

Roll No.

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 20

- NOTE :**
1. Answer **ALL** questions.
 2. **ALL** the references to sections in Part-I of the question paper relates to the Income-tax Act, 1961 and relevant Assessment Year 2026-27, unless stated otherwise.
 3. **ALL** the references to sections in Part-II of the question paper relates to the Provisions of GST Laws and the Customs Act, 1962.
 4. Wherever necessary, suitable assumptions can be made by the candidate and stated clearly in the answer.
 5. Working notes should form part of your answer.

PART-I

1. Lalit, a resident individual, aged 54 years, is engaged in the business of manufacturing clothes. He earned profit of ₹ 82,50,000 as per profit and loss account after debiting and crediting the following items :

Particulars	Amount (₹)
(i) Depreciation debited in P & L A/c	16,50,000
(ii) Short term capital gains on transfer of listed equity shares in a company on which STT is paid	10,00,000
(iii) Income-tax refund received (includes interest on refund of ₹ 5,000)	15,000
(iv) Dividend income from Indian companies (Gross)	15,00,000

Additional information :

- (i) Lalit installed new plant and machinery for ₹ 60 lakhs on 1.10.2025 which was put to use on 1.1.2026. Depreciation (including additional depreciation) on this amount is included in the depreciation debited to profit and loss account which has been computed as per Income-tax Rules, 1962.
- (ii) Advance tax paid during the year is ₹ 17,00,000.
- (iii) He paid ₹ 40,000 as life insurance premium taken on the life of his married daughter who is not dependent on him. The sum assured is ₹ 5,00,000 and the policy was taken on 1.4.2020.
- (iv) He paid ₹ 45,000 by cheque towards health insurance policy covering himself, his spouse and his children.
- (v) On 1.8.2025, Lalit withdraw ₹ 1.2 crores in cash from current account maintained by him with HSBC Bank. There are no other withdrawals during the year. He regularly files his return of income on time.

: 3 :

On the basis of the above information, you are required to give the following answers :

- (a) Compute the Total Income of Lalit for the assessment year 2026-27, assuming that he has followed default tax regime under section 115BAC.

(5 marks)

- (b) Compute the Total Tax payable of Lalit for the assessment year 2026-27 as per default tax regime under section 115BAC.

(5 marks)

- (c) Compute the Total Income of Lalit for the assessment year 2026-27, assuming that he has followed old tax regime under Income Tax Act, 1961.

(2 marks)

- (d) Compute the Total Tax payable of Lalit for the assessment year 2026-27, assuming that he has followed old tax regime under Income Tax Act, 1961.

(2 marks)

- (e) Suggest to Lalit that which tax regime will be beneficial for him for the assessment year 2026-27.

(1 mark)

2. (a) Rajiv Gupta, aged 45, is employed as a Finance Manager in XYZ Pvt. Ltd., in Mumbai. During the financial year 2025-26, he received the following emoluments :

Particulars	Amount (₹)
(i) Basic Salary	₹ 80,000 p.m.
(ii) Dearness Allowance (DA) (Forming part of retirement benefits)	40% of Basic Salary
(iii) House Rent Allowance receive (HRA)	₹ 30,000 p.m.
(iv) Rent paid for house in Mumbai	₹ 35,000 p.m.
(v) Entertainment Allowance paid by employer	₹ 5,000 p.m.
(vi) Bonus (Annual)	₹ 1,00,000
(vii) Free use of company-owned car (engine < 1.6L) for both official and personal purposes. Running and maintenance borne by company.	—
(viii) Employer's contribution to RPF @ 15% of Basic Salary + DA	—
(ix) Interest credited to RPF account @ 11%	₹ 88,000

You are required to compute the taxable salary income of Rajiv Gupta for the assessment year 2026-27, assuming that he is not opting the default tax regime under section 115BAC of the Income Tax Act, 1961.

(5 marks)

: 5 :

(b) Ms. Neha, a resident individual, received the following incomes during the financial year 2025-26 :

- (i) Cash Gift of ₹ 80,000 from a close family friend on her birthday.
- (ii) A wedding gift of gold worth ₹ 1,20,000 from her maternal uncle on her marriage on 20th June, 2025.
- (iii) Received a Car gifted from her father on 15th August, 2025 (FMV ₹ 12,00,000).
- (iv) Won a gift voucher worth ₹ 1,00,000 from a TV game show on 25th July, 2025.
- (v) Received a vacant plot of land (FMV ₹ 3,00,000) without consideration from a friend on 30th January, 2026.
- (vi) Rent of ₹ 20,000 per month from 1st June 2025 to 31st March 2026, from letting out her plant and machinery. Letting out of plant, machinery is not the primary business of Ms. Neha. During the financial year 2025-26, Ms. Neha incurred ₹ 77,000 as repair charges on the Plant and machinery.

You are required to compute the income chargeable under the head “Income from Other Sources” for Ms. Neha for the assessment year 2026-27, considering that she has shifted out of the default tax regime under section 115BAC.

(5 marks)

: 6 :

- (c) Ramesh, a resident individual, submits the following information for the financial year 2025-26 :

Particulars	Amount (₹)
Income from house property (Net)	60,000
Business A	
Loss of the current year 2025-26	48,000
Brought forward loss of the year 2024-25	40,000
Business B	
Profit of the current year 2025-26	1,50,000
Business C (Business discontinued on 10th April, 2025)	
Profit of the period from 1st April, 2025 to 10th April, 2025	10,000
Brought forward loss of 2024-25	49,000
Business D (Business discontinued on 31st March, 2025)	
Brought forward loss of 2024-25	45,000
Loss from the business of owning and maintaining horse race	9,000
Interest on debentures held as investments	90,000
Long-term capital loss on sale of shares	15,000

: 7 :

Determine the Gross Total Income of Ramesh for the assessment year 2026-27 and also calculate the amount of loss which can be carried forward for being set off in the next assessment year, assuming that he has shifted out of the default tax regime under section 115BAC of the Income Tax Act, 1961.

(5 marks)

3. (a) Raghav, aged 34, a resident individual, furnishes the following details of investments and expenses for the financial year 2025-26. His Gross Total Income (GTI) before Chapter VI-A deductions is ₹ 9,00,000.

Details of investments and expenses are :

- (i) Tuition fees of ₹ 60,000 paid for his two children (₹ 30,000 each) pursuing full time graduation course at Winners University in Bengaluru.
- (ii) Principal repayment of housing loan taken from a relative – ₹ 70,000. The property is self-occupied situated at Pune.
- (iii) Medclaim premium : ₹ 28,000 for self : ₹ 32,000 for parents (senior citizens) paid through Credit Card.
- (iv) Donation to Prime Minister's National Relief Fund for ₹ 50,000 paid through Debit Card of Union Bank.
- (v) Interest paid on education loan taken for his spouse's higher education : ₹ 48,000 through account payee cheque.
- (vi) Cash deposit in PPF account : ₹ 1,15,000 on 31st March, 2026.

Compute the deductions available under Chapter VI-A to Raghav for the assessment year 2026-27. Assuming that he has not opted for Section 115BAC for the assessment year 2026-27.

(5 marks)

(b) Mr. Bhanu, a citizen of India, stay 45 days in India during the financial year 2025-26, earlier to this year he always stayed in India. He provides the following income details during the year ended 31st March, 2026 :

- (i) Salary received in India for 45 days – ₹ 1,80,000
- (ii) Interest on saving bank deposit in HDFC Bank (India) – ₹ 20,000
- (iii) Amount brought into India out of past untaxed profits earned in Japan – ₹ 70,000
- (iv) Income from agriculture in Sri Lanka, retained there – ₹ 62,000
- (v) Income from business in Nepal, controlled from India – ₹ 55,000
- (vi) Dividend received in USA from a US company – ₹ 90,000, out of which ₹ 30,000 was remitted to India during the year.

Compute the Gross Total Income of Mr. Bhanu for the assessment year 2026-27. Assuming that he has followed default tax regime under section 115BAC of the Income Tax Act, 1961.

(5 marks)

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- (c) Anupam owns a residential house property in Noida (UP). It has two equal residential units—Unit I and Unit II. Unit I is self-occupied by Anupam for his residential purpose, while Unit II is let out at ₹ 10,000 per month to Mr. Pranshul.

Municipal value of the property is 10 times of the Annual Municipal tax. Standard Rent is ₹ 3,00,000 per annum and fair rent is ₹ 70,000 per quarter. Municipal tax of such property for the financial year 2025-26 is ₹ 36,000, 50% of such municipal tax is paid by Mr. Pranshul and remaining 50% is still outstanding till 31-03-2026. Other expenses for the financial year 2025-26 being repairs : ₹ 2,500, Property Insurance : ₹ 6,000, Interest on capital (borrowed from bank during 2020-21) for the constructing the property : ₹ 1,65,000.

Compute the Income from House Property of Anupam for the assessment year 2026-27 on the assumption that he has opted out of default tax regime under section 115BAC of the Income Tax Act, 1961.

(5 marks)

Attempt all parts of either Q. No. 4 or Q. No. 4A

4. (a) Specify the persons who are not required to pay advance tax as per the provisions of the Income-tax Act, 1961. Is advance tax payable on capital gains and lottery income ? Give your answer with reference to the relevant provisions of the Income Tax Act, 1961.

(5 marks)

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- (b) Who all are required to mandatorily file the Return of Loss as per Section 80 of Income Tax Act, 1961 ?

(5 marks)

- (c) Updated return under section 139(8A) cannot be filed if original return is a loss return under section 139(3). Explain the validity of above statement in the context of Income Tax Act, 1961.

(5 marks)

OR (Alternative question to Q. No. 4)

- 4A. (i) On 10th January 2026, Amit (a bank employee) received ₹ 6,00,000 towards interest on enhanced compensation from State Government in respect of compulsory acquisition of his land effected during the financial year 2021-22.

Out of this interest, ₹ 2,50,000 relates to the financial year 2022-23; ₹ 1,85,000 to the financial year 2023-24; and ₹ 1,65,000 to the financial year 2024-25. He incurred ₹ 50,000 on 25th October, 2025 by way of legal expenses to receive the interest on such enhanced compensation.

Explain how much of interest on enhanced compensation would be chargeable to income tax for the assessment year 2026-27, with legal provision as per Income Tax Act, 1961 ?

(5 marks)

: 11 :

- (ii) Mr. Pankaj, age 85 years, a resident individual, gives the following particulars of his Income for the financial year 2025-26 :

Particulars	Amount (₹)
Pension received from Central Govt.	4,00,000
Salary received from Partnership firm {allowed as per section 40(b)}	1,50,000
Interest on bank term deposits	3,50,000
Interest on bank saving a/c	50,000
Interest from Partnership Firm {calculated @ 10% p.a.}	80,000
STCG on sale of dining furniture	90,000

Compute the Total Income and Tax liability of Mr. Pankaj for assessment year 2026-27 considering that he has opted the default tax regime under section 115BAC.

(5 marks)

- (iii) Karan Bothra, a resident individual, provides the following details relating to the financial year 2025-26 :

- (i) Short-term capital loss from sale of shares (STT paid) : ₹ 1,20,000
- (ii) Long-term capital gain on sale of land : ₹ 2,50,000
- (iii) His wife, Mrs. Sunita Bothra who is Company Secretary, received ₹ 90,000 (after deducting TDS @ 10%) as professional fees from a Private Limited Company where Mr. Karan Bothra is a director.

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(iv) His minor daughter Kajal earned ₹ 1,50,000 (Gross) from a TV advertisement contract.

(v) His minor son Kunal earned ₹ 80,000 as bank interest from a fixed deposit.

Compute the Total Income of Mr. Karan Bothra for the assessment year 2026-27, if he has exercised the option of shifting out of default tax regime provided under section 115BAC. Assuming that his wife's income is lower than the income of Karan Bothra for the financial year 2025-26.

(5 marks)

PART-II

5. M/s Khatri Electronics Pvt. Ltd. a registered supplier in Bengaluru, Karnataka provides the following information relating to the Inward and Outward supply made during the month of August, 2025 :

S. No.	Outward Supplies
1.	Advance received ₹ 2,00,000 from Anurag of Karnataka for business support services to be supplied in the month of September, 2025
2.	Supplied Refrigerators worth ₹ 15,00,000 to a dealer in Kerala. It includes freight of ₹ 50,000 incurred by Khatri Electronics Pvt. Ltd. as per the terms of supply.

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3.	Provided commissioning services worth ₹ 4,00,000 under Pure labor contract to M/s Blue Wings of Surat, Gujrat for Multi-storey residential complex.
4.	Supplied a latest technology laptop with touch screen option to Managing Director's friend for a consideration of ₹ 70,000 (open market value) as well as sale to unknown customers was at ₹ 1,25,000.
5.	Provided a 5% cash discount for early payment on intra-state supply worth ₹ 2,00,000 (18% GST). Discount was pre-agreed and noted in the invoice.
	Inward Supplies
1.	Raw materials from a local supplier : ₹ 6,00,000 @ 5%.
2.	Bought a SUV motor vehicle for official use : ₹ 10,00,000 + 18% IGST.
3.	Purchased goods from Agarwal & Co., a registered composition dealer in the state of Karnataka worth ₹ 5,00,000.
4.	Purchased Industrial HVAC system (Capital Goods) from a registered dealer of Mumbai : ₹ 8,00,000 + 18% IGST.
5.	Payment of ₹ 50,000 made to M/s ABC Caterers of Bengaluru for providing daily breakfast and lunch to the employees of the company, as voluntary staff welfare measure. GST Rate is applicable @ 5% on it.

Balance available in electronic credit ledger of M/s Khatri Electronics Pvt. Ltd. at the beginning of August, 2025 are :

CGST	₹ 50,000
SGST	₹ 45,000
IGST	₹ 20,000

Additional Information :

- (i) M/s Khatri Electronics Pvt. Ltd. regularly filed its monthly GST Return on time. But Annual Return under GST for the financial year 2024-25 was filed on 31st March, 2026. The turnover of M/s Khatri Electronics Pvt. Ltd. during the financial year 2024-25 was ₹ 6 crore.
- (ii) Both the outward and inward supplies given above are exclusive of GST unless stated otherwise.
- (iii) Rate of CGST, SGST and IGST is to be charged 9%, 9% and 18% respectively where no specific rate is provided.
- (iv) All conditions necessary for availing the ITC have been fulfilled except mentioned above.

Based on the above information, you are required to answer the following questions with reference to GST Law :

- (a) Compute the value of Output Tax Liability under GST for M/s Khatri Electronics Pvt. Ltd. for the month of August, 2025.

(5 marks)

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(b) Compute the value of eligible Input Tax Credit under GST for M/s Khatri Electronics Pvt. Ltd. for the month of August, 2025.

(5 marks)

(c) Compute the Net minimum GST payable in cash (CGST/SGST/IGST) for M/s Khatri Electronics Pvt. Ltd. for the month of August, 2025.

(4 marks)

(d) Explain the due date of filing of Annual Return u/s 44 of the CGST Act, 2017. Is there any late fees is charged to M/s Khatri Electronics Pvt. Ltd. for delay filing of Annual Return for financial year 2024-25 which was filed on 31st March, 2026 ? Also explain the provisions relating to late fees for filing of Annual Return under section 47(2) of the CGST Act, 2017.

(6 marks)

Attempt all parts of either Q. No. 6 or Q. No. 6A

6. (a) Banshi Lal & Co., a firm of Tax Consultants, issued invoice for services rendered to Mr. Amit on 7th September, 2025. Determine the time of supply in the following independent cases in the context on CGST Act, 2017 :

(i) The provision of service was completed on 1st August, 2025 and payment was received on 28th September, 2025.

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- (ii) The provision of service was completed on 14th August, 2025 and payment was received on 29th September, 2025.
- (iii) The provision of service was remaining to be completed. However. Mr. Amit made the advance payment on 13th August, 2025.

(5 marks)

- (b) Shri Keshri Pvt, Ltd., a registered supplier from Rajasthan, furnishes the following information relating to goods sold by it to Shri Balaji Pvt. Ltd. in Rajasthan, during the month of December, 2025 :

S. No.	Particulars	Amount (₹)
(i)	Price of the goods other than below item	1,00,000
(ii)	Installation and testing charges for goods, not included in price	25,000
(iii)	Freight charges from the Showroom of Keshri Pvt. Ltd. to warehouse of Shri Balaji Pvt. Ltd., included in price mentioned in Point No. (i) above.	12,000
(iv)	Shri Keshri Pvt. Ltd. provides additional discount @ 1% at year end, based on additional purchase of other machinery for which adjustment is made at the end of the financial year without any change in individual transactions.	—

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(v)	Late fees for delayed payment inclusive of GST [Shri Balaji Pvt. Ltd. paid the late fees. However, these charges were ultimately waived by Shri Keshri Pvt. Ltd. and the amount was refunded to Shri Balaji Pvt. Ltd. during the same month]	7,500
(vi)	Weighment charges [Such charges were paid by Shri Balaji Pvt. Ltd. to Radhe Pvt. Ltd. on behalf of Shri Keshri Pvt. Ltd.]	6,000

Compute the value of taxable supply made by Shri Keshri Pvt. Ltd. to Shri Balaji Pvt. Ltd. for the month of December, 2025.

(5 marks)

- (c) Arihant Ltd., a registered supplier from Rajkot, is engaged in the manufacture of heavy machinery. The company provides the following details of purchases made/services availed by it during the month of July, 2025 :

S. No.	Particulars	GST Amount (₹)
(i)	Purchase of iron which is used as a raw material [Goods were received in two lots - first in July, 2025 and the second in August, 2025]	3,00,000
(ii)	Purchase of accessories which were delivered directly to the dealers of the company on the direction of Arihant Ltd. [Only invoice was received by Arihant Ltd.]	1,00,000

(iii)	Electrical Transformers to be used in the manufacturing process	4,25,000
(iv)	Truck used for the transport of raw material	1,40,000
(v)	General Insurance taken on Truck (used by company on transportation of goods)	20,000

You are required to determine the ITC that can be availed by Arihant Ltd. for the month of July, 2025 by giving brief explanations for treatment of various items. Subject to the information given above, all the other conditions necessary for availing ITC have been fulfilled.

(5 marks)

(d) M/s Rajkumar Enterprises have imported a machine from U.K. and furnished the following particulars in relation to such import :

S. No.	Particulars	Amount
(i)	F.O.B. cost of the machine	20,000 U.K. Pounds
(ii)	Freight (air)	3,000 U.K. Pounds
(iii)	License fee relating to imported goods payable by the buyer as a condition of sale	20% of F.O.B. Cost
(iv)	Commission paid to a local agent in India on behalf of exporter	₹ 15,000
(v)	Insurance paid to the insurer in India	₹ 28,000

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Other particulars :

- (a) Inter-bank exchange rate as arrived at by the authorized dealer : ₹ 92.50 per U.K. Pound.
- (b) CBIC had notified for purpose of Section 14 of the Customs Act, 1944, exchange rate of ₹ 90 per U.K. Pound.

Compute the assessable value of goods for the purpose of customs duty for M/s Rajkumar Enterprises.

(5 marks)

OR (Alternative question to Q. No. 6)

- 6A.** (i) Ramada Ltd., registered under GST as normal taxpayer, is winding up its business in Uttar Pradesh. The Tax Consultant of Ramada Ltd. has suggested that Ramada Ltd. will have to file either the annual return or the final return at the time of voluntary cancellation of registration in the state of Uttar Pradesh.

Do you agree with the stand taken by Tax Consultant of Ramada Ltd ? Explain in the context of CGST Act, 2017.

(5 marks)

: 20 :

(ii) Determine whether the suppliers in the following cases are eligible for composition levy, under section 10(1) and 10(2) of CGST Act, 2017 provided their turnover in preceding financial year was ₹ 1.06 crore :

- (a) Yash Enterprises is engaged in trading of pan masala in Maharashtra and its supply is only in the same State.
- (b) Anirudh Manufacturers has registered offices in Delhi and Haryana and supplies goods in neighbouring States.

(5 marks)

(iii) GST is payable on advance received for supply of goods and services taxable under forward charge. Explain this statement along with correct legal provisions as per GST Law.

(5 marks)

(iv) Mention the names of any five “Types of Custom Duty” on Import Goods covered under Schedule I of Custom Tariff Act, 1975.

(5 marks)

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