

**OTHER SOURCES MCQ**

- (1) Income of every kind, which is not to be excluded from the total income under this Act and not charged to income-tax under any of the other four heads, shall be chargeable to income-tax under the head \_\_\_\_\_
- (a) Income from salaries (b) Income from House Property  
(c) Profits and gains from business and profession (d) Income from Other Sources
- (2) Which is the charging section for income chargeable under the head Income from other sources?
- (a) Section 15 (b) Section 28  
(c) Section 22 (d) Section 56
- (3) John, engaged in fertiliser trade received rent by sub-letting a building. This will be taxable under the head - (June, 2015)
- (a) Income from house property (b) Income from capital gains  
(c) Income from profits & gains of business & profession (d) Income from other sources.
- (4) Under the Income-tax Act, 1961, dividend derived from the shares held as stock-in-trade are taxable under head - (June, 2015)
- (a) Income from other sources (b) PGBP  
(c) Capital gains (d) Either capital gains or PGBP.
- (5) Which of the following incomes are chargeable under the head 'Income from other sources'?
- (a) Dividends (b) Winnings from lotteries  
(c) Betting (d) All of these
- (6) Agriculture income received from outside India will be -
- (a) Taxable under the head Profit and Gains of Business or Profession (b) Taxable under the head Income from other sources  
(c) Exempt from tax (d) None of these
- (7) Ram was dealing in the business of lotteries. He himself won a lottery. Income earned from such lottery will be
- (a) Taxable under the head Profit and Gains of Business or Profession (b) Taxable under the head Income from other sources  
(c) Exempt (d) None of these
- (8) Salary paid to a member of parliament will be –
- (a) Taxable under the head Profit and Gains of Business or Profession (b) Taxable under the head Income from other sources  
(c) Exempt (d) None of these
- (9) Any sum of money received as an advance or otherwise in the course of negotiations for transfer of a capital asset is forfeited and the negotiations do not result in transfer of such capital asset will be taxable under the head -
- (a) Profit and Gains of Business or Profession (b) Income from other sources  
(c) Capital gains (d) Income from house property
- (10) Arun entered into an agreement with Brij for sale of a building for ₹ 20 lakh in June, 2019. Arun received advance of ₹ 2 lakh. Subsequently, the agreement was cancelled and Arun forfeited the advance money. The advance money is - (Dec. 2015)
- (a) To be reduced from the cost of acquisition (b) To be reduced from indexed cost of acquisition  
(c) Taxable as capital gains (d) Taxable as income under the head 'income from other sources
- (11) Ram received ₹ 7lakh by way of enhanced compensation in March, 2020. A further sum of ₹ 2lakh decreed by the court is due but not received till 31<sup>st</sup> March, 2020. The amount of income chargeable to tax for A/Y 2020-21 would be -----(Dec. 2015)
- (a) ₹ 3,50,000 (b) ₹ 7,00,000  
(c) ₹ 9,00,000 (d) ₹ 4,50,000

- (12) Shashi received ₹10,000 as directors fee from a company. This amount will be taxable under the head \_\_\_\_\_
- (a) Profit and Gains of Business or Profession (b) Income from other sources  
(c) Exempt (d) None of these
- (13) An assessee earned interest on post office savings bank account : ₹6,000. Such sum shall be taxable under the head:
- (a) Salaries (b) Profit & Gains of Business & Profession  
(c) Capital Gains (d) Income from Other Sources
- (14) Ram owned a machinery. He let it on hire to Raghav for ₹2,40,000 p.a. Such amount shall be taxable under head:
- (a) Income from other sources (b) Income from house property  
(c) Income from Business and profession (d) Any of the above
- (15) Income from letting on hire of plant, machinery or furniture is chargeable under the head -
- (a) Income from other sources. (b) Profits and gains of Business or Profession.  
(c) Capital Gains. (d) Either (a) or (b)
- (16) Under which head income from letting on hire of machinery etc. will be taxed if the same is not chargeable under the head 'Profits and gains of Business and Profession'
- (a) Income from Other Sources. (b) Salaries  
(c) Capital Gains (d) Income from House Property
- (17) Income earned by an assessee from letting on hire machinery, plant or furniture belonging to him and also buildings, and where letting of buildings is inseparable from the letting of the said machinery, plant or furniture shall be taxable under the head:
- (a) Income from other sources (b) Income from house property  
(c) Income from Business and profession (d) Any of the above
- (18) Any sum received by employer from employees as contribution to certain funds is taxable under the head:
- (a) Salaries (b) Profit & Gains of Business & Profession  
(c) Capital Gains (d) Income from Other Sources

#### DIVIDEND, DEEMED DIVIDEND AND ITS TAXABILITY

- (19) Amount paid to or received by a shareholder in proportion to its shareholding in a company out of the total sum so distributed is known as:
- (a) Share (b) Dividend  
(c) Bonus (d) Profit
- (20) The date fixed by a company for entitlement of dividend or by a mutual fund administration/ specified company for entitlement of dividend or bonus units is known as :
- (a) Due date (b) Record date  
(c) Expiry date (d) None of these
- (21) Rashmi held 1,000, 12% Preference shares of ₹100 each in Rose Ltd. Dividend was received by her on 25<sup>th</sup> March, 2020. Calculate the amount chargeable to tax.
- (a) Exempt (b) ₹12,000  
(c) ₹120 (d) None of the above
- (22) Deemed dividends as given in Section 2(22), which provides" dividend" includes \_
- (a) Distribution of accumulated profits, entailing release of assets by the company to its shareholders. (b) Distribution of debentures/ deposit-certificates to shareholders or bonus shares to preference shareholders to an extent to which the company possesses accumulated profits.

- (c) Distribution to shareholders on liquidation to the extent to which the distribution is attributable to the accumulated profits of the company immediately before its liquidation. (d) All of the above.
- (23) Which of the following distributions by a company to its shareholders are not considered as deemed dividends?  
 (a) Debentures (b) Debenture Stock  
 (c) Shares issued for full cash consideration (d) Bonus shares
- (24) A private limited company engaged in manufacturing activity had general reserve of ₹ 20 lakh. It granted a loan of ₹ 5 lakh to a director who held 13% shareholding cum voting rights in the company. The said loan was re-paid by him before the end of the year. The amount of deemed dividend arising out of the above transaction is - (Dec. 2015)  
 (a) ₹ 2,60,000 (b) ₹ 2,40,000  
 (c) ₹ 5,00,000 (d) Nil.
- (25) Mr. X resident individual 45 years of age gives the following information pertaining to the assessment year 2020-21 :
- | Particulars  | ₹         |
|--|-----------|
| Dividend from shares of Indian company on which the company has paid dividend distribution tax u/s 115-0 | 12,50,000 |
| Expenses incurred on collecting such dividends   | 12,500    |
- Determine the amount of Total Income and tax liability for the assessment year 2020-21.  
 (a) ₹ 26,000 (b) ₹ Nil  
 (c) ₹ 13,000 (d) ₹ 1,30,000
- (26) X Ltd. reduced its share capital and for that distributed to its shareholders an amount of ₹ 55,00,000. The company possessed accumulated profits of ₹ 35,00,000 as on the date of distribution. What shall be the amount to be assessed as deemed dividend?  
 (a) ₹ 55,00,000 (b) ₹ 35,00,000  
 (c) ₹ 20,00,000 (d) NIL
- (27) ABC Pvt. Ltd. gave a loan of ₹ 5,00,000 to its shareholder. The shareholder was the beneficial owner of equity shares of the company as he held 14% of the voting power of the Company. The company possessed accumulated profits of ₹ 3,00,000 as on the date of advancement of loan. What shall be the amount to be assessed as deemed dividend?  
 (a) ₹ 5,00,000 (b) ₹ 3,00,000  
 (c) ₹ 2,00,000 (d) Nil
- (28) ABC Ltd. gave a loan of ₹ 9,00,000 to its shareholder. The shareholder was the beneficial owner of equity shares of the company as he held 12% of the voting power of the Company. The company possessed accumulated profits of ₹ 1,00,000 as on the date of advancement of loan. What shall be the amount to be assessed as deemed dividend?  
 (a) ₹ 9,00,000 (b) ₹ 1,00,000  
 (c) ₹ 8,00,000 (d) NIL
- (29) As per section 2(22)(e), loan/ advances given by a closely held company to a concern in which its shareholder has substantial interest, then to the extent of accumulated profits held by the private company (capitalised accumulated profits not included), it shall be considered as deemed dividend . A person is deemed to have a substantial interest:  
 (a) If he holds 20% of voting power (equity shares) in the company; (b) If he is beneficially entitled to 20% or more of the income of such concern.  
 (c) Either (a) or (b) (d) None of these.
- (30) ABC Pvt. Ltd. gave a loan of ₹ 9,00,000 to PQR & Co. 'C', a shareholder of ABC Pvt. Ltd. was holding 20% of the voting power (equity shares) in the concern PQR & Co. The company possessed accumulated profits of ₹ 5,20,000 as on the date of advancement of loan to the PQR & Co. What shall be the amount to be assessed as deemed dividend ?

- (a) ₹ 3,80,000 (b) ₹ 9,00,000  
(c) ₹ 5,20,000 (d) Nil
- (31) ABC Pvt. Ltd. gave a loan of ₹ 9,00,000 to PQR & Co. The company possess nil accumulated profits as on the date of advancement of loan to PQR & Co., then what shall be the amount to be assessed as deemed dividend ?
- (a) ₹ 3,80,000 (b) ₹ 9,00,000  
(c) ₹ 5,20,000 (d) Nil
- (32) ABC Pvt. Ltd. gave a loan of ₹ 9,00,000 to PQR & Co. The company possess accumulated profits of ₹ 11,00,000 as on the date of advancement of loan to PQR & Co., then what shall be the amount to be assessed as deemed dividend?
- (a) ₹ 3,80,000 (b) ₹ 9,00,000  
(c) ₹ 5,20,000 (d) Nil
- (33) Dividend received from a foreign company (net) ₹ 8,000. Nothing has been paid to the Government of India out of tax deducted at source. Calculate the amount to be included while computing income under the head 'Income from Other Sources'.
- (a) NIL (b) ₹ 8,000  
(c) ₹ 11,428 (d) ₹ 2,400
- (34) The maximum limit of exemption in case of lotteries or crossword puzzles or card game is :
- (a) ₹ 2,500 (b) ₹ 50,000  
(c) ₹ 10,000 (d) ₹ 5,000
- (35) The maximum limit of exemption in case of horse races is:
- (a) ₹ 2,500 (b) ₹ 10,000  
(c) ₹ 5,000 (d) ₹ 1,000
- (36) Winnings from lotteries, crossword puzzles, races including horse races, card games and other games of any sort or from gambling or betting of any form or nature, taxable under the head 'Income from other sources' after grossing up is taxed without allowing basic exemption limit at flat rate of :
- (a) 30% (b) 20%  
(c) 10% (d) 15%
- (37) Winnings from lotteries (gross) ₹ 90,000. Calculate the amount to be included while computing income under the head 'Income from Other Sources'.
- (a) ₹ 90,000 (b) ₹ 1,20,000  
(c) ₹ 27,000 (d) ₹ 1,17,000
- (38) Winnings from horse race (net) ₹ 35,000. Calculate the amount to be included while computing income under the head 'Income from Other Sources'.
- (a) ₹ 35,000 (b) ₹ 50,000  
(c) ₹ 10,500 (d) ₹ 60,500
- (39) Miss. Z received an amount of ₹ 35,000 on 1-12-2019 in connection with winning from camel races. Cost of race tickets purchased was ₹ 2,000. Calculate amount to be included under the head 'Income from Other Sources':
- (a) ₹ 35,000 (b) ₹ 50,000  
(c) Nil (d) ₹ 10,000
- (40) ₹ 30,000, 11% securities (unlisted) of a textile company. What shall be the amount of interest income earned from securities to be taxable under the head of Income from Other Sources?
- (a) ₹ 30,000 (b) ₹ 3,300  
(c) ₹ 26,700 (d) Not taxable

- (41) An assessee received an income of ₹ 9,000 as interest on securities of a listed paper manufacturing company. What shall be the amount of interest income earned from securities to be taxable under head Income from Other Sources?
- (a) ₹ 9,000 (b) ₹ 10,000  
(c) ₹ 8,100 (d) Not taxable
- (42) Rashmi received rent of ₹ 60,000 from letting a residential building (in Mumbai) along with plant and machinery (letting out building is inseparable from letting of plant and machinery). She expended ₹ 6,000 for repairs and insurance of the buildings and plant and machinery. The WDV of building was ₹ 2,00,000 as on 1-4-2019 and the plant and machinery was purchased on 9<sup>th</sup> May 2019 for ₹ 20,000. Amount taxable is :
- (a) ₹ 54,000 (b) ₹ 41,000  
(c) ₹ 60,000 (d) ₹ 44,000
- (43) If interest on securities is received after deduction of tax at source then the amount to be included in the total income is:
- (a) Gross interest (b) Net interest  
(c) No amount to be included (d) None of these
- (44) Sum received under a Keyman insurance policy including bonus received by Keyman who is not an employee shall be taxable under the head:
- (a) Income from other sources (b) Income from house property  
(c) Income from Business and profession (d) Any of the above

### TAXABILITY OF GIFTS

- (45) Akash received a gift of ₹ 35,000 each on 22th May, 2019 from his three friends. The amount chargeable to tax in this case would be \_ (Dec. 2014)
- (a) ₹ 50,000 (b) ₹ 1,05,000  
(c) Nil (d) ₹ 55,000
- (46) Cash gifts exceeding \_\_\_\_ shall be chargeable under the head income from other sources:
- (a) ₹ 5,000 (b) ₹ 20,000  
(c) ₹ 50,000 (d) ₹ 25,000
- (47) The taxability of gift shall not apply if this gift is received from:
- (a) Relative (b) Local authority  
(c) By way of inheritance (d) All of these
- (48) Mrs. X received the following gifts during the year. Which gifts shall be included in computing the income from other sources?
- (a) Gift of ₹ 26,000 from her employer. (b) Gift of ₹ 21,000 on 1<sup>st</sup> December from her mother's friend.  
(c) Gift of ₹ 1,21,000 from her husband's brother. (d) Gift of ₹ 60,000 on 25<sup>th</sup> November from her father's brother.
- (49) Mrs. X received the following gifts during the year. Which gifts shall not be included in computing the income from other sources?
- (a) Scholarship of ₹ 1,20,000 from a charitable institution registered under section 12AA. (b) Gifts of ₹ 51,000 each received from her four friends on the occasion of her marriage on 21 st October.  
(c) Gift of ₹ 1,41,000 from her husband's brother. (d) All of the above.
- (50) Which of the following income will be taxable as income from other sources - (June, 2015)
- (a) Purchase of house from husband for inadequate consideration (b) Purchase of painting from registered dealer at invoice value less than fair market value  
(c) Cash gift from a non-resident friend on marriage anniversary (d) All of the above.

- (51) Riya received gift of jewellery, fair market value of which is ₹ 3,00,000 on 17<sup>th</sup> October from her fiancée. What will be the taxable amount?
- (a) Nil (b) ₹ 3,00,000  
(c) ₹ 2,50,000 (d) ₹ 50,000
- (52) Mahesh received a watch worth ₹ 60,000 from his cousin grandfather (brother of his grandfather). What will be the taxable amount?
- (a) Nil (b) ₹ 60,000  
(c) ₹ 10,000 (d) ₹ 50,000
- (53) If A receives ₹ 31,000 from B and ₹ 20,000 from C, then, what will be the taxable amount?
- (a) Nil (b) ₹ 1,000  
(c) ₹ 51,000 (d) ₹ 50,000
- (54) Suresh received a share of ₹ 60,000 from his cousin grandfather (brother of his grandfather). What will be the taxable amount?
- (a) Nil (b) ₹ 60,000  
(c) ₹ 10,000 (d) ₹ 50,000
- (55) Nita received a gift from his sister in Netherlands of ₹ 2,50,000. What will be the taxable amount?
- (a) Exempt (b) ₹ 2,50,000  
(c) ₹ 2,00,000 (d) ₹ 50,000
- (56) Ram received ₹ 70,000 from his friend on the occasion of his birthday.
- (a) The entire amount of ₹ 70,000 is taxable (b) ₹ 20,000 is taxable  
(c) The entire amount is exempt (d) None of the above.
- (57) Hema received a cash gift of ₹ 80,000 from her friend on her 25<sup>th</sup> wedding anniversary. Amount taxable is :
- (a) Exempt (b) ₹ 80,000  
(c) ₹ 30,000 (d) ₹ 50,000
- (58) Gift of ₹ 5,00,000 received on 10<sup>th</sup> July, 2019 through account payee cheque from a non-relative regularly assessed to income-tax, is -
- (a) A capital receipt not chargeable to tax (b) Chargeable to tax as income from other sources  
(c) Chargeable to tax as business income (d) Exempt upto ₹ 50,000 and balance chargeable to tax as income from other sources.
- (59) Mr. A received cash gift worth ₹ 55,000 from his grandfather's brother, on the occasion of the marriage of his son. What will be the taxable amount -
- (a) ₹ 55,000 (b) Nil  
(c) ₹ 50,000 (d) ₹ 5,000
- (60) Mr. X received a Watch worth ₹ 55,000 from his employer on the occasion of his birthday. What will be the tax consequences?
- (a) ₹ 55,000 taxable in the hand of X, as income from salaries (b) ₹ 55,000 taxable in the hands of X, as **Business income**.  
(c) ₹ 55,000 taxable, as income from other sources (d) None of these
- (61) On 5<sup>th</sup> February, 2020 Raj gets a gift of motor car from a relative Mahesh. Fair market value of the car is ₹ 3,60,000. The amount taxable in the hands of Raj under section 56(2)(vii) is - (Dec. 2012)
- (a) ₹ 3,60,000 (b) ₹ 3,10,000  
(c) Nil (d) ₹ 50,000

- (62) X & Co. received a gift of 900 shares of ABC Pvt. Ltd. at a consideration of ₹ 1,60,000. The aggregate fair market value of shares is ₹ 2,30,000. What will be the taxable amount under the head Income from Other Sources?  
 (a) Nil (b) ₹ 50,000  
 (c) ₹ 70,000 (d) ₹ 1,60,000
- (63) XYZ Pvt. Ltd. issued 1,00,000 shares. The face value of shares is ₹ 200, Fair Market value ₹ 190 and issue price ₹ 210. Calculate the amount to be considered as income in hands of XYZ Pvt. Ltd. as per section 56(2).  
 (a) Nil (b) ₹ 20,00,000  
 (c) ₹ 10,00,000 (d) ₹ 5,00,000
- (64) If in the above case, face value of shares is ₹ 200, Fair Market value ₹ 190 and issue price ₹ 198. Calculate the amount to be considered as income in hands of XYZ Pvt. Ltd. as per section 56(2)(viib).  
 (a) Nil (b) ₹ 20,00,000  
 (c) ₹ 10,00,000 (d) ₹ 5,00,000
- (65) ABC Pvt. Ltd. issued 1,00,000 shares. The face value of shares is ₹ 200, Fair Market value ₹ 220 and issue price ₹ 230. Calculate the amount to be considered as income in hands of ABC Pvt. Ltd. as per section 56(2).  
 (a) Nil (b) ₹ 20,00,000  
 (c) ₹ 10,00,000 (d) ₹ 5,00,000
- (66) XYZ Pvt. Ltd. issued shares. Mr. R, resident of India, purchased the shares at a consideration of ₹ 5,00,000. The fair market value of such shares was of ₹ 4,50,000. What will be the taxable amount under the head Income from Other Sources?  
 (a) Nil (b) ₹ 50,000  
 (c) ₹ 4,50,000 (d) ₹ 5,00,000
- (67) Sandep received the following income during financial year 2019-20 : Director's fees ₹ 5,000, income from agricultural land in Pakistan ₹ 15,000, rent from let-out of land in Jaipur ₹ 20,000, Interest on deposit with HDFC Bank ₹ 1,000 and dividend from Indian company ₹ 5,000. His income from other sources is - (Dec. 2014)  
 (a) ₹ 41,000 (b) ₹ 46,000  
 (c) ₹ 31,000 (d) ₹ 26,000
- (68) Rishi received the following gifts during the previous year:  
 (i) ₹ 50,000 from his employer  
 (ii) ₹ 1,00,000 from mother's sister  
 (iii) ₹ 10,000 from his friend on the occasion of his marriage  
 (iv) ₹ 60,000 in the form of scholarship from a registered charitable trust. The amount of taxable gift under the head 'income from other sources' is \_\_\_\_\_ (June 2016)  
 (a) Nil (b) ₹ 50,000  
 (c) ₹ 1,50,000 (d) ₹ 2,10,000
- (69) Easy(Pvt.) Ltd. issued 10,000 equity shares to Paresh at ₹ 18 per share when the fair market value of each share was determined at ₹ 11 per share. The tax implication of the transaction is - (June 2016)  
 (a) ₹ 70,000 taxable as income for Easy (Pvt.) Ltd (b) ₹ 20,000 taxable as income Paresh  
 (c) ₹ 10,000 taxable as income for Paresh (d) Nil

#### DEDUCTIONS IN COMPUTING INCOME FROM OTHER SOURCES

- (70) Interest on compensation/ enhanced compensation shall \_  
 (a) be taxable in the year of receipt. (b) be taxable in the year of accrual.  
 (c) be taxable receipt/ accrual, whichever is earlier. (d) not be taxable.

- (71) Sarthak has received a sum of ₹ 3,40,000 as interest on enhanced compensation for compulsory acquisition of land by State Government in May, 2019, of this, only ₹ 12,000 pertains to the current year and the rest pertains to earlier years. The amount chargeable to tax for the assessment year 2020-21 would be - (June, 2015)
- (a) ₹ 12,000 (b) ₹ 6,000  
 (c) ₹ 3,40,000 (d) ₹ 1,70,000
- (72) Fixed deduction available in respect of income of interest on compensation/ enhanced compensation shall be:
- (a) 50% (b) 30%  
 (c) Nil (d) 100%
- (73) Assessee received interest on enhanced compensation of ₹ 50,000 as per court decree in December 2019 by Mr. Yogi. Out of the said amount a sum of ₹ 35,000 relates to preceding financial years. The taxable income is:
- (a) ₹ 25,000 (b) ₹ 15,000  
 (c) ₹ 17,500 (d) ₹ 35,000
- (74) Incomes taxable under the head of Income from Other Sources are:
- (a) Interest on bank deposits and loans. (b) Interest on foreign Government securities.  
 (c) Agricultural income received from outside India (d) All of the above.
- (75) Which of the following income is not taxable under the head income from other sources?
- (a) Income from letting of **Building**. (b) Income from sub letting.  
 (c) Director's fees. (d) Commission received by the director on giving bank guarantee for the company.
- (76) Royalty received from a publisher by Nisha was of ₹ 42,700. She spent ₹ 2,700 on books, stationery, typing, etc. Calculate the amount of income chargeable to tax under head Income from other sources?
- (a) Exempt (b) ₹ 42,700  
 (c) ₹ 40,000 (d) ₹ 2,700
- (77) Mr. Ram was earning income from sub-letting of motor car to his friend. Such income shall be taxable under which head of income?
- (a) Income from other sources (b) Income from house property  
 (c) Income from Business and profession (d) Any of the above
- (78) The amount deductible from family pension is upto - (Dec. 2014)
- (a) ₹ 15,000 or 1/3<sup>rd</sup> of family pension whichever is less (b) ₹ 15,000 or 1/2 of family pension whichever is less  
 (c) ₹ 10,000 or 1/3<sup>rd</sup> of family pension whichever is less (d) No deduction.
- A
- (79) Ms. Sushila is in receipt for family pension of ₹ 15,000 p.m. during 2019-20. Income chargeable to tax for assessment year 2020-21 of Ms. Sushila is \_\_\_\_\_ (Dec. 2015)
- (a) ₹ 1,80,000 (b) ₹ 1,20,000  
 (c) ₹ 1,65,000 (d) Nil.
- (80) X took a house on lease for 10 years and let it further to a tenant for his residence at a monthly rent of ₹ 2,400. He incurred following expenses during year: Lease rent: ₹ 1000 p.m., Salary of Watchman : ₹ 200 p.m. and Interest on loan taken to pay for acquisition of lease : ₹ 200 p.m. Compute income chargeable under head Income from other sources?
- (a) ₹ 12,000 (b) ₹ 28,800  
 (c) ₹ 16,800 (d) Nil



- (81) What is the taxability of dividend income under section 2(22)(a) to 2(22)(d) in hands of shareholders?
- (a) Dividend tax @ 12.5% (b) Exempt u/s 10(34) upto ₹ 10,00,000.  
(c) Dividend tax @ 12.5% + Surcharge + HEC (d) None of these
- (82) What is the taxability of dividend income under section 2(22)(a) to 2(22)(d) in hands of company?
- (a) Dividend distribution tax @ 15% (b) Exempt  
(c) Dividend distribution tax @ 15% on the gross amount of dividends + 12% Surcharge + 4% HEC (d) None of these
- (83) Company is liable to pay dividend distribution tax under section 115-0 @ 15% on the gross amount of dividends + 12% Surcharge + 4% HEC on the \_\_\_\_\_ amount of dividends.
- (a) Gross (b) Either A or B depending on situation  
(c) Net (d) Expected
- (84) What is the taxability of dividend income under section 2(22)(e) in the hands of company?
- (a) Dividend tax @ 15% (b) Taxable  
(c) Not Taxable (d) Dividend tax @ 20% + 12% Surcharge + 4% HEC
- (85) What is the taxability of dividend income under section 2(22)(e) in the hands of shareholder?
- (a) Exempt u/ s 10(34) (b) Not Taxable  
(c) Taxable (d) None of these
- (86) Interim Dividend declared by a company is accrued in which of the following year?
- (a) Previous year in which it is declared. (b) Previous year in which it is given.  
(c) Financial year in which it is actually given. (d) None of these.
- (87) In which year dividend declared by a company or distributed or paid by it u/ s 2(22) is deemed to be the income?
- (a) Previous year in which it is discussed. (b) Previous year in which it is given.  
(c) Previous year, in which it is so declared, distributed or paid, as the case may be. (d) None of these.
- (88) "Specified foreign company" means:
- (a) Foreign company in which Indian company holds 26% or more in nominal value of the equity share capital of the company. (b) Foreign company in which Indian company holds 51% or more in nominal value of the equity share capital of the company.  
(c) Company which is registered in India. (d) None of these.
- (89) Dividend received by an Indian company from specified foreign companies shall be taxable at :
- (a) 15% + Surcharge 12% + HEC @ 4%. No deduction allowed in respect of any expenditure or allowance under any provision. (b) 15% + Surcharge 12% + HEC @ 4%. Deduction allowed in respect of any expenditure or allowance under any provision.  
(c) 10% + Surcharge 12% + HEC @ 4%. No deduction allowed in respect of any expenditure or allowance under any provision. (d) 10% + Surcharge 12% + HEC @ 4%. Deduction allowed in respect of any expenditure or allowance under any provision.
- (90) In order to be entitled to concessional rate of tax for dividend received from a foreign company, the Indian company should have the following minimum shareholding in such foreign company - (June, 2015)
- (a) 10% (b) 25%  
(c) 26% (d) 51%
- (91) An assessee earned income of interest on securities amounting to ₹ 65,000. He paid a reasonable sum of ₹ 32,000 as commission to a banker for realising such interest on behalf of the assessee. Such amount of expenditure shall be:

- (a) Allowed (b) Disallowed  
(c) Partly allowed and partly disallowed (d) Any of the above
- (92) The deduction for family pension under section 57 can be determined as :  
(a) One third of the family pension (b) ₹ 15,000  
(c) Lower of (a) or (b) (d) Higher of (a) or (b)
- (93) Family pension received by a widow of a member of the armed forces where the death of the member has occurred in the course of the operational duties in the circumstances and subject of prescribed conditions, is -  
(a) Exempt upto ₹. 3,00,000 (b) Exempt upto ₹ 3,50,000  
(c) Totally exempt under section 10(19) (d) Totally chargeable to tax
- (94) Family pension received by Mr. Ram from the Government of Madhya Pradesh was of ₹ 15,000. Calculate the amount of income chargeable to tax under the head of income from other sources?  
(a) ₹ 15,000 (b) ₹ 10,000  
(c) ₹ 5,000 (d) Nil
- (95) X, a defence personnel, died in a war. His wife received the family pension of ₹ 7,500 per month during the year 2019-20. Calculate the amount of income chargeable to tax under the head of income from other sources?  
(a) ₹ 90,000 (b) ₹ 75,000  
(c) ₹ 15,000 (d) Nil
- (96) If in the above case, B did not die in a war then calculate the amount of income chargeable to tax?  
(a) ₹ 90,000 (b) ₹ 75,000  
(c) ₹ 15,000 (d) Nil
- (97) Sanjay died on 23<sup>rd</sup> July, 2019 while being in Central Government service. In terms of rules governing his service, his widow Mrs. Sunder is paid a family pension of ₹ 10,000 per month and dearness allowance of 40% thereof. Compute taxable income for the assessment year 2020-21.  
(a) ₹ 1,68,000 (b) ₹ 1,20,000  
(c) ₹ 1,53,000 (d) ₹ 1,05,000
- (98) Amounts that are not deductible while computing Income from Other Sources:  
(a) Personal expenses of the assessee; Income tax paid by assessee. (b) All disallowances under section 40A.  
(c) Interest/ Salaries payable outside India on which tax has not been paid or deducted. (d) All of the above.
- (99) Which of the following amount is not deductible while computing income from other sources?  
(a) Any sum paid on account of income tax. (b) Any personal expenses of the assessee.  
(c) Any sum paid on account of wealth tax. (d) **All of the above**
- (100) An assessee earned an income of ₹ 65,000 from lottery. Expenditure incurred by him in regard to earn this income was of ₹ 18,000. Deduction of such amount of expenditure shall be:  
(a) Allowed (b) Disallowed  
(c) Partly allowed and partly disallowed (d) Any of the above
- (101) The transaction whereby owner of securities transfers his securities to another person and such that the income of such security becomes due to such other person and the owner avoids tax thereon is known as :  
(a) Bond Washing (b) Bonus stripping  
(c) Dividend stripping (d) All of these

(102) Where any person buys/acquires any securities or unit within 3 months prior to record date, and sells/transfers the same within 3 months (9 months in case of unit) after record date and the dividend income thereon is exempt, then, while computing his income chargeable to tax, the loss, if any, arising to him on account of such purchase and sale shall be ignored to the extent of dividend or income from securities/unit. Such transaction made to avoid tax is known as:

- (a) Bond Washing (b) Bonus stripping  
(c) Dividend stripping (d) All of these

(103) Chander purchased units of UTI worth ₹ 15,46,000 on 1-5-2019. He received dividend of ₹ 2,00,000 on such units on 1-6-2019 (Record date: 31-5-2019). He sold the units on 31-11-2019 for ₹ 12,00,000. His other income under the head 'Capital Gains' is ₹ 10,00,000. Compute his total income for the assessment year 2020-21.

- (a) ₹ 8,54,000 (b) ₹ 10,00,000  
(c) ₹ 13,46,000 (d) Nil

(104) Where any person buys/ acquires any units within 3 months prior to record date; he is allotted bonus units thereon and he sells any of the original units within a period of 9 months after record date, while continuing to hold any of the bonus units, then, the loss, if any, arising to him on account of purchase and sale of original units shall be ignored in computing his total income and the loss so ignored shall be deemed to be the cost of purchase or acquisition of such bonus units as are held by him on the date of such sale. Such transaction made to avoid tax is known as :

- (a) Bond Washing (b) Bonus stripping  
(c) Dividend stripping (d) All of these

(105) X received a royalty of ₹ 1,00,000 from a book of stories written by him. He claimed ₹ 12,000 as expenditure on stationery and typing. He let-out of his buildings along with plant, machinery and furniture for ₹ 50,000 per month. He claimed the following expenses as deduction for this building - Insurance : ₹ 10,000; repairs : ₹ 15,000; depreciation: ₹ 40,000. Interest credited to his recurring deposit account and cumulative time deposit account in post office were ₹ 32,000 and ₹ 48,000 respectively. Compute the income taxable.

- (a) ₹ 6,55,000 (b) ₹ 7,03,000  
(c) ₹ 7,80,000 (d) Nil

(106) Compute income taxable under head income from other sources:

Interest on bank saving deposits	₹ 3,000
Winnings from lotteries (net)	₹ 35,000
Interest on Post office savings bank account	₹ 5,000

- (a) ₹ 54,500 (b) ₹ 43,000  
(c) ₹ 35,000 (d) ₹ Nil

(107) Compute income taxable under head income from other sources:

Dividend from shares of Indian company	₹ 3,000
Winnings from lotteries (net)	₹ 70,000
Rental Income of Plant and machinery	₹ 51,000

- (a) ₹ 1,51,000 (b) ₹ 1,21,000  
(c) ₹ 1,54,000 (d) ₹ 1,24,000

(108) Compute income taxable under head income from other sources received by Mr. X :

Cash gift received from his brother on occasion of his marriage anniversary	₹ 75,000
Winnings from lotteries (net)	₹ 70,000
Forfeited advance money received on occasion of transfer of capital asset	₹ 51,000

- (a) ₹ 1,96,000 (b) ₹ 1,51,000  
(c) ₹ 1,75,000 (d) ₹ 1,00,000

(109) Mrs. Lalita, 70 years old, received ₹ 30,000 every month from SBI under reverse mortgage scheme by mortgaging her residential house property. She also received monthly family pension of ₹ 15,000. Her total income for the assessment year 2020-21 is -----

(June 2016)

- (a) ₹ 5,40,000 (b) ₹ 1,80,000  
(c) ₹ 1,65,000 (d) ₹ 3,60,000

(110) The dividend received by an individual from an company in excess of ₹ \_\_\_\_\_ is chargeable to tax @ \_\_\_\_\_

- (a) ₹ 10,00,000, 10% (b) ₹ 5,00,000, 20%  
(c) ₹ 1,00,000, 10% (d) None of the above

### ANSWER KEY

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