

- Q.1(a) Theory
 Basic Conditions
 Additional conditions
 Exceptions
 Exceptions 6(1A)

Q.1(b)

SN	Particulars	ROR	RNOR	Non-Resident
1	Interest on savings bank deposits in Punjab & Sind Bank, Delhi	120000	120000	120000
2	Income from HP in Canada (Rs. 200000 deposited in a bank in Canada and balance remitted to India)	250000	0	0
3	Dividend income from shares held in Nestle India Co.	280000	280000	280000
4	Profit from a hotel business at Melbourne, controlled from India	300000	300000	0
5	Past foreign income brought to India	0	0	0
6	Interest received from Mr. Andrew, a non-resident, on the loan to him for a business carried on in India	50000	50000	50000
7	Gross Total Income	1000000	750000	450000

(ii) Computation of Ms Radhika's tax liability being ROR under new tax regime

Tax on Taxable Income of Rs 10,00,000	Rate	Amt
Upto 3,00,000	Nil	Nil
From 3,00,000 to 6,00,000	5%	15000
From 6,00,000 to 9,00,000	10%	30000
Next 1,00,000(10,00,000- 9,00,000)	15%	15000
		60000
Add: Health & Education Cess	4%	2400
Tax Liability		62400

OR

1(a) Concept of PAN
 Six usage of PAN

1(b)

	option(i)	option(ii)
Previous Year	Stay	Stay
2023-24	176	186
2022-23	365	365
2021-22	365	365
2020-21	365	365
Basic Conditions (whether fulfilled or not) 182 days	No	Yes
Additional conditions (2R/10, 730/7)	-	Yes
Exception of S. 6(1A) being Indian Citizen	Not met	Not required
Status	NR	ROR

SN	Particulars	NR	ROR
(i)	Salary earned in Japan and credited in a bank there	0	1000000
(ii)	Interest received on fixed deposits in India	150000	150000
(iii)	Rent from a property in Vadodara received in India	600000	600000
(iv)	Interest on Japan's Govt. Bonds. Half received in India	25000	50000
	Total	775000	1800000

Q.2(a) Treatment of Leave Salary at the time of retirement
 Leave salary at the time of retirement to Govt. Employee Exempted
 LS to other than govt. employees (least of following will be exempted)

- (i)LS on monthly basis for leaves credited at the time of retirement
 - (ii) AMS *10
 - (iii) LS actually received
 - (iv) Govt. specified limit of Rs. 25L
- following is required
- leave entitlement i.e., 30 leaves for each completed year of service
- meaning of salary
- completed year (round off or not)
- AMS

Q.2(b) Ms. Asha

Income under the Head Salary of Ms. Asha for the A.Y. 2024-25

SN	Particulars	Amount	Amount
I	Basic Components		
(i)	Basic Salary [(55000x7) + (65000x5)]	710000	
(ii)	Dearness Allowance (40% of 7,10,000)	284000	
(iii)	Bonus	70000	
			1064000
II	Retirment Benefits		
(i)	Employer contribution to RPF = 12000*12	144000	
	Less: exemption i.e., 12% of (710000+284000)	119280	24720
(ii)	Taxable Interest credited on RPF =33000*1.5/11	4500	4500
III	Allowances		
(i)	Medical Allowance (5000x 12)	60000	
(ii)	CEA (12000 less Rs. 100*2*12) = 12000-2400	9600	
(iii)	House Rent Allowance Received 16000*12 = 192000		
	Less: Exemption u/s 10(13A) (W.Note 1) = 116600	75400	
			145000
IV	Perks		
(i)	Car (1800x 12)	21600	
(ii)	Sale of Moveable Assets (W.Note 2)	0	
			21600
	Gross Salary (I+II+III+IV)		1259820
	Less Standard Deduction u/s 16(1a)		-50000
	Net Salary / Income from Salary	1221820	1209820
	Deduction u/s 80C i.e., Cont to RPF by Employee		-144000
	Taxable Income under the head salary		1353820

	Working Note 1: Taxable HRA		
	Particulars	April to Oct	Nov to March
	Number of months	7	5
	Basic Salary	55000	65000
	D.A.	22000	26000
	Salary for HRA purpose	77000	91000
	Rent Paid (Meerut)	18000	18000
(i)	40% of Salary for HRA purpose	30800	36400
(ii)	HRA Actually received	16000	16000
(iii)	Rent Paid - 10% of Salary	10300	8900
	Exemption (least of above)	10300	8900
	taxable = A.Received - exemption	5700	7100
	Total Taxable = Taxable x no. of months	39900	35500

116600

75400

Working Note 2: Valuation of Sale of Moveable Assets

Particulars	Computer	Refrigerator
Date of purchase	01-04-2020	01-04-2020
Date of sale	12-01-2024	12-01-2024
Dep. Period	3 years	3 years
Cost to employer	60000	20000
Less: Dep (50% WDV in case of computer)	52500	
Less: Dep (10% SLM in case of refrigerator)		6000
Cost to employer less dep.	7500	14000
Less: recovery from employee	10000	80000
Taxable if positive	-2500	-66000

OR

- 2(a)** Provision related to unrealized rent while computing GAV
Subsequent realization of URR in future

2(b)

	Particulars	Amount
	Basic Salary (80000x8)	640000
	Dearness Allowance (20,000x8)	160000
	Bonus (5,000 x 8)	40000
	Commission (2,000 x 8)	16000
	Employer contribution to RPF (WN-1)	21680
	House Rent Allowance Received =120000	
	Less: Exemption u/s 10(13A) (WN-2) = 22400	97600
	Education Expenses of son	120000
	Lunch Coupon (70 x 180)	12600
	Pension [(40,000 x 2) + (40,000 x 20%x 2)]	96000
	Commuted Pension (WN-3)	525000
	Accumulated Balance of RPF	Exempt
	Gratuity Actually Received = 2051640	
	Less Exempt u/s 10(10(ii)) (WN-4) =1615385	436255
	Gross Salary	2165135
	Less Standard Deduction u/s 16	-50000
	Net Salary / Income from Salary	2115135
	Working Note-1 : Employer Contribution to RPF	
	Actual Contribution towards RPF by Employer	110000
	Less:12% of Salary = (640000+96000)	88320
	Taxable contribution to RPF	21680
	Working Note-2: House Rent Allowance 10(13A)	
(i)	40% of Salary [40% of (640000+96000)]	294400
(ii)	HRA Actual Received 15000*8	120000
(iii)	Rent Paid-10% of salary	22400
	(12000*8) - 10%*(640000+96000)	
	Working Note-3: Pension (Gratuity Received)	
	Total Entitlement (900000 * 100/80)	1125000
	Less: Exemption 1/3rd of 1125000	375000
	Taxable = Actaul Received - Exemption (9L -375000)	525000
	Working Note-4: Gratutity (Covered)	
a.	15 days salary last drawn for each year 15/26*35*80000	1615385
b.	Gratuity actually received	2051640
c.	Govt. limit	2000000

- Q.3(a)** Section 44AE: Business income on estimated basis in case of taxpayer engaged in plying hiring or leasing of goods carriages
- (i) eligible person
 - (ii) eligibility criterion
 - (iii) benefits

Q.3(b)

SN	Particulars	Amount	Amount
I	Net Profit as per P& L A/c		8,00,000
II	Add Inadmissible Expenses		
1	Excessive payment to relative	50,000	
2	Bonus paid after due date of filing of return	30,000	
3	Salary paid a to a non- resident w/o deducting TDS	25,000	
4	Advertisement expenditure paid in cash	40,000	
5	Depreciation as per books	45,000	
6	Life Insurance Premium Paid	56,000	
7	Household expenditure	2500	
8	Purchase of sign board	40,000	
9	Income Tax Paid	9000	
10	Provision for bad and doubtful debts	2000	
			2,99,500
III	Less: Depreciation u/s 32 as per IT act	-40,000	
IV	Less: Income of other heads		
1	Refund of Income Tax	-25,000	
2	Gift Received from father	-20,000	-85,000
	Net income		10,14,500

OR

3(a) Amount allowable depreciation u/s 32 of the Income Tax Act

SN	Particulars	Amount
	WDV of Block on 1st April 2023 (Building A and B)	10,00,000
Add	Actual Cost of assets acquired during the year	
	Building C- 2,00,000	
	Building D- 5,00,000	7,00,000
Less	assets sold during the PY out of block- Building A	-6,00,000
	WDV of Block of Building on 31/03/24	11,00,000
	Dep on building D for half year	25,000
	Dep on rest of the block for full year	60,000
	Depreciation of this block	85,000

3(b)	Particulars	H-1	H-2	H-3
	ERV	0	900000	940000
	Annual Rent-URR	0	820000	960000
	Higher of above two	0	900000	960000
	Less: Vacancy loss	0	0	80000
	GAV	0	900000	880000
	Less: Municipal Taxes		42500	46500
	NAV	0	857500	833500
	Less: Deductions u/s 24			
	(a) Stand deduction 30% of NAV	0	257250	250050
	(b) IoBC (9months for H-2, 12 months for H-3)	0	112500	200000

Income from House Property	0	487750	383450
----------------------------	---	--------	--------

I	Income from House Property	871200
II	Income from Salary	650000
III	Income from Other Sources (Int. on Saving Bank)	34000
	GTI (I+II+III)	1555200
Less:	Deductions	50000
	(i) 80C SSA 40000	
	(ii) 80TTA 10000	
	Net Taxable Income	1505200

Q.4(a) Clubbing of income of spouse's income and minor chid income.

- (a) spouse income to be clubbed in case of substantial interest
- (b) No clubbing if spouse has requisite qualification
- (c.) Minor income to be clubbed with parent & exemption
- (d) cases when minor's income cannot be clubbed.

Q.4(b) Computation of Capital Gains for Mr X for A/Y 24-25

SN	Particulars	Urban Land	Gold	Debentures
I	Full Value Consideration	44,50,000	9,00,000	4,50,000
Less:	Expenditure on transfer	50,000	5,000	10,000
II	Net Sale Consideration	44,00,000	8,95,000	4,40,000
Less:	Indexed COA/ COA [1050000*348/100 in case of Urban Land]	36,54,00	4,00,000	2,00,000
Less:	ICOI/ COI	Nil note 2	Nil	Nil
	LTCG / STCG	7,46,000	4,95,000	2,40,000
Less:	exemption u/s 54EC	nil		
	LTCG	7,46,000		

Working Notes

- 1 The stamp duty value > 110% of actual sale consideration, therefore, the FVC will be Stamp Duty Value
- 2 The cost of improvement is dated before 1/4/21, therefore the amount is Nil
- 3 Gold is is a STCA. No benefit of indexation will be given.
- 4 No benefit of indexation is given in case of debentures
- 5 No exemption will be given u/s 54 as the asset transferred is not a residential house property
- 6 No exemption u/s 54EC as the bonds are purchased after 6 months from the date of transfer.

OR

Q.4(a)

Exemption u/s 54B (STCG/LTCG on Agri land)

- (a) eligible person
- (b) eligible capital gains/transfer of asset
- (c.) Conditions
- (d) amount of exemption
- € failing of exemption

Q.4(b)

SN	Particulars	CASE (i)	CASE(ii)
	Assessee	Mr. A	Mr. P
	Capital Asset	Land	Shares
	Date of Purchase	2009-10	01-06-2010
	Date of Sale	01-02-2024	25-09-2023
	Sale Price	4500000	300*700shares
	Stamp Value	4900000	0

	Full Value of Consideration	4500000	210000
Less:	Expense on transfer	100000	7000
	Net Sale Consideration	4400000	203000
Less:	Indexed Cost of acquisition		
	Land: 500000*348/220	1740000	
	Shares: (500*40)*348/167		41677
Less:	Indexed cost of improvement	0	0
	LTCG	2660000	161323

Bonus Shares Issued: 5:2 (i.e., 1 bonus share for every 5 held), issued on 01/04/2019.
 Bonus shares: 500 ÷ 5*2=200 shares
 Total shares after bonus = 500+200= 700 shares.
 Cost of acquisition of bonus shares = nil

Q.5(a) Amount of deduction under section 80D

Particulars	Amount
Medical insurance premium of Rs. 35000 on himself	25,000
Medical insurance premium of Rs. 15000 on his spouse	Nil
Medical insurance premium of Rs. 40000 each on his both parents (senior citizens)	50,000
Maximum Deduction u/s 80D	75,000

Q.5(b) Computation of taxable income and tax liability of Mr Z for the assessment year 2024-25

SN	Particulars	Amount	Amount
I	Income from salaries (computed)		7,60,000
II	Income from house properties (computed)		3,50,000
III	Income from Other Sources		
1	Interest on bank deposits (gross up)	300000	
2	Interest on saving banks account	5000	
3	Gift received from his father on marriage anniversary	exempt	
4	Gift from his five friends on birthday	60000	
5	A silver chain bought from his friends Rs. 350000 fair market value of the silver chain is Rs. 370000.	0	
6	Winning from lotteries (gross up)	20000	
	Total IOS		3,85,000
	Gross Total Income		14,95,000
Less:	Deduction u/s 80C	30,000	
Less:	Deduction u/s 80TTA	5,000	35,000
	Taxable Income		14,60,000
	Tax Liability For Normal Income under old regime when Mr Z is aged 45 years		
	Slabs	Rate	Amount
	Upto 2,50,000	0%	Nil
	2,50,000- 5,00,000	5%	12500
	5,00,000- 10,00,000	20%	100000
	Above 10,00,000 till 1440000	30%	132000
			244500
Add:	Income tax on winnings from lottery 20000*30%		6000
	Total		250500
Add:	Health and Education Cess	4%	10020
	Total Tax Liability		260520
Less:	TDS paid		36,000
i	TDS on Bank Deposits	30000	

ii	TDS on Lotteries	6000	
	Tax payable		2,24,520

OR

Q.5(a)

(i) Contribution to Agnipath Scheme 80CCH

Feature	Section 80CCH(1)	Section 80CCH(2)	Exemption under Section 10(12C)
Applicability	Individual Agniveers enrolled in Agnipath Scheme	Contributions by the Central Government	Payments to Agniveers or their nominees from Agnipath Corpus Fund
Contribution	30% of Agniveer Package by individual	Matching contribution by Central Government	-
Interest	Interest on contributions	-	-
Deduction Availability	Deduction for contributions to Agniveer Corpus Fund if opted out of default tax regime (115BAC(1A))	Deduction for Government's contribution, included in salary but deductible	Payments from the fund are exempt
Tax Regime	Must opt out of default tax regime under section 115BAC(1A)	Available under both old and new tax regimes	Exemption applies regardless of tax regime

(ii) Int. on Deposits in case of senior Citizen 80TTB

Resident Senior Citizens whose GTI includes Interest on Deposits in Banks/ Co-operative Bank/ Post Office (it may be interest on fixed deposits, interest on savings or any other interest)

Amount is deductible u/s 80 TTB equal to Rs 50,000 or amount of interest whichever is less

Q.5(b)

Computation of tax liability of Mr Y for the A.Y. 2024-25 under old tax regime

SN	Particulars	Amount	Amount
1	Salary income (computed)		9,80,000
2	Loss from house property (computed)		-1,80,000
3	Income from Capital Gains		
(i)	LTCG on sale of land	1,20,000	
	Less: LTCL on sale of gold	45000	75,000
4	Income from Other Sources		
(i)	Interest on deposits (gross)	60000	
(ii)	Interest on debentures (gross)	120000	
(iii)	Winnings from lottery(gross)	100000	
	Total IOS		280000
	GTI after adjusting loss from HP		11,55,000
Less:	Deductions		
	Deduction u/s 80 C	1,40,000	
	Deduction u/s 80 D	50,000	
	Deduction u/s 80TTB	50,000	2,40,000
	Taxable Income		9,15,000
			7,40,000
	Tax Liability for Normal Income under old regime when Mr Y is aged 63 years		
	Income excluding LTCG & Winnings		815000
	Slabs	Rate	Amount
	Upto 3,00,000	0%	0
	3,00,000- 5,00,000	5%	10000
	5,00,000- 10,00,000 till 740000	20%	48000
	Total		58000
Add:	Income tax on LTCG u/s 112 @ 20%*75000		15000
Add:	Income tax on Winnings from lottery 100000*30%		30,000
	Tax before H&E		103000
Add:	Add Health and Education Cess @4%		4120
	Total Tax Liability		107120
Less:	TDS on winnings of lottery		30000

	Net Tax Liability (Payable)		77120
--	-----------------------------	--	-------

Loss from winnings on lottery cannot be set off against winnings from lotteries