



SAIVA BHANU KSHATRIYA COLLEGE
(Aruppukottai Nadargal Uravinmurai Pothu Abi Viruthi Trustuku Pathiyapattathu)
ARUPPUKOTTAI
DEPARTMENT OF COMMERCE
QUESTION BANK

Class :	B.Com		
Semester (UG - III & V; PG - III) :	V	Subject Code :	CCRJC53
Name of the Subject : INCOME TAX LAW & PRACTICE - I			

Section A (Multiple Choice Questions)

Unit I: (Income Tax Act - 1961)

- Income tax is
 - Direct tax
 - An indirect tax
 - Business tax
 - All of these
- The year in which tax on income is earned is called
 - Previous year
 - Assessment year
 - Current year
 - Tax year
- The tax rate remains the same irrespective of the tax base
 - Progressive taxation
 - Proportional taxation
 - Regressive taxation
 - Reciprocal taxation
- Income tax collected on all types of income except
 - Agricultural income
 - Industrial income
 - Capital gains
 - Household property
- One of the basic conditions for resident is to stay in India for at least _____ days (or) more
 - 720
 - 222
 - 182
 - 365

Unit II: (Exempted Incomes)

- Which section of the Income Tax Act exempted incomes have been mentioned?
 - Section 80C
 - Section 80DD
 - Section 10
 - Section 2
- A Government company cannot claim any deduction u/s 10A, 10AA and 10B.
 - True
 - False
 - True in some cases
 - None of the above
- Which income out of the following is an exempt income for political party?
 - Income from house property only
 - Income from other sources only
 - Income by way of voluntary contribution from any person only
 - Income from house property, income from capital gains and income by way of voluntary contribution.
- A new undertaking is established in special economic zone during the previous year 2013-14. Deduction u/s 10AA shall be allowed for
 - 5 AYs
 - 8 AYs
 - 10 AYs
 - 15 AYs
- Interest received on the income tax refund is a
 - Capital receipt
 - Revenue receipt
 - Deemed receipt
 - Anyone of the above

Unit III: (Income from Salary and House Property)

- Income from house property held for charitable purpose is
 - Exempted from tax
 - Taxable as house property income
 - Taxable as income from other sources
 - Exempted upto ₹ 1,50,000
- HRA is _____ taxable if employee is living in his own house.
 - Fully
 - Not
 - Partly
 - Up to 50%
- Dearness allowance is taxable in case of
 - All employees
 - Govt. employees



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- c) Employees of private sector d) Other than Govt. employees
14. Gratuity received by a government employee is
a) Fully exempted b) Partly taxable c) Fully taxable d) Exempted upto ` 1,00,000
15. Annual value of the vacant house property referred to in Sec 23 (2) (b) shall be
a) Municipal value b) Fair rent c) Standard rent d) Nil

Unit IV: (Income from Business / Profession and Depreciation)

16. . Income earned from smuggling is
a) Exempted income b) Taxable income c) Casual income d) Income from other sources
17. The profit derived from the sale of tea grown and manufactured by the assessee in India _____ business income.
a) 50% b) 60% c) 40% d) 70%
18. Professional expenses are allowed on
a) Accrual basis b) Payment basis c) Accrual or Payment basis d) profession basis
19. Method of depreciation allowed is
a) Written down value method b) Straight line method c) Annuity method d) Sinking fund method.
20. The term business has been defined u/s _____
a) 2(36) b) 2(13) c) 2(31) d) 2(47)

Unit V: (Income from Capital Gains and Other sources)

21. The capital gain is chargeable under _____ of Income Tax Act.
a) Section 45 b) Section 55 c) Section 56 d) Section 40
22. . Gain on shares held by assessee for a period exceeding 12 months is called
a) Business income b) House property income c) STCG d) LTCG
23. The Income tax rate on long-term capital gain for an individual is
a) 10% b) 20% c) 15% d) 30%
24. Interest on government securities is _____
a) Grossed up b) Not grossed up c) Exempted d) A capital gain
25. Income from other source is a
a) Residuary head of income b) Major head of income
c) Income from a single source d) Constant and regular income

Section B (7 mark Questions)

Unit I: (Income Tax Act - 1961)

26. Write a brief history of Income Tax Act 1961.
27. Write short notes on: (i) Assessment year (ii) Previous year.
28. What are the basic conditions relating to an Ordinary Resident?
29. What is Agricultural Income? How is it treated in IT Act?
30. Explain the term 'Assessee' under Income Tax Act.

Unit II: (Exempted Incomes)

31. What are the incomes of political parties not included in total income u/s 13A?
32. Make a note on tax exemptions to Special Economic Zones.



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33. What are the different types of interest incomes that are fully exempted from tax?
34. State any five incomes that are totally exempt from income-tax.
35. What are the conditions to avail exemption u/s 11?

Unit III: (Income from Salary and House Property)

36. Define salary. What are the different forms of salary?
37. State the deductions made from house property income.
38. Write short notes on tax free perquisites.
39. What is Annual Value? And state the deductions that are allowed from the annual value in computing the income from house property.
40. How is the income from let-out house property computed?

Unit IV: (Income from Business / Profession and Depreciation)

41. What are the rules governing the adjustment of P & L a/c while computing incomes from business?
42. What are the assets eligible for depreciation under Income Tax Act?
43. Explain briefly any five deductions allowed u/s 36, while computing income from business or profession.
44. What are the inadmissible expenditures while calculating income from business?
45. List out the points to be remembered to claim additional depreciation.

Unit V: (Income from Capital Gains and Other sources)

46. What are the deductions allowed under the head income from other sources?
47. Write short notes on interest incomes.
48. Explain the following: (i) Cost of acquisition of capital assets (ii) Indexed cost of acquisition.
49. Explain the procedure for the computation of Long-term capital gain.
50. Determine the items of deductions allowable in computing income from other sources.

Section C (10 mark Questions)

Unit I: (Income Tax Act - 1961)

51. Explain how tax liability of an assessee is determined with reference to his residence.
52. Distinguish between capital expenditure and revenue expenditure.

Unit II: (Exempted Incomes)

53. State any ten incomes that are totally exempt from income-tax.
54. What are the exempted incomes from various funds u/s 10 of IT Act?

Unit III: (Income from Salary and House Property)

55. What do you mean by salary? How will you compute taxable salary?
56. What are the items exempted incomes from house property.

Unit IV: (Income from Business / Profession and Depreciation)

57. Explain the procedure for computing the "Professional Income" of a Doctor.
58. What are the incomes chargeable to income tax under the head "Profits and gains of business or profession".

Unit V: (Income from Capital Gains and Other sources)

59. What is meant by capital assets? Discuss the various kinds of capital assets.
60. What do you mean by capital gains? What are the kinds of capital gains?