

# **M.K. GUPTA CA EDUCATION**

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## **INCOME TAX**

### **MULTIPLE CHOICE QUESTIONS**

#### **AGRICULTURAL INCOME**

**1. Which of the following would be agricultural income -**

- (a) Income from breeding of livestock
- (b) Income from poultry farming
- (c) Rent received from land used for movie shooting
- (d) Rent received from land used for grazing of cattle required for agricultural activities

**2. The proportion of agricultural and business income in case of income derived from the sale of coffee grown and cured by the assessee in India is -**

- (a) 65% and 35%, respectively
- (b) 75% and 25%, respectively
- (c) 60% and 40%, respectively
- (d) 70% and 30%, respectively

**3. The proportion of agricultural and business income in case of income derived by the assessee from growing of tea leaves in India and manufacturing of tea is -**

- (a) 65% and 35%, respectively
- (b) 75% and 25%, respectively
- (c) 60% and 40%, respectively
- (d) 70% and 30%, respectively

**4. In case of an individual aged 61 years, partial integration of agricultural income is not required if his-**

- (a) Net agricultural income does not exceed ₹5,000.
- (b) Non-agricultural income does not exceed ₹2,50,000.
- (c) Non-agricultural income does not exceed ₹3,00,000.
- (d) Either (a) or (c) above.

**5. Which of the following is an agricultural land assuming that crops are being cultivated on such land and such land is situated in -**

- (a) an area at a distance of 3 kms from the local limits of a municipality which has a population of 80,000 as per last census
- (b) an area within 1.5 kms from the local limits of a municipality and has a population of 12,000 as per last census
- (c) an area within 2 kms from the local limits of a municipality and has a population of 11,00,000 as per last census
- (d) an area within 8 kms from the local limits of a municipality and has a population of 10,50,000 as per last census

**6. Mr. Harini earned income of ₹4,00,000 from sale of tea grown and manufactured in Shimla. Income from sapling and seedling grown in nursery at Cochin is ₹80,000. The basic operations were not carried out by her on land. Her agricultural income is**

- (a) ₹4,80,000
- (b) ₹4,00,000
- (c) ₹2,40,000
- (d) ₹3,20,000

**7. Mr. Prem earned income of ₹22 lakhs from manufacture and sale of coffee grown, cured, roasted and grounded by him in India. The business income chargeable to tax in his hands would be -**

- (a) ₹8,80,000
- (b) ₹5,50,000
- (c) ₹13,20,000
- (d) ₹16,50,000

**8. Mr. X has agricultural land which he has given on rent, in this case income shall be**

- (a) taxable under the head other sources
- (b) taxable under the head house property
- (c) taxable under the head Business/Profession
- (d) Agricultural income
- (e) none of these

**9. Which of the following statements is correct?**

- (a) Dividend received from a domestic company doing agriculture is agricultural income

- (b) Share received by a partner out of profits of partnership firm doing agriculture is taxable under the head Business/Profession  
 (c) Salary and interest received by a partner from partnership firm doing agriculture is taxable under the head Business/Profession  
 (d) none of these

**10. Which of the following statements is correct?**

- (a) Dividend received from a foreign company doing agriculture is agricultural income  
 (b) Share received by a partner out of profits of partnership firm doing agriculture is exempt u/s 10(2A)  
 (c) Salary received by a partner from partnership firm doing agriculture is taxable under the head Salary  
 (d) none of these

**11. Which of the following statements is correct?**

- (a) Dividend received from a foreign company doing agriculture is exempt u/s 10(34)  
 (b) Share received by a partner out of profits of partnership firm doing agriculture is taxable under the head other sources  
 (c) Salary received by a partner from partnership firm doing agriculture is taxable under the head Salary  
 (d) Interest received by a partner from partnership firm doing agriculture is taxable under the head other sources  
 (e) none of these

**12. Which of the following statements is correct?**

- (a) in order to constitute agriculture there must be basic operations  
 (b) in order to constitute agriculture there must be subsequent operations  
 (c) in order to constitute agriculture there must be both basic and subsequent operations  
 (d) in order to constitute agriculture there must be ploughing of field  
 (e) in order to constitute agriculture there must be either basic or subsequent operations  
 (f) none of these

**13. Which of the following statements is not correct?**

- (a) If any person is engaged in growing and manufacturing of rubber, income from business shall be 35%  
 (b) If any person is engaged in growing and manufacturing of coffee, income from business shall be 35%  
 (c) If any person is engaged in growing and manufacturing of tea, income from business shall be 40%  
 (d) If any person is engaged in growing and curing of coffee, income from business shall be 25%  
 (e) none of these

**14. Which of the following statements is not correct?**

- (a) Income from animal husbandry or fisheries etc. shall be considered to be agriculture income  
 (b) Income from sale of sapling or seeding grown in nursery shall be considered to be agriculture income  
 (c) Income from sale of agricultural land is taxable under the head capital gains  
 (d) Rent received for letting out agriculture land for a movie shooting shall not be considered to be agriculture income  
 (e) none of these

**15. Which of the following statements is not correct?**

- (a) If an individual has income from salary ₹ 3,50,000 and agricultural income ₹ 2,00,000, partial integration is applicable  
 (b) If an individual has income from salary ₹ 5,00,000 and agricultural income ₹ 50,000, partial integration is applicable  
 (c) If an individual has income from salary ₹ 2,00,000 and agricultural income ₹ 10,00,000, partial integration is applicable  
 (d) If an individual has income from salary ₹ 3,00,000 and agricultural income ₹ 5,000, partial integration is applicable  
 (e) (b) & (c)  
 (f) (c) & (d)  
 (g) none of these

**Answer**

1.(d); 2.(b); 3.(c); 4.(d); 5.(a); 6.(d); 7.(a); 8.(d); 9.(d); 10.(b); 11.(e); 12.(c); 13.(b); 14.(a); 15.(f)