

TY BCOM SEM V/PAPER CODE: 23115/DIRECT & INDIRECT TAXATION

QUESTION BANK

1. Income tax is collected on all types of income except .
(a) Agricultural Income (b) Industrial Income
(c) Capital Gain (d) Household Property
2. 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) Financial Year
3. 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
4. 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)
5. 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) Fully Exempt.
6. Which section of the Income Tax Act exempted incomes have been mentioned?
(a) Section 80C (b) Section 80DD
(c) Section 10 (d) Section 2
7. _____ of Income Tax Act is related to residential status.
(a) Section 2 (b) Section 6
(c) Section 5 (d) Section 4
8. Resident of India includes .
(a) Ordinarily resident (b) Not ordinarily resident
(c) NRI (d) Both (a) and (b)
9. The sum of various heads is called as .
(a) Taxable income (b) Total income
(c) Gross total income (d) Adjusted income
10. The capital gain is chargeable under _____ of Income Tax Act.
(a) Section 45 (b) Section 55
(c) Section 56 (d) Section 40
11. 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

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12. Mr. A, partner of M/s ABC, is assessable as _____.
- (a) Firm (b) An individual
(c) Body of individual (d) HUF
13. _____ is an artificial person registered under Indian Companies Act 1956.
- (a) Individual (b) Company
(c) Firm (d) Local Authority
14. The house rent allowance (HRA) under the salary head of Income Tax Act is given by _____.
- (a) Section 10 (b) Section 10(13A)
(c) Section 11(13B) (d) Section 11
15. Children Education allowance is exempted for _____ child/ children.
- (a) One (b) Two
(c) Three (d) Four
16. Pension is _____ under the salary head.
- (a) Fully taxable (b) Partially taxable
(c) Not taxable (d) fully exempt
17. Provident Fund Act was passed in the year _____.
- (a) 1932 (b) 1956
(c) 1925 (d) 1922
18. The Payment of Gratuity Act came into force in _____.
- (a) 1973 (b) 1980
(c) 1991 (d) 1972
19. The entertainment allowance is applicable to _____.
- (a) Private sector employees (b) Public sector employees
(c) Government employees (d) Both A and B
20. _____ is the rent fixed under Rent control Act.
- (a) Municipal rental value (b) Fair rental value
(c) Standard rent (d) Real rent
21. Expected Rent can be determined in the following way _____.
- (a) Higher of Municipal Value & Fair Rent
(b) Lower of Municipal Value & Fair Rent
(c) Higher of Municipal Value & Fair Rent subject to maximum of Standard Rent
(d) Both a and b

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22. Deduction from annual value is allowed under _____.
- (a) Section 24 (b) Section 25
(c) Section 27 (d) Section 28
23. _____ % standard deduction is allowed on annual value.
- (a) 20 (b) 30
(c) 40 (d) 50
24. Income chargeable under the head 'Profits and Gains from Business or Profession' is covered under _____.
- (a) Section 23 (b) Section 24
(c) Section 28 (d) Section 27
25. 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 year
26. 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) Both a and b
27. Deduction under Section 80CCC is allowed to the extent of
- (a) 200000 (b) 100000
(c) 250000 (d) 150000
28. 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
29. Payment of LIC premium can be claimed as deduction u/s _____.
- (a) 80 C (b) 80 CCC
(c) 80 D (d) 80 DD
30. 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
31. Income from horse race falls under the head _____.
- (a) Salary (b) Other sources
(c) Profession (d) Business

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32. Deduction on interest on loan taken for studies fall under _____ .
- (a) 80 CC (b) 80 C
(c) 80 E (d) 80 D
33. Income tax is a _____
- (a) Indirect Tax (b) Direct Tax
(c) Entertainment Tax (d) Both a and b
34. An Indian citizen leaving India during the previous year for employment purpose is said to be resident if _____.
- (a) He has a house in India
(b) He is in India in the previous year for a period of 182 days or more
(c) He is in India for a period of 60 days or more during the previous year and for 365 or more days during 4 previous years immediately preceding the relevant previous year
(d) His parents are Indian citizen.
35. Which of the following is an agriculture income?
- (a) Dividend paid by a company out of its agriculture income.
(b) Share of Profit of a Partner from a firm engaged in an agriculture operation
(c) Income from supply of water by a assessee from a tank in its agriculture land.
(d) Interest received by a money lender in the form of agricultural produce.
36. Which of the following incomes received by an assessed are exempt under section 10 of the Income Tax Act?
- (a) Agriculture Income
(b) Salary of a partner from a firm
(c) Salary received by a member of a ship's crew.
(d) Both (b) and (c)
37. The maximum amount of leave salary not chargeable to tax as specified by the Government in case of a non-Government employee is _____.
- (a) 75,600 (b) 77,760
(c) 2,40,000 (d) 3,00,000
38. Employer's contribution to unrecognized provident fund
- (a) Is exempt from tax
(b) 10% of Salary of employee is taxable
(c) Is exempted subject to maximum of 2/5 of salary of the employee
(d) Is fully taxable
39. Following assessee(s) can considered a house property as self occupied:
- (a) Individual & HUF (b) All assessee
(c) All assessee other than company (d) All assessee other than firm

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40. The preliminary expenses that can be amortized under the Income Tax Act, 1961 has to be restricted to _____ Of the cost of project.
- (a) 3% (b) 5%
(c) 8% (d) 20%
41. Tax is deducted at source on winning from lottery, the rate for such deduction in case of resident individual deductee is:
- (a) 30.9% (b) Maximum marginal rate of tax
(c) 30% if such winning exceeds 10,000 (d) 33.99%
42. Unabsorbed depreciation can be carried forward for
- (a) Any number of years (b) 8 years
(c) 4 years (d) 7 years
43. Municipal tax is a deduction allowed on
- (a) Accrual basis (b) Payment basis
(c) both (a) & (b) (d) Perpetual basis
44. CII refers to
- (a) Cost Improvement Index (b) Cost Inflation Index
(c) Cost Income Index (d) Cost Improvement Inflation
45. Salary received by Member of parliament is taxable under the head income from
- (a) Other sources (b) Salary
(c) Business (d) Capital Gain
46. Gratuity received by the Government employee is .
- (a) Fully taxable (b) Fully Exempt
(c) Partly taxable (d) Partially Taxable
47. There is a Short Term Capital gain if listed equity shares sold were held for not more than .
- (a) 36 months (b) 24 months
(c) 12 months (d) 6 months
48. The financial year in which the income is earned is called as the
- (a) Assessment Year (b) Previous Year
(c) Current Year (d) Calendar Year
49. In case of House property ,Municipal tax is deducted from
- (a) Net Annual Value (b) Municipal Valuation
(c) Gross Annual Value (d) Standard Rent
50. Capital gain arises from the transfer of
- (a) A capital asset (b) An asset
(c) Any fixed asset (d) Personal Asset