

**UDHNA COLLEGE**  
**SYBCOM SEM-III**  
**ADVANCED ACCOUNTING AND AUDITING-II**  
**(ACCOUNTANCY AND TAXATION)**  
**UNIT 3 DIRECT TAX**

**EXERCISE**

**Q1) Determine the status of following persons:**

- Reliance Industries Limited
- Punjab National Bank Ltd
- Madras University-
- Calcutta Municipal Corporation.
- A partnership firm with A, B and C partners.
- A Brahmin Parivar consisting of Mr. A, his brother B, Mrs. A and B.
- Kalyani Publishers Ltd.
- Reserve Bank of India.
- Life Insurance Corporation of India.
- Mr. Virat Kohli.
- A Village Panchyat.
- Gujarat Chamber of Commerce.

ANS.-

- Reliance Industries Limited. [ company.]
- Punjab National Bank. [ company. ]
- Madras University. [ Artificial Juridical person]
- Calcutta Municipal Corporation. [ Local Authority]
- A partnership firm with A, B and C partners. [ Firm]

- A Brahmin Parivar consisting of Mr. A, his brother B, Mrs. A and B. [ H.U.F.]
- Kalyani Publishers Ltd. [ Company]
- Reserve Bank of India. [ Artificial Judicial Person]
- Life Insurance Corporation of India. [ Company]
- Mr. Virat Kohli [ Individual]
- A Village Panchyat. [ Local Authority]
- Gujarat Chamber of Commerce. [ Association of Person - AOP ]

Q2) Mr. X earned ₹40 lakhs as income in the year 2024-25, Find his Assessment Year & Previous Year.

ANS.

Assessment Year -2025-26

Previous Year-2024-25

Q3) Brett Lee, an Australian cricket player visits India for 100 days in every financial year. This has been his practice for the past 10 financial years. Find out his residential status for the Previous year 2024-25.

ANS. Mr. Brett Lee is a resident but not ordinarily resident during the previous year 2024-25 relevant to the assessment year 2025-26.

Q4) Mr. B, a Canadian citizen, comes to India for the first time during the P.Y. 2020-21. During the financial years 2020-21, 2021-22, 2022-23, 2023-24 and 2024-25 he was in India for 55 days, 60 days, 90 days, 150 days and 70 days, respectively. Determine his residential status for the A.Y. 2025-26.

ANS. He is a Non-resident for the assessment year 2025-26.

Q5) Which will be capital assets from the followings and which will not? (VNSGU March-April-2018)

1. Partner's share in a firm
2. Goodwill of the business
3. Route Permit
4. Personal Motor Car

5. Furniture

6. Personal Jewellery

Answer:

Sr.No.	Capital Assets	Not a Capital Assets
1	Partner's Share in a firm	
2	Goodwill of the business	
3	Route Permit	
4		Personal Motor Car
5		Furniture
6	Personal Jewellery	

Q6) State, giving reason, whether the asset is short-term or long-term in the cases given below –

1. X purchases a house property on March 10, 2024 and transfers it on June 6, 2025.
2. Y purchases listed shares in an Indian company on March 10, 2024 and transfers it on June 6, 2025.
3. Z acquires units of an equity oriented mutual fund on July 7, 2024 and he transfers these units on July 10, 2025.
4. A purchases diamonds on September 12, 2022 and gifts the same to his friend B on December 31, 2023. B transfers the asset on October 20, 2024.
5. B purchases unlisted shares in a company through a NSE broker (date of purchase by the broker : November 21, 2022; the company transfers shares in the name of B : January 5, 2025). These shares are transferred by B on December 20, 2024.

ANS.

Taxpayer	Asset	Minimum period to become long-term capital asset	Period of holding	Short-term or long-term
X	House Property	24 months+	(from 10/3/24 up to 6/6/25) 14 months & 27 days	Short term capital asset
Y	Listed Shares	12 months+	(from 10/3/24 up to 6/6/25) 14 months & 27 days	Long Term capital asset

Z	Equity oriented mutual fund	12 months+	(from 7/7/24 up to 10/7/25) 12 months & 3 days	Long Term capital asset
B	Diamond	36 months+	(from 12/9/22 up to 20/10/25) 3 years & 1 months & 9 days	Long Term capital asset
B	Unlisted shares	24 months+	(from 21/11/22 up to 20/12/24) 24 months & 29 days	Long Term capital asset

Q7) R owns a residential house which was purchased by him in 1995 for Rs. 240000. The Fair market value of the house as on 1/4/01 was Rs. 700000. This house is sold by him on 16/7/24 for a consideration of Rs. 30,00,000. The brokerage and other expenses on the transfer were Rs. 40,000. The due date of furnishing the return of income is 31/7/2025. Compute the capital gain for the A.Y. 2025-26 in the following situation:

- He invested Rs. 700000 for purchase of a new house on 14/5/2025.

ANS.:

Particulars	Amount
Sales value	30,00,000
Less: Expense on transfer	40,000
Net Consideration	29,60,000
Less: Index Cost of Acquisition	2541000
Gross Longterm Capital Gain	4,19,000
Less: Exemption u/s 54	4,19,000
Taxable Long term Capital Gain	0

Q8)

**Shital sold following assets during the year ending 31 st March 2025**

Particulars	Date of Acquisition	Cost Amount	Transfer Charges	Date of sale	Sale Price
Residential house	10/7/1997	200000	33750	10/8/2024	4718750
X ltd. Shares	1/8/2011	152168	1800	1/10/2024	280712

Y ltd. Shares	1/12/2000	200000	1500	1/10/2024	617500
Jewellery	1/10/2004	750000	3000	21/9/2024	2481855
Debentures	10/7/2004	200000	2000	2/2/2025	242000
Motor car(Personal)	15/10/2011	310000		12/12/2024	275000
New flat	30/12/2024	1000000			

Other information:

1. She had incurred Rs. 240000 in year 2014-15 for additional construction in the house

2. The FMV of assets on 1/4/01 were as under:

Residential house Rs.1400000

Jewellery Rs.935075

Y ltd. Shares Rs.160000

3. She has purchased a new flat immediately after she sold the residential house.

4. STT has been paid on sale of X Ltd. Shares

5. No STT has been paid on sale of Y LTD. Shares

Calculate capital gain for A.Y.2025-26.

Answer:

Particulars	Residential house	X Ltd. Shares	Y Ltd. Shares	Jewellery	Debentures	Personal Motor car
Sales Value	4718750	280712	617500	2481855	242000	Not a Capital asset
Less: Transfer Charges	33750	1800	1500	3000	2000	
<b>Net Consideration</b>	<b>4685000</b>	<b>278912</b>	<b>616000</b>	<b>2478855</b>	<b>240000</b>	
Less: Cost of Acquisition	1400000	152168	200000	750000	200000	
Less: Index Cost of Improvement	240000					
<b>Gross Taxable LTCG</b>	<b>3045000</b>	<b>126744</b>	<b>416000</b>	<b>1728855</b>	<b>40000</b>	
Less: Exemption U/S 54	1000000					
Taxable LTCG	2045000	126744	416000	1728855	40000	
<b>Total Taxable LTCG</b>						<b>4356599</b>

Q9.

<b>Find out taxable capital gain of Shri. Ajit bhai for the A.Y. 2025-26</b>					
<b>Particulars</b>	<b>Date of Acquisition</b>	<b>Cost Amount</b>	<b>Transfer Charges</b>	<b>Date of sale</b>	<b>Sale Price</b>
Residential house in rural area	11/11/1997	600000	37750	1/3/2025	5762250
Personal Gold	1/10/2004	1130000	3000	21/9/2024	2431000
Personal Computer	15/10/2011	62000		21/12/2024	65000
Shares(unquoted)	1/3/2012	184000	4500	31/12/2024	453500
Residential flat in urban area	30/8/2023	4000000	30250	1/2/2025	4530250

FMV of rural residential house was Rs.1400000 on 1/4/01. From the sales proceeds of this house Rs.1100000 invested in new residential house on 2/03/2025.

ANSWER:

**Computation of Capital Gain of Shri. Ajitbhai**

**P.Y. 2024-25**

**A.Y.2025-26**

<b>Particulars</b>	<b>Amount</b>	<b>Amount</b>
Sales Value (Residential house)	5762250	
Less: Transfer Charges	37750	
Net Consideration	5724500	
Less: Cost of Acquisition	1400000	
Gross LTCG	4324500	
Less: Exemption U/S54	1000000	
<b>Taxable LTCG</b>		<b>3324500</b>
Personal Gold		
Sales Value	2431000	
Less: Transfer Charges	3000	
Net Consideration	2428000	
Less: Cost of Acquisition	1130000	
Gross LTCG	1298000	
<b>Taxable LTCG</b>		<b>1298000</b>
Personal Computer	<b>NOT A CAPITAL ASSETS</b>	
Shares(unquoted)		
Sales Value	453500	

Less: Transfer Charges	4500	
Net Consideration	449000	
Less: Cost of Acquisition	184000	
Gross LTCG		<b>265000</b>
Residential flat in urban area		
Sales Value	4530250	
Less: Transfer Charges	30250	
Net Consideration	4500000	
Less: Cost of Acquisition	4000000	
Gross STCG		500000
TOTAL LTCG		4887500
TOTAL STCG		500000

Q10. X Ltd. A manufacturing company, purchases a factory building on May 6, 2001 for Rs.20 lakh (prior to this the company used the same building as a tenant for about 5 years).The building is compulsory acquired by the government on April 20, 2024 for which a sum of Rs.60 lakh is paid as compensation on March 14,2025.Compute the amount of capital gains chargeable to tax for the A.Y. 2025-26 taking into consideration the following information:

- 1) On April 1, 2024, the company owns two buildings (rate of depreciation is 10%) one of which is acquired by the government during 2024. The depreciated value of the block on April 1, 2024 is Rs.21.35 lakh.
- 2) The company purchases a factory building on april 6, 2022 for Rs. 15 lakh.

ANSWER:

Particulars	Amount	Amount
Value Consideration	6000000	
Less: Cost of Acquisition	2135000	
Gross STCG		3865000
Less: Exemption U/S 54D		1500000
<b>Taxable LTCG</b>		<b>2365000</b>

Q11) Net sale price of capital assets except residential house Rs. 38,00,000 (VNSGU MARCH 2023)

Total Profit Rs. 12,12,125

Residential House purchased Rs. 18,00,000

Find out tax free and taxable capital gain.

ANSWER:

Computation of Capital Gain

Particulars	Amount	Amount
Gross Longterm Capital Gain		12,12,125
Less: Exemption u/s 54F		5,74,164
Taxable Long term Capital Gain		6,37,961
TAX FREE(EXEMPTION)		574165

Q12) Classify the following in context of the definition of 'person'. (VNSGU MARCH 2023)

- (i) Sakshi Malik- Individual
- (ii) Bank of India-Artificial Person
- (iii) Shah Brothers-Firm
- (iv) Ahemdabad Municipal Corporation-Local Authority
- (v) Gujarat Chamber of Commerce-AOP
- (vi) ABC Private Limited- Company

Q13) Compute the capital gains chargeable to tax of Shree Janak Kumar from the following details for the A.Y. 2025-26. (VNSGU MARCH-2023)

Sr.No.	Date of Purchase	Selling Price	Transfer charges	Cost	Particulars
1	1-1-88	45,51,000	23,000	3,00,000	Only self occupied house
2	1-6-2015	4,78,560		1,62,560	Shares of reliance ltd.

3	1-3-2014	2,72,800	4,000	2,64,000	Shares of Arvind Ltd.
4	1-9-2005	37,96,100	11,000	14,04,000	Jewellery
5	1-1-2024			8,76,000	Residential House for self occupation(new)

- He had sold old self- occupied house and jewellery on 15-3-2025.

- On 1-4-2001, the fair market values of self - occupied house and jewelry

were Rs. 12,00,000 and Rs. 12,50,000 respectively.

- Shares of both the companies (sold directly on 1-11-2024) were not subject to securities transaction tax (STT).

ANSWER:					
Particulars	Only self occupied house	Shares of reliance ltd.	Shares of Arvind ltd.	Jewellery	
Value Consideration	45,51,000	4,78,560	2,72,800	37,96,100	
Less: Transfer Charges	23,000		4,000	11,000	
<b>Net Consideration</b>	<b>45,28,000</b>	<b>4,78,560</b>	<b>2,68,800</b>	<b>37,85,100</b>	
Less: Cost Of Acquisition	1200000	162560	264000	14,04,000	
Gross Taxable LTCG	3328000	3,16,000	4800	23,81,100	
Less: Exemption U/S 54	8,76,000				
<b>Taxable LCG</b>	<b>2452000</b>	<b>3,16,000</b>	<b>4800</b>	<b>23,81,100</b>	
TOTAL LTCG					<b>5153900</b>

Q14) Mr. Tejash had purchased a Jewellery in 2008-09 for Rs. 6,43,900 and sold It for Rs. 45,00,000 in 2024-25 and paid selling expenses of Rs. 50,000. On 01-01-2025 he purchases a new residential House for Rs. 25,00,000. Compute capital gain. (VNSGU MARCH-2024)

ANSWER:

TAXABLE CAPITAL GAIN

FULL VALUE CONSIDERATION		4500000
LESS:EXPENSES		50000
NET CONSIDERATION		4450000
LESS: COST		643900
GROSS LTCG		3806100
Less:exemption U/S 54F		2138258
TAXABLE CAPITAL GAIN		<b>1667842</b>

Q15) Shri Jitubhai has sold his residential house on 31th October, 2024 for a consideration of Rs. 35,00,000. He had bought this house in 1995 at Rs. 3,50,000, but its fair market value as on 1st April 2001 was Rs. 5,00,000. Compute capital gain for the A.Y 2025-26. (VNSGU MARCH-2024)

ANSWER:

TAXABLE CAPITAL GAIN

FULL VALUE CONSIDERATION		3500000
LESS:EXPENSES		
NET CONSIDERATION		3500000
LESS: COST		500000
GROSS LTCG		3000000