

**M.COM DEGREE (CSS) EXAMINATION**  
**FOURTH SEMESTER – FACULTY OF COMMERCE (Private Registration)**

**CM010402 – INCOME TAX – ASSESSMENT & PROCEDURES**  
**MULTIPLE CHOICE QUESTIONS**

1. Interest on capital received by a partner from a partnership firm is considered as his personal income under the head–
  - (a) Profits and gains of business or profession
  - (b) Capital gains
  - (c) Income from other sources
  - (d) Income from salary
2. Under Income Tax Act 1961, salary received by a partner from a partnership firm is chargeable under the head
  - (a) Income from salary
  - (b) Profit from business or profession
  - (c) Income from other sources
  - (d) Capital Gains
3. Book profit of partnership firm, which fulfils the conditions under sec 184 is 1,42,000. The maximum amount of remuneration can be deducted from the profit is -
  - (a) 1,50,000
  - (b) 1,42,000
  - (c) 1,27,800
  - (d) 50,000
4. Which one of the following deductions under chapter VI A is not allowed from the Gross Total Income of a Partnership Firm
  - (a) Sec. 80 C
  - (b) Sec. 80 GGC
  - (c) Sec. 80 G
  - (d) Sec. 80 IA
5. Under Income Tax Act 1961, the share of profit received by a partner from a partnership firm is
  - (a) Fully taxable under the head Profit from business or profession
  - (b) exempted under section 10(2A)
  - (c) Partly taxable under the head Profit from business or profession
  - (d) None of these
6. Alternate Minimum Tax as per section 115JC of the Income-tax Act, 1961 can be carried forward by the partnership firm for a maximum of .....
  - (a) 8 Assessment years
  - (b) 5 Assessment years
  - (c) 10 Assessment years
  - (d) 15 Assessment years
7. Alternate minimum tax under section 115JC is not applicable to
  - (a) Individual
  - (b) Company
  - (c) Partnership firm
  - (d) Association of persons

8. The provisions of Alternate Minimum Tax (AMT) will apply on the income of a partnership firm, only when the adjusted total income of the partnership firm computed under section 115JC exceeds:
- (a) 5 lakhs (b) 20 lakhs  
(c) 50 lakhs (d) 100 lakhs
9. Body of Individuals can include:
- (a) Only companies (b) All types of persons  
(c) Only individuals (d) All of the above
10. An association of persons (AOP) has paid tax at the maximum marginal rate. A member of AOP received 1,25,000 as his share of income. Such income is chargeable to tax in his personal assessment at a rate
- (a) 10% (b) Nil (c) 20% (d) Normal Rate
11. Deduction under section 40(b) shall be allowed on the remuneration paid to
- (a) all partners (b) major partner only  
(c) working partner only (d) Any partner
12. Interest on capital or loan from partner of a firm is allowed as deduction to the firm to the extent of:
- (a) 12% p.a. even if it is not mentioned in partnership deed  
(b) 12% p.a. or at the rate mentioned in partnership deed whichever is less  
(c) Any rate at the choice of partner  
(d) Rate mentioned in the partnership deed
13. When a foreign company is a member in an AOP and its share of profit is indeterminate, the tax on total income of the AOP is charged at the
- (a) Nominal rate (b) Maximum marginal rate  
(c) Rate applicable to the foreign company (d) Least of the above three rates
14. Which of the following is considered as a company, under Income Tax Act 1961?
- (a) Indian Company (b) Foreign Company  
(c) Closely held Company (d) All of the above
15. A Company in which the public is not substantially interested is called
- (a) A closely held company (b) Nidhi company  
(c) A Private company (d) A widely held company
16. .... company is allowed to carry forward its business losses only if the conditions specified in Section 79 are satisfied.
- (a) A Private company (b) A widely held company  
(c) Nidhi company (d) A closely held company

17. According to Section 5(1) of the Act, the total income of a resident company would consist of:
- (a) income received or deemed to be received in India during the previous year
  - (b) income which accrues or arises or is deemed to accrue or arise to it in India during the previous year
  - (c) income which accrues or arises from outside India during the previous year.
  - (d) All of the above
18. The Income tax rate applicable to a Domestic company is
- (a) 30% irrespective of turnover
  - (b) 25% if turnover is less than or equal to 400 Crore, otherwise 30%
  - (c) 25% if turnover is less than 400 Crore, otherwise 30%
  - (d) Flat @ 35%
19. The Income tax rate applicable for a foreign company is
- (a) 40% irrespective of turnover
  - (b) 25% if turnover is less than or equal to 400 Crore, otherwise 30%
  - (c) 25% if turnover is less than 400 Crore, otherwise 30%
  - (d) 35% irrespective of turnover
20. Total income of Domestic company is Eight Crore. What will be the rate of surcharge?
- (a) 5%
  - (b) 7%
  - (c) 12%
  - (d) Nil
21. Minimum Alternate Tax (MAT) provisions are added in section .... of Income-tax Act.
- (a) 115J
  - (b) 115BAB
  - (c) 115BAA
  - (d) 115JB
22. As per Section 115JB, all companies having book profits under the Companies Act shall have to pay a Minimum Alternate Tax at a rate of
- (a) 15% of book profits
  - (b) 18.5% of book profits
  - (c) 30% of book profits
  - (d) 25% of book profits
23. The provisions of Minimum Alternate Tax are applicable to:
- (a) Public and Private Company
  - (b) Indian company
  - (c) Foreign Company
  - (d) All of the above
24. Number of years for which MAT Credit can be carried forward for a maximum of
- (a) 10 Assessment years
  - (b) 8 Assessment years
  - (c) 15 Assessment years
  - (d) 9 Assessment years

25. Tax credit in respect of Minimum Alternate Tax paid as per Section 115JB will be allowed to adjust only in the previous year in which the tax payable on the total income at the normal rate is
- (a) More than the tax payable under section 115JB
  - (b) Less than the tax payable under section 115JB
  - (c) Equal to the tax payable under section 115JB
  - (d) All of the above
26. For computing the Book Profit under section 115JB. Which of the following is not added back to the profits?
- (a) Securities Transaction Tax
  - (b) Provision for income Tax
  - (c) Dividend paid
  - (d) Income-tax
27. Dividend distribution tax (Corporate Dividend Tax) u/s 115-O is abolished with effect from.
- (a) 01.04.2020
  - (b) 01.04.2021
  - (c) 31.03.2021
  - (d) 30.09.2020
28. Tax under Tonnage Tax System is applicable to -
- (a) Foreign Shipping companies only
  - (b) Indian Shipping companies only
  - (c) Both domestic and foreign companies
  - (d) None of the above
29. A charitable trust registered under section 12AA has gross receipts of 80 lakh, it spent 56 lakhs towards its objects. The total income of the trust chargeable to income-tax would be
- (a) Nil
  - (b) 24 lakh
  - (c) 12 lakh
  - (d) 2 lakh
30. A Charitable Trust owns a capital asset of 3,00,000 and half of the income from such asset is utilized for charitable purposes. The asset was sold for 4,20,000 and from the sale proceeds, the trust bought another asset for 3,60,000. The amount of capital gain deemed to have been applied for charitable purposes is:
- (a) 45,000
  - (b) 30,000
  - (c) 75,000
  - (d) None of the above
31. The form for applying Permanent Account Number (PAN) is
- (a) Form 49A
  - (b) Form 49
  - (c) Form 49AA
  - (d) Form 49B

32. A person must apply for a PAN, if he has:
- (a) Income assessable during the Previous Year exceeds the maximum amount not chargeable to tax.
  - (b) Carries on business or profession whose turnover or gross receipts likely to exceed 5,00,000 in Previous Year
  - (c) A Person who is required to furnish return of income u/s 139(4A)
  - (d) All of the above.
33. When cash deposit in a day with a banking company or cooperative bank exceeding ....., quoting of PAN is required
- (a) 60,000
  - (b) 50,000
  - (c) 90,000
  - (d) 1,00,000
34. A person liable to deduct TDS is required to apply for:
- (a) PAN
  - (b) TAN
  - (c) Aadhaar
  - (d) None of the above.
35. An assessee can file a revised return of income at any time -
- (a) Before the end of the relevant assessment year
  - (b) After 2 years from the end of the relevant assessment year
  - (c) Before 3 years from the end of the relevant assessment year
  - (d) Before the end of the relevant previous year
36. Any person who has not filed the return within the time allowed under section 139(1) can file a belated return:
- (a) at any time before three months prior to the end of the relevant assessment year or before the completion of the assessment whichever is earlier.
  - (b) at any time before the end of the relevant assessment year
  - (c) before the completion of assessment
  - (d) at any time before the end of the relevant previous year
37. Tax should be to be collected at source (TCS) in the following cases except:
- (a) Sale of alcoholic liquor for human consumption
  - (b) Sale of Tendu leaves
  - (c) Grant of lease/licence of parking lot, toll plaza, mining and quarrying
  - (d) Agricultural Income
38. Under sections 208, it is obligatory for an assessee to pay advance tax where the tax payable is
- (a) 10,000 rupees or more
  - (b) 20,000 rupees or more
  - (c) 5,000 rupees or more
  - (d) 8,000 rupees or more

39. Due dates for paying advance tax in instalments for a noncorporate assessee are -
- (a) 30th June, 30th September, 31st December, 31st March
  - (b) 15th September, 15th December, 15<sup>th</sup> March
  - (c) 15th June, 15th September, 15th December, 15th March
  - (d) 30th September, 31st December, 31st March
40. Interest is payable to an assessee on refund under the Income-tax Act, 1961 at the rate
- (a) 5% per annum
  - (b) 6% per annum
  - (c) 9% per annum
  - (d) 12% per annum
41. The power of the Central Board of Direct Taxes includes all the following except:
- (a) Power to direct the Assessing Officer to make a particular assessment
  - (b) Power to issue orders, instructions and directions to all officers & persons. Employed
  - (c) Power to make Rules
  - (d) Power to relax mandatory provisions.
42. .... is the highest authority in the income tax Department
- (a) Director General
  - (b) CBDT
  - (c) Finance Minister
  - (d) Prime Minister
43. An Income-tax authority may enter, after, sunrise and before sunset, any office or "any other place" for the purpose of verification. Any place includes
- (a) where business or profession is carried on
  - (b) where books of account, documents related to business are kept
  - (c) an activity for charitable purpose is carried on
  - (d) All of the above.
44. Best judgment assessment is done under section
- (a) u/s 143(2)
  - (b) u/s 143(2A)
  - (c) u/s 144
  - (d) u/s 146
45. Best judgment assessment can be initiated if
- (a) The person fails to file return u/s 139(1)
  - (b) Fails to comply with all the terms of notice u/s 142 (1) or direction u/s 142(2A) or u/s 143(2)
  - (c) Both (a) & (b)
  - (d) None of the above
46. Fee for late filing of return of Income is specified under section ..... of the income tax Act
- (a) 234A
  - (b) 234F
  - (c) 234B
  - (d) 234C

47. When a person reduces his total income by making false claims or by withholding the information regarding his real income, so that his tax liability is reduced, is known as
- (a) Tax Planning (b) Tax evasion.  
(c) Tax avoidance (d) Tax Management
48. .... is a method of reducing tax incidence by availing of certain loopholes in the law.
- (a) Tax Planning (b) Tax evasion.  
(c) Tax avoidance (d) Tax Management
49. .... is an arrangement of one's financial affairs in such a way that without violating in any way the legal provisions, full advantage is taken of all exemptions, deductions, rebates and reliefs permitted under the Act?
- (a) Tax Planning (b) Tax evasion.  
(c) Tax avoidance (d) Tax Management
50. Which of the following matter is covered under Tax management
- (a) compliance with legal formalities of the Act  
(b) taking steps to avail various tax incentive  
(c) review of department's orders and if need be, apply for rectification of mistake  
(d) All of these
51. Which of the following statement is true
- (a) Tax planning is Unethical  
(b) Tax avoidance has no intention to defeat legal spirit  
(c) The main objective of Tax Planning is to minimize the tax liability.  
(d) Tax management leads to penalty and Prosecution
52. Where the return of income for any assessment year u/s 139(1) (voluntarily) or u/s 139(4) (belated return) or in response to a notice u/s 142(1) is furnished after the due date or is not furnished, the assessee shall be liable to pay simple interest at a rate of
- (a) 1% for every month or part thereof  
(b) 2% for every month or part thereof  
(c) 1% per annum  
(d) 6% per annum
53. Best judgment assessment is done
- (a) under section 143 (2) (b) under section 143 (3 A)  
(c) under section 144 (d) under section 148
54. Best judgment Assessment is also known as
- (a) Ex-parte assessment (b) Protective Assessment  
(c) Regular Assessment (d) Self-Assessment

55. Where it is not clear as to who amongst the two persons has received the income, the Assessing Officer can commence proceedings against both the assesseees to determine the question as to who is responsible for paying tax. This assessment is called as
- (a) Summary assessment (b) Scrutiny assessment  
(c) Precautionary assessment (d) Re-assessment
56. .... net profit as per Profit & Loss Account for the relevant previous year computed in accordance with sections 28 to 44DB as increased by the aggregate amount of remuneration paid to all the partners of the firm
- (a) Net Profit (b) Aggregate Income  
(c) Book Profit (d) Total Income
57. Which one of the following statements is true
- (a) A partnership firm is not allowed to carry forward its losses and set-off in future.  
(b) The share of loss of a partner from a firm cannot be set-off by the partner from his income.  
(c) Share of profit received by a partner from a firm is fully taxable  
(d) None of these
58. When one or more partners cease to be partner in the firm or a new partner is admitted into the partnership or their profit-sharing ratio is changed, is known as
- (a) Dissolution of a firm  
(b) Change in Constitution of the Firm  
(c) Succession of the firm  
(d) Retirement of a partner
59. The maximum amount on which income tax is not chargeable in case of a co-operative society is:
- (a) 5,00,000 (b) 2,50,000  
(c) NIL (d) 3,00,000
60. The profits of a co-operative society engaged in carrying out banking business, cottage industry and collective disposal of labours of its members are eligible for deduction u/s 80P up-to
- (a) 75% of the profits (b) 100% of the profits  
(c) 50% of the profits (d) None of the above
61. In case of which of the following co-operative society, the deduction under Section 80P is restricted to rupees one lakh
- (a) Consumers co-operative society  
(b) Society engaged in collection and disposal of labour  
(c) Society engaged in fishing  
(d) Society engaged in processing of agricultural produce without the aid of power



62. Income from Interest on securities of a cooperative society can be deducted from Gross Total Income as per section 80P, if Gross Total Income is less than rupees
- (a) 20,000 (b) 1,00,000  
(c) 10,000 (d) 25,000
63. Which of the under mentioned incomes of a Co-operative Society is not eligible for deduction under section 80P of the Income-tax Act, 1961 when the gross total income of the society exceeds 20,000?
- (a) Agency business  
(b) Income from letting of godown  
(c) Income from house property  
(d) Dividend from other Co-operative Societies
64. Central Board of Direct Taxes consists of a chairman and
- (a) Ten members (b) Six Members  
(c) Nine Members (d) Twelve members
65. Any person who has not furnished a return of income within the time allowed to him may furnish the return for any previous year, he can submit a return at any time before three months prior to the end of the relevant assessment year or before the completion of the assessment whichever is earlier is known as
- (a) Defective Return (b) Voluntary Return  
(c) Belated Return (d) Return of loss
66. ITR Form – 1 ‘Sahaj’ is for
- (a) Individuals and HUFs not having income from profits and gains of business or profession.  
(b) individuals and HUFs having income from profits and gains of business or profession.  
(c) individuals being a resident (other than not ordinarily resident) having total income upto 50 lakhs  
(d) persons other than: (i) individual, (ii) HUF, (iii) company and (iv) person filing Form ITR-7
67. Rate of TDS on lottery winnings is:
- (a) 10% (b) 25% (c) 30% (d) 40% 6.
68. If the recipient of income fails to furnish his Permanent Account Number to deductor of tax, the tax shall be deducted:
- (a) at the rate specified in the relevant section  
(b) at the rate or rates in force  
(c) at the rate of 20%  
(d) higher of the above rate.
69. Tax deducted at source made by:
- (a) Person Making Payment (b) Income tax department  
(c) Government (d) Income Tax Payer

70. The rate of TDS on rental payments of plant, machinery or equipment is  
 (a) 2%                    (b) 10%                    (c) 1%                    (d) 5%
71. An individual earned long-term capital gain on 20th March. He should pay advance tax  
 (a) on Next 15th September                    (b) On next 15th June  
 (c) On Next 15th March                    (d) on or before 31st March of the year
72. First Installment of Advance Tax payable by an individual falls due on:  
 (a) 15th March                    (b) 15th December  
 (c) 15<sup>th</sup> July                    (d) 15<sup>th</sup> June
73. A foreign citizen has to apply for PAN in  
 (a) Form 49    (b) Form 49A                    (c) Form 49AA                    (d) Form 49B
74. In relation to Infrastructural Capital company under section 2(26A) of Income Tax Act, the project for construction of hospital is included if it is with at least ..... beds for patients  
 (a) 50                    (b) 100                    (c) 150                    (d) 500
75. If a non-Indian company has made the prescribed arrangements for declaration and payments of dividends within India, such a non-Indian company must be treated as .....  
 (a) Domestic Company                    (b) Foreign Company  
 (c) Indian Company                    (d) Any of the above
76. The section 115BG relating to Carbon Credit has been introduced vide Finance Act., .....w.e.f. Assessment Year  
 (a) 2016, 2016-2017                    (b) 2016, 2017-2018  
 (c) 2017, 2017-2018                    (d) 2017, 2018-2019
77. TAN is a 10-digit alphanumeric No. to be quoted in all TDS returns. It is:  
 (a) Tax defect Number  
 (b) Tax Collection Number  
 (c) Tax deduction and collection Account Number.  
 (d) None of the above.
78. Who is compulsorily required to file returns?  
 (a) Individual whose total income exceeds the maximum exemption limit  
 (b) Partnership firm  
 (c) Company  
 (d) All of the above

79. In the case of an individual assessee, the return of income must be signed and verified by following, except---
- (a) Individual himself
  - (b) Where he is absent from India, by some person duly authorized by him in this behalf.
  - (c) Where he is mentally incapacitated from attending to his affairs, by his guardian or any other person competent to act on his behalf
  - (d) Spouse
80. A return of income when notified as defective, has to be rectified within-----
- (a) 15 days
  - (b) 30 days
  - (c) 45 days
  - (d) 60 days
81. The person deducting TDS must furnish a certificate to the payee to the effect. The due date of issue of certificate is
- (a) Within 15 days from the due date of furnishing the statement of tax deducted in case of Form 16A
  - (b) 31st May of the next financial year in which tax is deducted in case of Form 16.
  - (c) Both (a) or (b)
  - (d) None of the above
82. State whether tax is required to be collected at source (TCS) under the provision of section 206C of Income-tax Act, 1961 by a person making.....
- (a) Payment of dividend
  - (b) Winning from horse races
  - (c) Sale of motor vehicle of the value exceeding 10 lakhs by a dealer to the customer
  - (d) Payment to non-resident
83. Interest is payable under section ..... for non-payment or short payment of advance tax
- (a) 234A
  - (b) 234B
  - (c) 234C
  - (d) None of these
84. A firm's book profit is NIL. It shall still be allowed as deduction on account of remuneration to working partner to the maximum extent of—
- (a) Actual remuneration paid as specified in partnership deed
  - (b) 1,50,000
  - (c) Higher of a) and b)
  - (d) Lower of a) or b)
85. Mr. Kiran, aged 45 years, has to file ITR if his total income exceeds
- (a) 2,50,000
  - (b) 3,00,000
  - (c) 5,00,000
  - (d) None of the above

86. In case of a company, its ITR can be signed by  
 (a) Principal officer (b) any member  
 (c) any manager (d) chief executive officer
87. Who are authorized to verify the ITR in the case of Hindu Undivided Family  
 (a) Karta of HUF (b) De-Facto karta of HUF  
 (c) any minor member of HUF (d) any co-parcener of HUF
88. In case of Salary, TDS certificate is issued in:  
 (a) Form 16 (b) Form 16A  
 (c) Form 15 (d) Form 15H
89. The deduction of tax at source from the salary shall be made at the time of:  
 (a) accrual of salary  
 (b) payment of salary  
 (c) credit or payment of the salary, whichever is earlier  
 (d) Any of the above at the choice of employer
90. From tax point of view, A Limited Liability Partnership (LLP) is treated as -  
 (a) Sole Proprietorship concern (b) General partnership firm  
 (c) Private limited company (d) Public limited company
91. Tax shall be charged on the total income of the AOP at the maximum marginal rate under the provisions of section 167B of Income-tax Act, 1961:  
 (a) where individual shares of the members of an association or body are indeterminable or unknown in relation to the whole of income  
 (b) where members share equally  
 (c) Both (a) and (b)  
 (d) None of these
92. Quoting of Aadhaar Number is mandatory:  
 (a) In the application for the Allotment of PAN  
 (b) In the income tax return  
 (c) If Pan is allotted, Aadhaar No. should be intimated to the prescribed authority.  
 (d) All of the above
93. It is not mandatory for an assessee to file a return of loss if it pertains to ....., wants to carry forward the loss if he  
 (a) Loss under the head 'profits and gains from business or profession'  
 (b) Loss from maintenance of race horses  
 (c) Loss under the head 'capital gains'  
 (d) Loss under the head 'income from house property'

94. Determination and computation of taxable income and tax liability is known as  
 (a) Scrutiny. (b) Assessment  
 (c) Revision (d) Refund
95. An AOP has paid income tax at normal rate, share of income received from AOP is entitled to rebate u/s 87A  
 (a) 20% (b) 10% (c) Average D. 15%
96. Central Board of Direct Taxes functions under the control of  
 (a) Ministry of Commerce (b) Ministry of Industry  
 (c) Ministry of Finance (d) None of the above
97. Who has power to determine the jurisdiction of various Income Tax Authorities  
 (a) Central Government (b) Central Board of Direct Taxes  
 (c) Ministry of Finance (d) The Prime Minister Office
98. The due date for filing the return of Tax for an individual having income chargeable to Tax under the head "Salaries" is  
 (a) 30th November of the assessment year  
 (b) 31st July of the assessment year  
 (c) 31st October of the assessment year  
 (d) 31st August of the assessment year
99. .... is the acknowledgement of filing the return of income.  
 (a) ITR – 1 (b) ITR 2 (c) ITR V (d) ITR 3
100. Permanent Account Number (PAN) is a ..... alpha-numeric number issued by the Income-tax Department.  
 (a) 5 digit (b) 10 digit (c) 15 digit (d) 20 digit

#### ANSWERS

- |       |        |       |       |       |       |       |
|-------|--------|-------|-------|-------|-------|-------|
| 1. a  | 2. b   | 3. a  | 4. a  | 5. b  | 6. c  | 7. b  |
| 8. b  | 9. c   | 10. b | 11. c | 12. b | 13. c | 14. d |
| 15. a | 16. a  | 17. d | 18. b | 19. a | 20. b | 21. d |
| 22. a | 23. d  | 24. c | 25. a | 26. a | 27. a | 28. b |
| 29. c | 30. b  | 31. a | 32. d | 33. b | 34. b | 35. a |
| 36. a | 37. d  | 38. a | 39. c | 40. b | 41. a | 42. b |
| 43. d | 44. c  | 45. c | 46. b | 47. b | 48. c | 49. a |
| 50. d | 51. c  | 52. a | 53. c | 54. a | 55. a | 56. c |
| 57. b | 58. b  | 59. c | 60. b | 61. a | 62. a | 63. c |
| 64. b | 65. c  | 66. c | 67. c | 68. d | 69. a | 70. a |
| 71. d | 72. d  | 73. c | 74. b | 75. a | 76. d | 77. d |
| 78. d | 79. d  | 80. a | 81. a | 82. c | 83. b | 84. b |
| 85. a | 86. a  | 87. a | 88. a | 89. b | 90. b | 91. a |
| 92. d | 93. d  | 94. b | 95. c | 96. c | 97. b | 98. b |
| 99. c | 100. b |       |       |       |       |       |