



The Institute of Chartered Accountants of India

Code: IN3AI412263
Subject: 03A Income Tax Law

Total Marks: 35
Marks Obtained: 29.5

Paper No. 03 Section No. 03A
Subject Income Tax
Number of Answer Books used : Main + 0 additional sheets
Date Seal 09 SEP 2025

For use by ICAI only
412263

A

PUT THE SEAL WITH IN THIS CIRCLE
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
09 SEPTEMBER, 2025

ICAI

Paper Code
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1

MCQ Booklet Serial No. 8448586
Paper No. 3
Level of Exam → Intermediate Intermediate ●

MCQ Answers for section A and B

1	A ● C D	11	A B ● D	21	A B C D
2	A B C ●	12	A ● C D	22	A B C D
3	A ● C D	13	A B C ●	23	A B C D
4	● B C D	14	A B C ●	24	A B C D
5	A ● C D	15	A B C ●	25	A B C D
6	A B ● D	16	A ● C D	26	A B C D
7	● B C D	17	A B C D	27	A B C D
8	● B C D	18	A B C D	28	A B C D
9	A B C ●	19	A B C D	29	A B C D
10	A B C ●	20	A B C D	30	A B C D

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Question number prominently written at the top of each answer.
margin.
in one page or in a consecutive set of pages, before the next question

Section A in the answer booklet with the marking on the cover page and the marking on the cover page. In case a candidate writes the answers in not be valued and no correspondence in this regard will be entertained.

than the space provided for the purpose or writing distinguishing mark, symbols like "OM", amount to adoption of "unfair means"

over 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

H.B. Pencil to Darken the appropriate Circle.

and darken the correct MCQ Booklet Serial No. as printed on your question booklet which will be taken as final for evaluation.

case any candidate fills in this information wrongly, Institute will not take any responsibility for rectifying the mistake.

Please darken the complete circle.

4. If you want to change your Answer, erase the 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	WRONG METHOD

Q. No.	To be ticked <input checked="" type="checkbox"/> by the candidate against the Questions answered (Descriptive Type)
1	<input type="checkbox"/> 8 <input type="checkbox"/>
2	<input type="checkbox"/> 9 <input type="checkbox"/>
3	<input type="checkbox"/> 10 <input type="checkbox"/>
4	<input 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



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03

Q. 3(a)

Since the sale of land plot is after 23-7-21, he has an option for availing indexation Benefit for above sale.

→ ~~Q. 3(a)~~ without Availing indexation Benefit

Fair Value consideration	80,00,000
Less: cost of Acquisition	66,75,000
[12,25,000 + 100,000]	13,25,000
Long term capital gain u/s 112	66,75,000
Tax liability @ 12.5% [66,75,000 - 300,000] X 12.5%	80,625
Add: Surcharge @ 10% & since no income	796,875
Step Add: Surcharge @ 10%.	79,687.5
Add surcharge ^{H.E.C} @ 4%.	876,562.5
Tax liability	<u>9,11,625</u>



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Barcode: 04

Q1 Since he has not option opted for indexation Benefit Tax Rate would be 12.5%.

Q2 Further, since he is a resident individual he is eligible for unenhanced Basic exemption limit, since he has no other income, he is eligible for ₹ 300,000 Basic exemption.

Q3 If the stamp duty value adopted by registration is different from sale consideration, Fair Value Consideration shall be stamp duty value if it exceeds 110% of sale value.

Since ₹ 3,50,000 does not exceed 110% of ₹ 30,00,000 Fair Value consideration shall be ₹ 30,00,000.

Q4 Cost of Acquisition = ₹ 12,25,000
Add 100,000
13,25,000



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05

→ ② with Indentation Benefit

Full value consideration	90,00,000
Less: index cost of Acquisition	
$[13,25,000 \times \frac{363}{100}]$	48,09,750
Long term capital gain u/s 112	31,90,250
Tax @ 20%.	578,050
$[31,90,250 - 300,000] \times 20\%$	
Add: u.f.c 4%.	23,122
<u>Tax liability</u>	<u>601,172</u>

3aStep2 ✓ 2

wn Tax rate would be @ 20% since indentation Benefit is availed.

✓ Conclusion :- Total tax liability of Mr. Moni when taking indentation Benefit is less than the Tax liability when no indentation Benefit is obtained i.e.

$601,172 < 911,625$



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3a ☒ 5

Hence he should take indention Benefit & pay tax at a higher Rate @ 20%.

Q. 3 (B)

<input checked="" type="checkbox"/>	Basic Salary [80000 X 12]	960,000
	Telephone allowance [1000 X 12]	12,000
<u>W1</u>	<input checked="" type="checkbox"/> Rent free Accommodation [972,000 X 10% X $\frac{4}{12}$]	32,400
<u>W2</u>	Mobile Phone	-
<u>W3</u>	<input checked="" type="checkbox"/> Sale of car	390,000
	<input checked="" type="checkbox"/> video camera 50,000 X 10%	5000
<u>W2</u>	<input checked="" type="checkbox"/> Laptop	-
	Gross Salary less standard deduction	13,99,400 (50,000)
3bStep1 <input checked="" type="checkbox"/>		13,49,400

4



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07

DO NOT WRITE ANYTHING HERE

WN1 Rent free Accommodation
Salary including
Salary Taxable Money Perquisite $\times 10\%$

☒ $[960,000 + 12,000] \times 10\% \times \frac{4}{12} = \underline{32,400}$

WN2 Facility of Mobile Phone & laptop for
use of employee is not taxable

WN3 Sale of Car.

Cost of Car. 10,00,000
@ 20%. Depreciation on 31.6.23 (200,000)

WDV 900,000
Depreciation @ 20% (160,000)

Perquisite Value 640,000

Sale value (-) (250,000)

☒ Taxable Perquisite 390,000

3b ✓ 4
3 ✓ 9



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08		
Q.4 (a) old tax Regime		
Income from House & Property GAV		-
NAV		Nil
(-) Int on Borrowing (Restricted to 30,000 since it is a self occupied property)	(30,000)	
Sett-off from income from PGBP	30,000	-
Income from PGBP		
✓ Remuneration as Partner	970,000	
less: Set off of Int on loan of self occupied property)	(30,000)	
		940,000
Income from Capital gain		
✓ Long term capital gain	920,000	
less: Long term carry forwarded long term capital loss on sale of unlisted Shares	(380,000)	
		540,000



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09			
DO NOT WRITE ANYTHING HERE	Income from other sources		
	Income from owning & maintaining Race Horses less: loss loss from <input checked="" type="checkbox"/> Activity of owning & maintaining Race Horses	700,000 (95,000)	675,000
DO NOT WRITE ANYTHING HERE	<input checked="" type="checkbox"/> Advance money forfeited	800,000	500,000
DO NOT WRITE ANYTHING HERE	Interest on fixed deposit		—
	<input checked="" type="checkbox"/> Since fixed deposit is gifted by her father in law, it will not be included in her income. It will be clubbed in income of her father in law.		
DO NOT WRITE ANYTHING HERE	Total		9 <u>26,55,000</u>



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10

Losses to be carry forward

→ Loss from trading in Shares: Since it is a speculative Business, it can be carry forward for 4 A.Y.	400,000
<u>Note</u> Share of loss from Partnership firm is a exempt source hence it cannot be set off or carry forward.	-
<u>Note</u> Loss on Betting can neither be set off nor be carry forward since it is on a casual income.	-
	400,000

DO NOT WRITE ANYTHING HERE



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11

Barcode

4a Step 1 ☒ 6

DO NOT WRITE ANYTHING HERE

Gross total income under default tax Regime	
Gross total income under old tax Regime	26,55,000
Borrowing for self occupied property	30,000
Add Interest on	
Gross total income	<u>26,85,000</u>

DO NOT WRITE ANYTHING HERE

Note Since in Default tax Regime ~~no~~ no deduction of Interest is allowed for self occupied property. It cannot be set off or carry forward

4a ☒ 6

DO NOT WRITE ANYTHING HERE



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12

Q. 4 (B) OR

(i) ☒ False

An Assessee may Revise his Income tax Return u/s 139(5) any number of times upto

- ☒ 3 Months before the end of Relevant assessment year, or
- ☒ completion of assessment, which ever is earlier

Thus the Income tax Return can be Revised upto 31st December of Relevant Assessment year any number of times & not only one time.

(ii) ☒ True : A updated Return u/s 139(6A) cannot be filed if ~~original~~ Return is loss Return u/s 139(3).

~~Answer the question~~



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13

Barcode

DO NOT WRITE ANYTHING HERE

Alternative : If we assume as that
update Return will be Return of Income

✓ [False] : Since updated Return can be
filled if original Return is a ~~Return~~
loss Return u/s 139(3) but the
updated Return is a Return of Income

DO NOT WRITE ANYTHING HERE

4bStep1 ✓ 3.5

4b ✓ 3.5

4 ✓ 9.5

DO NOT WRITE ANYTHING HERE



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14	
<u>Q.1</u>	
Income Tax Liability	
Total Income under Default tax Regime	
Income from Profit & Gains from Business & Profession	
Net Profit as per P/L	52,00,000
Add Additional Depreciation (Additional depreciation is not allowed in Default tax Regime Hence added)	150,000
✓ Back	
→ Interest for short payment of advance tax	210,000
[Interest for Breach of law is not allowed as deduction] + add	
→ ✓ TDS not deducted on Payment to contractor. Since TDS was Required to be deducted Hence disallowance would be attracted to 30%. Since since contractor is Resident. $(350,000 \times 30\%)$	105,000



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		15		
DO NOT WRITE ANYTHING HERE	→	contribution to Prime Minister National Relief fund is not allowed as it is not related to Business		300,000
	<input checked="" type="checkbox"/>			
DO NOT WRITE ANYTHING HERE	→	Expenditure towards Advertisement charges of political party is not as Business expenditure hence not allowed		40,000
	<input checked="" type="checkbox"/>			
DO NOT WRITE ANYTHING HERE	→	Interest on loan from co-operative Bank is allowed as deduction only if paid before or due date of Return		260,000
	<input checked="" type="checkbox"/>			
DO NOT WRITE ANYTHING HERE	→	Contribution up to 80,000 is allowed only upto 14% of salary and Dearness allowance	150,000	
	<input checked="" type="checkbox"/>			
	<input checked="" type="checkbox"/>	(-) 10,00,000 X 14%	(140,000)	10,000
		Hence excess contribution needs to be added back		
1Step1		<input checked="" type="checkbox"/>	4	



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		16	
less: Industrial lower tariff concession from central government is not a Business Receipt Hence need to less from gross profit			(250,000)
→ Interest on fixed deposit is taxable <input checked="" type="checkbox"/> under other sources			(150,000)
→ Cash gift from father <input checked="" type="checkbox"/> is not taxable under PGBP it is not a Business Receipt <input checked="" type="checkbox"/>			(90,000)
Add: Expenditure allowed in FY 23-24 is paid in cash is taxable under in the year in which it is paid			35,000
less: TDS deducted but deposit after due date of return is not allowed in the year in which it is deposited <input checked="" type="checkbox"/>			(75,000)
			57,45,000



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Income from all other sources		
<input checked="" type="checkbox"/> Interest on fixed deposit		150,000
<input checked="" type="checkbox"/> Cash gift from Father (not taxable u/s 56(2)(x) since father is a Relative)		08,000
Gross total income		58,85,000 58,95,000
less deduction: u/s 80 G not allowed in New tax Regime		-
<input checked="" type="checkbox"/> Total income		58,95,000

1Step2 ☒ 3.5

	Tax liability	
0 - 300,000	Nil	
300,000 - 700,000	$(400,000 \times 25\%)$	20,000
700,000 - 10,00,000	$(300,000 \times 10\%)$	30,000
10,00,000 - 12,00,000	$(200,000 \times 15\%)$	30,000
12,00,000 - 15,00,000	$(300,000 \times 20\%)$	60,000
15,00,000 and above	$(43,95,000 \times 30\%)$	13,18,500
<input checked="" type="checkbox"/> Add surcharge @ 10%.		14,58,500
<input checked="" type="checkbox"/> Add M.E.C @ 4%.		16,04,350
Total tax liab.		64,174
		16,68,524



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Income tax liability under old tax Regime,

gross total income as per Default tax Regime	58,95,000
<input checked="" type="checkbox"/> less: Additional depreciation	(150,000)
	57,45,000
<input checked="" type="checkbox"/> less deduction u/s 80G Contribution to Prime Minister National Relief fund	(300,000)
<input checked="" type="checkbox"/> u/s 80 GGC expenditure towards Brochure is not allowed to individual	-
Total income	54,45,000

DO NOT WRITE ANYTHING HERE

DO NOT WRITE ANYTHING HERE

DO NOT WRITE ANYTHING HERE



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20

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DO NOT WRITE ANYTHING HERE

Income tax liability	
0 - 250,000	Nil
250,001 - 500,000 ($250,000 \times 5\%$)	12,500
500,001 - 10,00,000 ($500,000 \times 20\%$)	1,00,000
10,00,001 and above	
$44,45,000 \times 30\%$	13,33,500
	14,46,000
Add surcharge @ 10%.	144,600
Add	15,90,600
Add u.f.c @ 4%.	63,624
Total tax liability	16,54,224

1Step3 3.5

1 11