



Time Allowed: 3 Hours

Full Marks: 100

The figures in the margin on the right side indicate full marks.

Where considered necessary, suitable assumptions may be made and clearly indicated in the answer.

All workings should form part of the answer.

SECTION – A (Compulsory)

1. Choose the correct option from the four alternatives given. [15 × 2 = 30]

- (i) As per the Income-tax Act, 1961, an individual is said to be a resident in India in the previous year (in which the February month has 29 days) if he is in India in that year for a period of _.
- (A) 181 days or more
(B) 70 days or more
(C) 182 days or more
(D) 183 days or more
- (ii) The charging section of Income Tax Act, 1961 is _____.
- (A) Section 3.
(B) Section 2.
(C) Section 4.
(D) Section 14.
- (iii) Mrs Payal received ₹ 30,000 as arrears of rent during the previous year 2025-26. The amount taxable under section 25A of the Income-tax Act, 1961 is:
- (A) ₹ 15,000
(B) ₹ 21,000
(C) ₹ 25,500
(D) ₹ 27,000
- (iv) If House property transferred on 25/10/2025 then as per section 54 of the Income-tax Act, 1961, capital gain will be allowed as exemption if the house property under transfer is held for: -
- (A) Less than 36 months preceding the date of transfer
(B) More than 24 months preceding the date of transfer
(C) More than 12 months preceding the date of transfer
(D) Less than 12 months preceding the date of transfer
- (v) As per Section 35DDA of Income tax Act, 1961, total expenditure in a voluntary retirement scheme is deductible in: -
- (A) 4 equal installments
(B) 5 equal installments
(C) 10 equal installments
(D) 15 equal installments



DIRECT AND INDIRECT TAXATION

- (vi) In old tax regime under the Income tax Act, 1961, loss under which income head can be carried forward even if a person fails to file return within due date?
- (A) House Property
 - (B) Business Loss
 - (C) Betting Loss
 - (D) None of the above
- (vii) _____ of the total number of members of Goods and Service Tax Council would form quorum in meetings of Goods and Service Tax Council:
- (A) 2/3
 - (B) 1/3
 - (C) 3/4
 - (D) 1/2
- (viii) Under GST law, the supply of goods to SEZ unit is treated as _____ in the hands of the supplier:
- (A) Exempt Supply – Reversal of credit
 - (B) Zero Rated supply
 - (C) Non-Taxable Supply – Outside the Scope of GST
 - (D) Deemed Taxable Supply – No reversal of credit
- (ix) Under the GST law, what deductions are allowed from the transaction value?
- (A) Amount paid by customer on behalf of the supplier, subject to conditions
 - (B) Packing Charges, subject to conditions
 - (C) Freight charges incurred by the supplier for CIF terms of supply, subject to conditions
 - (D) Discounts offered to customers, subject to conditions
- (x) Date of provision of service – 10th July, Date of payment – 15th July & Date of invoice – 5th August. As per the provisions of GST law, determine Time of Supply: -
- (A) 10th July
 - (B) 15th July
 - (C) 5th August
 - (D) 1st August
- (xi) As per provisions of the GST law, whether credit on inputs should be availed based on receipt of documents or receipt of goods?
- (A) Receipt of Documents
 - (B) Receipt of good
 - (C) Either receipt of documents or receipt of goods
 - (D) Both receipt of documents and receipt of goods



- (xii) Under GST law, a registered person need not issue a tax invoice (and issue a Consolidated invoice) if the value of supply is less than: -
- (A) ₹ 100
(B) ₹ 200
(C) ₹ 500
(D) ₹ 1,000
- (xiii) Under GST law, electronic Credit Ledger should be maintained in Form ____.
- (A) GST PMT-05
(B) GST PMT-02
(C) GST PMT-01
(D) GST PMT-07
- (xiv) Basic Customs duty on imported goods is levied at the rates specified in the ____.
- (A) First Schedule of the Customs Tariff Act 1975
(B) Second Schedule of the Customs Tariff Act 1975
(C) Customs Rules
(D) Section 12 of the Customs Act. 1962
- (xv) Under Customs Tariff Act, 1975, margin of dumping means the difference between _____ and _____.
- (A) export price and its normal value
(B) import price and its normal value
(C) export price and CIF value
(D) None of the above

Answer:

i	ii	iii	iv	v	vi	vii	viii	ix	x	xi	xii	xiii	xiv	xv
C	C	B	B	B	A	D	B	D	B	D	B	B	A	A

Section – B

(Answer any 5 questions out of 7 questions given. Each question carries 14 Marks)

[5 × 14 = 70]

2. (a) Mrs Sonia, an Indian citizen, is in employment with a multinational company located in Germany. She was in India for 75 days, 86 days, 125 days and 112 days in the previous year 2021-22, 2022-23, 2023-24 and 2024-25, respectively. During the previous year 2025-26, she comes to India for 135 days.



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She is not liable to tax in Germany. Her income for the previous year 2025-26 is as follows: -

Sr. No.	Particulars	Amount (₹)
(i)	Income deemed to be accrued and arisen in India	4,00,000
(ii)	Income arising and received in Germany, from a business set up in India	6,50,000
(iii)	Salary accrued and arisen in Germany	10,50,000
(iv)	Income accrued and arisen in India	3,75,000
(v)	Amount deposited in Public Provident Fund	1,50,000

Required:

Examine the residential status of Mrs Sonia for the Assessment Year 2026-27. If Mrs Sonia wants to pay tax under default tax regime under section 115BAC of the Income-tax Act, 1961.

Note: Calculation of the Total Income (after determination of residential status) is not required.

[7]

(b) During the previous year 2025-26, Mr Mohit aged 40 years, employed by XYZ Ltd. situated at Ratlam (Madhya Pradesh). He gets the following from the employer:

- (i) Basic salary: ₹ 35,000 per month
- (ii) Dearness allowance: 30% of basic salary (40% is considered for calculating retirement benefits like gratuity and pension)
- (iii) Dearness pay: ₹ 2,000 per month (Nothing is considered for retirement benefits)
- (iv) Received Commission as incentive: @ 5% of archived turnover each month (monthly turnover achieved by Mr Mohit is ₹ 1,00,000.)
- (v) House Rent Allowance: ₹ 15,000 per month.
He paid rent of ₹ 17,000 per month up to 30th June, 2025 and after that he shifts in his own house but house rent allowance is received throughout the year.
- (vi) Employer's contribution towards recognized provident fund: ₹ 5,400 per month
- (vii) Interest credited on employer's contribution in recognized provident fund: ₹ 55,000 (Rate of interest is 11%)
- (viii) The employer company also provides tea and light snacks to all employees during tea break. Expenditure incurred by the company is approximately ₹ 65 per day for 310 working days.

Required:

Calculate Mr Mohit's income chargeable under the head "Salary" for the Assessment Year 2026-27 under old tax regime as well as under the new tax regime under section 115BAC of the Income-tax Act, 1961.

Correct reason for each item should form part of your answer.

[7]

Answer:

(a)

As per section 6(1) of the Income-tax Act, 1961, an Indian citizen or a person of Indian origin and who comes on a visit to India during the previous year

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and her total income other than the income from foreign source exceeds ₹ 15,00,000,

is said to be resident in India,

if he/she stayed in India for a total period of 120 days or more during that previous year and

for 365 days or more during the 4 years immediately preceding the relevant previous year.

Mrs Sonia is an Indian citizen and in employment in Germany. She comes on a visit to India during the previous year 2025-26 for 135 days.

Her stay in India in the four immediately preceding the previous year i.e. in previous year 2021-22 to 2024-25 is 398 days (75 days + 86 days + 125 days + 112 days).

Her total income, other than the income from foreign source, during the previous year 2025-26 would be: -

SN	Particulars	Amount (₹)
(i)	Income deemed to be accrued and arisen in India	4,00,000
(ii)	Income arising and received in Germany, from a business set up in India (to be included since business is controlled from India, even though such income accrues and is received outside India)	6,50,000
(iii)	Salary accrued and arisen in Germany	Nil
(iv)	Income accrued and arisen in India	3,75,000
		14,25,000
	Less: - Deduction under section 80C (Not available under default tax regime under section 115BAC)	Nil
	Total income (excluding income from foreign sources)	14,25,000

Mrs Sonia, an Indian citizen, having total income other than income from foreign source not exceeding ₹ 15,00,000 and visiting India during the previous year 2025-26, would be a resident in India for the assessment year 2026-27,

if she has stayed in India for 182 days or more during the previous year 2025-26.

Since she has stayed only for 135 days in India during the previous year 2025-26.

She is a non-resident for the assessment year 2026-27 as per section 6(1).

She is not a deemed resident in India under section 6(1A) for the assessment year 2026-27 though she is not liable to tax in Germany, since her total income other than income from foreign source does not exceeds ₹ 15,00,000.

(b)

Computation of Income from salary chargeable in the hands of Mr Mohit for the assessment year 2026-27

		Old tax regime Amount (₹)	New tax regime Amount (₹)
Basic salary	₹ 35,000 × 12	4,20,000	4,20,000
Dearness allowance	30% of ₹ 4,20,000	1,26,000	1,26,000
Dearness pay	₹ 2,000 × 12	24,000	24,000

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Commission as incentive	5% of ₹ 1,00,000 × 12	60,000	60,000
House Rent Allowance Minimum of the following: - (a) Actual HRA received (₹ 15,000 × 12) (b) 40% of salary (₹ 1,32,600 × 40%) (c) Rent paid – 10% of salary (₹ 17,000 × 3 – 10% of ₹ 1,32,600) (i.e., ₹ 1,80,000 - ₹ 37,740 = ₹ 1,42,260) Salary means Basic + Dearness allowance (If it forms a part of retirement benefit) + Commission as a fixed % on turnover i.e., ₹ 4,20,000 + 40% of ₹ 1,26,000 + ₹ 60,000 = ₹ 5,30,400 entire year salary Salary from 1 st April, 2025 to 30 th June, 2025 will be ₹ 1,32,600 (₹ 5,30,400/12 × 3) House rent allowance exemption is not available under new tax regime	1,80,000 53,040 37,740	1,42,260	1,80,000
Employer's contribution towards recognized provident fund [₹ 5,400 × 12 – 12% of (₹ 4,20,000 + 40% of ₹ 1,26,000 + ₹ 60,000 = ₹ 5,30,400		1,152	1,152
Interest credited on employer's contribution in recognized provident fund [₹ 55,000 - (₹ 55,000 x 9.5 / 11)		7,500	7,500
Tea and light snacks (Not taxable even if expenditure is more than ₹ 50 per day)		Nil	Nil
Gross salary		7,80,912	8,18,652
Less: - Standard deduction under section 16(ia) of the Income-tax Act, 1961		50,000	75,000
Income chargeable to tax under the head salaries		7,30,912	7,43,652



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3. (a) Mr. Radhey (aged 35 years) and his brother Mr. Kishan (aged 33 years) own a flat (Flat A) as co-owners with equal share. They live in that flat together. Apart from flat A, Mr. Radhey owns Flat B, which is let out by him for the entire financial year 2025-26. The relevant data are as follows:

Particulars	Flat A (₹)	Flat B (₹)
Actual Rent p.m.	Nil	58,000
Municipal Value	5,00,000	6,00,000
Standard rent	4,50,000	6,50,000
Fair rent	5,00,000	6,20,000
Municipal taxes paid	5,000	10,000
Municipal taxes remaining unpaid	Nil	2,000
Principal amount of loan repaid during the year	1,00,000	1,40,000
Interest paid on loan (taken to buy the flat) (Date of loan 01/04/2024) (paid equally by Mr. Radhey and Mr. Kishan)	5,00,000	3,50,000
Cost of repairs	1,20,000	50,000

Both, Mr. Radhey and Mr. Kishan did not opt to be taxed under section 115BAC of the Income-tax Act, 1961.

Required:

Calculate the Income taxable in the hands of Mr. Radhey and Mr. Kishan under the head “Income from House Property” for the assessment year 2026-27 along with correct legal provision of each item involved.

[7]

- (b) The following particulars are provided by Mr. Kumar, aged 55 years, for the year ending 31st March 2026 from trading of products.

Particulars	Amount (₹)	Particulars	Amount (₹)
To Opening Stock	2,20,000	By Sales	3,75,00,000
To Purchases	3,50,00,000	By Closing Stock	4,80,000
To Salaries	3,25,000		
To Rent of office building	6,12,000		
To Depreciation	1,50,000		
To Income tax paid	25,000		
To Interest	12,000		
To Legal expenses	11,300		
To Office expenses	85,000		
To Refreshment expenses	60,800		
To Travelling expenses	1,02,800		
To Net profit	13,76,100		
	3,79,80,000		3,79,80,000

Following additional information is also provided:



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- (i) Interest expense is interest on loan taken from NBFC which is not paid till due date of filing return.
- (ii) Legal expenses include ₹1,000 paid as penalty for not supplying goods on time to the client as per terms of contract.
- (iii) During the previous year received ₹3,000 against the bad debts of ₹5,500 claimed in preceding previous year.
- (iv) Purchases include purchase of ₹10,000 for which payment is made in cash.
- (v) He purchased goods worth ₹ 70,000 from M/s Sur Trading (a wholesale trader registered as a small enterprise under MSME Act) on 01.02.2026 and ₹20,000 is still pending for payment.
- (vi) He received ₹50,000 from a debtor in cash against an outstanding bill.
- (vii) TDS@ 10% is not deducted from the rent paid for office building

Required:

Calculate the income chargeable under the head “Profits and Gains from Business or Profession” in the hands of Mr. Kumar for the AY 2026-27, assuming he had not opted for default tax regime u/s 115BAC of Income Tax Act, 1961.

Reason for the treatment should be part of your answer.

[7]

Answer:

(a)

Determination the income from house property chargeable in the hands of Radhey and Kishan for the assessment year 2026-27		
	Radhey	Kishan
Self-Occupied Property		
Gross Annual Value – In case of self-occupied property, GAV is always Nil	Nil	Nil
Less: Municipal taxes paid	Nil	Nil
NAV	Nil	Nil
Interest paid on loan - Where the house property is owned by co-owners and is occupied by each of the co-owner then all of them can claim benefit u/s 23(2)(a) and interest on loan shall be allowed to all the co-owners to the extent of ₹2,00,000 as the case may be.	2,00,000	2,00,000
Loss from self-occupied property	(2,00,000)	(2,00,000)
Let-out Property		
Expected Rent		
Higher of Municipal value or Fair rent (A)	6,20,000	

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Standard Rent (B)	6,50,000	
Reasonable Expected Rent – Lower of (A) and (B) – (C)	6,20,000	
Actual rent received (D)	6,96,000	
GAV (Higher of (C) and (D))	6,96,000	
Less: Municipal Taxes Paid – only paid municipal tax is allowed –	10,000	
NAV	6,86,000	
Less: Standard deduction @30%	2,05,800	
Less : Interest on loan	<u>3,50,000</u>	
income from let out house property	1,30,200	
Income (loss) from the head house property (130200-200000)	<u>(69,800)</u>	<u>(2,00,000)</u>

(b)

Computation of Profits and gains of business or profession of Mr. Kumar for the AY 2026-27 under old regime		
Particulars	Details	Amount (₹)
Net profit as per Profit and Loss A/c		13,76,100
Add: Expenditure disallowed but debited in P/L A/c		
Income tax paid	25,000	
Interest on loan taken from bank disallowed u/s 43B	12,000	
Rent of office building (30% of 6,12,000)	1,83,600	2,20,600
Add: Income taxable but not credited to P/L A/c		
Recovery of bad debts claimed earlier	3,000	3,000
Profits and gains from business or profession		15,99,700

Notes:

- Interest on loan taken from NBFC allowed only on payment basis u/s 43B
- Penalty amount of ₹ 1,000 for not supplying goods on time to the client as per terms of contract is not a penalty but compensatory in nature allowed u/s 37(1).
- Bad debts recovered during previous year ₹3,000 written off in preceding previous year, taxable u/s 41(4)
- Purchase of goods of ₹10,000 paid in cash is not disallowed u/s 40A(3) as payment in cash does not exceed Rs 10,000.



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- v) Any sum payable to MSME (other than trading unit) beyond time limit is allowed as deduction only in the previous year in which such sum is actually paid u/s 43B. Here the given MSME is trading unit so no treatment
- vi) Receipt from debtor ₹ 50,000 in cash is not covered under provision of sec 40A(3)
- vii) 30% of any sum payable or paid during the year to the resident on which tax is deductible at source under chapter XVII-B if such tax has not been deducted, disallowed u/s 40(a)(ia)
- viii) Income tax is specifically disallowed u/s 40(a)

4. (a) Mr Ram Mohan is a resident individual, has purchased a house property for ₹8,00,000 on 1st September, 2004. He constructed a new floor on the same house at a cost of ₹ 3,00,000 on 1st June, 2005. He sold such house for ₹38,00,000 on 1st December, 2025 and incurred brokerage @ 1% of sale value for arranging customer.

Cost inflation index for various financial year is as under: -

2003-2004 : 109

2004-2005 : 113

2005-2006 : 117

2025-2026 : 376

Assuming Mr Ram Mohan exercise the option of shifting out of the default tax regime provided under section 115BAC of the Income-tax Act, 1961

Assume that other income of Mr Ram Mohan is more than ₹ 5,00,000

Required:

Calculate the income chargeable under the head Capital gains for the assessment year 2026-27 in the hands of Mr Ram Mohan and also calculate the tax payable on such capital gain if any, if he wants to pay minimum amount of tax possible under the Income Tax Act

Discuss in brief the relevant provision.

[7]

- (b) Mrs. Iyer, a resident individual aged 45 years, is a tax consultant. She gives you the following details of her incomes for the previous year 2026-27:

(i) Received a cash gift of ₹55,000 from her brother on birthday.

(ii) Received a car from her friend on birthday. The fair market value of the car was ₹5 lakhs.

(iii) She held 2000 shares (purchase cost - ₹250 per share, purchase date – 01/11/2023) on an Indian company whose shares were listed on a Recognised Stock Exchange in India. On 31/01/2025, the company bought back these shares for ₹580 per share. The fair market value of these shares on that date was ₹500 per share.

(iv) Winning from card games - ₹58,000

(v) Loss incurred on card games - ₹5,000

(vi) Honorarium received from a private college for delivering guest lecture on taxation - ₹60,000

(vii) Family pension received from the employer of her deceased husband - ₹90,000

Note: All the amounts are inclusive of TDS (if any) and also she did not opt out of default tax regime provided under section 115BAC of the Income-tax Act, 1961

Required:



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Calculate her income under the head “Income from other sources” for the assessment year 2026-27 by discussing the relevant legal provisions. [7]

Answer:

(a) This is Long term capital assets since hold for more than 24 months.

Where resident individual or resident HUF has transferred on or after 23rd July, 2024, a long-term capital asset being land, building or both being acquired before 23rd July, 2024, then, the assessee has the option to pay tax.

Option 1	Pay tax @ 12.5% without considering index benefit
Option 2	Pay tax @ 20% after considering index benefit

The option is for computing tax liability on long-term capital gain but there is no option for computing long-term capital gain. Long-term capital gain shall be computed without considering index benefit.

Computation of capital gain of Mr Ram Mohan for the assessment year 2026-27

	Amount (₹)	Amount (₹)
Sale consideration		38,00,000
Less: - Expenses on transfer (1% of ₹ 38,00,000)		38,000
Net sale consideration		37.62,000
Less: - (i) Cost of acquisition	8,00,000	
(ii) Cost of improvement	3,00,000	11,00,000
Long-term capital gain		26,62,000

Option 1 - Pay tax @ 12.5% without considering index benefit

Tax on above before surcharge and cess (₹ 26,62,000 x 12.5%)		3,32,750
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Option 2 - Pay tax @ 20% after considering index benefit

	Amount (₹)	Amount (₹)
Net sale consideration as above		37,62,000
Less: - (i) Indexed cost of acquisition (₹ 8,00,000 x 376/113)	26,61,947	
(ii) Indexed cost of improvement (₹ 3,00,000 x 376/117)	9,64,103	36,26,050
		1,35,950
Tax on above before surcharge and cess (₹1,35,950 x 20%)		27,190

Therefore, in the given case option 2 is beneficial as tax is less here.

The important point is that in both the cases long-term capital gain will remains the same Rs ₹ 26,62,000 however tax liability will be change in both the option



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there is no option for computing long-term capital gain with indexed cost . in other words Long-term capital gain shall always be computed without considering index benefit. However tax liability will be change in both the options due to proviso of section 112.

(b)

Computation of income from other sources in the hands of Mr. Iyer for the AY 2026-27		
Particulars		₹
<u>Income from other sources</u>		
Gift received from brother - not taxable as brother is a “relative” as per section 56(2)(x)		Nil
Car received from friend – not taxable as car is not a property		Nil
Amount received on buy-back – taxable as deemed dividend under section 2(22)(f) – ₹2,000 x ₹580 No deduction for cost of acquisition is allowed- It will be loss under the head Capital Gain		11,60,000
Winning from card games Less: Loss incurred – not allowed		58,000
Honarium received from a private college for delivering guest lecture on taxation		60,000
Family pension	90,000	
Less: Standard deduction – Lower of		
(1) 1/3 rd of the amount received - ₹30,000		
(2) ₹25,000	25,000	65,000
Income from other sources		13,43,000

5. (a) Mr Manoj, a resident individual aged 45 years, furnished the following information in respect of income earned and losses incurred by him for the previous year 2025-26: -

Sr. No.	Particulars	Amount (₹)
(i)	Profit from metal business	2,06,000
(ii)	Brought forward loss from toys business which was closed in assessment year 2025-26	(68,000)
(iii)	Profit from speculative business	90,000
(iv)	Loss from speculative business of assessment year 2020-21 not set till assessment year 2025-26	(55,000)
(v)	Short term capital gain on sale of plot (land)	1,35,000
(vi)	Share of profit from firm in which he is partner	15,000
(vii)	Long term capital loss on sale of house	(90,000)

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(viii)	Loss from specified business covered under section 35AD of the Income-tax Act, 1961	(85,000)
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Mr Manoj files his income-tax return every year before due date. He exercise the option of shifting out of the default tax regime provided under section 115BAC of the Income-tax Act, 1961.

Required:

Calculate the gross total income of the Mr Manoj for the assessment year 2026-27, showing clearly the manner of set-off and the losses eligible for carry forward and period up to which such losses can be carried forward.

Indicate clearly the reasons for treatment of each item. [7]

(b) Mr Sita Ram, a resident individual, aged 65 years, furnishes the following particulars of his income for the previous year 2025-26: -

- He occupies ground floor of his residential building and has let out first floor for residential use at an annual rent of ₹4,84,000. He has paid municipal taxes of ₹48,000 for the current financial year.
- Interest received on bank fixed deposit: ₹1,37,000 (Gross)
- Income from royalty @ 18% on a book (artistic nature): ₹5,40,000.
- He contributed ₹10,000 to a political party by payment through cheque.
- He contributed ₹5,000 to an approved superannuation fund.

Required:

- Calculate total taxable income and total tax liability of Mr Sita Ram for the assessment year 2026-27 under the default tax regime under section 115BAC and optional tax regime as per the Regular provisions (old regime) of the Income-tax Act, 1961.
- Discuss with reason which scheme is better for him for the assessment year 2026-27. [7]

Answer:

(a) Computation of total income of Mr Manoj for the assessment year 2026-27

SN	Particulars	Amount (₹)	Amount (₹)
(i)	Profits and gains from business or profession		
	Share of profit from firm [Exempt under section 10(2A)]		Nil
	Loss from specified business covered under section 35AD ₹ 85,000 (Can be set-off only against income from any specified business. Hence, it has to be carried forward to assessment year 2027-28)		Nil
	Profit from metal business	2,06,000	
	Less: - Brought forward loss from toys business which was closed in assessment year 2025-26 (Business loss of discontinued business can be set-off against business income)	68,000	
		1,38,000	
	Add: - Profit from speculative business	90,000	



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	Less: - Loss from speculative business of assessment year 2020-21 not set till assessment year 2025-26 (can not be set-off as the period of 4 years as specified under section 73 has expired)	Nil	
			2,28,000
(ii)	Income from Capital Gains		
	Short term capital gain on sale of plot (land)	1,35,000	
	Less: - Long term capital loss on sale of house (Long term capital loss can not be set off against any income and shall be carried forward)	Nil	
			1,35,000
	Gross total Income		3,63,000
	Losses to be carried forward to assessment year 2027-28		Amount (₹)
(i)	Loss from specified business can be carried forward indefinitely for set-off against income from any specified business		85,000
(ii)	Long term capital loss on sale of house can be carried forward upto 8 successive assessment years [OR] upto assessment year 2034-35, for set-off against long term capital gain		90,000

(b) (I) Computation of total income of Mr Sita Ram for the assessment year 2026-27

		Regular provision Amount (₹)		Section 115BAC Amount (₹)	
(i)	Income from house property				
	Let out portion (First floor)				
	Gross annual value (GAV) (Rent received is taken as GAV, in the absence of other information)	4,84,000		4,84,000	
	Less: - Municipal taxes paid (Pertaining to let out portion ₹ 48,000 / 2)	24,000		24,000	
	Net Annual Value (NAV)	4,60,000		4,60,000	
	Less: - Deduction under section 24 of the Income-tax Act, 1961: - Standard deduction @ 30% of NAV	1,38,000		1,38,000	
		3,22,000		3,22,000	
	Self-occupied portion (Ground floor)				
	Annual value	Nil		Nil	

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	Income under the head Income from house property		3,22,000		3,22,000
(ii)	Income from other sources				
	Interest received on bank fixed deposit	1,37,000		1,37,000	
	Royalty from artistic book	5,40,000		5,40,000	
	Income under the head Income from other sources		6,77,000		6,77,000
	Gross total income		9,99,000		9,99,000
	Less: - Deductions under Chapter VI-A				
(i)	Deduction under section 80C Contribution to approved superannuation fund		5,000		Not eligible
(ii)	Deduction under section 80GGC Contribution to political party		10,000		Not eligible
(iii)	Deduction under section 80QQB Royalty income being minimum of:-				
	100% of income	5,40,000			
	15% of sale value of book (₹ 5,40,000 x 15/18)	4,50,000			
	Statutory amount	3,00,000	3,00,000		Not eligible
(iv)	Deduction under section 80TTB Interest received on bank fixed deposit (Since the maximum deduction under section 80TTB is ₹ 50,000)		50,000		Not eligible
			3,65,000		Nil
	Total taxable income		6,34,000		9,99,000
	Tax liability				
	Tax on total taxable income of ₹ 6,34,000 (₹ 10,000 + ₹ 26,800)		36,800		
	Tax on total taxable income of ₹ 9,99,000 (₹ 20,000 + ₹ 19,900)				39,900
	Rebate under section 87A		Nil		39,900
	Balance		36,800		Nil
	Add: - Health & Education cess @ 4%		1,472		Nil
	Total tax liability		38,272		Nil

(II) In the instant case, tax liability under default tax regime under section 115BAC is Nil.

Hence it is advisable to opt for default tax regime under section 115BAC of the Act.



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6. (a) Prepare a statement showing the various Lists provided under Seventh Schedule to Article 246 of the Constitution of India and also discuss which major entries in the respective list enable the legislature to make law on the matter. [7]
- (b) In the context of Goods and Services Tax Council (Article 279A) demonstrate the following: -
- (i) Who is the member of the GST Council?
 - (ii) How many members of the GST Council shall constitute the quorum at its meetings?
 - (iii) How will any decision be taken by the GST Council at the meeting? What will be the weightage of votes of Central Government and State Government in the total votes cast while taking any decision at the meeting of the GST Council?
 - (iv) List down the commodities on which at present GST is not levied but the date from which it will be applicable recommended by the GST Council. [7]

Answer:

(a)

Seventh Schedule to Article 246 of the Constitution divides subject matter of law made by legislature into three categories: -	
List I	Union list Only Parliament OR (Central Government) has power of legislation on subject matters covered in the list.
List II	State list State Government has power of legislation on subject matters covered in the list.
List III	Concurrent list Both Central & State Government can pass legislation on subject matters covered in the list.
Following major entries in the respective list enable the legislature to make law on the matter:	
(1)	Union List (List I)
(i)	Entry 82 - Taxes on income other than agricultural income i.e. Income-tax
(ii)	Entry 83 - Duties of customs including export duties i.e., Customs Act
(iii)	Entry 84 - Duties of excise on tobacco and other goods manufactured or produced in India except: a. alcoholic liquors for human consumption. b. opium, Indian hemp and other narcotic drugs and narcotics, but including medicinal and toilet preparations containing alcohol / opium / Indian hemp / narcotic drugs / narcotics i.e., Central Excise Act
(iv)	Entry 86 - Taxes on the capital value of the assets, exclusive of agricultural land, of individuals and companies; taxes on the capital of companies i.e., Wealth Tax
(v)	Entry 92A - Taxes on the sale or purchase of goods other than newspapers, where such sale or purchase takes place in the course of inter-State trade or commerce i.e., Central Sales Tax
(vi)	Entry 92C – Tax on services
(vii)	Entry 97 - Any other matter not enumerated in List II or List III including any tax not mentioned in either of those Lists.

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(2)	State List (List II)
(i)	Entry 54 - Taxes on the sale or purchase of goods other than newspapers, subject to the provisions of entry 92A of List I i.e., State Level VAT
(ii)	Entry 46 - Taxes on agricultural income.
(iii)	Entry 60 - Taxes on professions, trades, callings and employments i.e., Professional Tax
(iv)	Entry 51 - Duties of excise on the following goods manufactured or produced in the State and countervailing duties at the same or lower rates on similar goods manufactured or produced elsewhere in India: a. alcoholic liquors for human consumption; b. opium, Indian hemp and other narcotic drugs and narcotics, but not including medicinal and toilet preparations containing alcohol/ opium/ Indian hemp/ narcotic drugs / narcotics.

(b)

SN	Particulars
(i)	The GST Council which will be a joint forum of the Centre and the States, shall consist of the following members: (a) The Union Finance Minister is the Chairperson; (b) The Union Minister of State, in-charge of Revenue of finance is the member; (c) The Minister In-charge of finance or taxation or any other Minister nominated by each State Government are the members.
(ii)	One-half of the total number of Members of the Goods and Services Tax Council shall constitute the quorum at its meetings.
(iii)	Every decision of the Goods and Services Tax Council shall be taken at a meeting, by a majority of not less than three-fourths of the weighted votes of the members present and voting, in accordance with the following principles, namely: — (a) the vote of the Central Government shall have a weightage of one third of the total votes cast, and (b) the votes of all the State Governments taken together shall have a weightage of two-thirds of the total votes cast, in that meeting.
(iv)	The Goods and Services Tax Council shall recommend the date on which the goods and services tax be levied on petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel.

7. (a) i) ishnu Trader is dealing in intra-State trading of stationary items in the State of Uttarakhand. Its aggregate turnover in the preceding financial year by way of supply of stationary items was ₹75 lakh.
- (ii) Laxmi & Sons, a registered dealer, is dealing in intra-State trading of electrical home appliances in the State of Tamil Nadu. Its aggregate turnover in the preceding financial year by way of supply of electrical home appliances was ₹135 lakh.

In the current financial year, it has also started providing intra-State repair and maintenance services of electrical home appliances in the State of Tamil Nadu.

Required:

Examine, whether the suppliers are eligible for composition levy scheme for the current financial year, under GST law in the above independent cases.



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In above point no.(ii), if your answer is yes then demonstrated up to what amount, the service can be supplied.

Brief notes for treatment given should form part of your answer.

[7]

(b) Analyze the following independent cases and calculate the taxable value of supply, provided by a registered authorized dealer in foreign exchange to its customers.

- (i) USD 2,000 are purchased from Mrs Rosey on dated 1st April, 2025 at the rate of ₹ 80.50 per USD. The Reserve Bank of India (RBI) reference rate for each USD is ₹ 82.50 for that day.
- (ii) ₹ 1,50,000 is converted into UK Pound on dated 15th April, 2025 and the exchange rate offered is ₹ 98 per UK Pound. RBI reference rate for conversion of INR into UK Pound is not available.
- (iii) On 10th April, 2025 Mr John gets 10,000 Euro converted into 40,000 Dirham. On such date, RBI reference rate is 1 Euro = ₹ 85, 1 Dirham = ₹ 22.

Brief notes for treatment given should form part of your answer. All the amounts given above are exclusive of taxes.

[7]

Answer:

(a)

(i)	<p>The turnover limit for composition scheme in case of Special Category States is ₹ 75 lakh in the preceding financial year.</p> <p>Thus, Vishnu Trader can opt for composition scheme as its aggregate turnover does not exceed ₹ 75 lakh.</p> <p>Further, it satisfies other conditions of composition scheme namely, not making inter-State outward supplies of goods or services.</p>
(ii)	<p>The turnover limit for composition scheme in the State of Tamil Nadu is ₹ 150 lakh in the preceding financial year.</p> <p>Thus, Laxmi & Sons can opt for composition scheme as its aggregate turnover is less than ₹ 150 lakh.</p> <p>Further, it satisfies other conditions of composition scheme namely, not making inter-State outward supplies of goods.</p>
	<p>Since the registered person opting for composition scheme can also supply services (other than restaurant services) for a value up to</p> <p>(i) 10% of the turnover in the preceding financial year, or (ii) ₹ 5 lakh,</p> <p>Whichever is higher, in the current financial year.</p>
	<p>Thus, Laxmi & Sons can supply repair and maintenance services up to a value of ₹ 13.5 lakh (10% of ₹ 135 lakh or ₹ 5 lakh, whichever is higher) in the current financial year.</p>



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(b)

SN	Particulars
(i)	Where one of the currency exchanged is INR Value of supply = (Buying rate or the selling rate - RBI reference rate for that currency at that time) X Total units of currency exchanged $\text{₹ } 82.50 - \text{₹ } 80.50) \times 2,000 = \text{₹ } 4,000$
(ii)	However, where the RBI reference rate for a currency is not available, the value shall be 1% of the gross amount of Indian Rupees provided or received by the person changing the money $1\% \text{ of } \text{₹ } 1,50,000 = \text{₹ } 1,500$
(iii)	Where none of the currency exchanged is INR Value of supply = 1% of the lesser of the two amounts the person changing the money would have received by converting any of the two currencies into Indian Rupee on that day at RBI reference rate Euros = $10,000 \times \text{₹ } 85 = \text{₹ } 8,50,000$ Dirham = $40,000 \times \text{₹ } 22 = \text{₹ } 8,80,000$ $1\% \text{ of } \text{₹ } 8,50,000 = \text{₹ } 8,500$

8. (a) As per the provisions of GST law, discuss with reason, the following questions with respect to casual taxable person:

- (i) Who is a casual taxable person?
- (ii) When is the casual taxable person liable to get registered?
- (iii) What is the validity period of the registration certificate issued to a casual taxable person?
- (iv) Can the validity of registration certificate issue to a casual taxable person be extended? If yes, what will be the period of extension?
- (v) Can a casual taxable person opt for the composition scheme? [7]

(b) Prabhu Trade International Ltd of Kolkata imported a machine by air from USA. The cargo plane carrying the machine reaches Mumbai airport first and from there machine is transhipped to Kolkata airport.

Prabhu Trade International Ltd has given the following particulars: -

SN	Particulars	
(i)	FOB value of machine	US \$ 20,000
(ii)	Air freight, loading, unloading & handling charges associated with the delivery of the imported goods to the place of importation	US \$ 3,000

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(iii)	Actual landing charges paid at the place of importation	₹ 12,500
(iv)	Transport charges from Mumbai airport to Kolkata airport	₹10,000
(v)	Insurance charges paid to the place of importation	Not known
Date of bill of entry		02-09-2025 exchange rate as notified by CBIC = ₹92 per US \$, Rate notified by RBI = ₹ 95 per US \$)
Date of arrival of aircraft		05-09-2025 exchange rate as notified by CBIC = ₹93 per US \$, Rate notified by RBI = ₹ 94 per US \$)

Required:

Examine the above case and calculate the Assessable value of machine of Imported by Prabhu Trade International Ltd under Customs Act, 1962.

Show workings with explanations.

[7]**Answer:****(a)**

SN	Particulars
(i)	Who is a casual taxable person?
	Causal taxable person means a person who occasionally undertakes transactions involving supply of goods or services or both in the course or furtherance of business, whether as principal, agent or in any other capacity, in a State or a Union territory where he has no fixed place of business.
(ii)	When is the casual taxable person liable to get registered?
	A casual taxable person is liable to obtain registration compulsorily under GST laws, at least 5 days prior to commencement of business.
(iii)	What is the validity period of the registration certificate issued to a casual taxable person?
	The registration certificate issued to a casual taxable person will be valid for: (a) the period specified in the application for registration, or (b) 90 days from the effective date of registration, whichever is earlier.
(iv)	Can the validity of registration certificate issue to a casual taxable person be extended? If yes, what will be the period of extension?
	Yes, the validity of registration certificate issued to a casual taxable person can be extended. It can be extended by a further period not exceeding 90 days.
(v)	Can a casual taxable person opt for the composition scheme?
	A casual taxable person cannot exercise the option to pay tax under composition levy.

(b) Computation of the total assessable value of machine imported by Prabhu Trade International Ltd.

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FOB value of machine	US \$ 20,000
	₹
FOB value of machine in rupees @ ₹ 92 per US \$ (₹ 92 X US \$ 20,000)	18,40,000
(Rate of exchange notified by CBIC on the date of presentation of bill of entry is considered)	
Add: - Air freight, loading, unloading & handling charges associated with the delivery of the imported goods to the place of importation (Actual freight US \$ 3,000 x ₹ 92 = ₹ 2,76,000 Or 20% of FOB value of goods ₹ 18,40,000 x 20% = ₹ 3,68,000 Whichever is lower)	2,76,000
Add: - Actual landing charges paid at the place of importation (The loading, unloading and handling charges associated with the delivery of the imported goods “at” the place of importation shall not form part of the assessable value of goods)	Nil
Add: - Transport charges from Mumbai to Kolkata airport (Cost of insurance, transport, loading, unloading, handling charges associated with transshipment of imported goods to another customs station in India is not included in assessable value)	Nil
Add: - Insurance charges (₹ 18,40,000 x 1.125%) (If insurance charges are not ascertainable, the same shall be added @ 1.125% of FOB value of the goods)	20700
Assessable value	21,36,700