Taxation

1. Deduction from salary for entertainment allowance received by the government employee is:-

(1) 1/5th of the salary or Rs. 7,000/- whichever is less
(2) 1/10th of the salary or Rs. 7,000/- whichever is less
(3) **1/5th of the salary or Rs. 5,000/- whichever is less**
(4) 1/10th of the salary or Rs. 10,000/- whichever is less

2. An Assessment Year is the following Financial Year to the Previous Year.

(1**) True**
(2) False

3. Mr. X transferred a house property to his son at the time of his marriage. Will that be regarded as a 'Transfer'?

(1) Yes
(2**) No**

4. 'X' owns a house property (municipal valuation Rs. 1,40,000/-, fair rent Rs.1,61,000/-, standard rent Rs. 1,60,000/-). It is let out throughout the Previous Year on a monthly rent of Rs. 12,000/-. Determine the annual value.

(1) Rs. 1,44,000/-
(2) Rs. 1,75,000/-
(3) **Rs. 1,60,000/-**
(4) None of the above

5. U/s 40A, the term 'Relative' would include any individual who has a _________ in the business or profession of the assessee or any relative of such individual.

(1) **Substantial interest**
(2) Minor interest
(3) True interest
(4) None of the above

6. Mr. X, a foreign citizen (not being a person of Indian origin) comes to India for the first time on April 15, 2000. During the Financial Years 2000-01, 2001-02, 2002-03, 2003-04 & 2004-05, he is in India for 130 days, 80 days, 13 days, 210 days & 75 days respectively. Determine the residential status of Mr. X for the Assessment Year 2005-06.

(1) Non-resident
(2) **Resident but not ordinarily resident**
(3) Resident of India
(4) None of the above

7. In case of employees covered by the Payment of Gratuity Act 1972, the amount of exemption of gratuity is calculated on the basis of:-

(1) Rs. 3,00,000/-
(2) 30 days salary based on last salary drawn
(3) 21 days salary based on last salary drawn
(4) **15 days salary based on last salary drawn**

8. Mr. N purchased new machinery for Rs. 10 lakhs for his business on September 15, 2005 and put it to use immediately. The normal rate of depreciation is 25%. The rate of depreciation for the year should be ______.

(1) 12.5%
(2) 20%
(3) 10%
(4) **25%**

9. In the matter of set-off, priority is given to the past unabsorbed business loss u/s 72 over:-

1. ________________
2. Capital expenditure on scientific research u/s 35(4)

(1) Long term capital loss
(2) Loss from house property
(3) **Unabsorbed depreciation**
(4) None of the above

10. Which of the following is the difference between 'Input' & 'Capital goods' in relation to CENVAT?

(1) Taking of CENVAT credit: Credit can be taken on input immediately on their receipt to the factory. Credit on capital goods can be taken after 1 year

(2) **Eligibility: All inputs (except HSD, LDO & Petrol) are eligible. Only capital goods specified in the definition are eligible**

(3) Job work: Inputs cannot be directly sent for job work. Capital goods can be sent for job work without coming to the factory

(4) All of the above