

MULTIPLE CHOICE QUESTIONS

CHARGEABILITY OF SALARY

- (1) Which is the charging section of Income under the head salaries?
- (a) Section 10 (b) Section 15
- (c) Section 5 (d) Section 4
- (2) Which of the following income is chargeable to income tax under the head salaries?
- (a) Salary due (b) Advance Salary
- (c) Arrears of Salary (d) All of these.
- (3) Any salary due from an employer or a former employer to an assessee in the previous year whether paid or not is known as -
- (a) Salary due (b) Advance Salary
- (c) Arrears of Salary (d) All of these.
- (4) Income is taxable under the head salaries only if there exists -----relationship between the payer and payee.
- (a) Employer - Employee (b) Principal -Agent
- (c) Agent - Principal (d) All of the above.

- (5) A teacher receives remuneration for setting question paper for examination. What is the chargeability position of this remuneration? Choose the most appropriate answer.
- (a) It will be chargeable under the head salaries. (b) It will be chargeable under the head income from other sources.
- (c) It will not be charged to tax under any head. (d) It will be allowed as deduction.
- (6) Which section gives the definition of salary?
- (a) Section 15 (b) Section 17(1)
- (c) Section 10 (d) None of these.
- (7) Which amongst the following is not included under the inclusive definition of salary?
- (a) Wages (b) Any annuity or pension
- (c) Employer's contribution in RPF in excess of 12 % of salary (d) None of these.
- (8) Mr. X joins a job on 1-7-2019 at monthly salary of ₹25,000. His salary becomes due on last day of each month. His taxable salary for AY 2020-21 will be -
- (a) ₹2,25,000 (b) ₹1,85,000
- (c) ₹1,75,000 (d) ₹2,00,000
- (9) Mr. X joins a job on 1-7-2019 at monthly salary of ₹20,000. His salary becomes due on first day of next month. His taxable salary for AY 2020-21 will be-
- (a) ₹1,20,000 (b) ₹1,10,000
- (c) ₹1,60,000 (d) ₹2,40,000
- (10) Mr. X joins a job on 1-7-2018 at monthly salary of ₹20,000 in A Ltd. He got an increment of ₹1,000 in the month of July 2019. His salary becomes due on last day of each month. His taxable salary for AY 2020-21 will be-
- (a) ₹1,99,000 (b) ₹2,49,000
- (c) ₹2,09,000 (d) ₹2,52,000
- (11) Mr. X joins a job on 1-7-2018 at monthly salary of ₹20,000 in A Ltd. He got an increment of ₹ 1,000 in the month of July 2019. His salary becomes due on first day of next month. His taxable salary for AY 2020-21 will be-
- (a) ₹2,08,000 (b) ₹1,98,000
- (c) ₹2,48,000 (d) ₹2,52,000
- (12) Salary of X (₹40,000 per month) becomes due on the last day of the month but is paid on 7th of next month. Also, Salary of April, 2020 and May, 2020 is received in advance in March, 2020. What will be his gross total income for A.Y. 2020-21?
- (a) ₹5,10,000 (b) ₹4,80,000
- (c) ₹4,40,000 (d) ₹5,60,000
- (13) Mr. X joins a job in the grade of ₹20,000-500-25,000-1,000-40,000-1,500-60,000 on 1-7-2008 which becomes due on last day of each month. His taxable salary for AY 2020-21 will be -----
- (a) ₹2,59,000 (b) ₹2,97,000
- (c) ₹3,09,000 (d) ₹3,21,000
- (14) Mr. A joins a job in the grade of ₹ 20,000-500-25,000-1,000-40,000-1,500-60,000 on 1-7-2008 which becomes due on first day of next month. His taxable salary for AY 2020-21 will be-
- (a) ₹3,08,000 (b) ₹2,97,000
- (c) ₹2,58,000 (d) ₹3,21,000

- (15) Which of the following income is taxable under the head 'income from salary' - (Dec. 2011)
- (a) Salary received by a partner from firm (b) Salary received by a Member of Parliament
(c) Salary of a Government Officer (d) None of the above.
- (16) Mr. X joins a job in the grade of ₹ 20,000-500-25,000-1,000-40,000-1,500-60,000 on 1-7-2008 which becomes due on first day of next month. He is also dearness allowance of 100% of salary. His taxable salary for AY 2020-21 will be-
- (a) ₹ 6,16,000 (b) ₹ 5,94,000
(c) ₹ 5,66,000 (d) ₹ 6,42,000
- (17) Pankaj joins service on 1st April 2015 in the grade of 15,000 - (1,000) - 18,000 - (2,000) - 26,000. He shall be paying tax for the year ended on 31st March, 2020 on the total salary of - (Dec. 2015)
- (a) ₹ 2,40,000 (b) ₹ 1,90,000
(c) ₹ 2,28,000 (d) ₹ 1,80,000
- (18) Anjan joins a service in the grade of ₹ 25,600 - 39,100 plus grade pay of ₹ 15,000 on 01-08-2019. He also gets dearness allowance @ 107% of salary. His tax liability for assessment year 2020-21 will be - (Dec. 2014)
- (a) ₹ 38,450 (b) ₹ 36,970
(c) Nil (d) ₹ 38,540

ALLOWANCES

- (19) ----- is granted to an employee by his employer to meet expenditure actually incurred on payment of rent.
- (a) Dearness Allowance (b) House Rent Allowance
(c) City Compensatory Allowance (d) None of these.
- (20) Which amongst the following is a fully taxable allowance?
- (a) Conveyance allowance (b) Travelling allowance
(c) Medical allowance (d) Research allowance
- (21) For an employee in receipt of hostel expenditure allowance for his three children, the maximum annual allowance exempt under Section 10(14) is-
- (a) ₹ 10,800 (b) ₹ 7,200
(c) ₹ 9,600 (d) ₹ 3,600
- (22) For an employee in receipt of education allowance for his three children, the maximum annual allowance exempt under Section 10(14) is -----
- (a) ₹ 1,200 (b) ₹ 2,400
(c) ₹ 4,800 (d) ₹ 1,600
- (23) Sheila is an employee in a private company. In the previous year she received salary ₹ 1,80,000 and house rent allowance of ₹ 60,000. She is residing with her parents. Her taxable house rent allowance will be -
- (a) Nil (b) ₹ 60,000
(c) ₹ 42,000 (d) ₹ 18,000
- (24) Pappu employed in Megha Ltd., Delhi. He is paid house rent allowance of ₹ 9,000 per month in financial year 2019-20. His salary for the purpose of computation of house rent allowance relief may be taken as ₹ 20,000 per month. Pappu pays actual rent of ₹ 10,000 per month. How much of the house rent allowance is tax-free - (June 2016)
- (a) ₹ 108,000 (b) ₹ 1,20,000
(c) ₹ 96,000 (d) ₹ 60,000

- (25) Children education allowance received by an employee from his employer is ₹ 80 per month per child for 3 children. Taxable education allowance will be - (Dec. 2014)
- (a) ₹ 960 (b) ₹ 480
(c) Nil (d) ₹1,200
- (26) Nandan, a handicapped employee receives ₹ 1,500 per month as transport allowance from his employer. His actual expenditure on transport is ₹ 1,000 per month. The amount of transport allowance taxable under the head income from salaries will be ----- (Dec. 2014)
- (a) ₹ 18,000 (b) Nil
(c) ₹ 6,000 (d) ₹ 8,000.
- (27) Calculate the exempt HRA from the following details : X is entitled to a Basic salary of ₹ 50,000 p.m. and dearness allowance of ₹ 10,000 p.m., 40% of which forms part of retirement benefits. He is also entitled to HRA of ₹ 20,000 p.m. He actually lives with his parents in Mumbai and pays rent of ₹ 20,000 p.m.
- (a) Nil (b) ₹1,75,200
(c) ₹ 64,800 (d) ₹ 2,40,000
- (28) Prakash purchased a residential house property in Ahmedabad on loan for which he paid an interest of ₹ 50,000 during the previous year. He is working in Delhi and getting an HRA of ₹4,000 per month. He can claim exemption/ deduction for -----

- (a) Only HRA (b) Only interest paid (June, 2015)
(c) Either interest paid or HRA but not both (d) Both HRA and interest paid.
- (29) X received children education allowance of ₹ 500 pm for 1 of his children. Calculate taxable amount of children education allowance for the assessment year 2020-21 if entire ₹ 500 is spent by X.
- (a) Nil (b) ₹4,800
(c) ₹6,000 (d) ₹3,600
- (30) Karan, a resident of Meerut, receives ₹ 38,000 per annum as basic salary. In addition, he gets ₹ 12,000 p.a. as dearness allowance, which does not form part of basic salary, 5% commission on turnover achieved by him (turnover achieved by him during the relevant previous year is ₹ 6,00,000) and ₹ 7,000 per annum as house rent allowance. He, however, pays ₹ 8,000 per annum as house rent. The quantum of house rent allowance exempt from tax is - (June 2007)
- (a) Nil (b) ₹ 8,000
(c) ₹ 7,000 (d) ₹ 1,200
- (31) Naresh a resident of Jaipur, receives ₹ 25,000 p.m. as basic salary. In addition, he gets ₹ 10,000 p.m. as dearness allowance, which form part of basic salary and ₹ 18,000 p.m as house rent allowance. He, however, pays ₹ 20,000 p.m. as house rent. The quantum of house rent allowance taxable is -----
- (a) ₹ 48,000 (b) ₹ 6,000
(c) Nil (d) ₹ 24,000
- (32) The maximum exemption in respect of transport allowance granted to an employee to meet his expenditure for the purpose of commuting between the place of his residence and the place of his duty shall be - (June, 2009)
- (a) Nil (b) ₹ 1,400 per month
(c) ₹1,600 per month (d) ₹ 1,800 per month
- (33) The maximum exemption in respect of transport allowance granted to an blind employee to meet his expenditure for the purpose of commuting between the place of his residence and the place of his duty shall be - (June, 2009)
- (a) ₹ 1,600 per month (b) Nil
(c) ₹ 3,200 per month (d) ₹ 20,000 per month

- (34) Rajesh ,an employee of transport company receives ₹ 25,000 p.m. as basic salary. In addition, he gets ₹ 12,000 p.m. as transport allowance to meet his personal expenditure incurred in course of his official duty of running the transport from one place to another. He has expended ₹ 60,000 for the said purpose during the previous year. He is not in receipt of daily allowance. The quantum of transport allowance taxable is -
- (a) ₹ 43,200 (b) ₹24,000
(c) ₹ 1,44,000 (d) ₹ 84,000
- (35) Raghav an employee of XYZ Ltd. receives ₹ 25,000 p.m. as basic salary. In addition, he gets ₹ 12,000 p.m. as dearness allowance and ₹ 15,000 p.m as uniform allowance. He has expended ₹ 60,000 to meet expenditure incurred on purchase and maintenance of uniform during the previous year. His taxable salary is -
- (a) ₹ 3,00,000 (b) ₹ 4,44,000
(c) ₹ 6,24,000 (d) ₹ 5,64,000
- (36) Rishi an employee of XYZ Ltd. receives ₹ 25,000 p.m. as basic salary. In addition, he gets ₹ 15,000 p.m. as dearness allowance and ₹ 240 p.m as for three children as education allowance. His taxable salary is -
- (a) ₹ 4,80,000 (b) ₹ 4,86,240
(c) ₹ 4,80,480 (d) ₹ 4,80,960
- (37) Kailash an employee of XYZ Ltd. receives ₹ 30,000 p.m. as basic salary. In addition, he gets ₹ 10,000 p.m. as dearness allowance,not forming part of salary and ₹ 2,000 p.m as fixed medical allowance. His taxable salary is -
- (a) ₹ 5,04,000 (b) ₹ 4,89,000
(c) ₹ 4,80,000 (d) ₹ 3,84,000
- (38) Neha is an employee in a private company. In the previous year she received salary ₹ 1,80,000 and entertainment allowance ₹ 12,000. She spent ₹ 6,000 on entertainment. Under section 16(ii), she is entitled to deduction of -
- (a) ₹ 12,000 (b) ₹ 6,000
(c) ₹ 5,000 (d) Nil.
- (39) Raghav receives ₹ 50,000 as basic salary from the government during the financial year 2019-20 and receives ₹ 9,000 by way of entertainment allowance which he spends in full for official purposes. The amount deductible under section 16(ii) in respect of the allowance will be ----- (Dec. 2010)
- (a) ₹ 5,000 (b) ₹ 9,000
(c) ₹ 10,000 (d) None of the above.
- (40) Ravi is receiving ₹ 10,000 as medical allowance from his employer. Out of this, he spends ₹ 5,000 on his own medical treatment, ₹ 2,000 on the medical treatment of his dependent wife and another ₹ 3,000 for the medical treatment of his major son who is not a dependent on him. The amount of medical allowance taxable in his hand is - (June 2016)
- (a) ₹ 10,000 (b) ₹ 5,000
(c) ₹ 3,000 (d) Nil

PERQUISITES

- (41) Any benefit or an amenity provided to the employee by the employer directly or indirectly whether in cash or in kind in addition to salary & wages is known as -----
- (a) Perquisite (b) Allowance
(c) Deduction (d) Exemption
- (42) Who amongst the following is considered to be a specified employee?
- (a) An director employee of the company. (b) An employee having the substantial interest in the company.
(c) An employee whose income chargeable under the head salary excluding value of all non-monetary benefits exceeds ₹ 50,000. (d) All of the above.

- (43) Rent free accommodation provided to employee by the employer is
- (a) Exempt from tax. (b) Taxable in case of specified employees *only*.
(c) Taxable in case of non specified employee. (d) Taxable whether the employee is a specified employee or non specified employee.
- (44) Any sum paid by the employer in respect of any obligation, for which such payment would have been payable by the employee is
- (a) Exempt from tax. (b) Taxable in case of specified employees only.
(c) Taxable in case of non specified employee. (d) Taxable whether the employee is a specified employee or non specified employee.
- (45) The amount of any contribution to an approved superannuation fund by the employer in respect of the employee is exempt from tax upto - (June, 2009)
- (a) ₹1,00,000 (b) ₹1,50,000
(c) ₹2,00,000 (d) Nil
- (46) Credit card facility provided to employee by the employer is _
- (a) Exempt from tax. (b) Taxable in case of specified employees only.
(c) Taxable in case of non specified employees only. (d) Taxable whether the employee is a specified employee or non specified employee.
- (47) Shyam receives ₹ 50,000 p.m. as basic salary from the government during the financial year 2019-20 and has been provided rent free accommodation in Jaipur (population exceeds 25 lakhs). The license fee determined by the Government for such accommodation is ₹ 1,000 p.m. The market rent of such accommodation is ₹ 5,000 p.m. The taxable value of rent free accommodation will be -----
- (a) ₹12,000 (b) ₹60,000
(c) ₹ 90,000 (d) Nil
- (48) Kapil gets salary of ₹ 12,000 p.m. and is provided with rent-free unfurnished accommodation at Pune (population 20 lakh). House is owned by employer, fair rental value of which is ₹ 1,400 p.m. House was provided with effect from 1st July, 2019. Value of the perquisite of rent-free accommodation will be - (Dec. 2015)
- (a) ₹ 21,600 (b) ₹ 10,800
(c) ₹ 16,200 (d) ₹ 12,600
- (49) Satish is employed as chief engineer in Gama Ltd., Chennai w.e.f. 1st April, 2019 for a consolidated salary of ₹ 60,000 per month. He is provided with rent-free unfurnished accommodation owned by the employer from 1st July, 2019 onwards. The value of taxable perquisite is ----- (June 2016)
- (a) ₹ 1,08,000 (b) ₹ 81,000
(c) ₹ 72,000 (d) ₹ 54,000
- (50) Paresh receives ₹ 25,000 p.m. as basic salary from ABC Ltd. He is also provided dearness allowance of ₹ 10,000 p.m. (not forming part of retirement benefit) and has been provided rent free accommodation in Jaipur (population exceeds 25 lakhs) which is owned by employer. The market rent of such accommodation is ₹5,000 p.m. The taxable value of rent free accommodation will be -----
- (a) ₹ 63,000 (b) ₹ 45,000
(c) ₹ 60,000 (d) ₹ 30,000
- (51) Rakesh receives ₹ 25,000 p.m. as basic salary from ABC Ltd. He is also provided dearness allowance of ₹ 10,000 p.m. (forming part of retirement benefit) and has been provided rent free accommodation in Alwar (population is ₹ 15lakhs) which is owned by employer. The market rent of such accommodation is ₹ 5,000 p.m. The taxable value of rent free accommodation will be -
- (a) ₹42,000 (b) ₹31,500
(c) ₹ 60,000 (d) ₹ 63,000

- (52) Sunny receives ₹ 15,000 p.m. as basic salary from ABC Ltd. He is also provided dearness allowance of ₹5,000 p.m. forming part of retirement benefit and has been provided rent free accommodation, which is owned by employer, in small city (population is 8 lakhs). The market rent of such accommodation is ₹ 1,000 p.m. The taxable value of rent free accommodation will be -----
- (a) ₹ 18,000 (b) ₹ 13,500
(c) ₹ 12,000 (d) ₹ 36,000
- (53) Ravi receives ₹ 25,000 p.m. as basic salary from ABC Ltd. He is also provided dearness allowance of ₹ 15,000 p.m. forming part of retirement benefit and has been provided rent free accommodation, which is taken on rent, in a city (population is 8 lakhs). The employer has paid monthly rent of ₹ 4,000. The taxable value of rent free accommodation will be -
- (a) ₹ 36,000 (b) ₹ 48,000
(c) ₹ 72,000 (d) ₹45,000
- (54) Chhavi receives ₹ 25,000 p.m. as basic salary from ABC Ltd. She is also provided dearness allowance of ₹15,000 p.m. forming part of retirement benefit and has been provided rent free accommodation, which is taken on rent, in Delhi (population exceeds 25 lakhs). The employer has paid monthly rent of ₹ 10,000. The taxable value of rent free accommodation will be -
- (a) ₹ 36,000 (b) ₹ 48,000
(c) ₹72,000 (d) ₹ 1,20,000
- (55) Chavi receives ₹ 25,000 p.m. as basic salary from ABC Ltd. She is also provided dearness allowance of ₹ 15,000 p.m. forming part of retirement benefit and has been provided, accommodation owned by employer in Delhi (population exceeds 25 lakhs). The employer has charged rent of ₹ 4,000 p.m. from Chavi. The taxable value of concessional accommodation will be -
- (a) ₹ 24,000 (b) ₹ 48,000
(c) ₹ 72,000 (d) Nil
- (56) Kavita receives ₹ 25,000 p.m. as basic salary from ABC Ltd. She is also provided dearness allowance of ₹15,000 p.m. forming part of retirement benefit. She has been provided accommodation owned by employer with effect from 1st October 2019 in Delhi (population exceeds 25 Lakhs). The market rent of such accommodation is ₹2,000p.m. The taxable value of rent free accommodation for A/Y 2020-21 will be -
- (a) ₹36,000 (b) ₹12,000
(c) ₹72,000 (d) ₹ 48,000
- (57) Riya receives ₹ 25,000 p.m. as basic salary from ABC Ltd. She is also provided dearness allowance of ₹15,000 p.m. forming part of retirement benefit. She has been provided accommodation in hotel in Delhi (population exceeds 25 lakhs). The employer has paid monthly rent of ₹8,000 for such hotel accommodation. The taxable value of concessional accommodation for AY 2020-21 will be -
- (a) ₹ 1,15,200 (b) ₹ 96,000
(c) ₹ 72,000 (d) ₹ 48,000
- (58) Sarita receives ₹25,000 p.m. as basic salary from ABC Ltd. She is also provided dearness allowance of ₹15,000 p.m. forming part of retirement benefit. She has been provided accommodation in Delhi (population exceeds 25 lakhs) with effect from 01-04-2019. The accommodation is owned by employer. The employer has also provided furniture original cost ₹ 50,000 (WDV ₹ 40,500) with effect from 1-10-2019. The market rent of such accommodation is ₹12,000 p.m. The taxable value of concessional accommodation for AY 2020-21 will be -
- (a) ₹ 74,500 (b) ₹ 77,500
(c) ₹ 76,050 (d) ₹ 74,025
- (59) Remote area means an area that is located at least _____kilometers away from a town having a population not Exceeding_____based on latest published all-India census.
- (a) 20, 40,000 (b)40, 20,000
(c) 40, 40,000 (d) 20, 20,000

- (60) When the employee is provided accommodation in a hotel for a period not exceeding _____ days on account of his transfer from one place to another, then the value of such perquisite shall be Nil.
- (a) 10 (b) 15
(c) 90 (d) 60
- (61) Accommodation provided to employee working at mining site which, being of a temporary nature and having plinth area not exceeding -----sq. feet, is located not less than -----kms. away from the local limits of any municipality or a cantonment board shall not be taxable.
- (a) 800, 8 (b) 1000, 8
(c) 800,40 (d) 800 ,20
- (62) Where on account of transfer of employee from one place to another, he is provided with accommodation at the new place of posting while retaining the accommodation at the other place, the value of perquisite shall be determined with reference to only one such accommodation which has the lower value for a period not exceeding days.
- (a) 60 (b) 90
(c) 30 (d) 120
- (63) Ramesh, an employee of Gauri & Co. of Delhi, received the following payments during the previous year ended 31st March, 2020 :
- Basic salary : ₹ 2,40,000 and dearness allowance: 40% of basic salary (40% forming part of salary). Rent-free unfurnished accommodation provided by employer for which rent paid by employer being ₹ 50,000. The value of taxable perquisite in the hands of Ramesh will be ----- (Dec. 2014)
- (a) ₹ 41,760 (b) ₹50,000
(c) ₹ 36,000 (d) ₹ 52,500.
- (64) Employer provides a car (below 1.6 Ltr. capacity) along with a driver to X partly for official and partly for personal purpose. The expenses incurred by the company are: Running and maintenance expenses - ₹32,000 & Driver's salary : ₹36,000. The Taxable value of Car facility for assessment year 2020-21 will be-
- (a) ₹ 21,600 (b) ₹ 10,800
(c) ₹ 32,400 (d) ₹ 39,600
- (65) Garima receives ₹ 2,500 p.m. as basic salary from ABC Ltd. She is also provided dearness allowance of ₹ 1,500 p.m. forming part of retirement benefit. She has been provided motor car (engine capacity exceeds 1.6 lts) owned by employer for her personal use. Expenditure incurred by the employer on running and maintenance of the motor car during the relevant previous year amounted ₹ 15,000. The taxable value of car facility for AY 2020-21 will be -----
- (a) ₹ 15,000 (b) ₹ 21,600
(c) ₹ 28,800 (d) Nil
- (66) Reshma receives ₹50,000 p.m. as basic salary from ABC Ltd. She is also provided dearness allowance of ₹25,000 p.m. forming part of retirement benefit. She has been provided motor car (engine capacity exceeds 1.6 Lts) owned by employer for her personal use. The original cost of car is ₹6,00,000 (WDV ₹5,10,000). Expenditure incurred by the employer on running and maintenance of the motor car during the relevant previous year amounted ₹ 75,000. The salary of driver paid by the employer - ₹96,000. The taxable value of car facility for AY 2020-21 will be ----
- (a) ₹ 2,31,000 (b) ₹39,600
(c) ₹ 2,22,000 (d) ₹1,71,000
- (67) Sushma receives ₹50,000 p.m. as basic salary from ABC Ltd. She is also provided dearness allowance of ₹ 25,000 p.m. forming part of retirement benefit. She has been provided motor car (engine capacity exceeds 1.6Lts) owned by employer for her personal use as well as official use. The original cost of car is ₹6,00,000 (WDV ₹ 5,10,000). Expenditure incurred by the employer on running and maintenance of the motor car during the relevant previous year amounted ₹75,000. The salary of driver paid by the employer – ₹ 96,000. The taxable value of car facility for A/Y 2020-21 will be -----
- (a) ₹2,31,000 (b) ₹39,600
(c) ₹2,22,000 (d) ₹1,71,000

- (68) Karishma receives ₹25,000 p.m. as basic salary from ABC Ltd. She is also provided dearness allowance of ₹15,000 p.m. forming part of retirement benefit. She has been provided motor car (engine capacity does not exceed 1.6 Lts) owned by employer for her personal use. The original cost of car is ₹3,50,000 (WDV ₹3,15,000). Expenditure incurred by the employer on running and maintenance of the motor car during the relevant previous year amounted ₹25,000. The salary of driver paid by the employer - ₹ 48,000. The taxable value of car facility for A/Y 2020-21 will be -
- (a) ₹1,08,000 (b) ₹32,400
(c) ₹1,04,500 (d) ₹33,600
- (69) Shraddha receives ₹25,000 p.m. as basic salary from ABC Ltd. She is also provided dearness allowance of ₹15,000 p.m. forming part of retirement benefit. She has been provided motor car (engine capacity does not exceed 1.6Lts) owned by employer for her personal as well as official use. The original cost of car is ₹3,50,000 (WDV ₹3,15,000). Expenditure incurred by the employer on running and maintenance of the motor car during the relevant previous year amounted ₹25,000. The salary of driver paid by the employer - ₹48,000. The taxable value of car facility for AY 2020-21 will be-
- (a) ₹1,08,000 (b) ₹32,400
(c) ₹1,04,500 (d) ₹33,600
- (70) Neerja receives ₹25,000 p.m. as basic salary from ABC Ltd. She is also provided dearness allowance of ₹15,000 p.m. forming part of retirement benefit. She has been provided motor car (engine capacity does not exceed 1.6Lts) owned by employer for her personal use. The original cost of car is ₹3,50,000 (WDV ₹3,15,000). Expenditure incurred by the employer on running and maintenance of the motor car during the relevant previous year amounted ₹25,000. The salary of driver paid by the employer - ₹48,000. The employer recovers ₹2,000 p.m. from the employee. The taxable value of car facility for AY 2020-21 will be-
- (a) ₹1,08,000 (b) ₹84,000
(c) ₹80,500 (d) ₹32,400
- (71) Sheela receives ₹30,000 p.m. as basic salary from ABC Ltd. She is also provided dearness allowance of ₹15,000 p.m. forming part of retirement benefit. She has been provided motor car (engine capacity exceeds 1.6 Lts) owned by employer for her official use. The original cost of car is ₹3,50,000 (WDV ₹3,15,000). Expenditure incurred by the employer on running and maintenance of the motor car during the relevant previous year amounted ₹ 25,000. The salary of driver paid by the employer - ₹48,000. The taxable value of car facility for AY 2020-21 will be -
- (a) Nil (b) ₹84,000
(c) ₹80,500 (d) ₹32,400
- (72) Katrina receives ₹30,000 p.m. as basic salary from ABC Ltd. She is also provided dearness allowance of ₹15,000 p.m. forming part of retirement benefit. She has been provided motor car (engine capacity exceeds 1.6lts) owned by employer for commuting between office and residence. The original cost of car is ₹3,50,000 (WDV ₹3,15,000). Expenditure incurred by the employer on running and maintenance of the motor car during the relevant previous year amounted ₹25,000. The salary of driver paid by the employer - ₹48,000. The taxable value of car facility for AY 2020-21 will be -
- (a) ₹32,400 (b) ₹84,000
(c) ₹80,500 (d) Nil
- (73) Priya receives ₹30,000 p.m. as basic salary from ABC Ltd. She is also provided dearness allowance of ₹15,000 p.m. forming part of retirement benefit. She has been provided motor car (engine capacity exceeds 1.6lts) owned by employer for her personal use. The car is self driven by her. The original cost of car is ₹3,50,000 (WDV ₹3,15,000). Expenditure incurred by the Priyanka on running and maintenance of the motor car during the relevant previous year amounted ₹25,000. The taxable value of car facility for AY 2020-21 will be-
- (a) ₹ 31,500 (b) ₹10,800
(c) ₹35,000 (d) ₹21,600
- (74) Sunny receives ₹30,000 p.m. as basic salary from ABC Ltd. He is also provided dearness allowance of ₹15,000 p.m. forming part of retirement benefit. He has been provided motor car (engine capacity exceeds 1.6lts) owned by employer for his personal as well as official use. The car is self driven by him. The original cost of car is ₹3,50,000 (WDV ₹3,15,000). Expenditure incurred by Sunil on running and maintenance of the motor car during the relevant previous year amounted ₹25,000. The taxable value of car facility for AY 2020-21 will be -
- (a) ₹31,500 (b) ₹10,800
(c) ₹35,000 (d) ₹21,600

- (75) Prashant receives ₹30,000 p.m. as basic salary from ABC Ltd. He is also provided dearness allowance of ₹15,000 p.m. forming part of retirement benefit. He has been provided motor car (engine capacity does not exceed 1.6lts) owned by employer for his personal as well as official use. The original cost of car is ₹3,50,000 (WDV ₹3,15,000). Expenditure incurred by Prashant on running and maintenance of the motor car during the relevant previous year amounted ₹25,000. The salary of driver paid by the employer amounted ₹48,000. The taxable value of car facility for A/Y 2020-21 will be _____
- (a) ₹83,000 (b) ₹ 18,000
(c) ₹ 10,800 (d) ₹ 7,200
- (76) Sahil receives ₹30,000 p.m. as basic salary from ABC Ltd. He is also provided dearness allowance of ₹15,000 p.m. forming part of retirement benefit. He owns a motor car (engine capacity does not exceed 1.6 Its) which is used by him for personal purposes. The original cost of car is ₹3,50,000. Expenditure incurred by employer on running and maintenance of the motor car during the relevant previous year amounted ₹25,000. The salary of driver paid by the employer amounted ₹48,000. The taxable value of car facility for A Y 2020-21 will be -
- (a) ₹73,000 (b) ₹ 55,000
(c) ₹ 40,600 (d) Nil
- (77) Abdul receives ₹30,000 p.m. as basic salary from ABC Ltd. He is also provided dearness allowance of ₹15,000 p.m. forming part of retirement benefit. He owns a motor car (engine capacity does not exceed 1.6 Lts) which is used by him for personal as well as official purposes. The original cost of car is ₹3,50,000. Expenditure incurred by employer on running and maintenance of the motor car during the relevant previous year amounted ₹25,000. The salary of driver paid by the employer amounted ₹48,000. The taxable value of car facility for A/Y 2020-21 will be _____
- (a) ₹33,400 (b) ₹73,000
(c) ₹40,600 (d) ₹32,400
- (78) Kapil receives ₹30,000 p.m. as basic salary from ABC Ltd. He is also provided dearness allowance of ₹15,000 p.m. forming part of retirement benefit. He owns a motor car (engine capacity exceeds 1.6 Lts) which is used by him for personal as well as official purposes. The original cost of car is ₹3,50,000. Expenditure incurred by employer on running and maintenance of the motor car during the relevant previous year amounted ₹25,000. The salary of driver paid by the employer amounted ₹48,000. The taxable value of car facility for AY 2020-21 will be -----
- (a) ₹33,400 (b) ₹73,000
(c) ₹40,600 (d) ₹32,400
- (79) Mr. A is provided with two cars, to be used for official and personal work by his employer ABC Ltd. The following information is available from the company records:

	Car 1 ₹	Car2 ₹
Engine Capacity	1.8Its	1.8Its
Cost of the Car	6,00,000	4,00,000
Running and maintenance (Borne by the company)	40,800	28,000
Salary of driver (Borne by the company)	24,000	24,000

The taxable monetary emoluments of Mr. A are ₹ 90,000. The taxable 'Perk' in respect of Cars on the assumption car 2, is exclusively used by "A" for personal purpose will be -

- (a) ₹1,31,600 (b) ₹1,57,200
(c) ₹72,000 (d) ₹2,16,800
- (80) Mr. Ramesh is provided with two cars, to be used for official and personal work by his employer ABC Ltd. The following information is available from the company records:

	Car 1 ₹	Car2
Engine Capacity	1.8 Its	₹ 1.6 Its
Cost of the Car	12,00,000	8,00,000
Running and maintenance (Borne by the company)	40,800	28,000
Salary of driver (Borne by the company)	96,000	84,000

The taxable monetary emoluments of Mr. A are ₹9,00,000. The taxable 'Perk' in respect of Cars will be -

- (a) ₹2,31,600 (b) ₹2,89,200
(c) ₹4,48,800 (d) ₹72,000

(81) Jasmeet receives ₹ 30,000 p.m. as basic salary from ABC Ltd. He is also provided dearness allowance of ₹15,000 p.m. forming part of retirement benefit. He has been provided cook for which the actual cost to employer is ₹ 60,000. Jasmeet has paid ₹ 20,000 to the cook. The taxable value of cook perquisite will be -

- (a) ₹60,000 (b) ₹80,000
(c) ₹40,000 (d) Nil

(82) Manoj receives ₹30,000 p.m. as basic salary from ABC Ltd. He is also provided dearness allowance of ₹15,000 p.m. forming part of retirement benefit. He has been provided free electricity facility for which the actual cost to employer is ₹58,000. The employer has recovered ₹8,000 from Manoj on account of such facility. The taxable value of electricity perquisite will be -

- (a) ₹58,000 (b) ₹66,000
(c) ₹50,000 (d) Nil

(83) Mahesh receives ₹ 30,000 p.m. as basic salary from Delhi Public School. He is also provided dearness allowance of ₹ 15,000 p.m. forming part of retirement benefit. His son is studying in the school for which the employer charges ₹ 200 p.m. The cost of such education in a similar institution in the locality is ₹ 3,500 p.m. The taxable value of education facility will be -

- (a) ₹ 39,600 (b) ₹27,600
(c) ₹ 42,000 (d) Nil

(84) Aadish is an employee of Moon Public School. His daughter, Zara, is studying in the said school at a concessional fees of ₹ 600 per month (Actual fee : ₹ 4,000 per month). The amount taxable in the hands of Aadish will be - (June, 2015)

- (a) ₹ 48,000 (b) ₹ 7,200
(c) Nil (d) ₹ 40,800.

(85) Ashok took an interest-free loan of ₹ 15,000 from B Ltd. (the employer). Assuming that the market rate of interest on similar loan is 10%. the taxable value of the perquisite in the hands of Ashok will be - (June, 2015)

- (a) ₹ 150 (b) ₹ 1,500
(c) Nil (d) None of the above.

(86) During the previous year 2019-20, Varun received a watch worth ₹ 20,000 from his employer. The taxable value of the watch will be - (June, 2015)

- (a) ₹ 15,000 (b) ₹ 20,000
(c) Nil (d) None of the above.

(87) Rajesh receives ₹ 30,000 p.m. as basic salary from Delhi Public School. He is also provided dearness allowance of ₹ 15,000 p.m. forming part of retirement benefit. His son is studying in the school for which the employer charges ₹ 200 p.m. The cost of such education in a similar institution in the locality is ₹ 1,200 p.m. The taxable value of education facility will be-

- (a) ₹14,400 (b) ₹12,000
(c) ₹16,800 (d) Nil

(88) Suresh is pilot of Jet airways. He receives ₹30,000 p.m. as basic salary. He is also provided dearness allowance of ₹15,000 p.m. forming part of retirement benefit. He has been provided transport facility in the conveyance owned by the company. The amount charged to general public on account of such facility is ₹25,000. The employer has recovered ₹5,000 from Suresh. The cost to employer is ₹18,500. The taxable value of transport facility will be -

- (a) ₹ 25,000 (b) ₹ 20,000
(c) ₹ 18,500 (d) Nil

- (89) Kalu is employee of ABC Roadways Pvt. Ltd. engaged in transportation of passengers. He receives ₹30,000 p.m. as basic salary. He is also provided dearness allowance of ₹15,000 p.m. forming part of retirement benefit. He has been provided transport facility in the conveyance owned by the company. The amount charged to general public on account of such facility is ₹25,000. The employer has recovered ₹5,000 from Kalu. The cost to employer is ₹18,500. The taxable value of transport facility will be -
- (a) ₹25,000 (b) ₹20,000
(c) ₹18,500 (d) Nil
- (90) "Family" for the purpose of medical facility means –
- (a) spouse of that individual (b) Children of that individual
(c) Parents, brothers and sisters of the individual (d) All of the above or any of them wholly or mainly dependent on the individual.
- (91) Ms. Priya is provided with an interest free loan by her employer for the purchase of a house. The value of the perquisite shall be - (June 2016)
- (a) Simple interest computed at the rate charged by the Central Government to its employees on 1st April of the previous year (b) Simple interest computed at the rate charged by State Bank of India on 1st April of the previous year
(c) Simple interest computed at the rate charged by National Housing Bank on 1st April of the previous year (d) Simple interest computed at the rate determined by the employer on 1st April of previous year.
- (92) Kamlesh is employee of Apollo Hospitals Pvt. Ltd. He receives ₹30,000 p.m. as basic salary. He is also provided dearness allowance of ₹15,000 p.m. forming part of retirement benefit. The employer has incurred an expenditure of ₹25,000 on medical treatment of his minor child and ₹75,000 on medical treatment of his brother not dependent on Kamal in the hospital maintained by the employer. The taxable value of medical facility will be -
- (a) ₹25,000 (b) ₹75,000
(c) ₹85,000 (d) ₹60,000
- (93) Any sum paid by the employer in respect of an expenditure incurred by an employee on his medical treatment or treatment of any of his family member *in private hospital* is exempt upto -
- (a) ₹15,000 (b) Nil
(c) ₹30,000 (d) ₹60,000
- (94) Everest Ltd. reimburses the following expenditure on medical treatment of the son of an employee Karan. The treatment was done at UK : (June 2005)
- (i) Travelling expenses ₹1,15,000.
(ii) Stay expenses at UK permitted by RBI ₹45,000 (Actual expenses ₹70,000). (iii) Medical expenses permitted by RBI ₹50,000 (Actual expenses ₹70,000).
The taxable perquisites in the hands of Karan, if his annual income from salary was ₹1,56,000 will be -
- (a) ₹2,55,000 (b) ₹45,000
(c) ₹1,60,000 (d) Nil
- (95) Mr. M was granted an option on 1-7-2018 by the company to purchase 500 equity shares at a price of ₹250 per share. The period during which the option can be exercised to purchase 500 shares at a pre-determined price of ₹ 250 per share commencing on 1-7-2018 and ending on 31-3-2020. Mr. M exercised the option on 15-3-2019 to purchase 500 shares. Fair market value on the said date was ₹ 500 on the Bombay Stock Exchange and ₹ 600 on the National Stock Exchange. The NSE has recorded the higher volume of trading in that share. The company has allotted him 500 shares on 24th April, 2019. The fair market value on the date of allotment was ₹800 per share on NSE and ₹850 on the BSE, that has recorded the higher volume of trading in that share. The taxable value of employees stock option plan will be -
- (a) ₹ 1,25,000 (b) ₹ 1,75,000
(c) ₹2,75,000 (d) ₹3,00,000

- (96) Ashish is employee of ABC Pvt. Ltd. He receives ₹ 30,000 p.m. as basic salary. He is also provided dearness allowance of ₹ 15,000 p.m. forming part of retirement benefit. The employer has provided interest free loan of ₹ 1,00,000 on 1-4-2019 for medical treatment of specified diseases. The rate of interest charged by SBI on such loan is 12% p.a. The entire loan is outstanding during the previous year. The taxable value of perquisite will be -
- (a) ₹12,000 (b) ₹1,00,000
(c) ₹1,12,000 (d) Nil
- (97) Interest-free loan to an employee, where the amount of loan does not exceed anyone of the following, shall be treated as the tax-free perquisite in all cases under section 17(2) - (June, 2009)
- (a) ₹ 10,000 (b) ₹15,000
(c) ₹ 20,000 (d) ₹ 25,000
- (98) A Ltd. has advanced an interest free loan of ₹ 5,00,000 to B for purchase of car on 1-5-2019. B has been repaying the loan in instalments of ₹ 20,000 p.m. on the 1st of next month. Compute the value of perquisite on account of interest assuming the interest charged by SBI is 10% p.a.
- (a) ₹ 34,833 (b) ₹ 36,667
(c) ₹ 40,000 (d) ₹ 50,000
- (99) Prashant obtained interest-free loan of ₹ 20,000 from his employer company for purchasing a two-wheeler. The market rate of interest on such loan is 20% per annum. The lending rate of State Bank of India is 12.5% and that of the private sector banks is 16%. The taxable amount of this perquisite will be computed at the rate of - (Dec. 2010)
- (a) 20% (b) 16%
(c) 12.5% (d) Nil rate.
- (100) Ankit obtained interest-free loan of ₹ 2,00,000 from his employer company for purchasing a four-wheeler on 1-10-2019. The market rate of interest on such loan is 20% per annum. The lending rate of State Bank of India is 12.5% and that of the private sector banks is 16%. The entire loan is outstanding as on 31-03-2020. The taxable amount of this perquisite for AY 2020-21 will be -
- (a) ₹ 12,500 (b) ₹25,000
(c) ₹ 20,000 (d) ₹ 16,000
- (101) Gift to an employee, where the amount of gift is below anyone of the following, shall be treated as the tax-free perquisite in all cases under section 17(2) -
- (a) ₹ 5,000 (b) ₹50,000
(c) ₹ 25,000 (d) ₹ 20,000
- (102) The value of free food and non-alcoholic beverages provided by the employer to an employee during working hours provided in a remote area shall be -
- (a) Exempt upto ₹ 50 per meal. (b) Fully taxable
(c) Fully exempt (d) Exempt upto ₹ 20,000
- (103) Ram Lal is employee of ABC Pvt. Ltd. He receives ₹ 30,000 p.m. as basic salary. He is also provided dearness allowance of ₹ 15,000 p.m. forming part of retirement benefit. The employer has provided free refreshment during working hours. The expenditure incurred by the employer is ₹ 25,000. The company works for 300 days during the year. The taxable value of perquisite will be -
- (a) ₹ 25,000 (b) ₹ 10,000
(c) ₹ 15,000 (d) Nil
- (104) Shyam lal is employee of ABC Pvt. Ltd. He receives ₹ 30,000 p.m. as basic salary. He is also provided dearness allowance of ₹ 15,000 p.m. forming part of retirement benefit. The employer has provided free lunch during office hours and cost per meal is ₹ 150. The company works for 300 days during the year. The taxable value of perquisite will be -
- (a) ₹45,000 (b) ₹ 30,000
(c) ₹15,000 (d) Nil

- (105) Suresh is employee of ABC Pvt. Ltd. He receives ₹30,000 p.m. as basic salary. He is also provided dearness allowance of ₹15,000 p.m. forming part of retirement benefit. The employer has provided health club facility for which expenditure incurred by the employer is ₹45,000 and ₹15,000 is recovered from the employee. The taxable value of perquisite will be -
- (a) ₹45,000 (b) ₹30,000
(c) ₹60,000 (d) Nil
- (106) Ganesh is employee of ABC Pvt. Ltd. He receives ₹30,000 p.m. as basic salary. He is also provided dearness allowance of ₹15,000 p.m. forming part of retirement benefit. The employer has paid credit card fees of ₹15,000 and also amount of ₹35,000 on account of credit card bills of purchases made by Ganesh for his personal purposes. ₹5,500 is recovered from Ganesh by the employer. The taxable value of perquisite will be -
- (a) ₹44,500 (b) ₹50,000
(c) ₹29,500 (d) Nil
- (107) Supriya is an employee of ABC Pvt. Ltd. She receives ₹50,000 p.m. as basic salary. She is also provided dearness allowance of ₹15,000 p.m. forming part of retirement benefit. The employer has provided furniture original cost ₹1,25,000 (WDV ₹1,00,000) for her personal use with effect from 1st August 2019. The taxable value of perquisite for AY 2020-21 will be-
- (a) ₹12,500 (b) ₹10,000
(c) ₹8,333 (d) ₹6,667
- (108) Aarti is an employee of ABC Pvt. Ltd. She receives ₹50,000 p.m. as basic salary. She is also provided dearness allowance of ₹15,000 p.m. forming part of retirement benefit. The employer has provided computer original cost ₹65,000 (WDV ₹26,000) for her personal use with effect from 1st July 2019. The taxable value of perquisite for AY 2020-21 will be-
- (a) ₹6,500 (b) ₹2,600
(c) ₹4,875 (d) Nil
- (109) Kavita is an employee of ABC Pvt. Ltd. She receives ₹50,000 p.m. as basic salary. She is also provided dearness allowance of ₹15,000 p.m. forming part of retirement benefit. The employer has transferred motor car on 1st September 2019 for ₹25,000. The car was purchased by the employer on 1st October, 2017 for ₹3,00,000. The taxable value of perquisite for AY 2020-21 will be-
- (a) ₹2,15,000 (b) ₹1,71,000
(c) ₹2,45,000 (d) ₹2,45,250
- (110) Aysha is an employee of ABC Pvt. Ltd. She receives ₹50,000 p.m. as basic salary. She is also provided dearness allowance of ₹15,000 p.m. forming part of retirement benefit. The employer has transferred furniture on 1st September 2019 for ₹5,000. The furniture was purchased by the employer on 1st October, 2016 for ₹2,00,000. The taxable value of perquisite for AY 2020-21 will be
- (a) ₹1,55,000 (b) ₹1,57,000
(c) ₹1,36,667 (d) ₹1,42,150
- (111) Joy Ltd. transfers a Honda city car to hits employee Mr. Happy after using it for 4 years and 10 months, for ₹2,10,000. Cost of the car is ₹10,00,000. The value of taxable perquisite in the hands of employee is - (Dec. 2014)
- (a) ₹1,17,680 (b) ₹1,99,600
(c) Nil (d) ₹7,90,000
- (112) Priya is an employee of ABC Pvt. Ltd. She receives ₹50,000 p.m. as basic salary. She is also provided dearness allowance of ₹15,000 p.m. forming part of retirement benefit. The employer has transferred computer on 1st September 2019 for ₹5,000. The computer was purchased by the employer on 1st October, 2018 for ₹50,000. The taxable value of perquisite for AY 2020-21 will be-
- (a) ₹45,000 (b) ₹17,917
(c) ₹50,000 (d) Nil

PROFITS IN LIEU OF SALARY, GRATUITY, EARNED LEAVE SALARY, PENSION,
LEAVE TRAVEL CONCESSION AND VRS COMPENSATION

- (113) In which of the following case the gratuity received is not taxable?
- (a) Government employees (b) Employees covered by Payment of Gratuity Act, 1872
(c) Any other employee (d) None of these.
- (114) Under Section 10(10) of Income-tax Act, 1961, maximum amount of gratuity received which is not chargeable to tax for employee not covered under Gratuity Act shall be -
- (a) ₹ 3,50,000 (b) ₹20,00,000
(c) ₹2,50,000 (d) ₹ 10,00,000
- (115) What is the exemption limit in case of employees covered by the Payment of Gratuity Act, 1972?
- (a) ₹ 3,00,000 (b) ₹3,50,000
(c) ₹ 20,00,000 (d) ₹10,00,000
- (116) Suresh is an employee of XYZ Ltd. He retired on 17th Nov. 2019 after rendering service of 38 years, 6 month and 1 day. Calculate the number of completed years if Suresh is covered under the Payment of Gratuity Act.
- (a) 37 years (b) 39 years
(c) 38 years (d) 38 years 6 months 7 days.
- (117) Payal is an employee of ABC Pvt. Ltd. She receives ₹50,000 p.m. as basic salary. She is also provided dearness allowance of ₹15,000 p.m. forming part of retirement benefit. She received gratuity of ₹25,000 during the continuity of employment. The taxable portion of gratuity will be -
- (a) ₹ 25,000 (b) ₹ 15,000
(c) ₹ 12,500 (d) Nil
- (118) Mr. Sunil is a private sector employee. He received ₹ 12,00,000 as gratuity. He retired on 16th February 2020 after rendering 25 years and 7 months of service. His basic salary was ₹ 30,000 p.m. His dearness allowance was ₹ 15,000 p.m (40% forms part of retirement benefit). He is not covered under Payment of Gratuity Act, 1972. The amount of gratuity exempt will be -
- (a) ₹ 5,40,000 (b) ₹ 10,00,000
(c) ₹ 4,50,000 (d) ₹ 20,00,000
- (119) Mr. Raj Mohan is a government employee. He received ₹ 25,00,000 as gratuity. He retired on 16th February 2020 after rendering 25 years and 7 months of service. His basic salary w.e.f. 01-10-2019 was ₹ 30,000 per month (prior to that ₹ 25,000 p.m.). His dearness allowance was ₹ 15,400 p.m. The amount of gratuity taxable will be -
- (a) Nil (b) ₹ 18,19,000
(c) ₹ 20,85,000 (d) ₹ 25,00,000
- (120) Mr. Krishna is a private sector employee. He received ₹ 18,00,000 as gratuity. He retired on 16th February 2020 after rendering 25 years and 7 months of service. His basic salary was ₹ 30,000 p.m. His dearness allowance was ₹ 15,000 p.m. He is covered under Payment of Gratuity Act, 1972. The amount of gratuity exempt will be -
- (a) Nil (b) ₹ 20,00,000
(c) ₹ 18,00,000 (d) ₹ 6,75,000
- (121) Mr. Prakash is a private sector employee. He received ₹ 10,00,000 as gratuity. He retired on 10th January 2020 after rendering 22 years and 8 months of service. His basic salary was ₹ 40,000 p.m. His dearness allowance was ₹ 20,000 p.m. (Nothing forms part of retirement benefit). He is not covered under Payment of Gratuity Act, 1972. The amount of gratuity taxable will be -
- (a) ₹4,40,000 (b) ₹20,00,000
(c) ₹5,60,000 (d) NIL

- (122) The maximum exemption under section 10(10AA) in case of leave encashment is - (June, 2011)
- (a) ₹ 3,50,000 (b) ₹3,00,000
(c) ₹ 10,00,000 (d) ₹5,00,000
- (123) For the purpose of calculation of average salary in case of exemption of leave encashment the average salary drawn during the period of 10 months immediately preceding theof retirement.
- (a) Month (b) Date
(c) Week (d) Year
- (124) What is the annual leave entitlement specified in the Income Tax Act?
- (a) 1.5 months (b) 40 days
(c) 30 days (d) None of these.
- (125) The amount of exemption for leave encashment in case of Government employee is -
- (a) Actual amount of leave encashment received. (b) Fully exempted from tax
(c) ₹ 3,00,000 (d) 10 months average salary preceding the month of retirement
- (126) Salary received in lieu of unavailed leave during service shall be - (Dec. 2012)
- (a) Fully taxable (b) Fully exempted
(c) Partially taxable (d) None of the above.
- (127) Mr. Bansal was employed in M/ s. ABC & Associates. After completing 40 years and 7 months of service he retired on 31st October 2019. The particulars are as under-
- (i) Salary at the time of retirement - ₹ 10,000 p.m,
(ii) Average monthly salary for 10 months ending on 31st October 2019 - ₹9,500 p.m.
(iii) Leave entitlement – 1.5 months for each completed year of service.
(iv) Leave encashment received for 25 months on basis of salary at the time of retirement - ₹2,50,000. The amount of Leave encashment exempt will be -----
- (a) ₹2,50,000 (b) ₹95,000
(c) ₹ 47,500 (d) ₹3,00,000
- (128) Mr. Kamal was employed in M/ s ABC & Associates. He received ₹1,00,000 as earned leave salary. He retired on 16th February 2020 after rendering 24 years and 7 months of service. His basic salary was ₹15,000 p.m. His dearness allowance was ₹10,000 p.m (forms part of retirement benefit). Leave entitlement 1.5 months for each completed year of service. The amount of taxable earned leave salary:
- (a) Nil (b) ₹1,00,000
(c) ₹25,000 (d) ₹50,000
- (129) Where the employee is not in receipt of gratuity what will be the exemption?
- (a) 1/3rd of the commuted value of the pension which he is entitled to receive (b) 1/2 of Commuted value of the pension which he is entitled to receive
(c) Wholly exempt (d) Wholly taxable
- (130) Bimal is employed in a factory at a salary of ₹2,400 per month. He also gets dearness allowance @ ₹ 600 per month and bonus @ ₹200 per month. He retired on 31st December, 2019 and received ₹75,000 as gratuity under the Payment of Gratuity Act, 1972 after serving 31 years and 4 months in that factory. The amount of gratuity exempt under the Income tax Act, 1961 will be – (Dec. 2014)
- (a) ₹75,000 (b) ₹53,654
(c) ₹21,346 (d) ₹20,00,000.
- (131) X retired on 15-4-2019 from a company. He was entitled to a pension of ₹4,000 p.m. At the time of retirement, he got 75% of the pension commuted and received ₹1,20,000 as commuted pension. Compute the taxable portion of the commuted pension if he is entitled to gratuity.

- (a) ₹ 66,667 (b) ₹ 53,333
(c) ₹ 1,20,000 (d) ₹ 78,667
- (132) Anand is entitled to get a pension of ₹6,000 per month from a private company. He gets 60% of the pension commuted and receives ₹3,60,000. He also receives ₹2,00,000 as gratuity from the same employer. The taxable portion of commuted value of pension will be - *(Dec. 2014)*
- (a) ₹ 1,60,000 (b) Nil
(c) ₹ 3,60,000 (d) ₹ 60,000
- (133) Suresh is entitled to get a pension of ₹600 per month from a private company. He gets three-fifth of the pension commuted and received ₹36,000. He did not receive gratuity. The taxable portion of commuted value of pension is *(June, 2012)*
- (a) ₹ 16,000 (b) ₹ 6,000
(c) ₹ 18,000 (d) ₹ 12,000.
- (134) An employee of a company, who was entitled for a gratuity of ₹ 8,00,000, also received ₹12,00,000 by commuting 40% of his pension. The taxable amount of commuted pension is - *(June 2016)*
- (a) ₹ 2,00,000 (b) ₹ 4,00,000
(c) ₹ 12,00,000 (d) ₹ 22,00,000
- (135) Mr. Goyal retires from a Private service on 1st August 2019. At the time of his retirement after 28 years and 8 months of service, he was getting the salary of ₹34,000 per month. He gets pension of ₹10,000 per month upto 31st December 2019. With effect from 1st January 2020 he gets 4/5th of his pension commuted for ₹12,00,000. Determine his gross salary taxable for A/Y 2020-21 will be-----
- (a) ₹ 6,42,000 (b) ₹ 6,66,000
(c) ₹ 5,86,000 (d) ₹ 1,92,000
- (136) Rohit retires from private service on 30th April, 2019 and his pension has been fixed at ₹1,500 p.m. He gets 1/2 of his pension commuted during January, 2020 and receives ₹75,000. He also gets ₹60,000 as gratuity. The total pension taxable including commuted value will be - *(Dec. 2015)*
- (a) ₹ 16,500 (b) ₹ 41,500
(c) ₹ 39,250 (d) ₹ 14,250
- (137) What is the specified limit in case of exemption for retrenchment compensation under section 10(10B).
- (a) ₹ 3,00,000 (b) ₹ 4,00,000
(c) ₹ 3,50,000 (d) ₹ 5,00,000
- (138) The exemption of Voluntary Retirement compensation is available to an employee who has completed -----years of service or completed.....years of age except in case of employees of public sector company.
- (a) 10,40 (b) 10,50
(c) 8,40 (d) 10,58
- (139) The maximum amount of compensation received at the time of voluntary retirement exempt from tax is - *(June 2013)*
- (a) ₹ 2,00,000 (b) ₹ 5,00,000
(c) ₹ 10,00,000 (d) The actual amount received as compensation. *Ans.(b)*
- (140) Mr. Aman avails the benefit of LTC and went by air (economy class) on a holiday in India on 25-01-2020 along with his wife and three children consisting of son aged 2 years and twin daughters of 6 years age. Total cost of tickets reimbursed by his employer was ₹1,00,000 (₹ 55,000 for 2 adults and ₹ 45,000 for the three children). The amount taxable in hands of Amit will be -
- (a) ₹ 15,000 (b) ₹ 1,00,000
(c) ₹ 45,000 (d) ₹ 55,000 *Ans.(a)*

- (141) Which of the following is not correct about the approved superannuation fund _ (June, 2015)
- (a) Employees' contribution qualifies for deduction under section 80C
(b) Any amount contributed by the employer is exempt from tax
(c) Interest on accumulated balance is exempt from income-tax
(d) Under some circumstances, payments from the fund are chargeable to income-tax
- (142) Statutory provident fund is set up under the provisions of the Provident Funds Act, 1925 is applicable to -----
- (a) Government organizations
(b) Semi-Government organizations,
(c) Local authorities,
(d) All of the above
- (143) Mr. Sharma retires from a Private service on 31st August 2019. At the time of his retirement after 28 years and 4 months of service, he was getting the salary of ₹ 34,000 per month. He gets ₹5,00,000 (including accumulated interest of ₹ 1,00,000) from recognised provident fund. The employer and Mr. Jain has made a matching contribution. Compute his Income from salary for Assessment Year 2020-21-
- (a) ₹1,36,000
(b) ₹6,36,000
(c) ₹3,86,000
(d) ₹3,36,000
- (144) Mrs. Meetu retired from service with Earth Ltd. on 31st January, 2020. She received the following amounts from unrecognised provident fund: (i) Own contribution ₹ 1,50,000; (ii) Interest on own contribution ₹ 21,000; (iii) Employer's contribution ₹ 1,10,000; and (iv) interest on employer's contribution ₹ 15,000. How much of the receipt is chargeable to tax as income from salary – (June 2016)
- (a) ₹21,000
(b) ₹15,000
(c) ₹1,25,000
(d) ₹1,71,000
- (145) Mr. Bansal retires from a Private service on 1st August 2019. At the time of his retirement after 28 years and 4 months of service, he was getting the salary of ₹34,000 per month. He gets ₹ 5,00,000 (including accumulated interest of ₹ 1,00,000) from unrecognised provident fund. The employer and Mr. Bansal has made a matching contribution. Compute his Income from salary for Assessment Year 2020-21 :
- (a) ₹ 1,36,000
(b) ₹ 6,36,000
(c) ₹ 3,86,000
(d) ₹ 3,36,000
- (146) Deduction u/s 80C on employee's contribution is not available in case of :
- (a) Statutory Provident Fund
(b) Recognised Provident Fund
(c) Unrecognised Provident Fund
(d) Public Provident Fund
- (147) Employer's contribution to recognised provident fund is taxable in excess of _____ of salary:
- (a) 12%
(b) 9.50%
(c) 9 %
(d) 8.50%
- (148) For the year ended 31st March, 2020, Prakash receives a salary of ₹2,80,000. His contribution to employee's recognised provident fund account is ₹59,000 and matching contribution has been made by employer. Taxable income of Prakash will be ----- (Dec. 2014)
- (a) ₹ 1,96,400
(b) ₹2,46,400
(c) ₹ 3,39,000
(d) ₹ 2,80,000.
- (149) Lump sum payment at the time of retirement or termination of service received from unrecognised provident fund to the extent it consists of interest on employees contribution is :
- (a) Taxable as salary
(b) Taxable under Income from other sources
(c) Fully exempt from tax
(d) Taxable as business Income
- (150) Mr. R (65 years) submits the following information for the Assessment year 2020-21 :
- Gross salary - ₹ 8,80,000
Income from other sources - ₹ 60,000

Contribution to PPF - ₹ 70,000

Compute the tax liability of A.

- (a) ₹ 74,000 (b) ₹ 97,000
(c) ₹ 76,960 (d) ₹ 99,970
- (151) Government of India paid salary of ₹ 5lakh and allowances/perquisites valued at ₹ 2.20 lakh to a person who is citizen of India for the services rendered by him outside India for 5 months during the previous year. His total income chargeable to tax would be
(a) ₹7,20,000 (b) ₹5,00,000 (Dec. 2015)
(c) ₹6,10,000 (d) Nil
- (152) Rohit is employed in a company with annual salary of ₹ 8,60,000 (computed). The company paid income-tax of ₹ 37,000 on his non-monetary perquisites. He paid ₹ 1,20,000 to recognised provident fund during the year 2019-20 His total income would be
(a) ₹7,77,000 (b) ₹ 7,40,000 (Dec. 2015)
(c) ₹7,97,000 (d) ₹ 7,60,000
- (153) Anil is employed in a company with annual salary of ₹ 8,60,000 (computed). The company paid income-tax of ₹ 37,000 on his monetary perquisites. He paid ₹ 1,20,000 to recognised provident fund during the year 2019-20. His total income would be
(a) ₹7,77,000 (b) ₹7,40,000
(c) ₹7,97,000 (d) ₹7,60,000

ANSWER KEY

1.B	2.D	3.A	4.A	5.B	6.B	7.D	8.C	9.B	10.A
11.B	12.A	13.A	14.C	15.C	16.C	17.B	18.A	19.B	20.C
21.B	22.B	23.B	24.C	25.A	26.B	27.B	28.D	29.B	30.D
31.A	32.A	33.C	34.A	35.D	36.D	37.A	38.D	39.A	40.A
41.A	42.D	43.D	44.D	45.B	46.D	47.A	48.B	49.B	50.B
51.A	52.A	53.B	54.C	55.A	56.A	57.B	58.A	59.B	60.B
61.A	62.B	63.A	64.C	65.D	66.A	67.B	68.A	69.B	70.B
71.A	72.D	73.C	74.B	75.B	76.A	77.C	78.A	79.A	80.A
81.A	82.C	83.A	84.D	85.C	86.B	87.D	88.D	89.B	90.D
91.B	92.B	93.B	94.C	95.B	96.D	97.C	98.B	99.D	100.A
101.A	102.C	103.D	104.B	105.D	106.A	107.C	108.D	109.A	110.A
111.B	112.A	113.A	114.B	115.C	116.B	117.A	118.C	119.A	120.D
121.C	122.B	123.B	124.C	125.B	126.A	127.C	128.B	129.B	130.B
131.A	132.A	133.B	134.A	135.A	136.C	137.D	138.A	139.B	140.A
141.B	142.D	143.A	144.C	145.C	146.C	147.A	148.A	149.B	150.C
151.B	152.B	153.A							