

JAIIB Early Bird Pack 2025 – 2026

29 D TDS stands for Tax Deducted at Source 2.docx

Q1. In a scenario where ABC Ltd. pays a monthly rent of ₹40,000 for a warehouse (totaling ₹4,80,000 annually), what is the precise process by which both ABC Ltd. (the deductor) and the warehouse owner (the deductee) must account for the TDS deducted in their respective income tax filings, as per current TDS rules?

- A) ABC Ltd. pays the full rent, and the owner claims a refund later.
- B) ABC Ltd. deducts 10% TDS each month, remits it to the government, and the owner claims this TDS as a credit against his total tax liability.
- C) The owner pays TDS to the government directly, and ABC Ltd. pays the full rent.
- D) ABC Ltd. deducts TDS but does not need to remit it to the government if the owner is an individual.

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Q2. When is TCS (Tax Collected at Source) applicable to a transaction, and how is it fundamentally different from TDS in terms of the nature of transaction and point of tax collection?

- α A) TCS is applied only on services, and always before the sale is made.
- ✓ B) TCS is imposed by the seller at the time of sale on certain goods, while TDS is deducted by the buyer at payment/credit for goods/services.
- α C) TCS and TDS are interchangeable and can be applied together.
- α D) TCS is deducted by the buyer and paid to the government, just like TDS. Seller

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194C
Q3. According to the document, if a contractor receives a single payment of ₹30,000 or aggregate payments of ₹1,00,000 from an individual during a financial year, which TDS rates and categories are applicable, and what is the rationale behind the difference in rates for individuals/HUF and others?

Ind/HUF 1%
Other 2%

✓ A) 1% for individuals/HUF, 2% for others, reflecting different compliance and income recognition standards.

> 30000

> 100000

B) 5% for all, to ensure higher tax compliance.

C) 2% for individuals and 1% for others, as companies have lower compliance.

D) No TDS for individuals, only for companies at 10%.

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Q4. If a domestic company wishes to opt for the concessional tax rate of 22% under Section 115BAA, under what conditions can it make this choice and what are the long-term implications as mentioned in the document?

- ☐ A) The company can opt for 22% tax rate freely every year, with the ability to revert to the old regime anytime.
- ☒ B) The option is available once the company forgoes certain exemptions/incentives, and the decision is irreversible for subsequent years.
- ☐ C) The company can only opt if it has foreign income, and the rate is subject to surcharge.
- ☐ D) Only newly incorporated companies are eligible for this option.

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Q5. When a buyer has already deducted TDS on a payment to a seller, under what circumstances, if any, is TCS also applicable on the same transaction as per the IT Act and the document's clarification?

α A) TCS is always applicable in addition to TDS.

B) TCS applies only if the goods are exported.

✓ C) TCS is not applicable if TDS has been deducted as per provisions, thus avoiding double taxation.

ℳ D) Both TCS and TDS must be applied for any sale of goods above the threshold.

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Q6. Which of the following best explains the difference in TDS return filing requirements for salary versus non-salary transactions, including the forms to be used as specified in the document?


- A) Form 24Q is used for salary, while Form 26Q is for non-salary (Indian residents), and Form 27Q is for payments to NRIs.
- B) All TDS returns are filed using a single universal form.
- C) Salary and non-salary TDS are both filed on Form 24Q.
- D) TDS return filing is not required for NRIs.

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Q7. Consider an LLP (Limited Liability Partnership) and a domestic company, both with similar annual profits. Based on the classification and tax rate details provided, how does their tax treatment differ?

A) Both are taxed identically at 22% after all deductions.

 B) LLPs are taxed at a flat 30%, while domestic companies can opt for 22% under Section 115BAA if they meet certain conditions.

C) LLPs pay no tax, only companies do.

D) Domestic companies are always taxed at 30%, just like LLPs.

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Q8. If a person earns income from interest on a savings account and also receives royalty from a patent, which sections of deductions (under Chapter VIA) might be relevant for tax planning, and how are the amounts limited?

A) Only Section 80C applies, with a ₹1,50,000 limit.

B) Section 80TTA or 80TTB (for interest), and 80RRB (for royalty), each with their own specified limits.

C) Section 80E applies for all non-salary income.

D) No deductions are allowed on such incomes.

50000

300000

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Q9. In the case of deferred tax, what is the accounting rationale for recognizing deferred tax assets and liabilities in the balance sheet, and how are they to be classified according to Indian Accounting Standards?

A/c income / Taxable


- A) Both are always shown under current assets and current liabilities, respectively.
- B) Deferred tax assets/liabilities arise due to timing differences and should not be classified as current items in the balance sheet.
- C) Deferred tax is only for permanent differences, classified as current items.
- D) They are only recognized if they arise from salary payments.

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Q10. If an assessee's gross total income exceeds the exemption threshold before deductions, under what circumstances is it mandatory to file an IT return, and what exceptions apply as per the document?

A) Only those earning business income need to file returns.

 B) Filing is mandatory for residents, NRIs, those seeking refunds, carrying forward losses, or having foreign assets. Exception:

Individuals above 80 with no business/professional income may file paper returns. †

C) Returns are only required if tax is payable.

D) Only companies and firms need to file, not individuals.

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Q11. When is agricultural income excluded from total taxable income, and what legal provision ensures this, as discussed in the document?

A) Always included in total income.

✓ B) Excluded by virtue of Section 10, as one of several incomes not included in total income.

C) Only excluded if earned by a company.


D) Included unless income is below ₹1,00,000.

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Q12. What is the tax treatment for trust income under the Income Tax Act when a trust is created wholly for charitable or religious purposes, as defined in the document?

- A) Trusts are always taxed at the maximum marginal rate.
-  **B) Trusts may claim exemption under Section 11 if created wholly for charitable/religious purposes.**
- C) Only income from property is exempt, all other income is taxed.
- D) No trust can ever claim any exemption.

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Q13. Explain the treatment and classification of an Artificial Juridical Person (AJP) under the IT Act, and how its tax liability is determined according to the document?

A) AJP are natural persons and are always taxed as individuals.

B) AJP are entities not fitting any other category, taxed separately as per rates prescribed for their status.

C) AJP have no tax liability.

D) AJP can only be taxed if registered as a company.

- | | |
|----------------|---------|
| 1.) Individual | 6.) BOI |
| 2.) HUF | 7.) AJP |
| 3.) Company | |
| 4.) Firm | |
| 5.) AOP | |

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Q14. Which income is specifically allowed to be deducted from “Income from House Property” as per the rules summarized in the document?

A) Income tax paid on salary

☒ B) Taxes levied by a local authority and interest on borrowed capital

C) Only standard deduction

D) Brokerage expenses

Int deduction 24(b)

Loc

Purchase/
Construct 720000/pa.

Repair/renew. 30000/pa

24(a)


Self occupied \Rightarrow NAV \rightarrow Nil

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Q15. Which of the following best explains the rationale for the timing of TDS deduction as opposed to TCS collection in business transactions, as clarified in the document?

A) TDS is deducted at the time of sale, TCS at payment.

 B) TDS is deducted when payment is due or made, whichever is earlier; TCS is collected at the time of sale.

C) TDS is always after supply, TCS is before supply.

D) Both are deducted together at month-end.

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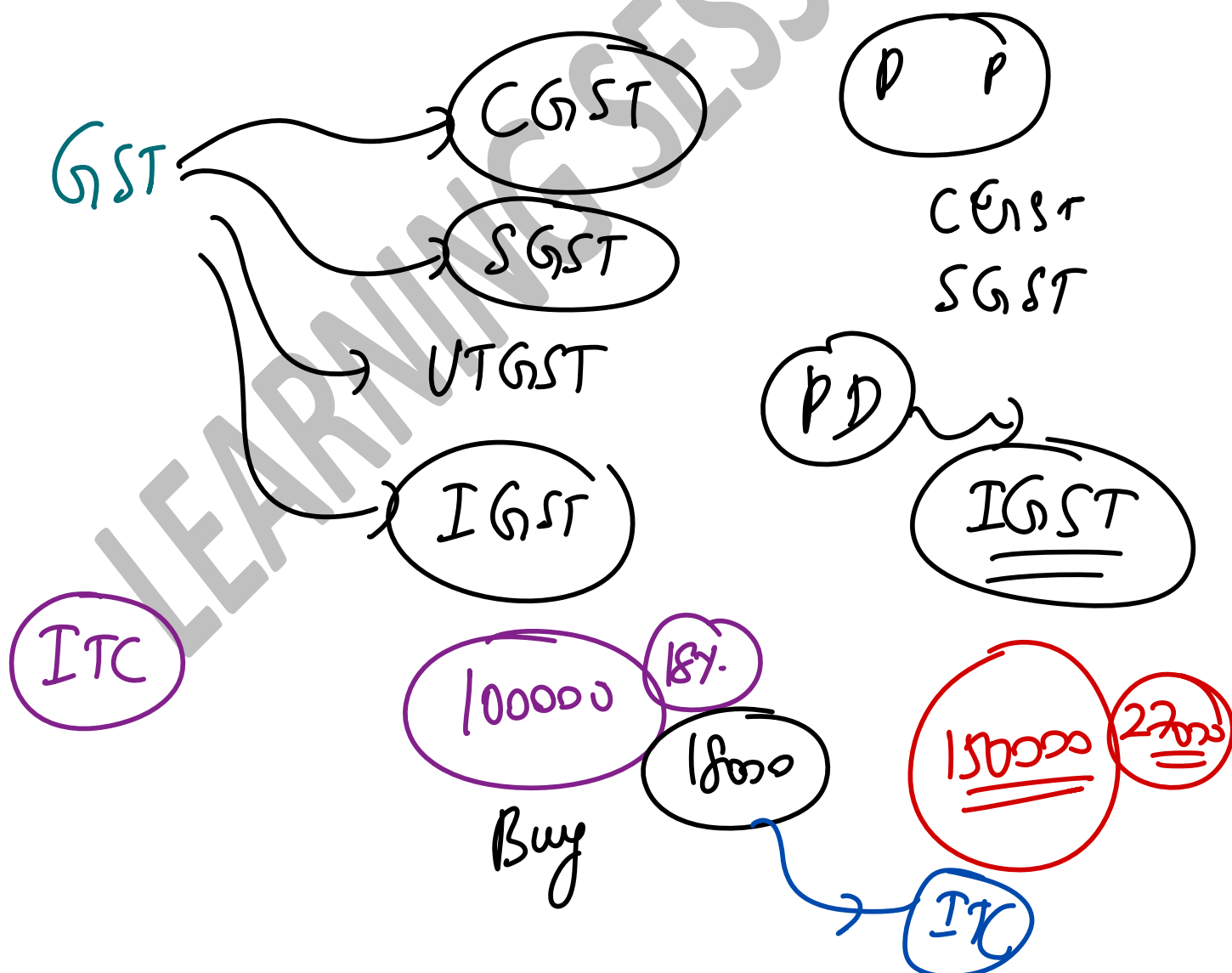
Q16. In the context of GST, what distinguishes TDS from TCS, and how do the parties responsible differ from those in the IT Act, according to the document?

A) Under GST, TDS is deducted by buyer under contract; TCS is collected by e-commerce operator from merchants.

B) Both TDS and TCS are deducted by buyers only.

C) TDS and TCS are not relevant for GST.

D) TCS under GST is collected by the merchant, not the platform.



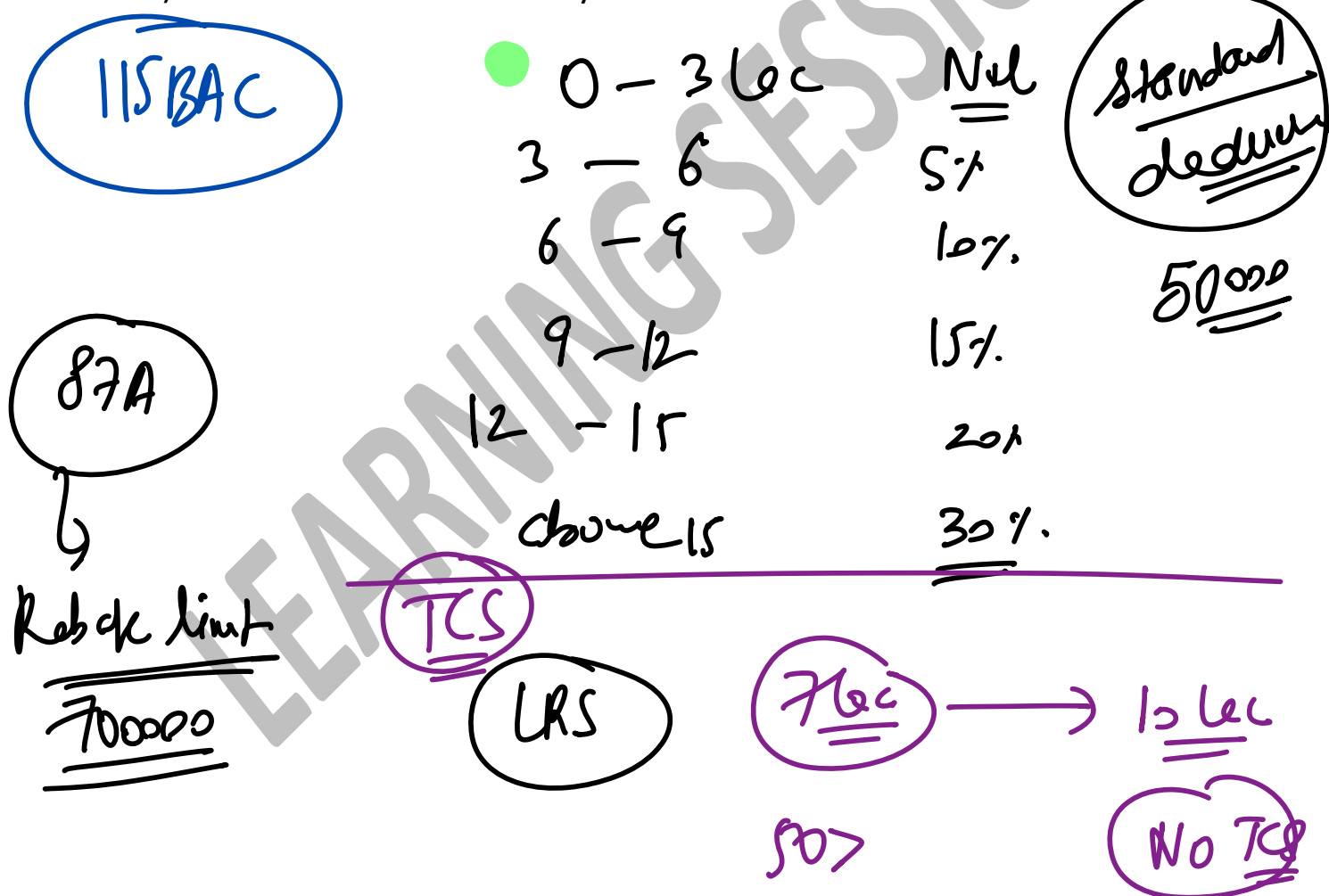
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Q17. If a person files an incorrect or incomplete IT return and later discovers an omission, what is the course of action available and what is the time constraint for this rectification?

- A) The return can never be revised.
- B) The person can file a revised return within the prescribed time limit.
- C) Only companies can revise their returns.
- D) Return can be revised only if there is no refund involved.



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Q18. How does the concept of “timing differences” lead to the creation of deferred tax assets or liabilities, and how is this different from permanent differences?

Ans. A) Timing differences arise and reverse in later periods, causing deferred tax, while permanent differences never reverse and do not create deferred tax.

B) Both create deferred tax.

C) Timing differences are ignored in accounting.

D) Only permanent differences create deferred tax assets.

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Q19. For an individual taxpayer, what is the aggregate maximum deduction available under Section 80C (including 80CCC and 80CCD(1)) for certain savings and investments as per the current rules?

A) ₹1,00,000

B) ₹1,50,000

C) ₹2,00,000

D) No upper limit

Ans.

80TTA

max
10000 / fy

80TTB

max
50000 / fy

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Q20. When is it mandatory to file e>Returns for income tax, and who is specifically exempt from e-filing under the current rules as per the document?

A) Everyone must file electronically, with no exceptions.

✓ B) Only individuals over 80 years of age with no business/profession income may file paper returns.

C) Only companies need to file e>Returns.

D) NRIs are not required to file returns.

A > 60

No Adu Tax liability
15H