BUSINESS TAXATIONS

MCQ’s

1. Income Tax Act was passed in the year __________.
   a. 1947
   b. 1950
   c. 1961
   d. 1991

2. Life Insurance Corporation of India is a ________________.
   a. AOP
   b. Firm
   c. Company
   d. Individual

3. _________ is an artificial person registered under Indian Companies Act 1956.
   a. Individual
   b. Company
   c. Firm
   d. Local Authority

4. 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

5. The first income tax act was introduced in the year
   a. 1918
   b. 1861
   c. 1860
   d. 1886

6. 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

7. Income received or deemed to be received in India (whether accrued in or outside India) is taxable in case of
   a. Resident
   b. Not Ordinarily Resident
   c. Non Resident
   d. All of the above
8. The Income Tax Act, which is still in force in India, was enforced in
   a. 1922
   b. 1961
   c. 1860
   d. None of the above

9. Mr. X has started his business from 1st Sept '19 and does not have any other source of income. His first previous year will start from
   a. 1st April '19
   b. 1st Sept '19
   c. Any of the above
   d. None of the above.

10. According to Section 2(7) of Income Tax Act "Assessee" means a person
    a. By whom any tax or other sum of money is payable
    b. By whom any proceeding under the Act has been taken
    c. Who is deemed to be an assessee in default under any provision of this Act
    d. All of the above

11. The house rent allowance (HRA) under the salary head of Income Tax Act is given by___________.
    a. Section 10
    b. Section 10(13A)
    c. Section11(13B)
    d. Section11

12. Children Education allowance is exempted for ______ child/children.
    a. One
    b. Two
    c. Three
    d. Four

13. Pension is _______________ under the salary head.
    a. Fully taxable
    b. Partially taxable
    c. Not taxable
    d. None of the above

14. 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
15. The employers contribution to RPF is ________________.
   a. Partially exempted
   b. Fully exempted
   c. Half taxable
   d. None of the above

16. 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

17. Provident Fund Act was passed in the year ____________.
   a. 1932
   b. 1956
   c. 1925
   d. 1922

18. Rent Free Accommodation given to an employee by the employer is a ________________.
   a. Allowance
   b. Perquisite
   c. Profit in lieu of salary
   d. None of the above

19. The Payment of Gratuity Act came into force in _________________.
   a. 1973
   b. 1980
   c. 1991
   d. 1972

20. The entertainment allowance is applicable to _________________.
   a. Private sector employees
   b. Public sector employees
   c. Government employees
   d. All of the above

21. _______ is the rent fixed under Rent control Act.
   a. Municipal rental value
   b. Fair rental value
   c. Standard rent
   d. Real rent

22. 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. Any of the above  

23. 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  

24. 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  

26. The value of 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  

27. Deduction from annual value is allowed under ______________.  
   a. Section 24  
   b. Section 25  
   c. Section 27  
   d. Section 28  

28. ______% standard deduction is allowed on annual value.  
   a. 20  
   b. 30  
   c. 40  
   d. 50  

29. 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  

30. 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

31. 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

32. 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

33. ______________ 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

34. Section 45 of Income Tax Act, 1961 is related to ______________.
   a. Capital assets
   b. Assets
   c. Capital expenses
   d. Capital gain

35. 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

36. Loss from speculation business cannot be set off against profit from any non-speculation business, however __________.
   a. Loss from non-speculative business can be set off against speculation income
   b. Loss from non-speculative business cannot be set off against speculation income
   c. Profit from non-speculative business can be set off against speculation income
   d. None of the above

37. In Income Tax Act, 1961, deduction under sections 80C to 80U cannot exceed __________.
38. Gross interest = Net x 100/100 – rate of _______.
   a. Tax
   b. TDS
   c. Deduction
   d. Exempted

39. Payment of LIC premium can be claimed as deduction u/s _______.
   a. 80 C
   b. 80 CCC
   c. 80 D
   d. 80 DD

40. 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

41. 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

42. As per Section 207, _______ not having any income from business or profession is
    not liable to pay advance tax.
   a. A resident individual who is of the age of below 60 years
   b. A resident HUF
   c. A nonresident individual
   d. A resident senior citizen

43. Generally, long-term capital gain is charged to tax @_____________ (plus surcharge
    and (cess as applicable).
   a. 10%
   b. 15%
   c. 20%
   d. 30%

44. Mr. Sharma contributed to a political party, he can avail deduction under ________.
   a. Section 80G
   b. Section 80GGB
c. Section 80GGC
d. Section 80GGD

45. Rate of education cess on total income is _____________.
   a. 2%
   b. 3%
   c. 4%
   d. 0.3%

46. Section 70-79 deals with _____.
   a. Salary
   b. Capital gain
   c. Clubbing of income
   d. Set off and carry forward

47. Income from horse race falls under the head _____.
   a. Salary
   b. Other sources
   c. Profession
   d. Business

48. Deduction can be claimed for amount deposited under Sukanya Samridhi Account under___.
   a. 80 CC
   b. 80 C
   c. 80 DD
   d. 80 D

49. Deduction on interest on loan taken for studies fall under _____.
   a. 80 CC
   b. 80 C
   c. 80 E
   d. 80 D

50. The amount of total income is rounded off to the nearest multiple of _____.
   a. Rs.100
   b. Rs.10
   c. Rs.5
   d. Rs.50