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Chapter I

Basic Concepts

1. Income-Tax Act extends to –
 - (a) whole of India
 - (b) whole of India except Jammu & Kashmir
 - (c) whole of India except Sikkim
 - (d) option(a)except Jammu & Kashmir and Sikkim
2. Finance Bill becomes Finance Act when it is passed by –
 - (a) the Lok Sabha
 - (b) both Lok Sabha and Rajya Sabha
 - (c) both Houses of Parliament and given the assent of the President
 - (d) Rajya Sabha
3. A person follows calendar year for accounting. For taxation, he has to follow –
 - (a) Calendar year only 1st January to 31st December
 - (b) Financial year only 1st April to 31st March
 - (c) Any of the Calendar or Financial year as per his choice
 - (d) He will follow extended year from 1st January to next 31st March (a period of 15 months)
4. Assessee is always a person but a person may or may not be an assessee.
 - (a) True
 - (b) False
5. A Person may not have assessable income but may still be assessee.
 - (a) True
 - (b) False
6. Which one of the following is not treated as Deemed Assessee
 - (a) Legal representative of deceased person
 - (b) Agent of a Non-resident
 - (c) Trustee of a Trust
 - (d) None of the above
7. Person u/s 2(31) does not include
 - (a) Minor
 - (b) Local Authority
 - (c) Unsound Person
 - (d) None of the above
8. In some cases Assessment Year and Previous Year can be the same financial year.
 - (a) True
 - (b) False
9. Which of the following are Revenue Receipts?
 - (a) Bonus Shares received by a dealer of shares
 - (b) Money received by a tyre manufacturing Company for sale of technical know-how regarding manufacturing of tyres
 - (c) Premium on issue of new shares
 - (d) All of the above
10. Which of the following are Revenue Receipts?
 - (a) Interest from investments
 - (b) A claim of ₹ 1,50,000 received from Insurance Company for loss of profits
 - (c) Annuity received from former employer
 - (d) All of the above
11. Which of the following is a Capital Receipt?
 - (a) Perquisites received by a professional during the course of carrying on profession
 - (b) Compensation received in respect of permanent disablement due to an accident
 - (c) Compensation received in respect of temporary disablement due to an accident
 - (d) All of the above
12. Which of the following is not a Capital Expenditure?
 - (a) Expenditure incurred in connection with the acquisition or installation of a Fixed Asset
 - (b) Expenditure incurred in raising capital
 - (c) Expenditure incurred for improving the profit earning capacity of an asset
 - (d) Expenditure incurred for repairing an asset
13. Which of the following is a Revenue Expenditure?
 - (a) Lumpsum payment made by a employer as a gratuity to the employee
 - (b) Legal expenses incurred by a person in defending or maintaining his right or title to the property used for business
 - (c) Expenditure incurred for the purchase of goods for resale
 - (d) All of the above

14. Which of the following is a Revenue Expenditure?
- Assessee took over the business of another & paid bonus to staff of that business in respect of period before takeover
 - Fee paid for increasing the Authorized Capital of the Company
 - Advance paid for purchase of an asset, later on forfeited as the assessee did not wish to purchase that asset.
 - Advance paid for purchase of goods for resale, later on forfeited as the assessee did not wish to purchase those goods.
15. Which of the following is a Capital receipt?
- Compensation received for loss of profit
 - Profit from sale of trading asset
 - Compensation received for surrendering rights of ownership
 - Amount received by outgoing partner
16. Which of the following is a revenue receipt?
- Receipt towards substitution of Income
 - Amount received towards fixed capital
 - Receipt towards substitution of source of Income
 - Liquidated damages
17. Which of the following is not a capital receipt?
- Insurance claim received on truck destroyed by accident
 - Lumpsum received on shares
 - Trading goods sold
 - Settlement amount received on termination of contract
18. Compensation for cancellation of a licence by the Government resulting in cessation of business is
- Business receipt
 - Capital receipt
 - Revenue receipt
 - None of the above
19. Receipt of amount on maturity of LIC policy is
- Capital Receipt
 - Caual Receipts
 - Revenue receipt
 - None of the above
20. Part I of Schedule I of the Finance Act, 2023 gives rates of income tax for the assessment year –
- 2022–23
 - 2023–24
 - 2021–22
 - 2024–25
21. Part II of Schedule I of the Finance Act, 2023 gives the rates of TDS for the financial year –
- 2023–24
 - 2022–23
 - 2021–22
 - 2024–25
22. Part III of Schedule I of the Finance Act, 2023 gives the rates of Advance Tax & tax to be deducted in case of Salary for the assessment year –
- 2024–25
 - 2022–23
 - 2023–24
23. The Circulars issued by CBDT are binding on –
- Appellate Tribunal
 - Income–Tax Authorities
 - Both the above
 - Assessee and Court
24. Chennai Corporation falls under the category –
- Artificial Juridical Person
 - Local Authority
 - Association of Persons
 - None of the above
25. AOP should consist of –
- Individual only
 - Persons other than individual only
 - Both the above
 - Any Person
26. Body of Individuals (BOI) should consist of –
- Individual only
 - Persons other than individual only.
 - Both the above
 - Any Person
27. A new business was set up on 15.10.2023 and it commenced its business from 1.12.2023. The first previous year in this case shall be –
- 15.10.2023 to 31.3.2024
 - 1.12.2023 to 31.3.2024
 - 2023–2024
 - 2024–2025

28. Mr. A set up his new business on 01.06.2023 after completing his higher studies in Management in April 2023. Determine the relevant Previous year for Mr. A for the purpose of computing his business income.
- 01.04.2023 to 31.03.2024
 - 01.05.2023 to 31.03.2024
 - 01.06.2023 to 31.03.2024
 - 01.04.2024 to 31.03.2025
29. In continuation of the above facts given in Q.28, determine the relevant AY for Mr. A.
- 01.04.2023 to 31.03.2024
 - 01.06.2023 to 31.03.2024
 - 01.04.2024 to 31.03.2025
 - 01.06.2024 to 31.03.2025
30. A person leaves India permanently on 15.11.2023. The income earned till 15.11.2023 in this case shall be assessed u/s 174 during –
- 2024–25
 - 2022–23
 - 2023–24
 - None of the above
31. Charging of Income of the Previous year in the same year is not mandatory for
- Shipping business of Non-resident
 - Persons leaving India
 - Association formed for a particular event
 - Discontinuation of business
32. Surcharge on Income Tax is payable by –
- Foreign Company
 - Individual and HUF
 - A Domestic Company
 - All of the above
33. The maximum amount on which Income–Tax is not chargeable in case of HUF is –
- ₹ 2,50,000
 - ₹ 5,00,000
 - ₹ 3,00,000
 - ₹ 2,00,000
34. The maximum amount on which Income–Tax is not chargeable in case of Firm is –
- ₹2,50,000
 - ₹ 5,00,000
 - ₹ 90,000
 - Nil
35. The maximum amount on which Income–Tax is not chargeable in case of a Co–Operative Society is –
- ₹ 2,50,000
 - ₹ 3,00,000
 - Nil
 - ₹ 10,000
36. A Local Authority is taxable at flat rate of Income–Tax.
- True
 - False
37. A Co–Operative Society is taxable at flat rate of 30% on Total Income.
- True
 - False
38. Health and Education Cess is not leviable in case of –
- An Individual and HUF
 - Indian Company
 - Foreign Company
 - None of the above
39. Health and Education Cess is leviable on –
- Income–Tax
 - Income–Tax + Surcharge
 - Surcharge
 - None of the above
40. Health and Education Cess is leviable at –
- 4%
 - 5%
 - 3%
 - 1%
41. In case of an Individual and HUF, Health and Education Cess is leviable only when the Total Income of such assessee –
- Exceeds ₹ 5,00,000
 - Exceeds ₹ 2,50,000
 - Exceeds ₹ 10,00,000
 - No income limit
42. For AY 2024–25, a Firm is subject to IT at a rate of –
- 30% + HEC 4%
 - 30% + 12% Surcharge (if T.I.> ₹1 Crore) + HEC 4%
 - 30% + 2.5% Surcharge + HEC 4%
 - 40% + 12% Surcharge (if T.I.> ₹1 Crore) + HEC 4%

43. The Total Income of the assessee has been computed as ₹ 2,53,494.90. For rounding off, the Total Income will be taken as –
- ₹ 2,53,500
 - ₹ 2,53,490
 - ₹ 2,53,495
 - ₹ 2,53,400
44. Income–Tax is rounded off to –
- nearest ten Rupees
 - nearest one Rupee
 - nearest 5 Rupees
 - no rounding off of tax is done
45. A's Total Income for the AY 2024–2025 is ₹ 5,00,000. His tax liability shall be –
- ₹ 12,500
 - NIL
 - ₹ 10,000
 - ₹ 10,400
46. A's Total Income for the A.Y. 2024–2025 is ₹ 10,55,000. His tax liability shall be –
- ₹ 1,29,500
 - ₹ 1,20,500
 - ₹ 1,34,680
 - 1,34,000
47. Where the Total Income of an Artificial Juridical Person is ₹ 3,10,000, the Income–Tax Payable is
- ₹ 3,120
 - ₹ 3,000
 - ₹ 620
 - Nil tax
48. An example of Casual Income is
- Interest Income
 - Winning from lotteries
 - Pension Income
 - Dividend Income
49. Which of the following is not included in the term Income under the Income Tax Act, 1961?
- Reimbursement of travelling expense
 - Dividends
 - Profits in lieu of Salary
 - Profits from Business
50. Value of unexplained Money, Bullion or Jewel is taxed under
- Capital Gains
 - Business Income
 - Income from other sources
 - None of the above
51. Undisclosed Income u/s 68 to 69D are charged to tax at
- 30%
 - 60%
 - Normal rates
 - 100%
52. The way of tax liability by taking full advantage provided by the Act is _____.
- Tax management
 - Tax avoidance
 - Tax planning
 - Tax evasion
53. Mr. P, a resident individual, has total income of ₹ 75,00,000 for P.Y. 2023-24. What is the rate of surcharge, if any, applicable to him for A.Y. 2021-22?
- No surcharge as the income does not exceed ₹ 1 crore
 - 5%
 - 10%
 - 15%
54. Mrs. Priyanka Chopra who is a non-resident, has total income of ₹ 3,20,000 for P.Y. 2023-24. Determine the amount of rebate u/s 87A, if any, available to her for A.Y. 2024–2025
- NIL
 - ₹ 2,500
 - ₹ 12,500
 - ₹ 5,000
55. A proviso is inserted in any section, so as to provide the;
- Clarification on the provisions contained in that section
 - Explanation regarding the provisions contained in that section
 - Exception to the provisions contained in that section
 - None of the above

56. Mr. Ram, a resident individual aged 85 years, has total income of ₹ 7,50,000 for P.Y. 2023-24 which includes pension income from his employer as well as interest income. Determine tax payable for A.Y. 2024–2025.
- ₹ 51,500
 - ₹ 52,000
 - ₹ 61,800
 - ₹ 62,400
57. Circular issued by CBDT clarifying doubt regarding the scope and meaning of the provisions of the Act, is binding on;
- Assessee as well as Department
 - Department only
 - Assessee only
 - Neither assessee nor department
58. Z Ltd. is incorporated on 20.03.2024. It is engaged in manufacture of cosmetic items for domestic market. Determine the income tax rate of the said company for A.Y. 2024–2025, if the turnover of the company was ₹ 180 crores and total income was ₹ 60 crores for P.Y. 2023- 24.
- 25% (plus surcharge @7% + HEC@4%)
 - 30% (plus surcharge @12% + HEC@4%)
 - 25% (plus surcharge @12% + HEC@4%)
 - 30% (plus surcharge @7% + HEC@4%)
59. Mr. Ram, resident individual, earned following incomes during the F.Y. 2023-24.
- Agriculture income in Indonesia of ₹ 25,000.
 - Income from business in Bangladesh of ₹ 35,000.
- What would be total income of Mr. Ram from A.Y. 2024–25?
- Nil
 - ₹ 25,000
 - ₹ 35,000
 - ₹ 60,000
60. The amendments made in the Income-tax Act, 1961 by the Finance Act, 2023, unless otherwise provided in the Act, is applicable from –
- First day of financial year 2023-24
 - First day of financial year 2022-23
 - From the day when the Finance Bill, 2023 receives the assent of President
 - From 1st February, 2023
61. Which of the following is NOT TRUE in respect of provisions of Alternate Minimum Tax (AMT) :
- AMT provisions are not applicable to an individual, Hindu Undivided Family (HUF) and firm (including LLP) person whose adjusted total income does not exceed ₹ 20,00,000.
 - The provisions of AMT will apply to every non-corporate taxpayer who has claimed deduction under section 35AD
 - Every non-corporate taxpayer to whom the provisions of AMT apply is required to obtain a report from a Chartered Accountant in Form No. 29C on or before the due date of filing the return of income
- (i) only
 - (i) & (ii)
 - (ii) & (iii)
 - (i) & (iii)
62. For the Previous Year 2023-24, the taxable income of Mr. Khurana (resident and aged 49 years) computed as per the provisions of Income-tax Act is ₹ 30,40,000. The taxable income has been computed after deduction of ₹ 3,00,000 under section 80QQB in respect of royalty on books. Will provisions of Alternate Minimum Tax (“AMT”) apply to Mr. Khurana for A.Y. 2024–25? What will be his tax liability for the said A.Y.?
- Yes, provisions of AMT will apply to Mr. Khurana and his tax liability for A.Y. 2024–25 shall be ₹ 6,42,616.
 - No, provisions of AMT will not apply to Mr. Khurana and his tax liability for A.Y. 2024–25 shall be ₹ 7,53,480.
 - Yes, provisions of AMT will apply to Mr. Khurana and his tax liability for A.Y. 2024–25 shall be ₹ 7,53,480.
 - Yes, provisions of AMT will apply to Mr. Khurana and his tax liability for A.Y. 2024–25 shall be ₹ 8,47,080.
63. During the P.Y.2023-24, Mr. Aakash has Rs. 80 lakhs of short-term capital gains taxable u/s 111A, Rs. 70 lakhs of long-term capital gains taxable u/s 112A and business income of Rs. 90 lakhs. Which of the following statements is correct assuming that Mr. Akash pays tax under default tax regime under section 115BAC?

- (a) Surcharge @25% is leviable on income-tax computed on total income of Rs. 2.40 crore, since the total income exceeds Rs. 2 crore
- (b) Surcharge @15% is leviable on income-tax computed on total income of Rs. 2.40 crore
- (c) Surcharge@15% is leviable in respect of income-tax computed on capital gains of Rs. 1.50 crore, since such income exceeds Rs. 1 crore but is less than Rs. 2 crore; in respect of business income of Rs. 90 lakhs, surcharge is leviable@25% on income-tax, since the total income exceeds Rs. 2 crore
- (d) Surcharge@15% is leviable in respect of income-tax computed on capital gains of Rs. 1.50 crore, since such income exceeds Rs. 1 crore but is less than Rs. 2 crore; in respect of business income of Rs. 90 lakhs, surcharge is leviable@10% on income-tax, since such income exceeds Rs. 50 lakhs but is less than Rs. 1 crore
64. Music Academy, as per its rules, pays a fixed honorarium per concert to each musician performing in the concerts organised by it. Hari, a violinist, however, refuses to accept this sum. If he requests Music Academy to pay such sum directly to Aid Us, an unregistered institution providing relief to the poor and needy in rural India, what would be the tax consequence?
- (a) No amount would be chargeable to tax in the hands of Mr. Hari, since this is a case of diversion of income at source by overriding title
- (b) The amount payable to Aid Us would be chargeable to tax only in the hands of Mr. Hari, since it is a case of application of income
- (c) The amount payable to Aid Us would be chargeable to tax only in the hands of the institution which has received the amount
- (d) The amount payable to Aid Us would be chargeable to tax both in the hands of Mr. Hari and in the hands of the institution
65. X Ltd., a domestic company not opting for the provisions of section 115BAA, has a total income of Rs. 10,01,00,000 for A.Y.2024-25. The gross receipts of X Ltd. for P.Y.2021-22 is Rs. 260 crore. The tax liability of X Ltd. for A.Y.2024-25 is-
- (a) Rs. 2,68,50,000
- (b) Rs. 2,68,50,000
- (c) Rs. 2,91,49,120
- (d) Rs. 3,34,88,000
66. Mr. Mahesh is found to be the owner of two gold chains of 50 gms each (value of which is Rs. 1,45,000 each) during the financial year ending 31.3.2024 which are not recorded in his books of account and he could not offer satisfactory explanation for the amount spent on acquiring these gold chains. As per section 115BBE, Mr. Mahesh would be liable to pay tax of –
- (a) Rs. 1,80,960
- (b) Rs. 2,26,200
- (c) Rs. 90,480
- (d) Rs. 1,23,958

Answers

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

Chapter 2

Residential Status

1. The onus of responsibility to prove the residential status of a person lies with
 - (a) Assessee
 - (b) Government
 - (c) Income tax Department
 - (d) Court
2. A Person may be Resident of
 - (a) Only one country always
 - (b) More than one country for any previous year.
 - (c) Only one country for any previous year
 - (d) No specific rule
3. Residential Status is to be determined for –
 - (a) Previous Year
 - (b) Assessment Year
 - (c) Financial Year
 - (d) Accounting Year
4. Residential Status of a Person is determined for
 - (a) Each Previous Year
 - (b) Set of Previous years
 - (c) The year the person resides in India
 - (d) None of the above
5. Incomes which accrue or arise outside India but are received directly into India are taxable in case of –
 - (a) Resident only
 - (b) Both Ordinarily Resident and NOR
 - (c) Non-Resident
 - (d) All Assesseees
6. Income deemed to accrue or arise in India is taxable in case of –
 - (a) Resident only
 - (b) Both Ordinarily Resident and NOR
 - (c) Non-Resident
 - (d) All the Assesseees
7. Income which accrue or arise outside India from a business controlled from India is taxable in case of –
 - (a) Resident only
 - (b) Not Ordinarily Resident only
 - (c) Both Ordinarily Resident and NOR
 - (d) Non-Resident
8. Income which accrue or arise outside India and also received outside India is taxable in case of –
 - (a) Resident only
 - (b) Not Ordinarily Resident
 - (c) Both Ordinarily Resident and NOR
 - (d) None of the above
9. Total Income of a person is determined on the basis of his –
 - (a) Residential Status in India
 - (b) Citizenship in India
 - (c) Residential Status and Citizenship in India
 - (d) None of the above
10. Once a person is a resident in a P.Y, he shall be deemed to be resident for subsequent P.Y. also.
 - (a) True
 - (b) False
11. Once a person is resident for a source of income in a particular P.Y, he shall be deemed to be resident for all other sources of income in the same P.Y.
 - (a) True
 - (b) False
12. A Resident in India cannot become resident in any other country for the same previous year.
 - (a) True
 - (b) False
13. RA was born on 5th April, 1997 in India & he later on took the citizenship of U.S.A. Neither his parents nor his grand parents were born in divided/undivided India. RA in this case shall be a –
 - (a) Citizen of India
 - (b) Artificial Person
 - (c) Person of Indian Origin
 - (d) Foreign National
14. RB was born in England, his parents were born in India in 1952. His grand parents were born in South Africa. RB shall be a –
 - (a) Person of Indian Origin
 - (b) Foreign National
 - (c) Artificial Person
 - (d) Citizen of India

15. RC was born in India in 1997. His father was born in India in 1950 and his mother was born in England. His grand father was born in England & his grand mother was born in South Africa. The parents of RC along with RC took the citizenship of England. RC is a –
(a) Citizen of India
(b) Person of Indian Origin
(c) Artificial Person
(d) Foreign National
16. RD was born in India in 1997. His parents were born in India in 1952. His grandfather was born in Lahore in 1937 but his grandmother was born in England in 1941. RD will be a –
(a) Citizen of India
(b) Person of Indian Origin
(c) Foreign National
(d) Artificial Person
17. RE a person of Indian Origin visited India on 03.10.2023 and plans to stay here for 185 days. During 4 years prior to previous year 2023–24, he was in India for 750 days. Earlier to that he was never in India. For A.Y. 2024–25, RE shall be –
(a) Non-Resident
(b) Resident but Not Ordinarily Resident in India
(c) Resident and Ordinarily Resident in India
18. RF a citizen of India, left India for U.S. on 16–8–2023 for booking orders on behalf of an Indian Company. For exporting goods to U.S., he came back to India on 5–5–2024. He had been resident in India for the past 10 years. For A.Y. 2024–2025, RF shall be –
(a) Resident and Ordinarily Resident in India
(b) Resident but Not Ordinarily Resident in India
(c) Non-Resident
19. RG, a citizen of India, is employed on an Indian ship. During the previous year 2023–24 he leaves India for Germany on 15.9.2023 for holidays and returned 1.4.2024. He had been Non-Resident for the past 3 years. Earlier to that he was permanently in India. For A.Y. 2024–2025, RG shall be –
(a) Resident and Ordinarily Resident in India
(b) Resident but Not Ordinarily Resident in India
(c) Non-Resident
20. RH Ltd is an Indian Company whose entire control and management of its affairs is situated outside India. RH Ltd shall be –
(a) Resident in India
(b) Non-Resident in India
(c) Not Ordinarily Resident in India
21. RI Ltd is registered in U.K. The entire control and management of its affairs is situated in India. RI Ltd shall be –
(a) Resident in India
(b) Non-Resident in India
(c) Not Ordinarily Resident in India.
22. RJ, a Foreign National, visited India during previous year 2023–2024 for 180 days. Earlier to this he never visited India. RJ in this case shall be –
(a) Resident in India
(b) Non-Resident in India
(c) Not Ordinarily Resident in India.
23. RK, a Foreign National, but a person of Indian origin visited India during previous year 2023–2024 for 181 days. During 4 preceding previous year he was in India for 400 days. RK shall be –
(a) Resident in India
(b) Non-Resident in India
(c) Not Ordinarily Resident in India.
24. An Indian Company is always resident in India.
(a) True
(b) False
25. A Foreign Company is always Non-Resident in India.
(a) True
(b) False
26. Salary payable by a Company to an Indian citizen for services rendered outside India is an income which is deemed to accrue or arise in India.
(a) True
(b) False
27. Salary payable by the Government to an Indian citizen who is Non-Resident in India for services rendered outside India is not taxable in India.
(a) True
(b) False

28. Dividend paid by an Indian Company outside India is –
 (a) Taxable in India in the hands of the recipient
 (b) Exempt in the hands of recipient
 (c) Taxable in the hands of the Company and exempt in the hands of the recipient.
29. Only individuals and HUF's can be resident, but not ordinarily resident in India. Firms can be either a Resident or Non-Resident.
 (a) True
 (b) False
30. Income to a Non-Resident by way of Interest, Royalty and Fee for Technical Services is deemed to accrue or arise in India and is taxable in India irrespective of territorial nexus.
 (a) True
 (b) False
31. Income accruing in Japan and received there is taxable in India in the case of –
 (a) Resident and Ordinarily Resident only
 (b) Both Resident and Ordinarily Resident and resident but not Ordinarily Resident
 (c) Both Resident and Non – Resident
 (d) Non – Resident
32. A Company other than an Indian Company, would be treated as Resident in India, if during the previous year, its control & management is situated –
 (a) Wholly in India
 (b) Partly in India
 (c) Wholly or partly in India
 (d) None of the above
33. A Non- Indian Company is treated as Resident, only if the control & management of its affairs is situated wholly in India during the previous year.
 (a) True
 (b) False
34. Arun comes to India for the first time on 21.02.2024. Determine his Residential status for the AY 2024-2025.
 (a) Resident
 (b) Non-Resident
 (c) Resident and Ordinary Resident
 (d) Resident and Not Ordinary Resident
35. Harry (an American citizen) leaves India for the first time in the last 20 years on 26.10.2021. During the year 2022, he comes to India for a period of 70 days. During the Calendar year 2023 he does not visit India, but comes on 15.01.2024. Determine the Residential Status of Harry for the Assessment Year 2024-2025.
 (a) Resident
 (b) Resident and Ordinary Resident
 (c) Resident and Not Ordinary Resident
 (d) Non-Resident
36. Latha leave India for the first time on 24.12.2023. Determine her Residential status for the AY 2024-2025.
 (a) Resident
 (b) Resident and Ordinary Resident
 (c) Resident and Not Ordinary Resident
 (d) Non-Resident
37. An Individual is said to be a Resident and Ordinarily Resident if
 (a) He is a Resident in any 2 out of the last 10 years preceding the relevant previous year
 (b) His total stay in India in the last 7 years preceding the relevant previous year is 730 days or more
 (c) Both (a) and (b)
 (d) Either (a) or (b)
38. Which of the following statement is true for determining the residential status of person?
 (a) Stay in India should be for a continuous period.
 (b) stay should be in any one place in India.
 (c) Both (a) and (b)
 (d) Neither (a) nor (b)
39. How is Residential Status of a HUF determined?
 (a) No. of days of stay of the Karta
 (b) Control and Management of the affairs of the HUF
 (c) Both (a) and (b)
 (d) HUF can only be Resident

40. Place of Effective Management of a Company for deciding the residential status, shall not apply to a Company having
- Turnover of Gross receipts of ₹ 50 Crores or less in a financial year.
 - Turnover of Gross receipts of ₹ 50 Lakhs or less in a financial year.
 - Turnover of Gross receipts of ₹ 5 Crores or less in a financial year.
 - Turnover of Gross receipts of ₹ 5 Lakhs or less in a financial year.
41. A Firm is said to be a Resident of India
- If control and management of its affairs is Wholly inside India
 - If all the Partners are resident in India
 - If control and management of its affairs is Wholly or partly inside India
 - None of the above
42. The following Income is taxable for –
- Income received or deemed to be received in India during the current financial year, irrespective of place of accrual. and
 - Income accruing or arising or deemed to accrue or arise in India during the current financial year, irrespective of place of receipt.
- Residents
 - Non-Residents
 - Resident and Not Ordinary Resident
 - All of the above
43. Income from business which is situated outside India but controlled from India is taxable for
- Non-Resident
 - Resident and Ordinary Resident
 - Resident and Not Ordinary Resident
 - Both (b) and (c)
44. Ravi has a house property in Sri Lanka for which he receives the rent in India. The Income is taxable in the hands of Ravi, if he is a
- Non-Resident
 - Resident and Ordinary Resident
 - Resident and Not Ordinary Resident
 - Both (b) and (c)
45. S Ltd. Is registered in UK. Its control and management is from India. S Ltd is a
- Resident
 - Non Resident
 - Not Ordinary resident
 - None of the above
46. Fees for technical services rendered in India but received in Dubai is taxable in case of
- Resident
 - Non Resident
 - Not Ordinary resident
 - All of the above
47. Global Income earned by Seema will be taxable in India if she is a
- Non-Resident
 - Resident and Ordinary Resident
 - Resident and Not Ordinary Resident
 - All of the above
48. Raghav is a Non Resident living in Sidney. For the PY 2023-2024, he receives ₹25,000 rental income from his house in Pune. He had sold his property in Chennai to his friend Ramesh who also resides in Sidney for ₹ 75,00,000. He also received Dividend Income of ₹ 15,000 from an Indian Company. Calculate his taxable income in India for the AY 2024-2025.
- 75,40,000
 - 40,000
 - 75,25,000
 - 25,000
49. Interest paid by a Resident for carrying on business or profession outside India is deemed to accrue or arise in India, if the receiver is a
- Non-Resident
 - Resident and Ordinary Resident
 - Resident and Not Ordinary Resident
 - All of the above
50. Interest paid by a Resident for any other purpose other than carrying on business or profession outside India is deemed to accrue or arise in India, if the receiver is a
- Non-Resident
 - Resident and Ordinary Resident
 - Resident and Not Ordinary Resident
 - All of the above

51. Dr. Mahath, a Doctor from London visited India to perform a surgery at an Indian Hospital and earned ₹ 3 Lakhs. This Income is
- Taxable in India because he is an Indian Citizen
 - Taxable in London as he is a registered Doctor in London
 - Taxable in India because the Income is deemed to accrue and arise in India.
 - Partly taxable in India and partly taxable in London
52. Mrs. Alia, a non-resident aged 62 years, has an immovable property in India from which she gets rental income of ₹ 3,00,000 per annum. She has appointed you as a consultant to advise her regarding the maximum amount not chargeable to tax in her case for A.Y. 2024-25.
- Maximum amount not chargeable to tax would be ₹ 2,50,000
 - Maximum amount not chargeable to tax would be ₹ 3,00,000
 - Maximum amount not chargeable to tax would be ₹ 5,00,000
 - She is not allowed to avail basic exemption as she is non-resident for A.Y. 2024-25
53. Mr. A has stayed in India for a period of 82 days during the PY 2023-24 and his stay in India for immediate preceding 4 years is 364 days, calculate his residential status for the AY 2024-25;
- Resident
 - Non Resident
 - Resident but not ordinarily resident
 - Cannot determine with the above facts
54. A HUF whose control & management is in India and the residential status of its Karta is resident but not ordinarily resident, determine the status of residential of HUF;
- Resident but data is not sufficient to determine whether HUF is ROR or RNOR
 - Resident but not ordinarily resident
 - Non resident
 - Resident and ordinarily resident
55. A company is incorporated outside India. Its place of effective management in the PY 2023-24 is in India. Determine its residential status in India for AY 2024-25
- Resident
 - Non Resident
 - Cannot determine with above facts
 - Resident but not ordinarily resident
56. Mr. A, aged 32 years, is resident and ordinarily resident in India and is deputed to USA under employment. He has received salary equivalent to Rs.40 lakhs in USA. The income earned by him in India comprises only of interest on fixed deposits, which is below the maximum amount not chargeable to tax. Determine the taxability of Mr. A in respect of the abovementioned incomes;
- Only interest income is taxable in India
 - Only salary income is taxable in India
 - Both interest income and salary income are taxable in India
 - He has no taxable income in India
57. Ms. Ayushi is an Indian Citizen who left India for the purpose of employment on 02.08.2023. She was in India for a total period of 730 days during the Previous Years from 2019-20 to 2022-23. She was in India for 240 days in Previous Year 2017-18 and 310 days in Previous Year 2018-19. Determine her residential status for the AY 2024-25.
- Resident and ordinarily resident
 - Non-resident
 - Resident but not ordinarily resident
 - Resident but data is not sufficient to determine whether she is ROR or RNOR
58. Texcos Ltd. is an Indian Company. It has 20 shareholders who are foreign citizens and non-resident in India. The business of the company is wholly carried out outside India. Determine the residential status of Texcos Ltd. for the Assessment Year 2024-25.
- Resident
 - Non-resident, since the control and management of the company during the year is outside India

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

59. On 19.08.2023, Mr. Khera moved to Turkey for employment. His family shall accompany him, owing to long term nature of employment. Mrs. Khera is also planning to start a fashion boutique in Turkey soon, once she gets settled. Both, Mr. & Mrs. Khera, are Indian citizens and have been working in India for more than a

decade now. Comment on their residential status for A.Y. 2024-25, assuming they did not visit India after August 2023 -

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

Answers

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

Chapter 3

Exemptions

1. Any income from HUF received by member of HUF shall be –
 - (a) Fully Taxable
 - (b) Fully Exempt
 - (c) Included in the TI of the member for rate purpose
2. In case of a Partner, the share of Profits from the Firm is –
 - (a) Fully Taxable
 - (b) Fully Exempt
 - (c) Included in the total income of the partner and relief of Income Tax u/s 86 shall be allowed
3. Share of Profit of Mr. Abhishek who is a Partner in M/s. Amar & Co. is –
 - (a) Exempt from tax
 - (b) Taxable as his Business Income
 - (c) Taxable as his Salary
 - (d) Taxable as Income from Other Sources
4. Casual Income received by the Assessee is –
 - (a) Fully Exempt
 - (b) Exempt upto ₹ 5,000
 - (c) Fully Taxable
5. A Cricket Match organized by the Cricket Control Board of India for the benefit of Sunil Gavaskar wherein he received ₹ 5 Lakhs is –
 - (a) Casual Income taxable under other sources
 - (b) Exempt Income (because retired from profession)
 - (c) Fully Taxable
6. S traced a missing person and was awarded a sum of ₹ 1,00,000 although there was no stipulation to that effect. Such receipt shall be –
 - (a) Casual Income and fully taxable
 - (b) Casual Income and exempt upto ₹ 5,000
 - (c) Fully Exempt
7. Scholarship received by a student to meet the cost of education is –
 - (a) Casual Income
 - (b) Exempt Income
 - (c) Fully Exempt
8. Scholarship received by a student was ₹ 1,000 p.m. He spends ₹ 8,000 for meeting the cost of education. The balance ₹ 4,000 is –
 - (a) Taxable
 - (b) Exempt
9. An Author was awarded by CDBT a sum of ₹ 50,000 for writing a book in Hindi as first prize. Such award is fully exempt –
 - (a) False
 - (b) True
10. A Local Authority has earned income from the supply of commodities outside its own jurisdictional area. It is exempt –
 - (a) True
 - (b) False
11. A Local Authority has earned income from the supply of water or electricity outside its own jurisdictional area. It is –
 - (a) Exempt
 - (b) Taxable
12. Income under the head CG to a Local Authority is –
 - (a) Exempt
 - (b) Taxable
13. Income under the head CG to a Trade Union is –
 - (a) Exempt
 - (b) Taxable
14. A Subsidy received from the Tea Board by an assessee carrying on the business of growing and manufacturing tea for re-plantation or replacement of tea bushes is –
 - (a) Exempt
 - (b) Taxable
15. Dividend received by a Co. from a domestic Co. is –
 - (a) Taxable
 - (b) Exempt