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**Direct Tax Laws & International Taxation MCQ with answers** - In this article you will find Direct Tax Laws & International Taxation MCQ with answers for CMA Final

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- A foreign company in which the Indian company holds \_ in nominal value of the equity share capital will be treated as foreign specified company for the purpose of section 115BBD of the Act.  
(A) 25% or more  
**(B) 26% or more**  
(C) 50% or more  
(D) 51% or more
- Dividend received from foreign company will be included in the total income of the tax payer and will be charged to tax at \_\_\_\_\_.  
(A) 15%  
(B) 20%  
(C) 30%  
**(D) Normal rate of tax applicable to the assessee**
- An appeal to the Commissioner of Income-tax (Appeals) shall be filed in Form No. \_\_\_\_\_.  
**(A) 35**  
(B) 36  
(C) 34C  
(C) 35B
- Section \_\_ specifies the orders against which an appeal can be filed before the Commissioner of Income- tax (Appeals).  
**(A) 246A**  
(B) 260A

(C) 253

(D) 261

- The Commissioner of Income-tax (Appeals) is the \_\_ appellate authority  
**(A) First**  
(B) Second  
(C) Third  
(D) Fourth
- As per section 211(1), payment of advance tax made on or before \_ shall be treated as advance tax paid during the financial year.  
(A) 30th September  
(B) 30th June  
(C) 31st December  
**(D) 31st March**
- As per section 142A, a Valuation Officer should send a report to the Assessing Officer within \_\_ from the end of the month in which a reference is made by the Assessing Officer under section 142A.  
(A) 12 months  
**(B) 6 months**  
(C) 1 months  
(D) 2 months
- As per section 115QA (3), tax to credit of Government in case of distributed income of domestic company for buy-back of shares shall be deposited within \_ days from date of payment of any consideration to the shareholder on buy-back of shares.  
(A) 7 days  
**(B) 14 days**  
(C) 10 days  
(D) 30 days



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- Under section 12AA, an order of granting or refusing registration of trust shall be passed within \_ from the end of the month in which application u/s 12A(1) (aa) is received

**(A) 6 months**

- (B) 12 months
  - (C) 2 months
  - (D) 24 months
- 
- An application (in quadruplicate) for advance ruling by a resident applicant for determination of his tax liability arising out of one or more transactions valuing ₹100 crore or more in total which has been undertaken or is proposed to be undertaken by him is to be made in Form No.    .
    - (A) 34D
    - (B) 34DA**
    - (C) 34E
    - (D) 34EA



## Direct Tax Laws & International Taxation MCQ with answers

- Provisions relating to advance ruling are provided in sections \_.  
(A) 80C to 80U  
(B) 245A to 245L  
(C) 237 to 245

**(D) 245N to 245V**

- If the amount of income in respect of which the penalty is imposed or imposed for the relevant year(s) exceeds ₹\_, then no order reducing or waiving the penalty under section 273A (1) shall be made by the Principal Commissioner or Commissioner, except with the previous approval of the Principal Chief Commissioner or Chief Commissioner or Principal Director General or Director General, as the case may be

(A) 1,00,000

(B) 2,00,000

**(C) 5,00,000**

(D) 10,00,000

- Principal Commissioner or Commissioner of Income-tax is empowered to grant relief from penalty to tax payers in genuine cases. Such power is granted under section 273A and section \_.

(A) 273B

**(B) 273AA**

(C) 273

(D) 274

- As per section \_ when any specified domestic transaction is carried out between associated enterprises, the said transaction should be carried out at arm's length price.

(A) 90

(B) 91

**(C) 92**

(D) 90A

- The provisions of sec. 92 will apply only if the aggregate value of specified domestic transactions entered into by the taxpayer during the year exceeds a sum of ₹ \_.

(A) 100 crore

(B) 5 crore

(C) 10 crore

**(D) 20 crore**

- Section \_\_ deals with methods of computation of arm's length price.  
(A) 94  
(B) 93  
**(C) 92C**  
(D) 91
- Arm's length price is to be determined by applying \_  
**(A) Resale Price Method**  
(B) Fair Market Value Method  
(C) Stamp Duty Value Method  
(D) Indexed Cost of Acquisition Method
- Advance Pricing Agreement shall be valid for such period not exceeding \_ consecutive previous years as may be specified in the agreement.  
**(A) 5**  
(B) 3  
(C) 10  
(D) 2
- As per sec. 94B, interest expenses claimed by an entity to its associated enterprises shall be restricted to \_ of its earnings before interest, taxes, depreciation and amortization (EBITDA) or interest paid or payable to associated enterprise, whichever is less.  
**(A) 30%**  
(B) 25%  
(C) 20%  
(D) 50%
- If any person fails to keep and maintain any such information and document as required by sec. 92D in respect of an international transaction or specified domestic transaction, the Assessing Officer or Commissioner (Appeals) may direct that such

person shall pay, by way of penalty, a sum equal to \_

(A) ₹5,00,000

**(B) 2% of the value of each international transaction or specified domestic transaction entered into by such person**

(C) ₹1,00,000

(D) 1% of the value of each international transaction or specified domestic transaction entered into by such person

- Uncontrolled transaction means a transaction between \_, whether resident or non-resident

**(A) enterprises other than associated enterprises**

(B) associated enterprises

(C) any enterprises

(D) none of the above

- Information and documents required to maintained u/s 92D shall be kept and maintained for a period of \_ from the end of the relevant assessment year.

**(A) 8 years**

(B) 5 years

(C) 10 years

(D) 16 years

- Assessment u/s 143(1) can be made within a period of:

(A) 4 years from the end of the month in which return is filed

(B) 4 years from the end of the financial year in which return is filed.

(C) 4 years from the end of the assessment year in which return is filed

**(D) None of above**

- Which of the following mistake is not rectifiable u/s 154:-

(A) Value of closing and opening stock

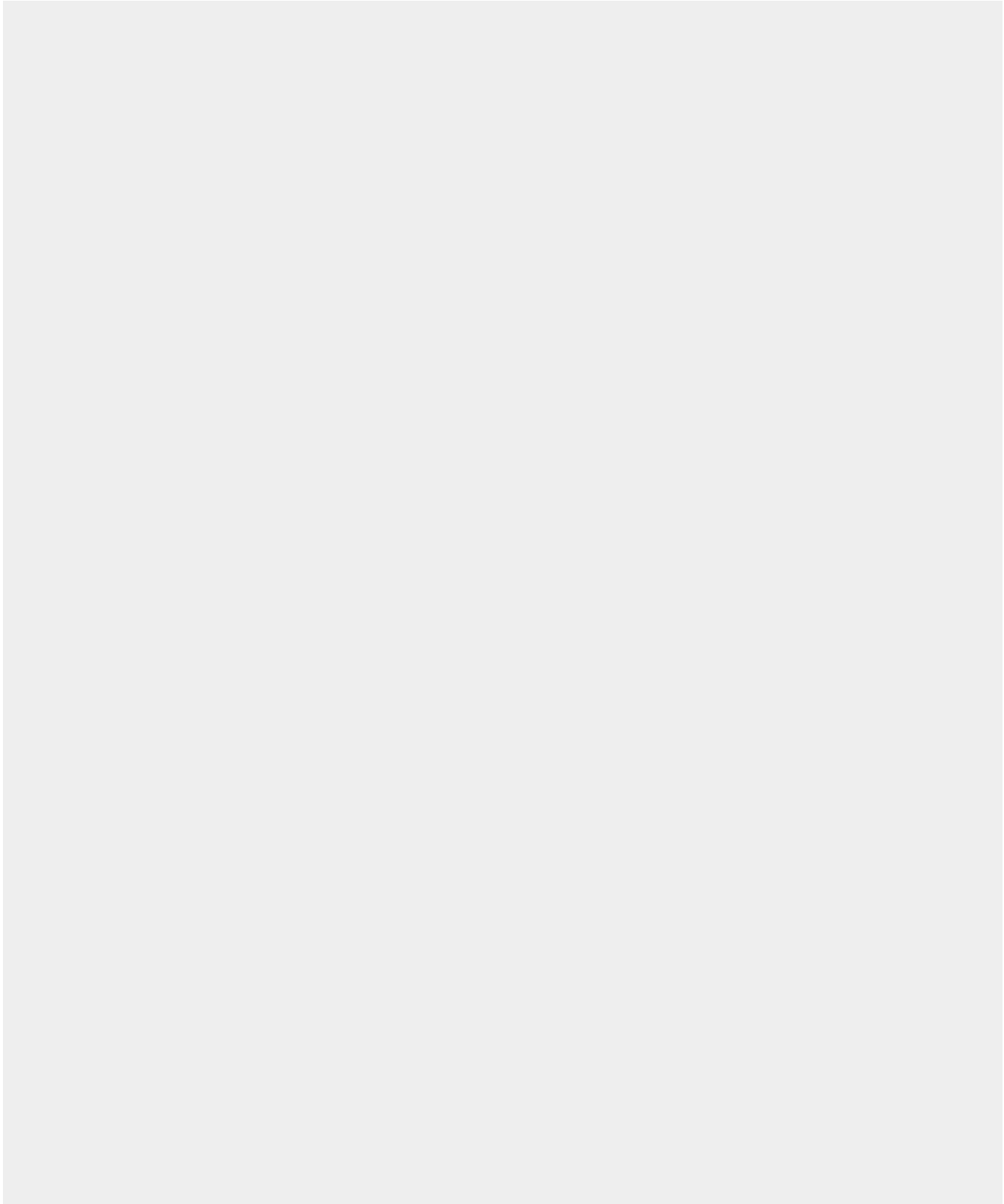
(B) Clerical mistake

(C) Double taxation relief

**(D) None of above**



- Levy of late filing fees u/s 234E is for delay in filling of:
  - (A) Return of income
  - (B) TDS/TCS return**
  - (C) Annual information report
  - (D) None of above
- Income of disabled (physically) minor child is:
  - (A) Clubbed with parents total income
  - (B) Taxed in the hands of minor child**
  - (C) Exempted
  - (D) None of above
- Presumptive Taxation Scheme u/s 44AD is applicable, at the option of assessee if turnover is:
  - (A) Not more than ₹One crore
  - (B) Not more than ₹Two crores**
  - (C) Not more than ₹50 lakhs
  - (D) None of above
- Penalty u/s 271(1)(C) shall be levied at the rate of:
  - (A) 100% of tax sought to be evaded
  - (B) 300% of tax sought to be evaded
  - (C) 100% to 300% of tax sought to be evaded**
  - (D) None of above
- Subsidy from the Government, received by a trust established by the government is:
  - (A) Not an income**
  - (B) Part of income
  - (C) Exempted income
  - (D) None of above





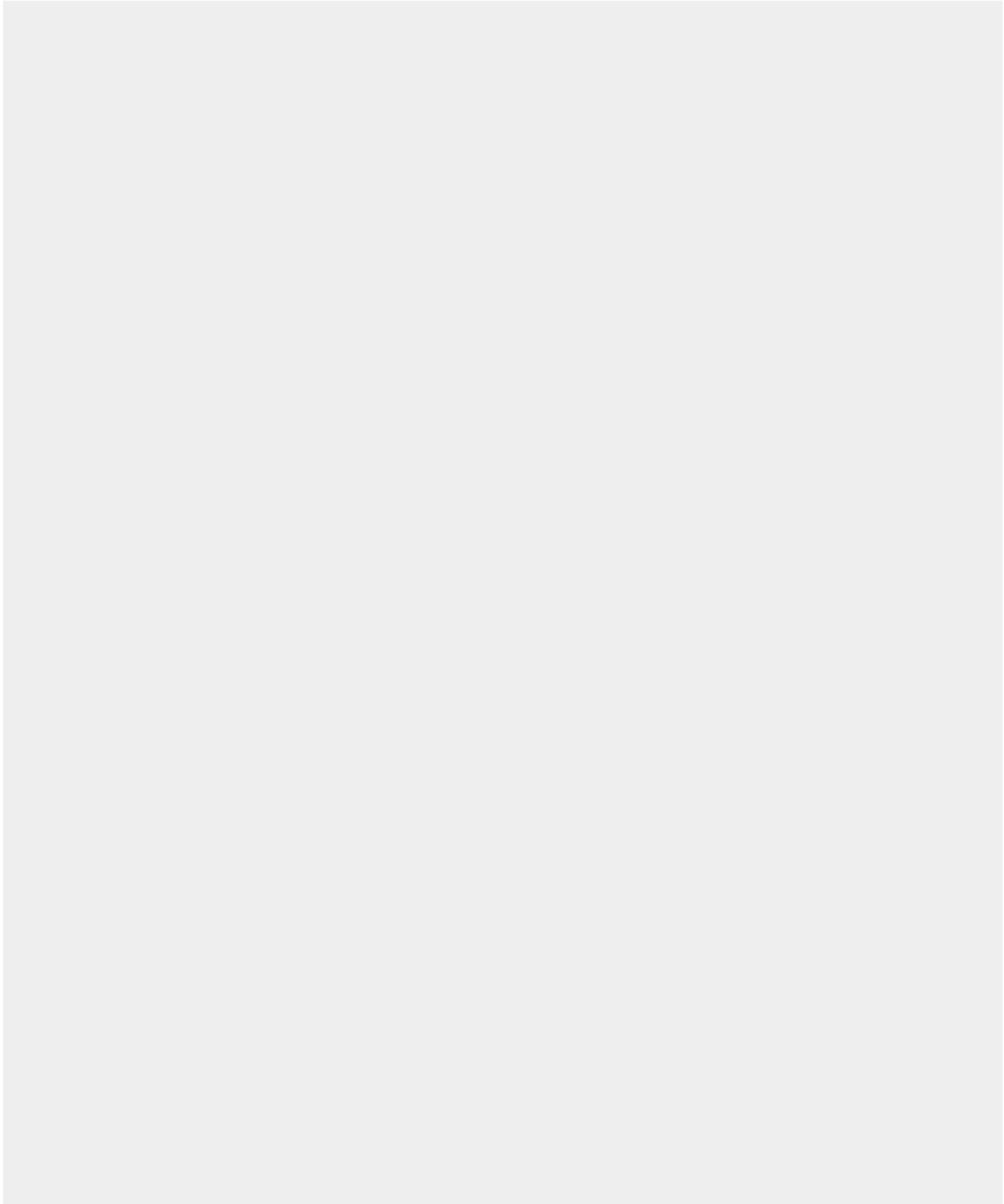
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- Double Taxation Relief is allowed on the basis of:
  - (A) PAN
  - (B) TRC**
  - (C) Aadhaar
  - (D) None of above
- ICDS is applicable if assessee is maintaining the books of account under:
  - (A) Cash basis
  - (B) Mercantile system**
  - (C) Hybrid system
  - (D) None of above
- The time limit for filing belated return is:
  - (A) within the assessment year
  - (B) within the assessment year or before completion of assessment whichever is earlier.**
  - (C) within the one year from end of assessment year or before completion of assessment whichever is earlier
  - (D) None of above
- Appeal to High court is possible if:
  - (A) Question of fact is involved
  - (B) Question of law is involved
  - (C) Substantial question of law is involved**
  - (D) None of above
- The following loss is not allowed to carry forward:
  - (A) House property loss
  - (B) loss from running and maintaining of race camels
  - (C) loss under the head —Income from other source**
  - (D) None of above
- Income referred u/s 9(1) of ITA, 1961 is:

- (A) Not taxable
  - (B) Taxable but eligible for double tax relief
  - (C) Taxable and not eligible for double tax relief**
  - (D) none of above
- Income on which equalization levy is charged is:
    - (A) Chargeable under income tax
    - (B) Not chargeable under income tax**
    - (C) Not an income under ITA, 1961
    - (D) None of above
- The rate of minimum Alternative Tax for unit located in International Financial Services Centre is:
    - (A) 18.5%
    - (B) 9%**
    - (C) 30%
    - (D) None of above
- Deduction u/s 80 IAC for eligible start-ups is @ 100% for:
    - (A) 5 years
    - (B) 3 years**
    - (C) 10years
    - (D) None of above
- Tax payable by domestic companies u/s 115BA is:
    - (A) 25%
    - (B) 29%**
    - (C) 30%
    - (D) None of above
- Which of the following company is not liable to pay MAT u/s 115JB:
    - (A) Trading company
    - (B) Manufacturing company
    - (C) Tonnage tax company**

(D) None of above

- The amount of deduction in respect of salary paid to its own members in case of PFAOP is:
  - (A) Without any limit
  - (B) ₹1,50,000
  - (C) Nil**
  - (D) none of above
- The commissioner of IT Act (Appeal) shall dispose off the appeal within a period of \_ from the financial year in which appeal is made.
  - (A) 1 yrs**
  - (B) 2 yrs
  - (C) 3 yrs
  - (D) None of the above
- As per section 142(2A), the tax authorities can direct the taxpayer to get his accounts audited from a \_ nominated by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner.
  - (A) Cost Accountant
  - (B) Chartered Accountant**
  - (C) Company Secretary
  - (D) None of the above





## Direct Tax Laws & International Taxation MCQ



- The quantum of deduction in respect of royalty on patents as mentioned in Section 80RRB is
  - (A) ₹1,50,000
  - (B) ₹2,00,000
  - (C) ₹2,50,000
  - (D) ₹3,00,000**
- The additional tax will have to paid by the principal officer of the domestic company and the company within \_ days from the date of declaration of dividend.
  - (A) 7 days**
  - (B) 9 days
  - (C) 14 days
  - (D) 21 days
- In case of the Local Authority the return is verified by the \_\_\_\_\_.
  - (A) Karta
  - (B) Managing Director
  - (C) Principal Officer**
  - (D) Liquidator
- Pay as you earn scheme is known as
  - (A) Interest
  - (B) Income tax
  - (C) Advance tax**
  - (D) None of the above
- Form for making application of settlement of cases as specified u/s 245C(1)
  - (A) Form 24A
  - (B) Form 26AS
  - (C) Form 34B**
  - (D) None of the above
- Application made to the authority for advance ruling can be withdrawn after the lapse of \_ days period of application with the permission of authority if facts and

circumstances so justify.

(A) 15 days

**(B) 30 days**

(C) 45 days

(D) 60 days

- Monetary limit of disposing of a case by a single member of ITAT u/s 255(3) is

—.

(A) ₹15 lakh

(B) ₹20 Lakh

**(C) ₹50 lakh**

(D) ₹65 Lakh

- An eligible business as referred to section 44AD shall pay the advance tax during each financial year on or before the \_.

(A) 15th September

(B) 15th December

**(C) 15th March**

(D) 31st March

- Maximum limit of deduction in respect of rent paid u/s 80GG is \_\_\_\_\_

(A) 2,000

(B) 2,500

(C) 3,000

**(D) 5,000**

- Prosecution can be launched and the taxpayer can be punished if he commits willful failure to produce before the tax authorities the accounts and documents as demanded under section \_.

(A) 139

**(B) 142 (1)**

(C) 148

(D) None of the above

- The provision of section 80JJAA is applied to the business of manufacture of goods in a factory where workmen are employed for not less than \_ days in a previous year.  
(A) 100 days  
(B) 200 days  
**(C) 300 days**  
(D) 600 days
- Penalty to produce the information and documents within the period allowed s/s 286(6) is \_\_\_.  
(A) ₹2,000 per day  
(B) ₹3,000 per day  
**(C) ₹5,000 per day**  
(D) None of the above
- Penalty for failure to furnish the information and the document as required u/s 92D(4) by constituent entity of an International group referred to new Section 286 will attract penalty of ₹\_.  
(A) 2.5 Lakh  
**(B) ₹5 Lakh**  
(C) ₹10 Lakh  
(D) None of the above
- For every non corporate taxpayer to whom the provisions of AMT apply is required to obtain a report from a Chartered Accountant in Form \_ on or before the due date of filling the return of income.  
(A) Form I  
(B) Form 29  
(C) Form 29A  
**(D) Form 29C**
- Where assessed income is more than ₹2 Lakh then fees for filing an appeal with ITAT would be \_\_\_.  
(A) ₹500

**(B) ₹1000**

(C) ₹1500

(D) 1% of assessed income subject to a maximum of ₹10,000

- The loss of a speculation business of any assessment year is allowed to be set off only against the profit and gains of \_.

(A) Business and profession

(B) Other sources

**(C) Speculation business**

(D) None of the above

- As per section 245(D)(1) on receipt of application under section 245C, the settlement commission shall within \_ days from the date of receipt of the application issue a notice to the applicant requiring him to explain as to why the application made by him be allowed to proceed with.

(A) 5 days

**(B) 7 days**

(C) 10 days

(D) None of the above

- Where PQR Ltd., is set up on 01-04-2016 and assuming that the necessary conditions are fulfilled, the basic rate of income-tax applicable (excluding surcharge and cess) under section 115 BA of the Income-tax Act, 1961 is

**(A) 25%**

(B) 20%

(C) 22%

(D) None of the above

- Deduction at \_% under section 32AC would be available in the year of installation i.e. P.Y. 2016-17, even though the new plant and machinery or value exceeding ₹25 crores was acquired in the P.Y. 2015-16.

(A) 10

**(B) 15**

(C) 20

(D) 25

- Mr. Humayun, an individual, has received a gift of teak cot worth ₹1,20,000 from his friend on 01-02-2017. The amount to be treated as income from other sources is  
**(A) Nil**  
(B) ₹1,20,000  
(C) ₹70,000  
(D) None of the above
- Under section 2(22) (e) of the Income-tax Act, 1961, any payment (to the extent of accumulated profits) by a closely-held company by way of loan or advance to its shareholder, being a person who is the beneficial owner of shares, holding, is deemed as dividend.  
**(A) not less than 10% of the voting power**  
(B) not less than 15% of the voting power  
(C) not less than 10% of the total of equity and preference shares  
(D) not less than 15% of the total of equity and preference shares
- Under section 80JJAA deduction available to an eligible assessee fulfilling prescribed conditions is \_ % of the additional employees cost.  
(A) 10  
(B) 15  
**(C) 30**  
(D) 40
- When Mr. Hari engaged in manufacturing activity with turnover of ₹125 lakhs has realized sale proceeds through banking channel of ₹90 lakhs and balance by cash, his income under section 44AD would be  
(A) ₹10 lakhs  
(B) ₹7.50 lakhs  
**(C) ₹8.20 lakhs**  
(D) Not eligible for presumptive income under section 44AD
- When a company engaged in the business of bio-technology incurs (i) expenditure

on scientific research towards land and building ₹20 lakhs; (ii) other capital expenditures ₹10 lakhs and (iii) revenue expenditure of ₹8 lakhs. The quantum of deduction under section 35 (2AB) shall be

(A) Nil

(B) ₹16 lakhs (200% of revenue expenditure)

**(C) ₹27 lakhs (150% of total expenditure other than cost of land and building)**

(D) ₹38 lakhs (100% of capital expenditure including cost of land and building)

- Mr. Malik received a notice under section 148 for the assessment year 2013-14 in March, 2018. He wants to make application to the Settlement Commission. The additional amount of income-tax payable on the income disclosed in the application to the Settlement Commission must exceed \_ .

(A) ₹5 lakhs

**(B) ₹10 lakhs**

(C) ₹25 lakhs

(D) ₹50 lakhs

- ABC & Co. Ltd. earned ₹15 lakhs by way of transfer of carbon credit. The tax liability in respect of carbon credit is

(A) Nil

**(B) ₹1,54,500 (@ 10.3%)**

(C) ₹4,63,500 (@ 30.9%)

(D) ₹2,31,750 (@ 15.45%)

- When Mr. Atul doing business has gross total income of ₹ 9 lakhs, the maximum amount he can claim deduction in respect of the pension scheme of the Central Government under section 80CCD would be

(A) ₹50,000 (monetary limit)

(B) ₹90,000 (10% of gross total income)

(C) ₹1,00,000 (monetary limit)

**(D) ₹1,80,000 (20% of gross total income)**

- When interest paid by an Indian company to a foreign company being an associated

enterprise, such interest must not exceed \_\_% of the Indian company's earnings before interest, taxes, depreciation and amortization (EBITDA).

- (A) 10
- (B) 20
- (C) 30**
- (D) 40

- Secondary adjustment has to be made when the primary adjustment exceeds.

- (A) ₹50 lakhs
- (B) ₹100 lakhs**
- (C) ₹300 lakhs
- (D) ₹500 lakhs

- When Mr. Singhania having total income exceeding ₹10 lakhs files the return of income for the assessment year 2018-19 in January, 2019, the fee payable under section 234F for the delayed filing of return would be

- (A) ₹1,000
- (B) ₹5,000
- (C) ₹10,000**
- (D) ₹20,000

When Mr. Gautam doing business paid hall rent of ₹80,000 for 3 days for doing Diwali

- When Mr. Gautam doing business paid hall rent of ₹80,000 for 3 days for doing Diwali sale, the amount of tax deductible at source under section 194-IB would be

- (A) ₹8,000 @ 10%
- (B) ₹16,000 @ 20%
- (C) Nil
- (D) ₹4,000 @ 5%**

- When an Indian company pays ₹5 lakhs to a foreign company for online advertisement of its products, it has to deduct

- (A) tax at source @ 2%
- (B) tax at source @ 10%
- (C) equalization levy @ 6%**



(D) equalization levy @ 8%

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