

Time: 2.30 Hours

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 notes form part of the 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) (8 Marks)

1. Income tax in India is governed by
 - a) Companies Act
 - b) Income Tax Act, 1961
 - c) GST Act
 - d) Banking Regulation Act
2. Income from agriculture in India is
 - a) Fully taxable
 - b) Fully exempt
 - c) Partly taxable
 - d) Taxable above ₹1 lakh
3. Standard deduction from salary income is
 - a) ₹25,000
 - b) ₹40,000
 - c) ₹50,000
 - d) ₹60,000
4. Deduction under section 80D is allowed for
 - a) Housing loan interest
 - b) Medical insurance premium
 - c) Education loan
 - d) Donation
5. Income from lottery is taxed under the head
 - a) Salary
 - b) Business income
 - c) Capital gains
 - d) Income from other sources
6. Depreciation is allowed under the head
 - a) Salaries
 - b) House property
 - c) Business or profession
 - d) Capital gains
7. Maximum deduction under section 80CCD(1B) is
 - a) ₹25,000
 - b) ₹50,000
 - c) ₹1,00,000
 - d) ₹1,50,000
8. Income tax returns are filed with
 - a) RBI
 - b) SEBI
 - c) Income Tax Department
 - d) GST Council
9. Previous year means
 - a) Financial year immediately preceding assessment year
 - b) Calendar year
 - c) Next financial year
 - d) None

10. Dividend received from Indian company is taxable under

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

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

(7 Marks)

1. Income tax is a direct tax.
2. Agricultural income in India is fully taxable.
3. Interest on savings account is taxable.
4. Assessment year is the year in which income is earned.
5. Salary received in advance is taxable.
6. Gifts received from relatives are exempt from tax.
7. Capital gain arises on transfer of capital asset.
8. Municipal taxes are deductible from income from house property.
9. Income from business outside India is always taxable in India.
10. A company is treated as a person under the Income Tax Act.

Q2 A)

(15 Marks)

From the following particulars of **Mr. Rajesh** for the Previous Year 2024-25, compute his **Gross Total Income** for the Assessment Year 2025-26 if he is:

- a) Resident & Ordinary Resident
- b) Resident but Not Ordinary Resident
- c) Non-Resident

Particulars	Amount (₹)
Income received in India for services rendered in Singapore	40,000
Income from business in Sri Lanka controlled from Mumbai	1,80,000
Rent from property in London received in London	1,50,000
Agricultural income from Nepal received in India	20,000
Dividend received from Indian company	30,000
Income from business in Delhi	2,00,000
Profit from sale of machinery in Gujarat	60,000
Interest on bank deposits in India	15,000

OR

Q2 B)

(15 Marks)

Mr. David, a citizen of Canada, came to India on **1st September 2024** and stayed till **31st March 2025**. His stay in India during earlier years is as follows:

Previous Year	Days in India
2018-19	180
2019-20	200
2020-21	160
2021-22	150
2022-23	100
2023-24	120

Determine his **Residential Status** for the AY 2025-26.

Q3 A**(15 Marks)**

Mr. Ajay sold a residential house property on **10 June 2024** for **₹95,00,000**.

Details are as follows:

- Cost of purchase (2005-06): ₹12,00,000
- Improvement cost (2012-13): ₹3,00,000
- Transfer expenses: ₹80,000
- Investment in REC bonds: ₹25,00,000

Cost Inflation Index:

Year	CII
2005-06	117
2012-13	200
2024-25	363

Compute **Long Term Capital Gain** for AY 2025-26.

OR**Q3 B****(15 Marks)**

Ms. Riya works as a manager in a private company. Compute her **Taxable Salary** for AY **2025-26**.

Particulars	Amount (₹)
Basic Salary	9,00,000
Dearness Allowance	1,20,000
House Rent Allowance	1,50,000
Medical allowance	18,000
Transport allowance	24,000
Advance salary received	40,000
Professional tax paid	2,500

Other income:

Interest on bank deposits ₹15,000

Dividend from Indian company ₹8,000

She paid medical insurance premium ₹20,000.

Q4 A**(15 Marks)**

Mr. Rakesh provides the following Profit & Loss Account for the year ended 31-03-2025.

Expenses	₹	Income	₹
Salaries	2,50,000	Gross Profit	9,50,000
Advertisement	60,000	Interest on bank deposits	20,000
Drawings	50,000	Dividend from company	15,000
Electricity	70,000		
Depreciation	25,000		
Income tax paid	40,000		
Net Profit	4,40,000		

Additional Information:

1. Depreciation as per Income Tax Rules ₹40,000
2. Advertisement includes ₹10,000 donation to political party
3. Drawings ₹50,000

Compute **Taxable Business Income**.

OR

Q4 B

(15 Marks)

Mr. Arjun owns two houses in **Pune and Delhi**.

Particulars	Pune House	Delhi House
Nature	SOP	LOP
Municipal value	2,20,000	3,00,000
Fair rent	2,40,000	3,20,000
Actual rent	NIL	3,50,000
Municipal taxes	20,000	30,000
Interest on loan	1,20,000	80,000

Other Income:

Lottery winnings ₹25,000

Interest on bank FD ₹12,000

Royalty ₹18,000

Deduction u/s 80C: LIC premium ₹30,000.

Compute **Net Taxable Income** for AY 2025-26.

Q5 A

(8 Marks)

State the **exempt incomes** under **Section 10** of the Income Tax Act, 1961.

Q5 B

(7 Marks)

Explain the following terms in detail:

1. Assessee
2. Assessment

OR

(15 Marks)

Q5 Short Notes (Any Three)

1. Income from Other Sources
2. Deduction under Section 80C
3. Capital Asset
4. Agricultural Income
5. Previous Year and Assessment Year