

2C00135/2C00145 T.Y.B.COM SEMESTER V (75: 25& 100 MARKS PATTERN)

SAMPLE QUESTIONS

23015/23115- DIRECT & INDIRECT TAXES PAPER I

1. For being Ordinary resident one has to follow following condition/s .
 - A. He should be resident In India for at least 2 out of last 10 previous years
 - B. He should be there in India for at least 730 days in last 7 previous years
 - C. Both the above mentioned (A & B) condition must be fulfilled.
 - D. Any One of the (A&B) condition must be fulfilled.
2. For being Ordinary resident one must be present in India for at least following days in last 7 previous years
 - A. 365
 - B. 730
 - C. 182
 - D. 160
3. Income from house property situated in Dubai received there will be taxed for
 - A. Ordinary resident
 - B. Non resident
 - C. Both Resident as well non-resident
 - D. Resident but not ordinary resident.
4. Income from house property situated in India received there will be taxed for
 - A. Resident
 - B. Non Resident
 - C. Both Resident as well as non-resident
 - D. Resident and ordinary resident Resident but not ordinary as well as non-resident
5. Income from salary from Indian employer received outside India will be taxed for
 - A. Ordinary resident
 - B. Resident but not ordinary
 - C. Both Resident as well not-ordinary resident
 - D. Resident and ordinary resident Resident but not ordinary as well as non-resident
6. Income from salary from Foreign employer received in India will be taxed
 - A. Resident but not Ordinary resident

- B. Non Resident
 - C. Both Not ordinary-Resident as well as non-resident
 - D. Resident and ordinary resident Resident but not ordinary as well as non-resident
7. Amount of past taxed profit remitted to India is
- A. Not taxable for any residential status.
 - B. Taxable for each residential status.
 - C. Depends on residential status.
 - D. Depends on citizenship
8. Income earned from business situated in India is
- A. Taxable for each residential status
 - B. Not taxable for any residential status
 - C. Depends on residential status
 - D. Depends on citizenship
9. Entertainment allowance is available as deduction
- A. For Government employee only
 - B. For employee covered by payment of gratuity act
 - C. For all employee
 - D. Private Sector Employees only
10. Children education allowance received will be exempted
- A. @ 100/- per month per child
 - B. @300/- per month per child
 - C. Nil
 - D. @600 per month per child
11. Children hostel allowance received will be exempted
- A. @ 100/- per month per child
 - B. @300/- per month per child
 - C. To the extent spent.
 - D. @600 per month per child
12. Basic Salary will taxed on
- A. Accrual basis
 - B. Receipt basis
 - C. Due or receipt whichever is earlier basis

- D. Due or receipt whichever is later basis
- 13.** Monthly(Uncommuted) Pension received is exempted for
- A. Government employee
 - B. Employee covered by Payment of gratuity act.
 - C. None of the employee
 - D. Private Sector Employees only
- 14.** If employee is not paying rent ,House rent allowance is
- A. Fully taxable
 - B. Fully exempted
 - C. Exemption to be calculated as per conditions
 - D. Never Taxable
- 15.** Medical expenses incurred employer on treatment of employee in government hospital is
- A. Fully taxable for all employee
 - B. Fully exempt for all employee
 - C. Fully exempt for government employee only.
 - D. Fully Taxable for all.
- 16.** Contribution to statutory provident fund by employer is
- A. Exempt to the extent of 12% of basic salary.
 - B. Fully exempt
 - C. Fully taxable
 - D. Exempt to the extent of 9.5% of basic salary.
- 17.** Municipal taxes are deducted from gross annual value on following basis
- A. Due basis
 - B. Actual payment basis
 - C. Due or paid whichever is earlier basis.
 - D. Due or paid whichever is later basis.
- 18.** While calculating gross annual value we take
- A. Higher of reasonable let able value or actual rent.
 - B. Lower of reasonable let able value or standard rent

- C. Higher standard rent and actual rent
- D. Higher of municipal tax or fair rent

19. Standard deduction available u/s 24 is

- A. 30% of reasonable let able value
- B. 30% of Gross Annual Value
- C. 30% of Net Annual Value
- D. 50% of Net Annual Value

20. If assessee has one self-occupied at Pune and other property at Mumbai which is vacant throughout the year then

- A. The property with higher Gross annual value should be taken as deemed to be let out and other as self-occupied one.
- B. The property with lower Gross annual value can be taken as deemed to be let out and other as self-occupied as per choice of assessee.
- C. Pune property to be taken as self-occupied property as assessee actually stays there.
- D. Both the property should be taken as deemed to be let out.

21. Interest on pre-acquisition period will be available as deduction

- A. Fully in the year of completion of construction.
- B. In the year in which it was actually paid
- C. 1/5 every year from the previous year in which property came into existence.
- D. In the First year in which it was actually used

22. Interest on home loan taken after 1.4.1999, for purchase of self-occupied house property can be claimed as deduction

- A. To the extent paid
- B. To the extent of Rs. 30,000/-
- C. To the extent of Rs. 2,00,000/-
- D. To the extent of Rs. 1,50,000/-

23. Sale of import license will be taxed under the head

- A. Income from capital gain

- B. Income from business & profession
 - C. Income from other source.
 - D. Income from capital Gains.
- 24.** Commission received by LIC agent from LIC will be taken as income from
- A. Business & profession
 - B. Income from other source
 - C. Income from Salary
 - D. Income from capital Gains.
- 25.** Gift received by doctor for appreciation of his professional duty will be
- A. Taxed as income from other source
 - B. Taxed as income from Business & profession
 - C. Not be taxed at all.
 - D. Income from capital Gains.
- 26.** Rent received by hotel will be considered as
- A. Income from house property
 - B. Income from other source
 - C. Income from Business & profession
 - D. Income from capital Gains.
- 27.** Gift received by son from his father worth Rs.70000 on his birthday will be considered as
- A. Exempted Income from other source.
 - B. Taxable Income from business & profession
 - C. Taxable income from other source.
 - D. Income from capital Gains.
- 28.** Gift received in cash from non –relative will be on day of marriage will be
- A. Fully taxable
 - B. Fully exempt
 - C. Partially exempt depending upon conditions.
 - D. Taxable above specified limit.
- 29.** Gift received from relative on day other than marriage will be
- A. Fully taxable.
 - B. Fully exempt.

- C. Partially exempt depending upon conditions.
- D. Taxable above specified limit.

30. Family pension will be exempt to the extent of lower of $1/3^{\text{rd}}$ of actual received and

- A. Rs. 12,000/-
- B. Rs. 15,000/-
- C. Rs. 10,000/-
- D. Rs. 30,000/-

31. Profit on sale of flat by builder will be taxed as income from

- A. Income from house property
- B. Income from capital gain
- C. Income from business & Profession
- D. Taxed as income from other Sources

32. Following is not considered as personal effect.

- A. Furniture
- B. Car
- C. Jewelry
- D. Clothes

33. Following is not considered as capital asset

- A. Agriculture land situated in Nepal.
- B. Agriculture land situated in urban area.
- C. Agriculture land situated in rural area.
- D. Factory land situated in rural area.

34. Indexed cost of acquisition is to be calculated in case sale of

- A. Short term asset
- B. Long term asset
- C. Land & Building only
- D. Jewelry only.

35. Amount of long term capital gain will be exempted only it is invested purchase of

- A. Residential property
- B. Capital Gain bond
- C. Residential property and capital gain bond Both.

D. Commercial Property

36. Cost of acquisition of bonus shares to be taken as

- A. Cost of acquisition of original share.
- B. Cost of acquisition to previous owner
- C. Nil
- D. Market Value

37. Deduction U/s 80DD for expenses incurred for maintenance normally disabled person is limited to

- A. Amount actually spent
- B. Amount spent or Rs. 75,000/- whichever is lower
- C. Rs. 75,000/- irrespective of amount spent.
- D. Rs. 50,000/-

38. Interest received on saving bank A/c is available as deduction to the extent

- A. Actual receipt
- B. Maximum 10,000/-
- C. Maximum of Rs. 3,500/-
- D. Maximum of Rs. 30,000/-

39. Maximum deduction available u/s 80c is restricted to

- A. Rs. 1,00,000/-
- B. Rs. 1,50,000/-
- C. Rs. 1,25,000/-
- D. Rs. 2,00,000/-

40. Maximum deduction available U/s 80D for non-senior citizen is

- A. Rs. 25,000/-
- B. Rs. 50,000/-
- C. Rs. 30,000/-
- D. Rs. 50,000/-

41. Maximum deduction available U/s 80D for senior citizen is

- A. Rs. 25,000/-
- B. Rs. 50,000/-
- C. Rs. 30,000/-
- D. Rs. 75,000/-

42. Deduction for medical premium paid u/s 80 D is not available if amount is paid
- A. In cash
 - B. By cheque
 - C. By any of the following mode cheque , electronic transfer, debit / credit card
 - D. Online Payment Only
43. Income-tax act extends to
- A. Whole of India
 - B. whole of India except Jammu & Kashmir
 - C. whole of Maharashtra only
 - D. Only Delhi
44. A.O.P. should consist of:
- A. Individual only
 - B. persons other than individual only
 - C. any combination
 - D. only artificial persons
45. Body of individual should consist of:
- A. Individual only
 - B. Persons other than individual only
 - C. Both the A & B above
 - D. Indian Companies only.
46. A new business was set up on 15-11-2011 and it commenced its business from 1-12-2011. The first previous year in this case shall be:
- A. 15-11-2011 TO 31-3-2012
 - B. 1-12-2011 TO 31-3-2012
 - C. 2011-12
 - D. 2012-2013
47. Shivaji university is assessable under the INCOME TAX ACT as
- A. An individual
 - B. An artificial juridical person
 - C. A local authority
 - D. Indian Company
48. Capital gain arises from the transfer of
- (a) Any asset
 - (b) Any fixed asset
 - (c) Any capital asset
 - (d) Land and buildings only
49. Which asset is treated as capital asset for capital gain purposes
- (a) Motor car for business use

- (b) Jewellery
 - (c) Plant and Machinery held as stock in trade
 - (d) Tenancy rights
50. Short-term capital gain arise on transfer of shares and units held by the assessee for not more than
- (a) 36 months from the date of acquisition
 - (b) 54 months from the date of acquisition asset is transferred after it is held for 14 months
 - (c) 12 months from the date of acquisition
 - (d) 60 months from the date of acquisition
51. Long-term capital gain arises on transfer of _____
- (a) Plant and Machinery
 - (b) Television
 - (c) Building
 - (d) Furniture
52. Cost of improvement of building before 1/4/2001 shall be
- (a) Nil
 - (b) The capital expenditure incurred
 - (c) Capital expenditure incurred on or after 1-4-81
 - (d) Ignored
53. In case long term capital gain, the amount to be deducted from sale consideration shall be
- (a) Cost of acquisition
 - (b) Indexed cost of acquisition
 - (c) Market value on 1-4-81
 - (d) Current Market Value
54. M has taken a house on rent and sublets the same to A. Income of M from such house property shall be taxable under the head.
- a. Income from house property
 - b. Income from other sources
 - c. Business income
 - d. Income from capital gain

55. A has two houses properties. Both are self-occupied. The annual value of
- Both houses shall be nil
 - One house shall be nil
 - No house shall be nil
 - both house will be deemed to be let out
56. Municipal tax is deducted from
- Net annual value
 - Gross annual value
 - Municipal valuation
 - fair rent
57. Unrealized rent is a deduction from
- gross annual value
 - net annual value
 - municipal value
 - Fair rent
58. A Gift received by an individual 70,000 from his relative M shall be
- Fully taxable
 - Fully exempt
 - Exempt up to 50,000
 - Exempt up to 60,000
59. Perquisite received by the assessee during the course of carrying on his business or profession is taxable under the head.
- Salary
 - Other sources
 - Business / professional income
 - Income from capital gains
60. Where the amount of an expenditure claimed as deduction exceeds 10000 it should be paid by
- Crossed cheque
 - Bearer cheque
 - Cash
 - Hawala entry
61. Standard deduction under section 24(A) from income from house property is
- 1/3 rd of NAV
 - Repairs actually incurred by the owner

- c. 30% of NAV
- d. 30,000

62. Residential status is to be determined for:

- a. Previous year
- b. Assessment year
- c. Accounting year
- d. Financial year

63. Total income of a person is determined on the basis of his:

- a. Residential status in India
- b. Citizenship in India
- c. Source where income is generated
- d. Both of A & C of the above

64. Income which is accrue or arise outside India and also received outside India is taxable in case of:

- a. Resident only
- b. Not ordinarily resident
- c. Both ordinarily resident and NOR
- d. Resident but Not ordinary resident

65. Income which is 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

66. Income deemed to accrue or arise in India is a taxable is case of:

- a. Resident only
- b. Both ordinarily resident and NOR
- c. Non-resident
- d. All the assesses

67. Un-commuted pension received by a government employee is

- a. Exempt
- b. Taxable
- c. 1/3 is exempt
- d. 1/5 is exempt

68. Employee M is neither a government employee nor covered under payment of gratuity act, 1972. He has completed 16 years and 8 months of service. The number of completed years considered for gratuity shall be
- 17 years
 - 16 years
 - 16 years and 8 months
 - 15 years
69. Compensation received on voluntary retirement is exempt under sec. 10 (10 C) to the maximum extent of
- 2,40,000
 - 3,00,000
 - 5,00,000
 - 10,00,000
70. Deductions u/s 80 C is allowed to the maximum of _____
- Rs 50,000
 - Rs 1,50,000
 - Rs 1,00,000
 - Rs 20,000
71. The payment for insurance premium under section 80 D should be _____
- In cash
 - By any mode other than cash
 - Cash/ or by cheque
 - Cheque
72. The quantum of deduction allowed under section 80 D for self and spouse shall be limited to _____
- Rs 25,000
 - Rs 10,000
 - Rs 15,000
 - Rs 5,000
73. Deduction u/s 80DD in case of dependent with severe disability shall be allowed _____
- To the extent of actual expenditure
 - Rs 75,000
 - Rs 1, 25,000 irrespective of actual expenditure
 - Normal expenditure

- 74.** Deduction under section 80 DD shall be allowed _____
- To the extent of actual expenditure / deposit or Rs 50,000 whichever is less
 - For a sum of Rs 75,000 irrespective of actual expenditure or deposit
 - For a sum of Rs 50,000 irrespective of any expenditure incurred or actual deposited
 - Rs 10,000
- 75.** The deduction u/s 80 E is allowed for the higher education of _____
- Assessee himself
 - Assessee, spouse and children
 - Assessee and dependent children
 - Dependent children
- 76.** The quantum of deduction allowed u/s 80 U is _____
- Rs 40,000
 - Rs 75,000
 - Rs 60,000
 - Rs 70,000
- 77.** Income from _____ shall arise on transfer of capital assets.
- Salary
 - House Property
 - Business or Profession
 - Capital Gains
- 78.** Salary received by a partner from firm
- Salary
 - Income from other sources
 - Income from business
 - Exempt Income
- 79.** 80 TTA is the deduction applicable under Chapter VI A of Income Tax Act for _____
- Interest on Saving Bank account
 - Payment of Donation
 - Payment of Penalty
 - Payment of Income Tax
- 80.** 80 E is the deduction applicable under Chapter VI A of Income Tax Act for _____
- Interest on Higher Education Loan
 - Payment of Indirect Tax
 - Payment of Donation

d. Payment of Fines

Answer key

1	C	11	B	21	C	31	C	41	C	51	C	61	C	71	B
2	B	12	C	22	C	32	C	42	A	52	D	62	A	72	C
3	A	13	C	23	B	33	C	43	A	53	B	63	A	73	C
4	C	14	A	24	A	34	B	44	C	54	B	64	A	74	B
5	C	15	B	25	B	35	C	45	A	55	B	65	C	75	B
6	C	16	B	26	C	36	C	46	A	56	B	66	D	76	B
7	A	17	A	27	A	37	C	47	B	57	A	67	B	77	D
8	A	18	A	28	B	38	B	48	C	58	B	68	B	78	C
9	A	19	C	29	B	39	B	49	D	59	C	69	C	79	A
10	A	20	B	30	B	40	A	50	C	60	A	70	B	80	A