

CAPITAL GAINS MULTIPLE CHOICE QUESTIONS

- (1) The charging section of the income under the head capital gains is :
- (a) Section 15 (b) Section 17
(c) Section 10 (d) Section 45
- (2) What are the conditions to be fulfilled for charging of income under the head capital gains:
- (a) There must be a capital asset. (b) There must be a transfer of such capital asset.
(c) The transfer of such capital asset has been affected during the previous year. (d) All of the above. (June, 2015)
- (3) Which of the following is not a requisite for charging income-tax on capital gains -
- (a) The transfer must have been effected in the relevant assessment year (b) There must be a gain arising on transfer of capital asset
(c) Capital gains should not be exempt u/s 54 (d) Capital gains should not be exempt u/s 54EC.
- (4) The following shall not be regarded as capital asset:
- (a) Urban Land (b) Securities held by a Foreign Institutional Investor as per SEBI Act, 1992
(c) Archaeological Collections (d) Personal Motor Car
- (5) The following shall be regarded as capital asset:
- (a) Gold Jewellery held by jeweller as SIT (b) Securities held by FII as per SEBI Act, 1992, held as stock in trade.
(c) Motor car held by motor car manufacturer as SIT (d) None of above
- (6) The following shall not be regarded as capital asset:
- (a) Jewellery (b) Rural Agricultural land
(c) Archaeological Collections (d) Personal residential house
- (7) The following shall be regarded as capital asset:
- (a) Jewellery (b) Sculptures
(c) Archaeological Collections (d) All of the above
- (8) Rural area means any area which is outside-----Kilometers from the local limits of the jurisdiction of a municipality or a cantonment board, if the population of municipality or cantonment board is more than 10,00,000.
- (a) 2 (b) 4
(c) 6 (d) 8
- (9) Rural area means any area which is outside-----Kilometers from the local limits of the jurisdiction of a municipality or a cantonment board, if the population of municipality or cantonment board is more than 1,00,000 but not exceeding 10,00,000.
- (a) 2 (b) 4
(c) 6 (d) 8
- (10) Rural area means any area which is outside-----Kilometers from the local limits of the jurisdiction of a municipality or a cantonment board, if population of municipality is more than 10,000 but not exceeding 1,00,000.
- (a) 2 (b) 4 (Dec. 2014)
(c) 6 (d) 8
- (11) Capital asset excludes all except
- (a) Stock-in-trade (b) Personal effects
(c) Jewellery (d) Agricultural land in Rural Area India.
- (12) Transfer of which of the following assets will not be considered as capital gain -
- (a) Jewellery (b) Gold deposit bonds
(c) Paintings (d) Sculpture
- (13) Which of the following are included in the jewellery -
- (a) Ornaments made of gold, silver and platinum. (b) Precious metals whether or not worked or sewn into any wearing apparel.
(c) Semi-precious stones. (d) All of the above.

- (14) Income from transfer of self-generated goodwill of a profession:
- (a) is not chargeable to tax under the head 'capital gains'
(b) is chargeable to tax under the head 'capital gains' as short term capital gains
(c) is chargeable to tax under the head 'capital gains' as long term capital gains
(d) Both (b) and (c)
- (15) A short term capital asset means a capital asset held by the assessee for not more than:
- (a) 12 months immediately preceding the month of its transfer.
(b) 24 months immediately preceding the date of its transfer.
(c) 36 months immediately preceding the date of its transfer.
(d) Any of the above.
- (16) In terms of section 2(42A), unlisted securities are treated as long-term capital asset, if they are held for a period of more than-
- (a) 12 Months
(b) 36 Months
(c) 24 Months
(d) 48 Months
- (17) In terms of section 2(42A), listed securities are treated as long-term capital asset, if they are held for a period of more than - (June, 2015)
- (a) 12 Months
(b) 36 Months
(c) 24 Months
(d) 48 Months
- (18) A Long term capital asset means a capital asset held by the assessee for more than:
- (a) 12 months immediately preceding the month of its transfer.
(b) 24 months immediately preceding the date of its transfer.
(c) 36 months immediately preceding the date of its transfer.
(d) Any of the above.
- (19) In case of transfer of unlisted equity shares the asset will be treated as short-term capital asset if they are held for not more than _____ immediately preceding the date of transfer.
- (a) 12 months
(b) 24 months
(c) 36 months
(d) None of the above.
- (20) Which of the following asset is a Short-term capital asset, if it is held for more than 12 months?
- (a) Securities (other than unit) listed in recognized stock exchange in India.
(b) Units of mutual fund other than equity oriented fund
(c) Zero coupon Bonds
(d) None of these
- (21) Which of the following is a long term capital asset if held for more than 12 months but less than 36 months?
- (a) A unit of a Mutual Fund other than equity oriented fund specified under section 10(23D).
(b) Shares of a listed company
(c) Shares of an unlisted company.
(d) Gold Jewellery
- (22) Cost of acquisition of a capital asset, being a unit of a business trust, allotted pursuant to transfer of share or shares as referred to in section 47(xvii) shall be?
- (a) Nil
(b) Cost of acquisition to him of the share
(c) Cost to previous owner.
(d) None of the above.
- (23) Which of the following is included in the definition of transfer u/s 2(47)?
- (a) Sale, exchange or relinquishment of the asset.
(b) Extinguishment of any rights therein.
(c) Compulsory acquisition thereof under any law.
(d) All of the above.
- (24) In the case of a capital asset, being the right to subscribe to any financial asset, which is renounced in favour of any other person, -

- (a) The period shall be reckoned from the date of the offer of such right by the company or institution, as the case may be, making such offer.
- (b) The period shall be reckoned from the date of the allotment of such right by the company or institution, as the case may be, making such offer.
- (c) The period shall be reckoned from the date of the extinguishment of such right by the company or institution, as the case may be, making such offer.
- (d) None of these.

(25) Which of the following transactions shall not be regarded as transfer as per the provisions of section 47:

- (a) Transfer of a capital asset, being a Government Security carrying a periodic payment of interest, made outside India through an intermediary dealing in settlement of securities, by a non-resident to another non-resident shall not be regarded as transfer as per IT Act.
- (b) Compulsory acquisition thereof under any law.
- (c) Extinguishment of rights in respect of capital asset.
- (d) Conversion of capital asset into stock in trade.

(26) Which of the following transactions shall not be regarded as transfer as per the provisions of section 47:

- (a) Any transfer of a capital asset, being share of a special purpose vehicle to a business trust in exchange of units allotted by that trust to the transferor.
- (b) Compulsory acquisition thereof under any law.
- (c) Extinguishment of rights in respect of capital asset.
- (d) Conversion of capital asset into stock in trade asset.

(27) Which of the following transactions shall not be regarded as transfer as per the provisions of section 47:

- (a) Any distribution of capital assets on the total or partial partition of a Hindu Undivided Family.
- (b) Any transfer of a capital asset by a company to its subsidiary company, if the parent company or its nominees hold the whole of the share capital of the subsidiary company, and the subsidiary company is an Indian company.
- (c) Any transfer, in a scheme of amalgamation, of a capital asset by the amalgamating company to the amalgamated company if the amalgamated company is an Indian company.
- (d) All of the above.

(28) Which of the following transactions shall not be regarded as transfer as per the provisions of section 47:

- (a) Any transfer of Sovereign Gold Bond issued by the Reserve Bank of India under the Sovereign Gold Bond Scheme, 2015, by way of redemption, by an assessee being an individual.
- (b) Any transfer of a capital asset by a company to its subsidiary company, if the parent company or its nominees hold the whole of the share capital of the subsidiary company, and the subsidiary company is an Indian company.
- (c) Any transfer by a unit holder of a capital asset, being a unit or units, held by him in the consolidating plan of a mutual fund scheme, made in consideration of the allotment to him of a capital asset, being a unit or units, in the consolidated plan of that scheme of mutual fund.
- (d) All of the above.

(29) Any transfer, in a scheme of amalgamation, of a capital asset, being a share of a foreign company, referred to in the Explanation 5 to Section 9(1)(i), which derives, directly or indirectly, its value substantially from the share or shares of an Indian company, held by the amalgamating foreign company to the amalgamated foreign company, shall not be regarded as transfer as per the provisions of section 47 if:

- (a) at least 25% of shareholders of amalgamating foreign company continue to remain shareholders of the amalgamated foreign company and such transfer does not attract tax on capital gains in the country in which the amalgamating company is incorporated
- (b) at least 75% of the shareholders of the amalgamating foreign company continue to remain shareholders of the amalgamated foreign company and such transfer does not attract tax on capital gains in the country in which the amalgamating company is incorporated
- (c) At least 75% of shareholders of amalgamating foreign company continue to remain shareholders of amalgamated foreign company & such transfer attract tax on capital gains in the country in which the amalgamating company is incorporated
- (d) at least 25% of the shareholders of the amalgamating foreign company continue to remain shareholders of the amalgamated foreign company and such transfer attract tax on capital gains in the country in which the amalgamating company is incorporated
- (30) Any transfer in a demerger, of a capital asset, being a share of a foreign company, referred to in the Explanation 5 to Section 9(1)(i), which derives, directly or indirectly, its value substantially from the share or shares of an Indian company, held by the demerged foreign company to the resulting foreign company, shall not be regarded as transfer as per the provisions of section 47 if:
- (a) The shareholders, holding not less than 75% in value of the shares of the demerged foreign company, continue to remain shareholders of the resulting foreign company and such transfer does not attract tax on capital gains in the country in which the demerged foreign company is incorporated
- (b) The shareholders, holding not less than 25% in value of the shares of the demerged foreign company, continue to remain shareholders of the resulting foreign company and such transfer does not attract tax on capital gains in the country in which the demerged foreign company is incorporated
- (c) The shareholders, holding not less than 25% in value of the shares of the demerged foreign company, continue to remain shareholders of the resulting foreign company and such transfer attract tax on capital gains in the country in which the demerged foreign company is incorporated
- (d) The shareholders, holding not less than 75% in value of the shares of the demerged foreign company, continue to remain shareholders of the resulting foreign company and such transfer attract tax on capital gains in the country in which the demerged foreign company is incorporated.
- (31) Any transfer, in a scheme of amalgamation, of a capital asset being a share or shares held in an Indian company, by the amalgamating foreign company to the amalgamated foreign company, if at least of the shareholders of the amalgamating foreign company continue to remain shareholders of the amalgamated foreign company, and such transfer does not attract tax on capital gains in the country, in which the amalgamating company is incorporated, shall not be regarded as transfer:
- (a) 25%
- (b) 50%
- (c) 75%
- (d) 100%
- (32) Compensation received by interim order shall be deemed to be income chargeable under the head "Capital gains" of the previous year in which _____
- (a) The final order of such court, Tribunal or other is made.
- (b) the compensation accrued authority
- (c) The appeal was first filed in such court, Tribunal or other authority.
- (d) The interim order is passed.
- (33) Any transfer in a demerger, of a capital asset, being a share or shares held in an Indian company, by the demerged foreign company to the resulting foreign company, if the shareholders holding not less than of the demerged foreign company continue to remain shareholders of the resulting foreign company; and such transfer does not attract tax on capital gains in the country, in which the demerged foreign company is incorporated, shall not be regarded as transfer:
- (a) 75% in value of the shares
- (b) 75% of the number of shareholders
- (c) 25% in value of the shares
- (d) 25% of the number of shareholders

- (34) Which of the following conditions are to be fulfilled for the transaction not to be regarded as transfer, where a sole proprietary concern is succeeded by a company in the business carried on by it as a result of which, the sole proprietary concern sells or otherwise transfers any capital asset or intangible asset to the company.
- (a) All the assets and liabilities of the sole proprietary concern relating to the business immediately before the succession become the assets and liabilities of the company;
- (b) The shareholding of the sole proprietor in the company is not less than 50 of the total voting power in the company and his shareholding continues to remain as such for a period of 5 years from the date of the succession;
- (c) The sole proprietor does not receive any consideration or benefit, directly or indirectly, in any form or manner, other than by way of allotment of shares in the company.
- (d) All of these.
- (35) A transfer in demerger of a capital asset by the _____ co-operative bank to the _____ co-operative bank will not be regarded as transfer -
- (a) Demerged, Resulting
- (b) Successor, Predecessor
- (c) Holding, Subsidiary
- (d) Subsidiary, holding
- (36) Ramesh sold his painting to National Museum for ₹ 20,000 on 1-6-2019. What will be the amount of capital gain on this transaction?
- (a) ₹ 20,000
- (b) ₹ 10,000
- (c) Nil
- (d) None of these

COMPUTATION OF CAPITAL GAINS

- (37) In which of the following transfer the benefit of indexation is available in case of long term capital asset:
- (a) Transfer of securities by foreign institutional investors u/s 115AD.
- (b) Transfer of undertaking or division in a slump sale u/s 50B.
- (c) Transfer of a foreign exchange asset by a non-resident Indian u/s 115D.
- (d) Transfer of equity or preference shares in a company.
- (38) Ms. Sunita inherited a vacant site land consequent to the demise of her father on 10th June, 1990. The land was acquired by her father on 10th April, 1970 for ₹ 40,000. The fair market value of the land on 1st April, 2001 was ₹ 60,000 and on the date of inheritance, i.e., 10th June, 1990 was ₹ 2,00,000. The cost of acquisition for Ms. Sunita is - (June 2016)
- (a) ₹10,000
- (b) Nil
- (c) ₹60,000
- (d) ₹ 2,00,000
- (39) Neerja owns a house of ₹ 20,00,000, which he transfers for ₹ 22,00,000 to Kamlesh on 5-4-2019. What will be the full value of consideration?
- (a) ₹ 22,00,000
- (b) ₹ 20,00,000
- (c) ₹ 2,00,000
- (d) Nil
- (40) Cost of Acquisition in case of bonus shares allotted before 1-4-2001 will be:
- (a) Nil
- (b) FMV as on 1-4-2001
- (c) ₹ 10,000
- (d) Cost of Original shares on the basis of which bonus shares are allotted.
- (41) Cost of acquisition in case of bonus shares allotted after 1-4-2001 will be- (Dec. 2014)
- (a) Face value on the date of allotment
- (b) Nil
- (c) Market value as on 1-4-2001
- (d) Current market value.
- (42) Compute the capital gains for AY 2020-21 if Mr. Ram, a property dealer, sells a commercial plot of land on 1-3-2020 for ₹ 50,00,000 lakhs which was acquired by him on 1-8-2017 for ₹ 25,00,000 for selling of offices constructed therein. He had incurred land development charges of ₹ 10,00,000 on 1-10-2017. He incurred ₹ 1,00,000 for selling the plot of land.

- (a) Nil (b) 15,00,000
(c) 14,00,000 (d) 25,00,000
- (43) Compute the capital gains for assessment year 2020-21 if Mr. R sells his personal motorcar on 11-4-2019 for ₹ 2,55,000, which was acquired on 31-1-2018 for ₹ 6,50,000. The expenses on transfer are 2% of selling price.
(a) Nil (b) 3,95,000
(c) ₹ 3,82,000 (d) 4,00,100
- (44) Compute the capital gains for assessment year 2020-21 if Mr. K sells his personal Jewellery on 11-4-2019 for ₹ 12,50,000, which was acquired on 31-1-2018 for ₹ 6,50,000. The expenses on transfer are 2% of selling price. The capital gains chargeable to tax for Assessment Year 2020-21.
(a) Nil (b) 5,75,000
(c) ₹ 6,00,000 (d) 6,25,000
- (45) Compute the capital gains for assessment year 2020-21 if Mr.X sells shares of unlisted company on 11-3-2020 for ₹ 12,50,000, which was acquired on 31-1-2019 for ₹ 6,50,000. The expenses on transfer are 2% of selling price. The capital gains chargeable to tax for assessment year 2020-21.
(a) Nil (b) 5,75,000
(c) ₹ 6,00,000 (d) 6,25,000
- (46) A owns a capital asset which was purchased by him on 1-5-1989 for ₹ 3,00,000. The market value of the said asset as on 1-4-2001 was ₹ 4,00,000. The said asset was sold for ₹ 48,00,000 during the year. Compute the capital gain for the assessment year 2020-21. (Cost inflation index for F.Y. 01-02= 100, and 2019-20 = 289)
(a) ₹ 36,44,000 (b) ₹ 48,00,000
(c) ₹ 45,00,000 (d) ₹ 44,00,000
- (47) On 15th November, 2019, Mohan sold 1 kg. of gold, the sale consideration of which was ₹ 6,00,000. He had acquired the gold on 11th December, 1998 for ₹ 64,000. Fair market value of 1 kg. Gold on 1st April, 2001 was ₹ 62,000. The amount of capital gains chargeable to tax for the assessment year 2020-21 shall be - (Dec. 2014)
(a) ₹ Nil (b) ₹ 6,00,000
(c) ₹ 4,25,040 (d) ₹ 4,26,400
- (48) A owns a capital asset which was purchased by him on 1-5-1999 for ₹ 4,00,000. The market value of the said asset as on 1-4-01 was ₹ 3,00,000. The said asset was sold for ₹ 48,00,000 during the year. Compute the capital gain for the assessment year 2020-21. (Cost inflation index for F.Y. 01-02= 100 and 2019-20 = 289)
(a) ₹ 36,44,000 (b) ₹ 44,00,000
(c) ₹ 45,00,000 (d) ₹ 17,28,000
- (49) A owns a capital asset which was purchased by him on 15-04-2001 for ₹ 4,00,000. The market value of the said asset as on 1-4-2001 was ₹ 5,00,000. The said asset was sold for ₹ 48,00,000 during the year. Compute the capital gain for the assessment year 2020-21. (Cost inflation index for F.Y. 2001-02= 100, 2019-20 = 289)
(a) ₹ 33,55,000 (b) ₹ 48,00,000
(c) ₹ 43,00,000 (d) ₹ 15,57,000
- (50) Mrs. R sells a plot of land on 21-11-2019 for ₹ 50,00,000. She inherited the plot from her grandfather on 01-04-2002. Her grandfather had acquired the plot on 01-03-2001 for ₹ 50,000. The FMV of the plot as on 01-04-2001 was ₹ 35,000. Compute the capital gains. (Cost inflation index for F.Y. 2001-02= 100, 2002-03 = 105 and 2019-20 = 289)
(a) ₹ 34,45,530 (b) ₹ 49,50,000
(c) ₹ 49,65,000 (d) ₹ 48,66,872
- (51) Mrs. Reshma sells a capital asset on 21-11-2019 for ₹ 50,00,000. She inherited the capital asset from her father on 01-04-2016. Her father had acquired the plot on 10-04-2002 for ₹ 5,00,000. Reshma has incurred ₹ 1,00,000 on improvement of such asset on 15-05-2016. Compute the capital gains. (Cost inflation index for 2002-03 = 105, 2016-17 = 264 and 2019-20 = 289)

- (a) ₹35,14,340 (b) ₹44,00,000
(c) ₹ 45,00,000 (d) ₹49,00,000
- (52) Indexation benefit on Cost of acquisition is available on the long term capital asset. However, in certain cases, indexation benefit is not available. In which of the following cases, indexation benefit is allowed?
(a) Debentures issued by a company (b) Self generated goodwill of a business
(c) Bonus shares allotted on 1-4-2001 (d) Jewellery
- (53) Mr. Sanjay sells the goodwill of his profession on 20-01-2019 for ₹38,00,000. It was self-generated by him and he incurred cost of improvement thereof for ₹5,55,000 on 1-4-2016. Compute his taxable gains. (Cost inflation index for F.Y. 2016-17 = 264 and 2019-20 = 289)
(a) ₹38,00,000 (b) ₹32,45,000
(c) Nil (d) ₹32,14,106
- (54) XYZ Ltd. allotted sweat equity shares to his employee X at a concessional rate on 31-5-2019. A transfers these shares on 31-3-2020. Which type of gains is it?
(a) Long term capital gain (b) Short term capital gain
(c) Middle term capital gain (d) None of these

CAPITAL GAINS IN SPECIAL CASES

- (55) Arman converts his plot of land purchased in July, 2014 for ₹8,00,000 into stock-in-trade on 31st March, 2019. The fair market value as on 31st March, 2019 was ₹11,90,000. The stock-in-trade was sold ₹12,25,000 in the month of January 2020. Find out the taxable Capital gains (Cost inflation index for F.Y. 2014-15 = 240, 2017-18 = 272, 2018-19 = 280, 2019-20 = 289)
(a) ₹2,56,667 (b) ₹4,25,000
(c) ₹1,81,433 (d) ₹35,000
- (56) Arnav converts his plot of land purchased in July, 2016 for ₹80,000 into stock-in-trade on 31st March, 2018. The fair market value as on 31st March, 2018 was ₹2,00,000. The stock-in-trade was sold ₹2,25,000 in the month of January 2020. Find out the taxable Capital gains (Cost inflation index for F.Y. 2016-17 = 264, 2017-18 = 272, 2018-19 = 280, 2019-20 = 289)
(a) ₹1,20,000 (b) ₹1,25,000
(c) ₹ Nil (d) ₹25,000
- (57) A and B formed a partnership firm. Just after formation of the partnership, A brought the following assets into the firm on 13th October 2019 as his capital contribution (*amount in ₹*) -
- | Particulars | Gold |
|--|------------|
| Market value of the property on the date of transfer | 5,00,000 |
| Amount recorded in the books of firm | 6,20,000 |
| Actual cost | 3,36,000 |
| Date of acquisition | 15-10-2017 |
- Find out the taxable Capital gains (Cost inflation index for F.Y. 2017-18 = 272 and 2019-20 = 289)
(a) ₹1,64,000 (b) ₹2,84,000
(c) ₹1,29,606 (d) ₹2,49,606
- (58) XYZ a partnership firm was dissolved on 1-5-2019. A machine acquired on 1-5-2011 for ₹2,00,000 was distributed amongst the partners for ₹1,00,000. The Fair Market Value of this machine on that date was ₹2,50,000. What will the full value of consideration of this machine?
(a) ₹2,00,000 (b) ₹1,00,000
(c) ₹2,50,000 (d) Nil
- (59) Mr. X and Mr. Y are members of 'XY' Associates', an AOP. XY & Associates was dissolved on 14th February, 2020 and the following assets were distributed to the members (*amounts in ₹*) -

Particulars	Gold (given to Mr. X)
FMV as on 14th February, 2020	8,00,000
Amount recorded in agreement of sale	8,50,000
Cost of acquisition	1,45,000
Date of acquisition	01-04-1995
FMV of the asset as on 1-4-2001	1,50,000

Find out the taxable Capital gains (Cost inflation index for F.Y.2001-02= 100 and 2019-20 = 289)

- (a) Nil (b) ₹4,44,000
(c) ₹ 6,55,000 (d) ₹ 3,66,500
- (60) The Government compulsorily acquired the land of Mr. X on 24-5-2016. The Government fixed his consideration at ₹ 5,00,000 half of which was received by X on 23-6-2018 and rest of the amount was paid to X in the year 2019-20. What will be the assessment year of chargeability of the capital gain to X?
(a) 2017-18 (b) 2018-19
(c) 2019-20 (d) 2020-21
- (61) If in the above case government enhanced the compensation by ₹ 2,00,000 in the year 2019-20 what will be the previous year of chargeability of enhanced compensation?
(a) 2017-18 (b) 2018-19
(c) 2019-20 (d) 2020-21
- (62) The house property of Ram is compulsorily acquired by the Government for ₹20,00,000 vide Notification issued on 12th March 2018. Ram has purchased the house in 2001-02 for ₹ 2,00,000. The compensation is received on 15th April 2019. Find out the taxable Capital gains (Cost inflation index for F.Y. 2001-02= 100, 2017-18 =272 and 2019-20 =289)
(a) ₹ 18,00,000 (b) ₹ 14,56,000
(c) Nil (d) ₹ 14,40,000
- (63) Ms.Vasudeva purchased 10,000 equity shares of Ramu Co. Pvt. Ltd. on 1-4-2001 for ₹ 50,000. The company was wound up on 31-07-2018. She received assets having market value ₹15,00,000 on liquidation on 15-12-2019. Her share in accumulated profits was ₹ 2,00,000. The taxable capital gains in her hands will be (Cost inflation index for F.Y.2001-02 = 100, 2018-19 = 280, 2019-20 = 289)
(a) ₹ 11,60,000 (b) ₹ 15,00,000
(c) Nil (d) ₹ 13,60,000
- (64) XYZ Ltd. an listed company bought back 10,000 shares (face value ₹ 10 per share, issued on 1-4-2015) from its shareholders on 15-04-2019 for ₹ 60 per share. Find out the taxable Capital gains (Cost inflation index for F.Y. 2015-16 = 254 and 2019-20 = 289)
(a) ₹ 5,00,000 (b) ₹ 6,00,000
(c) Nil (d) ₹ 4,86,220
- (65) A owns a house property which was purchased by him on 1-5-1997 for ₹ 3,00,000. The said property was destroyed by fire on 3-4-2018 and A received a sum of ₹ 50,00,000 from the insurance company during p/y 19/20. The market value of the above property as on 1-4-2001 was ₹ 4,00,000. Compute the capital gain for the assessment year 2020-21. (Cost inflation index for F.Y. 2001-02= 100, 2017-18 = 272, 2018-19 =280, 2019-20 = 289)
(a) ₹38,80,000 (b) Nil
(c) ₹ 46,00,000 (d) ₹ 12,57,000
- (66) X owns two machineries eligible for depreciation at the rate of 15%. The WDV of these machines as on 1-4-2019 was ₹ 25,000 and ₹ 40,000 respectively. No other asset was acquired in this block during the year. One of these machines were sold during the previous year for ₹ 75,000. Compute the capital gain.
(a) Short term capital gain of ₹ 10,000 (b) Short term capital loss of ₹ 10,000
(c) Long term capital gain of ₹ 10,000 (d) No capital gain as depreciation would be allowed on one of the machines left with X.

- (67) In case of distribution of capital asset on liquidation of the company, the capital gains is chargeable to tax:
- (a) In hands of shareholders (b) In hands of the company
(c) In hands of shareholders as well as company (d) Either in hands of shareholder or in hands of company
- (68) X owns two machineries eligible for depreciation at the rate of 15%. The WDV of block of asset on 1-4-2019 was ₹75,000. No other asset was acquired in this block during the year. Such machines were sold during the previous year for ₹65,000. Compute the capital gain.
- (a) Short term capital gain of ₹ 10,000 (b) Short term capital loss of ₹10,000
(c) Long term capital gain of ₹10,000 (d) No capital gain as depreciation would be allowed on one of the machines left with X.
- (69) Any profits or gains arising from the slump sale effected in the previous year shall be chargeable to income-tax as:
- (a) Short term capital gain only (b) Short term capital gains or Long term capital gains depending upon the period of holding of the undertaking.
(c) Long term capital gain only (d) No capital gain but the same will be taxable as business profits.
- (70) Slump sale is a result of which of the following type of consideration?
- (a) Lump sum Payment (b) Adhoc Payment
(c) Accurate Payment (d) Actual Payment
- (71) In computing capital gains in case of slump sale -----will be taken as cost of acquisition of the undertaking so transferred.
- (a) Book value (b) Net worth
(c) WDV (d) FMV as on 01-04-2001
- (72) Mr. X has sold his land for a consideration of ₹25,00,000 to Mr. Y. Mr. Y has paid stamp duty of ₹3,00,000 @ 10% of stamp value. The full value of consideration for computing capital gains in hands of Mr. X in accordance with the provisions of Section 50C will be -
- (a) ₹25lakhs (b) ₹30lakhs
(c) ₹28lakhs (d) ₹33 lakhs
- (73) Section 50C makes special provision for determining the full value of consideration in case of transfer of _ (June, 2015)
- (a) Plant an machinery (b) Land or building
(c) All movable property other than plant & machinery and computers (d) Computers.
- (74) Mr. X has sold his land for a consideration of ₹25,00,000 to Mr. Y. on 15-04-2018. Mr. Y has paid stamp duty of ₹3,00,000 @ 10% of stamp value. The said land was acquired by Mr. X on 15-07-2016 for ₹ 12 lakhs. The taxable capital gains in hands of Mr. X will be ..
- (a) ₹13 lakhs (b) ₹ 18 lakhs
(c) ₹16 lakhs (d) ₹ 10 lakhs
- (75) Mr. X has sold his land for a consideration of ₹25,00,000 to Mr. Y. on 15-04-2018. Mr. Y has paid stamp duty of ₹3,00,000 @ 10% of stamp value. The said land was acquired by Mr. X on 15-07-2016 for ₹12 lakhs. X was not satisfied with the stamp value and his case was referred to Valuation officer. The valuation officer determined the value ₹26 lakhs. The taxable capital gains in hands of Mr. X will be -
- (a) ₹13 lakhs (b) ₹14 lakhs
(c) ₹1 lakhs (d) ₹ 18 lakhs
- (76) Mr. X has sold his land for a consideration of ₹25,00,000 to Mr. Y. on 15-04-2019. Mr. Y has paid stamp duty of ₹ 3,00,000 @ 10% of stamp value. The said land was acquired by Mr. X on 15-07-2018 for ₹12lakhs. Mr. X was not satisfied with the stamp value and his case was referred to Valuation officer. The valuation officer determined the value ₹35 lakhs. The taxable capital gains in hands of Mr. X will be -

- (a) ₹23 lakhs (b) ₹ 14lakhs
(c) ₹ 10 lakhs (d) ₹ 18lakhs
- (77) X sold his vacant site on 30-09-2019 for ₹ 7,00,000. It was acquired by him on 01-10-2007 for ₹ 1,50,000. The State stamp valuation authority fixed the value of the site at the time of transfer at ₹13,00,000. Compute capital gains in the hands of X. (Cost inflation index for F.Y. 2007-08 = 129 and 2019-20 = 289)
- (a) ₹ 9,63,953 (b) ₹ 6,00,000
(c) ₹ 5,50,000 (d) ₹ 3,74,420
- (78) Where any capital asset was on any previous occasion the subject of negotiations for its transfer, any advance or other money received and retained by the assessee on 15/04/2019, in respect of such negotiation shall be:
- (a) Deducted from cost of acquisition (b) Treated as income from other sources
(c) Deducted from full value of consideration (d) Treated as Business Income
- (79) X Limited has transferred its Unit N to Y Limited by way of slump sale on November 30, 2019 for lump sum consideration of ₹ 400 lakhs. The undertaking was acquired on 1-4-2001 for ₹ 120 lakhs. The net worth of the undertaking on the date of transfer is ₹ 200 lakhs. Find out the taxable Capital gains (Cost inflation index for F.Y. 2001-02= 100 and 2019-20 = 289)
- (a) ₹ 200 lakhs (b) ₹ 400 lakhs
(c) ₹ Nil (d) ₹ 64 lakhs
- (80) Mr. X received an advance of ₹ 51,000 occasion of agreement of sale of a capital asset on 15-07-2019. The same was forfeited by him. The said advance money will be _____ and shall _____
- (a) Taxable as Income from other sources, be reduced from cost of acquisition of the asset. (b) Taxable as Income from other sources, not be reduced from cost of acquisition of the asset.
(c) Taxable as Capital Gains, be reduced from cost of acquisition of the asset. (d) Taxable as Capital Gains, be reduced from cost of acquisition of the asset.
- (81) Bonus shares were allotted to Mr. K for ₹ 2,00,000 on 1st April 1995. The Fair market value of the shares on 1st April, 2001 was ₹ 2,25,000. What will be the cost of acquisition?
- (a) ₹ 2,00,000 (b) ₹ 2,25,000
(c) Nil (d) None of these
- (82) Compute the net taxable capital gains of on the basis of the following information:
A house was purchased on 01-05-2007 for ₹ 4,50,000 and was used as a residence by the owner. The owner had contracted to sell this property in June, 2019 for ₹ 10,00,000 and had received an advance of ₹ 70,000 towards sale. The intending purchaser did not proceed with the transaction and the advance was forfeited by the owner. The sum so forfeited has been included in the total income of the assessee as per the provisions of Section 56(2). The property was sold in December, 2019 for ₹ 15,00,000. (Cost inflation index for F.Y. 2007-08 = 129 and 2019-20 = 289)
- (a) ₹ 4,91,860 (b) ₹ Nil
(c) ₹ 6,48,682 (d) ₹ 10,50,000
- (83) Compute the net taxable capital gains of Smt. Meenu on the basis of the following information:
A house was purchased on 01-05-2007 for ₹ 4,50,000 and was used as a residence by the owner. The owner had contracted to sell this property in June, 2010 for ₹ 10,00,000 and had received an advance of ₹ 70,000 towards sale. The intending purchaser did not proceed with the transaction and the advance was forfeited by the owner. The property was sold in April, 2019 for ₹ 15,00,000. (Cost inflation index for F.Y. 2007-08 = 129, 2010-11 = 167 and 2019-20 = 289)
- (a) ₹ 6,48,682 (b) Nil
(c) ₹ 4,91,860 (d) ₹ 10,50,000
- (84) Mahesh acquired 1,000 equity shares ₹ 10 each in a listed company for ₹ 35,000 on 1st July, 2011. The company issued 1,000 rights shares in April, 2013 at ₹ 15 per share. The company issued 2,000 bonus shares in June, 2019. The market price was ₹ 50 per share before bonus issue and ₹ 25 after such issue. The cost of acquisition of bonus shares would be - (June 2016)
- (a) Nil (b) ₹ 20,000
(c) ₹ 50,000 (d) ₹ 1,00,000

EXEMPTIONS FROM CAPITAL GAINS

- (85) Capital gain on sale of residential house property is exempted u/ s 54 if it is :
- (a) Long term capital gain (b) Short term capital gain
(c) Any of the above two (d) None of these
- (86) The benefit of exemption under Section 54 is available to :
- (a) Individual (b) HUF
(c) Both Individual and HUF (d) Any person
- (87) The benefit of exemption under Section 54 is available when following capital asset is transferred
- (a) Long term residential house property (b) Short term residential house property
(c) Long term residential plot of land (d) Short term residential plot of land
- (88) For claiming the benefit of exemption under Section 54 _____new residential house property must be purchased within 2 years of transfer of capital asset:
- (a) 1 (b) 2 , if LTCG upto 2 crores
(c) 3 (d) Either a or b
- (89) For claiming the benefit of exemption under Section 54 ,new residential house property must be constructed within ___of transfer of capital asset:
- (a) 1 year (b) 2 years
(c) 3 years (d) 4 years
- (90) For claiming the benefit of exemption under Section 54 , new residential house property must be purchased within _____ after transfer of capital asset:
- (a) 1 year (b) 2 years
(c) 3 years (d) 4 years
- (91) Under section 54, in case if the new asset is transferred within _____of its purchase or construction, then its cost of acquisition shall be reduced by the amount of the capital gains exempted earlier for the purpose of computing capital gains on transfer of such new asset.
- (a) 1 year (b) 2 years
(c) 3 years (d) 4 years
- (92) For availing exemption under section 54, which amount is eligible for availing exemption?
- (a) Purchase/Construction of one residential house property upto due date of return of income only. (b) Deposit in capital gain account scheme upto due date of return of income only.
(c) Purchase/Construction of residential house property upto due date of return of income and deposit in capital gain account scheme upto due date of return of income. (d) Purchase / construction after three years from the transfer date.
- (93) Under which section, the assessee has to reinvest the entire net consideration to claim full exemption for the long-term capital gains earned during a previous year - (June 2016)
- (a) Section 54EC (b) Section 54F
(c) Section 54GA (d) Section 54D
- (94) Ms.Sheela sold a residential building in Jodhpur for ₹15,00,000 on 1-7-2019. The building was acquired for ₹ 1,50,000 on 1-6-2007. She paid brokerage @ 2% at the time of sale of the building. She invested ₹ 7lakhs in purchase of a residential building in December, 2019. Compute her taxable capital gains for the A.Y. 2020-21. Cost inflation index: 2007-08 : 129 ; 2019-20 :289.
- (a) ₹11,33,953 (b) ₹4,33,953
(c) Nil (d) ₹7,00,000

- (95) For claiming exemption under Section 54B, Short term or long term capital asset being land which, in the immediately -----
-- preceding the date on which the transfer took place, was being used by the HUF or individual or his parents
for agricultural purposes.
- (a) 1 year (b) 2 years
(c) 3 years (d) 4 years
- (96) The benefit of exemption under Section 54D in respect of Capital gain on compulsory acquisition of land and buildings in
certain cases is admissible to -
- (a) Individual (b) HUF
(c) AOP (d) Any person
- (97) The exemption available on investment in certain bonds u/s 54EC is available to :
- (a) Individual (b) HUF
(c) AOP (d) Any person
- (98) In order to enjoy exemption under section 54EC, the resultant long-term capital gains should be invested in specified
bonds within a period of _____ from the date of transfer.
- (a) 36 Months (b) 4 Months
(c) 6 Months (d) 12 Months
- (99) For claiming exemption under section 54EC the investment in bonds must be made within _____ of transfer of long
term capital asset and the amount of investment
- (a) 6 months, can be made in the financial year in which the asset is transferred and in the next
financial year and the same cannot exceed ₹50 lakhs. (b) 6 months, can be made in the financial year in
which the asset is transferred and in the next
financial year and the same cannot exceed ₹100
lakhs,
(c) One year, can be made in the financial year in which the asset is transferred and in the next
financial year and the same cannot exceed ₹50 lakhs. (d) One year, can be made in the financial year in
which the asset is transferred and in the next
financial year and the same cannot exceed ₹100
lakhs.
- (100) The maximum amount of investment in bonds during F/Y of transfer and next F/Y for claiming exemption u/s 54EC is -
- (a) ₹10 lakhs (b) No limit
(c) ₹25lakhs (d) ₹ 50 lakhs
- (101) For claiming exemption under section 54EC the investment in bonds must be made within _____ of transfer of long
term capital asset.
- (a) 6 month (b) 1 year
(c) 2 years (d) 3 years
- (102) A residential house is sold for ₹ 90 lakh and the long-term capital gains computed are ₹ 50 lakh. The assessee bought two
residential house for ₹ 30 lakh and ₹ 20 lakh respectively. The amount eligible for exemption u/ s 54 would be- (Dec.2015)
- (a) ₹20 lakh (b) ₹30 lakh
(c) ₹ 50 lakh (d) Nil.
- (103) For claiming exemption under section 54EC the investment must be made in bonds of -
- (a) NHAI or NABARD (b) RECL or NABARD
(c) NABARD or PFC (d) NHAI or RECL or SPECIFIED BONDS
- (104) The benefit of exemption under Section 54F is available when following capital asset is transferred
- (a) Long term residential house property (b) Any long term capital asset other than
residential house property
(c) Short term residential house property (d) Short term capital asset other than residential
house property

- (105) For claiming exemption under section 54F, the assessee must not own _____ on the date of transfer of the original asset:
- | | |
|---|---|
| (a) more than 1 residential house, other than the new house | (b) more than 2 residential house, other than the new house |
| (c) more than 3 residential house, other than the new house | (d) more than 4 residential house, other than the new house |
- (106) For claiming exemption under section 54F, the assessee has to invest _____ for purchase or construction of residential house property :
- | | |
|---------------------------------|-------------------------------|
| (a) Full value of consideration | (b) Net Consideration |
| (c) The amount of capital gains | (d) Cost of asset transferred |
- (107) Under Section 54F, Where the assessee purchases within a period of 2 years, or constructs within a period of 3 years, after the date of the transfer of the original asset, any residential house, other than the new asset, _
- | | |
|---|--|
| (a) then the capital gain exempted earlier shall be deemed to be income chargeable under the head "Capital gains" of the previous year in which such residential house is purchased or constructed. | (b) then the capital gain exempted earlier shall be deemed to be income chargeable under the head "Capital gains" of the previous year in which original capital asset is sold or transferred. |
| (c) then the assessee will be further entitled exemption equal to the cost of new asset acquired or constructed. | (d) Then the capital gains which was earlier exempt from tax shall be deemed to be short term capital gains in the year in which original asset is transferred. |
- (108) The exemption under section 54EC is withdrawn if the transfer of new asset, conversion thereof in money or taking loan or advance on its security within _____ years from the date of its acquisition.
- | | |
|-------|-------|
| (a) 1 | (b) 3 |
| (c) 5 | (d) 4 |
- (109) Abhishek sells a plot of land on 8th July, 2019 for ₹ 40 lakh and paid brokerage on its sale @ 1% . He had purchased this plot on 19th December, 2006 for ₹ 4,20,000. On 1st February, 2020, he purchased a residential house for ₹ 15 lakh. He owns one residential house on 8th July, 2019. The cost inflation index for 06-07 was 122 and for 2019-20 is 289. Find out the amount of capital gains chargeable to tax for the assessment year 2020-21 :
- | | |
|----------------|-----------------|
| (a) ₹18,41,945 | (b) ₹ 40,00,000 |
| (c) Nil | (d) ₹ 18,48,790 |
- (110) The exemption under Section 54G of Capital gain on shifting of undertaking from urban area to any area other than urban area is available to :
- | | |
|----------------|------------------------|
| (a) Individual | (b) HUF |
| (c) Any person | (d) None of the above. |
- (111) For claiming exemption under section 54G, an assessee has to invest the resultant capital gains within a specified period. Which of the following is not eligible for such investment - (June, 2015)
- | | |
|---------------|-------------------------|
| (a) Furniture | (b) Land |
| (c) Building | (d) Plant or machinery. |
- (112) Capital gain on shifting of undertaking from urban area to any area other than urban area under section 54G is exempted if it is a :
- | | |
|----------------------------|-----------------------------|
| (a) Long term capital gain | (b) Short term capital gain |
| (c) No exemption available | (d) Both (a) & (b) |
- (113) The exemption under Section 54GB of capital gains arising from transfer of residential property is available to :
- | | |
|----------------|--------------------|
| (a) Individual | (b) HUF |
| (c) Any person | (d) Both (a) & (b) |

- (114) Capital gain on transfer of residential property under section 54GB is exempted if it is a :
- (a) Long term capital gain (b) Short term capital gain
(c) No exemption available (d) Both (a) & (b)
- (115) Capital gain on shifting of undertaking to SEZ under section 54GA is exempted if it is a :
- (a) Long term capital gain (b) Short term capital gain
(c) No exemption available (d) Both (a) & (b)
- (116) Who is eligible for exemption in the above case?
- (a) Individual (b) HUF
(c) Any person (d) None of the above.
- (117) The amount of exemption under section 54GA is:
- (a) Lower of capital gain or investment in new asset. (b) Lower of capital gains or cost incurred.
(c) As determined by assessing officer (d) None of the above.
- (118) "New asset" for the purpose of section 54GB does not include:
- (a) any machinery or plant which, before its installation by the assessee, was used either within or outside India by any other person; (b) any machinery or plant installed in any office premises or any residential accommodation, including accommodation in the nature of a guest house
(c) any office appliances including computers or computer software; (d) All of these.
- (119) For the purpose of section 54GB, "Eligible company" must be engaged in :
- (a) Eligible start up (b) Manufacturing of any article or thing
(c) Trading of article or thing; (d) Provision of services
- (120) For the purpose of section 54GB, the eligible assessee must own more than _____ of the share capital or more than ____ of the voting rights in the eligible company:
- (a) 50; 75 (b) 50; 50
(c) 25; 25 (d) 75; 75
- (121) With a view to ascertaining the fair market value of a capital asset, the Assessing Officer may refer the valuation of a capital asset to a Valuation Officer in a case where the value of the asset as claimed by the assessee is in accordance with the estimate made by a registered if the Assessing Officer is of opinion that-
- (a) That the fair market value of the asset exceeds the value of the asset as claimed by the assessee by ₹ 25,000 (b) That the fair market value of the asset exceeds the value of the asset as claimed by the assessee by 15% of the value claimed by the assessee;
(c) (a) or (b) (d) None of these
- (122) Compute the tax liability for assessment year 2020-21 of resident individual (30 yrs) who is having long term capital gains of ₹ 5,00,000 and has no other income -
- (a) ₹37,500 (b) ₹39,000
(c) Nil (d) ₹52,000
- (123) Compute the tax liability for assessment year 2020-21 of non-resident individual(30 yrs) who is having long term capital gains of ₹ 5,00,000 and has no other income -
- (a) ₹ 1,04,000 (b) ₹ 52,000
(c) ₹ Nil (d) ₹39,000

- (124) Compute the tax liability for assessment year 2020-21 of resident individual(30 yrs) who is having income from short term capital gains of ₹5,00,000 arising on transfer of equity shares listed in recognized stock exchange on which securities transaction is paid and has no other income;
- (a) ₹26,000 (b) ₹78,000
(c) Nil (d) ₹40,000
- (125) Compute the tax liability for assessment year 2020-21 of resident individual(30 yrs) who is having income from short term capital gains of ₹2,00,000 arising on transfer of equity shares listed in recognized stock exchange on which securities transaction is paid and long term capital gains of ₹3,00,000 on transfer of land and has no other income ----
- (a) ₹39,140 (b) ₹ 28,600
(c) ₹Nil (d) ₹52,000
- (126) Where an urban agricultural land owned by an individual, continuously used by him for agricultural purposes for a period of _____ prior to the date of transfer, is compulsorily acquired under law and the compensation is determined by the Central Government, resultant capital gain is exempt.
- (a) On year (b) Two years
(c) Three years (d) 6 months
- (127) Mr. X acquired 1000 shares of XYZ Ltd. listed in recognised stock exchange on 12th July 2016 for ₹1,20,000. He sold the shares for ₹2,85,000 on 10th September 2019. The transaction was carried out through recognised stock exchange and securities transaction tax was paid. The cost inflation index for 2016-17 was 264 and for 2019-20 is 289. His Total Income shall be
- (a) ₹1,65,000 (b) ₹1,53,636
(c) Nil (d) ₹2,10,500
- (128) Long-term capital gains on zero coupon bonds are chargeable to tax _ (June, 2015)
- (a) @ 20% computed after indexation of such bonds (b) @ 10% computed without indexation of such bonds
(c) Higher of (A) or (B) (d) Lower of (A) or (B).
- (129) When shares of a listed company held for more than 12 months are transferred privately for ₹8 lakh, with original cost of acquisition of ₹1lakh whose indexed cost of acquisition is ₹2lakh, LTCG would be - (Dec. 2015)
- (a) Nil (b) ₹6,00,000
(c) ₹5,00,000 (d) ₹7,00,000
- (130) Short-term capital gains arising from the transfer of equity shares in a company or units of an equity oriented fund or units of a business trust charged with security transaction tax are subject to income-tax at the rate of - (June 2016)
- (a) 10% (b) 15%
(c) 20% (d) Normal rate

ANSWER KEY

1.D	2.D	3.A	4.D	5.B	6.B	7.D	8.D	9.C	10.A
11.C	12.B	13.D	14.A	15.D	16.B	17.A	18.D	19.B	20.B
21.B	22.B	23.D	24.A	25.A	26.A	27.D	28.D	29.A	30.A
31.A	32.A	33.A	34.D	35.A	36.C	37.D	38.C	39.A	40.B
41.B	42.A	43.A	44.B	45.B	46.A	47.C	48.A	49.A	50.A
51.A	52.D	53.C	54.B	55.A	56.A	57.B	58.C	59.D	60.C
61.C	62.B	63.A	64.C	65.A	66.A	67.A	68.B	69.B	70.A
71.B	72.B	73.B	74.B	75.B	76.D	77.A	78.B	79.A	80.B
81.B	82.A	83.A	84.A	85.A	86.C	87.A	88.D	89.C	90.B
91.C	92.C	93.B	94.B	95.B	96.D	97.D	98.C	99.A	100.D
101.A	102.C	103.D	104.B	105.A	106.B	107.A	108.B	109.A	110.C
111.A	112.D	113.D	114.A	115.D	116.C	117.A	118.D	119.A	120.C
121.C	122.B	123.A	124.A	125.B	126.B	127.A	128.D	129.B	130.B