

**HIMANSHU BAIROLIYA CLASSES**

**CS EXECUTIVE  
TAX PAPER  
JUNE 2016  
SUGGESTED ANSWERS  
by  
CA VIVEK GOEL**

*Disclaimer: We have taken care to make this suggested answers as the Most Authenticated Answers. Still neither HBC nor CA Vivek Goel shall be responsible for the result of any action taken on the basis of information provided in this publication.*

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324

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Note: All references to sections mentioned in Part-A of the question paper relate to the Income-tax Act, 1961 and relevant Assessment Year 2016 - 17 unless stated otherwise.

## PART-A

1. Bharat, engaged in business, claimed that he paid ₹10,000 per month by cheque as rent for his residence. He does not own any residential building. His total income computed before deduction under section 80GG is ₹3,40,000. The amount he can claim as deduction under section 80GG is —  
 (A) ₹24,000  
 (B) ₹34,000  
 (C) ₹1,20,000  
 (D) ₹60,000
2. Raman & Co., a partnership firm, received ₹5,00,000 from an insurance company under keyman insurance policy consequent to demise of partner Pramod. The amount of premium ₹2,30,000 paid earlier was claimed as deduction under section 37 by the firm. The amount received from the insurance company is —  
 (A) Tax-free under section 10(10D)  
 (B) Fully taxable as income  
 (C) ₹2,70,000 is taxable  
 (D) ₹2,30,000 is taxable.
3. Which of the following losses available after inter source set-off, cannot be set-off from incomes in other heads in the same assessment year —  
 (A) Speculation losses  
 (B) Loss from specified business  
 (C) Loss under the head capital gains  
 (D) All of the above.
4. To carry forward and set-off losses, a loss return must be filed by the assessee within the stipulated time and gets the loss determined by the Assessing Officer. However, this condition is not applicable to —  
 (A) Loss from house property  
 (B) Loss from speculation  
 (C) Loss from discontinued business  
 (D) Loss from capital assets.
5. Rajan paid ₹25,000 to LIC of India for the maintenance of his disabled son and incurred ₹15,000 for the treatment of his handicapped wife who is working in State Bank of India. The deduction allowable to him under section 80DD is —  
 (A) ₹15,000  
 (B) ₹25,000  
 (C) ₹50,000  
 (D) ₹75,000
6. Deduction in respect of interest on savings accounts under section 80TTA shall be allowed with respect to savings account with —  
 (A) Bank  
 (B) Co-operative society  
 (C) Post office  
 (D) All of the above.
7. A return filed by Ms. Mala was found to be defective. The Assessing Officer gave notice of the defect to the assessee. The time-limit for rectification of the defect is —  
 (A) 30 Days  
 (B) 15 Days  
 (C) 45 Days  
 (D) 60 Days.

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8. The book profit of a partnership firm is ₹1,20,000. The actual remuneration paid to working partners is ₹3,54,000. The allowable deduction under section 40(b) towards remuneration to partners is —
- (A) ₹1,50,000  
(B) ₹3,54,000  
(C) ₹1,08,000  
(D) ₹1,20,000
9. The assessment of Julie (Pvt.) Ltd. under section 143(3) for the assessment year 2014-15 was completed on 12<sup>th</sup> October, 2015. The notice of demand was served on 27<sup>th</sup> October, 2015. The assessee has to file appeal before the Commissioner (Appeals) within —
- (A) 30 Days  
(B) 60 Days  
(C) 15 Days  
(D) 90 Days.
10. Raghu, aged 62 years, has pension income of ₹2,40,000 and rental income (computed) of ₹3,60,000 for the financial year 2015-16. How much amount he must have paid as advance tax in September, 2015 —
- (A) ₹12,000  
(B) ₹10,000  
(C) ₹30,000  
(D) Nil.
11. Acrylic Ltd. sourced its new materials from Breeze Ltd. The relationship of associated enterprises would be established when Acrylic Ltd. buys raw material from Breeze Ltd. exceeding —
- (A) 50% of total raw material purchased  
(B) 90% of total raw material purchased  
(C) 25% of total raw material purchased  
(D) 35% of total payments for purchases.
12. Comfort (Pvt.) Ltd. issued 10,000 equity shares to Pawan 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 —
- (A) ₹70,000 taxable as income for Comfort (Pvt.) Ltd.  
(B) ₹20,000 taxable as income for Pawan  
(C) ₹10,000 taxable as income for Pawan  
(D) Nil.
13. Mrs. Laxmi, 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 2016-17 is —
- (A) ₹5,40,000  
(B) ₹1,80,000  
(C) ₹1,65,000  
(D) ₹3,60,000
14. Chand Ltd. filed its return of income on 7<sup>th</sup> December, 2015 declaring loss of ₹3,50,000. Later, it noticed a claim of expenditure omitted in the return filed. The revised return —
- (A) Must be filed before 31<sup>st</sup> March, 2017  
(B) Cannot be filed  
(C) Must be filed before 31<sup>st</sup> March, 2016  
(D) Can be filed before completion of the assessment.
15. Which of the following person is eligible to seek advance ruling —
- (A) Senior citizens  
(B) Professionals  
(C) Foreign companies  
(D) Non-residents.

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16. Rose Ltd. filed its return of income for the assessment year 2015-16 on 10<sup>th</sup> August, 2015. The notice under section 143(2) for scrutiny assessment should be served on the assessee by —
- (A) 31<sup>st</sup> March, 2016  
(B) 31<sup>st</sup> March, 2017  
(C) 10<sup>th</sup> February, 2016  
(D) 30<sup>th</sup> September, 2016.
17. A foreign institutional investor (FII) has total income which includes short-term capital gains on sale of listed shares of ₹30 lakh. The rate of tax for charging such income to tax is —
- (A) 10%  
(B) 30%  
(C) 15%  
(D) 40%.
18. Tax credit in respect of MAT paid as per section 115JB will be allowed only in the previous year in which the tax payable on the total income at the normal rate is —
- (A) More than the tax payable under section 115JB  
(B) Less than the tax payable under section 115JB  
(C) Equal to the tax payable under section 115JB  
(D) All of the above.
19. A domestic company distributed a dividend of ₹30,00,000 to its shareholders. Out of this dividend, ₹4,00,000 paid to a person on behalf of the New Pension System Trust and ₹1,00,000 paid to another corporate shareholder. The company also received a dividend of ₹2,00,000 from its subsidiary which paid dividend distribution tax under section 115-O. In this case, the amount of dividend subject to dividend distribution tax for the domestic company will be —
- (A) ₹24,00,000  
(B) ₹27,00,000  
(C) ₹28,00,000  
(D) ₹30,00,000
20. Anand, a resident in India, has a total income of ₹10,00,000 during the previous year 2015-16. This income includes foreign income of ₹3,00,000 from a country with which India does not have agreement to avoid double taxation. Tax levied by the foreign country on that foreign income was ₹40,000 and the tax payable as per the Indian rate on the total income amounts to ₹2,50,000. The double taxation relief allowable to Anand shall be —
- (A) ₹40,000  
(B) ₹75,000  
(C) ₹35,000  
(D) ₹25,000
21. When a non-domestic company is a member in an AOP and its share of profit is indeterminate, the tax on total income of the AOP is charged at the —
- (A) Nominal rate  
(B) Maximum marginal rate  
(C) Rate applicable to the company  
(D) Least of the above three rates.
22. Deduction under section 80C can be claimed for fixed deposit made in any scheduled bank, if the minimum period of deposit is —
- (A) 5 Years  
(B) 8 Years  
(C) 10 Years  
(D) 12 Years.

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23. Zeet Ltd. engaged in manufacturing of cement also had wind mills to generate power. Entire power generated by it was used by its wholly owned subsidiary Zoom Ltd. The amount received for the said power supply was ₹7 crore. Zeet Ltd. disclosed total income of ₹10 crore for the assessment year 2016-17. The due date for filing return of income by Zeet Ltd. is —
- (A) 31<sup>st</sup> July, 2016  
(B) 30<sup>th</sup> September, 2016  
(C) 31<sup>st</sup> October, 2016  
(D) 30<sup>th</sup> November, 2016.
24. The construction of a house was completed on 31<sup>st</sup> January, 2016. The owner of the house took a loan of ₹20,00,000 @ 6% p.a. on 1<sup>st</sup> May, 2015. In this case the deduction allowable for the previous year 2015-16 towards interest on borrowings is —
- (A) ₹22,000  
(B) ₹24,000  
(C) ₹1,10,000  
(D) None of the above.
25. Under the head 'profits and gains of business or profession', the method of accounting that should be followed by an assessee is —
- (A) Cash system only  
(B) Mercantile system only  
(C) Hybrid system only  
(D) Cash system or mercantile system only.
26. Madhu Ltd. owns machinery (rate of depreciation is 15%), the written down value of which as on 1<sup>st</sup> April, 2015 is ₹30,00,000. Due to fire, entire assets in the block were destroyed and the insurer paid ₹25,00,000. The eligible depreciation in respect of this machinery is —
- (A) ₹4,50,000  
(B) ₹75,000  
(C) ₹5,00,000  
(D) Nil.
27. Murali is employed in Megha Ltd., Delhi. He is paid house rent allowance of ₹9,000 per month in financial year 2015-16. His salary for the purpose of computation of house rent allowance relief may be taken as ₹20,000 per month. Murali pays actual rent of ₹10,000 per month. How much of the house rent allowance is tax-free —
- (A) ₹1,08,000  
(B) ₹1,20,000  
(C) ₹96,000  
(D) ₹60,000
28. Satish is employed as chief engineer in Gama Ltd., Chennai *w.e.f.* 1<sup>st</sup> April, 2015 for a consolidated salary of ₹60,000 per month. He is provided with rent-free unfurnished accommodation owned by the employer from 1<sup>st</sup> July, 2015 onwards. The value of taxable perquisite is —
- (A) ₹1,08,000  
(B) ₹81,000  
(C) ₹72,000  
(D) ₹54,000
29. Ashwin has speculation business loss brought forward of the assessment years 2010-11 ₹1,00,000; 2011-12 ₹70,000 and 2012-13 ₹60,000. He has income from the same speculation business for the assessment year 2016-17 ₹5,40,000. His total income chargeable to tax for assessment year 2016-17 would be —
- (A) ₹3,10,000  
(B) ₹4,10,000  
(C) ₹4,80,000  
(D) ₹4,40,000

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30. DP & Co. is a partnership firm with 3 partners. The capital of each partner was ₹2 lakh. The partnership deed authorised interest on capital @ 15% and working partner salary to each partner @ ₹10,000 per month for all the partners. The total sales amounted to ₹70 lakh. The total income of the firm under section 44AD would be —
- (A) ₹5,60,000  
(B) ₹4,32,000  
(C) ₹1,28,000  
(D) ₹3,50,000
31. In case of which of the following co-operative society, the deduction under section 80P is restricted to ₹1,00,000 —
- (A) Consumers' co-operative society  
(B) Society engaged in collection and disposal of labour  
(C) Society engaged in fishing  
(D) Society engaged in processing of agricultural produce without the aid of power.
32. Metro Ltd., a domestic company, is assessed with a total income of ₹11.25 crore. The surcharge payable by the company shall be at the rate of —
- (A) 2%  
(B) 5%  
(C) 10%  
(D) 12%
33. A non-resident Indian is not required to furnish his return of income under section 139(1) if his total income in respect of which he is assessable under the Income-tax Act, 1961 during the previous year consists of —
- (A) Investment income only  
(B) Long-term capital gains only  
(C) Short-term capital gains only  
(D) Investment income and long-term capital gains only.
34. While making payment of winnings from horse race, tax will be deducted at source, if the payment exceeds —
- (A) ₹5,000  
(B) ₹10,000  
(C) ₹25,000  
(D) ₹50,000
35. The authority for advance ruling in income-tax is appointed by —
- (A) The President of India  
(B) The Central Board of Direct Taxes  
(C) The Central Government  
(D) The Chief Commissioner of Income-tax.
36. Interest is payable to assessee on refund under the Income-tax Act, 1961 at the rate of —
- (A) 5% per annum  
(B) 6% per annum  
(C) 9% per annum  
(D) 12% per annum.
37. Manoj acquired 1,000 equity shares of ₹10 each in a listed company for ₹35,000 on 1<sup>st</sup> July, 2009. The company issued 1,000 rights shares in April, 2011 at ₹15 per share. The company issued 2,000 bonus shares in June, 2015. The market price was ₹50 per share before bonus issue and ₹25 after such issue. The cost of acquisition of bonus shares would be —
- (A) Nil  
(B) ₹20,000  
(C) ₹50,000  
(D) ₹1,00,000

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- on 1<sup>st</sup> September, 2015. The previous year for the profession for the assessment year 2016-17 would be —
- (A) 1<sup>st</sup> April, 2015 to 31<sup>st</sup> March, 2016  
(B) 1<sup>st</sup> September, 2015 to 31<sup>st</sup> March, 2016  
(C) 1<sup>st</sup> June, 2015 to 31<sup>st</sup> March, 2016  
(D) 1<sup>st</sup> September, 2015 to 31<sup>st</sup> January, 2016.
39. Pradip acquired an urban land from Chitra for ₹70 lakh on 10<sup>th</sup> October, 2015. At what rate, tax is deductible at source in respect of such transaction —
- (A) 2%  
(B) 5%  
(C) 1%  
(D) 3%.
40. The validity period of advance pricing agreement (APA) is —
- (A) 2 Years  
(B) 3 Years  
(C) 5 Years  
(D) 7 Years.
41. Salary received by a partner from his partnership firm is considered in his personal assessment as —
- (A) Income from salary  
(B) Profit from business or profession  
(C) Income from other sources  
(D) Exempted income.
42. Deduction of tax from salary as per section 192 shall be at —
- (A) 10% of salary  
(B) The average rate of income-tax computed on the basis of rates in force for the financial year in which the payment is made  
(C) The maximum marginal rate of 30%  
(D) None of the above.
43. Rohan won a state lottery of ₹1,00,000 on 11<sup>th</sup> October, 2015. The government should deduct tax on such winning amounting to —
- (A) ₹30,000  
(B) ₹33,000  
(C) ₹33,990  
(D) ₹30,900
44. Where a non-resident/foreign company is liable to tax at special rate of 10% on account of royalty or fee for technical services, such assessee shall —
- (A) Be eligible for deduction of any expenses from such income under sections 28 to 44C or section 57  
(B) Not be eligible for any deduction under Chapter VI-A on account of such income  
(C) Neither be eligible for deduction of any expenses under sections 28 to 44C or section 57 nor be eligible for any deduction under Chapter VI-A  
(D) Not be eligible for deduction of any expense under sections 28 to 44C or section 57 but shall be eligible for deduction under Chapter VI-A.
45. As per section 139(1), an individual other than an individual of the age of 60 years or more shall have to file return of income if —
- (A) His total income exceeds ₹2,50,000  
(B) His total income exceeds ₹3,00,000  
(C) His total income exceeds ₹2,00,000  
(D) His total income before allowing deduction under section 80C to 80U exceeds ₹2,50,000.

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46. The due date of filing the return of income for assessment year 2016-17 in case of a working partner of a firm whose accounts are liable to be audited shall be —
- (A) 31<sup>st</sup> July of the assessment year  
(B) 30<sup>th</sup> September of the assessment year  
(C) 30<sup>th</sup> June of the assessment year  
(D) 30<sup>th</sup> November of the assessment year in case it is required to furnish report referred to in section 92E and 30<sup>th</sup> September of the assessment year in any other case.
47. For the previous year 2014-15, an assessee suffered a business loss of ₹2,50,000. His income from other sources is ₹1,80,000. His due date of return was 31<sup>st</sup> July, 2015 but he submitted the return on 9<sup>th</sup> September, 2015. The assessee in this case —
- (A) Shall be allowed to carry forward the loss of ₹70,000  
(B) Shall not be allowed to carry forward any loss  
(C) Shall be allowed to set-off current year business loss to the extent of ₹1,80,000 but shall not be allowed to carry forward the balance loss of ₹70,000  
(D) Shall not be allowed to set-off the business loss to the extent of ₹1,80,000 and would be liable to tax on ₹1,80,000.
48. The notice under section 143(2) must be served within —
- (A) 12 months from the date of filing of return  
(B) 12 months from the due date of filing the return under section 139(1) or from the date of filing of return of income
49. When a person suffers from severe disability, the quantum of deduction allowable under section 80U is —
- (A) ₹50,000  
(B) ₹75,000  
(C) ₹1,25,000  
(D) ₹1,00,000
50. Biren discontinued wholesale trade in medicines from 1<sup>st</sup> July, 2013. He recovered ₹1,50,000 in October, 2015 being a bad debt which was written-off and allowed in assessment year 2012-13. He has eligible brought forward business loss of wholesale trade in medicines of ₹1,70,000. The consequence of bad debt recovery is that —
- (A) It is chargeable to tax  
(B) It is eligible for set-off against brought forward business loss  
(C) The brought forward business loss is taxable now  
(D) 50% of the amount recovered now is taxable.
51. Mrs. Meena retired from service with Sky Ltd. on 31<sup>st</sup> January, 2016. 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 —
- (A) ₹21,000  
(B) ₹15,000  
(C) ₹1,25,000  
(D) ₹1,71,000



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52. Arun, a non-resident of India celebrated his 80<sup>th</sup> birthday on 10<sup>th</sup> October 2015. If his total income for the previous year is ₹6,00,000, his income-tax liability for the previous year 2015-16 is —
- (A) ₹46,350  
(B) ₹41,200  
(C) ₹20,600  
(D) Nil.
53. Alpha Ltd. is an Indian company. It carries its business in Delhi and London. Total control and management of the company is situated in London. More than 85% of its business income is from the business in England. If so, its residential status will be —
- (A) Resident  
(B) Non-resident  
(C) Not ordinarily resident  
(D) Foreign company.
54. Ramson Industries acquired a factory building for self use in November, 2015. The value of land underneath the building was ₹5 lakh and value of building was ₹10 lakh. The amount of eligible depreciation allowable for assessment year 2016-17 is —
- (A) ₹1,50,000  
(B) ₹25,000  
(C) ₹1,00,000  
(D) ₹50,000
55. Dividend distribution tax under section 115-O shall be deposited within \_\_\_\_\_ days from the date of declaration/distribution/payment of dividend, whichever is earlier.
- (A) 7 Days  
(B) 10 Days  
(C) 14 Days  
(D) 20 Days.
56. Ms. Smita inherited a vacant site land consequent to the demise of her father on 10<sup>th</sup> June, 1990. The land was acquired by her father on 10<sup>th</sup> April, 1970 for ₹40,000. The fair market value of the land on 1<sup>st</sup> April, 1981 was ₹60,000 and on the date of inheritance, i.e., 10<sup>th</sup> June, 1990 was ₹2,00,000. The cost of acquisition for Ms. Smita is —
- (A) ₹10,000  
(B) Nil  
(C) ₹60,000  
(D) ₹2,00,000
57. Raghu traced a missing girl by spending ₹20,000. For this, he was awarded with a sum of ₹1,20,000. In this case the award is taxable to the extent of —
- (A) ₹1,00,000  
(B) ₹1,20,000  
(C) ₹1,15,000  
(D) Nil.

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58. 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 —
- (A) ₹2,00,000  
(B) ₹4,00,000  
(C) ₹12,00,000  
(D) ₹22,00,000
59. 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 —
- (A) ₹10,000  
(B) ₹5,000  
(C) ₹3,000  
(D) Nil
60. Ms. Janhvi is provided with an interest free loan by her employer for the purchase of a house. The value of the perquisite shall be —
- (A) Simple interest computed at the rate charged by the Central Government to its employees on 1<sup>st</sup> April of the previous year  
(B) Simple interest computed at the rate charged by State Bank of India on 1<sup>st</sup> April of the previous year  
(C) Simple interest computed at the rate charged by National Housing Bank on 1<sup>st</sup> April of the previous year  
(D) Simple interest computed at the rate determined by the employer on 1<sup>st</sup> April of the previous year.
61. Ms. Padmaja let out a property for ₹20,000 per month during the year 2015-16. The municipal tax on the let-out property was enhanced retrospectively. Hence, she paid ₹60,000 as municipal tax which included arrears of municipal tax of ₹45,000. Her income from house property is —
- (A) ₹1,80,000  
(B) ₹1,57,500  
(C) ₹1,26,000  
(D) ₹1,36,500
62. Chola Ltd., engaged in manufacture, acquired machineries for ₹30 crore in July, 2014 and for ₹27 crore in April, 2015. All the machines were used within 45 days of acquisition. The deduction under section 32AC for the assessment year 2016-17 will be —
- (A) ₹40,50,000  
(B) ₹45,00,000  
(C) ₹85,50,000  
(D) ₹54,00,000
63. Where an asset used for scientific research for more than three years is sold without having been used for other purposes, then the sale proceeds to the extent of the cost of the asset already allowed as deduction under section 35 in the past shall be treated as —
- (A) Business income  
(B) Long-term capital gain  
(C) Short-term capital gain  
(D) Exempted income.

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# HIMANSHU BAIROLIYA CLASSES

CLASSES FOR - CS FOUNDATION & EXECUTIVE

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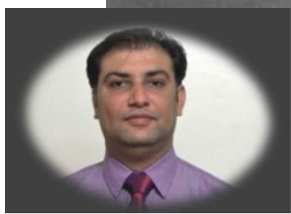
64. Where an assessee doing a business incurs any expenditure in respect of which payments made to a person in a day exceeds ₹20,000 should be paid through account payee cheque or demand draft to claim deduction for such expenditure. This restriction does not apply to —  
(A) Payments made to RBI  
(B) Payments made to cultivators  
(C) Payment of terminal benefits to employees not exceeding ₹50,000  
(D) All of the above.
65. Appu Ltd. contributed ₹8,70,000 towards provident fund account of its employees. It actually remitted ₹5,00,000 upto 31<sup>st</sup> March and ₹2,50,000 upto the due date for filing the return specified in section 139(1). The amount liable to tax in its assessment would be —  
(A) ₹3,70,000  
(B) ₹1,20,000  
(C) Nil  
(D) ₹8,70,000
66. 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 —  
(A) Section 54EC  
(B) Section 54F  
(C) Section 54GA  
(D) Section 54D.
67. 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 —  
(A) 10%  
(B) 15%  
(C) 20%  
(D) Normal rate.
68. Rishabh 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 —  
(A) Nil  
(B) ₹50,000  
(C) ₹1,50,000  
(D) ₹2,10,000
69. The time-limit for making revisional order under section 263(2) and 263(3) is —  
(A) 6 Months from the date of assessment  
(B) 6 Months from the date of order  
(C) One year from the end of the financial year in which the order was passed  
(D) None of the above.
70. Balu paid ₹1,00,000 to Raj for purchase of standing crop (paddy). He harvested the produce, i.e., paddy by incurring expenditure of ₹25,000. He sold the said paddy for ₹1,80,000 to a trader. His other income for the year ended 31<sup>st</sup> March, 2016 was ₹4,60,000. The total income of Balu is —  
(A) ₹6,40,000  
(B) ₹5,15,000  
(C) ₹4,85,000  
(D) ₹5,60,000

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71. According to the new partial reverse charge mechanism, the liability to pay service tax is on —
- (A) The service provider  
(B) The service receiver  
 (C) Both the service provider and receiver  
(D) None of the above.
72. From 1<sup>st</sup> October, 2014, e-payment of service tax through internet banking is compulsory in case of —
- (A) Individuals  
(B) Firms  
(C) Companies  
 (D) All assessees.
73. Hari Ltd., a service provider, provides the following particulars relating to the half year ended with 30<sup>th</sup> September, 2015 :
- (i) Bill raised for ₹4,00,000 out of which payment of ₹1,00,000 is not received till 30<sup>th</sup> September, 2015.
- (ii) An advance of ₹60,000 was received from Seetha Ltd., on 10<sup>th</sup> September, 2015 for providing services in January, 2016.
- The taxable value of service is —
- (A) ₹4,60,000  
(B) ₹3,60,000  
(C) ₹3,00,000  
(D) ₹4,00,000
74. Maximum amount of penalty for delay in filing service tax return is —
- (A) ₹1,000  
(B) ₹5,000  
(C) ₹10,000  
 (D) ₹20,000
75. Time-limit for filing refund claim in service tax shall be —
- (A) One month from the date of payment  
(B) Three months from the date of payment  
(C) Six months from the date of payment  
 (D) One year from the date of payment.
76. Which of the following is not a service specified in the Mega Exemption Notification of service tax —
- (A) Services provided to UNO  
 (B) Consultancy service  
(C) Health care service  
(D) Veterinary clinic service.
77. The gross receipts of a service provider exceeded ₹9 lakh on 25<sup>th</sup> January, 2016. Within how many days, he must apply for registration under service tax —
- (A) 10 Days  
 (B) 30 Days  
(C) 15 Days  
(D) 4 Days.

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78. Which of the following service is a taxable service —
- (A) Supply of farm labour
  - (B) Trading of goods
  - (C) Construction of a complex
  - (D) Renting of agro machinery.
79. Deep Ltd. collected service tax from the recipients of service but did not remit the same for more than 7 months. The maximum penalty that could be levied on the director, manager or secretary for the offence would be —
- (A) ₹10,000
  - (B) ₹ 20,000
  - (C) ₹1,00,000
  - (D) ₹100 per day of delay.
80. When the service provided is inclusive of service tax, the service tax liability on the receipt of ₹5,50,000 would be (assume service tax @ 14%) —
- (A) ₹67,980
  - (B) ₹67,544
  - (C) ₹77,570
  - (D) ₹66,000
81. Reverse charge basis to pay service tax will arise in which of the following cases —
- (A) When the service receiver is located in non-taxable territory
  - (B) When the service receiver is insolvent
  - (C) When the service provider is located in non-taxable territory
  - (D) When the service provider is an individual.
82. Within how many days, a new dealer having reached turnover above the threshold limit must apply for VAT registration —
- (A) 10 Days
  - (B) 30 Days
  - (C) 15 Days
  - (D) 60 Days.
83. A registered dealer exported goods outside India. He paid ₹15,000 as VAT on raw materials used in manufacture of goods exported. The VAT so paid is —
- (A) Not eligible for refund
  - (B) Not eligible for adjustment against input tax
  - (C) Deductible as business expenditure
  - (D) Eligible for refund or adjustment against input tax.
84. VAT on which of the following goods is not eligible for input tax credit —
- (A) Sugar
  - (B) Textiles
  - (C) Tobacco
  - (D) Aviation turbine fuel.
85. Manohar & Co. paid input VAT at 13.5% on raw materials. It transferred the manufactured goods to its branch in Andhra Pradesh. How much claim of VAT input is allowed —
- (A) Nil
  - (B) 13.5%
  - (C) 11.5%
  - (D) 2%.

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86. Reverse credit of input tax of VAT would arise when —
- (A) VAT is refunded
  - (B) Input VAT is adjusted against output VAT
  - (C) Input tax credit is reduced to rectify wrong credit availed
  - (D) None of the above.
87. Prakash purchased yarn liable for VAT at 4% and manufactured cloth which was exempt from VAT in the State of Tamil Nadu. He wants to claim refund of VAT paid on input, i.e., yarn. For refund of VAT, he is —
- (A) Not eligible, since VAT chain is broken
  - (B) Eligible for refund
  - (C) Eligible for only 50% of VAT paid
  - (D) Eligible for refund on producing Form-C.
88. Which method of VAT computation has been adopted in India —
- (A) Subtraction method
  - (B) Addition method
  - (C) Tax credit method
  - (D) Income variant.
89. While determining 'turnover' under the central sales tax, what is the time-limit within which the sold goods returned are eligible for exclusion —
- (A) One month
  - (B) Six months
  - (C) Three months
  - (D) Two months.
90. 'Sale price' under section 2(h) of the Central Sales Tax Act, 1956 does not include —
- (A) Excise duty
  - (B) Central sales tax
  - (C) Trade discount
  - (D) Freight charges when not shown separately.
91. Input tax credit under VAT shall be allowed to —
- (A) Registered dealers
  - (B) Manufacturers
  - (C) Traders
  - (D) All of the above.
92. Which of the following purchase is not eligible for input tax credit —
- (A) Purchase for resale within the State
  - (B) Purchase for being used in the execution of works contract
  - (C) Inter-State purchase
  - (D) Purchase of packing material.
93. TIN, a code number used to identify VAT assessee, has 11 digits. The first two digits of TIN represent —
- (A) The State
  - (B) The Product
  - (C) The Region
  - (D) The Assessee.
94. Which of the following is not a 'declared good' under the central sales tax —
- (A) Cotton
  - (B) Jute
  - (C) Sugar
  - (D) Jewellery.

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95. Service tax in India is administered by —

- (A) The Service Tax Act, 1994
- (B) The Finance Act, 1994
- (C) The Indirect Taxes Act, 1994
- (D) All of the above.

96. Service tax return has to be filed —

- (A) Monthly
- (B) Quarterly
- (C) Half-yearly
- (D) Annually.

97. Rocket Ltd. provides the following information :

Date of completion  
of service : 11<sup>th</sup> September, 2015

Date of invoice : 25<sup>th</sup> October, 2015

Date of receipt  
of payment for  
service : 3<sup>rd</sup> September, 2015

The point of taxation is —

- (A) 3<sup>rd</sup> September, 2015
- (B) 11<sup>th</sup> September, 2015
- (C) 25<sup>th</sup> October, 2015
- (D) 31<sup>st</sup> March, 2016.

98. An Indian company is providing inspection and certification service to a foreign firm. Half of the services were carried out in Italy, 30% of the services provided in Delhi and the remaining 20% services were rendered in Chennai. The place of provision of service for service tax purpose is —

- (A) Italy
- (B) Delhi
- (C) Chennai
- (D) Place opted by the service provider.

99. Maru Parcel Services Ltd. transported goods manufactured by Rocket Ltd. in its factory in Noida to various places in Uttar Pradesh. The parcel service company received ₹2,00,000 from the manufacturer for the transport services rendered during the quarter ended with 30<sup>th</sup> June, 2015. The taxable value of service for the quarter is —

- (A) ₹2,00,000
- (B) ₹1,50,000
- (C) ₹50,000
- (D) Nil.

*Nil for Maru  
bcz RC inv  
applicable and  
2x Taxable for  
Rocket  
Ltd.*

100. Service tax code number —

- (A) Has 10 digits
- (B) Has 12 digits
- (C) Has 15 digits
- (D) Digits vary from State to State.

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