



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

Reaccredited 'A+' Grade by NAAC (CGPA 3.68/4.00)

College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

## St. Aloysius College, (Autonomous) Jabalpur

### Question Bank

#### B. Com

#### INCOME TAX

#### UNIT – 1

#### Basic of income tax law

1. The Central Government has been empowered by entry \_\_\_\_\_ of the Union list of schedule VII of the constitution of India to levy tax on income other than agricultural income.
  - A. 84
  - B. 82
  - C. 81
  - D. 85
2. The Income tax act, 1961 came into force w.e.f..... \_\_\_\_\_
  - A. Is' April, 1962
  - B. 31st March, 1961
  - C. 1st April, 1961
  - D. None of above
3. Amongst the following \_\_\_\_\_ is empowered to levy tax on agricultural income.
  - A. Central Government
  - B. State Government
  - C. Commissioner
  - D. President
4. Circulars and Notifications are binding on the
  - A. Central Board of Direct Taxes (CBDT)
  - B. Assessee
  - C. Income Tax Appellate Tribunal (ITAT)
  - D. Income Tax Authorities
5. Supreme Courts precedent in binding on
  - A. Courts
  - B. Appellate Tribunals
  - C. Income Tax Authorities
  - D. All of the above.
6. High Court's precedents are not binding on
  - A. Tribunal
  - B. Income Tax Authorities



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- C. Assessee
  - D. None of the above.
7. Wherever in the Act the phrase as prescribed appears it means that -
- A. Regulations are to be framed is in this respect.
  - B. Rules have been framed in this respect.
  - C. Regulations were earlier framed in this respect.
  - D. Regulations are framed in this respect.
8. Who amongst the following confers on the power to issue circulars and clarifications?
- A. ITAT
  - B. Central Government
  - C. CBDT
  - D. State Government
9. Amendments by the finance act are made applicable from
- A. First day of next financial year
  - B. First day of same financial year
  - C. Last day of same Accounting year
  - D. None of the above.

## CONCEPT OF CHARGE OF INCOME TAX, PERSON, ASSEESSEE AND EXCEPTIONS TO PREVIOUS YEAR RULE

10. Income Tax is charged in -
- A. Financial Year
  - B. Assessment Year
  - C. Previous Year
  - D. Accounting Year
11. A person includes:
- A. Only Individual
  - B. Only Individual and HUF
  - C. Individuals, HUF, Firm, Company only
  - D. Individuals, HUF, Company, Firm, AOP or BOI, Local Authority, Every Artificial Juridical Person
12. As per section 2(31), the following is not included in the definition of 'person'
- A. An individual
  - B. A Hindu undivided family
  - C. A company
  - D. A minor
13. Every assessee is a person, and -
- A. every person is also an assessee



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- B. every person need not be an assessee
- C. an individual is always an assessee
- D. A HUF is always an assessee
14. Describe the status of the following person (i.e. individual, HUF, Firm, Company etc.) X and Y are legal heirs of Z. Z died in 2018 and X and Y carry on his business without entering into a partnership.
- A. Firm
- B. Limited Liability Partnership
- C. Company
- D. Body of Individual
15. Assessment year can be a period of :
- A. only more than 12 months
- B. 12 months and less than 12 months
- C. only 12 months
- D. 12 months and more than 12 months
16. Year in which income is taxable is known as \_\_\_\_\_ and year in which income is earned is known as ----
- A. Previous year, Assessment year
- B. Assessment year, Previous year
- C. Assessment year, Assessment year
- D. Previous year, Previous year
17. The year in which the income is earned is known as
- A. Previous year
- B. Financial year
- C. Both (A) or (B)
- D. None of the above.
18. All assesses are required to follow:
- A. Uniform previous year which must be calendar year only
- B. Uniform previous year which must be financial year only
- C. Any period of 12 months
- D. Period starting from 1st July to 30th June only
19. XYZ LLP falls under which----- category of person -
- A. Individual
- B. Partnership firm
- C. Company
- D. Association of person
20. Municipality of Delhi falls under----- category of person-
- A. Artificial juridical person



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- B. Local authority
  - C. Individual
  - D. Association of Person
21. Under Income Tax Act partnership firm includes -
- A. Limited liability partnership
  - B. Limited liability company
  - C. One person company
  - D. Association of person
22. A.O.P should consist of :
- A. Individual only
  - B. Persons other than individual only
  - C. Both individual and non individual persons.
  - D. None of these
23. Body of individual should consist of :
- A. Individual only
  - B. Persons other than individual only
  - C. Both individual and non individual persons.
  - D. None of these
24. A person becomes a member of HUF by -
- A. Contract
  - B. Agreement
  - C. Popularity
  - D. Status
25. In order to be assessed as HUF there should be -
- A. Partnership
  - B. Co-Partnership
  - C. Co -Partnership
  - D. Co-Ownership
26. Section \_\_\_ of the Income-tax Act, 1961 defines the term 'person' -
- A. 4
  - B. 2(31)
  - C. 5
  - D. 2(32)
27. -----must be one in which two or more persons join in for a common purpose or common action with the object of earning income or profits or gains.
- A. Partnership



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- B. Co-ownership
  - C. Body of Individuals
  - D. Association of Persons
28. Which amongst the following is Artificial Juridical Person?
- A. Corporation
  - B. Local Fund
  - C. District Board
  - D. None of these
29. Previous year is defined in -
- A. Section 2(34)
  - B. Section 2(9)
  - C. Section 3
  - D. Section 4
30. Financial year means a year commencing on –
- A. 31st March of the period
  - B. 1<sup>st</sup> day of the April
  - C. Mid of the year
  - D. None of these
31. First previous year in case of a business/profession newly set up on 31-3-2019 would:
- A. Start from 1st April, 2018 and end on 31<sup>st</sup> March 2019
  - B. Start from 31<sup>st</sup> March, 2019 and will end on 31st March, 2019
  - C. Start from 1st January, 2019 and end on 31<sup>st</sup> December, 2019
  - D. Start from 1st January, 2019 and will end on 31st March,2019
32. Dr. Ashok commenced medical practice on 1st September, 2018. The previous year for the profession for the assessment year 2019-20 would be \_
- A. 1<sup>st</sup> April, 2018 to 31st March, 2019
  - B. 1st September, 2018 to 31st March, 2019
  - C. 1st June, 2018 to 31st March, 2019
  - D. 1st September, 2018 to 31st January, 2019
33. Income of business commenced on 1st March, 2019 will be assessed in assessment year-
- A. 2018-19
  - B. 2019-20
  - C. 2020-21
  - D. 2021-22
34. A person follows calendar year for accounting. For taxation, he has to follow:
- A. Calendar year only :1st January to 31<sup>st</sup> December
  - B. Financial year only :1st April to 31st March



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- C. Any of the Calendar or Financial year as per his choice  
D. He will to follow extended year from 1st January to next 31st March (a period of 15 months)
35. In which of the following cases, income of previous year is assessable in the previous year itself:
- A. Assessment of persons leaving India
  - B. A person in employment in India
  - C. A person who is into illegal business
  - D. A person who is running a charitable institution
36. In which of the following cases, Assessing Officer has the discretion to assess the income of previous year in previous year itself or in the subsequent assessment year:
- A. Shipping business of non-residents
  - B. Assessment of Association of Persons or Body of Individuals formed for a particular event or purpose
  - C. Assessment of persons likely to transfer property to avoid tax
  - D. Discontinued business
37. In case of non-residents engaged in shipping business in India income earned during the financial year is
- A. Taxable in India the same financial year
  - B. Taxable in India the relevant assessment year
  - C. Not taxable in India in the same financial year
  - D. Not taxable in India.
38. In case of non-residents engaged in shipping business \_\_\_\_\_ freight paid or payable to the owner or charterer shall be deemed to be total income.
- A. 5%
  - B. 10%
  - C. 7.5 %
  - D. 20 %
39. Which amongst the following is an exception to the previous year rule?
- A. Business or Profession newly set up.
  - B. Where a source of income newly set up.
  - C. Non-resident engaged in shipping business
  - D. None of the above.
40. Income Tax is levied on the \_\_\_\_\_ of a person.
- A. Total Income
  - B. Total Income-Debt
  - C. Gross Total Income
  - D. Net Income-Debt Perquisites



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41. The period of 12 months commencing on the 1st day of April every year is known as

- \_\_\_\_\_
- A. Financial Year
  - B. Assessment Year
  - C. Previous Year
  - D. Accounting Year

42. The charging section of the Income-tax Act, 1961, states that the income earned in a year is taxable in the next year. This is known as \_\_\_\_\_

- A. Principle of mutuality
- B. Previous year rule
- C. Financial year rule
- D. None of these.

43. Income-tax in India is charged at the rates prescribed by -

- A. The Finance Act of the assessment year
- B. The Income-tax Act, 1961
- C. The Central Board of Direct Taxes
- D. The Finance Act of the previous year.

44. A new business was set-up on 1st July, 2018 and trading activity was commenced from 1st September, 2018, the previous year would be the period commencing from

- A. 1st April, 2018 to 31st March, 2019
- B. 1st July, 2018 to 31st March, 2019
- C. 1st September, 2018 to 31st March, 2019
- D. 1st October, 2018 to 31st March, 2019.

## CONCEPTS OF INCOME, METHOD OF ACCOUNTING

45. According to section 2(24) definition of 'income' is -----

- A. Inclusive
- B. Exhaustive
- C. Exclusive
- D. Descriptive.

46. 'Income' under section 2(24) includes -

(i) The profits and gains of a banking business carried on by a co-operative society with its members.

(ii) Any advance money forfeited in the course of negotiations for transfer of capital asset.

Choose the correct option with reference to the above statements \_

- A. Both (i) and (ii)
- B. Only (i)
- C. Only (ii)
- D. Neither (i) nor (ii).



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47. Income includes -
- A. Profits and gains
  - B. Profit in lieu of Salary
  - C. Income from other sources
  - D. All of the above
48. Income is divided in \_\_\_\_\_ heads of Income.
- A. 4
  - B. 5
  - C. 6
  - D. 3
49. Income includes -
- A. Profits or Gains
  - B. Capital gains
  - C. Lottery winnings
  - D. All of the above
50. The term 'income' includes the following types of incomes -
- A. 'Legal
  - B. Illegal
  - C. Legal and illegal both
  - D. None of the above,
51. Which of the following income is not included in the term 'income' under the Income-tax Act, 1961 -
- A. Profit and gains
  - B. Dividend
  - C. Profit in lieu of salary
  - D. Reimbursement of travelling expenses.
52. Which amongst the following is not a head of Income?
- a. Salaries
  - b. Income from house Property
  - c. Capital gains
  - d. Income from exports
53. Amongst the following which activity will be taxable?
- A. Profits & gains of any insurance business
  - B. Income from specific services provided by carried on by a co-operative society. Trade, professional or similar association.
  - C. The profits and gains of any banking business carried on by a co-operative society.
  - D. All of the above.
54. AB & Co. received Rs. 2, 00,000 as compensation from CD & Co. for premature termination of contract of agency. Amount so received is ----
- A. Capital receipt and taxable





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- B. Capital receipt and not taxable  
C. Revenue receipt and taxable
- D. Revenue receipt and not taxable
55. Subsidy if given as assistance to carry on business already commenced is a -----  
A. Revenue receipt  
B. Capital receipt  
C. It is not a receipt  
D. None of these
56. Which of the following is not included in taxable income -  
A. Income from smuggling activity  
B. Casual income  
C. Gifts of personal nature subject to a maximum of ₹50,000 received in cash  
D. Income received in kind.
57. Compensation on account of loss of profit is -  
A. Revenue receipt  
B. Capital receipt  
C. Revenue expenditure  
D. Capital expenditure
58. Out of the following, which of the capital receipt is not taxable:  
A. Capital gains of Rs. ₹10,00,000  
B. Amount of Rs. ₹5,00,000 won by way of lottery, games, puzzles  
C. Amount of Rs. ₹2,00,000 received by way of gift from relatives  
D. Amount of Rs. ₹1,00,000 received by way of gift from a friend on marriage anniversary
59. In case the Key man insurance policy is taken in name of any other person any sum received on its maturity by such person shall be taxable under the head -  
A. Salaries  
B. Profits & Gains of Business or Profession  
C. Capital Gains  
D. Income from Other Sources
60. Method of Accounting is not relevant for –  
A. Salaries  
B. Income from House Property  
C. Capital Gains  
D. All of the above
61. Income-tax in India is charged at the rate(s) prescribed by -  
A. The Finance Act  
B. The Income-tax Act  
C. The Central Board of Direct Taxes  
D. The Ministry of Finance.
62. Which of the following is not included in taxable income -



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- A. Reimbursement of expenses
  - B. Cash gifts received from non relatives
  - C. Income from illegal activity
  - D. Profit on sale of equity shares of unlisted company.
63. The Central Government has notified Income computation and disclosure standards for computing income under the head Profits and Gains of Business and Profession - .
- A. 2
  - B. 5
  - C. 8
  - D. 10
64. An individual is said to have substantial interest in a concern if he or she, along with his or her relatives, is, at any time during the previous year, beneficial owner of equity shares carrying or more of the voting power in a company; or entitled to or more of the profits of such concern.
- A. 20% ,10%
  - B. 10% ,20%
  - C. 10%, 10%
  - D. 20% ,20%

## MODE OF COMPUTATION OF INCOME AND TAX RATES FOR ASSESSMENT YEAR 2019-20

65. Surcharge @ 12 is payable by a domestic company if the total income exceeds.
- A. Rs.` 10 lakhs
  - B. Rs.` 1 crore
  - C. Rs.` 10 crore
  - D. None of the above.
66. Surcharge @ 7 is payable by a domestic company if the total income exceeds.
- A. Rs.` 10 lakhs
  - B. Rs.` 50 lakhs
  - C. Rs.` 1 crore
  - D. Rs.` 10 crores.
67. The tax exemption limit for a resident senior citizen is -
- A. Up to Rs.` 2,00,000
  - B. Up to Rs.` 5,00,000
  - C. Up to Rs.` 1,80,000
  - D. Up to Rs.` 3,00,000

68. The tax exemption limit for a resident Super senior citizen is -



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- A. Up to Rs. ` 2,00,000
- B. Up to Rs. ` 5,00,000
- C. Up to Rs. ` 1,80,000
- D. Up to Rs. ` 3,00,000

69. Surcharge of 15% is payable by an individual where the total income exceeds:

- A. Rs. ` 7,50,000
- B. Rs. ` 8,50,000
- C. Rs. ` 1,00,00,000
- D. None of the three

70. The maximum amount on which income-tax is not chargeable in case a co-operative society is:

- A. Rs. ` 50,000
- B. Rs. ` 30,000
- C. Rs. ` 20,000
- D. Nil

71. Additional surcharge (health and education cess) of 4 per cent is payable on-

- A. Income tax
- B. Income tax plus surcharge
- C. Surcharge
- D. None of the three

72. What is the maximum amount of income not chargeable to tax in case of AOP /BOI?

- A. Rs. ` 2,50,000
- B. Rs. ` 1,45,000
- C. Rs. ` 10,000
- D. None of these.

73. In case of Partnership firm or company and foreign company marginal relief is provided if total income exceeds ` --

- A. . Rs. ` 1 crore
- B. Rs. ` 10 lakhs
- C. Marginal relief
- D. None of these

74. The total income is rounded off to the nearest multiple of -

- A. Rs. ` 1
- B. Rs. ` 10
- C. Rs. ` 100
- D. Rs. ` 1,000

75. The MMR of 35.88% for Assessment Year 2019-20 is relevant in case of which of the



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76. following person if income exceed 1crore
- A. Individual
  - B. Association of Persons
  - C. None of (a) and (b)
  - D. Both of (a) and (b)
77. If a firm's total Income is Rs.` 1,03,00,000, the marginal relief available to the firm is –
- A. Rs.` 3,09,000
  - B. Rs.` 3,03,000
  - C. Rs.` 1,60,800
  - D. None of these.
78. The amount of **health and education cess** to be collected along with income-tax for assessment year **2019-20** shall be
- A. 1 %
  - B. 2%
  - C. 3%
  - D. 4%
79. In respect of a resident assessee, who is of the age of 60 years or more at any time during the previous year but less than 80 years on the last day of Previous Year relevant to Assessment Year **2019-20**:
- A. Rebate of tax payable subject to a maximum of Rs.20,000.
  - B. Higher basic exemption of Rs.` 1, 50,000.
  - C. Higher basic exemption of Rs.` 3, 00,000.
  - D. Higher basic exemption of Rs.` 1, 35,000.
80. Surcharge of 15% is payable by an Hindu Undivided Family where the total income exceeds:
- A. Rs.` 7,50,000
  - B. Rs.` 8,50,000
  - C. Rs.` 1,00,00,000
  - D. None of the three.
81. In case of resident HUF, what is maximum exemption limit for Assessment Year 2019-20 :
- A. Rs.` 3,00,000
  - B. Rs.` 2,50,000
  - C. Rs.` 5,00,000
  - D. Rs.` 2,20,000
82. In case of a female individual, who is of 59 years of age, what is the maximum exemption limit for AY? 2019-20:



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- A. Rs. ` 3,00,000  
B. Rs. ` 2,50,000  
C. Rs. ` 5,00,000  
D. Nil
83. The income-tax payable by a Resident Individual (aged 30 years) for AY. 2019-20 if his total income is Rs. ` 3,00,000 will be:  
A. Rs. ` 2,600  
B. Rs. ` 2,210  
C. Rs. ` 2,206  
D. Nil
84. The income-tax payable by a Non Resident Individual (aged 30 years) for Assessment Year 2019-20 if his total income is Rs. ` 2,70,000 will be:  
A. Rs. ` 2,060  
B. Rs. ` 2,210  
C. Rs. ` 2,206  
D. Rs.1040
85. The income-tax payable by a Resident Individual (aged 30 years) for AY. 2019-20 if his total income is Rs. ` 3,01,500 will be:  
A. Rs. ` 2,630  
B. Rs. ` 78  
C. Rs. ` 150  
D. Rs. ` 2,626
86. The income-tax payable by a Mrs. Swati **Non Resident** Individual (aged 65 years) for AY. 2019-20 if her total income is Rs. ` 2,75,000 will be:  
A. Rs.560  
B. Rs. ` 2,575  
C. Rs. ` 2,580  
D. Rs. ` 1300
87. The income-tax payable by a Mr. Bansal Resident Individual (aged 25 years) for AY. 2019-20 if his total income is Rs. ` 4,50,000 will be :  
A. Rs.10,400  
B. Rs. ` 15,450  
C. Rs. ` 20,600  
D. Rs. ` 540
88. Arun, a non-resident of India celebrated his 80th birthday on 10th October 2018. If his total income for the previous year is Rs. ` 6,00,000, his income-tax liability for the previous year 2018-19 is  
A. Rs. ` 46,350



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- B. Rs. ` 41,200  
C. Rs. ` 20,600  
D. Rs. ` 33,800
89. The amount of marginal relief admissible to Mr. Bansal Resident Individual (aged 25 years) for AY 2019-20 if his total income is Rs.1,01,00,000 will be :
- A. Rs. ` 3,58,250  
B. Rs. ` 2,00,000  
C. Rs. ` 2,20,000  
D. Rs. ` 3,56,375
90. The maximum income of ` -----is not chargeable to tax in case of non-resident
91. woman of 60 years of age.
- A. Rs. ` 2,50,000  
B. Rs. ` 3,00,000  
C. Rs. ` 5,00,000  
D. Rs. ` 10,00,000
92. The tax payable is rounded off to the nearest multiple of -
- A. Rs. ` 1  
B. Rs. ` 1,000  
C. Rs. ` 10  
D. Rs. ` 100
93. The income-tax payable by a Non Resident Individual (aged 30 years) for AY 2019-20 if his total income is Rs. ` 2,75,500 will be:
- A. Rs. ` 1,326  
B. Rs. ` 566  
C. Rs. ` 570  
D. Rs. ` 2,626
94. The income-tax payable by a Resident Individual (aged 30 years) for AY 2019-20 if his total income is Rs. ` 5,00,000 will be:
- A. Rs. ` 20,600  
B. Rs. ` 25,750  
C. Rs. ` 33,990  
D. Rs. ` 13,000
95. The income-tax payable by a Resident Individual (aged 30 years) for AY 2019-20 if his total income is Rs. ` 6,00,000 will be:
- A. Rs. ` 46,350  
B. Rs. ` 44,290  
C. Rs. ` 45,000  
D. Rs. ` 33,475



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96. The income-tax payable by a Resident Individual (aged 30 years) for AY 2019-20 if his total income is Rs. ` 16,00,000 will be:
- A. Rs.` 3,14,150
  - B. Rs.` 3,19,000
  - C. Rs.` 3,04,200
  - D. Rs.` 3,30,000
97. The income-tax payable by a Non Resident Individual (aged 62 years) for AY 2019-20 if his total income is Rs. ` 2,90,000 will be:
- A. Rs.2,080
  - B. Rs.` 2,060
  - C. Rs.` 4,120
  - D. Rs.` 4,000
98. The income-tax payable by a Resident Individual (aged 62 years) for AY 2019-20 if his total income is Rs.` 3,00,000 will be :
- A. Nil
  - B. Rs.` 2,060
  - C. Rs.` 4,120
  - D. Rs.` 4,000
99. The income-tax payable by a Resident Individual (aged 62 years) for AY 2019-20 if his total income is Rs.` 3,50,000 will be:
- A. Rs.` 2,060
  - B. Rs.` 1,030
  - C. Rs.` 4,120
  - D. Nil
100. The income-tax payable by a Resident Individual (aged 62 years) for AY 2019-20 if his total income is Rs.` 3,60,000 will be:
- A. Rs.` 1,030
  - B. Rs.` 6,180
  - C. Rs.` 8,240
  - D. Rs.` 3,120
101. The income-tax payable by a Resident Individual (aged 80 years) for AY 2019-20 if his total income is Rs.` 5,00,000 will be:
- A. Nil
  - B. Rs.` 1,030
  - C. Rs.` 8,240
  - D. Rs.` 6,180
102. The income-tax payable by a Resident Individual (aged 80 years) for AY 2019-20 if his total income is Rs. ` 5,10,000 will be:



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(AUTONOMOUS), JABALPUR(M.P.)

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- A. Rs.2,080  
B. Rs.` 2,060  
C. Rs.` 1,030  
D. Rs.` 6,180
103. An assessee, being an individual resident in India, is entitled to a deduction, from the amount of income-tax on his total income which is chargeable for an assessment year, of an amount equal to 100 of such income-tax or a lesser amount. The maximum amount of total income qualifying for such deduction and the maximum amount of deduction so available is
- A. Rs.` 5 lakh and Rs.` 2,000 respectively  
B. Rs.` 3lakh and Rs.` 2,000 respectively  
C. Rs.` 5 lakh and Rs.` 5,000 respectively  
D. Rs.` 3.5 lakh and Rs.` 2,500 respectively
104. Calculate Income-tax payable by an Individual (aged 30 years) for AY 2019-20 if his total income is Rs.` 1,01,20,000:
- A. Rs.` 30,33,350  
B. Rs.` 32,47,180  
C. Rs.` 29,14,900  
D. Rs.` 33,42,300
105. Calculate the amount of rebate u/s 87 A in case of a resident individual having total income of Rs.` 3, 00,000. For A.Y 2019-20
- A. Rs.` 30,000  
B. Rs.` 10,000  
C. Rs.` 2,500  
D. Rs.` 5,000
106. The income-tax payable by a XYZ Inc a foreign company on total income of Rs.` 12,25,500 will be :
- A. Rs.` 5,09,800  
B. Rs.` 5,04,906  
C. Rs.` 3,78,520  
D. Rs.` 3,78,525
107. The income-tax payable by a XYZ Cooperative society on total income of Rs.` 50,000 will be
- A. Rs.` 12,360  
B. Nil  
C. Rs.` 20,600  
D. Rs.` 12,480
106. Total income is to be rounded off to nearest multiple of \_\_\_ and tax is to be rounded off to nearest multiple of
- A. Ten, Rupee





# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

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College with Potential for Excellence (CPE) by UGC

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- B. Hundred, Ten  
C. Ten, Ten  
D. Rupee, Rupee
107. Unexplained cash credits are chargeable to tax @ \_\_\_\_\_ --  
A. 10%  
B. 15%  
C. 20%  
D. 30%
108. Long term capital Gains are chargeable to tax @ \_\_\_\_\_ --  
A. 10%  
B. 15%  
C. 20%  
D. 30%  
E.
109. Short term capital gains arising on transfer of listed equity shares through recognized stock exchange are chargeable to Tax @ \_\_\_\_\_ --  
A. 10%  
B. 15%  
C. 20%  
D. 30%
110. Income by way of dividends in excess of ` 10 lakh in the case of an individual, Hindu undivided family (HUF) or a firm who is resident in India is chargeable to tax at rate of -  
A. 10%  
B. 15%  
C. 20%  
D. 30%
111. Income by way of royalty in respect of a patent developed and registered in India in respect of person who is resident in India is chargeable to tax at rate of -  
A. 10%  
B. 15%  
C. 20%  
D. 30%
112. For a domestic company, the minimum amount of total income liable for surcharge and the rate of surcharge applicable therein are -  
A. Rs.` 10 crore and 7 respectively  
B. Rs.` 1 crore and 7 respectively  
C. Rs.` 1 crore and 12 respectively  
D. Rs.` 10 crore and 12 respectively



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113. The total income of Atul, a resident individual, is Rs. ` 2, 65,000. The rebate allowable u/s 87 A would be –
- A. Rs. ` 2,000
  - B. Nil
  - C. Rs. ` 1,500
  - D. Rs. ` 7, 50.
114. For the previous year 2018-19, taxable income of A Ltd., a domestic company (Turnover in FY 2016-17 was Rs. ` 2, 49.5 crores) is Rs.10, 86,920. Its tax liability would be
- A. Rs. ` 2,82,600
  - B. Rs. ` 3,39,120
  - C. Rs. ` 3,32,770
  - D. Rs. ` 3,35,860
115. For the previous year 2018-19, taxable income of A Ltd., a domestic company
116. (Turnover in FY 2016-17 was Exceed Rs. ` 2, 50 crores) is Rs.10, 86,920. Its tax liability would be
- A. Rs. ` 2,82,600
  - B. Rs. ` 4,47,811
  - C. Rs. ` 3,39,120
  - D. Rs. ` 3,35,860

## ANSWER KEY

Question Number	Answer
1	82
2	1 <sup>ST</sup> April, 1962
3	State Government
4	Income Tax Authorities
5	All of the above
6	None of Above
7	Regulations are framed in this respect
8	CBDT
9	First day of next financial year
10	Assessment Year
11	Individuals, HUF, Company, Firm, AOP or BOI, Local Authority, Every Artificial Juridical Person
12	A minor
13	Every person need not to be an assessee
14	body of individual
15	only 12 months



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16	Assessment year, Previous year
17	Previous year
18	Uniform previous year which must be financial year only
19	Partnership firm
20	Local authority
21	Limited liability partnership
22	Both individual and non individual persons
23	Individual only
24	Status
25	Co -Partnership
26	2(31)
27	Association of Persons
28	Corporation
29	Section 3
30	1 <sup>st</sup> day of the April
31	Start from 31 <sup>st</sup> March, 2019 and will end on 31 <sup>st</sup> March, 2019
32	1 <sup>st</sup> September, 2018 to 31 <sup>st</sup> March, 2019
33	2019-20
34	Financial year only :1 <sup>st</sup> April to 31 <sup>st</sup> March
35	Assessment of persons leaving India
36	Discontinued business
37	Taxable in India the same financial year
38	7.50%
39	Non-resident engaged in shipping business
40	Total Income
41	Assessment Year
42	Previous year rule
43	The Finance Act of the assessment year
44	1 <sup>st</sup> July, 2018 to 31 <sup>st</sup> March, 2019
45	Inclusive
46	Both (i) and (ii)
47	All of Above
48	5
49	All of the above
50	Legal and illegal both
51	Reimbursement of travelling expenses
52	income from export
53	all of above
54	Revenue receipt and not taxable
55	Revenue receipt
56	Gifts of personal nature subject to a maximum of Rs.`50,000 received in cash



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57	Revenue receipt
58	Amount of Rs. `2,00,000 received by way of gift from relatives
59	Income from Other Sources
60	All of the above
61	The Finance Act
62	Reimbursement of expenses
63	10
64	20% ,20%
65	Rs.10 crore
66	Rs.1 core
67	Up to Rs. ` 3,00,000
68	Up to Rs. ` 5,00,000
69	Rs. ` 1,00,00,000
70	Nil
71	Income tax plus surcharge
72	Rs.2,50,000
73	Rs.1 crore
74	10
75	Both of (a) and (b)
76	Rs.1,60,800
77	4%
78	Higher basic exemption of Rs. ` 3, 00,000.
79	Rs. ` 1,00,00,000
80	Rs. ` 2,50,000
81	Rs. 2,50,000
82	Nil
83	Rs.1040
84	Rs.78
85	Rs.1,300
86	Rs.10,400
87	Rs.33,800
88	Rs.3,56,375
89	Rs.- ` 2,50,000
90	Rs.-10
91	Rs.1,326
92	Rs.13,000
93	Rs.33,475
94	Rs.3,04,200
95	Rs.2,080
96	Nil
97	Nil



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98	Rs.3,120
99	Nil
100	Rs.2,080
101	Rs.3.5 lakh and Rs.` 2,500 respectively
102	Rs.` 33,42,300
103	Rs.2,500
104	Rs.` 5,09,800
105	Rs.` 12,480
106	Ten, Ten
107	30%
108	20%
109	15%
110	10%
111	10%
112	Rs.` 1 crore and 7 respectively
113	Rs.7,50
114	Rs.` 2,82,600
115	Rs.` 3,39,120

## INCOME TAX MCQS

### UNIT – 2

#### BASIC CONCEPTS OF TAXABILITY OF INCOME FROM HOUSE PROPERTY

1. Which is the charging section of Income from house property?
  - A. Section 15
  - B. Section 22
  - C. Section 24
  - D. Section 10(10D)
2. Income from vacant plot is taxable under the head
  - A. Income from House Property
  - B. Income from Other Sources
  - C. Profits & Gains of Business or Profession
  - D. Capital Gains
3. Which of following conditions need to be satisfied in order to tax any income under the head Income from house property ?
  - A. The property must consist of building or land appurtenant thereto.
  - B. The assessee must be the owner of such house property.
  - C. The property must not be used for business or profession carried on by assessee.
  - D. All of the above.



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4. Income from subletting of house property is taxable under the head \_\_\_\_\_
  - A. Income from House Property
  - B. Income from Other Sources
  - C. Profits & Gains of Business or Profession
  - D. Capital Gains
  
5. In case the letting out of property is incidental to the main business, then income from such property shall be taxable as
  - A. Income from House Property
  - B. Income from Other Sources
  - C. Profits & Gains of Business or Profession
  - D. Capital Gains
  
6. Annual value of property of a social club will be :
  - A. Taxable as Income from House Property
  - B. Taxable as Income from Other Sources
  - C. Exempt from tax
  - D. Taxable as Profits and gains of business
  
7. In case any property is owned by an assessee and the same is given by him to the partnership firm, in which he is a partner, for carrying on the business of such firm, then the income from such property will :
  - A. Not be taxable.
  - B. be taxable as Income from Other Sources
  - C. Be taxable as Income from house property
  - D. Taxable as Profits and gains of business
  
8. Income from building constructed on leasehold is taxable as :
  - A. Income from House Property
  - B. Income from Other Sources
  - C. Profits & Gains of Business or Profession
  - D. Capital Gains
  
9. The assessee, who was deriving income from "House property" realised a sum of Rs. 52,000 on account of display of advertisement hoarding of various concerns on the roof of the building. The same will be taxable under:
  - A. Income from House Property
  - B. Income from Other Sources
  - C. Profits & Gains of Business or Profession
  - D. Capital Gains
  
10. Composite rent of let-out house property is taxable as –
  - A. Profits and gains from business or profession



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- B. Income from other sources
- C. Income from house property
- D. Either (a) or (b) above depending upon certain conditions.

## COMPUTATION OF ANNUAL VALUE - SECTION 23

11. Expected Rent is equal to \_\_\_\_\_
- A. Fair Rent
  - B. Municipal Valuation
  - C. Lower of Fair Rent or Municipal valuation
  - D. Higher of Fair Rent or Municipal valuation subject to the maximum of Standard Rent
12. If Actual Rent received or receivable exceeds Expected Rent, the Gross Annual Value equals to-
- A. Actual Rent received or receivable
  - B. Expected Rent
  - C. Actual Rent - Expected Rent
  - D. None of these.
13. The sum for which the property might reasonably be expected to let year to year is known as -
- A. Expected Rent
  - B. Standard Rent
  - C. Annual value
  - D. Municipal Valuation
14. In which of the following cases the annual value of the house is taken to be NIL.
- A. Self occupied house.
  - B. Vacancy for the whole period.
  - C. If the assessee holds two house properties.
  - D. Both (a) & (b) but not (c)
15. DS is the owner of a house property covered under the Rent Control Act. Municipal value Rs. ` 30,000, actual rent Rs. ` 25,000, fair rent Rs. ` 36,000 and standard rent is Rs. ` 28,000. The gross annual value of the house property will be –
- A. Rs. ` 30,000
  - B. Rs. ` 25,000
  - C. Rs. ` 36,000
  - D. Rs. ` 28,000
16. DS owns a house property in Delhi which he wants to give on rent. He seeks your help to determine the reasonable expected rent when monthly municipal value is Rs. ` 20,000, fair rent Rs. ` 25,000 and standard rent Rs. ` 22,000. The reasonable expected rent will be computed with reference to following amount per month –
- A. Rs. ` 22,000



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- B. Rs. ` 20,000
- C. Rs. ` 25,000
- D. None of the above.

17. Find out the expected rent of house property A, if the following is given:

Municipal value = Rs. ` 1,00,000;

Fair Rent = Rs. ` 88,000; Standard Rent = Rs. ` 1,25,000

A. Rs. ` 1,00,000

- B. Rs. ` 88,000
- C. Rs. ` 1,12,000
- D. Rs. ` 1,25,000

18. Find out the expected rent of house property A, if the following is given:

Municipal value = Rs. ` 70,000; Fair Rent = Rs. ` 88,000; Standard Rent = Rs. ` 1,12,000. Actual Rent = Rs. `

1,12,000. Actual Rent = Rs. ` 1,25,000

- A. Rs. ` 70,000
- B. Rs. ` 88,000
- C. Rs. ` 1,12,000
- D. Rs. ` 1,25,000

19. Find out the expected rent of house property D, if the following is given:

Municipal value = Rs. ` 70,000; Fair Rent = Rs. ` 88,000; Standard Rent = Rs. ` 60,000 Actual Rent = Rs. ` 1,25,000

- A. Rs. ` 70,000
- B. Rs. ` 88,000
- C. Rs. ` 60,000
- D. Rs. ` 1,25,000

20. Find out the expected rent of house property N, if the following is given:

Municipal value = Rs. ` 65,000; Fair Rent = Rs. ` 88,000; Standard Rent = Rs. ` 60,000 Actual Rent = Rs. ` 1,25,000

- A. Rs. ` 65,000
- B. Rs. ` 88,000
- C. Rs. ` 60,000
- D. Rs. ` 1,25,000

21. Find the Gross Annual Value of house property of Q if the following is given:

Municipal value = Rs. ` 10,000; Fair Rent = Rs. ` 88,000; Standard Rent = Rs. ` 92,000; Actual Rent = Rs. ` 89,000.

- A. Rs. ` 10,000
- B. Rs. ` 88,000





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DST-FIST Supported & Star College Scheme by DBT.

C. Rs. ` 92,000

D. Rs. ` 89,000

22. Find the Gross Annual Value of house property of N if the following is given:

Municipal value = Rs. ` 1,00,000; Fair Rent = Rs. ` 88,000; Standard Rent = Rs. ` 92,000; Actual Rent = Rs. ` 89,000.

A. Rs. ` 1,00,000

B. Rs. ` 88,000

C. Rs. ` 92,000

D. Rs. ` 89,000

23. Find the Gross Annual Value of house property of S if the following is given:

Municipal value = Rs. ` 1,00,000; Fair Rent = Rs. ` 1,20,000; Standard Rent = Rs. ` 1,50,000; Actual Rent = Rs. ` 1,30,000.

A. Rs. ` 1,00,000

B. Rs. 1,20,000

C. Rs. ` 1,50,000

D. Rs. ` 1,30,000

24. Find the Gross Annual Value of house property of S if the following is given:

Municipal value = Rs. ` 1,60,000; Fair Rent = Rs. ` 1,20,000; Standard Rent = Rs. ` 1,50,000; Actual Rent = Rs. ` 1,55,000.

A. Rs. ` 1,60,000

B. Rs. ` 1,20,000

C. Rs. ` 1,50,000

D. Rs. ` 1,55,000

25. Find the Gross Annual Value of house property of A if the following is given:

Municipal value = Rs. ` 1,40,000; Fair Rent = Rs. ` 1,20,000; Standard Rent = Rs. ` 1,50,000; Actual Rent = Rs. ` 1,30,000.

A. Rs. ` 1,40,000

B. Rs. ` 1,20,000

C. Rs. ` 1,50,000

D. Rs. ` 1,30,000

26. Calculate the Gross Annual value from the following details:

Municipal Value - Rs. ` 45,000; Fair rental value - Rs. ` 50,000; Standard rent - Rs. ` 48,000; Actual Rent - Rs. ` 42,000.

A. Rs. ` 50,000

B. Rs. ` 48,000

C. Rs. ` 45,000

D. Rs. ` 42,000

27. Calculate the Gross Annual value from the following details:

Municipal Value - Rs. ` 45,000; Fair rental value - Rs. ` 50,000; Standard rent - Rs. ` 48,000; Actual



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(AUTONOMOUS), JABALPUR(M.P.)

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College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

28. Rent Receivable - Rs.` 75,000; Unrealised rent : Rs.` 20,000

- A. Rs.` 50,000
- B. Rs.` 55,000
- C. Rs.` 45,000
- D. Rs.` 42,000

29. Calculate the Gross Annual value from the following details:

Municipal Value - Rs.` 45,000; Fair rental value - Rs.` 50,000; Standard rent - Rs.` 48,000; Actual Rent Receivable - Rs.` 55,000; Unrealised rent : Rs.` 20,000.

- A. Rs.` 50,000
- B. Rs.` 48,000
- C. Rs.` 45,000
- D. Rs.` 35,000

30. Calculate the Gross Annual value from the following details:

Municipal Value - Rs.` 45,000; Fair rental value - Rs.` 50,000; Standard rent - Rs.` 48,000; Actual Rent Receivable (11 months) - Rs.` 46,000 Vacancy: 1 month

- A. Rs.` 50,000
- B. Rs.` 46,000
- C. Rs.` 45,000
- D. Rs.` 48,000

31. Calculate the Gross Annual value from the following details:

Municipal Value - Rs.` 45,000; Fair rental value - Rs.` 50,000; Standard rent - Rs.` 48,000; Actual Rent Receivable (11 months) - Rs.` 40,000 Vacancy: 1 month

- A. Rs.` 50,000
- B. Rs.` 40,000
- C. Rs.` 45,000
- D. Rs.` 48,000

32. Find the Gross Annual Value of house property of A if the following information is given:

Municipal value = Rs.` 1,40,000; Fair Rent = Rs.` 1,50,000; Standard Rent = Rs.` 1,44,000; Actual Rent = Rs.` 15,000; Vacancy = 11 months.

- A. Rs.` 1,40,000
- B. Rs.` 1,50,000
- C. Rs.` 15,000
- D. Rs.` 1,44,000

33. Find the Gross Annual Value of house property of X if the following is given -

Municipal value = Rs.` 80,000; Fair Rent = Rs.` 70,000; Vacancy = 12 months

- A. Rs.` 80,000
- B. Nil



# ST. ALOYSIUS' COLLEGE

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Reaccredited 'A+' Grade by NAAC (CGPA 3.68/4.00)

College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

C. Rs. ` 70,000

D. Rs. ` 10,000

34. X is the owner of a house, the details of which are given below:

(a) Municipal value : Rs. ` 30,000 (b) Actual rent : Rs. ` 32,000 (c) Fair rent : Rs. ` 36,000 (d) Standard rent : Rs. ` 40,000.

The gross annual value would be –

A. Rs. ` 36,000

B. Rs. ` 35,000

C. Rs. ` 30,000

D. Rs. ` 40,000.

35. Municipal value : Rs. ` 14,000; Fair rent : Rs. ` 14,500; Standard rent : Rs. ` 14,200. Actual rent as property let-out throughout the previous year : Rs. ` 16,800. Unrealized rent of the previous year : Rs. ` 7,000. The annual value of the house property shall be

A. Rs. ` 9,800

B. Rs. ` 7,200

C. Rs. ` 14,200

D. Rs. ` 7,500

36. DS is owner of house which has been let out at a monthly rent of Rs. ` 25,000. The fair rent of the house is Rs. ` 2,90,000 and standard rent is Rs. ` 2,60,000. The municipal value of house is Rs. ` 2,80,000 and municipal taxes are levied @ 10% of municipal value. The entire amount of municipal taxes are outstanding for the year ended 31-03-2019. The amount of municipal taxes to be allowed as deduction for computing the annual value will be :

A. Rs. ` 30,000

B. Rs. ` 29,000

C. Rs. ` 28,000

D. Nil

37. DS is owner of house which has been let out at a monthly rent of Rs. ` 25,000. The fair rent of the house is Rs. ` 2,90,000 and standard rent is Rs. ` 2,60,000. The municipal value of house is Rs. ` 2,80,000 and municipal taxes are levied @ 10% of municipal value. The entire amount of municipal taxes for the year ended 31-03-2019 are paid by the owner on 31-03-2019. The amount of municipal taxes to be allowed as deduction for computing the annual value will be :

A. Rs. ` 30,000

B. Rs. ` 29,000

C. Rs. ` 28,000

D. Nil

38. DS is owner of house which has been let out at a monthly rent of Rs. ` 25,000. The fair rent of the house is Rs. ` 2,90,000 and standard rent is Rs. ` 2,60,000. The municipal value of house is Rs. ` 2,80,000 and municipal taxes are levied @ 10% of municipal value. The entire amount of municipal taxes for the year ended 31-03-2019 out of which half of the



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39. municipal taxes are paid by the tenant. The amount of municipal taxes to be allowed as deduction for computing the annual value will be :
- A. Rs. ` 30,000
  - B. Rs. ` 29,000
  - C. Rs. ` 14,000
  - D. Nil
40. DS owns a house, which is self-occupied upto 31-5-2018. W.e.f. 1-6-2018, the property is let to Rakesh at Rs. ` 40,000 p.m. Determine the Gross Annual Value of the house if the municipal value is Rs. ` 4,15,000; Fair Rent Rs. ` 4,20,000 and standard rent is Rs. ` 4,10,000.
- A. Rs. ` 4,00,000
  - B. Rs. ` 4,20,000
  - C. Rs. ` 4,10,000
  - D. Rs. ` 4,15,000
41. DS owns a house, which is self-occupied upto 31-5-2018. W.e.f. 1-6-2018, the property is let to Raj at Rs. ` 42,000 p.m. Determine the Gross Annual Value of the house if the municipal value is Rs. ` 4,15,000; Fair Rent Rs. ` 4,30,000 and standard rent is Rs. ` 4,10,000.
- A. Rs. ` 4,20,000
  - B. Rs. ` 4,30,000
  - C. Rs. ` 4,10,000
  - D. Rs. ` 4,15,000
42. DS owns a house, which is self-occupied upto 31-5-2018. W.e.f. 1-6-2018, the property is let to Raj at Rs. ` 42,000 p.m. Determine the Net Annual Value of the house if the municipal value is Rs. ` 4,15,000; Fair Rent Rs. ` 4,30,000 and standard rent is Rs. ` 4,10,000 and tenant has paid 10% of municipal value as municipal taxes.
- A. Rs. ` 4,20,000
  - B. Rs. ` 4,30,000
  - C. Rs. ` 3,78,500
  - D. Rs. ` 4,15,000

## DEDUCTIONS FROM ANNUAL VALUE - SECTION 24

43. Which of the following deduction are to be made from income house property?
- A. Statutory deduction
  - B. Interest on borrowed loan
  - C. Both (a) and (b)
  - D. Option (a) but not (b)
44. The construction of a house was completed on 31<sup>st</sup> January, 2019, The owner of the house took a loan of Rs. ` 20,00,000 @ p.a. On 1<sup>st</sup> May, 2018. In this case the deduction allowable for the previous year 2018-19 towards interest on borrowings is -
- A. Rs. ` 22,000



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(AUTONOMOUS), JABALPUR(M.P.)

Reaccredited 'A+' Grade by NAAC (CGPA 3.68/4.00)

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- B. Rs. ` 24,000
- C. Rs. ` 1,10,000
- D. None of the above

45. DS purchased a house for his residential purpose after taking a loan in January, 2017.

During the previous year 2018-19, he paid interest on loan Rs. ` 2,17,000. While computing income from house property, the deduction is allowable to the extent of -

- A. Rs. ` 30,000
- B. Rs. ` 1,00,000
- C. Rs. ` 2,17,000
- D. Rs. ` 2,00,000.

46. When did pre-acquisition or pre-construction period commences -

- A. On the 1st year when loan is borrowed
- B. On the date of borrowing
- C. On the 1st April of the year when construction is completed
- D. On the 31st March of the year when loan is borrowed

47. When did pre-acquisition or pre-construction period ends?

- A. 31<sup>st</sup> march immediately prior to date of acquisition of property.
- B. Date of repayment of loan completion of construction
- C. (a) or (b) whichever is earlier
- D. Any of these

48. Which of the following amount is not allowed for deduction from income from house property ?

- A. Interest on loan borrowed for construction of house property.
- B. Interest on fresh loan taken to repay original loan.
- C. Interest on unpaid interest.
- D. Interest on unpaid purchase price.

49. The maximum limit of deduction under section 24(b) for interest on borrowed capital on or after 1-4-1999 for repairs of house property used for self occupation is:

- A. Rs. ` 30,000
- B. Rs. ` 2,00,000
- C. Rs. ` 50,000
- D. Rs. ` 60,000

50. The maximum limit of deduction under section 24(b) for interest on borrowed capital on or after 1-4-1999 for acquisition or construction of such house property is:

- A. Rs. ` 30,000
- B. Rs. ` 2,00,000
- C. Rs. ` 50,000



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D. Rs. ` 60,000

51. The maximum limit of deduction under section 24(b) for interest on borrowed capital before 1-4-1999 for construction of house property used for self occupation is:

- A. Rs. ` 30,000
- B. Rs. ` 2,00,000
- C. Rs. ` 50,000
- D. Rs. ` 60,000

52. The maximum limit of deduction under section 24(b) for interest on borrowed capital on or after 1-4-1999 for construction of house property used for self occupation if the house is completed within 5 years from the end of previous year in which loan is taken is:

- A. Rs. ` 30,000
- B. Rs. ` 2,00,000
- C. Rs. ` 50,000
- D. Rs. ` 60,000

53. The maximum limit of deduction under section 24(b) for interest on borrowed capital on or after 1-4-1999 for construction of house property used for self occupation shall be Rs. ` 2,00,000 if -

- A. the house is completed within 5 years from the end of previous year in which loan is taken.
- B. the house is completed within 5 years from the end of previous year in which construction is started.
- C. the house is completed within 5 years from the date when the loan is taken.
- D. the house is completed within 5 years from the date when construction is started.

54. DS took a loan of Rs. ` 6,00,000 on 1-4-2016 from a bank for construction of a house. The loan carries an interest @ 10% p.a. The construction is completed on 30-6-2017. The entire loan is still outstanding. The pre-construction period interest will Be ` \_\_\_\_\_

- A. Rs. ` 60,000
- B. Nil
- C. Rs. ` 75,000
- D. Rs. ` 90,000

55. DS took a loan of Rs. ` 8,00,000 on 1-4-2017 from a bank for construction of a house. The loan carries an interest @ 12% p.a. The construction is completed on 31-03-2018. The entire loan is still outstanding on 31-03-2019. The pre-construction period interest will be ` \_\_\_\_\_

- A. Rs. ` 96,000
- B. Nil
- C. Rs. ` 1,92,000
- D. Rs. ` 1,50,000

56. DS took a loan of Rs. ` 8,00,000 on 1-4-2016 from a bank for construction of a house. The loan carries an interest @ 12 % p.a. The construction is completed on 31-03-2018. The



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(AUTONOMOUS), JABALPUR(M.P.)

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57. entire loan is still outstanding on 31-03-2019. The pre-construction period interest allowable in Assessment Year 2019-20 will be
- Rs. ` 19,200
  - Rs. ` 38,400
  - Rs. ` 96,000
  - Rs. ` 1,92,000
58. DS took a loan of Rs. ` 8,00,000 on 1-4-2016 from a bank for construction of a house. The loan carries an interest @ 12 %p.a. The construction is completed on 31-03-2018. The entire loan is still outstanding on 31-03-2019. The total interest allowable in Assessment Year 2019-20 will be
- Rs. ` 1,15,200
  - Rs. ` 1,34,400
  - Rs. ` 96,000
  - Rs. ` 1,92,000
59. When a house property is let-out throughout the year for a monthly rent of Rs. ` 22,000 and municipal tax paid for current year is Rs. ` 24,000 and for the earlier year paid now is
60. Rs. ` 16,000, the income from house property would be –
- Rs. ` 1,68,000
  - Rs. ` 1,56,800
  - Rs. ` 1,84,800
  - Rs. ` 2,24,000
61. DS is owner of house which has been let out at a monthly rent of Rs. ` 25,000. The fair rent of the house is Rs. ` 2,90,000 and standard rent is Rs. ` 2,60,000. The municipal value of house is Rs. ` 2,80,000 and municipal taxes are levied @ 10 of municipal value. The entire amount of municipal taxes for the year ended 31-03-2019 are paid by the owner. The income from house property will be :
- Rs. ` 1,90,400
  - Rs. ` 1,76,400
  - Rs. ` 1,62,400
  - Rs. ` 2,72,000
62. DS is owner of house which has been let out at a monthly rent of Rs. ` 30,000. The fair rent of the house is Rs. ` 2,90,000 and standard rent is Rs. ` 2,60,000. The municipal value of house is Rs. ` 2,80,000 and municipal taxes are levied @ 10 of municipal value. The entire amount of municipal taxes for the year ended 31-03-2019 are paid by the owner. Interest on borrowed capital is Rs. ` 2,10,000 (outstanding). The income from house property will be
- Rs. ` 2,32,400
  - Rs. ` 22,400



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

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College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

C. Rs. `1,62,400

D. Rs. `32,400

63. T is owner of house which has been let out at a monthly rent of Rs.`20,000. The fair rent of the house is Rs.`2,90,000 and standard rent is Rs.`2,60,000. The municipal value of house is Rs. `2,80,000 and municipal taxes are levied @ 10 of municipal value. The entire amount of municipal taxes for the year ended 31-03-2019 are paid by the owner. Interest on borrowed capital is Rs.`60,000 (outstanding). The income from house property will be

A. Rs.`1,02,400

B. Rs.`1,62,400

C. Rs.`88,400

D. Rs.`1,48,400

64. In case of self-occupied property, statutory deduction under section 24(a) shall be :

A. Nil

B. Rs.`30,000

C. Rs.`2,00,000

D. Rs.`90,000

65. Under which of the following circumstances the income from house property is exempt from tax

A. Farm house

B. Trade Union

C. One self occupied property

D. All of the above

66. If the respective shares of income of co-owners are not definite and ascertainable, the co-owners shall be assessed as:

A. AOP.

B. BOI

C. Joint owners

D. Any of these

67. Who amongst the following is not a deemed owner?

A. An individual who transfers his house property otherwise then for adequate consideration to his or her spouse.

B. A member of a co-operative society, company or an AOP to whom a building or part thereof is allotted.

C. The holder of impartible estate of an HUF.

D. None of the above.

68. Mr. DS had two children Sumit and Sushmita (married with Aman) of age 15 & 17 respectively and wife named Anu. In which of the following case he will not be considered





# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

Reaccredited 'A+' Grade by NAAC (CGPA 3.68/4.00)

College with Potential for Excellence (CPE) by UGC

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69. as deemed owner?
- Transfer of property to Anu.
  - Transfer of property to Sushmita.
  - Transfer of property to Sumit.
  - None of the above.
70. What are the conditions to be fulfilled in order to claim exemption of unrealized rent?
- The defaulting tenant is in occupation of any other property of the assessee.
  - Steps have been taken to compel him to vacate the property.
  - The tenancy is bona fide.
  - Both (b) and (c)
66. The net annual value of house let-out is Rs. ` 1,00,000 and actual amount spent by the assessee on repairs and insurance premium is Rs. ` 20,000, the amount of deduction allowed under section 24(a) shall be ` -----
- Rs. ` 20,000
  - Rs. ` 30,000
  - Rs. ` 25,000
  - Rs. ` 22,000
67. DS took a loan of Rs. ` 6,00,000 on 1-4-2016 from a bank for construction of a house. The loan carries an interest @ 10 p.a. The construction is completed on 15-6-2018. The entire loan is still outstanding. Compute the interest allowable for the assessment year 2019-20.
- Rs. ` 60,000
  - Rs. ` 1,80,000
  - Rs. ` 84,000
  - Rs. ` 24,000
68. DS had one self occupied house property in Mumbai for residence. Fair rent of that property is Rs. ` 56,000 per annum. Municipal valuation is Rs. ` 28,000. Municipal taxes paid are Rs. ` 5,000 including Rs. ` 1,000 for an earlier year. The house was constructed in December, 2008 with a loan of Rs. ` 12,00,000 from a bank taken in November, 2007. During the previous year 2018-19, the assessee refunded Rs. ` 2,30,000 which includes Rs. ` 2,18,000 as current year interest. Compute the income from house property for assessment year 2019-20?
- Loss of Rs. ` 30,000
  - Loss of Rs. ` 2,18,000
  - Nil
  - Loss of Rs. ` 2,00,000
69. Which out of the following is not a case of deemed ownership of house property?
- Transfer to a spouse for inadequate consideration
  - Transfer to a minor child for inadequate consideration
  - Holder of an impartible estate



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College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

D. Co-owner of a property

70. DS, after sale of his house property during August, 2017, received arrears of rent amounting to Rs. ` 40,000 on 2<sup>nd</sup> February, 2019. The said income is chargeable to tax

under the head -----and the taxable income would be `-----

- A. Income from house property; Rs. `28,000
- B. Income from other Sources; Rs. ` 28,000
- C. Income from house property; Rs. `40,000
- D. Income from other sources; Rs. `40,000

71. Ds, after sale of his house property during August, 2017, received unrealised rent amounting to Rs. `80,000 on 2<sup>nd</sup> February, 2019. The said income is chargeable to tax under the head----- and the taxable income would be `-----

- A. Income from house property; Rs. ` 56,000
- B. Income from other Sources; Rs. ` 56,000
- C. Income from house property; Rs. ` 80,000
- D. Income from other sources; Rs. ` 80,000

72. DS received Rs. ` 30,000 as arrears of rent during the previous year 2018-19. The amount taxable under section 25A would be -----

- A. Nil
- B. Rs. ` 30,000
- C. Rs. ` 21,000
- B. Rs. ` 25,000

73. In case assessee is owner of more than one house which are self occupied by him, then at the option of the assessee:

- A. One house shall be treated as self occupied and the other house shall be deemed to let out.
- B. One house shall be treated as self occupied and the other house shall be deemed to be vacant.
- C. Both the houses shall be treated as deemed to be let out.
- D. Both the houses shall be treated as self occupied.

74. DS owns a house property. Following are the details about the property :

Municipal value of house	Rs. ` 72,000 per annum.
Fair rent of house	Rs. ` 66,000 per annum
Standard rent of house	Rs. ` 60,000 per annum.

The house was let out at Rs. ` 6,000 per month but was sold on 1<sup>st</sup> January, 2019. Find out income from house property for the assessment year 2019-20.

- A. Nil
- B. Rs. ` 50,400
- C. Rs. ` 37,800
- D. Rs. ` 25,000



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DST-FIST Supported & Star College Scheme by DBT.

75. Mrs. Preeti owns a house property which is let out @ Rs. ` 10,000 p.m. During the previous year ending 31st March 2019, she received -  
(i) arrears of rent of Rs. ` 30,000; and (ii) unrealised rent of Rs. ` 20,000.  
Compute her income chargeable to tax under the head 'Income from House Property'.
- A. Rs.84,000  
B. Rs. ` 1,04,000  
C. Rs. ` 1,25,000  
D. Rs.1,19,000
76. DS let-out his house on 1st" April, 2018 on rent of Rs. ` 15,000 p.m. The fair rent and the municipal value of house are Rs. ` 13,500 p.m. and Rs. ` 16,000 p.m. respectively. Municipal taxes paid for the year were Rs. ` 12,000. Income from house property for the assessment year 2019-20 will be -
- A. Rs. ` 1,26,000  
B. Rs. ` 1,76,000  
C. Rs. ` 1,05,000  
D. None of the above.
77. Ms. Parvati let out a property for Rs. ` 20,000 per month during the year 2018-19. The municipal tax on the let-out property was enhanced retrospectively. Hence, she paid Rs. ` 60,000 as municipal tax which included arrears of municipal tax of Rs. ` 45,000. Her
78. income from house property is -
- A. Rs. ` 1,80,000  
B. Rs. ` 1,57,500  
C. Rs. ` 1,26,000  
D. Rs. ` 1,36,500
79. Surrender owns two house properties. First property was used half for running his business and the other half was let-out at Rs. ` 4,000 per month. The second property was wholly used as a residence by Suresh. Municipal value of the two properties were the same at Rs. ` 72,000 each per annum and local taxes @ 10. Surrender's income from house property for the previous year 2018-19 will be -
- A. Rs. ` 33,600  
B. Rs. ` 31,080  
C. Rs. ` 28,560  
D. Rs. ` 62,160.
80. DS is the owner of a commercial property let out at Rs. ` 20,000 p.m. The municipal tax on the property is Rs. ` 25,000 annually, 50 of which is payable by the tenant. This tax was actually paid on 15-04-2019. He had borrowed a sum of Rs. ` 10 lacs from his cousin, resident in U.S.A. (in dollars) for the construction of the property on which interest @ 10% is payable. He has also received arrears of rent of Rs. ` 20,000 during the year, which was not charged to tax in the earlier years. What is the property income of X for



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

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College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

81. assessment year 2019-20 ?

- A. Rs. ` 82,000
- B. Rs. ` 73,250
- C. Rs. ` 83,625
- D. Rs. ` 88,000

82. During the financial year 2018-19, Mr. DS received a sum of Rs. ` 1,80,000 (Rs. ` 60,000 p.a.) by way of enhancement for the last three years as the Government department (tenant) enhanced the rate of rent with retrospective effect. The sum of ` ----- be taxable in the assessment year 2019-20

- A. Rs. ` 1,80,000
- B. Rs. ` 1,26,00

- C. Rs. ` 60,000
- D. Rs. ` 42,000

83. DS, an American national, is resident in India during the PY ending on 31-3-2019. He was the owner of a building located in New York. The same was on rent @ US \$12,500 p.m. The Municipal Corporation of New York was paid taxes on such building of US \$ 10,000 on 12-2-2017. The value of one US \$ in Indian rupee remained at Rs. ` 60 throughout the year. X wants to know his taxable income for house property for assessment year 2019-20.

- A. Rs. ` 58,80,000
- B. ` NIL
- C. Rs. ` 63,00,000
- D. Rs. ` 90,00,000

84. When share of each co-owner in a house property is not definite, the income from such property shall be -

- A. Taxed equally
- B. Exempt from tax
- C. Taxed as association of persons
- D. Taxed as body of individuals.

85. DS gifted his house property to his wife in 2016. Mrs. DS has let out the house property @ Rs. ` 5,000 p.m. The income from such house property will be taxable in the hands of:

- A. Mrs. DS
- B. DS. However, income will be first computed as Mrs. DS's income and thereafter clubbed in the income of DS
- C. DS, as he will be treated as deemed owner of the house property and liable to tax
- D. none of the above

86. DS gifted the house property to his minor son which was let out @ Rs. ` 5,000 p.m. Income from such house property shall be taxable in the hands of:



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

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College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

- A. minor son  
B. DS. However, it will be first computed as minor's income & thereafter clubbed in the income of DS  
C. "DS" as he will be deemed owner of such house property & liable to tax  
D. None of the above
87. DS transferred his house property to his wife under an agreement to live apart. Income from such house property shall be taxable in the hands of:  
A. DS as deemed owner  
B. DS. However, it will be first computed as Mrs. DS income & thereafter clubbed in the hands of DS provided the income of the father is higher than the income of her mother .  
C. Mrs. DS.  
D. none of the above
88. DS has taken a house property on lease for 15 years from G and let out the same to S. Income from such house to DS shall be taxable as  
A. income under the head other sources  
B. income from house property as DS is the deemed owner.  
C. income from business  
D. income from house property or business as decided by DS

## B. Answer Key

Question Number	Answer
1	Section 22
2	Income from Other Sources
3	The assessee must be the owner of such house property.
4	Income from Other Sources
5	Profits & Gains of Business or Profession
6	Exempt from tax
7	Not be taxable.
8	Income from House Property
9	Income from Other Sources
10	Either (a) or (b) above depending upon certain conditions.
11	Higher of Fair Rent or Municipal valuation subject to the maximum of Standard Rent
12	Actual Rent received or receivable
13	Expected Rent
14	Vacancy for the whole period.
15	Rs.` 28,000
16	Rs.` 22,000
17	Rs.` 1,00,000
18	Rs.` 88,000



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(AUTONOMOUS), JABALPUR(M.P.)

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College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

19	Rs. ` 60,000
20	Rs. ` 60,000
21	Rs. ` 89,000
22	Rs. ` 92,000
23	Rs. ` 1,30,000
24	Rs. ` 1,55,000
25	Rs. ` 1,40,000
26	Rs. ` 48,000
27	Rs. ` 55,000
28	Rs. ` 48,000
29	`46,000
30	Rs. ` 48,000
31	Rs. ` 15,000
32	Nil
33	Rs. ` 36,000
34	Rs. ` 14,200
35	Nil
36	Rs. `28,000
37	Rs. ` 14,000
38	Rs. ` 4,10,000
39	Rs. ` 4,20,000
40	Rs. ` 4,20,000
41	Both (a) and (b)
42	Rs. ` 1,10,000
43	Rs. ` 2,00,000.
44	On the date of borrowing
45	(a) or (b) whichever is earlier
46	Interest on unpaid interest.
47	Rs. ` 30,000
48	Rs. ` 2,00,000
49	Rs. ` 30,000
50	Rs. ` 2,00,000
51	the house is completed within 5 years from the end of previous year in which loan is taken.
52	Rs. ` 60,000
53	Rs. ` 1,92,000
54	Rs. ` 19,200
55	Rs. ` 1,15,200
56	Rs. ` 1,56,800
57	Rs. ` 1,90,400
58	Rs. ` 22,400



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59	Rs. ` 1,02,400
60	Nil
61	All of the above
62	AOP.
63	None of the above.
64	Transfer of property to Sushmita.
65	Both (b) and (c)
66	Rs. ` 30,000
67	Rs. ` 84,000
68	Loss of Rs. ` 2,00,000
69	Co-owner of a property
70	Income from house property; Rs. ` 28,000
71	Income from house property; Rs. ` 56,000
72	Rs. ` 21,000
73	One house shall be treated as self occupied and the other house shall be deemed to let out.
74	Rs. ` 37,800
75	Rs.1,19,000
76	Rs. ` 1,26,000
77	Rs. ` 1,26,000
78	Rs. ` 31,080
79	Rs. ` 82,000
80	Rs. ` 1,26,000
81	Rs. ` 58,80,000
82	Taxed as association of persons
83	DS, as he will be treated as deemed owner of the house property and liable to tax
84	"DS" as he will be deemed owner of such house property & liable to tax
85	Mrs. DS.
86	income from business

## INCOME TAX MCQS

### UNIT – 3

1. Which is the charging section of income under the head profits and gains of business or profession?
  - A. Section 15
  - B. Section 24
  - C. Section 28
  - D. Section 17



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2. Export Incentives taxable under this head includes:
  - A. Cash Compensatory Support
  - B. Duty Drawback
  - C. Profit on transfer of DEPB
  - D. All of the above
  
3. \_\_\_\_\_ includes any arrangement or understanding or action in concert whether or not it is formal or in writing or whether or not it is intended to be enforceable by legal proceedings:
  - A. Contract
  - B. Agreement
  - C. Service
  - D. Profession
  
4. Which of the following conditions are to be fulfilled for charging an income under the head profits and gains of business or profession
  - A. There should be profits and gains.
  - B. Business or profession must be carried on by the assessee.
  - C. Business or profession should be carried on at any time during previous year.
  - D. All of the above.
  
5. Which of the following are included in business according to section 2(13) :
  - A. Trade
  - B. Commerce
  - C. Manufacture
  - D. All of the above
  
6. Assessee is having stock existing in the business. Valuation of stock will be at:
  - A. Cost price
  - B. Market price
  - C. Cost or market price, whichever is less
  - D. Cost or market price, whichever is more
  
7. X, Manager of XYZ Ltd. since 2004 was terminated by the company on 1<sup>st</sup> August, 2018 by paying a compensation of Rs. 200 lakh. Such compensation is -----
  - A. Chargeable under the Wealth-tax Act, 1957
  - B. Not chargeable under the Income-tax
  - C. Chargeable under section 17(3)(i)
  - D. Chargeable under section 28(ii) (a).
  
8. DSK, an LLP had taken key man insurance policy on the life of its managing partner. The policy got matured on 13th September, 2018 and an amount of Rs. 75lakh was paid by the insurers to the managing partner. The amount so received on maturity of the policy by the managing partner is - \_\_\_\_\_





# ST. ALOYSIUS' COLLEGE

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College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

- A. Fully exempt u/s 10(10D)  
B. 50% of Rs. 75lakh exempt  
C. Rs. ` 75lakh taxable  
D. Rs. ` 25 lakh exempt and Rs. ` 50 lakh taxable
9. Raman & Co., a partnership firm, received Rs. ` 5, 00,000 from an insurance company under key man insurance policy consequent to demise of partner Pramod. The amount of premium Rs. ` 2, 30,000 paid earlier was claimed as deduction under section 37 by the firm. The amount received from the insurance company is –  
A. Tax-free under section 10(10D)  
B. Fully taxable as income  
C. Rs. ` 2,70,000 is taxable  
D. Rs. ` 2,30,000 is taxable

## Answer Key

Question Number	Answer
1	Section 28
2	All of the above
3	Agreement
4	All of the above.
5	All of the above.
6	Cost or market price, whichever is less
7	Chargeable under section 28(ii) (a).
8	` 75lakh taxable
9	Fully taxable as income

10. Under the Income-tax Act, 1961, 'notional profit' from speculative business is -  
A. Taxable under the head 'income from profits and gains of business and profession'  
B. Taxable under the head 'income from other ' sources'  
C. Taxable either as income from other sources or as income from profits and gains of business and profession  
D. Not taxable.

11.



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

Reaccredited 'A+' Grade by NAAC (CGPA 3.68/4.00)

College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

12. Transaction in which a contract for the purchase or sale of any commodity including stocks and shares is periodically or ultimately settled otherwise than by the actual delivery or transfer of the commodity or scrips is known as :
- A. Wagering transaction
  - B. Speculative transaction
  - C. Deemed Speculation business
  - D. None of these
13. Under the head 'profits and gains of business or profession', the method of accounting that should be followed by an assessee is \_\_\_\_\_
- A. Cash system only
  - B. Mercantile system only
  - C. Hybrid system only
  - D. Cash system or mercantile system only
14. Income is divided in \_\_\_\_\_ heads of Income.
- A. 5
  - B. 4
  - C. 6
  - D. 3
15. Income includes -
- A. Profits or Gains
  - B. Capital gains
  - C. Lottery winnings
  - D. All of the above
16. The term 'income' includes the following types of incomes -
- A. Legal
  - B. Illegal
  - C. Legal and illegal both
  - D. None of the above,
17. In case the Key man insurance policy is taken in name of any other person any sum received on its maturity by such person shall be taxable under the head -
- A. Salaries
  - B. Profits & Gains of Business or Profession
  - C. Capital Gains
  - D. Income from Other Sources
18. Method of Accounting is not relevant for –
- A. Salaries
  - B. Income from House Property
  - C. Capital Gains



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

Reaccredited 'A+' Grade by NAAC (CGPA 3.68/4.00)

College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

D. All of the above

19. The Central Government has notified Income computation and disclosure standards for computing income under the head Profits and Gains of Business and Profession - .

- A. 2
- B. 5
- C. 8
- D. 10

20. Director sitting fees will be Chargeable Under which head?

- A. Income from house property
- B. Income from other sources
- C. Income from PGBP
- D. Income from Capital gain

21. Rental income of house property shall be taxable under which head, if house property is used by assessee for own business and profession

- A. Income from house property
- B. Income from other sources
- C. Income from PGBP
- D. Income from Capital gain

22. Rental income from the business of leasing out properties would be taxable under the

23. head\_\_\_\_\_

- A. Income from house property
- B. Income from other sources
- C. Income from PGBP
- D. Income from Capital gain

24. franchise fee received by an assessee in tourism business, against special rights given to franchisees to undertake hotel business in assessee's property is taxable under the head

- A. Income from house property
- B. Income from PGBP
- C. Income from Capital gain
- D. Income from other sources

25. Interest income earned on share application money deposited with a bank for a specified period in accordance with statutory requirement becomes taxable in A.Y. in which allotment is completed or in the year of accrual?

- A. In A.Y in which allotment is completed



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

Reaccredited 'A+' Grade by NAAC (CGPA 3.68/4.00)

College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

- B. In the year of accrual
- C. Both in A.Y in which allotment is completed and in the year of accrual
- D. Either in A.Y in which allotment is completed or in the year of accrual

## Answer Key

Question Number	Answer
10	Not taxable.
11	Speculative transaction
12	Cash system or mercantile system only
13	5
14	All of the above
15	Legal and illegal both
16	Income from Other Sources
17	All of the above
18	10
19	Income from Other sources.
20	Income from PGBP
21	Income from PGBP
22	Income from PGBP
23	In A.Y in which allotment is completed

### Certain Deduction under section 36 & 37

1. Expenditure incurred by an assessee on the activities relating to corporate social responsibility referred to in section 135 of the Companies Act, 2013 is :
  - A. An Allowable expenditure
  - B. Illegal expenditure
  - C. Deferred revenue expenditure
  - D. Not an allowable expenditure
  
2. An assessee paid insurance premium against risk of damage or destruction of stocks or stores used for the purposes of his business or profession. Such expenditure shall be considered as :
  - A. Revenue expenditure
  - B. Capital expenditure
  - C. Deferred revenue expenditure
  - D. Illegal expenditure



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

Reaccredited 'A+' Grade by NAAC (CGPA 3.68/4.00)

College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

3. Insurance premium was paid by a Federal Milk Co-operative Society on the life of cattle owned by member of such co- operative society. Such society was engaged in supplying milk raised by its members to such federal milk co-operative society. Such expenditure shall be considered as:
  - A. Revenue expenditure
  - B. Capital expenditure
  - C. Deferred revenue expenditure
  - D. None of the above
  
4. An assessee purchased a computer on which depreciation is admissible. Such expenditure shall be considered as :
  - A. Revenue expenditure
  - B. Capital expenditure
  - C. Deferred revenue expenditure
  - D. None of the above
  
5. One of the employees of the organisation was terminated in the interest of business and was paid one time compensation of Rs. 75,000. For the organisation such expenditure shall be considered as:
  - A. Revenue expenditure
  - B. Capital expenditure
  - C. Deferred revenue expenditure
  
  - D. None of the above
  
6. Mr. DS and Company paid Rs. ` 94,000 as advertisement in the annual magazine of Bhartiya Janata Party. For the organisation such expenditure shall be:
  - A. Considered as revenue expenditure
  - B. Considered as capital expenditure
  - C. Considered as deferred revenue expenditure
  - D. Disallowed under Section 37(2B)
  
7. Mj s. Raksha & Company paid Rs. ` 85,000 as customs duty and Rs. ` 86,000 as income tax during the previous year. Calculate the amount of expenditure allowable:
  - A. Rs. ` 1,59,000
  - B. Rs. ` 84,000
  - C. Rs. ` 85,000
  - D. Nil
  
8. An employer paid an amount of Rs. ` 50,000 as insurance premium on the health of his employees under a scheme framed in this behalf by GIC. Such payment was made by



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

Reaccredited 'A+' Grade by NAAC (CGPA 3.68/4.00)

College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

cash. The insurance amount was of Rs. ` 5,00,000. The amount of deduction available to employer:

- A. Rs. ` 50,000
- B. Rs. ` 5,00,000
- C. Rs. ` 4,50,000
- D. Nil

9. An employer paid an amount of Rs. ` 20,000 as insurance premium on the health of his employees under a scheme framed by GIC. Such payment was made by cheque. The insurance amount was of Rs. ` 20,00,000. The amount of deduction available to employer:

- A. Rs. ` 20,000
- B. Rs. ` 20,00,000
- C. Rs. ` 2,00,000
- D. Nil

10. DS Ltd. paid a sum of Rs. ` 30,000 to Mrs. Shilpa as employee bonus for services rendered by her which was otherwise have been payable to her as profit or dividend.

The amount allowable as per section 40A(2) was Rs. ` 25,000. Calculate the amount of deduction available.

- A. Rs. ` 25,000
- B. Rs. ` 30,000
- C. Rs. ` 5,000
- D. Nil

11. DS Ltd. paid a sum of Rs. ` 30,000 to Mrs. Shilpa as employee bonus for services rendered by her. Such amount was actually paid to her on 15th June 2019. The amount allowable as per section 40A(2) was Rs. ` 25,000. Calculate the amount of deduction available.

- A. Rs. ` 25,000
- B. Rs. ` 30,000
- C. Rs. ` 5,000
- D. NIL

12. DS Ltd. paid a sum of Rs. ` 30,000 to Mrs. Shilpa as employee bonus for services rendered by her during the Previous Year 2018-19. Such amount was actually paid to her on 15th October 2019. The amount allowable as per section 40A(2) was Rs. ` 25,000. Calculate the amount of deduction available to her in Previous Year 2018-19.

- A. Rs. ` 25,000
- B. Rs. ` 20,000
- C. Rs. ` 5,000



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

Reaccredited 'A+' Grade by NAAC (CGPA 3.68/4.00)

College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

- D. Nil
13. DS Ltd. paid a sum of Rs. 30,000 to Mrs. Shilpa as employee bonus for services rendered by her during the Previous Year 2018-19. Such amount was actually paid to her on 15th August 2019. The amount allowable as per section 40A(2) was Rs. 32,000. Calculate the amount of deduction available to her in Previous Year 2018-19.
- A. Rs. 30,000  
B. Rs. 32,000  
C. Rs. 3,000  
D. Nil
14. Mr. DS took a loan of Rs. 20,00,000 on 15th June 2018 for acquisition of an asset. Such asset was put to use on 1st April 2019. Interest paid for the period till the asset was put to use was of Rs. 1,20,000. The amount of revenue expenditure available to assessee in Previous Year 2018-19:
- A. Nil  
B. Rs. 1,20,000  
C. Rs. 12,000  
D. Rs. 20,00,000
15. Mr. DS took a loan of Rs. 20,00,000 on 15th June 2018 for acquisition of an asset and immediately put the asset on use. Interest paid for the Previous Year 2018-19 on such loan amounted to Rs. 1,30,000. Payment of Rs. 1,10,000 against the interest amount
16. was made on 11th May, 2019 and balance amount was paid on 11th October 2019. The amount of revenue expenditure available to assessee in Previous Year 2018-19:
- A. Nil  
B. Rs. 1,30,000  
C. Rs. 1,10,000  
D. Rs. 20,00,000
17. The employer made a contribution of Rs. 25,000 to recognised provident fund for the previous year 2018-19. Such payment was made on 13th March, 2019. Such expenditure shall be considered as:
- A. Revenue expenditure  
B. Capital expenditure  
C. Deferred revenue expenditure  
D. None of the above



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

Reaccredited 'A+' Grade by NAAC (CGPA 3.68/4.00)

College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

18. Mr. DS made a contribution of Rs. ` 55,000 to a Pension Scheme referred under section 80CCD. The salary of the employee was of Rs. ` 5,00,000 in the previous year. Calculate the amount of deduction available to employer in Previous Year 2018-19.
- A. NIL
  - B. Rs.` 55,000
  - C. Rs.` 50,000
  - D. Rs.` 5,00,000
19. The assessee employer received a sum from his employee as contributions to Provident Fund or Employee State Insurance Fund or Superannuation fund or any other employee-welfare fund. Such sum is first treated as income of the employer and later claimed as expenditure. Such expenditure shall be considered as:
- A. Revenue expenditure
  - B. Capital expenditure
  - C. Deferred revenue expenditure
  - D. Illegal expenditure
20. An assessee was engaged in the business of cattle rearing. He incurred a loss in respect of animals which were used for the purposes of his business (otherwise than as stock-in-trade) and which have died. Such expenditure shall be considered as:
- A. Revenue expenditure
  - B. Capital expenditure
  - C. Deferred revenue expenditure
  - D. Illegal expenditure
21. DS was engaged in the business of trading of jewellery. During the previous year 2017-18 debt taken into account by him in computing the income amounted to Rs.` 3,50,000. However, during the previous year 2018-19 it was acknowledged that Rs.` 2,50,000 is to be considered as irrecoverable in the accounts of the assessee. Calculate the amount of bad-debts written off as irrecoverable to be allowed as a deduction in the previous year 2018-19:
- A. Rs.` 2,50,000
  - B. Rs.` 3,50,000
  - C. Rs.` 1,15,000
  - D. No deduction available
22. DS was engaged in the business of trading of jewellery. During the previous year 2018-19 debt accrued to him amounted to Rs.` 3,50,000 which was not taken into account by him while computing the income of the previous year. However, during the year itself it was





# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

Reaccredited 'A+' Grade by NAAC (CGPA 3.68/4.00)

College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

23. acknowledged that Rs. ` 2,00,000 is to be considered as irrecoverable from this debtor. Calculate the amount of bad-debts acknowledged as irrecoverable to be allowed as a deduction in the previous year 2018-19 :
- A. Rs. ` 3,50,000
  - B. Rs. ` 2,00,000
  - C. Rs. ` 1,50,000
  - D. No deduction available
24. Provision for bad and doubtful debt is allowed as deduction in respect of the following :
- A. Primary agricultural credit society
  - B. Primary cooperative agricultural and rural development bank
  - C. Public Limited company
  - D. Non banking finance company
25. Haryana Co-operative Bank made a provision for bad and doubtful debts account against the advances made by it. In regard to advances made by rural branches it made a provision amounting to Rs. ` 25,00,000 and in regard to advances made by urban branches it made a provision amounting to Rs. ` 35,00,000. The total credit balance provision for bad and doubtful debts account was of Rs. ` 60,00,000. The actual bad debts for the previous year against the urban advances only amounted to Rs. ` 68,00,000. Calculate the amount of bad-debts to be allowed as a deduction in the previous year 2018-19:
- A. Rs. ` 33,00,000
  - B. Rs. ` 68,00,000
  - C. Rs. ` 8,00,000
  - D. Rs. ` 43,00,000
26. A scheduled bank incorporated in India had Gross Total Income of A.Y. 2019-20 [before deduction under section 36(1) (viiia) of Rs. ` 750 lakhs and aggregate average advances made by rural branches of the bank was of Rs. ` 150 lakhs. Calculate the amount of Provisions for doubtful debts to be made in the previous year.
- A. Rs. ` 90 lakhs
  - B. Rs. ` 67.5lakhs
  - C. Rs. ` 71.25 lakhs
  - D. Rs. ` 78.75lakhs
27. A scheduled bank incorporated in India had Gross Total Income of AY. 2019-20 [before deduction u/s 36(1)(viiia)] of Rs. ` 750 lakhs and aggregate average advances made by rural branches of the bank was of Rs. ` 150 lakhs. Provision for bad and doubtful debts under section 36(1)(viiia) upto AY. 2018-19 was of Rs. ` 50 lakhs. Calculate the amount of Provisions for doubtful debts to be made in the previous year.



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

Reaccredited 'A+' Grade by NAAC (CGPA 3.68/4.00)

College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

- A. Rs. ` 90 lakhs  
B. Rs. ` 67.5lakhs  
C. Rs. ` 71.25 lakhs  
D. Rs. ` 78.75lakhs
28. A scheduled bank incorporated in India had Gross Total Income of AY. 2019-20 [before .deduction under section 36(1) (viiia) of Rs. ` 750 lakhs and aggregate average advances made by rural branches of the bank was of Rs. ` 150 lakhs. Provision for bad and doubtful debts under section 36(1)(viiia) upto AY. 2018-19 was of Rs. ` 50 lakhs. Bad debts written off (for the first time) in the books of account (in respect of urban advances only) during the previous year 2017-18 was of Rs. ` 150 lakhs. Compute the deduction allowable under section 36(1)(vii) for the AY. 2019-20.
- A. Rs. ` 28.751akhs  
B. Rs. ` 78.751akhs  
C. Rs. ` 150 lakhs  
D. Rs. ` 21.75 lakhs
29. A foreign bank had Gross Total Income of AY. 2019-20 [before deduction under section 36(1)(viiia)] of Rs. ` 1,850 lakhs. Calculate the amount of Provisions for doubtful debts to be made in the previous year.
- A. Rs. ` 175 lakhs  
B. Rs. ` 92.5 lakhs  
C. Rs. ` 1,850 lakhs  
D. No provision to be made
30. DS Housing Finance Co. Ltd. for the year ended on 31-3-2019 had Profits from the business computed as per Part D of Chapter IV of the Act but before claiming deduction u/ s 36(1)(viii) :Rs. ` 660 lacs, paid-up share Capital Rs. ` 600 lacs, General Reserve Rs.
31. ` 200 lacs and balance in reserve created u/ s 36(1)(viii) on 31-3-2018 Rs. ` 1,300 lacs. Profits transferred to Special Reserve a/ c was of Rs. ` 200 lakhs. Compute the amount of deduction available under section 36(1)(viii) :
- A. Rs. ` 132lakhs  
B. Rs. ` 200 lakhs  
C. Rs. ` 300 lakhs  
D. No deduction available
32. In the case of companies, capital expenditure incurred for the purpose of promoting family planning amongst the employees would be deductible to the extent \_
- A. Equal to 1/ 5th in each year for 5 years  
B. Equal to 1/6th in each year for 6 years  
C. Equal to 1/4th in each year for 4 years



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

Reaccredited 'A+' Grade by NAAC (CGPA 3.68/4.00)

College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

- D. Equal to 1/10th in each year for 10 years.
33. Assessee company incurred revenue expenditure of Rs. ` 15,000 for promoting family planning amongst its employees. Calculate the amount of deduction available.
- A. Rs. ` 3,000
  - B. Rs. ` 15,000
  - C. Rs. ` 18,000
  - D. No deduction available
34. Assessee firm incurred revenue expenditure of Rs. ` 15,000 for promoting family planning amongst its employees. Calculate the amount of deduction available.
- A. Rs. ` 3,000
  - B. Rs. ` 15,000
  - C. Rs. ` 18,000
  - D. No deduction available
35. Assessee company incurred capital expenditure of Rs. ` 75,000 for promoting family planning amongst its employees. Calculate the amount of deduction available.
- A. Rs. ` 75,000
  - B. Rs. ` 15,000
  - C. Rs. ` 60,000
  - D. No deduction available
36. Assessee company incurred capital expenditure of Rs. ` 50,000 and revenue expenditure of ` Rs.7,000 for promoting family planning amongst its employees. Calculate the amount of deduction available.
- A. Rs. ` 50,000
  - B. Rs. ` 7,000
  - C. Rs. ` 17,000
  - D. No deduction available
37. Contribution was made by PFI towards Credit Guarantee Fund Trust. Such expenditure shall be considered as:
- A. Revenue expenditure
  - B. Capital expenditure
  - C. Deferred revenue expenditure
  - D. Illegal expenditure
38. An assessee was engaged in the business of dealing in securities. He had paid Securities Transaction Tax of Rs. ` 25,000 on the securities. Income arising from taxable securities



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

Reaccredited 'A+' Grade by NAAC (CGPA 3.68/4.00)

College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

transactions computed under the head "Profits and Gains of Business or Profession" was of ` Rs. 2,50,000. Such expenditure of payment of Securities Transaction Tax shall be considered as:

- A. Revenue expenditure
- B. Capital expenditure
- C. Speculative transaction expenditure
- D. Illegal expenditure

39. An assessee was engaged in the business of dealing in commodities. He had paid Commodities transaction tax of Rs. ` 15,000 in respect of the taxable commodities transactions. Income arising of Rs. ` 3,00,000 from such taxable commodities transactions was included in the income computed under the head "Profits and gains of business or profession" . Such expenditure of payment of Commodities transaction tax shall be considered as:

- A. Revenue expenditure
- B. Capital expenditure
- C. Speculative transaction expenditure
- D. Illegal expenditure

40. The assessee co-operative society was engaged in the business of manufacture of sugar, for purchase of sugarcane an amount of Rs. ` 50,000 was incurred by it. The price fixed or approved by the Government for such purpose is Rs. ` 95,000. The amount of deduction admissible will be

- A. Rs. ` 1,00,000
- B. Rs. ` 50,000
- C. Rs. ` 95,000.
- D. Nil

41. To claim deduction of an expenditure u/s 37, the expenditure incurred must be:

- A. In respect of the business or profession carried . on by the assessee.
- B. Not capital in nature
- C. Not of nature described u/s 30 to 36.
- D. All of the above.

42. An assessee paid penalty of Rs. ` 42,000 paid for non-compliance of the provisions of Customs Act. Such expenditure shall be considered as:

- A. Revenue expenditure
- B. Capital expenditure
- C. Speculative transaction expenditure
- D. Disallowed under Section 37(1)



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

Reaccredited 'A+' Grade by NAAC (CGPA 3.68/4.00)

College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

43. An assessee incurred expense of tax on non monetary perquisites of employees. Such expenditure shall be considered as:
- A. Revenue expenditure
  - B. Capital expenditure
  - C. Deferred revenue
  - D. Expressly disallowed
44. An assessee made an expenditure on issue of shares. Such expenditure, including fees paid to Registrar of Companies, was incurred to increase the authorized share capital, resulting in expansion of the capital base. Such expenditure shall be considered as:
- A. Revenue expenditure
  - B. Capital expenditure
  - C. Deferred revenue expenditure
  - D. Expressly disallowed
45. An assessee incurred an expenditure on stamp duty and registration fees for the issue of bonus shares. Such expenditure shall be considered as:
- A. Revenue expenditure
  - B. Capital expenditure
  - C. Deferred revenue expenditure
  - D. Expressly disallowed
46. XYZ & Co. incurred a liability by giving discount on issue of debentures. Such expenditure shall be considered as:
- A. Revenue expenditure
  - B. Capital expenditure
  - C. Deferred revenue expenditure
  - D. Illegal expenditure
47. Assessee company redeemed its debentures on premium. Such expenditure of paying premium shall be considered as:
- A. Revenue expenditure
  - B. Capital expenditure
  - C. Deferred revenue expenditure
  - D. Illegal expenditure
48. Expenditure incurred by a hotelier on replacement of linen and carpets in his hotel. Such expenditure shall be considered as:
- A. Revenue expenditure
  - B. Capital expenditure
  - C. Deferred revenue expenditure
  - D. Illegal expenditure
49. An assessee made a payment of Rs. ` 25,000 as a secret commission, prohibited by law, for some offensive purpose. Such expenditure shall be considered as:



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

Reaccredited 'A+' Grade by NAAC (CGPA 3.68/4.00)

College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

- A. Revenue expenditure
  - B. Capital expenditure
  - C. Deferred revenue expenditure
  - D. Non deductible expenditure
50. An assessee incurred a sum of Rs. ` 35,000 for perfecting title or removing defects in title. Such expenditure shall be considered as:
- A. Revenue expenditure
  - B. Capital expenditure
  - C. Deferred revenue expenditure
  - D. Non deductible expenditure
51. An assessee incurred a sum of Rs. ` 1,10,000 for alteration of the memorandum and articles of association. Such expenditure shall be considered as:
- A. Revenue expenditure
  - B. Capital expenditure
  - C. Deferred revenue expenditure
  - D. Non deductible expenditure
52. An assessee incurred a loss of Rs. ` 50,000 on account of foreign exchange fluctuations on loans taken from foreign banks for revenue purposes or trading liabilities. Such loss/ expenditure shall be considered as:
- A. Revenue expenditure
  - B. Capital expenditure
  - C. Deferred revenue expenditure
  - D. Non deductible expenditure
53. An assessee incurred an expenditure of Rs. ` 35,000 on shifting of its administrative office. Such loss/ expenditure shall be considered as:
- A. Revenue expenditure
  - B. Capital expenditure
  - C. Deferred revenue expenditure
  - D. Non deductible expenditure
54. Under the Income-tax Act, 1961, which of the following outlays incurred by Sun Ltd. during the previous year ended 31 st March, 2019 will not be admissible as deduction while computing its business income -
- A. Contribution to a political party in cash
  - B. Interest on loan taken for payment of income-tax
  - C. Capital expenditure on advertisement
  - D. All of the above.

## ANSWER KEY



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

Reaccredited 'A+' Grade by NAAC (CGPA 3.68/4.00)

College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

Question Number	Answer
1	Deferred revenue expenditure
2	Revenue expenditure
3	None of the above
4	None of the above
5	Revenue expenditure
6	Disallowed under Section 37(2B)
7	Rs. ` 85,000
8	Nil
9	Rs. ` 20,000
10	Nil
11	Rs. ` 25,000
12	Nil
13	Rs. ` 30,000
14	Nil
15	Rs. ` 1,10,000
16	Revenue expenditure
17	Rs. ` 50,000
18	Revenue expenditure
19	Revenue expenditure
20	Rs. ` 2,50,000
21	No deduction available
22	Non banking finance company
23	Rs. ` 8,00,000
24	Rs. ` 78.75lakhs
25	Rs. ` 78.75lakhs
26	Rs. ` 21.75 lakhs
27	Rs. ` 92.5 lakhs
28	Rs. ` 132lakhs
29	Equal to 1/ 5th in each year for 5 years
30	Rs. ` 15,000
31	No deduction available
32	Rs. ` 15,000
33	Rs. ` 17,000
34	Revenue expenditure
35	Revenue expenditure
36	Revenue expenditure
37	Rs. ` 50,000
38	All of the above.



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

Reaccredited 'A+' Grade by NAAC (CGPA 3.68/4.00)

College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

39	Disallowed under Section 37(1)
40	Expressly disallowed
41	Capital expenditure
42	Revenue expenditure
43	Deferred revenue expenditure
44	Deferred revenue expenditure
45	Revenue expenditure
46	Non deductible expenditure
47	Capital expenditure
48	Revenue expenditure
49	Revenue expenditure
50	Revenue expenditure
51	All of the above.

### Certain Deduction under section 36 & 37

55. Expenditure incurred by an assessee on the activities relating to corporate social responsibility referred to in section 135 of the Companies Act, 2013 is :

- A. An Allowable expenditure
- B. Illegal expenditure
- C. Deferred revenue expenditure
- D. Not an allowable expenditure

56. An assessee paid insurance premium against risk of damage or destruction of stocks or stores used for the purposes of his business or profession. Such expenditure shall be considered as :

- A. Revenue expenditure
- B. Capital expenditure
- C. Deferred revenue expenditure
- D. Illegal expenditure

57. Insurance premium was paid by a Federal Milk Co-operative Society on the life of cattle owned by member of such co-operative society. Such society was engaged in supplying milk raised by its members to such federal milk co-operative society. Such expenditure shall be considered as:

- A. Revenue expenditure
- B. Capital expenditure
- C. Deferred revenue expenditure
- D. None of the above

58. An assessee purchased a computer on which depreciation is admissible. Such expenditure shall be considered as :

- A. Revenue expenditure





# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

Reaccredited 'A+' Grade by NAAC (CGPA 3.68/4.00)

College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

- B. Capital expenditure
  - C. Deferred revenue expenditure
  - D. None of the above
59. One of the employees of the organisation was terminated in the interest of business and was paid one time compensation of Rs. 75,000. For the organisation such expenditure shall be considered as:
- A. Revenue expenditure
  - B. Capital expenditure
  - C. Deferred revenue expenditure
  - D. None of the above
60. Mr. DS and Company paid Rs. 94,000 as advertisement in the annual magazine of Bhartiya Janata Party. For the organisation such expenditure shall be:
- A. Considered as revenue expenditure
  - B. Considered as capital expenditure
  - C. Considered as deferred revenue expenditure
  - D. Disallowed under Section 37(2B)
61. M/s. Raksha & Company paid Rs. 85,000 as customs duty and Rs. 86,000 as income tax during the previous year. Calculate the amount of expenditure allowable:
- A. Rs. 1,59,000
  - B. Rs. 84,000
  - C. Rs. 85,000
  - D. Nil
62. An employer paid an amount of Rs. 50,000 as insurance premium on the health of his employees under a scheme framed in this behalf by GIC. Such payment was made by cash. The insurance amount was of Rs. 5,00,000. The amount of deduction available to employer:
- A. Rs. 50,000
  - B. Rs. 5,00,000
  - C. Rs. 4,50,000
  - D. Nil
63. An employer paid an amount of Rs. 20,000 as insurance premium on the health of his employees under a scheme framed by GIC. Such payment was made by cheque. The insurance amount was of Rs. 20,00,000. The amount of deduction available to employer:
- A. Rs. 20,000
  - B. Rs. 20,00,000
  - C. Rs. 2,00,000
  - D. Nil



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

Reaccredited 'A+' Grade by NAAC (CGPA 3.68/4.00)

College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

64. DS Ltd. paid a sum of Rs. ` 30,000 to Mrs. Shilpa as employee bonus for services rendered by her which was otherwise have been payable to her as profit or dividend. The amount allowable as per section 40A(2) was Rs. ` 25,000. Calculate the amount of deduction available.
- A. Rs. ` 25,000
  - B. Rs. ` 30,000
  - C. Rs. ` 5,000
  - D. Nil
65. DS Ltd. paid a sum of Rs. ` 30,000 to Mrs. Shilpa as employee bonus for services rendered by her. Such amount was actually paid to her on 15th June 2019. The amount allowable as per section 40A(2) was Rs. ` 25,000. Calculate the amount of deduction available.
- A. Rs. ` 25,000
  - B. Rs. ` 30,000
  - C. Rs. ` 5,000
  - D. NIL
66. DS Ltd. paid a sum of Rs. ` 30,000 to Mrs. Shilpa as employee bonus for services rendered by her during the Previous Year 2018-19. Such amount was actually paid to her on 15th October 2019. The amount allowable as per section 40A(2) was Rs. ` 25,000. Calculate the amount of deduction available to her in Previous Year 2018-19.
- A. Rs. ` 25,000
  - B. Rs. ` 20,000
  - C. Rs. ` 5,000
  - D. Nil
67. DS Ltd. paid a sum of Rs. 30,000 to Mrs. Shilpa as employee bonus for services rendered by her during the Previous Year 2018-19. Such amount was actually paid to her on 15th August 2019. The amount allowable as per section 40A(2) was Rs. ` 32,000. Calculate the amount of deduction available to her in Previous Year 2018-19.
- A. Rs. ` 30,000
  - B. Rs. ` 32,000
  - C. Rs. ` 3,000
  - D. Nil
68. Mr. DS took a loan of Rs. ` 20,00,000 on 15th June 2018 for acquisition of an asset. Such asset was put to use on 1st April 2019. Interest paid for the period till the asset was put to use was of Rs. ` 1,20,000. The amount of revenue expenditure available to assessee in Previous Year 2018-19:
- A. Nil
  - B. Rs. ` 1,20,000
  - C. Rs. ` 12,000
  - D. Rs. ` 20,00,000



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

Reaccredited 'A+' Grade by NAAC (CGPA 3.68/4.00)

College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

69. Mr. DS took a loan of Rs. ` 20,00,000 on 15th June 2018 for acquisition of an asset and immediately put the asset on use. Interest paid for the Previous Year 2018-19 on such loan amounted to Rs. ` 1,30,000. Payment of Rs. ` 1,10,000 against the interest amount

was made on 11th May, 2019 and balance amount was paid on 11th October 2019. The amount of revenue expenditure available to assessee in Previous Year 2018-19:

- A. Nil
- B. Rs. ` 1,30,000
- C. Rs. ` 1,10,000
- D. Rs. ` 20,00,000

70. The employer made a contribution of Rs. ` 25,000 to recognised provident fund for the previous year 2018-19. Such payment was made on 13th March, 2019. Such expenditure shall be considered as:

- A. Revenue expenditure
- B. Capital expenditure
- C. Deferred revenue expenditure
- D. None of the above

71. Mr. DS made a contribution of Rs. ` 55,000 to a Pension Scheme referred under section 80CCD. The salary of the employee was of Rs. ` 5,00,000 in the previous year. Calculate the amount of deduction available to employer in Previous Year 2018-19.

- A. NIL
- B. Rs. ` 55,000
- C. Rs. ` 50,000
- D. Rs. ` 5,00,000

72. The assessee employer received a sum from his employee as contributions to Provident Fund or Employee State Insurance Fund or Superannuation fund or any other employee-welfare fund. Such sum is first treated as income of the employer and later claimed as expenditure. Such expenditure shall be considered as:

- A. Revenue expenditure
- B. Capital expenditure
- C. Deferred revenue expenditure
- D. Illegal expenditure

73. An assessee was engaged in the business of cattle rearing. He incurred a loss in respect of animals which were used for the purposes of his business (otherwise than as stock-in trade) and which have died. Such expenditure shall be considered as:

- A. Revenue expenditure
- B. Capital expenditure
- C. Deferred revenue expenditure
- D. Illegal expenditure



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

Reaccredited 'A+' Grade by NAAC (CGPA 3.68/4.00)

College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

74. DS was engaged in the business of trading of jewellery. During the previous year 2017-18 debt taken into account by him in computing the income amounted to Rs. ` 3,50,000. However, during the previous year 2018-19 it was acknowledged that Rs. ` 2,50,000 is to be considered as irrecoverable in the accounts of the assessee. Calculate the amount of bad-debts written off as irrecoverable to be allowed as a deduction in the previous year 2018-19:
- A. Rs. ` 2,50,000
  - B. Rs. ` 3,50,000
  - C. Rs. ` 1,15,000
  - D. No deduction available
75. DS was engaged in the business of trading of jewellery. During the previous year 2018-19 debt accrued to him amounted to Rs. ` 3,50,000 which was not taken into account by him while computing the income of the previous year. However, during the year itself it was acknowledged that Rs. ` 2,00,000 is to be considered as irrecoverable from this debtor. Calculate the amount of bad-debts acknowledged as irrecoverable to be allowed as a deduction in the previous year 2018-19 :
- A. Rs. ` 3,50,000
  - B. Rs. ` 2,00,000
  - C. Rs. ` 1,50,000
  - D. No deduction available
76. Provision for bad and doubtful debt is allowed as deduction in respect of the following :
- A. Primary agricultural credit society
  - B. Primary cooperative agricultural and rural development bank
  - C. Public Limited company
  - D. Non banking finance company
77. Haryana Co-operative Bank made a provision for bad and doubtful debts account against the advances made by it. In regard to advances made by rural branches it made a provision amounting to Rs. ` 25,00,000 and in regard to advances made by urban branches it made a provision amounting to Rs. ` 35,00,000. The total credit balance provision for bad and doubtful debts account was of Rs. ` 60,00,000. The actual bad debts for the previous year against the urban advances only amounted to Rs. ` 68,00,000. Calculate the amount of bad-debts to be allowed as a deduction in the previous year 2018-19:
- A. Rs. ` 33,00,000
  - B. Rs. ` 68,00,000
  - C. Rs. ` 8,00,000
  - D. Rs. ` 43,00,000
78. A scheduled bank incorporated in India had Gross Total Income of A.Y. 2019-20 [before deduction under section 36(1) (viiia) of Rs. ` 750 lakhs and aggregate average advances made by rural branches of the bank was of Rs. ` 150 lakhs. Calculate the amount of Provisions for doubtful debts to be made in the previous year.



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

Reaccredited 'A+' Grade by NAAC (CGPA 3.68/4.00)

College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

- A. Rs. ` 90 lakhs  
B. Rs. ` 67.5lakhs  
C. Rs. ` 71.25 lakhs  
D. Rs. ` 78.75Iakhs
79. A scheduled bank incorporated in India had Gross Total Income of AY. 2019-20 [before deduction u/s 36(1)(viiia)] of Rs. ` 750 lakhs and aggregate average advances made by rural branches of the bank was of Rs. ` 150 lakhs. Provision for bad and doubtful debts under section 36(1)(viiia) upto AY. 2018-19 was of Rs. ` 50 lakhs. Calculate the amount of Provisions for doubtful debts to be made in the previous year.  
E. Rs. ` 90 lakhs  
F. Rs. ` 67.5lakhs  
G. Rs. ` 71.25 lakhs  
H. Rs. ` 78.75Iakhs
80. A scheduled bank incorporated in India had Gross Total Income of AY. 2019-20 [before .deduction under section 36(1) (viiia) of Rs. ` 750 lakhs and aggregate average advances made by rural branches of the bank was of Rs. ` 150 lakhs. Provision for bad and doubtful debts under section 36(1)(viiia) upto AY. 2018-19 was of Rs. ` 50 lakhs. Bad debts written off (for the first time) in the books of account (in respect of urban advances only) during the previous year 2017-18 was of Rs. ` 150 lakhs. Compute the deduction allowable under section 36(1)(vii) for the AY. 2019-20.  
E. Rs. ` 28.751akhs  
F. Rs. ` 78.751akhs  
G. Rs. ` 150 lakhs  
H. Rs. ` 21.75 lakhs
81. A foreign bank had Gross Total Income of AY. 2019-20 [before deduction under section 36(1)(viiia)] of Rs. ` 1,850 lakhs. Calculate the amount of Provisions for doubtful debts to be made in the previous year.  
E. Rs. ` 175 lakhs  
F. Rs. ` 92.5 lakhs  
G. Rs. ` 1,850 lakhs  
H. No provision to be made
82. DS Housing Finance Co. Ltd. for the year ended on 31-3-2019 had Profits from the business computed as per Part D of Chapter IV of the Act but before claiming deduction u/ s 36(1)(viii) :Rs. ` 660 lacs, paid-up share Capital Rs. ` 600 lacs, General Reserve Rs. ` 200 lacs and balance in reserve created u/ s 36(1)(viii) on 31-3-2018 Rs. ` 1,300 lacs. Profits transferred to Special Reserve a/ c was of Rs. ` 200 lakhs. Compute the amount of deduction avaiable under section 36(1)(viii) :  
E. Rs. ` 132lakhs  
F. Rs. ` 200 lakhs  
G. Rs. ` 300 lakhs



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

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College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

- H. No deduction available
83. In the case of companies, capital expenditure incurred for the purpose of promoting family planning amongst the employees would be deductible to the extent \_
- E. Equal to 1/5th in each year for 5 years
  - F. Equal to 1/6th in each year for 6 years
  - G. Equal to 1/4th in each year for 4 years
  - H. Equal to 1/10th in each year for 10 years.
84. Assessee company incurred revenue expenditure of Rs. ` 15,000 for promoting family planning amongst its employees. Calculate the amount of deduction available.
- E. Rs.` 3,000
  - F. Rs.` 15,000
  - G. Rs.` 18,000
  - H. No deduction available
85. Assessee firm incurred revenue expenditure of Rs. ` 15,000 for promoting family planning amongst its employees. Calculate the amount of deduction available.
- E. Rs.` 3,000
  - F. Rs.` 15,000
  - G. Rs.` 18,000
  - H. No deduction available
86. Assessee company incurred capital expenditure of Rs. ` 75,000 for promoting family planning amongst its employees. Calculate the amount of deduction available.
- E. Rs.` 75,000
  - F. Rs.` 15,000
  - G. Rs.` 60,000
  - H. No deduction available
87. Assessee company incurred capital expenditure of Rs.` 50,000 and revenue expenditure of ` Rs.7,000 for promoting family planning amongst its employees. Calculate the amount of deduction available.
- E. Rs.` 50,000
  - F. Rs.` 7,000
  - G. Rs.` 17,000
  - H. No deduction available
88. Contribution was made by PFI towards Credit Guarantee Fund Trust. Such expenditure shall be considered as:
- E. Revenue expenditure
  - F. Capital expenditure
  - G. Deferred revenue expenditure
  - H. Illegal expenditure



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

Reaccredited 'A+' Grade by NAAC (CGPA 3.68/4.00)

College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

89. An assessee was engaged in the business of dealing in securities. He had paid Securities Transaction Tax of Rs. ` 25,000 on the securities. Income arising from taxable securities transactions computed under the head "Profits and Gains of Business or Profession" was of ` Rs. 2,50,000. Such expenditure of payment of Securities Transaction Tax shall be considered as:
- E. Revenue expenditure
  - F. Capital expenditure
  - G. Speculative transaction expenditure
  - H. Illegal expenditure
90. An assessee was engaged in the business of dealing in commodities. He had paid Commodities transaction tax of Rs. ` 15,000 in respect of the taxable commodities transactions. Income arising of Rs. ` 3,00,000 from such taxable commodities transactions was included in the income computed under the head "Profits and gains of business or profession" . Such expenditure of payment of Commodities transaction tax shall be considered as:
- E. Revenue expenditure
  - F. Capital expenditure
  - G. Speculative transaction expenditure
  - H. Illegal expenditure
91. The assessee co-operative society was engaged in the business of manufacture of sugar, for purchase of sugarcane an amount of Rs. ` 50,000 was incurred by it. The price fixed or approved by the Government for such purpose is Rs. ` 95,000. The amount of deduction admissible will be
- E. Rs. ` 1,00,000
  - F. Rs. ` 50,000
  - G. Rs. ` 95,000.
  - H. Nil
92. To claim deduction of an expenditure u/s 37, the expenditure incurred must be:
- E. In respect of the business or profession carried . on by the assessee.
  - F. Not capital in nature
  - G. Not of nature described u/s 30 to 36.
  - H. All of the above.
93. An assessee paid penalty of Rs. ` 42,000 paid for non-compliance of the provisions of Customs Act. Such expenditure shall be considered as:
- E. Revenue expenditure
  - F. Capital expenditure
  - G. Speculative transaction expenditure
  - H. Disallowed under Section 37(1)



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

Reaccredited 'A+' Grade by NAAC (CGPA 3.68/4.00)

College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

94. An assessee incurred expense of tax on non monetary perquisites of employees. Such expenditure shall be considered as:
- E. Revenue expenditure
  - F. Capital expenditure
  - G. Deferred revenue
  - H. Expressly disallowed
95. An assessee made an expenditure on issue of shares. Such expenditure, including fees paid to Registrar of Companies, was incurred to increase the authorized share capital, resulting in expansion of the capital base. Such expenditure shall be considered as:
- E. Revenue expenditure
  - F. Capital expenditure
  - G. Deferred revenue expenditure
  - H. Expressly disallowed
96. An assessee incurred an expenditure on stamp duty and registration fees for the issue of bonus shares. Such expenditure shall be considered as:
- E. Revenue expenditure
  - F. Capital expenditure
  - G. Deferred revenue expenditure
  - H. Expressly disallowed
97. XYZ & Co. incurred a liability by giving discount on issue of debentures. Such expenditure shall be considered as:
- E. Revenue expenditure
  - F. Capital expenditure
  - G. Deferred revenue expenditure
  - H. Illegal expenditure
98. Assessee company redeemed its debentures on premium. Such expenditure of paying premium shall be considered as:
- E. Revenue expenditure
  - F. Capital expenditure
  - G. Deferred revenue expenditure
  - H. Illegal expenditure
99. Expenditure incurred by a hotelier on replacement of linen and carpets in his hotel. Such expenditure shall be considered as:
- E. Revenue expenditure
  - F. Capital expenditure
  - G. Deferred revenue expenditure
  - H. Illegal expenditure





# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

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College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

100. An assessee made a payment of Rs. ` 25,000 as a secret commission, prohibited by law, for some offensive purpose. Such expenditure shall be considered as:
- E. Revenue expenditure
  - F. Capital expenditure
  - G. Deferred revenue expenditure
  - H. Non deductible expenditure
101. An assessee incurred a sum of Rs. ` 35,000 for perfecting title or removing defects in title. Such expenditure shall be considered as:
- E. Revenue expenditure
  - F. Capital expenditure
  - G. Deferred revenue expenditure
  - H. Non deductible expenditure
102. An assessee incurred a sum of Rs. ` 1,10,000 for alteration of the memorandum and articles of association. Such expenditure shall be considered as:
- E. Revenue expenditure
  - F. Capital expenditure
  - G. Deferred revenue expenditure
  - H. Non deductible expenditure
103. An assessee incurred a loss of Rs. ` 50,000 on account of foreign exchange fluctuations on loans taken from foreign banks for revenue purposes or trading liabilities. Such loss/ expenditure shall be considered as:
- E. Revenue expenditure
  - F. Capital expenditure
  - G. Deferred revenue expenditure
  - H. Non deductible expenditure
104. An assessee incurred an expenditure of Rs. ` 35,000 on shifting of its administrative office. Such loss/ expenditure shall be considered as:
- E. Revenue expenditure
  - F. Capital expenditure
  - G. Deferred revenue expenditure
  - H. Non deductible expenditure
105. Under the Income-tax Act, 1961, which of the following outlays incurred by Sun Ltd. during the previous year ended 31 st March, 2019 will not be admissible as deduction while computing its business income -
- E. Contribution to a political party in cash
  - F. Interest on loan taken for payment of income-tax
  - G. Capital expenditure on advertisement
  - H. All of the above.



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

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College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

## ANSWER KEY

Question Number	Answer
52	Deferred revenue expenditure
53	Revenue expenditure
54	None of the above
55	None of the above
56	Revenue expenditure
57	Disallowed under Section 37(2B)
58	Rs. ` 85,000
59	Nil
60	Rs. ` 20,000
61	Nil
62	Rs. ` 25,000
63	Nil
64	Rs. ` 30,000
65	Nil
66	Rs. ` 1,10,000
67	Revenue expenditure
68	Rs. ` 50,000
69	Revenue expenditure
70	Revenue expenditure
71	Rs. ` 2,50,000
72	No deduction available
73	Non banking finance company
74	Rs. ` 8,00,000
75	Rs. ` 78.75 lakhs
76	Rs. ` 78.75 lakhs
77	Rs. ` 21.75 lakhs
78	Rs. ` 92.5 lakhs
79	Rs. ` 132 lakhs
80	Equal to 1/5th in each year for 5 years
81	Rs. ` 15,000
82	No deduction available
83	Rs. ` 15,000
84	Rs. ` 17,000
85	Revenue expenditure
86	Revenue expenditure
87	Revenue expenditure
88	Rs. ` 50,000



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

Reaccredited 'A+' Grade by NAAC (CGPA 3.68/4.00)

College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

89	All of the above.
90	Disallowed under Section 37(1)
91	Expressly disallowed
92	Capital expenditure
93	Revenue expenditure
94	Deferred revenue expenditure
95	Deferred revenue expenditure
96	Revenue expenditure
97	Non deductible expenditure
98	Capital expenditure
99	Revenue expenditure
100	Revenue expenditure
101	Revenue expenditure
102	All of the above.

## INCOME TAX MCQS

### UNIT – 4

#### PROVISIONS FOR SET –OFF OR CARRY FORWARD AND SET OFF – SECTION 70 TO 74A

1. If a person is eligible to claim: (1) unabsorbed depreciation (2) current scientific research expenditure (3) current depreciation (4) brought forward business loss The order of priority to set-off would be
  - A. (4), (3), (2) & (1)
  - B. (2), (3), (4) & (1)
  - C. (3), (4), (1) & (2)
  - D. (1), (2), (3) & (4)
2. Choose the correct answer from the following -
  - A. Loss from business of owning and maintaining Race horses can be set off against any income.
  - B. Speculation business loss can be set off only against speculation business income.
  - C. Loss from lottery, card games etc. can be set off against any income.
  - D. Long-term capital loss can be set off against long-term or short-term capital loss.
3. Long term capital loss can be set off from which of the following:
  - A. Short term capital gain only
  - B. Long term capital gain only
  - C. Income from business or profession
  - D. Income from salary
4. Loss from house property can be carried forward and set off in the subsequent 8 Assessment years:



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

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College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

- A. Only if return of loss is filed within due date
  - B. Even if return of loss is filed after due date
  
  - C. It does not matter when return is filed
  - D. Carry forward of loss from house property is not allowed at all.
5. Loss under the head "Profits and Gains of business or profession" cannot be set off against -
- A. Income under the head salaries.
  - B. Income under the head capital gains.
  - C. Income under the head house property.
  - D. All of the above.
6. Loss arising under the head capital gain cannot be set-off against -
- A. Income under the head salaries.
  - B. Income under the head "Profits and gains of business or profession".
  - C. Income under the head house property.
  - D. All of the above.
7. Loss arising from specified business can be set-off from -
- A. General business profits
  - B. Speculation business profits
  - C. Both general business profits and speculation
  - D. Profits of specified business business profits
8. Loss from specified business can be carried forward for-
- A. 4 Years
  - B. 8 Years
  - C. Indefinite period
  - D. None of the above
9. Loss from house property and losses in speculation business can be carried forward respectively for-
- A. 8 Years and 4 Years
  - B. 4 Years and 8 Years
  - C. 8 Years and 8 Years
  - D. 4 Years and 4 Years
10. Loss under the head 'Profits & Gains of Business or Profession (except speculation business loss) and loss under the head capital gains can be carried forward respectively for -
- A. 8 Years and 4 Years
  
  - B. 8 Years and 8 Years
  - C. 4 Years and 8 Years



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

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DST-FIST Supported & Star College Scheme by DBT.

- D. 4 Years and 4 Years
11. The sequence applicable for set off of losses shall be -
- A. (i) Inter source set-off; (ii) Inter head set-off; and (iii) Set-off of brought forward losses.
  - B. (i) Inter head set-off; (ii) Inter source set-off; and (iii) Set-off of brought forward losses.
  - C. (i) Set-off of brought forward losses; (ii) Inter source set-off; and (iii) Inter head set-off.
  - D. (i) Set-off of brought forward losses; (ii) Inter head set-off; and (iii) Inter source set-off.
12. A company engaged in business of purchase and sale of shares of other companies shall not be deemed to be speculation business if -
- A. The principal business of the company is business of trading in shares or banking or granting of loans & advances.
  - B. The gross total income of the company consists mainly of income under heads "Income from house property", "Capital Gains" and "Income from other sources"
  - C. Both (a) and (b)
  - D. Either (a) or (b)
13. Short term capital loss can be set-off against:
- A. Short term capital gain
  - B. Long-term capital gain
  - C. Income under any other head
  - D. Either (a) or (b)
14. Brought forward losses (except speculation business loss) under Profits & Gains of Business or profession can be set-off against-
- A. Income from house property.
  - B. Profits of any business (except speculation business profit).
  - C. Income from any other head.
  - D. Profits of any business/profession (including speculation business profit).
15. Loss incurred in activity of owning and maintaining race horses can be set-off against only:
- A. Any Income under the head 'Income from other Sources'.
  - B. Only income from owning and maintaining race horses.
  - C. Income from speculation business.
  - D. Income under head house property.
16. Which of the following losses available after inter source set-off, cannot be set-off from incomes in other heads in the same assessment year –
- A. Speculation losses



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

Reaccredited 'A+' Grade by NAAC (CGPA 3.68/4.00)

College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

- B. Loss from specified business  
C. Loss under the head capital gains  
D. All of the above
17. To carry forward and set-off losses, a loss return must be filed by the assessee within the stipulated time and gets the loss determined by the Assessing Officer. However, this condition is not applicable to -  
A. Loss from house property  
B. Loss from speculation business  
C. Loss from discontinued business  
D. Loss from capital assets
18. Mr. DS has earned salary income of Rs. `5,00,000 and he has suffered loss from house property amounting Rs. `2,00,000. Speculation business loss – Rs. `1,00,000 Find out the gross total income.  
A. Rs. `5,00,000  
B. Rs. `3,00,000  
C. Rs. `2,00,000  
D. Rs.4,00,000
19. Mr. X has earned salary income of Rs. `5,00,000 and he has suffered loss from house property amounting Rs. `2,00,000. General business loss – Rs. `1,00,000 Find out the gross total income.  
A. Rs. `5,00,000  
B. Rs. `3,00,000  
C. Rs. `2,00,000  
D. Rs.4,00,000
20. Mr. X has earned general business income of Rs. `5,00,000 and he has suffered loss from house property amounting Rs. `2,00,000. Specified business loss under Section 35AD – Rs. `1,00,000 Find out the gross total income.  
A. Rs. `5,00,000  
B. Rs. `3,00,000  
C. Rs. `2,00,000  
D. Rs.4,00,000
21. Mr. X has earned Long term capital gains on sale of equity shares listed in recognised stock exchange on which STT paid at the time of acquisition and sale also\_ Rs. `7,20,000 Short term capital loss of Rs. `2,00,000. General business income of Rs. `5,00,000 Find out the gross total income.  
A. Rs. `5,00,000  
B. Rs. `10,20,000  
C. Rs. `12,20,000  
D. Rs.9,20,000



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22. Amit has speculation business loss brought forward of the assessment years 2013-14 Rs. `1,00,000; 2014-15 Rs. `70,000 and 2015-16 Rs. `60,000. He has income from the same speculation business for the assessment year 2019-20 Rs. `5,40,000. His total income chargeable to tax for assessment year 2019-20 would be -
- A. Rs. `3,10,000
  - B. Rs. `4,10,000
  - C. Rs. `4,80,000
  - D. Rs. `4,40,000
23. Find out the gross total income of Mr. A for assessment year 2019-20 from the following information- Income from salaries Rs. `80,000; Loss from house property Rs. `50,000; Profit from textile trade Rs. `40,000; Loss from Automotive trade Rs. `50,000.
- A. Rs. `20,000
  - B. Rs. `70,000
  - C. Rs. `30,000
  - D. Nil
24. Mr. Rahul have income from cloth business Rs. `1,00,000; Loss from agriculture Rs. `50,000; Long-term capital gain Rs. `60,000 and short term capital loss Rs. `80,000 find out his gross total income for assessment year 2019-20.
- A. Rs. `50,000
  - B. Rs. `1,00,000
  - C. Rs. `80,000
  - D. Rs. `30,000
25. Mr. Q has profit from speculation business Rs. `80,000; Profit from business A Rs. `1,00,000; Loss from business B Rs. `1,50,000 find out his gross total income for assessment year 2019-20.
- A. Rs. `80,000
  - B. Rs. `1,00,000
  - C. Rs. `1,50,000
  - D. Rs. `30,000
26. Mr. Ram had incurred loss in activity of owning and maintaining racehorses Rs. `90,000; Winnings from lottery (net) Rs. `70,000; Loss in card game of assessment year 2004-05 Rs. `4,000 find out his gross total income for AY 2019-20.
- A. Rs. `1,00,000
  - B. Rs. `6,000
  - C. Rs. `10,000
  - D. Nil
27. If an individual, having a sales turnover of Rs. `60 lakh files his return of income for the assessment year 2019- 20 after the due date, showing unabsorbed business loss of Rs. `23,000 and unabsorbed depreciation of Rs. `45,000, he can carry forward to the subsequent assessment years \_



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- A. Both unabsorbed business loss of Rs.`23,000 and unabsorbed depreciation of Rs.`45,000
- B. Only unabsorbed business loss of Rs.`23,000
- C. Only unabsorbed depreciation of Rs.`45,000
- D. Neither unabsorbed business loss of Rs. `23,000 nor unabsorbed depreciation of Rs.`45,000.
28. What can be the maximum amount of negative income of a self occupied house under the head "Income from house property ".
- A. Rs.`30,000
- B. Rs.`1,00,000
- C. Rs.`1,50,000
- D. Rs.`2,00,000
29. XYZ & Company, a partnership firm has three partners, X, Y and Z having equal share in profits of the firm. X retired on 31-12-2018, profits of the firm for year ending 31-3-2019 were Rs. `1,50,000 and brought forward business losses for assessment year 2017-18 was Rs.`1,20,000 and unabsorbed depreciation Rs. `40,000. Find the amount of brought forward loss that cannot be carried forward?
- A. Rs.`2,500
- B. Rs.`3,333
- C. Rs.`15,833
- D. Nil
30. In the above case find out the amount of accumulated loss/unabsorbed depreciation that can be carried forward to the next assessment year?
- A. Rs.`66,671
- B. Rs.`7,500
- C. Rs.`5,833
- D. Nil
31. Short-term capital loss can be set-off from -
- A. Short-term capital gains
- B. Long-term capital gains
- C. Both short-term and long-term capital gains
- D. Any income of the previous year.
32. Mr. B incurred short-term capital loss of Rs.`10,000 on sale of shares through the National Stock Exchange. Such loss can be set-off from -
- A. Only against short-term capital gains
- B. Against both short-term capital gains and long term capital gains
- C. Against any head of income
- D. None of the above.
33. Mr X has received the following incomes: (i) Salary received as a partner from a partnership firm Rs.`7,50,000. (ii) Loss on sale of shares listed in BSE Rs.`3 lakhs. Shares





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34. were held for 15 months and STT paid on sale and acquisition (iii) Long-term capital gain on sale of land `5 lakhs. His gross total income will be -
- Rs.`12,50,000
  - Rs.`9,50,000
  - Rs.`7,50,000
  - Rs.`5,00,000
35. Loss from the activity of owning and maintaining race horses could be set-off -
- Against income under any of the five heads of income
  - Only against income under the head 'income from other sources'
  - Only against income under the head 'profits gains of business or profession'
  - Only against income from same
36. For the previous year 2017-18, an assessee suffered a business loss of Rs. `2,50,000. His income from other sources is Rs. `1,80,000. His due date of return was 3rd July, 2018 but he submitted the return on 9th September, 2018. The assessee in this case ...
- Shall be allowed to carry forward the loss of Rs. `70,000
  - Shall not be allowed to carry forward any loss
  - Shall be allowed to set-off current year business loss to the extent of Rs.`1,80,000 but shall not be allowed to carry forward the balance loss of Rs.`70,000
  - Shall not be allowed to set-off the business loss to the extent of Rs. `1,80,000 and would be liable to tax on Rs. `1,80,000

## Answer Key

Question Number	Answer
1	(1), (2), (3) & (4)
2	Speculation business loss can be set off only against speculation business income.
3	Long term capital gain only
4	Even if return of loss is filed after due date
5	Income under the head salaries.
6	All of the above.
7	Profits of specified business business profits
8	Indefinite period
9	8 Years and 4 Years
10	8 Years and 8 Years
11	(i) Inter source set-off; (ii) Inter head set-off; and (iii) Set-off of brought forward losses.
12	Either (a) or (b)
13	Either (a) or (b)
14	Profits of any business/profession (including speculation business profit).
15	Only income from owning and maintaining race horses.
16	All of the above
17	Loss from house property



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College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

18	Rs. `3,00,000
19	Rs. `3,00,000
20	Rs. `3,00,000
21	Rs. 9,20,000
22	Rs. `4,80,000
23	Rs. `30,000
24	Rs. `1,00,000
25	Rs. `30,000
26	Rs. `1,00,000
27	Only unabsorbed depreciation of Rs.`45,000
28	Rs. `2,00,000
29	Rs. `2,500
30	Rs. `7,500
31	Both short-term and long-term capital gains
32	Against both short-term capital gains and long term capital gains
33	Rs.`9,50,000
34	Only against income from same
35	Shall be allowed to set-off current year business loss to the extent of Rs.`1,80,000 but shall not be allowed to carry forward the balance loss of Rs.`70,000

## CLUBBING IN CASE OF TRANSFER OF INCOME/ TRANSFER OF ASSETS - SECTION 60 TO 63

- Transfer of income without transfer of asset would be taxable in the hands of:
  - Transferor only
  - Transferee only
  - Either transferor or transferee
  - Both transferor and transferee
- A transfer which contains any provision for the re-transfer, directly or indirectly, of the whole or any part of the income or asset to the transferor, regarded as:
  - Transfer of income without transfer of asset
  - Indirect transfer
  - Revocable transfer
  - Irrevocable transfer
- X transfers his house property to a trust for benefit of Y till his death. In this case, till death of Y, the income from house property shall be taxable in the hands of and afterwards in the hands of ----
  - X, Y
  - X, legal heirs of Y
  - Y, legal heirs of Y
  - Y, X



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4. Mr. 'X' transfers his house property to Mr. Y with a condition that 25 of the income therefrom should be handed over to him Mr. Y earns Rs.`1,00,000 from such house property. In this case-
- A. Total amount Rs.`1,00,000 shall be assessed in the X.
  - B. Only Rs.`25,000 will be assessed in the hands of hands of X.
  - C. Rs.` 25,000 will be assessed in the hands of X and Rs.`75,000 will be assessed in the hand of Y.
  - D. Total amount Rs.`1,00,000 shall be assessed in the hands of Y.

## CLUBBING IN RESPECT OF INCOME OF SPOUSE, SONS WIFE, MINOR CHILD - SECTION 64

5. Mr. A, a fashion designer having lucrative business, pays salary to his wife, who is a model. Remuneration received by Mrs. A shall be included in the total income of :
- A. Mrs. A
  - B. Mr. A
  - C. Mrs. A or Mr. A (whose total income is higher before this clubbing)
  - D. Mr. A and Mrs. A proportionately.
6. The shares of Jetha Ltd. are held by, Mr. Jetha 8, Mrs.Jetha 10 and Mrs. Jetha's Father-in-law 6. Who amongst the following have substantial interest in Jetha Ltd.?
- A. Mr. Jetha
  - B. Mrs. Jetha
  - C. Mr. [etha and Mrs. Jetha, both
  - D. Neither Mr. [etha, nor Mrs. Jetha
7. If Mr. A and Mrs. A both have substantial interest in a concern and both are in receipt of remuneration from that concern, then what will be the tax consequences?
- A. Remuneration shall be clubbed in the total income of Mr. A.
  - B. Remuneration shall be clubbed in the total income of Mrs. A.
  - C. Remuneration shall be clubbed in the total income of that individual whose total income (before this clubbing) is higher.
  - D. Clubbing shall not apply.
8. Mr. A a transferred a capital asset to Mrs. A in natural love and affection. She transferred the capital asset to her friend and she earned a capital gains of Rs.`2,50,000. The capital gains income shall be regarded:
- A. Mrs. A
  - B. Mr. A
  - C. Mrs. A or Mr. A (whose total income is higher before this clubbing)
  - D. Mr. A and Mrs. A proportionately.
9. Shyam transferred 2,000 shares of X Ltd. to Ms. Babita without any consideration. Later, Shyam and Ms. Babita got married to each other. The dividend income from the shares transferred would be -



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- A. Taxable in the hands of Shyam both before and after marriage  
B. Taxable in the hands of Shyam before marriage but not after marriage  
C. Taxable in the hands of Shyam after marriage but not before marriage  
D. Never taxable in the hands of Shyam.
10. Rohit (a Chartered Accountant) is working as Accounts Officer in Raj (P) Ltd. on a salary of Rs. `20,000 p.m. He got married to Ms. Pooja who holds 25% shares of this company. What will be the impact of salary paid to Rohit by the company in the hands of Ms. Pooja –
- A. 100% salary to be clubbed  
B. 50% salary to be clubbed  
C. No amount be clubbed  
D. 25% salary be clubbed.
11. An individual is said to have substantial interest in a concern if he or she, along with his or her relatives, is, at any time during the previous year-
- A. Beneficial owner of equity shares carrying 20% or more of the voting power.  
B. Entitled to 20% or more of the profits of such concern  
C. Either (a) or (b)  
D. Both (a) and (b)
12. In the above case meaning of relative of an individual does not include the following -
- A. Grandfather's brother  
B. Spouse  
C. Brother and sister  
D. Grandfather-in-law of the spouse.
13. Income from assets transferred to spouse for inadequate consideration, clubbed in the total income of -
- A. Transferor  
B. Clubbing shall not apply  
C. Transferee  
D. None of these
14. Income from assets transferred to son's wife for inadequate consideration, shall be included in the total income of-
- A. Transferor  
B. Son's wife  
C. Both (a) and (b)  
D. Individual whose total income (before this clubbing) is higher.
15. In the above case, relationship between transferor and transferee should subsist at the time of -



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- A. Transfer of the asset
- B. Accrual of the income
- C. Either (a) or (b)
- D. Both (a) and (b)
16. Mr. A transfers his house property to his fiancée, in this case the income from house property shall be taxable in the hands of-
- A. Mr. A
- B. Mr. A's fiancée
- C. Such individual whose total income (before this clubbing) is higher.
- D. None of the above.
17. Exemption of will be available u/s 10(32) to the parent in respect of minor's income clubbed with the parent.
- A. Rs. `1,500
- B. Rs. `5,000
- C. Rs. `15,000
- D. Rs. `1,00,000
18. In case of clubbing of income of two minor children exemption of.....will be available.
- A. Rs. `1,500
- B. Rs. `3,000
- C. Rs. `1,000
- D. None of these
19. Income of minor child has to be included in the income of the assessee for determining rate of income tax applicable to income of the assessee.
- A. Agricultural
- B. Gross total
- C. Business
- D. None of these.
20. Income of a minor child shall be included in the income of -
- A. That parent whose total income (before this clubbing) is greater.
- B. Minor child
- C. That parent whose total income (before this clubbing) is lower.
- D. That parent whose total income (after this clubbing) is greater.
21. Income of a minor child on account of..... shall be taxable in his hands.
- A. Any manual work done by him.
- B. Any activity involving application of his skill, talent or specialized knowledge and experience.
- C. Either (a) or (b)
- D. None of these



# ST. ALOYSIUS' COLLEGE

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DST-FIST Supported & Star College Scheme by DBT.

22. Minor child includes -

- A. Step child
- B. Adopted child
- C. Both (a) & (b)
- D. None of these.

23. Mr. Mahesh's, minor son Suresh, earning interest Rs. `40,000 on fixed deposit with ABC Ltd., which was gifted to him by his grandfather. Mahesh's income is higher than that of Mrs. Mahesh. What will be the tax consequences?

- A. Rs. ` 40,000 shall be taxable in the hands of Suresh.
- B. Rs. `40,000 shall be clubbed in the total income of Mrs. Mahesh.
- C. Rs. ` 40,000 shall be clubbed in the total income of Mr. Mahesh
- D. Rs. `40,000 shall be taxable in the hands of ABC Ltd.

24. In the above case, if Suresh is blind then, -

- A. Rs. `40,000 shall be taxable in the hands of Suresh.
- B. Rs. `40,000 shall be clubbed in he total income of Mrs Mahesh.
- C. Rs. `40,000 shall be clubbed in he total income of Mr Mahesh.
- D. Rs. `40,000 shall be taxable in the hands of Mrs. Mahesh.

25. Mr.A transfers Rs`25,000 to Mrs. A.She purchases investment Rs.20,000 in X Ltd. out of such cash transferred to her by Mr. A. She earns interest Rs.`5,000 from such investment.Hence this al an-

- A. Cross transfer
- B. Indirect transfer
- C. Revocable transfer
- D. Irrevocable transfer

26. In the above case interest income Rs. `5,000 shall be included in the total income of -

- A. Mrs. A
- B. Mr. A
- C. Mrs. A or Mr. A (whose total income is higher before this clubbing)
- D. Mr. A and Mrs. A

27. Mr. Y gifts 12.75 debentures worth Rs.`10 lakhs to Mrs. X (wife of Mr. X, his brother) and Mr. X gifted a flat worth same amount to Mrs. Y. The flat yields a rental income of

Rs.`1,30,000 p.a. Interest income will be included in the total income of and rental income will be included in the total income of.....

- A. Mr. Y and Mrs. X respectively.
- B. Mrs. Y and Mr. X respectively.
- C. Mr. X and Mr. Y respectively.
- D. Mrs. Y and Mrs. X respectively.



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

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DST-FIST Supported & Star College Scheme by DBT.

28. Raja gifts Rs. ` 2 lakhs to his wife on 1-4-2018 which she invests in a firm on interest @18 p.a. On 1-1-2019, Mrs. Raja withdraws the money and gifts it to their son's wife. In this case interest of the period 1-4-2018 to 31-12-2018 and 1-1-2019 to 31-3-2019 shall be clubbed in the total income of.....
- A. Mr. and Mrs. Raja respectively.  
B. Mr. Raja  
C. Mrs. Raja and their son's wife respectively.  
D. Mrs. Raja
29. In whose total income, the income of a minor child is included -
- A. Father  
B. Mother  
C. Father and mother both  
D. Parent whose total income is greater.
30. When the income of an individual includes Rs. ` 20,000 as the income of his minor child in terms of section 64(IA), taxable income in this respect will be –
- A. Nil  
B. Rs. ` 20,000  
C. Rs. ` 18,500  
D. None of the above.
31. Income arising to a minor married daughter is -
- A. To be assessed in the hands of the minor married daughter  
B. To be clubbed with the income of that parent whose total income, before including minor's income, is higher  
C. Completely exempt from tax  
D. To be clubbed with the income of her husband.
32. The following income that accrue to a minor child will not be included in the total income of his parent.
- A. Income earned from fixed deposits transferred by his grand father.  
B. Income earned from house property transferred by his father  
C. Income earned from agricultural land transferred by his mother  
D. Income from participation in dance competition
33. Mr. DS has four minor children consisting 2 daughters and 2 sons. The annual income of 2 daughters was Rs. ` 7,500 and Rs. ` 5,000 and of sons was Rs. ` 5,500 and Rs. ` 1,250
34. respectively. The daughter who was having income of Rs. ` 5,000 was suffering from a disability specified under section 80U. Work out the amount of income earned by minor children to be clubbed in the hands of Mr. DS.
- A. Rs. ` 9,250  
B. Rs. ` 14,250  
C. Rs. ` 9,750



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DST-FIST Supported & Star College Scheme by DBT.

D. Rs. ` 10,000

35. A proprietary business was started by Smt. Rani in the year 2016. As on 1-4-2017 her capital in business was Rs. `3,00,000. Her husband gifted Rs. `2,00,000 on 10-4-2017, which amount Smt. Rani invested in her business on the same date. Smt. Rani earned profits from her proprietary business for the Financial year 2017-2018, Rs. ` 1,50,000 which remained invested in the business. The profit earned by Mrs. Rani in financial year 2018-2019 Rs. `3,90,000. Compute the income, to be clubbed in the hands of Rani's husband for the Assessment year 2019-2020 with reasons.

- A. Rs. `2,70,000
- B. Rs. `1,20,000
- C. Nil
- D. Rs. ` 3,90,000

36. Income from asset transferred to spouse will be taxable in the hands of transferor if :

- A. asset has been transferred in pursuance of an agreement to live apart;
- B. asset was transferred for an adequate consideration;
- C. asset was transferred before marriage;
- D. asset was transferred for inadequate consideration

37. Incomes of two minor children are included in the income of their father. Father is entitled to exemption under section 10(32) upto –

- A. Rs. `1,500
- B. Rs. `1,000
- C. Rs. `3,000
- D. Rs. `2,000.

## CONVERSION OF SELF-ACQUIRED PROPERTY INTO JOINT FAMILY PROPERTY

38. If the self acquired property of an individual (being a member of HUF) is \_ then the income derived by the joint family on account of such property shall be included in the total income of the individual who was the owner of such property.

- A. Converted into joint family property.
- B. Transferred by him directly or indirectly, to HUF otherwise than for adequate consideration.
- C. Transferred by him, directly or indirectly to HUF for adequate consideration.
- D. Either (a) or (b)

39. Where the converted property has been the subject-matter of a partition amongst the members of the family, the income derived from such converted property as is received by -----on partition shall be deemed to arise to the individual from assets

40. transferred indirectly by the individual to the -----and shall be clubbed in the hands of such individual.

- A. Minor child, minor child
- B. Brother, brother
- C. Spouse, spouse
- D. Sister, sister





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41. For the purposes of clubbing of income of the specified person in the income of the individual under section 64, the word 'income' includes \_\_\_\_\_
- A. Salaries
  - B. Loss
  - C. Capital gains
  - D. Income from other sources
42. Mr. A gifts cash of Rs. ` 1,00,000 to his brother's wife Mrs. B. Mr. B gifts cash of Rs. ` 1,00,000 to Mrs. A. From the cash gifted to her, Mrs. B invests in a fixed deposit, income therefrom is Rs.` 10,000. Aforesaid Rs.` 10,000 will be included in the total income of \_\_\_\_\_
- A. Mr. A
  - B. Mr B
  - C. Mrs. A
  - D. Mrs B

## ANSWER KEY

Question Number	Answer
1	Transferor only
2	Revocable transfer
3	Y, X
4	Rs.` 25,000 will be assessed in the hands of X and Rs.` 75,000 will be assessed in the hand of Y.
5	Mrs. A
6	Mr. Jetha
7	Remuneration shall be clubbed in the total income of that individual whose total income (before this clubbing) is higher.
8	Mr. A
9	Never taxable in the hands of Shyam.
10	No amount be clubbed
11	Either (a) or (b)
12	Grandfather's brother
13	Transferor
14	Transferor
15	Both (a) and (b)
16	Mr. A's fiancée
17	Rs.` 1,500
18	Rs.` 3,000
19	Agricultural
20	That parent whose total income (before this clubbing) is greater.
21	Either (a) or (b)



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DST-FIST Supported & Star College Scheme by DBT.

22	Both (a) & (b)
23	Rs.` 40,000 shall be clubbed in the total income of Mr. Mahesh
24	Rs.`40,000 shall be taxable in the hands of Suresh.
25	Indirect transfer
26	Mr. A
27	Mr. X and Mr. Y respectively.
28	Mr. Raja
29	Parent whose total income is greater.
30	Rs.` 18,500
31	To be clubbed with the income of that parent whose total income, before including minor's income, is higher
32	Income from participation in dance competition
33	Rs.` 10,000
34	Rs.` 1,20,000
35	asset was transferred for inadequate consideration
36	Rs.`3,000
37	Either (a) or (b)
38	Spouse, spouse
39	Loss
40	Mr B

## INCOME TAX MCQS

### UNIT – 5

#### ASSESSMENT & APPEAL PROCEDURE- SECTION 139 TO 264

- As per section 139( 1), a company shall have to file return of income:
  - when its total income exceeds Rs.`2,50,000
  - when its total income exceeds the maximum amount which is not chargeable to income-tax
  - in all cases irrespective of any income or loss earned by it
  - in all cases irrespective of any income earned by it
- As per section 139( 1), a firm shall have to file return of income:
  - when its total income exceeds Rs.`2,50,000
  - when its total income exceeds the maximum amount which is not chargeable to income
  - in all cases, irrespective of any income or loss made by it
  - in all cases irrespective of any income earned by it
- As per section 139(1), an individual other than a individual of age of 60 years or more shall have to file return of income if:
  - his total income before allowing deduction u/s 80C to 80U exceeds Rs.`2,50,000
  - his total income before allowing deduction u/s 80C to 80U exceeds Rs.3,00,000



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

Reaccredited 'A+' Grade by NAAC (CGPA 3.68/4.00)

College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

- C. his total income exceeds Rs. `2,00,000
- D. his total income before claiming exemption u/s 10(35) and before allowing deduction U/S 80C to 80U exceeds Rs. `2,50,000
4. As per section 139(1) an individual, who is of the age of 60 years but less than 60 years and resident in India shall have to file return of income if ----
- A. his total income exceeds Rs. 3,00,000
- B. his gross total income exceeds Rs. 3,00,000
- C. If his total income before allowing deduction U/S 80C to 80U exceeds Rs. 2,50,000.
- D. If his total income after allowing of deduction u/s 80C to 80U exceeds Rs. 3,00,000
5. An individual who is of the age of 60 years or more but non-resident in India shall have to file return of income if:
- A. his total income exceeds Rs. `3,00,000
- B. his total income before allowing deduction under section 80C to 80U exceeds Rs. `3,00,000
- C. his total income before allowing deduction under section 80C to 80U exceeds Rs. `2,50,000
- D. his total income before allowing deduction under section 80C to 80U exceeds Rs. `5,00,000
6. A woman who is resident in India and less than 60 years of age shall have to file the return of income if her total income exceeds:
- A. Rs. `2,00,000
- B. Rs. `2,50,000 before allowing deduction under section 80C to 80U
- C. Rs. `2,00,000 before allowing deduction under section 80C to 80U
- D. Rs. `3,00,000 before allowing deduction under section 80C to 80U
7. A woman who is non-resident in India and who is 60 years of age shall have to file the return of income if her total exceeds:
- A. Rs. `2,50,000 before allowing deduction under section 80C to 80U
- B. Rs. `2,50,000 after allowing deduction under section 80C to 80U
- C. Rs. `3,00,000 before allowing deduction under section 80C to 80U
- D. Rs. `5,00,000 before allowing deduction under section 80C to 80U
8. As per section 139(1), a person other than a company or a firm shall have to file return of income if:
- A. his total income exceeds Rs. `2,50,000
- B. his total income exceeds the maximum amount which is not chargeable to tax
- C. his total income exclusive of deduction under Chapter VIA exceeds the maximum amount which is not chargeable income tax
- D. in all cases irrespective of any income or loss
9. The total income of a trust before claiming exemption u/s 11 is Rs. `3,40,000 It is eligible for exemption U/S 11 to the extent Rs. `1,00,000. Such trust shall:



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

Reaccredited 'A+' Grade by NAAC (CGPA 3.68/4.00)

College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

- A. have to file a return of income
- B. not be required to file return of income as its taxable income is Rs. `2,40,000
- C. have to file a return of income as its taxable income is Rs. `3,40,000
- D. not be required to file return of income as its income is exempt u/s 11
10. A dies on 15.11.2018 and his total income till 15.11.2018 was Rs. `2,60,000. Thereafter the business of A was inherited by his son R & his total income from such business was Rs. `1,95,000. The son does not have any other income. In this case the son:
- A. has to file a consolidated return of income amounting to Rs. `4,55,000
- B. has to file two returns of income, one on behalf of his father for Rs. 2,60,000 & other in his own capacity for Rs.1,95,000.
- C. has to file one return of income on behalf of his father for Rs. `4,55,000
- D. has to file only one return of income on behalf of his father for Rs. `2,60,000
11. The last date of filing the return of income u/s 139( 1) for assessment year 2019 -20 in case of a Company assessee is:
- A. 30th September
- B. 30th September of the assessment year
- C. 31st March of the assessment year
- D. 30th November of the assessment year in case it is required to furnish report referred to in section 92E and 30th September of the assessment year in any other case
12. The last date of filing the return of income u/s 139(1) for assessment year 2019-20 in case of non corporate assessee who does not have any income UIH profits and gains from business or profession is:
- A. 31st July of the assessment year
- B. 30th September of the assessment year
- C. 31st March of the assessment year
- D. 30th November of the assessment year
13. The last date of filing the return of Income U/S 139(1) for assessment year 2019-20 in case of non-corporate business assessee whose accounts are not liable to be audited shall be:
- A. 31st July of the assessment year
- B. 30th June of the assessment year
- C. 30th September of the assessment year
- D. 30th November of the assessment year
14. The due date of filing the return of income for assessment year 2019-20 in case of a working partner of a firm whose accounts are liable to be audited shall be:
- A. 31st July of the assessment year
- B. 30th September of the assessment year
- C. 30th June of the assessment year.
- D. 30th November of the assessment year in case it is required to furnish report referred to in section 92E and 30th September of the assessment year in any other case





# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

Reaccredited 'A+' Grade by NAAC (CGPA 3.68/4.00)

College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

15. All companies other than those covered u/s 25 are required to file return of Income in:
  - A. Form ITR6
  - B. Form ITR5
  - C. Form ITR4
  - D. Form ITR7
  
16. An individual or HUF having income (other than presumptive income) U/H profits or gain from Business & Profession is required to file the return in:
  - A. Form ITR4
  - B. Form ITR3
  - C. Form ITR5
  - D. Form ITR7
  
17. E-filing of return in case of an office of the Government/company and a firm whose accounts are liable to be audited is:
  - A. mandatory
  - B. optional
  - C. mandatory when its income exceeds Rs. `5,00,000
  - D. mandatory when its income exceeds Rs. 10,00,000
  
18. The filing of return of loss in case of a person other than a company or firm is:
  - A. mandatory
  - B. not mandatory
  - C. mandatory if the assessee has to carry forward the loss which are allowed to be carried forward & set off
  - D. none of the above
  
19. If the assessee has to carry forward the loss, the return of loss must be submitted:
  - A. on or before the due date mentioned in section 139(1)
  - B. at any time before the end of the relevant assessment year
  - C. at any time before the expiry of one year from the end of the relevant assessment year
  - D. at any time before 30th September of the relevant assessment year
  
20. If there is a loss U/H house property, it will be allowed to be carried forward (if it could not be set off from other heads of income). In this case, however the assessee:
  - A. has to submit the return of loss before the due date mentioned under section 139(1)
  - B. need not submit the return of income
  - C. must submit the return of income but it can be a belated return submitted as per section 139(4)
  - D. none of the above
  
21. Belated return u/s 139(4) can be filed at any time:
  - A. before the expiry of one year from the end of the relevant assessment year
  - B. before the expiry of the relevant assessment year



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

Reaccredited 'A+' Grade by NAAC (CGPA 3.68/4.00)

College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

- C. before the expiry of the relevant assessment year or before the assessment is complete, whichever happens to be earlier
- D. before the expiry of one year from the end of the relevant assessment year or before the assessment is complete, whichever happens to be earlier
22. An assessee was issued a notice u/s 142(1)(i) to file his return of income within 30 days of the receipt of notice. He submitted his return within 30 days. Such return shall be treated as:
- A. belated return as per section 139(4) though filed within time
- B. return filed within time
- C. return filed within due date mentioned u/s 139(1)
- D. return filed within time if he is neither covered under section 139(1) and belated return as per section 139(4) though filed within time if he is covered either under section 139(1).
23. The assessee could not file his return of income for assessment year 2019-20 within the time allowed U/S 139(1). No assessment has so far been made. The assessee in this case can file his return of income till:
- A. 31.3.2018
- B. 31.3.2019
- C. 31.3.2020
- D. 31.12.2020
24. The assessee could not file his return of income for the previous year 2018-19 within the time allowed U/S 139(1). No assessment has so far been made. The assessee in this case can file his return of income till:
- A. 31.3.2018
- B. 31.3.2020
- C. 31.3.2019
- D. 31.12.2020
25. The assessee could not file his return of income for assessment year 2019-20 within the time allowed as per section 139(1). His assessment u/s 144 was completed on 15.2.2020 & it was communicated to him on 19.2.2020. The assessee in this case could file the belated return till:
- A. 14.2.2020
- B. 15.2.2020
- C. 18.2.2020
- D. 31.3.2020
26. For the previous year 2017-18 assessee has suffered a business loss of Rs. `2,50,000. His income from other sources is Rs.1,80,000. His due date of return was 31.7.2018 but he submitted the return on 9.9.2018, the assessee in this case:
- A. shall be allowed to carry forward the loss of Rs.70,000
- B. shall not allowed to carry forward any loss



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

Reaccredited 'A+' Grade by NAAC (CGPA 3.68/4.00)

College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

- C. shall be allowed to set off current year business loss to the extent of Rs. ` 1,80,000 but shall not be allowed to carry forward the balance loss of Rs.70,000
- D. shall not allowed to set off the business loss to the extent of Rs.1,80,000 & would be liable to tax on Rs. 1,80,000
27. For the previous year 2017-18, the assessee incurred loss under the head, income from house property amounting to H, Rs.20,000. His other income for the same previous year is Rs. ` 50,000. The due date of filing the return of income is 31.7.2018 but he submitted the return of income on 9.9.2018. In this case the assessee:
- A. shall be allowed to carry forward the loss of Rs.70,000
- B. shall not be allowed to carry forward the loss of Rs.70,000
- C. shall be allowed to carry forward the loss of Rs.1,20,000
- D. none of the above
28. For P/Y 2017-18, the business income of the assessee, before providing current year depreciation of Rs.3,00,000 was Rs.`2,40,000. His due date for furnishing the return of
29. income was 30.9.2018 but he submitted the return on 15.12.2018. In this case, the assessee shall:
- A. be allowed to carry forward unabsorbed depreciation of Rs. 60,000
- B. not be allowed to carry forward unabsorbed depreciation of Rs.60,000
- C. be allowed to carry forward unabsorbed depreciation of Rs.3,00,000
- D. none of the above
30. For the previous year 2017-18, the business loss of the assessee was Rs.1,00,000 and the current year depreciation was Rs.1,40,000. The assessee furnished the return of income on 15.12.2018 although the due date was 30.9.2018. In this case the assessee shall:
- A. be allowed to carry forward business loss of Rs.1,00,000 and unabsorbed depreciation of Rs.1,40,000
- B. neither be allowed to carry forward business loss nor the unabsorbed depreciation
- C. not be allowed to carry forward business loss but shall be allowed to carry forward unabsorbed depreciation
- D. none of the above
31. The assessee in response to a notice u/s 142( 1) submitted a return of loss of Rs.1,10,000 within the time allowed in the said notice. In this case the assessee:
- A. shall be allowed to carry forward such loss as the return is filed within the time allowed:
- B. shall not be allowed to carry forward such loss
- C. shall not be allowed to carry forward such loss as the return is not filed u/s 139
- D. none of the above
32. The due date of furnishing the return of income for assessment year 2019-20 in case of charitable trust is:



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

Reaccredited 'A+' Grade by NAAC (CGPA 3.68/4.00)

College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

- A. 30th June of the assessment year  
B. 31 st July of the assessment year  
C. 30th September of the assessment year  
D. 30th November of the assessment year
33. DS finds some mistake in the return of income submitted by him on 5.6.2019 for assessment year 2019-20. He wishes to revise such return. No assessment has been done in this case. R can revise such return till:
- A. 31.3.2018  
B. 31.3.2020  
C. 31.3.2019  
D. 31.12.2019
34. DS Ltd., who submitted the return of income for assessment year 2019-20 on 5.12.2019 finds some mistake in the return submitted by it. In this case DS Ltd.,
- A. can revise the return of income till 31.3.2018  
B. can revise the return of income till 31.3.2019  
C. cannot revise such return of income  
D. can revise the return of income till 31.12.2019
35. DS did not file any return of income for assessment year 2019-20 although he was required to do so by 31.7.2019. He was issued notice u/s 142(1) to file return of income which he furnished within the time allowed in the notice. He, later on finds some mistake in the return. In this case R:
- A. can revise such return  
B. cannot revise such return  
C. can revise such return but the loss, if any, cannot be carried forward  
D. none of the above
36. The notice under section 143(2) must be served within:
- A. 12 months from the date of filing of return  
B. 12 months from the due date of filing the return U/S 139(1) or from the date of filing of return of income  
C. 6 months from the end of the financial year in which the return was furnished  
D. 6 months from the end of month in which the return was furnished
37. Intimation U/S 143(1) cannot be sent after the expiry of:
- A. 4 years from the end of the month in which return of time was furnished  
B. 2 years from the end of the month in which return of income was furnished  
C. 2 years from the end of the assessment year in which the income was so assessable  
D. One year from the end of the financial year in which the return is made
38. Return of income of assessment year 2019-20 was furnished on 16.8.2019. Intimation in respect of such assessment year must be sent by:





# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

Reaccredited 'A+' Grade by NAAC (CGPA 3.68/4.00)

College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

- A. 31.3.2019  
B. 31.3.2018  
C. 31.3.2021  
D. 31.12.2020
38. Assessment under section 143(3) for assessment year 2014-15 was completed 10.12.2016. Thereafter on 1.6.2018 the Assessing Officer notices that income of Rs.`72,000 had escaped assessment. The Assessing Officer in this case could issue notice till:
- A. 31.3.2018  
B. 31.3.2019  
C. 31.3.2020  
D. 31.3.2021
39. The last date for issue of notice U/S 148 was 31.3.2019. The Assessing Officer issued the notice on 31.3.2019 which was received by the assessee on 4.4.2019. In this case, the notice:
- A. is not a valid notice  
B. is a valid notice  
C. is not a valid notice as it should be received by the assessee on or before 31.3.2019  
D. none of the above
40. Assessment u/s 143(3) for assessment year 2013-14 was completed on 28.12.2014. On 28.12.2018 the Assessing Officer notices that income of Rs.`90,000 has escaped assessment. The notice U/S 148 in this case can/could be issued till:
- A. 31.3.2017  
B. 31.3.2018  
C. 31.3.2019  
D. 31.12.2020
41. Assessment U/S 144 for assessment year 2012-13 was completed on 25.12.2013 at Rs. 3,00,000. On 28.10.2018 the Assessing Officer issued a notice U/S 148 as the income of Rs.`65,000 had escaped assessment. The notice issue is:
- A. valid notice  
B. not a valid notice  
C. valid notice as it can be issued within 6 years  
D. none of the above
42. If the person on whom a notice under section 148 is to served is a person treated as agent of a non-resident, such notice cannot be issued:
- A. after the expiry of 4 years from the end of the relevant A/Y for which notice for reassessment is to be issued  
B. after the expiry of 6 years from the end of the relevant assessment year  
C. after the expiry of 7 years from the end of the relevant assessment year  
D. after the expiry of 2 years from the end of the relevant assessment year



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

Reaccredited 'A+' Grade by NAAC (CGPA 3.68/4.00)

College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

43. The time limit for completion of assessment under section 143/144 shall be after 1/4/2019 onward:
- A. 21 months from the end of the relevant assessment year in which income was first assessable
  - B. 12 months from the end of the relevant assessment year which income was first assessable
  - C. 18 month from the end of the month in which the return was so furnished
  - D. 36 months from the end of the relevant assessment year which income was first assessable
44. The time limit for completion of assessment/reassessment u/s 147 shall be if date of issue of notice before 1/4/2019:
- A. 9 months from the end of the financial year in which notice U/S 148 was served on the assessee
  - B. 2 years from the end of the financial year in which notice U/S 148 was served on the assessee
  - C. 4 years from the end of the financial year in which notice u/s 148 was served on the assessee
  - D. 3 years from the end of the financial year in which notice u/s 148 was served on the assessee
45. The time limit for completion of assessment/reassessment u/s 147 shall be if date of issue of notice after 1/4/2019:
- A. 12 months from the end of the financial year in which notice U/S 148 was served on the assessee
  - B. 2 years from the end of the financial year in which notice U/S 148 was served on the assessee
  - C. 4 years from the end of the financial year in which notice u/s 148 was served on the assessee
  - D. 3 years from the end of the financial year in which notice u/s 148 was served on the assessee
46. The assessee furnished the return of income for the assessment year 2018 -19 on 28.3.19. The assessing officer in this case should complete the assessment by:
- A. 31.12.2020
  - B. 30.9.2020
  - C. 28.3.2020
  - D. 31.12.2019
47. For assessment year 2013-14, assessment U/S 143(3) was completed on 10.12.2015, assessing the income at RS. 8,00,000. On 29.3.2019, the Assessing Officer issued
48. notice for reassessment of income as he notices a sum of Rs. 1,20,000 has escaped assessment. The above notice was issued on 29.3.2019 but was received by the assessee on 3.4.2019. In this case the reassessment should be completed by:
- A. 31.3.2018



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

Reaccredited 'A+' Grade by NAAC (CGPA 3.68/4.00)

College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

- B. 31.12.2019
- C. 31.3.2019
- D. 31.3.2020

48. For assessment year 2017-18, the assessment was made by the Assessing Officer U/S 143(3) for Rs.3,00,000 whereas the income returned was Rs.`2,70,000. The CIT on a revision petition set aside the above order u/s 264. The said order was passed by CIT on 29.3.2019 which was received by the Assessing Officer and the assessee on 3.4.2019. In this case the assessment should be completed by:

- A. 31.12.2019
- B. 31.3.2019
- C. 29.3.2019
- D. 31.12.2018

49. The amendment of an order under section 154 can be made:

- A. within four years from the date when the order sought to be amended was passed
- B. within four years from the date of receipt of such order by the assessee
- C. within four years from the end of the financial year in which the order sought to be amended was passed
- D. within six months from the end of the financial year in which the order sought to be amended was passed

50. Where an income in relation to any asset (including financial interest in any entity) located outside India has escaped assessment, notice under section 148 cannot be issued:

- A. after the expiry of 6 years from the end of the relevant A/Y for which notice for reassessment is issued
- B. after the expiry of 10 years from the end of the relevant assessment year
- C. after the expiry of 16 years from the end of the relevant assessment year
- D. after the expiry of 20 years from the end of the relevant assessment year

51. Where a search is initiated under section 132, the Assessing Officer shall assess or reassess the total income of

- A. four A/Y immediately preceding the assessment year relevant to the P/Y in which such search is conducted
- B. five A/Y immediately preceding the assessment year relevant to the P/Y in which such search is conducted
- C. six A/Y immediately preceding the assessment year relevant to the P/Y & beyond 6 years upto 10 years only if , income escaped for such 4 years in aggregate > Rs. 50 Lakh, in which such search is conducted
- D. sixteen A/Y immediately preceding the assessment year relevant to the P/Y in which such search is conducted



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

Reaccredited 'A+' Grade by NAAC (CGPA 3.68/4.00)

College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

52. Where a search is initiated under section 132, the Assessing Officer shall issue notice to such person requiring him to furnish within such period as may be specified in the notice
- return of income of six P/Y immediately preceding the A/Y relevant to P/Y in which search was conducted u/s 132
  - return of income of six A/Y & beyond 6 years upto 10 years only if , income escaped for such 4 years in aggregate > Rs. 50 Lakh, immediately preceding the A/Y relevant to P/Y in which search was conducted u/s 132
  - return of income of seven A/Y immediately preceding A/Y relevant to P/Y in which search was conducted u/s 132
  - return of income of six A/Y immediately preceding the A/Y relevant to the P/Y in which the search was conducted u/s 132 and for the A/Y in which was the search was conducted
53. The Assessing Officer shall make an order of assessment or reassessment in respect of each assessment year, falling within six assessment years under section 153A within a period of before 1/4/18
- 9 months from the end of the financial year in which the last of the authorisations for search u/s 132
  - 12 months from the end of the financial year in which the last of the authorisations for search u/s 132
  - 21 months from the end of the financial year in which the last of the authorisations for search u/s 132
  - 24 months from the end of the financial year in which the last of the authorisations for search u/s 132
54. Time limit of completion of assessment year relevant to the previous year in which search is conducted shall be
- a period of 21 months from the end of the financial year in which the last of the authorisations for search u/s 132
  - a period of 21 months from the end of the assessment year in which the last of the authorisations for search u/s 132
  - a period of 21 months [33 months, in case a reference is made u/s 92CA(I) to TPO] from the end of the financial year in which the last of the authorisations for search u/s 132
  - a period of 21 months [33 months, in case a reference is made u/s 92CA(1) to TPO] from the end of the assessment year in which the last of the authorisations for search u/s 132
55. Powers of CIT u/s 263 for making
- Appeal
  - Revision
  - Intimation
  - Scrutiny Assessment



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

Reaccredited 'A+' Grade by NAAC (CGPA 3.68/4.00)

College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

56. Concept of partial merger is not applicable to -
- Section 147
  - Section 263
  - Section 154
  - Section 264
57. For ITAT special powers of stay is available and stay will automatically Get vacated if matter is not decided in time of.
- 6 months
  - 9 months
  - 12 months
  - 18 months
58. ITAT all decisions are taken by majority of member's, if the Members are equally divided then the final vote will have of .
- President
  - Chairman
  - Assessing officer
  - Majority Of member
59. Important points about appeals is
- Concept of additional evidence (normally additional evidence is not allowed by appellate authority however on merits it can be allowed.)
  - Concept of additional grounds (normally additional grounds is not allowed by appellate authority however on merits it can be allowed.)
  - A & B
  - A or B
60. In case of an application made by the assessee u/s 154, the income-tax authority shall rectify the order/refuse the rectification within \_\_\_\_\_ from the end of the month in which the application is received by the authority.
- 4 years
  - 2 years
  - 1 year
  - 6 months
61. Any mistake which is apparent from the record in any order passed by the Assessing Officer can be rectified under section \_\_\_\_\_.
- 154
  - 147
  - 143
  - 254
62. No order of rectification can be passed after the expiry of \_\_\_\_\_ from the end of the financial year in which order sought to be rectified was passed



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

Reaccredited 'A+' Grade by NAAC (CGPA 3.68/4.00)

College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

- A. 2
- B. 3
- C. 4
- D. 6

63. Notice u/s 143(2) (i.e. notice of scrutiny assessment) should be served within a period of \_\_\_\_\_ from the end of the financial year in which the return is filed.

- A. 6 months
- B. 12 months
- C. 24 months
- D. 18 months

64. The objective of carrying out assessment u/s 147 is to bring under the tax net \_\_\_\_\_

- A. Any money, bullion, jewellery, valuable article, etc. which are undisclosed
- B. Any income which has escaped assessment
- C. Any of the above
- D. Both of the above

65. Assessment under following section is termed as scrutiny assessment

- A. 143(3)
- B. 144
- C. Both of the above
- D. None of the above

66. Which of the following can be corrected while processing the return of income under section 143(1)?

- A. any arithmetical error in the return
- B. any error in the return of income
- C. any mistake in the return of income
- D. any claim by the taxpayer which is against law

67. Intimation u/s 143(1) can be sent within a period of \_\_\_\_\_ year from the end of the financial year in which the return of income is filed

- A. 1
- B. 2
- C. 3
- D. 4

68. An appeal to the Commissioner of Income-tax (Appeals) shall be filed in Form No. \_\_\_\_\_.

- A. 35
- B. 36
- C. 34C
- D. 35B



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

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69. Section \_\_\_\_\_ specifies the orders against which an appeal can be filed before the Commissioner of Income tax (Appeals).
- A. 246A
  - B. 260A
  - C. 253
  - D. 261
70. The Commissioner of Income-tax (Appeals) is the \_\_\_\_\_ appellate authority
- A. First
  - B. Second
  - C. Third
  - D. Fourth
71. The assessment of Satpura Ltd. was completed under section 143(3) with an addition of Rs.18 lakhs to the returned income. Satpura Ltd. preferred appeal before the Commissioner (Appeals) which is pending now. Which of the following statements is incorrect?
- A. The A.O. can initiate reassessment proceedings in respect of income chargeable to tax which has escaped assessment, provided such income which has escaped assessment does not form part of the additions of Rs.18 lakhs to the returned income, which is the subject matter of appeal.
  - B. The A.O. can pass an order under 154(1) to rectify a mistake apparent from the record, provided the rectification is in relation to a matter, other than the matter which has been considered and decided in the appeal before Commissioner (Appeals).
  - C. Under section 264, the Commissioner can revise the order pending before the Commissioner (Appeals), if the revision pertains to a matter, other than the matter(s) covered in the appeal before Commissioner (Appeals)
  - D. Under section 263, if the order is prejudicial to the interests of the revenue, the Commissioner can revise the order pending before the Commissioner (Appeals), if the revision pertains to a matter, other than the matter(s) covered in the appeal before Commissioner (Appeals)
72. ABC Charitable trust registered u/s 12AA, was formed with the main objective of providing medical relief in the year 2017-18. The total income of the trust before exemption u/s 11 and 12, were Rs.5,50,000 in the P.Y. 2017-18. The trustee of the trust wants you to be the tax consultant and wishes to know the due date for filing of return for A.Y. 2018-19;
- A. 31.07.2018
  - B. 30.09.2018
  - C. 31.10.2018
  - D. 30.11.2018
73. In case of a company, the assessment proceedings u/s 143(3) for A.Y. 2016-17 was completed on 31.05.2018. The assessment order was issued on 31.05.2018 and which was served on the assessee on 06.06.2018. The notice of demand was served



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

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College with Potential for Excellence (CPE) by UGC

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on the assessee on 10.06.2018. The assessee is aggrieved by the order of the Assessing Officer and wish to file an appeal with the CIT (A). What is the time limit by which the assessee has to file an appeal?

- A. No time limit
- B. Within 30 days from the date of issue of assessment order
- C. Within 30 days from the date of issue of service of assessment order
- D. Within 30 days from the date of issue of service of notice of demand

74. In continuation of the facts given in the Q.73, is there any prescribed Form in which appeal has to be filed? If yes, in which form?

- A. Form 36
- B. Form 35
- C. Form 15
- D. No prescribed Form

75. In continuation of the facts given in the Q.73, who is authorised to verify the appeal?

- A. Only the Managing Director
- B. Managing Director; If there is no managing director, then, by any director of the company
- C. Any person who is authorised to do so by the company
- D. Chartered Accountant of the company

76. Mr A is planning to enjoy his summer vacation in Goa and is considering booking rooms in a hotel. He has booked two rooms, one for his brother and one for himself and the room charges for the entire period is Rs.75,000 equally divided between both of them. However, the payment to the hotel is to be made by Mr A and he will make the payment in cash. Mr A has enquired whether he needs to give copy of PAN while making payment to hotel;

- A. No, copy of PAN is required when the payment exceeds Rs.1 lakh
- B. Yes, copy of PAN is required to be furnished
- C. No, as the amount relating to each person is less than Rs.50,000
- D. None of above

77. Mr A is planning to invest in bonds to be issued by Reserve Bank of India (RBI) for INR 99,000 in June 2018. Determine whether Mr A is required to furnish copy of PAN while acquiring bonds to be issued by RBI;

- A. Yes, as the payment exceeds Rs.50,000
- B. No, the threshold for submission of PAN is Rs.1,00,000
- C. No, the threshold for submission of PAN is Rs.2,00,000
- D. No, the threshold for submission of PAN is Rs.5,00,000

78. M/s PQR Limited is planning to purchase immovable property worth Rs.29,00,000. The company has asked you to determine the requirement for furnishing of PAN in this case;





# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

Reaccredited 'A+' Grade by NAAC (CGPA 3.68/4.00)

College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

- A. No, as the cost of immovable property is less than Rs.30,00,000  
B. No, PAN is required only in case of movable property  
C. Yes, since the amount exceeds Rs.10,00,000  
D. None of above
79. If the assessee, Mr C, has paid self-assessment tax and the amount so paid falls short of the aggregate amount of tax, interest and fee for A.Y. 2018-19, what would be criteria for adjustment of self- assessment tax paid by the assessee:  
A. The amount so paid shall be first adjusted towards fee payable, if any, then towards interest and balance, if any left, towards tax payable.  
B. The amount so paid shall be first adjusted towards tax payable, then towards interest and balance, if any left, towards fee payable.  
C. The amount so paid shall be first adjusted towards interest payable, thereafter against tax payable and the balance, if any, shall be towards fee payable.  
D. The amount so paid shall be first adjusted towards interest payable, thereafter against fee payable and the balance, if any, shall be towards tax payable.
80. There are certain specified financial transactions in which quoting of PAN is mandatory. If a person intending to enter into such transaction does not hold PAN then, he has to furnish;  
A. Form 60  
B. Form 49A  
C. Form 49C  
D. Form 49AA
81. Mr. Sameer has gone to buy Honda Activa and vendor quoted the price of the Honda Activa Rs.40,000. He has consulted you to provide the threshold for furnishing of PAN on purchase of two vehicles. PAN has to be furnished  
A. in case the value of each vehicle exceeds Rs.50,000  
B. in case the value of both vehicles exceeds Rs.50,000  
C. in case of payment in cash of an amount exceeding Rs.50,000  
D. No need to furnish PAN
82. An individual client has consulted you on the matter of PAN. He is carrying on the business of sale & purchase of garments. His turnover is Rs.3,00,000 and the profit is Rs.75,000 for the P.Y. 2018-19. He has asked you to provide him threshold of turnover exceeding which he has to apply for PAN, if any;  
A. Rs.2,00,000  
B. Rs.2,50,000  
C. Rs.3,00,000  
D. Rs.5,00,000
83. Mr. A is not a citizen of India. He wants to apply for PAN in India and he has consulted you to provide him the applicable form for application of PAN. What would be correct Form;



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

Reaccredited 'A+' Grade by NAAC (CGPA 3.68/4.00)

College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

- A. Form 49A
- B. Form 49B
- C. Form 49AA
- D. None of above

## ANSWER KEY

Question Number	Answer
1	in all cases irrespective of any income or loss earned by it
2	in all cases, irrespective of any income or loss made by it
3	his total income before allowing deduction u/s 80C to 80U exceeds Rs. `2,50,000
4	If his total income before allowing deduction U/S 80C to 80U exceeds Rs. 2,50,000.
5	his total income before allowing deduction under section 80C to 80U exceeds Rs. `2,50,000
6	Rs. `2,50,000 before allowing deduction under section 80C to 80U
7	Rs. `2,50,000 before allowing deduction under section 80C to 80U
8	his total income exclusive of deduction under Chapter VIA exceeds the maximum amount which is not chargeable income tax
9	have to file a return of income
10	has to file only one return of income on behalf of his father for Rs. `2,60,000
11	30th November of the assessment year in case it is required to furnish report referred to in section 92E and 30th September of the assessment year in any other case
12	31st July of the assessment year
13	31st July of the assessment year
14	30th November of the assessment year in case it is required to furnish report referred to in section 92E and 30th September of the assessment year in any other case
15	Form ITR6
16	Form ITR3
17	mandatory
18	mandatory if the assessee has to carry forward the loss which are allowed to be carried forward & set off
19	on or before the due date mentioned in section 139(1)
20	must submit the return of income but it can be a belated return submitted as per section 139(4)
21	before the expiry of the relevant assessment year or before the assessment is complete, whichever happens to be earlier
22	return filed within time if he is neither covered under section 139(1) and belated return as per section 139(4) though filed within time if he is covered either under section 139(1).
23	31.3.2020
24	31.3.2020
25	14.2.2020
26	shall be allowed to set off current year business loss to the extent of Rs. ` 1,80,000 but shall not be allowed to carry forward the balance loss of Rs.70,000
27	none of the above
28	be allowed to carry forward unabsorbed depreciation of Rs. 60,000
29	not be allowed to carry forward business loss but shall be allowed to carry forward unabsorbed depreciation



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

Reaccredited 'A+' Grade by NAAC (CGPA 3.68/4.00)

College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

30	shall not be allowed to carry forward such loss
31	30th September of the assessment year
32	31.3.2020
33	cannot revise such return of income
34	. cannot revise such return
35	6 months from the end of the financial year in which the return was furnished
36	One year from the end of the financial year in which the return is made
37	31.3.2021
38	31.3.2019
39	is a valid notice
40	31.3.2018
41	not a valid notice
42	after the expiry of 6 years from the end of the relevant assessment year
43	12 months from the end of the relevant assessment year which income was first assessable
44	9 months from the end of the financial year in which notice U/S 148 was served on the assessee
45	12 months from the end of the financial year in which notice U/S 148 was served on the assessee
46	30.9.2020
47	31.12.2019
48	31.12.2019
49	within four years from the end of the financial year in which the order sought to be amended was passed
50	after the expiry of 16 years from the end of the relevant assessment year
51	six A/Y immediately preceding the assessment year relevant to the P/Y & beyond 6 years upto 10 years only if , income escaped for such 4 years in aggregate > Rs. 50 Lakh, in which such search is conducted
52	return of income of six A/Y & beyond 6 years upto 10 years only if , income escaped for such 4 years in aggregate > Rs. 50 Lakh, immediately preceding the A/Y relevant to P/Y in which search was conducted u/s 132
53	21 months from the end of the financial year in which the last of the authorisations for search u/s 132
54	a period of 21 months [33 months, in case a reference is made u/s 92CA(I) to TPO] from the end of the financial year in which the last of the authorisations for search u/s 132
55	Revision
56	Section 264
57	6 months
58	President
59	A & B
60	6 months
61	154
62	4
63	6 months
64	Any income which has escaped assessment
65	143(3)
66	any arithmetical error in the return



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

Reaccredited 'A+' Grade by NAAC (CGPA 3.68/4.00)

College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

67	1
68	35
69	246A
70	First
71	Under section 264, the Commissioner can revise the order pending before the Commissioner (Appeals), if the revision pertains to a matter, other than the matter(s) covered in the appeal before Commissioner (Appeals)
72	30.09.2018
73	Within 30 days from the date of issue of service of notice of demand
74	Form 35
75	Managing Director; If there is no managing director, then, by any director of the company
76	Yes, copy of PAN is required to be furnished
77	Yes, as the payment exceeds Rs.50,000
78	Yes, since the amount exceeds Rs.10,00,000
79	The amount so paid shall be first adjusted towards fee payable, if any, then towards interest and balance, if any left, towards tax payable.
80	Form 60
81	No need to furnish PAN
82	Rs.5,00,000
83	Form 49AA

## CERTAIN PROVISIONS ON PENALTIES & PROSECUTION

- If any person fails to keep and maintain any such information and document as required by sec. 92D in respect of an international transaction or specified domestic transaction, the Assessing Officer or Commissioner (Appeals) may direct that such person shall pay, by way of penalty, a sum equal to \_\_\_\_
  - Rs. ` 5,00,000
  - 2% of the value of each international transaction or specified domestic transaction entered into by such person
  - Rs. ` 1,00,000
  - 1% of the value of each international transaction or specified domestic transaction entered into by such person
- Principal Commissioner or Commissioner of Income-tax is empowered to grant relief from penalty to tax payers in genuine cases. Such power is granted under section 273A and section \_\_\_\_\_.
  - 273B
  - 273AA
  - 273
  - 274
- If the amount of income in respect of which the penalty is imposed or imposable for the relevant year(s) exceeds ` \_\_\_\_\_, then no order reducing or waiving the penalty under



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

Reaccredited 'A+' Grade by NAAC (CGPA 3.68/4.00)

College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

section 273A(1) shall be made by the Principal Commissioner or Commissioner, except with the previous approval of the Principal Chief Commissioner or Chief Commissioner or Principal Director General or Director General, as the case may be

- A. Rs.1,00,000
- B. Rs.2,00,000
- C. Rs.5,00,000
- D. Rs.10,00,000

4. If a person fails to comply with the provisions relating to PAN (i.e. obtaining PAN, quoting PAN, etc.), then penalty can be levied under section \_\_\_\_\_

- A. 270A
- B. 272
- C. 272A
- D. 272B

5. The minimum penalty for failure to comply with a notice under section 142(1) shall be \_\_\_\_\_

- A. Rs.10,000
- B. Rs.5,000
- C. Rs.20,000
- D. Rs.25,000

6. The maximum penalty leviable for failure to get accounts audited or to furnish report u/s 44AB is ?

- A. Rs.75,000
- B. Rs.1,00,000
- C. Rs.1,50,000
- D. Rs.3,00,000

7. Under section 270A penalty attract of Rs. Up to

- A. 50% of tax payable on under- reported income & the penalty can be as high as 200% of the tax payable on the misreported income.
- B. 100% of tax payable on under- reported income & the penalty can be as high as 200% of the tax payable on the misreported income
- C. 50% of tax payable on under- reported income & the penalty can be as high as 100% of the tax payable on the misreported income
- D. 50% of tax payable on under- reported income & the penalty can be as high as 1500% of the tax payable on the misreported income

8. Mr, DS has total income of Rs. 7 lakh for A.Y 2019-20. He files his return of income for A.Y 2019-20 on 13 January ,2020. He is liable for fees of

- A. Rs. 1,000 under section 234F
- B. Rs. 5,000 under section 234F
- C. Rs. 10,000 under section 234F
- D. Not liable to pay any fees



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

Reaccredited 'A+' Grade by NAAC (CGPA 3.68/4.00)

College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

9. Mr, Ds has total income of Rs. 4,50,000 for A.Y 2019-20. He files his return of income for A.Y 2019-20 on 2 December ,2019. He is liable for fees of
- Rs. 1,000 under section 234F
  - Rs. 5,000 under section 234F
  - Rs. 10,000 under section 234F
  - Not liable to pay any fees
10. Mr, DS has total income of Rs. 8 lakh for A.Y 2019-20. He files his return of income for A.Y 2019-20 on 28th August ,2020. He is liable for fees of
- Rs. 1,000 under section 234F
  - Rs. 5,000 under section 234F
  - Rs. 10,000 under section 234F
  - Not liable to pay any fees
11. DS Ltd has failed to report an international transaction entered by it with PQR Inc., which is a specified foreign company in relation to XYZ Ltd. What would be penalty leviable in this case-
- 2% of the value of transaction
  - Rs. 1,00,000
  - 200% of tax payable on under- reported income
- Only (i)
  - Only (iii)
  - (i) & (ii)
  - (i) & (iii)
12. Person fails to keep, maintain, or retain books of account, documents, etc., as required under section 44AA, penalty shall be leviable –
- Under section 271A, Rs 10,000
  - Under section 271 A, Rs. 25,000
  - Under section 271B, Rs. 25,000
  - Under section 271B, Rs. 10,000
13. Failure to comply with notice u/s 142(1), 143(2) or direction u/s 142 (2A) penalty leviable under which section and how much-
- Under section 271(1)(b), Rs 10,000 for each failure
  - Under section 271 (1)(b), Rs. 25,000 for each failure
  - Under section 271B, Rs. 25,000 for each failure
  - Under section 271B, Rs. 10,000
14. Wilful attempt to evade tax, penalties etc-
- If you try to evade the taxes, interest or penalties payable by you in any manner or you have under reported your income exceeding Rs.25 lakh( non cognizable as per section 279A), then you are liable to face prosecution proceedings under this section 276C, then imprisonment shall be for-



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

Reaccredited 'A+' Grade by NAAC (CGPA 3.68/4.00)

College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

- A. Minimum 6 months, maximum extend upto 7 years  
B. Minimum 3 months, maximum extend upto 2 years  
C. Minimum 6 months, maximum extend upto 2 years  
D. Minimum 3 months, maximum extend upto 7 years
15. Removal, concealment, transfer or delivery of property to thwart tax recovery shall be imprisonment for Any Period upto 2 years and fine under section-
- A. 276  
B. 275  
C. 276A  
D. 276B
16. . In the course of search operations under section 132 in the month of May, 2019, Mr. Aakash makes a declaration under section 132(4) on the earning of income not disclosed in respect of P.Y. 2018- 19. He also explains the manner in which he has derived such income and he pays the tax together with interest on such income and declares such income in the return of income filed by him in the month of July, 2019. Is penalty leviable in this case?
- A. No penalty is attracted since Mr. Aakash has voluntarily made a declaration under section 132(4).  
B. Penalty@10% of undisclosed income would be attracted even if Mr. Aakash has voluntarily made a declaration under section 132(4).  
C. Penalty@30% of undisclosed income would be attracted even if Mr. Aakash has voluntarily made a declaration under section 132(4).  
D. Penalty@60% of undisclosed income would be attracted even if Mr. Aakash has voluntarily made a declaration under section 132(4).
17. . Mr. Ram, a resident individual aged 55 years, has not furnished his return of income for A.Y.2018-19. However, the total income assessed in respect of such year under section 144 is Rs.12 lakh. Determine the quantum of penalty leviable under section 270A?
- A. Penalty leviable is Rs.1,79,400, being tax payable on total income of Rs.12 lakh  
B. Penalty leviable is Rs.89,700, being 50% of tax payable on Rs.12 lakh  
C. Penalty leviable under section 270A is Rs.53,300, being 50% of tax payable on under-reported income of Rs.9.50 lakhs (i.e., Rs.12 lakhs - basic exemption limit of Rs.2.50 lakhs)  
D. Penalty leviable under section 270A is Rs.1,06,600, being tax payable on under-reported income of Rs.9.50 lakhs (i.e., Rs.12 lakhs - basic exemption limit of Rs.2.50 lakhs)
18. A private bank has not filed its statement of financial transaction or reportable account in relation to the specified financial transactions for the financial year 2018-19. A notice
19. was issued by the prescribed income-tax authority on 1st October, 2019 requiring the bank to furnish the statement by 31st October, 2019. The bank, however, furnished the statement only on 15th November, 2019. What would be the penalty leviable under section 271FA?
- A. Rs.91,500



# ST. ALOYSIUS' COLLEGE

(AUTONOMOUS), JABALPUR(M.P.)

Reaccredited 'A+' Grade by NAAC (CGPA 3.68/4.00)

College with Potential for Excellence (CPE) by UGC

DST-FIST Supported & Star College Scheme by DBT.

- B. Rs.13,600
- C. Rs.16,800
- D. Rs.22,800

20. Raman & Associates had made payment of Rs.2 lakh to the contractors for carrying out labour job work at various sites, but had not deducted tax at source. What are the tax consequences?

- A. Rs.2,00,000 has to be added back while computing business income. However, no penalty is leviable
- B. Rs.60,000 has to be added back while computing business income. However, no penalty is leviable
- C. Penalty equal to the amount of tax which has not been deducted is leviable in this case. Also, Rs.2,00,000 has to be added back while computing business income.
- D. Penalty equal to the amount of tax which has not been deducted is leviable in this case. Also, Rs.60,000 has to be added back while computing business income

### Answer Key

Question Number	Answer
1	Rs. ` 5,00,000
2	273AA
3	Rs. 5,00,000
4	272B
5	Rs.10,000
6	Rs.1,50,000
7	50% of tax payable on under- reported income & the penalty can be as high as 200% of the tax payable on the misreported income.
8	Rs. 10,000 under section 234F
9	Rs. 1,000 under section 234F
10	Rs. 5,000 under section 234F
11	(i) & (iii)
12	Under section 271 A, Rs. 25,000
13	Under section 271(1)(b), Rs 10,000 for each failure
14	Minimum 6 months, maximum extend upto 7 years
15	276
16	Penalty@30% of undisclosed income would be attracted even if Mr. Aakash has voluntarily made a declaration under section 132(4).
17	Penalty leviable is Rs.89,700, being 50% of tax payable on Rs.12 lakh
18	Rs.91,500
19	Penalty equal to the amount of tax which has not been deducted is leviable in this case. Also, Rs.60,000 has to be added back while computing business income