

## **B.Com Semester IV, BC401Income Tax Law and Accounts,**

### **Question Bank**

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#### **A. Long Answer Questions (50)**

1. Define key terms used in Income Tax Law with examples.
2. Explain the concept of Previous Year and Assessment Year in detail.
3. Describe the procedure for computing Gross Total Income.
4. Discuss the concept and computation of Casual Income.
5. Elaborate on the Agricultural Income and its tax implications.
6. Explain the Residential Status of an Individual with examples.
7. Define the Residential Status of HUF and its tax implications.
8. Explain the scope of Total Income under the Income Tax Act.
9. Describe the procedure for computing income under the head Salaries.
10. How is House Property Income computed?
11. Discuss the deductions allowed under Salaries.
12. Explain the provisions related to Income from Business or Profession.
13. Describe the steps for computing Income from Business.
14. Explain the provisions for Depreciation under Income from Business.
15. What is Capital Gain? Explain its computation.
16. Differentiate between Short-Term and Long-Term Capital Gains.
17. Discuss the provisions of Income from Other Sources.
18. Explain the Clubbing of Income with examples.
19. Describe Set-off and Carry Forward of Losses in detail.
20. How is Tax Liability of an Individual computed?
21. Discuss the various deductions available under Sections 80C to 80U.
22. Explain the process of filing an Income Tax Return.
23. What are the consequences of non-filing or late filing of returns?
24. Describe the penalty provisions under the Income Tax Act.
25. Discuss the procedure for Tax Deducted at Source (TDS).
26. How is Advance Tax computed?
27. Explain the refund process under Income Tax Law.
28. Discuss the powers and duties of an Assessing Officer.
29. Explain the procedure for Assessment and Reassessment.
30. Describe the concept of Self-Assessment.
31. Discuss the concept of Best Judgment Assessment.
32. Explain the Appeals and Revision under the Income Tax Act.

33. What are the provisions for Tax Audit?
  34. Explain the tax planning for Salaried Persons.
  35. Describe the tax planning for Small Businesses.
  36. Discuss the impact of clubbing provisions on Tax Liability.
  37. Explain Double Taxation Relief.
  38. Describe the procedure for claiming deductions for Donations.
  39. Discuss tax provisions related to Income from Lottery.
  40. Explain how Agricultural Income is exempt under certain conditions.
  41. Discuss the deductions available for Senior Citizens.
  42. Explain the treatment of Unexplained Income.
  43. What is Alternate Minimum Tax (AMT)?
  44. Discuss tax benefits available for Housing Loans.
  45. Explain the computation of Income from Let-Out House Property.
  46. Describe Tax Planning for Capital Gains.
  47. Discuss the tax provisions for Non-Residents.
  48. Explain any recent amendments in Income Tax Law.
  49. Discuss the procedure for rectification of mistakes in Assessment Orders.
  50. Describe the relationship between Accounting and Income Tax Law.
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#### B. Short Answer Questions (50)

1. Define Assessee.
2. What is Gross Total Income?
3. State any two examples of Casual Income.
4. What do you mean by Previous Year?
5. Define Assessment Year.
6. Who is a Resident Individual?
7. Who is a Non-Resident?
8. Define HUF.
9. What is Agricultural Income?
10. Mention any two incomes under Salaries.
11. What is Perquisite?
12. Define Allowance.
13. What is House Property?
14. What is Annual Value?
15. State any two expenses allowed under House Property.
16. What is Depreciation?
17. State any two examples of Capital Assets.
18. Define Short Term Capital Gain.

19. Define Long Term Capital Gain.
20. Give an example of Income from Other Sources.
21. What is Clubbing of Income?
22. State the meaning of Set-off of Losses.
23. What is Carry Forward of Losses?
24. Define TDS.
25. What is Advance Tax?
26. What is Self-Assessment?
27. What is Assessment?
28. What is Best Judgment Assessment?
29. Define Tax Planning.
30. What is Tax Evasion?
31. What is Tax Avoidance?
32. What is Tax Audit?
33. Define Return of Income.
34. State any two deductions under Section 80C.
35. What is 80D deduction?
36. Mention one deduction for Senior Citizens.
37. Define Refund.
38. State the due date for filing returns for individuals.
39. Who is an Assessing Officer?
40. What is Penalty under Income Tax?
41. Define Reassessment.
42. What is a Notice under Section 143(2)?
43. What is Rectification?
44. What is Appeal?
45. What is Revision?
46. What is Exempt Income?
47. What is Double Taxation Relief?
48. What is Unexplained Income?
49. State one example of Tax-Free Income.?
50. State one recent amendment in Income Tax?

## **50 Objective Type Questions**

### **Unit I: Basic Concepts**

1. The person who is liable to pay tax is called:
  - a) Taxpayer
  - b) Assessee
  - c) Citizen

d) Resident

2. Assessment year means:
  - a) Year of earning income
  - b) Year in which income is assessed
  - c) Financial year
  - d) Previous year
3. Previous year is the year:
  - a) Before the assessment year
  - b) After the assessment year
  - c) Same as assessment year
  - d) Calendar year
4. Casual income is:
  - a) Salary income
  - b) Business income
  - c) Lottery income
  - d) Agriculture income
5. Income Tax is charged on:
  - a) Previous year's income
  - b) Next year's income
  - c) Current year's income
  - d) None
6. Which is not a head of income?
  - a) Salaries
  - b) House property
  - c) Agriculture income
  - d) Business or Profession
7. Agriculture income is:
  - a) Fully taxable
  - b) Partly exempt
  - c) Fully exempt
  - d) Not defined
8. Tax evasion is:
  - a) Legal

- b) Illegal
- c) Ethical
- d) None

9. Which tax is direct tax?

- a) GST
- b) Income Tax
- c) Customs Duty
- d) Excise

10. Tax paid in advance is called:

- a) TDS
- b) Self-assessment tax
- c) Advance tax
- d) Refund

## **Unit II: Residential Status**

11. Residential status is determined for:

- a) Previous year
- b) Assessment year
- c) Both years
- d) Not required

12. Resident but not ordinarily resident is:

- a) Non-Resident
- b) HUF always
- c) Special category
- d) None of these

13. A non-resident is taxed on:

- a) Global income
- b) Indian income
- c) No income
- d) Exempt income

14. HUF is:

- a) Hindu Undivided Family
- b) Head Under Family
- c) House Unit Fund

d) None

15. Residential status affects:

- a) Scope of total income
- b) Filing of returns
- c) Rate of tax
- d) None

16. Income earned abroad by resident is:

- a) Exempt
- b) Taxable
- c) Partly taxable
- d) Not defined

17. Residential status is determined under:

- a) Section 2(31)
- b) Section 6
- c) Section 80C
- d) Section 14

18. Income earned and received outside India by non-resident is:

- a) Fully taxable
- b) Not taxable in India
- c) Partly taxable
- d) None

19. Number of days for determining Resident status is:

- a) 90
- b) 120
- c) 182
- d) 200

20. Individual and HUF can be:

- a) Resident
- b) Non-resident
- c) RNOR
- d) All of these

### **Unit III: Computation of Income**

21. Salary is taxable on:

- a) Accrual basis
- b) Receipt basis
- c) Due basis
- d) Due or receipt, whichever is earlier

22. Which of the following is a perquisite?

- a) Basic salary
- b) Bonus
- c) Free accommodation
- d) Pension

23. Rent free house is taxable for:

- a) Government employees
- b) Non-government employees
- c) Both
- d) None

24. Annual Value means:

- a) Actual rent
- b) Municipal valuation
- c) Expected rent
- d) Higher of expected or actual rent

25. Deductions under House Property are:

- a) Municipal tax
- b) Standard deduction
- c) Interest on loan
- d) All of these

26. Income from profession includes:

- a) Salary
- b) Rent
- c) Consultancy fees
- d) Lottery

27. Depreciation is allowed under:

- a) Salaries
- b) House property
- c) Business income

d) Other sources

28. Maximum depreciation for building is:

- a) 5%
- b) 10%
- c) 15%
- d) 40%

29. Notional rent is:

- a) Actual rent
- b) Deemed rent
- c) Municipal tax
- d) Unrealised rent

30. Interest on borrowed capital is deductible under:

- a) Salaries
- b) House property
- c) Capital gain
- d) Other sources

#### **Unit IV: Capital Gains & Other Sources**

31. Capital asset does not include:

- a) Shares
- b) Gold
- c) Stock-in-trade
- d) Land

32. Long term capital gain means asset held for:

- a) Less than 12 months
- b) Less than 24 months
- c) More than 24 months
- d) More than 36 months

33. Indexation benefit is available for:

- a) Short term gain
- b) Long term gain
- c) Casual income
- d) Salary income

34. Clubbing means:

- a) Splitting income
- b) Adding income
- c) Deducting income
- d) None

35. Loss from house property can be:

- a) Set-off
- b) Carry forward
- c) Both a and b
- d) None

36. Income from lottery is:

- a) Salary
- b) Other sources
- c) Business income
- d) Exempt

37. Tax on lottery winning is:

- a) 10%
- b) 20%
- c) 30%
- d) 50%

38. Set off of losses means:

- a) Deducting profits
- b) Adjusting losses against income
- c) Carrying forward losses
- d) Both b and c

39. Loss under salary can be set off against:

- a) House property income
- b) Other salary
- c) Business income
- d) Not possible

40. Short term capital loss can be set off against:

- a) STCG only
- b) LTCG only
- c) Both STCG and LTCG

d) None

## **Unit V: Deductions**

41. Section 80C deduction limit is:

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

42. Contribution to PPF is covered under:

- a) 80C
- b) 80D
- c) 80G
- d) 80E

43. Health insurance premium deduction is under:

- a) 80C
- b) 80D
- c) 80G
- d) 80U

44. Deduction for interest on housing loan is under:

- a) 80C
- b) 80D
- c) 24(b)
- d) 80E

45. Deduction for donations is under:

- a) 80C
- b) 80G
- c) 80E
- d) 80U

46. Deduction for education loan interest is:

- a) 80C
- b) 80E
- c) 80G
- d) 80D

47. Deduction for disability is under:

- a) 80C
- b) 80D
- c) 80U
- d) 80DD

48. Chapter VIA covers:

- a) Clubbing
- b) Set off
- c) Deductions
- d) Assessment

**Answer: c**

49. Maximum deduction under 80D for senior citizens is:

- a) ₹25,000
- b) ₹30,000
- c) ₹50,000
- d) ₹1,00,000

50. 80U deduction is for:

- a) Dependent disability
- b) Assessee's disability
- c) Senior citizen
- d) None