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## Chartered Trust & Estate Planner® (CTEP®) Certification Examination

AAFM CTEP

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## Topic Break Down

Topic	No. of Questions
Topic 1, Volume A	94
Topic 2, Volume B	94
Topic 3, Volume C	93
Topic 4, Volume D	191
<b>Total</b>	<b>472</b>

**QUESTION NO: 1**

Which of the following incomes are not included for computation of taxable income of a Trust/ Society?

(i)	Income set apart to the extent that it does not exceed 25% of the total income from the property.
(ii)	Income by way of voluntary contributions towards the corpus of the Trust.
(iii)	Income derived from the property held under Trust wholly for the charitable and religious purposes actually spent in these purposes in India
(iv)	In case of Trusts created before 1/4/1961, the income derived from the property held under Trust partially for the charitable and religious purposes.

- A. All except (i)
- B. All except (iv)
- C. All except (ii)
- D. All of the above

**ANSWER: D****QUESTION NO: 2**

What does 'T' in 'SWOT' stands for?

- A. Trends
- B. Time
- C. Threats
- D. Trust

**ANSWER: C**

## QUESTION NO: 3

In UK, if the donor survives for \_\_\_\_\_ years after making the gift, it becomes exempt from Inheritance Taxes.

- A. Seven
- B. Five
- C. Seventeen
- D. Eighteen

**ANSWER: A**

## QUESTION NO: 4

Which of the following statement(s) about HUF Partition is/are correct?

(i)	If any partial partitions have been affected after 31st Dec, 1978 there will be no taxation aspects in it. If any partition occurs after 31st Dec, 1978 then no claim of such partition shall be recorded by the Assessing Officer.
(ii)	Under Hindu Law, only male coparcener can make a claim for partition.
(iii)	Partial Partition is not recognized for tax purposes.

- A. Both (i) and (ii)
- B. All except (i)
- C. Both (i) and (iii)
- D. All of the above

**ANSWER: C**

## QUESTION NO: 5

\_\_\_\_\_ is the most appropriate method for donors who prefer to make gifts at the end of their life and \_\_\_\_\_ is the most appropriate method for donors who prefer to give gifts during their lifetime.

- A. Bequest and Outright Gift

- B. Outright Gift and Bequest
- C. Family Foundation and Life Income Gifts
- D. Life Income Gifts and Family Foundation

**ANSWER: A**

## QUESTION NO: 6

Which of the following Trust is employed by the law as an "Equitable Remedy"?

- A. Discretionary Trust
- B. Non-Discretionary Trust
- C. Express Trust
- D. Constructive Trust

**ANSWER: D**

## QUESTION NO: 7

Which of the following statement(s) about Power of Attorney (POA) is/are correct?

(i)	A POA applies during a person's lifetime and ceases to apply when he dies.
(ii)	There are two types of POA-one for life and other for Personal care.

- A. Only (i)
- B. Only (ii)
- C. Both (i) and (ii)
- D. Neither (i) or (ii)

**ANSWER: C**

## QUESTION NO: 8

In case of a HUF whose manager has not been resident in India in nine out of ten previous years preceding the previous year or has, during the \_\_\_\_\_previous years preceding that year, been in India for a total \_\_\_\_\_or less, such HUF is to be regarded as Not Ordinarily Resident within the meaning of the Income-tax Act, 1961.

- A. Seven, 729 days
- B. Seven, 182 years
- C. Three, 729 days
- D. Three, 182 days

**ANSWER: A**

## QUESTION NO: 9

What is the full form of DFT?

- A. Discretionary Foundation Trust
- B. Discretionary Family Trust
- C. Discretionary Foundation Trustor
- D. Discretionary Family Trustor

**ANSWER: B**

## QUESTION NO: 10

There are \_\_\_\_\_ key estate planning strategies to transfer wealth efficiently. In a Granted Retained Annuity Trust, annuity payments are determined in relation to IRS benchmark interest rate called \_\_\_\_\_ rate.

- A. Four, Section 7520
- B. Six, Section 7520
- C. Four, Section 7620
- D. Six, Section 7620

**ANSWER: B**

## QUESTION NO: 11

In US, in the case of an individual the tax is \_\_\_\_\_ of the lesser of net investment income or the excess of modified adjusted gross income over the threshold amount.

- A. 3.8 percent
- B. 3.6 percent
- C. 4.6 percent

D. 4.8 percent

**ANSWER: A**

## QUESTION NO: 12

Which one of the following statement(s) is/are correct?

(i)	A person is said to be the agnate of another if the two of them are related by blood or adoption but not entirely through makes
(ii)	A person is said to be cognate of another if two of them are related by blood or adoption entirely or wholly through makes

- A. (i) only
- B. (ii) only
- C. Both are incorrect
- D. None of the above

**ANSWER: C**

## QUESTION NO: 13

In case of non-resident, who is carrying on shipping business, his Indian income shall be presumed to be:

- A. 5% of certain amount received
- B. 7.5% of certain amount received
- C. 10% of certain amount received
- D. 8.5% of certain amount received

**ANSWER: B**

## QUESTION NO: 14

\_\_\_\_\_ is spoken rather than dictated or written.

- A. Nuncupative Will

- B. Notarial Will
- C. Mirror Will
- D. Simple Will

**ANSWER: A**

## QUESTION NO: 15

Which of the following statement(s) about FDAP Income is/are correct?

(i)	FDAP Income does not include gains derived from the sale of real or personal property.
(ii)	Tax at a 30% (or lower treaty) rate applies to FDAP income or gains from U.S. sources, but only if they are not effectively connected with your U.S. trade or business.

- A. Only (i)
- B. Only (ii)
- C. Both (i) and (ii)
- D. Neither (i) or (ii)

**ANSWER: C**

## QUESTION NO: 16

Short-term capital gain arising for the transfer of equity shares and units of equity oriented fund shall be taxable

- A. at the normal rate
- B. at the rate of 20%
- C. at the rate of 10% if transferred on or after 1-10-2004
- D. at the rate of 10% if transferred on or after 1-10-2004 through a recognized stock exchange & such transaction is chargeable to securities transaction tax

**ANSWER: B**

**QUESTION NO: 17**

Any income chargeable under the head "Salaries" is exempt from tax under Section 10(6)(viii), if it is received by any non resident individual as remuneration for services rendered in connection with his employment in a foreign ship where his total stay in India does not exceed a period days in that previous year.

- A. 90
- B. 182
- C. 60
- D. 120

**ANSWER: A****QUESTION NO: 18**

You are an Estate Planner. A client asks you to explain him the process of Probate. You explain him that Probate is one of the ways to pass ownership of estate property to a decedent's survivors. The client further asks you to outline the various steps of Probate. As an estate planner, you would outline the steps of probate as follows (please specify the correct order)

(i)	Inventorizing your property
(ii)	Appointing a Personal Representative
(iii)	Notifying creditors and the public
(iv)	Distributing the estate

- A. (i)-(ii)-(iii)-(iv)
- B. (ii)-(iii)-(i)-(iv)
- C. (i)-(iii)-(ii)-(iv)
- D. (iii)-(i)-(ii)-(iv)

**ANSWER: B****QUESTION NO: 19**

The income of any university or other educational institution existing solely for educational purposes and not for the purposes of profit is exempt under clause (iiiad) of Section 10(23C) if the aggregate annual receipts' of such university or educational institution do not exceed

- A. Rs.100 crores
- B. Rs.1 crore
- C. Rs. 10 crores

D. Rs. 10 lakhs

**ANSWER: B**

## QUESTION NO: 20

Bijoy traced a missing person and was awarded a sum of Rs. 35,000. Although there was no stipulation to that effect, such receipt shall be:

- A. Casual Income & fully taxable
- B. Casual Income & exempt up to Rs. 5000
- C. Fully exempt
- D. None of the above

**ANSWER: A**