

**PREPARATORY TEST PAPER III****(HP, SALARY, CAPITAL GAINS, OTHER SOURCES)**

Time Allowed –1 Hr 12 Mins

Maximum Marks – 40

**Question 1:** Mr. Balaji, employed as a production manager in Beta Ltd., furnishes you the following information for the year ended 31-03-2025.

(i) Basic Salary upto 31-10-2024 ₹ 50,000 p.m.

Basic salary from 01-11-2024 ₹ 60,000 p.m.

Note: Salary is due and paid on the last day of every month.

(ii) Dearness allowances @ 40% of basic salary

(iii) Bonus equal to one month salary. Paid in October 2024 on basic salary plus dearness allowances applicable for that month

(iv) Contribution of employer to recognized provident fund account of the employee @ 16% of basic salary

(v) Profession tax paid ₹ 3000 of which ₹ 2000 was paid by the employer

(vi) Facility of laptop and computer was provided to Balaji for both official and personal use. Cost of laptop ₹ 45,000 and computer ₹ 35,000 were acquired by the company on 01-12-2024

(vii) Motor car owned by the employer (cubic capacity of engine exceeds 1.60 liters) provided to the employee from 01-11-2024 meant for both official and personal use. Repair and running expenses of ₹ 45,000 from 01-11-2024 to 31-03-2025, were fully met by the employer. The motor car was self-driven by the employee

(viii) Leave travel concession given to employee, his wife and three children (one daughter aged 7 and twins sons – aged 3). Cost of air tickets (economic class) reimbursed by the employer ₹ 30,000 for adults and ₹ 45,000 for three children. Balaji is eligible for availing exemption this year to the extent it is permissible in law.

Compute tax liability of Mr. Balaji under Traditional Tax Regime and Under New Tax Regime u/s. 115BAC, assuming he has no other income and also assume that DA does not form part of salary.

**(10 Marks)**

**Question 2: (a):** Mr. Yuthistra bought a vacant Land for ₹ 80 lakhs in May 2008. Registration and other expenses were 10% of the cost of land. He constructed a residential building on the said land for ₹ 100 lakhs during the financial year 2010-11.

He entered into an agreement for sale of the above said residential house with Mr. John (not a relative) in April 2024. The sale consideration was fixed at ₹ 600 lakhs and on 23-4-2024, Mr. Yuthistra received ₹ 20 lakhs as advance in cash by executing an agreement.

The sale deed was executed and registered on 14-1-2025 for the agreed consideration. However, the State stamp valuation authority had revised the values, hence the value of property for stamp duty purposes was ₹ 770 lakhs. Mr. Yuthistra, paid 1% as brokerage on sale consideration received.

Subsequent to sale, Mr. Yuthistra made following investments:

(i) Acquired a residential house at Delhi for ₹ 110 lakhs.

(ii) Acquired a residential house at London for ₹ 190 lakhs.

(iii) Subscribed to NHAI capital gains bond (approved under section 54EC) for ₹ 45 lakhs on 29-3-2025 and for ₹ 50 lakhs on 12-5-2025.

Compute the income chargeable under the head "Capital Gains". The choice of exemption must be in the manner most beneficial to the assessee

**(8 Marks)**

**Question 2: (b):** X purchased 1,000 shares of Infosys Limited on 1/1/2016 for ₹3,000 per share. The Company allotted bonus shares @ 1:1 on 1/5/2024. On 1/6/2024 he sold all the shares for ₹4,000 per share through recognized Stock exchange. Compute capital Gains.(FMV on 31.01.2018 ₹ 3,800 per share).

**(2 Marks)**

**Question 3:** Mr. Ravi, a resident and ordinarily resident in India, owns a let out house property having different flats in Kanpur which has municipal value of ₹27,00,000 and standard rent of ₹29,80,000. Market rent of similar property is ₹30,00,000. Annual rent was ₹40,00,000 which includes ₹10,00,000 pertaining to different amenities provided in the building. One flat in the property (annual rent is ₹2,40,000) remains vacant for 4 months during the previous year. He has incurred following expenses in respect of aforesaid property:

Municipal taxes of 4,00,000 for the financial year 2024-25 (10% rebate is obtained for payment before due date). Arrears of municipal tax of financial year 2023-24 paid during the year of ₹1,40,000 which includes interest on arrears of ₹25,000.

Lift maintenance expenses of ₹2,40,000 which includes a payment of ₹30,000 which is made in cash.

Salary of ₹88,000 paid to staff for collecting house rent and other charges.

Compute the total income of Mr. Ravi for the assessment year 2025-26 assuming that Mr. Ravi has opted out of default provisions under section 115BAC.

**(10 Marks)**

**Question 4:(a)** Discuss the taxability of the following receipts in the hands of Mr. Sanjay Kamboj under the Income-tax Act, 1961 for A.Y. 2025-26:

- (i) ₹ 51,000 received from his sister living in US on 1-6-2024.
- (ii) Received a car from his friend on payment of ₹ 2,50,000, the FMV of which was ₹ 5,50,000.

Provisions of taxability or non-taxability must be discussed.

**(4 Marks)**

**Question 4:(b)** Explain with reasons, the taxability of the following transactions under the head "Income from other sources":

(i) Veena received interest of ₹5,00,000 in 2024-25 on additional compensation on account of compulsory acquisition of land acquired few years back. Year-wise break up of interest received: ₹1,20,000 for the Financial Year 2022-23, ₹ 2,40,000 for the Financial Year 2023-24 and ₹1,40,000 for the Financial Year 2024-25.

(ii) Gopal has shareholding (with voting rights) of 12% in Krishna Pvt. Ltd., a closely held company. He received loan of ₹2,50,000 from the company on 1st May, 2024, for which he furnished adequate security to the company. The accumulated profit of the company at that time was ₹1,75,000. Gopal repaid the loan on 30th Sept., 2024.

(iii) Family pension of ₹60,000 received by Sreelekha, widow of Late Vikram.

(iv) Vasant, whose salary income is ₹4,00,000 has received a cash gift of ₹60,000 from a charitable trust registered under section 12AA for meeting his medical expenses.

**(6 Marks)**