



1. The income tax in India is

- A. direct and proportional
- B. direct and progressive
- C. indirect and proportional
- D. indirect and progressive

Answer: B

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

- A. Sales Tax
- B. Wealth Tax
- C. Estate Duty
- D. Income Tax

Answer: A

3. An ad valorem duty is a tax on the basis of

- A. the value added
- B. the unit of the commodity
- C. the price of a commodity
- D. the advertisement expenditure

Answer: C

4. Government imposes taxes to ?

- A. check the accumulation of wealth among the rich
- B. run the machinery of state
- C. uplift weaker sections
- D. none of these

Answer: B

5. Taxes in India are including -

- A. Direct taxes
- B. Indirect taxes
- C. Both (a) and (b)
- D. None of these

Answer: C

6. Direct taxes includes-

- A. Income Tax
- B. Property Tax
- C. Gift Tax
- D. All of these



Answer: D

7. Sales Tax is

- A. Direct Taxes
- B. Indirect taxes
- C. All of the above
- D. None of these

Answer: B

8. Service tax was introduced in India in the year:

- A. 1992
- B. 1994
- C. 1996
- D. 1998

Answer: B

9. Service tax was introduced first time on:

- A. 1 year
- B. 2 years
- C. 3 years
- D. 4 years

Answer: C

10. Service tax was initially levied in India by the Constitution vide entry No.

- A. 54 of the State list
- B. 92C of the Union list
- C. 92C of the concurrent list
- D. 97 of the Union list

Answer: B

11. The provisions relating to service tax are given in:

- A. The Service tax Act, 1994
- B. Chapter V of the Finance Act, 1994
- C. Chapter V and VA of the Finance Act, 1994
- D. Chapter VII and VIII of the Finance Act, 2004

Answer: C



12. The power to levy service tax is now provided by the Constitution vide entry No.

- A. 54 of the State list
- B. 92C of the Union list
- C. 93 of the Union list
- D. 97 of the Union list

Answer: D

13. Service tax is applicable to:

- A. Whole of India
- B. Whole of India except Jammu and Kashmir
- C. Whole of India, except Jammu and Kashmir and Union Territories of Dadra, Nagar Haveli, Daman & Diu
- D. None of these

Answer: B

14. Service tax was introduced in India on the recommendation of:

- A. Kelkar Committee
- B. Dr. Raja J Chaliah Committee
- C. Dr. Yashwant Sinha Committee
- D. Dr. Man Mohan Singh Committee

Answer: B

15. Service tax is levied in India by following the:

- A. Selective approach
- B. Comprehensive approach
- C. All of the above
- D. None of these

Answer: A

16. Service tax is governed and administered by

- A. CBEC
- B. CBDT
- C. Both of these
- D. None of these

Answer: A

17. The power to make rules for service tax is given to Central Government by

- A. section 94 of the Finance Act, 1994
- B. sections 66 and 67 of the Finance Act, 1994



C. sections 93 and 94 of the Finance Act, 1994 D. sections 94 and 961 of the Finance Act, 1994

Answer: D

18. Service tax is payable on the value of taxable service @

- A. 10.3%
- B. 12%
- C. 12.24%
- D. 12.36%

Answer: D

19. Service tax is a charge on:

- A. Taxable service provided
- B. Taxable service to be provided
- C. Any service provided or to be provided
- D. Taxable service provided or to be provided

Answer: D

20. Education cess was levied by

- A. The Finance Act, 1994
- B. The Finance No. (2) Act, 2002
- C. The Finance No. (2) Act, 2004
- D. The Finance Act, 2006

Answer: C

21. Where service is received from outside India, such service shall be:

- A. exempt from service tax
- B. taxable in the hands of service provider
- C. taxable in the hands of Service recipient
- D. none of these

Answer: C

22. Service tax is not payable if the aggregate value of taxable service does not exceed:

- A. Rs. 4,00,000
- B. Rs. 6,00,000
- C. Rs.8,00,000
- D. Rs.10,00,000

Answer: D



23. If the aggregate value of taxable service in the preceding financial year exceeds Rs. 10,00,000, service tax shall be payable during the current financial year

- A. On the entire aggregate value of service.
- B. If the aggregate value of taxable service exceed, Rs. 10,00,000 during the current year.
- C. If the aggregated value of taxable service exceeds Rs. 10,00,000 during the current financial year.
- D. None of these

Answer: A

24. Indirect taxes includes -

- A. Sales Tax
- B. VAT
- C. GST
- D. All of these

Answer: D

25. If the aggregate value of taxable service in the preceding previous year in less than Rs. 10,00,000, service tax in the current financial year shall be payable:

- A. on the entire aggregate value of service
- B. on the amount which is in excess of Rs. 2,00,000
- C. on the amount which is in excess of Rs. 10,00,000
- D. none of these

Answer: C

26. Service tax is not payable on any service provided to:

- A. an undertaking in a free trade zone
- B. an undertaking in a special economic zone
- C. a developer or unit in a special economic zone
- D. an undertaking in a software technological park

Answer: C

27. Secondary and Higher Education Cess was levied by

- A. The Finance (2) Act, 2004
- B. The Finance Act, 2005
- C. The Finance Act, 2006
- D. The Finance Act, 2007



Answer: D

28. The provisions relating to valuation of taxable services are contained in:

- A. section 65 of the Finance Act, 1994
- B. section 67 of the Finance Act, 1994
- C. section 65A of the Finance Act, 1999
- D. none of the above

Answer: B

29. Service tax is payable on the gross amount

- A. True
- B. False
- C. Not sure
- D. May be

Answer: A

30. Charge of service tax is in relation to service provided or to be provided

- A. True
- B. False
- C. May be
- D. Not sure

Answer: A

31. Gross amount charged for the taxable services includes:

- A. Only that amount received towards the taxable service which is received after the provision of such services.
- B. Only that amount received towards the taxable service which is received before the provision of such services.
- C. Any amount received towards the taxable services whether received before, during or after provision of such services.
- D. None of these

Answer: C

32. Due date of payment of service tax, other than for the month of March, in case of a company is:

- A. 5th day of the month immediately following each quarter
- B. 5th day of month immediately following the calendar month
- C. 15th day of month immediately following the
- D. 25th day of month immediately following the



calendar month

calendar month

Answer: B

33. Due date of payment of service tax other than for the quarter ending March in case of partnership firm is:

- A. 5th day of the month immediately following each quarter
- B. 25th day of the month immediately following each quarter
- C. 5th day of the month immediately following the calendar month
- D. 25th day of the month immediately following the calendar month

Answer: A

34. Due date of payment of service tax for the month/quarter ending 31st March is:

- A. 1 st March
- B. 31 st March
- C. 5th day of the month immediately following March
- D. None of the above

Answer: B

35. State which statement is True :

- A. Service tax is always paid by the service provider
- B. Service tax is to be Paid at the stage of rendering the service
- C. Service tax is payable on the money which is received in advance
- D. In case the payment of service tax is made by cheque, the date of payment is the date on which the cheque is encased by the bank

Answer: C

36. Usually, the validity period of an Income Tax Refund Order is:

- A. 1 month
- B. 2 month
- C. 3 month
- D. 4 month

Answer: C

37. The maximum amount of the total Revenue earned by the government of India comes from:

- A. Income Tax
- B. Excise Duty



C. Customs Duty

D. Value Added Tax

Answer: B

38. Of the gross tax revenue of the Union Government the indirect taxes account for nearly -

A. 55 percent

B. 65 percent

C. 75 percent

D. 85 percent

Answer: B

39. Devaluation of currency will be more beneficial if -

A. prices of exports remain constant

B. prices of imports remains constant

C. prices of exports rise proportionately

D. prices of domestic goods remain constant

Answer: A

40. The annual yield from which of the following Union Government taxes is the highest?

A. Custom duties

B. Excise duties

C. Corporation tax and income tax

D. Inheritance tax, wealth tax, interest tax and gift tax

Answer: B

41. Fiscal deficit in the Union Budget means

A. the sum of monetized deficit and budgetary deficit

B. net increase in Union Governments borrowings from the Reserve Bank of India

C. the sum of budgetary deficit and net increase in internal and external borrowings

D. the difference between current expenditure and current revenue

Answer: C

42. The phenomenon of a continuous decrease in prices of goods and services in the economy is, known as _____?

A. Inflation

B. Deflation



- C. Stagflation
D. Market crash

Answer: B

43. What is the name of the project that is an ambitious project of the Union Finance Ministry to bring into net black money hoarders and tax evaders by using optimum technology?

- A. Project Insight
B. Project Monitoring
C. Project Black Money
D. Project Money Laundering

Answer: A

44. Name the committee to recommend that granting relief to FIIs on Minimum Alternate Tax (MAT) will be a positive thing for the market?

- A. AP Shah Committee
B. K N Desai Committee
C. Bimal Jalan Committee
D. C Rangarjan Committee

Answer: A

45. Ambitious anti-offshore tax evasion and black money detection agreement between USA and India is known as -

- A. AML
B. KYC
C. SLBC
D. FATCA

Answer: D

46. Which commission distributes the taxes between centre and states ?

- A. NITI Ayog
B. Finance Commission
C. Board of Direct Taxes
D. National Development Counsel

Answer: B

47. What is 'STT'?

- A. Standard Transfer tax
B. Securities Transfer tax
C. Standard Transaction Tax
D. Securities Transaction tax



Answer: D

48. Banking services offered to units set up in Special Economic Zones (SEZs) have been exempted for paying tax :

- A. Income Tax
- B. Service Tax
- C. Capital Gains Tax
- D. None of these

Answer: C

49. Which of the following states became the first state in the country to launch RBI's e-payment system for commercial tax payers?

- A. Kerala
- B. Karnataka
- C. Maharashtra
- D. Andhra Pradesh

Answer: B

50. The term assessee is defined under Section

- A. Section 2(7) of Income Tax Act, 1961
- B. Section 2(10) of Income Tax Act, 1961
- C. Section 2(24) of Income Tax Act, 1961
- D. Section 2(35) of Income Tax Act, 1961

Answer: A

51. Any person who has made default in complying with the provisions of Income Tax Act, 1961 is known as

- A. Custom Assessee
- B. Assessee in default
- C. Deemed Assessee
- D. None of the above

Answer: B

52. The term principal officer is defined under Section

- A. Section 2(7) of Income Tax Act, 1961
- B. Section 2(10) of Income Tax Act, 1961
- C. Section 2(24) of Income Tax Act, 1961
- D. Section 2(35) of Income Tax Act, 1961

Answer: D



53. Under Income Tax Act, 1961, who may be considered as principal officer of a company?

- A. Manager of the company
- B. Treasurer of the company
- C. Secretary of the company
- D. All of the above

Answer: D

54. By serving a notice of his intention, assessing officer can consider any person as the principal officer of a company only if

- A. Such person is an agent of that company
- B. Such person is a director of that company
- C. Such person is a major shareholder of that company
- D. Such person is connected with the management or administration

Answer: D

55. The term 'assessment year' is defined

- A. Section 2(8)
- B. Section 2(9)
- C. Section 3(8)
- D. Section 3(9)

Answer: B

56. Assessment year means

- A. year in which income is earned
- B. year in which tax is paid by assessee
- C. period of 12 months commencing on the 1st day of April every year
- D. period of 12 months commencing on the 1st day of January every year

Answer: C

57. The term 'previous year' is defined under

- A. Section 1
- B. Section 2
- C. Section 3
- D. Section 4

Answer: C

58. If business is set up on 1st September, 2015, previous year in this case shall be



- A. Either a or b at the discretion of assessee
- B. Either a or b at the discretion of assessing officer
- C. The period beginning with 1st April, 2015 and ending with 31st March, 2016
- D. The period beginning with 1st September, 2015 and ending with 31st March, 2016

Answer: D

59. The term person is defined under

- A. Section 2(11)
- B. Section 2(21)
- C. Section 2(31)
- D. Section 2(41)

Answer: C

60. Definition of 'person' under Income Tax Act, 1961 is:

- A. Inclusive
- B. Exhaustive
- C. Both of these
- D. None of these

Answer: A

61. By special order, CBDT declared a foreign association to be a company for the purpose of income tax. Under Income Tax Act, 1961, such association shall be considered as

- A. Indian Company
- B. Foreign Company
- C. All of these
- D. None of these

Answer: A

62. Additional surcharge (education cess) of 3% per cent is payable on

- A. Income tax
- B. Income tax plus surcharge
- C. Surcharge
- D. None of these

Answer: B

63. Family pension received by a widow of a member of the armed forces where the death of the member has occurred in the course of the operational duties, is



- A. Totally chargeable to tax
- C. Exempt up to Rs. 3,50,000
- B. Exempt up to Rs.3,00,000
- D. Totally exempt under section 10(19)

Answer: D

64. In respect of shares held as investment, while computing the capital gains, securities transaction tax paid in respect of sale of listed shares sold in a recognized stock exchange,

- A. Is not deductible at all
- C. Is deductible up to Rs.2,00,000
- B. Is deductible up to Rs.1,00,000
- D. Is deductible if C.G.'s is < 5,00,000

Answer: A

65. A.O.P should consist of

- A. Persons other than individual only
- C. Both of the above
- B. Individual only
- D. None of these

Answer: C

66. Body of individual should consist of :

- A. Persons other than individual only
- C. Both of the above
- B. Individual only
- D. None of these

Answer: B

67. Education cess is leviable in case of:

- A. An individual and HUF
- C. All assesses
- B. A company assessee only
- D. None of these

Answer: C

68. Income tax is rounded off to:

- A. Nearest ten rupees
- C. No rounding off of tax is done
- B. Nearest one rupee
- D. All of the above



Answer: A

69. Residential status to be determined for :

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

Answer: A

70. Incomes which accrue or arise outside India but are received directly into India are taxable in case of

- A. Resident only
- B. Non-resident
- C. Both ordinarily resident and NOR
- D. All the assesses

Answer: D

71. Income deemed to accrue or arise in India is taxable in case of :

- A. Resident only
- B. Non-resident
- C. Both ordinarily resident and NOR
- D. All the assesses

Answer: D

72. Income which accrue outside India from a business controlled from India is taxable in case of:

- A. Not ordinarily resident only
- B. Resident only
- C. both ordinarily resident and NOR
- D. none of the above

Answer: C

73. Income which accrue or arise outside India and also received outside India taxable in case of:

- A. resident only
- B. not ordinarily resident
- C. both ordinarily resident and NOR
- D. none of the above

Answer: A

74. TI of a person is determined on the basis of his:



- A. residential status in India
- B. citizenship in India
- C. both of the above
- D. none of the above

Answer: A

75. R Ltd., is an Indian company whose entire control and management of its affairs is situated outside India. R Ltd., shall be :

- A. Resident in India
- B. Not ordinarily resident in India
- C. Non-resident in India
- D. None of these

Answer: A

76. R Ltd., is registered in U.K. The control and management of its affairs is situated in India .R Ltd shall be :

- A. Resident in India
- B. Not ordinarily resident in India
- C. Non-resident
- D. None of these

Answer: C

77. R, a foreign national visited India during previous year 2008-09 for 180 days. Earlier to this he never visited India. R in this case shall be:

- A. Non-resident
- B. Resident in India
- C. Not ordinarily resident in India
- D. None of these

Answer: A

78. Dividend paid by an Indian company is:

- A. Taxable in the hands of the company and exempt in the hands of the recipient
- B. Taxable in India in the hands of the recipient
- C. Exempt in the hands of recipient
- D. None of these

Answer: A

79. Agricultural income is exempt provided the:



- A. Land is situated in India
B. Land is situated in any rural area India
C. Land is situated whether in India or outside India.
D. None of these

Answer: A

80. If the assessee is engaged in the business of growing and manufacturing tea in India ,the agricultural income in that case shall be:

- A. Market value of the agricultural produce minus expenses on cultivation of such produce
B. 40% of the income from such business
C. 60% of the income from such business
D. None of these

Answer: C

81. Agricultural income is :

- A. Fully taxable
B. Partially exempt
C. Fully exempt
D. None of these

Answer: C

82. The partial integration of agricultural income, is done to compute tax on:

- A. Non agricultural income
B. Agricultural income
C. Both agricultural and non agricultural income
D. None of these

Answer: A

83. There will be no partial integration of agricultural income with non agricultural income, if the non agricultural income does not exceed:

- A. Rs. 1,00,000
B. Rs. 1,30,000
C. Rs. 1,50,000
D. Rs. 1,80,000

Answer: C

84. A local authority has earned income from the supply of commodities outside its own jurisdictional area. It is :

GKINDIA

- A. Taxable
- B. Exempt
- C. Partially Exempted
- D. None of these

Answer: A

85. R, a chartered accountant is employed with R Ltd., as an internal auditor and requests the employer to call the remuneration as internal audit fee. R shall be chargeable to tax for such fee under the

- A. Income from salaries
- B. Income from other sources
- C. Profit and gains from Business and Profession
- D. None of these

Answer: A

86. R transferred his house property to his wife under an agreement to live apart. Income from such house property shall be taxable in the hands of :

- A. R as deemed owner
- B. Mrs. R
- C. R. However, it will be first computed as Mrs. R income & Thereafter clubbed in the hands of R
- D. None of these

Answer: B

87. R gifted his house property to his married minor daughter. The income from such house property shall be taxable in the hands of :

- A. R. However, it will be first computed as minor daughters income & clubbed in the income of R
- B. R as deemed owner
- C. Income of married minor daughter
- D. None of these

Answer: C

88. A has two house properties. Both are self-occupied. The annual value of

- A. One house shall be nil
- B. No house shall be nil
- C. Both house shall be nil
- D. None of these



Answer: A

89. An assessee has borrowed money for purchase of a house & Interest is payable outside India. Such interest shall:

- A. Not to be allowed on deduction
- B. Be allowed as deduction
- C. Be allowed as deduction if the tax is deducted at source
- D. None of these

Answer: C

90. Salary, bonus, commission or remuneration due to or received by a working partner from the firm is taxable under the head.

- A. PGBP
- B. Income from salaries
- C. Other sources
- D. None of these

Answer: A

91. Perquisite received by the assessee during the course of carrying on his business or profession is taxable under the head.

- A. PGBP
- B. Salary
- C. Other source
- D. None of these

Answer: A

92. Interest on capital or loan received by a partner from a firm is:

- A. Taxable U/H business and profession
- B. Taxable U/H income from other sources
- C. Exempt U/S 10(2A)
- D. None of these

Answer: A

93. Under the head Business or Profession, the method of accounting which an assessee can follow shall be :

- A. Cash system only
- B. Mercantile system only
- C. Hybrid system
- D. Mercantile or cash system only



Answer: D

94. Certain revenue and capital expenditure on scientific research are allowed as deduction in the previous year of commencement of business even if these are incurred:

- A. Any time prior to the commencement of the business
- B. 3 years immediately before the commencement of the business
- C. 5 years immediately before the commencement of business
- D. 10 years immediately before the commencement of business

Answer: B

95. If any amount is donate for research, such research should be in nature of:

- A. Scientific research only
- B. Social or statistical research only
- C. Scientific or social or statistical research
- D. None of these

Answer: C

96. Preliminary expenses incurred are allowed deduction in:

- A. Full
- B. 5 equal annual installments
- C. 10 equal annual installments
- D. None of these

Answer: B

97. In case the assessee follows mercantile system of accounting, bonus or commission to the employee are allowed as deduction on:

- A. Due basis but subject to section 43B
- B. Payment basis
- C. Due basis
- D. None of these

Answer: A

98. Interest on money borrowed for the purpose of acquiring a capital asset pertaining to the period after the asset is put to use is to be:

- A. Treated as revenue expenditure
- B. Capitalized
- C. All of the above
- D. None of these



Answer: A

99. Expenditure incurred on purchase of animals to be used by the assessee for the purpose of carrying on his business & profession is subject to

- A. Nil deduction
- B. Depreciation
- C. Deduction in the previous year in which animal dies or become permanently useless
- D. None of these

Answer: C

100. Expenditure incurred on family planning amongst the employees is allowed to

- A. An assessee which is a company or cooperative society
- B. Any assessee
- C. A company assessee
- D. None of these

Answer: C