

**Topic: Income from Capital Gain and IFOS**

**Total Marks: 37 Marks**

**Time Allowed: 65 minutes**

**Questions:**

**Part-A Multiple Choice Questions**

**[Total 12 Marks – 2 Marks for each MCQ]**

1. In P.Y. 2025-2026, Mr. Arun has transferred the following long term capital assets:

Asset transferred	Full Value of Consideration (₹)	Cost of Acquisition (₹)	Transfer Date
Residential house property	8 crores	6 crores	25.11.2025
Jewellery	3 crores	2 crores	05.01.2026

Mr. Arun bought a new residential house property on 01.04.2024 for ₹ 1 crore and on 28.02.2026 deposited ₹ 3 crores in a capital gains deposit account scheme. On 01.05.2026, Mr. Arun has withdrawn ₹ 3 crores from capital gains deposit account and acquired a residential house property worth ₹ 2.5 crore. What would be the capital gains in the hands of Mr. Arun for A.Y. 2026-27, if the expenses in connection with transfer of jewellery were ₹ 2,00,000?

- (a) ₹ 80,50,000
- (b) ₹ 81,55,705
- (c) ₹ 98,00,000
- (d) ₹ 48,00,000

2. Mr. Vikas received a gold ring worth Rs. 60,000 on the occasion of his daughter's wedding from his best friend Mr. Vishnu. Mr. Vishnu also gifted a gold chain to Kavya, daughter of Mr. Vikas, worth Rs. 80,000 on the said occasion. Would such gifts be taxable in the hands of Mr. Vikas and Ms. Kavya?

- (a) Yes, the gift of gold ring and gold chain is taxable in the hands of Mr. Vikas and Ms. Kavya, respectively.
- (b) Such gifts are not taxable in the hands of Mr. Vikas nor in the hands of Ms. Kavya.
- (c) Value of gold ring is taxable in the hands of Mr. Vikas but value of gold chain is not taxable in the hands of Ms. Kavya.
- (d) Value of gold chain is taxable in the hands of Ms. Kavya but value of gold ring is not taxable in the hands of Mr. Vikas.

3. Mr. X, aged 61 years, earned dividend of Rs. 12,00,000 from ABC Ltd. in P.Y. 2025-26. Interest on loan taken for the purpose of investment in ABC Ltd., is Rs. 3,00,000. Income includible in the hands of Mr. X for P.Y. 2025-26 would be –

- Rs. 12,00,000
- Rs. 9,60,000
- Rs. 9,00,000
- Rs. 2,00,000

**Case Scenario**

In April 1992, Mr. Kishan purchased a house property for ₹ 65,000. The fair market value and stamp duty value of the house property on April 1, 2001 was ₹ 2,70,000 and ₹ 2,20,000, respectively. On August 31, 2004, Mr. Kishan entered into an agreement with Mr. Jigar to sell the house for ₹ 3,70,000. Mr. Jigar paid an advance of ₹ 60,000 but failed to pay the balance amount. Consequently, Mr. Kishan forfeited the advance and cancelled the agreement. In May 2008, Mr. Kishan constructed the first floor at a cost of ₹ 2,35,000. On April 13, 2025, Mr. Kishan sold the house for ₹ 15,00,000.

Mr. Kishan also holds 1,000 shares in Venus Ltd., an unlisted company, which he acquired in the year 2001-02 at a cost of ₹ 75,000. In April 2025, the company offered him right shares at ₹ 160 per share, in the ratio of 2 for every 5 held. Mr. Kishan decided to retain only half of the right shares and renounced the remaining rights in favor of Mr. Kush, for ₹ 30 per share in May 2025.

Later, all the shares were sold by Mr. Kishan at ₹ 300 per share on July 15, 2025, while Mr. Kush sold his shares in December 2025 at ₹ 280 per share.

CII for F.Y.2001-02: 100; 2004-05: 113; 2008-09: 137; 2025-26: 376.

From the information given above, choose the most appropriate answer to the following questions –

**Question: 1**

Compute the amount of capital gains in the hands of Mr. Kishan for the A.Y.2026-27 in respect of the sale of house property.

- (a) ₹ 78,736
- (b) ₹ 2,71,479
- (c) ₹ 9,85,000
- (d) ₹ 1,15,036

**Question: 2**

Compute the amount of capital gains on sale of shares in the hands of Mr. Kush for the A.Y.2026-27.

- (a) ₹ 18,000
- (b) ₹ 50,000
- (c) ₹ 24,000
- (d) ₹ 36,000

**Question: 3**

Compute the amount of capital gains in the hands of Mr. Kishan for the A.Y.2026-27 in respect of transfer of shares/ rights.

- (a) Short term capital gains ₹ 28,000 and long-term capital gains ₹ 27,750
- (b) Short term capital gains ₹ 34,000 and long-term capital gains ₹ 27,750
- (c) Short term capital gains ₹ 28,000 and long-term capital gains ₹ 2,25,000
- (d) Short term capital gains ₹ 34,000 and long-term capital gains ₹ 2,25,000

**Part-B Descriptive Questions****[Total 25 Marks]**

1. Mr. Paras has a proprietary business since P.Y. 2015-16. He has transferred this business on 01.04.2025 by way of a slump sale for a total consideration of ₹40 Lakh. The fair market value of his capital assets as on 01.04.2025 is ₹35 Lakh. He has incurred expenses for this deal of ₹1,50,000. His Balance Sheet as on 31.03.2025 is given below:

Liabilities	₹	Assets	₹
Own Capital	20,00,000	Building	18,00,000
Bank Loan	5,00,000	Debtors	5,00,000
Unsecured Loans	2,50,000	Machinery	5,00,000
Creditors	4,10,000	Other assets	3,60,000
	31,60,000		31,60,000

Other information:

- (1) Bank loan balance includes ₹2 lakh for personal purpose.
- (2) Machinery costing ₹50,000 has been allowed 100% as deduction u/s 35AD
- (3) Other assets include self-generated goodwill of ₹60,000.
- (4) Unsecured loans include ₹1 lakh for amount payable for the purchase of the ornaments of his wife.

Compute the capital gain/loss for the A.Y. 2026-27.

**[6 marks]**

2. Following are the details of income provided by Mr. Singh, the assessee for the financial year ended 31st March, 2026:

- (i) Rental income from property at Bangalore- ₹ 3 lakhs, Standard Rent- ₹ 2,50,000, Fair Rent- ₹2,80,000.
- (ii) Municipal and water tax paid during 2025-26: Current year ₹ 35,000, Arrears- ₹1,50,000.
- (iii) Interest on loan borrowed towards major repairs to the property: ₹ 1,50,000.
- (iv) Arrears of rent of ₹ 30,000 received during the year, which was not charged to tax in earlier years.

Further, the assessee furnished following additional information regarding sale of property at Chennai:

- (i) Mr. Singh's father acquired a residential house in April 2005 for ₹ 1,25,000 and thereafter gifted this property to the assessee, Mr. Singh on 1st March 2006.
- (ii) The property, so gifted, was sold by Mr. Singh on 10<sup>th</sup> June 2025. The consideration received was ₹ 25,00,000.
- (iii) Stamp duty charges paid by the purchaser at the time of registration @13% (as per statutory guidelines) was ₹ 3,38,000.
- (iv) Out of the sale consideration received:
  - (a) On 2/1/2026, the assessee had purchased two adjacent flats, in the same buildings, and made suitable modification to make it as one unit. The investment was made by separate, sale deeds, amount being ₹ 8,00,000 and ₹ 7,00,000, respectively.
  - (b) On 10/10/2025, ₹ 10 lakhs were invested in bonds issued by National Highways Authority of India.

Compute Mr. Singh's taxable income for assessment year 2026-27. Cost inflation index: F.Y.2005-06:117; F.Y. 2025-26 - 376. Assume assessee opt out from default taxation regime u/s 115BAC.

**[8 marks]**

3. Mrs. Harini Rao who draws salary of ₹ 12,000 p.m. received the following gifts during the Previous Year 2025-26.

- (i) Gift of ₹ 1,50,000/- on 15.05.2025 from her close friend.
- (ii) Gift of jewellery worth ₹ 3,00,000/- on 01.08.2025 from her fiancée.
- (iii) Gift of ₹ 51,000/- each received from her two friends on the occasion of her marriage on 30.10.2025
- (iv) Gift of ₹ 51,000/- on 01.12.2025 from her father's sister
- (v) Gift of ₹ 21,000/- from her husband's friend on 01.01.2026
- (vi) Gift of ₹ 25,000/- on 12.01.2026 from her family friend
- (vii) Gift of ₹ 11,000/- on 12.02.2026 from her brother's mother-in-law
- (viii) Gift of ₹ 75,000/- from her sister-in-law on 10.12.2025

Compute her Gross Total Income for A.Y. 2026-27. Assume assessee pay tax as per default tax regime u/s 115BAC. **[5 marks]**

4. Mr. Aryan, a resident individual, is working in Nishchay Ltd. and earns salary of ₹90,000 per month during P.Y. 2025-26. He holds 20,000 equity shares of Alpha Ltd., an Indian listed company, purchased on 1st January 2016 at ₹200 per share. These were acquired through a recognized stock exchange and STT was paid on both acquisition and sale.

In August, 2025, Mr. Aryan transferred a plot in Chandigarh for ₹70 lakhs which was acquired by him in May 2016 for ₹22 lakhs. He paid brokerage of 1% on transfer.

In November, 2025, Alpha Ltd. decided to buy back 50% of its shares at ₹250 per share. Alpha Ltd. bought back proportionate shares of Mr. Aryan. In May 2026, Mr. Aryan acquired a residential house property in Kanpur for ₹40 lakhs. Fair Market value of equity shares of Alpha Ltd. as on 31.1.2018 was ₹190 per share.

You are required to compute the total income of Mr. Aryan if he is paying tax under default tax regime.

CII for F.Y. 2015-16: 254; F.Y. 2016-17: 264; F.Y. 2017-18: 272; F.Y. 2025-26: 376

**[6 marks]**