

Direct Taxation MCQ

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) 1st April 1935 B) 1st April 1961 C) 1st April 1962
D) 1st 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 areheads 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) 1st March B) 31st March C) 1st April D) 30th 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 fordays 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.

- B) At least one of the basic conditions.
C) Both basic conditions.
D) None of these
55. Income received in India is taxable in the hands of.....
A) Resident only.
B) Resident and ordinarily resident only.
C) Non-resident only.
D) All assesseees.
56. is exempted from income tax.
A) Interest from Indian company
B) Dividend from foreign company
C) Cooperative dividend
D) Dividend from Indian company
57. The Income Tax Act, 1961 broadly covers
A) Basic charging income
B) Rebates and reliefs
C) Incomes exempted from income tax
D) All of the above
58. Any rent or revenue derived from land which is situated in India and is used for agricultural purpose is
A) Partially taxable
B) Fully taxable
C) Exempted from tax
D) None of the above
59. Residential Status of an assessee can be
A) Different for different previous year in the same assessment year
B) Different for different assessment year
C) None of the above
D) All of the above
60. Which of the following is not included in salary income.
A) Commuted pension
B) Un-commuted pension
C) Family pension
D) Leave salary
61. In case of Tax free salary,
A) Tax is to be paid by employer
B) No tax is payable on such salary
C) Tax is to be paid by the employee.
D) Govt, itself pays the tax at a future date.
62. Dearness allowance is taxable in the hands of.....
A) Govt employees
B) Non Govt employees
C) All employees.
D) None of these.

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 offor 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

- B) Same previous year
C) Immediately preceding academic year
D) None of the above
72. The interest on loan paid by the Government of India to a non-resident outside India is..... in India.
A) Not taxable B) Partially taxable
C) Taxable D) Can't say
73. 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
74. The death-cum-retirement gratuity received by the Government Employee or employee of local authority is
A) Partially exempted B) Fully exempted
C) Half taxable D) None of the above
75. 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
76. The assesses can claim relief underfor arrears or advance salary.
A) Section 89(1) B) Section89(2)
C) Section 89(3) D) Section89(4)
77. The Payment of Gratuity Act came into force in
A) 1973 B) 1980 C) 1991 D) 1972
78. Deduction from gross Total income is allowed under Sec. 80C up to lower of the Qualifying amount or a maximum of.
A) Rs. 50,000. B) Rs. 80,000.
C) Rs. 1,00,000. D) Rs. 2,00,000.
79. Profits earned from an illegal business are.....
A) Taxable.
B) Tax free.
C) Ignored by Tax Authorities.
D) treated as other income.

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 uptoper 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 top.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

109. For claiming the deduction for unrealised rent, the assessee must satisfy

- A) Rule 4
B) Section 4
C) Rule 4A
D) Section 4 A

110.Rule 4 includes

- A) Tenancy must be bonafide
- B) The defaulting tenant has vacated or steps have been taken to vacate the house
- C) The defaulting tenant is not occupying any other property of the owner
- D) All of the above

111. The tax paid by the tenant is

- A) Added to rent received
B) No adjustment
C) Deducted from rent received
D) Added to Annual value

112.If the house remains vacant for the whole year, annual value will be

- A) Equal to Municipal Value
B) Equal to Fair rent
C) Nil
D) None of the above

113. A sum equal to is allowed as deduction from the annual value.

- A) 15% B) 20% C) 25% D) 30%

114. A sum equal to 30% is allowed as deduction from the annual value as

- A) Deduction
B) Standard Deduction
C) Basic Deduction
D) None of the above

115. Interest on loan taken for which all purposes are deductible from annual value?

- A) Purchase
B) Repair
C) Construction
D) All of the above

116. Deductions from annual value is as per section

- A) 22 B) 24 C) 26 D) 24A

117. Which of the following is not deductible from annual value?

- A) Interest on unpaid interest
B) Interest on loan taken for repairs
C) Interest on loan taken for reconstruction
D) None of the above

118. Interest for pre-acquisition period is deductible ininstalments

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 assesses let 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 assesses 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 assesses, 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

144. Income from illegal business is
A) Partly taxable B) Taxable
C) Exempted D) None of these
145. Expenditure on scientific research is in the section
A) 31 B) 32 C) 35 D) 36
146. Any payments made outside India and TDS is not paid, then it is
A) Allowed B) Disallowed
C) Partly allowed D) None of these
147. Payment made in cash exceeding.....is disallowed.
A) 15000 B) 20000 C) 25000 D) 30000
148. Interest on delayed payment of VAT is
A) Allowed B) Disallowed
C) Partly allowed D) None of these
149. 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
150. As per section 30, which expenditure incurred for a building used for the business or profession shall not be allowed as deduction?
A) Rent, rates and taxes B) Insurance of building
C) Repairs of building D) Capital expenditure
151. Group of assets falling within a class of assets comprising of tangible & intangible assets is known as :
A) Group of assets B) Block of assets
C) Set of assets D) None of these
152. If a block of assets ceases to exist on the last day of the previous year, depreciation admissible for block of assets will be
A) Nil
B) 50% of the value of the block of assets on the first day of the previous year
C) The total value of the block of assets on the first day of the previous year
D) 50% of the value of the block of assets on the last day of the previous year.
153. Payments to residents on which tax has not been deducted/ paid shall be disallowed to the extent of
A) 0% B) 30% C) 100% D) 50%

154. Which of the following taxes are allowed as deduction while computing the business income
- A) Wealth-tax B) Income-tax
- C) Sales tax D) None of the above
155. DS made a cash payment of Rs. ` 2,95,000 on 28th March, 2019 as the banks were on strike that day and the payment was to be made urgently. Calculate the amount of expenditure to be disallowed u/s 40A.
- A) Rs. 2,95,000 B) Rs.2,75,000 C) Nil D) Rs. 10,000
156. Where an assessee doing a business incurs any expenditure in respect of which payments made to a person in a day exceeds Rs. ` 10,000 should be paid through account payee cheque or demand draft to claim deduction for such expenditure. This restriction does not apply to
- A) Payments made to RBI
- B) Payments made to cultivators
- C) Payment of terminal benefits to employees not exceeding ` 50,000
- D) All of the above
157. Deemed profits chargeable to tax under section 41 includes:
- A) Taxability of Balancing Charge in case of Power Generating Undertakings.
- B) Sale of an asset used for scientific research without having been used for the purposes of business or profession.
- C) Recovery of bad debts.
- D) All of the above.
158. DS discontinued wholesale trade in medicines from 1st June, 2015. He recovered Rs. ` 1,40,000 in September, 2018 being a bad debt which was written-off and allowed in assessment year 2015-14. He has eligible brought forward business loss of wholesale trade in medicines of Rs. ` 1,60,000. The consequence of bad debt recovery is that –
- A) It is chargeable to tax
- B) It is eligible for set-off against brought forward business loss
- C) The brought forward business loss is taxable now
- D) 50% of the amount recovered now is taxable
159. As per section 43B, certain payments are to be allowed as deduction only on actual payment. Such sums include:
- A) Any sum payable by the assessee to the Indian Railways for the use of railway assets.

- 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 to 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 | B) Agreement |
| C) Service | 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 | B) Commerce |
| C) Manufacture | D) All of the above |

168. X, Manager of XYZ Ltd. since 2004 was terminated by the company on 1st 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) | B) 50% of Rs. 75lakh exempt |
| C) Rs. ` 75lakh taxable | 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) | B) Assessee |
| C) Income Tax Appellate Tribunal (ITAT) | D) Income Tax Authorities |

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

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

172. Amendments by the finance act are made applicable from

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

173. As per section 2(31), the following is not included in the definition of 'person'
- | | |
|------------------|-----------------------------|
| A) An individual | B) A Hindu undivided family |
| C) A company | D) A minor |
174. Which amongst the following is an exception to the previous year rule?
- | | |
|--|---|
| A) Business or Profession newly set up. | B) Where a source of income newly set up. |
| C) Non-resident engaged in shipping business | D) None of the above |
175. Which amongst the following is not a head of Income?
- | | |
|------------------|-------------------------------|
| A) Salaries | B) Income from house Property |
| C) Capital gains | D) Income from exports |
176. Which of the following is not included in taxable income –
- | | |
|---------------------------------|--|
| A) Reimbursement of expenses | B) Cash gifts received from non relatives |
| C) Income from illegal activity | D) Profit on sale of equity shares of unlisted company |
177. In case of non-residents engaged in shipping business in India income earned during the financial year is
- | |
|--|
| A) Taxable in India the same financial year |
| B) Taxable in India the relevant assessment year |
| C) Not taxable in India in the same financial year |
| D) Not taxable in India |
178. Additional surcharge (education cess) of 3% per cent is payable on
- | | |
|---------------|------------------------------|
| A) Income tax | B) Income tax plus surcharge |
| C) Surcharge | D) None of these |
179. 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 |
180. The death-cum-retirement gratuity received by the Government Employee or employee of local authority is
- | | |
|-----------------------|----------------------|
| A) Partially exempted | B) Fully exempted |
| C) Half taxable | D) None of the above |
181. 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 |

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 |

