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Self-Made Assignment - Advanced Accounting

Principal of Taxations -Terms of Taxation

Multiple Choice Questions (MCQs)

1. What is the primary purpose of taxation?

- A) To increase inflation
- B) To fund public services and infrastructure
- C) To reduce employment
- D) To promote imports

2. Who is an assessee?

- A) Only salaried individuals
- B) A person who receives subsidies
- C) A person or entity liable to pay tax
- D) A government official

3. The financial year in which income is earned is known as the:

- A) Assessment Year
- B) Calendar Year
- C) Previous Year
- D) Audit Year

4. What is Gross Total Income?

- A) Income after deductions
- B) Total income from all sources before deductions
- C) Only salary income
- D) Net profit of a company

5. What is Net Taxable Income?

- A) Total income without exemptions



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- B) Gross income minus taxes
- C) Gross Total Income minus eligible deductions
- D) Business profits only

6. What are deductions in taxation?

- A) Penalties for late filing
- B) Exemptions for foreign income
- C) Amounts subtracted from income to reduce tax
- D) Government grants

7. What is Self-Assessment Tax?

- A) Tax paid by employer
- B) Tax deducted by banks
- C) Tax paid by the assesses before filing the return
- D) Tax collected by the government in advance

8. Which of the following is an example of an exemption?

- A) Late filing fees
- B) House Rent Allowance (HRA)
- C) Bank charges
- D) Custom duty

9. What is a rebate in taxation?

- A) Extra tax paid
- B) A reduction in tax liability
- C) A fine for under-reporting income
- D) Audit penalty



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10. Which section provides deductions for investments like PPF, NSC, etc.?

- A) Section 24
- B) Section 10
- C) Section 80C
- D) Section 194C

11. What is Advance Tax?

- A) Tax paid after assessment
- B) Tax deducted from salary
- C) Tax paid during the financial year in installments
- D) Tax refund from the government

12. What does TDS stand for?

- A) Total Direct Savings
- B) Tax Deducted at Source
- C) Taxable Domestic Services
- D) Tax Deferred System

13. What does TCS stand for?

- A) Tax Collected at Source
- B) Tax Computation System
- C) Tax Credit Scheme
- D) Total Collection Summary

14. What is a rebate in taxation?

- A) Extra tax paid
- B) A reduction in tax liability



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C) A fine for under-reporting income

D) Audit penalty

15.What is a tax return?

A) A form for applying for loans

B) A form to report income and tax details to the government

C) A bank account summary

D) A tax refund cheque

