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IFTM University, Moradabad, Uttar Pradesh
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MCQs (BCOM 604)



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BCOM 604 INCOME TAX

MCQs [SET 1]

Note: The **BOLD HIGHLIGHTED options are the correct answers.**

Q. 1: The Income from House Property is taxable in the hands of the individual even if property is not registered in his name _____.

- (a) When the property has been transferred to spouse for inadequate consideration
- (b) Where the property is transferred to a minor child for inadequate consideration
- (c) Where the individual holds on importable estate
- (d) All of the above**

Q. 2: Under the Head Income from House Property, the basis of charge is the _____ of property.

- (a) Annual value**
- (b) Quarterly value
- (c) Half-quarterly value
- (d) None of the above

Q. 3: The following conditions must be satisfied to charge the rental income under the head Income of House Property:

- (a) The property should consist of any buildings or lands
- (b) The assessee should be one of the property
- (c) The property should not be used by the owner for the purpose of business or professional purpose
- (d) All of the above**

- Q. 4:** Mr. Ram owns a house property. He lent it to Laxman at Rs. 10,000 p.m. Laxman sublet it to Mr. Maruti on monthly rent of Rs. 20,000 p.m. Rental income of Ram is taxable under the head _____.
- (a) Income from Salary
 - (b) Income from Other Sources
 - (c) Income from House Property**
 - (d) Income from Business
- Q. 5:** Mr. Ram owns a house property. He lent it to Laxman at Rs. 10,000 p.m. Laxman sublet it to Mr. Maruti on monthly rent of Rs. 20,000 p.m. Rental income of Laxman is taxable under the head _____.
- (a) Income from Salary
 - (b) Income from Other Sources**
 - (c) Income from House Property
 - (d) Income from Business
- Q. 6:** An individual who transfers house property without an adequate consideration to his owner spouse or to minor child is called as _____.
- (a) Co-owner
 - (b) Deemed Owner**
 - (c) Owner Himself
 - (d) None of the above
- Q. 7:** An individual is considered as a owner of the house property for the purpose of charging tax to _____.
- (a) A member of cooperative society, company or AOP to whom a building or a part thereof is allotted or leased under a house building scheme of the society.
 - (b) An individual who transfers house property without an adequate consideration to his owner spouse or to minor child
 - (c) The holder of importable estate
 - (d) All of the above**
- Q. 8:** The rental income of person who is resident of Ladakh is _____ taxable under Income from House Property.
- (a) Fully taxable
 - (b) Not taxable**
 - (c) Partially taxable
 - (d) None of the above

- Q. 9:** If the individual using the property for the business or professional purpose the income taxable under the _____ head.
- (a) Income from House property
 - (b) Income from HUF
 - (c) Income from Other
 - (d) Income from Business or Proprietorship**
- Q. 10:** If the assesses let out the building or staff quarters to the employee of business, the rent collected from such employees is assessable as income from _____.
- (a) Business
 - (b) House Property
 - (c) Other Sources**
 - (d) None of the above
- Q. 11:** The Gross annual value of the property is depends upon the _____.
- (a) Standard rent
 - (b) Municipal Valuation
 - (c) Fair rent
 - (d) All of the above**
- Q. 12:** If Anil is entitled to basic salary of Rs. 50,000 p.m. and dearness allowance of Rs. 10,000 p.m., 40% of which forms part of retirement benefits. He is also entitled to HRA of Rs. 20,000 p.m. He actually lives with his parents in Mumbai and does not pay any rent. Market rent of that house is Rs. 20,000 p.m. in Mumbai, then calculate the exempt HRA for Mr. Anil.
- (a) Nil**
 - (b) Rs. 64,800
 - (c) Rs. 2,40,000
 - (d) Rs. 1,75,200
- Q. 13:** Calculate the Gross Annual Value from the following details:
- Municipal Value Rs. 45,000
Fair rental value Rs. 50,000
Standard Rent Rs. 48,000
Actual Rent Rs. 42,000
- (a) Rs. 50,000
 - (b) Rs. 48,000**
 - (c) Rs. 45,000
 - (d) Rs. 42,000
- Q. 14:** Which of the following is not a case of deemed ownership of house property?

- (a) Transfer to a spouse for inadequate consideration
- (b) Transfer to a minor child for inadequate consideration
- (c) Holder of an importable estate
- (d) Co-owner of a property**

Q. 15: Interest on capital borrowed for acquisition or construction of property is deductible subject to limit of _____ per year, if capital is borrowed on or after 1-04-1999. This is allowable if acquisition or construction is completed within 3 years from end of financial year in which loan was taken.

- (a) Rs. 1,50,000**
- (b) Rs. 2,00,000
- (c) Rs. 1,80,000
- (d) Rs. 2,50,000

Q. 16: For a self-occupied house property occupied on 1.7.2016, for which housing loan was availed, if the interest up to 31.3.2016 is Rs. 90,000 and thereafter the interest payable is Rs. 3,000 p.m., the deduction available under section 24 in respect of interest for the year ended 31.3.2017 is _____.

- (a) Rs. 50,000
- (b) Rs. 45,000
- (c) Rs. 54,000**
- (d) None of the above

Q. 17: If an assessee earns rent from a sub-tenant in respect to tenanted property let out as a residence, the said rent is _____.

- (a) Exempted under Section 10
- (b) Taxable under the head income from house property
- (c) Taxable as business income, as the letting out is a commercial activity
- (d) Taxable as income from other sources**

Q. 18: An assessee, after sale of house property, receiving arrears of rent (is/is not) chargeable to tax; the same computed in the stipulated manner, is chargeable to tax as _____.

- (a) Income from House Property
- (b) Income from Other Sources
- (c) Either (a) or (b)**
- (d) Neither (a) nor (b)

Q. 19: Arrear rent is taxable after deducting _____ as per Section 25B of the Income Tax Act, 1961.

- (a) 30%**
- (b) 35%

(c) 10%

(d) 20%

Q. 20: Monish took a loan of Rs. 6,00,000 on 1.4.2014 from a bank for construction of a house. The loan carries an interest @ 10% p.a. The construction is completed on 15.6.2016. The entire loan is still outstanding. Compute the interest allowable for the assessment year 2016-17.

(a) Rs. 60,000

(b) Rs. 1,80,000

(c) Rs. 84,000

(d) Rs. 24,000

Q. 21: The value of interest-free concessional loans to employees is determined on the basis of lending rates of _____ for the same purpose.

(a) SBI

(b) RBI

(c) Central Government

(d) State Government

Q. 22: Value of rent-free accommodation in case of Government employee shall be taxable up to _____.

(a) 15% of employee's salary

(b) 8% of employee's salary

(c) License fee fixed by Government

(d) 10% of employee's salary

Q. 23: Value of rent-free accommodation or a house owned by employer in case of non-government employees with above 25 lakh population is _____.

(a) 15% of employee salary

(b) 7.5% of employee salary

(c) 20% of employee salary

(d) 10% of employee salary

Q. 24: Deduction for other expenses except interest in the computation of income from house property is allowable to the extent of _____.

(a) 25% of annual value

(b) 10% of annual value

(c) 30% of annual value

(d) 20% of annual value

Q. 25: Rate of depreciation on residential building is _____.

- (a) 10%
- (b) 20%
- (c) 25%
- (d) 5%**

Q. 26: House property held for less than 36 months is _____.

- (a) Short-term capital asset
- (b) Projected capital asset
- (c) Exempted capital asset**
- (d) Long-term capital asset

Q. 27: Mr. Shushant is the owner of a house, the details of which are given below the gross annual value would be _____.

Municipal value Rs. 36,000

Actual rent Rs. 32,000

Fair Rent Rs. 36,000

Standard Rent Rs. 40,000

(a) Rs. 36,000

(b) Rs. 35,000

(c) Rs. 30,000

(d) Rs. 40,000

Q. 28: Sunil purchased a house for his residential purpose after taking a loan in January, 2016.

During the previous year 2016-17, he paid interest on loan Rs. 1,67,000. While computing income from house property, the deduction is allowable to the extent of _____.

- (a) Rs. 30,000
- (b) Rs. 1,00,000
- (c) Rs. 1,67,000**
- (d) Rs. 1,50,000

Q. 29: Expected rent shall be higher of _____.

- (a) Municipal value and standard rent
- (b) Fair rent and actual rent received
- (c) Standard rent and fair rent
- (d) Municipal value and fair rent**

Q. 30: Municipal Value Rs. 14,000, Fair rent Rs. 14,500, Standard Rent Rs. 14,200, Actual rent as property let out throughout the previous year Rs. 16,800 and Unrealized rent of the previous year Rs. 7,000. The annual value of the house property shall be _____.

- (a) Rs. 9,800
- (b) Rs. 14,200**

(c) Rs. 7,200

(d) Rs. 7,500

Q. 31: Interest on capital, borrowed on 10.10.2000, for self-occupied property is deductible up to a maximum amount of _____.

(a) Rs. 50,000

(b) Rs. 1,50,000

(c) Rs. 5,000

(d) None of the above

Q. 32: Deduction from annual value is allowed under _____.

(a) Section 24

(b) Section 25

(c) Section 27

(d) Section 28

Q. 33: _____ standard deduction from annual value is allowed.

(a) 10%

(b) 20%

(c) 30%

(d) 15%

Q. 34: Interest on loan for self-occupied house taken before 1st April, 1999 will be allowed up to _____.

(a) Rs. 30,000

(b) Rs. 1,50,000

(c) Rs. 10,000

(d) Rs. 50,000

Q. 35: Deduction allowed from annual value is _____.

(a) Interest on loan for constitution

(b) Interest on loan for repair

(c) Statutory deduction

(d) All of the above

Q. 36: An individual assesses can show maximum loss of _____ from a self-occupied residential house property.

(a) Rs. 1,50,000

(b) Rs. 30,000

(c) Rs. 20,000

(d) Rs. 5,00,000

Q. 37: The Annual Value has been defined under _____ of Income Tax Act, 1961.

- (a) Section 20
- (b) Section 22
- (c) Section 23(1)**
- (d) Section 23

Q. 38: Mr. Rupesh owns a house property. Municipal value Rs. 1,50,000, Fair Rent Rs. 1,25,000 and

Standard Rent Rs. 1,45,000. It is let out throughout the previous year for Rs. 10,000 p.m. up to December 31, 2015 and Rs. 1,45,000 p.m. thereafter. Find out the Gross Annual Value for the Assessment Year 2016-17.

- (a) Rs. 1,45,000**
- (b) Rs. 1,25,000
- (c) Rs. 1,50,000
- (d) Rs. 1,33,000

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

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

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

- (a) Rs. 15,000
- (b) Rs. 16,000**
- (c) Rs. 17,000
- (d) Rs. 18,000

Q. 41: If fair rent is not given, then assume _____ as fair rent.

- (a) Actual rent**
- (b) Standard rent
- (c) Average rent
- (d) None of the above

- Q. 42:** Rent received by original tenant from sub-tenant is taxable under the head _____.
- (a) Income from House Property
 - (b) Income from Other Sources**
 - (c) Income from Capital Gain
 - (d) None of the above
- Q. 43:** The net annual value of house let out is Rs. 1,00,000 and actual amount spent by the assessee on repairs and insurance premium is Rs. 20,000. The amount of deduction allowed under Section 24(a) shall be _____.
- (a) Rs. 35,000
 - (b) Rs. 45,000
 - (c) Rs. 30,000**
 - (d) Rs. 25,000
- Q. 44:** Rent from House Property let out by an assessee to his employees when such letting is incidental to his main business will be chargeable to tax under head _____.
- (a) Profit and Gain from Business and Profession**
 - (b) Income from Capital Gain
 - (c) Income from House Property
 - (d) All of the above
- Q. 45:** When annual value of one-self occupied house is nil, the assesses will be entitled to the standard deduction of _____.
- (a) 10%
 - (b) 20%
 - (c) Nil**
 - (d) None of the above
- Q. 46:** Gross annual value shall be higher of _____.
- (a) Expected rent
 - (b) Actual rent received or receivable
 - (c) All of the above**
 - (d) None of the above
- Q. 47:** Income from property held under trust for charitable or religious purposes is _____.
- (a) Exempted from tax**
 - (b) Taxable @ 10%
 - (c) Taxable @ 20%
 - (d) None of the above

Q. 48: Mr. Anup owns a house property. Municipal value Rs. 1,80,000, Fair Rent Rs. 1,35,000 and Standard Rent Rs. 1,65,000. It is let out throughout the previous year for Rs. 10,000 p.m. up to December 31, 2015 and Rs. 1,65,000 p.m. thereafter. Find out the Gross Annual Value for the Assessment Year 2016-17.

- (a) 1,80,000
- (b) 1,65,000**
- (c) 1,55,500
- (d) None of the above

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

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

Q. 50: For computation of Gross Annual Value, if actual rent is more than expected rent, then we select the _____.

- (a) Actual rent**
- (b) Expected rent
- (c) Any of the above
- (d) None of the above

Q. 51: Under the Income Tax Act, 1961, depreciation on machinery is charged on _____.

- (a) Purchase price of the machinery
- (b) Written down value of the machinery
- (c) Market price of the machinery**
- (d) All of the above

Q. 52: The Depreciation allowance is charged of written down value on intangible assets at the rate of _____.

- (a) 25%**

- (b) 15%
- (c) 20%
- (d) 30%

Q. 53: Sunil contributed Rs. 3,00,000 to an approved institution for research in social science, which is not related to his business. The amount of deduction eligible under section 35 would be _____.

- (a) Rs. 37,500**
- (b) Rs. 30,000
- (c) Rs. 45,000
- (d) Rs. 30,500

Q. 54: Income of a business commenced on 1st Feb 2016 will be assessed during the assessment year _____.

- (a) 2014-15
- (b) 2015-16**
- (c) 2016-17
- (d) 2015-17

Q. 55: The amount of additional depreciation in respect of new building constructed in financial year 2015-16 at a cost of Rs. 25 lakh for manufacturing garments will be Rs. _____.

- (a) Nil**
- (b) Rs. 10,000
- (c) Rs. 15,000
- (d) Rs. 50,000

Q. 56: If an asset is put to use for less than 180 days in the previous year, the depreciation is charged at _____ rate.

- (a) 30%
- (b) 50%**
- (c) 25%
- (d) Nil

Q. 57: Deduction for bad debt is allowed to assessee carrying on business in the year in which the debt is _____ as bad.

- (a) Accrual Basis
- (b) Written Basis**
- (c) All of the above
- (d) None of the above

- Q. 58:** Under Section 44AB, specified date means _____ of the assessment year.
- (a) 31st March
 - (b) 1st April
 - (c) 30th September**
 - (d) None of the above
- Q. 59:** Income chargeable under the head 'Profits and Gains from Business or Profession' is covered under _____.
- (a) Section 23
 - (b) Section 28**
 - (c) Section 25
 - (d) Section 24
- Q. 60:** The income charged under the head Business/Profession are _____.
- (a) The profit and gain of any business or profession which was carried on by the assessee at any time during the previous year
 - (b) Export incentives available to the exporters under any scheme of Government
 - (c) Any compensation or other payment due to or received by any person specified by the Section 28(ii)
 - (d) All of the above**
- Q. 61:** The depreciation on the assets in case of new plant and machinery is _____.
- (a) Depreciation sum equal to 20% of the actual cost of new plant and machinery**
 - (b) Depreciation sum equal to 50% of the actual cost of new plant and machinery
 - (c) Depreciation sum equal to 30% of the actual cost of new plant and machinery
 - (d) Depreciation sum equal to 10% of the actual cost of new plant and machinery
- Q. 62:** If the asset is put to use for less than 180 days in the year in which it is acquired, the rate of depreciation will be _____.
- (a) 20%
 - (b) 30%**
 - (c) 25%
 - (d) 50%
- Q. 63:** If the assets falling within a block of assets is acquired during the previous year and it is put to use for a period of less than 180 day, _____.
- (a) Depreciation should be restricted to 30%
 - (b) Depreciation should be restricted to 40%
 - (c) Depreciation should be restricted to 50%**
 - (d) Depreciation should be restricted to 20%

- Q. 64:** The depreciation is allowable expenditure subject to _____.
(a) The asset must be tangible asset
(b) The asset is used for the business purposes
(c) The assessee is the owner of the assets
(d) **All of the above**
- Q. 65:** The revenue expenditure on research incurred by the assessee himself is allowed for deduction only if _____.
(a) **Research is related to business only**
(b) Research is related to personal purpose
(c) Research is related to HUI
(d) None of the above
- Q. 66:** Profits of Rs. 2,00,000 are earned from a business in USA which is controlled in India. Half of the profit is being received in India. How much amount is taxable in India of a non-resident individual?
(a) Nil
(b) Rs. 2,00,000
(c) **Rs. 1,00,000**
(d) Rs. 3,00,000
- Q. 67:** Which of the following income is not chargeable as income of business or profession?
(a) Profits and gains of business carried by an assessee during the previous year
(b) Income derived by a trade, professional or similar association from specific services performed for its members
(c) **Income from the activity of owning and maintaining race horse**
(d) Salary received by a partner of a firm from the firm in which he is a partner.
- Q. 68:** If any expenditure is incurred by an Indian company wholly and exclusively for the purpose of amalgamation or demerger, the said expenditure is _____.
(a) Not allowable as a deduction in computing profits and gains of business or profession
(b) Fully deductible as revenue expenditure in the year in which it is incurred
(c) Not deductible but is eligible to be treated as an intangible asset in respect of which depreciation can be claimed
(d) **Allowed as a deduction over five successive previous years in which amalgamation or demerger takes place**
- Q. 69:** The transfer of old movable assets will be tax-free if it is used for _____.
(a) 1 year
(b) 5 years

(c) 10 years

(d) 15 years

Q. 70: The rate of depreciation on machinery is allowed upto _____.

(a) 10%

(b) 15%

(c) 2%

(d) 8%

Q. 71: Section 45 of Income Tax Act, 1961 is related to _____.

(a) Capital assets

(b) Assets

(c) Capital expenses

(d) Capital gain

Q. 72: Sections 28 to 44D of Income Tax Act, 1961 related to _____.

(a) Income from House Property

(b) Profit and Loss from Business or Profession

(c) Income from Salary

(d) Income of HUF

Q. 73: If any sum of money, the aggregate value of which exceeds fifty thousand rupees, is received without consideration, by an individual or a Hindu undivided family, in any previous year from any person or persons on or after the 1st day of April, 2006 but before 1st of October 2009, the whole sum is taxable under the head _____.

(a) Income from Other Sources

(b) Income from Business and Profession

(c) Income from Capital Gain

(d) None of the above

Q. 74: If a money gift is received from _____, it is not taxable under any head.

(a) From any relatives

(b) On the occasion of the marriage of the individual

(c) Under a will or by way of inheritance

(d) All of the above

Q. 75: The provision relating to clubbing of income where transfer of income is done without transferring the assets is given under _____.

(a) Section 60

(b) Section 62

(c) Section 61

(d) None of the above

Q. 76: The income from the asset would be taxable in the hands of the transferor if _____.

- (a) The taxpayer owns an asset
- (b) The ownership of asset is not transferred by him
- (c) The income from the asset is transferred to any person under a settlement or agreement
- (d) All of the above**

Q. 77: The examples of revocable transfers are _____.

- (a) If there is an express clause of revocation in the instrument of transfer
- (b) If there is a sale with a condition of repurchase
- (c) If the trustees are empowered in sole discretion to revoke the transfer
- (d) All of the above**

Q. 78: The provision for the set off and carry forward of losses in Income Tax Act, 1961 is given under _____.

- (a) Sections 65-75
- (b) Sections 70-80**
- (c) Sections 80-90
- (d) Sections 75-80

Q. 79: Mr. Rakesh has two properties one occupied by him and the other let out. Mr. Rakesh pays interest on loan of Rs. 1.40 lakh on the property occupied and derives net rental income of Rs. 1.40 lakh from the let-out property. In this case, the income chargeable under the head "House Property" will be _____.

- (a) Rs. 1,40,000
- (b) Rs. 2,80,000
- (c) Rs. 70,000
- (d) Nil**

Q. 80: Loss from speculation business cannot be set off against profit from any non-speculation business, however _____.

- (a) Loss from non-speculative business can be set off against speculation income**
- (b) Loss from non-speculative business cannot be set off against speculation income
- (c) Profit from non-speculative business can be set off against speculation income
- (d) None of the above

Q. 81: Long-term Capital Loss can only be set off against _____.

- (a) Long-term capital loss
- (b) Short-term capital loss

(c) Long-term capital gain

(d) All of the above

Q. 82: Mr. Anil has only one property, which is occupied by him and the loss is Rs. 1.50 lakh. He derives salary of Rs. 10 lakh during the year. Here, he can set off the loss of Rs. 1.50 lakh against his salary income by making appropriate declarations to his employer thereby making his net taxable income _____.

(a) Rs. 10 lakh

(b) Rs. 8.50 lakh

(c) Rs. 9 lakh

(d) None of the above

Q. 83: The provision for the set off loss from one head against income from another head is given under _____ of Income Tax Act, 1961.

(a) Section 70

(b) Section 72

(c) Section 71

(d) Section 73

Q. 84: The carry forward of losses is permissible if the return of income for the year in which loss incurred is _____.

(a) Filled on time

(b) Not filled on time

(c) Filed in advance

(d) None of the above

Q. 85: All income which arises to the minor child shall be clubbed in the income of his/her _____.

(a) Parents

(b) Siblings

(c) Friends

(d) Neighbours

Q. 86: What are the incomes are considered as an agricultural income?

(a) Any rent received from land which is used for agricultural purpose

(b) Any income derived from such land by agricultural operations

(c) Income attributable to farm house

(d) All of the above

Q. 87: _____ are not treated as a agricultural income.

(a) Income from poultry farming

- (b) Income from bee heaving
- (c) Purchase of standing crop
- (d) All of the above**

Q. 88: The agricultural income is fully exempt from tax from _____.

- (a) Finance Act, 1973**
- (b) Income Tax Act, 1961
- (c) Agricultural Act, 1981
- (d) None of the above

Q. 89: If the coffee is grown and cured, then the tax liability on the agricultural income is _____.

- (a) 75% agricultural and 25% non-agricultural income
- (b) 65% agricultural and 35% non-agricultural income**
- (c) 55% agricultural and 45% non-agricultural income
- (d) 35% agricultural and 65% non-agricultural income

Q. 90: The coffee is grown, cured and further processed, then the tax liability for the agricultural income is _____.

- (a) 60% agricultural and 40% non-agricultural**
- (b) 50% agricultural and 50% non-agricultural
- (c) 40% agricultural and 60% non-agricultural
- (d) 65% agricultural and 35% non-agricultural

Q. 91: If the agricultural land is used for tea plantation, then the tax liability is _____.

- (a) 65% agricultural and 35% non-agricultural
- (b) 50% agricultural and 50% non-agricultural
- (c) 70% agricultural and 30% non-agricultural
- (d) 60% agricultural and 40% non-agricultural**

Q. 92: A income by way of rent of agricultural land is _____.

- (a) Business income
- (b) Agricultural Income
- (c) Income from Other Sources**
- (d) Casual Income

Q. 93: Salary received by the manager of an agricultural farm is _____.

- (a) An agricultural income**
- (b) A business income

- (c) A salary income
- (d) A capital income

Q. 94: Income from a farm house is _____.

- (a) Agricultural Income**
- (b) Income from Other Sources
- (c) Income from House Property
- (d) Income from Business

Q. 95: Income from sale of rural agricultural land is _____.

- (a) Taxable capital gain
- (b) Taxable income**
- (c) Exempted capital gain
- (d) None of these

Q. 96: Maximum limit for the deduction of Life insurance premia from the gross total income is _____.

- (a) Rs. 2,00,000
- (b) Rs. 1,50,000**
- (c) Rs. 1,00,000
- (d) Rs. 1,25,000

Q. 97: The deduction of life insurance premia, contribution to provident fund, etc. will be done under _____ of Income Tax Act, 1961.

- (a) Section 80C**
- (b) Section 80U
- (c) Section 80D
- (d) Section 80E

Q. 98: Gross Total Income is arrived after _____.

- (a) Only adding Income under five heads of Income
- (b) Adding Income under five heads of Income excluding losses
- (c) Adding Income under five heads of Income, after applying clubbing provisions and making adjustment of set off and carry forward of losses**
- (d) Adding Income under five heads of Income, after applying clubbing provisions and making adjustment of set off and carry forward of losses and after allowing deduction under sections 80C to 80U

Q. 99: In Income Tax Act, 1961, deduction under sections 80C to 80U cannot exceed _____.

- (a) Gross total income**

- (b) Total income
- (c) Income from business or profession
- (d) Income from house property

Q. 100: The maximum aggregate amount of deduction under sections 80C, 80CCC and 80CCD cannot exceed _____.

- (a) Rs. 1,10,000
- (b) Rs. 2,00,000
- (c) Rs. 1,50,000**
- (d) Nil

Q. 101: Deduction in respect of contribution to political party will _____.

- (a) Be allowed in respect of sum paid by way of cash
- (b) Not be allowed if payment made in cash**
- (c) This type of deduction is not allowed whether payment is in cash or not
- (d) Be allowed if payment made in cash, subject to certain conditions

Q. 102: Maximum amount of deduction in case of a person with severe disability under section 80U will be _____.

- (a) Rs. 50,000**
- (b) Rs. 75,000
- (c) Rs. 80,000
- (d) Rs. 1,00,000

Q. 103: Government's contribution to the new pension scheme referred to in Section 80CCD is _____.

- (a) An exempt income
- (b) Income chargeable to tax as salaries in full**
- (c) 50% thereof is income chargeable to tax as Salaries
- (d) Income chargeable to tax as income from other sources in full

Q. 104: In case of a hospital built in specified area after 31.3.2008 fulfilling the required conditions laid down in Section 80IB-(11C), the profits and gains derived from running the hospital are _____.

- (a) Deductible in full
- (b) Deduction up to 50%
- (c) Taxable in full
- (d) Deductible up to 75%**

- Q. 105:** Deduction in respect of contribution to pension scheme of central government comes under _____ of Income Tax Act, 1961.
- (a) **Section 80CCD**
 - (b) Section 80U
 - (c) Section 80EE
 - (d) Section 80G
- Q. 106:** In case of assessee other than companies, the following is advance tax rate to be payable on or before of 15th September:
- (a) 45%
 - (b) **30%**
 - (c) 15%
 - (d) 10%
- Q. 107:** Deduction under Section 80C can be claimed for fixed deposit made in any scheduled bank, if the minimum period of deposit is _____.
- (a) 10 Years
 - (b) 5 Years
 - (c) **12 Years**
 - (d) 8 Years
- Q. 108:** Which of the following is covered under section 80D of the Income Tax Act, 1961?
- (a) Medical treatment of handicapped dependent
 - (b) **Medical insurance premium**
 - (c) Reimbursement of medical expenses
 - (d) Repayment of loan taken for higher education
- Q. 109:** The deduction available under section 80QQB in respect of royalty income of authors shall not exceed _____ in previous year.
- (a) Rs. 1,50,000
 - (b) **Rs. 2,50,000**
 - (c) Rs. 3,00,000
 - (d) Rs. 1,00,000
- Q. 110:** Clubbing of income means _____.
- (a) Addition income of two partners
 - (b) **Inclusion of income of other person in assessee income**
 - (c) Total of income of various heads
 - (d) Collection of income
- Q. 111:** Minors income is clubbed to _____.

- (a) Father's income
- (b) Mother's income
- (c) Father's income or mother's income whichever is greater**
- (d) Both mother's and father's income

Q. 112: The income of minor is not clubbed to the following limit:

- (a) Rs. 1,500
- (b) Rs. 10,000
- (c) Rs. 1,000**
- (d) Whole amount

Q. 113: _____ is a section related to clubbing of income

- (a) Sections 60-63
- (b) Sections 60-69
- (c) Sections 60-64**
- (d) None of the above

Q. 114: Deduction in respect of medical insurance premium is allowed under _____.

- (a) Section 80C
- (b) Section 80D**
- (c) Section 80DD
- (d) Section 80U

Q. 115: Maximum deduction allowed for senior citizen under Section 80D is _____.

- (a) Rs. 5,000
- (b) Rs. 15,000
- (c) Rs. 20,000**
- (d) Rs. 25,000

Q. 116: Person with disability is allowed a fixed deduction of _____.

- (a) Rs. 50,000**
- (b) Rs. 20,000
- (c) Rs. 30,000
- (d) Rs. 1,00,000

Q. 117: Expenditure on severe disease under section 80DDB is allowed upto _____.

- (a) Rs. 40,000**
- (b) Rs. 20,000
- (c) Rs. 25,000
- (d) Rs. 30,000

Q. 118: Which of the following donations is eligible for 100% deduction?

- (a) Rajeev Gandhi Foundation
- (b) J.L. Nehru Memorial Fund
- (c) National Children Fund
- (d) National Sports Fund**

Q. 119: Mr. Sharma contributed to a political party, he can avail deduction under _____.

- (a) Section 80G
- (b) Section 80GGB
- (c) Section 80GGC**
- (d) Section 80GGD

Q. 120: Rate of education cess on total income is _____.

- (a) 2%
- (b) 3%**
- (c) 4%
- (d) 0.3%

Q. 121: The deduction for donation to National Foundation for Communal Harmony is _____.

- (a) 50%
- (b) 100%**
- (c) 100% Qualifying Amount
- (d) None of the above

Q. 122: Under which section HUF is not entitled to deduction from GTI?

- (a) Section 80C
- (b) Section 80D
- (c) Section 80G
- (d) Section 80E**

Q. 123: The provision regarding TDS is given under _____ of income tax.

- (a) Section 195
- (b) Sections 192-206**
- (c) Sections 190-230
- (d) Sections 185-205

Q. 124: _____ is related to self-assessment.

- (a) Section 140
- (b) Section 140(A)**

(c) Section 140(B)

(d) Section 140(C)

Q. 125: _____ deals with PAN.

(a) Section 140

(b) Section 139A

(c) Section 139

(d) Section 154

Q. 126: Surcharge on tax on firm's total income is _____.

(a) Applicable

(b) Not applicable

(c) Applicable if total income crosses Rs. 1 crore

(d) Applicable if there is capital gain

Q. 127: Interest is paid to partners under _____.

(a) Section 40A

(b) Section 40B

(c) Section 40C

(d) Section 40D

Q. 128: The provision of Section 56(2)(vii) is applicable to _____.

(a) All assesseees

(b) An individual and HUF

(c) An individual only

(d) An HUF only

Q. 129: On the occasion of marriage of Mr. Rahul, he received a gift of Rs. 75,000 from a relative. Such an amount shall be _____.

(a) Taxable

(b) Non-taxable

(c) Taxable subject to standard deduction of 50%

(d) None of the above

Q. 130: In case of winning from horse races, payment exceeding _____ are subject to tax deduction at source.

(a) Rs. 2,000

(b) Rs. 3,000

(c) Rs. 5,000

(d) Rs. 10,000

- Q. 131:** Exemption under section 10(37) is available to _____.
(a) **An individual or an HUF**
(b) An individual
(c) HUF
(d) None of the above
- Q. 132:** Generally, long-term capital gain is charged to tax @ _____ (plus surcharge and cess as applicable).
(a) 10%
(b) 15%
(c) **20%**
(d) 30%
- Q. 133:** The exemption under section 54 shall be available _____.
(a) **To the extent of capital gain invested in the house property**
(b) Proportionate to the net consideration price invested
(c) To the extent of amount actually invested
(d) None
- Q. 134:** For the purpose of deduction under section 80DD, which of the following statements is/are true?
(a) Assessee is either an individual or a HUF
(b) Assessee is resident of India
(c) **Assessee has a dependent disable relative**
(d) All of the above
- Q. 135:** The maximum deduction one can claim under section 80D is _____.
(a) Rs. 30,000
(b) Rs. 50,000
(c) Rs. 40,000
(d) **Rs. 60,000**
- Q. 136:** Amount of deduction in case of a person with severe disability under section 80U will be _____.
(a) Rs. 75,000
(b) Rs. 85,000
(c) Rs. 1,50,000
(d) **Rs. 1,25,000**
- Q. 137:** Aggregate amount of deduction under 80C, 80CCC and 80CCD cannot exceed _____.

- (a) Rs. 1,10,000
- (b) Rs. 1,20,000
- (c) Rs. 1,30,000
- (d) Rs. 1,50,000**

Q. 138: In the case of every senior citizen resident in India, tax rebate under section 87A is

- _____.
- (a) Rs. 5,000
 - (b) Rs. 2,000
 - (c) Rs. 1,000
 - (d) Nil**

Q. 139: The provisions regarding TDS on Salaries are contained in _____.

- (a) Section 190
- (b) Section 191
- (c) Section 192**
- (d) Section 193

Q. 140: If the payee does not furnish PAN and TDS under section 194, dividends shall be made

- @ _____.
- (a) 20%**
 - (b) 15%
 - (c) 10%
 - (d) Nil

Q. 141: Deduction of tax at source for insurance commission is @ _____.

- (a) 10%**
- (b) 15%
- (c) 20%
- (d) 12%

Q. 142: Deduction of tax at source under section 194 is @ _____.

- (a) 10%**
- (b) 12%
- (c) 15%
- (d) 5%

Q. 143: As per Section 207, _____ not having any income from business or profession is not liable to pay advance tax.

- (a) A resident individual who is of the age of below 60 years
- (b) A resident HUF**

- (c) A nonresident individual
- (d) A resident senior citizen**

MCQs SET 2:

- (a) Income from rent of agricultural land is:
 - (i) Agricultural income
 - (ii) Casual income
 - (iii) Business income
 - (iv) Professional income
- (b) Percentage of income from the sale of coffee grown and cured in India is considered as agricultural income:
 - (i) 50%
 - (ii) 60%
 - (iii) 70%
 - (iv) 75%
- (c) Rate of income tax is fixed under:
 - (i) The Income tax Act
 - (ii) The Finance Act
 - (iii) An Ordinance
 - (iv) Notification of C.B.D.T.
- (d) Income tax was levied in India first by the following:
 - (i) Sir James Wilson
 - (ii) Sir James
 - (iii) Sir Newton
 - (iv) Sir Lucas Paciolo
- (e) Exemption limit for the Assessment Year 2019-20 for a Super Senior Citizen resident in India is:
 - (i) Rs. 2,50,000
 - (ii) Rs. 3,00,000
 - (iii) Rs. 4,00,000
 - (iv) Rs. 5,00,000
- (f) Who may not be an ordinary resident from the following?
 - (i) Partnership Firm
 - (ii) Company
 - (iii) Association of Person
 - (iv) Hindu Undivided Family

- (g) On the basis of residence, the assessee is divided into how many categories:
- (i) Two
 - (ii) Three
 - (iii) Four
 - (iv) Five
- (h) State which of the following income are exempted?
- (i) Dearness allowance
 - (ii) City compensatory allowance
 - (iii) Foreign allowance
 - (iv) Medical allowance
- (i) Deduction for entertainment allowance is available by:
- (i) Government servant
 - (ii) Non government servant
 - (iii) Both (i) and (ii)
 - (iv) None of the above
- (j) Which house property is not charged to tax?
- (i) Farmhouse
 - (ii) Palace of an Ex-ruler
 - (iii) Business building
 - (iv) All of these
- (k) The annual value of house property is Rs. 1,20,000. B and C are equal co-owners of the house. B's income from the house property shall be:
- (i) Rs. 42,000
 - (ii) Rs. 60,000
 - (iii) Rs. 80,000
 - (iv) Rs. 1,20,000
- (l) Interest on capital paid by the firm to its partners is allowed:
- (i) up to 15%
 - (ii) up to 16%
 - (iii) up to 18%
 - (iv) up to 12%
- (m) Under which of the work of a doctor is covered?
- (i) Trade
 - (ii) Business
 - (iii) Profession
 - (iv) None of these
- (n) Capital gain is classified into how many types?
- (i) Two
 - (ii) Three
 - (iii) Four

- (iv) Five
- (o) The income tax rate on a long term capital gain for an individual is:
- (i) 10%
 - (ii) 20%
 - (iii) 15%
 - (iv) 30%
- (p) Under which head the pension is taxable?
- (i) Salaries
 - (ii) Income from other sources
 - (iii) Capital gains
 - (iv) None of these
- (q) Income from sub letting of house property is:
- (i) Income from other sources
 - (ii) Property income
 - (iii) Exempted
 - (iv) Capital gains
- (r) Losses of Speculation Business can be set-off :
- (i) 4 Years
 - (ii) 8 Years
 - (iii) 3 Years
 - (iv) 6 Years
- (s) Long Term Capital Loss can be set-off from:
- (i) Short term capital gains
 - (ii) Long term capital gains
 - (iii) Capital gains
 - (iv) Any income
- (t) For the Assessment Year 2019-20 the maximum permissible deduction u/s 80C is:
- (i) Rs. 79,000
 - (ii) Rs. 1,12,000
 - (iii) Rs. 1,50,000
 - (iv) Rs. 80,000

KEY TO MCQs [SET 2]

Question No.	Answer
(a)	(i) Agricultural income
(b)	(iv) 75%
(c)	(ii) The Finance Act
(d)	(i) Sir James Wilson
(e)	(iv) Rs. 5,00,000
(f)	(iv) Hindu Undivided Family
(g)	(ii) Three
(h)	(iii) Foreign allowance
(i)	(i) Government servant

(j)	(iv) All of these
(k)	(i) Rs. 42,000
(l)	(iv) up to 12%
(m)	(iii) Profession
(n)	(i) Two
(o)	(ii) 20%
(p)	(i) Salaries
(q)	(i) Income from other sources
(r)	(i) 4 Years
(s)	(ii) Long term capital gains
(t)	(iii) Rs. 1,50,000



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