Time : 3 Hours **Max Marks : 100**

Note :

1. Figures to Right indicate full marks to the question
2. All questions are compulsory.
3. Exercise internal Options wherever offered.
4. All questions to be answered as per the Old tax Regime
5. All questions to be attempted as per the Provisions of Assessment Year: 2025-2026.
6. All workings shall form part off the answer
7. Use of Simple Calculator is allowed

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

1 Mr. Ayan, a foreign citizen, came to India on 30th May 2024 and left India on 30th May 2025. For the 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

2 Anish Ltd. Paid salary of Rs. 5,00,000 to employee Anil and undertakes to pay income tax amounting to Rs. 10,500 during the previous year 2024-25 on behalf of Anil. The gross salary of Anil shall be _____.
a. Rs. 5,10,500
b. Rs. 5,00,000
c. Rs. 10,500
d. Rs. 4,89,500

3 The legal status under Income Tax Act of Mr. Arijit Singh, Indian Singer is, _____.
a. Individual
b. A Company
c. An Association of persons
d. An Artificial Juridical Person

4 Mr. Alok has income from salary Rs.7,50,000, income from house property Rs.1,50,000, and interest from savings bank Rs.15,000. Deduction under section 80TTA is Rs.10,000 and 80C is Rs.1,50,000. Calculate Net Taxable income.
a. Rs.9,15,000
b. Rs.7,55,000
c. Rs.9,05,000
d. Rs.7,65,000

5 Ajay has two house properties. Both are self-occupied. The Annual Value of ___
a. Both houses shall be Nil
b. One house shall be Nil
c. No house shall be Nil
d. not taxable under income from house property

6 Profit on transfer of Duty Entitlement Passbook is _____.
a. exempt from tax
b. taxed as profits and gains of business
c. taxed as capital gains
d. taxed as income from other sources

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7 Section 35D provides for the amortisation of preliminary expenses_____
a. in the year such expenses are incurred
b. in the year such expenses are paid
c. over a period of 5 years
d. over a period of 10 years

8 Shares held for less than 12 months are _____.
a. Long Term Capital Gain
b. Exempted Capital Assets
c. Excluded from definition of Capital Assets
d. Short Term Capital Gain

9 Which of the following expenses is NOT allowed as deduction while computing business income?
a. Advertisement paid for business
b. Salary paid to employees
c. Advertisement paid in souvenir of a political party
d. Depreciation on machinery used in business

10 The quantum of deduction allowed u/s 80U is ___.
a. Rs. 40,000
b. Rs. 75,000
c. Rs. 60,000
d. Rs. 70,000

11 For claiming deduction u/s 80C in respect of life insurance premium, it can be paid by assessee for _____.
a. Himself Only
b. Himself or Spouse
c. Himself, Spouse and Children
d. For everyone including cousin

12 Voluntary Retirement Compensation received by retiring employee is exempt u/s 10(10C) to the maximum extent of ____.
a. Rs. 3,00,000
b. Rs. 1,00,000
c. Rs. 10,00,000
d. Rs. 5,00,000

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

1 Arrears of Bonus, received in lump sum by an employee is income as per Income Tax Act.
2 Residential status of a person may change from year to year.
3 Family pension received is taxable under the head income from salary.
4 The legal status of Mr. Mahesh Das Indian athlete is Body of Individual.
5 Uncommuted pension received by government employee is taxable.
6 Income from sale of household furniture is Non Taxable As Capital Gain.
7 Depreciation is not allowed in case of intangible assets.
8 Tuition fees paid for children's education is eligible for deduction under Section 80E.
9 Jewellery held as stock in trade is treated as capital assets for capital gain purposes.
10 Goodwill of a business is treated as capital assets for capital gain purpose.
11 Award received from government is exempt.
12 Transfer expenses are deducted from sale consideration.

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Q.2A Mrs. Krutika is a lecturer at Savani College, Ankleshwar. She furnishes you the following details:

- Basic Monthly Salary: Rs.80,000
- Dearness Allowance: Rs.30,000 per month
- House Rent Allowance: Rs.15,500 per month (of which Rs.10,000 per month is exempt)
- Project Allowance: Rs.15,000
- Allowance for looking after the evening shift of the college: Rs.18,000 per month
- Examinership fees from University of Mumbai Rs.3,250 and Maharaja Sayajirao University Rs.2,250
- Expenditure on books for her employment: Rs.5,850
- Professional tax deducted at source: Rs.2,500
- Expenditure on attending a seminar at Goa Rs.4,950 was reimbursed by the college
- Interest received from Saving Bank Account Rs.22,000
- Dividend received from Equity Shares Rs.18,000

You are required to Compute the Net Taxable Income of Mrs. Krutika for the Previous Year 2024-25 relevant to Assessment Year 2025-26. **(10)**

AND

Q2 B. Mr. Raj Aryan 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 under Optional Tax Regime. **(10)**

Particulars	House 1 (Let Out) Rs.	House 2 (Self-Occupied) Rs.
1. Municipal Value	5,00,000	2,86,000
2. Fair Rent	4,90,000	2,70,000
3. Rent Received	5,24,000	Nil
4. Municipal Taxes Paid	50,000	30,000
5. Interest on Housing Loan taken for Construction of House (Loan Taken on 1-4-2022)	80,000	55,000
Other Information:		
6. Interest on Saving Bank Account		40,000
7. Dividend received on shares		67,000

50% Municipal tax for house 1 was paid by the tenant. Mr. Raj Aryan Paid Rs. 40,000 as medical insurance premium for himself via credit card.

OR

Q.2 C Ms. Priti Kabra is employed with Glenmark Ltd. as an HR Manager. She has provided the following income details for the Previous Year 2024–25. You are asked to compute her Net Taxable Income for the Assessment Year 2025–26. **(10)**

1. Basic Salary - Rs.1,50,000 per month
2. Dearness Allowance - Rs.70,000 per month
3. House Rent Allowance - Rs.60,000 per month (Exempt Rs.30,000 per month)
4. Perquisite value of Laptop - Rs.2,10,000 p.a.
5. Fixed Medical Allowance - Rs.35,000 p.a.
6. Entertainment Allowance - Rs.8,000 per month

Other Information:

1. Mediclaim Insurance Premium Paid - Rs.18,000
2. Investment in Public Provident Fund - Rs.2,50,000
3. Interest on Fixed Deposit – Rs.35,000
4. Winning from Lottery – Rs.50,000

AND

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Q2 D. Mr. Akash Shetty has owned two residential houses, particulars of which are as follows:

Particulars	House I (Rs.)	House II (Rs.)
Standard Rent	7,50,000 p.a.	N.A.
Municipal Valuation	7,00,000 p.a.	3,00,000 p.a.
Fair Rent	7,90,000 p.a.	3,20,000 p.a.
Actual Rent	70,000 per month	Nil
Municipal Taxes Paid by Owner	12,800 p.a.	12,000 p.a.
Repairs & maintenance	37,000 p.a.	20,600 p.a.
Interest on Housing Loan taken for purchase of House.	1,05,000 p.a.	2,20,000 p.a.
Other Information		
Interest on Fixed Deposit with HDFC Bank Ltd.		29,500
Gift received from Friend on Birthday.		40,000

Compute the Total Income for Mr. Akash, for assessment year 2025-26 under optional tax regime. House I was let out for 10 months while House II was self-occupied. He paid Rs. 20,000 as principal amount of housing loan and Rs. 34,000 interests on education loan. **(10)**

Q.3 A) Mr. Nikhil, Proprietor of ABC Ltd., furnishes you the following information for the previous year ending on 31st March, 2025. **(20)**

Profit and Loss A/c for the year ended 31st March, 2025

Particulars	Rs.	Particulars	Rs.
To Salaries	4,30,000	By Gross Profit b/d	7,32,000
To Rent	30,000	By Dividend from Indian Companies	15,000
To Depreciation	14,000	By Duty Drawback	38,000
To Motor Car Expenses	18,000	By Saving Bank Interest	24,000
To Printing & Stationery	12,000	By Income Tax Refund	21,000
To Drawings	36,000		
To Medi-claim Premium	28,000		
To Advertisement Expenses	32,000		
To Professional Fees	60,000		
To Net Profit	1,70,000		
Total	**8,30,000**	**Total**	**8,30,000**

He provides you the following additional information.

1) Advertisement includes Rs.20,000 for advertisement in souvenir of a political party.
2) Allowable depreciation as per Income-tax Rules is Rs.22,000.
3) 50% of the motor car expenses are for personal purposes.
4) Medi-claim premium was paid for himself.
5) Salary include Rs.84,000 (Rs.7,000 per month) paid to his son who is B.Com. Graduate and write accounts for his business.

You are required to compute the taxable Income for the Assessment year 2025-26.

OR

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Q.3 B) Following is the Profit and Loss Account of "M/s Royal Woods" owned by Mr. Sanjeev Kumar for the year ended 31st March, 2025. **(20)**

Profit and Loss A/c for the year ended 31st March, 2025

Particulars	Rs.	Particulars	Rs.
To Salaries	27,40,000	By Gross Profit b/d	34,36,800
To Telephone expenses	80,800	By Rent received from Let-out House Property	20,00,000
To Electricity Expenses	61,000		
To Depreciation	44,000		
To Printing & Stationery	11,000		
To Legal Expenses	40,000		
To Municipal Tax	30,000		
To Repairs and Maintenance	50,000		
To Interest on Housing Loan	3,60,000		
To Drawings	1,20,000		
To Net Profit	19,00,000		
Total	**54,36,800**	**Total**	**54,36,800**

He provides you the following additional information. -

1) Municipal Valuation of House Property is Rs. 19,50,000.
2) 25% of Telephone expenses incurred for residence.
3) Municipal Tax paid for House Property and Repairs and maintenance includes Rs.20,000 for repairs to house property.
4) He invested Rs, 1,10,000 in Pension Fund of LIC for himself.
5) He paid interest on Education loan of Rs. 90,000 for his daughter who is pursuing an Engineering degree course of Mumbai University.

You are required to compute the taxable Income for the Assessment year 2025-26.

Q4 A. Mr. Sameer Verma inherited a house property from his father on 10 July 2012. **(10)**
His father had purchased the property on 15 June 1996 for Rs.5,20,000.
The following improvements were made:

Particulars	Year	Amount
Construction of First Floor	2002–03	Rs.4,40,000
Construction of Second Floor	2006–07	Rs.6,10,000
Major Renovation by Mr. Sameer	2013–14	Rs.2,90,000

The Fair Market Value on 1 April 2001 was Rs.17,00,000.
The property was sold on 20 August 2024 for Rs.1,05,00,000.
Expenses on transfer were Rs.35,000.
Cost Inflation Index

FY	CII
2001–02	100
2002–03	105
2006–07	122
2013–14	220
2024–25	363

Compute Capital Gain for AY 2025–26.

AND

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Q.4 B Mrs. Vani, a South African Citizen but India Origin came to India on 1st November 2018 for the first time. Her total stay in India was as under. **(10)**

Year ended	Numbers of days
31/03/2018	26
31/03/2019	82
31/03/2020	184
31/03/2021	76
31/03/2022	110
31/03/2023	140
31/03/2024	150

She informs you that she was in India from 1st April, 2024 to 30th June 2024.Determine her residential status for the previous year 2024-25.

OR

Q4 C Mr. Ashok purchased a house in Borivali for Rs.10,00,000 on 1 June 1998. **(10)**
The house was inherited by his son Mr. Sujal on 8 April 2009.
Sujal incurred the following expenses:

- Rs. 5,00,000 towards litigation expenses in 2009–10 to clear the title of the property.
- Rs. 9,00,000 on renovation (modular kitchen) in January 2018.

Earlier, Mr. Ashok had constructed a marble kitchen in February 1999 costing Rs.50,000.
Sujal sold the house for Rs.99,00,000 in May 2024. He paid brokerage of Rs.10,00,000.
The market values of the property were:

Date	Value
April 1998	Rs.8,00,000
April 2001	Rs.12,00,000
April 2003	Rs.90,00,000

Sujal purchased another residential house for Rs.1,40,00,000 in June 2024.
Cost Inflation Index

FY	CII
2001–02	100
2009–10	148
2017–18	272
2024–25	363

Compute the capital gain taxable in the hands of Sujal for AY 2025–26.

AND

Q.4 D. From the following income of Mr. Jain for the previous year 2024-25, compute the Gross total income for the Assessment year 2025-26. If he is- **(10)**

a) Resident and Ordinarily Resident
b) Non-Resident

Particulars	Rs.
1) Rent from house in Pune, received in Japan	1,25,000
2) Interest credited to Canara Bank, Mumbai Branch	1,75,000
3) Income from business in Germany, controlled from India	1,00,000
4) Payment received in Dubai, for services rendered in Paris	2,25,000
5) Royalties from Indian companies received in U.K.	3,00,000
6) Income earned in Brazil in the past but brought to India during the year	2,50,000
7) Income earned in India but received in West Indies	3,00,000
8) Profits from business in Germany, controlled from Dubai	4,00,000
9) Salary earned and received in U.K.	5,00,000

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Q.5 A. Write any 10 items of Expenditures disallowed under the head Business/Profession. **(10)**

Q.5 B. State the special provision for computation of capital gain in case of Depreciable Assets. **(10)**

OR

Q5 C Write short notes (any 4 out of 6) **(20)**

1. Self-occupied Property
2. Assessment Year & Previous Year
3. Ordinary Resident Person
4. Interest on Housing Loan
5. Recognized Provident Fund
6. Section 80C Deductions

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