

ICAI Study Material MCQs

1. If Anirudh has stayed in India in the P.Y. 2018-19 for 181 days, and he is non- resident in 9 out of 10 years immediately preceding the current previous year and he has stayed in India for 365 days in all in the 4 years immediately preceding the current previous year and 420 days in all in the 7 years immediately preceding the current previous year, his residential status for the A.Y. 2019-20 would be-
 - a) Resident and ordinarily resident
 - b) Resident but not ordinarily resident
 - c) Non-resident
 - d) Cannot be ascertained with the given information

2. Raman was employed in Hindustan Lever Ltd. He received a salary at INR 40,000 p.m. from 1.4.2018 to 27.9.2018. He resigned and left for Dubai for the first time on 1.10.2018 and got salary of rupee equivalent of ` 80,000 p.m. from 1.10.2018 to 31.3.2019. His salary for October to December 2018 was credited in his Dubai bank account and the salary for January to March 2019 was credited in his Bombay account directly. He is liable to tax in respect of-
 - a) Income received in India from Hindustan Lever Ltd;
 - b) Income received in India and in Dubai;
 - c) Income received in India from Hindustan Lever Ltd. and income directly credited in India;
 - d) Income received in Dubai

3. A company would be resident in India for PY 2018-19 if,
 - a) It is an Indian Company
 - b) During that year, majority of its directors are resident in India
 - c) During that year, its Place of Effective Management is in India.
 - d) Both (a) and (c)

4. Income accruing in London and received there is taxable in India in the case of-
 - a) resident and ordinarily resident only
 - b) both resident and ordinarily resident and resident but not ordinarily resident
 - c) both resident and non-resident
 - d) non-resident

5. Incomes which accrue or arise outside India but received directly in India are taxable in case of-
 - a) resident and ordinarily resident only
 - b) resident but not ordinarily resident
 - c) non-resident
 - d) All the above

6. R Ltd. Is an Indian company whose place of effective management is outside India. R Ltd., shall be:
 - a) resident in India
 - b) non-resident in India

- c) not ordinarily resident in India
- d) resident and ordinarily resident only

7. Fees for technical services paid by the Central Government will be taxable in case of –

- a) resident and ordinarily resident only
- b) resident but not ordinarily resident
- c) non-resident
- d) All the above

8. Profit on sale of shares of an Indian company received in Australia is taxable in case of –

- a) resident and ordinarily resident only
- b) resident but not ordinarily resident
- c) non-resident
- d) All the above

9. Income from a business in Canada, controlled from Canada is taxable in case of–

- a) resident and ordinarily resident only
- b) resident but not ordinarily resident
- c) non-resident
- d) All the above

10. Dividend Income from Australian company received in Australia in the year 2015, brought to India during the previous year 2018-19 is taxable in case of –

- a) resident and ordinarily resident only
- b) resident but not ordinarily resident
- c) non-resident
- d) None of the above

MCQs for Practice

11. There are two basic conditions given in Income-tax Act, 1961 to determine whether the individual is resident or not. How many conditions(s) should be fulfilled by the individual in order to be called resident?

- a. Both the basic condition
- b. Any one of the basic conditions
- c. First basic condition
- d. Second basic condition

12. Section 5 of the Income- tax Act, 1961 deals with_____

- a. Determination of residential status
- b. Scope of total income
- c. Additional conditions to be fulfilled for determining residential status

d. Income deemed to be received

13. Which of the following basic condition is/are correct for an individual to be considered Resident in India?

1. He must be in India for 180 days or more
2. He must be in India for 60 days or more or 365 in last 4 years

Select the correct answer from the options given below-

- a. Both (1) and (2)
- b. (1) only
- c. (2) only
- d. Neither (1) nor (2)

14. The total income of any previous year of a person who is a resident includes all income from whatever source derived which-

- a. is received or is deemed to be received in India in such year by or on behalf of such person
- b. accrues or arises or is deemed to accrue or arise to him in India during such year
- c. accrues or arises to him outside India during such year
- d. all of the above

15. Which of the following section deals with “Income deemed to be received”?

- a. Section 6
- b. Section 7
- c. Section 8
- d. Section 9

16. The total income of any previous year of a person who is a non-resident includes all income from whatever source derived which-

- a. is received or is deemed to be received in India in such year by or on behalf of such person or accrues or arise to him in India during such year
- b. is received or is deemed to be received outside India in such year by or on behalf of such person or accrues or arises or is deemed to accrue or arise to him outside India during such year
- c. both (a) and (b)
- d. neither (a) nor (b)

17. Which of the following section deals with “income deemed to accrue or arise in India”?

- a. Section 10
- b. Section 8
- c. Section 9
- d. Section 11

18. As per explanation to section 6(1), the period of 60 days specified in section 6(1) dealing with second basic condition is substituted by _____ in certain circumstances.

- a. 180 days

- b. 190 days
- c. 182 days
- d. 365 days

19. Which of the following statement is true or false?

1. Once a person is a resident in a previous year, he shall be deemed to be resident for subsequent years also
2. A resident in India cannot become resident in any other country for the same assessment year
3. A foreign company is always non-resident in India
4. Salary payable by government of India to an Indian citizen for services rendered outside India is not taxable in India

Select the correct answer from the option given below-

	1.	2.	3.	4.
a.	✓	X	✓	
b.	X	✓	X	✓
c.	✓	✓	✓	✓
d.	X	X	X	X

20. In which of the following case, as per explanation to section 6(1), the period of 60 days specified in section 6(1) dealing with second basic condition is substituted by 182 days.

- I. Person resident in India, leaves India during the previous year for employment purpose
- II. Person resident in India, leaves India during the previous year as a member of crew of an Indian ship.
- III. Person resident outside India who is citizen of India comes to visit to India in Previous Year

Select the correct answer from the options given below-

- a. I only
- b. I and II only
- c. I, II and III
- d. None of the above

21. Which of the following type of income is taxable in the hands of person who is ORDINARY RESIDENT?

- i. Income received or is deemed to be received in India
- ii. Income which accrues or arises or is deemed to accrue or arise in India.
- iii. Income received in India from business situated outside India but controlled from India
- iv. Income received in India from any source (other than business income) situated outside India.
- v. Income which accrue or arise outside India and received outside India during the preceding previous year and remitted to India during the current previous year.

Select the correct answer from the options given below-

	i.	ii.	iii.	iv.	v.
a.	✓	✓	✓	✓	✓
b.	✓	✓	✓	✓	X
c.	✓	✓	✓	X	X
d.	✓	✓	X	X	X

22. Which of the following income(s) shall be deemed to be received in the previous year as per section 7 of the income – tax act 1961?

- I. Annual accretion in the previous year to the balance at the credit of an employee participating in a recognized Provident fund, to the extent provided in Rule 6 of part A of the Fourth Schedule
- II. Contribution made, by the central government or any other employer in the previous year, to the account of an employee under a pension scheme referred to in section 80CCD

Select the correct answer from the options given below

- a. Both (I) & (II)
- b. Neither (I) nor (II)
- c. (II) only
- d. (I) only

23. The facility to substitute period of 182 days in second basic condition instead of 60 days is available to _____ who leaves India during the previous year for employment purpose

- a. Indian citizen
- b. Person of Indian origin
- c. Both (A) and (B)
- d. Neither (A) nor (B)

24. In which of the following case, royalty paid outside India will be taxable in India?

- i. Income by way of royalty payable by a person who is a resident where the royalty is payable in respect of any right, property or information used or services utilized for the purposes of a business carried on by such person outside India
- ii. Income by way of royalty payable by a person who is a non-resident, where the royalty is payable in respect of any right, property or information used or services utilized for the purposes of a business carried on by such person in India
- iii. Income by way of royalty payable by the government

Select the correct answer from the options given below

- a. i & iii
- b. ii & iii
- c. ii only
- d. i, ii and iii

25. Which of the following day is included (true) or excluded (false) while counting the number of days stay in India?

- i. The day of arrival
- ii. The day of departure

Select the correct answer from the options given below-

	i.	ii.
a.	X	✓
b.	X	X
c.	✓	X

d.	✓	✓
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26. Activities that not to constitute business connection in India are specified in _____

- a. Section 9
- b. Section 9A
- c. Section 10
- d. Section 8A

27. Which of the following statement is correct in relation to determination of residential status of an individual?

- a. The period of stay is compulsorily required to active and continuous
- b. Where an individual is in India for a part of the day for less than 12 hours out of 24 hours, he will be considered to be in stayed in India
- c. An Indian citizen is always treated as resident in India

Select the correct answer from the options given below

- a. (a) &(b)
- b. (b) & (c)
- c. (a) & (c)
- d. None of the above

28. Which of the following shall be deemed to accrue or arise in India?

- a. Income by way of interest payable by the Government to non-resident
- b. Income by way of interest payable by a person who is a resident where the interest is payable in respect of any debt incurred, or moneys borrowed and used for the purposes of a business in India
- c. Income by way of interest payable a person who is a non-resident, where the interest is payable in respect of any debt incurred or money borrowed and used, for the purposes of a business or profession carried on by such person outside India.
- d. (a) and (b)

29. When an individual be regarded as “Not an ordinary resident”?

- a. If he fulfils one of the basic conditions and none of the additional condition
- b. If he fulfils both basic condition and both additional condition
- c. If he does not fulfil any of the basic condition but fulfils one of the additional conditions
- d. If he fulfils one of the basic conditions and one of the additional conditions

30. Rikki Martin, a foreign national comes to India for 91 days in year 2018-19. He is not a person of Indian origin. He was present in India for last few years as follows:

Year	Days	Year	Days
2017-18	134	2010-11	362
2016-17	12	2009-10	179
2015-16	67	2008-19	72
2014-15	307	2007-08	40
2013-14	180	2006-07	16
2012-13	359	2005-06	315

2011-12	22	2004-05	48
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Determine the residential status of Rikki Martin

- a. Resident but ordinary resident
- b. Non-resident
- c. Resident but not ordinary
- d. Resident

31. Which of the following shall be deemed to accrue or arise in India?

1. Income earned by non-resident engaged in the business of running a news agency or of publishing newspaper, magazines or journals from activities which are confined to the collection of news and views in India for transmission out of India
2. Income earned by non-resident engaged in purchase of goods in India for the purpose of export
3. Income from operations which are confined to the shooting of any cinematograph film in India

Select the correct answer from the options given below-

- a. 1, 2 and 3
- b. 1 and 3
- c. 2 and 1
- d. None of the 1, 2 and 3

32. A person is said to be not-ordinary resident in India if such person has been

- a. A non-resident in India in any 9 years out of the total 10 years preceding the previous year
- b. In India for a period of 729 days or less during the 7 years preceding the previous year
- c. Neither (a) nor (b)
- d. Either (a) or (b) or both (a) & (b)

33. A person is said to be ordinary resident in India if such person has been

- a. Resident in India for 2 years out of the total 10 years preceding the previous year
- b. In India for a period of 730 days or more during the 7 years preceding the previous year
- c. Both (a) and (b)
- d. Either (a) or (b)

34. In which of the following case HUF said to be resident in India?

1. If the control and management of its affairs is wholly situated in India
2. If the control and management of its affairs is wholly situated outside in India
3. If the control and management of its affairs is partly situated in India

Select the correct answer from the options given below-

- a. (1) or (2)
- b. (2) or (3)
- c. (1) or (3)
- d. None of the above

35. In order to determine whether HUF is not- ordinarily resident-

- a. Additional conditions have to be checked for all adult male members of the family
- b. Additional conditions have to be checked for the KARTA of the family
- c. HUF can never be not- ordinary resident, hence there is no need to check additional condition for anyone
- d. None of the above

36. A partnership firm is said to be resident in India -

- a. If business is controlled from India for more than 182 days or more
- b. If business is controlled from India for more than 182 days or more AND all partners are in India for more than 365 days or more in 4 years preceding the previous year
- c. If the control and management of its affairs is situated partly in India
- d. If all the partners fulfil the both basic conditions and any one of the additional conditions

37. A company is said to be resident in India _____

1. If it is Indian company
2. If its place of effective management, in that year, is in India

Select the correct answer from the options given below-

- a. 1 only
- b. 2 only
- c. Both 1 and 2
- d. Either 1 or 2

38. Which of the following company is said to be resident in India?

- I. An Indian company having business situated wholly outside India
- II. A foreign company having its effective management in India
- III. A subsidiary company registered in India having holding company situated outside India and fully controlled by the holding company from outside India

Select the correct answer from the options given below-

- a. I only
- b. I and II only
- c. III only
- d. I, II and III

39. Dividend payable by an Indian company outside India is _____

- a. Exempt in the hands of recipient
- b. Taxable in the hands of the recipient
- c. Not taxable at all
- d. Taxable in the hands of the company and exempt in the hands of the recipient

40. Residential status is determined for

- a. Accounting year
- b. Financial year
- c. Previous year
- d. Assessment year

41. Rafiq is a citizen of Bangladesh. His grandmother was born in Dhaka in year 1940. Rafiq came to India for the first time since 1981 on 5-10-2018 for visit of 190 days. Mr. Rafiq is _____ for the PY 2018-19

- a. Non- resident
- b. Not-ordinary resident
- c. Resident and ordinary resident
- d. Resident

42. A person receives INR 5lakh as income from business in France which was controlled from Kanpur (India). It will be taxable in the hands of that person, if he is _____

- 1. Resident and ordinary resident
- 2. Non- resident
- 3. Resident but not-ordinary resident

Select the correct answer from the options given below

- a. (1) & (2)
- b. (2) & (3)
- c. (1) & (3)
- d. (1), (2), & (3)

43. In PY 2018-19, a sailor has remained on a ship for 183 days outside the territorial water of India. He is _____ for the PY 2018-19

- a. Ordinary resident
- b. Not-ordinary resident
- c. Non-resident
- d. All of the above

44. Interest on UK government bond accrued for the year 2018-19 is INR 40 lakhs and out of it 25% is directly received in India. Depending upon residential status, how it will be taxed?

Choose the correct option given below-

	Ordinary Resident	Non-ordinary resident	Non-resident
a.	40 lakhs	40 lakhs	40 lakhs
b.	10 lakhs	10 lakhs	10 lakhs
c.	40 lakhs	10 lakhs	10 lakhs
d.	40 lakhs	Not taxable	Not taxable

45. Teji, a citizen of India, is an export manager of XYZ Ltd. since 1-5-2014. He has been regularly visiting USA for export promotion. He spent the following days in USA during the last 5 years.

Previous year ended	No of days spent in USA
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31-3-2019	295
31-3-2018	310
31-3-2017	270
31-3-2016	150
31-3-2015	320

Determine the residential status of Teji assuming that prior to 1-5-2014 he had never travelled abroad

- a. Non- resident
- b. Not-ordinary resident
- c. Resident and ordinary resident
- d. Resident

46. A Russian national comes to India for the first-time during year 2014-15. During the financial years 2014-15, 2015-16, 2016-17, 2017-18 and 2018-19, he was in India for 65 days, 60 days, 80 days, 160 days and 70 days respectively. Determine his residential status.

- a. Not resident
- b. Ordinary resident
- c. Resident
- d. Not ordinary resident

47. Past un-taxed profit of INR 1 lakh brought to India during the previous year will be –

- a. Taxable in the hands of person if he is ordinary resident or not ordinary resident
- b. Taxable in the hands of person if he is ordinary resident only
- c. Taxable in the hands person whether he is ordinary resident, not ordinary resident or non-resident
- d. Not be taxable in the hand of any person whether he is ordinary resident, not ordinary resident or non-resident

48. An individual earned profit of INR 15 lakh on sale of shares in Indian company and received in Germany. This profit will be –

- a. Exempt in the hands of person whether he is ordinary resident, not ordinary resident or non-resident
- b. Taxable in the hands of person if he is not-ordinary resident or non-resident
- c. Taxable in the hands of person if he is ordinary resident or not ordinary resident
- d. Taxable in the hands of person whether he is ordinary resident, not ordinary resident or non-resident

49. An individual earned dividend of INR 7.5 lakhs from Japanese company and received in japan. Such dividend will be _____

- a. Taxable in the hands of person whether he is ordinary resident, not ordinary resident or non-resident
- b. Exempt in the hands of person whether he is ordinary resident, not ordinary resident or non-resident
- c. Taxable in the hands of person if he is not ordinary resident or non-resident
- d. Taxable in the hands of person if he is ordinary resident.

50. Mrs. Laxmi earned dividend from PR Ltd, an Indian company dividend earned is _____

- a. Taxable in hands of Mrs. Laxmi if she is ordinary resident
- b. Taxable in hands of Mrs. Laxmi if she is ordinary resident or not ordinary resident

- c. Taxable in hands of Mrs. Laxmi whether if she is ordinary resident or not-ordinary resident or non-resident
- d. Exempt in hands of person weather he is ordinary resident, not resident or non-resident.

51. Umesh was born in 1987 in India. His parents were also born in India in 1950. His grandparents were, however born in Japan. Umesh was residing in India till 16-3-2016. Thereafter, he migrated to Japan and took citizenship of that country on 15-3-2018. He visits India during P.Y. 2018-19 for 90 days. Determine the residential status of Umesh for AY 2019-20

- a. Ordinary resident
- b. Non- resident
- c. Not- ordinary resident
- d. None of the above

52. Mr. N earned agricultural income of 25 lakhs from land in Maharashtra and received there. Such agricultural income is ____

- a. Exempt in the hands of Mr. N whether he is ordinary resident, not ordinary resident or non-resident
- b. Taxable in the hands of Mr. N whether he is ordinary resident, not ordinary resident or non-resident
- c. Exempt in the hands of Mr. N if he is not ordinary resident or not ordinary and will not be taxable if he is ordinary resident
- d. None of the above

53. X Ltd. is an Indian company. It carries business in Mumbai and New York. The place is effective management of X Ltd. is outside India. 98% of total income of the company is from business in New York. X ltd is _____

- a. Resident
- b. Resident but not ordinary resident
- c. Non-resident
- d. None of the above

54. Following are the incomes of Mr. T for the PY 2018-19:

Particulars	Amount
Income from profession in Kenya which was set-up in India received there	12 Lakh
Income from agriculture land in Nepal received there and then bought to India	30 Lakhs
Past untaxed profit bought to India during the year	7 Lakhs

What is the gross total income of Mr. T, if he is ordinary resident, not ordinary resident or non-resident?

	Ordinary Resident	Not-ordinary resident	Non-resident
a.	42,00,000	12,00,000	Nil
b.	49,00,000	42,00,000	Nil
c.	49,00,000	42,00,000	7,00,000
d.	12,00,000	30,00,000	7,00,000

55. Following are the incomes of Mr. Q for the PY 2018-19:

Particulars	Amount
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Profits earned from business in Paris which is controlled in India; half of the profit is being received in India	40 Lakhs
Income from Agriculture in Bhutan and remitted to India	10 Lakhs
Income from house property in London and received there	8 Lakhs

What is the gross total income of Mr. Q, if he is Ordinary resident, Not ordinary resident or Non-resident?

	Ordinary Resident	Not-ordinary resident	Non-resident
a.	58,00,000	20,00,000	20,00,000
b.	50,00,000	10,00,000	Nil
c.	58,00,000	40,00,000	20,00,000
d.	58,00,000	40,00,000	Nil

56. Mustafa was born in Bangladesh in year 1949. He is staying in Switzerland since 1981. He came to visit India on 3-10-2018 and returns on 5-4-2019. He will be _____ for the PY 2018-19

- a. None of the above
- b. Ordinary resident
- c. Not-ordinary resident
- d. Non-resident

57. XYZ & Co. is partnership firm consisting of three partners X, Y & Z. All the partners equally control the business of the firm. X resides in Pune while Y & Z resides at New York. During the year 2018-19, Y & Z not come to India even for single day. For the AY 2019-20, the XYZ & co is _____

- a. Non-resident
- b. Not ordinary resident
- c. Resident
- d. Extraordinary resident

58. Jenny, a non-resident submits following information for the year 2018-19

Particulars	Amount
Royalty earned in India, received in Nepal on 3-5-2018	4,60,000
Dividend from foreign company received in Nepal	56,000
Share of profit of a business situated in Nepal received in Burma on 14-6-2018 but controlled from India	42,000

Total income of Jenny for the PY 2018-19 =?

- a. INR 4,60,000
- b. INR 5,16,000
- c. INR 5,58,000
- d. Nil

59. Following are the incomes of Mr. E for the PY 2018-19

Particulars	Amount
Royalty received from government of India	2,40,000

Income from business earned in Afghanistan out of which 1,50,000 received in India	2,50,000
Fee for technical services received in India for technical services provided to run a business outside India	2,00,000

What is the gross total income of Mr. E, if he is ordinary resident, not ordinary resident or non-resident?

	Ordinary Resident	Not-ordinary resident	Non-resident
a.	6,90,000	5,90,000	5,90,000
b.	6,90,000	4,90,000	-
c.	2,40,000	4,50,000	-
d.	6,90,000	3,90,000	6,90,000

60. Head office of NSZ, a HUF, is situated in Singapore since 1980 the family is managed by N who is resident in India in Only 7 out of 10 years preceding the previous year 2018-19. Determine the residential status of HUF, if the entire family business is controlled from Singapore

- Resident
- Resident but ordinary resident
- Resident but not ordinary resident
- Non-resident

61. Head office of NSZ, a HUF is situated in Singapore since 1980 the family is managed by N who is resident in India in Only 7 out of 10 years preceding the previous year 2018-19. Determine the residential status of HUF, if the entire family business is controlled partly from Singapore and partly from India.

- Resident
- Resident but ordinary resident
- Resident but not ordinary resident
- Non-resident

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One Stop Solution for Quality Content**Answer Key of Residential Status and Incidence of Tax**

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