MULTIPLE CHOICE QUESTIONS (Finance Act 2008)

1. 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 d) None of the three

2. Additional surcharge (education cess) of 3% per cent is payable on
a) Income tax b) Income tax plus surcharge c) Surcharge

3. 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

4. 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

5. 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

6. 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%

7. 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 d) Rs.3,600

8. 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

9. Assessee is always a person but a person may or may not be an assessee.
a) True b) False

10. A person may not have assessable income but may still be assessee.
a) True b) False

11. In some cases assessment year and previous year can be same financial year.
a) True b) False

12. A.O.P should consist of :
a) Individual only b) Persons other than individual only c) Both the above

13. Body of individual should consist of :
a) Individual only b) Persons other than individual only c) Both the above

14. A new business was set up on15-11-2008 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

15. 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

16. Surcharge in case of an individual or HUF for assessment year 2009-10 is payable at the rate of :
a) 12% of the income-tax payable provided the total income exceed Rs.60,000.
b) 10% of the income-tax payable provided the total income exceeds Rs.10,00,000
c) 5% of the income-tax payable if the total income exceeds Rs.8,50,000

17. Surcharge in case of a firm for assessment year 2009-10 is payable at the rate:
a) 2.5% of income-tax payable b) 5% of income-tax payable c) 10% of income-tax payable

18. The maximum amount on which income-tax is not chargeable in case of firm is:
a) Rs.1,00,000 b) Rs. 90,000 c) Nil

19. The maximum amount on which income-tax is not chargeable in case a co-operative society is:
a) Rs.50,000 b) Rs.30,000 c) Nil

20. A local authority is taxable at flat rate of income-tax.
a) True b) False

21. A co-operative society is taxable at flat rate of 30% on TI.
a) True b) False

22. Education cess is leviable @:
a) 3% b) 5% c) 2.5%

23. Education cess is leviable in case of:
a) An individual and HUF b) A company assessee only c) All assesses

24. In case of an individual and HUF education cess is leviable only when the total income of such assessee
a) Exceeds Rs.10,00,000 b) No income limit

25. The TI of the assessee has been computed as Rs.2,53,494.90. For rounding off ,the TI will be taken as:
a) Rs.2,53,500 b) Rs.2,53,490 c) Rs.2,53,495

26. Income tax is rounded off to:
a) Nearest ten rupees b) Nearest one rupee c) No rounding off of tax is done

27. A's TI for the A.Yr.2009-10 is Rs.2,50,000.His tax liability shall be
a) 10,000 b) 10,300 c) 11,330

28. Residential status to be determined for :
a) Previous year b) Assessment year c) Accounting year

29. Incomes which accrue or arise outside India but are received directly into India are taxable in case of
a) Resident only b) Both ordinarily resident and NOR c) Non-resident d) All the assesses

30. Income deemed to accrue or arise in India is taxable in case of :
a) Resident only b) Both ordinarily resident and NOR c) Non-resident d) All the assesses

31. Income which accrue outside India from a business controlled from India is taxable in case of:
a) Resident only b) Not ordinarily resident only
c) Both ordinarily resident and NOR d) Non-resident

32. Income which accrue or arise outside India and also received outside India taxable in case of:
a) resident only b) not ordinarily resident
c) both ordinarily resident and NOR d) none of the above

33. TI of a person is determined on the basis of his:
a) residential status in India b) citizenship in India c) none d) both of the above

34. Once a person is a resident in a P.Yr. he shall be deemed to be resident for subsequent P. Yr.
a) True b) False

35. Once a person is resident for a source of income in a particular P. Y r. he shall be deemed to be resident for all other sources of income in the same P. Yr :
a) True b) False

36. R Ltd., is an Indian company whose entire control and management of its affairs is situated outside India. R Ltd., shall be :
a) Resident in India b) Non-resident in India c) Not ordinarily resident in India

37. R Ltd., is registered in U.K. The control and management of its affairs is situated in India .R Ltd shall be :
a) Resident in India b) Non-resident c) Not ordinarily resident in India

38. R, a foreign national visited India during previous year 2008-09 for 180 days. Earlier to this he never visited India. R in this case shall be:
a) Resident in India b) Non-resident c) Not ordinarily resident in India

39. An Indian company is always resident in India
a) True b) False

40. Dividend paid by an Indian company is:
a) Taxable in India in the hands of the recipient b) Exempt in the hands of recipient
c) Taxable in the hands of the company and exempt in the hands of the recipient

41. Agricultural income is exempt provided the:
a) Land is situated in India b) Land is situated in any rural area India
c) Land is situated whether in India or outside India.

42. If the assessee is engaged in the business of growing and manufacturing tea in India ,the agricultural income in that case shall be:
a) 40% of the income from such business b) 60% of the income from such business
c) Market value of the agricultural produce minus expenses on cultivation of such produce

43. Agricultural income is :
a) Fully exempt b) Partially exempt c) Fully taxable

44. The partial integration of agricultural income, is done to compute tax on:
a) Agricultural income b) non agricultural income
c) Both agricultural and non agricultural income

45. There will be no partial integration of agricultural income with non agricultural income, if the non agricultural income does not exceed:
a) Rs.1,50,000 b) Rs. 1,00,000 c) Rs.1,10,000

46. There will be no partial integration, if the agricultural income does not exceed:
a) Rs.40,000 b) Rs.50,000 c) Rs.5,000

47. A local authority has earned income from the supply of commodities outside its own jurisdictional area. It is :
a) Exempt b) Taxable

48. R, a chartered accountant is employed with R Ltd., as an internal auditor and requests the employer to call the remuneration as internal audit fee. R shall be chargeable to tax for such fee under the head.
a) Income from salaries b) Profit and gains from Business and Profession
c) Income from other sources.

49. R, who is entitled to a salary of Rs.10,000 p.m. took an advance of Rs.20,000 against the salary in the month of March 2009.The gross salary of R for assessment year 2009-10 shall be:
a) Rs.1,40,000 b) Rs.1,20,000 c) None of these two

50. A is entitled to children education allowance @ Rs. 80 p.m. per child for 3 children amounting Rs. 240 p.m. It will be exempt to the extent of :
a) Rs.200 p.m. b) Rs.160 p.m. c) Rs. 240 p.m.

51. R gifted his house property to his wife in 2000. R has let out the house property @ Rs.5,000 p.m. The income from such house property will be taxable in the hands of :
a) Mrs. R
b) R. However , income will be computed first as Mrs. R's income and thereafter clubbed in the income of R
c) R as he will be treated as deemed owner & liable to tax

52. R transferred his house property to his wife under an agreement to live apart. Income from such house property shall be taxable in the hands of :
a) R as deemed owner
b) R. However, it will be first computed as Mrs. R income & Thereafter clubbed in the hands of R
c) Mrs. R

53. R gifted his house property to his married minor daughter. The income from such house property shall be taxable in the hands of :
a) R as deemed owner.
b) R. However, it will be first computed as minor daughters income & clubbed in the income of R.
c) Income of married minor daughter.

54. A has two house properties. Both are self-occupied. The annual value of
a) Both house shall be nil b) One house shall be nil c) No house shall be nil

55. An assessee has borrowed money for purchase of a house & Interest is payable outside India. Such interest shall:
a) Be allowed as deduction b) Not to be allowed on deduction
c) Be allowed as deduction if the tax is deducted at source

56. Salary, bonus, commission or remuneration due to or received by a working partner from the firm is taxable under the head.
a) Income from salaries b) Other sources c) PGBP

57. Perquisite received by the assessee during the course of carrying on his business or profession is taxable under the head.
a) Salary b) Other sources c) PGBP

58. Interest on capital or loan received by a partner from a firm is:
a) Exempt U/S 10(2A) b) Taxable U/H business and profession
c) Taxable U/H income from other sources

59. Under the head Business or Profession, the method of accounting which an assessee can follow shall be :
a) Mercantile system only b) Cash system only c) Mercantile or cash system only d) Hybrid system

60. An asset which was acquired for Rs. 5, 00, 000 was earlier used for scientific research. After the research was completed, the machinery was brought into the business of the assessee. The actual cost of the asset for the purpose of inclusion in the block of asset shall be :
a) Rs.5,00,000 b) Nil
c) Market value of the asset on the date it was brought into business

61. A car is imported after 1- 4- 2005 by R Ltd. from London to be used by its employee. R Ltd. shall be allowed depreciation on such car at:
a) 15% b) 40% c) Nil

62. Unabsorbed depreciation which could not be set off in the same assessment year, can be carried forward for:
a) 8 Years b) Indefinitely c) 4Years

63. Certain revenue and capital expenditure on scientific research are allowed as deduction in the previous year of commencement of business even if these are incurred:
a) Five years immediately before the commencement of business
b) 3 years immediately before the commencement of the business
c) Any time prior to the commencement of the business.

64. If any amount is donate for research, such research should be in nature of:
a) Scientific research only b) Social or statistical research only
c) Scientific or social or statistical research

65. Preliminary expenses incurred are allowed deduction in:
a) 10 equal annual installments b) 5 equal annual installments c) full

66. In case the assessee follows mercantile system of accounting, bonus or commission to the employee are allowed as deduction on:
a) Due basis b) Payment basis c) Due basis but subject to section 43B

67. Interest on money borrowed for the purpose of acquiring a capital asset pertaining to the period after the asset is put to use is to be:
a) Capitalized b) Treated as revenue expenditure

68. Expenditure incurred on purchase of animals to be used by the assessee for the purpose of carrying on his business& profession is subject to
a) Depreciation
b) Deduction in the previous year in which animal dies or become permanently useless
c) Nil deduction

69. Expenditure incurred on family planning amongst the employees is allowed to
a) Any assessee b) A company assessee c) An assessee which is a company or cooperative society

70. Interest on capital of or loan from partner of a firm is allowed as deduction to the firm to the extent of:
a) 18% p.a. b) 12% p.a. even if it is not mentioned in partnership deed
c) 12% p.a. or at the rate mentioned in partnership deed whichever is less.

71. Deduction under section 40(b) shall be allowed on account of salary /remuneration paid to :
a) Any partner b) Major partner only c) Working partner only

72. Remuneration paid to working partner shall be allowed as deduction to a firm:
a) In full b) Subject to limits specified in section 40(b) c) None of these two

73. A firm business income is nil /negative. It shall still be allowed as deduction on account of remuneration to working partner to the maximum extent of:
a) Actual remuneration paid as specified in partnership deed b) Rs.50,000 c) Nil

74. For person carrying on profession, tax audit is compulsory, if the gross receipts of the previous year exceeds:
a) Rs.50 lakhs b) Rs.40 lakhs c) Rs.10 lakhs

75. Tax audit is compulsory in case a person is carrying on business whose gross turnover/sales/receipts, as the case may be, exceeds:
a) Rs. 10 lakhs b) Rs. 40 lakhs c) 1 crore

76. In case an assessee is engaged in the business of civil construction, presumptive income scheme is applicable if the gross receipts paid or payable to him in the previous year does not exceed:
a) Rs.10 lakhs b) Rs. 40 lakhs c) Rs. 50 lakhs

77. In the aforesaid case ,the income shall be presumed to be :
a) 5% of gross receipts b) 8% of gross receipts c) 10% of gross receipts

78. In case an assessee is engaged in the business of plying hiring or leasing goods carriage, presumption income scheme under section 44AE is applicable if the assessee is the owner of maximum of :
a) 8 goods carriages b) 10 goods carriages c) 12 goods carriages

79. In case an assessee is engaged in the business of retail trade, presumptive income scheme is applicable if the total turnover of such retail trade of goods does not exceed:
a) Rs.10 lakhs b) Rs.30 lakhs c) Rs.40 lakhs d) Rs.50 lakhs

80. In the above case the income to be presumed under section 44AF shall be :
a) 8% of total turnover b) 5% of total turnover c) 10% of total turnover

81. If the assessee opts for section 44AD or 44AF or 44AE,then the assessee shall:
a) Not be entitled to any deduction under sections 30 to 37
b) Be entitled to deduction under sections 30 to 37
c) Not be entitled to deduction under sections 30 to 37except for interest on capital or loan from partner and remuneration to a working partner subject to conditions laid down under section 40(b)

82. The period of holding of shares acquired in exchange of convertible debentures shall be reckoned from:
a) The date of holding of debentures
b) The date of when the debentures were converted into shares
c) None of these two

83. Securities transaction tax paid by the seller of shares and units shall
a) Be allowed as deduction as expenses of transfer b) Not be allowed as deduction

84. The cost inflation index number of the P.Yr.2008-09 is :
a) 480 b) 519 c) 551 d) 582

85. Conversion of capital asset into stock in trade will result into capital gain of the previous year:
a) In which such conversion took place
b) In which such converted asset is sold or otherwise transferred c) None of these two

86. Where a partner transfers any capital asset into the business of firm ,the sale consideration of such asset to the partner shall be :
a) Market value of such asset on the date of such transfer
b) Price at which it was recorded in the books of the firm
c) Cost of such asset to the partner

87. Where the entire block of the depreciable asset is transferred after 36 months, there will be:
a) Short-term capital gain b) Long-term capital gain
c) Short-term capital gain or loss d) Long-term capital gain or loss

88. In the case of compulsory acquisition, the indexation of cost of acquisition or improvement shall be done till the :
a) Previous year of compulsory acquisition b) In which the full compensation received
c) In which part or full consideration is received

89. If good will of a profession which is self generated is transferred, there will:
a) Be capital gain b) Not be any capital gain c) Be a short-term capital gain

90. Exemption under section 54 is available to :
a) All assesses b) Individuals only c) Individual + HUF.

91. The exemption under section 54 ,shall be available:
a) To the extent of capital gain invested in the HP
b) Proportionate to the net consideration price invested
c) To the extent of amount actually invested

92. The exemption u/s 54B, is allowed to :
a) Any assessee b) Individual only c) Individual or HUF

93. For claiming exemption under section 54B the assessee should acquire:
a) Urban agricultural land b) Rural agricultural land c) Any agricultural land

94. New assets acquired for claiming exemption u/s 54, 54B or 54D,if transferred within 3 years, will result in:
a) Short-term capital gain b) long-term capital gain
c) ST or LTCG depending upon original transfer

95. Loss from a speculation business of a particular A. Yr. can be set off in the same A. Yr. from:
a) Profit and gains from any business
b) Profit and gains from any business other than speculation business
c) Income of speculation business

96. Loss under the head capital gain in a particular assessment year can:
a) Be set off from other head of income in the same assessment year.
b) Be carried forward c) Neither be set off nor carried forward

97. The loss is allowed to be carried forward only when as assessee has furnished:
a) Return of loss b) Return of loss before the due date mentioned u/s 139(1)
c) Or not furnished the return of loss

98. Loss under the head income from house property can be carried forward:
a) Only if the return is furnished before the due date mentioned u/s 139(1)
b) Even if the return is not furnished c) Even if the return is furnished after the due date

99. Deduction u/s 80C in respect of LIP, Contribution to provident fund, etc. is allowed to :
a) Any assessee b) An individual
c) An individual of HUF d) An individual or HUF who is resident in India

100. Deduction under section 80C is allowed from:
a) Gross total income b) Total income c) Tax on total income

101. An assessee has paid life insurance premium of Rs.25,000 during the previous year for a policy of Rs.1,00,000.He shall:
a) Not be allowed deduction u/s 80C
b) Be allowed Deduction u/s 80C to the extent of 20% of the capital sum assured i.e.Rs.20,000
c) Be allowed Deduction for the entire premium as per the provisions of section 80C

102. For claiming Deduction u/s 80C, the payment or deposit should be made:
a) Out of any income b) Out of any income chargeable to income tax
c) During the current year out of any source

103. Deduction under section 80C shall be allowed for :
a) Any education fee
b) Tution fee exclusive of any payment towards any development fee or donation or payment of similar nature c) Tution fee and annual charges

104. Deduction under section 80CCC is allowed to the extent of :
a) Rs. 2,00,000 b) Rs. 1,00,000 c) Rs. 4,00,000

105. Deduction under section 80D in respect of medical insurance premium is allowed to:
a) Any assessee b) An individual or HUF
c) Individual or HUF who is resident in India d) Individual only

106. Deduction u/s 80D is allowed if the premium is paid to :
a) Life insurance Corporation
b) General insurance Corporation or any other insurer approved by IRDA
c) Life insurance or General insurance corporation

107. The payment for Insurance premium under section 80D should be paid:
a) In cash b) By any mode other than cash c) Cash/by cheque

108. The quantum of deduction allowed under section 80D shall be limited to:
a) Rs.20,000 b) Rs.10,000 c) Rs. 15,000

109. Deduction U/s 80G on account of donation is allowed to:
a) A business assessee only b) Any assessee c) Individual or HUF only

110. The maximum deduction u/s 80GG shall be limited to:
a) Rs. 1,000 p.m. b) Rs. 2,000 p.m. c) Rs. 3,000 p.m.

111. Deduction u/s 80GGA in respect of certain donation for scientific research or rural development is allowed to:
a) any assessee b) non corporate business assessee
c) an assessee whose income does not include PGBP income.

112. Deduction under section 80DD shall be allowed:
a) To the extent of actual expenditure/deposit or Rs.40,000 whichever is less
b) For a sum of Rs.50,000 irrespective of actual expenditure or deposit
c) For a sum of Rs.40,000 irrespective of any expenditure incurred or actual deposited

113. The deduction u/s 80E is allowed for repayment of interest to the extent of :
a) Rs.25,000 b) Rs.40,000 c) Any amount repaid

114. The quantum of deduction allowed u/s 80U is :
a) Rs. 40,000 b) Rs. 50,000 c) Rs. 60,000

115. As per Sec.139(1), a company shall have to file return of income:
a) When its total income exceeds Rs.50,000
b) When its total income exceeds the maximum amount which is not chargeable to income tax
c) In all cases irrespective of any income or loss earned by it.

116. The last date of filing the return of income u/s 139(1) for A. Yr. 2009-10 in case of a company assessee is
a) 30th November of the assessment year b) 30th September of the assessment year
c) 31st July of the assessment year d) 31st October of the assessment year

117. The last date of filing the return of income u/s 139(1) for assessment year 2009-10 in case of a non corporate business assessee whose accounts are not liable to be audited shall be:
a) 31st July of the assessment year b) 30th June of assessment year
c) 31st October of the assessment year d) 30th September of the assessment year

118. For the P.Y. 2008-09 the business income of the assessee before providing C.Yr. depreciation of Rs. 3,50,000 is Rs. 1,50,000. His due date of return was 30-09-2009 but he submitted the return on 16-12-2009, the assessee in this case:
a) Be allowed to carry forward unabsorbed depreciation of Rs. 2,00,000
b) Not allowed to carry forward unabsorbed depreciation of Rs.2,00,000

119. K finds some mistake in the return of income submitted by him on 05-06-2008 for assessment year 2009-10, he wishes to revised such return. No assessment has been done in this case. K can revise such return till:
a) 31-03-2009 b) 31-03-2010 c) 31-03-2011

FILL THE BLANKS

1. For a self-occupied house property occupied on July 1, 2007 for which housing loan was availed, if the interest up to March 31,2007 is Rs.90,000 and thereafter the interest payable is Rs.3,000 per month, the deduction available under section 24 in respect of interest for the year ended March 31, 2008 is Rs. ....
2. For a person suffering from severe physical disability, deduction available under section 80U is Rs............................
3. Accumulated losses of amalgamating company shall be allowed to be set off or carried forward by amalgamated company, if the amalgamated company holds continuously for a minimum period of .... years from date of amalgamation at least three-fourth of ....of the amalgamating company.
4. An author of a work of literacy, artistic or scientific nature is entitled to deduction to certain amount from his income. State the amount and section number under which he is entitled to deduction ....
5. Interest on capital borrowed for acquisition or construction of property is deductible subject to limit of Rs. .... per year, if capital is borrowed on or after .... This is allowable if acquisition or construction is completed within .... Years from ....
6. For the assessment year 2009-10, tax on distributed profits (divided distribution tax) is payable at....................% plus surcharge of .... if domestic company distributes dividend on or after......................
7. The due date for filing of return under section 139(1) by a company having a turnover of less than Rs.40 lakhs is ....
8. Deduction under section 80GGC in respect of contribution to approved political parties given by a local authority partly funded by the Government is ....
9. Where a person transfers capital asset to a firm in which he becomes partner the full value of consideration in the context of capital gain computation, will be ....
10. For availing exemption under section 10A, return of income should be filed by a corporate assessee on or before ....
11. In case of an eligible assessee, imported second hand machinery never put to use by any person in India before, additional or accelerated depreciation is allowable at the rate of .... on the actual cost of machinery.
12. Fringe benefit tax .... an allowable item of business expenditure
13. Where an individual has repaid in the second year, Rs.20,000 towards principal and Rs.60,000 towards eligible education loan from an approved bank, the deduction available under Section 80E is Rs..............
14. As per section 2(47) ...., or .... of a zero coupon bond will be treated as “transfer” for the purpose of capital gains tax
15. An Assessee, after sale of house property, receiving arrears of rent, ... (is/isnot) chargeable to tax; the same computed in the stipulated manner, shall be chargeable to tax as .... (income from other sources / income from house property / question does not arise since there is no chargeability to tax)
16. A motor car is the only Asset in a block. Cost Rs.2,00,000. Rate of depreciation is 15%. 20% is disallowed for estimated personal use. WDV of the block is Rs...........
17. Mr. A gifts cash Rs.1,00,000 to his brother’s wife Mrs.B, Mr.B gifts cash Rs.1,00,000 to Mrs A. from cash gifted to her, Mrs.B invests in a fixed deposit, income there from is Rs.10,000. A foresaid Rs.10,000 will be included in the total income of ....
18. The time limit for filing revised return where assessment has not been completed is ....
19. The quantum of deduction allowed u/s 80D for parents shall be limited to ....

TRUE OR FALSE (WITH REASONS)

1. Where an urban agricultural land owned by an individual, continuously used by him for agricultural purposes for a period of two years prior to the date of transfer, is compulsorily, acquired under law and the compensation is fixed by the state Government, resultant capital gain is exempt.
2. Where an individual repays a sum of Rs.30,000 towards principal and Rs.14,000 as interest in respect of loan taken from a bank for pursuing eligible higher studies ,the deduction allowable under section 80E is Rs.40,000 and not Rs.30,000 (principal component only)
3. Business loss can be set off against salary income;
4. A has received gift to Rs.1,50,000 on December 12, 2005 from his close friend who is assessed to income-tax . The same is taxable at the hands of A.
5. Long term capital gains arising from units of debt-oriented equity funds for which securities transactions tax has been paid in a recognized stock exchange is exempt.
6. Under Section 35DDA, amortization of expenditure incurred under eligible Voluntary Retirement Scheme at the time of retirement alone, can be done
7. Value of fringe benefit chargeable to tax under Chapter XII-H in the hands of the employer, is not to be treated as a perquisite under Section 17(2), in the hands of the employee.
8. Zero coupon bonds of Eligible Corporation, held for more than 12 months, will be long-term capital assets.
9. In the case of a dealer in shares, income by way of dividend is taxable under the head “profits and gains of business or profession”.
10. Mr. Y who is a physically handicapped minor (suffering from a disability of the nature specified in Section 80U) earns bank interest of Rs.50,000 and Rs.60,000 from making bags manually by himself. The total income of Mr.Y shall be computed in his hands separately.
11. Only individuals and HUFs can be resident, but not ordinarily resident in India; firms can be either a resident or non-resident.
12. In respect of voluntary contributions in excess of Rs.20,000 received by a political party, exemption under section 13A is available where proper details about the donations are maintained; there is no need to maintain books of account.
13. Depreciation is allowed only when it is claimed.
14. For grant of deduction under section 80-IB, filing of audit report in prescribed form is must for a corporate assessee; filing of return within the due date laid down in section 139(1) is not required.
15. From 1.6.2006 onwards, the Assessing Officer has the power, inter alia, to allot PAN to any person by whom no tax is payable.
16. Where the Karta of a HUF is absent from India, the return of income can be signed by any male member of the family.
17. It is a condition precedent to write off in the books of account, the amount due from debtor to claim deduction for bad debt.
18. Tax on fringe benefits provided for employment is payable by all employers.
19. Failure to deduct tax at source in accordance with the provisions of chapter XVII-B, inter alia, from the amounts payable to a resident as rent or royalty, will result in disallowance while computing the business income.
20. Compensation on account of disaster received from local authority by an individual or his/her legal heir is taxable.
21. Rural branches of the cooperative banks are not allowed to claim provision for bad and doudtful debts.
22. Income to a non- resident by way of interest, royalty and fee for technical services deemed to accrue or arise in India is taxable in India irrespective of territorial nexus.
23. Capital gain of Rs.75 lakh arising from transfer of long term capital assets will be exempt from tax if such capital gain is invested in the bonds redeemable after three years, issued by NHAI u/s 54EC of the Act.
24. X, Ltd. follows mercantile system of accounting. After negotiations with the bank, interest of Rs.4 lakhs (including interest of Rs.1.2lakhs pertaining to year ended 31.03.2007) has been converted into loan. Can the interest of Rs.1.2lakhs so capitalized be claimed as business expenditure.

25. Can a Primary cooperative Agricultural and Rural Development Bank claim deduction under Sec.80P in respect of income derived from the business of banking.

26. The total income of a University without giving effect to exemption under Sec.10(23C) is Rs.46lakhs. Its total income however is nil. Should the university file its return of income?

27. Ms.Vasudha contends that sale of work of art held by her is not eligible to capital gains tax.

28. Will a charitable trust forfeit the exemption granted to it, if it holds shares in a Public Sector Company?

29. Deduction u/s 80CCD is available only to individuals employed by C.G.

30. Mrs. Hemalatha has made payments of Rs.5lakhs to a contractor (for business purposes) during the last Quarters of the year ended 31.03.2008. Her turnover for the year ended 31.03.2007 was Rs.45lakhs. Is there any obligation to deduct tax at source?

31. Can an individual who is not in India, sign the return of income from outside India.

MCQ'S ANSWER'S

1.	c	**2.**	b	**3.**	c	**4.**	d	**5.**	b	**6.**	b	**7.**	b	**8.**	c	**9.**	a	**10.**	a
11.	a	**12.**	c	**13.**	a	**14.**	a	**15.**	b	**16.**	b	**17.**	c	**18.**	c	**19.**	c	**20.**	a
21.	b	**22.**	a	**23.**	c	**24.**	b	**25.**	a	**26.**	a	**27.**	b	**28.**	a	**29.**	d	**30.**	d
31.	c	**32.**	a	**33.**	a	**34.**	b	**35.**	b	**36.**	a	**37.**	b	**38.**	b	**39.**	a	**40.**	c
41.	a	**42.**	b	**43.**	a	**44.**	b	**45.**	a	**46.**	c	**47.**	b	**48.**	a	**49.**	a	**50.**	a
51.	c	**52.**	c	**53.**	c	**54.**	b	**55.**	c	**56.**	c	**57.**	c	**58.**	b	**59.**	c	**60.**	b
61.	c	**62.**	b	**63.**	b	**64.**	c	**65.**	b	**66.**	c	**67.**	b	**68.**	b	**69.**	b	**70.**	c
71.	c	**72.**	b	**73.**	b	**74.**	c	**75.**	b	**76.**	b	**77.**	b	**78.**	b	**79.**	c	**80.**	b
81.	c	**82.**	b	**83.**	b	**84.**	d	**85.**	b	**86.**	b	**87.**	c	**88.**	a	**89.**	b	**90.**	c
91.	a	**92.**	b	**93.**	c	**94.**	a	**95.**	c	**96.**	b	**97.**	b	**98.**	c	**99.**	c	**100**	a
101	b	**102**	b	**103**	b	**104**	b	**105**	b	**106**	b	**107**	b	**108**	c	**109**	b	**110**	b
111	c	**112**	b	**113**	c	**114**	b	**115**	c	**116**	b	**117**	a	**118**	b	**119**	b		

FILL THE BLANKS ANSWER'S

1. Rs.54,000
2. Rs.75,000
3. 5, book value of fixed assets
4. 3 lakhs or 100 percent of such income which ever is lower, sec.80 QQB
5. 1,50,000, 1-4-1999, 3 years, the end of the financial year in which the capital was borrowed.
6. 15, 10% + (education cess) 3%, April 1st 2005.
7. 30th Sep. of the relevant assessment year
8. Not allowed
9. The value of assets recorded in the books of the firm
10. 31-10-07
11. Nil
12. is not
13. 60,000
14. Maturity, redemption
15. is, income from house property
16. 1,76,000
17. Mr.B
18. One year from the end of the relevant assessment year or before the best judgement assessment order passed which ever is earlier.
19. Rs.30,000

TRUE OR FALSE ANSWER'S

1.	F	**2.**	F	**3.**	F	**4.**	T	**5.**	T	**6.**	F	**7.**	T	**8.**	T	**9.**	F	**10.**	T
11.	T	**12.**	F	**13.**	F	**14.**	F	**15.**	T	**16.**	F	**17.**	T	**18.**	F	**19.**	T	**20.**	T
21.	F	**22.**	T	**23.**	T	**24.**	F	**25.**	T	**26.**	T	**27.**	F	**28.**	F	**29.**	F	**30.**	T
31.	T																		

THE END