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Self-Made Assignment - Advance Accounting

Principle of Taxation - Direct and Indirect Tax

Multiple Choice Questions (MCQs)

1. What are the two main categories of taxes?

- A) Capital and Revenue
- B) Sales and Service
- C) Direct and Indirect
- D) Federal and State

2. What is a Direct Tax?

- A) A tax on goods
- B) A tax levied on income or wealth
- C) A tax included in the price of products
- D) A tax shared between two individuals

3. Which of the following is a Direct Tax?

- A) GST
- B) Excise Duty
- C) Income Tax
- D) Sales Tax

4. What is the nature of Direct Taxes?

- A) Regressive
- B) Invisible
- C) Progressive
- D) Indirect

5. Which tax is imposed on the profits of companies?

- A) Income Tax
- B) GST
- C) Corporate Tax
- D) Sales Tax

6. What is GST?

- A) Direct tax on salary
- B) Tax on imported goods only
- C) Comprehensive tax on goods and services
- D) Only a state tax

7. VAT stands for:

- A) Value Added Transaction
- B) Value Added Tax
- C) Variable Additional Tax

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D) Verified Asset Tax

8.A characteristic of Indirect Tax is:

- A) Progressive in nature
- B) Directly paid by the taxpayer
- C) Less visible to the consumer
- D) Always deducted from salary

9. Who pays Indirect Tax to the government?

- A) Customer
- B) Producer
- C) Seller or service provider
- D) Importer only

10. Which tax is clearly visible and directly paid by individuals?

- A) GST
- B) Direct Tax
- C) Excise Duty
- D) Customs Duty

11. Which of the following is NOT an Indirect Tax?

- A) GST
- B) VAT
- C) Corporate Tax
- D) Excise Duty

12. Who collects taxes in a country?

- A) Schools
- B) Private Companies
- C) Government
- D) NGOs

13. Which type of tax is paid on income?

- A) GST
- B) Income Tax
- C) Sales Tax
- D) VAT

14. Income Tax is an example of:

- A) Indirect Tax
- B) Consumption Tax
- C) Direct Tax

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D) Import Tax

15. What does VAT apply to?

- A) Land
- B) Income
- C) Value added to goods
- D) Property

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