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IFTM University, Moradabad, Uttar Pradesh
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MCQs (BCOM H 603)



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BCOM H 603

Corporate Tax Planning and Management

MCQs [SET 1]

NOTE: The Highlighted and Bold Options are the correct one.

- Q. 1: U/s 44AB the audit of accounts is compulsory if total sales exceed:
- (a) Rs. 50 lakh
 - (b) Rs. 70 lakh
 - (c) Rs. 80 lakh
 - (d) **Rs. One crore**
- Q. 2: Out of the following, which expense is not an admissible expense:
- (a) Bad debts
 - (b) Value added tax
 - (c) **Income tax**
 - (d) Excise duty
- Q. 3: While calculating business income, disallowed portion of preliminary expense is:
- (a) 1/2
 - (b) 1/5
 - (c) **4/5**
 - (d) 3/5
- Q. 4: Depreciation is allowed on:
- (a) Animals
 - (b) Tea bushes
 - (c) Goodwill of a business
 - (d) **Patents**
- Q. 5: For how many assessment years unabsorbed depreciation can be carried forward for set off?

- (a) 5 years
- (b) 7 years
- (c) 8 years
- (d) **Unspecified period**

Q. 6: U/s 44 AB 'specified date' means:

- (a) 30th June
- (b) 31st July
- (c) **30th September**
- (d) 30th November

Q. 7: Which of the following expense/loss is not admissible as deduction while computing income from business and profession?

- (a) Stock in trade lost in fire Rs. 20,000
- (b) Entertainment expenses Rs. 10,000
- (c) Commission of Rs. 2,000 paid in order to receive business
- (d) **Gift on the marriage of an employee**

Q. 8: Capital gain is classified in to how many types:

- (a) **Two**
- (b) Three
- (c) Four
- (d) Five

Q. 9: Which of the following is not a capital assets?

- (a) Goodwill of a business
- (b) Jewellery
- (c) **Stock-in-trade**
- (d) Agricultural land in Delhi

Q. 10: The income tax rate on long term capital gain for a company is:

- (a) 10%
- (b) **20%**
- (c) 15%
- (d) 30%

- Q. 11: Cost inflation index number for the financial year 2017-18 is:
- (a) 1024
 - (b) 858
 - (c) 1081
 - (d) **272**
- Q. 12: For capital gain being long term capital gain, an assessee should retain the asset for a period of:
- (a) 24 months
 - (b) 36 months
 - (c) **More than 36 months**
 - (d) 12 months
- Q. 13: Which of the following would attract capital gains tax?
- (a) Special Bearer Bond, 1991
 - (b) 6½ % Gold Bond, 1977
 - (c) Stock in Trade
 - (d) **None of the above**
- Q. 14: A company sold a residential house. Under which section the Company can get exemption on Long Term Capital Gains:
- (a) Sec. 54
 - (b) Sec. 54D
 - (c) **Sec. 54EC**
 - (d) Sec. 54F
- Q. 15: During the previous year X company earns a profit of Rs. 50,000 by selling a piece of land in Lucknow on which Vegetables were being grown and which was purchased on 30.12.98. The profit would be taxable as:
- (a) Short Term Capital Gains
 - (b) **Long Term Capital Gains**
 - (c) Not Taxable, being profit on sale on agricultural land
 - (d) Business Gains
- Q. 16: Interest on Govt. Securities is:
- (a) Grossed up
 - (b) **Not grossed up**
 - (c) Exempt
 - (d) None of the above
- Q. 17: Income from subletting of a House Property is:

(a) **Income from other sources**

(b) Property Income

(c) Exempted

(d) Capital Gains

Q. 18: Which of the following is not chargeable to tax under the head 'Income from Other Sources'?

(a) Dividend from a Co-operative Society

(b) Prize on crossword puzzles

(c) **Profit on sale of Goodwill of a business**

(d) Interest from bank

Q. 19: A non speculative business was discontinued in P.Y. 2015-16. The brought forward loss can be set-off against income from:

(a) **Non Speculative Business**

(b) Capital Gains

(c) Under any Head of Income

(d) Cannot be set-off

Q. 20: Loss from speculation business can be set-off from:

(a) **Income from speculative business**

(b) Income from non speculative business

(c) Income from any head

(d) Not from any income

Q. 21: A domestic company declared the dividends on 10.03.2018. It is liable to pay tax:

(a) @ 11.3%

(b) @ 22.6%

(c) @ 20.4%

(d) **@ 17.304%**

Q. 22: A Money Market Mutual Fund distributed income on 1.10.2017 to a unit holder (company). It is liable to pay tax:

(a) @ 11.3%

(b) @ 22.6%

(c) @ 20.4%

(d) **@ 34.608%**

Q. 23: Surcharge of 10 per cent is payable by an individual where the total income exceeds:

(a) **Rs.7,50,000**

- (b) Rs.8,50,000
- (c) **Rs.10,00,000**
- (c) None of the three

Q. 24: Additional surcharge (education cess) of 3% per cent is payable on

(a) Income tax

(b) **Income tax plus surcharge**

Surcharge

(d) None of the Above

Q. 25:

Family pension received by a widow of a member of the armed forces where the death of the member has occurred in the course of the operational duties, is

(a) Exempt up to Rs.3,00,000

(b) Exempt up to Rs. 3,50,000

(c) **Totally exempt under section 10(19)**

d) Totally chargeable to tax

Q. 26: In respect of shares held as investment, while computing the capital gains, securities transaction

tax paid in respect of sale of listed shares sold in a recognized stock exchange,

(a) Is deductible up to Rs.1,00,000

(b) Is deductible up to Rs.2,00,000

(c) Is deductible if C.G.'s is < 5,00,000

(d) **Is not deductible at all**

Q. 27: Gift of Rs 5,00,000 received on 10 July, 2008 through account payee cheque from a non-relative regularly assessed to income-tax, is

(a) A capital receipt not chargeable to tax

(b) **Chargeable as other sources**

(c) Chargeable to tax as business income

(d) Exempt up to Rs.50,000 and balance chargeable to tax as income from other source

Q. 28: The rate of tax that is leivable on STCG arising from transfer of Equity shares of a Company or units of an Equity oriented fund is

(a) 10%

(b) 15%

(c) 20%

(d) None of the Above

Q. 29: For an employee in receipt of hostel expenditure allowance for his three children, the maximum annual allowance exempt under section 10(14) is

(a) Rs.10, 800

(b) Rs.7,200

(c) Rs.9,600

Q. 30: (d) Rs.3,600

For an industrial undertaking fulfilling the conditions, additional depreciation in respect of a machinery costing Rs.10 lakh acquired and installed on October 3, 2005 is

(a) Rs.75,000

(b) Rs.1,50,000

(c) Rs.1,00,000

(d) None of the above

Q. 31: A.O.P should consist of :

(a) Individual only

(b) Persons other than individual only

(c) Both the above

(d) None of the Above

Q. 32:

Body of individual should consist of :

(a) Individual only

(b) Persons other than individual only

(c) Both the above

(d) None of the Above

Q. 33: A new business was set up on 15-11-2008 and it commenced its business from 1-12-2008. The first previous year in this case shall be:
(a) 15-11-2008 to 31-3-2009

- (b) 1-12-2008 to 31-3-2009
- (c) 2008-2009
- (d) None of the Above

Q. 34: A person leaves India permanently on 15-11-2008. The assessment year for income earned till 15-11-2008 in this case shall be:
(a) 2007-08

- (b) 2008-09**
- (c) 2009-10
- (d) None of the Above

Q. 35: Income tax is collected on all types of income except _____.
(a) Agricultural Income
(b) Industrial Income
(c) Capital Gain
(d) Household Property

Q. 36: The Income Tax Act came into force from _____.
(a) 1st March 1971
(b) 1st April 1971
(c) 1st March 1961
(d) 1st April 1961

Q. 37: The Income Tax Act came into force all over India except _____.
(a) Andaman & Nicobar
(b) Maldives
(c) Jammu & Kashmir
(d) None of the above

Q. 38: As per Income Tax Act, 1961, income tax is charged on the income of _____ at a _____ rates which are prescribed by the Finance Act of relevant assessment year.

- (a) Current year
- (b) One year before previous year
- (c) Previous year**
- (d) None of the above

Q. 39: The tax payer liability is determined with reference to his or her _____.

- (a) Financial Status
- (b) Residential Status**
- (c) All of the above
- (d) None of the above

Q. 40: As per the definition of Income, the income includes the following _____.

- (a) Profits and gains
- (b) Dividend declared
- (c) Voluntary contribution received by a trust created
- (d) All of the above**

Q. 41: The period of 12 months commencing on the first day of April every year and ending on 31st

March is called as _____.

- (a) Previous Year
- (b) Assessment year**
- (c) Accounting Year
- (d) Financial Year

Q. 42: Previous year means the financial year immediately preceding the _____.

- (a) Accounting Year
- (b) Assessment Year**
- (c) All of the above
- (d) None of the above

Q. 43: Under Income Tax Act, the income liable for tax is classified on the basis of _____.

- (a) Income from Salaries
- (b) Income from House Property
- (c) Agricultural Income
- (d) Both (a) and (b)**

Q. 44: Agricultural income is completely exempted for assessment year _____.

- (a) 1974-75**
- (b) 1985-86

(c) 1975-76

(d) 1978-79

Q. 45: The income from foreign companies by providing the services in project connected with security of India is _____ from tax liability.

(a) 50% exempted

(b) 20% exempted

(c) 100% exempted

(d) 55% exempted

Q. 46: An individual is said to be resident in India if _____.

(a) It is in India in the previous year for a period of 182 days or more

(b) It is in India for period of 60 days or more during the previous and 365 days or more during the four years immediately proceeding previous year

(c) All of the above

(d) None of the above

Q. 47: The HUF is said to be resident in India if _____.

(a) The control and management of its affairs is wholly or partly situated in India

(b) The control and management of its affairs is partially situated out of India

(c) The control and management of its affairs is wholly or partly in out of India

(d) None of the above

Q. 48: The awards and rewards are exempted from Income Tax if _____.

(a) Payment is in cash

(b) Payment is in kind

(c) Payment is in cash or in kind

(d) None of the above

Q. 49: Income received in India whether occurred in India or outside India, the tax incidence in case of resident is _____.

(a) Taxable as per slabs

(b) Exempted from tax

(c) Partly exempted

(d) None of the above

Q. 50: Income received in India whether occurred in India or outside India, the tax incidence in case of resident but not ordinarily resident is _____.

(a) Taxable as per slabs

- (b) Exempted from tax
- (c) Partly exempted
- (d) None of the above

Q. 51: Income received in India whether occurred in India or outside India, the tax incidence in case

of non-resident is _____.

(a) Taxable as per slabs

- (b) Exempted from slab
- (c) Partly exempted
- (d) None of the above

Q. 52: Income deemed to be received in India whether occurred in India or outside India, the tax

Q. 53: incidence in case of resident is _____.

(a) Taxable as per slabs

- (b) Exempted from slab
- (c) Partly exempted
- (d) None of the above

Q. 54: The income received and accrued outside India from a business controlled or profession set

up in India, the tax incidence in case of resident is _____.

(a) Taxable

- (b) Non-taxable
- (c) Partly taxable
- (d) None of the above

Q. 55: The income received and accrued outside India from a business controlled or profession set

up in India, the tax incidence in case of non-resident is _____.

(a) Taxable

(b) Non-taxable

- (c) Partly taxable
- (d) None of the above

Q. 56: The tax incidence for company or firm in which income received in India and company is resident is _____.

(a) Taxable

- (b) Non-taxable
- (c) Partly taxable

(d) None of the above

Q. 57: The tax incidence for company or firm in which income received in India and company for non-resident is _____.

(a) Taxable

(b) Non-taxable

(c) Partly taxable

(d) None of the above

Q. 58: The tax incidence for company or firm in which income received outside India from a source controlled from India for resident is _____.

(a) Taxable

(b) Non-taxable

(c) Partly taxable

(d) None of the above

Q. 59: The tax incidence for company or firm in which income received outside India from a source controlled from India for non-resident is _____.

(a) Non-taxable

(b) Taxable

(c) Partly taxable

(d) None of the above

Q. 60: _____ is exempted from income tax.

(a) Interest from Indian company

(b) Dividend from foreign company

(a) Cooperative dividend

(d) Dividend from Indian company

Q. 61: Which section of the Income Tax Act exempted incomes have been mentioned?

(a) Section 80C

(b) Section 80DD

(c) Section 10

(d) Section 2

Q. 62: _____ of Income Tax Act is related to residential status.

(a) Section 2

(b) Section 6

(c) Section 5

(d) Section 4

Q. 63: Resident of India includes _____.

(a) Ordinarily resident

(b) Not ordinarily resident

(c) NRI

(d) Both (a) and (b)

Q. 64: The Company may have the residential status as _____.

(a) Resident or Non-resident

(b) Not ordinarily resident

(c) Non-resident

(d) Resident

Q. 65: The meaning of exempted income is _____.

(a) Not included in total income

(b) Agricultural income

(c) Not taxable under income tax

(d) All of the above

Q. 66: The number of income source for a person are _____.

(a) One head

(b) Two heads

(c) Various heads

(d) Any of the above

Q. 67: The sum of various heads is called as _____.

(a) Taxable income

(b) Total income

(c) Gross total income

(d) Adjusted income

Q. 68: The agricultural income includes _____.

(a) Income from sale of crop

(b) Income from preparation of crop

(c) Income from nursery

(d) All of the above

Q. 69: _____ comes under agricultural income.

(a) Tea garden

- (b) Commodity farming
- (c) All of the above**
- (d) None of the above

Q. 70: If the agricultural income is _____, then the agricultural income is considered for calculating tax.

- (a) More than ` 5,000 and total income is exceeding exemption limit**
- (b) More than ` 5,000
- (c) More than ` 10,000
- (d) Any amount

Q. 71: The Income Tax Act, 1961 broadly covers _____.

- (a) Basic charging income
- (b) Rebates and reliefs
- (c) Incomes exempted from income tax
- (d) All of the above**

Q. 72: The capital gain is chargeable under _____ of Income Tax Act.

- (a) Section 45**
- (b) Section 55
- (c) Section 56
- (d) Section 40

Q. 73: The definition of the person includes _____.

- (a) An individual**
- (b) A company
- (c) A Hindu undivided family
- (d) All of the above

Q. 74: Any rent or revenue derived from land which is situated in India and is used for agricultural purpose is _____.

- (a) Partially taxable
- (b) Fully taxable
- (c) Exempted from tax**
- (d) None of the above

Q. 75: Residential Status of an assesses can be _____.

- (a) Different for different previous year in the same assessment year
- (b) Different for different assessment year**

- (c) None of the above
- (d) All of the above

Q. 76: The income of previous year is chargeable to tax in the _____.

- (a) Immediately succeeding assessment year**
- (b) Same previous year
- (c) Immediately preceding academic year
- (d) None of the above

Q. 77: The interest on loan paid by the Government of India to a non-resident outside India is _____ in India.

- (a) Not taxable**
- (b) Partially taxable
- (c) Taxable
- (d) Can't say

Q. 78: An individual is resident and ordinarily resident of India if _____.

- (a) Person had been resident in India at least 2 out of 10 previous years immediately preceding the relevant previous year
- (b) Person been in India for a period of 730 days or more during 7 years immediately preceding the relevant previous year
- (c) All of the above**
- (d) None of the above

Q. 79: The Resident HUF is ordinarily resident in India, if _____.

- (a) He has been resident in India at least 2 years out of 10 previous years immediately**
- (b) He has been resident in India at least 3 years out of 10 previous years immediately
- (c) He has been resident in India at least 2 years out of 5 previous years immediately
- (d) None of the above

Q. 80: Basic condition will be for a person who leaves India for employment _____.

- (a) At least 182 days in India**
- (b) At least 60 days in previous year and 365 days in preceding 4 years
- (c) At least 730 days in preceding 7 years
- (d) All of the above

Q. 81: Which of the following is not included in the term Income under the Income Tax Act, 1961?

- (a) Reimbursement of travelling expenses
- (b) Profits and gains of business or profession

- (c) Dividend
- (d) Profit in lieu of salary**

Q. 82: The term income includes the following types of incomes.

- (a) Illegal
- (b) Legal income from India only
- (c) Legal
- (d) Legal and illegal both**

Q. 83: _____ is the casual income.

- (a) Interest received
- (b) Dividend income
- (c) Pension received
- (d) Winning from lotteries**

Q. 84: The way of tax liability by taking full advantage provided by the Act is

- _____.
- (a) Tax management
 - (b) Tax avoidance
 - (c) Tax planning**
 - (d) Tax evasion

Q. 85: Mr. A, partner of M/s ABC, is assessable as _____.

- (a) Firm**
- (b) An individual
- (c) Body of individual
- (d) HUF

Q. 86: The income is chargeable under the head of salary under _____ of Income Tax Act, 1961.

- (a) Section 15**
- (b) Section 20
- (c) Section 14
- (d) Section 16

Q. 87: Pension is _____ under the salary head.

- (a) Fully taxable**
- (b) Partially taxable
- (c) Not taxable
- (d) None of the above

- Q. 88: The salary of Member of Parliament is taxable under the head _____.
- (a) **Salary**
 - (b) Income from Other Sources
 - (c) Income from Business
 - (d) All of the above
- Q. 89: The salary, remuneration or compensation received by the partners is taxable under the head _____.
- (a) Income from Other Sources
 - (b) **Income from Business**
 - (c) Salary
 - (d) None of the above
- Q. 90: The death-cum-retirement gratuity received by the Government Employee or employee of local authority is _____.
- (a) Partially exempted
 - (b) **Fully exempted**
 - (c) Half taxable
 - (d) None of the above
- Q. 91: Under Section 15 of Income Tax Act, the salary due in previous years and even if it is not received is _____.
- (a) **Taxable**
 - (b) Not taxable
 - (c) Partially taxable
 - (d) None of the above
- Q. 92: The assesses can claim relief under _____ for arrears or advance salary.
- (a) **Section 89(1)**
 - (b) Section 89(2)
 - (c) Section 89(3)
 - (d) Section 89(4)
- Q. 93: The Payment of Gratuity Act came into force in _____.
- (a) 1973
 - (b) 1980
 - (c) 1991
 - (d) **1972**

- Q. 94: Which of the following is not taxable under the head Salary?
- (a) Remuneration paid to the lecturer of a college for setting a question paper
 - (b) Salary received by a member of parliament
 - (c) Commission received by an employee director of a company
 - (d) Both (a) and (b)**
- Q. 95: In accordance with the provisions of Section 17(1) of Income Tax Act, 1961, the term salary includes _____.
- (a) Any annuity or pension
 - (b) Any gratuity
 - (c) Any fees, commission, perquisite or profits in lieu of or in addition to any salary or wages
 - (d) All of the above**
- Q. 96: The children education allowance, the amount exempted from taxable income is limited to _____.
- (a) Rs. 100 per month per child upto 3 children
 - (b) Rs. 1,000 per year per child upto 2 children
 - (c) Rs. 100 per year per child upto 2 children**
 - (d) None of the above
- Q. 97: If the employee receives retirement gratuity from more than one employer, he can claim exemption in respect of _____.
- (a) Current employer
 - (b) Previous employer
 - (c) Both employer**
 - (d) Not from single employer
- Q. 98: The family pension received by the family members of armed forces after death of employee is _____.
- (a) Exempt fully
 - (b) Exempted after fulfilling of certain conditions**
 - (c) Not exempted
 - (d) None of the above
- Q. 99: The entertainment allowance is applicable to _____.
- (a) Private sector employees
 - (b) Public sector employees
 - (c) Government employees**

(d) All of the above

Q. 100: The entertainment tax allowed as a deduction under Section 16 of Income Tax Act is the least of _____.

- (a) Actual amount of entertainment allowance received
- (b) 20% of basic salary of the individual
- (c) Rs. 50,00
- (d) All of the above**

Q. 101: The assessment period for income tax on salary is _____.

- (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

Q. 102: 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
- (b) Hundred, ten
- (c) Ten, ten**
- (d) Rupee, rupee

Q. 103: Income accrued outside India and received outside India is taxable in case of _____.

- (a) Resident and ordinary resident (ROR) only**
- (b) Resident but not ordinary resident (RNOR) only
- (c) Non-resident only
- (d) ROR, RNOR and Non-resident

Q. 104: Salary of S (Rs. 40,000 per month) becomes due on the last day of the month but is paid on 7th of next month. Also, salary of April, 2017 and May, 2017 is received in advance in March, 2017. What will be his gross income for Assessment Year 2017-18?

- (a) Rs. 5,60,000**
- (b) Rs. 4,80,000
- (c) Rs. 4,40,000
- (d) Rs. 5,20,000

Q. 105: Deduction under section 80C to 80U cannot exceed _____.

- (a) Gross Total Income**
- (b) Total Income
- (c) Income from Business or Profession
- (d) Income from House Property

- Q. 106: Employer provides a car (below 1.6 ltr capacity) along with a driver to X partly for official and partly for personal purpose. The expenses incurred by the company are: running and maintenance expenses – Rs. 32,000 and driver's salary – Rs. 36,000 .Taxable value of perquisite is _____.
- (a) Rs. 21,600
 - (b) Rs. 10,800
 - (c) Rs. 32,400**
 - (d) Rs. 39,600
- Q. 107: The maximum limit for the claim of deduction under salary head Contributions to certain pension funds of LIC or any other insurer is _____.
- (a) Up to Rs. 2,00,000
 - (b) Up to Rs. 1,50,000**
 - (c) Up to Rs. 1,75,000
 - (d) None of the above
- Q. 108: Encashment of earned leave is given by _____ of Income Tax Act, 1961.
- (a) Section 10(10AA)**
 - (b) Section 12(10A)
 - (c) Section 15(10B)
 - (d) None of the above
- Q. 109: Compensation received on voluntary retirement is given by _____ of Income Tax Act, 1961.
- (a) Section 10(10D)
 - (b) Section 10(10C)**
 - (c) Section 10(10E)
 - (d) Section 11(10D)
- Q. 110: The house rent allowance (HRA) under the salary head of Income Tax Act is given by _____.
- (a) Section 10
 - (b) Sec 10(13A)**
 - (c) Section 11(13B)
 - (d) Section 11
- Q. 111: _____ of Income Tax Act defines the perquisites and their valuation.
- (a) Section 18
 - (b) Section 17
 - (c) Section 18(C)
 - (d) Section 17(C)**

- Q. 112: The Income tax rate for the financial year 2016-17 for individual is _____.
- (a) **Rs. 5,00,000 to Rs. 10,00,000 is 20%**
 - (b) Rs. 5,50,000 to Rs. 1,50,000 is 20%
 - (c) Rs. 5,00,000 to Rs. 10,00,000 is 30%
 - (d) Rs. 5,00,000 to Rs. 10,00,000 is 10%
- Q. 113: Income tax rate for the senior citizens for year 2016-17 is _____.
- (a) **Upto Rs. 5 lakh is Nil**
 - (b) Upto Rs. 10 lakh is 10%
 - (c) Upto Rs. 5 lakh is 10%
 - (d) None of the above
- Q. 114: For computation for Income tax liability for individual, the Education Cess is _____.
- (a) **3%**
 - (b) 4%
 - (c) 2.5%
 - (d) 2%
- Q. 115: The rate of tax for the financial year 2016-17 for the foreign companies is _____.
- (a) 45%
 - (b) 30%
 - (c) **40% flat**
 - (d) None of the above
- Q. 116: Which of the following are true regarding taxing the rich?
- (a) Additional 10% tax on dividends in excess of Rs. 10 lakh per annum
 - (b) Surcharge on persons decreased to 12% from 15%
 - (c) TDS at 1% on purchase of luxury cars exceeding value of Rs. 10 lakh
 - (d) **All of the above**
- Q. 117: The Secondary and Education Cess on the computation of Income Tax for 2016-17 is _____.
- (a) **1% of Income Tax**
 - (b) 2% of Income Tax
 - (c) 0.5% of Income Tax
 - (d) None of the above

- Q. 118: Surcharge is levied at the rate _____ if the income exceeds Rs. 1 crore of the financial year 2016-17.
- (a) 10%
 - (b) 12%
 - (c) 15%**
 - (d) 20%
- Q. 119: Tax Liability for the individual for 2016-17 who is not the resident of the India whose income Rs. 2,50,000 to Rs. 5,00,000 is _____.
- (a) 10% of total income minus Rs. 2,00,000**
 - (b) 10% of total income minus Rs. 1,00,000
 - (c) 15% of total income minus Rs. 1,00,000
 - (d) None of the above
- Q. 120: If an employer transfers second hand motor car to the employee, the perquisite is valued at _____.
- (a) Actual cost less depreciation @ 30% for every completed year under straight line method
 - (b) Actual cost less depreciation @ 20% for every completed year under WDV method
 - (c) Actual cost less depreciation @ 30% for every completed year under WDV method
 - (d) Actual cost less depreciation @ 20% for every completed year under SLM method**
- Q. 121: The following is not taxable as income under the head "Salaries":
- (a) Commission received by a full-time director
 - (b) Remuneration received by a partner**
 - (c) Allowances received by an employee
 - (d) Free accommodation given to an employee
- Q. 122: The following is exempt income from Income Tax:.
- (a) Travel concession to employee
 - (b) Remuneration received for valuation of answer scripts
 - (c) Encashment of leave salary whilst in service
 - (d) Perquisites in India**
- Q. 123: Advance salary is taxable and advance against salary is _____.
- (a) Fully taxable
 - (b) Partially taxable
 - (c) Not taxable**
 - (d) None of the above
- Q. 124: If loan granted by employer to employee does not exceed _____, it is not treated as perquisite to employee for purpose of income tax.

- (a) Rs. 20,000
- (b) Rs. 40,000**
- (c) Rs. 30,000
- (d) Rs. 25,000

Q. 125: Death-cum-retirement gratuity received by an employee of Central Government is wholly exempt up to _____.

- (a) Rs. 2.5 lakh
- (b) Rs. 4.5 lakh
- (c) Rs. 3.5 lakh**
- (d) None of the above

Q. 126: Gift to employee up to _____ p.a. will not be treated as perquisite taxable in the hands of employee.

- (a) Rs. 4,000
- (b) Rs. 5,000**
- (c) Rs. 10,000
- (d) Rs. 2,500

Q. 127: Expenditure on free meals to employee in excess of _____ per meal will be treated as perquisite of employee.

- (a) Rs. 25
- (b) Rs. 50**
- (c) Rs. 100
- (d) Rs. 55

Q. 128: Any commission due or received by a partner of a firm from the firm shall not be regarded as salary income under _____.

- (a) Section 15**
- (b) Section 20
- (c) Section 17
- (d) Section 19

Q. 129: Gross Total Income is arrived after _____.

- (a) only adding Income under five heads of Income;
- (b) adding Income under five heads of Income excluding losses
- (c) adding Income under five heads of Income, after applying clubbing provisions and making adjustment of set off and carry forward of losses
- (d) adding Income under five heads of Income, after applying clubbing provisions and making adjustment of set off and carry forward of losses and after allowing deduction under section 80C to 80U**

Q. 130: Calculate the exempt HRA from the following details:

A is entitled to basic salary of Rs. 50,000 p.m. and dearness allowance of Rs. 10,000 p.m., 40% of which forms part of retirement benefits. He is also entitled to HRA of Rs. 20,000 p.m. He actually lives with his parents in Mumbai and does not pay any rent. Market rent of that house is Rs. 20,000 p.m. in Mumbai.

(a) Nil

(b) Rs. 1,75,200

(c) Rs. 64,800

(d) Rs. 2,40,000

Q. 131: Capital gain is classified into how many types?

(a) Four

(b) Three

(c) Two

(d) Five

Q. 132: Which of the following is not a Capital Asset?

(a) Goodwill of business

(b) Jewellery

(c) Stock-in-trade

(d) Agricultural land in Delhi

Q. 133: The income tax rate on long term capital gain for a company is:

(a) 10%

(b) 15%

(c) 20%

(d) 30%

Q. 134: The rate of corporation tax, levied on companies having annual turnover of Rs. 200 crore, is:

(a) 20%

(b) 30%

(c) 25%

(d) 28

Q. 135: The rate of Surcharge, levied on companies having income of Rs. 12 Crore, is:

(a) 07%

(b) 15%

(c) 12%

(d) 18.5%

Q. 136: MAT stands for:

- (a)Alternate Mandatory Tax
- (b)Marginal Alternate Tax
- (c)Maximum Alternate Tax
- (d)Minimum Alternate Tax**

Q. 137: A domestic company declared the dividends on 10.03.2018. it is liable to pay tax @:

- (a)11.3%
- (b)22.3%
- (c)20.4%
- (d)17.304%**

Q. 138: Which house property is not charged to tax?

- (a)Farmhouse
- (b)Palace of an Ex-ruler
- (c)Business building
- (d)All of these**

Q. 139: A money market Mutual Fund distributed income on 01.10.2017 to a unit holder (Company). It is liable to pay tax @:

- (a)11.3%
- (b)22.6%
- (c)20.4%
- (d)34.608%**

Q. 140: The rate of MAT is @:

- (a)15.5%
- (b)20.24%
- (c)20.25%
- (d)18.5%**

Q. 141: Which of the following cannot be a Not Ordinary Resident?

- (a)Individual
- (b)Company**
- (c)Firm
- (d)HUF

Q. 142: Percentage of income from the sale of coffee grown and cured in India is considered as agricultural income:

(a)50%

(b)75%

(c)70%

(d)60%

Q. 143: Interest on capital paid by the firm to its partners is allowed:

(a)up to 15%

(b)up to 12%

(c)up to 18%

(d)up to 16%

Q. 144: Long Term Capital Loss can be set-off from:

(a)Short term capital gains

(b)Long term capital gains

(c)Capital gains

(d)Any income

Q. 145: Dividend from domestic company is taxable in the hand of shareholder, if it:

(a)Exceeds Rs. 1,000

(b)Exceeds Rs. 10,00,000

(c)Exceeds Rs. 5,00,000

(d)Exceeds Rs. 8,00,000

Q. 146: A company sold a residential house. Under which section the company can get exemption on Long Term Capital Gains:

(a)Section 54EC

(b)Section 54

(c)Section 54D

(d)Section 54F

Q. 147: For capital gain being long term capital gain, an assessee should retain the assets for a period of:

(a)More than 36 months

(b)24 months

(c)36 months

(d)12 months

- Q. 148: Cost inflation index number for the financial year 2017-18 is:
- (a) **272**
 - (b) 1024
 - (c) 852
 - (d) 1081
- Q. 149: Reducing the tax liability by making false claims or withholding information, is known as:
- (a) **Tax evasion**
 - (b) Tax avoidance
 - (c) Tax planning
 - (d) None of these
- Q. 150: DDT stands for:
- (a) **Dividend Distribution Tax**
 - (b) Dividend Disposable Tax
 - (c) Dynamic Divided Test
 - (d) None of these

MCQs [SET 2]

- (a) Capital gain is classified into how many types?
 - (i) Four
 - (ii) Three
 - (iii) Two
 - (iv) Five
- (b) Which of the following is not a Capital Asset?
 - (i) Goodwill of business
 - (ii) Jewellery
 - (iii) Stock-in-trade
 - (iv) Agricultural land in Delhi
- (c) The income tax rate on long term capital gain for a company is:
 - (i) 10%
 - (ii) 15%
 - (iii) 20%
 - (iv) 30%
- (d) The rate of corporation tax, levied on companies having annual turnover of Rs. 200 crore, is:
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- (iii) 25%
- (iv) 28
- (e) The rate of Surcharge, levied on companies having income of Rs. 12 Crore, is:
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- (f) MAT stands for:
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- (g) A domestic company declared the dividends on 10.03.2018. it is liable to pay tax @:
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 - (ii) 22.3%
 - (iii) 20.4%
 - (iv) 17.304%
- (h) Which house property is not charged to tax?
 - (i) Farmhouse
 - (ii) Palace of an Ex-ruler
 - (iii) Business building
 - (iv) All of these
- (i) A money market Mutual Fund distributed income on 01.10.2017 to a unit holder (Company). It is liable to pay tax @:
 - (i) 11.3%
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- (j) The rate of MAT is @:
 - (i) 15.5%
 - (ii) 20.24%
 - (iii) 20.25%
 - (iv) 18.5%
- (k) Which of the following cannot be a Not Ordinary Resident?
 - (i) Individual
 - (ii) Company
 - (iii) Firm
 - (iv) HUF
- (l) Percentage of income from the sale of coffee grown and cured in India is considered as agricultural income:

- (i) 50%
- (ii) 75%
- (iii) 70%
- (iv) 60%

(m) Interest on capital paid by the firm to its partners is allowed:

- (i) up to 15%
- (ii) up to 12%
- (iii) up to 18%
- (iv) up to 16%

(n) Long Term Capital Loss can be set-off from:

- (i) Short term capital gains
- (ii) Long term capital gains
- (iii) Capital gains
- (iv) Any income

(o) Dividend from domestic company is taxable in the hand of shareholder, if it:

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- (ii) Exceeds Rs. 10,00,000
- (iii) Exceeds Rs. 5,00,000
- (iv) Exceeds Rs. 8,00,000

(p) A company sold a residential house. Under which section the company can get exemption on

Long Term Capital Gains:

- (i) Section 54EC
- (ii) Section 54
- (iii) Section 54D
- (iv) Section 54F

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- (i) More than 36 months
- (ii) 24 months
- (iii) 36 months
- (iv) 12 months

(r) Cost inflation index number for the financial year 2017-18 is:

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- (iii) 852
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- (i) Tax evasion
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- (iii) Tax planning
- (iv) None of these

- (t) DDT stands for:
- (i) Dividend Distribution Tax
 - (ii) Dividend Disposable Tax
 - (iii) Dynamic Divided Test
 - (iv) None of these

KEY TO MCQs [SET 2]

Question No.	Answer
(a)	(iii) Two
(b)	(iii) Stock-in-trade
(c)	(iii) 20%
(d)	(iii) 25%
(e)	(iii) 12%
(f)	(iv) Minimum Alternate Tax
(g)	(iv) 17.304%
(h)	(iv) All of these
(i)	(iv) 34.608%
(j)	(iv) 18.5%
(k)	(ii) Company
(l)	(ii) 75%
(m)	(ii) up to 12%
(n)	(ii) Long term capital gains
(o)	(ii) Exceeds Rs. 10,00,000
(p)	(i) Section 54EC
(q)	(i) More than 36 months
(r)	(i) 272
(s)	(i) Tax evasion
(t)	(i) Dividend Distribution Tax



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