CS EXECUTIVE

TAX LAW AND PRACTICE (JUNE 2017 ATTEMPT)

MCQ TEST PAPERS (1 ,2 & 3)

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TEST PAPER 1

1. The Income – Tax payable by a resident individual (aged 30 years) for AY 2017 – 18 if his total income is Rs. 3,00,000 will be:
a) Rs. 2,060
b) Rs. 2,210
c) Rs. 2,206
d) NIL

2. Arun, a non – resident of India celebrated his 80th birthday on 10th October 2015. if his total income for the previous year is Rs. 6,00,000, his income tax liability for the previous year 2016 – 17 is –
a) Rs. 46,350
b) Rs. 41,200
c) Rs. 20,600
d) NIL

3. Calculate income tax payable by an Individual (aged 30 years) for AY 2017 – 18 if his total income is Rs. 1,01,20,000:
a) Rs. 30,33,350
b) Rs. 32,47,180
c) Rs. 29,14,900
d) Rs. 29,50,000

4. Which of the following incomes is not deemed to accrue or arise in India?
a) Income from any business connection in India
b) Income from a salary for services rendered in India.
c) Income through transfer of capital asset situated outside India.
d) Dividend paid by an Indian company outside India.

5. From the following particulars of Income furnished by Ms. Kajol pertaining to the year ended 31/03/2017,-

Particulars	Amount
(i) profit on transfer of building situated in Delhi received in London	35,000
(ii) Business income carried on Singapore controlled from India, received their, and subsequently remitted to India	37,000

If Kajol is not ordinarily resident what is her total Income?

a) Rs. 35,000
b) Rs. 37,000
c) Rs. 72,000
d) NIL

6. Pat untaxed profit of the financial year 2004 – 05 brought to India in 2016 – 17 is chargeable to tax in the assessment year 2017 – 18 in the hands of –
a) All the assessee
b) Resident and ordinarily resident in India
c) Non – resident in India
d) None of the above

7. Sahil an employee of XYZ Ltd. receives Rs. 25,000 p.m. as basic salary. In addition, he gets Rs. 15,000 p.m. as dearness allowance and Rs. 240 p.m. as for three children as education allowance. His taxable salary is –
a) Rs. 4,80,000
b) Rs. 4,86,240
c) Rs. 4,80,480
d) Rs. 4,80,960

8. Any sum paid by the employer in respect of an expenditure incurred by an employee on his medical treatment or treatment of any of his family member *in private hospital* is exempt upto –
a) Rs. 25,000
b) Rs. 15,000
c) Rs. 30,000
d) Rs. 60,000

9. Surbhi is an employee of ABC Pvt Ltd. She receives Rs. 50,000 p.m. as basic salary. She is also provided dearness allowance of Rs. 15,000 p.m. forming part of retirement benefit. The employer has provided furniture original cost Rs. 1,25,000 (WDV Rs. 1,00,000) for her personal use with effect from 1st August 2016. The taxable value of perquisite for AY 2017 – 18 will be –
a) Rs. 12,500
b) Rs. 10,000
c) Rs. 8,333
d) Rs. 6,667

10. In case the letting out of property is incidental to the main business, then income from such property shall be taxable as
a) Income from house property
b) Income from other sources
c) profits & gains of business or profession
d) Capital Gains

11. Find the Gross Annual Value of house property of A if the following is given:
Municipal Value = Rs. 10,000; Fair rent = Rs. 88,000;
Standard Rent = Rs. 92,000; Actual Rent = 89,000.
a) Rs. 10,000

b) Rs. 88,000
c) Rs. 92,000
d) Rs. 89,000

12. The construction of a house was completed on 31st January, 2017. The owner of the house took a loan of Rs. 20,00,000 @ 6% p.a. On 1st May, 2016. In this case the deduction allowable for the previous year 2016 – 17 towards interest on borrowings is –
a) Rs. 22,000
b) Rs. 24,000
c) Rs. 1,10,000
d) None of the above

13. M took a loan of Rs. 6,00,000 on 1/4/2014 from a bank for construction of a house. The loan carries an interest @ 10% p.a. The construction is completed on 30/6/2015. The entire loan is still outstanding. The pre-construction period interest will be Rs. _____________.
a) Rs. 60,000
b) NIL
c) Rs. 75,000
d) Rs. 90,000

14. Which out of the following is not a case of deemed ownership of house property?
a) Transfer to a spouse for inadequate consideration
b) transfer to a minor child for inadequate consideration
c) Holder of an impartible estate
d) Co-owner of a property

15. Opening WDV of the block of assets was Rs. 15,00,000. During the year, asset was acquired under this block on 15th June 2016 amounting to Rs. 10,00,000. Rate of depreciation of the block is 15%. Calculate the amount of depreciation available during the previous year for the block.
a) Rs. 3,25,000
b) Rs. 3,75,000
c) Rs. 3,00,000
d) Rs. 2,25,000

16. Investment allowance is available at rate of ___________ actual cost of plant and machinery:
a) 10%
b) 15%
c) 50%
d) 20%

17. Chola Ltd., engaged in manufacture, acquired machiners for Rs. 30 crore in July, 2015 and for Rs. 27 crore in April, 2016. All the cachines were used within 45 days of acquisition. The deduction under section 32AC for the assessment year 2017 – 18 will be –

a) Rs. 4,50,000
b) Rs. 45,00,000
c) Rs. 85,50,000
d) Rs. 54,00,000

18. XYZ Ltd. has derived a profit of Rs. 100 lakhs from the business of growing and manufacturing coffee in India. It has deposited a sum of Rs. 42 lakhs in development account. What is the amount of deduction in relation to tea, Coffee and Rubber development A/c, u/s33AB?

a) Rs. 20 lakhs
b) Rs. 38 lakhs
c) Rs. 40 lakhs
d) Rs. 60 lakhs

19. Assessee Company incurred revenue expenditure of Rs. 15,000 for promoting family planning amongst its employees. Calculate the amount of deduction available.

a) Rs. 3,000
b) Rs. 15,000
c) Rs. 18,000
d) No deduction available

20. Mohan Ltd. purchased goods on credit for Sohan Ltd. on 6th May, 2016 for Rs. 86,000 which is paid as Rs. 15,000 in cash on 11th May, 2016; Rs. 30,000 by a bearer cheque on 31st May, 2016; and Rs. 41,000 by an account payee cheque on 16th May, 2016. The amount of disallowance under section 40A(3) is –

a) Rs. 15,000
b) Rs. 30,000
c) Rs. 41,000
d) Rs. 86,000

21. The total turnover of the business of assessee was of Rs. 30,00,000. The assessee declared a profit of Rs. 2,80,000. What shall be the deemed profits of assessee under section 44AD?

a) Rs. 2,80,000
b) Rs. 2,40,000
c) Rs. 40,000
d) Rs. 2,60,000

22. Mr. Sumesh has earned agricultural income of Rs. 4,500. Compute the income tax payable by him.

a) Rs. 450
b) NIL

c) Rs. 4,500
d) Rs. 300

23. If non-agriculture income is Rs. 2,52,000 and get agricultural income is rs. 40,000, the tax liability of an individual assessee will be –
a) NIL
b) Rs. 200
c) Rs. 206
d) Rs. 4,326

24. In terms of section 2(42A), listed securities are treated as long-term capital asset, if they are held for a period of more than –
a) 12 months
b) 36 months
c) 24 months
d) 48 months

25. Ms. Smita inherited a vacant site land consequent to the demise for her father on 10th June, 1990. The land was acquired by her father on 10th April, 1970 for Rs. 40,000. The fair market value of the land on 1st April, 1981 was Rs. 60,000 and on the date of inheritance, i.e., 10th June, 1990 was Rs. 2,00,000. The cost of acquisition for Ms. Smita is –
a) Rs. 10,000
b) NIL
c) Rs. 60,000
d) Rs. 2,00,000

26. A owns capital asset which was purchased by him on 15/04/2000 for Rs. 4,00,000. The market value of the said asset as on 1/4/1981 was Rs. 3,00,000. The said asset was sold for Rs. 48,00,000 during the year. Compute the capital gain for the assessment year 2017 – 18. (Cost inflation index for F.Y 1981 – 82 = 100, 2000 – 01 = 406 and 2016 – 17 = 1125)
a) Rs. 36,91,626
b) Rs. 44,00,000
c) Rs. 45,00,000
d) Rs. 15,57,000

27. Section 50C makes special provision for determining the full value of consideration in case of transfer of –
a) Plant and machinery
b) Land or building
c) All movable property other than plant & machinery and computers
d) Computers

28. For claiming exemption under section 54G, an assessee has to invest the resultant capital gain within a specified period. Which of the following is not eligible for such investment.
a) Furniture
b) Land
c) Building
d) Plant or Machinery

29. For the purpose of section 54GB, the eligible assessee must own more than ____________ of the share capital or more then ___________ of the voting rights in the eligible company.
a) 50%; 75%
b) 50%; 75%
c) 50%; 50%
d) 75%; 75%

30. Short-term capital gains arising from the transfer of equity shares in a company or units of an equity oriented fund or units of a business trust charged with security transaction tax are subject to income-tax at the rate of –
a) 10%
b) 15%
c) 20%
d) Normal rate

31. Aman entered into an agreement with Brij for sale of a building for Rs. 20 lakh in June, 2016. Aman received advance of Rs. 2 lakh. Subsequently, the agreement was calcelled and Aman forfeited the advance money. The advance money is –
a) To be reduced from the cost of acquisition
b) To be reduced from indexed cost of acquisition
c) Taxable as capital gains
d) Taxable as income under the head 'Income from Other Sources'

32. Dividend received from a foreign company (net) Rs. 8,000. Nothing has been paid to the Government of India out of tax deducted at source. Calculate the amount to be included while computing income under the head 'Income from Other Sources'.
a) NIL
b) Rs. 8,000
c) Rs. 11,428
d) Rs. 2,400

33. Akshay received a gift of Rs. 35,000 each on 22nd May, 2016 from his three friends, The amount chargeable to tax in this case would be –
a) Rs. 50,000

b) Rs. 1,05,000
c) NIL
d) Rs. 55,000

34. Hemali received a cash gift of Rs. 80,000 from her friend on her 25th wedding anniversary. Amount taxable is:
a) Exempt
b) Rs. 80,000
c) Rs. 30,000
d) Rs. 50,000

35. Ms. Sarita is in receipt for family pension of Rs. 15,000 p.m. during 2016 – 17. Income chargeable to tax for assessment year 2017 – 18 of Ms. Sarita is –
a) Rs. 1,80,000
b) Rs. 1,20,000
c) Rs. 1,65,000
d) NIL

36. Mr. A fashion designer having lucrative business pays salary to his wife, who is a model. Remuneration received by Mrs. A shall be included in the total income of:
a) Mrs. A
b) Mr. A
c) Mrs. A or Mr. A (whose total income is higher before this clubbing)
d) Mr. A and Mrs. A proportionately.

37. Income of a minor child shall be included in the income of –
a) That parent whose total income (before this clubbing) is greater
b) Minor child
c) That parent whose total income (before this clubbing) is lower
d) That parent whose total income (after this clubbing) is greater.

38. Mr. A gifts cash of Rs. 1,00,000 to his brother's wife Mrs. B gifts cash of Rs. 1,00,000 Mrs. A From the cash gifted to her, Mrs. B invests in a fixed deposited, income therefrom is Rs. 10,000. Aforesaid Rs. 10,000 will be included in the total income of _____________.
a) Mr. A
b) Mr. B
c) Mrs. A
d) Mrs. B

39. Find out the gross total income of Mr. A for assessment year 2017 – 18 from the following information – Income from salaries Rs. 80,000; Loss from house property Rs. 50,000

Profit from textile trade Rs. 40,000; Loss from automotive trade Rs. 50,000.

a) Rs. 20,000
b) Rs. 70,000
c) Rs. 30,000
d) NIL

40. Mr. Rahul have income from cloth business Rs. 1,00,000; Loss from agriculture Rs. 50,000; Long – term capital gain Rs. 60,000 and short term capital loss Rs. 80,000 find out his gross total income for assessment year 2017- 18.

a) Rs. 50,000
b) Rs. 1,00,000
c) Rs. 80,000
d) Rs. 30,000

41. Mr. X has taken a life insurance policy on his own life on 01/04/2016. The capital sum assured is Rs. 1,00,000. He has paid insurance premium of Rs. 30,000 during the previous year. He is eligible for deduction u/s 80C amounting –

a) Rs. 30,000
b) Rs. 15,000
c) Rs. 10,000
d) Rs. 20,000

42. Under whose name can the amount be deposited under Sukanya Samriddhi account scheme which has been notified vide Notification No. 9/2015, dated 21/01/2015 to claim deduction u/s 80C –

a) Individual himself or herself
b) Any girl child of the individual
c) Any girl child for whom such individual is the legal guardian
d) Any of the above

43. Mr. Gautam whose adjusted gross total income is Rs. 1,90,000 pays by account payee cheque Rs. 21,000 has donation to notified charitable institution. The amount of deduction available to him is –

a) Rs. 21,000
b) Rs. 19,000
c) Rs. 10,500
d) Rs. 9,500

44. For the purpose of deduction u/s 80JJAA, "Additional Employees" does not include an employee employed for a period of less than _____________ days during the previous year;

a) 240
b) 300
c) 200

d) 180

45. Alternate minimum tax rate is levied on:
a) Gross total income
b) Total income
c) Adjusted total income
d) Income from business or profession

46. As per section 13A, income earned by a political party eligible for exemption are:
a) Income from house property
b) Income from capital gains
c) Income from voluntary contributions received and income from other sources.
d) All of the above

47. if in the above, Mr. X claimed Rs. 2,60,000 as a deduction on account of loss or damage cause by such disaster under this act then what amount of compensation received shall be exempt?
a) Rs. 2,60,000
b) Rs. 1,40,000
c) Rs. 1,20,000
d) NIL

48. During the previous year 2016 – 17, Basu won Rs. 4,00,000 from a motor car rally out of which he deposited Rs. 1,50,000 in his PPF account. He does not have any other income. Net tax payable by Basu for AY 2017 – 18 will be –
a) Rs. 1,23,600
b) Rs. 15,450
c) NIL
d) None of the above

49. In case of book loss the maximum allowable remuneration to working partner will be –
a) NIL
b) Rs. 1,50,000
c) Rs. 3,00,000
d) Rs. 10,00,000

50. X Ltd. pays salary of Rs. 50,000 salary to Mr. Shyam. Mr. Shyam has reported a business loss of Rs. 1,50,000 to his employer. The amount of which tax to be deducted at source will be –
a) Rs. 5,00,000
b) Rs. 1,50,000
c) Rs. 3,50,000
d) NIL

51. The person responsible for paying any income by way of winnings from lottery an amount exceeding Rs. 10,000 shall deduct –
a) TDS @ 30%
b) TDS @ 30.9%
c) TDS @ 10%
d) No TDS

52. Rate of tax deduction at source in case of winnings from camel race will be:
a) 30%
b) 20%
c) 10%
d) NIL

53. u/s 208, it is obligatory for an assessee to pay advance tax where the tax payable is –
a) Rs. 10,000 or more
b) Rs. 20,000 or more
c) Rs. 5,000 or more
d) Rs. 8,000 or more

54. In case of which of the following assessee the due date of filling return of income is 31^{st} July of Assessment Year –
a) Company assessee
b) A person other than a company required to get its account audited under this Act.
c) A working partner of a firm, where the accounts of the firms are required to be audited under this Act.
d) None of the above

55. Rate of interest for defaults in furnishing return is income is –
a) 12% per annum
b) 1% per annum
c) 2% p.m. or part thereof
d) 1% p.m. or part thereof

56. Choose the transaction in respect of which quoting of PAN is mandatory.
a) Payment of Rs. 5,000 or more to RBI for acquiring bonds issued by it.
b) Sale or purchase of any immovable property valued at Rs. 5,000 or more.
c) Payment to hotels/ restaurants against their bills for amount exceeding Rs. 2,500 at any one time.
d) All of the above

57. A company is liable to pay minimum alternate tax @ ____________ of its book profits.
a) 10%

b) 12.5%
c) 10%
d) 18.5%

58. Two enterprises shall be deemed to be associated enterprises. if, any time during the previous year, one enterprise holds shares carrying not less than ____________ of the voting power in the other enterprise.
a) 15%
b) 20%
c) 26%
d) 10%

59. Double taxation relief for incomes taxed in the countries with which no agreement exists is governed by –
a) Section 91
b) Section 89
c) Section 93
d) None of the above

60. The general VAT rate under VAT system is –
a) 1%
b) 2%
c) 4%
d) 12.50%

61. Under VAT system credit will be admissible of –
a) Custom duty
b) central sales tax 0n inter-state purchase
c) Service tax
d) VAT imposed on purchases made with in the state

62. Under consumption variant of VAT, 100% VAT credit/ set off/ deduction is allowed of VAT paid on –
a) Raw Material
b) Purchase of Plant & Machinery
c) non – capital gains
d) All of the above

63. Choose the correct statement –
a) VAT is not inflationary in nature
b) VAT in inflationary in nature
c) VAT increases retail sale price
d) All of the above

64. Mr. X purchases a product for Rs. 5,000 and sells the same for Rs. 6,000. The said price are exclusive of sales tax / VAT. The VAT rate is 4%. Compute the VAT liability.
a) 40
b) 240
c) 200
d) 440

65. Mr. X purchases a product for Rs. 5,200 and sells the same for Rs. 16,640. The said prices are inclusive of sales tax / VAT. The VAT rate is 4% compute the VAT liability.
a) 200
b) 440
c) 840
d) 640

66. Tin is a _____________ numerical code which represents the registration number of a dealer.
a) 10 digit
b) 11 digit
c) 9 digit
d) 12 digit

67. One the basis of which of the following entry of the Union list, the service tax is levied –
a) Entry 80
b) Entry 97
c) Entry 92C
d) Entry 95

68. Service tax is liable on –
a) Service provided by an Unincorporated association to its members
b) Services provided free of cost
c) Activities performed by public authorities
d) Export of services

69. Indian territorial Water extends up to ____________ nautical miles from the Indian land mass.
a) 200
b) 24
c) 12
d) None of the above

70. Power of levy service tax is provided present in the Constitution vide entry No:
a) 54 of the State List
b) 84 of the Union List
c) 92C of the Union List

d) 97 of the Union List

PAPER 1 ANSWERS

Q NO	ANS	Q NO	ANS	Q NO	ANS	Q NO	ANS	Q NO	ANS	Q NO	ANS	Q NO	ANS
1	D	11	D	21	A	31	D	41	C	51	A	61	D
2	A	12	C	22	B	32	B	42	D	52	D	62	D
3	A	13	A	23	A	33	B	43	D	53	A	63	A
4	C	14	D	24	A	34	B	44	A	54	D	64	A
5	C	15	B	25	C	35	C	45	C	55	D	65	B
6	D	16	B	26	A	36	A	46	D	56	B	66	B
7	D	17	A	27	B	37	A	47	D	57	D	67	B
8	B	18	C	28	A	38	B	48	C	58	C	68	A
9	C	19	B	29	C	39	C	49	B	59	A	69	C
10	C	20	B	30	B	40	B	50	A	60	D	70	D

TEST PAPER 2

1. Circulars and Notifications are binding on the _______________.
a) Central Board of Direct Taxes (CBDT)
b) Assessee
c) Income Tax Appellate Tribunal (ITAT)
d) Income Tax Authorities

2. Described the status of the following person (i.e. individual, HUF, Firm, Company etc.) X and Y are legal heirs of Z. Z died in 2017 and X and Y carry on his business without entering into a partnership.
a) Firm
b) Limited Liability Partnership
c) Company
d) Body of Individual

3. In order to be assessed as HUF there should be –
a) Partnership
b) Co – Partnership
c) Co – Parcenership
d) Co – ownership

4. The tax exemption limit for a resident senior citizen is –
a) Upto Rs. 2,00,000
b) Upto Rs. 5,00,000
c) Upto Rs. 1,80,000
d) Upto Rs. 3,00,000

5. The Income Tax payable by a Non Resident Individual (aged 30 years) for AY 2017 – 18 if his total income is Rs. 2,75,500 will be:
a) Rs. 2,630
b) Rs. 566
c) Rs. 570
d) Rs. 2,626

6. The total income of Atul, a resident individual, is Rs. 2,65,000. The rebate allowable u/s 87Awould be –
a) Rs. 2,000
b) NIL
c) Rs. 1,500
d) Rs. 1,545

7. Determine the residential status of Ms. Haseena a person of Indian origin who came for visiting India on 15th April, 2016. She left India on 30th April 2016.

a) Resident
b) Non – resident
c) Not ordinarily resident
d) Any of these

8. determine the residential status of Ms. Maria, a US citizen who has been visiting India for 100 days every year since last 10 years –
a) Resident
b) Non – resident
c) Not ordinarily resident
d) Any of these

9. Income which accrue outside India from a business controlled from India is taxable in case of:
a) Resident only
b) Both ordinarily resident and NOR
c) Non – resident
d) All the assessee

10. Income which received outside India but is deemed to accrue is deemed to accrue in India is taxable if the person is –
a) Resident
b) Not ordinarily resident
c) Non Resident
d) Any of these

11. Mr. A joins a job on 1/7/2016 at monthly salary of Rs. 25,000. His salary becomes due to last day of each month. His taxable salary for AY 2017 – 18 will be –
a) Rs. 3,00,000
b) Rs. 2,25,000
c) Rs. 2,50,000
d) Rs. 2,00,000

12. Mr. A joins a job on 1/7/2016 at monthly salary of Rs. 20,000. His salary becomes due on first day of next month. His taxable salary for AY 2017 – 18 will be –
a) Rs. 1,60,000
b) Rs. 1,80,000
c) Rs. 2,20,000
d) Rs. 2,40,000

13. Naveen an employee of XYZ Ltd. receives Rs. 30,000 p.m. as basic salary. In addition, he gets rs. 10,000 p.m. as dearness allowance, not forming part of salary and Rs. 2,000 p.m. as fixed medical allowance. His taxable salary is –
a) Rs. 5,04,000
b) Rs. 4,89,000
c) Rs. 4,80,000
d) Rs. 3,84,000

14. Ravi is receiving Rs. 10,000 has medical allowance from his employer. Out of this, he spends Rs. 5,000 on his own medical treatment, Rs. 2,000 on the medical treatment of his dependent wife and another Rs. 3,000 for the medical treatment of his major son who is not a dependent on him. The amount of medical allowance taxable in his hand is –
a) Rs. 10,000
b) Rs. 5,000
c) Rs. 3,000
d) NIL

15. Mrs. Meena retired from service with Sky Ltd. on 31st January, 2017. She received the following amounts from unrecognised provident fund : (i) Own contribution Rs. 1,50,000; (ii) Interest on own contribution Rs. 21,000; (iii) Employers contribution Rs. 1,10,000; and (iv) Interest on employers contribution Rs. 15,000. How much of the receipt is chargeable to tax as income from salary –
a) Rs. 21,000
b) Rs. 15,000
c) Rs. 1,25,000
d) Rs. 1,71,000

16. Rohit owns a house property in Delhi which he wants to give on rent. He seeks your help to determine the reasonable excepted rent when monthly municipal value is Rs. 20,000, fair rent Rs. 25,000 and standard rent Rs. 22,000. The reasonable expected rent will be computed with reference to following amount per month –
a) Rs. 22,000
b) Rs. 20,000
c) Rs. 25,000
d) None of the above

17. Calculate the Gross Annual Value from the following details:
Municipal Value = Rs. 45,000; Fair rental value – Rs. 50,000
Standard Rent = Rs. 1,50,000; Actual rent = Rs. 1,30,000
a) Rs. 50,000
b) Rs. 48,000
c) Rs. 45,000

d) Rs. 42,000

18. When a house property is let – out throughout the year for a monthly rent of Rs. 22,000 and municipal tax paid for current year is Rs. 24,000 and for the earlier year paid now is Rs. 16,000, the income from house property would be –
a) Rs. 1,68,000
b) Rs. 1,56,800
c) Rs. 1,84,800
d) Rs. 2,24,000

19. In case assessee is owner of more than one house which are self-occupied by him, then at the option of the assessee:
a) One house shall be treated as self-occupied and the other house shall be deemed to let out
b) One house shall be treated as self-occupied and the other house shall be deemed to be vacant
c) Both the house shall be treated as deemed to be let out
d) Both the house shall be treated as self-occupied

20. Ramesh let out his house on 1st April, 2016 on rent of Rs. 15,000 p.m. The fair rent and the municipal value of house are Rs. 13,500 p.m. and Rs. 16,000 p.m. respectively. Municipal taxes paid for the year were Rs. 12,000. Income from house property for the assessment year 2017 – 18 will be -
a) Rs. 1,26,000
b) Rs. 1,76,000
c) Rs. 1,05,000
d) None of the above

21. When share of each co-owner in a house property is not definite, the income from such property shall be –
a) Taxed equally
b) Exempt from tax
c) taxed as association of persons
d) Taxed as body of individuals

22. Service tax is not payable in the year of commencement of business if the aggregate value of invoices issued of taxable service does not exceed.
a) Rs. 1,00,000
b) Rs. 4,00,000
c) Rs. 10,00,000
d) Rs. 9,00,000

23. Every person providing taxable service shall, within ____________ from the date of completion of such taxable service; or receipt of any payment towards the value of such taxable service, whichever is earlier, issue an invoice/ bill/ challan in respect of such taxable service provided or to be provided.

a) 24 hours
b) 14 days
c) 30 days
d) 60 days

24. determine the point of taxation in accordance with Point of Taxation Rules, 2011:

Date of actual provision of service	Time [date] of Invoice, Bill or Challan as the case may be	Date on which payment received
10/04/2016	30/04/2016	15/05/2016

a) 10/04/2016
b) 30/04/2016
c) 15/05/2016
d) 10/05/2016

25. Determine the point of taxation in accordance with point of taxation rules, 2011:

Date of actual provision of service	Time [date] of Invoice, Bill or Challan as the case may be	Date on which payment received
10/04/2016	14/04/2016	30/04/2016

a) 10/04/2016
b) 14/04/2016
c) 13/04/2016
d) 10/05/2016

26. Which of the following service comes under the preview of continuous service' –
a) Supply of farm labour
b) Any process amounting to manufacture
c) Services by RBI
d) Internet communication

27. In case of change in effective rate of tax, taxable service has been provided before the change in effective rate of tax and if issue of invoice is prior to such change but receipt of payment after such change, the POT shall be:
a) Date of invoice
b) Date of payment
c) date of completion of service
d) date of invoice or payment whichever is earlier

28. In case of change in effective rate of tax, taxable service has been provided before the change in effective rate of tax and if issue of invoice after such change and receipt of payment is also after such change, the POT shall be
a) Date of invoice

b) Date of payment
c) date of completion of service
d) date of invoice or payment whichever is earlier

29. In case of change in effective rate of tax, taxable service has been provided before the change in effective rate of tax and if issue of invoice is after such change but receipt of payment is before such change, the POT shall be:
a) Date of invoice
b) Date of payment
c) date of completion of service
d) date of invoice or payment whichever is earlier

30. In case of change in effective rate of tax, taxable service has been provided after the change in effective rate of tax and if issue of invoice is prior to such change but receipt of payment after such change, the POT shall be:
a) Date of invoice
b) Date of payment
c) date of completion of service
d) date of invoice or payment whichever is earlier

31. In case of change in effective rate of tax, taxable service has been provided after the change in effective rate of tax and if issue of invoice is prior to such change but receipt of payment is prior to such change, the POT shall be:
a) Date of invoice
b) Date of payment
c) date of completion of service
d) date of invoice or payment whichever is earlier

32. In case of change in effective rate of tax, taxable service has been provided after the change in effective rate of tax and if issue of invoice is after such change but receipt of payment is before such change, the POT shall be:
a) Date of invoice
b) Date of payment
c) date of completion of service
d) date of invoice or payment whichever is earlier

33. ABC Ltd. of Delhi received taxable services from Delhi Government on 01/05/2016 for which an invoice was raised on 02/05/2016 and due date of payment was 31/05/2016. determine the point of taxation in accordance with POT Rules if ABC Ltd. makes a payment for the said services on 01/06/2016
a) 01/05/2016
b) 02/05/2016

c) 31/05/2016
d) 10/06/2016

34. ABC Ltd. of Delhi received taxable services from Delhi Government on 01/05/2016 for which an invoice was raised on 02/05/2016 and due date of payment was 31/05/2016. determine the point of taxation in accordance with POT Rules if ABC Ltd. makes a payment for the said services on 25/05/2016
a) 01/05/2016
b) 02/05/2016
c) 31/05/2016
d) 25/05/2016

35. Rajesh of Assam received some taxable services from Loreal enterprises pf U.K on 01/10/2016 for which an invoice was raised on 02/10/2016. determine the point of taxation in accordance with POT Rules if Rajesh makes the payment for the said services on 01/12/2016 –
a) 01/10/2016
b) 02/10/2016
c) 01/12/2016
d) None of these

36. Rajesh of Assam received some taxable services from Loreal enterprises pf U.K on 01/10/2016 for which an invoice was raised on 02/10/2016. determine the point of taxation in accordance with POT Rules if Rajesh makes the payment for the said services on 05/01/2017 –
a) 01/10/2016
b) 02/10/2016
c) 03/01/2017
d) 05/01/2017

37. A Ltd. receives taxable service from B Ltd. of USA on 28/12/2016 for Rs. 6,00,000. B Ltd. raises the invoice on 5/1/2017. A Ltd. makes the payment on 6/1/2017. Determine the point of taxation.
a) 06/01/2017
b) 28/08/2016
c) 05/09/2016
d) 28/03/2017

38. X Ltd. has executed original works in respect construction of immovable property and for which the consideration charged amounted to Rs. 25,00,000 (exclusive of VAT). The deemed value of works contract service will be ______________.
a) Rs. 10,00,000
b) Rs. 15,00,000
c) Rs. 17,50,000
d) Rs. 25,00,000

39. Services by the Reserve Bank of India are not chargeable to service tax because –
a) They are converted in negative list
b) They are converted in mega exemption notification
c) definition of 'service' excludes the same
d) None of the above

40. Which of the following services are not covered in negative list:
a) Services by a foreign diplomatic mission located in India
b) Selling of space for advertisement in print media
c) Admission to entertainment events or access to amusement facilities
d) Transmission or distribution of electricity by an electricity transmission or distribution utility.

41. Service tax code number -
a) Has 10 digits
b) Has 12 digits
c) Has 15 digits
d) Digits vary from State or State

42. X, Partnership firm, is required to pay service tax –
a) Quarterly
b) Monthly
c) Half – Yearly
d) Yearly

43. Time limit for the submission of revised return from the date of submission of original return is –
a) 45 days
b) 30 days
c) 90 days
d) 50 days

44. XYZ Ltd is engaged in production of textile articles. Opening WDV of the block of assets was Rs. 15,00,000. During the year, plant was acquired under this block on 15th June 2016 amounting to Rs. 10,00,000. One of the asset falling within the block was sold for Rs. 5,50,000 on 14/01/2017. rate of depreciation of the block is 15%. Calculate the total amount of depreciation including additional depreciation available during the previous year for the block.
a) Rs. 2,92,500
b) Rs. 4,92,500
c) Rs. 3,92,500
d) Rs. 3,52,500

45. Mohit purchased on asset for scientific research in the previous year 2007 – 08 for Rs. 30,00,000. During the previous year 2016 – 17 the said asset ceased to be used for scientific research. profit from business before depreciation Rs. 10,00,000 and Written down value of block of asset 15% as on 1st April, 2016 rs. 20,00,000. The scientific research asset is used for business shall be eligible for depreciation @ 15%. the cost of inflation index for 2007 – 08 is 551 and for 2016 – 17 is 1125. Compute the total income if the scientific research asset is sold for Rs. 65,00,000 during 2016 – 17, assuming that it is sold without using for business.

a) Rs. 40,74,770
b) Rs. 50,00,000
c) Rs. 65,00,000
d) Rs. 10,00,000

46. XYZ Ltd. paid a sum of rs. 25,000 of Mrs. Geeta as employee bonus for services rendered by her during the previous year 2016 – 17. Such amount was actually paid or her on 15th October 2017. The amount allowable as per section 40A(2) was Rs. 28,000. Calculate the amount of deduction available to her in Previous Year 2016 – 17.

a) Rs. 25,000
b) Rs. 20,000
c) Rs. 5,000
d) NIL

47. Compensation received by interim order shall be deemed to be income chargeable under the head "Capital Gains" of the previous year in which ____________.

a) The final order of such court, Tribunal or other authority is made
b) The compensation accrued
c) The appeal was first filed in such court, Tribunal or other authority
d) The interim order is passed

48. Arnav converts his plot of land purchased in July, 2012 for Rs. 8,00,000 into stock-in-trade on 31st march, 2015. The fair market value as on 31st March 2015. was Rs. 11,90,000. The stock-in-trade was sold Rs. 12,25,000in the month of January 2017. Find out the taxable capital gains (Cost inflation index for F.Y 2001 – 02 = 426, 2014 – 15 = 1024 and 2016 – 17 = 1125)

a) Rs. 3,90,000
b) Rs. 4,25,000
c) Rs. 1,81,433
d) Rs. 35,000

49. Under section 54, in case if the new asset is transferred within _____________ of its purchase or construction, then its cost of acquisition shall be reduced by the amount of the capital gains exempted earlier for the purpose of computing capital gains on transfer of such new asset.

a) 1 year

b) 2 years
c) 3 years
d) 4 years

50. X Ltd. reduced its share capital and for that distributed to its shareholders an amount of Rs. 55,00,000. The company processed accumulated profits of Rs. 35,00,000 as on the date of distribution. What shall be the amount to be assessed as deemed dividend?
a) Rs. 55,00,000
b) Rs. 35,00,000
c) Rs. 20,00,000
d) No deemed dividend

51. XYZ Pvt Ltd. gave a loan of Rs. 5,00,000 to its shareholder. The shareholder was the beneficial owner of equity shares of the company as he held 12% of the voting power of the Company. The company processed accumulated profits of Rs. 3,00,000 as on the date of advancement of loan. What shall be the amount to be assessed as deemed dividend in the hands of shareholder?
a) Rs. 5,00,000
b) Rs. 3,00,000
c) Rs. 2,00,000
d) No deemed dividend

52. Rajesh gifted an immovable property for a consideration of Rs. 70,00,000. The stamp duty value as on the date of agreement is Rs. 81,00,000 whereas stamp duty value on the date of registration was Rs. 80,50,000. Part of the amount of consideration of Rs. 34,00,000 has been received by cheque on the date of agreement for transfer of the asset. What will be the taxable amount?
a) Rs. 34,00,000
b) Rs. 36,00,000
c) Rs. 11,00,000
d) Rs. 10,50,000

53. Sunder died on 23rd July, 2014 while being in Central Government service. In terms of rules governing his service, his window Mrs. Sunder is paid a family pension of Rs. 10,000 per month and dearness allowance of 40% thereof. Compute taxable income for the assessment year 2017 – 18.
a) Rs. 1,68,000
b) Rs. 1,20,000
c) Rs. 1,53,000
d) Rs. 1,05,000

54. An individual is said to have substantial interest in a concern if he or she, along with his or her relatives, is, at any time during the previous year –
a) beneficial owner of equity shares carrying 20% or more of the voting power

b) entitled to 20% or more of the profits of such concern
c) Either (a) or (b)
d) Both (a) or (b)

55. ______________ Income of minor child has to be included in the income of the assessee for determining rate of income tax applicable to income of the assessee.
a) Agriculture
b) Gross total
c) Business
d) None of these

56. When the income of an individual's includes Rs. 20,000 as the income of his minor child in terms of section 64(1A), taxable income in this respect will be –
a) NIL
b) Rs. 20,000
c) Rs. 18,500
d) None of the above

57. Short term capital loss can be set off from –
a) Short term capital gains
b) Long term capital gains
c) Both short term and long term capital gains
d) Any income of the previous year

58. Loss from the activity of owning and maintaining race horses could be set-off –
a) Against income under any of the five heads of income
b) Only against income under the head 'income from other sources'
c) Only against income under the head 'profit and gains of business or profession'
d) Only against income from same

59. Deduction u/s 80C can be claimed for fixed deposit made in any scheduled bank, if the minimum period of deposit of –
a) 5 years
b) 8 years
c) 10 years
d) 12 years

60. Mr. Ramesh pays Rs. 80,000 for medical treatment of his dependent brother (resident in India and aged 21 years) who is suffering from disability. In this case deduction shall be allowed to Ramesh to the extent of –
a) Rs. 80,000
b) Rs. 75,000
c) Rs. 1,25,000
d) NIL

61. For claiming deduction of interest on loan taken for residential house property u/s 80EE, the value of the residential house property must not exceed _______________.
a) Rs. 25,00,000
b) Rs. 35,00,000
c) Rs. 50,00,000
d) Rs. 15,00,000

62. Mr. Raj Kamal a salaried employee whose adjusted gross total income is Rs. 1,90,000 has donated Rs. 25,000, to Bhartiya Janta Party in cash. The amount of deduction available to him is –
a) Rs. 19,000
b) Rs. 25,000
c) NIL
d) Rs. 12,500

63. Mr. X, 82 years of age non-resident in India has earned Long term capital gains on sale of building of Rs. 6,00,000 and has no other income. He has made payment of Rs. 1,00,000 in public provident fund. Determined his tax liability.
a) NIL
b) Rs. 1,23,600
c) Rs. 1,06,000
d) Rs. 82,400

64. A, B and C are the partners in a firm engaged in medical profession, For the year ended on 31st march 2017, the book loss of the firm was calculated as Rs. 3,00,000. The maximum amount admissible as remuneration to partners is _______________.
a) Rs. 2,70,000
b) Rs. 1,50,000
c) NIL
d) Rs. 3,00,000

65. No tax shall be deducted u/s 194A where the amount of such income or, as the case may be, the aggregate of the amounts of such income credited or paid or likely to be credited or paid during the financial year to the account of, or to, the payee, does not exceed _____________ where the payer is a banking company (including any bank or banking institution)
a) Rs. 10,000
b) Rs. 15,000
c) Rs. 25,000
d) Rs. 5,000

66. Rate of TDS on payments made for contracts where payee is individual will be –

a) 1%
b) 2%
c) 10%
d) 5%

67. Which of the following return can not be revised –
a) A return file in response to notice issued u/s 142(1)
b) Defective return filed u/s 139(9)
c) Return of loss u/s 139(3)
d) A revised return filed u/s 139(5)

68. A partnership firm having 9 trucks engaged in the business of plying these trucks on hire is to file its return of income for the AY 2017 – 18 on the basis of provisions of section 44AE. The partnership firm is required to file its return of income in –
a) Form ITR - 4
b) Form ITR - 3
c) Form ITR - 2
d) Form ITR – 4S

69. In case of domestic company, where its total turnover or the gross receipt in the PY 2014 – 15 does not exceed Rs. 5 crore the applicable tax rate on total income will be
a) 25%
b) 30%
c) 40%
d) 29%

70. MAT credit in respect of excess taxes paid u/s 115JB can be carried forward for –
a) 7 Assessment years
b) 10 Financial years
c) 10 Assessment years
d) 7 Financial years

71. The commissioner of Income – tax is empowered to revised the assessment order of the Assessing Officer when the same is erroneous and pre-judicial to the interest of revenue. Such power is vested in the Commissioner of income-tax under –
a) Section 263
b) Section 264C
c) Section 264
d) Section 263 and 264.

72. X Co. furnishes you the following information: Raw material purchased at Rs. 5,00,000 plus VAT & 4%. Manufacturing expenses (revenue nature) Rs. 2,00,000. Sale price Rs. 8,00,000 plus VAT @ 4%. Plant & Machinery acquired Rs. 2,50,000 plus VAT @ 4% eligible for input tax credit in the year of acquisition itself. Compute VAT liability under : Consumption variant.

a) Rs. 12,000
b) Rs. 2,000
c) Rs. 32,000
d) Rs. 14,000

73. Mr. X, a manufacturer, purchased a raw material for Rs. 3,30,000 (including 10% VAT) and plant and machinery for Rs. 5,00,000 (VAT Nil). The manufacturing and other expenses (including building hire charges, wages, etc.) are Rs. 4,50,000. He sells the resultant products at 80% park-up above cost (VAT on sale is @ 4%). Depreciation on plant and machinery is @ 10% straight line. Ascertain the VAT payabe adopting the addition method.

a) Rs. 45,600
b) Rs. 30,000
c) Rs. 15,600
d) Rs. 75,600

74. Which method of VAT computation has been adopted in India –

a) Subtraction method
b) Addition method
c) Tax credit method
d) Income variant

75. rate of sales tax on sale or purchase of declared goods inside the state does not exceed –

a) 4%
b) 5%
c) 2%
d) 1%

76. If a dealer has furnished Form C, he is liable to pay central sales tax at the rate of –

a) 10%
b) 5%
c) 4%
d) 2%

77. Sales price of goods returned is deducted if –

a) goods are returned within 6 months
b) Goods are return within 9 months
c) goods are returned within 1 year

d) Anyone of the case

78. Which of the following service is not notified as continuous supply of service –
a) Telecommunication service
b) Commercial or industrial construction service
c) Construction of residential complex
d) Aircraft carrier service

79. The date of completion of a service is 10th April, 2016 and the date of invoice of service is 20th April, 2016. Date of payment of service tax is 30th April, 2016.
From the above the point of taxation will be
a) 10th April, 2016
b) 20th April, 2016
c) 30th April, 2016
d) 1st April, 2016

80. According to rule 5 of the Point of Taxation rules, 2011, Where a service is taxed for the first time, then, no tax shall be payable if the payment has been received _____________ the service becomes taxable and invoice has been issued within _______________ of the date when the service is taxed for the first time.
a) Before, 14 days
b) After, 14 days
c) Before, 30 days
d) After, 30 days

PAPER 2 ANSWER

Q NO	ANS	Q NO	ANS	Q NO	ANS	Q NO	ANS	Q NO	ANS	Q NO	ANS	Q NO	ANS
1	D	13	A	25	C	37	A	49	C	61	C	73	A
2	D	14	A	26	D	38	A	50	B	62	C	74	C
3	C	15	C	27	A	39	A	51	B	63	B	75	B
4	D	16	A	28	D	40	C	52	C	64	A	76	D
5	A	17	B	29	B	41	C	53	C	65	A	77	A
6	C	18	B	30	B	42	A	54	C	66	A	78	D
7	B	19	A	31	D	43	C	55	A	67	A	79	B
8	C	20	A	32	A	44	B	56	C	68	D	80	A
9	D	21	C	33	C	45	A	57	C	69	D		
10	D	22	C	34	D	46	D	58	D	70	C		
11	B	23	C	35	C	47	A	59	A	71	A		
12	A	24	B	36	C	48	A	60	B	72	B		

TEST PAPER 3

1. Which amongst the following is Artificial Juridical Person?
a) Corporation
b) Local Fund
c) District Board
d) None of these

2. Previous year is defined in –
a) Section 2(34)
b) Section 2(9)
c) Section 3
d) Section 4

3. The amount of marginal relief admission to Mr. Bansal Resident Individual (aged 25 years) for AY 2017 – 18 if his total income is Rs. 1,01,00,000 will be:
a) Rs. 3,58,250
b) Rs. 2,00,000
c) Rs. 2,20,000
d) NIL

4. XYZ Ltd. an Indian company will be ____________ in India if its place of effective management is wholly situated is outside India during the previous year.
a) Resident
b) Non – Resident
c) Not ordinarily resident
d) Any of these

5. An Indian company would:
a) be resident in India if its control and management is in India
b) be resident in India if its place of effective management, is in India
c) Be resident in India if its place of effective management, is outside India
d) be always resident in India if its place of place of effective management

6. Income chargeable under the head “Salaries” payable by the Government to a citizen of India for service rendered outside India is taxable if the person is –
a) Resident
b) Not ordinarily Resident
c) Not resident
d) Any of these

7. The person who concludes contracts on behalf of the non – resident is known as –

a) Concluding agent
b) Stocking agent
c) Indenting agent
d) None of these

8. Salary of S (Rs. 40,000 per month) becomes due on the last day of the month but is paid on 7th of next month. Also, salary of April, 2017 and May, 2017is received in advance in March, 2017. What will be his gross income for AY 2017 – 18?
a) Rs. 5,60,000
b) Rs. 4,80,000
c) Rs. 4,40,000
d) Rs. 5,20,000

9. Mr. A joins a job in the grade of Rs. 20,000 – 500 – 25,000 – 1,000 – 40,000 – 1,500 – 60,000 on 1/7/2005 which becomes due on last day of each month. His taxable salary for AY 2017 – 18 will be –
a) Rs. 3,09,000
b) Rs. 2,97,000
c) Rs. 3,08,000
d) Rs. 3,21,000

10. Raman purchased a residential house property in Ahmedabad on loan for which he on loan for which he paid an interest of Rs. 50,000 during the previous year. He is working in Delhi and getting an HRA of Rs. 4,000 per month. He can claim exemption / deduction for –
a) Only HRA
b) Only interest paid
c) Either interest paid or HRA but not both
d) Both HRA and interest paid

11. Ramesh a resident of Jaipur, receives Rs. 25,000 p.m. as basic salary. In addition, he gets Rs. 10,000 p.m. as dearness allowances, which form part of basic salary and Rs. 18,000 p.m. as house rent allowance. He, however, pays Rs. 20,000 p.m. as house rent. The quantum of house rent allowance taxable is –
a) Rs. 48,000
b) Rs. 6,000
c) NIL
d) Rs. 24,000

12. Ramesh, an employee of Gauri & Co. of Delhi, received the following payments during the previous year ended 31st March, 2017:
Basic salary: Rs. 2,40,000 and dearness allowance : 40% of basic salary (40% forming part of salary). Rent-free unfurnished accommodation provided by employer for which rent paid by employer being Rs. 50,000. The value of taxable perquisite in the hands of Ramesh will be –

a) Rs. 41,760
b) Rs. 50,000
c) Rs. 36,000
d) Rs. 52,500

13. Palak is an employee of ABC Pvt Ltd. She receives Rs. 50,000 p.m. as basic salary. She is also provided dearness allowance of Rs. 15,000 p.m. forming part of retirement benefit. She received gratuity of Rs. 25,000 during the continuity of employment. The taxable portion of gratuity will be –
a) Rs. 25,000
b) Rs. 15,000
c) Rs. 12,500
d) NIL

14. In the case of companies, capital expenditure incurred for the purpose of promoting family planning amongst the employees would be deductible to the extent –
a) Equal to 1/5th in each year for 5 years
b) Equal to 1/6th in each year for 6 years
c) Equal to 1/4th in each year for 4 years
d) Equal to 1/10th in each year for 10 years

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

16. Son of Mr. Raghu was appointed as a manager in his firm. Raghu made a payment of salary of Rs. 30,00,000 to his son whereas Assessing Officer is on opinion that such expenditure in excessive or unreasonable having regard to the FMV which comes to be of Rs. 24,00,000. Calculated the amount to be disallowed.
a) Rs. 24,00,000
b) Rs. 30,00,000
c) Rs. 6,00,000
d) NIL

17. The provisions of section 44ADA are applicable if gross receipts from profession does not exceed Rs. __________________
a) Rs. 50,00,000

b) Rs. 2,00,00,000
c) Rs. 1,00,00,000
d) Rs. 15000000

18. For computing deemed profits u/s 44AE in case of goods carriage other than a heavy goods vehicle the amount with which per vehicle per month has to be multiplied is:
a) Rs. 10,000
b) Rs. 5,000
c) Rs. 50,000
d) Rs. 7,500

19. An assessee was engaged in the business of plying, hiring or leasing of goods carriages, He held 4 heavy goods vehicle for the entire year and three goods carriage other than heavy goods vehicle which were acquired on 15th July 2016. Compute the deemed profits u/s 44AE
a) Rs. 5,62,500
b) Rs. 5,00,000
c) Rs. 4,20,000
d) Rs. 3,78,000

20. Rural area means any area which is outside _____________ Kilometres from the local limits of the jurisdiction of a municipality or a cantonment board, if the population of municipality or cantonment board is more than 1,00,000 but not exceeding 10,00,000.
a) 2
b) 4
c) 6
d) 8

21. Cost of acquisition in case of bonus shares allotted before 1/4/1981 will be:
a) NIL
b) FMV as on 1/4/1981
c) Rs. 10,000
d) Cost of original shares on the basis of which bonus shares are allotted.

22. Compute the capital gains for AY 2017 – 18 if Mr. Ramesh, a property dealer, sells a commercial plot of land on 1/3/2017 for Rs. 50,00,000 lakhs which was acquired by him on 1/8/2014 for Rs. 25,00,000 for selling of offices constructed therein. He had incurred land development charges of Rs. 10,00,000 on 1/10/2014. He incurred Rs. 1,00,000 for selling the plot of land.
a) NIL
b) 15,00,000
c) Rs. 14,00,000
d) 25,00,000

23. If in the above case government enhanced the compensation by Rs. 2,00,000 in the year 2017 – 18 what will be the previous year of chargeability of enhanced compensation?
a) 2015 – 16
b) 2016 – 17
c) 2017 – 18
d) 2018 – 19

24. The exemption available on investment in certain bonds u/s 54EC is available to:
a) Individual
b) HUF
c) AOP
d) Any person

25. The maximum limit of exemption in case of horse races is:
a) Rs. 2,500
b) Rs. 10,000
c) Rs. 5,000
d) Rs. 1,000

26. XYZ Pvt Ltd. issued shares. Mr. K, resident of India, purchased the shares at a consideration of Rs. 5,00,000. The fair market value of such shares was of Rs. 4,50,000. What will be the taxable amount under the head income from other sources?
a) NIL
b) Rs. 50,000
c) Rs. 4,50,000
d) Rs. 5,00,000

27. In which year dividend declared by a company or distributed or paid by it u/s 2(22) is deemed to be the income?
a) Previous year in which it is discussed
b) Previous year in which it is given
c) previous year, in which it is so declared, distributed or paid, as the case may be
d) None of these

28. Mr. X has earned salary income of Rs. 5,00,000 and he has suffered loss from house property amounting Rs. 2,00,000. General business loss – Rs. 1,00,000 find out the gross total income.
a) Rs. 5,00,000
b) Rs. 3,00,000
c) Rs. 2,00,000
d) Rs. 4,00,000

29. Mr. X has earned capital gains on sale of equity shares listed in recognised stock exchange on which STT – Rs. 7,20,000 short term capital loss of Rs. 2,00,000. general business income of Rs. 5,00,000 Find out the gross total income.
a) Rs. 5,00,000
b) Rs. 10,20,000
c) Rs. 12,20,000
d) Rs. 5,20,000

30. The amount of deduction available on the amount paid on account of medical expenditure incurred on the health of the assessee or any member of his family, who is a very senior citizen and no amount has been paid to effect or to keep in force an insurance on the health of such person – u/s 80D –
a) NIL
b) Rs. 30,000
c) Rs. 5,00,000
d) Rs. 25,00,000

31. Mr. Kalyan pays Rs. 75,000 for medical treatment of his defendant father (resident in India and aged 65 years) who is suffering for cancer (prescribed disease). Mr. Kalyan has been reimbursed Rs. 12,000 from his employer. Mr. Kalyan shall be allowed deduction to the extent of –
a) Rs. 75,000
b) Rs. 63,000
c) Rs. 48,000
d) Rs. 50,000

32. Mr. Rajeev whose adjusted gross total income is Rs. 1,90,000 pays by account payee cheque Rs. 21,000 as donation to prime Ministers Drought Relief Fund. The amount of deduction available to him is –
a) Rs. 21,000
b) Rs. 19,000
c) Rs. 10,500
d) Rs. 9,500

33. Education scholarship received by an employee of a company to meet education cost of his children shall be exempt if the employee is:
a) Indian
b) Foreigner
c) Indian or foreigner
d) No exemption available

34. Mr. Gupta, MLA received a constituency allowance of Rs. 40,000 p.a. What amount of income shall be exempt to him?

a) Rs. 4,000
b) Rs. 40,000
c) Rs. 10,000
d) No exemption available

35. In computing the income under the head profits and Gains of Business or profession of a firm which is assessed as such, any interest paid to any partner is excess of _____________ simple interest p.a. shall be disallowed in accordance with the provisions of Section 40(b),-
a) 6%
b) 12%
c) 15%
d) 18%

36. In computing the income under the head profits & Gains of Business or profession of an association of person, any interest paid to any member –
a) Shall be disallowed
b) Shall be allowed
c) Shall be allowed upto 12% p.a.
d) None of these

37. No tax shall be deducted u/s 194A on such interest income paid by way of interest on the compensation amount awarded by the Motor Accidents Claims Tribunal where the amount of such income or, as the case may be, the aggregate of the amounts of such income paid during the financial year does not exceed _____________.
a) Rs. 10,000
b) Rs. 15,000
c) Rs. 25,000
d) Rs. 50,000

38. Payer shall not be liable to deduct tax at source where payee is engaged in the business of plying or hiring goods carriages and owns ______________ at any time during the previous year and furnishes a declaration of that effect along with his PAN, to the person paying or crediting such sum.
a) 10 or less goods carriages
b) 5 or less goods carriages
c) 20 or less goods carriages
d) 15 or less goods carriages

39. An assessee liable to pay advance tax is not liable to pay interest u/s 234B, if advance tax paid by him is not less than –
a) 90% of advance tax payable by him
b) 80% of advance tax payable by him

c) 100% of advance tax payable by him
d) 70% of advance tax payable by him

40. If an assessee fails to pay advance tax as required under the Act, or the advance tax paid by him is less than _____________ of the assessed tax, he shall be liable to pay interest u/s 234B.
a) 80%
b) 90%
c) 95%
d) 98%

41. The date of intimation of defect u/s 139(9) is the date on which –
a) The letter specifying the defect is served to the assessee
b) The letter specifying the defect is sent to the assessee
c) The letter specifying the defect is prepared by the assessing officer
d) None of the above

42. A return filed by Ms. Mala was found to be defective. The assessing officer gave notice of the defect to the assessee. The time limit for rectification of the defect is –
a) 30 days
b) 15 days
c) 45 days
d) 60 days

43. A scrutiny notice u/s 143(2) must be served within:
a) 6 months of the end of financial year in which return is filed
b) 6 months from the end of relevant assessment year in which return is filed
c) One year from the end of financial year in which return is filed
d) One year from the end of relevant assessment year in which return ifs filed

44. Application for refund is to be made within –
a) One year from the end of relevant assessment year
b) two years from the end of relevant assessment year
c) 6 months from the end of relevant assessment year
d) 21 months from the end of relevant assessment year

45. Interest on income tax refund is granted @ _______________.
a) 1% p.m. or part thereof
b) 0.5% p.m. or part thereof
c) 12% p.a.
d) 6% p.a.

46. The provision of transfer pricing are applicable with effect from 1st April, 2015 to specified domestic transaction entered into by the assessee in the previous year in aggregate of –
a) Rs. 300 lakh
b) Rs. 500 lakh
c) Rs. 2,000 lakh
d) Rs. 1,000 lakh

47. The validity period of advance pricing agreement (APA) is –
a) 2 years
b) 3 years
c) 5 years
d) 7 years

48. Compute the invoice value to be charged and amount of tax payable under VAT by a dealer who had purchased goods for Rs. 1,20,000 and after adding for expenses of Rs. 10,000 and of profits Rs. 15,000 had sold out the same. The rate of VAT on purchases and sales is 12.5%
a) Rs. 1,63,125
b) Rs. 1,45,000
c) Rs. 3,125
d) Rs. 18,125

49. Compute the VAT amount payable by Mr. A who purchases goods from a manufacturer on payment of Rs. 2,25,000 (including VAT) and earns 10% profit on sale to retailers. VAT rate on purchase on sale is 12.5%.
a) Rs. 27,500
b) Rs. 25,000
c) Rs. 2,500
d) Rs. 5,000

50. 'Zero rate' sale is advantageous than 'exempt sale' in VAT, since the zero rate sale is –
a) Exempt from VAT levy
b) Eligible for refund of VAT on inputs used
c) Export sale
d) Unsaleable goods.

51. TIN, a code number used to identify VAT assessee, has 11 digits. The first two digit of TIN represent –
a) The State
b) The Product
c) The Region
d) The Assessee.

52. Person effecting the subsequent sales under interstate trade or commerce fills.

a) Form E-I & Fore E-II
b) Form G
c) Form H
d) Form F

53. Service tax law extends to –
a) Whole of India
b) Whole of India except State of Sikkim
c) Whole of India except the state of Nagaland
d) Whole of India except the state of Jammu & Kashmir

54. India follows which approach for levying service tax at present –
a) Selective approach
b) Comprehensive approach
c) Hybrid approach
d) As per the directions of Central Board of Excise & Customs (CBEC)

55. What would be the value of taxable service, if the gross amount charged by a service provider on 10th March, 2017 is Rs. 42,000 –
a) Rs. 42,000
b) Rs. 37,800
c) Rs. 36,522
d) Rs. 36,842

56. Which of the following service in relation to agriculture is not covered in negative list:
a) Supply of farm labour
b) Agricultural extension services
c) Warehousing of biscuits
d) Commission agents for sake of agricultural produce

57. Service provider claiming exemption of Rs. 10,00,000 shall have to apply for registration where the aggregate value of service exceeds:
a) Rs. 10,00,000
b) Rs. 9,00,000
c) Rs. 8,00,000
d) Rs. 12,00,000

58. Calculate the amount of service tax including SBC & KKC, if value services provided is of Rs. 20 lakh.
a) Rs. 2,80,000
b) Rs. 2,90,000
c) Rs. 3,00,000

d) Rs. 2,82,800

59. The assessee shall deposit the service tax liable to be paid by him with the bank, designated by the Central Board of Excise and Customs in Form No. –
a) GAR – 7 challan
b) GAR – 6 challan
c) GAR – 5 challan
d) GAR – 9 challan

60. Mr. X a service provider located in the taxable territory provides works contract service to ABC Ltd of New Delhi. The service tax to be paid on capital reverse charge basis by Mr. X and ABC Ltd. respectively will be –
a) 50%, 50%
b) 60%, 40%
c) 75%, 25%
d) 40%, 60%

61. According to rule 7 of the point of taxation rules, 2011, the point of taxation if respect of persons who are required to pay tax as recipient of service under the Reverse Charge Mechanism shall be the date on which payment is made provided payment is made within ______________ from the date of invoice.
a) 30 days
b) 60 days
c) 6 months
d) 3 months

62. In case of "associated enterprises", where the person providing the service is located outside India, the point of taxation shall be –
a) The date of debit in the books of account of the person receiving the service
b) Date of making the payment
c) The date of debit in the books of account of the person receiving the service, or date of making the payment, whichever is earlier
d) The date of debit in the books of account of the person receiving the service; or date of making the payment, whichever is later

63. Rocky Ltd. provides the following information

Date of completion of service	:	11th September, 2016
Date of invoice	:	25th October, 2016
Date of receipt of payment for service	:	3rd September, 2016

The point of taxation is –
a) 3rd September, 2016
b) 11th September, 2016
c) 25th October, 2016

d) 31st March, 2016

64. Which of the following service is not covered in negative list:
a) Admission to entertainment events or access to amusement facilities
b) Supply of farm labour
c) Agricultural extension services
d) Services by way of transportation of goods by inland waterways.

65. Services by way of renting of residential dwelling for use as residence is –
a) Covered in negative list
b) A declared service
c) Wholly exempt from service tax
d) Wholly liable to service tax

66. Services of goods transport agency in relation to transportation of used household goods is eligible for _______________ abatement.
a) 75%
b) 70%
c) 30%
d) 60%

67. Services by a tour operator in relation to package tour is eligible for ______________ abatement –
a) 75%
b) 70%
c) 30%
d) 60%

68. As per service tax law, the activities in relation to delivery of goods on hire-purchase come under –
a) Negative list
b) Exempted service
c) Declared service
d) None of the above

69. What would be the value of taxable service, if gross amount charged by a service provider on 11th June, 2016 is Rs. 9,000 –
a) Rs. 7,826
b) Rs. 8,160
c) Rs. 9,000
d) Rs. 8,100

70. Rule 7C of Service Tax Rules, 1994 provides for penalty for delay in filing of service tax return. Accordingly, the amount of late if delay is beyond 15 days and upto 30 days will be –
a) Rs. 500
b) Rs. 20 per day
c) Rs. 2,000
d) Rs. 5,000

PAPER 3 ANSWERS

Q NO	ANS	Q NO	ANS	Q NO	ANS	Q NO	ANS	Q NO	ANS	Q NO	ANS	Q NO	ANS
1	A	11	A	21	b	31	C	41	A	51	A	61	D
2	C	12	A	22	A	32	C	42	B	52	A	62	C
3	A	13	A	23	C	33	C	43	A	53	D	63	A
4	A	14	A	24	D	34	B	44	A	54	B	64	A
5	D	15	A	25	B	35	B	45	B	55	C	65	A
6	D	16	C	26	B	36	A	46	C	56	C	66	D
7	A	17	A	27	C	37	D	47	C	57	B	67	B
8	A	18	D	28	B	38	A	48	A	58	C	68	C
9	A	19	A	29	A	39	A	49	C	59	A	69	A
10	D	20	C	30	B	40	B	50	B	60	A	70	B