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Test Series

Self-Made Assignment -Advance Accounting

Principle of Taxation - Income Tax Act 1961

Answer the following MCQ Que:

- 1) Who introduced the first income tax law in India?
A. Lord Macaulay
B. Sir James Wilson
C. Warren Hastings
- 2) In which year was the first income tax law introduced in India?
A. 1857
B. 1886
C. 1860
- 3) Why was the income tax law of 1860 introduced?
A. To increase British salaries
B. To fund education reforms
C. To compensate for losses after the 1857 Rebellion
- 4) When was the Income Tax Act, 1961 enacted by Parliament?
A. April 1, 1962
B. September 13, 1961
C. January 26, 1961
- 5) What is the main purpose of the Income Tax Act, 1961?
A. To regulate foreign investments
B. To levy and collect income tax
C. To manage company law
- 6) What types of income are classified under the Income Tax Act, 1961?
A. Capital income only
B. Salary, house property, business income, etc.
C. Foreign income only
- 7) How is the Income Tax Act, 1961 kept up to date?
A. Through presidential orders
B. Through Finance Acts during the Union Budget
C. Through annual Supreme Court rulings
- 8) What major administrative trend has influenced the modern income tax system in recent years?
A. Paper-based filing
B. Decentralization
C. Digitization and e-filing

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- 9) What is the primary focus of the Income Tax Act, 1961?
- A. Indirect taxation
 - B. Direct taxation
 - C. Custom duties
- 10) Which body is responsible for administering income tax in India under this Act?
- A. Reserve Bank of India
 - B. Income Tax Department
 - C. Ministry of Finance (Revenue Division)
- 11) What does the Income Tax Act, 1961 classify income into?
- A. Assets and liabilities
 - B. Capital gains and trading losses
 - C. Different heads like salary, house property, and business income
- 12) How is the Income Tax Act, 1961 structured?
- A. In the form of case laws
 - B. In chapters, sections, and schedules
 - C. In financial statements
- 13) What is the purpose of including exemptions and deductions in the Act?
- A. To simplify tax collection
 - B. To encourage saving and investment
 - C. To reduce government revenue
- 14) How has the Income Tax Act adapted to technological advancements?
- A. By banning online filing
 - B. Through digital tools like e-filing and online assessments
 - C. By closing all tax offices

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