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BLOGS

Questions on the Concepts of Income Tax for CLAT PG

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1. Which of the following is not included in the definition of “income” under Section 2(24) of the Income-tax Act, 1961?a) Dividendb) Voluntary contributions received by a trustc) Capital receipt not chargeable under any head of incomed) Profits and gains

1. Under the Income-tax Act, the term “previous year” generally refers to:a) The financial year preceding the assessment yearb) The calendar year preceding the assessment yearc) Any twelve-month period chosen by the assesseed) The year in which the income is assessed

1. Which of the following determines the scope of total income of an assessee?a) Citizenshipb) Residential statusc) Place of incorporationd) Place of assessment

1. Under the Income-tax Act, an individual is considered resident in India if:a) He stays in India for at least 182 days during the previous yearb) He stays in India for at least 60 days in the previous year and 365 days in the preceding four yearsc) Either A or Bd) Only if he is an Indian citizen

1. Which of the following incomes is exempt from tax under the Income-tax Act?a) Agricultural incomeb) Salary received by an Indian citizen abroadc) Capital gains from transfer of propertyd) Business income

1. The distinction between capital receipt and revenue receipt is important because:a) Capital receipts are always taxableb) Revenue receipts are always exemptc) Only revenue receipts are normally taxable unless specifically exemptd) Both are treated equally under tax law

1. Which of the following is not taxable in India for a non-resident?a) Income received in Indiab) Income deemed to accrue or arise in Indiac) Income accruing outside India from a business controlled outside Indiad) Income accruing in India

1. Under the Income-tax Act, agricultural income is:a) Fully taxableb) Partially taxablec) Exempt but considered for rate purposes in certain casesd) Taxable only for companies

1. Income is deemed to accrue or arise in India if it:a) Is received outside Indiab) Arises through business connection in Indiac) Is received by a foreign citizend) Is transferred through a foreign bank

1. In CIT v. Shaw Wallace & Co. (1932), income was interpreted as:a) A capital accretionb) A periodical monetary return with regularityc) Any receipt of moneyd) Only business profits

1. Under the Income-tax Act, total income refers to:a) Gross receipts of an assesseeb) Income computed under the five heads after deductionsc) Only taxable income from businessd) Income received in cash only

1. Which of the following is not one of the five heads of income under the Income-tax Act?a) Income from salaryb) Income from capital gainsc) Income from inheritanced) Income from other sources

1. Under Section 5 of the Income-tax Act, the scope of total income of a resident includes:a) Income received in India onlyb) Income accrued in India onlyc) Global incomed) Only business income

1. A company is considered resident in India if:a) It is incorporated in Indiab) Its place of effective management is in Indiac) Either A or Bd) It earns income in India

1. Income which is hypothetical or not real is generally:a) Taxableb) Not taxablec) Taxable only for companiesd) Taxable only for residents

Answers

1. C
2. A
3. B
4. C
5. A
6. C
7. C
8. C
9. B

10. B
11. B
12. C
13. C
14. C
15. B