DURATION :- 2 ½ Hours **TOTAL MARKS :- 75**

Note:
(1) All the questions are compulsory
(2) Working notes should form part of your answer
(3) Figures to right indicate full marks.

(1) (A) Select the correct alternatives and rewrite the sentence: (Any 8) **(8)**

(1) Mr. Mehta is treated under income tax laws as _____-.
(a) A company (b) An association of persons (c) An Individual (d) An Artificial Juridical Person.

(2) Maximum amount of exemption under Leave encashment is Rs. _____.
(a) 3,00,000 (b) 1,00,000 (c) 25,00,000 (d) 20,00,000.

(3) Indexation of cost will be allowed, only while computing. _____.
(a) Short Term Capital Gain (b) Long Term Capital Gain (c) Medium Term Capital Gain (d) Both Short Term & Long Term

(4) An individual suffering from 70% disability can claim _____ deduction u/s 80U.
(a) 25,000 (b) 50,000 (c) 75,000 (d) 1,25,000.

(5) Expense incurred on purchase of lottery tickets is _____ from lottery winnings.
(a) fully allowed as deduction (b) partly allowed as deduction (c) not allowed as deduction (d) none of the above

(6) Depreciation is allowable as business expense on _____ assets.
(a) Intangible (b) Tangible (c) Current (d) Tangible & Intangible Assets.

(7) Municipal tax for house property is deductible from GAV if it is _____.
(a) paid by owner during previous year (b)paid by the tenant during previous year
(c) outstanding during the previous year (d) accrues during the previous year

(8) Salary is taxable on _____ basis.
(a) Receipt (b) Due (c) Due or receipt whichever is earlier (d) Cash

(9) Agricultural Income from land situated in India is _____ under Income Tax Act, 1961.
(a) Taxable (b) Exempt (c) Both a & b (d) None of the above

(10) Taxability scope for Resident & Ordinary Resident individual is:
(a) Widest (b) Narrowest (c) Moderate (d) None of the above.

(1) (B) State the following statements are True or False: (Any 7) **(7)**

(1) Assessee means only that person who is liable to pay tax under income tax act, 1961.
(2) Income earned from business in Sri Lanka but wholly controlled from Mumbai is taxable in India for a Resident.
(3) Agricultural Income from land situated in Nepal is exempt from Income Tax.
(4) Employer's Contribution to Recognized Provident Fund is exempt upto 12% of salary.

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(5) GAV cannot exceed municipal value of property.
(6) Illegal income is taxable while illegal expense is not allowed as deduction.
(7) Profit on sale of office furniture held for more than 36 months will be regarded as long term capital gains.
(8) Income from other sources is always taxable on accrual basis.
(9) Deduction u/s 80C is available to all the assesses.
(10) Deduction u/s 80D is also available for contribution to central government health scheme.

Q. (2) (A) Mr. Anand an Indian citizen gives the following information of his income earned during the year 2024-25. **(15)**

Sr. No.	Particulars	Amount (Rs.)
1	Income from business in Russia, which is controlled from China.	26,000
2	Income earned in India but received in the USA.	12,000
3	Income accrued in Switzerland and not received in India.	15,000
4	Past untaxed profits of 2022-23 earned in Italy brought to India during 2024-25	45,000
5	Professional fees received in India.	55,000
6	Income from house property in India.	40,000
7	Salary earned and received in Singapore.	60,000
8	Interest on bank accounts in the USA, received in India	10,000

Compute his total income for the assessment year 2025-26, assuming he is (1) R and OR (2) R but NOR and (3) NR.

OR

Q. (2) (B) Mr. Virat owns two houses out of which house 1 has been self-occupied and house 2 is let out. Particulars of these properties are as follows:

Particulars	House 1 (SOP) Rs.	House 2 (LOP) Rs.
Actual Rent Received	---	13,00,000
Municipal Valuation	8,40,000	12,20,000
Fair Rent	8,00,000	12,00,000
Standard Rent	10,00,000	15,00,000
Municipal Taxes paid by the owner	60,000	80,000
Other Expenses:		
Interest on the loan taken for the construction of a house property	3,20,000	3,00,000
Fire Insurance	16,000	20,000
Ground Rent	4,000	10,000

Other Information:

a. Dividend received from Reliance Ltd. Rs. 30,000.
b. Interest on fixed deposits with Bank of Baroda Rs. 20,000.
c. He paid the medical insurance premium of Rs. 18,000 for self by cheque.
d. He has done medical treatment of his brother who was physically handicapped and dependent on him.

Determine his total income for the assessment year 2025-26 as per the old tax regime. (15)

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Q. (3) (A) Mr. Arun, a dealer in shares and debentures gives you following profit & Loss Account for the year ended 31st March, 2025. **(15)**

Profit & Loss Account for the year ended 31st March 2025.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Electricity Charges	1,35,000	By Gross Profit	22,17,000
Salary to Staff	10,10,000	Dividend on shares held as an investment	7,600
Traveling expenses	6,05,000	Interest on bonds and debentures	5,350
Insurance	68,500	Interest on income tax refund	1,230
Audit fees	4,750		
Advertisement charges	2,340		
Income tax paid	5,000		
Interest	2,100		
Motor car expenses	5,800		
Telephone charges	7,460		
Printing & Stationary	3,510		
Conveyance	2,600		
Entertainment expenses	7,000		
LIP on policy for self and family	15,000		
Net profit	3,57,120		
Total	**22,31,180**	**Total**	**22,31,180**

Other Information:

a. 1/5th of motor car expenses is for personal use.
b. Telephone charges include Rs. 1,600 for telephone at the house of Mr. Arun. Half of these expenses are for personal use.
c. During the year, he had spent Rs. 15,000 for medical treatment of a dependent relative who was suffering from permanent disability.
d. Entertainment expenses include Rs. 4,700 spent for a party given by Arun to his friends on his birthday.
e. During the year Arun has received the following gifts:
   - Rs. 60,000 from his brother staying in USA.
   - Rs. 15,000 from a friend on his birthday.

   Compute the total income of Mr. Arun for assessment year 2025-26 **as per the old tax regime**

OR

Q. (3) (B) Following is the Profit & Loss Account of Mr. Thakur for the year ended 31st March, 2025. You are required to compute his total income for the assessment year 2025-26 **as per the old tax regime (15)**

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Salaries to staff	60,700	Gross Profit	2,05,600
Repairs & Maintenance	8,750	Dividend from UTI	3,000
Printing & Stationary	2,600	Dividend from Tata Ltd.	6,500
Conveyance	3,200	Interest on FD with SBI	1,200

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Postage & telegram	1,680	Interest on FD with Birla & Sons Ltd.	750
Miscellaneous Expenses	925	Interest on loan to friend	525
Car Expenses	2,400	Interest on PPF with SBI	500
Depreciation	15,975	Interest on NSS deposit with Post office	7,000
Consultation Charges	4,500		
GST Penalty	1,000		
Insurance Premium	6,250		
Audit Fees	5,000		
Income Tax (AY 2023-24)	2,500		
Medical Expenses of Meena	4,000		
Rent, Rates & Taxes	9,500		
Net Profit	96,095		
Total	**2,25,075**	**Total**	**2,25,075**

Other Information:

a. Depreciation allowed as per income tax rules is Rs. 13,000.
b. 1/4th of use of car was for personal purpose.
c. Insurance premium includes life insurance premium of Rs. 5,500 and medical insurance premium of Rs. 750 of self.
d. Consultation charges include Rs. 1,200 being doctor consultation fees of Ms. Meena, daughter of Mr. Thakur.
e. Salaries include salary paid to domestic servant Rs. 4,800 and to on Mr. Akash Rs. 12,000 who is non-existent person.

Q. (4) (A) The property was purchased by Mr. Manoj on 07/05/1999 for Rs. 10,25,000. Fair market value as on 01/04/2001 was Rs. 12,75,000. Following improvements/ renovations were made to house property by Mr. Manoj and Mr. Deepak during various years: **(15)**

a. On 06/04/2017 Rs. 4,05,000
b. On 25/01/2023 Rs. 3,15,000

The property was sold by Mr. Manoj on 30/05/2024 for Rs. 95,00,000, brokerage paid on the sale was Rs. 25,000 and other transfer expenses amounted to Rs. 15,000. Mr. Manoj purchased a residential house property on 02/12/2024. For Rs. 27,50,000.

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Calculate his income from capital gains for the Assessment year 2025-26.

OR

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Q.(4) B. Mr Nitin, who is a physically disabled person (50%), works as a professor in a DSL college. The details of his salary and other information for the previous year 2024-25 are as follows

Particulars	Rs
Basic Salary	7,50,000
Dearness Allowance	2,50,000
Transport allowance	26,000
Bonus	18,000
Allowances for examination work at college	12,000
Advance Salary received	5,000
Professional tax paid	2,500
Other Information	
Exam remuneration received from Mumbai university	10,000
Gift from Grand Father	55,000
Dividend from Indian Companies	15,000
Interest on term Deposit with companies	10,.000
Interest on debentures of Indian Companies	30,000

Compute her taxable Income for the Assessment year 2025-26 as per the old tax regime

Q. (5) (A) Explain the "Scope of Total Income" under the Income Tax Act, 1961. **(8)**

Q. (5) (B) Explain the concept of gift in Income from Other Sources. **(7)**

OR

Q. (5) (C)Write Short Notes: (Any 3) **(15)**

a. Long Term Capital Asset

b. Interest on loan taken for the construction of a house property

c. Deductions u/s 80E and 80U

d. Assessee, Assessment Year and Previous year

e. Gratuity

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