



# PRESIDENCY UNIVERSITY

BENGALURU

Roll No.																			
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## End - Term Examinations - December 2025

Date: 16 - 12- 2025

Time: 09:30am - 12:30pm

<b>School:</b> SOC	<b>Program:</b> B.COM		
<b>Course Code:</b> COM2015	<b>Course Name:</b> INCOME TAX		
<b>Semester:</b> III	<b>Max Marks:</b> 100	<b>Weightage:</b> 50%	

CO - Levels	C01	C02	C03	C04	C05
<b>Marks</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>

### Instructions:

- (i) Read all questions carefully and answer accordingly.
- (ii) Do not write anything on the question paper other than roll number.

### Part A

Answer ALL the Questions. Each question carries 2marks.

10Q x 2M=20M

1.	Define the term "Salary" with reference to the employer-employee relationship.	2 Marks	L1	C02
2.	State the difference between Assessment Year and Previous Year.	2 Marks	L1	C01
3.	Identify the types of taxes levied by the Central Government.	2 Marks	L1	C01
4.	List any four taxable allowances.	2 Marks	L1	C02
5.	Define the term "Annual Value" of house property.	2 Marks	L1	C03
6.	List the deductions available under Section 24 for house property income.	2 Marks	L1	C03
7.	Summarize the items chargeable under Income from Other Sources.	2 Marks	L2	C04
8.	Identify the incomes specifically taxable under Section 56(2).	2 Marks	L2	C04
9.	Describe the general rules for set-off of losses.	2 Marks	L2	C05
10.	Classify the deductions available under Chapter VI-A.	2 Marks	L2	C05

## Part B

**Answer ALL the Questions. Each question carries 7 marks.**

**5Q x 7M = 35M**

<b>11.</b>	<p>Suresh provides the following details of his income. Compute the income liable to tax in India for A.Y. 2025–26 assuming that:</p> <p>(a) He is an ordinarily resident (b) He is not ordinarily resident</p> <table border="1" style="width: 100%; margin-top: 10px; border-collapse: collapse;"> <thead> <tr> <th style="width: 70%; text-align: center;">Particulars</th> <th style="width: 30%; text-align: center;">Amount (₹)</th> </tr> </thead> <tbody> <tr> <td>Salary received in Canada for services rendered in India</td> <td style="text-align: right;">3,20,000</td> </tr> <tr> <td>Pension received in India from a former employer in Australia</td> <td style="text-align: right;">1,50,000</td> </tr> <tr> <td>Income from a business in Bangladesh controlled from India</td> <td style="text-align: right;">50,000</td> </tr> <tr> <td>Interest on savings account in Dubai (₹20,000 received in India)</td> <td style="text-align: right;">60,000</td> </tr> <tr> <td>Capital gains from sale of property in Chennai (received in Singapore)</td> <td style="text-align: right;">4,00,000</td> </tr> <tr> <td>Rental income from a property in USA but received in India</td> <td style="text-align: right;">2,40,000</td> </tr> <tr> <td>Rental income from a property in Delhi but received in London</td> <td style="text-align: right;">1,80,000</td> </tr> <tr> <td>Profit from a business in South Africa (NOT controlled from India)</td> <td style="text-align: right;">1,20,000</td> </tr> <tr> <td>Dividend from a foreign company received in London</td> <td style="text-align: right;">30,000</td> </tr> </tbody> </table>	Particulars	Amount (₹)	Salary received in Canada for services rendered in India	3,20,000	Pension received in India from a former employer in Australia	1,50,000	Income from a business in Bangladesh controlled from India	50,000	Interest on savings account in Dubai (₹20,000 received in India)	60,000	Capital gains from sale of property in Chennai (received in Singapore)	4,00,000	Rental income from a property in USA but received in India	2,40,000	Rental income from a property in Delhi but received in London	1,80,000	Profit from a business in South Africa (NOT controlled from India)	1,20,000	Dividend from a foreign company received in London	30,000	<b>07 Marks</b>	<b>L3</b>	<b>CO1</b>
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<b>Or</b>																								
<b>12.</b>	<p>Maria, a Spanish engineer working in Dubai, visits India regularly to meet her family. She stayed in India for 85 days in P.Y. 2024–25. Her stay in the 4 years preceding this year was: 110 days, 95 days, 60 days, and 130 days respectively.</p> <p>(a) Determine her residential status for the Assessment Year 2025–26.</p> <p>(b) Would your answer differ if Maria were an Indian citizen employed abroad on a contract and earning foreign salary?</p> <p>(c) What would be her residential status if her stay in India during P.Y. 2024–25 was 190 days instead of 85 days?</p>	<b>07 Marks</b>	<b>L3</b>	<b>CO1</b>																				
<b>13.</b>	<p>Ms. Kavitha retired on 31/12/2024 after 28 years and 4 months of service. She received gratuity of ₹5,20,000. Her salary at retirement was: Basic Pay ₹18,000 p.m., Dearness Allowance ₹6,000 p.m. (40% forms part of retirement benefits), Transport Allowance ₹1,600 p.m., and Commission on sales ₹7,500 per month. She was given a Basic increment of ₹2,000 p.m. on 1/7/2024.</p> <p>Calculate the taxable gratuity assuming she is:</p> <p>a. A Government employee b. A non-Government employee covered under the Payment of Gratuity Act c. A non-Government employee not covered under the Payment of Gratuity Act</p>	<b>07 Marks</b>	<b>L3</b>	<b>CO2</b>																				

**Or**

<b>14.</b>	<p>Mr. Arvind Menon has the following salary details for F.Y. 2024–25:</p> <p>Basic Salary: ₹30,000 p.m.</p> <p>DA: ₹6,000 p.m. (enters retirement benefits fully)</p> <p>Special Allowance (taxable): ₹4,000 p.m.</p> <p>Medical Allowance (taxable): ₹1,500 p.m.</p> <p>Children Education Allowance: ₹300 p.m. (3 children)</p> <p>Bonus: ₹20,000 per annum</p> <p>Professional Tax (paid by employer): ₹2,000 p.a.</p> <p>He is given a rent-free accommodation in Pune (non-metro).</p> <p>Calculate the taxable perquisite value of accommodation if:</p> <p>a) The employer owns the house.</p> <p>b) The employer hires the house for ₹12,000 per month.</p> <p>Assume he is under the old regime.</p>	<b>07 Marks</b>	<b>L3</b>	<b>CO2</b>
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<b>15.</b>	<p>Compute Income from House Property of Ms. Ankita Sharma (both houses let out):</p> <table border="1" style="width: 100%;"><thead><tr><th style="width: 40%;">Particulars</th><th style="width: 30%;">House A (Jaipur)</th><th style="width: 30%;">House B (Pune)</th></tr></thead><tbody><tr><td>Gross Municipal Value (GMV)</td><td>₹1,50,000</td><td>₹2,40,000</td></tr><tr><td>Fair Rent</td><td>₹1,60,000</td><td>₹2,50,000</td></tr><tr><td>Standard Rent</td><td>₹1,55,000</td><td>₹2,30,000</td></tr><tr><td>Actual Rent Receivable</td><td>₹1,44,000</td><td>₹2,40,000</td></tr><tr><td>Unrealised Rent (conditions satisfied)</td><td>₹6,000</td><td>₹4,000</td></tr><tr><td>Municipal Tax</td><td>12% of GMV (paid)</td><td>8% of GMV (unpaid)</td></tr><tr><td>Fire Insurance</td><td>₹3,000</td><td>₹1,600</td></tr><tr><td>Repairs</td><td>₹2,500</td><td>Nil</td></tr><tr><td>Interest on Housing Loan</td><td>₹20,000</td><td>₹18,000</td></tr><tr><td colspan="3">Other Notes</td></tr><tr><td colspan="3">Municipal tax paid</td></tr><tr><td colspan="3">MT unpaid, loan outstanding</td></tr></tbody></table> <p>Compute Income from House Property.</p>	Particulars	House A (Jaipur)	House B (Pune)	Gross Municipal Value (GMV)	₹1,50,000	₹2,40,000	Fair Rent	₹1,60,000	₹2,50,000	Standard Rent	₹1,55,000	₹2,30,000	Actual Rent Receivable	₹1,44,000	₹2,40,000	Unrealised Rent (conditions satisfied)	₹6,000	₹4,000	Municipal Tax	12% of GMV (paid)	8% of GMV (unpaid)	Fire Insurance	₹3,000	₹1,600	Repairs	₹2,500	Nil	Interest on Housing Loan	₹20,000	₹18,000	Other Notes			Municipal tax paid			MT unpaid, loan outstanding			<b>07 Marks</b>	<b>L3</b>	<b>CO3</b>
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**Or**

<b>16.</b>	<p>Dr. S. Sharma, a medical practitioner, presents the following Receipts and Payments Account for the year ended March 31, 2024. Calculate his Income from Profession for the Assessment Year 2024-25.</p>	<b>07 Marks</b>	<b>L3</b>	<b>C03</b>																																								
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Receipts</th> <th style="width: 15%;">Amount (₹)</th> <th style="width: 30%;">Payments</th> <th style="width: 15%;">Amount (₹)</th> </tr> </thead> <tbody> <tr> <td>To Balance b/d</td> <td style="text-align: right;">50,000</td> <td>By Household Expenses</td> <td style="text-align: right;">1,10,000</td> </tr> <tr> <td>To Consultation Fees</td> <td style="text-align: right;">3,00,000</td> <td>By Rent of Clinic</td> <td style="text-align: right;">40,000</td> </tr> <tr> <td>To Visiting Fees</td> <td style="text-align: right;">1,20,000</td> <td>By Purchase of Surgical Equipment (1-5-2023)</td> <td style="text-align: right;">1,50,000</td> </tr> <tr> <td>To Sale of Medicines</td> <td style="text-align: right;">60,000</td> <td>By Purchase of Medicines</td> <td style="text-align: right;">30,000</td> </tr> <tr> <td>To Winnings from TV Game Show</td> <td style="text-align: right;">25,000</td> <td>By Salaries to Assistants</td> <td style="text-align: right;">65,000</td> </tr> <tr> <td>To Rent from Sub-letting of House Property</td> <td style="text-align: right;">15,000</td> <td>By Motor Car Expenses (1/5th for personal use)</td> <td style="text-align: right;">45,000</td> </tr> <tr> <td></td> <td></td> <td>By Income Tax Paid</td> <td style="text-align: right;">12,000</td> </tr> <tr> <td></td> <td></td> <td>By Balance c/d</td> <td style="text-align: right;">1,18,000</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>5,70,000</b></td> <td><b>Total</b></td> <td style="text-align: right;"><b>5,70,000</b></td> </tr> </tbody> </table>					Receipts	Amount (₹)	Payments	Amount (₹)	To Balance b/d	50,000	By Household Expenses	1,10,000	To Consultation Fees	3,00,000	By Rent of Clinic	40,000	To Visiting Fees	1,20,000	By Purchase of Surgical Equipment (1-5-2023)	1,50,000	To Sale of Medicines	60,000	By Purchase of Medicines	30,000	To Winnings from TV Game Show	25,000	By Salaries to Assistants	65,000	To Rent from Sub-letting of House Property	15,000	By Motor Car Expenses (1/5th for personal use)	45,000			By Income Tax Paid	12,000			By Balance c/d	1,18,000	<b>Total</b>	<b>5,70,000</b>	<b>Total</b>	<b>5,70,000</b>
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<p>Additional Information:</p> <ol style="list-style-type: none"> <li>1. Closing stock of medicines on March 31, 2024, was ₹ 8,000.</li> <li>2. Depreciation on Surgical Equipment is to be provided at 15% (full rate since it was used for more than 180 days).</li> </ol>																																												

<b>17.</b>	<p>Mr. Ramesh, an individual, sold his residential house in Mumbai on 20th October, 2024 for ₹ 80,00,000. He incurred a brokerage of ₹ 1,00,000 on the sale.</p> <p>The details of the house are as follows:</p> <p>Original cost of the house in 1998 was ₹ 4,00,000.</p> <p>Fair Market Value (FMV) as on 1st April, 2001 was ₹ 7,00,000.</p> <p>He incurred an expenditure of ₹ 2,00,000 for construction of an additional floor in June 2012.</p> <p>To claim the exemption under Section 54, Mr. Ramesh purchased a new residential house in Pune on 10th February, 2025 for ₹ 12,00,000 and deposited the remaining unutilized sale proceeds into the Capital Gain Account Scheme (CGAS) on 15th July, 2025.</p> <p>Calculate the capital gain chargeable to tax for the Assessment Year 2025-26.</p>	<b>07 Marks</b>	<b>L3</b>	<b>C04</b>
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**Or**

<b>18.</b>	<p>Mrs. Seema, who is a salaried individual but furnishes her 'Income from Other Sources' separately, provides the following details for the Previous Year 2024-25:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 5%;">Sr. No.</th> <th style="width: 45%;">Income/Expense Particulars</th> <th style="width: 15%;">Amount (₹)</th> <th style="width: 35%;">Notes</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Winnings from Card Games (Gross)</td> <td>40,000</td> <td></td> </tr> <tr> <td>2</td> <td>Interest on Securities (Net Received)</td> <td>18,000</td> <td>TDS @ 10% was deducted.</td> </tr> <tr> <td>3</td> <td>Rent from Vacant Land</td> <td>60,000</td> <td>She incurred ₹ 5,000 as municipal taxes on this land.</td> </tr> <tr> <td>4</td> <td>Director's Commission (Non-employee)</td> <td>15,000</td> <td></td> </tr> <tr> <td>5</td> <td>Gift received in kind (Jewellery) on her birthday from a close non-relative business associate. FMV of Jewellery.</td> <td>65,000</td> <td></td> </tr> <tr> <td>6</td> <td>Interest on loan given to a friend</td> <td>30,000</td> <td></td> </tr> <tr> <td>7</td> <td>Payment to a sub-editor for preparing an article for a journal</td> <td>8,000</td> <td>This payment was incurred wholly and exclusively to earn the income from the article, which is ₹ 25,000 (not listed above).</td> </tr> </tbody> </table> <p>Compute Mrs. Seema's Income Chargeable under the head "Income from Other Sources" for the Assessment Year 2025-26.</p>	Sr. No.	Income/Expense Particulars	Amount (₹)	Notes	1	Winnings from Card Games (Gross)	40,000		2	Interest on Securities (Net Received)	18,000	TDS @ 10% was deducted.	3	Rent from Vacant Land	60,000	She incurred ₹ 5,000 as municipal taxes on this land.	4	Director's Commission (Non-employee)	15,000		5	Gift received in kind (Jewellery) on her birthday from a close non-relative business associate. FMV of Jewellery.	65,000		6	Interest on loan given to a friend	30,000		7	Payment to a sub-editor for preparing an article for a journal	8,000	This payment was incurred wholly and exclusively to earn the income from the article, which is ₹ 25,000 (not listed above).	<b>07 Marks</b>	<b>L3</b>	<b>C04</b>
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<b>19.</b>	<p>Mr. A (aged 35 years) submits the following particulars pertaining to the A.Y. 2025-26:</p> <table border="1" style="width: 100%; border-collapse: collapse; margin: 10px auto;"> <thead> <tr> <th style="width: 60%;">Particulars</th> <th style="width: 40%;">Amount (₹)</th> </tr> </thead> <tbody> <tr> <td>Income from salary (computed)</td> <td>4,00,000</td> </tr> <tr> <td>Loss from self-occupied property</td> <td>(-) 70,000</td> </tr> <tr> <td>Loss from let-out property</td> <td>(-) 1,50,000</td> </tr> <tr> <td>Business loss</td> <td>(-) 1,00,000</td> </tr> <tr> <td>Bank interest (FD) received</td> <td>80,000</td> </tr> </tbody> </table> <p>Compute the total income of Mr. A for the A.Y. 2025-26, assuming that he does not opt for the provisions of section 115BAC (New Tax Regime).</p>	Particulars	Amount (₹)	Income from salary (computed)	4,00,000	Loss from self-occupied property	(-) 70,000	Loss from let-out property	(-) 1,50,000	Business loss	(-) 1,00,000	Bank interest (FD) received	80,000	<b>07 Marks</b>	<b>L3</b>	<b>C05</b>
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Bank interest (FD) received	80,000															
<b>Or</b>																

20.	<p>Ms. Priya made the following payments and investments during PY 2023–24:</p> <table border="1" data-bbox="311 185 1086 689"> <thead> <tr> <th>Particulars</th> <th>Amount (Rs.)</th> </tr> </thead> <tbody> <tr> <td>Life Insurance Premium (Self)</td> <td>28,000</td> </tr> <tr> <td>Life Insurance Premium (Daughter)</td> <td>15,000</td> </tr> <tr> <td>PPF Contribution</td> <td>60,000</td> </tr> <tr> <td>Employee's Contribution to Recognised PF</td> <td>35,000</td> </tr> <tr> <td>ULIP (Unit Linked Insurance Plan)</td> <td>45,000</td> </tr> <tr> <td>Repayment of Housing Loan (Principal)</td> <td>80,000</td> </tr> <tr> <td>Sukanya Samridhi Yojana (SSY)</td> <td>25,000</td> </tr> <tr> <td>5-Year Post Office Time Deposit</td> <td>40,000</td> </tr> <tr> <td>ELSS Mutual Fund</td> <td>50,000</td> </tr> </tbody> </table> <p>Compute the deduction allowable under Section 80C for A.Y. 2024–25.</p>	Particulars	Amount (Rs.)	Life Insurance Premium (Self)	28,000	Life Insurance Premium (Daughter)	15,000	PPF Contribution	60,000	Employee's Contribution to Recognised PF	35,000	ULIP (Unit Linked Insurance Plan)	45,000	Repayment of Housing Loan (Principal)	80,000	Sukanya Samridhi Yojana (SSY)	25,000	5-Year Post Office Time Deposit	40,000	ELSS Mutual Fund	50,000	07 Marks	L3	C05
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### Part C

Answer any three Questions. Each question carries 15marks

3Q x 15M=45M

21.	<p>The term 'Person' under the Income Tax Act is exceptionally broad. Discuss the various entities included in the definition of a 'Person' (Section 2(31)), illustrating the specific characteristics of an Individual, HUF, Firm, and Company. Additionally, explain the critical difference between 'Previous Year' and 'Assessment Year', clarifying the general rule and any exceptions regarding the Previous Year.</p>	15 Marks	L4	C01
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22.	<p>Mr. Karthik Raj, an employee of ABC Pvt. Ltd., earns the following remuneration during F.Y. 2024–25:</p> <p>Basic Salary: ₹48,000 per month</p> <p>HRA received: ₹19,000 per month</p> <p>Rent paid for house in Chennai: ₹17,000 per month</p> <p>Dearness Allowance (forms part of salary): ₹4,800 per month</p> <p>Children Education Allowance: ₹1,200 per month (2 children)</p> <p>Transport Allowance (fully taxable): ₹3,000 per month</p> <p>Mobile/Communication Allowance (taxable): ₹2,500 per month</p> <p>Employer's PF contribution: 12% of Basic</p> <p>Employee's PF contribution: 12% of Basic</p> <p>Professional Tax paid: ₹2,400</p> <p>Calculate his taxable salary for Assessment Year 2025–26.</p>	15 Marks	L3	C02
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<b>23.</b>	<p>M/s. Global Tech Ltd., engaged in both software development (service) and electronic component manufacturing, furnishes the following information for the Previous Year 2024-25:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 5%; text-align: center;">Sr. No.</th> <th style="width: 60%; text-align: center;">Particulars</th> <th style="width: 35%; text-align: center;">Amount (₹)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">(1)</td> <td>WDV of Plant &amp; Machinery (used in manufacturing) as on 01.04.2024</td> <td style="text-align: right;">40,00,000</td> </tr> <tr> <td style="text-align: center;">(2)</td> <td>New Plant &amp; Machinery purchased for manufacturing on 15.11.2024</td> <td style="text-align: right;">10,00,000</td> </tr> <tr> <td style="text-align: center;">(3)</td> <td>Computer acquired and installed in the software development office on 25.04.2024</td> <td style="text-align: right;">4,00,000</td> </tr> <tr> <td style="text-align: center;">(4)</td> <td>Patents and Copyrights acquired on 01.08.2024 (Intangible Assets)</td> <td style="text-align: right;">2,00,000</td> </tr> </tbody> </table> <p>Calculate the total depreciation allowable to M/s. Global Tech Ltd. for the Assessment Year 2025-26, including both Normal and Additional Depreciation. Assume the rates are: Plant &amp; Machinery @ 15%, Computer @ 40% and Patents @ 25%.</p>	Sr. No.	Particulars	Amount (₹)	(1)	WDV of Plant & Machinery (used in manufacturing) as on 01.04.2024	40,00,000	(2)	New Plant & Machinery purchased for manufacturing on 15.11.2024	10,00,000	(3)	Computer acquired and installed in the software development office on 25.04.2024	4,00,000	(4)	Patents and Copyrights acquired on 01.08.2024 (Intangible Assets)	2,00,000	<b>15 Marks</b>	<b>L3</b>	<b>C03</b>
Sr. No.	Particulars	Amount (₹)																	
(1)	WDV of Plant & Machinery (used in manufacturing) as on 01.04.2024	40,00,000																	
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(4)	Patents and Copyrights acquired on 01.08.2024 (Intangible Assets)	2,00,000																	

<b>24.</b>	<p>A businessman who owns several plots of land for long-term investment decides to convert one of his plots into stock-in-trade for developing and selling residential units. After converting it, he begins construction activities and eventually sells the completed units as part of his business. Explain how capital gains will be computed in the year of conversion and how business income will be taxed when the stock-in-trade is ultimately sold.</p>	<b>15 Marks</b>	<b>L2</b>	<b>C04</b>
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<b>25.</b>	<p>Mr. Varun (aged 45 years), a resident individual, is determining his tax liability under the Old Tax Regime for the Assessment Year 2025-26. His financial data is as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%; text-align: center;">Particulars</th> <th style="width: 40%; text-align: center;">Amount (₹)</th> </tr> </thead> <tbody> <tr> <td>Net Salary (Computed)</td> <td style="text-align: right;">7,50,000</td> </tr> <tr> <td>Income from Business (Speculative)</td> <td style="text-align: right;">1,10,000</td> </tr> <tr> <td>Short-Term Capital Gain (STCG) on sale of non-equity mutual funds</td> <td style="text-align: right;">60,000</td> </tr> <tr> <td>Interest on National Savings Certificate (NSC) (Accrued)</td> <td style="text-align: right;">12,000</td> </tr> <tr> <td>Investments/Payments</td> <td></td> </tr> <tr> <td>Repayment of principal of Housing Loan</td> <td style="text-align: right;">90,000</td> </tr> <tr> <td>Medical expenses paid for his dependent brother, who has severe disability (85%)</td> <td style="text-align: right;">1,40,000</td> </tr> <tr> <td>Interest paid on loan taken for the higher education of his son</td> <td style="text-align: right;">40,000</td> </tr> </tbody> </table> <p>Compute the Total Tax Liability of Mr. Varun for the Assessment Year 2025-26.</p>	Particulars	Amount (₹)	Net Salary (Computed)	7,50,000	Income from Business (Speculative)	1,10,000	Short-Term Capital Gain (STCG) on sale of non-equity mutual funds	60,000	Interest on National Savings Certificate (NSC) (Accrued)	12,000	Investments/Payments		Repayment of principal of Housing Loan	90,000	Medical expenses paid for his dependent brother, who has severe disability (85%)	1,40,000	Interest paid on loan taken for the higher education of his son	40,000	<b>15 Marks</b>	<b>L3</b>	<b>C05</b>
Particulars	Amount (₹)																					
Net Salary (Computed)	7,50,000																					
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