
1.

Which of the following is normally taxed under “Income from Other Sources”?

- A) Salary received in advance
- B) Interest earned on bank fixed deposits
- C) Profit from sale of land
- D) Rent from commercial property

Answer: B

2.

The income of a minor child (other than from manual work or own skill) is normally:

- A) Taxed in the hands of the minor separately
- B) Exempt from tax
- C) Clubbed with the higher-income parent
- D) Clubbed with the lower-income parent

Answer: C

3.

When an individual gifts a house property to their spouse without consideration, the rental income from that property is:

- A) Taxed in the hands of the spouse
- B) Taxed in the hands of the transferor (the one who gifted it)
- C) Exempt from tax
- D) Split between both

Answer: B

4.

Dividend from domestic companies is taxable in the hands of:

- A) Investor receiving the dividend
- B) Company declaring the dividend
- C) Half taxed to investor and half to company
- D) Tax-free for both

Answer: A

5.

Loss from house property (due to interest on housing loan) can be set off against:

- A) Only house property income
- B) Any head of income up to the permissible limit
- C) Only salary income
- D) Cannot be set off at all

Answer: B

6.

Short-term capital loss can be set off against:

- A) Only short-term capital gain
- B) Only long-term capital gain
- C) Both long-term and short-term capital gains
- D) Cannot be set off

Answer: C

7.

Business loss that could not be fully set off in the current year can be carried forward for:

- A) 2 years
- B) 4 years
- C) 8 years
- D) Indefinitely

Answer: C

8.

Speculative business loss can be set off only against:

- A) Any business income
- B) Capital gains
- C) Speculative business income only
- D) Salary

Answer: C

9.

To carry forward most types of losses (except certain exceptions), the taxpayer must:

- A) File the return within the due date
- B) File return anytime before assessment
- C) File return only if income exceeds basic exemption
- D) Filing of return is not required

Answer: A

10.

Which of the following qualifies for deduction under Chapter VI-A while computing total income?

- A) Personal expenses
- B) Certain investments, donations, and specified payments
- C) Capital losses
- D) Interest paid on late tax payment

Answer: B
