[This question paper contains 24 printed pages.]

Your Roll No. ...

Sr. No. of Question Paper : 7351

K

Unique Paper Code : 2412083501

Name of the Paper : Income Tax Law and Practice

Name of the Course : **B.Com (H)**

Semester : V – DSC

Duration : 3 Hours
समय : 3 घण्टे

Maximum Marks : 90
पूर्णांक : 90

Instructions for Candidates

1. Write your Roll No. on the top immediately on receipt of this question paper.
2. Attempt **all** questions. Each question has internal choice.
3. **All** questions having **two** parts.
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 के उत्तर दें। प्रत्येक प्रश्न में आंतरिक विकल्प है।
3. सभी प्रश्न दो भागों वाले हैं।
4. साधारण कैलकुलेटर का उपयोग स्वीकार्य 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) Ms. Arpita Gupta, an Indian citizen, has been working as Deputy General Manager in Union Bank of India since 2010. She visits foreign countries regularly in connection with her banking profession. During the previous year 2023-24 she was out of India for 182 days and during seven immediately preceding previous years. Her stay in India was as given below:

Year	2016-17	2017-18	2018-19	2019-20'	2020-21	2021-22	2022-23
Stay in India Days	80	170	165	84	78	50	120

She reported the following income for previous year 2023-24 :

1) Income from her banking job in India	Rs. 2050000
2) Dividend from Adani Power Ltd. (Indian Co.)	Rs. 230000
3) Capital gains on sale of shares of foreign company, received in Australia.	Rs. 185000
4) Cash gift received in India from a friend on her wedding	Rs. 180000
5) Rental income from a property in Canada, half rent is received in India	Rs. 158000
6) Profits from a business carried on at Sri Lanka but controlled from India	Rs. 200000

Determine her residential status and taxable income for the assessment year 2024-25.

(b) Define previous year as per section 3 of the Income Tax Act,1961. "Income tax is charged on income of the previous year during the assessment year. Do you fully agree with this statement? If not, what are its exceptions? (6)

OR

(a) Mr. Aniket, a citizen of India, has been carrying on a profession in Bermuda a foreign country, where he is not liable to pay any income-tax. His income for the previous year 2023-24 is as follows :

(i) Salary income from India (before standard deduction) — Rs. 1400000

(ii) Dividend from US company 40% of which received in India — Rs. 400000

(iii) Cash gift received in India from his father on his birthday — Rs. 200000

(iv) Business income accrued and received in Bermuda — Rs. 600000

(v) Rental income from house property in India — Rs. 400000

Determine his residential status and taxable income, if during the previous year 2023-24 he has :

(a) Stayed in India for 10 days.

(b) Stayed in India for 200 days and in the four preceding years immediately preceding to the previous year 2023-24, was for 400 days. (12)

(b) Gross Total Income of Ms. Adya Gupta (age 35 years ordinary resident) as computed under Income-Tax Act, for the assessment year 2024-25 is Rs. 1000000. She paid medical insurance premium Rs. 30000 and deposited Rs. 40000 in Atal Pension Yojana. Compute her tax liability under old tax regime if she has agricultural income of Rs. 600000. (6)

2\. (a) The following are the details of Mr. Rajiv's income and benefits received from Z Ltd. during the financial year ending 31/03/2024 :

SN	Particulars	Amount (Rs.)
i	Basic Salary	Rs. 30000 p.m.
ii	Tiffin Allowance (actual expenditure: Rs.10000 per annum)	Rs. 12000 p.a.
iii	Monthly Commission	Rs. 1000 p.m.
iv	Reimbursement of medical expenses for treatment	Rs. 35000
v	Transport Allowance	Rs. 2200 p.m.
vi	Employer provided a flat to him in Mumbai (flat is taken on rent by the employer company, rent paid Rs. 15000 p.m.) (rent recovered from employee: Rs. 4000 p.m.)	
vii	Interest-free loan by the employer to purchase household appliances on 1/7/2023 of a sum of Rs. 400000. (SBI lending rate: 14% p.a. as on 1/4/2023). It is agreed that loan will be repaid in Rs. 20000 pm installments started from 1/10/2023	
viii	Employer and employee contributions to Recognized Provident Fund	12% of Basic Salary
ix	Interest earned on RPF @ 12.5%	Rs. 55000

Employer sold assets to Mr. Rajiv as on 10/01/24 :

Particulars	Computer	Fridge
Cost of asset to employer	60000	20000
Date of purchase	10/6/21	10/6/21
Sale price	10000	10000

Determine the Net Income of Mr. Rajiv for the assessment year 2024-25 under old tax regime. (12)

(b) Discuss the provision to calculate exemption for house rent allowance u/s 10(13A) of the Act, and valuation in respect of free refreshment and lunch facility (perquisites) under the head salary. (6)

OR

(a) Calculate the total income and tax liability of Mr. Mohan Gupta under the Old Tax Regime for assessment year 2024-25 (previous year 2023-24).

Employer Name:	ABC (P) Ltd.
Date of retirement:	31st December 2023
Service tenure:	28 years and 11 months
Leave Salary received on 01/01/2024:	Rs. 558400
For un-availed leaves for 210 days credited in his account. He was entitled for 25 leaves for each completed year of service.	
Gratuity under Payment of Gratuity Act:	Rs. 793154
Uncommuted Pension :	Rs. 14000 pm w.e.f. 1/1/2024.
Commuted Pension :	Rs. 450000 for 2/3 of his pension w.e.f. 1/1/2024.

Income before retirement (till 31/12/2023)

1. Basic salary — Rs. 38000 pm.
2. D.A. — Rs. 6000 pm (not forming part of retirement)
3. Commission on sales — 4% on achieved target of Rs. 400000.
4. Travelling allowance — Rs. 1000 pm (fully spent for official duties)
5. Car facility — 1800CC car with driver till 31.12.2024.

   Car owned and exp. paid by employer.
6. Gift from employer (a wristwatch of Rs. 7000) on silver jubilee of the employer company. (12)

(b) List down six exempted incomes under section 10 of the income tax with suitable examples. (6)

3. (a) Following is the Profit and Loss Account of Mr. A for the previous year ended on 31/03/2024.

Particulars	Amount	Particulars	Amount
To Opening Stock	445500	By Sales	2450800
To Purchases	1619000	By Rent Received on Property (Let out)	320000
To Wages & Salaries	874500	By Interest on Debentures (X Co. Ltd.)	42000
To General Expenses	128500	By Gift from Father	65000
To Sales Promotion Expenses	145800	By Interest on Income Tax Refund	3000
To Provision for Depreciation	32500	By Recovery of Doubtful Debts	15000
To Debenture Redemption Reserve	40000	By Closing Stock	360000
To Central Excise Duty	55000	By Net Loss	85000
Total	**3340800**	**Total**	**3340800**

Other Information :

1. Wages included bonus of Rs. 150000 which is not paid till due date of filing of income tax return.

2. Purchases included payment made for acquiring a machinery of Rs. 300000. Payment was made by account payee cheque.

3. General expenses included a sum of Rs. 60000 on repair of car which is used (3/4th) for business and personal purposes. 1/4th is used for personal purposes..

4. General expenses further included payment of Rs. 10000 municipal taxes paid for house property (let out) which rental income is credited to business income. The rent received credited to P&L account is a gross amount without claiming any deduction.

5. Sales promotion expenses included Rs. 45000 spent on free distribution of samples to customers. And Rs. 15000 to gifts to relatives of Mr. A.

6. Recovery of doubtful debts are pertaining to previous year 2021-22 which were allowed as deduction during that year.

7. Depreciation as per calculation of section 32 is Rs. 25000 (including depreciation on new acquired machinery)

8. Opening stock is overstated by 10% and closing stock is understated by 10%.

You are required to compute taxable income of Mr. A for the assessment year 2024-25 assuming that he invested Rs. 180000 in public provident fund during the previous year, and due date of filing of return is 31st July, 2024. Mr. A is not opting for alternative tax regime. (12)

(b) Determination of income of business on estimated basis is possible under section 44AD. Explain the provisions of section 44AD and its advantages.

OR

(a) Mr. X own a business of goods carriage. He furnishes following data for the previous year 2023-24.

Particulars (on 01/04/2023	Heavy goods vehicle	Light goods vehicle
Number	5	3
Weightage description	16 ton	6 ton

During the previous year he sold one heavy goods vehicle (truck) on 23/5/2023 and bought another truck of same capacity on 17/7/2023. He purchased a light goods vehicle (truck) of 6 tons capacity on 10/10/2023.

Other relevant information for the year 2023-24 is shown below.

Expenditure	Amount	Receipts	Amount
Operational expenses	625000	Freight charges	1280000
Office expenses	25000	Interest on deposits (gross)	200000
Depreciation	165000		
General expenses	40600		
Profit	624400		
Total	**1480000**	**Total**	**1480000**

Mr. X wanted to compute his income from business or profession head under presumptive income scheme i.e., 44AE. You are required to compute business income under section 44AE. (12)

(b) Section 37(1) is a residuary section to determine whether an expense is admissible or inadmissible. Explain conditions of section 37(1) with suitable examples. (6)

4. (a) Ms. X owns three houses. All houses are self-occupied. From the following information, suggest which houses should be opted as self-occupied and accordingly determine the income under the head house property for previous year 2023-24 :

Particulars	House I	House II	House III
Municipal Valuation	700000	1000000	800000
Fair Rent	650000	1000000	750000
Standard Rent	900000	900000	900000
Municipal Taxes	10%	11%	12%
Repairs & Insurance	36000	65000	180000
Interest on borrowed capital (Capital was borrowed for construction of properties)			
Date of Borrowing	11/8/2022	1/1/1998	2/4/2020
Current Year's interest	160000	100000	30000
Aggregate of Pre-construction period interest	340000	NA	420000

Ms. X wants to opt old tax regime. (12)

(b) Describe the provisions of :

(i) Section 50C concerning the computation of capital gains for the transfer of immovable property.

(ii) Treatment of forfeited amount of advance money received under the head capital gains. (6)

OR

(a) Calculate capital gain in the following cases

(i) Mr. Singh holds 1000 shares in Tata Motors Ltd, acquired in the year 2001-02 at the cost of Rs. 75000. He has been offered right shares by the company in the month of August 2023 at Rs. 160 per share, in the ratio of 2 shares for every 5 shares held. He retains 50% of the rights and renounces the balance right shares in favor of Mr. Qureshi for Rs. 30 per share in September 2023. All the shares are sold by Mr. Singh for Rs. 300 per share in January 2024. Calculate Capital Gain taxable in the hands of Mr. Singh.

(ii) Ms. Khushi had purchased residential house in the previous year 1999-2000 for Rs. 400000. This house has a market value of Rs. 635000 on 1/4/2001. Ms. Khushi did the improvement for Rs. 500000 in the previous year 2007-08. On 01/01/2024, this house has been sold for Rs.6300000 and a new house was purchased for 6000000 on 15/03/2024. On 15/11/25, this new house has been sold for Rs. 8800000. Selling expenses on both the occasions have been 1% of sale price. Calculate capital gain and exemption (if any) for the assessment year 2024-25 and 2025-26.

(iii) Mr. Rajeev Khurana is the owner of jewellery which was purchased by him for Rs. 2500000 in 2009-10. On 01/01/2022, he converted that jewellery into stock-in-trade when FMV of the jewellery was Rs. 6500000. The jewellery held in stock-in-trade sold on 25/09/2023 for a sale consideration of Rs. 7000000. Compute capital gain and business income for the assessment year 2024-25.

CII: 2001-02=100, 2007-08= 129, 2009-2010=148, 2021-22= 317, 2022-23= 331, 2023-24=348 (12)

(b) Explain the provision of section 24(b) in respect of interest on borrowed capital for self-occupied and let out properties, also highlight calculation of pre-construction period interest amount under old tax and new tax regime. (6)

5. (a) Ms. Kiran (age 60 years), submits her income for previous year 2023-24 as follows :

Income from her profession		Rs. 900000
Income from house property situated in Germany (computed)		Rs. 400000
Short-term capital gains on sale of plot of land		Rs. 300000
Long-term capital gains on diamond		Rs. 80000
Income from other sources		Rs. 25000
➢ Interest on Fixed Deposits (Tenure: 5 years)	Rs. 15000	
➢ Interest on Post office saving	Rs. 5000	
➢ Interest on Saving Banks	Rs. 5000	
Gross Total Income		**Rs. 1705000**

She made following investments/savings :

1) Contribution towards National Pension Scheme	Rs. 180000
2) Interest payment on account of loan taken for her daughter's MBA education.	Rs.15000
3) Mediclaim premium paid by (cash:40%) for herself	Rs. 32000
4) PM CARES Fund	Rs. 8000
5) National foundation for communal harmony	Rs. 6000
6) Donations of blankets to a local temple in her locality	Rs. 20000
7) Investment by her towards Equity Linked Saving Scheme Mutual Fund	Rs. 16000

Compute her tax liability for the assessment year 2024-25 under old tax regime. (12)

(b) Discuss the provisions of section 71 of the Income Tax Act, 1961 regarding set-off losses on the basis of intra-head and inter-heads.

OR

(a) Ms. Tannu (age: 28 years, residential individual) furnished the following information pertaining to previous year 2023-24. Compute her taxable income and tax liability for assessment year 2024-25. Assume, Ms. Tannu has opted to be taxed under new tax regime.

1) Income from salary head	Rs. 300000
2) Fixed Deposit bank interest	Rs. 40000
3) Received a gift from her brother on her marriage	Rs. 70000
4) Purchased a house property from her close friend Ms. Karishma	Rs. 700000
However, stamp value of the property is	Rs. 1050000
5) Winnings from Kaun Banega Crorepati, (net of TDS @ 30%)	Rs. 490000
6) Dividend of from Microsoft Co.	Rs. 300000
7) Long term capital loss of FY 2021-22 on account of listed equity shares	(Rs. 75000)
8) Short term capital gain on listed equity shares and STT is paid	Rs. 140000

(12)

(b) "An assessee is not only liable in respect of his own income for the tax purposes, but his liability may extend to some other incomes also". Comment on this statement in reference to section 64(1A) of the Act. (6)

[This question paper contains 24 printed pages.]

Your Roll No.......

Sr. No. of Question Paper : 7501

K

Unique Paper Code : 2412093501

Name of the Paper : Income Tax Law and Practice

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

Semester : V

Duration : 3 Hours
समय : 3 घण्टे

Maximum Marks : 90
पूर्णांक : 90

Instructions for Candidates

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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	1200000
2	Cash gift received in India from a friend on her birthday	100000
3	Dividend from A.P. Ltd. (Indian Co.)	35000
4	Capital Gain from sale of house situated in Dubai received there and brought to India on 5th December 2021	500000
5	Rent received from a flat in Mumbai	240000
6	Interest on American Development Bonds, 50% received in India	50000

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. 50,000 pm

(ii) D.A. (40% is part of retirement benefits) : Rs. 20,000 pm

(iii) Travelling allowance : Rs. 10,000 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	20,000
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 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. 2/3rd 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 of 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)

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 permaently, 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**

Q.1(b)

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% otherwsie 40%.

Taxable HRA = HRA Actually Received - Exemption

3 Marks

Free refreshement and lunch facility

(i) Refreshements (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	**2 Marks**
II	**Allowances**			
(i)	Travelling Allowance (fully spent for official duties)	0		
	Total Taxable Allowances		0	**1 Mark**
III	**Perks**			
(i)	Car facility (2400+900)*9	29700		**1 Mark**
(ii)	Gift from employer (7000-5000): upto 5000 exempted	2000		**1 Mark**
	Total of Perks		31700	
IV	**Retirement Benefits**			
(i)	Leave Salary (WN-1)	281200		**2 Mark**
(ii)	Gratuity (WN-2)	57000		**2 Mark**
(iii)	Pension (WN-3)	239000		**2 Mark**
	Total of retirement benefits		577200	
	Gross Salary		1020900	
Less:	Standard Deduction u/s 16(i) (OTR)		50000	**1 Mark**
	Income from the salary head		970900	

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*39600)	277200
(ii)	AMS x 10 = (10*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 Grautity (covered under GPA)	
Least of the following will be exempted from tax		
(i)	15/26 x Salary Last Drawn x LoS = (15/26*(38000+6000)*29)	736154
(ii)	Gratutity Actually Received	793154
(iii)	Govt. Limit	2000000

WN-3

Uncommuted Pension		
14000*1/3 for 3 months		14000
Commuted Pension		
Actual Received	450000	
Less: Exemption	225000	
1/3*(450000*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	**5 Marks**
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	**2 Marks**
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	**1 Mark**
	Income under the head PGBP		103000	

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**	**2 Marks**
II	**Income from PGBP**		**103000**	
III	**Income from Other Sources**		**45000**	**1 Mark**
(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**	**1 Mark**
	Net Taxable Income		**215000**	

3(b) **Section 44AD**

Eligbile Assessee: Resident Individual, HUF, and Firm (excluding LLP)
Eligbile 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, accoutancy
Turnvoer: 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	**2 Mark**
Heavy: 17/7/2023, | Light: 10/10/2023			

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**	**4 Marks**
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**	**4 Marks**
Estimated Income		**1259000**	

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 **4 Marks**

Example on section 37(1) **2 Marks**

Q.4(a)

Assuming houses are -->	Self Occoupied			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 **8 Marks**

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

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 acutal sale price comparing with stamp value. **3 Marks**

(ii) Treatement 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 Acquisi	75000	32000	0
Less: Indexed cost of Acqui			
LTCG	225000		
STCG		28000	6000

Without index as per AY 24-25		
Original	Right	Renoun
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.		with Index
		25-26		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) Interes on Borrowed Capital SO 1.5 Marks LO 1.5 Marks

Pre-Const. Period 3 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**	2 Marks
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**	7 Marks
	Net Taxable Income		**1435800**	

		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

SN	Particulars		AY:2024-25 Tax Rate	AY:2024-25 Tax Amt	AY: 2025-26 Tax Rate	AY: 2025-26 Tax Amt
I	Income of special tax rates					
(i)	STCG	140000	at 15%	21000	20%	28000
(ii)	Winnings	700000	at 30%	210000	30%	210000
(iii)	Other Incomes (slab rate)	990000				
	upto Rs. 300000		0%	0	0%	0
	3 to 7 lacs		5%	20000	5%	20000
	7 to 990000		10%	29000	10%	29000
	Total			280000		287000
Add:	H&E Cess		4%	11200	4%	11480
	Total Tax Liab.			291200		298480

4 Marks

Q.5(b) Clubbing of income
(i) Clubbing of minor's child income

Expecation: Anyone point **6 Marks**

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

Q.1(b) Ms. Shikha (an Indian Citizen): Exceptional case. 182 days condition will be applicable

P.Y.	Stay	Basic (a) 182 days	Additional (1) 2 R/ 10 Yrs	Additional(2) 730 days /7 yrs
2024-25	183	Yes		
2023-24	120			728
2022-23	80			
2021-22	78			
2020-21	50			
2019-20	80			
2018-19	170			
2017-18	150			
2016-17	230		Yes	
2015-16	365		Yes	
2014-15	365			
Result		**Resident**	**but not ordinary resident**	

6 Marks

SN	Particulars	NOR (TI)	
1	Salary from HDGL (assuming Indian Income)	1200000	
2	Cash Gift in India (Indian Income)	100000	
3	Dividend from Indian Company	35000	
4	Capital gains accure and received in Dubai		foreign
5	Rent received in Mumbai	240000	
6	Int. on American bonds (50% received)	25000	
	Gross Total Income / Taxable Income	1600000	

one mark for each correct answer

6 Marks

OR

What is Permanent Account Number? State four transactions where quoting of PAN is mandatory.

Q.1(a) About PAN number 2 Marks Four Transactions 1 Mark for each

1(b) Being Indian citizen, Basic (a) condition of 182 days will be applicable

As she was not in India during the previous year, thus her status is NR.

SN	Particulars	NRI (TI)	
1	Singapore Income		Foreign
2	Rent from property (Indian)	1400000	
3	Singapore profession Income	0	Foreign
4	Dividend from Indian company (Indian)	300000	
	Total Income	1700000	

as her Indian income is more than 15 lacs thus following conditions will be checked

(i)	Indian Citizen	Yes
(ii)	Income other than foreign income > 15 Lacs	Yes
(iii)	Such income is not taxable in anyother country	Yes

6 marks

she satisfy all conditions, thus her status will be deemed NOR

(i)

SN	Particulars	Deemed NOR	
1	Singapore Income		foreign
2	Rent from property (Indian)	1400000	
3	Singapore profession Income (set-up in India)	1200000	foreign*
4	Dividend from Indian company (Indian)	300000	
	Total Income	2900000	

*exception in case of NOR

2 Marks

(ii)

SN	Particulars	NOR (TI)
1	Singapore Income	
2	Rent from property (Indian)	1400000
3	Singapore profession Income (set-up in India)	200000
4	Dividend from Indian company (Indian)	300000
	Total Income	1900000

2 Marks

(iii) She would have been NR as exceptions are applicable to Indian Citizen or PIO only

2 Marks

Q2(a) List down six exempted incomes under section 10 of the Act.
one mark for each point. (explantion is not compulsory) 6 Marks

(b)

SN	Particulars (for old tax regime)	Amt	Amt	
(i)	Basic Salary (80000*12)	960000		
(ii)	Commission (20000*12)	240000		
(iii)	Arrears of bonus	150000		
I	**Total**	**1350000**	1350000	
II	Allowances			2 Marks
(i)	Transport Allowance (fully taxable)	60000		
(ii)	CEA (1000*3*12) - (100*2*12)	33600		
	Total Taxable Allowances	**93600**	93600	
III	Perks			2 Marks
(i)	Tax penalty paid by employer	8000		1 Mark
(ii)	Free tea & coffee during office hrs (exempted)	0		1 Mark
(iii)	Reimubsrement of electricty bills	15500		1 Mark
(iv)	Rent free furnished accommodation (WN-1)	113820		2 Mark
(v)	Transfer of movable asset (WN-2)	0		2 Mark
	Total Taxable Perks	137320	137320	
	Gross Salary		1580920	
	Less: Standard Deduction		50000	
	Salary after deduction		1530920	
	Less: Deduction u/s 80C (PPF)		30000	
	Taxable income under the head salary		1500920	1 Mark

WN-1 **Valuation in respect of rent free furnished accommodation**

7.5% of the salary (1293600)		97020
Salary for the purpose of rent free furnished accommodation		
Basic Salary	960000	
Commission	240000	
Taxable allowances	93600	
Total	1293600	
Add: Perks in respect of use of movable assets		
(i) Rent of air condition		12000
(ii) 10% of furniture cost (Rs. 48000)		4800
Total Value in respect of RFFA		**113820**

WN-2 **Valuation in respect of transfer of movable assets ((10/5/2024)**

Cost to employer (purchased on 5/5/2021)	60000
Less: Dep. (@50% on WDV basis) for each completed year	52500
30000+15000+7500	
Less: Recovery from employee/amount paid by employee	10000
Value is negative, hence nothing taxable	-2500

OR

Exemption for employee not covered under GPA, 1972

2(a) Least of the following is exempted from tax

(i)	Half Month Average Salary * Completed Year of Service	XXX
(ii)	Gratuity Actually Received	XXX
(iii)	Govt. Specified Limit	20 Lacs

Average Salary means salary of last 10 months immediately preceeding to month of retirement
Salary = Basic + D.A. (forming part of retirement) + fixed percetage of commission
completed year of service means ignorning any fraction year. 6 Marks

2(b)

SN	Particulars (for new tax regime)	Amt	Amt	
(i)	Basic Salary (50000*9)	450000		
(ii)	D.A.(40% considered for retirement benefits)	180000		
I	**Total**	**630000**	630000	1 Marks
II	Allowances			
(i)	Travelling allowance (10000*9)	90000		
(ii)	Medical Allowance (5000*9)	45000		
	Total Taxable Allowances	**135000**	135000	2 Marks
III	Retirment Benefits			
(i)	Grauity covered under GPA, 1972(WN-1)	592308		3 Marks
(ii)	Accumulated balance of RPF (Exempted)	0		1 Mark
(iii)	Leave Salary (WN-2)	500000		3 Marks
(iv)	Uncommunted Pension (20000*3)	60000		1 Mark
	Total Taxable Retirement Benefits	1152308	1152308	
	Gross Salary		1917308	
	Less: Standard Deduction		75000	1 Mark
	Taxable Salary		1842308	

WN-1

Gratuity of Actually Received			1400000
Less: Exemption (least of the following will be exempted from tax)			807692
(i)	15/26 x Salary Last Drawn x LOS	807692	
(ii)	Gratuity actually recevied	1400000	
(iii)	Govt. specified limit	2000000	
	Taxable amount of grauity after exemption		592308

Salary for gratuity purposes	
Basic	50000
D.A. (full)	20000
Total	70000

Leangth of Service (LOS)
Joining Date 01-04-2005
Retirement Date 01-01-2025
LOS 19Y + 9M

#20Yrs

WN-2

Leave Salary Actually Received at the time of Retirment			848000
Less: Exemption (least of the following will be exempted from tax)			348000
(i)	Leaves credited on monthly basis * AMS	348000	
(ii)	AMS * 10	580000	
(iii)	Leave Salary actaully received	848000	
(iv)	Govt. specified limit	2500000	
	Taxable amount of leave salary		500000

	Actual	As Per Law
Leaves entitlement p.a.	20	20
LoS	19	19
Total Leaves	380	380
Less: Leaves availed	200	200
Leaves Credited	180	180

Leaves credited on monthly basis = 180/30 = 6 months

10 M average salary for L.S.

Basic Sal. (50000*10)	
D.A. (40%)*20000*10	500000
Total	80000
AMS	580000
	58000

Q.3(a) **Exemption under section 54EC**

Who is eligible	Any Assessee
For what	LTCG on transfer of land/building
Investment	In REC/ NHAI /IRFCL / Power Corp
Investment Limit (Rs.)	50 Lacs
Investment Limit (Time)	6 months from the date of transfer
Special Capital Gains Account	Not Available
Amount of Exemption	Amount invested or Capital Gains W.E.L

6 Marks

Q.3(b)

Particulars	**House-1 (Delhi)**	**House-2 (Jaipur)**
MV	240000	180000
FRV		
Actual Rent	360000	80000
GAV	360000	180000
Less: Municipal taxes paid by owner	24000	14400
NAV	336000	165600
Less: Deductions u/s 24		
(i) St. Deduction 30% of NAV	100800	49680
(ii) Int. on Borrowed Capital (WN-1)	0	136000
Income from House Properties	235200	-20080

H-1 5 Marks

H-2 5 Marks

215120

WN-1 Date of Loan taken 01-08-2022

Date of construction completion 01-03-2024

Duration for Pre-Const. Period Interest 31-03-2023

upto 31st March immediately preceeding to the date of construction 8 Months

*Pre-Const. Period Interest Amount = 1000000*12%*(8/12)*	*80000*
Five equal installments, benefits start from the year of constuction	16000
Interest on loan paid during the previous year 2024-25 (given) (due basis)	120000
Amount eligible for int. on borrowed capital u/s 24(b)	**136000**

2 Marks

OR

Q.3(a) Computation of GAV in case of Letout House Property

Municipal Value	XXX				
Fair Rental Value	XXX	W.E.H			
Stand. Rent	XXX	W.E.L (RER)	XXX		
		Annual Rent - URR	XXX	W.E.H	XXX
				Less: Vacancy Loss	XXX
				GAV	XXX

6 Marks

Q.3(b)

Particulars	**Gold**	**Unlist. Equ.Share**	**House Property**	**HP with Index**
Date of Purchase	16-06-2021	01-04-2021	25-09-2021	
Date of Transfer**(#)**	20-09-2024	20-09-2024	20-09-2024*	
LTCA/STCA	LTA	LTA	LTA	LTA
Full Value of Consideration	750000	120000	9000000	9000000
Less: Exp. On Transfer	0	0	0	0
Net Value of Consideration	750000	120000	9000000	9000000
Less: Cost of Acquisition	665000	60000	4450000	
Less: Indexed Cost of Acq.				5095741
LTCG	85000	60000	4550000	3904259
Tax on LTCG @ 12.5%	10625	7500	568750	
Tax on LTCG @ 20%				780852

Tax Liab. Without Indexation	586875
Tax Liab. With Indexation HP	798977

Since, tax liability in case of without indexation is lesser thus Mr. Sumesh should opt for without inexation option

3 Marks for each case 12 Marks

Q.4(a) Explain the provision of calculating depreciation u/s 32 of the Act. With examples.

Block of Assets	1 Mark
Rate of Depreciation (reference of schedule XIII)	1 Mark
No depreciation in case of block is empty / having no value	1 Mark
Additional dep.	1 Mark
Example(s)	2 Marks

if student explain steps to calcuate depreciation even marks may be given

Q.4(b)

SN	Particulars	Amt(Rs.)	Amt(Rs.)
	Net Profit as per books of Accounts		200000
Add	**Disallowed Expenses**		
(i)	Advertisement Exp. (Son's Birthday)	5000	
(ii)	Car Exp. (1/3*25000)	8333	
(iii)	Advance payment of income tax	20000	
(iv)	Municipal taxes	8000	
(v)	Custom Duty	5000	
(vi)	Excess Depreciation (52000 - 42000)	10000	
(vii)	Life insurance premium of X	50000	
(viii)	Salaries and wages	150000	
	Total disallowed exp.	**256333**	256333
Less:	**Income of Other Heads**		
(i)	Dividend from ABC Ltd.	20000	
(ii)	Income tax refund	6000	
(iii)	Interest on GH Co. Debentures	12000	
	Total disallowed incomes	**38000**	38000
	Income from PGBP		**418333**

1 Mark for each step

OR

4(a)

SN	Admissible or Inadmissible Treatment	Treatment
(i)	Provision for Bad Debts	All Provisions/reserves are disallowed exp.
	Actual Bad Debts in the P&L A/c	Actual bad debts are allowed u/s 36
(ii)	Payment made to relative as an expense in the P&L A/c	Reasonable payment made on account of any work/services perfomed by relative is allowed if such person holds the requisite qualification for the work/services as per Section 40(A)(2). In case of purchase, amount should be reasoable.
(iii)	Under valuation of closing stock in the P&L A/c	Under valuation of closing stock leads to lowering down the income, thus under-value of the closing stock will be added back to profit of the business.

2 Marks each point 6 Marks

Q.4(b)

SN	Particulars	Amt(Rs)	Amt(Rs.)	
A	**Allowed Incomes**			
(i)	Fees from clients (245000+2340000)	2585000		
(ii)	Gift from clients (140000-21000)	119000		
	Total Allowed Incomes	**2704000**	2704000	4 Marks
B	**Allowed Expenses**			
(i)	Depreciation on furniture	3750		
(ii)	Depreciation on computer	40000		
(iii)	Depreciation on car (20000*80%)	16000		
(iv)	Office exp. (405000-25000)	380000		
(v)	Salary exp. (680000 - 50000)	630000		
(vi)	Car expenses (320000*80%)	256000		
(vii)	Interest on loan (240000*50%)	120000		
	Total Allowed Expenditure	**1445750**	1445750	8 Marks
	Income from Profession		4149750	

Q.5(a)

Setting off and carryfoward of losses under the head income from HP under OTR and NTR for SO and LO

Self Occupied (OTR): A maximum loss of Rs. 200000 in case of interest on borrowed capital can be set-off intra-head first, and then inter-head adjustment, i.e., against income of salary, non-speculative business income, owing and maintaining horse races and interest income (except winnings), under OTR, that can be carry forward to coming 8 assessment years.	3 Marks
Self Occupied (NTR): No loss can be set-off on account of interest on borrowed capital in case of SO property. Thus, there is no carry-forward also	1 Marks
Let-out property (OTR and NTR): Loss from HP in case of LO property can be adjusted intra-head first, then inter-head adjustment, i.e., against income of salary, non-speculative business income, owing and maintaining horse races, and interest icnome (except winnings), under both regimes. It can be carry-forward to 8 assessment year.	2 Marks

Q.5(b)

SN	Particulars	Amt (Rs)	Amount (Rs)	
1	Income from profession (slab rates)		1750000	1 Mark
2	Income from capital gains			
	(a) STCG (111A) (15% or 20%)	5000		
	(b) LTCG (112) (without index) 12.5%	150000		
	(c.) LTCG (112A) exempted upto 1 or 1.25 lacs	0		
	Income from Capital Gains	**155000**	155000	3 Marks
3	Income from other sources			
	(a) Winnings from camel races (gross) (30%)	50000		
	(b) Winnings from horse races (gross) (30%)	40000		
	(c.) Loss from lottery (not to be set off)			
	(d) Interest on deposites (gross) (slab rate)	160000		
	Income from other sources	**250000**	250000	3 Marks
	Gross Total Income		**2155000**	
Less:	**Deductions u/s 80C to 80U**		**180000**	3 Marks
(i)	Contribution to PPF (80C) (Max. limit 1.5 lacs)	150000		
(ii)	Medical insurance (80D) (<60 Y, 25000)	25000		
	Preventive health check up (80D) combined limit	5000		
	Net Taxable Income		**1975000**	

if transfer date	before 23/7	after 23/7	
Flat Rates	15%	20%/12.5%	30%
(i) STCG: 5000	750	1000	
(ii) LTCG: 150000		18750	
(iii) Winning: 90000			27000
Total: 245000		19750	27000

Slab Rate (1975000 - 245000) = 1730000		
Slabs	Rate	Amt
upto 250000	0%	0
250000 to 500000	5%	12500
500000 to 1000000	20%	100000
Above 1000000	30%	219000
Total tax at slab rate		331500

Tax liability	331500	331500
Flat Rates	46500	46750
Add:H&E Cess (4%)	15120	15130
Tax Payable	393120	393380

2 Marks

OR

Q.5(a) Provisions relating to clubbing of minor children income.
Clubbing with whom
When clubbing is not possible
Exemption of Rs. 1500 (no exemption in case of NTR) 6 Marks

Q.5(b) Senior Citizen and Sever Disable Assessee OTR

SN	Particulars	Amount (Rs)	Amount (Rs)	
1	Income from Salary (Computed)		2250000	
2	Profit of Business	185000		
	Less: Set-off intra-head loss from business B	135000		
	Income from business after setting off loss		50000	4 Marks
3	Income from other sources			
	(a) Interest on securities (gross)	100000		
	(b) Purchase at inadequate consideration	105000		
	Income from other sources		205000	2 Marks
	Gross Total Income		2505000	
Add:	Clubbing of Minor Income (64(1A)) exempted		0	1 Mark
	GTI after clubbing		2505000	
Less:	**Deductions u/s 80C to 80U**			5 Marks
	(a) NSC VIII issue (80C)	120000		
	(b) Medical Insurance (50000+50000) Max. Limit	100000		
	(c.) Donation u/s 80G			
	(i) School Bags (Not allowed)			
	(ii) Clean Ganag Fund (100% without qualification)	150000		
	(d) 80U: Sever Disable	125000		
	Total of deductions 80C to 80U	495000	495000	
	Net Taxable Income		2010000	