



INTERMEDIATE EXAMINATION

SET - 2

MODEL QUESTION PAPER

TERM – JUNE 2025

PAPER – 7

SYLLABUS 2022

DIRECT AND INDIRECT TAXATION

Time Allowed: 3 Hours

Full Marks: 100

The figures in the margin on the right side indicate full marks.

SECTION – A (Compulsory)

1. Choose the correct option:

[15x2=30]

- (i) Which of the following shall be considered as Financial Year 2024-25.?
- (a) Assessment Year for the P.Y. 2023-24 and previous year for the A.Y. 2024-25
 - (b) Assessment Year for the P.Y. 2023-24 and previous year for the A.Y. 2025-26
 - (c) Assessment Year for the previous year 2024-25
 - (d) Previous year for the assessment year 2024-25
- (ii) An individual purchased a Bullion on 01-11-2024 for ₹5,00,000 though fair market value of the asset is ₹5,25,000. Income taxable u/s 56(2)(x) is:
- (a) ₹25,000 i.e., difference between market value and actual consideration
 - (b) Nil as this is not gift
 - (c) Nil as difference between market value and actual consideration does not exceed ₹50,000
 - (d) The provision of sec. 56(2)(x) is not applicable for any transaction entered during P.Y. 2024-25
- (iii) What is the due date of filing the return of income in case of a company who is required to furnish a report in Form No. 3CEB under section 92E pertaining to international transaction(s)?
- (a) September 30 of the assessment year
 - (b) November 30 of the assessment year
 - (c) July 31 of the assessment year
 - (d) October 31 of the assessment year
- (iv) During the P.Y 2024-25, Mr. Sambit, resident in India, has made the contribution to PPF for ₹1,50,000 and also paid insurance premium on the life of the spouse where policy taken on 01.04.2018 (Assured Value ₹2,20,000) for ₹25,000. What is the deduction allowable under section 80C for A.Y.2025-26 if he has exercised the option of shifting out of the default tax regime provided under section 115BAC(1A)?
- (a) 1,72,000
 - (b) 1,50,000
 - (c) 1,75,000
 - (d) None of the above
- (v) On 1st June 2024, Mr. Rohit made three fixed deposits of ₹3,00,000 each for 9 months at an interest rate of 9% p.a. with the Park street, M.G Road and Central branches of HDDD Bank, which has adopted Core Banking System. The fixed deposits mature on 28th February 2025. Assuming Mr. Rohit has furnished his PAN, what would be the TDS implication under Section 194A for the financial year 2024-25?



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- (a) No TDS, as interest earned from each branch is below ₹40,000
- (b) TDS of ₹6,075 is required to be deducted, as interest is aggregated across all branches
- (c) TDS of ₹2,025 per branch is not required since each branch operates independently
- (d) No TDS is required since the interest does not exceed ₹50,000
- (vi) XYZ company engaged in the business of manufacturing & Bio-technology incurs (i) expenditure on scientific research towards land ₹10 lakhs and building ₹12 lakhs; (ii) other capital expenditures ₹8 lakhs and (iii) revenue expenditure of ₹5 lakhs. The quantum of deduction under Section 35 (2AB) shall be
- (a) Nil (as the company engaged in the business of manufacturing & Bio-technology)
- (b) ₹ 30 lakhs (100% of capital expenditure including cost of land & building)
- (c) ₹ 25 lakhs (100% of total expenditure other than cost of land)
- (d) ₹ 23 lakhs (100% of total expenditure other than cost of building)
- (vii) In pre-GST regime, excise duty has been levied by Government whereas VAT has been levied by Government on goods.
- (a) State, Central
- (b) Central, Central
- (c) Central, State
- (d) State, State
- (viii) M/s Smart Bazar, a store located and registered under GST in Gujarat, has come out with big discount offers at the time of Durga Puja on various gift items. In order to attract more customers, it has decided to supply a gift pack containing 5 packets of sugar free biscuits (500 gram each) taxable @12%, 1 packet of roasted almonds (250 gram) taxable @18%, 1 packet of chocolate (50 gram) taxable @28% and 1 bottle of mango juice (1 litre) taxable @18% in a single basket for a single price of ₹1,500. State the type of supply and the tax rate applicable on the same.
- (a) Composite supply; Tax rate of the principal item, i.e. sugar free biscuits @18%
- (b) Composite supply; highest tax rate out of all items, i.e. 28% applicable to chocolate
- (c) Mixed supply; tax rate of principal item, i.e. sugar free biscuits @18%
- (d) Mixed supply; highest tax rate out of all items, i.e. 28% applicable to chocolate
- (ix) Which of the following can be issued by Government to exempt goods and/or services on which tax is leviable in exceptional cases?
- (a) Exemption Notification
- (b) Special order
- (c) Other notifications
- (d) None of the above
- (x) The time of supply of goods, where supplier is liable to pay tax under forward charge shall be:
- (a) The date of actual issue of invoice by the supplier
- (b) The last date on which he is required u/s 31(1) to issue the invoice with respect to the supply



INTERMEDIATE EXAMINATION

MODEL QUESTION PAPER

PAPER – 7

DIRECT AND INDIRECT TAXATION

SET - 2

TERM – JUNE 2025

SYLLABUS 2022

- (c) The date on which the supplier receives the payment with respect to the supply
- (d) (a) or (b), whichever is earlier
- (xi) Levy of indirect tax on goods and services may leads to
- (a) Inflation
- (b) Deflation
- (c) Reflection
- (d) None of the above
- (xii) A ship carries some goods K, L, M and N from Singapore to Dubai, via Chennai. L and M are moved at Chennai in another vessel. L being meant for Kochi and M to Dubai. As per customs law, the transhipped good(s) is/are:
- (a) All four
- (b) L Only
- (c) L and M
- (d) None of the above
- (xiii) Basic custom duty on imported goods is levied at the rates specified in the
- (a) First Schedule of the Customs Tariff Act, 1975
- (b) Second Schedule of the Customs Tariff Act, 1975
- (c) Customs Act
- (d) Customs Manual
- (xiv) Where the insurance amount is not available, for ascertaining the assessable value for customs duty, the percentage of FOB value to be taken is:
- (a) 1
- (b) 1.125
- (c) 1.5
- (d) None of the above
- (xv) The Safeguard duty imposed shall be in force for a period of _____ from the date of its imposition and can be extended with the total period of levy not exceeding _____.
- (a) 4 years, 10 years
- (b) 3 years, 5 years
- (c) 5 years, 5 years
- (d) None of the above

**INTERMEDIATE EXAMINATION****SET - 2****MODEL QUESTION PAPER****TERM – JUNE 2025****PAPER – 7****SYLLABUS 2022****DIRECT AND INDIRECT TAXATION****SECTION – B**

Answer any 5 questions out of 7 questions given. Each question carries 14 marks. [5 x 14 = 70]

2. (a) Mr. Bharat, an Indian citizen, left India for first time on 25.09.2024 for joining job in Tokyo. Determine the residential status of Bharat for the A.Y. 2025-26. [7]

- (b) Following are the particulars of income of Mrs. S. Choudhury for the Previous Year 2024-25:

- (a) Basic salary @ ₹15,000 per month.
- (b) Dearness Allowance @ 60% of salary.
- (c) Medical Allowance @ 600 per month (Actual expenditure ₹5,000).
- (d) House Rent Allowance received @ ₹6,000 per month and she pays rent of ₹7,200 per month for her house in Durgapur.
- (e) City compensatory allowance ₹1,500 per month.
- (f) She owns a car which she is using for official purposes. Her employer reimburses her @ ₹3,000 per month.
- (g) She is contributing ₹2,100 per month towards a recognized provident fund. The employer is also contributing the same amount. Interest credited to R.P.F @ 11% ₹2,200.
- (h) She paid ₹1,800 as professional tax during the year.

Compute income from salary of Mrs. Choudhury for the assessment year 2025-26, if he opts for old regime. [7]

3. (a) Compute net annual value with the following details for the A.Y. 2025-26 :

Particulars	H1	H2	H3	H4	H5	H6
Situated at	Patna	Anand	Hyderabad	Balurghat	Jodhpur	Etawa
Municipal Value	₹1,00,000	₹ 2,00,000	₹ 3,00,000	₹4,00,000	₹4,25,000	₹6,00,000
Gross Annual Value	₹1,00,000	₹2,50,000	₹1,80,000	₹5,00,000	₹8,00,000	₹5,00,000
Municipal tax for P.Y.	₹5,000	10%	5%	20%	12%	10%
Sewerage tax	-	5%	₹1,000	3%	₹3,750	₹1,000
Water Tax	-	3%	5%	2%	5%	-

Additional information:

- a. In case of H3, municipal tax paid for the financial year 2000-01 to 2023-24 is ₹2,00,000.
 - b. In case of H4, municipal tax paid for the financial year 2025-26 is ₹3,000.
 - c. In case of H6, all taxes charged by municipality are paid to the extent of 80% (50% by owner and 30% by tenant). [7]
- (b) Mr. Jofra, engaged in manufacture of Chemicals, furnishes the following particulars relating to its manufacturing unit at Kolkata, for the year ending 31-3-2025:

Particulars	(₹ in lakhs)
WDV of Plant and Machinery on 31.3.2024	30.00
Depreciation including additional depreciation for P.Y. 2023-24	4.75

**INTERMEDIATE EXAMINATION****SET - 2****MODEL QUESTION PAPER****TERM – JUNE 2025****PAPER – 7****SYLLABUS 2022****DIRECT AND INDIRECT TAXATION**

New machinery purchased on 21-9-2024	10.00
New machinery purchased on 21-12-2024	8.00
Computer purchased on 21-1-2025	4.00

Additional Information:

- All assets were purchased by A/c payee cheque.
- All assets were put to use immediately.
- New machinery purchased on 21-12-2024 and computer have been installed in the office.
- During the year ended 31-3-2024, a new machinery had been purchased on 25-10-2023, for ₹10 lakhs. Additional depreciation, besides normal depreciation, had been claimed thereon.
- The depreciation rate for machinery and computer may be taken as 15% and 40% respectively.
- The assessee has no brought forward business loss or unabsorbed depreciation as on 1.4.2024.

Compute the depreciation available to the assessee as per the provisions of the Income-tax Act, 1961 and the WDV of different blocks of assets as on 31-3-2025 if -

(i) he exercises the option of shifting out of the default tax regime provided under section 115BAC(1A).

(ii) he pays tax under the default tax regime under section 115BAC.

[7]

4. (a) Sunil has a house property acquired on 7/07/1995 for ₹3,00,000. He incurred improvement expenditure on such property ₹70,000 on 16/08/2000 and ₹50,000 on 17/07/2010. Market value of such property as on 1/04/2001 is ₹4,50,000. On 16/08/2020, such property is compulsorily acquired by the Government and compensation decided at ₹21,50,000. 20% of the compensation received on 31/03/2025 and balance on 2/06/2025.

On further appeal, on 16/08/2025 enhanced compensation is declared by the Government ₹2,00,000. Expenditure incurred to get enhanced compensation is ₹11,000. Such compensation is received on 18/08/2026. Compute income under the head Capital Gains of Sunil for the assessment year 2025-26, 2026-27 and 2027-28.

[7]

(b) Mrs. Rajani who draws salary of ₹18,000 p.m. received the following gifts during the previous Year 2024-25.

1. Gift of ₹75,000/- from her sister-in-law.
2. Gift of ₹21,000 from her husband's friend on 01.02.2025.
3. Gift of ₹51,000/- each received from her two friend on the occasion of her marriage.
4. Gift of jewellery worth ₹3,00,000/- on 01.08.2024 from her fiancée.
5. Gift of ₹51,000 on 01.12.2024 from her father's sister.
6. Gift of ₹11,000 on 01.06.2024 from her brother's father-in-law.
7. Gift of ₹1,50,000 on 01.07.2024 from her close friend.

Compute her Gross Total Income for A.Y. 2025-26. Assume assessee opt out from default tax regime u/s 115BAC.

[7]

**INTERMEDIATE EXAMINATION****SET - 2****MODEL QUESTION PAPER****TERM – JUNE 2025****PAPER – 7****SYLLABUS 2022****DIRECT AND INDIRECT TAXATION**

5. (a) P, Q and R are partners in a firm sharing profits and losses in the ratio of 1:1:2, provide the following information. Compute firm's net income assuming that salary and interest are not paid to partners:
- (i) Net income of the firm in assessment year 2024-25 is (-) ₹1,20,000, out of which unadjusted depreciation is ₹40,000.
 - (ii) On 31.05.2024, R retires from the firm and the other partners carry on the same business.
 - (iii) The firm's income for the Assessment Year 2025-26 before adjusting the aforesaid loss and depreciation is ₹1,20,000. [7]

- (b) Compute the tax liability of Mr. Ratan under the old tax regime, who is a handicapped, for the A.Y.2025-26:

Particulars	Amount (₹)
Net salary	2,85,000
Annual value of let-out house property	60,000
Lottery income	50,000
Taxable business & profession income	50,000
He paid LIC premium	10,000
Mr. Ratan deposited in LIC annuity plan ₹ 12,000 & paid medical insurance premium ₹ 5,000.	

[7]

6. (a) Discuss the difficulties in pre-GST regime in the context of indirect taxes, which were removed with the introduction of GST. [7]
- (b) Discuss about the members of the GST Council? Also discuss any five recommendations that can be made by the GST Council. [7]

7. (a) Mr. Ritesh of Assam, provides the following information for the preceding financial year 2023-24. You are required to calculate the aggregate turnover for the purpose of eligibility of composition levy scheme and determine whether he is eligible for composition levy scheme or not, for the F.Y. 2024-25.

Particulars	₹ in lakh
Value of taxable outward supplies (out of above, ₹ 10 lakh was in course of interstate transactions)	75.00
Value of exempt supplies (which include ₹ 30 lakh received as interest on loans & advances)	70.00
Value of inward supplies on which he is liable to pay tax under reverse charge	15.00
Value of exports	7.00

All the amounts are exclusive of GST. Further, he assured that in F.Y. 2023-24, no inter-State supply will be executed by him. [7]

**INTERMEDIATE EXAMINATION****SET - 2****MODEL QUESTION PAPER****TERM – JUNE 2025****PAPER – 7****SYLLABUS 2022****DIRECT AND INDIRECT TAXATION**

- (b) Y Ltd., Mumbai, a registered supplier, is manufacturing Chocolates and Biscuits. It provides the following details of taxable inter-state supply made by it for the month of October, 2024.

Particulars	₹
List price of goods supplied inter-state	12,40,000
Items already adjusted in the list price:	
Subsidy from Central Government for supply of biscuits to Government School	1,50,000
Subsidy from Trade Association for supply of quality biscuits	50,000
Items not adjusted in the list price:	
Tax levied by Municipal Authority	25,000
Packing Charges	20,000
Late fee paid by the recipient of supply for delayed payment of invoice	5,000

Calculate the value of taxable supply made by Y Ltd. for the month of October, 2024.

[7]

8. (a) BA Pvt. Ltd. purchased machinery worth ₹ 10,00,000 (excluding GST) on 20-07-2024 on which it paid GST @ 18% and availed the ITC. On 05-03-2025, it sold the machinery for ₹8,00,000 (excluding GST) to HA Pvt. Ltd. The GST rate on sale is 18%. What will be the course of action for BA Pvt. Ltd. to follow under CGST Act, 2017?

[7]

- (b) Malya Internationals Ltd., has imported a machinery by air from Germany. Bill of Entry is presented on 20.01.2025. However, entry inwards is granted on 25.01.2025. Relevant information of the transaction are provided hereunder:

CIF Value of Machine	5,500 USD
Air Freight Paid	1250 USD
Insurance Charges Paid	100 USD
Rate of Exchange on 20.01.2025	As per RBI 1 USD = ₹85.50 As per CBIC 1 USD = ₹ 86
Rate of Exchange on 25.01.2025	As per RBI 1 USD = ₹86.50 As per CBIC 1 USD = ₹ 87
Basic Customs Duty Rate	10%
IGST Rate	18%

Calculate the assessable value in INR for the purposes of levy of customs duty as well as total customs duty.

[7]