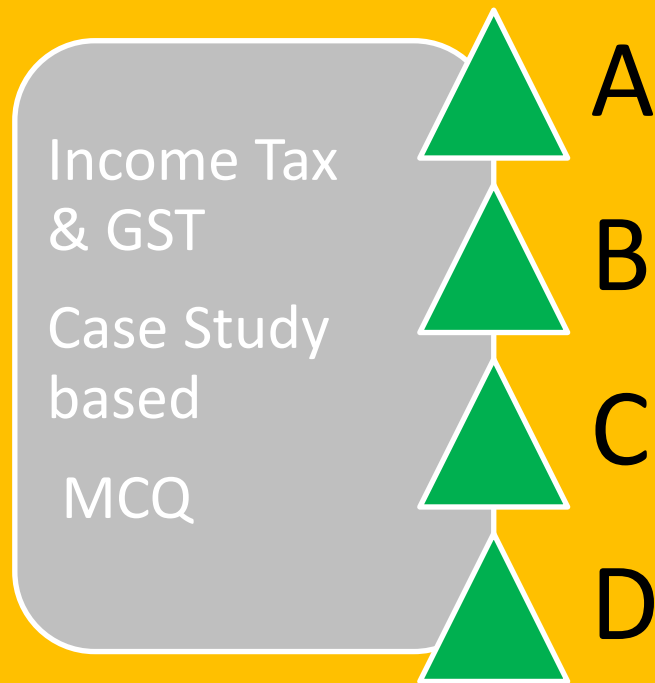


## Taxation MCQ- CA Intermediate & CS- Executive



## Making Tax less Taxing for Students

CA MOHIT JAIN



## **About Author**

**CA Mohit Jain** is passionate about education and principles of teaching are embedded in the core of his heart. He became chartered Accountant at the age of 22 and has post qualification experience of more than 20 years. He secured AIR-8<sup>th</sup> Rank in CA Foundation.

His experience span through diverse domain ranging from teaching (Accounts and Taxation) to work in corporate world in the realm of Finance, Taxation (Domestic & International). He is ardent writer and has penned down numerous article on Domestic and International taxation on his blog- <http://cajainmohit.blogspot.com>.

**When Passion meets dedication, creativity comes into existence. His dedicated efforts over the months has produced Case Study Based Taxation MCQ's for CA Intermediate and CS-executive Students**

Further to share his rich knowledge for betterment of commerce students, he has founded MJ Commerce Academy at Bhopal. The academy vowed objective is to mentor commerce students the subjects of Accountancy, Economics, Business Law and Taxation

**CA MOHIT JAIN**  
**Founder MJ Commerce Academy**  
**Bhopal**

## Preface

### **Case studies based MCQ on Income Tax and GST for CA Intermediate and CS Executive Students**

*In the context of Income Tax, MCQ are based on the law applicable for Assessment year 2020-21 and hence same is applicable for exams to be held in August/Nov/Dec, 2020*

With an increasing emphasize of professional institute to evaluate the application skill of the students, it's become imperative that student should know, not only the law but should also be able to apply provisions of law in practical questions. To this end, case studies based MCQ are need of hour.

### **I have developed the MCQ to enable the students to evaluate themselves on following parameters**

- a) Knowledge of provision of law
- b) Application of provision of law in solving practical question involving role of various sections

For example, if student is given a MCQ to comment on Tax rate applicable on Long term capital gain on Sale of listed shares on stock exchange, he will revert the answer as- 10% on Capital gain in excess of Rs. 1,00,000. This is to check the knowledge of provision of section 112A

Now, in actual calculation of tax payable on long term capital gains, a student is expected to know, how to compute cost of acquisition (where share were purchased before 1-3-2018 and sold after this date), Indexation Applicability and whether rebate u/s 87A will be allowed or Not. MCQ are authored to test such inter-play of various sections to calculate the capital gain tax amount i.e. case study based MCQ

### **The entire book is divided into 3 parts**

- a) Part 1- Income Tax Basics and Heads of Income
- b) Part 2- Rest of the Chapter on Income
- c) Part -3 - GST

**Students having any query/observation/doubts/clarification can connect with author on [WhatsApp \(9326187674\)](https://www.whatsapp.com/channel/00299111111111111111) or can join the Telegram Channel "t.me/taxbymj"**

Although every effort has been made to keep book error free but to error is human. I would be thankful, if errors or discrepancies are brought to my notice. Students may send their feed-back or suggestion on WhatsApp or through mail to [camjacademy@gmail.com](mailto:camjacademy@gmail.com)

**CA MOHIT JAIN**

## Part 1- Income Tax Basics and Heads of Income

## INDEX

S.No.	TOPIC	Page Nos.	MCQs
1.	Basics and Residential Status	6-19	78
2.	Exempt Income	20-24	24
3.	Income under the Head Salary	25-53	151
4.	Income from House Property	54-67	76
5.	Profit & Gains of Business or Profession	68-90	97
6.	Capital Gains	91-114	130
7.	Income from Other Sources	115-131	90

## Tax Basics & Residential Status

1. The basic source of income-tax law is -

- a) Income-tax Act, 1961
- b) Income-tax Rules, 1962
- c) Circulars/Notifications issued by CBDT
- d) Judgments of Courts

2. A domestic company means -

- a) Only an Indian company
- b) Both Indian company and a foreign company having a branch in India
- c) Both Indian company and a foreign company having business connection in India
- d) Both Indian company and a foreign company which has made the prescribed arrangement for declaration and payment of dividends in India out of the income chargeable to tax in India

3. The rates of income-tax are mentioned in -

- a) The Income-tax Act, 1961 only
- b) Both Income-tax Act, 1961 and Income-tax Rules, 1962
- c) The First Schedule to the Annual Finance Act
- d) Both Income-tax Act, 1961 and the First Schedule to the Annual Finance Act

4. Which of the receipts are taxable

- a) All Revenue Receipts
- b) All Capital & Revenue Receipts
- c) All Capital Receipts
- d) All Revenue Receipts and prescribed Capital Receipts

5. Mr. A aged, 62 years, received dividend of Rs. 16,00,000 from a domestic company in P.Y. 2019-20. Tax payable shall be

- a) Rs. 31,200
- b) Rs. Nil
- c) Rs. 62,400
- d) Rs. 1,35,200

6. Resident Individual has following income in PY 2019-20- Interest Income- Rs. 4,00,000 and long term capital gain of Rs. 1,80,000 on sale of equity shares on which STT has been paid at the time of acquisition and sale of Shares The tax payable is Rs.

- a) 8320
- b) 16120
- c) 26520
- d) NIL

7. Resident Individual has following income in PY 2019-20- Business Income – Rs. 4,20,000 and Taxable capital gain u/s 112A – Rs. 90,000 (After considering the benefit of Rs. 1 Lakh). The tax payable is Rs.
- NIL
  - 8840
  - 18200
  - 14500
8. A private limited Company was formed in Feb 18 and set -up a business in April 18. It did not earn any income for the FY 18-19 and started earning income in FY 19-20. For which Previous year, company is required to file its first Income Tax Return
- Previous year 17-18
  - Previous Year 18-19
  - Previous year 19-20
9. Business of deceased person is succeeded by 3 Co-heirs and they continued to carry on the business. In whose hands, the business income will be taxable
- Eldest Co-heir
  - All Co-heirs in equal proportion
  - AOP, constituting by 3 Co-heirs
10. In respect of a non-resident assessee, who is of the age of 60 years or more but less than 80 years at any time during the previous year 2019-20, -
- Basic exemption of Rs. 2,50,000 is available
  - Basic exemption of Rs. 3,00,000 is available
  - Basic exemption of Rs. 5,00,000 is available
  - No basic exemption limit would be available
11. Amendment made by Finance Act for Direct taxation is generally effective from
- First day of Assessment year
  - First day of Previous year
  - Date of Finance Act
  - Midnight of date of presentation of Finance Bill
12. Amendment made by Finance Act for Indirect taxation is generally effective from
- First day of Assessment year
  - First day of Previous year
  - Date of Finance Act
  - Midnight of date of presentation of Finance Bill
13. Which Entry of Union List gives the power to Parliament to levy tax on incomes
- Entry 81 of List I to Seventh schedule
  - Entry 82 of List I to Seventh schedule
  - Entry 83 of List I to Seventh schedule
  - Entry 84 of List I to Seventh schedule

**14. Highest Administrative Authority for Income Tax in India is**

- a) Finance Ministry
- b) Prime Minister office
- c) Central Board of Direct Taxes
- d) President

**15. Part 1 of schedule 1 of Finance Act 2019 give tax rate for Assessment Year**

- a) 2018-19
- b) 2019-20
- c) 2020-21
- d) It contains TDS rates

**16. Part 3 of Schedule 1 Finance Act 2019 give tax rate for Assessment Year**

- a) 2018-19
- b) 2019-20
- c) 2020-21
- d) 2021-22

**17. Notifications issued by CBDT are binding on \_\_\_\_.**

- a) Assessee only
- b) Income Tax Authority Only
- c) Both of them
- d) None of them

**18. Circular issued by CBDT are binding on**

- a) Assessee only
- b) Income Tax Authority Only
- c) Both of them
- d) None of them

**19. Income tax Rules can override the Income Tax act**

- a) Yes
- b) No
- c) Depend upon specific Provision
- d) At the discretion of CBDT

**20. Amount received as compensation against termination of contract is**

- a) Capital Receipt & Taxable
- b) Capital Receipt & Non-Taxable
- c) Revenue Receipt & Taxable
- d) Revenue Receipt & Non taxable

21. Income is earned in \_\_\_\_ and assessed in \_\_\_\_\_
- a) PY & AY
  - b) AY & PY
  - c) PY & PY
  - d) AY & AY
22. The length of Previous year
- a) Always 12 months
  - b) 6 months
  - c) At the discretion of Assessee
  - d) Can be less than 12 month
23. A company registered on 1/5/18, set-up business on 1/5/19 and started earning Income from PY 20-21. The first Previous year of the company will be
- a) 2018-19
  - b) 2019-20
  - c) 2020-21
  - d) At the discretion of Assessee
24. All assesseees are required to follow
- a) Uniform PY which must be calendar year only
  - b) Uniform PY which must be FY only
  - c) Any period of 12 months as previous year
  - d) Period starting from 1st August to 31st July as PY
25. In which of the following cases, AO has the discretion to assess the income of PY in PY itself or in subsequent AY
- a) Shipping business of NR
  - b) Income of Non-Resident
  - c) Income of AOP/BOI formed for particular event
  - d) Discontinued business.
26. Maximum amount not chargeable to tax in case non-resident senior citizen
- a) Rs. 2,50,000
  - b) Rs. 3,00,000
  - c) Rs. 3,50,000
  - d) Rs. 5,00,000
27. Surcharge is applicable on every Individual
- a) Yes
  - b) It is applicable, when Gross Total income exceeds Rs. 50 lacs
  - c) It is applicable when Total Income exceeds Rs. 50 lacs
  - d) It is applicable, when gross receipts exceeds Rs.50 lacs

28. A resident Individual has Business Income of Rs. 40 lacs and Short term Capital Gain taxable u/s 111A- Rs. 170 lacs in PY 19-20. What will be surcharge rate on Income Tax
- a) 15%
  - b) Business Income – NIL & STCG – 15%
  - c) Business Income- NIL & STCG – 10%
  - d) Business Income- 10% & STGC- 15%
29. Income accruing in Japan and received there is taxable in India in the case of-
- a) resident and ordinarily resident only
  - b) both resident and ordinarily resident and resident but not ordinarily resident
  - c) both resident and non-resident
  - d) non-resident
30. Incomes which accrue or arise outside India but received directly in India are taxable in case of-
- a) resident and ordinarily resident only
  - b) both resident and ordinarily resident and resident but not ordinarily resident
  - c) non-resident
  - d) All the above
31. Fees for technical services paid by the Central Government will be taxable in case of –
- a) resident and ordinarily resident only
  - b) both resident and ordinarily resident and resident but not ordinarily resident
  - c) non-resident
  - d) All the above
32. Capital gains on sale of shares of an Indian company received in Australia is taxable in case of–
- a) resident and ordinarily resident only
  - b) both resident and ordinarily resident and resident but not ordinarily resident
  - c) non-resident only
  - d) All the above
33. H Ltd, incorporated in India has subsidiary (S Ltd) in UK. S Ltd is treated as resident in India, having Place of Effective management in India. S Ltd earns Income of Rs. 10 lacs in UK. At what basic rate, this income will be taxable in India;-
- a) 30%
  - b) 22%
  - c) 15%
  - d) 40%

34. ABC Ltd has branch in UK. Such branch hires machinery on rent and paid hire charges to Non-resident in UK. Comment whether Hire charges paid to non-resident is taxable in India
- a) Yes, as Income is paid by Resident
  - b) Yes, as Income is paid by branch of Resident
  - c) No, as Income is paid outside India
  - d) No, as income accrue outside India
35. Mr. X, citizen of India, who was residing in UK for last 15 years, came to India on 1-4-2019 for permanent settling in India. He had a house property in UK and managing the rentals thereat from India. During the FY 19-20, he earned a rental of Rs. 2,00,000 from House Property in UK. Comment on the taxability of such Income in India in Previous Year 2019-20
- a) Rs.2,00,000 is taxable in India, as he is resident in India
  - b) Rs. 2,00,000 is not taxable, as Income is not accrued in India
  - c) Rs. 2,00,000 is not taxable, as he is not ordinary resident in India
36. An US citizen who has been staying in India for last 5 years, got employment in India on 1.4.2018. He was deputed in Germany for 200 days in PY 18-19. Comment on the taxability of Salary for 200 days in India
- a) Not taxable, since salary does not accrue or arise in India
  - b) Taxable in India, as employer is in India
  - c) Not Taxable as employee is US citizen
  - d) Taxable, as he is resident of India
37. The Residential status of Individual is dependent upon
- a) Period of Stay in India
  - b) Citizenship of India
  - c) Activity outside India
  - d) All of above
38. An Individual is resident, when
- a) He is citizen of India
  - b) His stay in India in PY is less than 60 days and 365 days in past 4 years
  - c) His stay in India in PY is 182 days or more and 365 days in past 4 years
  - d) None of the above
39. An Individual, a citizen of India leaves India (First time) for the purpose of employment on 1/2/2018 and come to India on 01/01/2020 for permanently settle in India. What is the residential status of an Individual for PY 19-20
- a) Resident
  - b) Resident and Not ordinary resident
  - c) Non-Resident

40. An Individual is resident and not ordinary resident in PY 19-20, if
- a) He is resident in 9 out of 10 preceding previous years
  - b) He is non-resident in 9 out 10 preceding previous years
  - c) He stay in India in past 7 preceding previous years is 730 days or more
  - d) None of the above.
41. A person of India Origin staying in Australia visit India every year for 120 days for last 10 years. He visited India for 130 days in PY 2019-20. What is his residential status
- a) Resident
  - b) Resident and Non ordinary resident
  - c) Non-Resident
42. A partnership firm formed in India and all partners are staying in UK. The residential status of the FIRM is
- a) Resident
  - b) Resident and Non ordinary resident
  - c) Non-Resident
43. Residential status of a foreign company, having income from India, is
- a) Resident
  - b) Non-Resident, if POEM outside India
  - c) Resident, if POEM in India
  - d) Either (b) or (c)
44. An UK Company has subsidiary (ABC Ltd) incorporated in India. The residential status of ABC Ltd is
- a) Resident
  - b) Non- Resident
  - c) Resident, if POEM in India
  - d) Either (b) or (c)
45. A company (V Ltd) incorporated in UK and has branch in India, It earned a profit of Rs. 10,00,000 in PY 2019-20 and out of that Rs. 2,00,000 is attributable for activities of Branch in India. The POEM of company is in India. The income of V Ltd taxable in India is Rs.
- a) Rs. 10,00,000
  - b) Rs. 2,00,000
  - c) Rs. 8,00,000
  - d) NIL
46. XYZ partnership firm has an income of Rs. 5 lakhs in India and income accruing/arising abroad and also received abroad Rs. 25 lakhs. It consists of two partners. Mr. A who is an active partner, is staying outside India throughout the year. Mr. B is a dormant partner and is staying in India throughout the year. Compute Total Income of the partnership firm in India for the assessment year 2020-21
- a) Rs. 5,00,000
  - b) Rs. 30,00,000
  - c) Rs. 25,00,000
  - d) Rs. 30,00,000

47. A foreign citizen working in MNC comes was sent to India on 1-5-2019 in connection with some work and he left India on 31-07-2019. Before 1-4-2017, he was in India since 1-4-2010. His monthly salary is Rs. 1,00,000. How much salary is taxable in India in PY 19-20.

- a) Rs. 12,00,000
- b) Rs. 3,00,000
- c) Rs. 11,00,000
- d) Rs. 10,00,000

48. Compute the taxable Income of Mr. X a non-resident on the basis of following incomes

- i) Income from house property in London, received in India- 60,000
- ii) Profits from business in Japan and managed from there (received in Japan) 9,00,000
- iii) Dividend from foreign company, received in India 30,000
- iv) Dividend from Indian company, received in England 50,000

- a) Rs. 1,40,000
- b) Rs. 10,40,000
- c) Rs. 9,80,000
- d) Rs. 80,000

49. Compute the taxable Income of Mr. Y a resident but not ordinary resident on the basis of following incomes

- i) Profits from business in Kenya, controlled from India, Profits received in Kenya – Rs. 3,00,000
- ii) Profits from business in Delhi, managed from Japan 7,00,000
- iii) Capital gains on transfer of shares of Indian companies, sold in USA and gains were received there 2,00,000
- iv) Pension from foreign employer in Japan and received in Japan- Rs. 1,00,000

- a) Rs. 10,00,000
- b) Rs. 12,00,000
- c) Rs. 13,00,000
- d) NIL

50. A central Government employee was sent to Japan on 1-5-2019 and stays there till 31-3-2020. His monthly basic salary is Rs. 50,000 per month and he was give foreign allowance of Rs. 10,000 per month. His Gross Taxable Salary in PY 2019-20 is

- a) Rs. 50,000
- b) Rs. 6,00,000
- c) Rs. 7,20,000
- d) Rs. 6,60,000

51. A foreign company having POEM in India availed a loan from foreign Bank and paid Interest of Rs. 10,00,000 in PY 2019-20. Comment on the taxability of Rs. 10,00,000 in the hands of foreign bank in India
- a) Taxable, as Interest is paid by Resident
  - b) Not Taxable, as Interest is paid by Foreign Company
  - c) Not taxable, as Interest is taken from Foreign
  - d) None of the above.
52. Income is taxable on
- a) Receipt basis
  - b) Accrual basis
  - c) Receipt or accrual basis, depending upon nature of Income
  - d) Receipt or accrual basis, at the option of Assessee
53. For PY 2019-20, the tax rate applicable on domestic Companies is
- a) 30%
  - b) 25%
  - c) 22%
  - d) 15%
  - e) Either of above
54. An resident Individual having age of 59 years in PY 19-20 has total income of Rs. 4,50,000. The tax payable by him is
- a) NIL
  - b) Rs. 10,400
  - c) Rs. 20,800
  - d) Rs. 7,800
55. An non-resident Individual having age of 59 years in PY 19-20 has total income of Rs. 4,50,000. The tax payable by him is
- a) NIL
  - b) Rs. 10,400
  - c) Rs. 20,800
  - d) Rs. 7,800
56. An non-resident Individual having age of 62 years in PY 19-20 has total income of Rs. 4,50,000. The tax payable by him is
- a) NIL
  - b) Rs. 10,400
  - c) Rs. 20,800
  - d) Rs. 7,800
57. An resident Individual having age of 62 years in PY 19-20 has total income of Rs. 5,50,000. The tax payable by him is
- a) NIL
  - b) Rs. 20,800
  - c) Rs. 23,400
  - d) Rs. 7,800

58. For PY 19-20, Company opting for tax rate u/s 115BAA is entitled to Marginal relief

- a) When income exceed Rs. 1 Cr
- b) When income Exceeds Rs. 10 Cr
- c) When Income is between 1 Cr to 10 Cr
- d) No Marginal relief is applicable

59. What is Surcharge rate on Firm for PY 19-20

- a) 12% , irrespective of Total Income amount
- b) 12% , when income exceeds Rs 1 Cr
- c) 10% irrespective of Total Income amount
- d) 10% when income exceeds Rs 1 Cr

60. Mr. A furnished the following particulars for PY 19-20

- i) Capital Gain taxable u/s 112A – Rs. 30,00,000
- ii) Other Income – Rs.25,00,000

The Surcharge rate applicable is

- a) Tax on capital Gain – 15% & Tax on other Income – 15%
- b) NIL
- c) Tax on capital Gain – 10% & Tax on other Income – 10%
- d) Tax on capital Gain – NIL & Tax on other Income – 15%

61. Mr. A furnished the following particulars for PY 19-20

- i) Capital Gain taxable u/s 112A – Rs. 80,00,000
- ii) Other Income – Rs.40,00,000

The Surcharge rate applicable is

- a) Tax on capital Gain – 15% & Tax on other Income – 15%
- b) NIL
- c) Tax on capital Gain – 10% & Tax on other Income – 10%
- d) Tax on capital Gain – NIL & Tax on other Income – 15%

62. Mr. A furnished the following particulars for PY 19-20

- i) Capital Gain taxable u/s 112A – Rs. 80,00,000
- ii) Other Income – Rs.1,30,00,000

The Surcharge rate applicable is

- a) Tax on capital Gain – 15% & Tax on other Income – 15%
- b) NIL
- c) Tax on capital Gain – 10% & Tax on other Income – 10%
- d) Tax on capital Gain – NIL & Tax on other Income – 15%

63. Mr. A furnished the following particulars for PY 19-20
- i) Capital Gain taxable u/s 112A – Rs. 2,30,00,000
  - ii) Other Income – Rs. 30,00,000

The Surcharge rate applicable is

- a) Tax on capital Gain – 15% & Tax on other Income – 15%
- b) NIL
- c) Tax on capital Gain – 10% & Tax on other Income – 10%
- d) Tax on capital Gain – 15% & Tax on other Income – 25%

64. Mr. A furnished the following particulars for PY 19-20
- i) Capital Gain taxable u/s 112A – Rs. 2,30,00,000
  - ii) Other Income – Rs. 2,50,00,000

The Surcharge rate applicable is

- a) Tax on capital Gain – 15% & Tax on other Income – 15%
- b) NIL
- c) Tax on capital Gain – 10% & Tax on other Income – 10%
- d) Tax on capital Gain – 15% & Tax on other Income – 25%

65. Mr. A furnished the following particulars for PY 19-20
- i) Capital Gain taxable u/s 112A – Rs. 1,30,00,000
  - ii) Other Income – Rs. 5,10,00,000

The Surcharge rate applicable is

- a) Tax on capital Gain – 15% & Tax on other Income – 15%
- b) NIL
- c) Tax on capital Gain – 10% & Tax on other Income – 10%
- d) Tax on capital Gain – 15% & Tax on other Income – 25%

66. Mr. A furnished the following particulars for PY 19-20
- i) Capital Gain taxable u/s 112A – Rs. 2,50,00,000
  - ii) Other Income – Rs. 4,10,00,000

The Surcharge rate applicable is

- a) Tax on capital Gain – 15% & Tax on other Income – 15%
- b) NIL
- c) Tax on capital Gain – 10% & Tax on other Income – 10%
- d) Tax on capital Gain – 15% & Tax on other Income – 25%

67. Mr. A furnished the following particulars for PY 19-20
- i) Capital Gain taxable u/s 112A – Rs. 5,50,00,000
  - ii) Other Income – Rs. 10,00,000

The Surcharge rate applicable is

- a) Tax on capital Gain – 15% & Tax on other Income – 15%
- b) NIL
- c) Tax on capital Gain – 15% & Tax on other Income – 37%
- d) Tax on capital Gain – 15% & Tax on other Income – 25%

68. Mr. A is having Total Income, comprise of business Income, of Rs. 51 lacs in PY 19-20. Compute the tax payable by him

- a) Rs. 15,35,820
- b) Rs. 14,68,750
- c) Rs. 13,96,200
- d) Rs 14,12,250

69. Mr. A is having Total Income, comprise of business Income, of Rs. 102 lacs in PY 19-20. Compute the tax payable by him

- a) Rs. 34,25,500
- b) Rs. 34,35,550
- c) Rs. 32,93,750
- d) Rs. 33,03,375

70. Mr. A is having Total Income, comprise of business Income, of Rs. 205 lacs in PY 19-20. Compute the tax payable by him

- a) Rs. 74,53,125
- b) Rs. 71,84,375
- c) Rs. 77,51,250
- d) Rs. 74,71,750

71. Mr. A is having Total Income, comprise of business Income, of Rs. 520 lacs in PY 19-20. Compute the tax payable by him

- a) Rs. 2,11,15,125
- b) Rs. 2,13,36,250
- c) Rs. 2,19,59,730
- d) Rs. 2,05,36,250

72. Surcharge rate applicable for Domestic Company ( not opting for taxation u/s 115BAA & 115BAB), having total income of Rs. 15 Cr in PY 19-20 is

- a) 5%
- b) 7%
- c) 10%
- d) 12%

73. Surcharge rate applicable for Foreign Company having total income of Rs. 15 Cr in PY 19-20 is
- a) 5%
  - b) 7%
  - c) 10%
  - d) 12%
74. A non-resident sold an immovable property located in India to another non-resident and received money in Indian Currency. Comment, whether capital gain arising on sale of Immovable Property is taxable in India
- a) No, as the property was sold by Non-resident
  - b) No, as the property was sold to Non-Resident
  - c) Yes, as the Sale price is realized in Indian Currency
  - d) Yes, as the Property is situated in India
75. A non-resident gives his immovable property situated in India on rental to another non-resident and rental income is derived in Indian Currency. Comment on taxability of Rental Income in India
- a) No, as Property is owned by Non-Resident
  - b) No, as rental Income is derived from Non-Resident
  - c) Yes, as the Rental Income is derived in Indian Currency
  - d) Yes, as the Property is situated in India
76. A non-resident owning immovable property in UK, gives the same on rental to Indian Resident and rent is being paid in Indian Currency.
- a) No, as the property is owned by Non-Resident
  - b) No, as the Property is not situated in India
  - c) Yes, as the rental Income is paid in Indian Currency
  - d) Yes, as the rent is being paid by Resident
77. Salary paid by Resident Employers to Non-resident Employee is taxable in India
- a) In All cases
  - b) To the extent Non-resident work in India
  - c) To the extent Non-resident work outside India
  - d) Not Taxable
78. A resident Individual gifts Rs. 51,000 to his non-resident friend staying outside India. Comment in taxability in the hands of Non-Resident
- a) Not Taxable, as the gift is given to non-resident
  - b) Taxable, as the amount is paid in Indian Currency
  - c) Taxable, as the amount is accrued in India- gift given by resident to Non-resident
  - d) Not Taxable, as gift is not taxable

Tax Basics- MCQ- Answers					
Q.No.	Ans.	Q.No.	Ans.	Q.No.	Ans
1	A	36	D	71	B
2	D	37	D	72	D
3	D	38	D	73	A
4	D	39	A	74	D
5	C	40	B	75	D
6	A	41	C	76	B
7	C	42	C	77	B
8	B	43	D	78	C
9	C	44	B		
10	B	45	A		
11	A	46	A		
12	D	47	B		
13	B	48	A		
14	C	49	B		
15	B	50	B		
16	C	51	A		
17	C	52	C		
18	B	53	E		
19	B	54	A		
20	A	55	B		
21	A	56	B		
22	D	57	B		
23	B	58	D		
24	B	59	B		
25	D	60	C		
26	A	61	A		
27	C	62	A		
28	A	63	D		
29	A	64	D		
30	D	65	A		
31	D	66	D		
32	D	67	C		
33	D	68	B		
34	D	69	A		
35	C	70	D		

## Exempt Income- MCQ

1. **Income from Agriculture land situated in foreign Country is**
  - a) Taxable in the hands of Resident
  - b) Exempt in the hands of Resident
  - c) Exempt in the hands of Non-Resident
  - d) Exempt in all cases.
  
2. **Mr. A imported rice from Pakistan and sold in India. He claims that his income is exempt, on account of Sale of agriculture produce. Comment**
  - a) Income is exempt
  - b) Income is not exempt, as rice is purchased from Pakistan
  - c) Income is partly exempt
  - d) Income is not exempt , as the rice is not produced on land situated in India
  
3. **Mr. A is grows raw-mangoes in PY 2019-20 in India and same is used for making pickles. The cost of producing raw-mangoes was Rs. 2 lacs and had the raw-mangoes sold in market, it would fetch Rs. 10 lacs. The manufacturing cost of pickles is Rs. 3 lacs. He sold the pickle for Rs. 18 lacs. Comment on taxable business Income**
  - a) Rs. 13 lacs
  - b) Rs. 18 lacs
  - c) Rs. 5 lacs
  - d) NIL
  
4. **Mr. M manufactured latex from rubber plants cultivated by him in India in PY 19-20. The latex rubber is sold for Rs. 21 lacs. The cost of cultivation and manufacturing is Rs. 5 lacs and 6 lacs respectively. Compute Agriculture and business Income**
  - a) Agriculture Income – NIL and Business Income- Rs. 10 lacs
  - b) Agriculture Income Rs. 6.5 lacs – and Business Income- Rs. 3.5 lacs
  - c) Agriculture Income – Rs. 10 lacs and Business Income- NIL
  - d) Agriculture Income – NIL and Business Income- NIL
  
5. **Mr. M has coffee Planation in India. In PY 19-20, he cured the coffee grown his plantation and sold the said coffee for Rs. 30 lacs. The cost of plantation and curing was Rs. 7 lacs and Rs. 3 lacs respectively. Compute Agriculture and business Income**
  - a) Agriculture Income – NIL and Business Income- Rs. 20 lacs
  - b) Agriculture Income Rs. 20 lacs – and Business Income- Rs. NIL
  - c) Agriculture Income – Rs. 7.5 lacs and Business Income- Rs. 2.50
  - d) Agriculture Income – NIL and Business Income- NIL

6. Mr. M has coffee Planation in India. In PY 19-20, he cured, Roasted & Grounded the coffee grown his plantation and sold the said coffee for Rs. 30 lacs. The cost of plantation and curing & other process was Rs. 7 lacs and Rs. 13 lacs respectively. Compute Agriculture and business Income
- a) Agriculture Income – NIL and Business Income- Rs. 10 lacs
  - b) Agriculture Income Rs. 10 lacs – and Business Income- Rs. NIL
  - c) Agriculture Income – Rs. 6.00 lacs and Business Income- Rs. 4.00
  - d) Agriculture Income – NIL and Business Income- NIL
7. Mr. M has tea Planation in India. In PY 19-20, he manufactured the tea out of tea leaves grown his plantation and sold the said tea for Rs. 30 lacs. The cost of plantation and manufacturing process was Rs. 7 lacs and Rs. 13 lacs respectively. Compute Agriculture and business Income
- a) Agriculture Income – NIL and Business Income- Rs. 10 lacs
  - b) Agriculture Income Rs. 10 lacs – and Business Income- Rs. NIL
  - c) Agriculture Income – Rs. 6.00 lacs and Business Income- Rs. 4.00
  - d) Agriculture Income – NIL and Business Income- NIL
8. For the purpose of calculating tax, the rule of partial integration of agriculture Income with Non-agriculture Income is applicable to
- a) Individual/HUF/AOP
  - b) Company
  - c) LLP
  - d) All of above
9. For applicability of rule of rule of partial integration of agriculture Income with Non-agriculture Income, the agriculture Income should be
- a) Any Amount
  - b) At least Rs. 5000
  - c) Should not exceed Rs. 5000
  - d) Should be Rs. 5000 only.
10. An Individual furnished the following particulars for PY 19-20
- i) Salary Income – Rs. 10 lacs
  - ii) Agriculture Income- Rs. 2 lacs
- Compute the tax payable by him
- a) Rs. 1,69,000
  - b) Rs. 1,62,500
  - c) Rs. 1,79,400
  - d) Rs. 1,72,500

11. An Individual furnished the following particulars for PY 19-20

- i) Other Income – Rs. 3 lacs
- ii) Agriculture Income- Rs. 9 lacs

Compute the tax payable by him

- a) Rs. 15,600
- b) Rs. NIL
- c) Rs. 15,000
- d) Rs. 2,600

12. An Individual, being senior Citizen, furnished the following particulars for PY 19-20

- i) Other Income – Rs. 4 lacs
- ii) Agriculture Income- Rs. 8 lacs

Compute the tax payable by him

- a) Rs. 18,200
- b) Rs. 31,200
- c) Rs. 30,000
- d) Rs. 17,500

13. An Individual furnished the following particulars for PY 19-20

- i) Other Income – Rs. 40 lacs
- ii) Agriculture Income- Rs.12 lacs

Compute the tax payable by him

- a) Rs. 11,25,000
- b) Rs. 12,37,500
- c) Rs. 12,87,000
- d) Rs. 11,70,000

14. In PY 19-20, Karta of HUF received Rs.10 lacs as his share of Profit from HUF. His other income is Rs. 2 lacs. How much tax is payable by Karta

- a) NIL
- b) Rs. 1,72,500
- c) Rs. 1,79,400
- d) Rs. 1,12,500

15. A partnership firm (A&B, sharing profit & Losses equally) is engaged in sale of tea from tea leaves planted in its own plantation. The Total Profit earned from sale of tea is Rs. 20 lacs. It distributed the said Profit equally between the partner. How much profit is taxable in the hands of each Partners

- a) NIL
- b) Rs. 10 lacs
- c) Rs. 4 lacs
- d) Rs. 6 lacs

16. Interest Income from Non-resident external (NRE) Account is
- Taxable
  - Exempt, when Individual is Non-resident as per FEMA
  - Exempt, when Individual is permitted to maintain NRE account
  - Either (a) or (b)
17. A Non-citizen of India is working as Foreign Ambassador of Foreign Country in India. The said foreign country does not tax income of Indian Citizen working as Indian Ambassador in said Foreign Country. Comment on taxability of remuneration of received by foreign Ambassador in India
- Taxable, as Salary is earned in India
  - Taxable, as he is resident of India
  - Non- Taxable, as he is not citizen of India
  - Exempt u/s 10(6)(ii)
18. A Non-citizen of India is working as Foreign Ambassador of Foreign Country in India. The said foreign country taxed income of Indian Citizen working as Indian Ambassador in said Foreign Country. Comment on taxability of remuneration of received by foreign Ambassador in India
- Taxable, as Salary is earned in India
  - Taxable, as he is resident of India
  - Non- Taxable, as he is not citizen of India
  - Exempt u/s 10(6)(ii)
19. An Australian citizen working in Australian Company was sent to India for 2 months for research work. The said company does not have any office in India. His Salary in terms of INR is Rs. 2 lacs per month. Comment on taxability of Salary in India
- Not taxable as he is not resident
  - Taxable, as he has rendered Service in India (Salary accrue in India)
  - Not taxable, as income is exempt u/s 10(6)(vi)
  - Non Taxable, as he is foreign citizen
20. An Australian citizen working in Australian Company was sent to India for 2 months for research work. The said company does not have any office in India. His Salary in terms of INR is Rs. 2 lacs per month. Comment on taxability of Salary in India
- Not taxable as he is not resident
  - Taxable, as he has rendered Service in India (Salary accrue in India)
  - Not taxable, as income is exempt u/s 10(6)(vi)
  - Non Taxable, as he is foreign citizen
21. An Individual was granted education scholarship of Rs. 80,000 in PY 19-20 and he spent only Rs. 70,000 on education. Comment on taxability of Scholarship
- Nothing is taxable, as same is exempt u/s 10(16)
  - Rs. 10,000 is taxable
  - Rs. 80,000 is taxable
  - Rs. 70,000 is taxable

22. Daily Allowance/Constituency Allowance received by MP/MLA is

- a) Taxable
- b) Exempt
- c) Exempt to the extent Amount is spent
- d) Taxability is dependent upon amount received

23. Pension received by Army personal, who was awarded "Param Vir Chakra" is

- a) Taxable
- b) Fully Exempt
- c) Exempt upto Rs. 50,000
- d) Exempt, but included in total income for rate purpose

24. Family Pension received by spouse of Army personal, who was awarded "Param Vir Chakra" is

- a) Taxable
- b) Fully Exempt
- c) Exempt upto Rs. 50,000
- d) Exempt, but included in total income for rate purpose

Exempt Income- MCQ- Answers	
Q.No	Ans
1	A
2	D
3	C
4	B
5	C
6	C
7	C
8	A
9	A
10	A
11	D
12	A
13	D
14	A
15	B
16	D
17	D
18	A
19	C
20	B
21	A
22	B
23	B
24	B

## Income Under the Head Salary

1. **Salary is taxable**
  - a) Receipt basis
  - b) Due basis
  - c) Receipt or due, whichever is earlier
  - d) Receipt or accrual, whichever is earlier
  
2. **Where there is a decision to increase the Dearness Allowance (DA) in March, 2020 with retrospective effect from 1.4.2018, and the increased D.A. is received in April, 2020, the increase DA is taxable**
  - a) in the previous year 2018-19
  - b) in the previous year 2019-20
  - c) in the previous year 2020-21
  - d) in the respective years to which they relate
  
3. **Basu is provided with furniture to the value of Rs. 80,000 along with house from February, 2019. The actual hire charges paid by his employer for hire of furniture is Rs. 6,000 p.a.. The value of furniture to be included along with value of unfurnished house for PY 2019- 20 is-**
  - a) Rs.6,000
  - b) Rs.8,000
  - c) Rs. 10,500
  - d) Rs. 14,000
  
4. **Mr. X, being a senior citizen, is getting a monthly pension of Rs. 2000. He is part time employee in ABC Ltd at a monthly salary of Rs. 2000 per month. ABC Ltd has provided him the provision of services of watchmen and personal attendant and actual cost of such service in the hands of ABC Ltd. Is Rs. 1,00,000. Comment, whether Rs. 1,00,000 is taxable in hands of Mr. X**
  - a) Not taxable, as there is no monetary payment to Mr.X
  - b) Taxable, as perquisite
  - c) Non- taxable. This is not a perquisite
  - d) Non-Taxable, as Mr. X is senior Citizen
  
5. **Mr. X was given a Helper allowance of Rs 1,20,000 for his personal work and he spent Rs.1,50,000 on said helper. Whether any amount is taxable in the hands of Mr. X**
  - a) Nothing is taxable, as he spent more than allowance given to him
  - b) Entire Rs.1,20,000 is taxable, as same is taxable allowance
  - c) Entire Rs. 1,20,000 is taxable, as same is a perquisite
  - d) Data is insufficient, as regard whether is a director in the company

6. Mr. Y is drawing a basic salary of Rs. 1,00,000 per month. He has engaged a personal attendant and employer is reimbursing his salary of Rs. 1,20,000 p.a. Comment on taxability of Rs. 1,20,000 in the hands of employee
- a) Not taxable, as the entire amount received by Mr. Y is spent on salary of attendant
  - b) Not Taxable, as the same is not a perquisite
  - c) Taxable, as the same is perquisite
  - d) Taxable, as Mr.Y is getting amount from employer, irrespective where it is used.
7. Mr X is having monthly salary of Rs 40,000 per month in PY 2019-20. He requested to employer and take advance salary of 2 months for next year in PY 2019-20 itself i.e. he got salary of Rs. 5,60,000 in PY 2019-20. His commission was Rs. 40,000 and value of perquisite in respect of provision of attendant is Rs. 50,000. He was provided a rent free accommodation in city where population as per 2001 census is 15 lacs. What is the value of perquisite in respect of rent free accommodation?
- a) Rs. 52,000
  - b) Rs. 56,000
  - c) Rs. 60,000
  - d) Rs. 65,000
8. Mr. X is working in hotel company. He was transferred from City A to City B in PY 2019-20. In City A he was given rent free accommodation and City A population as per 2001 census is 15 lacs. In city B, employer owned a hotel and employee stayed there for two months and he also retained the rent free accommodation in City A for said 2 month and after 2 months employee shifted to house taken on him on rent in City B and also vacated house in City A. His salary in previous year 2019-20 was Rs. 12,00,000 p.a. Whether he has any tax implication for staying in hotel for 2 months in City B and how much.
- a) Not taxable, no perquisite as his stay in hotel is less than 90 days
  - b) Taxable- Rs. 20,000
  - c) Taxable- Rs. 48,000
  - d) Taxable- Rs. 15,000.
9. Mohan is provided with a rent free unfurnished accommodation, which is owned by his employer, XY Pvt. Ltd., in New Delhi. The value of perquisite in the hands of Mohan is -
- a) 24% of salary
  - b) 15% of salary
  - c) 10% of salary
  - d) 7.5% of salary
10. XYZ Ltd. has taken a unfurnished house on rent w.e.f. 1.4.2019 @ monthly rent of Rs. 25,000 and then purchase the said house w.e.f 1.10.2019. the house was situated in Delhi. The said house was given as rent free accommodation to Mr. A, employee drawing a monthly salary Rs. 2,00,000. What is value of perquisite in respect of rent free accommodation
- a) 3,30,000
  - b) 3,60,000
  - c) 3,00,000
  - d) 2,40,000

11. Mr. X, being a senior citizen, is getting a monthly pension of Rs. 2000. He is part time employee in ABC Ltd at a monthly salary of Rs. 2000 per month. Mr. X has availed the services of watchmen and personal attendant and actual cost of these services (Rs. 1,00,000) is being reimbursed by ABC Ltd Comment, whether Rs. 1,00,000 is taxable in hands of Mr. X
- Not taxable, as there is no monetary payment to Mr.X
  - Taxable, as perquisite
  - Non- taxable. This is not a perquisite
  - Non-Taxable, as Mr. X is senior Citizen
12. Mr X. is a Central Government employee and was also given rent unfurnished accommodation, the annual license fee, being Rs.1,20,000. In PY 2019-20, he was sent on deputation to RBI for 7 months in Delhi. His monthly Salary is Rs. 1,00,000. Calculate the value of perquisite in respect of rent free accommodation
- 1,55,000
  - 1,20,000
  - 1,80,000
  - 90,000
13. Mr. X will join the ABC Ltd on 1/5/2019 and he was given joining bonus of Rs.1,00,000 at the time of appointment letter given on 1.3.2019. Comment on the taxability of said Rs.1,00,000 in the hands of Mr. X
- The amount is not taxable, as there is no employer-employee relationship
  - The amount is taxable under the head Salary in PY 2018-19, as the same is "Profit in lieu of Salary" u/s 17(3)
  - The amount will be taxable under the head Salary in PY 2019-20, as the same is "Profit in lieu of Salary" u/s 17(3)
  - The amount is taxable in PY 2018-19, as Income from other sources.
14. An employee working in RBI was given rent free accommodation in Delhi. What will be value of perquisite in respect of rent free accommodation?
- 15% of Salary
  - 10% of Salary
  - 7.5% of Salary
  - License fee as determined by Government
15. Mr. X is provided rent free unfurnished accommodation in City , where population as per 2001 census is 15 lacs, which is taken on rent, the annual rental charges is Rs. 1,80,000. Mr. X was given Leave Travel allowance (LTA) of Rs. 1,00,000, which he spent on travel to Malaysia. The said LTA is in block of 4 years. The annual salary of Mr. X is Rs 20 lacs. What will the value of perquisite in respect of rent free accommodation?
- 1,80,000
  - 3,00,000
  - 3,15,000
  - 2,00,000

16. Mr. X was transferred from Delhi to Mumbai w.e.f. 1/4/2019. His family stayed at Delhi. He was given rent free accommodation at the both the places for entire year. His salary was Rs. 1,50,000 per month. The rental accommodation at Mumbai was taken on rent by the Employer, at annual rent of Rs. 1,50,000. What will the value of perquisite in respect of rent free accommodation?
- a) 4,20,000
  - b) 3,53,425
  - c) 3,83,014
  - d) 3,16,438
17. An employee is working in college and as part of remuneration, his wife is allowed to do B.Ed from said college, without any fees. The cost of such education in similar institution is Rs. 900/month. Examine the following:-
- a) There is no tax implication
  - b) There is no tax implication, as the cost of education is less than Rs. 1000/month
  - c) Rs. 10,800 is a taxable in the hands of Employee
  - d) Rs.9600 is taxable in the hands of Employee
18. An employee was given salary of Rs. 11,00,000 and Rent free accommodation (Value – Rs. 1,00,000). The tax on perquisite – Rs. 30,000 was paid by employer. Calculate taxable salary of employee
- a) Rs. 11,00,000
  - b) Rs. 12,00,000
  - c) Rs. 11,30,000
  - d) Rs.12,30,000
19. Salary is accrued at the which place
- a) Where employer registered office is situated
  - b) Where service are rendered
  - c) Where Salary is received
  - d) Where employee residence is situated
20. Salary of Mr. A is Rs. 15,000 p.m. Mr. P had taken Salary in advance for April to June 2018 in March 2018 itself. Gross salary of Mr. A for AY 2019-20
- a) Rs. 1,80,000
  - b) Rs. 1,35,000
  - c) Rs. 1,50,000
  - d) Rs. 2,25,000
21. Mr. X settled in UK in April 2018 and he is receiving pension in UK for services rendered in India and he is non-resident in PY 2019-20. Comment on taxability of such pension in India
- a) Not taxable, as pension received outside India
  - b) Taxable, as pension accrued in India
  - c) Not taxable, as Mr. X is non-resident
  - d) None of the above.

**22. Helper allowance is exempt, when**

- a) Allowance is given for personal purpose and nothing is spent
- b) Allowance is given for personal purpose and entire amount is spent
- c) Allowance is given for official purpose and nothing is spent
- d) Allowance is given for official purpose and entire amount is spent

**23. Comment on the taxability of Allowances paid outside India to non-resident citizen of India for service rendered outside India**

- a) Not taxable, as service are rendered outside
- b) Not Taxable, as salary accrue or arise outside India
- c) Taxable, as employee is citizen of India
- d) Exempt, as provided in Section 10(7)

**24. Comment on the taxability of perquisite given outside India to non-resident citizen of India for service rendered outside India by Government of India**

- a) Taxable, as employee is citizen of India
- b) Taxable, as Salary accrue or arise in India
- c) Non-taxable, as the service are rendered outside India
- d) Exempt u/s 10(7)

**25. Bonus is taxable as salary income on \_\_\_ basis.**

- a) Receipt basis
- b) Due basis
- c) Earlier of (a) or (b)
- d) At the discretion of employee

**26. Mr. X is entitled to Servant allowance of Rs. 6000 p.m. for his residence. He pays Rs. 5000 p.m. to the servant employed by him. Taxable allowance is**

- a) Rs. 6000 pm
- b) Rs.5000 PM
- c) Rs. 1000 PM
- d) NIL

**27. Mr. X is entitled to a basic salary of Rs. 56,000 p.m. & DA of Rs. 15,000 p.m. 50% of which forms part of retirement benefits. He is also entitled to HRA of Rs. 30,000 pm. He actually lives with his parents in Delhi & does not pay any rent. Market rent of that house is Rs. 25,000 pm in Mumbai. Calculate the exempt HRA.**

- a) NIL
- b) 3,60,000
- c) 3,36,000
- d) Data is insufficient

**28. Children Education Allowance is exempt up to**

- a) Rs.100 pm per child
- b) Rs 100 pm per child up to 2 children
- c) Rs.100 pm per child for 3 children, if last 2 children are twin
- d) Rs. 100 pm in aggregate for 2 children.

29. Mr. M gets salary of Rs. 12,000 p.m. & is entitled to rent free unfurnished accommodation at City (which has population of 20 lakh). House is owned by employer, fair rental value of which is Rs. 1,400 p.m. House was occupied from 1st July, 2019. Value of the perquisite will be for PY 2019-20 will be.
- 21,600
  - 10,800
  - 16,200
  - 12,600
30. Medical facility to employee in India is exempt if:
- Hospital owned/maintained by employer or Government Hospital;
  - Private Hospital (if recommended by Government for treatment of its employees).
  - Specified facility for prescribed diseases in hospital approved by PCC/CC
  - All of the above
31. For the purpose of determining the perquisite value of loan at concessional rate given to the employee, the lending rate of State Bank of India as on \_\_\_\_ is required;
- 1<sup>st</sup> Day of Previous Year
  - Last day of Previous Year
  - 1<sup>st</sup> Day of Assessment Year
  - Last day of Assessment year.
32. Mr. X working in ABC Ltd was given Interest free loan – Rs.10,000 for his medical treatment and Rs. 25,000 to his son for education. The SBI Interest rate on both the loan is 10%. Calculate the value of perquisite in respect of Interest free loan
- NIL, as the individual loan is less than Rs. 20,000
  - Rs.2500
  - Rs. 1000
  - Rs.3500
33. Interest free loan is not treated as taxable perquisite in which of the following cases:-
- If the loan amount in aggregate is less than 20,000
  - If the loan amount in aggregate is upto Rs.20,000
  - If the loan is given for medical treatment of disease specified in rule 3A and loan is not reimbursed under any other medical scheme
  - All of above
34. An employee was given specialized training in AI by his employer and employer incurred Rs. 5 lakhs on the same. Comment on taxability in the hands of employee
- Nothing is taxable
  - Rs. 5 lakhs is taxable in the hands of employee
  - The taxability depends upon the discretion of AO
  - None of the above

35. Exemption in respect of leave travel Allowance is exempt for
- Travel charges
  - Restaurant charges
  - Hotel Charges
  - All the above
36. Tea & Snacks are provided to employee during the office hours. The taxable value of such perquisite in the hands of Employee shall be
- NIL
  - Rs. 50/per Tea & Snacks
  - The actual cost incurred by Employer
  - Excess of expenditure over Rs. 50/Tea & snacks
37. An employee has been provided free meal worth Rs. 130 per meals for 2 meals for 280 days in the office, during office hours. Such facility provided to employees shall be taxable for
- Rs. 130 per day for 280 days
  - Rs. 260 per day for 280 days
  - Rs.80 per day for 280 days
  - Rs.160 per day for 280 days.
38. Employer is maintaining the sports club and facility of the same is available to 20 employees out of 100 employee. What is taxability in the hands of 20 employees
- Nothing is taxable, as no personal benefit to employees
  - Nothing is taxable, as the same is not a perquisite
  - Taxable on the basis of actual cost incurred by employer
  - Taxable on the basis of discretion of AO.
39. Mr. A. employed in M Ltd. was permitted to admit his only son in the school run by the employer. The annual salary of A is Rs. 40,000.No fee was charged on such education provided to the son of Mr. A. The cost of such education for other children is Rs. 1,800 per month. The perquisite value of free education shall be
- Rs.1800
  - Rs.12,000
  - Rs.36,000
  - NIL.
40. Mr. A working in newspaper company was given a video camera for office use and cost of the same is Rs.50,000. The taxable value of perquisite will be
- Rs 5000
  - NIL
  - Fully Exempt
  - Rs. 6000

41. The employer had purchased a car for Rs. 8,00,000 2 years & 7 months ago. This car is sold to the employee for Rs. 2,02,000. The value of this perquisite shall be
- Rs. 2,80,000
  - Rs. 1,20,000
  - Rs. 8,00,000
  - Rs. 3,10,000
42. Encashment of leave Salary at the time of retirement fully exempt in the case of:-
- Central Government Employee
  - State Government Employee
  - Both central & State Government Employee
  - Private Sector employee
43. Payment of premium on personal accident insurance policies of the employee by the employer is
- Taxable Perquisite
  - Exempt Perquisite since no immediate benefit would become payable to the employee
  - Partly Exempt
  - None of the above.
44. Salary for exemption of leave encashment shall be taken as.
- Last drawn salary
  - Average Salary of 10 months immediately preceding the month of retirement
  - Average Salary of 10 months immediately preceding the date of retirement
  - Any of the above.
45. Which of the following leave salary is exempt
- Leave salary paid to legal heir
  - Leave salary received by family of government servant who died in harness (on duty)
  - Both (a) & (b)
  - None of the above.
46. An employee is covered under Payment of Gratuity Act, 1972. Salary for purpose of calculating 15 days salary for each completed year of service shall be
- Last drawn Salary
  - Average Salary of 10 months immediately preceding the month of retirement
  - Average Salary of 10 months immediately preceding the date of retirement
  - Any of the above.

47. Mr. A is employed in XYZ Ltd. & his wife is suffering from a critical disease. The company has sent Mr. A & Mrs. A to USA for the medical treatment of Mrs. A .The company has incurred expenses on medical treatment of Mrs. A & stay outside India of Mrs. A & of Mr. A. amounting to Rs. 17,00,000 but RBI permitted only Rs. 15,00,000. The travel expenses amounted to Rs. 1,50,000. Total Income of Mr. A was Rs. 5,00,000 (Before considering above said medical benefits) and deduction u/s 80C is Rs. 1,50,000. The taxable perquisite in this case shall be
- 3,50,000
  - 8,50,000
  - 2,00,000
  - 1,50,000
48. Mr.X is working in ABC Ltd. ABC Ltd incurred Rs. 1,00,000 on medical treatment of Daughter in law of Mr X in hospital maintained by it and also reimbursed Rs. 50,000 to Mr X.on medical treatment of his son in a private hospital. Comment on the taxability of such medical perquisite in the hands of Mr X
- Rs. 1,50,000
  - Rs. 1,00,000
  - Rs. 50,000
  - NIL
49. Scholarship given to children of employee is
- Perquisite, but not taxable
  - Perquisite and taxable
  - Not a perquisite, but a taxable
  - Not taxable upto Rs. 100/Child
50. Credit for \_\_\_\_ unavailed LTC is available in the first calendar year of Next block
- One
  - Two
  - Any
  - Three
51. Employee was given Conveyance allowance of Rs. 24,000 in a year and he spends Rs. 20,000 on conveyance. Comment on Taxability
- Nothing is taxable
  - Rs. 24,000
  - Rs. 4,000
  - Rs. 9,600.
52. Employee is entitled to salary on 5<sup>th</sup> of next month. An employee joined the company on 1.7.2019 and his monthly salary is Rs. 20,000. How much Salary is taxable in PY 2019-2020
- 1,80,000
  - 1,60,000
  - 2,40,000
  - 2,00,000

53. In FY 2019-20, Mr. A salary was increased by Rs. 20,000 p.a w.e.f FY 17-18. The Salary of Rs. 40,000 for FY 17-18 & FY 18-19 will be taxable
- a) FY 17-18
  - b) FY 17-18 & FY 18-19 respectively
  - c) FY 19-20
  - d) Any of above year, at the discretion of Mr. A
54. Mr. X, citizen of India, working in Indian Company, was sent to Foreign Country on 1/5/2018. He stays there till 31/3/2019. His monthly Salary is Rs. 1,00,000. Determine the Gross Taxable salary in India
- a) Rs. 1,00,000
  - b) Rs. 11,00,000
  - c) Rs. 12,00,000
  - d) None of the above
- 54A. Mr. X, citizen of India, working in Indian Company, was sent to Foreign Country on 1/12/2018. He stays there till 31/3/2019. His monthly Salary is Rs. 1,00,000. Determine the Gross Taxable salary in India
- a) Rs. 8,00,000
  - b) Rs. 4,00,000
  - c) Rs. 12,00,000
  - d) None of the above
- 54B. Mr. X, citizen of Foreign Country working in foreign Country, came to India for deputation for 3 months. As a part of service terms, after working 3 months in India, he was given 1 month leave. His monthly Salary is Rs 1,00,000 per month. Determine the Taxable salary in India
- a) Rs. 3,00,000
  - b) Rs. 4,00,000
  - c) Rs. 10,00,000
  - d) Rs. 12,00,000
55. Mr. A, after working in India for 20 years, settled outside India in foreign Country. In FY 18-19, he was non-resident and received a pension of Rs. 3 lacs from his ex-employer in India. Determine the Gross Taxable salary in India
- a) Rs. 3,00,000
  - b) NIL
  - c) Rs. 2,40,000
  - d) None of the above
56. Compensation received by a person from his former employee is
- a) Not taxable, as the same is capital receipt
  - b) Taxable, as income from capital gains
  - c) Taxable, Salary, being profit in lieu of Salary
  - d) Not Taxable, as it was received from former employer

57. The Taxability of House rent Allowance is dependent upon

- a) Rent paid
- b) Salary
- c) City, where employee is staying
- d) All of above

58. Salary for purpose of HRA computation includes

- a) Basic, DA
- b) Basic, DA, Commission
- c) Basic, DA (if forms part of Retirement benefit) & Commission
- d) Basic, DA (if forms part of Retirement benefit) & Fixed Commission on Turnover.

59. An employee is working in Bhopal and staying in own house. His family is staying in Delhi in rented house. For computing HRA exemption, one of the factor will be

- a) 40% of Salary
- b) 50% of Salary
- c) Either of above
- d) None of the above

60. An employee Basic Salary is Rs. 50,000 PM and DA is 50% and 50% of DA forms part of Retirement. The HRA is Rs. 30,000 PM He has taken rented house in Delhi and rent paid is Rs. 30,000 PM. He stayed in rented house of 7 months and then shifted to own house. How much HRA is taxable

- a) Rs. 3,60,000
- b) Rs. 171,875
- c) Rs. 21,875
- d) NIL

61. An employee basic Salary as at 1.4.2019 was Rs.50,000 PM, which was increased to 60,000 on 1.10.2019. HRA was Rs. 30,000 PM. He stayed in Delhi for first 7 months (Rent paid – Rs. 25,000 PM) and shifted to Bhopal and paid rent at Rs. 20,000 p.m. The taxable HRA is

- a) 3,60,000
- b) NIL
- c) 1,80,000
- d) Rs. 1,50,000

62. Following Allowances are given to meet the expense of duties as under:-

- i) Travelling & Conveyance allowance
- ii) Tiffin Allowance
- iii) Helper Allowance
- iv) Books allowance
- v) Uniform allowance
- vi) Education and Research allowance
- vii) Recreation allowance

Which of the following allowance are exempt, to the extent amount incurred

- a) All of above
- b) None of the above
- c) (i), (iii), (v), (vi)
- d) (i), (ii), (iv), (vii)

63. An employee was transferred from Mumbai to Rajasthan and he was given an allowance of Rs. 15,000 for transportation of personal effects from Mumbai to Rajasthan. He spent Rs. 14,000 for said purpose. How much of said allowance is taxable
- a) Rs. 15,000
  - b) Rs. 14,000
  - c) Rs. 1000
  - d) NIL
64. Mr. A retired as on 1-4-2019 from Private Company and his monthly pension was Rs. 10,000. On 1-7-2019, he got 60% of pension computed for Rs. 3,00,000. He did not receive any gratuity on retirement. His Taxable Income for Previous year 2019-20 is
- a) Rs. 1,16,000
  - b) Rs. 66,000
  - c) Rs. 3,66,000
  - d) Rs. 3,00,000
65. Mr. A retired as on 1-4-2019 from Private Company and his monthly pension was Rs. 10,000. On 1-7-2019, he got 60% of pension computed for Rs. 3,00,000. He received gratuity on retirement. His Gross Salary for Previous year 2019-20 is
- a) Rs. 1,99,333
  - b) Rs. 66,000
  - c) Rs. 3,66,000
  - d) Rs. 3,00,000
66. Computation of Pension received is exempt for
- a) Central Government Employee
  - b) Statutory Corporation employee
  - c) Judges of High Court and Supreme Court
  - d) All of above
67. Maximum amount of Gratuity exempt , which was received at time of retirement is
- a) Rs. 3,00,000
  - b) Rs. 5,00,000
  - c) Rs. 15,00,000
  - d) Rs. 20,00,000
68. Maximum amount of Gratuity exempt, which is receive during the tenure of service is
- a) Rs. 3,00,00
  - b) NIL
  - c) Rs.5,00,000
  - d) Rs. 20,00,000

69. An employee is covered under payment of Gratuity Act. Before retirement, he rendered a service of 18 years 6 months and 4 day. For calculating exempt gratuity, the completed year of service will be taken at
- a) 18.5 years
  - b) 18 years
  - c) 19 months
  - d) 18 years, 6 months and 4 days
70. An employee is covered under Payment of Gratuity Act, 1972. For purpose of computing 15 days' salary for computing exempt gratuity, the number of days in a month shall be taken as \_\_\_\_\_ days.
- a) 30 days
  - b) 31 days
  - c) 26 days
  - d) 28 days
71. An employee is NOT covered under Payment of Gratuity Act, 1972. For purpose of computing half months' salary for computing exempt gratuity, the number of days in a month shall be taken as \_\_\_\_\_ days.
- a) 30 days
  - b) 31 days
  - c) 26 days
  - d) 28 days
72. Mr. A retired, from Private company, on 01-03-2019 and received a gratuity of Rs. 8,00,000. His basic Salary and DA was Rs. 40,000 p.m and Rs. 25,000 pm respectively. 50% of DA formed part of Retirement benefit. He worked for 20 years 5 month and payment of gratuity Act was applicable. The taxable gratuity amount is
- a) Rs. 8,00,000
  - b) Rs. 50,000
  - c) Rs 7,50,000
  - d) NIL
73. Mr. A retired, from Private company, on 01-03-2019 and received a gratuity of Rs. 8,00,000. His basic Salary and DA was Rs. 40,000 p.m and Rs. 25,000 pm respectively. 50% of DA formed part of Retirement benefit. He worked for 20 years 11 month and payment of gratuity Act was not applicable. The taxable gratuity amount is
- a) Rs. 2,75,000
  - b) Rs. 50,000
  - c) Rs 8,00,000
  - d) NIL

74. Mr. A retired, from Private company, on 01-03-2019 and received a gratuity of Rs. 8,00,000. His basic Salary and DA was Rs. 40,000 p.m and Rs. 25,000 pm respectively. 50% of DA formed part of Retirement benefit. He worked for 20 years 11 month and payment of gratuity Act was not applicable. He had earlier availed gratuity in previous employment and claimed exemption of Rs. 19,00,000 The taxable gratuity amount is

- a) Rs. 7,00,000
- b) Rs. 1,00,000
- c) Rs 8,00,000
- d) NIL

75. Mr. A retired, from Private company, on 01-03-2019 and received a gratuity of Rs. 8,00,000. His basic Salary and DA was Rs. 40,000 p.m and Rs. 25,000 pm respectively at the time of retirement. He got increment in basic of Rs. 10,000 on 1.12.2018. 50% of DA formed part of Retirement benefit. He worked for 20 years 11 month and payment of gratuity Act was not applicable. The taxable gratuity amount is

- a) Rs. 3,45,000
- b) Rs. 1,50,000
- c) Rs 8,00,000
- d) Rs. 6,50,000

76. Employer's Contribution to provident is exempt upto

- a) 12% of Basic Salary
- b) 12% of Basic Salary, Dearness allowance (if forms part of Retirement benefit) & fixed Commission on Turnover
- c) 12% of Basic Salary and Dearness Allowance
- d) Either of above

77. Interest on balance to the credit of Recognized Provident is taxable in PY 19-20 when Interest rate is more than

- a) 8.5%
- b) 9.5%
- c) 10.00%
- d) 10.50%

78. Taxability relating to contribution to unrecognized funds is taxable

- a) Employer Contribution at the time of contribution & Interest at the time of maturity
- b) Employer Contribution & Interest on yearly basis
- c) Employer contribution at the time of maturity and Interest on yearly basis
- d) Employer Contribution & Interest at the time of maturity.

79. Employer contributes to Recognized Provident @ 15% of Basic. The employee Salary is 50,000, DA- Rs. 30,000 (forms part of Retirement benefit). Employer Contribution to RPF is taxable

- a) Rs. 1,500
- b) Rs. 2,400
- c) Rs. 2,000
- d) NIL

80. Withdrawal from recognized Provident fund is not taxable when

- a) Withdrawal is made after continuous service of 5 years
- b) Withdrawal is made due to termination of employee because of ill-health or discontinuous of employer business
- c) Amount is transferred to other RPF
- d) All of above

81. Which of the perquisite will be taxable in the hands of all employees (specified & Non-Specified)

- i) Rent free accommodation
- ii) Use of Motor car for personal and private use
- iii) Services of Attendant provided by employer
- iv) Electricity bill of employee paid by the employer
- v) Value of Equity Shares allotted at concessional amount
- vi) Any sum payable by employer to effect a contract for annuity

- a) All of above
- b) None of the above
- c) (i), (iv), (v) & (vi)
- d) (ii), (iii)

82. An employee whose Income under the head Salary, excluding non-monetary perquisite, is Rs. 45,000. Which of the following perquisites will NOT be taxable in his hand

- a) Rent Free Accommodation
- b) Use of Motor Car for personal use
- c) Cost of Personal attendant reimbursed by Employer
- d) All of above.

83. There are some perquisites, which are taxable in the hands of certain special categories of employees. These are

- a) Director of Company, who is employee in the company
- b) An Individual holding 20% or more equity share capital in company
- c) An individual, whose Income under the head Salary, excluding non-monetary perquisite, exceeds Rs. 50,000
- d) All of the above.

84. Mr. A was working in City X (having population more than 50 lacs) and getting monthly salary of Rs. 50,000. He left the job on 30.6.2019 and joined another company on 1-7-2019 (in city Y, where population is less is 20 lacs) at a monthly Salary of Rs. 60,000. From earlier employer, Mr. A received a gratuity of Rs. 2,00,000 which was fully taxable. New Employer Provided him rent free accommodation and also a furniture costing Rs. 50,000 which was purchased by Employer in FY 18-19. Calculate the value of taxable perquisite of rent free accommodation on FY 19-20
- 56,750
  - 74,000
  - 59,000
  - 71,750
85. Value of Rent free accommodation, which was taken by employer on rent, will be as under;-
- Higher of 15% of Salary or rent paid by employer
  - Lower of 15% of Salary or rent paid by Employer
  - 15%/10%/7.5% of Salary (Depending upon City) or rent paid by employer, whichever is lower
  - 15%/10%/7.5% of Salary (Depending upon City) or rent paid by employer, whichever is Higher
86. An employee was given accommodation in Hotel for entire year. The Value of said perquisite will be
- 24% of Salary or Actual hotel charges, whichever is lower
  - 24% of Salary or Actual hotel charges, whichever is higher
  - 15%/10%/7.5% of Salary (Depending upon City) or rent paid by employer, whichever is lower
  - 15%/10%/7.5% of Salary (Depending upon City) or rent paid by employer, whichever is Higher
87. An employee was transferred from City A to City B. In city B he was allowed to stay in Hotel for 10 days. Whether perquisite in respect of stay in hotel would be chargeable to tax
- Yes
  - No
  - Depends upon whether he is director
  - Depends upon Salary level
88. An employee is allowed use a car (having CC capacity 1600) for office and Private use. The employer is incurring all expenditure on running and maintenance, including driver. The monthly perquisite taxable in the hands of employee is
- Rs. 2700
  - Rs. 1800
  - Rs. 3300
  - Rs. 2400

89. An employee is allowed use a car (having CC capacity 1700) for office and Private use. The employer is incurring all expenditure on running and maintenance, including driver. The monthly perquisite taxable in the hands of employee is
- a) Rs. 2700
  - b) Rs. 1800
  - c) Rs. 3300
  - d) Rs. 2400
90. An employee is allowed use a car (having CC capacity 1600) for office and Private use. The employee is incurring all expenditure on running and maintenance, except driver. The monthly perquisite taxable in the hands of employee is
- a) Rs. 1500
  - b) Rs. 600
  - c) Rs. 1800
  - d) Rs. 900
91. An employee is allowed use a car (having CC capacity 1600) for office and Private use, the car being owned by Employer. The employer is incurring all expenditure on running and maintenance, except driver. The monthly perquisite taxable in the hands of employee is
- a) Rs. 1800
  - b) Rs. 600
  - c) Rs. 1500
  - d) Rs. 900
92. An employee is allowed use a car (having CC capacity 1700) for office and Private use, the car being owned by employer. The employer is incurring all expenditure on running and maintenance, except driver. The monthly perquisite taxable in the hands of employee is
- a) Rs. 1500
  - b) Rs. 600
  - c) Rs. 2400
  - d) Rs. 900
93. An employer hire a car (having CC 1700) at monthly rental of Rs. 10,000. The cost of car is Rs. 6,00,000. He also incurred monthly expenditure of Rs. 20,000 on running and maintenance, including driver. The car was used by employee for his personal purpose. The monthly value of perquisite taxable in the hands of Employee is
- a) 30,000
  - b) 35,000
  - c) 3,300
  - d) 80,000

94. An employee is owning 3 cars (Car X,Y,Z, all having CC less than 1600) and monthly running and maintenance expenses are Rs. 10,000, 20,000 and Rs. 30,000 respectively. An employee can use all 3 cars for personal and office purpose. The monthly value of taxable perquisite is Rs.
- a) 52,700
  - b) 32,700
  - c) 42,700
  - d) 60,000
95. An employee having annual salary of Rs. 45,000 was provided facility of electricity & water for his household. The amount incurred by employer on electricity and water is Rs. 12,000. The taxable value of perquisite in respect of electricity and water facility is
- a) NIL
  - b) Rs. 12,000
  - c) Rs. 4,500
  - d) Rs. 9,000
96. An employee having annual salary of Rs. 45,000. The employer reimbursed the employee's electricity and water bill amounting to Rs. 12,000. The taxable value of perquisite in respect of electricity and water facility is
- a) NIL
  - b) Rs. 12,000
  - c) Rs. 4,500
  - d) Rs. 9,000
97. An employee having annual Salary of Rs. 1,20,000, is allowed by his employer to enroll his son in school maintained by employer. The comparable cost of such education is Rs. 1200 per month. The taxable value of perquisite is
- a) NIL
  - b) Rs 1200 p.m
  - c) Rs. 12,000 P.A
  - d) Rs. 24,000 p.a
98. An employee having annual Salary of Rs. 1,20,000, is allowed by his employer to enroll his son in school maintained by employer. The comparable cost of such education is Rs. 900 per month. The taxable value of perquisite is
- a) NIL
  - b) Rs 900 p.m
  - c) Rs. 12,000 P.A
  - d) Rs. 24,000 p.a
99. An employee is working in college and as part of remuneration, his wife is allowed to do B.Ed from said college, without any fees. The cost of comparable education is Rs. 900 p.m. The taxable value of perquisite is
- a) NIL
  - b) Rs 900 p.m
  - c) Rs. 12,000 P.A
  - d) Rs. 24,000 p.a

100. An employee having annual Salary of Rs. 45000. The employer reimbursed the cost of education of his son, which is Rs. 900 per month. The taxable value of perquisite is
- a) NIL
  - b) Rs 900 p.m
  - c) Rs. 9000 P.A
  - d) Rs. 18,000 p.a
101. An employer, engaged in the transportation of passenger through Cab, allowed his employee, having annual salary less than Rs. 50,000, to use Cab for his personal visit to outstation. The similar service to outside person would enable employer to earn Rs. 15,000. The taxable value of perquisite in the hands of employee is
- a) Rs. 15,000
  - b) NIL
  - c) Rs. 5000
  - d) Rs. 10,000
102. An employer, engaged in the transportation of passenger through Cab, allowed his employee, having annual salary of Rs. 1,20,000, to use Cab for his personal visit to outstation. The similar service to outside person would enable employer to earn Rs. 15,000. The taxable value of perquisite in the hands of employee is
- a) Rs. 15,000
  - b) NIL
  - c) Rs. 12,000
  - d) Rs. 24,000
103. An Airline, allowed his employee, Annual salary Rs. 5,00,000, to travel along with family from Delhi to Mumbai for personal visit. The cost tickets would have been Rs. 30,000. The taxable perquisite in the hands of Employee is
- a) Rs. 30,000
  - b) NIL
  - c) Rs. 5000
  - d) Rs. 10,000
104. An employer made an arrangement with SBI to provide Housing loan to his employees and 50% Interest thereon will be borne by Employer. An employee availed the housing loan and total Interest thereon in PY 2019-20 is Rs. 1,00,000. The taxable perquisite in the hands of employee is
- a) Rs. 1,00,000
  - b) Rs. 50,000
  - c) NIL
  - d) Rs. 25,000

105. An employee visited outstation in connection with office work. Due to ill health, his wife accompanied Him. The cost of travel and accommodation amounted to Rs. 50,000. The taxable perquisite in the hands of employee is
- NIL
  - Rs. 50,000
  - Rs. 25,000
  - Rs 12,500
106. A gift or voucher in lieu of gift given to employee in PY, will not be taxable perquisite, when value of said gift or voucher is
- Less than Rs. 2,500
  - Less than Rs. 5,000
  - Less than Rs. 7,500
  - Less Than Rs. 10,000
107. An employer availed the Corporate membership of a club for 5 of his employees. The Corporate membership fees – Rs. 2,00,000, annual fees- Rs. 50,000. An employee spend Rs. 5000 in that club and employer reimbursed the same. The taxable value of perquisite in hands of employee is
- Rs. 2,55,000
  - Rs. 55,000
  - Rs. 15,000
  - NIL
108. An employee was given the following assets for use by the employee or any members of his household- Laptop (Cost – Rs. 50,000), Mobile (Cost- Rs. 20,000) & Bike (Rs. 50,000). The taxable perquisite in hands of employee is
- Rs. 1,20,000
  - Rs. 12,000
  - Rs.7,000
  - NIL
109. Value of perquisite in respect of Transfer Computer & electronic items by employer to employee, will be determined based on dep @ \_\_\_\_\_ on \_\_\_\_\_ and depreciation computed on \_\_\_\_\_
- 50%, WDV method & proportionate period of use by employer
  - 50%, SLM and proportionate period of use by employer
  - 50%, WDV and each completed year of use by employer
  - 50%, SLM and each completed year of use by employer
110. Value of perquisite in respect of Transfer Motor Car, by employer to employee, will be determined based on dep @ \_\_\_\_\_ on \_\_\_\_\_ and depreciation computed on \_\_\_\_\_
- 20%, WDV method & proportionate period of use by employer
  - 20%, SLM and proportionate period of use by employer
  - 20%, WDV and each completed year of use by employer
  - 20%, SLM and each completed year of use by employer

111. Value of perquisite in respect of Transfer of Any Asset (Other than Computer & Car) by employer to employee, will be determined based on dep @ \_\_\_\_\_ on \_\_\_\_\_ and depreciation computed on \_\_\_\_\_
- a) 10%, WDV method & proportionate period of use by employer
  - b) 10%, SLM and proportionate period of use by employer
  - c) 10%, WDV and each completed year of use by employer
  - d) 10%, SLM and each completed year of use by employer
112. An employee was offered an option to purchase 1000 Equity Shares (Listed on NSE) of Employer Company at Rs. 100/share. The employer exercise the option on 15-5-2019 and on that date closing and opening price was Rs. 200 and Rs. 210 respectively. The taxable value of perquisite in hands of employee is
- a) Rs. 1,00,000
  - b) Rs. 1,05,000
  - c) Rs. 1,10,000
  - d) NIL
113. An employee was offered an option to purchase 1000 Equity Shares (Listed on NSE) of Employer Company at Rs. 100/share. The employer exercise the option on 15-5-2019 and on that date, there was no trading in the shares of company. The last trading was on 13-5-2019, when closing and opening price was Rs. 200 and Rs. 210 respectively. The taxable value of perquisite in hands of employee is
- a) Rs. 1,00,000
  - b) Rs. 1,05,000
  - c) Rs. 1,10,000
  - d) NIL
114. Equity shares, not being listed shares, proposed to allotted at concessional price to employee, valuation of shares will be based on
- a) Valuation report of merchant Banker as on date of exercising the option to acquire the shares
  - b) Valuation report of merchant Banker as on date, not earlier than 180 days of exercising the option to acquire the shares
  - c) Book value of shares
  - d) Either (a) or (b)
115. Standard deduction for computing Income under the head Salary for PY 19-20 is
- a) Rs. 40,000
  - b) Rs. 50,000
  - c) 1/5 of Salary
  - d) ¼ of Salary

**116. In PY 19-20, A government employee basic Salary was Rs. 50,000 PM , Entertainment allowance – Rs. 10,000 PM. The Income under the head Salary for PY 19-20 is**

- a) Rs. 6,65,000
- b) Rs. 5,50,000
- c) Rs. 6,10,000
- d) Rs. 6,60,000

**117. An employee basis salary was Rs. 40,000 pm and employer paid the professional tax of Rs. 2400 pa on behalf of employee. The income under the head salary is**

- a) 4,80,000
- b) 4,30,000
- c) 4.32,400
- d) 4,82,400

**118. Employer Contribution to Superannuation fund is**

- a) Taxable
- b) Not taxable
- c) Taxable in excess of employer contribution of Rs. 1,50,000
- d) Entire amount is Taxable where employer contribution is more than 1,50,000

**119. Pension received by gallantry award winner is**

- a) Fully taxable
- b) Fully Exempt
- c) Taxability depends upon amount of pension
- d) 50% is taxable

**120. Entertainment allowance for government employee is**

- a) Taxable and then reduced from total Salary as per section 16(iii)
- b) Is not included in Salary
- c) Is not included in Salary and deduction is given as per section 16(iii)
- d) Not taxable

**121. An entertainment allowance is deducted from Salary u/s 16(iii)**

- a) Lower of Entertainment allowance, Rs 5000 or 1/5<sup>th</sup> of basic Salary
- b) Higher of Entertainment allowance, Rs 5000 or 1/5<sup>th</sup> of basic Salary
- c) Lower of Entertainment allowance, Rs 5000 or 1/5<sup>th</sup> of Salary
- d) Higher of Entertainment allowance, Rs 5000 or 1/5<sup>th</sup> of Salary

**122. Medical benefit in the form of reimbursement of Hospital expenditure of employee is taxable in the following cases**

- a) Hospital is maintained by employer
- b) Hospital is Government Hospital
- c) Hospital is approved by Income Tax department for treatment of prescribed diseases
- d) Any Private Hospital

123. Group Medclaim insurance policy taken by employer on the health of employee is perquisite to employees and it is
- a) Not Taxable
  - b) Taxable
  - c) Taxable in the hands of employee, whose annual salary is more than 50,000
  - d) Taxable in the hands of employee, who are director
124. Medical treatment, including stay, of employee or his family member outside India is perquisite and it is
- a) Taxable
  - b) Not Taxable in any case
  - c) Will be exempt to the extent permitted by RBI
  - d) Will be exempt to the extent of Rs. 5,00,000
125. In respect of medical treatment outside India, expenses in respect of traveling of the patient and the attendant is perquisite and it is
- a) Taxable
  - b) Not Taxable
  - c) Will be exempt, where Gross total Income of employee (before including said expenditure) is upto Rs. 2 lacs
  - d) Will be exempt upto Rs. 2 lacs
126. Salary paid to partner is taxable
- a) in the head 'Income from Salary'
  - b) In the head PGBP
  - c) In the head Income from other sources
  - d) Either of above
127. A foreign Citizen who retired from foreign Company in japan, get permanently settled in India from 1-4-2019. He is receiving pension from foreign employer directly in India. Foreign citizen takes a view that pension is not taxable in India, as place of accrual of Salary is outside India. Comment
- a) Pension is not taxable, as salary accrue outside India
  - b) Pension is not taxable in India in case of foreign citizen
  - c) Pension is taxable, as it is received directly in India
  - d) Pension is taxable, as global income is taxable in case of resident
  - e) Both (c ) and (d)
128. An employee was working with employer in the city of Mumbai and his family is staying at Delhi. Employee was given rent free accommodation at Mumbai. The employee salary – Basic Rs. 50,000 pm , HRA-Rs, 30,000 pm. Rent paid at Delhi- 30,000 in PY 2019-20. The taxable Income of employee for PY 19-20 is as under;-
- a) 7,09,000
  - b) 7,00,000
  - c) 6,76,000
  - d) 6,59,500

129. An employee Salary – Basic – Rs. 50,000 pm, DA – Rs. 60% of basic (50% forms part of Retirement benefit), HRA – Rs. 40% of Basic. He is staying in Delhi and rent paid is Rs. 25,000. In PY 19-20, he took too advance salary for 2 months relating to 20-21. Calculate the taxable income for FY 19-20
- a) 11,38,000
  - b) 13,51,000
  - c) 9,28,0000
  - d) 10,20,000
130. An employee was given non-monetary perquisite and tax thereon was paid by employer. Comment on taxability of perquisite, being tax (on non-monetary perquisite) of employee paid by employer
- a) Taxable, as obligation of employee met by employer
  - b) Not taxable, as specifically exempt u/s 10(10C)
  - c) Taxability, will depend upon salary level
  - d) Taxability, will depend whether employee is director or shareholder in the company
131. Mr. A took advance against Salary of Rs. 50,000 in March 2019, which is to be adjusted against Salary due in FY 19-20. Comment on taxability of such advance
- a) Taxable in FY 2018-19
  - b) Taxable in FY 2019-20
  - c) Not Taxable
  - d) Taxability depends upon Amount of Salary of employee.
132. An employee was given transport allowance of Rs. 2000 per month for the purpose of commuting from Home to office and back. He spent the entire amount for this purpose. Comment on the taxability of such transport Allowance
- a) Fully Taxable
  - b) Not Taxable, as the entire amount is spent for transport purpose
  - c) Transport Allowance is exempt upto Rs 3200 p.m
  - d) Taxability will depend upon Salary level of employee
133. Maximum amount of gratuity, which can be not taxable, is
- a) Rs. 20 lacs per employer
  - b) Rs. 20 lacs during the lifetime of employee
  - c) Rs. 3 lacs
  - d) Rs. 5 lacs
134. Comment on taxability of employer contribution to Statutory Provident fund (SPF) and accrual of annual interest on balance in SPF at the end of every year.
- a) Neither Contribution nor Interest is taxable
  - b) Contribution in excess of 12% and Interest in excess of 9.5% is taxable
  - c) Contribution and Interest is taxable at the time of withdrawal of amount from SPF
  - d) Taxability will depend upon on Salary level of employee

135. Spouse of employee (Mr.A) is working independently and getting annual Salary of Rs. 5 lacs p.a. She was treated in Hospital maintained by Mr.A's employer and employer incurred Rs. 2 lacs on her treatment. Comment on taxability of said expenditure incurred in the hands of Mr. A
- a) Not taxable, as medical expenditure on spouse is exempted, even if she is not dependent upon husband
  - b) Not taxable, as medical expenditure upto Rs. 2 lacs is exempt in all cases
  - c) Taxable, as spouse is not dependent upon husband
  - d) Taxable, as medical expenditure on any member of family of employee is taxable in the hands of employee
136. Father of employee (Mr.A) is getting annual pension of Rs. 2 lacs p.a. He was treated in Hospital maintained by Mr.A's employer and employer incurred Rs. 1 lakh on his treatment. Comment on taxability of said expenditure incurred in the hands of Mr. A
- a) Not taxable, as medical expenditure on father is exempted, even if he is not dependent upon son
  - b) Not taxable, as medical expenditure upto Rs. 2 lacs is exempt in all cases
  - c) Taxable, as father is not dependent upon Son
  - d) Taxable, as medical expenditure on any member of family of employee is taxable in the hands of employee.
137. For the purpose of perquisite taxability provides to member of family, the family covers
- a) Spouse, Children and their spouse, dependent parents
  - b) Spouse, children, parents and brother & sister
  - c) Spouse, Children and their spouse, Parents & Servants
  - d) Spouse, children and their spouse
138. An employee, working in Delhi, has Salary comprised of Basic, HRA, Commission , Children education allowance (Rs. 100 per month for 2 children) and rent free accommodation. The value of rent free accommodation will be
- a) 15% of Basic, HRA & Commission
  - b) 15% of Basic, Commission & Children Education allowance
  - c) 15% of Basic & Commission
  - d) 15% of Basic, HRA, Commission & Children Education allowance
139. An employee working in college, is allowed to pursue PHD from said college, without cost. The cost of said PHD to any other person would be Rs. 50,000 per year. Comment on taxability of perquisite, being education facility provided to employee
- a) Exempt
  - b) Fully Taxable
  - c) Taxability depends upon Salary level
  - d) Exempt upto Rs. 1000 per month.

140. Mr. A is working in Private Sector. He is entitled to 30 days of earned leaves every year. In PY 2019-20, he has accumulated 200 earned leaves. His employer encashed 60 earned leaves and paid Rs. 1,50,000 to him. His basic Salary in PY 2019-20 was Rs. 6 lacs p.a. Compute how much amount leave encashment is taxable

- a) NIL
- b) Rs. 1,50,000
- c) Rs. 50,000
- d) Rs. 1,00,000

141. Mr. M retired from Private Sector on 1-6-2019 and furnished the following particulars for PY 2019-20

- i) Monthly basic salary at the time of retirement – Rs. 50,000
- ii) Monthly Dearness Allowance (50% form part of Retirement benefit) – Rs. 30,000
- iii) Earned Leave entitlement – 40 days per year
- iv) Year of Service with Employer – 10 years
- v) Earned Leaves availed – 120 days
- vi) Leave encashment amount received – Rs. 3,00,000

Comment on how much leave enashment is taxable

- a) Rs. 4,70,000
- b) NIL
- c) Rs. 1,70,000
- d) Rs. 3,00,000

142. Mr. M retired from Private Sector on 31-03-2020 and furnished the following particulars for PY 2019-20

- i) Monthly basic salary at the time of retirement – Rs. 50,000, got an monthly increment of Rs. 10,000 on 01-01-202
- ii) Monthly Dearness Allowance (50% form part of Retirement benefit) – Rs. 30,000, got an monthly increment of Rs. 5000 on 01-10-2019
- iii) Earned Leave entitlement – 30 days per year
- iv) Year of Service with Employer – 20 years
- v) Earned Leaves availed – 120 days
- vi) Leave encashment amount received – Rs. 8,00,000

Comment on how much leave enashment is taxable

- a) Rs. 8,00,000
- b) Rs. 5,00,000
- c) Rs. NIL
- d) Rs. 3,00,000

143. Leave Encashment received on termination of employment is

- a) Fully Taxable
- b) Fully Exempt
- c) Maximum exemption is Rs. 3,00,000
- d) Maximum exemption is Rs. 5,00,000

**144. Leave Encashment received on retirement by Private Sector employee is**

- a) Fully Taxable
- b) Fully Exempt
- c) Maximum exemption is Rs. 3,00,000
- d) Maximum exemption is Rs. 5,00,000

**145. An employee was given leave travel concession of Rs. 2 lacs for visiting Singapore. He spends Rs. 1,80,000 on said visit. The taxable amount on account of leave travel concession is**

- a) NIL
- b) Rs. 20,000
- c) Rs. 1,80,000
- d) Rs. 2,00,000

**146. After Retirement, An employee was given leave travel concession of Rs. 50,000 for visiting Jaipur along with family. He spent the entire amount. In which head, the leave travel concession is taxable**

- a) Not Taxable
- b) Taxable under the head "Salary"
- c) Taxable under the head "PGBP"
- d) Taxable under the head "Income from other Sources"

**147. An employee was given leave travel concession in respect of travel by his parents. Comment whether leave travel concession is taxable in the hands of Employee**

- a) Taxable, as same is not used by employee himself
- b) Not Taxable , as same is used by the family member of employee
- c) Taxable, if the parents are not dependent upon employee
- d) Non-taxable, if parents have age of 60 years or more

**148. For the purpose of availing exemption in respect of leave travel concession u/s 10(5), 2 journeys in a block period 4 years is allowed to be exempted. One of the block period is 2104-17. Mr. A went availed leave travel concession as under:-**

- i) On 31/3/2014- Rs. 50,000
- ii) On 1/4/2017- Rs. 60,000
- iii) On 28/02/2017 – Rs. 70,000

**How much journeys have been performed in block period of 2014-17**

- a) One
- b) Two
- c) Three

149. Mr. A went on visit from Delhi to Mumbai and back by Car long with family. He spent Rs. 80,000 on travel and employer paid Rs. 90,000 towards leave travel concession. The air-conditioned first class fare for family from Delhi to Mumbai and back would cost him Rs. 60,000. Comment on taxability on account of leave travel concession.

- a) Nothing is taxable
- b) Rs. 10,000 is taxable
- c) Rs. 90,000 is taxable
- d) Rs. 30,000 is taxable

150. Mr. A went on visit to holiday along with family (Wife, Twin Daughter- 10 years and Son – 5 years). They went and come back by flight (business class) and total Amount spent is Rs. 1,00,000. The Economy class fare would have been Rs. 80,000. The employer reimburse Rs. 1,00,000 to Mr. Comment on taxability of Leave travel concession given to Mr. A

- a) Nothing is taxable
- b) Rs. 36,000 is taxable
- c) Rs. 20,000 is taxable
- d) Rs. 30,000 is taxable

151. Mr. A received a voluntary retirement compensation of Rs. 12,00,000 in PY 19-20. He furnished the following particulars

- i) Basic Salary at the time of Retirement – Rs. 50,000 pm
- ii) Dearness Allowance (50% form part of Retirement benefit) – Rs. 30,000 p.a
- iii) Service rendered – 20 years
- iv) Balance Service left – 6 years
- v) He does not claim any relief u/s 89(1)

Comment how much amount of Voluntary Retirement Compensation is taxable

- a) Rs. 12,00,000
- b) Rs. 7,00,000
- c) Rs. 5,00,00
- d) NIL

**Salary- MCQ- Answers**

Q.No	Ans	Q.No	Ans	Q.No	Ans	Q.No	Ans	Q.No	Ans
1	C	36	A	69	C	104	B	139	B
2	B	37	B	70	C	105	C	140	B
3	A	38	C	71	A	106	B	141	C
4	C	39	D	72	B	107	C	142	B
5	B	40	B	73	A	108	C	143	A
6	C	41	D	74	B	109	C	144	C
7	A	42	C	75	A	110	C	145	D
8	A	43	B	76	B	111	D	146	A
9	B	44	C	77	B	112	B	147	C
10	A	45	C	78	D	113	C	148	C
11	B	46	A	79	D	114	D	149	D
12	A	47	C	80	D	115	B	150	B
13	B	48	A	81	C	116	C	151	B
14	A	49	A	82	B	117	B		
15	A	50	A	83	D	118	C		
16	B	51	C	84	A	119	B		
17	C	52	B	85	B	120	A		
18	C	53	C	86	A	121	A		
19	B	54	A	87	B	122	D		
20	B	54A	C	88	A	123	A		
21	B	54B	B	89	C	124	C		
22	D	55	A	90	A	125	C		
23	B	56	C	91	A	126	B		
24	D	57	D	92	C	127	E		
25	A	58	D	93	A	128	A		
26	A	59	B	94	B	129	A		
27	A	60	B	95	A	130	B		
28	B	61	B	96	B	131	C		
29	B	62	C	97	B	132	A		
30	D	63	C	98	A	133	B		
31	A	64	A	99	B	134	B		
32	D	65	A	100	B	135	A		
33	D	66	D	101	B	136	C		
34	A	67	D	102	A	137	C		
35	A	68	D	103	B	138	A		

## Income from House Property

1. For taxability of Income under the head "Income from house property", the important elements are
  - a) Existence of Immovable Property
  - b) Ownership of Immovable Property
  - c) Use of immovable Property
  - d) All of above
  
2. The Gross Annual Value of building used for business is
  - a) NIL
  - b) Fair rent
  - c) Not Applicable
  - d) Rent as prescribed under rent Control Act
  
3. The gross annual of building used by business man as guest house for staff is
  - a) NIL
  - b) Fair rent
  - c) Not Applicable
  - d) Rent as prescribed under rent Control Act
  
4. The Gross Annual value of building held as stock in trade is taxable under the head
  - a) Income from House Property
  - b) Income from PGBP
  - c) Income from other sources
  - d) Either of above
  
5. Income from lease of land is chargeable to tax under Income from house property, if
  - a) It is not appurtenant to building
  - b) It is appurtenant to building
  - c) Either of above
  - d) None of the above
  
6. Income from house property is chargeable on
  - a) On Notional Value
  - b) On actual Rent received
  - c) Notional Value/Actual Rent
  - d) None of the above
  
7. For taxability of Income under the head Income from house property, the property must be situated in
  - a) India
  - b) Outside India
  - c) Any where in world
  - d) Undivided India

8. Under head IHP, Income from following is taxable
- a) Income from Building only
  - b) Income from land only
  - c) Income from building and land appurtenant thereto only
  - d) All the above
9. House property means for taxability of income under Income from House property
- a) Residential House
  - b) Shops or godowns
  - c) Cinema or Hotel building
  - d) All of the above
10. Annual value of residential house constructed by builder and held as Stock in Trade is
- a) Taxable U/H PGBP
  - b) Taxable U/H IHP
  - c) Income u/s IHP shall be NIL for 2 year from the ends of Financial year in which COP is obtained from competent Authority
  - d) Both (b) and (c)
11. ABC Ltd constructed staff quarters & let out the same during the AY 2019-20. It received rent of Rs. 9,00,000 by way of rent from employees during the year. The rental receipt is taxable as
- a) Income from House Property
  - b) Income from Business
  - c) Income from other sources
  - d) None of the above
12. Mr. A gifted a house to his spouse, which she leases out on rent. The annual value of house property will be taxable in the hands
- a) Mr. A
  - b) Mrs. A
  - c) Either Mr. A or Mrs. A whose income is greater
  - d) The income is not taxable
13. Mr. A gifted a shop to his spouse, which she leases out on rent. The annual value of property will be taxable in the hands
- a) Mr. A
  - b) Mrs. A
  - c) Either Mr. A or Mrs. A whose income is greater
  - d) The income is not taxable

14. A person owns a house, costing Rs 15 Lakhs. The FMV of house is Rs. 50 lakhs . He sold the house to his wife for 15 lakhs. Who is the owner of the house for the purpose of computing Income from house property
- a) Husband
  - b) Wife
  - c) Either Husband or wife dependent upon their income level
  - d) It is at their option
15. Mr. A gifted Rs 40 lakhs to his wife and she purchased a residential house out of that. Who is the owner of the house for the purpose of computing Income from house property
- a) Husband
  - b) Wife
  - c) Either Husband or wife dependent upon their income level
  - d) It is at their option
16. Mr. A gifted a house to his Major son, which he leased out. The annual value of house property will be taxable in the hands of
- a) Mr. A
  - b) Mr. A's Son
  - c) Either Mr. A or his son, whose income is greater
  - d) Income is not taxable
17. Mr. A purchased a property from B under a contract , which was duly registered. A had taken the possession of Property and has paid consideration. The Property was not registered in the name of Mr.A in Revenue Records. A let out the property on Rent. The Annual value of property is taxable in the hands of
- a) Mr. A
  - b) Mr. B
  - c) Either Mr. A or B, whose income is greater
  - d) Both Mr. A and B
18. Mr. A leased out a property to Mr. B for 5 years with a provision in the rent agreement that lease period can be further extended by 10 years. Mr. B further sub-lease the property to Mr. C. The rent received by B is a taxable in the head
- a) Income from house property
  - b) Income from PGBP
  - c) Income from other sources
  - d) Any of above head
19. Mr. A leased out a property to Mr. B for 11 month with a provision in the rent agreement that lease period can be further extended by 15 years. Mr. B further sub-lease the property to Mr. C. The rent received by B is a taxable in the head
- a) Income from house property
  - b) Income from PGBP
  - c) Income from other sources
  - d) Any of above head

**20. Gross Annual value is**

- a) Lower of Rent under Rent control Act and Amount, which is higher of Fair rent and Municipal valuation
- b) Lower of Rent under Rent control Act and Amount, which is lower of Fair rent and Municipal valuation
- c) Higher of Rent under Rent control Act and Amount, which is higher of Fair rent and Municipal valuation
- d) Higher of Rent under Rent control Act and Amount, which is lower of Fair rent and Municipal valuation

**21. In case of Property not covered under rent Control Act, the Gross Annual value is**

- a) Higher of Actual rent, Fair Rent and Municipal valuation
- b) Lower of Actual rent, Fair Rent and Municipal valuation
- c) Higher of Actual rent and amount which is lower of Fair Rent and Municipal valuation
- d) Lower of Actual rent and amount which is lower of Fair Rent and Municipal valuation

**22. Mr. A rent out a property to Mr. B on 1-4-2019 for Rs.10,000 p.m. Mr. B did not pay rent for last 3 month of PY 19-20 and he continued to be tenant of Mr. A. Can Mr. A claimed the benefit of unrealized rent in PY 19-20 in computing Gross Annual Value**

- a) Yes
- b) No
- c) Depends upon discretion of AO
- d) Unrealized rent is never considered in Computing Gross annual Value

**23. In computing Gross Annual value, the amount of unrealized rent is reduced from**

- a) Fair rent
- b) Municipal Valuation
- c) Actual rent receivable
- d) Either of above

**24. Mr. A is the owner of a house property covered under the Rent Control Act. Municipal value Rs. 40,000, actual rent Rs. 35,000; fair rent Rs. 46,000 & standard rent (Rent under Rent Control Act) is Rs. 38,000. GAV will be**

- a) 40,000
- b) 46,000
- c) 35,000
- d) 38,000

**25. The relevant data of property is as – Fair Rent – Rs. 10,000 p.m, Municipal valuation – Rs. 11,000 pm, Standard rent – Rs. 14,000 pm and Actual Rent Receivable is Rs. 13,000 pm. The owner is not able to realize rent for 2 months and conditions of benefit of unrealized rent are satisfied. The Gross annual value is**

- a) 1,32,000
- b) 1,40,000
- c) 1,00,000
- d) 1,10,000

26. The relevant data of property is as – Fair Rent – Rs. 10,000 p.m, Municipal valuation – Rs. 11,000 pm, Standard rent – Rs. 14,000 pm and Actual Rent Receivable is Rs. 8,000 pm. The owner is not able to realize rent for 2 months and conditions of benefit of unrealized rent is satisfied. The Gross annual value is
- a) 80,000
  - b) 1,40,000
  - c) 1,00,000
  - d) 1,32,000
27. The relevant data of property is as – Fair Rent – Rs. 10,000 p.m, Municipal valuation – Rs. 11,000 pm, Standard rent – Rs. 14,000 pm and Actual Rent Receivable is Rs. 13,000 pm. The property remains vacant for 2 months. The Gross annual value is
- a) 1,30,000
  - b) 1,40,000
  - c) 1,00,000
  - d) 1,10,000
28. The relevant data of property is as – Fair Rent – Rs. 10,000 p.m, Municipal valuation – Rs. 11,000 pm, Standard rent – Rs. 14,000 pm and Actual Rent Receivable is Rs. 8000 pm. The owner is not able to realize rent for 2 months and conditions of benefit of unrealized rent is satisfied. The Gross annual value is
- a) 80,000
  - b) 1,40,000
  - c) 1,00,000
  - d) 1,32,000
29. Income from letting of land is chargeable to Tax under the head
- a) Income from house property always
  - b) Income from other sources always
  - c) Income from House property, if the land is appurtenant to building
  - d) Income from other sources, if the land is appurtenant to building
30. Building fair rent is Rs. 1,20,000 and half of the building is used for residence and other half is business purpose. The Gross annual value chargeable to tax under the head IHP is
- a) Rs. 1,20,000
  - b) Rs. 60,000
  - c) NIL
  - d) None of the above
31. Mr. A non-resident has house in UK and receiving the rent of Rs. 50,000 and fair rent is Rs.60,000. The Gross annual value chargeable to tax under IHP is
- a) 50,000
  - b) 60,000
  - c) NIL
  - d) None of the above

32. The relevant data of property is as – Fair Rent – Rs. 16,000 p.m, Municipal valuation – Rs. 18000 pm, Standard rent – Rs. 17,000 pm and Actual Rent Receivable is Rs. 17000 pm. The owner is not able to realize rent for 1 month and conditions of benefit of unrealized rent is satisfied. Further the property remains vacant for 3 months. The Gross annual value is
- a) 1,65,000
  - b) 1,44,000
  - c) 1,62,000
  - d) 1,53,000
33. The relevant data of property is as – Fair Rent – Rs. 16,000 p.m, Municipal valuation – Rs. 18000 pm, Standard rent – Rs. 20,000 pm and Actual Rent Receivable is Rs. 19000 pm. The owner is not able to realize rent for 1 month and conditions of benefit of unrealized rent is satisfied. Further the property remains vacant for 3 months. The Gross annual value is
- a) 1,52,000
  - b) 1,44,000
  - c) 1,62,000
  - d) 1,59,000
34. The relevant data of property is as – Fair Rent – Rs. 16,000 p.m, Municipal valuation – Rs. 18000 pm, Standard rent – Rs. 25,000 pm and Actual Rent Receivable is Rs. 20000 pm. The owner is not able to realize rent for 1 month and conditions of benefit of unrealized rent is satisfied. Further the property remains vacant for 3 months. The Gross annual value is
- a) 1,44,000
  - b) 1,60,000
  - c) 1,62,000
  - d) 1,59,000
35. The relevant data of property is as – Expected Rent – Rs. 6,00,000, and Actual Rent Receivable is Rs. 2,50,000. The owner is not able to realize rent of Rs. 50,000 and conditions of benefit of unrealized rent is satisfied. Further the property remains vacant for 1 month. The Gross annual value is
- a) Rs. 5,75,000
  - b) Rs. 5,50,000
  - c) Rs. 6,00,000
  - d) Rs. 2,25,000
36. Mr. A is having 3 houses at Bhopal (Fair rent- Rs. 1,00,000), Indore (Fair rent-Rs. 2,50,000) and Jabalpur (Fair Rent - Rs. 1,25,000). He is using house at Bhopal and Jabalpur for his residence and house at Indore is being used for Business. The Gross Annual value in aggregate for 3 house is
- a) Rs. NIL
  - b) Rs. 2,25,000
  - c) Rs. 3,50,000
  - d) Rs. 3,75,000

37. Mr. A is having 3 houses at Bhopal (Fair rent- Rs. 1,00,000), Indore (Fair rent-Rs. 2,50,000) and Jabalpur (Fair Rent - Rs. 1,25,000). He is using all 3 houses for his residence, except the house at Indore, which was given for rent for 3 months @ Rs. 20,000 pm. The Gross Annual value in aggregate for 3 houses is
- Rs. NIL
  - Rs. 2,50,000
  - Rs. 2,25,000
  - Rs. 3,50,000
38. Mr. A is having 3 houses at Bhopal (Fair rent- Rs. 1,00,000), Indore (Fair rent-Rs. 2,50,000) and Jabalpur (Fair Rent - Rs. 1,25,000), which he is using for his residence. The Gross Annual value in aggregate for 3 houses is
- Rs. 1,00,000
  - Rs. 2,50,000
  - Rs. 1,25,000
  - NIL
39. Mr. A is having 2 house – one at Delhi (fair rent- Rs. 2,50,000) and at Mumbai (Rs. 5,00,000). He is staying in Mumbai and house at Delhi is being used by his relative. The Gross Annual value in aggregate for 2 houses is
- NIL
  - Rs. 5,00,000
  - Rs. 2,50,000
  - Rs. 7,50,000
40. Mr. A is having 2 houses at Delhi (Fair rent - Rs. 2,50,000 & Rs 3,00,000). He take a house on lease for 15 years at Mumbai for Rs. 4,50,000 (Fair rent- Rs. 5,00,000) The Gross Annual value of houses in the hands of A is
- Rs. NIL
  - Rs. 5,50,000
  - Rs. 2,50,000
  - Rs. 8,00,000
41. Mr. A constructed 5 houses for the purpose of sale on 31-3-2019 and got certificate of completion on the same date. The fair rent of each house is Rs. 2 lacs each. The Gross Annual value of 5 houses in PY 19-20 is
- NIL
  - Rs. 6 lacs
  - Rs. 10 lacs
  - Rs. 4 lacs
42. In computing net annual value, the deduction on account of municipal taxes are allowed on
- Payment basis
  - Accrual basis
  - Either of above
  - Deduction is not allowable

43. Mr. A rent out a property to Mr. B . The fair rent is Rs.1,20,000 and Actual Rent Receivable is Rs. 1,50,000. It was also agreed that B will pay municipal taxes amounted to Rs. 5000 and which he paid. What is net Annual value
- Rs. 1,45,000
  - Rs. 1,50,000
  - Rs. 1,55,000
  - Rs. 1,20,000
44. In case of let out property, following deductions are allowed :-
- Repair & maintenance & 30% of Gross Annual Value
  - Repair & maintenance & 30% of Gross Annual Value & Interest on loan taken for construction of Property
  - 30% of Gross Annual Value & Interest on loan taken for construction of Property
  - Interest on loan taken for construction of Property
45. Interest on loan taken for construction of House Property is allowed as deduction on
- Accrual basis
  - Payment basis
  - Either of above
  - Depends upon books maintained by Assessee
46. A person takes a loan by mortgaging a house. The Interest on said loan is Rs. 3,00,000. The rental income from house is Rs. 2,50,000. The Interest allowed as deduction is
- NIL
  - Rs. 3,00,000
  - Rs. 2,50,000
  - Rs. 1,75,000
47. Interest on loan taken for \_\_\_\_\_ is allowed as deduction
- Construction of Property
  - Construction or Acquisition of Property
  - Construction or Acquisition or Repair of Property
  - Construction or Acquisition or Repair or Reconstruction of Property
48. Pre-construction interest is allowed in \_\_\_\_\_ equal installment, starting from Previous year \_\_\_\_\_
- 5 , in which acquisition or construction of property is completed
  - 10, in which acquisition or construction of property is completed
  - 5, succeeding the previous year in which acquisition or construction of property is completed
  - 10, succeeding the previous year in which acquisition or construction of property is completed

49. Pre-construction Interest is computed from \_\_\_\_\_ to \_\_\_\_\_
- Date of Borrowing , end of previous year preceding the previous year in which acquisition or construction of property is completed
  - Date of Borrowing , date of completion or acquisition of Property
  - Date of borrowing, repayment of loan
  - Beginning of Financial year succeeding the date of borrowing, repayment of loan
50. The deduction on account of Interest on loan taken for construction of Property in Previous year is computed as
- Interest payable for current PY and Total amount of Pre-construction Interest
  - Interest Paid for Current PY and Total amount of Pre-construction Interest
  - Interest payable for Current PY and 1/5<sup>th</sup> of amount of Total Pre-construction Interest
  - Interest paid for Current PY and 1/5<sup>th</sup> of amount of Total Pre-construction Interest
51. In case of self-occupied Property , the deduction on account of Interest on Housing loan is dependent upon
- Purpose of loan
  - Date of borrowing
  - Time limit within which house is constructed or acquired from date of borrowing
  - All of above
52. In case of self-occupied property , where loan is taken for repairing of house after 1/4/1999 and repairing is done within 5 years from the date of borrowing, the maximum deduction allowed on Interest is
- Rs. 30,000
  - Rs. 2,00,000
  - Actual Amount of Interest in PY
  - NIL
53. In case of self-occupied property , where loan is taken for construction of house after 1/4/1999 and construction is done within 5 years from the date of borrowing, the maximum deduction allowed on account Interest (Current Year Interest & Pre-construction Interest) is
- Rs. 30,000
  - Rs. 2,00,000
  - Actual Amount of Interest in PY
  - NIL
54. In case of self-occupied property , where loan is taken for construction of house after 1/4/1999 and construction is done after 5 years from the date of borrowing, the maximum deduction allowed on account Interest (Current Year Interest & Pre-construction Interest) is
- Rs. 30,000
  - Rs. 2,00,000
  - Actual Amount of Interest in PY
  - NIL

55. Under IHP, Gross Annual value of 2 houses used by owner for self –residence is NIL. The maximum deduction on account of Interest (Rs.30,000/2,00,000) on loan for construction/repairs is for
- Individual House
  - Both the houses in aggregate
  - Either of above
  - None of above
56. Recovery of unrealized Rent is taxable under the head
- IHP, when assessee is still the owner of house
  - IHP, in all cases
  - IOS, when assessee is not the owner of house
  - IOS in all cases
57. In computing annual value from unrealized Rent recovered in PY, following deduction is allowed
- Repair maintenance & 30% of unrealized rent
  - 30% of Unrealized rent
  - 30% of unrealized rent and Interest on loan taken for construction of house
  - Interest on loan taken for construction of house
58. Where a property is owned by 2 or more person and their share being definite and ascertainable, the Income from house property be assessed in the hands of
- AOP Constituted by co-owners
  - Individual owners with respect to their share
  - Either of above, on discretion of owners
  - Either of above, on discretion of Assessing Officer
59. Mr. A citizen of India & residing in India, has house in USA and received a rent of Rs.1,00,000 which was deposited in USA itself. The fair rent of the property is Rs.1,20,000. The Gross annual value chargeable to tax under the head IHP
- Rs. 1,00,000
  - Rs. 1,20,000
  - NIL
  - None of the above
60. Mr. A, tenant in a house, further sublet the 50% of the house for Rs.50,000. The Fair rent of entire house is Rs. 1,20,000 and he is paying rent of Rs. 1,00,000 to the owner. How much Amount is taxable in the hands of Mr. A and in what head
- Rs. 50,000, Income from other sources
  - Rs. 50,000, IHP
  - Rs. 60,000, IHP
  - NIL.

61. Mr. A gifted Rs. 20 lacs to Mrs. A and she purchased a house therefrom for her own residence, being a single house in her name. The Annual value of House is Rs. 2 lacs. Taxable treatment of said annual value
- Taxable in the hands of Mrs. A
  - Taxable in the hands of Mr. A, as he is deemed owner
  - Taxable in the hands of Mr.A, due to clubbing provision
  - Not taxable, as the house is being used of her own residence
62. When a house property is let-out throughout the year for Rs. 22,000 p.m & municipal tax paid for current year is Rs. 24,000 & for the earlier year paid now is Rs. 16,000, the income from house property
- Rs. 1,68,000
  - Rs. 1,56,800
  - Rs. 1,84,800
  - Rs. 2,24,000
63. House property was given on monthly rent of Rs. 20,000 and fair rent of the property is Rs. 3 lacs p.a. Owner incurred Rs. 2.50 lacs on repairing of the house in PY 19-20. The annual value of house property is Rs.
- 2,10,000
  - 50,000
  - NIL
  - 1,68,000
64. Mr. A is owner the House which has two floors. The ground floor is let out at Rs. 40,000 pm & first floor is self-occupied. Municipal Taxes paid for full house are Rs. 80,000 pa & interest on borrowed capital for full house payable is Rs. 45,000 pa. Calculate income from House Property AY 2019- 20.
- 2,63,000
  - 2,85,000
  - 2,22,500
  - None of the above
65. Mr. X is owner of a property, consist of 2 equal floors. The fair rent of entire property is Rs. 5,00,000. First floor is rented out @ 20,000 per month and ground floor is self-occupied. Municipal rent paid for entire property is Rs.20,000 and Interest on housing loan for entire property is Rs. 4,50,000. The annual value of House Property is
- 57,000
  - 2,57,000
  - 2,82,000
  - 1,14,000

66. Mr. A owns two house properties. First property was used for running his business & the other house was let-out at Rs. 40,000 per month. Municipal value of the two properties was the same at Rs. 3,60,000 each p.a & municipal taxes paid are 10%. Mr. A income from HP for AY 2019-20 will be
- a) 3,13,600
  - b) 3,10,800
  - c) 2,28,560
  - d) 6,32,160
67. Mr. A and B are co-owners in a property in ratio of 60% & 40%. The gross annual value of Property is Rs.3,00,000. A & B has taken loan for purchase of said property in 2015 and paid Interest of Rs. 1,00,000 in aggregate in same proportion in PY 19-20 What is annual value taxable in the hands of Mr. A in PY 19-20.
- a) Rs.1,10,000
  - b) Rs. 66,000
  - c) Rs. 44,000
  - d) Rs. 80,000
68. When share of each co-owner in a house property is not definite, the income from such property shall
- a) In equal proportion
  - b) At the discretion of Assessee
  - c) At the discretion of AO
  - d) AOP
69. Mr. A resides in a house for 3 month and let it out for 9 month@ monthly rental of Rs. 10,000. The Fair rent of property is Rs. 9000 per month. What will be Gross Annual value of house property
- a) Rs. 90,000
  - b) Rs. 1,17,000
  - c) NIL
  - d) 1,08,000
70. Mr A is having a house, 50% of the house is let out and is staying himself in remaining 50% of the house. The fair rent of the entire house is Rs. 10,00,000 and actual rent taken is Rs. 6,00,000 in Py 2019-20. The interest on housing loan for entire house is Rs 5,00,000 and loan was taken in 2014 and house was constructed in 2015. What is Net annual value
- a) -30,000
  - b) -80,000
  - c) 1,70,000
  - d) None of the above.

71. Mr. A took loan from a bank for Rs. 10,00,000 on 1.11.2015 @ 8% p.a for the construction of the house which is self-occupied. Construction of the house got completed on 15.3.2019. Compute interest allowed as deduction u/s 24(b) for AY 2019-20
- a) 1,18,667
  - b) 2,00,000
  - c) 30,00
  - d) 80,000
72. Mr. A took a loan from bank for Rs. 5 lacs for repairing of the house on 1.1.2015 @ 12%. The house was repaired on 15.3.2015. The loan has still not paid till 31.3.2019. The amount of deduction on account of Interest on housing loan is
- a) Rs. 30,000 if the house is self occupied
  - b) Rs.30,000 in all cases.
  - c) Rs. 60,000 if the house is not self-occupied.
  - d) Rs. 60,000 in all cases.
73. Mr. A lease a building to Mr.B for 13 year, which Mr. B further sub-lease to Mr. C. In what HEAD rental income of Mr.B will be taxable
- a) IHP
  - b) PGPB
  - c) IOS
  - d) Any of above
74. Mr. A is having 3 house and fair rent of each of them is Rs.1,20,000, Rs. 1,50,000 and Rs. 2,00,000 respectively. None of the house has been given on rental. How much Income is taxable under the IHP
- a) 84,000
  - b) 1,40,000
  - c) 2,24,000
  - d) 2,45,000
75. Mr. A own 2 houses & he gifted 3rd house to his wife. The fair rent of 3 houses are 1,00,000 ; 2,00,000; 3,00,000 respectively and none of the house is given on rent What will be GAV
- a) 1,00,000
  - b) 3,00,000
  - c) 6,00,000
  - d) 5,00,000
  - e) 4,00,000
76. A person sold the house on 28-2-2020. Before sale, the house was given monthly rent of Rs. 6000 pm and fair rent was Rs. 84,000 p.a. Interest on housing loan from beginning of FY till 28-2-2020 was Rs. 50,000. The annual value for PY 19-20 is
- a) 3,900
  - b) -3,800
  - c) 400
  - d) 8,800

Income From House Property- MCQ- Answers					
Q.No	Ans	Q.No	Ans	Q.No	Ans
1	D	36	A	71	A
2	C	37	B	72	A
3	C	38	A	73	A
4	A	39	A	74	A
5	B	40	C	75	A
6	C	41	A	76	A
7	C	42	A		
8	C	43	B		
9	D	44	C		
10	D	45	A		
11	B	46	A		
12	A	47	D		
13	B	48	A		
14	A	49	A		
15	B	50	C		
16	B	51	D		
17	A	52	A		
18	A	53	B		
19	C	54	A		
20	A	55	B		
21	A	56	B		
22	B	57	B		
23	C	58	B		
24	C	59	B		
25	A	60	D		
26	D	61	D		
27	A	62	D		
28	D	63	A		
29	C	64	A		
30	C	65	B		
31	B	66	B		
32	A	67	B		
33	D	68	D		
34	B	69	D		
35	A	70	A		

## Profit & Gains of Business or Profession

1. Mr. A stopped his business on 31.3.2019. In PY 2019-20, Mr. A sold stock of closed business at gain of Rs.20,000. Comment on the taxability said income under the head PGBP
  - a) Income from sale of stock is always taxable under PGBP
  - b) It is not taxable under PGBP, as no business was carried on in PY 19-20
  - c) Income from sale of stock is never taxable under PGBP
  - d) Taxability under PGBP depends upon nature of Stock.
  
2. Mr. M was carrying on agency business with Principal, Mr. A. Mr. M was looking after entire Maharashtra region. Mr. A gave a compensation of Rs. 5 lacs to Mr.B and his agency area was confined to Mumbai only. Comment on taxability of Rs. 5 lacs
  - a) Not Taxable
  - b) Taxable as capital gain
  - c) Taxable as PGBP
  - d) Taxable as IOS
  
3. Mr. M agreed to supply product X to Mr. A for 5 years, with annual supply value being equal to Rs. 10 lacs. To supply such products, Mr. M invested Rs. 15 lacs in Plant & Machinery. In PY 19-20, being 3<sup>rd</sup> year of Supply, Mr. A terminated the contract and paid compensation of Rs. 12 lacs to Mr. M. Comment on taxability of said 12 lacs
  - a) Not taxable
  - b) Rs. 3 lacs being taxable as capital gains
  - c) Rs. 3 will be loss under the head capital gains
  - d) Rs. 12 lacs will be taxable under head PGBP
  
4. Salary received by partner, which is allowed as deduction to firm, is taxable under the head
  - a) PGBP
  - b) Salary
  - c) IOS
  - d) Not taxable
  
5. Salary received by partner, which is NOT allowed as deduction to firm, is taxable under the head
  - a) PGBP
  - b) Salary
  - c) IOS
  - d) Not taxable
  
6. Mr. A, a builder, decided to change his business and accordingly unsold building (Book value – Rs. 20 lacs) was converted into capital asset on 1-4-2019. The FMV on the date of conversion is 25 lacs. Comment on taxability on said conversion
  - a) No taxability
  - b) Rs. 25 lacs is taxable as Capital gains
  - c) Rs. 25 lacs is taxable as PGBP and depreciation is available on Rs. 25 lacs
  - d) Rs. 5 lacs is taxable as PGBP and depreciation is available on Rs. 25 lacs

7. Mr. A received an order on 1-4-2019 for supply of shirts after 6 months. The supply of shirts is expected to consume 5000 meters of Cotton Cloth. He entered into forward contract for the supply of Cotton cloth @ 100/meter. On 30-09-2019, the price of cotton cloth was Rs. 90/meter. He cancelled the said contract on due date and incurred a loss of Rs. 10/Meter. Comment on said loss
- It speculative loss
  - Its non-speculative loss
  - It's loss under the head capital gains
  - Its non-taxable loss
8. Mr. A received an order on 1-4-2019 for supply of shirts after 6 months. The supply of shirts is expected to consume 5000 meters of Cotton Cloth. He entered into forward contract for the supply of Cotton cloth 12,000 meter @ 100/meter. On 30-09-2019, the price of cotton cloth was Rs. 90/meter. He cancelled the said contract on due date and incurred a loss of Rs. 10/Meter. Comment on said loss
- It speculative loss to the extent of Rs. 70,000
  - Its non-speculative loss to the extent of Rs. 50,000
  - It's loss under the head capital gains
  - Both (a) & (b)
9. Loss incurred on trading in derivative on recognized stock exchange is
- Speculative loss
  - Non-speculative loss
  - Speculative loss , if it exceeds Rs. 50,000
  - Speculative loss , if it exceeds Rs. 1,00,000
10. Income Taxable under the head PGBP shall be computed on
- Accrual basis
  - Receipt basis
  - Either (a) or (B)
  - Income on Accrual basis and Expense on Receipt basis
11. For the purpose of computing PGBP, the inventory, other than securities, shall be valued at
- Cost
  - Market Price
  - Cost or Market Price, whichever is lower
  - Any of above,
12. For the purpose of computing PGBP, the inventory, being unlisted securities or listed securities but not quoted on recognized stock exchange, shall be valued at
- Cost
  - Market Price
  - Cost or Market Price, whichever is lower
  - Any of above

13. For the purpose of computing PGBP, the inventory, being listed securities and quoted on recognized stock exchange, shall be valued at
- a) Cost
  - b) Market Price
  - c) Cost or Net Realizable Value, whichever is lower
  - d) Any of above.
14. Mr. A is carrying a business in building, half of which is used for his residence and half is used for business. The particulars relating to said building is as under:-
- i) Annual Value of building – Rs. 1,00,000
  - ii) Repair & Maintenance – Rs. 30,000
  - iii) Insurance of building – Rs. 10,000
- How much amount is admissible as deduction for computing business income
- a) Rs. 1,40,000
  - b) Rs. 20,000
  - c) Rs. 40,000
  - d) Rs. 70,000
15. Mr. A is carrying on business in premises owned by him. He charged Rs. 50,000 from business towards the rent of premises. Is the expenditure allowable deduction
- a) Yes
  - b) No
  - c) Yes, if Mr. A offers the same as income under IHP
  - d) Either (b) or (c) at the discretion of Mr. A
16. Mr. A, a partner in partnership firm ABC, gives his own property to ABC on rent. He charged Rs. 50,000 from ABC towards the rent of premises. Is the expenditure allowable deduction
- a) Yes
  - b) No
  - c) Yes, if Mr. A offers the same as income under IHP
  - d) Either (b) or (c) at the discretion of Mr. A
17. Under Income Tax, for computing PGBP, depreciation is to be computed on the basis of
- a) WDV method
  - b) SLM method
  - c) WDV or SLM, depending upon nature of business
  - d) Either (a) or (b)

**18. ABC (P) Ltd furnished the following particulars for PY 19-20**

- i) Opening WDV of Commercial Building Rs. 15,00,000
- ii) Opening WDV of Residential Building Rs. 5,00,000
- iii) New office building Purchased on 1-11-2019 Rs. 10,00,000
- iv) Brokerage on new building Rs. 2,00,000 (Paid Rs. 50,000 in cash on single day)
- v) Office Premised taken on Rent – Rs.
- vi) Leasehold improvement in Rented office building on 1-5-2019- Rs. 4,00,000

**Comment on Depreciation on building for PY 19-20**

- a) Rs. 2,72,500
- b) Rs. 2,75,000
- c) Rs. 3,30,000
- d) Rs.2,32,500

**19. The block of Asset of Machinery (Dep rate 15%) is comprises of 3 machines –A,B & C and having WDV at the beginning of previous year is Rs. 20,00,000. Actual cost of machine acquired during the previous year is Rs. 5,00,000. Comment on closing WDV of block of Asset in following cases for the purpose of calculating depreciation u/s 32.**

S.No.	Case	A	B	C	D
i.	Machine A, Costing Rs. 7 lacs, sold for Rs. 3 lacs	18,00,000	22,00,000	25,00,000	21,00,000
ii.	Machine A was taken out of active use, as it become useless, scrap value – Rs. 1,00,000	18,00,000	24,00,000	25,00,000	21,00,000
iii.	Machine A was destroyed and Insurance Compensation of Rs. 2 lacs was received	18,00,000	NIL	25,00,000	23,00,000
iv.	Machine A was sold for Rs. 22 lacs	18,00,000	NIL	25,00,000	N.A
v.	Machine A (WDV- 5 lacs) gifted to X.	18,00,000	NIL	25,00,000	N.A

20. MJ (P) Ltd furnished the following particulars of Furniture (Dep rate- 10%) for PY 19-20
- a) Opening WDV – Rs. 10,00,000
  - b) Furniture gifted by father on 1-11-2019 (Original cost – Rs. 5 lacs, acquired on 1-4-2017)
  - c) Secondhand furniture purchased on 1-6-2019 – Rs. 12 lacs (FMV-Rs. 3 lacs)
  - d) Sale of old furniture on 31-3-2020- Rs. 50,000 (amount realized in cash)

Comment on Depreciation on Furniture for PY 19-20

- a) Rs. 1,50,000
- b) Rs. 1,65,500
- c) Rs. 1,45,250
- d) Rs. 1,55,000

21. MJ (P) Ltd furnished the following particulars for Plant & Machinery (Depreciation rate -15%) for PY 19-20

- i) Opening WDV – Rs.20,00,000
- ii) New Plant purchased on 1-12-2019 – Rs. 5,00,000
- iii) Old plant sold on 1-11-2019 for Rs. 21,00,000

Comment on Normal Depreciation for PY 19-20

- a) Rs. 60,000
- b) Rs. 30,000
- c) Rs. 52,500
- d) Rs. 37,500

22. MJ furnished the following particulars for PY 19-20

- i) Opening WDV of Machinery (Block 15%)- Rs. 10,00,000
- ii) Second Hand Machine Purchased – Rs. 6,00,000 on 1-1-2020. This machine was originally purchased by MJ on 1-4-2017 for Rs. 5,00,000, sold to NJ on 1-4-2018 for Rs. 4,00,000 and again purchased on 1-1-2020

Calculate the amount of Depreciation for FY 19-20

- a) Rs. 1,95,000
- b) Rs. 1,77,094
- c) Rs. 2,04,188
- d) Rs. 2,40,000

23. ABC (P) Ltd is engaged in the Tour and Travel Business. What is the depreciation rate on the vehicle given on hire to customers

- a) 10%
- b) 15%
- c) 25%
- d) 30%

24. ABC (P) Ltd is engaged in the Tour and Travel Business. What is the depreciation rate on the vehicle used by company officials for company work.

- a) 10%
- b) 15%
- c) 25%
- d) 30%

25. Under Income Tax Act, for calculating depreciation, the definition of plant does includes

- a) Vehicles
- b) Books
- c) Tea bushes & Live stock
- d) All of above

26. Under Income Tax Act, for calculating depreciation, the definition of building includes

- a) Residential Building
- b) Roads, wells Tubes wells
- c) Both (a) & (b)
- d) None of (a) or (b)

27. MJ (P) Ltd is engaged in manufacturing business. It furnished the following particulars for PY 19-20

- i) Opening WDV of Machine (15%) – Rs. 10,00,000
- ii) New Machine Purchased on 1-5-2019- Rs. 5,00,000
- iii) Second Hand Machine Purchased on 1-12-2019- Rs. 4,00,000

Comment on Depreciation for PY 19-20

- a) Rs. 2,55,000
- b) Rs. 3,55,000
- c) Rs. 3,85,000
- d) Rs. 3,95,000

28. MJ (P) Ltd is engaged in manufacturing business. It furnished the following particulars for PY 19-20

- i) Opening WDV of Machine (15%) – Rs. 10,00,000
- ii) New Machine Purchased on 1-12-2019- Rs. 5,00,000
- iii) Second Hand Machine Purchased on 1-05-2019- Rs. 4,00,000

Comment on Depreciation for PY 19-20

- a) Rs. 2,97,500
- b) Rs. 3,47,500
- c) Rs. 3,85,000
- d) Rs. 3,77,500

29. MJ (P) Ltd is engaged in manufacturing business. It furnished the following particulars for PY 19-20

- i) Opening WDV of Machine (15%) (1-4-2019) – Rs. 10,00,000
- ii) New Machine Purchased on 1-12-2019- Rs. 5,00,000
- iii) Second Hand Machine Purchased on 1-05-2019- Rs. 4,00,000
- iv) New Machine Purchased on 1-12-2018 – Rs. 2,00,000

Comment on Depreciation for PY 19-20

- a) Rs. 3,17,500
- b) Rs. 3,37,500
- c) Rs.2,97,500
- d) Rs. 3,67,500

30. MJ (P) Ltd is engaged in manufacturing business. It furnished the following particulars for PY 19-20

- i) Opening WDV of Machine (15%) (1-4-2019) – Rs. 10,00,000
- ii) New Machine Purchases (15%) on 1-1-2020 – Rs. 5,00,000
- iii) Laptop Purchased for MD (40%) on 1-6-2019 – Rs. 70,000
- iv) Vehicle purchased (15%) on 1-05-2019- Rs. 3,00,000

Comment on Depreciation for PY 19-20

- a) Rs. 2,38,000
- b) Rs. 2,75,500
- c) Rs. 2,88,000
- d) Rs. 3,62,000

31. Rate of Additional depreciation for investment in Notified Backward areas in state of Andhra Pradesh or Telangana is

- a) 15%
- b) 20%
- c) 30%
- d) 35%

32. Specified Preliminary expenses under section 35D is allowed as deduction on

- a) Receipt basis
- b) Accrual basis
- c) Amortization basis
- d) Deduction is not allowed

33. Preliminary expenses incurred after commencement of business, in connection with setting up of new unit is eligible for deduction u/s 35D

- a) Yes
- b) No
- c) It depends upon discretion of Assessing officer
- d) Yes, if assessee is engaged in manufacturing of prescribed activities

**34. The preliminary expenses u/s 35D is allowed as deduction**

- a) In 5 equal installment beginning from the previous year in which expenditure is incurred
- b) In 5 equal installment beginning from previous year in which new business commence business
- c) In 5 equal installment beginning from previous year in which new unit commence operations
- d) Both (b) & (C)

**35. ABC LLP established a new unit and commenced its operations in FY 19-20. It furnished the following particulars in connection with new unit, as under:-**

- i) Expenses on Project report – Rs. 5,00,000
- ii) Expenditure on Market survey – Rs. 1,00,000
- iii) Expenditure on Advertisement for production from new unit- Rs. 4,00,000
- iv) Actual cost of Fixed Cost of new unit as at 31-03-2020- Rs. 1,30,00,000
- v) WD of fixed assets of new unit as at 31-3-2020 – Rs. 1,10,00,000

**Comment on preliminary expense eligible for deduction u/s 35D**

- a) Rs. 6,00,000
- b) Rs. 10,00,000
- c) Rs. 6,50,000
- d) Rs. 5,50,000

**36. ABC (P) Ltd was incorporated on 1-2-2019 and commenced it business in PY 19-20. It furnished the following particulars in connection with preliminary expenses**

- i) Legal charges for drafting and Printing of MOA & AOA – Rs. 1,00,000
- ii) Fees for registration of Company- Rs.5,00,000
- iii) Project Report & Market Survey – Rs. 4,00,000
- iv) Brand promotion expenses – Rs.5,00,000
- v) Share Capital & Long term borrowing as at 31.3.2020- Rs. 2,00,00,000
- vi) Actual Cost of Fixed Assets as at 31-3-2020- Rs. 1,80,00,000

**Comment on preliminary expense eligible for deduction u/s 35D**

- a) Rs. 11,00,000
- b) Rs. 10,00,000
- c) Rs. 15,00,000
- d) Rs.9,00,000

**37. Deduction on account of voluntary expenditure u/s 35DDA is allowed on**

- a) In the year on expenditure
- b) In the year in which scheme of voluntary retirement passed by management
- c) In 5 equal installment starting from the year in which such expenditure is paid.
- d) In 5 equal installment starting from the year in which scheme of voluntary retirement passed by management.

38. ABC (P) Ltd availed a term loan of Rs. 40 lacs @ 12% p.a on 1-4-2019 for purchase of Machinery. The machinery was purchased on 01-05-2019 and Machine was put to use on 30-06-2019. No Amount of loan was paid in FY 2019-20. Comment on the amount of Interest eligible for deduction u/s 36(1)(iii)
- a) Rs. 4,80,000
  - b) Rs. 4,40,400
  - c) Rs. 3,60,000
  - d) NIL
39. ABC (P) Ltd is deducting employee contribution towards PF @ 10,000 month. Same amount is also contributed by Company as employers contribution to PF. The annual PF (Employee & employer contribution) for PY 19-20 was deposited on 30<sup>th</sup> June, 2020, before filing Income Tax Return for FY 19-20. Comment on taxability will be on above transaction.
- a) Employee Contribution – Rs. 1,20,000 will be taxable and Employer's Contribution of Rs. 1,20,000 will be allowed as deductible expense
  - b) Employee Contribution – Rs. 1,20,000 will NOT be taxable and Employer's Contribution of Rs. 1,20,000 will be allowed as deductible expense
  - c) Employee Contribution – Rs. 1,20,000 will be taxable and Employer's Contribution of Rs. 1,20,000 will NOT be allowed as deductible expense
  - d) No taxable impact
40. Mr. A deposited employers contribution to PF- Rs. 1,20,000 for FY 18-19 on 31-12-2019, after filing ITR for FY 18-19. Is this late deposit of PF has any tax implication
- a) No Tax Implication
  - b) Rs. 1,20,000 will not be allowed business deduction in PY 18-19, but will be allowed as deduction in PY 19-20
  - c) Rs. 1,20,000 will be allowed as deduction in PY 18-19
  - d) Rs. 1,20,000 will be added to the taxable income in PY 18-19 and allowed as deduction in PY 19-20
41. Mr. A purchased livestock for the purpose of use in his business for Rs. 5 lacs on 1-4-2019. The depreciation rate of Plant & Machinery is 15%. Calculate the deduction allowable on account of usage of livestock in business
- a) NIL
  - b) Rs. 1.50 lacs
  - c) Rs. 5 lacs
  - d) Rs.0.75 lacs
42. Mr. A purchased livestock for the purpose of use in his business for Rs. 5 lacs on 1-4-2018. The depreciation rate of Plant & Machinery is 15%. It sold said livestock on 30-6-2019 for Rs. 2 lacs. Calculate the deduction allowable on account of usage of livestock in business in PY 19-20
- a) NIL
  - b) Rs. 63,750
  - c) Rs. 2,25,000
  - d) Rs. 3,00,000

43. During the PY 19-20, Mr. A write-off Rs. 50,000 as bad debts, out of which Rs. 30,000 was charged to Provision for bad debts created earlier and Rs. 20,000 was charged to P& L account. Further , he made new provision for bad debts of Rs. 40,000. Comment on deduction on account of bad debts in PY 19-20.
- a) Rs. 50,000
  - b) Rs. 20,000
  - c) Rs. 60,000
  - d) Rs. 90,000
44. During the PY 18-19, Mr. A write-off Rs. 50,000 as bad debts, out of which Rs. 30,000 was charged to Provision for bad debts created earlier and Rs. 20,000 was charged to P& L account. In PY 19-20, Mr. A recovered Rs. 27,000 out of bad debts. How amount is taxable in PY 19-20
- a) NIL
  - b) Rs. 27,000
  - c) Rs. 20,000
  - d) Rs. 7,000
45. ABC (P) Ltd paid Technical fees to Non-resident in connection with installation of new Machine in PY 19-20. It did not deduct TDS on technical fees. Comment, whether fees will be allowed as deduction in computing taxable business income
- a) Yes, since expenditure is for business purpose
  - b) No, as it is capital expenditure
  - c) No, as no TDS has been deducted
  - d) Either (a) or (b)
46. ABC (P) Ltd paid technical fees of Rs. 10 lacs to Non-resident outside India in June 2019 and deduct TDS thereon in August 2019. It deposited said TDS in April 2020, before filing ITR for FY 19-20. Comment on deductibility of said expenditure
- a) Rs. 10 lacs in not deductible
  - b) Rs. 10 lacs is deductible in PY 19-20
  - c) Rs. 10 lacs is deductible in PY 20-21
  - d) Rs. 10 lacs is deductible in either PY 19-20 or 20-21 at the option of Assessee
47. ABC (P) Ltd paid technical fees of Rs. 10 lacs to Non-resident outside India in June 2019 and did not deduct TDS. Non-resident files his ITR in India on 30-06-2020, wherein it included said income of Rs. 10 lacs and paid tax thereon. Comment, whether Rs. 10 lacs is deductible in hands of ABC (P) Ltd
- a) Rs. 10 lacs is not deductible
  - b) Rs. 10 lacs is deductible in PY 19-20
  - c) Rs. 10 lacs is deductible in PY 20-21
  - d) Rs. 10 lacs is deductible in either PY 19-20 or 20-21 at the option of Assessee

48. ABC (P) Ltd paid technical fees of Rs. 10 lacs to Non-resident outside India in June 2018 and deduct TDS thereon in August 2018. It deposited said TDS in December 2019, after filing ITR for FY 18-19. Comment on deductibility of said expenditure
- a) Rs. 10 lacs is not deductible
  - b) Rs. 10 lacs is deductible in PY 19-20
  - c) Rs. 10 lacs is deductible in PY 18-19
  - d) Rs. 10 lacs is deductible in either PY 18-19 or 19-20 at the option of Assessee
49. ABC (P) Ltd paid Professional fees of Rs. 10 lacs to resident in June 2019 and deduct TDS thereon in August 2019. It deposited said TDS in April 2020, before filing ITR for FY 19-20. Comment on deductibility of said expenditure
- a) Rs. 10 lacs is not deductible
  - b) Rs. 10 lacs is deductible in PY 19-20
  - c) Rs. 10 lacs is deductible in PY 20-21
  - d) Rs. 10 lacs is deductible in either PY 19-20 or 20-21 at the option of Assessee
50. ABC (P) Ltd paid Professional fees of Rs. 10 lacs to resident in June 2019 and did not deduct TDS. Resident files his ITR in India on 30-06-2020, wherein it included said income of Rs. 10 lacs and paid tax thereon. Comment, whether Rs. 10 lacs is deductible in hands of ABC (P) Ltd
- a) Rs. 10 lacs is not deductible
  - b) Rs. 10 lacs is deductible in PY 19-20
  - c) Rs. 7 lacs is deductible in PY 19-20 and Rs. 3 lacs is deductible in PY 20-21
  - d) Rs. 10 lacs is deductible in either PY 19-20 or 20-21 at the option of Assessee
51. ABC (P) Ltd paid Professional fees of Rs. 10 lacs to resident in June 2018 and deduct TDS thereon in August 2018. It deposited said TDS in December 2019, after filing ITR for FY 18-19. Comment on deductibility of said expenditure
- a) Rs. 10 lacs is not deductible
  - b) Rs. 7 lacs is deductible in PY 18-19 & Rs. 3 lacs deductible in PY 19-20.
  - c) Rs. 10 lacs is deductible in PY 18-19
  - d) Rs. 10 lacs is deductible in either PY 18-19 or 19-20 at the option of Assessee
52. ABC (P) Ltd paid salaries of Rs. 10 lacs to Non-resident in PY 2019-20, on which TDS was deducted and paid in June 2020. Comment, whether Salary is deductible expenses
- a) Not deductible
  - b) Deductible in PY 2019-20
  - c) Deductible in PY 2020-21
  - d) Either (b) or (c) at the option of Assessee

53. A partnership firm consist of 3 Partners- A,B & C. They have amended their partnership deed with effect from 1-7-2019 and provide for salary to partners as under:

- i) Salary to A- Rs. 10,000 w.e.f from 1-4-2019
- ii) Salary to B – Rs. 10,000 w.e.f from 1-7-2019
- iii) Salary to C – Rs. 10,000 w.e.f from 1-10-2019

Comment on salary to partners eligible for deduction

- a) Rs. 2,70,000
- b) Rs. 2,40,000
- c) Rs. NIL
- d) Rs. 3,00,000

54. A partnership firm consist of 3 Partners- A,B & C. They have amended their partnership deed with effect from 1-7-2019 and provide for Interest to partners as under. The capital of each Partner is Rs. 5,00,000 as at 1-4-2019

- i) Interest to A – 9% w.e.f 1-4-2019
- ii) Interest to B – 12% w.e.f 1-7-2019
- iii) Interest to C – 15% w.e.f 1-10-2019

Comment on Interest eligible for deduction

- a) Rs. 1,27,500
- b) NIL
- c) Rs. 1,35,000
- d) Rs. 1,16,250

55. A partnership (Consist of 3 equal Partners- A,B &C) furnished the following particulars for PY 19-20

- i) Salary to partners (in equal proportion) – Rs. 3,00,000
- ii) Profit as per books of Accounts – Rs. 5,00,000
- iii) Deprecation as per Books of Accounts – Rs. 1,00,000
- iv) Deprecation as per Income Tax – Rs. 8,00,000

Comment how much amount is deductible on account of Partners Salary

- a) NIL
- b) Rs. 1,50,000
- c) Rs. 2,70,000
- d) Rs. 3,00,000

56. A partnership (Consist of 3 equal Partners- A,B &C) furnished the following particulars for PY 19-20

- i) Salary to partners (in equal proportion) – Rs. 3,00,000
- ii) Profit as per books of Accounts – Rs. 5,00,000
- iii) Depreciation as per Books of Accounts – Rs. 1,00,000
- iv) Depreciation as per Income Tax – Rs. 3,00,000

Comment how much amount is deductible on account of Partners Salary

- a) NIL
- b) Rs. 1,50,000
- c) Rs. 2,70,000
- d) Rs. 3,00,000

57. A partnership (Consist of 3 equal Partners- A,B &C) furnished the following particulars for PY 19-20

- i) Salary to partners (in equal proportion) – Rs. 15,00,000
- ii) Profit as per books of Accounts – Rs. 30,00,000
- iii) Depreciation as per Books of Accounts – Rs. 2,00,000
- iv) Depreciation as per Income Tax – Rs. 14,00,000
- v) Donation to Charitable Trust eligible for deduction u/s 80G- Rs. 2,00,000

Comment how much amount is deductible on account of Partners Salary

- a) Rs. 15,00,000
- b) Rs. 12,90,000
- c) Rs. 18,90,000
- d) NIL

58. 58. A partnership (Consist of 3 equal Partners- A,B &C) furnished the following particulars for PY 19-20

- i) Salary to partners (in equal proportion) – Rs. 15,00,000
- ii) Profit as per books of Accounts – Rs. 30,00,000
- iii) Depreciation as per Books of Accounts – Rs. 2,00,000
- iv) Depreciation as per Income Tax – Rs. 6,00,000
- v) Donation to Charitable Trust eligible for deduction u/s 80G- Rs. 2,00,000

Comment how much amount is deductible on account of Partners Salary

- a) Rs. 15,00,000
- b) Rs. 12,90,000
- c) Rs. 18,90,000
- d) NIL

59. Mr. A carrying on a business and has full-set of Accounts team. Despite this, he employed his wife in accounts team and paid remuneration of Rs. 5 lacs. Had his wife worked somewhere else, she would have earned Rs. 2 lacs. How much amount is deductible on account of remuneration paid to wife
- a) NIL
  - b) Rs. 5 lacs
  - c) Rs.3 lacs
  - d) Rs. 2 lacs
60. Mr. A is carrying on business and paid Rs. 5 lacs a commission to ABC (P) Ltd, in which his wife is having 95% shareholding. The FMV value of service by ABC (P) Ltd is Rs. 1lacs. How much commission is deductible in the hands of Mr. A
- a) NIL
  - b) Rs. 5 lacs
  - c) Rs. 1 lakh
  - d) Rs. 4 lacs
61. ABC (P) Ltd is has 25% stake in MJ (P) Ltd. In PY 19-20, ABC (P) Ltd availed professional services from MJ (P) Ltd for Rs. 10 lacs, the fair market value thereof is Rs. 7 lacs. Comment on taxability in the hands of ABC (P) Ltd and MJ (P) Ltd
- a) Deductibility in the hands of ABC (P) Ltd – Rs. 10 lacs & Taxability in the hands of MJ (P) Ltd – Rs. 10 lacs
  - b) Deductibility in the hands of ABC (P) Ltd – Rs. 7 lacs & Taxability in the hands of MJ (P) Ltd – Rs. 7 lacs
  - c) Deductibility in the hands of ABC (P) Ltd – Rs. 7 lacs & Taxability in the hands of MJ (P) Ltd – Rs. 10 lacs
  - d) Deductibility in the hands of ABC (P) Ltd – Rs. NIL & Taxability in the hands of MJ (P) Ltd – Rs. 10 lacs
62. Mr. A availed professional services at agreed consideration of Rs. 50,000 in PY 19-20 from Mr. M. Due to urgency, he paid Rs. 30,000 in cash on a single day and balance amount, he paid by cheque. How much is deductible on account of such services
- a) NIL
  - b) Rs. 50,000
  - c) Rs. 30,000
  - d) Rs. 20,000
63. Mr. A availed professional services of Mr. J at agreed consideration of Rs. 40,000. It was agreed that payment is to made in cash – Rs. 8000 per day for 4 days and balance through cheque How much is deductible on account of such services
- a) NIL
  - b) Rs. 40,000
  - c) Rs. 8,000
  - d) Rs. 32,000

64. Mr. A is following cash basis of accounting. He availed a professional service on 28/3/2019 at agreed consideration of R. 50,000. It paid Rs. 35,000 in cash on 5/4/2019 and balance amount by cheque on 10/4/2019. Comment on taxability of above transaction
- a) PY 18-19- No Impact & PY 19-20- No Impact
  - b) PY 18-19- Rs. 50,000 is deductible & PY 19-20- No Impact
  - c) PY 18-19- No Impact & PY 19-20- Rs. 50,000 is deductible
  - d) PY 18-19- No Impact & PY 19-20- Rs. 15,000 is deductible
65. Mr. A is following accrual basis of accounting. He availed a professional service on 28/3/2019 at agreed consideration of R. 50,000. It paid Rs. 35,000 in cash on 5/4/2019 and balance amount by cheque on 10/4/2019. Comment on taxability of above transaction
- a) PY 18-19- Rs. 50,000 is deductible & PY 19-20- No Impact
  - b) PY 18-19- Rs. 50,000 is deductible & PY 19-20- Rs. 50,000 will be added to the Income
  - c) PY 18-19- No Impact & PY 19-20- Rs. 50,000 is deductible
  - d) PY 18-19- Rs. 50,000 is deductible & PY 19-20- Rs. 35,000 will be added to the Income
66. Mr. A purchased a Machine of Rs. 40,000 in cash in PY 19-20. What is taxability of this transaction
- a) No taxability
  - b) No deduction will be allowed for Rs. 40,000
  - c) No Depreciation will be allowed on Rs. 40,000
  - d) Rs. 40,000 will be added to the Income
67. ABC (P) Ltd does not have any gratuity fund. It makes provision of Rs. 10 lacs towards the gratuity payable to employees on their retirement. Comment on deductibility of said provision
- a) Not deductible
  - b) Entire Amount is Deductible
  - c) Deductible to the extent of 25%
  - d) Deductible to the extent of 5 lacs
68. ABC (P) Ltd does not have any gratuity fund. In PY 19-20, it makes provision of Rs. 10 lacs towards the gratuity payable to employees on their retirement In PY 19-20, 5 employees left the organization and gratuity payable to them was Rs. 2 lacs. Company made the provision for same as at 31-3-2020. Comment on deductibility of said provision
- a) Not deductible
  - b) Deductible- Rs. 12 lacs
  - c) Deductible – 10 lacs
  - d) Deductible – 2 lacs
69. ABC (P) Ltd. purchased goods of Rs. 10 lacs from party in PY 18-19. The goods were sold for Rs. 12 lacs in PY 18-19. In PY 19-20, due to dispute, ABC (P) Ltd. did not pay the party and write-back the amount in the books. Comment on taxability in PY 19-20
- a) No Tax Implication
  - b) Rs. 10 lacs is taxable
  - c) Rs. 12 lacs is taxable
  - d) Rs. 2 lacs is taxable

70. ABC (P) Ltd. purchased a machinery in foreign currency USA in PY 18-19 for \$1,00,000. The dollar rate was Rs. 68 on the date of purchase. The amount is payable in 5 equal installments. In PY 2019-20, it paid \$ 20,000 and dollar was rate was Rs. 72. Thus it paid Rs. Additional Rs. 80,000 on account of devaluation of currency. Comment on taxability of Rs. 80,000
- a) No taxability
  - b) Rs. 80,000 will be allowed as business expenses
  - c) Rs. 80,000 will be added to cost of Machine in PY 19-20
  - d) Rs. 80,000 will be added to cost of Machine in PY 18-19
71. ABC (P) Ltd is subject to local tax on the basis of units manufactured by it. The tax is payable on monthly basis. In PY 18-19, the local tax payable was Rs. 5 lacs and it paid the entire tax on 30-4-2019. Comment on deductibility of such tax
- a) Deductible in PY 18-19
  - b) Non Deductible
  - c) 20% of Tax is not deductible
  - d) Deductible in PY 19-20
72. ABC (P) Ltd is subject to local tax on the basis of units manufactured by it. The tax is payable on monthly basis. In PY 18-19, the local tax payable was Rs. 5 lacs and it paid the entire tax on 31-12-2019, after filing ITR of PY 18-19. Comment on deductibility of such tax
- a) Deductible in PY 18-19
  - b) Non Deductible
  - c) 20% of Tax is not deductible
  - d) Deductible in PY 19-20
73. ABC (P) Ltd has outstanding loan from Bank. It is running through difficult phase in business. It solicit your opinion on what would be income tax implications, if the Interest on loan is not paid as per terms of loan
- a) Interest expense will be disallowed
  - b) Interest expenses will be allowed if paid within the previous year not with delay
  - c) Interest expense will be allowed if paid before filing the ITR of Previous year
  - d) Both (a) & (b)
74. ABC (P) Ltd has outstanding loan of Rs. 50 lacs & Outstanding Interest of Rs. 10 lacs as at 31-03-2019. In PY 19-20, Bank restructured the loan, whereby the outstanding Interest was added to the loan and such balance was payable in 5 equal Installment along with Interest. In PY 19-20, the company paid the Installment of Rs. 12 lacs and interest of Rs. 5 lacs. How much amount is deductible on account of Interest in PY 19-20
- a) Rs. 7 lacs
  - b) Rs. 10 lacs
  - c) Rs. 15 lacs
  - d) Rs. 5 lacs

75. ABC (P) Ltd is engaged in real estate business. In PY 19-20, it sold a flat for Rs. 40 lacs (Stamp duty value – Rs. 41 lacs). The cost price of flat was Rs. 35 lacs. Comment on taxability of this transaction
- a) PGBP- Rs. 6 lacs
  - b) PGBP- Rs. 5 lacs
  - c) Capital Gains – Rs. 5 lacs
  - d) Capital gains- Rs. 6 lacs
76. ABC (P) Ltd is engaged in real estate business. In PY 19-20, it sold a flat for Rs. 40 lacs (Stamp duty value – Rs. 45 lacs). The cost price of flat was Rs. 35 lacs. Comment on taxability of this transaction
- a) PGBP- Rs. 10 lacs
  - b) PGBP- Rs. 5 lacs
  - c) Capital Gains – Rs. 5 lacs
  - d) Capital gains- Rs. 10 lacs
77. ABC (P) Ltd is engaged in real estate business. In PY 18-19, it entered into an agreement for sale of flat at Rs. 50 lacs (Stamp duty Value- Rs. 51 lacs). It sold the flat in P 19-20 and received the entire sale consideration of Rs. 50 lacs (Stamp duty value on the date of Sale- Rs. 52 lacs). The cost of flat was Rs. 40 lacs. Comment on taxability of transaction in PY 19-20
- a) Nothing is taxable
  - b) PGBP- Rs.10 lacs
  - c) PGBP- Rs. 11 lacs
  - d) PGBP-Rs. 12 lacs
78. ABC (P) Ltd is engaged in real estate business. In PY 18-19, it entered into an agreement for sale of flat at Rs. 50 lacs (Stamp duty Value- Rs. 51 lacs). Rs. 10 lacs received by way of cheque on the date of agreement It sold the flat in P 19-20 and received the entire sale consideration of Rs. 50 lacs (Stamp duty value on the date of Sale- Rs. 57 lacs). The cost of flat was Rs. 40 lacs. Comment on taxability of transaction in PY 19-20
- a) Nothing is taxable
  - b) PGBP- Rs.10 lacs
  - c) PGBP- Rs. 11 lacs
  - d) PGBP-Rs. 17 lacs
79. ABC (P) Ltd is engaged in real estate business. In PY 18-19, it entered into an agreement for sale of flat at Rs. 50 lacs (Stamp duty Value- Rs. 51 lacs). It sold the flat in P 19-20 and received the entire sale consideration of Rs. 50 lacs (Stamp duty value on the date of Sale- Rs. 57 lacs). The cost of flat was Rs. 40 lacs. Comment on taxability of transaction in PY 19-20
- a) Nothing is taxable
  - b) PGBP- Rs.10 lacs
  - c) PGBP- Rs. 11 lacs
  - d) PGBP-Rs. 17 lacs

- 80. Medical professional is required to maintain prescribe set of books of Accounts u/s 44AA in the in previous year in following case**
- a) His gross receipts in previous is likely to exceed Rs. 2.50 lacs
  - b) His Gross receipts in any of 3 preceding previous year exceeds Rs. 2.50 lacs
  - c) His Gross receipts in any of 3 preceding previous year exceeds Rs. 1.50 lacs
  - d) His gross receipts in previous is likely to exceed Rs. 1.50 lacs
- 81. An individual carrying on business is required to maintain books of Accounts u/s 44AA, so as to enable Assessing office to compute his income, in following case**
- a) His turnover in any of 3 preceding previous year exceeds Rs. 25 lacs
  - b) His turnover in any of 3 preceding previous year exceeds Rs. 10 lacs
  - c) His total Income in in any of 3 preceding previous year exceeds Rs 2.50 lac
  - d) Either (a) or (c)
- 82. A LLP carrying on business is required to maintain books of Accounts u/s 44AA, so as to enable Assessing office to compute his income, in following case**
- a) Its turnover in any of 3 preceding previous year exceeds Rs. 25 lacs
  - b) Its turnover in any of 3 preceding previous year exceeds Rs. 10 lacs
  - c) Its total Income in in any of 3 preceding previous year exceeds Rs 1.20 lac
  - d) Either (b) or (c)
- 83. In case of person carrying on business, not covered under presumptive taxation, is required get accounts tax audited, when**
- a) Income Exceeds the maximum amount not chargeable to tax
  - b) Turnover exceeds Rs. 100 lacs
  - c) Turnover exceeds Rs. 50 lacs
  - d) Both (a) or (b)
- 84. In case of person carrying on profession, not covered under presumptive taxation, is required get accounts tax audited, when**
- a) Income Exceeds the maximum amount not chargeable to tax
  - b) Gross Receipts exceeds Rs. 100 lacs
  - c) Gross Receipts exceeds Rs. 50 lacs
  - d) Both (b) or (c)
- 85. Mr. A is carrying on trading business and his turnover in business in PY 19-20 was Rs. 60 lacs. He offered Taxable Income from Rs. 3 lacs, whereas as per section 44AD, he is required to report taxable @ 8% of turnover i.e Rs. 4,80,000. Comment on whether he is required to get his account tax audited**
- a) Yes, his turnover is more than 50 lacs
  - b) Yes, his income is more than Rs. 2.50 lacs
  - c) Yes, he has reported less than 8% of Turnover
  - d) No, as his turnover is less than Rs. 100 lacs

86. Mr. A carrying on Trading opted for presumptive taxation u/s 44AD and offered for tax income at the rate of 8% of turnover is PY 18-19. In PY 2019-20, his turnover was Rs. 70 lacs and he declares taxable income of Rs. 3.5 lacs . Comment on whether he is required to get his account tax audited
- a) Yes, his turnover is more than 50 lacs
  - b) Yes, his income is more than Rs. 2.50 lacs
  - c) Yes, he has reported less than 8% of Turnover and income exceeds Rs. 2.5 lacs
  - d) No, as his turnover is less than Rs. 100 lacs
87. Mr. A carrying on Trading opted for presumptive taxation u/s 44AD and offered for tax income at the rate of 8% of turnover is PY 18-19. In PY 2019-20, his turnover was Rs. 50 lacs and he declares taxable income of Rs. 2.4 lacs . Comment on whether he is required to get his account tax audited
- a) Yes, his turnover is more than 50 lacs
  - b) Yes, his income is more than Rs. 2.50 lacs
  - c) No, though he has reported less than 8% of Turnover but income is less than 2.5 lacs.
  - d) No, as his turnover is less than Rs. 100 lacs
88. Mr. A is an Accountant by Profession and he is subject to presumptive taxation u/s 44ADA. In PY 19-20, his gross receipts were Rs. 7 lacs and he declares the taxable business income at Rs. 2 lacs. Comment on whether he is required to get his accounts tax audited
- a) Yes, he has declared business income less than 50% of gross receipts
  - b) Yes, he has declared business income less than 50% of gross receipts and total income is less than 2.5 lacs
  - c) No, he has declared business income less than 50% of gross receipts but total income is less than 2.5 lacs
  - d) No, as turnover is less than 100 lacs
89. Mr. A is an Accountant by Profession and he is subject to presumptive taxation u/s 44ADA. In PY 19-20, his gross receipts were Rs. 20 lacs and he declares the taxable business income at Rs. 9 lacs. Comment on whether he is required to get his accounts tax audited
- a) Yes, he has declared business income less than 50% of gross receipts and his total income exceeds Rs. 2.50 lacs
  - b) Yes, he has declared business income less than 50% of gross receipts and total income is less than 2.5 lacs
  - c) No, , he has declared business income less than 50% of gross receipts but total income is less than 2.5 lacs
  - d) No, as turnover is less than 100 lacs

90. Certain statements are given below in relation to section 44AD

- i) It is applicable to all person
- ii) It is applicable to Individual/HUF/FIRM/LLP
- iii) It is applicable to Individual/HUF/FIRM not claiming deduction u/s 10A, 10AA, 10B, 10BA or deduction under any provisions of Chapter VIA under the heading "C. - Deductions in respect of certain incomes"
- iv) The turnover of eligible assessee can be any amount
- v) The turnover of eligible assessee be less than 2 Cr
- vi) The turnover of eligible assessee be less than 5 cr
- vii) The eligible assessee could be engaged in any business
- viii) The eligible could be engaged in any business, other than business of plying, hiring or leasing goods carriages referred to in section 44AE & other commission or agency business
- ix) The eligible assessee could be engaged in any profession
- x) The eligible assessee could be engaged in any profession other than profession as referred in section 44AA

Which of above statements are correct in respect of Section 44AD

- a) (i), (iv), (vii) and (ix)
- b) (iii), (v), (viii) & (x)
- c) (ii), (vi), (viii) & (ix)
- d) None of the above.

91. Mr. A is engaged in trading business and his income is taxable u/s 44AD. He submit the following particulars for PY 19-20

- i) Total Turnover – Rs. 40 lacs
- ii) Out of Above Turnover, Amount realized in cash – Rs. 5 lacs before filing ITR
- iii) Out of Above Turnover, Amount realized in through Banking channel – Rs. 32 lacs
- iv) Amount yet to be realized from customers- Rs. 3 lacs

He is willing to offer the taxable income, at the minimum rate as prescribed u/s 44AD. Comment on the taxable income

- a) Rs. 2,56,000
- b) Rs. 3,20,000
- c) Rs. 2,50,000
- d) Rs. 2,46,000

92. Mr. A availed presumptive taxation u/s 44AD in PY 17-18 and did not opt for the same in PY 18-19. In PY 19-20, his turnover was Rs. 30 lacs and he wants to avail presumptive taxation u/s 44AD. Comment on whether, he can avail the presumptive taxation and also on the requirement of tax audit

- a) He can avail the presumption taxation and no tax audit is required
- b) He can avail the presumptive taxation and tax audit is required
- c) He cannot avail the presumptive taxation and tax audit is required
- d) He cannot avail the presumptive taxation and tax audit is not required

93. Mr. A, a doctor, started his practice on 1-4-2019. He purchased a clinic for 20 lacs and said building is entitled to depreciation @ 10%. His gross receipts during the PY 19-20 was Rs. 10 lacs and expenses –Rs. 4 lacs. Compute his taxable income

- a) Taxable Income – Rs. 4 lacs & No tax audit
- b) Taxable Income – Rs 4 lacs and tax audit to be done
- c) Taxable Income – Rs. 5 lacs , no tax audit and WDV of building is Rs. 18 lacs
- d) Taxable Income – Rs. 5 lacs & Tax Audit and WDV of building is Rs. 18 lacs

94. Mr. A is engaged in good carriage business and he furnished the following information for PY 19-20

- i) Heavy goods carriage vehicles owned as on 1/4/019 (each weighing 13,000 kg)- 6 nos.
- ii) Other Goods carriage vehicles owned as on 1/04/2019 – 2 nos
- iii) He sold 3 heavy goods carriage vehicles on 15-6-2019
- iv) He purchase 4 other goods carriage vehicles on 1/7/2019.

He wants to declare minimum income u/s 44AE. Comment on his total income for PY 19-20

- a) Rs. 10,35,000
- b) Rs. 4,95,000
- c) Rs. 11,25,000
- d) Rs. 17,37,000

95. Compute the taxable PGBP income from following particulars of Mr. A, engaged in trading business.

- i) Net Profit as per Profit & Loss Account- Rs. 10,00,000
- ii) Depreciation as per books of Accounts – Rs. 3 ,00,000
- iii) WDV (as per Income Tax) of Machine block (15%) as on 1-4-2019- Rs. 20,00,000
- iv) New Machine-I Purchased on 1/5/2019 ( Rs. 30,000 paid in cash on 1/5/2019)- Rs 1,00,000
- v) New Machinery-II purchased on 01-01-2020 – Rs. 2,00,000
- vi) Interest on loan for purchase of Machine –II (F/P 1/4/2019-31/12/2019), as debited to P&L Account – Rs. 10,000
- vii) Salary to Mrs. A for Accounting work – Rs. 50,000 (FMV – Rs. 20,000)

- a) Rs. 10,03,750
- b) Rs. 10,13,750
- c) Rs. 9,83,750
- d) Rs. 7,13,750

96. Compute the taxable PGBP income from following particulars of Mr. A, engaged in Manufacturing business.

- i) Net Profit as per Profit & Loss Account- Rs. 12,00,000
- ii) Depreciation as per books of Accounts – Rs. 4,00,000
- iii) WDV (as per Income Tax) of Machine block (15%) as on 1-4-2019- Rs. 30,00,000
- iv) New Machine-I Purchased on 1/5/2019 ( Rs. 50,000 paid in cash on 1/5/2019)- Rs 2,00,000 and installed in Office.
- v) New Machinery-II purchased on 01-01-2020 – Rs. 10,00,000 and installed in factory
- vi) Interest on loan for purchase of Machine –II (F/P 1/4/2019-31/12/2019), as debited to P&L Account – Rs. 50,000
- vii) Printer of Rs. 50,000 purchased on 1/5/2019 and charged to expense Account.

- a) Rs. 10,43,750
- b) Rs. 11,48,750
- c) Rs. 9,65,000
- d) Rs. 9,38,750

97. Mr. A, furnished the following particulars for PY 19-20

- i) Net Profit as per books of Accounts- Rs. 15,00,000
- ii) Penalty paid for breach of VAT Law- Rs.30,000
- iii) CSR Expenditure paid – Rs. 50,000
- iv) Employee Contribution to PF deposited late by 100 days – Rs. 20,000
- v) Employer Contribution to PF, deposited late by 100 days – Rs. 20,000
- vi) Recovery of bad debts directly credited to Capital Account – Rs. 10,000

Compute income taxable under the head PGBP

- a) Rs. 16,30,000
- b) Rs. 16,10,000
- c) Rs. 15,60,000
- d) Rs. 15,90,000

Profit & Gains of Business Or Profession- MCQ- Answers					
Q.No.	Ans.	Q.No.	Ans.	Q.No.	Ans.
1	B	32	C	67	A
2	C	33	A	68	D
3	D	34	D	69	B
4	A	35	A	70	C
5	D	36	B	71	A
6	D	37	C	72	D
7	B	38	C	73	D
8	D	39	A	74	A
9	B	40	B	75	B
10	C	41	A	76	A
11	C	42	D	77	B
12	B	43	A	78	B
13	C	44	B	79	D
14	B	45	B	80	D
15	B	46	B	81	D
16	A	47	C	82	D
17	C	48	B	83	B
18	A	49	B	84	C
19(i)	B	50	C	85	D
19(ii)	C	51	B	86	C
19(iii)	D	52	A	87	C
19(iv)	B	53	B	88	C
19(v)	C	54	D	89	A
20	C	55	B	90	B
21	B	56	C	91	A
22	B	57	B	92	C
23	D	58	A	93	C
24	B	59	A	94	A
25	C	60	C	95	B
26	C	61	C	96	A
27	B	62	D	97	B
28	A	63	B		
29	A	64	D		
30	C	65	D		
31	D	66	C		

## Capital Gains

1. **For taxability of income under the head Capital gains, following are essentials**
  - a) Existence of Capital Asset
  - b) Transfer of capital Asset in Previous year
  - c) Either (a) or (b)
  - d) Both (a) or (b)
  
2. **Capital gain is taxable on**
  - a) Accrual basis
  - b) Receipt Basis
  - c) Both (a) & (b) , depending upon facts
  - d) Either (a) or (b) at the option of Assessee
  
3. **Securities are always capital Asset, except the following**
  - a) Securities held by person as stock in trade
  - b) Securities held as stock in trade by Foreign Institutional investor, which has invested in accordance with SEBI regulations
  - c) Securities held by Stock broker as stock in trade
  - d) Both (a) or (c)
  
4. **Every property is capital Asset, other than**
  - a) Stock in trade, other than securities held as Stock in trade by Foreign institutional Investor
  - b) Personal effects being jewelry
  - c) Personal effects, other than jewelry
  - d) Both (a) & (c)
  
5. **Movable Asset , being car, Furniture, Machinery, is capital asset in all cases except the following:-**
  - a) Movable Assets held by Assessee for his personal use
  - b) Movable asset is used in the business
  - c) Movable Asset is held by Assessee as stock in trade
  - d) Both (a) & (c)
  
6. **An Individual Purchased a car for his personal use for Rs. 5,00,000 on 1-4-2015 and sold on 31-3-2020 for Rs. 3,00,000. The depreciated value of car is Rs. 2,50,000. How much amount is taxable in the hands of Individual in PY 19-20 and in which head**
  - a) Rs. 50,000, under Capital gain
  - b) Rs. 50,0000 under Income from Other Sources
  - c) Rs. -2,00,000 under Capital gains
  - d) NIL
  
7. **Silver Crockery is always a capital asset, except in following cases:-**
  - a) Used by assessee for his personal purpose
  - b) Used by dealer as stock in trade
  - c) Used by businessman for his business purpose
  - d) All of above

8. Agriculture land situated within the jurisdiction of Municipality, having population less than 10,000 is
- a) Capital asset
  - b) Not a capital Asset
  - c) May be capital asset, depending upon value of land
  - d) May be capital asset, depending upon area of land
9. Agriculture land, situated within 2 km from jurisdiction of Municipality (distance measured aerially) , having population More than 10,000 and upto 1,00,000 is
- a) Capital asset
  - b) Not a capital Asset
  - c) May be capital asset, depending upon value of land
  - d) May be capital asset, depending upon area of land
10. Agriculture land, situated beyond 6 km from jurisdiction of Municipality (distance measured aerially) , having population More than 1,00,000 and upto 10,00,000 is
- a) Capital asset
  - b) Not a capital Asset
  - c) May be capital asset, depending upon value of land
  - d) May be capital asset, depending upon area of land
11. Agriculture land, situated within 10 km from jurisdiction of Municipality (distance measured aerially) , having population More 10,00,000 is
- a) Capital asset
  - b) Not a capital Asset
  - c) May be capital asset, depending upon value of land
  - d) May be capital asset, depending upon area of land
12. A capital gain is short term capital gains, when
- a) Capital Asset is Short term capital Asset
  - b) When consideration for transfer of Capital asset is realized within 2 years
  - c) When depreciable asset is used for business purpose
  - d) Both (a) & ( c)
13. Listed Securities (other unit of Mutual funds), Units of Equity oriented MF, Zero coupon bonds are short term capital asset, when such assets are held for \_\_\_\_\_ immediately preceding the transfer
- a) 12 month or less
  - b) 24 month or less
  - c) 36 months or less
  - d) More than 36 month

14. Unlisted shares, land or building are short term capital asset, when such assets are held for \_\_\_\_\_ immediately preceding the transfer
- a) 12 month or less
  - b) 24 month or less
  - c) 36 months or less
  - d) More than 36 month
15. Unlisted Debentures & Debt oriented MF are short term capital asset, when such assets are held for \_\_\_\_\_ immediately preceding the transfer
- a) 12 month or less
  - b) 24 month or less
  - c) 36 months or less
  - d) More than 36 month
16. Mr. A entered into an agreement with XYZ Ltd for purchase of residential house on 1-1-2018 for Rs. 30 lacs. Before getting an possession of property, A transfer the right under agreement to B on 31-3-2020 for Rs. 35 lacs. The gain arising on such transfer is
- a) Short term capital gain
  - b) Long term capital gain
  - c) Taxable under IOS
  - d) Not Taxable
17. Mr. A got a house from his father through Will on 1-4-2019. The house was purchased on 1-1-98 for Rs. 20 lacs. The FMV of the house on 1-4-2001 and 1-4-2019 was Rs. 25 lacs and 35 lacs respectively. Mr. A sold the house on 30-3-2020. The Cost of Acquisition and nature of capital gains in the hands of A is
- a) 20 lacs and Long term Capital gain
  - b) 25 lacs and Long term Capital gain
  - c) 35 lacs and short term capital gains
  - d) 35 lacs and long term capital gains
18. Mr. X got a car from his father through will on 1-4-2017. The car was purchased on 1-4-2016 for Rs. 10 lacs and FMV on 1-4-2017 was Rs. 8 lacs. The car was sold by Mr. X on 30-6-2019. The cost of acquisition and nature of capital gain in the hands of Mr X is
- a) 10 lacs and LTCG
  - b) 8 lacs and LTCG
  - c) Not applicable
  - d) Either (a) or (b) at the option of Mr. X
19. Mr. A got jewelry from his brother by way of gift on 1-4-2019. The jewelry was purchased on 1-4-99 for Rs. 5 lacs. The FMV of jewelry on 1-4-2001 and 1-4-2019 was Rs. 4 lacs and Rs. 10 lacs respectively. Mr. A sold the jewelry on 31-3-2020. The Cost of Acquisition and nature of Capital gain in the hands of A is
- a) 5 lacs and LTCG
  - b) 4 lacs and LTCG
  - c) 5 lacs and STCG
  - d) 4 lacs and STGC

20. XYZ Ltd transferred a land to ABC Ltd. (51% subsidiary) on 1-4-2019 for Rs. 50 lacs. The land was purchased by XYZ Ltd on 1-4-1999 for Rs. 10 lacs and FMV as on 1-4-2001 was Rs. 12 lacs. ABC Ltd sold the land on 30-3-2020. The cost of acquisition and nature of capital gain in the hands of ABC Ltd is
- a) 50 lacs and STGC
  - b) 12 lacs and STGC
  - c) 50 lacs and LTCG
  - d) 12 lacs and STGC
21. PQR Ltd, a Wholly owned subsidiary of ABC Ltd., sold a land to holding Company for Rs. 50 lacs on 1-4-2018. The land was purchased on 1-4-99 for Rs. 10 lacs and FMV as on 1-4-2001 was Rs. 12 lacs. PQR td sold the land on 30-6-2019. The cost of acquisition and nature of capital gain in the hands of ABC Ltd is
- a) 12 lacs and LTCG
  - b) 50 lacs and STGC
  - c) 12 lacs and STGC
  - d) 50 lacs and LTCG
22. Mr. A gifts jewelry to his Friend, Mr. B, on 1-4-2019. The jewelry was purchased on 1-4-99 for Rs. 1 lakh and FMV as on 1-4-2001 and 1-4-2019 was Rs. 2 lacs and 10 lacs respectively. Mr. B sold the jewelry on 28-02-2020. The cost of acquisition and nature of capital gain in the hands of B is
- a) 10 lacs and STGC
  - b) 2 lacs and LTCG
  - c) 10 lacs and LTCG
  - d) 2 lacs and STGC
23. ABC ltd issued convertible debentures on 1-4-2015 for Rs. 100 each. It was converted into 2 equity shares (Listed) of Rs. 10 each on 1-4-2018. The FMV of shares on date of conversion is Rs. 125 each. The Shareholder sold the shares on 30-6-2019. The cost of acquisition and nature of capital gain in the hands of shareholder is
- a) Rs 50 and LTCG
  - b) Rs. 10 and LTCG
  - c) Rs. 125 and LTCG
  - d) Rs. 125 and STCG
24. ABC ltd issued convertible debentures on 1-4-2015 for Rs. 100 each. It was converted into 2 equity shares (unlisted) of Rs. 10 each on 1-4-2018. The FMV of shares on date of conversion is Rs. 125 each. The Shareholder sold the shares on 30-6-2019. The cost of acquisition and nature of capital gain in the hands of shareholder is
- a) Rs 50 and LTCG
  - b) Rs. 10 and LTCG
  - c) Rs. 125 and LTCG
  - d) Rs. 50 and STCG

25. A was allotted 100 Equity shares (Unlisted) of Rs. 10 each at Rs. 25 on 1-4-2018. The original 200 share, on the basis of which right shares were allotted, was issued on 1-4-2015 at Rs. 10 each. All 300 shares were sold on 30-6-2019. The Nature of Capital gains is
- LTCG for 300 shares
  - STCG for 300 shares
  - LTCG for 200 shares and STGC for 100 shares
  - STCG for 200 shares and LTCG for 100 shares
26. An insurance Compensation received against the destruction of Capital Asset is
- Chargeable to Capital gains, as there is transfer of Capital Asset
  - Not chargeable to Capital Gains, as there is no transfer of capital asset
  - Exempt
  - Chargeable to tax under Income from other sources
27. Amount received on redemption of Cumulative Non-convertible debenture is
- Chargeable to Capital gain, as there is transfer of capital asset
  - Not chargeable to Capital Gains, as there is no transfer of capital asset
  - Chargeable to tax under Income from other sources
  - Exempt
28. Amount received on redemption of Zero Coupon Bond is
- Chargeable to Capital gain, as there is transfer of capital asset
  - Not chargeable to Capital Gains, as there is no transfer of capital asset
  - Chargeable to tax under Income from other sources
  - Exempt
29. A entered into a registered agreement with B for sale of building. B took the possession of Property on 15-3-2019 and paid the consideration on the same date. The property was registered in the name of B on 30-4-2019. The capital gain on the sale of building is chargeable in
- PY 18-19
  - PY 19-20
  - Either of above on discretion of Assessee
  - Either of above on discretion of Assessing officer.
30. Mr. A, non-resident, sold shares of Indian Company to Mr.B, non-resident. The Capital gain arising on sale of such shares is
- Taxable, as shares are of an Indian Company
  - Taxable, as there is transfer of Capital Assets
  - Non- Taxable, as transactions are between Non-resident
  - Both (a)& (b)
31. Mr. A, non-resident, sold rupee denominated bond to Mr.B, non-resident. The Capital gain arising on sale of such bond is
- Taxable, as it is on Rupee denominated bonds
  - Non-Taxable, as there is NO transfer of Capital Assets
  - Non- Taxable, as transactions are between Non-resident
  - Non- taxable, as consideration not received in India

32. Amount received by an Individual on redemption of sovereign gold bond, issued by RBI is
- a) Chargeable to Capital gain, as there is transfer of capital asset
  - b) Not chargeable to Capital Gains, as there is no transfer of capital asset
  - c) Chargeable to tax under Income from other sources
  - d) Exempt
33. Mr. A sold shares to Mr. B. The contract was executed on 30-3-2018, the consideration was received on 30-3-2019 and shares were transferred in the name of B on 2-4-2019. The capital gain on sale of shares is taxable in
- a) PY 2017-18
  - b) PY 2018-19
  - c) PY 2019-20
  - d) Any of above
34. A business entity has single machine in block of assets whose WDV as on 1-4-2018 was Rs. 10 lacs. The machine was damaged due to fire on 1-1-2019 and insurance company admitted the claim of Rs. 15 lacs (on replacement value) on 1-3-2019. The insurance Compensation was received on 1-5-2019. Gain of Rs. 5 lacs is taxable under the head \_\_\_\_\_ and in PY \_\_\_\_\_
- a) Capital Gain , PY 18-19
  - b) Capital gains, PY 19-20
  - c) Not Taxable
  - d) Income from other sources, PY 18-19
35. A businessman decided to change his line of business from trader to builder. Accordingly, he decided to sell 5 shops with him in due course and converted fixed Assets into stock in trade on 1-4-2018. The cost of said shops was Rs. 20 lacs each & was purchased on 1-4-2017. The FMV on the date of conversion is Rs. 30 lacs per shop. Two shops were sold on 30-6-2019 for Rs. 35 lacs each and consideration realized on the same date. The nature of Capital gains is \_\_\_\_\_ , amount of Capital gain is \_\_\_\_\_ and Capital gain is taxable in PY \_\_\_\_\_
- a) STCG, 20 lacs , PY- 19-20
  - b) LTCG, 20 lacs, PY 18-19
  - c) STCG , 30 lacs , PY 19-20
  - d) LTCG, 30 lac, PY 18-19
36. Mr. A, who is becoming partner in partnership firm, introduced his personal car in the firm as his capital contribution. The car was purchased by him for Rs. 15 lacs on 1-4-2018 and value of car recorded in FIRM book at Rs. 16 lacs on 1-4-2019. The amount of income chargeable to tax in the hands of A
- a) Rs. 1 lakh under the head Capital gains
  - b) Rs. 1 lakh under the head IOS
  - c) NIL
  - d) Either (a) or (b)

37. Mr. A, who is becoming partner in partnership firm, introduced his investments in listed shares, in the firm as his capital contribution. The shares were purchased by him for Rs. 20 lacs on 1-4-2018 and value of shares recorded in FIRM book at Rs. 25 lacs on 1-5-2019. The amount of income chargeable to tax in the hands of A
- Rs. 5 lakh under the head Capital gains
  - Rs. 5 lakh under the head IOS
  - NIL
  - Either (a) or (b)
38. Upon dissolution of Partnership firm, Mr. A, partner, was given land in full-settlement of his account balance of Rs. 20 lacs. The land was appearing the firm' book at Rs. 15 lacs and FMV of land on the date of transfer to A is Rs. 22 lacs. The taxable income in the hand of firm is
- Rs. 5 lacs under the head Capital gains
  - Rs. 7 lacs under the head Capital gains
  - NIL
  - Rs. 5 lacs under the head IOS
39. Land belonging to Mr. A was compulsorily acquired by Government on 1-4-2018 at Rs. 20 lacs. The land was acquired by Mr. A on 30-6-2016 for Rs. 18 lacs. Mr. A filed an appeal for enhancement of Compensation and he was awarded enhanced compensation of Rs. 5 lacs on 30-9-2019. At the end of PY 18-19, Mr. A did not have any Loss under the head Capital gains to be carried forward. Comment on the taxability in above transaction
- PY 18-19- Income under head Capital Gain – Rs. 2 lacs, PY 19-20- Rs. 5 lacs under capital gains
  - PY 18-19- Loss under head Capital Gain – Rs. 2 lacs, PY 19-20- Rs. 3 lacs under capital gains
  - PY 18-19- Loss under head Capital Gain – Rs. 2 lacs, PY 19-20- Rs. 5 lacs under IOS
  - PY 19-20- Rs. 3 lacs under Capital gains
40. Mr. A, owner of land (Purchased on 1-4-2016 for Rs. 15 lacs), entered into joint development agreement Mr. B, whereby Mr. B will develop said land and will construct a building with 3 floors. 1 floor will be given to Mr. A, along with cash of Rs. 10 lacs and 2 floors will be retained by Mr. B. The agreement was entered into on 1-4-2017, the cash was given on 1-4-2018 and completion certificate of building was allotted on 5-4-2019. On the date of completion certificate, the FMV of the each floor was Rs. 20 lacs each. Comment on taxability in above transaction
- Long term capital gain taxable in PY 19-20
  - Short term capital gain taxable in PY 17-18
  - Short term capital gain taxable in PY 18-19
  - Income from other sources taxable in PY 19-20
41. On liquidation of Company, the company transfer the assets to shareholders. The capital gain on transfer of asset will be taxable in the hands of
- Company
  - Shareholders
  - It is not a transfer ad hence no taxability
  - It will depend upon the nature of Asset

42. On the date of Liquidation, A company has following data – Share Capital- Rs 10 lacs and R&S – Rs. 30 lacs. It distribute an asset (FMV- Rs. 5lacs) to a shareholder having share capital of Rs. 2 lacs. Comment on taxability of said transaction
- a) Rs. 3 lacs is taxable under the head capital gains
  - b) Rs. 3.75 lacs taxable as dividend and Rs. 1.25 lacs will be share consideration against shares
  - c) Rs. 5 lacs taxable as Dividend
  - d) Rs. 3 lacs taxable as dividend
43. In computing long term capital gains, items to be deducted from Sales Consideration are
- a) Cost of Acquisition and Cost of Improvement
  - b) Indexed Cost of Acquisition and indexed cost of Improvement
  - c) Indexed cost of Acquisition and cost of Improvement
  - d) Cost of Acquisition and Indexed cost of Improvement
44. In computing capital gains on Listed Shares, Deduction is not available for
- a) Cost of Acquisition
  - b) Cost of Improvement
  - c) Expenditure in connection with sale
  - d) Securities Transaction Tax
45. The base year for calculating indexed cost of Improvement is
- a) 2001-02
  - b) 2000-01
  - c) 1980-81
  - d) 1999-20
46. Indexed Cost of Improvement is calculating by multiplying cost of Improvement with Cost Inflation Index (CFI) of the year in which \_\_\_\_\_ and divided by CFI of the in which \_\_\_\_\_
- a) Asset in transferred, Cost of improvement took place
  - b) Asset in acquired, Asset is transferred
  - c) Cost of Improvement took place , Asset is transferred
  - d) Asset in Acquired, Cost of Improvement took place
47. A non-resident purchased shares of unlisted Indian Company in Foreign Currency (FC) worth Rs. 1 lakh on 1-4-2015. (Average FC rate – Rs. 50), He sold those shares on 30-6-2019 for Rs. 1,87,500 (Average FC rate = Rs. 75). CFI for year 2015-16 was Rs. 254 and CFI for year 2019-20 was Rs. 289. The capital gain chargeable to tax is
- a) NIL
  - b) 37,500
  - c) 87,500
  - d) 73,720

48. A non-resident purchased shares of unlisted Indian Company in Foreign Currency (FC) worth Rs. 1 lakh on 1-4-2018. (Average FC rate – Rs. 50), He sold those shares on 30-6-2019 for Rs. 1,50,000 (Average FC rate = Rs. 60). CFI for year 2018-19 was Rs. 280 and CFI for year 2019-20 was Rs. 289. The capital gain chargeable to tax is
- NIL
  - 30,000
  - 50,000
  - 46,785
49. A non-resident purchased shares of listed Indian Company (STT paid) in Foreign Currency (FC) worth Rs. 1 lakh on 1-4-2015. (Average FC rate – Rs. 50), He sold those shares (STT paid) on 30-6-2019 for Rs. 1,87,500 (Average FC rate = Rs. 75). The FMV of shares on 31-1-2018 was Rs. 1,80,000. CFI for year 2015-16 was Rs. 254 and CFI for year 2019-20 was Rs. 289. The amount of capital gain is
- 7,500
  - 37,500
  - 87,500
  - 73,720
50. A non-resident purchased shares of listed Indian Company (STT paid) in Foreign Currency (FC) worth Rs. 1 lakh on 1-4-2018. (Average FC rate – Rs. 50), He sold those shares on 30-6-2019 (STT paid) for Rs. 1,50,000 (Average FC rate = Rs. 60). CFI for year 2018-19 was Rs. 280 and CFI for year 2019-20 was Rs. 289. The amount of capital gain is
- NIL
  - 30,000
  - 50,000
  - 46,785
51. In case of Long term capital asset, being debentures, indexation benefit is
- Available
  - Not Available
  - Available, if listed
  - Non Available, if listed
52. In case of long term capital asset, being Sovereign Gold bond, the indexation benefit is
- Available, if transfer otherwise than on redemption
  - Not Applicable, if transfer on redemption
  - Both (a) or (b)
  - Not available

53. Mr. A bought shares of unlisted Company from Mr. B on 1-4-2017 for Rs. 5 lacs. The FMV of the shares was Rs. 12 lacs on said date and Rs. 7 lacs was made taxable in the hands of Mr. B. The shares were sold by Mr. B on 30-11-2019 for Rs. 15 lacs. CFI for 2017-18- 272 and CFI for 2019-20 is 289 The nature of Capital gains is \_\_\_\_\_ and amount of Capital gain is \_\_\_\_\_
- a) LTCG, 10 lacs
  - b) STCG, 10 lacs
  - c) LTCG , 3 lacs
  - d) LTCG, 2.25 lacs
54. The cost of self-generated goodwill of business commence before 1/4/2001 is
- a) NIL
  - b) FMV as on 1-4-2001
  - c) Difference between FMV of Asset and capital
  - d) None of the above
55. Mr. A purchased right entitlement at Rs.20/share on 1-4-1999 and accordingly he was allotted 100 right shares of listed company at Rs. 100 each on 30-6-1999. The FMV of the shares on 1-4-2001 was Rs. 170/share. He sold all the shares on 30-6-2019 for Rs. 500/share (STT paid). CFI for year 2019-20- 289. The FMV of the shares as on 31-01-2018 was Rs. 520. The amount of capital gain is
- a) NIL
  - b) Rs. 38,000
  - c) – Rs. 2,000
  - d) Rs. 33,000
56. Mr. A purchased right entitlement at Rs.20/share on 1-4-1999 and accordingly he was allotted 100 right shares of unlisted company at Rs. 100 each on 30-6-1999. The FMV of the shares on 1-4-2001 was Rs. 170/share. He sold all the shares on 30-6-2019 for Rs. 500/share. CFI for year 2019-20- 289. The FMV of the shares as on 31-01-2018 was Rs. 520. The amount of capital gain is
- a) Rs. 870
  - b) Rs. 38,000
  - c) – Rs. 2,000
  - d) Rs. 33,000
57. Mr. A holds 300 shares of listed company as on 1-4-2001, 200 shares were acquired at Rs. 100/shares and 100 share was allotted as bonus shares. The FMV of shares as at 1-4-2001 was Rs. 150/share. He was further allotted 300 bonus shares on 1-4-2017. He sold all 600 shares (STT paid) on 30-7-2019 for Rs. 700/share. The FMV of share as at 31-01-2018 was Rs. 650/ share. The amount of capital gain is
- a) Rs. 30,000
  - b) Rs. 3,75,000
  - c) Rs. 4,00,000
  - d) NIL
58. Mr. A holds 300 shares of listed company as on 1-4-2001, 200 shares were acquired at Rs. 100/shares and 100 shares was allotted as bonus shares. The FMV of shares as at 1-4-2001

was Rs. 150/share. He was further allotted 300 bonus shares on 1-4-2019. He sold all 600 shares (STT paid) on 30-7-2019 for Rs. 700/share. The FMV of share as at 31-01-2018 was Rs. 650/ share. The amount of capital gain is

- a) LTCG – Rs. 15,000 & STGC – Rs. 2,10,000
- b) LTCG – Rs.15,000, STCG - NIL
- c) LTCG- Rs. 4,00,000
- d) NIL

59. Mr. A holds 300 shares of listed company as on 1-4-2001, 200 shares were acquired at Rs. 100/shares and 100 shares was allotted as bonus shares. The FMV of shares as at 1-4-2001 was Rs. 150/share. He was further allotted 300 bonus shares on 1-4-2017. He sold all 600 shares (STT NOT paid) on 30-7-2019 for Rs. 700/share. The FMV of share as at 31-01-2018 was Rs. 650/ share. The amount of capital gain is

- a) Rs. 30,000
- b) Rs. 3,75,000
- c) Rs. 4,00,000
- d) NIL

60. Mr. A purchased 100 shares of listed company at Rs. 350/shares on 1-4-2015. He sold the said shares on 30-6-2019 for Rs.300/share (STT paid). The FMV of share as at 31-01-2018 was Rs. 400. The amount of capital gains is

- a) Rs. NIL
- b) –Rs. 5,000
- c) – Rs. 10,000
- d) Data is insufficient, as CFI is not given

61. Mr. A purchased 100 shares of listed company at Rs. 350/shares on 1-4-2015. He sold the said shares on 30-6-2019 for Rs.450/share (STT paid). The FMV of share as at 31-01-2018 was Rs. 400. The amount of capital gains is

- a) Rs. NIL
- b) Rs. 5,000
- c) – Rs. 10,000
- d) Data is insufficient, as CFI is not given

62. Mr. A purchased 100 shares of listed company at Rs. 350/shares on 1-4-2015. He sold the said shares on 30-6-2019 for Rs.450/share (STT NOT paid). The FMV of share as at 31-01-2018 was Rs. 400. CFI – FY 2015-16 – 254 and CFI- FY 2019-20- 289.The amount of capital gains is

- a) Rs. NIL
- b) Rs. 5,000
- c) – Rs. 10,000
- d) Rs. 5177

63. The cost of Improvement in relation to Goodwill or right to carry on any business or profession shall be

- a) NIL in all cases
- b) NIL, if amount is incurred before 1-4-2001 and Actual amount , if incurred after 1-4-2001
- c) Actual Amount incurred
- d) 10% of Cost

64. Mr. A purchased a building on 1-4-1998 for Rs. 10 lacs. He spent Rs. 2 lacs as cost on improvement on 1-4-1999. The FMV of building as at 1-4-2001 was 11 lacs. He further spent Rs. 5 lacs on improvement of building on 1-4-2018. The building was sold for Rs. 50 lacs on 30-6-2019. CFI- FY 2018-19- 280 and FY 2019-20 – 289. The indexed cost of Improvement is
- Rs. 7 lacs
  - Rs. 5 lacs
  - Rs. 5,16,071
  - Rs. 10,94,071
65. The capital gain arising on the transfer of Depreciable asset is
- Short Term Capital gain always
  - Long term capital gain always
  - Short term capital gain, if asset is held for less than 36 month before transfer
  - Short term capital gain, if asset is held for less than 24 month before transfer
66. An assessee has 15% block of Asset, whose WDV as at 1-4-2019 was Rs. 10 lacs. In PY 19-20, it purchased machinery falling in the same block for Rs. 2 lacs and sold one of old machine for Rs. 13 lacs. Comment on taxability of above
- STCG – Rs. 1 lacs
  - STCG – Rs. 1 lakh and Rs. 30,000 Depreciation under PGBP
  - STGC- Rs. 13 lacs and Rs. 1,80,000 Depreciation under PGBP
  - NIL STCG and NIL depreciation.
67. An assessee has 15% block of Asset, whose WDV as at 1-4-2019 was Rs. 10 lacs. In PY 19-20, it sold all the assets in the block for Rs. 13 lacs. Comment on taxability of above
- STCG- 3 lacs
  - LTCG- 3 lacs
  - STCG- 13 lacs and 1.50 lacs depreciation under PGBP
  - LTCG- 13 lacs and 1.50 lacs depreciation under PGBP
68. Slump Sales means
- Cluster of Asset is sold for lumpsum price
  - Cluster of Asset is sold but price is determined for each asset individually
  - Transfer of one or more undertakings as a result of the sale for a lump sum consideration without values being assigned to the individual assets and liabilities in such sales
  - All of Above
69. In computing long term capital gain under slump sale, indexed cost of Acquisition is
- Equal to Cost of Acquisition
  - Calculated in normal manner
  - 2 times of Cost of Acquisition
  - 2.5 times of cost of Acquisition

70. The financial position of an undertaking of Business as at 31-3-2019 is consist of following

i)	WDV of Asset (As per Companies Act) –	Rs. 15 lacs
ii)	WDV of Asset (As per Income Tax Act) –	Rs. 12 lacs
iii)	Land (Including Revaluation amount of Rs. 10 lacs)-	Rs. 24 lacs
iv)	Other Current Assets	Rs. 5 lacs
v)	Current Liabilities	Rs. 8 lacs
vi)	Amount due to Head Office	Rs. 36 lacs

The undertaking is to be sold under Slump Sale. The cost of acquisition of undertaking is

- a) Rs. 36 lacs
- b) Rs. 23 lacs
- c) Rs. 33 lacs
- d) Rs. 66 lacs

71. For Computing capital Gain on sale of land or building or both, the sale consideration shall be

- a) Higher of Actual Sales consideration or Stamp duty value on the date of transfer, if stamp duty value is more than 105% of Actual Sales Consideration.
- b) Actual Sale Consideration, if the Stamp duty value is upto 105% of Consideration
- c) Stamp duty value
- d) Either (a) or (b)

72. A agreed to sold land to B for Rs. 50 lacs. The agreement was entered on 1-4-2018. Rs. 10 lacs was received on 30-4-2018. The land was actually registered in the name of A on 1-4-2019. The Stamp duty value on 1-4-2018 – Rs. 51 lacs and on 1-4-2019- Rs.52 lacs. The Sale Consideration for computing capital gains will be

- a) Rs. 50 lacs
- b) Rs. 51 lacs
- c) Rs. 52 lacs
- d) Either of above

73. A agreed to sold land to B for Rs. 50 lacs. The agreement was entered on 1-4-2018. Rs. 10 lacs was received on 30-4-2018. The land was actually registered in the name of A on 1-4-2019. The Stamp duty value on 1-4-2018 – Rs. 53 lacs and on 1-4-2019- Rs.55 lacs. The Sale Consideration for computing capital gains will be

- a) Rs. 50 lacs
- b) Rs. 53 lacs
- c) Rs. 55 lacs
- d) Either of above

74. A agreed to sold land to B for Rs. 50 lacs. The agreement was entered on 1-4-2018. Rs. 10 lac was received on 30-3-2018 by bank draft. The land was actually registered in the name of A on 1-4-2019. The Stamp duty value on 1-4-2018 – Rs. 53 lacs and on 1-4-2019- Rs.55 lacs. The Sale Consideration for computing capital gains will be
- Rs. 50 lacs
  - Rs. 53 lacs
  - Rs. 55 lacs
  - Either of above
75. For computing capital gains on unlisted equity shares, the sale consideration is
- Actual sales consideration or FMV, whichever is higher
  - Actual Sales Consideration
  - FMV
  - 110% of Actual Sales consideration
76. Capital gain on transfer of Agriculture land, which is a capital Assets, is not taxable in hands of Individual or HUF
- When such land is used for agriculture purpose
  - Land is compulsory acquired under law and Such land has been used for agriculture purpose during the 2 years immediately preceding the date of transfer
  - In all cases
  - All of the above
77. Deduction u/s 54 is available to
- All person
  - Individual or HUF
  - Company
  - Firm
78. Deduction u/s 54 is available when transferred capital asset is
- Long term Immovable Property
  - Long term residential house
  - Long term agriculture land
  - Long term Capital Asset
79. If the amount of long term capital gain accruing to Individual from sale of residential house is 2 Cr, to claim deduction u/s 54, he can purchase maximum
- 1 residential house
  - 2 residential houses
  - 3 residential houses
  - 4 residential houses
80. If the amount of long term capital gain accruing to HUF from sale of residential house is more than 2 Cr, to claim deduction u/s 54, it can purchase maximum
- 1 residential house
  - 2 residential houses
  - 3 residential houses
  - 4 residential houses

81. The amount of deduction from long term capital gain u/s 54 is
- Whole amount of LTCG, if cost of new asset is more than LTCG
  - If the cost of new asset is less than LTCG, then excess of LTCG over Cost of new asset
  - Either (a) or (b)
  - Both (a) or (b)
82. In order to avail the deduction u/s54, the time limit for depositing the amount in Capital gain Account Scheme is
- Within a year from date of transfer of capital asset
  - Before the end of previous year in which asset is transferred
  - Before the due date of filing the ITR of previous year in which asset is transferred
  - Before filing the ITR of previous year in which asset is transferred
83. To avail deduction u/s 54, the time limit for purchase/construction of new house/houses is
- Purchase of new house before 1 year from date of transfer of Capital asset
  - Purchase of new house within 2 years from date of transfer of Capital asset
  - Construction of new house within 3 years from date of transfer of capital asset
  - All of above
84. Mr. A commenced the construction of new house 1-4-2017 and construction was completed on 30-6-2019. In the meantime, he sold his old house on 1-4-2019 and earns long term capital gain of Rs. 50 lacs. The cost of construction of new house is Rs. 60 lacs. Is deduction u/s 54 available
- No, as the commencement of construction of house started before sale of old house
  - Yes, as the construction of new house is completed within 3 years of date of transfer of capital asset
  - No, deduction u/s 54 is available only on purchase of new house
  - Yes, as deduction u/s54 is available on construction of new house
85. Mr. A took a loan of Rs.40 lacs and purchased a new house on 1-5-2018 for Rs.50 lacs. He sold his old house on 1-4-2019 and earned a long term capital gain of Rs. 45 lacs. He used the amount of capital gain for repayment of bank loan and balance amount he invested in bank FD. The net amount of capital gain chargeable to tax in PY 19-20 is
- Rs. 45 lacs
  - Rs. 5 lacs
  - NIL
  - Rs. 40 lacs
86. Mr. A sold his house on 30-6-2019 for Rs. 75 lacs and earn a long term capital gain of Rs. 50 lacs. He gave an advanced of Rs. 10 lacs for purchase of new house on 30-4-2020 and deposit Rs. 35 lacs in capital gain account scheme on same date. The net amount of Long term capital gain chargeable to tax in PY 19-20 is
- Rs. 5 lacs
  - Rs. 50 lacs
  - Rs. 40 lacs
  - Rs. 15 lacs

87. Mr. A sold his on 30-6-2018 for 220 lacs and earned a capital gain of Rs. 150 lacs. He buys new house for Rs. 60 lacs on 28-2-2020. He purchased a land for Rs. 20 lacs on 25-4-2020 for construction of another house. On 30-4-2020, he deposited Rs. 70 lacs in capital gain account scheme. The net amount of capital gain chargeable to tax in PY 19-20 is
- Rs. NIL
  - Rs. 90 lacs
  - Rs. 70 lacs
  - Rs. 20 lacs
88. In PY 2016-17, Mr. A availed the deduction u/s 54 by depositing the amount of Rs. 50 lacs in Capital Gain Account Scheme. He purchased residential house Rs. 40 lacs in PY 18-19. Comment on taxability of above transaction
- Rs. 10 lacs is taxable in PY 18-19
  - Rs. 10 lacs is taxable in PY 19-20
  - Rs. 10 lacs is taxable in PY 20-21
  - No taxability
89. Mr. A availed a deduction u/s 54 of Rs. 50 lacs in PY 17-18, the new house was purchased on 28-2-2018 for Rs. 55 lacs Mr. A sold the new house for Rs. 65 lacs on 31-3-2020. (CFI – FY 17-18- 272 & FY 19-20-289) The amount of capital gain on new house is
- Rs. 59,68,750
  - Rs. 60,00,000
  - Rs.10,00,000
  - Rs. 6,56,250
90. Mr. A purchased a residential house on 1-4-1999 for Rs. 8 lacs and FMV as on 1-4-2001 was Rs. 10 lacs. He gifted said house to his son on 1-4-2019 (FMV on this date – Rs. 40 lacs). He sold the house for Rs. 45 lacs on 30-9-2019 and purchased a new house for Rs. 40 lacs on 28-02-2020. The net Amount of Capital gain chargeable to tax in PY 19-20 is
- Rs. NIL
  - Rs. 16.10 lacs
  - Rs. 5 lacs
  - Rs. 35 lacs
91. Mr. A earned a Capital Gain of Rs. 2.5 Cr on sale of his residential house. He utilized the amount of capital gain for purchase of 2 new house of Rs. 1.75 Cr and 0.75 respectively before 31.3.2020. The net Amount of Capital gain chargeable to tax is
- Rs. 2.50 Cr
  - Rs. NIL
  - 0.75 Cr
  - 1.75 Cr
92. Deduction u/s 54B is available to
- All person
  - Individual or HUF
  - Company
  - Firm

93. Deduction u/s 54B is available when transferred capital asset is
- Long term agriculture land
  - Short term agriculture land
  - Either (a) or (b)
  - Long term Capital Asset
94. For the claiming deduction u/s 54B, the agriculture land shall be used for agriculture purpose for \_\_\_\_\_ immediately preceding the date of transfer
- 1 year
  - 2 years
  - 3 years
  - 4 years
95. The amount of deduction from long term capital gain u/s 54B is
- Whole amount of LTCG, if cost of new asset is more than LTCG
  - If the cost of new asset is less than LTCG, then excess of LTCG over Cost of new asset
  - Either (a) or (b)
  - Both (a) or (b)
96. Mr. A sold an agriculture land, situated within 2 km from jurisdiction of Municipality (distance measured aeri ally) , having population More than 10,000 and upto 1,00,000 and earned a long term capital gain of Rs.15 lacs in PY 19-20. He purchased another agriculture land in rural area (not being a capital asset) for Rs. 16 lacs. The net amount of capital gain chargeable to tax is
- Rs. 15 lacs
  - NIL
  - Rs. 1 lacs
  - Rs. 10 lacs
97. In order to avail the deduction u/s54B, the time limit for depositing the amount in Capital gain Account Scheme is
- Within a year from date of transfer of capital asset
  - Before the end of previous year in which asset in transferred
  - Before the due date of filing the ITR of previous year in which asset is transferred
  - Before filing the ITR of previous year in which asset is transferred
98. For availing deduction u/s 54B, the amount of capital gain shall be used for
- Purchase of urban agriculture land within 2 years from end of Financial year in which old agriculture land is sold
  - Purchase of rural agriculture land within 2 years from end of Financial year in which old agriculture land is sold
  - Purchase of agriculture land within 2 years from date of transfer of old agriculture land
  - Purchase of agriculture land within 3 years from date of transfer of old agriculture land

99. An Assessee claimed deduction u/s 54B in PY 17-18 by depositing the amount of Rs. 20 lacs in Capital gain Account Scheme. He utilized Rs. 18 lacs for purchase of agriculture land in PY 18-19. Comment on taxability of above transaction
- No taxability
  - Rs. 2 lacs taxable under the capital gain in PY 18-19
  - Rs. 2 lacs taxable under the capital gain in PY 19-20
  - Rs. 2 lacs taxable under the IOS in PY 19-20
100. An Assessee availed a deduction of Rs. 15 lacs u/s 54B in PY 17-18 by purchasing agriculture land, situated beyond 2 km from jurisdiction of Municipality (distance measured aerially) , having population More than 10,000 and upto 1,00,000, of Rs. 20 lacs. He sold said agriculture land in PY 19-20 for Rs. 22 lacs. The taxable income in PY 19-20 is
- NIL
  - Rs. 2 lacs
  - Rs. 17 lacs
  - Data is insufficient as CFI is not given
101. An Assessee availed a deduction of Rs. 15 lacs u/s 54B in PY 17-18 by purchasing urban agriculture land, of Rs. 20 lacs on 1-4-2018. He sold said agriculture land on 30-3-2020 for Rs. 22 lacs. The taxable income in PY 19-20 is
- NIL
  - Rs. 2 lacs
  - Rs. 17 lacs
  - Data is insufficient as CFI is not given
102. Deduction u/s 54D is available to
- All person
  - Individual or HUF
  - Company
  - Firm
103. Deduction u/s 54D can be availed, when following capital asset (Short term or long term) is acquired compulsorily under any law
- Land or building
  - Land or building used for business purpose
  - Land or building forming part of Industrial undertaking and used for business for 1 year immediately preceding the date of transfer.
  - Land or building forming part of Industrial undertaking and used for business for 2 year immediately preceding the date of transfer.
104. For availing deduction u/s 54D, the amount of Capital gain from transfer of original asset shall be invested in
- Purchase of new land within 3 years from date of transfer of original asset
  - Purchase of new building within 3 years from date of transfer of original asset
  - Purchase of land or building or construction of building for setting of industrial undertaking within 3 years of date of transfer of original asset
  - Any of Above.

105. Deduction u/s 54EC is available to
- All person
  - Individual or HUF
  - Company
  - Firm
106. Deduction u/s 54EC can be claimed when original asset transferred is
- Long term land or building or both
  - Short term land or building or both
  - Any Long term capital Asset
  - Any Short Term capital Asset
107. The deduction u/s 54EC is available when investment is made in following:-
- Bonds of NHAI, REC, PFC and IRFC for 5 years if investment is made after 1-4-2018
  - Bonds of NHAI, REC, PFC and IRFC for 3 years if investment is made after 1-4-2018
  - Any bond issued by Public Company
  - Any bonds issued by PSU
108. In order to avail deduction u/s 54EC, the amount shall be invested in bonds within
- 6 months from date of transfer of Capital Asset
  - 6 months from end of PY in which Capital asset is transferred
  - 12 months from date of transfer of Capital Asset
  - 12 months from end of PY in which Capital asset is transferred
109. Mr. A sold his land, being long term capital asset, on 1/2/2019 an earned a capital gain of Rs. 40 lacs. He invested Rs. 30 lacs and Rs. 10 lacs in bonds specified u/s 54EC on 1/3/19 and 1/5/2019 respectively. The net amount of capital gain chargeable to tax is
- Rs. 40 lacs
  - NIL
  - Rs. 10 lacs
  - Rs.30 lacs
110. Mr. A sold a building and earned a long term capital gain of Rs.80 lacs on 30-8-2019. He invested Rs. 40 lacs in REC bonds on 30-9-2019 and Rs. 30 lacs in NHAI bonds on 31-10-2019. The amount of capital gain chargeable to tax is
- Rs. 30 lacs
  - Rs. 40 lacs
  - Rs. 10 lacs
  - Rs. 80 lacs
111. Mr. A sold a building and earned a long term capital gain of Rs.40 lacs on 30-11-2019. He invested Rs. 30 lacs in REC bonds on 31-3-2020 and Rs. 10 lacs in NHAI bonds on 15-06-2020. The amount of capital gain chargeable to tax is
- Rs. 10 lacs
  - NIL
  - Rs. 30 lacs
  - Rs. 40 lacs

112. Mr. A sold his residential house on 1-4-2019 and earned a long term capital gain of Rs.60 lacs. He purchased REC bonds (redeemable after 5 years) of Rs.20 lacs on 30-4-2019, purchased a new house of Rs.25 lacs on 31-3-2020 and invested Rs. 15 lacs in Capital gain account scheme on 30-4-2020. The net capital gain chargeable to tax is
- a) Rs. NIL
  - b) Rs. 20 lacs
  - c) Rs. 15 lacs
  - d) Rs. 35 lacs
113. Mr. A earned a long term capital gain of Rs. 25 lacs on sale of urban agriculture land in PY 17-18 and invested the amount of capital gain in REC bonds as specified in section 54EC. In PY 2019-20, he took a loan of 25 lacs, by pledging the said bonds. Comment on taxability in PY 19-20
- a) No taxability, as loan is not an income
  - b) Rs. 25 lacs will be chargeable to tax under the head Capital gains
  - c) Interest on loan will be allowed to be set-off against interest from bonds
  - d) Rs. 25 lacs will be chargeable to tax under the head IOS
114. Deduction u/s 54F is available to
- a) All person
  - b) Individual or HUF
  - c) Company
  - d) Firm
115. Deduction u/s 54F can be claimed when original asset transferred is
- a) Long term land or building or both
  - b) Short term land or building or both
  - c) Any Long term capital Asset, other than Residential House
  - d) Any Short Term capital Asset, other than Residential House
116. To avail deduction u/s 54F, the time limit for purchase/construction of new house/houses is
- a) Purchase of new house before 1 year from date of transfer of Capital asset
  - b) Purchase of new house with 2 years from date of transfer of Capital asset
  - c) Construction of new house within 3 years from date of transfer of capital asset
  - d) All of above
117. Mr. A sold the jewelry on 30-6-2019 for Rs. 80 lacs and earned a long term capital gain of Rs. 60 lacs. He has ownership of 2 houses as on 30-6-2019. He utilized said 60 lacs for purchase of third house. The net amount of capital gain chargeable to tax in PY 2019-20 is
- a) Rs. 60 lacs
  - b) Rs. NIL
  - c) Rs. 45 lacs
  - d) Rs. 15 lacs

118. Mr. A inherited land from his father (Purchase in 1990) through Will on 1-4-2019. He sold his land for Rs.82 lacs, brokerage paid – Rs. 2 lacs and earned capital gains of Rs. 75 lacs. He invested Rs. 70 lacs for purchase of his first house on 31-3-2020. The net amount of capital gain chargeable to tax
- a) Rs. 75 lacs as STCG
  - b) Rs. 75 lacs as STCG
  - c) Rs. NIL
  - d) Rs. 9,37,500
119. Mr. A sold a long term capital Asset for Rs. 150 lacs on 30-6-2017 (capital gain- R. 120 lacs). He purchased his First house for Rs.140 lacs on 31-3-2018 and claimed deduction u/s 54F. He constructed another house on 30-6-2019 for Rs. 20 lacs. Comment on tax implication in PY 19-20
- a) Annual value of 2<sup>nd</sup> house will be taxable
  - b) Rs. 112 lacs will be taxable under the head Capital Gains
  - c) Rs. 120 lacs will be taxable under the head Capital Gains
  - d) No Tax Implications
120. Mr. A sold his factory building, long term capital asset, for Rs. 150 lacs and earned a capital gain of Rs. 120 lacs in PY 16-17. He purchased a land for his first residential house for Rs. 20 lacs and deposited Rs. 130 in capital gain account scheme and claimed the deduction u/s 54F in PY 16-17. The actual amount utilized for construction of house is Rs. 100 lacs by withdrawal from said account. The construction was completed in PY 19-20. Comment on taxability in PY 2019-20
- a) No tax implication
  - b) Rs. 24 lacs will be taxable under head Capital gains
  - c) Rs. 96 lacs will be taxable under head Capital gains
  - d) Rs. 30 lacs will be taxable under the head capital gains
121. Mr. A earned a long term capital gain of Rs. 70 lacs in PY 17-18 and claimed deduction of entire amount u/s 54F, by purchasing a house of Rs. 90 lacs on 30-3-2018. He sold the said house on 30-6-2019 for Rs. 100 lacs. The capital gain chargeable to tax in PY 19-20 is
- a) STCG- 10 lacs
  - b) STCG – 10 lacs and LTCG – Rs.70 lacs
  - c) LTCG – 80 lacs
  - d) LTCG – 10 lacs
122. Mr. A purchased 3000 Equity shares of listed Company on 1-4-2015 @ 80/share and sold the same to his friend (STT Not paid) on 30-6-2019 @ 220/share. CFI (15-16) – 254 and CFI (19-20)- 289. He paid Rs. 1,00,000 towards life Insurance Premium. The tax payable by Mr. A in PY 19-20
- a) NIL
  - b) Rs. 30,680
  - c) Rs. 8,840
  - d) Rs. 8,500

123. Mr. A purchased 2000 Equity shares of listed Company on 1-4-2015 @ 80/share and sold the same to his friend (STT Not paid) on 30-6-2019 @ 220/share. CFI (15-16) – 254 and CFI (19-20)- 289. His other Income amounted to Rs. 2.30 lacs and he is senior citizen in PY 19-20. The tax payable by Mr. A in PY 19-20
- NIL
  - Rs. 21,840
  - Rs. 29,120
  - Rs. 12,480
124. Mr. A purchased 5000 equity Shares of Listed Company on 1-4-2015 @ 100/ share (STT paid). He sold all the shares on 28-2-2019 @ 500/share (STT paid). FMV of shares as at 31-1-2018 was Rs. 400/shares. The Tax payable by him for PY 2019-20.
- Rs. NIL
  - Rs. 41,600
  - Rs. 28,600
  - Rs. 39,000
125. Mr. A purchased 500 Equity shares of listed company on 1-4-2018 @ 200/share (STT paid). He sold all those shares on 30-06-2019 (STT paid) @ 600/share. The other Income in PY 2019-20 is Rs. 2 lacs. The Tax payable by A in PY 2019-20 is
- Rs. 5200
  - Rs. 10,400
  - NIL
  - Rs. 7800
126. Mr. A purchase 2000 listed shares on 1-12-2018 @ 100/share and sold these shares on 30-10-2019 (STT paid) @ 250/share. He invested Rs. 50,000 in PPF. The Tax payable by Mr. A for PY 19-20 is
- NIL
  - Rs. 33,800
  - Rs. 5200
  - Rs. 2600
127. Mr. A purchase 2000 unlisted shares on 1-12-2018 @ 100/share and sold these shares on 30-10-2019 @ 250/share. He invested Rs. 50,000 in PPF. The Tax payable by Mr. A for PY 19-20 is
- NIL
  - Rs. 33,800
  - Rs. 5200
  - Rs. 2600
128. Mr. A purchased 10000 listed debentures @ 100/debenture on 1-1-2018 and sold these debentures on 30-6-2019 @ 110/debenture. The FMV as on 31-1-2018 was Rs. 101/debenture. (CFI- 2017-18-272 & 2018-19-289). The other Income in PY is 3,50,000. The Tax payable by Mr. A in PY 19-20 is
- NIL
  - Rs. 2600
  - Rs. 1560
  - Rs. 13,000

129. Mr. A purchased 500 Equity oriented units on 1-4-2018 @ 200/unit. He sold all those units on 30-06-2019 (STT NOT paid) @ 600/unit. The other Income in PY 2019-20 is Rs. 2 lacs. (CFI-FY 2018-19-280 & FY 2019-20- 289). The Tax payable by A in PY 2019-20 is
- a) Rs. 17,531
  - b) Rs. 30,531
  - c) NIL
  - d) Rs. 40,931
130. Mr. A purchased 500 Equity oriented units on 1-4-2018 @ 200/unit. He sold all those units on 30-06-2019 (STT paid) @ 600/unit. The other Income in PY 2019-20 is Rs. 2 lacs. (CFI-FY 2018-19-280 & FY 2019-20- 289). The Tax payable by A in PY 2019-20 is
- a) Rs. 5200
  - b) Rs. 10,400
  - c) NIL
  - d) Rs. 7800

Capital Gains- MCQ- Answers							
Q.No.	Ans.	Q.No.	Ans.	Q.No.	Ans.	Q.No.	Ans.
1	D	36	C	71	D	106	A
2	C	37	A	72	C	107	A
3	D	38	B	73	C	108	A
4	D	39	A	74	B	109	B
5	D	40	A	75	A	110	A
6	D	41	B	76	B	111	A
7	B	42	B	77	B	112	A
8	A	43	B	78	B	113	B
9	A	44	D	79	B	114	B
10	B	45	A	80	A	115	C
11	A	46	A	81	A	116	D
12	D	47	B	82	C	117	A
13	A	48	B	83	D	118	D
14	B	49	A	84	B	119	B
15	C	50	C	85	C	120	B
16	A	51	B	86	A	121	B
17	B	52	A	87	A	122	B
18	C	53	C	88	B	123	B
19	B	54	A	89	A	124	B
20	A	55	A	90	A	125	A
21	A	56	A	91	C	126	B
22	A	57	A	92	B	127	A
23	A	58	A	93	C	128	B
24	D	59	A	94	B	129	A
25	C	60	B	95	A	130	A
26	A	61	B	96	B		
27	A	62	D	97	C		
28	A	63	A	98	C		
29	A	64	C	99	C		
30	D	65	A	100	A		
31	B	66	A	101	C		
32	B	67	A	102	A		
33	C	68	C	103	D		
34	B	69	A	104	C		
35	A	70	B	105	A		

## Income from other Sources

1. **Income, other than Interest on Compensation, under head Income from other sources is taxable on**
  - a) Receipt basis
  - b) Accrual basis
  - c) Either (a) or (b) , at the option Assessee
  - d) Either (a) or (b) , at the option Assessing Officer
  
2. **The Interest on Compensation or enhanced compensation is taxable on**
  - a) Receipt basis
  - b) Accrual basis
  - c) Either (a) or (b) , at the option Assessee
  - d) Either (a) or (b) , at the option Assessing Officer
  
3. **The tax rate applicable on Income by way of winnings from lotteries , crossword puzzles, races including horse races, card games and other games of any sort or from gambling or betting of any Form is**
  - a) 30% on income in excess of Rs. 2,50,000
  - b) 30% + Applicable Surcharge +Cess
  - c) 30% +Cess
  - d) 30% + Applicable Surcharge
  
4. **In Computing Taxable income from winnings from lotteries, crossword puzzles, races including horse races, card games and other games of any sort or from gambling or betting of any Form,**
  - a) Deduction is allowed for expenditure incurred in earning such income
  - b) No Deduction is allowed in respect of any expenditure and no deduction under Chapter VI-A is allowed
  - c) Deduction is allowed to the extent of 10% of Gross Income
  - d) Deduction is allowed to the extent of Rs. 15,000
  
5. **Mr. A purchased a lottery Ticket of Rs. 50,000 and got winning of Rs. 2,00,000 (Gross) from Lottery in PY 2019-20. The Gross tax payable by him for said PY is**
  - a) NIL
  - b) Rs. 49,400
  - c) Rs. 39,000
  - d) Rs. 62,400
  
6. **Mr. A purchased a lottery Ticket of Rs. 1,00,000 and got winning of Rs. 2,80,000 (after TDS) from Lottery in PY 2019-20. He pay tuition fees of his child- Rs. 50,000 eligible for deduction under section 80C. The Net tax payable by him for said PY is**
  - a) Rs. 4,800
  - b) Rs. 1,24,800
  - c) He will claim refund of Rs. 8200
  - d) He will claim refund of Rs. 26,400

7. In PY 19-20, Mr. A income was as follow:- Winning from Horse race – Rs. 2,00,000 (Gross) and other Income – Rs. 3,50,000. He invested Rs. 80,000 in PPF eligible for deduction under section 80C. The Gross tax payable for PY 19-20 is
- Rs. 50,440
  - Rs. 54,600
  - Rs. 11,440
  - NIL
8. In PY 19-20, Mr. A income was as follow:- Winning from Horse race – Rs. 2,00,000 (Gross) and other Income – Rs. 3,00,000. He invested Rs. 80,000 in PPF eligible for deduction under section 80C. The Gross tax payable for PY 19-20 is
- Rs. 49,440
  - Rs. 40,040
  - Rs. 8,840
  - NIL
9. In PY 19-20, Mr. A has Rent received from house property is Rs. 4,00,000. He has kept an employee for this purpose and whose monthly basic is Rs. 10,000. Mr. A has not deposited employee contribution to PF for entire year, amounting to Rs. 14,400. The Taxable Income of Mr. A for PY 2019-20 is
- IHP – 4,00,000 & IOS – Rs. 14,400
  - IHP – 1,60,000
  - IHP- 2,80,000 & IOS- Rs. 14,400
  - IHP- 1,74,400
10. Agriculture Income from land situated outside India is taxable
- Not taxable
  - Taxable u/h IOS, if a person is resident
  - Taxable u/h IOS, whether person is resident or non-resident
  - Taxable u/h PGBP in all cases
11. Salary of a Member of Parliament, Member of Legislative Assembly or Council is
- Taxable u/h Salary
  - Taxable u/h IOS
  - Taxable u/h PGBP
  - Either of above
12. Income from undisclosed sources is taxable
- Taxable u/h Salary
  - Taxable u/h IOS
  - Taxable u/h PGBP
  - Either of above
13. Income from sub-letting of building is taxable under the head
- Income from other sources
  - Income from House Property
  - Either (a) or (b)
  - Income from PGBP

14. Income from letting of Vacant plot of land is taxable under the head
- Income from other sources
  - Income from House Property
  - Either (a) or (b)
  - Income from PGBP
15. Mr. A is carrying out a manufacturing business. He has meeting room in separate building with AC facility and embedded furniture. He give meeting room on rent for 1 month and earned a rental income of Rs. 1,00,000. The annual value of building is Rs. 1,20,000 for a month. The depreciation and maintenance expenses for 1 month is Rs. 20,000. What is the taxable income and under which head
- Rs. 84,000, IHP
  - Rs. 70,000, IHP
  - Rs. 80,000, IOS
  - Rs. 1,00,000, IOS
16. Interim dividend is taxable on
- Receipt basis
  - Accrual basis
  - Either (a) or (b) at the option of Assessee
  - Either (a) or (b) at the option of AO
17. A Ltd. company has calendar year as its accounting year. For Calendar year 2019, it declared the Final dividend on 29-03-2020 and it was received by the shareholders on 10-4-2020. The dividend is taxable in
- PY 2019-20
  - PY 2020-21
  - Either (a) or (b) at the option of Assessee
  - Either (a) or (b) at the option of AO
18. Dividend income, in excess of Rs. 10 lacs, from listed Indian company is taxable in the hands of
- All Assessee, Except domestic Company and other prescribed Trust/Institution.
  - Resident but not ordinary Resident
  - Resident but ordinary resident
  - Non-resident
19. Dividend Income from foreign Company is taxable in the hands of
- All Assessee
  - Resident but not ordinary Resident
  - Resident but ordinary resident
  - Non-resident

- 20. Dividend Income, other than deemed dividend, from Domestic Company is**
- a) Taxable in hands of all person in every case
  - b) Taxable in the hands of all person, except domestic company, fund or institution referred to in section 10(23C)(iv,v, vi & iva) and trust or institution registered u/s 12 & 12A, in all cases
  - c) Taxable in the hands of all person, except domestic company, fund or institution referred to in section 10(23C)(iv,v, vi & iva) and trust or institution registered u/s 12 & 12A, only when aggregate dividend in the hands of recipient is more than 10 lacs in PY
  - d) Not taxable
- 21. Deemed dividend u/s 2(22)(e ) by domestic Company is**
- a) Taxable in the hands of shareholder in all cases
  - b) Not taxable in the hands of shareholder
  - c) Taxable in the hands of shareholder only when dividend amount is more than 10 lacs
  - d) Taxable in the hands of certain category of shareholders
- 22. Mr. A borrowed money to invest in shares. He earns a dividend of Rs. 1,00,000 in PY 19-20 and Interest on borrowing was Rs. 20,000. He also spent Rs. 5000 in connection with earning of such dividend income. The taxable dividend Income is**
- a) Rs. NIL
  - b) Rs. 1,00,000
  - c) Rs. 80,000
  - d) Rs. 75,000
- 23. Mr. A borrowed money to invest in shares. In PY 19-20, He earned a dividend of Rs. 6,00,000 & 5,00,000 from 2 companies and Interest on borrowing was Rs. 1,10,000. The dividend Income chargeable to tax is**
- a) Rs. NIL
  - b) Rs. 1,00,000
  - c) Rs. 9,90,000
  - d) –Rs. 10,000
- 24. In PY 19-20, Mr. A incurred a business loss of Rs. 3,00,000 and earned a dividend income of Rs. 12,00,000. The dividend Income chargeable to tax is**
- a) Rs. 2,00,000
  - b) NIL
  - c) Rs. 9,00,000
  - d) - Rs. 1,00,000
- 25. In PY 19-20, ABC Ltd, earned a dividend Income of Rs. 12,00,000 and incurred expense of Rs. 3,00,000 in earning dividend income. The dividend Income chargeable to tax is**
- a) Rs. NIL
  - b) Rs. 2,00,000
  - c) –Rs. 1,00,000
  - d) Rs.2,00,000

26. ABC (P) Ltd makes a following bonus issue out its accumulated Profit

- i) Issue of Bonus Debentures to Equity Shareholders
- ii) Issue of Bonus Preference shares to Preference shareholders
- iii) Issue of Bonus Preference shares to Equity shareholders
- iv) Issue of Bonus Equity shares to Equity shareholders

Which of the following is taxable as dividend in the hands of Shareholders

- a) All of above
- b) (i)
- c) (i) & (ii)
- d) (iii) & (iv)

27. In PY 19-20, Mr. A received bonus debentures worth Rs. 6,00,000 against equity shares. He also received a dividend income of Rs. 7,00,000 from another Company. The Income chargeable to tax of Mr. A is

- a) NIL
- b) Rs. 3,00,000
- c) Rs. 6,00,000
- d) Rs. 7,00,000

28. In PY 19-20, Mr. A received bonus preference shares worth Rs. 6,00,000 against equity shares. He also received a dividend income of Rs. 7,00,000 from another Company. The Income chargeable to tax of Mr. A is

- a) NIL
- b) Rs. 3,00,000
- c) Rs. 6,00,000
- d) Rs. 7,00,000

29. In PY 17-18, Mr. A received bonus redeemable preference shares worth Rs. 8,00,000 against equity shares held by him. In PY 19-20, the company redeemed all the preference shares. Further Mr. A also received dividend income of Rs. 11,00,000 from other companies. The Income chargeable to tax of Mr.A in PY 19-20 is

- a) Rs. 1,00,000
- b) Rs. 9,00,000
- c) Rs. 11,00,000
- d) NIL

30. ABC Ltd was liquidated in PY 19-20 and immediately before distribution the data is as follow, the Share capital is Rs.50 lacs and Profit & loss A/c – Rs. 200 lacs. A shareholder holding shares worth Rs. 2,00,000 received Rs. 10 lacs in PY 19-20 under liquidation. Comment on total income in the hands of Shareholder in PY 19-20

- a) Capital Gain – NIL, IOS (dividend) – Rs. 8,00,000
- b) IOS (Dividend) – Rs. 10,00,000
- c) Capital Gain – Rs.10,00,000
- d) Capital Gain – 5,00,000, IOS (dividend) – Rs. 5,00,000

31. Loan to shareholder by Company, engaged in manufacturing, is taxable as dividend in the hands of shareholder when
- Shareholder is holding more than 10% equity share
  - Shareholder is holding 10% or more equity share
  - Company is company in which are public is not substantially interested and loan is given to any shareholder
  - Company is company in which are public is not substantially interested and loan is given to shareholder holding 10% or more equity shares
32. ABC (P) Ltd, engaged in manufacturing, (company in which are public is not substantially interested) has 2 shareholders – X and Y holding share equally. The Equity share capital of Company is Rs. 3 lacs (including bonus shares of Rs. 1lacs). The balance in statement of Profit & Loss is Rs.5 lacs as at 30-6-2019. On 1-7-2019 ABC (P) Ltd gave loan of Rs.3.50 lacs to X. The amount of deemed dividend is Rs.
- NIL
  - Rs. 3,00,000
  - Rs. 3,50,000
  - Rs. 2,50,000
33. For calculating amount of deemed dividend u/s 2(22)(e ), the 10% shareholding should be measured
- At the beginning of previous year
  - At the end of Previous year
  - Anytime during the previous year
  - On or before the advancement of loan.
34. ABC (P) Ltd, engaged in manufacturing, (company in which public is not substantially interested), having accumulated profit of Rs. 200 lacs, advanced loan of Rs.5 lacs to Mr. P on 30-6-2019. He acquired 15% share capital in ABC (P) Ltd on 30-9-2019. The amount of deemed dividend is
- Rs. NIL
  - Rs. 5,00,000
  - Rs. 2,50,000
  - Rs. 2,00,000
35. The taxability of Deemed divided as referred to in section 2(22)(e ) is
- Company is to pay Dividend distribution tax @ 30% +Surcharge + cess and exempt in the hands of shareholders
  - Company is to pay Dividend distribution tax @ 20% +Surcharge + cess and taxable @ 10% in the hands of shareholders.
  - Company is to pay Dividend distribution tax @ 20% +Surcharge + cess and taxable @ 10% in the hands of shareholders for dividend in excess of 10 lacs
  - Not taxable

36. ABC (P) Ltd, engaged in manufacturing, (company in which public is not substantially interested), having accumulated profit of Rs. 200 lacs, paid personal electricity bill of Rs. 2 lacs of Mr. A (shareholder holding 15% equity Shares) in PY 19-20 and debited the said expenses in the Profit & Loss Account. Comment on taxability of above transaction:-
- No tax implication
  - The Expenses will be disallowed in the hands of Company
  - Rs.2 lacs will be treated as deemed dividend and Expenses will be disallowed in the hands of Company
  - Rs.2 lacs will be treated as deemed dividend
37. Mr. A is shareholder in ABC Ltd holding 25% equity shares. ABC (P) Ltd, engaged in manufacturing, (company in which public is not substantially interested) advanced interest free loan of Rs. 5,00,000 to Partnership firm in which Mr. A is 50% partner. Comment on taxability of above transaction, assuming ABC (P) Ltd has accumulated profit of Rs. 20 lacs on the date of loan.
- Deemed interest will be taxable in the hands of ABC (P) Ltd
  - Rs. 5 lacs will be treated as Deemed Dividend
  - Deemed interest will be taxable in the hands of ABC (P) Ltd & Rs. 5 lacs will be treated as Deemed Dividend
  - No Tax implication
38. Mr. A is shareholder in ABC Ltd holding 25% equity shares. ABC (P) Ltd, engaged in manufacturing, (company in which public is not substantially interested) advanced interest free loan of Rs. 5,00,000 to Partnership firm on 30-6-2019. On 1-12-2019 Mr.A become partner in said firm with 25% share. Comment on taxability of above transaction, assuming ABC (P) Ltd has accumulated profit of Rs. 20 lacs on the date of loan
- Deemed interest will be taxable in the hands of ABC (P) Ltd
  - Rs. 5 lacs will be treated as Deemed Dividend
  - Deemed interest will be taxable in the hands of ABC (P) Ltd & Rs. 5 lacs will be treated as Deemed Dividend
  - Rs. 4 lacs will be treated as Deemed Dividend
39. ABC (P) Ltd , company engaged in manufacturing, (company in which public is not substantially interested) advanced loan of Rs. 5 lacs to its shareholder (holding 15% equity shares) on 30-6-2019 and said loan was repaid by shareholder on 31-12-2019. The accumulated profit of the company on the date of loan is 4 lacs. Comment on taxability of above transaction
- Rs. 4 lacs is deemed dividend
  - Rs. 5 lacs is deemed dividend
  - Deemed Interest will be taxable in the hands of Company
  - No tax implication, as loan has been refunded

40. ABC (P) Ltd , company engaged in manufacturing, (company in which public is not substantially interested) advanced loan of Rs. 15 lacs to its shareholder Mr. A (holding 15% equity shares) on 31-3-2019. The accumulated profit of the company on the date of loan is Rs. 12 lacs. Till 30-9-2019 company earned profit of Rs. 50 lacs and declare an interim dividend. Mr. A was remitted his share of dividend of Rs. 13 lacs, after adjusting his loan of Rs. 15 lacs. Comment on taxability of above transaction in PY 19-20
- Rs. 6 lacs will be taxable dividend in the hands of Mr. A
  - Rs. 18 lacs will be taxable dividend in the hands of Mr. A
  - Rs. 13 lacs will be taxable dividend in the hands of Mr. A
  - Rs. 28 lacs will be taxable dividend in the hands of Mr. A
41. Following transaction by company (company in which public is not substantially interested), are not treated as deemed dividend
- Trade advance in the nature of commercial transaction, given to shareholding holding more than 10% equity shares
  - Loan given to shareholder holding more than 10% equity shares in ordinary course of business, where lending of money is a substantial part of the business of the company
  - Any payment made by company on purchase of its own shares
  - All of above
42. Excess of Issue price of share over face value of share, when share are issued by Company in which public is not substantially interested, is taxable in the hands of
- Issuer company
  - Shareholders
  - Not taxable
  - Either (a) or (b), whose income is greater
43. Excess of Issue price of share over FMV of share (when shares are issued at Premium by Company in which public is not substantially interested) is taxable in the hands of
- Issuer company, when shareholder is resident
  - Shareholders
  - Not taxable
  - Either (a) or (c).
44. MJ (P) Ltd,( Company in which public is not substantially interested) issued share at Rs. 200/share (Face value – Rs. 10/share), FMV is Rs.110. It issued 10,000 shares to Resident and 20,000 shares to Non-resident. Comment on taxability of above
- No taxability, as issue of share has no tax implication
  - Rs.27 lacs will be taxable in the hands of MJ (P) Ltd
  - Rs.9 lacs will be taxable in the hands of MJ (P) Ltd
  - Rs.18 lacs will be taxable in the hands of MJ (P) Ltd
45. For Section 56(2)(x), for an Individual, the relative means
- Brother & Sister of an Individual
  - Spouse of Brother & Sister of an Individual
  - Lineal descendant of brother & Sister of an Individual
  - Both (a) or (b)

46. For Section 56(2)(x), for an Individual, the relative means
- a) Brother & Sister of Spouse of an Individual
  - b) Spouse of Brother & Sister of Spouse of an Individual
  - c) Lineal descendant of brother & Sister of spouse of an Individual
  - d) Both (a) or (b)
47. For Section 56(2)(x), for an Individual, the relative means
- a) Brother & Sister of Parents of an Individual
  - b) Spouse of Brother & Sister of Parents of an Individual
  - c) Lineal descendant of brother & Sister of parents of an Individual
  - d) Both (a) or (b)
48. For Section 56(2)(x), for an Individual, the relative means
- a) any lineal ascendant or descendant of the individual;
  - b) any lineal ascendant or descendant of the spouse of the individual
  - c) spouse of person referred to in (a) or (b)
  - d) All of Above
49. An Individual receives cash gift of Rs.30,000, 25000 and & 20,000 from 3 of his friends. Comment on the taxability in the hands of an Individual
- a) Rs.75,000 is taxable under the head IOS
  - b) Rs. 25,000 is taxable under the head IOS
  - c) No taxability, as individual amount is less than 50,000
  - d) Rs.50,000 is taxable under the head IOS
50. An Individual receives cash gift of Rs.30,000 & 25000 from his friends and & 20,000 from his father-in-law. Comment on the taxability in the hands of an Individual
- a) Rs.75,000 is taxable under the head IOS
  - b) Rs. 25,000 is taxable under the head IOS
  - c) No taxability, as individual amount is less than 50,000.
  - d) Rs.55,000 is taxable under the head IOS.
51. On his marriage, an individual received Rs. 60,000 from his friends and Rs. 41,000 from relatives. Comment on the taxability in the hands of an Individual
- a) Nothing is taxable
  - b) Rs. 60,000 is taxable under the head IOS
  - c) Rs. 51,000 is taxable under the head IOS
  - d) Rs. 41,000 is taxable under the IOS
52. On the marriage of his daughter, an individual received Rs. 60,000 from his friends and Rs. 41,000 his father in law. Comment on the taxability in the hands of an Individual
- a) Nothing is taxable
  - b) Rs. 60,000 is taxable under the head IOS
  - c) Rs. 51,000 is taxable under the head IOS
  - d) Rs. 41,000 is taxable under the IOS

53. An individual was suffering from cancer, he received cash support of Rs. 1,00,000 from an approved charitable trust and in PY 19-20, he spent Rs. 75,000 towards his treatment. Comment on the taxability of such an individual
- a) Nothing is taxable u/s 56(2)(x), as amount is received approved Charitable trust
  - b) Nothing is taxable, as unspent amount is less than Rs. 50,000
  - c) Rs. 1,00,000 is taxable as IOS
  - d) Rs. 25,000 is taxable as IOS
54. Mr. M has given an advance Rs 2,00,000 to builder for purchase of Flat, thus getting a right to buy said Flat. In PY 19-20, he gifted his right to buy the flat to his friend Mr.J. Comment on taxability of this transaction in PY 19-20
- a) No Tax implication, as the asset is not a capital Asset as per section 56(2)(x).
  - b) Rs. 2,00,000 is taxable in the hands of Mr.J
  - c) Rs. 1,50,000 is taxable in the hands of Mr. J
  - d) Rs. 2,00,000 is taxable in the hands of Mr. M
55. Mr. M purchased an immovable property for Rs. 4 lacs on 1-4-2018 and he sold the same on 28-02-2020 for Rs. 5 lacs to Mr J. The stamp duty value of said property on 28-02-2020 was Rs. 5,20,000. Comment on the taxability of transaction
- a) Mr. M – STCG – Rs. 1,00,000 & Mr. J – IOS – Rs. 20,000
  - b) Mr. M – STCG – Rs. 1,20,000 & Mr. J – IOS – Rs. 20,000
  - c) Mr. M – No Tax Implication & Mr. J – No Tax Implication
  - d) Mr. M – STCG – Rs. 1,00,000 & Mr. J – No Tax Implication
56. Mr. M purchased an immovable property for Rs. 4 lacs on 1-4-2018 and he sold the same on 28-02-2020 for Rs. 5 lacs to Mr. J. The stamp duty value of said property on 28-02-2020 was Rs. 5,30,000 Comment on the taxability of transaction
- a) Mr. M – STCG – Rs. 1,00,000 & Mr. J – IOS – Rs. 30,000
  - b) Mr. M – STCG – Rs. 1,30,000 & Mr. J – IOS – Rs. 30,000
  - c) Mr. M – STCG – Rs. 1,00,000 & Mr. J – No Tax Implication
  - d) Mr. M – STCG – Rs. 1,30,000 & Mr. J – No Tax Implication
57. Mr. M purchased an immovable property for Rs. 50 lacs on 1-4-2018 and he sold the same on 28-02-2020 for Rs. 60 lacs to Mr. J. The stamp duty value of said property on 28-02-2020 was Rs. 64,00,000. Comment on the taxability of transaction
- a) Mr. M – STCG – Rs. 10 lacs & Mr. J – IOS – Rs. 4 lacs
  - b) Mr. M – STCG – Rs. 14 lacs & Mr. J – IOS – Rs. 4 lacs
  - c) Mr. M – STCG – Rs. 10 lacs & Mr. J – No Tax Implication
  - d) Mr. M – STCG – Rs. 14 lacs & Mr. J – No Tax Implication

58. Mr. M purchased an immovable property for Rs. 50 lacs on 1-4-2018. He entered into an agreement with Mr. J on 1-1-2020 for sale of said property to him for Rs. 60. (Stamp duty value on this date is Rs. 63 lacs). Mr. J gave an advance of Rs. 20 lacs by cheque on 10-12-2019. The property was actually sold and registered in the name of Mr. J on 28-02-2020 for Rs. 60 lacs. The stamp duty value of said property on 28-02-2020 was Rs. 64,00,000. Comment on the taxability of transaction
- a) Mr. M – STCG – Rs. 10 lacs & Mr. J – IOS – Rs. 4 lacs
  - b) Mr. M – STCG – Rs. 14 lacs & Mr. J – IOS – Rs. 4 lacs
  - c) Mr. M – No Tax Implication & Mr. J – No Tax Implication
  - d) Mr. M – STCG – Rs. 10 lacs & Mr. J – No Tax Implication
59. Mr. M purchased an immovable property for Rs. 50 lacs on 1-4-2018. He entered into an agreement with Mr. J on 1-1-2020 for sale of said property to him for Rs. 60. (Stamp duty value on this date is Rs. 63 lacs). Mr. J gave an advance of Rs. 20 lacs by cheque on 10-01-2020. The property was actually sold and registered in the name of Mr. J on 28-02-2020 for Rs. 60 lacs. The stamp duty value of said property on 28-02-2020 was Rs. 64,00,000. Comment on the taxability of transaction
- a) Mr. M – STCG – Rs. 10 lacs & Mr. J – IOS – Rs. 4 lacs
  - b) Mr. M – STCG – Rs. 14 lacs & Mr. J – IOS – Rs. 4 lacs
  - c) Mr. M – No Tax Implication & Mr. J – No Tax Implication
  - d) Mr. M – STCG – Rs. 14 lacs & Mr. J – No Tax Implication
60. Mr. M gifted a land (FMV- Rs. 10 lacs) to his son-in-law (Mr. J). Comment on taxability of this transaction
- a) Mr. M – STCG – Rs. 10 lacs & Mr. J – IOS – Rs. 10 lacs
  - b) Mr. M – No Tax implication & Mr. J – No tax Implication
  - c) Mr. M – STCG – Rs. 10 lacs & Mr. J – No Tax implication
  - d) Mr. M – No Tax Implication & Mr. J – IOS – Rs 10 lacs
61. Mr. M gifted a land (FMV- Rs. 10 lacs) to his friend (Mr. J). Comment on taxability of this transaction
- a) Mr. M – STCG – Rs. 10 lacs & Mr. J – IOS – Rs. 10 lacs
  - b) Mr. M – No Tax implication & Mr. J – No tax Implication
  - c) Mr. M – STCG – Rs. 10 lacs & Mr. J – No Tax implication
  - d) Mr. M – No Tax Implication & Mr. J – IOS – Rs 10 lacs
62. Mr. M, a builder, gifted a flat (FMV- Rs. 10 lacs) out his stock in trade to his friend (Mr. J). The cost of Construction of said flat was Rs. 6 lacs, Comment on taxability of this transaction
- a) Mr. M – Business Income – Rs. 4 lacs & Mr. J – IOS – Rs. 10 lacs
  - b) Mr. M – No Tax implication & Mr. J – No tax Implication
  - c) Mr. M – Business Income – Rs. 10 lacs & Mr. J – No Tax implication
  - d) Mr. M – No Tax Implication & Mr. J – IOS – Rs 10 lacs

63. An Asset received by person without consideration is taxable in the hand of recipient when, asset is
- Capital Asset for Transferor
  - Capital Asset for Transferee
  - Stock in trade for Transferor
  - Stock in trade for Transferee
64. An Individual received following in PY 19-20
- Gift in cash from His friend – Rs. 25,000
  - Gift of Mobile from his friend – Rs. 30,000
  - Jewelry from his father-in-law- Rs. 55,000
  - Watch from his employer – Rs. 10,000
- The amount of Income taxable in the hands of individual in PY 19-20 is
- NIL
  - Rs. 55,000
  - Rs. 1,10,000
  - Rs. 1,20,000
65. Mr. A carrying on business has purchased a Motor car of Rs. 5 lacs for his business on 1-4-2017. He gifted the said car to his friend, Mr. B, on 1-4-2019 for his business use. Comment on the taxability of above transaction in P 19-20
- Mr A- NIL & Mr. B – IOS – Rs. 5 lacs
  - Mr. A – NIL & Mr. B – IOS – Rs. 3,61,250
  - Mr. A – NIL & Mr B – IOS – Rs. 3,61,250 and he will be eligible to claim depreciation on Car on Rs. 3,61,250
  - Mr. A – NIL & Mr B –NIL.
66. Mr. A carrying on business has purchased a Motor car of Rs. 5 lacs for his business on 1-4-2017. He gifted the said car to his friend, Mr. B, on 1-4-2019 for his personal use. Comment on the taxability of above transaction in P 19-20
- Mr. A- NIL & Mr. B – IOS – Rs. 5 lacs
  - Mr. A – NIL & Mr. B – IOS – Rs. 3,61,250
  - Mr. A – NIL & Mr B – IOS – Rs. 3,61,250 and he will be eligible to claim depreciation on Car on Rs. 3,61,250
  - Mr. A – NIL & Mr B –NIL.
67. Mr. A purchased a land for Rs. 5 lacs on 1-4-2015 and gifted the same to his brother, Mr.B, on 1-4-2019. (FMV – Rs. 7 lacs). Mr. B sold the land on 31-12-2019 for Rs. 7.50 lacs. Comment on taxability in the hands of Mr. B in PY 19-20
- IOS – Rs. 7 lacs & LTCG will be computed by taking cost of Acquisition at Rs. 7 lacs
  - LTCG will be computed by taking cost of Acquisition at Rs. 7 lacs
  - LTCG will be computed by taking cost of Acquisition at Rs. 5 lacs
  - STCG will be computed by taking cost of Acquisition at Rs. 7 lacs

68. Mr. A purchased a land for Rs. 5 lacs on 1-4-2015 and gifted the same to his brother, Mr.B, on 1-4-2019. (FMV – Rs. 7 lacs). Mr. B sold the land on 31-12-2019 for Rs. 7.50 lacs. Comment on taxability in the hands of Mr. B in PY 19-20
- IOS – Rs. 7 lacs & LTCG will be computed by taking cost of Acquisition at Rs. 7 lacs
  - LTCG will be computed by taking cost of Acquisition at Rs. 7 lacs
  - LTCG will be computed by taking cost of Acquisition at Rs. 5 lacs
  - STCG will be computed by taking cost of Acquisition at Rs. 7 lacs
69. Mr. A's wife gifted Rs. 1,10,000 to his husband HUF in PY 19-20. Comment on taxability in the hands of HUF
- No tax implication
  - Rs. 1,10,000 taxable under IOS
  - Rs. 60,000 taxable under IOS
  - Rs. 10,000 taxable under IOS
70. Mr. A gifted Rs. 1,10,000 to HUF of which Mr.B (A's friend) is Karta in PY 19-20. Comment on taxability in the hands of HUF
- No tax implication
  - Rs. 1,10,000 taxable under IOS
  - Rs. 60,000 taxable under IOS
  - Rs. 10,000 taxable under IOS
71. The amount of deduction eligible from family pension is
- Rs. 15,000
  - $\frac{1}{3}^{\text{rd}}$  of Family Pension
  - $\frac{1}{3}^{\text{rd}}$  of Family Pension or Rs. 15,000, whichever is less
  - $\frac{1}{5}^{\text{th}}$  of Family Pension
72. Family Pension received by Widow of member of the armed forces (including paramilitary forces) of the Union, where the death of such member has occurred in the course of operational duties, is
- Taxable
  - Not taxable
  - Taxable in excess of Rs 50,000
  - Taxable in excess of Rs. 1,00,000
73. Family pension received as family pension of an individual who has been in the service of Central/State Government and has been awarded Param Vir Chakra or Maha Vir Chakra or Vir Chakra is
- Taxable
  - Not taxable
  - Taxable in excess of Rs 50,000
  - Taxable in excess of Rs. 1,00,000

74. In PY 19-20 for companies, the basic rate for dividend distribution tax is \_\_\_\_\_ and after grossing up, the rate is \_\_\_\_\_
- a) 15% and 17.647%
  - b) 18.5% and 20%
  - c) 15% and no grossing up
  - d) 20%
75. The surcharge applicable on dividend distribution tax payable by Companies in PY 19-20 is
- a) 5%
  - b) 7%
  - c) 10%
  - d) 12%
76. Mr. A has earned interest of Rs. 12,000 under Post Office Savings Bank Account. The income taxable as other sources is
- a) Rs. 12000
  - b) Fully Exempt
  - c) Rs. 8,500
  - d) Rs. 6,000
77. Mr. A received interest due to late payment of compensation for compulsory acquisition of capital asset amounting to Rs. 5,00,000. What amount is taxable under head Other Sources?
- a) Rs. 5,00,000
  - b) NIL
  - c) Rs. 2,50,000
  - d) Rs. 4,50,000
78. Mr. M received cash gift from following in PY 19-20
- i) Cash gift of Rs.51,000 from His employer
  - ii) Cash gift of Rs.52,000 from Spouse of Father's Sister
  - iii) Cash gift of Rs. 1,01,000 on his marriage
  - iv) Cash gift of Rs. 60,000 as a scholarship from registered charitable trust
  - v) Cash gift of Rs. 21,000 from his friend
- How much amount is taxable under the head Income from other sources
- a) Rs. NIL
  - b) Rs. 51,000
  - c) Rs. 1,03,000
  - d) Rs. 72,000

79. Mr. M Received following assets as gift on his birthday
- Mobile of Rs. 21,000 from his friend
  - Gold chain of Rs. 31,000 from his father
  - Watch of Rs. 11,000 from his brother
  - Shares of Rs. 11,000 from his friend
- How much amount is taxable under the head Income from other sources
- NIL
  - Rs. 32,000
  - Rs. 52,000
  - Rs. 24,000
80. Mr. M Received following assets from friends as gift on his birthday
- Mobile of Rs. 21,000
  - Gold chain of Rs. 31,000
  - Watch of Rs. 11,000
  - Shares of Rs. 21,000
- How much amount is taxable under the head Income from other sources
- NIL
  - Rs. 32,000
  - Rs. 52,000
  - Rs. 24,000
81. Advance against sale of capital asset, which is forfeited after 1-4-2014, on account of cancellation of sale transaction is
- To be reduced from cost of capital asset
  - Taxable under the head IOS
  - Taxable under the head Capital gains
  - No Tax implication
82. Advance against sale of car (for personal use), which is forfeited after 1-4-2014, on account of cancellation of sale transaction is
- To be reduced from cost of capital asset
  - Taxable under the head IOS
  - Taxable under the head Capital gains
  - No Tax implication
83. An amount of Rs. 51,000 received by wife out of Income of his husband's HUF is
- Rs.51,000 Taxable under IOS
  - No taxability, as the same is received from relative
  - Rs. 1000 taxable under IOS
  - No Taxability, as the same is exempt u/s 10(2)
84. Mr. A gifted Rs. 1,01,000 to his son's HUF. Comment on the taxability of such transaction
- Rs. 1,01,000 taxable as IOS
  - No taxability, as amount is received from relative
  - No taxability, as amount is exempt u/s 10
  - No Taxability, as there is no income in this transaction.

85. Mr. A gifted house property of Rs. 10 lacs to his daughter in law, Mrs. B and from that property she earned a rental income of Rs. 60,000. Comment on taxability of said transaction
- a) Mr. A – No taxability & Mrs. B – Rs. 10 lacs taxable as IOS
  - b) Mr. A – Rs. 60,000 taxable as IHP & Mrs. B- No Taxability
  - c) Mr. A – No taxability & Mrs. B – No taxability
  - d) Mr. A – No taxability & Mrs. B – 60,000 taxable as IHP
86. Mr. A gifted Rs. 51,000 to his friend (Mr.B) on his birthday. Later on Mr. B gifted Rs. 11,000 TO Mr. A on his birthday. Comment on taxability
- a) Mr. A- Nothing is taxable & Mr. B – Nothing is taxable
  - b) Mr. A- Nothing is taxable & Mr. B – Rs. 51,000 taxable as IOS
  - c) Mr. A- Nothing is taxable & Mr. B – Rs. 1,000 taxable as IOS
  - d) Mr. A- Nothing is taxable & Mr. B – Rs. 40,000 taxable as IOS
87. Interest on post office saving bank account is exempt upto Rs. \_\_\_\_ for an individual Account
- a) Rs. 3000
  - b) Rs. 3500
  - c) Rs. 4000
  - d) Rs. 4500
88. Interest on post office saving bank account is exempt upto Rs. \_\_\_\_ for an joint Account
- a) Rs. 6000
  - b) Rs. 7000
  - c) Rs. 8000
  - d) Rs. 9000
89. Mr. A gifted Rs. 1,01,000 to his friend, Mr. B, who is residing in UK and non-resident in PY 19-20. Comment on taxability in the hands of Mr. B
- a) Nothing is taxable, as no income accrue in India
  - b) Rs. 51,000 is taxable
  - c) Rs. 1,01,000 is taxable
  - d) Gift is not subject to tax in this transaction
90. Mr. A gifted Rs. 1,01,000 to his son, Mr. B, who is residing in UK and non-resident in PY 19-20. Comment on taxability in the hands of Mr. B
- a) Nothing is taxable, as no income accrue in India
  - b) Rs. 51,000 is taxable
  - c) Rs. 1,01,000 is taxable
  - d) Gift is not subject to tax in this transaction

Income From Other Sources- MCQ- Answers					
Q.No.	Ans.	Q.No.	Ans.	Q.No.	Ans.
1	C	36	B	71	C
2	A	37	B	72	B
3	B	38	B	73	B
4	B	39	B	74	A
5	D	40	A	75	D
6	B	41	D	76	C
7	A	42	C	77	C
8	A	43	A	78	D
9	C	44	C	79	A
10	C	45	D	80	A
11	B	46	D	81	B
12	B	47	D	82	D
13	C	48	D	83	D
14	A	49	A	84	A
15	C	50	D	85	B
16	A	51	A	86	B
17	A	52	B	87	B
18	A	53	A	88	B
19	A	54	A	89	C
20	C	55	D	90	D
21	A	56	D		
22	A	57	B		
23	B	58	D		
24	A	59	B		
25	A	60	B		
26	C	61	D		
27	B	62	A		
28	A	63	B		
29	B	64	A		
30	A	65	C		
31	D	66	B		
32	C	67	C		
33	D	68	C		
34	A	69	A		
35	A	70	B		