

Mock Test Paper - Series I: November, 2025

Date of Paper: 22nd November, 2025

Time of Paper: 10 A.M. to 1 P.M.

INTERMEDIATE COURSE: GROUP - I

PAPER – 3: TAXATION

Time Allowed – 3 Hours

Maximum Marks – 100

SECTION – A: INCOME TAX LAW (50 MARKS)

Working Notes should form part of the answer. Wherever 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

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.

1. Mr. Sumit, aged 54 years, employed as Assistant Manager in Beta Ltd., furnishes the following information for the year ended 31.03.2025:

- (i) Basic salary upto 31.1.2025 - ₹ 50,000 p.m. and basic salary from 1.2.2025 - ₹ 55,000 p.m.
- (ii) Dearness allowance - 12% of basic salary (50% forms part of retirement benefit).
- (iii) A bonus equal to one month's December salary
- (iv) Contribution of employer to recognized provident fund account of the employee@16% of basic salary.
- (v) Medical bill reimbursement for his mother - ₹ 15,000
- (vi) Laptop transferred by employer for ₹ 25,000 on 3rd December, 2024 (The laptop was acquired by company on 1st October, 2023 for ₹ 90,000. Company was charging depreciation at 31.666% assuming useful life of laptop as 3 years)
- (vii) Professional tax paid by him ₹ 1,000 and professional tax paid by employer ₹ 1,400.

He also took possession of a house in New Delhi on 25th March 2024 for self-occupation. The municipal valuation is ₹ 4,20,000 p.a. and the fair rent is ₹ 4,50,000 p.a. He paid property tax of ₹ 22,000 on 15.7.2024. He had taken a home loan of

₹ 16,00,000 @10% p.a. interest on 1st April 2020 for construction of this house and completed on 20th March 2024.

He sold a property in Mumbai on 28th March 2024 and received arrears of rent ₹ 3,00,000 on 4th Feb 2025, which was not previously taxed.

Mr. Sumit opts out of the default tax regime under section 115BAC for A.Y. 2025-26.

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

- (i) What are the taxable perquisites for Mr. Sumit for A.Y. 2025-26?
 - (a) ₹ 16,400
 - (b) ₹ 19,900
 - (c) ₹ 21,400
 - (d) ₹ 36,400
- (ii) What is the income chargeable under the head "Salaries" in the hands of Mr. Sumit for A.Y. 2025-26?
 - (a) ₹ 7,22,208
 - (b) ₹ 7,37,208
 - (c) ₹ 7,39,608
 - (d) ₹ 7,41,600
- (iii) What is the income chargeable under the head "Income from house property" of Mr. Sumit for A.Y. 2025-26?
 - (a) Nil
 - (b) ₹ 3,09,600
 - (c) ₹ 1,00,000
 - (d) ₹ 10,000

(3 x 2 = 6 Marks)

2. Mr. Gupta, a resident individual aged 65 years, earned pension (computed) of ₹ 7,50,000 during the P.Y. 2024-25. He gifted a sum of ₹ 3,50,000 to his minor daughter, Anu in May 2024. Anu invested the amount in fixed deposits and earned interest of ₹ 18,000 during the year 2024-25.

Mr. Gupta also earned ₹ 45,000 as interest from fixed deposits held in his name. Mrs. Gupta provides online coaching and her income from coaching is ₹ 11,00,000 during the P.Y. 2024-25

Mr. Gupta remitted ₹ 11,00,000 under LRS of RBI through an authorized dealer for three different purposes -

- ₹ 2,00,000 on 16.7.2024 for overseas medical treatment of a close relative;
- ₹ 3,50,000 on 18.9.2024 to a seller of an overseas tour programme for an overseas tour package, and
- ₹ 5,50,000 on 15.12.2024 as education fees for his son studying abroad.

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

(i) How will the interest income earned by Anu be taxed as per the Income-tax Act,1961?

- (a) ₹ 18,000 interest income will be taxable in the hands of Anu since it is her investment.
- (b) ₹ 18,000 interest income will be included in the income of Mr. Gupta
- (c) The interest income is exempt.
- (d) ₹ 18,000 interest income will be included in the income of Mrs. Gupta

(ii) Calculate the total income of Mr. Gupta for A.Y. 2025-26 if he opts out of the default tax regime?

- (a) ₹ 8,11,500
- (b) ₹ 7,63,000
- (c) ₹ 7,61,500
- (d) ₹ 7,50,000

(iii) What will be the amount of tax collected at source (TCS) from Mr. Gupta on foreign remittances?

- (a) ₹ 20,000
- (b) ₹ 17,500
- (c) Nil
- (d) ₹ 17,750

(3 x 2 = 6 Marks)

3. Which of the following statements is correct regarding the taxation of income under the Income-tax Act, 1961?

- (a) Income from agricultural operations on land situated outside India is exempt from income-tax.
- (b) Under the default tax regime, all deductions under Chapter VI-A are allowed.
- (c) Income of a previous year is always assessed in the immediately following assessment year.
- (d) Unexplained credits or investments not satisfactorily explained to the Assessing Officer may be treated as income and taxed accordingly **(1 Mark)**

4. Mr. Akash, aged 72 years, paid medical insurance premium of ₹ 52,000 by cheque and ₹ 4,000 by cash during May, 2024 under a Medical Insurance Scheme of the General Insurance Corporation. The above sum was paid for insurance of his own health. He would be entitled to a deduction under section 80D of a sum of -

- (a) ₹ 30,000
- (b) ₹ 50,000
- (c) ₹ 52,000
- (d) ₹ 56,000 **(2 Mark)**

Division B – Descriptive Questions

Question No. 1 is compulsory

Attempt any two questions from the remaining three questions

1. Mr. Vishwas, a resident individual aged 43 years, provides professional services in the field of interior decoration. His Income & Expenditure A/c for the year ended 31st March, 2025 is as under:

Expenditure	₹	Income	₹
To Employees' Remuneration & Benefits	16,66,000	By Consultancy Charges	78,80,000
To Office & Administrative Exp.	5,14,000	By Interest on Public Provident Fund (PPF) Account	60,000
To General Expenses	2,75,000	By Interest on Savings Bank Account	20,000

To Electricity Expenses	1,65,000	By Interest on National Savings Certificates VIII Issue (for 3rd year)	21,000
To Medical Expenses	80,000		
To Purchase of Furniture	48,000		
To Depreciation	90,000		
To Excess of income over exp.	51,43,000		
	79,81,000		79,81,000

The following other information relates to financial year 2024-25:

- (i) The expenses on Employees' Remuneration & Benefits includes:
 - (a) Family Planning expenditure of ₹ 20,000 incurred for the employees which was revenue in nature. The same was paid through account payee cheque.
 - (b) Payment of salary of ₹ 25,000 per month to Mr. Vishwas's sister-in-law, who was in-charge of the Accounts & Receivables department. However, in comparison to similar work profile, the reasonable salary at market rates is ₹ 20,000 per month.
- (ii) Amount received by Mr. Vishwas as Employees' Contribution to EPF for the month of February, 2025 - ₹ 10,000 was deposited after the due date under the relevant Act relating to EPF.
- (iii) Medical Expenses of ₹ 80,000 as appearing in the Income & Expenditure A/c was incurred for the treatment of father of Mr. Vishwas. His father was 72 years old and was not covered by any health insurance policy. The said payment was made through account payee cheque.
- (iv) General expenses as appearing in the Income & Expenditure A/c includes a sum of ₹ 25,000 paid to Ms. Anjaleen on 5th January, 2025 as commission for securing work from new clients. This payment was made to her without deduction of tax at source.
- (v) Written down value of the depreciable assets as on 1st April, 2024 were as follows:
 - Professional Books ₹ 90,000
 - Computers ₹ 35,000

(vi) The new Furniture as appearing in the Income & Expenditure A/c was purchased on 31st August, 2024 and was put to use on the same day. The payment was made as under:

- ₹ 29,000 paid in cash at the time of purchase of new furniture on 31.08.2024.
- ₹ 19,000 paid by account payee cheque on 05.09.2024 as balance cost of new furniture

(vii) Mr. Vishwas purchased a car on 02.04.2023 for ₹ 3,35,000 for personal use. However, on 30.04.2024 he brought the said car for use in his profession. The fair market value of the car as on 30.04.2024 was ₹ 2,50,000.

(viii) Mr. Vishwas made a contribution of ₹ 1,00,000 in his PPF A/c on 31.01.2025.

(ix) The Gross Professional Receipts of Mr. Vishwas for P.Y. 2023-24 was ₹ 52,00,000.

Compute the total income and tax liability of Mr. Vishwas for A.Y. 2025-26, assuming that he has opted out of the default tax regime under section 115BAC. **(15 Marks)**

2. (a) Mr. Nikhil is an Indian citizen living in Dubai since year 2005. He never came to India for a single day since then. He earned the following incomes during previous year 2024-25:

	Particulars	Amount (in ₹)
(i)	Income accrued and arisen in Dubai but he is not liable to tax in Dubai	20,00,000
(ii)	Income accrued and arisen in India	5,00,000
(iii)	Income deemed to accrue and arise in India	8,00,000
(iv)	Income arising in Dubai from a profession set up in India	10,00,000

- I. Determine the residential status of Mr. Nikhil and taxable income for the previous year 2024-25 (assuming no other income arise during the previous year).
- II. What would be your answer if income arising in Dubai from a profession set up in India is ₹ 2 lakhs instead of ₹ 10 lakhs?
- III. What would be your answer, if Mr. Nikhil is not an Indian citizen but his parents were born in undivided India? **(6 Marks)**

(b) Examine TDS implications in case of following transactions, briefly explaining provisions involved; state the rate and amount to be deducted, assuming that the deductees are residents and having a PAN which they have duly furnished to the respective deductors.

(i) Mira & Co., an LLP withdrew cash amounts of ₹ 40 lakhs on 1st May 2024, ₹ 35 lakhs on 7th September 2024, and ₹ 55 lakhs on 28th February 2025 from its bank account. Mira & Co regularly files its return of income before the due date.

(ii) Mr. Anil, aged 75 years, holds 8% Savings (Taxable) Bonds, 2003 with a face value of ₹ 2,50,000 and 7.75% Savings (Taxable) Bonds, 2018 amounting to ₹ 3,50,000. He received interest income on these bonds on 31st March 2025 for P.Y. 2024-25. **(4 Marks)**

3. (a) Mr. Sarthak is in the business of operating goods vehicles. As on 1st April, 2024, he had the following vehicles:

Vehicle	Gross Vehicle Weight (in Kgs.)	Date of Purchase	Put to use during F.Y. 2024-25?
A	9,000	2-6-2023	Yes
B	15,000	15-5-2023	Yes
C	12,000	4-8-2023	No (as under repairs)

During P.Y. 2024-25, he purchased the following vehicles:

Vehicle	Gross Vehicle Weight (in Kgs.)	Date of Purchase	Date on which put to use
D	11,500	20-4-2024	10-5-2024
E	14,000	15-5-2024	18-5-2024

Compute his income under section 44AE of the Income-tax Act, 1961 for A.Y. 2025-26? **(5 Marks)**

(b) Mr. Arjun entered into an agreement with Mr. Siddharth on 5th April 2024 for sale of a plot for ₹ 45 lakhs. An advance of ₹ 15 lakhs was received through an account payee cheque on the date of agreement. The transfer of the property took place on 10th September 2024. The stamp valuation authority valued the property at ₹ 49 lakhs on the date of agreement and ₹ 53 lakhs on the date of transfer.

Mr. Siddharth subsequently sold this plot to Ms. Nisha on 21st March 2025 for ₹ 55 lakhs. The stamp valuation authority assessed the value of the property at ₹ 54 lakhs on this date.

Discuss the tax implications arising from these transactions for Mr. Arjun and Mr. Siddharth. Additionally, compute capital gains taxable in the hands of Mr. Siddharth. **(5 Marks)**

4. (a) Compute the gross total income of Mr. Neeraj under normal provisions of the Act and show the items eligible for carry forward and the assessment years upto which such losses can be carried forward from the following information furnished by him for the year ended 31-03-2025:

Particulars	Amount (₹)
Loss from speculative business PQR	12,000
Income from speculative business XYZ	25,000
Loss from specified business covered under section 35AD	45,000
Income from salary (computed)	4,18,000
Loss from house property	2,20,000
Income from trading business	2,80,000
Long-term capital gain from sale of urban land	2,05,000
Long-term capital loss on sale of equity shares (STT not paid)	85,000
Long-term capital loss on sale of listed equity shares in recognized stock exchange (STT paid at the time of acquisition and sale of shares)	1,10,000
Short-term capital loss under section 111A	85,000

Following are the brought losses:

- (1) Brought forward loss from speculative business PQR - ₹ 18,000 relating to A.Y. 2021-22.
- (2) Brought forward loss from trading business - ₹ 12,000 relating to A.Y. 2020-21.
- (3) Unabsorbed depreciation - ₹ 1,00,000 relating to A.Y. 2022-23

Assume Mr. Neeraj has furnished his return of income on or before the due date specified under section 139(1) in all the above previous years. **(6 Marks)**

(b) Mr. Rajiv, owing to certain unavoidable circumstances, could not file his return of income for the A.Y. 2025-26 within the prescribed due date under section 139(1).

(i) Can he furnish the return of income after the expiry of the due date? If yes, what would be the last date available to file such a return?

(ii) What are the implications or consequences under the Income-tax Act, 1961 if the return is not filed within the time limit specified under section 139(1)? **(4 Marks)**

OR

(b) Mr. Mridul has undertaken certain transactions during the F.Y. 2024-25, which are listed below. You are required to identify the transactions in respect of which quoting of PAN is mandatory in the related documents–

S. No.	Transaction
1.	Payment of ₹ 95,000 was made during the F.Y. 2024-25 towards the acquisition of equity shares of BCD Ltd., an unlisted company.
2.	A sum of ₹ 1,10,000 was paid to SJB Co. for the acquisition of its mutual fund units.
3.	An application was submitted to Punjab National Bank (PNB) for the issuance of a credit card.
4.	Payment of ₹ 1,50,000 in cash was made to a travel agent for the purchase of foreign currency amounting to USD 1,500

(4 Marks)

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) *Wherever necessary, suitable assumptions may be made by the candidates, and disclosed by way of notes.*
- (iii) *All questions should be answered on the basis of the provisions of the CGST Act, 2017 and the IGST Act, 2017 as amended by the Finance (No. 2) Act, 2024 including significant notifications and circulars issued and other legislative amendments made, which have become effective up to 30.06.2025.*

Division A - Multiple Choice Questions (MCQs)

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.

Total Marks: 15 Marks

Case Scenario 1

M/s. Sarika & Co. of Jabalpur was registered under GST under composition scheme. Outward Supply of the firm for the month of April 2025 was ₹ 10 lakh, out of which ₹ 2 lakh was supply of 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 ₹ 100 lakh.

The firm imported the following services during May, 2025:

- (a) Architect services from Mr. Mudit, a partner of the firm, who resides in France for ₹ 1,00,000. The said service was paid but not used for the furtherance of the business.
- (b) Management consultancy services from Mr. Mehta, a renowned lawyer in Sweden, who was an ex-employee of the firm. The value of the said service was ₹ 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 ₹ 150 lakh on 25.06.2025 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.

From the information given above, choose the most appropriate answer for the 1-3 questions:

1. Tax liability of Sarika & Co. for the month of April 2025 is ₹ _____ each under CGST and SGST.
 - (a) 5,000
 - (b) 9,000
 - (c) 10,000
 - (d) 14,000
2. Import of services by Sarika & Co. that will be treated as supply is ₹ _____.
 - (a) Nil
 - (b) ₹ 1,00,000
 - (c) ₹ 3,00,000
 - (d) ₹ 4,00,000
3. Sarika & Co. will be eligible to claim ITC held on Stock and Capital goods as on _____.
 - (a) 01-06-2025
 - (b) 24-06-2025
 - (c) 25-06-2025
 - (d) 30-06-2025

(3 x 2 Marks = 6 Marks)

Case Scenario 2

Seven Star Pvt. Ltd., a regular GST registered supplier of both taxable and exempted goods, is located in Shimla, Himachal Pradesh. The company provides the following details:

- (i) The aggregate turnover (all intra-State) of goods exceeded ₹ 20 lakh on 29th July and ₹ 40 lakh on 16th August. It submitted the application for GST registration on 30th August. The registration certificate is granted to it on 8th September.
- (ii) It also entered into a contract with Alice Ltd. of Manali, Himachal Pradesh on 10th September for the supply of taxable goods worth ₹ 15 lakh. The payment for the same was received on 12th September. The goods were scheduled for delivery on 25th September but were removed from the factory on 24th September.
- (iii) It has opted monthly filing of GSTR 3B return and filed GSTR 3B return for the month of September on 19th December. The prescribed due date to file the said GSTR 3B

return was 20th October. The amount of net GST payable in cash on supplies made for said September month work out to be 56,000 which was paid on 19th December.

On the basis of the facts given above, choose the most appropriate answer to Q.4 to Q.6 below:

4. The effective date of registration under the CGST Act, 2017, of Seven Star Pvt. Ltd. is:
 - (a) 29th July
 - (b) 16th August
 - (c) 30th August
 - (d) 8th September
5. The date by which an invoice must be issued to Alice Ltd. is:
 - (a) 10th September
 - (b) 12th September
 - (c) 25th September
 - (d) 24th September
6. The amount of interest payable for delay in payment of GST as per section 50 of the CGST Act 2017 is:
 - (a) ₹ 1,629
 - (b) ₹ 1,657
 - (c) ₹ 2,209
 - (d) ₹ 2,182

(3 x 2 Marks= 6 Marks)

7. Kedar & Associates made an application for cancellation of GST registration in the month of March due to closure of its business. Its application for cancellation of GST registration was approved w.e.f. 4th September by the proper officer by passing an order for the same on 14th September.

In the given case, Kedar & Associates is:

- (a) required to file Final Return on or before 4th December
- (b) not required to file Final Return
- (c) required to file Final Return on or before 30th September
- (d) required to file Final Return on or before 14th December.

(2 Marks)

8. Mr. Suresh, a supplier of readymade garments issued an invoice to a customer and erroneously charged a higher value by ₹ 54,000. Such an invoice was issued on 15th October. Which document is required to be issued by the company in respect of the invoice issued on 15th October?

- (a) Debit note
- (b) Credit note
- (c) Bill of supply
- (d) Revised Tax invoice

(1 Mark)

Division B - Descriptive Questions

Question No. 1 is compulsory.

Attempt any two questions out of remaining three questions.

Total Marks:35 Marks

1. (a) M/s. Bright Consultancy Services, a GST registered firm in Lucknow (U.P.), provides taxable consultancy services and also trades in office equipment. It furnishes the following details for the month of November :

- a. Provided consultancy services to Alpha Ltd., registered in Lucknow, U.P. for ₹ 5,00,000.
- b. Provided consultancy services to Beta Ltd. registered in Delhi for ₹ 3,00,000.
- c. Sold office equipment worth ₹ 7,50,000 to a registered dealer in Kanpur, U.P.
- d. Advance of ₹ 50,000 received from a client in U.P. for IT support services to be rendered in December .
- e. Purchased computers worth ₹ 2,00,000 from a registered supplier in Delhi.
- f. Paid annual membership fee of ₹ 60,000 to a recreation club for directors.
- g. Paid office rent of ₹ 1,00,000 to a registered landlord in U.P. (Invoice reflected in GSTR-2B).
- h. Purchased a car with a seating capacity of 5 persons for director's use for ₹ 10,00,000 (exclusive of GST @ 28%).

- i. Purchased a delivery van for ₹ 12,00,000 for transportation of office equipment. No depreciation claimed on GST component. (Exclusive of GST @ 28%)
- j. Availed legal consultancy services from Mr. Pranay, an individual advocate based in Lucknow, for a client recovery case for ₹ 50,000.

Notes:

- i. Opening ITC balance: Nil.
- ii. All amounts given are exclusive of GST unless otherwise specified.
- iii. Rate of GST: Goods – 9% CGST, 9% SGST, 18% IGST; Services – 9% CGST, 9% SGST, 18% IGST (unless specified otherwise).
- iv. Conditions for availing ITC are satisfied, subject to restrictions under GST law.
- v. Mr. Pranay's turnover in the preceding financial year was ₹ 25 lakh.

Compute the Net GST payable in cash by M/s. Bright Consultancy Services for November. **(10 Marks)**

(b) Examine whether the activity of import of service in the following independent cases would amount to supply under section 7 of the CGST Act, 2017:

- (i) Miss Sushma Pathak received interior decoration services for her residence located at Bandra, Mumbai from Mr. Mischel of Sydney (Australia). The amount paid for the said service is 5,000 Australian dollar.
- (ii) Miss Sushma Pathak received interior decoration services for her residence located at Bandra, Mumbai from her brother, Mr. Varun residing in Sydney (Australia) [wholly dependent on Miss Sushma]. Further, Miss Sushma did not pay any consideration for the said service.
- (iii) Will your answer change if in the above case, if Miss Sushma has taken interior decoration services with regard to her business premises and not her residence? **(5 Marks)**

2. (a) Shrinivas & Sons, a partnership firm, based in Nagpur, Maharashtra is a wholesaler of a taxable product 'X' and product 'Y' exempt by way of a notification, only within the State of Maharashtra. Its aggregate turnover in the preceding financial year is ₹ 130 lakh. The firm wishes to opt for composition scheme under

sub-sections (1) & (2) of section 10 of the CGST Act, 2017 in the current financial year. However, its accountant is of the view that a person engaged in making supply of exempt goods is not eligible for the said scheme. Discuss. **(4 Marks)**

(b) Determine the place of supply in the following independent cases:

- (i) Mr. Ramesh, residing in Kolkata (West Bengal), has a postpaid mobile connection from XYZ Telecom Ltd. (registered office in Mumbai, Maharashtra). The billing address of Mr. Ramesh on the records of XYZ Telecom Ltd. is Kolkata, West Bengal.
- (ii) Mr. Premanand subscribed a prepaid internet connection from M/s PQR Distributors, a registered distributor of recharge vouchers of XYZ Telecom Ltd., is located in Bengaluru, Karnataka. It sells prepaid recharge vouchers to final subscribers in Chennai, Tamil Nadu.
- (iii) Buland Machine Ltd., registered in the State of Andhra Pradesh, supplied a machinery to Reyan Wind Farms Ltd., registered in the State of Karnataka. However, this machinery was assembled and installed at the wind mill of Reyan Wind Farms Ltd., which was located in the State of Tamilnadu. **(6 Marks)**

3. (a) Sher Singh, a registered supplier, has received advance payment with respect to services to be supplied to Sukhiram. His accountant asked him to issue the receipt voucher with respect to such services to be supplied. However, he is apprehensive as to what would happen in case a receipt voucher is issued, but subsequently no services are supplied. You are required to advise Sher Singh regarding the same. **(5 Marks)**

(b) Does cancellation of registration impose any tax obligations on the person whose registration is so cancelled? **(5 Marks)**

4. (a) Services provided by an entity registered under section 12AB of the Income-tax Act, 1961 are exempt from GST if such services are provided by way of charitable activities. Elaborate the term 'charitable activities'. **(5 Marks)**

Or

- (a) Enumerate the legal provisions to determine the time of supply of service, which are taxable under reverse charge. **(5 Marks)**
- (b) There is no onus of filing any monthly & annual statements by Electronic Commerce Operator. Examine the technical veracity of the statement by explaining relevant provisions. **(4 Marks)**