

VPM's
Programme: EP MBA (2018-19)
Batch: 13
Second Semester Examination August 2018

Subject Name	Taxation		
Roll No.		Marks	60 Marks
Total No. of Questions	60	Duration	2 Hours
Total No. of pages		Date	

1. Mr. Sam received cash gift of Rs. 51,000 from his friends on the occasion of his 50th birthday. None of the friends are relative. The amount liable to tax in the hands of Mr. Ram would be :
(A) Nil
(B) Rs. 1,000
(C) **Rs. 51,000**
(D) Rs. 46,000

2. Interest credited to statutory provident fund shall be :
(A) **Fully exempt**
(B) Exempt upto 8.5% p.a.
(C) Fully taxable
(D) Exempt upto 9.5%

3. Mr. Ahmed acquired a property in April, 2017 for self-residential use. The loan interest payable to State Bank of India for the financial year 2017-18 amounts to Rs. 2,10,000. The amount eligible for deduction under section 24 is :
(A) Rs. 30,000
(B) **Rs. 2,00,000**
(C) Rs. 2,10,000
(D) Rs. 1,50,000

4. Ms. Mala received family pension of Rs. 15,000 per month during the previous year 2017-18. Also, she was employed in a private firm where she got a monthly consolidated salary of Rs. 20,000 per month.
Her total income chargeable to tax is :
(A) Rs. 4,20,000
(B) Rs. 2,40,000
(C) Rs. 3,60,000
(D) **Rs. 4,05,000**

5. Rajat purchased a car for his personal use for `5,00,000 in April, 2017 and sold the same for `5,50,000 in July, 2017. The taxable capital gains would be —
(A) **Nil**
(B) `5,50,000
(C) `50,000
(D) `4,00,000

6. A lady received gifts worth ₹1,00,000 from her relatives as defined under the Income-tax Act, 1961 and ₹60,000 from her office colleagues on her marriage anniversary. The taxable amount of gifts would be —
- (A) ₹1,60,000
 (B) **₹60,000**
 (C) ₹10,000
 (D) ₹1,10,000
7. Sameer received the following income during financial year 2017-18 : Director's fees ₹5,000, income from agricultural land in Pakistan ₹15,000, rent from let-out of land in Jaipur ₹20,000, interest on deposit with HDFC Bank ₹1,000 and dividend from Indian company ₹5,000. His income from other sources is —
- (A) **₹41,000**
 (B) ₹46,000
 (C) ₹31,000
 (D) ₹26,000.
8. Which of the following is not deductible while calculating taxable income from business —
- (A) Sales tax
 (B) **Income-tax**
 (C) Customs duty
 (D) Local taxes.
9. Rajesh, an Indian citizen, left India for U.K. on 1st September, 2017 to take up a job there. His residential status for the assessment year 2018-19 would be —
- (A) Resident and ordinarily resident
 (B) Not ordinarily resident
 (C) **Non-resident**
 (D) None of the above.
10. Rakesh let-out his house on 1st April, 2017 on rent of ₹15,000 p.m. The fair rent and the municipal value of house are ₹13,500 p.m. and ₹16,000 p.m. respectively. Municipal taxes paid for the year were ₹12,000. Income from house property for the assessment year 2017-18 will be —
- (A) **₹1,26,000**
 (B) ₹1,76,000
 (C) ₹1,05,000
 (D) None of the above.
11. Ms. Sita is in receipt of family pension of ₹15,000 p.m. during 2017-18. Income chargeable to tax for assessment year 2018-19 of Ms. Sitara is —
- (A) ₹1,80,000
 (B) ₹1,20,000
 (C) **₹1,65,000**
 (D) Nil.
12. Raju's father is dependent on him and suffering with 90% disability. Raghu has incurred an amount of ₹72,500 in maintaining and medical treatment of his father. The deduction he can claim in his income-tax return for assessment year 2018-19 is —

- (A) ₹75,000
- (B) ₹50,000
- (C) **₹1,25,000**
- (D) ₹72,500

13. Time limit for construction of new house under section 54 is

- (A) 2 years
- (B) **3 years**
- (C) 1 year
- (D) 4 years

14. Prior Period Interest is deductible in ___ equal instalments.

- (A) 6
- (B) 4
- (C) **5**
- (D) 3

15. The asset is newly purchased and used for _____, half of the depreciation is allowed to be claimed as per Income Tax Act.

- (A) Less than 175 days
- (B) **Less than 180 days**
- (C) Equal to 180 days
- (D) Equal to 175 days

16. In a contest, Amit wins ₹50,000 cash and a motor-cycle worth ₹50,000. The amount of tax deducted at source will be —

- (A) **₹30,900**
- (B) ₹15,000
- (C) ₹27,000
- (D) ₹27,810.

17. Akash earns the following income during the previous year ended 31st March, 2018 :

Interest on U.K. Development Bonds (1/4th being received in India) : ₹2,00,000;
profits on sale of a building in India but
received in Holland : ₹2,00,000. The income liable to tax for the assessment
year 2018-19 if Abhay is resident and not ordinarily resident in India, is —

- (A) **₹2,50,000**
- (B) ₹4,00,000
- (C) ₹2,00,000
- (D) ₹50,000.

18. If Karta is resident and ordinarily resident in India but control and management of HUF is situated partly outside India in the previous year, the HUF is —

- (A) **Resident and ordinarily resident**
- (B) Not ordinarily resident

- (C) Non resident
- (D) Resident.

19. For a domestic company, the minimum amount of total income liable for surcharge and the rate of surcharge applicable therein are —

- (A) **₹10 crore and 12% respectively**
- (B) ₹2 crore and 5% respectively
- (C) ₹2 crore and 10% respectively
- (D) ₹10 crore and 10% respectively.

20. For a foreign company, the minimum amount of total income liable for surcharge and the rate of surcharge applicable therein are —

- (A) **₹10 crore and 12% respectively**
- (B) ₹2 crore and 5% respectively
- (C) ₹2 crore and 10% respectively
- (D) ₹10 crore and 10% respectively.

21. As per section 2(31), the following is not included in the definition of 'person' —

- (A) An individual
- (B) A hindu undivided family
- (C) A company
- (D) **A minor.**

22. The maximum amount of deduction u/s 80U allowed to a person with 40% or more but less than 80% disabilities is —

- (A) ₹40,000
- (B) ₹1,25,000
- (C) **₹75,000**
- (D) ₹1,50,000.

23. The tax exemption limit for a resident senior citizen is —

- (A) **Upto ₹3,00,000**
- (B) Upto ₹5,00,000
- (C) Upto ₹1,80,000
- (D) Upto ₹2,50,000.

24. Which of the following is not included in taxable income —

- (A) Income from smuggling activity
- (B) Casual income
- (C) **Gifts of personal nature subject to a maximum of ₹50,000 received in cash**
- (D) Income received in kind.

25. The tax exemption limit for a resident super senior citizen is —

- (A) Upto ₹3,00,000
- (B) **Upto ₹5,00,000**

- (C) Upto `1,80,000
- (D) Upto `2,50,000.

26. Income-tax in India is charged at the rates prescribed by —

- (A) The Finance Act of the assessment year
- (B) The Income-tax Act, 1961
- (C) The Central Board of Direct Taxes
- (D) **The Finance Act of the previous year.**

27. The following additional conditions are to be satisfied by a person to be resident and ordinarily resident in India —

- (A) He is a resident in at least any two out of the ten previous years immediately preceding the relevant previous year
- (B) He has been in India for 730 days or more during the seven previous years immediately preceding the relevant previous year
- (C) **Both (A) and (B) of above**
- (D) None of the above

28. Entertainment allowance is exempt only in case of

- (A) Private employees only
- (B) **Government employees only**
- (C) Private and Government employees
- (D) None of the above

29. Maximum Entertainment allowance exempt is

- (A) ` 5,500
- (B) **` 5,000**
- (C) ` 4,000
- (D) ` 3,000

30. Deduction allowable under section 80U in case of disability more than 80% is

- (A) **` 1,25,000**
- (B) ` 1,00,000
- (C) ` 50,000
- (D) ` 75,000

31. Capital asset excludes all except —

- (A) Stock-in-trade
- (B) Personal effects
- (C) **Jewellery**
- (D) Agricultural land in India.

32. The amount deductible from family pension is upto —

- (A) **`15,000 or 1/3rd of family pension whichever is less**
- (B) `15,000 or 1/2 of family pension whichever is less

- (C) ₹10,000 or 1/3rd of family pension whichever is less
- (D) No deduction.

33. Children education allowance received by an employee from his employer is ₹80 per month per child for 3 children. Taxable education allowance will be —

- (A) **₹960**
- (B) ₹480
- (C) Nil
- (D) ₹1,200

34. Aman is the owner of a house property covered under the Rent Control Act. Municipal value ₹30,000, actual rent ₹25,000, fair rent ₹36,000 and standard rent is ₹28,000. The gross annual value of the house property will be —

- (A) ₹30,000
- (B) ₹25,000
- (C) ₹36,000
- (D) **₹28,000**

35. Metro Ltd., a domestic company, is assessed with a total income of ₹11.25 crore. The surcharge payable by the company shall be at the rate of —

- (A) 2%
- (B) 5%
- (C) 10%
- (D) **12%.**

36. When a person suffers from severe disability, the quantum of deduction allowable under section 80U is —

- (A) ₹50,000
- (B) ₹75,000
- (C) **₹1,25,000**
- (D) ₹1,00,000

37. Mr. Alwin retired on 31-10-2017 after rendering 35 years of service in PLN & Co. Ltd. He received gratuity of Rs. 18 lakhs. He is governed by Payment of Gratuity Act, 1972. The maximum monetary limit eligible for exemption is :

- (A) **Rs. 10 lakhs**
- (B) Rs. 18 lakhs
- (C) Rs. 3,50,000
- (D) Nil

38. Mr. Karan employed in KL (P) Ltd. at Mumbai (population > 25 lacs) was provided rent-free accommodation by the employer who owned such accommodation. The salary income of Mr. Arjun for the purpose of computing the perquisite value is Rs. 8 lakhs. The perquisite value of rent-free accommodation in the hands of Mr. Arjun is :

- (A) 10% of salary i.e. Rs, 80,000
- (B) 7.5% of salary i.e. Rs, 60,000
- (C) Nil
- (D) **15% of salary i.e. Rs, 1,20,000**

39. 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.
40. Following is not an exempt income under section 10
- (A) Dividend received from Indian company
 - (B) Share of profit from HUF
 - (C) **Interest from Indian Company**
 - (D) Award from Government
41. Mr. Robert aged 52 years received monthly pension of Rs. 30,000 during the financial year 2017-18. His agricultural income in India is Rs. 50,000. His net income tax liability is :
- (A) Rs. 14,420
 - (B) Rs. 9,270
 - (C) Rs. 4,120
 - (D) **Rs. 11,330**
42. Mr. Rajiv, born and brought up in India left for employment in Belgium on 15-10-2017. He has never gone out of India, previously. What is his residential status for the assessment year 2018-19?
- (A) Resident
 - (B) **R & OR**
 - (C) R but not OR
 - (D) Non Resident
43. An immovable property is said to be Long term capital asset if the period of holding is more than _____ Her total income chargeable to tax is :
- (A) 36 months
 - (B) **24 months**
 - (C) 12 months
 - (D) 18 months
44. Vimal is employed in a factory at a salary of `2,400 per month. He also gets dearness allowance @ `600 per month and bonus @ `200 per month. He retired on 31st December, 2013 and received `75,000 as gratuity under the Payment of Gratuity Act, 1972 after serving 31 years and 4 months in that factory. The amount of gratuity exempt under the Income-tax Act, 1961 will be —
- (A) `75,000
 - (B) **`53,654**
 - (C) `21,346
 - (D) `10,00,000.
45. Kajal gets salary of `12,000 p.m. and is provided with rent free unfurnished

accommodation at Pune (population 20 lakh). House is owned by employer, fair rental value of which is ₹1,400 p.m. House was provided with effect from 1st July, 2014.

Value of the perquisite of rent-free accommodation will be —

- (A) ₹8,100
- (B) ₹10,200
- (C) ₹8,200
- (D) ₹12,600.

46. Residential status of an Indian company is resident for the year —

- (A) If the entire control and management is wholly in India
- (B) If part of the control and management is in India
- (C) **Regardless of the place of control and management**
- (D) If it is listed on recognised stock exchange

47. According to section 2(24) definition of 'income' is —

- (A) **Inclusive**
- (B) Exhaustive
- (C) Exclusive
- (D) Descriptive.

48. The maximum deduction under sections 80C, 80CCC and 80CCD is

- a) 1,00,000
- b) 1,30,000
- c) **1,50,000**
- d) 2,50,000

49. A share of listed company would be treated as long term capital asset if the period of holding is more than _____

- (A) 36 months
- (B) 24 months
- (C) **12 months**
- (D) 18 months

50. Directors Sitting Fees will be Chargeable Under which Head?

- a) Income From House Property
- b) Income From Business & Profession
- c) Income From Capital Gain
- d) **Income From Other Sources**

51. Agricultural income is considered while calculating tax if it is more than

- a) 2,000
- b) 3,000
- c) **5,000**
- d) 10,000

52. Minors Income is exempt to the extent of

- a) 2,500 per child
- b) **1,500 per child**
- c) 2,000 per child
- d) 1,000 per child

53. Interest credited to RPF is taxable if it is more than

- a) 8%

- b) **9.5%**
- c) 9%
- d) 8.5%

54. Education allowance is exempt for ___ children.

- a) 1
- b) **2**
- c) No limit
- d) 3

55. Interest on loan for self- occupied house taken before 1st April, 1999 will be allowed up to-

- a) **Rs 30000**
- b) Rs 40000
- c) Rs 1,50,000
- d) Rs 2,00,000

56. Previous year means the

- a) financial year immediately after the assessment year
- b) the period of twelve months commencing on the first day of April every year
- c) **financial year immediately preceding the assessment year**
- d) calendar year immediately preceding the assessment year

57. A Charitable Trust is treated under Income tax laws as

- a) a Company
- b) **an association of persons**
- c) a body of individuals
- d) an artificial juridical person

58. A person by whom any tax, interest, penalty etc. is due is known as-

- a) a defaulter
- b) a resident
- c) a citizen
- d) **an assessee**

59. Residential status is to be determined for :

- a) **Previous year**
- b) Assessment year
- c) Accounting year
- d) None of these

60. Michael Jackson, a foreign national visited India during previous year 2017-18 for 180 days. Earlier to this he never visited India. For P.Y. 17-18, Michael Jackson shall be :

- a) Resident in India
- b) **Non- resident**
- c) Not ordinarily resident in India
- d) None of these