

# The Institute of Cost Accountants of India

## CERTIFICATE COURSE ON TDS

### MOCK TEST – II

### QUESTIONS

#### **Guidelines**

1. There are 30 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. What does section 194 deal with
  - a. TDS on Rental Income
  - b. TDS on Professional Fees
  - c. TDS on Dividend Income
  - d. TDS on Salaries
2. Should TDS be deducted if the dividend paid to a shareholder is Rs. 5000
  - a. Deducted
  - b. Not Deducted
  - c. Choice of Company
  - d. Choice of Shareholder
3. What is the effective date of changes to Income Tax provisions with respect to Dividend Taxation?
  - a. 1<sup>st</sup> April 2020
  - b. Date of Budget Announcement
  - c. 15<sup>th</sup> May 2020
  - d. 1<sup>st</sup> January 2020
4. What is the TDS rate on Dividend Income?
  - a. 10%
  - b. As per the Income Slabs of Individual
  - c. 5%
  - d. 30%

5. Who is responsible for deducting TDS?

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

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) |

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 |

8. Mr. Suresh, a shareholder of XYZ Company has received a dividend income of Rs. 4,999 on 15<sup>th</sup> 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) |

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 |

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 |

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 |

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

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

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

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                          | c. Taxable                      |
| b. Exempt because he donated the amount | d. Orphanage has to pay the tax |

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

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

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

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

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%

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

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

21. In a lucky draw, Priyankahas 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)

22. On 31<sup>st</sup> 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

23. What is imprisonment period u/s 276B

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

24. How frequently should TDS return be filed?

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

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 |

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         |

27. Rajender has earned Rs. 25,000 as dividend Income on 15<sup>th</sup> 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. 5,000   |
| b. Rs.35,000  | d. Dividend income is exempt from Tax u/s 10(34) |

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

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

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

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

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 wants to encourage Sanjay to invest in ABC
- c. No because Dividend < 5000
- d. Yes