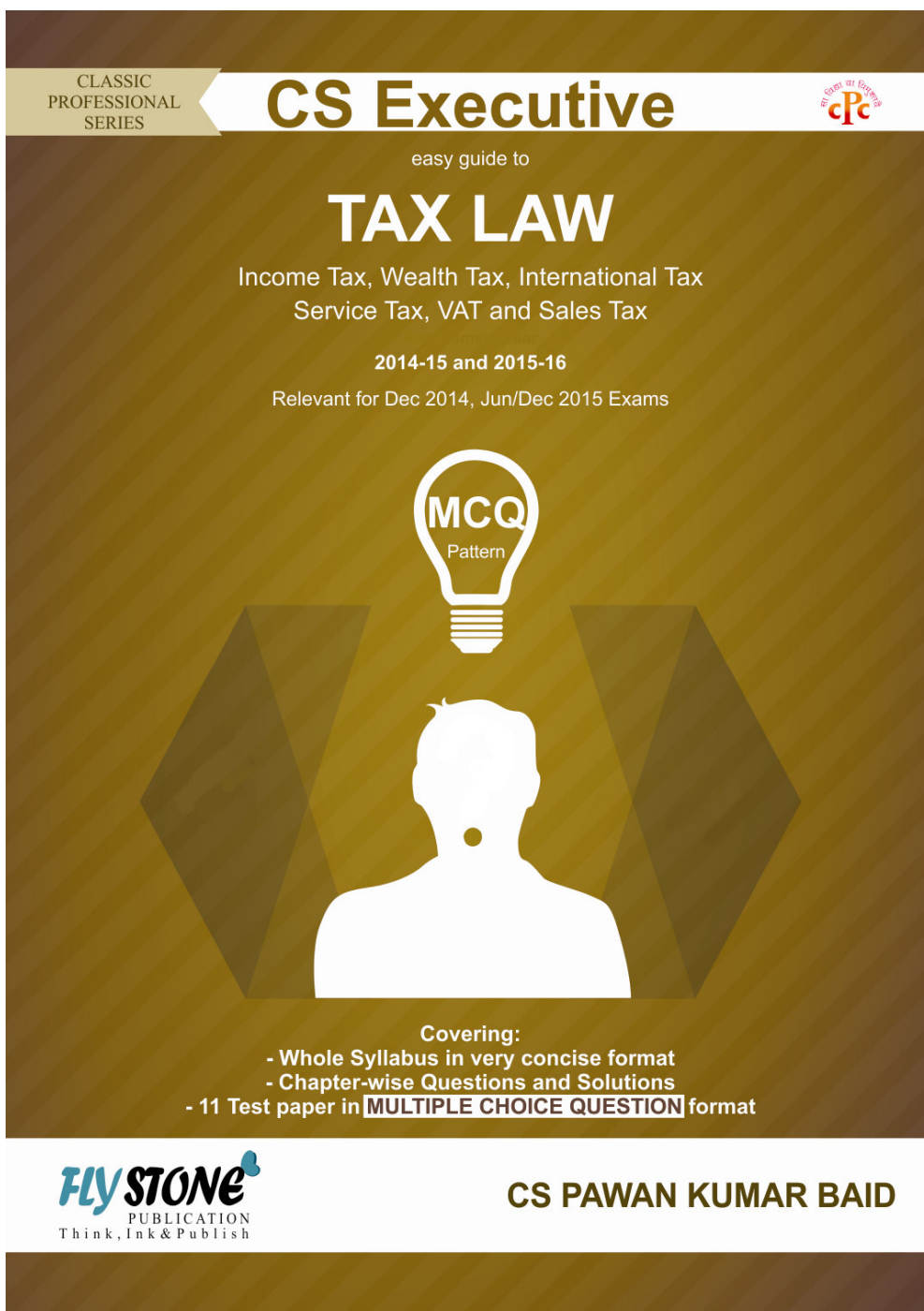


DOWNLOAD OUR ANDROID APP FROM PLAYSTORE TO GET UPDATES
SEARCH ----> "STUDENTS OF CA AND CS"



TYPE **UPDATES** IN **WHATSAPP** AND SEND IT TO **+919831144427** TO GET
ALL **UPDATES VIA BROADCAST** IN WHATSAPP FOR STUDENTS OF CA AND CS
VISIT **www.studentsofcacs.com** TO BE UPDATED ON CA AND CS



INDEX

Chapter	Particulars	Page
1	Basic Provisions and Residential Status	7
2	Income from Salary	11
3	Income from House Property	17
4	Income from Profits and Gains from Business & Profession	21
5	Income from Capital Gains	27
6	Income from Other Sources	31
7	Agriculture Income, Clubbing, Set-Off % Carry Forward	33
8	Deductions	37
9	Taxation of Different types of Persons	39
10	TDS, TCS, Advance Tax and Interest	41
11	Return of Income, Assessment, Appeal	43
12	Tax Planning	45
13	Wealth Tax	49
14	International Tax	53
15	Advance Ruling and GAAR	55
16	Service Tax	57
17	VAT	61
18	Test Paper 1 to 11	63
19	Answer to Test Paper	211
20	Bibliography	215



CHAPTER 1: BASIC PROVISIONS & RESIDENTIAL STATUS

Constitutional Provisions

India is essentially a federal country with certain union characteristics. Legislative powers have been distributed among Center and State Government vide Article 245 to 255 read with Schedule VII of the Constitution of India. Entry 82 of List I of the Schedule VII empowers Central Government to levy tax on income other than agriculture income. Article 265 provides that no tax can be imposed without authority of law; hence Government has to enact law if it wants to levy any tax. Apart from it, Government has to take care that such levy shall not be in contravention of Fundamental Rights guaranteed by the Constitution.

Article 268 to 281 of the Constitution is related to distribution of tax revenue among Central and State Governments. All tax revenue imposed vide Union List is distributed among Central and State. However Stamp duty as mentioned in Article 268 is collected directly by State Government and Central Sales Tax is collected by Central Government under Article 269 but assigned to State Government.

Sec 274 says that before putting any Bill in the parliament to impose tax approval of President of India is necessary.

Income Tax is a direct tax and is classified into corporation tax, i.e. tax on income of companies and income tax, i.e. tax on income of any other person.

Finance Bill is laid before the Parliament and it becomes Act when assent of President is received. As regards Indirect Tax, new tax rates become applicable from mid night of the day of budget.

Basic Concepts of Income Tax

1. Income tax is a tax on income; hence first of all we have to define the term **income**.

According to Sec 2(24) of the Income Tax Act, 1961, income includes:

Profit and gains	Dividend
Contribution received by trust	Perquisite or profit in lieu of salary
Allowance	Any sum received by a trade association
Profit on sale of DEPB or similar license	Cash assistance received from Government as export incentive
Capital gains	Profits of cooperative society
Winning from lottery	Contribution by employer in PF
Any sum received under Keyman Insurance	Gift (exceeding Rs 50,000)

2. Tax is levied on **assessee** who is defined by Sec 2(7) as a **person** by whom any tax or any other sum of money is payable under this act and includes a person who is deemed as assessee.

Sec 2(31) defines person which includes individual, HUF, company, firm, AOP, BOI, local authority and artificial juridical person.



3. Sec 4 is charging section which provides that tax shall be charged on total income earned in a year (called previous year) in next following assessment year. Previous year as per Sec 3 means financial year immediately preceding assessment year and Assessment year means a period of 12 months which commence from 1-April every year (Sec 2(9))

How to Compute Tax

Income is divided into 5 headings and tax is computed in following way:

Income from Salary		xxx
Income from House Property		xxx
Income from Business & Profession	xxx	
Income from Capital Gains	xxx	
Income from Other Sources		<u>xxx</u>
Gross Total Income		xxx
Less: Deductions under Sec 80C-80U	(-)	<u>xxx</u>
Total Income		xxx
Adjustment for Agricultural Income		
Tax (at different rates on different income + cess)	xxx	
Less: Advance Tax, TDS, Double Tax Relief (-)		<u>xxx</u>
Tax Payable/Refundable		xxx

Residential Status and Tax Planning

A person can be either:

- Resident in India or
- Non Resident in India

However an individual can be Resident in India in two ways, i.e. either:

- Resident and Ordinarily Resident or
- Resident but Not Ordinarily Resident

For Individual, following conditions are required to be satisfied

If <i>any one</i> of these Basic Conditions are satisfied	
1. He is in India for a period of 182 days or more during previous year OR 2. he is in India for 60 days or more during the previous year and 365 days or more during 4 years immediately preceding previous years	Then he is called Resident in India

However, if an Indian citizen or person of Indian origin leaves India for the purpose of employment then period of 60 days as given in condition no 2 supra, shall be replaced by 182 days.

If <i>both of</i> these Additional Conditions are satisfied	
1. He is Resident in at least 2 out of 10 years immediately preceding previous year AND 2. He is in India for 730 days or more during 7 years immediately preceding previous year	Then he is called Resident and Ordinarily Resident in India

If an individual is not able to satisfy any of the basic condition, he is called **Non-Resident** in India and if he satisfies any one of basic condition but does not satisfies both of additional conditions, then he is called **Resident, but not Ordinarily Resident** in India.



A HUF is resident in India if its place of control and management is wholly or partly situated in India. If Karta of HUF satisfies both of additional conditions as specified for individual, then HUF is said to be Resident and Ordinarily Resident. But, if Karta does not satisfies both of the additional conditions, then HUF is said to be Resident but Not Ordinarily Resident. A HUF is Non-resident if place of control and management is wholly situated outside India.

For a Firm, it is resident in India if its place of control and management is wholly or partly situated in India. A firm is Non-resident if place of control and management is wholly situated outside India.

As regards Company, the Indian Company is always resident in India and Foreign Company is resident in India only if its control and management is wholly situated in India. If its control and management is wholly or partly situated outside India, it is non resident.

Incidence of Tax

A person is liable to pay tax in India or not is dependent upon two things. Firstly, his residential status, and secondly, type of his income. There are two types of income:

Indian income: Income received (or deemed to be received) in India and income accrued (or deemed to be accrued) in India, OR Income received (or deemed to be received) in India but income accrued (deemed to be accrued) outside India OR vice-versa.

Foreign income: Income received and accrued outside India.

Conclusion

	Resident & ordinary resident	Resident but not ordinary resident	Non-resident
Indian income	✓	✓	✓
Foreign income	✓	Taxable only if business is controlled wholly or partly from India or if its profession then set up in India	✗

Past Year's Questions

1. Robbert, a US national came to India for the first time on 1st November, 2013 for a period of six months. He declared following incomes during the previous year ending 31st March, 2014 :

(i) Salary received in India for four months at the rate of Rs.75,000 per month.

(ii) Interest on fixed deposit in a bank in India : Rs.50,000.

(iii) Income from agriculture in USA : Rs.10,00,000.

(iv) Income from a business in Nepal being controlled from India : Rs.2,00,000.

(v) Salary earned in USA brought into India in the previous year : Rs.5,00,000.

You are required to compute Robbert's taxable income and tax liability for the assessment year 2014-15.

(5 marks)(Jun 2009 as corrected)

2. Past untaxed profit of the financial year 2002-03 brought to India in 2012-13 is chargeable to tax in the assessment year 2013-14 in the hands of:

(a) All the assesses

(b) Resident and ordinarily resident in India

(c) Non-resident in India (d) None of the above (1 mark)(Jun 2013)

3. Total income of a person is determined on the basis of his .

- (a) Residential status in India (b) Citizenship in India
(c) Both (a) and (b) above (d) None of the above (1 mark)(Jun 2013)

4. Explain the incomes which are deemed to accrue or arise in India. (5 marks)(Jun 2013)

5. How does residential status affect the tax liability of an assessee ? Explain. (3 marks)(Dec 2013)



PAPER – 11

1. Income which accrue or arise outside India and also received outside India taxable in case of:
 - (a) Resident and ordinarily resident only
 - (b) Not ordinarily resident
 - (c) Both ordinarily resident and NOR
 - (d) none of the above

2. Generally Total Income and tax of a person is determined on the basis of his:
 - (a) Residential status in India
 - (b) Citizenship in India
 - (c) None of above
 - (d) Both of the above

3. Once a person is a resident in a PY he shall be deemed to be resident for subsequent PY
 - (a) True
 - (b) False
 - (c) Sometime

4. Varun Ltd., is an Indian company whose entire control and management of its affairs is situated outside India. This company shall be :
 - (a) Resident in India
 - (b) Non-resident in India
 - (c) Not ordinarily resident in India

5. X is employed in Complex Ltd. as a Chartered Accountant. The annual membership fee of X paid by Complex Ltd. is not a perquisite and hence not chargeable to tax, state:
 - (a) Above statement is true
 - (b) Above statement is false

6. Expenditure incurred by an employer on medical treatment and stay abroad of the employee shall not be taxed in the case of _____.
 - (a) An employee whose gross total income before including the said expenditure does not exceed Rs. 2 lakhs.
 - (b) An employee whose income under the head "Salaries" exclusive of all monetary perquisites does not exceed Rs. 2 lakhs,
 - (c) An employee whose income under the head "Salaries" exclusive of all non-monetary perquisites does not exceed Rs. 2 lakhs,
 - (d) All employees irrespective of their amount of gross total income/the amount of income under the head "Salaries".

7. The following is exempt income :—
 - (a) Rent free house
 - (b) Bonus
 - (c) Commission if based on percent of sale
 - (d) Free gardener if house is provided by employer

8. For an employee in receipt of hostel expenditure allowance for his three children, the maximum annual allowance exempt under section 10(14) is

- (a) Rs.10, 800
- (b) Rs.7,200
- (c) Rs.9,600
- (d) Rs.3,600

9. Hitesh, a chartered accountant is employed with H Ltd., as an internal auditor and requests the employer to call the remuneration as internal audit fee. Hitesh shall be chargeable to tax for such fee under the head:

- (a) Income from salaries
- (b) Profit and gains from Business and Profession
- (c) Income from other sources.

10. Hiren, who is entitled to a salary of Rs.10,000 p.m. took an advance of Rs.20,000 against the salary in the month of March 2009. The gross salary of Hiren for assessment year 2009-10 shall be:

- (a) Rs.1,40,000
- (b) Rs.1,20,000
- (c) None of these two

11. Farukh earns salary of Rs 50,000 which is increased from 1-July to Rs 60,000 per month. He also receives 30% of basic as HRA and Rs 15,000 as DA (60% is counted for retirement benefits. He has taken a house at monthly rent of Rs 14,000. How much of HRA is exempted if house is situated at Delhi.

- (a) Rs 99,000
- (b) Rs 180,000
- (c) Rs 88,200
- (d) Nil

12. For claiming higher deduction u/s 24(b), while computing income of a self occupied property, assessee is required to take:

- (a) Loan on or before 01-04-1994
- (b) Loan on or after 01-04-1999
- (c) Loan after 01-04-1999
- (d) Loan on 01-04-1999

13. which of the following deductions is/ are not allowed in case of a deemed to be let out house?

- (a) New construction allowance
- (b) Repairs
- (c) Vacancy allowance
- (d) all of above

14. Which of following Assessee can considered a house property as self occupied:

- (a) Individual & HUF
- (b) All assessee
- (c) All assessee other than company
- (d) All assessee other than firm

15. Sidharth borrowed a sum of Rs.2,30,000 at 12% p.a. on 1-4-2003 for construction of a house which was completed on 15-03-2011 and self occupied. Loan

is still unpaid. What shall be the amount of deduction allowed on account of interest for assessment year 2015-16

- (a) Rs.27,600
- (b) Rs.96,000
- (c) Rs.1,50,000
- (d) Rs.30,000

16. A house property whose fair rent is Rs.2,90,000 is neither let out nor self occupied throughout previous year. Assessee has not obtained any other benefit from this property. Its annual value shall be:

- (a) Rs.2,50,000
- (b) Rs.1,20,000
- (c) Rs.1,50,000
- (d) NIL

17. Income of Sankesh for AY 2014-15 includes Rs 10,000 as long-term capital gain and Rs 200,000 salary. In AY 2015-16 his income included Rs 20,000 as long-term capital gain and Rs 260,000 salary. Compute his tax before education cess for both AY:

- (a) Rs 2000, Rs 5000
- (b) Rs Nil, Rs 3000
- (c) Rs 2000, Rs 5000
- (d) Rs Nil, Rs 5000

18. Long term capital gain on sale of equity share through stock exchange

- (a) Is exempt u/s 10(38)
- (b) Is exempt u/s 10(37)
- (c) Is covered u/s 111A, hence liable to tax @ 15%
- (d) Is taxable @ 20% and @ 10% if index benefit is not claimed

19. Capital gain on compulsory acquisition of a capital asset being house property is

- (a) Taxable in the year of transfer i.e., the year in which the asset was compulsory acquired
- (b) Taxable in the year in which initial compensation is received
- (c) Taxable in the year in which last and final installments is received
- (d) Not taxable

20. Caution money forfeited by the assessee

- (a) Taxable in the year of forfeiture
- (b) Exempted
- (c) Reduced from the cost of acquisition of such capital asset
- (d) Considered as casual income and liable to tax @ 30%

21. While computing capital gain on sale of immovable property, full value of consideration shall be

- (a) Actual consideration
- (b) Actual consideration less expenses on transfer
- (c) Actual consideration or stamp duty value of the property transferred, whichever is higher
- (d) Stamp value of the property transferred

22. Capital gain on slump sale is

- (a) Always short term capital gain
- (b) Always long term capital gain
- (c) Depends on period of holding of capital asset being undertaking transferred
- (d) Not taxable

23. While computing taxable interest on delayed compensation, a standard deduction is allowed at:

- (a) 50%
- (b) 30%
- (c) 15%
- (d) NIL

24. Generally dividend is exempt from tax. Exceptions to this rule is:

- (a) Dividend distributed by foreign company
- (b) Dividend covered u/s 2(22)(e)
- (c) Dividend from co operative society
- (d) All of above

25. One of following receipt is taxable under the head income from other sources:

- (a) Un-commuted pension received from ex employer
- (b) Income from racing establishment
- (c) Rental income from house property
- (d) Income on transfer of rural agro land

26. Deduction allowed under Sec 80U is:

- (a) Fixed deduction of Rs 40,000
- (b) Fixed deduction of Rs 50,000
- (c) Maximum deduction of Rs 40,000
- (d) Maximum deduction of Rs 50,000

27. Where assessee is suffering with severe disabilities, deduction under Sec 80U will be:

- (a) Rs 40,000
- (b) Rs 50,000
- (c) Rs 80,000
- (d) Rs 100,000

28. Mr. Z suffers from ailment specified under Sec 80U and certificate of prescribed medical officer state that he is 30% suffering from the ailment. How much deduction will be available:

- (a) Rs 25,000
- (b) Rs 40,000
- (c) Rs 50,000
- (d) Rs 100,000

29. Deduction under Sec 80U is available of person suffering from disability is:

- (a) Assessee himself only
- (b) Dependants of assessee
- (c) Assessee or his dependants
- (d) Assessee and his linear ascendant / descendant

30. Deduction under Sec 80JJAA is available to:

- (a) Indian company only
- (b) Any company

- (c) Any assessee other than individual/HUF
- (d) Any assessee

31. Deduction under Sec 80GG is available to:

- (a) Individual
- (b) Any company assessee
- (c) Any assessee
- (d) Any assessee

32. If a mortgagee let-out the mortgaged agricultural land and in return, receives rent, this rent will be:

- (a) Agricultural income
- (b) Income from House Property
- (c) Income from Other sources
- (d) None of above

33. Income from sale of forest fruits which grew spontaneously is:

- (a) Agricultural income
- (b) Income from House Property
- (c) Income from business
- (d) None of above

34. Mr. Bhavarth earns agricultural income of Rs 6 lakh and non-agricultural income of Rs 7 lakh. Calculate tax payable by him for AY 2014-15 if his investment in PPF is Rs 50,000:

- (a) Rs 72,100
- (b) Rs 133,900
- (c) Rs 226,600
- (d) None of above

35. Mr. Brijesh of the age of 68 years, has income from house property Rs 424,000 and income from tea business of Rs 6 lakh. Expenditure incurred to earn tea business is Rs 10,000. Calculate his tax for AY 2014-15:

- (a) Rs 96200
- (b) Rs 138,200
- (c) Rs 86700
- (d) None of above

36. Where a member of HUF has converted or transferred his self acquired property for inadequate consideration into joint family property, income arising there from is taxable:

- (a) As the income of the Transferor member
- (b) In the hand of HUF
- (c) In the hands of Karta of HUF
- (d) Completely exempt from tax

37. B gifts Rs.500,000 to his wife who invested the same in the partnership business. Mrs. B receives Rs.60000 as her share of profits from such firm. In this case amount to be clubbed in the income of B shall be

- (a) Rs.60000
- (b) Rs.10000 after giving maximum exemption of Rs.50000 to Mrs. B
- (c) Nil
- (d) None of above

38. Appeal to High Court against the order of ITAT is filed within ____:

- (a) 30 days
- (b) 60 days
- (c) 90 days
- (d) 120 days

39. Assessee can apply for settlement of case if:

- (a) Such case has been decided by any income tax authority
- (b) Such case is pending before any income tax authority
- (c) Such case is pending before any civil court
- (d) All of above

40. Application for settlement of case can be filed if additional amount of income tax exceeds Rs ____ :

- (a) Rs 1 Lakh
- (b) Rs 2 Lakh
- (c) Rs 3 Lakh
- (d) Rs 5 Lakh

41. The registration of a charitable trust can be cancelled under Section 12AA of the Income-tax Act, 1961 by —

- (a) Assessing Office
- (b) Commissioner of Income-tax
- (c) Chief Commissioner of Income-tax
- (d) Central Board of Direct Taxes.

42. In case of companies deriving loss for any assessment year, filling of return of income within the due date laid down in Section 139(1) is compulsory

- (a) Only where the Department issues notice to the assessee-company
- (b) For domestic companies only
- (c) For foreign companies only
- (d) For all companies

43. Surcharge of 2.5% is payable in the case of companies, by

- (a) Domestic companies only
- (b) Companies other than domestic companies
- (c) All companies
- (d) None of the above

44. Mr. Kaushik is resident in India receives Rs 170,000 as professional fee from UK after deduction of tax of Rs 30,000 and Rs 240,000 from USA after TDS of Rs 60,000 respectively. His income in India is Rs 250,000. Compute relief under Sec 91 for AY 2014-15 and 2015-16 in respect of doubly taxed income from USA:

- (a) Rs 60,000, Rs 60,000
- (b) Rs 54,933, Rs 54,933
- (c) Rs 25,000, Rs 25,000
- (d) None of above

45. In double taxation, PE i.e. permanent establishment is an important factor, which include:

- (a) A person or place
- (b) Construction site
- (c) Business preserve
- (d) All of above

46. Amalgamation in nature of merger means where shareholder holding at least ____ in value should become shareholder of amalgamated company:

- (a) 50% (b) 51%
- (c) 75% (d) 60%

47. As per Sec 47(via) any transfer of share of Indian company under amalgamation by amalgamating foreign company to amalgamated foreign company will not attract capital gain if ____ shareholder of amalgamating company continue to remain shareholders of amalgamated company:

- (a) 25% (b) 50%
- (c) 51% (d) 75%

48. Maximum validity for an advance pricing agreement can be:

- (a) One year (b) Two Years
- (c) Five Years (d) Seven Years

49. Advance pricing agreement is not binding on:

- (a) Person which whom transaction is made
- (b) Associated enterprises
- (c) Commissioner of income tax (d) None of above

50. Which of following is not a capital receipt:

- (a) Dividend on investment (b) Bonus share
- (c) Sale of patent (d) None of above

51. In case of leap year, where there are 29 days in the month of February, an individual is said to be resident in India, if he is in India for:

- (a) 182 days (b) 183 days
- (c) 60 days (d) 61 days

52. Where an employer gifts a second hand laptop to an employee, the perquisite value is actual cost less depreciation at _____% for every completed year under reducing balance method of computing depreciation.

- (a) 10% (b) 20%
- (c) 35% (d) 50%

53. Which of following is not taxable under head 'salary':

- (a) Non-practice allowance to employee doctor by hospital
- (b) Commission paid to director
- (c) Allowance received by employee (d) Free rent house to employee

54. Bad debts is deductible in the year:

- (a) When provision for bad debts are made

- (b) When debt is first time written as bad
(c) When debt was incurred (d) When it became time-barred debt

55. Compute depreciation for block of asset having depreciation rate of 15% if opening value of block was Rs 200,000, purchase during the year (used for 210 days in PY and this asset is eligible for additional depreciation @20%) was Rs 100,000 and sale amount was Rs 50,000:

- (a) Rs 57,500 (b) Rs 37,500
(c) Rs 45,000 (d) None of above

56. Vikesh buys a plant on 1-Jun of PY which is eligible for 25% regular depreciation and 20% additional depreciation. He has planning to use that plant from 12-Oct of PY. Guide him regarding tax planning:

- (a) There is no question of tax planning
(b) He must use plant immediately after purchase
(c) He must start using plant before 2-Oct instead of 12-Oct
(d) None of above

57. What is the maximum amount which an employee can take benefit from children's hostel allowance:

- (a) Rs 3600 p.a. (b) Rs 7200 p.a.
(c) Rs 6000 p.a. (d) None of above

58. Mr. Vijay running a business, donated Rs 50,000 to national laboratory for scientific research. He is entitled to get deduction of:

- (a) Rs 50,000 (b) Rs 62,500
(c) Rs 87,500 (d) Rs 100,000

59. Remuneration received by partner from firm is taxable under the head:

- (a) Business and Profession (b) Salary
(c) Other sources (d) Not taxable

60. Perquisite received by a person doing business is taxable under the head:

- (a) Business and Profession (b) Salary
(c) Other sources (d) Not taxable

61. Interest for deferment of advance tax is levied vide:

- (a) Sec 234A (b) Sec 234B
(c) Sec 234C (d) Sec 201

62. In case of Mumbai, specified area, for the purpose of wealth tax is:

- (a) 65% of total area (b) 70% of total area

(c) 65% of unbuilt area

(d) 70% of unbuilt area

63. What will be NMR if municipal value is Rs 300,000 and municipal tax levied but unpaid is Rs 15,000:

(a) Rs 255,000

(b) Rs 233,750

(c) Rs 210,000

(d) None of above

64. Calculate capitalized value of house if NMR is Rs 240,000 and property is built on lease-hold land and unexpired lease period is 29 years:

(a) Rs 1920,000

(b) Rs 2400,000

(c) Rs 3000,000

(d) Rs 3600,000

65. Calculate capitalized value of house if NMR is Rs 360,000 and property is built on lease-hold land where total lease period was 80 years and unexpired lease period is 24 years:

(a) Rs 3600,000

(b) Rs 2880,000

(c) Rs 4500,000

(d) None of above

66. Which of following liability is deductible while computing net wealth:

(a) Loan against taxable asset (b) Loan against asset situated outside India

(c) Provision for liability written in liability side of balance sheet

(d) None of above

67. Where assessee has declared value of jewelry exceeding Rs _____ in his wealth, he must attach report of valuer along with his wealth tax return:

(a) Rs 50,000

(b) Rs 500,000

(c) Rs 1000,000

(d) Rs 30,00,000

68. Reference to valuation officer is made if difference between fair market value and declared value exceeds _____ :

(a) Rs 50,000

(b) Rs 500,000

(c) 30%

(d) 25%

69. Assessee has declared value of a particular asset as Rs 54,000 but according to assessing officer, its fair market value is Rs 90,000. Can this case be referred to valuation officer:

(a) Yes

(b) No

70. Assessee has declared value of a particular asset as Rs 650,000 but according to assessing officer, its fair market value is Rs 725,000. Can this case be referred to valuation officer:

(a) Yes

(b) No

71. Tribunal which hears appeal under service tax is known as:

- (a) CECST
- (b) CESTAT
- (c) NCLT
- (d) CENVAT

72. Service tax was introduced in India on the recommendation of:

- (a) Kelkar Committee
- (b) Dr. Raja J Challiah Committee
- (c) Dr. Man Mohan Singh Committee
- (d) Dr. Yashwant Sinha Committee

73. Where service is received from outside India, such service shall be:

- (a) Taxable in the hands of service provider
- (b) Taxable in the hands of Service recipient
- (c) Exempt from service tax
- (d) To be shared equally by service provider and receiver

74. State which of following are true:

- i) Input credit under VAT is available on account of Central Sales Tax paid on the purchases
- ii) Input credit is available on account of import duty paid on goods purchased from a country outside India
- iii) Input credit is payable on account of VAT paid on capital goods
- iv) Input credit is available only if the purchaser has obtained proper tax in voice
- v) VAT avoids cascading effect
- vi) Vat is easy to administer and transparent

- (a) (i), (ii), (iii) and (iv)
- (b) (ii), (iii), (iv) and (v)
- (c) (iii), (iv), (v) and (vi)
- (d) (i), (iv), (v) and (vi)

75. Input tax credit is allowed over and above _____ on stock transfer or consignment to other State:

- (a) 1%
- (b) 2%
- (c) 4%
- (d) 12.5 %

76. Find out the true statement

- a) There is no need to file a nil return
- b) Separate returns will have to be filed if multiple services are provided
- c) If due date of filing return happens to be a holiday, the return can be filed on the next working day immediately following the holiday

77. Which of following is not a difference between erstwhile system and VAT:

- (a) In earlier system export was zero rated, but in VAT export has been exempted
- (b) In earlier system there was no set-off of input tax, but in VAT earlier tax paid is set-off against output tax

- (c) In earlier system few concession were granted via form C or D, but in VAT there is no such concession
(d) None of above

78. Determine the point of Taxation if service was provided on 10-May-2014, date of invoice is 12-Jun-2014 and date of receipt of payment is 30-May-2014.

- (a) 10-May (b) 30-May
(c) 12-Jun (d) 10-Jun

79. Under _____, the liability of payment of service tax will be shared by service provider as well as service recipient in specified services.

- (a) Reverse Charge Mechanism (b) Partial Reverse Charge
(c) Service Tax Rules (d) None of these

80. Service tax, when it was imposed in 1994, was levied at the rate of:

- (a) 3% (b) 5%
(c) 10% (d) 15%

81. Which of following service is taxable:

- (a) Pre-school education (b) Computer training school
(c) Fee charged by ICSI for registration of students
(d) Fee for vocational education

82. CBEC has developed web-based software application for online filing of documents called:

- (a) ODIN (b) ACES
(c) NEAT (d) SCORES

83. The reason, why VAT is subject matter of State Government is:

- (a) Cartel between all States (b) Decision by Parliament
(c) List II of Schedule VII of Constitution
(d) No specific reason

84. Which of following is not covered by inter-state sale:

- (a) If such sale occasions movement of goods from one State to other
(b) If goods are transferred to a branch or agent outside State
(c) If sale is effected by transfer of document of title of goods during by movement of goods inter-State
(d) None of above

85. Under CST, selling price does not include:

- (a) Central Sales Tax (b) Freight if charged separately
(c) Trade Discount (d) Rejected goods

86. Where service tax has not been levied, short-levied or erroneously refunded due to fraud, collusion, misstatement of facts etc, Excise Officer may make demand within ____ from relevant day:

- (a) One year
- (b) Two years
- (c) Five years
- (d) Six years

87. "Service tax is generally payable by service provider, but in certain circumstances, when service receiver is liable to pay" this system is applicable in which of following cases:

- (a) Service provided by educational institute
- (b) Service provided from outside India
- (c) Service provided by spa
- (d) All of above

88. E-payment of service tax is compulsory in the case of an assessee who had paid service tax in the preceding financial year equal to at least: (*Asked in Dec 2009*):

- (a) Rs.10 lakh
- (b) Rs.40 lakh
- (c) Rs.50 lakh
- (d) Rs.1 crore.

89. The rate of VAT for precious and semi-precious metals is 4% (*Asked in Dec 2012*):

- (a) True
- (b) False

90. Compute the VAT amount payable by a trader who purchases goods from a manufacturer on payment of `6,75,000 (including VAT) and earns 25% profit on sale to retailers. VAT rate on purchase and sale is 12.5% (*Asked in Dec 2012*):

- (a) Rs 93,750
- (b) Rs 105,468
- (c) Rs 18750
- (d) Rs 21093

91. Service tax in India made a humble beginning from ____ with only three services (*Asked in Jun 2011*):

- (a) 1992
- (b) 1994
- (c) 2003
- (d) 2005

92. Currently rate of service tax is ____ including education cess and secondary and higher education cess (*Asked in Jun 2011*):

- (a) 10.36%
- (b) 12.36%
- (c) 10.3%
- (d) 12%

93. White paper allowed _____ to exempt VAT to person having a turnover upto Rupees 5 to 10 lakh:

- (a) Dealers
- (b) Local Authorities

(c) State Government

(d) All of above

94. Input tax credit under VAT is allowed to both trader and manufacturer:

(a) True

(b) False, its available to only trader

(c) False, its available to only manufacturer

95. Under VAT, if input tax credit _____ output tax, the difference will be adjusted in next month:

(a) Exceeds

(b) Is less than

(c) Is equal to

(d) None of above

96. Failure to pay service tax attracts penalty of _____

(a) Rs 100 per day or 1% of tax per month, whichever is high

(b) Rs 100 per day or 1% of tax per month, whichever is low

(c) Rs 10,000

(d) Rs 20,000

97. Where any service tax has not levied, short levied or erroneously refunded, by reason of fraud, collusion or misstatement, penalty will be:

(a) Equal to amount of service tax

(b) Twice the amount of service tax

(c) Thrice to amount of service tax

(d) Fix Rs 100,000

98. Under service tax rules, every assessee is required to furnish to _____ at the time of filing his return for the first time a list of all accounts maintained in relation to the service tax (*Asked in Dec 2011*):

(a) Excise officer

(b) Superintendent of Excise

(c) Commissioner of excise

(d) All of above

99. Which of following is false under VAT regime:

(a) Input tax credit is available

(b) Export has been exempted

(c) Levy and collection by State Government

(d) All of above

100. If invoice amount is 73125 including 12.5% VAT, what is amount of sale excluding VAT:

(a) 70,000

(b) 65,000

(c) 82265

(d) None of above

(For Answer, see at the end of this book)

How to Make Preparation Under New Pattern of OMR

1. First attempt all those questions which you think you are confident enough.
2. Those questions, which you exactly know, that you are not aware, leave them immediately.
3. Those questions which you have little confusion, take on second priority and attempt them after you have attempted known questions.
4. Be conversant of exam hall atmosphere and other examinees
5. Fill the OMR sheet very properly. Sometime, your answer was correct, but still you may not get marks because the round of OMR was not duly filled.
6. You will get rough sheet at exam hall. Keep all of your instruments like calculator, black pen and HB pencil with you. Don't forget your i-card and hall ticket.

Bibliography

1. Study material of ICSI
2. Past Year's papers of ICSI
3. Income Tax Act, Bare Act
4. Wealth Tax Act, Bare Act
5. The Finance Act, 1994
6. Rules under Service Tax

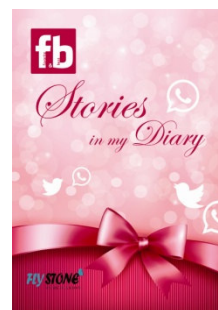
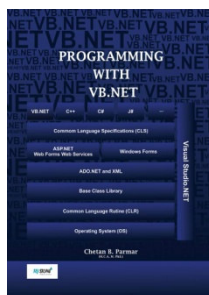
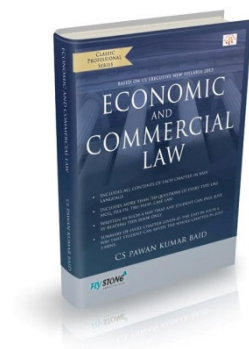
Published by Flystone Publication:

To Buy, visit www.flystonepublication.com/shop/

(Limited prints available due to exam are in Dec 14 itself)

Book your copy NOW

Our Other Publications



Economic & Commercial Law:
CS Pawan Kumar Baid
Best-Seller

Programming with VB.NET
Chetan B Parmar

fb Stories in my Diary
Wonderful stories one
must read

