

Time: 3 Hours

Total Marks: 100

1. All Questions are compulsory subject to internal choice.
2. Exercise internal options wherever given.
3. Figures to the right represent full marks to the question.
4. All questions should be answered w.r.t assessment year 2025-26.
5. All workings shall form part of the main answer.
6. Use of simple calculator is allowed.
7. All questions are required to be solved under old tax Regime.

Q.1A Choose the most appropriate alternative and rewrite the statements: (Attempt any 10)

(10)

1. The legal status under Income Tax Act of Bhuj Municipal Corporation is, _____.
 - a. Individual
 - b. A Company
 - c. Local Authority
 - d. An Artificial Juridical Person
2. Sumit Jha goes out of India every year for 274 days. For Assessment Year 2025-26, he is _____.
 - a. A resident and ordinarily resident
 - b. A resident but not ordinarily resident
 - c. Non resident
 - d. Non-citizen
3. Isha is neither a government employee nor covered under Payment of Gratuity Act, 1972. She has completed 18 years and 8 months of service. The number of completed years considered for gratuity exemption shall be _____.
 - a. 18 years
 - b. 19 years
 - c. 18.5 years
 - d. 17.5 years
4. Municipal Value ₹ 80,000; Fair rent ₹ 1,20,000; Municipal Taxes ₹ 20,000. The entire house remained self-occupied throughout the previous year. Net Annual Value is _____.
 - a. ₹ 80,000
 - b. ₹ 1,20,000
 - c. ₹ 20,000
 - d. Nil

- 5 Mr. Z sells a commercial property after 30 months for ₹1,20,00,000. Cost of acquisition was ₹90,00,000 and indexed cost is ₹1,05,00,000. Calculate capital gain.
- ₹15,00,000
 - ₹30,00,000
 - ₹10,00,000
 - ₹20,00,000
- 6 Mrs. Seeta received a family pension of ₹1,20,000 in previous year. What is the taxable amount under "Income from Other Sources"?
- ₹1,05,000
 - ₹1,20,000
 - ₹1,00,000
 - ₹1,15,000
- 7 Mr. Z took an education loan and paid ₹45,000 as interest in FY 2024-25. What is the deduction under Section 80E?
- ₹40,000
 - ₹45,000
 - ₹50,000
 - ₹25,000
- 8 Mr. X earned ₹60,000 as interest on savings Bank account. What is the deduction available under Section 80TTA?
- ₹60,000
 - ₹50,000
 - ₹10,000
 - Nil
- 9 Mr. Sundar has income from salary ₹7,00,000, income from house property ₹2,00,000, income from capital gains ₹3,00,000, income from other sources ₹1,00,000. Deduction under 80C is ₹1,50,000 and under 80D is ₹25,000. What is the total income?
- ₹11,25,000
 - ₹11,75,000
 - ₹12,00,000
 - ₹12,25,000

- 10 Income received outside India by a non-resident individual from a foreign source is:
- Taxable in India
 - Not taxable in India
 - Taxable if remitted to India
 - Taxable only if exceeding ₹1 lakh
- 11 Which of the following is NOT considered a capital asset?
- Stocks and shares held by an individual
 - Stock-in-trade held for business
 - Residential house property held as investment
 - Jewellery held as an investment
- 12 Which of the following is NOT included in salary income?
- Pension received by retired employee
 - Bonus received
 - Rent received from house property
 - Perquisites provided by employer

Q.1B State whether the following statements are True or False: (Attempt any 10) (10)

- Gift received by a doctor from his patient is income as per Income Tax Act.
- Foreign Income of an ordinary resident is wholly taxable.
- Interest credited to statutory provident fund shall be fully taxable.
- Sub-letting of a house is an income from house property.
- Preliminary expenses are allowed as a deduction in 5 equal instalments under Section 35D.
- Capital expenditure is allowed as a deduction under Profits/ Gains from Business and Profession.
- Bad debts, which were earlier allowed as deduction, when recovered, are taxable under Profits and gains from business or profession
- Standard deduction under house property income is 50% of Net Annual Value
- Interest on borrowed capital is allowed as a deduction up to ₹2,00,000 for self-occupied houses
- Interest from Post Office Savings Account is fully exempt under Income from Other Sources.
- Dearness Allowance is always fully exempt from tax.
- Tuition fees paid for children's education is eligible for deduction under Section 80C.

Q.2 (A) Ms. Apeksha, who is physically disabled to the extent of 50%, works as a professor in a private college. From the following particulars of income provided for the previous year ended 31st March 2025.

You are required to compute the net taxable income for the assessment year 2025-26. (10)

Basic Salary	₹ 8,50,000
Dearness Allowance	₹ 4,50,000
Transport Allowance	₹ 52,000
Re-imbursment of Medical Expenses	₹ 36,000
Allowance from examination work at college	₹ 16,000
Advance Salary received	₹ 55,000
Professional Tax Paid	₹ 2,500
Exam Remuneration received from university	₹ 12,000
Gift from Grandfather	₹ 65,000
Dividend from ABC Ltd.	₹ 25,000
Interest on Deposits with Bank	₹ 12,000
Interest on Debentures	₹ 35,000

She paid Medical Insurance Premium for her dependent son ₹ 29,000.

Q2 (B) Mr. Kishore Parmar has provided following particulars of his income for the previous year ended 31st March 2025. You are required to compute the net taxable income for the assessment year 2025-26. (10)

Particulars	House 1	House 2
	(Let Out) ₹.	(Self-Occupied) ₹
1. Municipal Value	8,00,000	2,56,000
2. Fair Rent	7,90,000	3,10,000
3. Rent Received	8,40,000	Nil
4. Municipal Taxes Paid	40,000	30,000
5. Interest on Housing Loan taken for Purchase of House (Loan Taken on 1-4-2020)	1,20,000	55,000
Other Information:		
6. Winnings from Lottery		
7. Dividend received on shares		50,000
		85,000

40% Municipal tax for house 1 was paid by the tenant. Mr. Kishore Paid ₹. 28,000 as medical insurance premium for himself via credit card. He also paid ₹. 1,00,000 as Life Insurance Premium.

OR

Q. 2(C) Mr. Chandore works with the Government of Maharashtra. He gives you the following information for the year ended 31st March 2025. (10)

1. Basic Salary (Gross)	₹ 5,00,000 per annum
2. Dearness Allowance	₹ 1,80,000 per annum
3. House Rent Allowance (Exempt u/s 10 ₹ 45,000)	₹ 85,000 per annum
4. Entertainment Allowance	₹ 14,000 per annum
5. Conveyance Allowance (Amount spend ₹ 42,000)	₹ 82,000 per annum
6. Interest on Government Securities	₹ 1,00,000
7. Professional Tax	₹ 2,500
8. Contribution made in Unit Linked Insurance Plan	₹ 40,000

Other Information:

He had taken a loan from Thane District Co-operative Bank for higher education of his daughter pursuing an MBA degree course from Jaipur University. During the year he had paid ₹ 60,000 principal and ₹ 85,000 as Interest.

Compute his net taxable income for the assessment year 2025-26.

Q2 (D) Ms.Hansa Parekh owns two residential houses, particulars of which are as follows:(10)

Particulars	House I (₹.)	House II (₹.)
Standard Rent	3,50,000 p.a.	N.A.
Municipal Valuation	3,00,000 p.a.	1,00,000 p.a.
Fair Rent	2,90,000 p.a.	1,05,000 p.a.
Actual Rent	27,000 per month	Nil
Municipal Taxes Paid by Owner	15,000 p.a.	6,000 p.a.
Repairs & maintenance	55,000 p.a.	21,500 p.a.
Interest on Housing Loan taken for purchase of House.	65,000 p.a.	30,000 p.a.
Other Information		
Interest on Company Deposit.		30,000
Dividend on Mutual Funds.		45,000

Q.3(B) Mr. Karan provides the following information for the previous year ended 31st March, 2025. You are required to compute his Net Taxable Income for the Assessment Year 2025-26

(20)

Profit and Loss Account
For the year ended 31st March, 2025

Particulars	₹.	Particulars	₹.
To Office Expenses	1,20,000	By Gross Profit	10,60,000
To Salaries	4,75,000	By Income Tax Refund	95,000
To Motor car Expenses	90,000	By Rent from House Property (Let Out Property)	4,00,000
To Life Insurance Premium	70,000	By Discount Received	75,000
To Municipal Tax paid for House Property	30,000		
To Interest on Loan	1,00,000		
To Repair Expenses	45,000		
To Depreciation	50,000		
To Net Profit	6,50,000		
	16,30,000		16,30,000

Additional Information:

1. Repair Expenses include ₹. 20,000 paid for rented house property
2. Depreciation as per Income Tax Rules is ₹. 55,000
3. Life Insurance premium is paid for himself.
4. Interest on Loan is towards ₹. 60,000 for Rented House Property and balance ₹. 40,000 for education Loan of his daughter, who is pursuing Architect Course from recognised institution.

Q. 4(A) Ms. Rhea purchased a flat in Pune for ₹18 lakh on 10th March 2002. The flat was inherited to her daughter, Priya, on 12th August 2010. At the time of inheriting the flat, Priya incurred ₹3 lakh on legal fees to resolve a title dispute raised by a distant relative.

In May 2019, Priya undertook extensive renovations, including a new modular kitchen, costing ₹7 lakh. Previously, Ms. Rhea had constructed a balcony in June 2004 at a cost of ₹1,20,000.

Priya sold the flat for ₹1.20 crore in June 2024, incurring ₹8 lakh towards brokerage charges.

The market values of the flat were ₹15 lakh in April 2002, ₹24 lakh in April 2005, and ₹80 lakh in April 2010. Priya invested ₹95 lakh in another flat in August 2024.

You are required to compute the amount of capital gains taxable in the hands of Priya for the Assessment Year 2025-26.

CII Chart :

FY 2001-02	100
FY 2004-05	113
FY 2009-10:	148
FY 2019-20	289
FY 2024-25:	363

Q.4 (B) Mr. Lal Khan comes to India, for the first time, on April 10, 2023. He stays in Chennai up to April 10, 2024 and thereafter shifts to Mumbai. He departs from Mumbai for his native country USA on October 10, 2024. Determine his residential status for the assessment year 2025-26.

OR

Q4 (C). Mr. Arjun sold his apartment in Bangalore for ₹135 lakh on 15th May 2024. He inherited this property from his father on 10th September 2012. In August 2017, he spent ₹12 lakh on renovations, including ₹9 lakh for installing a new waterproof ceiling and flooring, and ₹3 lakh on an inbuilt oven and dishwasher.

His father originally purchased the property in December 1980 for ₹60,000. The market values of the property on key dates were:

1st April 1981 — ₹75,000	1st April 1991 — ₹1,90,000
1st April 2001 — ₹14,50,000	1st April 2011 — ₹50,00,000

His father incurred ₹6,000 in 1987 to build a special chimney in the kitchen.

In July 2024, he invested ₹60 lakh in NHAI bonds.

CII Chart :

FY 2017-18:	272
FY 2023-24:	348
FY 2024-25:	363

Calculate capital gains for Mr Arjun for AY 2025-26.

Q.4 (D) Mr. Rajababu has earned the following incomes during the previous year ended on 31st March 2025. Compute the Gross Total Income for the Assessment Year 2025-26 assuming that he is:

- (1) a resident and ordinarily resident
- (2) a resident but not ordinarily resident:

	Particulars	₹
a.	Interest on Tata Motors Ltd Debentures, received in Sweden	10,000
b.	Profit from business in Jalgoan controlled from Jaipur	20,000
c.	Profit on sale of Plant at Bhilai (Chhattisgarh)	30,000
d.	Past Untaxed Profit of business in Dubai, now brought to India	40,000
e.	Pension from an Indian Employer received in Egypt	50,000
f.	Savings Bank Interest from State Bank of India, London Branch	60,000
g.	Technical Knowhow fees from Govt. of Gujrat received in Japan	70,000
h.	Agriculture Income earned in India received in Sri Lanka .	80,000
i.	Interest from Bank Account in Nagaland.	90,000

Q.5 (A) Write in details exemption available for Gratuity under section 10(10). (10)

(B) Explain in detail, any four deductions available under chapter VI-A. (10)

OR

Q.5 C Write Short notes on (any 4) (20)

- a) Capital Asset
- b) Concept of Reasonable Letting Value
- c) Taxability of Foreign Income in India
- d) Deemed to be an "Assessee"
- e) Interest on Housing Loan
- f) Commuted and Uncommuted Pension