



**K. K. Wagh Institute of Engineering Education & Research, Nashik**  
(An Autonomous Institute From A.Y. 2022-23)

WINTER-2025	
Exam Seat No.:	
Academic Year:2025-2026	Semester:III
Class:PG-II	Program:MBA
Branch Code:10	Pattern:2024
Name of Course:Direct Tax	Course Code:2410612B
Max. Marks:60	Duration:2.30 Hrs.

**Instructions:** Candidates should read carefully the instructions printed on the Question Paper and on the cover page of the Answer Book, which is provided for their use.

1. This question paper contains 5 (five) page(s).
2. Answer to each new question is to be started on a new page.
3. Assume suitable data wherever required, but justify it.
4. Draw the neat labelled diagrams, wherever necessary.
5. The last columns indicates the Course Outcome and level of Blooms Taxonomy of the Question/sub-question.
6. Q. No. 1 and 2 compulsory, Answer (a) OR (b) AND (c) or (d) from Q. No. 3,4,5.

**Marks CO**

**Question No. 1**

1a) Define Following as per Income Tax Act 1961.

(6) CO1,  
CO2

1. Person
2. Assessment Year

**Question No. 2**

2a) Mrs. Harshada of Hubali provides following details for Previous Year 2024-2025. Compute taxable income for the Assessment Year 2025-2026.

(6) CO3

Particulars	Amount (₹)
Basic salary	₹30,000/- p.m.
D A (₹3000 for retirement benefit)	₹11,000/- p.m.
Bonus	₹33,550/-
Interest on RPF @13%	₹71,500/-
HRA	₹5500/- p.m.
Conveyance Allowance	₹6,000/- p.m.
Children Education Allowance (for 2 Children)	₹1,300/- p.m.p.ch.
She having Residential Villa	50% part given on rented basis
Municipal Valuation	₹8,00,000/-
Rent Received	₹35,000/- p.m.
Municipal Tax paid in March 2025	12%
Standard Rent	₹8,40,000/-
Insurance on Villa	₹60,000/-

**Question No. 3**

- 3a) Explain the concept of “nexus with business” in determining chargeability of income under this head. (8) CO2

**OR**

- 3b) Discuss the significance of mandatory charging of depreciation under Section 32. (8) CO2
- 3c) Mr. Hatim is the proprietor of a business from Nasik. He has prepared his Profit and Loss Account for the year ended 31st March 2025. The account includes various expenses, provisions, and incomes which require adjustment as per the Income Tax Act, 1961. (8) CO2, CO3

## Profit and Loss Account for the year ended 31st March 2025

Particulars	Dr (₹)	Particulars	Cr (₹)
To Preliminary Expenses	82,000	By Gross Profit	9,80,000
To Rent and Taxes	54,000	By Interest on Government Securities	90,000
To General Charges	18,000	By Rent from House Property	84,000
To Household Expenses	28,000	By Interest on Fixed Deposit	2,80,000
To Commission	26,000	By Gift from Friend	76,000
To Other Expenses & Provisions	3,38,000		
To Net Profit	9,64,000		
<b>Total</b>	<b>15,10,000</b>	<b>Total</b>	<b>15,10,000</b>

## Additional Information

1. Other Expenses & Provisions include –
  - a. Bad debts provision for the year amounted to ₹14,000.
  - b. Income tax actually paid during the year was ₹70,000.
2. Depreciation allowable as per Income Tax Rules is ₹40,000.
3. Rent includes ₹36,000 paid for premises, one-third of which is used for residential purpose.

1. Analyse the above Profit and Loss Account to classify and justify the income items that require adjustment under the Income Tax Act while computing taxable income. (2 marks)
2. Apply the relevant provisions and compute the Income from Business or Profession of Mr. Hatim for the Previous Year 2024–25. (6 marks)

**OR**

- 3d) Mr. Hrishikesh from Surat provides you the following detail from his business books for the assessment year 2024-25: (8) CO2, CO3

1. Computed net profit after charging the following ₹ 7,88,000
2. Provision and reserves debited to P & L A/c.
  - a. Provision for bad debts on Debtors ₹ 62,000
  - b. Provision for Depreciation ₹ 55,000
3. Household expenses ₹ 48,000
4. Donation to a recognised school ₹ 50,000
5. Office deposit ₹ 56,000
6. Advertisement expenses on sign boards ₹ 70,000

7. Audit fees paid ₹ 55,000
8. Patent purchased during the year ₹ 85,000
9. Income credited to Profit and Loss account were:
  - a. Bank Interest on F. D. ₹ 37,000
  - b. Refund of Excise Duty ₹ 35,000
  - c. Dividend from Indian Cos. ₹ 30,000
  - d. Bad debts recovered ₹ 65,000 (not allowed earlier)

Apply and analyse the relevant provisions of the Income Tax Act to determine the Business Income of the assessee for the Assessment Year 2025–2026, clearly showing all adjustments with reasons. Depreciation as per IT Act ₹ 53,750/-.

**Question No. 4**

- 4a) Mr. Heramb, a resident individual from Madurai, has transferred certain capital assets during the Previous Year 2024–25. The details of acquisition, sale, and reinvestment in a residential house are given. (8) CO4

Capital asset	DOA	COA	Date of sale	Sale Price
Listed Shares (U/s 112A)	15.7.2018	10,08,000	15.07.2024	15,44,000
Residential House	10.10.2015	15,26,000	10.05.2025	44,44,000

- Expenses of Sales for Residential House are ₹36,142.
- He purchased a residential house property on 25.06.2024 for ₹ 17,27,000.
- Evaluate the tax implications of the above transactions by:
  1. Assessing the nature of each capital asset and the period of holding to determine whether the gains are short-term or long-term,
  2. Justifying the applicability or non-applicability of indexation and exemption provisions under the Income Tax Act,
  3. Determining the correct amount of taxable capital gains after considering eligible exemptions, and
  4. Arriving at the final tax liability, with reasons, assuming that the assessee has no other income.

Note - Support your conclusions with appropriate reasoning and computations.

- Cost of Inflation Index

2015-2016	254
2018-2019	280
2024-2025	363

**OR**

- 4b) Ms. Hetal from Delhi, 48-year-old provides following information for the previous year 2024-2025. (8) CO4
- Purchased a building for ₹ 25,00,000 on 31st March 2014.
  - She constructed the floor in April 2016 for ₹ 7,50,000 and another floor in Jun 2018 for ₹ 6,50,000.
  - The property was sold for ₹ 68,00,000 on 1st May 2024.
  - Commission ₹ 31,071 paid to agent for sale of property.
  - She is also having taxable income from House property ₹ 2,30,000.
  - Evaluate the tax implications by:
    - Computing the taxable capital gains,
    - Assessing the applicability of exemptions and tax rates under the New Tax Regime, and
    - Arriving at the final tax liability of Ms. Hetal, giving reasons for the treatment adopted. Assume that Ms. Hetal has no other income and no deductions are available.

- Cost of Inflation Index

2013-2014	220
2016-2017	264
2018-2019	280

- 4c) A taxpayer transfers a long-term residential house property and earns long-term capital gains. Apply the provisions of Section 54 of the Income Tax Act to determine the amount of exemption allowable and the taxable capital gain. (8) CO3

**OR**

- 4d) Apply the definition of capital asset and the concept of transfer to explain how different transactions give rise to capital gains under the Income Tax Act. (8) CO3

**Question No. 5**

- 5a) Mr. Harish from Nagpur, 35-year-old Provides following information for the F Y 2024-2025 – (8) CO3, CO5

- Taxable Salary from IDBI Bank Ltd ₹ 9,70,000/-
- Income from Business ₹ 7,01,600/-
- Interest on Fixed deposit ₹ 72,000/- and Saving A/c ₹ 25,400/-
- His Savings and Investments were as follows -
  - Contribution to RPF ₹ 80,000
  - Payment of LIC Premium ₹ 62,000
  - Medical Insurance Premium on the health of dependent father aged 65 years ₹ 59,000
  - Repayment of Interest on Higher Education Loan ₹ 67,000

Using the information provided, apply the relevant provisions of the Income Tax Act to determine the Total Income and critically evaluate the tax liability of the assessee under the Old Tax Regime for the Assessment Year 2025–26.

**OR**

- 5b) Mrs. Hitakshi from Sitapur 61 year old follows old tax regime provides estimated information for the Previous Year 2024-2025. (8) CO3, CO5

- Taxable Salary from Telco Ltd ₹ 16,21,800/-
- Income from Business ₹ 6,80,000/-
- Interest on Fixed deposit ₹ 35,000/- and Saving A/c ₹ 65,200/-
- Royalty Received from Mehta Publication for book writing ₹ 4,75,000/-
- Her Savings and Investments were as follows :
  - Contribution to RPF ₹ 80,000
  - Payment of LIC Premium ₹ 72,000
  - Repayment of Self-occupied housing loan (Interest ₹ 77,000) ₹ 1,57,000.

Using the information given, apply the relevant provisions of the Income Tax Act to determine the advance tax instalments for the Assessment Year 2025–26 under the Old Tax Regime, and critically assess whether the instalments comply with the prescribed percentages and due dates.

- 5c) Mr. Hardik 29-year-old residing at Pune in his owned house join Capgemini Ltd from 1st May 2024, provides following information for the previous year 2024-2025. (8) CO3, CO5

- Received from Capgemini Ltd.
- Basic salary ₹ 1,15,000/- p.m.
- D.A. 30% of Basic (20% forming part of retirement benefit)
- HRA ₹ 8,000/- p.m.
- Contribution to RPF ₹ 30,000/- p.m.
- House rent received ₹ 37,500/- p.m. for 11 month, Municipal valuation ₹4,50,000, Municipal tax paid ₹ 13,500/-.
- Profit from business ₹ 5,45,000/-
- Fixed Deposit interest received ₹ 39,108/-
- Lottery Income ₹ 56,000/- (After deduction TDS @ 30% ₹ 24,000/-)

Calculate tax liability under new tax regime for the assessment year 2025-2026.

**OR**

5d) Mr. Hritik, 61-Year-old is join as a Manager in Google Ltd., Bangaluru on 1st May 2024. He has furnished the following details of his income for the year 2024-2025 – (8) CO3, CO5

1. Basic Salary ₹ 60,000 p.m.
2. Dearness Allowance 60% of Basic Salary (considered for retirement benefits)
3. Commission ₹ 1,50,000.
4. He has a house property in Mumbai. He has let out it at a monthly rent of ₹ 20,000 p.m. He paid municipal tax ₹ 10,000 and ₹ 12,000 as fire insurance premium.
5. Income from Business ₹ 5,76,700.
6. Interest on FD ₹ 15,000 and dividend on SBI Mutual Funds ₹ 13,300.
7. He received income from lottery ₹ 30,000.
8. He paid LIC Premium of ₹ 40,000 on his own policy.
9. He deposited ₹ 97,000 in P.P.F.
10. The company has deducted ₹ 5,000 p.m. as income tax from his salary.

Compute the “total taxable income” and “tax liability” of Mr. Hritik under old tax regime for A. Y. 2025-2026.

..... End of question paper.....