



Dr.G.R.Damodaran College of Science

(Autonomous, affiliated to the Bharathiar University, recognized by the UGC) Re-
accredited at the 'A' Grade Level by the NAAC and ISO 9001:2008 Certified
CRISL rated 'A' (TN) for MBA and MIB Programmes

III BCOM (CA) [2015-2018]

Semester V

Core: INCOME TAX LAW AND PRACTICE – 503B

Multiple Choice Questions.

1. _____ are empowered to levy and collect taxes.

- A. Only public authorities
- B. Anybody
- C. Private Organisations
- D. Partners

ANSWER: A

2. Direct Tax is a contribution which is collected from _____.

- A. customer
- B. buyer
- C. employees
- D. persons

ANSWER: D

3. Income Tax is levied as a

- A. Direct Tax
- B. Indirect Tax
- C. Local Tax
- D. Wealth Tax

ANSWER: A

4. CBDT is controlled by _____.

- A. central Government
- B. State Government
- C. both (A) and (b)
- D. none of this above

ANSWER: A

5. The basic objective of Taxation is _____.

- A. To procure resources
- B. To provide incentives to save
- C. To check inflation
- D. To achieve reduction in consumption of goods

ANSWER: A

6. Previous year starts from _____.

- A. 1st of April
- B. 1st of March
- C. 1st of January
- D. 1st of September

ANSWER: A

7. The total of all the incomes shown under the major heads of income is called as _____.

- A. Taxable income
- B. Operating income
- C. Net income
- D. Gross Total Income

ANSWER: D

8. If a person is considered as an Assessee in place of another person due to valid reasons or causes, he is a _____.

- A. Replacement assessee
- B. Deemed assessee
- C. Assessee in due course
- D. Assessee-in-default

ANSWER: B

9. As per the first basic condition under residential Status, an Individual must have stayed in India for _____ days .

- A. 186
- B. 182
- C. 181
- D. 180

ANSWER: B

10. A person is said to be an ordinarily Resident when the person is satisfying _____.

- A. both basic and additional conditions
- B. only basic condition
- C. only additional conditions
- D. not basic and additional conditions

ANSWER: A

11. A person is said to be a non resident when the person is _____.

- A. not fulfilling any one of the basic conditions
- B. only basic conditions
- C. only additional conditions
- D. both basic and additional conditions

ANSWER: A

12. Who is assessee in HUF?

- A. Father
- B. spouse

- C. karta
- D. deemed karta

ANSWER: C

13. Education cess on tax payable is at _____.

- A. 2%
- B. 1%
- C. 3%
- D. 5%

ANSWER: A

14. The person who has to pay tax or other sum of money payable under I.T.Act is _____.

- A. a client
- B. a Debtor
- C. an assessee
- D. a Creditor

ANSWER: C

15. In case of shipping business income of a Non-Resident ship owners _____% of tax is to be paid by the captain of ship.

- A. 17.5
- B. 7
- C. 7.5
- D. 70.5

ANSWER: C

16. Which income tax act is currently in force?

- A. IT Act 1922
- B. IT Act 1932
- C. IT Act 1956
- D. IT Act 1961

ANSWER: D

17. Loss from Derivative trading is

- A. Non-speculative business loss
- B. Speculative business loss
- C. Loss under the head Income from Sources
- D. None of these

ANSWER: A

18. Death cum retirement gratuity paid to a government employee is _____.

- A. Fully taxable
- B. partially taxable
- C. fully exempted
- D. government pays the tax

ANSWER: C

19. Reimbursement of medical bill for treatment from an unrecognised hospital is _____.

- A. Fully exempted
- B. Exempted upto 15,000
- C. Fully taxable
- D. not an income

ANSWER: B

20. Annual value of one self occupied house is _____.

- A. always nil
- B. always fully taxable
- C. higher of MRV/FRV
- D. Fixed by the Local Authority

ANSWER: A

21. Municipal taxes are deductible on _____.

- A. Accrual basis
- B. due basis
- C. payment basis
- D. not allowed

ANSWER: C

22. Expected rent cannot exceed _____.

- A. MRV
- B. FRV
- C. Actual Rent
- D. Standarad Rent

ANSWER: D

23. Which sections of the income tax act 1961 deals with income under the head "Income from House Property"?

- A. Sections 6 to 9
- B. Sections 22 to 27
- C. Sections 38 to 44
- D. Sections 61 to 68

ANSWER: B

24. Which of the following incomes from house property is not exempted from Tax?

- A. Annual value of any one palace of ex-indian ruler.
- B. Income of local authority
- C. Income from house property of salaried employee
- D. Income of charitable trust.

ANSWER: C

25. Income from rent of agricultural lands is _____.

- A. Income from house property
- B. Income from other sources
- C. Business income
- D. Agricultural income

ANSWER: D

26. No integration of agricultural income with non-agricultural income if agricultural income is below

- _____.
- A. 2,00,000
 - B. 5,000
 - C. 50,000
 - D. 2,50,000
- ANSWER: B

27. Residential status is to be determined for

- A. Previous year
 - B. Assessment year
 - C. Accounting year
 - D. None of these
- ANSWER: A

28. Agriculture Income in India is _____.

- A. Taxable
 - B. Exempted
 - C. partly taxable
 - D. Rebateable
- ANSWER: B

29. House rent allowances is _____.

- A. Fully taxable
 - B. partly taxable
 - C. fully exempted
 - D. Rebateable
- ANSWER: B

30. Income Tax Authorities are grouped into two main wings Administrative and _____.

- A. Judicial.
 - B. Managerial.
 - C. Executives.
 - D. Clerical.
- ANSWER: A

31. The highest Administrative Authority for Income Tax in India is _____.

- A. Finance Minister.
 - B. CBDT.
 - C. President of India.
 - D. Director of Income Tax.
- ANSWER: B

32. Total Income of a person is determined on the basis of his

- A. residential status in India
- B. citizenship in India
- C. none

D. both of the above

ANSWER: A

33. What are the exemption limit in Hostel Expenditure Allowance?

A. Rs.200pm

B. Rs.300pm

C. Rs.400pm

D. Rs.500pm

ANSWER: B

34. Determining the tax liability is _____.

A. Assessment

B. Scrutiny.

C. Enquiry.

D. Enquiry.

ANSWER: A

35. The net income of a self-occupied property can be _____.

A. in Negative only

B. in Possitive only

C. can be a Negative or Zero.

D. can be positive or negative

ANSWER: C

36. The number allotted by income tax authorities to assesseees for identification and which should be quoted in all documents and correspondence is _____.

A. I.D. No.

B. Register No.

C. Permanent Account Number.

D. Permanent Assessment Number.

ANSWER: C

37. Deduction of tax at source made for incomes which can be calculated in advance is called _____.

A. T.D.S.

B. PAS.

C. FAS.

D. MAS.

ANSWER: A

38. Every year, the residential status of an assessee

A. Will certainly change

B. May change

C. Will not change

D. None of the above

ANSWER: A

39. Salary is taxable when

- A. It is received or due, whichever is earlier
- B. It is received
- C. It is accrued
- D. It is due

ANSWER: A

40. The following is not taxable as income under the Salaries

- A. Remuneration received by a partner
- B. Commission received by a full-time director
- C. Allowances received by an employee
- D. Free accommodation given to an employee

ANSWER: A

41. Due date of filing of return by a non business assessee generally is _____.

- A. 30th June.
- B. 31st August.
- C. 31st July.
- D. 30th November.

ANSWER: C

42. Under the income- tax act, the incidence of taxation depends on _____.

- A. The citizenship of the tax-payer.
- B. The age of the taxpayer
- C. The residential status of the tax-payer.
- D. The gender of the taxpayer

ANSWER: C

43. Unabsorbed depreciation can be carried forward for set off for a period of _____.

- A. four years only.
- B. eight years only.
- C. unlimited number of years.
- D. eighteen years only.

ANSWER: C

44. Dividend earned from Indian company are _____.

- A. assessable under Income from other source.
- B. Exempted income
- C. assessable under Capital gain.
- D. assessable under Casual income.

ANSWER: B

45. According to _____ Schedule of the constitution of India Taxes are levied.

- A. Eighth
- B. Seventh
- C. Tenth
- D. Seventeenth

ANSWER: B

46. Leave travel concession is exempt in hands of employee

- A. Once in a year
- B. Twice in a prescribed block of four year
- C. Up to Rs 50,000 per trip
- D. None of the above

ANSWER: B

47. Gift in cash given by the employer is taxable after deducting

- A. Rs.Nil
- B. Rs.5,000
- C. Gift once in a year is not taxable
- D. Amount to the extent of 1% of Salary

ANSWER: A

48. Salary from UNO in India is ____ under Indian Income tax Act 1961

- A. Exempt
- B. Taxable
- C. Partly taxable
- D. None of these

ANSWER: A

49. Preliminary expenses incurred are allowed deduction in:

- A. 5 equal annual installments
- B. 10 equal annual installments
- C. Full amount
- D. 15% of amount

ANSWER: A

50. Embezzlement of cash in a money lending business shall be treated as _____.

- A. Business expenditure.
- B. Revenue loss incidental to business.
- C. Capital expenditure.
- D. Capital loss.

ANSWER: B

51. Contribution to an university scientist research covered u/s 35(2AA) is eligible for weighted deduction @

- A. 200%
- B. 175%
- C. 150%
- D. 120%

ANSWER: A

52. Benefits of section 44AD can be availed by the following assessee:

- A. Partnership Firm
- B. Limited Liability Partnership
- C. Company
- D. None of these

ANSWER: A

53. The preliminary expenses that can be amortized under the Income Tax Act, 1961 has to be restricted to ___ of the cost of project.

- A. 5%
- B. 3%
- C. 8%
- D. 20%

ANSWER: A

54. Exemption u/s 54 is available to :

- A. Individual and HUF
- B. HUF only
- C. All Assesses
- D. None

ANSWER: A

55. The exemption u/s 54B, is allowed to:

- A. Individual or HUF
- B. Any assessee
- C. Individual only
- D. HUF

ANSWER: A

56. Gain on sale of motor car used for personal purpose is

- A. Not taxable
- B. Taxable as capital gain
- C. Taxable as business income
- D. Taxable as income from other sources

ANSWER: A

57. Cost of acquisition of self-generated asset is nil, the exception is:

- A. Route permit
- B. Goodwill
- C. Bonus shares acquired before 01-04-1981
- D. Loom hours

ANSWER: A

58. Personal effect do not cover the followings

- A. Immovable property
- B. Drawings
- C. Jewellery
- D. All of the above

ANSWER: A

59. The cost inflation index number of the P.Y. 2016-17 is

- A. 1081
- B. 939

C. 551

D. 1125

ANSWER: D

60. Embezzlement of cash by a cashier is _____.

A. a revenue loss.

B. a capital loss.

C. a casual loss.

D. None of these.

ANSWER: A

61. In whose total income , the income of a minor child is included

A. Parent whose total income is greater

B. Father

C. Mother

D. Father and Mother both

ANSWER: A

62. Unabsorbed depreciation can be carried forward for

A. Any number of years

B. 4years

C. 8years

D. 10 years

ANSWER: A

63. The following is not taxable as income under the head "Salaries".

A. Commission received by a full time director

B. Remuneration received by a partner from firm

C. Allowances received by an employee

D. Free accommodation given to an employee

ANSWER: B

64. The number of major heads of income under Indian Income Tax Act 1961 are

A. 5

B. 6

C. 4

D. 2

ANSWER: A

65. Income Tax Act currently in force is

A. IT Act 1961

B. IT Act 1922

C. IT Act 1956

D. IT Act 1944

ANSWER: A

66. Income of the P.Y. 2015-16 is taxable in the assessment year

A. 2008-09

- B. 2009-10
 - C. 2015-16
 - D. 2016-17
- ANSWER: D

67. Under the Seventh schedule of the constitution of India list _____ deals about the taxes levied by Central government.

- A. II
- B. I
- C. III
- D. IV

ANSWER: B

68. A short term capital asset (except financial assets) is the one held for not more than _____.

- A. 12 months
- B. 36 months
- C. 24 months
- D. 20 months

ANSWER: B

69. Capital expenditure on scientific research which cannot be absorbed on account of insufficiency of profit in any accounting year can be carried forward for _____.

- A. 16
- B. 8
- C. indefinite
- D. 12

ANSWER: C

70. Residential status of an assessee is ascertained as per the provisions of _____.

- A. Sec. 6.
- B. Sec. 7.
- C. Sec. 9.
- D. Sec. 11.

ANSWER: A

71. An individual who wants to be resident of India must satisfy _____.

- A. At least any one of the Two basic conditions.
- B. Both the basic conditions.
- C. Both the additional conditions.
- D. Need not satisfy any condition.

ANSWER: A

72. A person who is of Indian origin visiting India during the previous year to be called resident must stay in India for at least _____.

- A. 60 days in PY.
- B. 60 days in PY and 365 days or more during 4 years preceding the PY.
- C. 182 days in PY.

D. 730 days during 7 years preceding the PY.

ANSWER: C

73. Second additional condition for resident to be an ordinarily resident is that he must have stayed at least for _____ days in India during the seven previous years proceeding the relevant previous year.

- A. 182 days.
- B. 365 days.
- C. 60 days.
- D. 730 days.

ANSWER: D

74. An Indian company is always _____ in India.

- A. Resident.
- B. Non-Resident.
- C. Ordinarily resident.
- D. Not ordinary Resident

ANSWER: A

75. Salary paid by an Indian company to its employees working in one of its branches outside India is _____.

- A. Salary accruing in India.
- B. Salary deemed to accrue in India.
- C. Salary accruing outside India.
- D. Exempted in India

ANSWER: C

76. Income received in India is taxable in the hands of _____.

- A. Not ordinary Resident only.
- B. Resident and ordinarily resident only.
- C. Non-resident only.
- D. All assesseees.

ANSWER: D

77. Income accrued in India is taxable in the hands of _____.

- A. Non-resident only.
- B. Resident but ordinarily resident only.
- C. All assesseees.
- D. Resident and ordinarily resident only.

ANSWER: C

78. Income accrued and received outside India is taxable in the hands of.

- A. Non-resident.
- B. Ordinarily resident.
- C. Not ordinarily Resident.
- D. All Assesseees

ANSWER: B

79. Past untaxed income brought to India is taxable in the hands of.

- A. Resident but not ordinarily resident.
- B. Resident and ordinarily resident.
- C. Non-resident.
- D. None of these.

ANSWER: D

80. Income received outside India from a business controlled from India is taxable in the hands of.

- A. ordinary resident and not ordinary resident.
- B. Non-resident only.
- C. Not ordinary resident only
- D. ordinary resident only

ANSWER: A

81. Exempted incomes are defined under section.

- A. 15 of income tax Act.
- B. 18 of income tax Act
- C. 10 of income tax Act.
- D. 20 of income tax Act.

ANSWER: C

82. Scholarship received is.

- A. Fully exempted.
- B. Fully taxable.
- C. Partly exempted.
- D. Rebateable

ANSWER: A

83. Any payments made under and awards instituted by central or state Governments are.

- A. Fully exempted
- B. Fully taxable
- C. Partly exempted.
- D. Rebateable.

ANSWER: A

84. Allowances of MP/M.L.A / or M.L.C are.

- A. Fully exempted.
- B. Fully taxable.
- C. Partly exempted.
- D. Rebateable

ANSWER: A

85. Income of political parties is not to be included in total income if certain conditions are satisfied. The relevant section of IT Act 1961 is.

- A. Section 13A .
- B. Sec. 10d.
- C. Sec. 233B.
- D. Sec.88G.

ANSWER: A

86. Tax Holiday is.

- A. Income tax on holiday income.
- B. Cancellation of tax for the entire country.
- C. Tax exemption for a specified period.
- D. Lifetime tax exemption

ANSWER: C

87. Tax incentives for 100% export oriented units are specially provided under I.T Act section.

- A. 20A.
- B. 40(Z).
- C. 1 CB.
- D. 80(S).

ANSWER: C

88. Sum received by a co-parcener from Hindu undivided family is.

- A. Exempted in the hands of co-parcener
- B. Exempted in the hands of HUF.
- C. Taxable in the hands of co-parcener
- D. Rebateable.

ANSWER: A

89. Share of income from firm is.

- A. Taxable in the hands of partner
- B. Exempted in the hands of partner.
- C. Exempted in the hands of firm.
- D. Rebateable.

ANSWER: B

90. Casual income is.

- A. Fully taxable.
- B. Partly taxable.
- C. Fully exempted.
- D. Rebateable.

ANSWER: A

91. Salary received by a member of parliament is.

- A. Taxable as salary income
- B. Exempt from tax.
- C. Taxable as income from other sources.
- D. Rebateable.

ANSWER: C

92. Allowances received by a government employee posted abroad are.

- A. Fully exempted.
- B. Partly exempted.
- C. Fully taxable.
- D. Taxable by the country where posted.

ANSWER: A

93. Dearness allowance is taxable in the hands of.

- A. Govt employees
- B. Non Govt employees
- C. All employees.
- D. Semi-Govt employees

ANSWER: C

94. House rent allowance is.

- A. Fully exempted.
- B. Partly taxable.
- C. Fully taxable.
- D. Actual rent paid alone is taxable.

ANSWER: B

95. Exempted limit of HRA in metropolitan cities is.

- A. 50% of salary.
- B. 40% of salary.
- C. 15% of salary.
- D. 45% of salary.

ANSWER: A

96. Education allowance is exempted upto a maximum of.

- A. One child.
- B. Two children.
- C. Three children.
- D. Four children.

ANSWER: B

97. Children education allowance is exempted upto.

- A. Rs. 200 p.m. per child.
- B. Rs. 300 p.m. per child.
- C. Rs. 100 p.m. per child.
- D. Rs. 400 p.m. per child.

ANSWER: C

98. Entertainment allowance to govt, employees is exempted, which is least of 20% of basic salary or actual allowance or.

- A. Rs. 1,000.
- B. Rs. 2,000.
- C. Rs. 20,000.
- D. Rs. 5,000.

ANSWER: D

99. A Perk is.

- A. Cash paid by employer to employee
- B. Facility provided by employer to employee

C. Amount credited to employees.

D. Monetary benefits.

ANSWER: B

100. Perquisites to employees are covered in the I.T. Act 1961 under.

A. Sec 2a.

B. Sec. 17b.

C. Sec 28a.

D. Sec. 36 c.

ANSWER: B

101. The value of Interest free concessional loans to employees is determined on the basis of lending rates for the same purpose of _____.

A. S.B.I.

B. R.B.I.

C. Central govt.

D. State govt.

ANSWER: A

102. An employee is deemed as specified employee if he is a director in the company or has substantial in the company or his monetary salary p.a. exceeds.

A. Rs. 5,00,000.

B. Rs. 2,00,000.

C. Rs. 1,00,000.

D. Rs. 50,000.

ANSWER: D

103. Value of Rent Free House in case of Govt. employee shall be taxable upto _____.

A. 15% of employees salary.

B. 7.5% of employees salary.

C. License fee fixed by Govt.

D. 10% of employees salary.

ANSWER: C

104. Value of Rent Free House which is owned by the employer in case of non Govt, employees live in the place where the population exceeds 25 lakhs is _____.

A. 10% of employees salary

B. 15% of employees salary.

C. 7.5% of employee salary

D. 20% of employees salary.

ANSWER: B

105. Interest on RPF balance is exempted upto.

A. 9.75%.

B. 9.5%.

C. 10%.

D. 12%.

ANSWER: B

106. Employers contribution to RPF is exempted upto.

- A. 10% of salary.
- B. 13% of salary.
- C. 12% of salary.
- D. 11% of salary.

ANSWER: C

107. Commuted value of pension is fully exempted in case of.

- A. an employee of private sector.
- B. an employee of a public sector undertaking.
- C. a Govt, employee.
- D. All Employees

ANSWER: C

108. Statutory limit for exemption of compensation received at the time of voluntary retirement (VRS) is.

- A. Rs. 5,00,000.
- B. Rs. 8,00,000.
- C. Rs. 10,00,000.
- D. Rs. 15,00,000.

ANSWER: A

109. Profits earned from an illegal business are.

- A. Taxable.
- B. Tax free.
- C. Ignored by Tax Authorities.
- D. treated as other income.

ANSWER: A

110. Contribution made to an approved research association is eligible for deduction upto.

- A. 50%.
- B. 80%.
- C. 100%.
- D. 125%.

ANSWER: D

111. Unabsorbed capital expenditure on scientific research can be carried forward for.

- A. 15 years.
- B. 14 years.
- C. 8 years.
- D. 10

ANSWER: C

112. A university teacher is a _____.

- A. government employee
- B. private employee
- C. Semi-government employee
- D. self employed

ANSWER: C

113. While computing Business Income, Excise duty and sales tax are allowed as deduction if paid

_____.

- A. before Late date of filing of return.
- B. before Previous year ends.
- C. Before 31 st December of the previous year.
- D. after 31 st December of previous year.

ANSWER: A

114. Technical know-how acquired after 1.4.98 is eligible for depreciation at.

- A. 10% P.A.
- B. 20% P.A.
- C. 25% P.A.
- D. 40% P.A.

ANSWER: C

115. General deductions for Business or Profession are covered in the I.T.Act 1961 under.

- A. Sec.20.
- B. Sec.31.
- C. Sec.37.
- D. Sec.45.

ANSWER: C

116. Specific disallowances while computing profits and gains of business or profession are included in the I.T. Act 1961.

- A. Sec.20.
- B. Sec.40.
- C. Sec.60.
- D. Sec.80.

ANSWER: B

117. Preliminary expenses shall be allowed as deduction in.

- A. 5 Instalments.
- B. 10 Instalments.
- C. 15 Instalments
- D. 12 Instalments.

ANSWER: A

118. Bad debts allowed earlier and recovered latter on is.

- A. Business income.
- B. Non business income.
- C. Exempted income.
- D. Income from other sources.

ANSWER: A

119. Under valuation of opening stock is _____.

- A. deducted from net profit.

- B. added to net profit.
- C. credited to P & L A/c
- D. not a mistake.

ANSWER: A

120. Gifts from clients are.

- A. Professional income.
- B. Income from other sources.
- C. Non taxable item.
- D. Not an income.

ANSWER: A

121. Repairs incurred before installation of an assets is.

- A. Capital expenditure.
- B. Revenue expenditure.
- C. Non business expenditure.
- D. Not accepted

ANSWER: A

122. If a depreciable asset is acquired and used for less than 180 days in a financial year, depreciation allowed on it is.

- A. Normal Rate.
- B. 50% of Normal Rate.
- C. Nil.
- D. None of these.

ANSWER: B

123. Rate of depreciation on residential building is.

- A. 5%.
- B. 10%
- C. 15%
- D. 20%.

ANSWER: A

124. Rate of depreciation on non residential building is.

- A. 10%.
- B. 15%.
- C. 20%.
- D. 25%

ANSWER: A

125. Rate of depreciation on furniture is _____.

- A. 5%
- B. 15%
- C. 10%
- D. 20%

ANSWER: C

126. 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.

ANSWER: B

127. Income from sale of rural Agricultural land is.

- A. Taxable capital gain.
- B. Exempted capital gain.
- C. Taxable income.
- D. Not an income.

ANSWER: B

128. What is the time limit for holding of a Financial Asset, to be called Short Term Capital Asset?

- A. Not more than 6 months.
- B. Not more than 12 months.
- C. Not more than 24 months.
- D. Not more than 36 months.

ANSWER: B

129. To be a long term capital asset, a non financial asset should be held for more than _____.

- A. 12 months.
- B. 24 months.
- C. 36 months.
- D. 60 months.

ANSWER: C

130. Shares held for less than 12 months are.

- A. Short term capital asset.
- B. Long term capital asset.
- C. Exempted capital asset.
- D. projected capital asset.

ANSWER: A

131. House property held for less than 36 months is.

- A. Long term capital asset.
- B. Short term capital asset.
- C. Exempted capital asset.
- D. projected capital asset.

ANSWER: B

132. Indexation is applicable to.

- A. Sale of short term capital assets.
- B. Sale of long term debentures.
- C. Sale of depreciable capital assets.
- D. Sale of long term capital assets which are not depreciable assets

ANSWER: D

133. What is the date on which Fair Market Value of capital assets acquired is determined?

- A. 1.4.2001.
- B. 1.4.1971.
- C. 1.4.1981.
- D. 1.4.1971.

ANSWER: C

134. FMV on 1.4.81 is applicable to assets.

- A. acquired prior to 1.4.81.
- B. transferred prior to 1.4.81.
- C. acquired after 1.4.81.
- D. none of the above.

ANSWER: A

135. Cost of improvement incurred prior to 1.4.81 is.

- A. Indexed separately.
- B. Indexed along with cost of acquisition.
- C. Ignored fully
- D. ignored temporarily.

ANSWER: C

136. Cost inflation rules for the purpose of long term capital gain has been notified by central government every year starting from the financial year.

- A. 1991-92.
- B. 1985-86.
- C. 1981-82.
- D. 1975-76.

ANSWER: C

137. Short term capital gain on sale of unlisted shares are.

- A. Taxable.
- B. Exempted.
- C. Partially Exempted.
- D. Partially Taxable.

ANSWER: A

138. Long term capital gain on sale of unlisted shares are.

- A. Taxable.
- B. Exempted.
- C. Partially Exempted.
- D. Partially Taxable.

ANSWER: A

139. 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.

ANSWER: C

140. Exemption u/s 54 is allowed for investment in.

- A. another residential house.
- B. land.
- C. shares.
- D. jewellery.

ANSWER: A

141. Tax on long term capital gain is.

- A. 10%.
- B. 20%.
- C. 30%.
- D. 25%.

ANSWER: B

142. Income from other sources is a.

- A. Residuary head of income.
- B. Major head of income.
- C. Income from a single source.
- D. Constant and regular income.

ANSWER: A

143. Which one of the following is not an income from other sources?

- A. Interest on fixed deposit in bank.
- B. Winnings from cross word puzzles.
- C. gift in excess of Rs.50,000 from Non-Relatives.
- D. profit on sale of building.

ANSWER: D

144. Which of the following income from other sources is not taxable?

- A. Dividend from co-operative society.
- B. Dividend from foreign company.
- C. Dividend from domestic company.
- D. Winnings from lottery.

ANSWER: C

145. Dividends from co-operative society are.

- A. Exempted.
- B. Taxable.
- C. Partially Exempted.
- D. Partially Taxable.

ANSWER: B

146. Grossing up of interest on securities is required when.

- A. Interest is received after T.D.S.
- B. They are central govt. securities.

C. The interest on bank deposit is less than Rs. 10,000.

D. on all situations

ANSWER: A

147. Tax is reduced from casual incomes at.

A. 10% + surcharge and cesses.

B. 20% + surcharge and cesses.

C. 30%.

D. none of these.

ANSWER: C

148. Interest on Bank Term Deposits is subject to tax deduction at source if the interest amount during the relevant previous year exceeds.

A. Rs..2,000.

B. Rs.5,000.

C. Rs.. 10,000.

D. Rs.30,000.

ANSWER: C

149. Rate of T.D.S for unlisted securities, including cesses is.

A. 10.6%.

B. 15.6%.

C. 10%.

D. 30.6%.

ANSWER: C

150. Speculation Loss can be carried forward for.

A. 8 years

B. 10years

C. 5years

D. 4years

ANSWER: D

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