

Direct Tax

1. Income tax Act extends to _____

- a) Whole of India
- b) Whole of India except Jammu & Kashmir
- c) Whole of Maharashtra Only
- d) Madhya Pradesh

Ans – a) Whole of India

2. Out of the following which is a revenue receipt _____ -

- a) Premium received on issue of new shares.
- b) Annuity received from former employer
- c) Interest from investments
- d) New Shares

Ans – c) Interest from Investments

3. Body of individual should consist of _____

- a) Individual only
- b) Persons other than individual only
- c) A local authority
- d) Income of all persons

Ans -a) Individual Only

4. A new business was set up on 15-11-2017 and it commences its business from 1-12-2017. The first previous year in this case shall be _____

- a) 15-11-2017 to 31-3-2018
- b) 1-12-2017 to 31-3-2018
- c) 2017-18
- d) 2019-20

Ans -a) 15-11-2017 to 31-3-2018

5. Shivaji University is assessable under the Income Tax Act as _____.

- a) An Individual
- b) An artificial Juridical Person
- c) A local Authority
- d) Person other than Individual

Ans -b) An artificial juridical person

6. In which year is the income tax liability computed _____

- a) Assessment Year
- b) Previous Year
- c) Financial Year
- d) Calendar Year

Ans – a) Assessment Year

7. Income earned during what period is taxed _____
- a) Assessment Year
 - b) Previous Year
 - c) Financial Year
 - d) Calendar Year

Ans -b) Previous Year

8. Whose income is chargeable to Income tax _____
- a) Income of only Indian Citizen
 - b) Income of only residents
 - c) Income of all persons
 - d) Income of only assesses

Ans -c) Income of all persons

9. One who is liable to pay the income tax _____
- a) Indian Citizen
 - b) Resident in India
 - c) Any Person
 - d) An Assessee

Ans -d) An Assessee

10. Assessment year is the period of twelve months commencing on _____
- a) The first day of March every year
 - b) The first day of January every year
 - c) Financial year immediately preceding the previous year.
 - d) The first day of April every year

Ans -a) The first day of April every year

11. Previous year means the _____
- a) Financial year immediately after the assessment year
 - b) The period of twelve months commencing on the first day of April every year
 - c) Financial year immediately preceding the assessment year.
 - d) Calendar year immediately preceding the assessment year

Ans -a) Financial year immediately preceding the assessment year.

12. Mr. Joshi runs a chemist's shop, accounting year of which is the financial year. On November -9 ,2017.He sets up a chemical factory. What is the previous year for the assessment year 2018-19 for the above two businesses _____
- a) 1-4-2017 to 31-3-2018 for both
 - b) 9-11-2017 to 31-3-2018 for both
 - c) 1-1-2017 to 31-12-2017 for both
 - d) Shop: 1-4-2017 to 31-3-2018 and factory 9-11-2017 to 31-3-2018

Ans – d) Shop: 1-4-2017 to 31-3-2018 and factory 9-11-2017 to 31-3-2018

13. A company joining with two other Companies in a Joint venture is treated under Income tax laws

as _____.

- a) A Company
- b) An Association of persons
- c) A body of individuals
- d) An artificial juridical person

Ans -b) As association of persons

14. Residential status is to be determined for _____

- a) Previous year
- b) Assessment year
- c) Accounting year
- d) Resident

Ans -a) Previous year

15. Income which accrue or arise outside India but are received directly into India are taxable in case of _____

- a) Resident only
- b) Both ordinarily resident and NOR
- c) Non -resident
- d) All these assesses

Ans – d) All these assesses

16. Total income of person is determined on the basis of his _____

- a) Residential Status in India
- b) Citizenship in India
- c) Citizen
- d) Non -resident

Ans -a) Residential status in India

17. Income which accrue or arise outside India and also received outside India is taxable in case of _____

- a) Resident only
- b) Non- resident in India
- c) Not ordinarily resident in India
- d) Resident

Ans -a) Resident only

18. Income received in India _____

- a) Is taxable only for Resident
- b) Is not taxable only for a non -resident
- c) Is taxable for a resident, a resident but only ordinarily resident non -resident
- d) Is exempt in all cases.

Ans -c) is taxable for a resident, a resident but only ordinarily resident non- resident

19. Income which accrue in India from a business controlled from India _____

- a) Is taxable only for resident
- b) Is not taxable only for non – resident
- c) Is taxable for resident, a resident but only ordinarily resident non- resident
- d) Is exempt in all cases

Ans – b) is not taxable only for non -resident

20. Income accruing in Japan and received there is taxable in India in the case of _____
- a) Resident and ordinarily resident only
 - b) A resident but not ordinarily resident
 - c) A non -resident
 - d) Resident

Ans -a) Resident and ordinarily resident only

21. Mr. Manmohan Sharma goes out to India every year for 274 days. For the assessment year 2018 -19, he is _____
- a) A resident and ordinarily resident
 - b) A resident but not ordinarily a resident
 - c) A non-resident
 - d) Resident

Ans -b) a resident but not ordinarily resident.

22. M.a chartered accountant is employed with M ltd, as an internal auditor and requests the employer to call the remuneration as internal audit fee.M. shall be chargeable to tax for such fees under the head _____
- a) Income from salaries
 - b) Profit and gains from business and profession
 - c) Income from other sources
 - d) None of these

Ans -a) Income from salaries

23. M,who is entitled to a salary of Rs.20,000 p.m took an advance of Rs.50,000 against the salary in the month of March ,2018. The gross salary of m for assessment year 2018-19 shall be _____
- a) 2,90,000
 - b) 2,40,000
 - c) 50,000
 - d) 60,000

Ans -b) 2,40,000

24. M, who is entitled to salary of Rs.12,000 p.m. took advantage salary from his employer for the month of March, 2018 on 31-3-2018.The gross salary of M for assessment year 2018-19 shall _____
- a) 1,44,000
 - b) 1,68,000
 - c) Rs.24,000
 - d) 2,90,000

Ans -b) 1,68,000

25. Salary of M becomes due on 1st of next month and it is paid on 7th of that month. For the assessment year 2018-19, the salary of M shall be taken from _____
- a) April 2017 to March 2018
 - b) March 2017 to February 2018
 - c) April 2018 to March 2019
 - d) April 2019 to March 2020

Ans -b) March 2017 to February 2018

26. M.Ltd announced increase in D.A. on 21-03-2017 with retrospective effect from 21-3-2012 and the same were paid on 6-04-2017. The arrears of D.A. shall be taxable in the previous year _____
- a) 2016-17
 - b) 2017-18
 - c) In respective previous years to which these relate
 - d) Previous years

Ans -b) 2017-18

27. Un -commuted pension received by a Government employee is _____
- a) Exempt
 - b) Taxable
 - c) 1/3 is exempt
 - d) Non taxable

Ans – b) Taxable

28. M.claimed the exemption of gratuity in the past to the extent of Rs.2,50,000.He was entitled to the gratuity from the present employer amounting to Rs.2,00,000 in the previous year 2017-18. M can claim exemption to the maximum extent of _____
- a) Rs.2,00,000
 - b) Nil
 - c) Rs.1,00,000
 - d) Rs.1,50,000

Ans -a) Rs.2,00,000

29. Employee M is neither a government employee nor covered under payment of gratuity Act, 1972. He has completed 16 years and 8 months of service. The number of completed years considered for gratuity exemption shall be _____
- a) 17 years
 - b) 16 years
 - c) 16 years and 8 months
 - d) 19 years

Ans -b) 16 years

30. Compensation received on voluntary retirement is exempt under sec.10 (10c) to the maximum extent of _____
- a) Rs.2,40,000
 - b) Rs.3,00,000
 - c) Rs.5,00,000
 - d) Rs.6,00,000

Ans -c) Rs.5,00,000

31. M is entitled to children education allowance @80 p.m per child for 3 children amounting Rs.240p.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.250 pm

Ans -b) Rs.160 pm

32. Entertainment allowance in case of government employee is _____
- a) Fully exempt
 - b) Fully taxable
 - c) Exempt up to certain limits mentioned in sec.16
 - d) First included in full in gross salary and thereafter deduction allowed from gross salary under section 16 (ii)

Ans -d) First included in full in gross salary and thereafter deduction allowed from gross salary under section 16 (ii)

33. Pension received by an employee of the central or state government who has been awarded "Param Vir Chakra" _____
- a) Is taxable as income from salary
 - b) Is exempt from tax
 - c) Is taxed after deducting Rs.15,000 or 1/3 whichever is lower
 - d) Is taxable as income from other sources

Ans – b) is exempt from tax

34. Children education allowance is _____
- a) Exempt upto lower of the amount actually spent or the prescribed limits.
 - b) Exempt fully to the extent actually spent or the prescribed limits
 - c) Exempt to the extent of lower of allowance received or the lump sum amount prescribed, irrespective of actual expenditure.
 - d) Fully taxable

Ans -c) exempt to the extent of lower of allowance received or the lump sum amount prescribed, irrespective of actual expenditure.

35. Leave travel concession is _____
- a) Exempt up to lower of the amount actually spent or the prescribed limits.
 - b) Exempt fully to the extent actually spent
 - c) Exempt to the extent of lower of allowance received or the lump sum amount prescribed, irrespective of actual expenditure.
 - d) Fully taxable

Ans -a) exempt up to lower of the amount actually spent or the prescribed limits.

36. M. has taken a house on rent and sublets the same to A, income of M from such house property shall be taxable under the head _____
- a) Income from house property
 - b) Income from other sources
 - c) Business income
 - d) Income

Ans -b) Income from other sources

37. Municipal valuation of the house is Rs.1,00,000 fair rent Rs.1,20,000, fair rent Rs.1,20,000, standard rent Rs.1,10,000 and actual rent received or receivable is Rs.1,40,000. The gross annual value in this case shall be _____
- a) 1,30,000
 - b) 1,25,000
 - c) 1,40,000
 - d) 1,35,000

Ans -a) 1,30,000

38. A has two house properties. Both are self-occupied. The annual value of _____
- a) Both houses shall be nil
 - b) One house shall be nil
 - c) No house shall be nil
 - d) Single house

Ans -b) one house shall be nil

39. Municipal valuation of the house is Rs.1,20,000, fair rent 1,40,000, standard rent Rs.1,30,000 and actual rent received or receivable is Rs.1,25,000. The gross annual value in this case shall be _____
- a) 1,30,000
 - b) 1,25,000
 - c) 1,40,000
 - d) 1,60,000

Ans -c) Rs.1,40,000

40. A has two house properties. Both are self-occupied. The annual value of _____
- a) Both houses shall be nil
 - b) One house shall be nil
 - c) No house shall be nil
 - d) None of the above

Ans -b) One house shall be nil

41. An assessee has borrowed money for purchase of house and interest is payable outside India. Such as interest shall _____
- a) Be allowed as deduction
 - b) Not to be allowed as deduction
 - c) Be allowed as deduction if the tax is deducted at source
 - d) None of the above

Ans -c) be allowed as deduction if the tax is deducted at source

42. Municipal tax is deducted from_____
- a) Net annual value
 - b) Gross annual value
 - c) Municipal valuation
 - d) Amount value

Ans -b) Gross annual value

43. In case the property is owned by co -owners and it is self-occupied by all co -owners. The annual value of such house property _____
- a) Be nil
 - b) For each co-owner shall be nil
 - c) Only for co -one owner will be nil
 - d) None of the above

Ans -b) for each co-owner shall be nil

44. A house property with fair rent Rs.1,20,000 is neither let out nor self-occupied throughout the previous year. Its annual value shall be _____
- a) Rs.1,20,000
 - b) Nil
 - c) Rs.60,000
 - d) None of the above

Ans -a) Rs.1,20,000

45. Unrealized rent is a deduction from _____ -
- a) Gross annual value
 - b) Net annual value
 - c) Municipal value
 - d) District

Ans -a) Gross annual value

46. Dhanesh is a member of house building cooperative society. The society is the owner of the flats constructed by it. One of the flats is allotted to Dhanesh. The income from that flat will be assesses in the hands of _____
- a) Co -Operative Society
 - b) Dhanesh
 - c) Neither of the above
 - d) Society and Dhanesh equally

Ans -b) Dhanesh

47. Following will be taxable as income from house property_____ -
- a) Sub -letting of a house
 - b) Letting of an office building
 - c) Sale of house at profit
 - d) Rent from open land used for wedding functions

Ans -b) letting of an office building

48. Municipal taxes to be deducted from GAV should be _____
- a) Paid by the tenant during the previous year
 - b) Paid by the owner during the previous year
 - c) Accrued during the previous year
 - d) Accrued or paid by owner whichever is lower

Ans – b) Paid by the owner during the previous year

49. Standard deduction under section 24(a) from income from House property is _____
- a) 1/3 rd of NAV
 - b) Repairs actually incurred by the owner
 - c) 30% of NAV
 - d) Rs.30,000

Ans -30% of NAV

50. Interest on borrowed capital accrued up to the end of the previous year to prior to the year of competition of construction is allowed _____
- a) As a deduction in the year of completion of construction
 - b) In 5 equal annual installments from the year of competition of construction.
 - c) In the respective year in which the interest accrues
 - d) Up to Rs.30,000 on Rs.20,000.

Ans- b) In 5 equal annual installments from the year of competition of construction.

51. Salary, bonus commission or remuneration due to or received by a working partner from the firm is taxable under the head _____
- a) Income from Salaries
 - b) Other sources
 - c) Business income
 - d) Salary

Ans -c) Business income

52. Perquisite received by the assesses during the course of carrying on his business or profession is taxable under the head _____
- a) Salary
 - b) Other Sources
 - c) Business / Professional Income
 - d) Professional income

Ans -c) Business / professional income

53. Interest on capital or loan received by a partner from a firm is _____
- a) Exempt u/s 10 (2A)
 - b) Taxable as business and profession income
 - c) Taxable as income from other sources
 - d) None of the above

Ans -b) Taxable as business and profession income

54. Export incentives received by an assessee are _____

- a) Exempt
- b) Taxable as business income
- c) Exempt up to certain limits
- d) Unexempt

Ans -b) taxable as business income

55. M. Who was carrying on agency business, received a sum of Rs.5,00,000 from his principal for termination of agency. Compensation so received shall be _____ -

- a) Exempt as it is capital receipt
- b) Fully taxable as business income
- c) Taxable as income from other sources
- d) Intangible asset

Ans -b) Fully taxable as business income

56. Depreciation is allowed in case of _____

- a) Tangible fixed assets only
- b) Intangible assets only
- c) Tangible and intangible assets
- d) Wasting assets only

Ans -c) Tangible and intangible assets

57. If the asset of a particular block is acquired and put to use during the previous year for less than 180 days, the assessee shall be entitled to depreciation _____

- a) At normal rate
- b) At 50% of normal rate
- c) No depreciation is allowed
- d) Depreciation

Ans -b) at 50% of normal rate

58. Which of the following tax is allowed as deduction while computing the business income _____

- a) Wealth Tax
- b) Income Tax
- c) GST
- d) TDS

Ans -c) GST

59. where the amount of an expenditure claimed as deduction exceeds Rs.10,000, it should be paid by _____

- a) Crossed cheque
- b) Account payee cheque / draft
- c) Cash
- d) None of these

Ans – b) Account payee cheque / draft

