

The Institute of Cost Accountants of India

CERTIFICATE COURSE ON TDS

MOCK TEST – II

ANSWERS

1. What does section 194 deal with

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

Answer: c. TDS on dividend Income

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

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

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

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

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

Answer: a. 1st April 2020

4. What is the TDS rate on Dividend Income?

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

Answer: a. 10%

5. Who is responsible for deducting TDS?

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

Answer: a. Company that is giving dividend.

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

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

ANSWE : d. Section 2 (22)

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

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

ANSWER: a. 60 Years

8. 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 | c. Taxable |
| b. Exempt because this is less than 5,000 | d. Exempt u/s 10(34) |

ANSWER: c. Taxable

9. 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 | c. Should not deduct TDS |
| b. Choice of Company | d. Choice of Income Tax Authority |

ANSWER : a Deduct Tax

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

- | | |
|------------------|-------------------------------|
| a. Salary | c. Income from Other Sources |
| b. Capital Gains | d. Income from House Property |

ANSWER : c. Income from Other Sources

11. 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 | c. Income from Other Sources |
| b. Capital Gains | d. Income from House Property |

ANSWER : c. Income from Other Sources

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

- a. Not Taxable
- b. Exempt because his income is less than 2,50,000
- c. Taxable
- d. Exempt u/s 194B

ANSWER : c. Taxable

13. 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. Capital Gains
- c. Income from Other Sources
- d. Income from House Property

ANSWER : a. Salary

14. 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. Exempt because he donated the amount
- c. Taxable
- d. Orphanage has to pay the tax

ANSWER :c. Exempt because he donated the amount

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

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

ANSWER : a. Interest Expenditure

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

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

ANSWER : c. Can be claimed

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

- a. Form 16
- b. Form 26AS
- c. Form 16A
- d. Form 15G

ANSWER : c. Form 16A

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

- a. 10%
- b. 2.5%
- c. 7.5%
- d. 15%

ANSWER : c. 7.5%

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

- a. 10%
- b. 20%
- c. as per Income Tax slabs
- d. 30%

ANSWER : d. 30%

20. 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 Rajaram
- c. Taxable to the giver
- d. Rs. Only 100 is taxable

ANSWER : b. Taxable to Rajaram

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

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

ANSWER : b. 8,85,000 (785,000 + 1 Lakh)

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

ANSWER : a. Taxable

23. What is imprisonment period u/s 276B

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

ANSWER : a. 3 months to 7 years

24. How frequently should TDS return be filed?

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

ANSWER : a. Quarterly

25. 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. | c. Balakrishna |
| b. 'Person Responsible' of the ABC Ltd. | d. ABC's auditor |

ANSWER : b. ABC Ltd.

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

- | | |
|----------------------|---------------------------------------------|
| a. Can be claimed | c. Can be claimed if available in Form 26AS |
| b. Cannot be claimed | d. 50% of the amount can be claimed |

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

27. 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 | c. Rs. 5,000 |
| b. Rs.35,000 | d. Dividend income is exempt from Tax u/s 10(34) |

ANSWER : c. Rs. 5,000

28. 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% | c. 10% |
| b. 7.5% | d. 0% |

ANSWER : d. 0%

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

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

ANSWER : c. 30%

30. 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