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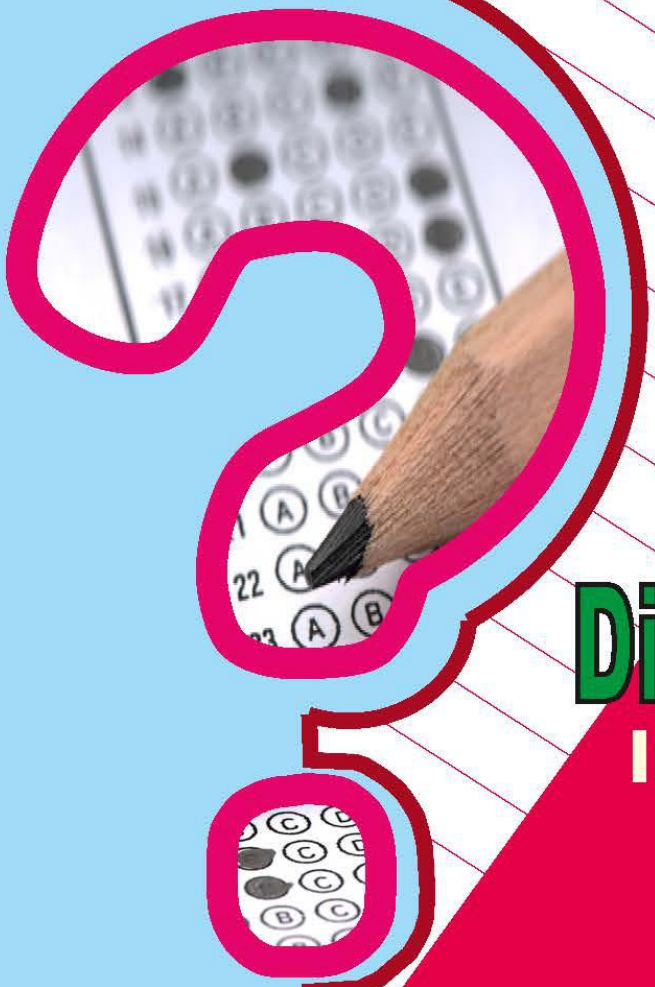
PAPER - 16

MCQs

BIT QUESTIONS



Direct Tax Laws & International Taxation

DIRECTORATE OF STUDIES
THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA
Statutory Body under an Act of Parliament

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PAPER -16
Direct Tax Laws & International Taxation
Bit Questions

Choose the most appropriate answer giving justification.

1. **TDS on income from Investment in securitization fund is covered under section**
   (A) 196B
   (B) 196D
   (C) 194LC
   (D) 194LBC

2. **Stay of proceedings is covered under section**
   (A) Section 192
   (B) Section 192A
   (C) Section 193
   (D) None of the above

3. **Which one is the duty of the Tax payer?**
   (A) Tax Planning
   (B) Tax Evasion
   (C) Tax Avoidance
   (D) Tax Management

4. **Section _____ deals with the rectification mistakes which are apparent from the record in any order passed by the assessing officer.**
   (A) 156
   (B) 154
   (C) 144
   (D) 158

5. **ICDS-II stands for _____.**
   (A) Accounting policies
   (B) Construction Contract
   (C) Revenue recognition
   (D) Valuation of inventories

6. **Health insurance premium paid for Mr. Ram being non-resident (age 70) is deductible up to _____.**
   (A) ₹25,000
   (B) ₹30,000
   (C) ₹5,000
   (D) ₹50,000

7. **Mr. Xavier (age 55) a non-resident individual received dividend of ₹12 lakhs from Fair Trading Co (P) Ltd. in August, 2016. He has no other income in India. His tax liability for the dividend income would be**
   (A) Nil
   (B) ₹1,90,550
   (C) ₹61,800
   (D) ₹3,70,800

8. **XYZ (P) Ltd. decided to buy-back shares from the shareholders. It bought 30000 shares of ₹10 each by paying ₹40 per share. The accumulated profits of the company on the date of buy-back was ₹30 lakhs. The buy-back was 30% of the total paid up capital. The tax liability on the company for buy-back of shares would be**
   (A) Nil

(B) ₹12,36,000
(C) ₹4,32,600
(D) ₹1,85,400

9. **Kumar Industries is engaged in manufacture of leather products. It was set up in backward area and became eligible for subsidy @ 25% for the generator acquired by it for ₹12 lakhs on 15.12.2016. It received the subsidy in March 2017. The amount of depreciation for the year at the applicable rate would be**
   (A) Nil
   (B) ₹90,000
   (C) ₹67,500
   (D) ₹1,80,000

10. **Ms. Pinky resigned from employment from Zeet University after serving for 4 years and 8 months. She received ₹1,40,000 from recognized provident fund. The amount of tax deductible at source under section 192A would be**
    (A) Nil
    (B) @ 20% being ₹28,000
    (C) @ 30% being ₹42,000
    (D) @ 10% being ₹14,000

11. **Mr. Murali employed in a company constructed a residential house property for self-occupation by availing bank loan of ₹50 lakhs. Interest on the loan for the year amounts to ₹2,60,000. He paid ₹1,70,000 up to 31.03.2017. The amount of interest eligible for deduction in the hands of Mr. Murali would be**
    (A) ₹30,000
    (B) ₹2,60,000
    (C) ₹2,00,000
    (D) ₹1,70,000

12. **Mr. Santhanam is employed in Gama Ltd. He opted for transfer of funds from superannuation fund to National Pension Systems Trust referred to in section 80CCD and accordingly ₹5 lakhs were transferred from approved superannuation fund to an account held with National Pension Systems Trust. His salary income (excluding the said transfer) amounts to ₹9,40,000 (computed). His total income after considering the transfer would be**
    (A) ₹9,40,000
    (B) ₹10,90,000
    (C) ₹12,90,000
    (D) ₹14,40,000

13. **Pai Softwares Ltd. is engaged in BPO at Bengaluru. It acquired computers for ₹20 lakhs on 10.05.2016. It also acquired computer softwares for ₹10 lakhs in July 2016. The total amount of depreciation claim in respect of these assets would be**
    (A) ₹4,50,000
    (B) ₹12,00,000
    (C) ₹7,50,000
    (D) ₹14,50,000

14. **Beta Ltd. of Mumbai is subsidiary of Unity Inc. of USA. Beta Ltd. purchased goods from Unity Inc. Transfer pricing adjustment would arise between them when**
    (A) Sale price is less than arm's length price.
    (B) Sale price is equal to Indian market price.

(C) Purchase price is more than arm's length price.
(D) Purchase price is less than arm's length price.

15. BG(P) Ltd. received royalty ₹10 lakhs in respect of a patent developed and registered in India. The income-tax payable on the royalty shall be at
(A) 10%
(B) 15%
(C) 20%
(D) 30%

16. In the case of assessee who is covered under section 44AD the amount of tax payable by way of advance tax shall be paid on or before
(A) 15th day of March.
(B) 31st day of March.
(C) 31st day of December.
(D) the date of filing the return of income.

17. When a motor car is acquired for ₹12 lakhs by Mr. Johnson on 01.11.2016 by availing bank loan of ₹10 lakhs for such acquisition, the car dealer selling the motor car must collect tax at source of
(A) Nil
(B) ₹10,000 @ 1% exceeding ₹2 lakhs.
(C) ₹12,000 @ 1% on the entire sale price.
(D) ₹24,000 @ 2% on the entire sale consideration.

18. When Mr. Arun (age 50) has business loss of ₹15 lakhs and unexplained cash credit of ₹20 lakhs, the total tax liability including cess would be
(A) ₹4,37,750
(B) ₹6,18,000
(C) ₹25,750
(D) ₹1,54,500

19. In December, 2016 Excel Ltd. and Exceed Ltd. got amalgamated to form Excellence Ltd. The expenditure for the purpose of amalgamation was ₹10 lakhs. The amount of amalgamation expenditure deductible for the assessment year 2017-18 would be
(A) ₹10 lakhs
(B) ₹2 lakhs (one-fifth)
(C) ₹1 lakh (one-tenth)
(D) ₹5 lakhs (one-half)

20. Venus Traders engaged in turmeric trade with a turnover exceeding ₹200 lakhs dispatched its goods through Indian Railways. The amount of freight payable as on 31.03.2017 was ₹1,40,000. It wants to claim the freight as expenditure. To satisfy such claim, it has to pay the freight to Indian Railways
(A) before due date specified in Section 139(1).
(B) before the end of the previous year.
(C) before the end of the assessment year.
(D) and there is no time restriction.

21. A capital asset being shares in a private company held for more than _____ months shall be a long term capital asset.
(A) 12
(B) 24

(C) 36
(D) 6

22. When wife Laxmi being legal heir of Udayakumar received ₹10 lakhs from National Pension System Trust referred to in Section 80CCD, the amount of receipt chargeable to tax is
(A) ₹10 lakhs
(B) ₹4 Lakhs @ 40%
(C) Nil
(D) ₹7,50,000 @ 75%

23. In the case of non-government employee the monetary limit for exemption in respect of leave salary at the time of retirement is
(A) ₹5 lakhs
(B) ₹50,000
(C) ₹3 lakhs
(D) ₹1.50 lakhs

24. Penalty for failure to furnish statement of financial transaction is
(A) ₹5,000
(B) ₹10,000
(C) ₹200 for every day of delay
(D) ₹100 for every day of delay

25. Every person, being a company, has to file its return of income only if it has any positive income or if it wants to carry forward the loss (if any).
(A) True
(B) False

26. The Chief Executive Officer of every political party has to file the return of income of the party if the total income of the party without giving effect to the provisions of section _____ exceeds the maximum amount not chargeable to income-tax.
(A) 11
(B) 12
(C) 13
(D) 13A

27. What is the due date of filing the return of income in case of a company who is required to furnish a report in Form No. 3CEB under section 92E?
(A) September 30 of the assessment year
(B) November 30 of the assessment year
(C) July 31 of the assessment year
(D) June 30 of relevant assessment the year

28. One of the following, can be carried forward even return of income is filed after due date:
(A) Unabsorbed Depreciation
(B) Business Loss
(C) Short term capital loss
(D) Long term capital loss

29. Return filed under following sections can be revised u/s 139(5)
(A) 139(1)

(B) 139(4)
(C) 139(5)
(D) All of the above

30. Assessment under following section is termed as scrutiny assessment
(A) 143(3)
(B) 144
(C) Both of the above
(D) None of the above

31. 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

32. 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

33. 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

34. 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

35. As per section 115JB, every taxpayer being a company is liable to pay MAT, if the Income tax payable on the total income, computed as per the provisions of the Income-tax Act in respect of any year is less than _____
(A) 15.50%
(B) 18.00%
(C) 18.50%
(D) 20.00%

36. MAT shall not apply to any income accruing or arising to a company from
(A) Life insurance business
(B) Banking business
(C) Business of transmission of electricity
(D) All of the above

37. Book profit for the purposes of section 115JB means net profit as shown in the Statement of the Profit and Loss prepared in accordance with _____of the Companies Act as increased and decreased by certain items prescribed in this regard.
(A) Schedule V
(B) Schedule IV
(C) Schedule III
(D) Schedule II

38. In case of non-corporate taxpayer, AMT is levied @ _____% of adjusted total income.
(A) 18.50%
(B) 20.00%
(C) 18.00%
(D) 15.00%

39. Every non-corporate taxpayer to whom the provisions of AMT apply is required to obtain a report from a chartered accountant in Form No. _____ on or before the due date of filing the return of income
(A) 29
(B) 29A
(C) 29B
(D) 29C

40. Every company to whom the provisions of MAT apply is required to obtain a report from a chartered accountant in Form No. _____ on or before the due date of filing the return of income
(A) 29
(B) 29A
(C) 29B
(D) 29C

41. While computing book profit u/s 115JB, one of the following is required to be reduced from the net profit
(A) Unabsorbed Depreciation as per books of account
(B) Brought forward business loss as per books of account
(C) Brought forward loss or unabsorbed depreciation, whichever is less as per books of account
(D) Income-tax paid or payable if not already debited to the Statement of Profit and Loss

42. While computing adjusted total income u/s 115JC, total income is required to be increased, among others, by one of the following:
(A) Deduction under chapter VIA
(B) Deduction claimed u/s 80P
(C) Deduction claimed u/s 80H to sec. 80RRB
(D) Deduction claimed u/s 80H to sec. 80RRB (other than sec. 80P)

43. MAT Credit can be carried forward and set off for
(A) 10 years
(B) 15 years
(C) 5 years
(D) Not available for carried forward

44. Generally, a domestic company is taxable @ 30%, however in one circumstances, it is taxable @ 25%
(A) Where its total turnover or gross receipts during the previous year 2015-16 does not exceed ₹50 crore
(B) Where its total turnover or gross receipts during the previous year 2014-15 does not exceed ₹50 crore
(C) Where its total turnover or gross receipts during the previous year 2014-15 does not exceed ₹250 crore
(D) None of the above

45. As per section 178(3), the _____ of a company has to intimate the tax authority before he parts with any of the assets of the company or the properties in his hands and has to set aside the amount if any intimated to him by the tax authorities.
(A) Managing Director
(B) Manager
(C) Chartered Accountant
(D) Liquidator

46. As per section _____, the tax authorities can direct the taxpayer to get his accounts audited from a Chartered Accountant nominated by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner.
(A) 153A
(B) 148
(C) 142(2A)
(D) 44AB

47. 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
(A) 2
(B) 3
(C) 4
(D) 6

48. In case of an application made by the assessee u/s 154, the income-tax authority shall rectify the order/refuse the rectification within _____ from the end of the month in which the application is received by the authority.
(A) 4 years
(B) 2 years
(C) 1 year
(D) 6 months

49. 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

50. MAT stands for _____
(A) Minimum Alternate Tax
(B) Minimum Allowed Tax
(C) Minimum Applicable Tax

(D) Minimum Adjustable Tax

51. A foreign company in which the Indian company holds _____ in nominal value of the equity share capital will be treated as foreign specified company for the purpose of section 115BBD of the Act.
(A) 25% or more
(B) 26% or more
(C) 50% or more
(D) 51% or more

52. Dividend received from foreign company will be included in the total income of the tax payer and will be charged to tax at_____.
(A) 15%
(B) 20%
(C) 30%
(D) Normal rate of tax applicable to the assessee

53. An appeal to the Commissioner of Income-tax (Appeals) shall be filed in Form No. _____.
(A) 35
(B) 36
(C) 34C
(C) 35B

54. 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

55. The Commissioner of Income-tax (Appeals) is the _____ appellate authority
(A) First
(B) Second
(C) Third
(D) Fourth

56. As per section 211(1), payment of advance tax made on or before _____ shall be treated as advance tax paid during the financial year.
(A) 30th September
(B) 30th June
(C) 31st December
(D) 31st March

57. As per section 142A, a Valuation Officer should send a report to the Assessing Officer within _____ from the end of the month in which a reference is made by the Assessing Officer under section 142A.
(A) 12 months
(B) 6 months
(C) 1 months
(D) 2 months

58. As per section 115QA (3), tax to credit of Government in case of distributed income of domestic company for buy-back of shares shall be deposited within _____ days from date of payment of any consideration to the shareholder on buy-back of shares.
(A) 7 days
(B) 14 days
(C) 10 days
(D) 30 days

59. Under section 12AA, an order of granting or refusing registration of trust shall be passed within _____ from the end of the month in which application u/s 12A(1) (aa) is received
(A) 6 months
(B) 12 months
(C) 2 months
(D) 24 months

60. An application (in quadruplicate) for advance ruling by a resident applicant for determination of his tax liability arising out of one or more transactions valuing ₹100 crore or more in total which has been undertaken or is proposed to be undertaken by him is to be made in Form No._____.
(A) 34D
(B) 34DA
(C) 34E
(D) 34EA

61. Provisions relating to advance ruling are provided in sections _____.
(A) 80C to 80U
(B) 245A to 245L
(C) 237 to 245
(D) 245N to 245V

62. 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 section 273A (1) shall be made by the Principal Commissioner or Commissioner, except with the previous approval of the Principal Chief Commissioner or Chief Commissioner or Principal Director General or Director General, as the case may be
(A) 1,00,000
(B) 2,00,000
(C) 5,00,000
(D) 10,00,000

63. 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 _____.
(A) 273B
(B) 273AA
(C) 273
(D) 274

64. As per section _____ when any specified domestic transaction is carried out between associated enterprises, the said transaction should be carried out at arm's length price.

(A) 90
(B) 91
(C) 92
(D) 90A

65. The provisions of sec. 92 will apply only if the aggregate value of specified domestic transactions entered into by the taxpayer during the year exceeds a sum of ₹ _____.
(A) 100 crore
(B) 5 crore
(C) 10 crore
(D) 20 crore

66. Section _____ deals with methods of computation of arm's length price.
(A) 94
(B) 93
(C) 92C
(D) 91

67. Arm's length price is to be determined by applying _____
(A) Resale Price Method
(B) Fair Market Value Method
(C) Stamp Duty Value Method
(D) Indexed Cost of Acquisition Method

68. Advance Pricing Agreement shall be valid for such period not exceeding _____ consecutive previous years as may be specified in the agreement.
(A) 5
(B) 3
(C) 10
(D) 2

69. As per sec. 94B, interest expenses claimed by an entity to its associated enterprises shall be restricted to _____ of its earnings before interest, taxes, depreciation and amortization (EBITDA) or interest paid or payable to associated enterprise, whichever is less.
(A) 30%
(B) 25%
(C) 20%
(D) 50%

70. If any person fails to keep and maintain any such information and document as required by sec. 92Din respect of an international transaction or specified domestic transaction, the Assessing Officer or Commissioner (Appeals) may direct that such person shall pay, by way of penalty, a sum equal to _____
(A) ₹5,00,000
(B) 2% of the value of each international transaction or specified domestic transaction entered into by such person
(C) ₹1,00,000
(D) 1% of the value of each international transaction or specified domestic transaction entered into by such person

71. Uncontrolled transaction means a transaction between _____, whether resident or non-resident

(A) enterprises other than associated enterprises
(B) associated enterprises
(C) any enterprises
(D) none of the above

72. Information and documents required to maintained u/s 92D shall be kept and maintained for a period of _____ from the end of the relevant assessment year.
(A) 8 years
(B) 5 years
(C) 10 years
(D) 16 years

73. Assessment u/s 143(1) can be made within a period of:
(A) 4 years from the end of the month in which return is filed
(B) 4 years from the end of the financial year in which return is filed.
(C) 4 years from the end of the assessment year in which return is filed
(D) None of above

74. Which of the following mistake is not rectifiable u/s 154:-
(A) Value of closing and opening stock
(B) Clerical mistake
(C) Double taxation relief
(D) None of above

75. Levy of late filing fees u/s 234E is for delay in filling of:
(A) Return of income
(B) TDS/TCS return
(C) Annual information report
(D) None of above

76. Income of disabled (physically) minor child is:
(A) Clubbed with parents total income
(B) Taxed in the hands of minor child
(C) Exempted
(D) None of above

77. Presumptive Taxation Scheme u/s 44AD is applicable, at the option of assessee if turnover is:
(A) Not more than ₹One crore
(B) Not more than ₹Two crores
(C) Not more than ₹50 lakhs
(D) None of above

78. Penalty u/s 271(1)(C) shall be levied at the rate of:
(A) 100% of tax sought to be evaded
(B) 300% of tax sought to be evaded
(C) 100% to 300% of tax sought to be evaded
(D) None of above

79. Subsidy from the Government, received by a trust established by the government is:
(A) Not an income
(B) Part of income
(C) Exempted income

(D) None of above

80. Double Taxation Relief is allowed on the basis of:
(A) PAN
(B) TRC
(C) Aadhaar
(D) None of above

81. ICDS is applicable if assessee is maintaining the books of account under:
(A) Cash basis
(B) Mercantile system
(C) Hybrid system
(D) None of above

82. The time limit for filing belated return is:
(A) within the assessment year
(B) within the assessment year or before completion of assessment whichever is earlier.
(C) within the one year from end of assessment year or before completion of assessment whichever is earlier
(D) None of above

83. Appeal to High court is possible if:
(A) Question of fact is involved
(B) Question of law is involved
(C) Substantial question of law is involved
(D) None of above

84. The following loss is not allowed to carry forward:
(A) House property loss
(B) loss from running and maintaining of race camels
(C) loss under the head —Income from other source
(D) None of above

85. Income referred u/s 9(1) of ITA, 1961 is:
(A) Not taxable
(B) Taxable but eligible for double tax relief
(C) Taxable and not eligible for double tax relief
(D) none of above

86. Income on which equalization levy is charged is:
(A) Chargeable under income tax
(B) Not chargeable under income tax
(C) Not an income under ITA, 1961
(D) None of above

87. The rate of minimum Alternative Tax for unit located in International Financial Services Centre is:
(A) 18.5%
(B) 9%
(C) 30%
(D) None of above

88. Deduction u/s 80 IAC for eligible start-ups is @ 100% for:
(A) 5 years
(B) 3 years
(C) 10years
(D) None of above

89. Tax payable by domestic companies u/s 115BA is:
(A) 25%
(B) 29%
(C) 30%
(D) None of above

90. Which of the following company is not liable to pay MAT u/s 115JB:
(A) Trading company
(B) Manufacturing company
(C) Tonnage tax company
(D) None of above

91. The amount of deduction in respect of salary paid to its own members in case of PFAOP is:
(A) Without any limit
(B) ₹1,50,000
(C) Nil
(D) none of above

92. The commissioner of IT Act (Appeal) shall dispose off the appeal within a period of _____ from the financial year in which appeal is made.
(A) 1 yrs
(B) 2 yrs
(C) 3 yrs
(D) None of the above

93. As per section 142(2A), the tax authorities can direct the taxpayer to get his accounts audited from a _____ nominated by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner.
(A) Cost Accountant
(B) Chartered Accountant
(C) Company Secretary
(D) None of the above

94. The quantum of deduction in respect of royalty on patents as mentioned in Section 80RRB is
(A) ₹1,50,000
(B) ₹2,00,000
(C) ₹2,50,000
(D) ₹3,00,000

95. The additional tax will have to paid by the principal officer of the domestic company and the company within _____ days from the date of declaration of dividend.
(A) 7 days
(B) 9 days
(C) 14 days
(D) 21 days

96. In case of the Local Authority the return is verified by the _____.
(A) Karta
(B) Managing Director
(C) Principal Officer
(D) Liquidator

97. Pay as you earn scheme is known as
(A) Interest
(B) Income tax
(C) Advance tax
(D) None of the above

98. Form for making application of settlement of cases as specified u/s 245C(1)
(A) Form 24A
(B) Form 26AS
(C) Form 34B
(D) None of the above

99. Application made to the authority for advance ruling can be withdrawn after the lapse of _____ days period of application with the permission of authority if facts and circumstances so justify.
(A) 15 days
(B) 30 days
(C) 45 days
(D) 60 days

100. Monetary limit of disposing of a case by a single member of ITAT u/s 255(3) is _____.
(A) ₹15 lakh
(B) ₹20 Lakh
(C) ₹50 lakh
(D) ₹65 Lakh

101. An eligible business as referred to section 44AD shall pay the advance tax during each financial year on or before the _____.
(A) 15th September
(B) 15th December
(C) 15th March
(D) 31st March

102. Maximum limit of deduction in respect of rent paid u/s 80GG is_____
(A) 2,000
(B) 2,500
(C) 3,000
(D) 5,000

103. Prosecution can be launched and the taxpayer can be punished if he commits willful failure to produce before the tax authorities the accounts and documents as demanded under section ___.
(A) 139
(B) 142 (1)
(C) 148

(D) None of the above

104. The provision of section 80JJAA is applied to the business of manufacture of goods in a factory where workmen are employed for not less than _____ days in a previous year.
(A) 100 days
(B) 200 days
(C) 300 days
(D) 600 days

105. Penalty to produce the information and documents within the period allowed s/s 286(6) is___.
(A) ₹2,000 per day
(B) ₹3,000 per day
(C) ₹5,000 per day
(D) None of the above

106. Penalty for failure to furnish the information and the document as required u/s 92D(4) by constituent entity of an International group referred to new Section 286 will attract penalty of ₹_.
(A) 2.5 Lakh
(B) ₹5 Lakh
(C) ₹10 Lakh
(D) None of the above

107. For every non corporate taxpayer to whom the provisions of AMT apply is required to obtain a report from a Chartered Accountant in Form _____ on or before the due date of filling the return of income.
(A) Form I
(B) Form 29
(C) Form 29A
(D) Form 29C

108. Where assessed income is more than ₹2 Lakh then fees for filling an appeal with ITAT would be _____.
(A) ₹500
(B) ₹1000
(C) ₹1500
(D) 1% of assessed income subject to a maximum of ₹10,000

109. The loss of a speculation business of any assessment year is allowed to be set off only against the profit and gains of _____.
(A) Business and profession
(B) Other sources
(C) Speculation business
(D) None of the above

110. As per section 245(D)(1) on receipt of application under section 245C, the settlement commission shall within _____ days from the date of receipt of the application issue a notice to the applicant requiring him to explain as to why the application made by him be allowed to proceed with.
(A) 5 days
(B) 7 days

(C) 10 days
(D) None of the above

111. Where PQR Ltd., is set up on 01-04-2016 and assuming that the necessary conditions are fulfilled, the basic rate of income-tax applicable (excluding surcharge and cess) under section 115 BA of the Income-tax Act, 1961 is
(A) 25%
(B) 20%
(C) 22%
(D) None of the above

112. Deduction at _____% under section 32AC would be available in the year of installation i.e. P.Y. 2016-17, even though the new plant and machinery or value exceeding ₹25 crores was acquired in the P.Y. 2015-16.
(A) 10
(B) 15
(C) 20
(D) 25

113. Mr. Humayun, an individual, has received a gift of teak cot worth ₹1,20,000 from his friend on 01-02-2017. The amount to be treated as income from other sources is
(A) Nil
(B) ₹1,20,000
(C) ₹70,000
(D) None of the above

114. Under section 2(22) (e) of the Income-tax Act, 1961, any payment (to the extent of accumulated profits) by a closely-held company by way of loan or advance to its shareholder, being a person who is the beneficial owner of shares, holding, is deemed as dividend.
(A) not less than 10% of the voting power
(B) not less than 15% of the voting power
(C) not less than 10% of the total of equity and preference shares
(D) not less than 15% of the total of equity and preference shares

115. Under section 80JJAA deduction available to an eligible assessee fulfilling prescribed conditions is _____ % of the additional employees cost.
(A) 10
(B) 15
(C) 30
(D) 40

116. When Mr. Hari engaged in manufacturing activity with turnover of ₹125 lakhs has realized sale proceeds through banking channel of ₹90 lakhs and balance by cash, his income under section 44AD would be
(A) ₹10 lakhs
(B) ₹7.50 lakhs
(C) ₹8.20 lakhs
(D) Not eligible for presumptive income under section 44AD

117. When a company engaged in the business of bio-technology incurs (i) expenditure on scientific research towards land and building ₹20 lakhs; (ii) other capital

expenditures ₹10 lakhs and (iii) revenue expenditure of ₹8 lakhs. The quantum of deduction under section 35 (2AB) shall be
(A) Nil
(B) ₹16 lakhs (200% of revenue expenditure)
(C) ₹27 lakhs (150% of total expenditure other than cost of land and building)
(D) ₹38 lakhs (100% of capital expenditure including cost of land and building)

118. Mr. Malik received a notice under section 148 for the assessment year 2013-14 in March, 2018. He wants to make application to the Settlement Commission. The additional amount of income-tax payable on the income disclosed in the application to the Settlement Commission must exceed _____ .
(A) ₹5 lakhs
(B) ₹10 lakhs
(C) ₹25 lakhs
(D) ₹50 lakhs

119. ABC & Co. Ltd. earned ₹15 lakhs by way of transfer of carbon credit. The tax liability in respect of carbon credit is
(A) Nil
(B) ₹1,54,500 (@ 10.3%)
(C) ₹4,63,500 (@ 30.9%)
(D) ₹2,31,750 (@ 15.45%)

120. When Mr. Atul doing business has gross total income of ₹ 9 lakhs, the maximum amount he can claim deduction in respect of the pension scheme of the Central Government under section 80CCD would be
(A) ₹50,000 (monetary limit)
(B) ₹90,000 (10% of gross total income)
(C) ₹1,00,000 (monetary limit)
(D) ₹1,80,000 (20% of gross total income)

121. When interest paid by an Indian company to a foreign company being an associated enterprise, such interest must not exceed _____% of the Indian company's earnings before interest, taxes, depreciation and amortization (EBITDA).
(A) 10
(B) 20
(C) 30
(D) 40

122. Secondary adjustment has to be made when the primary adjustment exceeds.
(A) ₹50 lakhs
(B) ₹100 lakhs
(C) ₹300 lakhs
(D) ₹500 lakhs

123. When Mr. Singhania having total income exceeding ₹10 lakhs files the return of income for the assessment year 2018-19 in January, 2019, the fee payable under section 234F for the delayed filing of return would be
(A) ₹1,000
(B) ₹5,000
(C) ₹10,000
(D) ₹20,000

124. When Mr. Gautam doing business paid hall rent of ₹80,000 for 3 days for doing Diwali sale, the amount of tax deductible at source under section 194-IB would be
(A) ₹8,000 @ 10%
(B) ₹16,000 @ 20%
(C) Nil
(D) ₹4,000 @ 5%

125. When an Indian company pays ₹5 lakhs to a foreign company for online advertisement of its products, it has to deduct
(A) tax at source @ 2%
(B) tax at source @ 10%
(C) equalization levy @ 6%
(D) equalization levy @ 8%

126. Tax payable by a firm whose total income is ` 11 crores is ` _____ crores.
(A) 3.7389
(B) 3.390
(C) 3.80688
(D) None of the above.

127. A businessman at Delhi is using a car exclusively for business purposes. As per Union Territory rule, his car can be used in Delhi only on alternate days. Car is the only asset in the block. Car has thus been used for only 50% of the number of days in the year. WDV of the car as on 1.4.2017 is ` 10 lakhs. Rate of depreciation is 15%. Depreciation allowable is ` _____.
(A) 75,000
(B) 1,50,000
(C) 1,00,000
(D) None of the above.

128. Safe Harbour Rules are relevant in the context of
(A) Maritime Law (Maintenance of sea harbours in a safe manner)
(B) Customs Act, 1962
(C) Transfer pricing
(D) None of the above

129. Mr. A acquired a house property on 12.3.1990 for ` 5 lakhs. He gifted the same to his brother on 16.5.1993, who gifted it to his son S on 22.7.2015, when the stamp valuation was ` 12 lakhs. S sold the house on 14.5.2016 for ` 24 lakhs, which was also the stamp duty value. For computing capital gain, the date of acquisition is
(A) 1.4.1981
(B) 12.3.1990
(C) 16.5.1993
(D) 22.7.2015

130. When total income of resident assessee, Mr. Ram (age 50) is ` 50,65,000, his net tax liability (including cess) and after marginal relief would be _____.
(A) ` 14,18,830
(B) ` 13,31,000
(C) ` 13,70,930
(D) ` 12,84,500

131. Mr. Cheema withdrew ` 2 lakhs out of his own contribution with National Pension System Trust. On the date of withdrawal, the balance in the account consisted of his own contribution of ` 6 lakhs and Employer's contribution of ` 8 lakhs. The amount of withdrawal liable to tax in the hands of Mr. Cheema would be
(A) Nil
(B) ` 3,00,000
(C) ` 1,50,000
(D) ` 50,000

132. Mahan Charitable Trust (registered under section 12AA) is engaged in running education institutions. It paid ` 5 lakhs to Malar Charitable Trust (registered under section 12AA) as corpus donation out of its income of the previous year 2017-18. The amount of corpus donation is
(A) Taxable in the hands of both the trusts.
(B) Exempt in the hands of both the trusts.
(C) deductible for prayer as application and taxable for the payee.
(D) not deductible for prayer as application but exempt for payee.

133. Real Builders (A partnership firm) admitted income under section 44AD up to the assessment year 2017-18 resorted to determination of income as per regular provisions by getting the books of account audited for the assessment year 2018-19. The assessee firm cannot revert to presumptive provisions contained in section 44AD up to the assessment year _____.
(A) 2023-24
(B) 2024-25
(C) Indefinitely
(D) 2019-20

134. M/s. KLM Ltd. a company having international transactions of ` 7 crores related to purchase of raw materials from its subsidiary company. M/s. BL Inc., in USA. M/s. KLM Ltd. is required to keep and maintain certain information and documents under section 92D for period of _____ years.
(A) five
(B) eight
(C) ten
(D) fourteen

135. In the assessment of Mr. Amar, the Assessing Officer has observed that he has purchased diamonds for ` 18 lakhs on 1st October, 2017 which was not recorded in the books of account and he is unable to offer any explanation. Applicable rate of income tax leviable under section 115BBE is _____ plus surcharge and education cess as applicable.
(A) 20%
(B) 30%
(C) 40%
(D) 60%

136. Alpha Ltd., Mumbai has 27% shareholding in Beta Pte. Inc. of Singapore. Alpha Ltd. received ₹15 lakhs (converted in Indian rupee) by way of dividend in October, 2018. The dividend so received is taxable in the hands of Alpha Ltd. at
(A) Nil, Fully exempt
(B) 10%
(C) 15%

(D) 30%

137. Gama Traders is a partnership firm consisting of 4 equal partners. One partner retired on 31.03.2018. The firm has eligible brought forward loss of ₹4 lakhs relating to the assessment year 2017-18. The total income of the firm of the previous year 2018-19 before set off of the said brought forward loss is ₹7,20,000. The amount of brought forward loss eligible for set off would be
(A) ₹4,00,000
(B) Nil
(C) ₹1,00,000
(D) ₹3,00,000

138. The provisions of Alternate Minimum Tax (AMT) will be applicable when the adjusted total income of the individual taxpayer exceeds
(A) ₹10,00,000
(B) ₹20,00,000
(C) ₹50,00,000
(D) ₹1,00,00,000

139. Mr. Ram Chandran a resident individual (age 52) has income of ₹51,00,000 for the year ended 31.03.2019. His income-tax liability after marginal relief would be
(A) ₹14,76,250
(B) ₹14,69,000
(C) ₹14,12,500
(D) ₹13,62,400

140. Y & Co. is a partnership firm which was dissolved on 31.03.2018. The return of income of the firm for the assessment year 2018-19 was filed on 31.08.2018. The return of income of the firm was selected for scrutiny assessment under section 143(3). The notice for scrutiny assessment under section 143(2) has to served on
(A) all the partners.
(B) any working partner.
(C) any partner having long association.
(D) any partner.

141. Sakshita Fertilisers P Ltd., is a manufacturer. A factory building has been constructed for ₹40 lakhs and occupied on 12.02.2018. Additional depreciation allowable for the said factory building is
(A) Nil
(B) ₹4 lakhs
(C) ₹2 lakhs
(D) None of the above

142. Mr Nyati has won a lottery prize. After deduction of tax, he received ₹7 lakhs. He has spent ₹20,000 by way of purchase of lottery tickets and for collecting the prize money. The amount chargeable to tax in his hands in this regard is
(A) ₹7 lakhs
(B) ₹10 lakhs
(C) ₹6.8 lakhs
(D) ₹9.8 lakhs

143. Mr. Janak's turnover during the year ended 31.03.2017 was ₹3 crores. He has paid a sum of ₹3 lakhs to an engineer for supervision of a residential house for his own

occupation. The amount of tax to be deducted at source from such payment u/s 194-J is
(A) ₹3 lakhs
(B) ₹3.3 lakhs
(C) ₹30,000
(D) Nil

144. Mrs. Rakshita, a Cost Accountant has raised a fees bill on LMN P Ltd., for ₹3,00,000 and in addition, has charged separately IGST of 18% i.e. ₹54,000, the total amount of the bill being ₹3,54,000. The amount of tax to be deducted at source by LMN P Ltd., is
(A) ₹30,000
(B) ₹30,900
(C) ₹35,400
(D) None of the above

145. Harivallabh Pvt. Ltd., has spent a sum of ₹10 lakhs towards meeting its corporate social responsibility (CSR) under the Companies Act, 2013. The amount of deduction available while computing the business income is
(A) ₹10 lakhs
(B) ₹15 lakhs
(C) ₹12.5 lakhs
(D) Nil

146. Martin (age 62) resident in India received interest on fixed deposit with SBI of c 45,000 for the year ended 31.03.2019. He does not have PAN. At what rate the bank must deduct tax at source?
(A) Nil
(B) 10%
(C) 20%
(D) 30%

147. Damage (P) Ltd. filed an application in March, 2019 for corporate insolvency resolution process, which was admitted by the adjudicating authority under Insolvency and Bankruptcy Code, 2016. The company has two full-time directors and a managing director. Who must sign the return of income of the company for the assessment year 2019-20?
(A) Any one of the full-time directors
(B) The professional appointed by the said adjudicating authority.
(C) Liquidator of the company
(D) Managing director

148. Shri Rajiv paid ` 1,20,000 by cheque on 05.01.2019 towards medical insurance premium for his parents who are senior citizens and not dependent on him. The premium was to provide health insurance cover for 3 years. How much is deductible under section 80D for the assessment year 2019 – 20?
(A) Nil
(B) ` 25,000
(C) ` 40,000
(D) ` 50,000

149. Mahasakthi Sugars Co-operative Society is engaged in manufacture of jiggery from sugarcane cultivated by its members. What is the 'due date' for filing the return of

income for the assessment year 2019-20 in order to be eligible for deduction under section 80-P?
(A) Due date specified in section 139(1)
(B) No specific date
(C) 31st March, 2020
(D) 31st December, 2019

150. During the course of survey in the premises of Jagan & Co. on 10.01.2019, stocks of goods purchased for ` 10 lakhs were found to be not recorded in the books of account. The firm has brought forward loss of ₹ 5 lakhs and incurred business loss of ` 2 lakhs for the year ended 31.03.2019 without considering the unaccounted stock. The tax liability of the firm including the said unaccounted purchase would be _____ (including surcharge and cess).
(A) ` 3,12,000
(B) ` 7,80,000
(C) Nil
(D) ` 93,600

151. ABC Ltd. declared interim dividend in August, 2018 of ` 100 lakhs. The amount payable by way of dividend distribution tax would be
(A) ` 31,20,000
(B) ` 26,00,000
(C) ` 17,47,200
(D) ` 20,55,600

152. A certificate issued by a registered valuer contained incorrect information. The CIT (Appeals) while giving appellate order can
(A) Impose penalty of ` 1 lakh on registered valuer.
(B) Not impose penalty on registered valuer
(C) Impose penalty of ` 10,000 on registered valuer
(D) Direct registered valuer to rectify the error.

153. Tripti Charitable Trust registered under Section 12AA paid rent for premises at ` 30,000 per month by cash. It also did not deduct tax on salary paid to its manager amounting to ` 4,80,000 for the previous year 2018-19. The total income of the assessee would be increased by _____ because of the above said transactions.
(A) ` 3,60,000
(B) ` 5,04,000
(C) ` 8,40,000
(D) ` 2,52,000

154. X Co. Ltd. paid interest to its holding company Y Inc. of USA at 15% amounting to ` 200 lakhs. The total interest paid by X Co. Ltd. for the previous year 2018-19 was ` 500 lakhs. In determining arm's length price interest paid to Y Inc. was added back to the extent of ` 100 lakhs in the hands of X Co. Ltd. The EBITDA of X Co. Ltd. is ` 700 lakhs for the year ended 31st March, 2019. The amount of interest liable for disallowance in the hands of X Co. Ltd. would be _____.
(A) ` 500 lakhs
(B) ` 300 lakhs
(C) ` 190 lakhs
(D) Nil

155. Madan Traders Ltd. Jaipur received ` 200 by way of dividend declared by Botham Co. Ltd. of UK in January, 2019. Madam, Traders Ltd. has 26% shareholding in Botham Co. Ltd. The tax liability of Madam Traders Ltd. on the dividend income would be
(A) Nil
(B) ` 62.4 lakhs
(C) ` 34.944 lakhs
(D) ` 43.0976 lakhs

Answer Key:

(1) (D) 194LBC
TDS on income from Investment in securitization fund is covered under section 194LBC.

(2) (D) None of the above
Stay of proceedings is covered under section 225.

(3) (D) Tax Management
Tax management is the duty of the Tax payer.

(4) (B) 154
Any mistake which is apparent from the record in an order passed by the Assessing Officer can be rectified u/s 154.

(5) (D) Valuation of inventories
ICDS-II stands for Valuation of Inventories.

(6) (A) ₹25,000
Explanation to section 80D says senior citizen means an individual resident in India who is of the age of 60 years or more during the relevant previous year. Thus a non-resident though has completed 60 years is not eligible for enhanced deduction of ₹30,000 but eligible for regular deduction of ₹25,000.

(7) (A) Nil
Section 115BBDA does not cover non-resident individuals, HUF or firm (including LLP). Therefore, the dividend distributed by the domestic company for which DDT is paid under section 115-0 is eligible for exemption under section 10(34).

(8) (D) ₹1,85,400
Under section 115QA, when shares are liable for buyback in the case of company not being a listed company, the company has to pay 20.6% on the distributed income as tax. In this case the company pays ₹12 lakhs of which ₹9 lakh belongs to accumulated profits.
Tax at 20.6% being ₹1, 85,400 is the liability on the company.
Alternatively, the workings are as under:

FSC	30,000 x 40	12,00,000
Less: COA	30,000x 10	3,00,000
		9,00,000 x 20.60% = ₹1,85,400

(9) (C) ₹67,500
The amount of subsidy received from the State Government or any other authority shall go to reduce the actual cost of asset computed under section 43(1) and hence the applicable depreciation would be computed on the resultant value. Depreciation at 15% on ₹9 lakhs being ₹1,35,000 and 50% thereon being ₹67,500 would be the eligible amount.

(10) (D) @ 10% being ₹14,000
Amount received from accumulated balance by the employee when it is taxable as per the provisions of rule 8 of Part A of the 4th Schedule, tax is deductible at source @ 10% when the aggregate payment exceeds ₹50,000.

(11) (C) ₹2,00,000

Where a house property acquired or constructed with borrowed capital on or after 01.04.1999 and is used for self residential use, the maximum amount of deduction allowable would be ₹2,00,000. The balance amount is eligible for carry forward and set off in the subsequent assessment years.

(12) (A) ₹9,40,000

Section 10(13)(v) was amended to provide exemption in respect of transfer from approved superannuation fund to National Pension Systems Trust referred to in section 80CCD. Hence the amount transferred is not chargeable to tax.

(13) (B) ₹12,00,000

Depreciation On computers is 60% of ₹20 lakhs, which works out to ₹12 lakhs.
Software ₹10 lakhs is a deductible business expenditure u/s 37(1).

(14) (C) Purchase price is more than arm's length price

When the purchase price is more than arm's length price the income of the Indian undertaking chargeable to tax in India is understated. Hence, the transfer pricing adjustment would arise.

(15) (A) 10%

As per section 11 5BBF income by way of royalty in respect of a patent developed and registered in India shall be chargeable to tax at the rate of 10%.

(16) (A) 15th day of March

In the case of persons admitting income under section 44AD, the entire amount of tax by way of advance tax must be paid before 15th day of March of the previous year as per section 211(1)(B).

(17) (C) ₹12,000 @ 1% on the entire sale price

As per section 206C(1F) every person being a seller who receives any amount as consideration for sale of motor vehicle exceeding ₹10 lakhs shall collect from the buyer 1% of the sale consideration as income-tax at the time of receipt of Such amount.

(18) (B) ₹6,18,000

When an income is taxable at 30% under Section 115BBE such income shall not be reduced by way of set off of losses against any other income or head of income. This is provided in section 115BBE (2) of the Act.

(19) (B) ₹2 lakhs (one-fifth)

As per section 35DD expenditure incurred in the case of amalgamation is eligible for amortization over a period of 5 years in equal installments beginning with the previous year in which the amalgamation takes place.

(20) (A) before due date specified in Section 139(1)

Section 43B has amended by Finance Act, 2016 provides for deduction of any sum payable to Indian Railways for the use of railway assets only if it is paid before the due date for furnishing the return specified in section 139(1)

(21) (B) 24

As per the third proviso to section 2(42A), shares in a private Company shall be treated as long-term Capital asset if it is held for more than 24 months. ***[The period of holding has been reduced from 36 months to 24 months from the AY 2017-18 onwards.]***

(22) (C) Nil

As per proviso to section 80CCD (3) amount received by the nominee legal heir on the death of the assessee shall not be deemed to be the income of the nominee.

(23) (C) ₹3 lakhs

As per section 10(10AA) leave salary received by a nongovernment employee is eligible for monetary limit of exemption of ₹3 lakhs.

(24) (D) ₹100 for every day of delay

As per section 271FA for delay of every day in statement of financial transaction, the penalty leviable is ₹100 for every day.

(25) (B) False

Every person, being a company and firm, has to file its return of income compulsorily, irrespective of its income being profit or loss. Thus, the statement given in the question is false

(26) (D) 13A

As per sec. 139(4B), the Chief Executive Officer of every political party has to file the return of income of the party if the total income of the party without giving effect to the provisions of sec. 13A exceeds the maximum amount not chargeable to income-tax.

(27) (B) November 30 of the Assessment year

As per explanation 2 to sec. 139(1), the due date of filing the return in case of a company who is required to furnish a report in Form No. 3CEB u/s 92E is November 30 of the assessment year.

(28) (A) Unabsorbed Depreciation

Unabsorbed depreciation can be carri ed forward eve n if the return of loss is submitted after the due date, as it is not covered under Chapter VI of set off or carry forward of losses but covered u/s 32(2).

(29) (D) All of the above

If an assessee discovers any omission or wrong statement (bonafide in nature) in the return filed u/s 139(1) or 139(4), he can revise his return u/s 139(5) within specified time. Further, a revised return can again be revised within specified time.

(30) (A) 143(3)

Assessment u/s 144 is termed as "Best Judgment Assessment'. Assessment u/s 143(3) is termed as 'Scrutiny Assessment'

(31) (A) any arithmetical error in the return

Processing of the return u/s 143(1) is like preliminary checking of the return of income. At this stage no de tailed scrutiny of the return of income is carried out. The total income or loss is computed after making the basic adjustments (if any), like (i) any arithmetical error in the return; or (ii) an incorrect claim, if such incorrect claim is apparent from any information in the return.

(32) (A) 1

No intimation shall be **sent** after the expiry of 1 year from the end of the financial year in which the return is made. The period of limitation will run from the date of filing of latest revised return.

(33) (A) 6 months

To carry out assessment u/s 143(3), the Assessing Officer should serve a notice u/s 143(2). Notice u/s 143(2) should be served within a period of 6 months from the end of the financial year in which the return is filed.

(34) (B) Any income which has escaped assessment

The objective of carrying out assessment or reassessment or recomputation u/s 147 is to bring under the ta x net any income which has esca ped assessment. Sec. 147 is also known as Income Escaping Assessment.

(35) (C) 18.50%

As per sec. 11 5JB, every taxpayer be ing a company is liable to pay MAT, if the Income-tax payable on the t otal income, computed as per the pro visions of the Income-tax Act in respect of any year is less than 18.50% of its book profit.

(36) (A) Life insurance business

The provision of section 115JB is not applicable to any income accruing or arising to a company from life insurance business referred to in sec. 115B

(37) (C) Schedule III

As per Explanation 1 to sec. 115JB(2), "book profit" for the purposes of section 115JB means net profit as shown in the Statement of the Profit and Loss prepared in accordance with Schedule III of the Companies Act as increased and decreased by certain items prescribed in this regard.

(38) (A) 18.50%

In case of non-corporate taxpayer, AMT is levied @ 18.5% of adjusted total income.

(39) (D) 29C

Every non-corporate taxpayer to whom the provisions of AMT apply is required to obtain a report from a chartered accountant in Form No. 29C on or before the due date of filing the return of income

(40) (C) 29B

Every company to whom the provisions of MAT apply is required to obtain a report from a chartered accountant in Form No. 29B on or before the due date of filing the return of income

(41) (C) Brought forward loss or unabsorbed depreciation, whichever is less as per books of account

Brought forward loss or unabsorbed depreciation, whichever is less as per books of account is required to be reduced from the net profit while computing book profit u/s 115JB

(42) (D) Deduction claimed u/s 80H to sec. 80RRB (other than sec. 80P)

For the purpose of computing adjusted total income u/s 115JC, total income shall be increased by the amount claimed as deduction u/s 80H to sec. 80RRB (other than sec. 80P), u/s 35AD (less depreciation u/s 32) and u/s 10AA.

(43) (B) 15 years

The amount of tax credit shall be carried forward and set off but such carry forward shall not be allowed beyond the 15th assessment year immediately succeeding the assessment year in which tax credit becomes allowable.

(44) (A) Where its total turnover or gross receipts during the previous year 2015-16 does not exceed ₹50 crore

Where total turnover or gross receipts of the company during the previous year 2015-16 does not exceed ₹50 crore, the company is taxable @ 25%.

(45) (D) Liquidator

As per section 178(3), the liquidator of a company has to intimate the tax authority before he parts with any of the assets of the company or the properties in his hands and has to set aside the amount if any intimated to him by the tax authorities

(46) (C) 142(2A)

As per sec. 142(2A), the Assessing Officer may direct the taxpayer to get his accounts audited or re-audited from a chartered accountant as nominated by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner and to furnish a report of such audit in the prescribed form.

(47) (C) 4

No order of rectification can be passed after the expiry of 4 years from the end of the financial year in which order sought to be rectified was passed. The period of 4 years is from the date of order sought to be rectified and not 4 years from the date of original order. Hence, if an order is revised, set aside, etc., then the period of 4 years will be counted from the date of such fresh order and not from the original order.

(48) (D) 6 months

In case of an application made by the assessee u/s 154, the income-tax authority shall rectify the order/refuse to do so within 6 months from the end of the month in which the application is received by the authority.

(49) (D) 272B

Section 272B provides for penalty of ₹10,000 in case of default by the taxpayer in complying with the provisions relating to PAN, i.e., not obtaining PAN, even though he

is liable to obtain PAN or knowingly quoting incorrect PAN in any prescribed document in which PAN is to be quoted or intimating incorrect PAN to the person deducting tax or person collecting tax.

(50) (A) Minimum Alternate Tax

MAT stands for Minimum Alternate Tax and AMT stands for Alternate Minimum Tax. Initially the concept of MAT was introduced for companies and progressively it has been made applicable to all other taxpayers in the form of AMT.

(51) (B) 26% or more

A foreign company in which the Indian company holds 26% or more in nominal value of the equity share capital will be treated as foreign specified company for the purpose of section 115BBD of the Act

(52) (D) Normal rate of tax applicable to the assessee

Dividend received from foreign company will be included in the total income of the tax payer and will be charged to tax at the rates applicable to the taxpayer. However, dividend from specified foreign company being defined u/s 115BBD is taxable @ 15%

(53) (A) 35

An appeal to the Commissioner of Income-tax (Appeals) shall be filed in Form No. 35.

(54) (A) 246A

Section 246A specifies the orders against which an appeal can be filed before the Commissioner of Income-tax (Appeals).

(55) (A) First

The Commissioner of Income-tax (Appeals) is the first appellate authority

(56) (D) 31st March

As per section 211(1), payment of advance tax made on or before 31st March shall be treated as advance tax paid during financial year

(57) (B) 6 months

As per section 142A(6), a Valuation Officer should send a report to the Assessing Officer within 6 months from the end of the month in which a reference is made by the Assessing Officer under section 142A(1).

(58) (B) 14 days

As per section 115QA(3), tax to credit of Government in case of distributed income of domestic company for buy- back of shares shall be deposited within 14 days from date of payment of any consideration to the shareholder on buy-back of shares

(59) (A) 6 months

U/s 12AA, an order of granting or refusing registration of trust shall be passed within6 months from the end of the month in which application u/s 12A (1)(aa) is received

(60) (B) 34DA

An application (in quadruplicate) for advance ruling shall be made by a resident applicant, for determination of his tax liability arising out of one or more transactions valuing ₹100 crore or more in total which has been undertaken or is proposed to be undertaken by him, in Form No. 34DA

(61) (D) 245N to 245V

Provisions relating to advance ruling are provided in sections 245N to 245V.

(62) (C) 5,00,000

If the amount of income in respect of which the penalty is imposed or imposable for the relevant year or, where such disclosure relates to more than one year, the aggregate amount of such income for those years exceeds a sum of ₹5,00,000, no order reducing or waiving the penalty under section 273A(1) shall be made by the Principal Commissioner or Commissioner, except with the previous approval of the Principal Chief Commissioner or Chief Commissioner or Principal Director General or Director General, as the case may be.

(63) (B) 273AA

Apart from enacting penalty provisions, the Income-tax Act also designed provisions empowering the Principal Commissioner or Commissioner of Income-tax to grant relief from penalty to tax payers in genuine cases. Such power is granted under section 273Aand section 273AA.

(64) (C) 92

As per section 92, when any specified domestic transaction is carried out between associated enterprises, the said transaction should be carried out at arm's length price. In other words, income arising or allowance of any expenses to an entity resulting from specified domestic transactions with associated enterprise should be computed by having regard to arm's length price of such transaction.

(65) (D) 20 crore

The provisions of section 92 will apply only if the aggregate value of specified domestic transactions entered into by the taxpayer during the year exceeds a sum of ₹20crore.

(66) (C) 92C

Section 92C deals with methods of computation of arm's length price.

(67) (A) Resale Price Method

The arm's length price in relation to an international transaction or specified domestic transaction shall be determined by any of the following methods, being the most appropriate method, having regard to the nature of transaction or class of transaction or class of associated persons or functions performed by such persons or such other relevant factors as the Board may prescribe, namely:

Transaction Based Methods

a. comparable uncontrolled price method;

b. resale price method;

c. cost plus method;

Profit Based Methods

d. profit split method;

e. transactional net margin method;

f. such other method as may be prescribed by the Board.

(68) (A) 5

As per sec. 92CC, Advance Pricing Agreement shall be valid for such period not exceeding 5 consecutive previous years as may be specified in the agreement.

(69) (A) 30%

As per sec. 94B, interest expenses claimed by an entity to its associated enterprises shall be restricted to 30% of its earnings before interest, taxes, depreciation and amortization (EBITDA) or interest paid or payable to associated enterprise, whichever is less.

(70) (B) 2% of the value of each international transaction or specified domestic transaction entered into by such person

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 2% of the value of each international transaction or specified domestic transaction entered into by such person

(71) (A) enterprises other than associated enterprises

Uncontrolled transaction means a transaction between enterprises other than associated enterprises, whether resident or non-resident

(72) (A) 8 years

Information and documents required to maintained u/s 92D shall be kept and maintained for a period of 8 years from the end of the relevant assessment year.

(73) (D) None of above

Assessment u/s. 143(1) can be made within one year from the end of the financial year in which return is filed.

(74) (D) None of above

Any mistake which is apparent on the records can be rectified.

(75) (B) TDS/TCS return

(76) (B) Taxed in the hands of minor child

(77) (B) Not more than ₹Two crores

(78) (C) 100% to 300% of tax sought to be evaded

(79) (A) Not an income

(80) (B) TRC

Tax residency certificate is the basis of claiming double taxation relief u/s. 90 or 90A.

(81) (B) Mercantile system

ICDS is applicable under the heads "PGBP" and "IOS" if assessee is maintaining the books under mercantile system.

(82) (B) within the assessment year or before completion of assessment whichever is earlier.

The time limit for filing the belated return w.e.f. 1-4-2016 is within assessment year or before completion of assessment whichever is earlier.

(83) (C) Substantial question of law is involved

Appeal to high court is possible only if the case involve Substantial Question of Law.

(84) (C) loss under the head —Income from other source

(85) (C) Taxable and not eligible for double tax relief

(86) (B) Not chargeable under income tax

(87) (B) 9%

(88) (B) 3 years

(89) (B) 29%

(90) (C) Tonnage tax company

Tonnage Tax Company and LIC are not liable to pay MAT u/s. 115JB.

(91) (C) Nil

Salary paid to members by PFAOP is not deductible expenditure u/s. 40 (ba) in commutating income of such time.

(92) (A) 1 yrs

The commissioner of IT Act (Appeal) shall dispose of the appeal within a period of 1 yrs from the financial year in which appeal is made.

(93) (B) Chartered Accountant

As per section 142(2A), the tax authorities can direct the taxpayer to get his accounts audited from a chartered Accountant nominated by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner and to furnish a report of such in a prescribed form.

(94) (D) ₹3,00,000

The quantum of deduction in respect of royalty on patents as mentioned in Section 80RRB is ₹3,00,000

(95) (A) 7 days

The additional tax will have to paid by the principal officer of the domestic company and the company within 7 days from the date of declaration of dividend.

(96) (C) Principal Officer

As per section 140, in case of the Local Authority the return is verified by the Principal Officer.

(97) (C) Advance tax

Advance Tax is an additional means by which the central government collects revenue. Advance tax is known as you earn concept.

(98) (C) Form 34B

Form 34B for making application of settlement of cases as specified u/s 245C(1) to settlements commission and have the case settled provided the stipulated conditions are satisfied.

(99) (B) 30 days

Application made to the authority for advance ruling can be withdrawn after the lapse of 30 days period of application with the permission of authority if facts and circumstances so justify.

(100) (C) ₹50 lakh

Single member bench may dispose of any case which pertains to an assessee whose total income as computed by the Assessing Officer does not exceeds ₹50 Lakh.

(101) (C) 15th March

An eligible business as referred to section 44AD shall pay the advance tax during each financial year on or before the 15th March.

(102) (D) 5,000

Maximum limit of deduction in respect of rent paid u/s 80GG is ₹5,000.

(103) (B) 142 (1)

Prosecution can be launched and the taxpayer can be punished if he commits willful failure to produce before the tax authorities the accounts and documents as demanded under section 142(1).

(104) (C) 300 days

The provision of section 80JJAA is applied to the business of manufacture of goods in a factory where workmen are employed for not less than 300 days in a previous year.

(105) (C) ₹5,000 per day

Penalty to produce the information and documents within the period allowed s/s 286(6) is 5,000 per day.

(106) (B) ₹5 Lakh

Penalty for failure to furnish the information and the document as required u/s 92D(4) by constituent entity of an International group referred to new Section 286 will attract penalty of ₹5 lakh.

(107) (D) Form 29C

For every non corporate taxpayer to whom the provisions of AMT apply is required to obtain a report from a Chartered Accountant in Form 29C on or before the due date of filling the return of income.

(108) (B) ₹1000

As per section 249(1), where assessed income is more than ₹2 Lakh then fees for filling an appeal with ITAT would be ₹1,000.

(109) (C) Speculation business

The loss of a speculation business of any assessment year is allowed to be set off only against the profit and gains of speculation business.

(110) (B) 7 days

As per section 245(D)(1) on receipt of application under section 245C, the settlement commission shall within 7 days from the date of receipt of the application issue a notice to the applicant requiring him to explain as to why the application made by him be allowed to proceed with.

(111) (A) 25%

(112) (B) 15

(113) (A) Nil

(114) (A) not less than 10% of the voting power

(115) (C) 30

(116) (C) ₹8.20 lakhs

When the sale proceeds are realized through banking channel, 6% of the amount shall be deemed to be the income and for the balance amount realized otherwise than through banking channel 8% shall be deemed to be the presumptive income

under section 44AD. Hence ₹5,40,000 + ₹2,80,000 = ₹8,20,000 is the presumptive income under section 44AD.

(117) (C) ₹27 lakhs (150% of total expenditure other than cost of land and building)

The quantum of deduction in respect of the company engaged in the business of bio technology is limited to 150% of the total expenditure excluding the cost of land and building.

(118) (B) ₹10 lakhs

Where the application is filed in a case not being a case in which assessment under sections 153A, 153B or 153G are initiated, the additional amount of income-tax payable on the income disclosed in the application must exceed `10 lakhs.

(119) (B) ₹1,54,500 (@ 10.3%)

As per section 115BBE carbon credit is taxable at the concessional rate of 10.3% on the gross amount of such income.

(120) (D) ₹1,80,000 (20% of gross total income)

As per section 80CCD in the case of a person other than an employee contribution to Central Government Pension Scheme is deductible up to a maximum of 20% of the gross total income of the assessee.

(121) (C) 30

As per section 94B any expenditure by way of interest paid by Indian company to a foreign associated enterprise in excess of 30% of the EBITDA is liable for disallowance. It is to be carried forward to subsequent year and could be allowed in that year to the extent of the maximum allowable interest expenditure of that year.

(122) (B) ₹100 lakhs

When the primary adjustment i.e. adjustment towards arm's length price exceeds ₹1 crore, the secondary adjustment must be made in the books of account to remove imbalance between cash account and actual profit of the assessee.

(123) (C) ₹10,000

As per section 234F when the total income of the assessee exceeds ₹5 lakhs and the return is filed after 31st December of the relevant assessment year, the assessee shall pay a fee of ₹10,000

(124) (D) ₹4,000 @ 5%

As per section 194-IB when rent paid per month or part of a month exceeds ₹50,000 and the payer is individual or HUF assessee, tax is deductible at source at 5% of the amount.

(125) (C) equalization levy @ 6%

As per the Finance Act, 2017 when an Indian company pays to a foreign company towards online advertisement a sum exceeding ₹1 lakh, it has to pay equalization levy at 6% of the amount paid.

(126) (C) 3.80688

Where the total income of a firm exceeds c 1 crore, surcharge of 12% is payable. Tax is ` 3.3 crore. SC at 12% is 0.396 cr. On 3.696cr, Cess at 3% is payable. Total amount is the tax due

. Particulars	Working	` in Crore
Tax on ₹11 crore	c 11 crore x 30%	3.30000
Add: Surcharge	c 3.30 crore x 12%	0.39600
Tax and Surcharge		3.69600
Add: Education Cess & SAHEC	c 3.6960 crore x 3%	0.11088
Total tax payable		3.80688

(127) (B) 1,50,000

Where an asset is put to use during the year, there is no provision in the Act for proportionate disallowance, based on the number of days used. Hence full depreciation of `1,50,000 is to be allowed.

(128) (C) Transfer pricing

Safe Harbour Rules were framed in the context of advance pricing agreements, relevant to transfer pricing provisions

(129) (B) 12.3.1990

The issue has to be seen I the light of the provisions of section 47 read with section 49. Where any asset is acquired through modes like gift, partition, etc. for determining the date of acquisition, one has to go back to the date when it was acquired in a mode other than these specified modes. Hence, the date of acquisition of Mr. A is relevant here. This view is supported by several decisions.

(130) (A) `14,18,830

When the income of an individual resident assessee exceeds ` 50 lakhs, surcharge @ 10% is payable. However, marginal relief is to be given. The excess tax payable by way of surcharge must not exceed the excess income less tax thereon. Excess income `65,000 less tax thereon is `19,500 and hence the surcharge levy is limited to `45,500 instead of 10%. The total tax liability on total income of 50,65,000 would be ` 13,32,000 + surcharge `45,500 + cess @ 3% which would be the final tax liability.

(131) (D) ` 50,000

As per section 10(12B) amount withdrawn from NPS trust to the extent it does not exceed 25% of the contributions made by the assessee is exempt from tax. The amount of withdrawal eligible for exemption would be `1,50,000 (25% of ` 6 lakhs) and excess of ` 50,000 is taxable.

(132) (D) not deductible for prayer as application but exempt for payee

Not deductible for payer as application but exempt for payee

As per Explanation 2 to section 11 amount paid as contribution with a specific direction that it shall form part of the corpus of the trust, shall not be treated as application of the donor-trust. In the hands of done-trust, the said corpus donation is exempt under section 11(1)(d).

(133) (A) 2023-24

As per section 44AD(4) when a taxpayer declares profit under section 44D and subsequently departs from the presumptive provision and opts for regular provision, he is not eligible to claim the benefit of presumptive provision for 5 assessment years subsequent to the assessment year in which the profit has not been declared in accordance with section 44AD.

(134) (B) eight

Section 92D of income tax act provides for keeping & maintaining information and documents in case the aggregate value of international transaction entered into exceeds c 1 crore, which shall be available by the due date of submission of return of income. The information and document are specified in section 92D of income tax act. Since the company has entered into international transactions with its Subsidiary Company in USA for purchase of raw materials having aggregate value of c 7 crores during the previous year 2017-18 is required to comply with the provisions of section 92D. This information and documents shall be kept and maintained for a period of eight years from the end of the relevant assessment year.

(135) (D) 60%

Unexplained / unrecorded investment in diamond attracts provisions of section 69. When income is taxed under section 68 to 69D, tax is calculated as per provisions of section 115BBE. c 18 lakhs would be taxable @ 60%.

(136) (C) 15%

When an Indian company receives income by way of dividend from a foreign company in which the Indian company holds 26% or more in nominal value of the

equity share capital of the foreign company, the amount of dividend shall be taxable at 15%. The amount so received would be reduced from the total income of the Indian company and no expenditure is allowable against such dividend income.

(137) (D) ₹3,00,000

Section 78 says that where a change has occurred in the constitution of a firm and the firm has brought forward loss, the amount of such loss proportionate to the retired or deceased partner as exceeds his share of profits in the respective previous year shall not be eligible for set off. In this case, one partner has retired on 31.03.2018 and the brought forward loss will not be reduced since there is no share of profit for the partner in the previous year 2018-19.

(138) (B) ₹20,00,000

Section 115JEE(2) says that the provisions of Chapter XII-BA dealing with Alternate Minimum Tax applicable for persons other than company will not apply if the adjusted total income of the taxpayer does not exceed ₹20 lakhs.

(139) (B) ₹14,69,000

The tax on total income of ₹51 lakhs before cess@ 4% would be ₹14,76,250 and tax on income of ₹50 lakhs is ₹13,12,500 plus excess of income over ₹50 lakhs being ₹1 lakh would result in aggregate tax liability of ₹14,12,500. The marginal relief would be ₹64,250. The final tax payable hence would be ₹14,69,000.

(140) (D) any partner

As per section 283(2) where a firm is dissolved, notices under the Income-tax Act in respect of the firm may be served on any person who was a partner (not being a minor) immediately before its dissolution.

(141) (A) Nil

Additional depreciation is available only in respect of eligible plant and machinery to a manufacturer and not in respect of factory building. Hence the amount is Nil.

(142) (B) ₹10 lakhs

Gross winnings must be taxed. Since TDS rate is 30%, gross amount will be ₹10 lakhs. No expenditure is allowable from this amount.

(143) (D) Nil

Where the house is meant exclusively for personal use, there is no need to deduct tax at source u/s 194-J.

(144) (A) ₹30,000

CBDT has clarified that there is no need to deduct tax at source in respect of GST charged and shown separately in the bill Hence as per section 194-J, from the sum of ₹3 lakhs, .10% i.e. ` 30,000 is to be deducted.

(145) (D) Nil

Section 37 clearly enjoins that no deduction is available in respect of CSR expenditure incurred by a corporate assessee.

(146) (A) Nil

Since interest on SB and / or fixed deposit below ` 50,000 is not chargeable to tax in the case of senior citizens because of section 80TTB, no tax is deductible at source

(147) (B) The professional appointed by the said adjudicating authority

As per sub-clause (c) of the proviso to section 140(c), in the case of a company which has made an application for corporate insolvency resolution process and which has been admitted by the adjudicating authority, the return of income must be signed by the professional who has been appointed by the said adjudicating authority

(148) (C) ` 40,000

As per section 80D(4A) when payment is made in lump sum to keep an insurance on the health of any person specified therein for more than a year, there shall be allowed for each of the relevant previous year, a deduction equal to the appropriate fraction of the amount. The proportionate fraction is ` 40,000 i.e. ` 1,20,000 /3.

(149) (A) Due date specified in section 139(1)

As per section 80AC from assessment year 2018-19 any deduction admissible under any provision of Chapter VI-A under the heading "C-Deductions in respect of certain incomes" shall not be allowed unless the assessee furnishes the return of income for such assessment year on or before the due date specified in section 139(1) of the Act.

(150) (B) ` 7,80,000

As per section 115BBE any addition under sections 68, 69, 69A, 69B 69C or section 69D is chargeable to tax @ 60% plus surcharge @ 25% and HEC @ 4%. The effective rate is 78%. Further, sub-section (2) to section 115BBE says no deduction in respect of any expenditure or allowance or set off of any loss shall be allowed against such income.

(151) (D) ` 20,55,600

As per section 115-O the dividend distribution tax is payable by ABC Ltd. on grossing up of dividend paid 100/85×100 lakhs = 117.647 lakhs minus ` 100 lakhs = ` 17.647 lakhs. Add surcharge @ 12% = ` 2.118 lakhs. Add Health and Education cess @ 4% on 19.765 = ` 0.791 lakhs. Total liability = 17.647 lakhs + ` 2.118 lakhs + 0.791 lakhs = ` 20.556 lakhs.

(152) (C) Impose penalty of ` 10,000 on registered valuer

As per section 271J the Assessing Officer or the CIT (Appeals) finds that the registered valuer has furnished incorrect information in any report or certificate, he may impose a penalty of ` 10,000 for each such report or certificate.

(153) (B) ` 5,04,000

On rent paid exceeding ` 10,000 in contravention of section 40A(3) the entire expenditure so incurred will not be treated as application. Similarly, salary paid to manager of the trust ` 4,80,000 without tax deduction at source under section 192 would attract 30% disallowance. Thus rent 3,60,000 and salary ` 1,44,000 will not be treated as application of income by the trust. Thus the total income of the assessee would get enhanced by ` 5,04,000 for the above said transaction.

(154) (D) Nil

Total interest paid ` 500 lakhs including interest of ` 200 lakhs paid to associated enterprise. The EBITDA of the company is ` 700 lakhs. 30% thereon being ` 210 lakhs. As the interest paid to associated enterprise is less than 30% of EBITDA, no interest is liable for disallowance. The correction option is (D).

(155) (C) ` 34.944 lakhs

In the case of an Indian company having income by way of dividend declared, distributed or paid by a specified foreign company, it is chargeable to tax at 15% plus surcharge @ 12% and cess @ 4%. The condition is that the Indian company must have 26% or more in normal value of the equity share capital of the foreign company. Since Madam Traders Ltd has 26% shareholding in Botham Co Ltd., it is eligible to pay concessional rate of tax.

Notes

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