GENERAL INSTRUCTIONS TO CANDIDATES

1. **The question paper comprises two parts, Part I and Part II.**
2. **Part I comprises Multiple Choice Questions (MCQs).**
3. **Part II comprises questions which require descriptive answers.**
4. **Answers to Questions of Part I (i.e., MCQs) are to be marked on the OMR answer sheet as given on the cover page of descriptive answer book of Section-A only. Answers to questions in Part II (i.e. descriptive questions) are to be written in their respective descriptive answer book. Answers to MCQs, if written inside the descriptive answer book will not be evaluated.**
5. OMR answer sheet given on the cover page of descriptive answer book will be in English only for all candidates, including for Hindi medium candidates.
6. The bar coded sticker provided in the attendance register, is to be affixed only on the descriptive answer book.
7. You will be allowed to leave the examination hall only after the conclusion of the exam. If you have completed the paper before time, remain in your seat till the conclusion of the exam.
8. **Duration of the examination is 3 hours.** You will be required to submit the descriptive answer books to the invigilator before leaving the exam hall, after the conclusion of the exam.
9. The invigilator will give you acknowledgement on Page 2 of the admit card, upon receipt of the descriptive answer books.
10. Candidate found copying or receiving or giving any help or defying instructions of the invigilators or having/using mobile phone or smart watch or any other electronic gadget will be expelled from the examination and will also be liable for further punitive action.

PART – I

1. Answer all MCQs, on the OMR Answer Sheet as given on the cover page of descriptive answer book of Section-A only.
2. Use HB pencil only to darken the circles for MCQ answers in the answer sheet.
3. After each MCQ, four options have been given. **Choose the correct or most appropriate option** and darken the corresponding circle against the question number in the OMR Answer Sheet, completely, as shown below, with HB pencil.

Marking the Answers	
Example : For Question No. 12, if the candidate considers the correct answer to be C, he is to mark as shown below (Correct Method).	**Not as shown below (Wrong method) :**
12 Ⓐ Ⓑ ● Ⓓ	12 Ⓐ Ⓑ Ⓒ Ⓓ 12 Ⓐ Ⓑ Ⓒ Ⓓ 12 Ⓐ Ⓑ Ⓒ Ⓓ 12 Ⓐ Ⓑ Ⓒ Ⓓ 12 Ⓐ ● ● Ⓓ

4. Any answer to MCQ marked inside descriptive answer book will not be considered and no marks will be awarded.
5. If a candidate wants to change the option already darkened, he should erase it completely, **with good quality eraser** and ensure that no mark is visible after erasing.
6. No mark will be awarded if no circle is darkened or more than one circle is darkened for a particular MCQ. There is no negative marking for a wrong answer.
7. Rough work, if any, must be done on the pages, specified as SPACE FOR ROUGH WORK only and nowhere else in the question paper booklet or in the answer sheet.
8. Before commencement of the exam, please fill up the necessary information in the space provided below and also in the answer sheet.

Total No. of Printed Pages : 32 | **Maximum Marks : 100**

Roll No. | | | | | | |

Question Paper Booklet Code **M Z D**

Name of the Candidate	

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PART – I (MCQ Portion)

30 Marks

- ***Answers to MCQs are to be marked on the OMR answer sheet as given on the cover page of the descriptive answer book of Section-A only. Answer to MCQs, if written inside the descriptive answer book shall not be evaluated.***
- ***Please write and darken correct Question paper booklet number in the OMR answer sheet. The correct Question paper booklet number must also be written in the attendance register.***

SECTION – A

Case Scenario – I :

Mr. Rudra, a resident individual, had purchased 1,000 equity shares of XYZ Ltd. on 15th June, 2023 for ₹ 1,20,000 (including brokerage). On 1st March, 2026, the company announced a right issue offering 1 new share for every 2 shares held at ₹ 100 per share, when the market price of the share was ₹ 150. Mr. Rudra decided not to subscribe to the right and instead renounced his entire entitlement in favour of Mr. Suresh for a lump sum consideration of ₹ 40,000 on 10th March, 2026.

Mr. Rudra also held 10,000 equity shares in PQR Ltd. (Demerged Company), acquired on 1st April, 2022 for a total cost of ₹ 25,00,000. On 15th September, 2025, the company underwent a demerger approved by NCLT, transferring one of its undertakings to ABC Ltd. (Resulting Company). As per the scheme, Mr. Rudra received 4,000 equity shares in ABC Ltd. The net book value of assets transferred to the ABC Ltd. was ₹ 80 crore, while the net worth of PQR Ltd. immediately before demerger was ₹ 200 crore. No consideration was paid for the new shares. Mr. Rudra sold 2,000 shares of ABC Ltd. on 20th February, 2026 for ₹ 18,00,000 (excluding brokerage ₹ 15,000).

(CII for 2023-24 : 348; 2025-26 : 376)

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Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions number 1 to 3 :

1. What would be the amount of capital gain/loss in the hand of Mr. Rudra and the start date of holding period for the renounced right ? **2**

   (A) Long-Term Capital Gain of ₹ 40,000 and the holding period of renounced right will start from 15th June, 2023.

   (B) Short-Term Capital Gain of ₹ 40,000 and the holding period of renounced right will start from 1st March, 2026.

   (C) Long-Term Capital Loss of ₹ 24,828 and the holding period of renounced right will start from 15th June, 2023.

   (D) Short-Term Capital Loss of ₹ 10,000 and the holding period of renounced right will start from 1st March, 2026.

2. What is the cost of acquisition per share of the shares received in ABC Ltd ? **2**

   (A) ₹ 250

   (B) ₹ 100

   (C) ₹ 500

   (D) ₹ NIL

3. What would be the Capital gain on sale of 2,000 shares of ABC Ltd. on 20th February, 2026 ? **2**

   (A) Short-Term Capital Gain of ₹ 17,85,000

   (B) Long-Term Capital Gain of ₹ 7,85,000

   (C) Short-Term Capital Gain of ₹ 15,85,000

   (D) Long-Term Capital Gain of ₹ 12,85,000

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Case Scenario – II :

Mrs. Manon, a resident individual, purchased a residential house property on 22.07.1999 for ₹ 10,00,000. The fair market value of the house as on 01.04.2001 was ₹ 12,00,000. She had incurred ₹ 5,08,000 on its improvement on 01.01.2016. The house was compulsory acquired by the Government on 01.08.2024 and compensation fixed is ₹ 60,00,000, half of which was paid by the Government on 30.10.2025 and the balance paid on 30.06.2026.

Mrs. Manon had filed an appeal for increasing the compensation and the court gave the final decision on 31.03.2026 directing the Government to pay additional compensation of ₹ 6,00,000. The Government has paid the additional compensation amount on 01.09.2026.

Miss Maina, her minor daughter, aged 16 years won a debate competition during the annual competition held at her school and received a cash award of ₹ 25,000 and she also earned interest of ₹ 8,500 on the balance maintained in her savings bank account.

Mr. Manon, a postgraduate resident individual, is engaged in a proprietary garment business and earned a net profit of ₹ 22,10,000 for the Previous Year 2025-26. In addition, he is employed as a sales manager with M/s CHA Private Limited and draws a monthly salary of ₹ 1,80,000. Mrs. Manon holds 30% equity shares in the said company. The school fees of Miss Maina were remitted from Mrs. Manon's bank account.

Mrs. Manon filed her return of income for the AY 2026-27 on 1st September, 2026 consisting of income from business, income from capital gain and interest from saving bank account. Subsequently, she realized that she had forgotten to claim a genuine business expenditure amounting to ₹ 2,50,000, so she wants to file a revised return to claim such expenditure.

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(Cost Inflation Index : FY 2001-02 : 100; 2015-16 : 254; 2024-25 : 363; 2025-26 : 376.)

From the information given above, answer the multiple choice questions number **4** to **6** on the assumption that both Mr. and Mrs. Manon opted to pay tax under default tax regime provided under section 115BAC(1A) for Assessment Year 2026-27.

4. What will be the amount of income taxable in the hands of Mrs. Manon under the head 'Capital Gains' for AY 2026-27 ? **2**

(A) Long-Term Capital Gain of ₹ 48,92,000

(B) Long-Term Capital Gain of ₹ 42,92,000

(C) Long-Term Capital Gain of ₹ 15,18,000

(D) Long-Term Capital Gain of ₹ 9,18,000

5. In whose hands income of minor daughter will be clubbed for AY 2026-27 ? **2**

(A) ₹ 33,500 shall be taxable in the hands of Mrs. Manon and nothing will be taxable in the hands of Mr. Manon.

(B) ₹ 7,000 shall be taxable in the hands of Mr. Manon and nothing will be taxable in the hands of Mrs. Manon.

(C) ₹ 8,500 shall be taxable in the hands of Mrs. Manon and nothing will be taxable in the hands of Mr. Manon.

(D) ₹ 8,500 shall be taxable in the hands of Mr. Manon and nothing will be taxable in the hands of Mrs. Manon.

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6. As per the relevant provisions for filing of revised return what would be the most appropriate correct option out of the following ? 2

(A) Only a return furnished u/s 139(1) can be revised upto the end of relevant assessment year.

(B) The return furnished u/s 139(1) or a return furnished u/s 139(4) can both be revised upto the end of the relevant assessment year or before the completion of assessment whichever is earlier.

(C) The return furnished u/s 139(1) or a return furnished u/s 139(4) can both be revised at any time before 3 months prior to the end of the relevant assessment year or before the completion of assessment, whichever is earlier.

(D) The return furnished u/s 139(1) or a return furnished u/s 139(4) can both be revised at any time upto 3 months from the end of the relevant assessment year or before the completion of assessment, whichever is earlier.

7. Ms. Ananya is a freelance interior designer and opts for the presumptive taxation scheme under the Income-tax Act for the Financial Year 2025-26. Her gross professional receipts during the year amount to ₹ 42 lakhs. She does not maintain regular books of account.

Apart from her individual practice, Ms. Ananya is also a partner in Creative Spaces LLP, a firm engaged in providing architectural and interior design consultancy services. The gross receipts of Creative Spaces LLP for the Financial Year 2025-26 amount to ₹ 58 lakhs.

Considering the provisions relating to payment of advance tax applicable for the Assessment Year 2026-27, which of the following statements is correct ? 2

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(A) Both Ms. Ananya and Creative Spaces LLP are required to discharge their entire advance tax liability in a single instalment on or before 15th March, 2026.

(B) Ms. Ananya is not required to pay advance tax because she follows the presumptive taxation scheme ; however, Creative Spaces LLP must pay its entire advance tax by 15th March, 2026.

(C) Ms. Ananya is required to pay her entire advance tax liability on or before 15th March, 2026, whereas Creative Spaces LLP must pay advance tax in the prescribed quarterly instalments.

(D) Both Ms. Ananya and Creative Spaces LLP are required to pay advance tax liability according to the normal quarterly schedule applicable under the Income-tax Act.

Mr. Raju, a resident individual aged 61 years, is found to be the owner of five gold bars of 50 gms each not recorded in the books of account. The value of each gold bar is ₹ 3,50,000. He could only offer satisfactory explanation for ₹ 12 lakhs spent on acquiring these gold bars to Assessing Officer. What shall be the tax payable by him on the value of such bullion considered to be deemed income as per section 69 ? 1

(A) ₹ 3,43,200

(B) ₹ 10,92,000

(C) ₹ 4,29,000

(D) ₹ 13,65,000

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SECTION – B

Case Scenario – III :

M/s AGTP Private Limited (AGTP) is engaged in providing various types of supplies of goods and services within the State of Karnataka since July 2025. Its aggregate turnover till 30.09.2025 was 19 lakh and on 01.10.2025 its Board of Directors passed the resolution to apply for the Voluntary Registration under GST keeping in view of the increasing turnover and to take the advantage of the Input Tax Credit. AGTP applied for the registration on 20.10.2025 and the registration was granted on 26.10.2025.

After taking registration AGTP started its business operations across the country. It started dispatching the goods across the India based on purchase orders it got.

AGTP furnishes the following details related to outward supply for the month of November 2025 :

Sr. No.	Particulars	Amount (₹)
1.	Received from M/s ABF Ltd. of Mumbai (unregistered under GST), who had promised to AGTP on 5th August, 2025 to complete the awarded contract within 3 months. But M/s ABF Ltd. was not able to complete committed contract within 3 months' time, hence AGTP received compensation for non-performance of contract on time as per the terms of the pre-written agreement.	1,50,000
2.	Received interest on fixed deposit with AVY Bank Ltd., a Scheduled Bank and which is not a Public-Sector Bank.	1,00,000

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AGTP entered a contract for supply of goods taxable under forward charge and where movement of goods was involved with M/s Naman & Company, a Partnership firm registered under GST in Chennai. Other related details are as follows :

(i) Full Advance payment received on 1st December, 2025.

(ii) Goods made available to M/s Naman & Company on 17th December, 2025.

(iii) Goods removed from warehouse for supply on 15th December, 2025.

(iv) Invoice was issued on 18th December, 2025.

(v) You may assume that payment entered in the books and credited in the bank on the same day of receipt.

During the month of January 2026, Mr. Yash (registered under GST in Punjab) had provided architectural services to AGTP related to its office building situated in Dubai (UAE) and the payment to Mr. Yash was made through account payee cheque in Mumbai.

Further, the AGTP also made the following outward supplies to the Government in the month of February 2026 :

(i) Supply of materials to Andhra Pradesh State GST Department for an invoice value of ₹ 2,95,000 inclusive of GST @ 18% and delivered at Amravati in the State of Andhra Pradesh.

(ii) Advertisement services to Haryana State Government, registered under GST in Haryana, for an invoice value of ₹ 3,00,900 inclusive of GST @ 18%. The advertisement was disseminated in the state of Karnataka only.

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Apart from the above, during the Month of February 2026, AGTP supplied goods to M/s VGD & Company registered under GST in Maharashtra. Part A of the e-way bill was furnished by M/s VGD & Company being recipient on 6th February, 2026 at 3:00 PM. The goods were delivered on 10th February, 2026 at 7:00 PM. The details of the e-way bill was made available to AGTP on the common portal immediately upon generation but AGTP did not communicate acceptance or rejection of the consignment.

Note : All the amount given above are excluding of GST except mentioned otherwise.

Based on the information given above, choose the most appropriate answer for the following questions number **9** to **14** :

9. The effective date of registration is :

(A) 01.10.2025

(B) 26.10.2025

(C) 20.10.2025

(D) 25.10.2025

10. What is the Taxable value of outward supplies for the month of November 2025 ?

(A) ₹ 1,00,000

(B) ₹ 1,50,000

(C) Nil

(D) ₹ 2,50,000

11. What is the place of supply for the transaction with Mr. Yash ? 2

(A) Punjab

(B) Karnataka

(C) Dubai

(D) Mumbai

12. With reference to transaction with M/s Naman & Company, what is the time of supply for the purpose of payment of tax as per GST Law ? 2

(A) 1st December, 2025

(B) 17th December, 2025

(C) 15th December, 2025

(D) 18th December, 2025

13. In respect of Government related supplies in the month of February 2026, the company shall be subjected to a total GST TDS (ignoring bifurcation as CGST & SGST/IGST) of ₹ : 2

(A) Nil

(B) 5,000

(C) 10,100

(D) 5,100

14. What is the last date and time for communication of acceptance or rejection of e-way bill by the AGTP ? 2

(A) 11th February, 2026 at 7:00 PM

(B) 10th February, 2026 at 7:00 PM

(C) 7th February, 2026 at 3:00 PM

(D) 9th February, 2026 at 3:00 PM

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15. Mr. Shankar was a registered taxpayer under GST and was required to file returns under section 39(1) of the CGST Act, 2017. His GST registration was cancelled on 8th October, 2025 and the cancellation order was issued on 15th October, 2025. By which date should Mr. Shankar file the Final Return in Form GSTR-10 ? 2

(A) 8th November, 2025

(B) 8th January, 2026

(C) 15th January, 2026

(D) 15th November, 2025

16. M/s Vinit Textile Ltd., a registered person dealing in supply of taxable goods all over India and having an aggregate turnover of ₹ 5.95 crore in the preceding Financial Year 2024-25, is required to issue Tax Invoice with mandatory HSN Code of : 1

(A) 4 digits for goods supplied to registered persons only (B2B).

(B) 4 digits for goods supplied to registered as well as unregistered persons (B2B and B2C).

(C) 6 digits for goods supplied to registered as well as unregistered persons (B2B and B2C).

(D) 6 digits for goods supplied to registered persons (B2B) and 4 digits for goods supplied to unregistered persons (B2C).

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PART – II

70 Marks

(Descriptive Portion)

(Candidates are required to give descriptive answers for this part inside the answer book)

1. *Section – A Comprises questions 1-4. In Section – A, answer question No. 1 which is compulsory and any 2 questions from question Nos. 2-4. All questions in Section – A relate to assessment year 2026-27, unless otherwise stated. Significant notifications/circulars issued upto 28th February, 2026 shall be relevant.*

   Section – B Comprises questions 5-8. In Section – B, answer question No. 5 which is compulsory and any 2 questions from question Nos. 6-8. All questions in Section – B should be answered on the basis of position of GST Law as amended by the Finance Act 2025 and significant notifications/ circulars which have become effective upto 28th February, 2026.
2. *Working notes should form part of the answer.*
3. *Answers to the questions are to be given only in English except in the case of candidates who have opted for Hindi Medium. If a candidate has not opted for Hindi Medium, his/her answers in Hindi will not be evaluated.*
4. *Answers to Questions of Part I (i.e MCQ) are to be marked on the OMR answer sheet given on the cover page of descriptive answer book of Section – A only. Answers to questions in Part II are to be written in their respective descriptive answer book. Answers to MCQs, if written inside the descriptive answer book will not be evaluated.*

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SECTION – A

1. Mr. Siddharth aged 50 years, a resident Indian has furnished the following particulars for the year ended 31.03.2026 : 15

   (i) He occupies ground floor of his residential building and has let out first floor for residential use at an annual rent of ₹ 3,95,000. He has paid municipal taxes of ₹ 25,000 for the current financial year. Both these floors are of equal size.

   (ii) As per interest certificate from HDFC Bank, he paid ₹ 1,50,000 as interest and ₹ 80,000 towards principal repayment of housing loan borrowed for the above residential building. The home loan was taken in the year 2019.

   (iii) He owns an industrial undertaking established in a SEZ which had commenced operation during the financial year 2019-20. Total turnover of the said undertaking was ₹ 500 lakhs, which includes ₹ 150 lakhs from export turnover. Out of such ₹ 150 lakhs, only ₹ 120 lakhs have been received in India in convertible foreign exchange on or before 30.09.2026. This industrial undertaking fulfills all the conditions of section 10AA of the Income-tax Act, 1961. Profit from this undertaking is ₹ 44 lakhs.

   (iv) He employed 20 new employees for the said industrial undertaking during the previous year 2025-26. Out of 20 employees, 14 were

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employed on 1st May, 2025 for monthly emoluments of ₹ 20,000 and remaining were employed on 1st September, 2025 on monthly emoluments of ₹ 12,000. All these employees participate in recognized provident fund and they are paid their emoluments directly to their bank accounts.

(v) He earned ₹ 30,000 and ₹ 40,000 as interest on saving bank deposits and fixed deposits, respectively.

(vi) He also sold his vacant land on 01.12.2025 for ₹ 16 lakhs. The stamp duty value of land at the time of transfer was ₹ 17 lakhs. This land was acquired by him on 15.10.1998 for ₹ 2.80 lakhs. The FMV of the land as on 1st April, 2001 was ₹ 4.8 lakhs and stamp duty value on the said date was ₹ 4 lakhs. He had incurred registration expenses of ₹ 12,000 at the time of purchase.

(vii) The cost of inflation index for the financial year 2025-26 and 2001-02 are 376 and 100, respectively.

(viii) He paid insurance premium of ₹ 40,000 towards life insurance policy of his son, who is not dependent on him.

You are requested to compute total income and tax liability of Mr. Siddharth for the Assessment Year 2026-27 under default tax regime.

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2. (a) Mr. Tikam aged 35 years, furnishes the following information regarding his income for the assessment year 2026-27. 6

(i) Fees for Technical Services of ₹ 50,000 for services rendered in Malaysia to a non-resident for business in Malaysia, credited to his bank account in Malaysia and immediately remitted to his bank account in India.

(ii) Profits from a business in England controlled from Mumbai ₹ 3,00,000 (out of which ₹ 25,000 is received in India).

(iii) Amount brought to India out of past untaxed profits earned in Singapore ₹ 1,00,000.

(iv) Capital gain on sale of land in India but received in Malaysia ₹ 2,00,000.

(v) Income from agriculture land in Nepal of ₹ 18,000, received there and then brought to India.

(vi) He paid ₹ 50,000 towards principal payment of loan taken for construction of his self-occupied house in India.

(vii) Interest on saving bank deposit maintained in India in State Bank of India of ₹ 12,000.

Compute the total income of Mr. Tikam assuming he is :

(1) Resident and Ordinarily Resident (Ignore the provisions of sec. 115BAC).

(2) Resident but Not Ordinarily Resident (Ignore the provisions of sec. 115BAC).

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(b) Examine the applicable provisions relating to deduction or collection of tax at source in the following independent cases for the assessment year 2026-27. Also, specify the rate and quantum of tax deductible or collectible, wherever relevant : 4

(i) Mr. Dinesh, a resident individual, has invested ₹ 49 lakhs on April 1, 2025 in a Nationalized Bank in Power Finance Corporation Limited (PFCL) section 54EC Capital Gain Bonds at the rate of interest of 5.25% per annum. Interest is payable annually and the bonds have a 5-year tenure with a lock-in period.

(ii) Mr. Vijay, a resident individual working as an accounts manager in a multinational company, enters into a contract with Mr. Rinkoo, another resident individual, for the repair of his residential house property.

Under this contract, Mr. Vijay made the following payments to Mr. Rinkoo :

₹ 16 lakh on 1st July, 2025

₹ 22 lakh on 10th August, 2025

₹ 15 lakh on 15th March, 2026.

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3. (a) Mr. Arvind Mehta, aged 53 years, is a resident individual employed as General Manager (Operations) with a Public Sector Undertaking. During the Previous Year 2025-26, he was entitled to a monthly basic salary of ₹ 1,20,000 and dearness allowance equal to 20% of basic salary. The following payments, benefits and perquisites were provided to him during the year : 6

(1) In response to a severe earthquake that affected several districts of Uttarakhand, Mr. Mehta requested his employer to directly remit his salary plus DA for the month of August 2025 to the Prime Minister's National Relief Fund (PMNRF).

(2) During the year, he encashed a portion of his earned leave and received ₹ 86,400 from his employer, representing 18 days' salary (basic pay plus dearness allowance).

(3) The employer contributed ₹ 2,59,200 to his Recognised Provident Fund, being 15% of his annual basic salary and dearness allowance.

(4) The PSU incurred expenditure of ₹ 6,20,000 on the medical treatment of Mr. Mehta's dependent son in Germany. The amount included ₹ 1,40,000 towards travel expenses of the patient and one accompanying family member, and the travel was undertaken in accordance with the applicable foreign exchange regulations.

(5) House Rent Allowance (HRA) – ₹ 48,000 per month.

⇒ Mr. Sharma resided in a rented house in Bengaluru till 31st December, 2025, and paid rent of ₹ 52,000 per month.

⇒ From 1st January, 2026, he shifted to his self-owned house and continued to receive HRA.

(6) The employer transferred ownership of a desktop computer to Mr. Sharma on 31st March, 2026. The computer was purchased on 1st April, 2022 for ₹ 1,20,000.

(7) He has taken interest free loan of ₹ 15,000 from employer for treatment of tuberculosis (prescribed diseases).

Compute the taxable salary income of Mr. Arvind Mehta for the Assessment Year 2026-27 (Assuming he has opted for default tax regime). Give reasons for the tax treatment of each item.

(b) Who will authorize to verify the return of income tax in the case of following persons as per provisions of Income-tax Act, 1961 for Assessment Year 2026-27 : 4

(i) Mr. Sohail, a resident individual, is mentally incapacitated from attending to his affairs.

(ii) M/s BAL & Associates, a partnership firm, whose managing partner is absent from India.

(iii) M/s PAL Private Limited, a company registered under Companies Act 2013, has made an application for initiation of corporate insolvency resolution process which has been admitted by Adjudicating Authority under the Insolvency and Bankruptcy Code, 2016.

(iv) M/s XYZ Private Limited, a company registered under Companies Act 2013, whose management has been taken over by the Central Government.

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4. (a) Mrs. Rupil, a resident individual and widow of Mr. Rupil, furnishes the following details of her income and losses for the Previous Year 2025-26 : 6

Particulars	Amount (₹)
Part-time coaching income earned from private tuitions	45,000
Income-tax refund received relating to Assessment Year 2024-25 including interest of ₹ 3,500	66,356
Income from the activity of owning and maintaining camel races	1,45,000
Brought forward loss from the activity of owning and maintaining race horses (relating to AY 2023-24)	65,000
Loss from speculative business	35,000
Presumptive Income from retail trade of garments business u/s 44AD	3,75,000
Brought forward business loss of AY 2022-23	25,000
Brought forward business loss of AY 2023-24. This does not include brought forward business loss of AY 2022-23	30,000
Salary from M/s FOX & Co., a partnership firm, in which she holds 25% profit share. ₹ 85,000 of salary is not allowed in the hands of firm while calculating income of the firm.	3,60,000

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Mr. Kapish the major son of Mrs. Rupil, is employed as an accounts manager with M/s FOX & Co. since July 2024 and receives a salary of ₹ 36,000 per month. He does not possess any technical or professional qualifications.

In October 2020, Mrs. Rupil's father gifted 5,000 unlisted equity shares of an Indian company to Master Dalip, the minor son of Mrs. Rupil. These shares were originally acquired by him on 2nd April, 2019 for ₹ 75,000. Subsequently, Master Dalip sold the said shares on 1st January, 2026 for ₹ 1,95,000.

Compute the total income of Mrs. Rupil and her two children for the assessment year 2026-27 under proper heads of income along with the amount of losses to be carried forward on the assumption that Mrs. Rupil has opted for optional tax regime, while Mr. Kapish and Dalip have chosen the default tax regime. Mrs. Rupil filed her return of income for AY 2022-23 within the due date of filing return of income for that year but filed return of income for AY 2023-24 after the expiry of due date for filing return of income for that year.

(CII for FY 2019-20 : 289; 2020-21 : 301; 2025-26 : 376)

(b) Mr. Dhiraj, Proprietor of M/s Kunj Developers, a prominent real estate firm, has completed a ultra-luxury residential complex titled "The Horizon" and received the Completion Certificate on November 10, 2023. **4**

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Unit 101 remained vacant throughout the year financial year 2025-26 as the sales team waited for a better market price, while Unit 102 was let out to a corporate client as a guest house for a monthly rent of ₹ 1,00,000 to cover maintenance costs. Meanwhile, to streamline operations, the firm used Unit 103 as its own regional administrative office instead of renting a separate space. Finally, on January 15, 2026, the firm successfully liquidated Unit 104 (originally constructed at a cost of ₹ 1.4 crores) by selling it to an NRI for a total consideration of ₹ 2 crores. Mr. Dhiraj has also paid medical insurance premium of ₹ 15,000 for dependent sister. You are required to determine the Total Income under the appropriate heads of income (assuming he has opted out of Default tax regime) for the AY 2026-27.

OR

(b) Ms. Kavita Sharma (aged 55 years), who is engaged in a trading business, has a total income of ₹ 12,50,000 for the Previous Year 2025-26. Her total tax liability (including health and education cess) under optional tax regime is ₹ 1,95,000. Tax deducted at source during the year amounts to ₹ 75,000.

She discharged her advance tax liability by making the following payments :

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Installment	Due Date	Advance Tax Paid
First	15th June, 2025	₹ 10,000
Second	15th September, 2025	₹ 22,000
Third	15th December, 2025	₹ 28,000
Fourth	15th March, 2026	₹ 30,000

You are required to calculate the interest payable under section 234C for deferment of advance tax instalments for the Assessment Year 2026-27. Show all necessary calculations and workings.

SECTION – B

5. (a) QTR Ltd. of Pune, a registered person under GST in the state of Maharashtra, is engaged in making various supplies of goods and services. QTR Ltd. has provided the following details regarding the transactions undertaken in the month of February 2026 : **10**

Sr. No.	Outward/Inward Transactions	Amount (₹)
(i)	Supply of goods to Kapil Enterprises, a registered person in Mumbai, Maharashtra. Further, this amount of ₹ 20,00,000 includes lumpsum amount of ₹ 20,000 towards freight (Transportation) charges as contract agreed to deliver the goods at Kapil Enterprises' premises.	20,00,000

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	QTR Ltd. paid for Freight to a Goods Transport Agency (GTA) for the delivery of the goods mentioned above to Kapil Enterprises. GTA is registered person under GST located in the state of Gujarat and opted to pay tax under forward charges.	25,000
(ii)	QTR Ltd. is also dealing in selling of WiFi Headphones and Portable Speakers of the same OEM manufacturer. Although Portable Speakers of the same OEM manufacturer are not mandatorily required for functioning of the headphones, but if both the products are purchased together in a single combo list price then a pre-decided discount of 2% on single combo list price will be given through invoice itself. During the month following details are available : (a) QTR Ltd. supplied 60 WiFi Headphones with Portable Speakers to BCH Ltd. at the single combo list price of ₹ 5,45,000. (Single Combo list price is not bifurcated separately in the invoice, the individual list price of Portable Speakers is ₹ 45,000 included in the above price but not reflected in the invoice.) (b) QTR Ltd. supplied 50 WiFi Headphones only to ACH Ltd. of Jaipur, Rajasthan at the list price of ₹ 5,00,000.	As given in the inner column

(iii)	Amount received for training to Car drivers at Delhi in connection with the Road safety week celebration of the Delhi Government. (In this training 79.95 % of the total expenditure are borne by the Delhi Government.)	2,50,000
(iv)	Provided warehousing services for storage of whole pulse grains such as whole gram, Kidney beans (Rajma).	3,50,000
(v)	Availed and paid for services of an arbitral tribunal for a worth to settle a case relating to Companies Act, 2013	7,00,000
(vi)	Purchased raw material from BHK Ltd., registered under GST in the State of Uttar Pradesh (U.P.) BHK Ltd. is mandatorily required to issue e-invoice. However, it did not issue e-invoice with invoice reference number (IRN) but this invoice was reflected in GSTR-2B.	6,50,000

Additional Information :

(i) All the figures are exclusive of GST wherever applicable.

(ii) All the conditions necessary for availing the input tax credit have been fulfilled and that details of GST paid on inward supplies are available in GSTR 2B.

(iii) There is opening balance of SGST of ₹ 4,00,000 in e-credit ledger at the beginning of the month.

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(iv) Assume that all the inward supplies have been used only for providing taxable outward supplies.

(v) Aggregate Turnover of QTR Ltd. for the previous financial year was ₹ 210 lakh.

(vi) Wherever details for determination of Place of Supply are not given in the question, it shall be taken as Intra-State transaction.

(vii) Assume the applicable rates of GST as below :

Sr. No.	Details	CGST	SGST	IGST
1	Portable Speakers	14%	14%	28%
2	WiFi Headphone	9%	9%	18%
3	Goods Transport Agency (GTA), only if taxable under RCM	2.50%	2.50%	5%
4	All other outward and inward supplies	9%	9%	18%

Compute the net minimum GST liability of QTR Ltd. to be paid in cash if any, for the month of February 2026 after utilizing Input tax credit available.

Note : Calculate Tax for each step separately and legal explanations for each step should form part of your answer but detailed provision of law are not required.

(b) Mr. Satendra Yadav, engaged in providing various services, is registered as a regular taxpayer under GST. It furnished the following information relating to various output supply transactions for the month of February 2026 : **5**

Sr. No.	Particulars	Amount in INR
(i)	Received event management fees to organize a musical concert where ticket price for admission in musical concert was ₹ 300 per person.	5,00,000
(ii)	Provided services by way of artificial insemination of live horses.	1,00,000
(iii)	Provided services of collecting news as an independent journalist to a News Agency.	1,20,000
(iv)	Received fees for appointment as Team Manager of We Sports Academy, a registered Recognised Sports Body, to participate in Footwall Championship organized by We Sports Academy.	1,00,000
(v)	Provided services of Non air-conditioned contract carriage used for conducting tours of M/s Shivani Enterprises	1,50,000

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You are required to compute the amount of taxable supply of Mr. Satendra Yadav for the month of February 2026 along with explanation for each step. All amounts given are exclusive of taxes wherever applicable.

6. (a) M/s Sam International Co. Ltd. located at Japan, entered into an agreement with its associate enterprise M/s Dare International Private Limited, located in India and registered under GST in Delhi, to provide professional services for USD 60,000 with a condition of 50% payment immediately on the receipt of invoice and balance 50% payment within 30 days of receipt of the invoice. **5**

In case of delay of payment, interest at the rate 3% per month or part of month will be charged. M/s Sam International Co. Ltd. issued invoice of USD 60,000 on 10th December, 2025. M/s Dare International Private Limited received and recorded invoice in its books of accounts on 12th December, 2025 and transferred 50% payment of USD 30,000 to the account of M/s Sam International Co. Ltd. on 12th December, 2025.

The balance amount of USD 30,000 and amount of interest due for USD 1,800 for delay in payment were paid on 20th February, 2026.

You are required to determine the time of supply for above transactions which are liable for payment of GST under RCM in the hands of M/s Dare International Private Limited. Necessary explanations should form part of your answer.

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(b) M/s Mahesh Enterprises registered under GST at Bengaluru, Karnataka had purchased goods for ₹ 2,00,000 with IGST extra for ₹ 36,000 on it from M/s Deep Traders registered at Pune, Maharashtra on 1st March 2025. **5**

M/s Deep Traders did not file any GST return since March 2025. The Assessing Officer cancelled the GST registration of M/s Deep Traders on 25th October, 2025 with effect from 1st March, 2025 due to non-filing of GST Returns.

M/s Deep Traders applied for revocation of cancellation of registration on 25th November, 2025. The Assessing Officer approved application on 7th December, 2025 and activated its GST registration. M/s Deep Traders paid GST and filed its all pending GST Returns on 2nd January, 2026. Whether M/s Mahesh Enterprises is eligible to claim GST Input Tax Credit on goods purchased from M/s Deep Traders on 1st March, 2025 ?

7. (a) M/s Hanry Co., a registered supplier in Delhi had sold goods for ₹ 5,00,000 to M/s Chintu Sales Co. located and registered in Chennai. **5**

M/s Hanry Co. hires Shree Transporter to transport goods from Delhi to Chennai. M/s Hanry Co. handed over goods to transporter on 14th June, 2025 with e-way bill having validity upto 19th June, 2025.

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On 16th June, 2025, during the transit Shree Transporter handed over goods to Fasto Transporter at Bhopal due to failure of engine of the vehicle. Fasto Transporter loaded goods to another vehicle and delivered the goods to consignee at Chennai.

In the above situation, how many e-way bills are required to be generated and explain the process involved in the above situation for generation of e-way bill in brief.

(b) What is eligible criteria for small tax payers to apply for electronical automatic registration and to withdraw from the option under Rule 14A ? Whether more than one registration can be applied in a particular state against the same PAN under Rule 14A ? 5

OR

(b) 'Notified registered persons are required to prepare e-invoice for the supplies made.' State the Notified registered persons and the supplies that require the preparation of e-invoices. Also, state the transactions or the scenarios by such notified registered person that do not attract e-invoicing.

8. (a) With reference to recent clarification issued vide Circular number 251/08/2025 GST dated 12.09.2025, discuss when "A Post-Sale Discount" offered by a manufacturer to its dealer / distributor would be treated as a consideration paid by the manufacturer for the dealer's supply of the same goods to the end customer and also discuss when it will not be treated as a consideration along with necessary explanation as per the above circular. 5

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(b) (i) State the provisions of CGST Act 2017 regarding the period for which books of account and other records must be retained by a registered person when such a person is a party to an appeal or any other proceedings before any Authority or Tribunal. 2

(ii) Write a note on the main constitutional pillars of GST. 3

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