1. Air India Ltd. has paid amount of Rs.20 lakhs during the year ended 31.3.2020 to Airports Authority of India towards landing and parking charges.
   (a) No tax is deductible at source from such payment
   (b) Tax is deductible at source@2% u/s 194C on such payment
   (c) Tax is deductible at source@2% u/s 194-I on such payment
   (d) Tax is deductible at source@10% u/s 194-I on such payment

2. A Ltd. credited Rs.28,000 towards fees for professional services and Rs.27,000 towards fees for technical services to the account of Ram in its books of account on 12.11.2019. The total sum of Rs.55,000 was paid by cheque to Ram on the same date.
   (a) No tax is deductible at source from such payment
   (b) Tax is deductible at source@10% u/s 194J on the entire payment of Rs.55,000
   (c) Tax is deductible at source@10% u/s 194J on Rs.25,000 (Rs.55,000 - Rs.30,000)
   (d) Tax is deductible at source@2% u/s 194-J on Rs.25,000 (Rs.55,000 - Rs.30,000)

3. Mr. Hari, a salaried individual, pays rent of Rs.55,000 per month to Mr. Raghav from June, 2019. Which of the following statement is correct?
   (a) No tax is required to be deducted for F.Y.2019-20 since Mr. Hari is not subject to tax audit u/s 44AB
   (b) Mr. Hari has to deduct tax@5% from rent paid every month
   (c) Mr. Hari has to deduct tax@5% on the entire rent paid for F.Y.2019-20 from the rent payable for March, 2020
   (d) Mr. Hari has to deduct tax of Rs.55,000 from rent payable for March, 2020

4. ABC Ltd. an Indian company paid dividend distribution tax under section 115-O in respect of dividend distributed by it to its resident and non-resident shareholders. Mr. John, a shareholder of ABC Ltd. and a resident of Country X, has to pay tax in Country X on dividend received by him from ABC Ltd., as per the domestic tax laws of Country X. This is an example of:
   (a) Juridical double taxation
   (b) economic double taxation
   (c) territorial double taxation
   (d) municipal double taxation

5. Music Academy, as per its rules, pays a fixed honorarium per concert to each musician performing in the concerts organised by it. Hari, a violinist, however, refuses to accept this sum. If he requests Music Academy to pay such sum directly to Aid Us, an unregistered institution providing relief to the poor and needy in rural India, what would be the tax consequence?
   (a) No amount would be chargeable to tax in the hands of Mr. Hari, since this is a case of diversion of income at source by overriding title.
   (b) The amount payable to Aid Us would be chargeable to tax only in the hands of Mr. Hari, since it is a case of application of income
   (c) The amount payable to Aid Us would be chargeable to tax only in the hands of the institution which has received the amount
   (d) The amount payable to Aid Us would be chargeable to tax both in the hands of Mr. Hari and in the hands of the institution.
6. An application for advance ruling was made on 31.05.2019 in relation to a transaction proposed to be undertaken by Mr. Andrew, a resident of Germany. On 07.07.2019, he decides to withdraw the said application.
   (a) Application cannot be withdrawn once filed
   (b) Application can be withdrawn on 07.07.2019 only with special permission of Principal Chief Commissioner
   (c) Application cannot be withdrawn since 30 days from date of application have passed
   (d) Application can be withdrawn on 07.07.2019 with permission of the AAR, if the circumstances of the case so justify

7. X Ltd., a company engaged in the business of manufacturing and not opted for provisions of section 115BAA, paid Rs.2 lakh to IISc, Bangalore (an approved and notified institution) for scientific research. It also incurred capital expenditure of Rs.12 lakh (including cost of acquisition of land Rs.5 lakh) on in-house research and development facility as approved by the prescribed authority. The deduction under section 35 for A.Y.2020-21 would be
   (a) Rs.9,00,000
   (b) Rs.13,50,000
   (c) Rs.14,00,000
   (d) Rs.10,00,000

8. Mr. X, set up a manufacturing unit in Warangal in the state of Telangana on 01.06.2019. It has not opted for provisions of section 115BAA. It invested Rs.30 crore in new plant and machinery on 1.6.2019. Further, it invested Rs.25 crore in the plant and machinery on 01.11.2019, out of which Rs. 5 crore was second hand plant and machinery. The depreciation allowable under section 32 for A.Y.2020-21 is
   (a) Rs.15.375 crore
   (b) Rs.20.375 crore
   (c) Rs.14.875 crore
   (d) Rs.11.375 crore

9. Y Ltd. purchased computers of the value of Rs.10 lakhs in November, 2019 and installed the same in its office. The depreciation allowable under section 32 for A.Y.2020-21 is respect of the same is –
   (a) Rs.6 lakhs
   (b) Rs.3 lakhs
   (c) Rs.4 lakhs
   (d) Rs.2 lakhs

10. Mr. Arvind, engaged in the business of wholesale trade, has a turnover of Rs.90 lakhs for P.Y.2018-19 and Rs.210 lakhs for P.Y.2019-20. In the P.Y.2019-20, he paid salary of Rs.3 lakhs to Mr. Hari, a resident, without deduction of tax at source and commission of Rs.51 lakhs to Mr. Rajesh, a resident, without deduction of tax at source. The disallowance under section 40(a)(ia) while computing business income of A.Y.2020-21 would be –
    (a) Rs.54,00,000
    (b) Rs.16,02,000
    (c) Rs.15,30,000
    (d) Nil

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11. A public charitable trust registered under section 12AA for the previous year ended 31.3.2020, derived income of Rs.10 lakhs from properties held by trust and voluntary contributions from public 15 lakhs, out of which Rs.8 lakhs was applied for charitable purposes and Rs.4 lakhs towards repayment of loan taken for construction of orphanage. The total income of the trust for A.Y.2020-21 is –
(a) Rs.13 lakhs
(b) Rs.9.25 lakhs
(c) Rs.13.25 lakhs
(d) Rs.17 lakhs

12. If Country A is a notified jurisdicitional area (NJA), then, the rate at which interest receivable from a infrastructure debt fund notified u/s 10(47) is taxable in the hands of Mr. Ram, a resident of Country A, and the rate at which tax has to be deducted at source on such income are, respectively, -
(a) 30% and 5%
(b) 5% and 5%
(c) 30% and 30%
(d) 5% and 30%

13. In October, 2014, Mr. Raghav, an Indian citizen who is a non-resident, bought 500 Global Depository Receipts (GDRs) of Alpha Limited, India, issued in accordance with the notified scheme of the Central Government against the company’s initial issue of shares in foreign currency. In January, 2020, he sold 300 GDRs outside India to Mr. Joe, a citizen and resident of a country outside India and 200 GDRs to Mr. Kamal, a Resident but not ordinarily resident in India. What are the tax consequences of such sale transaction under the Income-tax Act, 1961?
(a) Capital gains arising on sale of 500 GDRs shall be subject to tax @20% with indexation benefit in India
(b) No capital gains would arise on sale of 500 GDRs in India, since the GDRs are purchased in foreign currency
(c) No capital gains would arise on sale of 300 GDRs, but capital gains arising on sale of 200 GDRs shall be taxed in India @10% without indexation benefit
(d) No capital gains would arise on sale of 300 GDRs, but capital gains arising on sale of 200 GDRs shall be taxed @20% with indexation benefit in India

14. If ABC Ltd. has two Units, Unit 1 is engaged in power generation business and Unit 2 is engaged in manufacture of wires. Both the units were set up in Karnataka in the year 2014. In the year 2019-20, twenty lakh metres of wire are transferred from Unit 2 to Unit 1 at Rs.125 per metre when the market price per metre was Rs.180. Which of the following statements is correct?
(a) Transfer pricing provisions would be attracted in this case
(b) Transfer pricing provisions would not be attracted in this case since Unit 1 and Unit 2 belong to the same company and are not associated enterprises.
(c) Transfer pricing provisions would not be attracted in this case as it is not an international transaction since both Units are in India. However, for the purpose of Chapter VIA deduction, the profits of power generation business shall, however, be computed as if the transfer has been made at the market value of Rs.180 per MT.
(d) Transfer pricing provisions would not be attracted in this case due to reasons mentioned in both (b) and (c) above.

15. XYZ Ltd. has failed to report an international transaction entered by it with PQR Inc., which is a specified foreign company in relation to XYZ Ltd. What would be the penalty leviable in this case?

(i) 2% of the value of transaction
(ii) 50% of tax payable on under-reported income
(iii) 200% of tax payable on under-reported income

Choose the correct option

(a) Only (i)
(b) Only (iii)
(c) (i) & (ii)
(d) (i) & (iii)

16. Alpha Ltd.’s total income of A.Y.2020-21 has increased by Rs.34 lakhs due to application of arm’s length price by the Assessing Officer on transactions of purchase of goods from its foreign holding company in respect of a retail trade business carried on by it, and the same has been accepted by Alpha Ltd., then, -

(a) business loss of A.Y.2016-17 cannot be set-off against the enhanced income
(b) deductions under Chapter VI-A cannot be claimed in respect of the enhanced income
(c) unabsorbed depreciation of A.Y.2011-12 cannot be set-off against the enhanced income
(d) Business loss referred to in (a), deductions referred to in (b) and unabsorbed depreciation referred to in (c) cannot be set-off against the enhanced income.

17. Mr. Anjan, a property dealer, sold a flat in Mumbai, the stamp duty of which is Rs.2 crores for Rs.1.80 crores to his friend Mr. Ashwin, a college lecturer. Mr. Anjan had purchased the flat one year back for Rs.1.50 crores and the stamp duty value on that date was also Rs.1.50 crores. What are the tax implications of such sale?

(a) Rs.50 lakhs would be taxable as short-term capital gains in the hands of Mr. Anjan. There would be no tax implication in the hands of Mr. Ashwin
(b) Rs.50 lakhs would be taxable as business income in the hands of Mr. Anjan. There would be no tax implication in the hands of Mr. Ashwin
(c) Rs.50 lakhs would be taxable as business income in the hands of Mr. Anjan and Rs.20 lakhs would be taxable as income from other sources in the hands of Mr. Ashwin.
(d) Rs.50 lakhs would be taxable as short-term capital gains in the hands of Mr. Anjan and Rs.20 lakhs would be taxable as income from other sources in the hands of Mr. Ashwin.

18. Dividend received by a real estate investment trust (REIT) from special purpose vehicle (SPV) and distributed to its unit holders is –

(a) exempt in the hands of both the REIT and the unit holders unconditionally
(b) exempt in the hands of the REIT only if the SPV is a specified domestic company; exempt in the hands of unit holders only if taxable in the hands of REIT
19. Which of the following can be treated as "profits derived from" business or undertaking to qualify for deduction under section 80-IB?
   (i) Transport subsidy
   (ii) Duty drawback receipts
   (iii) Interest subsidy
   (iv) Power subsidy

(a) Only (ii)
(b) (ii) & (iii)
(c) (i), (iii) & (iv)
(d) All the above

20. ABC Ltd., an Indian company engaged in manufacture of steel, has incurred expenditure on advertisement in a souvenir of a political party. Which of the following statements are correct?
   (a) Such expenditure is allowable as deduction while computing its business income.
   (b) Such expenditure is not allowable as deduction while computing its total income.
   (c) Such expenditure is not allowable as deduction while computing its business income but is allowable as deduction from gross total income.
   (d) Such expenditure is neither allowable as deduction from business income nor allowable as deduction from gross total income

21. Rental income earned from the business of letting out of properties is –
   (a) always taxable as income from house property
   (b) always taxable as business income
   (c) taxable as business income or income from house property, at the option of the assessee. However, the practice should be followed consistently.
   (d) taxable as business income only if the entire or substantial income of the assessee was from letting out of property. Otherwise, the same would be taxable as income from house property.

22. ABC Ltd., an Indian company commenced business on 1.2.2020. It incurred preliminary expenses of Rs.35 lakhs during the period from 1.4.2019 to 31.1.2020. The cost of the project is Rs.5 crore. The following are the details as on 31.3.2020: Issued Share Capital - Rs.3 crore; Share Premium - Rs.50 lakhs; Debentures - Rs.1 crore; Long-term borrowings - Rs.2 crore. The deduction under section 35D for P.Y.2019-20 is -
   (a) Rs.5 lakhs
   (b) Rs.6 lakhs
   (c) Rs.6.50 lakhs
   (d) Rs.7 lakhs
23. Himalaya Ltd. is an eligible start-up engaged in eligible business. Its gross total income included profits of Rs.25 lakhs from such business. The Assessing Officer made disallowance of Rs.3 lakhs under section 40(a)(ia) and of Rs.2 lakhs under section 43B. The deduction allowable under section 80-IAC would be –
(a) Rs.25 lakhs
(b) Rs.28 lakhs
(c) Rs.30 lakhs
(d) Rs.20 lakhs

24. Delta Limited is engaged in growing and manufacturing rubber in India. It commenced its operations from 1st April, 2019. It acquired plant and machinery (second hand), factory building and furniture at a cost of Rs.62 lakhs, Rs.37 lakhs and Rs.8 lakhs, respectively, in the P.Y. 2019-20 by way of ECS through bank account. Assuming that all the assets were put to use for more than 180 days during the P.Y. 2019-20, you are required to compute the written down value of each block as on 1st April, 2020.
(a) Rs.52.70 lakhs; Rs.33.30 lakhs & Rs.7.20 lakhs
(b) Rs.58.75 lakhs; Rs.35.71 lakhs & Rs.7.72 lakhs
(c) Rs.58.28 lakhs; Rs.35.52 lakhs & Rs.7.68 lakhs
(d) Rs.59.675 lakhs; Rs.36.075 lakhs & Rs.7.8 lakhs

25. An Assessing Officer entered a hotel run by a person, in respect of whom he exercises jurisdiction, at 8.30 p.m. for the purpose of collecting information, which may be useful for the purposes of the Act. The hotel is kept open for business every day between 8 a.m. and 10 p.m. As per the provisions of section 133B,
(a) The A.O. cannot enter the premises at 8.30 p.m. since it is after sunset
(b) The A.O. can enter premises at 8.30 p.m. and take away books of account kept at the hotel after taking prior approval of the Principal Chief Commissioner or Chief Commissioner.
(c) The A.O. can enter premises at 8.30 p.m. and take away books of account kept at the hotel after recording reasons for doing so.
(d) The A.O. can enter premises at 8.30 p.m. but cannot take away books of account kept at the hotel

26. In the course of search operations under section 132 in the month of May, 2020, Mr. Aakash makes a declaration under section 132(4) on the earning of income not disclosed in respect of P.Y. 2019-20. He also explains the manner in which he has derived such income and he pays the tax together with interest on such income and declares such income in the return of income filed by him in the month of July, 2020. Is penalty leviable in this case?
(a) No penalty is attracted since Mr. Aakash has voluntarily made a declaration under section 132(4).
(b) Penalty@10% of undisclosed income would be attracted even if Mr. Aakash has voluntarily made a declaration under section 132(4).
(c) Penalty@30% of undisclosed income would be attracted even if Mr. Aakash has voluntarily made a declaration under section 132(4).
(d) Penalty@60% of undisclosed income would be attracted even if Mr. Aakash has voluntarily made a declaration under section 132(4).

27. ABC Ltd. took on sub-lease a building from Ms. Jhanvi with effect from 1.7.2019 on a rent of Rs.20,000 per month. It also took on hire machinery from Ms. Jhanvi with effect from 1.10.2019 on hire charges of Rs.15,000 per month. ABC Ltd. entered into two separate agreements with Ms. Jhanvi for sub-lease of building and hiring.
of machinery. Which of the following statements are correct with reference to ABC Ltd.'s liability to deduct tax at source, assuming that one-month's rent was received as security deposit, which is refundable at the end of the lease period?

(a) No tax needs to be deducted at source since rent for building does not exceed Rs.1,80,000 p.a. and rent for machinery also does not exceed Rs.1,80,000 p.a. Security deposit refundable at the end of the lease term is not rent for the purpose of TDS.

(b) Tax has to be deducted@10% on rent of Rs.2,00,000 (including security deposit) for building, but no tax needs to be deducted on rent for machinery (including security deposit), since the same does not exceed Rs.1,80,000.

(c) Tax has to be deducted@10% on Rs.2,00,000 and @2% on Rs.1,05,000 (i.e. rent including security deposit).

(d) Tax has to be deducted@10% on Rs.1,80,000 and @2% on Rs.90,000. Security deposit refundable at the end of the lease period is not rent.

28. Mudra Adco Ltd., an advertising company, has retained a sum of Rs.15 lakhs, towards charges for procuring and canvassing advertisements, from payment of Rs.1 crore due to Cloud TV, a television channel, and remitted the balance amount of Rs.85 lakhs to the television channel. Which of the following statements are correct?

(a) No TDS is attracted on the sum of Rs.15 lakhs retained by Mudra Adco Ltd.

(b) TDS@2% is attracted on the sum of Rs.15 lakhs retained by Mudra Adco Ltd.

(c) TDS@5% is attracted on the sum of Rs.15 lakhs retained by Mudra Adco Ltd.

(d) TDS@10% is attracted on the sum of Rs.15 lakhs retained by Mudra Adco Ltd.

29. Mr. X acquired a house property at Mumbai from Mr. Y, a resident, for a consideration of Rs.90 lakhs, on 20.6.2019. On the same day, Mr. X made two separate transactions, thereby acquiring an urban plot in Kolkata from Mr. C for a sum of Rs.49,50,000 and rural agricultural land from Mr. D for a consideration of Rs.60 lakhs. Which of the following statements are correct?

(a) No tax deduction at source is required in respect of any of the three payments.

(b) TDS@1% is attracted on all the three payments.

(c) TDS@1% on Rs.90 lakhs and Rs.49,50,000 are attracted. No TDS on payment of Rs.60,00,000 for acquisition of rural agricultural land.

(d) TDS@1% on Rs.90 lakhs is attracted. No TDS on payments of Rs.49,50,000 and 60,00,000

30. A notified infrastructure debt fund eligible for exemption under section 10(47) of the Income-tax Act, 1961 pays interest of Rs.5 lakhs to a company incorporated in a foreign country. The foreign company incurred expenditure of Rs.12,000 for earning such interest. The fund also pays interest of Rs.3 lakhs to Mr. Frank, who is a resident of Country A, a notified jurisdictional area. Which of the following statements are correct?

(a) No tax deduction at source is required in respect of both the payments.

(b) No TDS is required in respect of payment of Rs.5 lakhs to the foreign company. However payment of interest to Frank attracts TDS@31.2%

(c) TDS@5.20% is attracted on Rs.4,88,000 to the foreign company. TDS@31.2% is attracted on interest payment of Rs.3 lakhs to Mr. Frank.

(d) TDS@5.20% is attracted on interest payment of Rs.5 lakhs to the foreign company. TDS@31.2% is attracted on interest payment of Rs.3 lakhs to Mr. Frank.
31. Mr. Ram, a resident individual aged 55 years, has not furnished his return of income for A.Y.2020-21. However, the total income assessed in respect of such year under section 144 is Rs.12 lakh. Determine the quantum of penalty leviable under section 270A?
   (a) Penalty leviable is Rs.1,79,400, being tax payable on total income of Rs.12 lakh
   (b) Penalty leviable is Rs.89,700, being 50% of tax payable on Rs.12 lakh
   (c) Penalty leviable under section 270A is Rs.53,300, being 50% of tax payable on under-reported income of Rs.9.50 lakhs (i.e., Rs.12 lakhs - basic exemption limit of Rs.2.50 lakhs)
   (d) Penalty leviable under section 270A is Rs.1,06,600, being tax payable on under-reported income of Rs.9.50 lakhs (i.e., Rs.12 lakhs - basic exemption limit of Rs.2.50 lakhs)

32. A private bank has not filed its statement of financial transaction or reportable account in relation to the specified financial transactions for the financial year 2019-20. A notice was issued by the prescribed income-tax authority on 1st October, 2020 requiring the bank to furnish the statement by 31st October, 2020. The bank, however, furnished the statement only on 15th November, 2020. What would be the penalty leviable under section 271FA?
   (a) Rs.91,500
   (b) Rs.13,600
   (c) Rs.16,800
   (d) Rs.22,800

33. Raman & Associates had made payment of Rs.2 lakh to the contractors for carrying out labour job work at various sites, but had not deducted tax at source. What are the tax consequences?
   (a) Rs.2,00,000 has to be added back while computing business income. However, no penalty is leviable
   (b) Rs.60,000 has to be added back while computing business income. However, no penalty is leviable
   (c) Penalty equal to the amount of tax which has not been deducted is leviable in this case. Also, Rs.2,00,000 has to be added back while computing business income.
   (d) Penalty equal to the amount of tax which has not been deducted is leviable in this case. Also, Rs.60,000 has to be added back while computing business income

34. Mr. Aryan is constructing a residential house property in Mumbai for self-occupation. He has taken a loan of Rs.35 lakhs on 30.3.2019 for this purpose. He pays interest of Rs.3 lakhs during the P.Y.2019-20. He repays Rs.3 lakhs towards principal on 31.3.2020. The construction is completed in April, 2020. This is the only house property of Mr. Aryan. For A.Y.2020-21,
   (a) Mr. Aryan is entitled for deduction of Rs.2 lakhs under section 24 and Rs.1.50 lakhs under section 80C
   (b) Mr. Aryan is entitled for deduction of Rs.2 lakhs under section 24, Rs.1,00,000 under section 80EEA and Rs.1.50 lakhs under section 80C.
   (c) Mr. Aryan is neither entitled for deduction under section 24 nor under section 80C. He is, however, entitled for deduction of Rs.1,50,000 under section 80EEA.
   (d) Mr. Aryan is not entitled for deduction under section 24, section 80C and section 80EEA.

35. PQR Ltd., a domestic company, has distributed on 15/10/2019, dividend of Rs.230 lakh to its shareholders. On 17/9/2019, PQR Ltd. has received dividend of Rs.60 lakh from its domestic subsidiary company XYZ Ltd., on which XYZ Ltd. has paid dividend distribution tax under section 115-O. The additional income-tax payable by PQR Ltd. under section 115-O is –
36. Lima Ltd., a domestic company, purchases its own listed shares on 13th August, 2019. The consideration for buyback amounted to Rs.23 lakh, which was paid on the same day. The amount received by the company two years back for issue of such shares determined in the manner specified in Rule 40BB was Rs.17 lakh. The additional income-tax payable by Lima Ltd. is –
(a) Rs.1,03,824
(b) Rs.1,04,832
(c) Rs.1,39,776
(d) Rs.1,38,432

37. A REIT derives rental income of Rs.2 crore from real estate property directly owned by it and short term capital gains of Rs.1 crore on sale of developmental properties. It also receives interest income of Rs.3 crore from Gamma Ltd., an Indian company, in which it holds controlling interest. The REIT holds 80% of the shareholding of Gamma Ltd. Which of the following statements is correct?
(a) All the above income are taxable in the hands of REIT
(b) REIT enjoys pass through status in respect of the above income and hence, such income are taxable in the hands of the unit holders.
(c) REIT enjoys pass through status in respect of interest income from Gamma Ltd. and hence, such income is taxable in the hands of the unit holders. Rental income and short-term capital gains are taxable in the hands of the REIT
(d) REIT enjoys pass through status in respect of interest income from Gamma Ltd. and rental income from directly owned real estate property and hence, such income are taxable in the hands of the unit holders. Short-term capital gains is taxable in the hands of the REIT

38. Mr. Hari has income of Rs.52 lakhs under the head “Profits and gains of business or profession”. One of his businesses is eligible for deduction@100% of profits under section 80-IB for A.Y. 2020-21. The profit from such business included in the business income is Rs.20 lakhs. The tax payable by Mr. Hari (rounded off), assuming that he has no other income during the P.Y.2019-20, is –
(a) Rs.8,03,400
(b) Rs.10,89,950
(c) Rs.9,90,860
(d) Rs.11,00,530

39. The assessment of Satpura Ltd. was completed under section 143(3) with an addition of Rs.18 lakhs to the returned income. Satpura Ltd. preferred appeal before the Commissioner (Appeals) which is pending now. Which of the following statements is incorrect?
(a) The A.O. can initiate reassessment proceedings in respect of income chargeable to tax which has escaped assessment, provided such income which has escaped assessment does not form part of the additions of Rs.18 lakhs to the returned income, which is the subject matter of appeal.
b) The A.O. can pass an order under 154(1) to rectify a mistake apparent from the record, provided the rectification is in relation to a matter, other than the matter which has been considered and decided in the appeal before Commissioner (Appeals).

c) Under section 264, the Commissioner can revise the order pending before the Commissioner (Appeals), if the revision pertains to a matter, other than the matter(s) covered in the appeal before Commissioner (Appeals).

d) Under section 263, if the order is prejudicial to the interests of the revenue, the Commissioner can revise the order pending before the Commissioner (Appeals), if the revision pertains to a matter, other than the matter(s) covered in the appeal before Commissioner (Appeals).

40. Kamala charitable trust, registered u/s 12AA, having its main object as medical relief, earned dividend income of Rs.3 lakhs, income of Rs.2 lakhs from mutual funds registered under section 10(23D) and agricultural income of Rs.4 lakhs during the P.Y.2019-20. Which of the following statements is correct?

(a) The trust has to apply such income for charitable purposes as per the provisions of section 11 to claim exemption in respect of such income.

(b) The trust can claim exemption under section 10(1), 10(34) and 10(35) in respect of its agricultural income, dividend and income from mutual funds, respectively, without applying such income for charitable purposes.

(c) The trust can claim exemption under sections 10(34) and 10(35) in respect of its dividend and income from mutual funds, respectively, without applying such income for charitable purposes. However, it cannot claim exemption under section 10(1) in respect of agricultural income without applying such income for charitable purposes.

(d) The trust can claim exemption under section 10(1) in respect of its agricultural income without applying such income for charitable purposes. However, it cannot claim exemption in respect of its income from mutual funds registered under section 10(23D) and dividend income of Rs.3 lakhs without applying such income for charitable purposes.

41. Delta Ltd., a domestic company, declared dividend of Rs.85 lakh for the year F.Y.2019-20 and distributed the same on 27.6.2020. Mr. Ganesh, holding 15% shares in Delta Ltd., receives dividend of Rs.12.75 lakh in June, 2020. Mr. Rajesh, holding 10% shares in Delta Ltd., receives dividend of Rs.8.50 lakh. Which of the following statements is correct?

(a) Dividend distribution tax u/s 115-O is attracted in the hands of Delta Ltd. There would be no tax on dividend received by Mr. Ganesh and Mr. Rajesh in their individual hands.

(b) Dividend distribution tax u/s 115-O is attracted in the hands of Delta Ltd. However, dividend received by Mr. Ganesh and Mr. Rajesh is also taxable in their individual hands.

(c) Dividend distribution tax is payable by Delta Ltd. u/s 115-O. Also, dividend received by Mr. Ganesh is taxable in his hands @10%.

(d) Dividend distribution tax is payable by Delta Ltd. u/s 115-O. Also, Mr. Ganesh has to pay tax @10% on dividend of Rs.2.75 lakhs received by him.

42. Which of the following individuals would be entitled to opt for presumptive taxation schemes under the Income-tax Act, 1961 for A.Y.2020-21?

(i) A retail trader having turnover of Rs.2 crore during the previous year 2019-20

(ii) A practising CA having gross receipts of Rs.92 lakhs during the previous year 2019-20.

(iii) A wholesale trader having turnover of Rs.1.96 crore during the previous year 2019-20.
A doctor having gross receipts of Rs.50 lakhs during the previous year 2019-20

Individual owning 8 goods carriages as on 1.4.2019. He sold 2 goods carriages on 1.5.2019 and purchased 4 goods carriages on 1.7.2019.

(a) Only (iii)
(b) (iii) & (v)
(c) (i), (iii), (iv) & (v)
(d) (i), (ii), (iii), (iv) & (v)

43. Mr. Arjun’s, aged 40 years, total income comprises of long-term capital gains on sale of land Rs.5 lakhs; short-term capital gains on sale of STT paid listed equity shares Rs.2 lakhs; income from lottery Rs.1 lakh and savings bank interest Rs.30,000. He invests Rs.1.50 lakhs in PPF. His tax liability for A.Y.2020-21 is –

(a) Rs.1,14,400
(b) Rs.1,13,300
(c) Rs.1,14,400
(d) Rs.1,13,300

44. Mrs. Kavitha, wife of Mr. Sundar, is a partner in a firm. Her capital contribution of Rs.5 lakhs to the firm as on 1.4.2019 included Rs.3 lakhs contributed out of gift received from Sundar. On 2.4.2019, she further invested Rs.1 lakh out of gift received from Sundar. The firm paid interest on capital of Rs.60,000 and share of profit of Rs.50,000 during the F.Y.2019-20. The entire interest has been allowed as deduction in the hands of the firm. Which of the following statements is correct?

(a) Share of profit is exempt but interest on capital is taxable in the hands of Mrs. Kavitha
(b) Share of profit is exempt but interest of Rs.40,000 is includible in the income of Mr. Sundar and interest of Rs.20,000 is includible in the income of Mrs. Kavitha
(c) Share of profit is exempt but interest of Rs.36,000 is includible in the income of Mr. Sundar and interest of Rs.24,000 is includible in the income of Mrs. Kavitha
(d) Share of profit to the extent of Rs.30,000 and interest on capital to the extent of Rs.36,000 is includible in the hands of Mr. Sundar

45. X Ltd., a domestic company not opting for the provisions of section 115BAA, has a total income of Rs.10,01,00,000 for A.Y.2020-21. The gross receipts of X Ltd. for P.Y.2017-18 is Rs.260 crore. The tax liability of X Ltd. for A.Y.2020-21 is

(a) Rs.2,76,55,500
(b) Rs.2,79,24,000
(c) Rs.3,46,42,610
(d) Rs.3,49,78,940

46. M/s. Atlanta Airlines, incorporated as a company in USA, operated its flights to India and vice versa during the year 2019-20 and collected charges of Rs.280 crores for carriage of passengers and cargo, out of which Rs.100 crores were received in US Dollars for the passenger fare from Atlanta to Delhi. Out of Rs.100 crores, US dollars equivalent to Rs.40 crores is received in India. The total expenses for the year on operation of such flights were Rs.11 crores. The effective rate of income-tax applicable on total income of M/s. Atlanta Airlines is

(a) 42.432%
(b) 43.68%
47. Abhinav, an individual aged 52 years resident in India, bought 3,000 equity shares of Rs.10 each of Theta Ltd. at Rs.70 per share on 1.6.2019. He sold 1,800 equity shares at Rs.50 per share on 3.11.2019 and the remaining 1,200 shares at Rs.60 per share on 23.3.2020. Theta Ltd. declared a dividend of 40%, the record date being 14.8.2019. On 15.3.2020, Abhinav sold a house from which he derived a long-term capital gain of Rs.1,25,000. Assuming Abhinav’s interest income from bank fixed deposit is Rs.3,00,000, his tax liability (rounded off) for A.Y.2020-21 would be
(a) Rs.18,620
(b) Rs.19,920
(c) Rs.20,110
(d) Rs.18,440

48. In respect of any payment made to a person located in a Notified Jurisdictional Area (NJA), tax is deductible at higher of the rate specified in the Income-tax Act, 1961 or rates in force or –
(a) 10%
(b) 15%
(c) 20%
(d) 30%

49. Mr. A failed to comply with the provisions of section 203A for which penalty of Rs.10,000 was levied under section 272BB. Mr. A approached his consultant and asked him to file an appeal before the Commissioner of Income-tax (Appeals) against the Penalty Order. Determine the appeal fee that is required to be paid by Mr. A for filing the said appeal.
(a) Rs.500
(b) Rs.250
(c) Rs.1,000
(d) Rs.750

50. Interest paid to non-resident associated enterprise disallowed under the relevant provision of the Income-tax Act, 1961, during the A.Y. 2020-21 can be carried forward upto –
(a) A.Y. 2024-25
(b) A.Y. 2025-26
(c) A.Y. 2028-29
(d) Indefinitely

51. Fly Ltd., an Indian company, has to make secondary adjustment in A.Y. 2020-21, if the primary adjustment to transfer price, made by it suo moto in its return of income, is in respect of –
(a) A.Y. 2016-17 and the amount of primary adjustment is Rs.2 crore
(b) A.Y. 2019-20 and the amount of primary adjustment is Rs.1 crore
(c) A.Y. 2019-20 and the amount of primary adjustment is Rs.1.05 crore
(d) A.Y. 2020-21 and the amount of primary adjustment is Rs.1 crore
52. Mr. Akhilesh, a non-resident Indian citizen, is an enthusiastic sports person and is keen on contributing an article on a game of Hockey in a leading newspaper in India. He approaches you to enquire on taxability of such income for A.Y. 2020-21. As per the provisions of Income-tax Act, 1961, such income shall be taxable in his hands at –
(a) 5%
(b) 10%
(c) 20%
(d) Normal tax slab rates

(Note: The above rates are excluding cess and surcharge, if any)

53. Benefit of presumptive taxation under the Income-tax Act, 1961 would not be available to Akash, a non-resident, in A.Y. 2020-21, in respect of the related Indian income, if he is engaged in the business of –
(a) Operation of ships
(b) Operation of Aircraft
(c) Civil construction in connection with an approved turnkey project
(d) Plying, hiring or leasing of goods carriages

54. Salary paid by M/s AK & Co. to its partner falls within the limits prescribed under section 40(b)(v). Does AK & Co. have to deduct tax on salary paid to its partner?
(a) Yes; tax is deductible at source under section 192 on salary paid to its partners
(b) No; salary paid to partner is not subject to tax deductible at source
(c) Yes; tax is deductible at source under section 192 on salary paid to resident partners but under section 195 on salary paid to the non-resident partner
(d) Salary paid to resident partner is not subject to tax deduction at source; but tax has to be deducted under section 195 on salary paid to the non-resident partner

55. If an Indian company has entered into an advance pricing agreement (APA) in respect of its international transaction with associated enterprise for the P.Y. 2019-20. The company decides to make an application for roll back of the said APA. However, rollback provision shall not be available in respect of the said transaction for a rollback year, if –
(i) Such application has the effect of reducing total income declared in the return of income of the said year
(ii) Determination of the arm’s length price of the said transaction for the said year has been the subject matter of appeal before Commissioner (Appeals) and the Commissioner (Appeals) has passed an order disposing of such appeal at any time before signing of the agreement
(iii) Determination of the arm’s length price of the said transaction for the said year has been the subject matter of appeal before Appellate Tribunal and the Appellate Tribunal has passed an order disposing of such appeal at any time before signing of the agreement
(iv) Return of income for the relevant rollback year has been furnished by the company under section 139(4)

The most appropriate answer is –
(a) (i) and (ii) above
(b) (i) and (iii) above
(c) (i), (ii) and (iv) above
(d) (i), (iii) and (iv) above
56. Mr. X receives the following gifts during the previous year 2019-20:

- On occasion of marriage of X, he gets Rs.2,90,000 as gift on 02.04.2019.
- On 20.09.2019, he gets a gift of Rs.7,00,000 from his grandmother.
- On 30.12.2019, he gets by way of gift a commercial flat from the elder brother of his father-in-law (stamp duty value is Rs.25,00,000).
- On 20.01.2020, he gets a wrist watch by gift from his friend B (Fair market value: Rs.1,00,000).
- On 10.02.2020, he gets by way of gift a plot of land in Pune from a partnership firm. The partnership firm has only two partners- father of Mr. X and Mrs. X. The stamp duty value of the plot of land is Rs.19,00,000.

Compute the amount chargeable to tax in the hands of X under the head “Income from other sources” for the A.Y. 2020-21.

(a) Rs.44,00,000
(b) Rs.45,00,000
(c) Rs.52,00,000
(d) Rs.54,90,000

57. M/s Beautiful Homes, an interior decorator proprietorship concern, submitted the following details of three years immediately preceding the P.Y. 2019-20.

<table>
<thead>
<tr>
<th>Previous Year</th>
<th>Gross Receipts</th>
<th>Income from Profession</th>
<th>Total Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016-17</td>
<td>Rs. 1,39,000</td>
<td>Rs. 91,000</td>
<td>Rs. 3,10,000</td>
</tr>
<tr>
<td>2017-18</td>
<td>Rs. 2,02,000</td>
<td>Rs. 1,35,000</td>
<td>Rs. 4,07,000</td>
</tr>
<tr>
<td>2018-19</td>
<td>Rs. 3,85,000</td>
<td>Rs. 2,49,000</td>
<td>Rs. 6,83,000</td>
</tr>
</tbody>
</table>

Comment upon the applicability of section 44AA and Rule 6F regarding the maintenance of books of account and documents for P.Y. 2019-20

(a) The assessee is required to maintain books of account as per section 44AA(1) as interior decorator is a notified profession and consequently under Rule 6F also
(b) The assessee is not required to maintain books of account as per section 44AA(1) and hence not covered under Rule 6F
(c) The assessee is required to maintain books of account as per section 44AA(1), but, is exempted under Rule 6F since his gross receipts do not exceed Rs.1,50,000 in P.Y. 2016-17
(d) Rule 6F shall be applicable, even though assessee does not meet the criteria for gross receipts/income from business/total income, as the case may be, as per section 44AA

58. Samraat, resident in India, has earned an income of Rs.4 lakh by way of lump sum consideration for copyright of a book, being a work on literary from a publisher in Country E, with which India does not have a DTA. The same has been taxed at a flat rate of 5% in Country E. In India, his gross total income is Rs.7 lakhs. The double taxation relief available is

(a) Rs.20,000
(b) Rs.7,725
(c) Rs.1,950

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59. Mr. Ganesh is running a steel factory. The total turnover of the factory during the F.Y. 2018-19 amounted to Rs.2.5 crores. The estimated turnover for F.Y. 2019-20 is likely to exceed Rs.3 crore. On 10-04-2019, he took consultancy of a Delhi based Chartered Accountant. The consultancy fees amounted to Rs.1,84,000. Should Mr. Ganesh deduct tax from consultancy fees of Rs.1,84,000? If yes, then what shall be the amount of tax to be deducted and by when the same should be deposited with Government?
(a) Yes; Rs.18,400 to be deposited by 07.05.2019
(b) Yes; Rs.18,400 to be deposited by 07.07.2019
(c) Yes; Rs.15,400 to be deposited by 07.05.2019
(d) He is not liable to deduct tax in respect of professional fees paid

60. Suppose Mr. Naveen is an employee working in a public sector. What will be the consequence of the following transaction for A.Y. 2020-21?
- He repaid a loan in cash of Rs.24,000 (including interest of Rs.5,000), which he took from his friend for higher studies.
(a) Disallowance under section 40A(3) of Rs.24,000
(b) Penalty under section 271E of Rs.24,000 due to violation of section 269T
(c) Penalty under section 271E of Rs.19,000 due to violation of section 269T
(d) No disallowance or Penalty under section 271E, since the principal loan amount is less than Rs.20,000

61. XYZ Ltd. has entered into a specified domestic transaction during the previous year 2019-20. The company failed to obtain a report from a Chartered Accountant and furnish such report under section 92E on or before the due date for furnishing return of income under section 139(1). Is any penalty imposable on XYZ Ltd? If yes, what will be the quantum of penalty?
(a) Penalty is not imposable, as report is to be furnished only in case of an assessee who has entered into an international transaction.
(b) Penalty of Rs.1 lakh is imposable
(c) Penalty @2% of the value of specified domestic transaction is imposable
(d) Penalty @2% of the value of transaction or Rs.1 lakh, whichever is higher, is imposable

62. Mr. Sam (aged 40 years), a US football match referee, has earned income from football tournaments in India for A.Y. 2020-21. What are the TDS provisions applicable while making payment to him?
(a) TDS @20.8% as per section 194E
(b) TDS @5.2% as per section 194E
(c) TDS under section 195
(d) No tax is deductible at source

63. The Assessment Order under section 143(3) in the case of Mr. Z was passed on 31.03.2019 and the notice of demand was served on the assessee on 02.04.2019 for levy of tax and interest. Mr. Z paid the tax and interest due on 12.4.2019. An application was filed by Mr. Z under Section 270AA on 27.04.2019 before the Assessing Officer to grant immunity from imposition of penalty and the said application was rejected by the Assessing Officer vide order dated 14.05.2019. The said order was served on Mr. Z on 15.05.2019. By what date an appeal against the Assessment Order should be presented by Mr. Z before the CIT (Appeals)?
(a) 02.05.2019
64. P is a salaried employee. On 01.06.2019, he gets a gift of house property situated in Mumbai (stamp duty value Rs.80,00,000) from Q. On 02.08.2019, P gets a gift of house property in Pune (Stamp duty value Rs. 50,000) from R. On 03.09.2019, P also gets a gift of house property in Delhi from R, the stamp duty value of which is Rs.1,00,000. What will be the tax implications in the hands of P, Q and R.
(a) Rs.81,00,000 shall be chargeable to tax in the hands of P as income from other sources and capital gains shall arise in the hands of Q and R respectively on account of transfer of capital asset.
(b) Rs.81,50,000 shall be chargeable to tax in the hands of P as income from other sources and capital gains shall arise in the hands of Q and R respectively on account of transfer of capital asset.
(c) Rs.81,00,000 shall be chargeable to tax in the hands of P as income from other sources and no capital gains shall arise in the hands of Q and R respectively as gift does not constitutes “transfer”.
(d) Rs.81,50,000 shall be chargeable to tax in the hands of P as income from other sources and no capital gains shall arise in the hands of Q and R respectively as gift does not constitutes “transfer”.

65. Which of the following cannot be corrected while processing the return of income for A.Y.2020-21 under section 143(1)?
(a) any arithmetical error in the return
(b) an incorrect claim apparent from any information in the return
(c) disallowance of expenditure indicated in the audit report but not taken into account in computing total income in the return.
(d) addition of income appearing in Form 26AS which has not been included in computing total income in the return.

66. Interest income earned by a non-resident during the P.Y. 2019-20 on bonds, issued by ABC Ltd., an Indian company, under a scheme notified by the Central Government, which were purchased by him in convertible foreign currency, is –
(a) Taxable @10%
(b) Taxable @15%
(c) Taxable @20%
(d) Not taxable

67. Zinc Ltd. owns the following assets on 01.04.2019:

<table>
<thead>
<tr>
<th>Assets</th>
<th>Rate of Depreciation</th>
<th>WDV on 01.04.2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plant A</td>
<td>15%</td>
<td>4,05,000</td>
</tr>
<tr>
<td>Plant B</td>
<td>15%</td>
<td>1,95,000</td>
</tr>
</tbody>
</table>

On 10.06.2019, the company acquires Plant C for Rs. 20,000 (rate of depreciation is 15%). The company sells the following assets during the previous year 2019-20:

<table>
<thead>
<tr>
<th>Assets</th>
<th>Sale consideration</th>
<th>Expenses on transfer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plant A</td>
<td>2,00,000</td>
<td>12,000</td>
</tr>
<tr>
<td>Plant B</td>
<td>3,72,000</td>
<td>-</td>
</tr>
<tr>
<td>Plant C</td>
<td>85,000</td>
<td>200</td>
</tr>
</tbody>
</table>

Determine the amount of depreciation and capital gains for the A.Y. 2020-21 in the hands of Zinc Ltd. Further, is it possible for Zinc Ltd. to avoid tax on capital gains?
Depreciation: Nil and Short term capital gain: Rs.24,800. Further, it is not possible for Zinc Ltd. to avoid tax on capital gains.

(b) Depreciation: Rs.93,000 and Short term capital gain: Rs.1,17,800. Further, it is not possible for Zinc Ltd. to avoid tax on capital gains.

(c) Depreciation: Nil and Short term capital gain: Rs. 24,800. Further, Zinc Ltd. can avoid tax on capital gains if it purchases another plant (eligible for depreciation @15%) during the previous year 2019-20 of Rs. 24,800 or more.

(d) Depreciation: Rs. 93,000 and Short term capital gain: Rs.1,17,800. Further, Zinc Ltd. can avoid tax on capital gains if it purchases another plant (eligible for depreciation @15%) during the previous year 2019-20 of Rs.1,17,800 or more.

68. Nikhil, an individual whose age is 35 years incurs the following expenses for the benefit of his family (i.e., Nikhil, Mrs. Nikhil and dependent children) and parents [father (80 years), mother (76 years)] during the previous year 2019-20:

<table>
<thead>
<tr>
<th></th>
<th>Medi-claim insurance premium (by cheque)</th>
<th>Preventive health check-up expenditure (in cash)</th>
<th>Medical expenditure (by cheque)</th>
</tr>
</thead>
<tbody>
<tr>
<td>For the benefit of Nikhil, Mrs. Nikhil and children</td>
<td>Rs.20,000</td>
<td>Rs.7,000</td>
<td>Rs.2,000</td>
</tr>
<tr>
<td>For the benefit of father</td>
<td>Nil</td>
<td>Nil</td>
<td>Rs.32,000</td>
</tr>
<tr>
<td>For the benefit of mother</td>
<td>6,000</td>
<td>Nil</td>
<td>Nil</td>
</tr>
</tbody>
</table>

Compute the amount of deduction allowable to Nikhil for assessment year 2020-21.

(a) Rs.63,000
(b) Rs.55,000
(c) Rs.67,000
(d) Rs.65,000

69. Mr. X took a loan from SBI on 31.03.2011 of Rs.10,00,000. During previous year 2019-20, interest actually paid on such loan was Rs.1,00,000. However, the amount of interest unpaid on such loan from 01.04.2011 uptil 31.03.2020 is Rs.2,00,000. As Mr. X was making continuous defaults in making payment of interest, a restructuring arrangement was entered wherein the unpaid interest was converted into Funded Interest Term Loan (FITL) which is shown separately from the original loan and no interest is chargeable on FITL. This converted interest is to be paid 4 annual equal installments from 01.04.2022. Mr. X is of the view that for A.Y. 2020-21, the following deductions shall be allowed to him while computing his business income:

- Interest of Rs.1,00,000 on original principal of Rs.10,00,000.
- Converted interest of Rs.2,00,000.

Whether X’s view is correct?

(a) Correct, total deduction of Rs.3,00,000 shall be allowed to Mr. X in A.Y. 2020-21.
(b) Incorrect, no deduction shall be allowed to Mr. X in A.Y. 2020-21.
(c) Partially correct, interest of Rs.1,00,000 shall be fully allowed, however, proportionate amount of converted interest for the period 01.04.2019 to 31.03.2020 shall be allowed.
(d) Incorrect, only deduction of Rs.1,00,000 shall be allowed to Mr. X in A.Y. 2020-21.

70. A search u/s 132 of the Income-tax Act, 1961 was carried out in the case of Mr. M on 20.12.2019. During the course of search, the assessee admitted the additional income of Rs.50 crore as additional sales for the financial year 2018-19. While filing his return of income in response to notice u/s 153A, M did not declare the said income.
Determine the amount of penalty excluding surcharge and cess to be payable by M in respect of the said undisclosed income.
(a) Rs.5 crore
(b) Rs.10 crore
(c) Rs.15 crore
(d) Rs.30 crore

71. Mr. Harry and Mr. Sujoy, resident and Indian citizens, have been appointed as senior officials of County A embassy and County B embassy, respectively, in India in October, 2019. Mr. Harry and Mr. Sujoy are subjects of Country A and County B, respectively, and are not engaged in any other business or profession in India. The remuneration received by Indian officials working in Indian embassy in County A is exempt but in County B is taxable. The tax treatment of remuneration received by Mr. Harry and Mr. Sujoy from embassies of Country A and Country B, respectively, in India for the P.Y. 2019-20 is:
(a) Exempt from income-tax under section 10
(b) Taxable under the Income-tax Act, 1961
(c) Remuneration received by Mr. Harry is exempt but remuneration received by Mr. Sujoy is taxable
(d) Remuneration received by Mr. Sujoy is exempt but remuneration received by Mr. Harry is taxable

72. The total turnover of Sunshine Ltd. during the financial year 2019-20 was Rs.10 crore. It is liable to get its accounts audited u/s 44AB of the Income-tax Act, 1961 by 30.09.2020. However, due to some disputes between the directors, process of audit of accounts u/s 44AB will not be completed by 30.09.2020. Directors of the company have approached you to know the consequences of not complying with the provisions of Section 44AB. Which of the following are the consequences of the said non-compliance?
(a) Fine may be charged, which shall be lower of Rs.1,50,000/- or 0.5% of the total turnover.
(b) Penalty may be charged, which shall be lower of Rs.1,50,000/- or 0.5% of the total turnover.
(c) Fine as per option (a) and imprisonment of directors responsible for the non-compliance.
(d) Penalty as per option (b) and imprisonment of directors responsible for the non-compliance.

73. Y is a foreign company having permanent establishment in India namely X. Z, a non-resident associated enterprise, has invested Rs.900 crore through debt in X. Earnings before interest, taxes, depreciation and amortisation (EBITDA) of X during the financial year was Rs.150 crore. Compute the amount of interest allowable in respect of the debt assuming that the debt was invested on the first day of the financial year and the rate of interest is 10% per annum.
(a) Rs.45 crore
(b) Rs.90 crore
(c) Rs.30 crore
(d) Rs.15 crore

74. A Pvt. Ltd., an Indian company, is engaged in the business of generation of power. It installed a Wind Power Project on 30.04.2016 and claimed a deduction of 100% of profits derived from generation of power in A.Y. 2017-18, 2018-19 and A.Y. 2019-20 u/s 80-IA of the Income-tax Act, 1961. During the previous year 2019-20, A Pvt. Ltd. got amalgamated with B Pvt. Ltd. which is also an Indian company. Determine whether B Pvt. Ltd. shall be eligible to take deduction in respect of profits/gains from generation of power u/s 80-IA? If yes, then for how many assessment years?
(a) Yes, B Pvt. Ltd. shall be eligible to take deduction in respect of profits/gains from generation of power u/s 80-IA for the unexpired period of 7 consecutive assessment years.
(b) Yes, B Pvt. Ltd. shall be eligible to take deduction in respect of profits/gains from generation of power u/s 80-IA for a fresh period of 10 consecutive assessment years.

(c) No, B Pvt. Ltd. shall not be eligible to take deduction in respect of profits/gains from generation of power u/s 80-IA as deduction u/s 80-IA is not allowed at all to an amalgamated company.

(d) No, B Pvt. Ltd. shall not be eligible to take deduction in respect of profits/gains from generation of power u/s 80-IA as deduction u/s 80-IA is not allowed to an amalgamated company if the amalgamation has taken place on or after 01.04.2007.

75. During the P.Y. 2019-20, R & Partners, a partnership firm, purchased the following assets on 05.05.2019:
   - Machine A for Rs.10,00,000 (Rs.5,00,000 paid in cash and balance transferred through NEFT)
   - Machine B for Rs.5,00,000 (Rs.2,00,000 paid through a bearer cheque and balance amount paid through account payee cheque)
   - Machine C for Rs.8,00,000 (Rs.3,00,000 paid through account payee bank draft and balance amount paid in cash)
   - Machine D for Rs.7,00,000 (whole amount transferred through RTGS)

For Machine B, a cash subsidy of Rs.50,000 was received by the firm from the Government. Compute the total amount of actual cost of the block of machinery in the hands of the firm.

(a) Rs.29,50,000
(b) Rs.18,00,000
(c) Rs.17,50,000
(d) Rs.19,50,000

76. A Foreign Institutional Investor (FII) has total income which includes short-term capital gains on sale of preference shares of Rs.50 lakh. The rate of tax for charging such income to tax is:
   (a) 10%
   (b) 15%
   (c) 30%
   (d) 40%

77. On 05.04.2019, A (P) Ltd. issued 20,000 shares to X at Rs.40 per share. The face value per share is Rs.10 and fair market value of each share as determined u/s 56(2)(viib) is Rs.30 per share. X was not in India from the date of issue of shares to him up till 02.09.2019 but he came back to India on 03.09.2019. Whether any tax implications shall arise in the hands of A (P) Ltd. on account of the said transaction? If yes, compute the amount taxable in the hands of A (P) Ltd.?
   (a) No tax implications shall arise in the hands of A (P) Ltd. as X was non-resident in India at the time of issue of shares.
   (b) The amount would be chargeable to tax in the hands of A (P) Ltd., irrespective of the residential status of X.
   (c) Yes, the amount chargeable to tax in the hands of A (P) Ltd. as income from other sources shall be Rs.2,00,000
   (d) Yes, the amount chargeable to tax in the hands of A (P) Ltd. as income from other sources shall be Rs.6,00,000

78. Z Ltd. purchased a plant for Rs.50,00,000 (depreciation rate: 15%) on 20.05.2019. Before commencement of the commercial production, expenses of Rs.50,000 were incurred by Z Ltd. for trial run of the plant. What will be the
treatment of the expenditure incurred on the said trial run as per the provisions of ICDS-V which deals with tangible fixed assets?

(a) The expenditure of Rs.50,000 is required to be capitalized as the commercial production has not commenced.
(b) The expenditure of Rs.50,000 can be claimed as a revenue expenditure by the company.
(c) The expenditure of Rs.50,000 has to be treated as deferred revenue expenditure.
(d) No treatment has been provided in ICDS-V in relation to expenditure incurred on trial run by an assessee.

79. Which of the following amounts, if debited to the statement of profit or loss, are required to be added while computing book profits for the purpose of MAT?

I. Income-tax
II. Proposed dividend
III. Depreciation
IV. Interest on Income-tax
V. Amount transferred to general reserve
VI. Provision for losses of subsidiary company
VII. Dividend paid

(a) I, III, V, VI, VII
(b) I, II, V, VII
(c) I, II, III, IV, V, VI, VII
(d) I, II, III, V, VI, VII

80. Z Ltd., a company providing telecommunication service, obtains a telecom license on 01.04.2018 for a period of 10 years which ends on 31.03.2028 (license fee being Rs.27 lakh). Find out the amount of deduction allowable to Z Ltd. in respect of such license fee during the A.Y. 2020-21 if the entire amount of license fee is paid on 01.04.2019.

(a) Nil
(b) Rs.27 lakh
(c) Rs.3 lakh
(d) Rs.2.7 lakh

81. Following are the details given in the case of PQR, which is a partnership firm for A.Y. 2020-21:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Returned total income</td>
<td>1,00,00,000</td>
</tr>
<tr>
<td>Total income determined u/s 143(1)(a)</td>
<td>1,10,00,000</td>
</tr>
<tr>
<td>Total income assessed u/s 143(3)</td>
<td>1,50,00,000</td>
</tr>
<tr>
<td>Total income reassessed u/s 147</td>
<td>2,00,00,000</td>
</tr>
</tbody>
</table>

Compute the amount of under-reported income, on which penalty shall be leviable on reassessment u/s 147.

(a) Rs.90,00,000
(b) Rs.1,00,00,000
(c) Nil
(d) Rs.50,00,000
82. PQR Ltd. is a company which already possesses a TAN and uses the same for the purpose of TDS. Now, PQR Ltd. wants to sell some scrap of his business to A Ltd. on which it is required to collect tax at source @1%. Whether PQR Ltd. is required to apply for a separate TAN for the purpose of TCS?

(a) No, PQR Ltd. is not required to apply for a separate TAN for the purpose of TCS as TAN allotted for TDS can be used for TCS also.

(b) Yes, PQR Ltd. is required to apply for a separate TAN for the purpose of TCS as tax deduction account number and tax collection account number are different account numbers.

(c) No, PQR Ltd. is not required to apply for a separate TAN for the purpose of TCS as there is no requirement of obtaining TAN for the purpose of TCS.

(d) No, PQR Ltd. is not required to apply for a separate TAN for the purpose of TCS as in case of TCS, PAN can be quoted in place of TAN.

83. In which of the following transfers, the benefit of indexation is available in case the asset is a long-term capital asset?

(a) Transfer of securities by a foreign institutional investor u/s 115AD.

(b) Transfer of undertaking or division in a slump sale u/s 50B.

(c) Transfer of shares in an Indian Company purchased in foreign currency by a non-resident assessee

(d) None of the above

84. In case of Reema & Sons, a partnership firm, assessment proceedings were completed by the Assessing Officer u/s 148 of the Income-tax Act, 1961 at a total income of Rs.2,50,000 for A.Y. 2017-18. Aggrieved by the assessment order, the Assessee preferred an appeal before CIT(A) which also confirmed the action of the Assessing Officer and provided no relief to the Assessee. Thereafter, the Assessee is desirous of filing an appeal against the order of the CIT(A) before the Hon’ble ITAT. Guide him regarding the amount of fee that is required to be paid by him in respect of the appeal to be filed before ITAT.

(a) Rs.500

(b) Rs.1,500

(c) Rs.2,500

(d) Rs.10,000

85. Ms. Neha is a working partner in Ramaiya & Associates. As per the terms of the partnership deed, she is paid a fixed monthly salary of Rs.39,800. In this case, salary of Rs.39,800 shall be charged to tax in the hands of Neha in which head of income and to what extent?

(a) Salaries

(b) Profits and gains of business or profession, to the extent of amount allowed to the Firm u/s 40(b).

(c) Profits and gains of business or profession, to the extent of amount not allowed to the Firm u/s 40(b).

(d) Income from other sources

86. Written down value of 4 machines at the beginning of the previous year 2019-20 forming part of block of assets carrying 15% rate of depreciation was Rs.6,00,000. The following 3 machines of the same block were bought (not included in WDV above):

<table>
<thead>
<tr>
<th>Machines</th>
<th>Date of Purchase</th>
<th>Date when put to use</th>
<th>Cost (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>5.1.19</td>
<td>14.1.2020</td>
<td>50,000</td>
</tr>
<tr>
<td>B</td>
<td>5.4.19</td>
<td>15.5.19</td>
<td>1,00,000</td>
</tr>
</tbody>
</table>
Four machines of this block (other than those which were acquired and put to use for less than 180 days) were sold for Rs.4,00,000. Calculate the depreciation for A.Y. 2020-21. Ignore additional depreciation.

(a) Rs.67,500
(b) Rs.82,500
(c) Rs.60,000
(d) Rs.63,750

87. The rate of deduction of tax from interest payable to a foreign company (located in a country with which there is no DTAA) by an Indian company on borrowing made by it from the said foreign company by way of issue of rupee denominated bonds on 31.03.2019 is:

(a) Nil
(b) 5% + HEC
(c) 5% + Surcharge (if applicable) + HEC
(d) 20% + HEC

88. At the time of computation of taxable income of Star Pvt. Ltd., its tax consultant found that the company won a lottery of Rs.5 crore on 20.12.2019. Apart from the lottery receipt, there were no other receipts in the hands of the company during the year 2019-20. The company follows mercantile system of accounting. The tax consultant was of the view that the income of the company for A.Y. 2020-21 shall be computed as per the provisions of ICDS IV which deals with Revenue Recognition. In light of these facts, which of the following statements is true?

(a) The view of the tax consultant is correct as for computing the business income or income from other sources, any revenue is to be recognized as per the provisions of ICDS IV.
(b) The view of the tax consultant is incorrect as ICDS IV is not applicable on recognition of lottery receipts.
(c) The view of the tax consultant is correct as for any person following mercantile system of accounting, all ICDS are to be mandatorily followed for computing income.
(d) The view of the tax consultant is incorrect as ICDS are not applicable for FY 2019-20.

89. Mr. X received an assessment order dated 11.11.2019 on 15.11.2019 wherein his total income was assessed at Rs.20 lakh. The returned income of X was Rs.5 lakh. However, Mr. X did not accept the assessment order and filed an appeal against the same before the Commissioner of Income Tax (Appeals). Now, while contesting the appeal, he wishes to submit some evidences that were not submitted by him before the Assessing Officer. As the Tax Consultant of Mr. X, what will be your advise to him regarding the submission of the said evidences?

(a) Commissioner of Income Tax (Appeals) has no power to accept any evidences other than the evidences already submitted before the Assessing Officer.
(b) Commissioner of Income Tax (Appeals) may accept the additional evidences if the conditions given in Rule 46A(1) of the Income-tax Rules, 1962 are satisfied.
(c) Commissioner of Income Tax (Appeals) may accept the additional evidences if the conditions given in Rule 46(1) of the Income-tax Rules, 1962 are satisfied.
(d) Commissioner of Income Tax (Appeals) has no power to reject any evidences which the Appellant wishes to submit before him during the appellate proceedings.

90. A Pvt. Ltd. is a company engaged in the business of trading of household appliances. The directors of the said company are desirous of converting it into a LLP. After the conversion, all the assets and liabilities of the
The company shall be transferred to the LLP. The conversion of the company into LLP shall take place in the financial year 2019-20. The details of the total sales and total value of assets of the company are as follows:

<table>
<thead>
<tr>
<th>Previous Year</th>
<th>Total Sales (in Rs.)</th>
<th>Total value of assets (in Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-15</td>
<td>78,00,000</td>
<td>1,88,00,000</td>
</tr>
<tr>
<td>2015-16</td>
<td>50,00,000</td>
<td>3,56,00,000</td>
</tr>
<tr>
<td>2016-17</td>
<td>45,78,000</td>
<td>4,78,00,000</td>
</tr>
<tr>
<td>2017-18</td>
<td>60,00,000</td>
<td>5,00,00,000</td>
</tr>
<tr>
<td>2018-19</td>
<td>85,00,000</td>
<td>10,00,00,000</td>
</tr>
</tbody>
</table>

The directors have approached you to determine whether any capital gains shall arise in the hands of the company on its conversion to LLP. Advise them.

(a) No capital gains shall arise in the hands of the company as the transaction under consideration is not a ‘transfer’ as per the provisions of Section 47.

(b) Capital gains shall arise in the hands of the company as the conversion of a company to LLP amounts to transfer of capital asset.

(c) No capital gains shall arise in the hands of the company as any kind of conversion such as conversion of firm into LLP, conversion of company into firm, conversion of company into LLP, etc. does not amount to transfer of capital asset.

(d) Capital gains shall arise in the hands of the company as the amount of total sales and total value of assets in P.Y. 2018-19 exceeds the prescribed limits mentioned in Section 47(xiib).

91. A Bench of the Authority for Advance Rulings ("AAR") consists of a Chairman/Vice-chairman, one revenue member and one law member. An Assessee filed an application before the AAR pertaining to interpretation of certain provisions of the Income-tax Act, 1961. Determine which of the following persons can be a revenue member of the AAR for the purpose of adjudicating the said application?

(a) A person from the Indian Revenue Service who is qualified to be a member of CBDT
(b) A person from the Indian Customs and Central Excise Service who is qualified to be a member of CBEC
(c) A member from the Indian Legal Service
(d) Any person from the Indian Revenue Service

**Solution**

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<td>(d)</td>
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<td>(d)</td>
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<td>24</td>
<td>(a)</td>
<td>44</td>
<td>(c)</td>
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<td></td>
</tr>
<tr>
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<td>60</td>
<td>(c)</td>
<td>80</td>
<td>(c)</td>
<td></td>
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