

Deadline for payment of TDS & TCS

Month	TDS	TCS
April to Feb	7 th of Next month	7 th of Next month
March	30 th April of Next FY	7 th April of Next FY

Deadline for TDS/TCS Returns / Statement

		TDS Return	TCS Return
Q1	30 th June	31 st July	15 th July
Q2	30 th Sep	31 st Oct	15 th Oct
Q3	31 st Dec	31 st Jan	15 th Jan
Q4	31 st March	31 st May	15 th May

Penalty vis 271H

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min ₹10,000 to ₹1,00,000 Maximum

Cif TDS/TCS Return filed after 1 year of prescribe time)

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BASICS CONCEPTS

- In the case of partnership firm resident in India, the benefit of marginal relief is available in which of the following cases?
 - Total income Rs. 50 lakhs
 - Total income Rs.95 lakhs
 - Total income Rs. 103 lakhs
 - Total income Rs. 110 lakhs
- A co-operative society has total income of Rs. 42 lakhs, it is eligible for deduction under section 80P of Rs.22 lakhs. What is its tax liability under section 115BAD? [Ignore surcharge and HEC]
 - Rs.4,40,000
 - Rs 6,00,000
 - Rs.8,40,000
 - Rs 9,24,000
- A foreign company means a company which is not -
 - An Indian company
 - A domestic company
 - An Indian company as well as a domestic company.
 - None of the above
- When total income of resident Assessee, Mr. Ram (age 50) is Rs.50,65,000, his net tax liability (including cess) and after marginal relief would be _____ (Assume the Assessee opted the old rates)
 - Rs. 14,32,600
 - Rs.13,31,000
 - Rs.13,70,930
 - Rs.12,84,500
- In the assessment of Mr. Amar, the Assessing Officer has observed that he has purchased diamonds for Rs. 18 lakhs on 1 October, 2024 which was not recorded in the books of account and he is unable to offer any explanation. Applicable rate of income tax leviable under section 115BBE is _____ education cess as applicable.
 - 20%
 - 30%
 - 40%
 - 60%
- Mr. Ram Chandran a resident individual (age 52) has income of Rs. 51,00,000 for the year ended 31.03.2025. His income-tax liability after marginal relief would be _____

(Assume the Assessee opted the old rates)

- a) Rs. 14,76,250
b) Rs. 14,69,000
c) Rs. 14,12,500
d) Rs. 13,62,400
7. When Mr. Arun (age 50) has business loss of ₹ 15 lakhs and unexplained cash credit of 20 lakhs, the total tax liability including cess would be _____
- a) ₹ 4,37,750
b) ₹ 15,60,000
c) ₹ 25,750
d) ₹ 1,54,500
8. During the course of survey in the premises of Jagan & Co. on 10.01.2025, stocks of goods purchased for 10 lakhs were found to be not recorded in the books of account. The firm has brought forward loss of 5 lakhs and incurred business loss of 2 lakhs for the year ended 31.03.2025 without considering the unaccounted stock. The tax liability of the firm including the said unaccounted purchase would be _____ (Including surcharge and cess).
- a) ₹ 3,12,000
b) ₹ 7,80,000
c) Nil
d) ₹ 93,600
9. What is the maximum of surcharge that can be applied on individual taxpayer in respect of income by way of long-term capital gain?
- a) 10%
b) 15%
c) 25%
d) 37%
10. Bala was found to be the owner of jewellery worth 22,60,000 during the financial year ending 31.03.2025 which was not recorded in his books of account and he could not offer satisfactory explanation of the source of income for acquiring the same. How much of income-tax is payable by Bala under section 115BBE _____ (including surcharge and cess. if any) for the said jewellery?
- a) 17,62,800
b) 7,05,120
c) 5,10,120
d) 4,32,120
11. Which among the following is a progressive tax?

- a) Custom duty
b) GST
c) sales tax
d) Income tax
12. Sole Proprietor is liable to tax at which rate _____
- a) 30%
b) 25%
c) 10%
d) Slab Rate
13. During the course of survey in the premises of Ratan & Co. on 10.01.2025, stocks of goods purchased for ₹ 10 lakhs were found to be not recorded in the books of account. The firm has brought forward loss of ₹ 5 lakhs and incurred business loss of ₹ 2 lakhs for the year ended 31.03.2025 without considering the unaccounted stock. The tax liability of the firm including the said unaccounted purchase would be _____.
- a) ₹ 7,80,000
b) ₹ 3,12,000
c) ₹ 93,600
d) Nil
14. Chinta Co-operative Society is engaged in manufacturing activity and was set up and registered on 20th April, 2025. Its total income (computed) for the previous year 2024-25 was ₹ 22,50,000. How much is the income tax payable by it under section 115BAE of the Act? Note: Consider both surcharge and HEC.
- a) ₹ 7,02,000
b) ₹ 5,85,000
c) ₹ 4,68,000
d) ₹ 3,86,100
15. Raghav Industries (P) Ltd. was subjected to a search under section 132 and a sum of ₹ 300 lakhs by way of cash was found as undisclosed income. Raghav Industries (P) Ltd. has unabsorbed depreciation of ₹ 200 lakhs. How much of the unabsorbed depreciation is eligible for set off against cash found as a result of search, representing undisclosed income?
- a) NIL
b) ₹ 200 lakhs
c) ₹ 100 lakhs
d) ₹ 50 lakhs
16. Mr. Ram is found to be the owner of 2 gold chains of 50 grams each (value of which is ₹ 1,30,000 each) during the financial year ending 31.03.2025 which are not recorded in

his books of account and he could not offer satisfactory explanation for the amount spent on acquiring these gold chains. As per section 115BBE, Mr. Ram would be liable to pay tax of-

- a) ₹ 2,02,800
- b) ₹ 1,01,400
- c) ₹ 1,97,600
- d) ₹ 98,800

RETURN OF INCOME

1. A person is required to furnish a return of income u/s 139(1) for assessment year 2025-26 has furnished his return on 29.12.2025 and his total income is 4.5 lakhs, then he shall require to pay fee of:
 - a) Nil
 - b) ₹1,000
 - c) 5,000
 - d) ₹10,000.
2. Which of the following form is used to furnish the return of income?
 - a) ITNS 281
 - b) Form 26AS
 - c) Form 26Q
 - d) None of these
3. Damage (P) Ltd. filed an application in March 2025 for corporate insolvency resolution process, which was admitted by the adjudicating authority under Insolvency and Bankruptcy Code, 2016. The company has two full-time disectors and a managing director. Who must sign the return of income of the company for the assessment year 2025-26?
 - a) Any one of the full-time directors.
 - b) The professional appointed by the adjudicating authority
 - c) Liquidator of the company
 - d) Managing director
4. When Mr. Singhania having total income exceeding ₹10 lakhs files the return of income for the assessment year 2025-26 in January, 2026, the fee payable under section 234F for the delayed filing of return would be
 - a) ₹1,000
 - b) ₹ 5,000
 - c) ₹10,000
 - d) ₹20,000
5. Where a person whose total income does not exceed ₹ 5 lakhs, required to furnish a return of income u/s 139, fails to do so within the due date, he shall pay flee of
 - a) ₹10,000
 - b) ₹5,0000
 - c) ₹1,000
 - d) ₹2000
6. If an Assessee discovers any omission or wrong statement (Bonafide in nature) in the return filed he may file the revised return

- a) before the end of the relevant assessment year
 - b) before completion of regular assessment
 - c) three months prior to the end of the relevant assessment year or before completion of regular assessment, whichever is earlier
 - d) before the end of the relevant assess merit year or before completion of regular assessment whichever is later.
7. Where the Karta of a HUF is absent from India, the return of income can be verified by:
- a) any member of the family
 - b) any male member of the family
 - c) any other adult member of the family
 - d) any member holding power of attorney
8. Where assessment has not been completed, belated income tax return for assessment year 2025- 26 can be filed up to
- a) 31.12.2025
 - b) 31.12.2026
 - c) 31.03.2025
 - d) 31.12.2027
9. Following form number is to be used for filing the return of income by an individual having business income?
- a) ITR 1
 - b) ITR 2
 - c) ITR 3
 - d) ITR 5
10. Quoting 'Permanent Account Number' (PAN) is compulsory in the following transaction -
- a) Payment of LIP exceeding ₹ 50,000 in a financial year
 - b) Sale or purchase of any immovable property valued at ₹ 4,00,000
 - c) Time deposit up to ₹ 35,000 with a bank
 - d) None of the above
11. When assessment has not been completed, revised return can be filed:
- a) 3 months Before the end of the relevant assessment year
 - b) Within one year from the end of the relevant assessment year.
 - c) Within two years from the end of the relevant assessment year.
 - d) None of the above
12. In case of companies deriving loss for any assessment year, filing of return of income within due date laid down in section 139(1) is compulsory -

- a) only where the Department issues notice to the Assessee - company
 - b) for domestic companies only
 - c) for foreign companies only
 - d) for all companies
13. Due date of furnishing return of income for a partner of a firm whose accounts are required to be audited is -
- a) 31st July of the assessment year
 - b) 31st Oct of the assessment year
 - c) 31st December of the assessment year
 - d) 31st March of the assessment year
14. Which return of income cannot be revised by the assessee?
- a) Return of loss
 - b) Belated return
 - c) Both of the above
 - d) None of the above
15. For an individual Assessee, who is absent from India, the return should be verified by -
- a) His guardian
 - b) Any person duly authorized by him
 - c) His tax consultant
 - d) Either of the above
16. A return filed u/ s 139(4) is called -
- a) Belated Return
 - b) Original return
 - c) Revised return
 - d) Loss return
17. BG, a resident individual aged 67, has filed the return of income for the assessment year 2025-26 on 10th January, 2026, showing an income of ₹ 11,00,000. He has opted for old tax regime. He has paid advance tax of 55,000 and there is TDS credit of 16,600. How much is payable by way of interest under section 234A? Note: Due date for filing ITR is 31 July, 2025.
- a) NIL
 - b) ₹ 3,060
 - c) ₹ 3,700
 - d) ₹ 4,440
18. When Mr. Singhania having total income exceeding 10 lakhs files the return of income for the assessment year 2025-26 in December, 2025, the fee payable under Section 234F

for the delayed filing of return would be

- a) ₹1,000
- b) ₹5,000
- c) ₹10,000
- d) ₹20,000

19. What is the due date of filing the return of income in case of a company who is required to furnish a report in Form No. 3CEB under section 92E?
- a) September 30 of the assessment year
 - b) November 30 of the assessment the year
 - c) July 31 of the assessment year
 - d) June 30 of relevant assessment the year
20. One of the following, can be carried forward even return of income is filed after due date:
- a) Unabsorbed Depreciation
 - b) Business Loss
 - c) Short term capital loss
 - d) Long term capital loss
21. Return filed under following sections can be revised u/s 139(5).
- a) 139(1)
 - b) 139(4)
 - c) 139(5)
 - d) All of the above
22. The last date of filling of return of income of individual is
- a) 31st July of the assessment year
 - b) 30th September of the assessment year
 - c) 31st March of the assessment year
 - d) 31st August of the assessment year
23. Return filed after the due date is called
- a) Revised Return
 - b) Belated return
 - c) Defective return
 - d) Verification of Return
24. For filling return of Income in respect of various entities, the Income-tax Act, 1961 has prescribed -
- a) One due date
 - b) Two due dates
 - c) Three due dates
 - d) Four due dates
25. The return of a company has to be verified by
- a) The Managing director or Director

- b) The General Manager
 - c) The Secretary
 - d) The Manager
26. The due date of filing of return for a company with a business loss of Rs. 1,30,000 for AY 2025-26 is
- a) 31st July, 2025
 - b) 30th September, 2025
 - c) 31st October, 2025
 - d) 31st August, 2025
27. Who among the following is not mandated to file the return of income under section 139 for AY 2025-26?
- a) XYZ Pvt. Ltd., having incurred a loss of ₹1,50,000 during the year
 - b) Mr. Manohar, aged 66 years, having a total income of ₹3,50,000 before deduction under section 80C of ₹1,50,000.
 - c) Mr. Jay, who travelled to Dubai during the year, spent ₹4,50,000 on his travel and hotel stay
 - d) 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.
28. Who among the following is not mandated to file the return of income under section 139 for A.Y. 2025-26?
- a) PQR Pvt. Ltd., having incurred a loss of ₹2,45,000 during the year.
 - b) Mr. Sekhar, aged 63 years, having a total income of ₹3,30,000 before deduction under section 80C of ₹1,50,000.
 - c) Mr. Rakesh, who travelled to England during the year, spent ₹3,50,000 on his travel and hotel stay.
 - d) Ms. Sunita, a non-resident having assets worth ₹2 crores in India and ₹5 crores outside India. She has not earned or received any income in India.

INCOME TAX AUTHORITIES

- Out of the following, which is the power of the CBDT
 - Instructions to subordinate authorities
 - Issue General or Special order to subordinates
 - Admit application or claim after expiry of time limit
 - All of the above
- Which of the following power is not vested with CBDT under section 119(2) of the Act?
 - Relaxation of provisions relating to deductions under Chapter VI-A
 - Relaxation of provisions in relation to set-off of losses
 - Relaxation of time limit for filing income-tax return
 - All of the above
- Who among the following is not considered as income -tax authorities u/s 116
 - CBDT
 - ITAT
 - Tax Recovery Officer
 - Inspector of income -tax
- The Central Board of Direct Taxes consists of a Chairman and Members:
 - 5
 - 6
 - 3
 - 2
- Out of the following, which is the power of the CBDT
 - Instructions to subordinate authorities.
 - Issue General or Special order to subordinates
 - Admit application or claim after expiry of time limit
 - All of the above
- CBDT stands for:
 - Central Board of Direct Tax
 - Central Board of Double Tax
 - Central Bank of Direct Tax
 - None of the above
- 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

ASSESSMENT PROCEDURES

- Time limit for completion of best judgment assessment as per Sec. 153(1) is _____ months from the end of relevant assessment year.
 - 12 months
 - 30 months
 - 6 months
 - 18 months.
- Scrutiny Assessment u/s 143(3) is done by the Assessing Officer or the prescribed income - tax authority to ensure that:
 - the Assessee has not understated his income
 - the Assessee has not declared excessive loss
 - the Assessee has not under paid the tax
 - All of the above.
- Which of the following can be corrected while processing the return of income under section 143(1)?
 - any arithmetical error in the return
 - any error in the return of income
 - any mistake in the return of income
 - any claim by the taxpayer which is against law
- Intimation of summary assessment must be sent within _____ from the end of financial year in which return of income is filed
 - 180 days
 - 9 months
 - 3 years
 - 30 days
- Y & Co is a partnership firm which was dissolved on 31.03.2025. The return of income of the firm for the assessment year 2025-26 was filed on 31.08.2025. The return of income of the firm was selected for scrutiny assessment under section 143(3). The notice for scrutiny assessment under section 143(2) has to serve on _____
 - all the partners.
 - any working partner.
 - any partner having long association
 - any partner.
- 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
 - 3 months
 - 12 months
 - 24 months

- d) 18 months
7. Section 144C envisages an alternate dispute resolution mechanism by empowering the CBDT to constitute a _____.
- Securities and Exchange Board of India
 - Dispute Resolution Panel
 - Constitution of India
 - Central Board of Direct taxes
8. The time limit for rectification of mistakes is a period of from the end of the financial year in which the order sought to be amended was passed.
- four years
 - three years
 - two years
 - one year
9. Regular assessment means assessment made under section —
- 143(3)
 - 147
 - Both (A) and (B) above
 - None of the above
10. If the Assessing Officer has reason to believe that any income chargeable to tax has escaped assessment for any assessment year, he may initiate proceedings of —
- Re- assessment
 - Regular assessment
 - Self-assessment
 - Best judgement assessment
11. Assessment is required to be completed within specified time frame. However, while computing such time following period shall be excluded -
- Time taken in reopening the whole or any part of the proceeding or in giving an opportunity to the Assessee to be re -heard under the proviso to sec. 129
 - Period during which the assessment proceeding is stayed by an order or injunction of a court
 - Both (a) and (b)
 - None of the above as time limit for assessment cannot be increased any circumstances
12. Assessment under following section is termed as scrutiny assessment
- 143(3)
 - 144
 - Both of the above
 - None of the above
13. Which of the following cannot be adjusted in computation of total income while processing the return of income (ITR) under section 143(1)?

- An incorrect claim made which is apparent from any information in the ITR
 - An arithmetical error in the ITR
 - Any income appearing in Form 26AS which has not been included in total income
 - Any expenditure disallowed in audit report but not adjusted while filing return of income
14. A Ltd. filed its return of income for A.Y. 2025-26 on 30th September, 2025. The return is selected for regular assessment under section 143(3). The time limit for service of notice u/s 143(2) in this case is
- 30.06.2026
 - 30.09.2026
 - 31.12.2026
 - 31.03.2027

SEARCH, SEIZURE & SURVEY

1. A survey under section 133A was conducted in the premises of ABC & Co on 11.11.2024. Whose prior authorization must have been obtained for conducting the survey?
 - a) Principal Chief Commissioner
 - a) Additions Commissioner
 - b) Joint Commissioner.
 - c) Assistant Commissioner
2. A search was conducted in the premises of AB Jewelers on 05.06.2024. The following unaccounted items were found during the course of search:
 - cash on hand ₹ 50 lakh;
 - Promissory notes ₹ 60 lakh;
 - land documents ₹ 100 lakh; and
 - excess jewelry (stock in trade) ₹ 200 lakh.
 Which of the following could not be seized in a search under section 132?
 - a) Cash on hand
 - b) Land documents
 - c) Promissory notes
 - d) Jewelry (stock in trade)
3. u/s 131(3), an income tax authority cannot retain in his custody any books of documents for a period _____ without obtaining approval from higher authorities
 - a) exceeding 30 days
 - b) exceeding 15 days
 - c) up to completion of assessment
 - d) None of the above
4. The examination on oath u/ s 132(4) of a person searched can be done by:
 - a) The Assistant Director / Deputy Director / Joint / Additional Director
 - b) All the officers accompanying the search party including the Inspectors
 - c) The authorized officers
 - d) The Income -tax Officer
5. Door to door survey is covered by section
 - a) 133B
 - b) 133
 - c) 133A
 - d) 133C
6. For conducting survey u/s 133A, the income -tax authority may enter into a place, where it is deemed as business or profession is carried on:
 - a) Only after sunrise and before sunset

- b) During the business hours
 - c) Any time
 - d) None of these
7. While search u/ s 132, one of the following assets shall not be seized:
 - a) Bullion
 - b) Cash
 - c) Stock- in-trade
 - d) None of the above
8. As per sec. 132B, asset or any portion thereof shall be released within a period of days from the date on which the last of the authorizations for search u/ s 132 or for requisition u/s 132A, as the case may be, was executed.
 - a) 30
 - b) 60
 - c) 120
 - d) 180
9. Income-tax authority having jurisdiction of Azeem & Co. conducted a survey under section 133A and seized the books of account and other documents on 10.10.2024. What is the maximum time limit that the books of account and other documents can be retained by the Income-tax authority without obtaining permission of higher authorities?
 - a) Up to 15 days exclusive of holidays
 - b) Up to the end of the previous year i.e. 31.03.2025
 - c) Up to 30 days exclusive of holidays
 - d) Up to the date of completion of assessment under section 143(3)
10. The Assessing Officer within his jurisdiction surveyed a popular Cyber Café at 2 a.m. in night for the purpose of collecting information which may be useful for the purposes of the Income-tax Act, 1961. The Cyber Café is kept open for business every day between 3 p.m. and 3 a.m. He impounded and retained in his custody, books of account and other documents inspected by him, after recording his reasons for doing so, for 13 days. Which of the following statements is correct?
 - a) The Assessing Officer's action in entering the cybercafé at 2 a.m. and impounding books of account and documents inspected by him is in order
 - b) The Assessing Officer's action in entering the cybercafé at 2 a.m. is not in order, since he can enter the cybercafé only after sunrise but before sunset
 - c) The Assessing Officer's action in entering the cybercafé at 2 a.m. and in impounding books of account and documents inspected by him are not in order, since he can enter the cybercafé only after sunrise but before sunset and he does not have the power to impound books of account under section 133B
 - d) The Assessing Officer's action in entering the cybercafé at 2 a.m. is in order but impounding books of account and documents inspected by him is not in order, since he does not have the power to impound books of account under section 133B

APPEALS AND REVISION

1. No order of rectification can be passed after the expiry of _____ years from the end of the financial year in which order sought to be rectified was passed:
 - a) 2
 - b) 3
 - c) 4
 - d) 6
2. 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
3. The appellate authority, for the appeal made by the assessee or the Commissioner for Principal Commissioner) of income tax against the order of Commissioner (Appeals), will be:
 - a) High Court
 - b) Supreme Court
 - c) Income Tax Appellate Tribunal (ITAT)
 - d) CBDT.
4. An appeal to the Commissioner of income tax (Appeals) shall be filed in Form No _____.
 - a) 35
 - b) 36
 - c) 34C
 - d) 35B
5. No order of rectification can be passed after the expiry of _____ years from the end of the financial year in which order sought to be rectified was passed:
 - a) 2
 - b) 3
 - c) 4
 - d) 6
6. Fee for filing an appeal u/ s 249(1) to the Commissioner of Income tax (Appeals) when the assessed income is more than ₹ 2 lakh is _____.
 - a) ₹ 250
 - b) ₹ 500
 - c) ₹ 1,000
 - d) None of the above
7. An Assessee aggrieved by the order of Commissioner of Income- tax (Appeals) can file an appeal before the Income tax Appellate Tribunal within certain period from the date on which the order sought to be appealed against is communicated to him. Such appeal has to

- be filed within -
- a) 60 days
 - b) 30 days
 - c) 90 days
 - d) 120 days
8. An appeal to the High Court u/ s 260A of the Income -tax Act, 1961 shall lie only if
 - a) a substantial question of law is involved
 - b) a substantial question of fact is involved
 - c) a substantial question is involved
 - d) the Assessee is not satisfied with the order passed by Hon'ble ITAT
 9. Generally, first appeal by Income -tax Department lies with -
 - a) ITAT
 - b) Commissioner (Appeals)
 - c) High Court
 - d) Central Government
 10. An Assessee aggrieved with the order of the ITAT can file appeal before High Court within
 - a) 120 days
 - b) 30 days
 - c) 60 days
 - d) 140 days
 11. On whose motion revision by Commissioner u/s 264 of the Income- tax Act, 1961 is possible.
 - a) Commissioner's own motion
 - b) Application by Assessee
 - c) Any of the above two options
 - d) Assessing Officer
 12. Time limit for passing a revision order by Commissioner u/s 264, when initiated on his own motion, is
 - a) within 1 year from the date of original order
 - b) within 1 year from the end of the financial year in which original order was passed
 - c) within 2 years from the date of original order
 - d) within 2 years from the end of the financial year in which original order was passed
 13. Mr. Rajesh is aggrieved by an order passed by the Commissioner of Income-tax imposing penalty under section 270A for under-reporting of income. What is the appellate remedy available to him under the Income-tax Act, 1961 and the specified time limit within which he has to file an appeal?
 - a) He can file an appeal to Appellate Tribunal under section 253 within 60 days from the

- date on which the order is communicated to him.
- b) He can file an appeal to Commissioner (Appeals) under section 246A within 60 days from the date on which the order is communicated to him.
- c) He can file an appeal to Appellate Tribunal under section 253 within 30 days from the date on which the order is communicated to him.
- d) He can file an appeal to Commissioner (Appeals) under section 246A within 30 days from the date on which the order is communicated to him.
14. 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
15. The Joint Commissioner of Income-tax (Appeals) is the _____ appellate authority
- a) First
b) Second
c) Third
d) Fourth
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.
- a) Form 36A; 15 days
b) Form 36A; 45 days
c) Form 36A; 30 days
d) 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.
- a) 1 year
b) 4 years
c) 2 years
d) 30 days
18. What is the maximum time limit for rectification of any mistake which is apparent from the record in an order passed by the Assessing Officer?
- a) 4 years from the end of the financial year in which the order was passed.
b) 2 years from the end of the financial year in which the order was passed.
c) 1 year from the end of the financial year in which the order was passed.
d) There is no time limit.

19. Mr. Virat is aggrieved by an order passed by the Commissioner of Income-tax imposing penalty under section 270A for under-reporting of income. What is the appellate remedy available to him under the Income-tax Act, 1961 and the specified time limit within which he has to file an appeal?
- a) He can file an appeal to Commissioner (Appeals) u/s 246A within 30 days from the date on which the order is communicated to him
- b) He can file an appeal to Commissioner (Appeals) u/s 246A within 60 days from the date on which the order is communicated to him
- c) He can file an appeal to Appellate Tribunal u/s 253 within 30 days from the date on which the order is communicated to him
- d) He can file an appeal to Appellate Tribunal u/s 253 within 60 days from the date on which the order is communicated to him

ADVANCE TAX

1. Where a person, who is required to pay advance tax, fails to pay advance tax at all or 90% of assessed tax as advance tax, is liable to pay interest @ per _____ month or part thereof.
 - a) 10%
 - b) 5%
 - c) 2%
 - d) 1%
2. Interest on refund due to TDS or TCS or Advance tax shall be allowed, provided the amount of refund is not _____ of the tax determined u/s 143(1) or on regular assessment.
 - a) less than 10%
 - b) less than 90%
 - c) more than 10%
 - d) less than 20%
3. The due date of installment for up to 45% of advance tax liability of the assessee other than the assessee in respect of an eligible business referred to in sec. 44AD, 44ADA is:
 - a) On or before June 15
 - b) On or before September 15
 - c) On or before December 15
 - d) On or before March 15.
4. An Assessee who is entitled to get refund shall also be entitled to interest on such refund. Interest on refund is granted @ of -
 - a) $\frac{1}{2}$ % per month or part thereof
 - b) $1\frac{1}{2}$ % per month or part thereof
 - c) nil as Assessee is not entitled for any interest on refund
 - d) 1% per month or part thereof
5. As per sec. 234D, where any refund is granted to the Assessee u/s 143(1) and No refund is due on regular assessment; or the amount refunded exceeds the amount refundable on the regular assessment then he is liable to pay simple interest on the whole or excess amount refunded. What will be the rate of such interest?
 - a) 1% for every month or part of the month
 - b) $1\frac{1}{2}$ % for every month or part of the month
 - c) $\frac{1}{2}$ % for every month or part of the month
 - d) there is no such provision in the Income tax Act
6. The provisions relating to interest on delay in payment of refund are given in section _____.
 - a) 244A
 - b) 244B

- c) 234A
 - d) None of these
7. Interest u/s 234B is not levied if of assessed tax is paid by way of advance tax.
 - a) 90%
 - b) 100%
 - c) 85%
 - d) 60%
8. Interest u/s 234A / 234B / 234C is payable at the rate of _____.
 - a) one-half percent per month
 - b) two percent per month
 - c) one percent per month
 - d) depends on income
9. An Assessee is required to pay interest u/s 234B on shortfall of ₹ 1,02,355.43, such amount is rounded off to -
 - a) ₹ 1,02,300
 - b) ₹ 1,02,355
 - c) ₹ 1,02,360
 - d) ₹ 1,02,400
10. Interest under section is levied from the first day of the assessment year, i.e., from 1st April till the date of determination of income under section 143(1) or when a regular assessment is made, then till the date of such a regular assessment.
 - a) 234C
 - b) 234A
 - c) 234B
 - d) 234D
11. Section provides for levy of interest for default in payment of instalment(s) of advance tax.
 - a) 234C
 - b) 234A
 - c) 234B
 - d) 234D
12. In the case of Assessee who is covered under Section 44AD the amount of tax payable by way of advance tax shall be paid on or before
 - a) 15th day of March.
 - b) 31 days of March.
 - c) 31 day of December.
 - d) the date of filing the return of income.
13. 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 @ _____

- a) 1% per month
 - b) $\frac{1}{2}$ % per month
 - c) $\frac{3}{4}$ % per month
 - d) 1.50% per month
14. Under which section interest shall be charged to deferment of advance tax
- a) 234A
 - b) 234B
 - c) 234C
 - d) 234D

TAX RECOVERY & COLLECTION AND REFUND

1. When an Assessee is in default or is deemed to be in default in making a payment of tax, the Tax Recovery Officer may proceed to recover from such Assessee the amount specified in the certificate by one or more of the modes available Which of the following is/are correct?
 - a) attachment and sale of the assessee's movable property
 - b) attachment and sale of the assessee's immovable property
 - c) appointing a receiver for the management of the assessee's & movable and immovable properties
 - d) All of the above.
2. Where, during the pendency of any proceeding under Income tax Act or after the completion thereof, but before the service of notice by TRO, any assessee creates a charge on or parts with the possession (by way of sale, mortgage, gift, exchange or any other mode of transfer whatsoever) of, any of his assets in favour of any other person, such charge or transfer shall be void as against any claim in respect of any tax or any other sum payable by the Assessee as a result of the completion of the said proceeding or otherwise. Such provision is mentioned in which section _____ of the Income -tax Act.
 - a) Section 281
 - b) Section 282
 - c) Section 281A
 - d) Section 282A
3. during the pendency of any proceeding for the assessment or reassessment, the Assessing Officer is of the opinion that for the purpose of protecting the interests of the revenue it is necessary so to do, he may, with the previous approval of the Chief Commissioner, Commissioner, Director General or Director, by or order in writing, attach provisionally any property belonging to the Assessee in the manner provided in the Second Schedule. Such provision is mentioned in which section _____ of the Income -tax Act.
 - a) Section 281B
 - b) Section 281A
 - c) Section 281
 - d) Section 282
4. Where, As per section 222 of the Income tax Act, 1961, when an Assessee is in default or is deemed to be in default in making a payment of tax, the Tax Recovery Officer may draw up under his signature a statement in the prescribed form specifying the amount of arrears due from the Assessee (such statement being hereafter referred to as "certificate") and shall proceed to recover from such Assessee the amount specified in

the certificate by one or more of the modes (in accordance with the rules laid down in the Second Schedule). Such mode, inter alia, includes:

- a) attachment and sale of the assessee's movable property
- b) arrest of the Assessee and his detention in prison;
- c) both (a) and (b)
- d) none of the above

5. As per section 221, when an Assessee is in default or is deemed to be in default in making a payment of tax, he shall, in addition to the amount of the arrears and the amount of interest ___ payable, be liable, by way of penalty, to pay such amount as the Assessing Officer may direct.

- a) u/s 220(2)
- b) u/s 234B
- c) u/ s 220(1)
- d) u/s 234D

6. On completion of assessment, a demand notice is served for demand raised in the assessment. The Assessee should make the payment of amount demanded within _____ of service of such notice.

- a) 30 days
- b) 60 days
- c) 15 days
- d) 7 days

7. As per section 220(2A), the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner may reduce or waive the amount of interest paid or payable by an Assessee u/s 220(2), if he satisfied that -

- a) payment of such amount has caused or would cause genuine hardship to the Assessee
- b) default in the payment of the amount on which interest has been paid or was payable under the said sub-section was due to circumstances beyond the control of the Assessee
- c) the Assessee has co-operated in any inquiry relating to the assessment or any proceeding for the recovery of any amount due from him
- d) all of the above

8. As per section 223, the Tax Recovery Officer competent to take action u/ s 222 shall be-

- a) the Tax Recovery Officer within whose jurisdiction the Assessee carries on his business or profession or within whose jurisdiction the principal place of his business or profession is situate
- b) the Tax Recovery Officer within whose jurisdiction the Assessee resides or any movable or immovable property of the Assessee is situated

- c) any of the above
- d) none of the above

9. As per section 222, an appeal from any original order passed by the Tax Recovery Officer shall lie to the -

- a) Chief Commissioner or Commissioner
- b) Commissioner (Appeals)
- c) No appeal is possible
- d) ITAT

UPDATED RETURN

1. 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.
 - a) 6 Months
 - b) 12 Months
 - c) 24 Months
 - d) 36 Months
2. Mr. A filed his return of income for the assessment year 2025-26 on 20th December, 2025. He noticed in January, 2026 that he has omitted to admit income from business of 4 lakhs in the ITR filed by him for the assessment year 2025-26. What is the maximum time limit available for Mr. A to file updated return?
 - a) 31.03.2026
 - b) 31.03.2027
 - c) 31.03.2028
 - d) 31.03.2029

BUSINESS RESTRUCTURING

1. Where a sole proprietary concern is succeeded by a company in the business carried on by it as a result of which the sole proprietary concern sells or otherwise transfers any capital asset to the company, the transaction is not regarded as transfer provided certain conditions are satisfied. One of those condition is:
 - a) Proprietor holds not less than 51% of the total voting power in the company and his shareholding continues to remain as such for a period of 3 years from the date of succession.
 - b) Proprietor holds not less than 51% of the total voting power in the company and his shareholding continues to remain as such for a period of 5 years from the date of succession
 - c) Proprietor holds not less than 50% of the total voting power in the company and his shareholding continues to remain as such for a period of 3 years from the date of succession
 - d) Proprietor holds not less than 50% of the total voting power in the company and his shareholding continues to remain as such for a period of 5 years from the date of succession.
2. A loss incurring company and a profit-making company may ___ in order to reduce the overall incidence _____ of under the Income- tax Act, 1961.
 - a) merge, income
 - b) merge, tax liability
 - c) income, merge
 - d) tax liability, merge
3. According to section 2(1B), "amalgamation, in relation to companies means, the merger of one or more companies with another company or the merger of two or more companies to form one company" provided all conditions except the following are satisfied:
 - a) All assets to be transferred from amalgamating company to the amalgamated company
 - b) All liabilities including contingent liabilities to be transferred from amalgamating company to amalgamated company
 - c) Shareholders holding at least 3/ 4th in value of shares of the amalgamating company should become shareholders of the amalgamated company
 - d) Shareholders holding at least 9 / 10th in value of shares of the amalgamating company should become shareholders of the amalgamated company
4. One of the following is not treated as amalgamation u/s 2(1B):
 - a) Merger as a result of acquisition of the property of one company by another company pursuant to the purchase of such property by the other company
 - b) Merger as a result of distribution of such property to the other company after the

- winding up of the first-mentioned company
- c) Both (a) and (b)
d) None of the above
5. Capital gain on Slump sale is -
- a) always short -term capital gain
b) always long -term capital gain
c) Depends on period of holding of capital asset being undertaking transferred
d) Not taxable
6. A block of buildings, all acquired on 01-01-2021 by ABC Ltd., was transferred in a scheme of demerger to R Ltd. effective from 01-04-2023, vide order of High Court pronounced on 12-06-2023. These buildings were sold by R Ltd., on 12-03-2025. For reckoning the period of holding of the asset, the starting date to be taken is:
- a) 01-01-2021
b) 01-04-2023
c) 12-06-2023
d) None of the above
7. In December, 2024 Excel Ltd. and Exceed Ltd. got amalgamated to form Excellence Ltd. The expenditure for the purpose of amalgamation was 10 lakhs. The amount of amalgamation expenditure deductible for the assessment year 2025-26 would be
- a) 10 lakhs
b) 2 lakhs (one-fifth)
c) 1 lakh (one-tenth)
d) 5 lakhs (one-half)
8. Gama Traders is a partnership firm consisting of 4 equal partners. One partner retired on 31.03.2024. The firm has eligible brought forward loss of 4 lakhs relating to the assessment year 2024-25. The total income of the firm of the previous year 2024-25 before set off of the said brought forward loss is 7,20,000. The amount of brought forward loss eligible for set off would be
- a) ₹4,00,000
b) Nil
c) ₹1,00,000
d) ₹ 3,00,000
9. In case of amalgamation, eligible loss of amalgamating company shall be available to the amalgamated company for:
- a) Remaining tenure
b) Such loss shall be treated as loss of the previous year in which amalgamation took Place
c) 5 years
d) 3 years

PGBP

1. Flemingo Ltd. is engaged in a business of construction and sale of residential apartments. During the year 24-25, it constructed 20 apartments and sold all the apartments for 700 lakhs. There was no difference between value adopted for stamp duty purposes and actual consideration except in the case of 3 apartments whose stamp duty value was 60 lakhs; 55 lakhs and ₹ 50 lakhs and their actual consideration was 56 lakhs; ₹ 48 lakhs; 44 lakhs respectively. All these apartments were sold in December, 2021. How much would be added to the income of Flemingo Ltd. in respect of the above transactions relating to 3 apartments?
- a) 17 lakhs
b) 13 lakhs
c) 11 lakhs
d) 4 lakhs
2. Great Nursing Home is a partnership firm consisting of 3 doctors being partners. The firm has aggregate annual receipt of 48 lakhs. As per the deed of partnership each partner is eligible for interest @ 12% on the capital contribution of 5 lakhs each. Also, each partner is eligible for working partner salary of ₹ 50,000 per month. Compute income as per the applicable presumptive provision and how much is the total income of the firm.
- a) ₹7,98,000
b) ₹4,80,000
c) ₹ 22,20,000
d) ₹ 24,00,000
3. Tax payable by a firm whose total income is Rs. 11 crores are Rs. _____ Cr.
- a) 3.7389
b) 3.390
c) 3.84384
d) None of the above.
4. A businessman at Delhi is using a car exclusively for business purposes. As per Union Territory rule, his car can be used in Delhi only on alternate days. Car is the only asset in the block. Car has thus been used for only 50% of the number of days in the year. WDV of the car as on 1.4.2024 is Rs. 10 lakhs. Rate of depreciation is 15% Depreciation allowable is Rs.
- a) 75,000
b) 1,50,000
c) 1,00,000
d) None of the above.
5. Real Builders (A partnership firm) admitted income under section 44AD up to the

assessment year 2019-20 resorted to determination of income as per regular provisions by getting the books of account audited for the assessment year 2020-21. The Assessee firm cannot revert to presumptive provisions contained in section 44AD up to the assessment year.

- a) 2024-25
 - b) 2025-26
 - c) Indefinitely
 - d) 2020-21
6. In the year of restructuring, depreciation shall be
- a) available to the successor company fully
 - b) apportioned between successor and predecessor on the basis of number of days
 - c) available to the predecessor company fully
 - d) None of the above
7. Hari Vallabh Pvt Ltd, has spent a sum of 10 lakhs towards meeting its corporate social responsibility (CSR) under the Companies Act, 2013. The amount of deduction available while computing the business income is _____. [Please provide a brief justification]
- a) Nil
 - b) Rs.10 lakhs
 - c) Rs.15 lakhs
 - d) Rs.12.5 lakhs
8. Venus Traders is engaged in turmeric trade with a turnover exceeding ₹ 1000 lakhs dispatched its goods through Indian Railways. The amount of freight payable as on 31.03.2025 was 21,40,000. It wants to claim the freight as expenditure. To satisfy such claim, it has to pay the freight to Indian Railways
- a) before due date specified in Section 139(1)
 - b) before the end of the previous year
 - c) before the end of the assessment year
 - d) there is no time restriction
9. Kumar Industries is engaged in manufacture of leather products. It was set up in backward area and became eligible for subsidy generator, to be used in guest house, acquired by it for @25% for the Rs. 12 lakhs on 15.12.2024. It received the subsidy in March 2025. The amount of depreciation for the year at the applicable rate would be _____.
- a) ₹67,500
 - b) ₹90,000
 - c) ₹1,80,000
 - d) Nil
10. Pai Software's Ltd. is engaged in BPO at Bengaluru. It acquired computers for 20 lakhs on 10.05.2024. It also acquired computer software for 10 lakhs in July 2024. The total

amount of depreciation claim in respect of these assets would be _____.

- a) ₹4,50,000
 - b) ₹12,00,000
 - c) ₹7,50,000
 - d) ₹14,50,000
11. When Mr. Hari engaged in manufacturing activity with turnover of ₹125 lakhs has realized sale proceeds through banking channel of ₹90 lakhs and balance by cash, his income under Section 44AD would be _____.
- a) 10 lakhs
 - b) 7.50 lakhs
 - c) 8.20 lakhs
 - d) Not eligible for presumptive income under Section 44AD
12. When a company engaged in the business of bio-technology incurs (i) expenditure on scientific research towards land and building 20 lakhs; (ii) other capital expenditures 10 lakhs and (iii) revenue expenditure of 8 lakhs. The quantum of deduction under Section 35 (2AB) shall be
- a) Nil
 - b) 16 lakhs (200% of revenue expenditure)
 - c) 18 lakhs (100% of total expenditure other than cost of land and building)
 - d) 38 lakhs (100% of capital expenditure including cost of land and building)
13. Real Builders (a partnership firm) admitted income under Section 44AD up to the assessment year 2024-25 resorted to determination of income as per regular provisions by getting the books of account audited for the assessment year 2025-26. The assessee firm cannot revert to presumptive provisions contained in Section 44AD up to the assessment year
- a) 2029-30
 - b) 2030-31
 - c) Indefinitely
 - d) 2025-26
14. Sakshita Fertilizers P Ltd., is a manufacturer. A factory building has been constructed for 40 lakhs and occupied on 12.02.2024. Additional depreciation allowable for the said factory building is _____.
- a) Nil
 - b) ₹4 lakhs
 - c) ₹2 lakhs
 - d) None of the above
15. Narayan Ltd. engaged in manufacture of plant medicines was incorporated on 05.03.2022.

It incurred 1 lakh, 4 lakhs and 3 lakhs towards research expenses for the financial year 2021-22, 2022-23 and 2023-24. It commenced regular manufacture actually from 1st April, 2024. The research expenses include capital expenditure of ₹3 lakhs incurred in F.Y.2022-23. How much of research expenditure incurred prior to commencement of business is eligible for deduction in the hands of Narayan Ltd. for the assessment year 2025-26?

- a) ₹5 lakhs
 - b) ₹7 lakhs
 - c) ₹8 lakhs
 - d) NIL
16. Great Nursing Home is a partnership firm consisting of 3 doctors being partners. The firm has aggregate annual receipt of ₹48 lakhs. As per the deed of partnership each partner is eligible for interest @ 12% on the capital contribution of 5 lakhs each. Also, each partner is eligible for working partner salary of 50,000 per month. Compute income as per the applicable presumptive provision and how much is the total income of the firm.
- a) ₹7,98,000
 - b) ₹4,80,000
 - c) ₹22,20,000
 - d) ₹24,00,000
17. AB Ltd. has debited a sum of 780 lakhs towards income-tax in its Statement of Profit and Loss for the year ended 31-3-2025. It includes 34 lakhs towards surcharge and 6 lakhs towards HEC. How much would be the amount of disallowance of income-tax under section 40(a)(ii)?
- a) Nil
 - b) 740 lakhs
 - c) 774 lakhs
 - d) 780 lakhs
18. For Doomsday Ltd. there was an outstanding interest payment due to a nationalized bank of 340 lakhs, which was converted into 8% Debentures on 12-03-2025. How much of interest due to the bank would be deemed as paid and allowable under section 43B by issue of 8% debentures?
- a) Nil
 - b) 85 lakhs
 - c) 170 lakhs
 - d) 340 lakhs
19. Auddy Fertilisers P Ltd., is a manufacturer. A factory building has been constructed for ₹40 lakhs and occupied on 12.02.2024. Additional depreciation allowable for the said factory building is _____.

- a) Nil
- b) ₹4,00,000
- c) ₹2,00,000
- d) None of the above

20. MSP Ltd., has spent a sum of ₹20 lakhs towards meeting its corporate social responsibility (CSR) under the Companies Act, 2013. The amount of deduction available while computing the business income is _____.

- a) Nil
- b) ₹10 lakhs
- c) ₹15 lakhs
- d) ₹20 lakhs

CAPITAL GAINS

1. What percentage of tax is taxable on Long-Term capital gain arising from transfer of securities, bonds, units, debenture. (if transferred before 23/07/2024)
 - a) 12%
 - b) 10%
 - c) 20%
 - d) 5%
2. What are the conditions to be fulfilled for charging of income under the head capital gains
 - a) There must be a capital asset
 - b) There must be a transfer of such capital asset
 - c) The transfer of such capital asset has been affected during the previous year
 - d) All of the above
3. Capital asset excludes all except
 - a) Stock-in-trade
 - b) Jewellery
 - c) Personal effects
 - d) Agricultural land in India
4. Long-term Capital Loss can only be set off against
 - a) Long-term capital loss
 - b) Short-term capital Loss
 - c) Long-term capital Gain
 - d) All of the above
5. Mr. KOKO and Mr. POPO sold their residential house property in Pune for ₹ 3 crore and ₹ 4 crore, respectively, in May, 2024. The house property was purchased by them 25 months back. The indexed cost of acquisition is ₹ 1 crore and ₹ 1.75 crore, respectively. Mr. KOKO purchased two residential flats, one in Delhi and one in Agra for ₹ 70 lakhs and ₹ 80 lakhs, respectively, in Aug, 2024. On the same date, Mr. POPO also purchased two residential flats, one in Mumbai and the other in Pune, for ₹ 80 lakhs and ₹ 75 lakhs, respectively. Both of them invested ₹ 30 lakhs in bonds of NHAI in Aug, 2024 and ₹ 30 lakhs in bonds of RECL in Aug, 2024. What is the income taxable under the head "Capital Gains" for A.Y. 2025-26 in the hands of Mr. KOKO and Mr. POPO?
 - a) Nil and ₹ 70 lakhs, respectively
 - b) ₹ 70 lakhs and ₹ 85 lakhs, respectively
 - c) Nil and ₹ 85 lakhs, respectively
 - d) ₹ 70 lakhs and ₹ 95 lakhs, respectively
6. During the P.Y. 2024-25, Mr. Rohit has ₹ 80 lakhs of short-term capital gains taxable

u/s 111A, ₹ 70 lakhs of long-term capital gains taxable u/s 112A and business income of ₹ 90 lakhs. Which of the following statements is correct assuming that Mr. Rohit pays tax under the default tax regime under section 115BAC?

- a) Surcharge@25% is leviable on income-tax computed on total income of ₹ 2.40 crore, since the total income exceeds ₹ 2 crore
- b) Surcharge@15% is leviable on income-tax computed on total income of ₹ 2.40 crore
- c) Surcharge@15% is leviable in respect of income-tax computed on capital gains of ₹ 1.50 crore, since such income exceeds ₹ 1 crore but is less than ₹ 2 crore; in respect of business income of ₹ 90 lakhs, surcharge is leviable@25% on income-tax, since the total income exceeds ₹ 2 crore.
- d) Surcharge@15% is leviable in respect of income-tax computed on capital gains of ₹ 1.50 crore, since such income exceeds ₹ 1 crore but is less than ₹ 2 crore; in respect of business income of ₹ 90 lakhs, surcharge is leviable@10% on income-tax, since such income exceeds ₹ 50 lakhs but is less than ₹ 1 crore

INCOME FROM OTHER SOURCES

- The maximum amount of exemption of gift from a non-relative is
 - 50,000
 - 10,000
 - 1,00,000
 - 25,000
- Mr. Ram has Received a sum of Rs.51,000 on 15.09.2024 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
- Mr. Salman, a property dealer, sold a flat in Mumbai, the stamp duty of which is '2 crores for '1.80 crores to his friend Mr. Amir, a college lecturer. Mr. Salman had purchased the flat one year back for '1.50 crores and the stamp duty value on that date was also '1.50 crores. What are the tax implications of such sale?
 - '50 lakhs would be taxable as short-term capital gains in the hands of Mr. Salman. There would be no tax implication in the hands of Mr. Amir
 - '50 lakhs would be taxable as business income in the hands of Mr. Salman. There would be no tax implication in the hands of Mr. Amir
 - '50 lakhs would be taxable as business income in the hands of Mr. Salman and '20 lakhs would be taxable as income from other sources in the hands of Mr. Amir
 - '50 lakhs would be taxable as short-term capital gains in the hands of Mr. Salman and '20 lakhs would be taxable as income from other sources in the hands of Mr. Amir.

ASSESSMENT OF VARIOUS ENTITIES

- When unit located in Special Economic Zone has profit of Rs.25 lakhs and it is in the 4th year of its existence, the quantum of deduction allowable under section 10AA would be.
 - Rs.25 lakhs (100%)
 - Rs.12.50 lakhs (50%)
 - Rs. 5 lakhs (2016)
 - Nil
- A HUF having income under the head "Profits and gains of business or profession" Rs.10 lakhs wants to pay tax under section 115BAC. Which form has to be filed to convey/intimate its option for availing the benefit of section 115BAC?
 - It is not eligible for section 115BAC.
 - Form No.3CB and Form 3CD
 - Form No.3CA and Form 3CD
 - Form No. 10-IE
- A company engaged in manufacturing activity opted for section 115BAB. What is the maximum rate of depreciation applicable for the assets owned by it?
 - 15%
 - 25%
 - 40%
 - 45%
- Which of the following incomes of a registered trade union is exempt from tax?
 - Income from house property
 - Income from other sources:
 - All of these
 - None of these
- When a company is located in International Financial Services Centre what is the rate of tax applicable on book profit under section 115JB?
 - 10%
 - 15%
 - 9%
 - 6%
- An REIT (Real Estate Investment Trust) distributed interest of Rs. 8 lakhs to the resident unit holders. At what rate tax is deductible at source on the income so distributed?
 - 10%
 - 20%
 - 30%
 - NIL
- As per sec. 115R, the additional income-tax payable on income distributed by a specified Mutual Fund, out of its income derived from transactions made on a recognized stock exchange located in any IFSC and the consideration is paid or payable in convertible

- foreign exchange @ _____
- NIL
 - 10%
 - 25%
 - 30%
8. In case of buy back of shares, any income by way of capital gain in hands of shareholder is: (If buy back done on 08/08/2024)
- Taxable for additional tax @ 20% (+SC+ Cess)
 - Taxable for additional tax @ 10% (+SC+ Cess)
 - Exempt
 - Taxable 20%
9. MAT stands for _____.
- Minimum Alternate Tax
 - Minimum Allowed Tax
 - Minimum Applicable Tax
 - Minimum Adjustable Tax
10. As per section 115QA (3), tax to credit of Government in case of distributed income of domestic company for buy-back of shares shall be deposited within _____ days from date of payment of any consideration to the shareholder on buy-back of shares.
- 7 days
 - 14 days
 - 10 days
 - 30 days
11. The book profit of Tamarai (P) Ltd. computed under section 115JB is ₹ 20 lakh for the financial year 2024-25. How much is the tax liability payable under section 115JB?
- ₹ 3,70,000
 - ₹ 3,84,800
 - ₹ 3,12,000
 - ₹ 3,00,000
12. During the course of survey in the premises of Jagan & Co. on 10.01.2025 stocks of goods purchased for Rs. 10 lakhs were found to be not recorded in the books of account. The firm has brought forward loss of Rs. 5 lakhs and incurred business loss of Rs. 2 lakhs for the year ended 31.03.2023 without considering the unaccounted stock. The tax liability of the firm including the said unaccounted purchase would be (including surcharge and cess).
- Rs. 3,12,000
 - Rs. 7,80,000
 - Ni
 - Rs. 93,600
13. ABC & Co. Ltd. earned 15 lakhs by way of transfer of carbon credit. The tax liability in

- respect of carbon credit is _____.
- Nil
 - ₹ 1,56,000 (@10.4%)
 - ₹ 4,63,500 (@30.9%)
 - ₹ 2,31,750 (@ 15.45%)
14. When Mr. Arun (age 50) has business loss of Rs. 15 lakhs and unexplained cash credit of Rs. 20 lakhs, the total tax liability including cess would be _____.
- Rs. 15,60,000
 - Rs. 7,80,000
 - Rs. 6,86,400
 - Nil
15. Gama Traders is a partnership firm consisting of 4 equal partners. One partner retired on 31.03.2024. The firm has eligible brought forward loss of Rs.4 lakhs relating to the assessment year 2024-25. The total income of the firm of the previous year 2024-25 before set off of the said brought forward loss is Rs. 7,20,000. The amount of brought forward loss eligible for set off would be
- Rs. 4,00,000
 - Nil
 - Rs.1,00,000
 - Rs. 3,00,000
16. The provisions of Alternate Minimum Tax (AMT) will be applicable when the adjusted total income of the individual taxpayer exceeds _____.
- ₹ 10,00,000
 - ₹ 20,00,000
 - ₹ 50,00,000
 - ₹ 1,00,00,000
17. 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
18. MAT shall not apply to
- Any income accruing or arising to a company from Life insurance business
 - Any person who has exercised the option referred to u/ s 115BAA
 - Any person who has exercised the option referred to u/ s 115BAB
 - All of the above
19. While computing book profit u/s 115JB, following amount of income being credited to the statement of Profit and Loss shall not be reduced _____.
- Income covered u/ s 115BBF
 - Income from Other Sources

- c) Income covered u/ s 86
d) All of the above
20. Rate of MAT is _____.
- a) 15%
b) 18.5%
c) 18%
d) 20%
21. per sec. 115BBF, where the total income of an eligible Assessee includes any income by way of royalty in respect of a patent developed and registered in India, tax @ _____ shall be payable on such royalty income.
- a) 10%
b) 5%
c) 7.5%
d) 12.5%
22. Provision relating to taxation on income from transfer of carbon credit is provided in sec _____ of the Income -tax Act
- a) 115BBE
b) 115BBD
c) 115AD
d) 115BBG
23. Generally, income of a mutual concern from mutual activity is not taxable. However, exception to this rule is / are:
- a) Where the mutual concern is a mutual insurance society and the income is derived from the carrying on of any business of insurance
b) Where the mutual concern is a trade, professional or similar association and the income is derived from specific service performed for its member
c) Both (a) and (b)
d) None of the above
24. The person responsible for making payment to a resident individual investor in respect of an investment in a securitization trust being referred to in sec. 115TCA, is required to deduct tax at source @ _____.
- a) 25%
b) 30%
c) 10%
d) 15%
25. The rate of tax deductible at source on the interest income paid to non-residents by real estate investment trust (REIT) would be _____.
- a) NIL
b) 5%

- c) 10%
d) 30%
26. BG(P) Ltd. received royalty 10 lakhs in respect of a patent developed and registered in India. The income-tax payable on the royalty shall be at _____.
- a) 10%
b) 15%
c) 20%
d) 30%
27. The provisions of Alternate Minimum Tax (AMT) will be applicable when the adjusted total income of the individual taxpayer exceeds _____.
- a) ₹ 10,00,000
b) ₹ 20,00,000
c) ₹ 50,00,000
d) ₹ 1,00,00,000
28. A company engaged in manufacturing activity opted for section 115BAB. What is the maximum rate of depreciation applicable for the assets owned by it?
- a) 15%
b) 25%
c) 40%
d) 45%
29. Which of the following incomes of a registered trade union is exempt from tax?
- a) Income from house property
b) Income from other sources
c) All of these
d) None of these
30. Robello Ltd. engaged in manufacturing activity was incorporated on 05.06.2022. Its total income for the previous year 2024-25 was 35 lakhs. How much is its income-tax liability including surcharge and cess for the assessment year 2025-26. if it has opted for section 115BAB?
- a) ₹ 5,25,000
b) ₹ 6,00,600
c) ₹ 5,46,000
d) ₹ 7,98,000
31. The total income of Minerals (P) Ltd. a trading company, computed as per the normal provisions of Income-tax Act is 8,40,000 for the year ended 31 March, 2025. The annual turnover of Minerals (P) Ltd. was always less than 10 crores. Book profit of the company computed as per the provisions of section 115JB is 18,40,000. What would be the final tax liability of the company for the assessment year 2025-26? Note: Ignore surcharge and cess.
- a) ₹ 2,52,000
b) ₹ 2,76,000

- c) ₹ 2,10,000
d) ₹ 2,25,000
32. 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 _____.
- a) 15.50%
b) 18.00%
c) 15.00%
d) 20.00%
33. 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.
- a) Schedule V
b) Schedule IV
c) Schedule III
d) Schedule II
34. 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
- a) 29
b) 29A
c) 29B
d) 29C
35. While computing book profit u/s 115JB, one of the following is required to be reduced from the net profit
- a) Unabsorbed Depreciation as per books of account
b) Brought forward business loss as per books of account
c) Brought forward loss or unabsorbed depreciation, whichever is less as per books of account
d) Income-tax paid or payable if not already debited to the Statement of Profit and Loss
36. 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 ____.
- a) 15.50%
b) 18.00%
c) 15.00%
d) 20.00%
45. Minimum alternate Tax is

- a) Tax Imposed on companies which pays zero or no tax
b) Minimum income tax on individual
c) Tax paid on Luxury goods
d) Surcharge on High Net worth Individual
46. Period up to which AMT credit can be carried forward
- a) 10 Years
b) 12 Years
c) 15 Years
d) 8 Years
47. 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 2025-26. The gross receipts of X Ltd. for PY 2022- 23 is Rs. 260 Crore. The tax liability of X Ltd. For AY 2025-26 is -
- a) Rs.2,68,25,000
b) Rs. 2,68,50,000
c) Rs. 2,91,49,120
d) Rs.3,34,88,000
48. Ganesh (P) Ltd. is engaged in manufacturing activity. It is covered by section 115BA. For the assessment year 2025-26, its total income computed as per section 115BA is 24 lakhs and its book-profit computed as per the provisions of section 115JB is ₹ 45 lakhs. How much is the final tax liability of Ganesh (P) Ltd. (including Surcharge and HEC)?
- a) ₹ 6,24,000
b) ₹ 3,74,400
c) ₹ 7,02,000
d) ₹ 9,36,000
49. Napa Ltd. earned ₹ 15 lakhs by way of transfer of carbon credit. The tax liability in respect of carbon credit is _____.
- a) ₹ 1,56,000
b) ₹ 2,34,000
c) ₹ 4,68,000
d) Nil
50. Vinayak (P) Ltd. has total income (computed) of ₹ 32,00,000 for the assessment year 2025-26. It has not opted sections 115BA or 115BAA or 115BAB. Its annual turnover was always less than ₹ 50 crores. How much is the income tax payable by Vinayak (P) Ltd. for the assessment year 2025-26 (including surcharge and HEC)?
- a) ₹ 8,32,000
b) ₹ 9,98,400
c) ₹ 10,98,240
d) ₹ 13,31,200

TRUST

1. 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?
 - a) No, due to provision of section 2(15) it loses the status of charitable
 - b) Yes, provided such business is incidental to the attainment of the object of the trust.
 - c) Yes, provided separate books of account are maintained in respect of such income.
 - d) Yes, but subject to (B) and (C) above
2. A wholly religious trust registered under section 12AA received Rs. 5 lakhs by way of anonymous donation. The trust spent Rs.3.50 lakhs towards renovation of temple building owned by it. How much is the tax payable by the trust in respect of the anonymous donation?
 - a. NIL
 - b. Rs.45,000
 - c. Rs.1,50,000
 - d. Rs.60,000
3. Mahan Charitable Trust (registered under section 12AA) is engaged in running education institutions. It paid Rs.5 lakhs to Malar Charitable Trust (registered under section 12AA) as corpus donation out of its income of the previous year 2024-25. The amount of corpus donation is
 - a. Taxable in the hands of both the trusts.
 - b. Exempt in the hands of both the trusts.
 - c. deductible for prayer as application and taxable for the payee.
 - d. not deductible for prayer as application but exempt for payee.
4. Tripti Charitable Trust registered under section 12AB paid rent for premises at '30,000 per month by cash it also did not deduct tax on salary paid to its manager amounting to '9,80,000 for the previous year 2024-25. The total income of the Assessee would be increased by _____ because of the above said transactions.
 - a. ' 3,60,000
 - b. ' 6,54,000
 - c. '8,40,000
 - d. '2,52,000
5. The registration of a charitable trust can be cancelled under section 12AA by the:
 - a. Assessing officer
 - b. Commissioner of Income -tax
 - c. Chief Commissioner of Income -tax
 - d. Central Board of Direct Taxes
6. An application under Section 12AB of the Income-tax Act for registration of a charitable or religious trust or institution is to be disposed of by the Principal Commissioner of Income-tax or Commissioner of Income-tax, by passing an order before the expiry of

- a. 3 months from the end of the month in which the application for registration was received.
 - b. 6 months from the date of submission of application by the trust or institution.
 - c. 6 months from the date of completion of enquiry by the Principal Commissioner of Income-tax or Commissioner of Income-tax.
 - d. 6 months from the end of the month in which application for registration was received.
7. For the assessment year 2017-18 on words, the following has been included in the definition of "Charitable purpose" under the Income-tax Act, 1961:
 - a. Meditation
 - b. Yoga
 - c. Transcendental meditation
 - d. None of the above
 8. Tripti Charitable Trust registered under section 12AB paid rent for premises at 30,000 per month by cash. It also did not deduct tax on salary paid to its manager amounting to 4,80,000 for the previous year 2024-25. The total income of the assessee would be increased by _____ because of the above said transactions.
 - a. '3,60,000
 - b. '5,04,000
 - c. '8,40,000
 - d. '2,52,000
 9. A wholly religious trust registered under section 12AA received 5 lakhs by way of anonymous donation. The trust spent '3.50 lakhs towards renovation of temple building owned by it. How much is the tax payable by the trust in respect of the anonymous donation?
 - a. NIL
 - b. '45,000
 - c. '1,50,000
 - d. '60,000
 10. For the previous year ended 31.03.2025, a public charitable trust, registered under section 12AB, derived income of '10 lakhs from properties held under trust and '15 lakhs, being voluntary contributions from public, out of which '8 lakhs were applied for charitable purposes and '4 lakhs towards repayment of loan taken for construction of orphanage. The amount of '4 lakhs was not claimed as application in any earlier previous year. The total income of the trust for A.Y.2025-26 is-
 - a. '13,00,000
 - b. '9,25,000
 - c. '13,25,000
 - d. '17,00,000

TAX PLANNING

1. When a company claimed bogus salary expenditure of Rs. 3 lakhs in order to reduce its income chargeable to tax, it is called as _____.
 - a) Tax planning
 - b) Tax management
 - c) Tax avoidance
 - d) Tax evasion
2. Filing return of income within prescribed time limit is _____.
 - a) tax evasion
 - b) tax avoidance
 - c) tax planning
 - d) tax management
3. A is using a motor car for his personal purposes, but charges as business expenditure. This is the case of _____.
 - a) Tax Avoidance
 - b) Tax Planning
 - c) Tax Evasion
 - d) Tax Management
4. Countries that employ explicit policies designed to attract international trade oriented activities by minimization of taxes and reduction or elimination of other restrictors on business operations is described as _____.
 - a) Tax Havens
 - b) Tax Planning
 - c) Tax Evasion
 - d) Tax Management
5. In respect of which are tax planning cannot be attempted at the time of setting -up of new business entity
 - a) Form of organization
 - b) Locational aspects
 - c) Nature of business
 - d) Corporate restructuring
6. Filing return of income within prescribed time limit is _____.
 - a) tax planning
 - b) tax management
 - c) tax evasion
 - d) tax avoidance
7. What are the objectives of tax planning:
 - a) reduction of tax liability through proper utilization of choices and options given under

- the Income - tax Act
 - b) economic stability by way of productive investment by the tax payer
 - c) both (a) and (b)
 - d) maximization of litigation
8. It is an exercise by which the Assessee legally takes advantage of the loopholes in the Act. It is _____.
 - a) tax avoidance
 - b) tax management
 - c) tax planning
 - d) tax evasion
9. An exercise undertaken to minimize tax liability through the best use of all available allowances, deductions, exclusions, exemptions, etc., to reduce income -tax liability is known as _____.
 - a) Tax evasion
 - b) Tax planning
 - c) Tax avoidance
 - d) Tax dodging
10. Payment of advance tax on or before due date is termed as _____.
 - a) Tax planning
 - b) Tax management
 - c) Tax avoidance
 - d) None of the above
11. Dave Ltd., an Indian company, deducts TDS from salary of its employees. To avoid interest and penalty, it always deposits the TDS to the credit of the Central Government 5 days before the prescribed 'due date'. What would you call this act of remittance of TDS amount?
 - a) Tax Planning
 - b) Tax Evasion
 - c) Tax Avoidance
 - d) Tax Management
12. A is using a motor car for his personal purposes, but charges as business expenditure. This is the case of _____.
 - a) Tax Avoidance
 - b) Tax Planning
 - c) Tax Evasion
 - d) Tax Management
13. Swami sold his residential house on 21st April, 2024 for ₹ 110 lakhs and earned long- term capital gains of ₹ 60 lakhs. He bought a new residential house in March, 2025 for ₹ 55 lakhs in order to claim eligible exemption under the Income-tax Act. What would

you call this action of Swami reinvesting the long-term capital gain by way of acquisition of a new residential house?

- a) Tax Planning
 - b) Tax Evasion
 - c) Tax Management
 - d) Tax Avoidance
14. Tax haven is a place where -
- a) Tax rates are very high
 - b) There is no tax on income
 - c) Tax rates are very low
 - d) There is no tax on income or tax rates are very low

GAAR

1. GAAR provisions shall not apply to _____.
 - a) an arrangement where the tax benefit in the relevant assessment year arising, in aggregate, to all the parties to the arrangement does not exceed a sum of ₹ 3 crore.
 - b) 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.
 - c) 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.
 - d) None of the above.
2. How much is the minimum tax effect that should be involved to invoke GAAR provisions?
 - a) No minimum limit
 - b) 3 crores
 - c) 2 crores
 - d) ₹50 lakhs
3. General Anti Avoidance Rule (GAAR) is applicable from _____.
 - a) 01-04-2018
 - b) 01-04-2017
 - c) 01-07-2017
 - d) 01-07-2018
15. GAAR stands for -
 - a) Government anti- avoidance rules
 - b) General anti- avoidance rules
 - c) General agreement- avoidance rules
 - d) Government anti- agreement rules

EQUALIZATION LEVY

1. Equalization levy should be deducted if the aggregate amount of consideration paid or payable to a non-resident for specified service in a previous year exceeds:
 - a) Rs. 1,00,000
 - b) Rs. 1,50,000
 - c) Rs. 50,000
 - d) Rs. 1,00,00,000.
2. Mr. Rayon, a resident individual made an advertisement in a website (owned by a non-resident company) for sale of his house property at Chennai for which he paid ₹ 2,20,000. How much is the amount to be deducted by way of equalization levy by Mr. Rayon?
 - a) 13,200
 - b) ₹ 7200
 - c) 6,600
 - d) No equalization levy needs to be deducted
3. When an Indian company pays Rs. 25 lakhs to a foreign company for online advertisement of its products, it has to deduct _____.
 - a) equalization levy @ 6%
 - b) equalization levy @ 8%
 - c) tax at source @ 10%
 - d) tax at source @ 2%
4. When an Indian company pays Rs. 5 lakhs to a foreign company for online advertisement of its products, it has to deduct _____.
 - a) Tax at source 2%
 - b) Tax at source 10%
 - c) equalization levy 6%
 - d) equalization levy 8%
5. Vikash has advertised on Facebook to promote his business of coaching. He is required to pay Rs. 20,000 in the previous year 2024-25 to Facebook for the advertising services availed. What amount is required to be deducted as equalization levy.
 - a) ₹ 1,200
 - b) ₹ 800
 - c) ₹ 400
 - d) Nil
6. Equalization levy u/s 165 shall be payable @ _____ of the consideration for any specified service received or receivable by a person, being a non-resident.
 - a) 5%
 - b) 6%

- c) 7.5%
 - d) 12%
7. If a person makes a false statement in any verification or delivers an account or statement, which is false, and which he either knows or believes to be false, or does not believe to be true, he shall be punishable with imprisonment for a term which may extend to:
 - a) 3 years and with fine
 - b) 7 years and with fine
 - c) 6 months and with fine
 - d) 2 years and with fine
8. When an Indian company pays 5 lakhs to a foreign company for online advertisement of its products, it has to deduct
 - a) tax at source @ 2%
 - b) tax at source @ 10%
 - c) equalization levy @ 6%
 - d) equalization levy @ 8%
9. Ramesh & Co. paid 5 lakhs to Wave Inc. a foreign company not having a PE in India towards online digital advertisement charges. How much is the amount payable by Ramesh & Co. as equalization levy for the payment made?
 - a) 30,000
 - b) 31,200
 - c) Nil
 - d) 12,000
10. Equalization levy shall be payable @ _____.
 - a) 6%
 - b) 5%
 - c) 2%
 - d) None of the above

LIABILITIES IN SEPCIAL CASES

1. As per section 178(3), the _____ of a company has to intimate the tax authority before the parts with any of the assets of the company of the properties in hit hands and has to vel aside the amount if any intimated to him by the fox authorities.
 - a. Managing Director
 - b. Manager
 - c. Chartered Accountant
 - d. Liquidator
2. Tonnage taxation scheme is applicable in case of:
 - a. Shipping business
 - b. Aircraft operation business
 - c. Road transport business
 - d. All of the above
3. As per sec. 115VG, daily tonnage income of a qualifying ship having net tonnage up to 1000 ton is:
 - a. ₹ 60 for each 100 tons
 - b. ₹ 65 for each 100 tons
 - c. ₹ 70 for each 100 tons
 - d. ₹ 72 for each 100 tons

BLACK MONEY

1. The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 extends to:
 - a) Whole of India except the state of Jammu and Kashmir
 - b) Whole of India
 - c) Whole of India except the state of Arunachal Pradesh
 - d) Whole of India except the state of Jammu and Kashmir & Assam
2. The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 provides that tax @ _____ % shall be charged on every Assessee for every assessment year in respect of total undisclosed foreign income and asset of the previous year.
 - a) 30
 - b) 20
 - c) 60
 - d) 50
3. Any variation made in the income from a source outside India in the assessment or reassessment of the total income of any previous year, of the Assessee under the Income tax Act in accordance with the provisions of section 29 to section 43C (Profits and ga ins of business or profession) or section 59 (Income from other sources) or section 92C (Transfer pricing) of the said Act, _____ included in the total undisclosed foreign income.
 - a) shall not be
 - b) shall
 - c) may be
 - d) are
4. As per sec. 5, in computing the total undisclosed foreign income and asset of any previous year of an Assessee:
 - a) No deduction in respect of any expenditure or allowance or set off of any loss shall be allowed
 - b) Deduction in respect of any expenditure or allowance or set off of any loss shall be allowed
 - c) Deduction in respect of any expenditure or allowance shall be allowed but set off of any loss shall not be allowed
 - d) No deduction in respect of any expenditure or allowance shall be allowed but set off of any loss shall be allowed
5. As per sec. 10, return is _____
 - a) required to be furnished in Form 1
 - b) not required to be filed under this Act

- c) required to be furnished in Form 2
d) None of the above
6. The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 extends to _____.
- a) Whole of India
b) Whole of India excluding Jammu and Kashmir
c) Whole of India excluding Jammu and Kashmir and Arunachal Pradesh
d) None of the above
7. The rate of tax provided by the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 is _____.
- a) 30%
b) 60%
c) 50%
d) None of the above
8. Kailash is a resident individual who owns an apartment in Singapore acquired on 19.08.2021. He had disclosed only 60% of its value in his income-tax returns. The Assessing Officer received this information of partial non-disclosure on 18.02.2025 and issued a notice under section 10 of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 on 10.04.2025. What would be value of asset liable to tax under the said Act?
- a) Fair Market Value of the asset as on 19.08.2021
b) 40% of fair market value of the asset as on 19.08.2021
c) 40% of fair market value of the asset as on 01.04.2025
d) 40% of fair market value of the asset as on 01.04.2024

DTAA

1. In respect of DTAA generally India follows _____.
- a) UN Model
b) UK Model
c) OECD Model
d) US Model
2. Which model of DTAA, does Government of India generally follow in its treaty with other countries?
- a) UK Model
b) US Model
c) UN Model
d) OECD Model
3. '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 _____.
- a) Economic Double Taxation, DTAA
b) Economic Double Taxation, Mutual Agreement Procedure
c) Jurisdictional Double Taxation, DTAA
d) Jurisdictional Double Taxation, Mutual Agreement Procedure
4. In respect of DTAA, generally, India follows:
- a) UN Model
b) UK Model
c) OECD Model
d) US Model
5. Sec. 91 deals with _____.
- a) Bilateral Relief
b) Unilateral Relief
c) Both (a) and (b)
d) None of the above
6. Sec.91 deals with
- a) Bilateral Relief
b) Unilateral Relief
c) Both (a) and (b)
d) None of the above
7. 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 _____.
- a) Economic Double Taxation, DTAA
b) Economic Double Taxation, Mutual Agreement Procedure

- c) Jurisdictional Double Taxation, DTAA
d) Jurisdictional Double Taxation, Mutual Agreement Procedure
8. Which Model of DTAA is generally followed by India when it enters into double taxation avoidance agreements with other countries?
- a) UN Model
b) UK Model
c) US Model
d) OECD Model
9. For Roberts Inc. of Italy which of the following would mean that it has a Permanent Establishment (PE) in India?
- a) Use of facilities solely for the purpose of storage or display of goods belonging to the enterprise.
b) Operating a factory in India.
c) Maintenance of goods belonging to the enterprise solely for the purpose of processing by another enterprise.
d) Maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise or of collecting information, for the enterprise.
10. In the context of Double Taxation Avoidance Agreements, the term "permanent establishment" means a fixed place of business through which the business of an enterprise is wholly or partly carried on. The term "permanent establishment" does not include:
- a) a mine, an oil or gas well, a quarry or any other place of extraction of natural resources
b) a workshop
c) The maintenance of a fixed place of business solely for the purpose of advertising, for the supply of information, for scientific research, or for similar activities which have a preparatory or auxiliary character, for the enterprise.
d) a farm, plantation or other place where agricultural, pastoral, forestry or plantation activities are carried on
11. Akash, a resident Indian, has earned an income of US dollars equivalent to ₹4 lakh in the P.Y. 2024-25 by way of lump sum consideration for copyright of a book, being a work of literary nature, from a publisher in Country E, with which India does not have a DTAA. The same has been taxed at a flat rate of 5% in Country E. The amount has been remitted to India in March, 2025. His gross total income as per the Income- tax Act, 1961 for A.Y. 2025-26 is ₹7 lakhs. What would be the deduction available under section 91 for A.Y. 2025-26 assuming that Akash exercises the option to shift out of the default tax regime under section 115BAC?
- a) ₹ 20,000
b) ₹ 7,725
c) ₹1,950
d) Nil

NON - RESIDENT

1. Dhananjay is a person of Indian origin living in country X for the past 15 years. He visited India every year and stayed for 65 days. He returned to India permanently in May, 2024. His total income consists of (i) income in country X controlled from India ₹ 18 lakhs; (ii) loss from business in country Y managed by his brothers on his behalf ₹ 7 lakhs; and (iii) income in India ₹ 10 lakhs. Assume that there is no DTAA between India and country X and country Y and there is no income-tax in both those countries. How much is his total income liable to tax in India?
- a) ₹ 28 lakhs
b) ₹ 21 lakhs
c) ₹ 10 lakhs
d) ₹ 8 lakhs
2. Any person, responsible for paying income by way of interest by an infrastructure debt fund referred to in sec. 10(47) to a non-resident or a foreign company, is responsible to deduct tax at source @ _____
- a) 20% (+ Surcharge + HEC)
b) 30% (+ Surcharge + HEC)
c) 5% (+ Surcharge + HEC)
d) 40% (+ Surcharge + HEC).
3. Special rate of tax as provided in sec. 115A on interest on infra-bond being issued to non-resident is:
- a) 5%
b) 20%
c) 10%
d) 15%
4. Royalty of ₹ 10 lakh received by a foreign company from an Indian concern in pursuance of an agreement approved by the Central Government in the previous year 2024-25. What will be tax liability of the company u/s 115A(1)(b) _____.
- a) Nil
b) ₹2,08,000
c) ₹4,16,000
d) None of the above
5. X Marine Lines Inc a Singapore company engaged in shipping business collected ₹ 150 lakhs towards carrying goods home Chennai Port. Its presumptive income chargeable to tax in India would be
- a) 15 lakhs
b) 11.25 lakhs
c) 12 lakhs
d) Nil
6. Sec. 44B of the Income- tax Act relates to the -

- a) shipping business (other than cruise ships) in the case of non-resident assessee
 b) foreign company engaged in the business of turnkey power project
 c) business of operation of aircraft of non-resident assessee
 d) business of exploration of mineral oils of non-resident assessee
7. Section 115A to section 115BBD provides special tax rates on certain income of non-resident. Some of these provisions also states that assessee is not required to furnish return of income if his total income consists of such specified income only and tax has been deducted from such income. Following section(s) have such provision?
- a) Sec. 115AC
 b) Sec. 115BBA
 c) Both (a) and (b)
 d) None of the above
8. Section 44C of the Income tax Act imposes restriction on deduction in respect of head office expenditure in the case of non-residents. As per such provision, head office expenditure cannot exceed:
- a) 5% of adjusted total income
 b) 3% of adjusted total income
 c) 8% of adjusted total income
 d) 10% of adjusted total income
9. Royalty or fees for technical services (other than income covered u/s 44DA) received by a non-resident is taxable at the rate of _____.
- a) 20%
 b) 10%
 c) 25%
 d) 5%
10. Income of a non-resident sportsman by way of participation in India in any game or sport is taxable at the rate of _____.
- a) 20%
 b) 25%
 c) 10%
 d) not taxable in India
11. As per sec. 115ACA, long term capital gain in hands of resident individual on transfer of GDR of an Indian company engaged in specified knowledge-based industry or service shall be taxable at the rate of _____. (if transfer date is 05/05/2024)
- a) 10%
 b) 20%
 c) 5%
 d) Exempt
12. The rate of tax u/s 115AD, on short-term capital gains arising from the transfer of equity shares in a listed company or a unit of an equity-oriented funds where such transaction is chargeable to securities transaction tax (STT) is _____. (if transfer

- date is 20/06/2024)
- a) 15%
 b) 10%
 c) 20%
 d) 25%
13. As per sec. 115JG, capital gain arising from conversion of an Indian branch of foreign company into Indian subsidiary company is not chargeable to tax subject to certain conditions. In this context, you are requested to choose business of foreign company for which such section provides such relief
- a) business of operation of aircraft
 b) business of shipping
 c) business of banking
 d) any business
14. Any person who is responsible for paying interest (at the rate notified by the Central Government) to a person being a Foreign Institutional Investor or a Qualified Foreign Investor in respect of investment made by the payee in a rupee denominated bond of an Indian company, is liable to deduct tax @ _____.
- a) 5%
 b) 10%
 c) 20%
 d) 30%
15. In case of a company which is not an Indian company, the determining factor for its residential status under the Income-tax Act, 1961 is _____.
- a) whether there is a Permanent Establishment in India.
 b) whether at least one executive director is a resident in India.
 c) whether the place of effective management is in India.
 d) None of the above.
16. For an Indian citizen being a member of a ship bound for foreign trip leaving India, for prescribing the manner of computation of stay for determining the residential status under Income-tax Act, _____ has been authorized.
- a) Central Government
 b) Parliament
 c) CBDT
 d) None of the above
17. Mr. Xavier (age 55) a non-resident individual received dividend of 12 lakhs from Fair Trading Co (P) Ltd. in August, 2023. He has no other income in India. His tax rate for the dividend income u/s 115A(1)(a) would be _____.
- a) Nil
 b) 5%
 c) 10%
 d) 20%

18. Robert (non-resident), a famous tennis player, came to India to play in a tennis tournament. He stayed in India for 31 days during the financial year 2024-25. He earned 10,00,000 as participation fee from the organizers of the tournament. He earned no other income in India during the financial year 2024-25. How much is the tax deductible at source under section 194E for the income earned by Robert in India?
- 3,12,000
 - 2,08,000
 - 1,04,000
 - No tax is deductible on such payment to non-resident sportsman.

ADVANCE RULING

- The authority for advance ruling will not allow consideration of any question involving determination of _____ any property.
 - Income
 - reasonable expected rent
 - fair market value
 - none of the above
- An application for advance ruling by a resident applicant for determination of his tax liability arising out of one or more transactions valuing Rs. 100 crore or more in total which has been undertaken or is proposed to be undertaken by him is to be made in Form No _____.
 - 34D
 - 34DA
 - 34E
 - 34EA
- Provisions relating to advance ruling are provided in sections _____.
 - 80C to 80U
 - 245A to 245L
 - 237 to 245
 - 245N to 245V
- A resident applicant seeking advance ruling in relation to a transaction undertaken or proposed to be undertaken by him with a non-resident may make an application stating the question on which the advance ruling is sought in Form No _____.
 - 34C
 - 34D
 - 34DA
 - 34E
- An application for advance ruling under section 245Q (1) of the Income-tax Rules, 1962 should be made in _____.
 - Form No. 34B
 - Form No. 43
 - Form No. 34C
 - Form No. 3AA
- The authority for advance ruling is required to pronounce its advance ruling in writing within _____ from the date of application.
 - 150 days
 - 120 days
 - 60 days

d) None of these

7. Little Co. Ltd., Delhi, proposes to enter into a transaction for purchase of raw material from UK and sale of finished goods to its group company located in Australia. It has obtained advance ruling in respect of the transactions but it is aggrieved with the ruling given by Board for Advance Rulings. What is the legal remedy available to Little Co. Ltd?
- File an appeal before Commissioner (Appeals) against the ruling.
 - File an appeal before ITAT against the ruling.
 - File an appeal before High Court against the ruling.
 - File a revision petition under section 264 with Commissioner.

TRANSFER PRICING

- in which of the following method, multiple year data for determination of arm's length price is not applicable?
 - Cost Plus Method
 - Resale Price Method
 - Profit Split Method
 - Comparable Uncontrolled Price Method
- When an Advance Pricing Agreement is entered between the taxpayers, the tax administration of the host country and the foreign tax administration, it is called:
 - Unilateral Advance Pricing Agreement
 - Bilateral Advance Pricing Agreement
 - Multilateral Advance Pricing Agreement
 - None of the above.
- 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
- Section _____ deals with methods of computation of arm's length price.
 - 94
 - 93
 - 92C
 - 91
- 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
- Safe Harbour Rules are relevant in the context of _____.
 - Maritime Law (Maintenance of sea harbors in a safe manner).
 - Customs Act, 1962
 - Transfer pricing.
 - None of the above.
- M/s. KLM Ltd. a company having international transactions of Rs. 7 crores related to purchase of raw materials from its subsidiary company. M/s. BL Inc., in USA. M/s. KLM Ltd. is required to keep and maintain certain information and documents under section 92D for period of _____ years.

- a) five
b) eight
c) Ten
d) fourteen
8. Rock Ltd., of Country W is engaged in manufacture of mobile handsets. It has a branch in Delhi through which it sold its goods in India. It decided to make direct sale of same quality of mobile handsets to Indian customers without the support of the branch located in Delhi. Its gross profit was 10% for sale through branch and 20% from direct sale to Indian customers. Under which of the following, the profit from direct sale to customers in India is taxable as the income of the branch?
- a) Force of Attraction Rule
b) Limitation of Benefit Clause
c) Berry Rule
d) Controlled Foreign Company Rule
9. Under which of the following methods, arm's length price shall be the arithmetical mean of all values included in the dataset, irrespective of the number of entries in the dataset [Note: You may assume that the variation between the arm's length price computed and the transaction price is 15%.
- a) Resale Price Method
b) Profit Split Method
c) Cost Plus Method
d) Transactional Net Margin Method
10. Gee Ltd. accepted primary adjustment of ₹ 140 lakhs made by the Assessing Officer in respect of goods sold by it to its associated enterprise (AE) in Singapore. It has an AE in USA also. As regards repatriation of funds to be made which of the following statements is valid?
- a) Only the AE in Singapore can repatriate funds.
b) The AE in the USA alone can repatriate the funds
c) Repatriation can be done by any of the AEs, at the option of the Assessee
d) Repatriation can be done by any of the AEs, with the prior approval of the PCIT
11. 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 _____.
- a) 2%
b) 1%
c) 5%
d) 3%

12. Information and documents required to be maintained u/s 92D shall be kept and maintained for a period of _____ from the end of the relevant assessment year.
- a) 8 years
b) 5 years
c) 10 years
d) 16 years
13. Advance Pricing Agreement shall be valid for such period not exceeding _____ consecutive previous years as may be specified in the agreement.
- a) 5
b) 3
c) 10
d) 2
14. 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.
- a) 90
b) 91
c) 92
d) 90A
15. When interest paid by an Indian company to a foreign company being an associated enterprise, such interest must not exceed _____% of the Indian company's earnings before interest, taxes, depreciation and amortization (EBITDA)
- a) 10
b) 20
c) 30
d) 40
16. Secondary adjustment has to be made when the primary adjustment exceeds _____.
- a) ₹50 lakhs
b) ₹100 lakhs
c) ₹300 lakhs
d) ₹500 lakhs
17. 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 _____.
- a) 2%
b) 1%
c) 5%
d) 3%

18. Uncontrolled transaction means a transaction between _____, whether resident or non-resident
- enterprises other than associated enterprises
 - associated enterprises
 - any enterprises
 - none of the above
19. 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 Rs. _____
- 100 crores
 - 5 crores
 - 10 crores
 - 20 crores
20. M/s KLM Ltd a company having international transactions of crores related to purchase of raw materials from its subsidiary company M/s BL Inc., in USA M's KLM Lid is required to keep and maintain certain information and documents under section 92D for period of _____ years.
- 8
 - 10
 - 5
 - 14
21. 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 Rs. _____.
- 100 crores
 - 5 crores
 - 10 crores
 - 20 crores
22. 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
23. The credit for tax paid _____ should be allowed in the year in which the foreign taxed income is _____ in India.
- overseas, remitted
 - overseas, doubly taxed
 - income, doubly taxed
 - income, remitted Reason

24. Relief from double taxation is provided by way of -
- Bilateral Relief
 - Unilateral Relief
 - Both (a) and (b)
 - None of the above
25. Where there is double taxation avoidance agreement exists with particular foreign country, relief from double taxation on income from such country is available under section _____.
- 90
 - 90A
 - 91
 - 92
26. Generally, in Indian context, the term permanent establishment" means a fixed place of business through which the business of an enterprise is wholly or partly carried on. The term "permanent establishment" shall also include _____.
- The use of facilities solely for the purpose of storage or display of goods or merchandise belonging to the enterprise
 - the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage or display
 - a warehouse in relation to a person providing storage facilities for others
 - the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise
27. Transfer Pricing provisions are applicable if -
- There is an international transaction between associated enterprises
 - There is an international transaction between two enterprises and the transaction is not at arm's length price
 - There is an international transaction between any two parties
 - None of these
28. As per section 92B of the Income- tax Act, international transaction means a transaction between two or more associated enterprises, _____ are non-residents, of specified nature
- either or both of whom
 - both of whom
 - one of whom
 - none of them
29. An advance pricing agreement shall not be valid for more than _____.
- 3 Years

- b) 5 Years
c) 4 Years
d) 7 Years
30. As per provision of sec. 92A, two enterprises shall be deemed to be associated enterprises if, at any time during the previous year fulfill any of the prescribed conditions. In this context fill in the blanks of the following condition:
The manufacture or processing of goods or articles or business carried out by one enterprise is dependent on _____ the use of know-how, patents, copyrights, trade - marks, licenses, franchises or any other business or commercial rights of similar nature, or any data, documentation, drawing or specification relating to any patent, invention, model, design, secret formula or process, of which the other enterprise is the owner or in respect of which the other enterprise has _____.
- a) wholly or partially; exclusive rights
b) wholly; exclusive rights
c) 90%; exclusive rights
d) wholly; 90% rights
31. The following methods as per section 92C are used in determination of arm's length prices for international transactions and specified domestic transaction except _____.
- a) Comparable uncontrolled price method
b) Resale price method
c) Cost method
d) Transactional net margin method
32. The monetary limit for aggregate transactions between two enterprises to fall in the category of specified domestic transaction is _____.
- a) ₹ 5 crore
b) ₹ 3 crore
c) ₹ 20 crore
d) ₹ 25 crore
33. 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 _____.
- a) 2%
b) 1%
c) 5%
d) 3%
34. Ramji Ltd. entered into international transactions during the previous year 2024-25 for a sum exceeding 10 crores. It has omitted to furnish report from an accountant as required under section 92E. What is the quantum of penalty leviable for the failure to

- furnish report from the accountant?
- a) 50,000
b) 1,00,000
c) 1,50,000
d) 0.5% of the transactions being ₹ 5,00,000
35. In the assessment of Amit (P) Ltd. there was increase in income by way of arm's length price adjustment of 200 lakhs. The Assessee decided to pay additional income-tax instead of making secondary adjustment. What is the tax rate at which the additional income-tax is payable by the Assessee?
- a) 10.92%
b) 16.692%
c) 20.9664%
d) 23.296%
36. Mesne (P) Ltd. engaged in international transactions entered into APA on 1 June, 2024. Its appeal before CIT (Appeals) was pending for the assessment year 2023-24 and the ITAT has given decision in favor of the Revenue for the assessment year 2022-23. It wants to avail rollback benefit. Assume that the returns of income of all the assessment years were filed before the 'due date' specified in section 139(1). For which of the assessment years the rollback benefit would be available?
- a) Assessment year 2020-21 to assessment year 2023-24
b) Assessment year 2021-22 to assessment year 2024-25
c) Assessment years 2021-22, 2022-23 and 2024-25
d) Assessment years 2021-22, 2023-24 and 2024-25
37. Srinath (P) Ltd. filed its return of income with Suo moto adjustment of (300 lakhs in respect of ALP of its transactions with its associated enterprise. Within how many days the amount of secondary adjustment must be repatriated to India in order to avoid interest under section 92 CE read with rule 10CB?
- a) Within 90 days from the end of the assessment year
b) Within 120 days from the date of filing ITR
c) Within 90 days from the 'due date' specified in section 139(1)
d) Within 30 days from the end of the assessment year
38. Gee Ltd. accepted primary adjustment of 140 lakhs made by the viii Assessing Officer in respect of goods sold by it to its associated enterprise (AE) in Singapore. It has an AE in USA also. As regards repatriation of funds to be made which of the following statements is valid?
- a) Only the AE in Singapore can repatriate funds.
b) The AE in the USA alone can repatriate the funds.
c) Repatriation can be done by any of the AEs, at the option of the Assessee.
d) Repatriation can be done by any of the AEs, with the prior approval of the PCIT.

39. Under which of the following methods, arm's length price shall be the arithmetical mean of all values included in the dataset, irrespective of the number of entries in the dataset?
[Note: You may assume that the variation between the arm's length price computed and the transaction price is 15%.]
- Resale Price Method
 - Profit Split Method
 - Cost Plus Method
 - Transactional Net Margin Method
40. In which of the following method, multiple year data for determination of arm's length price is not applicable?
- Cost Plus Method
 - Resale Price Method
 - Profit Split Method
 - Comparable Uncontrolled Price Method
41. M/s. KLM Ltd., a company having international transactions of ₹7 crores related to purchase of raw materials from its subsidiary company. M/s. BL Inc., in USA. M/S. KLM Ltd. is required to keep and maintain certain information and documents under Section 92D for period of _____ years.
- five
 - eight
 - ten
 - fourteen
42. Secondary adjustment has to be made when the primary adjustment exceeds _____.
- ₹50 lakhs
 - ₹100 lakhs
 - ₹300 lakhs
 - ₹500 lakhs
43. When interest paid by an Indian company to a foreign company being an associated enterprise, such interest must not exceed _____% of the Indian company's earnings before interest, taxes, depreciation and amortization (EBITDA).
- 10
 - 20
 - 30
 - 40
44. Beta Ltd. of Mumbai is subsidiary of Unity Inc. of USA. Beta Ltd. purchased goods from Unity Inc. Transfer pricing adjustment would arise between them when _____.
- Sale price is less than arm's length price.
 - Sale price is equal to Indian market price.

- Purchase price is more than arm's length price.
 - Purchase price is less than arm's length price.
45. An advance pricing agreement is valid for a period specified in APA but not exceeding _____ consecutive financial years.
- 1
 - 5
 - 3
 - 10
46. DEF Ltd., a company incorporated in USA holds 39% shares in L Ltd. an Indian Company. It also holds 35% shares of M Ltd., a company incorporated in Singapore. For the transfer pricing provisions, L Ltd. and M Ltd. Are _____.
- Not Associated enterprises because the shareholding of DEF Ltd., in each of these is less than 40%.
 - Not Associated enterprises because the shareholding of DEF Ltd., in each of these is less than 45%.
 - Associated enterprises because the shareholding of DEF Ltd., in each of these is more than 30%.
 - Associated enterprises because the shareholding of DEF Ltd., in each of these is more than 26%.
47. 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 crores
 - 5 crores
 - 10 crores
 - 20 crores
48. 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
49. Section _____ deals with methods of computation of arm's length price.
- 94
 - 93
 - 92C
 - 91
50. Arm's length price is to be determined by applying _____.

- a) Resale Price Method
 b) Fair Market Value Method
 c) Stamp Duty Value Method
 d) Indexed Cost of Acquisition Method
51. Advance Pricing Agreement shall be valid for such period not exceeding ----- consecutive previous years as may be specified in the agreement.
 a) 5
 b) 3
 c) 10
 d) 2
52. 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) ₹ 5,00,000
 b) 2% of the value of each international transaction or specified domestic transaction entered into by such person
 c) ₹ 1,00,000
 d) 1% of the value of each international transaction or specified domestic transaction entered into by such person
53. Uncontrolled transaction means a transaction between _____, whether resident or non-resident
 a) enterprises other than associated enterprises
 b) associated enterprises
 c) any enterprises
 d) none of the above
54. Information and documents required to be maintained u/s 92D shall be kept and maintained for a period of _____ from the end of the relevant assessment year.
 a) 8 years
 b) 5 years
 c) 10 years
 d) 16 years
55. 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 _____.
 a) 2%
 b) 1%
 c) 5%
 d) 3%
56. Section _____ deals with methods of computation of arm's length price.

- a) 94
 b) 93
 c) 92C
 d) 91
57. 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 ₹ _____
 a) 100 crores
 b) 5 crores
 c) 10 crores
 d) 20 crores
58. Two enterprises shall be deemed to be an associated enterprise when one enterprise directly holds shares carrying:
 a) 26% or less of the voting power in the other enterprise
 b) 25% of the voting power in the other enterprise
 c) 26% or more of the voting power in the other enterprise
 d) None of the above
59. Generally, two enterprises shall be deemed to be associated enterprise when one enterprise holds, directly or indirectly 26% or more _____ in the other enterprise
 a) Equity shares
 b) Preference Shares
 c) Compulsorily convertible debentures
 d) Non-convertible debentures
58. Two enterprises shall be deemed to be associated enterprises if a loan advanced by one enterprise to the other enterprise constitutes -
 a) 50% or more of the book value of the total assets of the other enterprise.
 b) Less than 50% of the book value of the total assets of the other enterprise
 c) More than 51% of the book value of the total assets of the other enterprise.
 d) 51% or more of the book value of the total assets of the other enterprise.
59. 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:
 a) Both are associated enterprises when the Y Inc. guarantees Rs 40 crores on behalf of Zero India
 b) Both are associated enterprises when the Y Inc. guarantees Rs 49 crores on behalf of Zero India
 c) Both are associated enterprises when the Y Inc. guarantees Rs 50 crores on behalf of Zero India
 d) Both are associated enterprises irrespective of amount of guarantee made by Y Inc.
60. Two enterprises shall be deemed to be associated enterprises when -
 a) 50% or less of raw materials and consumables required for the manufacturing of goods by one enterprise, are supplied by the other enterprise.
 b) At least 80% of raw materials and consumables required for the manufacturing of goods

- by one enterprise, are supplied by the other enterprise.
- c) 90% or more of raw materials and consumables required for the manufacturing of goods by one enterprise, are supplied by the other enterprise
- d) None of the above
61. **Under transfer pricing, International Transaction "Means"**
- a) Transactions between two or more Associated Enterprises either or both of whom are non-residents
- b) Transactions between three or more Associated Enterprises who are non-residents
- c) Transactions between two or more Associated Enterprises who are residents
- d) None of the above
62. **The International transaction shall be in nature of:**
- a) Purchase, sale or lease of tangible or intangible property
- b) Provision of services or lending or borrowing money; or
- c) Any other transaction having a bearing on the profits, income, losses or assets of the enterprises
- d) All of the above
63. **Failure to keep and maintain information and documentation as required by Section 92D would attract penalty u/s 271AA for:**
- a) @ 50% of the value of international transaction entered into by a taxpayer
- b) 2% of the value of international transaction or specified domestic transaction entered into by a taxpayer for which documents are not kept
- c) @ 2% of the value of all transactions entered into by a taxpayer
- d) None of the above
64. **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.**
- a) Rs 1 crore
- b) Rs 20 crore
- c) Rs 10 crore
- d) None of the above
65. **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:**
- a) Assessing Officer
- b) CIT(A)
- c) Both A and B
- d) None of the above
66. **Secondary Adjustment means:-**
- a) Any transfer pricing adjustment which is made on the basis of arm's length price of international transaction
- b) 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

- c) Any transfer pricing adjustment which is made on the basis of arm's length price of specified domestic transaction
- d) Both A and C
67. **Secondary Adjustment shall be made when Primary Adjustment to transfer price**
- a) has been made Suo motu by the assessee in his return of income
- b) has been made by the Assessing Officer but it was not accepted by the assessee
- c) has been determined by TPO
- d) None of the above
68. **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:**
- a) One-year marginal cost of lending fund of SBI as on April 1 of PY + 3.25%
- b) LIBOR as on September 30 of PY + 3%
- c) LIBOR as on September 30 of PY + 3.25 %
- d) None of the above
69. **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:**
- a) One-year marginal cost of lending fund of SBI as on April 1 of PY + 3.25%
- b) LIBOR as on September 30 of PY + 3%
- c) LIBOR as on September 30 of PY + 3.25 %
- d) None of the above
70. **The maximum validity period of Advance Pricing Agreement shall be:**
- a) 5 consecutive years
- b) 4 consecutive years
- c) 3 previous years
- d) 10 previous years
73. **The CBDT may declare Advance Pricing Agreement to be void ab initio, with the approval of Central Government where:**
- a) There is change in law after signing of Advance Pricing Agreement
- b) Advance Pricing Agreement has been obtained by way of fraud or misrepresentation of facts
- c) There is change in facts after signing of Advance Pricing Agreement
- d) All of the above
74. **The pre-filing consultation:**
- a) Shall not bind the CBDT or the proposed applicant to initiate APA process
- b) Shall be deemed to imply that the person has applied for entering into an APA.
- c) Is optional for person unleading to file an APA
- d) Both A and C

75. 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 months
 - 3 months
 - None of the above
76. Ram Ltd., Kolkata having international transactions exceeding Rs. 100 crores 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 crores
77. In the assessment 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 income-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%
78. 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
79. Income tax assessment under section 143(3) in the case of Mohit (P) Ltd. for the assessment year 2025-26 was completed with ALP adjustment of 200 lakhs being added to its total income. Mohit (P) Ltd. accepted the ALP adjustment in the assessment but does not want to make secondary adjustment. How much is the additional income-tax payable by Mohit (P) Ltd. to avoid making secondary adjustment in the books of account?
- ₹ 62,40,000
 - ₹ 52,00,000
 - ₹ 41,93,280
 - ₹ 37,44,000
80. The Assessing Officer (AO) referred an international transaction for 3 crores entered into by Anuj (P) Ltd. with HIJ Inc., an associated enterprise (AE). In the same financial year, Anuj (P) Ltd. has entered into similar transactions with AST LLP of Singapore, [an AE] for 4 crores, and with RST LLP of Hong Kong [also an AE], for 12 crores. What is

- the scope of power of the Transfer Pricing Officer (TPO) as regards determination of ALP in respect of international transactions entered into by Anuj (P) Ltd.?
- The TPO can determine ALP only in respect of the transaction which was referred to him by the AO.
 - The TPO can determine ALP in respect of any other international transaction whose value exceeded 5 crores, even though it was not referred to him.
 - The TPO can determine the ALP of any other international transaction whose value exceeded 10 crores, even though it was not referred to him.
 - The TPO can determine the ALP in respect of any other international transaction also, which comes to his knowledge, regardless of the value.
81. The order of the Transfer Pricing Officer in determining the arm's length price of an international transaction is binding on which of the following?
- Assessing Officer
 - Commissioner of Income-tax
 - Commissioner of Income-tax (Appeals)
 - Both Assessing Officer and Commissioner of Income-tax
82. Lekha & Co LLP having entered into international transactions did not obtain and furnish report from the accountant for the assessment year 2024-25. How much is the penalty leviable under section 271BA of the Act?
- ₹ 10,00,000
 - ₹ 5,00,000
 - ₹ 1,50,000
 - ₹ 1,00,000
83. What is Berry Ratio in relation to the computation of the arm's length price of an international transaction?
- Gross profit/Operating expenses
 - EBITDA/Shareholders funds
 - Net profit/Gross profit
 - Long term debts / Shareholders funds
84. While determining the ALP of the transactions between A Ltd., Mumbai and its holding company Bee Inc., UK, there was an addition of 300 lakhs to the total income of A Ltd. How much should be paid by way of tax (including surcharge and HEC) by A Ltd. in order to avoid secondary adjustment?
- ₹ 93,60,000
 - ₹ 62,89,920
 - ₹ 54,00,000
 - ₹ 46,80,000
85. Mittal Ltd., Pune exported goods to its holding company Glory Ltd., UK for ₹ 20 crore and it has failed to keep and maintain information and documents in respect of ₹ 5 crore. How much is the quantum of penalty leviable for such failure in the hands of Mittal Ltd.?
- ₹ 1,50,000

- b) ₹5,00,000
c) ₹10,00,000
d) ₹25,00,000
86. Which of the following method of computing arm's length price is not a "Transaction Based Method"?
- Comparable Uncontrolled Price Method
 - Resale Price Method
 - Cost Plus Method
 - Profit Split Method
87. Q is a foreign company having permanent establishment in India namely P. R, a non-resident associated enterprise, has invested ₹600 crores through debt in P. Earnings before interest, taxes, depreciation and amortization (EBITDA) of P during the financial year was ₹150 crores. What is the amount of interest allowable in respect of the debt assuming that the debt was invested on the first day of the financial year and the rate of interest is 10% p.a.?
- ₹45 crores
 - ₹90 crores
 - ₹60 crores
 - ₹15 crores
88. XYZ Ltd. has failed to report an international transaction entered into by it with PQR Inc., which is a specified foreign company in relation to XYZ Ltd. What would be the penalty leviable in this case?
- 200% of tax payable on under-reported income
 - 2% of the value of the international transaction
 - Both (a) and (b)
 - 50% of tax payable on under-reported income
89. B Ltd is a foreign company having permanent establishment in India namely A Ltd. C Ltd, a non-resident associated enterprise, has invested ₹900 crores through debt in A Ltd. Earnings before interest, taxes, depreciation and amortisation (EBITDA) of A Ltd during the financial year was ₹150 crores. What is the amount of interest allowable in respect of the debt assuming that the debt was invested on the first day of the financial year and the rate of interest is 10% p.a.?
- ₹45 crores
 - ₹90 crores
 - ₹30 crores
 - ₹27 crores

PENALTIES & PROSECUTION

- In case where it is found that a person has under-reported his income, the quantum of the amount is _____% of tax payable on such under-reported of penalty is income:
 - 10%
 - 50%
 - 100%
 - 200%.
- 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 for Rs. _____.
 - 1,000
 - 5,000
 - 7,500
 - 10,000
- Prosecution can be launched and the taxpayer can be punished if he commits willful failure to produce before the tax authorities the accounts and documents as demanded under section _____.
 - 154
 - 147
 - 143(1)
 - 142(1)
- An Assessee failed to pay to the credit of Central Government tax collected at source under section 206C. If the Assessee is prosecuted, what would be the term of imprisonment?
 - Imprisonment of minimum 3 months to maximum 3 years
 - Imprisonment of minimum 3 months to maximum 7 years
 - Imprisonment of minimum 6 months to maximum 3 years
 - Imprisonment of minimum 6 months to maximum 7 years
- A certificate issued by a registered valuer contained incorrect information. The CIT (Appeals) while giving appellate order can
 - Impose penalty of Rs. 1 lakh on registered valuer.
 - Not impose penalty on registered valuer
 - Impose penalty of Rs. 10,000 on registered valuer
 - Direct registered valuer to rectify the error.
- 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

- a) 1,00,000
b) 2,00,000
c) 5,00,000
d) 10,00,000
7. In case where it is found that a person has under-reported his income, the quantum of penalty is _____ % of the amount of tax payable on such under-reported income:
a) 10%
b) 50%
c) 100%
d) 200%
8. Failure to keep, maintain or retain books of accounts, etc., as required under section 44AA will attract minimum and maximum penalty of -
a) ₹ 25,000 and ₹ 25,000 respectively
b) ₹ 25,000 and ₹ 50,000 respectively
c) ₹ 50,000 and ₹ 50,000 respectively
d) ₹ 25,000 and ₹ 1,50,000 respectively
9. Failure to comply with notice u/s 143(2) will attract minimum and maximum penalty of -
a) ₹ 10,000 and ₹ 10,000 respectively
b) ₹ 5,000 and ₹ 10,000 respectively
c) ₹ 10,000 and ₹ 25,000 respectively
d) ₹ 5,000 and ₹ 5,000 respectively
10. Maximum penalty u/s 270A for misreporting or under-reporting of income is -
a) 200% of tax payable on misreported income
b) 50% of tax payable on misreported income
c) 3 times of the amount of tax payable on misreported income
d) 70% of the amount of tax payable on misreported income
11. Taking or accepting any loan or deposit in contravention of the provisions of sec. 269SS of the Income-tax Act attracts penalty which is equal to the amount of such loan or deposit. Such penalty is levied under section -
a) 271D
b) 271E
c) 271C
d) 271A
12. Relief under section 273A(1) regarding waiver of certain penalty levied under the Income-tax Act can be availed by the assessee _____ .
a) once in lifetime
b) twice in lifetime
c) any number of times as and when he satisfies the conditions of such provision

- d) none of the above
13. No order imposing a penalty shall be made by the Assistant Commissioner of the Income-tax or Deputy Commissioner of the Income-tax, where the penalty exceeds ₹ 20,000, except with the prior approval of the .
a) Joint Commissioner
b) Commissioner
c) Chief Commissioner
d) No approval from any higher authority is required
14. The Department is empowered to put on prosecution proceeding u/ s 276BB for failure to pay tax collected at source u/ s 206C to the credit of the Central Government. In such case minimum punishment shall be -
a) rigorous imprisonment for 3 months with fine
b) rigorous imprisonment for 6 months with fine
c) rigorous imprisonment for 12 months with fine
d) none of the above
15. Penalty for failure to furnish statement of financial transaction is
a) ₹5,000
b) ₹10,000
c) 200 for every day of delay
d) ₹500 for every day of delay
16. A certificate issued by a registered valuer contained incorrect information. The CIT (Appeals) while giving appellate order can _____.
a) impose penalty of 1 lakh on registered valuer.
b) not impose penalty on registered valuer.
c) impose penalty of 10,000 on registered valuer.
d) direct registered valuer to rectify the error.
17. An Assessee failed to pay to the credit of Central Government tax collected at source under section 206C. If the Assessee is prosecuted, what would be the term of imprisonment?
a) Imprisonment of minimum 3 months to maximum 3 years
b) Imprisonment of minimum 3 months to maximum 7 years
c) Imprisonment of minimum 6 months to maximum 3 years
d) Imprisonment of minimum 6 months to maximum 7 years
18. During the course of assessment in the case of M & Co. (firm) the Assessing Officer found out one accommodation entry (bogus purchase) for 7 lakhs from another firm by name P & Co. Both M & Co. and P & Co. have admitted fake invoice and accommodation entry. What would be the penal consequence of the transaction? (Ignore HEC)
a) Penalty on M & Co. @ 100% of tax being 2,10,000.

- b) Penalty on M & Co. @ 200% of tax being 4,20,000.
 c) Penalty on M & Co. 200% of transaction being 2,10,000 and amount equal to the transaction being 7,00,000.
 d) Penalty on M & Co. @ 200% of tax being 4,20,000 plus the amount equal to the transaction being 7,00,000. Also, penalty equal to the amount of transaction on P & Co. being 7,00,000.
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
21. 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
22. In the assessment of X Co (P) Ltd., the Assessing Officer made an addition of 12 lakhs. The tax payable was 3,12,000 and interest payable was 98,000 for the addition made. The addition is covered by misreporting of income contained in section 270A (9). How much is the penalty leviable under section 270A in respect of the misreported income?
- 6,24,000
 - 3,12,000
 - 4,10,000
 - 1,56,000

ICDS

- Which of the following is not a cost formula recognized by ICDS II for valuation of inventories?
 - Specific Identification Method
 - Fast-in-First-Out Method
 - Weighted Average Method
 - Simple Average Method.
- The ICDS is required to be followed:
 - by all Assessee (other than an individual or a Hindu undivided family who is not required to get his accounts of the previous year audited u/s 44AB)
 - by all Assessee
 - by all Assessee (other than an individual or a Hindu undivided family)
 - none of the above
- Which ICDS is dealt with contingent assets and contingent liabilities, except certain law cases?
 - ICDS IX
 - ICDS X
 - ICDS I
 - ICDS III.
- As per ICDS VII, the treatment of government grants related to the depreciable fixed asset will be:
 - The grant shall be deducted from the actual cost of the asset or from the written down value of block of assets
 - The grant shall be recognized as income of the period in which it is receivable
 - Grants shall be recognized as income over the periods necessary is maten Pham with the related cloth which they are intended to compensate
 - None of the above.
- ICDS applicable in case of income under the head
 - Profits and pains from Business or Profession
 - Capital Gains
 - Income from House Property
 - All heads of income
- Borrowing costs are interest and other costs incurred by a person in connection with the borrowing of funds and include.
 - commitment charges on borrowings;
 - amortized number of discounts are premiums relating to borrowings.
 - amortized amount of ancillary costs incurred in connection with the arrangement

- of borrowings
d) All of the above
7. **ICDS _____ deals with Government Grants**
- VI
 - VII
 - VIII
 - X
8. **ICDS II shall be applied for valuation of inventories, except:**
- Work-in-progress arising under 'construction contract'
 - Shares, debentures and other financial instruments held as stock- in-trade
 - Machinery spares, which can be used irregularly in connection with a tangible fixed asset
 - All of the above
9. **The comparative Accounting Standard with ICDS III is**
- AS 7
 - AS 9
 - AS 2
 - AS 10
10. **Milan Co. Ltd. received 15 lakhs as Government grant in respect of a machinery (capital asset) in the previous year 2023-24. The said grant became refundable in July, 2024. What would be the consequence of such refund of grant as per ICDS?**
- It would be added to the WDV of the block of asset to which it relates and depreciation would be allowed on the resultant value from assessment year 2025-26 onwards.
 - It is a capital receipt and hence no income tax implication would arise on refund of grant.
 - It is a loss incidental to business allowable under section 37.
 - It is taxable as income of assessment year 2025-26.
11. **ICDS VIII deals with:**
- Government Grants
 - Revenue recognition
 - Construction Contract
 - Securities
12. **ICDS IV deals with**
- Construction Contracts
 - Valuation of Inventories
 - Revenue Recognition
 - Securities
13. **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
14. **ICDS VII is:**
- Effects of Changes in Foreign Exchange Rates
 - Tangible Fixed Assets
 - Revenue Recognition
 - Government Grants

CHAPTER VIA DEDUCTIONS

1. When Arvind incurred Rs. 60,000 towards surgery of his parents (senior citizens). How much is eligible for deduction under section 80D Assume they are not covered under any health insurance policy
 - a) Rs.25,000
 - b) Rs 30,000
 - c) Rs.50,000
 - d) Rs.60,000
2. Mr. Cheema withdrew Rs. 2 lakhs out of his own contribution with National Pension System Trust. On the date of withdrawal, the balance in the account consisted of his own contribution of Rs.6 lakhs and Employer's contribution of Rs.8 lakhs. The amount of withdrawal liable to tax in the hands of Mr. Cheema would be _____.
 - a) Nil
 - b) Rs.3,00,000
 - c) Rs.1,50,000
 - d) Rs.50,000
3. Shri Rajiv paid Rs. 1,20,000 by cheque on 05.01.2025 towards medical insurance premium for his parents who are senior citizens and not dependent on him. The premium was to provide health insurance cover for 3 years. How much is deductible under section 80D for the assessment year 2025-26?
 - a) Nil
 - b) Rs. 25,000
 - c) Rs. 40,000
 - d) Rs. 50,000
4. Maha Sakthi Sugars Co-operative Society is engaged in manufacture of jiggery from sugarcane cultivated by its members. What is the due date for filling the return of income for the assessment year 2025-26 in order to be eligible for deduction under section 80-P?
 - a) Due date specified in section 139(1)
 - b) No specific date
 - c) 31 March, 2025
 - d) 31 December, 2024
5. When Mr. Atul doing business has gross total income of 9 lakhs. the maximum amount he can claim deduction in respect of the pension scheme of the Central Government under section 80CCD would be _____.
 - a) ₹ 50,000 (monetary limit)
 - b) ₹ 90,000 (10% of gross total income)
 - c) ₹ 1,00,000 (monetary limit)

- d) ₹ 1,80,000 (20% of gross total income)
6. An Individual aged 68 years has paid medical insurance premium of 22,000 by way of account payee cheque and has incurred ₹ 5,000 by way of expenditure on preventive health checkup. Deduction available u/s 80D of the Income-tax Act is _____.
 - a) 15,000
 - b) 22,000
 - c) 27,000
 - d) 25,000
7. Health insurance premium paid for Mr. Ram being non-resident (age 70) is deductible up to _____.
 - a) ₹ 25,000
 - b) ₹ 30,000
 - c) ₹ 5,000
 - d) ₹ 50,000
8. Mr. Santhanam is employed in Gama Ltd. He opted for transfer of funds from superannuation fund to National Pension Systems Trust referred to in Section 80CCD and accordingly 5 lakhs were transferred from approved superannuation fund to an account held with National Pension Systems Trust. His salary income (excluding the said transfer) amounts to ₹ 9,40,000 (computed). His total income after considering the transfer would be _____.
 - a) ₹ 9,40,000
 - b) ₹ 10,90,000
 - c) ₹ 12,90,000
 - d) ₹ 14,40,000
9. Ram Saha Ltd is located in Assam. The unit began manufacturing activity on 01.04.2017. Its total income from business (computed) is 11,40,000. How much is the amount eligible for deduction under Chapter VI-A if the unit is engaged in manufacture of eligible article and is engaged in eligible business?
 - a) NIL
 - b) ₹5,70,000
 - c) ₹11,40,000
 - d) ₹2,85,000
10. When Arvind incurred ₹60,000 towards surgery of his parents (senior citizens) how much is eligible for deduction under section 80D? Assume they are not covered under any health insurance policy.
 - a) ₹25,000
 - b) ₹30,000
 - c) ₹50,000
 - d) ₹60,000

11. Which one of the following is not a tax saving investment
- Home Loan Principal Repayment
 - Public Provident fund (PPF)
 - Life Insurance Premium
 - Fixed Deposits
12. Naveen employed in a FMCG company constructed a residential house property meant for self-occupation. He availed a bank loan of 60 lakhs. The loan was sanctioned on 01.04.2021. Interest on loan for the financial year 2023-24 amounts to ₹ 3,50,000. Naveen actually paid 2,50,000 towards interest up to 31st March, 2024. How much of the amount of interest is eligible for deduction for the assessment year 2024-25 in case he has opted out of default regime contained in section 115BAC (1A)?
- ₹ 2,00,000 under section 24
 - ₹ 2,50,000 under section 24
 - ₹ 2,00,000 under section 24 and 1,50,000 under section 80EEA
 - ₹ 2,00,000 under section 24 and 50,000 under section 80EE
13. Higgs Ltd. which has entered into international transactions attracting transfer pricing provisions, declared a final dividend of 10% on its paid-up capital of ₹ 20 crores on 23.08.2024. It has received dividend of ₹ 80 lakhs (gross) on 23.11.2023 from a business trust. How much is the quantum of deduction allowable under section 80 M?
- ₹ 200 lakhs
 - ₹ 80 lakhs
 - ₹ 120 lakhs
 - NIL as the dividend received is liable to tax.

TDS & TCS

1. Malini won a lottery winning of ₹ 10 lakhs which was credited to her bank account. The payer has deducted tax at source correctly. How much Malini must admit as lottery winning in her return of income by grossing up TDS?
- ₹ 11,21,070
 - ₹ 12,62,626
 - ₹ 14,53,490
 - ₹ 14,28,570
2. Where a person, responsible for deducting tax at source, fails to deposit such tax after deducting the same, is liable to simple interest @ ___ per month or part thereof from the date on which such tax was deducted to the date on which such tax is actually paid:
- 1%
 - 1.50%
 - 5%
 - 10%
3. Martin (age 62) resident in India received interest on fixed deposit with SBI of Rs. 45,000 for the year ended 31.03.2025. he does not have PAN. At what rate the bank must deduct tax at source?
- NIL
 - 10%
 - 20%
 - 30%
4. When Mr. Gautam doing business paid hall rent of ₹ 80,000 for 3 days on 25/09/2024, the amount of tax deductible at source under section 194-IB would be _____
- ₹ 8,000@10%
 - ₹ 16,000 @20%
 - Nil
 - ₹ 4,000@5%
5. Mr. Nyati has won a lottery prize After deduction of tax he received lakhs. He has spent Rs. 20,000 by way of purchase of lottery tickets and for collecting the prize money of 10 Lakhs. The amount chargeable to tax in his hands in this regard is _____.
- Rs. 17 lakhs
 - Rs. 10 lakhs
 - Rs. 6.8 lakhs
 - Rs. 9.8 lakhs
6. Mr. Janak's turnover during the year ended 31.03.2025 was Rs. 3 crores. He has paid a sum of Rs. 3 lakhs to an engineer for supervision of a residential house for his own occupation. The amount of tax to be deducted at source from such payment u/s 194-J is

- a) Rs. 3 lakhs
b) Rs. 3.3 lakhs
c) Rs. 30,000
d) Nil
7. Mrs. Rakshita, a Cost Accountant has raised a fees bill on LMN P Ltd., for 3,00,000 and in addition, has charged separately IGST of 18% i.e. Rs.54,000, the total amount of the bill being Rs. 3,54,000. The amount of tax to be deducted at source by LMN P Ltd. is
- a) Rs. 30,000
b) Rs. 30,900
c) Rs. 35,400
d) None of the above
8. Ms. Pinky resigned from employment from Zeet University after serving for 4 years and 8 months. She received ₹ 1,40,000 from recognized provident fund. The amount of tax deductible at source under Section 192A would be
- a) Nil
b) @ 20% being 28,000
c) @ 30% being 42,000
d) @ 10% being ₹ 14,000
9. When a motor car is acquired for 01.11.2024 by availing bank loan of 12 lakhs by Mr. Johnson on 10 lakhs for such acquisition, the car dealer selling the motor car must collect tax at source of
- a) Nil
b) 10,000 @ 1% exceeding 2 lakhs.
c) 12,000 @ 1% on the entire sale price.
d) 24,000 @ 2% on the entire sale consideration.
10. 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
- a) Form 16
b) Form 12
c) Form 15
d) Form 26AS
11. The rate of TDS on rental payments of plant, machinery or equipment is -
- a) 2%
b) 5%
c) 10%
d) 1%
12. Mr. Ram a resident Indian, wins ₹10,000 in a lottery. Which of the statement is true?
- a) Tax is deductible u/s194B @30%
b) Tax is deductible u/s194B @30.9%
c) No tax is deductible at source

- d) None of the above
13. Chaitanya, a resident is employed in a multinational company as General Manager. He paid for his residence 60,000 as monthly rent throughout the financial year 2024-25. Which of the following statement is correct?
- a) Liable to deduct TDS @ 10% since the annual rent exceeds ₹ 2,40,000.
b) Liable to deduct TDS @ 5% every month, since rent exceeded ₹ 50,000 per month.
c) Rent payment being a personal expenditure, it is not liable for tax deduction at source.
d) Liable to deduct tax at source @ 5% on the total rent paid during the year in the month of March, 2025.
14. TBF Ltd., an Indian company deducted ₹ 1,20,000 from various payments as TDS for the first quarter of financial year 2024-25. However, it has failed to file TDS return for the said quarter. How much shall be the amount of fee payable by it for default in furnishing TDS return?
- a) ₹ 100 for every day during which the failure continues subject to a maximum of ₹1,20,000.
b) ₹ 100 for every day during which the failure continues subject to a maximum of ₹1,00,000.
c) ₹ 200 for every day during which the failure continues subject to a maximum of ₹1,20,000.
d) ₹ 200 for every day during which the failure continues subject to a maximum of ₹1,00,000.
15. Tarun, a resident sold Virtual Digital Asset (VDA) with the help of a broker through an Exchange. The sale consideration was ₹ 6,05,000 (excluding GST/commission). How much is the amount of TDS applicable in respect of sale of VDA?
- a) ₹60,500
b) ₹ 30,250
c) ₹12,100
d) ₹6,050
16. If the recipient of income doesn't furnish his PAN to deductor then TDS is to be deducted _____ at which rate?
- a) 5%
b) 10%
c) 20%
d) 15%
17. The rate of TDS on rental payments of plant, machinery or equipment is -
- a) 2%
b) 5%
c) 10%
d) 1%
18. ABC Ltd. credited ₹28,000 towards fees for professional services and ₹27,000 towards

fees for technical services to the account of Ram in its books of account on 11.05.2024. The total sum of ₹55,000 was paid by cheque to Ram on the same date. Which of the following statements is correct?

- Tax is deductible at source @2% u/s 194J on ₹55,000
- Tax is deductible at source @10% u/s 194J on ₹25,000
- Tax is deductible at source @10% u/s 194J on ₹55,000
- No tax is deductible at source from such payment.

OTHER MCQs

- Mitra is CFO of Blue Sky (P) Ltd. He joined the company on 01.06.2024 for basic pay ₹ 1,50,000 and dearness allowance @ 50% thereon (eligible for retirement benefits). He was provided rent-free accommodation owned by the employer at Bangalore. What is the perquisite value of rent-free accommodation?
 - ₹ 4,50,000
 - ₹ 3,37,500
 - ₹ 2,25,000
 - ₹ 1,68,750
- Rekha constructed a commercial complex at Pune for which she borrowed ₹ 100 lakhs from SBI in April, 2021 and the construction was completed in January, 2025. Interest on borrowings are as follows
 - F.Y. 2022-23 ₹ 8 lakhs;
 - F.Y. 2023-24 ₹ 9 lakhs;
 - Interest from April, 2024 to January, 2025 ₹ 8 lakhs and for the month of February 2025 and March, 2025 ₹ 3 lakhs.

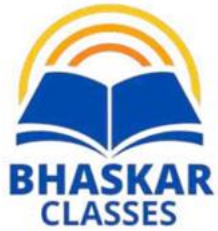
How much of interest is eligible for deductions under Section 24? (Assume Assessee opted old regime)

 - ₹ 8 lakhs
 - ₹ 5.60 lakhs
 - ₹ 11.40 lakhs
 - ₹ 14.40 lakhs
- Sriram transferred a vacant land to Hari for 90 lakhs in March, 2025. The vacant land was acquired by Sriram in April, 2011 for 15 lakhs. He entered into an agreement for sale of land with James in February, 2013 and received 2 lakhs. This amount was forfeited as James backed out of the agreement. The stamp duty value of the vacant land in March, 2025 was 110 lakhs. How much is the long-term capital gain of Sriram? Cost inflation index for F.Y. 2011-12 = 184 F.Y. 2012-13 = 200 F.Y. 2024-25 = 363.
 - ₹ 85,35,326
 - ₹ 85,32,335
 - ₹ 77,73,050
 - ₹ 65,32,330
- When a residential house is transferred and the Assessee acquires 2 residential houses it is eligible for exemption in which of the following cases?
 - When the capital gain reinvested is more than Rs 200 lakhs
 - When the capital gain reinvested is less than Rs.200 lakhs

- c) When the Assessee does not own more than one residential house
d) When the Assessee does not own any other residential house
5. Mr. gifted his let-out property fetching a monthly rent of Rs.50,000 to his married daughter on 01.10.2024. He paid Rs.1,20,000 towards municipal tax in June, 2024 relating to 5 previous years viz, previous year 2019-20 to 2023-24. How much is taxable in the hands of Mr. for the assessment year 2025-26?
a) Rs.1,26,000
b) Rs.1,53,200
c) Rs. 4,03,200
d) Rs.3,36,000
6. What is the maximum of surcharge that can be applied on individual taxpayer in respect of income by way of long-term capital gain?
a) 10%
b) 15%
c) 25%
d) 37%
7. Which of the following perquisite is always a taxable perquisite?
a) Telephone provided in the residence of the employee
b) Subsidized lunch
c) Employers' contribution to staff group insurance scheme
d) Reimbursement of actual sum paid to domestic servant
8. Mr. A acquired a house property on 12.3.1992 for 5 lakhs. He gifted the same to his brother on 16.5.1995, who gifted it to his son S on 22.7.2018, when the stamp valuation was 12 lakhs. S sold the house on 14.5.2024 for 24 lakhs, which was also the stamp duty value. computing capital gain, the date of acquisition is _____.
a) 14.1983
b) 12.3.1992
c) 16.5.1995
d) 22.7.2018
9. Ramesh received 22 lakhs as interest on enhanced compensation relating to compulsory acquisition of land in urban area made in the financial year 2024-25 as per court decree, how much is taxable?
a) ₹22 lakhs
b) NIL
c) ₹11 lakhs
d) ₹20 lakhs

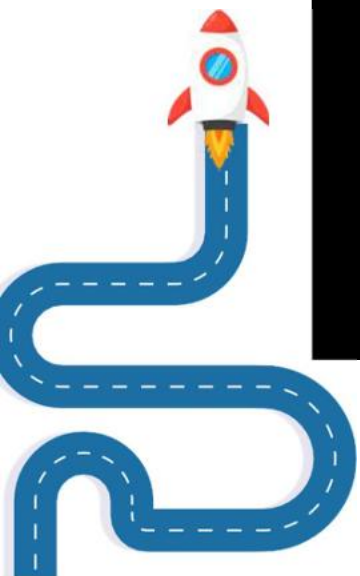
10. Mr. Nyati has won a lottery prize. After deduction of tax, he received ₹7 lakhs. He has spent 20,000 by way of purchase of lottery tickets and for collecting the prize money. The amount chargeable to tax in his hands in this regard is _____.
a) ₹7 lakhs
b) ₹10 lakhs
c) ₹6.8 lakhs
d) ₹9.8 lakhs
11. A capital asset being shares in a private company held for more than _____ months shall be a long-term capital asset. (Transfer date is 20/06/2024)
a) 12
b) 24
c) 36
d) 6
12. In the case of non-government employee, the monetary limit for exemption in respect of leave salary at the time of retirement is _____.
a) 5 lakhs
b) 3 lakhs
c) 25 lakhs
d) 30 lakhs
13. Mr. Murali employed in a company constructed a residential house property for self-occupation by availing bank loan of 50 lakhs. Interest on the loan for the year amounts to ₹2,60,000. He paid 1,70,000 up to 31.03.2025. The amount of interest eligible for deduction in the hands of Mr. Murali under the IFHP would be _____. (Assume Assessee opted old regime)
a) ₹30,000
b) ₹2,60,000
c) ₹2,00,000
d) ₹1,70,000
14. Balu-is employed in ABC Ltd. from 1st November, 2024 after he discontinued his proprietary business in textiles. He was given rent-free accommodation at Kolkata from the same date. His basic salary was ₹1,00,000 per month and DA 50,000 per month (eligible for retirement benefits). How much is the perquisite value of rent-free accommodation in the hands of Balu for the assessment year 2025-26?
a) ₹1,80,000
b) ₹1,12,500
c) ₹75,000
d) ₹37,500

15. Anil a resident has derived (i) short-term capital gain of ₹ 35,000 from sale of shares (STT paid); (ii) long-term capital gain of ₹ 80,000 from sale of shares (STT paid); and (iii) ₹ 9,000 on sale of crypto currency held for 38 months. How much is the total amount of tax payable by Anil in respect of the capital gains? (ignore surcharge and HEC)
- a) Nil
 - b) ₹ 5,550
 - c) ₹ 6,600
 - d) ₹ 7,950



ABOUT FACULTY

- **CA Bhaskar Magham** is a renowned Chartered Accountant with extensive experience in teaching **Direct Taxation** to CA and CMA students.
- Over the past **7 years**, he has successfully trained and mentored more than **20,000 students**.
- He is the **first faculty** to introduce exclusive **CMA Final Direct Taxation books**, providing students with a specialized resource for their preparation.
- Known for his in-depth knowledge and teaching methodology, he has become **a trusted name** in the field of Direct Taxation.



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