



The Institute of Chartered Accountants of India

Code: IN3AI414864
Subject: 03A Income Tax Law

Total Marks: 35
Marks Obtained: 25 } 71%

Subject: Income Tax Law

Number of Answer Books used : Main + additional sheets

Date Seal: 15 JAN 2025

For use by ICAI only

Barcode: 414864

Barcode: [Barcode]

ICAI

Paper Code: R M N 1

MCQ Booklet Serial No. 2 4 2 5 2 6 2

Paper No. 3

Level of Exam → 1 Intermediate

MCQ Answers for section A and B

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
1	B	11	A	21	A
2	B	12	A	22	A
3	A	13	A	23	A
4	A	14	A	24	A
5	A	15	A	25	A
6	A	16	A	26	A
7	A	17	A	27	A
8	A	18	A	28	A
9	B	19	A	29	A
10	B	20	A	30	A

No Marks for this page



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...on number prominently written at the top of each answer.
...
...one page or in a consecutive set of pages, before the next question
...on A in the answer booklet with the marking (A) on the cover page and
... marking (B) on the cover page. In case a candidate writes the answers in
... be valued and no correspondence in this regard will be entertained.
... the space provided for the purpose or writing distinguishing mark, symbols like "OM",
... unt to adoption of "unfair means"
... book to the invigilator take care to score out (X) blank pages, if any, that you might have left.

INSTRUCTIONS TO THE CANDIDATE FOR FILLING THE MCQ ANSWER FIELDS

... Pencil to Darken the appropriate Circle.
... Darken the correct MCQ Booklet Serial No. as printed on your question booklet which will be taken as final for evaluation.
... any candidate fills in this information wrongly, Institute will not take any responsibility for rectifying the mistake.
... use darken the complete circle.
... if you want to change your Answer, erase the all darkened circle completely and make a fresh mark.
5. Please do NOT make any stray marks on the OMR cover page.
6. Rough work must NOT be done on the OMR cover page.
7. Mark your answer only in the appropriate space against the number corresponding to the question.

How to mark answers

CORRECT METHOD: (A) ● (B) ● (C) ● (D) ●
WRONG METHOD: (A) ✗ (B) ✗ (C) ✗ (D) ✗

Q. No.	To be ticked <input checked="" type="checkbox"/> by the candidate against the Questions answered (Descriptive Type)
1	<input checked="" type="checkbox"/> 8 <input type="checkbox"/>
2	<input checked="" type="checkbox"/> 9 <input type="checkbox"/>
3	<input type="checkbox"/> 10 <input type="checkbox"/>
4	<input checked="" type="checkbox"/> 11 <input type="checkbox"/>
5	<input type="checkbox"/> 12 <input type="checkbox"/>
6	<input type="checkbox"/> 13 <input type="checkbox"/>
7	<input type="checkbox"/> 14 <input type="checkbox"/>
Total	● Total

No Marks for this page



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03

Question 4(a)

Computation of **Total Income of Mr Rakesh**
for the **AY 2024-25**

Particulars	₹	₹
A. Income under the head Salary	2,00,000	
✓ Less + Set off loss from House Property	(80,000)	1,20,000
B. Income under the head House Property		
Less from let out Property	(80,000)	
Add: Set off from Salary Income	80,000	NIL
C. Income under the head Profit and Gains from Business and Profession		
✓ Income from Textile Business	1,00,000	
Less + Loss Brought forward	(1,00,000)	NIL
D. Income under the head Capital gains		
✓ Short term capital gain	2,80,000	
✓ Long term capital gain on land	60,000	
Less + Long term capital loss on shares	(60,000)	2,80,000
Gross Total Income		4,00,000
Less + Deductions under chapter - VII A		
✓ Section 80C - Investment in PPF	21,000	
Section 80D - Medical Insurance	24,000	

No Marks for this page



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04	
<input checked="" type="checkbox"/>	— Preventive Health check up subsidised to 1000 (46000)
<input checked="" type="checkbox"/>	Total Income 3,54,000
Losses to be carry forward.	
<input checked="" type="checkbox"/>	Loss from Speculative Business 1,20,000
<input checked="" type="checkbox"/>	Long term capital loss (200,000 - 60,000) 1,40,000
Notes :-	
<input checked="" type="checkbox"/>	i) Loss of Share from firm can neither be set off or carry forward since it is exempt.
<input checked="" type="checkbox"/>	ii) Balance Business of loss of ₹ 20,000 will not be allowed to carry forward since 8 years elapsed.
4aStep1	<input checked="" type="checkbox"/> 4
4aStep2	<input checked="" type="checkbox"/> 1.5
4a	<input checked="" type="checkbox"/> 5.5
[4-4a:5.5]	



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Question 4(b) OR

i) As per the provisions of Income Tax Act 1961, Belated return is filed by the assessee if due date for filing return of income has expired and it is still not filed.

Belated return can be filed till earlier of -

- * Before 3 month of the completion of relevant assessment year i.e. 31/12/AY.
- or
- * Date of completion of assessment.

ii) Updated return can be filed upto 24 months from the completion of relevant assessment year. But it cannot be filed in the following cases -

- * Where the return is a return of loss.
- * Whether the return has the effect of decreasing tax liability.
- * Where the return could result in refunds or increasing the refunds.

[4-4b:4]



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Question 2(a)

Computation of Income under the head Capital gains of Mr Paras for AY 2024-25

Particulars	₹
Full Value of Consideration - higher of Consideration = 40 Lakh Fair Market Value of assets = 35 Lakh	40,00,000
(-) Transfer expenses	(1,50,000)
Net Consideration	38,50,000
(-) Cost of acquisition [WN-1] Or Net Assets	(22,82,500)
Long term capital gain	15,67,500

2aStep1 ✓ 2.5

WN-1

No Proper format

Building	18,00,000
Debtors	5,00,000
Machinery	5,42,500
[5,00,000 + 50,000 - 50,000 × 15%]	
Other assets	
[3,60,000 - 60,000]	3,00,000
Creditors	(4,10,000)
Unsecured loan	
[2,50,000 - 20,000]	(1,50,000)
Bank loan [500,000 - 200,000]	(3,00,000)
Net assets	22,82,500

2aStep2 ✓ 2



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Notes

1. Self generated Goodwill is not considered a part of assets. ✗
2. Only liabilities of business purpose are considered for calculating net assets. ✓
3. It has been assumed that machinery appearing in Balance sheet is after taking deduction u/s 35AD. Also, 15% depreciation is generally charged for Plant and machinery, so it has been applied accordingly.

2a ✓ 4.5

No Marks for this page



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Question 2(b)

- i) As per Section 194J of Income Tax Act 1961, a individual whose Turnover exceeds ₹ 1 Crore or gross receipts exceed ₹ 50 Lakh during the preceding financial year is required to deduct tax at the rate of 10% on payment for professional services rendered if the amount exceeds ₹ 30,000 inclusive of GST.



Therefore, in the given case, Mr. Ganesh is required to deduct tax = $32,450 \times 10\%$
= ₹ 3245

- ii) Tax is required to be deducted @ 10% under Section 194J on payment of royalty if the amount exceeds ₹ 30,000.

Therefore, Tax deducted = $2,50,000 \times 10\%$
= ₹ 25,000

- iii) Tax is required to be deducted at the rate of 2% under section 194J for payment related to technical services if the amount exceed ₹ 30,000.



In the given case, fee of ₹ 20,000 does not attract any 10% implication.

No Marks for this page

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iv) section 194J is applicable not on personal nature of contract.

Therefore, no tax is required to be deducted on payment of ₹ 40,000 for teaching accountancy to his son.

2bStep1 ✓ 1.5

2b ✓ 1.5

2 ✓ 6

[2-2b:1.5]



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Question 1

Computation of Total Income of Mr Rohit for AY 2024-25

Particulars	₹	₹
A. Income under the head Salary.		
✓ Basic Pay (13000×12)	1,56,000	
✓ Transport Allowance (2000×12)	24,000	₹
✓ Medical treatment of son (exempt)	-	1,80,000
B. Income under the head House Property.		
Let out Gross Annual Value $(10,000 \times 6)$	60,000	
✓ (-) Municipal Taxes $(10,000 \div 2)$	(5,000)	
Net Annual Value	55,000	
✓ (-) Standard deduction @ 30%	(16,500)	
✓ (-) Interest on capital borrowed $[60,000 + 40,000 \div 2]$	(50,000)	
Loss from let out Property	(11,500)	
Self Occupied		
Net Annual Value	NIL	
(-) Standard deduction	NIL	
(-) Interest on capital borrowed $[60,000 + 40,000 \div 2]$	(50,000)	
Loss from Self Occupied Property	(50,000)	
Total loss under the head House Property		(61,500)

[3-3a:0.0,3-3b:0.0]

1Step1 ✓ 3



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C.	Income under the head Profit and gains from Business and Profession		
	Net Profit as per books of Accounts	8,59,000	
	Less: Dividend from Foreign Company	(10,000)	
	Rental Income of House	(78,000)	
	Salary from care Hospital	(1,80,000)	
	Depreciation as per Income Tax [1,00,000 × 15%]	(15,000)	
	Add: Conveyance expenses (12000 × 2)	24,000	
	Power and fuel charge	6,000	
	Administrative expenses	10,000	
	Salary in excess (no effect, as it allowed + sister in law is not covered within relative definition)	—	
	Interest on housing loan	1,00,000	
	Interest on education loan	26,000	
	Tuition fees of granddaughter	40,000	
	Income under the head PGBP	7,82,000	7,82,000
	Less: Set off loss of House Property		(61,500)
			7,20,500

1Step2 ✓ 2

No Marks for this page



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12	
D. Income under the head Other Sources	
<input checked="" type="checkbox"/>	Power back up charges (3000 x 6) 18000
<input checked="" type="checkbox"/>	(-) Expenses (6000) 12000
<input checked="" type="checkbox"/>	Dividend from Foreign Companies 10,000 22000
Given Total Income 9,22,500	
Less: Deductions under Chapter VIA	
<input checked="" type="checkbox"/>	Section 80E - Interest on Education loan 26000
<input checked="" type="checkbox"/>	Section 80C - Tuition fees (not allowed as it is for granddaughter) (26000)
Total Income 8,96,500	
Note (1) Depreciation is not allowed on machinery purchased on 28/08/23 for ₹25000 as it was paid in cash.	
<input checked="" type="checkbox"/>	(2) No deduction is allowed for repayment of education loan.

No Marks for this page



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computation of Tax Liability

Particulars	₹
Tax on Total Income of ₹ 8,96,500	
Tax on first ₹ 3,00,000	NIL
Next 2,00,000 @ 5%	10,000
Next 3,96,500 @ 20%	79,300
Total Tax Liability	89,300
+ Health and Education cess @ 4%	3,572
Tax payable	92,872
rounded off	92,870

[Q1_Compulsory-1:9.5]



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Result Overview

Awarded Marks: 25

Max Marks:35

NA Not Attempted

O Optional

M Marked

Q1_Compulsory (Score: 9.5/15)

Question No	Awarded Marks	Maximum Marks	Status	Question Comments
1	9.5	15	M	

Q2_Q4 (Score: 15.5/20)

Question No	Awarded Marks	Maximum Marks	Status	Question Comments
2	6	10	M	
2a	4.5	6	M	
2b	1.5	4	M	
3	0	10	O	
3a	0	6	O	
3b	0	4	O	
4	9.5	10	M	
4a	5.5	6	M	
4b	4	4	M	