



CA FINAL (May 2025)

GROUP I - PAPER 4

DIRECT TAX LAWS AND INTERNATIONAL TAXATION (Series 2)

Part I - Multiple Choice Questions (2 Marks each)

1	B
2	B
3	D
4	B
5	D
6	D
7	C
8	C
9	D
10	A
11	D
12	B
13	A
14	A
15	B

Question 1A. (14 Marks)

Computation of Total Income of Sankar Ltd. for the A.Y. 2024-25

Particulars	₹	₹
Net profit as per the statement of profit and loss		2,72,00,000
Add: Items debited but to be considered separately or to be disallowed		
(i) Depreciation charged as per Companies Act, 2013		
(iii) Employer's contribution to EPF	32,00,000	
[As per section 43B, employers' contribution to EPF is allowable as deduction, since the same has been deposited on or before the 'due date' of filing of return u/s 139(1) i.e., 30.9.2024. Since the same has been debited to statement of profit and loss, no further adjustment is necessary]	Nil	
(iv) Interest on term loan for purchase of plant and machinery [₹25 lakhs x 12% x 7/12]	1,75,000	
[As per proviso to section 36(1) (iii), interest paid in respect of capital borrowed for acquisition of an asset for the period from the date of borrowing till the date on which such asset is first put to use shall not be allowed as deduction. Since the same has been debited to statement of profit and loss, it has to be added back while computing business income]		
(v) Payment of labour charges to A & Co., a sub-contractor, without deduction of tax [30% of 10 lakh]	3,00,000	
[U/s 40(a)(ia), 30% of any sum paid to any resident on which tax is deductible is disallowed if tax is not deducted at source. In this case, TDS provisions u/s 194C are attracted on labour charges which are shown separately in the bills. Since tax has not been deducted on labour charges, 30% of the expenditure shall be disallowed]		
		36,75,000
Add: Amount taxable but not credited to profit and loss account Employee's contribution to EPF		
[Any sum received by the assessee from his employees as contribution to any provident fund is treated as income of the assessee. Since employees contribution to EPF has not been deposited on or before the due date under the PF Act, the same is not allowable as deduction as per section 36(1)(va)]		
		3,00,000
		3,11,75,000

Less: Items credited to statement of profit and loss, but not includible in business income/ permissible expenditure and allowances		
(ii) Waiver of sundry creditor's outstanding amount	Nil	
[Waiver of ₹6,00,000 from the sundry creditors is a benefit in respect of a trading-liability by way of remission or cessation thereof and is, hence, taxable u/s 41(1). Since the amount is already credited to statement of profit & loss, no adjustment is necessary]		
Provision for wages payable to workers		
[The provision based on fair estimate of wages and reasonable certainty of revision is allowable as deduction, since ICDS X requires 'reasonable certainty' for recognition of a provision, which is present in this case. As the provision has not been debited to statement to profit and loss, the same has to be reduced while computing business income]	12,00,000	12,00,000
Less: Depreciation as per Income-tax Rules, 1962		
Depreciation u/s 32		2,99,75,000
Depreciation on factory building [10% of ₹180 lakh]		
Depreciation on plant and machinery	18,00,000	
-Depreciation@7.5% on 31.75 lakhs [30 lakh, being machinery cost + *1.75 lakh, being interest from 1.4.2023 to 31.10.2023] since machinery is put to use for less than 180 days].		
-Depreciation@15% on ₹140 lakh [₹170 lakh - ₹30 lakh]	2,38,125	
-Depreciation on computers [40% of 15 lakh]		
	21,00,000	
	6,00,000	
Add: Additional depreciation @10% on on 31.75 lakh, since machinery is put to use for less than 180 days	47,38,125	
Gross Total Income		
	3,17,500	50,55,625
Less: Deduction under Chapter VI-A		
U/s 80JJAA [See Working Note below]		
Total Income		2,49,19,375
Total Income (Rounded off)		9,30,000
		2,39,89,375
		2,39,89,380

Computation of tax payable by Sankar Ltd. for the A.Y. 2025-26

	₹
Tax payable on ₹2,39,89,380@25%, since the turnover of the company for the P.Y. 2022-23 does not exceed ₹400 crores	59,97,344
Add: Surcharge@7% (since the total income of the company exceeds 1 crore but does not exceed 10 crore)	4,19,814
	64,17,159
Add: Health and education cess@4%	2,56,686
Tax liability	66,73,846
Tax liability (Rounded off)	66,73,850

Working Note:

Computation of deduction u/s 80JJAA

Sankar Ltd. is eligible for deduction u/s 80JJAA since the company is subject to tax audit u/s 44AB for A.Y.2025-26 and has employed "additional employees" during the P.Y.2024-25.

Number of additional employees

Total number of employees employed during the year 24

Less: Employees employed on 1.7.24, since their total monthly emoluments exceed ₹25,000 4

Employees employed on 1.6.24 whose emoluments are paid by bearer cheque 2

Number of additional employees 18

[10 employees employed on 1.6.2024 and 8 employed on 1.11.24]

Additional employee cost ₹31,00,000

23 lakh, being ₹23,000 × 10×10 +8 lakh, being 20,000 × 5 × 8

Deduction u/s 80JJAA [30% of 31 lakh] 9,30,000

Question 2A. (5 Marks)

Particulars	₹	₹
Income from House Property Net Annual Value Less: Interest on housing loan of ₹3,55,000 [₹ 35,50,000 × 12% × 10/12 months] restricted to ₹ 2,00,000/-	Nil (2,00,000)	
Less: Set-off against long term capital Gain	2,00,000	Nil
Long-term capital gains on transfer of land under specified agreement Since Ms. Mishika transferred her share in the project after issue of completion certificate, capital gains on transfer of land handed over to developer under specified agreement in the P.Y: 2019-20 would be taxable in the previous year 2024-28, being the year in which certificate of completion is issued as per section 45(5A). Accordingly, capital gain arising in respect of land would be- Full value of consideration, being 20% share in shopping mall [Stamp duty value on the date of issue of completion certificate (₹ 8,28,00,000 × 20%)]	1,65,60,000	
Less: Indexed of cost of acquisition [₹15,00,000 × 289/148]	29,29,054	
	1,36,30,946	
Less: Set-off of loss from house property [It is beneficial to set-off loss from house property against long-term capital gains, since in case of Ms. Mishika total income comprises of LTCG taxable@20% and STCG taxable at normal slab rates; and she can claim deduction of ₹1,30,000 under Chapter VI-A against STCG of ₹ 2,90,000. Moreover, the remaining STCG would also not be taxable since it would be below the basic exemption limit]	2,00,000	
		1,34,30,946
STCG on transfer of 15% shares in shopping mall		
Full Value of Consideration	3,50,00,000	
Less: Cost of Acquisition [₹ 8,28,00,000 × 15%]	1,24,20,000	2,25,80,000
Gross Total Income		3,60,10,946
Less: Deduction under chapter VI-A		
Deduction under section 80C repayment of principal amount of housing loan		1,30,000
Total Income		3,58,80,946

Question 2B. (4 Marks)**Computation of Business Income and Agriculture Income of Mr. Amar**

	Business Income	Agricultural Income	
	(₹)	(₹)	(₹)
Sale of Sugar Business income			
Sale Proceeds of sugar	50,00,000		
Less: Market value of sugar (60%)	45,00,000		
Less: Manufacturing exp.	1,50,000		
	3,50,000		
Agricultural income			
Market value of sugarcane (60%)		45,00,000	
Less: Cost of cultivation		25,00,000	20,00,000
Sale of sugarcane Agricultural Income			
Sale Proceeds of sugarcane(40%)		22,00,000	
Less: Cost of cultivation		16,00,000	6,00,000
			16,00,000

Question 2C. (5 Marks)

LMN Ltd, an Indian company and ABC Ltd., a Canadian company, are deemed to associated enterprises as per section 92A(2), since ABC Ltd. holds shares carrying 35% of the voting power (i.e., not less than 26% of voting power) in LMN Ltd. Further, the transaction of developing software and providing consultancy services (both onsite and offsite) fall within the meaning of "international transaction" under section 92B. Hence, transfer pricing provisions would be attracted in this case.

Computation of Arm's Length Price as per Cost Plus Method		
Gross Profit mark-up on cost in case of XYZ Ltd. [an unrelated party]		50%
Less: Adjustments for functional and other differences		
- Value of technology support [ABC Ltd. provides technology support, but XYZ Ltd. does not provide such support. Therefore, value of technology support shall be adjusted] [18% of 50%, being gross profit]	9%	
- Quantity discount to ABC Ltd. [Quantity discount is allowed to ABC Ltd. as it gives business in large volumes, but the same is not provided to XYZ Ltd. Therefore, it shall be adjusted] [10% of 50%, being gross profit]	5%	
- Risk and cost associated with marketing [LMN Ltd. has to bear all the risk and costs associated with the marketing function in case of XYZ Ltd., while there is no such risk in case of services to ABC Ltd. Therefore, market risk and cost shall be adjusted] [12% of 50%, being gross profit]	6%	20%
		30%

Add: Cost of credit to ABC Ltd. [LMN Ltd has provided credit of 1 month to ABC Ltd. but not to the unrelated party. Therefore, adjustment for the cost of such credit has to be carried out to arrive at the ALP] [(2% of 50%, being gross profit)]		1%
Arm's length gross profit mark up to cost		31%
Cost incurred by LMN Ltd. for executing ABC Ltd.'s work		3,25,000
Add: Adjusted gross profit ($\text{₹ } 2,25,000 \times 31\%$)		100,750
Arm's length billed value		4,25,750
Less: Actual Billed Income from ABC Ltd. ($\text{₹ } 1800 \times 120$ man hours)		2,16,000
Total Income of LMN Ltd to be increased by		2,09,750

Question 3A. (8 Marks)

Particulars	₹	₹
Profits and gains of business or profession		330.00
Add: Items debited but to be considered separately or to be disallowed		
- Depreciation	25.00	
- Remuneration to its working partners	220.00	
- Interest provided on the current account balance of the partners@15% p.a. (Interest on current account would be fully allowed to the extent of 12%, since the same is authorized by the partnership deed. Thus, interest of 4.5, being in excess of 12% i.e., $\text{₹ } 22.5 \times 3\%/15\%$ would be disallowed)	4.50	
- Advertisement in a souvenir published by a political party [not allowed as deduction as per section 37(2B)]	2.50	252.00
		582.00
Less: Permissible expenditure and allowances		
- Depreciation allowable as per Income-tax Rules, 1962	30.00	
- Unabsorbed depreciation u/s 32(2) [allowable as deduction while computing book profit as per Explanation 3 to section 40(b)]	30.00	60.00
Book Profit		522.00
On first ₹ 6 lakh of book profit [$\text{₹ } 6,00,000 \times 90\%$]	5.40	
On balance ₹ 516 lakh of book profit [$\text{₹ } 516 \times 60\%$]	309.6	
	315	

Remuneration actually paid of ₹220 lacs is fully allowable as deduction, since it is lower than the specified limit		220.00
Business Income		302.00
Less: Brought forward business loss for A.Y. 2022-23		50.00
Gross Total Income		252.00
Less: Deduction u/s 10AA		241.60
Profit from SEZ unit x Export Turnover/ Total Turnover x 100% = ₹302 lakhs x 20/25 x 100% (since it is the fifth year of operation) = ₹ 241.60 lakhs		
Less: Deduction u/s 80GGC [Expenditure on advertisement in a souvenir published by a political party not allowable as deduction since it is included within the meaning of the term "contribution" only for the purpose of deduction u/s 80GGB in case of a company.]		-
Total Income		10.4
Tax liability		
Tax@30%		3.1200
Add: Health and education cess@ 4%		0.1248
Tax Liability		3.2448

Computation of adjusted total income of M/s Turnip LLP for levy of Alternate Minimum Tax

Particulars	(₹ in lakhs)
Total Income (as computed above)	10.40
Add: Deduction u/s 10AA	241.60
Adjusted Total Income	252.00
Alternate Minimum Tax@18.5%	46.6200
Add: Surcharge@12% (since adjusted total income > ₹ 1 crore)	5.5944
	52.2144
Add: Health and Education cess@4%	2.0886
Tax liability u/s 115JC	54.3030
Since the regular income-tax payable is less than the alternate minimum tax payable, the adjusted total income shall be deemed to be the total income and tax is leviable @18.5% thereof plus surcharge@12% and cess@4%. Therefore, the tax liability is ₹54.3030 lakhs	

AMT Credit to be carried forward u/s 115JEE	
Tax liability u/s 115JC	54.3030
Less: Tax liability under the regular provisions of the Income-tax Act, 1961	3.2448
Amount of Credit	51.0582

Question 3B (6 Marks)

Computation of total income of the investment fund for A.Y. 2025-26

Particulars	A	B	C	D
₹				
Business Income	Nil	2,00,000	Nil	3,00,000
Total Income	Nil	2,00,000	Nil	3,00,000

Computation of total income of a unit holder of the following Investment funds for A.Y. 2025-26

Particulars	A	B	C	D
₹				
Capital Gains	80,000	70,000	-	1,00,000
Income from Other Sources	20,000	20,000	30,000	-
Total Income	1,00,000	90,000	30,000	1,00,000

Notes:

- i. The total income of Investment Fund B would be chargeable to tax @30% if the fund is a firm and @30%/25%, as the case may, if the fund is a company and at the maximum marginal rate, in any other case.
- ii. In case of Investment Fund D, the loss from other sources ₹ 2 lakh is set-off against business income of ₹ 5 lakh.
- iii. In case of Investment Fund C, the business loss of ₹ 2 lakh is set-off against income from other sources of ₹ 8 lakh. Loss of ₹ 6 lakh under the head "Capital gains" cannot be set-off against income under any other head. The same can be carried forward by the Unitholder for set-off in the subsequent years since, the units are held for a period of 12 months or more.

For A.Y. 2026-27, the brought forward capital loss of ₹ 30,000 [₹ 6 lakh/20] can be set-off against capital gains of ₹ 45,000 [₹ 9 lakh/20] by the unit-holder since, the period of holding of units is 12 months or more. Business income of ₹ 2 lakh would be taxable in the hands of the Investment Fund. Income from other sources of ₹ 40,000 (₹ 8 lakh/20) would be taxable in the hands of the unitholders.

Question 4A. (8 Marks)

Updated return u/s 139(8A) can be submitted and tax liability will be calculated as follows

Particulars	Amount ₹
Income as per updated return	45,15,000
Tax on Total Income	
Upto 2,50,000 Nil	
>2,50,000 upto 5,00,000 12,500	
> 5,00,000 upto 10,00,000 1,00,000	
> 10,00,000 upto 45,15,000 10,54,000 11,67,000	
Add: HEC @ 4%	46,680
Tax as per Return Income	12,13,680
Less: TDS/TCS	70,000
Less: Advance Tax Paid	3,00,000
Balance	8,43,680
Add: Interest u/s 234A - Interest for late Return Filing 8,43,600 × 1% p.m. × 17 Months (1st August, 22 till 10th December, 23)	1,43,412
Add: Interest u/s 234B - Interest for Short Payment of Advance Tax (8,43,600 × 1% p.m. × 21 Months (1st April, 22 till 10th December, 23)	1,77,156
Add: Interest u/s 234C - Interest for Deferment of Advance Tax Instalment 1st Instalment - 11,43,680 × 15% 1,71,500 × 1% × 3months = 5145 2nd Instalment - 11,43,680 × 45% 5,14,600 × 1% × 3months = 15,438 3rd Instalment - 11,43,680 × 75% = 8,57,700 × 1% × 3months = 25,731 4th Instalment - 11,43,680 × 100% = (11,43,680 - 3,00,000) × 1% × 1month = 8,436	54,750
Add: Fees u/s 234F (fees for late filing of Return)	5,000
Total of Tax + Interest + Fees	12,23,998
Add: Additional Tax as per section 140B(3) [25% of 12,18,998]	3,04,750
Net Tax Payable u/s 140B before filing Updated Return u/s 139(8A)	15,28,748 i.e. 15,28,750

Question 4B. (6 Marks)

Rollback year means any previous year, falling within the period not exceeding four previous years, preceding the first of the five consecutive previous years for which advance pricing agreement is valid.

The application for advance pricing agreement may be filed at any time before the first day of the previous year relevant to the first assessment year for which the application is made, in respect of transactions which are of a continuing nature from dealings that are already occurring; or before undertaking the transaction in respect of remaining transactions.

In the present case, since ABC (P) Ltd. has made an application of APA and also opted for rollback provisions, the APA is apparently in respect of international transactions which are of continuing nature. Accordingly, the APA application filed on 15th February 2023 would be in respect of five previous years beginning with P.Y. 2023-24 relevant to the A.Y. 2024-25.

Consequently, APA entered by ABC (P) Ltd. can provide for determining ALP in relation to international transaction entered during rollback years i.e., from A.Y. 2020-21 to A.Y. 2023-24 subject to satisfaction of certain conditions.

In the present case, since A.Y. 2018-19 and A.Y. 2019-20 fall beyond the said four year period, ABC (P) Ltd. cannot avail roll back benefit in respect of these years. From A.Y. 2020-21 -A.Y. 2023-24, the applicability of rollback provisions would be as follows:

Rollback year	Applicability of rollback provisions
A.Y. 2020-21	Yes, rollback provisions are applicable for A.Y. 2020-21.
A.Y. 2021-22	Yes, rollback provisions are applicable for A.Y. 2021-22 even if ALP adjustment was reduced to addition of ₹ 300 lakhs as against addition of ₹ 500 lakhs originally determined by the TPO on account of APA, since such reduction in the amount of ALP adjustment does not result in reducing the total income or increasing the total loss, as declared in the return of income of the said year by ABC (P) Ltd.
A.Y. 2022-23	Yes, roll back provisions are applicable for A.Y. 2022-23, since ITAT has only set aside the order for fresh consideration and the matter has not reached finality.
A.Y. 2023-24	No, rollback provisions are not applicable for A.Y. 2023-24, since the return was filed belatedly u/s 139(4) on 29.12.2023.

Question 5A (6 Marks)**Computation of total income of STYLE Inc., a notified FII, for P.Y.2024-25**

Particulars	₹	₹
Interest on Rupee Denominated Bonds	17,00,000	
Dividend income	6,20,000	
Interest on securities [No deduction is allowable in respect of expenses incurred in respect thereof]	17,32,000	40,52,000
Long-term capital gains on sale of bonds of J Ltd.		
Sale consideration	47,00,000	
Less: Cost of acquisition [Benefit of indexation is not allowable]	32,00,000	15,00,000
Short-term capital gains on sale of STT paid equity shares of E Ltd.		
Sale consideration	12,40,000	
Less: Cost of acquisition	7,80,000	4,60,000
Short-term capital gains on sale on unlisted equity shares of M Ltd.		
Sale consideration	8,40,000	
Less: Cost of acquisition	3,72,000	4,68,000
Total Income		64,80,000

Computation of tax liability of STYLE Inc. for A.Y.2024-25

Particulars	₹
Tax@5% on interest of ₹ 8,50,000 received from an Indian company on investment in rupee denominated bonds = $5\% \times ₹ 17,00,000$	85,000
Tax@20% on interest on securities and dividend = $20\% \times ₹ 23,52,000$	4,70,400

Tax@10% on long-term capital gains on sale of bonds of J Ltd. = $10\% \times ₹ 15,00,000$	1,50,000
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Tax @ 20% on short-term capital gains on sale of listed equity shares of E Ltd., in respect of which STT has been paid = 20% of ₹ 4,60,000	92,000
Tax @ 30% on short-term capital gains on sale of unlisted equity shares of M Ltd. = 30% of ₹ 4,68,000	1,40,400
	9,37,800
Add: HEC@4%	37,512
Tax liability	9,75,312
Tax liability (rounded off)	9,75,310

Question 5B. (4 Marks)

(A) The statement is not correct.

He may appeal to the High Court against such order within sixty days from the date of the communication of that order.

(B) The statement is not correct.

A resident falling within any class or category of persons as notified by the Central Government i.e., a public sector undertaking can seek advance ruling even if question raised is pending before the Appellate Tribunal.

Question 5C. (4 Marks)

As per section 194-O, ABC.com, an e-commerce operator is required to deduct tax @1% (0.1% w.e.f. 1.10.24) on the gross amount of sale of goods (T-shirts, in the present case) of Mr. Z, a resident individual, an e-commerce participant, since such sale of goods is facilitated by ABC.com through its digital or electronic facility or platform.

ABC.com is required to deduct tax at the time of credit of such sum or payment, whichever is earlier. Any payment received directly by Mr. Z for the sale of goods, facilitated by ABC.com, would be deemed to be amount credited or paid by ABC.com to Mr. Z.

Accordingly, ABC.com is required to deduct tax of ₹ 2,000 (0.1% × ₹20,00,000) and ₹ 1,500 (0.1% × ₹15,00,000) on 31.12.2024 and on 28.02.2025, respectively, being the dates on which such amounts were credited in books of account of ABC.com, since the date of credit is earlier than the date of payment in these two cases.

ABC.com is also required to deduct tax of ₹1,000 (0.1% of ₹ 10,00,000 being the amount received by Mr. Z directly in his bank).

On 31.3.2024, ABC.com is also required to deduct tax of ₹ 1,500 (0.1% of ₹15,00,000), being the amount of full and final payment made on 31.3.2025.

Question 6A. (8 Marks)**Computation of total income of Mr. Kamesh for A.Y.2025-26 under normal provisions of Act**

Particulars	₹	₹
Income from House Property [House situated in country Y]		
Gross Annual Value ¹	2,40,000	
Less: Municipal taxes	10,000	
Net Annual Value	2,30,000	
Less: Deduction under section 24 - 30% of NAV	69,000	
		1,61,000
Profits and Gains of Business or Profession		
Income from profession carried on in India	7,50,000	
Royalty income from a literary book from Country X (after deducting expenses of ₹ 50,000)	5,50,000	
	13,00,000	
Less: Business loss in country Y set-off	65,000	
		12,35,000
Income from Other Sources		
Agricultural income in country X	50,000	
Dividend from a company in country Y	1,50,000	2,00,000
		15,96,000
Gross Total Income		
Less: Deduction under Chapter VIA		
Under section 80QQB - Royalty income of a resident from literary work		3,00,000
Total Income		12,96,000

Note - Since adjusted total income (i.e., ₹ 15,96,000) does not exceed ₹ 20 lakhs, AMT would not be attracted in this case.

Computation of net tax liability of Mr. Kamesh for A.Y.2025-26

Particulars	₹
Tax on total income [30% of ₹ 2,96,000 + ₹ 1,12,500]	2,01,300
Add: Health and Education cess@ ² %	8,052
	2,09,352
Less: Deduction under section 91 (See Working Note below)	69,739
Net tax liability	1,39,613
Net tax liability (rounded off)	1,39,610

Working Note: Calculation of Rebate under section 91

	₹	₹
Average rate of tax in India [i.e., ₹ 2,09,352 / ₹ 12,96,000 × 100]	16.154%	
Average rate of tax in country X	10%	
Doubly taxed income pertaining to country X		
Agricultural Income	50,000	
Royalty Income [₹ 6,00,000 - ₹ 50,000 (Expenses) - ₹ 3,00,000 (deduction under section 80QQB)] ⁴	2,50,000	
	3,00,000	30,000
Deduction under section 91 on ₹ 3,00,000 @10% [being the lower of average Indian tax rate (16.154%) and foreign tax rate (10%)]		
Average rate of tax in country Y	20%	
Doubly taxed income pertaining to country Y		
Income from house property	1,61,000	
Dividend	1,50,000	
	3,11,000	
Less: Business loss set-off	65,000	
	2,46,000	
Deduction u/s 91 on ₹ 2,46,000 @16.154% (being the lower of average Indian tax rate (16.154%) and foreign tax rate (20%)]		39,739
Total rebate under section 91 (Country X + Country Y)		69,739

Question 6B. (6 Marks)

Computation of total income of M/s. Mahan Charitable Trust for the A.Y.2024-25

Particulars	₹	₹
Voluntary contributions received during the year		1,50,00,000
Less: Corpus Donation (Note 1)		20,00,000
		1,30,00,000
Income from property held under trust [Capital Gains from sale of land (₹10.50 lakhs - ₹5 lakhs)]		5,50,000
		1,35,50,000
Less: 15% of income eligible for being set apart without any condition		20,32,500
		1,15,17,500
Less: Amount applied for charitable purposes		
Salary paid to teachers and administrative staff	40,00,000	
General expenses [10,00,000 ₹30,000, payment by crossed cheque disallowed due to section 40A(3)]	9,70,000	
Capital gains re-invested in purchase of land for the purpose of the trust deemed to be applied for charitable purposes [₹10.50 lakhs - ₹5 lakhs]	5,50,000	
Excess of purchase price of new land over sale consideration of old land treated as application of income, since the new land is used for the purpose of the trust [₹12 lakhs - ₹10.50 lakhs]	1,50,000	
- Cost of laptops purchased for teaching purposes [₹50,000 × 5]	2,50,000	
- Cost of construction of hostel rooms [2 × ₹1200 × 1500 sq. ft]	36,00,000	
- Corpus donations of ₹20 lakhs to a trust registered u/s 12AB not permissible as deduction	Nil	95,20,000
-		19,97,500
Amount accumulated for constructing a school building (30 lakhs) less amount actually spent (₹27 lakhs) taxable u/s 115BBI in the P.Y.2024-25 (A.Y.2025-26), being the last year of accumulation		Nil
Total income [See Note below]		19,97,500

Note-

1. It is assumed that the Mahan Charitable trust has invested/deposited such contribution in modes specified u/s 11(5).
2. If the trust exercises the option to apply the donations received from Mr. Michael on 31.3.2023 atleast 2 months before the due date of filing of return u/s 139(1) in the form 9A, the income would be deemed to have been applied for charitable purposes in the A.Y.2024-25. However, such amount should be applied before the end of the previous year 2024-25.
3. As per the Supreme Court ruling in CIT v Programme for Community Organisation (2001), 15% of gross receipts would be eligible for accumulation u/s 11(1)(a)