

Program/Sem: T.Y.B.M.S – Sem - V Course: Direct Tax
Program Code: 2M00155 Course Code: 46018

Duration: 2 ½ Hour

10 NOV 2025

Max. Marks: 75

Instructions:

1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Draw neat diagrams wherever necessary.

Q. 1 Attempt the following. [15]

A. Fill in the blanks with an appropriate answer from the alternatives given.(Any 8) [08]

i). Winning from the lottery is income chargeable under the head income from_____.

- (a) Business or profession (b) Salary
(c) Other source (d) None of the above

ii). Uncommuted pension is taxable to_____.

- (a) Only Government employees (b) Only private company employees
(c) Both government and private employees (d) None of the above

iii). The maximum quantum of deduction by way of interest on money borrowed for construction of self occupied House property is rupees _____.

- (a) 1,50,000 (b) 3,00,000
(c) 2,00,000 (d) 1,00,000

iv). Award received from Government_____.

- (a) Fully taxable (b) Fully exempt
(c) Exempt up to Rs.1,00,000 only (d) None of the above

v). Monthly remuneration received by member of Parliament is chargeable under the head income from_____.

- (a) Business or profession (b) Salary
(c) Other source (d) Capital gain

vi). Entertainment allowance is allowed as a deduction only to _____ employee.

- (a) Private (b) Government

- (c) Partnership firm (d) Body of individual
- vii). The legal status of Bank of India is _____.
- (a) Individual (b) Company
- (c) Partnership firm (d) Body of individual
- viii). Amount of deduction in case of a person with severe disability under section 80U will be Rs _____.
- (a) 50,000 (b) 75,000
- (c) 1,25,000 (d) 1,50,000
- ix). In case of capital assets required on 1-4-1975, fair market value on this capital assets is determined as on _____.
- (a) 1-4-2021 (b) 4-4-1981
- (c) 1-4-1975 (d) None of the above
- x). For non government employees governed by the Payment of Gratuity Act, 1972, the maximum monetary limit for exemption is _____.
- (a) 5,00,000 (b) 3,50,000
- (c) 10,00,000 (d) 20,00,000

B. True or False: (Any 7)

[07]

- i). Residential status depends on citizenship.
- ii). Advance against salary is not part of gross salary.
- iii). Dividend received from India company is fully taxable.
- iv). Gratuity issued by government employee on retirement is fully taxable.
- v). Maximum limit of deduction under section 80C and 80CCC is Rs.2,00,000
- vi). Salary received by partner of the firm is taxable as business income.
- vii). Municipal tax paid by the tenant is not allowed as a deduction for computing net annual value of let out property.
- viii). Indexation benefit is not allowed for calculation of short-term capital gain.
- ix). Reserve for bad debts is not allowed as a expenditure for calculation of income from business or profession.
- x). Foreign income of ordinary resident is fully taxable.

Q. 2 Attempt either A or B.**[15]**

- A. a) Mr. Tom, a British citizen, had the following income during the year ended on 31st March, 2025.
- | | Rs. |
|--|--------|
| 1. Income from house property in India | 15,000 |
| 2. Income from property in Rome | 10,000 |
| 3. Interest from bank account in India | 1,200 |
| 4. Income from business in Bangladesh, being controlled from India | 16,000 |
| 5. Interest on bank accounts in the U.S.A. | 11,000 |
| 6. Salary earned and received in Tokyo | 12,000 |
| 7. Income earned and received in London | 13,000 |
| 8. Dividend from British Company received in India | 17,000 |
- Compute his Total Income for the assessment year 2025-26, if he is :
(i) A Resident (ii) A Resident but not ordinary Resident (iii) A Non-Resident

OR

- B. b) Mr. X is a U.S.A. citizen. He came to India on October 15, 2024 for a visit and was in India till 31st March, 2025. In earlier years, he was in India as under.

[15]

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

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

Q. 3 Attempt either A or B.**[15]**

- A. a) Compute Taxable Income of Mr. SK from House Property for AY 25-26
- Municipal Value Rs 65000
Fair Value Rs 70000
Standard Rent Rs 80000
Actual Rent Rs 7000 p.m
Municipal Tax Rs 3000
Interest on Loan Rs 5000

[08]

- b) Compute Taxable Income of Mr. Raju from House Property for AY 25-26 [07]
- Municipal Value Rs 50000
Fair Value Rs 60000
Standard Rent Rs 70000
Actual Rent Rs 6000 p.m
Municipal Tax Rs 2000
Interest on Loan Rs 8000

OR

B. [15]

- c) Mr. X employee of Tata group provided following information
- Basic salary per month Rs.40,000
Dearness allowance per month Rs.10,000
Commission Rs.15,000
Bonus 20% of basic salary
Project allowance Rs.12,000
Employees contribution (RPF) Rs.15,000
Children education allowance (two children) Rs.5000
Helper allowance (spent Rs.10,000). Rs.15,000
Daily allowance (spent Rs.1000). Rs.2000
Encashment of leave salary Rs.20,000
House rent allowance (exempt Rs.10,000) Rs.25,000
Tribal area allowance Rs.12,000
Interest on RPF (15%) Rs.15,000
Entertainment allowance Rs.7000
Refreshment allowance Rs.1000
Lunch facility (office) Rs.1000
Medical treatment (government Hospital) Rs.18,000
Car facility (personal) Rs.10,000
Professional tax Rs.200 per month
Compute taxable income from salary for the assessment year 2025-26.

Q. 4 Attempt either A or B. [15]

- A. a) Mr. Roshan is a proprietor of a business. Following was the Profit and Loss Account of his business for the year ended 31st March, 2025. You are required to compute his income from business for the Assessment year 2025-26 assuming Optional Tax Regime (OTR). [15]

Particulars	Rs	Particulars	Rs
To Opening stock	2,34,000	By Sales	12,40,000
To Purchase	10,00,000	By Closing stock	2,05,000
To Office Salaries	57,000	By Income tax refund	15,000
To Proprietor's Salaries	30,000	By Dividend from UTI	20,000
To Bad debts	25,000	By Dividend from Bajaj Ltd.	25,000
To Advertisement	10,500	By Interest on PPF	15,000
To Fire Insurance Premium	4,500		
To Conveyance Expenses	6,000		
To Interest on proprietor's capital	25,000		
To Medical Expenses	20,000		
To General Expenses	35,000		
To Wealth tax paid	5,000		
To Residential telephone expenses	14,000		
To GST penalty	4,000		
To Depreciation	30,000		
To Net Profit	20,000		
	15,20,000		15,20,000

Additional informations :

- (1) The residential telephone is used half the time for office work.
- (2) Purchases include Rs 80,000 paid for cash purchases, exceeding the limits prescribed Under Section 40A (3) of the Income Tax Act, 1961.
- (3) General expenses include advance Income tax of Rs 10,000 paid during the year and Rs 500 for purchase of Lottery tickets.
- (4) Depreciation allowable as per Income Tax Rules Rs 25,000.

OR

B.

[15]

- b) Mr. Prakash Shetye purchased a house property for Rs 15,00,000 on 5th October, 1992. He constructed a first floor during the financial year 2006-07 for Rs 5,50,000. He made further improvement in the financial year 2012-13 for Rs 8,00,000. He constructed 2nd floor during the financial year 2013-14 for Rs 12,00,000. He sold the property on 1-6-2024 for Rs 150 lakhs. He paid brokerage of Rs 50,000 for the sale transaction. Fair market value of property as on 1-4-2001 was 16,00,000. Investment in new house property was Rs 25 lakhs on 10-3-2025. Compute his Capital Gain for the Assessment year 2025-26.

Relevant cost inflation indices are as follows :

Financial Year.	Cost Inflation Index
2001-02	100
2006-07	122

2012-13	200
2013-14	220
2024-25	363

- Q. 5** **Attempt either (A and B) or C.** **[15]**
- A.** Explain any four deduction under section 80. **[08]**
- B.** What are the provisions of income tax act 1961 for determining the residence of individual? **[07]**

OR

- C. Short Note: (Any 3) (5 marks each)** **[15]**
- a) Person
 - b) Capital assets
 - c) Gratuity
 - d) Pension
 - e) Provident fund

- - X - - X - -