

Assistant Manager Tax Interview Questions And Answers Guide.



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Assistant Manager Tax Job Interview Preparation Guide.

Question # 1

Suppose If my salary is 21855 per month for financial year April 2011 - march 2012 what tax will be deduct?

Answer:-

Monthly salary = 21855
annual salary = $21855 \times 12 = 262260/-$
as per India TDS rule on TDS will be deducted on annual salary
 $\Rightarrow 180000$
so total annual salary $262260 - 180000 = 82260/-$
TDS $82260 \times 10.3\% = 8472.78/-$
and per month = 706/-

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Question # 2

Suppose if A is purchased Excise Duty paid goods i.e. H.R.Sheet. He want to sell the same as vat bill without excise. It can be possible?

Answer:-

Yes it is possible. but that incoming excise invoice not take credit our RG23 A PATR II & not mentioned in rg23 a part i also. we are generate commercial bill without excise duty.

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Question # 3

Explain er1?

Answer:-

Meaning of Er1 is - Excise Return 1
this form submit in mfg unit every 10th next month last month all details mentioned in form as like Finished goods opening, mfg, clearance, closing, sale value excise duty, payable duty, credit details, closing bal. total details mentioned in form submit to excise office.

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Question # 4

Explain the rate of vat in raj?

Answer:-

13.5%

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Question # 5

Explain LST Number?

Answer:-

LST Number means Local Sale Tax.

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Question # 6

Excisable material sold without charging excise duty, Now after 3 months, I am issuing Supplementary bill to party for Excise payment, now please tell me the interest need to pay for this and also is there need to pay interest if i have sufficient amount of cenvate credit balance in these 3 months?

Answer:-

For this you have to pay interest for three month @ 18%.

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Question # 7

Where we show brought forwarded losses in the Balance Sheet?

Answer:-

Brought forward loss is shown as adjustments under Capital Account and is shown Liability side of Balance Sheet.

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Question # 8

Can you please explain the difference between Sales Tax and VAT?

Answer:-

Sales tax, as compared to VAT is the percentage of revenue imposed on the retail sale of goods. Unlike VAT, sales tax is levied on the total value of goods and services purchased.

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Question # 9

Explain Sale in Transit Transaction and what are the forms issued and get form parties?

Answer:-

X Co.in Maharastra place order to Y Co in Kerala for a material and Y Co.in Kerala Place order for that material to Z Co. in Chennai and inform to supply directly to X in Maharashtra .Here X is purchaser of Y and Y is the purchaser of Z and Y asking Z to give the ownersp of material to X insted of Y.Thais is sale in transit.Here Consiner is Z and Consinee is X.Here other than C form there is E-i and E-11 form also.Y purchaser of Z will give C form to Z in exchange of E-1 and Y the seller of X will get C form from X the purchaser.if X sells that matrl to A in Maharashtra and give A E-II form and should charge 0% tax.this is to avoid double taxation.

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Question # 10

What government use taxation for?

Answer:-

Governments use taxation to encourage or discourage certain economic decisions. For example, reduction in taxable personal (or household) income by the amount paid as interest on home mortgage loans results in greater construction activity, and generates more jobs.

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Question # 11

What is taxation without representation?

Answer:-

The taxation without representation refers to the inhabitants of the colonies being taxed by the government despite not having a representative government official to express the views of the citizens of the colonies.

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Question # 12

What is effect of accounting taxation?

Answer:-

Effects on accounting taxation is the appropriation of income taxes during the time the taxes incurred instead of when the taxes need to be paid.

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Question # 13

Explain taxation?

Answer:-

Taxation is a mean by which governments finance their expenditure by imposing charges on citizens and corporate entities.

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Question # 14

If we are not able to issue F form and Goods transfer treat as deeded sale and want to paid taxes on that sale. but local tax rate is Zero. in above situation I can transfer of goods without F Form and Without paying any tax?

Answer:-

Indirect Tax : CST

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Question # 15



What is a property taxation?

Answer:-

The levy and collection of property tax on lands and buildings. Property taxation is levied on lands and buildings declared as rating areas by the government. Property Taxation is one of the major taxes collected by the department.

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Question # 16

What is aim of taxation papers?

Answer:-

The aim of the "Taxation papers" is twofold:

- * To facilitate the spreading of the analysis of the Commission's Taxation and Customs Union.
- * To contribute to the debate on taxation in the European Union.

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Question # 17

Explain infrastructure cess taxation?

Answer:-

Infrastructure Cess tax regime is applicable to all the goods entering the province through sea or air. A Cess @ 0.85% (@0.125% of Gold only) is levied on the C and F value of goods as determine by the customs department.

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Question # 18

What taxation principles include?

Answer:-

These include:

- Adequacy
- Broad Basing
- Compatibility
- Convenience
- Earmarking
- Efficiency
- Equity
- Neutrality
- Predictability
- Restricted exemptions
- Simplicity

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Question # 19

What is Adequacy?

Answer:-

Taxes should be just enough to generate revenue required for provision of essential public services.

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Question # 20

What is Broad Basing?

Answer:-

Taxes should be spread over as wide as possible section of the population or sectors of economy, to minimize the individual tax burden.

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Question # 21

What is Compatibility?

Answer:-

Taxes should be coordinated to ensure tax neutrality and overall objectives of good governance.

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Question # 22

What is Convenience?

Answer:-

Taxes should be enforced in a manner that facilitates voluntary compliance to the maximum extent possible.

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Question # 23

What is Earmarking?



Answer:-

Tax revenue from a specific source should be dedicated to a specific purpose only when there is a direct cost and benefit link between the tax source and the expenditure, such as use of motor fuel tax for road maintenance.

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Question # 24

What is Efficiency?

Answer:-

Tax collection efforts should not cost an inordinately high percentage of tax revenues.

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Question # 25

What is Neutrality?

Answer:-

Taxes should not favor any one group or sector over another and should not be designed to interfere-with or influence individual decisions making.

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Question # 26

Explain Equity?

Answer:-

Taxes should equally burden all individuals or entities in similar economic circumstances.

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Question # 27

What is Predictability?

Answer:-

Collection of taxes should reinforce their inevitability and regularity.

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Question # 28

What is Restricted exemptions?

Answer:-

Tax exemptions must only be for specific purposes (such as to encourage investment) and for a limited period.

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Question # 29

Define taxation principles?

Answer:-

Taxation principles are the basic concepts by which a government is meant to be guided in designing and implementing an equitable taxation regime.

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Question # 30

What is Simplicity?

Answer:-

Tax assessment and determination should be easy to understand by an average taxpayer.

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Question # 31

What is an income tax?

Answer:-

Income tax is an annual tax charged on income of a person by the government. It is charged for the corresponding assessment year at the rates laid down by the Finance Act for the assessment year in respect of the previous year.

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Question # 32

Define assessment year for taxation?

Answer:-

An assessment year is the period that starts from 1 April and ends on 31 March. It is the year immediately succeeding the financial year wherein the income of the previous financial year is assessed. Government use assessment year for calculating tax on the previous year.

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Question # 33

Explain an assessment year?

Answer:-

If the current assessment year is 2015-16, which starts from 1 April 2015 and ends on 31 March 2016. To this assessment year financial year is 2014-15, starting from 1 April 2014 and ends on 31 March 2015. You will be calculating income tax for financial year in the assessment year.

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Question # 34

Tell me about previous year?

Answer:-

Previous year is the year in which the income earned becomes taxable in the following assessment year. It can be stated as the Financial year preceding the Assessment year. For example- If the present assessment year is 2015-16 then the previous year will be 2014-2015.

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Question # 35

Explain financial year?

Answer:-

A twelve month period starting from 1 April and ending at 31 March which is used for calculating various annual financial statements in businesses and organization is known as financial year.

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Question # 36

Define the term person under taxation?

Answer:-

A person means an individual, an ordinary partnership, a non-juristic body of person and an undivided estate. The term person under the Income Tax Act includes an individual, a Hindu Undivided Family, a Company, a Firm, an Association of Persons, a Local Authority and Artificial Juridical persons.

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Question # 37

What is total income?

Answer:-

Total income is the amount on which the Income Tax is paid. Total income include all income that accrue, arise, earned or received. Total Income is the total amount earned by an individual or organization, including income from employment or providing services, revenue from sales, payments from pension plans, income from dividends or other sources. Total income is generally calculated for the assessment of taxes, evaluating the net worth of a company or determining an individual or organization's ability to make payments on a debt.

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Question # 38

Tell me names of heads under total income?

Answer:-

There are five heads under total income which are given below:

- * Income from Salaries.
- * Income from house property.
- * Profits and gains of business or profession.
- * Capital gains.
- * Income from other sources.

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Question # 39

What rate firms are required to pay tax at?

Answer:-

Income Tax is paid at 30% of taxable income. Surcharge is charged at 10% of the Income Tax, where taxable income is more than Rs. 1 crore. (Marginal Relief in Surcharge, if applicable) and Education Cess is 3% of the total of Income Tax and Surcharge.

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Question # 40

Who is an assessee?

Answer:-

An Assessee is a person who is liable to pay tax or any other sum of money under the Act. It includes:

- * Every person in respect of whom any proceeding under this Act has been taken for the assessment of his income or of the income of any other person in respect of whom he is assessable, or of the loss sustained by him or by such other person or of the amount of refund due to him or to such other person.
- * Every person who is deemed to be an assessee under any provision of this Act.
- * Every person who is deemed to be an assessee in default under any provision of this Act.

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Question # 41

Explain tax liability of an individual get affected due to his residential status?

Answer:-

Tax liability of an individual does gets affected due to his residential status as per Section 6 of the Income Tax Act 1961 and is also dependent on place and time of accrual or receipt of income.

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Question # 42

What is the difference between country income and foreign income?

Answer:-

The difference between country income and foreign income as:

- * Country's income is always taxable in India in accordance with the residential status of the taxpayer.
- * Country's income is categorized as:
 - * Income received or deemed to be received in country during previous year and simultaneously accrual income or deemed accrual in country during previous year.
 - * Income received or deemed to be received in country during the previous year but it accrues outside country during the previous year or Income received outside country during the previous year but accrues in country during the previous year.

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Question # 43

Explain professional Taxation?

Answer:-

Professional taxation, also known as an occupation taxation or a professional privilege taxation, is a taxation that a professional must pay to receive the right to practice a professional service. Professional taxation regime produces manually prepared taxation challans for business entities on annual basis. Criteria for calculating professional taxation is fixed, depending upon number of directors, employees and paid-up capital and annual turnover of establishment.

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Question # 44

Would you conclude the residential status of an individual?

Answer:-

As per the provisions of Income Tax Act residential status of an individual is categorized as Resident and Non Resident. Under Section 6(1), an individual is said to be resident in country in any previous year if he satisfies any one of the following basic conditions:

- * He is in country in the previous year for a period of at least 182 days or,
- * He is in country for a period of at least 60 days during the relevant previous year and at least 365 days during the four years preceding that previous year.
- * The above provisions are applicable only to those who are residents of country irrespective of their nationality otherwise they are included in Non resident.

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Question # 45

Explain the basic and additional conditions for Resident and ordinarily resident (ROR)?

Answer:-

The basic conditions for being resident and ordinarily resident is the same condition that satisfies the residential status of an individual and additional conditions for Resident and ordinarily resident in country in a given previous year are mentioned below:

- * If you are resident in country in at least 9 out of 10 previous years as per the basic conditions that satisfies the residential status of an individual preceding the relevant previous year.
- * If you are in country for a period of at least 730 days during 7 years preceding the relevant previous year.
- * An individual or HUF becomes ROR in country if the individual fulfills at least one of the basic conditions that satisfies the residential status of an individual both the additional conditions.

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Question # 46

Who is resident but not ordinary resident?

Answer:-

A resident but not ordinary resident is the one who is not the resident in country for 9 out of the 10 preceding previous years or he has during the 7 preceding years been in country for a period of or period amounting to 729 days or less.

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Question # 47

What is considered as accrued income?

Answer:-

Income which has been earned but not yet received is known as accrued income. Income is recorded in the same accounting period in which it is earned rather than in the subsequent period in which it will be received.

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Question # 48

Explain motor registration fee and taxation?

Answer:-



Motor vehicle Tax is levied on every motor vehicle registered in any district with registration fee. Vehicle registration involves the recording of a motor vehicle in the official records after due verification. Vehicle registration is mandatory/compulsory under the law and is essential to prove the ownership of a vehicle. It is also required during the sale of a vehicle and transfer of its ownership.

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Question # 49

What is hotel taxation?

Answer:-

Assessment for hotel tax is made during every financial year on the basis of return documents filed, inspection carried by the field staff and after giving the representative of the hotel an opportunity of being heard. Assessment order is issued and demand is raised in demand register.

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Question # 50

What are long term capital gains?

Answer:-

A long-term capital gain is the profit that arises with the sale of an asset that has been on hold for a definite period. This period ranges from one year to three years across different asset classes.

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Question # 51

Tell me what is capital gain?

Answer:-

Capital gains means the profit earned from the sale of an asset. When the Capital Asset is being sold or transferred, the profit or gains arising out of it or you can term that as the difference between the actual price at which the asset was acquired and the price at which it is sold or transferred.

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Question # 52

What is Tax refund?

Answer:-

The excess tax paid by an individual than the actual owed is returned by the government which is known as tax refund. After taking into consideration income tax, with holdings, tax deductions or credits and other factors, you file income tax for the year, after that you will receive a tax refund.

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Question # 53

What is Fringe Benefit Tax?

Answer:-

FBT stands for Fringe Benefit Tax which is a tax that an employer has to pay in respect of the benefits that are given to his/her employees. Fringe benefits is something that an employer provides to his employees in addition to the cash salary. Fringe Benefit Tax is payable in lieu of the value of fringe benefits provided or deemed to have been provided by an employer to his employees during the previous year.

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Question # 54

What is tax audit?

Answer:-

A tax audit is assessment of an organization's or individual's tax return by Internal Revenue Service (IRS) in order to find out that the income and deductions are recorded accurately.

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Question # 55

What is deferred tax?

Answer:-

A tax liability that a company has to pay but does not pay at that current point and it will be responsible for paying it in future is termed a deferred tax. Deferred tax occurs due to the difference in a company's balance sheet, due to the differences between accounting practices and tax regulations.

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