CBSE | DEPARTMENT OF SKILL EDUCATION

TAXATION (SUBJECT CODE: 822)

MARKING SCHEME FOR CLASS XII (SESSION 2025-2026)

Max. Time: 3 Hours **Max. Marks: 60**

General Instructions:

1. Please read the instructions carefully.
2. This Question Paper consists of **24 questions** in two sections – Section A & Section B.
3. Section A has Objective type questions whereas Section B contains Subjective type questions.
4. **Out of the given (6 + 18 =) 24 questions, a candidate has to answer (6 + 11 =) 17 questions in the allotted (maximum) time of 3 hours.**
5. All questions of a particular section must be attempted in the correct order.

6. **SECTION A - OBJECTIVE TYPE QUESTIONS (30 MARKS):**
   i. This section has 06 questions.
   ii. There is no negative marking.
   iii. Do as per the instructions given.
   iv. Marks allotted are mentioned against each question/part.

7. **SECTION B – SUBJECTIVE TYPE QUESTIONS (30 MARKS):**
   i. This section contains 18 questions.
   ii. A candidate has to do 11 questions.
   iii. Do as per the instructions given.
   iv. Marks allotted are mentioned against each question/part.

SECTION A: OBJECTIVE TYPE QUESTIONS

Q. No.	QUESTION	Source Material (NCERT/PSSCIVE/ CBSE Study Material)	Unit/ Chap. No.	Page no. of source material	Marks
Q. 1	**Answer any 4 out of the given 6 questions on Employability Skills (1 x 4 = 4 marks)**				
i.	Communication is the act of conveying meanings from one entity or group to another through the use of mutually understood signs, symbols and semiotic rules.	NCERT	1	1	1
ii.	b. Obsessive-compulsive personality disorder	NCERT	2	11	1
iii.	Motivation is inner urge to do something and self-motivation is ability to do what needs to be done without the influence or thrust from other people or situations.	NCERT	2	9	1
iv.	a. Title Bar	NCERT	3	14	1
v.	d. It is the inability of an enterprise and an entrepreneur to take risks.	NCERT	4	44-45	1
vi.	Environmental Education teacher is a person who takes up the role of sensitizing young minds and creates acceptance amongst them to contribute in protecting environment.	NCERT	5	66	1
Q. 2	**Answer any 5 out of the given 7 questions (1 x 5 = 5 marks)**				
i.	(c) Rs,3,00,000	CBSE	1	27	1
ii.	(b) Any assessee	CBSE	1	16	1
iii.	(d) 8 years	CBSE	1	13	1
iv.	(c) 10%	CBSE	1	9-10	1
v.	(d) Rs. 25000	CBSE	1	11	1
vi.	(b) Rs.1,50,000	CBSE	1	6-8	1
vii.	(c) 45 lakhs	CBSE	1	15-16	1
Q. 3	**Answer any 6 out of the given 7 questions (1 x 6 = 6 marks)**				
i.	(d) 30%	CBSE	2	81	1
ii.	(b) Rs.3,00,000	CBSE	2	41-42	1
iii.	(c) 20%	CBSE	2	41-42	1
iv.	(b) individual with disability	CBSE	2	28	1
v.	(a) Nearest ten rupees	CBSE	2	81-82	1
vi.	(d) 18.5%	CBSE	2	81-82	1
vii.	(a)Rs 12500	CBSE	2	81-82	1
Q. 4	**Answer any 5 out of the given 6 questions (1 x 5 = 5 marks)**				
i.	(b) 194A	CBSE	3	80	1
ii.	(b) Payment under purchase	CBSE	3	83-84	1
iii.	(a) Salary	CBSE	3	77-78	1
iv.	(d) 20%	CBSE	3	82	1
v.	(a) Form 16	CBSE	3	77	1
vi.	(b) 10,000	CBSE	3	99	1

Q. 5	Answer any 5 out of the given 6 questions (1 x 5 = 5 marks)				
i.	c)10 Lakhs	CBSE	4	116	1
ii.	d) GSTR-9	CBSE	4	120	1
iii.	a) ITC of CGST allowed for payment of CGST & IGST in that order	CBSE	4	116-117	1
iv.	b) GSTR 7	CBSE	4	121	1
v.	C) GSTR-8	CBSE	4	121	1
vi.	d) 20 Lakhs	CBSE	4	116-117	1
Q 6.	**Answer any 5 out of the given 6 questions (1 x 5 = 5 marks)**				
i.	(b) Advance tax	CBSE	1	99	1
ii.	(a) 12.5%	CBSE	2	41-42	1
iii.	(b) 80QQB	CBSE	2	27	1
iv.	(b) 194H	CBSE	3	83	1
v.	(b) Director General of Income tax	CBSE	3	95	1
vi.	(c) Within three months of the date of cancellation or date of order of cancellation, whichever is later	CBSE	4	121	1

SECTION B: SUBJECTIVE TYPE QUESTIONS

Q. No.	QUESTION	Source Material (NCERT/PSSCIVE/ CBSE Study Material)	Unit/ Chap. No.	Page no. of source material	Marks
Answer any 3 out of the given 5 questions on Employability Skills in 20 – 30 words each (2 x 3 = 6 marks)					
7.	Active listening requires four discrete steps. • CONTACT—connect with the participant who is contributing; eye contact, open posture, and nonverbal responses. • ABSORB—take in all aspects of the spoken message, implicit and explicit and nonverbal clues. Do not judge or evaluate. • REFLECTIVE FEEDBCK—mirror, reflect, or feedback what you have heard and why the contributor claims to be valid. • CONFIRM—receive confirmation from the speaker that you heard the participant's message accurately. If not, start the method over again at the beginning by having the speaker restate their view.	NCERT	1	2	2
8.	According to trait theory, combining a set of observable traits into a group forms an individual's personality. One popular personality classification is big five. The Big	NCERT	2	11	2

	Five, global traits associated with work . are listed below: • Extraversion: Gregarious, assertive and sociable.(Opposite reserved, timid, quiet.) • Agreeableness : Cooperative, warm and agreeable.(Opposite cold, disagreeable and antagonistic) • Conscientiousness : Hardworking, organized and dependable(lazy, disorganized and unreliable) • Emotional stability : Calm, self-confident and cool(insecure, anxious and depressed) • Openness to experience : Creative, curious and cultured(narrow interests)				
9.	Spreadsheet programs have become very popular because of the following features: • Built-in functions make calculations easier, faster, and more accurate. • Large volumes of data can be easily handled and manipulated. • Data can be exported to or imported from other software. • Data can be easily represented in pictorial form like graphs or charts. • Formulae are automatically recalculated whenever underlying data values are changed	NCERT	3	14	2
10.	Following are the Entrepreneurial Competencies: • Taking Initiative: It is about making the first move towards setting up of an enterprise and taking action. • Seeking and Acting on Opportunity: An entrepreneur is always on the look-out or searching for opportunity and is ready to exploit it in the best interests of the enterprise. • Persistence: An entrepreneur is never disheartened by failures and keeps trying, adapting and iterating to overcome obstacles that come in the way of achieving goals. • Information Seeking: A successful entrepreneur always keeps his/her eyes and ears open and is receptive to new ideas which can help in realizing his goals. He/she is always open to consult with experts and mentors to get the right guidance and advice.	NCERT	4	44-45	2

11.	Environmental engineers provide solutions to environmental problems by using engineering, biology and chemistry. Providing solution to improve the quality of soil for better productivity, devising strategies to generate public electricity using renewable resources like solar street lights etc. is a part of environmental engineering.	NCERT	5	66	2
Answer any 3 out of the given 5 questions in 20 – 30 words each (2 x 3 = 6 marks)					
12.	Solution: Amount of deduction u/s 80D Premium in respect of wife Rs 12,000 Premium for himself Rs.1 8,000 Premium in respect of children (not dependent) Nil Total Rs 30,000 restricted to Rs 25,000 **Add:** Premium in respect of parents (senior citizens) Rs 66,000 restricted to maximum Rs 50,000 **Deduction available u/s 80D Rs 75,000**	CBSE	**1**	**11-12**	**2**
13.	Gross Total Income 10, 45,000 Less: Deduction u/s 80E 80,000 Total Income 9, 65,000	CBSE	**1**	**14**	**2**
14.	SOLUTION: Winning from Lotteries or Crossword Puzzles (Section 194B) 1. Under Section 194B, winnings from lottery or crossword puzzle or card game and other game of any sum exceeding Rs. 10,000 are also subject to deduction of tax at source as per rates in force. 2. The deduction is to be done at the time of payment of the winnings. 3. Rate of Tax: The prescribed rate is 30%. 4. When the prize is given partly in cash and partly in kind, income tax will be deducted from cash prize with reference to the aggregate amount of the cash prize and the value of the prize in kind. 5. No income tax will be deducted from the prize given only in kind. 6. When the prize is given in installments, the tax will be deducted only at the time of actual payment of each installment Insurance Commission (Section 194D) 1. Section 194D casts the obligation on any person responsible for paying to a resident any income by way of commission or otherwise for soliciting or procuring insurance business (including continuance or renewal of	CBSE	**2**	**81-82**	**2**

	policies). 2. Such person shall deduct income tax, at the time of crediting the account of the payee or at the time of payment thereof, whichever is earlier. 3. No deduction shall be made from the amount of any sum credited or paid to, if such sum does not exceed Rs. 20,000. 4. Rate of Tax: a) The prescribed rate is 2% in case of payee is non- corporate entities and 10% if the payee is domestic company. b) When the payee does not furnish his PAN to deductor, tax will be deducted @ 20%.				

15.	SECTION 44AD 1. The scheme of section 44AD, commonly known as CC small taxpayers engaged in a business (other than the business of plying, hiring or leasing of goods carriages referred to in section 44AE). 2. A taxpayer adopting these provisions will not be required to maintain the regular books of account and is also exempt from getting the books of account audited 3. This scheme can be opted for by the eligible assessee who is engaged in a business (except the business of plying, hiring or leasing goods carriages referred to in section 44AE), whose turnover or gross receipts from such business do not exceed the limit prescribed (i.e., Rs. 2,00,00,000 or 3,00,00,000 as the case maybe). 4. The provisions of section 44AD are applicable to resident assessee who is an Individual, Hindu Undivided Family and Partnership Firm but not an LLP. 5. The Presumptive Taxation Scheme under section 44AD cannot be adopted by an assessee who is engaged in any profession as prescribed under section 44AA or is carrying on an agency business or is earning income in the nature of commission or brokerage 6. If an assessee adopts this scheme, his income will be computed on an estimated basis. The rate of computation of income on an estimated basis is 8% of turnover or gross receipts or 6% of total turnover or gross receipts in respect of the amount of total turnover/ sales/gross receipts received by A/c payee cheque/ bank draft/ ECS through a bank account or through such other prescribed electronic modes (credit card, debit card, net banking, IMPS, UPI, RTGS, NEFT, and BHIM Aadhar Pay) during the PY or till the due date for filing the return of income u/s 139(1)	CBSE	3	100-101	2

16.	Solution: (i) Supply Based Tax: GST is applicable on “supply” of goods or services as against the previous concept of tax on the manufacture of goods or on sale of goods or on provision of services. (ii) Destination-based Consumption Tax: GST is a destination-based tax. This implies that all SGST (or UTGST) collected will ordinarily accrue to the State (or Union Territory) where the consumer of the goods or services receives supply. (iii) Dual GST: Both Centre and States simultaneously have the power to impose GST across the entire supply chain. Centre would levy and collect Central Goods and Services Tax (CGST) and States would levy and collect the State Goods and Services Tax (SGST) on all supplies within a State. (Intra-state supply)	CBSE	4	112-117	2
Answer any 2 out of the given 3 questions in 30– 50 words each (3 x 2 = 6 marks)					
17.	Income from business 8,00,500 Winning from puzzles 1,00,800 Gross Total Income 9,01,300 Less: Deductions Contribution u/s 80C 80,000 Donation u/s 80G* 1,23,565 Net Total Income 697,735 *Calculation of Deduction U/S 80G Adjusted Total Income = Gross Total Income – Deductions = 9,01,300- 80,000 = 8,21,300 Qualifying Amount = 10% of Adjusted total income = 10% of 8,21,300 WITHOUT QUALIFYING LIMIT Donation to Prime Minister’s Drought Relief Fund (50%) 15,000 Donation to National Defence Fund (100%) 50,000 WITH QUALIFYING LIMIT Actual Donation made (35,000+ 1, 00,000 = 1,35,000) Donation to government for family planning 35,000 (100% with limit to Rs. 82,130) Donation to charitable institute (approved) (Balance Rs. 82,130- 35,000 = 47,130 @50%) 23565 TOTAL 1,23,565	CBSE	2	18-19	3

18.	Solution: The person who deducts tax has to issue a certificate in the prescribed form to the person from whose payments deduction has been made, showing therein the particulars of payment, the date of tax deducted at source and the date of its credit to the Central Government. It is on the basis of this certificate that the payee can claim credit for tax paid on his behalf and can claim refund, if any, due to him on the basis of tax liability for the relevant year. Following certificates have to be issued: a) Form No. 16, if the deduction or payment of tax is under section 192 (in case of salary); b) Form No. 16A if the deduction is under any other provision of Chapter XVII-B (cases other than salary).	CBSE	3	94-95	3
19.	Following are the advantages of introducing GST to Manufacturers and Traders: 1. Easy Compliance: A robust and comprehensive IT system is the foundation of the GST regime in India. Therefore, all tax payer services such as Registrations, Returns, Payments, etc. are available to the taxpayers online, which also makes compliance easy and transparent. 2. Uniformity of Tax Rates and Structures: GST ensures that indirect tax rates and structures are common across the country, thereby increasing	CBSE	4	117-119	3

	certainty and ease of doing business. In other words, GST make doing business in the country tax neutral, irrespective of the choice of place of doing business. 3. Removal of Cascading: A system of seamless tax-credits throughout the entire supply chain, and across boundaries of States, ensures that there is no cascading of taxes. This reduces hidden costs of doing business. 4. Increase in Competitiveness: The new regime reduce the cost of locally manufactured goods and services. This has increased the competitiveness of Indian goods and services in the international market and give boost to Indian exports. The uniformity in tax rates and procedures across the country has helped in reducing the compliance cost.				
Answer any 3 out of the given 5 questions in 50– 80 words each (4 x 3 = 12 marks)					
20.	Individuals and Hindu Undivided family (HUF) are eligible for deduction under Section 80 C, from gross total income equivalent to investment made of Rs. 1,50,000 whichever is less. Apart from Insurance Premium, following are the Investments which are eligible for deduction u/s 80 C of the Act: A) Any contribution made by an individual towards statutory provident fund and recognized provident fund. B) Contribution towards superannuation fund. C) Subscription to the notified securities of the Central Government. D) Any contribution to a PPF by individual or HUF E) Any sum paid or deposited in Sukanya Samriddhi Account by an Individual in the name of any girl child. F) Subscription to National Savings Certificates (VIII) issue and interest accrued deemed to be reinvested also qualifies. G) Contributions for participation in the Unit-Linked Insurance Plan, 1971. H) Contributions made in the name of	CBSE	1	4-5	4

	an individual or HUF for participation in any notified Unit-Linked Insurance Plan of the LIC Mutual Fund. I) Any contribution to effect or keep in force any notified annuity plan of the LIC or any other insurer. J) Any subscription, to any units of any Mutual Fund or the Unit Trust of India under any notified plan formulated by the Central Government. K) Any contribution to any pension fund set up by any Mutual Fund as notified by the Central Government (1+1+1+1 marks)				

21.	Solution: • Resident Author (or Joint Author) is eligible for deduction in Respect of Royalty Income of Authors (Section 80QQB) upto 100% of such income; or Rs. 3,00,000; whichever is less. • Deduction under 80QQB can be claimed on the royalty or copyright fees (payable in lump sum or otherwise) or lump sum consideration for transfer (or grant) of any interest in the copyright of the book authored by him which is work of literacy, artistic or scientific nature (excluding text-books for schools, tracts and other publications of similar nature, by whatever name called). • Deduction is also allowed if the assessee furnishes a copy of the certificate in Form no. 10CCD to the Assessing Officer from the person responsible for paying the income (whenever asked for examining). A Resident Individual is eligible for deduction in Respect of Royalty Income on Patents under Section 80RRB upto 100% of such income or Rs. 3, 00,000; whichever is less. • Deduction under 80RRB can be claimed on the royalty received on respect of patent (he may be a co- owner of a patent) which is registered. • Deduction under this section is also allowed if the assessee furnishes a copy of the certificate in Form no. 10CCE to the Assessing officer from the person responsible for paying the income (whenever asked for examining). • When the eligible income is earned outside india, such income is brought into India in convertible foreign exchange on or before September 30 of the assessment year in order to avail deduction under this section. A certificate of foreign inward remittance should be taken in Form no. 10H from a prescribed authority (i.e., RBI or an authorized bank).	CBSE	1	27-28	4

22.	Solution: Computation of total income and tax payable of Mr. Xavier Income from salary 2,50,000 Income from House Property 30,000 Income from capital gain Long term capital gain 40,000 Short term Capital loss (15,000) 25000 Income from other sources Interest on securities 11,000 Interest on Bank Deposits 8,000 19000 Gross Taxable Income 3,24,000 Less: Deduction u/s 80C to 80U Section 80C (LIP premium of Rs. 2,000+PPF of Rs. 20,000) 22000 Section 80D – Medical Insurance of wife 9,000 -Medical Insurance of dependent Son 9,000 18,000 Medical Insurance on father Rs. 25,000 43,000 U/s 80DD – Medical treatment of dependent brother, flat deduction of Rs. 75,000 irrespective of actual expenditure 75,000 U/s 80E – Interest on education loan 30,000 U/s 80G – Donation to National Children Fund (100%) 5,000 PM's Relief Fund (100%) 6,000 11,000 1,81,000 1,43,000 Tax on Rs. 1,43,000 shall be On Long Term Capital Gain NIL (Rs.25, 000 - Rs. 25,000, unexhausted basic exemption limit) On other income (Rs. 1,43,000 NIL - Rs. 25,000] Tax Liability NIL	CBSE	2	60	4

23.	Solution: Following are the duties of person(s) deducting tax at source: 1. Every person responsible for deducting tax at source shall at the time of payment or credit of income, whichever is earlier, must deduct such tax as per the prescribed rates and deposit such tax deducted in the Central Government Account within the prescribed time . 2. Such person is required to issue a certificate of tax deduction at source u/s 203 to the person from whose income the TDS has been done, in the prescribed form, i.e., Form No.16A or 16 within prescribed time 3. A return of TDS containing details of payments made and taxes deducted thereon along with other prescribed details are to be submitted in form 26Q by the deductors. **4.** The deductor may file the statement of TDS on computer readable media. **RIGHTS:** 1. The person from whose income (payment) the tax has been deducted i.e. Payee or assessee shall not be asked upon to pay the tax himself to the extent tax has been deducted Moreover such tax deducted at source shall be treated as payment of tax on behalf of the payee (assessee). 2. Payee (tax payer) is entitled to obtain a certificate from the payer (tax deductor) in Form 16-A specifying the amount of tax deducted and other prescribed particulars. 3. The prescribed income tax authority or the person authorized by such authority will be required to deliver to the person from whose income the tax has been deducted/ paid, a statement of deduction of tax in the prescribed form (Form no.26AS) by the 31st July following the financial year during which the taxes were deducted/ paid.	CBSE	3	94-97	4

24.	Solution: The basic concept of GST is based on providing the set-off for the tax paid on the inputs used and this is given effect through the concept of input tax credit. This input tax credit means setting off the amount of input tax by a registered dealer against the amount of his output tax. The GST is based on the value addition to the goods and the related tax liability of the dealer can be arrived at by the supplier by discharging input tax credit from tax collected on supplies during the payment period. The credit would be permitted to be utilized in the following manner: • ITC of CGST allowed for payment of CGST & IGST in that order. • ITC of SGST allowed for payment of SGST & IGST in that order. • ITC of IGST allowed for payment of IGST, CGST & SGST in that order. • ITC of CGST cannot be used for payment of SGST and vice versa. **HIERARCHY OF UTILISATION OF INPUT TAX CREDIT (ITC)** Accounts would be settled periodically between the Centre and the States to ensure that the credit of SGST used for discharge of IGST is transferred to the consumer state. Similarly the IGST used for payment of SGST would be transferred by the Centre to the Importing State. Further the SGST portion of IGST collected on B2C supplies would also be transferred by the Centre to the destination State. The transfer of funds would be carried out on the basis of information contained in the Returns filed by the taxpayers. ITC cannot be availed on invoices more than one year old. The ITC of tax paid on goods and/or services used for making taxable supplies by a taxable person (receiver) will be allowed subject to four conditions: • He is in possession of tax invoice. • He has received the goods or services. • Tax has been actually paid by supplier to Government. • The valid return is filed under section 39.	CBSE	4	115-116	4