

## ***MCQ On Principle Of Interpretation***

1. There is no need for presumptions?
  - A. The intention of the legislation is clear
  - B. The intention of the legislation is not clear
  - C. Can be used in any condition
  - D. All of the above
  
2. Where in an enactment, there are two provisions which cannot be reconciled with each other; they should be so interpreted that, if possible effect may be given to both. This is what known as the -  
\_\_\_\_\_
  - A. Rule of harmonious construction
  - B. Rule of reasonable construction
  - C. Rule of ejusdem generis
  - D. All of above
  
3. According \_\_\_\_\_ rule of interpretation meaning of word should be known from its accompanying or associating words?
  - A. Mischief rule
  - B. Golden rule
  - C. Noscitur a sociis
  - D. Primary rule

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4. \_\_\_\_\_ means that contemporaneous exposition is the best and strongest in law?
- A. Ejusdem generis
  - B. Contemporanea Exposition Est Optima Est Fortissima in Lege
  - C. Noscitur a sociis
  - D. None of above
5. Interpretation of statute should not be given a meaning which would make other \_\_\_\_\_ provisions?
- A. In effective
  - B. Redundant
  - C. Dormant
  - D. None of the above
6. Rule of ejusdem generic is applicable when \_\_\_\_\_ ?
- A. Specific word follow general words
  - B. General word follows specific words
  - C. Either (a) or (b)
  - D. Both (a) and (b)
7. According to which rule of interpretation old statutes should be interpreted as they would have been at the date when they were passed?
- A. Expression unis est exclusion alterius
  - B. Contemporanea Exposition Est Optima Est Fortissima in Lege
  - C. Ut res magis valeat Quam Pareat
  - D. Nosciur a Sociis
8. According to primary rule, the\_\_\_\_\_ of a statute are to be understood in their natural, ordinary or popular and grammatical meaning unless such a construction leads to an absurdity or contents or object of the statute suggests a different meaning?
- A. Words
  - B. Phrase
  - C. Sentences
  - D. All of above
9. If you were looking for the meaning of provision, the first place you would look is\_\_\_\_\_?
- A. A dictionary
  - B. The interne
  - C. The definition section

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- D. Any of the above
10. \_\_\_\_\_ sets out in general terms, the purpose of the Act and it often precedes the preamble?
- A. Long title
  - B. Short title
  - C. Preamble
  - D. None of above
11. Which of the following is an external aid for interpretation of statute?
- A. Parliamentary history
  - B. Use of foreign decisions
  - C. Historical background
  - D. All of above
12. When statute do not profess to make any alteration in the existing law, but merely declare or explain what it is, then such law is known as \_\_\_\_\_ ?
- A. Codifying statute
  - B. Remedial statute
  - C. Declaratory statute
  - D. Consolidating statute
13. According to the \_\_\_\_\_ the words, phrases, sentences of a statute are to be understood in their natural, ordinary or popular and grammatical meaning, unless such a construction leads to an absurdity or contents or object of the statute suggests a different meaning?
- A. Literal construction
  - B. Mischief rule
  - C. Strict rule of interpretation
  - D. None of above
14. Which of the following is internal aid for interpretation of statute?
- A. Long title
  - B. Marginal notes
  - C. Interpretation clauses
  - D. All of above
15. As per the rule of \_\_\_\_\_ meaning of a word should be known from its accompanying or associating words.?
- A. Noscitur a sociis
  - B. Strict and liberal construction
  - C. Eiusdem generis

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- D. None of the above
16. Which of the following are acceptable extrinsic material o use in interpreting legislation?
- A. Parliamentary committee reports
  - B. Dictionaries
  - C. Notes on Clauses of he bill
  - D. All of above
17. Generally \_\_\_\_\_ are given strict interpretation?
- A. Labour
  - B. Welfare laws
  - C. Criminal laws
  - D. None of the above
18. If there is any appearance of inconsistency between the schedule and specific provision in an enactment, the \_\_\_\_\_ shall prevail?
- A. Schedule
  - B. Provisions
  - C. Both will be applicable as per situation
  - D. None of the above
19. Heydons case deals with \_\_\_\_\_?
- A. Mischeif rule
  - B. Rule of reasonable construction
  - C. Noscitur a sociis
  - D. Golden rule
20. Non obstante clause usually starts with the word \_\_\_\_\_?
- A. Provided that
  - B. Notwithstanding anything contained
  - C. Save as provided otherwise
  - D. Any of the above
21. \_\_\_\_\_ is used to remove special cases from the general enactment and provide for them specially?
- A. Exception clause
  - B. Saving clause
  - C. Proviso
  - D. Non obstante clause

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22. Ut Res Magis Valeat Quam Pareat is also known as \_\_\_\_\_?
- A. Rule of harmonious construction
  - B. Rule of reasonable construction
  - C. Rule of ejusdem generis
  - D. All of above
23. \_\_\_\_\_ contain the main object of the act?
- A. Long title
  - B. Short title
  - C. Preamble
  - D. None of the above
24. Heydons case, in 1584, was resolved by the?
- A. Supreme court of India
  - B. Bombay high court
  - C. Barons of the Exchequer
  - D. House of lords
25. When general word follows specific word of a distinct category, the general word may be given a restricted meaning of the same category. He general word take its meaning from preceding expression. This is what is known as ?
- A. Rule of harmonies construction
  - B. Ut Res Magis Valeat Quam Pareat
  - C. Ejusdem generis
  - D. Expression unis est exclusion alterius
26. In the interpretation of statue, an important role is played by\_\_\_\_\_
- A. Schedule
  - B. Preamble
  - C. Heading
  - D. All of above
27. While constructing a provision in penal statute if there appears to be a reasonable doubt or ambiguity it shall be resolved in favour of?
- A. State government
  - B. Union
  - C. Person who would be liable to penalty
  - D. None of the above

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28. Which of the following is internal aid for interpretation of statute?
- A. Reference to reports of committee
  - B. Statement of objects and reasons
  - C. Dictionaries
  - D. Preamble
29. The rules \_\_\_\_\_ means the express mention of one thing is the exclusion of other?
- A. Rule of harmonious construction
  - B. Primary rule
  - C. Ejusdem generis
  - D. Expression unis est exclusion alterius
30. Internal aid in interpretation of statute includes?
- A. Title
  - B. Preamble
  - C. Marginal notes
  - D. All of above
31. A statute has been defined as the \_\_\_\_\_
- A. Will of the king
  - B. Will of the society
  - C. Will of the magistrate
  - D. Will of the legislature
32. What is the doctrine of stare decisis?
- A. The doctrine of Parliamentary sovereignty
  - B. The doctrine of royal pardon
  - C. The doctrine of statutory interpretation
  - D. The doctrine of precedent
33. What is case law?
- A. Law representing the decisions of the courts
  - B. Law passed by Parliament
  - C. Delegated legislation
  - D. Case law is not really law at all
34. What is legislation?
- A. Legislation is law made by judges
  - B. Legislation is law made by Parliament
  - C. Legislation is law made by custom

- D. Legislation is law made by the Law Commission
35. How many readings must a Bill have in the House of Commons and the House of Lords before it receives Royal Assent?
- A. 1 in the House of Commons, 3 in the House of Lords
  - B. 3 in the House of Commons, 1 in the House of Lords
  - C. 1 in each House
  - D. 3 in each House
36. What is the Committee Stage in the passage of a Bill through the House of Commons?
- A. A committee reading of the title of the Bill
  - B. A committee debating the general principles of a Bill
  - C. A committee considering the provisions of the Bill in detail
  - D. A committee drafting the Bill
37. How long can the House of Lords delay a Bill (except a Money Bill)?
- A. 1 month
  - B. 6 months
  - C. 1 year
  - D. 6 years
38. What is a Public Act?
- A. An Act affecting particular individuals or individual bodies
  - B. An Act affecting the general public
  - C. An Act made in private
  - D. An Act made in public
39. What is meant by statutory interpretation?
- A. The interpretation of a statute by Parliament
  - B. The interpretation of a statute by the House of Commons
  - C. The interpretation of a statute by the courts
  - D. The interpretation of a statute by the House of Lords
40. What is meant by the purposive approach?
- A. The judge must interpret the statute on purpose
  - B. The judge must interpret the statute in the light of the purpose of its enactment
  - C. The judge must interpret the statute with a purposeful manner
  - D. The judge must interpret the statute in the purpose of deciding the case before him or her

41. What is the mischief rule?
- In interpreting statutes, judges should look at the 'mischief' which the Act was passed to prevent
  - There must be no mischief in court
  - In interpreting statutes, judges should interpret the words literally
  - In interpreting statutes, judges should interpret the words as they see fit
42. What is the rule in Pepper v Hart?
- Judges can refer to newspapers when interpreting statutes
  - Judges can refer to other judges when interpreting statutes
  - Judges can refer to Hansard when interpreting statutes
  - Judges cannot refer to any external aid when interpreting statutes
43. What is delegated legislation?
- A decision of the courts
  - An Act of Parliament
  - Law made by a delegation
  - Law made by a person or body to whom Parliament has delegated power
44. Which of these is a disadvantage of delegated legislation?
- It is quick to produce
  - It can be flexible
  - It raises issues of accountability
  - It can be made by reference to specialist knowledge

**ANSWER KEY: -**

Question Number	Answer
1	The intention of the legislation is not clear
2	Rule of harmonious construction
3	Noscitur a sociis
4	Contemporanea Exposition Est Optima Est Fortissima in Lege
5	Redundant
6	General word follow specific words
7	Contemporanea Exposition Est Optima Est Fortissima in Lege
8	all of above
9	The definition section
10	Long title
11	Historical background



12	Declaratory statute
13	Literal Construction
14	All of above
15	Noscitura sociis
16	All of above
17	Criminal laws
18	Provisions
19	Mischief rule
20	Notwithstanding anything contained
21	Proviso
22	Rule of reasonable construction
23	Preamble
24	Barons of the Exchequer
25	Ejusdem generis
26	All of above
27	Person who would be liable to penalty
28	Preamble
29	Expression unis est exclusion alterius
30	all of above
31	Will of the legislature
32	The doctrine of precedent
33	Law representing the decisions of the courts
34	Legislation is law made by parliament
35	3 in each House
36	A committee considering the provisions of the Bill in detail
37	1 year
38	An Act affecting the general public
39	The interpretation of a statute by the courts
40	The judge must interpret the statute in the light of the purpose of its enactment
41	In interpreting statutes, judges should look at the 'mischief' which the Act was passed to prevent
42	Judges can refer to Hansard when interpreting statutes
43	Law made by a person or body to whom Parliament has delegated power
44	It raises issues of accountability

## ***MCQ On Income Tax Rate & Basic Concept Of Income Tax***

### **MULTIPLE CHOICE QUESTIONS**

#### **BASICS OF INCOME TAX LAW**

1. The Central Government has been empowered by entry \_\_\_\_\_ of the Union list of schedule VII of the constitution of India to levy tax on income other than agricultural income.
  - A. 84
  - B. 82
  - C. 81
  - D. 85
2. The Income tax act, 1961 came into force w.e.f..... \_\_\_\_\_.
  - A. 1st April, 1962
  - B. 31st March, 1961
  - C. 1st April, 1961
  - D. None of above
3. Amongst the following \_\_\_\_\_ is empowered to levy tax on agricultural income.
  - A. Central Government
  - B. State Government
  - C. Commissioner

- D. President
4. Circulars and Notifications are binding on the
- A. Central Board of Direct Taxes (CBDT)
  - B. Assessee
  - C. Income Tax Appellate Tribunal (ITAT)
  - D. Income Tax Authorities
5. Supreme Courts precedent in binding on
- A. Courts
  - B. Appellate Tribunals
  - C. Income Tax Authorities
  - D. All of the above.
6. High Court's precedents are not binding on
- A. Tribunal
  - B. Income Tax Authorities
  - C. Assessee
  - D. None of the above.
7. Wherever in the Act the phrase as prescribed appears it means that -
- A. Regulations are to be framed is in this respect.
  - B. Rules have been framed in this respect.
  - C. Regulations were earlier framed in this respect.
  - D. Regulations are framed in this respect.
8. Who amongst the following confers on the power to issue circulars and clarifications?
- A. ITAT
  - B. Central Government
  - C. CBDT
  - D. State Government
9. Amendments by the finance act are made applicable from
- A. First day of next financial year
  - B. First day of same financial year
  - C. Last day of same Accounting year
  - D. None of the above.

**CONCEPT OF CHARGE OF INCOME TAX, PERSON,  
ASSEESSEE AND EXCEPTIONS TO PREVIOUS YEAR RULE**

10. Income Tax is charged in -
- A. Financial Year
  - B. Assessment Year
  - C. Previous Year
  - D. Accounting Year
11. A person includes:
- A. Only Individual
  - B. Only Individual and HUF
  - C. Individuals, HUF, Firm, Company only
  - D. Individuals, HUF, Company, Firm, AOP or BOI,Local Authority, Every Artificial Juridical Person
12. As per section 2(31), the following is not included in the definition of 'person'
- A. An individual
  - B. A Hindu undivided family
  - C. A company
  - D. A minor
13. Every assessee is a person, and -
- A. every person is also an assessee
  - B. every person need not be an assessee
  - C. an individual is always an assessee
  - D. A HUF is always an assessee
14. Describe the status of the following person (i.e. individual, HUF, Firm, Company etc.) X and Y are legal heirs of Z. Z died in 2018 and X and Y carry on his business without entering into a partnership.
- A. Firm
  - B. Limited Liability Partnership
  - C. Company
  - D. Body of Individual
15. Assessment year can be a period of :
- A. only more than 12 months
  - B. 12 months and less than 12 months
  - C. only 12 months
  - D. 12 months and more than 12 months



16. Year in which income is taxable is known as \_\_\_\_\_ and year in which income is earned is known as ----
- A. Previous year, Assessment year
  - B. Assessment year, Previous year
  - C. Assessment year, Assessment year
  - D. Previous year, Previous year
17. The year in which the income is earned is known as
- A. Previous year
  - B. Financial year
  - C. Both (A) or (B)
  - D. None of the above.
18. All assesses are required to follow:
- A. Uniform previous year which must be calendar year only
  - B. Uniform previous year which must be financial year only
  - C. Any period of 12 months
  - D. Period starting from 1st July to 30th June only
19. XYZ LLP falls under which----- category of person -
- A. Individual
  - B. Partnership firm
  - C. Company
  - D. Association of person
20. Municipality of Delhi falls under----- category of person-
- A. Artificial juridical person
  - B. Local authority
  - C. Individual
  - D. Association of Person
21. Under Income Tax Act partnership firm includes -

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- A. Limited liability partnership
  - B. Limited liability company
  - C. One person company
  - D. Association of person
22. A.O.P should consist of :
- A. Individual only
  - B. Persons other than individual only
  - C. Both individual and non individual persons.
  - D. None of these
23. Body of individual should consist of :
- A. Individual only
  - B. Persons other than individual only
  - C. Both individual and non individual persons.
  - D. None of these
24. A person becomes a member of HUF by -
- A. Contract
  - B. Agreement
  - C. Popularity
  - D. Status
25. In order to be assessed as HUF there should be -
- A. Partnership
  - B. Co-Partnership
  - C. Co -Partnership
  - D. Co-Ownership
26. Section \_\_ of the Income-tax Act, 1961 defines the term 'person' -
- A. 4



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- B. 2(31)
  - C. 5
  - D. 2(32)
27. -----must be one in which two or more persons join in for a common purpose or common action with the object of earning income or profits or gains.
- A. Partnership
  - B. Co-ownership
  - C. Body of Individuals
  - D. Association of Persons
28. Which amongst the following is Artificial Juridical Person?
- A. Corporation
  - B. Local Fund
  - C. District Board
  - D. None of these
29. Previous year is defined in -
- A. Section 2(34)
  - B. Section 2(9)
  - C. Section 3
  - D. Section 4
30. Financial year means a year commencing on –
- A. 31st March of the period
  - B. 1" day of the April
  - C. Mid of the year
  - D. None of these
31. First previous year in case of a business/profession newly set up on 31-3-2019 would:
- A. Start from 1st April, 2018 and end on 31<sup>st</sup> March 2019



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- B. Start from 31" March, 2019 and will end on 31st March, 2019
  - C. Start from 1st January, 2019 and end on 31<sup>st</sup> December, 2019
  - D. Start from 1st January, 2019 and will end on 31st March,2019
32. Dr. Ashok commenced medical practice on 1st September, 2018. The previous year for the profession for the assessment year 2019-20 would be \_
- A. 1<sup>st</sup> April, 2018 to 31st March, 2019
  - B. 1st September, 2018 to 31st March, 2019
  - C. 1st June, 2018 to 31st March, 2019
  - D. 1st September, 2018 to 31st January, 2019
33. Income of business commenced on 1st March, 2019 will be assessed in assessment year-
- A. 2018-19
  - B. 2019-20
  - C. 2020-21
  - D. 2021-22
34. A person follows calendar year for accounting. For taxation, he has to follow:
- A. Calendar year only :1stJanuary to 31<sup>st</sup> 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 to follow extended year from 1st January to next 31st March (a period of 15 months)
35. In which of the following cases, income of previous year is assessable in the previous year itself:
- A. Assessment of persons leaving India
  - B. A person in employment in India
  - C. A person who is into illegal business
  - D. A person who is running a charitable institution
36. In which of the following cases, Assessing Officer has the discretion to assess the income of





previous year in previous year itself or in the subsequent assessment year:

- A. Shipping business of non-residents
  - B. Assessment of Association of Persons or Body of Individuals formed for a particular event or purpose
  - C. Assessment of persons likely to transfer property to avoid tax
  - D. Discontinued business
37. In case of non-residents engaged in shipping business in India income earned during the financial year is
- A. Taxable in India the same financial year
  - B. Taxable in India the relevant assessment year
  - C. Not taxable in India in the same financial year
  - D. Not taxable in India.
38. In case of non-residents engaged in shipping business \_\_\_\_\_ freight paid or payable to the owner or charterer shall be deemed to be total income.
- A. 5%
  - B. 10%
  - C. 7.5 %
  - D. 20 %
39. Which amongst the following is an exception to the previous year rule?
- A. Business or Profession newly set up.
  - B. Where a source of income newly set up.
  - C. Non-resident engaged in shipping business
  - D. None of the above.
40. Income Tax is levied on the \_\_\_\_\_ of a person.
- A. Total Income
  - B. Total Income-Debt
  - C. Gross Total Income

D. Net Income-Debt Perquisites

41. The period of 12 months commencing on the 1st day of April every year is known as \_\_\_\_\_

- A. Financial Year
- B. Assessment Year
- C. Previous Year
- D. Accounting Year

42. The charging section of the Income-tax Act, 1961, states that the income earned in a year is taxable in the next year. This is known as \_\_\_\_\_

- A. Principle of mutuality
- B. Previous year rule
- C. Financial year rule
- D. None of these.

43. Income-tax in India is charged at the rates prescribed by -

- A. The Finance Act of the assessment year
- B. The Income-tax Act, 1961
- C. The Central Board of Direct Taxes
- D. The Finance Act of the previous year.

44. A new business was set-up on 1st July, 2018 and trading activity was commenced from 1st September, 2018, the previous year would be the period commencing from

- A. 1st April, 2018 to 31st March, 2019
- B. 1st July, 2018 to 31st March, 2019
- C. 1st September, 2018 to 31st March, 2019
- D. 1st October, 2018 to 31st March, 2019.

**CONCEPTS OF INCOME, METHOD OF ACCOUNTING**



45. According to section 2(24) definition of 'income' is -----

- A. Inclusive
- B. Exhaustive
- C. Exclusive
- D. Descriptive.

46. 'Income' under section 2(24) includes -

(i) The profits and gains of a banking business carried on by a co-operative society with its members.

(ii) Any advance money forfeited in the course of negotiations for transfer of capital asset.

Choose the correct option with reference to the above statements \_

- A. Both (i) and (ii)
- B. Only (i)
- C. Only (ii)
- D. Neither (i) nor (ii).

47. Income includes -

- A. Profits and gains
- B. Profit in lieu of Salary
- C. Income from other sources
- D. All of the above

48. Income is divided in \_\_\_\_\_ heads of Income.

- A. 4
- B. 5
- C. 6
- D. 3

49. Income includes -

- A. Profits or Gains



- B. Capital gains
  - C. Lottery winnings
  - D. All of the above
50. The term 'income' includes the following types of incomes -
- A. ' Legal
  - B. Illegal
  - C. Legal and illegal both
  - D. None of the above,
51. Which of the following income is not included in the term 'income' under the Income-tax Act, 1961 -
- A. Profit and gains
  - B. Dividend
  - C. Profit in lieu of salary
  - D. Reimbursement of travelling expenses.
52. Which amongst the following is not a head of Income?
- a. Salaries
  - b. Income from house Property
  - c. Capital gains
  - d. Income from exports
53. Amongst the following which activity will be taxable?
- A. Profits & gains of any insurance business
  - B. Income from specific services provided by carried on by a co-operative society. Trade, professional or similar association.
  - C. The profits and gains of any banking business carried on by a co-operative society.
  - D. All of the above.
54. AB & Co. received Rs. `2, 00,000 as compensation from CD & Co. for premature termination of



contract of agency. Amount so received is ----

- A. Capital receipt and taxable
- B. Capital receipt and not taxable
- C. Revenue receipt and taxable
- D. Revenue receipt and not taxable

55. Subsidy if given as assistance to carry on business already commenced is a ----

- A. Revenue receipt
- B. Capital receipt
- C. It is not a receipt
- D. None of these

56. Which of the following is not included in taxable income -

- A. Income from smuggling activity
- B. Casual income
- C. Gifts of personal nature subject to a maximum of ₹ 50,000 received in cash
- D. Income received in kind.

57. Compensation on account of loss of profit is -

- A. Revenue receipt
- B. Capital receipt
- C. Revenue expenditure
- D. Capital expenditure

58. Out of the following, which of the capital receipt is not taxable:

- A. Capital gains of Rs. ₹ 10,00,000
- B. Amount of Rs. ₹ 5,00,000 won by way of lottery, games, puzzles
- C. Amount of Rs. ₹ 2,00,000 received by way of gift from relatives
- D. Amount of Rs. ₹ 1,00,000 received by way of gift from a friend on marriage anniversary

59. In case the Key man insurance policy is taken in name of any other person any sum received on



its maturity by such person shall be taxable under the head -

- A. Salaries
- B. Profits & Gains of Business or Profession
- C. Capital Gains
- D. Income from Other Sources

60. Method of Accounting is not relevant for –

- A. Salaries
- B. Income from House Property
- C. Capital Gains
- D. All of the above

61. Income-tax in India is charged at the rate(s) prescribed by -

- A. The Finance Act
- B. The Income-tax Act
- C. The Central Board of Direct Taxes
- D. The Ministry of Finance.

62. Which of the following is not included in taxable income -

- A. Reimbursement of expenses
- B. Cash gifts received from non relatives
- C. Income from illegal activity
- D. Profit on sale of equity shares of unlisted company.

63. The Central Government has notified Income computation and disclosure standards for computing income under the head Profits and Gains of Business and Profession - .

- A. 2
- B. 5
- C. 8
- D. 10

64. An individual is said to have substantial interest in a concern if he or she, along with his or her relatives, is, at any time during the previous year, beneficial owner of equity shares carrying or more of the voting power in a company; or entitled to or more of the profits of such concern.
- A. 20% ,10%
  - B. 10% ,20%
  - C. 10%, 10%
  - D. 20% ,20%

**MODE OF COMPUTATION OF INCOME AND TAX RATES FOR ASSESSMENT YEAR 2019-20**

65. Surcharge @ 12 is payable by a domestic company if the total income exceeds.
- A. Rs. ` 10 lakhs
  - B. Rs. ` 1 crore
  - C. Rs. ` 10 crore
  - D. None of the above.
66. Surcharge @ 7 is payable by a domestic company if the total income exceeds.
- A. Rs. ` 10 lakhs
  - B. Rs. ` 50 lakhs
  - C. Rs. ` 1 crore
  - D. Rs. ` 10 crores.
67. The tax exemption limit for a resident senior citizen is -
- A. Up to Rs. ` 2,00,000
  - B. Up to Rs. ` 5,00,000
  - C. Up to Rs. ` 1,80,000
  - D. Up to Rs. ` 3,00,000
68. The tax exemption limit for a resident Super senior citizen is -
- A. Up to Rs. ` 2,00,000
  - B. Up to Rs. ` 5,00,000



- C. Up to Rs. ` 1,80,000
- D. Up to Rs. ` 3,00,000

69. Surcharge of 15% is payable by an individual where the total income exceeds:

- A. Rs. ` 7,50,000
- B. Rs. ` 8,50,000
- C. Rs. ` 1,00,00,000
- D. None of the three

70. The maximum amount on which income-tax is not chargeable in case a co-operative society is:

- A. Rs. ` 50,000
- B. Rs. ` 30,000
- C. Rs. ` 20,000
- D. Nil

71. Additional surcharge (health and education cess) of 4 per cent is payable on-

- A. Income tax
- B. Income tax plus surcharge
- C. Surcharge
- D. None of the three

72. What is the maximum amount of income not chargeable to tax in case of AOP /BOI?

- A. Rs. ` 2,50,000
- B. Rs. ` 1,45,000
- C. Rs. ` 10,000
- D. None of these.

73. In case of Partnership firm or company and foreign company marginal relief is provided if total income exceeds ` --

- A. . Rs. ` 1 crore
- B. Rs. ` 10 lakhs





- C. Marginal relief
- D. None of these

74. The total income is rounded off to the nearest multiple of -

- A. Rs. ` 1
- B. Rs. ` 10
- C. Rs. ` 100
- D. Rs. ` 1,000

75. The MMR of 35.88% for Assessment Year 2019-20 is relevant in case of which of the following person if income exceed 1crore

- A. Individual
- B. Association of Persons
- C. None of (a) and (b)
- D. Both of (a) and (b)

76. If a firm's total Income is Rs. ` 1,03,00,000, the marginal relief available to the firm is –

- A. Rs. ` 3,09,000
- B. Rs. ` 3,03,000
- C. Rs. ` 1,60,800
- D. None of these.

77. The amount of **health and education cess** to be collected along with income-tax for assessment year **2019-20** shall be

- A. 1 %
- B. 2%
- C. 3%
- D. 4%

78. In respect of a resident assessee, who is of the age of 60 years or more at any time during the previous year but less than 80 years on the last day of Previous Year relevant to Assessment Year **2019-20**:



- A. Rebate of tax payable subject to a maximum of Rs.20,000.
- B. Higher basic exemption of Rs. ` 1, 50,000.
- C. Higher basic exemption of Rs. ` 3, 00,000.
- D. Higher basic exemption of Rs. ` 1, 35,000.

79. Surcharge of 15% is payable by an Hindu Undivided Family where the total income exceeds:

- A. Rs. ` 7,50,000
- B. Rs. ` 8,50,000
- C. Rs. ` 1,00,00,000
- D. None of the three.

80. In case of resident HUF, what is maximum exemption limit for Assessment Year 2019-20 :

- A. Rs. ` 3,00,000
- B. Rs. ` 2,50,000
- C. Rs. ` 5,00,000
- D. Rs. ` 2,20,000

81. In case of a female individual, who is of 59 years of age, what is the maximum exemption limit for AY? 2019-20:

- A. Rs. ` 3,00,000
- B. Rs. ` 2,50,000
- C. Rs. ` 5,00,000
- D. Nil

82. The income-tax payable by a Resident Individual (aged 30 years) for AY. 2019-20 if his total income is Rs. `3,00,000 will be:

- A. Rs. ` 2,600
- B. Rs. ` 2,210
- C. Rs. ` 2,206
- D. Nil

83. The income-tax payable by a Non Resident Individual (aged 30 years) for Assessment Year 2019-20 if his total income is Rs. ` 2,70,000 will be:
- A. Rs. ` 2,060
  - B. Rs. ` 2,210
  - C. Rs. ` 2,206
  - D. Rs.1040
84. The income-tax payable by a Resident Individual (aged 30 years) for AY. 2019-20 if his total income is Rs. ` 3,01,500 will be:
- A. Rs. ` 2,630
  - B. Rs. ` 78
  - C. Rs. ` 150
  - D. Rs. ` 2,626
85. The income-tax payable by a Mrs. Swati **Non Resident** Individual (aged 65 years) for AY. 2019-20 if her total income is Rs. ` 2,75,000 will be:
- A. Rs.560
  - B. Rs. ` 2,575
  - C. Rs. ` 2,580
  - D. Rs. ` 1300
86. The income-tax payable by a Mr. Bansal Resident Individual (aged 25 years) for AY. 2019-20 if his total income is Rs. ` 4,50,000 will be :
- A. Rs.10,400
  - B. Rs. ` 15,450
  - C. Rs. ` 20,600
  - D. Rs. ` 540
87. Arun, a non-resident of India celebrated his 80th birthday on 10th October 2018. If his total income for the previous year is Rs. ` 6,00,000, his income-tax liability for the previous year 2018-19 is
- A. Rs. ` 46,350

- B. Rs. ` 41,200  
C. Rs. ` 20,600  
D. Rs. ' 33,800
88. The amount of marginal relief admissible to Mr. Bansal Resident Individual (aged 25 years) for AY 2019-20 if his total income is Rs.1,01,00,000 will be :
- A. Rs. ` 3,58,250  
B. Rs. ` 2,00,000  
C. Rs. ` 2,20,000  
D. Rs.3,56,375
89. The maximum income of ` -----is not chargeable to tax is case of non-resident woman of 60 years of age.
- A. Rs. ` 2,50,000  
B. Rs. ` 3,00,000  
C. Rs. ` 5,00,000  
D. Rs. ` 10,00,000
90. The tax payable is rounded off to the nearest multiple of -
- A. Rs. ` 1  
B. Rs. ` 1,000  
C. Rs. ` 10  
D. Rs. ` 100
91. The income-tax payable by a Non Resident Individual (aged 30 years) for AY 2019-20 if his total income s Rs. ` 2,75,500 will be:
- A. Rs. ` 1,326  
B. Rs. ` 566  
C. Rs. ` 570  
D. Rs. ` 2,626

92. The income-tax payable by a Resident Individual (aged 30 years) for AY 2019-20 if his total income is Rs. ` 5,00,000 will be:
- A. Rs. ` 20,600
  - B. Rs. ` 25,750
  - C. Rs. ` 33,990
  - D. Rs. ` 13,000
93. The income-tax payable by a Resident Individual (aged 30 years) for AY 2019-20 if his total income is Rs. ` 6,00,000 will be:
- A. Rs. ` 46,350
  - B. Rs. ` 44,290
  - C. Rs. ` 45,000
  - D. Rs. ` 33,475
94. The income-tax payable by a Resident Individual (aged 30 years) for AY 2019-20 if his total income is Rs. ` 16,00,000 will be:
- A. Rs. ` 3,14,150
  - B. Rs. ` 3,19,000
  - C. Rs. ` 3,04,200
  - D. Rs. ` 3,30,000
95. The income-tax payable by a Non Resident Individual (aged 62 years) for AY 2019-20 if his total income is Rs. ` 2,90,000 will be:
- A. Rs.2,080
  - B. Rs. ` 2,060
  - C. Rs. ` 4,120
  - D. Rs. ` 4,000
96. The income-tax payable by a Resident Individual (aged 62 years) for AY 2019-20 if his total income is Rs. ` 3,00,000 will be :
- A. Nil
  - B. Rs. ` 2,060

- C. Rs. ` 4,120
- D. Rs. ` 4,000
97. The income-tax payable by a Resident Individual (aged 62 years) for AY 2019-20 if his total income is Rs. ` 3,50,000 will be:
- A. Rs. ` 2,060
- B. Rs. ` 1,030
- C. Rs. ` 4,120
- D. Nil
98. The income-tax payable by a Resident Individual (aged 62 years) for AY 2019-20 if his total income is Rs. ` 3,60,000 will be:
- A. Rs. ` 1,030
- B. Rs. ` 6,180
- C. Rs. ` 8,240
- D. Rs. ` 3,120
99. The income-tax payable by a Resident Individual (aged 80 years) for AY 2019-20 if his total income is Rs. ` 5,00,000 will be:
- A. Nil
- B. Rs. ` 1,030
- C. Rs. ` 8,240
- D. Rs. ` 6,180
100. The income-tax payable by a Resident Individual (aged 80 years) for AY 2019-20 if his total income is Rs. ` 5,10,000 will be:
- A. Rs.2,080
- B. Rs. ` 2,060
- C. Rs. ` 1,030
- D. Rs. ` 6,180
101. An assessee, being an individual resident in India, is entitled to a deduction, from the



amount of income-tax on his total income which is chargeable for an assessment year, of an amount equal to 100 of such income-tax or a lesser amount. The maximum amount of total income qualifying for such deduction and the maximum amount of deduction so available is

- A. Rs. ` 5 lakh and Rs. ` 2,000 respectively
- B. Rs. ` 3lakh and Rs. ` 2,000 respectively
- C. Rs. ` 5 lakh and Rs. ` 5,000 respectively
- D. Rs. ` 3.5 lakh and Rs. ` 2,500 respectively

102. Calculate Income-tax payable by an Individual (aged 30 years) for AY 2019-20 if his total income is Rs. ` 1,01,20,000:

- A. Rs. ` 30,33,350
- B. Rs. ` 32,47,180
- C. Rs. ` 29,14,900
- D. Rs. ` 33,42,300

103. Calculate the amount of rebate u/s 87 A in case of a resident individual having total income of Rs. ` 3, 00,000. For A.Y 2019-20

- A. Rs. ` 30,000
- B. Rs. ` 10,000
- C. Rs. ` 2,500
- D. Rs. ` 5,000

104. The income-tax payable by a XYZ Inc a foreign company on total income of Rs. ` 12,25,500 will be :

- A. Rs. ` 5,09,800
- B. Rs. ` 5,04,906
- C. Rs. ` 3,78,520
- D. Rs. ` 3,78,525

105. The income-tax payable by a XYZ Cooperative society on total income of Rs. ` 50,000 will be

- A. Rs. ` 12,360



- B. Nil
- C. Rs. ` 20,600
- D. Rs. ` 12,480

106. Total income is to be rounded off to nearest multiple of \_\_\_ and tax is to be rounded off to nearest multiple of

- A. Ten, Rupee
- B. Hundred, Ten
- C. Ten, Ten
- D. Rupee, Rupee

107. Unexplained cash credits are chargeable to tax @ \_\_\_\_\_ \_

- A. 10%
- B. 15%
- C. 20%
- D. 30%

108. Long term capital Gains are chargeable to tax @ \_\_\_\_\_ \_

- A. 10%
- B. 15%
- C. 20%
- D. 30%

109. Short term capital gains arising on transfer of listed equity shares through recognized stock exchange are chargeable to Tax @ \_\_\_\_\_ \_

- A. 10%
- B. 15%
- C. 20%
- D. 30%

110. Income by way of dividends in excess of ` 10 lakh in the case of an individual, Hindu





undivided family (HUF) or a firm who is resident in India is chargeable to tax at rate of -

- A. 10%
- B. 15%
- C. 20%
- D. 30%

111. Income by way of royalty in respect of a patent developed and registered in India in respect of person who is resident in India is chargeable to tax at rate of -

- A. 10%
- B. 15%
- C. 20%
- D. 30%

112. For a domestic company, the minimum amount of total income liable for surcharge and the rate of surcharge applicable therein are -

- A. Rs. ` 10 crore and 7 respectively
- B. Rs. ` 1 crore and 7 respectively
- C. Rs. ` 1 crore and 12 respectively
- D. Rs. ` 10 crore and 12 respectively

113. The total income of Atul, a resident individual, is Rs. ` 2, 65,000. The rebate allowable u/s 87 A would be –

- A. Rs. ` 2,000
- B. Nil
- C. Rs. ` 1,500
- D. Rs. ` 7, 50.

114. For the previous year 2018-19, taxable income of A Ltd., a domestic company (Turnover **in FY 2016-17 was Rs. ` 2, 49.5 crores**) is Rs.10, 86,920. Its tax liability would be

- A. Rs. ` 2,82,600
- B. Rs. ` 3,39,120
- C. Rs. ` 3,32,770



D. Rs. ` 3,35,860

115. For the previous year 2018-19, taxable income of A Ltd., a domestic company (Turnover in FY 2016-17 was Exceed Rs. ` 2, 50 crores) is Rs.10, 86,920. Its tax liability would be

A. Rs. ` 2,82,600

B. Rs. ` 4,47,811

C. Rs. ` 3,39,120

D. Rs. ` 3,35,860

## Answer Key

Question Number	Answer
1	82
2	1 <sup>ST</sup> April, 1962
3	State Government
4	Income Tax Authorities
5	All of the above
6	None of Above
7	Regulations are framed in this respect
8	CBDT
9	First day of next financial year
10	Assessment Year
11	Individuals, HUF, Company, Firm, AOP or BOI, Local Authority, Every Artificial Juridical Person
12	A minor
13	Every person need not to be an assessee
14	body of individual
15	only 12 months
16	Assessment year, Previous year
17	Previous year
18	Uniform previous year which must be financial year only
19	Partnership firm
20	Local authority
21	Limited liability partnership
22	Both individual and non individual persons
23	Individual only

24	Status
25	Co -Partnership
26	2(31)
27	Association of Persons
28	Corporation
29	Section 3
30	1 <sup>st</sup> day of the April
31	Start from 31 <sup>st</sup> March, 2019 and will end on 31 <sup>st</sup> March, 2019
32	1 <sup>st</sup> September, 2018 to 31 <sup>st</sup> March, 2019
33	2019-20
34	Financial year only : 1 <sup>st</sup> April to 31 <sup>st</sup> March
35	Assessment of persons leaving India
36	Discontinued business
37	Taxable in India the same financial year
38	7.50%
39	Non-resident engaged in shipping business
40	Total Income
41	Assessment Year
42	Previous year rule
43	The Finance Act of the assessment year
44	1 <sup>st</sup> July, 2018 to 31 <sup>st</sup> March, 2019
45	Inclusive
46	Both (i) and (ii)
47	All of Above
48	5
49	All of the above
50	Legal and illegal both
51	Reimbursement of travelling expenses
52	income from export
53	all of above
54	Revenue receipt and not taxable
55	Revenue receipt
56	Gifts of personal nature subject to a maximum of Rs. `50,000 received in cash
57	Revenue receipt
58	Amount of Rs. `2,00,000 received by way of gift from relatives
59	Income from Other Sources
60	All of the above
61	The Finance Act
62	Reimbursement of expenses
63	10

64	20% ,20%
65	Rs. 10 crore
66	Rs. 1 core
67	Up to Rs. ` 3,00,000
68	Up to Rs. ` 5,00,000
69	Rs. ` 1,00,00,000
70	Nil
71	Income tax plus surcharge
72	Rs. 2,50,000
73	Rs. 1 crore
74	10
75	Both of (a) and (b)
76	Rs. 1,60,800
77	4%
78	Higher basic exemption of Rs. ` 3, 00,000.
79	Rs. ` 1,00,00,000
80	Rs. ` 2,50,000
81	Rs. 2,50,000
82	Nil
83	Rs. 1040
84	Rs. 78
85	Rs. 1,300
86	Rs. 10,400
87	Rs. 33,800
88	Rs. 3,56,375
89	Rs. - ` 2,50,000
90	Rs. -10
91	Rs. 1,326
92	Rs. 13,000
93	Rs. 33,475
94	Rs. 3,04,200
95	Rs. 2,080
96	Nil
97	Nil
98	Rs. 3,120
99	Nil
100	Rs. 2,080
101	Rs. 3.5 lakh and Rs. ` 2,500 respectively
102	Rs. ` 33,42,300
103	Rs. 2,500

104	Rs. ` 5,09,800
105	Rs. ` 12,480
106	Ten, Ten
107	30%
108	20%
109	15%
110	10%
111	10%
112	Rs. ` 1 crore and 7 respectively
113	Rs. 7,50
114	Rs. ` 2,82,600
115	Rs. ` 3,39,120

## ***MCQ on Classification of Income***

1. Under the Income-tax Act, 1961, 'notional profit' from speculative business is -
  - A. Taxable under the head 'income from profits and gains of business and profession
  - B. Taxable under the head 'income from other ' sources'
  - C. Taxable either as income from other sources or as income from profits and gains of business and profession
  - D. Not taxable.
  
2. Transaction in which a contract for the purchase or sale of any commodity including stocks and shares is periodically or ultimately settled otherwise than by the actual delivery or transfer of the commodity or scrips is known as :
  - A. Wagering transaction
  - B. Speculative transaction
  - C. Deemed Speculation business
  - D. None of these
  
3. Under the head 'profits and gains of business or profession', the method of accounting that should be followed by an assessee is \_\_\_\_\_
  - A. Cash system only
  - B. Mercantile system only
  - C. Hybrid system only
  - D. Cash system or mercantile system only
  
4. Income is divided in \_\_\_\_\_ heads of Income.

2

- A. 4
  - B. 5
  - C. 6
  - D. 3
5. Income includes -
- A. Profits or Gains
  - B. Capital gains
  - C. Lottery winnings
  - D. All of the above
6. The term 'income' includes the following types of incomes -
- A. ' Legal
  - B. Illegal
  - C. Legal and illegal both
  - D. None of the above,
7. In case the Key man insurance policy is taken in name of any other person any sum received on its maturity by such person shall be taxable under the head -
- A. Salaries
  - B. Profits & Gains of Business or Profession
  - C. Capital Gains
  - D. Income from Other Sources
8. Method of Accounting is not relevant for –
- A. Salaries
  - B. Income from House Property
  - C. Capital Gains
  - D. All of the above
9. The Central Government has notified Income computation and disclosure standards for



computing income under the head Profits and Gains of Business and Profession - .

- A. 2
  - B. 5
  - C. 8
  - D. 10
10. Director sitting fees will be Chargeable Under which head?
- A. Income from house property
  - B. Income from other sources
  - C. Income from PGBP
  - D. Income from Capital gain
11. Rental income of house property shall be taxable under which head, if house property is used by assessee for own business and profession
- A. Income from house property
  - B. Income from other sources
  - C. Income from PGBP
  - D. Income from Capital gain
12. Rental income from the business of leasing out properties would be taxable under the head \_\_\_\_\_
- A. Income from house property
  - B. Income from other sources
  - C. Income from PGBP
  - D. Income from Capital gain
13. franchise fee received by an assessee in tourism business, against special rights given to franchisees to undertake hotel business in assessee's property is taxable under the head \_\_\_\_\_
- A. Income from house property
  - B. Income from PGBP
  - C. Income from Capital gain



D. Income from other sources

14. Interest income earned on share application money deposited with a bank for a specified period in accordance with statutory requirement becomes taxable in A.Y. in which allotment is completed or in the year of accrual?

- A. In A.Y in which allotment is completed
- B. In the year of accrual
- C. Both in A.Y in which allotment is completed and in the year of accrual
- D. Either in A.Y in which allotment is completed or in the year of accrual

### Answer Key

Question Number	Answer
1	Not taxable.
2	Speculative transaction
3	Cash system or mercantile system only
4	5
5	All of the above
6	Legal and illegal both
7	Income from Other Sources
8	All of the above
9	10
10	Income from Other sources.
11	Income from PGBP
12	Income from PGBP
13	Income from PGBP
14	In A.Y in which allotment is completed

## MCQ On Alternate Minimum Tax

1. Mr. DS assessee has a profit of Rs 30 lakh from business and taxes as per normal Income Tax is less than MAT/AMT on Book Profit. What is the Rate of Tax Applicable on assessee?
  - A. MAT is applicable @ 18.5% since it is not a company
  - B. AMT is applicable @ 18.5 % since it is not a company
  - C. Income Tax @ 30 % is applicable & No MAT/AMT applies.
  - D. AMT is applicable @ 9 % since it is not a company
  
2. What is the rate of MAT/AMT applicable in case of non-Corporate Assessee being a unit located in International Financial Services Centre. (From F.Y 18-19)
  - A. Mat is applicable @ 18.5% since it is a non company.
  - B. AMT is applicable @ 18.5 % since it is a non company.
  - C. Income Tax @ 30 % is applicable & No MAT/AMT applies.
  - D. AMT is applicable @ 9 % since it is a non company.
  
3. Alternate Minimum Tax shall not be applicable to a non-corporate assessee who has claimed any deduction under:
  - A. Sections 80-IA to 80RRB
  - B. section 80P;
  - C. Section 10AA
  - D. Section 35AD

4. The provisions of Alternate Minimum Tax under Chapter XII-BA shall not apply whom if the Adjusted Total Income of such person does not exceed Rs. `20,00,000
  - A. an Individual or an Artificial Juridical Person
  - B. a Hindu Undivided Family;
  - C. an Association of Persons or a Body of Individuals (whether incorporated or not)
  - D. All of the above
  
5. The taxable income for the year 2018-19 of Mr. DS (resident and age 40 years) computed as per the provisions of Income-tax Act is Rs. 28,40,000. The taxable income has been computed after deduction of Rs. 2,00,000 under section 80QQB in respect of royalty on books. Will he be liable to AMT? What will be his tax liability for the year?
  - A. AMT is applicable & tax Rs. 6,91,080
  - B. AMT is applicable & tax Rs. 5,84,896
  - C. AMT not applicable & tax Rs. 5,84,896
  - D. AMT not applicable & tax Rs. 6,91,080
  
6. The taxable income for the financial year 2018-19 of Mr. DS (resident and age 39 years) computed as per the provisions of Income-tax Act is Rs. 20,84,000. The taxable income has been computed after deduction of Rs. 5,00,000 under section 80JJA. Will he be liable to AMT? What will be his tax liability for the year?
  - A. AMT is applicable & tax Rs. 4,55,208
  - B. AMT is applicable & tax Rs. 4,97,162
  - C. AMT not applicable & tax Rs. . 4,55,208
  - D. AMT not applicable & tax Rs. . 4,97,162
  
7. The tax liability of DS Enterprises (a partnership firm) for the financial year 2018-19 under the normal provisions of the Income-tax Act is Rs. 8,40,000 and the liability as per the provisions of AMT is Rs. 10,00,000. Will it be entitled to claim any AMT credit in the subsequent years?
  - A. Rs. 1,60,000
  - B. Rs. 8,40,000
  - C. Rs. 10,00,000
  - D. None of this
  
8. Period upto which AMT credit can be carried forward-
  - A. 10 Years
  - B. 12 Years
  - C. 8 Years
  - D. 15 Years

9. Every non corporate assessee to whom AMT provisions are applicable required report from Chartered Accountant on Which form No-
- 29
  - 29 C
  - 29A
  - 29B
10. In case of non-corporate taxpayer, AMT is levied @ \_\_\_\_\_% of adjusted total income.
- 20.00
  - 18.50
  - 15.00
  - 10.00

## Answer Key

Question Number	Answer
1	AMT is applicable @ 18.5 % since it is a not a company
2	AMT is applicable @ 9 % since it is a non company.
3	section 80P;
4	All of the above
5	AMT is applicable & tax Rs. 6,91,080
6	AMT is applicable & tax Rs. 4,97,162
7	Rs. 1,60,000
8	15 Years
9	29 C
10	18.50

## ***MCQ On Deemed Income***

### **Deemed profit chargeable to tax under section 41**

1. Deemed profits chargeable to tax under section 41 includes:
  - A. Taxability of Balancing Charge in case of Power Generating Undertakings
  - B. Sale of an asset used for scientific research without having been used for the purposes of business or profession.
  - C. Recovery of bad debts.
  - D. All of the above.
  
2. Biren discontinued wholesale trade in medicines from 1st July, 2015. He recovered Rs. ` 1, 50,000 in October, 2018 being a bad debt which was written-off and allowed in assessment year 2014-15. He has eligible brought forward business loss of wholesale trade in medicines of Rs. ` 1, 70,000. The consequence of bad debt recovery is that -
  - A. It is chargeable to tax
  - B. It is eligible for set-off against brought forward business loss
  - C. The now brought forward business loss is taxable
  - D. 50% of the amount recovered now is taxable
  
3. Sameer sold goods worth Rs. ` 50,000 at credit on 1<sup>st</sup> April, 2015. However, he has written off Rs. ` 10,000 of it as bad debts and claimed deduction for the same during the year 2017-18. On 4th April, 2018, the defaulting debtor made payment of Rs. ` 45,000. The taxable amount of bad debts recovered for the year 2018-19 would be -
  - A. Rs. ` 5,000
  - B. Rs. ` 45,000

- C. Rs. ` 50,000  
D. Rs. ` 10,000
4. An assessee discontinued his textile business during the previous year 2017-18 and incurred a loss of Rs. ` 1, 50,000. During the previous year 2018-19 assessee earned deemed profits in the discontinued business of Rs. ` 1, 75,000. Calculate the amount taxable as business income.  
A. Rs. ` 1,75,000  
B. Rs. ` 25,000  
C. Rs. ` 1,50,000  
D. NIL
5. If an asset acquired in accordance with the site restoration scheme is sold or otherwise transferred in any previous year before the expiry of -----years from year of its acquisition and such part of the cost of asset is relatable to the deduction already allowed under this section will be deemed to be the profits of business in the year of such sale or transfer:  
A. 5  
B. 8  
C. 4  
D. 10

### Answer Key

Question Number	Answer
1	All of the above.
2	It is eligible for set-off against brought forward business loss
3	Rs. ` 5,000
4	Rs. ` 25,000
5	8

## ***MCQ On Presumptive Taxation & Audit of Accounts***

### **Accounts & Audit – Section 44AA &44AB**

1. Which amongst the following are specified books of account?
  - A. Cash Book
  - B. Carbon copies or counterfoils of bills
  - C. Original bills issued
  - D. All of the above
  
2. The books of accounts are to be kept and maintained for a period of how many years from the end of the relevant assessment year.
  - A. 6 years
  - B. 5 years
  - C. 8 years
  - D. Unlimited period
  
3. A person carrying specified profession will have to maintain books of account prescribed by Rule 6F of the Income-tax Rule, 1962, if gross receipts are more than Rs. ` 1,50,000 for –
  - A. All preceding 5 years
  - B. Any of the preceding 5 years
  - C. All preceding 3 years
  - D. Any of the preceding 3 years.
  
4. In case of specified professions, what is the minimum amount the Gross receipts should exceed in all of the three immediately preceding previous years or, where the business is newly setup,

the amount that gross receipts are likely to exceed during current previous year, so as to maintain the books of accounts.

- A. Rs. ` 1,00,000
  - B. Rs. ` 1,20,000
  - C. Rs. ` 1,50,000
  - D. Rs. ` 10,00,000
5. In which case newly set up business or profession other than specified profession is required to maintain accounts?
- A. If total sales turnover is likely to exceed Rs. ` 10,00,000 during such previous year.
  - B. If turnover likely to exceed Rs. ` 1,12,000 during such previous year.
  - C. If turnover is likely to exceed Rs. ` 1,00,000 during such previous year.
  - D. If turnover is likely to exceed Rs. ` 1,00,000 during such assessment year.
6. Accounts of a person carrying on business are required to be audited for previous year in which total sales, turnover or gross receipts exceeds \_\_\_\_\_
- A. Rs. ` 60,00,000
  - B. Rs. ` 1,00,00,000
  - C. Rs. ` 15,00,000
  - D. Rs. ` 50,00,000
7. A person carrying on profession is required to get his accounts compulsorily audited by a Chartered Accountant if his gross receipts from profession for the previous year exceed –
- A. Rs. ` 10,00,000
  - B. Rs. ` 25,00,000
  - C. Rs. ` 50,00,000
  - D. Rs. ` 1,00,00,000
8. A person carrying on profession will also have to get his accounts audited before the specified date, if gross receipts from the profession for a previous year or years relevant to assessment year exceed –
- A. Rs. ` 25 lakh
  - B. Rs. ` 10 lakh
  - C. Rs. ` 1 crore
  - D. Rs. ` 50 lakh.
9. The penalty for failure to maintain accounts under section 44AA is -
- A. Rs. ` 10,000
  - B. Rs. ` 20,000
  - C. Rs. ` 50,000



D. Rs. ` 25,000.

10. The maximum penalty for failure to get accounts audited under section 44AB or furnish audit report along with return of income is \_

- A. Rs. ` 10,000
- B. Rs. ` 20,000
- C. Rs. ` 50,000
- D. Rs. ` 1,50,000.

11. The maximum penalty leviable for failure to get accounts audited or to furnish report under section 44AB is –

- A. Rs. ` 75,000
- B. Rs. ` 1,00,000
- C. Rs. ` 1,50,000
- D. Rs. ` 3,00,000

**DEEMED PROFITS IN CASE OF CERTAIN BUSINESSES - SECTION 44AD & 44AE**

12. Accounts of a person carrying on business referred to u/ s 44AD are required to be audited for previous year if -

- A. The assessee has claimed profits.
- B. Profits from such business to be lower than the profits and gains deemed u/ s 44AD.
- C. The "total income" exceeds maximum amount, which is not chargeable to tax in any PY.
- D. All of the above.

13. For computation of profits of business on presumptive basis under section 44AD, the deemed profits shall be calculated at the rate of of the total turnover or gross receipts of such business:

- A. 8%
- B. 6%
- C. 20%
- D. 5%

14. The total turnover of the business of assessee was of Rs. ` 30,00,000. The assessee declared a profit of Rs. ` 2,80,000. What shall be the deemed profits of assessee under section 44AD?

- A. Rs. ` 2,80,000
- B. Rs. ` 2,40,000
- C. Rs. ` 40,000
- D. Rs. ` 2,60,000

15. The provisions of section 44AD shall not apply to :

- A. Person carrying on specified profession as referred to Section 44AA.

- B. A person earning income in the nature of commission or brokerage.  
C. Person carrying on any agency business.  
D. All of the above.
16. Provisions of section 44AD for computation of presumptive income are not applicable to -----  
--  
A. Limited liability partnership  
B. Partnership firm  
C. Resident Hindu Undivided Family  
D. Resident individual.
17. When a partnership firm has total sales of Rs. ` 90 lakh, the maximum amount deductible as salary of working partners on the basis of presumptive income determined under section 44AD is –  
A. Rs. ` 4,92,000  
B. Rs. ` 3,60,000  
C. Rs. ` 3,30,000  
D. NIL
18. For computation of profits of profession on presumptive basis under section 44ADA, the deemed profits shall be calculated at the rate of of the gross receipts of such profession:  
A. 8  
B. 50  
C. 20  
D. 5
19. The provisions of Section 44ADA are applicable if gross receipts from profession does not exceed-----`  
A. Rs. ` 50,00,000  
B. Rs. ` 2,00,00,000  
C. Rs. ` 1,00,00,000  
D. Rs.15000000
20. When a person carries on the business of carrying goods for hire for the whole year with 5 self-owned ( gross vehicle weight of each being 1285 kg.) and 3 leasehold heavy goods vehicles (gross vehicle weight of each being 31,000 kg.), the presumptive income chargeable to tax under section 44AE would be –  
A. Rs. ` 4,80,000  
B. Rs. ` 7,20,000  
C. Rs. ` 15,66,000

- D. Rs. ` 3,36,000
21. Mr. DS is carrying of profession of company secretary. His gross receipts from profession is Rs. ` 45,00,000 in Previous year 2018-19. His deemed profits as per provisions of Section 44ADA are:
- A. Rs. ` 3,60,000  
B. Rs. ` 22,50,000  
C. Rs. ` 4,50,000  
D. Rs. ` 9,00,000
22. Anuj owns 6 goods carriage vehicles (gross vehicle weight of each being 31000 kg.) . Out of these 2 are heavy goods vehicle acquired by him on 15th January, 2019. His taxable income under section 44AE will be
- A. Rs. ` 4,05,000  
B. Rs. ` 16,74,000  
C. Rs. ` 84,000  
D. Rs. ` 3,60,000.
23. Rs. 1000 per ton of gross vehicle weight or unladen weight as the case may be, for per month or part of a month for a heavy goods carriage and Rs. 7,500 per month or part of a month for other goods vehicle in the case of Assessee owning not more than----- goods carriages at any time during the previous year and engaged in the business of plying, hiring or leasing such goods carriages shall be eligible to compute profits under Section 44AE:
- A. 10  
B. 8  
C. 6  
D. 15
24. For computing deemed profits under section 44AE in case of goods carriage other than heavy weight vehicle being a goods vehicle the amount with which per vehicle per month has to be multiplied is:
- A. Rs. ` 10,000  
B. Rs. ` 7,500  
C. Rs. ` 50,000  
D. Rs. ` 1,50,000
25. For computing deemed profits under section 44AE in case of goods carriage a heavy goods vehicle the amount with which per ton per month has to be multiplied is:
- A. Rs. ` 10,000  
B. Rs. ` 5,000  
C. Rs. ` 50,000

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D. Rs. `1,000

26. An assessee was engaged in the business of plying, hiring or leasing of goods carriages. He held 4 heavy goods vehicle ( Gross weight for each vehicle 15000 kg) being for the entire year and three goods carriage other than heavy goods vehicle which were acquired on 15th July 2018. Compute the deemed profits u/ s 44AE.

- A. Rs. `5,62,500  
 B. Rs. `9,22,500  
 C. Rs. `4,20,000  
 D. Rs. `3,78,000

## Answer Key

Question Number	Answer
1	All of the above
2	6 years
3	All preceding 3 years
4	Rs. `1,50,000
5	If total sales turnover is likely to exceed Rs. `10,00,000 during such previous year.
6	Rs. `1,00,00,000
7	Rs. `50,00,000
8	Rs. `50 lakh.
9	Rs. `25,000.
10	Rs. `1,50,000.
11	Rs. `1,50,000
12	All of the above.
13	8%
14	Rs. `2,80,000
15	All of the above.
16	Limited liability partnership
17	NIL
18	50
19	Rs. `50,00,000
20	Rs. `15,66,000
21	Rs. `22,50,000
22	Rs. `16,74,000
23	10

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24	Rs. ` 7,500
25	Rs. ` 1,000
26	Rs. ` 9,22,500

DSTC

## ***MCQ On House Property***

### **BASIC CONCEPTS OF TAXABILITY OF INCOME FROM HOUSE PROPERTY**

1. Which is the charging section of Income from house property?
  - A. Section 15
  - B. Section 22
  - C. Section 24
  - D. Section 10(10D)
  
2. Income from vacant plot is taxable under the head
  - A. Income from House Property
  - B. Income from Other Sources
  - C. Profits & Gains of Business or Profession
  - D. Capital Gains
  
3. Which of following conditions need to be satisfied in order to tax any income under the head Income from house property ?
  - A. The property must consist of building or land appurtenant thereto.
  - B. The assessee must be the owner of such house property.

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- C. The property must not be used for business or profession carried on by assessee.
- D. All of the above.
4. Income from subletting of house property is taxable under the head \_\_\_\_\_
- A. Income from House Property
- B. Income from Other Sources
- C. Profits & Gains of Business or Profession
- D. Capital Gains
5. In case the letting out of property is incidental to the main business, then income from such property shall be taxable as
- A. Income from House Property
- B. Income from Other Sources
- C. Profits & Gains of Business or Profession
- D. Capital Gains
6. Annual value of property of a social club will be :
- A. Taxable as Income from House Property
- B. Taxable as Income from Other Sources
- C. Exempt from tax
- D. Taxable as Profits and gains of business
7. In case any property is owned by an assessee and the same is given by him to the partnership firm, in which he is a partner, for carrying on the business of such firm, then the income from such property will :
- A. Not be taxable.
- B. be taxable as Income from Other Sources
- C. Be taxable as Income from house property
- D. Taxable as Profits and gains of business
8. Income from building constructed on leasehold is taxable as :

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- A. Income from House Property
  - B. Income from Other Sources
  - C. Profits & Gains of Business or Profession
  - D. Capital Gains
9. The assessee, who was deriving income from "House property" realised a sum of Rs. 52,000 on account of display of advertisement hoarding of various concerns on the roof of the building. The same will be taxable under:
- A. Income from House Property
  - B. Income from Other Sources
  - C. Profits & Gains of Business or Profession
  - D. Capital Gains
10. Composite rent of let-out house property is taxable as –
- A. Profits and gains from business or profession
  - B. Income from other sources
  - C. Income from house property
  - D. Either (a) or (b) above depending upon certain conditions.

**COMPUTATION OF ANNUAL VALUE - SECTION 23**

11. Expected Rent is equal to \_\_\_\_\_
- A. Fair Rent
  - B. Municipal Valuation
  - C. Lower of Fair Rent or Municipal valuation
  - D. Higher of Fair Rent or Municipal valuation subject to the maximum of Standard Rent
12. If Actual Rent received or receivable exceeds Expected Rent, the Gross Annual Value equals to-
- A. Actual Rent received or receivable
  - B. Expected Rent
  - C. Actual Rent - Expected Rent
  - D. None of these.



13. The sum for which the property might reasonably be expected to let year to year is known as -

- A. Expected Rent
- B. Standard Rent
- C. Annual value
- D. Municipal Valuation

14. In which of the following cases the annual value of the house is taken to be NIL.

- A. Self occupied house.
- B. Vacancy for the whole period.
- C. If the assessee holds two house properties.
- D. Both (a) & (b) but not (c)

15. DS is the owner of a house property covered under the Rent Control Act. Municipal value Rs. ` 30,000, actual rent Rs. ` 25,000, fair rent Rs. ` 36,000 and standard rent is Rs. ` 28,000. The gross annual value of the house property will be –

- A. Rs. ` 30,000
- B. Rs. ` 25,000
- C. Rs. ` 36,000
- D. Rs. ` 28,000

16. DS owns a house property in Delhi which he wants to give on rent. He seeks your help to determine the reasonable expected rent when monthly municipal value is Rs. ` 20,000, fair rent Rs. ` 25,000 and standard rent Rs. ` 22,000. The reasonable expected rent will be computed with reference to following amount per month –

- A. Rs. ` 22,000
- B. Rs. ` 20,000
- C. Rs. ` 25,000
- D. None of the above.

17. Find out the expected rent of house property A, if the following is given:

Municipal value = Rs. ` 1,00,000;

Fair Rent = Rs. ` 88,000; Standard Rent = Rs. ` 1,25,000



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- A. Rs. ` 1,00,000
- B. Rs. ` 88,000
- C. Rs. ` 1,12,000
- D. Rs. ` 1,25,000

18. Find out the expected rent of house property A, if the following is given:

Municipal value = Rs. ` 70,000; Fair Rent =Rs. ` 88,000; Standard Rent = Rs. ` 1,12,000. Actual Rent=Rs. ` 1,12,000. Actual Rent = Rs. ` 1,25,000

- A. Rs. ` 70,000
- B. Rs. ` 88,000
- C. Rs. ` 1,12,000
- D. Rs. ` 1,25,000

19. Find out the expected rent of house property D, if the following is given:

Municipal value = Rs`70,000; Fair Rent = Rs. `88,000; Standard Rent = Rs. ` 60,000 Actual Rent = Rs.` 1,25,000

- A. Rs. ` 70,000
- B. Rs. ` 88,000
- C. Rs. ` 60,000
- D. Rs. ` 1,25,000

20. Find out the expected rent of house property N, if the following is given:

Municipal value = Rs. ` 65,000; Fair Rent = Rs. ` 88,000; Standard Rent= Rs. `60,000 Actual Rent = Rs.` 1,25,000

- A. Rs. ` 65,000
- B. Rs. ` 88,000
- C. Rs. ` 60,000
- D. Rs. ` 1,25,000

21. Find the Gross Annual Value of house property of Q if the following is given:

Municipal value = Rs. ` 10,000; Fair Rent= Rs. ` 88,000; Standard Rent = Rs. ` 92,000; Actual Rent = Rs.`

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89,000.

- A. Rs. ` 10,000
- B. Rs. ` 88,000
- C. Rs. ` 92,000
- D. Rs. ` 89,000

22. Find the Gross Annual Value of house property of N if the following is given:

Municipal value = Rs. ` 1,00,000; Fair Rent = Rs. ` 88,000; Standard Rent = Rs. ` 92,000; Actual Rent = Rs. ` 89,000.

- A. Rs. ` 1,00,000
- B. Rs. ` 88,000
- C. Rs. ` 92,000
- D. Rs. ` 89,000

23. Find the Gross Annual Value of house property of S if the following is given:

Municipal value = Rs. ` 1,00,000; Fair Rent = Rs. ` 1,20,000; Standard Rent = Rs. ` 1,50,000; Actual Rent = Rs. ` 1,30,000.

- A. Rs. ` 1,00,000
- B. Rs. 1,20,000
- C. Rs. ` 1,50,000
- D. Rs. ` 1,30,000

24. Find the Gross Annual Value of house property of S if the following is given:

Municipal value= Rs. ` 1,60,000; Fair Rent = Rs. ` 1,20,000; Standard Rent= Rs. ` 1,50,000; Actual Rent = Rs. ` 1,55,000.

- A. Rs. ` 1,60,000
- B. Rs. ` 1,20,000
- C. Rs. ` 1,50,000
- D. Rs. ` 1,55,000

25. Find the Gross Annual Value of house property of A if the following is given:

Municipal value = Rs. ` 1,40,000; Fair Rent = Rs. ` 1,20,000; Standard Rent= Rs. `1,50,000; Actual Rent= Rs. ` 1,30,000.

- A. Rs. ` 1,40,000
- B. Rs. ` 1,20,000
- C. Rs. ` 1,50,000
- D. Rs. ` 1,30,000

26. Calculate the Gross Annual value from the following details:

Municipal Value - Rs. ` 45,000; Fair rental value - Rs. ` 50,000; Standard rent - Rs. ` 48,000; Actual Rent - Rs. ` 42,000.

- A. Rs. ` 50,000
- B. Rs. ` 48,000
- C. Rs. ` 45,000
- D. Rs. ` 42,000

27. Calculate the Gross Annual value from the following details:

Municipal Value - Rs. ` 45,000; Fair rental value - Rs. ` 50,000; Standard rent - Rs. ` 48,000; Actual Rent Receivable - Rs. ` 75,000; Unrealised rent : Rs. ` 20,000

- A. Rs. ` 50,000
- B. Rs. ` 55,000
- C. Rs. ` 45,000
- D. Rs. ` 42,000

28. Calculate the Gross Annual value from the following details:

Municipal Value - Rs. ` 45,000; Fair rental value - Rs. ` 50,000; Standard rent - Rs. ` 48,000; Actual Rent Receivable - Rs. ` 55,000; Unrealised rent : Rs. ` 20,000.

- A. Rs. ` 50,000
- B. Rs. ` 48,000
- C. Rs. ` 45,000
- D. Rs. ` 35,000

29. Calculate the Gross Annual value from the following details:



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Municipal Value - Rs. ` 45,000; Fair rental value - Rs. ` 50,000; Standard rent - Rs. ` 48,000; Actual Rent Receivable (11 months) - Rs. ` 46,000 Vacancy: 1 month

- A. Rs. ` 50,000
- B. Rs. ` 46,000
- C. Rs. ` 45,000
- D. Rs. ` 48,000

30. Calculate the Gross Annual value from the following details:

Municipal Value - Rs. ` 45,000; Fair rental value - Rs. ` 50,000; Standard rent - Rs. ` 48,000; Actual Rent Receivable (11 months) - Rs. ` 40,000 Vacancy: 1 month

- A. Rs. ` 50,000
- B. Rs. ` 40,000
- C. Rs. ` 45,000
- D. Rs. ` 48,000

31. Find the Gross Annual Value of house property of A if the following information is given:

Municipal value = Rs. ` 1,40,000; Fair Rent = Rs. ` 1,50,000; Standard Rent = Rs. ` 1,44,000; Actual Rent = Rs. ` 15,000; Vacancy = 11 months.

- A. Rs. ` 1,40,000
- B. Rs. ` 1,50,000
- C. Rs. ` 15,000
- D. Rs. ` 1,44,000

32. Find the Gross Annual Value of house property of X if the following is given -

Municipal value = Rs. ` 80,000; Fair Rent = Rs. ` 70,000; Vacancy = 12 months

- A. Rs. ` 80,000
- B. Nil
- C. Rs. ` 70,000
- D. Rs. ` 10,000

33. X is the owner of a house, the details of which are given below:



(a) Municipal value : Rs. ` 30,000 (b) Actual rent : Rs. ` 32,000 (c) Fair rent : Rs. ` 36,000 (d) Standard rent : Rs. ` 40,000.

The gross annual value would be –

- A. Rs. ` 36,000
- B. Rs. ` 35,000
- C. Rs. ` 30,000
- D. Rs. ` 40,000.

34. Municipal value : Rs. ` 14,000; Fair rent : Rs. ` 14,500; Standard rent : Rs. ` 14,200. Actual rent as property let-out throughout the previous year : Rs. ` 16,800. Unrealized rent of the previous year : Rs. ` 7,000. The annual value of the house property shall be

- A. Rs. ` 9,800
- B. Rs. ` 7,200
- C. Rs. ` 14,200
- D. Rs. ` 7,500

35. DS is owner of house which has been let out at a monthly rent of Rs. ` 25,000. The fair rent of the house is Rs. ` 2,90,000 and standard rent is Rs. ` 2,60,000. The municipal value of house is Rs. ` 2,80,000 and municipal taxes are levied @ 10% of municipal value. The entire amount of municipal taxes are outstanding for the year ended 31-03-2019. The amount of municipal taxes to be allowed as deduction for computing the annual value will be :

- A. Rs. ` 30,000
- B. Rs. ` 29,000
- C. Rs. ` 28,000
- D. Nil

36. DS is owner of house which has been let out at a monthly rent of Rs. ` 25,000. The fair rent of the house is Rs. ` 2,90,000 and standard rent is Rs. ` 2,60,000. The municipal value of house is Rs. ` 2,80,000 and municipal taxes are levied @ 10% of municipal value. The entire amount of municipal taxes for the year ended 31-03-2019 are paid by the owner on 31-03-2019. The amount of municipal taxes to be allowed as deduction for computing the annual value will be :

- A. Rs. ` 30,000
- B. Rs. ` 29,000

- C. Rs. `28,000
- D. Nil

37. DS is owner of house which has been let out at a monthly rent of Rs. ` 25,000. The fair rent of the house is Rs. ` 2,90,000 and standard rent is Rs. ` 2,60,000. The municipal value of house is Rs. ` 2,80,000 and municipal taxes are levied @ 10% of municipal value. The entire amount of municipal taxes for the year ended 31-03-2019 out of which half of the municipal taxes are paid by the tenant. The amount of municipal taxes to be allowed as deduction for computing the annual value will be :

- A. Rs. ` 30,000
- B. Rs. ` 29,000
- C. Rs. ` 14,000
- D. Nil

38. DS owns a house, which is self-occupied upto 31-5-2018. W.e.f. 1-6-2018, the property is let to Rakesh at Rs. ` 40,000 p.m. Determine the Gross Annual Value of the house if the municipal value is Rs. ` 4,15,000; Fair Rent Rs. ` 4,20,000 and standard rent is Rs. ` 4,10,000.

- A. Rs. ` 4,00,000
- B. Rs. ` 4,20,000
- C. Rs. ` 4,10,000
- D. Rs. ` 4,15,000

39. DS owns a house, which is self-occupied upto 31-5-2018. W.e.f. 1-6-2018, the property is let to Raj at Rs. ` 42,000 p.m. Determine the Gross Annual Value of the house if the municipal value is Rs. ` 4,15,000; Fair Rent Rs. ` 4,30,000 and standard rent is Rs. ` 4,10,000.

- A. Rs. ` 4,20,000
- B. Rs. ` 4,30,000
- C. Rs. ` 4,10,000
- D. Rs. ` 4,15,000

40. DS owns a house, which is self-occupied upto 31-5-2018. W.e.f. 1-6-2018, the property is let to Raj at Rs. ` 42,000 p.m. Determine the Net Annual Value of the house if the municipal value is Rs. ` 4,15,000; Fair Rent Rs. ` 4,30,000 and standard rent is Rs. ` 4,10,000 and tenant has paid 10% of municipal value as municipal taxes.

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- A. Rs. `4,20,000
- B. Rs. `4,30,000
- C. Rs. `3,78,500
- D. Rs. `4,15,000

**DEDUCTIONS FROM ANNUAL VALUE - SECTION 24**

41. Which of the following deduction are to be made from income house property?
- A. Statutory deduction
  - B. Interest on borrowed loan
  - C. Both (a) and (b)
  - D. Option (a) but not (b)
42. The construction of a house was completed on 31<sup>st</sup> January, 2019, The owner of the house took a loan of Rs. `20,00,000 @ p.a. On 1<sup>st</sup> May, 2018. In this case the deduction allowable for the previous year 2018-19 towards interest on borrowings is -
- A. Rs. `22,000
  - B. Rs. `24,000
  - C. Rs. `1,10,000
  - D. None of the above
43. DS purchased a house for his residential purpose after taking a loan in January, 2017. During the previous year 2018-19, he paid interest on loan Rs. `2,17,000. While computing income from house property, the deduction is allowable to the extent of -
- A. Rs. `30,000
  - B. Rs. `1,00,000
  - C. Rs. `2,17,000
  - D. Rs. `2,00,000.
44. When did pre-acquisition or pre-construction period commences -
- A. On the 1st year when loan is borrowed
  - B. On the date of borrowing
  - C. On the 1st April of the year when construction is completed





- D. On the 31st March of the year when loan is borrowed
45. When did pre-acquisition or pre-construction period ends?
- A. 31<sup>st</sup> march immediately prior to date of acquisition of property.
  - B. Date of repayment of loan completion of construction
  - C. (a) or (b) whichever is earlier
  - D. Any of these
46. Which of the following amount is not allowed for deduction from income from house property ?
- A. Interest on loan borrowed for construction of house property.
  - B. Interest on fresh loan taken to repay original loan.
  - C. Interest on unpaid interest.
  - D. Interest on unpaid purchase price.
47. The maximum limit of deduction under section 24(b) for interest on borrowed capital on or after 1-4-1999 for repairs of house property used for self occupation is:
- A. Rs. ` 30,000
  - B. Rs. ` 2,00,000
  - C. Rs. ` 50,000
  - D. Rs. ` 60,000
48. The maximum limit of deduction under section 24(b) for interest on borrowed capital on or after 1-4-1999 for acquisition or construction of such house property is:
- A. Rs. ` 30,000
  - B. Rs. ` 2,00,000
  - C. Rs. ` 50,000
  - D. Rs. ` 60,000
49. The maximum limit of deduction under section 24(b) for interest on borrowed capital before 1-4-1999 for construction of house property used for self occupation is:
- A. Rs. ` 30,000

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- B. Rs. ` 2,00,000
- C. Rs. ` 50,000
- D. Rs. ` 60,000

50. The maximum limit of deduction under section 24(b) for interest on borrowed capital on or after 1-4-1999 for construction of house property used for self occupation if the house is completed within 5 years from the end of previous year in which loan is taken is:

- A. Rs. ` 30,000
- B. Rs. ` 2,00,000
- C. Rs. ` 50,000
- D. Rs. ` 60,000

51. The maximum limit of deduction under section 24(b) for interest on borrowed capital on or after 1-4-1999 for construction of house property used for self occupation shall be Rs. ` 2,00,000 if -

- A. the house is completed within 5 years from the end of previous year in which loan is taken.
- B. the house is completed within 5 years from the end of previous year in which construction is started.
- C. the house is completed within 5 years from the date when the loan is taken.
- D. the house is completed within 5 years from the date when construction is started.

52. DS took a loan of Rs. ` 6,00,000 on 1-4-2016 from a bank for construction of a house. The loan carries an interest @ 10% p.a. The construction is completed on 30-6-2017. The entire loan is still outstanding. The pre-construction period interest will be ` \_\_\_\_\_

- A. Rs. ` 60,000
- B. Nil
- C. Rs. ` 75,000
- D. Rs. ` 90,000

53. DS took a loan of Rs. ` 8,00,000 on 1-4-2017 from a bank for construction of a house. The loan carries an interest @ 12% p.a. The construction is completed on 31-03-2018. The entire loan is still outstanding on 31-03-2019. The pre-construction period interest will be ` \_\_\_\_\_

- A. Rs. ` 96,000

- B. Nil
- C. Rs. `1,92,000
- D. Rs. `1,50,000

54. DS took a loan of Rs. `8,00,000 on 1-4-2016 from a bank for construction of a house. The loan carries an interest @ 12 % p.a. The construction is completed on 31-03-2018. The entire loan is still outstanding on 31-03-2019. The pre-construction period interest allowable in Assessment Year 2019-20 will be

- A. Rs. ` 19,200
- B. Rs. `38,400
- C. Rs. ` 96,000
- D. Rs. `1,92,000

55. DS took a loan of Rs. `8,00,000 on 1-4-2016 from a bank for construction of a house. The loan carries an interest @ 12 %p.a. The construction is completed on 31-03-2018. The entire loan is still outstanding on 31-03-2019. The total interest allowable in Assessment Year 2019-20 will be

- A. Rs. ` 1,15,200
- B. Rs. ` 1,34,400
- C. Rs. ` 96,000
- D. Rs. ` 1,92,000

56. When a house property is let-out throughout the year for a monthly rent of Rs. `22,000 and municipal tax paid for current year is Rs. `24,000 and for the earlier year paid now is Rs. `16,000, the income from house property would be –

- A. Rs. `1,68,000
- B. Rs. `1,56,800
- C. Rs. `1,84,800
- D. Rs. `2,24,000

57. DS is owner of house which has been let out at a monthly rent of Rs. `25,000. The fair rent of the house is Rs. `2,90,000 and standard rent is Rs. `2,60,000. The municipal value of house is Rs. `2,80,000 and municipal taxes are levied @ 10 of municipal value. The entire amount of municipal taxes for the year ended 31-03-2019 are paid by the owner. The income from house

property will be :

- A. Rs. `1,90,400
- B. Rs. `1,76,400
- C. Rs. `1,62,400
- D. Rs. `2,72,000

58. DS is owner of house which has been let out at a monthly rent of Rs. `30,000. The fair rent of the house is Rs. `2,90,000 and standard rent is Rs. `2,60,000. The municipal value of house is Rs. `2,80,000 and municipal taxes are levied @ 10 of municipal value. The entire amount of municipal taxes for the year ended 31-03-2019 are paid by the owner. Interest on borrowed capital is Rs. `2,10,000 (outstanding). The income from house property will be

- A. Rs. `2,32,400
- B. Rs. `22,400
- C. Rs. `1,62,400
- D. Rs. `32,400

59. T is owner of house which has been let out at a monthly rent of Rs. `20,000. The fair rent of the house is Rs. `2,90,000 and standard rent is Rs. `2,60,000. The municipal value of house is Rs. `2,80,000 and municipal taxes are levied @ 10 of municipal value. The entire amount of municipal taxes for the year ended 31-03-2019 are paid by the owner. Interest on borrowed capital is Rs. `60,000 (outstanding). The income from house property will be

- A. Rs. `1,02,400
- B. Rs. `1,62,400
- C. Rs. `88,400
- D. Rs. `1,48,400

60. In case of self-occupied property, statutory deduction under section 24(a) shall be :

- A. Nil
- B. Rs. `30,000
- C. Rs. `2,00,000
- D. Rs. `90,000

61. Under which of the following circumstances the income from house property is exempt from



tax

- A. Farm house
  - B. Trade Union
  - C. One self occupied property
  - D. All of the above
62. If the respective shares of income of co-owners are not definite and ascertainable, the co-owners shall be assessed as:
- A. AOP.
  - B. BOI
  - C. Joint owners
  - D. Any of these
63. Who amongst the following is not a deemed owner?
- A. An individual who transfers his house property otherwise then for adequate consideration to his or her spouse.
  - B. A member of a co-operative society, company or an AOP to whom a building or part thereof is allotted.
  - C. The holder of impartible estate of an HUF.
  - D. None of the above.
64. Mr. DS had two children Sumit and Sushmita (married with Aman) of age 15 & 17 respectively and wife named Anu. In which of the following case he will not be considered as deemed owner?
- A. Transfer of property to Anu.
  - B. Transfer of property to Sushmita.
  - C. Transfer of property to Sumit.
  - D. None of the above.
65. What are the conditions to be fulfilled in order to claim exemption of unrealized rent?
- A. The defaulting tenant is in occupation of any other property of the assessee.
  - B. Steps have been taken to compel him to vacate the property.

- C. The tenancy is bona fide.
- D. Both (b) and (c)

66. The net annual value of house let-out is Rs. ` 1,00,000 and actual amount spent by the assessee on repairs and insurance premium is Rs. ` 20,000, the amount of deduction allowed under section 24(a) shall be ` -----

- A. Rs. ` 20,000
- B. Rs. ` 30,000
- C. Rs. ` 25,000
- D. Rs. ` 22,000

67. DS took a loan of Rs. ` 6,00,000 on 1-4-2016 from a bank for construction of a house. The loan carries an interest @ 10 p.a. The construction is completed on 15-6-2018. The entire loan is still outstanding. Compute the interest allowable for the assessment year 2019-20.

- A. Rs. ` 60,000
- B. Rs. ` 1,80,000
- C. Rs. ` 84,000
- D. Rs. ` 24,000

68. DS had one self occupied house property in Mumbai for residence. Fair rent of that property is Rs. ` 56,000 per annum. Municipal valuation is Rs. ` 28,000. Municipal taxes paid are Rs. ` 5,000 including Rs. ` 1,000 for an earlier year. The house was constructed in December, 2008 with a loan of Rs. ` 12,00,000 from a bank taken in November, 2007. During the previous year 2018-19, the assessee refunded Rs. ` 2,30,000 which includes Rs. ` 2,18,000 as current year interest. Compute the income from house property for assessment year 2019-20?

- A. Loss of Rs. ` 30,000
- B. Loss of Rs. ` 2,18,000
- C. Nil
- D. Loss of Rs. ` 2,00,000

69. Which out of the following is not a case of deemed ownership of house property?

- A. Transfer to a spouse for inadequate consideration



- B. Transfer to a minor child for inadequate consideration
  - C. Holder of an impartible estate
  - D. Co-owner of a property
70. DS, after sale of his house property during August, 2017, received arrears of rent amounting to Rs. ` 40,000 on 2<sup>nd</sup> February, 2019. The said income is chargeable to tax under the head ----- and the taxable income would be ` -----
- A. Income from house property; Rs. ` 28,000
  - B. Income from other Sources; Rs. ` 28,000
  - C. Income from house property; Rs. ` 40,000
  - D. Income from other sources; Rs. ` 40,000
71. Ds, after sale of his house property during August, 2017, received unrealised rent amounting to Rs. ` 80,000 on 2<sup>nd</sup> February, 2019. The said income is chargeable to tax under the head----- and the taxable income would be ` -----
- A. Income from house property; Rs. ` 56,000
  - B. Income from other Sources; Rs. ` 56,000
  - C. Income from house property; Rs. ` 80,000
  - D. Income from other sources; Rs. ` 80,000
72. DS received Rs. ` 30,000 as arrears of rent during the previous year 2018-19. The amount taxable under section 25A would be -----
- A. Nil
  - B. Rs. ` 30,000
  - C. Rs. ` 21,000
  - B. Rs. ` 25,000
73. In case assessee is owner of more than one house which are self occupied by him, then at the option of the assessee:
- A. One house shall be treated as self occupied and the other house shall be deemed to let out.
  - B. One house shall be treated as self occupied and the other house shall be deemed to be vacant.
  - C. Both the houses shall be treated as deemed to be let out.

D. Both the houses shall be treated as self occupied.

74. DS owns a house property. Following are the details about the property :

Municipal value of house	Rs. ` 72,000 per annum.
Fair rent of house	Rs. ` 66,000 per annum
Standard rent of house	Rs. ` 60,000 per annum.

The house was let out at Rs. ` 6,000 per month but was sold on 1<sup>st</sup> January, 2019. Find out income from house property for the assessment year 2019-20.

- A. Nil
- B. Rs. ` 50,400
- C. Rs. ` 37,800
- D. Rs. ` 25,000

75. Mrs. Preeti owns a house property which is let out @ Rs. ` 10,000 p.m. During the previous year ending 31st March 2019, she received -

(i) arrears of rent of Rs. ` 30,000; and (ii) unrealised rent of Rs. ` 20,000.

Compute her income chargeable to tax under the head 'Income from House Property'.

- A. Rs.84,000
- B. Rs. ` 1,04,000
- C. Rs. ` 1,25,000
- D. Rs.1,19,000

76. DS let-out his house on 1st" April, 2018 on rent of Rs. ` 15,000 p.m. The fair rent and the municipal value of house are Rs. ` 13,500 p.m. and Rs. ` 16,000 p.m. respectively. Municipal taxes paid for the year were Rs. ` 12,000. Income from house property for the assessment year 2019-20 will be -

- A. Rs. ` 1,26,000
- B. Rs. ` 1,76,000
- C. Rs. ` 1,05,000
- D. None of the above.

77. Ms. Parvati let out a property for Rs. ` 20,000 per month during the year 2018-19. The municipal



tax on the let-out property was enhanced retrospectively. Hence, she paid Rs. ` 60,000 as municipal tax which included arrears of municipal tax of Rs. ` 45,000. Her income from house property is -

- A. Rs. ` 1,80,000
- B. Rs. ` 1,57,500
- C. Rs. ` 1,26,000
- D. Rs. ` 1,36,500

78. Surender owns two house properties. First property was used half for running his business and the other half was let-out at Rs. ` 4,000 per month. The second property was wholly used as a residence by Suresh. Municipal value of the two properties were the same at Rs. ` 72,000 each per annum and local taxes @ 10. Surender's income from house property for the previous year 2018-19 will be -

- A. Rs. ` 33,600
- B. Rs. ` 31,080
- C. Rs. ` 28,560
- D. Rs. ` 62,160.

79. DS is the owner of a commercial property let out at Rs. ` 20,000 p.m. The municipal tax on the property is Rs. ` 25,000 annually, 50 of which is payable by the tenant. This tax was actually paid on 15-04-2019. He had borrowed a sum of Rs. ` 10 lacs from his cousin, resident in U.S.A. (in dollars) for the construction of the property on which interest @ 10% is payable. He has also received arrears of rent of Rs. ` 20,000 during the year, which was not charged to tax in the earlier years. What is the property income of X for assessment year 2019-20 ?

- A. Rs. ` 82,000
- B. Rs. ` 73,250
- C. Rs. ` 83,625
- D. Rs. ` 88,000

80. During the financial year 2018-19, Mr. DS received a sum of Rs. ` 1,80,000 (Rs. ` 60,000 p.a.) by way of enhancement for the last three years as the Government department (tenant) enhanced the rate of rent with retrospective effect. The sum of ` ----- be taxable in the assessment year 2019-20

- A. Rs. ` 1,80,000

- B. Rs. ` 1,26,000
- C. Rs.` 60,000
- D. Rs.` 42,000

81. DS, an American national, is resident in India during the PY ending on 31-3-2019. He was the owner of a building located in New York. The same was on rent @ US \$12,500 p.m. The Municipal Corporation of New York was paid taxes on such building of US \$ 10,000 on 12-2-2017. The value of one US \$ in Indian rupee remained at Rs.` 60 throughout the year. X wants to know his taxable income for house property for assessment year 2019-20.

- A. Rs. ` 58,80,000
- B. ` NIL
- C. Rs.` 63,00,000
- D. Rs. ` 90,00,000

82. When share of each co-owner in a house property is not definite, the income from such property shall be -

- A. Taxed equally
- B. Exempt from tax
- C. Taxed as association of persons
- D. Taxed as body of individuals.

83. DS gifted his house property to his wife in 2016. Mrs. DS has let out the house property @ Rs.` 5,000 p.m. The income from such house property will be taxable in the hands of:

- A. Mrs. DS
- B. DS. However, income will be first computed as Mrs. DS's income and thereafter clubbed in the income of DS
- C. DS, as he will be treated as deemed owner of the house property and liable to tax
- D. none of the above

84. DS gifted the house property to his minor son which was let out @ Rs.` 5,000 p.m. Income from such house property shall be taxable in the hands of:

- A. minor son
- B. DS. However, it will be first computed as minor's income & thereafter clubbed in the income

of DS

- C. "DS" as he will be deemed owner of such house property & liable to tax
- D. None of the above

85. DS transferred his house property to his wife under an agreement to live apart. Income from such house property shall be taxable in the hands of:

- A. DS as deemed owner
- B. DS. However, it will be first computed as Mrs. DS income & thereafter clubbed in the hands of DS provided the income of the father is higher than the income of her mother .
- C. Mrs. DS.
- D. none of the above

86. DS has taken a house property on lease for 15 years from G and let out the same to S. Income from such house to DS shall be taxable as

- A. income under the head other sources
- B. income from house property as DS is the deemed owner.
- C. income from business
- D. income from house property or business as decided by DS

## Answer Key

Question Number	Answer
1	Section 22
2	Income from Other Sources
3	The assessee must be the owner of such house property.
4	Income from Other Sources
5	Profits & Gains of Business or Profession
6	Exempt from tax
7	Not be taxable.
8	Income from House Property
9	Income from Other Sources
10	Either (a) or (b) above depending upon certain conditions.
11	Higher of Fair Rent or Municipal valuation subject to the maximum of Standard Rent

12	Actual Rent received or receivable
13	Expected Rent
14	Vacancy for the whole period.
15	Rs. ` 28,000
16	Rs. ` 22,000
17	Rs. ` 1,00,000
18	Rs. ` 88,000
19	Rs. ` 60,000
20	Rs. ` 60,000
21	Rs. ` 89,000
22	Rs. ` 92,000
23	Rs. ` 1,30,000
24	Rs. ` 1,55,000
25	Rs. ` 1,40,000
26	Rs. ` 48,000
27	Rs. ` 55,000
28	Rs. ` 48,000
29	` 46,000
30	Rs. ` 48,000
31	Rs. ` 15,000
32	Nil
33	Rs. ` 36,000
34	Rs. ` 14,200
35	Nil
36	Rs. ` 28,000
37	Rs. ` 14,000
38	Rs. ` 4,10,000
39	Rs. ` 4,20,000
40	Rs. ` 4,20,000
41	Both (a) and (b)
42	Rs. ` 1,10,000
43	Rs. ` 2,00,000.
44	On the date of borrowing
45	(a) or (b) whichever is earlier
46	Interest on unpaid interest.
47	Rs. ` 30,000
48	Rs. ` 2,00,000
49	Rs. ` 30,000
50	Rs. ` 2,00,000

51	the house is completed within 5 years from the end of previous year in which loan is taken.
52	Rs. ` 60,000
53	Rs. ` 1,92,000
54	Rs. ` 19,200
55	Rs. ` 1,15,200
56	Rs. ` 1,56,800
57	Rs. ` 1,90,400
58	Rs. 22,400
59	Rs. ` 1,02,400
60	Nil
61	All of the above
62	AOP.
63	None of the above.
64	Transfer of property to Sushmita.
65	Both (b) and (c)
66	Rs. ` 30,000
67	Rs. ` 84,000
68	Loss of Rs. ` 2,00,000
69	Co-owner of a property
70	Income from house property; Rs. ` 28,000
71	Income from house property; Rs. ` 56,000
72	Rs. ` 21,000
73	One house shall be treated as self occupied and the other house shall be deemed to let out.
74	Rs. ` 37,800
75	Rs. 1,19,000
76	Rs. ` 1,26,000
77	Rs. ` 1,26,000
78	Rs. ` 31,080
79	Rs. ` 82,000
80	Rs. ` 1,26,000
81	Rs. ` 58,80,000
82	Taxed as association of persons
83	DS, as he will be treated as deemed owner of the house property and liable to tax
84	“DS” as he will be deemed owner of such house property & liable to tax
85	Mrs. DS.
86	income from business

DSTC

6

## ***MCQ on Depreciation***

### **DEPRECIATION, WDV, ACTUAL COST, ADDITIONAL DEPRECIATION, UNABSORBED DEPRECIATION & INVESTMENT ALLOWANCE**

1. As per section 30, which expenditure incurred for a building used for the business or profession shall not be allowed as deduction?
  - A. Rent, rates and taxes
  - B. Insurance of building
  - C. Repairs of building
  - D. Capital expenditure
  
2. Group of assets falling within a class of assets comprising of tangible & intangible assets is known as :
  - A. Group of assets
  - B. Block of assets
  - C. Set of assets
  - D. None of these
  
3. Which of the following condition should be fulfilled for claiming depreciation u/ s 32?
  - A. Asset must be owned wholly or partly by the assessee.
  - B. Asset must be used for the purpose of business or profession of the assessee.
  - C. Asset should be used during the relevant Assessment year.
  - D. All of the above.

4. Depreciation available, if asset is used for less than 180 days during the year of acquisition shall be of block rate:
  - A. 50%
  - B. 20%
  - C. 100%
  - D. 15%
  
5. If the Plant & Machinery is used for less than 180 days in the year of its acquisition, then, at what rate the depreciation on that asset should be provided under section 32?
  - A. 7.5%
  - B. 15%
  - C. 20
  - D. 10%
  
6. If the Computer is purchased on 11th May, 2018 then at what rate depreciation will be provided on it?
  - A. 60%
  - B. 40%
  - C. 30%
  - D. 20%
  
7. If the machinery is purchased on 4th October, 2018 then at what rate depreciation will be provided on it?
  - A. 60%
  - B. 7.5%
  - C. 15%
  - D. 10%
  
8. The transfer of one or more undertakings as a result of the sale for a lump sum consideration without values being assigned to the individual assets and liabilities in the sale is known as :
  - A. Lump sum sale
  - B. Slump sale
  - C. Aggregate sale
  - D. Total sale
  
9. What is the rate of depreciation charged on computer software?
  - A. 40%
  - B. 15%
  - C. 60%
  - D. 100%



10. \_\_\_\_\_Rate of depreciation chargeable on fully temporary wooden structure for the assessment year 2019-20 is-
- A. 5%
  - B. 10%
  - C. 100%
  - D. 40%
11. Rate of depreciation chargeable on temporary wooden structure for the assessment year 2019-20 is -
- A. 40%
  - B. 10%
  - C. 100%
  - D. 50%.
12. Under the Income-tax Act, 1961, depreciation on machinery is charged on -
- A. Purchase price of the machinery
  - B. Market price of the machinery
  - C. Written down value of the machinery
  - D. All of the above.
13. If a block of assets ceases to exist on the last day of the previous year, depreciation admissible for block of assets will be \_\_\_\_\_
- A. Nil
  - B. 50% of the value of the block of assets on the first day of 'he previous year
  - C. The total value of the block of assets on the first day of the previous year
  - D. 50% of the value of the block of assets on the last day of the previous year.
14. Opening WDV of the block of assets was Rs.` 15, 00,000. During the year, asset was acquired under this block on 15th June 2018 amounting to Rs.` 10, 00,000. Rate of depreciation of the block is 15%. Calculate the amount of depreciation available during the previous year for the block.
- A. Rs.` 3,25,000
  - B. Rs.` 3,75,000
  - C. Rs.` 3,00,000
  - D. Rs.` 2,25,000
15. Opening WDV of the block of assets was Rs.` 15, 00,000. During the year, asset was acquired under this block on 1st June 2018 amounting to Rs.` 10, 00,000. One of the asset falling within the block was sold for Rs.` 5, 50,000 on 14-01-2019. Rate of depreciation of the block is 10%. Calculate the amount of depreciation available during the previous year for the block.

- A. Rs. ` 1,95,000  
B. Rs. ` 2,50,000  
C. Rs. ` 1,45,000  
D. Rs. ` 2,22,500
16. Opening WDV of the block of assets was Rs. ` 15, 00,000. During the year, asset was acquired under this block on 15th January 2019 amounting to Rs. ` 10, 00,000. One of the asset falling within the block was sold for Rs. ` 5, 50,000 on 14 January 2019. Rate of depreciation of the block is 10%. Calculate the amount of depreciation available during the previous year for the block.
- A. Rs. ` 1,95,000  
B. Rs. ` 2,50,000  
C. Rs. ` 1,45,000  
D. Rs. ` 2,22,500
17. Opening WDV of the block of assets was Rs. ` 25, 00,000. During the year, asset was acquired under this block on 11th October 2018 amounting to Rs. ` 15, 00,000. Also, moneys payable in respect of asset falling within this block was Rs. ` 38, 00,000. Rate of depreciation of the block is 10%.
- Calculate the amount of depreciation available during the previous year for the block.
- A. Rs. ` 20,000  
B. Rs. ` 10,000  
C. Rs. ` 1,50,000  
D. Rs. ` 15,000
18. A Ltd. owns machinery (rate of depreciation is 15%), the written down value of which as on 1st April, 2018 is Rs. ` 30, 00,000. Due to fire, entire assets in the block were destroyed and the insurer paid Rs. ` 25, 00,000. The eligible depreciation in respect of this machinery is \_\_\_\_\_
- A. Rs. ` 4,50,000  
B. Rs. ` 75,000  
C. Rs. ` 5,00,000  
D. Nil
19. Amit, deriving business income, owns a car whose WDV as on 1<sup>st</sup> April, 2017 was Rs. ` 3, 00,000. This is the only asset in the block of assets with rate of 15%. It is estimated that one-third of the total usage of the car is for personal use in both years. The WDV of the block of assets as on 31st March, 2019 would be -
- A. Rs. ` 2,16,750  
B. Rs. ` 2,43,000  
C. Rs. ` 2,55,000

- D. None of the above.
20. While computing the actual cost of any asset falling within a block, direct costs attributable to bring asset to its present location and working condition for its intended use (i.e. expenses incurred for acquiring the asset e.g. - freight, insurance, loading and handling etc. and expenses incurred in connection with the installation of the asset.) shall:
- A. be added to the purchase price
  - B. be subtracted from the purchase price
  - C. be subtracted from WDV
  - D. Be claimed as revenue expenditure.
21. While computing the actual cost of any asset falling within a block, amount of duty of excise or additional duties of customs levied on it and included in its cost, in respect of which claim of CENVAT credit has been made and allowed under the CENVAT Credit Rules, 2004, shall be:
- A. Added to the purchase price
  - B. Subtracted from the purchase price
  - C. Added to the WDV
  - D. Claimed as revenue expenditure
22. While computing the actual cost of any asset falling within a block, portion of cost of asset which has been met directly by the Central Government or a State Government or any authority under any law or any other person, in the form of a subsidy or grant or reimbursement, shall be:
- A. Added to the purchase price
  - B. Subtracted from the purchase price
  - C. Added to the WDV
  - D. Claimed as revenue expenditure
23. In which of the following case no depreciation is allowable \_
- A. Block exists but WDV ceases to exist.
  - B. WDV exists but the block ceases to exist.
  - C. WDV & Block both ceases to exist.
  - D. All of the above.
24. DS acquired a building for Rs. ` 15 lakh in June, 2016 in addition to cost of land beneath the building of ` 3 lakh. It was used for personal purposes until he commenced business in June, 2018 and since then it was used for business purposes. The amount of depreciation eligible in his case for the assessment year 2019-20 would be -
- A. Rs.` 1,50,000
  - B. Rs.` 75,000
  - C. Rs.` 37,500

D. Rs. ` 1,21,500

**Note- Assume at least one third part of building is used for personal purposes.**

25. Ramson Industries acquired a factory building for self use in November, 2018. The value of land underneath the building was Rs. ` 5 lakh and value of building was Rs. ` 10 lakh. The amount of eligible depreciation allowable for assessment year 2019-20 is -
- A. Rs. ` 1,50,000
  - B. Rs. ` 25,000
  - C. Rs. ` 1,00,000
  - D. Rs. ` 50,000
26. DS & Co., a sole proprietary concern, was converted into a Company on 1-9-2018. Before the conversion, the sole proprietary concern had a Block of Plant and Machinery (Rate of Depreciation 15%), whose WDV as on 1-4-2018 was Rs. ` 3, 00,000. On 1st April, itself a new Plant of the same Block was purchased for Rs. ` 1, 20,000. After the conversion, the Company has purchased the same type of Plant on 1-1-2019 for Rs. ` 1, 60,000. Compute the depreciation that would be allocated between the sole proprietary concern and the successor company.
- A. Rs. ` 26,408 : Rs. ` 48,592
  - B. Rs. ` 0 : Rs. ` 75,000
  - C. Rs. ` 75,000 : Rs. ` 0
  - D. No depreciation for this year
27. DS, an assessee carries on business in respect of which it holds tenancy rights. It carries out improvements to the said building at a cost of Rs. ` 2 lakhs and claims depreciation@ 10% thereon. Which is the correct answer?
- A. No depreciation available on the ground that the assessee is not the owner of the building.
  - B. Depreciation allowed of Rs. ` 20,000.
  - C. Deduction of Rs. ` 2, 00,000 available.
  - D. The amount of Rs. ` 2,20,000 will be capitalized.
28. XYZ Ltd is engaged in production of textile articles. Opening WDV of the block of assets was Rs. ` 15, 00,000. During the year, plant was acquired under this block on 15th June 2018 amounting to Rs. ` 10, 00,000. One of the asset falling within the block was sold for Rs. ` 5, 50,000 on 14-01-2019. Rate of depreciation of the block is 15%. Calculate the total amount of depreciation including additional depreciation available during the previous year for the block.
- A. Rs. ` 2,92,500
  - B. Rs. ` 4,92,500
  - C. Rs. ` 3,92,500

- D. Rs. ` 3,52,500
29. XYZ Ltd is engaged in production of textile articles. Opening WDV of the block of assets was Rs. ` 15,00,000. During the year, plant was acquired under this block on 15th December 2018 amounting to Rs. ` 10, 00,000. One of the asset falling within the block was sold for Rs. ` 5, 50,000 on 14-01-2018. Rate of depreciation of the block is 15%. Calculate the total amount of depreciation including additional depreciation available during the previous year for the block.
- A. Rs. ` 2,92,500  
B. Rs. ` 3,17,500  
C. Rs. ` 4,92,000  
D. Rs. ` 3,52,500
30. DS purchased an asset for scientific research in the previous year 2009-10 for Rs. ` 30, 00,000. During the previous year 2018-19 the said asset ceased to be used for scientific research. Profit from business before depreciation Rs. ` 10,00,000 and Written down value of block of assets 15% as on 1st April, 2018 Rs. ` 20,00,000. The scientific research asset if used for business shall be eligible for depreciation @ 15%. The cost inflation index for 2009-10 is 148 and for 2018-19 are 280. Compute the total income, if the scientific research asset is sold for Rs. ` 65, 00,000 during 2018-19, assuming that it is sold without using for business.
- A. Rs. ` 40,74,770  
B. Rs. ` 50,00,000  
C. Rs. ` 65,00,000  
D. Rs. ` 45,24,324

Solution 1. Business income=10L- 3L (dep) =7L

2. Deemed business Income U/s 41(3) = sale price or cost which is less =30L

Because sale price is more than deduction claimed so 30 lakh will be deemed income

3. Capital gain= 65L- 56.76L= Rs.8,24,324

Indexed cost of acquisition 30L\*280/148= Rs. 56.76 L

**Total Income= 1+2+3= Rs.45,24324**

31. What shall be your total income in the above case, if that is sold after using for business.
- A. Rs. ` 40,31,990  
B. Rs. ` 55,00,000  
C. Rs. ` 65,00,000  
D. Rs. ` 10,00,000

Solution- If asset is sold after using for business purpose then cost of scientific asset will be added nil to block of asset(because deduction already u/s 35(2)(iv) has been claimed).

Deemed income shall be u/s 41(1) is Rs. 65L- Rs.20L-nil= Rs.45L

Business income = Rs.10L provided

Nil value is taken for scientific Asset for which full deduction have been claimed

**Total income= Rs. 45L+ Rs.10L= Rs.55L**

32. Where an asset used for scientific research for more than three years is sold without having been used for other purposes, then the sale proceeds to the extent of the cost of the asset already allowed as deduction under section 35 in the past shall be treated as \_
- A. Business income
  - B. Long-term capital gain
  - C. Short-term capital gain
  - D. Exempted income.
33. In the case of any new machinery or plant (other than ships and aircraft), acquired by an assessee engaged in the business of manufacture or production of any article or thing as well as assessee engaged in the business of generation or generation and distribution of power, how much additional depreciation of actual cost of such plant and machinery is available?
- A. 10%
  - B. 25%
  - C. 5%
  - D. 20%
34. In the case of any new machinery or plant (other than ships and aircraft), acquired by an assessee on 01-04-2018 engaged in the business of manufacture or production of any article or thing in the backward areas of the **State of Andhra Pradesh**, how much additional depreciation of actual cost of such plant and machinery is available in AY 2019-20?
- A. 17.5%
  - B. 20%
  - C. 10%
  - D. 35%
35. In the case of any new machinery or plant amounting is acquired by an assessee engaged in the business of manufacture or production of any article or thing is put to use for less than 180 days, the additional depreciation admissible in FY 2018-19\_\_\_ and FY 2019-20\_\_\_ will be and respectively.
- A. 10%,10%

- B. Nil,20%
  - C. 20%, Nil
  - D. 15%, Nil
36. In the case of any new machinery or plant amounting Rs. ` 25,00,000 is acquired by an assessee on 10-12-2018 engaged in the business of manufacture or production of any article or thing, the additional depreciation admissible in FY 2018-19 and FY 2019-20 will be and respectively. .
- A. Rs. ` 5,00,000 , NIL
  - B. Nil, Rs. ` 5,00,000
  - C. Rs. ` 2,50,000 , Rs. ` 2,50,000
  - D. Rs. ` 3,75,000, Nil
37. Depreciation claimed by Mr. Gupta while computing profit in profit and loss account: Rs. ` 50,000. Depreciation allowable as per Income Tax Rules: Rs. ` 58,000. Calculate the amount of depreciation allowable while computing gross total income of Mr. Gupta.
- A. Rs. ` 50,000
  - B. Rs. ` 58,000
  - C. Rs. ` 1,08,000
  - D. Rs. ` 8,000
38. An assessee was engaged in the business of manufacture of chemicals in Rajasthan. New machinery amounting to Rs. ` 5,50,000 was purchased by it on 1st June, 2018. Calculate the additional depreciation available.
- A. Rs. ` 1,10,000
  - B. Rs. ` 82,500
  - C. Rs. ` 55,000
  - D. Nil
39. H in the above case the new machinery was purchased on 4th October, 2018, calculate the additional depreciation available.
- A. Rs. ` 1,10,000
  - B. Rs. ` 82,500
  - C. Rs. ` 55,000
  - D. Nil
40. Calculate the additional depreciation available in the above case for the financial year 2019-20.
- A. Rs. ` 1,10,000
  - B. Rs. ` 82,500
  - C. Rs. ` 55,000
  - D. Nil

41. An assessee was engaged in trading of goods. New machinery amounting to Rs. ` 10, 00,000 was purchased by it on 1st June, 2018. Calculate the additional depreciation available.
- A. Rs. ` 1,00,000
  - B. Rs. ` 2,00,000
  - C. Nil
  - D. Rs. ` 2,50,000
42. Unabsorbed depreciation can be carried forward for:
- A. 10 years
  - B. 8 years
  - C. Zero years
  - D. Indefinite period
43. Investment allowance is allowed as deduction in case investment in new plant and machinery exceeds:
- A. Rs. ` 10 crores
  - B. Rs. ` 25 crores
  - C. Rs. ` 50 crores
  - D. Rs. ` 100 crores
44. Who investment is the "eligible allowance assessee" under Section engaged 32AC? in the business of manufacture or production of any article or thing, who can claim
- A. Company
  - B. All persons
  - C. HUF
  - D. Assessee whose gross turnover exceeds Rs. ` 100 lakhs
45. Who is the "eligible assessee" engaged in the business of manufacture or production of any article or thing, who can claim investment allowance under Section 32AD?
- A. Company
  - B. All persons
  - C. HUF
  - D. Assessee whose gross turnover exceeds Rs. ` 100 lakhs
46. Investment allowance is available at rate of \_\_\_\_\_ actual cost of plant and machinery:
- A. 10%
  - B. 15%
  - C. 50%
  - D. 20%



47. New plant and machinery shall not include investment made in:
- Any plant or machinery which before its installation was used either within or outside India by any other person.
  - any plant or machinery installed in any office premises or any residential accommodation (including guest house);
  - Any office appliances including computers or computer software; any vehicle; or any plant or machinery, whose whole actual cost is allowed as deduction.
  - All of the above.

48. Which of the following companies shall be allowed investment allowance in the previous year 2018-19:

Company	P.Y.2018-19 (in crore)
A Ltd.	15
B Ltd.	20
C Ltd.	50

- A, B, C
  - A, B
  - B, C
  - C
49. Chola Ltd., engaged in manufacture, acquired machineries for Rs. ` 30 crore in July, 2015 and for Rs. ` 27 crore in April, 2016. All the machines were used within 45 days of acquisition. The deduction under section 32AC for the assessment year 2017-18 will be \_\_\_\_\_
- Rs. ` 40,50,000
  - Rs. ` 45,00,000
  - Rs. ` 85,50,000
  - Rs. ` 54,00,000

**Note- Deduction U/s 32AC was applicable from AY 15-16 to AY 17-18**

50. Compute the amount of investment allowance under Section 32AD available to industries located in notified backward areas in State of Andhra Pradesh or Bihar or Telangana or West Bengal if amount invested in new plant and machinery is Rs. ` 30 crore on 1st April 2018 :
- Rs. ` 3 crore
  - Rs. ` 4.5 crore
  - Rs. ` 6 crore

- D. Rs. ` 2.25 crore
51. What would be your answer if in the above case amount is invested on 17th October 2018 :
- A. Rs. ` 3 crore
  - B. Rs. ` 4.5 crore
  - C. Rs. ` 6 crore
  - D. Rs. ` 2.25 crore
52. Under section 32AC if the new asset is sold/transferred within years then amount of deduction allowed in respect of such new asset shall be deemed to be the income of the assessee chargeable under the head "PGBP" of the previous year in which such new asset is sold or otherwise transferred, in addition to taxability of gains, arising on account of transfer of such new asset.
- A. 3
  - B. 5
  - C. 1
  - D. 10
53. XYZ Pvt. Ltd. was engaged in the business of manufacturing fertilizers. Opening WDV of the block of plant and machinery was Rs. ` 80 crores. During the year, asset was acquired under this block on 11th July 2016 amounting to Rs. ` 150 crore. Rate of depreciation of the block is 15%. Calculate the amount of investment allowance available.
- A. Rs. ` 22.5 crore
  - B. Rs. ` 30 crore
  - C. Rs. ` 150 crore
  - D. Rs. ` 100 crore
54. If in the above case, the asset was acquired on 30th December, 2016 then the amount of investment allowance available will be:
- A. Rs. ` 22.5 crore
  - B. Rs. ` 30 crore
  - C. Rs. ` 150 crore
  - D. Rs. ` 100 crore
55. XYZ Pvt. Ltd. was engaged in the business of manufacturing fertilizers located in the backward area of State of West Bengal. Opening WDV of the block of plant and machinery was Rs. ` 80 crores. During the year, asset was acquired under this block on 11th July 2018 amounting to Rs. ` 150 crore. Rate of depreciation of the block is 15%. Calculate the WDV of the block of asset.
- A. Rs. ` 100 crore
  - B. Rs. ` 165.5 crore

- C. Rs. ` 143 crore  
D. Rs. ` 150 crore

### Answer Key

Question Number	Answer
1	Capital expenditure
2	Block of assets
3	All of the above.
4	50%
5	7.50%
6	40%
7	7.50%
8	Slump sale
9	40%
10	40%
11	40%
12	Written down value of the machinery
13	Nil
14	Rs. ` 3,75,000
15	Rs. ` 1,95,000
16	Rs. ` 1,45,000
17	Rs.10,000
18	Nil
19	Rs. ` 2,43,000
20	be added to the purchase price
21	Subtracted from the purchase price
22	Subtracted from the purchase price
23	All of the above.
24	Rs. ` 1,21,500
25	Rs. ` 50,000
26	Rs. ` 26,408 : Rs. ` 48,592
27	Depreciation allowed of Rs. ` 20,000.
28	Rs. ` 4,92,500
29	Rs. ` 3,17,500
30	Rs. ` 45,24,324
31	Rs. ` 55,00,000

32	Business income
33	20%
34	35%
35	10%,10%
36	Rs. ` 2,50,000 , Rs. ` 2,50,000
37	Rs. ` 58,000
38	Rs. ` 1,10,000
39	Rs. ` 55,000
40	Rs. ` 55,000
41	Nil
42	Indefinite period
43	Rs. ` 25 crores
44	Company
45	All persons
46	15%
47	All of the above.
48	C
49	Rs. ` 40,50,000
50	Rs. ` 4.5 crore
51	Rs. ` 4.5 crore
52	5
53	Rs. ` 22.5 crore
54	Rs. ` 22.5 crore
55	Rs. ` 143 crore

## ***MCQ On Disallowance In PGBP***

### **Specific Disallowance- Under section 40 & 40A**

1. Mr. DS during the previous year 2018-19 made a payment outside India to a non-resident on which TDS was not paid upto time allowed under section 200. However, such TDS was deducted and paid on 15th February 2020. When shall deduction of this expenditure be allowed to assessee?
  - A. Previous Year 2019-20
  - B. Previous Year 2018-19
  - C. Previous Year 2017-18
  - D. Not allowed deduction
  
2. Mr. DS during the previous year 2018-19 made a payment outside India to a non-resident on which TDS was not paid upto time allowed under section 200. However, such TDS was deducted and paid on 30th September 2019. When shall deduction of this expenditure be allowed to assessee?
  - A. Previous Year 2018-19
  - B. Previous Year 2019-20
  - C. Previous Year 2017-18
  - D. Not allowed deduction
  
3. Payments to residents on which tax has not been deducted/ paid shall be disallowed to the extent of \_\_\_\_\_
  - A. 0%
  - B. 30%

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- C. 100%
- D. 50%
4. DS Ltd. has made a payment of Rs. `20,00,000 to Mr. A a contractor on which tax was not deducted at source during the previous year. The amount of expenditure to be disallowed under Section 40(a) will be-
- A. Rs. `20,00,000
- B. Rs. `6,00,000
- C. Rs. `10,00,000
- D. Nil
5. DS & Co. paid Rs. `7,20,000 as contract payments to M Ltd. during the financial year 2018-19. It did not deduct tax at source under section 194C. The amount liable for disallowance is –
- A. Rs. `7,20,000
- B. Rs. `3,05,000
- C. Rs. `12,200
- D. Rs. `2,16,000
6. DS Ltd. has credited a sum of Rs. `20,00,000 to Mr. A a contractor on which tax was deducted at source during the previous year 2018-19. The payment of such TDS was made on 30-09-2019 being the due date of filing return of income. The amount of expenditure to be disallowed under Section 40(a) in previous year 2018-19 will be :
- A. Rs. `20,00,000
- B. Rs. `6,00,000
- C. Rs. `10,00,000
- D. Nil
7. Mr. DS paid the income tax due of the previous year 2018-19 on 15th May 2019. When shall deduction of this expenditure be allowed to him?
- A. Previous Year 2018-19
- B. Previous Year 2019-20
- C. Previous Year 2017-18
- D. Not allowed deduction
8. Which of the following taxes are allowed as deduction while computing the business income \_
- A. Wealth-tax
- B. Income-tax
- C. Sales tax
- D. None of the above.

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9. Which of the following taxes are not allowed as deduction while computing the business income –
- A. GST
  - B. Custom
  - C. Sales tax
  - D. Equalization levy
10. Daughter of Mr. DS was appointed as a manager in his firm. DS made a payment of salary of Rs. ₹35,00,000 to her daughter whereas Assessing Officer is of opinion that such expenditure is excessive or unreasonable having regard to the FMV which comes to be of Rs. ₹29,00,000. Calculate the amount to be disallowed.
- A. Rs. ₹35,00,000
  - B. Rs. ₹39,00,000
  - C. Rs. ₹6,00,000
  - D. Nil
11. A person shall be deemed to have a substantial interest in a business or profession, if-
- A. In a case where the business or profession is carried on by a company, such person, at any time during the previous year, is the beneficial owner of equity shares carrying not less than 20 % of the voting power.
  - B. In any other case, such person, at any time during the previous year, is beneficially entitled to not less than 20% of the profits of such business or profession.
  - C. Both of the above
  - D. None of the above.
12. Mr. DS claims the deduction (on accrual basis) of payment to Amit of Rs. ₹25,000. Next year he paid this amount to Amit through a crossed cheque. What are the consequences of this transaction?
- A. This deduction is already claimed.
  - B. It will be disallowed and deemed to be the profit and gains of Business and Profession of the next year.
  - C. Deduction can be claimed in next year too.
  - D. None of these
13. DS made a cash payment of Rs. ₹2,95,000 on 28th March, 2019 as the banks were on strike that day and the payment was to be made urgently. Calculate the amount of expenditure to be disallowed u/s 40A(3).
- A. Rs. ₹2,95,000
  - B. Rs. ₹2,75,000
  - C. Nil

- D. Rs. ` 10,000
14. Under section 40A(3) which of the following payment for an expenditure incurred would not be admissible as deduction from business income \_
- A. Rs. ` 9,500 paid in cash to a transporter
  - B. Rs. ` 8,000 paid in cash to a dealer in the morning and ` 8,000 paid in cash to the same dealer in the evening
  - C. Rs.50,000 sent through NEFT to the bank account of the dealer for goods purchased
  - D. Rs. ` 9,000 paid through bearer cheque to the dealer for goods purchased.
15. When a cash payment of Rs. ` 18,000 is made on 11th May, 2018 towards purchase of raw material effected in the earlier year, i.e., on 6<sup>th</sup> June, 2016, the amount liable for disallowance under section 40A(3A) would be -
- A. Nil
  - B. 100% of payment
  - C. 20% of such payment
  - D. 30% of such payment
16. DS Ltd. purchased goods on credit from Aman Ltd. on 8th May, 2018 for Rs` 88,000 which is paid as Rs` 8,000 in cash on 13th May, 2018; Rs.` 35,000 by a bearer cheque on 5th May, 2018; and Rs.` 45,000 by an account payee cheque on 16th May, 2018. The amount of disallowance under section 40A(3) is -----
- A. Rs.` 8,000
  - B. Rs.` 35,000
  - C. Rs.` 45,000
  - D. Rs.` 88,000
17. Where an assessee doing a business incurs any expenditure in respect of which payments made to a person in a day exceeds Rs. ` 10,000 should be paid through account payee cheque or demand draft to claim deduction for such expenditure. This restriction does not apply to -----
- A. Payments made to RBI
  - B. Payments made to cultivators
  - C. Payment of terminal benefits to employees not exceeding ` 50,000
  - D. All of the above
18. DS made two separate payments for plying, hiring or leasing goods amounting to Rs.` 33,000 and Rs. ` 40,000. Discuss about the allowability of the two payments made.
- A. Both the payments will be allowed.
  - B. Payment amounting to Rs. ` 33,000 will be allowed and the other one will be disallowed.
  - C. Payment amounting to Rs.` 40,000 will be allowed the other one will be disallowed.



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- D. Both the payments will be disallowed.
19. Payment of Rs. ` 45,000 by using credit card for fire insurance. The amount of disallowance under section 40A(3) is -
- A. Rs. ` 45,000
  - B. Rs. ` 30,000
  - C. Nil
  - D. Rs. ` 20,000
20. Payment of Rs. ` 45,000 made in cash towards purchases of medicines. The amount of disallowance under section 40A(3) is -
- A. Rs. ` 45,000
  - B. Rs. ` 30,000
  - C. Nil
  - D. Rs. ` 20,000
21. An assessee made a provision of Rs. ` 5,00,000 for the payment of gratuity to his employees on their retirement. The gratuity fund was unapproved. Calculate amount of deduction allowable to assessee in respect of this provision.
- A. Rs. ` 5,00,000
  - B. Rs. ` 10,00,000
  - C. Rs. ` 1,00,000
  - D. NIL
22. Deemed profits chargeable to tax under section 41 includes:
- A. Taxability of Balancing Charge in case of Power Generating Undertakings.
  - B. Sale of an asset used for scientific research without having been used for the purposes of business or profession.
  - C. Recovery of bad debts.
  - D. All of the above.
23. DS discontinued wholesale trade in medicines from 1st June, 2015. He recovered Rs. ` 1,40,000 in September, 2018 being a bad debt which was written-off and allowed in assessment year 2015-14. He has eligible brought forward business loss of wholesale trade in medicines of Rs. ` 1,60,000. The consequence of bad debt recovery is that -
- A. It is chargeable to tax
  - B. It is eligible for set-off against brought forward business loss
  - C. The brought forward business loss is taxable now
  - D. 50% of the amount recovered now is taxable

24. DS sold goods worth Rs. ` 55,000 at credit on 5<sup>st</sup> April, 2015. However, he has written off Rs. ` 20,000 of it as bad debts and claimed deduction for the same during the year 2017-18. On 3<sup>rd</sup> April, 2018, the defaulting debtor made payment of Rs. ` 45,000. The taxable amount of bad debts recovered for the year 2018-19 would be -
- A. Rs. ` 10,000
  - B. Rs. ` 55,000
  - C. Rs. ` 45,000
  - D. Rs. ` 20,000
25. An assessee discontinued his textile business during the previous year 2017-18 and incurred a loss of Rs. ` 1,60,000. During the previous year 2018-19 assessee earned deemed profits in the discontinued business of Rs. ` 1,85,000. Calculate the amount taxable as business income.
- A. Rs. ` 1,85,000
  - B. Rs. ` 1,60,000
  - C. Rs. ` 25,000
  - D. NIL
26. DS Ltd. made provision of Rs. ` 15 Lakh for bonus payable for the year ended 31<sup>st</sup> March, 2019. It paid Rs. ` 9 Lakh on 31<sup>st</sup> July, 2019; Rs. ` 4 lakh on 30<sup>th</sup> September, 2019; and Rs. ` 2 lakh on 15<sup>th</sup> December, 2019. The amount eligible for deduction under section 43B would be –
- A. Rs. ` 13 lakh
  - B. Rs. ` 15 lakh
  - C. Rs. ` 9 lakh
  - D. Rs. ` 2 lakh
27. As per section 43B, certain payments are to be allowed as deduction only on actual payment. Such sums include:
- A. Any sum payable by the assessee to the Indian Railways for the use of railway assets.
  - B. Employer's contribution to provident fund or superannuation fund or gratuity fund or any other fund for the welfare of employees.
  - C. Bonus or commission to employees for services rendered as referred u/s 36(1)(ii).
  - D. All of the above.
28. As per section 43B, certain payments are to be allowed as deduction only on actual payment. Such sums include:
- A. Sum payable by assessee by way of tax, duty, cess or fee, by whatever name called, under any law for the time being in force.
  - B. Employer's contribution to provident fund or superannuation fund or gratuity fund or any other fund for the welfare of employees.
  - C. Bonus or commission to employees for services rendered as referred u/s 36(1)(ii).

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- D. All of the above.
29. DS incurred an expenditure of municipal tax of Rs. ` 55,000 relating to office building for the previous year 2018-19 but did not paid same till 30-09-2019 .Such sum was paid on 14th Feb, 2020. In which assessment year deduction shall be allowed to the DS ?
- A. AY.2020-21  
B. AY.2019-20  
C. A.Y.2018-19  
D. Nil
30. DS Ltd. took a loan of Rs.` 3,50,000 from a Public Financial Institution. It incurred an interest expense of Rs. ` 35,000 against this loan in the Previous Year 2018-19 but did not pay the interest amount to bank. The assessee paid this amount on 14th March 2020. In which assessment year deduction shall be allowed to assessee?
- A. AY.2020-21  
B. AY.2019-20  
C. AY.2018-19  
D. Nil
31. If in the above question, assessee makes the payment of interest amount to bank on 11th September, 2019 then in which assessment year deduction shall be allowed to assessee?
- A. AY.2020-21  
B. AY. 2019-20  
C. AY. 2018-19  
D. Nil
32. DS Ltd. contributed Rs.` 8,70,000 towards provident fund account of its employees. It actually remitted Rs. ` 5,00,000 upto 3rd March and Rs.` 2,50,000 upto the due date for filing the return specified in section 139(1). The amount liable to tax in its assessment would be -----
- A. Rs.` 3,70,000  
B. Rs.` 1,20,000  
C. Nil  
D. Rs.` 8,70,000
33. DS Ltd. took a loan of Rs. ` 20,00,000 from a Public Financial Institution. It incurred an interest expense of Rs. ` 80,000 against this loan in the Previous Year 2018-19 but did not pay the interest amount to bank. It requested the bank to convert the amount of interest into loan on 14th September, 2019. Such converted loan is actually paid on 14th December, 2020. In which assessment year deduction shall be allowed to assessee?
- A. AY. 2021-22

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- B. AY.2020-21  
C. AY .2018-19  
D. AY.2019-20
34. An assessee transferred his land (stock in trade) on 15th May 2018 for Rs. ` 76,00,000. However, the value adopted by State Government authority for the purpose of payment of stamp duty in respect of such transfer was Rs. ` 95,00,000. What shall be the full value of the consideration received or accruing as a result of such transfer for the purposes of computing profits and gains from transfer of such asset.
- A. Rs. ` 76,00,000  
B. Rs. ` 95,00,000  
C. Rs. ` 19,00,000  
D. Rs. ` 1,71,00,000
35. DS transferred his land (stock in trade) on 31st May 2018 for Rs. ` 76,00,000. However, the value adopted by State Government authority for the purpose of payment of stamp duty in respect of such transfer was Rs. ` 78,00,000. What shall be the full value of the consideration received or accruing as a result of such transfer for the purposes of computing profits and gains from transfer of such asset.
- A. Rs. ` 78,00,000  
B. Rs. ` 76,00,000  
C. Rs. ` 8,00,000  
D. Rs. ` 1,54,00,000
36. DS transferred his land (stock in trade) on 1<sup>st</sup> May 2018 for Rs. ` 80,00,000. However, the value adopted by State Government authority for the purpose of payment of stamp duty in respect of such transfer on the date of agreement fixing the value of consideration for transfer of the asset was Rs. ` 85,00,000 and on the date of registration of such transfer of asset was Rs. ` 83,00,000. He received consideration of Rs. ` 24,00,000 by cheque before the date of agreement. What shall be the full value of the consideration for the purposes of computing profits and gains from transfer of such asset.
- A. Rs. ` 80,00,000  
B. Rs. ` 85,00,000  
C. Rs. ` 83,00,000  
D. Rs. ` 25,00,000
37. Hari transferred his land on 1st September 2018 for Rs. ` 70,00,000. However, the value adopted by State Government authority for the purpose of payment of stamp duty in respect of such transfer on the date of agreement fixing the value of consideration for transfer of the asset was Rs. ` 72,00,000 and on the date of registration of such transfer of asset was Rs. ` 71,00,000.

He received consideration of Rs. ` 24,00,000 by cheque before the date of agreement. What shall be the full value of the consideration for the purposes of computing profits and gains from transfer of such asset.

- A. Rs. ` 70,00,000
- B. Rs. ` 71,00,000
- C. Rs. ` 72,00,000
- D. Rs. ` 25,00,000

38. DS Ltd. credited the interest on bad and doubtful debts of Rs. ` 35,000 on 17th March, 2019. However, the interest amount was received on 10th April, 2019. As per section 43D when such interest shall be chargeable to tax?

- A. P.Y. 2019-20
- B. P.Y. 2020-21
- C. P.Y. 2018-19
- D. Not taxable

39. DS Ltd. credited the interest on bad and doubtful debts of Rs. ` 75,000 on 17th June, 2019. However, the interest amount was received on 29th March, 2019. As per section 43D when such interest shall be chargeable to tax ?

- A. P.Y. 2018-19
- B. P.Y. 2019-20
- C. P.Y. 2020-21
- D. Not taxable

40. The profits and gains of any business of insurance, including any such business carried on by a mutual insurance company or by co-operative society, shall be computed in accordance with rules contained in First Schedule to the Act. The profits and gains derived from life insurance business is taxable at what rate?

- A. 11.5%
- B. 12.5%
- C. 10%
- D. Nil

41. DS & Association (trade association) furnishes profits of business before allowing deficiency was of Rs. ` 80,000. The deficiency amount was of Rs. ` 75,000 and the total income of assessee before allowing deficiency was of Rs. ` 1,40,000. What shall be the amount of deduction available to assessee for the deficiency? You with the following information-

- A. Rs. ` 75,000
- B. Rs. ` 70,000
- C. Rs. ` 80,000

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D. Nil

42. DS & Association (trade association) furnishes profits of business before allowing deficiency was of Rs. ` 95,000. The deficiency amount was of Rs. ` 76,000 and the total income of assessee before allowing deficiency was of Rs. ` 2,20,000. What shall be the amount of deduction available to assessee for the deficiency? You with the following information-

- A. Rs. ` 76,000
- B. Rs. ` 1,10,000
- C. Rs. ` 95,000
- D. Nil

43. DS & Association (trade association) furnishes profits of business before allowing deficiency was of Rs. ` 95,000. The deficiency amount was of Rs. ` 85,000 and the total income of assessee before allowing deficiency was of Rs. ` 1,60,000. The amount of deduction available to assessee for the deficiency is of Rs. ` 80,000. For how many years the remaining balance of deficiency amounting to Rs. ` 5,000 shall be allowed to be carried forward? You with the following information \_

- A. 5 years
- B. 1 year
- C. Infinite years
- D. Not allowed to be carried forward

**ANSWER KEY: -**

Question Number	Answer
1	Previous Year 2019-20
2	Previous Year 2018-19
3	30%
4	Rs. ` 6,00,000
5	Rs. ` 2,16,000
6	Nil
7	Not allowed deduction
8	Sales tax
9	Equalization levy
10	Rs. ` 6,00,000
11	Both of the above

12	It will be disallowed and deemed to be the profit and gains of Business and Profession of the next year.
13	Nil
14	Rs. ` 8,000 paid in cash to a dealer in the morning and Rs. ` 8,000 paid in cash to the same dealer in the evening
15	100% of payment
16	Rs. ` 35,000
17	All of the above
18	Payment amounting to Rs. ` 33,000 will be allowed and the other one will be disallowed.
19	Nil
20	Rs. ` 45,000
21	NIL
22	All of the above.
23	It is eligible for set-off against brought forward business loss
24	Rs. ` 10,000
25	Rs. ` 25,000
26	Rs. ` 13 lakh
27	All of the above.
28	All of the above.
29	AY.2020-21
30	AY.2020-21
31	AY. 2019-20
32	Nil
33	AY. 2021-22
34	Rs. ` 95,00,000
35	Rs. ` 76,00,000
36	Rs. ` 85,00,000
37	Rs. ` 70,00,000
38	P.Y. 2018-19
39	P.Y. 2018-19
40	12.5%
41	Rs. ` 70,000
42	Rs. ` 76,000
43	Not allowed to be carried forward

## ***MCQ On AOP,BOI***

1. In computing the income under the head Profits and Gains of Business or Profession of an association of person, any interest paid to any member-
  - A. Shall be disallowed
  - B. Shall be allowed
  - C. Shall be allowed upto 12% p.a.
  - D. None of these
  
2. When a non-domestic company is a member in an AOP and its share of profit is indeterminate, the tax on total income of the AOP is charged at the -
  - A. Nominal rate
  - B. Maximum marginal rate
  - C. Rate applicable to the company
  - D. Least of the above three rates.
  
3. AOP or BOI for the purpose of levy of tax as per section 167B does not include \_
  - A. A company
  - B. A company or co-operative society
  - C. A company or Co-operative society or unregistered society
  - D. A company or Co-operative society or a society registered under the Societies



Registration Act, 1860 or under any other law computing to that Act in force in any part of India

4. A society registered under the Societies Registration Act, 1860 is taxable \_
  - A. Taxable as AOP /BOI as per section 167B
  - B. Taxable as BOI but the tax rate shall be same as is applicable in case of an individual/HUF
  - C. At slab rate
  - D. At special rate of tax
  
5. A co-operative society is although a body of individual but taxable at :
  - A. The same rate as are applicable to individual/ HUF
  - B. Average rate of tax
  - C. The maximum marginal rate
  - D. The rates given in Schedule I of Income-tax Act
  
6. In case of AOP / BOI, any interest paid to the member shall :
  - A. Be allowed as deduction to the AOP /BOI while computing its income
  - B. Be allowed as deduction to the AOP /BOI while computing its income subject to maximum of 12% p.a,
  - C. Not be allowed as deduction
  - D. Be allowed as deduction to the AOP /BOI while computing its income subject to maximum of 6% p.a.
  
7. In case of AOP whose members are other than foreign company, and their shares are indeterminate, the tax shall be charged:
  - A. At rate applicable to individuals
  - B. At the maximum marginal rate
  - C. At the rate of 40% + 2% surcharge + 4% Health & Edu Cess
  - D. At rates given in Schedule I of Income tax Act the rate given in the F
  
8. In case of AOP whose member include a foreign company, and their shares are indeterminate, the tax shall be charged:

3

- A. At the rate applicable to individuals
  - B. at the maximum marginal rate i.e. 30% + surcharge @ 12%, if applicable + Health & Edu Cess @4%
  - C. At the rate applicable to the foreign company i.e, 40% + surcharge @ 2% if applicable + Health & Edu Cess @4%
  - D. At the rates given in Schedule I of the Incometax Act the rate given in the F
9. In case of AOP whose members are other than foreign company, and whose shares are known, but the total income of any of its member exceeds the maximum exemption limit, tax to the AOP shall be charged:
- A. At rate applicable to individuals
  - B. at the maximum marginal rate.
  - C. At rate applicable to foreign company i.e. 40% + surcharge @ 2% if applicable + Health & Edu Cess @4%
  - D. at the rates given in Schedule I of Income-tax Act
10. In case of AOP whose members include a foreign company, and their shares are determinate, the tax shall be charged:
- A. at the rate applicable to individuals
  - B. at the maximum marginal rate i.e. 30% + surcharge @ 12%, if applicable + Health & Edu Cess @4%
  - C. at the rate applicable to the foreign company i.e. 40% + surcharge @ 2% if applicable + Health & Edu Cess @4%
  - D. on that portion or portions of income of AOP which is relatable to the share of the member which is a foreign company and on the balance income at the maximum marginal rate
11. In case of AOP /BOI where the share of the members are determinate but none of the members has taxable income exceeding maximum exemption limit, nor any member is taxable at a rate higher than the maximum marginal rate, the tax shall be charged :
- A. at the rate applicable to individual/HUF
  - B. at the maximum marginal rate i.e. 30% + surcharge @ 12%, if applicable + Health & Edu Cess @4%
  - C. at the rate of 35% + Health & Edu Cess @4%



- D. at the rates given in Schedule I of the Income-tax Act
12. In case of AOP where the share of the members are determinate but none of the members has taxable income exceeding maximum exemption limit, but one or more member is taxable at a rate higher than the maximum marginal rate, the tax shall be charged :
- A. at the rate applicable to individual/HUF
- B. on that portion of income of AOP which is relatable to the member taxable at higher rate, at the rate applicable to such member and the balance taxable income at the rate applicable to individual/HUF
- C. on that portion of income of AOP which is relatable to the member taxable at higher rate, at the rate applicable to such member and the balance taxable income at the maximum marginal rate
- D. at the rates given in Schedule I of the Income- tax Act
13. Where the total income of the AOP/BOI, whose none of the members has income exceeding maximum exemption limit nor any member is taxable at a rate higher than maximum marginal rate, does not exceed Rs. ` 2,50,000 :
- A. Neither the AOP /BOI shall be liable to pay any tax nor the share of the profit of the member from AOP /BOI shall be included in their respective total income
- B. Although the AOP /BOI shall not be liable to pay any tax but the share of the profit of each member from AOP /BOI shall be included in his total income
- C. The AOP /BOI will be liable to tax at the rate maximum marginal rate
- D. The AOP /BOI will be liable to tax at the applicable to foreign company

## Answer Key

Question Number	Answer
1	Shall be disallowed
2	Rate applicable to the company
3	A company or Co-operative society or a society registered under the Societies Registration Act, 1860 or under any other law computing to that Act in force in any part of India
4	At special rate of tax
5	The rates given in Schedule I of Income-tax Act

6	Not be allowed as deduction
7	At the maximum marginal rate
8	At the rate applicable to the foreign company i.e, 40% + surcharge @ 2% if applicable + Health & Edu Cess @4%
9	at the maximum marginal rate.
10	on that portion or portions of income of AOP which is relatable to the share of the member which is a foreign company and on the balance income at the maximum marginal rate
11	at the rate applicable to individual/HUF
12	on that portion of income of AOP which is relatable to the member taxable at higher rate, at the rate applicable to such member and the balance taxable income at the maximum marginal rate
13	Although the AOP /BOI shall not be liable to pay any tax but the share of the profit of each member from AOP /BOI shall be included in his total income

## **MCQ On Charitable Trust**

### **PROVISIONS FOR TAXABILITY OF TRUST INCOME**

1. "Charitable purpose" includes:
  - A. Relief of the poor,
  - B. Education,
  - C. Medical relief,
  - D. All of these
  
2. The advancement of any other object of general public utility shall be regarded as charitable purpose even if it involves carrying on of trade/ commerce/business for a cess or fee or any other consideration, if the gross receipts thereof does not exceed \_\_\_\_\_ of total receipts of such charitable institution.
  - A. 15%
  - B. 20%
  - C. Rs. ` 20 lakhs
  - D. Rs. ` 25 lakhs
  
3. Where the total income of the trust or institution, without giving effect to the provisions of Sections 11 and 12, exceeds in any previous year , the accounts of the trust or institution must be audited by CA and the report of such audit in the prescribed form duly signed and verified by

such accountant containing prescribed particulars, should be furnished along with the return of income.

- A. Rs.` 2,50,000
- B. Rs.` 10,00,000
- C. Rs.` 20,00,000
- D. Rs.` 25,00,000

4. A public charitable trust registered under section 12A of Income-tax Act, for the previous year ending 31-3-2019, derived gross income of Rs.` 16 lakhs, which consists of the following:

	(in lakhs)
Income from properties held by trust (Net)	5
Income (net) from business (incidental to main objects)	4
Voluntary contribution from public	7

The trust applied a sum of Rs.` 11.60 lakhs towards charitable purposes during the year. Determine the taxable income of the trust of the assessment year 2019-20.

- A. Rs.` 2,00,000
- B. Nil
- C. Rs.` 4,40,000
- D. Rs.` 6,00,000

5. Ramji Charitable Trust had sold a capital asset costing Rs.` 70,000 on 13th June, 2018 for Rs.` 1,50,000. It purchased new asset on 1st July 2018 for Rs.` 1,20,000. The amount taxable as capital gains for Ramji Charitable Trust in A.Y. 2019-20 is -

- A. Rs.` 80,000
- B. Nil, because of charitable trust
- C. Rs.` 30,000
- D. Rs.` 40,000

6. A charitable trust acquired two air-conditioners for Rs.` 1,40,000 on 10th June, 2018. It claimed the acquisition as application of income. The amount it can claim by way of depreciation for the said air-conditioners for the AY 2019-20 is-

- A. Rs.` 21,000

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B. Rs. ` 1,40,000

C. Rs. ` 35,000

D. Nil.

7. A public charitable trust registered under section 12A of Income-tax Act, for the previous year ending 31-3-2019, derived the following:

	in Lakhs
Income from properties held by trust (Net)	10
Income (net) from business (incidental to main objects)	5
Voluntary contribution from public (including corpus donations of Rs. ` 10,00,000)	15

The trust applied a sum of Rs. ` 16 lakhs towards charitable purposes during the year. Determine the taxable income of the trust of the assessment year 2019-20.

A. Rs. ` 1,00,000

B. Rs. ` 14,00,000

C. ` NIL

D. Rs. ` 4,00,000

8. Authority having power to cancel registration of trust subject to certain conditions:

A. Principal Commissioner

B. Director general

C. Commissioner

D. Either A or C

9. A charitable trust has received anonymous donations of Rs. ` 25,00,000. The amount of anonymous donations not taxable will be-

A. Rs. ` 1,00,000

B. Rs. ` 1,25,000

C. Rs. ` 2,00,000

D. Rs. ` 25,00,000

10. In case of any registered trust or institution for which registration is effective in the previous year, they cannot claim any exemption under any provision of section 10 [other than that

relating to exemption of ].

- A. Agricultural income
- B. Dividend Income from shares of Indian Company
- C. Dividend Income from units of mutual fund
- D. LTCG on sale of equity shares listed in recognised stock exchange.

11. Anonymous donations received by a charitable trust is chargeable to tax at the rate of -

- A. 30%
- B. 15%
- C. 20%
- D. 10%

12. An education institution having annual receipt of \_\_\_\_\_ during the P.Y 2018-19, has to make an application to the prescribed authority before 30<sup>th</sup> September of relevant A.Y for claiming tax exemption under section 10(23C).

- A. Rs.1.20 Crore
- B. Rs. 1 Crore
- C. Rs. 1.5 Crore
- D. Rs. 1.4 Crore

13. Trust receive a sum of Rs. 50,000 on 30<sup>th</sup> March, 2019.its previous year end on 31-3-2019 upto when this sum can be applied

- A. Immediately following previous year
- B. Immediately preceding previous year
- C. In the same previous year
- D. None of above

14. Which form is filed by Trust to claim benefit of accumulation of 15%, before the due date of return of income

- A. Form 29B
- B. Form 10
- C. Form 10A



D. Form 10B

15. Kamala charitable trust, registered u/s 12AA, having its main object as medical relief, earned dividend income of Rs.3 lakhs, income of Rs.2 lakhs from mutual funds registered under section 10(23D) and agricultural income of Rs.4 lakhs during the P.Y.2018-19. Which of the following statements is correct?
- A. The trust has to apply such income for charitable purposes as per the provisions of section 11 to claim exemption in respect of such income.
- B. The trust can claim exemption under section 10(1), 10(34) and 10(35) in respect of its agricultural income, dividend and income from mutual funds, respectively, without applying such income for charitable purposes.
- C. The trust can claim exemption under sections 10(34) and 10(35) in respect of its dividend and income from mutual funds, respectively, without applying such income for charitable purposes. However, it cannot claim exemption under section 10(1) in respect of agricultural income without applying such income for charitable purposes.
- D. The trust can claim exemption under section 10(1) in respect of its agricultural income without applying such income for charitable purposes. However, it cannot claim exemption in respect of its income from mutual funds registered under section 10(23D) and dividend income of Rs.3 lakhs without applying such income for charitable purposes.
16. THP, a charitable trust registered under section 12AA of the Act, has the gross receipts of Rs.15,00,000 and total income of Rs.4,05,000, before claiming any exemption under section 11 & 12, during P.Y. 2018-19. Determine the applicability of audit under the provisions of Income-tax Act, 1961;
- A. Audit is not required as the gross receipts are less than Rs.1 crore as prescribed u/s 44AB
- B. Audit is required u/s 12A(1)(b)
- C. Income of the charitable trust is exempt u/s 11 & 12, hence audit is not required
- D. None of above

## Answer Key

Question Number	Answer
1	A. All of these
2	A. 20%
3	A. Rs. 2,50,000

<b>4</b>	A. Rs. ` 2,00,000
<b>5</b>	A. Rs. ` 30,000
<b>6</b>	A. Nil.
<b>7</b>	A. Rs. ` 1,00,000
<b>8</b>	A. Either A or C
<b>9</b>	A. Rs. ` 1,25,000
<b>10</b>	A. Agricultural income
<b>11</b>	A. 30%
<b>12</b>	A. Rs. 1 Crore
<b>13</b>	A. Immediately following previous year
<b>14</b>	A. Form 10
<b>15</b>	The trust can claim exemption under section 10(1) in respect of its agricultural income without applying such income for charitable purposes. However, it cannot claim exemption in respect of its income from mutual funds registered under section 10(23D) and dividend income of Rs.3 lakhs without applying such income for charitable purposes.
<b>16</b>	Audit is required u/s 12A(1)(b)

## MCQ On Clubbing

### CLUBBING IN CASE OF TRANSFER OF INCOME/ TRANSFER OF ASSETS - SECTION 60 TO 63

1. Transfer of income without transfer of asset would be taxable in the hands of:
  - A. Transferor only
  - B. Transferee only
  - C. Either transferor or transferee
  - D. Both transferor and transferee
  
2. A transfer which contains any provision for the re-transfer, directly or indirectly, of the whole or any part of the income or asset to the transferor, regarded as:
  - A. Transfer of income without transfer of asset
  - B. Indirect transfer
  - C. Revocable transfer
  - D. Irrevocable transfer
  
3. X transfers his house property to a trust for benefit of Y till his death. In this case, till death of Y, the income from house property shall be taxable in the hands of and afterwards in the hands of ----
  - A. X, Y
  - B. X, legal heirs of Y
  - C. Y, legal heirs of Y
  - D. Y, X

4. Mr. 'X' transfers his house property to Mr. Y with a condition that 25 of the income therefrom should be handed over to him Mr. Y earns Rs. `1,00,000 from such house property. In this case-
- A. Total amount Rs. `1,00,000 shall be assessed in the X.
  - B. Only Rs. `25,000 will be assessed in the hands of hands of X.
  - C. Rs. ` 25,000 will be assessed in the hands of X and Rs. ` 75,000 will be assessed in the hand of Y.
  - D. Total amount Rs. `1,00,000 shall be assessed in the hands of Y.

**CLUBBING IN RESPECT OF INCOME OF SPOUSE, SONS WIFE, MINOR CHILD - SECTION 64**

5. Mr. A, a fashion designer having lucrative business, pays salary to his wife, who is a model. Remuneration received by Mrs. A shall be included in the total income of :
- A. Mrs. A
  - B. Mr. A
  - C. Mrs. A or Mr. A (whose total income is higher before this clubbing)
  - D. Mr. A and Mrs. A proportionately.
6. The shares of Jetha Ltd. are held by, Mr. Jetha 8, Mrs.Jetha 10 and Mrs. Jetha's Father-in-law 6. Who amongst the following have substantial interest in Jetha Ltd.?
- A. Mr. Jetha
  - B. Mrs. Jetha
  - C. Mr. [etha and Mrs. Jetha, both
  - D. Neither Mr. [etha, nor Mrs. Jetha
7. If Mr. A and Mrs. A both have substantial interest in a concern and both are in receipt of remuneration from that concern, then what will be the tax consequences?
- A. Remuneration shall be clubbed in the total income of Mr. A.
  - B. Remuneration shall be clubbed in the total income of Mrs. A.
  - C. Remuneration shall be clubbed in the total income of that individual whose total income (before this clubbing) is higher.
  - D. Clubbing shall not apply.
8. Mr. A a transferred a capital asset to Mrs. A in natural love and affection. She transferred the capital asset to her friend and she earned a capital gains of Rs. `2,50,000. The capital gains income shall be regarded:
- A. Mrs. A
  - B. Mr. A
  - C. Mrs. A or Mr. A (whose total income is higher before this clubbing)
  - D. Mr. A and Mrs. A proportionately.

9. Shyam transferred 2,000 shares of X Ltd. to Ms. Babita without any consideration. Later, Shyam and Ms. Babita got married to each other. The dividend income from the shares transferred would be -
- A. Taxable in the hands of Shyam both before and after marriage
  - B. Taxable in the hands of Shyam before marriage but not after marriage
  - C. Taxable in the hands of Shyam after marriage but not before marriage
  - D. Never taxable in the hands of Shyam.
10. Rohit (a Chartered Accountant) is working as Accounts Officer in Raj (P) Ltd. on a salary of Rs. `20,000 p.m. He got married to Ms. Pooja who holds 25% shares of this company. What will be the impact of salary paid to Rohit by the company in the hands of Ms. Pooja –
- A. 100% salary to be clubbed
  - B. 50% salary to be clubbed
  - C. No amount be clubbed
  - D. 25% salary be clubbed.
11. An individual is said to have substantial interest in a concern if he or she, along with his or her relatives, is, at any time during the previous year-
- A. Beneficial owner of equity shares carrying 20% or more of the voting power.
  - B. Entitled to 20% or more of the profits of such concern
  - C. Either (a) or (b)
  - D. Both (a) and (b)
12. In the above case meaning of relative of an individual does not include the following -
- A. Grandfather's brother
  - B. Spouse
  - C. Brother and sister
  - D. Grandfather-in-law of the spouse.
13. Income from assets transferred to spouse for inadequate consideration, clubbed in the total income of -
- A. Transferor
  - B. Clubbing shall not apply
  - C. Transferee
  - D. None of these
14. Income from assets transferred to son's wife for inadequate consideration, shall be included in the total income of-
- A. Transferor
  - B. Son's wife

- C. Both (a) and (b)  
D. Individual whose total income (before this clubbing) is higher.
15. In the above case, relationship between transferor and transferee should subsist at the time of -  
A. Transfer of the asset  
B. Accrual of the income  
C. Either (a) or (b)  
D. Both (a) and (b)
16. Mr. A transfers his house property to his fiancée, in this case the income from house property shall be taxable in the hands of-  
A. Mr. A  
B. Mr. A's fiancée  
C. Such individual whose total income (before this clubbing) is higher.  
D. None of the above.
17. Exemption of will be available u/s 10(32) to the parent in respect of minor's income clubbed with the parent.  
A. Rs. `1,500  
B. Rs. `5,000  
C. Rs. `15,000  
D. Rs. `1,00,000
18. In case of clubbing of income of two minor children exemption of.....will be available.  
A. Rs. `1,500  
B. Rs. `3,000  
C. Rs. `1,000  
D. None of these
19. Income of minor child has to be included in the income of the assessee for determining rate of income tax applicable to income of the assessee.  
A. Agricultural  
B. Gross total  
C. Business  
D. None of these.
20. Income of a minor child shall be included in the income of -  
A. That parent whose total income (before this clubbing) is greater.

- B. Minor child
  - C. That parent whose total income (before this clubbing) is lower.
  - D. That parent whose total income (after this clubbing) is greater.
21. Income of a minor child on account of..... shall be taxable in his hands.
- A. Any manual work done by him.
  - B. Any activity involving application of his skill, talent or specialized knowledge and experience.
  - C. Either (a) or (b)
  - D. None of these
22. Minor child includes -
- A. Step child
  - B. Adopted child
  - C. Both (a) & (b)
  - D. None of these.
23. Mr. Mahesh's, minor son Suresh, earning interest Rs. `40,000 on fixed deposit with ABC Ltd., which was gifted to him by his grandfather. Mahesh's income is higher than that of Mrs. Mahesh. What will be the tax consequences?
- A. Rs. `40,000 shall be taxable in the hands of Suresh.
  - B. Rs. `40,000 shall be clubbed in the total income of Mrs. Mahesh.
  - C. Rs. `40,000 shall be clubbed in the total income of Mr. Mahesh
  - D. Rs. `40,000 shall be taxable in the hands of ABC Ltd.
24. In the above case, if Suresh is blind then, -
- A. Rs. `40,000 shall be taxable in the hands of Suresh.
  - B. Rs. `40,000 shall be clubbed in he total income of Mrs Mahesh.
  - C. Rs. `40,000 shall be clubbed in he total income of Mr Mahesh.
  - D. Rs. `40,000 shall be taxable in the hands of Mrs. Mahesh.
25. Mr.A transfers Rs`25,000 to Mrs. A.She purchases investment Rs.20,000 in X Ltd. out of such cash transferred to her by Mr. A. She earns interest Rs. `5,000 from such investment.Hence this al an-
- A. Cross transfer
  - B. Indirect transfer
  - C. Revocable transfer
  - D. Irrevocable transfer
26. In the above case interest income Rs. `5,000 shall be included in the total income of -

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- A. Mrs. A
  - B. Mr. A
  - C. Mrs. A or Mr. A (whose total income is higher before this clubbing)
  - D. Mr. A and Mrs. A
27. Mr. Y gifts 12.75 debentures worth Rs. `10 lakhs to Mrs. X (wife of Mr. X, his brother) and Mr. X gifted a flat worth same amount to Mrs. Y. The flat yields a rental income of Rs. `1,30,000 p.a. Interest income will be included in the total income of and rental income will be included in the total income of.....
- A. Mr. Y and Mrs. X respectively.
  - B. Mrs. Y and Mr. X respectively.
  - C. Mr. X and Mr. Y respectively.
  - D. Mrs. Y and Mrs. X respectively.
28. Raja gifts Rs. ` 2 lakhs to his wife on 1-4-2018 which she invests in a firm on interest @18 p.a. On 1-1-2019, Mrs. Raja withdraws the money and gifts it to their son's wife. In this case interest of the period 1-4-2018 to 31-12-2018 and 1-1-2019 to 31-3-2019 shall be clubbed in the total income of.....
- A. Mr. and Mrs. Raja respectively.
  - B. Mr. Raja
  - C. Mrs. Raja and their son's wife respectively.
  - D. Mrs. Raja
29. In whose total income, the income of a minor child is included -
- A. Father
  - B. Mother
  - C. Father and mother both
  - D. Parent whose total income is greater.
30. When the income of an individual includes Rs. `20,000 as the income of his minor child in terms of section 64(IA), taxable income in this respect will be –
- A. Nil
  - B. Rs. ` 20,000
  - C. Rs. ` 18,500
  - D. None of the above.
31. Income arising to a minor married daughter is -
- A. To be assessed in the hands of the minor married daughter
  - B. To be clubbed with the income of that parent whose total income, before including minor's income, is higher



- C. Completely exempt from tax  
D. To be clubbed with the income of her husband.
32. The following income that accrue to a minor child will not be included in the total income of his parent.
- A. Income earned from fixed deposits transferred by his grand father.  
B. Income earned from house property transferred by his father  
C. Income earned from agricultural land transferred by his mother  
D. Income from participation in dance competition
33. Mr. DS has four minor children consisting 2 daughters and 2 sons. The annual income of 2 daughters was Rs. `7,500 and Rs. `5,000 and of sons was Rs. `5,500 and Rs. `1,250 respectively. The daughter who was having income of Rs. `5,000 was suffering from a disability specified under section 80U. Work out the amount of income earned by minor children to be clubbed in the hands of Mr. DS.
- A. Rs. ` 9,250  
B. Rs. ` 14,250  
C. Rs. ` 9,750  
D. Rs. ` 10,000
34. A proprietary business was started by Smt. Rani in the year 2016. As on 1-4-2017 her capital in business was Rs. `3,00,000. Her husband gifted Rs. `2,00,000 on 10-4-2017, which amount Smt. Rani invested in her business on the same date. Smt. Rani earned profits from her proprietary business for the Financial year 2017-2018, Rs. `1,50,000 which remained invested in the business. The profit earned by Mrs. Rani in financial year 2018-2019 Rs. `3,90,000. Compute the income, to be clubbed in the hands of Rani's husband for the Assessment year 2019-2020 with reasons.
- A. Rs. `2,70,000  
B. Rs. `1,20,000  
C. Nil  
D. Rs. ` 3,90,000
35. Income from asset transferred to spouse will be taxable in the hands of transferor if :
- A. asset has been transferred in pursuance of an agreement to live apart;  
B. asset was transferred for an adequate consideration;  
C. asset was transferred before marriage;  
D. asset was transferred for inadequate consideration
36. Incomes of two minor children are included in the income of their father. Father is entitled to exemption under section 10(32) upto –

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- A. Rs. `1,500
- B. Rs. `1,000
- C. Rs. `3,000
- D. Rs. `2,000.

**CONVERSION OF SELF-ACQUIRED PROPERTY INTO JOINT FAMILY PROPERTY**

37. If the self acquired property of an individual (being a member of HUF) is \_ then the income derived by the joint family on account of such property shall be included in the total income of the individual who was the owner of such property.
- A. Converted into joint family property.
  - B. Transferred by him directly or indirectly, to HUF otherwise than for adequate consideration.
  - C. Transferred by him, directly or indirectly to HUF for adequate consideration.
  - D. Either (a) or (b)
38. Where the converted property has been the subject-matter of a partition amongst the members of the family, the income derived from such converted property as is received by ----- on partition shall be deemed to arise to the individual from assets transferred indirectly by the individual to the -----and shall be clubbed in the hands of such individual.
- A. Minor child, minor child
  - B. Brother, brother
  - C. Spouse, spouse
  - D. Sister, sister
39. For the purposes of clubbing of income of the specified person in the income of the individual under section 64, the word 'income' includes \_\_\_\_\_
- A. Salaries
  - B. Loss
  - C. Capital gains
  - D. Income from other sources
40. Mr. A gifts cash of Rs. ` 1,00,000 to his brother's wife Mrs. B. Mr. B gifts cash of Rs. ` 1,00,000 to Mrs. A. From the cash gifted to her, Mrs. B invests in a fixed deposit, income therefrom is Rs. `10,000. Aforesaid Rs. ` 10,000 will be included in the total income of \_\_\_\_\_
- A. Mr. A
  - B. Mr B
  - C. Mrs. A
  - D. Mrs B

## ANSWER KEY



Question Number	Answer
1	Transferor only
2	Revocable transfer
3	Y, X
4	Rs. ` 25,000 will be assessed in the hands of X and Rs. ` 75,000 will be assessed in the hand of Y.
5	Mrs. A
6	Mr. Jetha
7	Remuneration shall be clubbed in the total income of that individual whose total income (before this clubbing) is higher.
8	Mr. A
9	Never taxable in the hands of Shyam.
10	No amount be clubbed
11	Either (a) or (b)
12	Grandfather's brother
13	Transferor
14	Transferor
15	Both (a) and (b)
16	Mr. A's fiancée
17	Rs. ` 1,500
18	Rs. ` 3,000
19	Agricultural
20	That parent whose total income (before this clubbing) is greater.
21	Either (a) or (b)
22	Both (a) & (b)
23	Rs. ` 40,000 shall be clubbed in the total income of Mr. Mahesh
24	Rs. ` 40,000 shall be taxable in the hands of Suresh.
25	Indirect transfer
26	Mr. A
27	Mr. X and Mr. Y respectively.
28	Mr. Raja
29	Parent whose total income is greater.
30	Rs. ` 18,500
31	To be clubbed with the income of that parent whose total income, before including minor's income, is higher
32	Income from participation in dance competition
33	Rs. ` 10,000
34	Rs. ` 1,20,000
35	asset was transferred for inadequate consideration

<b>36</b>	Rs. 3,000
<b>37</b>	Either (a) or (b)
<b>38</b>	Spouse, spouse
<b>39</b>	Loss
<b>40</b>	Mr B

DSTC

## ***MCQ On Penalties & Prosecution***

### **CERTAIN PROVISIONS ON PENALTIES & PROSECUTION**

1. If any person fails to keep and maintain any such information and document as required by sec. 92D in respect of an international transaction or specified domestic transaction, the Assessing Officer or Commissioner (Appeals) may direct that such person shall pay, by way of penalty, a sum equal to \_\_\_\_
  - A. Rs. ` 5,00,000
  - B. 2% of the value of each international transaction or specified domestic transaction entered into by such person
  - C. Rs. ` 1,00,000
  - D. 1% of the value of each international transaction or specified domestic transaction entered into by such person
  
2. Principal Commissioner or Commissioner of Income-tax is empowered to grant relief from penalty to tax payers in genuine cases. Such power is granted under section 273A and section \_\_\_\_\_.
  - A. 273B
  - B. 273AA
  - C. 273
  - D. 274
  
3. If the amount of income in respect of which the penalty is imposed or imposable for the relevant year(s) exceeds ` \_\_\_\_\_, then no order reducing or waiving the penalty under section 273A(1) shall be made by the Principal Commissioner or Commissioner, except with the previous

approval of the Principal Chief Commissioner or Chief Commissioner or Principal Director General or Director General, as the case may be

- A. Rs.1,00,000
  - B. Rs.2,00,000
  - C. Rs.5,00,000
  - D. Rs.10,00,000
4. If a person fails to comply with the provisions relating to PAN (i.e. obtaining PAN, quoting PAN, etc.), then penalty can be levied under section \_\_\_\_\_
- A. 270A
  - B. 272
  - C. 272A
  - D. 272B
5. The minimum penalty for failure to comply with a notice under section 142(1) shall be \_\_\_\_\_
- A. Rs.10,000
  - B. Rs.5,000
  - C. Rs.20,000
  - D. Rs.25,000
6. The maximum penalty leviable for failure to get accounts audited or to furnish report u/s 44AB is ?
- A. Rs.75,000
  - B. Rs.1,00,000
  - C. Rs.1,50,000
  - D. Rs.3,00,000
7. Under section 270A penalty attract of Rs. Up to
- A. 50% of tax payable on under- reported income & the penalty can be as high as 200% of the tax payable on the misreported income.
  - B. 100% of tax payable on under- reported income & the penalty can be as high as 200% of the tax payable on the misreported income
  - C. 50% of tax payable on under- reported income & the penalty can be as high as 100% of the tax payable on the misreported income
  - D. 50% of tax payable on under- reported income & the penalty can be as high as 1500% of the tax payable on the misreported income
8. Mr, DS has total income of Rs. 7 lakh for A.Y 2019-20. He files his return of income for A.Y 2019-20 on 13 January ,2020. He is liable for fees of
- A. Rs. 1,000 under section 234F

- B. Rs. 5,000 under section 234F  
C. Rs. 10,000 under section 234F  
D. Not liable to pay any fees
9. Mr, Ds has total income of Rs. 4,50,000 for A.Y 2019-20. He files his return of income for A.Y 2019-20 on 2 December ,2019. He is liable for fees of  
A. Rs. 1,000 under section 234F  
B. Rs. 5,000 under section 234F  
C. Rs. 10,000 under section 234F  
D. Not liable to pay any fees
10. Mr, DS has total income of Rs. 8 lakh for A.Y 2019-20. He files his return of income for A.Y 2019-20 on 28th August ,2020. He is liable for fees of  
A. Rs. 1,000 under section 234F  
B. Rs. 5,000 under section 234F  
C. Rs. 10,000 under section 234F  
D. Not liable to pay any fees
11. DS Ltd has failed to report an international transaction entered by it with PQR Inc., which is a specified foreign company in relation to XYZ Ltd. What would be penalty leviable in this case-  
(i) 2% of the value of transaction  
(ii) Rs. 1,00,000  
(iii) 200% of tax payable on under- reported income  
A. Only (i)  
B. Only (iii)  
C. (i) & (ii)  
D. (i) & (iii)
12. Person fails to keep, maintain, or retain books of account, documents, etc., as required under section 44AA, penalty shall be leviable –  
A. Under section 271A, Rs 10,000  
B. Under section 271 A, Rs. 25,000  
C. Under section 271B, Rs. 25,000  
D. Under section 271B, Rs. 10,000
13. Failure to comply with notice u/s 142(1), 143(2) or direction u/s 142 (2A) penalty leviable under which section and how much-  
A. Under section 271(1)(b), Rs 10,000 for each failure  
B. Under section 271 (1)(b), Rs. 25,000 for each failure

- C. Under section 271B, Rs. 25,000 for each failure
- D. Under section 271B, Rs. 10,000

14. Wilful attempt to evade tax, penalties etc-

If you try to evade the taxes, interest or penalties payable by you in any manner or you have under reported your income exceeding Rs.25 lakh( non cognizable as per section 279A), then you are liable to face prosecution proceedings under this section 276C, then imprisonment shall be for-

- A. Minimum 6 months, maximum extend upto 7 years
  - B. Minimum 3 months, maximum extend upto 2 years
  - C. Minimum 6 months, maximum extend upto 2 years
  - D. Minimum 3 months, maximum extend upto 7 years
15. Removal, concealment, transfer or delivery of property to thwart tax recovery shall be imprisonment for Any Period upto 2 years and fine under section-
- A. 276
  - B. 275
  - C. 276A
  - D. 276B
16. . In the course of search operations under section 132 in the month of May, 2019, Mr. Aakash makes a declaration under section 132(4) on the earning of income not disclosed in respect of P.Y. 2018- 19. He also explains the manner in which he has derived such income and he pays the tax together with interest on such income and declares such income in the return of income filed by him in the month of July, 2019. Is penalty leviable in this case?
- A. No penalty is attracted since Mr. Aakash has voluntarily made a declaration under section 132(4).
  - B. Penalty@10% of undisclosed income would be attracted even if Mr. Aakash has voluntarily made a declaration under section 132(4).
  - C. Penalty@30% of undisclosed income would be attracted even if Mr. Aakash has voluntarily made a declaration under section 132(4).
  - D. Penalty@60% of undisclosed income would be attracted even if Mr. Aakash has voluntarily made a declaration under section 132(4).
17. . Mr. Ram, a resident individual aged 55 years, has not furnished his return of income for A.Y.2018-19. However, the total income assessed in respect of such year under section 144 is Rs.12 lakh. Determine the quantum of penalty leviable under section 270A?
- A. Penalty leviable is Rs.1,79,400, being tax payable on total income of Rs.12 lakh
  - B. Penalty leviable is Rs.89,700, being 50% of tax payable on Rs.12 lakh



- C. Penalty leviable under section 270A is Rs.53,300, being 50% of tax payable on under-reported income of Rs.9.50 lakhs (i.e., Rs.12 lakhs - basic exemption limit of Rs.2.50 lakhs)
- D. Penalty leviable under section 270A is Rs.1,06,600, being tax payable on under-reported income of Rs.9.50 lakhs (i.e., Rs.12 lakhs - basic exemption limit of Rs.2.50 lakhs)
18. A private bank has not filed its statement of financial transaction or reportable account in relation to the specified financial transactions for the financial year 2018-19. A notice was issued by the prescribed income-tax authority on 1st October, 2019 requiring the bank to furnish the statement by 31st October, 2019. The bank, however, furnished the statement only on 15th November, 2019. What would be the penalty leviable under section 271FA?
- A. Rs.91,500
- B. Rs.13,600
- C. Rs.16,800
- D. Rs.22,800
19. Raman & Associates had made payment of Rs.2 lakh to the contractors for carrying out labour job work at various sites, but had not deducted tax at source. What are the tax consequences?
- A. Rs.2,00,000 has to be added back while computing business income. However, no penalty is leviable
- B. Rs.60,000 has to be added back while computing business income. However, no penalty is leviable
- C. Penalty equal to the amount of tax which has not been deducted is leviable in this case. Also, Rs.2,00,000 has to be added back while computing business income.
- D. Penalty equal to the amount of tax which has not been deducted is leviable in this case. Also, Rs.60,000 has to be added back while computing business income

## Answer Key

Question Number	Answer
1	Rs. ` 5,00,000
2	273AA
3	Rs. 5,00,000
4	272B
5	Rs.10,000
6	Rs.1,50,000
7	50% of tax payable on under- reported income & the penalty can be as high as 200% of the tax payable on the misreported income.
8	Rs. 10,000 under section 234F
9	Rs. 1,000 under section 234F

<b>10</b>	Rs. 5,000 under section 234F
<b>11</b>	(i) & (iii)
<b>12</b>	Under section 271 A, Rs. 25,000
<b>13</b>	Under section 271(1)(b), Rs 10,000 for each failure
<b>14</b>	Minimum 6 months, maximum extend upto 7 years
<b>15</b>	276
<b>16</b>	Penalty@30% of undisclosed income would be attracted even if Mr. Aakash has voluntarily made a declaration under section 132(4).
<b>17</b>	Penalty leviable is Rs.89,700, being 50% of tax payable on Rs.12 lakh
<b>18</b>	Rs.91,500
<b>19</b>	Penalty equal to the amount of tax which has not been deducted is leviable in this case. Also, Rs.60,000 has to be added back while computing business income

## ***MCQ On Assessment & Appeal***

### **ASSESSMENT & APPEAL PROCEDURE- SECTION 139 TO 264**

1. As per section 139( 1), a company shall have to file return of income:
  - A. when its total income exceeds Rs. `2,50,000
  - B. when its total income exceeds the maximum amount which is not chargeable to income-tax
  - C. in all cases irrespective of any income or loss earned by it
  - D. in all cases irrespective of any income earned by it
  
2. As per section 139( 1), a firm shall have to file return of income:
  - A. when its total income exceeds Rs. `2,50,000
  - B. when its total income exceeds the maximum amount which is not chargeable to income
  - C. in all cases, irrespective of any income or loss made by it
  - D. in all cases irrespective of any income earned by it
  
3. As per section 139(1), an individual other than a individual of age of 60 years or more shall have to file return of income if:
  - A. his total income before allowing deduction u/s 80C to 80U exceeds Rs. `2,50,000
  - B. his total income before allowing deduction u/s 80C to 80U exceeds Rs.3,00,000
  - C. his total income exceeds Rs. `2,00,000
  - D. his total income before claiming exemption u/s 10(35) and before allowing deduction U/S 80C to 80U exceeds Rs. `2,50,000

4. As per section 139( 1) an individual, who is of the age of 60 years but less than 60 years and resident in India shall have to file return of income if ----
- A. his total income exceeds Rs. 3,00,000
  - B. his gross total income exceeds Rs. 3,00,000
  - C. If his total income before allowing deduction U/S 80C to 80U exceeds Rs. 2,50,000.
  - D. If his total income after allowing of deduction uls 80C to 80U exceeds Rs. 3,00,000
5. An individual who is of the age of 60 years or more but non-resident in India shall have to file return of income if:
- A. his total income exceeds Rs. `3,00,000
  - B. his total income before allowing deduction under section 80C to 80U exceeds Rs. `3,00,000
  - C. his total income before allowing deduction under section 80C to 80U exceeds Rs. `2,50,000
  - D. his total income before allowing deduction under section 80C to 80U exceeds Rs. `5,00,000
6. A woman who is resident in India and less than 60 years of age shall have to file the return of income if her total income exceeds:
- A. Rs. `2,00,000
  - B. Rs. `2,50,000 before allowing deduction under section 80C to 80U
  - C. Rs. `2,00,000 before allowing deduction under section 80C to 80U
  - D. Rs. `3,00,000 before allowing deduction under section 80C to 80U
7. A woman who is non-resident in India and who is 60 years of age shall have to file the return of income if her total exceeds:
- A. Rs. `2,50,000 before allowing deduction under section 80C to 80U
  - B. Rs. `2,50,000 after allowing deduction under section 80C to 80U
  - C. Rs. `3,00,000 before allowing deduction under section 80C to 80U
  - D. Rs. `5,00,000 before allowing deduction under section 80C to 80U
8. As per section 139(1), a person other than a company or a firm shall have to file return of income if:
- A. his total income exceeds Rs. `2,50,000
  - B. his total income exceeds the maximum amount which is not chargeable to tax
  - C. his total income exclusive of deduction under Chapter VIA exceeds the maximum amount which is not chargeable income tax
  - D. in all cases irrespective of any income or loss
9. The total income of a trust before claiming exemption u/s 11 is Rs. `3,40,000 It is eligible for exemption U/S 11 to the extent Rs. `1,00,000. Such trust shall:

- A. have to file a return of income
  - B. not be required to file return of income as its taxable income is Rs. `2,40,000
  - C. have to file a return of income as its taxable income is Rs. `3,40,000
  - D. not be required to file return of income as its income is exempt u/s 11
10. A dies on 15.11.2018 and his total income till 15.11.2018 was Rs. `2,60,000. Thereafter the business of A was inherited by his son R & his total income from such business was Rs. `1,95,000. The son does not have any other income. In this case the son:
- A. has to file a consolidated return of income amounting to Rs. `4,55,000
  - B. has to file two returns of income, one on behalf of his father for Rs. 2,60,000 & other in his own capacity for Rs.1,95,000.
  - C. has to file one return of income on behalf of his father for Rs. `4,55,000
  - D. has to file only one return of income on behalf of his father for Rs. `2,60,000
11. The last date of filing the return of income u/s 139( 1) for assessment year 2019 -20 in case of a Company assessee is:
- A. 30th September
  - B. 30th September of the assessment year
  - C. 31st March of the assessment year
  - D. 30th November of the assessment year in case it is required to furnish report referred to in section 92E and 30th September of the assessment year in any other case
12. The last date of filing the return of income u/s 139(1) for assessment year 2019-20 in case of non corporate assessee who does not have any income UIH profits and gains from business or profession is:
- A. 31st July of the assessment year
  - B. 30th September of the assessment year
  - C. 31st March of the assessment year
  - D. 30th November of the assessment year
13. The last date of filing the return of Income U/S 139(1) for assessment year 2019-20 in case of non-corporate business assessee whose accounts are not liable to be audited shall be:
- A. 31st July of the assessment year
  - B. 30th June of the assessment year
  - C. 30th September of the assessment year
  - D. 30th November of the assessment year
14. The due date of filing the return of income for assessment year 2019-20 in case of a working partner of a firm whose accounts are liable to be audited shall be:
- A. 31st July of the assessment year

- B. 30th September of the assessment year  
C. 30th June of the assessment year.  
D. 30th November of the assessment year in case it is required to furnish report referred to in section 92E and 30th September of the assessment year in any other case
15. All companies other than those covered u/s 25 are required to file return of Income in:  
A. Form ITR6  
B. Form ITR5  
C. Form ITR4  
D. Form ITR7
16. An individual or HUF having income (other than presumptive income) U/H profits or gain from Business & Profession is required to file the return in:  
A. Form ITR4  
B. Form ITR3  
C. Form ITR5  
D. Form ITR7
17. E-filing of return in case of an office of the Government/company and a firm whose accounts are liable to be audited is:  
A. mandatory  
B. optional  
C. mandatory when its income exceeds Rs. `5,00,000  
D. mandatory when its income exceeds Rs. 10,00,000
18. The filing of return of loss in case of a person other than a company or firm is:  
A. mandatory  
B. not mandatory  
C. mandatory if the assessee has to carry forward the loss which are allowed to be carried forward & set off  
D. none of the above
19. If the assessee has to carry forward the loss, the return of loss must be submitted:  
A. on or before the due date mentioned in section 139(1)  
B. at any time before the end of the relevant assessment year  
C. at any time before the expiry of one year from the end of the relevant assessment year  
D. at any time before 30th September of the relevant assessment year
20. If there is a loss U/H house property, it will be allowed to be carried forward (if it could not be set off from other heads of income). In this case, however the assessee:  
A. has to submit the return of loss before the due date mentioned under section 139(1)

- B. need not submit the return of income
  - C. must submit the return of income but it can be a belated return submitted as per section 139(4)
  - D. none of the above
21. Belated return u/s 139(4) can be filed at any time:
- A. before the expiry of one year from the end of the relevant assessment year
  - B. before the expiry of the relevant assessment year
  - C. before the expiry of the relevant assessment year or before the assessment is complete, whichever happens to be earlier
  - D. before the expiry of one year from the end of the relevant assessment year or before the assessment is complete, whichever happens to be earlier
22. An assessee was issued a notice u/s 142(1)(i) to file his return of income within 30 days of the receipt of notice. He submitted his return within 30 days. Such return shall be treated as:
- A. belated return as per section 139(4) though filed within time
  - B. return filed within time
  - C. return filed within due date mentioned u/s 139(1)
  - D. return filed within time if he is neither covered under section 139(1) and belated return as per section 139(4) though filed within time if he is covered either under section 139(1).
23. The assessee could not file his return of income for assessment year 2019-20 within the time allowed U/S 139(1). No assessment has so far been made. The assessee in this case can file his return of income till:
- A. 31.3.2018
  - B. 31.3.2019
  - C. 31.3.2020
  - D. 31.12.2020
24. The assessee could not file his return of income for the previous year 2018-19 within the time allowed U/S 139(1). No assessment has so far been made. The assessee in this can file his return of income till:
- A. 31.3.2018
  - B. 31.3.2020
  - C. 31.3.2019
  - D. 31.12.2020
25. The assessee could not file his return of income for assessment year 2019-20 within the time allowed as per section 139(1). His assessment u/s 144 was completed on 15.2.2020 & it was

communicated to him on 19.2.2020. The assessee in this case could file the belated return till:

- A. 14.2.2020
- B. 15.2.2020
- C. 18.2.2020
- D. 31.3.2020

26. For the previous year 2017-18 assessee has suffered a business loss of Rs. `2,50,000. His income from other sources is Rs.1,80,000. His due date of return was 31.7.2018 but he submitted the return on 9.9.2018, the assessee in this case:

- A. shall be allowed to carry forward the loss of Rs.70,000
- B. shall not allowed to carry forward any loss
- C. shall be allowed to set off current year business loss to the extent of Rs. ` 1,80,000 but shall not be allowed to carry forward the balance loss of Rs.70,000
- D. shall not allowed to set off the business loss to the extent of Rs.1,80,000 & would be liable to tax on Rs. 1,80,000

27. For the previous year 2017-18, the assessee incurred loss under the head, income from house property amounting to H, Rs.20,000. His other income for the same previous year is Rs. `50,000. The due date of filing the return of income is 31.7.2018 but he submitted the return of income on 9.9.2018. In this case the assessee:

- A. shall be allowed to carry forward the loss of Rs.70,000
- B. shall not be allowed to carry forward the loss of Rs.70,000
- C. shall be allowed to carry forward the loss of Rs.1,20,000
- D. none of the above

28. For P/Y 2017-18, the business income of the assessee, before providing current year depreciation of Rs.3,00,000 was Rs. `2,40,000. His due date for furnishing the return of income was 30.9.2018 but he submitted the return on 15.12.2018. In this case, the assessee shall:

- A. be allowed to carry forward unabsorbed depreciation of Rs. 60,000
- B. not be allowed to carry forward unabsorbed depreciation of Rs.60,000
- C. be allowed to carry forward unabsorbed depreciation of Rs.3,00,000
- D. none of the above

29. For the previous year 2017-18, the business loss of the assessee was Rs.1,00,000 and the current year depreciation was Rs.1,40,000. The assessee furnished the return of income on 15.12.2018 although the due date was 30.9.2018. In this case the assessee shall:

- A. be allowed to carry forward business loss of Rs.1,00,000 and unabsorbed depreciation of Rs.1,40,000



- B. neither be allowed to carry forward business loss nor the unabsorbed depreciation
  - C. not be allowed to carry forward business loss but shall be allowed to carry forward unabsorbed depreciation
  - D. none of the above
30. The assessee in response to a notice u/s 142( 1) submitted a return of loss of Rs.1,10,000 within the time allowed in the said notice. In this case the assessee:
- A. shall be allowed to carry forward such loss as the return is filed within the time allowed:
  - B. shall not be allowed to carry forward such loss
  - C. shall not be allowed to carry forward such loss as the return is not filed u/s 139
  - D. none of the above
31. The due date of furnishing the return of income for assessment year 2019-20 in case of charitable trust is:
- A. 30th June of the assessment year
  - B. 31 st July of the assessment year
  - C. 30th September of the assessment year
  - D. 30th November of the assessment year
32. DS finds some mistake in the return of income submitted by him on 5.6.2019 for assessment year 2019-20. He wishes to revise such return. No assessment has been done in this case. R can revise such return till:
- A. 31.3.2018
  - B. 31.3.2020
  - C. 31.3.2019
  - D. 31.12.2019
33. DS Ltd., who submitted the return of income for assessment year 2019-20 on 5.12.2019 finds some mistake in the return submitted by it. In this case DS Ltd.,
- A. can revise the return of income till 31.3.2018
  - B. can revise the return of income till 31.3.2019
  - C. cannot revise such return of income
  - D. can revise the return of income till 31.12.2019
34. DS did not file any return of income for assessment year 2019-20 although he was required to do so by 31.7.2019. He was issued notice u/s 142(1) to file return of income which he furnished within the time allowed in the notice. He, later on finds some mistake in the return. In this case R:
- A. can revise such return
  - B. cannot revise such return

- C. can revise such return but the loss, if any, cannot be carried forward  
D. none of the above
35. The notice under section 143(2) must be served within:
- A. 12 months from the date of filing of return
  - B. 12 months from the due date of filing the return U/S 139(1) or from the date of filing of return of income
  - C. 6 months from the end of the financial year in which the return was furnished
  - D. 6 months from the end of month in which the return was furnished
36. Intimation U/S 143(1) cannot be sent after the expiry of:
- A. 4 years from the end of the month in which return of time was furnished
  - B. 2 years from the end of the month in which return of income was furnished
  - C. 2 years from the end of the assessment year in which the income was so assessable
  - D. One year from the end of the financial year in which the return is made
37. Return of income of assessment year 2019-20 was furnished on 16.8.2019. Intimation in respect of such assessment year must be sent by:
- A. 31.3.2019
  - B. 31.3.2018
  - C. 31.3.2021
  - D. 31.12.2020
38. Assessment under section 143(3) for assessment year 2014-15 was completed 10.12.2016. Thereafter on 1.6.2018 the Assessing Officer notices that income of Rs. 72,000 had escaped assessment. The Assessing Officer in this case could issue notice till:
- A. 31.3.2018
  - B. 31.3.2019
  - C. 31.3.2020
  - D. 31.3.2021
39. The last date for issue of notice U/S 148 was 31.3.2019. The Assessing Officer issued the notice on 31.3.2019 which was received by the assessee on 4.4.2019. In this case, the notice:
- A. is not a valid notice
  - B. is a valid notice
  - C. is not a valid notice as it should be received by the assessee on or before 31.3.2019
  - D. none of the above

40. Assessment u/s 143(3) for assessment year 2013-14 was completed on 28.12.2014. On 28.12.2018 the Assessing Officer notices that income of Rs. `90,000 has escaped assessment. The notice U/S 148 in this case can/could be issued till:
- A. 31.3.2017
  - B. 31.3.2018
  - C. 31.3.2019
  - D. 31.12.2020
41. Assessment U/S 144 for assessment year 2012-13 was completed on 25.12.2013 at Rs. 3,00,000. On 28.10.2018 the Assessing Officer issued a notice U/S 148 as the income of Rs. `65,000 had escaped assessment. The notice issue is:
- A. valid notice
  - B. not a valid notice
  - C. valid notice as it can be issued within 6 years
  - D. none of the above
42. If the person on whom a notice under section 148 is to served is a person treated as agent of a non-resident, such notice cannot be issued:
- A. after the expiry of 4 years from the end of the relevant A/Y for which notice for reassessment is to be issued
  - B. after the expiry of 6 years from the end of the relevant assessment year
  - C. after the expiry of 7 years from the end of the relevant assessment year
  - D. after the expiry of 2 years from the end of the relevant assessment year
43. The time limit for completion of assessment under section 143/144 shall be after 1/4/2019 onward:
- A. 21 months from the end of the relevant assessment year in which income was first assessable
  - B. 12 months from the end of the relevant assessment year which income was first assessable
  - C. 18 month from the end of the month in which the return was so furnished
  - D. 36 months from the end of the relevant assessment year which income was first assessable
44. The time limit for completion of assessment/reassessment u/s 147 shall be if date of issue of notice before 1/4/2019:
- A. 9 months from the end of the financial year in which notice U/S 148 was served on the assessee
  - B. 2 years from the end of the financial year in which notice U/S 148 was served on the assessee
  - C. 4 years from the end of the financial year in which notice u/s 148 was served on the assessee

- D. 3 years from the end of the financial year in which notice u/s 148 was served on the assessee
45. The time limit for completion of assessment/reassessment u/s 147 shall be if date of issue of notice after 1/4/2019:
- A. 12 months from the end of the financial year in which notice U/S 148 was served on the assessee
- B. 2 years from the end of the financial year in which notice U/S 148 was served on the assessee
- C. 4 years from the end of the financial year in which notice u/s 148 was served on the assessee
- D. 3 years from the end of the financial year in which notice u/s 148 was served on the assessee
46. The assessee furnished the return of income for the assessment year 2018 -19 on 28.3.19. The assessing officer in this case should complete the assessment by:
- A. 31.12.2020
- B. 30.9.2020
- C. 28.3.2020
- D. 31.12.2019
47. For assessment year 2013-14, assessment U/S 143(3) was completed on 10.12.2015, assessing the income at RS. 8,00,000. On 29.3.2019, the Assessing Officer issued notice for reassessment of income as he notices a sum of Rs. 1,20,000 has escaped assessment. The above notice was issued on 29.3.2019 but was received by the assessee on 3.4.2019. In this case the reassessment should be completed by:
- A. 31.3.2018
- B. 31.12.2019
- C. 31.3.2019
- D. 31.3.2020
48. For assessment year 2017-18, the assessment was made by the Assessing Officer U/S 143(3) for Rs.3,00,000 whereas the income returned was Rs. 2,70,000. The CIT on a revision petition set aside the above order u/s 264. The said order was passed by CIT on 29.3.2019 which was received by the Assessing Officer and the assessee on 3.4.2019. In this case the assessment should be completed by:
- A. 31.12.2019
- B. 31.3.2019
- C. 29.3.2019
- D. 31.12.2018

49. The amendment of an order under section 154 can be made:
- A. within four years from the date when the order sought to be amended was passed
  - B. within four years from the date of receipt of such order by the assessee
  - C. within four years from the end of the financial year in which the order sought to be amended was passed
  - D. within six months from the end of the financial year in which the order sought to be amended was passed
50. Where an income in relation to any asset (including financial interest in any entity) located outside India has escaped assessment, notice under section 148 cannot be issued:
- A. after the expiry of 6 years from the end of the relevant A/Y for which notice for reassessment is issued
  - B. after the expiry of 10 years from the end of the relevant assessment year
  - C. after the expiry of 16 years from the end of the relevant assessment year
  - D. after the expiry of 20 years from the end of the relevant assessment year
51. Where a search is initiated under section 132, the Assessing Officer shall assess or reassess the total income of
- A. four A/Y immediately preceding the assessment year relevant to the P/Y in which such search is conducted
  - B. five A/Y immediately preceding the assessment year relevant to the P/Y in which such search is conducted
  - C. six A/Y immediately preceding the assessment year relevant to the P/Y & beyond 6 years upto 10 years only if , income escaped for such 4 years in aggregate > Rs. 50 Lakh, in which such search is conducted
  - D. sixteen A/Y immediately preceding the assessment year relevant to the P/Y in which such search is conducted
52. Where a search is initiated under section 132, the Assessing Officer shall issue notice to such person requiring him to furnish within such period as may be specified in the notice
- A. return of income of six P/Y immediately preceding the A/Y relevant to P/Y in which search was conducted u/s 132
  - B. return of income of six A/Y & beyond 6 years upto 10 years only if , income escaped for such 4 years in aggregate > Rs. 50 Lakh, immediately preceding the A/Y relevant to P/Y in which search was conducted u/s 132
  - C. return of income of seven A/Y immediately preceding A/Y relevant to P/Y in which search was conducted u/s 132
  - D. return of income of six A/Y immediately preceding the A/Y relevant to the P/Y in which the search was conducted u/s 132 and for the A/Y in which was the search was conducted

53. The Assessing Officer shall make an order of assessment or reassessment in respect of each assessment year, falling within six assessment years under section 153A within a period of before 1/4/18
- A. 9 months from the end of the financial year in which the last of the authorisations for search u/s 132
  - B. 12 months from the end of the financial year in which the last of the authorisations for search u/s 132
  - C. 21 months from the end of the financial year in which the last of the authorisations for search u/s 132
  - D. 24 months from the end of the financial year in which the last of the authorisations for search u/s 132
54. Time limit of completion of assessment year relevant to the previous year in which search is conducted shall be
- A. a period of 21 months from the end of the financial year in which the last of the authorisations for search u/s 132
  - B. a period of 21 months from the end of the assessment year in which the last of the authorisations for search u/s 132
  - C. a period of 21 months [33 months, in case a reference is made u/s 92CA(1) to TPO] from the end of the financial year in which the last of the authorisations for search u/s 132
  - D. a period of 21 months [33 months, in case a reference is made u/s 92CA(1) to TPO] from the end of the assessment year in which the last of the authorisations for search u/s 132
55. Powers of CIT u/s 263 for making
- A. Appeal
  - B. Revision
  - C. Intimation
  - D. Scrutiny Assessment
56. Concept of partial merger is not applicable to -
- A. Section 147
  - B. Section 263
  - C. Section 154
  - D. Section 264
57. For ITAT special powers of stay is available and stay will automatically Get vacated if matter is not decided in time of.
- A. 6 months
  - B. 9 months
  - C. 12 months

- D. 18 months
58. ITAT all decisions are taken by majority of member's, if the Members are equally divided then the final vote will have of .
- A. President
  - B. Chairman
  - C. Assessing officer
  - D. Majority Of member
59. Important points about appeals is
- A. Concept of additional evidence (normally additional evidence is not allowed by appellate authority however on merits it can be allowed.)
  - B. Concept of additional grounds (normally additional grounds is not allowed by appellate authority however on merits it can be allowed.)
  - C. A & B
  - D. A or B
60. In case of an application made by the assessee u/s 154, the income-tax authority shall rectify the order/refuse the rectification within \_\_\_\_\_ from the end of the month in which the application is received by the authority.
- A. 4 years
  - B. 2 years
  - C. 1 year
  - D. 6 months
61. Any mistake which is apparent from the record in any order passed by the Assessing Officer can be rectified under section \_\_\_\_\_.
- A. 154
  - B. 147
  - C. 143
  - D. 254
62. No order of rectification can be passed after the expiry of \_\_\_\_\_ from the end of the financial year in which order sought to be rectified was passed
- A. 2
  - B. 3
  - C. 4
  - D. 6
63. Notice u/s 143(2) (i.e. notice of scrutiny assessment) should be served within a period of \_\_\_\_\_ from the end of the financial year in which the return is filed.

- A. 6 months
  - B. 12 months
  - C. 24 months
  - D. 18 months
64. The objective of carrying out assessment u/s 147 is to bring under the tax net \_\_\_\_\_
- A. Any money, bullion, jewellery, valuable article, etc. which are undisclosed
  - B. Any income which has escaped assessment
  - C. Any of the above
  - D. Both of the above
65. Assessment under following section is termed as scrutiny assessment
- A. 143(3)
  - B. 144
  - C. Both of the above
  - D. None of the above
66. Which of the following can be corrected while processing the return of income under section 143(1)?
- A. any arithmetical error in the return
  - B. any error in the return of income
  - C. any mistake in the return of income
  - D. any claim by the taxpayer which is against law
67. Intimation u/s 143(1) can be sent within a period of \_\_\_\_year from the end of the financial year in which the return of income is filed
- A. 1
  - B. 2
  - C. 3
  - D. 4
68. An appeal to the Commissioner of Income-tax (Appeals) shall be filed in Form No. \_\_\_\_\_.
- A. 35
  - B. 36
  - C. 34C
  - D. 35B
69. Section \_\_\_\_\_ specifies the orders against which an appeal can be filed before the Commissioner of Income tax (Appeals).
- A. 246A
  - B. 260A



- C. 253  
D. 261
70. The Commissioner of Income-tax (Appeals) is the \_\_\_\_\_ appellate authority
- A. First  
B. Second  
C. Third  
D. Fourth
71. The assessment of Satpura Ltd. was completed under section 143(3) with an addition of Rs.18 lakhs to the returned income. Satpura Ltd. preferred appeal before the Commissioner (Appeals) which is pending now. Which of the following statements is incorrect?
- A. The A.O. can initiate reassessment proceedings in respect of income chargeable to tax which has escaped assessment, provided such income which has escaped assessment does not form part of the additions of Rs.18 lakhs to the returned income, which is the subject matter of appeal.
- B. The A.O. can pass an order under 154(1) to rectify a mistake apparent from the record, provided the rectification is in relation to a matter, other than the matter which has been considered and decided in the appeal before Commissioner (Appeals).
- C. Under section 264, the Commissioner can revise the order pending before the Commissioner (Appeals), if the revision pertains to a matter, other than the matter(s) covered in the appeal before Commissioner (Appeals)
- D. Under section 263, if the order is prejudicial to the interests of the revenue, the Commissioner can revise the order pending before the Commissioner (Appeals), if the revision pertains to a matter, other than the matter(s) covered in the appeal before Commissioner (Appeals)
72. ABC Charitable trust registered u/s 12AA, was formed with the main objective of providing medical relief in the year 2017-18. The total income of the trust before exemption u/s 11 and 12, were Rs.5,50,000 in the P.Y. 2017-18. The trustee of the trust wants you to be the tax consultant and wishes to know the due date for filing of return for A.Y. 2018-19;
- A. 31.07.2018  
B. 30.09.2018  
C. 31.10.2018  
D. 30.11.2018
73. In case of a company, the assessment proceedings u/s 143(3) for A.Y. 2016-17 was completed on 31.05.2018. The assessment order was issued on 31.05.2018 and which

was served on the assessee on 06.06.2018. The notice of demand was served on the assessee on 10.06.2018. The assessee is aggrieved by the order of the Assessing Officer and wish to file an appeal with the CIT (A). What is the time limit by which the assessee has to file an appeal?

- A. No time limit
  - B. Within 30 days from the date of issue of assessment order
  - C. Within 30 days from the date of issue of service of assessment order
  - D. Within 30 days from the date of issue of service of notice of demand
74. In continuation of the facts given in the Q.73, is there any prescribed Form in which appeal has to be filed? If yes, in which form?
- A. Form 36
  - B. Form 35
  - C. Form 15
  - D. No prescribed Form
75. In continuation of the facts given in the Q.73, who is authorised to verify the appeal?
- A. Only the Managing Director
  - B. Managing Director; If there is no managing director, then, by any director of the company
  - C. Any person who is authorised to do so by the company
  - D. Chartered Accountant of the company
76. Mr A is planning to enjoy his summer vacation in Goa and is considering booking rooms in a hotel. He has booked two rooms, one for his brother and one for himself and the room charges for the entire period is Rs.75,000 equally divided between both of them. However, the payment to the hotel is to be made by Mr A and he will make the payment in cash. Mr A has enquired whether he needs to give copy of PAN while making payment to hotel;
- A. No, copy of PAN is required when the payment exceeds Rs.1 lakh
  - B. Yes, copy of PAN is required to be furnished
  - C. No, as the amount relating to each person is less than Rs.50,000
  - D. None of above
77. Mr A is planning to invest in bonds to be issued by Reserve Bank of India (RBI) for INR 99,000 in June 2018. Determine whether Mr A is required to furnish copy of PAN while acquiring bonds to be issued by RBI;
- A. Yes, as the payment exceeds Rs.50,000
  - B. No, the threshold for submission of PAN is Rs.1,00,000
  - C. No, the threshold for submission of PAN is Rs.2,00,000

- D. No, the threshold for submission of PAN is Rs.5,00,000
78. M/s PQR Limited is planning to purchase immovable property worth Rs.29,00,000. The company has asked you to determine the requirement for furnishing of PAN in this case;
- A. No, as the cost of immovable property is less than Rs.30,00,000
  - B. No, PAN is required only in case of movable property
  - C. Yes, since the amount exceeds Rs.10,00,000
  - D. None of above
79. If the assessee, Mr C, has paid self-assessment tax and the amount so paid falls short of the aggregate amount of tax, interest and fee for A.Y. 2018-19, what would be criteria for adjustment of self- assessment tax paid by the assessee:
- A. The amount so paid shall be first adjusted towards fee payable, if any, then towards interest and balance, if any left, towards tax payable.
  - B. The amount so paid shall be first adjusted towards tax payable, then towards interest and balance, if any left, towards fee payable.
  - C. The amount so paid shall be first adjusted towards interest payable, thereafter against tax payable and the balance, if any, shall be towards fee payable.
  - D. The amount so paid shall be first adjusted towards interest payable, thereafter against fee payable and the balance, if any, shall be towards tax payable.
80. There are certain specified financial transactions in which quoting of PAN is mandatory. If a person intending to enter into such transaction does not hold PAN then, he has to furnish;
- A. Form 60
  - B. Form 49A
  - C. Form 49C
  - D. Form 49AA
81. Mr. Sameer has gone to buy Honda Activa and vendor quoted the price of the Honda Activa Rs.40,000. He has consulted you to provide the threshold for furnishing of PAN on purchase of two vehicles. PAN has to be furnished
- A. in case the value of each vehicle exceeds Rs.50,000
  - B. in case the value of both vehicles exceeds Rs.50,000
  - C. in case of payment in cash of an amount exceeding Rs.50,000
  - D. No need to furnish PAN
82. An individual client has consulted you on the matter of PAN. He is carrying on the business of sale & purchase of garments. His turnover is Rs.3,00,000 and the profit is

Rs.75,000 for the P.Y. 2018-19. He has asked you to provide him threshold of turnover exceeding which he has to apply for PAN, if any;

- A. Rs.2,00,000
- B. Rs.2,50,000
- C. Rs.3,00,000
- D. Rs.5,00,000

83. Mr. A is not a citizen of India. He wants to apply for PAN in India and he has consulted you to provide him the applicable form for application of PAN. What would be correct Form;

- A. Form 49A
- B. Form 49B
- C. Form 49AA
- D. None of above

## ANSWER KEY

Question Number	Answer
1	in all cases irrespective of any income or loss earned by it
2	in all cases, irrespective of any income or loss made by it
3	his total income before allowing deduction u/s 80C to 80U exceeds Rs. `2,50,000
4	If his total income before allowing deduction U/S 80C to 80U exceeds Rs. `2,50,000.
5	his total income before allowing deduction under section 80C to 80U exceeds Rs. `2,50,000
6	Rs. `2,50,000 before allowing deduction under section 80C to 80U
7	Rs. `2,50,000 before allowing deduction under section 80C to 80U
8	his total income exclusive of deduction under Chapter VIA exceeds the maximum amount which is not chargeable income tax
9	have to file a return of income
10	has to file only one return of income on behalf of his father for Rs. `2,60,000
11	30th November of the assessment year in case it is required to furnish report referred to in section 92E and 30th September of the assessment year in any other case
12	31st July of the assessment year
13	31st July of the assessment year
14	30th November of the assessment year in case it is required to furnish report referred to in section 92E and 30th September of the assessment year in any other case
15	Form ITR6
16	Form ITR3

17	mandatory
18	mandatory if the assessee has to carry forward the loss which are allowed to be carried forward & set off
19	on or before the due date mentioned in section 139(1)
20	must submit the return of income but it can be a belated return submitted as per section 139(4)
21	before the expiry of the relevant assessment year or before the assessment is complete, whichever happens to be earlier
22	return filed within time if he is neither covered under section 139(1) and belated return as per section 139(4) though filed within time if he is covered either under section 139(1).
23	31.3.2020
24	31.3.2020
25	14.2.2020
26	shall be allowed to set off current year business loss to the extent of Rs. 1,80,000 but shall not be allowed to carry forward the balance loss of Rs.70,000
27	none of the above
28	be allowed to carry forward unabsorbed depreciation of Rs. 60,000
29	not be allowed to carry forward business loss but shall be allowed to carry forward unabsorbed depreciation
30	shall not be allowed to carry forward such loss
31	30th September of the assessment year
32	31.3.2020
33	cannot revise such return of income
34	cannot revise such return
35	6 months from the end of the financial year in which the return was furnished
36	One year from the end of the financial year in which the return is made
37	31.3.2021
38	31.3.2019
39	is a valid notice
40	31.3.2018
41	not a valid notice
42	after the expiry of 6 years from the end of the relevant assessment year
43	12 months from the end of the relevant assessment year which income was first assessable
44	9 months from the end of the financial year in which notice U/S 148 was served on the assessee
45	12 months from the end of the financial year in which notice U/S 148 was served on the assessee
46	30.9.2020
47	31.12.2019
48	31.12.2019
49	within four years from the end of the financial year in which the order sought to be

	amended was passed
50	after the expiry of 16 years from the end of the relevant assessment year
51	six A/Y immediately preceding the assessment year relevant to the P/Y & beyond 6 years upto 10 years only if , income escaped for such 4 years in aggregate > Rs. 50 Lakh, in which such search is conducted
52	return of income of six A/Y & beyond 6 years upto 10 years only if , income escaped for such 4 years in aggregate > Rs. 50 Lakh, immediately preceding the A/Y relevant to P/Y in which search was conducted u/s 132
53	21 months from the end of the financial year in which the last of the authorisations for search u/s 132
54	a period of 21 months [33 months, in case a reference is made u/s 92CA(I) to TPO] from the end of the financial year in which the last of the authorisations for search u/s 132
55	Revision
56	Section 264
57	6 months
58	President
59	A & B
60	6 months
61	154
62	4
63	6 months
64	Any income which has escaped assessment
65	143(3)
66	any arithmetical error in the return
67	1
68	35
69	246A
70	First
71	Under section 264, the Commissioner can revise the order pending before the Commissioner (Appeals), if the revision pertains to a matter, other than the matter(s) covered in the appeal before Commissioner (Appeals)
72	30.09.2018
73	Within 30 days from the date of issue of service of notice of demand
74	Form 35
75	Managing Director; If there is no managing director, then, by any director of the company

76	Yes, copy of PAN is required to be furnished
77	Yes, as the payment exceeds Rs.50,000
78	Yes, since the amount exceeds Rs.10,00,000
79	The amount so paid shall be first adjusted towards fee payable, if any, then towards interest and balance, if any left, towards tax payable.
80	Form 60
81	No need to furnish PAN
82	Rs.5,00,000
83	Form 49AA

## ***MCQ On Set Off and Carry Forward Of Losses***

### **PROVISIONS FOR SET –OFF OR CARRY FORWARD AND SET OFF – SECTION 70 TO 74A**

1. If a person is eligible to claim: (1) unabsorbed depreciation (2) current scientific research expenditure (3) current depreciation (4) brought forward business loss The order of priority to set-off would be
  - A. (4), (3), (2) & (1)
  - B. (2), (3), (4) & (1)
  - C. (3), (4), (1) & (2)
  - D. (1), (2), (3) & (4)
  
2. Choose the correct answer from the following -
  - A. Loss from business of owning and maintaining Race horses can be set off against any income.
  - B. Speculation business loss can be set off only against speculation business income.
  - C. Loss from lottery, card games etc. can be set off against any income.
  - D. Long-term capital loss can be set off against long-term or short-term capital loss.
  
3. Long term capital loss can be set off from which of the following:
  - A. Short term capital gain only
  - B. Long term capital gain only
  - C. Income from business or profession
  - D. Income from salary



4. Loss from house property can be carried forward and set off in the subsequent 8 Assessment years:
  - A. Only if return of loss is filed within due date
  - B. Even if return of loss is filed after due date
  - C. It does not matter when return is filed
  - D. Carry forward of loss from house property is not allowed at all.
  
5. Loss under the head "Profits and Gains of business or profession" cannot be set off against -
  - A. Income under the head salaries.
  - B. Income under the head capital gains.
  - C. Income under the head house property.
  - D. All of the above.
  
6. Loss arising under the head capital gain cannot be set-off against -
  - A. Income under the head salaries.
  - B. Income under the head "Profits and gains of business or profession".
  - C. Income under the head house property.
  - D. All of the above.
  
7. Loss arising from specified business can be set-off from -
  - A. General business profits
  - B. Speculation business profits
  - C. Both general business profits and speculation
  - D. Profits of specified business business profits
  
8. Loss from specified business can be carried forward for-
  - A. 4 Years
  - B. 8 Years
  - C. Indefinite period
  - D. None of the above
  
9. Loss from house property and losses in speculation business can be carried forward respectively for-
  - A. 8 Years and 4 Years
  - B. 4 Years and 8 Years
  - C. 8 Years and 8 Years
  - D. 4 Years and 4 Years
  
10. Loss under the head 'Profits & Gains of Business or Profession (except speculation business loss) and loss under the head capital gains can be carried forward respectively for –

3

- A. 8 Years and 4 Years
  - B. 8 Years and 8 Years
  - C. 4 Years and 8 Years
  - D. 4 Years and 4 Years
11. The sequence applicable for set off of losses shall be -
- A. (i) Inter source set-off; (ii) Inter head set-off; and (iii) Set-off of brought forward losses.
  - B. (i) Inter head set-off; (ii) Inter source set-off; and (iii) Set-off of brought forward losses.
  - C. (i) Set-off of brought forward losses; (ii) Inter source set-off; and (iii) Inter head set-off.
  - D. (i) Set-off of brought forward losses; (ii) Inter head set-off; and (iii) Inter source set-off.
12. A company engaged in business of purchase and sale of shares of other companies shall not be deemed to be speculation business if -
- A. The principal business of the company is business of trading in shares or banking or granting of loans & advances.
  - B. The gross total income of the company consists mainly of income under heads "Income from house property", "Capital Gains" and "Income from other sources"
  - C. Both (a) and (b)
  - D. Either (a) or (b)
13. Short term capital loss can be set-off against:
- A. Short term capital gain
  - B. Long-term capital gain
  - C. Income under any other head
  - D. Either (a) or (b)
14. Brought forward losses (except speculation business loss) under Profits & Gains of Business or profession can be set-off against-
- A. Income from house property.
  - B. Profits of any business (except speculation business profit).
  - C. Income from any other head.
  - D. Profits of any business/profession (including speculation business profit).
15. Loss incurred in activity of owning and maintaining race horses can be set-off against only:
- A. Any Income under the head 'Income from other Sources'.
  - B. Only income from owning and maintaining race horses.
  - C. Income from speculation business.
  - D. Income under head house property.

16. Which of the following losses available after inter source set-off, cannot be set-off from incomes in other heads in the same assessment year –
- A. Speculation losses
  - B. Loss from specified business
  - C. Loss under the head capital gains
  - D. All of the above
17. To carry forward and set-off losses, a loss return must be filed by the assessee within the stipulated time and gets the loss determined by the Assessing Officer. However, this condition is not applicable to -
- A. Loss from house property
  - B. Loss from speculation business
  - C. Loss from discontinued business
  - D. Loss from capital assets
18. Mr. DS has earned salary income of Rs. `5,00,000 and he has suffered loss from house property amounting Rs. `2,00,000. Speculation business loss – Rs. `1,00,000 Find out the gross total income.
- A. Rs. `5,00,000
  - B. Rs. `3,00,000
  - C. Rs. `2,00,000
  - D. Rs.4,00,000
19. Mr. X has earned salary income of Rs. `5,00,000 and he has suffered loss from house property amounting Rs. `2,00,000. General business loss – Rs. `1,00,000 Find out the gross total income.
- A. Rs. `5,00,000
  - B. Rs. `3,00,000
  - C. Rs. `2,00,000
  - D. Rs.4,00,000
20. Mr. X has earned general business income of Rs. `5,00,000 and he has suffered loss from house property amounting Rs. `2,00,000. Specified business loss under Section 35AD – Rs. `1,00,000 Find out the gross total income.
- A. Rs. `5,00,000
  - B. Rs. `3,00,000
  - C. Rs. `2,00,000
  - D. Rs.4,00,000
21. Mr. X has earned Long term capital gains on sale of equity shares listed in recognised stock exchange on which STT paid at the time of acquisition and sale also\_ Rs. `7,20,000 Short term

- capital loss of Rs. `2,00,000. General business income of Rs. `5,00,000 Find out the gross total income.
- A. Rs. `5,00,000  
B. Rs. `10,20,000  
C. Rs. `12,20,000  
D. Rs.9,20,000
22. Amit has speculation business loss brought forward of the assessment years 2013-14 Rs. `1,00,000; 2014-15 Rs. ` 70,000 and 2015-16 Rs. `60,000. He has income from the same speculation business for the assessment year 2019-20 Rs. `5,40,000. His total income chargeable to tax for assessment year 2019-20 would be -
- A. Rs. `3,10,000  
B. Rs. `4,10,000  
C. Rs. `4,80,000  
D. Rs. `4,40,000
23. Find out the gross total income of Mr. A for assessment year 2019-20 from the following information- Income from salaries Rs. `80,000; Loss from house property Rs. `50,000; Profit from textile trade Rs. `40,000; Loss from Automotive trade Rs. `50,000.
- A. Rs. `20,000  
B. Rs. `70,000  
C. Rs. `30,000  
D. Nil
24. Mr. Rahul have income from cloth business Rs. `1,00,000; Loss from agriculture Rs. `50,000; Long-term capital gain Rs. `60,000 and short term capital loss Rs. `80,000 find out his gross total income for assessment year 2019-20.
- A. Rs. `50,000  
B. Rs. `1,00,000  
C. Rs. `80,000  
D. Rs. `30,000
25. Mr. Q has profit from speculation business Rs. `80,000; Profit from business A Rs. `1,00,000; Loss from business B Rs. `1,50,000 find out his gross total income for assessment year 2019-20.
- A. Rs. `80,000  
B. Rs. `1,00,000  
C. Rs. `1,50,000  
D. Rs. `30,000

26. Mr. Ram had incurred loss in activity of owning and maintaining racehorses Rs. `90,000; Winnings from lottery (net) Rs. `70,000; Loss in card game of assessment year 2004-05 Rs. `4,000 find out his gross total income for AY 2019-20.
- A. Rs. `1,00,000
  - B. Rs. `6,000
  - C. Rs. `10,000
  - D. Nil
27. If an individual, having a sales turnover of Rs. `60 lakh files his return of income for the assessment year 2019- 20 after the due date, showing unabsorbed business loss of Rs. `23,000 and unabsorbed depreciation of Rs. `45,000, he can carry forward to the subsequent assessment years \_
- A. Both unabsorbed business loss of Rs. `23,000 and unabsorbed depreciation of Rs. `45,000
  - B. Only unabsorbed business loss of Rs. `23,000
  - C. Only unabsorbed depreciation of Rs. `45,000
  - D. Neither unabsorbed business loss of Rs. `23,000 nor unabsorbed depreciation of Rs. `45,000.
28. What can be the maximum amount of negative income of a self occupied house under the head "Income from house property ".
- A. Rs. `30,000
  - B. Rs. `1,00,000
  - C. Rs. `1,50,000
  - D. Rs. `2,00,000
29. XYZ & Company, a partnership firm has three partners, X, Y and Z having equal share in profits of the firm. X retired on 31-12-2018, profits of the firm for year ending 31-3-2019 were Rs. `1,50,000 and brought forward business losses for assessment year 2017-18 was Rs. `1,20,000 and unabsorbed depreciation Rs. `40,000. Find the amount of brought forward loss that cannot be carried forward?
- A. Rs. `2,500
  - B. Rs. `3,333
  - C. Rs. `15,833
  - D. Nil
30. In the above case find out the amount of accumulated loss/unabsorbed depreciation that can be carried forward to the next assessment year?
- A. Rs. `66,671
  - B. Rs. `7,500
  - C. Rs. `5,833
  - D. Nil

31. Short-term capital loss can be set-off from -
- A. Short-term capital gains
  - B. Long-term capital gains
  - C. Both short-term and long-term capital gains
  - D. Any income of the previous year.
32. Mr. B incurred short-term capital loss of Rs. `10,000 on sale of shares through the National Stock Exchange. Such loss can be set-off from -
- A. Only against short-term capital gains
  - B. Against both short-term capital gains and long term capital gains
  - C. Against any head of income
  - D. None of the above.
33. Mr X has received the following incomes: (i) Salary received as a partner from a partnership firm Rs. `7,50,000. (ii) Loss on sale of shares listed in BSE Rs. `3 lakhs. Shares were held for 15 months and STT paid on sale and acquisition (iii) Long-term capital gain on sale of land `5 lakhs. His gross total income will be -
- A. Rs. `12,50,000
  - B. Rs. `9,50,000
  - C. Rs. `7,50,000
  - D. Rs. `5,00,000
34. Loss from the activity of owning and maintaining race horses could be set-off -
- A. Against income under any of the five heads of income
  - B. Only against income under the head ' income from other sources'
  - C. Only against income under the head 'profits gains of business or profession'
  - D. Only against income from same
35. For the previous year 2017-18, an assessee suffered a business loss of Rs. `2,50,000. His income from other sources is Rs. `1,80,000. His due date of return was 3rd July, 2018 but he submitted the return on 9th September, 2018. The assessee in this case ...
- A. Shall be allowed to carry forward the loss of Rs. `70,000
  - B. Shall not be allowed to carry forward any loss
  - C. Shall be allowed to set-off current year business loss to the extent of Rs. `1,80,000 but shall not be allowed to carry forward the balance loss of Rs. `70,000
  - D. Shall not be allowed to set-off the business loss to the extent of Rs. `1,80,000 and would be liable to tax on Rs. `1,80,000

**CARRY FORWARD & SET-OFF LOSS IN CASE OF AMALGAMATION, DEMERGER & BUSINESS REORGANISATION**



36. Business loss of an amalgamating company shall :
- A. be carried forward and set-off in the hands of amalgamated company unconditionally
  - B. be carried forward and set-off in the hands of amalgamated company subject to certain conditions
  - C. not be carried forward
  - D. be allowed to be carried forward only by amalgamating company
37. In case of amalgamation u/s 72A, after fulfilling prescribed conditions accumulated loss can be carried forward for \_
- A. Further 8 years in the hands of amalgamating company
  - B. Further 8 years in the hands of amalgamated company
  - C. Further company 4 years in the hands of amalgamating company
  - D. Further 4 years in the hands of amalgamated company
38. The accumulated loss shall not be set off or carried forward and the unabsorbed depreciation shall not be allowed in the assessment of the amalgamated company unless the amalgamated company fulfills which of the following conditions.
- A. holds continuously for a minimum period of 5 years from the date of amalgamation at least 3/4th of the book value of fixed assets of the amalgamating company acquired in a scheme of amalgamation;
  - B. continues the business of the amalgamating company for a minimum period of 5 years from the date of amalgamation;
  - C. fulfils such other conditions as may be prescribed to ensure the revival of the business of the amalgamating company or to ensure that the amalgamation is for genuine business purpose.
  - D. All of these
39. In case of demerger after fulfilling prescribed conditions u/s 72A, the accumulated loss can be carried forward for the .....
- A. Remaining period out of 8 years in the hands of resulting company.
  - B. Further 8 years in the hands of resulting company.
  - C. Further 8 years in the hands of demerged undertaking.
  - D. Remaining period out of 8 years in the hands of demerged undertaking.
40. In case of reorganization of business whereby firm is succeeded by a company fulfilling conditions given u/s 47(xiii)1 (xiv), the accumulated loss and unabsorbed depreciation can be carried forward in the hands of successor company for -----
- A. Remaining period out of 8 years
  - B. Further 8 years
  - C. Remaining period out of 4 years

- D. Further 4 years
41. In case of amalgamation of banking company under section 72AA, accumulated loss and unabsorbed depreciation can be carried forward in the hands of amalgamated company for \_
- A. Remaining period out of 8 years
  - B. Remaining period out of 4 years
  - C. Further 8 years
  - D. Further 4 years
42. In case of amalgamation of co-operative banks, after fulfilling the prescribed conditions, accumulated loss and unabsorbed depreciation can be carried forward and set-off for -----
- A. Further 8 years in the hands of successor co- operative bank.
  - B. Remaining period out of 8 years in the hands of amalgamated co-operative bank.
  - C. Further 4 years in the hands of successor co- operative bank.
  - D. Further 4 years in the hands of predecessor co- operative bank.
43. In case of demerger of co-operative banks as per prescribed conditions accumulated loss can be carried forward and setoff in the hands of resulting co-operative bank for \_
- A. Further 8 years
  - B. Further 4 years
  - C. Remaining period out of 8 years.
  - D. Remaining period out of 4 years.
44. In case of succession of any business/profession otherwise than by inheritance, the losses can be carried forward and set-off , -
- A. Only by the person incurring the loss.
  - B. Only by the successor.
  - C. Partly by the person incurring the loss and partly by the successor.
  - D. None of the above.
45. A partnership firm with 4 equal partners brought forward depreciation of Rs. ` 3 lakh and business loss of Rs. ` 3 lakh relating to assessment year 2018-19. On 1st April, 2018, two partners retired. The amount that assessee-firm can set-off against its income for the assessment year 2019-20 would be –
- A. Unabsorbed depreciation of Rs. ` 3 lakh plus brought forward business loss of Rs. ` 3 lakh.
  - B. Unabsorbed depreciation 'nil' plus brought forward business loss Rs. ` 3 lakh.
  - C. Unabsorbed depreciation Rs ` 3 lakh plus brought forward business loss 'nil'.
  - D. Unabsorbed depreciation Rs. ` 3 lakh plus brought forward business loss of Rs. ` 1.50 lakh.
46. In which of the following case loss can be carried forward without furnishing the return of loss?



- A. Loss from house property.
  - B. Losses under the head Profits & Gains of Business or Profession except speculation business loss.
  - C. Losses under Profits & Gains of Business or Profession including speculation business loss.
  - D. Losses under the head Capital Gains.
47. In the case of a closely-held company (not being a company in which the public are substantially interested), the losses incurred in any year prior to the previous year can be carried forward and set off if - (i) on the last day of the previous year, the shares of the company carrying not less than..... of the voting power; (ii) were beneficially held by persons who beneficially held shares of the company carrying not less than -----of the voting power on the last day of the year(s) in which the loss was incurred.
- A. 25% ,25%
  - B. 51% ,51%
  - C. 75% ,75%
  - D. 50% ,50%

## Answer Key

Question Number	Answer
1	(1), (2), (3) & (4)
2	Speculation business loss can be set off only against speculation business income.
3	Long term capital gain only
4	Even if return of loss is filed after due date
5	Income under the head salaries.
6	All of the above.
7	Profits of specified business business profits
8	Indefinite period
9	8 Years and 4 Years
10	8 Years and 8 Years
11	(i) Inter source set-off; (ii) Inter head set-off; and (iii) Set-off of brought forward losses.
12	Either (a) or (b)
13	Either (a) or (b)
14	Profits of any business/profession (including speculation business profit).
15	Only income from owning and maintaining race horses.
16	All of the above
17	Loss from house property

18	Rs. `3,00,000
19	Rs. `3,00,000
20	Rs. `3,00,000
21	Rs. `9,20,000
22	Rs. `4,80,000
23	Rs. `30,000
24	Rs. `1,00,000
25	Rs. `30,000
26	Rs. `1,00,000
27	Only unabsorbed depreciation of Rs. `45,000
28	Rs. `2,00,000
29	Rs. `2,500
30	Rs. `7,500
31	Both short-term and long-term capital gains
32	Against both short-term capital gains and long term capital gains
33	Rs. `9,50,000
34	Only against income from same
35	Shall be allowed to set-off current year business loss to the extent of Rs. `1,80,000 but shall not be allowed to carry forward the balance loss of Rs. `70,000
36	be carried forward and set-off in the hands of amalgamated company subject to certain conditions
37	Further 8 years in the hands of amalgamated company
38	All of these
39	Remaining period out of 8 years in the hands of resulting company.
40	Further 8 years
41	Further 8 years
42	Remaining period out of 8 years in the hands of amalgamated co-operative bank.
43	Remaining period out of 8 years.
44	Only by the person incurring the loss.
45	Unabsorbed depreciation Rs. `3 lakh plus brought forward business loss of Rs. `1.50 lakh.
46	Loss from house property.
47	51% ,51%

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## ***MCQ On Liabilities In Special Cases***

### **LEGAL REPRESENTATIVE – SECTION 159 To 179**

1. What can be levied and charged from representative 'Assessee' in view of the section 161 of the Act
  - A. Tax
  - B. Interest
  - C. Penalty
  - D. A or B
  
2. As per section 159, in case of death of individual, tax burden shifts on legal representative to the extent of -
  - A. Estate of deceased
  - B. Whole liability of tax
  - C. Personally liable
  - D. A or C
  
3. Liability of director of private company in liquidation for payment of such tax unless they prove that the non-recovery cannot be attributed to any gross neglect, misfeasance or breach of duty on their part in relation to affairs of the company shall be on-
  - A. Jointly liable
  - B. Severally liable
  - C. Jointly or severally liable
  - D. Jointly and severally liable

4. Right of representative assessee as per section 162 are-
  - A. Right to recover the amount of tax paid on behalf of the represented person.
  - B. Right to retain a sum of money which may be payable on estimate basis. In case of disagreement, the representative assessee may secure from the AO a certificate stating the amount to be so retained pending final settlement of liability.
  - C. No amount in excess of point (B) provided above may be recovered by the AO from the representative assessee unless he holds such additional assets of the principal.
  - D. All of the above
  
5. In respect of income [as referred in section 9(1)] of non-resident, **the agent of such non-resident** including a person who is treated as an agent under section 163 of the Act.
  - A. A person who has business connection with the non-resident
  - B. Any person who is Trustee of the non-resident
  - C. From or through whom the non-resident is in receipt of income directly or indirectly
  - D. All of the above

## Answer Key

Question Number	Answer
1	Tax
2	Estate of deceased
3	Jointly and severally laible
4	All of the above
5	All of the above

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**MCQ On HUF**

1. The relation of a HUF arises from \_\_\_\_\_
  - A. Status
  - B. Contract
  - C. Agreement
  - D. None of these
  
2. Lala and sons, a Hindu undivided family, carrying on business of food grain agents has total income of Rs. `10,25,000. It has paid health insurance premium of Rs. `25,000 of karta. The tax liability of Hindu undivided family is \_
  - A. Rs. `1,33,390
  - B. Rs. `1,28,750
  - C. Rs. `1,17,000
  - D. Rs. `3,09,000
  
3. Subject to the provisions of Section 64(2), any sum received by an individual as a member of a HUF from HUF shall be \_
  - A. Taxable
  - B. Exempt
  - C. Regarded as personal income

2

- D. Non of these
4. The types of partition of a HUF includes-
- A. Complete
  - B. Partial
  - C. A AND B both
  - D. Not allowed
5. Partial partition in HUF affected after which year is not recognized for tax purpose –
- A. 31 march, 1960
  - B. 31 march, 1970
  - C. 31 march, 1978
  - D. 31 march, 1982
6. What is the place of Karta in HUF-
- A. Major member
  - B. Minor member
  - C. Male member only
  - D. any one of above
7. Interest of member in HUF is decided by-
- A. Hindu law
  - B. Indian constitution
  - C. Muslim law
  - D. Income tax authority
8. Under which section HUF is not entitle to deduction from GTI-
- A. 80C
  - B. 80G
  - C. 80E
  - D. 80DD
9. Who is liable to pay tax in HUF-
- A. Karta
  - B. Coparceners
  - C. Minor member
  - D. None of the above
10. Income included in the income of family-

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- A. Only family business income
- B. Only ancestral property income
- C. Income from other head except salary
- D. Karta's income

11. Income of property transferred after 31st Dec. 1969 by member to family shall be-

- A. Included
- B. Not included
- C. Partially included
- D. none of above

## Answer Key

Question Number	Answer
1	Status
2	Rs. `1,17,000
3	Exempt
4	A AND B both
5	31 march, 1978
6	Major member
7	Hindu law
8	80E
9	Karta
10	Income from other head except salary
11	Not included

## ***MCQ On Surrogate Taxation***

### **DIVIDEND DISTRIBUTION TAX – SECTION 115-O**

1. A foreign company in which the Indian company holds \_\_\_\_\_ in nominal value of the equity share capital will be treated as foreign specified company for the purpose of section 115BBD of the Act.
  - A. 25% or more
  - B. 26% or more
  - C. 50% or more
  - D. 51% or more
  
2. Dividend received from foreign company will be included in the total income of the tax payer and will be charged to tax at \_\_\_\_\_, if certain conditions are not satisfied.
  - A. 15%
  - B. 20%
  - C. 30%
  - D. Normal rate of tax applicable to the assessee
  
3. Under Section 115BBD Concessional Rate of Tax on Dividend Received by Indian Companies From Specified Foreign Companies shall be
  - A. 15%
  - B. 20%
  - C. 30%
  - D. 10%



4. Dividend received from an Indian company which has suffered dividend distribution tax is exempt from tax under section\_\_\_\_\_.
- A. 10(32)
  - B. 10(33)
  - C. 10(34)
  - D. 10(38)
5. However, as per section 115BBDA, in the case of a "specified assessee"\* dividend shall be chargeable to tax at the rate of 10% except dividend u/s 2(22)(e), if aggregate amount of dividend received from a domestic company during the year exceeds Rs.-
- A. Rs.12,00,000
  - B. Rs.10,00,000
  - C. Rs.5,00,000
  - D. Rs.10,000
6. Exemption under section 10(34) is granted to dividend received from –
- A. An Indian Company
  - B. A Foreign Company
  - C. A & B Both
  - D. A or B
7. As per section 2(22), dividend does not include\_\_\_\_\_.
- A. Any distribution if such distribution entails the release of all or any part of the assets of the company to the extent of accumulated profits of the company
  - B. Any distribution made on liquidation of accompany to the extent of accumulated profits of the company
  - C. Any distribution on the reduction of capital of a company to the extent of accumulated profits of the company
  - D. 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
8. Dividend received from a foreign company is charged to tax under the head\_\_\_\_\_.
- A. Profits and gains of business or profession
  - B. Capital gains
  - C. Income from other sources
  - D. Income from salaries
9. Section \_\_\_\_\_ provides a concessional rate of tax in respect of dividend received by an Indian company from a foreign specified company.
- A. 115A

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- B. 115B
  - C. 115BBB
  - D. 115BBE
10. By virtue of section 115BBB, dividends [as defined in section 2(22) except dividend as defined in section 2(22)(e)] received by an Indian company from a foreign specified company is charged to tax at a flat rate of ----- (plus surcharge and cess as applicable)
- A. 15%
  - B. 10%
  - C. 20%
  - D. 30%
11. Section----- seeks to provide relief from double taxation of dividends by removing cascading effect of dividend distribution tax in multi-tier corporate structure.
- A. 115A
  - B. 115- O (1A)
  - C. 115BBB
  - D. 115BBDA
12. Holding company receiving dividend from its subsidiary company can reduce the same from dividend declared, distributed or paid by it, if a holding company is one which hold -----% of nominal value of equity share of the subsidiary.
- A. More than 50%
  - B. More than 26%
  - C. Not less than 26%
  - D. Not less than 50%
13. Concessional rate of dividend under section 115BBB shall be applicable on
- A. Gross dividend
  - B. Net dividend
  - C. A & B
  - D. A or B
14. Rate of DDT under section 115-O for A.Y 2019-20 including with grossing up, surcharge, & Cess is -
- A. 20.555%
  - B. 17.647%
  - C. 17.472%
  - D. 20.357%

**Nikki Ltd. an Indian company receives the following dividend income during the P.Y. 2018-19 and also the company has paid remuneration for realizing the dividend, break up of which is also given below:**

Co. Information		Details about holding	Dividend income	Remuneration(Expense)
XYZ Inc.	Foreign Co.	25% of Nominal Value	Rs.80,000	Rs.4,000
PQR Inc.	Foreign Co.	30% of Nominal Value	Rs.1,85,000	Rs.9,000
LMN Inc.	Foreign Co.	55% of Nominal Value	Rs.2,15,000	-
ABC Ltd.	Indian Co.	> 50% of Nominal Value	Rs.90,000	Rs.5,000

1. A shareholder holding 10% equity shares of the company borrowed Rs. 3,00,000 from the company @18% p.a. on 31.08.2018
2. On 01.08.2018, the company redeemed its redeemable bonus shares for Rs. 9,09,000
3. The company declared dividend of Rs. 4,20,000 at its AGM held on 30.09.2018. But the dividend remained unpaid up to 31.03.2019. Business income of Nikki Ltd. for the P.Y. 2018-19 is Rs. 40,00,000.
4. 58% shares of Nikki Ltd are held by Neel Ltd.
  15. As per data given above Compute total income of Nikki Ltd., ignoring MAT provisions
    - A. Rs.44,75,000
    - B. Rs.44,76,000
    - C. Rs.40,00,000
    - D. Rs.4,76,000
  16. As per data given above Compute total tax liability of Nikki Ltd, ignoring MAT provisions
    - A. Rs.13,34,112
    - B. Rs.12,22,800
    - C. Rs.12,82,800
    - D. Rs.13,00,000
  17. As per data given above Compute tax liability of Nikki Ltd u/s 115BBD, ignoring MAT provisions including Cess
    - A. Rs.60,000
    - B. Rs.62,400
    - C. Rs.73,500
    - D. Rs.76,440
  18. As per data given above compute Gross amount of dividend on which tax payable by it u/s 115-O.
    - A. Rs.13,29,000
    - B. Rs.12,04,750
    - C. Rs.10,24,000
    - D. Rs.26,96,647

19. As per data given above compute additional income tax payable by it u/s 115-O.
- A. 2,10,486
  - B. 1,43,131
  - C. 2,32,203
  - D. 2,86,130
20. As per data given above calculate the amount of dividend on which normal income tax rate shall be applicable
- A. Rs.80,000
  - B. Rs.76,000
  - C. Rs.2,15,000
  - D. Rs.1,85,000
21. DDT should be paid within 14 days from date of
- A. Declaration of any dividend
  - B. Distribution of any dividend
  - C. Payment of any dividend
  - D. Any of the above

**ADDITIONAL INCOME TAX ON BUYBACK OF SHARE- SECTION 115QA**

22. Levy of additional income tax on distributed income of domestic Company on account of buyback of unlisted shares U/s 115QA
- A. Taxable as CAPITAL GAINS u/s 46A in hand of shareholders
  - B. Exempt u/s 10(34) in hand of company
  - C. @ 23.296% i.e. (20% + 12%SC + 4%Health & EC ) On DISTRIBUTED INCOME in hands of company
  - D. No implication in hand of company
23. Ds Ltd unlisted company received amount on issue of shares 17,500 and share bought back 395 @ 100 each then calculate Buy back tax under section 115QA
- A. Rs. 5,125
  - B. Rs. 9,202
  - C. Rs. 4,077
  - D. Rs. 11,569
24. XYZ Ltd., a domestic company, purchases its own unlisted shares on 4th July, 2018. The consideration for buyback amounted to ` 21 lakh, which was paid on the same day. The amount received by the company two years back for issue of such shares determined in the manner specified in Rule 40BB was ` 13 lakh. Compute the additional income-tax payable by XYZ Ltd.
- A. Rs.1,86,300
  - B. Rs. 1,86,368

- C. Rs. 1,86,000
- D. Rs. 1,39,776

25. XYZ Ltd., a domestic company, purchases its own unlisted shares on 4th July, 2018. The consideration for buyback amounted to ₹ 21 lakh, which was paid on the same day. The amount received by the company two years back for issue of such shares determined in the manner specified in Rule 40BB was ₹ 13 lakh. Compute the interest u/s 115QB, if any, payable if such tax is paid to the credit of the Central Government on 29th September, 2018.
- A. Rs.5,589
  - B. Rs. 5,591
  - C. Rs. 3,727
  - D. Rs. 3.726

### Securitization trust

26. Tax rate on distributed income of mutual fund u/s 115R for equity oriented fund from A.Y 2019-20
- A. 10%
  - B. Nil
  - C. 25%
  - D. 30%
27. What is tax implications on distributed income by securitization trust-
- A. Taxability of income in hands of Securitization Trust Exempt [Section 10(23DA)]
  - B. Distribution tax on distribution of income to investors by Securitization Trust NO DISTRIBUTION TAX
  - C. Investor's taxability Taxable u/s 115TCA in like manner and to same extent and TDS provisions u/s 194LBC shall be applicable on payee
  - D. All of the above
28. A securitization trust has following incomes for the P.Y. 2018-19:  
Interest income : Rs. 5 Lakhs, Dividend income : Rs. 7 Lakhs ,Short term capital gains : Rs. 15 Lakhs .Discuss the tax consequences of the above income in the hands of securitisation trust. assuming that the trust has distributed Rs. 5 Lakhs to the individual investors.
- A. Exempt under section 10(23DA)
  - B. Distribution tax shall be payable by trust
  - C. Taxability fo trust under section 115TCA
  - D. Any of above
29. A securitization trust has following incomes for the P.Y. 2018-19:  
Interest income : Rs 5 Lakhs, Dividend income : Rs. 7 Lakhs ,Short term capital gains : Rs. 15 Lakhs .Discuss the tax consequences of the above income in the hands of the investors, assuming that the trust has distributed Rs. 5 Lakhs to the individual investors.
- A. TDS shall be deducted by trust u/s 115TCA @ 25%+ SC+Cess
  - B. The income of Rs. 5 Lakhs would be taxable in the hands of investor in the same proportion as it is in the hands of securitization trust i.e. in the ratio of 5:7:15.

- C. Interest income & capital gain shall be taxable as per normal rate applicable to individual, and dividend income shall be exempt
  - D. All of the above
30. Income of Alternative investment fund which is not taxable in hand of AIF is-
- A. Capital Gain
  - B. PGBP
  - C. Other income of AIF
  - D. A & C

### REAL ESTATE INVESTMENT TRUST

31. Dividend received by a real estate investment trust (REIT) from special purpose vehicle (SPV) and distributed to its unit holders is-
- A. Exempt in the hand of both the REIT and the unit holders unconditionally.
  - B. exempt in the hands of the REIT only if the SPV is a specified domestic company; exempt in the hands of unit holders only if taxable in the hands of REIT
  - C. exempt in the hands of the REIT only if the SPV is a specified domestic company; exempt in the hands of unit holders only if exempt in the hands of REIT
  - D. exempt in the hands of the REIT only if the SPV is a specified domestic company; exempt unconditionally in the hands of unit holders
32. PQR Ltd., a domestic company, has distributed on 15/10/2018, dividend of Rs.230 lakh to its shareholders. On 17/9/2018, PQR Ltd. has received dividend of Rs.60 lakh from its domestic subsidiary company XYZ Ltd., on which XYZ Ltd. has paid dividend distribution tax under section 115- O. The additional income-tax payable by PQR Ltd. under section 115-O is –
- A. Rs.29.70 lakhs
  - B. Rs.34.944 lakhs
  - C. Rs.34.608 lakhs
  - D. Rs.29.42 lakhs
33. Lima Ltd., a domestic company, purchases its own unlisted shares on 13th August, 2018. The consideration for buyback amounted to Rs.23 lakh, which was paid on the same day. The amount received by the company two years back for issue of such shares determined in the manner specified in Rule 40BB was Rs.17 lakh. The additional income-tax payable by Lima Ltd. is –
- A. Rs.1,03,824
  - B. Rs.1,04,832
  - C. Rs.1,39,776
  - D. Rs.1,38,432
34. A REIT derives rental income of Rs.2 crore from real estate property directly owned by it and short term capital gains of Rs.1 crore on sale of developmental properties. It also receives interest income of Rs.3 crore from Gamma Ltd., an Indian company, in which it holds controlling interest. The REIT holds 80% of the shareholding of Gamma Ltd. Which of the following statements is correct?

- A. All the above income are taxable in the hands of REIT
- B. REIT enjoys pass through status in respect of the above income and hence, such income are taxable in the hands of the unit holders.
- C. REIT enjoys pass through status in respect of interest income from Gamma Ltd. and hence, such income is taxable in the hands of the unit holders. Rental income and short-term capital gains are taxable in the hands of the REIT
- D. REIT enjoys pass through status in respect of interest income from Gamma Ltd. and rental income from directly owned real estate property and hence, such income are taxable in the hands of the unit holders. Short-term capital gains is taxable in the hands of the REIT
35. Delta Ltd., a domestic company, declared dividend of Rs.85 lakh for the year F.Y.2018-19 and distributed the same on 27.6.2019. Mr. Ganesh, holding 15% shares in Delta Ltd., receives dividend of Rs.12.75 lakh in June, 2019. Mr. Rajesh, holding 10% shares in Delta Ltd., receives dividend of Rs.8.50 lakh. Which of the following statements is correct?
- A. Dividend distribution tax u/s 115-O is attracted in the hands of Delta Ltd. There would be no tax on dividend received by Mr. Ganesh and Mr. Rajesh in their individual hands.
- B. Dividend distribution tax u/s 115-O is attracted in the hands of Delta Ltd. However, dividend received by Mr. Ganesh and Mr. Rajesh is also taxable in their individual hands
- C. Dividend distribution tax is payable by Delta Ltd. u/s 115-O. Also, dividend received by Mr. Ganesh is taxable in his hands@10%.
- D. Dividend distribution tax is payable by Delta Ltd. u/s 115-O. Also, Mr. Ganesh has to pay tax@10% on dividend of Rs.2.75 lakhs received by him.
36. Equity oriented mutual fund means a mutual fund specified under section 10(23D) and X% of its investible funds out of total proceeds are invested in equity shares of a domestic company listed on a recognised stock exchange. Presume that, the fund does not invest in units of another fund but directly invests in listed equity shares of domestic company. What is that X%?
- A. 51%
- B. 65%
- C. 90%
- D. 100%

## Answer Key

Question Number	Answer
1	26% or more
2	Normal rate of tax applicable to the assessee
3	15%
4	10(34)
5	Rs. 10,00,000
6	An Indian Company

7	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
8	Income from other sources
9	115BBD
10	15%
11	115- O (1A)
12	More than 50%
13	Gross dividend
14	20.555%
15	Rs.44,76,000
16	Rs.13,34,112
17	Rs. 62,400
18	Rs. 12,04,750
19	Rs.2,10,486
20	Rs.76,000
21	Any of the above
22	@ 23.296% i.e. (20% + 12%SC + 4%Health & EC ) On DISTRIBUTED INCOME in hands of company
23	Rs. 5,125
24	Rs. 1,86,368
25	Rs.5,589
26	10%
27	All of the above
28	Exempt under section 10(23DA)
29	All of the above
30	A & C
31	Exempt in the hand of both the REIT and the unit holders unconditionally.
32	Rs.34.944 lakhs
33	Rs.1,39,776
34	REIT enjoys pass through status in respect of interest income from Gamma Ltd. and rental income from directly owned real estate property and hence, such income are taxable in the hands of the unit holders. Short-term capital gains is taxable in the hands of the REIT
35	Dividend distribution tax is payable by Delta Ltd. u/s 115-O. Also, Mr. Ganesh has to pay tax@10% on dividend of Rs.2.75 lakhs received by him.
36	65%



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DSTC

## ***MCQ on Issue on Capex***

### **Classificaion of expenditure**

1. Expenditure incurred by an assessee on the activities relating to corporate social responsibility referred to in section 135 of the Companies Act, 2013 is :
  - A. An Allowable expenditure
  - B. Illegal expenditure
  - C. Deferred revenue expenditure
  - D. Not an allowable expenditure
  
2. An assessee paid insurance premium against risk of damage or destruction of stocks or stores used for the purposes of his business or profession. Such expenditure shall be considered as :
  - A. Revenue expenditure
  - B. Capital expenditure
  - C. Deferred revenue expenditure
  - D. Illegal expenditure
  
3. Insurance premium was paid by a Federal Milk Co-operative Society on the life of cattle owned by member of such co- operative society. Such society was engaged in supplying milk raised by its members to such federal milk co-operative society. Such expenditure shall be considered as:
  - A. Revenue expenditure
  - B. Capital expenditure
  - C. Deferred revenue expenditure
  - D. None of the above

4. An assessee purchased a computer on which depreciation is admissible. Such expenditure shall be considered as :
  - A. Revenue expenditure
  - B. Capital expenditure
  - C. Deferred revenue expenditure
  - D. None of the above
  
5. One of the employees of the organization was terminated in the interest of business and was paid one time compensation of Rs.75,000. For the organization such expenditure shall be considered as:
  - A. Revenue expenditure
  - B. Capital expenditure
  - C. Deferred revenue expenditure
  - D. None of the above
  
6. Mis. Kalyani and Company paid Rs. ` 84,000 as advertisement in the annual magazine of Bhartiya Janata Party. For the organization such expenditure shall be:
  - A. Considered as revenue expenditure
  - B. Considered as capital expenditure
  - C. Considered as deferred revenue expenditure
  - D. Disallowed under Section 37(2B)
  
7. The employer made a contribution of Rs. ` 25,000 to recognized provident fund for the previous year 2018-19. Such payment was made on 12th March, 2019. Such expenditure shall be considered as:
  - A. Revenue expenditure
  - B. Capital expenditure
  - C. Deferred revenue expenditure
  - D. None of the above
  
8. The assessee employer received a sum from his employee as contributions to Provident Fund or Employee State Insurance Fund or Superannuation fund or any other employee-welfare fund. Such sum is first treated as income of the employer and later claimed as expenditure. Such expenditure shall be considered as:
  - A. Revenue expenditure
  - B. Capital expenditure
  - C. Deferred revenue expenditure
  - D. Illegal expenditure

9. An assessee was engaged in the business of cattle rearing. He incurred a loss in respect of animals which were used for the purposes of his business (otherwise than as stock-in trade) and which have died. Such expenditure shall be considered as:
- A. Revenue expenditure
  - B. Capital expenditure
  - C. Deferred revenue expenditure
  - D. Illegal expenditure
10. Contribution was made by PFI towards Credit Guarantee Fund Trust. Such expenditure shall be considered as:
- A. Revenue expenditure
  - B. Capital expenditure
  - C. Deferred revenue expenditure
  - D. Illegal expenditure
11. An assessee was engaged in the business of dealing in securities. He had paid Securities Transaction Tax of Rs. ` 25,000 on the securities. Income arising from taxable securities transactions computed under the head "Profits and Gains of Business or Profession" was of Rs. ` 2, 50,000. Such expenditure of payment of Securities Transaction Tax shall be considered as:
- A. Revenue expenditure
  - B. Capital expenditure
  - C. Speculative transaction expenditure
  - D. Illegal expenditure
12. An assessee was engaged in the business of dealing in commodities. He had paid Commodities transaction tax of Rs. ` 15,000 in respect of the taxable commodities transactions. Income arising of Rs. ` 3,00,000 from such taxable commodities transactions was included in the income computed under the head "Profits and gains of business or profession". Such expenditure of payment of Commodities transaction tax shall be considered as:
- A. Revenue expenditure
  - B. Capital expenditure
  - C. Speculative transaction expenditure
  - D. Illegal expenditure
13. An considered assessee as:  
Paid penalty of Rs. ` 42,000 paid for non-compliance of the provisions of Customs Act. Such expenditure shall be
- A. Revenue expenditure
  - B. Speculative transaction expenditure
  - C. Capital expenditure

- D. Disallowed under Section 37(1)
14. An assessee incurred expense of tax on non monetary perquisites of employees. Such expenditure shall be considered as:
- A. Revenue expenditure
  - B. Deferred revenue
  - C. Capital expenditure
  - D. Expressly disallowed
15. An assessee made an expenditure on issue of shares. Such expenditure, including fees paid to Registrar of Companies, was incurred to increase the authorized share capital, resulting in expansion of the capital base. Such expenditure shall be considered as:
- A. Revenue expenditure
  - B. Deferred revenue expenditure
  - C. Capital expenditure
  - D. Expressly disallowed
16. An expenditure on stamp duty and registration fees for the issue of bonus shares. Such expenditure shall be considered as:
- A. Revenue expenditure
  - B. Deferred revenue expenditure
  - C. Capital expenditure
  - D. Expressly disallowed
17. XYZ & Co. incurred a liability by giving discount on issue of debentures. Such expenditure shall be considered as:
- A. Revenue expenditure
  - B. Deferred revenue expenditure
  - C. Capital expenditure
  - D. Illegal expenditure
18. Assessee Company redeemed its debentures on premium. Such expenditure of paying premium shall be considered as:
- A. Revenue expenditure
  - B. Capital expenditure
  - C. Deferred revenue expenditure
  - D. Illegal expenditure

19. Expenditure incurred by an hotelier on replacement of linen and carpets in his hotel. Such expenditure shall be considered as:
- A. Revenue expenditure
  - B. Deferred revenue expenditure
  - C. Capital expenditure
  - D. Illegal expenditure
20. An assessee made a payment of Rs. ` 25,000 as a secret commission, prohibited by law, for some offensive purpose. Such expenditure shall be considered as:
- A. Revenue expenditure
  - B. Deferred revenue expenditure
  - C. Capital expenditure
  - D. Non deductible expenditure
21. An assessee incurred a sum of Rs. ` 35,000 for perfecting title or removing defects in title. Such expenditure shall be considered as:
- A. Revenue expenditure
  - B. Deferred revenue expenditure
  - C. Capital expenditure
  - D. Non deductible expenditure
22. An assessee incurred a sum of Rs. ` 1, 10,000 for alteration of the memorandum and articles of association. Such expenditure shall be considered as:
- A. Revenue expenditure
  - B. Deferred revenue expenditure
  - C. Capital expenditure
  - D. Non deductible expenditure
23. An assessee incurred a loss of Rs. ` 50,000 on account of foreign exchange fluctuations on loans taken from foreign banks for revenue purposes or trading liabilities. Such loss/ expenditure shall be considered as:
- A. Revenue expenditure
  - B. Capital expenditure
  - C. Deferred revenue expenditure
  - D. Non deductible expenditure
24. An assessee incurred an expenditure of Rs. ` 35,000 on shifting of its administrative office. Such loss/ expenditure shall be considered as:
- A. Revenue expenditure
  - B. Deferred revenue expenditure

- C. Capital expenditure
  - D. Non deductible expenditure
25. Under the Income-tax Act, 1961, which of the following outlays incurred by Sun Ltd. during the previous year ended 31st March, 2019 will not be admissible as deduction while computing its business income -
- A. Contribution to a political party in cash
  - B. Interest on loan taken for payment of income-tax
  - C. Capital expenditure on advertisement
  - D. All of the above.

### **Answer Key**

Question Number	Answer
1	Not an allowable expenditure
2	Revenue expenditure
3	Revenue expenditure
4	Capital expenditure
5	Revenue expenditure
6	Disallowed under Section 37(2B)
7	Revenue expenditure
8	Revenue expenditure
9	Revenue expenditure
10	Revenue expenditure
11	Revenue expenditure
12	Revenue expenditure
13	Disallowed under Section 37(1)
14	Expressly disallowed
15	Capital Expenditure
16	Revenue expenditure
17	Deferred revenue expenditure
18	Deferred revenue expenditure
19	Revenue expenditure
20	Non deductible expenditure
21	Capital expenditure
22	Revenue expenditure
23	Revenue expenditure
24	Revenue expenditure

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