

VISHESH ACADEMY OF COMMERCE

DSS-33, OLD COURT COMPLEX NEAR FAWARA CHOWK HISAR

TAX LAWS & PRACTICE

CS-EXECUTIVE

CHAPTER – RESIDANCE & TAX LIABILITY (Test 1)

Marks: 30

STUDENT NAME:

1. The following additional conditions are to be satisfied by an individual to be resident and ordinarily resident in India -

- (a) He is a resident in at least any two out of the ten previous years immediately preceding the relevant previous year
- (b) He has been in India for 730 days or more during the seven previous years immediately preceding the relevant previous year
- (c) Both (a) and (b) above
- (d) None of the above

2. If Karta is resident and ordinarily resident in India but control and management of HUF is situated partly outside India in the previous year, the HUF is -

- (a) Resident and ordinarily resident
- (b) Not ordinarily resident
- (c) Non-resident
- (d) Resident

3. Atul is a foreign citizen. His father was born in Delhi in 1954 and mother was born in England in 1953. His grandfather was born in Delhi in 1925. Atul visited India to see Taj Mahal and visit other historical places. He came to India on 6th December, 2020 for 200 days. He has never come to India before. His residential status for AY 2021-22 will be -

- (a) Non-resident in India
- (b) Not ordinarily resident in India
- (c) Resident in India
- (d) None of the above

4. Residential status of an Indian company is resident for the year -

- (a) If the entire control and management is wholly in India
- (b) If part of the control and management is in India
- (c) Regardless of the place of control and management
- (d) If it is listed on recognised stock exchange

5. HUF of Ashwin consisting of himself, his wife and 2 sons is assessed to Income-tax. The residential status of HUF would be non-resident, when:

- (a) The management and control of its affairs is wholly in India
- (b) The management and control of its affairs is wholly outside India
- (c) The status of karta is non-resident for that year
- (d) When majority of the members are non-residents.

6. Alpha Ltd. is an Indian company. It carries its business in Delhi and London. Total control and management of the company is situated in London. More than 85% of its business income is from the business in England. If so, its residential status will be -

- (a) Resident (b) Non-resident
(c) Not ordinarily resident (d) Foreign company

7. Ritesh, an Indian citizen, left India for U.K. on 1st September, 2020 to take up a job there. His residential status for the assessment year 2021-22 would be-

- (a) Resident and ordinarily resident (b) Not ordinarily resident
(c) Non-resident (d) None of the above

8. Mr. Ramji (age 55) is Karta of HUF doing textile business at Nagpur. Mr. Ramji is residing in Dubai for the past 10 years and visited India for 20 days every year for filing the income tax return of HUF. His two major sons take care of the day to day affairs of the business in India. The residential status of HUF for the assessment year 2021-2022 is:

- (a) Non-resident (b) Resident and ordinarily resident
(c) Not ordinarily resident (d) None of the above

9. Thomas, an Indian citizen is living in Kerala since birth in 1954 and left for UAE on 13th June, 2014 for a salaried employment contract for 4 years and came back on 7th July, 2018 to India and settled at Kerala. His residential status for the Assessment Year 2021-22 shall be:

- (a) Resident (b) Non-Resident
(c) Resident & Not Ordinary Resident (d) Resident & Ordinary Resident

10. Mr. X comes to India for the first time on September 1, 2019. On September 3, 2019, he joins a company on monthly salary of Rs. 80,000, as a part-time job. After 3 months, on 1.12.2019, he starts a business. Find out the residential status of Mr. X for the assessment year 2021-22.

- (a) Resident and ordinarily resident
(b) NOR-Not ordinarily resident
(c) NR-Non-Resident
(d) Cannot be determined.

11. Z Ltd. is an Indian company. It has 15 shareholders (2 are Indian citizens and resident in India). The company has active business in Japan. Gross annual turnover of the company for the previous year 2019-20 is Rs. 48 crore mainly from operations conducted from Japan, Sri Lanka and India. The company is managed by a team of professionals from India. Find out the residential status of Z Ltd. for the assessment year 2021-22.

- (a) Resident (b) Non-Resident
(c) Not ordinarily resident (d) Cannot be determined

12. Which of the following person can be ordinarily resident or not ordinarily Resident ?

- (a) Individual & Company only. (b) Firm & Company only.
(c) Individual & HUF only (d) Individual & firm only

13. A person is deemed to be of Indian origin if he, or either of his parents or any of his grandparents, was born in

- (a) India (b) India other than J & K
(c) Undivided India (d) Greater India

14. Find the stay in India of Mr. X if he comes to India on 17th Dec. 2020 for 150 days only, for the Previous year 2020-21.

- (a) 150 days (b) 104 days
(c) 105 days (d) 149 days

15. The maximum number of days an Individual can stay in India every year so that he is Not ordinarily resident is:

- (a) 91 days (b) 104 days
(c) 60 days (d) 182 days

16. Out of the two additional conditions as given in 6(6), that must be satisfied by a resident Individual to be an ordinarily resident:

- (a) Only the first condition (b) either first or second condition
(c) Condition second only (d) Both the conditions

17. John is a foreign citizen born in USA. His father was born in Delhi In 1960 and his grand-father was born in Lahore In 1935 but his mother was born In UK In 1963. John came to India for the first time on 1st June, 2020 and stayed in India for 183 days and then left for USA. His residential status for the A.Y. 2021-22 shall be :

- (a) Resident (b) Resident but not ordinary resident
(c) Non-resident (d) Foreign national

18. Mr. Soloman, a resident in India, aged 70 has the following income for the previous year 2020-21. (All the incomes given below are the computed income):

- (i) Pension from employer Rs. 2,30,000
(ii) Rental Income under House Property Rs. 2,00,000
(iii) Agricultural income from a land in Jaipur Rs. 60,000. His total tax liability for A.Y. 2021-22 is :
(a) Rs. Nil (b) Rs. 3,240 after rebate u/s 87A
(c) Rs. 8,240 (d) Rs. 6,760

19. Profits of Rs. 10,00,000 is earned from a business in UK which is controlled in India, half of the profits being received in India. How much amount is taxable in India for a non-resident individual.

- (a) Rs. 10,00,000 (b) Nil
(c) Rs. 5,00,000 (d) Rs. 2,50,000

20. Mr. Rohit, qualifying as ROR in India during the Financial Year 2019-20, having a taxable Income of Rs. 1,50,000. He owns a house property in UK. Whether Mr. Rony is required to file its return of Income in India for the Financial Year 2019-20?

- (a) Yes, as he is ROR in India during the previous year
(b) Yes, as he is ROR in India during the previous year and owns a house property outside India.
(c) No, (as the taxable income does not exceed the maximum amount not chargeable to tax).
(d) None of the above

21. Income of Non-resident when attributed from operations in India relating to the following Is taxable in India:

- (1) Profits of business
(2) Fee for technical services
(3) Royalty
(4) Income from house property in India

Select the correct answer from the options given below -

- (a) (1) and (4) (b) (1), (3) and (4)

(c) (1) and (3)

(d) (1), (2), (3) and (4)

22. When a capital asset located in India is sold by a non-resident to another non-resident at a place outside India, the capital gain is taxable:

- (a) at the place of transferor
- (b) at the place of transferee
- (c) at the place of location of asset
- (d) at the place of both transferor and transferee

23. In the case of an individual being not ordinarily resident the following income is chargeable to tax:

- (a) Business income accruing outside India
- (b) Property income accruing outside India
- (c) Income accruing outside India if it is derived from a business controlled in India
- (d) Interest income accruing outside India

24. Which of the following is a business connection in India and deemed to accrue or arise in India?

- (a) Display of uncut & unsorted diamond in a notified special zone
- (b) Shooting of cinematograph films in India
- (c) Pension received for services rendered in India.
- (d) Collection of news & views in India and transmission out of India.

25. Royalty is paid by Resident for use outside India by crediting in the Mumbai Branch of HSBC Bank A/c. It will be taxable in the hands of:

- (a) Resident and ordinarily resident
- (b) Not ordinarily resident
- (c) Non-resident
- (d) All of the above

26. Agricultural Income from Haryana is taxable in the hands of

- (a) Non-resident
- (b) Not ordinarily resident
- (c) Resident and ordinarily resident
- (d) None of the above

27. Capital gain on sale of a house situated in Pune (sale consideration is received in Nepal) will be:

- (a) Exempt income
- (b) Taxable in the hands of ROR only
- (c) Taxable in the hands of ROR and NOR only
- (d) Taxable in the hands of ROR, NOR and NR.

28. Royalty is received outside India from a foreign company which is non-resident in India. The royalty is paid for a manufacturing business situated outside India.

- (a) Taxable in the hands of NR
- (b) Taxable in the hands of ROR and NOR
- (c) Taxable in the hands of ROR
- (d) Not taxable

29. In the case of a non-resident, which of the following income is not taxable in his hands:

- (a) Interest received from Government of India
- (b) Capital gain on transfer of capital asset situated in India.
- (c) Interest received from a person resident in India on money borrowed and used outside India for carrying a business.
- (d) Royalty received from a person resident in India for the patent rights used in India.

30. The Basic exemption limit applicable to an individual being Super Senior Citizen (Resident in India) during the previous year 2020-21 is:

(a) Rs. 2,50,000

(b) Rs. 3,00,000

(c) Rs. 5,00,000

(d) Nil

ANSWER KEY:

1. C	2. A	3. A	4. C	5. B	6. A	7. C	8. C	9. D	10. B
11. A	12. C	13. C	14. C	15. B	16. D	17. B	18. A	19. C	20. C
21. D	22. C	23. C	24. C	25. D	26. D	27. D	28. C	29. C	30. C