



**MULTIPLE CHOICE QUESTIONS**

**UNIT – I INCOME TAX ACT – 1961 ( Meaning, Concepts and Definition)**

1. Income tax is collected on all types of income except .
  - (a) Agricultural Income
  - (b) Industrial Income
  - (c) Capital Gain
  - (d) Household Property
  
2. The Income Tax Act came into force from .
  - (a) 1st March 1971
  - (b) 1st April 1971
  - (c) 1st March 1961
  - (d) 1st April 1961
  
3. The Income Tax Act came into force all over India except .
  - (a) Andaman & Nicobar
  - (b) Maldives
  - (c) Jammu & Kashmir
  - (d) None of the above
  
4. 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) None of the above



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5. 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
6. As per the definition of Income, the income includes the following .
- (a) Profits and gains
  - (b) Dividend declared
  - (c) Voluntary contribution received by a trust created
  - (d) All of the above
7. The period of 12 months commencing on the first day of April every year and ending on 31st March is called as .
- (a) Previous Year
  - (b) Assessment year
  - (c) Accounting Year
  - (d) Financial Year
8. 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
9. Under Income Tax Act, the income liable for tax is classified on the basis of
- (a) Income from Salaries
  - (b) Income from House Property



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- (c) Agricultural Income  
(d) Both (a) and (b)
10. Agricultural income is completely exempted for assessment year  
(a) 1974-75  
(b) 1985-86  
(c) 1975-76  
(d) 1978-79
11. The income from foreign companies by providing the services in project connected with security of India is from tax liability.  
(a) 50% exempted  
(b) 20% exempted  
(c) 100% exempted  
(d) 55% exempted
12. An individual is said to be resident in India if .  
(a) It is in India in the previous year for a period of 182 days or more  
(b) It is in India for period of 60 days or more during the previous and 365 days or more during the four years immediately proceeding previous year  
(c) All of the above  
(d) None of the above
13. The HUF is said to be resident in India if .  
(a) The control and management of its affairs is wholly or partly situated in India  
(b) The control and management of its affairs is partially situated out of India  
(c) The control and management of its affairs is wholly or partly in out of India



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- (d) None of the above
14. The awards and rewards are exempted from Income Tax if .
- (a) Payment is in cash
  - (b) Payment is in kind
  - (c) Payment is in cash or in kind
  - (d) None of the above
15. 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
16. Income received in India whether occurred in India or outside India, the tax incidence in case of resident but not ordinarily resident is .
- (a) Taxable as per slabs
  - (b) Exempted from tax
  - (c) Partly exempted
  - (d) None of the above
17. Income received in India whether occurred in India or outside India, the tax incidence in case of non-resident is .
- (a) Taxable as per slabs
  - (b) Exempted from slab
  - (c) Partly exempted
  - (d) None of the above



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18. Income deemed to be 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 slab
  - (c) Partly exempted
  - (d) None of the above
19. 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
20. The income received and accrued outside India from a business controlled or profession set up in India, the tax incidence in case of non-resident is .
- (a) Taxable
  - (b) Non-taxable
  - (c) Partly taxable
  - (d) None of the above
21. The tax incidence for company or firm in which income received in India and company is resident is .
- (a) Taxable
  - (b) Non-taxable
  - (c) Partly taxable
  - (d) None of the above



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22. The tax incidence for company or firm in which income received in India and company for non-resident is .
- (a) Taxable
  - (b) Non-taxable
  - (c) Partly taxable
  - (d) None of the above
23. The tax incidence for company or firm in which income received outside India from a source controlled from India for resident is .
- (a) Taxable
  - (b) Non-taxable
  - (c) Partly taxable
  - (d) None of the above
24. The tax incidence for company or firm in which income received outside India from a source controlled from India for non-resident is .
- (a) Non-taxable
  - (b) Taxable
  - (c) Partly taxable
  - (d) None of the above
25. .... is exempted from income tax.
- (a) Interest from Indian company
  - (b) Dividend from foreign company
  - (c) Cooperative dividend
  - (d) Dividend from Indian company



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26. Which section of the Income Tax Act exempted incomes have been mentioned?
- (a) Section 80C
  - (b) Section 80DD
  - (c) Section 10
  - (d) Section 2
- 27.....of Income Tax Act is related to residential status.
- (a) Section 2
  - (b) Section 6
  - (c) Section 5
  - (d) Section 4
28. Resident of India includes .
- (a) Ordinarily resident
  - (b) Not ordinarily resident
  - (c) NRI
  - (d) Both (a) and (b)
29. The Company may have the residential status as .
- (a) Resident or Non-resident
  - (b) Not ordinarily resident
  - (c) Non-resident
  - (d) Resident
30. The meaning of exempted income is .
- (a) Not included in total income
  - (b) Agricultural income



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- (c) Not taxable under income tax  
(d) All of the above
31. The number of income source for a person are .  
(a) One head  
(b) Two heads  
(c) Various heads  
(d) Any of the above
32. The sum of various heads is called as .  
(a) Taxable income  
(b) Total income  
(c) Gross total income  
(d) Adjusted income
33. The agricultural income includes .  
(a) Income from sale of crop  
(b) Income from preparation of crop  
(c) Income from nursery  
(d) All of the above
34. ....comes under agricultural income.  
(a) Tea garden  
(b) Commodity farming  
(c) All of the above  
(d) None of the above





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35. If the agricultural income is ..... then the agricultural income is considered for calculating tax.
- (a) More than ` 5,000 and total income is exceeding exemption limit
  - (b) More than ` 5,000
  - (c) More than ` 10,000
  - (d) Any amount
36. 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
37. The capital gain is chargeable under of Income Tax Act.
- (a) Section 45
  - (b) Section 55
  - (c) Section 56
  - (d) Section 40
38. The definition of the person includes .
- (a) An individual
  - (b) A company
  - (c) A Hindu undivided family
  - (d) All of the above



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39. 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
40. 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
41. 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
42. 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



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43. An individual is resident and ordinarily resident of India if .
- (a) Person had been resident in India at least 2 out of 10 previous years immediately preceding the relevant previous year
  - (b) Person been in India for a period of 730 days or more during 7 years immediately preceding the relevant previous year
  - (c) All of the above
  - (d) None of the above
44. The Resident HUF is ordinarily resident in India, if .
- (a) He has been resident in India at least 2 years out of 10 previous years immediately
  - (b) He has been resident in India at least 3 years out of 10 previous years immediately
  - (c) He has been resident in India at least 2 years out of 5 previous years immediately
  - (d) None of the above
45. Basic condition will be for a person who leaves India for employment .
- (a) At least 182 days in India
  - (b) At least 60 days in previous year and 365 days in preceding 4 years
  - (c) At least 730 days in preceding 7 years
  - (d) All of the above
46. Which of the following is not included in the term Income under the Income Tax Act, 1961?
- (a) Reimbursement of travelling expenses
  - (b) Profits and gains of business or profession
  - (c) Dividend



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- (d) Profit in lieu of salary
47. The term income includes the following types of incomes.
- (a) Illegal
  - (b) Legal income from India only
  - (c) Legal
  - (d) Legal and illegal both
48. ....is the casual income.
- (a) Interest received
  - (b) Dividend income
  - (c) Pension received
  - (d) Winning from lotteries
49. 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
50. Mr. A, partner of M/s ABC, is assessable as .
- (a) Firm
  - (b) An individual
  - (c) Body of individual
  - (d) HUF



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Answer Key of Chapter 1

- |    |     |    |     |    |     |    |     |    |     |
|----|-----|----|-----|----|-----|----|-----|----|-----|
| 1  | (a) | 11 | (c) | 21 | (a) | 31 | (d) | 41 | (a) |
| 2  | (d) | 12 | (c) | 22 | (a) | 32 | (c) | 42 | (a) |
| 3  | (d) | 13 | (a) | 23 | (a) | 33 | (d) | 43 | (c) |
| 4  | (c) | 14 | (c) | 24 | (a) | 34 | (c) | 44 | (a) |
| 5  | (b) | 15 | (a) | 25 | (d) | 35 | (a) | 45 | (a) |
| 6  | (d) | 16 | (a) | 26 | (c) | 36 | (d) | 46 | (d) |
| 7  | (b) | 17 | (a) | 27 | (b) | 37 | (a) | 47 | (d) |
| 8  | (b) | 18 | (a) | 28 | (d) | 38 | (a) | 48 | (d) |
| 9  | (d) | 19 | (a) | 29 | (a) | 39 | (c) | 49 | (c) |
| 10 | (a) | 20 | (b) | 30 | (d) | 40 | (b) | 50 | (a) |

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**MULTIPLE CHOICE QUESTIONS**

**UNIT II – COMPUTATION OF TAXABLE INCOME UNDER THE DIFFERENT HEADS OF INCOME:-**

**(A - INCOME FROM SALARY)**

1. The income is chargeable under the head of salary under .....of Income Tax Act, 1961.
  - (a) Section 15
  - (b) Section 20
  - (c) Section 14
  - (d) Section 16
  
2. Pension is .....under the salary head.
  - (a) Fully taxable
  - (b) Partially taxable
  - (c) Not taxable
  - (d) None of the above
  
3. The salary of Member of Parliament is taxable under the head .
  - (a) Salary
  - (b) Income from Other Sources
  - (c) Income from Business
  - (d) All of the above
  
4. 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



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- (d) None of the above
5. 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
6. 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
7. The assesses can claim relief under.....for arrears or advance salary.
- (a) Section 89(1)
  - (b) Section 89(2)
  - (c) Section 89(3)
  - (d) Section 89(4)
8. The Payment of Gratuity Act came into force in.....
- (a) 1973
  - (b) 1980
  - (c) 1991
  - (d) 1972



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9. X is employed in Complex Ltd. as a Chartered Accountant. The annual membership fees of X paid by Complex Ltd. is not a perquisite and hence not chargeable to tax.
- (a) False  
(b) True
10. The salary of non-resident received for the period in which he is working in India is not taxable.
- (a) True  
(b) False
11. 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)
12. 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





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13. The children education allowance, the amount exempted from taxable income is limited to
- (a) ` 100 per month per child upto 3 children
  - (b) ` 1,000 per year per child upto 2 children
  - (c) ` 100 per year per child upto 2 children
  - (d) None of the above
14. 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
15. 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
16. The entertainment allowance is applicable to .
- (a) Private sector employees
  - (b) Public sector employees
  - (c) Government employees
  - (d) All of the above



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17. 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
18. The assessment period for income tax on salary is .
- (a) Only more than 12 months
  - (b) 12 months and less than 12 months
  - (c) Only 12 months
  - (d) 12 months and more than 12 months
19. Total income is to be rounded off to nearest multiple of .....and tax is to be rounded off to nearest multiple of .
- (a) Ten rupee
  - (b) Hundred, ten
  - (c) Ten, ten
  - (d) Rupee, rupee
20. 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
21. Gross Total Income is arrived after .
- (a) only adding Income under five heads of Income;



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- (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
22. Salary of S ( ` 40,000 per month) becomes due on the last day of the month but is paid on 7th of next month. Also, salary of April, 2017 and May, 2017 is received in advance in March, 2017. What will be his gross income for Assessment Year 2017-18?
- (a) ` 5,60,000
- (b) ` 4,80,000
- (c) ` 4,40,000
- (d) ` 5,20,000
23. Calculate the exempt HRA from the following details:  
A is entitled to basic salary of ` 50,000 p.m. and dearness allowance of ` 10,000 p.m., 40% of which forms part of retirement benefits. He is also entitled to HRA of ` 20,000 p.m. He actually lives with his parents in Mumbai and does not pay any rent. Market rent of that house is ` 20,000 p.m. in Mumbai.
- (a) Nil
- (b) ` 1,75,200
- (c) ` 64,800
- (d) ` 2,40,000



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24. Deduction under section 80C to 80U cannot exceed .
- (a) Gross Total Income
  - (b) Total Income
  - (c) Income from Business or Profession
  - (d) Income from House Property
25. 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
26. The maximum limit for the claim of deduction under salary head Contributions to certain pension funds of LIC or any other insurer is .
- (a) Up to ` 2,00,000
  - (b) Up to ` 1,50,000
  - (c) Up to ` 1,75,000
  - (d) None of the above
27. 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



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28. 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)
29. The house rent allowance (HRA) under the salary head of Income Tax Act is given by \_\_\_\_\_
- (a) Section 10
  - (b) Sec 10(13A)
  - (c) Section 11(13B)
  - (d) Section 11
30. \_\_\_\_\_ of Income Tax Act defines the perquisites and their valuation.
- (a) Section 18
  - (b) Section 17
  - (c) Section 18(C)
  - (d) Section 17(C)
31. The Income tax rate for the financial year 2016-17 for individual is.....
- (a) ` 5,00,000 to ` 10,00,000 is 20%
  - (b) ` 5,50,000 to ` 1,50,000 is 20%
  - (c) ` 5,00,000 to ` 10,00,000 is 30%
  - (d) ` 5,00,000 to ` 10,00,000 is 10%



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32. Income tax rate for the senior citizens for year 2016-17 is .
- (a) Upto ` 5 lakh is Nil
  - (b) Upto ` 10 lakh is 10%
  - (c) Upto ` 5 lakh is 10%
  - (d) None of the above
33. For computation for Income tax liability for individual, the Education Cess is
- (a) 3%
  - (b) 4%
  - (c) 2.5%
  - (d) 2%
34. The rate of tax for the financial year 2016-17 for the foreign companies is
- (a) 45%
  - (b) 30%
  - (c) 40% flat
  - (d) None of the above
35. Which of the following are true regarding taxing the rich?
- (a) Additional 10% tax on dividends in excess of ` 10 lakh per annum
  - (b) Surcharge on persons decreased to 12% from 15%
  - (c) TDS at 1% on purchase of luxury cars exceeding value of ` 10 lakh
  - (d) All of the above
36. The Secondary and Education Cess on the computation of Income Tax for 2016-17 is
- (a) 1% of Income Tax
  - (b) 2% of Income Tax



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- (c) 0.5% of Income Tax  
(d) None of the above
37. Surcharge is levied at the rate .....if the income exceeds ` 1 crore of the financial year 2016-17.
- (a) 10%  
(b) 12%  
(c) 15%  
(d) 20%
38. Tax Liability for the individual for 2016-17 who is not the resident of the India whose income ` 2,50,000 to ` 5,00,000 is.....
- (a) 10% of total income minus ` 2,00,000  
(b) 10% of total income minus ` 1,00,000  
(c) 15% of total income minus ` 1,00,000  
(d) None of the above
39. 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 cost less depreciation @ 20% for every completed year under WDV method  
(c) Actual cost less depreciation @ 30% for every completed year under WDV method  
(d) Actual cost less depreciation @ 20% for every completed year under SLM method





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40. 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
41. 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
42. Advance salary is taxable and advance against salary is .
- (a) Fully taxable
  - (b) Partially taxable
  - (c) Not taxable
  - (d) None of the above
43. If loan granted by employer to employee does not exceed ....., it is not treated as perquisite to employee for purpose of income tax.
- (a) ` 20,000
  - (b) 40,000
  - (c) ` 30,000
  - (d) ` 25,000
44. Death-cum-retirement gratuity received by an employee of Central Government is wholly exempt up to .
- (a) ` 2.5 lakh





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- (b) 4.5 lakh  
(c) ` 3.5 lakh  
(d) None of the above
45. Gift to employee up to p.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
46. Expenditure on free meals to employee in excess of.....per meal will be treated as perquisite of employee.  
(a) ` 25  
(b) 50  
(c) ` 100  
(d) ` 55
47. Any commission due or received by a partner of a firm from the firm shall not be regarded as salary income under .  
(a) Section 15  
(b) Section 20  
(c) Section 17  
(d) Section 19



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48. Proportional tax is based on the principle 'higher the income, higher the tax'. Statement is

- (a) True
- (b) False

49. The tax will be economical if the cost of collection is very small.

- (a) True
- (b) False

50. Income tax is a form of tax which is levied on individual's total earnings.

- (a) False
- (b) True

Answer Key of Chapter 2

- |    |     |    |     |    |     |    |     |    |     |
|----|-----|----|-----|----|-----|----|-----|----|-----|
| 1  | (a) | 11 | (d) | 21 | (d) | 31 | (a) | 41 | (d) |
| 2  | (a) | 12 | (d) | 22 | (a) | 32 | (a) | 42 | (c) |
| 3  | (a) | 13 | (c) | 23 | (a) | 33 | (a) | 43 | (b) |
| 4  | (b) | 14 | (c) | 24 | (a) | 34 | (c) | 44 | (c) |
| 5  | (b) | 15 | (b) | 25 | (c) | 35 | (d) | 45 | (b) |
| 6  | (a) | 16 | (c) | 26 | (b) | 36 | (a) | 46 | (b) |
| 7  | (a) | 17 | (d) | 27 | (a) | 37 | (c) | 47 | (a) |
| 8  | (d) | 18 | (c) | 28 | (b) | 38 | (a) | 48 | (b) |
| 9  | (a) | 19 | (c) | 29 | (b) | 39 | (d) | 49 | (a) |
| 10 | (b) | 20 | (a) | 30 | (d) | 40 | (b) | 50 | (b) |



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**B. INCOME FROM HOUSE PROPERTY**

1. 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
  
2. 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
  
3. 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
  
4. 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



**MULTIPLE CHOICE QUESTIONS**

- .
- (a) Income from Salary  
(b) Income from Other Sources  
(c) Income from House Property  
(d) Income from Business
5. 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
6. 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
7. An individual is considered as a 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 thereof 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



**MULTIPLE CHOICE QUESTIONS**

- (c) The holder of importable estate  
(d) All of the above
8. The rental income of person who is resident of Ladakh is taxable under Income from House Property.
- (a) Fully taxable  
(b) Not taxable  
(c) Partially taxable  
(d) None of the above
9. If the individual using the property for the business or professional purpose the income taxable under the.....head.
- (a) Income from House property  
(b) Income from HUF  
(c) Income from Other  
(d) Income from Business or Proprietorship
10. 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
11. The Gross annual value of the property is depends upon the .
- (a) Standard rent  
(b) Municipal Valuation



**MULTIPLE CHOICE QUESTIONS**

- (c) Fair rent  
(d) All of the above
12. If Anil is entitled to basic salary of ` 50,000 p.m. and dearness allowance of ` 10,000 p.m., 40% of which forms part of retirement benefits. He is also entitled to HRA of ` 20,000 p.m. He actually lives with his parents in Mumbai and does not pay any rent. Market rent of that house is ` 20,000 p.m. in Mumbai, then calculate the exempt HRA for Mr. Anil.
- (a) Nil  
(b) 64,800  
(c) 2,40,000  
(d) 1,75,200
13. Calculate the Gross Annual Value from the following details: Municipal Value ` 45,000  
Fair rental value ` 50,000 Standard Rent ` 48,000 Actual Rent ` 42,000
- (a) ` 50,000  
(b) 48,000  
(c) ` 45,000  
(d) 42,000
14. 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



**MULTIPLE CHOICE QUESTIONS**

15. Interest on capital borrowed for acquisition or construction of property is deductible subject to limit of per year, if capital is borrowed on or after 1-04-1999. This is allowable if acquisition or construction is completed within 3 years from end of financial year in which loan was taken.
- (a) ` 1,50,000  
(b) 2,00,000  
(c) ` 1,80,000  
(d) 2,50,000
16. For a self-occupied house property occupied on 1.7.2016, for which housing loan was availed, if the interest up to 31.3.2016 is ` 90,000 and thereafter the interest payable is ` 3,000 p.m., the deduction available under section 24 in respect of interest for the year ended 31.3.2017 is
- (a) ` 50,000  
(b) ` 45,000  
(c) ` 54,000  
(d) None of the above
17. If an assessee 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
18. An assessee, 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 ..



**MULTIPLE CHOICE QUESTIONS**

- (a) Income from House Property  
(b) Income from Other Sources  
(c) Either (a) or (b)  
(d) Neither (a) nor (b)
19. Arrear rent is taxable after deducting.....as per Section 25B of the Income Tax Act, 1961.  
(a) 30%  
(b) 35%  
(c) 10%  
(d) 20%
20. Monish took a loan of ` 6,00,000 on 1.4.2014 from a bank for construction of a house. The loan carries an interest @ 10% p.a. The construction is completed on 15.6.2016. The entire loan is still outstanding. Compute the interest allowable for the assessment year 2016-17.  
(a) ` 60,000  
(b) ` 1,80,000  
(c) ` 84,000  
(d) ` 24,000
21. The value of interest-free 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





**MULTIPLE CHOICE QUESTIONS**

22. Value of rent-free accommodation in case of Government employee shall be taxable up to
- (a) 15% of employee's salary
  - (b) 8% of employee's salary
  - (c) License fee fixed by Government
  - (d) 10% of employee's salary
23. Value of rent-free accommodation or a house owned by employer in case of non-government employees with above 25 lakh population is .
- (a) 15% of employee salary
  - (b) 7.5% of employee salary
  - (c) 20% of employee salary
  - (d) 10% of employee salary
24. Deduction for other expenses except interest in the computation of income from house property is allowable to the extent of .
- (a) 25% of annual value
  - (b) 10% of annual value
  - (c) 30% of annual value
  - (d) 20% of annual value
25. Rate of depreciation on residential building is.....
- (a) 10%
  - (b) 20%
  - (c) 25%
  - (d) 5%



MULTIPLE CHOICE QUESTIONS

26. House property held for less than 36 months is .
- (a) Short-term capital asset
  - (b) Projected capital asset
  - (c) Exempted capital asset
  - (d) Long-term capital asset
27. 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
28. Sunil purchased a house for his residential purpose after taking a loan in January, 2016. During the previous year 2016-17, he paid interest on loan ` 1,67,000. While computing income from house property, the deduction is allowable to the extent of
- (a) ` 30,000
  - (b) 1,00,000
  - (c) ` 1,67,000
  - (d) ` 1,50,000
29. Expected rent shall be higher of .
- (a) Municipal value and standard rent
  - (b) Fair rent and actual rent received
  - (c) Standard rent and fair rent
  - (d) Municipal value and fair rent



**MULTIPLE CHOICE QUESTIONS**

30. Municipal Value ` 14,000, Fair rent ` 14,500, Standard Rent ` 14,200, Actual rent as property let out throughout the previous year ` 16,800 and Unrealized rent of the previous year ` 7,000. The annual value of the house property shall be .
- (a) 9,800
  - (b) ` 14,200
  - (c) ` 7,200
  - (d) 7,500
31. 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
32. Deduction from annual value is allowed under .
- (a) Section 24
  - (b) Section 25
  - (c) Section 27
  - (d) Section 28
33. ....standard deduction from annual value is allowed.
- (a) 10%
  - (b) 20%
  - (c) 30%
  - (d) 15%



**MULTIPLE CHOICE QUESTIONS**

34. Interest on loan for self-occupied house taken before 1st April, 1999 will be allowed up to
- (a) ` 30,000
  - (b) ` 1,50,000
  - (c) ` 10,000
  - (d) ` 50,000
35. Deduction allowed from annual value is .
- (a) Interest on loan for constitution
  - (b) Interest on loan for repair
  - (c) Statutory deduction
  - (d) All of the above
36. An individual assessee can show maximum loss of .....from a self-occupied residential house property.
- (a) 1,50,000
  - (b) ` 30,000
  - (c) 20,000
  - (d) ` 5,00,000
37. The Annual Value has been defined under of Income Tax Act, 1961.
- (a) Section 20
  - (b) Section 22
  - (c) Section 23(1)
  - (d) Section 23
38. Mr. Rupesh owns a house property. Municipal value ` 1,50,000, Fair Rent ` 1,25,000 and Standard Rent ` 1,45,000. It is let out throughout the previous



MULTIPLE CHOICE QUESTIONS

year for ` 10,000 p.m. up to December 31, 2015 and ` 1,45,000 p.m. thereafter. Find out the Gross Annual Value for the Assessment Year 2016-17.

- (a) ` 1,45,000
- (b) ` 1,25,000
- (c) ` 1,50,000
- (d) ` 1,33,000

39. When the portion of the house is self-occupied for the full year and portion is self-occupied for the whole year, the annual value of the house shall be determined by .

- (a) The full annual value of the house the proportionate annual value of self-occupied portion for the whole year shall be deducted
- (b) Its present standard value
- (c) All of the above
- (d) None of the above

40. Mr. R owns a house. The Municipal value of the house is ` 50,000. He paid ` 8,000 as local taxes during the year. He uses this house for his residential purposes but lets out half of the house @ ` 3,000 p.m. The annual value of the house is .

- (a) 15,000
- (b) ` 16,000
- (c) ` 17,000
- (d) ` 18,000



**MULTIPLE CHOICE QUESTIONS**

41. If fair rent is not given, then assume.....as fair rent.
- (a) Actual rent
  - (b) Standard rent
  - (c) Average rent
  - (d) None of the above
42. Rent received by original tenant from sub-tenant is taxable under the head
- (a) Income from House Property
  - (b) Income from Other Sources
  - (c) Income from Capital Gain
  - (d) None of the above
43. The net annual value of house let out is ` 1,00,000 and actual amount spent by the assessee on repairs and insurance premium is ` 20,000. The amount of deduction allowed under Section 24(a) shall be .
- (a) ` 35,000
  - (b) ` 45,000
  - (c) ` 30,000
  - (d) ` 25,000
44. Rent from House Property let out by an assessee to his employees when such letting is incidental to his main business will be chargeable to tax under head .
- (a) Profit and Gain from Business and Profession
  - (b) Income from Capital Gain
  - (c) Income from House Property
  - (d) All of the above



**MULTIPLE CHOICE QUESTIONS**

45. When annual value of one-self occupied house is nil, the assesses will be entitled to the standard deduction of .
- (a) 10%
  - (b) 20%
  - (c) Nil
  - (d) None of the above
46. Gross annual value shall be higher of .
- (a) Expected rent
  - (b) Actual rent received or receivable
  - (c) All of the above
  - (d) None of the above
47. Income from property held under trust for charitable or religious purposes is .
- (a) Exempted from tax
  - (b) Taxable @ 10%
  - (c) Taxable @ 20%
  - (d) None of the above
48. Mr. Anup owns a house property. Municipal value ` 1,80,000, Fair Rent ` 1,35,000 and Standard Rent ` 1,65,000. It is let out throughout the previous year for ` 10,000 p.m. up to December 31, 2015 and ` 1,65,000 p.m. thereafter. Find out the Gross Annual Value for the Assessment Year 2016-17.
- (a) 1,80,000
  - (b) ` ,65,000
  - (c) 1,55,500



**MULTIPLE CHOICE QUESTIONS**

(d) None of the above

49. The assessee lets on hire machinery, plant or furniture belonging to him and also building and the letting of the buildings is inseparable from the letting of the said machinery, plant and furniture, the income from such letting is chargeable to tax under the head .

- (a) Income from Business
- (b) Income from Capital Gain
- (c) Income from Other Sources
- (d) Profit and Gain from Business or Profession

50. 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

Answer Key of Chapter 3

1	(d)	11	(d)	21	(d)	31	(b)	41	(a)
2	(a)	12	(a)	22	(c)	32	(a)	42	(b)
3	(d)	13	(b)	23	(a)	33	(c)	43	(c)
4	(c)	14	(d)	24	(c)	34	(a)	44	(a)
5	(b)	15	(a)	25	(d)	35	(d)	45	(c)
6	(b)	16	(c)	26	(c)	36	(a)	46	(c)
7	(d)	17	(d)	27	(a)	37	(c)	47	(a)
8	(b)	18	(c)	28	(c)	38	(a)	48	(b)





**MULTIPLE CHOICE QUESTIONS**

- 9 (d) 19 (a) 29 (d) 39 (a) 49 (c)  
10 (c) 20 (d) 30 (b) 40 (b) 50 (a)





**MULTIPLE CHOICE QUESTIONS**

**C- CAPITAL GAIN**

1. The charging section of the income under the head capital gains is :
  - A. Section 15
  - B. Section 17
  - C. Section 10
  - D. Section 45 (2)
  
2. What are the conditions to be fulfilled for charging of income under the head capital gains:
  - A. There must be a capital asset.
  - B. There must be a transfer of such capital asset.
  - C. The transfer of such capital asset has been affected during the previous year.
  - D. All of the above.
  
3. Which of the following is not a requisite for charging income-tax on capital gains –
  - A. The transfer must have been effected in the relevant assessment year
  - B. There must be a gain arising on transfer of capital asset
  - C. Capital gains should not be exempt u/s 54
  - D. Capital gains should not be exempt u/s 54EC
  
4. The following shall not be regarded as capital asset:
  - A. Urban Land
  - B. Securities held by a Foreign Institutional Investor as per SEBI Act, 1992
  - C. Archaeological Collections
  - D. Motor Car



**MULTIPLE CHOICE QUESTIONS**

5. The following shall be regarded as capital asset:
- A. Gold Jewellery held by jeweller as SIT trade.
  - B. Securities held by FII as per SEBI Act, 1992, held as stock in trade.
  - C. Motor car held by motor car manufacturer as SIT
  - D. None of above
6. The following shall not be regarded as capital asset:
- A. Jewellery
  - B. Rural Agricultural land
  - C. Archaeological Collections
  - D. Personal residential house
7. The following shall be regarded as capital asset:
- A. Jewellery
  - B. Sculptures
  - C. Archaeological Collections
  - D. All of the above
8. Rural area means any area which is outside-----Kilometers from the local limits of the jurisdiction of a municipality or a cantonment board, if the population of municipality or cantonment board is more than 10,00,000.
- A. 2
  - B. 4
  - C. 6
  - D. 8



MULTIPLE CHOICE QUESTIONS

9. Rural area means any area which is outside-----Kilometers from the local limits of the jurisdiction of a municipality or a cantonment board, if the population of municipality or cantonment board is more than .1,00,000 but not exceeding 10,00,000.

- A. 2
- B. 4
- C. 6
- D. 8

10. Rural area means any area which is outside-----Kilometers from the local limits of the jurisdiction of a municipality or a cantonment board, if the population of municipality or cantonment board is more than 10,000 but not exceeding 1,00,000.

- A. 2
- B. 4
- C. 6
- D. 8

11. Capital asset excludes all except

- A. Stock-in-trade
- B. Personal effects
- C. Jewellery
- D. Agricultural land in India.

12. Transfer of which of the following assets will not be considered as capital gain -

- A. Jewellery
- B. Gold deposit bonds



**MULTIPLE CHOICE QUESTIONS**

- C. Paintings  
D. Sculpture
13. Which of the following are included in the jewellery -  
A. Ornaments made of gold, silver and platinum.  
B. Precious metals whether or not worked or sewn into any wearing apparel.  
C. Semi-precious stones.  
D. All of the above.
14. Income from transfer of self-generated goodwill of a profession:  
A. is not chargeable to tax under the head 'capital gains'  
B. is chargeable to tax under the head 'capital gains' as short term capital gains  
C. is chargeable to tax under the head 'capital gains' as long term capital gains  
D. Both (b) and (c)
15. A short term capital asset means a capital asset held by the assessee for not more than:  
A. 12 months immediately preceding the month of its transfer  
B. 24 months immediately preceding the date of its transfer.  
C. 36 months immediately preceding the date of its transfer.  
D. None of the above.
16. In terms of section 2(42A), unlisted securities are treated as long-term capital asset, if they are held for a period of more than-  
A. 12 Months  
B. 36 Months  
C. 24 Months



**MULTIPLE CHOICE QUESTIONS**

- D. 48 Months
17. In terms of section 2(42A), listed securities are treated as long-term capital asset, if they are held for a period of more than –
- A. 12 Months
  - B. 36 Months
  - C. 24 Months
  - D. 48 Months
18. A Long term capital asset means a capital asset held by the assessee for more than:
- A. 12 months immediately preceding the month of its transfer.
  - B. 24 months immediately preceding the date of its transfer.
  - C. 36 months immediately preceding the date of its transfer.
  - D. None of the above.
19. In case of transfer of unlisted equity shares the asset will be treated as short-term capital asset if they are held for not more than immediately preceding the date of transfer.
- A. 12 months
  - B. 24 months
  - C. 36 months
  - D. None of the above.
20. Which of the following asset is a Short-term capital asset, if it is held for more than 12 months?
- A. Securities (other than unit) listed in recognized stock exchange in India.
  - B. Units of mutual fund other than equity oriented fund

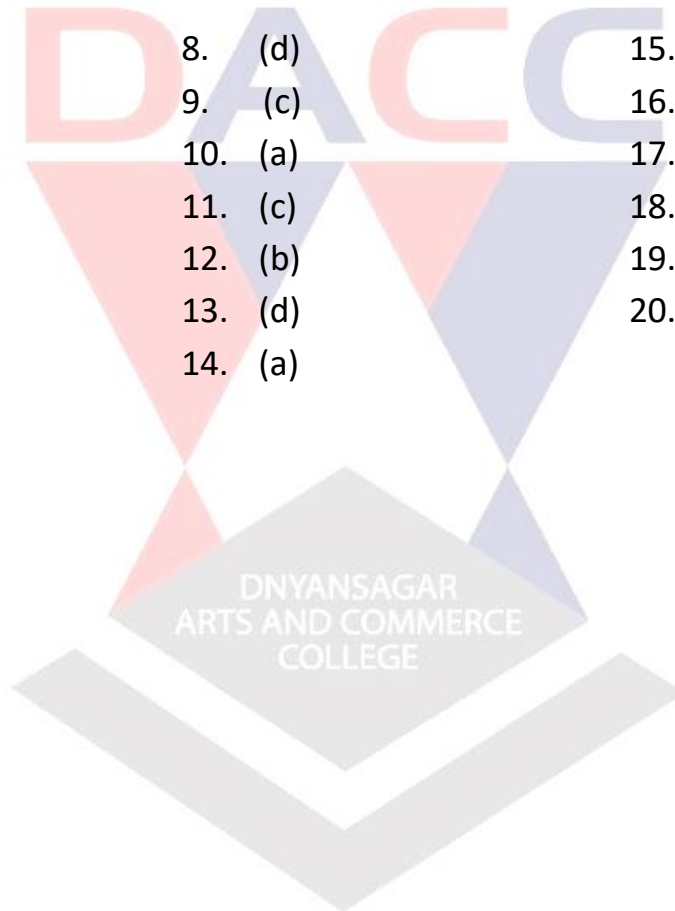


**MULTIPLE CHOICE QUESTIONS**

- C. Zero coupon Bonds
- D. None of these

**ANSWERS –**

- |        |         |         |
|--------|---------|---------|
| 1. (d) | 8. (d)  | 15. (c) |
| 2. (d) | 9. (c)  | 16. (c) |
| 3. (a) | 10. (a) | 17. (a) |
| 4. (d) | 11. (c) | 18. (c) |
| 5. (b) | 12. (b) | 19. (b) |
| 6. (b) | 13. (d) | 20. (b) |
| 7. (d) | 14. (a) |         |





**MULTIPLE CHOICE QUESTIONS**

**UNIT 3: COMPUTATION OF TOTAL TAXABLE INCOME OF AN INDIVIDUAL**

1. As per Section 2(e a), which of the following is an asset in case of an individual:
  - a. Cash in hand up to Rs. 50,000
  - b. Shares
  - c. Debentures or Bonds
  - d. Motor car used for official purposes
  
2. Salary of S (Rs. 50,000 per month) becomes due on the last day of the month but is paid on 7th of next month. Also, salary of April, 2014 and May, 2014 is received in advance in March, 2014. What will be his gross income for Assessment Year 2014-15?
  - a. Rs. 7,00,000
  - b. Rs. 4,80,000
  - c. Rs. 4,40,000
  - d. Rs. 5,20,000
  
3. 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.





**MULTIPLE CHOICE QUESTIONS**

4. An assessee incurred a sum of Rs.1,10,000 for alteration of the memorandum and articles of association. Such expenditure shall be considered as:
- A. Revenue expenditure
  - B. Deferred revenue expenditure
  - C. Capital expenditure
  - D. Non-deductible expenditure
5. Franchise fee received by an assessee in tourism business, against special rights given to franchisees to undertake hotel business in assessee's property is taxable under the head \_\_\_\_\_
- A. Income from house property
  - B. Income from PGBP
  - C. Income from Capital gain
  - D. Income from other sources
6. 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.
7. Income by way of royalty in respect of a patent developed and registered in India in respect of person who is resident in India is chargeable to tax at rate of -
- A. 10%
  - B. 15%
  - C. 20%



**MULTIPLE CHOICE QUESTIONS**

- D. 30%
8. 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.
9. Income Tax is levied on the \_\_\_\_\_ of a person.
- A. Total Income
  - B. Total Income-Debt
  - C. Gross Total Income
  - D. Net Income-Debt Perquisites
10. Describe the status of the following person (i.e. individual, HUF, Firm, Company etc.) X and Y are legal heirs of Z. Z died in 2018 and X and Y carry on his business without entering into a partnership.
- A. Firm
  - B. Limited Liability Partnership
  - C. Company
  - D. Body of Individual

ANSWER KEY	5 b
	6 a
1 d	7 d
2 a	8 a
3 c	9 a
4 a	10 d



**MULTIPLE CHOICE QUESTIONS**

**UNIT 4: MISCELLANEOUS**

1. Mr. X made payment to Mr. Y on which Mr. X failed to deduct the TDS. Mr. Y (Resident) fulfilled the following requirements so that Mr. X should not be deemed to be an assessee in default. Which of the following was wrongly complied by Mr. Y because of which Mr. X was treated as assessee in default?
  - a) Furnished his return u/s 139.
  - b) Offered the income in return on which TDS should have been done by Mr. X.
  - c) Paid the Tax Due on the income declared by him in such return of Income.
  - d) Furnished a Certificate to this effect from C.A. in Form 27BA.
  - e) None of the Above.
  
2. Because of Death of his Son Mr. Salman could not file Quarterly statement for TDS Deducted. As there is a reasonable cause for such failure which of the following will not be levied:
  - a) Penalty
  - b) Fees
  - c) Both
  - d) None of the Above.
  
3. Mr. Marshal owned network of telecom towers and infrastructure services. He let out these to major telecom operators of the country. He applied u/s. 197 for obtaining a certificate of lower deduction of tax. As per the Judgment of Indus Towers Ltd. Vs CIT (2014)(Del.) at what rate Tax shall be deducted
  - a) 1% u/s 194C



**MULTIPLE CHOICE QUESTIONS**

- b) 10% u/s 194I  
c) 2% u/s 194I  
d) 0.5% u/s 194C
4. State Government pays commission of Rs.20, 000/- to one of its agent on sale of Lottery Tickets.
- a) TDS is required to be made @ 5% on any amount paid as commission for sale of lottery tickets  
b) TDS is required to be made @ 5% if commission to a single person in a F.Y. exceeds 15,000/-  
c) TDS is required to be made @ 5% if commission to a single person in a F.Y. exceeds 30,000/-  
d) TDS shall not be deducted as payment is made by State Government
5. Taxpayers opting for presumptive taxation scheme of Section 44AD are required to pay up to of advance tax by 15th June?
- (a) 15%  
(b) 45%  
(b) 75%  
(d) Nil
6. Full form of TDS is :
- a. Tax Deducted at source.  
b. Tax sources.  
c. Tax Challan  
d. Tax Deposited at source



**MULTIPLE CHOICE QUESTIONS**

7. ITR -5 is related to :
- For Individuals
  - For HUF.
  - For Firms, AOPs And BOIs.
  - For Companies.
8. Challan No..... is used by all categories of tax payers for payment of income tax.
- Challan no.280
  - Challan no.282
  - Challan no.281
  - Challan no.281(A)
- 9 .....is responsible to deduct tax at source.
- Assessee
  - Payee
  - Payer
  - Agencies.
10. Tax refund has to be claimed within :
- Five years
  - Same year
  - One year
  - Next year
11. In the case of companies, income tax return is signed by:
- Manager
  - Board of Directors.



**MULTIPLE CHOICE QUESTIONS**

- c. 3.General Manager.  
d. Managing Director
12. In the absence of the individual assesses, return of income can be signed by .....
- a. Legal Heir  
b. Spouse.  
c. Any Person.  
d. Authorized person
13. The filing of return of loss in case of a person other than a company or firm is:
- A. mandatory  
B. not mandatory  
C. mandatory if the assesses has to carry forward the loss which are allowed to be carried forward & set off
14. Amount of deduction in case of a person with severe disability under section 80U will be:
- a. Rs. 50,000  
b. Rs. 75,000  
c. Rs. 1,00,000  
d. Rs. 1,50,000
15. An individual needs to pay Rs. 1,00,000 as advance tax. By 15th of December, how much amount must be paid by the individual:
- a. Rs. 30,000  
b. Rs. 60,000



**MULTIPLE CHOICE QUESTIONS**

- c. Rs. 1,00,000  
d. Nil
16. Deduction under section 80C to 80U cannot exceed:  
a. Gross Total Income  
b. Total Income  
c. Income from business or profession  
d. Income from house property
17. Mr. DS during the previous year 2018-19 made a payment outside India to a non-resident on which TDS was not paid upto time allowed under section 200. However, such TDS was deducted and paid on 30th September 2019. When shall deduction of this expenditure be allowed to assessee?  
a. Previous Year 2018-19  
b. Previous Year 2019-20  
c. Previous Year 2017-18  
d. Not allowed deduction
18. Payment of Rs. ` 45,000 made in cash towards purchases of medicines. The amount of disallowance under section 40A(3) is -  
a. Rs 45,000  
b. Rs 30,000  
c. Nil  
d. Rs 20,000
19. Director sitting fees will be Chargeable Under which head?  
a. Income from house property  
b. Income from other sources  
c. Income from PGBP



**MULTIPLE CHOICE QUESTIONS**

- d. Income from Capital gain
20. Rental income from the business of leasing out properties would be taxable under the head\_\_\_\_\_
- a. Income from house property
  - b. Income from other sources
  - c. Income from PGBP
  - d. Income from Capital gain

**ANSWER KEY**

- |      |      |
|------|------|
| 1 d  | 11 d |
| 2 b  | 12 d |
| 3 c  | 13 a |
| 4 b  | 14 c |
| 5 a  | 15 b |
| 6 a  | 16 a |
| 7 c  | 17 a |
| 8 a  | 18 a |
| 9 c  | 19 b |
| 10 c | 20 c |





**MULTIPLE CHOICE QUESTIONS**

**UNIT – V – ASSESSMENT OF VARIOUS ENTITIES**

- 1.. A person entered into partnership is known as .....
  - a) Partner
  - b) People
  - c) Karta
  - d) None of the above
  
2. Collective group of persons is known as.....
  - a) Firm
  - b) Society
  - c) Person'
  - d) None of the above
  
3. ....cannot become a partner.
  - a) Minor
  - b) Partner
  - c) Firm
  - d) Society
  
4. The payment is authorized by, and is in accordance with the term of partnership deed according to sec.....
  - a) Sec. 40(b)(ii)
  - b) Sec. 40(b)(iii)
  - c) Sec. 50(b)(II)
  - d) None of the above



**MULTIPLE CHOICE QUESTIONS**

5. ....is an obligation annexed to the ownership of property.
- a) Trust
  - b) Firm
  - c) Company
  - d) Karta
6. The person who accepts the confidence is called .....
- a) trustee
  - b) Karta
  - c) Firm
  - d) AOP
7. The subject matter of the trust is called .....
- a) trust property
  - b) own Property
  - c) own furniture
  - d) None of the above
8. The trust should be one established in accordance with law and its objects should fall within the definition of the term .....
- a) charitable Purposes
  - b) Work Purpose
  - c) Assessment Purposes
  - d) To earn profit purpose
9. CBDT is stands for-----
- a) Central Board of Direct Tax
  - b) Central Board of Deputy Treasure



**MULTIPLE CHOICE QUESTIONS**

- c) Commissioners of board of Decision Table
  - d) None of the above
10. Joint Commissioners are appointed by.....
- a) Central Government
  - b) State Government
  - c) District Government
  - d) Gram Panchayat

**ANSWERS KEYS –**

- 1. A
- 2. A
- 3. A
- 4. A
- 5. A
- 6. A
- 7. A
- 8. A
- 9. A
- 10.A

