

QUESTION BANK

INCOME TAX LAW

PRACTICE -2



WRITTEN BY

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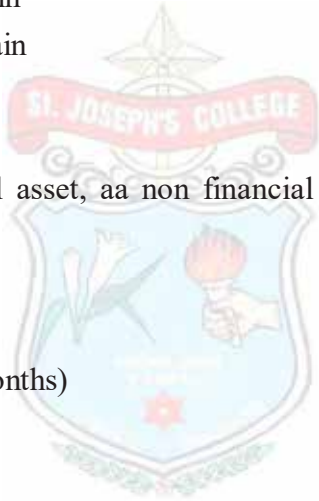
"KNOW YOUR WORTH THEN ADD TAX TO IT"

INCOME TAX LAW AND PRACTICE -II

UNIT-I

INCOME FROM CAPITAL GAIN

1. Income from sale of house hold furniture is.....
 - a) Taxable capital gain
 - b) Exempted capital gain
 - c) Short term capital gain
 - d) Long term capital gain
2. Income from sale of rural agricultural land is.....
 - a) Taxable capital gain
 - b) Exempted capital gain
 - c) Short term capital gain
 - d) None of these
3. To be a long term capital asset, aa non financial asset should be held for more than
 - a) 12 months
 - b) 40 months
 - c) 36 months (or 24 months)
 - d) 60 months.
4. House property held for less than 24 months is.....
 - a) Long term capital asset
 - b) Short term capital asset
 - c) Exempted capital asset
 - d) All of the above
5. Cost of long term debentures are.....
 - a) Eligible for indexing
 - b) Not eligible for indexing
 - c) both a & b
 - d) none of the above
6. Exemption u/s 54 is allowed



- a) On sale of land
 - b) on sale of shares
 - c) on sale of residential house
 - d) sale of personal effects
7. Tax on short-term gain on sale of listed shares subject to STT is.....
- a) 20%
 - b) 25%
 - c) 30%
 - d) 15%
8. Tax on long term capital gain is.....
- a) 10%
 - b) 20%
 - c) 30%
 - d) 25%
9. Short term capital gain on sale of unlisted shares are.....
- a) Taxable
 - b) Exempted
 - c) None of these
 - d) Nil
10. Exemption u/s 54B is allowed for investment in.....
- a) Agricultural land
 - b) Residential house
 - c) Shares
 - d) Non-agricultural land
11. Capital assest excludes all except.....
- a) Stock-in-trade
 - b) Personal effects
 - c) Jewellery
 - d) Rural agricultural land in india
12. Section 50C makes special provision for determining the full value of consideration in cases of transfer of.....
- a) Plant and machinery



- b) Land or building
 - c) All movable property other than plant & machinery and computer
 - d) computers(2004)
13. tax is allowed as deduction while computing the business income.
- a) Sales
 - b) Income
 - c) Wealth
 - d) None of these
14. The rate of depreciation chargeable on temporary wooden structure
- a) 25%
 - b) 10%
 - c) 40%
 - d) 50%
15. What type of asset is covered under capital gains in Income Tax?
- a) Movable assets
 - b) Immovable assets
 - c) Both a and b
 - d) None of the above
16. Capital gains are classified into how many categories under the Income Tax Act?
- a) One
 - b) Two
 - c) Three
 - d) Four
17. Which type of capital gain arises from the sale of a residential property?
- a) Short-term capital gain
 - b) Long-term capital gain**
 - c) Both a and b
 - d) None of the above
18. What is the holding period for an asset to be considered a long-term capital asset?
- a) Less than 1 year
 - b) 1 to 2 years
 - c) More than 2 years**

- d) More than 5 years
19. Under which section of the Income Tax Act are the provisions related to capital gains covered?
- a) Section 10
 - b) Section 45
 - c) Section 80C
 - d) Section 139
20. What is the tax rate on short-term capital gains from the sale of listed equity shares?
- a) 10%
 - b) 15%
 - c) 20%
 - d) 30%
21. Which form is used to report capital gains while filing income tax returns?
- a) ITR-1
 - b) ITR-2
 - c) ITR-3
 - d) ITR-4
22. Exemption under Section 54EC is available for investment in:
- a) Residential property
 - b) Equity shares
 - c) Capital gains bonds
 - d) Gold
23. What is the maximum limit for tax exemption under Section 54 for long-term capital gains on the sale of a residential property?
- a) Rs. 50 lakhs
 - b) Rs. 1 crore
 - c) Rs. 2 crores
 - d) No limit
24. Under which category does agricultural land fall for the purpose of capital gains taxation?
- a) Short-term capital asset
 - b) Long-term capital asset

- c) Not considered a capital asset
 - d) None of the above
25. The indexation benefit is available for calculating capital gains on:
- a) Short-term capital assets
 - b) Long-term capital assets
 - c) Both a and b
 - d) None of the above
26. What is the period of holding for immovable property to be considered a long-term capital asset?
- a) More than 1 year
 - b) More than 2 years
 - c) More than 3 years
 - d) More than 5 years
27. Which section of the Income Tax Act deals with the tax treatment of capital gains for non-residents?
- a) Section 45
 - b) Section 48
 - c) Section 195
 - d) Section 80D
28. What is the tax rate on long-term capital gains from the sale of listed equity shares or equity-oriented mutual funds?
- a) 10%
 - b) 15%
 - c) 20%
 - d) 25%
29. Exemption under Section 54F is available for the sale of:
- a) Residential property
 - b) Agricultural land
 - c) Any long-term capital asset other than a residential property
 - d) Commercial property
30. In the case of joint ownership of a property, how is the capital gain calculated?
- a) Equally among all joint owners

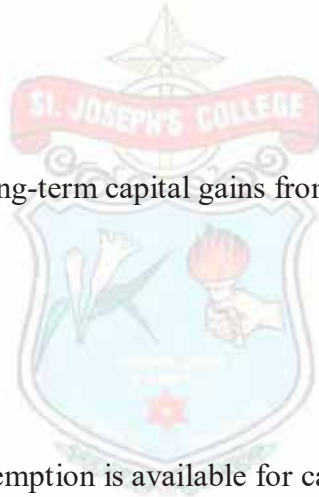
- b) Based on the ratio of ownership
 - c) Only the primary owner is considered
 - d) None of the above
31. What is the lock-in period for capital gains bonds under Section 54EC?
- a) 1 year
 - b) 3 years
 - c) 5 years
 - d) 7 years
32. The cost of acquisition for the purpose of calculating capital gains includes:
- a) Purchase price
 - b) Brokerage fees
 - c) Stamp duty and registration charges
 - d) All of the above
33. What is the tax treatment of short-term capital gains from the sale of debt-oriented mutual funds?
- a) Tax-free
 - b) Taxed at 10%
 - c) Taxed at slab rates
 - d) Taxed at 20%
34. Under Section 54B, exemption is available for capital gains on the sale of agricultural land when the proceeds are used to purchase another agricultural land within:
- a) 1 year
 - b) 2 years
 - c) 3 years
 - d) 5 years
35. Which section of the Income Tax Act provides for the taxation of capital gains on the transfer of a capital asset under a gift?
- a) Section 45
 - b) Section 56(2)(x)
 - c) Section 80C
 - d) Section 10

36. Exemption under Section 54G is available for capital gains on the sale of an industrial asset when the proceeds are used to purchase another industrial asset within:
- a) 1 year
 - b) 2 years
 - c) 3 years
 - d) 5 years
37. What is the tax rate on short-term capital gains from the sale of immovable property?
- a) 10%
 - b) 15%
 - c) 20%
 - d) 30%
38. Under Section 54GA, exemption is available for capital gains on the sale of a capital asset when the proceeds are used to purchase another capital asset within:
- a) 1 year
 - b) 2 years
 - c) 3 years
 - d) 5 years
39. Which type of capital gain arises from the transfer of a depreciable asset?
- a) Short-term capital gain
 - b) Long-term capital gain
 - c) Both a and b
 - d) None of the above
40. What is the period of holding for an equity share or a unit of an equity-oriented fund to be considered a long-term capital asset?
- a) More than 6 months
 - b) More than 12 months
 - c) More than 24 months
 - d) More than 36 months
41. Under Section 54D, exemption is available for capital gains on the sale of land and building used for industrial purposes when the proceeds are used to purchase another industrial land and building within:

- a) 1 year
 - b) 2 years
 - c) 3 years
 - d) 5 years
42. What is the maximum exemption limit under Section 54 for long-term capital gains on the sale of a residential property?
- a) Rs. 50 lakhs
 - b) Rs. 1 crore
 - c) Rs. 2 crores
 - d) No limit
43. Which section of the Income Tax Act deals with the taxation of capital gains on the transfer of a capital asset in the case of a partnership firm?
- a) Section 45
 - b) Section 48
 - c) Section 194B
 - d) Section 80D
44. What is the tax rate on long-term capital gains from the sale of unlisted equity shares?
- a) 10%
 - b) 15%
 - c) 20%
 - d) 25%
45. Under Section 54EC, the investment in specified bonds must be made within how many days from the date of transfer of the capital asset?
- a) 30 days
 - b) 45 days
 - c) 60 days
 - d) 90 days
46. Which section of the Income Tax Act provides for the taxation of capital gains on the transfer of a capital asset in the case of a Hindu Undivided Family (HUF)?
- a) Section 45
 - b) Section 48

- c) Section 56(2)(x)
- d) Section 80C

47. What is the tax treatment of short-term capital gains from the sale of gold?
- a) Tax-free
 - b) Taxed at 10%
 - c) Taxed at slab rates
 - d) Taxed at 20%
48. Under Section 54F, exemption is available for capital gains on the sale of any long-term capital asset other than a residential property when the proceeds are used to purchase another residential property within:
- a) 1 year
 - b) 2 years
 - c) 3 years
 - d) 5 years
49. What is the tax rate on long-term capital gains from the sale of unlisted securities?
- a) 10%
 - b) 15%
 - c) 20%
 - d) 25%
50. Under Section 54GB, exemption is available for capital gains on the sale of a residential property when the proceeds are used to subscribe to the equity shares of:
- a) A listed company
 - b) An unlisted company
 - c) A foreign company
 - d) A partnership firm
51. What is the tax rate on short-term capital gains from the sale of debt-oriented mutual funds?
- a) Tax-free
 - b) Taxed at 10%
 - c) Taxed at slab rates
 - d) Taxed at 20%



53. What is the tax treatment of short-term capital gains from the sale of a house property?
- a) Tax-free
 - b) Taxed at 10%
 - c) Taxed at slab rates
 - d) Taxed at 20%
54. Under Section 54EC, the maximum investment limit in specified bonds to claim exemption is:
- a) Rs. 50 lakhs
 - b) Rs. 1 crore
 - c) Rs. 2 crores
 - d) No limit
55. Which section of the Income Tax Act provides for the taxation of capital gains on the transfer of a capital asset in the case of an individual?
- a) Section 45
 - b) Section 48
 - c) Section 56(2)(x)
 - d) Section 80C
56. What is the lock-in period for capital gains bonds under Section 54EC?
- a) 1 year
 - b) 3 years
 - c) 5 years
 - d) 7 years
57. The cost of improvement for the purpose of calculating capital gains includes:
- a) Repair expenses
 - b) Renovation expenses
 - c) Both a and b
 - d) None of the above
58. Under Section 54G, exemption is available for capital gains on the sale of land and building used for industrial purposes when the proceeds are used to purchase another industrial land and building within:
- a) 1 year

- b) 2 years
- c) 3 years
- d) 5 years

59. What is the period of holding for immovable property to be considered a long-term capital asset?

- a) More than 1 year
- b) More than 2 years
- c) More than 3 years
- d) More than 5 years

60. What is the tax rate on short-term capital gains from the sale of immovable property?

- a) 10%
- b) 15%
- c) 20%
- d) 30%

61. Which of the following is considered a short-term capital asset?

- a) Held for more than 12 months
- b) Held for more than 24 months
- c) Held for up to 12 months
- d) Held for up to 36 months

62. Gains arising from the sale of short-term capital assets are taxed at:

- a) Nil rate
- b) Standard rate
- c) Special rate
- d) Flat rate of 15%

63. Long-term capital gains on the sale of listed securities are taxed at:

- a) Nil rate
- b) Standard rate
- c) Special rate
- d) Flat rate of 10%

64. Which of the following is considered a long-term capital asset for immovable property?

- a) Held for more than 12 months
- b) Held for more than 24 months
- c) Held for up to 12 months
- d) Held for up to 36 months

65. What is the holding period for determining short-term capital gains on equity shares?

- a) Less than 6 months
- b) 6 to 12 months
- c) 12 to 24 months
- d) More than 24 months

66. Gains from the sale of a house property held for more than 24 months are taxed as:

- a) Short-term capital gains
- b) Long-term capital gains
- c) Business income
- d) Exempt income

67. What is the tax rate on short-term capital gains from the sale of listed securities?

- a) Nil rate
- b) Standard rate
- c) Special rate
- d) Flat rate of 10%

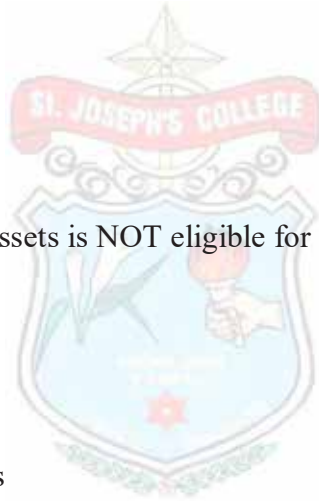
68. In the context of capital gains, what does the term "indexation" refer to?

- a) Adjusting the purchase price for inflation
- b) Adjusting the sale price for inflation
- c) Adjusting for changes in the stock market index
- d) Adjusting for changes in currency exchange rates

69. What is the tax rate on long-term capital gains from the sale of unlisted securities?

- a) Nil rate
- b) Standard rate
- c) Special rate
- d) Flat rate of 20%

70. Gains from the sale of jewelry held for 15 months are taxed as:
- a) Short-term capital gains
 - b) Long-term capital gains
 - c) Business income
 - d) Agricultural income
71. Under which head is the income from the sale of a personal car taxable?
- a) Income from Salary
 - b) Income from Business or Profession
 - c) Income from Capital Gains
 - d) Income from Other Sources
72. Long-term capital gains on the sale of real estate are taxed at:
- a) Nil rate
 - b) Standard rate
 - c) Special rate
 - d) Flat rate of 20%
73. Which of the following assets is NOT eligible for the concessional rate of tax on long-term capital gains?
- a) Equity shares
 - b) Real estate
 - c) Gold bonds
 - d) Government securities
74. The holding period for determining long-term capital gains on debt mutual funds is:
- a) Less than 6 months
 - b) 6 to 12 months
 - c) 12 to 24 months
 - d) More than 24 months
75. Short-term capital gains on the sale of equity shares are taxed at:
- a) Nil rate
 - b) Standard rate
 - c) Special rate
 - d) Flat rate of 15%



76. What is the tax rate on long-term capital gains from the sale of equity shares on a recognized stock exchange?

- a) Nil rate
- b) Standard rate
- c) Special rate
- d) Flat rate of 10%

77. In the context of capital gains, what is the holding period for gold bonds to qualify as long-term?

- a) Less than 6 months
- b) 6 to 12 months
- c) 12 to 24 months
- d) More than 24 months

78. Which of the following is considered a long-term capital asset for listed securities?

- a) Held for more than 12 months
- b) Held for more than 24 months
- c) Held for up to 12 months
- d) Held for up to 36 months

79. What is the holding period for determining short-term capital gains on immovable property?

- a) Less than 6 months
- b) 6 to 12 months
- c) 12 to 24 months
- d) More than 24 months

80. Gains from the sale of a painting held for 18 months are taxed as:

- a) Short-term capital gains
- b) Long-term capital gains
- c) Business income
- d) Agricultural income

81. Which of the following is NOT eligible for the benefit of indexation?

- a) Debt mutual funds
- b) Real estate

- c) Unlisted securities
- d) Gold bonds

82. What is the holding period for determining short-term capital gains on debt mutual funds?

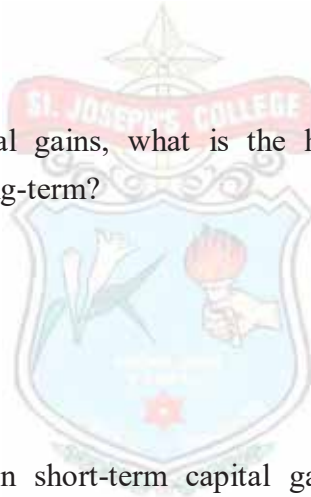
- a) Less than 6 months
- b) 6 to 12 months
- c) 12 to 24 months
- d) More than 24 months

83. The tax rate on short-term capital gains from the sale of gold bonds is:

- a) Nil rate
- b) Standard rate
- c) Special rate
- d) Flat rate of 10%

84. In the context of capital gains, what is the holding period for government securities to qualify as long-term?

- a) Less than 6 months
- b) 6 to 12 months
- c) 12 to 24 months
- d) More than 24 months



85. What is the tax rate on short-term capital gains from the sale of unlisted securities?

- a) Nil rate
- b) Standard rate
- c) Special rate
- d) Flat rate of 20%

86. Gains from the sale of a vintage car held for 8 months are taxed as:

- a) Short-term capital gains
- b) Long-term capital gains
- c) Business income
- d) Agricultural income

87. The holding period for determining long-term capital gains on gold bonds is:

- a) Less than 6 months

- b) 6 to 12 months
 - c) 12 to 24 months
 - d) More than 24 months
88. What is the tax rate on long-term capital gains from the sale of debt mutual funds?
- a) Nil rate
 - b) Standard rate
 - c) Special rate
 - d) Flat rate of 20%
89. In the context of capital gains, what is the holding period for government securities to qualify as short-term?
- a) Less than 6 months
 - b) 6 to 12 months
 - c) 12 to 24 months
 - d) More than 24 months
90. Gains from the sale of a sculpture held for 30 months are taxed as:
- a) Short-term capital gains
 - b) Long-term capital gains
 - c) Business income
 - d) Agricultural income
91. What is the holding period for determining long-term capital gains on unlisted securities?
- a) Less than 6 months
 - b) 6 to 12 months
 - c) 12 to 24 months
 - d) More than 24 months
92. The tax rate on short-term capital gains from the sale of vintage cars is:
- a) Nil rate
 - b) Standard rate
 - c) Special rate
 - d) Flat rate of 15%
93. In the context of capital gains, what is the holding period for listed securities to

qualify as short-term?

- a) Less than 6 months
- b) 6 to 12 months
- c) 12 to 24 months
- d) More than 24 months

94. What is the tax rate on long-term capital gains from the sale of vintage cars?

- a) Nil rate
- b) Standard rate
- c) Special rate
- d) Flat rate of 20%

95. The holding period for determining long-term capital gains on vintage cars is:

- a) Less than 6 months
- b) 6 to 12 months
- c) 12 to 24 months
- d) More than 24 months

96. What is the tax rate on short-term capital gains from the sale of government securities?

- a) Nil rate
- b) Standard rate
- c) Special rate
- d) Flat rate of 10%

97. Gains from the sale of a stamp collection held for 10 months are taxed as:

- a) Short-term capital gains
- b) Long-term capital gains
- c) Business income
- d) Agricultural income

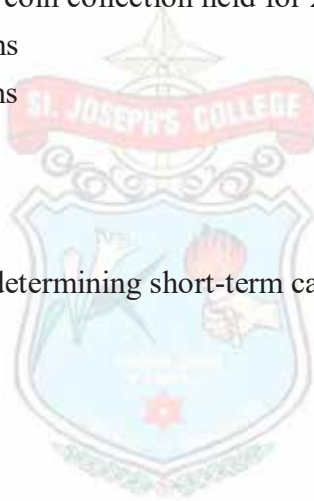
98. The holding period for determining long-term capital gains on government securities is:

- a) Less than 6 months
- b) 6 to 12 months
- c) 12 to 24 months
- d) More than 24 months



99. What is the tax rate on short-term capital gains from the sale of government securities?
- a) Nil rate
 - b) Standard rate
 - c) Special rate
 - d) Flat rate of 20%
100. In the context of capital gains, what is the holding period for listed securities to qualify as long-term?
- a) Less than 6 months
 - b) 6 to 12 months
 - c) 12 to 24 months
 - d) More than 24 months
101. The tax rate on long-term capital gains from the sale of government securities is:
- a) Nil rate
 - b) Standard rate
 - c) Special rate
 - d) Flat rate of 20%
102. Gains from the sale of a rare book held for 14 months are taxed as:
- a) Short-term capital gains
 - b) Long-term capital gains
 - c) Business income
 - d) Agricultural income
103. The holding period for determining short-term capital gains on gold bonds is:
- a) Less than 6 months
 - b) 6 to 12 months
 - c) 12 to 24 months
 - d) More than 24 months
104. What is the tax rate on short-term capital gains from the sale of rare books?
- a) Nil rate
 - b) Standard rate
 - c) Special rate
 - d) Flat rate of 15%

105. In the context of capital gains, what is the holding period for debt mutual funds to qualify as long-term?
- a) Less than 6 months
 - b) 6 to 12 months
 - c) 12 to 24 months
 - d) More than 24 months
106. The tax rate on long-term capital gains from the sale of rare books is:
- a) Nil rate
 - b) Standard rate
 - c) Special rate
 - d) Flat rate of 20%
107. Gains from the sale of a coin collection held for 22 months are taxed as:
- a) Short-term capital gains
 - b) Long-term capital gains
 - c) Business income
 - d) Agricultural income
108. The holding period for determining short-term capital gains on rare books is:
- a) Less than 6 months
 - b) 6 to 12 months
 - c) 12 to 24 months
 - d) More than 24 months



ANSWERS

1.b, 2.b, 3.c, 4.b, 5.b, 6.c, 7.d, 8.b, 9.a, 10.a, 11.c, 12.b, 13.a, 14.c, 15.c, 16.c, 17.b, 18.c, 19.b, 20.c, 21.b, 22.c, 23.b, 24.b, 25.b, 26.b, 27.c, 28.c, 29.c, 30.b, 31.c, 32.d, 33.c, 34.b, 35.b, 36.b, 37.c, 38.c, 39.c, 40.b, 41.c, 42.d, 43.a, 44.c, 45.c, 46.a, 47.c, 48.c, 49.c, 50.b, 51.c, 52.c, 53.c, 54.d, 55.a, 56.c, 57.c, 58.c, 59.b, 60.c, 61.c, 62.c, 63.a, 64.b, 65.b, 66.b, 67.b, 68.a, 69.d, 70.a, 71.c, 72.d, 73.b, 74.d, 75.d, 76.a, 77.d, 78.a, 79.c, 80.a, 81.c, 82.d, 83.c, 84.d, 85.d, 86.a, 87.d, 88.d, 89.c, 90.b, 91.d, 92.d, 93.a, 94.d, 95.d, 96.b, 97.a, 98.d, 99.b, 100.d, 101.d, 102.b, 103.c, 104.d, 105.d, 106.d, 107.b, 108.b

UNIT II
INCOME FROM OTHER SOURCES

1. What does the term "Income from Other Sources" include in taxation?
 - a) Salary
 - b) Business Income
 - c) House Property Income
 - d) Dividend Income

2. Interest income from which of the following is taxable as "Income from Other Sources"?
 - a) Savings Account
 - b) Agricultural Income
 - c) Dividend Income
 - d) Rental Income

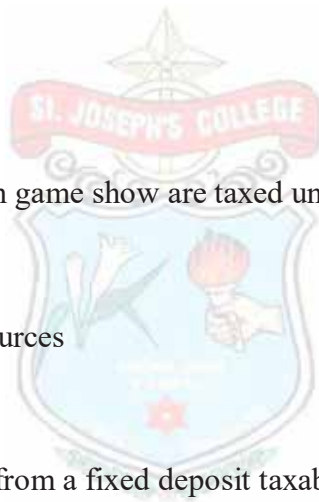
3. Gifts received on the occasion of marriage are taxable under which head of income?
 - a) Salary
 - b) Capital Gains
 - c) Income from Other Sources
 - d) Business Income

4. What is the tax treatment of winnings from lotteries, crossword puzzles, and horse races?
 - a) Exempt
 - b) Fully taxable
 - c) Partially taxable
 - d) Deductible

5. Income earned from letting out a vacant land is taxed under which head?
 - a) Salary
 - b) House Property
 - c) Capital Gains
 - d) Other Sources

6. Which of the following is NOT considered as Income from Other Sources?
 - a) Interest on securities
 - b) Dividend Income

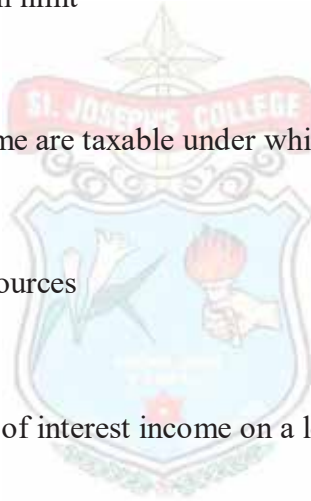
- c) Rental Income
 - d) Salary
7. Profits and gains from a profession not covered under any other heads of income are taxed under:
- a) Capital Gains
 - b) Business Income
 - c) Income from Other Sources
 - d) Salary
8. What is the tax treatment of family pension received by the legal heir of a deceased individual?
- a) Exempt
 - b) Fully taxable
 - c) Partially taxable
 - d) Deductible
9. Winnings from a television game show are taxed under:
- a) Capital Gains
 - b) Business Income
 - c) Income from Other Sources
 - d) Agricultural Income
10. When is interest income from a fixed deposit taxable?
- a) Only at maturity
 - b) Every year
 - c) Only at withdrawal
 - d) Only at the time of deposit
11. Which of the following is not considered income from other sources?
- a) Rental Income
 - b) Dividend Income
 - c) Salary
 - d) Capital Gains
12. Profits and gains from the sale of a painting would be taxed under:
- a) Capital Gains
 - b) Business Income



- c) Salary
 - d) Agricultural Income
13. Income from letting out a factory building would be classified under which head?
- a) Salary
 - b) Capital Gains
 - c) Business Income
 - d) Other Sources
14. What is the tax treatment of interest earned on a loan advanced to a friend?
- a) Exempt
 - b) Fully taxable
 - c) Partially taxable
 - d) Deductible
15. Gifts received by an individual on the occasion of his birthday are:
- a) Fully taxable
 - b) Partially taxable
 - c) Exempt up to a certain limit
 - d) Deductible
16. Income received by an individual for being a brand ambassador falls under which head?
- a) Salary
 - b) Business Income
 - c) Capital Gains
 - d) Income from Other Sources
17. Which of the following is exempt from tax as income from other sources?
- a) Winning from a crossword puzzle competition
 - b) Interest on savings account
 - c) Dividend Income
 - d) Rental Income
18. What is the tax treatment of gifts received by an individual on the occasion of his marriage?
- a) Fully taxable
 - b) Partially taxable

- c) Exempt up to a certain limit
 - d) Deductible
19. Income received by an individual from a casual hobby is taxable under which head?
- a) Salary
 - b) Business Income
 - c) Income from Other Sources
 - d) Capital Gains
20. What is the tax treatment of interest earned on post-office savings?
- a) Fully taxable
 - b) Partially taxable
 - c) Exempt up to a certain limit
 - d) Deductible
21. Which of the following is not considered as income from other sources?
- a) Winnings from horse races
 - b) Rental Income
 - c) Dividend Income
 - d) Business Income
22. Interest income on which of the following is fully taxable?
- a) Fixed Deposit with a bank
 - b) Public Provident Fund (PPF)
 - c) National Savings Certificate (NSC)
 - d) Savings Account
23. Income from sub-letting of property is taxed under:
- a) Salary
 - b) Business Income
 - c) House Property
 - d) Other Sources
24. What is the tax treatment of income received by an individual as a gift from relatives?
- a) Fully taxable
 - b) Partially taxable

- c) Exempt up to a certain limit
 - d) Deductible
25. An individual receives money as a scholarship. How is it taxed?
- a) Fully taxable
 - b) Partially taxable
 - c) Exempt up to a certain limit
 - d) Deductible
26. What is the tax treatment of interest income on a loan given for agricultural purposes?
- a) Fully taxable
 - b) Partially taxable
 - c) Exempt up to a certain limit
 - d) Deductible
27. Winnings from a card game are taxable under which head?
- a) Capital Gains
 - b) Business Income
 - c) Income from Other Sources
 - d) Agricultural Income
28. What is the tax treatment of interest income on a loan given to a friend?
- a) Fully taxable
 - b) Partially taxable
 - c) Exempt up to a certain limit
 - d) Deductible
29. Income earned from renting out a shop is taxed under which head?
- a) Salary
 - b) House Property
 - c) Capital Gains
 - d) Other Sources
30. What is the tax treatment of interest earned on a fixed deposit with a bank?
- a) Fully taxable
 - b) Partially taxable
 - c) Exempt up to a certain limit



d) Deductible

31. Which of the following is considered as income from other sources?

- a) Salary received by an individual
- b) Dividend income
- c) Income from business
- d) Capital gains

32. Gifts received by an individual on the occasion of his marriage are taxable:

- a) Fully taxable
- b) Partially taxable
- c) Exempt up to a certain limit
- d) Deductible

33. What is the tax treatment of interest income from post-office savings for a senior citizen?

- a) Fully taxable
- b) Partially taxable
- c) Exempt up to a certain limit
- d) Deductible

34. Income received by an individual as winnings from a game show is taxed under:

- a) Capital Gains
- b) Business Income
- c) Income from Other Sources
- d) Agricultural Income

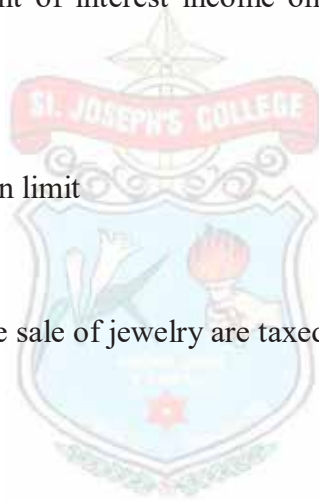
35. What is the tax treatment of interest income on a loan given for higher education?

- a) Fully taxable
- b) Partially taxable
- c) Exempt up to a certain limit
- d) Deductible

36. Income from the letting out of a parking space is taxed under which head?

- a) Salary
- b) Business Income
- c) House Property
- d) Other Sources

37. Which of the following is exempt from tax as income from other sources?
- a) Winnings from horse races
 - b) Rental Income
 - c) Dividend Income
 - d) Interest on savings account
38. Income received by an individual as a gift on the occasion of Diwali is taxable:
- a) Fully taxable
 - b) Partially taxable
 - c) Exempt up to a certain limit
 - d) Deductible
39. What is the tax treatment of interest income on a loan given for purchasing a residential house?
- a) Fully taxable
 - b) Partially taxable
 - c) Exempt up to a certain limit
 - d) Deductible
40. Profits and gains from the sale of jewelry are taxed under:
- a) Capital Gains
 - b) Business Income
 - c) Salary
 - d) Agricultural Income
41. Income received by an individual as winnings from a crossword puzzle competition is taxed under:
- a) Capital Gains
 - b) Business Income
 - c) Income from Other Sources
 - d) Agricultural Income
42. What is the tax treatment of interest earned on a loan given to a charitable institution?
- a) Fully taxable
 - b) Partially taxable
 - c) Exempt up to a certain limit



- d) Deductible
43. Gifts received by an individual on the occasion of his birthday are taxable:
- a) Fully taxable
 - b) Partially taxable
 - c) Exempt up to a certain limit
 - d) Deductible
44. Income received by an individual as winnings from a poker game is taxed under:
- a) Capital Gains
 - b) Business Income
 - c) Income from Other Sources
 - d) Agricultural Income
45. What is the tax treatment of interest income on a loan given for medical treatment?
- a) Fully taxable
 - b) Partially taxable
 - c) Exempt up to a certain limit
 - d) Deductible
46. Income from letting out a furnished apartment is taxed under which head?
- a) Salary
 - b) House Property
 - c) Capital Gains
 - d) Other Sources
47. What is the tax treatment of interest income on a loan given for agricultural purposes?
- a) Fully taxable
 - b) Partially taxable
 - c) Exempt up to a certain limit
 - d) Deductible
48. Income received by an individual as winnings from a game show is taxed under:
- a) Capital Gains
 - b) Business Income
 - c) Income from Other Sources

d) Agricultural Income

49. Gifts received by an individual on the occasion of his marriage are taxable:

- a) Fully taxable
- b) Partially taxable
- c) Exempt up to a certain limit
- d) Deductible

50. What is the tax treatment of interest earned on a loan given for the renovation of a residential house?

- a) Fully taxable
- b) Partially taxable
- c) Exempt up to a certain limit
- d) Deductible

51. Which of the following is considered income from other sources?

- a) Salary
- b) House property
- c) Interest on bank deposits
- d) Capital gains

52. Gifts received on the occasion of marriage are taxable under which head of income?

- a) Salary
- b) Business income
- c) Other sources
- d) Capital gains

53. What is the tax treatment of dividends received from domestic companies?

- a) Fully exempt
- b) Partially exempt
- c) Taxable at normal rates
- d) Taxable at a concessional rate

54. Which of the following is not considered income from other sources?

- a) Rental income
- b) Dividend income
- c) Winnings from lotteries

- d) Salary income
55. Interest received on income tax refund is classified under:
- a) Salary
 - b) Business income
 - c) Other sources
 - d) Capital gains
56. What is the tax treatment of gifts received from relatives?
- a) Fully exempt
 - b) Partially exempt
 - c) Taxable at normal rates
 - d) Not taxable
57. Under which section of the Income Tax Act, 1961 are gifts received by an individual taxable?
- a) Section 10
 - b) Section 56(2)
 - c) Section 80C
 - d) Section 24
58. Which of the following is not considered as income from other sources?
- a) Interest on securities
 - b) Dividend income
 - c) Winnings from horse races
 - d) Salary income
59. What is the tax treatment of interest received on savings bank account?
- a) Fully exempt
 - b) Partially exempt
 - c) Taxable at normal rates
 - d) Taxable at a concessional rate
60. Income received by an individual as a partner in a partnership firm is taxable under which head?
- a) Salary
 - b) Business income
 - c) Other sources

d) Capital gains

61. Which of the following is not considered as income from other sources?

- a) Rental income
- b) Dividend income
- c) Salary income
- d) Interest on education loan

62. Insurance commission received by an individual is taxable under which head?

- a) Salary
- b) Business income
- c) Other sources
- d) Capital gains

63. Income received by a minor child is clubbed with the income of:

- a) Father
- b) Mother
- c) Either parent
- d) Grandparent

64. What is the tax treatment of interest on compensation received in a legal dispute?

- a) Fully exempt
- b) Partially exempt
- c) Taxable at normal rates
- d) Taxable at a concessional rate

65. Gifts received on the occasion of the taxpayer's birthday are taxable under which head?

- a) Salary
- b) Business income
- c) Other sources
- d) Capital gains

66. Which of the following is not considered as income from other sources?

- a) Pension
- b) Interest on securities
- c) Winnings from horse races
- d) Agricultural income

67. What is the tax treatment of income from winnings from lotteries, crossword puzzles, etc.?
- a) Fully exempt
 - b) Partially exempt
 - c) Taxable at normal rates
 - d) Taxable at a concessional rate
68. Interest received on compensation for compulsory acquisition of land is taxable under which head?
- a) Salary
 - b) Business income
 - c) Other sources
 - d) Capital gains
69. Which section of the Income Tax Act, 1961 deals with the taxation of income from other sources?
- a) Section 80C
 - b) Section 10
 - c) Section 56
 - d) Section 24
70. What is the tax treatment of interest received on loans and advances?
- a) Fully exempt
 - b) Partially exempt
 - c) Taxable at normal rates
 - d) Taxable at a concessional rate

ANSWERS

1.d, 2.a, 3.c, 4.b, 5.d, 6.d, 7.c, 8.a, 9.c, 10.b, 11.c, 12.a, 13.c, 14.b, 15.c, 16.d, 17.a, 18.c, 19.c, 20.a, 21.d, 22.a, 23.c, 24.c, 25.c, 26.c, 27.c, 28.a, 29.b, 30.a, 31.b, 32.c, 33.c, 34.c, 35.c, 36.d, 37.d, 38.c, 39.d, 40.a, 41.c, 42.d, 43.c, 44.c, 45.c, 46.b, 47.a, 48.c, 49.c, 50.c, 51.c, 52.c, 53.c, 54.c, 55.c, 56.a, 57.b, 58.d, 59.c, 60.b, 61.c, 62.b, 63.c, 64.c, 65.c, 66.d, 67.c, 68.d, 69.c, 70.c

UNIT III
AGGREGATION OF INCOME

1. What is the primary purpose of aggregating income for tax purposes?
 - a) Simplification
 - b) Equity
 - c) Efficiency
 - d) All of the above
2. Which of the following is not considered a source of income for tax aggregation?
 - a) Employment income
 - b) Business income
 - c) Gift income
 - d) Investment income
3. What is the term for combining the incomes of a family unit for tax purposes?
 - a) Joint filing
 - b) Income bundling
 - c) Aggregation
 - d) Consolidation
4. Which type of income is typically aggregated for married couples filing jointly?
 - a) Only individual income
 - b) Only business income
 - c) Both individual and business income
 - d) Neither individual nor business income
5. What is the purpose of income splitting?
 - a) To reduce the overall tax liability
 - b) To increase the tax liability
 - c) To simplify tax calculations
 - d) To encourage spending
6. Which of the following is an example of non-taxable income in the aggregation process?
 - a) Salary
 - b) Capital gains
 - c) Child support

- d) Rental income
7. In a community property state, how is income generally treated for married couples?
- a) Aggregated equally
 - b) Aggregated based on the higher earner
 - c) Aggregated based on the lower earner
 - d) Not aggregated
8. What is the main disadvantage of income aggregation for tax purposes?
- a) Complexity
 - b) Fairness
 - c) Inefficiency
 - d) Transparency
9. In which scenario is income splitting not commonly allowed?
- a) Jointly filed tax returns
 - b) Community property states
 - c) Separate tax returns
 - d) Both a and b
10. Which type of income is typically excluded from aggregation for tax purposes?
- a) Salary income
 - b) Dividend income
 - c) Alimony income
 - d) Business income
11. What is the term for the legal method of reducing tax liability through specific financial planning?
- a) Tax evasion
 - b) Tax avoidance
 - c) Tax fraud
 - d) Tax negligence
12. Which of the following is an example of an above-the-line deduction?
- a) Charitable contributions
 - b) Student loan interest
 - c) Medical expenses

d) Mortgage interest

13. What is the purpose of a tax credit?

- a) To reduce taxable income
- b) To increase tax liability
- c) To encourage specific behaviors
- d) To simplify tax calculations

14. Which type of income is generally taxed at a lower rate than ordinary income?

- a) Capital gains
- b) Rental income
- c) Dividend income
- d) Business income

15. In the context of income aggregation, what is the significance of the filing status "Head of Household"?

- a) Single with dependents
- b) Married filing jointly
- c) Unmarried individual
- d) Dependent individual

16. What is the term for income earned outside the taxpayer's home country?

- a) Foreign income
- b) Offshore income
- c) Expat income
- d) International income

17. Which of the following is an example of tax-exempt income?

- a) Interest income
- b) Rental income
- c) Social Security benefits
- d) Dividend income

18. What is the term for income received by an individual but earned through the efforts of another person?

- a) Passive income
- b) Earned income
- c) Portfolio income

d) Assignment income

19. Income earned by a business or profession is categorized as:

- a) Salary income
- b) Capital gains
- c) Business income
- d) Agricultural income

20. What is the purpose of the Alternative Minimum Tax (AMT)?

- a) To increase tax liability for high-income individuals
- b) To simplify tax calculations
- c) To reduce tax liability for low-income individuals
- d) To replace the standard income tax

21. Which type of income is subject to self-employment tax?

- a) Salary income
- b) Rental income
- c) Business income
- d) Dividend income

22. What is the term for income earned from investments, such as dividends and interest?

- a) Earned income
- b) Passive income
- c) Portfolio income
- d) Capital income

23. In the context of income aggregation, what is the purpose of the Kiddie Tax?

- a) To tax children's income at a lower rate
- b) To prevent parents from shifting income to children
- c) To encourage saving for children's education
- d) To provide tax incentives for families with children

24. What is the term for the process of spreading the cost of a capital asset over its useful life for tax purposes?

- a) Depreciation
- b) Amortization
- c) Deduction

d) Exemption

25. Which of the following is a deductible expense for tax purposes?

- a) Personal expenses
- b) Charitable contributions
- c) Entertainment expenses
- d) Medical expenses

26. What is the purpose of the Earned Income Tax Credit (EITC)?

- a) To encourage investment in the stock market
- b) To provide a tax credit for low to moderate-income individuals
- c) To reduce tax liability for high-income individuals
- d) To simplify tax calculations

27. What is the term for income received as a result of an individual's death?

- a) Inheritance income
- b) Estate income
- c) Legacy income
- d) Posthumous income

28. Which type of income is generally not subject to federal income tax?

- a) Social Security benefits
- b) Rental income
- c) Dividend income
- d) Capital gains

29. What is the term for income that is not subject to withholding tax and must be paid directly to the government by the taxpayer?

- a) Gross income
- b) Net income
- c) Estimated tax
- d) Tax-exempt income

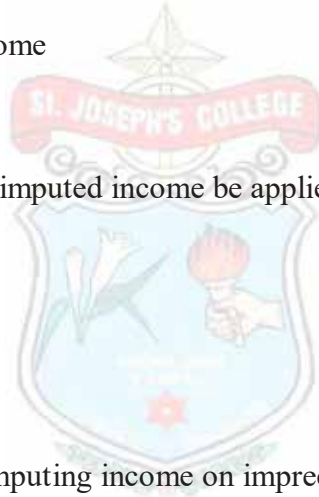
30. What is the purpose of the standard deduction on a tax return?

- a) To increase taxable income
- b) To reduce taxable income
- c) To simplify tax calculations
- d) To replace itemized deductions

31. What is deemed income in taxation?
- a) Income determined by the taxpayer
 - b) Income deemed by the tax authorities irrespective of actual earnings
 - c) Income from legal sources
 - d) Income earned abroad
32. Which of the following is an example of deemed income?
- a) Salary
 - b) Dividends
 - c) Imputed rent on a self-occupied property
 - d) Capital gains
33. What is the purpose of deeming certain income by tax authorities?
- a) To encourage voluntary disclosure
 - b) To discourage tax evasion
 - c) To simplify tax calculations
 - d) All of the above
34. In which scenario is imputed income commonly applied?
- a) Business income
 - b) Rental income
 - c) Employment income
 - d) Pension income
35. What is the term for the imputed interest on a below-market loan between related parties?
- a) Phantom interest
 - b) Notional interest
 - c) Hypothetical interest
 - d) Assumed interest
36. When might imputed income be applied to forgiven debt?
- a) In bankruptcy situations
 - b) Inheritance scenarios
 - c) Gift transactions
 - d) All of the above

37. What is the purpose of imputing income on employee benefits or perks?
- a) To simplify tax calculations
 - b) To discourage employers from providing benefits
 - c) To ensure fair taxation
 - d) To encourage salary negotiation
38. Which of the following is an example of imputed income related to employee benefits?
- a) Health insurance premiums paid by the employer
 - b) Employee discounts on company products
 - c) Salary
 - d) Retirement contributions by the employer
39. In which situation might imputed income be applied to non-cash gifts or prizes received by an individual?
- a) Wedding gifts
 - b) Lottery winnings
 - c) Employee awards
 - d) Inheritance
40. What is the term for income deemed by the tax authorities for a taxpayer who is not complying with tax regulations?
- a) Punitive income
 - b) Penalty income
 - c) Assessed income
 - d) Default income
41. In the context of deemed income, what is the purpose of the imputed interest on certain loans?
- a) To encourage borrowing
 - b) To discourage borrowing
 - c) To ensure fair lending practices
 - d) To simplify loan documentation
42. Which type of income is deemed when a taxpayer makes a below-market interest rate loan to a family member?
- a) Gift income
 - b) Phantom income

- c) Imputed interest income
 - d) Taxable income
43. In the case of a company car provided to an employee, what is the purpose of imputing income?
- a) To increase the company's profits
 - b) To discourage the use of company cars
 - c) To ensure fair taxation
 - d) To simplify accounting for the company
44. What is the term for income deemed by tax authorities on an individual's unreported offshore assets?
- a) Hidden income
 - b) Concealed income
 - c) Deemed offshore income
 - d) Phantom income
45. In which situation might imputed income be applied to barter transactions?
- a) Business transactions
 - b) Personal transactions
 - c) Gift transactions
 - d) Inheritance
46. What is the purpose of imputing income on imprecise or unrealistic transactions between related parties?
- a) To encourage related party transactions
 - b) To discourage related party transactions
 - c) To simplify tax calculations
 - d) To provide tax incentives
47. Which type of income is deemed when an individual uses their personal residence for business purposes?
- a) Rental income
 - b) Business income
 - c) Imputed rent
 - d) Capital gains
48. In the context of deemed income, what is the purpose of imputing income on



low-interest or interest-free loans?

- a) To encourage lending
- b) To discourage lending
- c) To ensure fair lending practices
- d) To simplify loan documentation

49. What is the term for income deemed by tax authorities on an individual's unreported assets or income?

- a) Concealed income
- b) Hidden income
- c) Undisclosed income
- d) Phantom income

50. In the case of deemed income related to forgiven debt, what is the tax treatment of the forgiven amount?

- a) Taxable as ordinary income
- b) Not subject to taxation
- c) Taxable at a reduced rate
- d) Taxable as capital gains

51. What is the purpose of imputing income on employer-provided housing?

- a) To encourage employers to provide housing
- b) To discourage employers from providing housing
- c) To simplify tax calculations
- d) To ensure fair compensation practices

52. Which type of income is deemed when an individual transfers property to a trust with retained control?

- a) Gift income
- b) Imputed income
- c) Trust income
- d) Phantom income

53. In the context of deemed income, what is the purpose of imputing income on non-qualified deferred compensation plans?

- a) To encourage participation in such plans
- b) To discourage participation in such plans
- c) To simplify plan administration

- d) To ensure fair taxation
54. What is the term for the income deemed by tax authorities on unreported income from illegal activities?
- a) Illicit income
 - b) Phantom income
 - c) Deemed black money
 - d) Concealed income
55. In the context of deemed income, what is the purpose of imputing income on employee stock options?
- a) To encourage the use of stock options
 - b) To discourage the use of stock options
 - c) To simplify stock option accounting
 - d) To ensure fair compensation practices
56. What is the term for income deemed by tax authorities on unreported income from illegal activities?
- a) Illicit income
 - b) Phantom income
 - c) Deemed black money
 - d) Concealed income
57. In the case of imputed interest on loans, how is the imputed interest typically calculated?
- a) Equal to the market interest rate
 - b) Equal to the prime interest rate
 - c) Equal to the loan amount
 - d) Equal to the borrower's credit score
58. Which type of income is deemed when an individual receives a loan forgiveness on a below-market loan?
- a) Gift income
 - b) Imputed income
 - c) Forgiveness income
 - d) Phantom income
59. What is the term for imputing income on the personal use of a company-owned

aircraft?

- a) Phantom flight income
- b) Imputed flight income
- c) Personal use income
- d) Non-business use income

60. In the context of deemed income, what is the purpose of imputing income on employer-provided meals and lodging?

- a) To encourage employers to provide meals and lodging
- b) To discourage employers from providing meals and lodging
- c) To simplify tax calculations
- d) To ensure fair compensation practices

71. What is the primary purpose of setting off losses against income in taxation?

- a) To increase taxable income
- b) To reduce taxable income
- c) To simplify tax calculations
- d) To encourage spending

72. Which type of loss can be set off against any other income in the same financial year?

- a) Business loss
- b) Capital loss
- c) Speculation loss
- d) None of the above

73. In which section of the tax code are the provisions for setoff and carry forward of losses usually specified?

- a) Section 80C
- b) Section 139
- c) Section 70
- d) Section 44AB

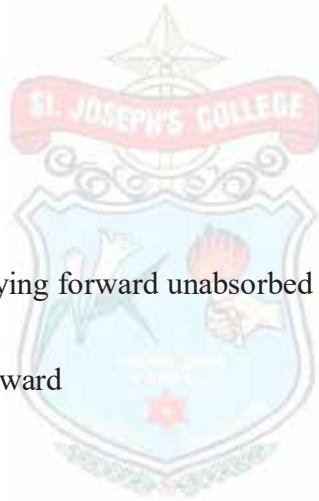
74. What is the term for carrying forward business losses to set off against future business income?

- a) Loss carryback
- b) Loss carryforward
- c) Loss offset

d) Loss deduction

75. Which type of loss cannot be set off against any other income but can only be carried forward?
- a) Business loss
 - b) Capital loss
 - c) Speculation loss
 - d) House property loss
76. What is the maximum number of years for which business losses can be carried forward under the Income Tax Act?
- a) 5 years
 - b) 8 years
 - c) 10 years
 - d) 15 years
77. In which situation can short-term capital losses be set off against any other capital gains?
- a) Intra-day trading
 - b) Sale of listed equity shares held for more than one year
 - c) Sale of gold held for more than three years
 - d) Sale of a residential property
78. What is the term for setting off losses from one source of income against income from another source in the same financial year?
- a) Inter-source setoff
 - b) Intra-source setoff
 - c) Intra-head setoff
 - d) Inter-head setoff
79. Which type of loss can be set off against any other income without any limit?
- a) House property loss
 - b) Business loss
 - c) Capital loss
 - d) Speculation loss
80. What is the term for setting off losses within the same head of income in the same financial year?

- a) Intra-head setoff
 - b) Inter-head setoff
 - c) Loss carryforward
 - d) Loss deduction
81. In the context of capital losses, what is the term for setting off losses against gains of the same category?
- a) Intra-category setoff
 - b) Inter-category setoff
 - c) Loss carryback
 - d) Loss offset
82. Which section of the Income Tax Act allows the carry forward of business losses for subsequent years?
- a) Section 80C
 - b) Section 139
 - c) Section 72
 - d) Section 44AD
83. What is the term for carrying forward unabsorbed depreciation for setoff in future years?
- a) Depreciation carryforward
 - b) Depreciation setoff
 - c) Loss carryback
 - d) Loss offset
84. In which scenario can long-term capital losses be set off only against long-term capital gains?
- a) Sale of listed equity shares held for more than one year
 - b) Sale of gold held for more than three years
 - c) Sale of immovable property held for more than two years
 - d) Sale of a residential property
85. What is the term for the process of adjusting losses against gains within the same financial year?
- a) Loss carryforward
 - b) Loss offset
 - c) Loss setoff



d) Loss deduction

86. Under which head of income can business losses be set off?

- a) Salary income
- b) Income from house property
- c) Capital gains
- d) Any head of income

87. In which case can the loss from the business of owning and maintaining racehorses be set off against any other income?

- a) Inter-head setoff
- b) Intra-head setoff
- c) Inter-source setoff

88. What is the term for setting off current year losses against income from the same source in the same year?

- a) Loss carryforward
- b) Loss offset
- c) Loss setoff
- d) Loss deduction

89. In the case of capital losses, what is the term for setting off losses against gains of a different category?

- a) Intra-category setoff
- b) Inter-category setoff
- c) Loss carryback
- d) Loss offset

90. What is the term for carrying forward unabsorbed business losses for setoff in future years?

- a) Business loss carryback
- b) Business loss offset
- c) Business loss carryforward
- d) Business loss deduction

91. Under which head of income can long-term capital losses be set off?

- a) Salary income
- b) Income from house property

- c) Capital gains
 - d) Any head of income
92. What is the term for setting off losses from one source of income against income from another source in the same financial year?
- a) Inter-source setoff
 - b) Intra-source setoff
 - c) Intra-head setoff
 - d) Inter-head setoff
93. What is the term for carrying forward unabsorbed house property losses for setoff in future years?
- a) House property loss carryback
 - b) House property loss offset
 - c) House property loss carryforward
 - d) House property loss deduction
94. In which situation can a business loss be set off against income from other sources within the same financial year?
- a) When the taxpayer has multiple businesses
 - b) When the business is speculative in nature
 - c) When the business is profession-based
 - d) When the business is not speculative in nature
95. What is the term for setting off losses against income from the same source in the same financial year?
- a) Loss carryforward
 - b) Loss offset
 - c) Loss setoff
 - d) Loss deduction
96. In which case can the loss from a speculative business be set off against any other income?
- a) Intra-source setoff
 - b) Inter-source setoff
 - c) Intra-head setoff
 - d) Inter-head setoff
97. Which section of the Income Tax Act specifies the provisions for carry forward and setoff of losses in the case of capital gains?

- a) Section 80C
 - b) Section 139
 - c) Section 74
 - d) Section 45
98. What is the term for the process of setting off losses against income in the same financial year?
- a) Loss carryforward
 - b) Loss offset
 - c) Loss setoff
 - d) Loss deduction
99. In the case of capital losses, what is the term for setting off losses against gains within the same category?
- a) Intra-category setoff
 - b) Inter-category setoff
 - c) Loss carryback
 - d) Loss offset
100. Under which head of income can short-term capital losses be set off?
- a) Salary income
 - b) Income from house property
 - c) Capital gains
 - d) Any head of income
101. What is the taxable entity for income tax purposes in most jurisdictions?
- a) Individual
 - b) Partnership firm
 - c) Limited liability company
 - d) All of the above
102. Income earned by an individual from employment is classified as:
- a) Business income
 - b) Capital gains
 - c) Salary income
 - d) Exempt income
103. The financial year for income tax purposes in India is:

- a) January 1 to December 31
- b) April 1 to March 31
- c) July 1 to June 30
- d) October 1 to September 30

104. Which of the following is considered exempt from income tax?

- a) Salary income
- b) Rental income from a residential property
- c) Gifts from relatives
- d) Dividend income

105. What is the basic exemption limit for individual taxpayers below the age of 60 in India for the assessment year 2023-24?

- a) ₹2,50,000
- b) ₹3,00,000
- c) ₹5,00,000
- d) ₹2,00,000

104. Which form is typically used by salaried individuals to file their income tax returns in India?

- a) ITR-1 (Sahaj)
- b) ITR-2
- c) ITR-3
- d) ITR-4 (Sugam)

105. Interest income from savings accounts up to what amount is exempt from income tax for individuals in India?

- a) ₹10,000
- b) ₹20,000
- c) ₹50,000
- d) ₹5,000

106. Which of the following is not a direct tax?

- a) Income tax
- b) Goods and Services Tax (GST)
- c) Corporate tax

108. Income received by an individual on winning a lottery is taxed at what rate in

India?

- a) 10%
- b) 20%
- c) 30%
- d) Flat rate of 30% with no exemptions

108. Which document is issued by an employer to its employees, summarizing the income earned and tax deducted during a financial year?

- a) PAN Card
- b) TDS Certificate
- c) Form 26AS
- d) Aadhar Card

109. What is the tax treatment of income from long-term capital gains on the sale of listed equity shares in India?

- a) Fully exempt
- b) Taxed at a flat rate of 10%
- c) Taxed at a flat rate of 20%
- d) Taxed at the individual's slab rate

110. Which of the following is considered a deductible expense while calculating income from business or profession?

- a) Gifts received from clients
- b) Salary paid to employees
- c) Dividend income
- d) Rental income from residential property

111. Under the Income Tax Act, what is the maximum limit for claiming deductions under Section 80C for individual taxpayers?

- a) ₹50,000
- b) ₹1,00,000
- c) ₹1,50,000
- d) ₹2,00,000

112. Which form is used by companies to file their income tax returns in India?

- a) ITR-1 (Sahaj)
- b) ITR-2
- c) ITR-3

d) ITR-6

ANSWERS

1.d, 2.a, 3.a, 4.c, 5.a, 6.c, 7.a, 8.a, 9.c, 10.c, 11.b, 12.b, 13.c, 14.a, 15.a, 16.a, 17.c, 18.a, 19.c, 20.a, 21.c, 22.c, 23.b, 24.a, 25.b, 26.b, 27.a, 29.c, 30.b, 31.b, 32.c, 33.b, 34.b, 35.b, 36.d, 37.c, 38.b, 39.c, 40.b, 41.b, 42.c, 43.c, 44.c, 45.a, 46.b, 47.c, 48.b, 49.c, 50.a, 51.d, 52.a, 53.b, 54.b, 55.b, 56.a., 57.a, 58.a, 59.a, 60.d, 71.b, 72.d, 73.c, 74.b, 75.c, 76.c, 77.b, 78.d, 79.a, 80.a, 81.a, 82.c, 83.a, 84.c, 85.c, 86.d, 87.c, 88.b, 89.b, 90.c, 91.c, 92.a, 93.a, 94.d, 95.c, 96.b, 97.b, 98.c, 99.a, 100.d, 101.d, 102.c, 103.b, 104.c, 104.a, 105.a, 106.a, 107.b, 108.c, 109.a, 110.b, 111.c, 112.d.



UNIT IV
COMPUTATION OF TAX LIABILITY

1. What is the first step in computing individual income tax liability?
 - a) Deducting exemptions
 - b) Calculating gross income
 - c) Determining tax credits
 - d) Subtracting deductions
2. What is the term for income on which tax is calculated?
 - a) Gross income
 - b) Net income
 - c) Taxable income
 - d) Adjusted gross income
3. Which of the following is deducted from gross income to arrive at adjusted gross income (AGI)?
 - a) Tax credits
 - b) Itemized deductions
 - c) Personal exemptions
 - d) Standard deduction
4. What is the purpose of the standard deduction in tax computation?
 - a) To encourage itemizing deductions
 - b) To simplify tax calculations
 - c) To increase tax liability
 - d) To reduce tax liability
5. In which section of the tax return are tax credits applied to reduce tax liability?
 - a) Income section
 - b) Deductions section
 - c) Tax computation section
 - d) Payments and credits section
6. How is the tax liability affected by an increase in tax credits?
 - a) Tax liability increases
 - b) Tax liability decreases
 - c) No effect on tax liability

- d) Tax liability becomes negative
7. What is the purpose of the earned income tax credit (EITC)?
- a) To reduce tax liability for low to moderate-income individuals
 - b) To increase tax liability for high-income individuals
 - c) To simplify tax calculations
 - d) To encourage investment in the stock market
8. Which factor is used to determine the tax rate in a progressive tax system?
- a) Gross income
 - b) Taxable income
 - c) Tax credits
 - d) Adjusted gross income (AGI)
9. In a progressive tax system, what happens to the tax rate as income increases?
- a) Increases
 - b) Decreases
 - c) Remains constant
 - d) Becomes negative
10. What is the term for the portion of income that is not subject to tax?
- a) Gross income
 - b) Taxable income
 - c) Exempt income
 - d) Adjusted gross income (AGI)
11. What is the tax rate applied to the next dollar of income after a taxpayer reaches a higher tax bracket?
- a) Marginal tax rate
 - b) Average tax rate
 - c) Effective tax rate
 - d) Standard tax rate
12. How does a tax credit differ from a tax deduction in terms of its effect on tax liability?
- a) Tax credits reduce tax liability dollar-for-dollar, while deductions reduce taxable income.
 - b) Tax credits reduce taxable income, while deductions reduce tax liability

dollar-for-dollar.

- c) Tax credits and deductions have the same effect on tax liability.
- d) Neither tax credits nor deductions affect tax liability.

13. What is the term for a tax credit that directly reduces the amount of tax owed?

- a) Non-refundable tax credit
- b) Refundable tax credit
- c) Deductible tax credit
- d) Exempt tax credit

14. In the context of tax computation, what is the purpose of itemized deductions?

- a) To encourage taxpayers to take standard deductions
- b) To simplify tax calculations
- c) To increase tax liability
- d) To reduce tax liability

15. What is the term for a tax credit that can result in a refund even if the taxpayer has no tax liability?

- a) Non-refundable tax credit
- b) Refundable tax credit
- c) Deductible tax credit
- d) Exempt tax credit

16. How is the tax liability affected by an increase in deductions?

- a) Tax liability increases
- b) Tax liability decreases
- c) No effect on tax liability
- d) Tax liability becomes negative

17. What is the term for deductions that are available regardless of whether the taxpayer itemizes or takes the standard deduction?

- a) Itemized deductions
- b) Above-the-line deductions
- c) Below-the-line deductions
- d) Special deductions

18. Which of the following is an example of an above-the-line deduction?

- a) Charitable contributions

- b) Student loan interest
 - c) Medical expenses
 - d) Mortgage interest
19. What is the purpose of the Alternative Minimum Tax (AMT)?
- a) To increase tax liability for high-income individuals
 - b) To simplify tax calculations
 - c) To reduce tax liability for low-income individuals
 - d) To replace the standard income tax
20. How is the tax liability affected by an increase in exemptions?
- a) Tax liability increases
 - b) Tax liability decreases
 - c) No effect on tax liability
 - d) Tax liability becomes negative
21. What is the term for the amount by which a taxpayer's income exceeds the standard deduction and personal exemptions?
- a) Gross income
 - b) Adjusted gross income (AGI)
 - c) Taxable income
 - d) Taxable income base
22. In the context of tax computation, what is the purpose of the foreign tax credit?
- a) To encourage investment in foreign countries
 - b) To discourage investment in foreign countries
 - c) To reduce double taxation on income earned abroad
 - d) To increase tax liability for foreign income
23. What is the term for the amount of income that is actually subject to tax after deductions and exemptions?
- a) Gross income
 - b) Adjusted gross income (AGI)
 - c) Taxable income
 - d) Exempt income
24. How is the tax liability affected by an increase in taxable income?
- a) Tax liability increases

- b) Tax liability decreases
 - c) No effect on tax liability
 - d) Tax liability becomes negative
25. What is the term for the rate at which taxes are applied to each level of income?
- a) Marginal tax rate
 - b) Average tax rate
 - c) Effective tax rate
 - d) Progressive tax rate
26. In the context of tax computation, what is the purpose of the child tax credit?
- a) To reduce tax liability for individuals with children
 - b) To increase tax liability for individuals with children
 - c) To simplify tax calculations
 - d) To discourage having children
27. Which form is commonly used for the computation of corporate income tax in the United States?
- a) Form 1120S
 - b) Form 1065
 - c) Form 1120
 - d) Form 1040
28. In the context of tax computation, what is the purpose of the Child and Dependent Care Credit?
- a) To encourage investment in child care facilities
 - b) To reduce tax liability for child and dependent care expenses
 - c) To increase tax liability for child and dependent care expenses
 - d) To simplify tax calculations
29. What is the term for the total amount of tax that a taxpayer owes before any credits or payments are applied?
- a) Gross tax liability
 - b) Net tax liability
 - c) Total tax liability
 - d) Initial tax liability
30. What is the financial year in India for income tax purposes?

- a) April 1 to March 31
 - b) January 1 to December 31
 - c) July 1 to June 30
 - d) October 1 to September 30
31. What is the residential status of an individual taxpayer in India based on the number of days spent in the country during the financial year?
- a) Non-Resident
 - b) Resident
 - c) Resident but Not Ordinarily Resident (RNOR)
 - d) Both b and c
32. In India, what is the tax rate applicable to long-term capital gains on the sale of ` listed equity shares?
- a) 10%
 - b) 15%
 - c) 20%
 - d) Nil
33. Under Section 80C of the Income Tax Act, what is the maximum deduction limit available for specified investments and expenses?
- a) Rs. 50,000
 - b) Rs. 1,00,000
 - c) Rs. 1,50,000
 - d) Rs. 2,00,000
34. What is the minimum age at which an individual can be considered a senior citizen for income tax purposes in India?
- a) 55 years
 - b) 58 years
 - c) 60 years
 - d) 65 years
35. In India, what is the tax treatment of income received by a minor child?
- a) Taxed at normal rates
 - b) Clubbed with the income of the parent whose income is higher
 - c) Tax-free
 - d) Taxed at a concessional rate

36. What is the tax rate applicable to income earned by a non-resident individual in India?
- a) 10%
 - b) 20%
 - c) 30%
 - d) As per the slab rates applicable to residents
37. Under Section 10(14) of the Income Tax Act, what is the exemption limit for the house rent allowance (HRA)?
- a) Actual HRA received
 - b) Rs. 10,000 per month
 - c) 50% of salary
 - d) Least of (a), (b), and (c)
38. What is the tax treatment of gifts received by an individual in India?
- a) Fully taxable
 - b) Fully exempt
 - c) Taxable if the aggregate value exceeds Rs. 50,000 in a financial year
 - d) Taxable only if received from relatives
39. What is the maximum limit for claiming a deduction under Section 80D for premium paid on health insurance for senior citizens?
- a) Rs. 15,000
 - b) Rs. 20,000
 - c) Rs. 25,000
 - d) Rs. 30,000
40. What is the tax treatment of the interest earned on the Senior Citizens Savings Scheme (SCSS)?
- a) Fully taxable
 - b) Partially taxable
 - c) Exempt up to a certain limit
 - d) Taxable at a concessional rate
41. Under Section 10(10D) of the Income Tax Act, what is the tax treatment of the maturity proceeds of a life insurance policy?
- a) Fully taxable
 - b) Partially taxable

- c) Exempt up to a certain limit
 - d) Taxable at a concessional rate
42. What is the maximum deduction limit under Section 80CCD(1B) for an individual making contributions to the National Pension System (NPS)?
- a) Rs. 50,000
 - b) Rs. 1,00,000
 - c) Rs. 1,50,000
 - d) Rs. 2,00,000
43. In India, what is the tax treatment of income earned by a Hindu Undivided Family (HUF)?
- a) Taxed at normal rates
 - b) Clubbed with the income of the eldest member
 - c) Taxed at a concessional rate
 - d) Exempt from tax
44. Under Section 24(b) of the Income Tax Act, what is the maximum deduction limit available for interest on housing loan for a self-occupied property?
- a) Rs. 1,00,000
 - b) Rs. 1,50,000
 - c) Rs. 2,00,000
 - d) Rs. 2,50,000
45. In India, what is the tax treatment of agricultural income?
- a) Fully taxable
 - b) Partially taxable
 - c) Exempt from tax
 - d) Taxable at a concessional rate
46. What is the maximum deduction limit under Section 80G for donations made to eligible charitable institutions?
- a) 10% of gross total income
 - b) 15% of gross total income
 - c) 50% of gross total income
 - d) 100% of gross total income
47. Under Section 10(10AA) of the Income Tax Act, what is the maximum limit for

exemption on the amount received on voluntary retirement or termination of service?

- a) Rs. 5,00,000
- b) Rs. 10,00,000
- c) Rs. 15,00,000

48. What is the tax treatment of the interest earned on the Employees' Provident Fund (EPF) in India?

- a) Fully taxable
- b) Partially taxable
- c) Exempt up to a certain limit
- d) Taxable at a concessional rate

49. Under Section 80E of the Income Tax Act, what is the maximum deduction limit for interest on education loans for higher studies?

- a) Rs. 20,000
- b) Rs. 30,000
- c) Rs. 40,000
- d) No maximum limit

50. What is the maximum deduction limit under Section 80CCF for investments in infrastructure bonds?

- a) Rs. 10,000
- b) Rs. 20,000
- c) Rs. 30,000
- d) Rs. 50,000

51. Under Section 80DD, what is the maximum deduction limit available for the maintenance, including medical treatment, of a dependent with a disability?

- a) Rs. 50,000
- b) Rs. 75,000
- c) Rs. 1,00,000
- d) Rs. 1,25,000

52. What is the maximum deduction limit under Section 80DDB for the medical treatment of specified diseases for senior citizens?

- a) Rs. 50,000
- b) Rs. 1,00,000

- c) Rs. 1,50,000
d) Rs. 2,00,000
53. Under Section 80GGA, what is the maximum deduction limit available for donations made for scientific research or rural development?
a) 10% of gross total income
b) 15% of gross total income
c) 50% of gross total income
54. What is the tax treatment of interest income earned on a savings account with a bank in India?
a) Fully taxable
b) Partially taxable
c) Exempt up to a certain limit
d) Taxable at a concessional rate
55. Under Section 80U, what is the maximum deduction limit available for an individual with a disability?
a) Rs. 50,000
b) Rs. 75,000
c) Rs. 1,00,000
d) Rs. 1,25,000
56. What is the maximum deduction limit under Section 80CCG for investments in the Rajiv Gandhi Equity Savings Scheme (RGESS)?
a) Rs. 25,000
b) Rs. 50,000
c) Rs. 75,000
d) Rs. 1,00,000
57. Under Section 44AD, what is the presumptive taxation rate for eligible businesses with a turnover of up to Rs. 2 crore?
a) 6%
b) 8%
c) 10%
d) 12%
58. What is the maximum deduction limit under Section 80GG for rent paid when

HRA is not received?

- a) Rs. 2,000 per month
- b) Rs. 5,000 per month
- c) 25% of total income
- d) 50% of total income

59. Under Section 115BAC, what is the maximum income tax rate applicable to an individual opting for the new tax regime?

- a) 15%
- b) 20%
- c) 25%
- d) 30%

60. What is surcharge in the context of income tax in India?

- a) Additional tax on certain incomes
- b) Tax on agricultural income
- c) Tax on gifts
- d) Tax on dividends

61. In India, which category of taxpayers is typically subject to surcharge?

- a) Individual taxpayers
- b) Hindu Undivided Families (HUFs)
- c) Corporates
- d) All of the above

62. What is the purpose of imposing surcharge on certain incomes?

- a) To encourage investments
- b) To discourage tax evasion
- c) To fund specific government projects
- d) To simplify tax calculations

63. Which of the following is an example of tax-free income in India?

- a) Salary income
- b) Capital gains from the sale of listed equity shares
- c) Rental income from a residential property
- d) Agricultural income

64. What is the tax treatment of agricultural income in India?

- a) Fully taxable
 - b) Partially taxable
 - c) Exempt from tax
 - d) Taxable at a concessional rate
65. In India, what is the maximum income limit up to which a taxpayer can claim tax-free gratuity received from an employer?
- a) Rs. 5,00,000
 - b) Rs. 10,00,000
 - c) Rs. 15,00,000
 - d) Rs. 20,00,000
66. Which section of the Income Tax Act deals with tax-free incomes and exemptions?
- a) Section 80C
 - b) Section 10
 - c) Section 44AD
 - d) Section 115BAC
67. What is the tax treatment of gifts received from relatives in India?
- a) Fully taxable
 - b) Partially taxable
 - c) Exempt from tax
 - d) Taxable at a concessional rate
68. Under Section 10(14) of the Income Tax Act, what is the maximum exemption limit for the special allowance granted to meet the cost of travel on tour or transfer?
- a) Rs. 5,000 per month
 - b) Rs. 10,000 per month
 - c) Rs. 15,000 per month
 - d) Rs. 20,000 per month
69. What is the tax treatment of interest earned on the Employees' Provident Fund (EPF) in India?
- a) Fully taxable
 - b) Partially taxable
 - c) Exempt up to a certain limit



d) Taxable at a concessional rate

70. What does Section 80G of the Income Tax Act pertain to?

- a) Capital Gains
- b) Charitable Contributions
- c) House Property
- d) Agricultural Income

71. Which type of organizations are eligible for donations under Section 80G?

- a) Any organization
- b) Only government organizations
- c) Only religious organizations
- d) Only specified organizations

72. What is the maximum limit of deduction allowed for donations under Section 80G?

- a) 10% of Gross Total Income
- b) 50% of Gross Total Income
- c) 75% of Gross Total Income
- d) 100% of Gross Total Income

73. Who can claim a deduction under Section 80G?

- a) Individuals and HUFs
- b) Only Individuals
- c) Only Companies
- d) Only Charitable Trusts

74. Which form is used to claim a deduction under Section 80G?

- a) ITR-1
- b) ITR-2
- c) ITR-3
- d) ITR-4

75. Donations to which of the following organizations are eligible for a 100% deduction under Section 80G?

- a) Prime Minister's National Relief Fund
- b) Any Trust or Institution
- c) Political Parties

d) Charitable Trusts

76. What is the minimum amount eligible for deduction under Section 80G?
- a) Rs. 1,000
 - b) Rs. 5,000
 - c) Rs. 10,000
 - d) No minimum limit
77. How often is the list of approved organizations updated for Section 80G deductions?
- a) Annually
 - b) Biennially
 - c) Quarterly
 - d) Monthly
78. Donations made in the form of which instrument are not eligible for deductions under Section 80G?
- a) Cheque
 - b) Cash
 - c) Demand Draft
 - d) Bank Transfer
79. Under Section 80G, what is the percentage of deduction for donations to National Defence Fund?
- a) 50%
 - b) 75%
 - c) 100%
 - d) 125%
80. Which of the following donations is NOT eligible for deduction under Section 80G?
- a) Donations to a political party
 - b) Donations in kind
 - c) Donations in cash exceeding Rs. 2,000
 - d) Donations to foreign charitable organizations
81. What is the lock-in period for claiming deductions under Section 80G for certain donations?

- a) 1 year
 - b) 2 years
 - c) 3 years
 - d) 5 years
82. Donations to which of the following organizations are NOT eligible for deductions under Section 80G?
- a) NGOs working for the welfare of disabled individuals
 - b) Religious institutions for the maintenance of a place of worship
 - c) Scientific research organizations
 - d) Animal welfare organizations
83. What is the maximum limit for deduction under Section 80GGA for donations for scientific research or rural development?
- a) 50% of the amount donated
 - b) 100% of the amount donated
 - c) 150% of the amount donated
 - d) 200% of the amount donated
84. Which ITR form should be used by a taxpayer claiming deductions under Section 80G for charitable donations?
- a) ITR-1
 - b) ITR-2
 - c) ITR-3
 - d) ITR-4
85. What is the rate of deduction under Section 80G for donations to the Clean Ganga Fund?
- a) 50%
 - b) 75%
 - c) 100%
 - d) 125%
86. Donations to which of the following organizations are NOT eligible for deductions under Section 80G?
- a) Swachh Bharat Kosh
 - b) National Children's Fund
 - c) World Health Organization

d) Indira Gandhi Memorial Trust

87. What is the maximum limit for deduction under Section 80GGB for donations to political parties?

- a) 50% of the amount donated
- b) 75% of the amount donated
- c) 100% of the amount donated
- d) 150% of the amount donated

88. Donations to which of the following organizations are NOT eligible for deductions under Section 80G?

- a) Trusts engaged in promoting family planning
- b) Trusts for the development of sports
- c) Trusts for the preservation of ancient monuments
- d) Trusts for the maintenance of a political party

89. What is the maximum limit for deduction under Section 80GGA for donations for scientific research or rural development?

- a) 50% of the amount donated
- b) 100% of the amount donated
- c) 150% of the amount donated
- d) 200% of the amount donated

90. Under Section 80G, what is the rate of deduction for donations to the National Trust for the Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation, and Multiple Disabilities?

- a) 50%
- b) 75%
- c) 100%
- d) 125%

91. Donations to which of the following organizations are NOT eligible for deductions under Section 80G?

- a) National Fund for Control of Drug Abuse
- b) Swachh Bharat Kosh
- c) Prime Minister's National Relief Fund
- d) National Foundation for Communal Harmony

92. What is the maximum limit for deduction under Section 80GGC for donations to political parties?
- a) 50% of the amount donated
 - b) 75% of the amount donated
 - c) 100% of the amount donated
 - d) 150% of the amount donated
93. Under Section 80G, what is the rate of deduction for donations to the National Children's Fund?
- a) 50%
 - b) 75%
 - c) 100%
 - d) 125%
94. What is the maximum limit for deduction under Section 80GGC for donations to electoral trusts?
- a) 50% of the amount donated
 - b) 75% of the amount donated
 - c) 100% of the amount donated
 - d) 150% of the amount donated
95. Donations to which of the following organizations are NOT eligible for deductions under Section 80G?
- a) National Children's Fund
 - b) Clean Ganga Fund
 - c) World Health Organization
 - d) Indira Gandhi Memorial Trust
96. Under Section 80G, what is the rate of deduction for donations to the National Fund for Control of Drug Abuse?
- a) 50%
 - b) 75%
 - c) 100%
 - d) 125%
97. What is the maximum limit for deduction under Section 80GGC for donations to electoral trusts?
- a) 50% of the amount donated

- b) 75% of the amount donated
- c) 100% of the amount donated
- d) 150% of the amount donated

98. Donations to which of the following organizations are NOT eligible for ` deductions under Section 80GGA?

- a) Trusts for scientific research
- b) Trusts for rural development
- c) Trusts for the preservation of ancient monuments
- d) Trusts for the development of sports

99. Under Section 80G, what is the maximum limit for deduction for donations to the National Foundation for Communal Harmony?

- a) 50% of the amount donated
- b) 75% of the amount donated
- c) 100% of the amount donated
- d) 125

ANSWERS

1.b, 2.c, 3.d, 4.b, 5.d, 6.b, 7.a, 8.b, 9.a, 10.c, 11.a, 12.a, 13.a, 14.d, 15.b, 16.b, 17.b, 18.b, 19.a, 20.b, 21.c, 22.c, 23.c, 24.a, 25.a, 26.a, 27.c, 28.b, 29.a, 30.a, 31.d, 32.d, 33.c, 34.c, 35.b, 36.d, 37.d, 38.c, 39.d, 40.a, 41.c, 42.a, 43.a, 44.d, 45.c, 46.b, 47.b, 48.c, 50.a, 51.b, 52.c, 53.c, 54.c, 55.c, 56.a, 57.c, 58.b, 59.d, 60.a, 61.d, 62.c, 63.b, 64.c, 65.c, 66.b, 67.c, 68.b, 69.c, 70.b, 71.d, 72.b, 73.a, 74.b, 75.a, 76.d, 77.a, 78.b, 79.c, 80.c, 81.c, 82.d, 83.c, 84.b, 85.c, 86.c, 87.c, 88.d, 89.c, 90.c, 91.c, 92.c, 93.c, 94.a, 95.c, 96.c, 97.c, 98.c, 99.a

UNIT V
INCOME TAX AUTHORITIES

ABOUT THE A

Mrs. N.Vadivu was born in 1983 in Hosur, Karnataka. She is currently working as an Assistant Professor in the Department of Commerce, St. Joseph's College of Arts and Science for Women, Hosur. She has completed her M.Com., and M.Phil in Bharathiyar University, Tiruchirappalli. She has also completed her Ph.D (P.hD) in Bharathidasan University, Tiruchirappalli.

- b) Central Board of Excise and Customs (CBEC)
- c) Reserve Bank of India (RBI)
- d) Ministry of Commerce and Industry

AUTHOR

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12. Who appoints the Chairperson of the Central Board of Indirect Taxes and Customs (CBIC)?
 - a) President of India
 - b) Prime Minister of India
 - c) Ministry of Finance
 - d) Chief Justice of India
13. The Income Tax Ombudsman in India deals with complaints and grievances related to which authority?
 - a) Central Board of Direct Taxes (CBDT)
 - b) Goods and Services Tax Network (GSTN)
 - c) Reserve Bank of India (RBI)
 - d) Central Board of Excise and Customs (CBEC)
14. What is the primary role of the Directorate General of Goods and Services Tax Intelligence (DGGI)?
 - a) Formulating tax policies
 - b) Enforcing tax collection
 - c) Investigating cases of tax evasion under GST
 - d) Conducting audits of government agencies
15. Which agency is responsible for regulating and developing the insurance sector in India?
 - a) Securities and Exchange Board of India (SEBI)
 - b) Insurance Regulatory and Development Authority of India (IRDAI)
 - c) Central Board of Direct Taxes (CBDT)
 - d) Ministry of Finance
16. The Customs Excise and Service Tax Appellate Tribunal (CESTAT) primarily deals with appeals related to which taxes?
 - a) Direct taxes
 - b) Goods and Services Tax (GST)
 - c) Corporate taxes
 - d) Indirect taxes
17. Who is responsible for the administration of the Employees' Provident Fund (EPF) in India?
 - a) Ministry of Labour and Employment

- b) Central Board of Direct Taxes (CBDT)
 - c) Reserve Bank of India (RBI)
 - d) Ministry of Corporate Affairs
18. What is the primary function of the Settlement Commission in India?
- a) Adjudicating tax disputes
 - b) Conducting tax audits
 - c) Providing relief to taxpayers in settlement cases
 - d) Regulating the securities market
19. Which agency is responsible for regulating and developing the pension sector in India?
- a) Central Board of Direct Taxes (CBDT)
 - b) Pension Fund Regulatory and Development Authority (PFRDA)
 - c) Ministry of Finance
 - d) Reserve Bank of India (RBI)
20. Who is responsible for the administration of the Companies Act in India?
- a) Ministry of Corporate Affairs
 - b) Central Board of Direct Taxes (CBDT)
 - c) Securities and Exchange Board of India (SEBI)
 - d) Reserve Bank of India (RBI)
21. What is the primary function of the Directorate General of Income Tax (International Taxation) in India?
- a) Collecting direct taxes
 - b) Enforcing tax collection
 - c) Handling matters related to international taxation
 - d) Conducting audits of government agencies
22. Which agency is responsible for regulating and developing the commodity derivatives market in India?
- a) Securities and Exchange Board of India (SEBI)
 - b) Reserve Bank of India (RBI)
 - c) Forward Markets Commission (FMC)
 - d) Ministry of Commerce and Industry
23. Who is responsible for the administration of the Benami Transactions (Prohibition)

Act in India?

- a) Central Board of Direct Taxes (CBDT)
- b) Enforcement Directorate (ED)
- c) Ministry of Finance
- d) Reserve Bank of India (RBI)

24. The Central Goods and Services Tax (CGST) Commissionerate is responsible for the administration of CGST at which level?

- a) National level
- b) State level
- c) Union Territory level
- d) District level

25. What is the primary role of the Directorate General of Anti-Profiteering under GST?

- a) Formulating tax policies
- b) Investigating cases of tax evasion
- c) Ensuring that benefits of GST rate reductions are passed on to consumers
- d) Conducting audits of government agencies

26. Who is responsible for the administration of the Prevention of Money Laundering Act (PMLA) in India?

- a) Ministry of Home Affairs
- b) Enforcement Directorate (ED)
- c) Central Board of Direct Taxes (CBDT)
- d) Ministry of Finance

27. What is the primary function of the Central Economic Intelligence Bureau (CEIB) in India?

- a) Formulating economic policies
- b) Enforcing tax collection
- c) Gathering intelligence on economic offenses and smuggling activities
- d) Conducting tax audits

28. Which authority is responsible for overseeing the implementation of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015?

- a) Directorate General of Foreign Trade (DGFT)

- b) Income Tax Appellate Tribunal (ITAT)
 - c) Central Board of Direct Taxes (CBDT)
 - d) Reserve Bank of India (RBI)
29. What is the primary role of the Directorate General of Central Excise Intelligence (DGCEI)?
- a) Collecting indirect taxes
 - b) Conducting investigations into excise duty evasion
 - c) Regulating the securities market
 - d) Auditing financial institutions
30. Who is responsible for the administration of the Narcotic Drugs and Psychotropic Substances Act (NDPS) in India?
- a) Ministry of Home Affairs
 - b) Directorate General of Civil Aviation (DGCA)
 - c) Central Board of Direct Taxes (CBDT)
 - d) Ministry of Finance
31. The Directorate General of Audit (Customs and Central Excise) primarily deals with audits related to which taxes?
- a) Direct taxes
 - b) Goods and Services Tax (GST)
 - c) Corporate taxes
 - d) Indirect taxes
32. What is the primary role of the Directorate General of Commercial Intelligence and Statistics (DGCIS)?
- a) Collecting direct taxes
 - b) Conducting investigations into tax evasion
 - c) Gathering and disseminating trade intelligence
 - d) Auditing financial institutions
33. Who is responsible for the administration of the Income Tax Act in the Union Territories of India?
- a) Central Board of Direct Taxes (CBDT)
 - b) Chief Commissioner of Income Tax (CCIT)
 - c) Union Territory Administration
 - d) Ministry of Finance

34. What is the primary role of the Directorate General of Anti-Dumping and Allied Duties (DGAD)?
- a) Regulating the securities market
 - b) Enforcing tax collection
 - c) Investigating cases of anti-dumping and unfair trade practices
 - d) Conducting tax audits
35. Who is responsible for the administration of the Special Economic Zones (SEZs) in India?
- a) Ministry of Commerce and Industry
 - b) Directorate General of Foreign Trade (DGFT)
 - c) Central Board of Direct Taxes (CBDT)
 - d) Reserve Bank of India (RBI)
36. What is the primary function of the Directorate General of Safeguards (Customs and Central Excise)?
- a) Formulating tax policies
 - b) Investigating cases of tax evasion
 - c) Enforcing tax collection
 - d) Monitoring and investigating cases related to safeguard duties
37. Who is responsible for the administration of the Securities Transaction Tax (STT) in India?
- a) Central Board of Direct Taxes (CBDT)
 - b) Securities and Exchange Board of India (SEBI)
 - c) Reserve Bank of India (RBI)
 - d) Ministry of Finance
38. Who has the authority to conduct assessments and reassessments under the Income Tax Act in India?
- a) Taxpayer
 - b) Assessing Officer
 - c) Tax Consultant
 - d) Auditor
39. What is the time limit for completing a regular assessment under the Income Tax Act after the end of the relevant assessment year?

- a) 1 year
- b) 2 years
- c) 3 years
- d) 4 years

40. What type of assessment is conducted when a taxpayer fails to file a return of income despite a notice from the Income Tax Department?

- a) Best Judgment Assessment
- b) Regular Assessment
- c) Summary Assessment
- d) Reassessment

41. Which section of the Income Tax Act empowers the Assessing Officer to make a reassessment in case of escaped income?

- a) Section 147
- b) Section 154
- c) Section 139
- d) Section 234

42. What is the primary objective of a scrutiny assessment under the Income Tax Act?

- a) To determine the tax liability of the taxpayer
- b) To collect additional information from the taxpayer
- c) To audit the financial statements of the taxpayer
- d) To issue a refund to the taxpayer

43. In which scenario can the Income Tax Department issue a notice for a limited scrutiny assessment?

- a) Random selection
- b) High-value transactions
- c) Suspicion of tax evasion
- d) Both b and c

44. What is the time limit for completing a reassessment under Section 147 of the Income Tax Act?

- a) 1 year
- b) 2 years
- c) 3 years

- d) 4 years
45. Which authority is responsible for conducting the assessment of income for charitable and religious trusts in India?
- a) Assessing Officer
 - b) Commissioner of Income Tax (Exemptions)
 - c) Chief Commissioner of Income Tax
 - d) Income Tax Appellate Tribunal (ITAT)
46. In which type of assessment does the taxpayer have the opportunity to explain and provide evidence for the income declared in the return?
- a) Best Judgment Assessment
 - b) Summary Assessment
 - c) Scrutiny Assessment
 - d) Reassessment
47. What is the consequence of non-compliance with a notice issued for a scrutiny assessment?
- a) Imposition of penalty
 - b) Deemed acceptance of income declared in the return
 - c) Summary assessment
 - d) Best Judgment Assessment
48. Under which section of the Income Tax Act can an Assessing Officer make a protective assessment?
- a) Section 144
 - b) Section 153
 - c) Section 147
 - d) Section 154
49. Who has the authority to issue a notice for initiating reassessment proceedings?
- a) Commissioner of Income Tax (CIT)
 - b) Assessing Officer
 - c) Chief Commissioner of Income Tax (CCIT)
 - d) Taxpayer
50. What is the time limit for completing a regular assessment in case of a taxpayer

who is a partner in a firm or a member of an Association of Persons (AOP)?

- a) 1 year
- b) 2 years
- c) 3 years
- d) 4 years

51. In which type of assessment does the taxpayer have the opportunity to be heard before the finalization of the assessment?

- a) Summary Assessment
- b) Best Judgment Assessment
- c) Scrutiny Assessment
- d) Reassessment

52. Which authority has the power to revise an order passed by an Assessing Officer under Section 263 of the Income Tax Act?

- a) Commissioner of Income Tax (CIT)
- b) Chief Commissioner of Income Tax (CCIT)
- c) Income Tax Appellate Tribunal (ITAT)
- d) High Court

53. What is the time limit for completion of a block assessment under Section 158BC of the Income Tax Act?

- a) 1 year
- b) 2 years
- c) 3 years
- d) 4 years

54. Under which section of the Income Tax Act can an Assessing Officer make a protective assessment in case of a disputed issue?

- a) Section 142
- b) Section 143
- c) Section 147
- d) Section 144

55. In which type of assessment does the taxpayer have the opportunity to request rectification of mistakes apparent from the record?

- a) Best Judgment Assessment
- b) Summary Assessment

- c) Scrutiny Assessment
 - d) Reassessment
56. What is the time limit for issuing a notice for reassessment in case of escaped income under Section 148 of the Income Tax Act?
- a) 1 year
 - b) 2 years
 - c) 3 years
 - d) 4 years
57. Who has the power to grant approval for initiating prosecution proceedings under the Income Tax Act?
- a) Assessing Officer
 - b) Commissioner of Income Tax (CIT)
 - c) Chief Commissioner of Income Tax (CCIT)
 - d) Director General of Income Tax (Investigation)
58. What does "e-filing" stand for in the context of income tax?
- a) Electronic Filing
 - b) Efficient Filing
 - c) Easy Filing
 - d) Exempt Filing
59. Which government agency in India is responsible for providing the e-filing platform for income tax returns?
- a) Reserve Bank of India (RBI)
 - b) Securities and Exchange Board of India (SEBI)
 - c) Central Board of Direct Taxes (CBDT)
 - d) Ministry of Finance
60. What is the deadline for e-filing individual income tax returns for the assessment year in India?
- a) 30th June
 - b) 31st July
 - c) 31st August
 - d) 30th September
61. Which form is used for e-filing income tax returns by individuals having income

from salary, house property, and other sources?

- a) ITR-1 (Sahaj)
- b) ITR-2
- c) ITR-3
- d) ITR-4 (Sugam)

62. What is the primary advantage of e-filing income tax returns over physical filing?

- a) Faster processing of returns
- b) Lower tax rates
- c) Higher exemptions
- d) Enhanced deductions

63. Which document is not required to be physically submitted when e-filing income tax returns?

- a) PAN Card
- b) Aadhaar Card
- c) Form 16
- d) Bank Statement

64. What is the password format for opening the password-protected e-filed income tax return document?

- a) Date of Birth and PAN
- b) Aadhaar Number and Mobile OTP
- c) PAN and Assessment Year
- d) Bank Account Number and IFSC Code

65. What is the maximum income limit for an individual to be eligible for e-filing ITR-1 (Sahaj)?

- a) Rs. 5,00,000
- b) Rs. 10,00,000
- c) Rs. 15,00,000
- d) Rs. 20,00,000

66. In which year was the e-filing of income tax returns introduced in India?

- a) 2005
- b) 2010
- c) 2015

d) 2020

67. What is the primary purpose of the Electronic Verification Code (EVC) used in e-filing?
- a) Secure online transactions
 - b) Digital signature
 - c) Verification of identity for e-filing
 - d) Password recovery
68. Which ITR form is used for e-filing by individuals having income from business or profession?
- a) ITR-1 (Sahaj)
 - b) ITR-2
 - c) ITR-3
 - d) ITR-4 (Sugam)
69. What is the penalty for late e-filing of income tax returns after the due date but before December 31st of the assessment year?
- a) Rs. 5,000
 - b) Rs. 10,000
 - c) Rs. 15,000
 - d) No penalty
70. Which digital signature certificate is required for e-filing when the taxpayer opts for digital signature authentication?
- a) Class 1
 - b) Class 2
 - c) Class 3
 - d) Class 4
71. What is the primary mode of communication between the Income Tax Department and the taxpayer after e-filing?
- a) Physical mail
 - b) Email
 - c) SMS
 - d) Phone call
72. How can a taxpayer rectify mistakes in an e-filed income tax return?

- a) Submit a physical rectification form
 - b) Re-file the return electronically with correct details
 - c) Visit the Income Tax Department office
 - d) Request rectification through a tax consultant
73. What is the maximum number of times an income tax return can be revised after e-filing?
- a) Once
 - b) Twice
 - c) Thrice
 - d) Four times
74. Which portal is used for e-filing of income tax returns in India?
- a) IncomeTaxEfile.gov.in
 - b) TaxFilingIndia.com
 - c) MyTaxReturnPortal.in
 - d) EfileIncome.gov
75. What is the mode of payment for taxes owed after e-filing income tax returns?
- a) Only through physical bank challans
 - b) Only through online payment modes
 - c) Both physical bank challans and online payment modes
 - d) Only through credit cards
76. Which category of taxpayers is not eligible for e-filing ITR-1 (Sahaj)?
- a) Individuals having income from salary
 - b) Individuals having income from house property
 - c) Individuals having income from business or profession
 - d) Individuals having income from capital gains
77. What is the mode of submission of supporting documents when e-filing income tax returns?
- a) Upload documents online
 - b) Physically submit to the Income Tax Department office
 - c) Email documents to the assessing officer
 - d) Fax documents to the designated authority
78. Who has the authority to file an appeal before the Commissioner (Appeals) under

the Income Tax Act?

- a) Taxpayer
- b) Assessing Officer
- c) Commissioner of Income Tax (CIT)
- d) Chief Commissioner of Income Tax (CCIT)

79. In which section of the Income Tax Act are the provisions related to appeals to the Commissioner (Appeals) mentioned?

- a) Section 80
- b) Section 143
- c) Section 246A
- d) Section 264

80. What is the time limit for filing an appeal before the Commissioner (Appeals) after receiving the appeal order from the Assessing Officer?

- a) 30 days
- b) 45 days
- c) 60 days
- d) 90 days

81. If a taxpayer is dissatisfied with the order passed by the Commissioner (Appeals), to which forum can the taxpayer file the next appeal?

- a) Income Tax Appellate Tribunal (ITAT)
- b) High Court
- c) Supreme Court
- d) Both a and b

82. Under Section 264 of the Income Tax Act, who has the power to revise an order passed by the Assessing Officer?

- a) Commissioner of Income Tax (CIT)
- b) Chief Commissioner of Income Tax (CCIT)
- c) Taxpayer
- d) Principal Chief Commissioner of Income Tax

83. In which situation can the Commissioner of Income Tax (CIT) exercise the power of revision under Section 264?

- a) If the order is prejudicial to the interests of the revenue
- b) If the taxpayer requests revision

- c) If there is a mistake in the order
d) Both a and c
84. What is the time limit for filing an application for revision under Section 264 of the Income Tax Act?
a) 1 year from the end of the financial year in which the order was passed
b) 2 years from the end of the financial year in which the order was passed
c) 3 years from the end of the financial year in which the order was passed
d) 4 years from the end of the financial year in which the order was passed
85. Who has the authority to hear appeals against the orders of the Commissioner (Appeals) and the Principal Commissioner or Commissioner under the Income Tax Act?
a) Income Tax Appellate Tribunal (ITAT)
b) High Court
c) Supreme Court
d) Both b and c
86. What is the time limit for filing an appeal before the Income Tax Appellate Tribunal (ITAT) after receiving the order from the Commissioner (Appeals)?
a) 30 days
b) 45 days
c) 60 days
d) 90 days
87. Under Section 249 of the Income Tax Act, who has the right to represent the Tax payer before the Commissioner (Appeals)?
a) Taxpayer only
b) Taxpayer or a legal practitioner
c) Legal practitioner only
d) Chartered Accountant only
88. Which section of the Income Tax Act deals with the revisional powers of the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner?
a) Section 264
b) Section 263
c) Section 246A
d) Section 245

89. What is the time limit for filing an appeal before the High Court after receiving the order from the Income Tax Appellate Tribunal (ITAT)?
- a) 60 days
 - b) 90 days
 - c) 120 days
 - d) 180 days
90. In which situation can the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner exercise revisional powers under Section 263?
- a) If the order is prejudicial to the interests of the revenue
 - b) If the taxpayer requests revision
 - c) If there is a mistake in the order
 - d) Both a and c
91. What is the time limit for filing an appeal before the Supreme Court after receiving the order from the High Court?
- a) 30 days
 - b) 60 days
 - c) 90 days
 - d) 120 days
92. Under which section of the Income Tax Act, the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner can pass orders for revision?
- a) Section 264
 - b) Section 263
 - c) Section 264A
 - d) Section 245
93. In which situation can the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner exercise revisional powers under Section 264?
- a) If the order is prejudicial to the interests of the revenue
 - b) If the taxpayer requests revision
 - c) If there is a mistake in the order
 - d) Both a and c

94. What is the maximum amount up to which the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner can pass revision orders under Section 263 or Section 264?
- a) Rs. 1 lakh
 - b) Rs. 10 lakh
 - c) Rs. 1 crore
 - d) No maximum limit
95. Who has the authority to grant a stay of demand during the pendency of an appeal before the Commissioner (Appeals)?
- a) Assessing Officer
 - b) Commissioner of Income Tax (CIT)
 - c) Commissioner (Appeals)
 - d) Income Tax Appellate Tribunal (ITAT)
96. What is the time limit for filing an appeal before the Commissioner (Appeals) against an order imposing a penalty?
- a) 30 days
 - b) 45 days
 - c) 60 days
 - d) 90 days
97. If a taxpayer is dissatisfied with the order of the Income Tax Appellate Tribunal (ITAT), to which forum can the taxpayer file the next appeal?
- a) High Court
 - b) Supreme Court
 - c) Both a and b
 - d) None of the above
- 98.. What is the maximum limit for tax-free gratuity in India?
- a) Rs. 5 lakhs
 - b) Rs. 10 lakhs
 - c) Rs. 15 lakhs
 - d) Rs. 20 lakhs
99. Which of the following is a tax-free allowance for salaried individuals?
- a) HRA (House Rent Allowance)

- b) LTA (Leave Travel Allowance)
- c) Both a and b
- d) None of the above

100. Under Section 80C of the Income Tax Act, what is the maximum limit for tax-saving investments?

- a) Rs. 1 lakh
- b) Rs. 1.5 lakhs
- c) Rs. 2 lakhs
- d) Rs. 2.5 lakhs

101. Interest earned on which of the following is tax-free in India?

- a) Fixed Deposits
- b) Savings Account
- c) Recurring Deposits
- d) National Savings Certificate (NSC)

102. What is the maximum exemption limit for agricultural income in India?

- a) Rs. 1 lakh
- b) Rs. 2.5 lakhs
- c) Rs. 5 lakhs
- d) There is no limit

103. Which of the following is a tax-free income for individuals above 60 years?

- a) Long-term Capital Gains
- b) Pension
- c) Dividend Income
- d) Interest on Fixed Deposits

104. What is the tax relief available for senior citizens under Section 80D for health insurance premiums?

- a) Rs. 15,000
- b) Rs. 25,000
- c) Rs. 50,000
- d) Rs. 75,000

105. Under which section can donations to charitable institutions be claimed for tax relief?

- a) Section 80C
- b) Section 80D
- c) Section 80G
- d) Section 80DD

106. What is the tax-free limit for gifts received during a financial year?

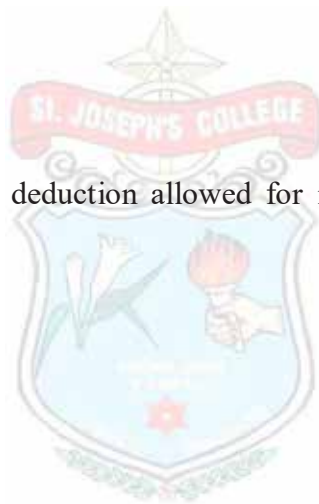
- a) Rs. 50,000
- b) Rs. 1 lakh
- c) Rs. 2 lakhs
- d) Rs. 5 lakhs

107. Which of the following is a tax-free income for salaried individuals?

- a) Professional Fees
- b) House Rent
- c) Bonus
- d) Overtime Pay

108. What is the maximum deduction allowed for interest on a home loan under Section 24?

- a) Rs. 1.5 lakhs
- b) Rs. 2 lakhs
- c) Rs. 2.5 lakhs
- d) Rs. 3 lakhs



109. Which type of income is exempt under Section 10(14) of the Income Tax Act?

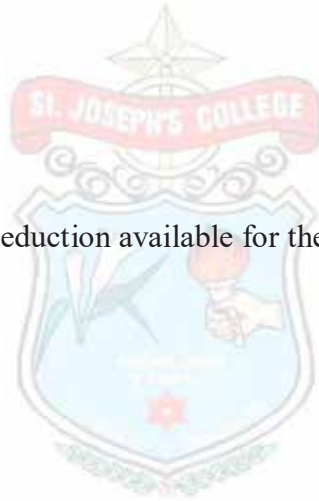
- a) Salary
- b) Agricultural Income
- c) Capital Gains
- d) Income from house property

110. What is the maximum deduction available for medical expenses of senior citizens under Section 80DDB?

- a) Rs. 50,000
- b) Rs. 1 lakh
- c) Rs. 1.5 lakhs
- d) Rs. 2 lakhs

111. Which of the following allowances is exempt from tax for salaried individuals?

- a) Provident Fund
 - b) Professional Tax
 - c) House Rent Allowance (HRA)
 - d) Gratuity
112. What is the maximum limit for tax-free withdrawal from the Public Provident Fund (PPF)?
- a) Rs. 1 lakh
 - b) Rs. 1.5 lakhs
 - c) Rs. 2 lakhs
 - d) No limit
113. Which of the following is a tax-free income for individuals below 60 years?
- a) Pension
 - b) Gratuity
 - c) Dividend Income
 - d) Rental Income
114. What is the maximum deduction available for the interest paid on an education loan under Section 80E?
- a) Rs. 50,000
 - b) Rs. 1 lakh
 - c) Rs. 1.5 lakhs
 - d) No limit
115. Under which section can tax relief be claimed for the treatment of specified diseases?
- a) Section 80DDB
 - b) Section 80U
 - c) Section 10(14)
 - d) Section 80DD
116. What is the maximum limit for tax-free transport allowance for salaried individuals?
- a) Rs. 800 per month
 - b) Rs. 1,600 per month
 - c) Rs. 3,200 per month
 - d) Rs. 5,000 per month



117. Which of the following is not considered as a tax-free income in India?

- a) Agricultural Income
- b) Gratuity
- c) Dividend Income
- d) Rental Income

ANSWERS

1.b, 2.b, 3.b, 4.a, 5.b, 6.b, 7.b, 8.c, 9.b, 10.b, 11.c, 12.a, 13.a, 14.c, 15.b, 16.d, 17.a, 18.c, 19.b, 20.a, 21.c, 22.a, 23.a, 24.c, 25.c, 26.b, 27.c, 28.c, 29.b, 30.a, 31.d, 32.c, 33.c, 34.c, 35.a, 36.d, 37.a, 38.b, 39.c, 40.a, 41.a, 42.a, 43.d, 44.c, 45.b, 46.c, 47.a, 48.c, 49.b, 50.c, 51.b, 52.a, 53.b, 54.d, 55.c, 56.c, 57.b, 58.a, 59.c, 60.c, 61.a, 62.a, 63.c, 64.c, 65.a, 66.a, 69.a, 70.c, 71.b, 72.a, 73.b, 74.a, 75.c, 76.c, 77.c, 78.a, 79.c, 80.a, 81.d, 82.a, 83.d, 84.b, 85.a, 86.c, 87.b, 88.b, 89.a, 90.a, 91.c, 92.b, 93.d, 94.b, 95.c, 96.d, 97.c, 98.c, 99.c, 100.b, 101.b, 102.d, 103.d, 104.c, 105.c, 106.a, 109.b, 110.a, 111.c, 112.d, 113.b, 114.d, 115.a, 116.a, 117.d

FIVE MARK QUESTIONS:

1. Mr. Sharma purchased a residential property in 2005 for Rs. 30 lakhs. In 2021, he sold the property for Rs. 1.2 crores. Calculate the long-term capital gains, taking into consideration indexation. If Mr. Sharma wants to invest the gains in a new residential property, what is the maximum amount he can invest to avail of exemption under Section 54?

2. Ms. Verma sold shares of XYZ Ltd. after holding them for 18 months. The sale proceeds were Rs. 5 lakhs. Calculate the short-term capital gains tax payable by Ms. Verma if the applicable tax rate is 15%.

3. Mr. and Mrs. Singh jointly own a piece of agricultural land. They inherited the land from Mr. Singh's father in 2000. In 2022, they sold the land for Rs. 80 lakhs. Determine if the capital gains are taxable and provide the rationale for your answer.

4. Rahul purchased a painting for Rs. 2 lakhs in 2010. He sold it in 2021 for Rs. 8 lakhs. Calculate the long-term capital gains, considering that Rahul did not opt for

indexation. If the applicable tax rate is 20%, determine the tax liability.

5. Amit, an NRI, sold a commercial property in India for Rs. 2 crores. He purchased the property in 2010 for Rs. 1 crore. Calculate the long-term capital gains tax for Amit, and discuss any special provisions applicable to NRIs in the context of capital gains taxation.

6. Mr. Mohith furnishes the following details of his income. Calculate income from other sources for the previous year.

i) Rs. 25,000 received as interest from Government securities. Rs. 2,000 spent towards collection charges.

ii) Dividend from an Indian Company Rs.40,000.

iii) Dividend from a foreign Company Rs.15,000.

iv) Family Pension Rs.12,000.

7. From the following particulars of Raju for previous year ended 31.3.2023. compute his income from other sources.

	RS
i) Dividend on equity shares	6,00
ii) Dividend on preference shares(net)	3,500
iii) Income from letting on hire of building	
And machinery-composite lease	17,000
iv) Interest on bank deposits	2,500
v) Director's sitting fees	1,200
vi) Ground rent	600
vii) Income from undisclosed sources	10,000
viii) Income from lotteries	10,000

The following deductions are claimed by him

1. Collection charges on dividend Rs. 20
2. Allowable depreciation on building and machinery Rs.4000
3. Insurance on building and machinery Rs.100

8. Calculate total income of Ms. Rohini from the following.

	RS.
House property loss	70,000
Long-term capital loss	15,000
Short-term capital gains	40,000
Other sources income	30,000

9. The following are the particulars of income of Ramachandran for the previous year ended 31.3.2023.

	RS
Dividend	20,000
Loan from house property	32,000
Interest from bank deposit	10,000
Business income	50,000
Loss in speculation business	3,000
Short term capital loss	10,000
Long term capital gain	15,000

Compute the gross total income after setting off the different losses against other income.

10. Explain in detail about set off and carry forward of losses?

11. Mr. "X" has the following incomes during the year ending 31.03.2023.

- Dividend declared by P Company on 31.03.2023 Rs.8,000.
- Interim Dividend received on 1.5.2022 Rs.9000.
- Dividend declared by Q Company on 31.03.2023 Rs.5000.
- He won gold worth 8,00,000 from UP State Lottery
- Gift of Building from Elder Brother of his Father-In-Law Stamp Duty Value Rs.20,00,000.
- During March 2023, He earned 2,00,000 as Prize Money on Horse Races. These Horses are owned by him and Expenditure incurred on maintenance of these horses amounted to Rs.2,80,000.

Compute his income from other sources for the Assessment Year 2023-24.

12. Explain various deductions available u/s 80G while assessing individual income?

13. Explain briefly the different types of Assessment?

14. Mr. X, Mrs.X, Mr.Y and Mrs.Y are equal partners in a partnership firm. Each partner is paid annual commission of Rs. 58,000 from this firm. Besides this commission from the firm, the other personal taxable income were:

Particulars	Amount
Mr. X	1,50,000

Mrs.X	1,10,000
Mr.Y	1,00,000
Mrs.Y	1,30,000

15. Master Praveen (Age 16 years) received the following incomes during 2022-23.

	RS
i) Interest on bank deposits	75,000
ii) Interest on Govt.securities	80,000
iii) Interest on debentures	40,000
iv) Interest on acting in a firm	1,00,000
v) Income by a singing concert held by him	50,000
vi) His fathers total income	1,09,000
vii) His mothers total income	1,09,100

Decide about the person in whose hands the above incomes shall be taxable and the amount of incomes to be taxed.

16. Mr. Kapoor received a gift of Rs. 5 lakhs from his friend. Determine the taxability of this gift under the provisions of the Income Tax Act. Provide the relevant sections and conditions.

17. Ms. Mehta earned Rs. 1.5 lakhs as interest income from fixed deposits and Rs. 2 lakhs as rental income from a property in the financial year. Calculate her total income from other sources and the tax liability thereon.

18. Mr. and Mrs. Desai jointly operate a small business, and during the financial year, they received a cash gift of Rs. 2 lakhs from a relative. Discuss the tax implications of this gift on their total income.

19. Raj, a freelance graphic designer, received income of Rs. 3 lakhs during the year from various short-term projects. Additionally, he won a prize in a design competition amounting to Rs. 50,000. Determine the tax treatment of his income from freelancing and the prize money.

20. Mr. Agarwal is an avid investor in the stock market. During the year, he earned Rs. 4 lakhs as dividend income from his shareholdings. Explain the tax treatment of dividend income and whether any deductions are available to Mr. Agarwal.



ABOUT THE AUTHOR

Mrs. N.Vadivu was born in 1983 in Coimbatore. She is currently working as an Assistant Professor in the Department of Commerce, St. Joseph's College of Arts and Science for Women, Hosur. She has completed M.Com., and M.Phil in Bharathiyar University and Persuing (P.hD) in Bharathidasan University. She has versatile experience of 10 years. She has publised numerous papers national and international journals. Her area of interest include Finance, Marketing and Human Resource Mangement. Received the Best Senior Faculty Award from Novel research Academy, Registered under the minstry of MSME, Government of India. She has published book Question bank on Incometax Law and Practice 1 (ISBN:978-93-6076-8126)



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