

**TELANGANA UNIVERSITY**  
**S.S.R. DEGREE COLLEGE, NIZAMABAD (C.C:5029)**  
**IV SEMESTER INTERNAL ASSESSMENT II EXAMINATIONS**  
**INCOME TAX QUESTION BANK**

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1. State which of the following income are exempted? [c]  
A) Dearness Allowance                      B) City Compensatory Allowance  
C) Foreign Allowance                      D) Medical Allowance
2. Education allowance is exempted for ..... [c]  
A) One person                      B) Four persons  
C) Two persons                      D) None of these
3. A government employee received salary Rs.120,000 and entertainment allowance Rs.10,000 during the previous year. He spent Rs.6000 on entertainment. He is entitled to deduction u/s 16(ii) : [c]  
A) 10,000                      B) 6000                      C) 5000                      D) Nil
4. A citizen of India who goes abroad for the purpose of employment, he must stay in India at least for .....days to become a resident [d]  
A) 90 days    B) 162 days    C) 180 days    D) 182 days
5. Who among the following may be “not ordinarily resident”? [a]  
A) Hindu Undivided Family.  
B) Company.  
C) Association of persons.  
D) None of these
6. The following is not taxable as income under the head "Salaries". [b]  
A. Commission received by a full time director

- B. Remuneration received by a partner  
 C. Allowances received by an employee  
 D. Free accommodation given to an employee
7. Previous year means the financial year immediately preceding the..... [b]  
 A) Accounting Year                      B) Assessment Year  
 C) All of the above                      D) None of the above
8. Gratuity received by a government employee is ..... [a]  
 A) Fully exempted  
 B) Partly exempted  
 C) Fully taxable  
 D) Exempted up to Rs:1,00,000
9. The periodic payment of money for the past service is known as ..... [b]  
 A) Gratuity  
 B) Pension  
 C) Commuted pension  
 D) Leave salary
10. Income received in India whether occurred in India or outside India, the tax incidence in case of resident is ..... [a]  
 A) Taxable as per slabs                      B) Exempted from tax  
 C) Partly exempted                      D) None of the above
11. The income received and accrued outside India from a business controlled or profession set up in India, the tax incidence in case of resident is ..... [a]  
 A) Taxable                      B) Non-taxable  
 C) Partly taxable                      D) None of the above
12. Pension is taxable under .....head. [a]  
 A) Salary                      B) House property  
 C) Capital gains                      D) other sources
13. Salary received by a Member of Parliament is taxable under the head..... [d]  
 a. Income from salary  
 b. Capital gains  
 c. Profits and gains of business or profession  
 d. Income from other sources
14. A person is Non-resident if he fails to fulfil..... [b]  
 a. The additional conditions.

- b. At least one of the basic conditions.
  - c. Both basic conditions.
  - d. None of these
15. Income received in India is taxable in the hands of..... [d]
- a. Resident only.
  - b. Resident and ordinarily resident only.
  - c. Non-resident only.
  - d. All assesseees.
16. is exempted from income tax... [d]
- a. Interest from Indian company
  - B) Dividend from foreign company
  - C) Cooperative dividend
  - D) Dividend from Indian company
17. The Income Tax Act, 1961 broadly covers ..... [d]
- a. Basic charging income
  - B) Rebates and reliefs
  - C) Incomes exempted from income tax
  - D) All of the above
18. Any rent or revenue derived from land which is situated in India and is used for agricultural purpose is ..... [c]
- a. Partially taxable
  - B) Fully taxable
  - C) Exempted from tax
  - D) None of the above
19. Residential Status of an assessee can be ..... [b]
- a. Different for different previous year in the same assessment year
  - b. Different for different assessment year
  - c. None of the above
  - d. All of the above
20. Which of the following is not included in salary income. [c]
- a. Commuted pension
  - B) Un commuted pension
  - C) Family pension
  - D) Leave salary

1. In case of Tax free salary, Tax is to be paid by employer

2. Dearness allowance is taxable in the hands of all employees

3. A Perk is Facility provided by employer to employee
4. Perquisites to employees are covered in the I.T. Act 1961 under Sec. 17b
5. The value of Interest free concessional loans to employees is determined on the basis of lending rates of S.B.I. for the same purpose.
6. An employee is deemed as specified employee if he is a director in the company or has substantial in the company or his chargeable salary per annum exceeds Rs. 50,000
7. Value of rent free accommodation in case of Govt. employee shall be taxable up to License free fixed by Govt.
8. Value of rent free accommodation a house owned by employer in case of non- Govt. employees with above 25 lakhs population is 15% of employees salary
9. Interest on RPF balance is exempted up to 9.5%
10. Employers contribution to RPF is exempted up to 12% of salary
11. The income of previous year is chargeable to tax in the Immediately succeeding assessment year.
12. The interest on loan paid by the Government of India to a non-resident outside India is Not taxable in India.
13. The salary, remuneration or compensation received by the partners is taxable under the head Income from Business
14. The death-cum-retirement gratuity received by the Government Employee or employee of local authority is Fully exempted
15. Under Section 15 of Income Tax Act, the salary due in previous years and even if it is not received is Taxable
16. The assesses can claim relief under Section 89(1) for arrears or advance salary.
17. The Payment of Gratuity Act came into force in 1972
18. Deduction from gross Total income is allowed under Sec. 80C up to lower of the Qualifying amount or a maximum of Rs. 1,00,000.
19. Profits earned from an illegal business are Taxable

20. Medical reimbursement is exempt upto Rs. 15,000 if treatment is done in a private hospital.

Short Answers.

1. Define Salary?
2. Write any five allowances?
3. Define perquisites?
4. Define ARV?
5. Define MRV?
6. Define FRV?
7. Define capital repairs?
8. Define GST?
9. Define Revenue loss?
10. Define Capital loss?