

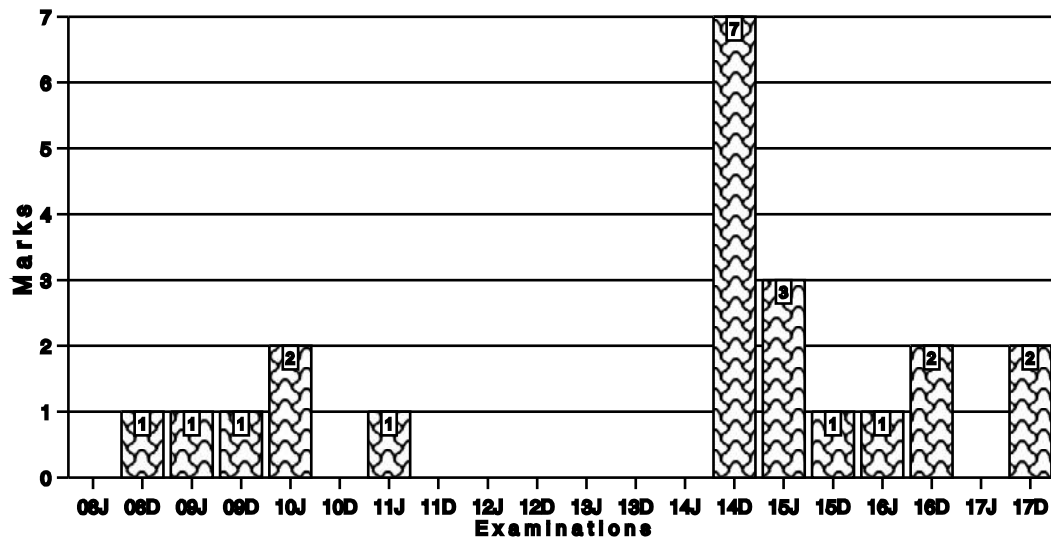
# 1

## ***INTRODUCTION AND IMPORTANT DEFINITIONS***

### **THIS CHAPTER INCLUDES**

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| <ul style="list-style-type: none"><li>● Introduction</li><li>● Basic concepts of Income Tax Act</li><li>● Computation of Taxable Income and Tax Liability of an Assessee</li></ul> | <ul style="list-style-type: none"><li>● Tax Rates</li><li>● Capital and Revenue Receipts (Conceptual Analysis) Capital and Revenue Receipts in relation to business activity</li></ul> |
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### **Marks of Objective Questions**



## CHAPTER AT A GLANCE

<b>Income Tax Act, 1961</b>	<ul style="list-style-type: none"> <li>• The levy of income-tax in India is governed by the Income-tax Act, 1961. It came into force on 1st April, 1962.</li> <li>• It contains 298 sections and XIV schedules and it extend to whole of India.</li> </ul>
<b>Income Tax Rules, 1962</b>	The administration of Direct Taxes is vested with Central Board of Direct Taxes (CBDT). Under 295 of IT Act, CBDT is empowered to frame rules from time to time to carry out the purpose and proper administration of the Act.
<b>Government Notifications</b>	Notification issued by Central/ State Government from time to time to deal with provisions of income tax.
<b>Finance Act (Annual)</b>	The Finance Minister presents the Finance Bill in both houses of Parliament. Once the Finance Bill is approved by the parliament and gets the assent of the President, it becomes the Finance Act.
<b>Circulars &amp; Clarification of CBDT</b>	CBDT issues Circulars and Notifications from time to time, these Circulars clarify doubts regarding the scope and meaning of the various provisions of the Act. These Circulars are binding on Assessing Officers but not on assesses.

### **Previous year [sec. 2(34)]**

- Previous year means the previous year as defined in section 3;
- As per section 3 “previous year” means the financial year immediately preceding the assessment year.
- Year in which income is earned is known as previous year.

**Assessment Year [Sec. 2(9)]**

The financial year in which income earned in the previous year is taxed is known as assessment year.

**Person [Sec. 2(31)]**

The term “person” includes:

1. An Individual
2. A Hindu Undivided Family
3. A Company
4. A Firm & Limited Liability Partnership
5. An Association of Persons
6. A Body of Individuals
7. A Local Authority i.e. Gram Panchayat, Municipal Corporation.
8. Every Artificial Juridical Person (not falling within any of the preceding categories) i.e. University, Temple.

**Schools of Hindu Law**

**There are two schools of Hindu law. They are –**

1. **Mithakshara law** is followed by entire India except West Bengal and Assam. Under the Mithakshara law, the inheritance is by birth.
2. **Dayabagha Law** is followed by west Bengal and Assam only. In Dayabagha law, nobody acquires the right, share in the property by birth as long as the head of family is living.

**Assessee [Sec. 2(7)]**

“Assessee” means a person by whom income-tax or any other sum of money (interest or penalty) is payable under the Act.

**Deemed Assessee**

Deemed Assessee means a person who is treated as an assessee under the Income Tax Act.

**India [Sec. 2(25A)]**

The term India means-

1. The territory of India as per Article 1 of the Constitution,
2. Its Territorial waters, seabed and subsoil underlying such waters,
3. Continental shelf,
4. Exclusive Economic Zone, or
5. Any other specified Maritime Zone and the air space above its territory and Territorial waters.

**Tax Rate**

1. **For Resident Very Senior Citizen i.e. 80 years or more at any time during PY**

Income	Tax Rate
0 – 5,00,000	Nil
5,00,001 – 10,00,000	20%
More than 10,00,000	30%

2. **For Resident Senior Citizen i.e. 60 years or more but less than 80 years at any time during PY**

Income	Tax Rate
0 – 3,00,000	Nil
3,00,001 – 5,00,000	5%
5,00,001 – 10,00,000	20%
More than 10,00,000	30%

3. **For Other Individual, HUF, AOP, BOI and Artificial Juridical Person**

Income	Tax Rate
0 – 2,50,000	Nil
2,50,001 – 5,00,000	5%
5,00,001 – 10,00,000	20%
More than 10,00,000	30%

**Other Individuals mean:**

1. A male or female whether resident or non- resident below 60 years.
  2. It also includes Non-resident irrespective of age.
4. **Firm & Limited Liability Partnership**  
Flat tax rate of 30%.

5. **Company**

(i)	In the case of a domestic company	<ul style="list-style-type: none"> <li>• If the total turnover or gross receipt in the P.Y.2015-16 <math>\leq</math> ₹ 50 crore: 25% of the total income.</li> <li>• In other case: 30% of the total income</li> </ul>
(ii)	In the case of a company other than a domestic company i.e. Foreign Co.	40% on the total income However, specified royalties and fees for rendering technical services (FTS) received from Government or an Indian concern in pursuance of an approved agreement made by the company with the Government or Indian concern between 1.4.1961 and 31.3.1976 (in case of royalties) and between 1.3.1964 and 31.3.1976 (in case of FTS) would be chargeable to tax @50%.

6. **Special Rates of Income Tax**

On Short-term Capital Gain Covered <b>u/s 111A</b> (Listed Share/ Unit)	15%
On Long-term Capital Gain (Listed Share/ Unit)	Exempt
On Long-term Capital Gain covered by Proviso to <b>Sec. 112</b> (Listed Bond/Debenture)	10%
On Long-term Capital Gain covered <b>u/s 112</b> (Other Capital Asset)	20%
On Winning of Lotteries, Crossword Puzzles, Card Game, Races etc. <b>u/s 115BB</b>	30%
Income by way of dividend exceeding ₹ 10 lakhs in aggregate <b>u/s 115BBDA</b> (See Note 1 below)	10%
Unexplained money, investment, expenditure, etc. deemed as income under section 68 or section 69 or section 69A or section 69B or section 69C or section 69D <b>u/s 115BBE</b> (See Note 2 Below)	60%

**Notes:****1. Taxability of dividend under section 115BBDA**

Section 115BBDA provides that any income by way of aggregate dividend in excess of ₹ 10 lakh shall be chargeable to tax in the hands of a person other than

- a domestic company or
- a fund or institution or trust or any university or other educational institution or any hospital or other medical institution or
- a trust or institution

who is resident in India, at the rate of 10%.

Further, the taxation of dividend income in excess ₹ 10 lakh shall be on gross basis i.e., no deduction in respect of any expenditure or allowance or set-off of loss shall be allowed to the assessee in computing the income by way of dividends.

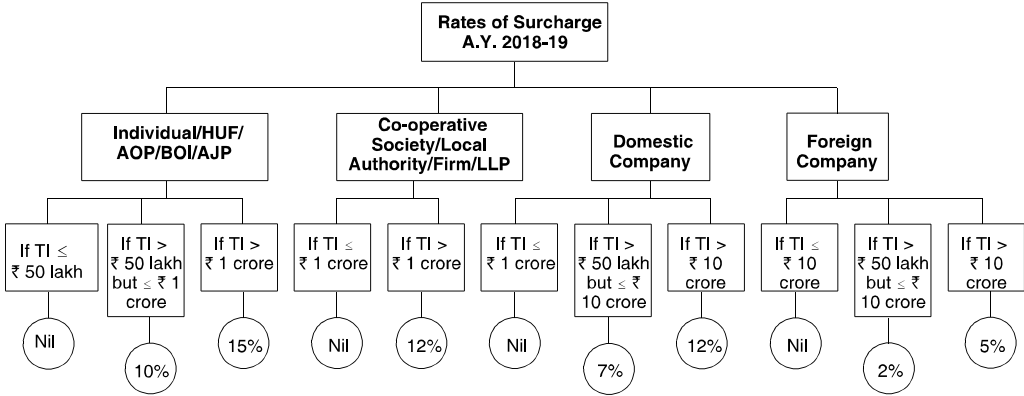
**2. Unexplained money, investments etc. to attract tax @60% [Section 115BBE]**

(i) In order to control laundering of unaccounted money by availing the benefit of basic exemption limit, the unexplained money, investment, expenditure, etc. deemed as income under section 68 or section 69 or section 69A or section 69B or section 69C or section 69D would be taxed at the rate of 60% plus surcharge **@25% of tax**. Thus, the effective rate of tax (including surcharge @25% of tax and cess @3% of tax and surcharge) is 77.25%.

(ii) No basic exemption or allowance or expenditure shall be allowed to the assessee under any provision of the Income-tax Act, 1961 in computing such deemed income.

Further, no set off of any loss shall be allowable against income brought to tax under sections 68 or section 69 or section 69A or section 69B or section 69C or section 69D.

**Surcharge:**



**Rebate [Sec. 87A]**

A **resident individual** having **total income** upto ₹ 3.50 lac shall be eligible for a rebate of ₹ 2,500, restricted to the amount of tax payable by him. Rebate **u/s 87A** not available to any other assessee. This rebate is available before charging education cess.

**Education Cess:** For all the above assessees @ 2% of the Total Tax Payable.

**Secondary Higher Education Cess:** For all the above assessees @ 1% of the Total Tax Payable.

**Rounding off of Income [Sec. 288A]**

Taxable income is rounded off to the nearest multiple of ₹ 10.

**For Instance:**

1. If the taxable income is ₹ 4,65,294.95 then the income shall be taken as ₹ 4,65,290.
2. If income is ₹ 4,65,495, it shall be taken as ₹ 4,65,500.

**Rounding off of Tax [Sec. 288B]**

Tax payable or the refund due shall be rounded off to the nearest multiple of ₹ 10.

**Marginal Relief**

Marginal relief shall be allowed in all the cases to ensure that the additional amount of income-tax payable including surcharge, on the excess of income over ₹ 50 lakhs is limited to the amount by which the income is more than ₹ 50 lakhs.

**Heads of Income Vs. Source of Income**

For the purposes of assessment all income chargeable to income tax have been divided into five categories viz. Income from Salary; Income from House Property; Profits and Gains from Business or Profession; Capital Gains; Income from Other Sources. These five categories of income are known as Heads of Income under the **Income Tax Act, 1961**.

Under each head there may be several sources of income. Thus, an assessee may be carrying 3 business say, that of Chemical, Paper and Tea. In that case 3 businesses will constitute 3 sources of income all chargeable under the head Profits and Gains from Business or Profession.

**Exemption Vs. Deductions**

**Exemption:** Those items of income which do not form part of gross total income are known as Exemptions.

**Deductions:** Income from which deductions are allowed are first included in gross total income and then deductions are allowed to arrive at total income.

**OBJECTIVE QUESTIONS**

**2008 - Dec [1]** (a) Choose the most appropriate answer from the given options in respect of the following:

- (i) Which of the following is not an example of capital receipt–
- (a) Money received on issue of shares
  - (b) Money received on sale of land
  - (c) Money received on sale of goods
  - (d) None of the above.

**(1 mark)**

**Answer:**

- (i) (c) Money received on sale of goods

**2009 - June [1]** (b) Re-write the following sentences after filling-in the blank spaces with appropriate word(s)/figure(s):



- (i) Income of a business commenced on 1st March, 2018 will be assessed during the assessment year.\_\_\_\_\_ (1 mark)

**Answer:**

- (i) 2018 -19

**2009 - Dec [1]** (a) Choose the most appropriate answer from the given options in respect of the following having regard to the provisions of the relevant direct tax laws :

- (i) Income-tax in India is charged at the rate(s) prescribed by –  
(a) The Finance Act  
(b) The Income-tax Act  
(c) The Central Board of Direct Taxes  
(d) The Ministry of Finance.

**(1 mark)**

**Answer:**

- (i) (a) The Finance Act

**2010 - June [1]** (a) Choose the most appropriate answer from the given options in respect of the following having regard to the provisions of the relevant direct tax laws:

- (ii) The term 'income' includes the following types of incomes—  
(a) Legal (b) Illegal  
(c) Legal and illegal both (d) None of the above.

**(1 mark)**

**Answer:**

- (ii) (c) Legal and illegal both

**2010 - June [2]** (a) Re-write the following sentences after filling-in the blank spaces with appropriate word(s)/figure(s):

- (i) The maximum exemption limit under the Income-tax Act, 1961 in case of a woman who is less than 60 years of age and who is non-resident in India is;

**(1 mark)**

**Answer:**

- (i) ₹ 2,50,000

**2011 - June [1]** (a) Write the most appropriate answer from the given options in respect of following having regard to the provisions of the relevant direct tax laws:

- (iii) Which of the following income is not included in the term 'income' under the Income-Tax Act, 1961:

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**Model Solved Scanner CSEP M-I Paper 4 (New Syllabus)**

- (a) Profit and gains
- (b) Dividend
- (c) Profit in lieu of salary
- (d) Reimbursement of travelling expenses. **(1 mark)**

**Answer:**

(iii) (d) Reimbursement of travelling expenses.

**2014 - Dec [11]** 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. **(1 mark)**

**Answer:**

(d) A minor.

**2014 - Dec [12]** 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. **(1 mark)**

**Answer:**

(a) Upto ₹ 3,00,000.

**2014 - Dec [13]** AB & Co. received ₹ 2,00,000 as compensation from CD & Co. for premature termination of contract of agency. Amount so received is-

- (a) Capital receipt and taxable
- (b) Capital receipt and not taxable
- (c) Revenue receipt and taxable
- (d) Revenue receipt and not taxable. **(1 mark)**

**Answer:**

(a) Capital receipt and taxable

**2014 - Dec [14]** 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 5% respectively
- (b) ₹ 1 crore and 7% respectively
- (c) ₹ 1 crore and 10% respectively
- (d) ₹ 10 crore and 10% respectively. **(1 mark)**

**Answer:**

(b) ₹ 1 crore and 7% respectively

**2014 - Dec [15]** According to section 2(24) definition of 'income' is-

- (a) Inclusive
- (b) Exhaustive

- (c) Exclusive (d) Descriptive. (1 mark)

**Answer:**

- (a) Inclusive

**2014 - Dec [16]** 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. (1 mark)

**Answer:**

- (c) Gifts of personal nature subject to a maximum of ₹ 50,000 received in cash

**2014 - Dec [17]** 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. (1 mark)

**Answer:**

- (a) The Finance Act of the assessment year

**2015 - June [5]** 'Income' under section 2(24) includes —

- (i) The profits and gains of a banking business carried on by a co-operative society with its members.  
(ii) Any advance money forfeited in the course of negotiations for transfer of capital asset.

Choose the correct option with reference to the above statements —

- (a) Both (i) and (ii) (b) Only (i)  
(c) Only (ii) (d) Neither (i) nor (ii). (1 mark)

**Answer:**

- (a) Both (i) and (ii)

**2015 - June [59]** Under the Income-tax Act, 1961, LLP is chargeable to tax @ —

- (a) 30% plus cess and SHEC or AMT @ 18.5% plus cess and SHEC  
(b) 30% plus cess and SHEC or AMT @ 18.5%  
(c) 30% plus cess and SHEC or MAT @ 18.5% plus cess and SHEC

(d) 30% plus cess and SHEC or MAT @ 18.5%. **(1 mark)**

**Answer:**

(a) 30% plus cess and SHEC or AMT @ 18.5% plus cess and SHEC

**2015 - June [60]** The year in which the income is earned is known as —

- (a) Previous year (b) Financial year  
(c) Both (a) and (b) (d) None of the above. **(1 mark)**

**Answer:**

(c) Both (a) and (b)

**2015 - Dec [44]** A new business was set-up on 1<sup>st</sup> July, 2017 and trading activity was commenced from 1<sup>st</sup> September, 2017, the previous year would be the period commencing from:

- (a) 1<sup>st</sup> April, 2017 to 31<sup>st</sup> March, 2018  
(b) 1<sup>st</sup> July, 2017 to 31<sup>st</sup> March, 2018  
(c) 1<sup>st</sup> September, 2017 to 31<sup>st</sup> March, 2018  
(d) 1<sup>st</sup> October, 2017 to 31<sup>st</sup> March, 2018. **(1 mark)**

**Answer:**

(b) 1<sup>st</sup> July, 2017 to 31<sup>st</sup> March, 2018.

**2016 - June [38]** Dr. Ashok commenced medical practice on 1<sup>st</sup> September, 2017. The previous year for the profession for the assessment year 2018-19 would be —

- (a) 1<sup>st</sup> April, 2017 to 31<sup>st</sup> March, 2018  
(b) 1<sup>st</sup> September, 2017 to 31<sup>st</sup> March, 2018  
(c) 1<sup>st</sup> June, 2017 to 31<sup>st</sup> March, 2018  
(d) 1<sup>st</sup> September, 2017 to 31<sup>st</sup> January, 2018. **(1 mark)**

**Answer:**

(b) 1<sup>st</sup> September, 2017 to 31<sup>st</sup> March, 2018

**2016 - Dec [15]** Under the Income-tax Act, 1961 the term 'assessee' means a person —

- (a) Who is an assessee in default  
(b) From whom tax is due  
(c) Against whom any proceeding under the Act has been taken  
(d) All of the above. **(1 mark)**

**Answer:**

(d) All of the above.

**2016 - Dec [16]** Normal rates of income-tax are prescribed in the —

- (a) Income-tax Act, 1961                      (b) Income-tax Rules, 1962  
(c) Finance Act of the current year      (d) CBDT circulars.                      **(1 mark)**

**Answer:**

- (c) Finance Act of the current year.

**2017 - Dec [1]** A municipal committee legally entitled to manage and control a municipal fund is chargeable to income-tax in the status of:

- (a) individual                                      (b) association of persons  
(c) local authority                              (d) artificial juridical person **(1 mark)**

**2017 - Dec [3]** A domestic company has total income of ₹ 120 lakhs. The rate of surcharge is applicable on income-tax would be:

- (a) 2%    (b) 5%  
(c) 7%    (d) 12%                                      **(1 mark)**

**TOPIC NOT YET ASKED BUT EQUALLY IMPORTANT FOR EXAMINATION**

## **PRACTICAL QUESTIONS**

- Q.1** Mrs. A is non-resident in India for the assessment year 2018-19. For the previous year 2017-18, her income chargeable to tax in India is ₹ 7,00,000. Find out tax liability.

**4.14****Model Solved Scanner CSEP M-I Paper 4 (New Syllabus)****Answer:**

In the case of a non-resident exemption limit is ₹ 2,50,000.

Taxable Income	7,00,000
Calculation of Tax on it	
On first ₹ 2,50,000	Nil
₹ 2,50,001 - ₹ 5,00,000 @ 5%	12,500
₹ 5,00,001 - ₹ 7,00,000 @ 20%	<u>40,000</u>
	52,500
+ EC @ 2%	1,050
+ SHEC @ 1%	<u>525</u>
Tax Payable rounded off u/s 288B	<u>54,080</u>

**Q.2** Mr. A is resident in India for the assessment year 2018-19. For the previous year 2017-18, his income chargeable to tax in India is ₹ 3,50,000. Find out tax liability.

**Answer:**

In the case of a resident individual exemption limit is ₹ 2,50,000.

Taxable Income	3,50,000
Calculation of Tax on it	
On first ₹ 2,50,000	Nil
₹ 2,50,001 - ₹ 3,50,000 @ 5%	<u>5,000</u>
	5,000
(-) Rebate u/s 87A	<u>2,500</u>
	2,500
+ EC @ 2%	50
+ SHEC @ 1%	<u>25</u>
Tax Payable rounded off u/s 288B	<u>2,580</u>

**Q.3** Mr. A is resident in India for the assessment year 2018-19. For the previous year 2017-18, his income chargeable to tax in India is ₹ 2,90,000. Find out tax liability.

**Answer:**

In the case of a resident individual exemption limit is ₹ 2,50,000.

Taxable Income	2,90,000
Calculation of Tax on it	
On first ₹ 2,50,000	Nil
₹ 2,50,001 - ₹ 29,00,000 @ 5%	<u>2,000</u>
	2,000
(-) Rebate u/s 87A (₹ 2,500 subject to maximum of tax payable)	<u>2,000</u>
Tax Payable	Nil

**Q.4** Calculate tax payable when Mr. A having income of ₹ 11,23,155 was born on (i) 14<sup>th</sup> Feb, 1938 (ii) 14<sup>th</sup> Feb, 1939

**Answer: (i)**

Taxable Income rounded off u/s 288A	11,23,160
Calculation of Tax on it	
On first ₹ 5,00,000	Nil
₹ 5,00,000 - ₹ 10,00,000 @ 20%	1,00,000
₹ 10,00,001 - ₹ 11,23,160 @ 30%	<u>36,948</u>
	1,36,948
+ EC @ 2%	2738.96
+ SHEC @ 1%	<u>1369.48</u>
Tax Payable	<u>141056.44</u>
Tax Payable (rounded off u/s 288B)	1,41,060

**(ii)**

Taxable Income (rounded off u/s 288A)	11,23,160
Calculation of Tax on it	
On first ₹ 3,00,000	Nil
₹ 3,00,001 - ₹ 5,00,000 @ 5%	10,000
₹ 5,00,001 - ₹ 10,00,000 @ 20%	1,00,000
₹ 10,00,000 - ₹ 11,23,160 @ 30%	<u>36,948</u>
	1,46,948
+ EC @ 2%	2938.96
+ SHEC @ 1%	<u>1469.48</u>

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Tax Payable	<u>1,51,354.44</u>
Tax Payable (rounded off u/s 288B)	1,51,360.00

**Q.5** Mrs. A is resident in India for the assessment year 2018-19. For the previous year 2017-18, her income chargeable to tax in India is ₹ 11,23,155. Find out tax liability if date of birth of Mrs. A is (a) March 31, 1958, or (b) April 2, 1958.

**Answer:**

**Situation (a)** Mrs. A is 60 years on March 31, 2018. Consequently, she becomes a senior citizen for the assessment year 2018-19 and the exemption limit would be ₹ 3,00,000.

Taxable Income	11,23,160
Calculation of Tax on it	
On first ₹ 3,00,000	Nil
₹ 3,00,001 - ₹ 5,00,000 @ 5%	10,000
₹ 5,00,001 - ₹ 10,00,000 @ 20%	1,00,000
₹ 10,00,001 - ₹ 11,23,160 @ 30%	<u>36,948</u>
	1,46,948
+ EC @ 2%	2938.96
+ SHEC @ 1%	<u>1469.48</u>
Tax Payable	<u>1,51,356.44</u>
Tax Payable (rounded off u/s 288B)	1,51,360.00

**Situation (b)**, however, she is below 60 years on March 31, 2018, the exemption limit is ₹ 2,50,000. Tax liability will be calculated as follows:

Taxable Income rounded off u/s 288A	11,23,160
Calculation of Tax on it	
On first ₹ 2,50,000	Nil
₹ 2,50,001 - ₹ 5,00,000 @ 5%	12,500
₹ 5,00,001 - ₹ 10,00,000 @ 20%	1,00,000
₹ 10,00,000 - ₹ 11,23,160 @ 30%	<u>36,948</u>
	<u>1,49,448</u>
+ EC @ 2%	2988.96
+ SHEC @ 1%	<u>1494.48</u>
Tax Payable	<u>153931.44</u>



Tax Payable (rounded off u/s 288B)	1,53,930
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**Q.6** Attempt the following:

Rani Textiles Ltd., a manufacturing company in the field of textiles, installed a dust inhalation plant of ₹ 200 lakhs in the factory in order to protect the health of its workmen. Whether the expenditure so incurred is capital in nature?

**Answer:**

**False:** The fact of the above is similar to the case where the assessee, a manufacturer of textiles, installed a dust inhalation plant in his factory in order to protect the health of his workmen. Expenditure incurred on the said plant was decided to be treated as revenue expenditure. Therefore, expenditure of 200 lakhs incurred for installation of dust inhalation plant in order to protect the health of workmen is revenue and not an expenditure of capital in nature.

### MULTIPLE CHOICE QUESTIONS

1. In which year Income Tax was levied first time –

- (a) 1857 (b) 1959  
(c) 1860 (d) 1861

**Answer:**

2. The administration of direct tax is vested with:

- (a) Central Government (b) Central Board of Direct Tax  
(c) State Government (d) None of the above

**Answer:**

3. Income-tax Act extends to:

- (a) whole of India  
(b) whole of India except J& K  
(c) whole of India except Sikkim  
(d) whole of India except J& K and Sikkim

**Answer:**

4. The Central Government has been empowered by entry of the Union list of schedule VII of the constitution of India to levy tax on income other

than agricultural income.

- (a) 84 (b) 81  
(c) 82 (d) 84

**Answer:**

5. Part I of Schedule I of the Finance Act, 2017 has given rates of income tax for the financial year:

- (a) 2015-16 (b) 2017-18  
(c) 2018-19 (d) 2016-17

**Answer:**

6. Section of the Income-tax Act, 1961 defines the term 'assessment year'—

- (a) 2(8) (b) 2(9)  
(c) 2(7) (d) 3

**Answer:**

7. The status of Ashni Paints Pvt. Ltd. is:

- (a) Company (b) AOP  
(c) Artificial juridical person (d) HUF

**Answer:**

8. Financial year means

- (a) 1<sup>st</sup> Jan to 31<sup>st</sup> Dec (b) 1<sup>st</sup> April to 31<sup>st</sup> March  
(c) Accounting year (d) All of the above

**Answer:**

9. Method of Accounting is not relevant for -

- (a) Salaries (b) Income from House Property  
(c) Capital Gains (d) All of the above

**Answer:**

10. Surcharge on income tax is payable by:

- (a) all assesseees except a foreign company  
(b) individual and HUF only  
(c) all assesseees except local authority or co-operative society  
(d) all assesseees provided their total income exceeds a certain amount

**Answer:**

11. The maximum amount on which income-tax is not chargeable in case of firm is:

- (a) ₹ 3,00,000 (b) ₹ 2,50,000

- (c) ₹ 2,00,000 (d) Nil

**Answer:**

12. The total income of the assessee has been computed at ₹ 4,83,494.90. For rounding off, the total income will be taken as:

- (a) ₹ 4,83,500 (b) ₹ 4,83,490  
(c) ₹ 4,83,495 (d) ₹ 4,83,494

**Answer:**

13. Mrs. A, a resident of India, is 61 years old. Her total income for the assessment year 2018-19 is ₹ 4,50,000. Her tax liability shall be:

- (a) ₹ 7,500 (b) ₹ 7,730  
(c) ₹ 7,725 (d) ₹ 5,150

**Answer:**

14. Mrs. A a non-resident in India is 66 years old. Her total income for the assessment year 2018-19 is ₹ 6,35,440. Her tax liability shall be—

- (a) ₹ 40,775.64 (b) ₹ 40,780  
(c) ₹ 37,088 (d) ₹ 38,200

**Answer:**

15. What is the maximum amount of income not chargeable to tax in case of AOP/BOI?

- (a) ₹ 2,50,000 (b) ₹ 3,00,000  
(c) ₹ 2,00,000 (d) None of these

**Answer:**

16. The MMR of 35.535% for Assessment year 2018-19 is relevant in case of which of the following person -

- (a) Individual (b) Association of Persons  
(c) None of (a) and (b) (d) Both of (a) and (b)

**Answer:**

17. The income-tax payable by a Non Resident Individual (aged 62 years) for AY 2018-19 if his total income is ₹ 2,90,000 will be:

- (a) Nil (b) ₹ 2,060  
(c) ₹ 2,000 (d) ₹ 4,000

**Answer:**

18. Calculate the amount of rebate u/s 87A in case of a resident individual having total income of ₹ 3,00,000.

4.20

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- (a) ₹ 2,500 (b) Nil  
(c) ₹ 2,000 (d) ₹ 5,000

**Answer:**

19. Unexplained cash credits are chargeable to tax @ \_\_\_\_\_.

- (a) 10% (b) 30%  
(c) 20% (d) 60%

**Answer:**

20. SHEC is leviable in case of:

- (a) an individual assessee only  
(b) individual and HUF  
(c) all assessees  
(d) all assessees other than co-operative society or local authority

**Answer:**

21. Education cess is leviable on:

- (a) Income-tax  
(b) Income-tax + surcharge if applicable  
(c) Surcharge  
(d) Income-tax+surcharge if applicable(-)adjustment(i.e. TDS/Advance Tax etc..)

**Answer:**

22. The income tax payable by a XYZ a foreign company on total income of ₹ 12,25,500 will be:

- (a) ₹ 5,04,910 (b) ₹ 5,04,906  
(c) ₹ 4,90,200 (d) ₹ 3,86,032.5

**Answer:**

23. The income-tax payable by a XYZ Cooperative society on total income of ₹ 50,000 will be:

- (a) ₹ 12,360 (b) Nil  
(c) ₹ 12,000 (d) ₹ 15,450

**Answer:**

24. Long term capital Gains are chargeable to tax @.

- (a) 10% (b) 15%  
(c) 20% (d) 30%

**Answer:**

25. Full form of ICDS is –

- (a) Income calculation and disclosure standards
- (b) Income computation and disclosure standards
- (a) Interest computation and disclosure standards
- (b) Interest calculation and disclosure standards

**Answer:**

**ANSWER**

<b>1</b>	(c)	<b>2</b>	(b)	<b>3</b>	(a)	<b>4</b>	(c)	<b>5</b>	(b)
<b>6</b>	(b)	<b>7</b>	(a)	<b>8</b>	(b)	<b>9</b>	(d)	<b>10</b>	(d)
<b>11</b>	(d)	<b>12</b>	(b)	<b>13</b>	(b)	<b>14</b>	(b)	<b>15</b>	(a)
<b>16</b>	(d)	<b>17</b>	(b)	<b>18</b>	(a)	<b>19</b>	(d)	<b>20</b>	(c)
<b>21</b>	(d)	<b>22</b>	(a)	<b>23</b>	(a)	<b>24</b>	(c)	<b>25</b>	(b)