

UNIT 4: TAXATION

REMEMBER

1. What is the primary purpose of taxation?
 - a. Profit generation
 - b. Economic development
 - c. Social welfare
 - d. All of the above

Correct Answer: d. All of the above

2. Which of the following is an example of a direct tax?
 - a. Value Added Tax (VAT)
 - b. Excise Duty
 - c. Corporate Tax
 - d. Goods and Services Tax (GST)

Correct Answer: c. Corporate Tax

3. GST stands for:
 - a. General Sales Tax
 - b. Goods and Services Tax
 - c. Gross State Tax
 - d. General Service Tax

Correct Answer: b. Goods and Services Tax

4. Customs and Excise duties are examples of:
 - a. Direct taxes
 - b. Indirect taxes
 - c. Progressive taxes
 - d. Regressive taxes

Correct Answer: b. Indirect taxes

5. Which type of tax is levied on the income of individuals and businesses?
 - a. Excise Duty
 - b. Corporate Tax
 - c. Property Tax
 - d. Income Tax

Correct Answer: d. Income Tax

6. Corporate taxation primarily applies to:
 - a. Individuals
 - b. Businesses and corporations
 - c. Goods and services
 - d. Real estate

Correct Answer: b. Businesses and corporations

7. What is the main purpose of the Central Board of Direct Taxes (CBDT)?
 - a. Implementing GST
 - b. Administering direct taxes in India
 - c. Regulating customs duties
 - d. Managing state-level taxes

Correct Answer: b. Administering direct taxes in India

8. Which of the following is an objective of taxation?
- a. Reducing inflation
 - b. Wealth distribution
 - c. Promoting entrepreneurship
 - d. All of the above

Correct Answer: d. All of the above

9. Income tax is an example of:
- a. Direct tax
 - b. Indirect tax
 - c. Excise duty
 - d. Customs duty

Correct Answer: a. Direct tax

10. Who is responsible for administering GST in India?
- a. CBDT
 - b. CBIC
 - c. RBI
 - d. SEBI

Correct Answer: b. CBIC

11. Which type of tax is based on the value of goods and services?
- a. Property tax
 - b. Income tax
 - c. GST
 - d. Corporate tax
 - e. Correct Answer: c. GST

12. Excise duty is a type of:
- a. Direct tax
 - b. Indirect tax
 - c. Progressive tax
 - d. Regressive tax

Correct Answer: b. Indirect tax

13. What is the primary focus of Corporate Taxation?
- a. Taxing individuals
 - b. Taxing businesses and corporations
 - c. Taxing imports and exports
 - d. Taxing property

Correct Answer: b. Taxing businesses and corporations

14. Which authority is responsible for administering customs duties in India?
- a. CBDT
 - b. CBIC
 - c. SEBI
 - d. RBI

Correct Answer: b. CBIC

15. What distinguishes direct taxes from indirect taxes?
- a. Direct taxes are regressive, while indirect taxes are progressive
 - b. Direct taxes are levied on income and profits, while indirect taxes are on goods and services

- c. Direct taxes are only imposed by the central government
 - d. Indirect taxes are always higher than direct taxes
- Correct Answer: b. Direct taxes are levied on income and profits,** while indirect taxes are on goods and services

16. Which type of tax is considered regressive?

- a. Property tax
- b. Corporate tax
- c. Excise duty
- d. Goods and Services Tax (GST)

Correct Answer: a. Property tax

17. The primary objective of Customs duty is to:

- a. Generate revenue for the government
- b. Promote international trade
- c. Redistribute wealth
- d. Encourage entrepreneurship

Correct Answer: b. Promote international trade

18. What is the role of CBDT in tax administration?

- a. Administering indirect taxes
- b. Regulating stock markets
- c. Administering direct taxes
- d. Regulating banking institutions

Correct Answer: c. Administering direct taxes

19. Which tax is imposed on the transfer of property or rights to property?

- a. Income tax
- b. Corporate tax
- c. Property tax
- d. GST

Correct Answer: c. Property tax

20. What is the primary concern of the Central Board of Excise and Customs (CBIC)?

- a. Administering direct taxes
- b. Regulating financial markets
- c. Administering customs and excise duties
- d. Regulating corporate taxation

Correct Answer: c. Administering customs and excise duties

UNDERSTAND

1. What is the primary purpose of taxation?

- a. Profit generation
- b. Economic development
- c. Social welfare
- d. All of the above

2. Which of the following is an example of a direct tax?

- a. Value Added Tax (VAT)
- b. Excise Duty
- c. Corporate Tax
- d. Goods and Services Tax (GST)

3. GST stands for:

- a. General Sales Tax
 - b. Goods and Services Tax
 - c. Gross State Tax
 - d. General Service Tax
4. Customs and Excise duties are examples of:
- a. Direct taxes
 - b. Indirect taxes
 - c. Progressive taxes
 - d. Regressive taxes
5. Which type of tax is levied on the income of individuals and businesses?
- a. Excise Duty
 - b. Corporate Tax
 - c. Property Tax
 - d. Income Tax
6. Corporate taxation primarily applies to:
- a. Individuals
 - b. Businesses and corporations
 - c. Goods and services
 - d. Real estate
7. What is the main purpose of the Central Board of Direct Taxes (CBDT)?
- a. Implementing GST
 - b. Administering direct taxes in India
 - c. Regulating customs duties
 - d. Managing state-level taxes
8. Which of the following is an objective of taxation?
- a. Reducing inflation
 - b. Wealth distribution
 - c. Promoting entrepreneurship
 - d. All of the above
9. Income tax is an example of:
- a. Direct tax
 - b. Indirect tax
 - c. Excise duty
 - d. Customs duty
10. Who is responsible for administering GST in India?
- a. CBDT
 - b. CBIC
 - c. RBI
 - d. SEBI
11. Which type of tax is based on the value of goods and services?
- a. Property tax
 - b. Income tax
 - c. GST
 - d. Corporate tax

12. Excise duty is a type of:
 - a. Direct tax
 - b. Indirect tax
 - c. Progressive tax
 - d. Regressive tax

13. What is the primary focus of Corporate Taxation?
 - a. Taxing individuals
 - b. Taxing businesses and corporations
 - c. Taxing imports and exports
 - d. Taxing property

14. Which authority is responsible for administering customs duties in India?
 - a. CBDT
 - b. CBIC
 - c. SEBI
 - d. RBI

15. What distinguishes direct taxes from indirect taxes?
 - a. Direct taxes are regressive, while indirect taxes are progressive
 - b. Direct taxes are levied on income and profits, while indirect taxes are on goods and services
 - c. Direct taxes are only imposed by the central government
 - d. Indirect taxes are always higher than direct taxes

16. Which type of tax is considered regressive?
 - a. Property tax
 - b. Corporate tax
 - c. Excise duty
 - d. Goods and Services Tax (GST)

17. The primary objective of Customs duty is to:
 - a. Generate revenue for the government
 - b. Promote international trade
 - c. Redistribute wealth
 - d. Encourage entrepreneurship

18. What is the role of CBDT in tax administration?
 - a. Administering indirect taxes
 - b. Regulating stock markets
 - c. Administering direct taxes in India
 - d. Regulating banking institutions

19. Which tax is imposed on the transfer of property or rights to property?
 - a. Income tax
 - b. Corporate tax
 - c. Property tax
 - d. GST

20. What is the primary concern of the Central Board of Excise and Customs (CBIC)?

- a. Administering direct taxes
 - b. Regulating financial markets
 - c. Administering customs and excise duties
 - d. Regulating corporate taxation
21. Which type of tax is levied on the profit earned by a business entity?
- a. Value Added Tax (VAT)
 - b. Corporate Tax
 - c. Excise Duty
 - d. Property Tax
22. What is the primary purpose of Goods and Services Tax (GST)?
- a. Taxing individuals
 - b. Simplifying and unifying indirect taxes
 - c. Taxing imports and exports
 - d. Wealth distribution
23. Which authority is responsible for formulating and implementing policies related to direct taxes in India?
- a. Reserve Bank of India (RBI)
 - b. Securities and Exchange Board of India (SEBI)
 - c. Central Board of Direct Taxes (CBDT)
 - d. Central Board of Excise and Customs (CBIC)
24. Which type of tax is imposed on the value added at each stage of the production and distribution chain?
- a. Property Tax
 - b. Income Tax
 - c. Value Added Tax (VAT)
 - d. Corporate Tax

APPLY

1. A manufacturing company wants to calculate the tax on the profit it earned during the financial year. Which type of tax is applicable in this case?
- a. GST
 - b. Excise Duty
 - c. Corporate Tax
 - d. Customs Duty

Correct Answer: c. Corporate Tax

2. An individual earns a salary and wants to ensure compliance with tax regulations. What type of tax should the individual be concerned about?
- a. Property Tax
 - b. Customs Duty
 - c. Income Tax
 - d. GST

Correct Answer: c. Income Tax

3. A business engages in importing and exporting goods internationally. Which authority would regulate the customs duties in this context?

- a. CBIC
- b. CBDT
- c. SEBI
- d. RBI

Correct Answer: a. CBIC

4. A consumer purchases a product and notices the tax included in the final price. What type of tax is most likely included in this case?

- a. Corporate Tax
- b. GST
- c. Income Tax
- d. Property Tax

Correct Answer: b. GST

5. A government aims to encourage local manufacturing. Which type of tax policy could be implemented to support this objective?

- a. Reducing Corporate Tax rates for manufacturers
- b. Increasing Income Tax rates for individuals
- c. Implementing a higher GST on imported goods
- d. Introducing a new Property Tax

Correct Answer: a. Reducing Corporate Tax rates for manufacturers

6. A small business owner wants to understand the tax implications of selling goods and services. What type of tax is relevant to this business activity?

- a. GST
- b. Excise Duty
- c. Corporate Tax
- d. Income Tax

Correct Answer: a. GST

7. A government aims to generate revenue to fund public infrastructure projects. Which type of tax would be most effective for this purpose?

- a. Property Tax
- b. Corporate Tax
- c. Income Tax
- d. GST

Correct Answer: c. Income Tax

8. A business imports raw materials for manufacturing. Which type of tax is likely to be imposed on the imported materials?

- a. Customs Duty
- b. Corporate Tax
- c. Excise Duty
- d. Income Tax

Correct Answer: a. Customs Duty

9. A government wants to reduce economic inequality. Which type of tax policy could contribute to this objective?

- a. Increasing Corporate Tax rates
- b. Implementing progressive Income Tax rates
- c. Introducing a higher GST on luxury goods
- d. Reducing Customs Duty on imported items

Correct Answer: b. Implementing progressive Income Tax rates

10. A company is planning to expand its operations globally. Which tax consideration should the company carefully assess in its international ventures?

- a. Customs Duty
- b. GST
- c. Corporate Tax
- d. Property Tax

Correct Answer: a. Customs Duty

11. A government is considering ways to boost consumption and stimulate the economy. Which type of tax adjustment could support this goal?

- a. Reducing GST rates
- b. Increasing Corporate Tax rates
- c. Introducing a new Property Tax
- d. Raising Customs Duty on imported goods

Correct Answer: a. Reducing GST rates

12. A business wants to calculate the tax on its total sales. Which tax is most likely to be associated with this aspect of the business?

- a. Corporate Tax
- b. GST
- c. Excise Duty
- d. Income Tax

Correct Answer: b. GST

13. A government is focusing on encouraging environmentally friendly practices. What type of tax incentive could be offered to businesses adopting green technologies?

- a. Tax credits on Corporate Tax for green initiatives
- b. Increasing GST rates on eco-friendly products
- c. Higher Customs Duty on imported green technologies
- d. Implementing a new Property Tax for green buildings

Correct Answer: a. Tax credits on Corporate Tax for green initiatives

14. A taxpayer is concerned about the tax liability on the profit generated by selling a piece of land. What type of tax is relevant in this case?

- a. GST
- b. Customs Duty
- c. Capital Gains Tax
- d. Corporate Tax

Correct Answer: c. Capital Gains Tax

15. A government aims to simplify and unify its tax structure to enhance compliance and reduce tax evasion. Which tax reform could achieve this goal?

- a. Increasing Corporate Tax rates
- b. Implementing a new Property Tax
- c. Introducing GST to replace multiple indirect taxes
- d. Raising Customs Duty on imported goods

Correct Answer: c. Introducing GST to replace multiple indirect taxes

16. A company is planning to issue dividends to its shareholders. What type of tax might the company need to consider on the distributed profits?

- a. Dividend Distribution Tax (DDT)
- b. Corporate Tax
- c. Income Tax
- d. Excise Duty

Correct Answer: a. Dividend Distribution Tax (DDT)

17. A government wants to regulate the import and export of specific goods for national security reasons. Which tax measure could be used for this purpose?

- a. Imposing specific Customs Duty rates on strategic goods
- b. Reducing Corporate Tax rates
- c. Introducing a higher GST on luxury items
- d. Implementing progressive Income Tax rates

Correct Answer: a. Imposing specific Customs Duty rates on strategic goods

18. A business is considering different financing options and wants to assess the tax implications of debt and equity. Which type of tax consideration is relevant in this context?

- a. Interest deductibility for Corporate Tax purposes
- b. GST on financial transactions
- c. Capital Gains Tax on equity investments
- d. Income Tax on debt financing

Correct Answer: a. Interest deductibility for Corporate Tax purposes

19. A government is introducing a new tax measure to discourage the consumption of sugary beverages. What type of tax is likely to be implemented for this purpose?

- a. Corporate Tax
- b. Excise Duty on sugary beverages
- c. Income Tax on individuals purchasing such beverages
- d. Property Tax on businesses selling sugary drinks

Correct Answer: b. Excise Duty on sugary beverages

20. A company is engaging in international trade and is concerned about the potential impact of currency fluctuations on its tax liabilities. What tax consideration is relevant in this context?

- a. Foreign Exchange Gains and Losses for Corporate Tax purposes
- b. GST rates on imported goods
- c. Customs Duty on exports
- d. Income Tax on international transactions

Correct Answer: a. Foreign Exchange Gains and Losses for Corporate Tax purposes

21. A government is introducing a tax measure to encourage research and development activities. What type of tax incentive could be provided to businesses engaging in R&D?

- a. Tax credits on Corporate Tax for research expenditures
- b. Increasing GST rates on innovative products
- c. Customs Duty on imported technology
- d. Property Tax reduction for research facilities

Correct Answer: a. Tax credits on Corporate Tax for research expenditures

22. A government is seeking to promote homeownership. What type of tax policy could be implemented to support this objective?

- a. Increasing Corporate Tax rates for real estate companies
- b. Reducing Property Tax rates for homeowners
- c. Implementing a higher GST on housing transactions
- d. Introducing a new Excise Duty on construction materials

Correct Answer: b. Reducing Property Tax rates for homeowners

23. A business is exploring international expansion and wants to assess

the tax implications of operating in different jurisdictions. What tax consideration is crucial for cross-border activities?

- a. Corporate Tax rates in the home country
- b. Income Tax on local sales
- c. Double Taxation Agreements for Corporate Tax purposes
- d. Customs Duty on imported raw materials

Correct Answer: c. Double Taxation Agreements for Corporate Tax purposes

24. A government is implementing a tax policy to support green energy initiatives. What type of tax measure could be introduced to encourage renewable energy projects?

- a. Tax credits on Corporate Tax for renewable energy investments
- b. Increasing GST rates on conventional energy sources
- c. Customs Duty on imported solar panels
- d. Property Tax reduction for green buildings

Correct Answer: a. Tax credits on Corporate Tax for renewable energy investments

25. A government is facing challenges in collecting taxes efficiently and wants to explore technology-driven solutions. What tax measure could be implemented to improve tax administration?

- a. Introducing e-filing systems for Income Tax
- b. Increasing Customs Duty on imported technology
- c. Implementing blockchain for GST transactions
- d. Property Tax reduction for businesses adopting digital solutions

Correct Answer: a. Introducing e-filing systems for Income Tax

ANALYZE

1. **What is the fundamental purpose of taxation in a country?**

Answer: The fundamental purpose of taxation is to generate revenue for the government to fund public services and projects.

2. **Define Income Tax and explain its primary focus.**

Answer: Income Tax is a direct tax levied on the income of individuals and businesses. Its primary focus is on taxing the earnings and profits generated.

3. **How does Corporate Taxation differ from Income Tax? Provide key distinctions.**

Answer: Corporate Taxation is levied on the profits of businesses and corporations, whereas Income Tax applies to the earnings of individuals. Corporate Tax is specific to business entities.

4. **Explain the concept of GST (Goods and Services Tax) and its**

application in taxation.

Answer: GST is a consumption-based indirect tax that is levied on the sale of goods and services. It replaces multiple indirect taxes and aims to simplify the taxation system.

5. **Differentiate between Customs Duty and Excise Duty, highlighting their respective roles.**

Answer: Customs Duty is imposed on goods during import or export, regulating international trade. Excise Duty is applied on goods produced domestically, focusing on manufacturing.

6. **What is the primary objective of Customs Duty, and how does it contribute to government revenue?**

Answer: The primary objective of Customs Duty is to regulate international trade. It contributes to government revenue by taxing goods entering or leaving the country.

7. **Define Direct Tax and Indirect Tax, outlining the main differences between the two.**

Answer: Direct Taxes are levied directly on individuals and businesses, such as Income Tax. Indirect Taxes, like GST, are imposed on goods and services, with the burden passed on to consumers.

8. **How do Direct Taxes impact individuals, and what are some examples of Direct Taxes?**

Answer: Direct Taxes impact individuals directly by taxing their income and profits. Examples include Income Tax and Corporate Tax.

9. **Explain the concept of Indirect Taxes and provide examples of such taxes in a business context.**

Answer: Indirect Taxes are levied on goods and services, and the burden is shifted to the end consumer. Examples include GST and Excise Duty.

10. **Describe the objectives of taxation, focusing on its role in economic development and wealth distribution.**

Answer: Taxation aims to fund government activities, promote economic development, and achieve wealth distribution by funding public services and social welfare programs.

11. **What is the role of the Central Board of Direct Taxes (CBDT) in the administration of taxes in India?**

Answer: The CBDT is responsible for administering direct taxes in India, including Income Tax. It formulates policies and ensures compliance with tax regulations.

12. **Define Corporate Tax and discuss its significance in the context of businesses and corporations.**

Answer: Corporate Tax is levied on the profits of businesses and corporations. It is significant as it contributes to government revenue and influences corporate financial decisions.

13. **Explain the concept of Value Added Tax (VAT) and its application in the taxation system.**

Answer: VAT is an indirect tax imposed at each stage of the production and distribution chain, based on the value added. It aims to avoid tax cascading.

14. Differentiate between GST and VAT, highlighting their similarities and key distinctions.

Answer: GST and VAT are similar consumption-based taxes, but GST is more comprehensive, covering both goods and services, while VAT typically focuses on goods.

15. Define Customs Duty and discuss its role in regulating international trade and commerce.

Answer: Customs Duty is a tax imposed on goods during import or export. It plays a crucial role in regulating international trade, protecting domestic industries, and generating revenue.

16. How does Excise Duty contribute to government revenue, and what types of goods does it typically apply to?

Answer: Excise Duty is applied on goods produced domestically. It contributes to government revenue by taxing specific manufactured goods, such as alcohol and tobacco.

17. Describe the objectives of tax policies and how they contribute to economic stability and growth.

Answer: Tax policies aim to create a stable economic environment by providing revenue for public services, promoting fair wealth distribution, and incentivizing desired behaviors.

18. What is the role of the Central Board of Excise and Customs (CBIC) in the tax administration framework?

Answer: The CBIC is responsible for administering indirect taxes, including Customs Duty and GST. It formulates policies and ensures compliance in the realm of indirect taxes.

19. Explain the term "Capital Gains Tax" and provide scenarios in which it might be applicable.

Answer: Capital Gains Tax is levied on the profit earned from the sale of capital assets. It applies to scenarios like selling stocks, real estate, or other investments.

20. Define Property Tax and discuss its role in generating revenue for local governments.

Answer: Property Tax is a local tax imposed on real estate. It generates revenue for local governments to fund public services, infrastructure, and community development.

21. Discuss the differences between progressive and regressive taxation, citing examples of each.

Answer: Progressive taxation imposes higher rates on higher incomes, promoting wealth distribution. Regressive taxation places a higher burden on lower incomes. Income Tax is progressive, while GST is regressive.

22. What are the key features and benefits of a well-designed tax system for a country's economy?

Answer: A well-designed tax system promotes efficiency, fairness, simplicity,

and economic growth. It balances revenue generation with minimizing distortions and fostering economic development.

23. Explain the concept of Dividend Distribution Tax (DDT) and its relevance in corporate finance.

Answer: DDT is a tax imposed on companies distributing dividends to shareholders. It ensures that companies pay a tax on distributed profits, enhancing transparency in corporate finance.

24. How do tax incentives encourage specific behaviors, such as research and development or green initiatives?

Answer: Tax incentives offer deductions, credits, or exemptions to encourage behaviors aligned with government objectives, such as R&D or green initiatives, promoting economic and environmental goals.

25. Define Double Taxation Agreements (DTA) and explain their significance in international tax matters.

Answer: DTAs are agreements between countries to avoid taxing the same income twice. They prevent double taxation, encourage cross-border trade, and provide clarity in international tax matters.

EVALUATE

1. Types of Tax: Income Tax

Types of Tax	Options	Answer
A. Income Tax	i. Levied on goods and services at each stage	A - ii
B. Excise Tax	ii. Levied on the income of individuals and entities	B - i
C. Sales Tax	iii. Levied on corporate profits	C - iii
D. Corporate Tax	iv. Levied on specific goods at production	D - iv
E. VAT (Value Added Tax)	v. Levied on the sale of goods and services	E - v

12. Corporate Taxation:

Corporate Taxation	Options	Answer
A. Tax on Profits	i. Applied to specific goods at production	A - iii
B. Excise Duty	ii. Tax levied on corporate profits	B - i
C. Customs Duty	iii. Tax imposed on the income of companies	C - ii
D. Specific Tax	iv. Tax on the import and export of goods	D - iv
E. VAT	v. Tax on value added at each stage of production	E - v

13. GST (Goods and Services Tax):

GST Categories	Options	Answer
A. Central GST	i. Levied on the final consumer	A - iii
B. State GST	ii. Applied to goods and services at each stage	B - i
C. Integrated GST	iii. Levied by the central government on inter-state transactions	C - ii
D. Cess	iv. Imposed to fund specific activities	D - v
E. Customs Duty	v. Charged on import and export of goods	E - iv

14. Customs & Excise:

Customs & Excise	Options	Answer
A. Customs Duty	i. Tax levied on the import and export of goods	A - v
B. Excise Duty	ii. Applied to goods manufactured within the country	B - iv
C. Service Tax	iii. Levied on specific services provided	C - ii
D. Central Excise	iv. Tax on goods produced for domestic consumption	D - i
E. Luxury Tax	v. Charged on the import of luxury items	E - iii

15. Differences between Direct and Indirect Tax:

Tax Differences	Options	Answer
A. Levied on income	i. Direct Tax	A - ii
B. Applied to goods and services	ii. Indirect Tax	B - i
C. Progressive Tax	iii. Tax burden increases with income	C - ii
D. Regressive Tax	iv. Tax burden remains the same regardless of income	D - i
E. Property Tax	v. Indirect tax applied on specific goods and services	E - iii

16. Objectives of Tax:

Objectives of Tax	Options	Answer
A. Revenue Generation	i. To regulate economic activities	A - iv
B. Social Equality	ii. To fund specific projects and programs	B - iii
C. Economic Stability	iii. To ensure fairness and reduce inequality	C - i
D. Fiscal Policy	iv. To generate funds for government expenditures	D - ii
E. Progressive Taxation	v. To control inflation and deflation	E - v

17. Concerned Authorities:

Authorities	Options	Answer
A. CBDT (Central Board of Direct Taxes)	i. Administers GST	A - iv
B. CBIC (Central Board of Indirect Taxes and Customs)	ii. Regulates corporate taxation	B - iii
C. State Tax Authorities	iii. Oversees income tax matters at the national level	C - i
D. GST Council	iv. Manages direct tax administration	D - ii
E. Excise Department	v. Handles indirect tax matters at the central level	E - v

Match the Tax with its description	
1. Direct tax	a. Tax levied on goods and services.
2. Indirect tax	b. Imposed directly on individuals or businesses.
3. Both	c. Characteristics of both direct and indirect taxes.
4. Neither	d. Not a type of taxation

5. Not applicable	e. Does not apply to the concept of tax differences
-------------------	---

Answers
a - 2
b - 1
c - 3
d - 4
e - 5

18. Central Board of Direct Taxes (CBDT) and Central Board of Indirect Taxes and Customs (CBIC):

Authorities	Options	Answer
A. CBDT	i. Oversees income tax matters at the national level	A - iv
B. CBIC	ii. Manages direct tax administration	B - iii
C. State Tax Authorities	iii. Administers GST	C - i
D. GST Council	iv. Regulates customs and excise duties	D - ii
E. Excise Department	v. Handles indirect tax matters at the central level	E - v

19. Indirect Taxation:

Types of Indirect Tax	Options	Answer
A. Sales Tax	i. Levied on specific goods at production	A - iv
B. Value Added Tax (VAT)	ii. Charged on the import and export of goods	B - v
C. Excise Duty	iii. Tax on value added at each stage of production	C - ii
D. Customs Duty	iv. Applied to goods and services at each stage	D - iii
E. Service Tax	v. Levied on the sale of goods and services	E - i

20. Taxation Objectives:

Objectives of Tax	Options	Answer
A. Revenue Generation	i. To regulate economic activities	A - iv
B. Social	ii. To fund specific projects and	B -

Equality	programs	iii
C. Economic Stability	iii. To ensure fairness and reduce inequality	C - i
D. Fiscal Policy	iv. To generate funds for government expenditures	D - ii
E. Progressive Taxation	v. To control inflation and deflation	E - v

21. Excise Duty and Customs Duty:

Types of Duties	Options	Answer
A. Excise Duty	i. Tax on the import and export of goods	A - iii
B. Customs Duty	ii. Applied to goods manufactured within the country	B - i
C. Service Tax	iii. Levied on specific services provided	C - ii
D. Central Excise	iv. Tax on goods produced for domestic consumption	D - iv
E. Luxury Tax	v. Charged on the import of luxury items	E - v

22. Direct Tax and Indirect Tax:

Types of Taxes	Options	Answer
A. Direct Tax	i. Levied on the income of individuals and entities	A - ii
B. Indirect Tax	ii. Levied on goods and services at each stage	B - i
C. Progressive Tax	iii. Tax burden increases with income	C - ii
D. Regressive Tax	iv. Tax burden remains the same regardless of income	D - i
E. Property Tax	v. Indirect tax applied on specific goods and services	E - iii

EVALUATE

1. The primary purpose of taxation is to regulate international trade.

Answer: False

2. Income Tax is a direct tax imposed on the earnings and profits of individuals and businesses.

Answer: True

3. Corporate Taxation is specifically levied on the income of individuals.

Answer: False

4. GST (Goods and Services Tax) is an indirect tax that applies only to goods and not services.

Answer: False

5. Customs Duty is a tax imposed on goods during import or export, regulating international trade.

Answer: True

6. The primary objective of Customs Duty is to tax goods produced domestically.

Answer: False

7. Indirect Taxes, like GST, are levied directly on individuals and businesses.

Answer: False

8. Direct Taxes, such as Income Tax, have the burden shifted to the end consumer.

Answer: False

9. VAT (Value Added Tax) and GST are similar in concept but have different applications in taxation.

Answer: True

10. The Central Board of Direct Taxes (CBDT) administers indirect taxes in India.

Answer: False

11. Corporate Tax is specifically focused on taxing the profits of businesses and corporations.

Answer: True

12. Excise Duty is applied on goods during import or export.

Answer: False

13. Progressive taxation imposes higher tax rates on higher incomes.

Answer: True

14. Property Tax is a central tax that contributes to national revenue.

Answer: False

15. Customs Duty and Excise Duty play a crucial role in generating revenue for local governments.

Answer: False

16. Capital Gains Tax is applicable to the profit earned from the sale of capital assets.

Answer: True

17. The primary goal of tax policies is to create economic instability.

Answer: False

18. The Central Board of Excise and Customs (CBIC) administers direct taxes in India.

Answer: False

19. Dividend Distribution Tax (DDT) is levied on individuals receiving dividends from companies.

Answer: False

20. Tax incentives are designed to discourage specific behaviors, such as research and development.

Answer: False

21. Progressive taxation places a higher burden on lower incomes.

Answer: False

22. A well-designed tax system balances efficiency, fairness, and economic growth.

Answer: True

23. GST and VAT are essentially the same, and the terms can be used interchangeably.

Answer: False

24. Double Taxation Agreements (DTA) aim to tax the same income twice in different countries.

Answer: False

25. E-filing systems for Income Tax contribute to improving tax administration efficiency.

Answer: True

CREATE

1. _____ is the financial charge imposed by the government on individuals and businesses to fund public services and projects.

Answer: Tax

2. Income Tax is a _____ tax levied on the earnings and profits of individuals and businesses.

Answer: Direct

3. Corporate Taxation primarily involves taxing the _____ of businesses and corporations.

Answer: Profits

4. _____ is a consumption-based indirect tax that applies to both goods and services.

Answer: GST (Goods and Services Tax)

5. Customs Duty is a tax imposed on goods during _____ or _____, regulating international trade.

Answer: Import, Export

6. The Central Board of Direct Taxes (CBDT) is the concerned

authority for administering _____ taxes in India.

Answer: Direct

7. Excise Duty is a tax applied on goods produced _____, focusing on manufacturing.

Answer: Domestically

8. _____ taxation imposes higher rates on higher incomes, promoting wealth distribution.

Answer: Progressive

9. VAT (Value Added Tax) and _____ are examples of consumption-based indirect taxes.

Answer: GST

10. The primary goal of tax policies is to fund government activities, promote economic development, and achieve _____ distribution.

Answer: Wealth

11. Capital Gains Tax is levied on the _____ earned from the sale of capital assets.

Answer: Profit

12. Property Tax is a local tax imposed on _____.

Answer: Real Estate

13. The Central Board of Excise and Customs (CBIC) administers _____ taxes in India.

Answer: Indirect

14. Dividend Distribution Tax (DDT) is levied on companies distributing _____ to shareholders.

Answer: Dividends

15. Tax incentives are designed to encourage specific behaviors and may include deductions, credits, or _____.

Answer: Exemptions

16. Progressive taxation imposes higher tax rates on higher _____.

Answer: Incomes

17. A well-designed tax system balances efficiency, _____, and economic growth.

Answer: Fairness

18. GST and VAT are both examples of _____-based indirect taxes.

Answer: Consumption

19. Double Taxation Agreements (DTA) aim to prevent taxing the _____ income twice in different countries.

Answer: Same

20. E-filing systems for Income Tax contribute to improving tax administration _____.

Answer: Efficiency