(ia)	b) 36(1)(iia)
c) 36(1)(iiia)	d) 36(1)(iv)

Answer- A

109.Section_____seeks to allow a deduction to an employer in respect of premia paid by him by any mode of payment other than cash to effect or to keep in force an insurance on the health of his employees

a) 36(1)(ib)	b) 36(1)(iib)
c) 36(1)(iiib)	d) 36(1)(iv)

Answer- A

110.Section_____provides for deduction for contributions to provident and other funds

a) 36(1)(iv)	b) 36(1)(V)
c) Both A&B	d) 36(1)(iv)

Answer- C

111.Section_____provides deduction for the discount on ZCB on pro rata basis having regard to the period of life of the bond to be calculated in the manner prescribed

a) 36(1)(ia)	b) 36(1)(iib)
c) 36(1)(iiia)	d) 36(1)(iv)

Answer- C

112.Section_____provides that the employer's contribution to the account of an employee under a Pension Scheme as referred to in section 80CCD would be allowed as deduction while computing business income

a) 36(1)(ia)	b) 36(1)(iib)
c) 36(1)(iiia)	d) 36(1)(iva)

Answer- D

113.Deduction would be restricted to_____ % of salary of the employee in the previous year u/s 36(1)(iva)

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

Answer- B

114.Section_____grants an allowance in respect of animals which have died or become permanently useless

a) 36(1)(i)	b) 36(1)(iib)
c) 36(1)(iii)	d) 36(1)(iv)

Answer- D

115. Bad debts can be deducted subject to _____.

a) The debts or loans should be in respect of a business which was carried on by the assessee during the relevant previous year	b) The debt should have been taken into account in computing the income of the assessee of the previous year in which such debt is written off or of an earlier previous year or should represent money lent by the assessee in the ordinary course of his business of banking or money lending
c) Both A&B	d) Either A or B

Answer- B

116. Under section 36(1)(viiia) a scheduled bank which is not a bank incorporated by or under the laws of a country outside India or a non-scheduled bank or a co-operative bank other than a primary agriculture credit society or a primary co-operative agricultural and rural development bank the amount of deduction will be _____% of the total income and _____% of the aggregate average advances made by the rural branches of such bank computed in the manner prescribed by the CBDT

a) 8/10	b) 8.5/10
c) 9/15	d) Nil

Answer- B

117. As per section 36(1)(viiia) the the deduction will be an amount not exceeding _____% of the total income in case of foreign banks

a) 2	b) 5
c) 10	d) 15

Answer- B

118. The maximum amount to be allowed as a deduction will be limited to _% of its total income before making any deduction in respect of the provision for bad and doubtful debt or in respect of any deduction in Chapter VI-A in case of Public Financial Institutions.

a) 2	b) 5
c) 10	d) 15

Answer- B

119. Section _____ provides deduction in respect of any special reserve created and maintained by a specified entity

a) 36(1)(i)	b) 36(1)(iib)
c) 36(1)(iii)	d) 36(1)(viiia)

Answer- D

120. Amount of deduction u/s 36(1)(viiia) is _____

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

Answer- A

121. Any expenditure of revenue nature bona fide incurred by a company for the purpose of promoting family planning amongst its employees will be allowed as a deduction in computing the company's business income in accordance with section _____

a) 36(1)(i)	b) 36(1)(iib)
c) 36(1)(ix)	d) 36(1)(viiiia)

Answer- C

122. Any expenditure (not being in the nature of capital expenditure) incurred by a corporation or a body corporate, by whatever name called, if _____ is allowed u/s 36(1)(xii)

a) it is constituted or established by a Central, State or Provincial Act	b) such corporation or body corporate is notified by the Central Government in the Official Gazette for this purpose having regard to the objects and purposes of the Act
c) the expenditure is incurred for the objects and purposes authorised by the Act under which it is constituted and established	d) All the above

Answer- D

123. Section _____ provides for deduction of any sum paid by a public financial institution by way of contribution to such credit guarantee fund trust for small industries notified by the Central Government in the Official Gazette

a) 36(1)(i)	b) 36(1)(xiv)
c) 36(1)(ix)	d) 36(1)(viiiia)

Answer- B

124. STT paid is allowed u/s _____

a) 36(1)(xv)	b) 36(1)(xiv)
c) 36(1)(ix)	d) 36(1)(viiiia)

Answer- A

125. CTT is allowed as deduction u/s _____.

a) 36(1)(i)	b) 36(1)(xiv)
c) 36(1)(ix)	d) 36(1)(xvi)

Answer- D

126. Section _____ provides for deduction of expenditure incurred by a co-operative society engaged in the business of manufacture of sugar for purchase of sugarcane at a price equal to or less than the price fixed or approved by the Government.

a) 36(1)(i)	b) 36(1)(xiv)
c) 36(1)(xvii)	d) 36(1)(xvi)

Answer- C

127. Marked to market loss or other expected loss as computed in accordance with the ICDS notified under section 145(2), shall be allowed as deduction u/s _____

a) 36(1)(i)	b) 36(1)(xiv)
c) 36(1)(xvii)	d) 36(1)(xviii)

Answer- D

128. The conditions to be satisfied for the purpose of deduction u/s 37 includes

a) The expenditure should not be of the nature described in sections 30 to 36	b) It should have been incurred by the assessee in the accounting year
c) It should be in respect of a business carried on by the assessee the profits of which are being computed and assessed	d) All of the above

Answer- D

129. The conditions to be satisfied for the purpose of deduction u/s 37 includes

a) It must have been incurred after the business was set up	b) It should not be in the nature of any personal expenses of the assessee.
c) It should have been laid out or expended wholly and exclusively for the purposes of such business	d) All of the above

Answer- D

130. The conditions to be satisfied for the purpose of deduction u/s 37 includes

a) It must have been incurred after the business was set up	b) It should not be in the nature of capital expenditure.
c) The expenditure should not have been incurred by the assessee for any purpose which is an offence or is prohibited by law	d) All of the above

Answer- D

131. Section _____ disallows any deduction on account of advertisement expenses representing contributions made by any person carrying on business or profession in computing the profits and gains of the business or profession

a) 37(2A)	b) 37(2B)
c) 37(2C)	d) 37(2D)

Answer- B

132. Any interest, royalty, fees for technical services or other sum chargeable under this Act, which is payable _____ on which tax is deductible at source under Chapter XVII B and such tax has not been deducted or, after deduction, has not been paid on or before the due date of filing of return specified under section 139(1), then such expenditure will not be allowed as deduction/s 40(a)(i).

a) outside India	b) in India to a non-resident, not being a company or to a foreign company
c) Both A&B	d) None of the above

Answer- C

133. Section 40(a)(ia) provides that _____ % of any sum payable to a resident, on which tax is deductible at source under Chapter XVII-B, shall be disallowed if such tax has not been deducted; or such tax, after deduction, has not been paid on or before the due date specified in section 139(1).

a) 10	b) 20
c) 30	d) 40

Answer- C

134. In respect of listed shares and securities held for a period of more than _____ months immediately preceding the date of its transfer, if the assessee desires to treat the income arising from the transfer thereof as Capital Gain, the same shall not be put to dispute by the Assessing Officer.

a) 12	b) 24
c) 36	d) 48

Answer- A

135. Section _____ provides that where any consideration is paid or payable to a non-resident for a specified service on which equalisation levy is deductible, and such levy has not been deducted or after deduction, has not been paid on or before the due date under section 139(1), then, such expenses incurred by the assessee towards consideration for specified service shall not be allowed as deduction

a) 40(a)(ia)	b) 40(a)(ib)
c) 40(a)(ic)	d) 40(a)(id)

Answer- B

136. As per section 40(a)(ii) Any sum paid on account of rate or tax levied on profits on the basis of or in proportion to the profits and gains of any business or profession i.e., Income-tax, or assessed at a proportion of or otherwise on the basis of, any such profits or gains including _____ shall not be allowed as deduction

a) Any sum paid outside India (on account of any rate or tax levied) which is eligible for tax relief under section 90 or deduction from the income-tax payable under section 91	b) Any sum paid outside India (on account of any rate or tax levied) and eligible for relief under section 90A
c) Both A&B	d) None of the above

Answer- C

137. Section 40(a)(iib) provides disallowance of _____

a) any amount paid by way of royalty, license fee, service fee, etc., which is levied exclusively on State Government undertaking	b) any amount appropriated, directly or indirectly, from a State Government undertaking, by the State Government (SG)
c) Both A&B	d) None of the above

Answer- C

138. Section _____ - provides tax paid on perquisites on behalf of employee is not deductible

a) 40(a)(ia)	b) 40(a)(ii)
c) 40(a)(v)	d) 40(a)(vd)

Answer- C

139. Section 40(b) provides disallowance relating to _____

a) Remuneration to non-working partner	b) Remuneration to a working partner not authorized by deed
c) Remuneration or interest to a partner authorized by deed but relates to an earlier period	d) All the above

Answer- D

140. Section 40(b) provides disallowance relating to _____

a) Remuneration to non-working partner	b) Interest to any partner in excess of 12% p.a
c) Remuneration to a working partner in excess of prescribed limits	d) All the above

Answer- D

141. Section 40(b) provides remuneration paid to a working partner, authorised by a partnership deed and falling after the date of the deed in excess of the on first Rs.3,00,000 of book profit or in case of loss the quantum of deduction shall be _____

a) Rs.1,50,000	b) 90% of book profit
c) Either A or B which is higher	d) Either A or B which is lower

Answer- C

142. Section _____ provides that where the assessee incurs any expenditure in respect of which a payment has been or is to be made to a specified person so much of the expenditure as is considered to be excessive or unreasonable shall be disallowed by the Assessing Officer.

a) 40A(1)	b) 40A(2)
c) 40A(3)	d) 40A(4)

Answer- B

143. Section 40A(3) where the assessee incurs any expenditure, in respect of which payment or aggregate of payments made to a person in a day otherwise than by an account payee cheque drawn on a bank or by an account payee bank draft or use of electronic system through bank account exceeds Rs _____, such expenditure shall not be allowed as a deduction.

a) 5,000	b) 10,000
c) 15,000	d) 20,000

Answer- B

144. The limit is Rs _____ in case of payment made to transport operators for plying, hiring or leasing goods carriages under section 40A(3)

a) 10,000	b) 15,000
c) 30,000	d) 35,000

Answer- D

145. Exceptions to section 40A(3) includes where the payment is made to:

a) the Reserve Bank of India or banking company	b) the State Bank of India or any subsidiary bank
c) any co-operative bank or land mortgage bank	d) All the above

Answer- D

146. Exceptions to section 40A(3) includes where the payment is made to:

a) any primary agricultural credit society or any primary credit society	b) the Life Insurance Corporation of India
c) where the payment is made to the Government and, under the rules framed by it, such payment is required to	d) All the above

be made in legal tender	
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Answer- D

147. Exceptions to section 40A(3) includes where the payment is made by:

a) any letter of credit arrangements through a bank	b) a mail or telegraphic transfer through a bank
c) a book adjustment from any account in a bank to any other account in that or any other bank	d) All the above

Answer- D

148. Exceptions to section 40A(3) includes where the payment is made by:

a) a bill of exchange made payable only to a bank	b) a credit card
c) a debit card	d) All the above

Answer- D

149. Exceptions to section 40A(3) includes :

a) where the payment is made by way of adjustment against the amount of any liability incurred by the payee for any goods supplied or services rendered by the assessee to such payee	b) where the payment is made for the purchase of agricultural or forest produce
c) where the payment is made for the purchase of the produce of animal husbandry (including livestock, meat, hides and skins) or dairy or poultry farming	d) All the above

Answer- D

150. Exceptions to section 40A(3) includes where the payment is made for the purchase of :

a) fish or fish products	b) the products of horticulture or apiculture
c) products manufactured or processed without the aid of power in a cottage industry, to the producer of such products	d) All the above

Answer- D

151. Section _____ provides that no deduction would be allowable to any taxpayer carrying on any business or profession in respect of any provision (whether called as provision or by any other names) made by him towards the payment of gratuity to his employers on their retirement or on the termination of their employment for any reason.

a) 40A(1)	b) 40A(2)
c) 40A(7)	d) 40A(4)

Answer- C

152. Exceptions to section 40A(3) includes :

a) where the payment is made in a village or town, which on the date of such payment is not served by any bank, to any person who ordinarily resides, or is carrying on any business, profession or vocation, in any such village or town	b) where any payment is made to an employee of the assessee or the heir of any such employee, on or in connection with the retirement, retrenchment, resignation, discharge or death of such employee, on account of gratuity, retrenchment compensation or similar terminal benefit and the aggregate of such sums payable to the employee or his heir does not exceed fifty thousand rupees
c) where the payment was required to be made on a day on which the banks were closed either on account of holiday or strike	d) All the above

Answer- D

153. Exceptions to section 40A(3) includes :

a) where the payment is made by any person to his agent who is required to make payment in cash for goods or services on behalf of such person;	b) where the payment is made by any person to his agent who is required to make payment in cash for goods or services on behalf of such person
c) where the payment is made by an authorised dealer or a money changer against purchase of foreign currency or travelers cheques in the normal course of his business	d) All the above

Answer- D

154. Section _____ provides that no deduction or allowance in respect of any marked to market loss or other expected loss shall be allowed except as allowable under section 36(1)(xviii). 36(1)(xviii) provides that marked to market loss or other expected loss.

a) 40A(1)	b) 40A(2)
c) 40A(7)	d) 40A(13)

Answer- D

155. The section 43A provides that where an assessee has acquired any asset from a foreign country for the purpose of his business or profession, and due to a change thereafter in the exchange rate of the two currencies involved, there is an increase or decrease in the liability (expressed in Indian rupees) of the assessee at the time of making the payment, the _____ values may be changed accordingly with respect to the increase or decrease in such liability.

a) the actual cost of the asset under section 43(1)	b) the amount of capital expenditure incurred on scientific research under section 35(1)(iv)
c) the amount of capital expenditure incurred by a company for promoting family planning amongst its employees under section 36(1)(ix)	d) All the above

Answer- D

156. Which of the following sums are allowed as deduction only on the basis of actual payment within the time limits specified in section 43B.

a) Any sum payable by way of tax, duty, cess or fee, by whatever name called, under any law for the time being in force	b) Any sum payable by the assessee as an employer by way of contribution to any provident fund or superannuation fund or gratuity fund or any other fund for the welfare of employees
c) Bonus or Commission for services rendered payable to employees.	d) All the above

Answer- D

157. Which of the following sums are allowed as deduction only on the basis of actual payment within the time limits specified in section 43B.

a) Any sum payable by the assessee as interest on any loan or borrowing from any public financial institution or a State Financial Corporation or a State Industrial Investment Corporation	b) Interest on any loan or advance from a scheduled bank or co-operative bank other than a primary agricultural credit society or a primary co-operative agricultural and rural development bank on actual payment basis
c) Any sum paid by the assessee as an employer in lieu of earned leave of his employee.	d) All the above

Answer- D

158. Which of the following sums are allowed as deduction only on the basis of actual payment within the time limits specified in section 43B.

a) Any sum payable by the assessee to the Indian Railways for use of Railway assets	b) Interest on any loan or advance from a scheduled bank or co-operative bank other than a primary agricultural credit society or a primary co-operative agricultural and rural development bank on actual payment basis
c) Any sum paid by the assessee as an employer in lieu of earned leave of his employee.	d) All the above

Answer- D

159. Section _____ has been inserted as an anti-avoidance measure to provide that where the consideration for the transfer of an asset (other than capital asset), being land or building or both, is less than the stamp duty value, the value so adopted or assessed or assessable (i.e., the stamp duty value) shall be deemed to be the full value of the consideration for the purposes of computing income under the head "Profits and gains of business of profession" ..

a) 43A	b) 43B
c) 43CA	d) 43C

Answer- C

160. As per section 43CA if the stamp duty value does not exceed % of the consideration received or accruing then, such consideration shall be deemed to be the full value of consideration for the purpose of computing profits and gains from transfer of such asset

a) 100	b) 105
c) 110	d) 115

Answer- B

161. The Assessing Officer may refer the valuation of the asset to a valuation officer as defined in section 2(r) of the Wealth-tax Act, 1957 in the _____ cases

a) Where the assessee claims before any Assessing Officer that the value adopted or assessed or assessable by the authority for payment of stamp duty exceeds the fair market value of the property as on the date of transfer	b) the value so adopted or assessed or assessable by such authority has not been disputed in any appeal or revision or no reference has been made before any other authority, court or High Court
c) Both A&B	d) Either A or B

Answer- C

162. Section _____ provides that where the expenditure incurred by an association solely for purposes of protection or advancement of the common interest of its members exceeds the amount collected by the association from the members whether by way of subscription or otherwise (not being remuneration received for rendering any specific services to such members), the resulting deficiency shall be allowed as a deduction in computing the income of the association assessable under the head "profits and gains of business or profession"

a) 43A	b) 43B
c) 44A	d) 44C

Answer- C

163. Section ___ provides that that every person carrying on the legal, medical, engineering or architectural profession or accountancy or technical consultancy or interior decoration or any other profession as has been notified by the Central Board of Direct Taxes in the Official Gazette must statutorily maintain such books of accounts and other documents as may enable the Assessing Officer to compute his total income in accordance with the provisions of the Income-tax Act, 1961.

a) 43AA	b) 43B
c) 44AA	d) 44C

Answer- C

164. As per section 44A A an individual/HUF is requires to maintain books of account s if the existing business or profession: In cases where the income from the existing business or profession exceeds Rs _____ or the total sales turnover or gross receipts, as the case may be, in the business or profession exceed Rs _____ in any one of three years immediately preceding the previous year

a) 2,50,000/25,00,000	b) 2,00,000/25,00,000
c) 1,50,000/15,00,000	d) 1,00,000/10,00,000

Answer- A

165. As per section 44A A an individual/HUF is requires to maintain books of account s if the newly set up business or profession: In cases where the business or profession is newly set up in any previous year, if

his income from business or profession is likely to exceed ` Rs_____or his total sales turnover or gross receipts, as the case may be, in the business or profession are likely to exceed Rs_____during the previous year

a) 2,50,000/25,00,000	b) 2,00,000/25,00,000
c)1,50,000/15,00,000	d) 1,00,000/10,00,000

Answer- A

166.As per section 44AA in case of person other than individual/HUF is required to maintain books of account s if the existing business or profession: In cases where the income from the existing business or profession exceeds Rs_____or the total sales turnover or gross receipts, as the case may be, in the business or profession exceed Rs_____in any one of three years immediately preceding the previous year

a) 2,50,000/25,00,000	b) 2,00,000/25,00,000
c)1,20,000/10,00,000	d) 1,00,000/10,00,000

Answer- C

167.As per section 44AA in case of person other than individual/HUF is required to maintain books of account s if the newly set up business or profession: In cases where the business or profession is newly set up in any previous year, if his income from business or profession is likely to exceed Rs_____or his total sales turnover or gross receipts, as the case may be, in the business or profession are likely to exceed Rs_____ - during the previous year

a) 2,50,000/25,00,000	b) 2,00,000/25,00,000
c)1,20,000/10,00,000	d) 1,00,000/10,00,000

Answer- C

168.In cases where an assessee becomes ineligible to claim the benefit of the provisions of section 44AD(1) for_ assessment years subsequent to the assessment year relevant to the previous year in which the profit has not been declared in accordance with the provisions of 44AD(1) and his income exceeds the basic exemption limit during the previous year

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

Answer- D

169.Rule_____of the Income-tax Rules contains the details relating to the books of account and other documents to be maintained by certain professionals under section 44AA.

a) 6A	b) 6C
c) 6F	d) 6E

Answer- C

170.As per Rule 6F, every person carrying on legal, medical, engineering, or architectural profession or the profession of accountancy or technical consultancy or interior decoration or authorized representative or film artist shall keep and maintain the books of account and other documents specified if his gross receipts exceed Rs_____in all the 3 years immediately preceding the previous year or if, where the profession has been newly set up in the previous year, his gross receipts are likely to exceed Rs_____in that year

a) 1,50,000/2,50,000	b) 2,00,000/2,50,000
c) 1,50,000/1,50,000	d) 1,00,000/1,00,000

Answer- C

171. As per Rule 6F, the books required to be maintained are :

a) a cash book	b) a journal, if accounts are maintained on mercantile basis
c) a ledger	d) All the above

Answer- D

172. As per Rule 6F, the books required to be maintained are :

a) Carbon copies of bills and receipts issued by the person whether machine numbered or otherwise serially numbered, in relation to sums exceeding Rs 25	b) Original bills and receipts issued to the person in respect of expenditure incurred by the person, or where such bills and receipts are not issued, payment vouchers prepared signed by the person, provided the amount does not exceed Rs 50
c) a ledger	d) All the above

Answer- D

173. The books of account and documents shall be kept and maintained for a minimum of _____ years from the end of the relevant assessment year.

a) 3	b) 6
c) 9	d) 12

Answer- B

174. As per section 44AB It is obligatory in the _____ cases for a person carrying on business or profession to get his accounts audited before the "specified date" by a Chartered Accountant.

a) if the total sales, turnover or gross receipts in business exceeds `100 lakh in any previous year	b) if the gross receipts in profession exceeds ` 50 lakh in any previous year
c) where the assessee is covered under section 44AE, (44BB or 44BBB) and claims that the profits and gains from business are lower than the profits and gains computed on a presumptive basis.	d) All the above

Answer- D

175. As per section 44AB It is obligatory in the _____ cases for a person carrying on business or profession to get his accounts audited before the "specified date" by a Chartered Accountant.

a) if the total sales, turnover or gross receipts in business exceeds `100 lakh in any previous year	b) where the assessee is carrying on a notified profession under section 44AA, and he claims that the profits and gains from such profession are lower than the profits and gains computed on a presumptive basis under section 44ADA and his income exceeds the basic exemption limit
c) where the assessee is covered under section 44AD(4) and his income exceeds the basic	d) All the above

exemption limit.

Answer- D

176. The presumptive taxation scheme under section 44AD covers all small businesses with total turnover/gross receipts of up to ` RS_lakhs.

a) 100

b) 200

c) 500

d) 250

Answer- B

177. As per section 44AD the presumptive rate would be at @ _____ %.

a) 10

b) 8

c) 7.5

d) 2.5

Answer- B

178. The presumptive rate of 6% of total turnover or gross receipts will be applicable in respect of amount which is received _____ during the previous year or before the due date of filing of return under section 139(1) in respect of that previous year

a) by an account payee cheque

b) by an account payee bank draft

c) by use of electronic clearing system through a bank account

d) All the above

Answer- D

179. Section 44AB makes it obligatory for every person carrying on business to get his accounts of any previous year audited if his total sales, turnover or gross receipts exceed ` RS _____ lakhs.

a) 100

b) 200

c) 500

d) 250

Answer- A

180. Section 44AB makes it obligatory to pay advance tax by _____ of the financial year.

a) 28th February

b) 15th March

c) 31st March

d) 30th April

Answer- B

181. The _____ persons are specifically excluded from the applicability of the presumptive provisions of section 44AD

a) a person carrying on profession as referred to in section 44AA(1) i.e., legal, medical, engineering or architectural profession or the profession of accountancy or technical consultancy or interior decoration or any other profession as is notified by the Board

b) a person earning income in the nature of commission or brokerage

c) a person carrying on any agency business

d) All the above

Answer- D

181. Where an eligible assessee declares profit for any previous year in accordance with the provisions of this section and he declares profit for any of the _____ consecutive assessment years relevant to the previous year succeeding such previous year not in accordance with the provisions of sub-section (1), he shall not be eligible to claim the benefit of the provisions of this section for five assessment years subsequent to the assessment year relevant to the previous year in which the profit has not been declared in accordance with the provisions of sub-section (1). This is provided in sub-section (4).

a) 3	b) 6
c) 5	d) 12

Answer- C

182. Section 44AD makes it obligatory to pay advance tax by _____ of the financial year.

a) 28 th February	b) 15 th March
c) 31 st March	d) 30 th April

Answer- B

183. The presumptive taxation scheme under section 44ADA for estimating the income of an assessee who is engaged in any profession referred to in section 44AA(1) such as legal, medical, engineering or architectural profession or the profession of accountancy or technical consultancy or interior decoration or any other profession as is notified by the Board in the Official Gazette; and whose total gross receipts does not exceed Rs _____ lakh rupees in a previous year.

a) 100	b) 200
c) 500	d) 50

Answer- D

184. Presumptive rate would be a sum equal to ___% of the total gross receipts, or, as the case may be, a sum higher than the aforesaid sum claimed to have been earned by the assessee as per section 44ADA.

a) 10	b) 20
c) 50	d) 5

Answer- C

185. Section 44ADA makes it obligatory to pay advance tax by _____ of the financial year.

a) 28 th February	b) 15 th March
c) 31 st March	d) 30 th April

Answer- B

186. Section _____ provides for estimating business income of an owner of goods carriages from the plying, hire or leasing of such goods carriages

a) 43A	b) 43B
c) 44A	d) 44AE

Answer- D

187. As per section 44AE the estimated income from each goods vehicle, being a heavy goods vehicle

presumptive income would be considered as Rs_____per ton of gross vehicle weight or unladen weight, as the case may be for every month or part of the month.

a) 500	b) 1000
c) 1,500	d) 2,000

Answer- B

188.As per section 44AE the estimated income from each goods vehicle, being a vehicle other than heavy goods vehicle presumptive income would be considered as Rs_____for every month or part of the month.

a) 500	b) 1000
c) 7,500	d) 2,000

Answer- C

189.Section_____provides the manner in which the deduction under the following sections are to be allowed in a case where business reorganization of a co-operative bank has taken place during the financial year.

a) 44D	b) 44DA
c) 44DB	d) 44E

Answer- C

190.Income derived from the sale of centrifuged latex or cenex or latex based crepes or brown crepes or technically specified block rubbers manufactured or processed from field latex or coagulum obtained from rubber plants grown by the seller in India shall be computed as if it were income derived from business, and_____-% of such income shall be deemed to be income liable to tax.

a) 44	b) 35
c) 36	d) 49

Answer- B

191.Income derived from the sale of coffee grown and cured by the seller in India shall be computed as if it were income derived from business, and_ % of such income shall be deemed to be income liable to tax.

a) 40	b) 25
c) 35	d) 50

Answer- B

192.Income derived from the sale of coffee grown cured, roasted and grounded by the seller in India, with or without mixing of chicory or other flavouring ingredients, shall be computed as if it were income derived from business, and_____-% of such income shall be deemed to be income liable to tax.

a) 40	b) 25
c) 35	d) 50

Answer- A

193.Income derived from the sale of tea grown and manufactured by the seller in India shall be computed as if it were income derived from business, and_____-% of such income shall be deemed to be income liable to tax.

a) 40	b) 25
c) 35	d) 50

Answer- A

Chapter 2 : Income Computation and Disclosure Standards

1. Under section _____ the Central Government is empowered to notify in the Official Gazette from time to time, **income** computation and disclosure standards (ICDSs) to be followed by any class of assessee or in respect of any class of income:

a) 145(1)	b) 145(2)
c) 145(3)	d) 145(4)

Answer- B

2. In case of conflict between the act and ICDS _____ shall prevail.

a) ICDS	b) Act

Answer- B

3. All ICDS contains transitional provision except ICDS _____

a) IV	b) V
c) VII	d) VIII

Answer- D

4. ICDS I deals with _____

a) Accounting Policies	b) Valuation of inventories
c) Construction contracts	d) Revenue Recognition

Answer- A

5. Treatment and presentation of transactions have to be governed by their substance and not merely by the legal form.

a) True	b) False

Answer- A

6. Marked to market loss or an expected loss is not to be recognized unless recognition of such loss is in accordance with the provisions of any other ICDS.

a) True	b) False

Answer- A

7. ICDS II deals with _____

a) Accounting Policies	b) Valuation of inventories
c) Construction contract	d) Revenue Recognition

Answer- B

8. ICDS II requires the inventory to be valued at

a) Cost	b) Net realizable value
a) A or B which is lower	b) A or B which is higher

Answer- C

9. ICDS III deals with _____

a) Accounting Policies	b) Valuation of inventories
c) Construction contracts	d) Revenue Recognition

Answer- C

10. ICDS III recognizes percentage of completion method (POCM) for recognizing contract revenue and contract costs associated with a construction contract

a) True	b) False

Answer- A

11. ICDS IV deals with _____

a) Accounting Policies	b) Valuation of inventories
c) Construction contracts	d) Revenue Recognition

Answer- D

12. ICDS IV deals with the bases for recognition of revenue arising in the course of the ordinary activities of a person from _____

a) the sale of goods	b) the rendering of services
c) the use by others of the person's resources yielding interest, royalties or dividends	d) All the above

Answer- D

13. As per ICDS IV revenue from service contracts with duration of not more than 90 days to be recognised when the rendering of services under that contract is completed or substantially completed

a) True	b) False

Answer- A

14. ICDS V deals with _____

a) Tangible Fixed asset	b) The Effects of Changes in Foreign Exchange Rates
c) Government Grants	d) Securities

Answer- A

15. ICDS V provides the components of actual cost of such assets and valuation of such assets in special cases

a) True	b) False

Answer- A

16. ICDS VI deals with _____

a) Tangible Fixed asset	b) The Effects of Changes in Foreign Exchange Rates
c) Government Grants	d) Securities

Answer- B

17. ICDS VI requires exchange differences arising on settlement of monetary items or conversion thereof at last day of the previous year to be recognized as income or as expense in that previous year

a) True	b) False

Answer- A

18. As per ICDS VI at the last day of each previous year, foreign currency monetary items shall be converted into reporting currency by applying the closing rate

a) True	b) False

Answer- A

19. ICDS VII deals with _____

a) Tangible Fixed asset	b) The Effects of Changes in Foreign Exchange Rates
c) Government Grants	d) Securities

Answer- C

20. ICDS VII requires recognition of Government Grants when there is a reasonable assurance that the person shall comply with the conditions attached to them and the grants shall be received

a) True	b) False

Answer- A

21. ICDS VII requires Government grants relating to depreciable fixed assets to be

a) reduced from cost	b) to be recognized as income

Answer- A

22. ICDS VII requires Government grants relating to non-depreciable fixed assets to be

a) reduced from cost	b) to be recognized as income

Answer- B

23. ICDS VIII deals with _____

a) Tangible Fixed asset	b) The Effects of Changes in Foreign Exchange Rates
c) Government Grants	d) Securities

Answer- D

24. There are _____ parts in ICDS VIII

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

Answer- B

25. Part A of ICDS VIII deals with _____

a) securities held as stock-in-trade	b) securities held by a scheduled bank or public financial institutions

Answer- A

26. Part B of ICDS VIII deals with _____

a) securities held as stock-in-trade	b) securities held by a scheduled bank or public financial institutions

Answer- B

27. As per ICDS VIII where actual cost initially recognized cannot be ascertained by reference to specific identification, use of _____ formula is permitted for subsequent measurement of securities held as stock-in-trade

a) FIFO	b) LIFO
c) Weighted Average cost	d) Either A or C

Answer- D

28. ICDS IX deals with _____

a) Borrowing cost	b) The Effects of Changes in Foreign Exchange Rates
c) Government Grants	d) Securities

Answer- A

29. ICDS IX requires capitalization of _____

a) General borrowing cost	b) Specific borrowing cost
c) Both A&B	d) Either A or B

Answer- C

30. ICDS X deals with _____

a) Borrowing cost	b) Provisions, Contingent Liabilities and Contingent Assets
c) Government Grants	d) Securities

Answer- B

31. ICDS X does not deals with provisions, contingent liabilities and contingent assets _____

a) resulting from financial instruments	b) resulting from executory contracts
c) arising in insurance business from contracts with policyholders	d) All the above

Answer- D

32. ICDS X provides that a person shall not recognize a contingent liability or a contingent asset.

a) True	b) False

Answer- A

33. ICDS apply to non-corporate taxpayers who are not required to maintain books of account and/or those who are covered by presumptive scheme of taxation like sections 44AD, 44AE, 44ADA, 44B, 44BB, 44BBA, etc. of the Act.

a) True	b) False

Answer- A

34. In case of conflict between the rules and ICDS _____ shall prevail.

a) ICDS	b) rule

Answer- B

35. ICDS shall apply to computation of Alternate Minimum Tax (AMT) under section 115JC of the Act

a) True	b) False

Answer- A

36. ICDS is applicable to revenues which are liable to tax on gross basis like interest, royalty and fees for technical services for non-residents u/s. 115A of the Act

a) True	b) False

Answer- A

37. Whether bill discounting charges and other similar charges would fall under the definition of borrowing cost?

a) Yes	b) No

Answer- A

Chapter 3 : Income from Capital Gains

1. Section _____ provides that any profits or gains arising from the transfer of a capital asset effected in the previous year will be chargeable to income-tax under the head 'Capital Gains'

a) 45	b) 46
c) 47	d) 44

Answer- A

2. Exclusions from personal asset in the definition of capital gain consist of:

a) Jewellery	b) archaeological collections
c) drawings	d) All the above

Answer- D

3. Exclusions from personal asset in the definition of capital gain consist of:

a) paintings	b) sculptures
c) any work of art	d) All the above

Answer- D

4. Capital Asset does not include:

a) Specified Gold Bonds	b) Special Bearer Bonds
c) Gold Deposit Bonds	d) All the above

Answer- D

5. As per section 2(42A), short-term capital asset means a capital asset held by an assessee for not more than _____ months immediately preceding the date of its transfer

a) 12	b) 24
c) 36	d) 48

Answer- C

6. A capital asset held by an assessee for more than 36 months immediately preceding the date of its transfer is a long-term capital asset

a) True	b) False

Answer- B

7. A security (other than a unit) listed in a recognized stock exchange, or a unit of an equity oriented fund or a unit of the Unit Trust of India or a Zero Coupon Bond will, however, be considered as a long-term capital asset if the same is held for more than _____ months immediately preceding the date of its transfer

a) 12	b) 24
c) 36	d) 48

Answer- A

8. Share of a company (not being a share listed in a recognized stock exchange in India) or an immovable property, being land or building or both would be treated as a short-term capital asset if it was held by an assessee for not more than _____ months immediately preceding the date of its transfer

a) 12	b) 24
c) 36	d) 48

Answer- B

9. Transfer in relation to a capital asset includes

a) the sale, exchange or relinquishment of the asset	b) the extinguishment of any rights therein
c) the compulsory acquisition thereof under any law	d) All the above

Answer- D

10. Transfer in relation to a capital asset includes

a) the owner of a capital asset may convert the same into the stock-in-trade of a business carried on by him. Such conversion is treated as transfer	b) the maturity or redemption of a zero coupon bond
c) possession of an immovable property in consideration of part-performance of a contract referred to in section 53A of the Transfer of Property Act, 1882	d) All the above

Answer- D

11. Where any person receives any money or other assets under any insurance from an insurer on account of _____ then any profits or gains arising from receipt of such money or other assets shall be chargeable to income- tax under the head "Capital gains" and shall be deemed to be the income of the such person for the previous year in which such money or other asset was received

a) damage to or destruction of any capital asset,	b) as a result of flood, typhoon, hurricane, cyclone, earthquake or other convulsion of nature, riot or civil disturbance, accidental fire or explosion
c) because of action by an enemy or action taken in combating an enemy (whether with or without declaration of war),	d) All the above

Answer- D

12. As per section 45(2), notwithstanding anything contained in section 45(1), being the charging section, the profits or gains arising from the conversion of capital asset into stock in trade, it will be chargeable to income-tax as his income of the previous year in which

a) Stock is sold	b) Amount realized after sale of stock
c) year of conversion	d) A or B which is earlier

Answer- A

13. As per section _____ where any person has had at any time during the previous year any beneficial interest in any securities, then, any profits or gains arising from the transfer made by the Depository or participant of such beneficial interest in respect of securities shall be chargeable to tax as the income of the beneficial owner of the previous year in which such transfer took place

a) 44(2A)	b) 45(2B)
c) 45(2A),)	d) 44(2B)

Answer- C

14. Where securities are acquired in several lots at different points of time, the First-In-First-Out (FIFO) method shall be adopted to reckon the period of the holding of the security, in cases where the dates of purchase and sale could not be correlated through specific numbers of the scrips

a) True	b) False
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Answer- A

15. Distribution of capital asset on dissolution of firm/AOP or BOI is governed under section _____

a) 45(4)	b) 45(3)
c) 45(5)	d) 45(6)

Answer- A

16. Compensation on compulsory acquisition is governed by section _____

a) 45(4)	b) 45(3)
c) 45(5)	d) 45(6)

Answer- C

17. Enhanced compensation is taxable in the year in which _____

a) it is received	b) in which the court order received
c) I the year of acquisition	d) A or B which is earlier

Answer- A

18. Where the assets of a company are distributed to its shareholders on its liquidation, such distribution shall not be regarded as a transfer by the company for the purposes of section 45

a) True	b) False
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Answer- A

19. Any consideration received by a shareholder or a holder of other specified securities from any company on purchase of its own shares or other specified securities held by such shareholder or holder of other specified securities shall be chargeable to tax on the difference between the cost of acquisition and

a) the value of consideration received	b) Fair Market value of the security
c) Either A or B which is later	d) Either A or B which is earlier

Answer- A

20. In case of buyback of unlisted shares by domestic companies, additional income-tax @ ___ % is leviable in the hands of the company

a) 15	b) 20
c) 25	d) None of the above

Answer- B

21. Which of the following transactions is covered under section 47?

a) Total or partial partition of a HUF	b) A gift or will or an irrevocable trust
c) Transfer of capital asset by holding company to its subsidiary company	d) All the above

Answer- D

22. Which of the following transactions is covered under section 47?

a) Transfer of capital asset by a subsidiary company to its holding company	b) Transfer of capital asset by amalgamating company to amalgamated company, in a scheme of amalgamation
c) Transfer of share(s) held in an Indian company by amalgamating foreign company to amalgamated foreign company, in a scheme of amalgamation	d) All the above

Answer- D

23. The condition to be satisfied in case of transfer of share(s) held in an Indian company by amalgamating foreign company to amalgamated foreign company, in a scheme of amalgamation includes

a) At least 25 percent of the shareholders of the amalgamating foreign company must continue to remain shareholders of the amalgamated foreign company	b) Such transfer should not attract capital gains in the country in which the amalgamating company is incorporated
c) Both A&B	d) Either A or B

Answer- C

24. Which of the following transactions is covered under section 47?

a) Transfer of capital asset by banking company to banking institution, in a scheme of amalgamation	b) Transfer of share(s) of foreign company by amalgamating foreign company to amalgamated foreign company, in a scheme of amalgamation
c) Transfer of capital asset by the demerged company to the resulting company, in a scheme of demerger	d) All the above

Answer- D

25. Which of the following transactions is covered under section 47?

a) Transfer of share(s) held in an Indian company by demerged foreign company to resulting foreign company, in a scheme of demerger	b) Transfer of capital asset by the predecessor co-operative bank to successor co-operative bank in business reorganization
c) Transfer of share(s) in predecessor co-operative bank by a shareholder in a business reorganization	d) All the above

Answer- D

26. The condition to be satisfied in case of transfer of share(s) held in an Indian company by demerged foreign company to resulting foreign company, in a scheme of demerger includes

a) The shareholders holding at least three-fourths in value of the shares of the demerged foreign company continue to remain shareholders of the resulting foreign company	b) Such transfer should not attract capital gains in the country in which the amalgamating company is incorporated
c) Both A&B	d) Either A or B

Answer- C

27. Which of the following transactions is covered under section 47?

a) Transfer of share(s) in predecessor co-operative bank by a shareholder in a business reorganization	b) Transfer of share(s) of foreign company by demerged foreign company to resulting foreign company, in a scheme of demerger
c) Transfer of share(s) in predecessor co-operative bank by a shareholder in a business reorganization	d) All the above

Answer- D

28. Which of the following transactions is covered under section 47?

a) Transfer of bond or Global Depository Receipts by a non-resident to another non-resident outside India	b) Transfer of Rupee Denominated bond of an Indian company by a non-resident to another non-resident outside India
c) Transfer of specified capital asset by a non-resident on a recognized stock exchange in any IFSC	d) All the above

Answer- D

29. Which of the following transactions is covered under section 47?

a) Transfer of Government Security by a non-resident to another non-resident outside India through an intermediary	b) Redemption of Sovereign Gold Bonds by an Individual
c) Transfer of specified capital asset to the Government or university etc	d) All the above

Answer- D

30. Which of the following transactions is covered under section 47?

a) Transfer on conversion of bonds or debentures etc. into shares or debentures	b) Conversion of Foreign Currency Exchangeable Bonds into shares or debentures
c) Conversion of preference shares into equity shares	d) All the above

Answer- D

31. Which of the following transactions is covered under section 47?

a) Transfer of land by a sick industrial company	b) Conversion of Foreign Currency Exchangeable Bonds into shares or debentures
c) Conversion of preference shares into equity shares	d) All the above

Answer- D

32. In case of transfer of capital asset or intangible asset on succession of the firm by a company or by AOP/BOI to company consequent to demutualization or corporatization of a recognized stock exchange the partners of the firm together hold not less than 50% of the total voting power in the company, and their shareholding continues in such manner for a period of _____ years from the date of succession

a) 3	b) 5
c) 10	d) 8

Answer- B

33. Which of the following transactions is covered under section 47?

a) Transfer of a membership right of recognised stock exchange in a scheme for demutualization or corporatisation approved by SEBI	b) Transfer of capital asset or intangible asset by private company and share held by shareholder to LLP in a conversion of private company by a LLP
c) Transfer of capital asset or intangible asset by sole proprietary concern to a company in a succession of sole proprietary concern by a company	d) All the above

Answer- D

34. In case of transfer of capital asset or intangible asset by private company and share held by shareholder to LLP in a conversion of private company by a LLP the total sales, turnover or gross receipts in business of the company should not exceed Rs _____ in any of the three preceding previous years

a) 30,00,000	b) 50,00,000
c) 60,00,000	d) 10,00,000

Answer- C

35. In case of transfer of capital asset or intangible asset by private company and share held by shareholder to LLP in a conversion of private company by a LLP the total value of assets as appearing in the books of account of the company in any of the three previous years preceding the previous year in which the conversion takes place, should not exceed Rs. _____

a) 3,00,00,000	b) 5,00,00,000
c) 6,00,00,000	d) 1,00,00,000

Answer- B

36. Which of the following transactions is covered under section 47?

a) Transfer in a scheme for lending of any securities	b) Transfer of capital asset under Reverse Mortgage
c) Transfer of shares of a special purpose vehicle to a business trust	d) All the above

Answer- D

37. Which of the following transactions is covered under section 47?

a) Transfer in a scheme for lending of any securities	b) Transfer of unit(s) by a unit holder under consolidating scheme of Mutual Fund
c) Transfer of unit(s) by a unit holder under consolidating plan of Mutual Fund scheme	d) All the above

Answer- D

38. Demerged company means the company whose undertaking is transferred, pursuant to a demerger, to a resulting company

a) True	b) Partly True
c) False	

Answer- A

39. Section _____ provides for withdrawal of the benefit of exemption given by section 47 in certain cases

a) 47A	b) 47B
c) 47 C	d) 47 D

Answer- A

40. As per Section 47A the amount of capital gains exempt from tax by virtue of the provisions contained in section 47 (Holding – Subsidiary Company) will be deemed to be the income of the transferor company chargeable under the head 'capital gains' of the year in which such transfer took place if at any time before the expiry of _____ years from the date of transfer of a capital asset

a) 5	b) 8
c) 10	d) 15

Answer- B

41. Capital gains not charged to tax under clause (xi) of section 47 shall be deemed to be the income chargeable under the head "capital gains" of the previous year in which such transfer took place if the shares of the company received in exchange for transfer of membership in a recognised stock exchange, are transferred at any time before the expiry of _____ years of such transfer

a) 5	b) 8
c) 3	d) 15

Answer- C

42. The income chargeable under the head 'capital gains' shall be computed by deducting the _____ items from the full value of the consideration received or accruing as a result of the transfer of the capital asset

a) Expenditure incurred wholly and exclusively in connection with such transfer	b) The cost of acquisition and cost of any improvement thereto
c) Either A or B	d) Both A&B

Answer- D

43. Under section 48, for computation of long term capital gains, the cost of acquisition and cost of improvement increased by applying the cost inflation index (CII).

a) Capital indexed bonds issued by the Government	b) Sovereign Gold Bond issued by the RBI under the Sovereign Gold Bond Scheme, 2015
c) Both A&B	d) None of the above

Answer- D

44. The benefit of indexation will not apply to the long-term capital gains arising from the transfer of bonds or debentures other than

a) True	b) Partly True
c) False	

Answer- A

45. In order to give protection to non-residents who invest foreign exchange to acquire capital assets, section 48 contains a proviso

a) 47	b) 48
c) 49	d) 50

Answer- B

46. The benefit of indexation and currency fluctuation would not be applicable to the long-term capital gains arising from the _____ assets referred to in section 112A

a) equity share in a company on which STT is paid both at the time of acquisition and transfer	b) unit of equity oriented fund or unit of business trust on which STT is paid at the time of transfer.
c) Both A&B	d) None of the above

Answer- C

47. Section _____ gives guidelines as to how to compute the cost under different circumstances

a) 47	b) 48
c) 49	d) 50

Answer-C

48. In the _____ cases, the cost of acquisition of the asset shall be deemed to be cost for which the previous owner of the property acquired it.

a) on any distribution of assets on the total or partition of a HUF	b) under a gift or will
c) by succession, inheritance or devaluation	d) All the above

Answer- D

49. In the _____ cases, the cost of acquisition of the asset shall be deemed to be cost for which the previous owner of the property acquired it.

a) on any distribution of assets on the liquidation of a company	b) under a transfer to revocable or an irrevocable trust
c) under any transfer of capital asset by a holding company to its wholly owned subsidiary Indian company or by a subsidiary company to its 100% holding Indian company, referred to in section 47(iv) and 47(v) respectively	d) All the above

Answer- D

50. In the _____ cases, the cost of acquisition of the asset shall be deemed to be cost for which the previous owner of the property acquired it.

a) under any transfer of a capital asset, being a share of a foreign company, which derives directly or indirectly its value substantially from the share(s) of an Indian company, held by the amalgamating foreign company to the amalgamated foreign company, in the scheme of amalgamation referred to under section 47(viab);	b) under any transfer referred to in section 47(vib), of a capital asset by the demerged company to the resulting Indian company, in a scheme of demerger
c) by any transfer of a capital asset, being share(s) held in an Indian company, by the demerged foreign company to the resulting foreign company, in a scheme of demerger referred to in section 47(vic)	d) All the above

Answer- D

51. In the _____ cases, the cost of acquisition of the asset shall be deemed to be cost for which the previous owner of the property acquired it.

a) under any transfer referred to in section 47(vi) of a capital asset by amalgamating company to the amalgamated Indian company, in a scheme of amalgamation	b) under any transfer referred to in section 47(via) of shares held in an Indian company, in a scheme of amalgamation, by amalgamating foreign company to the amalgamated foreign company
c) under any transfer referred to in section 47(viaa) by a banking company to the banking institution, in a scheme of amalgamation of the banking company with a banking institution	d) All the above

Answer- D

52. In the _____ cases, the cost of acquisition of the asset shall be deemed to be cost for which the previous owner of the property acquired it.

a) by any transfer of a capital asset in a business reorganization under section 47(vica), by the predecessor co-operative bank to the successor co-operative bank	b) by any transfer by a shareholder, in a business reorganisation referred to under section 47(vicb), of a capital asset being a share or shares held by him in the predecessor co-operative bank, if the transfer is made in consideration of the allotment to him of any share or shares in the successor co-operative bank
c) by transfer of a capital asset, being a share in a foreign company, which derives, directly or indirectly, its value substantially from the share or shares of an Indian company, held by the demerged foreign company to the resulting foreign company in the scheme of demerger referred under section 47(vicc)	d) All the above

Answer- D

53. In the _____ cases, the cost of acquisition of the asset shall be deemed to be cost for which the previous owner of the property acquired it.

a) by any transfer of capital asset or intangible asset on succession of a firm by a company in a business carried on by it or any transfer of a capital asset on succession of an AOP/BOI by a company on demutualisation or corporatization of a recognized stock exchange referred to in section 47(xiii)	b) under any transfer under section 47(xiiib) of a capital asset or intangible asset by a private company or unlisted public company to a LLP
c) by any transfer of capital asset or intangible asset on succession of a sole proprietorship concern by a company in a business carried on by it, fulfilling the conditions mentioned in section 47(xiv)	d) All the above

Answer- D

54. Where the capital gain arises from the transfer of specified security or sweat equity shares referred to in section 17(2)(vi), the cost of acquisition of such security or shares shall be the fair market value which has been taken into account for perquisite valuation

a) True	b) False
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Answer- A

55. In the case of a demerger, the cost of acquisition of the shares in the resulting company shall be the amount which bears to the cost of acquisition of shares held by the assessee in the demerged company the same proportion as the _____ of the assets transferred in a demerger bears to the net worth of the demerged company immediately before such demerger

a) gross book value	b) net book value
c) market value	d) purchase value

Answer- B

56. Where capital gain arises from the transfer of asset declared under the Income Declaration Scheme, 2016 and the tax, surcharge and penalty have been paid in accordance with the provisions of the Scheme on the fair market value of the asset as on the date of commencement of the Scheme, the cost of acquisition of the asset shall be deemed to be the fair market value of the asset which has been taken into account for the purposes of the said scheme

a) True	b) False

Answer- A

57. Where the capital gain arises from the transfer of a reconstituted plot or land, (received by the assessee in lieu of land or building or both transferred under the Land Pooling Scheme of Andhra Pradesh) which has been transferred after the expiry of _____ years from the end of the financial year in which the possession of such plot or land was handed over to the assessee, the cost of acquisition of such reconstituted plot or land shall be deemed to be its stamp duty value as on the last day of the second financial year after the end of the financial year in which the possession of the said plot or land was handed over to the assessee

a) 1	b) 2
c) 3	d) 5

Answer-B

58. Exemption in respect of capital gains arising on transfer of Specified Capital Assets under the Land Pooling Scheme notified under the provisions of Andhra Pradesh Capital Region Development Authority Act, 2014 is provided in section _____

a) 10(37)	b) 10(38)
c)10(37A)	d) 10(38A)

Answer- C

59. The cost of acquisition of where the capital gain arises from the transfer of an asset, being the asset held by a trust or an institution in respect of which accreted income has been computed shall be deemed to be the _____ value of the asset

a) Gross book value	b) net book value
c) fair market	d) purchase price

Answer- C

60. The cost of acquisition in relation to the long-term capital assets being, equity shares in a company on which STT is paid both at the time of purchase and transfer or unit of equity oriented fund or unit of business trust on which STT is paid at the time of transfer acquired before 1st February, 2018 shall be the higher of cost of acquisition of such asset; and

a) the fair market value of such asset	b) the full value of consideration received or accruing as a result of the transfer of the capital asset
c) Either A or B which is lower	d) Either A or B which is higher

Answer-C

61. Where the capital asset become the property of the assessee before 1-4-2001, cost of acquisition means the cost of acquisition of the asset to the assessee or the fair market value of the asset on 1-4-2001 at the option of the assessee

a) True	b) False

Answer-A

62. Where the capital asset became the property of the assessee by any of the modes specified in section 49(1), the cost of acquisition to the assessee will be the cost of acquisition to the previous owner

a) True	b) False

Answer-A

63. In relation to a capital asset being goodwill of a business or a right to manufacture, produce or process any article or thing, or right to carry on any business or profession, the cost of improvement shall be taken to be _____

a) difference between fair market value and book value	b) Fair market value
c) Nil	d) None of the above

Answer- C

64. Where the capital asset became the property of the previous owner or the assessee before 1-4-2001, cost of improvement means all expenditure of a capital nature incurred in making any addition or alteration to the capital asset on or after the said date by the previous owner or the assessee

a) True	b) False

Answer- A

65. Section 50 provides for the computation of capital gains in case of depreciable assets

a) 49	b) 50
c) 50A	d) 49A

Answer- B

66. Where the full value of consideration received or accruing for the transfer of the asset **plus** the full value of such consideration for the transfer of any other capital asset falling with the block of assets during previous year exceeds the aggregate of the _____ such excess shall be deemed to be the capital gains arising from the transfer of short-term capital assets

a) expenditure incurred wholly and exclusively in connection with such transfer	b) WDV of the block of assets at the beginning of the previous year
c) the actual cost of any asset falling within the block of assets acquired during the previous year	d) All of the above

Answer- D

67. With respect to the power sector, in case of depreciable assets referred to in section 32(1)(i), the provisions of sections 48 and 49 shall apply subject to the modification that the WDV of the asset (as defined in section 43(6)), as adjusted, shall be taken to be the cost of acquisition

a) True	b) False

Answer- A

68. The provisions under section 50 for computation of capital gains in the case of depreciable assets can be invoked only under _____

a) When one or some of the assets in the block are sold for consideration more than the value of the block	b) When all the assets are transferred for a consideration more than the value of the block
c) When all the assets are transferred for a consideration less than the value of the block	d) All the above

Answer- D

69. Any profits or gains arising from the slump sale of one or more undertakings held for more than _____ months, shall be chargeable to income-tax as capital gains arising from the transfer of long-term capital assets and shall be deemed to be the income of the previous year in which the transfer took place

a) 12	b) 24
c) 36	d) 48

Answer- C

70. No indexation benefit will be available in case of slump sale

a) True	b) False

Answer- A

71. Every assessee in the case of slump sale shall furnish in the prescribed form along with the return of income, a report of a chartered accountant indicating the computation of net worth of the undertaking or division

a) True	b) False

Answer- A

72. Any order change in value on account of revaluation of asset shall be considered in case of computing net worth under section 50B

a) True	b) False

Answer- B

73. Section _____ -provides stamp Duty Value would be the Full value of consideration

a) 50A	b) 50B
c) 50C	d) 50D

Answer- C

74. Where the stamp duty value does not exceed _____% of the sale consideration received or accruing as a result of the transfer, the consideration so received or accruing shall be deemed to be the full value of the consideration

a) 110	b) 105
c) 103	d) 125

Answer- B

75. The Assessing Officer may refer the valuation of the asset to a valuation officer as defined in section 2(r) of the Wealth-tax Act, 1957 where

a) the assessee claims before any Assessing Officer that the value adopted or assessed or assessable by the authority for payment of stamp duty exceeds the fair market value of the property as on the date of transfer	b) the value so adopted or assessed or assessable by such authority has not been disputed in any appeal or revision or no reference has been made before any other authority, court or High Court
c) Either A or B	d) Both A&B

Answer- D

76. Section _____ deals with the special provision for full value of consideration for transfer of unlisted share

a) 50C	b) 50CA
b)50CB	d) 50CC

Answer- B

77. Section _____ provides that, in case where the consideration received or accruing as a result of the transfer of a capital asset by an assessee is not ascertainable or cannot be determined, then, for the purpose of computing income chargeable to tax as capital gains, the fair market value of the said asset on the date of transfer shall be deemed to be the full value of consideration received or accruing as a result of such transfer

a) 50D	b) 50CA
b)50CB	d) 50CC

Answer- A

78. Section _____ deals with the exemption of capital gain on transfer of a unit scheme 1964

a) 10(32)	b) 10(33)
c) 10(35)	d) 10(38)

Answer- B

79. Section 10(37) exemption is available only when such land has been used for agricultural purposes during the preceding _____ years by such individual or a parent of his or by such HUF

a) 1	b) 3
c) 2	d) 5

Answer- C

80. The assessee eligible to claim section 54 exemption is _____

a) Individual	b) HUF
c) Both A&B	d) Either A or B

Answer- C

81. The conditions to be fulfilled under section 54 is _____

a) There should be a transfer of residential house (buildings or lands appurtenant thereto)	b) It must be a long-term capital asset
c) Income from such house should be chargeable under the head "Income from house property"	d) All the above

Answer- D

82. The new asset purchase/constructed as section 54 should be purchased within _____ year before or _____ years after the date of transfer (or) constructed within a period of _____ years after the date of transfer

a) 1/2/3	b) 1/3/2
c) 2/1/3	d) 3/1/2

Answer- A

83. In case of section 54 if cost of new residential house \geq Long term capital gains, entire long term capital gains is exempt

a) True	b) False

Answer- A

84. In case of section 54 if cost of new residential house $<$ Long term capital gains, long term capital gains to the extent of cost of new residential house is exempt

a) True	b) False

Answer- A

85. If the new asset purchases u/s 54 is transferred before 3 years from the date of its acquisition or construction, then cost of the asset will be reduced by capital gains exempted earlier for computing capital gains

a) True	b) False

Answer- A

86. The assessee eligible to claim section 54B exemption is _____

a) Individual	b) HUF
c) Both A&B	d) Either A or B

Answer- C

87. The conditions to be fulfilled under section 54B is _____

a) There should be a transfer of urban agricultural land	b) Such land must have been used for agricultural purposes by the assessee, being an individual or
--	--

	his parent, or a HUF in the 2 years immediately preceding the date of transfer
c He should purchase another agricultural land (urban or rural) within 2 years from the date of transfer"	d) All the above

Answer- D

88. The quantum of capital gain in case of section 54B if cost of new agricultural land < capital gains, capital gains to the extent of cost of new agricultural land is exempt

a) True	b) False
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Answer- A

89. The quantum of capital gain in case of section 54B if cost of new agricultural land \geq capital gains, entire capital gains is exempt

a) True	b) False
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Answer- A

90. The assessee eligible to claim section 54D exemption is _____

a) Individual	b) HUF
c) Any assessee	d) Either A or B

Answer- C

91. The conditions to be fulfilled under section 54D is _____

a) There must be compulsory acquisition of land and building or any right in land or building forming part of an industrial undertaking	b) The land and building should have been used by the assessee for purposes of the business of the industrial undertaking in the 2 years immediately preceding the date of transfer
c) The assessee must purchase any other land or building or construct any building (for shifting or re-establishing the existing undertaking or setting up a new industrial undertaking) within 3 years from the date of transfer	d) All the above

Answer- D

92. The quantum of capital gain in case of section 54D if cost of new asset \geq Capital gains, entire capital gains is exempt.

a) True	b) False
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Answer- A

93. The quantum of capital gain in case of section 54D if cost of new asset < Capital gains, capital gains to the extent of cost of new asset is exempt

a) True	b) False
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Answer- A

94. The assessee eligible to claim section 54EC exemption is _____

a) Individual	b) HUF
c) Any assessee	d) Either A or B

Answer- C

95. The conditions to be fulfilled under section 54EC is _____

a) There should be transfer of a long-term capital asset being land or building or both	b) Such asset can also be a depreciable asset held for more than 36 months
c) The capital gains arising from such transfer should be invested in a long-term specified asset within 6 months from the date of transfer	d) All the above

Answer- D

96. The long term specified asset under section 54EC means specified bonds redeemable after 5 years issued on or after 01.04.2018 by the _____.

a) NHAI	b) RECL
c) other bond notified by central government	d) All the above

Answer- D

97. The quantum of capital gain in case of section 54EC is the capital gains or amount invested in specified bonds, whichever is lower

a) True	b) False

Answer- A

98. The maximum investment which can be made in notified bonds or bonds of NHAI and RECL, out of capital gains arising from transfer of one or more assets, during the previous year in which the original asset is transferred and in the subsequent financial year cannot exceed Rs _____.

a) 10,00,000	b) 25,00,000
c) 50,00,000	d) 75,00,000

Answer- C

99. Section _____ provides exemption of long-term capital gains on investment in notified units of specified fund .

a) 54E	b) 54EE
c) 54G	d) 54H

Answer- B

100. The assessee eligible to claim section 54EE exemption is _____

a) Individual	b) HUF
c) Any assessee	d) Either A or B

Answer- C

101. The conditions to be fulfilled under section 54EE is _____

a) There should be transfer of a long-term capital asset	b) The capital gains arising from such transfer should be invested in a long-term specified asset within 6 months from the date of transfer
c) The assessee should not transfer or avail loan or advance on the security of such units for a period of 3 years from the date of acquisition of such units	d) All the above

Answer- D

102. The quantum of capital gain in case of section 54EE is if the amount invested in notified units of specified fund \geq capital gains, entire capital gains is exempt.

a) True	b) False

Answer- A

103. The quantum of capital gain in case of section 54EE is the amount invested in notified units of specified fund $<$ capital gains, capital gains to the extent of cost of amount invested in notified units is exempt

a) True	b) False

Answer- A

104. The maximum investment in u/s 54EE units of the specified fund in any financial year is Rs _____.

a) 10,00,000	b) 25,00,000
c) 50,00,000	d) 75,00,000

Answer- C

105. The assessee eligible to claim section 54F exemption is _____

a) Individual	b) HUF
c) Both A&B	d) Either A or B

Answer- C

106. The conditions to be fulfilled under section 54 is _____

a) There must be transfer of a long-term capital asset, not being a residential house	b) The assessee should not own more than one residential house on the date of transfer
c) Either A or B	d) Both A&B

Answer- D

107. The new asset purchase/constructed as section 54F should be purchased within _____ year before or _____ years after the date of transfer (or) constructed within a period of _____ years after the date of transfer

a) 1/2/3	b) 1/3/2
c) 2/1/3	d) 3/1/2

Answer- A

108. The quantum of capital gain in case of section 54F if cost of new residential house \geq Net sale consideration of original asset, entire capital gains is exempt.

a) True	b) False

Answer- A

109. The quantum of capital gain in case of section 54 if cost of new residential house $<$ Net sale consideration of original asset, only proportionate capital gains is exempt

a) True	b) False

Answer- A

110. The assessee eligible to claim section 54GA exemption is _____

a) Individual	b) HUF
c) Any assessee	d) Either A or B

Answer- C

111. The conditions to be fulfilled under section 54GA is _____

a) There must be transfer of capital assets	b) Such transfer must be effected in the course of, or in consequence of the shifting of an industrial undertaking from an urban area to any SEZ, whether developed in an urban area or not
c) The capital asset should be either machinery or plant or building or land or any rights in building or land used for the purposes of the business of an industrial undertaking situated in an urban area	d) All the above

Answer- D

112. The assessee should, within a period of _____ year before or _____ years after the date of transfer purchase machinery or plant for the purposes of business of the industrial undertaking in the SEZ

a) 1/2	b) 1/3
c) 2/1	d) 3/1

Answer- B

113. The quantum of capital gain in case of section 54GA if cost of new assets plus expenses incurred for shifting \geq Capital gains, entire capital gains is exempt

a) True	b) False

Answer- A

114. The quantum of capital gain in case of section 54GA if cost of new assets plus expenses incurred for shifting $<$ Capital gains, capital gains (short-term or long-term) to the extent of such cost and expenses is exempt

a) True	b) False

Answer- A

115.If the new asset purchases u/s 54GA is transferred before 3 years from the date of its acquisition or construction, then cost of the asset will be reduced by capital gains exempted earlier for computing capital gains

a) True	b) False

Answer- A

116.Section_____exempts long-term capital gains on sale of a residential property (house or plot of land) owned by an individual or a HUF in case of re-investment of net sale consideration in the equity shares of an eligible company being an eligible start-up, which is utilized by the company for the purchase of new plant and machinery

a) 54GA	b) 54GB
c) 54GC	d) 54GE

Answer- B

117.In order to qualify as an "eligible company" under section 54GB the company should be

a) incorporated in the financial year in which the capital gain arises or in the following year on or before the due date of filing return of income by the individual or HUF	b) engaged in an eligible business
c) a company in which the individual or HUF holds more than 50% of the share capital or 50% of the voting rights, after the subscription in shares by the individual or HUF	d) All the above

Answer- D

118.The conditions to be fulfilled under section 54GB is _____

a) The amount of net consideration should be used by the individual or HUF before the due date of furnishing of return of income under section 139(1), for subscription in equity shares of the eligible company	b) The amount of subscription as share capital is to be utilized by the eligible company for the purchase of new plant and machinery within a period of one year from the date of subscription in the equity shares
c) If the amount of net consideration subscribed as equity shares in the eligible company is not utilized by the company for the purchase of plant and machinery before the due date of filing of return by the individual or HUF, the unutilized amount shall be deposited in an account with any specified bank or institution before such due date of filing return of income	d) All the above

Answer- D

119.The quantum of capital gain in case of section 54GB if cost of new plant and machinery \geq Net consideration of residential house, entire capital gains is exempt

a) True	b) False

Answer- A

120. The quantum of capital gain in case of section 54 if cost of new plant and machinery < Net consideration of residential house, only proportionate capital gains is exempt

a) True	b) False

Answer- A

121. Deposit in CGAS should be made before filing the return of income or on or before the due date of filing the return of income, whichever is earlier for claiming exemption under sections 54, 54B, 54D, 54F, 54G and 54GA.

a) True	b) False

Answer- A

122. If the amount deposited is not utilized for the specified purpose within the stipulated period, then the unutilized amount shall be charged as capital gain of the previous year in which the specified period expires. In the case of section 54F, proportionate amount will be taxable.

a) True	b) False

Answer- A

123. Section _____ provides that the Assessing Officer may refer the valuation of a capital asset to a Valuation Officer in the following circumstances with a view to ascertaining the fair market value of the capital asset for the purposes of capital gains

a) 50CA	b) 54C
c) 55CA	d) 55A

Answer- D

124. Reference to valuation office under section 55A is made when the Assessing Officer is of the opinion that the fair market value of the asset exceeds the value of the asset as claimed by the assessee by more than _____ as claimed by the assessee

a) 15% of the value of asset as claimed	b) Rs 25,000 of the value of the asset
c) Either A or B	d) None of the above

Answer- C

125. Section 111A provides for a concessional rate of tax (i.e. 15%) on the short-term capital gains on transfer of

a) an equity share in a company	b) a unit of an equity oriented fund
c) a unit of business trust	d) All the above

Answer- D

126. Short-term capital gains arising from transactions undertaken in foreign currency on a recognized stock exchange located in an International Financial Services Centre (IFSC) would be taxable at a concessional rate of 15% even though STT is not leviable in respect of such transaction.

a) True	b) False

Answer- A

127.No deduction under Chapter VI-A against STCG taxable under section 111A.

a) True	b) False

Answer- A

128.Where the total income of an assessee includes long-term capital gains, tax is payable by the assessee @ _____% on such long-term capital gains

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

Answer- C

129.Long-term capital gains arising from the transfer of a capital asset, being unlisted securities or shares of a company not being a company in which public are substantially interested, would be calculated at the rate of _____-% on the capital gains in respect of such asset without giving effect to the indexation provision under second proviso to section 48 and currency fluctuation under first proviso to section 48.

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

Answer- A

130.The provisions of section 112 make it clear that the deductions under Chapter VIA cannot be availed in respect of the long-term capital gains included in the total income of the assessee.

a) True	b) False

Answer- A

131.The conditions under section 112A for availing the benefit of this concessional rate are.

a) In case of equity share in a company, STT has been paid on acquisition and transfer of such capital asset	b) In case of unit of an equity oriented fund or unit of business trust, STT has been paid on transfer of such capital asset
c) Both A&B	d) Either A or B

Answer- C

132.In the case of resident individuals or HUF, if the basic exemption is not fully exhausted by any other income, then such long-term capital gain exceeding ` 1 lakh will be reduced by the unexhausted basic exemption limit and only the balance would be taxed at 10%.

a) True	b) False

Answer- A

Chapter 4 : Income from Other Sources

1. Dividend is covered under section_____

a) 2(22)	b) 2(23)
c) 2(24)	d) 2(25)

Answer- A

2. Any distribution of accumulated profits, whether capitalized or not, by a company to its shareholders is dividend if it entails the release of all or any part of its assets

a) True	b) False

Answer- A

3. Any distribution to its shareholders by a company of debenture, debenture stock or deposit certificate in any form, whether with or without interest, and any distribution of bonus shares to preference shareholders to the extent to which the company possesses accumulated profits, whether capitalised or not, will be deemed as dividend

a) True	b) False

Answer- A

4. Any distribution made out of the profits of the company after the date of the liquidation can amount to dividend

a) True	b) False

Answer- B

5. Any distribution to its shareholders by a company on the reduction of its capital to the extent to which the company possessed accumulated profits, whether capitalised or not, shall be deemed to be dividend

a) True	b) False

Answer- A

6. Any payment by a company in which the public are not substantially interested of any sum by way of advance or loan to any shareholder who is the beneficial owner of_____% or more of the equity capital of the company will be deemed to be dividend to the extent of the accumulated profits

a) 20	b) 25
c) 5	d)10

Answer- D

7. Exceptions to section 2(22)(e) covers

a) Loan granted in the ordinary course of business by the money lending company	b) Dividend paid if set off against the deemed dividend
c)Both A&B	d) None of the above

Answer- C

8. Any payment made by a company on purchase of its own shares from a shareholder in accordance with the provisions of section 77A of the Companies Act, 1956 shall be deemed to be dividend

a) True	b) False

Answer- B

9. Section _____ provides that deemed dividend under section 2(22) declared by a company or distributed or paid by it shall be deemed to be the income of the previous year in which it is declared, distributed or paid, as the case may be

a) 5	b) 6
c) 8	d) 9

Answer- C

10. Under section 115-O, any dividend declared, distributed or paid by a domestic company, whether out of current or accumulated profits, shall be charged to additional income-tax at a flat rate of 15% in addition to normal income-tax chargeable on the income of the company

a) 10	b) 7
c) 14	d) 15

Answer- D

11. Dividend under section 115O is known as _____

a) Company dividend	b) Corporate dividend
c) non-corporate dividend	d) None of the above

Answer- C

12. Corporate dividend tax @ _____% is leviable on deemed dividend under section 2(22)(e)

a) 25	b) 30
c) 15	d) 10

Answer- B

13. Any income by way of aggregate dividend in excess of Rs _____ shall be chargeable to tax in the case of specified assessee who is resident in India, at the rate of 10%

a) 15,00,000	b) 10,00,000
c) 60,000	d) 90,000

Answer- B

14. Exemption available under section 10(34), in respect of dividend received by a shareholder from a domestic company would not apply to income by way of dividend chargeable to tax under section 115BBDA

a) True	b) False

Answer- A

15. Casual income means income in the nature of winning from lotteries, crossword puzzles, races including horse races, card games and other games of any sort, gambling, betting etc. Such winnings are chargeable to tax at a flat rate of _____% under section 115BB

a) 30	b) 15
c) 60	d) 10

Answer- A

16. Consideration received in excess of FMV of shares issued by a closely held company to be treated as income of such company, where shares are issued at a premium.

a) True	b) False

Answer- A

17. Section 56(2)(viib) would not be attracted where consideration for issue of shares is received:

a) by a Venture Capital Undertaking (VCU) from a Venture Capital Fund (VCF) or Venture Capital Company (VCC)	b) by a company from a class or classes of persons as notified by the Central Government for this purpose
c) Both A&B	d) None of the above

Answer- C

18. "Startup" means a company in which public are not substantially interested and which fulfills the conditions notified by the Ministry of Commerce and Industry, Department of Industrial Policy and Promotion ('DIPP').

a) True	b) False

Answer- A

19. A private limited company would be considered as startup upto a period of _____years from the date of incorporation/ registration.

a) 3	b) 5
c) 7	d) 1

Answer- C

20. In the case of Startups in the biotechnology sector, the period shall be upto _____years from the date of its incorporation/ registration

a) 10	b) 20
c) 25	d)35

Answer- A

21. However, a private limited company shall not be considered a 'Startup', if it is formed by splitting up or reconstruction of an existing business

a) True	b) False
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Answer- A

22. For the purpose of computation of FMV, the value of assets would include the value of intangible assets being goodwill, know-how, patents, copyrights, trademarks, licences, franchises or any other business or commercial rights of similar nature

a) True	b) False
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Answer- A

23. As per section 145(1), income chargeable under the head "Profits and gains of business or profession" or "Income from other sources", shall be computed in accordance with either cash or mercantile system of accounting regularly employed by the assessee

a) True	b) False

Answer- A

24. the interest received by an assessee on compensation or on enhanced compensation shall be deemed to be his income of the previous year _____

a) in which it is received	b) in which the land was acquired
c) in the year of court order	d) None of the above

Answer- A

25. Section 56(2)(ix) provides for the taxability of any sum of money, received as an advance or otherwise in the course of negotiations for transfer of a capital asset. Such sum shall be chargeable to income-tax under the head 'Income from other sources', if such sum is forfeited and the negotiations do not result in transfer of such capital asset

a) True	b) False

Answer- A

26. If any sum of money is received without consideration and the aggregate value of which exceeds Rs _____, the whole of the aggregate value of such sum is chargeable to tax

a) 25,000	b) 50,000
c) 1,00,000	d) 75,000

Answer- B

27. If an immovable property is received without consideration, the stamp duty value of such property would be taxed as the income of the recipient if it exceeds Rs. 5000

a) True	b) False

Answer- B

28. If an immovable property is received for Inadequate consideration, If consideration is less than the stamp duty value of the property and the difference between the stamp duty value and consideration is more than _____ the difference between the stamp duty value and the consideration shall be chargeable to tax in the hands of the assessee as "Income from other sources".

a) Rs 50,000	b) 5% of consideration
c) Either A or B which is higher	d) Either A or B which is lower

Answer- C

29. Value of property to be considered where the date of agreement is different from date of registration provided whole or part of the consideration has been paid by way of an account payee cheque or an account payee bank draft or by use of electronic clearing system (ECS) through a bank account on or before the date of agreement

a) True	b) False
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30. If a movable property is received and the aggregate of such property on the date of receipt would be taxed as the income of the recipient if it exceeds Rs _____

a) 25,000	b) 50,000
c) 1,00,000	d) 75,000

Answer- B

31. The provisions of section 56(2)(x) would apply only to property which is the nature of a capital asset of the recipient and not stock-in-trade, raw material or consumable stores of any business of the recipient.

a) True	b) False
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Answer- A

32. Any sum of money or value of property received would be outside the ambit of section 56(2)(x) if

a) received from any relative	b) on the occasion of the marriage of the individual
c) under a will or by way of inheritance	d) All the above

Answer- D

33. Any sum of money or value of property received in would be outside the ambit of section 56(2)(x) if

a) in contemplation of death of the payer or donor, as the case may be	b) from any local authority as defined in the Explanation to section 10(20)
c) from any trust or institution registered under section 12A or section 12AA	d) All the above

Answer- D

34. . Any sum of money or value of property received in would be outside the ambit of section 56(2)(x) if

a) from any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution referred to in section 10(23C);	b) by any fund or trust or institution or any university or other educational institution or any hospital or other medical institution referred to in Section 10(23C)(iv)/(v)/(vi)/(via)
c) by way of transaction not regarded as transfer under section 47(i)/ (iv)/ (v)/ (vi)/ (via)/ (viaa)/ (vib)/ (vic)/ (vica)/ (vicb)/ (vid)/ (vii)	d) All the above

Answer- D

35. Any compensation or any other payment, due to or received by any person, by whatever name called, in connection with the termination of his employment or the modification of the terms and conditions relating thereto shall be chargeable to tax under the head income from other source.

a) True	b) False
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Answer- A

36. Which of the following will be treated as income from other sources?

a) Any sum received by an employer-assessee from his employees as contributions to any provident fund, superannuation fund or any other fund for the welfare of the employees	b) Where letting out of buildings is inseparable from the letting out of machinery, plant or furniture, the income from such letting
c) Interest on securities	d) All the above

Answer- D

37. Interest on Post Office Savings Bank Account which was so far fully exempt would henceforth be exempt from tax for any assessment year only to the extent of _____ in case of individual account

a) Rs 3,000	b) Rs 3,500
c) Rs 4,000	d) Rs 4,500

Answer- B

38. Interest on Post Office Savings Bank Account which was so far fully exempt would henceforth be exempt from tax for any assessment year only to the extent of _____ in case of joint account

a) Rs 6,000	b) Rs 6,500
c) Rs 7,000	d) Rs 7,500

Answer- C

39. Section _____ provides exemption in respect of interest on securities held by the Welfare Commissioner, Bhopal Gas Victims, Bhopal, in the Reserve Bank's Account No. SL/DH 048

a) 10(14)(v)	b) 10(15)(v)
c) 10(13)(v)	d) 10(16)

Answer- B

40. Any sum received under a Keyman insurance policy including the sum allocated by way of bonus on such policy is chargeable under the head "Income from other sources" if such income is not chargeable under the head "Profits and gains if business or profession" or under the head "Salaries"

a) True	b) False

Answer- A

41. Interest from non-SLR Securities of Banks: Whether chargeable under the head Income from other sources

a) True	b) False

Answer- B

42. A _____ transaction is a transaction where securities are sold some time before the due date of interest and reacquired after the due date is over

a) bond bonus	b) bond erosion
c) bond-washing	d) None of the above

Answer- C

43. Section _____ provides that where the owner of a security transfers the security just before the due date of interest and buys back the same immediately after the due date and interest is received by the transferee, such interest income will be deemed to be the income of the transferor and would be taxable in his hands

a) 95(1)	b) 94(1)
c) 94(3)	d) 95(3)

Answer- B

44. Section 94(7) provides that where any person buys or acquires any securities within a period of _____ months prior to the record date and such person sells or transfers such securities within a period of _____ months after such date then, the loss, if any, arising there from shall be ignored for the purposes of computing his income chargeable to tax.

a) 3/3	b) 3/9
c) 6/9	d) 3/6

Answer- A

45. Section 94(7) provides that where any person buys or acquires any units within a period of _____ months prior to the record date and such person sells or transfers such units within a period of _____ months after such date then, the loss, if any, arising there from shall be ignored for the purposes of computing his income chargeable to tax.

a) 3/3	b) 3/9
c) 6/9	d) 3/6

Answer- B

46. Section 115BB provides tax rate @ ____%

a) 10	b) 15
c) 30	d) None of the above

Answer- C

47. Any reasonable sum paid by way of commission or remuneration to a banker or any other person for the purpose of realising such dividend or interest on behalf of the assessee is allowed as deduction under section 57

a) True	b) False

Answer- A

48. Which of the following is allowed as deduction under section 57?

a) the amount paid on account of any current repairs to the machinery, plant or furniture	b) the amount of any premium paid in respect of insurance against risk of damage or destruction of the machinery or plant or furniture
c) the normal depreciation allowance in respect of the machinery, plant or furniture, due thereon	d) All the above

Answer- D

49. A deduction of a sum equal to $\frac{33\frac{1}{3}}{100}$ percent of such income or _____, whichever is less, is allowable in case of income in the nature of family pension

a) Rs 15,000	b) Rs 10,500
c) Rs 7,000	d) Rs 7,500

Answer- A

50. In case of income by way of compensation/ enhanced compensation received chargeable to tax under section 56(2)(viii) deduction of ____% is allowed

a) 15	b) 10
c) 50	d) 25

Answer- C

51. No deduction shall be made in computing the "Income from other sources" of an assessee in respect of the _____ items of expenses

a) any personal expense of the assessee	b) any interest chargeable to tax under the Act which is payable outside India on which tax has not been paid or deducted at source
c) any payment taxable in India as salaries, if it is payable outside India unless tax has been paid thereon or deducted at source	d) All the above

Answer- D

52. Income chargeable under the head "Income from other sources" has to be computed in accordance with the cash or mercantile system of accounting regularly employed by the assessee

a) True	b) False

Answer- A

53. As per Section 115BBD, concessional rate of 15% would be applied on gross dividend, i.e., no expenditure would be allowable in respect of such dividend.

a) The Statement is Valid	b) The Statement is not Valid
c) The Statement is Partially Valid & Invalid	d) None of the above

Answer- a

54. As per Section 115BBD, concessional rate of 15% would be applied to specified foreign companies which means

a) A foreign company in which the Indian company holds 26% or more in nominal value of the equity share capital of the company.	b) Notified Companies by the Central Government
c) Both are the correct	d) None of the above

Answer- a

55. Dividend received from a foreign company is chargeable to tax under the head of

a) Profits and gains of business or profession	b) Capital gains
c) Income from other sources	d) Not taxable at all

Answer- c

56. A foreign company in which the Indian company holds _____ in nominal value of the equity share capital of the company for the purpose of section 115BBD of the Income Tax act.

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

Answer- b

57. Section _____ provides a concessional rate of tax in respect of dividend received by an Indian company from a Specified Foreign company.

a) 115BB	b) 115BBD
c) 115B	d) 115A

Answer- b

58. For the purpose of Sec115BBD, No expenditure would be allowable in respect of dividends received by Indian companies from specified foreign companies

a) Correct	b) Incorrect
c) Deduction is allowable	d) None of the above

Answer- a

59. Under the Income Tax Act 1961, what Section defines " Tax on distributed profit of domestic companies by way of dividends for Income Tax purposes"?

a) Sec 115B	b) Sec 115D
c) Sec 115-O	d) Sec 115BBD

Answer- c

60. Under the Income Tax Act 1961, Provisions of Sec 115-O is applicable to

a) Domestic Companies	b) Foreign Company
c) Both a and b	d) All companies including Foreign companies

Answer- a

61. Under Sec 115-O of Income Tax Act 1961, the amounts declared, distributed or paid on or after 1.4.2003 by a domestic company by way of dividends are charged to additional income-tax at the flat rate of

a) 30%	b) 15%
c) 18.5%	d) 25%

Answer- b

62. As per provisions of Sec 115-O of Income Tax Act 1961, the additional income tax rate @ 15 % are taxable in the hands of

a) Shareholders	b) Domestic Companies
c) Exempt in the hands of Shareholders	d) Exempt in the hands of Companies

Answer- b

63. "Dividend received from domestic companies on or after 1.4.03 are exempt in the hands of shareholders subject to the amount of dividend chargeable to tax under section 115BBD [Section 115-O(1)]"

a) Statement is correct	b) Statement is incorrect
c) Total amount is exempt without any limit	d) Total amount is taxable without any limit

Answer- a

64. For the purpose of Sec 115-O of Income Tax Act 1961, dividend includes dividend under section 2(22) but shall not include

a) Sec 2(22)(a)	b) Sec 2(22)(b)
c) Sec 2(22)(e)	d) None of the above

Answer- d

65. As per Sec 115-O of Income Tax Act 1961, A holding company receiving dividend from its subsidiary company can reduce the same from dividends declared, distributed or paid by it. Following are certain conditions to be fulfilled to avail this benefit.

1. Where subsidiary is a domestic company, then the subsidiary should have paid the dividend distribution tax as payable on such dividend.

2. Where subsidiary is a foreign company, then the tax is payable by the domestic company under Sec 115BBD on such dividend.
3. A holding company is one which holds more than 50% of the nominal value of equity shares of the subsidiary.

a) Only 1 st is correct	b) Only 2 nd is correct
c) Only 3 rd is correct	d) All of the above

Answer- d

66. As per Sec 115-O of Income Tax Act 1961, the dividend paid to any person for, or on behalf of, the NPS Trust would _____

a) Be subject to dividend distribution tax	b) Not be subject to dividend distribution tax
c) Exempted from the applicability of dividend distribution tax	d) Both b & c are correct

Answer- d

67. As per Sec 115-O(2) of Income Tax Act 1961, if no income-tax is payable by a domestic company on its total income computed in accordance with the provisions of Income-tax Act, 1961, the tax on distributed profits shall not be payable by such company.

a) Statement is correct	b) Statement is partly correct
c) If no income-tax is payable on its total income then the tax on distributed profits shall not be payable by such company	d) Even if no income-tax is payable on its total income then the tax on distributed profits shall be payable by such company

Answer- d

68. As per Sec 115-O(3) of Income Tax Act 1961, within how many days Additional income-tax (DDT) must be paid to the credit of the Central Government ?

a) 14 days	b) 15 days
c) 30 days	d) 25 days

Answer- a

69. As per Sec 115-O(3) of Income Tax Act 1961, Additional income-tax (DDT) must be paid to the credit of the Central Government within fourteen days from the following dates

1. Declaration of any dividend or
2. Distribution of any dividend or
3. Payment of any dividend or
whichever is earliest.

a) Only 1 st & 2 nd are correct	b) Only 2 nd & 3 rd are correct
c) Only 1 st & 3 rd are correct	d) All of the above are correct

Answer- d

70. As per Sec 115-O of Income Tax Act 1961, Is there any deduction is available to the company or shareholder in respect of the dividend income or DDT ?

a) No deduction is available	b) Deduction is available
c) Some deductions are available	d) Depends upon company or shareholder

Answer- a

71. As per Sec 115-O of Income Tax Act 1961, Is there any exemption is available from levy of DDT on distributions by unit located in International Financial Services Centre (IFSC) on deriving income solely inconvertible foreign exchange?

a) Exemption would not be applicable	b) Exemption would be applicable
c) Exemption would be applicable with specified limit.	d) Depends upon company or shareholder

Answer- b

72. As per Sec 115-P of Income Tax Act 1961, if DDT is not paid within 14 days as specified under Sec 115-O then simple interest @ per month or part of the month is payable.

a) 1.5 %	b) 15 %
c) 1 %	d) 18 %

Answer- c

73. As per Sec 115-Q of Income Tax Act 1961 provides that the _____ would be deemed to be an assessee-in-default if they fail to pay the tax in accordance with the provisions of section 115-O.

a) Principal Officer and the company	b) Only company
c) Only principal officer	d) Directors

Answer- a

74. "The amount of dividend received from company by the shareholders is not included in the total income of the shareholder, by virtue of exemption provided under section 10(34) subject to the amount of dividend chargeable to tax under section 115BBDA ". Whether statement is correct or not ?

a) Correct	b) Incorrect
c) It depends on shareholders	d) Amount of dividend is fully exempt irrespective of Limit specified under Sec 115BBDA

Answer- a

75. The consideration received by a shareholder on buy-back of shares by a company is

a) Dividend	b) Not dividend
c) It depends on shareholders	d) Business income

Answer- b

76. The consideration received by a shareholder on buy-back of shares by a company is treated as

a) Exempt	b) Income from other sources
c) Capital Gains	d) Business income

Answer- c

77. Following are the options available to a company to distribute its reserves to its shareholders

1. Payment of dividend
2. Buy-back its own shares at a consideration determined by it

a) Only 1 st option is correct	b) Only 2 nd option is correct
c) Both are correct	d) Both are incorrect

Answer- c

78. Following are the options available to a listed company to distribute its reserves to its shareholders
1. Payment of dividend - subject to DDT under section 115-O and income in the hands of shareholders would be exempt as per section 10(34) subject to section 115BBDA
 2. Buy-back its own shares at a consideration determined by it - the income would be taxed in the hands of shareholder under section 46A as capital gains.

a) Only 1 st option is correct	b) Only 2 nd option is correct
c) Both are correct	d) Both are incorrect

Answer- c

79. The income arising to the shareholders in respect of such buy back of unlisted shares by the domestic company would be

a) Dividend	b) Not dividend
c) Capital Gains	d) exempt under section 10(34A)

Answer- d

80. Which section provides levy of additional income-tax on buyback of unlisted shares ?

a) Sec 115-O	b) Sec 115Q
c) Sec 115QA	d) Sec 115QB

Answer- c

81. At what rate levy of additional income-tax on buyback of unlisted shares as per Sec 115QA ?

a) 10%	b) 15%
c) 20%	d) Depends upon company

Answer- c

82. Within how many days of additional income-tax should be paid to the credit of the Central Government as per Sec 115QA ?

a) 14 days	b) 15 days
c) 28 days	d) 30 days

Answer- a

83. Additional income-tax should be paid to the credit of the Central Government within 14 days from the date of payment of any consideration for such buyback to the shareholder as per Sec 115QA .

a) Correct	b) Incorrect
c) Depends upon company	d) Partly correct & partly incorrect

Answer- a

84. Following are the meanings as per Sec115QA ..

1. Buy back means Purchase by a company of its own shares in accordance with the provisions of any law for the time being in force to companies.
2. Distributed income means the consideration paid by the company on buy-back of shares as reduced by the amount which was received by the company for issue of such shares, determined in the manner as may be prescribed.

a) Only 1 st is Correct	b) Only 2 nd is Correct
c) Both are correct	d) Partly correct & partly incorrect

Answer- c

85. Is there any credit or deduction is allowed in respect of additional income tax paid as per Sec 115QA?

a) Only credit allowed	b) Deduction allowed
c) Credit or deduction is not allowed	d) Either credit or deduction is allowed

Answer- c

86. As per Sec 115QB of Income Tax Act 1961, if additional income-tax not paid within the specified time then simple interest @ per month or part of the month is payable.

a) 1.5 %	b) 15 %
c) 1 %	d) 18 %

Answer- c

87. As per Sec 115-QC of Income Tax Act 1961 provides that the_____would be deemed to be an assessee-in-default if additional income-tax is not paid to the credit of Central Government within the specified time under the act.

a) Principal Officer and the company	b) Only company
c) Only principal officer	d) Directors

Answer- a

88. At what rate surcharge levy in addition to additional income-tax rate @ 20% on buyback of unlisted shares as per Sec 115QA ?

a) 10%	b) 15%
c) 12%	d) Depends upon company total income

Answer- c

Chapter 5 : Assessment of Various Entities

1. Certain special provisions which are applicable only to companies in which public are not substantially interested. The list of such special provisions is as follow:

1. Sec 2(22)(e) – Advance or loan by a closely held company (Deemed Dividend)
2. Sec 56(2)(viib)—Consideration received in excess of FMV of shares issued by a closely held company to be treated as income of such company, where shares are issued at premium
3. Sec 68 – Taxation of sum received by closely held company as share application money, share capital, share premium and explanation offered by the company is not satisfactory
4. Sec 79 – Carry forward & set off of losses in case of closely held companies
5. Sec 179 – Liability of directors of private company in liquidation.

a) Only 1,2,3 & 4 are correct	b) Only 1,2 & 4 are correct
c) Only 1,3,4 & 5 are correct	d) All are correct

Answer- d

2. As per Sec 115JB, the tax rate @ ____ as per MAT provision

a) 30 %	b) 18.5 %
c) 40 %	d) 25 %

Answer- b

3. "As per section 115JB(1), in case of company (domestic or foreign), if the income-tax payable on the total income computed under the Income-tax Act, 1961 is less than 18.5% of its book profit, such book profit shall be deemed to be the total income of the assessee ".

a) True	b) False
c) Partly correct and partly incorrect	d) None of the above

Answer- a

4. As per Sec 115JB, tax rate @ 18.5% will calculated on _____

a) Book Profits	b) As per normal provisions
c) Both a & b	d) None of the above

Answer- a

5. Every company other than a company referred to in clause (b) of section 115JB(2) shall for the purpose of this section prepare its statement of profit and loss account for the relevant previous year in accordance with the provisions of Schedule III to the Companies Act, 2013 "

a) Correct	b) Incorrect
c) Partly correct and partly incorrect	d) None of the above

Answer- a

6. As per clause (b) of section 115JB(2), Insurance companies, banking companies, companies engaged in generation or supply of electricity or any other class of company for which a form of financial statement has been specified in or under the Act governing such class of company, shall for the purposes of this section, prepare its statement of profit and loss account for the relevant previous year in accordance with the provisions of the Act governing such company.

a) Correct	b) Incorrect
c) Partly correct and partly incorrect	d) None of the above

Answer- a

7. As per explanation 1 of section 115JB(2) , for the purposes of computing book profit, the profit shall be increased by the following items if debited to statement of profit and loss account.

a) Income-tax paid or payable	b) Amount carried to any reserves
c) Amounts set aside to provisions for meeting liabilities other than ascertained liabilities	d) All of the above

Answer- d

8. As per explanation 1 of section 115JB(2) , for the purposes of computing book profit, the profit shall be increased by the following items if debited to statement of profit and loss account.

a) Amount of provision for losses of subsidiary companies	b) Amount of dividends paid or proposed
c) Amount of expenditure relatable to any income to which section 10	d) All of the above

Answer- d

9. As per explanation 1 of section 115JB(2) , for the purposes of computing book profit, the profit shall be increased by the following items if debited to statement of profit and loss account.

a) Amount of expenditure relatable to income referred under section 115BBF	b) The amount of deferred tax and provision there for
c) Provision for diminution in the value of any asset	d) All of the above

Answer- d

10. As per explanation 1 of section 115JB(2) , for the purposes of computing book profit, the profit shall be reduced by the following items if credited to statement of profit and loss account.-

a) Amount of provision for losses of subsidiary companies	b) The amount withdrawn from any reserve or provision, if any such amount is credited to the statement of profit and loss account
c) Amount of income to which section 10 [other than long-term capital gain exempt under section 10(38)] or sections 11 or 12 apply, if such amount is credited to the statement of profit and loss account	d) Both b & c are correct

Answer- d

11. As per explanation 1 of section 115JB(2) , for the purposes of computing book profit, the profit shall be reduced by the following items if credited to statement of profit and loss account -

a) Income by way of royalty taxable under section 115BBF	b) The amount of income, being the share of the assessee in the income of an AOP or BOI, on which no income-tax is payable in accordance with the provisions of section 86
c) Only a is correct.	d) Both a & b are correct

Answer- d

12. While calculating Book Profit under section 115 JB which of the following is not deducted?

a) Any amount withdrawn from Reserves & Provisions and credited to P&L account	b) Long Term Capital Gain referred under section 10(38)
c) Brought forward loss/ Unabsorbed depreciation whichever is less	d) Amount of depreciation debited to P&L account excluding the depreciation on revaluation of assets

Answer- b

13. When units of business trust are actually transferred, the amount of gain on such transfer has to be added to compute the book profit under section 115 JB

a) Correct	b) Incorrect
c) Partly correct and partly incorrect	d) None of the above

Answer- a

14. While calculating Book Profit under section 115JB , the profit shall be reduced by, "the amount of income, being the share of the assessee in the income of an AOP or BOI, on which no income-tax is payable in accordance with the provisions of section 86, if any such amount is credited to the statement of profit and loss account".

a) Correct	b) Incorrect
c) Partly correct and partly incorrect	d) None of the above

Answer- a

15. While calculating Book Profit under section 115JB , the profit shall be reduced by, "The amount withdrawn from the revaluation reserve and credited to the statement of profit and loss account, to the extent it does not exceed the amount of depreciation on revaluation of assets".

a) Correct	b) Incorrect
c) Partly correct and partly incorrect	d) None of the above

Answer- a

16. While calculating Book Profit under section 115JB , the profit shall be reduced by, "The amount of deferred tax, if any such amount is credited to the statement of profit and loss account".

a) Correct	b) Incorrect
c) Partly correct and partly incorrect	d) None of the above

Answer- a

17. While calculating Book Profit under section 115 JB , the profit shall be reduced by,

1. Income by way of royalty taxable under section 115BBF.
2. Amount of brought forward loss or unabsorbed depreciation, whichever is less as per books of account.
3. Amount of brought forward loss or unabsorbed depreciation, whichever is more as per books of account.

a) Only 1 is correct	b) Only 1& 2 is correct
c) Only 1& 3 is correct	d) All are incorrect

Answer- b

18. While calculating Book Profit under section 115JB , the profit shall be reduced by, "The amount of profits of a sick industrial company commencing from the previous year in which the company became sick and ending with the assessment year during which the entire net worth of such company becomes equal to or exceeds the accumulated losses".

a) Correct	b) Incorrect
c) Partly correct and partly incorrect	d) None of the above

Answer- a

19. ABC (P) Ltd, made a provision of Rs.40 Lakhs for Doubtful Debts by debit to profit and loss account. The Assessing Officer while computing Book profits under Sec 115JB wants to add back the provision. Is the assessing officer justified in making such addition for computing Book-Profit.?

a) Incorrect	b) Correct
c) Partly correct and partly incorrect	d) None of the above

Answer- b

20. ABC Ltd has claimed exemption on the income from long term capital gains under Sec 54EC by investing in bonds of NHAI within the prescribed time. In the computation of Book profit under Sec 115JB, the company claimed exclusion of LTCG because of exemption available under Sec 54EC. The Assessing officer reckoned the book profit including long term capital gains for the purpose of levy of MAT. Is the action of Assessing officer justified in law ?

a) Justified	b) Not Justified
c) Assessing officer has no right	d) None of the above

Answer- a

21. ABC (P) Ltd debited Prior Period expenses of Rs.5 Lakhs in Profit & Loss account. The Assessing Officer while computing Book profits under Sec 115JB wants to add back the expenses. Is the assessing officer justified in making such addition for computing Book-Profit.?

a) Justified	b) Not Justified
c) Assessing officer has no right	d) None of the above

Answer- b

22. In case of a company whose financial statements are drawn up in compliance with the Indian Accounting Standards (Ind ASs) specified in Annexure to the Companies (Indian Accounting Standards) Rules, 2015, the following additional adjustments shall be done to the book profit as per section 115JB(2) read with Explanation 1-

1. Increased by all amounts credited to other comprehensive income in the statement of profit and loss under the head "Items that will not be re-classified to profit or loss";
2. Decreased by all amounts debited to other comprehensive income in the statement of profit and loss under the head "Items that will not be re-classified to profit or loss";

a) Only 1 is correct	b) Only 2 is correct
c) Both are correct	d) Both are Incorrect

Answer- c

23. As per Ind AS 10, the reserves are debited at fair value to record the distribution as a 'deemed dividend' to the shareholders. As there is a corresponding adjustment in retained earnings, this difference arising on demerger shall be excluded from the book profits.

a) Correct	b) Incorrect
c) Partly correct and partly incorrect	d) None of the above

Answer- a

24. As per Ind AS, meaning of certain terms

1. Year of Convergence means "the previous year within which the convergence date falls"
2. Convergence date means "the first day of the first Indian Accounting Standards reporting period as defined in the Ind AS 101.

a) Only 1 is correct	b) Only 2 is correct
c) Both are correct	d) Both are Incorrect

Answer- c

25. For the purposes of section 115JB of the Act , _____shall be the starting point for computing Book profits for Ind AS compliant companies.

a) Profit before other comprehensive income	b) Total Comprehensive Income
c) Both are correct	d) Both are Incorrect

Answer- a

26. For the purposes of section 115JB of the Act , _____shall be the starting point for computing Book profits for Ind AS compliant companies.

a) Profit before other comprehensive income	b) Total Comprehensive Income
c) Both are correct	d) Both are Incorrect

Answer- a

27. A report from a Chartered Accountant certifying that the book profit has been computed in accordance with the provisions of Section 115JB(3). Is it Compulsory ?

a) Compulsory	b) Not compulsory
c) Depends on company	d) None of the above

Answer- a

28. "Compulsory filing of return of income and furnishing of report from Chartered Accountant certifying that the book profit has been computed in accordance with the provisions of Section 115JB(3)".

a) Statement is correct	b) Statement is Incorrect
c) Depends on company	d) None of the above

Answer- a

29. In respect of the relevant previous year, the amounts determined under the provisions of _____, shall be allowed to be carried forward [Section 115JB(4)].

a) Section 32(2), Section 72(1)(ii) or Section 73	b) Section 74 or Section 74A(3)
c) Both are correct	d) Both are incorrect

Answer- c

30. All other provisions of the Act _____apply to every assessee, being a company mentioned in this section [Section 115JB(5)].

a) Shall	b) May
c) Depends on company	d) None of the above

Answer- a

31. Any income accruing or arising to a company from life insurance business referred to in section 115B subject to MAT [Section 115JB(5A)].

a) would be	b) would not be
c) Depends on company	d) None of the above

Answer- b

32. Is there any Concessional rate of MAT for unit located in IFSC ?

a) No	b) Yes
c) Depends on company	d) None of the above

Answer- b

33. XYZ is a foreign company is a resident of USA with which india has a DTAA U/S 90(1) and having a permanent establishment in India. The Assessing Officer contends that MAT Provisions are applicable to XYZ Ltd. Is the AO Contention is

a) True	b) False
c) Depends on company	d) None of the above

Answer- a

34. In case of a company, being a unit located in International Financial Services Centre and deriving its income solely in convertible foreign exchange, the minimum alternate tax shall be chargeable at the rate of _____ [Section 115JB(7)]

a) 9%	b) 18.5%
c) 25 %	d) None of the above

Answer- a

35. As per Section 115JAA, credit of MAT in respect of excess amount of tax paid under Sec 115JB could be carried for --

a) 8 Assessment Years	b) 15 Assessment Years
c) 10 Assessment Years	d) 6 Assessment Years

Answer- b

36. As per Section 115JAA, "Conversion of a private company or unlisted public company into an LLP, the tax credit under section 115JAA for MAT paid by the company under section 115JB would not be allowed to the successor LLP".

a) Valid	b) Invalid
c) Partly valid & Invalid	d) None of the above

Answer- a

37. XYZ Private Limited has converted into a LLP on 01.04.2017 and Unadjusted MAT credit of XYZ Pvt Ltd under Sec 115JAA of Rs.15,00,000/-. Assuming that the conversion fulfills all the condition specified in Sec 47(xiiib).What is the tax treatment in the hands of LLP?

a) Credit of MAT paid by XYZ Pvt Ltd cannot be availed by the successor LLP	b) Credit of MAT paid by XYZ Pvt Ltd can be availed by the successor LLP
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c) Depends on LLP	d) None of the above
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Answer- a

38. "The amount of tax credit in respect of MAT shall not be allowed to be carried forward to subsequent year to the extent such credit relates to the difference between the amount of foreign tax credit (FTC) allowed against MAT and FTC allowable against the tax computed under regular provisions of Act other than the provisions relating to MAT".

a) Correct	b) Incorrect
c) Partly correct and partly incorrect	d) None of the above

Answer- a

39. 1. Company to which MAT applies shall be liable to pay Advance Tax.
2. Company to which MAT applies shall be liable to pay Interest under Sec 234A / Sec 234B / Sec 234C, if company defaults in payment of Advance tax.

a) Only 1 is correct	b) Only 2 is correct
c) Both are correct	d) Both are Incorrect

Answer- c

40. To make the Indian shipping industry more competitive, a _____ scheme for taxation of shipping profits has been introduced.

a) Income tax	b) Tonns Tax
c) Tonnage tax	d) Shipping Scheme

Answer- c

41. The salient features of the tonnage tax scheme are as follows,
1. A company owning at least one qualifying ship may join .
2. A qualifying ship is one with a minimum tonnage of 15 tons and having a valid certificate
3. A qualifying ship is one with a maximum tonnage of 15 tons

a) Only 1 st & 2 nd are correct	b) Only 2 nd & 3 rd are correct
c) Only 1 st & 3 rd are correct	d) All are correct

Answer- a

42. As per Section 115VB of Income Tax Act 1961, company will not be regarded as the operator of a ship which has been chartered out on bareboat charter-cum-demise terms or on bareboat charter terms for a period exceeding _____

a) 3 years	b) 4 years
c) 5 years	d) 6 years

Answer- a

43. As per Section 115VC of Income Tax Act 1961, A company will be a qualifying company if

a) It is an Indian company	b) The place of effective management of the company is in India
c) Both are correct	d) Both are incorrect

Answer- c

44. As per Section 115VC of Income Tax Act 1961, A company will be a qualifying company if

1. It is an Indian company

2. The place of effective management of the company is in India
3. It owns at least one qualifying ship
4. The main object of the company is to carry on the business of operating ships

a) Only 1 st & 2 nd are correct	b) Only 1 st , 2 nd & 3 rd are correct
c) Only 1 st , 3 rd & 4 th are correct	d) All are correct

Answer- d

45. As per Section 115VD of Income Tax Act 1961, the following ships are not "qualifying ships"

1. Harbour and river ferries.
2. Pleasure craft.
3. Factory ships & fishing vessels.

a) Only 1 st & 2 nd are correct	b) Only 2 nd & 3 rd are correct
c) Only 1 st & 3 rd are correct	d) All are correct

Answer- d

46. As per Section 115VD of Income Tax Act 1961, the following ships are not "qualifying ships"

1. Offshore installations.
2. A qualifying ship which is used as a fishing vessel for a period of more than thirty days during a previous year.
3. It is a seagoing ship or vessel of 15 net tonnage or more.

a) Only 1 st & 2 nd are correct	b) Only 2 nd & 3 rd are correct
c) Only 1 st & 3 rd are correct	d) All are correct

Answer- a

47. As per Section 115VE of Income Tax Act 1961, the following are the statements

1. "Tonnage tax company" means a qualifying company in relation to which tonnage tax option is in force.
2. "Tonnage tax scheme" means a scheme for computation of profits and gains of business of operating qualifying ships under the provisions of this Chapter.
3. The business of operating qualifying ships giving rise to "relevant shipping income".

a) Only 1 st & 2 nd are correct	b) Only 2 nd & 3 rd are correct
c) Only 1 st & 3 rd are correct	d) All are correct

Answer- d

48. As per Section 115VG of Income Tax Act 1961, the tonnage income of a qualifying ship is to be calculated on the basis of the _____ tonnage income.

a) Daily	b) Monthly
c) Quarterly	d) Yearly

Answer- a

49. As per Section 115VG of Income Tax Act 1961, the daily tonnage income of a qualifying ship has to be computed for qualifying ship having net tonnage exceeding 10,000 but not more than 25,000 then the amount of daily tonnage income is _____

a) Rs.5,000 plus Rs.42 for each 100 tons exceeding 10,000 tons	b) Rs.5,470 for each 100 tons exceeding 10,000 tons
c) Rs.5,470 plus Rs.20 for each 100 tons exceeding 10,000 tons	d) Rs.5,470 plus Rs.42 for each 100 tons exceeding 10,000 tons

Answer- d

50. As per Section 115VG of Income Tax Act 1961, the daily tonnage income of a qualifying ship has to be computed for qualifying ship having net tonnage exceeding 25,000 then the amount of daily tonnage income is _____

a) Rs.11,770 plus Rs.29 for each 100 tons exceeding 25,000 tons	b) Rs.11,000 plus Rs.29 for each 100 tons exceeding 25,000 tons
c) Rs.10,000 plus Rs.29 for each 100 tons exceeding 25,000 tons	d) Rs.11,770 for each 100 tons exceeding 25,000 tons

Answer- a

51. As per Section 115VG of Income Tax Act 1961, the tonnage is to be rounded off to the nearest multiple of _____ tons

a) Hundred	b) Tens
c) Thousands	d) None of the above

Answer- a

52. As per Section 115VG of Income Tax Act 1961, Is there any deduction or set-off is allowed in computing the tonnage income ?

a) Allowed	b) Not allowed
c) Depends on company turnover	d) None of the above

Answer- b

53. As per Section 115V-I of Income Tax Act 1961, Where the aggregate of income from incidental activities exceeds _____ per cent of the turnover from core activities, such excess will not form part of relevant shipping income for the purposes of this Chapter and shall be taxable under the other provisions of this Act.

a) one-fourth	b) one-fifth
c) one-third	d) one-half

Answer- a

54. As per Section 115VJ of Income Tax Act 1961, Where any asset, other than qualifying ship, is not exclusively used for the tonnage tax business by the tonnage tax company, depreciation on such asset has to be allocated between its _____

a) Tonnage tax business	b) Other business
c) Both are incorrect	d) Both a & b are correct

Answer- d

55. As per Section 115VK of Income Tax Act 1961, The depreciation for the first previous year of the tonnage tax scheme has to be computed on the _____ of the qualifying ships

a) Written down value	b) Straight Line method
c) Both are incorrect	d) Both a & b are correct

Answer- a

56. As per Section 115VL of Income Tax Act 1961, Is there any set-off or carry forward of losses allowed as referred to in sections 70(1) and 70(3) or sections 71(1) and 71(2) or section 72(1) or section 72A(1),

relating to the business of operating qualifying ships of the company is permissible where such loss relates to any of the previous years when the company is under the tonnage tax scheme ?

a) Only sections 70(1) and 70(3) allowed	b) Only sections 71(1) and 71(2) allowed
c) section 72(1) allowed	d) Not allowed under any sections as specified above.

Answer- d

57. As per Section 115VM of Income Tax Act 1961, Any losses attributable to its tonnage tax business that have accrued to a company before its entry in tonnage tax scheme shall be deemed to have been set off only against the relevant shipping income when the company is under the tonnage tax scheme.

a) Statement is true	b) Statement is false
c) Depends upon company	d) Setoff is not allowed under any business

Answer- a

58. As per Section 115VN of Income Tax Act 1961, Following are Capital gains from transfer of tonnage tax assets,

- Profits or gains arising from the transfer of a capital asset being an asset forming part of the block of qualifying assets is chargeable to income-tax in accordance with the provisions of section 45, read with section 50.
- The capital gains so arising has to be computed in accordance with the provisions of sections 45 to 51.

a) Only 1 st is correct	b) Only 2 nd is correct
c) Both are incorrect	d) Both are correct

Answer- d

59. As per Section 115VO of Income Tax Act 1961, This section seeks to___ the book profits or loss derived from the activities of a tonnage tax company for the purposes of section 115JB.

a) exclude	b) Include
c) Depends upon company	d) Book profits is allowed under any business

Answer- a

60. As per Section 115VP of Income Tax Act 1961, A qualifying company may opt for the tonnage tax scheme by making an application to the_____having jurisdiction over the company in the prescribed form and manner.

a) Assistant Commissioner	b) Joint-Commissioner
c) Income Tax Officer	d) Deputy Commissioner

Answer- b

61. As per Section 115VP of Income Tax Act 1961, Every order granting or refusing the approval of the option for tonnage tax scheme should be passed_____in which the application was received

a) Before the expiry of one month from the end of the month	b) After the expiry of one month from the end of the month
c) Before the expiry of second month from the end of the month	d) Within Two months

Answer- a

62. As per Section 115VQ of Income Tax Act 1961, An option for tonnage tax scheme (after it has been approved under section 115VP(3)) would remain in force for a period of _____ from the date on which such option has been exercised

a) Five years	b) Six years
c) Ten years	d) Fifteen years

Answer- c

63. As per Section 115VQ of Income Tax Act 1961, An option for tonnage tax scheme would cease to have effect from the assessment year relevant to the previous year in which –

1. The qualifying company ceases to be so .
2. A default is made in complying with the provisions contained in section 115VT or section 115VU or section 115VV.

a) Only 1 st is correct	b) Only 2 nd is correct
c) Both are incorrect	d) Both are correct

Answer- d

64. As per Section 115VQ of Income Tax Act 1961, The tonnage tax option will also cease to have effect in case-

1. A company is excluded from the tonnage tax scheme under section 115VZC
2. The qualifying company furnishes to the Assessing Officer, a declaration in writing to the effect that the provisions of this Chapter may not be made applicable to it.

a) Only 1 st is correct	b) Only 2 nd is correct
c) Both are incorrect	d) Both are correct

Answer- d

65. As per Section 115VT of Income Tax Act 1961, A tonnage tax company may transfer a sum in excess of _____ per cent of the book profits.

a) Twenty	b) Thirty
c) Fifteen	d) Ten

Answer- a

66. Securitisation trust” means a trust being a –

a) A special purpose distinct entity	b) A special purpose vehicle
c) A trust setup by a securitization company or a reconstruction company	d) All of the Above

Answer- d

67. The income of securitization trust from the activity of securitization shall continue to be exempt under section-

a) 10(23DA)	b) 10(23D)
c) 10(23EA)	d) 10(23EC)

Answer- a

68. As per Section 115TCA(1) provides that the income accruing or arising to, or received by, a person, being an investor from the securitization trust, out of investments made in the securitization trust, shall be taxable in the hands of

a) Trust	b) Investor
c) Both a and b	d) None of the Above

Answer- b

69. Where income has been included in the total income of the investor in a previous year, on account of it having accrued or arisen in the said previous year, the same shall not be included in the total income of such person in the previous year in which such income is actually paid to him by the securitisation trust.

a) The Statement is Valid	b) The Statement is Invalid
c) The Statement is Partially valid	d) None of the Above

Answer- a

70. The rate of TDS to be deducted by the securitization trust at the time of payment or credit of income to the account of the investor of Resident individuals and HUFs are:

a) 25%	b) 30%
c) 33.33%	d) 35%

Answer- a

71. The rate of TDS to be deducted by the securitization trust at the time of payment or credit of income to the account of the investor of Resident payees, other than individuals and HUFs are:

a) 25%	b) 30%
c) 33.33%	d) 35%

Answer- b

72. The trustee of a REIT shall be a -----who is not an associate of the Sponsor/manager.

a) SEBI Unregistered debenture trustee	b) SEBI registered Equity Share trustee
c) SEBI registered Preference Share trustee	d) SEBI registered debenture trustee

Answer- d

73. REIT shall invest in commercial real estate assets, either directly or through a holdco and/or special purpose vehicles (SPVs) are not less than ---- of the equity share capital or interest.

a) 51%	b) 50%
c) 49%	d) 26%

Answer- a

74. Section 10(23FC) ----- any income of a business trust by way of -

- i. Interest received or receivable from a Special Purpose Vehicle (SPV). Thus, the business trust enjoys a pass-through status in respect of interest received or receivable from a SPV; or
- ii. Dividend referred to in section 115-O(7) i.e., any income of a business trust by way of dividend received from SPV, being a specified domestic company in which a business trust has become the holder of the whole of the nominal value of equity share capital of the company. Such dividend income is also exempt in the hands of the unit-holder.

a) Exempts i & ii	b) Taxable i & ii
c) Exempts i only	d) Exempt ii only

Answer- a

75. Any incomes of a business trust, being a REIT, by way of renting or leasing or letting out any real estate asset owned directly by such business trust is exempt in the hands of -----

a) Investor	b) Business trust.
c) Both a and b	d) None of the above

Answer- a

76. Section 115UA(2) provides that subject to the provisions of sections 111A and 112, the total income of a business trust shall be chargeable to tax at the----- rate.

a) 15%	b) 25%
c) 30%	d) Maximum Marginal Rate

Answer- d

77. Any distributed income referred to in section 115UA received by unit holders is exempt in their hands under section 10(23FD) to the extent it does not comprise of

- i. Interest referred to in sub-clause (a) of section 10(23FC)
- ii. Rental income referred to in section 10(23FCA)

a) i only	b) ii only
c) Both i and ii	d) None of the Above

Answer- c

78. Under section 139(4E), a business trust is mandatorily required to furnish a return of its income or loss in every previous year. All the provisions of the Income-tax Act, 1961 would apply as if it were a return required to be furnished under section 139(1).

a) The Statement is Valid	b) The Statement is Invalid
c) The Statement is Partially valid	d) None of the Above

Answer- a

79. As per section 115UA(2), the business trust is liable to pay tax@15% under section 111A in respect of short-term capital gains on sale of listed shares of special purpose vehicle. There would, however, be no tax liability on the capital gain component of income distributed to unit holders, by virtue of the exemption contained in section 10(23FD).

a) The Statement is Valid	b) The Statement is Invalid
c) The Statement is Partially valid	d) None of the Above

Answer- a

80. section deals with Scheme for Taxation of Real Estate Investment Trust (REIT) and Infrastructure Investment Trust (InViT)

a) Section 115UG	b) Section 115UA
c) Section 115UC	d) Section 115UD

Answer- b

81. Section _____ inter alia, exempts income received by any person on behalf of university, or other educational institution or any hospital

a) 10(23C)	b) 10(23D)
c) 10(23E)	d) 10(23F)

Answer- A

82. Section _____ provides exemption in respect of income derived from property held under trust wholly for charitable or religious purposes.

a) 11	b) 13A
c) 13B	d) 10

Answer- A

83. Section _____ - exempts certain categories of income derived by a political party

a) 11	b) 13A
c) 13B	d) 10

Answer- B

84. Section _____ exempts voluntary contributions received by electoral trusts

a) 11	b) 13A
c) 13B	d) 10

Answer- C

85. Section 10(23C) deals with institution such as:

a) any university or other educational institution wholly or substantially financed by the Government which exists solely for educational purposes and not for profit	b) any hospital or other institution wholly or substantially financed by the Government, which exists solely for philanthropic purposes and not for profit and which exists for the reception and treatment of persons suffering from illness or mental defectiveness or for the reception and treatment of convalescing persons or persons requiring medical attention or rehabilitation
c) any university or other educational institution existing solely for educational purposes and not for profit and its aggregate annual receipts do not exceed ` 1 crore	d) All the above

Answer- D

86. Section 10(23C) deals with institution such as:

a) any other fund or institution for charitable purposes approved by the prescribed authority having regard to the objects of the fund or institution and its importance throughout India or throughout any State or States	b) any trust (including any other legal obligation) or institution wholly for public religious or wholly for public religious and charitable purposes approved by the prescribed authority having regard to ensure the income applies for the objects of the fund or institution
c) any other university or educational institution existing solely for educational purposes and not for purposes of profit and which may be	d) All the above

approved by the prescribed authority	
--------------------------------------	--

Answer- D

87. _____ is empowered to call for such documents or information as it considers necessary in order to satisfy itself about the genuineness of the activities of the fund or trust or institution or any university or other educational institution or any hospital or other medical institution, before approving the same under section 10(23C)(iv)/(v)/(vi)/(via).

a) ITAT	b) Supreme Court
c) High Court	d) Commissioner of Income-tax (Exemptions)

Answer- D

88. For exemption under section 10(23C)(iv)/(v)/(vi)/ (via), the fund or trust or institution etc. must fulfill which of the following conditions

a) It should apply its income or accumulate it for application wholly and exclusively to the objects for which it is established	b) In case where more than 15% of its income is accumulated, the period of accumulation of the amount exceeding 15% of its income shall be maximum 5 years
c) Funds should be invested or deposited in the forms or modes specified in section 11(5)	d) All the above

Answer- D

89. Where the fund/ trust/ institution/ university/ hospital etc. does not apply its income during the year of receipt and accumulates it, and subsequently makes a payment or credit out of such accumulated income, to any institution or trust registered u/s 12AA or to any fund/ trust/ institution/ university/ hospital, such payment or credit shall not be considered to be an application of income for its specified objectives

a) True	b) False

Answer- A

90. In case where an expenditure is incurred on which tax is deductible at source under Chapter XVII – B and such tax has not been deducted or after deduction, has not been paid on or before the due date under section 139(1), _____ % of sum paid would not be treated as application of income in that year.

a) 15	b) 20
c) 30	d) 50

Answer- C

91. Where the trust/ fund etc. incurs any expenditure in respect of which a payment or aggregate of payments made to a person in a day, otherwise than by an account payee cheque/ bank draft/ ECS, exceeds Rs , the same would not be considered as application of income

a) 1,000	b) 5,000
c) 10,000	d) 20,000

Answer- C

92. The Central Government, or prescribed authority shall have the power to withdraw the approval or rescind the notification if

a) such fund/ institution/ university/ hospital etc. has not applied its income or invested/ deposited its funds in accordance with the provisions	b) the activities of such fund, etc. are not genuine
c) such activities are not being carried out in accordance with the conditions based upon which it was notified or approved	d) Any of the above

Answer- D

93. If the purpose of a trust or institution referred to in sub-clauses (iv)/(v) of section 10(23C) does not remain charitable in a previous year on account of the commercial receipts exceeding _____% of total receipts of the trust or institution, then, such trust or institution would not be entitled to get benefit of exemption in respect of its income for that previous year in which the commercial receipts exceed the specified threshold

a) 10	b) 20
c) 30	d) 50

Answer- B

94. Entities which have been approved or notified for claiming benefit of exemption under section 10(23C) would not be entitled to claim any benefit of exemption under any other provision of section 10 except exemption under section _____

a) 10(1)	b) 10(2)
c) 10(3)	d) 10(4)

Answer- A

95. Income for the purposes of application under section 10(23C) shall be determined without allowing any deduction or allowance for depreciation or otherwise, where the cost of acquisition of the asset has been claimed as application of income under section 10(23C) in the same previous year or any other previous year

a) True	b) False

Answer- A

96. Which of the following income shall not be included in the total income of the previous year of the person in receipt of the income

a) Income derived from property held under trust wholly for charitable and religious purposes to the extent such income is applied in India for such purpose	b) Income derived from property held under trust in part only for such purpose, to the extent such income is applied in India for such purposes. However, the trust in question must have been created before 1.4.1962
c) Income in the form of voluntary contributions made with a specific direction that they shall form part of the corpus of the trust or institution	d) All the above

Answer- D

97. To get exemption in respect of income applied outside India, the trusts are divided into _____ types

a) 2	b) 3
c) 5	d) 6

Answer- A

98. Section 2(15) provides that "the advancement of any other object of general public utility" would not be a charitable purpose if it involves the carrying on of _____ for a fee or cess or any other consideration, irrespective of the nature of use or application of the income from such activity, or the retention of such income, by the concerned entity

a) any activity in the nature of trade, commerce or business	b) any activity of rendering of any service in relation to any trade, commerce or business
c) Either A or B	d) None of the above

Answer- C

99. An accumulation not exceeding _____% of the income from such property is permissible

a) 10	b) 15
c) 20	d) 25

Answer- B

100. 85% of income can only be accumulated for a period not exceeding _____ years subject to the conditions that such person submits the prescribed form i.e., Form 10 to the Assessing Officer and the money so accumulated or set apart is invested or deposited in the specified forms or modes.

a) 2	b) 3
c) 5	d) 7

Answer- C

101. Section 11(4) provides for which of the following?

a) The Assessing Officer shall have the power to determine the income of the undertaking in accordance with the provisions of the Act relating to assessment	b) Where the income determined by the Assessing Officer is in excess of that shown in the books of the undertaking, such excess shall be deemed to be applied to purposes other than charitable or religious purposes
c) Both A&B	d) None of the above

Answer- C

102. Every order granting or refusing registration of trust shall be passed within from the end of the month in which the application for registration of trust or institution is received by the Principal Commissioner or Commissioner

a) 6 months	b) 1 year
c) 3 months	d) 2 year

Answer- B

103. Where a trust or an institution has been granted registration, and subsequently it is noticed that its activities are being carried out in such a manner that _____ then, the Principal Commissioner or the Commissioner may cancel the registration of such trust or institution

a) its income does not enure for the benefit of general public	b) it is for benefit of any particular religious community or caste
c) any income or property of the trust is applied for benefit of specified persons like author of trust, trustees	d) All of the above

Answer- D

104. Where the property is held under a trust for private religious purposes, no part of the income will be exempt if it does not ensure for the benefit of the public

a) True	b) Partly True
c) False	

Answer- A

105. Where a trust has been established for the benefit of any particular religious community or caste, the income thereof will not be eligible for exemption

a) True	b) Partly True
c) False	

Answer- A

106. The income or the property of the trust or institution or any part of such income or property is to be deemed to have been used or applied for the benefit of a person referred to in section 13(3) in which of the following cases?

a) Loan without adequate interest or adequate security	b) Allowing use of property without adequate rent
c) Excess payment of services	d) All the above

Answer- D

107. The income or the property of the trust or institution or any part of such income or property is to be deemed to have been used or applied for the benefit of a person referred to in section 13(3) in which of the following cases?

a) Inadequate remuneration for services rendered	b) Excess payment for purchase of property
c) Inadequate consideration for property sold	d) All the above

Answer- D

108. The income or the property of the trust or institution or any part of such income or property is to be deemed to have been used or applied for the benefit of a person referred to in section 13(3) in which of the following cases?

a) Diversion of property or income exceeding Rs 1,000	b) Investment in substantial interest concerns
c) Inadequate consideration for property sold	d) All the above

Answer- D

109. Anonymous donation is taxable @ ____-% under section 115BBC

a) 15	b) 30
c) 40	d) 50

Answer- B

110. No exemption would be available to a trust or institution for the previous year in which the receipts from commercial activities exceed 20% of the total receipts of that year.

a) True	b) Partly True
c) False	

Answer- A

111. In case the statement in Form 10 is not submitted on or before the due date of filing return of income under section 139(1), then, the benefit of accumulation would not be available and such income would be taxable at the applicable rate

a) True	b) Partly True
c) False	

Answer- A

112. Section _____ gives the list of persons, use or application of the income or property of a trust for whose direct or indirect benefit results in a denial of the exemption contemplated in section 11 for a charitable or religious trust or institution

a) 13(1)	b) 13(2)
c) 13(3)	d) 13(4)

Answer- C

113. Which of the following persons are included under section 13(3)?

a) The author of the trust or the founder of the institution	b) Any person who has made a substantial contribution to the trust or institution, that is, any person whose total contribution up to the end of the relevant previous year exceeds Rs 50,000
c) Where the author, founder or the person making a substantial contribution is a HUF, any member of the family	d) All the above

Answer- D

114. Which of the following persons are included under section 13(3)?

a) Any trustee of the trust or manager (by whatever name called) of the institution	b) Any relative of any such author, founder, person, member, trustee or manager as referred to above
c) Any concern in which any of the persons referred to in clauses (1) to (5) above has a substantial interest	d) All the above

Answer- D

115. Section 115BBC has been inserted to tax anonymous donations received by the above entities at _____%

a) 15	b) 30
c) 20	d) 25

Answer- B

116. The exemption limit under section 115BC is

a) 5% of the total donations received by the assessee	b) RS 1,00,000
c) Either A or B which is higher	d) Either A or B which is lower

Answer- C

117. Anonymous donations to trusts/institutions created or established wholly for religious and charitable purposes (i.e. partly charitable and partly religious institutions/trusts) would be taxed only if such

anonymous donation is made with a specific direction that such donation is for any university or other educational institution or any hospital or other medical institution run by such trust or institution

a) True	b) Partly True
c) False	

Answer- A

118. Section 10(23C) and 13 provide that any income by way of any anonymous donation which is taxable under the provisions of section 115BBC shall not be excluded from the total income of the trust or institution

a) True	b) Partly True
c) False	

Answer- A

119. Sections 11 and 12 provide exemption to trusts or institutions in respect of income derived from property held under trust and voluntary contributions, subject to the conditions stipulated thereunder

a) True	b) Partly True
c) False	

Answer- A

120. If the accumulated income is not applied in accordance with the conditions provided in the said section within a specified time, then such income is deemed to be taxable income of the trust or the institution

a) True	b) Partly True
c) False	

Answer- A

121. A society or a company or a trust or an institution carrying on charitable activity may

a) voluntarily wind up its activities and dissolve	b) merge with any other charitable or non-charitable institution
c) convert into a non-charitable organization	d) All the above

Answer- D

122. The accreted income of a trust or institution registered under section 12AA shall be taxable at _____%

a) 20	b) 20.944
c) 30+ 12% Surcharge + 4% HEC	d) 40

Answer- C

123. This levy of exit tax shall be in addition to income chargeable in the hands of the entity

a) True	b) False

Answer-A

124. A trust or an institution shall be deemed to have been converted into any form not eligible for registration under section 12AA in a previous year, if

a) the registration granted to it under section 12AA has been cancelled	b) it has adopted or undertaken modification of its objects which do not conform to the conditions of registration and it has not applied for fresh registration under section 12AA in the said previous year
c) it has adopted or undertaken modification of its objects which do not conform to the conditions of registration and it has filed application for fresh registration under section 12AA but the said application has been rejected	d) All the above

Answer- D

125. Even if no income-tax is payable by the trust or institution on its total income, tax on accreted income shall be payable by the trust or institution, like any other additional income-tax

a) True	b) Partly True
c) False	

Answer- A

126. The principal officer or the trustee of the trust or the institution, as the case may be, and the trust or the institution shall also be liable to pay the tax on accreted income to the credit of the Central Government within _____ days

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

Answer- C

127. The relevant date u/s 115TD(5) where the registration granted u/s 12AA has been cancelled the date on which

a) the period for filing appeal under section 253 against the order rejecting the application expires and no appeal has been filed by the trust or the institution	b) the order in any appeal, confirming the cancellation of the application, is received by the trust or the institution
c) Either A or B	d) None of the above

Answer- C

128. The relevant date u/s 115TD(5) where the trust fails to transfer upon dissolution all its assets to another registered trust or institution or approved fund or institution within 12 months from the end of the month in which the dissolution takes place is the date on which the 12 months expires

a) True	b) False

Answer- A

129. The tax on accreted income shall be final tax for which no credit can be taken by the trust or institution or any other person

a) True	b) False

Answer- A

130. In case of failure of payment of tax within the prescribed time, a simple interest@ _____% per month or part of it shall be applicable for the period of non-payment

a) 0.5	b) 1
c) 1.5	d) 2

Answer- B

131. The aggregate fair market value of the total assets of the trust or institution, shall be the aggregate of the fair market value of all the assets in the balance sheet as reduced by

a) any amount of income-tax paid as deduction or collection at source or as advance tax payment as reduced by the amount of income-tax claimed as refund under the act	b) any amount shown as asset including the unamortised amount of deferred expenditure which does not represent the value of any asset
c) Either A or B	d) Both A & B

Answer- D

132. Which of the following income are exempt in the hands of the political party?

a) Income from house property	b) Income from other sources
c) Capital Gains	d) All the above

Answer- D

133. Specified income are exempt in the hands of political party if which of the conditions are satisfied?

a) Maintains such books of account and other documents to enable the AO to properly deduce its income therefrom	b) Maintains a record of each such voluntary contribution in excess of ` 20,000 and the name and address of the contributor
c) Audit of accounts of the political party by a chartered accountant	d) All the above

Answer- D

134. Specified income are exempt in the hands of political party if which of the conditions are satisfied?

a) No donation exceeding ` 2,000 to be received otherwise than by an A/c payee cheque/bank draft or use of ECS through a bank account or electoral bond	b) Submission of report u/s 29C(3) of the Representation of the People Act, 1951 for the FY
c) Furnishing of return of income for the P.Y. in accordance with section 139(4B)	d) All the above

Answer- D

135. Any voluntary contribution received by an electoral trust shall be treated as its income under section 2(24), but shall be exempt under section 13B, if the trust distributes to a registered political party during the year, _____% of the aggregate donations received by it during the year along with the surplus if any, brought forward from any earlier previous year

a) 20	b) 40
c) 75	d) 95

Answer- D

136. The electoral trust may receive voluntary contributions from

a) an individual who is a citizen of India	b) a company which is registered in India;
c) a firm or Hindu undivided family or an Association of persons or a body of individuals, resident in India	d) All of the above

Answer- D

137. The electoral trust shall not accept contributions

a) from an individual who is not a citizen of India or from any foreign entity whether incorporated or not	b) from any other electoral trust which has been registered a company under section 25 of the Companies Act, 19563 and approved as an electoral trust under the Electoral Trusts Scheme, 2013
c) from a Government company as defined in section 2(45) of the Companies Act, 2013	d) All the above

Answer- D

138. The electoral trust shall not accept contributions from a foreign source as defined in section 2(j) of the Foreign Contribution (Regulation) Act, 2010

a) True	b) False

Answer-A

139. A political party registered under section 29A of the Representation of the People Act, 1951 shall be an eligible political party and an electoral trust shall distribute funds only to the eligible political parties

a) True	b) False

Answer- A

140. The electoral trust may, for the purposes of managing its affairs, spend upto _____% of the total contributions received in a year subject to an aggregate limit of ` 5 lakh in the first year of incorporation and ` 3 lakh in subsequent years

a) 4	b) 5
c) 3	d) 1

Answer- B

141. The trust shall obtain a receipt from the eligible political party indicating the name of the political party, its permanent account number, registration number, amount of fund received from the trust, date of the receipt and name and designation of person signing such receipt

a) True	b) False

Answer- A

142. The electoral trust shall not utilize any contributions for the direct or indirect benefit of the members or contributors, or for any of which of the following persons

a) the members (including members of its Executive Committee, Governing Committee or	b) any relative of such Members
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Board of Directors) of the electoral trust	
c) where such member or contributor is a Hindu undivided family, a member of that Hindu undivided family	d) All the above

Answer-D

143. The electoral trust shall not utilize any contributions for the direct or indirect benefit of the members or contributors, or for any of which of the following persons

a) any person who has made a contribution to the trust	b) any person referred in section 13(3)
c) where such member or contributor is a Hindu undivided family, a member of that Hindu undivided family	d) All the above

Answer-D

144. Every electoral trust shall get its accounts audited by an accountant as defined in the Explanation below section 288(2) and furnish the audit report in Form No._____.

a) 10BA	b) 10BB
c) 10BC	d) 10BD

Answer-C

145. Any change in the shareholders, subsequent to the approval granted under the Electoral Trusts Scheme, 2013 shall be intimated to the Board within _____ days of such change

a) 20	b) 14
c) 30	d) 90

Answer-C

146. An electoral trust shall be considered for approval if it fulfills which of the following conditions?

a) The company registered for the purposes of section 25 of the Companies Act, 1956, which satisfies the above conditions	b) The object of the electoral trust shall not be to earn any profit or pass any direct or indirect benefit to its members or contributors, or to any person referred to in section 13(3) or any person referred to in Rule 17CA(10) of the Rules
c) It has made adequate arrangement for recording the receipts from the contributors in accordance with Rule 17CA	d) All the above

Answer-D

147. The approval shall be valid for the assessment year relevant to the financial year in which such application has been made and for a further period, not exceeding _____ assessment years, as may be specified in the approval

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

Answer-B

148. The CBDT may withdraw the approval granted under this Scheme if it is satisfied that the electoral trust has ceased its activities or its activities are not genuine or are not carried out in accordance with all or any of the conditions laid down under this Scheme or the provisions of Rule 17CA of the Rules, or any other condition imposed in the approval granted

a) True	b) False

Answer-A

149. An order for withdrawal of the approval shall be passed after giving the electoral trust an opportunity of being heard, and shall record the reasons in writing for the withdrawal of approval

a) True	b) False

Answer-A

150. A copy of the order withdrawing the approval shall be sent to _____

a) the applicant	b) the AO
c) the Commissioner	d) All the above

Answer-D

Chapter 6 : TDS and TCS

1. Section _____ provides that in the following cases, tax is payable by the assessee
(1) in the case of income in respect of which tax is not required to be deducted at source; and
2) income in respect of which tax is liable to be deducted but is not actually deducted

a) 191	b) 194
c) 192	d) 195

Answer- A

2. _____ section casts an obligation on every person responsible for paying any income chargeable to tax under the head 'Salaries' to deduct income-tax on the amount payable.:

a) 191	b) 192
c) 194	d) 195

Answer- B

3. TDS on _____ has to be calculated at the average rate of income-tax computed on the basis of the rates for the relevant financial year in which the payment is made, on the estimated total income of the assessee

a) Salary	b) Contract
c) Rent	d) Both A&B

Answer- A

4. In cases where an assessee is simultaneously employed under more than one employer or the assessee takes up a job with another employer during the financial year after his resignation or retirement from the services of the former employer, he may furnish the details of the income under the head "Salaries" due or received by him from the other employer, the tax deducted therefrom and such other particulars to his current employer.

a) True	b) False

Answer- A

5. In respect of salary payments to employees of Government or to employees of companies, co-operative societies, local authorities, universities, institutions associations or bodies, deduction of tax at source should be made after allowing relief under section 89(1), where eligible

a) True	b) False

Answer- A

6. When the salary paid or payable to an employee exceeds Rs,1,50,000/- the employer shall furnish to the employee a statement in Form No _____

a) 12BA	b) 11BA
c) 12BB	d) 11BB

Answer- A

7. Evidence of name, address and PAN of the landlords where the aggregate rent paid during the previous year exceeds Rs _____ in case of claim of house rent allowance.

a) 5,00,000	b) 1,00,000
c) 3,00,000	d) 2,50,000

Answer- B

8. For the purpose of discouraging pre-mature withdrawal and promoting long term savings, if the employee makes withdrawal before continuous service of five years (other than the cases of termination due to ill health, contraction or discontinuance of business, cessation of employment etc.) and does not opt for transfer of accumulated balance to new employer, the withdrawal would be subject to tax

a) True	b) False

Answer- A

9. Section 192A provides for deduction of tax @ _____% on premature taxable withdrawal from employee provident fund scheme.

a) 5	b) 10
c) 2	d) 2.5

Answer- B

10. In case of premature withdrawal from employee provident fund scheme Tax should be deducted at the time of payment of accumulated balance due to the employee.

a) True	b) False

Answer- A

11. No tax deduction is to be made under section 192A, if the amount of such payment or aggregate amount of such payment to the payee is less than _____.

a) 25000	b) 10000
c) 50000	d) 100000

Answer- C

12. Section _____ casts responsibility on every person responsible for paying to a resident any income by way of interest on securities.

a) 192	b) 193
c) 194	d) 195

Answer- B

13. Section 193 provides for deduction of tax @ _____% in the case of domestic companies and resident non-corporate assesseees.

a) 5	b) 10
c) 2	d) 2.5

Answer- B

14. Section 193 is not applicable on :

a) on 4¼% National Defence Bonds 1972, where the bonds are held by an individual not being an non-resident	b) on 4¼% National Defence Loan, 1968 or 4¾% National Defence Loan, 1972, where the interest is payable to an individual
c) on National Development Bonds	d) All the above

Answer- D

15. Section 193 is not applicable on :

a) on 7-year National Savings Certificates (IV Issue)	b) on debentures issued by any institution or authority or any public sector company or any co-operative society
c) on any security issued by a company, where such security is in dematerialised form and is listed on a recognised stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956	d) All the above

Answer- d

16. Section 193 is not applicable in respect of interest payable on 8% Savings (Taxable) Bonds, 2003, or 7.75% Savings (Taxable) Bonds 2018, only if such interest payable exceeds `_____during the financial year: .

a) 5,000	b) 1,000
c) 10,000	d) None of the above

Answer- C

17. Section 193 is not applicable on any debentures issued by the company in which the public are substantially interested to a resident individual or HUF. However the interest should be paid by the company by an account payee cheque and the amount of such interest or the aggregate thereof paid or likely to be paid during the financial year by the company to such resident individual or HUF should not exceed Rs._____: .

a) 5,000	b) 1,000
c) 10,000	d) None of the above

Answer- A

18. Section 193 is not applicable on securities to LIC, GIC, subsidiaries of GIC or any other insurer, provided: .

a) the securities are owned by them	b) they have full beneficial interest in such securities
c) Both A&B	d) Either A or B

Answer- D

19. Section_____applies only to interest, other than "interest on securities", credited or paid by assessee other than individuals or Hindu undivided families whose total sales, gross receipts or turnover from the business or profession carried on by him do not exceed the monetary limits of ` 1 crore and ` 50 lakhs, respectively, under section 44AB during the immediately preceding financial year: .

a) 194C	b) 194 B
c) 194A	d) 194E

20. The rate at which tax is to be deducted U/S 194A is @ % both in the case of resident non-corporate assessees and domestic companies.: .

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

Answer- A

21. For Companies, Section 194A does not apply in case the aggregate amount of interest paid or credited during the financial year does not exceed Rs_____.: .

a) 10,000	b) 5,000
c) 2,000	d) 25,000

Answer- B

22. The limit under Section 194A is Rs. 50,000 in case of payee being resident senior citizen and Rs.10,000 in other cases in respect of interest paid on: .

a) time deposits with a banking company	b) time deposits with a co-operative society engaged in banking business and deposits with post office under notified schemes
c) Both A&B	d) None of the above

Answer- C

23. Section 194A is not applicable in case of : .

a) Interest paid or credited by a firm to any of its partners	b) Interest paid or credited in respect of deposits under any scheme framed by the central government
c) Income paid or credited by a co-operative society (other than a co-operative bank) to a member thereof or to such income credited or paid by a co-operative society to any other co-operative society	d) All of the above

Answer- D

24. Section 194A is not applicable in case of : .

a) Interest credited or paid in respect of deposits with primary agricultural credit society or a primary credit society or a co-operative land mortgage bank or a co-operative land development bank	b) Interest credited or paid in respect of deposits (other than time deposits) with a co- operative society, other than a co-operative society
c) Interest income credited or paid by the Central Government under any provisions of the Income-tax Act, 1961	d) All of the above

Answer- D

25. Any income of a casual and non-recurring nature of the type of winnings from lotteries crossword puzzles, card game and other game of any sort, races including horse races etc. will be charged to income-tax at a flat rate of %: .

a) 10	b) 5
c) 10	d) 30

26. According to the provisions of section 194B, every person responsible for paying to any person, whether resident or non-resident, any income by way of winnings from lottery or crossword puzzles, card game and other game of any sort, will be charged to income-tax at a flat rate of 30% if the amount of payment exceeds Rs -:

a) 10,000	b) 5,000
c) 1,000	d) 3,0000

Answer- A

27. Tax has to be deducted under section 194C at the time of payment of such sum or at the time of credit of such sum to the account of the contractor, whichever is earlier -:

a) True	b) False

Answer- A

28. The rate of TDS under section 194C on payments to contractors would be %, where the payee is an individual or HUF -:

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

Answer- A

29. The rate of TDS under section 194C on payments to contractors would be %, where the payee is other than individual or HUF -:

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

Answer- B

30. As per section 194C tax will be required to be deducted at source where the amount credited or paid or likely to be credited or paid to a contractor or sub-contractor exceeds Rs.____ in a single payment or Rs. in the aggregate during a financial year -:

a) 30,000/1,00,000	b) 25,000/1,00,000
c) 30,000/75,000	d) 25,000/75,000

Answer- A

31. No deduction is required to be made from the sum credited or paid or likely to be credited or paid during the previous year to the account of a contractor, during the course of the business of plying, hiring or leasing goods carriages, if he furnishes his PAN to the deductor-:

a) True	b) False
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Answer- A

32. Where the content is produced as per the specifications provided by the broadcaster/ telecaster and the copyright of the content/programme also gets transferred to the telecaster/ broadcaster such contract is covered by the definition of the term 'work' in section 194C and, therefore, subject to TDS under that section.

a) True	b) False
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Answer- A

33. Where the telecaster/broadcaster acquires only the telecasting/ broadcasting rights of the content already produced by the production house, there is no contract for "carrying out any work", as required in section 194C(1).

a) True	b) False
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Answer- A

34. Section _____ casts responsibility on any person responsible for paying to a resident any income by way of remuneration or reward, whether by way of commission or otherwise, for soliciting or procuring insurance business (including the business relating to the continuance, renewal or revival of policies of insurance) to deduct tax at source.

a) 194A	b) 194B
c) 194D	d) 194I

Answer- C

35. Rate of TDS under section 194A is @ _____% .

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

Answer- C

36. The tax under this section has to be deducted at source only if the amount of such income or the aggregate of the amounts of such income credited or paid during the financial year to the account of the payee exceeds Rs. _____.

a) 10,000	b) 25,000
c) 15,000	d) 50,000

Answer- C

37. For ensuring a proper mechanism for reporting of transactions and collection of tax in respect of sum paid under life insurance policies which are not exempt under section 10(10D), section 194DA provides for deduction of tax at the rate of _____% on any sum paid to a resident under a life insurance policy, including the sum allocated by way of bonus, which are not exempt under section 10(10D).

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

Answer- A

38. Tax deduction under section 194DA is required only if the payment or aggregate payment in a financial year to an assessee is Rs. _____.

a) 1,00,000	b) 25,000
c) 15,000	d) 50,000

Answer- A

39. Section _____ provides for deduction of tax at source in respect of any income referred to in section 115BBA payable to a non-resident sportsman (including an athlete) or an entertainer who is not a citizen of India or a non-resident sports association or institution.

a) 194A	b) 194B
c) 194E	d) 194I

Answer- C

40. Rate of TDS under section 194E is @ _____ %.

a) 20.8	b) 25
c) 30.09	d) 33

Answer- A

41. Under section 194G, the person responsible for paying to any person, who is or has been stocking, distributing, purchasing or selling lottery tickets, any income by way of commission, remuneration or prize (by whatever name called) on lottery tickets in an amount exceeding Rs .

a) 10,000	b) 20,000
c) 15,000	d) 1000

Answer-C

42. Rate of TDS under section 194G is @ _____ %.

a) 5	b) 10
c) 3	d) 1

Answer- A

43. Under section 194H, any person who is responsible for paying any income by way of commission (other than insurance commission) or brokerage to a resident shall deduct income tax at the rate of _____.

a) 10%	b) 20%
c) 5%	d) 2%

Answer-C

44. No deduction under section 194H is required if the amount of such income or the aggregate of such amount, does not exceed Rs. _____ during the financial year.

a) 10,000	b) 20,000
c) 15,000	d) 25,000

Answer-C

45. Section 194H is not applicable to professional services .

a) True	b) False

Answer-A

46. No TDS is attracted on payments made by television channels/newspaper companies to the advertising agency for booking or procuring of or canvassing for advertisements.

a) True	b) False

Answer-A

47. The relationship between the media company and the advertising agency is that of a 'principal-to-principal' and, therefore, not liable for TDS under section 194H.

a) True	b) False

Answer-A

48. Any person who is responsible for paying to a resident any income by way of rent shall deduct income tax at the rate of % in respect of rent for plant, machinery or equipment.

a) 10%	b) 20%
c) 5%	d) 2%

Answer-D

49. Any person who is responsible for paying to a resident any income by way of rent shall deduct income tax at the rate of % in respect of other rental payments (i.e., rent for use of any land or building including factory building, or land appurtenant to a building, including factory building or furniture or fixtures).

a) 10%	b) 20%
c) 5%	d) 2%

Answer-A

50. No deduction under section 194I shall be made under this section from rent credited or paid to a business trust, being a REIT, in respect of any real estate asset owned directly by it.

a) True	b) False
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Answer-A

51. No deduction under section 194I shall be made where the amount of such income or the aggregate of the amounts of such income credited or paid or likely to be credited or paid during the financial year to the account of the payee does not exceed Rs._____.

a) 1,00,000	b) 75,000
c) 1,80,000	d) 2,50,000

Answer-C

52. The provisions of 194-I are not applicable to the cooling charges paid by the customers of the cold storage.

a) True	b) False
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Answer-A

53. The provisions of 194-I are not applicable on payment of PSF by an airline to Airport operator.

a) True	b) False
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Answer-A

54. 194-I is applicable on 'lump sum lease premium' or 'one-time upfront lease charges" paid by an assessee for acquiring long-term leasehold rights for land or any other property.

a) True	b) False
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Answer-A

55. Every transferee responsible for paying any sum as consideration for transfer of immovable property (land, other than agricultural land, or building or part of building) to a resident transfer shall deduct tax, at the rate of % of such sum.

a) 1%	b) 20%
c) 5%	d) 2%

Answer-A

56. Tax is not required to be deducted at source where the total amount of consideration for the transfer of immovable property is less than Rs_____.

a) 10,00,000	b) 25,00,000
c) 50,00,000	d) 1,00,000

Answer-C

57. Section 194-IA does not get attracted in the hands of the transferee in case of compulsory acquisition of immovable property.

a) True	b) False

Answer-A

58. The provisions of section 203A containing the requirement of obtaining Tax deduction account number (TAN) shall not apply to the person required to deduct tax in accordance with the provisions of section 194-IA.

a) True	b) False
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Answer-A

59. Such sum deducted under section 194-IA shall be paid to the credit of the Central Government within a period of _____ days from the end of the month in which the deduction is made.

a) 15	b) 25
c) 30	d) 60

Answer-C

60. Every person responsible for deduction of tax under section 194-IA shall also furnish to the DGIT (Systems) or any person authorized by him, a challan-cum-statement in Form No._____ electronically within 30 days from the end of the month in which the deduction is made.

a) 16	b) 16A
c) 26QB	d) 26QA

Answer-C

61. Every person responsible for deduction of tax under section 194-IA shall furnish the TDS certificate in Form No._____ to the payee within 15 days from the due date for furnishing the challan-cum-statement in Form No.26QB.

a) 16B	b) 16A
c) 26QB	d) 26QA

Answer-A

62. Section 194-IB requires any person, being an individual or a HUF, other than those individual or HUF whose total sales, gross receipts or turnover from the business or profession carried on by him exceed the monetary limits of tax audit in the immediately preceding financial year, responsible for paying to a resident any income by way of rent, to deduct income tax at the rate of .

a) 1%	b) 20%
c) 5%	d) 2%

Answer-A

63. Under section 194-IB, tax has to be deducted at source only if the amount of such rent exceeds Rs._____for a month or part of a month during the previous year.

a) 10,000	b) 25,000
c) 50,000	d) 1,00,000

Answer-C

64. The provisions of section 203A containing the requirement of obtaining Tax deduction account number (TAN) shall not apply to the person required to deduct tax in accordance with the provisions of section 194-IA.

a) True	b) False

Answer-A

65. Where the tax is required to be deducted as per the provisions of section 206AA, such deduction shall not exceed the amount of rent payable for the last month of the previous year or the last month of the tenancy, as the case may be.

a) True	b) False

Answer-A

66. Section 194-IC casts responsibility on any person responsible for paying to a resident any sum by way of consideration, not being consideration in kind, under a specified agreement under section 45(5A), to deduct income-tax at the rate of _____.

a) 10%	b) 20%
c) 5%	d) 2%

Answer-A

67. Every person, who is responsible for paying to a resident any sum by way of fees for professional services or fees for technical services or any remuneration or fees or commission, by whatever name called, other than those on which tax is deductible under section 192, to a director of a company or royalty or non-compete fee, shall deduct tax at source @_____.

a) 10%	b) 20%
c) 5%	d) 2%

Answer-A

68. In case of payee engaged only in the business of call center the deduction of tax at source shall be @_____.

a) 10%	b) 20%
c) 5%	d) 2%

Answer-D

69. The limit of Rs._____under section 194J is applicable separately for fees for professional services, fees for technical services, royalty and non-compete fees referred to in section 28(VA)

a) 10,000	b) 20,000
c) 50,000	d) 30,000

Answer-D

70. Section 194J will not apply to the transaction charges paid to BSE by its members are not for technical services but are in the nature of payments made for facilities provided by the stock exchange.

a) True	b) False

Answer-A

71. Services rendered by coaches and trainers in relation to the sports activities are regarded as professional services for the purposes of section 194J.

a) True	B) False

Answer-A

72. Section _____ provides for deduction of tax at source by a person responsible for paying to a resident any sum in the nature of compensation or the enhanced compensation or the consideration or the enhanced consideration on account of compulsory acquisition, under any law for the time being in force, of any immovable property (other than agricultural land).

a) 194LA	B) 194LB
c)194J	d) 194EE

Answer-A

73. The rate of TDS under section 194LA would be ____%.

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

Answer- C

74. No tax deduction is to be made under section 192LA, if the amount of such payment or aggregate amount of such payment to a resident during the financial year is less than _____.

a) 2,50,000	b) 10,00,000
c) 50,000	d) 1,00,000

Answer- A

75. No tax is required to be deducted where payment is made in respect of any award or agreement which has been exempted from levy of income tax under section 96 of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013.

a) True	B) False

Answer-A

76. The rate of TDS under section 194LB on payments of interest from infrastructure debt fund would be ____% to a non-resident/foreign company.

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

Answer- D

77. Section _____ provides for concessional rate of tax on interest on foreign currency borrowings by an Indian company or business trust.

a) 194LA	B) 194LB
c)194LC	d) 194EE

Answer-C

78. The rate of TDS under section 194LC would be ___%.

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

Answer- D

79. Levy of higher rate of TDS@20% under section 206AA in the absence of PAN would not be attracted in respect of payment of interest on long-term bonds, as referred to in section 194LC, to a non-corporate non-resident or to a foreign company.

a) True	B) False

Answer-A

80. Section _____ provides that any income by way of interest payable during the period between 1.6.2013 and 30.6.2020 in respect of investment made by an FII or QFI in a rupee denominated bond of an Indian company or a Government security, shall be subject to tax deduction at source at a concessional rate of 5%.

a) 194LA	B) 194LB
c)194LC	d) 194LD

Answer-C

81. The rate of TDS under section 194LD would be ___%.

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

Answer- D

82. Levy of higher rate of TDS@20% under section 206AA in the absence of PAN would not be attracted in respect of payment of interest on long-term bonds, as referred to in section 194LD, to a non-corporate non-resident or to a foreign company.

a) True	B) False

Answer-A

83. The statutory obligation imposed under section _____ would apply for the purpose of deduction of tax at source from any sum being income assessable to tax (other than salary Income) in the hands of the non-resident/foreign company.

a) 194A	B) 194B
c)195	d) 196

Answer-C

84. Any person entitled to receive any interest or other sum on which income-tax has to be deducted under section 195(1) may make an application in the prescribed form to the _____ for grant of certificate authorizing him to receive such interest or other sum without deduction of tax thereunder.

a) CBDT	b) Assessing Officer
c) Commissioner	d) CBEC

Answer-B

85. Under section 195(1), any person responsible for paying to a non-corporate non-resident or to a foreign company, any interest or any other sum chargeable under the provisions of the Act (other than salary), has to deduct tax at source at the rates in force.

a) True	B) False

Answer-A

86. Where, under an agreement or other arrangement, the tax chargeable on any income referred to in the foregoing provisions of this Chapter is to be borne by the person by whom the income is payable, then, for the purposes of deduction of tax under those provisions such income shall be increased to such amount as would, after deduction of tax thereon, be equal to the net amount payable under such agreement or arrangement.

a) True	B) False

Answer-A

87. No deduction of tax shall be made by any person from any sums payable to

a) the government	B) RBI
c) Mutual fund specified u/s 10(23D)	d) All the above

Answer-D

88. For lower tax deduction certificate application to be made to_____.

a) CBDT	b) Assessing Officer
c) Commissioner	d) CBEC

Answer-B

89. No deduction of tax at source shall be made from any payment to any person for, or on behalf of, the New Pension System Trust referred in section 10(44).

a) True	B) False

Answer-A

90. All sums deducted in accordance with the foregoing provisions shall, for the purpose of computing the income of an assessee, be deemed to be income received.

a) True	B) False

Answer-A

91. Rule 37BA(1) provides that credit for tax deducted at source and paid to the Central Government shall be given to the person to whom the payment has been made or credit has been given (i.e., the deductee) on the basis of information relating to deduction of tax furnished by the deductor to the income-tax authority or the person authorized by such authority.

a) True	B) False

Answer-A

92. All sums deducted in accordance with Chapter XVII-B by deductors other than a Government office shall be paid to the credit of the Central Government on or before _____, where the income or amount is credited or paid in the month of March.

a) 30th April	B) 31 st March
c) 7 th April	d) 7 th May

Answer-A

93. All sums deducted in accordance with Chapter XVII-B by deductors other than a Government office shall be paid to the credit of the Central Government on or before _____ days, from the end of the month in which the deduction is made or income-tax is due under section 192(1A).

a) 30	B) 15
c) 7	d) 10

Answer-C

94. The deductor may deliver to the prescribed authority, a correction statement.

a) for rectification of any mistake	B) to add, delete the information furnished in the statement delivered
c) to update the information furnished in the statement delivered	d) Either A,B,C

Answer-D

95. The due date for furnishing quarterly statement for TDS for the quarter ending June is _____.

a) 30 th June	B) 31 st July
c) 15 th July	d) 7 th July

Answer-B

96. The due date for furnishing quarterly statement for TDS for the quarter ending September is _____.

a) 30 th September	B) 31 st October
c) 15 th October	d) 7 th October

Answer-B

97. The due date for furnishing quarterly statement for TDS for the quarter ending December is _____.

a) 31 st December	B) 31 st January
c) 15 th January	d) 7 th January

Answer-B

98. The due date for furnishing quarterly statement for TDS for the quarter ending March is _____.

a) 30 th April	B) 31 st May
c) 15 th April	d) 7 th April

Answer-B

99. In order to process TDS statements on computer, electronic processing on the same lines as processing of income-tax returns has been provided in section_____.

a) 202	B) 200A
c) 202A	d) 206

Answer-B

100. The fee if any for TDS has been provided in section_____.

a) 202	B) 200A
c) 234E	d) 206

Answer-C

101. Intimation will be prepared and generated and sent to the deductor, specifying his tax liability or the refund due, within_____year from the end of the financial year in which the statement is filed.

a) 2	B) 1
c) 3	d) 5

Answer-B

102. No penalty shall be charged under section 221 from such person unless the Assessing Officer is satisfied that such person has failed to deduct and pay the tax without good and sufficient reasons.

a) True	B) False

Answer-A

103. A person deemed to be an assessee-in-default under section 201(1), for failure to deduct tax or to pay the tax after deduction, is liable to pay simple interest @ _____% for every month or part of month on the amount of such tax from the date on which tax was deductible to the date on which such tax was actually deducted.

a) 2	B) 1
c) 3	d) 5

Answer-B

104. A person deemed to be an assessee-in-default under section 201(1), is liable to pay simple interest @ _____% for every month or part of month on the amount of such tax from the date on which tax was deducted to the date on which such tax is actually paid [Section 201(1A)].

a) 2	B) 1.5
c) 3	d) 5

Answer-B

105. No order under section 201(1), deeming a person to be an assessee-in-default for failure to deduct the whole or any part of the tax from a person resident in India, shall be passed at any time after the expiry of _____years from the end of the financial year in which the payment is made or credit is given.

a) 1	b) 5
c) 7	d) 3

Answer-C

106. No time-limits have been prescribed for the order under section 201(1) where.

a) the deductor has deducted but not deposited the tax deducted at source, as this would be a case of defalcation of government dues	b) the employer has failed to pay the tax wholly or partly, under sub-section (1A) of section 192, as the employee would not have paid tax on such perquisites
c) the deductee is a non-resident as it may not be administratively possible to recover the tax from the non-resident	d) All the above

Answer-D

107. The certificate of deduction of tax at source to be furnished under section 203 shall be in Form No. _____ in respect of tax deducted or paid under section 192.

a) 16	b) 16A
c) 26QB	d) 26QA

Answer-A

108. The certificate of deduction of tax at source to be furnished under section 203 shall be in Form No. _____ in respect of tax deducted or paid under sections other than section 192.

a) 16	b) 16A
c) 26QB	d) 26QA

Answer-B

109. Form No.16 shall be issued to the employee annually by _____ of the financial year immediately following the financial year in which the income was paid and tax deducted.

a) 30 th April	b) 15 th June
c) 31 st March	d) 15 th April

Answer-B

110. Persons responsible for deducting tax or collecting tax at source should apply to the Assessing Officer for the allotment of a "tax-deduction and collection-account number".

a) True	b) False

Answer-B

111. The non-quoting of PAN by deductees in many cases led to delay in issue of refund on account of problems in the processing of returns of income and in granting credit for tax deducted at source.

a) True	b) False

Answer-B

112. The deductee, shall mandatorily furnish his PAN to the deductor failing which the deductor shall deduct tax at source at higher rates.

a) True	b) False

Answer-B

113. For the purpose of reducing the compliance burden, section 206AA provides for non- applicability of the requirements contained in section 206AA to a non-corporate non- resident or a foreign company

not having PAN in respect of payment in the nature of interest, royalty, fees for technical services and payments on transfer of any capital asset, subject to the deductee furnishing the following details and documents to the deductor, namely.

a) name, e-mail id, contact number	b) address in the country or specified territory outside India of which the deductee is a resident
c) a certificate of his being resident in any country or specified territory outside India from the Government of that country or specified territory if the law of that country or specified territory provides for issuance of such certificate	d) All the above

Answer-D

114. The rate of TCS under section 206C for alcoholic liquor for human consumption is @ _____%.

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

Answer- A

115. The rate of TCS under section 206C for tendu leaves is @ _____%.

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

Answer- D

116. The rate of TCS under section 206C for timber obtained under a forest lease is @ _____%.

a) 1	b) 2.5
c) 10	d) 5

Answer- B

117. The rate of TCS under section 206C for scrap is @ _____%.

a) 1	b) 2.5
c) 10	d) 5

Answer- A

118. The rate of TCS under section 206C for Minerals, being coal or lignite or iron ore is @ _____%.

a) 1	b) 2.5
c) 10	d) 5

Answer- A

119. The rate of TCS under section 206C by every person who grants a lease or a licence or enters into a contract or otherwise transfers any right or interest in any parking lot or toll plaza or a mine or a quarry to another person (other than a public sector company) for the use of such parking lot or toll plaza or mine or quarry for the purposes of business @ _____%.

a) 2	b) 2.5
c) 10	d) 5

Answer- A

120. Section 206C(IF) provides that every person, being a seller, who receives any amount as consideration for sale of a motor vehicle of the value exceeding ` 10 lakhs, shall collect tax from the buyer @

% of the sale consideration.

a) 1	b) 2.5
c) 10	d) 5

Answer- A

121. Whether TCS@1% is on sale of motor vehicles by manufacturers to dealers/ distributors?

a) Yes	b) No

Answer- B

122. Whether TCS@1% on sale of motor vehicle is applicable only to luxury cars?

a) Yes	b) No

Answer- B

123. Whether TCS@1% is applicable in the case of sale to Government Departments, Embassies, Consulates and United Nation Institutions, of motor vehicle or any other goods or provision of services?

a) Yes	b) No
--------	-------

Answer- B

124. Whether TCS limit is applicable on each sale of motor vehicle during the year?

a) Yes	b) No
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Answer- A

125. The person responsible for collecting tax under section 206C shall deliver or cause to be delivered to the Chief Commissioner or Commissioner one copy of the declaration referred to in sub-section (1A) on or before _____ of the month next following the month in which the declaration is furnished to him.

a) 7 th	b) 15 th
c) 20 th	d) 30 th

Answer- A

126. The person responsible for collecting tax under section 206C(1) being an officer of the government where the tax is paid without production of income tax challan on _____.

a) the same day	b) Within 7 days from the end of the month in which the collection is made
c) within 1 week from the end of the month in which the collection is made	d) Within 30 days from the end of the month in which the collection is made

Answer- A

127. The person responsible for collecting tax under section 206C(1) being an officer of the government where the tax is paid with production of income tax challan on _____.

a) the same day	b) Within 7 days from the end of the month in which the collection is made
c) within 1 week from the end of the month in which the collection is made	d) Within 30 days from the end of the month in which the collection is made

Answer- B

128.The time limit for furnishing TCS quarterly statements shall be___ of the month following each quarter in respect of the first three quarters .

a) 30 th	B) 31 st
c) 15 th	d) 7 th

Answer-C

129.The time limit for furnishing TCS quarterly statements shall be_____ for the last quarter.

a) 30 th April	B) 31 st March
c) 15 th May	d) 7 th April

Answer-C

130.Where the tax has been collected at source and paid to the central government credit for TCS shall be given for the AY for which the income is assessable to tax .

a) True	B) False
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Answer-A

131.Where tax has been collected at source and paid to the Central Government and the lease or license is relatable to more than one year Credit for TCS shall be allowed across those years to which the lease or license relates in the same proportion.

a) True	B) False
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Answer-A

132.Certificate of tax collected at source under section 206C(5) in Form No.27D shall be furnished by the collector within_____days from the due date for furnishing the quarterly statement of TCS under Rule 31AA.

a) 15	B) 30
c) 7	d) 20

Answer-A

133.Interest payable for failure to collect and pay tax within the prescribed time is @_ % p.m. or part thereof.

a) 5	b) 1
c) 2	d) 2.5

Answer- B

134.Section_____ facilitates processing of statements of tax collected at source in the like manner as processing of TDS statements under section 200A.

a) 206CA	b) 206CB
c) 206CD	d) 206CC

Answer- B

135.No intimation under section 206CB(1) shall be sent after the expiry of the period of_____year from the end of the financial year in which the statement is filed.

a) 2`	b) 1
c) 3	d) 5

Chapter 7 : Assessment Procedure

1. As per section _____, it is compulsory for companies and firms to file a return of income or loss for every previous year on or before the due date in the prescribed form.

a) 139(1)	b) 139(2)
c) 139(9)	d) 139(5)

Answer- A

2. A return of income or loss for the previous year in the prescribed form and verified in prescribed manner on or before the due date, has to be filed by every person, being a resident other than not ordinarily resident in India who is not required to furnish a return U/S 139(1) if such person, at any time during the previous year .:

a) holds, as a beneficial owner or otherwise, any asset located outside India or has a signing authority in any account located outside India	b) is a beneficiary of any asset located outside India
c) Both A&B	d) Either A or B

Answer- D

3. The due date for filing return for company is _____.

a) 30 th September	b) 31 st July
c) 30 th November	d) Either A or C

Answer- B

4. The due date for filing return for a person who is required to be audited under The Income Tax Act 1961 or any other law in force is _____.

a) 30 th September	b) 31 st July
c) 31 st October	d) 30 th November

Answer- A

5. The due date for filing return for a person who is not required to be audited under The Income Tax Act 1961 or any other law in force is _____.

a) 30 th September	b) 31 st July
c) 31 st October	d) 30 th November

Answer- B

6. Interest under section _____ is attracted for failure to file a return of income on or before the due date.

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

Answer- A

7. Interest U/S 234 A is @ _____%.

a) 1	b) 2
c) 1.5	d) 2.5

Answer- A

8. Any person who has not furnished a return within the time allowed to him under section 139(1) may furnish the return for any previous year at any time : .

a) before the end of the relevant assessment year	b) before the completion of the assessment
c) Either A or B which is later	d) Either A or B which is earlier

Answer- D

9. Return of income of charitable trusts and institutions is governed u/s _____ : .

a) 139(2)	b) 139(4)
c) 139(4A)	d) 139(3)

Answer- C

10. Return of income of political parties is governed u/s _____ : .

a) 139(2)	b) 139(4B)
c) 139(4A)	d) 139(3)

Answer- B

11. The _____ of the political party is statutorily required to furnish a return of the party for the relevant assessment year, if the amount of total income of previous year exceeds the basic exemption limit before claiming exemption under section 13A .

a) Chief Executive Officer	b) Chief Financial Officer
c) Chairman	d) Either A or B

Answer- A

12. It will be mandatory for the following institutions/associations/**persons** etc. to file the return if their total income without giving effect to exemption under section 10, exceeds the basic exemption limit : .

a) Research association	b) News agency
c) Association or institution	d) All the above

Answer- D

13. It will be mandatory for the following institutions/associations/**persons** etc. to file the return if their total income without giving effect to exemption under section 10, exceeds the basic exemption limit : .

a) Fund for the welfare of employees or their dependents	b) University or other educational institution
c) Mutual Fund	d) All the above

Answer- D

14. If any person having furnished a return under section 139(1) or section 139(4), discovers any omission or any wrong statement therein, he may furnish a revised return **at** _____ : .

a) before the end of relevant AY	b) before completion of assessment,
c) Either A or B which is earlier	d) Either A or B which is later

Answer- C

15. The return can be revised for any number of times within the given time limit : .

a) True	b) False

Answer- A

16. The prescribed form of the return shall, in certain specified cases, require the assessee to furnish the particulars of_____.

a) income exempt from tax	b)bank account and credit card held by him
c)assets of the prescribed nature and value, held by him as a beneficial owner or otherwise or in which he is a beneficiary	d) All the above

Answer- D

17. Where the Assessing Officer considers that the return of income furnished by the assessee is defective, he may intimate the defect to the assessee and give him an opportunity to rectify the defect within a period of_____ - days from the date of such intimation.

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

Answer- A

18. If the defect is not rectified within the period of 15 days or such further extended period, then the return would be treated as an invalid return as per section 139(9) :- .

a) True	b) False

Answer- A

19. Quoting of PAN is mandatory in all documents pertaining to the following prescribed transactions :-

a)in all returns to, or correspondence with, any income-tax authority	b)in all challans for the payment of any sum due under the Act
c)in all documents pertaining to such transactions entered into by him	d) All the above

Answer- D

20. Mandatory quoting of PAN is necessary for payment to a hotel or restaurant against a bill or bills at any one time if payment exceeds RS._____:- .

a) 1,00,000	b) 50,000
c) 10,000	d)25,000

Answer- B

21. Mandatory quoting of PAN is in connection with travel to any foreign country or payment of any foreign currency at any one time if it exceeds RS._____:- .

a) 1,00,000	b) 50,000
c) 10,000	d)25,000

Answer- B

22. Mandatory quoting of PAN is connection payment to mutual fund for purchase of its units if it exceed RS. _____ -

a) 1,00,000	b) 50,000
c) 10,000	d) 25,000

Answer- B

23. Mandatory quoting of PAN is connection payment to company or institution for acquiring debentures or bonds issued by it if it exceed RS. _____ -: .

a) 1,00,000	b) 50,000
c) 10,000	d) 25,000

Answer- B

24. Mandatory quoting of PAN is sale or purchase of any immovable property if it exceed RS. _____ -: .

a) 1,00,000	b) 50,000
c) 10,00,000	d) 25,000

Answer- C

25. Person who does not have a PAN and who enters into any transaction specified shall make a declaration in Form No. _____ giving therein the particulars .

a) 35	b) 40
c) 60	d) 30

Answer- C

26. The provisions of section 139AA relating to quoting of Aadhar Number would not apply to an individual who does not possess the Aadhar number or Enrolment ID and is.

a) residing in the States of Assam, Jammu & Kashmir and Meghalaya	b) a non-resident as per Income-tax Act, 1961
c) of the age of 80 years or more at any time during the previous year	d) All the above

Answer- D

27. A **Tax Return Preparer** can be an individual, other than.

a) any legal practitioner who is entitled to practice in any civil court in India	b) a chartered accountant
c) any officer of a scheduled bank with which assessee maintains a current account or has other regular dealings	d) All the above

Answer- D

28. The person responsible for verifying the return u/s 139 of the act for company is _____.

a) Managing Director	b) CFO
c) CEO	d) Both A&B

Answer- A

29. Where any tax is payable on the basis of any return required to be furnished under, inter alia section 139, after taking into account .

a) the amount of tax, already paid, under any provision of the Income-tax Act, 1961	b) any tax deducted or collected at source
c) relief of tax claimed under section 90 or 90A	d) All the above

Answer- D

30. Interest payable under section _____ shall be computed on the assessed tax or on the amount by which the advance tax paid falls short of the assessed tax.

a) 234B	b) 234A
c) 234C	d) 234E

Answer-A

31. If any assessee fails to pay the whole or any part of such of tax or interest or fees, he shall be deemed to be an assessee in default in respect of such tax or interest or fees remaining unpaid and all the provisions of this Act shall apply accordingly

a) True	b) False

Answer-A

32. For the purpose of making an assessment, the Assessing Officer may serve on any person who made a return under section 139 or in whose case the time allowed under section 139(1) for furnishing the return has expired, a notice under section _____.

a) 142	b) 143
c) 144	d) 145

Answer- A

33. Notice U/S 142 can be served for .:

a) To furnish a return of his income or the income of any other person in respect of which he is assessable under the act	b) To produce or cause to be produced such accounts or documents as the AO may require
c) To furnish information in writing	d) All the above

Answer-D

34. AO shall not require production of any accounts relating to a period more than _____ years prior to PY U/S 142

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

Answer-C

35. Previous approval of _____ to be obtained for acquiring assessee to furnish all assets and liabilities not included in the accounts U/S 142.

a) Joint Commissioner	b) Assistant Commissioner
c) Deputy Commissioner	d) Principal Commissioner

Answer-A

36. If at any stage of the proceedings before the Assessing Officer, having regard to the _____, is of the opinion that it is necessary so to do, he may, with the previous approval of the Principal Chief Commissioner or Chief Commissioner or the Principal Commissioner, Commissioner, direct the assessee to get his accounts audited by an accountant and to furnish a report of such audit.

a) nature and complexity of the accounts	b) Volume of the accounts
c) doubts about the correctness of the accounts	d) Any one of the above

Answer-D

37. If at any stage of the proceedings before the Assessing Officer, having regard to the _____, is of the opinion that it is necessary so to do, he may, with the previous approval of the Principal Chief Commissioner or Chief Commissioner or the Principal Commissioner, Commissioner, direct the assessee to get his accounts audited by an accountant and to furnish a report of such audit.

a) multiplicity of transactions	b) specialized nature of business activity of the assessee
c) interest of the revenue	d) Any one of the above

Answer-D

38. _____ is empowered to direct the audit to be carried out in the case of any particular assessee even if the accounts of the assessee have already been audited under any other law for the time being in force or otherwise.

a) Assessing Officer	b) Commissioner
c) Joint Commissioner	d) CBDT

Answer-A

39. The time limit for submission of audit report as directed by AO along with extended period shall not exceed _____ days.

a) 180	b) 365
c) 120	d) 90

Answer-A

40. The assessee should, however, be given an opportunity in respect of any material gathered on the basis of _____.

a) any inquiry under section 142(2)	b) any audit under section 142(2A)
c) Either A or B	d) Both A&B

Answer-C

41. If the assessee does not cooperate or comply with the directions of the Valuation Officer, he may, estimate the value of the asset, property or investment to the best of his judgment.

a) True	b) False

Answer-A

42. The Valuation Officer shall send a copy of his estimate to the AO and the assessee within a period of _____ from the end of the month in which the reference is made.

a) 6 month	b) 1 year
c) 3 months	d) 90 days

Answer-A

43. Section 143(1) provides for computation of the total income of an assessee after making the following adjustments to the returned income.

a) any arithmetical error in the return	b) an incorrect claim if any
c) Disallowance of loss in case of delay filing of return	d) Any of the above

Answer-D

44. Section 143(1) provides for computation of the total income of an assessee after making the following adjustments to the returned income.

a) any arithmetical error in the return	b) disallowance of expenditure indicated in audit report but not taken into account while computing the total income in the return
c) Disallowance of deduction u/s 10AA, 80-IA, 80-IAB, 80-IB, 80-IC, 80-ID or 80-IE, if return is filed beyond due date u/s 139(1)	d) Any one of the above

Answer-D

45. The term "an incorrect claim apparent from any information in the return" shall mean such claim on the basis of an entry in the return such as : .

a) of an item, which is inconsistent with another entry of the same or some other item in such return	b) in respect of which information required to be furnished to substantiate such entry, has not been furnished under this act
c) in respect of a deduction where such deduction exceeds specified statutory limit	d) Any one of the above

Answer-D

46. Section _____ requires processing of return of income u/s 139(1) or in response to a notice issued under section 142(1).

a) 143(1)	b) 143(3)
c) 141(1)	d) 142(2)

Answer-A

47. The time limit for detailed scrutiny u/s 143(2) cannot be issued after the expiry of _____ month from the end of the financial year in which the return of income is furnished.

a) 6	b) 12
c) 9	d) 3

Answer-A

48. It is mandatory for making best judgment assessment in the following situations:

a) fails to file return u/s 139 (1) and has not filed belated return u/s 139(4) or revised return u/s 139(5)	b) Fails to comply with all the terms of a notice issued u/s 142(1) or a discretion issued u/s 142(2A)
c) having filed a return fails to comply with all the terms of a notice issued u/s 143(2)	d) Any one of the above

Answer-D

49. Section _____ provides for power of joint commissioner to issue directions in certain cases.

a) 144A	b) 144B
c) 142	d) 143

Answer-A

50. The principal commissioner /commissioner to issue notice to assessee for submitting objections and providing an opportunity of being of heard within a period not exceeding days to declare an arrangement as an impermissible avoidance agreement.

a) 60	b) 30
c) 90	d) 30

Answer-A

51. Approving panel under section 144BA shall consist of _____ members.

a) 4	B) 5
c) 3	d) 2

Answer-C

52. The term of approving panel is _____ and it may be extended upto _____

a) 1/3	b) 2/5
c) 1/5	d) 2/3

Answer- A

53. Eligible person for section 144C is _____.

a) any person in whose case such variation arises as a consequence of the order of the transfer pricing officer passed u/s 92CA(3)	b) Any foreign company
c) Both A&B	d) None

Answer- C

54. The eligible assessee within _____ days of the receipt of the draft order to file his acceptance or rejection.

a) 30	b) 60
c) 45	d) 90

Answer-A

55. The Dispute Resolution Panel shall issue such directions, after considering the following.

a) Draft order	b) Objection of the assessee
c) Evidence furnished by the assessee	d) All the above

Answer- D

56. The Dispute Resolution Panel shall issue such directions, after considering the following.

a) report if any of the AO/VO/TPO	b) Records relating to draft order
c)Result of any enquiry made by, or caused to be made by it	d) All the above

Answer- D

57.Direction issued by DRP to be issued within _____ months from the end of the month in which the draft order was issued.

a) 6	B) 3
c) 9	d) 1

Answer-C

58. After receipt of direction from DRP the AO must complete the assessment within _____ months.

a) 6	b) 2
c) 9	d) 1

Answer-D

59. The _____ is empowered to make rules for the efficient functioning of the Dispute Resolution panel.

a) CBDT	b) Supreme court
c) Central government	d) Either A or C

Answer-A

60. The Assessing Officer may assess or reassess the income in respect of any issue which comes to his notice subsequently in the course of proceedings though the reason for such issue does not form part of the reasons recorded under section _____

a) 148(1)	b) 148(2)
c) 148(3)	d) 148(9)

Answer-B

61. Where an assessment under section 143(3) or 147 has already been made by Assessing Officer for the relevant assessment year, then, no action shall be taken after the expiry of _____ **years** from the end of the relevant assessment year

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

Answer-C

62. The Assessing Officer need not communicate to assessee the reasons, which led him to initiate the proceedings under section 147

a) True	b) False

Answer-A

63. _____ Income is said to be escaped if where an assessment has been made if:

a) income chargeable to tax under assessed	b) income assessed too low a rate
c) excessive loss/depreciation allowed	d) All the above

Answer-D

64. Time limit for issuing notice under section 149(1) in case of income is in relation to any asset located outside India has escaped assessment is _____ years .

a) 10	b) 16
c) 6	d) 4

Answer-B

65. Time limit for issuing notice under section 149(1) in case of income which has escaped assessment which is not specifically given under this section is _____ years .

a) 10	b) 16
c) 6	d) 4

Answer-D

66. The restriction of time limit specified under section 149 is not applicable in case of making assessment or reassessment giving effect to order of appeal, reference or revision

a) True	b) False

Answer-A

67. The notice under section 148 upto 4 years is issued by an AO below the rank of Joint commissioner, if the JC is satisfied that it is a fit case for issue of notice.

a) True	b) False
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Answer-A

68. The notice under section 148 beyond 4 years is issued by an AO, if the _____ is satisfied that it is a fit case for issue of notice.

a) Principal chief commissioner	b) Chief commissioner
c) Commissioner	d) Any one of the above

Answer-D

69. Assessee is entitled to claim dropping of proceedings under section 147 in certain cases as per section _____.

a) 152(1)	b) 152(2)
c) 152(3)	d) 152(4)

Answer-B

70. The time limit for completion of assessment proceedings in _____ months from the end of the AY in which the income was first assessable.

a) 15	b) 6
c) 12	d) 9

Answer-C

71. The time limit for completion of assessment proceedings in _____ months from the end of the FY in which the notice is served where notice under section 148 is served before 01.04.2019.

a) 15	b) 6
c) 21	d) 9

Answer-D

72. The time limit for completion of assessment proceedings in _____ months from the end of the FY in which the notice is served where notice under section 148 is served on or after 01.04.2019.

a) 12	b) 6
c) 21	d) 9

Chapter 8 : Powers of Income Tax Authorities

1. Which of the following are the class of income tax authorities?

a) The Central Board of Direct Taxes	b) Principal Directors-General of Income-tax or Principal Chief Commissioners of Income-tax
c) Directors-General of Income-tax or Chief Commissioners of Income-tax	d) All of the above

Answer- D

2. The term 'Assessing Officer' means

a) the Assistant Commissioner or Deputy Commissioner or Assistant Director or Deputy Director	b) the Income-tax Officer who is vested with the relevant jurisdiction by virtue of directions or orders issued under section 120(1) or (2) or any other provision of the Act
c) the Additional Commissioner or Additional Director or Joint Commissioner or Joint Director who is directed under section 120(4)(b) to exercise or perform all or any of the powers and functions conferred on, or assigned to, an Assessing Officer	d) All the above

Answer- D

3. The _____, besides being the highest executive authority, exercises control and supervision over all officers of the Income-tax Department

a) ITAT	b) Supreme Court
c) High Court	d) CBDT

Answer- D

4. All the rules under the Act are framed by the CBDT under section _____ and placed before the Parliament

a) 294	b) 295
c) 296	d) 297

Answer- B

5. Section _____ empowers the Central Government to appoint such persons as it thinks fit to be income-tax authorities

a) 116	b) 117
c) 118	d) 119

Answer- B

6. Section _____ authorises the CBDT to also direct, by way of notification, that any Income-tax authority or authorities shall be subordinate to such other income-tax authority or authorities, as may be specified

a) 116	b) 117
c) 118	d) 119

Answer- C

7. The CBDT has been empowered under section _____ to issue instructions and circulars to its subordinates for the proper administration of the Act

a) 116	b) 117
c) 118	d) 119

Answer- D

8. The CBDT, however, is not empowered to issue orders, instructions or directions in such a way as to

a) require any income-tax authority to make the assessment of a particular case in a particular manner	b) interfere with the discretion of the Commissioner (Appeals) in the exercise of his appellate functions
c) Both A&B	d) None of the above

Answer- C

9. The CBDT may, if it considers necessary or expedient to do so, for the purpose of proper and effective management of the work of assessment and collection of revenue, issue general or special orders from time to time in respect of any class of incomes or class of cases setting forth directions and instructions not being prejudicial to the assessee.

a) True	b) False

Answer- A

10. The _____ is empowered to authorise any income-tax authority [not being a Commissioner(Appeals)] by general or special order to admit an application or claim for any exemption, deduction, refund or any other relief under the Act after the expiry of the period specified under the Act, to avoid genuine hardship in any case or class of cases

a) ITAT	b) Supreme Court
c) High Court	d) CBDT

Answer- D

11. The _____ may authorise any Principal Director General or Director General or Principal Director or Director of Income-tax to perform such functions of any other income-tax authority as may be assigned to him

a) ITAT	b) Supreme Court
c) High Court	d) CBDT

Answer- D

12. Where the Assessing Officer has been vested with jurisdiction over any area within the limits of such area, he shall have jurisdiction:

a) in respect of any person carrying on business or profession within that area or in respect of a person whose business or profession is carried on in more than one place, if his principal place of business is in that area	b) in respect of any other person residing within the area
c) Both A&B	d) None of the above

Answer- C

13. Where a question arises under this section as to whether an Assessing Officer has jurisdiction to assess any person the question shall be determined by the _____

a) Principal Director General	b) Director General
c) the Principal Chief Commissioner	d) All the above

Answer- D

14. The power to transfer a case from one Assessing Officer to another subordinate Assessing Officer or Officers is vested with the _____

a) Principal Director General	b) Director General
c) Principal Chief Commissioner	d) All the above

Answer- D

15. The power to transfer a case from one Assessing Officer to another subordinate Assessing Officer or Officers is vested with the _____

a) Chief Commissioner	b) Commissioner
c) Principal Commissioner of Income-tax	d) All the above

Answer- D

16. The Assessing Officer, Deputy Commissioner (Appeals), Joint Commissioner, Commissioner (Appeals), the Principal Chief Commissioner or Chief Commissioner and the Dispute Resolution Panel referred to in section 144C have the powers vested in a Civil Court under the Code of Civil Procedure, 1908 while dealing with which of the following matters

a) discovery and inspection	b) compelling the production of books of account and documents
c) issuing commissions	d) All the above

Answer- D

17. The powers u/s 131(3) are unrestricted in the case of all the authorities except the Assessing Officer or an Assistant Director or Deputy Director whose powers are subjected to which of the following?

a) he must record his reasons for impounding books of account or other documents	b) if he desires to retain in his custody any such books or documents for a period exceeding 15 days (excluding holidays), he must obtain the prior approval of the Principal Chief Commissioner or Chief Commissioner or Principal Director General or Director General or Commissioner or Principal Commissioner or Principal Director or Director, as the case may be, for the purpose
c) Both A&B	d) Either A or B

Answer- C

18. The provisions of the Criminal Procedure Code relating to searches and seizure would, as far as possible, apply to the searches and seizures under this Act. Contravention of the orders issued under this section would be punishable with imprisonment and fine under section 275A

a) 275A	b) 275B
c) 275C	d) 275D

Answer- A

19. Search and seizure can be authorised by

a) Principal Director General	b) Director General
c) Principal Chief Commissioner	d) All the above

Answer- D

20. Search and seizure can be authorised by

a) Chief Commissioner	b) Commissioner
c) Principal Commissioner of Income-tax	d) All the above

Answer- D

21. The authorities empowered to issue authorization under section 132(1) are

a) Principal Director General or Director General or Principal Chief Commissioner or Chief Commissioner	b) Principal Director or Director or Principal Commissioner or Commissioner
c) Such Additional Director or Additional Commissioner, Joint Director or Joint Commissioner as are empowered by the CBDT to do so	d) All the above

Answer- D

22. Powers of authorised officer under section 132(1) shall include:

a) Power to seize money, books of accounts etc	b) Powers exercisable if there is 'reason to suspect' concealment
c) Power exercisable outside jurisdiction, if delay would be prejudicial to the interests of the revenue	d) All the above

Answer- D

23. Any bullion, jewellery or other valuable article or thing, which is in the nature of stock-in-trade of the business, found as a result of search shall not be seized but the authorised officer shall make a note or inventory of such stock-in-trade of the business

a) True	b) False

Answer- A

24. The books of account and other documents seized should be returned within a period of _____ days from the date of the order of assessment under section 153A, unless the reasons for retaining the same are recorded and approved by the Principal Chief Commissioner or Chief Commissioner or Commissioner or Principal Commissioner or Principal Director General or Director General or Principal Director or Director

a) 7	b) 10
c) 30	d) 90

Answer- C

25. If a search warrant is issued by the Principal Commissioner or Commissioner of Income- tax, authorising the search of a premises in a particular place specified in the search warrant and the Authorised Officer

finds that the books of account or other documents and/or assets have been secreted in a building or place not specified in the search warrant, he could request the local Commissioner to authorise him to search that building or place

a) True	b) False

Answer- A

26. Rebuttable presumption is dealt under section _____

a) 132(4)	b) 132(4A)
c) 132(4B)	d) 132(4C)

Answer- B

27. Deemed seizure shall not be applicable to stock in trade.

a) True	b) False

Answer- A

28. Order not to remove books of account etc. without prior permission of Authorised Officer shall not be in force for a period exceeding _____ days from the date of the order

a) 10	b) 30
c) 60	d) 90

Answer- C

29. For the purpose of protecting the interest of the revenue and safeguarding recovery in search cases, the authorized officer during the course of search or seizure or within a period of _____ days from the date on which the last of the authorisations for search was executed is satisfied for reasons to be recorded in writing, it is necessary so to do he may with the prior approval of the Principal Director General or Director General or the Principal Director or Director, by order in writing, attach provisionally any property belonging to the assessee

a) 10	b) 30
c) 60	d) 90

Answer- C

30. Every provisional attachment made under sub-section (9B) shall cease to have effect after the expiry of a period of _____ months from the date of the order referred to in sub-section (9B)

a) 3	b) 4
c) 6	d) 9

Answer- C

31. The authorised officer may, during the course of the search or seizure or within a period of ___ days from the date on which the last of the authorisations for search was executed, make a reference to a Valuation Officer referred to in section 142A

a) 10	b) 30
c) 60	d) 90

Answer- C

32. Where the Principal Director General or Director General or Principal Director or Director or the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner on the basis of information in his possession, has reason to believe that _____ then, the Principal Director General or Director General or Principal Director or Director or the Principal Chief Commissioner or Chief Commissioner or Commissioner or Principal Commissioner may authorise any Additional Director, Additional Commissioner, Joint Director Joint Commissioner, Assistant Director or Deputy Director, Assistant Commissioner, Deputy Commissioner or Income-tax Officer (referred to as the requisitioning officer) to require the officer or authority under any other law referred above, as the case may be, to deliver such books of account, other documents or assets to the requisitioning officer

<p>a) any person to whom a summons under section 131(1) or a notice under section 142(1) was issued to produce, or cause to be produced, any books of account or other documents has omitted or failed to produce, or cause to be produced, such books of account or other documents, as required by such summons or notice and the said books of account or other documents have been taken into custody by any officer or authority under any other law for the time being in force, such as, by the Collector of Customs, the Sales-tax Commissioner etc</p>	<p>b) any books of account or other documents will be useful for, or relevant to, any proceeding under this Act and any person to whom a summons or notice as aforesaid has been or might be issued will not, or would not, produce or cause to be produced, such books of account or other documents on the return of such books of account or other documents by any officer or authority by whom or which such books of account or other documents have been taken into custody under any other law for the time being in force, such as, by the Collector of Customs, the Sales-tax Commissioner etc</p>
<p>c) any assets represent either wholly or partly income or property which has not been, or would not have been, disclosed for the purposes of this Act by any person from whose possession or control such assets have been taken into custody by any officer or authority under any other law for the time being in force, such as, by the Collector of Customs, the Sales-tax Commissioner etc</p>	<p>d) All the above</p>

Answer- D

33. The Assessing Officer or the Tax Recovery Officer, as the case may be, may recover the amount of such liabilities by the sale of such assets in the manner laid down in the _____ Schedule.

<p>a) 1</p>	<p>b) 2</p>
<p>c) 3</p>	<p>d) 4</p>

Answer- C

34. Where the person concerned makes an application to the Assessing Officer within _____ days from the end of the month in which the asset was seized, for release of the asset and explains the nature and source of acquisition of seized assets is explained satisfactorily, then, such assets are required to be released within a period of _____ days from the date on which last of the authorisations for search under section 132 is executed after meeting any existing liabilities

<p>a) 30/120</p>	<p>b) 60/120</p>
<p>c) 30/90</p>	<p>d) 60/90</p>

Answer- A

35. The assessee shall be entitled to simple interest at _____% per month or part of a month, if the amount of assets seized exceeds the liabilities eventually, for the period immediately following the expiry of 120 days from the date on which the last of the authorisations for search under section 132 or requisition under section 132A was executed to the date of completion of the assessment under section 153A or under Chapter XIV-B.

a) ½	b) 1
c) 2	d) 5

Answer- A

36. Under section 133A an income-tax authority may enter any place

a) within the limits of the area assigned to him	b) any place occupied by any person in respect of whom he exercises jurisdiction
c) any place in respect of which he is authorised for the purposes of this section by such income-tax authority, who is assigned the area within which such place is situated or who exercises jurisdiction in respect of any person occupying such place	d) All the above

Answer- D

37. The power u/s 133A may be exercised in respect of any place with which the assessee is connected, whether or not such place is the principal place of business or profession or activity for charitable purpose

a) True	b) False

Answer- A

38. The income-tax authority may enter any place of business or profession mentioned above only during the hours at which such place is open for the conduct of business or profession and in the case of any other place, only after sunrise and before sunset as per section _____

a) 133A(1)	b) 133A(2)
c) 133A(3)	d) 133A

Answer- B

39. The income-tax authority exercising this power of survey may

a) place marks of identification, if he finds it necessary, on the books of account or other documents inspected by him and make or cause to be made extracts or copies therefrom	b) impound and retain in his custody for such period as he thinks fit any book of account or other documents inspected by him after recording reasons for doing so
c) make an inventory of any cash, stock or valuable article or thing checked or verified by him;	d) All of the above

Answer- D

40. The income tax authority cannot retain in his custody such books of account etc. for a period exceeding _____days (excluding holidays) without obtaining the approval of the Principal Chief Commissioner or

Chief Commissioner or Principal Director General or Director General or the Principal Commissioner or Commissioner or Principal Director or Director, as the case may be

a) 7	b) 10
c) 15	d) 30

Answer- C

41. Income -tax authority may require the deductor or the collector or any other person who may at the time and place of survey be attending to such work

a) to afford him the necessary facility to inspect such books of account or other documents as he may require and which may be available at such place	b) to furnish such information as he may require in relation to such matter
c) Both A&B	d) None

Answer- C

42. The income-tax authorities would also have the power to collect information and record the statements of any of the persons concerned at any time after any function, ceremony or event even before the stage of commencement of assessment proceedings for the following year for which the information may be relevant, if they are of the opinion that having due regard to the nature, scale and extent of the expenditure incurred, it is necessary to do so

a) True	b) False

Answer- A

43. Under section _____, an income-tax authority may enter any building or place (at which a business or profession is carried on) within its jurisdiction or any building or place (at which a business or profession is carried on) which is occupied by any person in respect of whom the said authority exercises jurisdiction for the purpose of collecting any information which may be useful for or relevant for the purposes of the Act

a) 133A	b) 133B
c) 133C	d) 133D

Answer- B

44. Section _____ enables the prescribed income-tax authority to verify the information in its possession relating to any person

a) 133A	b) 133B
c) 133C	d) 133D

Answer- C

45. Power to inspect registers of companies is dealt in section _____

a) 133	b) 134
c) 135	d) 136

Answer- B

46. If the Investigating officer is denied entry into the premises, the Assessing Officer shall have all the powers vested in him under sections 131(1) and (2). All the proceedings before Income-tax authorities

are judicial proceedings for purposes of section 196 of the Indian Penal Code, 1860, and fall within the meaning of sections 193 and 228 of the Code.

a) True	b) False

Answer- A

47. Under section 138(1)(a), the CBDT, or any other income-tax authority specified by it by a general or special order, may furnish or cause to be furnished, any information received or obtained by any income-tax authority, in the performance of his functions under the Act which may be necessary for the purpose of enabling any officer, or authority or body performing any function

a) under any law relating to the imposition of any tax, duty or cess or to dealings in foreign exchange	b) under any other law as the Central Government may notify in the Official Gazette in the public interest
c) Both A&B	d) None of the above

Answer- C

48. The procedure for assessment where search is initiated u/s 132 is provided in section _____

a) 153A	b) 132A
c) 153B	d) 133

Answer-A

49. The AO under section 153A shall assess or reassess the total income of _____ AY

a) 5	b) 6
c) 3	d) 2

Answer-B

50. The assessment or reassessment if any relating to any AY falling within 6AY and for the relevant AY pending on the date of the initiation of the search u/s 132 or requisition u/s 132A as the case may be shall abate.

a) True	b) False

Answer-A

51. No notice for assessment or reassessment shall be issued by the Assessing officer for the relevant AY or year unless:

a) the Assessing Officer has in his possession books of account or other documents	b) the income so referred above has escaped assessment for such year or years
c) the search under section 132 is initiated or requisition under section 132A is made on or after 01.04.2017	d) All the above

Answer-D

52. If any proceeding initiated under section 153A or order of assessment or reassessment made under section 153A(1) has been annulled by any appeal or other legal proceeding, the abated assessment or reassessment relating to any assessment year shall stand revived with effect from the date of receipt of the order

a) True	b) False

Answer-A

53. The time limit for completion for the assessment year relevant to the previous year in which search is conducted under section 132 or requisition is made u/s 132A where the last of the authorizations for search u/s 132 or for requisition u/s 132A was executed during the FY 2018-19 within _____ months from the end of the FY in which the last of the authorizations for search u/s 132 or for requisition u/s 132A was executed.

a) 12	b) 9
c) 21	d) 18

Answer-D

54. The time limit for completion for the assessment year relevant to the previous year in which search is conducted under section 132 or requisition is made u/s 132A where the last of the authorizations for search u/s 132 or for requisition u/s 132A was executed during the FY 2019-20 or thereafter within _____ months from the end of the FY in which the last of the authorizations for search u/s 132 or for requisition u/s 132A was executed.

a) 12	b) 9
c) 21	d) 18

Answer-A

55. The time of deemed execution of authorization in case of search u/s 132 on the conclusion of search as recorded in the last panchama drawn in relation to any person in whose case the warrant of authorization is issued.

a) True	b) False

Answer-A

56. The time of deemed execution of authorization in case of requisition u/s 132A on the actual receipt of books of account or the documents or assets by the authorized officer.

a) True	b) False

Answer-A

57. Section _____ - deals with the assessment or reassessment of any other person.

a) 153A	b) 153B
c) 153C	d) 154

Answer-C

58. The AO having jurisdiction over the other person shall proceed against such other person shall issue notice only if he satisfies that the books of account or documents or assets seized have bearing on the determination of total income.

a) True	b) False

Answer-A

59. Section 153D provides that assessment or reassessment of search case as given in section 153A(1)(b) shall not be made by an AO below the rank of _____ with the prior approval of him.

a) Joint Commissioner	b) Assistant Commissioner
c) Deputy Commissioner	d) Commissioner

Answer-A

60. The prior approval of JC is not required if assessment order is passed by Principal Commissioner or Commissioner under section

a) True	b) False

Answer-A

61. Section ____ provides for presumption as to assets, books of account other documents, money, bullion, jewellery etc

a) 292A	b) 292C
c) 292B	d) 292D

Answer-B

62. As per section 292C it shall be presumed such books other documents, money, bullion, jewellery or other article or thing belong or belongs to such person

a) True	b) False

Answer-A

63. As per section 292C it shall be presumed that the contents of such books are true

a) True	b) False

Answer-A

Chapter 9 : Penalties and Prosecution

1. The penalty for under reporting income under section 270A is _____% of tax on under reported income

a) 10	b) 50
c) 60	d) 100

Answer- B

2. The penalty for misreporting income under section 270A is _____% of tax on misreported income

a) 10	b) 50
c) 60	d) 200

Answer- D

3. The penalty for failure to keep, maintain or retain books of account as required by section 44AA is Rs _____

a) 10,000	b) 25,000
c) 50,000	d) 1,00,000

Answer- B

4. The penalty u/s 271AA is _____% of such transaction

a) 1	b) 3
c) 2	d) 10

Answer- C

5. The penalty u/s 271AAB if undisclosed income is admitted during the course of search and pays the tax together with interest is _____% of such undisclosed income

a) 10	b) 30
c) 60	d) 100

Answer- B

6. The penalty u/s 271AAB for the case other than undisclosed income is admitted during the course of search and pays the tax together with interest is _____% of such undisclosed income

a) 10	b) 30
c) 60	d) 100

Answer- C

7. The penalty u/s 271AAC is _____% of tax on unaccounted income u/s 115BBE

a) 10	b) 30
c) 60	d) 100

Answer- A

8. The penalty for failure to get accounts audited upto due date u/s 44AB is _____

a) 0.5% of sales, turnover or gross receipts	b) 1,50,000
c) Either A or B Which is less	d) Either A or B Which is more

Answer- C

9. The penalty for failure to furnish a report of CA u/s 92E is Rs _____

a) 10,000	b) 25,000
c) 50,000	d) 1,00,000

Answer- D

10. The penalty for any transaction of Rs _____ or more in contravention of section 269ST is the sum equal to the amount received

a) 10,000	b) 25,000
c) 2,00,000	d) 1,00,000

Answer- C

11. Penalty u/s 271E is imposed by

a) commissioner	b) Joint Commissioner
c) Income tax officer	d) Inspector

Answer- B

12. The penalty u/s 271FAA and 271FAB is Rs _____

a) 10,000	b) 25,000
c) 50,000	d) 1,00,000

Answer- C

13. The penalty u/s 271G for failure to furnish any information or documents as requires u/s 92D is _____ % of the value of international transaction

a) 1	b) 2
c) 3	d) 5

Answer- B

14. The penalty u/s 271GA is _____ % of the value of transaction

a) 1	b) 2
c) 3	d) 5

Answer- B

15. The penalty u/s 271GB for failure to furnish report or furnishing inaccurate report in respect of constituent entity of international group is Rs _____ per day

a) 1,000	b) 5,000
c) 10,000	d) 20,000

Answer- B

16. The penalty u/s 271GB for failure to furnish report or furnishing inaccurate report in respect of constituent entity of international group is Rs _____ per day for the period exceeding one month

a) 1,000	b) 5,000
c) 15,000	d) 20,000

Answer- C

17. The penalty u/s 271GB for failure to furnish report or furnishing inaccurate report in respect of constituent entity of international group is Rs _____ per day for continuing failure beginning from the date of service of order.

a) 1,000	b) 5,000
c) 15,000	d) 50,000

Answer- D

18. The penalty u/s 271H,271I amounts from Rs _____ to Rs _____

a) 1,000 to 10,000	b) 10,000 to 1,00,000
c) 5,00 to 5,000	d) 5,00 to 50,000

Answer- B

19. The penalty u/s 271J is Rs _____ per failure.

a) 10,000	b) 5,000
c) 15,000	d) 50,000

Answer- A

20. The penalty u/s 272A(1) is Rs _____ per failure.

a) 10,000	b) 5,000
c) 15,000	d) 50,000

Answer- A

21. The penalty u/s 272A(2) Rs _____ for every day during which default continues

a) 10,000	b) 5,000
c) 15,000	d) 50,000

Answer- A

22. The penalty u/s 272B and 272BB is Rs _____.

a) 10,000	b) 5,000
c) 15,000	d) 50,000

Answer- A

23. No order shall be passed under sections 272A, 272AA, 272B and 272BB unless the person on whom the penalty is proposed to be imposed is given an opportunity of being heard in the matter

a) True	b) False

Answer- A

24. The penal provisions under section 271 shall not apply in relation to A.Y.2017-18 and onwards.

a) True	b) False

Answer- A

25. Section 270A(1) empowers, _____ or Commissioner to direct levy of penalty, during the course of proceedings under the Income-tax Act, 1961, if a person has under reported his income. Such penalty shall be imposed by an order in writing by such authority

a) the Assessing Officer	b) Commissioner (Appeals)
c) Principal Commissioner	d) All the above

Answer- D

26. A person would be considered to have under-reported his income if the income assessed or reassessed has the effect of reducing the loss or converting such loss into income

a) Yes	b) No

Answer- A

27. The manner computation of under reported income in case where return is furnished and assessment is made for the first time is _____

a) Assessed income-income determined u/s143	b) Assessed income-Basic exemption limit
c) Assessed income	

Answer- A

28. The manner computation of under reported income in case where no return is furnished and assessment is made for the first time in case of company, firm, local authority is _____

a) Assessed income-income determined u/s143	b) Assessed income-Basic exemption limit
c) Assessed income	

Answer- C

29. The manner computation of under reported income in case where no return is furnished and assessment is made for the first time in case of persons other than company, firm, local authority is _____

a) Assessed income-income determined u/s143	b) Assessed income-Basic exemption limit
c) Assessed income	

Answer- C

30. In a case where the source of any receipt, deposit or investment appearing in the current assessment year is claimed to be an amount added to income or deducted while computing loss in the assessment of such person in any earlier assessment year and no penalty was levied for such preceding year, under-reported income shall include such amount as is sufficient to cover such receipt, deposit or investment

a) True	b) False

Answer- A

31. Which of the following are not included in the scope of under-reported income u/s 270A?

a) The amount of income in respect of which the assessee offers an explanation	b) The amount of under-reported income determined on the basis of an estimate
c) The amount of under-reported income represented by any addition made in conformity with the arm's length price determined by the Transfer Pricing Officer	d) All the above

Answer- D

32. Which of the following are included u/s 270A(9)?

a) misrepresentation or suppression of facts	b) failure to record investments in books of account
c) claim of expenditure not substantiated by any evidence	d) All the above

Answer- D

33. Which of the following are included u/s 270A(9)?

a) recording of any false entry in books of account	b) failure to record any receipt in books of account having a bearing on total income
c) failure to report any international transaction or deemed international transactions or specified domestic transaction under chapter X	d) All the above

Answer- D

34. No addition or disallowance of an amount shall form the basis for imposition of penalty, if such addition or disallowance has formed the basis of imposition of penalty in the case of the person for the same or any other assessment year

a) True	b) False

Answer- A

35. The order passed by _____ under section 270A would also be appealable to the Appellate Tribunal

a) Commissioner(Appeals)	b) principal Commissioner
c) Commissioner	d) All the above

Answer- D

36. No penalty under section 270A would be imposable in respect of undisclosed income on which penalty has been levied under section 271AAB(1A)

a) True	b) False

Answer- A

37. Previous approval of higher authorities also required if, in a case falling u/s 270A, the amount of income in respect of which the penalty is imposed or imposable for the relevant A.Y., or where such disclosure relates to more than one A.Y., the aggregate amount of such income for those years exceed Rs _____

a) 50,000	b) 1,00,000
c) 5,00,000	d) 10,00,000

Answer- C

38. Rigorous imprisonment for a period of 6 months to 7 years and fine would also be attracted in a case where the tax on under-reported income exceeds Rs _____ lakhs

a) 10	b) 15
c) 20	d) 25

Answer- D

39. Prosecution not to be instituted against a person u/s 276C or 277 in relation to the assessment for an AY in respect of which penalty imposed or imposable u/s 270A or u/s 271(1)(iii) has been reduced or waived by an order u/s 273A.

a) True	b) False

Answer- A

40. An assessee may make an application to the Assessing Officer for grant of immunity from imposition of penalty under section 270A and initiation of proceedings under section 276C or section 276CC, if he

a) pays the tax and interest payable	b) does not prefer appeal
a) Both A&B	b) Either A or B

Answer- C

41. The assessee can make such application in the prescribed form and verified in the prescribed manner within__ month from the end of the month in which the order of assessment or reassessment is received.

a) 2	b) 3
c) 1	d) 7

Answer- C

42. Immunity shall be granted by the Assessing Officer only if the penalty proceedings under section 270A have not been initiated on account which of the following?

a) misrepresentation or suppression of facts	b) failure to record investments in the books of account
c) claim of expenditure not substantiated by any evidence	d)All the above

Answer- D

43. Immunity shall be granted by the Assessing Officer only if the penalty proceedings under section 270A have not been initiated on account which of the following?

a) recording of any false entry in the books of account	b) failure to record any receipt in books of account having a bearing on total income
c) failure to report any international transaction or any transaction deemed to be an international transaction or any specified domestic transaction to which the provisions of Chapter X apply	d)All the above

Answer- D

44. The Assessing Officer shall pass an order accepting or rejecting the application for immunity from penalty under section 270A or prosecution under section 276C or section 276CC within a period of one month from the end of the month in which such application is received

a) True	b) False

Answer- A

45. As per section 249(2)(b), an appeal before the Commissioner (Appeals) is to be made within _____ days of the receipt of the notice of demand relating to an assessment or penalty, where the appeal relates to such assessment or penalty

a) 7	b) 15
c) 30	d) 60

Answer- C

46. If undisclosed income is admitted during the course of search in the statement furnished under section 132(4), and the assessee explains the manner in which such income was derived pays the tax, together with interest if any, in respect of the undisclosed income, and furnishes the return of income for the specified previous year declaring such undisclosed income on or before the specified date then the rate of penalty is _____%

a) 7	b) 15
c) 30	d) 60

Answer- C

47. For case other than where undisclosed income is admitted during the course of search in the statement furnished under section 132(4), and the assessee explains the manner in which such income was derived pays the tax, together with interest if any, in respect of the undisclosed income, and furnishes the return of income for the specified previous year declaring such undisclosed income on or before the specified date then the rate of penalty is _____%

a) 7	b) 15
c) 30	d) 60

Answer- D

48. Undisclosed income means any income of the specified previous year represented, either wholly or partly, by any money, bullion, jewellery or other valuable article or thing or any entry in the books of account or other documents or transactions found in the course of a search under section 132, which has

a) not been recorded on or before the date of search in the books of account or other documents maintained in the normal course relating to such previous year	b) otherwise not been disclosed to the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner before the date of search
c) Either A or B	d) None of the above

Answer- C

49. The limitation period for the imposition of penalty under these provisions would be the expiry of the financial year in which the proceedings, in the course of which action for the imposition of penalty has been initiated, are completed, or months from the end of the month in which action for imposition of penalty is initiated, whichever period expires later

a) 2	b) 3
c) 6	d) 9

Answer- C

50. Under Section 271FAA the prescribed income- tax authority may direct levy of penalty of Rs 50,000, subject to further satisfaction of which of the following conditions?

a) The inaccuracy is due to a failure to comply with the due diligence requirement prescribed under section 285BA(7) or is deliberate on the part of that person	b) The person is aware of the inaccuracy at the time of furnishing the statement of financial transaction or reportable account, but does not inform the prescribed income-tax authority or such other authority or agency
c) The person discovers the inaccuracy after furnishing the statement of financial transaction or reportable account but fails to inform and furnish correct information within ten days, being the time specified under section 285BA(6).	d) All the above

Answer- A

51. The Principal Commissioner or Commissioner can reduce or waive the penalty payable by any person only if which of the following conditions are satisfied?

a) Full and true disclosure	b) co-operation inquiry
c) Payment of tax and interest	d) All the above

Answer- D

52. Where an order has been made under section 273A(1) in favour of any person, whether such order relates to one or more assessment years, he shall not be entitled to any relief under this section in relation to any other assessment year at any time after the making of such order

a) True	b) Partly True
c) False	

Answer- A

53. Section 273A(4) authorises the Principal Commissioner or Commissioner of Income-tax, without prejudice to the powers conferred on him by any other provision of the Act, to reduce or waive the amount of any penalty payable by the assessee.

a) True	b) Partly True
c) False	

Answer- A

54. The application for the immunity has to be made by the assessee (person whose case has been abated under section 245HA) to _____

a) the Principal Commissioner	b) Commissioner of Income-tax
c) Either A or B	d) Both A & B

Answer- C

55. The immunity granted to a person may, at any time, be withdrawn by the Principal Commissioner or Commissioner, if he is satisfied that such person had, in the course of any proceedings, after abatement

a) concealed any particulars material to the assessment from the income-tax authority	b) given false evidence
c) Either A or B	d) None

56. An order imposing penalty u/s 275(1)(a) shall be passed

a) before the expiry of the financial year in which the proceedings, in the course of which action for imposition of penalty has been initiated are completed	b) Within one year from the end of the financial year in which the order of the commissioner(Appeals) is received by the Principal Chief Commissioner or Chief Commissioner or principal commissioner or commissioner
c) Either A or B which is earlier	d) Either A or B which is later

Answer- D

57. An order imposing penalty shall not be passed after the expiry of _____ months from the end of the month in which such order of revision is passed.

a) 1	b) 3
c) 6	d) 10

Answer- C

58. Section 275A provides for Contravention of order made under the second proviso to sub-section (1) or sub- section (3) of section 132 regarding search and seizure up to _____ year of rigorous imprisonment and fine

a) 1	b)2
c) 3	d)5

Answer- B

59. Section 275B provides _____ year of rigorous imprisonment and fine

a) 1	b)2
c) 3	d)5

Answer- B

60. Section 276 provides for removal, concealment, transfer or delivery of property to thwart tax recovery provides _____ year of rigorous imprisonment and fine

a) 1	b)2
c) 3	d)5

Answer- B

61. Section 276A provides for _____ year of rigorous imprisonment and fine

a) 6 months to 2 Years	b) 6 months
c) 3 months to 5 Years	d) 5 years

Answer- A

62. Section 276AB provides for _____ year of rigorous imprisonment and fine

a) 6 months to 2 Years	b) 6 months
c) 3 months to 5 Years	d) 5 years

Answer- A

63. Section 276B provides for _____ year of rigorous imprisonment and fine

a) 6 months to 2 Years	b) 6 months
c) 3 months to 7 Years	d) 7 years

Answer- C

64. Section 276BB provides for _____ year of rigorous imprisonment and fine

a) 6 months to 2 Years	b) 6 months
c) 3 months to 7 Years	d) 7 years

Answer- C

65. Section 276C provides for imprisonment of 6 months to 7 years in case of willful attempt to evade tax penalty or interest chargeable or imposable or under reported his income is the amount exceeding Rs _____ lakhs

a) 10	b) 20
c) 25	d) 15

Answer- C

66. Under section 276D the imprisonment is up to _____ year

a) 1	b) 2
c) 3	d) 5

Answer- A

67. Under section 276D the imprisonment is up to _____ year

a) 1	b) 2
c) 3	d) 5

Answer- A

68. Under Section 277 the maximum tenure of imprisonment is 7 year if the amount evaded exceeds Rs _____ lakh

a) 10	b) 20
c) 25	d) 15

Answer- C

69. Section 280(1) provides for imprisonment up to _____ month

a) 3	b) 4
c) 6	d) 9

Answer- C

70. The application for the immunity must be made by the assessee (person whose case has been abated under section 245HA) to _____

a) the Principal Commissioner	b) Commissioner of Income-tax
c) Either A or B	d) Authorizing officer

Answer- C

71. The assessee can approach the Principal Commissioner or Commissioner for immunity any time if prosecution proceedings were instituted before or during the pendency of settlement proceedings

a) True	b) False

Answer- A

72. The Principal Commissioner or Commissioner can grant immunity, subject to such conditions as he may think fit to impose, on being satisfied that the assessee has

a) co-operated in the proceedings after abatement	b) made a full and true disclosure of his income and the manner in which such income has been derived
c) Both A&B	d) Either A or B

Answer- C

73. The immunity granted to a person may, at any time, be withdrawn by the Principal Commissioner or Commissioner, if he is satisfied that such person had, in the course of any proceedings, after abatement.

a) concealed any particulars material to the assessment from the income-tax authority	b) given false evidence
c) Both A&B	d) Either A or B

Answer- D

74. Section 279B provides that entries may be proved.

a) by the production of the records or other documents in the custody of the income-tax authority containing such entries	b) by the production of a copy of the entries certified by the income-tax authority having custody of the records
c) other documents under its signature and stating that it is a true copy of the original entries and that such original entries are contained in the records of other documents in its custody	d) All the above

Answer- D

75. If a public servant furnishes any information or produces any document in contravention of section 138(2), he shall be punishable with imprisonment which may extend to _____ months and shall also be liable to pay fine.

a) 3	b) 5
c) 6	d) 9

Answer- C

76. No prosecution shall, however, be instituted under section 280 except with the previous sanction of the Central Government.

a) True	b) False

Answer- A

Chapter 10 : Appeals, Revision and Rectification

1. The assessee is given a right of appeal by the____ where he feels aggrieved by the order of the assessing authority

a) Act	b) Rule
c) Both A&B	d) None of the above

Answer- A

2. The assessee has no inherent right of appeal unless the statute specifically provides that a particular order is appealable

a) True	b)False

Answer- A

3. There are_____stages of appeal under the Income-tax Act, 1961

a) Three	b) Four
c) Five	d) One

Answer- B

4. Section 246A deals with appealable orders before

a) ITAT	b) Supreme Court
c) High Court	d) Commissioner (Appeals)

Answer- D

5. An order passed by a Joint Commissioner under section 115VP(3)(ii) refusing to approve the option for tonnage tax scheme is appealable before

a) ITAT	b) Supreme Court
c) High Court	d) Commissioner (Appeals)

Answer- D

6. An order against the assessee where the assessee denies his liability to be assessed under this Act is appealable before

a) ITAT	b) Supreme Court
c) High Court	d) Commissioner (Appeals)

Answer- D

7. An order passed in pursuance of the directions of Dispute Resolution Panel or an order of assessment or reassessment passed by the Assessing Officer with the prior approval of Principal Commissioner or Commissioner, where tax consequences have been determined in the order under the provisions of Chapter X-A relating to General Anti Avoidance Rules is appealable before Commissioner (Appeals)

a) True	b) False

Answer- B

8. An order of assessment or reassessment under section 153A, except an order passed in pursuance of the directions of the Dispute Resolution Panel is appealable before

a) ITAT	b) Supreme Court
c) High Court	d) Commissioner (Appeals)

Answer- D

9. An order of assessment or reassessment passed by the Assessing Officer under section 92CD(3) in accordance with the Advance Pricing Agreement pursuant to a modified return filed in accordance with section 92CD(1) is appealable before

a) ITAT	b) Supreme Court
c) High Court	d) Commissioner (Appeals)

Answer- D

10. An order made under section 163 treating the assessee as the agent of a non-resident is appealable before is appealable before

a) ITAT	b) Supreme Court
c) High Court	d) Commissioner (Appeals)

Answer- D

11. An order made under section 170(2)/(3) assessing income of business prior to succession in the hands of the successor is appealable before

a) ITAT	b) Supreme Court
c) High Court	d) Commissioner (Appeals)

Answer- D

12. An order made under section 171 relating to assessment after partition of HUF is appealable before

a) ITAT	b) Supreme Court
c) High Court	d) Commissioner (Appeals)

Answer- D

13. An order made under section 201 deeming a person to be an assessee-in-default for failure to deduct the whole or any part of the tax deductible at source is appealable before

a) ITAT	b) Supreme Court
c) High Court	d) Commissioner (Appeals)

Answer- D

14. An order made under section 206C(6A) deeming a person to be an assessee-in-default for failure to collect or pay tax is appealable before

a) ITAT	b) Supreme Court
c) High Court	d) Commissioner (Appeals)

Answer- D

15. An order imposing a penalty under (i) Section 221; or (ii) Section 271A, section 271AA, section 271AAA, section 271AAB, section 271F, section 271FB or section 272BBis appealable before

a) ITAT	b) Supreme Court
c) High Court	d) Commissioner (Appeals)

Answer- D

16. An order imposing penalty under section 271B or section 271BB is appealable before

a) ITAT	b) Supreme Court
c) High Court	d) Commissioner (Appeals)

Answer- D

17. An order made by a Deputy Commissioner imposing a penalty under section 271C, section 271CA, section 271D, or section 271E is appealable before

a) ITAT	b) Supreme Court
c) High Court	d) Commissioner (Appeals)

Answer- D

18. An order made by a Deputy Commissioner or a Deputy Director imposing a penalty under section 272A is appealable before

a) ITAT	b) Supreme Court
c) High Court	d) Commissioner (Appeals)

Answer- D

19. An order made by a Deputy Commissioner or imposing a penalty under section 272AA is appealable before

a) ITAT	b) Supreme Court
c) High Court	d) Commissioner (Appeals)

Answer- D

20. An order made imposing or enhancing penalty under section 275(1A) is appealable before

a) ITAT	b) Supreme Court
c) High Court	d) Commissioner (Appeals)

Answer- D

21. An order made imposing a penalty under Chapter XXI is appealable before

a) ITAT	b) Supreme Court
c) High Court	d) Commissioner (Appeals)

Answer- D

22. An order made by an Assessing Officer other than a Deputy Commissioner under the provisions of this Act in the case of such person or class of persons, as the Board may, having regard to the nature of the cases, the complexities involved and other relevant considerations direct is appealable before

a) ITAT	b) Supreme Court
c) High Court	d) Commissioner (Appeals)

Answer- D

23. Appeal by person denying liability to deduct tax under section 195 is dealt under section

a) 248	b) 246
c) 249(1)	d) 249(3)

Answer- A

24. An appeal to the Commissioner (Appeals) against any order which is appealable is to be presented within days from the dates specified

a) 30	b) 45
c) 60	d) 90

Answer- A

25. The dates from which the limitation period of 30 days has to be reckoned for appeals relating to Section 248 is from the

a) Date of payment of tax	b) Date of service of notice of demand
c) Date on which intimation of the order sought to be appealed against is served	d) The date on which application is mad

Answer- A

26. The dates from which the limitation period of 30 days has to be reckoned for appeals relating to assessment/penalty is from the

a) Date of payment of tax	b) Date of service of notice of demand
c) Date on which intimation of the order sought to be appealed against is served	d) The date on which application is mad

Answer- B

27. The dates from which the limitation period of 30 days has to be reckoned for appeals relating to other than assessment/penalty or section 248 is from the

a) Date of payment of tax	b) Date of service of notice of demand
c) Date on which intimation of the order sought to be appealed against is served	d) The date on which application is mad

Answer- C

28. No appeal to the Commissioner (Appeals) shall be admitted for consideration unless, at the time of filing the appeal, the assessee has paid the tax on the amount of _____ by him in cases where a return has been filed by the assessee.

a) Income returned	b) Income not declared in return
c) Both A&B	d) None of the above

Answer- A

29. The Commissioner (Appeals) is empowered for good and sufficient reasons to be recorded in writing, to exempt an appellant from the operation of the requirement in regard to payment of advance tax, on receipt of an application from the appellant made specifically for this purpose, giving the reasons for the non-payment of the tax

a) True	b) Partly true
c) False	

Answer- A

30. Who have the right to be heard at the hearing of the appeal either in person or by an authorised representative?

a) Assessee	b) Assessing Officer
c) Both A&B	d) None of the above

Answer- C

31. The Commissioner (Appeals), before passing an order on an appeal may also allow the appellant to go into any grounds of appeal not specified previously by the appellant if he is satisfied that the omission of that ground was not _____

a) Willful	b) Unreasonable
c) Both A&B	d) None of the above

Answer- C

32. On disposal of the appeal the Commissioner (Appeals) must communicate the order passed by him to the _____

a) Assessee	b) Commissioner
c) Both A&B	d) None of the above

Answer- C

33. In every appeal the Commissioner (Appeals), where it is possible, may hear and decide such appeal within a period of _____ from the end of the financial year in which such appeal is filed under section 246A(1)

a) 6 months	b) 1year
c) 3 months	d) 2 year

Answer- B

34. While disposing of an appeal the Commissioner (Appeals) is vested with the power of confirming, reducing, enhancing or annulling the assessment

a) True	b) Partly True
c) False	

Answer- A

35. The Commissioner (Appeals), however, is not empowered to enhance an assessment or a penalty or to reduce a refund due to the assessee without giving the assessee a reasonable _____ against such an enhancement or reduction

a) opportunity of showing cause	b) notice
c) Both A&B	d) None of the above

Answer- A

36. In disposing of an appeal, the Commissioner (Appeals) may consider and decide any matter arising out of the proceedings in which the order appealed against was passed even if such matters were not raised before the Commissioner (Appeals) by the appellant

a) True	b) Partly True
c) False	

Answer- A

37. The _____ shall constitute an Appellate Tribunal consisting of judicial and accountant members to exercise the powers and discharge the functions conferred on the Tribunal by the Act

a) Central Government	b) State Government
c) Both A&B	d) Parliment

Answer- A

38. In the Appellate Tribunal the Vice-President shall exercise such of the powers and perform such of the functions of the President as may be delegated to him by the President in writing

a) True	b) Partly True
c) False	

Answer- A

39. Section 253(1) provides that an assessee aggrieved by the order that the power of Assessing Officer to exclude a tonnage tax company from the tonnage tax scheme if such company is a party to any transaction or arrangement which amounts to an abuse of such scheme may appeal to the Appellate Tribunal against such order

a) True	b) Partly True
c) False	

Answer- A

40. Section 253(1) provides that an assessee aggrieved by the order that the assessment passed by an Assessing Officer in pursuance of the directions of Dispute Resolution Panel or an order passed under section 154 in respect of such order may appeal to the Appellate Tribunal against such order

a) True	b) Partly True
c) False	

Answer- A

41. Section 253(1) provides that an assessee aggrieved by the order that the assessment passed by an Assessing Officer with the approval of Principal Commissioner or Commissioner as referred to in section 144BA(12), where tax consequences have been determined under the provisions of Chapter X-A relating to general anti-avoidance rules, or an order passed under section 154 or section 155 in respect of such order may appeal to the Appellate Tribunal against such order

a) True	b) Partly True
c) False	

Answer- A

42. Section 253(1) provides that an assessee aggrieved by the order of the Commissioner (Appeals) disposing of the appeal u/s 250 may appeal to the _____ against such order

a) Appellate Tribunal	b) Supreme Court
c) High Court	d) None of the above

Answer- A

43. Section 253(1) provides that an assessee aggrieved by the order imposing penalty for failure to keep, maintain or retain books of account, documents may appeal to the Appellate Tribunal against such order

a) True	b) Partly True
c) False	

Answer- A

44. Section 253(1) provides that an assessee aggrieved by the order refusing/canceling registration of trust or institution may appeal to the Appellate Tribunal against such order

a) True	b) Partly True
c) False	

Answer- A

45. Section 253(1) provides that an assessee aggrieved by the order Refusal to grant approval to the Institutions or Fund may appeal to the Appellate Tribunal against such order

a) True	b) Partly True
c) False	

Answer- A

46. Section 253(1) provides that an assessee aggrieved by the order Revision of erroneous order passed by Assessing Officer may appeal to the Appellate Tribunal against such order

a) True	b) Partly True
c) False	

Answer- A

47. Section 253(1) provides that an assessee aggrieved by the order imposing penalty for under-reporting of income and mis-reporting of income may appeal to the Appellate Tribunal against such order

a) True	b) Partly True
c) False	

Answer- A

48. Section 253(1) provides that an assessee aggrieved by the order imposing penalty for failure to answer questions, sign statements, furnish information returns or statements, allow inspections etc may appeal to the Appellate Tribunal against such order

a) True	b) Partly True
c) False	

Answer- A

49. Section 253(1) provides that an assessee aggrieved by the order Amending the order passed under section 263 may appeal to the Appellate Tribunal against such order

a) True	b) Partly True
c) False	

Answer- A

50. Section 253(1) provides that an assessee aggrieved by the order imposing penalty for failure to answer questions, sign statements, furnish information returns or statements, allow inspections etc .may appeal to the Appellate Tribunal against such order

a) True	b) Partly True
c) False	

Answer- A

51. Section 253(1) provides that an assessee aggrieved by the passed by the prescribed authority refusing approval of a fund/ institution for charitable purposes or trust or institution for public religious purposes or wholly for public religious and charitable purposes, university or other educational institution solely for educational purposes and not for purposes of profit or hospital or other institution solely for philanthropic purposes and not for purposes of profit under section 10(23C)(iv)/(v)/(vi)/(via) may appeal to the Appellate Tribunal against such order

a) True	b) Partly True
c) False	

52. Every appeal to the Appellate Tribunal has to be filed within_____from the date on which the order sought to be appealed against is communicated to the assessee or the Commissioner, as the case may be

a) 90 days	b) 60 days
c) 3 months	d) 1 year

Answer- B

53. On receipt of notice that appeal against order of Commissioner (Appeals) has been preferred by the Assessing Officer or the assessee, as the case may be, the other party can file

a) Memorandum of cross objections	b) Memorandum of cross reference
c) Memorandum of similar objection	d) Both A&C

Answer-A

54. Memorandum of cross objections should be filed within of receipt of notice against any part of the order of Commissioner (Appeals)

a) 30 days	b) 60 days
c) 3 months	d) 1 year

Answer- A

55. The Appellate Tribunal may admit an appeal or permit the filing of a memorandum of cross objection even after expiry of the prescribed time limit, if he is satisfied that there was sufficient cause for not presenting it within that period

a) True	b) Partly True
c) False	

Answer- A

56. Section 253(3A) provides that every appeal under section 253(2A) shall be filed within_____of the date on which the order sought to be appealed against is passed by the Assessing Officer in pursuance of the directions of the DRP under section 144C(5)

a) 30 days	b) 60 days
c) 3 months	d) 1 year

Answer- B

57. The provision for filing of appeal by the Assessing Officer against the order of the DRP has been done away with

a) True	b) Partly True
c) False	

Answer- A

58. An order passed by the Appellate Tribunal shall be final unless appeal is made to the_____under section 260A

a) High Court	b) Supreme Court
c) District Court	d) None of the above

Answer- A

59. The Appellate Tribunal may, at any time within_ from the end of the month in which order is passed, with a view to rectifying any mistake apparent from records, amend any order passed by it

a) 30 days	b) 6 months
c) 3 months	d) 1 year

Answer- B

60. The Tribunal must send a copy of any orders passed by it to the _____

a) Assessee	b) Commissioner
c) Both A&B	d) None of the above

Answer-C

61. Any application for rectification filed by the assessee shall be accompanied by a fee of _____

a) Rs.250	b) Rs 500
c) Rs 50	d) No fee

Answer- C

62. In every appeal, the Appellate Tribunal, where it is possible, may hear and decide such appeal within a period of_____from the end of the financial year in which such appeal is filed under sub-section (1)/(2) of section 253

a) 4 Years	b) 2 Year
c) 3 months	d) 1 year

Answer- A

63. Under section 254(2A), the Appellate Tribunal can grant stay of demand of tax which can extend only up to from the date of granting such stay

a) 90 days	b) 30 days
c) 60 days	d) 180 days

Answer- D

64. In case of order of stay, the aggregate of the period originally allowed and the period or periods so extended or allowed shall not, in any case, exceed_____, even if the delay in disposing of the appeal is not attributable to the assessee

a) 250 days	b) 365 days
c) 300 days	d) 2 years

Answer-B

65. Section 255(1) provides that the powers and functions of the Appellate Tribunal may be exercised and discharged by Benches constituted by the_____of the Appellate Tribunal among the members thereof

a) President	b) Vice-President
c) Secretary	d) Both A&B

Answer-A

66. As per section 255(2), a Bench should normally consist of___ judicial member and___ accountant member.

a) 1,2	b) 1,1
c) 1,5	d)1,9

Answer-B

67. Section 255(3) provides that a single member bench may dispose of any case which pertains to an assessee whose total income as computed by the Assessing Officer in the said case does not exceed_____

a) Rs 25 lakh	b) 50 lakh
c) Rs 1 crore	d) 10 lakh

Answer-B

68. The_____may, for the disposal of any particular case constitute a special Bench consisting of three or more members, one of whom must necessarily be a judicial member and one an accountant member

a) President	b) Vice-President
c) Secretary	d) Both A&B

Answer-A

69. The_____is empowered to regulate its own procedure and the procedure of its Benches in all matters arising out of the exercise of its power of the discharge of its functions

a) The Appellate Tribunal	b) Supreme Court
c) High Court	d) Commisioner(Appeals)

Answer-A

70. The Tribunal is vested with all the powers which are exercisable by Income-tax authorities under section____for the purpose of discharging its functions

a) 131	b) 153
c) 147	d) Both A&B

Answer-A

71. Section 260A provides for direct appeal to the_____against the orders of the Appellate Tribunal

a) High Court	b) Supreme Court
c) Commissioner (Appeals)	d) Both A&B

Answer-A

72. Section 260A(1) provides that an appeal shall lie to the High Court from every order passed in appeal by the Appellate Tribunal, if the High Court is satisfied that the case involves a substantial_____

a) Question of fact	b) Question of law
c) Question of rules	d) Both A&B

Answer-B

73. The appeal in High court shall be in the form of a_____, precisely stating in it the substantial question of law involved

a) Memorandum of cross objections	b) Memorandum of cross reference
c) Memorandum of appeal	d) Both A&C

Answer-C

74. The appeal in High Court shall be filed within_____from the date on which the order appealed against is received by the assessee, or the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner

a) 90 days	b) 30 days
c) 120 days	d) 180 days

Answer- C

75. The appeal in High court shall be heard by a bench of not less than_____judges of the High Court

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

Answer- C

76. According to section 261, an appeal shall lie to the _____from any judgment of the High Court

a) DRP	b) Supreme Court
c) ITAT	d) Commissioner(Appeals)

Answer- B

77. Section makes provision for avoiding repetitive appeals when identical question of law is pending before High Court or Supreme Court

a) 258	b) 158A
c) 238	d) 153A

Answer- B

78. The Assessing Officer or the appellate authority, as the case may be, may, by order in writing

a) admit the claim if satisfied that the question of law is identical in the present as well as the other case	b) reject the claim, if not so satisfied
c) A or B	d) None of the above

Answer- C

79. An order under section 158A(3), admitting or rejecting the claim of the assessee, as the case may be, shall be final and cannot be called in question in any proceeding by way of appeal, reference, revision under the Act

a) True	b) False

Answer- A

80. Section 158A enables an assessee, during pendency of proceedings in his case for an assessment year, to submit a claim before the Assessing Officer or any appellate authority if _____

- (i) a question of law arising in the instant case for the assessment year under consideration is identical with the question of law already pending in his own case before the High Court or Supreme Court for another assessment year
- (ii) if the Assessing Officer or any appellate authority agrees to apply the final decision on the question of law in that earlier year to the present year, he will not agitate the same question of law once again for the present year before higher appellate authorities

a)Option (i) satisfied	b) Option (ii) satisfied
c) Both option satisfied	d) Either one of the option satisfied

Answer- C

81. Under section 263(1), if the Principal Commissioner or Commissioner considers that any order passed by the Assessing Officer is erroneous in so far as it is prejudicial to the, he may, after giving the assessee an opportunity of being heard and after making an enquiry, pass an order enhancing or modifying the assessment made by the Assessing Officer or cancelling the assessment and directing fresh assessment

a) interests of the assessee	b) interests of the Revenue
c) Both A&B	d) None of the above

Answer- B

82. An order passed by the Assessing Officer shall be deemed to be erroneous in so far as it is prejudicial to the interests of the Revenue, if, in the opinion of the Principal Commissioner or Commissioner

a) the order is passed without making inquiries or verification which should have been made	b) the order is passed allowing any relief without inquiring into the claim
c) the order has not been made in accordance with any order, direction or instruction issued by the CBDT under section 119	d) the order has not been passed in accordance with any decision which is prejudicial to the assessee, rendered by the jurisdictional High Court or Supreme Court in the case of the assessee or any other person
e) All of the above	

Answer- E

83. No revision order shall be made after the expiry of _____ years from the end of the financial year in which the order sought to be revised was passed

a) 1	b) 3
c) 2	d) 5

Answer- C

84. The time limit for revision of orders u/s 263 does not apply in case where the Principal Commissioner or Commissioner has to give effect to a finding or direction contained in the order of the Appellate Tribunal, High Court or the Supreme Court

a) True	b) False
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Answer- A

85. Revision of order U/S 264 is made

a) on own motion of Commissioner or PC	b) on receipt of an application from the assessee
c) Either A or B	d) None of the above

Answer- C

86. The Principal Commissioner or Commissioner is not empowered to revise any order u/s 264 on his own motion if a period of more than one year has expired from the date of the order sought to be revised

a) True	b) False
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Answer- A

87. The application to the Principal Commissioner or Commissioner for revision must be accompanied by a fee of _____

a) Rs.500	b) Rs.250
c) Rs.1,000	d) No fee

Answer- A

88. The Principal Commissioner or Commissioner is not empowered to revise order u/s 264 in the cases where

a) an appeal against the order lies to the Commissioner (Appeals) or the Tribunal but has not been made and the time within which the appeal may be made has not expired or in the case of an appeal to the Tribunal the assessee has not waived his right of appeal	b) the order is pending on an appeal before the Deputy Commissioner (Appeals)
c) the order has been made subject to an appeal to the Commissioner (Appeals) or the Appellate Tribunal	d) All of the above

Answer- D

89. The Principal Commissioner or Commissioner has the obligation to pass an order within a period of ____ year from the end of financial year in which such application is made by the assessee for revision

a) 1	b) 3
c) 2	d) 5

Answer- A

90. As per section 268A(1), the _____ is empowered to issue orders, instructions or directions to other income tax authorities, fixing monetary limits for the purpose of regulating filing of appeal or application for reference by any income tax authority

a) Supreme Court	b) High Court
c) CBDT	d) ITAT

Answer- C

91. Every order/instruction/direction which has been issued by the CBDT fixing monetary limits for filing an appeal or application for reference shall be deemed to have been issued under subsection (1) and all the provisions of this section shall apply accordingly

a) True	b) False

Answer- A

92. The second proviso in section 147, provides that the doctrine of _____ shall apply to reopening in a case where an assessee has filed an appeal etc. for an assessment year

a) Partial Merger	b) Full Merger
c) Substantial Merge	d) Either A or B

Answer- A

93. The doctrine of partial merger also holds good for section _____ and section _____

a) 153,264	b) 154,263
c) 164,253	d) All of the above

Answer- B

94. The concept of _____ would apply in the case of section 264

a) Partial Merger	b) Total Merger
c) Substantial Merge	d) Either A or B

Answer- B

95. Section _____ provides for rectification of mistakes

a) 154	b) 153
c) 155	d) 154

Answer-B

96. Rectification of mistake apparent from the record for

a) amending any order passed by it under the provision of the act	b) Amend any intimation or deemed intimation u/s 143(1)
c) Amend any intimation u/s 206CB(1)	d) All the above

Answer-D

97. The mistake apparent from the record can be rectified under section 154

a) True	b) False

Answer-A

98. A mere change of opinion cannot be the basis on which the same or the successor AO can treat a case as one of rectification of mistake.

a) True	b) False

Answer-A

99. A mistake arising as a result of subsequent interpretation of law by the Supreme court would also constitute mistake apparent from the record.

a) True	b) False

Answer-A

100. The amendment under the section 154 on suo moto shall not be made after the expiry of _____ years from the end of the FY in which the order sought to be amended was passed

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

Answer-A

101. The amendment under the section 154 where application is made by the assessee/deductor/collector shall not be made after the expiry of _____ months from the end of the FY in which the order sought to be amended was passed

a) 4	b) 5
c) 6	d) 3

Answer-C

102. As per section 155(1A) rectification of partner's assessment consequent to disallowance of remuneration in the hands of the firm shall be made within _____ years from the end of the year in which the final order was passed in case of the firm

a) 4	b) 5
c) 6	d) 3

Answer-A

103. As per section 155(2) rectification of member's assessment consequent to enhancement or reduction of income in the hands of the AOp/BOI shall be made within_ years from the end of the year in which the final order was passed in case of the AOP/BOI

a) 4	b) 5
c) 6	d) 3

Answer-A

104.As per section 155(4) rectification of assessment consequent to disallowance of excess loss or depreciation allowed shall be made within years from the end of the year in which the final order was passed u/s 147

a) 4	b) 5
c) 6	d) 3

Answer-A

105.As per section 155(14) is possible only if the income from which tax has been deducted or the income on which tax has been collected has been disclosed in the return of income filed by the assessee for the relevant AY

a) True	b) False

Answer-A

106.The rectification to give effect to credit of income tax paid outside India ,in such the assessee hall submit the evidence within_____months from the end of the month in which the dispute is settled

a) 6	b) 3
c) 5	d) 9

Answer-A

107.As per section 155(16) recomputation of capital gain on account of reduction of any compensation in a compulsory acquisition by any court, tribunal or any other authority the_____year time period shall be reckoned from the end of the PY in which the order reducing the compensation was passed by the court.

a) 4	b) 5
c) 6	d) 3

Answer-A

108.Notice of demand is governed under section_____.

a) 154	b) 156
c) 153	d) 152

Answer-B

109.Intimation of loss is provided under section_____.

a) 154	b) 156
c) 153	d) 157

Answer-D

Chapter II : Settlement Commission

1. Chapter XIX-A incorporating the recommendations of the _____ Committee was enacted by Taxation Laws (Amendment) Act, 1975 with effect from April 1, 1976

a) Wanchoo	b) Marshal
c) Henry	d) Dadar

Answer- A

2. The _____ has constituted a Settlement Commission

a) Supreme Court	b) CBEC
c) Parliament	d) Central Government

Answer- D

3. _____ has been defined to mean any proceeding for assessment under the Income-tax Act 1961, of any person in respect of any assessment year or years which may be pending before an Assessing Officer on the date on which an application under section 245C(1) is made

a) Prosecution	b) Appeal
c) Case	d) Enforcement

Answer- C

4. The deemed date of commencement of proceeding for assessment or reassessment or re-computation under section 147 is date on which notice under section 148 was issued

a) True	b) False

Answer- A

5. The deemed date of commencement of proceeding for making fresh assessment in pursuance of an order under section 254 or 263 or 264, setting aside or cancelling an assessment

a) True	b) False

Answer- A

6. Any other proceeding for assessment, other than those covered under section 147, 254, 263 shall be deemed to have commenced from the date on which the return of income for that assessment year is furnished under section 139 or in response to a notice served under section 142 and concluded on the date on which the assessment is mad

a) True	b) False

Answer- A

7. Section _____ deals with application for settlement of cases

a) 245C	b) 245B
c) 245D	d) 244

Answer- A

8. In case of proceedings for assessment or reassessment resulting from search/requisition, section 245C provides that the additional amount of income-tax payable on income disclosed in the application should exceed Rs. _____ for an application to be made before the Settlement Commission

a) 20,00,000	b) 25,00,000
c) 50,00,000	d) 10,00,000

Answer- C

9. In cases Other than proceedings for assessment or reassessment resulting from search/requisition, section 245C provides that the additional amount of income-tax payable on income disclosed in the application should exceed Rs. _____ for an application to be made before the Settlement Commission

a) 20,00,000	b) 25,00,000
c) 50,00,000	d) 10,00,000

Answer- D

10. If proceedings have been initiated against the applicant (hereinafter referred to as specified person) under section 153A or under section 153C as a result of search or a requisition of books of account, an application can be made before the Settlement Commission if the additional amount of income-tax payable on the income disclosed in the application exceeds

a) 20,00,000	b) 25,00,000
c) 50,00,000	d) 10,00,000

Answer- C

11. If the applicant has not furnished a return in respect of the total income of that year the additional amount of income-tax has to be calculated on the income disclosed in the application as if such income is the total income. Such tax represents the additional amount of income-tax

a) True	b) False

Answer- A

12. If the applicant has furnished a return in respect of the total income of that year the additional amount of income-tax has to be calculated on the aggregate of total income returned and the income disclosed in the application i.e. as if the aggregate represents the total income. The additional amount of income-tax is the amount calculated on such aggregate as reduced by the amount of tax calculated on the total income returned for that year

a) True	b) False

Answer- A

13. On receipt of the settlement application, the Settlement Commission shall issue a notice to the applicant, requiring him to explain as to why the application made by him be allowed to be proceeded with, within days from the date of receipt of application

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

Answer- B

14. After hearing the applicant, the Settlement Commission shall pass an order either rejecting or allowing the application to be proceeded with within_____ days from the date of application

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

Answer- C

15. Copy of every order under section 245D(1) has to be sent to the_____

a) Applicant	b) Principal Commissioner or Commissioner
c) Both A&B	d) None of the above

Answer- C

16. The Settlement Commission shall call for a report from the Principal Commissioner or Commissioner within days from the date of application

a) 30 days	b) 15 days
c) 60 days	d) 90 days

Answer- A

17. The Principal Commissioner or Commissioner is required to furnish the report within_____days from the receipt of communication from the Settlement Commission

a) 30 days	b) 15 days
c) 60 days	d) 90 days

Answer- A

18. The order by Settlement Commission should be passed in writing within___ days of the receipt of report after giving the applicant an opportunity of being heard.

a) 30 days	b) 15 days
c) 60 days	d) 90 days

Answer- B

19. The Principal Commissioner or Commissioner shall furnish the report within a period of days of the receipt of communication from the Settlement Commission.

a) 30 days	b) 15 days
c) 60 days	d) 90 days

Answer- D

20. The time limit for passing final order in respect of an application made is within___ months from the end of the month in which the application was made

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

Answer- C

21. Settlement Commission and the Income-tax authority concerned may complete the proceedings for assessment or re-assessment of income or the levy of penalty, fine, etc., at any time before the completion of years from the end of the financial year in which the settlement becomes void

a) 3	b) 5
c) 2	d) 1

Answer- C

22. Where the tax payable in pursuance of an order passed by the Settlement Commission is not paid by the assessee within _____ days of receipt of a copy of final order, the assessee shall be liable to pay simple interest

a) 15	b) 20
c) 25	d) 35

Answer- D

23. Where the tax payable in pursuance of an order passed by the Settlement Commission is not paid by the assessee within 35 days of receipt of a copy of final order, the assessee shall be liable to pay simple interest at _____

a) 1%	b) 1.5%
c) 1¼%	d) 2%

Answer- C

24. The Settlement Commission may, with a view to rectifying any mistake apparent from the record, amend any order passed by it under section 245D(4), at any time within a period of _____ months from the end of month in which the order was passed; or an application for rectification has been made by the Principal Commissioner or Commissioner or the applicant, as the case may be

a) 5	b) 2
c) 3	d) 6

Answer- D

25. The provisional attachment under section 245DD is valid for a period of _____ months, after which it ceases to have effect

a) 5	b) 2
c) 3	d) 6

Answer- D

26. The Settlement Commission shall not have any power to reopen the proceedings in respect of an application made on or after 1.6.2007

a) True	b) False

Answer- A

27. A bench shall be presided over by the Chairman or a Vice-chairman and shall consist of _____ other members

a) 5	b) 2
c) 3	d) 6

Answer- B

28. The bench for which the _____ is the presiding officer shall be the principal bench and the other benches shall be known as additional benches

a) President	b) Vice-President
c) Chairman	d) Vice-Chairman

Answer- C

29. The chairman for the disposal of a particular case, institute a Special Bench consisting of more than _____ members

a) 5	b) 2
c) 3	d) 6

Answer- C

30. The Settlement Commission has been vested with all the powers which are vested in an _____

a) Income Tax Authority	b) CBDT
c) Supreme Court	d) Magistrate Court

Answer- A

31. The exclusive jurisdiction of the Settlement Commission would end on the date of passing an order under section 245D(4)

a) True	b) False

Answer- A

32. The exclusive jurisdiction of the Settlement Commission would end on the date of passing the order rejecting the application under section 245D(1)

a) True	b) False

Answer- A

33. The exclusive jurisdiction of the Settlement Commission would end on the date on which the application is not allowed to be proceeded with under section 245D(2A)

a) True	b) False

Answer- A

34. The exclusive jurisdiction of the Settlement Commission would end on the date on which the application is declared invalid under section 245D(2C)

a) True	b) False

Answer- A

35. According to section _____ no person is entitled to inspect or obtain copies of any reports made by any income tax authority to the settlement commission in relation to the case.

a) 245A	b) 245D
c) 245G	d) 245 E

Answer- C

36. The settlement commission has the power to grant immunity from prosecution and penalty after recording the reasons in writing in the order passed by it.

a) True	b) False

Answer- A

37. The settlement commission has the power to grant partial immunity.

a) True	b) False
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Answer- A

38. An immunity granted under this section shall stand withdrawn if such person fails to pay any sum specified in the order of settlement within the time specified in the order or within such further time as may be allowed by the Commission or fails to comply with any other condition subject to which the immunity was granted and thereupon the provisions of this Act shall apply as if such immunity had not been granted.

a) True	b) False
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Answer- A

39. The proceedings before the Settlement Commission where an application made to the Settlement Commission on or after 1.6.2007 has been rejected under section 245D(1) shall abate on the

a) The date on which the application was rejected	b) The last day of the month in which the application was declared invalid
c) The day on which the order under section 245D(4) was passed not providing for the terms of settlement	d) The date on which the time or period specified in section 245D(4A) expires

Answer- A

40. The proceedings before the Settlement Commission where an application has been declared invalid under section 245D(2C) shall abate on the

a) The date on which the application was rejected	b) The last day of the month in which the application was declared invalid
c) The day on which the order under section 245D(4) was passed not providing for the terms of settlement	d) The date on which the time or period specified in section 245D(4A) expires

Answer- B

41. The proceedings before the Settlement Commission Where an order under section 245D(4) has been passed not providing for the terms of settlement shall abate on the

a) The date on which the application was rejected	b) The last day of the month in which the application was declared invalid
c) The day on which the order under section 245D(4) was passed not providing for the terms of settlement	d) The date on which the time or period specified in section 245D(4A) expires

Answer- C

42. The proceedings before the Settlement Commission Where an order under section 245D(4) has not been passed within the time allowed under section 245D(4A) shall abate on the

a) The date on which the application was rejected	b) The last day of the month in which the application was declared invalid
c) The day on which the order under section 245D(4) was passed not providing for the terms of settlement	d) The date on which the time or period specified in section 245D(4A) expires

Answer- D

43. Section 245-I provides that every order of the Settlement Commission passed under section 245D(4) shall be conclusive in respect of the matters contained therein and consequently no matter covered by the settlement order shall be liable to be reopened in any proceeding under the Income-tax Act or under any other law for the time being in force except, however, in those cases wherein the reopening of the case is specifically provided under section 245D(7).

a) True	b) False

Answer- A

44. The right of recovery may be exercised by the _____ having jurisdiction over the person who has made the application for settlement under section 245C

a) Settlement Commission	b) Assessing Officer
c) CBDT	d) Revenue Officer

Answer- B

45. In the event of occurrence of _____, the person concerned or any person related to such person shall not be entitled to apply for settlement in relation to any other matter

a) the order of settlement passed under section 245D(4) provides for imposition of penalty for concealment of income	b) after the passing of order under section 245D(4) in relation to a case, the person is convicted of an offence under Chapter XXII in relation to that case
c) Both A&B	d) None of the above

Answer- C

46. With effect from 1.6.2007, the option of going to the Settlement Commission would be available only once in the lifetime of a person.

a) True	b) False

Answer- A

47. All the proceedings under the Income-tax Act, 1961 before the Settlement Commission shall be deemed to be judicial proceedings within the meaning of sections 193, 196 and 228 of the Indian Penal Code.

a) True	b) False

Answer- A

Chapter 12 : Advance Tax, Refund and Interest

1. Any person paying any sum or amount, on which tax is collectible at source (collectee) shall furnish his PAN to the person responsible for collecting such tax (collector), failing which tax shall be collected at the higher of the following rates: .

a) at the twice the rate mentioned in the relevant section under Chapter XVII-BB `	b) at the rate of five per cent
c) Either A or B	d) Both A &B

Answer- C

2. Where the PAN provided by the collectee is invalid or it does not belong to the collectee, then it shall be deemed that PAN has not been furnished to the collector:

a) True	b) False

Answer- A

3. Under section 208, obligation to pay advance tax arises in every case where the advance tax payable is Rs _____ or more:

a) 5,000	b) 20,000
c) 10,000	d)25,000

Answer- C

4. If the assessing officer is of the opinion a person whose total income has been assessed by way of regular assessment, he can serve an order for payment of advance tax at any time during the financial year but not later than the last date of _____:

a) February	b) March
c) September	d) December

Answer- A

5. Common advance tax payment schedule for both corporates and non-corporates:

a) True	b) False

Answer- A

6. Not less than _____% of advance tax to be paid before 15th June:

a) 15	b) 10
c) 30	d) 8

Answer- A

7. Not less than _____% of advance tax to be paid before 15th September:

a) 15	b) 10
c) 45	d) 8

Answer- C

8. Not less than _____ % of advance tax to be paid before 15th December:

a) 15	b) 10
c) 45	d) 75

Answer- D

9. The whole amount of advance tax liability as reduced by the amount or amounts if any paid in the earlier installment or installments is to be paid on or before _____:

a) 15 th March	b) 31 st March
c) 30 th April	d) 30 th September

Answer- A

10. Eligible assessee computing profits on presumptive basis under section 44AD(1) or section 44ADA(1) to pay advance tax by _____:

a) 15 th March	b) 31 st March
c) 30 th April	d) 30 th September

Answer- A

11. Where the assessee does not pay any installment by the due date, he shall be deemed to be an assessee in default in respect of such installment:

a) True	b) False

Answer- A

12. Where the return of income for any assessment year under section 139(1) or section 139(4) or in response to a notice under section 142(1), is furnished after the due date or is not furnished, the assessee shall be liable to pay simple interest at the rate of % for every month or part of a month.

a) 5	b) 1
c) 2	d) 2.5

Answer- B

13. The tax on total income as determined under section 143(1) shall not include additional income-tax payable under section 143.

a) True	b) False
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Answer- A

14. Interest under section _____ not chargeable on self assessment tax paid before the due date of filing of return of income.

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

Answer- A

15. Interest under section 234B would be attracted where an assessee, who is liable to pay advance tax, fails to pay such tax or the advance tax paid is less than _____ of assessed tax.

a) 90%	b) 85%
c) 100%	d) 50%

Answer- A

16. An assessment made for the first time under section 147 or section 153A shall be deemed to be regular assessment.

a) True	b) False

Answer- A

17. The assessee shall be liable to pay simple interest at the rate of _____% for every month or part of a month under section 245C(1).

a) 5	b) 1
c) 2	d) 2.5

Answer- B

18. The assessee shall be liable to pay simple interest at the rate of _____% for every month or part of a month under section 234B(3).

a) 5	b) 1
c) 2	d) 2.5

Answer- B

19. If the advance tax paid by the assessee on the current income, on or before 15th June or 15th September, is not less than ___ or, as the case may be, ___ of the tax due on the returned income, then, the assessee shall not be liable to pay any interest on the amount of the shortfall on those dates.

a) 5%,10%	b) 10%,5%
c) 12%,36%	d) 36%,12%

Answer- C

20. In instalments due before earning such income, Interest under section 234C shall not be leviable on

a) the amount of capital gains	b) income of nature referred to in section 2(24)(ix)
c) income under the head "Profits and gains of business or profession" in cases where the income accrues or arises under the said head for the first time	d) All the above

Answer- D

21. Interest under section 234C shall not be leviable on income of the nature referred to in section 115BBDA

a) True	b) False
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Answer- A

22. Tax due on the returned income: means the tax chargeable on the total income declared in the return of income furnished by the assessee for the assessment year immediately following the financial year in which the advance tax is paid or payable, as reduced by the following amount of: .

a) any tax deductible or collectible at source on any income which is taken into account for calculating the total income	b) any relief of tax allowed under section 90 or 90A
c) any deduction of tax allowed under section 91	d) All the above

Answer- D

23. In order to charge interest for the period during which the refund amount has been utilised by the assessee, section levies interest on excess refund granted at the time of summary assessment.

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

Answer- B

24. Rate of interest under section 234D is @ ____% .

a) 1	b) 0.5
c) 2	d) 2.5

Answer- B

25. A fee of Rs._____for every day would be levied under section 234E for late furnishing of TDS/TCS statement from the due date of furnishing of TDS/TCS statement.

a) 100	b) 500
c) 200	d) 150

Answer- C

26. A penalty ranging from Rs._____to Rs._____shall also be levied under section 271H for not furnishing TDS/TCS statement within the prescribed time or furnishing incorrect information in the said statements in respect of tax deducted or collected at source.

a) 10,000/1,00,000	b) 50,000/1,00,00
c) 20,000/50,000	d) 25,000/75,000

Answer- A

27. Where a person, who is required to furnish a return of income under section 139, fails to do so within the prescribed time limit under section 139(1), he shall pay, by way of fee, a sum of Rs._____if the return is furnished on or before the 31st December of the assessment year or RS._____in any other case.

a) 5,000/10,000	b) 50,000/1,00,00
c) 2,000/50,000	d) 25,000/75,000

Answer- A

28. If the total income of the person does not exceed Rs._____, the fees payable shall not exceed ` 1,000 under section 234F.

a) 5,00,000/1,000	b) 10,00,000/1,000
c) 20,00,000/50,000	d) 25,00,000/5,000

Answer- A

29. Under section 220(1), any amount specified as payable in a notice of demand under section 156 shall be paid within_____days of the service of notice at the place and to the person mentioned in the notice.

a) 15	b) 10
c) 30	d) 45

Answer- C

30. If the amount specified in the notice is not paid within the period, the assessee shall be liable to pay simple interest at % for every month or part of a month.

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

Answer- A

31. Where an assessee is in default in payment of tax including advance tax and interest payable thereon, the Assessing Officer shall impose a penalty which in cases of continuing default, may be increased from time to time.

a) True	b) False

Answer- A

32. No penalty shall be levied on the assessee for default in payment of tax in cases where he proves to the satisfaction of the Assessing Officer that default was for good and sufficient reasons.

a) True	b) False

Answer- A

33. When an assessee is in default or is deemed to be in default in making a payment of tax the TRO may draw up under his signature a statement in the prescribed form and specifying the amount of arrears due from the assessee and shall proceed to recover from such assessee the amount specified in the certificate by _____ method.

a) Attachment and sale of the assessee's movable property	b) Attachment and sale of assessee's immovable properties
c) Arrest of the assessee and his detention in prison	d) Either A or B or C

Answer- D

34. The TRO is empowered to cancel the certificate if, for any reason, he thinks it necessary so to do, or to correct any clerical or arithmetical mistake therein.

a) True	b) False

Answer- A

35. It shall be lawful for the TRO to grant time for the payment of any tax and when he does so he shall stay proceedings for the recovery of such tax until the expiry of the time so granted.

a) True	b) False

Answer- A

36. Any claim in regard to any property in relation to which a notice under this section is issued, shall be void as against any demand contained therein.

a) True	b) False

Answer- A

37. Section _____ provides for the procedure of recovery of tax in pursuance of an agreement entered into by the Central Government with the Government of any country outside India or any authority

under that Government.

a) 228A	b) 228B
c) 228C	d) 228D

Answer- A

38. Section _____ provides that the Assessing Officer or the Government can have recourse to the other modes of recovery under any other law for the time being in force, over the various modes specified to recover the tax dues under the Act.

a) 228	b) 232
c) 227	d) 237

Answer- B

39. Refund may arise usually as a result of : .

a) excess deduction of tax at source	b) excess payment of advance tax
c) when the tax originally paid on assessment is reduced on appeal	d) Any one of the above

Answer- D

40. In cases where the income of one person is included in the total income of another person under sections 60 to 65, the latter person alone is entitled to claim the refund .

a) True	b) False

Answer- A

41. Where refund becomes due to the assessee as a result of an order passed in appeal or any other proceeding under the Income-tax Act, 1961, he need not make an application to claim the same.

a) True	b) False
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Answer- A

42. In a case where refund of any amount becomes due to the assessee under section 143(1) and the Assessing Officer is of the opinion, having regard to the fact that notice has been issued under section 143(2) in respect of such return, that the grant of the refund is likely to adversely affect the revenue, he may, withhold refund upto the date on which the assessment is made.

a) True	b) False

Answer- A

43. In case of withholding of refund the conditions to be satisfied are _____.

a) The prior approval of the Principal Commissioner or Commissioner has to be obtained	b) The reasons have to be recorded in writing
c) Either A or B	d) Both A&B

Answer- D

44. Interest at _____% for every month or part of a month shall be payable on tax or penalty becoming refundable on account of excess payment of advance tax, advance tax on fringe benefits, tax deducted at source or collected at source and other tax or penalty becoming refundable.

a) ½	b) 2
c) 1	d) 1.5

Answer- A

45. Where the refund is out of TCS u/s 206C or paid by way of advance tax or treated as paid u/s 199, during the financial year immediately preceding the A.Y Where the return is filed on or before the due date u/s 139(1) period of grant of interest on refund shall be from_____ending with date of grant of refund.

a) 1 st April of the AY	b) the date of filing of return
c) Date of payment of tax	d) B or C which is later

Answer- A

46. Where the refund is out of TCS u/s 206C or paid by way of advance tax or treated as paid u/s 199, during the financial year immediately preceding the A.Y Where the return is filed after the due date u/s 139(1) period of grant of interest on refund shall be from_____ending with date of grant of refund.

a) 1 st April of the AY	b) the date of filing of return
c) Date of payment of tax	d) B or C which is later

Answer- B

47. Where the refund is out of self-assessment tax paid u/s 140A period of grant of interest on refund shall be from_____ending with date of grant of refund.

a) 1 st April of the AY	b) the date of filing of return
c) Date of payment of tax	d) B or C which is later

Answer- D

48. No interest on refund if refund due is less than_____% of the tax determined under section 143(1) or on regular assessment .

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

Answer- A

49. Additional rate of interest on refund arising out of fresh assessment order giving effect to appellate or revisionary order is @_____%.

a) 10	b) 3
c) 2	d) 1

Answer- B

50. Where a refund arises as a result of giving effect to an order under section 250/254/260/262/264, wholly or partly otherwise than by making a fresh assessment or reassessment the period for interest calculation shall begin from the expiry of months from the end of the month in which the order is passed.

a) 10	b) 3
c) 2	d) 1

Answer- B

51. Where extension is granted by the Principal Commissioner or Commissioner by invoking proviso to section 153(5) period for interest calculation shall begin from the expiry of_____ months from the end of the month in which the order is passed.

a) 10	b) 3
c) 9	d) 1

Answer- C

52. Where a refund is found due to any person, the Assessing Officer, Commissioner (Appeals) or Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner may, in lieu of payment of the refund, set off the amount to be refunded or any part of that amount, against any tax or interest remaining payable by the said person under the act .

a) True	b) False

Answer- A

53. The set off can, of refund be done only after giving intimation in writing to such person of the action proposed to be taken under this section.

a) True	b) False

Answer- A

Chapter 13 : Clubbing of Income

1. Mr. A, who is a member of HUF purchased a house and transferred it to HUF for inadequate consideration. What would be the treatment of income earned from such house property after transfer?

(a) Income from such property will be included in income of HUF	(b) Income from such property will be included in the income of Mr. A
(c) Income from such property will be included in the income of Mrs. A	(d) None of the above

Answer – b

2. Whether the loss earned from the house property which is converted u/s 64(2) will be included in the income of such individual?

(a) Yes	(b) No
(c) partially in individual and HUF	(d) --

Answer – a

3. X transferred his only house property to his minor daughter A. The income is clubbed in income of X. However, AO issued a demand notice to A for payment of tax liability. Who is liable to pay tax?

(a) X	(b) A
(c) partly by both	(d) none

Answer – b

4. Mr. A converted his self acquired property into the property of HUF in which he is a member. After such conversion, partition occurred in HUF. Income earned from such property by the spouse of Mr. A shall be included under whose income?

(a) Mr. A	(b) Mrs. A
(c) HUF	(d) both a) and b)

Answer – a

5. If any person transfers the income from any asset without transfer of asset itself, such income is to be included in the total income of

(a) Transferor where the transfer is revocable	(b) Transferee where the transfer is revocable
(c) Includable only if such transfer is revocable	(d) includable whether the transfer is revocable or irrevocable

Ans d

6. Income arising to any person by virtue of revocable transfer of assets is to be included in the total income of

(a) Transferor	(b) Transferee
(c) Both	(d) None of the above

Ans a

7. Revocable transfer means

It contains any provision for retransfer of income/assets to transferor	It contains any right to re assume power over income /assets by transferor
a or b cases	a & b cases

Ans c

8. Clubbing provisions not apply in case of revocable transfer

a. Transfer not revocable during lifetime of transferee	b. Transferor derives no benefit from such income
c. a and b	d. None

Ans c

9. If there is a transfer of asset which is not revocable during life time of transferee. Income arising from such asset shall be included in the income of

(a) Transferor	(b) Transferee
(c) Transferor till the death of transferee	(d) Transferee till his death and thereafter in the hands of transferor

Ans d

10. If the individual has substantial interest in a concern, there shall be included in his total income any remuneration paid by such concern to

(a) Wife of such individual	(b) Husband of such individual
(c) Spouse of such individual	(d) spouse of such individual if it is paid for otherwise than professional skill

Ans d

11. Substantial interest for the purpose of clubbing provisions shall be held by

a. Individual	b. Individual along with relatives
c. Individual and his spouse	d. Individual, spouse and relatives

Ans b

12. Relative for the purpose of sec 64(1)(III) shall include

a. Spouse, Brother And sister of the individual	b. Spouse, Brother, Sister or any lineal ascendant or decendent of that individual
c. Spouse, children and dependent brothers and sisters of individual	d. Spouse, children, dependent parents, dependent brothers and sisters of individual

Ans b

13. If the spouse of an individual gets any remuneration from a concern in which such individual has substantial interest, then such remuneration shall be included

a. In all cases	b. Only when such remuneration is received by spouse due to his/her technical or professional qualification
c. In all cases except when remuneration is received by spouse due to his/her professional qualifications	

Ans c

14. Mr. Ram gifts 800000 to his wife, who invested same in partnership business. Mrs. Ram receives Rs. 280000 as her share of profits from such firm. In this case amount to be clubbed in the income of Mr. Ram shall be

a. Rs.150000	b. Rs. 30000 after giving maximum exemption of Rs 250000 to Mrs. Ram
c. Nothing will be clubbed as share of profits from firm will be exempt from tax	

Ans c

15. As per section 64(1A), Income of minor shall be clubbed in the income of

a. Father	b. Mother
c. Father or mother at their option	d. Parent whose income before this clubbing is greater

Ans d

16. If the marriage of parents does not subsist, the income of minor child shall be clubbed in the income of

a. Father	b. Parent who maintain the child
c. Mother	

Ans b

17. When income of minor child is clubbed in the hands of concerned parent, such parent will be allowed exemption of

a. Rs. 1500	b. Rs. 1500 per minor child
c. To the extent of actual income clubbed or 1500 per minor child whichever is less	

Ans c

18. Any income of minor child who is a person of disability shall be

a. Clubbed with the income of parent whose income other than such income is greater	b. Taxable in the hands of minor child through his guardian as legal representative
c. Exempt	

Ans b

19. Income of minor child from application of his talent or skill or from his manual work shall be

(a) Clubbed with the income of parent whose income other than such income is greater	(b) Taxable in the hands of minor child through his guardian as legal representative
(c) Exempt	(d)

Ans b

20. Income of minor married daughter shall

a. Be clubbed in the income of her husband	b. Be clubbed in the hands of parent whose income other than such income is greater
c. Not be clubbed and taxable in her hands	

Ans b

21. Clubbing of Minor's Income is taxable in the hands of _____

(a) Father	(b) Mother
(c) Income of that parent, whose total income is greater	(d) Minor

Ans – c

22. "As per Sec 64(1A), Income derived by the minor from manual work or from any activity involving his skill, talent or specialized knowledge or experience will not be included in the income of his parent".

(a) Statement is correct	(b) Statement is Incorrect
(c) Statement is partly correct & partly incorrect	(d) None of the above

Ans – a

23. Income of Minor is clubbed in the hands of one parent, for subsequent years whether it will continue to be clubbed with that parent only ?

(a) No, It will continue to be clubbed with any of the Minor parents	(b) Yes, It will continue to be clubbed with that parent only
(c) It will continue to be clubbed with that parent only except Assessing Officer is satisfied that it is necessary to do so	(d) Both b & c is correct

Ans – c

24. In case the Income of an Individual includes the income of his minor child as per Sec 64(1A), such individual shall be entitled to exemption of Rs.1500 in respect of maximum _____ number of minor child.

(a) 1	(b) 2
(c) 5	(d) No limit

Ans – d

25. Mr. A is a minor suffering from any disability as specified in Sec 80U of Income Tax Act 1961, the income of minor child shall _____

(a) Be included in the hands of the parent	(b) Not be included in the hands of the parent
(c) Not be included in the hands of the parent but shall be assessed in the hands of the child	(d) Not be taxable

Ans – c

26. Mr. X has a minor child Y who participated in the quiz competition and won the prize amount of 50,000. Mr. X has the total income of 1,80,000 p.a. Compute the Income of X and Y.

(a) 48500, 180000	(b) 50000, 178500
(c) 48500, 178500	(d) 50000, 180000

Ans – d

27. Mr. X has a married minor Child Z. Income of the Z child is 10,000 p.a . Compute the income, in respect of married minor child , in the hands of Mr. X

(a) Nil	(b) 10000
(c) 8500	(d) 11500

Ans – c

28. If income (not included in the income of Parent) earned by minor is invested and income is earned from such investment than such investment income shall be clubbed under section 64(1A) with the Parent income.

(a) Statement is Correct	(b) Statement is Incorrect
(c) Statement is partially Correct & Incorrect	(d) None of the above

Ans – a

29. "Where the marriage of the parents does not subsist, the income of the minor will be includible in the income of that parent who maintains the minor child in the relevant previous year".

(a) Statement is Correct	(b) Statement is Incorrect
(c) Income of Minor is not taxable at all	(d) None of the above

Ans – a

Chapter 14 : Set off and Carry Forward of Losses

1. Which of the following loss from one source of income can be adjusted against income from another source, both the sources being under the same head

a) Loss from one house property	b) Loss from one business
c) Both A&B	d) None of the above

Answer- C

2. Inter-source set-off, is not permissible in which of the following cases?

a) Long-term capital loss	b) Speculation loss
c) Loss from the activity of owning and maintaining race horses	d) All the above

Answer- D

3. Inter-source set-off, is not permissible in which of the following cases?

a) Losses from specified business	b) Speculation loss
c) Loss from the activity of owning and maintaining race horses	d) All the above

Answer- D

4. In any assessment year, if there is a loss under the head 'Income from house property', such loss will be set-off against income from any other head to the extent of Rs _____ during the same year

a) 1,00,000	b) 2,00,000
c) 2,50,000	d) 5,00,000

Answer- B

5. The loss under the head income from house property is allowed to be carried forward upto _____ assessment years immediately succeeding the assessment year in which the loss was first computed

a) 5	b) 6
c) 7	d) 8

Answer- D

6. The assessee's right to carry forward business losses under section 72 is, subject to which of the following conditions?

a) The loss should have been incurred in business, profession or vocation	b) The loss should not be in the nature of a loss in the business of speculation
c) Both A&B	d) Either A or B

Answer- C

7. The loss can be carried forward and set off only against the profits of the assessee who incurred the loss. That is, only the person who has incurred the loss is entitled to carry forward or set off the same

a) True	b) False

Answer- A

8. A business loss can be carried forward for a maximum period of assessment years immediately succeeding the assessment year in which the loss was incurred:

a) 6	b) 7
c) 8	d) 10

Answer- C

9. If there is a loss sustained in a business which is discontinued in the circumstances mentioned under section 33B and such business is re-established, reconstructed or revived by the assessee within _____ years from the end of previous year of discontinuation, the loss attributable to such business shall be allowed to be set off against the profits and gains, if any, of that business or any other business carried on by him and assessable for that assessment year.

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

Answer- B

10. If there is a loss sustained in a business which is discontinued in the circumstances mentioned under section 33B and such business is re-established, reconstructed or revived by the assessee within 8 years from the end of previous year of discontinuation, the loss attributable to such business if the loss cannot be wholly so set off, the amount of balance loss to be carried to the following assessment year and so on for _____ assessment years immediately succeeding provided such re-established business is continued to be carried by the assessee.

a) 5	b) 6
c) 7	d) 8

Answer- C

11. Section 72A applies where there has been an amalgamation of.

a) a company owning an industrial undertaking or a ship or a hotel with another company	b) an amalgamation of a banking company with a specified bank
c) public sector companies engaged in the business of operation of aircrafts	d) All the above

Answer- D

12. Section 72A provides that the accumulated loss and unabsorbed depreciation of the amalgamating company shall be deemed to be the loss or depreciation, as the case may be, of the amalgamated company for the previous year in which the amalgamation took place.

a) True	b) False

Answer- A

13. Under section 72A the conditions to be fulfilled by the amalgamating company shall include:

a) The amalgamating company should have been engaged in the business, in which the accumulated loss occurred or depreciation remains unabsorbed, for 3 or more years	b) The amalgamating company has held continuously as on the date of amalgamation, at least 3/4th of the book value of the fixed assets held by it, 2 years prior to the date of amalgamation
c) Either A or B	d) Both A&B

Answer- D

14. Under section 72A the conditions to be fulfilled by the amalgamated company shall include:

a) The amalgamated company should hold at least 3/4th in the book value of fixed assets of the amalgamating company acquired as a result of amalgamation for a minimum period of 5 years from the effective date of amalgamation	b) The amalgamated company continues the business of the amalgamating company for at least 5 years
c) The amalgamated company must also fulfill such other conditions prescribed under Rule 9C for the revival of the business of the amalgamating company	d) All the above

Answer- D

15. Where there has been a demerger of an undertaking the accumulated loss and the unabsorbed depreciation directly relatable to the undertaking transferred by the demerged company to the resulting company shall be allowed to be carried forward and set off in the hands of the resulting company

a) True	b) False
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Answer- A

16. Where there has been a demerger of an undertaking if the accumulated loss or unabsorbed depreciation is not directly relatable to the undertaking, the same will be apportioned between the demerged company and the resulting company in the same proportion in which the value of the assets retained by the demerged company and have been transferred to the resulting company

a) True	b) False
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Answer- A

17. In case of re-organisation of business, whereby a firm is succeeded by a company as per the provisions of section 47(xiii), or a sole proprietary concern is succeeded by a company as per the provisions of section 47(xiv), then the accumulated business loss and the unabsorbed depreciation of the firm / proprietary concern, as the case may be, shall be deemed to be the loss or depreciation allowance of the successor company for the previous year in which the business re-organisation took place

a) True	b) False
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Answer- A

18. In case of re-organisation of business, whereby a private company or unlisted company is succeeded by a LLP as per the provisions of section 47(xiii b), then the successor LLP would be allowed to carry forward and set-off the business loss and unabsorbed depreciation of the predecessor company

a) True	b) False
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Answer- A

19. Section _____ provides for carry forward and set off of accumulated loss and unabsorbed depreciation allowance of a banking company against the profits of a banking institution under a scheme of amalgamation sanctioned by the Central Government

a) 72A	b) 72AA
c) 72	d) 72B

Answer- B

20. Under section 72AB, in a case where the amalgamation has taken place during the previous year, set-off of accumulated loss and the unabsorbed depreciation of the predecessor co-operative bank will be allowed in the hands of the successor co-operative bank as if the amalgamation had not taken place. All the other provisions of this Act relating to set off and carry forward of loss and allowance for depreciation would apply accordingly

a) True	b) False

Answer- A

21. Under section 72 AB the conditions to be fulfilled by predecessor co-operative bank shall include:

a) It should have been engaged in the business of banking for three or more years	b) It has held at least 3/4th of the book value of fixed assets as on the date of the business reorganisation, continuously for 2 years prior to the date of business reorganization
c) Both A&B	d) Either A or B

Answer- C

22. Under section 72 AB the conditions to be fulfilled by successor co-operative bank shall include:

a) It should hold at least 3/4th of the book value of fixed assets of the predecessor co-operative bank acquired through business reorganisation, continuously for a minimum period of 5 years immediately succeeding the date of business reorganisation	b) It continues the business of the predecessor co-operative bank for a minimum period of 5 years from the date of business reorganisation
c) It fulfils such other conditions as may be prescribed to ensure the revival of the business of the predecessor co-operative bank or to ensure that the business reorganisation is for genuine business purpose	d) All the above

Answer- D

23. Since speculation is deemed to be a business distinct and separate from any other business carried on by the assessee, the losses incurred in speculation can be neither set off in the same year against any other non-speculation income nor be carried forward and set off against other income in the subsequent years

a) True	b) False

Answer- A

24. The loss in speculation business can be carried forward only for a maximum period of _____ years from the end of the relevant assessment year in respect of which the loss was computed. Loss from the activity of trading in derivatives, however, is not to be treated as speculative loss

a) 3	b) 4
c) 5	d) 6

Answer- B

25. Any loss computed in respect of the specified business referred to in section 35AD shall be set off only against profits and gains, if any, of any other specified business

a) True	b) False

Answer- A

26. There is no time limit specified for carry forward and set-off of income from specified business therefore, such loss can be carried forward indefinitely for set-off against income from specified business

a) True	b) False

Answer- A

27. Where the loss so carried forward is a short-term capital loss, it shall be set off against any capital gains, short term or long term, arising in that year

a) True	b) False

Answer- A

28. Where the loss so carried forward is a long-term capital loss, it shall be set off only against long term capital gain arising in that year

a) True	b) False

Answer- A

29. Net loss under the head capital gains cannot be set off against income under any other head

a) True	b) False

Answer- A

30. Any unabsorbed loss from capital gain shall be carried forward to the following assessment year up to a maximum of ___ assessment years immediately succeeding the assessment year for which the loss was first computed

a) 6	b) 7
c) 8	d) 10

Answer- C

31. According to provisions of section 74A(3), the losses incurred by an assessee from the activity of owning and maintaining race horses cannot be set-off against the income from any other source other than the activity of owning and maintaining race horses.

a) True	b) False

Answer- A

32. Loss from owning and maintaining race horses can be carried forward for a maximum period of _____ assessment years immediately succeeding the assessment year for which the loss was first computed, for being set-off against the income from the activity of owning and maintaining race horses

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

Answer- C

33. Where there is a change in the constitution of a firm, so much of the loss proportionate to the share of a retired or deceased partner remaining unabsorbed, shall not be allowed to be carried forward by the firm

a) True	b) False

Answer- A

34. Where there is a succession by inheritance, the legal heirs are entitled to set-off the business loss of the predecessor. Such carry forward and set-off is possible even if the legal heirs constitute themselves as a partnership firm

a) True	b) False

Answer- A

35. In the case of a company in which the public are not substantially interested and not being an eligible start-up referred to in section 80-IAC, no loss incurred in any year prior to the previous year shall be carried forward and set-off against the income of the previous year, unless on the last day of the previous year, the shares of the company carrying not less than 51% of the voting power were beneficially held by persons who beneficially held shares of the company carrying not less than 51% of the voting power on the last day of the year or years in which the loss was incurred.

a) True	b) False

Answer- A

36. In case of a company in which the public are not substantially interested but being an eligible start-up as referred to in section 80-IAC, any unabsorbed loss of the company shall be allowed to be carried forward and set off against the income of the previous year only if such loss has been incurred during the period of _____ years beginning from the year of incorporation of such company.

a) 6	b) 7
c) 8	d) 10

Answer- B

37. As per section 80, the assessee must have filed a return of loss under section 139(3) in order to carry forward and set off of _____.

a) business loss to be carried forward under section 72(1)	b) speculation business loss to be carried forward under section 73(2)
c) loss from specified business to carried forward under section 73A(2)	d) All the above

Answer- D

38. As per section 80, the assessee must have filed a return of loss under section 139(3) in order to carry forward and set off of_____.

a) loss under the head "Capital Gains" to be carried forward under section 74(1)	b) loss incurred in the activity of owning and maintaining race horses to be carried forward under section 74A(3)
c) loss from specified business to carried forward under section 73A(2)	d) All the above

Answer- D

39. Loss from house property to be carried forward under section 71B and unabsorbed depreciation can be carried forward even if return of loss has not been filed as required under section 139(3).

a) True	b) False
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Answer- A

Chapter 15 : GAAR

1. GAAR has been enacted as a codification of the proposition that, while interpreting the tax legislation, substance should be selected over a legal form.

a) True	b) False

Answer-A

2. Which of the following are examples of SAAR?

a) Section 40A(2) on excessive or unreasonable payments to related parties not deductible	b) Section 80-IA(8) on transactions with tax exempt entities to be valued at market value
c) Sections 92 to 92F on transfer pricing regulations applicable to international transactions.	d) All the above

Answer-D

3. Which of the following are examples of SAAR?

a) Section 93 on avoidance of tax by transfer of income to non-residents through transfer of assets, rights or interest	b) Section 94 on avoidance of tax by certain transactions in securities
c) Section 94A on transactions with persons located in notified jurisdictions.	d) All the above

Answer-D

4. Which of the following are examples of SAAR?

a) Section 2(22)(e) on deemed dividend	b) Section 40(a)(i) and (ia) on disallowance of expenses for non-deduction of tax at source
c) Section 9 on scope of 'income deemed to accrue or arise in India'.	d) All the above

Answer-D

5. Section_____of the Act with regard to the applicability of GAAR provides that an arrangement entered into by an assessee may be declared to be an impermissible avoidance arrangement and the consequence in relation to tax arising there from may be determined subject to the provisions of this Chapter

a) 94	b) 95
c) 96	d) 97

Answer-B

6. M/s India Chem Ltd. is a company incorporated in India. It sets up a unit in a Special Economic Zone (SEZ) in F.Y. 2016-17 for manufacturing of chemicals. It claims 100% deduction of profits earned from that unit in F.Y. 2020 -21 and subsequent years as per section 10AA of the Act. Is GAAR applicable in such a case?

a) Yes	b) No

Answer - B

7. An impermissible avoidance arrangement (IAA) means an arrangement, the main purpose or one of the main purposes of which is to obtain a tax benefit

a) True	b) False

Answer-A

8. Which of the following is tax benefit?

a) a reduction or avoidance or deferral of tax or other amount payable under this Act;	b) an increase in a refund of tax or other amount under this Act;
c) a reduction or avoidance or deferral of tax or other amount that would be payable under this Act, as a result of a tax treaty	d) All the above

Answer-D

9. Which of the following is tax benefit?

a) an increase in a refund of tax or other amount under this Act as a result of a tax treaty;;	b) a reduction in total income;
c) an increase in loss	d) All the above

Answer-D

10. The first tainted element refers to non-arm's length dealings where an arrangement creates rights and obligations, which are not normally created between parties dealing at arm's length

a) True	b) False

Answer-A

11. The second tainted element refers to an arrangement which results in misuse or abuse of the provisions of the Act

a) True	b) False

Answer-A

12. The third tainted element refers to an arrangement which lacks commercial substance or is deemed to lack commercial substance

a) True	b) False

Answer-A

13. The fourth tainted element refers to an arrangement which is entered into, or carried out, by means of, or in a manner which is normally not employed for a bona fide purpose. In other words, it means an arrangement that possesses abnormal features

a) True	b) False

Answer-A

14. Which of the following deemed to lack commercial substance under section 97?

a) the substance or effect of the arrangement as a whole, is inconsistent with, or differs significantly from, the form of its individual steps or a part	b) round trip financing
c) an accommodating party	d) All the above

Answer- D

15. Which of the following deemed to lack commercial substance under section 97?

a) elements that have effect of offsetting or cancelling each other	b) a transaction which is conducted through one or more persons and disguises the value, location, source, ownership or control of funds which is the subject matter of such transaction
c) it involves the location of an asset or of a transaction or of the place of residence of any party which is without any substantial commercial purpose other than obtaining a tax benefit	d) All the above

Answer- D

16. Round trip financing includes any arrangement in which, through a series of transactions

a) funds are transferred among the parties to the arrangement;	b) such transactions do not have any substantial commercial purpose other than obtaining the tax benefit
c) Both A&B	d) Either A or B

Answer- C

17. Where a party is included in an arrangement mainly for obtaining tax benefit to the taxpayer, then such party may be treated as an accommodating party and consequently the arrangement shall be deemed to lack commercial substance

a) True	b) False

Answer- A

18. In section 97(4), the following factors are considered relevant but not sufficient for determining whether an arrangement lacks commercial substance or not, namely

a) the period or time for which the arrangement (including operations therein) exists	b) the fact of payment of taxes, directly or indirectly, under the arrangement
c) the fact that an exit route (including transfer of any activity or business or operations) is provided by the arrangement	d) All the above

Answer- D

19. Which of the following constitute impermissible avoidance arrangement?

a) disregarding, combining or re-characterizing any step in, or a part or whole of, the impermissible avoidance arrangement	b) treating the impermissible avoidance arrangement as if it had not been entered into or carried out
c) disregarding any accommodating party or treating any accommodating party and any other party as one and the	d) All of the above

same person	
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Answer- D

20. As per Rule 10U, the provisions of General Anti Avoidance Rule are not applicable to

a) an arrangement where the tax benefit in the relevant assessment year arising, in aggregate, to all the parties to the arrangement does not exceed a sum of rupees three crores	b) a person, being a non-resident, in relation to investment made by him by way of offshore derivative instruments or otherwise, directly or indirectly, in a Foreign Institutional Investor
c) any income accruing or arising to, or deemed to accrue or arise to, or received or deemed to be received by, any person from transfer of investments made before the 1st day of April, 2017 by such person	d) All of the above

Answer- D

21. Will GAAR be applied to deny treaty eligibility in a case where there is compliance with LOB test of the treaty?

a) Yes	b) No
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Answer- B

22. Will GAAR interplay with the right of the taxpayer to select or choose method of implementing a transaction?

a) Yes	b) No
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Answer- B

23. Will GAAR apply if arrangement held as permissible by Authority for Advance Ruling?

a) Yes	b) No

Answer- B

24. Will GAAR be invoked if arrangement is sanctioned by an authority such as the Court, National Company Law Tribunal or is in accordance with judicial precedents etc.?

a) Yes	b) No

Answer- B

Chapter 16 : Residence and Accrual of total income

1. Under section 6(1), an individual is said to be resident in India in any previous year, if he satisfies which of the of the following conditions?

a) He has been in India during the previous year for a total period of 182 days or more	b) He has been in India during the 4 years immediately preceding the previous year for a total period of 365 days or more and has been in India for at least 60 days in the previous year
c) Both A&B	d) Either A or B

Answer- D

2. Which of the following categories of individuals will be treated as resident in India only if the period of their stay during the relevant previous year amounts to 182 days?

a) Indian citizens, who leave India during the relevant previous year as a member of the crew of an Indian ship or for purposes of employment outside India	b) Indian citizen or person of Indian origin engaged outside India in an employment or a business or profession or in any other vocation, who comes on a visit to India in any previous year
c) Both A&B	d) None of the above

Answer- C

3. According to Rule 126, for the purposes of section 6(1), in case of an individual, being a citizen of India and a member of the crew of a ship, the period or periods of stay in India shall, in respect of an eligible voyage, not include

a) the date entered into continuous Discharge Certificate in respect of joining the ship by the said individual for the eligible voyage	b) the date entered into the Continuous Discharge Certificate in respect of signing off by that individual from the ship in respect of such voyage
c) Both A&B	d) None of the above

Answer- C

4. A not-ordinarily resident person is one who satisfies which of the conditions specified under section 6(6)?

a) If such individual has been non-resident in India in any 9 out of the 10 previous years preceding the relevant previous year	b) If such individual has during the 7 previous years preceding the relevant previous year been in India for a period of 729 days or less
c) Both A&B	d) Either A or B

Answer- D

5. Brett Lee, an Australian cricket player visits India for 100 days in every financial year. This has been his practice for the past 10 financial years. Find out his residential status for the assessment year 2019-20

a) Resident but not ordinary resident	b) Resident ordinary resident
c) Non Resident	

Answer- A

6. A HUF would be resident in India if the control and management of its affairs is situated wholly or partly in India

a) True	b) False

Answer- A

7. Additional condition for karta to be satisfied for resident HUF being Resident and ordinarily resident includes:

a) Karta of resident HUF should be resident in at least 2 previous years out of 10 previous years immediately preceding relevant previous year	b) Stay of Karta during 7 previous years immediately preceding relevant previous year should be 730 days or more
c) Both A&B	d) Either A or B

Answer- C

8. A firm and an AOP would be resident in India if the control and management of its affairs is situated wholly or partly in India

a) True	b) False

Answer- A

9. A company would be resident in India in any previous year, if

a) it is an Indian company	b) its place of effective management, in that year, is in India
c) Both A&B	d) None of the above

Answer- C

10. Local authorities and artificial juridical persons would be resident in India if the control and management of its affairs is situated wholly or partly in India

a) True	b) False

Answer- A

11. The scope of total income of an assessee depends upon which of the following important considerations?

a) the residential status of the assessee	b) the place of accrual or receipt of income, whether actual or deemed
c) the point of time at which the income had accrued to or was received by or on behalf of the assessee	d) All the above

Answer- D

12. The total income of a resident assessee would, under section 5(1), consist of

a) income received or deemed to be received in India during the previous year	b) income which accrues or arises or is deemed to accrue or arise in India during the previous year
c) income which accrues or arises outside India even if it is not received or brought into India during the previous year	d) All of the above

Answer- D

13. A non-resident's total income under section 5(2) includes

a) income received or deemed to be received in India in the previous year	b) income which accrues or arises or is deemed to accrue or arise in India during the previous year
c) Both A&B	d) None of the above

Answer- C

14. All assesseees, whether resident or not, are chargeable to tax in respect of their income accrued, arisen, received or deemed to accrue, arise or to be received in India whereas residents alone are chargeable to tax in respect of income which accrues or arises outside India

a) True	b) False

Answer- A

15. Exemption available under section 10(34), in respect of dividend received by a shareholder from a domestic company would not apply to income by way of dividend chargeable to tax under section 115BBDA

a) True	b) False

Answer- A

16. All assesseees are liable to tax in respect of the income received or deemed to be received by them in India during the previous year irrespective of their residential status and the place of its accrual

a) True	b) False

Answer- A

17. When once an amount is received as income, remittance or transmission of that amount from one place or person to another does not constitute receipt of income in the hands of the subsequent recipient or at the place of subsequent receipt.

a) True	b) False

Answer- A

18. Accrue refers to the right to receive income, whereas due refers to the right to enforce payment of the same.

a) True	b) False

Answer- A

19. Under section_____, certain types of income are deemed to accrue or arise in India even though they may actually accrue or arise outside India

a) 10	b) 9
c) 8	d) 7

Answer- B

20. The concept of _____ taxation asserts that natural persons or individuals are taxable in the country or tax jurisdiction in which they establish their residence or domicile, regardless of the source of income

a) residence-based	b) source based

Answer- A

21. According to _____ taxation concept, a country considers certain income as taxable income, if such income arises within its jurisdiction. Such income is taxed in the country of source regardless of the residence of the taxpayer

a) residence-based	b) source based

Answer- B

22. Section _____ contains the provisions for determining the residential status of a person

a) 5	b) 6
c) 7	d) 8

Answer- B

23. A company would be resident in India in any previous year, if

a) it is an Indian company	b) its place of effective management, in that year, is in India
c) Either A or B	d) Both A&B

Answer- C

24. Place of effective management' (POEM) is an internationally recognised test for determination of residence of a company incorporated in a foreign jurisdiction:

a) True	b) False

Answer- A

25. POEM will also be required to be determined on year to year basis:

a) True	b) False

Answer- A

26. A company shall be said to be engaged in 'active business outside India' if passive income is not more than 50% of its total income, and less than 50% of its total asset are situated in India; and less than 50% of total number of employees are situated in India or are resident in India; and the payroll expenses incurred on such employees is less than 50% of its total payroll expenditure.

a) True	b) False

Answer- A

27. POEM of a company engaged in active business shall be presumed to be outside India if the majority of the board meeting are held outside India.

a) True	b) False

Answer- A

28. The location where the board of directors meet and make decisions may be the place of effective management of a company provided, the Board:

a) retains and exercises its authority to govern the company	b) does, in substance, make the key management and commercial decisions necessary for the conduct of the company's business as a whole
c) Either A or B	d) Both A&B

Answer- D

29. If the company is more decentralized then the company's head office would be the location where these senior managers

a) are primarily or predominantly based	b) normally return to following travel to other locations
c) meet when formulating or deciding key strategies and policies for the company as a whole	d) Any one of the above

Answer- D

30. Day to day routine operational decisions undertaken by junior and middle management shall not be relevant for the purpose of determination of POEM

a) True	b) False

Answer- A

31. The fact that a foreign company is completely owned by an Indian company will not be conclusive evidence that the conditions for establishing POEM in India have been satisfied

a) True	b) False

Answer- A

32. The fact that there exists a Permanent Establishment of a foreign entity in India would itself not be conclusive evidence that the conditions for establishing POEM in India have been satisfied

a) True	b) False

Answer- A

33. The fact that one or some of the Directors of a foreign company reside in India will be conclusive evidence that the conditions for establishing POEM in India have been satisfied

a) True	b) False

Answer- B

34. The fact of, local management being situated in India in respect of activities carried out by a foreign company in India will not, by itself, be conclusive evidence that the conditions for establishing POEM have been satisfied

a) True	b) False

Answer- A

35. The existence in India of support functions that are preparatory and auxiliary in character will not be conclusive evidence that the conditions for establishing POEM in India have been satisfied

a) True	b) False

Answer- A

36. A transition mechanism for a company which is incorporated outside India, which has not been assessed to tax in India earlier and has become resident in India for the first time due to application of POEM, has been provided in Chapter XII-BC comprising of section_____.

a) 115JG	b) 15JH
c) 115JI	d) 115J

Answer- B

37. Where in a previous year, any benefit, exemption or relief has been claimed and granted to the foreign company in accordance with the notification, and subsequently, there is failure to comply with any of the conditions specified therein, then

a) the benefit, exemption or relief shall be deemed to have been wrongly allowed	b) the Assessing Officer may re-compute the total income of the assessee for the said previous year and make the necessary amendment as if the exceptions, modifications and adaptations as per the notification does not apply;
c) the provisions of section 154 shall, so far as may be, apply thereto and the period of four years for rectification of mistake apparent from the record has to be reckoned from the end of the previous year in which the failure to comply with the condition stipulated in the notification takes place	d) All the above

Answer- D

38. Income received or deemed to be received in India whether earned in India or elsewhere shall be taxable in the hands of

a) Resident and ordinary resident	b) Resident and not ordinary resident
c) Non Resident	d) All the above

Answer- D

39. Income which accrue or arise or deemed to accrue or arise in India during the previous year whether received in India or elsewhere shall be taxable in the hands of

a) Resident and ordinary resident	b) Resident and not ordinary resident
c) Non Resident	d) All the above

Answer- D

40. Income which accrue or arise outside India and received outside India from a business controlled from India shall be taxable in the hands of

a) Resident and ordinary resident	b) Resident and not ordinary resident
c) Non Resident	d) Both A&B

Answer- D

41. Income which accrue or arise outside India and received outside India in the previous year from any other source shall be taxable in the hands of

a) Resident and ordinary resident	b) Resident and not ordinary resident
c) Non Resident	d) Both A&B

Answer- A

42. Which of the following would be deemed to be accrue or arise in India under section 9?

a) Any income accruing or arising to an assessee in any place outside India whether directly or indirectly through or from any business connection in India	b) Any income accruing or arising to an assessee in any place outside India whether directly or indirectly through or from any property in India
c) Any income accruing or arising to an assessee in any place outside India whether directly or indirectly through or from any asset or source of income in India	d) All the above

Answer- D

43. Which of the following would be deemed to be accrue or arise in India under section 9?

a) Any income accruing or arising to an assessee in any place outside India whether directly or indirectly through or from any business connection in India	b) Any income accruing or arising to an assessee in any place outside India whether directly or indirectly through or from any property in India
c) Any income accruing or arising to an assessee in any place outside India whether directly or indirectly through the transfer of a capital asset situated in India	d) All the above

Answer- D

44. For a business connection to be established, the person acting on behalf of the non-resident must have an authority, which is habitually exercised in India, to conclude contracts on behalf of the non-resident or habitually concludes contracts or plays the principal role leading to conclusion of contracts by that non-resident and such contracts are

a) in the name of the non-resident	b) for the transfer of the ownership of, or for the granting of the right to use, property owned by that non-resident or that non-resident has the right to use
c) for the provision of services by that non-resident	d) Any one of the above

Answer- D

45. In the case of a business of which all the operations are not carried out in India, the income of the business deemed to accrue or arise in India shall be only such part of income as is reasonably attributable to the operations carried out in India.

a) True	b) False

Answer- A

46. In the case of a non-resident, no income shall be deemed to accrue or arise in India to him through or from operations which are confined to the purchase of goods in India for the purpose of export..

a) True	b) False

Answer- A

47. In the case of a non-resident, being a person engaged in the business of running a news agency or of publishing newspapers, magazines or journals, no income shall be deemed to accrue or arise in India to him through or from activities which are confined to the collection of news and views in India for transmission out of India.

a) True	b) False
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Answer- A

48. In the case of a non-resident, no income shall be deemed to accrue or arise in India through or from operations which are confined to the shooting of any cinematograph film in India, if such non-resident is

a) an individual, who is not a citizen of India	b) a firm which does not have any partner who is a citizen of India or who is resident in India
c) a company which does not have any shareholder who is a citizen of India or who is resident in India	d) Any of the above

Answer- D

49. In case of a foreign company engaged in the business of mining of diamonds, no income shall be deemed to accrue or arise in India to it through or from the activities which are confined to display of uncut and unassorted diamonds in any special zone notified by the Central Government in the Official Gazette in this behalf.

a) True	b) False

Answer- A

50. Capital gains arising through or from the transfer of a capital asset situated in India would be deemed to accrue or arise in India in all cases irrespective of the fact whether

a) The capital asset is movable or immovable, tangible or intangible	b) The place of registration of the document of transfer etc., is in India or outside
c) The place of payment of the consideration for the transfer is within India or outside	d) All the above

Answer- D

51. the share or interest in a company or entity registered or incorporated outside India, shall be deemed to derive its value substantially from the assets (whether tangible or intangible) located in India, if on the

specified date, the value of Indian assets exceeds the amount of Rs _____ crore; and represents at least _____% of the value of all the assets owned by the company or entity, as the case may be

a) 5/50	b) 10/50
c) 5/25	d) 10/25

Answer- B

52. No income shall be deemed to accrue or arise to a non-resident from transfer, outside India, of any share of, or interest in, a company or an entity, registered or incorporated outside India in which of the following case?

a) Foreign company or entity directly owns the assets situated in India,	b) Foreign company or entity indirectly owns the assets situated in India
c) Both A&B	d) None of the above

Answer- C

53. In case the transfer is of shares or interest in a foreign entity which does not hold the Indian assets directly then the exemption shall be available to the transferor if he along with its associated enterprises neither holds the right of management or control in relation to such company or the entity, nor holds any rights in such company which would entitle it to either exercise control or management of the direct holding company or entity or entitle it to voting power or share capital or total interest exceeding _____% in the direct holding company or entity.

a) 2	b) 5
c) 7	d) 10

Answer- B

54. Income, which falls under the head "Salaries", deemed to accrue or arise in India, if it is earned in India. Salary payable for service rendered in India would be treated as earned in India.

a) True	b) False

Answer- A

55. Under section 9(1)(v), an interest is deemed to accrue or arise in India if it is payable by

a) the Government	b) a person resident in India
c) a non-resident, when it is payable in respect of any debt incurred or moneys borrowed and used, for the purpose of a business or profession carried on in India by him.	d) All of the above

Answer- D

56. Royalty will be deemed to accrue or arise in India when it is payable by

a) the Government	b) a person resident in India
c) a non-resident only when the royalty is payable in respect of any right, property or information used or services utilised for purposes of a business or profession carried on by such person in India or for the purposes of making or earning any income from any source in India.	d) All of the above

Answer- D

57. Royalty includes and has always included consideration in respect of any right, property or information, whether or not

a) the possession or control of such right, property or information is with the payer	b) such right, property or information is used directly by the payer
c) the location of such right, property or information is in India	d) All of the above

Answer- D

58. An eligible investment fund shall not be said to be resident in India merely because the eligible fund manager undertaking fund management activities on its behalf is located in India

a) True	b) False

Answer- A

59. The eligible investment fund means a fund established or incorporated or registered outside India, which collects funds from its members for investing it for their benefit if it satisfies which of the following conditions?

a) the fund should not be a person resident in India	b) the aggregate participation or investment in the fund, directly or indirectly, by persons being resident in India should not exceed 5% of the corpus of the fund
c) the fund and its activities should be subject to applicable investor protection regulations in the country or specified territory where it is established or incorporated or is a resident	d) All the above

Answer- D

60. The eligible investment fund means a fund established or incorporated or registered outside India, which collects funds from its members for investing it for their benefit if it satisfies which of the following conditions?

a) the fund should have a minimum of 25 members who are, directly or indirectly, not connected persons	b) any member of the fund along with connected persons shall not have any participation interest, directly or indirectly, in the fund exceeding 10%
c) the aggregate participation interest, directly or indirectly, of ten or less members along with their connected persons in the fund, shall be less than 50%	d) All the above

Answer- D

61. The eligible investment fund means a fund established or incorporated or registered outside India, which collects funds from its members for investing it for their benefit if it satisfies which of the following conditions?

a) the investment by the fund in any entity shall not exceed 20% of the corpus of the fund	b) no investment shall be made by the fund in its associate entity
c) the monthly average of the corpus of the fund shall not be less than ` 100 crore. If the fund has been established or incorporated in the previous	d) All the above

year, the corpus of fund shall not be less than ` 100 crore rupees at the end of such previous year	
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Answer- D

62. The eligible investment fund means a fund established or incorporated or registered outside India, which collects funds from its members for investing it for their benefit if it satisfies which of the following conditions?

a) he fund shall not carry on or control and manage, directly or indirectly, any business in India	b) the fund should neither be engaged in any activity which constitutes a business connection in India nor should have any person acting on its behalf whose activities constitute a business connection in India other than the activities undertaken by the eligible fund manager on its behalf
c) the remuneration paid by the fund to an eligible fund manager in respect of fund management activity undertaken on its behalf should not be less than the arm's length price of such activity	d) All the above

Answer- D

63. The eligible fund manager, in respect of an eligible investment fund, means any person who is engaged in the activity of fund management if it satisfies which of the following conditions?

a) the person should not be an employee of the eligible investment fund or a connected person of the fund	b) the person should be registered as a fund manager or investment advisor in accordance with the specified regulations
c) the person should be acting in the ordinary course of his business as a fund manager	d) All the above

Answer- D

64. The eligible fund manager, in respect of an eligible investment fund, means any person who is engaged in the activity of fund management if the person along with his connected persons shall not be entitled, directly or indirectly, to more than _____% of the profits accruing or arising to the eligible investment fund from the transactions carried out by the fund through such fund manager

a) 10	b) 20
c) 35	d) 50

Answer- B

65. If any eligible investment fund fails to furnish such statement or information or document within 90 days from the end of the financial year, the income -tax authority prescribed under the sub-section 9A(5) may direct that such fund shall pay, by way of penalty, a sum of Rs _____

a) 1,00,000	b) 50,000
c) 5,00,000	d) 10,00,000

Answer- C

Chapter 17 : International Taxation

1. Section _____ deals with the computation of total income of non-residents. In computing the investment income of non-resident Indian, no deduction is to be allowed under any provision of the Act in respect of any expenditure or allowance thereabout

a) 115A	b) 115B
c) 115C	d) 115D

Answer- D

2. No deduction under Chapter VI-A shall be allowed and indexation benefit will not be available, where the gross total income of a non-resident Indian consists only of investment income or/and long term capital gain

a) True	b) False

Answer- A

3. Under section 115E income-tax on Investment income at _____%

a) 10	b) 20
c) 30	d) 50

Answer- B

4. Under section 115E income-tax on income-tax on long term capital gains from transfer of specified assets (i.e., purchased in foreign currency) at _____%

a) 10	b) 20
c) 30	d) 50

Answer- A

5. A non-resident Indian need not furnish a return of income under section 139(1) if he satisfies _____ condition

a) His total income consists only of investment income or income by way of long-term capital gains or both	b) Tax deductible at source has been deducted from such income
c) Both A&B	d) Either A or B

Answer- C

6. Where a person who is NRI in any previous year becomes assessable as a resident in any subsequent year, then he may furnish a declaration in writing along with the return of income under section 139 for the year in which he is so assessable

a) True	b) False

Answer- A

7. As per section _____, where the Central Government has entered into an agreement with the Government of any country outside India or specified territory outside India, for granting relief of tax, or as the case may be, avoidance of double taxation, then, in relation to the assessee to whom such

agreement applies, the provisions of this Act shall apply to the extent they are more beneficial to that assessee

a) 90(1)	b) 90(2)
c) 90(3)	d) 90(4)

Answer- B

8. Non-residents can compute their tax liability as per the tax rates prescribed under the Income-tax Act or at the rates prescribed under the DTAA's (Double Taxation Avoidance Agreements), whichever is more beneficial

a) True	b) False

Answer- A

9. Tax on Interest u/s 115A is _____%

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

Answer- c

10. Interest received from an infrastructure debt fund referred to in section 10(47) is taxable @ _____%

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

Answer- A

11. Where the total income of an overseas financial organisation (Offshore Fund) includes the following incomes namely Income received in respect of units purchased in foreign currency or by way of long term capital gains arising from the transfer of units of a mutual fund specified under section 10(23D) or units of UTI purchased in foreign currency then the income tax payable shall be the aggregate of the _____% on income referred to above

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

Answer- B

12. Where the total income of a Foreign Institutional Investor includes the income (other than income by way of dividends referred to in section 115-O) received in respect of securities (other than units referred to in section 115AB) the same would be subject to tax at the rate of _____%

a) 10	b) 20
c) 30	d) 50

Answer- B

13. Where the total income of a Foreign Institutional Investor includes the income by way of short-term capital gains arising from the transfer of such securities the same would be subject to tax at the rate of _____%

a) 10	b) 20
c) 30	d) 50

Answer- C

14. Where the total income of a Foreign Institutional Investor includes the income by way of long-term capital gains arising from the transfer of such securities the same would be subject to tax at the rate of _____ %

a) 10	b) 20
c) 30	d) 50

Answer- A

15. Where the gross total income of the Foreign Institutional Investor comprises only of the aforesaid interest or dividend income from securities, no deduction shall be allowed to it under sections 28 to 44C or section 57(i) or 57(iii) or under Chapter VI-A.

a) True	b) False

Answer- A

16. The eligible assessee under section 115BBA shall include

a) A sports person who is not a citizen of India and a non resident	b) A non-resident sports association or institution.
c) An entertainer who is not a citizen of and a non resident	d) All of the above

Answer- D

17. The assessee is not required to furnish under section 139(1) a return of his income if

a) his total income in respect of which he is assessable under this Act during the previous year consisted only of income in section 115BBA	b) the tax deductible at source under the provisions of Chapter XVII-B has been deducted from such income.
c) Either A or B	d) Both A&B

Answer- D

18. The provisions of section _____ apply to a foreign company engaged in banking business in India through its branch situated in India, which is converted into an Indian subsidiary company in accordance with the scheme framed by RBI

a) 115JG(1)	b) 115JH(2)
c) 115JH(1)	d) 115JI(1)

Answer-A

19. If the conditions specified in the scheme of RBI or notification issued by the Central Government are not complied with, then, all the provisions of the Act would apply to the foreign company and Indian subsidiary company without any benefit, exemption or relief under the section 115JG

a) True	b) False

Answer- A

20. Section _____ deals with the provisions of withholding tax in case of salary payable in foreign currency..

a) 192(4)	b) 192(5)
c) 192(6)	d) 192(7)

Answer- C

21. Section 196B provides tax @ _____ %.

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

Answer- B

22. The person responsible for making the _____ payment to a non-resident shall deduct tax 10% plus surcharge, wherever applicable, plus health and education cess @ 4% at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier

a) income by way of interest or dividends in respect of bonds or Global Depository Receipts referred to in section 115AC	b) income by way of long-term capital gains arising from the transfer of such bonds or Global Depository Receipts
c) Either A or B	d) None of the above

Answer- C

23. Section 196D provides tax @ _____ %.

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

Answer- D

24. In a case where the person entitled to the income arising from any business connection in India or from any property in India or through or from any asset or source of income in India or through the transfer of a capital asset situated in India is a non-resident, the tax chargeable thereon, whether in his name or in the name of his agent who is liable as a representative assessee, may be recovered by deduction under any of the provisions of Chapter XVII-B..

a) True	b) False
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Answer- A

25. Tax Recovery Officer can proceed to recover the amount specified in the Certificate by.

a) attachment and sale of assessee's movable or immovable property	b) arrest of the assessee and his detention in prison
c) appointing a receiver for the management of assessee's movable and immovable property	d) All the above

Answer- D

26. The statement of a particular financial year should be filed on or before 30th May, of the succeeding financial year in electronic form along with digital signature

a) 30 th April	b) 30 th May
c) 31 st May	d) 31 st March

Answer- B

27. For the purposes of determination of any income accruing or arising in India under section 9(1)(i), an Indian concern has to furnish, within the prescribed period to the prescribed income-tax authority, the information or documents, in prescribed manner, if

a) any share of, or interest in, a company or an entity registered or incorporated outside India derives, directly or indirectly, its value substantially from the assets located in India, as	b) such company or, entity, holds, directly or indirectly, such assets in India through, or in, the Indian concern
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referred to in Explanation 5 to section 9(1)(i),	
c) Either A or B	d) Both A&B

Answer- D

28. If any Indian concern, which is required to furnish any information or document under section 285A, fails to do so, the income-tax authority, as may be prescribed under the said section, may direct that such Indian concern shall pay, by way of penalty @ _____% of the value of the transaction in respect of which such failure has taken place, if such transaction had the effect of directly or indirectly transferring the right of management or control in relation to the Indian concern Rs _____ in any other case

a) 2/1,00,000	b) 5/1,00,000
c) 2/5,00,000	d) 5/5,00,000

Answer- C

29. DTAA's lay down the rules for taxation of the income by _____

a) source country	b) residence country
c) Both A&B	d) None of the above

Answer- C

30. Relief from double taxation can be provided in mainly _____ ways

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

Answer- B

31. Under _____ method, the Governments of two countries can enter into an agreement to provide relief against double taxation by mutually working out the basis on which the relief is to be granted.

a) Unilateral	b) Bilateral

Answer- B

32. _____ method, provides for relief of some kind by the home country even where no mutual agreement has been entered into by the two countries.

a) Unilateral	b) Bilateral

Answer- A

33. Sections _____ and _____ of the Income-tax Act, 1961 provide for double taxation relief in India

a) 89/90	b) 90/91
c) 91/92	d) 92/93

Answer- B

34. Section 90(1) provides that the Central Government may enter into an agreement with the Government of any country outside India or specified territory outside India for the granting of relief in respect of

a) income on which income-tax has been paid both in India and in that country or specified	b) income-tax chargeable under this Act and under the corresponding law in force in that
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territory	country or specified territory to promote mutual economic relations, trade and investment
c) Either A or B	d) None of the above

Answer- C

35. Section 90(1) provides that the Central Government may enter into an agreement with the Government of any country outside India or specified territory outside India

a) for the avoidance of double taxation of income under this Act and under the corresponding law in force in that country or specified territory	b) for exchange of information for the prevention of evasion or avoidance of income-tax chargeable under this Act or under the corresponding law in force in that country or specified territory or investigation of cases of such evasion or avoidance
c) for recovery of income-tax under this Act and under the corresponding law in force in that country or specified territory	d) Any of the above

Answer- D

36. Where the Central Government has entered into such an agreement with the Government of any country outside India or specified territory outside India for granting relief of tax, or for avoidance of double taxation, then, in relation to the assessee to whom such agreement applies, the provisions of this Act shall apply to the extent they are more beneficial to that assessee

a) True	b) False

Answer- A

37. The provisions of Chapter X-A, General Anti-avoidance rule, shall apply to the assessee even if such provisions are not beneficial to him

a) True	b) False

Answer- A

38. Section 90(4) provides that the non-resident to whom the agreement referred to in section 90(1) applies, shall be allowed to claim the relief under such agreement if a _____ obtained by him from the Government of that country or specified territory, is furnished declaring his residence of the country outside India or the specified territory outside India, as the case may be

a) Tax non-resident certificate	b) Tax residence certificate
c) Tax certificate	d) Citizen certificate

Answer- B

39. The charge of tax in respect of a foreign company at a rate higher than the rate at which a domestic company is chargeable, shall not be regarded as less favorable charge or levy of tax in respect of such foreign company

a) True	b) False

Answer- A

40. CBDT provides that a specific provision of the DTAA will prevail over the general provisions of the Income-tax Act, 1961

a) True	b) False

Answer- A

41. Section 90A provides that any specified association in India may enter into an agreement with any specified association in the specified territory outside India and the Central Government may, by notification in the Official Gazette, make the necessary provisions for adopting and implementing such agreement for

a) grant of double taxation relief	b) avoidance of double taxation of income
c) exchange of information for the prevention of evasion or avoidance of income- tax	d) Any of the above

Answer- D

42. Section 90A(1) provides that an agreement may be entered into by any specified association in India with any specified association in the specified territory outside India which may be adopted by the Central Government by way of notification in the Official Gazette, for granting relief of tax or, as the case may be, for avoidance of double taxation

a) True	b) False

Answer- A

43. In the case of income arising to an assessee in countries with which India does not have any double taxation agreement, relief would be granted under Section 91 provided _____ conditions are fulfilled

a) The assessee is a resident in India during the previous year in respect of which the income is taxable	b) The income accrues or arises to him outside India
c) The income in question has been subjected to income-tax in the foreign country in the hands of the assessee	d) All the above

Answer- D

44. In the case of income arising to an assessee in countries with which India does not have any double taxation agreement, relief would be granted under Section 91 provided _____ conditions are fulfilled

a) The income is not deemed to accrue or arise in India during the previous year	b) The assessee has paid tax on the income in the foreign country
c) There is no agreement for relief from double taxation between India and the other country where the income has accrued or arisen	d) All the above

Answer- D

45. The deduction under section 91 would be a sum calculated on such doubly taxed income at the Indian rate of tax or the rate of tax in the said country, whichever is lower, or at the Indian rate of tax if both the rates are equal.

a) True	b) False

Answer- A

46. Permanent Establishment' means a fixed place of business through which the business of an enterprise is wholly or partly carried on

a) True	b) False

Answer- A

47. The non-resident entity or the foreign company will be liable to tax in India only if the IT enabled BPO unit in India constitutes its Permanent Establishment

a) True	b) False

Answer- A

48. In determining the profits attributable to an IT-enabled BPO unit constituting a Permanent Establishment, it will be necessary to determine the price of the services rendered by the Permanent Establishment to the Head office or by the Head office to the Permanent Establishment on the basis of

a) Face Value	b) Market Value
c) Arm's length principle	d) Any of the above

Answer- C

49. Section_____ has, accordingly, been inserted in the Income-tax Act, 1961, in line with the recommendations of OECD BEPS Action Plan 4, to provide that interest expenses claimed by an entity to its associated enterprises shall not be deductible in computation of income under the "Profits and gains of business or profession" to the extent that it arises from excess interest:

a) 92	b) 93B
c) 94	d) 94B

Answer- D

50. The provision of section 94B would be applicable only where the expenditure by way of interest or of similar nature exceeds Rs_____crore, in respect of any form of debt issued by a non-resident, being an 'associated enterprise' of such borrower:

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

Answer- A

51. Where the debt is issued by a lender which is not associated but an associated enterprise either_____ such debt shall be deemed to have been issued by an associated enterprise:

a) provides an implicit or explicit guarantee to such lender o	b) deposits a corresponding and matching amount of funds with the lender
c) Either A or B	d) None of the above

Answer- C

52. The disallowed interest expense can be carried forward upto_____t assessment years immediately succeeding the assessment year for which the disallowance was first made and claimed as deduction against the income computed under the head "Profits and gains of business or profession" to the extent of maximum allowable interest expenditure:

a) 3	b) 4
c) 8	d) 12

Answer- C

53. Taking into consideration the special nature of business of Banks and Insurance business, an Indian company or permanent establishment of a foreign company which is engaged in these business have been excluded from the applicability of the provisions of section 94B.

a) True	b) False

Answer- A

Chapter 18 : Transfer Pricing

1. The _____-of a transaction between two associated enterprises is the price that would be paid if the transaction had taken place between two comparable independent and unrelated parties, where the consideration is only commercial

a) Arm's Length Price (ALP)	b) Transfer Pricing
c) Sale Price	d) None of the above

Answer- A

2. The _____conditions must be satisfied in order to attract the special provisions of Chapter X relating to avoidance of tax.

a) There must be an international transaction	b) Such international transaction should be between two or more associated enterprises either or both of whom are non-residents
c) Further, such transaction may also involve allocation or apportionment of, or any contribution to any cost or expenses incurred or to be incurred in connection with a benefit, service or facility provided or to be provided to any one or more of the associated enterprises on the basis of mutual agreement or arrangement between such associated enterprises	d)All of the above

Answer- D

3. While determining arm's length price under the provisions of transfer pricing regulations, if the income works out to a figure lower than the income shown in the books of accounts, the provision of transfer pricing regulations will not apply

a) True	b) False

Answer- A

4. Associated enterprise means

a) which participates, directly or indirectly, or through one or more intermediaries, in the management or control or capital of the other enterprise	b) in respect of which one or more persons who participate, directly or indirectly, or through one or more intermediaries, in its management or control or capital are the same persons who participate, directly or indirectly, or through one or more intermediaries, in the management or control or capital of the other enterprise
c) Either A or B	d) Both A&B

Answer- C

5. Section 92A(2) provides that two enterprises shall be deemed to be associated enterprises for the purposes of sub-section (1) if, at any time during the previous year one enterprise holds, directly or indirectly, shares carrying not less than _____% of the voting power in the other enterprise

a) 20	b) 26
c) 30	d) 50

Answer- B

6. Section 92A(2) provides that two enterprises shall be deemed to be associated enterprises for the purposes of sub-section (1) if, at any time during the previous year a loan advanced by one enterprise to the other enterprise constitutes not less than _____% of the book value of the total assets of the other enterprise

a) 20	b) 26
c) 30	d) 51

Answer- D

7. Section 92A(2) provides that two enterprises shall be deemed to be associated enterprises for the purposes of sub-section (1) if, at any time during the previous year one enterprise guarantees not less than _____% of the book value of the total assets of the other enterprise

a) 10	b) 26
c) 30	d) 51

Answer- A

8. Section 92A(2) provides that two enterprises shall be deemed to be associated enterprises for the purposes of sub-section (1) if, at any time during the previous year where one enterprise is a firm, AOPs or BOIs the other enterprise holds not less than _____% interest in such firm, AOPs or BOIs

a) 10	b) 26
c) 30	d) 51

Answer- A

9. International transaction means a transaction between _____ or more associated enterprises, either or both of whom are non-residents, in the nature of purchase, sale or lease of tangible or intangible property, or provision of services, or lending or borrowing money, or any other transaction having a bearing on the profits, income, losses or assets of such enterprises

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

Answer- B

10. Section 92C provides that the arm's length price in relation to an international transaction shall be determined by any of the _____ methods, being the most appropriate method, having regard to the nature of transaction or class of transaction or class of associated persons or functions performed by such persons or such other relevant factors as the Board may prescribe

a) comparable uncontrolled price method	b) resale price method
c) cost plus method	d) All the above

Answer- D

11. Under _____ method the price charged or paid for property transferred or services provided under any comparable uncontrolled transaction or transactions should be identifiable

a) comparable uncontrolled price method	b) resale price method
c) cost plus method	d) All the above

Answer- A

12. Under _____ method the price at which property purchased or services obtained by the enterprise from an associated enterprise is resold or are provided to an unrelated enterprise should be identifiable

a) comparable uncontrolled price method	b) resale price method
c) cost plus method	d)All the above

Answer- B

13. Under _____ method the direct and indirect costs of production incurred by the enterprise in respect of property transferred or services provided to an associated enterprise should be determined

a) comparable uncontrolled price method	b) resale price method
c) cost plus method	d)All the above

Answer- C

14. _____ method may be applicable mainly in international transactions involving transfer of unique intangibles or in multiple international transactions which are so inter-related that they cannot be evaluated separately for the purpose of determining the arm's length price of any one transaction

a) profit split method	b) transactional net margin method
c) cost plus method	d)All the above

Answer- A

15. In _____ method the net profit margin realised by the enterprise from an international transaction with an associated enterprise is computed having regard to costs incurred or sales effected or assets employed or having regard to any other relevant base

a) profit split method	b) transactional net margin method
c) cost plus method	d)All the above

Answer- B

16. For applying the methods, the comparability of the international transaction with an uncontrolled transaction is to be judged with reference to the _____ factors

a) The specific characteristics of the property transferred or services provided in either transaction	b) The functions performed, taking into account assets employer or to be employer and the risks assumed, by the respective parties to the transactions
c) The contractual terms (whether or not such terms are formal or in writing) of the transactions which lay down explicitly or implicitly how the responsibilities, risks and benefits are to be divided between the respective parties to the transactions	d)All the above

Answer- D

17. In case the most appropriate method for determination of ALP of a transaction entered into is the resale price method or cost plus method or the transactional net margin method, then, the data to be used for analyzing the comparability of an uncontrolled transaction with an international transaction shall be

a) the data relating to the current year	b) the data relating to the financial year immediately preceding the current year, if the data relating to the current year is not available at the time of furnishing the return of income by the assessee, for the assessment year relevant to the current year
c) Either A or B	d) None of the above

Answer- C

18. For the purpose of selecting the most appropriate method under rule 10C, the _____ factors should be taken into account

a) The nature and class of the international transaction	b) The class, or classes of associated enterprises entering into the transaction and the functions performed by them taking into account assets employed or to be employed and risks assumed by such enterprises
c) The availability, coverage and reliability of data necessary for application of the method	d) All the above

Answer- D

19. For the purpose of selecting the most appropriate method under rule 10C, the _____ factors should be taken into account

a) The degree of comparability existing between the international transaction and the uncontrolled transaction and between the enterprises entering into such transactions	b) The extent to which reliable and accurate adjustments can be made to account for difference, if any, between the international transaction and the comparable uncontrolled transaction or between the enterprises entering into such transactions
c) The nature, extent and reliability of assumptions required to be made in application of a method	d) All the above

20. Where the most appropriate method is the resale price method or cost plus method or transactional net margin method and the comparable uncontrolled transaction has been identified on the basis of data relating to the current year and the enterprise undertaking the said uncontrolled transaction has in either or both of the two financial years immediately preceding the current year undertaken the same or similar comparable uncontrolled transaction then

a) the most appropriate method used to determine the price of the comparable uncontrolled transaction undertaken in the current year shall be applied in similar manner to the comparable uncontrolled transaction or transactions undertaken in the aforesaid period and the price in respect of such uncontrolled transactions shall be determined	b) the weighted average of the prices, computed in accordance with the manner provided in sub-rule (3), of the comparable uncontrolled transactions undertaken in the current year and in the aforesaid period preceding it shall be included in the dataset instead of the price referred to in sub-rule (1)
c) Either A or B	d) Both A&B

Answer- C

21. Where the most appropriate method is the resale price method or cost plus method or transactional net margin method where the comparable uncontrolled transaction has been identified on the basis of the data relating to the financial year immediately preceding the current year and the enterprise undertaking the said uncontrolled transaction has in the financial year immediately preceding the said financial year undertaken the same or similar comparable uncontrolled transaction then

a) the price in respect of such uncontrolled transaction shall be determined by applying the	b) the weighted average of the prices, computed in accordance with the manner provided in sub-
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most appropriate method in a similar manner as it was applied to determine the price of the comparable uncontrolled transaction undertaken in the financial year immediately preceding the current year	rule (3), of the comparable uncontrolled transactions undertaken in the aforesaid period of two years shall be included in the dataset instead of the price referred to in sub-rule (1)
c) Either A or B	d) Both A&B

Answer- C

22. Rule 10CA(3) provides that where an enterprise has undertaken comparable uncontrolled transactions in more than one financial year, then for the purposes of sub-rule (2) the weighted average of the prices of such transactions shall be computed in the following manner, namely

a) resale price method	b) transactional net margin method
c) cost plus method	d) All the above

Answer- D

23. Rule 10CA(4) provides that where the most appropriate method applied is _____ an arm's length range beginning from the thirty-fifth percentile of the dataset and ending on the sixty-fifth percentile of the dataset shall be constructed

a) a method other than the profit split method or a method prescribed by the CBDT under section 92C(1)(f);	b) the dataset constructed in accordance with sub-rule (2) consists of six or more entries
c) Either A or B	d) Both A&B

Answer- D

24. If the variation between the arm's length price so determined and price at which the international transaction or specified domestic transaction has actually been undertaken does not exceed such percentage not exceeding _____ of the latter, as may be notified by the Central Government in the Official Gazette in this behalf, the price at which the international transaction or specified domestic transaction has actually been undertaken shall be deemed to be the arm's length price

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

Answer- B

25. Section _____ provides for a procedure for reference to a Transfer Pricing Officer (TPO) of any issue relating to computation of arm's length price in an international transaction.

a) 92C	b) 92CA
c) 92CB	d) 92B

Answer- B

26. The option to make reference to TPO is given to the

a) Assessing Officer	b) Assessee
c) Either A or B	d) None of the above

Answer- A

27. The Assessing Officer has to take the approval of the PCIT/ CIT before making a reference to TPO

a) True	b) False
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Answer- A

28. Any Joint /Deputy/Assistant Commissioner of Income-tax, authorised by CBDT, can be appointed as TPO

a) True	b) False

Answer- A

29. Section _____ has been introduced to empower the CBDT to formulate safe harbour rules to determine the arm's length price under section 92C and 92CA.

a) 92D	b) 92DA
c) 92CB	d) 92B

Answer- C

30. _____ to a transfer price means the determination of transfer price in accordance with the arm's length principle resulting in an increase in the total income or reduction in the loss, as the case may be, of the assessee.

a) Primary adjustment	b) Secondary adjustment

Answer- A

31. _____ means an adjustment in the books of accounts of the assessee and its associated enterprise to reflect that the actual allocation of profits between the assessee and its associated enterprise are consistent with the transfer price determined as a result of primary adjustment, thereby removing the imbalance between cash account and actual profit of the assessee.

a) Primary adjustment	b) Secondary adjustment

Answer- B

32. _____ means an adjustment in the books of accounts of the assessee and its associated enterprise to reflect As per the OECD's Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations (OECD transfer pricing guidelines), secondary adjustment may take the form of

a) constructive dividends	b) constructive equity contributions
c) constructive loans	d) All the above

Answer- D

33. The provisions of secondary adjustment are internationally recognised and are already part of the transfer pricing rules of many leading economies in the world.

a) True	b) False

Answer- A

34. In order to align the transfer pricing provisions in line with OECD transfer pricing guidelines and international best practices, section 92CE provides that the assessee shall be required to carry out secondary adjustment where the primary adjustment to transfer price

a) has been made suo motu by the assessee in his return of income	b) made by the Assessing Officer has been accepted by the assessee
c) is determined by an advance pricing agreement entered into by the assessee under	d) All the above

section 92CC	
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Answer- D

35. In order to align the transfer pricing provisions in line with OECD transfer pricing guidelines and international best practices, section 92CE provides that the assessee shall be required to carry out secondary adjustment where the primary adjustment to transfer price

a) is made as per the safe harbour rules framed under section 92CB	b) is arising as a result of resolution of an assessment by way of the mutual agreement procedure under an agreement entered into under section 90 or 90A for avoidance of double taxation
c) is determined by an advance pricing agreement entered into by the assessee under section 92CC	d) All the above

Answer- D

36. Rule 10CB(1) prescribes the time limit for repatriation of excess money i.e., on or before 90 days Where primary adjustments to transfer price has been made suo-moto by the assessee in his return of income from the date of _____

a) the due date of filing of return u/s 139(1)	b) the date of the said order
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Answer- A

37. Rule 10CB(1) prescribes the time limit for repatriation of excess money i.e., on or before 90 days If primary adjustments to transfer price as determined in the order of the Assessing Officer or the appellate authority has been accepted by the assessee from the date of _____

a) the due date of filing of return u/s 139(1)	b) the date of the said order
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Answer- B

38. The interest under Rule 10CB(2) prescribes where the international transaction is denominated in Indian rupee is@ _____%

a) At the one year marginal cost of fund lending rate of SBI as on 1st April of the relevant previous year + 3.25%	b) At six month London Interbank Offered Rate(LIBOR) as on 30th September of the relevant previous year + 3.00%
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Answer- A

39. The interest under Rule 10CB(2) prescribes where the international transaction is denominated in foreign currency is@ _____%

a) At the one year marginal cost of fund lending rate of SBI as on 1st April of the relevant previous year + 3.25%	b) At six month London Interbank Offered Rate(LIBOR) as on 30th September of the relevant previous year + 3.00%
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Answer- B

40. Secondary adjustment, however, shall not be carried out if, the amount of primary adjustment made in the case of an assessee in any previous year does not exceed RS _____crore or the primary adjustment is made in respect of A.Y.2016-17 or an earlier assessment year

a) 5	b) 1
c) 2	d) 3

Answer- B

41. Section 92D imposes responsibility on every person who enters into an international transaction to keep and maintain such information and documents in respect thereof as may be prescribed by CBDT.

a) True	b) False

Answer- A

42. Under rule 10D(1) the information and documents to be maintained includes.

a) A description of the ownership structure of the assessee enterprise with details of shares or other ownership interest held therein by other enterprises	b) A broad description of the business of the assessee and the industry in which the assessee operates, and the business of the associated enterprises with whom the assessee has transacted
c) A description of the functions performed, risks assumed and assets employed or to be employed by the assessee and by the associated enterprises involved in the international transactions	d) All the above

Answer- D

43. Under rule 10D(1) the information and documents to be maintained includes.

a) A record of the economic and market analyses, forecasts, budgets or any other financial estimates prepared by the assessee for the business as a whole and for each division or product separately, which may have a bearing on the international transactions entered into by the assessee	b) The nature and terms (including prices) of international transactions entered into with each associated enterprise, details of property transferred or services provided and the quantum and the value of each such transaction or class of such transaction
c) A record of the analysis performed to evaluate comparability of uncontrolled transactions with the relevant international transaction	d) All the above

Answer- D

44. Rule 10D(2) provides that in a case where the aggregate value of international transactions does not exceed Rs _____ crore, it will not be obligatory for the assessee to maintain the above information and documents

a) 5	b) 1
c) 2	d) 3

Answer- B

45. Rule 10D(3) provides certain information to be maintained by the assessee, is to be supported by authentic documents which includes

a) Official publications, reports, studies and data bases from the Government of the country of residence of the associated enterprise, or of any	b) Reports of market research studies carried out and technical publications brought out by institutions of national or international repute
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other country	
c) Price publications including stock exchange and commodity market quotations	d) All the above

Answer- D

46. Rule 10D(3) provides certain information to be maintained by the assessee, is to be supported by authentic documents which includes

a) Published accounts and financial statements relating to the business affairs of the associated enterprises	b) Agreements and contracts entered into with associated enterprises or with unrelated enterprises in respect of transactions similar to the international transactions
c) Letters and other correspondence documenting any terms negotiated between the assessee and the associated enterprise	d) All the above

Answer- D

47. Second proviso to section 92C(4) provides that if the total income of an associated enterprise is computed under this section on the determination of arm's length price paid to another associated enterprise, from which tax is deducted or deductible at source, the income of the other associated enterprise shall not be recomputed

a) True	b) False
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Answer- A

48. Under section 92E, every person who enters into an international transaction during a previous year is required to obtain a report from a chartered accountant and furnish such report on or before the specified date on the prescribed form..

a) True	b) False

Answer- A

49. Rule 10E provides that the auditor's report shall be in Form No._____.

a) 3CEA	b) 3CED
c)3CEB	d)3CAD

Answer- C

50. Under section 270A, penalty@_____ % of tax payable on under -reported income is leviable

a) 15	b) 25
c) 50	d) 100

Answer- C

51. Failure to report any international transaction or any transaction deemed to be an international transaction or specified domestic transaction to which the provisions of Chapter X applies would constitute 'misreporting of income' under section 270A(9), in respect of which penalty@_____ % would be attracted

a) 15	b) 25
c) 50	d) 200

Answer: D

52. The penalty provisions in respect of international transaction are broadly covered under section 271BA providing for levy of penalty of ` 1 lakh in cases where any person fails to furnish a report from an accountant as required by section 92E. Section 271G which provides for penalty @ _____% of the value of the international transaction for each failure in case of failure to furnish information or document under section 92D(3)

a) 5	b) 3
c) 2	d) 1

Answer- C

53. In order to ensure compliance with the transfer pricing regulations, section 271AA provides that, the Assessing Officer or Commissioner (Appeals) may direct the person entering into an international transaction to pay a penalty@2% of the value of each international transaction entered into by him, if the person

a) fails to keep and maintain any such document and information as required by section 92D(1) and section 92D(2)	b) fails to report such international transaction which is required to be reported
c) maintains or furnishes any incorrect information or document	d) All the above

Answer- D

54. The penalty under section 271AA shall be in addition and not in substitution of penalty under section 271BA

a) True	b) False

Answer- A

55. Section 92D requires maintenance of prescribed information and document relating to the international transaction and specified domestic transaction

a) True	b) False

Answer- A

56. The BEPS report recommends that countries adopt a standardized approach to transfer pricing documentation; it mandates the following three-tier structure namely master file, local file and country by country reporting

a) True	b) False
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Answer- A

57. Advantages of three tier structure shall include:

a) Taxpayers will be required to articulate consistent transfer pricing positions	b) Tax administrations would get useful information to assess transfer pricing risks
c) Tax administrations would be able to make determinations about where their resources can most effectively be deployed, and, in the event audits are called for, provide information to commence and target audit enquiries	d) All the above

58. MNEs have to report annually and for each tax jurisdiction in which they do business which includes information like:

a) the amount of revenue	b) profit before income tax
c) income tax paid and accrued	d) All the above

Answer- D

59. The master file is intended to provide a high-level overview in order to place the MNE group's transfer pricing practices in their global economic, legal, financial and tax context

a) True	b) False

Answer- A

60. The reporting provision shall apply in respect of an international group for an accounting year, if the total consolidated group revenue as reflected in the consolidated financial statement (CFS) for the accounting year preceding such accounting year is above a threshold to be prescribed i.e.,Rs_____ - crore

a) 1000	b) 5000
c) 5500	d) 10000

Answer- C

61. The parent entity of an international group or the alternate reporting entity, if it is resident in India shall be required to furnish the report in respect of the group to the Director General of Income-tax (Risk Assessment) for every reporting accounting year, within a period of_____months from the end of the said reporting accounting year for which the report is being furnished, in the prescribed form and manner

a) 6	b) 10
c) 12	d) 9

Answer- C

62. Every constituent entity resident in India, of an international group having parent entity that is not resident in India, shall notify the Director General of Income-tax (Risk Assessment) at least _____ months prior to the due date for furnishing Cbc report

a) 6	b) 10
c) 2	d) 3

Answer- C

63. Details in CBC report should contain aggregate information in respect of:

a) the amount of revenue	b) profit before income tax
c) income tax paid and accrued	d) All the above

Answer- D

64. The entity shall be required to make submission within_____days of receipt of notice from the DGIT (Risk Assessment)

a) 7	b) 14
c) 15	d) 30

65. The penalty for non-furnishing of the report by any reporting entity which is obligated to furnish such report if the period of default is not more than a month penalty is Rs_____per day

a) 1,000	b) 5,000
c) 15,000	d) 50,000

Answer- B

66. The penalty for non-furnishing of the report by any reporting entity which is obligated to furnish such report if the period of default is more than a month penalty is Rs_____per day for the period exceeding one month

a) 1,000	b) 5,000
c) 15,000	d) 50,000

Answer- C

67. The penalty for failure of production of information and documents within prescribed time if the failure to produce information before prescribed authority within the period allowed u/s 286(6) the penalty is Rs_____per day for the period exceeding one month

a) 1,000	b) 5,000
c) 15,000	d) 50,000

Answer- B

68. If the reporting entity has provided any inaccurate information in the report, the penalty would be Rs 500,000 if:

a) the entity has knowledge of the inaccuracy at the time of furnishing the report but does not inform the prescribed authority	b) the entity discovers the inaccuracy after the report is furnished and fails to inform the prescribed authority and furnish correct report within a period of fifteen days of such discovery
c) the entity furnishes inaccurate information or document in response to notice of the prescribed authority under section 286(6)	d) All the above

Answer- D

69. Section 273B provides for non- levy of penalty under various sections if the assessee proves that there was reasonable cause for such failure

a) True	b) False

Answer- A

70. Under section 271AA(2) for non-furnishing of the information and document to the prescribed authority, a penalty of Rs_____shall be leviable

a) 1,00,000	b) 5,00,000
c) 1,50,000	d) 50,000

Answer- B

71. Rule 10DA(1) provides person required to be keep and maintain the information and documents whose aggregate value of international transactions during the accounting year, as per the books of accounts, exceeds Rs_____crore or in respect of purchase, sale, transfer, lease or use of intangible property

during the accounting year, as per the books of accounts, exceeds RS _____ - crore

a) 10/50	b) 50/10
c) 5/10	d) 10/5

Answer- B

72. The report of the information shall be furnished in Form No. 3CEAA and it shall be furnished on or before the due date for furnishing the return of income specified under section 139(1)

a) True	b) False

Answer- A

73. Rule 10DA(7) provides the information and documents shall be kept and maintained for a period of _____ years from the end of the relevant assessment year

a) 3	b) 5
c) 8	d) 10

Answer- C

74. Section _____ provides that, any allowance for an expenditure or interest or allocation of any cost or expense or any income in relation to the specified domestic transaction shall be computed having regard to the arm's length price

a) 92(2A)	b) 92(2B)
c) 92(2C)	d) 92(2D)

Answer- A

75. Section _____ provides the meaning of "specified domestic transaction"

a) 92(2A)	b) 92BA
c) 92BC	d) 92(2D)

Answer- B

76. Specified transaction u/s 92BA shall include

a) any transaction referred to in section 80A i.e., inter-unit transfer of goods and services by an undertaking or unit or enterprise or eligible business to other business carried on by the assessee or vice versa, for consideration not corresponding to the market value on the date of transfer	b) any transfer of goods or services referred to in section 80-IA(8) i.e., inter-unit transfer of goods or services between eligible business and other business, where the consideration for transfer does not correspond with the market value of goods and services
c) any business transacted between the assessee carrying on eligible business and other person as referred to section 80-IA(10)	d) All the above

Answer- D

77. Specified transaction u/s 92BA shall include

a) any transaction, referred to in any other section under Chapter VI-A or section 10AA, to which provisions of section 80-IA(8) or section 80-IA(10) are applicable	b) any transfer of goods or services referred to in section 80-IA(8) i.e., inter-unit transfer of goods or services between eligible business and other business, where the consideration for transfer does not correspond with the market value of goods and services
c) any business transacted between the assessee carrying on eligible business and other person as referred to section 80-IA(10)	d) All the above

Answer- D

78. Transactions shall not be treated as specified domestic transaction in case the aggregate of such transactions entered into by the assessee in the previous year does not exceed a sum of Rs _____ crore

a) 10	b) 20
c) 25	d) 30

Answer- B

79. With a view to create a legally enforceable obligation on assessee entering into a specified domestic transaction to maintain proper documentation and obtain and furnish report of a Chartered Accountant on or before the specified date, the provisions of section 92D and 92E have been made applicable to a specified domestic transaction as they apply to an international transaction

a) True	b) False
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Answer- A

80. Failure to furnish the report under section 92E from an accountant would attract penalty of Rs _____ under section 271BA

a) 1,00,000	b) 5,00,000
c) 1,50,000	d) 50,000

Answer- A

81. For the purpose of section 80-IA(8), the market value, in relation to any goods or services transferred between the eligible business and any other business carried on by the assessee, shall mean

a) the price that such goods or services would ordinarily fetch in the open market	b) the arm's length price as defined under section 92F, where the transfer of such goods or services is a specified domestic transaction referred to in section 92BA
c) Either A or B	d) Either A or B which is higher

Answer- C

82. In order to attract provisions of section 94 the conditions to be satisfied shall include::

a) There is a transfer of assets - whether movable or immovable and whether tangible or intangible	b) The transfer is made by any person in India or outside irrespective of his residential status or citizenship
c) The transfer is made either alone or in connection with associated operations	d) All of the above

Answer- D

83. In order to attract provisions of section 94 the conditions to be satisfied shall include::

a) The assets transferred directly yield income chargeable to tax under this Act.	b) The transfer of assets is effected in such a manner that the income becomes payable to a person outside India who is either a non-resident or a not ordinarily resident in India
c) The transferor acquires any right by virtue of which he gets the power to enjoy the income whether immediately or in future	d) All of the above

Answer- D

84. Section _____ aims at preventing avoidance of tax by an assessee by sale or purchase of securities in devices and under different circumstances. In all cases where there is a transfer of shares or securities before the due date of payment of interest whereby the transferor avoids tax or shifts the burden of tax to some other person, the income from the securities transferred shall be deemed to be that of the transferor and shall be assessable in his hands accordingly::

a) 92	b) 93
c) 94	d) 95

Answer- C

85. _____ means sale of securities and shares cum-interest or cum-dividend would fall within the provisions of the section. Income by way of interest on securities or dividends does not accrue day by day but on a certain fixed date or on the date of declaration, as the case may be::

a) Bond ripping	b) Bond Washing
c) Bond stripping	d) Bond erosion

Answer- B

86. Section 94 applies only to cases where

a) he income accrues or falls due periodically	b) the income in question is of a recurring nature, though the interval of time between the two dates of accrual may not equal
c) Either A or B	d) Both A&B

Answer- D

87. Notional dividend specified in section 2(22) would not be covered by section 94:

a) True	b) False

Answer- A

88. Section 94 shall not apply if the avoidance was exceptional and not systematic and there was no avoidance of income-tax by the assessee during the _____ years immediately preceding the previous year.:

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

Answer- B

89. The objective of anti-avoidance measures is to discourage assesseees from entering into transactions with

persons located in countries or territories which do not have effective information exchange mechanism with India:

a) True	b) False
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Answer- A

90. Person located in a NJA shall include a person who is a resident of the NJA and a person, not being an individual, which is established in the NJA:

a) True	b) False
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Answer- A

91. Any sum credited or received from a person located in a NJA to be deemed to be the income of the recipient-assessee if he does not explain satisfactorily the source of such money in the hands of such person or in the hands of the beneficial owner, if such person is not the beneficial owner:

a) True	b) False
---------	----------

Answer- A

92. The rate of TDS in respect of any payment made to a person located in the NJA, on which tax is deductible at source, will be the higher of the rates specified in the relevant provision of the Income-tax Act, 1961 rate or rates in force or _____%:

a) 15	b) 20
c) 30	d) 50

Answer- C

Chapter 19 : Advance Rulings, Advance Pricing Arrangement and Safe Harbour Rules

1. Vice chairman of AAR shall be the judge of a

(a) District court	(b) Supreme court
(c) High court	(d) Court of Appeal

Answer - c

2. Reasons on which an application for advance ruling can be rejected?

(a) Cases on which appeals are pending before any IT authority/Tribunal/Court	(b) Cases involving the determination of FMV of any property
(c) Transaction designed for avoidance of income tax	(d) All of the above

Answer - d

3. A person has filed an application before the advance ruling by fulfilling all the conditions for filing the same whether he has any option to withdraw the application?

(a) No	(b) Yes but within 30 days
(c) Yes but within 45 days	(d) At the discretion of advance ruling

Answer - b

4. The time period for the disposal of an advance ruling application will be within ___ months of the receipt of application

(a) 6 months	(b) 9 months
(c) 3 months	(d) 1 month

Answer - a

5. Determine whether the following statement is true or false. The authority for advance ruling has the powers of compelling the production of books of accounts.

(a) True	(b) False
(c) Partially true	(d) None

Answer - a

6. When can the Authority declare the advance ruling pronounced as void?

(a) If ruling is obtained by fraud or misrepresentation of facts	(b) If the applicant is in the business of supplies on which clarification has been sought
(c) If the applicant does not engage in the business of supplies after 6 months of obtaining the ruling	(d) If a Supreme Court judgement is pronounced on the same issue and the judgement is exactly the opposite of the clarification issued under the ruling.

Answer - a

7. The Advance Ruling pronounced by the Appellate Authority shall be binding on

a) All the adjudicating authorities and appellate authorities on similar cases.	b) All similarly placed applicants
c) The applicant and his adjudicating authority	d) all of the above

Answer - c

8. The Advance Ruling Authority shall comprise of

(a) One member from amongst the officers of Indian customs and central excise service	(b) One law member from the Indian legal service
(c) (a) & (b)	(d) None of the above

Answer - c

9. Who has the power to make rules to provide for qualifications, appointment, term and other terms and conditions of chairman, vice chairman or member of authority as per section 184 of the FA 2017

a) CBDT	b) Central Govt
c) CBIC	d) None of the above

Answer - b

10. What will be the time period applicable for Advance ruling?

(a) The FY covered under advance ruling	(b) 3 Years from the date of advance ruling
(c) Till the date when the law, facts or circumstances changes	(d) 5 Years from the date of advance ruling

Answer - c

11. Where shall be the advance ruling authority be located?

(a) The authority shall be located in each state/ UT	(b) In jurisdiction of adjudicating authority
(c) In jurisdiction of applicant	(d) NCT of Delhi

Answer - d

12. From which of the following days , application for advance ruling can be withdrawn?

(a) 30 days from the date of application	(b) 30 days from the date of receipt of application by authority
(c) 60 days from the date of application	(d) 60 days from the date of receipt of application by the authority

Answer - a

13. Advance ruling which has been obtained by applicant by fraud or misrepresentation of facts is

(a) Valid	(b) Void -ab -initio
(c) Void	(d) None of the above

Answer - b

14. On which of the following persons the pronouncement of advance ruling shall not apply?

(a) Applicant who had sought it	(b) On Principal commissioner or commissioner having jurisdiction over applicant
(c) ITA subordinate to PC /C having jurisdiction over applicant	(d) Relative of the applicant

Answer – d

15. Within how many days the authority shall pronounce advance ruling ?

(a) 30 days from the date of receipt of application by the authority	(b) 60 days from the date of receipt of application by the authority
(c) 3 months from the date of receipt of application by the authority	(d) 6 months from the date of receipt of application by the authority

Answer – d

16. Up to what circumstances advance ruling obtained by the applicant shall be valid :

(a) When there is no change in either law or facts on the basis of which advance ruling is pronounced	(b) When there is change in either law or facts on the basis of which advance ruling is pronounced
(c) When the advance ruling obtained the applicant is by fraud or misrepresentation of facts	(d) None of the above

Answer – a

17. Which of the following are the powers of Authority for advance ruling?

(a) Discovery and inspection	(b) Compelling the production of books of accounts
(c) Issuing commissions	(d) All the of the above

Answer – d

18. Which of the following applicants cannot seek advance ruling from Authority for advance ruling?

(a) A resident in relation to his tax liability arising out of transactions valuing 100 crore or more in total which has been undertaken or proposed to be undertaken	(b) Residents as notified by the central government
(c) A resident in relation to his tax liability arising out of transactions valuing less than 100 crore which has been undertaken or proposed to be undertaken	(d) Non residents in relation to a transaction which has been undertaken or is proposed to be undertaken

Answer – c

19. Mr. X, a notified resident made an application to the authority for the advance ruling on 09.01.2018 in relation to a transaction proposed to be undertaken by him . He want to withdraw his application . By which of the following date he can withdraw his application?

(a) 08.02.2018	(b) 09.03.2018
(c) 09.04.2018	(d) 10.02.2018

Answer – a

20. Application for advance ruling shall be made by applicant in :

(a) Single copy	(b) Duplicate
(c) Triplicate	(d) Quadruplicate

Answer – d

21. Authority of Advance Ruling constituted by?

(a) Central government	(b) State government
(c) Local authority	(d) Central Government and state government

Answer - a

22. Qualifications for appointment of Vice chairman of AAR?

(a) Judge of high court	(b) Judge of Supreme Court
(c) Additional security of Government of India	(d) Members of the Central Board of Excise and Customs

Answer - a

23. Qualifications for appointment of a law member from the Indian legal service in AAR?

(a) Judge of high court	(b) Judge of Supreme Court
(c) Additional security of Government of India	(d) Members of the CBIC

Answer - c

24. Age criteria of chairman in Advance Ruling?

(a) 67	(b) 65
(c) 60	(d) 70

Answer - d

25. Age criteria of members in Advance Ruling?

(a) 67	(b) 65
(c) 60	(d) 75

Answer - a

26. Age criteria of vice chairman in Advance Ruling?

(a) 65	(b) 67
(c) 60	(d) 75

Answer - b

27. The chairman, vice chairman or the members of the authority shall hold office for such terms as specified in the rules made by the central government but not exceeding _____ years from the date on which enters upon the office?

(a) 7	(b) 10
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(c) 12	(d) 5
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Answer - d

28. Chairman of Authority for Advance Ruling who has been a judge of Supreme Court or Chief Justice of High Court or for at least _____ year judge of high court?

(a) 7	(b) 10
(c) 12	(d) 5

Answer - a

29. Which is governed under Section 245-O?

(a) Authority for advance ruling	(b) Qualification, terms and conditions of service of chairman, Vice Chairman and members
(c) Application for advance ruling	(d) Procedure on receipt of application

Answer - a

30. Which is governed under Section 245-OA?

(a) Authority for advance ruling	(b) Qualification, terms and conditions of service of chairman, Vice Chairman and members
(c) Application for advance ruling	(d) Procedure on receipt of application

Answer - b

31. Section 245N(a)(ia) states that in relation to the tax liability of a resident applicant, arising out of a transaction which has been undertaken or is proposed to be undertaken by such applicant and such determination shall include:-

(a) Determination or decision of any question of law or fact in relation to such computation of total income specified in the application	(b) Determination of any question of law or of fact specified in the application.
(c) Both (a) and (b)	(d) None of the above

Answer:- B

32. Who shall be regarded as an applicant for the purpose of Section 245N(b)(A)?

(a) A resident in relation to his tax liability arising out of one or more transactions valuing Rs 50 crores or more in total.	(b) A resident in relation to his tax liability arising out of one or more transactions valuing Rs 200 crores or more in total.
(c) A resident in relation to his tax liability arising out of one or more transactions valuing Rs 100 crores or more in total.	(d) A resident in relation to his tax liability arising out of one or more transactions valuing Rs 250 crores or more in total

Answer:- C

33. Section 245RR imposes which of the following restrictions on Appellate Authority?

a) A resident assessee can make appeal or revision before the Income Tax authority as well as an application for Advance	b) He can make an appeal but can not make an application
--	--

Ruling in respect of an issue.	for Advance ruling
c) Either he can make an appeal or revision before the Income Tax Authority or an application for Advance Ruling	d) Cannot say

Answer:- C

34. What is the composition of Authority for Advance Rulings?

(a) President, Vice-President and other members.	(b) Chairman, such No. of Vice-Chairmen, revenue members and law members as the CG, may by notification, appoint.
(c) Chairman, Vice Chairman and representatives of each of the states.	(d) Chairman, Vice Chairman and representatives of Govt. from each House of Parliament

Answer:- B

35. Safe harbour means circumstances in which the income tax authorities shall accept the transfer price declared by the assessee

a) True	b) False

Answer- A

36. As per Rule 10THA eligible assessee means a person who has exercised a valid option for application of safe harbour Rules in accordance with the provisions of Rule 10THC, and

a) is a govt company engaged in the business of generation, supply, transmission or distribution of electricity	b) is a co-operative society engaged in procuring and marketing milk and milk products
c) Either A or B	d) none of the above

Answer- C

37. As per Rule 10THB a specified domestic transaction undertaken by an eligible assessee and which comprises of:

a) supply of electricity	b) transmission of electricity
c) wheeling of electricity	d) All of the above

Answer- D

38. As per Rule 10THD the assessee has to furnish Form 3CEFB, complete in all respects, to the Assessing Officer on or before the due date for furnishing the return of income for the relevant assessment year:

a) True	b) False

Answer- A

39. The Assessing Officer shall, by order in writing, declare the option exercised by the assessee as invalid and cause a copy of the order to be served on the assessee if:

a) the assessee does not furnish the information or documents or other evidence required by the Assessing Officer	b) the Assessing Officer finds that the assessee is not an eligible assessee
c) the tariff is not in accordance with the circumstances specified in Rule 10THC	d) All of the above

Answer- D

40. The Assessing Officer shall pass the order declaring the option exercised by the assessee as invalid within a period of _____ months from the end of the month in which Form 3CEFB is received by him.:

a) 2	b) 3
c) 5	d) 7

Answer- C

41. As per safe harbor rules in case of Provision of software development services The operating profit margin declared by the eligible assessee from the eligible international transaction in relation to operating expense incurred is not less than _____% where the value of international transaction entered does not exceed a sum of Rs 100 crore, then such shall service shall be eligible business.

a) 16	b) 17
c) 18	d) 19

Answer- B

42. As per safe harbor rules in case of Provision of software development services The operating profit margin declared by the eligible assessee from the eligible international transaction in relation to operating expense incurred is not less than _____% where the value of international transaction entered exceed a sum of Rs 100 crore, but does not exceed Rs 200Crore then such shall service shall be eligible business.

a) 16	b) 17
c) 18	d) 19

Answer- C

43. As per safe harbor rules in case of Provision of information technology enabled services The operating profit margin declared by the eligible assessee from the eligible international transaction in relation to operating expense incurred is not less than _____% where the value of international transaction entered exceed a sum of Rs 100 crore, but does not exceed Rs 200Crore then such shall service shall be eligible business.

a) 16	b) 17
c) 18	d) 19

Answer- C

44. As per safe harbor rules in case of Provision of of information technology enabled services The operating profit margin declared by the eligible assessee from the eligible international transaction in relation to operating expense incurred is not less than _____% where the value of international transaction entered does not exceed a sum of Rs 100 crore, then such shall service shall be eligible business.

a) 16	b) 17
c) 18	d) 19

Answer- B

45. As per safe harbor rules in case of Provision of knowledge process outsourcing services the value of international transaction does not exceed Rs 200Crore and the operating profit margin declared by the eligible assessee from the eligible international transaction in relation to operating expense incurred is not less than _____% where the employee cost in relation to operating expense is atleast 60%

a) 21	b) 24
c) 18	d) 20

Answer- B

46. As per safe harbor rules in case of Provision of knowledge process outsourcing services the value of international transaction does not exceed Rs 200Crore and the operating profit margin declared by the eligible assessee from the eligible international transaction in relation to operating expense incurred is not less than _____% where the employee cost in relation to operating expense is 40% or more but less than 60%

a) 21	b) 24
c) 18	d) 20

Answer- A

47. As per safe harbor rules in case of Provision of knowledge process outsourcing services the value of international transaction does not exceed Rs 200Crore and the operating profit margin declared by the eligible assessee from the eligible international transaction in relation to operating expense incurred is not less than _____% where the employee cost in relation to operating expense does not exceed 40%

a) 21	b) 24
c) 18	d) 20

Answer- C

48. As per safe harbor rules in case of Provision of contract R&D services wholly or partly relating to software development The operating profit margin declared by eligible international transaction in relation to operating expense incurred is not less than _____% where the value of international transaction entered does not exceed a sum of Rs 200 crore, then such shall service shall be eligible business.

a) 21	b) 24
c) 18	d) 20

Answer- B

49. As per safe harbor rules in case of Provision of contract R&D services wholly or partly relating to generic pharmaceutical drugs the operating profit margin declared by eligible international transaction in relation to operating expense incurred is not less than _____% where the value of international transaction entered does not exceed a sum of Rs 200 crore, then such shall service shall be eligible business.

a) 21	b) 24
c) 18	d) 20

Answer- B

50. As per safe harbor rules in case of manufacture and export of core auto components the operating profit margin declared by eligible international transaction in relation to operating expense incurred is not less than _____% , then such shall service shall be eligible business.

a) 12	b) 24
c) 18	d) 20

Answer- A

51. As per safe harbor rules in case of manufacture and export of non-core auto components the operating profit margin declared by eligible international transaction in relation to operating expense incurred is not less than _____% , then such shall service shall be eligible business.

a) 12	b) 24
c) 8.5	d) 20

Answer- C

52. As per safe harbor rules the operating expense does not include _____

a) interest expense	b) provision for unascertained liabilities
c) pre-operating expenses	d) All the above

Answer- D

53. As per safe harbor rules the operating expense does not include _____

a) extraordinary expenses	b) loss on transfer of assets or investments
c) expense on account of income-tax	d) All the above

Answer- D

54. As per safe harbor rules the operating revenue does not include _____

a) interest income	b) income arising on account of foreign currency fluctuations
c) income on transfer of assets or investments	d) All the above

Answer- D

55. As per safe harbor rules the operating revenue does not include _____

a) refunds relating to income-tax	b) provisions written back
c) extraordinary incomes	d) All the above

Answer- D

56. For exercising the option of safe harbor, the assessee has to furnish Form 3CEFA, complete in all respects, to the Assessing Officer on or before the due date.

a) True	b) False
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Answer- A

57. The Assessing Officer shall make a reference to the Transfer Pricing Officer for determination of the eligibility of the assessee or the international transaction or both for the purposes of the safe harbor, where he has doubts the valid exercise of the option for the safe harbour by an assessee.

a) True	b) False

Answer- A

58. No reference shall be made to the Transfer Pricing Officer by the Assessing Officer after the expiry of _____ months from the end of the month in which Form 3CEFA is received by him.

a) 5	b) 2
c) 3	d) 6

Answer- B

59. If the assessee objects to the order of the Transfer Pricing Officer declaring the option to be invalid, he may file his objections with the Commissioner to whom the Transfer Pricing Officer is subordinate, within _____ days of receipt of the order of the Transfer Pricing Officer.

a) 7	b) 15
c) 30	d) 45

Answer- B

60. Safe harbor rules shall not be applicable in respect of eligible international transaction entered into with an associated enterprise located in any country or territory notified under section 94A as notified jurisdictional area or in a no tax or low tax country or territory

a) True	b) False

Answer- A

61. Section _____ enables the Board (with the approval of the Central Government), to enter into an APA with any person undertaking an international transaction

a) 92CA	b) 92CB
c) 92CC	d) None of the above

Answer- C

62. The APA shall be entered into for the purpose of determination of the arm's length price or specifying the manner in which arm's length price shall be determined, in relation to such international transaction.

a) True	b) False

Answer- A

63. The APA shall be valid for such period as specified in the agreement, which shall in no case exceed _____ consecutive previous years.

a) 3	b) 5
c) 7	d) 10

Answer- B

64. The APA so entered into shall be binding on.

a) the person in whose case, and in respect of the transaction in relation to which, the APA has been entered into	b) the Principal Commissioner or Commissioner and the income-tax authorities subordinate to him, in respect of the said person and the said transaction
c) Both A&B	d) None of the above

Answer- C

65. The APA shall not be binding if there is any change in law or facts having bearing on such APA.

a) True	b) False

Answer- A

66. As a result of declaration of an APA as void ab initio all the provisions of the Act shall apply to such person as if such APA had never been entered into.

a) True	b) False

Answer- A

67. As per Rule 10H the pre-filing consultation shall, among other things shall include.

a) determine the scope of the agreement	b) identify transfer pricing issues
c) determine the suitability of international transaction for the agreement	d) All of the above

Answer- D

68. As per Rule 10H the pre-filing consultation shall not bind the Board or the person to enter into an agreement or initiate the agreement process.

a) True	b) False

Answer- A

69. As per Rule 10H the pre-filing consultation shall not be deemed to mean that the person has applied for entering into an agreement.

a) True	b) False

Answer- A

70. The agreement shall be entered into by the Board with the applicant after its approval by the _____.

a) CBDT	b) ITAT
c) Central Government	d) Supreme court

Answer- C

71. The assessee shall furnish an annual compliance report in quadruplicate in the prescribed form to Director General of Income-tax (International Taxation) for each year covered in the agreement, within _____ days of the due date of filing income-tax return for that year, or within _____ days of entering into an agreement, whichever is later as per APA rules.

a) 30/60	b) 30/90
c) 15/30	d) 7/15

Answer- B

72. The compliance audit report shall be furnished by the Transfer Pricing Officer within _____ months from the end of the month in which the Annual Compliance Report is received by the Transfer Pricing Officer.

a) 3	b) 6
c) 9	d) 10

Answer- B

73. An agreement, after being entered, may be revised by the Board _____ or the competent authority in India or the Director General of Income-tax (International Taxation).

a) suo moto	b) Assessee
c) Either A or B	d) None of the above

Answer- C

74. An agreement shall be cancelled by the Board for any of the _____ reasons.

a) the compliance audit has resulted in the finding of failure on the part of the assessee to comply with the terms of the agreement	b) the assessee has failed to file the annual compliance report in time
c) the annual compliance report furnished by the assessee contains material errors;	d) All of the above

Answer- D

75. The negotiation between the competent authority in India and the competent authority in the other country or countries, in case of bilateral or multilateral agreement, shall be carried out in accordance with the provisions of the tax treaty between India and the other country or countries.

a) True	b) False

Answer- A

76. Rollback year is defined as any previous year falling within the period not exceeding _____ PY preceding the first of the five consecutive previous years referred to in section 92CC(4).

a) 3	b) 4
c) 9	d) 10

Answer- B

77. The conditions to be satisfied for rollback agreement shall include the following namely..

a) the international transaction is same as the international transaction to which the agreement other than the rollback provision) applies	b) the return of income for the relevant rollback year has been or is furnished by the applicant before the due date
c) the report in respect of the international transaction had been furnished in accordance with section 92E	d) All the above

Answer- D

78. The conditions to be satisfied for rollback agreement shall include the following namely..

a) the applicability of rollback provision, in respect of an international transaction, has been requested by the applicant for all the rollback years in which the said international transaction has been undertaken by the applicant	b) the applicant has made an application seeking rollback in Form 3CEDA in accordance with sub-rule (5)
c) the report in respect of the international transaction had been furnished in accordance with section 92E	d) All the above

Answer- D

79. The applicant may furnish along with the application for advance pricing agreement, the request for rollback provision in Form No. 3CEDA with proof of payment of an additional fee of Rs _____.

a) 2,50,000	b) 5,00,000
c) 7,00,000	d) 10,00,000

Answer- B

80. The applicant shall furnish modified return of income referred to in section 92CD in respect of a rollback year to which the agreement applies along with the proof of payment of any additional tax arising as a consequence of and computed in accordance with the rollback provision.

a) True	b) False

Answer- A

81. If the covered international transaction(s) did not exist in a rollback year or there is some disqualification in a rollback year, then the applicant can apply for rollback for less than four years.

a) True	b) False

Answer- A

82. Rule 10MA(1) provides that the agreement may provide for determining ALP or manner of determination of ALP. However, Rule 10MA(4) only specifies that the manner of determination of ALP should be the same as in the APA term. Does that mean the ALP could be different?.

a) Yes	b) No

Answer- A

83. Whether applicant has an option to withdraw its rollback application?

a) Yes	b) No

Answer- A

84. In case a person has entered into an APA and prior to the date of entering into such APA, he has furnished the return of income under the provisions of section 139 in respect of any assessment year relevant to a previous year to which the APA applies, then, such person shall, within a period of _____ months from the end of the month in which the said agreement was entered into, furnish a modified return, notwithstanding any contrary provision contained in section 139.

a) 3	b) 4
c) 9	d) 10

Answer- A

85. The assessment or reassessment proceedings for an assessment year shall be deemed to have been completed where.

a) an assessment or reassessment order has been passed	b) no notice has been issued under section 143(2) till the expiry of the limitation period provided under the said section
c) Either A or B	d) Both A&B

Answer- C

Chapter 20 : New Syllabus Topics

1. OECD Model is essentially a model treaty between _____ developed nations

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

Answer- B

2. OECD Mode advocates _____ principle

a) residence	b) non-residence
c) citizenship	d) None of the above

Answer- A

3. The _____ Model is a compromise between the source principle and the residence principle

a) OECD	b) UN
c) US	

Answer- B

4. The United Nations Model Convention are based on a recognition by the source country that

a) taxation of income from foreign capital should take into account expenses allocable to the earnings of the income so that such income is taxed on a net basis	b) taxation should not be so high as to discourage investment
c) it should take into account the appropriateness of the sharing of revenue with the country providing the capital	d) All the above

Answer- D

5. The _____ Model Convention is used by the United States while entering into tax treaties with various countries

a) OECD	b) UN
c) US	

Answer- C

6. The Title and Preamble to the OECD Model Convention is almost identical to that of the _____ Model Convention

a) UN	b) US

Answer- A

7. In OECD convention model the jurisdiction or country of residence of the taxpayer is referred to as the _____.

a) Residence State	b) Source State

Answer- A

8. The OECD and UN Model Convention would apply to persons who are residents of one or both of the Contracting States

a) True	b) False

Answer- A

9. The concept of 'resident of a Contracting State' has various functions and assumes significance in which of the following scenarios?

a) In determining a convention's scope of application	b) In solving cases where double taxation arises as a consequence of double residence
c) In solving cases where double taxation arises as a consequence of taxation in the state of residence and also in the state of source of income	d) All the above

Answer- D

10. An individual shall be deemed to be a resident only of the State in which he has a permanent home available to him; if he has a permanent home available to him in both States, he shall be deemed to be a resident only of the State with which his personal and economic relations are closer

a) True	b) False

Answer- A

11. If an individual has an habitual abode in both States or in neither of them, he shall be deemed to be a resident only of the State of which he is a national

a) True	b) False
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Answer- A

12. If an individual is a national of both States or of neither of them, the competent authorities of the Contracting States shall settle the question by mutual agreement

a) True	b) False

Answer- A

13. The situation of dual residence may arise in case of companies in case where one Contracting State attaches importance to the place of incorporation and the other State to the place of effective management

a) True	b) False

Answer- A

14. The tie-breaker rule for dual residence is for person other than individual _____

a) POEM	b) Tax Residence certificate
c) Place of incorporation	d) Any one of the above

Answer- A

15. The concept of "business connection" is wider than Permanent establishment

a) True	b) False
c) Partly true	

Answer- A

16. As per Article 5(3)(a) of the OECD Model Convention, a building site or construction or installation project constitutes a PE if it lasts more than twelve months. The UN Model Convention is wider as it covers "assembly and installation project" and "supervisory" activities in connection thereto and requires the activity in question to continue only for _____ months

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

Answer- B

17. PE exists if which of the following conditions are satisfied cumulatively?

a) There is an "enterprise"	b) Such enterprise is carrying on a "business";
c) There is a "place of business"	d) All the above

Answer- D

18. PE exists if which of the following conditions are satisfied cumulatively?

a) There is a "place of business"	b) Such place of business is at the disposal of the enterprise ";
c) The place of business is "fixed", that is, it must be established at a distinct place with a certain degree of permanence	d) All the above

Answer- D

19. The term PE includes:

a) a branch	b) an office
c) a factory	d) All the above

Answer- D

20. The term PE includes:

a) a branch	b) a workshop
c) a mine, an oil or gas well, a quarry or any other place of extraction of natural resources	d) All the above

Answer- D

21. Agency PE under OECD and UN Models targets activities done by a dependent agent of the enterprise in the Source State

a) True	b) False
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Answer- A

22. Business profits of an enterprise can only be taxed by the Residence State

a) True	b) False
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Answer- A

23. As per Article 7 of the UN Model Convention, if the enterprise carries on business in the other Contracting State through a PE, the profits of the enterprise may be taxed in the other State but only so much of them as is attributable to:

a) that PE	b) sales in that other State of goods or merchandise of the same or similar kind as those sold through that PE
c) other business activities carried on in that other State of the same or similar kind as those effected through that PE	d) All the above

Answer- D

24. The OECD Model specifies the tax percentage as _____% for interest income

a) 5	b) 6
c) 10	d) 9

Answer- C

25. Penalty charges for late payment are not regarded as interest for the purpose of this Article

a) True	b) False

Answer- A

26. FTS is defined as payments for managerial, technical or consultancy services but excludes payment to an employee, payment for teaching in an educational institution or for teaching by an educational institution, payments by an individual for services for personal use

a) True	b) False

Answer- A

27. The right to tax income from capital gains may be exclusively with the Residence State, or shared between the Residence and Source States

a) True	b) False

Answer- A

28. Rights are conferred to the Source State if more than _____percent of the value of shares during the preceding 365 days is derived from immovable property in such Source State

a) 10	b) 25
c) 50	d) 75

Answer- C

29. Income derived by a resident of a Contracting State in respect of professional services or other activities of an independent character shall be taxable only in that State except in the following circumstances, when such income may also be taxed in the other Contracting State

a) If he has a fixed base regularly available to him in the other Contracting State for the purpose of performing his activities; in that case, only so much of the income as is attributable to	b) If his stay in the other Contracting State is for a period or periods amounting to or exceeding in the aggregate 183 days in any twelve-month period commencing or ending in the fiscal year
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that fixed base may be taxed in that other Contracting State	concerned; in that case, only so much of the income as is derived from his activities performed in that other State may be taxed in that other State
c) Either A or B	d) None of the above

Answer- C

30. For elimination of double taxation OECD and UN model specify _____ approaches

a) 1	b) 2
c) 3	d) 5

Answer- B

31. Under the _____ method, tax exemption may be available in the Residence State

a) exemption	b) credit

Answer- A

32. Under the _____ method, tax credit may be available in the Residence State for taxes deducted in the Source State

a) exemption	b) credit

Answer- b

33. Article 25B(5) of the UN Model provides that an arbitration may be initiated if the competent authorities are unable to reach an agreement on a case within _____ years from the presentation of that case

a) 3	b) 1
c) 6	d) 5

Answer- A

34. Article 25B(5) of the UN Model allows the competent authorities to depart from the arbitration decision if they agree to do so within six months after the decision has been communicated to them.

a) 5	b) 6
c) 7	d) 8

Answer- B

35. The purpose of Article 26 is to facilitate effective exchange of information between Contracting States.

a) True	b) False

Answer- A

36. The taxability of a foreign entity in any country depends upon _____ distinct factors

e) 1	f) 2
g) 3	h) 4

Answer- B

37. If a company is doing business with another country (i.e. host/source country), then it would be subject to tax in its home country alone, based on its _____ link

a) residence	b) source

Answer- A

38. If company is doing business in a host/source country, then, besides being taxed in the home country on the basis of its residence link, it will also be taxed in the host country on the basis of its _____ link

a) residence	b) source

Answer- B

39. When source rules overlap, double taxation may arise i.e. tax is imposed by two or more countries as per their domestic laws in respect of the same transaction, income arises or is deemed to arise in their respective jurisdictions which is known as "jurisdictional double taxation.

a) True	b) False

Answer- A

40. Economic double taxation' happens when the same transaction, item of income or capital is taxed in two or more states but in hands of different person.

a) True	b) False
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Answer- A

41. _____ represents various compromises agreed upon by the respective Contracting States depending upon the economic expediency of a particular country

a) Economic double taxation'	b) Treaty
c) Double Taxation Agreement	d) Residence agreement

Answer- B

42. There are _____ types of DTAA available

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

Answer- A

43. _____ are those which are limited to certain types of incomes only. e.g., DTAA between India and Pakistan is limited to shipping and aircraft profits only

a) Limited DTAAs	b) Comprehensive DTAAs
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Answer- A

44. _____ are those which cover almost all types of incomes covered by any model convention. Many a time, a treaty also covers wealth tax, gift tax, surtax, etc

a) Limited DTAAs	b) Comprehensive DTAAs

Answer- B

45. _____ provides that business decision must not be affected by tax factors between the country of residence and the target country

a) Capital export neutrality (CEN)	b) Capital import neutrality (CIN)

Answer- A

46. _____ provides that the level of tax imposed on non-residents as well as the residents must be similar

a) Capital export neutrality (CEN)	b) Capital import neutrality (CIN)

Answer- B

47. Words and phrases are in the first instance to be construed according to their plain and natural meaning

a) True	b) False

Answer- A

48. If the grammatical interpretation would result in an absurdity, or in marked inconsistency with other portions of the treaty, or would clearly go beyond the intention of the parties, it should not be adopted?

a) True	b) False

Answer- A

49. In _____ approach the treaty is to be interpreted so as to facilitate the attainment of the aims and objectives of the treaty

a) Objective interpretation	b) Subjective interpretation
c) Purposive interpretation	d) The principle of effectiveness

Answer- C

50. According to _____ principle, a treaty should be interpreted in a manner to have effect rather than make it void

a) Objective interpretation	b) Subjective interpretation
c) Purposive interpretation	d) The principle of effectiveness

Answer- D

51. treaty should be construed as a whole and effect should be given to each word which would be construed in the same manner wherever it occurs

a) True	b) False

Answer- A

52. Protocol is like a supplement to the treaty.

a) True	b) False

Answer- A

53. According to _____ principle, a treaty should be interpreted in a manner to have effect rather than make it void

a) Objective interpretation	b) Subjective interpretation
c) Mutual agreement procedure	d) The principle of effectiveness

Answer- d

54. _____ Commentary is authentic and revised from time to time

a) OECD	b) UN
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Answer- A

55. _____ commentary was published in 1980 and has been revised from time to time

a) OECD	b) UN
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Answer- B

56. _____ approach cannot be applied when there is a radical amendment in the domestic law thereby changing the sum and substance of the term

a) ambulatory	b) static

Answer- A

57. The Vienna Convention on Law of Treaties provides the basic rules of interpretation of any international agreement (including a tax treaty)

a) True	b) False

Answer- A

58. Every treaty in force is binding upon the parties and must be followed by them in good faith is given under article heading _____

a) Pacta Sunt Servanda	b) Non-retroactivity of treaties
c) Territorial scope of treaties	d) General rule of interpretation

Answer- A

59. When a treaty has been authenticated in two or more languages, the text is equally authoritative in each language, unless the treaty provides or the parties agree that, in case of divergence, a particular text shall prevail

a) True	b) False

Answer- A

60. A treaty does not create either obligations or rights for a third State without its consent

a) True	b) False
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Answer- A

61. _____refers to tax planning strategies that exploit gaps and mismatches in tax rules to make profits 'disappear' for tax purposes or to shift profits to locations where there is little or no real activity but the taxes are low, resulting in little or no overall corporate tax being paid

i) Base Erosion and Profit Shifting (BEPS)	j) Base Evasion and Profit Shifting (BEPS)
k) Diluted Erosion and Profit Shifting (DEPS)	l) Diluted Evasion and Profit Shifting (DEPS)

Answer- a

62. When tax laws permit businesses to reduce their tax burden by shifting their income away from jurisdictions where income producing activities are conducted, other taxpayers, especially individual taxpayers in that jurisdiction bear a greater share of the burden

a) True	b) False

Answer- A

63. The BEPS Action Plans were structured around _____ fundamental pillars

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

Answer- B

64. The action pillars of BEPS shall include:

1a) Reinforcing of 'substance' requirements in existing international standards	b) Alignment of taxation with location of value creation and economic activity
c) Improving transparency and tax certainty	d) All the above

Answer- D

65. The typical taxation issues relating to e-commerce are

a) the difficulty in characterizing the nature of payment and establishing a nexus or link between a taxable transaction, activity and a taxing jurisdiction	b) the difficulty of locating the transaction, activity and identifying the taxpayer for income tax purposes
c) Both A&B	d) None of the above

Answer- C

66. "Equalisation Levy", provides for an equalisation levy of _____% of the amount of consideration for specified services received or receivable by a non-resident not having permanent establishment in India, from a resident in India who carries out business or profession, or from a non-resident having permanent establishment in India

a) 5	b) 6
c) 7	d) 8

Answer- B

67. As per equalization levy specified services shall include:

a) Online advertisement	b) Any provision for digital advertising space or any other facility or service for the purpose of online advertisement
c) Newspaper advertisement	d) Both A&B

Answer- D