

## SAMPLE MCQ'S ON PRINCIPLES OF INCOME TAX IN INDIA

### PART A – PRINCIPLES OF TAX

- Q. 1 The term 'income' includes the following types of incomes -
- a) Legal
  - b) Illegal
  - c) both
  - d) None of the above
- Q. 2 Income includes -
- a) Profit and gains
  - b) Capital gain
  - c) Lottery winning
  - d) All of the above
- Q. 3 A tax is -----payment to the government by the subject.
- a) Compulsory
  - b) Optional
  - c) both A and B
  - d) None of the above
- Q. 4 Tax can be imposed by-----
- a) Individual
  - b) Industries
  - c) Authority
  - d) Agency
- Q. 5 A tax is paid by a Subject to government.....
- a) Without expectation of definite return
  - b) with expectation of definite return
  - c) both A and B
  - d) None of the above
- Q. 6 In the payment of tax element of -----is involved.

- a) Sacrament
- b) Crime
- c) Autonomy
- d) Sacrifice

Q. 7 Payment of tax is a personal obligation of.....

- a) Individual
- b) Prime Minister
- c) President
- d) Supreme Court

Q. 8 The purpose of Tax is raising

- a) Public Demand
- b) Public Awareness
- c) Public Revenue
- d) None of the above

Q. 9 Taxes are Paid in.....

- a) Goods
- b) Services
- c) Kinds
- d) Cash

Q. 10 The famous book ----- written by Kautilya gives clear references about the tax system that was prevailing in the ancient India.

- a) Manu Smriti
- b) Sahasraveena
- c) Árthshashtra
- d) Garudpurana

Q. 11 The aim of Taxation is.....

- a) Welfare of community
- b) Coercion to community
- c) Both A and B

d) None of the above

Q. 12 Fees is the another source of the -----of the state.

- a) Revenue
- b) Registration
- c) Stamp duty
- d) Service

Q. 13 "Tax and fees are different from each other" this statement is

- a) FALSE
- b) TRUE
- c) Cant say
- d) None of the above

Q. 14 "A charge imposed by some Governmental agency for which it has been collected"

is called as

- a) Fee
- b) Tax
- c) Both A and B
- d) None of the above

Q. 15 The Tax collection are routed to -----fund.

- a) Consolidated
- b) Complementary
- c) Category
- d) Compensatory

Q. 16 According to Art. 265 "No tax shall be levied or collected except by-----  
-----

- a) Individual

- b) President
- c) Authority of Law
- d) None of the above

Q. 17 A Tax should not violate -----guaranteed under Art 14 and 19(1)(g)  
The Constitution of India.

- a) Fundamental Duties
- b) Directive Principles of State Policy
- c) Union and its Territories
- d) Fundamental Rights

Q. 18 Which of the following statement is true.....

- a) Double Taxation is Not prohibited under Art. 265 of the Constitution
- b) Double Taxation is prohibited under Art. 265 of the Constitution
- c) Anyone can impose tax in India
- d) None of the Above

Q. 19 Which of the following are not characteristics of indirect taxes?

- a) Incidence of such tax is borne by the consumer
- b) It's burden can be shifted by the taxpayers to some other person
- c) It is levied on Goods and Services
- d) It is imposed on persons

Q. 20 Money shall be considered as.....

- a) Goods
- b) Services
- c) Partly good and partly services
- d) None of the above

Q. 21 What is the nature of the Constitution of India with its Delegation of legislative powers between union and State?

- a) Rigid
- b) Flexible
- c) federal
- d) Quasi-Federal

Q. 22 The Union Parliament and State Legislature are empowered under the Constitution

to make laws for.....

- a) Levy and collection of taxes
- b) Not to Levy and collection of taxes
- c) Both A and B
- d) None of the Above

Q. 23 The seventh schedule of the Indian Constitution gives how many lists?

- a) 7
- b) 5
- c) 3
- d) 1

Q. 24 Following list is not included in the seventh schedule of Constitution of India?

- a) Concurrent List
- b) State List
- c) Union List
- d) Legislative List

Q. 25 Which of the following statement is False?

- a) Union can impose tax on Agriculture

- b) List I of seventh schedule is known as Union List
- c) List II is known as State List
- d) List III is known as Concurrent List.

Q. 26 Who can impose Tax on Income?

- a) Union
- b) State
- c) Both
- d) None of the above

Q. 27 The Constitution Of India in Art. 268 to 281 envisages a scheme for distribution

of tax revenue between.....

- a) Union and the States
- b) The States and Local Governments
- c) Both A and B
- d) None of the Above

Q. 28 The Finance Commission deals with.....

- a) Financial relations between centre and state
- b) Allocating finance to the schemes
- c) Financial relations between government and RBI
- d) None of the above

Q. 29 Finance commission is constituted after every

- a) Three years
- b) Four years
- c) Five years
- d) Six Years

Q. 30 In India who has authority to impose Tax in their three tier government structure?

- a) Central Government
- b) State Government
- c) Local Authorities
- d) All of the above

Q. 31 What is the meaning of quid pro quo?

- a) Person must pay tax
- b) quality is assured
- c) Something in return
- d) None of above

Q. 32 The tax that is levied by the government directly on the individuals or Corporations are called.....

- a) Indirect Tax
- b) Direct Tax
- c) Both A and B
- d) None of above

Q. 33 Indirect Tax is.....

- a) Levied by the government on Goods
- b) Directly Paid by the individual
- c) Paid by Central Government
- d) Paid by state Government

Q. 34 Income Tax, Corporation Tax and Wealth Tax these are examples of.....

- a) Indirect Tax

- b) Direct Tax
- c) Both A and B
- d) None of above

Q. 35 VAT, Service tax, GST, Excise duty, entertainment tax and Customs Duty are classified as.....

- a) Direct Tax
- b) Indirect Tax
- c) Both A and B
- d) None of the above

Q. 36 Direct Taxes are -----in nature.

- a) Progressive
- b) Regressive
- c) Aggressive
- d) Inflationary

Q. 37 How Many Boards present in India to exercises control in respect of matters relating to all the Direct and Indirect Union Taxes?

- a) Four
- b) Three
- c) Two
- d) Many

Q. 38 CBDT stands for.....

- a) Central Board of Direct Taxes
- b) Central Board of Indirect Taxes
- c) Central Bureau of Direct Taxes
- d) Central Bureau of Indirect Taxes



Q. 39 CBIC means.....

- a) Central Board of Direct Taxes
- b) Central Board of Indirect Taxes
- c) Both A and B
- d) None Of the Above

Q. 40 \_\_\_\_\_contains 97 items which comprise of the subjects having national significance.

- a) Union List
- b) State List
- c) Concurrent List
- d) None of the above

Q. 41 Is tax evasion a crime in India?

- a) Tax evasion has always been a criminal offence in India.
- b) Tax evasion not always been a criminal offence in India
- c) Tax evasion has always been a civil offence in India.
- d) Tax evasion not always been a civil offence in India.

Q. 42 Not paying Taxes when they are actually due which is absolutely Illegal?

- a) Tax Evasion
- b) Tax Avoidance
- c) Tax Implementation
- d) Tax alteration

Q. 43 Which of the following is not the way of Tax Evasion?

- a) Failing to pay the due
- b) Smuggling

- c) accurate Financial statement
- d) Inaccurate Financial statement

Q. 44 \_\_\_\_\_ is basically finding the loophole that exempts you from paying taxes and it is not strictly illegal.

- a) Tax Avoidance
- b) Tax Evasion
- c) Both A and B
- d) None Of the Above

Q. 45 Which of the following is not the way of Tax Avoidance?

- a) Show the monetary transaction as loan.
- b) Inaccurate Financial statement
- c) Deduction available in case of minor child
- d) There is no tax on long term gains

Q. 46 Which of the following is manipulation of account for Tax Evasion?

- a) Keeping Proper Record
- b) Maintain expenses
- c) Manipulation of sales/ receipts
- d) Proper reporting of production

Q. 47 Measures to combat Tax Evasion

- a) Reduction of Tax rates by the Government
- b) High rates of Taxes by Government
- c) Complicated tax laws
- d) Difficult Tax filing procedures.

Q. 48 Which of the following is not the fundamental principle relating to tax law?

- a) Neutrality
- b) Conflict in nature
- c) Effectiveness and fairness
- d) Flexibility

Q. 49 What is the difference between a direct & an indirect tax?

- a) Charge of levy
- b) Nature of transfer
- c) Different collection pattern of tax
- d) All of the above

Q. 50 What kind of tax can be transferred from one person to another?

- a) Direct tax
- b) Indirect tax
- c) Both of the above
- d) None of the above

Q. 51 "It was only for the good of his subjects that he collected taxes from them, just as the Sun draws moisture from the Earth to give it back a thousand fold" –who wrote this

- a) Kalidas
- b) Kautilya
- c) Mahaveer
- d) Maithilisanan Gupta

Q. 52 Supreme Courts precedent is binding on

- a) Courts
- b) Appellate Tribunals
- c) Income Tax Authorities

d) All of the above

Q. 53 High Court's precedents are not binding on

- a) Tribunal
- b) Income Tax Authorities
- c) Assessee
- d) None of the above

Q. 54 Who amongst the following confers on the power to issue circulars and clarifications?

- a) ITAT
- b) Central Government
- c) CBDT
- d) State Government

Q. 55 Amongst the following \_\_\_\_\_ is empowered to levy tax on agricultural income.

- a) Central Government
- b) State Government
- c) Commissioner
- d) President

Q. 56 Circulars and Notifications are binding on the

- a) Central Board of Direct Taxes (CBDT)
- b) Assessee
- c) Income Tax Appellate Tribunal (ITAT)
- d) Income Tax Authorities

Q. 57 Amendments by the finance act are made applicable from

- a) First day of next financial year
- b) First day of same financial year
- c) Last day of same Accounting year
- d) None of the above.

Q. 58 Which one of the following taxes is not levied by the State Government?

- a) Entertainment tax
- b) VAT
- c) Professional tax
- d) None of the above.

Q. 59 The apex body of Income Tax Department is

- a) Finance Ministry of Central Govt.
- b) Central Govt. of India.
- c) CBDT
- d) Dept. of Revenue

Q. 60 Which of the following is indirect tax?

- a) Income tax
- b) Wealth tax
- c) Corporation tax
- d) Sales tax

**PART II – Income Tax Act - 1961**

1. Income tax is collected on all types of income except .

- (a) Agricultural Income (b) Industrial Income
- (c) Capital Gain (d) Household Property

2. The Income Tax Act came into force from .

- (a) 1st March 1971 (b) 1st April 1971
- (c) 1st March 1961 (d) 1st April 1961

3. The Income Tax Act came into force all over India except .
- (a) Andaman & Nicobar (b) Maldives  
(c) Jammu & Kashmir (d) None of the above
4. As per Income Tax Act, 1961, income tax is charged on the income of at a rates which are prescribed by the Finance Act of relevant assessment year.
- (a) Current year (b) One year before previous year  
(c) Previous year (d) None of the above
5. The tax payer liability is determined with reference to his or her .
- (a) Financial Status (b) Residential Status  
(c) All of the above (d) None of the above
6. As per the definition of Income, the income includes the following .
- (a) Profits and gains  
(b) Dividend declared  
(c) Voluntary contribution received by a trust created  
(d) All of the above
7. The period of 12 months commencing on the first day of April every year and ending on 31st March is called as .
- (a) Previous Year (b) Assessment year  
(c) Accounting Year (d) Financial Year
8. Previous year means the financial year immediately preceding the .
- (a) Accounting Year (b) Assessment Year  
(c) All of the above (d) None of the above
9. Under Income Tax Act, the income liable for tax is classified on the basis of .
- (a) Income from Salaries (b) Income from House Property  
(c) Agricultural Income (d) Both (a) and (b)
10. Agricultural income is completely exempted for assessment year .
- (a) 1974-75 (b) 1985-86  
(c) 1975-76 (d) 1978-79

11. The income from foreign companies by providing the services in project connected with security of India is from tax liability.

- (a) 50% exempted
- (b) 20% exempted
- (c) 100% exempted
- (d) 55% exempted

12. An individual is said to be resident in India if .

- (a) It is in India in the previous year for a period of 182 days or more
- (b) It is in India for period of 60 days or more during the previous and 365 days or more during the four years immediately preceding previous year
- (c) All of the above
- (d) None of the above

13. The HUF is said to be resident in India if .

- (a) The control and management of its affairs is wholly or partly situated in India
- (b) The control and management of its affairs is partially situated out of India
- (c) The control and management of its affairs is wholly or partly in out of India
- (d) None of the above

14. The awards and rewards are exempted from Income Tax if .

- (a) Payment is in cash
- (b) Payment is in kind
- (c) Payment is in cash or in kind
- (d) None of the above

15. Income received in India whether occurred in India or outside India, the tax incidence in case of resident is .

- (a) Taxable as per slabs
- (b) Exempted from tax
- (c) Partly exempted
- (d) None of the above

16. Income received in India whether occurred in India or outside India, the tax incidence in case of resident but not ordinarily resident is .

- (a) Taxable as per slabs
- (b) Exempted from tax
- (c) Partly exempted
- (d) None of the above

17. Income received in India whether occurred in India or outside India, the tax incidence in case of non-resident is .

- (a) Taxable as per slabs
- (b) Exempted from slab
- (c) Partly exempted
- (d) None of the above

18. Income deemed to be received in India whether occurred in India or outside India, the tax incidence in case of resident is .

(a) Taxable as per slabs (b) Exempted from slab

(c) Partly exempted (d) None of the above

19. The income received and accrued outside India from a business controlled or profession set up in India, the tax incidence in case of resident is .

(a) Taxable (b) Non-taxable

(c) Partly taxable (d) None of the above

20. The income received and accrued outside India from a business controlled or profession set up in India, the tax incidence in case of non-resident is .

(a) Taxable (b) Non-taxable

(c) Partly taxable (d) None of the above

21. The tax incidence for company or firm in which income received in India and company is resident is .

(a) Taxable (b) Non-taxable

(c) Partly taxable (d) None of the above

22. The tax incidence for company or firm in which income received in India and company for non-resident is .

(a) Taxable (b) Non-taxable

(c) Partly taxable (d) None of the above

23. The tax incidence for company or firm in which income received outside India from a source controlled from India for resident is .

(a) Taxable (b) Non-taxable

(c) Partly taxable (d) None of the above

24. The tax incidence for company or firm in which income received outside India from a source controlled from India for non-resident is .

(a) Non-taxable (b) Taxable

(c) Partly taxable (d) None of the above

25. is exempted from income tax.

(a) Interest from Indian company (b) Dividend from foreign company

(a) Cooperative dividend (d) Dividend from Indian company



26. Which section of the Income Tax Act exempted incomes have been mentioned?  
(a) Section 80C (b) Section 80DD  
(c) Section 10 (d) Section 2
27. \_\_\_\_\_ of Income Tax Act is related to residential status.  
(a) Section 2 (b) Section 6  
(c) Section 5 (d) Section 4
28. Resident of India includes \_\_\_\_\_.  
(a) Ordinarily resident (b) Not ordinarily resident  
(c) NRI (d) Both (a) and (b)
29. The Company may have the residential status as \_\_\_\_\_.  
(a) Resident or Non-resident (b) Not ordinarily resident  
(c) Non-resident (d) Resident
30. The meaning of exempted income is \_\_\_\_\_.  
(a) Not included in total income (b) Agricultural income  
(c) Not taxable under income tax (d) All of the above
31. The number of income source for a person are \_\_\_\_\_.  
(a) One head (b) Two heads  
(c) Various heads (d) Any of the above
32. The sum of various heads is called as \_\_\_\_\_.  
(a) Taxable income (b) Total income  
(c) Gross total income (d) Adjusted income
33. The agricultural income includes \_\_\_\_\_.  
(a) Income from sale of crop (b) Income from preparation of crop  
(c) Income from nursery (d) All of the above
34. \_\_\_\_\_ comes under agricultural income.  
(a) Tea garden (b) Commodity farming  
(c) All of the above (d) None of the above
35. If the agricultural income is \_\_\_\_\_, then the agricultural income is considered for calculating tax.

- (a) More than ` 5,000 and total income is exceeding exemption limit
  - (b) More than ` 5,000
  - (c) More than ` 10,000
  - (d) Any amount
36. The Income Tax Act, 1961 broadly covers .
- (a) Basic charging income
  - (b) Rebates and reliefs
  - (c) Incomes exempted from income tax
  - (d) All of the above
37. The capital gain is chargeable under of Income Tax Act.
- (a) Section 45 (b) Section 55
  - (c) Section 56 (d) Section 40
38. The definition of the person includes .
- (a) An individual (b) A company
  - (c) A Hindu undivided family (d) All of the above
39. Any rent or revenue derived from land which is situated in India and is used for agricultural purpose is .
- (a) Partially taxable (b) Fully taxable
  - (c) Exempted from tax (d) None of the above
40. Residential Status of an assesses can be .
- (a) Different for different previous year in the same assessment year
  - (b) Different for different assessment year
  - (c) None of the above
  - (d) All of the above
41. The income of previous year is chargeable to tax in the .
- (a) Immediately succeeding assessment year
  - (b) Same previous year
  - (c) Immediately preceding academic year
  - (d) None of the above

42. The interest on loan paid by the Government of India to a non-resident outside India is

in India.

(a) Not taxable (b) Partially taxable

(c) Taxable (d) Can't say

43. An individual is resident and ordinarily resident of India if .

(a) Person had been resident in India at least 2 out of 10 previous years immediately preceding the relevant previous year

(b) Person been in India for a period of 730 days or more during 7 years immediately preceding the relevant previous year

(c) All of the above

(d) None of the above

44. The Resident HUF is ordinarily resident in India, if.

(a) He has been resident in India at least 2 years out of 10 previous years immediately

(b) He has been resident in India at least 3 years out of 10 previous years immediately

(c) He has been resident in India at least 2 years out of 5 previous years immediately

(d) None of the above

45. Basic condition will be for a person who leaves India for employment .

(a) At least 182 days in India

(b) At least 60 days in previous year and 365 days in preceding 4 years

(c) At least 730 days in preceding 7 years

(d) All of the above

46. Which of the following is not included in the term Income under the Income Tax Act, 1961?

(a) Reimbursement of travelling expenses

(b) Profits and gains of business or profession

(c) Dividend

- (d) Profit in lieu of salary
47. The term income includes the following types of incomes.
- (a) Illegal (b) Legal income from India only
- (c) Legal (d) Legal and illegal both
48. \_\_\_\_\_ is the casual income.
- (a) Interest received (b) Dividend income
- (c) Pension received (d) Winning from lotteries
49. The way of tax liability by taking full advantage provided by the Act is \_\_\_\_\_.
- (a) Tax management (b) Tax avoidance
- (c) Tax planning (d) Tax evasion
50. Mr. A, partner of M/s ABC, is assessable as \_\_\_\_\_.
- (a) Firm (b) An individual
- (c) Body of individual (d) HUF
51. The income is chargeable under the head of salary under \_\_\_\_\_ of Income Tax Act, 1961.
- (a) Section 15 (b) Section 20
- (c) Section 14 (d) Section 16
52. Pension is \_\_\_\_\_ under the salary head.
- (a) Fully taxable (b) Partially taxable
- (c) Not taxable (d) None of the above
53. The salary of Member of Parliament is taxable under the head \_\_\_\_\_.
- (a) Salary (b) Income from Other Sources
- (c) Income from Business (d) All of the above
54. The salary, remuneration or compensation received by the partners is taxable under the head \_\_\_\_\_.
- (a) Income from Other Sources (b) Income from Business
- (c) Salary (d) None of the above
55. The death-cum-retirement gratuity received by the Government Employee or employee of local authority is \_\_\_\_\_.
- (a) Partially exempted (b) Fully exempted

(c) Half taxable (d) None of the above

56. Under Section 15 of Income Tax Act, the salary due in previous years and even if it is not received is .

(a) Taxable (b) Not taxable

(c) Partially taxable (d) None of the above

57. The assesses can claim relief under for arrears or advance salary.

(a) Section 89(1) (b) Section 89(2)

(c) Section 89(3) (d) Section 89(4)

58. The Payment of Gratuity Act came into force in .

(a) 1973 (b) 1980

(c) 1991 (d) 1972

59. Which of the following is not taxable under the head Salary?

(a) Remuneration paid to the lecturer of a college for setting a question paper

(b) Salary received by a member of parliament

(c) Commission received by an employee director of a company

(d) Both (a) and (b)

60. In accordance with the provisions of Section 17(1) of Income Tax Act, 1961, the term salary includes .

(a) Any annuity or pension

(b) Any gratuity

(c) Any fees, commission, perquisite or profits in lieu of or in addition to any salary or wages

(d) All of the above

61. The children education allowance, the amount exempted from taxable income is limited to .

(a) 100 per month per child upto 3 children

(b) 1,000 per year per child upto 2 children

(c) 100 per year per child upto 2 children

(d) None of the above

62. If the employee receives retirement gratuity from more than one employer, he can claim exemption in respect of .

- (a) Current employer (b) Previous employer
- (c) Both employer (d) Not from single employer

63. The family pension received by the family members of armed forces after death of employee is .

- (a) Exempt fully (b) Exempted after fulfilling of certain conditions
- (c) Not exempted (d) None of the above

64. The entertainment allowance is applicable to .

- (a) Private sector employees (b) Public sector employees
- (c) Government employees (d) All of the above

65. The entertainment tax allowed as a deduction under Section 16 of Income Tax Act is the least of .

- (a) Actual amount of entertainment allowance received
- (b) 20% of basic salary of the individual
- (c) 50,00
- (d) All of the above

66. The assessment period for income tax on salary is .

- (a) Only more than 12 months (b) 12 months and less than 12 months
- (c) Only 12 months (d) 12 months and more than 12 months

67. Total income is to be rounded off to nearest multiple of and tax is to be rounded off to nearest multiple of .

- (a) Ten rupee (b) Hundred, ten
- (c) Ten, ten (d) Rupee, rupee

68. Income accrued outside India and received outside India is taxable in case of .

- (a) Resident and ordinary resident (ROR) only
- (b) Resident but not ordinary resident (RNOR) only
- (c) Non-resident only
- (d) ROR, RNOR and Non-resident

69. Gross Total Income is arrived after .
- only adding Income under five heads of Income;
  - adding Income under five heads of Income excluding losses
  - adding Income under five heads of Income, after applying clubbing provisions and making adjustment of set off and carry forward of losses
  - adding Income under five heads of Income, after applying clubbing provisions and making adjustment of set off and carry forward of losses and after allowing deduction under section 80C to 80U
70. Deduction under section 80C to 80U cannot exceed .
- Gross Total Income
  - Total Income
  - Income from Business or Profession
  - Income from House Property
71. The maximum limit for the claim of deduction under salary head Contributions to certain pension funds of LIC or any other insurer is .
- Up to ` 2,00,000
  - Up to ` 1,50,000
  - Up to ` 1,75,000
  - None of the above
72. Encashment of earned leave is given by of Income Tax Act, 1961.
- Section 10(10AA)
  - Section 12(10A)
  - Section 15(10B)
  - None of the above
73. Compensation received on voluntary retirement is given by of Income Tax Act, 1961.
- Section 10(10D)
  - Section 10(10C)
  - Section 10(10E)
  - Section 11(10D)
74. The house rent allowance (HRA) under the salary head of Income Tax Act is given by .
- Section 10
  - Sec 10(13A)
  - Section 11(13B)
  - Section 11
75. of Income Tax Act defines the perquisites and their valuation.
- Section 18
  - Section 17

(c) Section 18(C) (d) Section 17(C)

76. Which of the following are true regarding taxing the rich?

- (a) Additional 10% tax on dividends in excess of ` 10 lakh per annum
- (b) Surcharge on persons decreased to 12% from 15%
- (c) TDS at 1% on purchase of luxury cars exceeding value of ` 10 lakh
- (d) All of the above

77. If an employer transfers second hand motor car to the employee, the perquisite is valued at .

- (a) Actual cost less depreciation @ 30% for every completed year under straight line method
- (b) Actual cost less depreciation @ 20% for every completed year under WDV method
- (c) Actual cost less depreciation @ 30% for every completed year under WDV method
- (d) Actual cost less depreciation @ 20% for every completed year under SLM method

78. The following is not taxable as income under the head "Salaries":

- (a) Commission received by a full-time director
- (b) Remuneration received by a partner
- (c) Allowances received by an employee
- (d) Free accommodation given to an employee

79. The following is exempt income from Income Tax:.

- (a) Travel concession to employee
- (b) Remuneration received for valuation of answer scripts
- (c) Encashment of leave salary whilst in service
- (d) Perquisites in India

80. Advance salary is taxable and advance against salary is .

- (a) Fully taxable (b) Partially taxable
- (c) Not taxable (d) None of the above



81. If loan granted by employer to employee does not exceed \_\_\_\_\_, it is not treated as perquisite to employee for purpose of income tax.

- (a) ` 20,000 (b) ` 40,000  
(c) ` 30,000 (d) ` 25,000

82. Death-cum-retirement gratuity received by an employee of Central Government is wholly exempt up to \_\_\_\_\_.

- (a) ` 2.5 lakh (b) ` 4.5 lakh  
(c) ` 3.5 lakh (d) None of the above

83. Gift to employee up to \_\_\_\_\_ p.a. will not be treated as perquisite taxable in the hands of employee.

- (a) ` 4,000 (b) ` 5,000  
(c) ` 10,000 (d) ` 2,500

84. Expenditure on free meals to employee in excess of \_\_\_\_\_ per meal will be treated as perquisite of employee.

- (a) ` 25 (b) ` 50  
(c) ` 100 (d) ` 55

85. The Income from House Property is taxable in the hands of the individual even if property is not registered in his name \_\_\_\_\_.

- (a) When the property has been transferred to spouse for inadequate consideration  
(b) Where the property is transferred to a minor child for inadequate consideration  
(c) Where the individual holds on importable estate  
(d) All of the above

86. Under the Head Income from House Property, the basis of charge is the \_\_\_\_\_ of property.

- (a) Annual value (b) Quarterly value  
(c) Half-quarterly value (d) None of the above

87. The following conditions must be satisfied to charge the rental income under the head Income of House Property:

- (a) The property should consist of any buildings or lands  
(b) The assessee should be one of the property

(c) The property should not be used by the owner for the purpose of business or professional purpose

(d) All of the above

88. Mr. Ram owns a house property. He lent it to Laxman at ` 10,000 p.m. Laxman sublet it to Mr. Maruti on monthly rent of ` 20,000 p.m. Rental income of Ram is taxable under the head .

(a) Income from Salary (b) Income from Other Sources

(c) Income from House Property (d) Income from Business

89. Mr. Ram owns a house property. He lent it to Laxman at ` 10,000 p.m. Laxman sublet it to Mr. Maruti on monthly rent of ` 20,000 p.m. Rental income of Laxman is taxable under the head .

(a) Income from Salary (b) Income from Other Sources

(c) Income from House Property (d) Income from Business

90. An individual who transfers house property without an adequate consideration to his owner spouse or to minor child is called as .

(a) Co-owner (b) Deemed Owner

(c) Owner Himself (d) None of the above

91. An individual is considered as a owner of the house property for the purpose of charging tax to

(a) A member of cooperative society, company or AOP to whom a building or a part thereof is allotted or leased under a house building scheme of the society.

(b) An individual who transfers house property without an adequate consideration to his owner spouse or to minor child

(c) The holder of importable estate

(d) All of the above

92. The rental income of person who is resident of Ladakh is taxable under Income from House Property.

(a) Fully taxable (b) Not taxable

(c) Partially taxable (d) None of the above

93. If the individual using the property for the business or professional purpose the income taxable under the head.

(a) Income from House property (b) Income from HUF

(c) Income from Other (d) Income from Business or Proprietorship

94. If the assesses let out the building or staff quarters to the employee of business, the rent collected from such employees is assessable as income from .

(a) Business (b) House Property

(c) Other Sources (d) None of the above

95. The Gross annual value of the property is depends upon the .

(a) Standard rent (b) Municipal Valuation

(c) Fair rent (d) All of the above

96. Which of the following is not a case of deemed ownership of house property?

(a) Transfer to a spouse for inadequate consideration

(b) Transfer to a minor child for inadequate consideration

(c) Holder of an importable estate

(d) Co-owner of a property

97. Interest on capital borrowed for acquisition or construction of property is deductible subject to limit of per year, if capital is borrowed on or after 1-04-1999. This is allowable if acquisition or construction is completed within 3 years from end of financial year in which loan was taken.

(a) ` 1,50,000 (b) ` 2,00,000

(c) ` 1,80,000 (d) ` 2,50,000

98. If an assesses earns rent from a sub-tenant in respect to tenanted property let out as a residence, the said rent is .

(a) Exempted under Section 10

(b) Taxable under the head income from house property

(c) Taxable as business income, as the letting out is a commercial activity

(d) Taxable as income from other sources

99. An assesses, after sale of house property, receiving arrears of rent (is/is not) chargeable to tax; the same computed in the stipulated manner, is chargeable to tax as ..

(a) Income from House Property (b) Income from Other Sources

(c) Either (a) or (b) (d) Neither (a) nor (b)

100. Arrear rent is taxable after deducting \_\_\_\_\_ as per Section 25B of the Income Tax Act, 1961.

- (a) 30%      (b) 35%
- (c) 10%      (d) 20%

101. The value of interest-free concessional loans to employees is determined on the basis of lending rates of \_\_\_\_\_ for the same purpose.

- (a) SBI      (b) RBI
- (c) Central Government      (d) State Government

102. Value of rent-free accommodation in case of Government employee shall be taxable up to \_\_\_\_\_.

- (a) 15% of employee's salary      (b) 8% of employee's salary
- (c) License fee fixed by Government      (d) 10% of employee's salary

103. Value of rent-free accommodation or a house owned by employer in case of non-government employees with above 25 lakh population is \_\_\_\_\_.

- (a) 15% of employee salary      (b) 7.5% of employee salary
- (c) 20% of employee salary      (d) 10% of employee salary

104. Deduction for other expenses except interest in the computation of income from house property is allowable to the extent of \_\_\_\_\_.

- (a) 25% of annual value      (b) 10% of annual value
- (c) 30% of annual value      (d) 20% of annual value

105. Rate of depreciation on residential building is \_\_\_\_\_.

- (a) 10%      (b) 20%
- (c) 25%      (d) 5%

106. House property held for less than 36 months is \_\_\_\_\_.

- (a) Short-term capital asset      (b) Projected capital asset
- (c) Exempted capital asset      (d) Long-term capital asset

107. Mr. Shushant is the owner of a house, the details of which are given below the gross annual value would be \_\_\_\_\_.  
Municipal value ` 36,000 Actual rent ` 32,000 Fair Rent ` 36,000 Standard Rent ` 40,000

- (a) ` 36,000      (b) ` 35,000
- (c) ` 30,000      (d) ` 40,000

108. Expected rent shall be higher of .
- (a) Municipal value and standard rent (b) Fair rent and actual rent received  
(c) Standard rent and fair rent (d) Municipal value and fair rent
109. Municipal Value ` 14,000, Fair rent ` 14,500, Standard Rent ` 14,200, Actual rent as property let out throughout the previous year ` 16,800 and Unrealized rent of the previous year ` 7,000. The annual value of the house property shall be .
- (a) ` 9,800 (b) ` 14,200  
(c) ` 7,200 (d) ` 7,500
110. Interest on capital, borrowed on 10.10.2000, for self-occupied property is deductible up to a maximum amount of .
- (a) ` 50,000 (b) ` 1,50,000  
(c) ` 5,000 (d) None of the above
111. Deduction from annual value is allowed under .
- (a) Section 24 (b) Section 25  
(c) Section 27 (d) Section 28
112. -----standard deduction from annual value is allowed.
- (a) 10% (b) 20%  
(c) 30% (d) 15%
113. Interest on loan for self-occupied house taken before 1st April, 1999 will be allowed up to .
- (a) ` 30,000 (b) ` 1,50,000  
(c) ` 10,000 (d) ` 50,000
114. Deduction allowed from annual value is .
- (a) Interest on loan for constitution (b) Interest on loan for repair  
(c) Statutory deduction (d) All of the above
115. An individual assesses can show maximum loss of from a self-occupied residential house property.
- (a) ` 1,50,000 (b) ` 30,000  
(c) ` 20,000 (d) ` 5,00,000
116. The Annual Value has been defined under of Income Tax Act, 1961.

- (a) Section 20 (b) Section 22  
(c) Section 23(1) (d) Section 23

117. Mr. Rupesh owns a house property. Municipal value ` 1,50,000, Fair Rent ` 1,25,000 and Standard Rent ` 1,45,000. It is let out throughout the previous year for ` 10,000 p.m. up to December 31, 2015 and ` 1,45,000 p.m. thereafter. Find out the Gross Annual Value for the Assessment Year 2016-17.

- (a) ` 1,45,000 (b) ` 1,25,000  
(c) ` 1,50,000 (d) ` 1,33,000

118. When the portion of the house is self-occupied for the full year and portion is self-occupied for the whole year, the annual value of the house shall be determined by .

- (a) The full annual value of the house the proportionate annual value of self-occupied portion for the whole year shall be deducted  
(b) Its present standard value  
(c) All of the above  
(d) None of the above

119. Mr. R owns a house. The Municipal value of the house is ` 50,000. He paid ` 8,000 as local taxes during the year. He uses this house for his residential purposes but lets out half of the house @ ` 3,000 p.m. The annual value of the house is .

- (a) ` 15,000 (b) ` 16,000  
(c) ` 17,000 (d) ` 18,000

120. Under the Income Tax Act, 1961, depreciation on machinery is charged on .

- (a) Purchase price of the machinery (b) Written down value of the machinery  
(c) Market price of the machinery (d) All of the above

121. The Depreciation allowance is charged of written down value on intangible assets at the rate of .

- (a) 25% (b) 15%  
(c) 20% (d) 30%

122. Sunil contributed ` 3,00,000 to an approved institution for research in social science, which is not related to his business. The amount of deduction eligible under section 35 would be .

- (a) ` 37,500 (b) ` 30,000

(c) ₹ 45,000 (d) ₹ 30,500

123. Income of a business commenced on 1st Feb 2016 will be assessed during the assessment year .

(a) 2014-15 (b) 2015-16

(c) 2016-17 (d) 2015-17

124. The amount of additional depreciation in respect of new building constructed in financial year 2015-16 at a cost of ₹ 25 lakh for manufacturing garments will be ₹

(a) Nil (b) ₹ 10,000

(c) ₹ 15,000 (d) ₹ 50,000

125. If an asset is put to use for less than 180 days in the previous year, the depreciation is charged at rate.

(a) 30% (b) 50%

(c) 25% (d) Nil

126. Deduction for bad debt is allowed to assessee carrying on business in the year in which the debt is as bad.

(a) Accrual Basis (b) Written Basis

(c) All of the above (d) None of the above

127. Under Section 44AB, specified date means of the assessment year.

(a) 31st March (b) 1st April

(c) 30th September (d) None of the above

128. Income chargeable under the head 'Profits and Gains from Business or Profession' is covered under .

(a) Section 23 (b) Section 28

(c) Section 25 (d) Section 24

129. The income charged under the head Business/Profession are .

(a) The profit and gain of any business or profession which was carried on by the assessee at any time during the previous year

(b) Export incentives available to the exporters under any scheme of Government

(c) Any compensation or other payment due to or received by any person specified by the Section 28(ii)

(d) All of the above

130. The depreciation on the assets in case of new plant and machinery is .

(a) Depreciation sum equal to 20% of the actual cost of new plant and machinery

(b) Depreciation sum equal to 50% of the actual cost of new plant and machinery

(c) Depreciation sum equal to 30% of the actual cost of new plant and machinery

(d) Depreciation sum equal to 10% of the actual cost of new plant and machinery

131. If the asset is put to use for less than 180 days in the year in which it is acquired, the rate of depreciation will be .

(a) 20% (b) 30%

(c) 25% (d) 50%

132. If the assets falling within a block of assets is acquired during the previous year and it is put to use for a period of less than 180 day, .

(a) Depreciation should be restricted to 30%

(b) Depreciation should be restricted to 40%

(c) Depreciation should be restricted to 50%

(d) Depreciation should be restricted to 20%

133. The depreciation is allowable expenditure subject to .

(a) The asset must be tangible asset

(b) The asset is used for the business purposes

(c) The assessee is the owner of the assets

(d) All of the above

134. The revenue expenditure on research incurred by the assessee himself is allowed for deduction only if .

(a) Research is related to business only

(b) Research is related to personal purpose

(c) Research is related to the HUI

(d) None of the above

135. Profits of ` 2,00,000 are earned from a business in USA which is controlled in India. Half of the profit is being received in India. How much amount is taxable in India of a non-resident individual?



- (a) Nil (b) ` 2,00,000  
(c) ` 1,00,000 (d) ` 3,00,000

136. Which of the following income is not chargeable as income of business or profession?

- (a) Profits and gains of business carried by an assessee during the previous year  
(b) Income derived by a trade, professional or similar association from specific services performed for its members  
(c) Income from the activity of owning and maintaining race horse  
(d) Salary received by a partner of a firm from the firm in which he is a partner.

137. If any expenditure is incurred by an Indian company wholly and exclusively for the purpose of amalgamation or demerger, the said expenditure is .

- (a) Not allowable as a deduction in computing profits and gains of business or profession  
(b) Fully deductible as revenue expenditure in the year in which it is incurred  
(c) Not deductible but is eligible to be treated as a intangible asset in respect of which depreciation can be claimed  
(d) Allowed as a deduction over five successive previous year in which amalgamation or demerger takes place

138. The transfer of old movable assets will be tax-free if it is used for .

- (a) 1 year (b) 5 years  
(c) 10 years (d) 15 years

139. The rate of depreciation on machinery is allowed upto .

- (a) 10% (b) 15%  
(c) 2% (d) 8%

140. Section 45 of Income Tax Act, 1961 is related to .

- (a) Capital assets (b) Assets  
(c) Capital expenses (d) Capital gain

141. Sections 28 to 44D of Income Tax Act, 1961 related to .

- (a) Income from House Property (b) Profit and Loss from Business or Profession  
(c) Income from Salary (d) Income of HUF

142. If any sum of money, the aggregate value of which exceeds fifty thousand rupees, is received without consideration, by an individual or a Hindu undivided family, in any previous year from any person or persons on or after the 1st day of April, 2006 but before 1st of October 2009, the whole sum is taxable under the head .

- (a) Income from Other Sources (b) Income from Business and Profession
- (c) Income from Capital Gain (d) None of the above

143. If a money gift is received from , it is not taxable under any head.

- (a) From any relatives
- (b) On the occasion of the marriage of the individual
- (c) Under a will or by way of inheritance
- (d) All of the above

144. The provision relating to clubbing of income where transfer of income is done without transferring the assets is given under .

- (a) Section 60 (b) Section 62
- (c) Section 61 (d) None of the above

145. The income from the asset would be taxable in the hands of the transferor if .

- (a) The taxpayer owns an asset
- (b) The ownership of asset is not transferred by him
- (c) The income from the asset is transferred to any person under a settlement or agreement
- (d) All of the above

146. The examples of revocable transfers are .

- (a) If there is an express clause of revocation in the instrument of transfer
- (b) If there is a sale with a condition of repurchase
- (c) If the trustees are empowered in sole discretion to revoke the transfer
- (d) All of the above

147. The provision for the set off and carry forward of losses in Income Tax Act, 1961 is given under .

- (a) Sections 65-75 (b) Sections 70-80
- (c) Sections 80-90 (d) Sections 75-80

148. Long-term Capital Loss can only be set off against .

- (a) Long-term capital loss
- (b) Short-term capital loss
- (c) Long-term capital gain
- (d) All of the above

149. All income which arises to the minor child shall be clubbed in the income of his/her .

- (a) Parents
- (b) Siblings
- (c) Friends
- (d) Neighbours

150. What are the incomes are considered as an agricultural income?

- (a) Any rent received from land which is used for agricultural purpose
- (b) Any income derived from such land by agricultural operations
- (c) Income attributable to farm house
- (d) All of the above

151. are not treated as a agricultural income.

- (a) Income from poultry farming
- (b) Income from bee heaving
- (c) Purchase of standing crop
- (d) All of the above

152. The agricultural income is fully exempt from tax from .

- (a) Finance Act, 1973
- (b) Income Tax Act, 1961
- (c) Agricultural Act, 1981
- (d) None of the above

153. If the coffee is grown and cured, then the tax liability on the agricultural income is .

- (a) 75% agricultural and 25% non-agricultural income
- (b) 65% agricultural and 35% non-agricultural income
- (c) 55% agricultural and 45% non-agricultural income
- (d) 35% agricultural and 65% non-agricultural income

154. Maximum limit for the deduction of Life insurance premia from the gross total income is .

- (a) ` 2,00,000
- (b) ` 1,50,000
- (c) ` 1,00,000
- (d) ` 1,25,000

155. The deduction of life insurance premia, contribution to provident fund, etc. will is done under of Income Tax Act, 1961.

(a) Section 80C (b) Section 80U

(c) Section 80D (d) Section 80E

156. Gross Total Income is arrived after .

(a) Only adding Income under five heads of Income

(b) Adding Income under five heads of Income excluding losses

(c) Adding Income under five heads of Income, after applying clubbing provisions and making adjustment of set off and carry forward of losses

(d) Adding Income under five heads of Income, after applying clubbing provisions and making adjustment of set off and carry forward of losses and after allowing deduction under sections 80C to 80U

157. In Income Tax Act, 1961, deduction under sections 80C to 80U cannot exceed .

(a) Gross total income

(b) Total income

(c) Income from business or profession

(d) Income from house property

158. The maximum aggregate amount of deduction under sections 80C, 80CCC and 80CCD cannot exceed .

(a) ` 1,10,000 (b) ` 2,00,000

(c) ` 1,50,000 (d) Nil

159. Deduction in respect of contribution to political party will .

(a) Be allowed in respect of sum paid by way of cash

(b) Not be allowed if payment made in cash

(c) This type of deduction is not allowed whether payment is in cash or not

(d) Be allowed if payment made in cash, subject to certain conditions

160. Maximum amount of deduction in case of a person with severe disability under section 80U will be .

(a) ` 50,000 (b) ` 75,000

(c) ` 80,000 (d) ` 1,00,000

161. Government's contribution to the new pension scheme referred to in Section 80CCD is .

- (a) An exempt income
- (b) Income chargeable to tax as salaries in full
- (c) 50% thereof is income chargeable to tax as Salaries
- (d) Income chargeable to tax as income from other sources in full

162. In case of a hospital built in specified area after 31.3.2008 fulfilling the required conditions laid down in Section 80IB-(11C), the profits and gains derived from running the hospital are .

- (a) Deductible in full (b) Deduction up to 50%
- (c) Taxable in full (d) Deductible up to 75%

163. Deduction in respect of contribution to pension scheme of central government comes under of Income Tax Act, 1961.

- (a) Section 80CCD (b) Section 80U
- (c) Section 80EE (d) Section 80G

164. In case of assesseees other than companies, the following is advance tax rate to be payable on or before of 15th September:

- (a) 45% (b) 30%
- (c) 15% (d) 10%

165. Deduction under Section 80C can be claimed for fixed deposit made in any scheduled bank, if the minimum period of deposit is .

- (a) 10 Years (b) 5 Years
- (c) 12 Years (d) 8 Years

166. Which of the following is covered under section 80D of the Income Tax Act, 1961?

- (a) Medical treatment of handicapped dependent
- (b) Medical insurance premium
- (c) Reimbursement of medical expenses
- (d) Repayment of loan taken for higher education

167. The deduction available under section 80QQB in respect of royalty income of authors shall not exceed in previous year.

- (a) ` 1,50,000 (b) ` 2,50,000
- (c) ` 3,00,000 (d) ` 1,00,000

168. Clubbing of income means .
- (a) Addition income of two partners
  - (b) Inclusion of income of other person in assessee income
  - (c) Total of income of various heads
  - (d) Collection of income
169. Minors income is clubbed to .
- (a) Father's income
  - (b) Mother's income
  - (c) Father's income or mother's income whichever is greater
  - (d) Both mother's and father's income
170. The income of minor is not clubbed to the following limit:
- (a) ` 1,500 (b) ` 10,000
  - (c) ` 1,000 (d) Whole amount
171. is a section related to clubbing of income
- (a) Sections 60-63 (b) Sections 60-69
  - (c) Sections 60-64 (d) None of the above
172. Deduction in respect of medical insurance premium is allowed under .
- (a) Section 80C (b) Section 80D
  - (c) Section 80DD (d) Section 80U
173. Maximum deduction allowed for senior citizen under Section 80D is .
- (a) ` 5,000 (b) ` 15,000
  - (c) ` 20,000 (d) ` 25,000
174. Person with disability is allowed a fixed deduction of .
- (a) ` 50,000 (b) ` 20,000
  - (c) ` 30,000 (d) ` 1,00,000
175. Expenditure on severe disease under section 80DDB is allowed upto .
- (a) ` 40,000 (b) ` 20,000
  - (c) ` 25,000 (d) ` 30,000
176. Which of the following donations is eligible for 100% deduction?

- (a) Rajeev Gandhi Foundation (b) J.L. Nehru Memorial Fund  
(c) National Children Fund (d) National Sports Fund

177. Mr. Sharma contributed to a political party, he can avail deduction under .

- (a) Section 80G (b) Section 80GGB  
(c) Section 80GGC (d) Section 80GGD

178. Rate of education cess on total income is .

- (a) 2% (b) 3%  
(c) 4% (d) 0.3%

179. The deduction for donation to National Foundation for Communal Harmony is--

- (a) 50% (b) 100%  
(c) 100% Qualifying Amount (d) None of the above

180. Under which section HUF is not entitled to deduction from GTI?

- (a) Section 80C (b) Section 80D  
(c) Section 80G (d) Section 80E

### **PART III – GST**

1. What of the following tax is abolished by GST in India.

- A. Service Tax  
B. Corporation tax.  
C. Income Tax  
D. All of the above.

2. Which of the following tax rate is not applicable in India in GST regime.

- A. 5  
B. 10.  
C. 12.  
D. 18.

3. GST is to be levied on

- A. Manufacturers
  - B. Retailers
  - C. Consumers.
  - D. All of the above.
- 4 GST represents the following tax structure.
- A. First Point Tax.
  - B. Last Point Tax
  - C. Multi Point Tax
  - D. None of the above.
- 5 GST is a kind of
- A. Direct Tax.
  - B. Indirect Tax
  - C. Toll Tax
  - D. None of the above..
- 6 GST council is to be headed by
- A. Governor of RBI.
  - B. Prime Minister.
  - C. Finance Minister.
  - D. Director General of Indirect Taxes.
- 7 The following Constitutional amendment Act has added GST to Tax system.
- A. 101st
  - B. 98th
  - C. 100th
  - D. None of the above.
- 8 Which of the following at present is not covered under GST
- A. Petrol
  - B. Liquor.
  - C. Cooking Gas.
  - D. All of the above.



- 9 The term place of business under GST includes
- A. Place from where business is ordinarily carried out.
  - B. Place where a taxable person maintains his books of account.
  - C. Place where taxable person is engaged in business through an agent.
  - D. All of the above.
- 10 Officers under which act are empowered and deemed to be officers appointed under the provisions of CGST
- A. Central Excise Act.
  - B. Central Sales Tax Act.
  - C. Delhi Value Added Tax.
  - D. Customs Act.
- 11 What kind of Taxes are levied in GST
- A. CGST
  - B. SGST
  - C. IGST.
  - D. All of the above.
- 12 What is the maximum quantum of Taxes fixed in GST
- A. 18%
  - B. 28%.
  - C. 36%.
  - D. 32.5%.
- 13 The GST Council Shall, besides other recommendations, make recommendations to the union and the states on
- A. The goods and services that may be subjected to, or exempted from the goods and services Tax.
  - B. The threshold limit of turnover below which goods and services may be exempted from good and services tax.
  - C. The rates including floor rates with bands of goods and service tax.
  - D. All of the above.
- 14 The system of Tax in GST is

- A. Origin Based
- B. Destination based.
- C. Not Taxable.
- D. None of the above.

15 The term GST in the act stands for

- A. General Services Act.
- B. Goods Sales Act.
- C. Goods & Service Tax.
- D. None of the above.