

Time : 2: 30 Hours

Total Marks: 75

- N.B. 1) Q.1 is compulsory.  
2) Q. 2 to Q.5 are compulsory with internal choice.  
3) Figures to the right indicate full marks.  
4) Working note is the part of your answer.  
5) Students can solve questions either as per old regime or new regime.  
6) Use of simple calculator is allowed.

Q1 A) Choose the correct alternative and rewrite the sentence: (any 08)

08

1. Residential status of an individual depends on
  - a) Citizenship
  - b) Number of days stayed in India
  - c) Place of birth
  - d) Place of employment
2. Perquisites received by an employee are taxable under
  - a) Income from Salaries
  - b) Other Sources
  - c) Business Income
  - d) Capital Gain
3. Municipal taxes paid by the owner are deductible under
  - a) Salaries
  - b) Income from House Property
  - c) Other Sources
  - d) None
4. Depreciation on block of assets is allowed under
  - a) Salaries
  - b) Business or Profession
  - c) Capital Gains
  - d) Other Sources
5. Maximum deduction under section 80C is
  - a) Rs. 1,00,000
  - b) Rs.1,50,000
  - c) Rs.2,00,000
  - d) Rs.1,20,000
6. Deduction for interest on savings account u/s 80TTA is up to
  - a) Rs.20,000
  - b) Rs.5,000
  - c) Rs.10,000
  - d) Rs.15,000

7. Section 80U provides deduction for
  - a) Medical insurance
  - b) Disabled individuals
  - c) Widows
  - d) Agricultural income
8. Family pension is taxable under
  - a) Salaries
  - b) Other Sources
  - c) Business Income
  - d) House Property
9. Agricultural income from land situated outside India is
  - a) Taxable
  - b) Exempt
  - c) Partly taxable
  - d) Exempt up to Rs. 5 lakh
10. Winning from lottery is income chargeable under the head income from \_\_\_\_\_
  - a) Business or Profession
  - b) Salary
  - c) House Property
  - d) Other Sources

**Q1 B** State whether the following statements are True or False (attempt Any 7) 07

1. Assessment Year is the year in which income of the previous year is assessed to tax.
2. The Income-tax Act, 1961 is applicable throughout India including the state of Jammu & Kashmir.
3. Interest on bank deposits is taxable under "Income from Other Sources".
4. Perquisites like rent-free accommodation are part of salary income.
5. Tuition fees paid for children's education is eligible for deduction under section 80C.
6. Deduction for interest on savings account for senior citizens is covered under section 80TTB.
7. Capital gains arise only when a capital asset is transferred.
8. Dividend received from an Indian company is completely exempt for the shareholder.
9. The "Previous Year" always starts on 1st January and ends on 31st December.
10. Citizenship of India automatically makes a person resident in India for tax purposes.

- Q.2A** From the following information of Mr. Ravish for the Previous Year 2024-25. Compute his Gross Total Income for the Assessment Year 2025-26 if he is: 15
- a. Resident & Ordinary Resident
  - b. Resident but not Ordinary Resident
  - c. Non-Resident

Sr. no	Particulars	Rs
1.	Payments received in Kerala, for services rendered in Mumbai.	22,000
2.	Rent from a property in Dubai, received in Berlin.	1,25,000
3.	Amount brought to India, out of past untaxed profits earned in California	48,000
4.	Income from business in Turkey, controlled from Delhi.	1,50,000
5.	Income from Agriculture in Bangladesh, received in Mumbai.	10,000
6.	Rent from property in Punjab	60,000
7.	Rent from house in New Delhi, received in China.	75,000
8.	Dividend received from UK based company.	35,000
9.	Rent from plot in Canada.	1,20,000
10.	Profit from sale of plant and machinery in Assam.	50,000

OR

**Q2 B** Mr. Andrew is a USA citizen. He came to India on 15<sup>th</sup> October, 2024 for a visit and was in India till 31<sup>st</sup> March, 2025. In the earlier previous years, he was in India as under:

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Previous year	Number of Days	Previous year	Number of Days
2014-15	188	2019-20	300
2015-16	190	2020-21	195
2016-17	185	2021-22	185
2017-18	200	2022-23	100
2018-19	40	2023-24	200

Find out the residential status of Mr. Andrew for the assessment year 2025-26 assuming that he is not a person of Indian origin.

**Q3 A** Mr. Samir provides the following particulars of assets transferred by him during the previous year ended 31<sup>st</sup> March, 2025. You are required to compute his income from Capital gains chargeable to tax for Assessment year 2025-26.

A residential house in Chennai was purchased on 12<sup>th</sup> December, 2001 at a cost of Rs. 18,00,000. He incurred expenses of Rs. 3,00,000 towards improvement in the FY 2009-10 and Rs. 2,50,000 in FY 2016-17. He sold the above house on 16<sup>th</sup> May, 2024 for Rs. 1,25,00,000.

He incurred transfer expenses of Rs. 1,00,000 on the sale transaction.

He purchased eligible bonds issued by the Rural electrification Corporation (REC) for Rs. 30,00,000 on 26<sup>th</sup> June, 2024.

Cost Inflation Index are as follows:

Financial year	2001-02	2009-10	2016-17	2024-25
Cost Inflation Index	100	148	264	363

OR

Q3 B Ms. Mahima who is physically disabled to the extent of 40%, works as a teacher in the private school. From the following particulars of income provided for the Previous Year ended 31<sup>st</sup> March, 2025. You are required to compute her net taxable income for the AY 2025-26.

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Particulars	Rs
Basic Salary	10,00,000
Dearness allowances	2,00,000
Transport allowances	26,000
Reimbursement of Medical expenses	18,000
Allowances from examination work at school	12,000
Advance Salary received	54,000
Profession Tax paid	2,500
<b>Other information</b>	
Exam remuneration received from Maharashtra Board	5,000
Interest on Debentures	20,000
Interest on Term Deposits with Companies	12,000
Gift from grandfather	85,000
Dividend from Indian Company	7,000

She paid medical insurance premium for her dependent daughter Rs. 25,000.

Q4 A: Mr. Vinesh Sharma provides the following information for the previous year ended 31<sup>st</sup> March, 2025. You are required to compute his net taxable income for the AY 2025-26.

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**Profit & Loss account for the year ended 31-3-2025**

Expenses	Rs	Income	Rs
To Salaries	3,20,000	By Gross Profit	11,00,000
To Staff welfare	15,000	By Profit on sale of import licence	20,000
To Drawings	70,000	By interest on PPF	75,000
To Advertisement	72,000	By interest on bonds	40,000
To Income tax paid	50,000	By Dividend from Co-op bank	15,000
To Interest on business loan	80,000		
To Miscellaneous expenses	35,000		
To Electricity Charges	90,000		
To Contribution to PPF	1,00,000		
To Depreciation	30,000		
To Net Profit	3,88,000		
	<b>12,50,000</b>		<b>12,50,000</b>

**Additional information:**

1. Miscellaneous expenses include Rs. 20,000 which was paid in cash.
2. Advertisements include Rs. 15,000 as advertisement in the souvenir of political party.
3. Depreciation as per Income tax rules is Rs. 35,000.
4. Interest on business loan, is not paid before the due date for filing the income returns.

**OR**

**Q4: B** Mr. Samuel owns two houses in Mumbai and Kolkatta, the particulars of which are as follows for the Previous Year 2024-25: **15**

Particulars	Mumbai House	Kolkatta House
Nature of Occupancy	LOP	SOP
Municipal Valuation	2,45,000	5,50,000
Fair rent	2,75,000	-
Rent received	3,00,000	NIL
Municipal taxes	25,000	52,000
Fire insurance premium paid	10,000	10,000
Collection charges	2,000	NIL
Land revenue payable	5,500	3,200
Details of borrowed capital:		
Interest paid during the year	45,000	42,000
Principal repaid	50,000	25,000
Date on which loan was taken	10-12-2014	25-10-2015

He also received the following income during the PY 2024-25:

- a. Won Rs. 20,000 as Lottery prize.
- b. Dividend received Rs. 26,000.
- c. Royalty received Rs. 35,000.
- d. Interest on fixed deposits with SBI Rs. 10,000.

He also contributed Rs. 24,000 towards LIC Pension Fund policy.

You are required to compute the net taxable income for the AY 2025-26.

**Q.5 Answer the following**

- A) State the exempt income under section 10 of Income Tax Act, 1961
- B) Explain the term Assessee and Assessment in detail

**08****07****OR****Q. 5 Write Short Notes on: (Any Three)****15**

- 1) Deductions under the head Income from Salary
- 2) Person
- 3) Concept of Indexation under the head Capital Gains
- 4) Leave Encashment
- 5) Residential status of an individual