

MCO on Section 206 of the Income Tax Act Class Date 25.01.2026

1. Under Section 206AA, if the deductee fails to furnish PAN to the deductor, the tax shall be deducted at which of the following rates?

- A. 10%
- B. 15%
- C. 20%**
- D. 30%

2. Section 206AA is applicable to which of the following payments?

- A. Salary
- B. Interest
- C. Rent
- D. All of the above**

3. If PAN is not furnished, TDS is to be deducted at the rate higher of the following EXCEPT:

- A. Rate specified in the relevant provision of the Act
- B. Rate or rates in force
- C. Flat rate of 10%**
- D. 20%

4. Is Section 206AA applicable to non-residents?

- A. Yes, in all cases
- B. No, never
- C. Yes, but not in case of interest on long-term bonds under Section 194LC**
- D. Only for salary payments

5. What is the main objective of Section 206AA?

- A. To reduce tax rates
- B. To ensure collection of PAN by deductors**
- C. To prevent double taxation
- D. To allow exemption from TDS

6. Section 206C of the Income Tax Act is applicable to which of the following?

- A. Sale of agricultural land
- B. Sale of specified goods like liquor, timber, scrap, etc.**
- C. Sale of residential property
- D. Export of goods

7. What is the rate of TCS on the sale of scrap under Section 206C (as per current provisions)?

- A. 1%**
- B. 5%
- C. 0.1%
- D. 0.5%

8. Which of the following transactions was covered under Section 206C(1H)?

- A. Sale of motor vehicle above ₹10 lakh
- B. Sale of goods exceeding ₹50 lakh in a year by a seller having turnover above ₹10 crore in previous FY**
- C. Sale of agricultural produce
- D. Rent from commercial property

9. Under Section 206C(1F), TCS is applicable on the sale of a motor vehicle exceeding what value?

- A. ₹5 lakh
- B. ₹7 lakh
- C. ₹10 lakh**
- D. ₹15 lakh

10. If PAN is not provided by the buyer, the rate of TCS under Section 206CC will be:

- A. At the rate in force
- B. Double the specified rate or 5%, whichever is higher**
- C. 10% flat
- D. Not applicable