

INCOME TAX- ASSESSMENT AND PROCEDURE

Choose the correct answer from the choices given:

1. Which of the following is not a capital asset?
a)Motor car for personal use b)Jewellery c)Shares d)Bullion
2. Which of the following is a capital asset?
a)Cash in hand b)House property c)Stock in trade
d)Household utensils
3. Where the entire block of the depreciable asset is transferred after 36 months, there will be:
a)Short-term capital gain b)Short-term capital gain or loss
c)Long-term capital gain d)Long-term capital gain or loss
4. Exemption under section 54 is available to :
a)Individual & HUF b)Individuals only c)Company and individual
d)All assesses
5. Shares in companies will be considered as short term capital asset if they are held for not more than ----months before their transfer.
a)10 b)12 c)36 d)48
6. CII stands for
a)Capital Inflation Index b)Cost Interest Index
c)Capital Interest Index d)Cost Inflation Index
7. Cost of acquisition of a capital asset required before 1-4-1981 will be
a)actual cost b)fair market value of the asset on 1-4-1981
c)actual cost or fair market value of the asset on 1-4-1981, to the option of the assessee
d)a or b whichever is less
8. The amount deposited in ----- shall be deemed to be the amount utilized for the purchase of new house under section 54
a)Savings bank account b)Fixed deposit c)Capital Gain Account Scheme
d)Post Office time Deposit
9. Tax rate of LTCG is
a)Normal rate b)30% c)20% d)10 %

10. Which of the following is not taxable under the head 'income from other sources'?
- a) Family pension
 - b) Sum received under 'key man insurance policy'
 - c) Rent received on letting of building
 - d) Salary to a member of parliament
11. A method adopted by a person to evade tax by transferring securities before the date of payment of interest and then again reacquired the same is called:
- a) Clubbing
 - b) Bond washing
 - c) Grossing
 - d) Carry forward
12. Which of the following is a taxable gift?
- a) Gift of Rs. 75,000 from assessee's father
 - b) Gift of Rs. 75,000 from a friend of the assessee
 - c) Gift of Rs. 25,000 from a friend on the occasion of assessee's birthday
 - d) Gift of Rs. 1,00,000 from grandmother of the assessee
13. Dividend paid by an Indian company is:
- a) Taxable in India in the hands of the recipient
 - b) Exempt in the hands of recipient
 - c) Taxable in the hands of recipient and exempt in the hands of the company
 - d) Taxable in the hands of the company and exempt in the hands of the recipient
14. The process of including income belonging to some other person in the hands of the assessee is called:
- a) Clubbing
 - b) Grossing up
 - c) Bond washing
 - d) Evasion
15. When an individual transfers an income without transferring the asset, it is taxable in the hands of
- a) Transferee
 - b) Individual himself
 - c) Both individual and transferee
 - d) Parent of the individual
16. When income of a minor son is clubbed with income of a parent, he/she is entitled to a deduction of Rs. ----- for each such minor son
- a) 500
 - b) 1,000
 - c) 1,200
 - d) 1,500
17. Income of a physically handicapped minor child will be taxable in the hands of
- a) His/her father
 - b) Minor child himself/herself
 - c) His/her mother
 - d) Father/mother who has greater total income

18. Unexplained income is a ----- income.
a) Normal b) Exempted c) Partially taxable d) Deemed
19. The inclusion of income of other persons in the income of assessee is:
a) Aggregation b) Carry forward c) Clubbing d) Set off
20. Income of a minor child earned by manual labour is included in the income of:
a) Father b) Mother c) Mother and father d) Minor
21. The loss from speculation business can be set off against:
a) Any income b) Non speculation business c) Not any income d) Speculation business only
22. The long term capital loss can be set off against:
a) Cannot be set off b) Short term capital gain c) Long term capital gain
d) Both short and long term capital gain
23. Loss from house property can be set off against :
a) Salary only b) Any head of income c) Capital gain d) Income from other house property only
24. Loss of lottery can be set off against:
a) Any income b) Cannot be set off c) Winnings from lottery only
d) Any other casual income except lottery
25. Loss from house property can be carried forward:
a) 8 years b) 6 years c) 4 years d) None of the above
26. Maximum deduction under section 80C is Rs:
a) 1,00,000 b) 70,000 c) 1,50,000 d) 50,000
27. 80 D deduction is allowed for:
a) Medical insurance premium b) Life insurance premium
c) Medical treatment of handicapped d) Medical treatment of disease
28. 80 G deduction is allowed for:
a) Any income b) Any expenditure c) Donation d) Gift to poor
29. Which of the following donations is eligible for 100 % deduction?
a) Help to poor b) National Defence Fund c) Rajive Gandhi Foundation
d) Any notified temple
30. Section 80 C is allowed to :
a) Only individuals b) Both individual and HUF c) Firm d) Company

31. The last date of filling of return of income of individual:
- a) 31st July of the assessment year
 - b) 30th September of the assessment year
 - c) 31st March of the assessment year
 - d) 31st August of the assessment year
32. Return filed after the due date is called:
- a) Revised Return
 - b) Best return
 - c) Belated return
 - d) Defective return
33. PAN stand for:
- a) Private Bank Number
 - b) Permanent Account Number
 - c) Personal Account Number
 - d) Passive Account Number
34. The rate of TDS from winning from lottery:
- a) 30%
 - b) 33%
 - c) 10%
 - d) 20%
35. ----- can be carried forward for set off even though return of loss has not been filed before the due date:
- a) Loss from business
 - b) Unabsorbed depreciation
 - c) Income from other sources
 - d) Loss from capital gain
36. Which of the following is a taxable income ?
- a) Gift not exceeding Rs. 50,000
 - b) Dividend from a domestic company
 - c) Interest on Govt. securities
 - d) Interest on POSA
37. Which of the following income is not taxable ?
- a) Interest on Government securities
 - b) Tax free commercial securities
 - c) Family pension
 - d) Dividend from a domestic company
38. The maximum amount of exemption of gift from a non relative is:
- a) 50,000
 - b) 10,000
 - c) 25,000
 - d) 1,00,000
39. The maximum amount of deduction from family pension is:
- a) 5,000
 - b) 15,000
 - c) 25,000
 - d) 10,000
40. Income from subletting is charged under the head:
- a) Income from other sources
 - b) Income from house property
 - c) Capital gain
 - d) Income from business

ANSWER KEY:

1)a	11)b	21)d	31)a
2)b	12)b	22)c	32)c
3)b	13)d	23)b	33)b
4)a	14)a	24)b	34)a
5)b	15)b	25)a	35)b
6)d	16)d	26)c	36)c
7)c	17)b	27)a	37)d
8)c	18)d	28)c	38)a
9)c	19)c	29)b	39)b
10)c	20)d	30)b	40)a