

TAX SYSTEM

1. Which of the following "tax" is levied at every stage of production?
 - a. VAT
 - b. Income tax
 - c. Custom duty
 - d. GST

2. Which of the following is a form of indirect tax?
 - a. Income tax
 - b. Wealth tax
 - c. Corporation tax
 - d. Sales tax

3. Which of the following taxes are abolished by the Goods and Services Tax.
 - a. Property tax
 - b. Corporation tax
 - c. VAT
 - d. All of the above

4. If 'Tata' imports a product from abroad, then which kind of tax would be levied on it?
 - a. VAT
 - b. Custom duty
 - c. Income tax
 - d. Corporation tax

5. Which of the following tax is imposed by the Central Government but the state government collects it?
 - a. VAT
 - b. Income tax
 - c. Corporation tax
 - d. Stamp Duty

6. What is meant by Tax haven?

- a. A country which gives tax exemptions to the foreign citizens that there will be no tax on investing the money in their country.
- b. Subsidy given by the government in taxes
- c. Tax evasion in the domestic country
- d. To impose equal taxes on domestic producers and foreign producers

7. What kind of tax system is found in India?

- a. Progressive
- b. Degressive
- c. Proportional
- d. None of the above

8. Under this system of taxation, the tax rate diminishes as the taxable amount increases.

Which system are we talking about?

- a. Progressive Taxation
- b. Regressive Taxation
- c. Degressive Taxation
- d. Proportional Taxation

9. Which model of GST has been chosen by India?

- a. USA
- b. Canada
- c. UK
- d. China

10. Which of the following is not imposed by the Central Government?

- a. Agricultural tax
- b. Corporation tax
- c. Custom duty
- d. Sales tax

11. Income tax is the most important source of revenue in India. Income tax is

- a. Direct and proportional
- b. Indirect and proportional
- c. Direct and progressive
- d. Indirect and progressive

12. Which one of the following taxes/cess is levied by states in India?
- Tax on motor vehicles
 - Tax on hotels
 - Educational cess
 - Tax on wealth
13. Which of the following relationships is indicated by a Laffer curve?
- Relationship between money supply and price level in different stages of inflation.
 - The above a certain tax rate, an increase in tax rate causes reduction in tax revenue.
 - A positive relationship between tax revenue and public expenditure.
 - A negative relationship between high rates of income tax and people in tax net.
14. Corporation tax is a direct tax. Which of the following is a correct statement regarding corporate tax?
- It is levied and appropriated by the states.
 - It is levied by the union and collected and appropriated by the states.
 - It is levied by the union and shared by the union and the states.
 - It is levied by the union and belongs to it exclusively.
15. Taxation is a means to redistribute income among various classes. A redistribution of income tax can be best brought through
- Progressive taxation combined with progressive expenditure
 - Progressive taxation combined with regressive expenditure
 - Regressive taxation combined with regressive expenditure
 - Regressive taxation combined with progressive expenditure

Answers

- | | | | | | | | |
|--------|--------|---------|---------|---------|---------|---------|-------|
| 1. (a) | 2.(d) | 3. (c) | 4.(b) | 5. (d) | 6.(a) | 7.(b) | 8.(b) |
| 9.(b) | 10.(a) | 11. (c) | 12. (a) | 13. (b) | 14. (c) | 15. (b) | |