

## B COM SEMESTER 5- MCQ

### INCOME TAX - I

1. Income Tax Act was passed in the year.....  
A) 1934                      B) 1956                      C) 1961                      D) 1972
2. Income Tax Act came into force on.....  
A) 1<sup>st</sup> April 1935                      B) 1<sup>st</sup> April 1961                      C) 1<sup>st</sup> April 1962  
D) 1<sup>st</sup> April 1956
3. Income tax is a.....  
A) Professional tax                      B) Direct tax                      C) Indirect tax  
D) Service tax
4. Income tax rates are fixed in.....  
A) Income tax Act                      B) Finance Act                      C) Income tax rules  
D) Finance rules
5. There are ..... heads of income  
A) 3                      B) 4                      C) 5                      D) 2
6. A person with the age of ..... or more is considered as a super senior citizen as per Income tax Act.  
A) 56                      B) 60                      C) 80                      D) 85
7. The minimum exceptional limit of income is.....  
A) 250,000                      B) 200,000                      C) 300,000                      D) 500,000
8. Rebate of Income tax is defined as per section .....  
A) 81A                      B) 87A                      C) 81C                      D) 87C
9. Section 2(9) of Income tax deals with.....  
A) Person                      B) Assessee                      C) Previous Year  
D) Assessment Year
10. Assessment year is the period of 12 months commencing from ..... Every year.  
A) 1<sup>st</sup> March                      B) 31<sup>st</sup> March                      C) 1<sup>st</sup> April                      D) 30<sup>th</sup> April
11. When the income earned in an year is taxed in the same year, it is called .....  
A) Advanced Assessment                      B) Super Assessment  
C) Accelerated Assessment                      D) None of the above
12. Surcharge is levied when the total income exceeds .....

- A) 5 Crore                      B) 10 Crore                      C) 1 Crore                      D) 2 Crore
13. Educational cess is charges at the rate of .....
- A) 2%                      B) 1%                      C) 3%                      D) 5%
14. As per Income tax Act, Person includes .....
- A) Individual                      B) HUF                      C) Local Authority  
D) All of the above
15. CBDT stands for .....
- A) Central Bureau of Direct Taxes  
B) Central Board of Direct Taxes  
C) Citizen's Board of Direct Taxes  
D) Citizen's Bureau of Direct Taxes
16. 4. CBDT is control by .....
- A) Central Government  
B) State Government  
C) Both (A) and (B)  
D) None of this above
17. To be an Ordinarily resident in India, an individual must satisfy .....
- A) Both Basic Conditions and One Additional Condition  
B) One Basic Condition and Both Additional Conditions  
C) One Basic Condition and One Additional Condition  
D) Both Basic Conditions and Both Additional Conditions
18. A Company has ..... types of residential status.
- A) 2                      B) 3                      C) 1                      D) 4
19. A citizen of India who goes abroad for the purpose of employment, he must stay in India in the previous year for at least ..... days to become a resident
- A) 90 days                      B) 162 days                      C) 180 days                      D) 182 days
20. 10. Who is assessee in case of a HUF?
- A) Karta                      B) Coparceners                      C) Deemed Karta                      D) None of these
21. Dividend from an Indian Company is .....
- A) Fully Taxable                      B) Partly Taxable  
C) Fully Exempted                      D) None of these
22. Expenditure incurred on exempted income is ..... as deduction.
- A) Fully Allowed                      B) Partly Allowed  
C) Not Allowed                      D) None of these

23. Income exempted from tax are stated in the section..... Of Income Tax Act.  
 A) 5            B) 10            C) 12            D) 8
24. Income from Salary is explained in the section .....
- A) 12 to 14            B) 15 to 17            C) 18 to 22            D) 24 to 26
25. Salary is defined as per section .....
- A) 15(2)            B) 16(1)            C) 17(2)            D) 17(1)
26. When an URPF is recognized, the balance so transferred is called .....
- A) Recognized PF            B) Transferred PF  
 C) Recognized Balance            D) Transferred Balance
27. Bonus paid by the employer to the employee is .....
- A) Fully Taxable            B) Partly Taxable  
 C) Fully Exempted            D) None of these
28. Gratuity is defined as per section .....
- A) 10(10A)            B) 10(10AA)            C) 10(10)            D) 10A
29. The highest Administrative Authority for Income Tax in India is.....
- A) Finance Minister.            B) CBDT.            C) President of India.  
 D) Director of Income Tax.
30. Payment made by an employer to employee monthly, other than salary is called .....
- A) Bonus            B) Allowances            C) Benefits            D) None of these
31. HRA is .....
- A) Fully Taxable            B) Partly Taxable  
 C) Fully Exempted            D) None of these
32. Rule ..... explain the taxation of HRA
- A) 2            B) 2A            C) 2AA            D) 2AB
33. Agricultural income in Pakistan is assessable for.....
- A) Resident            B) Not Ordinarily Resident  
 C) Non-resident            D) Not taxable
34. If the assessee is living in own house HRA is .....
- A) Fully Taxable            B) Partly Taxable  
 C) Fully Exempted            D) None of these
35. Entertainment allowance is allowed as a deduction as per section .....
- A) 16            B) 16(i)            C) 16(ii)            D) 16(iii)

36. Any allowance granted for encouraging research, academic and other professional pursuit is called .....
- A) Research Allowance                      B) Academic Allowance  
C) Higher Educational Allowance      D) Educational Allowance
37. Children education allowance is exempt up to per month per child for two children.
- A) Rs.100                      B) Rs.150                      C) Rs.200                      D) Rs.250
38. Children hostel allowance is exempt up to per month per child for two children.
- A) Rs.100                      B) Rs.200                      C) Rs.250                      D) Rs.300
39. Transport allowance given by the employer to the employee is exempt up to .....
- A) Rs.1000p.m                      B) Rs.1600p.m  
C) Rs.1000p.a                      D) Rs.1600p.a
40. Foreign allowance is a .....
- A) Fully Exempted Allowance                      B) Fully Taxable Allowance  
C) Partly Exempted Allowance                      D) None of these
41. State which of the following income are exempted?
- A) Dearness Allowance                      B) City Compensatory Allowance  
C) Foreign Allowance                      D) Medical Allowance
42. Education allowance is exempted for .....
- A) One person                      B) Four persons  
C) Two persons                      D) None of these
43. A government employee received salary Rs.120,000 and entertainment allowance Rs.10,000 during the previous year. He spent Rs.6000 on entertainment. He is entitled to deduction u/s 16(ii) :
- A) 10,000                      B) 6000                      C) 5000                      D) Nil
44. A citizen of India who goes abroad for the purpose of employment, he must stay in India at least for ..... days to become a resident
- A) 90 days      B) 162 days      C) 180 days      D) 182 days
45. Who among the following may be “not ordinarily resident”?
- A) Hindu Undivided Family.  
B) Company.  
C) Association of persons.  
D) None of these
46. 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
47. 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
48. Gratuity received by a government employee is .....
- A) Fully exempted
  - B) Partly exempted
  - C) Fully taxable
  - D) Exempted up to Rs:1,00,000
49. The periodic payment of money for the past service is known as .....
- A) Gratuity
  - B) Pension
  - C) Commuted pension
  - D) Leave salary
50. 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
51. 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
52. Pension is taxable under .....head.
- A) Salary
  - B) House property
  - C) Capital gains
  - D) other sources
53. Salary received by a Member of Parliament is taxable under the head.....
- A) Income from salary
  - B) Capital gains
  - C) Profits and gains of business or profession
  - D) Income from other sources
54. A person is Non-resident if he fails to fulfil.....
- A) The additional conditions.



63. A Perk is.....
- A) Cash paid by employer to employee
  - B) Facility provided by employer to employee
  - C) Amount credited to employees.
  - D) None of these accounts.
64. Perquisites to employees are covered in the I.T. Act 1961 under.....
- A) Sec 2a.
  - B) Sec. 17b.
  - C) Sec 28a.
  - D) Sec. 36 c.
65. The value of Interest free concessional loans to employees is determined on the basis of lending rates of ..... for the same purpose.
- A) S.B.I.
  - B) R.B.I.
  - C) Central govt.
  - D) State govt.
66. An employee is deemed as specified employee if he is a director in the company or has substantial in the company or his chargeable salary per annum exceeds.
- A) Rs. 5,00,000.
  - B) Rs. 2,00,000.
  - C) Rs. 1,00,000.
  - D) Rs. 50,000.
67. Value of rent free accommodation in case of Govt. employee shall be taxable up to.....
- A) 15% of employees salary.
  - B) 7.5% of employees salary.
  - C) License fee fixed by Govt.
  - D) 10% of employees salary.
68. Value of rent free accommodation a house owned by employer in case of non- Govt. employees with above 25 lakhs population is.....
- A) 10% of employees salary
  - B) 15% of employees salary
  - C) 7.5% of employee salary
  - D) 20% of employees salary
69. Interest on RPF balance is exempted up to.....
- A) 9.75%.
  - B) 9.5%.
  - C) 10%.
  - D) 12%.
70. Employers contribution to RPF is exempted up to.....
- A) 10% of salary.
  - B) 13% of salary.
  - C) 12% of salary.
  - D) 11% of salary.
71. The income of previous year is chargeable to tax in the .....
- A) Immediately succeeding assessment year



80. Medical reimbursement is exempt upto ..... if treatment is done in a private hospital.
- A) Rs: 5,000                      B) Rs: 10,000  
C) Rs: 15,000                     D) Rs: 50,000
81. Which of the following is exempted.
- A) C.C.A                              B) D.A  
C) Foreign Allowance              D) Medical Allowance
82. Free food provided to employees is exempted upto ..... per meal.
- A) Rs: 40                              B) Rs: 50  
C) Rs: 60                              D) Rs: 15
83. 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)
84. 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
85. 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
86. 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
87. The entertainment allowance is applicable to .....
- A) Private sector employees              B) Public sector employees  
C) Government employees                D) All of the above

88. 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
89. 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
90. 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 section 80C to 80U
91. Employer provides a car (below 1.6 ltr capacity) along with a driver to X partly for official and partly for personal purpose. The expenses incurred by the company are: running and maintenance expenses – ₹ 32,000 and driver's salary – ₹ 36,000 . Taxable value of perquisite is .....
- A) 21,600                      B) 10,800                      C) 32,400                      D) 39,600
92. Encashment of earned leave is given by ..... of Income Tax Act, 1961.
- A) Section 10(10AA)                      B) Section 12(10A)  
 C) Section 15(10B)                      D) None of the above
93. Compensation received on voluntary retirement is given by ..... of Income Tax Act, 1961.
- A) Section 10(10D)                      B) Section 10(10C)  
 C) Section 10(10E)                      D) Section 11(10D)

94. 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 costless depreciation @20% for every completed year under WDV method  
 C) Actual costless depreciation @30% for every completed year under WDV method  
 D) Actual costless depreciation @20% for every completed year under SLM method
95. 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
96. 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
97. 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
98. Salary received by the manager of an agricultural farm is .....
- A) An agricultural income.                      B) A salary income.  
 C) A business income.                      D) A capital income.
99. Any benefits attached to an office or position in addition to salary or wages is called .....
- A) Allowances                      B) Perquisites  
 C) Benefits                      D) None of these
100. Leave travel concession is explained as per section .....
- A) 10(1)                      B) 10(5)                      C) 10(10)                      D) 10(5A)
101. Under the head Income from House Property the basis of charge is .....
- A) Rent Received                      B) Gross Annual Value  
 C) Annual Value                      D) Municipal Value

102. Foreign house property's income is taxable only in the case of .....
- A) Non Resident                      B) Not Ordinarily Resident  
C) Ordinarily Resident                      D) None of the above
103. Annual value is defined as per section .....
- A) 21(1)                      B) 22(1)                      C) 23(1)  
D) 24(1)
104. Which of the following is deductible from the annual value of HP?
- A) Municipal Taxes paid  
B) Municipal taxes paid by the owner  
C) Municipal taxes paid by the owner for the previous year  
D) Municipal taxes paid by the owner during the previous year
105. 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
106. 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
107. 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
108. 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



- A) 3                                      B)4                                      C)5                                      D)7
119. Annual value of self-occupied house is .....
- A) Equal to Municipal Value  
 B) Equal to Fair rent  
 C) Nil  
 D) None of the above
120. From the amount of arrears of rent received, ..... Is allowed as deduction.
- A) 15%                                      B) 20%                                      C) 25%                                      D) 30%
121. The balance of unabsorbed loss from HP can be carry forward to a maximum of ..... years.
- A) 6                                      B)7                                      C)5                                      D) None of these
122. Rent from vacant plot of land is assessible under the head .....
- A) Income from HP                                      B) Income from Other Source  
 C) Income from Capital Gain                                      D) None of the above
123. Subletting is assessible under the head .....
- A) Income from HP                                      B) Income from Other Source  
 C) Income from Capital Gain                                      D) None of the above
124. In case of disputed ownership, income from HP is chargeable in the hands of .....
- A) Recipient of income                                      B) Not assessible  
 C) All owners                                      D) None of the above
125. What is expected rent?
- A) Municipal value of Fair value whichever is lower  
 B) Municipal value of Fair value whichever is higher  
 C) Municipal value of Fair value whichever is higher subject to standard rent  
 D) None of these
126. 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
127. An individual is considered as an 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 there of 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

128. If the assessee lets 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

129. 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

130. 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

131. If an assessee 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

132. An assessee, 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)

133. 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

134. 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







- B) Employer's contribution to provident fund or superannuation fund or gratuity fund or any other fund for the welfare of employees.
- C) Bonus or commission to employees for services rendered as referred in section 36(1)(ii).
- D) All of the above.

160. The profits and gains of any business of insurance, including any such business carried on by a mutual insurance company or by co-operative society, shall be computed in accordance with rules contained in First Schedule to the Act. The profits and gains derived from life insurance business is taxable at what rate?

- A) 11.5%
- B) 12.5%
- C) 10%
- D) Nil

161. Which is the charging section of income under the head profits and gains of business or profession?

- A) Section 15
- B) Section 24
- C) Section 28
- D) Section 17

162. Raman & Co., a partnership firm, received Rs. ` 5, 00,000 from an insurance company under key man insurance policy consequent to demise of partner Pramod. The amount of premium Rs.` 2, 30,000 paid earlier was claimed as deduction under section 37 by the firm. The amount received from the insurance company is –

- A) Tax-free under section 10(10D)
- B) Fully taxable as income
- C) Rs.` 2,70,000 is taxable
- D) Rs.` 2,30,000 is taxable

163. Assessee is having stock existing in the business. Valuation of stock will be at:

- A) Cost price
- B) Market price
- C) Cost or market price, whichever is less
- D) Cost or market price, whichever is more

more

164. Export Incentives taxable under this head includes:

- A) Cash Compensatory Support
- B) Duty Drawback
- C) Profit on transfer of DEPB
- D) All of the above

165. .... includes any arrangement or understanding or action in concert whether or not it is formal or in writing or whether or not it is intended to be enforceable by legal proceedings:

- A) Contract  
C) Service
- B) Agreement  
D) Profession

166. Which of the following conditions are to be fulfilled for charging an income under the head profits and gains of business or profession

- A) There should be profits and gains.  
B) Business or profession must be carried on by the assessee.  
C) Business or profession should be carried on at any time during previous year.  
D) All of the above.

167. Which of the following are included in business according to section 2(13) :

- A) Trade  
C) Manufacture
- B) Commerce  
D) All of the above

168. X, Manager of XYZ Ltd. since 2004 was terminated by the company on 1<sup>st</sup> August, 2018 by paying a compensation of Rs. 200 lakh. Such compensation is .....

- A) Chargeable under the Wealth-tax Act, 1957  
B) Not chargeable under the Income-tax  
C) Chargeable under section 17(3)(i)  
D) Chargeable under section 28(ii) (a).

169. DSK, an LLP had taken key man insurance policy on the life of its managing partner. The policy got matured on 13th September, 2018 and an amount of Rs. `75lakh was paid by the insurers to the managing partner. The amount so received on maturity of the policy by the managing partner is .....

- A) Fully exempt u/s 10(10D)  
C) Rs. ` 75lakh taxable
- B) 50% of Rs. 75lakh exempt  
D) Rs. ` 25 lakh exempt and Rs. ` 50 lakh taxable

170. Circulars and Notifications are binding on the

- A) Central Board of Direct Taxes (CBDT)  
C) Income Tax Appellate Tribunal (ITAT)
- B) Assessee  
D) Income Tax Authorities

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

- A) ITAT  
C) CBDT
- B) Central Government  
D) State Government

172. Amendments by the finance act are made applicable from

- A) First day of next financial year  
C) Last day of same Accounting year
- B) First day of same financial year  
D) None of the above



182. Payment of Gratuity Act came into force in .....
- A) 1973                      B) 1980                      C) 1991                      D) 1972
183. The entertainment allowance is applicable to.....
- A) Private sector employees                      B) Public sector employees  
C) Government employees                      D) All of the above
- 184..... is the rent fixed under Rent control Act.
- A) Municipal rental value                      B) Fair rental value  
C) Standard rent                      D) Real rent
185. For computation of Gross Annual Value, if actual rent is more than expected rent, then we select the .....
- A) Actual rent    B) Expected rent  
C) Any of the above                                      D) None of the above
186. 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
- 187..... are not treated as agricultural income.
- A) Income from poultry farming                      B) Income from bee heaving  
C) Purchase of standing crop                      D) All of the above
188. Suman, has rendered services in India and retired in 2011. He then shifted and settled in Singapore. The pension received by him for such services would be .....
- A) Deemed to accrue or arise outside India  
B) Deemed to accrue or arise in India  
C) Deemed to accrue or arise in India only when it is received in India  
D) Deemed to accrue or arise in India only when it is received outside India
189. Educational cess is leviable in case of .....
- A) Individual    B) HUF  
C) Company    D) All assesses
190. A car is imported after 1-4-2005 by R Ltd. from London to be used by its employee. R Ltd. shall be allowed depreciation on such car at:
- A) 15%    B) 40%    C) 60%    D) Nil

191. Certain revenue and capital expenditure on scientific research are allowed as deduction in the previous year of commencement of business even if these are incurred:
- A) Five years immediately before the commencement of business
  - B) 3 years immediately before the commencement of the business
  - C) Any time prior to the commencement of the business.
  - D) None of these
192. Preliminary expenses incurred are allowed deduction in:
- A) 10 equal annual instalments
  - B) 5 equal annual instalments
  - C) full
  - D) None of these
193. In case the assessee follows mercantile system of accounting, bonus or commission to the employee are allowed as deduction on:
- A) Due basis
  - B) Payment basis
  - C) Due basis but subject to section 43B
  - D) Any of the above
194. For person carrying on profession, tax audit is compulsory, if the gross receipts of the previous year exceeds
- A) Rs.50 lakhs
  - B) Rs.40 lakhs
  - C) Rs.10 lakhs
  - D) Rs.5 lakhs
195. Tax audit is compulsory in case a person is carrying on business whose gross turnover/sales/receipts, as the case may be, exceeds:
- A) Rs. 10 lakhs
  - B) Rs. 40 lakhs
  - C) 1 crore
  - D) 10 crore
196. In case an assessee is engaged in the business of civil construction, presumptive income scheme is applicable if the gross receipts paid or payable to him in the previous year does not exceed:
- A) Rs.10 lakhs
  - B) Rs. 40 lakhs
  - C) Rs. 50 lakhs
  - D) 1 crore
197. In case an assessee is engaged in the business of retail trade, presumptive income scheme is applicable if the total turnover of such retail trade of goods does not exceed:
- A) Rs.10 lakhs
  - B) Rs.30 lakhs
  - C) Rs.40 lakhs
  - D) Rs.50 lakhs
198. A is entitled to children education allowance @ Rs. 80 p.m. per child for 3 children amounting Rs. 240 p.m. It will be exempt to the extent of :
- A) Rs.200 p.m.
  - B) Rs.160 p.m.
  - C) Rs. 240 p.m.
  - D) Rs. 120 p.m.

199.R gifted his house property to his wife in 2000. R has let out the house property @ Rs.5,000 p.m. The income from such house property will be taxable in the hands of :

- A) Mrs. R
- B) R. However , income will be computed first as Mrs. R's income and thereafter clubbed in the income of R
- C) R as he will be treated as deemed owner & liable to tax
- D) None of the above

200.Income tax is a .....

- A) Direct tax
- B) Indirect tax
- C) Any of the above
- D) None of the above

## ANSWER KEY

1. C) 1961
2. C) 1<sup>st</sup> April 1962
3. B) Direct tax
4. B) Finance Act
5. C) 5
6. C) 80
7. C) 300,000
8. B) 87A
9. D) Assessment Year
10. C) 1<sup>st</sup> April
11. C) Accelerated Assessment
12. C) 1 Crore
13. C) 3%
14. D) All of the above
15. B) Central Board of Direct Taxes
16. A) Central Government
17. B) One Basic Condition and Both Additional Conditions
18. A) 2
19. D) 182 days
20. A) Karta
21. C) Fully Exempted
22. C) Not Allowed
23. B) 10
24. B) 15 to 17
25. D) 17(1)
26. C) Transferred Balance
27. A) Fully Taxable
28. C) 10(10)
29. B) CBDT
30. B) Allowances
31. B) Partly Taxable
32. B) 2A
33. A) Resident
34. A) Fully Taxable
35. C) 16(ii)
36. B) Academic Allowance
37. A) Rs.100
38. D) Rs.300
39. B) Rs.1600p.m
40. A) Fully Exempted Allowance
41. C) Foreign Allowance
42. C) Two persons
43. C) 5000
44. D) 182 days
45. A) Hindu Undivided Family.
46. B. Remuneration received by a partner
47. B) Assessment Year
48. A) Fully exempted
49. B) Pension
50. A) Taxable as per slabs
51. A) Taxable
52. A) Salary
53. D) Income from other sources
54. B) At least one of the basic conditions.
55. D) All assesses
56. D) Dividend from Indian company
57. D) All of the above
58. C) Exempted from tax
59. B) Different for different assessment year
60. C) Family pension

61. A) Tax is to be paid by employer
62. C) All employees
63. B) Facility provided by employer to employee
64. B) Sec. 17b.
65. A) S.B.I.
66. D) Rs. 50,000.
67. C) License fee fixed by Govt.
68. B) 15% of employees salary
69. B) 9.5%
70. C) 12% of salary
71. A) Immediately succeeding assessment year
72. A) Not taxable
73. B) Income from Business
74. B) Fully exempted
75. A) Taxable
76. A) Section 89(1)
77. D) 1972
78. C) Rs. 1,00,000.
79. A) Taxable.
80. C) Rs: 15,000
81. C) Foreign Allowance
82. B) Rs: 50
83. D) Both (a) and (b)
84. D) All of the above
85. C) Both employer
86. B) Exempted after fulfilling of certain conditions
87. C) Government employees
88. D) All of the above
89. A) Resident and ordinary resident (ROR)only
90. 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 section 80C to 80U
91. C) 32,400
92. A) Section 10(10AA)
93. B) Section 10(10C)
94. D) Actual costless depreciation @20% for every completed year under SLM method
95. B) Remuneration received by a partner
96. D) Perquisites in India
97. B) 5,000
98. B) A salary income.
99. B) Perquisites
100. B) 10(5)
101. C) Annual Value
102. C) Ordinarily Resident
103. C) 23(1)
104. D) Municipal taxes paid by the owner during the previous year
105. D) All of the above
106. D) All of the above
107. C) Income from House Property
108. B) Income from Other Sources
109. A) Rule 4
110. D) All of the above
111. B) No adjustment
112. C) Nil
113. D) 30%
114. B) Standard Deduction

- 115.D) All of the above
- 116.B)24
- 117.A) Interest on unpaid interest
- 118.C)5
- 119.C) Nil
- 120.D) 30%
- 121.B)7
- 122.B) Income from Other Source
- 123.B) Income from Other Source
- 124.A) Recipient of income
- 125.C) Municipal value of Fair value  
whichever is higher subject to  
standard rent
- 126.B) Deemed Owner
- 127.D) All of the above
- 128.C) Other Sources
- 129.D) All of the above
- 130.D) Co-owner of a property
- 131.D) Taxable as income from other  
sources
- 132.C) Either (a)or(b)
- 133.A) 36,000
- 134.B) 1,50,000
- 135.A) 30,000
- 136.D) All of the above
- 137.A) The full annual value of the  
house the proportionate annual  
value of self-occupied portion for  
the whole year shall be deducted
- 138.B) 16,000
- 139.A) Actual rent
- 140.B) Income from Other Sources
- 141.A) Exempted from tax
- 142.C) Profit and Gains from business  
and profession
- 143.C) 2(13)
- 144.B) Taxable
- 145.C)35
- 146.B) Disallowed
- 147.B) 20000
- 148.A) Allowed
- 149.C) Market price of the machinery
- 150.D) Capital expenditure
- 151.B) Block of assets
- 152.A) Nil
- 153.B) 30%
- 154.C) Sales tax
- 155.C) Nil
- 156.D) All of the above
- 157.D) All of the above
- 158.B) It is eligible for set-off against  
brought forward business loss
- 159.D) All of the above.
- 160.B) 12.5%
- 161.C) Section 28
- 162.B) Fully taxable as income
- 163.C) Cost or market price, whichever  
is less
- 164.D)All of the above
- 165.B) Agreement
- 166.D)All of the above
- 167.D)All of the above
- 168.D) Chargeable under section 28(ii)  
(a).
- 169.C) Rs.` 75lakh taxable
- 170.D) Income Tax Authorities
- 171.C) CBDT

- 172.A) First day of next financial year
- 173.D) A minor
- 174.C) Non-resident engaged in shipping business
- 175.D) Income from exports
- 176.A) Reimbursement of expenses
- 177.C) Not taxable in India in the same financial year
178. B) Income tax plus surcharge
179. B) Income from Business
- 180.B) Fully exempted
- 181.B) Perquisite
- 182.D) 1972
- 183.C) Government employees
- 184.C) Standard rent
- 185.A) Actual rent
- 186.B) Written down value of the machinery
- 187.D) All of the above
- 188.B) Deemed to accrue or arise in India
- 189.D) All assesses
- 190.D) Nil
- 191.B) 3 years immediately before the commencement of the business
- 192.B) 5 equal annual instalments
- 193.C) Due basis but subject to section 43B
- 194.C) Rs.10 lakhs
- 195.B) Rs. 40 lakhs
- 196.B) Rs. 40 lakhs
- 197.C) Rs.40 lakhs
- 198.A) Rs.200 p.m.
- 199.C) R as he will be treated as deemed owner & liable to tax
- 200.A) Direct tax