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***MCQ on Classification of Income***

1. Under the Income-tax Act, 1961, 'notional profit' from speculative business is -
2. Taxable under the head 'income from profits and gains of business and profession
3. Taxable under the head 'income from other ' sources'
4. Taxable either as income from other sources or as income from profits and gains of business and profession
5. Not taxable.
6. Transaction in which a contract for the purchase or sale of any commodity including stocks and shares is periodically or ultimately settled otherwise than by the actual delivery or transfer of the commodity or scrips is known as :
7. Wagering transaction
8. Speculative transaction
9. Deemed Speculation business
10. None of these
11. Under the head 'profits and gains of business or profession', the method of accounting that should be followed by an assessee is \_\_\_\_\_\_\_\_\_\_\_\_
12. Cash system only
13. Mercantile system only
14. Hybrid system only
15. Cash system or mercantile system only
16. Income is divided in \_\_\_\_\_\_\_\_\_\_\_ heads of Income.
17. 4
18. 5
19. 6
20. 3
21. Income includes -
22. Profits or Gains
23. Capital gains
24. Lottery winnings
25. All of the above
26. The term' income' includes the following types of incomes -
27. ' Legal
28. Illegal
29. Legal and illegal both
30. None of the above,
31. In case the Key man insurance policy is taken in name of any other person any sum received on its maturity by such person shall be taxable under the head -
32. Salaries
33. Profits & Gains of Business or Profession
34. Capital Gains
35. Income from Other Sources
36. Method of Accounting is not relevant for –
37. Salaries
38. Income from House Property
39. Capital Gains
40. All of the above
41. The Central Government has notified Income computation and disclosure standards for computing income under the head Profits and Gains of Business and Profession - .
42. 2
43. 5
44. 8
45. 10
46. Director sitting fees will be Chargeable Under which head?
47. Income from house property
48. Income from other sources
49. Income from PGBP
50. Income from Capital gain
51. Rental income of house property shall be taxable under which head, if house property is used by assessee for own business and profession
52. Income from house property
53. Income from other sources
54. Income from PGBP
55. Income from Capital gain
56. Rental income from the business of leasing out properties would be taxable under the head\_\_\_\_\_\_\_
57. Income from house property
58. Income from other sources
59. Income from PGBP
60. Income from Capital gain
61. franchise fee received by an assessee in tourism business, against special rights given to franchisees to undertake hotel business in assessee’s property is taxable under the head ­­­­­\_\_\_\_\_
62. Income from house property
63. Income from PGBP
64. Income from Capital gain
65. Income from other sources
66. Interest income earned on share application money deposited with a bank for a specified period in accordance with statutory requirement becomes taxable in A.Y. in which allotment is completed or in the year of accrual?
67. In A.Y in which allotment is completed
68. In the year of accrual
69. Both in A.Y in which allotment is completed and in the year of accrual
70. Either in A.Y in which allotment is completed or in the year of accrual

***Answer Key***

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| --- | --- |
| **Question Number** | **Answer** |
|  |  |
| *1* | Not taxable. |
| *2* | Speculative transaction |
| *3* | Cash system or mercantile system only |
| *4* | 5 |
| *5* | All of the above |
| *6* | Legal and illegal both |
| *7* | Income from Other Sources |
| *8* | All of the above |
| *9* | 10 |
| *10* | Income from Other sources. |
| *11* | Income from PGBP |
| *12* | Income from PGBP |
| *13* | Income from PGBP |
| *14* | In A.Y in which allotment is completed |