

TAXBOOK⁺

Hints to solutions

Basic Concepts

BYC & MCQ

OVERVIEW OF INCOME TAX LAW

M1. A person has derived income of Rs. 10 lakh from retail business, Rs. 20 lakh from agriculture and.....
Constitution of India empowers the Parliament to levy taxes on income (other than agricultural income), i.e., 10 lakh + 1 lakh.

M3. Mr. X earned income of Rs. 1 lakh from certain activities carried aboard a ship situated in territorial
Income Tax Act extends to India which includes its territorial waters.

ASSESSMENT YEAR & PREVIOUS YEAR

M18. Mr. X, employed with Z Ltd., resigned on 31.12.2021. He earned salary for the period of service. He has.....
PY is 2021-22 and AY is 2022-23 which begins on 1.4.2022

M19. Mr. Y has filed his return of income for the assessment year 2022-23. Income for which year has.....
PY is the FY immediately preceding the AY

M21. Mr. Z decided to start his manufacturing business. He acquired plant and machinery on 5.3.2021.....
PY for business newly set up begins from date of setting up and ends with 31 March of the FY.

M26. Mr. US, a citizen of US, is residing in India since the last 10 years. During the assessment proceedings for.....
U/s 174

M27. On the basis of information received, the AO wants to make assessment in the relevant year itself in.....
A: Not valid u/s 174 as he will return
B: Valid u/s 174A
C: Not valid u/s 175 as he will sell property in the ordinary course of business, not to avoid payment of tax
D: Not valid u/s 176 as AO has discretion and in this case accelerated assessment may not be necessary to safeguard interest of revenue

M31. AO has discretion to either charge income in the PY itself or in the usual AY in case of.....
AO has discretion only u/s 176 to tax the income in the current AY or regular AY. There is no discretion in other sections.

M32. Rs. 5 lakh was found to have been credited in the books of Mr. Q. He could not provide any.....
U/s 68

M33. Mr. V invested Rs. 50 lakh in the shares of UB Pvt. Ltd. This amount was not recorded in the books.....

U/s 69. Unexplained investment can be taxed.

M34. During a search, Mr. C, carrying on a business, was found to be the owner of jewellery whose market.....
Nil u/s 69A as nature and source satisfactorily explained.

M36. During the FY 2021-22, Mr. K incurred Rs. 1 crore as expenditure on marriage ceremony of his.....
Nil u/s 69C as nature and source not satisfactorily explained for Rs. 40 lakh.

PERSON & ASSESSEE

M42. Which of the following assessments is valid?.....
Assessment of minor can be made on guardian as representative assessee

M44. Which of the following persons is not an assessee?.....
Master V does not fall in any category of section 2(7)

M45. Which of the following persons is not an assessee?.....
Mr. Poor does not fall in any category of section 2(7)

INCOME

M49. Which of the following is income?.....
A: Pure reimbursement; B: Pin money is not income; C: Not income on ground of mutuality

M53. Rohit earned Rs. 20,000 as interest on his savings bank account with State Bank of India. Under.....
As IFOS since it does not fall under any other head of income

M54. Rahul computed income of Rs. 50,000 under each of the five heads of income, after allowing exemption.....
Income tax is computed on total income

M56. Total income of Rs. 10,050 will be rounded off as.....
Already rounded off to multiple of 10

M57. Total income of Rs. 10,051.10 will be rounded off as.....
Ignore paise = 10,051. Last figure is less than 5. Reduce to next lower multiple of 10.

M59. Rohit needs to compute his total income earned during the period 1.4.2021 to 31.3.2022 and tax.....
Total income and tax liability is computed based on provisions of the Act as on 1st April of the AY.

M60. Through an amendment in the Rules, it is provided that application for an exemption needs to be made.....
Change in a procedure is applicable from the date the amendment is effective