

# CRD1

## MCQ BOOKLET NO. 2012025

### GENERAL INSTRUCTIONS TO CANDIDATES

1. The question paper comprises two parts, Part I and Part II.
2. Part I comprises Multiple Choice Questions (MCQs).
3. Part II comprises questions which require descriptive type answers.
4. Ensure that you receive the question paper relating to both the parts. If you have not received both, bring it to the notice of the invigilator.
5. Answers to Questions in Part I are to be marked on the OMR answer sheet given on the cover page of descriptive answer book of section A only. Answers to questions in Part II are to be written in their respective descriptive answer book. Answers to MCQs, if written inside the descriptive answer book or on Part-I Question paper will not be evaluated.
6. OMR answer sheet given on the cover page of descriptive answer book will be in English only for all candidates, including for Hindi medium candidates.
7. The bar coded sticker provided in the attendance register, is to be affixed only on the descriptive answer book.
8. You will be allowed to leave the examination hall only after the conclusion of the exam. If you have completed the paper before time, remain in your seat till the conclusion of the exam.
9. Duration of the examination is 3 hours. You will be required to submit the descriptive answer book with OMR cover page to the invigilator before leaving the exam hall, after the conclusion of the exam.
10. The invigilator will give you acknowledgement on Page 2 of the admit card, upon receipt of the above-mentioned items.
11. Candidate found copying or receiving or giving any help or defying instructions of the invigilators will be expelled from the examination and will also be liable for further punitive action.

### PART – 1

30 Marks

1. Answer all questions.
2. Use HB pencil only to darken the circles for answers in the answer sheet.
3. After each question four alternative answers are given. Choose one of the answers and darken the appropriate circle against the question number in the OMR Answer Sheet, completely, as shown below, with HB pencil.
4. Any answer marked in the question booklet or inside the descriptive answer book will not be considered and no marks will be awarded.
5. If a candidate wants to change the answer already darkened, he should erase it completely, with good quality eraser and ensure that no mark is visible after erasing.
6. No mark will be awarded if no circle is darkened or more than one circle is darkened for a particular question. There is no negative marking for a wrong answer.
7. Rough work, if any, must be done on the pages, specified as SPACE FOR ROUGH WORK only and nowhere else in the question paper booklet or in the answer sheet.
8. Before commencement of the exam, please fill up the necessary information in the space provided below and also in the answer sheet.

Total No. of Printed Pages : 9

Maximum Marks : 100

Roll No.	2	8	1	9	3	4
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Question Paper Booklet Code	C	R	D	1
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Name of the Candidate	
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Signature of Candidate

**PART I**  
**MULTIPLE CHOICE QUESTIONS**

**1. Loss from house property of ₹ 3,10,000 of A.Y. 2023-24 is allowed to be set-off against income from house property of A.Y. 2025-26 of ₹ 5,00,000 to the extent of –**

- (a) ₹ 2,00,000 (b) fully allowed i.e., ₹3,10,000  
(c) ₹ 2,50,000 (d) ₹ 1,00,000

**2. Leena received ₹30,000 as arrears of rent during the P.Y. 2024-25. The amount taxable under section 25A would be -**

- (a) ₹30,000  
(b) ₹21,000  
(c) ₹20,000  
(d) ₹15,000

**3. Loss from speculative business**

- (a) can be set off from income of owning and maintaining of race horses  
(b) can be set off from income of house property  
(c) can be set off from income under the head business/profession  
(d) none of these

**4. The due date for filing of a return of income for a company for Assessment Year 2025-26 is -**

- (a) 31st July, 2025  
(b) 30th September, 2025  
(c) 31st October, 2025  
(d) 31st August, 2025

**5. Mr. Y has a total income of ₹ 4,50,000 for A.Y. 2025-26. He furnishes his return of income for A.Y. 2025-26 on 2<sup>nd</sup> December, 2025. He is liable to pay fee of–**

- (a) ₹ 1,000 under section 234F  
(b) ₹ 5,000 under section 234F  
(c) ₹ 10,000 under section 234F  
(d) Not liable to pay any fee

**6. Mr. X paid fees for professional services of ₹40,000 to Mr. Y, who is engaged only in the business of operation of call centre, on 15.7.2024. Tax is to be deducted by Mr. X at the rate of –**

- (a) 1% (b) 2% (c) 10% (d) 20%

**7. ₹2 lakh is paid to Mr. Vallish, a resident individual on 15.3.2025 by the State of Haryana on compulsory acquisition of his urban agricultural land.**

- (a) No tax is deductible at source (b) Tax is deductible @ 1%  
(c) Tax is deductible @ 5% (d) Tax is deductible @ 10%

**8. The construction of a house was completed on 31st January, 2025. The owner of the house took a loan of ₹20,00,000 @ 6% p.a. on 1st May, 2024. In this case the deduction allowable for the previous year 2024-25 towards interest on borrowings is —**

- (a) 22,000  
(b) 24,000  
(c) 1,10,000  
(d) None of the above.

**9. Mr. A, a salaried individual, pays rent of ₹51,000 per month to Mr. B from June,2023. Which of the statement is true?**

- (a) No tax is deductible at source since Mr. A is not liable to tax audit u/s 44AB.
- (b) Tax is deductible at source every month @ 10% on rent paid to Mr. B.
- (c) Tax is deductible at source every month @ 5% on rent paid to Mr. B.
- (d) Tax is deductible at source @ 5% on annual rent from the rent paid for March 2024.

**10. M/S Mohan & Sons (liable to audit) paid ₹35,000 to Mr. Goel on 01.05.2024 towards fee for legal advisory services without deduction of tax at source. Another payment of ₹47,000 was due to Mr. Goel on 31.07.2024 and TDS on entire amount (i.e. ₹35,000 plus ₹47,000) was deducted and then the net amount was paid. However, the total tax deducted was deposited on 15.11.2024. The interest chargeable under section 201 will be:**

- (a) ₹650
- (b) ₹433
- (c) ₹486
- (d) ₹597

**11. If any person has purchased immovable property for ₹20 lakh but stamp duty value is ₹23 lakhs, in this case taxable amount of gift shall be**

- (a) 3 lakh
- (b) 1 lakh
- (c) Nil
- (d) 23 lakh

**12. Short-term capital gains arising on transfer of listed shares after 23.07.2024 on which STT is paid at the time of transfer, would be chargeable to tax –**

- (a) at the rate of 10%
- (b) at the rate of 20%
- (c) at the rate of 15%
- (d) at the rate of 5%

**13. Mr. X sold one house property for ₹ 70,00,000 and its stamp duty value is ₹ 84,00,000, in this case FVC shall be taken to be**

- (a) ₹ 70,00,000
- (b) ₹ 84,00,000
- (c) ₹ 73,50,000
- (d) none of these

**14. John is a foreign citizen born in USA. His father was born in Delhi in 1960 and his grand-father was born in Lahore in 1935 but his mother was born in UK in 1963. John came to India for the first time on 1st June, 2024 and stayed in India for 183 days and then left for USA. His residential status for the A.Y. 2025-26 shall be :**

- (a) Resident and ordinarily resident
- (b) Resident but not ordinarily resident
- (c) Non-resident
- (d) Foreign National

**15. The following income of Ms. Nargis who is a non-resident shall be included in her total income:**

- (i) Salary for 2 months received in Delhi ₹40,000.
  - (ii) Interest on Savings Bank Account in Mumbai ₹2,100.
  - (iii) Agricultural income in Bangladesh and Invested in shares in Bangladesh.
  - (iv) Amount brought into India out of past non-taxed profits earned in USA.
- (a) (i), (iii) and (iv)
  - (b) (i) and (ii)
  - (c) (i), (ii) and (iv)
  - (d) All the four above

**16. The income earned during the previous year is subject to tax under the Act on the basis of residential status of an assessee. However, the residential status of an assessee ..... every year.**

- (a) will not change
- (b) will certainly change
- (c) may change
- (d) None of the above

**17. Mr. Rajiv, born and brought up in India left for employment in Belgium on 15-10-2024. He has never gone out of India, previously. What is his residential status for the assessment year 2025-26?**

- (a) Non-resident
- (b) Not ordinarily resident
- (c) Resident and ordinarily resident in India
- (d) Indian citizen

**18. Non listed equity shares shall be long term after**

- (a) One year
- (b) Two year
- (c) Three year
- (d) None of these

**19. Capital gain on transfer of depreciable asset would be-**

- (a) long term capital gain, if held for more than 36 months
- (b) long term capital gain, if held for more than 24 months
- (c) long term capital gain, if held for more than 12 months
- (d) short term capital gain, irrespective of the period of holding

**20. Mr. A, a Canadian citizen, comes to India for the first time during the P.Y. 2020-21. He was in India during 2020-21- 55 days, 2021-22 – 60 days, 2022-23 – 90 days, 2023-24 – 150 days, 2024-25 – 70 days. Residential status for the previous year 2024-25 shall be**

- (a) Resident and ordinarily resident
- (b) Resident but not ordinarily resident
- (c) Non-resident
- (d) Cannot be ascertained with the given information

**21. Karta of one HUF comes to India every year for minimum 10 days and maximum 104 days, residential status of HUF shall be**

- (a) Resident and ordinarily resident
- (b) Resident but not ordinarily resident
- (c) Non-resident
- (d) Cannot be ascertained with the given information

**22. Mr. A gifts a sum of ₹ 1,00,000 to his brother's wife Mrs. B. Mr. B gifts a sum of ₹ 1,00,000 to Mrs. A. From the sum gifted to her, Mrs. B invests in a fixed deposit, income therefrom is ₹10,000. Aforesaid ₹10,000 will be included in the total income of .....**

- (a) Mr. A
- (b) Mrs. A
- (c) Mrs. B
- (d) Mr. B

**23. Mr. Aarav gifted a house property valued at ₹50 lakhs to his wife, Geetha, who in turn has gifted the same to her daughter-in-law Deepa. The house was let out at ₹25,000 per month throughout the P.Y.2024-25. Compute income from house property for A.Y.2025-26.**

**In whose hands is the income from house property chargeable to tax?**

- (a) ₹3,00,000 in the hands of Mr. Aarav
- (b) ₹2,10,000 in the hands of Mr. Aarav
- (c) ₹2,10,000 in the hands of Geetha

(d) ₹2,10,000 in the hands of Deepa

**24. The deduction in respect of interest on enhanced compensation of ₹1,50,000 received during the previous year 2024-25, would be –**

- (a) ₹ 1,50,000, being 100% of ₹ 1,50,000  
 (b) ₹ 75,000, being 50% of ₹ 1,50,000  
 (c) ₹ 45,000, being 30% of ₹ 1,50,000  
 (d) Nil

**25. In case of default in payment of Self assessment tax, interest shall be charged**

- (a) 2% p.m. u/s 234C , (b) 1% p.m. u/s 234B ,(c) 1.5% p.m. u/s 234A , (d) 1% p.m. u/s 234C

**26. In case of default in payment of self assessment tax after last date of filing of ROI, interest shall be charged**

- (a) 2% p.m. u/s 234C  
 (b) 1% p.m. u/s 234B  
 (c) 1% p.m. u/s 234A + 1% p.m. u/s 234B  
 (d) 1% p.m. u/s 234C

**27. Mr. A, whose total sales is ₹201 lakhs, declare profit of ₹10 lakhs for the F.Y. 2024-25 . He is liable to pay advance tax-**

- (a) in one instalment  
 (b) in two instalments  
 (c) in three instalments  
 (d) in four instalments

**28. Mr. Harish, aged 40 years, earned interest of ₹15,000 during P.Y. 2024-25 from post office savings bank account. What portion of such income would be ultimately included in his total income?**

- (a) ₹15,000 (b) ₹5,000 (c) ₹11,500 (d) Nil

**29. For the purpose of gift, the term relative shall include**

- (a) grand father of individual  
 (b) bother's son of individual  
 (c) brother of father of spouse  
 (d) all the above

**30. Mr. X purchased one house property for ₹ 3,00,000 market value ₹ 7,00,000 stamp duty value ₹3,40,000, in this case taxable amount shall be**

- (a) ₹ 4,00,000  
 (b) ₹ 40,000  
 (c) Nil  
 (d) ₹ 3,40,000

**PART-II****70 Marks**

1. Attempt all questions
  2. Working notes should form part of the answer.
  3. Answers to the questions are to be given only in English except in the case of candidates who have opted for Hindi Medium. If a candidate has not opted for Hindi Medium, his/her answers in Hindi will not be evaluated.
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**Question 1.****(10 Marks)**

Mr. X purchased 100 equity shares in ABC Ltd. on 01.10.1995 @ ₹10 per share. The company has issued 100 bonus shares on 01.10.1998 and market value of the shares on 01.04.2001 was ₹7 per share. The company has again issued 100 bonus shares on 01.10.2013.

The company has offered 100 right shares on 01.04.2024 @ ₹140 per share though the market value is ₹250 per share. Mr. X purchased half of the shares and remaining half were renounced by him in favour of his friend Mr. Y. He has charged ₹20 per share from Mr. Y for renouncing the right.

All the shares were sold by Mr. X and Mr. Y @ ₹300 per share on 01.01.2025 and securities transaction tax has been paid. (market value on 31-01-2018 is ₹200 per share)

Mr. X has income under the head house property ₹2,20,000 and has casual income ₹50,000 and has invested ₹1,00,000 in NSC.

Mr. Y has income under the head house property ₹3,50,000 and has invested ₹30,000 in NSC.

Compute tax liability of Mr. X and Mr. Y.

**Question 2 (a).****(5 Marks)**

Mr. Jai a resident individual furnishes the following particulars of his income and other details for the previous year 2024-25:

	₹
Income from the activity of owning and maintaining race horses	40,000
Income from crossword puzzle solving	30,000
Income from Agricultural land in Haryana	25,000
Dividend Income from domestic company (gross)	15,000
(Expenditure incurred in collecting the aforesaid dividend)	2,500
Income from cycling business	1,50,000
Loss from warehousing facility for storage of edible oils	1,00,000
Share of loss from PR associates, a firm (having 4 equal partners) in which he is a partner	23,000
The following items have been brought forward from the assessment year 2023-24:	
Brought forward loss from house property	1,00,000
Loss from the activity of owning and maintaining race horses	37,000
Loss from gambling	10,000
Unabsorbed depreciation	15,000
Speculation Loss	20,000

Mrs. Jai (wife of Mr. Jai) got a salary of ₹ 1,20,000 from PR associates during the year 2024-25. She is not qualified for the job.

Compute the gross total income of Mr. Jai for the assessment year 2025-26 ignoring the provisions of Section 115BAC.

**Question 2 (b).****(5 Marks)**

Explain with brief reasons, whether the return of income can be revised under Section 139(5) of the Income-tax Act, 1961 in the following cases:

- (i) Belated return filed under Section 139(4)
- (ii) Return already revised twice under Section 139(5)
- (iii) Return of loss filed under Section 139(3)

**Question 3 (a)****(5 marks)**

Mr. A is a proprietor of ABC Enterprises having 2 units started on 01.04.2014. He transferred on 01.04.2024 his unit 1 by way of slump sale for a total consideration of ₹45 Lacs. The expenses incurred for this transfer were ₹65,000/-. His Balance Sheet as on 31.03.2024 is as under:

Liabilities	Total ₹	Assets	Unit 1 ₹	Unit 2 ₹	Total ₹
Own Capital	21,00,000	Building	15,00,000	4,00,000	19,00,000
Revaluation Reserve (for building of unit 1)	6,00,000	Machinery	5,00,000	2,00,000	7,00,000
Bank Loan (70% for unit 1)	4,00,000	Debtors	3,00,000	70,000	3,70,000
Trade creditors (25% for unit 1)	3,10,000	Other assets	3,50,000	90,000	4,40,000
<b>Total</b>	<b>34,10,000</b>	<b>Total</b>	<b>26,50,000</b>	<b>7,60,000</b>	<b>34,10,000</b>

Other information:

- Revaluation reserve is created by revising upward the value of the building of unit 1.
  - No individual value of any asset is considered in the transfer deed.
- Compute the capital gain for the assessment year 2025-26.

**Question 3 (b)****(5 marks)**

Mr. Kailash, a resident and ordinarily resident in India, could not file his return of Income for the assessment year 2025-26 before due date prescribed under section 139(1). Advise Mr. Kailash as a tax consultant: What are the consequences for non-filing of return of Income within the due date under section 139(1)?

**Question 4 (a).****(5 Marks)**

Miss. Kavita, a resident and ordinarily resident in India, has derived the following income for the year ended 31-3-2025.

	₹
(i) Income from sale of centrifuged latex processed from rubber plants grown in Darjeeling.	1,00,000
(ii) Income from sale of coffee grown and cured in Yercaud, Tamil Nadu	2,00,000
(iii) Income from sale of coffee grown, cured in Colombo. Sale Consideration was received in Chennai.	5,00,000
(iv) Income from sale of tea grown and manufactured in Shimla.	10,00,000
(v) Income from sapling and seedling grown in a nursery at Cochin. Basic operations were not carried out by her on land.	2,00,000

You are required to compute the Income of Miss. Kavita for the Assessment Year 2025-26.

**Question 4 (b).****(5 Marks)**

Mrs. X and Mrs. Y are sisters and they earned the following income during the Financial Year 2024-25. Mrs. X is settled in Malaysia since 2019 and visits India for a month every year. Mrs. Y is settled in Indore since her marriage in 2019. Compute the total income of Mrs. X and Mrs. Y for the assessment year 2025-26:

Sl. No.	Particulars	Mrs. X ₹	Mrs. Y ₹
(i)	Income from Profession in Malaysia, (set up in India) received there	15,000	-
(ii)	Profit from business in Delhi, but managed directly from Malaysia	40,000	-
(iii)	Rent (computed) from property in Malaysia deposited in a Bank at Malaysia, later on remitted to India through approved banking channels.	1,20,000	-
(iv)	Cash gift received from a friend on Mrs. Y's 50 <sup>th</sup> birthday	-	51,000
(v)	Agricultural income from land in Maharashtra	7,500	4,000

(vi)	Past foreign untaxed income brought to India	5,000	-
(vii)	Fees for technical services rendered in India received in Malaysia	25,000	-
(viii)	Income from a business in Pune (Mrs. X receives 50% of the income in India)	12,000	15,000
(ix)	Interest on debentures in an Indian company (Mrs. X received the same in Malaysia)	18,500	14,000
(x)	Short-term capital gain on sale of shares of an Indian company	15,000	25,500
(xi)	Interest on Fixed Deposit with SBI in India	12,000	8,000

**Question 5 (a)****(5 Marks)**

Mr. X sold his house property in Bangalore as well as his rural agricultural land for a consideration of ₹ 60 lakh and ₹ 15 lakh, respectively, to Mr. Y on 01.08.2024. He has purchased the house property and the land in the year 2024 for ₹ 40 lakh and ₹ 10 lakh, respectively. The stamp duty value on the date of transfer, i.e., 01.08.2024, is ₹ 85 lakh and ₹ 20 lakh for the house property and rural agricultural land, respectively. Determine the tax implications in the hands of Mr. X and Mr. Y and the TDS implications, if any, in the hands of Mr. Y, assuming that both Mr. X and Mr. Y are resident Indians.

**Question 5 (b)****(5 Marks)**

Mr. X purchased agricultural land in the urban area on 01.04.2001 for ₹2,00,000. It was being used for agricultural purposes since then and was sold by the assessee on 01.07.2024 for ₹123,00,000.

He made following investments:

- Bonds of National Bank for Agriculture and Rural Development on 01.06.2024 for ₹1,50,000 which are redeemable after 5 years.
- He purchased agricultural land on 01.09.2024 for ₹2,00,000.
- He has invested ₹75,000 on 01.10.2024 in the bonds of RECL redeemable after five years.

He sold the bonds of RECL on 15.04.2025 for ₹3,00,000.

Compute his capital gains for various years and also tax liability for assessment year 2025-26.

**Question 6 (a).****(5 Marks)**

Mr. X has let out one House property and rent received is ₹90,000 p.m. after TDS. He paid Municipal Tax ₹1,00,000 and Interest u/s 24 (b) is ₹2,00,000. He has received ₹ 12,60,000 in connection with professional services after TDS. The Assessee made the payment of tax on 10.05.2025. Compute Total Income and Tax Payable and also Compute Interest u/s 234A, 234B & 234C.

**Question 6 (b).****(5 Marks)**

Examine the applicability and the amount of TDS to be deducted in the following cases for F.Y. 2024-25:

- S and Co. Ltd. paid ₹ 25,000 to one of its Directors as sitting fees on 02-02-2025.
- ₹ 2,20,000 paid to Mr. Mohan, a resident individual, on 28-02-2025 by the State of Haryana on compulsory acquisition of his urban land.
- Mr. Purushotham, a resident Indian, dealing in hardware goods has a turnover of ₹12 crores in the previous year 2023-24. He purchased goods from Mr. Agarwal a resident seller, regularly in the course of his business. The aggregate purchase made during the previous year 2024-25 on various dates is 80 lakhs which are as under:

10-06-2024	₹25,00,000
20-08-2024	₹27,00,000
12-10-2024	₹28,00,000

He credited Mr. Agarwal's account in the books of accounts on the same date and made the payment on 28.02.2025 ₹80 lakh. Mr. Agarwal's turnover for the financial year 2023-24 is ₹20 crores.



**Question 7 (a).****(5 Marks)**

Mr. Arjun (52 years old) furnishes the following particulars in respect of the following payments:

S. No.	Particulars	Amount (₹)
1.	Premium paid for insuring the health of – <ul style="list-style-type: none"> <li>• Self</li> <li>• Spouse</li> <li>• Dependant son</li> <li>• Mother</li> </ul>	10,000 8,000 4,000 18,000
2.	Paid for Preventive Health Check-up of <ul style="list-style-type: none"> <li>• himself</li> <li>• spouse</li> <li>• mother</li> </ul>	2,000 1,500 4,000
3.	Incurred medical expenditure of ₹ 25,000 and ₹15,000 for his mother, aged 80 years and father, aged 85 years. Both mother and father are resident in India.	

Compute the deduction available to Mr. Arjun under section 80D for the A.Y. 2025-26 under optional tax regime.

**Question 7 (b).****(5 Marks)**

Mr. Mahadev, a noted bhajan singer of Rajasthan and his wife Mrs. Dariya furnish the following information relating to the Assessment Year 2025-26.

		₹
1	Income of Mr. Mahadev- professional bhajan singer (computed)	5,65,000
2	Income under the head salary of Mrs. Dariya (computed)	3,80,000
3	Loan received by Mrs. Dariya from Ramu & Jay (Pvt) Ltd. (Mrs. Dariya holds 35% shares of the Co. has incurred losses since its inception 2 years back)	2,50,000
4	Income of their minor son Golu winning signing reality show on T.V.	2,50,000
5	Cash gift received by Golu from friend of Mr. Mahadev on winning the show	21,000
6	Interest income received by minor married daughter Gudia from deposit with Ramu & Jay Pvt Ltd.	40,000

Compute total taxable income of Mr. Mahadev & Mrs. Dariya for the Assessment Year 2025-26.