

Chapter-3 Exemptions

- Q.1.** The concept of partial integration of agricultural income with non-agricultural income is applicable to -
- (a) only individuals & HUF
 - (b) only firms and companies
 - (c) Individuals, HUF, AOPs/BOIs & Artificial juridical persons
 - (d) All persons
- Q.2.** Which of the following would be agricultural income -
- (a) Income from breeding of livestock
 - (b) Income from poultry farming
 - (c) Rent received from land used for movie shooting
 - (d) Rent received from land used for grazing of cattle required for agricultural activities
- Q.3.** Which of the following income would be exempt in the hands of a Sikkimese Individual?
- (a) only income from any source in the State of Sikkim
 - (b) only income by way of dividend
 - (c) only income from interest on securities
 - (d) All the above
- Q.4.** The proportion of agricultural and business income in case of income derived from the sale of coffee grown and cured by the assessee in India is -
- (a) 65% and 35%, respectively
 - (b) 75% and 25%, respectively
 - (c) 60% and 40%, respectively
 - (d) 70% and 30%, respectively
- Q.5.** The proportion of agricultural and business income in case of income derived by the assessee from growing of tea leaves in India and manufacturing of tea is -
- (a) 65% and 35%, respectively
 - (b) 75% and 25%, respectively
 - (c) 60% and 40%, respectively
 - (d) 70% and 30%, respectively
- Q.6.** In case of an individual aged 61 years, partial integration of agricultural income is not required if his –
- (a) Net agricultural income does not exceed Rs 5,000.
 - (b) Non-agricultural income does not exceed Rs 2,50,000.
 - (c) Non-agricultural income does not exceed Rs 3,00,000.
 - (d) Either (a) or (c) above.
- Q.7.** In case of a Member of Parliament –
- (a) Daily allowance is exempt but constituency allowance received as per applicable Rules is taxable.

- (b) Constituency allowance received as per applicable Rules is exempt but daily allowance is taxable.
- (c) Both daily allowance and constituency allowance received as per applicable Rules are taxable.
- (d) Both daily allowance and constituency allowance received as per applicable Rules are exempt.

- Q.8.** The quantum of deduction available under section 10AA in respect of profits and gains derived by a SEZ unit from export of articles is –
- (a) 100% of export profits for first 10 consecutive AYs and 50% for next 5 consecutive AYs
 - (b) 100% of export profits for first 5 consecutive AYs and 50% for next 10 consecutive AYs
 - (c) 100% of export profits for first 15 consecutive AYs
 - (d) 100% of export profits for first 5 consecutive AYs, 50% for export profits for next 5 consecutive AYs and upto 50% of export profits for next 5 consecutive AYs, as is credited to Special Reserve Account
- Q.9.** Which of the following income is not exempt under section 10?
- (a) Share income of a member from a HUF
 - (b) Share income of a partner from a firm
 - (c) Salary received by a partner from a firm
 - (d) Both (b) and (c)
- Q.10.** Which of the following is an agricultural land assuming that crops are being cultivated on such land and such land is situated in –
- (a) An area within 3 kms from the local limits of a municipality and has a population of 80,000 as per last census
 - (b) An area within 1.5 kms from the local limits of a municipality and has a population of 12,000 as per last census
 - (c) An area within 2 kms from the local limits of a municipality and has a population of 11,00,000 as per last census
 - (d) An area within 8 kms from the local limits of a municipality and has a population of 10,50,000 as per last census.
- Q.11.** Which of the following income is agricultural income –
- (a) Rent received from agricultural land
 - (b) Income from dairy farm
 - (c) Income from poultry farm
 - (d) Dividend from a company engaged in agriculture.
- Q.12.** Income accruing from agriculture in a foreign country is taxable in the case of an assessee who is –
- (a) Resident
 - (b) Not-ordinarily resident
 - (c) Non-resident
 - (d) None of the above.

- Q.13.** Which of the following income is an agriculture income-
- (a) Income from brick making
 - (b) income from agriculture land situated in Pakistan
 - (c) Prize from government on account of higher crop yield
 - (d) Compensation received from insurance company on account of loss of crop.
- Q.14.** Under section 10(10), the maximum amount of gratuity received which is not chargeable to tax [covered under the act] shall be;
- (a) Rs 3,50,000
 - (b) Rs 3,00,000
 - (c) Rs 2,50,000
 - (d) Rs 20,00,000
- Q.15.** Leave encashment is exempt to the extent of maximum of the following:
- (a) Rs 3,50,000
 - (b) Rs 25,00,000
 - (c) Rs 10,00,000
 - (d) Rs 2,50,000

FILL IN THE BLANKS

- Q.16.** Remuneration earned by a member of HUF for the services rendered by him is _____ as income of the member.
- Q.17.** The HRA paid to an employee residing in Lucknow is exempt upto the lower of actual HRA or, excess of rent paid over 10% of salary or _____ of salary.
- Q.18.** The income of minor child shall be taxable in excess of _____ in the hands of parents.
- Q.19.** _____ means a trust so approved by the Board in accordance with the scheme made in this regard by the Central Government.

TRUE AND FALSE

- Q.20.** Prize given to Suhesh by the Government of Madhya Pradesh on account of higher crop yield is an agricultural income.
- Q.21.** Voluntary contribution received by electoral trust shall be exempt in all cases.
- Q.22.** An income derived from land situated in India is agricultural income.
- Q.23.** Gallantry Awards instituted by the Central Government are exempted from income tax.
- Q.24.** Income in the form of voluntary contribution made with a specific direction that they shall form part of the corpus of the trust or institution shall be fully exempt. [ca final specifically]

- Q.25.** Any sum received by an individual as a member of HUF from the income of HUF shall be:
- (a) Fully taxable
 - (b) Fully exempt
 - (c) Included in the total income of the member for rates purpose.
- Q.26.** In case of a partner, the share of the profits from the firm which is separately assessed shall be:
- (a) Fully taxable
 - (b) Fully exempt
 - (c) Included in the total income of the partner and relief of Income tax u/s 86 shall be allowed.
- Q.27.** Casual income received by the assessee is:
- (a) fully exempt
 - (b) exempt up to Rs 5,000
 - (c) fully taxable
- Q.28.** R traced a missing person and was awarded a sum of Rs 1, 00,000 although there was no stipulation to that effect. Such receipt shall be
- (a) Casual income and fully taxable
 - (b) Casual income and exempt up to Rs 5,000
 - (c) Fully exempt
- Q.29.** Scholarship received by a student to meet the cost of education is:
- (a) Casual income
 - (b) Fully exempt
 - (c) Fully taxable
- Q.30.** Family pension received by member of armed forces
- (a) Casual income
 - (b) Fully exempt
 - (c) Fully taxable
- Q.31.** A local authority has earned income from the supply of water or electricity outside its own jurisdiction area such income is :
- (a) Exempt
 - (b) Taxable
- Q.32.** A local authority has earned income from the supply of commodities outside its own jurisdiction area such income is :
- (a) Exempt
 - (b) Taxable
- Q.33.** An income under the head capital gain to a local authorities is:
- (a) Exempt
 - (b) Taxable

- Q.34.** Dividend Income of Rs.5L
(a) Exempt
(b) Taxable
- Q.35.** Dividend Income of Rs.14L, Rs. 4L shall be _____
(a) Exempt
(b) Taxable
- Q.36.** Income from Compulsory Acquisition of Urban Agriculture Land is
(a) Exempt
(b) Taxable
- Q.37.** Income from sale of Crude oil under an agreement with CG u/s 10[48A] is____ to foreign company.
(a) Taxable
(b) Exempt
- Q.38.** HRA is exempt u/s_____
(a) 10[10]
(b) 10[20]
(c) 10[13A]
- Q.39.** Retrenchment compensation is exempt u/s_____
(a) 10[10]
(b) 10[10B]
(c) 10[10C]
(d) None
- Q.40.** Amount Received under Life Insurance is exempt u/s_____
(a) 10[10]
(b) 10[10D]
(c) 10[10C]
(d) None
- Q.41.** Dividend received by a company from a domestic company upto10L is:
(a) Exempt
(b) Taxable.
- Q.42.** Tax paid by the employer on non-monetary perquisite provided to employee shall be_____ in the hands of employee:
(a) Exempt
(b) Taxable
- Q.43.** Dividend received from foreign company is:
(a) Exempt
(b) Taxable

- Q.44.** Income from buy back of Unlisted share is _____ u/s 10[34A]
(a) Exempt
(b) Taxable
- Q.45.** Income arising from the transfer of units of the unit trust of India or of mutual fund covered under section 10(23D) shall:
(a) Be exempt
(b) Not to be exempt
- Q.46.** LTCG on sale of securities on which STT is paid upto Rs.1L is
(a) Taxable
(b) Exempt
(c) None
- Q.47.** Any money received by an individual or family pension received by any member of his family where such individual is in the service of Central or state government and was awarded Param Vir Chakra. or Vir chakra or any other notified gallantry award shall be:
(a) Exempt
(b) Taxable
- Q.48.** Amount received under the reversed mortgage scheme is exempt u/s _____
(a) 10[32]
(b) 10[34]
(c) 10[43]
(d) None
- Q.49.** Any amount received or receivable from Central government or a State Government or a local authority by an individual or his legal heir by way of compensation on account of any disaster shall be:
(a) Taxable
(b) Fully exempt
(c) Exempt except to the extent the amount received or receivable has been allowed as deduction on account of any loss or damage caused by such disaster
- Q.50.** Where the income of individual includes the income of minor children, such individual shall be entitled to an exemption of:
(a) Rs. 1,500
(b) Rs. 1,500 per month child
(c) Rs. 1,500 per month child or to extent of income of the minor child included in the total income of the assessee whichever is less.
- Q.51.** Income of a notified news agency is:
(a) Exempt
(b) Taxable
(c) Exempt for 10 years but not beyond assessment year 2019-20
- Q.52.** Income from unit of UTI or Mutual fund covered under section 10(23D) shall

- (a) exempt
- (b) taxable

Q.53. Family pension received by the legal heir of a army personnel who died during operational duties shall be:

- (a) fully exempt
- (b) taxable

Q.54. Capital gain arising from compulsory acquisition of urban agricultural land shall be:

- (a) taxable
- (b) exempt
- (c) exempt u/s 10(37) if certain conditions are satisfied

Q.55. Any capital gain whether short term or long term shall be exempt if:

- (a) It is from the transfer of urban agricultural land
- (b) It is from the compulsory acquisition by law of urban agricultural land and certain condition are satisfied

Q.56. Income from long term gain from transfer of equity shares shall be exempt upto a limit of Rs 1L:

- (a) Such share are sold through National Stock Exchange
- (b) Such share are sold through Bombay stock Exchange
- (c) Such share are sold through any recognized stock exchange in India and such transfer is subject to Securities Transaction Tax.

Q.57. In case of an individual. any income by way of interest on any money standing to his credit in a Non-resident (External) account in any bank in India shall be :

- (a) Exempt
- (b) Fully taxable
- (c) Exempt upto Rs 13,000

Answers:

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|---------------------|-----------|-----------|------------|----------|--------------|
| 1. (c) | 2. (d) | 3. (d) | 4. (b) | 5. (c) | 6. (d) |
| 7. (d) | 8. (d) | 9. (c) | 10. (a) | 11. (a) | 12. (a) |
| 13. (d) | 14. (d) | 15. (b) | 16. Exempt | 17. 40% | 18. Rs 1,500 |
| 19. Electoral trust | 20. False | 21. False | 22. True | 23. True | 24. False |
| 25.a | 26.b | 27.c | 28.c | 29.b | 30.b |
| 31.b | 32.a | 33.a | 34.a | 35.b | 36.a |
| 37.b | 38. c | 39.b | 40.c | 41.a | 42.b |
| 43.b | 44.a | 45.a | 46.b | 47.a | 48.c |
| 49.b | 50.a | 51.a | 52.a | 53.a | 54.c |
| 55.b | 56.c | 57.a | | | |

SPACE FOR WORK

