**MCQ on Enquiry before assessment u/s 142(2A) Class Date – 06.10.2024**

### 1. Under Section 142(2A), inventory valuation can be directed by the Assessing Officer in which of the following situations?

**a) When the accounts are complicated**b) When there is doubt regarding the authenticity of income
c) When the taxpayer fails to furnish a return of income
d) When the accounts are simple and easy to understand

### 2. Who bears the cost of the special audit under Section 142(2A)?

a) The taxpayer
b) The Assessing Officer
c) The Chartered Accountant conducting the audit
**d) The Income Tax Department**

### 3. What is the primary factor that may lead to a special audit under Section 142(2A)?

a) Large volume of transactions
**b) Complexity of accounts**
c) Failure to file the tax return on time
d) High amount of tax liability

### 4. Before ordering a special audit under Section 142(2A), the Assessing Officer must seek prior approval from which authority?

**a) The Principal Commissioner or Commissioner of Income Tax**
b) The Director General of Income Tax
c) The Finance Minister
d) The Central Board of Direct Taxes (CBDT)

### 5. Under Section 142(2A)(ii), how much time is generally allowed for the completion of the special audit once it has been ordered?

a) 30 days
b) 60 days
c) 90 days
**d) 180 days**

### 6. What happens if the special audit report under Section 142(2A)(ii) is not submitted within the prescribed time?

a) The taxpayer is penalized
**b) The Assessing Officer can extend the time limit**c) The audit is automatically canceled
d) The taxpayer’s accounts are deemed as audited

### 7. Who is eligible to conduct inventory valuation under Section 142(2A)(ii)?

a) Any chartered accountant
b) An internal auditor of the company
c) A chartered accountant nominated by the Assessing Officer
**d) The practicing Cost Accountant**

### 8. The special audit under Section 142(2A) is considered necessary when:

a) The taxpayer requests for it
**b) The Assessing Officer feels that the nature and volume of transactions are complex**c) There is no discrepancy in the tax returns
d) The accounts are audited under any other law

### 9. Can the taxpayer be given an opportunity of being heard before the Assessing Officer orders a special audit under Section 142(2A)?

**a) Yes, the taxpayer must be given an opportunity of being heard**
b) No, the Assessing Officer can order the audit without any prior notice
c) Only if the tax liability exceeds Rs. 10 lakh
d) Only for companies and large corporations

### 10. Which of the following is NOT a valid reason for initiating a special audit under Section 142(2A)?

a) Complexity of accounts
b) Doubt about the correctness of accounts
**c) Large tax refunds due to the taxpayer**d) Volume of transactions requiring thorough verification