

VISHESH ACADEMY OF COMMERCE

DSS-33, OLD COURT COMPLEX NEAR FAWARA CHOWK HISAR

INCOME TAX LAW & PRACTICE

CS-EXECUTIVE

CHAPTER – INTRODUCTION TO TAX Test -1)

Marks: 30

STUDENT NAME:

1. The word tax is based on the Latin word "taxo" which means:

- (a) To charge
- (b) To levy
- (c) To estimate
- (d) To apply

2. The Government can use taxes to fund welfare and public services which include-

- (a) Education system
- (b) Health care system
- (c) Pension for the elderly
- (d) All of the above

3. The objectives of taxation include;

- (a) Means for economic development
- (b) Enforcing Government policy
- (c) Redistribution of income & wealth
- (d) All of the above

4. A good tax system must have which of the following characteristics?

- (a) Equity & certainty
- (b) Economy & redistribution
- (c) Convenience & flexibility
- (d) All of the above

5. The fundamental canons of taxation are canon of:

- (a) Economy, equity, certainty & convenience
- (b) Equity, certainty, flexibility & convenience
- (c) Economy, equity, certainty & flexibility
- (d) Economy, equity, redistribution & convenience

6. Horizontal equity Implies:

- (a) Taxpayer with equal ability to pay more tax
- (b) Taxpayer with greater ability to pay same tax
- (c) All taxpayer to pay same tax
- (d) Taxpayer with equal ability to pay equal tax.

7. The canon of convenience:

- (a) Helps in ensuring compliance
- (b) It makes tax payment convenient to the taxpayer
- (c) Both (a) & (b)
- (d) None of the above

8. Which one of the following is not an advantage of direct tax
- (a) As compared to indirect tax, it is easy to extract from public
 - (b) Based on principle of equity & certainty
 - (c) Convenient to taxpayer
 - (d) Acts as automatic stabilizer.
9. The tax system has been in force even in the ancient times, there are references in-
- (a) Manu Smriti
 - (b) Arthashastra
 - (c) Both (a) & (b)
 - (d) Vedas
10. The agricultural income was first defined and exempted from tax liability in the Income-tax Act,
- (a) 1860
 - (b) 1886
 - (c) 1918
 - (d) 1922
11. The distribution of legislative powers between the Parliament of India and the State legislature is given under of the Constitution
- (a) Article 265
 - (b) Article 285
 - (c) Article 246
 - (d) Article 272
12. Central Government can impose taxes on all of the following except:
- (a) Taxes on Income
 - (b) Corporation tax
 - (c) Taxes on agricultural income
 - (d) Taxes on inter-state consignment of goods.
13. The apex body charged with the administration of taxes is:
- (a) The Central Board of Direct taxes
 - (b) The Central Board of Revenue or Department of revenues
 - (c) Ministry of Finance
 - (d) Central Board of Excise & Customs
14. The India's official "Financial Action Task Force" (FATF) unit is
- (a) The Central Board of Revenue
 - (b) The Central Board of Direct tax (CBDT)
 - (c) The Central Board of Excise & Custom
 - (d) The GST council
15. The members hold the rank of:
- (a) Secretary to Government
 - (b) Special Secretary to Government
 - (c) Additional Secretary to Government
 - (d) Joint Secretary to Government
16. The CBDT Chairman & member are appointed by:
- (a) Government of India
 - (b) President of India
 - (c) Selection from Indian Revenue Service (IRS)
 - (d) Prime Minister of India

17. The income tax department is responsible for administering or enforcing all except:

- (a) The Income-tax Act, 1961
- (b) Various Finance Acts passed every year
- (c) Double Taxation Avoidance Agreements
- (d) Goods and Service Tax

18. Schedule VII of the Constitution of India gives power to Central Government to impose tax on all income except agriculture income. This power is given under Entry:

- (a) 72
- (b) 102
- (c) 82
- (d) 92

19. The rates for computing advance tax for the income earned in FY 2020-21 are given in:

- (a) Part I of Finance Act, 202 J
- (b) Part II of Finance Act, 2021
- (c) Part II of Finance Act, 2020
- (d) Part III of Finance Act, 2020

20. The rates for deduction of T.D.S on Salary for the Financial year 2020-21 are given In the Finance Act, 2020. These rates are given in ----- of the First Schedule.

- (a) Part I
- (b) Part II
- (c) Part III
- (d) None of the above.

21. Amendments made by Finance Act, 2020 generally become applicable from -----.

- (a) 1.4.2020
- (b) 1.4.2021
- (c) 1.4.2022
- (d) None of the above

22. The rule for computation of net agricultural income are given in:

- (a) The Income-tax Rules, 1962
- (b) The Income-tax Act, 1961
- (c) Part IV of First Schedule of the Finance Act.
- (d) The Income-Tax Rules as framed by CBDT

23. "Assessee" includes:

- (i) A person in respect of whom any proceedings under the Income-tax Act, has been taken
 - (ii) A deemed assessee
 - (iii) A assessee in default
- (a) Only (i)
 - (b) (i) and (ii) both
 - (c) (i) and (iii) both
 - (d) (i), (ii) and (iii)

24. The "Person" as defined under section 2(31) of the Income-tax Act includes:

- (a) An Individual
- (b) A company
- (c) A Hindu undivided Family
- (d) All of the above

25. A local authority means:

- (a) Panchayat
- (b) Municipality or Municipal Committee
- (c) Cantonment Board
- (d) All of the above

26. According to Section 2(24) definition of 'income' is-

- (a) Inclusive (b) Exhaustive
(c) Exclusive (d) Descriptive

27. A new business was set-up on 1st July, 2020 and trading activity was commenced from 1st September, 2020, the previous year would be the period commencing from -

- (a) 1st April, 2020 to 31st March, 2021 (b) 1st July, 2020 to 31st March, 2021
(c) 1st September, 2020 to 31st March, 2021 (d) 1st October, 2020 to 31st March, 2021

28. Assessment Year", as per Section 2(9) of the Income-tax Act, means the

- (a) Period of 12 months, commencing on the first day of April every year.
(b) Year immediately succeeding the Previous year
(c) A year in which income earned in the previous year is assessed to tax.
(d) All of the above

29. In which of the following cases, income of Previous year is assessable in the previous year itself:

- (i) Assessment of person leaving India
(ii) A person who is into illegal business
(iii) A person who is running a charitable institution
- (a) Only (i) (b) (i) and (ii) both
(c) (i), and (iii) both (d) (i), (ii) and (iii)

30. Mr. Hasan had discontinued business on 30th July 2020. His income from the business shall be taxed :

- (a) In the A.Y. 2020-21 as per part III of First Schedule of Finance Act, 2020.
(b) In the A.Y. 2021-22 as per part I of First Schedule of Finance Act, 2021.
(c) both (a) & (b)
(d) Either (a) or (b) as per the discretion of Assessing officer.

ANSWER KEY:

1. C	2. D	3. D	4. D	5. A	6. D	7. C	8. A	9. C	10. B
11. C	12. C	13. B	14. B	15. C	16. C	17. D	18. C	19. D	20. C
21. A	22. C	23. D	24. D	25. D	26. A	27. B	28. D	29. A	30. D