

**Q1.** Which section provides exemption for income derived from property held under trust wholly for charitable or religious purposes?

- a) Section 10(23C)
- b) Section 12
- c) Section 11
- d) Section 13

**Answer:** c)

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**Q2.** What is the minimum percentage of income a charitable trust must apply in India to remain eligible for exemption under section 11?

- a) 50%
- b) 75%
- c) 85%
- d) 100%

**Answer:** c)

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**Q3.** Income accumulated or set apart in excess of 15% of income of the trust is taxable unless:

- a) Application is made in Form 10 for accumulation u/s 11(2)
- b) Trust is registered u/s 80G
- c) Corpus donation is received
- d) No disclosure is required

**Answer:** a)

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**Q4.** Voluntary contributions received by a trust with a specific direction to form part of the corpus are:

- a) Exempt u/s 11(1)(d)
- b) Taxable under Income from Other Sources
- c) Always taxable at MMR
- d) Exempt only if below ₹50 lakh

**Answer:** a)

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**Q5.** Application of income includes:

- a) Revenue expenditure only
- b) Capital expenditure also, if applied towards objects of the trust
- c) Loan repayment never treated as application
- d) Payment of taxes only

**Answer:** b)

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**Q6.** Which of the following is **not** treated as application of income for a charitable trust?

- a) Donation to another registered trust with specific direction for use
- b) Donation to another trust out of corpus funds
- c) Expenditure incurred on educational activities
- d) Capital expenditure on hospital building

**Answer:** b)

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**Q7.** A trust registered u/s 12AB loses exemption under section 11 if:

- a) It applies income outside India without approval of CBDT
- b) It fails to file ITR-7 on time
- c) It violates provisions of section 13 (like benefit to specified persons)
- d) All of the above

**Answer:** d)

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**Q8.** Anonymous donations received by charitable trusts (other than religious trusts) are taxable at:

- a) 10%
- b) 15%
- c) 20%
- d) 30%

**Answer:** d)

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**Q9.** Income of a charitable trust applied outside India is exempt only if:

- a) Prior approval of CBDT is obtained u/s 11(1)(c)
- b) Income is less than ₹1 crore
- c) Application is less than 10% of income
- d) Used for religious activity

**Answer:** a)

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**Q10.** A charitable trust earning business income will still be eligible for exemption u/s 11 if:

- a) The business is incidental to attainment of its objectives, and
- b) Separate books of accounts are maintained
- c) Both (a) and (b)
- d) None of the above

**Answer:** c)

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