

Chapter ~1 Basics of Income Tax

1. The basic source of income-tax law is -
 - (a) Income-tax Act, 1961
 - (b) Income-tax Rules, 1962
 - (c) Circulars/Notifications issued by CBDT
 - (d) Judgments of Courts

2. A domestic company means -
 - (a) Only an Indian company
 - (b) Both Indian company and a foreign company having a branch in India
 - (c) Both Indian company and a foreign company having business connection in India
 - (d) Both Indian company and a foreign company which has made the prescribed arrangement for declaration and payment of dividends in India out of the income chargeable to tax in India.

3. The rates of income-tax are mentioned in -
 - (a) The Income-tax Act, 1961 only
 - (b) Both Income-tax Act, 1961 and Income-tax Rules, 1962
 - (c) The First Schedule to the Annual Finance Act
 - (d) Both Income-tax Act, 1961 and the First Schedule to the Annual Finance Act

4. The surcharge applicable in the case of an individual is -
 - (a) 10% of tax payable if total income exceeds Rs. 50 lakhs but does not exceed Rs. 1 crore
 - (b) 10% of tax payable if total income exceeds Rs. 1 crore
 - (c) 15% of tax payable if total income exceeds Rs. 1 crore upto 2 crore & 25% if total income exceeds 2 crore upto 5 crore & 37% on above 5 crore
 - (d) Both (a) and (c), as the case may be.

5. In respect of a non-resident assessee, who is of the age of 60 years or more but less than 80 years at any time during the PY 23-24, -
 - (a) Basic exemption of Rs. 2,50,000 is available
 - (b) Basic exemption of Rs. 3,00,000 is available
 - (c) Basic exemption of Rs. 5,00,000 is available
 - (d) No basic exemption limit would be available

6. In case of a domestic company whose gross receipts for the P.Y. 2021-22 is Rs. 51 crores, the rate of tax applicable is -
 - (a) 29% (b) 25% (c) 30% (d) None of the above

7. The surcharge applicable to a domestic company for A.Y. 2024-25 is -
 - (a) 5%, if total income exceeds Rs. 1 crore.
 - (b) 10%, if the total income exceeds Rs. 1 crore
 - (c) 7%, if the total income exceeds Rs. 1 crore but does not exceed Rs. 10 crore, and 15%, if the total income exceeds Rs. 10 crore.
 - (d) 7%, if the total income exceeds Rs. 1 crore but does not exceed Rs. 10 crore, and

12%, if the total income exceeds Rs. 10 crore.

8. The surcharge applicable to a foreign company for A.Y. 2024-25 is -
- (a) 5%, if the total income exceeds Rs. 1 crore.
 - (b) 10%, if the total income exceeds Rs. 1 crore.
 - (c) 2%, if the total income exceeds Rs. 1 crore but does not exceed Rs. 10 crore and 5% if the total income exceeds Rs. 10 crore.
 - (d) 2%, if the total income exceeds Rs. 10 crore.
9. The rate of tax applicable to a firm for A.Y. 2024-25 is -
- (a) 25%
 - (b) 30%
 - (c) 35%
 - (d) 40%
10. Where the total income of an artificial juridical person is Rs. 3,10,000, the income-tax payable is Rs. and surcharge payable is Rs.
- (a) Rs. 3,000; surcharge – nil.
 - (b) Rs. 6,000; surcharge – nil.
 - (c) Rs. 500; surcharge – nil
 - (d) Rs. 93, 000; surcharge – Rs. 4650
11. Income accruing in India in previous year is taxable for –
- (a) Resident
 - (b) Not ordinarily resident
 - (c) Non-resident
 - (d) All of the above.
12. Income accruing from agriculture in a foreign country is taxable in the case of an assessee who is –
- (a) Resident
 - (b) Not-ordinarily resident
 - (c) Non-resident
 - (d) None of the above.
13. Foreign income received in India during the previous year is taxable in the case of –
- (a) Resident
 - (b) Not-ordinarily resident
 - (c) Non-resident
 - (d) All of the above.
14. Every year, the residential status of an assessee _____
- (a) May change
 - (b) Will certainly change
 - (c) Will not change
 - (d) None of the above.

15. The residential status of an assessee is determined for the relevant _____.
16. The incidence of tax on any assessee depends upon his _____ under the Act.
17. If control and management of the affairs HUF is situated wholly outside India it would become a _____
18. An Indian company is always resident in India no matter where and to what extent its POEM is situated.
19. Sandeep Ltd. is a company registered in Japan. The POEM of its affairs is wholly situated in India. Sandeep Ltd. is non-resident company in India.
20. Education cess 4% is payable on _____
- (a) Income-tax
 - (b) Income tax plus surcharge, if any
 - (c) Surcharge
 - (d) Not payable by any assessee
21. In respect of a resident assessee, who is of the age of 60 years or more at any time during the previous year
- (a) Higher basic exemption of Rs.2,50,000 is available
 - (b) Higher basic exemption of Rs.3,00,000 is available
 - (c) Higher basic exemption of Rs. 5,00,000 is available
 - (d) none
22. A non-resident individual having taxable income in India of Rs. 2,50,000 shall be allowed rebate under section 87 of
- (a) 2,000
 - (b) 3,000
 - (c) 5,000
 - (d) Nil
23. ABC Inc, a foreign company has a total income of Rs. 1.2 crore. What would be the amount of surcharge applicable?
- (a) 10%
 - (b) 2%
 - (c) 5%
 - (d) Nil
24. Direct tax is a kind of tax where burden of tax ison payer.
- (a) directly
 - (b) indirectly
 - (c) either a) or b)
 - (d) none of these
25. The provision of income tax is governed under which act

- (a) Income Tax Act,1961
 - (b) Income Tax Act,1922
 - (c) Direct tax code
 - (d) All of the above
- 26.** Decisions pronounced by _____ becomes law.
- (a) Supreme Court
 - (b) High Court
 - (c) Income tax Appellate Tribunal
 - (d) None of the above
- 27.** A newly set up business coming into existence, the first previous year will commence from
- (a) Date of set up of business
 - (b) 1st April of previous year
 - (c) Any date after set up of business
 - (d) one day before the date of set up of business
- 28.** Exemption limit of Rs.2,50,000 or Rs.5,00,000 is applicable for
- (a) Resident assessee
 - (b) Non-Resident assessee
 - (c) Both resident and Non-Resident assessee
 - (d) none of them.
- 29.** A resident individual aged 70 years shall be allowed exemption of
- (a) Rs. 3,00,000
 - (b) Rs.2,50,000
 - (c) Rs.5,00,000
 - (d) None
- 30.** A non-resident individual who is 85 years of age shall be allowed exemption of from taxable income.
- (a) Rs.5,00,000
 - (b) Rs.2,00,000
 - (c) Rs.2,50,000
 - (d) Nil
- 31.** Income Tax is charged on the basis of rate prescribed by
- (a) Income tax Act
 - (b) Finance Act
 - (c) Central board of direct taxes
 - (d) Ministry of Law
- 32.** Income includes_____
- (a) Only Legal Income
 - (b) Illegal Income
 - (c) Both Legal And Illegal
 - (d) None Of The Above

- 33.** Charging Section of income tax is_____
- (a) Section 4
 - (b) Section 9
 - (c) Section 15
 - (d) Section 28
- 34.** Rebate Under Section 87A Is Allowed To
- (a) Resident Individual
 - (b) Any Individual (Resident Or Non Resident)
 - (c) Resident Individual And HUF
 - (d) All Assessee
- 35.** Rebate Under 87A Shall Be Allowed To A Maximum Extent Of
- (a) Rs. 3,000
 - (b) Rs. 12,500
 - (c) Rs. 5,000
 - (d) Tax payable
- 36.** Any rent or revenue derived from land may be treated as agriculture income if
- (a) It Is Derived From Land
 - (b) The Land Is Used For Agricultural Purpose
 - (c) The Land Is Situated In India
 - (d) All Of The Above
- 37.** Which of the following income is agriculture income
- (a) Rent received from Agricultural land
 - (b) Income from dairy farm
 - (c) Income from poultry farm
 - (d) Dividend from a company engaged in agriculture
- 38.** Which of the following income is an agricultural income
- (a) Income from brick making
 - (b) income from agricultural land situated in Pakistan
 - (c) prize from government
 - (d) compensation received from insurance company on account of loss of crop.
- 39.** Which of the following income is not included in term income under the Income tax Act 1961
- (a) Profit and gains
 - (b) Dividend
 - (c) Profit in lieu of salary
 - (d) Reimbursement of travelling expenses
- 40.** A person includes_____.
- (a) only an individual
 - (b) only an individual and HUF
 - (c) individuals, HUF, Firm , Company only

- (d) Individuals, HUF, Firm, Company, AOP or BOI, Local authority, Every Artificial Judicial Person.
41. Every assessee is a person, and
- (a) every person is also an assessee
 - (b) every person need not be an assessee
 - (c) an individual is always an assessee
 - (d) a HUF is always an assessee
42. Describe the status of the following person. X and Y are legal heirs of Z. Z died in 2018 and X and Y carry on his business without entering into a partnership.
- (a) Firm
 - (b) Limited Liability Partnership
 - (c) Company
 - (d) Body of individual
43. Assessment year can be a period of:
- (a) more than 12 months
 - (b) 12 months and less than 12 months
 - (c) 12 months
 - (d) 12 months and more than 12 months
44. All assessee are required to follow:
- (a) Uniform previous year which must be calendar year only
 - (b) Uniform previous year which must be financial year only
 - (c) Any period of 12 months
 - (d) Period starting from 1st July to 30th June only
45. First previous year in case of a business/profession newly set up on 31.3.2024 would:
- (a) Start from 1st April 2022 and end on 31st March 2023
 - (b) Start from 31st March 2023 and will end on 31st March 2024
 - (c) Start from 1st January 2021 and end on 31st December 2022
 - (d) Start from 1st January 2016 and will end on 31st March 2016
46. A person follows Calendar year for accounting. For taxation, he has to follow:
- (a) Calendar year only - 1st January to 31st December
 - (b) Financial year only - 1st April to 31st March
 - (c) Any of the Calendar year or financial year as per his choice
 - (d) He will have to follow extended year from 1st January to next 31st March (period of 15 months)
47. In which of the following cases, income of previous year is assessable in previous year itself:
- (a) Assessment of persons leaving India
 - (b) A person in employment in India
 - (c) A person who is into illegal business
 - (d) A person who is running a charitable institution

48. In which of the following cases, Assessing Officer has the discretion to assess the income of previous year in previous year itself or in the subsequent assessment year:
- (a) Shipping business of non-residents
 - (b) Assessment of Association of persons or Body of Individuals formed for a particular event or purpose
 - (c) Assessment of persons likely to transfer property to avoid tax
 - (d) All of the above
49. In case of female individual, who is of 59 years of age, what is the maximum exemption limit for AY 2024-25.
- (a) Rs. 2,00,000
 - (b) Rs. 2,50,000
 - (c) Rs. 5,00,000
 - (d) Nil
50. Total income is to be rounded off to nearest multiple of and tax is to be rounded off to nearest multiple of
- (a) Ten, Rupee
 - (b) Hundred, Ten
 - (c) Ten, Ten
 - (d) Rupee, Rupee
51. Assessee is always a person but a person may or may not be an assessee
- (a) True
 - (b) False
 - (c) Partly True
 - (d) None of the above
52. A person may not have an assessable income but may still be assessee
- (a) True
 - (b) False
 - (c) Partly True
 - (d) None of the above
53. A new business was set up on 15-11-2023 and commenced business from 1-12-2023. The first previous year in this case shall be:
- (a) 15-11-2022 to 31-3-2023
 - (b) 1-12-2023 to 31-3-2024
 - (c) 2021-2022
 - (d) 2022-2023
54. The maximum amount on which income tax is not chargeable in case of firm is
- (a) Rs. 2,00,000
 - (b) Rs. 2,50,000
 - (c) Rs. 5,00,000
 - (d) Nil

55. A co-operative society is taxable at a flat rate of 30% on total income.
- (a) True
 - (b) False
 - (c) Partly True
 - (d) None of the above
56. Education cess is leviable in case of
- (a) An Individual and HUF
 - (b) A company assessee only
 - (c) All assesses
 - (d) Only Individual
57. In case of an Individual and HUF, Education cess is leviable only when the total income of such assessee.
- (a) Exceeds Rs. 10,00,000
 - (b) always levied
 - (c) Exceeds Rs. 7,00,000
 - (d) Exceeds Rs. 1,00,00,000
58. A circular of the CBDT u/s 119 of the Income tax Act, 1961
- (a) can override or detract from the Act
 - (b) cannot override or detract from the Act
 - (c) May override the entire Act
 - (d) None of the above
59. The circulars issued by CBDT are binding on_____
- (a) assessee
 - (b) Income Tax authorities i.e Assessing Officers
 - (c) Both of the above
 - (d) None of the above
60. Decision passed by Supreme Court is binding on_____
- (a) All courts and Tribunal
 - (b) Income Tax authorities
 - (c) assessee
 - (d) All of the above
61. The amount of HEC to be collected along with income tax for the assessment year 2024-25 is_____
- (a) 2%
 - (b) 1%
 - (c) 4%
 - (d) Nil
62. Calculate the amount of rebate under section 87A in case of non-resident individual having total income of Rs. 3,00,000.

- (a) Rs. 3,000
 - (b) Rs. 1,500
 - (c) Rs. 2,500
 - (d) Nil
- 63.** Calculate the amount of rebate under section 87A in case of resident individual having total income of Rs. 3,00,000
- (a) Rs. 3,000
 - (b) Rs. 2,500
 - (c) Rs. 2,000
 - (d) Rs. 5,000
- 64.** Rebate u/s 87A is allowed only on full fillment of which condition
- i) Assessee should be resident individual
 - ii) The income of assessee is upto Rs. 5,00,000
 - iii) All assessee
- (a) (i) and (ii)
 - (b) only (ii)
 - (c) (ii) and (iii)
 - (d) (iii).
- 65.** Income Tax Act Applies to_____
- (a) Whole of India and Foreign
 - (b) Whole of India Except J&K
 - (c) Whole of India
 - (d) None
- 66.** Income Tax is covered under entry no____ to Union List
- (a) 83
 - (b) 84
 - (c) 82
 - (d) 85
- 67.** Agriculture Income can also be Taxed under entry no.82 to union list
- (a) True
 - (b) False
 - (c) None
- 68.** Power to levy tax on agriculture income rest with_____
- (a) CG
 - (b) SG
 - (c) Both
 - (d) None
- 69.** Power to levy Tax on agriculture Income is given in entry no__ of state list
- (a) 46
 - (b) 47

(c) 48

(d) 49

70. CBDT stands for _____

71. Finance bill became the Finance Act when it is passed by :

(a) The Lok Sabha

(b) Both the Lok Sabha and Rajya sabha

(c) Both the houses of the Parliament and given the assent of the president

(d) Both the houses of the Parliament and given the assent of the Prime Minister /Finance Minister.

72. Part I of schedule I of the finance Act ,2023 has given rates of income tax for the assessment year:

(a) 2023-24

(b) 2024-25

(c) 2021-22

73. AOP should consist of :

(a) individuals only

(b) person other than individuals only

(c) both the above

74. Body of individuals should consist of :

(a) individuals only

(b) person other than individuals only

(c) both of the above

75. Firm Includes _____

Answers:

1.a	2.d	3.d	4.d	5.a	6.b
7.d	8.c	9.b	10.a	11.d	12.a
13.d	14.a	15.Previous year	16. Residential status	17. Non-Resident	18. True
19.False	20. b	21.b	22.d	23.b	24.a
25.a	26.a	27.a	28.a	29.d	30.c
31.b	32.c	33.a	34.a	35.b	36.d
37.a	38.d	39.d	40.d	41.b	42.d
43.b	44.b	45.b	46.b	47.a	48.d
49.b	50.c	51.a	52.a	53.b	54.d
55.c	56.c	57.b	58.b	59.b	60.d

61.c	62.d	63.c	64.a	65.c	66.c
67.b	68.b	69.a	70. Central Board of Direct Tax.	71. c	72.a
73.b	74.a	75.LLP			

