

MCQ on Tax Computation under PGBP Class Date – 29.06.2025

1. Which of the following is not deductible while computing income under the head PGBP?

- A. Depreciation on business assets
- B. Income tax paid during the year**
- C. Interest on business loan
- D. Salary paid to employees

2. Which section of the Income Tax Act allows depreciation as a deduction while computing business income?

- A. Section 30
- B. Section 32**
- C. Section 35
- D. Section 37

3. Remuneration to partners is allowed as deduction in case of:

- A. Proprietorship
- B. AOP
- C. Partnership firm (with written agreement and within limits of Section 40(b))**
- D. HUF

4. Which of the following expenses is specifically disallowed under Section 37(1)?

- A. Advertisement expenses
- B. Legal expenses for defending title to asset
- C. Penalty for violating the law**
- D. Audit fees

5. Presumptive taxation under Section 44AD is available to:

- A. A company
- B. A partnership firm engaged in business**
- C. An LLP
- D. A person engaged in profession

6. The maximum allowable remuneration to working partners is governed under which section?

- A. Section 40(b)**
- B. Section 44AD
- C. Section 35D
- D. Section 44AA

7. Which of the following is not included in business income under PGBP?

- A. Sale of stock-in-trade
- B. Rent received from house property**
- C. Profit from speculation business
- D. Compensation received for breach of business contract

8. Unabsorbed depreciation can be carried forward for how many years?

- A. 4 years
- B. 8 years
- C. Indefinitely**
- D. 2 years

9. In case of a speculative business loss, how long can it be carried forward?

- A. 4 years
- B. 8 years**
- C. 6 years
- D. Indefinitely

10. Which of the following expenses is allowed under PGBP?

- A. Personal expenses of the proprietor
- B. Donations to political party
- C. Bad debts written off (satisfying conditions under Section 36)**
- D. Income tax penalty