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PAPER 2: PROFIT AND GAINS OF BUSINESS OR PROFESSION

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1. Mr. Supari goods costing Rs. 1,00,000 for personal use from his proprietorship concern at an agreed value of Rs. 1,20,000 Amount Taxable as per profit is –

a) Rs. 1,00,000
b) Rs. 20,000
c) Rs. 1,20,000
d) NIL

2. A partnership firm's profit and loss account shows profit of Rs. 10,00,000. its total income determined according to the provisions of the Income Tax Act, 1961 is Rs. 9,00,000. A partner who has 20% share in the firm can claim exemption of amount of Rs. _______________ under section 10(2A).

a) Rs. 2,00,000
b) Rs. 20,000
c) Rs. 1,80,000
d) Rs. 1,00,000

3. Financial statement of C on 31/03/2017 revels that the following expenses were due during year ended 31/03/2017 but have been paid after 31/03/2017:

- Employer's contribution to provident fund: Rs. 55,000 (Rs. 25,000 paid on 15/07/2017 and Rs. 20,000 paid on 15/01/2018) The due date of filing returns is 31/07/2017. what would be the deduction for AY 2017 – 18?

a) Rs. 55,000
b) Rs. 35,000
c) Rs. 10,000
d) Rs. 45,000

4. D owns the following commercial vehicles:

- 2 light commercial vehicles: one or 9 months and two days and the other for 12 months
- 2 heavy goods vehicle – one for 6 months and 25 days and the other for 11 months and 12 days.
- 2 medium goods vehicles – one for 6 months and the other for 8 months and 15 days

Compute the income from business of D if he opts for the scheme under section 44AE.

a) Rs. 3,99,000
b) Rs. 1,95,000
c) Rs. 2,67,500
d) Rs. 4,20,000

5. No disallowance under section 40(a)(ia) shall be made in the case of a deduction in respect of expenditure incurred in the month of March, if the TDS on such expenditure has been paid before
a) 31st December
b) 30th December
c) Due date for filing of the return
d) 30 days from the date of tax deduction.

6. Electrical writing, switches, sockets and other fitting is eligible for depreciation u/s 32 @ -
a) 10%
b) 15%
c) 25%
d) 60%

7. Important Ltd. is a power-generating unit. On 01/04/2014, it has purchased a plant for Rs. 50,00,000 which is eligible for depreciation @ 15% on SLM. If such plant is sold on 21/04/2016 for Rs. 55,00,000/-
a) In such case, Rs. 15,00,000 is treated as balancing charge
b) In such case, Rs. 20,00,000 is treated as balancing charge
c) In such case, Rs. 5,00,000 is treated as balancing charged
d) In such case, Rs. 15,00,000 is treated as terminal depreciation

8. kalu engaged in the business of trading of tea, paid Rs. 50,000, in form of account payee cheque Rs. 10,000 to Malu (against bill 712). The amount disallowed u/s 40A(3) is –
a) Nil
b) Rs. 50,000
c) Rs. 18,000
d) Rs. 8.000

9. Mr. Dada engaged in the business of trading of comb paid Rs. 25,000 in cash to a decorator on a day for decorating the place where the celebrates his 25th marriage anniversary. The disallowed amount u/s 40A(3) shall be –
a) Nil
b) Rs. 25,000

c) Rs. 5,000
d) None of these

10. Mr. D D L J is a commission agent and is earning income in the nature of commission. His gross commission during the previous year was Rs. 25,84,000. He wants to adopted the provisions of section 44AD in respect of this business. In this case what will be his income as per the provisions of section 44AD?
a) Nil as provision of sec. 44AD is not available
b) Rs. 2,06,720
c) Rs. 4,13,440
d) None of these

11. Mr. Bean is an interior decorator. His gross receipts from his profession during the previous year is Rs. 8 lakhs. Tenant of his gross receipts is more or less same in the last 5 years. In this case will he be liable to maintain the books of account in respect of aforesaid profession?
a) Yes, he is required to maintain such books of account and other documents as prescribed by Rule 6F
b) Yes, he is required to maintain such books of account and other documents as may enable the Assessing Officer to compute their taxable income under the Income-tax Act.
c) No, as he is covered u/s 44AD
d) No, as his gross receipts during all of the last 3 years do not exceeds Rs. 10,00,000

12. On 08/04/2016 P Ltd. paid commission of Rs. 84,000 to Mr. Matrix. It deducted tax (TDS) on such payment on 08/12/2016 and deposited the TDS with Government on 01/07/2017. In which year, it will be entitled to claim deduction on account of commission of Rs. 84,000?
a) Previous Year 2016 – 17
b) Previous Year 2017 – 18
c) Previous Year 2015 – 16
d) None of these

13. D, E and F are the partner in firm engaged in medical profession. For the year ended on 31st March, 2017, the book profit of the firm was calculated as Rs. 1,36,300. The maximum amount admissible as remuneration to partners is –
a) Rs. 1,50,000
b) Rs. 1,22,670
c) Rs. 1,36,300
d) Rs. 1,04,280

14. Dr. Bimar purchased a house property on 01/12/2014 for Rs. 10,00,000. Till 01/12/2016, the same was self-occupied as a residence. On this date, the building was bought into use for the purpose of his medical profession. What would be the depreciation allowable for the assessment year 2017 – 18?

a) Rs. 85,500
b) Rs. 1,00,000
c) Rs. 50,000
d) Rs. 80,500

15. Bajaj started a business of designing on 01/04/2015. He acquired a laptop on 01/04/2015 for Rs. 50,000 for his business use. Since his gross total income for the previous year 2015 – 16 is only Rs. 55,000/-, he did not file his return of income. During the previous year 2016 – 17, his business income before depreciation u/s 32 is Rs. 5,60,000. Since he is required to file his return of income for the assessment year 2017 – 18, he seeks your advice for computing depreciation. Compute depreciation on his behalf assuming that the is maintaining books of account from 01/04/2015 but did not provide any depreciation on laptop.

a) Rs. 30,000
b) Rs. 25,200
c) Rs. 16,800
d) Rs. 12,000