Skillshort

Self-Study Preparation Pack

CS EXECUTIVE

Paper 7: Tax Laws and Practice (TLP)

Chapter-wise Practice Questions with Answers

Quick-check MCQs for all 20 lessons (a self-test only – the CS Executive paper is fully descriptive) and computation questions with model answers · Income-tax Act, 1961 – A.Y. 2026-27 · GST and Customs as amended up to 31 May 2026 · Every figure checked in Python

40 quick-check MCQs | 12 computation questions | Rates, limits and sections

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This subject pack has 6 parts

1 Chapter-wise notes | 2 Important topics & weightage | 3 Past papers: trends & links

4 Mock tests + solutions | **5 Chapter practice questions** | 6 Last-week plan & strategy

Prepared by Skillshort for self-study. Original explanations and questions; not an official ICSI publication. Items marked VERIFY should be checked against the latest official material.

How to use this set

EXAM TIP **Do the MCQs first as a recall check. Then solve each computation in 9 minutes for 5 marks with working notes: facts → section → computation table → final figure rounded off.**

1. Direct Tax at a Glance

1. "No tax shall be levied except by authority of law" is in Article:

(a) 246 (b) 265
(c) 269A (d) 279A

2. Income-tax (other than on agricultural income) is in:

(a) Union List Entry 82 (b) State List Entry 46
(c) Concurrent List (d) Art. 246A

2. Basic Concepts and Residential Status

3. Under the default regime for A.Y. 2026-27, income up to which amount is not taxed?

(a) ₹3,00,000 (b) ₹4,00,000
(c) ₹5,00,000 (d) ₹7,00,000

4. An Indian citizen leaving India for employment is resident if he stays in India for at least:

(a) 60 days (b) 120 days
(c) 182 days (d) 365 days

3. Exempt Incomes

5. Share of profit received by a partner from a firm is:

(a) taxable as business income (b) exempt u/s 10(2A)
(c) taxable as other sources (d) taxable at 30%

6. Maximum exemption for gratuity of a non-government employee is:

(a) ₹10 lakh (b) ₹20 lakh
(c) ₹25 lakh (d) no limit

4. Salaries

7. Standard deduction under the default regime is:

(a) ₹50,000 (b) ₹75,000
(c) ₹1,00,000 (d) nil

8. Gift vouchers from an employer are exempt up to:

(a) ₹5,000 a year (b) ₹15,000 a year
(c) ₹50,000 a year (d) fully taxable

5. House Property

9. The standard deduction u/s 24(a) is:

(a) 20% of GAV
(b) 30% of NAV
(c) 30% of GAV
(d) actual repairs

10. Interest on a loan for a self-occupied house under the default regime is:

(a) ₹2,00,000
(b) ₹30,000
(c) not allowed
(d) fully allowed

6. Profits and Gains of Business or Profession

11. A cash payment of ₹15,000 to a supplier in a day is:

(a) fully allowed
(b) 30% disallowed
(c) 100% disallowed
(d) allowed if bill kept

12. Presumptive rate u/s 44AD for digital receipts is:

(a) 5%
(b) 6%
(c) 8%
(d) 50%

7. Capital Gains

13. LTCG on listed equity u/s 112A is taxed at:

(a) 10% above ₹1 lakh
(b) 12.5% above ₹1.25 lakh
(c) 20% with indexation
(d) slab rates

14. The maximum investment in s.54EC bonds is:

(a) ₹10 lakh
(b) ₹50 lakh
(c) ₹1 crore
(d) ₹10 crore

8. Income from Other Sources

15. Gifts of money from non-relatives are taxable if the aggregate exceeds:

(a) ₹25,000
(b) ₹50,000
(c) ₹1 lakh
(d) ₹2.5 lakh

16. Deduction from interest on enhanced compensation is:

(a) 30%
(b) 40%
(c) 50%
(d) nil

9. Clubbing, Set-off and Carry Forward

17. A minor child's income from a talent is:

(a) clubbed with the father
(b) clubbed with the mother
(c) not clubbed
(d) exempt

18. Speculation loss can be carried forward for:

(a) 4 years
(b) 8 years
(c) indefinitely
(d) not at all

10. Deductions

19. Which deduction is available under the default regime?

(a) 80C
(b) 80D
(c) 80CCD(2)
(d) 80TTA

20. Deduction u/s 80TTB for a senior citizen is up to:

(a) ₹10,000
(b) ₹25,000
(c) ₹50,000
(d) ₹1,00,000

11. Computation for Various Entities

21. Interest to a partner is allowed up to:

(a) 10% simple
(b) 12% simple
(c) 15% compound
(d) any rate in deed

22. AMT u/s 115JC is levied at:

(a) 15%
(b) 18.5%
(c) 22%
(d) 25%

12. Companies

23. Tax rate for a company opting for s.115BAA is:

(a) 15%
(b) 22%
(c) 25%
(d) 30%

24. MAT credit can be carried forward for:

(a) 8 years
(b) 10 years
(c) 15 years
(d) indefinitely

13. Procedural Compliance

25. An updated return can be filed within:

(a) 12 months
(b) 24 months
(c) 36 months
(d) 48 months from the end of the A.Y.

26. The first advance-tax instalment (15 June) is:

(a) 15%
(b) 25%
(c) 30%
(d) 45%

14. Indirect Taxes at a Glance

27. Which tax is subsumed in GST?

(a) Basic customs duty
(b) Service tax
(c) Stamp duty
(d) Excise on petrol

28. The GST Council was created by Article:

(a) 246A (b) 269A
(c) 279A (d) 366

15. Basics of GST

29. GST rates after 22-9-2025 are mainly:

(a) 5, 12, 18, 28 (b) 5, 18, 40
(c) 6, 12, 18 (d) 0, 12, 28

30. Inter-State supply attracts:

(a) CGST + SGST (b) IGST
(c) UTGST (d) customs duty

16. Levy and Collection of GST

31. Gifts by an employer to an employee are not a supply up to:

(a) ₹10,000 (b) ₹25,000
(c) ₹50,000 (d) ₹1 lakh a year

32. Composition limit for service providers u/s 10(2A) is:

(a) ₹20 lakh (b) ₹50 lakh
(c) ₹75 lakh (d) ₹1.5 crore

17. Time, Value and Place of Supply

33. For goods, GST on advances is:

(a) payable on receipt
(b) not payable
(c) payable at 50%
(d) payable only by composition dealers

34. Place of supply for hotel accommodation is:

(a) location of recipient (b) location of supplier
(c) location of the hotel (d) place of booking

18. Input Tax Credit

35. ITC for an invoice of FY 2025-26 can be taken up to:

(a) 30 September 2026
(b) 30 November 2026 or annual return, if earlier
(c) 31 December 2026
(d) 31 March 2027

36. If the supplier is not paid within 180 days, the recipient must:

(a) do nothing (b) reverse ITC with interest
(c) pay a penalty (d) cancel registration

19. Procedural Compliance under GST

37. An e-way bill is required for consignments above:

(a) ₹25,000
(b) ₹50,000
(c) ₹1 lakh
(d) ₹2 lakh

38. GSTR-3B for monthly filers is due by the:

(a) 11th
(b) 13th
(c) 20th
(d) 25th

20. Customs

39. If freight is not known, it is taken at:

(a) 10% of FOB
(b) 20% of FOB
(c) 1.125% of FOB
(d) actual

40. Rate of duty on imports is the rate on the date of:

(a) arrival
(b) filing the bill of entry (or entry inwards, if later)
(c) payment
(d) order

Computation Questions

QUESTION D1 (3 marks) – Marginal relief

Mr. A (default regime) has total income of ₹12,30,000 (all salary). Compute his tax.

SOLUTION D1

Tax on slabs = 20,000 + 40,000 + 15% × 30,000 = ₹64,500. Income exceeds ₹12 lakh by only ₹30,000, so **marginal relief** limits tax to ₹30,000. Tax ₹30,000 + cess 4% = **₹31,200**.

QUESTION D2 (5 marks) – Gratuity

Mr. B (covered by the Payment of Gratuity Act) retired after 22 years 7 months. Last drawn basic + DA ₹60,000 per month. Gratuity received ₹9,00,000. Compute the exempt and taxable amounts.

SOLUTION D2

Service over 6 months counts as a full year → 23 years. Exempt = least of: actual ₹9,00,000; ₹20,00,000; 15/26 × 60,000 × 23 = **₹7,96,154**. Taxable = 9,00,000 − 7,96,154 = **₹1,03,846**.

QUESTION D3 (5 marks) – s.54F

Ms. C sold gold (long-term) for net consideration ₹80 lakh; LTCG ₹40 lakh. She bought a residential house for ₹60 lakh within 2 years. She owns no other house. Compute the taxable gain and tax.

SOLUTION D3

Exemption u/s 54F = LTCG × amount invested ÷ net consideration = 40 × 60/80 = **₹30 lakh**. Taxable LTCG ₹10 lakh × 12.5% = **₹1,25,000** plus cess.

QUESTION D4 (5 marks) – Depreciation

Plant block (15%) WDV on 1-4-2025 ₹10,00,000; a machine sold for ₹2,00,000 in June 2025; a new machine bought for ₹4,00,000 and put to use on 10-10-2025. Compute depreciation (default regime).

SOLUTION D4

Opening 10,00,000 − sale 2,00,000 = 8,00,000 × 15% = 1,20,000. New machine used < 180 days → half rate 7.5% × 4,00,000 = 30,000. **Total ₹1,50,000**. No additional depreciation under s.115BAC.

QUESTION D5 (3 marks) – s.44ADA

Dr. D's professional receipts are ₹60 lakh, all through banks. Can he use s.44ADA? What is the presumptive income?

SOLUTION D5

Cash receipts ≤ 5%, so the limit is **₹75 lakh**; he is eligible. Presumptive income = 50% × 60 lakh = **₹30 lakh** (or more if declared).

QUESTION D6 (3 marks) – s.80D

Mr. E (40, old regime) paid health premium ₹30,000 for his family and ₹55,000 for his senior-citizen parents (by cheque), and ₹6,000 in cash for a check-up. Compute the deduction.

SOLUTION D6

Family: limit ₹25,000 (check-up included within it). Parents: limit ₹50,000. **Deduction ₹75,000**.

QUESTION D7 (3 marks) – TCS on LRS

Mr. F remits ₹15 lakh for an overseas tour package. Compute TCS u/s 206C(1G).

SOLUTION D7

5% on the first ₹10 lakh = ₹50,000; 20% on ₹5 lakh = ₹1,00,000; **TCS ₹1,50,000** VERIFY.

QUESTION D8 (3 marks) – Composition

A composition trader in Pune has taxable supplies of ₹30 lakh and exempt supplies of ₹5 lakh in a quarter. Compute the tax.

SOLUTION D8

Traders pay **1% on taxable turnover** (Rule 7): ₹30,000 (CGST ₹15,000 + SGST ₹15,000), paid through **CMP-08** by the 18th after the quarter, in cash.

QUESTION D9 (3 marks) – Rule 42

Common ITC ₹1,00,000; exempt turnover ₹20 lakh; total turnover ₹1 crore. Compute the reversal.

SOLUTION D9

Reversal = common credit × exempt turnover ÷ total turnover = 1,00,000 × 20/100 = **₹20,000**.

QUESTION D10 (3 marks) – Customs duty

Assessable value ₹10,00,000; BCD 10%; SWS 10%; IGST 18%. Compute the duty.

SOLUTION D10

BCD ₹1,00,000; SWS ₹10,000; IGST 18% × 11,10,000 = ₹1,99,800. **Total ₹3,09,800**.

QUESTION D11 (3 marks) – Interest u/s 50

GST of ₹1,00,000 payable in cash was paid 20 days late. Compute interest.

SOLUTION D11

18% × 1,00,000 × 20/365 = **₹986**. Interest is on the **net cash liability** only.

QUESTION D12 (3 marks) – Registration

A Haryana trader of goods has taxable supplies ₹25 lakh, exempt supplies ₹10 lakh and exports ₹8 lakh. Is he liable to register?

SOLUTION D12

Aggregate turnover includes exempt supplies and exports: 25 + 10 + 8 = **₹43 lakh**, above the **₹40 lakh** limit for goods → **liable** to register within 30 days.

Answer key with explanations

Q	Ans	Explanation / working
1	(b)	Art. 265.
2	(a)	Agricultural income tax is State List Entry 46.
3	(b)	Slab 0–4 lakh nil; rebate makes tax nil up to ₹12 lakh.
4	(c)	The 60-day condition is replaced by 182 days.
5	(b)	The firm is taxed.
6	(b)	Leave encashment limit is ₹25 lakh.
7	(b)	₹50,000 under the old regime.
8	(a)	Above ₹5,000 the whole amount is taxable.
9	(b)	Net annual value.
10	(c)	Allowed only for let-out property.
11	(c)	s.40A(3) limit ₹10,000 (₹35,000 for transporters).
12	(b)	8% for other receipts.
13	(b)	For transfers on or after 23-7-2024.
14	(b)	Within 6 months; lock-in 5 years.
15	(b)	The whole amount becomes taxable.
16	(c)	s.57(iv).
17	(c)	s.64(1A) proviso.
18	(a)	Only against speculation income.
19	(c)	Also 80CCH and 80JJAA.
20	(c)	Interest on deposits.
21	(b)	s.40(b).
22	(b)	On adjusted total income.
23	(b)	Plus 10% surcharge and 4% cess.
24	(c)	s.115JAA.
25	(d)	Finance Act 2025.
26	(a)	45% by 15 Sept, 75% by 15 Dec, 100% by 15 March.
27	(b)	BCD, stamp duty and petroleum excise remain.
28	(c)	101st Amendment, 2016.
29	(b)	GST 2.0.
30	(b)	Levied by the Centre and shared.
31	(c)	Schedule I para 2 proviso.
32	(b)	Rate 6%.
33	(b)	Notification 66/2017-CT.
34	(c)	s.12(3) IGST Act.
35	(b)	s.16(4).
36	(b)	Re-avail on payment.
37	(b)	Rule 138.
38	(c)	QRMP: 22nd/24th.
39	(b)	Insurance 1.125% of FOB.

Q	Ans	Explanation / working
40	(b)	s.15.