

Q.1(a) Ms. Arpita Gupta (Indian Citizen)

		Basic(a)	Additi. (1)	Addit. (2)
P.Y.	Stay	182 days	2R/ 10Yrs	730D/7 yrs
2023-24	183	Yes		
2022-23	120		No	747
2021-22	50		No	
2020-21	78		No	
2019-20	84		No	
2018-19	165		No	
2017-18	170		No	
2016-17	80		No	
Result		Resident	but not ordinarily resident	

6 Marks

S.N.	Particulars	Being NOR
1	Income from banking job in India	2050000
2	Dividend from Adani Power Ltd. (Indian Co)	230000
3	Capital Gains on sale of foreign company, received in Australia	0
4	Cash Gift received on wedding in India	0
5	Rental income from property in Canada, half received in India	79000
6	Business profit carried on at Sri Lanka, controlled from India	200000
Gross Total Income / Taxable Income		2559000

6 Marks**Q.1(b)** Definition of Previous Year as per Section 3 of the Act.**2 Marks**

Exceptions like; short-duration business, leaving India permanently, Shipping business, tax evasion etc.

4 Marks**OR**

Q.1(a) (i) Mr Aniket (Indian Citizen), Basic (a) condition of 182 days will be applicable. As he is in India for 10 days during the previous year, thus his status is NR. Being Indian citizen and NR, one has to check his status u/s 6(1A) r.w. 6(6)(d) as per his Indian income.

Computation of Taxable Income

Being NR

S.N	Particulars (Income other than foreign soruces)	OTR	NTR
1	Salary Income (after deduction)	1350000	1325000
2	Dividend from US Company (40% Received in India)	160000	160000
3	Cash Gift received from his father on his birthday (Exempted)	0	0
4	Business Income accrued and received in Bermuda (Foreign)	0	0
5	Rental from HP in India	400000	400000
Total Income		1910000	1885000

5 Marks

As his income other than foreign income > Rs. 15 lakh and being Indian Citizen following conditions needs to check

(i)	Indian Cititzen	Yes
(ii)	Income other than foreign income exceed Rs. 15 lakh	Yes
(iii)	Such incomes are not taxable anywhere	Yes

3 Marks

As he fulfills all above conditions thus his status will be deemed to be NOR

Moreover, there will be no change in total income as no foreign income is taxable in case of NOR except the business/profession income controlled/set-up in India. And, there is no such income in the given case. Thus his taxable income will be Rs. 1910000 or Rs. 1885000

2 Marks

(b) His status will remain NOR, even if he stays in India for 200 days during relevant previous year, and more than 365 days during 4 immediately preceeding P.Y. to the relevant previous year

2 Marks

Particulars	Amount
Gross Total Income (Excluding	1000000
less deduction u/s 80CCD+80D	65000
NTI (exlcuding agri. Income)	935000
Agricultural Income	600000
Taxable Income	1535000

3 Marks**Partial Integration of Non agri. & Agri. Income**

1. 935000+6 lacs=1535000; tax on 1535000	273000
2. 6 lacs + 250000= 850000; tax on 850000	82500
3. Step 1-Step 2	190500
Add: H&E Cess @4%	7620
Tax liab.	198120

3 Marks

Q.2(a) Mr. Rajiv's Net Income under Old Tax Regime

SN	Particulars	Amt (Rs.)	Amt (Rs.)	
	Basic Salary (30000*12)	360000		
	Commission (monthly basis) 1000*12	12000		
I	Total Basics components		372000	1 Mark
II	Allowances			
(i)	Tiffin Allowance	12000		
(ii)	Transport Allowance (2200*12)	26400		
	Total Taxable Allowances		38400	1 Mark
III	Perks			
(i)	Reimbursement of Medical Exp.	35000		1 Mark
(ii)	Accomm at concessional (least of below)= 41040			
	(a) 10% of (372000+38400) = 41040			
	(b) rent paid (15000*12) = 180000			
	Less: Amount recovered = 4000*12 = 48000			
	value of accommodation at concessional rate	0		2 Mark
(iii)	Interest Free Loan (WN-1)	37100		2 Mark
(iv)	Transfer of movable assets (computer) (WN-2)	5000		1 Mark
(v)	Transfer of movable assets (Fridge) (WN-2)	6000		1 Mark
	Total of Perks		83100	
IV	Retirement Benefits			
(i)	Employer contri to RPF (12% of salary) i.e., 43200	0		
	upto 12% of salary is exempted from tax			
(ii)	Interest on RPF (55000*3/12.5)	13200		1 Mark
	Total of retirement benefits		13200	
	Gross Salary		506700	
Less:	Standard Deduction u/s 16(i) (OTR)		50000	
	Income from the salary head		456700	1 Mark
Less:	Deduction u/s 80C: cont. to RPF (12% of salary by Ee)		43200	1 Mark
	Net Taxable Income		413500	

WN-1

Valuation of Interest Free Loan			
Date	Outs. Bal	Rate	Int. Monthly
31-Jul	400000	14%	4666.67
31-Aug	400000	14%	4666.67
30-Sep	400000	14%	4666.67
31-Oct	380000	14%	4433.33
30-Nov	360000	14%	4200
31-Dec	340000	14%	3966.67
31-Jan	320000	14%	3733.33
28-Feb	300000	14%	3500
31-Mar	280000	14%	3266.67
	Total		37100

WN-2

Perks: Transfer of Movable Assets		
Particulars	Computer	Fridge
Dep. Rate & Method	50% WDV	10% SLM
Purchase Price	60000	20000
Less: Dep. Yr.1	30000	2000
Less: Dep. Yr.2	15000	2000
Cost to Employer	15000	16000
Less: Sale (recovery)	10000	10000
Taxable Value	5000	6000

Q.2b**HRA Valuation: Least of the following will be exempted from tax**

(i)	50%/40% of Salary	xxx
(ii)	HRA Actually Received	xxx
(iii)	Rent paid -10% of Salary	xxx

Salary means = Basic +D.A(ret. Benefits)+Fixed % of Comm.

50% or 40%: In case of D+M+C+K = 50% otherwise 40%.

Taxable HRA = HRA Actually Received - Exemption

3 Marks**Free refreshment and lunch facility**

(i) Refreshments (beverages) during office hours is exempted from tax	
(ii) Lunch facility during office hrs	
Cost to employer	xxx
Less: Rs.50 per meal per day	xxx
Taxable (if positive)	xxx

3 Marks

OR**Q.2(a)** Computation of Net Income & Tax Liability of Mr. Mohan Gupta. (OTR)

SN	Particulars	Amt (Rs.)	Amt (Rs.)
	Basic Salary (38000*9)	342000	
	D.A. (not forming part) (6000*9)	54000	
	Commission (400000*4%)	16000	
I	Total Basics components		412000
II	Allowances		
(i)	Travelling Allowance (fully spent for official duties)	0	
	Total Taxable Allowances		0
III	Perks		
(i)	Car facility (2400+900)*9	29700	
(ii)	Gift from employer (7000-5000): upto 5000 exempted	2000	
	Total of Perks		31700
IV	Retirement Benefits		
(i)	Leave Salary (WN-1)	281200	
(ii)	Gratuity (WN-2)	57000	
(iii)	Pension (WN-3)	239000	
	Total of retirement benefits		577200
	Gross Salary		1020900
Less:	Standard Deduction u/s 16(i) (OTR)		50000
	Income from the salary head		970900

2 Marks**1 Mark****1 Mark****1 Mark****2 Mark****2 Mark****2 Mark****1 Mark**

WN-1

Taxable Leave Salary (Actual Received - Exemption)		
Least of the following will be exempted from tax		
(i)	Leaves Credited on monthly basis x AMS $= (7 \times 39600)$	277200
(ii)	AMS x 10 $= (10 \times 39600)$	396000
(iii)	Leave Salary Actually Received	558400
(iv)	Govt. Limit	2500000

completed years of service	28
Leaves entitled per year	25
Total leaves during the whole service	700
Leaves availed during the services	490
Leaves credited at the time of retirement (given)	210
Leaves on monthly basis	7

AMS: (10 Months)	
Basic	380000
Commission	16000
Total	396000
AMS	$396000/10 = 39600$

WN-2

Taxable Gratuity (covered under GPA)		
Least of the following will be exempted from tax		
(i)	$15/26 \times \text{Salary Last Drawn} \times \text{LoS} = (15/26 \times (38000+6000) \times 29)$	736154
(ii)	Gratuity Actually Received	793154
(iii)	Govt. Limit	2000000

WN-3

Uncommuted Pension	
$14000 \times 1/3$ for 3 months	14000
Commuted Pension	
Actual Received	450000
Less: Exemption	225000
$1/3 \times (450000 \times 3/2)$	
Taxable Commuted Pension	225000
Total Taxable Pension	239000

2(b) List down any six exempted income**1 Mark for each point**

Q.3(a) Computation of Income under PGBP of Mr. A

SN	Particulars	Amt (Rs.)	Amt. (Rs.)
I	Net Profit as per Profit and Loss A/c		-85000
II	Add: Inadmissible Expenses debited to P&L A/c		
(i)	Bonus not paid till the date of filing of return of Income(43B)	150000	
(ii)	Cost of Machinery included in Purchases A/C (capital assets)	300000	
(iii)	Car expenses used for personal purposes (60000 x 1/4)	15000	
(iv)	Municipal expenses deductible under House property	10000	
(v)	Gift to Relatives	15000	
(vi)	Excessive Depreciation charged to P&L A/c (32500-25000)	7500	
(vii)	Excessive Amount of opening stock debited (445500 – 445500X100/110)	40500	
(viii)	Transfer to DRR A/c	40000	
	Total of inadmissible expenses		578000
III	Less: Income Credited to P&L A/c Chargeable under any other head		
(i)	Rental Income from House Property	320000	
(ii)	Interest on Debentures	42000	
(iii)	Gifts From Father	65000	
(iv)	Interest on IT Refund	3000	
	Total of income credited		430000
IV	Add: Income lesser credited or not credited to P&L A/c and covered under		
	Understatement of closing Stock (360000/90% - 360000)	40000	40000
	Income under the head PGBP		103000

5 Marks

2 Marks

1 Mark

SN	Particulars	Amt	Amt
	GAV	320000	
Less:	Municipal Taxes	10000	
	NAV	310000	
Less:	Stand. Deduction : 30% of NAV	93000	
I	Income from HP	217000	217000
II	Income from PGBP		103000
III	Income from Other Sources		45000
(i)	Interest on Debentures	42000	
(ii)	Gift from father (Exempted)	0	
(iii)	Int. on IT Refund	3000	
	Gross Total Income		365000
Less:	Deduction u/s 80C (PPF) max of 1.5 lac		150000
	Net Taxable Income		215000

2 Marks

1 Mark

1 Mark

3(b) Section 44AD

Eligible Assessee: Resident Individual, HUF, and Firm (excluding LLP)

Eligible Business:

- (i) business of plying, hiring or leasing goods carriages
- (ii) a person carrying on any agency business
- (iii) a person earning income in nature of commission or brokerage
- (iv) specified professions e.g., legal, medical, engineering, accountancy

Turnover: 3 Crore (digital mode payments), 2 Crore otherwise.

Presumptive income rate

8% in case of non-digital (cash) transactions

6% in case of digital transactions

Benefits & Conditions

No books of accounts

No Tax audit

Single Advance Tax

6 Marks

OR

Q.3(a)

According to the provisions of section 44AE, if a taxpayer is engaged in the business of plying, hiring and leasing goods carriages, income is computed on estimated basis provided an assessee does not own more than 10 goods carriages at any time during the Previous year. However, if the income claimed to have earned is higher than the estimated basis then the amount actual claimed as income shall be considered as income. in the present question:

Particulars	Heavy Goods Vehicles (16 tons)	Light Goods Vehicles (6 tons)
No. of vehicles at the beginning	5	3
Less: sold vehicles (23/5/2024)	1	
Add: Purchases of Vehicles	1	1
No. of vehicles at the end	5	4
Heavy: 17/7/2023, Light: 10/10/2023		

2 Mark

as per the information given, the assessee does not own more than 10 vehicles at any time during the P.Y.

Income Computation on presumptive basis is as under:

Particulars	Amt (Rs)	Amt (Rs.)
Heavy Goods Vehicles		
5trucks x 2months x Rs1000 x 16 tons (April & May)	160000	
4 trucks x 1 month x Rs. 1000 x 16 tons (June month)	64000	
5 trucks x 9 months x Rs. 1000 x 16 tons (July to March)	720000	
Total estimated income from heavy goods vehicles (A)		944000
Light Goods Vehicles		
3 trucks x 6 months x Rs. 7500 [from April to Sept]	135000	
4 trucks x 6 months x Rs. 7500 [Oct to March]	180000	
Total estimated income from light goods vehicles (B)		315000
Estimated Income		1259000

4 Marks**4 Marks**

Business iIncome on accrual basis	
Income as per P&L A/c	624400
Less: income chargeable under IOS	200000
Income under PGBP	424400

since income under accrual basis is lesser than presumptive scheme, therefore, income under PGBP will be Rs. 1259000

2 Marks**Q.3(b)**

Conditions pertaining to section 37(1)

(i) It should not be covered under section 30 to 36; (ii) it should not be personal exp.

(iii) it should not be capital expense; (iv) it should not prohibited by any other law

Example on section 37(1)

4 Marks**2 Marks****Q.4(a)**

Assuming houses are -->	Self Occupied			Let-out		
Particulars	H-1	H-2	H-3	H-1	H-2	H-3
MV				700000	1000000	800000
FR				650000	1000000	750000
SR				900000	900000	900000
ER as well as GAV				700000	900000	800000
Less: Muncipal Taxes				70000	110000	96000
NAV	0	0	0	630000	790000	704000
Less: St. Ded. 30% of NAV	0	0	0	189000	237000	211200
Less: Int. on Borr. Capital	200000	30000	114000	228000	100000	114000
Income from House Property	-200000	-30000	-114000	213000	453000	378800

Interest from House Property

Current Year Interest	160000	30000	30000
Pre-const. period interest	68000		84000
Total interest	228000	30000	114000

8 Marks**1 Mark**

Case 1:	1 mark	Case 2	1 mark	CASE 3	1 mark
HP1 -SO	-200000	HP1 -SO	-200000	HP1 - DLO	213000
HP2 - SO	-30000	HP2: DLO	453000	HP2 - SO	-30000
HP3 - DLO	378800	HP3 - SO	-114000	HP3- SO	-114000
	148800		139000		69000

3 Marks

HP-2 and HP-3 should be treated as self occupied.

Q.4(b)

(i) Provision pertaining to Section 50C

FVC in case of transfer of land and building or both should not be less than 110% of actual sale price comparing with stamp value.

3 Marks

(ii) Treatment of forfeiture of advance money before 1/4/2014 and afterwards

3 Marks**OR****Q.4(a)**

(i)

Particulars (Total Motors)	Without index as per AY 25-26		
	Original	Right	Renounced
Number of shares	1000	200	200
Sale price per share	300	300	30
Sale Consideration (FVC)	300000	60000	6000
Less: cost of Acquisition	75000	32000	0
Less: Indexed cost of Acquisition			
LTCG	225000		
STCG		28000	6000

Without index as per AY 24-25		
Original	Right	Renounced
1000	200	200
300	300	30
300000	60000	6000
75000	32000	0
225000		
	28000	6000

4 Marks

(ii)

SN	Particulars	Without Indexation AY 25-26	With Indexation AY 25-26	With Indexation (AY 2024-25)
	Sales Consideration	6300000	6300000	6300000
Less:	selling expenses	63000	63000	63000
	Net sales Consideration	6237000	6237000	6237000
Less:	Cost of Acquisition/ Indexed COA	635000	2305050	2209800
Less:	Cost of Improvement / Indexed COI	500000	1406977	1348837
	Long term capital gain(LTCG)	5102000	2524973	2678363
Less:	Sec 54 deduction	5102000	2524973	2678363
	Taxable LTCG	0	0	0
	New House			
	Sales Consideration	8800000	8800000	8800000
Less:	selling expenses	88000	88000	88000
	Net sales Consideration	8712000	8712000	8712000
Less:	Cost of Acquisition (60L - 54 Exemption)	898000	3475027	3321637
Less:	Cost of Improvement	0	0	0
	Short term capital gain (STCG)	7814000	5236973	5390363

4 Marks

(iii) Jewellery

SN	Particulars	without. 25-26	with Index 24-25
	Sales Consideration	6500000	6500000
Less:	Cost of Acquisition	2500000	5878378
	Long term capital gain	4000000	621622

Business Income		
Sale Price as consideration	7000000	
FMV as on date of conversion (SIT)	6500000	
Business Income	500000	

4 Marks**Q4(b)**Interest on Borrowed Capital
Pre-Const. Period

SO

3 Marks

1.5 Marks

LO

1.5 Marks

Q.5(a) Ms. Kiran (age 60 years): OTR

SN	Particulars	Amt	Amt
	PGBP	900000	
	House Property	400000	
	STCG (slab rates)	300000	
	LTCG (u/s 112)(flat rate)	80000	
	Other Sources	25000	
	Gross Total Income		1705000
Less:	Deduction Chapter VIA		
(i)	80C: Equity Linked Mutal	16000	
(ii)	80CCD: NPS (180000-50000)	130000	
(iii)	80CCD(1B) NPS	50000	
(iv)	80D (60% other than cash)	19200	
(v)	80E: Int. on Higher Edu. Loan	15000	
(vi)	80G: Donations		
(a)	PM CARE Funds	8000	
(b)	National Foundation Commu	6000	
(vii)	80TTB	25000	
	Total Deductions		269200
	Net Taxable Income		1435800

2 Marks

7 Marks

		AY:24-25	AY:25-26
Taxable Income	1435800		
LTCG (112)	80000		
Tax on LTCG		16000	10000
Other Income	1355800		
Tax slabs			
Upto 300000		0	0
3 to 5 lakh	at 5%	10000	10000
5 to 10 L	at 20%	100000	100000
above 10L	at 30%	106740	106740
Total Tax		232740	226740
Add: H&E Cess	at 4%	9310	9070
Total Tax Liab.		242050	235810

tax on LTCG

1 mark

tax on other income

2 marks

Q.5(b)

Set-off losses on intra-head and inter-heads

6 Marks**OR****Q.5(a)** Ms. Tannu (28 years resident individual): NTR

SN	Particulars	Amt	Amt
I	Salary		300000
II	Other Sources		1390000
(a)	Fixed deposit bank interest	40000	
(b)	Gift on marriage (exempted)	0	
(c.)	Inadequate consideration	350000	
(d)	Winnings (gross)	700000	
(e.)	Dividend from Microsoft co.	300000	
III	STCG u/s 111A		140000
	GTI / Net Taxable Income		1830000

8 Marks

AY:2024-25

SN	Particulars		Tax Rate	Tax Amt
I	Income of special tax rates			
(i)	STCG	140000	at 15%	21000
(ii)	Winnings	700000	at 30%	210000
(iii)	Other Incomes (slab rate)	990000		
	upto Rs. 300000		0%	0
	3 to 7 lacs		5%	20000
	7 to 990000		10%	29000
	Total			280000
Add:	H&E Cess		4%	11200
	Total Tax Liab.			291200

AY: 2025-26

Tax Rate	Tax Amt
20%	28000
30%	210000
0%	0
5%	20000
10%	29000
	287000
4%	11480
	298480

4 Marks**Q.5(b)** Clubbing of income

(i) Clubbing of minor's child income

Expection: Anyone point

6 Marks