

MITTAL COMMERCE CLASSES

Intermediate Course: Group – I
DATE: 11.05.2025

(Mock Test Paper – Series : 1)
MAXIMUM MARKS: 100

TIMING: 3¼ Hours

PAPER 3 : TAXATION

SECTION - A : INCOME TAX LAW (50 MARKS)

Working Notes should form part of the answer. Whenever necessary, suitable assumptions may be made by the candidates and disclosed by way of a note. However, in answers to Questions in Division A, working notes are not required.
THE RELEVANT ASSESSMENT YEAR IS A.Y. 2025-26

DIVISION A - MULTIPLE CHOICE QUESTIONS

TOTAL MARKS: 15 MARKS

Write the most appropriate answer to each of the following multiple choice questions by choosing one of the four options given. All questions are compulsory.

Case Scenario:

Q. 1 to Q. 5:

Mr. Rajeev, aged 62 years, an Indian citizen, resides in Delhi. His wife Shivani and daughter Ritika also reside with him. Ritika, aged 16 years, is studying in 12th Standard in DAV school at New Delhi. Mr. Rajeev left for employment to Dubai on 15th September, 2024 but his family did not accompany him. He returned to India on 25th March 2025. Mr. Rajeev had gone outside India for the first time in his life. During April, 2024 to September, 2024, he was working with a multinational company in Delhi. He earned salary of Rs. 14,00,000 from his job in India. He paid Tuition Fee of Rs. 1,80,000 for Ritika's education in DAV school. Apart from that, Mr. Rajeev also earned professional income of Rs. 60,00,000 (Gross Receipts – Rs. 90 lakhs) from India. During the year, he also earned interest from his Indian savings bank account to the tune of Rs. 12,000 and interest from fixed deposits with nationalized banks of Rs. 45,000. Mr. Rajeev also earned a salary income equivalent to Rs. 6,00,000 for his job in Dubai, on which no tax is paid or payable in Dubai, which was deposited in his bank account in Dubai and later on remitted to India. Mr. Rajeev has exercised the option to shift out of the default tax regime under section 115BAC.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:-

- What is the residential status of Mr. Rajeev for the previous year 2024-25?
 - Resident and ordinarily in India
 - Resident but not ordinarily resident in India
 - Non-resident in India
 - Deemed resident but not ordinarily resident in India
- What would be the income chargeable to tax under the head "Salaries" in the hands of Mr. Rajeev in India for P.Y. 2024-25?
 - Rs. 20,00,000
 - Rs. 19,50,000
 - Rs. 13,50,000
 - Rs. 19,60,000

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3. How much deduction is available under Chapter VI-A from the Gross Total Income of Mr. Rajeev?
 - (a) Rs. 2,30,000
 - (b) Rs. 1,95,000
 - (c) Rs. 1,60,000
 - (d) Rs. 2,00,000
4. What shall be the tax liability of Mr. Rajeev for the A.Y. 2025-26?
 - (a) Rs. 22,69,810
 - (b) Rs. 22,58,940
 - (c) Rs. 22,56,080
 - (d) Rs. 22,72,670
5. What would be the due date for filing income-tax return of Mr. Rajeev for the P.Y. 2024-25?
 - (a) 31st July, 2025
 - (b) 31st October, 2025
 - (c) 30th November, 2025
 - (d) 31st March, 2026

MCQ [5 MCQ of 2 Marks : Total 10 Marks]

6. On 20.10.2024, Poorvi (minor child) gets a gift of ₹ 20,00,000 from her father's friend. On the same day, the amount is deposited as fixed deposit in Poorvi's bank account. On the said deposit, interest of ₹ 13,000 was earned during the P.Y. 2024-25. In whose hands the income of Poorvi shall be taxable? Also, compute the amount of income that shall be taxable if both parents pay tax under default tax regime.
 - (a) Income of ₹ 20,11,500 shall be taxable in the hands of Poorvi's father.
 - (b) Income of ₹ 20,13,000 shall be taxable in the hands of Poorvi's father.
 - (c) Income of ₹ 20,11,500 shall be taxable in the hands of Poorvi's father or mother, whose income before this clubbing is higher.
 - (d) Income of ₹ 20,13,000 shall be taxable in the hands of Poorvi's father or mother, whose income before this clubbing is higher.
7. Ramesh, a resident Indian, has incurred ₹ 15,000 for medical treatment of his dependent brother, who is a person with severe disability and has deposited ₹ 20,000 with LIC for his maintenance. Ramesh shifts out of the default tax regime for A.Y. 2025-26. Ramesh would be eligible for deduction under section 80DD of an amount equal to –
 - (a) ₹ 15,000
 - (b) ₹ 35,000
 - (c) ₹ 75,000
 - (d) ₹ 1,25,000

MCQ [2 MCQ of 2 Marks : Total 4 Marks]

8. Mr. Rajendra incurred short-term capital loss of Rs. 10,000 on sale of shares through the National Stock Exchange. Such loss –
 - (a) can be set-off only against short-term capital gains
 - (b) can be set-off against both short-term capital gains and long-term capital gains.
 - (c) can be set-off against any head of income.
 - (d) not allowed to be set-off.

MCQ [1 MCQ of 1 Mark : Total 1 Mark]

DIVISION B - DESCRIPTIVE QUESTIONS

QUESTIONS NO. 1 IS COMPULSORY.

ATTEMPT ANY TWO QUESTIONS FROM THE REMAINING THREE QUESTIONS

TOTAL MARKS: 35 MARKS

Question 1:

Rameshwar, aged 33 years, working as Manager (Sales) with Frozen Foods Ltd., provides the following information for the year ended 31.03.2025:

- Basic Salary Rs. 15,000 p.m.
- DA (50% of it is meant for retirement benefits) Rs. 12,000 p.m.
- Commission as a percentage of turnover of the Company 0.5 %
- Turnover of the Company Rs. 50 lakhs
- Bonus Rs. 50,000
- Gratuity Rs. 30,000
- Own Contribution to R.P.F. Rs. 30,000
- Employer's contribution to R.P.F. 20% of basic salary
- Interest credited in the R.P.F. account @ 15% p.a. Rs. 15,000
- Gold Ring worth Rs. 10,000 was given by employer on his 25th wedding anniversary.
- Music System purchased on 01.04.2024 by the company for Rs. 85,000 and was given to him for personal use.
- Two old light goods vehicles owned by him were leased to a transport company against the fixed charges of Rs. 6,500 p.m. Books of account are not maintained.
- Received interest of Rs. 5,860 on bank FDRs on 24.4.2024 and interest of Rs. 6,786 (Net) from the debentures of Indian Companies on 5.5.2024.
- Made payment by cheques of Rs. 15,370 towards premium on Life Insurance policies and Rs. 22,500 for Mediclaim Insurance policy for self and spouse.
- Invested in NSC Rs. 30,000 and in FDR of SBI for 5 years Rs. 50,000.
- Donations of Rs. 11,000 to an institution approved u/s 80G and of Rs. 5,100 to Prime Minister's National Relief Fund were given during the year by way of cheque.

Compute his total income and tax payable thereon for the A.Y. 2025-26. Assume that Mr. Rameshwar has exercised the option to shift out of the default tax regime under section 115BAC.

(15 Marks)

Question 2:

(a) Determine the capital gains/loss on transfer of listed equity shares (STT paid both at the time of acquisition and transfer of shares) and units of equity oriented mutual fund (STT paid at the time of transfer of units) for the A.Y.2025-26 and tax, if any, payable thereon, in the following cases, assuming that these are the only transactions covered under section 112A during the P.Y.2024-25 in respect of these assesseees:

- (i) Mr. Shubham purchased 300 shares in A Ltd. on 20.5.2017 at a cost of ₹ 400 per share. He sold all the shares of A Ltd. on 31.5.2024 for ₹ 1200. The price at which these shares were traded in National Stock Exchange on 31.1.2018 is as follows –

| Particulars | Amount in ₹ |
|-----------------------|-------------|
| Highest Trading Price | 700 |
| Average Trading Price | 680 |
| Lowest Trading Price | 660 |

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- (ii) Mr. Rajkumar purchased 200 units of equity oriented fund, Fund A on 1.2.2017 at a cost of ₹ 550 per unit. The units were not listed at the time of purchase. Subsequently, units of Fund A were listed on 1.1.2018 on the National Stock Exchange. Mr. Rajkumar sold all the units on 3.4.2024 for ₹ 900 each. The details relating to quoted price on National Stock Exchange and net asset value of the units are given hereunder:

| Particulars | Fund A |
|------------------------------|--------------------|
| | Amount in ₹ |
| Highest Trading Price | 750 (on 31.1.2018) |
| Average Trading Price | 700 (on 31.1.2018) |
| Lowest Trading Price | 650 (on 31.1.2018) |
| Net Asset Value on 31.1.2018 | 800 |

(6 Marks)

- (b) Briefly discuss the provisions of tax deducted at source under the Income-tax Act, 1961 in respect of the following payments:
- (i) Mr. Sharvan (a resident individual aged 65 years) has maintained two fixed deposits in two different branches of HFC Bank of India (working on core banking solution). During the year 2024-25, the bank paid ₹ 32,000 and ₹ 17,000 as interest on these fixed deposits.
- (ii) Mr. Jagat, a pensioner, pays ₹ 55,00,000 in November 2024 to Mr. Kishan, for contract payment for reconstruction of his residential house.

(4 Marks)

Question 3:

- (a) Mr. Sunil, a resident individual, aged 40 years, is an assistant manager of Fox Ltd. He is getting a salary of ₹ 55,000 per month. During the previous year 2024-25, he received the following amounts from his employer.
- (i) Dearness allowance (10% of basic pay which forms part of salary for retirement benefits).
- (ii) Bonus of ₹ 60,000.
- (iii) Fixed Medical allowance of ₹ 50,000 for meeting medical expenditure.
- (iv) He was also reimbursed the medical bill of his mother dependent on him amounting to ₹ 6,500.
- (v) Mr. Sunil was provided;
- a laptop both for official and personal use. Laptop was acquired by the company on 1st June, 2022 at ₹ 35,000.
 - a domestic servant at a monthly salary of ₹ 8,000 which was reimbursed by his employer.
- (vi) Fox Ltd. allotted 700 equity shares in the month of October 2024 @ ₹ 170 per share against the fair market value of ₹ 280 per share on the date of exercise of option by Mr. Sunil. The fair market value was computed in accordance with the method prescribed under the Act.
- (vii) Professional tax ₹ 2,200 (out of which ₹ 1,400 was paid by the employer).
- Compute the Income under the head "Salaries" of Mr. Sunil for the assessment year 2025-26 if he is paying tax under default tax regime under section 115BAC.

(5 Marks)

- (b) Mrs. Siya, aged 62 years, was born and brought up in New Delhi. She got married in Russia in 1996 and settled there since then. Since her marriage, she visits India for 60 days each year during her summer break. The following are the details of her income for the previous year ended 31.03.2025:

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| S. No. | Particulars | Amount (in ₹) |
|--------|---|---------------|
| 1. | Pension received from Russian Government | 65,000 |
| 2. | Long-term capital gain on sale of land at New Delhi (computed) | 3,00,000 |
| 3. | Short-term capital gain on sale of shares of Indian listed companies in respect of which STT was paid both at the time of acquisition as well as at the time of sale (computed) | 60,000 |
| 4. | Premium paid for self to Russian Life Insurance Corporation at Russia | 75,000 |
| 5. | Rent received (equivalent to Annual Value) in respect of house property in New Delhi | 90,000 |

You are required to ascertain the residential status of Mrs. Siya and compute her total income in India for Assessment Year 2025-26 under default tax regime.

(5 Marks)

Question 4:

- (a) Kishan Prasad, a non resident aged 50 years furnishes the following information of the income from India for the year ended on 31-03-2025:

| | |
|--|------------|
| Income by way of salary (computed) | 2,75,000 |
| Short term capital loss | (1,85,000) |
| Business income - Retail business | 1,20,000 |
| Business income - whole sale business | (1,00,000) |
| Brought forward business loss (A.Y. 2022-23) | (1,35,000) |
| Long term capital gain from sale of building in April 2024 | 2,00,000 |
| Lottery winnings (gross) | 45,000 |
| Contribution to provident fund and NSC | 1,50,000 |
| Income of minor daughter Manisha from special talent | 2,00,000 |

Compute his income tax liability assuming that he opts out of the default tax regime under section 115BAC.

(6 Marks)

- (b) Mr. Chirag, a senior citizen, has reported a Total Income ₹ 1,90,000. He has claimed exemption of ₹ 50,000 under section 54EC in respect of long term capital gain on sale of house property and deductions under Chapter VI-A amounting to ₹ 1,50,000 for the previous year 2024-25. Is he liable to file his return of income under section 139(1) for the Assessment year 2025-26? If so why?

(4 Marks)

OR

- (b) Examine with reasons, whether the following statements are true or false, with regard to the provisions of the Income-tax Act, 1961:

- The Assessing Officer has the power, inter alia, to allot PAN to any person by whom no tax is payable.
- Where the Karta of a HUF is absent from India, the return of income can be verified by any male member of the family.

(4 Marks)

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SECTION - B : GOODS AND SERVICES TAX (50 MARKS)

- (i) Working Notes should form part of the answers. However, in answers to Questions in Division A, working notes are not required.
- (ii) Whenever necessary, suitable assumptions may be made by the candidates and disclosed by way of a notes.
- (iii) All questions in Section B should be answered on the basis of position of the GST law as amended by Finance (No. 2) Act 2024, which became effective till 31.10.2014, and significant notifications and circulars issued upto 31.10.2024.

DIVISION A - MULTIPLE CHOICE QUESTIONS

TOTAL MARKS: 15 MARKS

Write the most appropriate answer to each of the following multiple choice questions by choosing one of the four options given. All questions are compulsory.

Case Scenario:

Q. 1 to Q. 3:

M/s. Vinita & Co. of Jabalpur was registered under GST under composition scheme. Outward Supply of the firm for the month of July 2024 was Rs.10 lakh. Out of which Rs. 2 lakh was supply of repairing services. In the preceding financial year, the firm was doing trading of taxable goods only. Turnover of the concern for the previous financial year was Rs. 100 lakh.

The firm imported the following services during August, 2024:

- (a) Architect services from Mr. Vinit, a partner of the firm, who resides in France for Rs. 1,00,000. The said service was paid but not used for the furtherance of the business.
- (b) Management consultancy services from Mr. Ram, a renowned lawyer in Sweden, who was an ex-employee of the firm. The value of the said service was Rs. 3,00,000. Even though it was used in the furtherance of the business, no consideration was paid by the firm.

Aggregate turnover of the firm crossed the limit of Rs. 150 lakhs on 25.09.2024 from which date the firm was liable to pay tax under regular scheme.

All the amounts given above are exclusive of taxes wherever applicable. All the supply referred above is intra-State unless specified otherwise.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 3 below:-

1. Tax liability of Vinita & Co. for the month of July 2024 is Rs._____each under CGST and SGST.
 - (a) 5,000
 - (b) 9,000
 - (c) 10,000
 - (d) 14,000
2. Import of services by Vinita & Co. that will be treated as supply is Rs._____.
 - (a) Nil
 - (b) 1,00,000
 - (c) 3,00,000
 - (d) 4,00,000

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3. Vinita & Co. will be eligible to claim ITC held on Stock and Capital goods as on _____.
- 01-09-2024
 - 24-09-2024
 - 25-09-2024
 - 30-09-2024

MCQ [3 MCQ of 2 Marks : Total 6 Marks]

4. ABC Insurance Ltd. received a proposal for pandemic insurance for cricket tournament organised by Lion's Club. Sum assured for said insurance was Rs. 20 Crores with a premium of Rs. 5 lakh. The company issued the said policy on 1st July. The invoice for the same was issued on 5th August. Premium was received on 14th August.
 Determine the time of supply of service provided to Lion's Club?
- 1st July
 - 16th August
 - 05th August
 - 14th August
5. Mr. Naresh, a supplier of readymade garments issued an invoice to a customer and erroneously charged a higher value by Rs. 42,000. Such an invoice was issued on 28th October. Which document is required to be issued by the company in respect of the invoice issued on 28th October?
- Debit note
 - Credit note
 - Bill of supply
 - Revised Tax invoice
6. Mint Ltd, registered under GST is engaged in providing warehousing service of rice. During the month of May, Mr. Ghanshyam from Fazilka undertook the warehousing service from Mint Ltd. Mint Ltd. charged Rs. 15,000 as consideration for the said service but it did not issue any document to Mr. Ghanshyam. Which is the most appropriate answer in the given case?
- Mint Ltd. is not required to issue any document.
 - Mint Ltd. is required to issue tax invoice in the given case.
 - Mint Ltd. is required to issue bill of supply in the given case.
 - Mint Ltd. is required to issue payment voucher in the given case.
7. Vijay Nigam Limited (a Public Sector Undertaking) has placed an order to Bharti Steels registered in Bokaro, Orissa for supply of 70 Iron shields each costing Rs. 12000 (exclusive of GST). However, the supply will take place in 3 lots containing 10 shields, 20 shields, 40 shields on different days. Determine whether tax is required to be deducted under GST law by Vijay Nigam Limited on the above order?
- No TDS will be deducted
 - TDS to be deducted on the third lot of 40 shields only as value exceeds Rs. 2,50,000
 - TDS to be deducted on entire order of 70 shields
 - TDS to be deducted on supply of 2nd order of 20 shields

MCQ [4 MCQ of 2 Marks : Total 8 Marks]

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8. While filing return for the month of November, a firm - Vedika & Co. - registered under GST generated E-Challan on 5th December for making payment of GST through RTGS of their bank. Determine the validity of E-Challan generated by Vedika & Co. for payment of taxes for the month of November?
- 5th December
 - 15th December
 - 20th December
 - 31st December

MCQ [1 MCQ of 1 Mark : Total 1 Mark]

DIVISION B - DESCRIPTIVE QUESTIONS

QUESTION NO. 1 IS COMPULSORY

ATTEMPT ANY TWO QUESTIONS OUT OF REMAINING THREE QUESTIONS.

TOTAL MARKS: 35 MARKS

Question 1:

- (a) Mr. Nitin, a supplier registered in Delhi, is engaged in the business of sale and purchase of plastic raincoats. He furnishes the following information pertaining to inward/outward supply made by him for the month of July:

| Particulars | Rs. |
|--|-----------|
| Value of inter-State outward supply to registered persons | 30,00,000 |
| Value of intra-State outward supply to registered persons | 50,00,000 |
| Value of intra-State outward supply to unregistered persons | 15,00,000 |
| Value of intra-State inward supply from registered persons | 10,00,000 |
| Value of inter-State inward supply from registered persons | 5,00,000 |
| Value of intra-State inward supply from unregistered persons | 2,00,000 |

Following additional information is also provided by Mr. Nitin:

| Particulars | Rs. |
|--|----------|
| IGST credit on capital goods purchased in the month of July | 1,50,000 |
| CGST/ SGST credit on other inward supplies [including credit of Rs. 5,000 (CGST and SGST each) on account of membership of a club] | 50,000 |
| Availed consultancy services from Mr. Sujit, advocate located in Delhi [Intra-State services] | 1,00,000 |

The amount of ITC brought forward in the month of July is as under:-

| | |
|--------|----------|
| CGST : | 2,00,000 |
| SGST : | 2,00,000 |
| IGST : | 5,00,000 |

Calculate the net GST liability (CGST and SGST or IGST, as the case may be) to be paid in cash for the month of July by assuming the rates of GST as under :

| | |
|------|-----|
| CGST | 9% |
| SGST | 9% |
| IGST | 18% |

Note :

- All the amounts given above are exclusive of taxes.
- All the conditions necessary for availing the ITC have been fulfilled.

(8 Marks)

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- (b) As per CCST Act 2017, Virendra Limited was not mandatorily required to get registered, however they opted for voluntary registration and applied for registration on 12th February 2025. Registration certificate has been granted by department on 24th February 2025. Virendra Limited is not engaged in making interstate outward taxable supplies. The CGST and SGST liability for the month of February 2025 is Rs. 31,000 each. Virendra Limited provides the following information of inputs held in stock on 23rd February 2025:

| | Particulars | (Amount) |
|----|--|----------|
| 1. | Capital goods procured on 5 th February 2025, (Rate of CGST and SGST @ 6% each) being intra-State supply. | 2,00,000 |
| 2. | Inputs contained in finished goods stock held were procured on 13 th February 2024 (Rate of ICST @ 18) being inter-State supply. | 3,00,000 |
| 3. | Value of Inputs received on 10 th October 2024 contained in semi-finished goods held in stock (Rate of CCST and SGST @ 6% each) being intra-State supply. | 2,50,000 |
| 4. | Input procured on 1 st February 2025 lying in stock of semi-finished goods (Rate of CGST and SGST @ 7.5% each) being intra-State supply. | 1,50,000 |
| 5. | Inputs procured on 8 th February 2025 lying in stock of finished goods. (Rate of ICST @ 18%) being inter-State supply. | 60,000 |

You are required to determine the eligible ITC available and amount of net minimum GST to be paid in cash by Virendra Limited for the month of February 2025.

(7 Marks)

Question 2:

- (a) M/s. Shri Laxmi Corporation Pvt. Ltd. is a supplier of goods and services at Kolkata. It has furnished the following information for the month of February:

| | Particulars | ₹ |
|-------|--|----------|
| (i) | Intra-State sale of taxable goods including ₹1,00,000 received as advance in January, the invoice for the entire sale value is issued on 15 th February, 2025 | 4,00,000 |
| (ii) | Goods purchased from unregistered dealer on 20 th February (Inter-State purchases are worth ₹30,000 and balance purchases are intra-State) | 1,00,000 |
| (iii) | Services provided by way of labour contracts for repairing a single residential unit otherwise than as a part of residential complex (It is an intra-State transaction) | 1,00,000 |
| (iv) | Goods transport services received from a GTA. GTA is paying tax @ 12% (It is an inter-State transaction) | 2,00,000 |

Compute net GST liability (CGST, SGST or IGST, as the case may be) of M/s. Shri Laxmi Corporation Pvt. Ltd. for the month of February.

Assume the rates of GST, unless otherwise specified, as under:

| | |
|------|-----|
| CGST | 9% |
| SGST | 9% |
| IGST | 18% |

Note:

- The turnover of M/s. Shri Laxmi Corporation Pvt. Ltd. was 2.5 crore in the previous financial year.
- All the amounts given above are exclusive of taxes.

(6 Marks)

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- (b) Determine place of supply of goods in the following cases and also state the nature of supply and the type of tax leviable:

| Supplier and his location | Recipient and his location | Place of assembly/ installation of goods |
|---------------------------|----------------------------|--|
| A Ltd. Jaipur | B Ltd. Jaipur | Kolkata |
| A Ltd. Jaipur | M Ltd. Mumbai | Surat |
| A Ltd. Jaipur | S Ltd. Surat | Allahabad |
| A Ltd. Jaipur | M Ltd. Mumbai | Jaipur |

(4 Marks)

Question 3:

- (a) Comment on the taxability or otherwise of the following transactions under GST law. Also state the correct legal provisions for the same.

| S. No. | Description of Services provided |
|--------|--|
| (i) | Service provided by a private transport operator to Vintage Girls Higher Secondary School by way of transportation of students to and from the school. |
| (ii) | Services provided by way of vehicle parking to general public in a shopping complex. |
| (iii) | Food supplied by the canteen run by a hospital to the in- patients as advised by the doctors. |
| (iv) | An RWA in a housing society, registered under GST, collects the maintenance charges of Rs. 6,500 per month per member. |

(6 Marks)

- (b) Determine whether the suppliers in the following cases are eligible for composition levy, under section 10(1) & 10(2) of the CGST Act, 2017, provided their turnover in preceding year does not exceed Rs. 1.5 crore:

- Shyam Enterprises is engaged only in trading of pan masala in Rajasthan and is registered in the same State.
- Suraj Manufacturers has registered offices in Punjab and Haryana and sells goods manufactured by it in the neighbouring States.

(4 Marks)

Question 4:

- (a) An unregistered person Mr. Pankaj from Faridabad travels by Air India flight from Pune to Delhi and gets his travel insurance done in Pune. What is the place of supply of insurance services?

(5 Marks)

OR

- (a) GST is payable on advance received for supply of goods and services taxable under forward charge.

Do you agree with the statement? Support your answer with legal provisions.

(5 Marks)

- (b) "All taxpayers are required to file GSTR-1 only after the end of the tax period." Examine the validity of the statement.

(5 Marks)

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