

✓ Employability Skills MCQs (with Answers)

1. Effective communication means...

- a) Speaking loudly
- b) Sharing information clearly
- c) Using difficult words
- d) Interrupting others

Answer: b

2. Which of the following is a non-verbal communication?

- a) Email
- b) Phone call
- c) Facial expressions
- d) Letter

Answer: c

3. MS Word is used for...

- a) Making presentations
- b) Creating documents
- c) Calculating data
- d) Browsing internet

Answer: b

4. A budget helps in...

- a) Spending more money
- b) Planning income and expenses
- c) Increasing problems
- d) Reducing income

Answer: b

5. An entrepreneur is a person who...

- a) Works for others
- b) Starts and manages a business
- c) Avoids taking risks
- d) Only follows orders

Answer: b

6. Teamwork improves...

- a) Conflict
- b) Efficiency
- c) Isolation
- d) Stress

Answer: b

7. The full form of ICT is...

- a) Indian Communication Technology
- b) Information and Communication Technology
- c) Interpersonal Communication Tool
- d) Internal Computer Training

Answer: b

8. What is the shortcut for Copy in a computer?

- a) Ctrl + V
- b) Ctrl + C
- c) Ctrl + X
- d) Ctrl + Z

Answer: b

9. A resume mainly highlights...

- a) Personal problems
- b) Skills, education, experience
- c) Family background
- d) Hobbies only

Answer: b

10. Time management helps to...

- a) Increase workload
- b) Reduce productivity
- c) Complete tasks efficiently
- d) Delay work

Answer: c

Financial Statement Preparation – MCQs (with Answers)

1. Which of the following is prepared first in the accounting cycle?

- a) Trial Balance
- b) Balance Sheet
- c) Journal
- d) Cash Flow Statement

Answer: c

2. The main purpose of a Trial Balance is to...

- a) Prepare GST returns
- b) Check arithmetical accuracy of ledger balances
- c) Calculate profit
- d) Pay salary

Answer: b

3. In which financial statement is profit shown?

- a) Balance Sheet
- b) Income Statement
- c) Cash Book
- d) Ledger

Answer: b

4. Assets are shown on which side of the Balance Sheet?

- a) Debit
- b) Credit
- c) Both sides
- d) None

Answer: a

5. Which of the following is a current asset?

- a) Land
- b) Debtors
- c) Machinery
- d) Capital

Answer: b

6. Depreciation is recorded for...

- a) Increasing value of assets
- b) Decreasing value of assets
- c) Increasing profits
- d) Reducing expenses

Answer: b

7. Which statement shows cash inflow and outflow?

- a) Income Statement
- b) Balance Sheet
- c) Cash Flow Statement
- d) Ledger

Answer: c

8. Closing stock appears in...

- a) Trading Account
- b) Cash Flow Statement
- c) Bank Reconciliation
- d) Journal

Answer: a

9. An expense that is paid in advance is called...

- a) Outstanding expense
- b) Prepaid expense
- c) Accrued income
- d) Deferred liability

Answer: b

10. Net profit is transferred to...

- a) Cash Book
- b) Capital Account
- c) Debtors Account
- d) Creditors Account

Answer: b

11. Which of the following is a liability?

- a) Furniture
- b) Creditors
- c) Cash
- d) Inventory

Answer: b

12. Sales returns should be recorded in...

- a) Purchase Book
- b) Sales Return Book
- c) Journal Proper
- d) Cash Book

Answer: b

13. Which accounting concept assumes the business will continue operating?

- a) Money Measurement
- b) Going Concern
- c) Conservatism
- d) Cost Concept

Answer: b

14. Goodwill is a...

- a) Current asset
- b) Fictitious asset
- c) Intangible asset
- d) Liability

Answer: c

15. Which item will NOT appear in the Balance Sheet?

- a) Capital
- b) Drawings
- c) Discount allowed
- d) Machinery

Answer: c

✓ Payroll and Statutory Compliance MCQs (with Answers)

1. Payroll refers to...

- a) The list of employees and their salaries
- b) Office inventory
- c) Only deductions
- d) Only bonuses

Answer: a

2. PF stands for...

- a) Professional Fund
- b) Provident Fund
- c) Public Finance
- d) Production Fund

Answer: b

3. The employee PF contribution percentage (basic + DA) is...

- a) 8 percent
- b) 10 percent
- c) 12 percent
- d) 15 percent

Answer: c

4. Which form is used to file monthly PF returns?

- a) Form 10C
- b) ECR
- c) Form 16
- d) GSTR 1

Answer: b

5. ESI applies when employee wages are up to...

- a) ₹15,000 per month
- b) ₹18,000 per month
- c) ₹21,000 per month
- d) ₹25,000 per month

Answer: c

6. ESI employee contribution rate is...

- a) 1 percent
- b) 0.75 percent
- c) 3.25 percent
- d) 4 percent

Answer: b

7. Payment of Bonus Act applies to employees earning up to...

- a) ₹15,000 per month
- b) ₹18,000 per month
- c) ₹21,000 per month
- d) ₹25,000 per month

Answer: b

8. Gratuity becomes payable after...

- a) 2 years of service
- b) 3 years of service
- c) 4 years of service
- d) 5 years of service

Answer: d

9. Which of the following is a statutory deduction?

- a) Festival advance
- b) Bonus
- c) PF
- d) Incentive

Answer: c

10. Form 16 is issued for...

- a) GST
- b) PF transfer
- c) TDS on salary
- d) ESI claim

Answer: c

11. Payroll processing starts with...

- a) Bank reconciliation
- b) Employee attendance and leave records
- c) Vendor payments
- d) Purchase register

Answer: b

12. TDS is deducted when salary crosses...

- a) The basic exemption limit
- b) PF wage limit
- c) ESI wage limit
- d) GST threshold

Answer: a

13. Which law governs minimum wages?

- a) Factories Act
- b) Payment of Wages Act
- c) Minimum Wages Act
- d) Bonus Act

Answer: c

14. Employer contribution to PF is...

- a) Fully part of salary
- b) A statutory liability
- c) Optional
- d) Not allowed

Answer: b

15. Salary slip must include...

- a) Only net salary
- b) Only gross salary
- c) Earnings and deductions both
- d) Employer PF only

Answer: c

✓ GST Returns and Tax Compliance MCQs (with Answers)

1. GST stands for...

- a) Goods and Simple Tax
- b) Goods and Services Tax
- c) General Sales Tax
- d) Government Service Tax

Answer: b

2. GST in India is regulated by...

- a) RBI
- b) Ministry of Finance
- c) Income Tax Department
- d) SEBI

Answer: b

3. The threshold limit for GST registration for normal taxpayers (services) is...

- a) ₹10 lakh
- b) ₹20 lakh
- c) ₹40 lakh
- d) ₹50 lakh

Answer: b

4. GSTR-1 is used to file...

- a) Purchase details
- b) Outward supplies
- c) Monthly summary return
- d) Annual return

Answer: b

5. GSTR-3B is filed...

- a) Annually
- b) Quarterly only
- c) Monthly or quarterly (depending on scheme)
- d) Once in lifetime

Answer: c

6. ITC stands for...

- a) Input Tax Credit
- b) International Tax Code
- c) Internal Tax Control
- d) Integrated Tax Calculation

Answer: a

7. IGST applies to...

- a) Intra-state supply
- b) Inter-state supply
- c) Local market supply
- d) Only services

Answer: b

8. Which tax applies within the same state?

- a) IGST
- b) GSTX
- c) CSGT
- d) CGST + SGST

Answer: d

9. Reverse Charge Mechanism means...

- a) Customer pays tax on behalf of supplier
- b) Government pays tax
- c) Supplier pays tax twice
- d) No tax is paid

Answer: a

10. The due date for monthly GSTR-3B filing is usually...

- a) 1st of next month
- b) 11th of next month
- c) 20th of next month
- d) 30th of next month

Answer: c

11. GST return filing portal is...

- a) incometax.gov.in
- b) pfesic.gov.in
- c) gst.gov.in
- d) mca.gov.in

Answer: c

12. Composition scheme GST rate for traders is...

- a) 1 percent
- b) 5 percent
- c) 12 percent
- d) 18 percent

Answer: a

13. Which form is used for Annual GST Return?

- a) GSTR-9
- b) GSTR-2A
- c) GSTR-3B
- d) GSTR-7

Answer: a

14. TDS under GST is deducted at...

- a) 2 percent
- b) 10 percent
- c) 12 percent
- d) 18 percent

Answer: a

15. HSN code is used to classify...

- a) Customers
- b) Goods
- c) Employees
- d) Services only

Answer: b

✓ Income Tax and Other Compliances MCQs (with Answers)

1. Income tax in India is governed by the...

- a) Companies Act 2013
- b) Income Tax Act 1961
- c) GST Act 2017
- d) RBI Act

Answer: b

2. The financial year (FY) runs from...

- a) January to December
- b) April to March
- c) July to June
- d) October to September

Answer: b

3. PAN stands for...

- a) Permanent Account Number
- b) Personal Access Number
- c) Public Account Number
- d) Personal Account Note

Answer: a

4. The form used to file individual income tax returns is...

- a) GSTR 3B
- b) ITR
- c) FORM 16B
- d) ECR

Answer: b

5. Form 16 is issued by...

- a) Supplier
- b) Customer
- c) Employer
- d) GST officer

Answer: c

6. TDS stands for...

- a) Tax Deducted at Source
- b) Total Direct Salary
- c) Tax Due Settlement
- d) Tax Division System

Answer: a

7. The basic exemption limit for individuals below 60 years (old regime) is...

- a) ₹1 lakh
- b) ₹1.5 lakh
- c) ₹2.5 lakh
- d) ₹3.5 lakh

Answer: c

8. Income tax return filing due date for individuals is usually...

- a) March 31
- b) July 31
- c) December 31
- d) January 1

Answer: b

9. Section 80C allows deductions up to...

- a) ₹25,000
- b) ₹50,000
- c) ₹1,00,000
- d) ₹1,50,000

Answer: d

10. HRA exemption is calculated under...

- a) Section 24
- b) Section 80G
- c) Section 10
- d) Section 194C

Answer: c

11. Advance tax is payable when tax liability exceeds...

- a) ₹2,500
- b) ₹5,000
- c) ₹10,000
- d) ₹20,000

Answer: c

12. Income from rent is taxed under...

- a) Salary
- b) House Property
- c) Capital Gains
- d) Other Sources

Answer: b

13. Short term capital gain on shares (STCG under section 111A) is taxed at...

- a) 5 percent
- b) 10 percent
- c) 15 percent
- d) 20 percent

Answer: c

14. Agricultural income is...

- a) Fully taxable
- b) Taxable at 50 percent
- c) Exempt subject to certain conditions
- d) Always treated as business income

Answer: c

15. Which form contains details of TDS deducted?

- a) ITR 7
- b) Form 26AS
- c) GSTR 9
- d) ESI Form 1

Answer: b

16. What is the primary purpose of a code of conduct in an organization?

- a) To promote employee morale
- b) To ensure compliance with laws and regulations
- c) To establish a positive work culture

d) To outline employee benefits

Answer: b) To ensure compliance with laws and regulations

17. Which of the following is an example of professional behavior?

a) Gossiping about colleagues

b) Meeting deadlines and delivering quality work

c) Taking credit for someone else's work

d) Sharing confidential information

Answer: b) Meeting deadlines and delivering quality work

18. What should you do if you encounter a conflict of interest at work?

a) Ignore it and continue with your work

b) Discuss it with your colleagues

c) Report it to your supervisor or HR

d) Try to resolve it on your own

Answer: c) Report it to your supervisor or HR

19. Which of the following is a key aspect of maintaining confidentiality?

a) Sharing sensitive information with colleagues

b) Protecting sensitive information from unauthorized access

c) Discussing confidential matters in public areas

d) Sharing confidential information on social media

Answer: b) Protecting sensitive information from unauthorized access

20. How should you handle a difficult customer or client?

a) Argue with them and prove your point

b) Listen to their concerns and offer a solution

c) Ignore them and hope they go away

d) Escalate the issue to your supervisor

Answer: b) Listen to their concerns and offer a solution

21. What is the primary goal of a workplace health and safety program?

- a) To reduce costs
- b) To increase productivity
- c) To prevent injuries and illnesses
- d) To improve employee morale

Answer: c) To prevent injuries and illnesses

22. Who is responsible for ensuring a safe work environment?

- a) Employees
- b) Employers
- c) Government agencies
- d) All of the above

Answer: d) All of the above

23. What should you do if you identify a hazard in the workplace?

- a) Ignore it and continue working
- b) Report it to your supervisor or safety officer
- c) Try to fix it yourself
- d) Warn your colleagues

Answer: b) Report it to your supervisor or safety officer

24. What is the purpose of a risk assessment?

- a) To identify potential hazards
- b) To evaluate the effectiveness of safety measures
- c) To determine the cause of an accident
- d) To assign blame for an incident

Answer: a) To identify potential hazards

25. What should you do in case of a fire emergency?

- a) Use the elevator to evacuate
- b) Try to fight the fire yourself
- c) Evacuate the area and call the fire department

d) Hide under your desk

26. You have to reconcile the ITC figures on the GST portal with the Purchase and sales records from the client's books, the auto populated data on the portal shows a discrepancy with your books, especially regarding the purchase invoices from one of the vendors. What should be your first step in recording the ITC discrepancy?

a. Ignore the discrepancy as the portal's figures are always correct

b. Reconcile the data based on the total sales and purchase figure rather than individual invoices

c. Compare the purchase invoice details in your records with the auto populated purchase data on the portal and verify the accuracy of both

d. Assume that the discrepancy is due to errors in the portal's auto-population and proceed with filing the return.

27. You handle tax filing for multiple clients and notice a significant amount of paper waste from printed tax documents, invoices, and reports. What is the best environmentally sustainable approach to handle this?

a. Print multiple copies of each document to ensure a backup exists

b. Use single-sided printing instead of double-sided to avoid smudging

c. Encourage clients to submit physical copies instead of digital files

d. Print only the final version of the tax documents and store other documents digitally

28. A newly hired HR executive at XYZ Pvt Ltd prepared the monthly payroll but mistakenly calculates the provident fund (PF) and employee state insurance (ESI) based on the entire gross salary instead of the basic salary plus dearness allowance. The employees receive their salary slips and notice discrepancies in deductions. The finance manager asks the consultant (Chartered tax practitioner) to rectify the issue and ensure compliance with statutory deductions. How should the consultant (Chartered tax practitioner) correct the payroll calculations to ensure accurate PF and ESI deductions?

- a) Deduct PF and ESI based on the gross salary as all correspondents are part of an employee's earnings
- b) Ignore PF and ESI deductions for employees earning above Rs.21000 per month as they are exempt from contribution.
- c) Apply the correct statutory rate of PF (12% of basic + DA) and ESI (0.75% employee)
- d) **Correctly calculate pf and Esi deduction only on the Basic + DA portion of the salary**

29. You have received an email from a client asking for a “detailed reconciliation statement” for their tax filing. However, they have not specified the financial year what should you do first?

- a. Prepare a reconciliation statement for the most recent financial year and send it
- b. Reply to the client asking them to specify the financial year before proceeding
- c. Ignore the email until the client follows up with more details
- d. Assume the client wants a profit and loss statement instead and send that

30. While preparing tax documentation for an MSME client, you need to access several folders containing sensitive financial data your system prompts you for permissions to open a directory and you're unsure whether you have the correct level of access to retrieve the documents what should you do to gain access to the necessary folders while maintaining security and privacy?

- a) Share your login credentials with a colleague who has the correct access level to retrieve the documents
- b) Work without accessing the folders and proceed with the task going incomplete data
- c) Attempt to open the folder multiple times until it works assuming the system will grant access
- d) **Contact the system administrator or IT support to require the necessary permission for the folder while assuming the request again with company proceeds.**

31. A business purchase new machinery worth Rs.500000 and records it as an expense under “Repairs & Maintenance” instead of classifying it under “Fixed Assets” What is the correct course of action?

- a) Leave it as it won't affect financial reporting significantly
- b) Split the amount between “Repairs & maintenance” and Fixed assets
- c) Keep it under “Repairs & maintenance” to reduce taxable profit
- d) **Reclassify the amount under “Fixed Assets” and calculate depreciation**

32. DEF Ltd has claimed depreciation on certain assets, but the income tax department has disallowed part of the depreciation claim, stating that the assets were not eligible for such deductions. The company disagrees and asks the consultants (Chartered tax practitioner) to help them prepare the grounds of appeal. The company argues that the assets are eligible for depreciation as per the tax rules. How should the consultant prepare the grounds of appeals for DEF Ltd, regarding the department issue?

- a) Review the relevant provisions of the income tax act related to depreciation provide a detailed breakdown of the assets and the corresponding depreciation claims and include supporting documents such as purchase invoice and asset details
- b) Argue that depreciation should not be allowed on any assets under any circumstance
- c) Deny the disallowed depreciation claims without providing further explanation or legal support
- d) Prepare the appeal by suggesting that the disallowed depreciation amount should be rolled over the next fiscal year

32. A client approaches you with sensitive financial data including tax returns and bank statement for tax planning you are working remotely and need to share certain documents with your assistant. What is the best way to ensure client confidentiality, while sharing the information?

- a) Print and courier the documents without informing the clients
- b) sent the document via a personal email to speed up the process
- c) Upload the documents to a free cloud storage service without security checks
- d) Share the files through the encrypted and password protected channel

33. A Colleague accidentally cuts their hand deeply while opening a package in the office and blood is flowing heavily what should you do first?

- a) Immediately apply pressure that wound and call for medical help
- b) What to see if the bleeding stops on its own
- c) Ignore it, assuming someone else will help
- d) Ask the colleague to wash the wound with soap and continue working

34. A tax audit report with high resolution image and table exceeds the email attached limit what is the best way to share this report with stakeholders?

- a) Print and courier the report instead of sending it digitally
- b) compress the file or use a cloud storage service with restricted access

- c) Share the report through social media for easy accessibility
- d) Split the document into multiple emails to at the attachment

35. Your Organization's internal server which stores clients' financial data, and you cannot access critical files required for filing tax returns what is the most appropriate action?

- a) what for the issue to resolve itself without informing anyone
- b) Contact the IT department and provide details of the issue
- c) Start storing client data on personal external drives
- d) Attempt to repair the server yourself using online tutorials