***MCQ On Capital Gain***

**BASIC CONCEPT OF CAPITAL ASSET**

1. The charging section of the income under the head capital gains is :
2. Section 15
3. Section 17
4. Section 10
5. Section 45 (2)
6. What are the conditions to be fulfilled for charging of income under the head capital gains:
7. There must be a capital asset.
8. There must be a transfer of such capital asset.
9. The transfer of such capital asset has been affected during the previous year.
10. All of the above.
11. Which of the following is not a requisite for charging income-tax on capital gains –
12. The transfer must have been effected in the relevant assessment year
13. There must be a gain arising on transfer of capital asset
14. Capital gains should not be exempt u/s 54
15. Capital gains should not be exempt u/s 54EC
16. The following shall not be regarded as capital asset:
    1. Urban Land
    2. Securities held by a Foreign Institutional Investor as per SEBI Act, 1992
    3. Archaeological Collections
    4. Motor Car
17. The following shall be regarded as capital asset:
18. Gold Jewellery held by jeweller as SIT trade.
19. Securities held by FII as per SEBI Act, 1992, held as stock in trade.
20. Motor car held by motor car manufacturer as SIT
21. None of above
22. The following shall not be regarded as capital asset:
    1. Jewellery
    2. Rural Agricultural land
    3. Archaeological Collections
    4. Personal residential house
23. The following shall be regarded as capital asset:
    1. Jewellery
    2. Sculptures
    3. Archaeological Collections
    4. All of the above
24. Rural area means any area which is outside-------------Kilometers from the local limits of the jurisdiction of a municipality or a cantonment board, if the population of municipality or cantonment board is more than 10,00,000.
    1. 2
    2. 4
    3. 6
    4. 8
25. Rural area means any area which is outside--------------------Kilometers from the local limits of the jurisdiction of a municipality or a cantonment board, if the population of municipality or cantonment board is more than .1,00,000 but not exceeding 10,00,000.
    1. 2
    2. 4
    3. 6
    4. 8
26. Rural area means any area which is outside----------------------Kilometers from the local limits of the jurisdiction of a municipality or a cantonment board, if the population of municipality or cantonment board is more than 10,000 but not exceeding 1,00,000.
    1. 2
    2. 4
    3. 6
    4. 8
27. Capital asset excludes all except
    1. Stock-in-trade
    2. Personal effects
    3. Jewellery
    4. Agricultural land in India.
28. Transfer of which of the following assets will not be considered as capital gain -
    1. Jewellery
    2. Gold deposit bonds
    3. Paintings
    4. Sculpture
29. Which of the following are included in the jewellery -
    1. Ornaments made of gold, silver and platinum.
    2. Precious metals whether or not worked or sewn into any wearing apparel.
    3. Semi-precious stones.
    4. All of the above.
30. Income from transfer of self-generated goodwill of a profession:
31. is not chargeable to tax under the head 'capital gains
32. is chargeable to tax under the head 'capital gains' as short term capital gains
33. is chargeable to tax under the head 'capital gains' as long term capital gains
34. Both (b) and (c)
35. A short term capital asset means a capital asset held by the assessee for not more than:
    1. 12 months immediately preceding the month of its transfer
    2. 24 months immediately preceding the date of its transfer.
    3. 36 months immediately preceding the date of its transfer.
    4. None of the above.
36. In terms of section 2(42A), unlisted securities are treated as long-term capital asset, if they are held for a period of more than-
    1. 12 Months
    2. 36 Months
    3. 24 Months
    4. 48 Months
37. In terms of section 2(42A), listed securities are treated as long-term capital asset, if they are held for a period of more *than –*
    1. 12 Months
    2. 36 Months
    3. 24 Months
    4. 48 Months
38. A Long term capital asset means a capital asset held by the assessee for more than:
    1. 12 months immediately preceding the month of its transfer.
    2. 24 months immediately preceding the date of its transfer.
    3. 36 months immediately preceding the date of its transfer.
    4. None of the above.
39. In case of transfer of unlisted equity shares the asset will be treated as short-term capital asset if they are held for not more than immediately preceding the date of transfer.
    1. 12 months
    2. 24 months
    3. 36 months
    4. None of the above.
40. Which of the following asset is a Short-term capital asset, if it is held for more than 12 months?
    1. Securities (other than unit) listed in recognized stock exchange in India.
    2. Units of mutual fund other than equity oriented fund
    3. Zero coupon Bonds
    4. None of these
41. Which of the following is a long term capital asset if held for more than 12 months but less than 36 months?
    1. A unit of a Mutual Fund other than equity oriented fund specified under section 10(23D).
    2. Shares of a listed company
    3. Shares of an unlisted company.
    4. Gold Jewellery
42. Cost of acquisition of a capital asset, being a unit of a business trust, allotted pursuant to transfer of share or shares as referred to in section 47(xvii) shall be?
    1. Nil
    2. Cost of acquisition to him of the share
    3. Cost to previous owner.
    4. None of the above.
43. Which of the following is included in the definition of transfer u/s 2(47)?
    1. Sale, exchange or relinquishment of the asset.
    2. Extinguishment of any rights therein.
    3. Compulsory acquisition thereof under any law.
    4. All of the above.
44. In the case of a capital asset, being the right to subscribe to any financial asset, which is renounced in favour of any other person, -
45. The period shall be reckoned from the date of the offer of such right by the company or institution, as the case may be, making such offer.
46. The period shall be reckoned from the date of the allotment of such right by the company or institution, as the case may be, making such offer.
47. The period shall be reckoned from the date of the extinguishment of such right by the company or institution, as the case may be, making such offer.
48. None of these.
49. Which of the following transactions shall not be regarded as transfer as per the provisions of section 47:
    1. Transfer of a capital asset, being a Government Security carrying a periodic payment of interest, made outside India through an intermediary dealing in settlement of securities, by a non-resident to another non-resident shall not be regarded as transfer as per IT Act.
    2. Compulsory acquisition thereof under any law.
    3. Extinguishment of rights in respect of capital
    4. Conversion of capital asset into stock in trade. asset.
50. Which of the following transactions shall not be regarded as transfer as per the provisions of section 47:
    1. Any transfer of a capital asset, being share of a special purpose vehicle to a business trust in exchange of units allotted by that trust to the transferor.
    2. Compulsory acquisition thereof under any law.
    3. Extinguishment of rights in respect of capital
    4. Conversion of capital asset into stock in trade asset.
51. Which of the following transactions shall not be regarded as transfer as per the provisions of section 47:
    1. Any distribution of capital assets on the total or partial partition of a Hindu Undivided Family.
    2. Any transfer of a capital asset by a company to its subsidiary company, if the parent company or its nominees hold the whole of the share capital of the subsidiary company, and the subsidiary company is an Indian company.
    3. Any transfer, in a scheme of amalgamation, of a capital asset by the amalgamating company to the amalgamated company if the amalgamated company is an Indian company.
    4. All of the above.
52. Which of the following transactions shall not be regarded as transfer as per the provisions of section 47:
    1. Any transfer of Sovereign Gold Bond issued by the Reserve Bank of India under the Sovereign Gold Bond Scheme, 2015, by way of redemption by an assessee being an individual.
    2. Any transfer of a capital asset by a company to its subsidiary company, if the parent company or its nominees hold the whole of the share capital of the subsidiary company, and the subsidiary company is an Indian company.
    3. Any transfer by a unit holder of a capital asset, being a unit or units, held by him in the consolidating plan of a mutual fund scheme, made in consideration of the allotment to him of a capital asset, being a unit or units, in the consolidated plan of that scheme of the mutual fund.
    4. All of the above.
53. Any transfer, in a scheme of amalgamation, of a capital asset, being a share of a foreign company, referred to in the Explanation 5 to Section 9(1)(i), which derives, directly or indirectly, its value substantially from the share or shares of an Indian company, held by the amalgamating foreign company to the amalgamated foreign company, shall not be regarded as transfer as per the provisions of section 47 if:
54. at least 25 of the shareholders of the amalgamating foreign company continue to shareholders of the amalgamated foreign company remain shareholders of the amalgamated foreign and such transfer does not attract tax on capital gains in the country in which the amalgamating company is incorporated.
55. at least 75 of the shareholders of the amalgamating foreign company continue to remain shareholders of the amalgamated foreign company and such transfer does not attract tax on in the country in which the amalgamating company is incorporated.
56. at least 75 of the shareholders of the amalgamating foreign company continue to shareholders of the amalgamated foreign company and such transfer attract tax on capital on capital gains in the country in which the amalgamating company is incorporated.
57. at least 25 of the shareholders of the amalgamating foreign company continue to remain shareholders of the amalgamated foreign company and such transfer attract tax on capital gains in the country in which the amalgamating company is incorporated.
58. Any transfer in a demerger, of a capital asset, being a share of a foreign company, referred to in the Explanation 5 to Section 9(1)(i), which derives, directly or indirectly, its value substantially from the share or shares of an Indian company, held b y the demerged foreign company to the resulting foreign company, shall not be regarded as transfer as per the provisions of section 47 if:
    1. the shareholders, holding not less than 75 in value of the shares of the demerged foreign company, continue to remain shareholders of the resulting foreign company and such the resulting foreign company and such transfer does not attract tax on capital gains in the country in which the demerged foreign is incorporated.
    2. the shareholders, holding not less than 25 in value of the shares of the demerged foreign company, continue to remain shareholders of the resulting foreign company and such the resulting foreign company and such transfer does not attract tax on capital gains in the country in which the demerged foreign is incorporated.
    3. the shareholders, holding not less than 25 in value of the shares of the demerged foreign company, continue to remain shareholders of the resulting foreign company and such the resulting foreign company and such transfer attract tax on capital gains in the country in which the demerged foreign is incorporated.
    4. the shareholders, holding not less than 75 in value of the shares of the demerged foreign company, continue to remain shareholders of the resulting foreign company and such the resulting foreign company and such transfer attract tax on capital gains in the country in which the demerged foreign is incorporated.
59. Any transfer, in a scheme of amalgamation, of a capital asset being a share or shares held in an Indian company, by the amalgamating foreign company to the amalgamated foreign company, if at least of the shareholders of the amalgamating foreign company continue to remain shareholders of the amalgamated foreign company, and such transfer does not attract tax on capital gains in the country, in which the amalgamating company is incorporated, shall not be regarded as transfer:
    1. 25%
    2. 50%
    3. 75%
    4. 100%
60. Compensation received by interim order shall be deemed to be income chargeable under the head "Capital gains" of the previous year in which \_\_\_\_\_\_\_\_ '
    1. The final order of such court, Tribunal or other authority is made.
    2. the compensation accrued
    3. The appeal was first filed in such court, Tribunal or other authority.
    4. The interim order is passed.
61. Any transfer in a demerger, of a capital asset, being a share or shares held in an Indian company, by the demerged foreign company to the resulting foreign company, if the shareholders holding not less than of the demerged foreign company continue to remain shareholders of the resulting foreign company; and such transfer does not attract tax on capital gains in the country, in which the demerged foreign company is incorporated, shall not be regarded as transfer:
    1. 75% in value of the shares
    2. 75% of the number of shareholders
    3. 25% in value of the shares
    4. 25% of the number of shareholders
62. Which of the following conditions are to be fulfilled for the transaction not to be regarded as transfer,where a sole proprietary concern is succeeded by a company in the business carried on by it as a result of which, the sole proprietary concern sells or otherwise transfers any capital asset or intangible asset to the company.
    1. All the assets and liabilities of the sole proprietary concern relating to the business immediately before the succession become the assets and liabilities of the company
    2. The shareholding of the sole proprietor in the company is not less than 50 of the total voting power in the company and his shareholding continues to remain as such for a period of 5 years from the date of the succession
    3. The sole proprietor does not receive any consideration or benefit, directly or indirectly, in any form or manner, other than by way of allotment of shares in the company.
    4. All of these.
63. A transfer in demerger of a capital asset by the \_\_\_\_\_\_\_\_\_\_\_ co-operative bank to the \_\_\_\_\_\_\_co-operative bank will not be regarded as transfer -
    1. Demerged, Resulting
    2. Successor, Predecessor
    3. Holding, Subsidiary
    4. Subsidiary, holding
64. Raj sold his painting to National Museum for Rs.` 20,000 on 1-6-2016. What will be the amount of capital gain on this transaction?
    1. Rs.` 20,000
    2. Rs.` 10,000
    3. Nil
    4. None of these

**COMPUTATION OF CAPITAL GAINS**

1. In which of the following transfer the benefit of indexation is available in case of long term capital asset:
2. Transfer of securities by foreign institutional investors u/s 115AD.
3. Transfer of undertaking or division in a slump sale u/s 50B.
4. Transfer of foreign exchange asset by a non-resident of Indian u/s 115D.
5. Transfer of equity or preference shares in a company.
6. Ms. Rani inherited a vacant site land consequent to the demise of her father on 10th June, 2010. The land was acquired by her father on 10th April, 1996 for Rs.` 40,000. The fair market value of the land on 1st" April, 2001 was Rs.` 60,000 and on the date of inheritance, i.e., 10th June, 1990 was Rs.` 2,00,000. The cost of acquisition for Ms. Rani is -
   1. Rs.` 10,000
   2. Nil
   3. Rs.` 60,000
   4. Rs.` 2,00,000
7. DS owns a house of Rs.` 20,00,000, which he transfers for Rs.` 22,00,000 to Kamal on 5-4-2018. What will be the full value of consideration?
   1. Rs.` 22,00,000
   2. Rs.` 20,00,000
   3. Rs.` 2,00,000
   4. Nil
8. Cost of Acquisition in case of bonus shares allotted before 1-4-2001 will be:
   1. Nil
   2. FMV as on 1-4-1981
   3. ` 10,000
   4. Cost of Original shares on the basis of which bonus shares are allotted.
9. Cost of acquisition in case of bonus shares allotted before 1-4-2001 will be-
   1. Face value on the date of allotment
   2. Nil
   3. Market value as on 1-4-2001
   4. Current market value.
10. Compute the capital gains for AY 2019-20 if Mr. Raj, a property dealer, sells a commercial plot of land on 1-3-2019 for Rs.` 50,00,000 lakhs which was acquired by him on 1-8-2016 for ` Rs.25,00,000 for selling of offices constructed therein. He had incurred land development charges of Rs.` 10,00,000 on 1-10-2016. He incurred Rs.` 1,00,000 for selling the plot of land.
    1. Nil
    2. Rs.15,00,000
    3. Rs.14,00,000
    4. Rs.25,00,000
11. Compute the capital gains for assessment year 2019-20 if Mr. Raj sells his personal motorcar on 11-4-2018 for Rs.` 2,55,000, which was acquired on 31-1-2017 for Rs.` 6,50,000. The expenses on transfer are 2 of selling price.
    1. Nil
    2. Rs.3,95,000
    3. Rs.` 3,82,000
    4. Rs.-4,00,100
12. Compute the capital gains for assessment year 2019-20 if Mr. DS sells his personal Jewellery on 11-4-2018 for Rs. ` 12,50,000, which was acquired on 31-1-2017 for Rs.` 6,50,000. The expenses on transfer are 2 % of selling price. The capital gains chargeable to tax for Assessment Year 2019-20.
    1. Nil
    2. Rs.5,75,000
    3. Rs.` 6,00,000
    4. Rs.6,25,000
13. Compute the capital gains for assessment year 2019-20 if Mr. Gaurav sells shares of unlisted company on 11-3-2019 for Rs.` 12,50,000, which was acquired on 31-1-2018 for Rs.` 6,50,000. The expenses on transfer are 2% of selling price. The capital gains chargeable to tax for assessment year 2019-20.
    1. Nil
    2. Rs.5,75,000
    3. Rs.` 6,00,000
    4. Rs.6,25,000
14. A owns a capital asset which was purchased by him on 1-5-1998 for Rs. ` 3,00,000.The market value of the said asset as on 1-4-2001 was Rs. ` 4,00,000. The said asset was sold for Rs` 15,00,000 during the year. Compute the capital gain for the assessment year 2019-20. (Cost inflation index for F.Y. 2001-02= 100, and 2018-19 = 280)
    1. Rs.` 3,80,000
    2. Rs.` 11,00,000
    3. Rs.` 12,00,000
    4. Rs.` 11,20,000
15. On 15th November, 2018, Mohan sold 1 kg. of gold, the sale consideration of which was ` Rs. 1,20,000. He had acquired the gold on 11th December, 1998 for Rs.` 64,000. Fair market value of 1 kg. Gold on 1st" April, 2001 was Rs.` 62,000. The amount of capital gains chargeable to tax for the assessment year 2019-20 shall be -
    1. Rs.` 17,820
    2. Rs.` 1,20,000
    3. Rs.` (59,200) loss
    4. Rs.` (17,820) loss.
16. A owns a capital asset which was purchased by him on 1-5-1999 for Rs.` 4,00,000. The market value of the said asset as on 1-4-2001 was Rs.` 3,00,000. The said asset was sold for Rs.` 16,00,000 during the year. Compute the capital gain for the assessment year 2019-20. (Cost inflation index for F.Y. 2001-02= 100 and 2018-19 = 280)
    1. Rs.` 4,80,000
    2. Rs.` 12,00,000
    3. Rs.` 13,00,000
    4. Rs.` 5,28,000
17. DS owns a capital asset which was purchased by him on 15-04-2010 for Rs.` 4,00,000. The market value of the said asset as on 1-4-2001 was Rs.` 3,00,000. The said asset was sold for Rs.` 44,00,000 during the year. Compute the capital gain for the assessment year 2019-20. (Cost inflation index for F.Y. 2001-02= 100, 2010-11 =167 and 2018-19 = 280)
    1. Rs.` 36,91,626
    2. Rs.` 37,29,341
    3. Rs.` 40,00,000
    4. Rs.`41,00,000
18. Mrs. R sells a plot of land on 21-11-2018 for ` 30,00,000. She inherited the plot from her grandfather on 01-04-2010. Her grandfather had acquired the plot on 01-03-2001 for ` 50,000. The FMV of the plot as on 01-04-2001 was ` 35,000. Compute the capital gains. (Cost inflation index for F.Y. 2001-02= 100, 2010-2011 = 167 and 2018-19 = 280)
    1. Rs.`29,41,317
    2. Rs.` 29,16,167
    3. Rs.` 28,60,000
    4. Rs.` 29,02,000
19. Mrs. Rashrni sells a capital asset on 21-11-2018 for Rs.` 50,00,000. She inherited the capital asset from her father on 01-04-2016. Her father had acquired the plot on 10-04-2002 for Rs.` 5,00,000. Rashmi has incurred Rs.` 1,00,000 on improvement of such asset on 15-05-2016. Compute the capital gains. (Cost inflation index for F.Y. 2001- 2002=100, 2002-03 = 105, 2016-17 = 264 and 2018-19 = 280)
    1. Rs.`35,60,606
    2. Rs.`43,63,636
    3. Rs.` 45,00,000
    4. Rs.`49,00,000
20. Indexation benefit on Cost of acquisition is available on the long term capital asset. However, in certain cases, indexation benefit is not available. In which of the following cases, indexation benefit is allowed?
    1. Debentures issued by a company
    2. Self generated goodwill of a business
    3. Bonus shares allotted on 1-4-2000
    4. Jewellery
21. Mr. Sunil sells the goodwill on 20-01-2019 for Rs. `38,00,000. It was self-generated by him and he incurred cost of improvement thereof for Rs. `5,55,000 on 1-4-2016. Compute his taxable gains. (Cost inflation index for F.Y. 2016-17 = 264 and 2018-19 = 280)
    1. Rs.`38,00,000
    2. Rs.`32,45,000
    3. Rs.Nil
    4. Rs.`32,14,106
22. XYZ Ltd. allotted sweat equity shares to his employee A at a concessional rate on 31-5-2018. A transfers these shares on 31-3-2019.Which type of gains is it?
    1. Long term capital gain
    2. Short term capital gain
    3. Middle term capital gain
    4. None of these

**CAPITAL GAINS IN SPECIAL CASES**

1. DS converts his plot of land purchased in July, 2014 for Rs.`8,00,000 into stock-in-trade on 31st March, 2017. The fair market value as on 3rd March, 2017 was Rs.`11,90,000. The stock-in-trade was sold Rs.`12,25,000 in the month of January 2019. Find out the taxable Capital gains (Cost inflation index for F.Y. 2014-15 = 240, 2015-16 = 254, 2016-17 = 264 and 2018-19 = 280)
   1. Rs.`3,90,000
   2. Rs.`4,25,000
   3. Rs.`1,81,433
   4. Rs.`35,000
2. DS converts his plot of land purchased in July, 2002 for Rs.`80,000 into stock-in-trade on 31 st March, 2017. The fair market value as on 3rd March, 2017 was Rs.`2,25,000. The stock-in-trade was sold Rs.`2,50,000 in the month of January 2019. Find out t…he taxable Capital gains (Cost inflation index for F.Y. 2002-03 =105, 2016-17 = 264 and 2018-19 = 280)
   1. Rs.`23,857
   2. Rs.`1,45,000
   3. Rs.`(2,301) Loss
   4. Rs.`25,000
3. X and Y formed a partnership firm. Just after formation of the partnership, X brought the following assets into the firm on 13th October 2018 as his capital contribution (amount in `) -Particulars Gold

Market value of the property on the date of transfer Rs.5,00,000

Amount recorded in the books of firm Rs. 6,20,000

Actual cost Rs. 3,36,000

Date of acquisition 15-10-2015 Find out the taxable Capital gains (Cost inflation index for F.Y. 2015-16 = 254 and 2018-19 = 280)

1. Rs.`1,64,000
2. Rs.`2,84,000
3. Rs.`96,169
4. Rs.`2,16,169
5. XYZ a partnership firm was dissolved on 1-5-2018. A machine acquired on 1-5-2011 for Rs.`2,00,000 was distributed amongst the partners for Rs. `1,00,000. The Fair Market Value of this machine on that date was Rs.`2,50,000. What will the full value of consideration of this machine?
   1. Rs.`2,00,000
   2. Rs.`1,00,000
   3. Rs.`2,50,000
   4. Nil
6. Mr. R and Mr. S are members of 'RS Associates', an AOP. RS & Associates was dissolved on 14th February, 2019 and the following assets were distributed to the members (amounts in `) -Particulars Gold (given to Mr. R) FMV as on 14th February, 2019 Rs. 25,00,000 Amount recorded in agreement of sale Rs. 24,50,000

Cost of acquisition Rs. 3,45,000

Date of acquisition 01-04-1995

FMV of the asset as on 1-4-2001 Rs. 3,50,000

Find out the taxable Capital gains (Cost inflation index for F.Y.2001-02= 100 and 2018-19 = 280)

1. Rs.` 15,20,000
2. Rs.` 15,34,000
3. Rs.` 14,84,000
4. Rs.` 14,70,000
5. The Government compulsorily acquired the land of Mr. X. The Government fixed his consideration at Rs.` 5,00,000 half of which was received by X on 23-6-2018 and rest of the amount was paid to X in the year 2019-20. What will be the assessment year of chargeability of the capital gain to X?
   1. 2017-18
   2. 2020-21
   3. 2019-20
   4. 2018-19
6. If in the above case government enhanced the compensation by Rs.` 2,00,000 in the year 2019-20 what will be the previous year of chargeability of enhanced compensation?
   1. 2016-17
   2. 2019-20
   3. 2017-18
   4. 2018-19
7. The house property of Ramesh is compulsorily acquired by the Government for Rs.` 40,00,000 vide Notification issued on 12th March 2018. Ramesh has purchased the house in 2001-02 for Rs. ` 8,00,000. The compensation is received on 15th April 2018. Find out the taxable Capital gains (Cost inflation index for F.Y. 2001-02= 100, 2017-18 = 272 and 2018-19 = 280)
   1. Rs.` 17,50,000
   2. Rs.` 18,24,000
   3. Nil
   4. Rs.` 32,00,000
8. A owns a house property which was purchased by him on 1-5-1999 for Rs.` 8,00,000. The said property was destroyed by fire on 3-4-2018 and A received a sum of Rs.` 30,00,000 from the insurance company during the year. The market value of the above property as on 1-4-2001 was Rs.` 9,00,000. Compute the capital gain for the assessment year 2019-20. (Cost inflation index for F.Y. 2001-02= 100, and 2018-19 = 280)
   1. Rs.` 4,62,000
   2. Rs.` 21,00,000
   3. Rs.` 22,00,000
   4. Rs.` 12,57,000
9. M owns two machineries eligible for depreciation at the rate of 15. The WDV of these machines as on 1-4-2018 was Rs.` 25,000 and Rs.` 40,000 respectively. No other asset was acquired in this block during the year. One of these machines were sold during the previous year for Rs.` 75,000. Compute the capital gain.
   1. Short term capital gain of Rs.` 10,000
   2. Short term capital loss of Rs. ` 10,000
   3. Long term capital gain of Rs.` 10,000
   4. No capital gain as depreciation would be allowed on one of the machines left with M.
10. In case of distribution of capital asset on liquidation of the company, the capital gains is chargeable to tax:
    1. In hands of shareholders
    2. In hands of the company
    3. 'In hands of shareholders as well as company
    4. Either in hands of shareholder or in hands of company
11. M owns two machineries eligible for depreciation at the rate of 15. The WDV of block of asset on 1-4-2018 was Rs.`75,000. No other asset was acquired in this block during the year. Such machines were sold during the previous year for Rs. `65,000. Compute the capital gain.
    1. Short term capital gain of Rs.` 10,000
    2. Short term capital loss of Rs `10,000
    3. Long term capital gain of' Rs `10,000
    4. No capital gain as depreciation would be allowed on one of the machines left with M.
12. Any profits or gains arising from the slump sale effected in the previous year shall be chargeable to income-tax as:
    1. Short term capital gain only
    2. Short term capital gains or Long term capital gains depending upon the period of holding of the undertaking.
    3. Long term capital gain only
    4. No capital gain but the same will be taxable as business profits.
13. Slump sale is a result of which of the following type of consideration?
    1. Lump sum Payment
    2. Adhoc Payment
    3. Accurate Payment
    4. Actual Payment
14. In computing capital gains in case of slump sale ---------will be taken as cost of acquisition of the undertaking so transferred.
    1. Book value
    2. Net worth
    3. WDV
    4. FMV as on 01-04-1981
15. Mr. X has sold his land for a consideration of Rs`25,00,000 to Mr. Y. Mr. Y has paid stamp duty of Rs.`3,00,000 @ 10 of stamp value. The full value of consideration for computing capital gains in hands of Mr. X in accordance with the provisions of Section 50C will be -

A, Rs `25lakhs

1. Rs `30lakhs
2. Rs `28 lakhs
3. Rs `33 lakhs
4. Section 50C makes special provision for determining the full value of consideration in case of transfer of \_
   1. Plant an machinery
   2. Land or building
   3. All movable property other than plant & machinery and computers
   4. Computers.
5. Mr. X has sold his land for a consideration of Rs.`25,00,000 to Mr. Y. on 15-04-2018. Mr. Y has paid stamp duty of Rs.`3,00,000 @ 10 of stamp value. The said land was acquired by Mr. X on 15-07-2015 for Rs. ` 12 lakhs. The taxable capital gains in hands of Mr. X will be ..
   1. Rs.`13 lakhs
   2. Rs.`18 lakhs
   3. Rs.`16 lakhs
   4. Rs.` 10 lakhs
6. Where any capital asset was on any previous occasion the subject of negotiations for its transfer, any advance or other money received and retained by the assessee in respect of such negotiation shall be:
   1. Deducted from cost of acquisition
   2. Treated as income from other sources
   3. Deducted from full value of consideration
   4. Treated as Business Income
7. X Limited has transferred its Unit N to Y Limited by way of slump sale on November 30, 2018 for lump sum consideration of Rs.` 400 lakhs. The undertaking was acquired on 1-4-2001 for Rs.` 120 lakhs. The net worth of the undertaking on the date of transfer is Rs.` 200 lakhs. Find out the taxable Capital gains (Cost inflation index for F.Y. 2001-02= 100 and 2018-19 = 280)
   1. Rs ` 200 lakhs
   2. Rs ` 180 lakhs
   3. Rs ` 80.49 lakhs
   4. Rs ` -132.51 lakhs
8. Mr. X received an advance of Rs.` 51,000 occasion of agreement of sale of a capital asset on 15-07-2018. The same was forfeited by him. The said advance money will be and shall \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
9. Taxable as Income from other sources, be reduced from cost of acquisition of the asset.
10. Taxable as Income from other sources, not be reduced from cost of acquisition of the asset.
11. Taxable as Capital Gains, be reduced from cost of acquisition of the asset.
12. Taxable as Capital Gains, be reduced from cost of acquisition of the asset.
13. Bonus shares were allotted to Mr. K for Rs.` 2,00,000 on 1st April 1999. The Fair market value of the shares on 2001 was Rs.` 2,25,000. What will be the cost of acquisition?
    1. Rs ` 2,00,000
    2. Rs ` 2,25,000
    3. Nil
    4. None of these
14. Compute the net taxable capital gains of on the basis of the following information:

A house was purchased on 01-05-2003 for Rs.` 4,50,000 and was used as a residence by the owner. The owner had contracted to sell this property in June, 2018 for Rs.` 8,00,000 and had received an advance of Rs. ` 70,000 towards sale. The intending purchaser did not proceed with the transaction and the advance was forfeited by the owner. The sum so forfeited has been included in the total income of the assessee as per the provisions of Section 56(2)(ix). The property was sold in December, 2018 for Rs.` 14,00,000. (Cost inflation index for F.Y. 2003-04 = 109 and 2018-19 = 280)

* 1. Rs ` 2,44,037
  2. Rs ` 30,363
  3. Rs ` 1,74,037
  4. Rs ` 4,23,853

1. Manoj acquired 1,000 equity shares ` 10 each in a listed company for Rs ` 35,000 on 1" July, 2011. The company issued 1,000 rights shares in April, 2013 at Rs ` 15 per share. The company issued 2,000 bonus shares in June, 2018. The market price was Rs ` 50 per share before bonus issue and Rs ` 25 after such issue. The cost of acquisition of bonus shares would be -
   1. Nil
   2. Rs ` 20,000
   3. Rs ` 50,000
   4. Rs ` 1,00,000

**EXEMPTIONS FROM CAPITAL GAINS**

1. Capital gain on sale of residential house property is exempted u/ s 54 if it is :
   1. Long term capital gain
   2. Short term capital gain
   3. Any of the above two
   4. None of these
2. The benefit of exemption under Section 54 is available to :
   1. Individual
   2. HUF
   3. Both Individual and HUF
   4. Any person
3. The benefit of exemption under Section 54 is available when following capital asset is transferred
   1. Long term residential house property
   2. Short term residential house property
   3. Long term residential plot of land
   4. Short term residential plot of land
4. For claiming the benefit of exemption under Section 54 \_\_\_\_ new residential house property must be purchased within 2 years of transfer of capital asset:
   1. 1
   2. 2
   3. 3
   4. Any number of
5. For claiming the benefit of exemption under Section 54 one new residential house property must be purchased within \_\_\_\_\_\_of transfer of capital asset:
6. 1 year
7. 2 years
8. 3 years
9. 4 years
10. For claiming the benefit of exemption under Section 54 one new residential house property must be constructed within \_\_\_\_\_\_of transfer of capital asset:
    1. 1 year
    2. 2 years
    3. 3 years
    4. 4 years
11. Under section 54, in case if the new asset is transferred within \_\_\_\_\_\_of its purchase or construction, then its cost of acquisition shall be reduced by the amount of the capital gains exempted earlier for the purpose of computing capital gains on transfer of such new asset.
    1. 1 year
    2. 2 years
    3. 3 years
    4. 4 years
12. For availing exemption under section 54, which amount is eligible for availing exemption?
    1. Purchase/Construction of one residential house property upto due date of return of income only.
    2. Deposit in capital gain account scheme upto due date of return of income only.
    3. Purchase/Construction of one residential house property upto due date of return of income and deposit in capital gain account scheme upto due date of return of income.
    4. Purchase / construction after three years from the transfer date.
13. Under which section, the assessee has to reinvest the entire net consideration to claim full exemption for the long-term capital gains earned during a previous year -
    1. Section 54EC
    2. Section 54F
    3. Section 54GA
    4. Section 54D
14. For claiming exemption under Section 54B, Short term or long term capital asset being land which, in the immediately ----------- preceding the date on which the transfer took place, was being used by the HUF or individual or his parents for agricultural purposes.
    1. 1 year
    2. 2 years
    3. 3 years
    4. 4 years
15. The benefit of exemption under Section 54D in respect of Capital gain on compulsory acquisition of land and buildings in certain cases is admissible to -
    1. Individual
    2. HUF
    3. AOP
    4. Any person
16. The exemption available on investment in certain bonds u/s 54EC is available to :
    1. Individual
    2. HUF
    3. AOP
    4. Any person
17. In order to enjoy exemption under section 54EC, the resultant long-term capital gains should be invested in specified bonds within a period of \_\_\_\_\_\_ from the date of transfer.
    1. 36 Months
    2. 4 Months
    3. 6 Months
    4. 12 Months
18. For claiming exemption under section 54EC the investment in bonds must be made within \_\_\_\_\_\_\_\_\_\_\_\_\_ of transfer of long term capital asset and the amount of investment
    1. 6 months, can be made in the financial year in which the asset is transferred and in the next financial year and the same cannot exceed Rs `50 lakhs.
    2. 6 months, can be made in the financial year in which the asset is transferred and in the next financial year and the same cannot exceed Rs `100 lakhs.
    3. One year, can be made in the financial year in which the asset is transferred and in the next financial year and the same cannot exceed Rs `50 lakhs.
    4. One year, can be made in the financial year in which the asset is transferred and in the next financial year and the same cannot exceed Rs `100 lakhs.
19. The maximum amount of investment in bonds during any of the financial year for claiming exemption u/s 54EC is -
    1. Rs `10 lakhs
    2. No limit
    3. Rs `25lakhs
    4. Rs ` 50 lakhs
20. For claiming exemption under section 54EC the investment in bonds must be made within \_\_\_\_\_\_\_\_\_\_\_\_ of transfer of long term capital asset.
21. 6 month
22. 1 year
23. 2 years
24. 3 years
25. A residential house is sold for Rs` 90 lakh and the long-term capital gains computed are Rs. ` 50 lakh. The assessee bought two residential house for Rs.` 30 lakh and Rs.`20 lakh respectively. The amount eligible for exemption u/s 54 would be-
    1. Rs `50 lakh
    2. Rs `20 lakh
    3. Rs ` 30 lakh
    4. Nil.
26. For claiming exemption under section 54EC the investment must be made in bonds of -
    1. NHAI or NABARD
    2. REC or NABARD
    3. NABARD or PFC
    4. NHAI or REC
27. The benefit of exemption under Section 54F is available when following capital asset is transferred
    1. Long term residential house property
    2. Any long term capital asset other than residential house property
    3. Short term residential house property
    4. Short term capital asset other than residential house property
28. For claiming exemption under section 54F, the assessee must not own \_\_\_\_\_ on the date of transfer of the original asset:
    1. more than 1 residential house, other than the new house
    2. more than 2 residential house, other than the new house
    3. more than 3 residential house, other than the new house
    4. more than 4 residential house, other than the new house
29. For claiming exemption under section 54F, the assessee has to invest \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ for purchase or construction of residential house property :
    1. Full value of consideration
    2. Net Consideration
    3. The amount of capital gains
    4. Cost of asset transferred
30. Under Section 54F, Where the assessee purchases within a period of 2 years, or constructs within a period of 3 years, after the date of the transfer of the original asset, any residential house, other than the new asset, \_
    1. then the capital gain exempted earlier shall be deemed to be income chargeable under the head "Capital gains" of the previous year in which such residential house is purchased or constructed.
    2. then the capital gain exempted earlier shall be deemed to be income chargeable under the head "Capital gains" of the previous year in which original capital asset is sold or transferred.
    3. then the assessee will be further entitled exemption equal to the cost of new asset acquired or constructed.
    4. Then the capital gains which was earlier exempt from tax shall be deemed to be short term capital gains in the year in which original asset is transferred.
31. The exemption under section 54EC is withdrawn if the transfer of new asset, conversion thereof in money or taking loan or advance on its security within \_\_\_\_\_ years from the date of its acquisition.
    1. 1
    2. 3
    3. 5
    4. 2
32. The exemption under Section 54G of Capital gain on shifting of undertaking from urban area to any area other than urban area is available to :
    1. Individual
    2. HUF
    3. Any person
    4. None of the above.
33. For claiming exemption under section 54G, an assessee has to invest the resultant capital gains within a specified period. Which of the following is not eligible for such investment -
    1. Furniture
    2. Land
    3. Building
    4. Plant or machinery.
34. Capital gain on shifting of undertaking from urban area to any area other than urban area under section 54G is exempted if it is a :
    1. Long term capital gain
    2. Short term capital gain
    3. No exemption available
    4. Both (a) & (b)
35. The exemption under Section 54GB of capital gains arising from transfer of residential property is available to :
    1. Individual
    2. HUF
    3. Any person
    4. Both (a) & (b)
36. Capital gain on transfer of residential property under section 54GB is exempted if it is a :
    1. 'Long term capital gain
    2. Short term capital gain
    3. No exemption available
    4. Both (a) & (b)
37. Capital gain on shifting of undertaking to SEZ under section 54GA is exempted if it is a :
    1. Long term capital gain
    2. Short term capital gain
    3. No exemption available
    4. Both (a) & (b)
38. Who is eligible for exemption in the above case?
    1. Individual
    2. HUF
    3. Any person
    4. None of the above.
39. The amount of exemption under section 54GA is:
    1. Lower of capital gain or investment in new asset.
    2. Lower of capital gains or cost incurred.
    3. As determined by assessing officer
    4. None of the above.
40. "New asset" for the purpose of section 54GB does not include:
    1. any machinery or plant which, before its installation by the assessee, was used either within or outside India by any other person;
    2. any machinery or plant installed in any office premises or any residential accommodation, including accommodation in the nature of a guest-house;
    3. any office appliances including computers or computer software;
    4. All of these.
41. For the purpose of section 54GB, "Eligible company" must be engaged in :
    1. Production or manufacture of article or thing
    2. Processing of any article or thing
    3. Trading of article or thing;
    4. Provision of services
42. For the purpose of section 54GB, the eligible assessee must own more than \_\_\_\_\_\_\_\_\_\_\_ of the share capital or more than\_\_\_\_\_ of the voting rights in the eligible company:
    1. 50; 75
    2. 50; 75
    3. 50; 50
    4. 75; 75
43. Compute the tax liability for assessment year 2019-20 of resident individual who is having long term capital gains of Rs.` 5,00,000 and has no other income -
    1. Rs ` 48,925
    2. Rs ` 46,350
    3. Rs ` 49,440
    4. Rs ` 52,000
44. Compute the tax liability for assessment year 2019-20 of non-resident individual who is having long term capital gains of Rs.` 5,00,000 and has no other income -
    1. Rs ` 1,03,000
    2. Rs ` 49,440
    3. Rs ` 51,500
    4. Rs ` 23,690
45. Compute the tax liability for assessment year 2019-20 of resident individual who is having income from short term capital gains of Rs.` 5,00,000 arising on transfer of equity shares listed in recognized stock exchange on which securities transaction is paid and has no other income;
    1. Rs *`33,480*
    2. Rs *`39,000*
    3. Rs *`48,925*
    4. Rs *`36,400*
46. Compute the tax liability for assessment year 2019-20 of resident individual who is having income from short term capital gains of Rs.`2,00,000 arising on transfer of equity shares listed in recognized stock exchange on which securities transaction is paid and long term capital gains of Rs.`3,00,000 on transfer of land and has has no other income \_
    1. Rs `39,140
    2. Rs `36,050
    3. Rs `49,440
    4. Rs `41,600
47. Where an urban agricultural land owned by an individual, continuously used by him for agricultural purposes for a period of\_\_\_\_ prior to the date of transfer, is compulsorily acquired under law and the compensation is determined by the Central Government, resultant capital gain is exempt.
    1. One years
    2. Two years
    3. Three years
    4. 6 months
48. Long-term capital gains on zero coupon bonds are chargeable to tax \_
    1. @ 20% computed after indexation of such bonds
    2. @ 10% computed without indexation of such bonds
    3. Higher of (A) or (B)
    4. Lower of (A) or (B).
49. Short-term capital gains arising from the transfer of equity shares in a company or units of an equity oriented fund or units of a business trust charged with security transaction tax are subject to income-tax at the rate of –
    1. 10%
    2. 15%
    3. 20%
    4. Normal rate

**Answer Key**

|  |  |
| --- | --- |
| **Question Number** | **Answer** |
|  |  |
| ***1*** | Section 45 (2) |
| ***2*** | All of the above. |
| ***3*** | The transfer must have been effected in the relevant assessment year |
| ***4*** | Motor Car |
| ***5*** | Securities held by FII as per SEBI Act, 1992, held as stock in trade. |
| ***6*** | Rural Agricultural land |
| ***7*** | All of the above |
| ***8*** | 8 |
| ***9*** | 6 |
| ***10*** | 2 |
| ***11*** | Jewellery |
| ***12*** | Gold deposit bonds |
| ***13*** | All of the above. |
| ***14*** | is  not chargeable to tax under the head 'capital gains |
| ***15*** | 36 months immediately preceding the date of its transfer. |
| ***16*** | 24 Months |
| ***17*** | 12 Months |
| ***18*** | 36 months immediately preceding the date of its transfer. |
| ***19*** | 24 months |
| ***20*** | Units of mutual fund other than equity oriented fund |
| ***21*** | Shares of a listed company |
| ***22*** | Cost of acquisition to him of the share |
| ***23*** | All of the above. |
| ***24*** | The period shall be reckoned from the date of the offer of such right by the company or institution, as the case may be, making such offer. |
| ***25*** | Transfer of a capital asset, being a Government Security carrying a periodic payment of interest, made outside India through an intermediary dealing in settlement of securities, by a non-resident to another non-resident shall not be regarded as transfer as per IT Act. |
| ***26*** | Any transfer of a capital asset, being share of a special purpose vehicle to a business trust in exchange of units allotted by that trust to the transferor. |
| ***27*** | All of the above. |
| ***28*** | All of the above. |
| ***29*** | at least 25 of the shareholders of the amalgamating foreign company continue to shareholders of the amalgamated foreign company remain shareholders of the amalgamated foreign and such transfer does not attract tax on capital gains in the country in which the amalgamating company is incorporated. |
| ***30*** | the shareholders, holding not less than 75 in value of the shares of the demerged foreign company, continue to remain shareholders of the resulting foreign company and such the resulting foreign company and such transfer does not attract tax on capital gains in the country in which the demerged foreign is incorporated. |
| ***31*** | 25% |
| *32* | The final order of such court, Tribunal or other authority is made. |
| *33* | 75% in value of the shares |
| *34* | All of these. |
| *35* | Demerged, Resulting |
| *36* | Nil |
| *37* | Transfer of equity or preference shares in a company. |
| *38* | Rs.` 60,000 |
| *39* | Rs.` 22,00,000 |
| *40* | FMV as on 1-4-1981 |
| *41* | Market value as on 1-4-2001 |
| *42* | Nil |
| *43* | Nil |
| *44* | Rs.5,75,000 |
| *45* | Rs.5,75,000 |
| *46* | Rs.` 3,80,000 |
| *47* | Rs.` (59,200) loss |
| *48* | Rs.` 4,80,000 |
| *49* | Rs.` 37,29,341 |
| *50* | Rs.` 28,60,000 |
| *51* | Rs.`35,60,606 |
| *52* | Jewellery |
| *53* | Rs.`38,00,000 |
| *54* | Short term capital gain |
| *55* | Rs.`3,90,000 |
| *56* | Rs.`23,857 |
| *57* | Rs.`2,84,000 |
| *58* | Rs.`2,50,000 |
| *59* | Rs.` 15,20,000 |
| *60* | 2019-20 |
| *61* | 2019-20 |
| *62* | Rs.` 18,24,000 |
| *63* | Rs.` 4,62,000 |
| *64* | Short term capital gain of Rs.` 10,000 |
| *65* | In hands of shareholders |
| *66* | Short term capital loss of Rs `10,000 |
| *67* | Short term capital gains or Long term capital gains depending upon the period of holding of the undertaking. |
| *68* | Lump sum Payment |
| *69* | Net worth |
| *70* | Rs `30 lakhs |
| *71* | Land or building |
| *72* | Rs.`18 lakhs |
| *73* | Treated as income from other sources |
| *74* | Rs ` 200 lakhs |
| *75* | Taxable as Income from other sources, not be reduced from cost of acquisition of the asset. |
| *76* | Rs ` 2,25,000 |
| *77* | Rs ` 2,44,037 |
| *78* | Nil |
| *79* | Long term capital gain |
| *80* | Both Individual and HUF |
| *81* | Long term residential house property |
| *82* | 1 |
| *83* | 2 years |
| *84* | 3 years |
| *85* | 3 years |
| *86* | Purchase/Construction of one residential house property upto due date of return of income and deposit in capital gain account scheme upto due date of return of income. |
| *87* | Section 54F |
| *88* | 2 years |
| *89* | Any person |
| *90* | Any person |
| *91* | 6 Months |
| *92* | 6 months, can be made in the financial year in which the asset is transferred and in the next financial year and the same cannot exceed Rs `50 lakhs. |
| *93* | Rs ` 50 lakhs |
| *94* | 6 month |
| *95* | Rs ` 30 lakh |
| *96* | NHAI or REC |
| *97* | Any long term capital asset other than residential house property |
| *98* | more than 1 residential house, other than the new house |
| *99* | Net Consideration |
| *100* | then the capital gain exempted earlier shall be deemed to be income chargeable under the head "Capital gains" of the previous year in which such residential house is purchased or constructed. |
| *101* | 5 |
| *102* | Any person |
| *103* | Furniture |
| *104* | Both (a) & (b) |
| *105* | Both (a) & (b) |
| *106* | 'Long term capital gain |
| *107* | Both (a) & (b) |
| *108* | Any person |
| *109* | Lower of capital gains or cost incurred |
| *110* | All of these. |
| *111* | Production or manufacture of article or thing |
| *112* | 50; 50 |
| *113* | Rs ` 52,000 |
| *114* | Rs ` 1,03,000 |
| *115* | Rs *`39,000* |
| *116* | Rs `41,600 |
| *117* | Two years |
| *118* | Lower of (A) or (B). |
| *119* | 15% |