

MCQ on Overview of TDS/TCS\_ Class Date – 26.10.2025

**1. Under which section of the Income Tax Act is TDS primarily governed?**

- a) **Section 192 to 206C**
- b) Section 80C to 80U
- c) Section 10 to 13A
- d) Section 139 to 140

**2. What is the main purpose of TDS provisions in the Income Tax Act?**

- a) To increase government revenue
- b) **To collect tax at the source of income generation**
- c) To reduce the burden of filing income tax returns
- d) To eliminate double taxation

**3. Under TDS provisions, who is responsible for deducting tax at source?**

- a) The taxpayer
- b) **The employer or payer**
- c) The Income Tax Department
- d) The Central Board of Direct Taxes

**4. At what rate is TDS generally deducted on interest income from fixed deposits for resident individuals?**

- a) 5%
- b) 20%
- c) 15%
- d) **10%**

**5. Which of the following forms are used to file quarterly TDS returns?**

- a) Form 16
- b) **Form 24Q and 26Q**
- c) Form 49A
- d) Form 15G

**6. TCS is applicable on which of the following transactions?**

- a) Purchase of immovable property
- b) Dividend income
- c) Sale of alcoholic liquor for human consumption**
- d) Rental income

**7. What is the penalty for failure to deduct or deposit TDS within the due date?**

- a) 10% of the tax amount
- b) Interest and penalty under Section 201**
- c) Rs. 5,000 per day
- d) No penalty is imposed

**8. Which form is issued by the deductor to the deductee as proof of TDS deduction?**

- a) Form 16 / Form 16A**
- b) Form 26AS
- c) Form 15H
- d) Form 10E

**9. TDS is deducted at the time of:**

- a) Generating the invoice
- b) Making the payment or crediting the account, whichever is earlier**
- c) Filing the income tax return
- d) None of the above

**10. What is the purpose of Form 15G and Form 15H?**

- a) For applying for a TIN (Taxpayer Identification Number)
- b) For updating PAN details.
- c) For claiming a refund of TDS
- d) For individuals to declare non-deductibility of TDS due to lower income**