



ST. LAWRENCE HIGH SCHOOL

A Jesuit Christian Minority Institution



Answer Key 37

Sub: Costing & Taxation

Class: XI

Chapter: Unit 3: Taxation: Income under the head 'Salaries'

F.M. 15

Topic: A: Basis of Charge

Date: 16/1/2021

Choose the correct alternatives:

1 x 15 =15

1. An income charged to salaries only when there exist the relationship of :
(a) Buyer and seller; **(b) Employer and employee**; (c) Principal and agent; (d) Debtors and creditors.
2. Salary must be
(a) Real; (b) Fictitious; (c) Imaginary; (d) none of these.
3. Salary forgoes by an employee before it accrues, it will
(a) chargeable to tax; **(b) not chargeable to tax**; (c) partially non-taxable; (d) none of these.
4. Part-time salary received from an employer is taxable under the head
(a) Other sources; (b) Profits and Gains from business or profession; (c) Capital gains; **(d) Salaries**.
5. Partner's remuneration from a Partnership Firm is taxable under the head
(a) Salaries; **(b) Profits and Gains from business and profession**; (c) Income from other sources; (d) none of these.
6. Allowance which is given to an employee to compensate against price increases is known as
(a) Dearness Allowances; (b) City Compensatory Allowances; (c) Food Allowances; (d) none of these.
7. Pension received from the ex-employer is taxable under the head of
(a) Salaries; (b) Profits and Gains from business and profession; (c) Income from other sources; (d) none of these.
8. Family pension is taxable under the head of
(a) Salaries; (b) Profits and Gains from business and profession; **(c) Income from other sources**; (d) none of these.
9. The maximum limit for exemption of Transport Allowance is
(a) ₹ 3,200 p.m.; (b) ₹ 1,000 p.m.; (c) ₹ 1,600 p.m.; **(d) nil**.
10. The amount received by the assessee from the payer for the service rendered by him as an employee is called
(a) Commission; **(b) Salary**; (c) Income; (d) Profit.
11. Children Education Allowance received by the employee from the employer for the education of their children is exempt at the rate
(a) ₹ 100 per month per child for a maximum of 2 children; (b) ₹ 200 per month per child for a maximum of 3 children; (c) ₹ 100 per month per child for a maximum of 3 children; (d) ₹ 500 per month per child for a maximum of 2 children.
12. Children Hostel Allowance received by the employee for the boarding facilities of their children is exempt at the rate
(a) ₹ 400 per month per child for a maximum of 2 children; **(b) ₹ 300 per month per child for a maximum of 2 children**; (c) ₹ 600 per month per child for a maximum of 1 child; (d) ₹ 300 per month per child for a maximum of 3 children.
13. Under which section, exemption for House Rent Allowance is allowed?
(a) 10(15); (b) 10(38); **(c) 10(13A)**; (d) 10(14).
14. Under which section, exemption for Children Education Allowance is allowed?
(a) 10(15); (b) 10(38); (c) 10(13A); **(d) 10(14)**.
15. Under which section, exemption for Children Hostel Allowance is allowed?
(a) 10(15); (b) 10(38); (c) 10(13A); **(d) 10(14)**.

Compiled by
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