

# The Institute of Cost Accountants of India

## CERTIFICATE COURSE ON TDS

### MOCK TEST – I

### QUESTIONS

#### **Guidelines**

1. There are 50 questions and all are compulsory.
2. Mark the right option.
3. After completing the paper mail us on [trd@icmai.in](mailto:trd@icmai.in)

1. Where there is a contract for service between Hospital and Doctor such that the income of the doctor varies from patient to patient, TDS shall be deductible u/s
  - a) 194C
  - b) 194J
  - c) 192
  - d) 194H

**Ans. – b)**

2. Payment made by News Duniya a television company to commission agents as commission /brokerage for canvassing / procuring advertisement is liable for:
  - a) TDS u/s 194H
  - b) TDS u/s 194C
  - c) TDS u/s 192
  - d) Such payment is not liable for TDS.

**Ans. – d)**

3. Deduction of Tax at source under Section 194 I is @
  - a) 10%

- b) 12%
- c) 15%
- d) 5%

**Ans. – a)**

4. Basic exemption limit for non resident who is 70 years old

- a) Rs. 2,50,000
- b) Rs. 3,00,000
- c) Rs. 5,00,000
- d) Rs. 2,00,000

**Ans. – a) Rs. 2,50,000**

5. ITR - 1 also known as

- a) Aasan
- b) Sahaj
- c) Umeed
- d) Udaan

**Ans. – b) Sahaj**

6. ITR – 1 is applicable to an individual having

- a) Salary or pension income
- b) Income from one house property
- c) Income from other sources
- d) All of the above

**Ans. – d) All of the above**

7. Who collect the TDS ?

- a) Person who is liable to make payment
- b) Person who is receive

**Ans. – a)**

8. TDS rate on payment of salary

- a) @ 10%
- b) @ 5%
- c) Slab Rate
- d) @20%

**Ans. - c)**

9. Income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort

- a) @ 30%
- b) @ 5%
- c) Slab Rate
- d) @20%

**Ans. - a)**

10. Collection of TDS and TDS Return, both are same

- a) True
- b) False

**Ans. - b)**

11. If an organization wants to pay TDS for the month of July, then the due date for the same will be the?

- a) 30th of August
- b) 7th of August
- c) 15th of August
- d) 30th of July

**Ans. - b)**

12. Maximum exemption under section 80C is

- a) Rs. 1,50,000
- b) Rs. 2,00,000

c) Rs. 25,000

d) Rs. 50,000

**Ans. - a)**

13. Mr. X is resident individual and he has salary income Rs. 3,50,000 and he pay Rs. 20,000 as LIC premium. Calculate Tax liability.

a) (a) Rs. 5,000

b) Rs. NIL

c) (c) Rs. 2,500

d) Rs. 1,00,000

**Ans. - b)**

14. Who is required to issue a TDS Certificate to the payee?

a) Every person deducting tax at source is required to furnish a certificate

b) Central Govt.

c) State Govt.

d) Income Tax Department

**Ans. - a)**

15. If PAN is not furnishing, what is the rate of TDS?

a) 30%

b) Height Rate

c) 20%

d) 20% or rate of tax whichever is higher

**Ans. - d)**

16. Tax deducted or collected at source shall be deposited to the credit of the Central Government by following modes in Electronic mode is mandatory?

- a) True
- b) False

**Ans. - b)**

**Electronic mode:**

- i. All corporate assesses.
- ii. All assesses (other than company) to whom provisions of section 44AB of the Income Tax Act, 1961 are applicable.

**Physical Mode:**

- i. By furnishing the Challan 281 in the authorized bank branch

17. Deductions under section 80C to 80U are available for Long term capital gains.

- a) True
- b) False

**Ans. - b)**

18. TAN stands for

- a) Tax Deduction Account Number
- b) Tax Deposit Account Number
- c) Transfer Account Number
- d) Tax Account Number

**Ans. a)**

19. When TDS should be deducted?

- a) at the time of payment
- b) at the time of received
- c) at the time of filing
- d) None of these

**Ans. - b)**

Tax is to be deducted **at the time of payment getting due or actual payment whichever is earlier**

20. Because of Death of his Son Mr. Salman could not file Quarterly statement for TDS Deducted. As there is a reasonable cause for such failure which of the following will not be levied:

- a) Penalty
- b) Fees
- c) Both
- d) None of these

**Ans. - b)**

21. What does section 194 deal with

- a. TDS on Rental Income
- b. TDS on Dividend Income
- c. TDS on Professional Fees
- d. TDS on Salaries

**Answer: c. TDS on dividend Income**

22. Should TDS be deducted if the dividend paid to a shareholder is Rs. 5000

- a. Deducted
- b. Choice of Company
- c. Not Deducted
- d. Choice of Shareholder

**Answer: C. Not Deducted. TDS is applicable if dividend is greater Rs. 5000**

23. What is the effective date of changes to Income Tax provisions with respect to Dividend Taxation?

- a. 1st April 2020

- b. 15th May 2020
- c. Date of Budget Announcement
- d. 1st January 2020

**Answer: a. 1st April 2020**

24. What is the TDS rate on Dividend Income?

- a. 10%
- b. 5%
- c. As per the Income Slabs of Individual
- d. 30%

**Answer. a. 10%**

25. Who is responsible for deducting TDS?

- a. Company that is giving Dividend
- b. Shareholder
- c. Demat Company
- d. Share broker

**Answer. a. Company that is giving dividend.**

26. Under which section is dividend defined under Income Tax Act?

- a. Section 26AS
- b. Section 194
- c. Section 10 (34)
- d. Section 2(22)

**Answer : d. Section 2 (22)**

27. What is the age criteria to differentiate whether 15G is to be filed or 15H ?

- a. 60 years
- b. 80 years
- c. 18 years
- d. 25 years

**ANSWER: a. 60 Years**

28. Mr. Suresh, a shareholder of XYZ Company has received a dividend income of Rs. 4,999 on 15th June 2020. Is this income taxable in the hands of Mr. Suresh?

- a. Not Taxable
- b. Taxable
- c. Exempt because this is less than 5,000
- d. Exempt u/s 10(34)

**ANSWER: b. Taxable**

29. Mr. Ramesh has a taxable Income of Rs. 75,000 in the financial year 2020-21; he has received a dividend Income of Rs. 9,500 from company ABC. Should the company ABC deduct TDS if Ramesh did not submit form 15G/H?

- a. Deduct Tax
- b. Should not deduct TDS
- c. Choice of Company
- d. Choice of Income Tax Authority

**ANSWER : a Deduct Tax**

30. Under which head of Income is 'Dividend Income' taxable?

- a. Salary
- b. Income from Other Sources
- c. Capital Gains



d. Income from House Property

**ANSWER : b. Income from Other Sources**

31. If Mr. Rajesh works as an employee in State Bank of India as a Manager. He also holds 500 shares of State Bank of India. He receives Rs. 2500 as dividend from SBI. Under what head of Income is this dividend taxable?

a. Salary

b. Income from Other Sources

c. Capital Gains

d. Income from House Property

**ANSWER : b. Income from Other Sources**

32. Mr. Sampath has earned Rs. 2,30,000 from Kaun Banega Crorepati game, Is this income taxable?

a. Not Taxable

b. Taxable

c. Exempt because his income is less than 2,50,000

d. Exempt u/s 194B

**ANSWER : b. Taxable**

33. Krishna works in a horse racing company. He gets a salary of Rs. 50,000 as salary. Under what head of income is this income taxable?

a. Salary

b. Income from Other Sources

c. Capital Gains

d. Income from House Property

**ANSWER : a. Salary**

34. Sampath has earned Rs. 15,000 in a lottery. He has donated this amount to an orphanage. Is this income taxable?

- a. Not Taxable
- b. Taxable
- c. Exempt because he donated the amount.
- d. Orphanage has to pay the tax

**ANSWER : c. Exempt because he donated the amount**

35. What expenditure can be deducted from Dividend Income (taxable as 'Other Sources')

- a. Interest Expenditure
- b. Bank Charges
- c. Brokerage Commission
- d. Internet charges

**ANSWER : a. Interest Expenditure**

36. Can the TDS amount be claimed while filing Income Tax return?

- a. Cannot be claimed
- b. Can be claimed
- c. Only 50% of the amount can claimed
- d. 25% of TDS can be claimed

**ANSWER : b. Can be claimed**

37. What certificate should the company issue when TDS on dividend is deducted from the shareholders?

- a. Form 16
- b. Form 16A
- c. Form 26AS

d. Form 15G

**ANSWER : b. Form 16A**

38. What is the reduced rate of TDS on Dividend Income for the Financial year 2020-21

a. 10%

b. 7.5%

c. 2.5%

d. 15%

**ANSWER : b. 7.5%**

39. What is the rate of TDS for 194BB?

a. 10%

b. as per Income Tax slabs

c. 20%

d. 30%

**ANSWER : d. 30%**

40. Rajaram has purchased lottery ticket costing Rs. 100 and won Maruti Ritz car worth Rs. 7,85,000 from a lucky draw. Is this taxable to Rajaram?

a. Not taxable as gift is not received in cash.

b. Taxable to the giver

c. Taxable to Rajaram

d. Rs. Only 100 is taxable

**ANSWER : b. Taxable to Rajaram**

41. In a lucky draw, Priyanka has won Maruti Ritz car worth Rs. 7,85,000 and cash of Rs. 1 Lakh? What is the taxable income in this transaction?

- a. 7,85,0000 car
- b. 1,00,000 cash
- c. 8,85,000 (785.000 + 1 Lakh)
- d. 6,85,000 (785,000 – 1 Lakh)

**ANSWER : c. 8,85,000 (785.000 + 1 Lakh)**

42. On 31st March 2020, Ajay has earned income from Lottery worth 9,999. Is this income taxable in the hands of Ajay?

- a. Taxable
- b. Not taxable
- c. Not Taxable because income < 10,000
- d. Taxable because income > 2500

**ANSWER : a. Taxable**

43. What is imprisonment period u/s 276B

- a. 3 months to 7 years
- b. 3 years to 7 years
- c. 3 months to 7 months
- d. 8 years

**ANSWER : a. 3 months to 7 years**

44. How frequently should TDS return be filed?

- a. Quarterly
- b. Monthly
- c. Annually

d. Semi-Annually

**ANSWER : a. Quarterly**

45. ABC Ltd. has deducted Rs. 25,000 as TDS from Balakrishna. But did not pay the TDS to income tax department. Who is responsible in this case?

a. ABC Ltd.

b. Balakrishna

c. Person Responsible' of the ABC Ltd.

d. ABC's auditor

**ANSWER : a. ABC Ltd.**

46. Rajesh has lost his TDS Certificate (Form 16A). Can he claim TDS while filing his Income Tax Return?

a. Can be claimed

b. Can be claimed if available in Form 26AS

c. Cannot be claimed

d. 50% of the amount can be claimed

**ANSWER : b. Can be claimed if available in Form 26AS**

47. Rajender has earned Rs. 25,000 as dividend Income on 15th September 2020. He paid Rs. 35,000 as Interest for loan taken for purchase of shares. How much deduction can he claim on the Dividend Income? Dividend Income is disclosed under income from Other Sources.

a. Rs. 25,000

b. Rs. 5,000

c. Rs. 35,000

d. Dividend income is exempt from Tax u/s 10(34)

**ANSWER : b. Rs. 5,000**

48. Vasanth has earned Rs. 5 Lakh as Dividend Income from Reliance Industries Limited on 20th March 2020. What is the rate of TDS to be deducted by the company?

- a. 5%
- b. 10%
- c. 7.5%
- d. 0%

**ANSWER : d. 0%**

49. Charan has won Rs. 1 Lakh on Diwali lottery organized by Star Plus. What is the TDS rate applicable?

- a. 5%
- b. 30%
- c. 25%
- d. 15%

**ANSWER : b. 30%**

50. Mr. Sanjay works as a CFO in a large Company (MNC Limited) and earns a salary of Rs. 80 Lakh. He has received a dividend income of Rs. 999 from ABC Limited. Should ABC Limited deduct TDS?

- a. Yes. Because Sanjay is in 30% slab
- b. No. because company want to encourage Sanjay to invest in ABC
- c. No because Dividend < 5000
- d. Yes

**ANSWER : c. No because Dividend < 5000**