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Your Roll No.....

Sr. No. of Question Paper : 7501

Wednesday, 10-12-2025 K

Unique Paper Code : 2412093501

Afternoon Session: 02:30 pm to 05:30 pm

Name of the Paper : Income Tax Law and Practice

www.taxclasses.in # 9811116835

Advocate Dr. S.B. Rathore (Ex-SLC)

Name of the Course : B.Com. UGCF – DSC

Semester : V

Duration : 3 Hours

Maximum Marks : 90

समय : 3 घण्टे

पूर्णांक : 90

Instructions for Candidates

1. Write your Roll No. on the top immediately on receipt of this question paper.
2. Attempt all questions.
3. Marks of each part of the question are mentioned against each part of the question.
4. Use of simple calculator allowed.
5. Answers may be written either in English or Hindi; but the same medium should be used throughout the paper.

छात्रों के लिए निर्देश

1. इस प्रश्न-पत्र के मिलते ही ऊपर दिए गए निर्धारित स्थान पर अपना अनुक्रमांक लिखिए।
2. सभी प्रश्नों का उत्तर दें।
3. प्रत्येक प्रश्न के कुछ भाग हैं, जिनके अंक उस भाग के सामने दिए गए हैं।
4. साधारण कैलकुलेटर का उपयोग करने की अनुमति है।
5. इस प्रश्न-पत्र का उत्तर अंग्रेजी या हिंदी किसी एक भाषा में दीजिए, लेकिन सभी उत्तरों का माध्यम एक ही होना चाहिए।

1. (a) "Income of the previous year is taxable in the immediately succeeding assessment year". Do you agree with the statement. Give exceptions. (6)

- (b) Ms. Shikha (Indian citizen) has been working as General Manager in HDGL Life Insurance since April 2016. She frequently visits foreign countries in connection with her insurance profession. During the previous year 2024-25 she was in India for 183 days. She never left India before 2016-17. Her stay in India for previous years is given below:

Years	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Stay in India	230	150	170	80	50	78	80	120

She submits the following incomes for previous year 2024-25:

S.N.	Particulars	Amount (Rs.)
1	Salary from HDGL Life Insurance	12,00,000
2	Cash gift received in India from a friend on her birthday	1,00,000
3	Dividend from A.P. Ltd. (Indian Co.)	35,000
4	Capital Gain from sale of house situated in Dubai received there and brought to India on 5 th December 2021	5,00,000
5	Rent received from a flat in Mumbai	2,40,000
6	Interest on American Development Bonds, 50% received in India	50,000

Determine her residential status and taxable income for the assessment year 2025-26 under default regime. (12)

OR

- (a) What is Permanent Account Number? State four transactions where quoting of PAN is mandatory. (6)
- (b) Ms Varsha (Indian citizen) is settled in Singapore since year 1/04/2008. She has not visited India since then. Following are the details of her income during the previous year 2024-25 :

S.N	Particulars	Amount (Rs.)
1	Income accrued and received in Singapore.	1500000
2	Rent from a house property situated in Indore and amount received in Kotak Mahindra Bank, Indore branch	1400000
3	Income arising in Singapore from a profession set up in India	1200000
4	Dividend from TATA Ltd. (an Indian company)	300000

Above incomes are not taxable in Singapore.

- (i) Determine the residential status of Ms Varsha and taxable income for the previous year 2024-25.
- (ii) What would be your answer if income arising in Singapore from a profession set up In India is Rs. 2 lakhs instead Rs. 12 lakhs?
- (iii) Will your answer change if Ms Varsha is a British citizen instead of Indian citizen? (12)

2. (a) List down six exempted incomes under Section 10 of the Income Tax Act with suitable examples. (6)
- (b) Mr. Raj (age 55 years), an employee-director of Sunshine Ltd., Cochin submits the following information relevant for the previous year 2024-25.

S.N.	Particulars	Amount (Rs.)
1	Basic salary as on 1/4/2024	80000 pm
2	Commission	20000 pm
3	Arrears of bonus of 2019-20 (not taxed earlier)	150000
4	Transport allowance	5000 pm
5	Monthly Children education allowance for three children each The school fees for each child Rs. 1000 per month	1000 pm
6	Income Tax penalty paid by employer on behalf of Mr. Raj	8000
7	Free tea and coffee facility during office hours	1200 pm
8	Reimbursement of electricity and gas bills during the previous year (Actual expenditure is Rs. 18500)	15500
9	A furnished flat owned by the employer is provided in Cochin (population: 31 Lakh as per Census 2011). The fair rent of the house is Rs. 40800. The rent of Air-Conditioner Rs. 12000 and cost of furniture is Rs. 48000 paid by employer company. These assets are given to him for free use by employer company.	
10	Mr. Raj purchased a computer from the employer company on 10/5/2024 for Rs. 10000. The computer was originally purchased on 05/05/2021 for Rs. 60000 by the employer company for its business operation.	
11	Mr. Raj deposited Rs. 30000 in his public provident fund account	

You are required to compute his taxable income for the assessment year 2025-26 under old tax regime. (12)

OR

(a) Discuss the tax treatment for availing of exemption under section 10(10)(ii) if assessee is not covered under Payment of Gratuity Act, 1972. (6)

(b) Mr. Krishna is a senior sales manager in Shyama Co. Ltd. since 1/4/2005. He submits his salary details for the previous year 2024-25 as follows:

- | | |
|--|----------------|
| (i) Basic Salary (as on 1/04/2024) | : Rs. 50000 pm |
| (ii) D.A. (40% is part of retirement benefits) | : Rs. 20000 pm |
| (iii) Travelling allowance | : Rs. 10000 pm |

- (iv) Medical allowance : Rs. 5000 pm
- (v) He retired from services on 01/01/2025 and got entitled for monthly pension of : Rs. 20000.
- (vi) Gratuity (covered under GPA, 1972) : Rs. 1400000
- (vii) Accumulated balance of Recognized Provident Fund : Rs. 1000000
- (viii) Leave Salary : Rs. 848000
- (ix) He was entitled for 20 leaves for each completed year of service. He took 200 leaves during his service tenure.

Compute his taxable income under the head salary under new tax regime for the A.Y. 2025-26. (12)

3. (a) Briefly explain the provisions pertaining to exemption of capital gains against investment in certain bonds under section 54EC of the Income Tax Act, 1961. (6)

- (b) Mr. Raman is a GST officer at Jaipur. He owns two residential houses at Delhi and Jaipur, details given below.

Particulars	House-1 (Delhi)	House-2 (Jaipur)
Date of Construction	01/04/1995	01/03/2024
Purpose	Let-out	Self-occupied till 30/11/2024
Municipal Value (MV) (Rs.)	240000	180000
Municipal taxes of MV	10%	8%
Actual Rent (Rs.) pm	30000	20,500
Expenses on repairs (Rs.)	20000	70000
Loan for construction (Rs.) from SBI	-	1000000
Rate of Interest of loan	-	12% p.a.
Date of borrowing loan amount	-	01/08/2022
Last date of repayment of loan	-	31/03/2035

During the previous year 2024-25, he re-paid Rs. 200000 to SBI (on account of loan taken for construction of house-2) out of which Rs. 90000 was pertaining to interest on loan amount and remaining principal amount. He transferred to Baroda (Gujarat) where he resides in government flats. With effect from 01/12/2024 he let out his Jaipur house for a monthly rent of Rs. 20000pm.

Compute his income under the head house property for the A.Y 2025-26 under new tax regime. (12)

OR

- (a) Briefly explain the provisions pertaining to computation of Gross Annual Value in case of let out property by taking a suitable example. (6)
- (b) Mr. Sumesh (age 55 years) transfers the following assets during the previous year ending 31/03/2025.

Particulars	Gold	Unlisted Equity Shares	House Property
Full value of consideration (Rs.)	750000	120000	8000000
Stamp Duty Value (Rs.)	N/A	N/A	9000000
Cost of Acquisition (Rs.)	665000	60000	4450000
Date of Acquisition	16/06/2021	01/04/2021	25/09/2021
Date of Transfer	20/09/2024	20/09/2024	20/09/2024

Mr. Sumesh acquired a new residential house property on 15th April, 2025 as he does not own any other house property. You are required to compute the tax liability of Mr. Sumesh under old tax regime in addition to seeking tax liability by exercising indexation option on house property.

CII: 2021-22 = 317, 2024-25 = 363

(12)

4. (a) Explain the provision of calculating depreciation under section 32 of the Income Tax Act. Give suitable examples. (6)

(b) Mr. X furnishes his Trading and Profit & Loss Account for the previous year 2024-25 ending on 31/03/2025 as follows :

Particulars	Amount (Rs.)	Particulars	Amount (Rs)
Opening Stock	220000	Sales	1980000
Purchases	1040000	Closing stock	252000
Salaries and Wages	320000	Dividend from ABC Co. Ltd.	20000
Rent and Rates	212000	Discount received	10000
Audit Fee	20000	Income tax refund	6000
Advertisement Expenses	30000	Interest on GH Co. Debentures	12000
Miscellaneous Expenses	152000		
Car Expenses	25000		
Taxes	61000		
Net Profit	200000		
Total	2280000	Total	2280000

Additional Information:

- (i) Advertisement expenses included Rs. 10000 as cost of diaries and calendar distributed on the occasion of Diwali to esteemed customers of the business. It further included a sum of Rs. 5000 spent on X's son birthday party.
- (ii) Car is used for business and personal purposes. $\frac{2}{3}$ rd of the car is used for business purposes.
- (iii) Taxes included advance payment of income tax of Rs. 20000, and municipal taxes of self-owned house of Rs. 8000. It further included a sum of Rs. 15000 of custom duty which was outstanding till 31/03/2025. Out of which Rs. 10000 paid on 31/07/2025 and remaining amount paid on 20/09/2025.

- (iv) Miscellaneous expenses included Rs. 52000 of depreciation on fixed assets. As per section 32 depreciation on fixed assets is Rs. 42000 only. It further included a sum of Rs. 50000 paid for life insurance premium of Mr. X.
- (v) Rs. 150000 paid to Mrs. X for working in office for looking after books of accounts, but she does not hold requisite qualification for the same. This amount is included in salaries and wages.

Compute his business income under the head PGBP for the assessment year 2025-26 under old tax regime, assuming the last date of filing of income tax return is 16/09/2025.

(12)

OR

- (a) Explain the provisions on following points for admissible or inadmissible under PGBP :
- (i) Provision for bad debts, and actual bad debts in the profit and loss account of the business.
 - (ii) Payment made to relative as an expense in the profit and loss account of the business.
 - (iii) Under valuation of 'closing stock' in the profit and loss account of the business.
- (6)
- (b) Mr. A is an advocate submits books of accounts prepared on receipt and payment basis for the previous year 2024-25 ending on 31/03/2025 as follows :

Receipts	Amount (Rs.)	Payments	Amount (Rs.)
Balance b/d	860000	Purchase of furniture	75000
Fees from clients (2023-24)	245000	Office expenses	405000
Free from clients (2024-25)	2340000	Salary expenses	680000
Gifts from clients	140000	Purchase of computer	100000
Loan from bank	900000	Car expenses	320000
		Depreciation on all fixed assets	165000
		Interest on loan	240000
		Income tax	80000
		Investment in Sukanya Samridhi A/c	150000
		Balance c/d	2270000
Total	4485000	Total	4485000

Additional Information :

- (i) 20% of the car expenses are for the use of personal purposes.
- (ii) Depreciation on fixed assets as per section 32 of the Income Tax Act is calculated below.
 - a. Furniture : Rs. 3750
 - b. Computer : Rs. 40000
 - c. Car : Rs. 20000
- (iii) Gifts from clients included a gift of Rs. 21000 received from the father of Mr. A on his birthday.
- (iv) Loan is taken for construction of house property. 50% of the property is used for self-occupied purposes and 50% for business purposes.
- (v) Office expenses included personal expenses of Rs. 25000.
- (vi) Salary expenses included Rs. 50000 paid on account of life insurance premium of Mr. A.

(12)

5. (a) Briefly explain the provisions relating to the set off and carry forward of losses under the head income from house property under both tax regimes in respect of let out and self-occupied properties. (6)

(b) Mr. Aakash (48 years resident individual), a professional consultant in the field of decoration and interiors based at Chandigarh. He furnishes the following information of his income and expenditure for the previous year 2024-25 relevant for the assessment year 2025-26.

SN	Particulars	Amount (Rs.)
1	Income from Profession	1750000
2	Short-term Capital Gain (covered u/s 111A where STT was duly paid)	5000
3	Long-term capital gain u/s 112 (without indexation)	150000
4	Long-term capital gain u/s 112 A	90000
5	Winnings from Camel Race (net amount, TDS @ 30%)	35000
6	Winnings from horse race (gross amount)	40000
7	Loss from lottery	(16000)
8	Income from other sources on interest on deposits (net amount, TDS @ 10%)	144000
9	Payments of medical insurance premium on own life	29000
10	Preventive health check up expenditure of his parents	25000
11	Contribution towards Public Provident Fund	158000

Calculate the net taxable income and tax liability by assuming he opts to file the tax return under the old tax regime.

(12)

OR

- (a) Explain the provisions of clubbing of income of minor children u/s 64(1A) of the Income Tx Act, 1961. (6)
- (b) Mr. Rahul (62 years, severely disable person certified by AIMS Delhi) submits the following information relevant for the previous year ending 31st March, 2025.

SN	Particulars	Amount (Rs.)
1	Profits of Business A carried on in India	185000
2	Loss from the Business B carried on in India	(135000)
3	Income from salary (computed)	2250000
4	Interest on securities (net of TDS @10%)	90000
5	Purchase of antique painting from his friend at a cost of Rs. 20000. The market value of the painting is Rs. 125000	
6	Professional income of minor daughter (out of her skills)	10000
7	Donation of school bags to children (in kind)	7500
8	Donation to clean ganga fund	150000
9.	Medical insurance premium for himself Rs. 60000 and for parents Rs.65000	125000
10.	Purchase NSC VIII issue	120000

Determine his net income for the assessment year 2025-26 under old tax regime on the assumption that he is a resident and ordinarily resident in India. (12)