



ST. LAWRENCE HIGH SCHOOL

A Jesuit Christian Minority Institution



Answer Key 40

Sub: Costing & Taxation

Class: XI

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

F.M. 15

Topic: B: Basis of Charge & Perquisites

Date: 25/1/2021

Choose the correct alternatives:

1 x 15 =15

1. What will be the maximum limit of deduction for Entertainment Allowance in case of Government Employee?
(a) ₹5,000; (b) ₹10,000; (c) ₹6,000; (d) ₹12,000.
2. Mr. Halder, a government employee received ₹1,200 per month from his employer as transport allowance. What is the taxable amount of transport allowance per annum?
(a) ₹4,800; (b) ₹9,600; **(c) ₹14,400;** (d) none of these.
3. Mr. Sarkar, an employee of TPX Limited received ₹1,000 per month as medical allowance. His actual medical expenses during the previous year was ₹15,000. What is the taxable amount of medical allowance?
(a) ₹3,000; (b) ₹15,000; **(c) ₹12,000;** (d) Not taxable.
4. If the rented residential house is situated at Kolkata, then maximum exemption limit of salary for house rent allowance is
(a) 20%; (b) 30%; (c) 40%; **(d) 50%.**
5. Rambabu is a Government employee who received DA of ₹25,000. Taxable part of Dearness Allowance is
(a) ₹20,000; **(b) ₹25,000;** (c) ₹15,000; (d) Not taxable.
6. Deduction for Children Hostel Allowance is allowed for
(a) maximum one child; **(b) maximum two children;** (c) maximum three children; (d) no maximum limit.
7. Mr. X received children education allowance @ ₹500 per month from his employer for his only son. His taxable amount of children education allowance will be
(a) ₹4,800; (b) ₹2,400; (c) ₹3,600; (d) none of these.
8. House Rent Allowance received by an employee from his employer. The section of Income Tax Act for claiming deduction is
(a) 10(14); (b) 10(34); **(c) 10(13A);** (d) 17(d).
9. Transport allowance received by a physically handicapped employee from his employer, the maximum amount of deduction u/s 10(14) will be
(a) ₹1,600 per month; (b) ₹3,000 per month; **(c) ₹3,200 per month;** (d) actual allowance received.
10. Deduction for Children Education Allowance is allowed for
(a) maximum one child; **(b) maximum two children;** (c) maximum three children; (d) no maximum limit.
11. If the rented residential house is situated at Chandannagar, then maximum exemption limit of salary for house rent allowance is
(a) 20%; (b) 30%; **(c) 40%;** (d) 50%.
12. The word 'Salary' has been originated from a Latin word
(a) Salarium; (b) Salacious; (c) Salarious; (d) none of these.
13. If the rented residential house is situated in Mumbai, the maximum amount to be exempt from House Rent Allowance is
(a) 20%; (b) 30%; (c) 40%; **(d) 50%.**
14. Entertainment Allowance for non-government employee is
(a) fully exempt from tax; **(b) fully taxable;** (c) partly taxable; (d) none of these.
15. Salary of the part-time employee is taxable under the head of
(a) Income from other sources; (b) Profits from business; **(c) Salaries;** (d) none of these.

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