

2025

DIRECT TAX - I — HONOURS**Paper : DSCC-4****Full Marks : 75***The figures in the margin indicate full marks.**Candidates are required to give their answers in their own words as far as practicable.***Group - A**Answer *any three* questions.

1. (a) Distinguish between 'Heads of Income' and 'Sources of Income'.
 (b) Nonte did not show his income of ₹ 1,00,000 earned from tuition fees and thereby reduced his total income and tax liabilities. On the other hand, Fonte reduced his tax liabilities by taking the advantage of deductions under the Income Tax Act.
 Name the nature of tax saving policies adopted by Nonte and Fonte. 3+2
2. Mr. Gabriel Stephen is an Australian Cricket Player, a citizen of Australia, use to come to India to participate in IPL Tournament every year for 100 days since 1st November 2016. Determine the residential status of Mr. Gabriel Stephen for the assessment year 2025-26. 5
3. (a) Mention any one income which is fully exempted from tax.
 (b) State the status of 'University of Calcutta'.
 (c) Discuss the taxability of income earned from sale of coffee grown and cured by the seller in India.
 (d) Mention any one case when 'assessment year' and 'previous year' are same. 1+1+2+1
4. Mr. Mousam Mondal, a retired govt. employee, furnishes the following information for the previous year 2024-2025 :
 (i) Dividend received from ABC Co. Ltd., an Indian company ₹ 25,000.
 (ii) Pension received @ ₹ 15,000 per month.
 (iii) Winnings from lottery (net after TDS @ 30%) ₹ 35,000.
 (iv) Winning from horse races (expenses incurred for the same ₹ 5,000) ₹ 25,000.
 (v) Interest on fixed deposit with SBI ₹ 40,000.
 Compute income from other sources of Mr. Mousam Mondal for the assessment year 2025-26. 5

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5. State whether the following assets are 'Long-term Capital Asset' or 'Short-term Capital Asset': 1×5

- (a) Residential house constructed on 15.11.2006 for own use and sold on 22.07.2024.
- (b) Shares in P Ltd. (unlisted) purchased on 07.01.2023 and sold on 15.11.2024.
- (c) Rural agricultural land purchased on 12.05.2000 and sold on 11.09.2024.
- (d) Shares in Q Ltd. (listed) purchased on 12.08.2024 and sold on 03.02.2025.
- (e) Jewellery purchased on 12.07.2021 and sold on 05.05.2024.

Group - B

Answer *any three* questions.

6. (a) From the following particulars, compute depreciation (under old tax regime) for the assessment year 2025-26 :

- (i) W.D.V. of machinery as on 01.04.2024 – ₹ 2,00,000.
- (ii) A new machine was purchased for ₹ 1,20,000 on 15.08.2024 but put to use on 01.01.2025.
- (iii) Machine sold as scrap for ₹ 20,000.
- (iv) Rate of depreciation is 15%, additional depreciation is 20%.

(b) A & Co., engaged in the business of manufacturing medicine, furnishes the following particulars for the previous year 2024-25. Compute the deduction allowable under section 35 for assessment year 2025-26, assuming A & Co. opts for old tax regime.

- (i) Amount paid to Indian Institute of Science (approved), Bangalore, for scientific research — ₹ 1,00,000 related to business.
- (ii) Amount paid to IIT, Delhi for an approved scientific research programme— ₹ 2,25,000 not related to business.
- (iii) Expenditure incurred on in-house research and development ₹ 3,00,000.

(c) State whether the following expenses are admissible for deduction in computation of income under the head 'Profits and Gains of Business or Profession' for the assessment year 2025-26 :

- (i) Paid ₹ 15,000 in cash to a supplier of materials.
- (ii) Brokerage of ₹ 10,000 paid for raising a loan taken for the purpose of business. 5+3+2

7. (a) Mr. Sankar Bose, a non-government employee, retired from service on 31.12.2024, after rendering service of 29 years and 10 months. He received gratuity of ₹ 12,00,000. His salary at the time of retirement was as under :

Basic salary – ₹ 20,000

Dearness Allowance – @ 50% of basic salary (forming part of retirement benefit).

Compute taxable amount of gratuity of Mr. Sankar Bose assuming that he is not covered by the Payment of Gratuity Act, 1972.

- (b) Mr. Sadhan Roy retired on February 1, 2025 from a private company, after completion of 30 years and 10 months of service. According to service rules, he was entitled to 25 days leave for each completed year of service. Leave actually availed by him during his service life is 8 months. His basic pay was ₹ 20,000 from April 1, 2024 and D.A. 50% of basic pay (forms part of retirement benefit). He received ₹ 5,50,000 from his employer as leave encashment.

Compute the amount of leave salary chargeable to tax for the assessment year 2025-26. 5+5

8. (a) Mr. M. Mukherjee furnishes for following particulars for the previous year 2024-25 :

- (i) He sold his residential house on July 15, 2024 for ₹ 32,00,000. He purchased the house on March 2, 1985 at a cost of ₹ 2,00,000 (Fair market value on April 1, 2001 was ₹ 5,00,000). During the previous year 2024-25, Mr. Mukherjee purchased another flat at Kolkata for ₹ 12,00,000.
- (ii) He acquired Jewellery for ₹ 2,50,000 as on 01.07.2005. On 30.06.2012, Mr. Mukherjee has sewn a diamond (to be taken as cost of improvement) worth ₹ 2,00,000 in such Jewellery. He sold the Jewellery for ₹ 25,00,000 on 03.07.2024.

Compute taxable capital gain in the hands of Mr. Mukherjee for the assessment year 2025-2026, assuming Mr. Mukherjee opts for old tax regime.

[CII for 2001-02 : 100; 2005-06 : 117; 2012-13 : 200; 2024-25 : 363]

- (b) What do you mean by long-term and short-term capital gains? (3+3)+(2+2)

9. (a) Sri Lokesh Nandi is an employee of LFT Ltd., furnishes the following information for the previous year 2024-2025 :

Basic Salary ₹ 25,000 p.m.

D.A. 50% of basic salary (40% forming part of salary for retirement benefit);

Commission — 1% on annual turnover of ₹ 10,00,000.

House Rent Allowance — ₹ 5,500 p.m. He resides in a rented house in Kolkata at a monthly rent of ₹ 5,000.

Compute taxable HRA for the assessment year 2025-26, assuming that Sri Nandi opts for old tax regime.

- (b) Determine the taxable value of perquisites in the following cases :

- (i) Miss Ritu, an employee of Sahara Ltd. has been granted a personal loan by her employer for purchasing computer costing ₹ 60,000 on 01.08.2024 @ 5% p.a. interest.
SBI rate of interest as on the 1st day of the previous year for personal loan : 15% p.a.
- (ii) Miss Annyatama Ghosh is provided with lunch (₹ 80 per lunch) by her employer (assume 22 working days in a month). 6+(2+2)

10. (a) Ms. Shruti Pandey is the owner of a house property. She borrowed ₹ 25,00,000 @ 8% p.a. interest from SBI on 01.10.2020 for construction of the house which was completed on 10.10.2022. Since then the house was under her self-occupation for residential purposes. She repaid ₹ 5,00,000 of this loan (principal amount) on 30.06.2024.

Determine the amount of interest on loan admissible for deduction u/s 24(b) in computing her income from house property for the assessment year 2025-26.

- (b) Sri Rabin Pal is the owner of three houses in Kolkata all of which are let out. Calculate Gross annual value of the houses for the assessment year 2025-26 from the following information :

	House-I	House-II	House-III	
Net Municipal Value (₹)	90,000	1,08,000	1,80,000	
Fair Rent (₹)	96,000	1,32,000	2,28,000	
Standard Rent (₹)	N.A.	N.A.	2,00,000	
Rent Received (₹)	99,000	1,40,000	1,87,000	
Vacancy Period	1 month	2 months	—	4+(2×3)

Group - C

Answer *any two* questions.

11. Miss Kritika Sen joined A.M.C. Ltd. on 01.07.2022 in the scale of pay of ₹ 20,000-500-35,000. She furnished the following information for the year ended 31st March, 2025 :

- Dearness allowance ₹ 10,000 p.m. (60% of which enters into retirement benefit)
- Bonus – ₹ 12,000
- Children education allowance ₹ 1,500 p.m. (she has two children)
- Her employer contributes 13% of Basic salary and dearness allowance to a recognized provident fund. Interest credited @ 16% p.a. to the said fund ₹ 9,600.
- Medical allowance ₹ 3,000 p.m. (actual expenses incurred ₹ 25,000).
- She is provided with a rent-free furnished accommodation at Kolkata for which her employer pays a rent of ₹ 20,000 p.m. The employer has provided her with the furniture original cost of which is ₹ 80,000.
- She is provided with a self-driven motor car of 1.6 cc. The facility is used for official and private use. Entire expenses are borne by the employer.
- She is provided with a domestic servant for which her employer paid ₹ 1,000 p.m. towards wages.
- Her professional tax of ₹ 200 p.m. paid by the employer.

Compute taxable salary of Miss Kritika Sen for the Assessment Year 2025-2026 assuming she opts for old regime of tax.

12. Subham Sadhukhan furnished the following information for the previous year 2024-25 :

House No. 1 : This house is situated in Kolkata. Net Municipal value is ₹ 3,60,000, Standard rent is ₹ 3,00,000, the house was letout @ ₹ 22,000 p.m. Insurance premium paid ₹ 6,000. Interest on loan taken for construction of the house is ₹ 1,55,000. Municipal tax is to be paid on quarterly basis @ 10% of net municipal value. Municipal tax for the fourth quarter remains unpaid.

House No. 2 : The house is used by Subham for the purpose of his business. The Municipal Value of this house is ₹ 5,00,000. He paid ₹ 5,000 as municipal tax and ₹ 3,000 for repairs.

House No. 3 : This house is used by Subham for his residential purpose. Municipal value of the house is ₹ 18,00,000. He paid ₹ 1,00,000 as interest on loan taken to purchase the house.

House No. 4 : This house is also used by Subham and his family members for part of the year and remains vacant for other part of the year. He paid ₹ 30,000 towards interest on loan taken to construct the house. He also paid ₹ 10,000 for repairs of the house.

Compute income from house property of Subham Sadhukhan for the assessment year 2025-26. Assume that he has not exercised the option for Section 115 BAC. 15

13. Following is the Receipts and Payments Account of Mr. Pravat Gupta, a practicing Chartered Accountant, for the year ended 31st March, 2025 :

Receipts	Amount (₹)	Payments	Amount (₹)
To Balance b/f	9,000	By Office Rent	50,000
" Audit Fees	7,50,000	" Salary to Audit Clerk	60,000
" Fees for conducting income tax appeal	50,000	" Stipend to Article Clerk	30,000
" Income from other accounting work	1,70,000	" Salary to Office Staff	24,000
" Dividend received	30,000	" Membership Fees	5,000
" Interest on Fixed Deposit	25,000	" Life Insurance Premium	10,000
" Sale of Motor Car	50,000	" Household Expenses	30,000
		" Motor Car Expenses	42,000
		" Motor Car Purchased (Purchased on 10.11.2024)	2,50,000
		" Books purchased for Professional use (on 01.04.2024)	1,00,000
		" Balance c/d	4,83,000
	10,84,000		10,84,000

Additional Information :

- (i) 2/3rd of motor car expenses relates to his profession.
(ii) Opening W.D.V. of motor car ₹ 60,000.

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- (iii) Rate of depreciation on Books @ 40% and on Motor Car @ 15%.
- (iv) Office rent is payable in respect of a house, of which half the portion is used for self residence and remaining half portion is used for his profession.

Compute Income from Profession of Mr. Gupta for the assessment year 2025-2026, considering that he opts for old tax regime.

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