



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

DIRECT TAX LAWS AND INTERNATIONAL TAXATION (PAPER - 15)

MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
1	As per section 115JB, every taxpayer being a company is liable to pay MAT, if the Income tax payable on the total income, computed as per the provisions of the Income-tax Act in respect of any year is less than _____.	15.50%	18.00%	15.00%	20.00%
2	MAT shall not apply to any income accruing or arising to a company from:	Life insurance business	Banking business	Business of transmission of electricity	All of the above
3	Book profit for the purposes of section 115JB means net profit as shown in the Statement of the Profit and Loss prepared in accordance with _____ of the Companies Act as increased and decreased by certain items prescribed in this regard.	Schedule V	Schedule IV	Schedule III	Schedule II
4	Every company to whom the provisions of MAT apply is required to obtain a report from a chartered accountant in Form No. _____ on or before the due date of filing the return of income.	29	29A	29B	29C
5	While computing book profit u/s 115JB, one of the following is required to be reduced from the net profit:	Unabsorbed Depreciation as per books of account	Brought forward business loss as per books of account	Brought forward loss or unabsorbed depreciation, whichever is less as per books of account	Income-tax paid or payable if not already debited to the Statement of Profit and Loss
6	What is the due date of filling the return of income in case of a company who is required to furnish a report in Form No. 3CEB under section 92E?	September 30 of the assessment year	November 30 of the assessment the year	July 31 of the assessment year	June 30 of relevant assessment the year
7	One of the following, can be carried forward even return of income is filed after due date:	Unabsorbed Depreciation	Business Loss	Short term capital loss	Long term capital loss
8	Return filed under following sections can be revised u/s 139(5):	139(1)	139(4)	139(5)	All of the above
9	Assessment under following section is termed as scrutiny assessment	143(3)	144	Both of the above	None of the above
10	When an assessee has paid advance tax more than the tax due on the returned income and the return is filed before the 'due date' specified in section 139(1), the refund amount is eligible for interest @ —	1% per month	½% per month	¾% per month	1.50% per month
11	Any mistake which is apparent from the record in any order passed by the Assessing Officer can be rectified under section _____.	154	147	143	254



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12	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.	4 years	2 years	1 year	6 months
13	An appeal to the Commissioner of Income-tax (Appeals) shall be filed in Form No. _____.	35	36	34C	35B
14	The Joint Commissioner of Income-tax (Appeals) is the _____ appellate authority	First	Second	Third	Fourth
15	Provisions relating to advance ruling are provided in sections _____.	80C to 80U	245A to 245L	237 to 245	245N to 245V
16	Assessing Officer or the assessee, as the case may be, on receipt of notice that an appeal against the order of the Commissioner (Appeals) has been filed by the other party, may file a memorandum of cross objection with the Tribunal in Form _____ and within _____ days of receipt of notice that appeal has been filed by the other party.	Form 36A; 15 days	Form 36A; 45 days	Form 36A; 30 days	Form 36; 60 days
17	Where revision u/s 264 has been initiated by the assessee, the application must be made within _____ from the date on which the order in question was communicated to the assessee or the date on which he otherwise came to know of it, whichever is earlier.	1 year	4 years	2 years	30 days
18	Prosecution can be launched and the taxpayer can be punished if he commits wilful failure to produce before the tax authorities the accounts and documents as demanded u/s _____.	154	147	143(1)	142(1)
19	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 _____.	270A	272	272A	272B
20	If during any proceeding, it is found that in the books of account maintained by any person there is a false entry or an omission of any entry which is relevant for computation of total income of such person, to evade tax liability, penalty u/s 271AD or Rs. _____ is levied	A sum equal to the aggregate amount of such false or omitted entry.	Rs. 5,000 (subject to maximum of Rs. 1,00,000)	2% of the amount of such entry	None of the above



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21	If the amount of income in respect of which the penalty is imposed or imposable for the relevant year(s) exceeds Rs. _____, 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.	1,00,000	2,00,000	5,00,000	10,00,000
22	Principal Commissioner or Commissioner of Income-tax is empowered to grant relief from penalty to taxpayers in genuine cases. Such power is granted under section 273A and section _____.	273B	273AA	273	274
23	In case of amalgamation, eligible loss of amalgamating company shall be available to the amalgamated company for:	Remaining tenure	Such loss shall be treated as loss of the previous year in which amalgamation took place	5 years	3 years
24	In the year of restructuring, depreciation shall be:	available to the successor company fully	apportioned between successor and predecessor on the basis of number of days	available to the predecessor company fully	None of the above
25	Countries that employ explicit policies designed to attract international trade oriented activities by minimization of taxes and reduction or elimination of other restrictions on business operations is described as _____.	Tax Havens	Tax Planning	Tax Evasion	Tax Management
26	A is using a motor car for his personal purposes, but charges as business expenditure. This is the case of:	Tax Avoidance	Tax Planning	Tax Evasion	Tax Management
27	CBDT stands for:	Central Board of Direct Tax	Central Board of Double Tax	Central Bank of Direct Tax	None of the above
28	Sec. 130 deals with:	Faceless jurisdiction of the income-tax authority	Jurisdiction of the income-tax authority	Jurisdiction of the CBDT	None of the above
29	As per section 178(3), the _____ of a company has to intimate the tax authority before he parts with any of the assets of the company or the properties in his hands and has to set aside the amount if any intimated to him by the tax authorities.	Managing Director	Manager	Chartered Accountant	Liquidator



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30	Equalisation levy shall be payable @ _____	6%	5%	2%	None of the above
31	ICDS VIII deals with:	Government Grants	Revenue recognition	Construction Contract	Securities
32	ICDS is applicable in case of income under the head:	Profits and gains from Business or Profession	Capital Gains	Income from House Property	All heads of income
33	The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 extends to:	Whole of India	Whole of India excluding Jammu and Kashmir	Whole of India excluding Jammu and Kashmir and Arunachal Pradesh	None of the above
34	The rate of tax provided by the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 is:	30%	60%	50%	None of the above
35	Which among the following is a progressive tax	Custom duty	GST	sales tax	Income tax
36	Which one of the following is not a tax saving investment	Home Loan Principal Repayment	Public Provident fund (PPF)	Life Insurance Premium	Fixed Deposits
37	In the Income Tax Act, ____ is a certificate which an employer gives to his employees. It certifies the amount of tax deducted by the employer from the salary of employee	Form 16	Form 12	Form 15	Form 26AS
38	What percentage of tax is taxable on Long-Term capital gain arising from transfer of securities, bonds, units, debenture	12%	10%	20%	5%
39	As per sub-section (8A) of section 139 of the Income tax Act, a person may furnish an updated return of his income for the previous year relevant to such assessment year, with in ____ from the end of assessment year	6 Months	12 Months	24 Months	36 Months
40	Minimum alternate Tax is	Tax Imposed on companies which pays zero or no tax	Minimum income tax on individual	Tax paid on Luxury goods	Surcharge on High Networth Individual
41	Period upto which AMT credit can be carried forward	10 Years	12 Years	15 Years	8 Years
42	If the recipient of income doesn't furnish his PAN to deductor then TDS is to be deducted at which rate?	5%	10%	20%	15%
43	What are the conditions to be fulfilled for charging of income under the head capital gains	There must be a capital asset	There must be a transfer of such capital asset	The transfer of such capital asset has been affected during the previous year	All of the above



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44	The maximum amount of exemption of gift from a non relative is	50000	10000	100000	25000
45	The last date of filling of return of income of individual is	31st July of the assessment year	30th September of the assessment year	31st March of the assessment year	31st August of the assessment year
46	Return filed after the due date is called	Revised Return	Belated return	Defective return	Verification of Return
47	Sole Proprietor is liable to tax at which rate	30%	25%	10%	Slab Rate
48	Capital asset excludes all except	Stock-in-trade	Jewellery	Personal effects	Agricultural land in India
49	Long-term Capital Loss can only be set off against ____	Long-term capital loss	Short-term capital loss	Long-term capital gain	All of the above
50	ICDS IV deals with	Construction Contracts	Valuation of Inventories	Revenue Recognition	Securities
51	Under which section interest shall be charged to deferment of advance tax	234A	234B	234C	234D
52	For filling return of Income in respect of various entities , the Income-tax Act, 1961 has prescribed -	One due date	Two due dates	Three due dates	Four due dates
53	The return of a company has to be verified by	The Managing director or Director	The General manager	The Secretary	The Manager
54	The due date of filling of return for a company with a business loss of Rs.130,000 for AY 2024-25 is	31st July , 2024	30th September, 2024	31st October, 2024	31st August, 2024
55	Mr.Ram has Received a sum of Rs.51000 on 15.09.2023 from relatives on the occasion of his marriage	Entire Rs. 51,000 is chargeable to tax	Only Rs.1000 is chargeable to tax	Entire Rs.51,000 is exempt from tax	Only 50% i.e Rs.25,500 is chargeable to tax
56	The rate of TDS on rental payments of plant , machinery or equipment is -	2%	5%	10%	1%
57	Mr.Ram a resident indian, wins ₹10,000 in a lottery . Which of the statement is true ?	Tax is deductible u/s194B @30%	Tax is deductible u/s194B @30.9%	No tax is deductible at source	None of the above
58	X Ltd. , a domestic company not opting for the provisions of section 115BAA , has a total income of Rs. 10,01,00,000 for AY 2024-25. The gross receipts of X Ltd.for PY 2021-22 is Rs.260 Crore. The tax liability of X Ltd. For AY 2024-25 is -	Rs.2,68,25,000	Rs. 2,68,50,000	Rs. 2,91,49,120	Rs.3,34,88,000



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59	Who among the following is not mandated to file the return of income under section 139 for AY 2024-25 ?	XYZ Pvt. Ltd., having incurred a loss of ₹ 1,50,000 during the year	Mr. Monohar , aged 66 years, having a total income of ₹ 3,50,000 before deduction under section 80C of ₹ 1,50,000.	Mr. jay , who travelled to Dubai during the year , spent ₹ 4,50,000 on his travel and hotel stay	Ms Sita , a non-resident having assets worth ₹ 2 crores in india and ₹5 Crores outside india has not earned or received any income in india.
60	A public charitable trust having its object medical relief to poor , running a medical shop in which it has commercial receipts which exceeds 20% of total receipts. Whether such trust can claim application based exemption in relation to receipts of medical shop ?	No, due to provision of section 2(15) it loses the status of charitable	Yes, provided such business is incidental to the attainment of the object of the trust.	Yes, provided separate books of account are maintained in respect of such income.	Yes, but subject to (B) and (C) above
61	Sec.91 deals with	Bilateral Relief	Unilateral Relief	Both (a) and (b)	None of the above
62	In respect of DTAA, generally , India follows :	UN model	UK Model	OECD Model	US Model
63	Section ___ deals with methods of computation of arm's length price.	94	93	92C	91
64	As per section ___ when any specified domestic transaction is carried out between associated enterprises, the said transaction should be carried out at arm's length price.	90	91	92	90A
65	When an assessee fails to furnish any information relating to a specified domestic transaction , the quantum of penalty as a percentage of value of the transaction would be ___	2%	1%	5%	3%
66	As per sec. 94B, interest expenses claimed by an entity to its associated enterprises shall be restricted to ___ of its earnings before interest , taxes, depreciation and amortization (EBITDA) or interest paid or payable to associated enterprise , whichever is less.	30%	25%	20%	50%
67	Advance Pricing Agreement shall be valid for such period not exceeding ___ consecutive previous years as may be specified in the agreement.	5	3	10	2
68	Arm's length price is to be determined by applying ____	Resale Price Method	Fair Market Value Method	Stamp Duty Value Method	Indexed Cost of Acquisition Method
69	The provisions of sec.92 will apply only if the aggregate value of specified domestic transactions entered into by the taxpayer during the year exceeds a sum of ₹ ____	100 crore	5 crore	10 crore	20 crore



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70	Uncontrolled transaction means a transaction between ____ , whether resident or non-resident	enterprises other than associated enterprises	associated enterprises	any enterprises	None of the above
71	Information and documents required to maintained u/s 92D shall be kept and maintained for a period of ____ from the end of the relevant assessment year .	8 years	5 years	10 years	16 years
72	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 ____	Rs. 5,00,000	2% of the value of each international transaction or specified domestic transaction entered into by such person	Rs. 1,00,000	1% of the value of each international transaction or specified domestic transaction entered into by such person
73	General Anti Avoidance Rule (GAAR) is applicable from	01-04-2018	01-04-2017	01-07-2017	01-07-2018
74	GAAR provisions shall not apply to	an arrangement where the tax benefit in the relevant assessment year arising , in aggregate , to all the parties to the arrangement does not exceed a sum of ₹ 3 crore	an arrangement where the tax benefit in the relevant assessment year arising , in aggregate , to all the parties to the arrangement does not exceed a sum of ₹ 5 crore	an arrangement where the tax benefit in the relevant assessment year arising , in aggregate , to all the parties to the arrangement does not exceed a sum of ₹ 1 crore	None of the above
75	Two enterprises shall be deemed to be an associated enterprise when one enterprise directly holds shares carrying :	26% or less of the voting power in the other enterprise	25% of the voting power in the other enterprise	26% or more of the voting power in the other enterprise	None of the above
76	Generally, two enterprises shall be deemed to be associated enterprise when one enterprise holds, directly or indirectly 26% or more ____ in the other enterprise	Equity shares	Preference Shares	Compulsorily convertible debentures	Non-convertible debentures
77	Two enterprises shall be deemed to be associated enterprises if a loan advanced by one enterprise to the other enterprise constitutes –	50% or more of the book value of the total assets of the other enterprise.	Less than 50% of the book value of the total assets of the other enterprise .	More than 51% of the book value of the total assets of the other enterprise.	51% or more of the book value of the total assets of the other enterprise.



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78	Zero India Private Ltd. borrowed Rs 500 crores from an Indian Bank. Y Inc. (USA) guaranteed the borrowings of Indian Company. Select the correct statement:	Both are associated enterprises when the Y Inc. guarantees Rs 40 crores on behalf of Zero India	Both are associated enterprises when the Y Inc. guarantees Rs 49 crores on behalf of Zero India	Both are associated enterprises when the Y Inc. guarantees Rs 50 crores on behalf of Zero India	Both are associated enterprises irrespective of amount of guarantee made by Y Inc.
79	Two enterprises shall be deemed to be associated enterprises when –	50% or less of raw materials and consumables required for the manufacturing of goods by one enterprise, are supplied by the other enterprise.	At least 80% of raw materials and consumables required for the manufacturing of goods by one enterprise, are supplied by the other enterprise.	90% or more of raw materials and consumables required for the manufacturing of goods by one enterprise, are supplied by the other enterprise	None of the above
80	Under transfer pricing, International Transaction “Means”	Transactions between two or more Associated Enterprises either or both of whom are non-residents	Transactions between three or more Associated Enterprises who are non-residents	Transactions between two or more Associated Enterprises who are residents	None of the above
81	The International transaction shall be in nature of :	Purchase, sale or lease of tangible or intangible property	Provision of services or lending or borrowing money; or	Any other transaction having a bearing on the profits, income, losses or assets of the enterprises	All of the above
82	Failure to keep and maintain information and documentation as required by Section 92D would attract penalty u/s 271AA for :-	@ 50% of the value of international transaction entered into by a taxpayer	2% of the value of international transaction or specified domestic transaction entered into by a taxpayer for which documents are not kept	@ 2% of the value of all transactions entered into by a taxpayer	None of the above



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83	The aggregate of Specified Domestic transactions entered into by the assessee in the previous year should exceed a sum of, to be considered as specified domestic transaction.	Rs 1 crore	Rs 20 crore	Rs 10 crore	None of the above
84	The order of the Transfer Pricing Officer determining the arm's length price of an international transaction or specified domestic transaction is binding on the :-	Assessing Officer	CIT(A)	Both A and B	None of the above
85	Secondary Adjustment means :-	Any transfer pricing adjustment which is made on the basis of arm's length price of international transaction	An adjustment in the books of accounts of the assessee and its Associated Enterprise to reflect that the actual allocation of profits are consistent with the transfer price	Any transfer pricing adjustment which is made on the basis of arm's length price of specified domestic transaction	Both A and C
86	Secondary Adjustment shall be made when Primary Adjustment to transfer price:-	has been made suo motu by the assessee in his return of income	has been made by the Assessing Officer but it was not accepted by the assessee	has been determined by TPO	None of the above
87	In case of secondary adjustment, where international transaction is denominated in INR, then the interest income on excess money available with Associated Enterprise shall be computed as per which of the following rate of interest :-	One-year marginal cost of lending fund of SBI as on April 1 of PY + 3.25%	LIBOR as on September 30 of PY + 3%	LIBOR as on September 30 of PY + 3.25 %	None of the above
88	In case of secondary adjustment, where international transaction is denominated in foreign currency then the interest income on excess money available with Associated Enterprise shall be computed as per rate of interest :-	One-year marginal cost of lending fund of SBI as on April 1 of PY + 3.25%	LIBOR as on September 30 of PY + 3%	LIBOR as on September 30 of PY + 3.25 %	None of the above
89	The maximum validity period of Advance Pricing Agreement shall be :-	5 consecutive years	4 consecutive years	3 previous years	10 previous years
90	The CBDT may declare Advance Pricing Agreement to be void ab initio, with the approval of Central Government where : –	There is change in law after signing of Advance Pricing Agreement	Advance Pricing Agreement has been obtained by way of fraud or misrepresentation of facts	There is change in facts after signing of Advance Pricing Agreement	All of the above



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91	The pre-filing consultation :-	Shall not bind the CBDT or the proposed applicant to initiate APA process	Shall be deemed to imply that the person has applied for entering into an APA.	Is optional for person unleading to file an APA	Both A and C
92	As per Section 92CD modified return for first of PY in respect of rollback year shall be furnished within months from the end of the month in which Advance Pricing Agreement was entered.	1 month	2 month	3 month	None of the above
93	Ram Ltd., Kolkata having international transactions exceeding Rs. 100 crore omitted to furnish report required under section 92E. How much is the penalty leviable for the failure to furnish report under section 92E ?	Rs. 1 lakh	Rs.50 lakh	Rs.1 crore	Rs. 2 crore
94	GAAR stands for -	Government anti-avoidance rules	General anti-avoidance rules	General agreement-avoidance rules	Government anti-agreement rules
95	Tax haven is a place where –	Tax rates are very high	There is no tax on income	Tax rates are very low	There is no tax on income or tax rates are very low
96	In the assesement of Laxmi (P) Ltd. there was increase in income by way of arm's length price adjustment of Rs. 200 lakhs. The assessee decided to pay additional inome-tax instead of making secondary adjustment . What is the tax rate at which the additional income-tax is payable by assessee ?	10.92%	16.692%	20.9664%	23.296%
97	Rs. 15,000 arising in country B with which India has DTAA, has been taxed in the hands of Mr. kabir as well as Ms. Yamini. This is an instance of __ and the remedy for the same is through ____.	Economic Double Taxation ,DTAA	Economic Double Taxation ,Mutual Agreement Procedure	Jurisdictional Double Taxation , DTAA	Jurisdictional Double Taxation, Mutual Agreement Procedure
98	Transfer pricing provision should not be applied in cases where the adoption of the arm's length price would result in a –	Reducing the tax payable in India	Increasing the tax payable in India	Increasing the expenditure of the Indian company	Both A and C



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ANSWERS TO MCQ BANK

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2	MAT shall not apply to any income accruing or arising to a company from:	Life insurance business
3	Book profit for the purposes of section 115JB means net profit as shown in the Statement of the Profit and Loss prepared in accordance with _____ of the Companies Act as increased and decreased by certain items prescribed in this regard.	Schedule III
4	Every company to whom the provisions of MAT apply is required to obtain a report from a chartered accountant in Form No. _____ on or before the due date of filing the return of income.	29B
5	While computing book profit u/s 115JB, one of the following is required to be reduced from the net profit:	Brought forward loss or unabsorbed depreciation, whichever is less as per books of account
6	What is the due date of filling the return of income in case of a company who is required to furnish a report in Form No. 3CEB under section 92E?	November 30 of the assessment the year
7	One of the following, can be carried forward even return of income is filed after due date:	Unabsorbed Depreciation
8	Return filed under following sections can be revised u/s 139(5):	All of the above
9	Assessment under following section is termed as scrutiny assessment	143(3)
10	When an assessee has paid advance tax more than the tax due on the returned income and the return is filed before the 'due date' specified in section 139(1), the refund amount is eligible for interest @ —	½% per month
11	Any mistake which is apparent from the record in any order passed by the Assessing Officer can be rectified under section _____.	154
12	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.	6 months
13	An appeal to the Commissioner of Income-tax (Appeals) shall be filed in Form No. _____.	35
14	The Joint Commissioner of Income-tax (Appeals) is the _____ appellate authority	First
15	Provisions relating to advance ruling are provided in sections _____.	245N to 245V
16	Assessing Officer or the assessee, as the case may be, on receipt of notice that an appeal against the order of the Commissioner (Appeals) has been filed by the other party, may file a memorandum of cross objection with the Tribunal in Form _____ and within _____ days of receipt of notice that appeal has been filed by the other party.	Form 36A; 30 days
17	Where revision u/s 264 has been initiated by the assessee, the application must be made within _____ from the date on which the order in question was communicated to the assessee or the date on which he otherwise came to know of it, whichever is earlier.	1 year
18	Prosecution can be launched and the taxpayer can be punished if he commits wilful failure to produce before the tax authorities the accounts and documents as demanded u/s _____.	142(1)
19	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 _____	272B
20	If during any proceeding, it is found that in the books of account maintained by any person there is a false entry or an omission of any entry which is relevant for computation of total income of such person, to evade tax liability, penalty u/s 271AD or Rs. _____ is levied	A sum equal to the aggregate amount of such false or omitted entry.
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22	Principal Commissioner or Commissioner of Income-tax is empowered to grant relief from penalty to taxpayers in genuine cases. Such power is granted under section 273A and section _____.	273AA
23	In case of amalgamation, eligible loss of amalgamating company shall be available to the amalgamated company for:	Such loss shall be treated as loss of the previous year in which amalgamation took place
24	In the year of restructuring, depreciation shall be:	apportioned between successor and predecessor on the basis of number of days
25	Countries that employ explicit policies designed to attract international trade oriented activities by minimization of taxes and reduction or elimination of other restrictions on business operations is described as _____.	Tax Havens
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30	Equalisation levy shall be payable @ _____	6%
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35	Which among the following is a progressive tax	Income tax
36	Which one of the following is not a tax saving investment	Fixed Deposits
37	In the Income Tax Act, ____ is a certificate which an employer gives to his employees. It certifies the amount of tax deducted by the employer from the salary of employee	Form 16
38	What percentage of tax is taxable on Long-Term capital gain arising from transfer of securities ,bonds, units, debenture	10%
39	As per sub-section (8A) of section 139 of the Income tax Act , a person may furnish an updated return of his income for the previous year relevant to such assessment year , with in ____from the end of assesment year	24 Months
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41	Period upto which AMT credit can be carried forward	15 Years
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44	The maximum amount of exemption of gift from a non relative is	50000
45	The last date of filling of return of income of individual is	31st July of the assessment year
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47	Sole Proprietor is liable to tax at which rate	Slab Rate
48	Capital asset excludes all except	Jewellery
49	Long-term Capital Loss can only be set off against _____	Long-term capital gain
50	ICDS IV deals with	Revenue Recognition
51	Under which section interest shall be charged to deferment of advance tax	234C
52	For filling return of Income in respect of various entities , the Income-tax Act, 1961 has prescribed -	Three due dates
53	The return of a company has to be verified by	The Managing director or Director
54	The due date of filling of return for a company with a business loss of Rs.130,000 for AY 2024-25 is	31st October, 2024
55	Mr.Ram has Received a sum of Rs.51000 on 15.09.2023 from relatives on the occasion of his marriage	Entire Rs.51,000 is exempt from tax
56	The rate of TDS on rental payments of plant , machinery or equipment is -	2%
57	Mr.Ram a resident indian, wins ₹10,000 in a lottery . Which of the statement is true ?	No tax is deductible at source
58	X Ltd. , a domestic company not opting for the provisions of section 115BAA , has a total income of Rs. 10,01,00,000 for AY 2024-25. The gross receipts of X Ltd.for PY 2021-22 is Rs.260 Crore. The tax liability of X Ltd. For AY 2024-25 is -	Rs. 2,68,50,000
59	Who among the following is not mandated to file the return of income under section 139 for AY 2024-25 ?	Ms Sita , a non-resident having assets worth ₹ 2 crores in india and ₹ 5 Crores outside india has not earned or received any income in india.
60	A public charitable trust having it's object medical relief to poor , running a medical shop in which it has commercial receipts which exceeds 20% of total receipts. Wheather such trust can claim application based exemption in relation to receipts of medical shop ?	Yes, but subject to (B) and (C) above
61	Sec.91 deals with	Unilateral Relief
62	In respect of DTAA, generally , India follows :	UN model
63	Section ____ deals with methods of computation of arm's length price.	92C
64	As per section ____ when any specified domestic transaction is carried out between associated enterprises, the said transaction should be carried out at arm's length price.	92
65	When an assessee fails to furnish any information relating to a specified domestic transaction , the quantum of penalty as a percentage of value of the transaction would be ____	2%



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ANSWERS TO MCQ BANK

SL NO	QUESTIONS	CORRECT ANSWER
66	As per sec. 94B, interest expenses claimed by an entity to its associated enterprises shall be restricted to ___ of its earnings before interest , taxes, depreciation and amortization (EBITDA) or interest paid or payable to associated enterprise , whichever is less.	30%
67	Advance Pricing Agreement shall be valid for such period not exceeding ___ consecutive previous years as may be specified in the agreement.	5
68	Arm's length price is to be determined by applying ____	Resale Price Method
69	The provisions of sec.92 will apply only if the aggregate value of specified domestic transactions entered into by the taxpayer during the year exceeds a sum of ₹ ____	20 crore
70	Uncontrolled transaction means a transaction between _____ , whether resident or non-resident	enterprises other than associated enterprises
71	Information and documents required to maintained u/s 92D shall be kept and maintained for a period of ____ from the end of the relevant assessment year .	8 years
72	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 ____	2% of the value of each international transaction or specified domestic transaction entered into by such person
73	General Anti Avoidance Rule (GAAR) is applicable from	01-04-2018
74	GAAR provisions shall not apply to	an arrangement where the tax benefit in the relevant assessment year arising , in aggregate , to all the parties to the arrangement does not exceed a sum of ₹ 3 crore
75	Two enterprises shall be deemed to be an associated enterprise when one enterprise directly holds shares carrying :	26% or more of the voting power in the other enterprise
76	Generally, two enterprises shall be deemed to be associated enterprise when one enterprise holds, directly or indirectly 26% or more _____ in the other enterprise	Equity shares
77	Two enterprises shall be deemed to be associated enterprises if a loan advanced by one enterprise to the other enterprise constitutes –	51% or more of the book value of the total assets of the other enterprise.
78	Zero India Private Ltd. borrowed Rs 500 crores from an Indian Bank. Y Inc. (USA) guaranteed the borrowings of Indian Company. Select the correct statement:	Both are associated enterprises when the Y Inc. guarantees Rs. 50 crores on behalf of Zero India
79	Two enterprises shall be deemed to be associated enterprises when –	90% or more of raw materials and consumables required for the manufacturing of goods by one enterprise, are supplied by the other enterprise
80	Under transfer pricing, International Transaction “Means”	Transactions between two or more Associated Enterprises either or both of whom are non-residents
81	The International transaction shall be in nature of :	All of the above
82	Failure to keep and maintain information and documentation as required by Section 92D would attract penalty u/s 271AA for :-	2% of the value of international transaction or specified domestic transaction entered into by a taxpayer for which documents are not kept
83	The aggregate of Specified Domestic transactions entered into by the assessee in the previous year should exceed a sum of , to be considered as specified domestic transaction.	Rs. 20 crore
84	The order of the Transfer Pricing Officer determining the arm's length price of an international transaction or specified domestic transaction is binding on the :-	Assessing Officer
85	Secondary Adjustment means :-	An adjustment in the books of accounts of the assessee and its Associated Enterprise to reflect that the actual allocation of profits are consistent with the transfer price
86	Secondary Adjustment shall be made when Primary Adjustment to transfer price:-	has been made suo motu by the assessee in his return of income
87	In case of secondary adjustment, where international transaction is denominated in INR, then the interest income on excess money available with Associated Enterprise shall be computed as per which of the following rate of interest :-	One-year marginal cost of lending fund of SBI as on April 1 of PY + 3.25%
88	In case of secondary adjustment, where international transaction is denominated in foreign currency then the interest income on excess money available with Associated Enterprise shall be computed as per rate of interest :-	LIBOR as on September 30 of PY + 3%
89	The maximum validity period of Advance Pricing Agreement shall be :-	5 consecutive years
90	The CBDT may declare Advance Pricing Agreement to be void ab initio, with the approval of Central Government where :-	Advance Pricing Agreement has been obtained by way of fraud or misrepresentation of facts
91	The pre-filing consultation :-	Both A and C
92	As per Section 92CD modified return for first of PY in respect of rollback year shall be furnished within months from the end of the month in which Advance Pricing Agreement was entered.	3 month
93	Ram Ltd., Kolkata having international transactions exceeding Rs. 100 crore omitted to furnish report required under section 92E. How much is the penalty leviable for the failure to furnish report under section 92E ?	Rs. 1 lakh
94	GAAR stands for -	General anti-avoidance rules



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SL NO	QUESTIONS	CORRECT ANSWER
95	Tax haven is a place where –	There is no tax on income or tax rates are very low
96	In the assesment of Laxmi (P) Ltd. there was increase in income by way of arm's length price adjustment of Rs. 200 lakhs. The assessee decided to pay additional inome-tax instead of making secondary adjustment . What is the tax rate at which the additional income-tax is payable by assessee ?	20.9664%
97	Rs. 15,000 arising in country B with which India has DTAA, has been taxed in the hands of Mr. kabir as well as Ms. Yamini. This is an instance of __ and the remedy for the same is through ____.	Economic Double Taxation ,Mutual Agreement Procedure
98	Transfer pricing provision should not be applied in cases where the adoption of the arm's length price would result in a –	Both A and C