

1) Which article of the Indian constitution states that "No tax shall be levied or collected except by the authority of law"?

- a) Article 266
- b) Article 300
- c) Article 265
- d) Article 305

Answer: c)

The authority to levy a tax is derived from the Constitution of India which allocates the power to levy various taxes between the Central and the State. An important restriction on this power is Article 265 of the Constitution which states that "No tax shall be levied or collected except by the authority of law". Therefore, each tax levied or collected has to be backed by an accompanying law, passed either by the Parliament or the State Legislature.

2) A Direct tax is a tax that is paid by an individual or an organization to the imposing entity. Which one of the following is a direct tax?

- a) Corporate tax
- b) Value added tax
- c) Entertainment tax
- d) Sales tax

Answer: a)

Corporate tax is a direct tax which is applicable to companies who exist as separate entities from their shareholders. This type of tax is charged on gains from the sale of capital assets located in India, royalties, interest, fees for technical services and dividends.

3) The Central Board of Direct Taxes (CBDT), which looks after the Direct Taxes in India comes under which of the following ministry?

- a) Ministry of Commerce and Industry
- b) Ministry of Finance
- c) Ministry of Statistics and Programme Implementation
- d) Ministry of Home affairs

Answer: b)

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The Central Board of Direct Taxes or the CBDT, which was formed as the result of the Central Board of Revenue Act, 1924 looks after the Direct Taxes in India. This department is part of the Department of Revenue in the Ministry of Finance and is responsible for the administration of the direct tax laws.

4) The Income Tax Act which is the charging statute of Income Tax extending to the whole of India was enacted in which year?

- a) 1965
- b) 1970
- c) 1968
- d) 1961

Answer: d)

The Income Tax Act is the charging statute of Income Tax, extending to the whole of India enacted in the year 1961. The Act provides for imposition, collection, administration and recovery of income tax.

5) Which of the following tax comes across as the most important and common tax that every Indian must pay?

- a) Wealth tax
- b) Income tax
- c) Corporate tax
- d) Capital gains tax

Answer: b)

An income tax is a tax imposed on individuals or entities that varies with respective income or profits. This comes across as the most important and common tax that every Indian must pay.

6) Consider the following statements regarding Income tax-

- 1) Income tax is directly charged on the income of the person.
- 2) Income tax is chargeable on taxable income
- 3) The rate at which income tax is charged does not depends on the level of income

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Which of the above statements is correct?

- a) Only 1
- b) Both 1 and 3
- c) Only 2
- d) Both 1 and 2

Answer: d)

All the above statements regarding Income tax are true except c). Income Tax is chargeable to individuals, corporate houses, firms, companies, trusts, Hindu Undivided Families (HUF's), and any artificial judicial person. The rate at which income tax is charged depends on the level of income.

7) How many heads of income are there under which the income tax is chargeable?

- a) Five
- b) Four
- c) Eight
- d) Ten

Answer: a)

The different heads of Income under which income tax is chargeable are as follows:

- Income from a profession or business
- Income from property or house
- Income from salaries
- Income that is in the form of capital gains
- Income from other sources

8) Which one of the following tax is the most important source of revenue for the Indian government?

- a) Service tax
- b) Sales tax
- c) Entertainment tax
- d) Income tax

Answer: d)

Income Tax is the most important source of revenue for the Indian government. It is established as an inevitable imposition on the citizens in order to raise funds for fulfilling the development & defence needs of the country. Taxes imposed on income, purchase, sale, and property help the government to run different government embodiment and machinery.

9) The first Income tax was introduced in India in which of the following year?

- a) 1880
- b) 1855
- c) 1860
- d) 1877

Answer: c)

In India, the first Income Tax Act was introduced in 1860. It was implied by James Wilson to overcome heavy losses suffered by the British Government due to India's freedom movement in 1857. The history of Income Tax in India is divided into 3 different periods:

- 1860-1885
- 1886-1914
- 1914 till date

10) The "Direct Taxes Code Bill" was tabled in the Parliament in which year to replace the Income Tax Act, 1961 and Wealth Tax Act?

- a) 2010
- b) 2009
- c) 2005
- d) 2008

Answer: a)

The "Direct Taxes Code Bill" was tabled in the Parliament on 30 August 2010 by the then Finance Minister to replace the Income Tax Act, 1961 and Wealth Tax Act. The bill, however, could not go through and eventually lapsed after revocation of the Wealth Tax Act in 2015.

11) Any Indian citizen aged below 60 years is liable to pay income tax, if their income exceeds.....?

- a) 3 lakhs
- b) 2.5 lakhs
- c) 3.5 lakhs
- d) 4 lakhs

Answer: b)

Any Indian citizen aged below 60 years is liable to pay income tax, if their income exceeds Rs 2.5 lakhs. If the individual is above 60 years of age and earns more than Rs 2.5 lakhs, he/she will have to pay taxes to the Government of India.

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12) What is the rate of the income tax applicable for the domestic companies in India?

- a) 35%
- b) 25%
- c) 50%
- d) 30%

Answer: d)

A Domestic company in India is taxable at the rate of 30%. However, tax rate is 25% if turnover or gross receipt of the company does not exceed Rs. 50 crore.

13) Which of the following form is for a person who receives regular salary or pension or has an income from residential property or other sources?

- a) ITR FORM 3
- b) ITR FORM 1
- c) ITR FORM 5
- d) ITR FORM 2

Answer: b)

Every individual, who has a source of income, regular or irregular, is legally required to file their income tax returns. Even if your income is below the taxable bracket, you should file your income tax returns. There are prescribed forms through which the income earned by a person and the income tax paid thereon are informed to the Income Tax Authority. ITR FORM 1 is for any person who receives regular salary or pension or has an income from residential property or other sources.

14) Which of the following ITR form is provided to acknowledge that the Income Tax return has been filed?

- a) ITR FORM V
- b) ITR FORM 7
- c) ITR FORM 4
- d) ITR FORM 3

Answer: a)

ITR-V is the acronym for 'Income Tax Return-Verification' Form. It is a single page document that is received when an ITR is filed online without using a digital signature. It is provided to acknowledge that the Income Tax return has been filed.

15) What is the time period during which the income of a person is taken into account to calculate his/her income tax?

- a) 12 months
- b) 9 months
- c) 15 months
- d) 24 months

Answer: a)

As per the laws of the Income Tax, the Financial Year is the time period that starts from the 1st of April and ends on the March 31st of the next year (calendar). The income that a person earns during the period of 12 months starting from the 1st of April to March 31st (in one financial year) is considered to calculate the Income Tax.

16) PAN which is a unique alphanumeric code issued by the Department of Income Tax consists of how many digits?

- a) 12
- b) 10
- c) 8
- d) 11

Answer: b)

A permanent account number (PAN) is a ten-digit alphanumeric number, issued in the form of a laminated card, by the Indian Income Tax Department, to any "person" who applies for it or to whom the department allots the number without an application. It is a unique, ten-character alpha-numeric identifier, issued to all judicial entities identifiable under the Indian Income Tax Act, 1961.

17) Which of the following direct tax is charged on the benefits derived from property ownership?

- a) Income tax
- b) Corporate tax
- c) Wealth tax
- d) Capital gains tax

Answer: c)

The Wealth Tax Act, 1957 was an Act of the Parliament of India that provides for the levying of wealth tax on an individual, Hindu Undivided Family (HUF) or

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company. The wealth tax was levied on the net wealth owned by a person on a valuation date, i.e. - 31 March of every year. This tax is charged on the benefits derived from property ownership.

18) Wealth tax was first of all introduced in India in which of the following year?

- a) 1950
- b) 1945
- c) 1959
- d) 1957

Answer: d)

Wealth Tax in India was introduced in India in the year 1957 and is levied on Individuals, HUF's and Companies if the Net Wealth of such person exceeds Rs. 30 Lakhs on the Valuation Date i.e. last date of the previous year.

19) The wealth tax was abolished by Union Finance Minister Arun Jaitley in the Union Budget

- a) 2016-2017
- b) 2014-2015
- c) 2015-2016
- d) 2017-2018

Answer: a)

The wealth tax was abolished in the Union Budget (2016 - 2017) presented by Union Finance Minister Arun Jaitley on 28 February 2015. The wealth tax was replaced with an additional surcharge of 2 per cent on the super rich with a taxable income of over 1 crore annually.

20) Wealth tax in India is not applicable on which of the following entities?

- a) Co-operative societies
- b) Partnership firms
- c) Company registered under Section 25 of The Companies Act, 1956
- d) All of the above

Answer: d)

Wealth Tax is not applicable to Trusts, Artificial Judicial Persons, Partnership firms, Association of persons (AOPs), A company registered under Section

25 of The Companies Act, 1956, Co-operative Societies, Social clubs, Political parties, Mutual funds specified under Section 10 Clause (23D) of the Income Tax Act.

21) Which is a direct tax imposed by a jurisdiction on the income or capital of corporations or analogous legal entities?

- a) Corporate tax
- b) Capital gains tax
- c) Wealth tax
- d) Both a and b

Answer: a)

A corporate tax, also called corporation tax or company tax, is a direct tax imposed by a jurisdiction on the income or capital of corporations or analogous legal entities. Many countries impose such taxes at the national level, and a similar tax may be imposed at state or local levels.

22) MAT which is a tax effectively introduced in India to facilitate the taxation of 'zero tax companies' stands for.....?

- a) Minimal Added Tax
- b) Maximum Alternate Tax
- c) Minimum Alternate Tax
- d) Moderate Alternate Tax

Answer: c)

Minimum Alternate Tax (MAT) is a tax effectively introduced in India by the Finance Act of 1987, Section 115J of the Income Tax Act, 1961, to facilitate the taxation of 'zero tax companies' i.e. those companies which show zero or negligible income to avoid tax. Under MAT, such companies are made liable to pay to the government, by deeming a certain percentage of their book profit as taxable income.

23) Which of the following tax is levied on the taxable securities transactions in India?

- a) Capital gains tax
- b) Minimum alternate tax
- c) Banking cash transaction tax
- d) Securities transaction tax

Answer: d)

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Securities Transaction Tax (STT) is a tax payable in India on the value of securities transacted through a recognized stock exchange. The tax is not applicable on off-market transactions or on commodity or currency transactions.

24) Securities Transaction Tax was originally introduced in India in which of the following year?

- a) 2000
- b) 2003
- c) 2006
- d) 2004

Answer: d)

Securities Transaction Tax was originally introduced in the year 2004 by the then Finance Minister, P. Chidambaram to stop tax avoidance of capital gains tax.

25) Securities Transaction Tax is levied and collected by

- a) Union Government of India
- b) State Government of India
- c) Local-Self Government of India
- d) Both a and b

Answer: a)

Securities Transaction Tax (STT) is a tax payable in India on the value of securities transacted through a recognized stock exchange. Securities Transaction Tax is levied and collected by the union government of India.

26) Which of the following is a proposed method of taxation charged on all forms of bank transactions?

- a) Securities Transaction tax
- b) Banking Cash Transaction tax
- c) Capital gains tax
- d) Corporate tax

Answer: b)

Banking Cash Transaction Tax is a proposed method of taxation which would be charged on all forms of bank transactions – credit and debit. The tax would be charged on both – cheque payments and electronic methods of transactions. The tax would be collected by government and equally distributed between Centre and the respective state where transaction took place.

27) Banking Cash Transaction Tax (BCTT) was introduced in the Finance Act, 2005 with effect from.....?

- a) June 1, 2005
- b) September 5, 2006
- c) May 10, 2006
- d) January 12, 2003

Answer: a)

Banking Cash transaction tax is a tax levied on debit (and/or credit) entries on bank accounts. Banking Cash Transaction Tax (BCTT) was introduced in the Finance Act, 2005 with effect from June 1, 2005.

28) Which of the following tax is levied on the income derived from the sale of assets or investments?

- a) Capital gains tax
- b) Minimum alternate tax
- c) Banking cash transaction tax
- d) Securities transaction tax

Answer: a)

A Capital gains tax (CGT) is a tax on capital gains, the profit realized on the sale of a non-inventory asset that was greater than the amount realized on the sale. The most common capital gains are realized from the sale of stocks, bonds, precious metals, and property.

29) Which one of the following tax is also known as Millage tax?

- a) Gift tax
- b) Property tax
- c) House tax
- d) Professional tax

Answer: b)

Property Tax, also known as Millage Tax, is a financial charge on a property which the owner of that property is required to pay. The tax is charged by the governing authority of the jurisdiction in which the property is located.

30) Consider the following statements regarding indirect tax-

1) Indirect tax is levied on the goods and services

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2) Indirect tax decreases the price of the product or service

3) It is levied on the person who is making sale

Which of the above statements is not correct?

- a) Both 1 and 2
- b) Only 3
- c) Both 2 and 3
- d) Only 2

Answer: d)

All the above statements are true except 2). Indirect Taxes are basically the taxes which are not directly levied on the Income of an Individual but are indirectly levied on the Expense incurred by the Individual. This tax is basically levied on the seller of goods or the provider of service but in most cases, he passes it on to the end consumer and therefore, it is the end consumer who bears this in the form of an indirect tax. An Indirect Tax increases the price of the product or the service.

31) Which one of the following is an example of Indirect tax?

- a) Sales tax
- b) Service tax
- c) Perquisite tax
- d) Both a and b

Answer: d)

Sales and service tax is an example of Indirect tax. Sales tax is imposed on the sale of any product and service tax is also summated on the price of the product sold in the country.

32) Which tax is paid to the governing body for the sales of certain goods and services?

- a) Sales tax
- b) Customs duty
- c) Excise duty
- d) Entertainment tax

Answer: a)

Sales tax is a form of indirect tax imposed on the sale and purchase of goods within India. The seller of the goods can recover sales tax from the purchaser. It is levied by the Government. The amount/ rate of income tax depend upon the ruling government guidelines and individual policies. Sales tax in general terms means the

extra money one needs to pay for purchasing goods and services.

33) Central Sales Tax which came into existence through an act of the parliament was enacted in which year?

- a) 1950
- b) 1955
- c) 1956
- d) 1962

Answer: c)

Central Sales Tax came into existence through an act of the parliament and was enacted in the year 1956 to regulate sale of commodities and taxes regulating such sales. Although CST is levied by the Central Government and falls under the Union List of the Seventh Schedule, it is administered by the state in which a particular sale originates.

34) Central Sales Tax Act, 1956, which extends to the whole of India was introduced through which of the following constitutional amendment?

- a) 4th amendment
- b) 6th amendment
- c) 7th amendment
- d) 8th amendment

Answer: b)

Central Sales Tax Act, 1956, extends to the whole of India and defines the rules and regulations guiding sales tax. This Act was introduced in the Sixth Constitutional Amendment and brought the taxes on sale/purchase of goods in inter-state trade under the purview of the legislative jurisdiction of Parliament.

35) In case of Central Sales Tax, a person is not liable to pay the tax if the goods are returned within.....?

- a) 120 days
- b) 150 days
- c) 90 days
- d) 180 days

Answer: d)

Central Sales Tax is exempted on certain occasions, some of which are mentioned below-

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Central Sales Tax is excluded if outward freight is charged separately and if the outward insurance of goods are passed on to a buyer during dispatch.

No CST is to be paid if goods are returned within 180 days.

CST is exempted in cases when a sale within a particular state is exempt.

Any sale to SEZs and foreign missions are exempt from CST.

36) Which of the following indirect tax is levied on the Services provided by an entity?

- a) Value added tax
- b) Sales tax
- c) Service tax
- d) Anti Dumping Duty

Answer: c)

Service tax is levied by entities for rendering services like consulting, legal, and other such services. This tax is collected from the service recipients and paid to the Central Government.

37) Service tax is levied on services provided in India except which of the following state?

- a) Sikkim
- b) Mizoram
- c) Manipur
- d) Jammu and Kashmir

Answer: d)

Service tax is imposed by the government on all the services provided by firms and servicing companies in lieu of monetary benefit. The service tax levied on services is actually borne by the customer which in turn goes through multiple channels of levying authorities till back to the government. It is a tax levied on services provided in India, except the State of Jammu and Kashmir.

38) The Responsibility of collecting the Service tax in India lies with the.....?

- a) Central Board of Direct Taxes
- b) Central Board of Excise and Customs
- c) Central Board of Indirect Taxes and Customs
- d) None of these

Answer: b)

Service tax in India is an important form of indirect tax. The Central Board of Excise and Customs (CBEC) has the responsibility of collecting the levy in different states in India. It is not imposed in the state of Jammu and Kashmir.

39) Consider the statements regarding the exemptions from service tax in India-

- 1) Small-scale service providers whose turnover is below Rs. 4 lakhs per year are relieved from service-tax
- 2) It is imposed on export of services
- 3) Special Economic Zones (SEZ) are exempted from payment of service tax

Which of the above statements is incorrect?

- a) Both 1 and 3
- b) Only 2
- c) Only 3
- d) Both 1 and 2

Answer: b)

Some of the exemptions of service-tax are as follows: Small-scale service providers whose turnover is below Rs. 4 lakhs per year are relieved from payment of this tax.

Services offered to United Nations and Global Agencies and provisions to Special Economic Zones (SEZ) are exempted from payment of service tax.

It is not imposed on export of services.

40) In Budget 2015, the rate of service tax was elevated by then Finance Minister from 12.36% to.....?

- a) 14%
- b) 12%
- c) 10%
- d) 15%

Answer: a)

Finance ministry that announces the change in the service tax rate during the budget session of the parliament. The rate increased in 2015, from 12.36% to 14% and it was revised again in 2016 from 14% to 15% that included 0.5% 'Krishi Kalyan' cess and 0.5% 'Swachh Bharat' cess.

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41) Service tax was first of all introduced in India in which of the following year?

- a) 1993
- b) 1995
- c) 1990
- d) 1994

Answer: d)

Service Tax was first introduced in 1994. The initial rate was only 5% and was levied on only 3 services. With the introduction of Krishi Kalyan Cess, the Service Tax rate in India is now 15%.

42) Who among the following was the finance minister when the service tax was introduced in the year 1994?

- a) Yashwant Sinha
- b) Jaswant Singh
- c) Manmohan Singh
- d) N.D Tiwari

Answer: c)

Service Tax was first introduced in 1994 when Dr. Manmohan Singh was the Finance Minister of India.

43) Which one of the following tax is levied on the sale of movable goods in India?

- a) Service tax
- b) Value added tax
- c) Excise duty
- d) Customs duty

Answer: b)

VAT stands for Value Added Tax and is levied on the sale of movable goods in India. VAT is a multi-point destination based system of taxation, with tax being levied on value addition at each stage of transaction in the production/ distribution chain.

44) Value added tax (VAT) was introduced into the Indian taxation system from.....?

- a) August 10, 2004
- b) May 10, 2005
- c) June 15, 2000
- d) April 1, 2005

Answer: d)

Value added tax (VAT) was introduced into the Indian taxation system from 1 April 2005. The existing general sales tax laws were replaced with the Value Added Tax Act (2005) and associated VAT rules.

45) VAT system which is levied on different levels of manufacturing of goods and services is enforced by.....?

- a) Central Government
- b) State Government
- c) Local-self Government
- d) Both a and b

Answer: b)

VAT system is enforced by the State Government and it is levied on different levels of manufacturing of goods and services. VAT in India is completely different from one state to another as the rules, regulations and laws are different for different states.

46) Which is a type of Indirect Tax which is levied on goods which are imported into India?

- a) Excise duty
- b) Customs duty
- c) Toll tax
- d) Value added tax

Answer: b)

Customs Duty is a type of indirect tax levied on goods imported into India as well as on goods exported from India. In India, the basic law for levy and collection of customs duty is Customs Act, 1962. It provides for levy and collection of duty on imports and exports.

47) Customs Act, the basic law for levy and collection of customs duty in India was imposed in which year?

- a) 1964
- b) 1966
- c) 1960
- d) 1962

Answer: d)

In India, the basic law for levy and collection of customs duty is Customs Act, 1962. It provides for levy and collection of duty on imports and exports,

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import/export procedures, prohibitions on importation and exportation of goods, penalties, offences, etc.

48) Consider the following statements regarding Customs duty-

- 1) It is imposed on both exported and imported goods and services
- 2) Government charges customs duty during the export or import of goods and services
- 3) Tax imposed on the export of goods is known as the export duty

Which of the above statements is correct?

- a) Only 1
- b) Only 3
- c) Both 2 and 3
- d) All of the above

Answer: d)

Custom duty is a kind of an indirect tax that is imposed on both exported and imported goods and services. The tax imposed on the import of goods is known as the import duty. Whereas, the tax imposed on the export of goods is known as the export duty. The government charges these taxes during the export or import of goods and services to raise money and/or to shield the domestic establishments from the competitors from other countries.

49) Which among the following is a local tax collected on various articles brought into a district for consumption?

- a) Excise duty
- b) Octroi tax
- c) Anti-dumping duty
- d) Toll tax

Answer: b)

Octroi is a kind of charge or tax, which is collected by the state government on those goods that have been bought into the city/state for the purpose of personal use and sale. The charges on the items are generally levied after on the weight, value and total number of goods. The percentage of tax usually varies from state to state and city to city.

50) Which of the following are the state/states where octroi tax was charged before its abolition?

- a) Maharashtra
- b) Jammu and Kashmir
- c) Gujarat
- d) Both a and c

Answer: d)

Octroi is a tax levied by a state government on inward goods in all cities in that state coming from both within and outside state. It was initially levied in the state of Maharashtra and Gujarat but now it has been abolished.

51) The Responsibility of collecting the customs duty in India lies with.....?

- a) Central Board of Direct Taxes
- b) Central Board of Excise and Customs
- c) Central Board of Indirect Taxes and Customs
- d) None of these

Answer: c)

Custom Duty is an indirect tax levied on import or export of goods in and out of country. When goods are imported from outside, the tax known as import custom duty. When goods are exported outside India, the tax is known as export custom duty. The tax collected by Central Board of Indirect Taxes and Customs.

52) Which among the following tax is levied on the manufacture of goods within the country?

- a) Excise duty
- b) Customs duty
- c) Octroi tax
- d) Anti-dumping duty

Answer: a)

Excise duty refers to the taxes levied on the manufacture of goods within the country. Excise Duty is a form of indirect tax which is generally collected by a retailer or an intermediary from its consumers and then paid to the government. Although this duty is payable on manufacture of goods, it is usually payable when the goods are 'removed' from the place of production or from the warehouse for the purpose of sale.

53) The Legal framework around Excise Duty is majorly governed by which of the following the acts?

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- a) Central Excise Act, 1944
- b) Central Excise Tariff Act, 1985
- c) Central Excise Act, 1950
- d) Both a and b

Answer: d)

The legal framework around Excise Duty is majorly governed by the two acts-

Central Excise Act, 1944

Central Excise Tariff Act, 1985

The two acts underline the laws related to the levying of excise duty that extends to the whole of India.

54) Which among the following board is responsible for collecting excise duty in India?

- a) Central Board of Direct Taxes
- b) Central Board of Excise and Customs
- c) Central Board of Indirect Taxes and Customs
- d) None of these

Answer: b)

Excise Duty is a form of indirect tax which is generally collected by a retailer or an intermediary from its consumers and then paid to the government. The Central Board of Excise and Customs (CBEC) is responsible for collecting excise duty.

55) Which type of excise duty is imposed on goods classified under the first schedule of the Central Excise Tariff Act, 1985?

- a) Additional Excise duty
- b) Special Excise duty
- c) Basic Excise duty
- d) Primary Excise duty

Answer: c)

Basic Excise Duty sometimes referred to as Central Value Added Tax (CENVAT), is imposed on goods classified under the first schedule of the Central Excise Tariff Act, 1985. This duty is imposed under Section 3(1) (a) of the Central Excise Act, 1944 and levied on all excisable goods in the country except salt.

56) is levied on some specific goods and is charged by the central and state government as a substitute of the sales tax?

- a) Special Excise duty

- b) Additional Excise duty
- c) Basic Excise duty
- d) Both a and c

Answer: b)

According to the Section 3 of the Additional Duties of Excise (Goods of Special Importance) Act, 1957, additional excise duty is levied on goods listed in Schedule 1 of the given act. Such duty is levied on some specific goods and is charged by the central and state government as a substitute of the sales tax.

57) Which among the following is an excise or sales tax levied by the State Government on certain items like alcohol and tobacco related products?

- a) Special Excise duty
- b) Additional Excise duty
- c) Basic Excise duty
- d) Sin Tax

Answer: d)

A sin tax is an excise or sales tax specifically levied on certain goods deemed harmful to society and individuals, for example alcohol and tobacco, candies, drugs, soft drinks, fast foods, coffee etc. Sin taxes seek to deter people from engaging in socially harmful activities and behaviors, but they also provide a source of revenue for governments.

58) Which of the following tax is levied on any form of commercial entertainment in India?

- a) Anti-dumping duty
- b) Sin Tax
- c) Sales Tax
- d) Entertainment Tax

Answer: d)

Entertainment tax also sometimes referred to as "amusement tax" is any tax levied on any form of commercial entertainment, such as movie tickets, exhibitions, sport events and more. The entertainment tax in the most cases is the form of indirect tax, which is levied on buyer.

59) Who among the following is primarily responsible for collecting the entertainment taxes in India?

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- a) Central Government
- b) State Government
- c) Local-self Government
- d) Both b and c

Answer: b)

In India, state governments are primarily responsible for collecting the entertainment taxes. However, the union government can also collect these taxes on the basis of the type of transaction.

60) Which article of the Indian constitution lists down all rules and guidelines that are applicable to the entertainment tax in India?

- a) Article 240
- b) Article 255
- c) Article 246
- d) Article 250

Answer: c)

Article 246 of the Indian constitution lists down all rules and guidelines that are applicable to the entertainment tax in India.

61) Which of the following tax has been abolished by the introduction of Goods and Service Tax in India?

- a) Service tax
- b) Value added tax
- c) Corporate tax
- d) Both a and b

Answer: d)

GST (Goods and Services Tax) is an indirect tax that has replaced many Central and State taxes like excise duty, VAT and service tax. The new tax regime came into effect after years of deliberation- with the Atal Bihari Vajpayee Government first suggesting it in the year 2000.

62)..... is an indirect tax charged by state governments on the transfer of immovable property within their jurisdiction?

- a) VAT
- b) Income tax
- c) Corporation tax
- d) Stamp Duty

Answer: d)

Stamp duty is an indirect tax charged by state governments on the transfer of immovable property within their jurisdiction. In addition, stamp duty is mandatory on all types of legal documents. Its rates vary from one state to another.

63) Which of the following tax is imposed by the Central Government but collected by the state government?

- a) Stamp duty
- b) Income tax
- c) Property tax
- d) Wealth tax

Answer: a)

Central government in India requires stamp duty to be paid on a few classes of transaction documents, primarily focussed on securities, under the Indian Stamp Act, 1899. It is the state government under various state laws that charge stamp duty on many transactions.

64)is the most famous tax being imposed by the local bodies or the municipal jurisdictions on the goods entry?

- a) Customs duty
- b) Excise duty
- c) Octroi tax
- d) Value added tax

Answer: c)

The Octroi Tax or Entry Tax is the most famous tax, which is being imposed by the local bodies or the municipal jurisdictions on the goods entry.

65) Which of the following tax is the principal source of revenue for the state government of India?

- a) Professional tax
- b) Sales tax
- c) Entertainment tax
- d) Both b and c

Answer: b)

A sales tax is a tax paid to a governing body for the sales of certain goods and services. Sales tax proves to be the principal source of revenue for the state government.

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66) Which one of the following tax is levied and collected by the State Government only?

- a) Income tax
- b) Corporate tax
- c) Wealth tax
- d) Professional tax

Answer: d)

Professional tax can be defined as a tax that is levied by a state government on all individuals who earn a living through any medium. This is a type of tax that needs to be paid by each and every individual earning income. It is levied and collected by the state government only.

67) Which article of the constitution provides that “there shall be levied and collected a tax on professions, trades, callings and employments?”

- a) Article 246
- b) Article 276
- c) Article 266
- d) Article 226

Answer: b)

Article 276 of the Constitution of India provides that “there shall be levied and collected a tax on professions, trades, callings and employments, in accordance with the provisions of this Act. Every person engaged in any profession, trade, calling or employment shall be liable to pay professional tax to the State Government.

68) Which one of the following tax is imposed by the Union Government only?

- a) State excise duty
- b) Road tax
- c) Motor-vehicle tax
- d) Wealth tax

Answer: d)

Wealth tax is imposed on the wealth possessed by individuals in a country. The tax is on a person's net worth which is assets minus liabilities. This is imposed by the Union government of India.

69) Which of the following tax is levied and collected by the centre but their proceeds are wholly transferred to states?

- a) Excise duty

- b) Customs duty
- c) Corporate tax
- d) Taxes on Advertisement

Answer: d)

Taxes on advertisement is levied and collected by the Central Government but their proceeds are completely transferred to the state government of India.

70) Service tax in India was introduced on the recommendation of which of the following committee?

- a) Dr. Raja Chelliah Committee
- b) AP Shah Committee
- c) Vijay Kelkar Committee
- d) None of these

Answer: a)

The Service Tax was introduced in India around 21 years back on July 1, 1994 at the recommendations of Dr. Raja Chelliah Committee on tax reforms.

71) Committee on applicability of Minimum Alternate Tax (MAT) to Foreign Institutional Investors (FIIs) and Foreign Portfolio Investors (FPIs) was headed by whom?

- a) Vijay Kelkar Committee
- b) AP Shah Committee
- c) Dr. Raja Chelliah Committee
- d) None of these

Answer: b)

Minimum Alternate Tax (MAT) is a tax effectively introduced in India by the Finance Act of 1987; vide Section 115J of the Income Tax Act, 1961. Committee on applicability of Minimum Alternate Tax (MAT) to Foreign Institutional Investors (FIIs) and Foreign Portfolio Investors (FPIs) was headed by Justice A.P Shah.

72) PAN (Permanent Account Number) should be expanded and it should cover all citizens was the key recommendation of which committee?

- a) Vijay Kelkar Committee
- b) AP Shah Committee
- c) Dr. Raja Chelliah Committee
- d) None of these

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Answer: a)

The latest Impetus to direct tax reforms in India came with the recommendations of the Task Force on Direct & Indirect Taxes under the chairmanship of Vijay Kelkar in 2002. PAN (Permanent Account Number) should be expanded and it should cover all citizens was the key recommendation of Vijay Kelkar committee.

73) Tax Information Network (TIN) which is a source of the countrywide tax related data was established by.....?

- a) NSDL
- b) NPCI
- c) SEBI
- d) RBI

Answer: a)

National Securities Depository Limited (NSDL) established Tax Information Network (TIN). This is a source of the countrywide tax related data. The basic idea behind establishing TIN was to modernize collection, processing, monitoring and accounting of direct taxes using information technology.

74) Which of the following is an Indirect Tax which has replaced many Indirect Taxes in India?

- a) Value added tax
- b) Service tax
- c) Corporate tax
- d) Goods and Service tax

Answer: d)

Goods and Services Tax (GST) is an indirect tax (or consumption tax) imposed in India on the supply of goods and services. GST is an Indirect Tax which has replaced many Indirect Taxes in India.

75) The Goods and Service Tax Act was passed in the Parliament on.....?

- a) 29 March, 2017
- b) 28 May, 2016
- c) 22 March, 2017
- d) 31 April, 2016

Answer: a)

Goods & Services Tax Law in India is a comprehensive, multi-stage, destination-based tax that is levied on every

value addition. The Goods and Service Tax Act was passed in the Parliament on 29th March 2017.

76) Goods and Service Tax which replaced many Indirect Taxes in India came into effect on.....?

- a) 1 June, 2017
- b) 1 September, 2017
- c) 1 March, 2017
- d) 1 July, 2017

Answer: d)

GST is an Indirect Tax which has replaced many Indirect Taxes in India. The Goods and Service Tax Act was passed in the Parliament on 29th March 2017. The Act came into effect on 1st July 2017. Goods & Services Tax Law in India is a comprehensive, multi-stage, destination-based tax that is levied on every value addition.

77) Goods and services are divided into how many tax slabs for collection of tax in India?

- a) Five
- b) Four
- c) Six
- d) Eight

Answer: a)

Goods and Services Tax (GST) is an indirect tax (or consumption tax) imposed in India on the supply of goods and services. Goods and services are divided into five different tax slabs for collection of tax - 0%, 5%, 12%, 18% and 28%.

78) Which among the following are not taxed under GST and are taxed separately by the individual state government?

- a) Petroleum products
- b) Alcoholic drinks
- c) Electricity
- d) All of the above

Answer: d)

Petroleum products, alcoholic drinks, and electricity are not taxed under GST and instead are taxed separately by the individual state governments, as per the previous tax regime.

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79) GST came into effect through the implementation of which amendment of the Constitution of India by the Indian government?

- a) 102nd amendment
- b) 101st amendment
- c) 115th amendment
- d) 107th amendment

Answer: b)

Goods and service tax came into effect from July 1, 2017 through the implementation of One Hundred and First Amendment of the Constitution of India by the Indian government. The tax replaced existing multiple flowing taxes levied by the central and state governments.

80) The Jammu and Kashmir state legislature passed its Goods and Service Tax act on.....?

- a) 7 July, 2017
- b) 9 August, 2017
- c) 12 May, 2017
- d) 2 December, 2017

Answer: a)

Goods and Services Tax was launched all over India with effect from 1 July 2017. The Jammu and Kashmir state legislature passed its GST act on 7 July 2017, thereby ensuring that the entire nation is brought under an unified indirect taxation system.

81) What is the percentage of GST levied on the private and the commercial vehicles in India?

- a) 18%
- b) 28%
- c) 12%
- d) 5%

Answer: b)

Government of India has approved 4 tax brackets for services and goods at Nil, 5%, 12%, 18% and 28% on 19 May 2017 during the 14th GST Council meeting. Under GST, the commercial vehicles will attract a rate of 28%. This will help to save money for bus transport undertakings.

82) GST Council which is the governing body of GST in India is chaired by.....?

- a) Union Home Minister
- b) Union Finance Minister
- c) Union Minister of Parliamentary affairs
- d) Union Minister of Human Resource Development

Answer: b)

GST Council is an apex member committee to modify, reconcile or to procure any law or regulation based on the context of goods and services tax in India. The council is headed by the union finance minister Nirmala Sitharaman assisted with the finance minister of all the states of India.

83) GST Council, constitutional body for making recommendations to the Union and State Government on issues related to GST consists of how many members?

- a) 20
- b) 28
- c) 33
- d) 39

Answer: c)

Goods & Services Tax Council is a constitutional body for making recommendations to the Union and State Government on issues related to Goods and Service Tax. The GST Council is chaired by the Union Finance Minister and other members are the Union State Minister of Revenue or Finance and Ministers in-charge of Finance or Taxation of all the States. It consists of 33 members.

84) How many kinds of goods and service tax are there based on the kind of transaction?

- a) Three
- b) Two
- c) Six
- d) Four

Answer: d)

Based on the kind of transaction, there are four types of GST- Central Goods and Services Tax (CGST), State Goods and Services Tax (SGST), Integrated Goods and Services Tax (IGST), and Union Territory Goods and Services Tax (UTGST).

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85) Which of the following type of GST is charged on the intra state supply of products and services?

- a) SGST
- b) CGST
- c) IGST
- d) UTGST

Answer: b)

CGST is charged on the intra state supply of products and services. The Central Government levies CGST and it is governed by the Central Goods and Services Tax Act. CGST has effectively replaced all the previous Central taxes such as Central Excise Duty, Customs Duty, Service Tax, SAD, CST, etc.

86) Which among the following type of GST is charged on the sale of products or services within a state?

- a) CGST
- b) IGST
- c) UTGST
- d) SGST

Answer: d)

SGST is charged on the sale of products or services within a state. The State Government is responsible for the levy of SGST. This tax replaces all the previous taxes such as Entry Tax, Value Added Tax, Entertainment Tax, State Sales Tax, cesses, and surcharges.

87) The Revenue which is collected under State goods and Service Tax is remitted to.....?

- a) Central Government
- b) Local-self Government
- c) State Government
- d) Both a and c

Answer: c)

SGST, like CGST, is charged on the sale of products or services within a state. The State Government is responsible for the levy of SGST. The revenue collected under SGST is remitted to the State Government.

88).....is a type of goods and service tax charged on inter-state transactions of products and services?

- a) IGST
- b) UTGST
- c) CGST
- d) SGST

Answer: a)

IGST is charged on inter-state transactions of products and services. It is also levied on imports. IGST is levied when goods or services are transferred from one state to another. The tax was implemented so that states would only have to deal with the Union Government rather than dealing with each state.

89) Which type of GST Tax is collected by the central Government and distributed among the states?

- a) UTGST
- b) IGST
- c) CGST
- d) SGST

Answer: b)

IGST is charged on inter-state transactions of products and services. It is also levied on imports. The Central Government collects IGST and distributes it among states. IGST is levied when goods or services are transferred from one state to another.

90) Which type of GST is levied on the supply of products and services in any of the Union Territories in the country?

- a) UTGST
- b) SGST
- c) CGST
- d) IGST

Answer: a)

UTGST is levied on the supply of products and services in any of the Union Territories in the country, viz. Andaman and Nicobar Islands, Daman and Diu, Dadra and Nagar Haveli, Lakshadweep, and Chandigarh.

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91) The idea of adopting GST was first suggested by the Atal Bihari Vajpayee Government in which year?

- a) 2000
- b) 2005
- c) 2001
- d) 1999

Answer: a)

In India, the idea of adopting GST was first suggested by the Atal Bihari Vajpayee Government in 2000. The state finance ministers formed an Empowered Committee (EC) to create a structure for GST, based on their experience in designing State VAT.

92) Which among the following was the first state to ratify the GST Bill in India?

- a) Gujarat
- b) Uttar Pradesh
- c) Bihar
- d) Assam

Answer: d)

Assam became the first state in India to ratify the constitution amendment bill on the Goods and Services Tax (GST) as the assembly unanimously passed the bill.

93) The Headquarters of the GST Council is located in which of the following location?

- a) Mumbai
- b) Chennai
- c) Hyderabad
- d) New-Delhi

Answer: d)

The Headquarters of the GST council is in the Indian capital of New Delhi. GST is a tax in India which removes all the indirect taxes and stands as the only tax. The Goods and Service Tax Act was passed in the Parliament on 29th March 2017 which brought GST to India.

94)..... Of the Constitution as amended by 101st Constitutional Amendment Act, 2016 defines GST as a tax on supply of goods or services or both?

- a) Article 366 (12a)
- b) Article 322 (12b)

- c) Article 362 (12a)
- d) Article 360 (12b)

Answer: a)

Article 366(12A) of the Constitution as amended by 101st Constitutional Amendment Act, 2016 defines the Goods and Services tax (GST) as a tax on supply of goods or services or both.

95) Which of the following is not one of the category of Indirect tax rates under GST?

- a) 22%
- b) 15%
- c) 0%
- d) 28%

Answer: a)

Goods and Services Tax (GST) is an indirect tax (or consumption tax) imposed in India on the supply of goods and services. Goods and services are divided into five different tax slabs for collection of tax - 0%, 5%, 12%, 18% and 28%.

96) India has chosen the structure of dual GST from which of the following country?

- a) United States
- b) Canada
- c) Germany
- d) China

Answer: b)

Many countries in the world have a single unified GST system i.e. a single tax applicable throughout the country. However, in federal countries like Brazil and Canada, a dual GST system is prevalent whereby GST is levied by both the federal and state or provincial governments. Thus, India has chosen the structure of dual GST from Canada.

97) Which of the following days will be observed as GST day by Central Board of Excise and Customs?

- a) 1 June
- b) 1 January
- c) 1 April
- d) 1 July

Answer: d)

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GST was launched on the 1st July, 2017. Thus, 1 July would be observed as GST Day by Central Board of Excise and Customs.

98) CBDT which is also responsible for administration of direct tax laws in India was established in which year?

- a) 1946
- b) 1948
- c) 1944
- d) 1950

Answer: c)

The Central Board of Direct Taxes (CBDT) is a part of Department of Revenue in the Ministry of Finance. The CBDT provides inputs for policy and planning of direct taxes in India, and is also responsible for administration of direct tax laws through the IT Department. It was formed in the year 1944.

99) The Central Board of Indirect taxes and Customs, nodal national agency responsible for administering indirect taxes in India was formed in.....?

- a) 1960

- b) 1964
- c) 1968
- d) 1966

Answer: b)

The Central Board of Indirect taxes and Customs (CBIC) is the nodal national agency responsible for administering Customs, GST, Central Excise, Service Tax & Narcotics in India. It was founded in the year 1964.

100) What is the maximum rate prescribe under Central Goods and Service Tax?

- a) 20%
- b) 5%
- c) 28%
- d) 15%

Answer: a)

CGST is charged on the intra state supply of products and services. The Central Government levies CGST and it is governed by the Central Goods and Services Tax Act. The maximum rate prescribed under CGST is 20%.