

ICAI MCQ's

S. No.	Explanations														
1.	<p>Since his age is 60 years, Mr. Saral will be eligible for basic exemption limit upto ` 3 lakhs.</p> <table border="1"> <thead> <tr> <th colspan="2">Calculation of Tax Liability</th> </tr> </thead> <tbody> <tr> <td>Upto ` 3,00,000</td> <td>-</td> </tr> <tr> <td>3,00,000 to 5,00,000 @ 5%</td> <td>10,000</td> </tr> <tr> <td>5,00,001 to 5,60,000 @ 20%</td> <td>12,000</td> </tr> <tr> <td></td> <td>22,000</td> </tr> <tr> <td>Add – Health and education cess @ 4%</td> <td>880</td> </tr> <tr> <td>Total Tax Liability</td> <td>22,880</td> </tr> </tbody> </table>	Calculation of Tax Liability		Upto ` 3,00,000	-	3,00,000 to 5,00,000 @ 5%	10,000	5,00,001 to 5,60,000 @ 20%	12,000		22,000	Add – Health and education cess @ 4%	880	Total Tax Liability	22,880
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2.	<table border="1"> <thead> <tr> <th colspan="2">Calculation of Tax Liability of Co-operative Society</th> </tr> </thead> <tbody> <tr> <td>Upto ` 10,000 @ 10%</td> <td>1,000</td> </tr> <tr> <td>10,001 to 20,000 @ 20%</td> <td>2,000</td> </tr> <tr> <td>20,001 to 90,000 @ 30%</td> <td>21,000</td> </tr> <tr> <td></td> <td>24,000</td> </tr> <tr> <td>Add – Health and education cess @ 4%</td> <td>960</td> </tr> <tr> <td>Total Tax Liability</td> <td>24,960</td> </tr> </tbody> </table>	Calculation of Tax Liability of Co-operative Society		Upto ` 10,000 @ 10%	1,000	10,001 to 20,000 @ 20%	2,000	20,001 to 90,000 @ 30%	21,000		24,000	Add – Health and education cess @ 4%	960	Total Tax Liability	24,960
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5.	As per Section 115BBE, tax is chargeable at 60%. Further, surcharge of 25% and HEC of 4% will be levied). Effective rate is 78% Therefore, tax payable will be $7,00,000 \times 78\% = 5,46,000$.																		
6.	As per section 6(1), a person is treated as resident in India if He stays in India for 182 days or more in PY Or Stay in India for 60 days or more in PY and 365 days in Last 4 PY's. As per section 6(6), a person will be treated as ordinary resident if he satisfies both conditions- Resident for 2 PY or more in Last 10 PYs And Stay in India for 730 days or more in Last 7 PYs.																		

	<p>In the given case, his stay in India during PY is 181 days but for 365 days in immediately preceding 4 years. Therefore, Mr. Anirudh is Resident in India.</p> <p>Further, he is non resident in 9 out of 10 years immediately preceding the current previous year and spent 420 days in all 7 years immediately preceding current previous year.</p> <p>Therefore, he will be treated as Resident but not ordinarily resident.</p>
7.	<p>As per Section 115BBE, tax is chargeable at 60%. Further, surcharge of 25% and HEC of 4% will be levied). Effective rate is 78%</p> <p>Therefore, tax payable will be $\{(1,45,000 \times 2) - 50,000\} \times 78\% = 1,87,200$.</p>
8.	<p>Section 87A: An assessee being an individual resident in India, whose total income does not exceed five lakh rupees, shall be entitled to a deduction, from the amount of income-tax (as computed before allowing the deductions under this Chapter) on his total income with which he is chargeable for any assessment year, of an amount equal to 100% of such income-tax or an amount of 12,500, whichever is less.</p>
9.	<p>As per section 6(1), a person is treated as resident in India if</p> <p>He stays in India for 182 days or more in PY</p> <p>Or</p> <p>Stay in India for 60 days or more in PY and 365 days in Last 4 PY's.</p> <p>As per section 6(6), a person will be treated as ordinary resident if he satisfies both conditions—</p> <p>Resident for 2 PY or more in Last 10 PYs</p> <p>And</p> <p>Stay in India for 730 days or more in Last 7 PYs.</p> <p>In the given case, his stay in India during PY is 184 days. Therefore, Mr. Raman is Resident in India.</p> <p>Further, he left for Dubai for the first time on 01.10.2020, it means he was resident atleast in 2 out of 10 years immediately preceding the current previous year and have spent 730 days or more in all 7 years immediately preceding current previous year.</p> <p>Therefore, he will be treated as Resident but not ordinarily resident. Accordingly, his income from all over the world will be taxable in India. i.e. Dubai income will also get taxable even if it is not received in India.</p>
10.	<p>Mr. Suhaan is a Non-resident. Therefore, income which is received or deemed to be received in India or income accruing or arising or deemed to accrue or arise in India will be Taxable in India.</p> <p>Section 9(1) - The following incomes shall be deemed to accrue or arise in India:</p> <p>(iv) a dividend paid by an Indian company outside India;</p> <p>(v) income by way of interest payable by—</p> <p>(a) the Government; or</p> <p>(b) a person who is a resident, except where the interest is payable in respect of any debt incurred, or moneys borrowed and used, for the purposes of a business or profession carried on by such person outside India or for the purposes of making or earning any income from any source outside India; or</p> <p>(c) a person who is a non-resident, where the interest is payable in respect of any debt incurred, or moneys borrowed and used, for the purposes of a business or profession carried on by such person in India.</p> <p>Section 80TTA: Deduction of ` 10,000 is allowed in respect of interest on deposits in saving account.</p>

	Therefore, Income chargeable to tax in hands of Mr. Suhaan (Non-resident) = 12,50,000 + 15,000 – 10,000 =12,55,000.																
11.	<p>Mr. Aashish is a Resident but not ordinary resident in India. Therefore, income which is received or deemed to be received in India or income accruing or arising or deemed to accrue or arise in India will be Taxable in India. Further, Income from business or profession controlled from India will be taxable.</p> <p>Section 9 (1) - The following incomes shall be deemed to accrue or arise in India:</p> <p>(i) all income accruing or arising, whether directly or indirectly, through or from any business connection in India, or through or from any property in India, or through or from any asset or source of income in India, or through the transfer of a capital asset situate in India.</p> <p>Therefore, his taxable income will be as follows:</p> <table border="1"> <thead> <tr> <th>Nature</th> <th>Amount</th> <th></th> </tr> </thead> <tbody> <tr> <td>Interest on UK development bond</td> <td>1,00,000</td> <td>Being 1/4th received in India.</td> </tr> <tr> <td>Capital gain on sale of building located in India</td> <td>6,00,000</td> <td>As per section 9(1)(i).</td> </tr> <tr> <td>Total Income chargeable to tax in India</td> <td>7,00,000</td> <td></td> </tr> </tbody> </table>	Nature	Amount		Interest on UK development bond	1,00,000	Being 1/4 th received in India.	Capital gain on sale of building located in India	6,00,000	As per section 9(1)(i).	Total Income chargeable to tax in India	7,00,000					
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12.	<p>As per section 6(1), a person is treated as resident in India if</p> <p>He stays in India for 182 days or more in PY</p> <p>Or</p> <p>Stay in India for 60 days or more in PY and 365 days in Last 4 PY's.</p> <p>As per section 6(6), a person will be treated as ordinary resident if he satisfies both conditions-</p> <p>Resident for 2 PY or more in Last 10 PYs</p> <p>And</p> <p>Stay in India for 730 days or more in Last 7 PYs.</p> <p>Further, in case of Indian citizen being a member of Indian Ship leaving India during PY, basic condition 2 i.e. 60 days or more in PY.... Shall be ignored</p> <p>Therefore, to consider him as resident in India, he should have stayed for 182 days or more in the PY.</p> <p>Period of stay =</p> <table border="1"> <tbody> <tr> <td>April</td> <td>24 days</td> </tr> <tr> <td>October</td> <td>7 days</td> </tr> <tr> <td>November</td> <td>30 days</td> </tr> <tr> <td>December</td> <td>31 days</td> </tr> <tr> <td>January</td> <td>31 days</td> </tr> <tr> <td>February</td> <td>28 days</td> </tr> <tr> <td>March</td> <td>31 days</td> </tr> <tr> <td>Total</td> <td>182 days</td> </tr> </tbody> </table>	April	24 days	October	7 days	November	30 days	December	31 days	January	31 days	February	28 days	March	31 days	Total	182 days
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	<p>In the given case, his stay in India during PY is 182 days. Therefore, Mr. Raman is Resident in India. Further, he was resident atleast in 2 out of 10 years immediately preceding the current previous year and have spent 730 days or more in all 7 years immediately preceding current previous year. He is a resident and ordinary resident. For CA Inter Lectures login to www.bhanwarborana.com</p>
13.	<p>As per section 6(1), a person is treated as resident in India if He stays in India for 182 days or more in PY Or Stay in India for 60 days or more in PY and 365 days in Last 4 PY's. Further, in case of Indian citizen or Person of Indian origin engaged outside India in any employment or a business or profession and visiting India during PY, basic condition 2 i.e. 60 days or more in PY.... shall be ignored. Therefore, to consider him as resident in India, he should have stayed for 182 days or more in the PY. However, his stay in PY 20-21 is 135 days only. Therefore, Mr Square will be considered as Non-resident.</p>
14.	<p>Income which is received or deemed to be received in India or income accruing or arising or deemed to accrue or arise in India will be taxable in India. Further, income received in India means, received for the first time. After receiving income outside India, subsequently if it is remitted into India then it cannot be treated as receipt of Income. Therefore, dividend income remitted to India after being received in Australia will not be taxable for anyone.</p>
15.	<p>As per sec 9(1)(iii) Salary received by Indian Citizen from Govt for service Rendered outside India is taxable. However, as per Sec 10(7) perquisite and allowance are exempt. Based on combined reading of these sections, it can be concluded that Salary received by Mr. Ramesh is taxable in India but allowances and perquisites are exempt.</p>
16.	<p>Income which is received or deemed to be received in India or income accruing or arising or deemed to accrue or arise in India will be taxable in India. Further, income received in India means, received for the first time. After receiving income outside India, subsequently if it is remitted into India then it cannot be treated as receipt of Income. Therefore, rental income remitted to India after being received in Canada for property located in Canada will not be taxable for Mr. Nishant in any PY.</p>
17.	<p>As per section 6(1), a person is treated as resident in India if He stays in India for 182 days or more in PY Or Stay in India for 60 days or more in PY and 365 days in Last 4 PY's. Further, in case of <i>Indian citizen or Person of Indian origin</i> engaged outside India in any employment or a business or profession and visiting India during PY, basic condition 2 i.e. 60 days or more in PY.... shall be ignored. Case I – Mr. Joey, an Italian designer has spent 104 days in India in the PY year and 400 days for past 4 years, therefore 2nd condition is met and he will be considered as Resident in India. Case II – Mr. Sanjay is person of Indian origin and visit India to meet parents and grand-parents and spend 3 months every year. Only 1st condition will be tested and it does not get fulfilled. Accordingly, he will be considered as Non-resident.</p>

	Case III – Mr. Chang, a Korean scientist has stayed in India from 01.01.2016 till 01.07.2020 in India. That means more than 60 days in PY and more than 365 days in last 4 PY's, therefore 2 nd condition is met and he will be considered as Resident in India.
18.	Section 10 - In computing the total income of a previous year of any person, any income falling within any of the following clauses shall not be included - (26AAA) in case of an individual, being a Sikkimese, any income which accrues or arises to him— (a) from any source in the State of Sikkim; or (b) by way of dividend or interest on securities.
19.	Section 10 - In computing the total income of a previous year of any person, any income falling within any of the following clauses shall not be included - (1) agricultural income As per explanation to section 2(1A), any income derived from saplings or seedlings grown in a nursery shall be deemed to be agricultural income. Further, Agricultural income is considered for rate purposes while assessing the income tax liability if the following two conditions are met: <ul style="list-style-type: none"> • Net agricultural income is greater than ` 5,000/- for previous year. • Total income, excluding net agricultural income, surpasses the basic exemption limit (` 2,50,000 for individuals below 60 years of age and ` 3,00,000 for individuals above 60 years of age).
20.	Section 10AA - In computing the total income of an assessee, being an entrepreneur as referred to in clause (j) of section 2 of the Special Economic Zones Act, 2005, from his Unit, the following deduction shall be allowed— (i) 100% of profits and gains derived from the export, of such articles or things or from services for a period of 5 AYs beginning with the assessment year relevant to the previous year in which the Unit begins to manufacture or produce such articles or things or provide services, as the case may be, and 50% of such profits and gains for further five assessment years and thereafter; (ii) for the next five consecutive assessment years, so much of the amount not exceeding 50% of the profit as is debited to the profit and loss account of the previous year in respect of which the deduction is to be allowed and credited to a reserve account (to be called the "Special Economic Zone Re-investment Reserve Account"). Only unit located in SEZ is eligible for deduction. Since, it is the 10 th year of operations, 50% of export profit will be exempt. Export sales of unit in SEZ – 2,50,00,000 Turnover of unit SEZ – 5,25,00,000 (8,50,00,000 – 3,25,00,000) Net profit of unit in SEZ – 80,00,000 Deduction = 80 lakh * 250 lakh/525 lakhs * 50% = 19.0476 lakhs
21.	As per section 2(1A), agriculture income means: (c) any income derived from any building owned and occupied by the receiver of the rent or revenue of any such land, or occupied by the cultivator or the receiver of rent-in-kind, of any land with respect to which, or the produce of which, any process mentioned in paragraphs (ii) and (iii) of sub-clause (b) is carried on

	<p>Provided that the building is on or in the immediate vicinity of the land and the land is either assessed to land revenue in India or is subject to a local rate assessed and collected by officers of the Government as such or where the land is not so assessed to land revenue or subject to a local rate, it is not situated—</p> <p>in any area within the distance, measured aerially,</p> <p>(I) not being more than 2 KM, from the local limits of any municipality or cantonment board and which has a population of more than ten thousand but not exceeding one lakh; or</p> <p>(II) not being more than 6 KM, from the local limits of any municipality or cantonment board and which has a population of more than one lakh but not exceeding ten lakh; or</p> <p>(III) not being more than 8 KM, from the local limits of any municipality or cantonment board and which has a population of more than ten lakh.</p>									
22.	<p>As per section 10(13A) read with relevant rules, the deduction available for HRA is the least of the following amounts:</p> <p>(a) Actual HRA received;</p> <p>(b) 50% of salary for those living in metro cities (40% for non-metros); or</p> <p>(c) Actual rent paid less 10% of salary</p> <p>In order to calculate the HRA, the salary is defined as the sum of the basic salary, dearness allowances (which forms part of pay) and any other commissions.</p> <p>In the instant case,</p> <p>Salary = 1,75,200 (10,000*12 + 6,000*12*60% + 12,00,000*1%)</p> <p>Rent paid = 66,000 (5500*12)</p> <p>Therefore, deduction will be least of the following:</p> <table border="1"> <tr> <td>(a)</td> <td>60000</td> <td>Actual HRA</td> </tr> <tr> <td>(b)</td> <td>87600</td> <td>50% of Salary (Delhi being metro city)</td> </tr> <tr> <td>(c)</td> <td>48480</td> <td>66000-10% of 1,75,200</td> </tr> </table>	(a)	60000	Actual HRA	(b)	87600	50% of Salary (Delhi being metro city)	(c)	48480	66000-10% of 1,75,200
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23.	<p>Salary is taxable in the year of accrual or receipt whichever is earlier.</p> <p>In this case, since decision to increase DA is taken in march 2021, the salary gets accrued in PY 20-21. Therefore, it will be taxable in PY 20-21. www.bhanwarborana.com for lectures.</p>									
24.	<p>As per Rule 3(1), Value of furniture to be included in value unfurnished house is as follows—</p> <p>a) 10% per annum of the original cost of furniture, if furniture is owned by the employer;</p> <p>b) actual hire charges payable (whether paid or payable), if furniture is hired by the employer.</p>									

25.	<p>The calculation is as follows:</p> <table border="1" data-bbox="261 205 992 646"> <tr> <td>Basic</td> <td>240000</td> </tr> <tr> <td>Children education allowance</td> <td>3000</td> </tr> <tr> <td>Transport Allowance</td> <td>21600</td> </tr> <tr> <td></td> <td>264600</td> </tr> <tr> <td>Less: Deduction for Children education allowance ` 100 per month for each child (max. 2) 3000*2/3 = 2000</td> <td>2000</td> </tr> <tr> <td>Less: Standard deduction</td> <td>50000</td> </tr> <tr> <td>Salary chargeable to tax</td> <td>212600</td> </tr> </table>	Basic	240000	Children education allowance	3000	Transport Allowance	21600		264600	Less: Deduction for Children education allowance ` 100 per month for each child (max. 2) 3000*2/3 = 2000	2000	Less: Standard deduction	50000	Salary chargeable to tax	212600
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26.	<p>As per Rule 3, The value of perquisite/benefit of any sort provided by employer to employee (other than in the nature of performance of official duties) will be included in salary.</p> <p>In the instant case, seminar fees paid by Bharat Ltd is in nature of official duty and will not be considered as perquisite. Other than this, the benefit provided by employer will be included in salary.</p> <p>(a) Tuition fees reimbursed by employer – 25000</p> <p>(b) Subsidized fees paid to school maintained by employer – 54000 ((5250-750)*12)</p> <p>Total = 79000</p> <p>For revision lectures for CA Inter : https://www.youtube.com/playlist?list=PLELk3kAcynz59a_ifXewwiVZyJc3UufGJ</p>														
27.	<p>Recovery of unrealised rent is taxable in the year of receipt subject to 30% standard deduction. Any expense other than this standard deduction is not allowed in this respect.</p>														
28.	<p>When any property is co-owned by two person, then the deduction in respect of interest is allowed to both the co-owners individually i.e. actual interest or ` 2 lakh, whichever is less will be allowed separately to both.</p>														
29.	<p>As per section 23(2) read with section 23(4), where the assessee is in self-occupation of more than 2 house properties then assessee may at his option claim 2 of such properties as self-occupied property. The remaining will be treated as deemed to be let out.</p>														
30.	<p>As per section 32(1)(iii), in the case of any building, machinery, plant or furniture in respect of which depreciation is claimed and allowed under clause (i) and which is sold, discarded, demolished or destroyed in the previous year (other than the previous year in which it is first brought into use), the amount by which the moneys payable in respect of such building, machinery, plant or furniture, together with the amount of scrap value, if any, fall short of the written down value thereof, will be treated as terminal depreciation.</p>														
31.	<p>As per explanation 1 to section 43(1) where an asset is used in the business after is ceases to be used for scientific research related to that business the actual cost of the asset to be included in the relevant block of asset shall be taken as nil as 100% deduction has already been allowed. If such asset is sold then the value of block shall be reduced by the sale value of the asset.</p>														

32.	<p>Section 40A(3) Where the assessee incurs any expenditure in respect of which a payment or aggregate of payments made to a person in a day, otherwise than by an account payee cheque drawn on a bank or account payee bank draft, or use of electronic clearing system through a bank account or through such other electronic mode as may be prescribed, exceeds ten thousand rupees, no deduction shall be allowed in respect of such expenditure.</p> <p>Further, where expenditure is made for capital asset, depreciation in respect of such asset is disallowed.</p> <p>Therefore, depreciation allowable for AY 021-22 will be as follows (Depreciation rate for furniture is 10%):</p> <p>Cash payment of 10,000 = 10% of 10,000 = 1000 Account payee cheque payment = 10% of 20,000 = 2000 Total = 3000</p>																		
33.	<p>Depreciation allowable for AY 2021-22 will be calculated as follows:</p> <table border="1" data-bbox="261 653 1118 1157"> <tr> <td>WDV as on 01.04.2020</td> <td>320000</td> </tr> <tr> <td>Add: Asset put to use on 01.11.2020</td> <td>50000</td> </tr> <tr> <td></td> <td>370000</td> </tr> <tr> <td>Less: Asset sold</td> <td>200000</td> </tr> <tr> <td></td> <td>170000</td> </tr> <tr> <td>Depreciation allowable</td> <td></td> </tr> <tr> <td>Asset put to use on 01.11.2020 (half depreciation) 50,000*15%/2</td> <td>3750</td> </tr> <tr> <td>Balance WDV 1,20,000*15%</td> <td>18000</td> </tr> <tr> <td>Total</td> <td>21750</td> </tr> </table>	WDV as on 01.04.2020	320000	Add: Asset put to use on 01.11.2020	50000		370000	Less: Asset sold	200000		170000	Depreciation allowable		Asset put to use on 01.11.2020 (half depreciation) 50,000*15%/2	3750	Balance WDV 1,20,000*15%	18000	Total	21750
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Asset put to use on 01.11.2020 (half depreciation) 50,000*15%/2	3750																		
Balance WDV 1,20,000*15%	18000																		
Total	21750																		
34.	<p>As per section 44AD, eligible assessee for this section are resident firms (excluding LLP)/individual/HUF having Turnover/Gross Receipts upto `2 Cr. and not in the business of section 44AE, agency, commission and brokerage.</p> <p>Further, income on presumptive basis is Turnover/Gross Receipts *6% (for account payee cheque/DD/ECS received upto due date of ROI) and for remaining modes it is Turnover/GR *8%.</p> <p>Since, turnover is 1.3 crore, M/s ABC is eligible for section 44AD.</p> <p>Therefore, in the given case income will be calculated as follows -:</p> <p>(25+25) * 6% = 3 lakh (50+30) * 8% = 6.4 lakh Total = 9.4 lakh</p>																		
35.	<p>Section 40A(3) Where the assessee incurs any expenditure in respect of which a payment or aggregate of payments made to a person in a day, otherwise than by an account payee cheque drawn on a bank or account payee bank draft, or use of electronic clearing system through a bank account or through such other electronic mode as may be prescribed, exceeds ten thousand rupees, no deduction shall be allowed in respect of such expenditure.</p> <p>However, in case of an assessee opting to declare his income under section 44AD, income will be calculated at specified rate (6%/8%) and no deduction of payment made in cash will be taken</p>																		

	<p>separately.</p> <p>Therefore, question of disallowance under this section will not arise. Hence, answer is NIL.</p>
36.	As per section 112A, LTCG arising on transfer of equity shares where STT is paid on acquisition and transfer is taxable at rate of 10% on gains above 1 lakh.
37.	As per section 54EC, investment in notified bonds is required to be made within 6 months from the date of transfer.
38.	<p>As per section 2(1A), agriculture income means:</p> <p>(c) any income derived from any building owned and occupied by the receiver of the rent or revenue of any such land, or occupied by the cultivator or the receiver of rent-in-kind, of any land with respect to which, or the produce of which, any process mentioned in paragraphs (ii) and (iii) of sub-clause (b) is carried on</p> <p>Provided that</p> <p>the building is on or in the immediate vicinity of the land and the land is either assessed to land revenue in India or is subject to a local rate assessed and collected by officers of the Government as such or where the land is not so assessed to land revenue or subject to a local rate, it is not situated—</p> <p>in any area within the distance, measured aerially,</p> <p>(I) not being more than 2 KM, from the local limits of any municipality or cantonment board and which has a population of more than ten thousand but not exceeding one lakh; or</p> <p>(II) not being more than 6 KM, from the local limits of any municipality or cantonment board and which has a population of more than one lakh but not exceeding ten lakh; or</p> <p>(III) not being more than 8 KM, from the local limits of any municipality or cantonment board and which has a population of more than ten lakh.</p> <p>Considering the above provisions,</p> <p>(i) Land situated at 7 KM is an agriculture land which will not be chargeable to tax.</p> <p>(ii) Land situated at 1.5 KM have population of 12,000, therefore will not get covered in above provisions and therefore will be chargeable to tax.</p> <p>Since, POH is less than 36 months, gain will be STCG. 53 lakh – 46 lakh = 7 lakhs.</p>
39.	<p>Where immovable property is acquired for inadequate consideration, if per immovable property (SDV – Consideration) exceeds 50k AND SDV is more than 110% of consideration then difference between SDV and consideration is taxable under IFOS – Section 56(2)(x)</p> <p>In instant case, since SDV does not exceed 110% of 15 lakhs. Nothing is chargeable in IFOS.</p>
40.	<p>Section 57 - The income chargeable under the head "Income from other sources" shall be computed after making the following deductions:</p> <p>(i) in the case of dividends, or interest on securities, any reasonable sum paid by way of commission or remuneration to a banker or any other person for the purpose of realising such dividend or interest on behalf of the assessee;</p> <p>Provided that such deduction shall not exceed twenty per cent of the dividend income, or income in respect of such units, included in the total income for that year, without deduction under this section.</p> <p>Therefore, taxable dividend = 12,00,000 – 2,40,000 (lower of 3,00,000 or 20% of 12,00,000) = 9,60,000.</p>
41.	As per section 56(2)(x), gift received from anyone in excess of 50k in a PY is chargeable to tax.

However, this shall not apply if gift is received on occasion of marriage.

In instant case, gift is received on occasion of marriage anniversary and not marriage. Therefore, entire 75,000 will be chargeable to tax.



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42.	<p>Section 64(2)(c), where the converted property has been the subject-matter of a partition (whether partial or total) amongst the members of the family, the income derived from such converted property as is received by the spouse on partition shall be deemed to arise to the spouse from assets transferred indirectly by the individual to the spouse and the provisions of sub-section (1) shall, so far as may be, apply accordingly. i.e. income will be clubbed in hands of transferer.</p>
43.	<p>Section 64(1) In computing the total income of any individual, there shall be included all such income as arises directly or indirectly-</p> <p>(vi) to the son's wife, of such individual, from assets transferred directly or indirectly on or after the 1st day of June, 1973, to the son's wife by such individual otherwise than for adequate consideration.</p> <p>In instant case, Mr. Aarav has indirectly transferred the house property to his daughter in law deepa through his wife. Therefore, income will be taxable in hands of Mr. Aarav.</p>
44.	<p>Section 60 - All income arising to any person by virtue of a transfer whether revocable or not and whether effected before or after the commencement of this Act shall, where there is no transfer of the assets from which the income arises, be chargeable to income-tax as the income of the transferor and shall be included in his total income.</p> <p>Therefore, in instant case, interest income will be chargeable in hands of Mr. Ram only.</p>
45.	<p>As per section 64(1)(iv), where assets transferred by an individual to his/her spouse are invested by the transferee in the business, then proportionate income is to be included in total income of transferor. Share of profit is exempted in hands of partners but interest income $350000/500000 * 50000 = 35000$ will be clubbed in hands of Mr. Anurag and $150000/500000 * 50000 = 15000$ is taxable in hands of Mrs. Shivani. Clubbing shall be applicable only if gifted money is included in opening capital.</p>
46.	<p>As per Section 27, an individual who transfers otherwise than for adequate consideration any house property to his or her spouse, not being a transfer in connection with an agreement to live apart, or to a minor child not being a married daughter, shall be deemed to be the owner of the house property so transferred.</p> <p>Section 64(1) In computing the total income of any individual, there shall be included all such income as arises directly or indirectly-</p> <p>(vi) to the son's wife, of such individual, from assets transferred directly or indirectly on or after the 1st day of June, 1973, to the son's wife by such individual otherwise than for adequate consideration.</p>
47.	<p>Section 64(1A) In computing the total income of any individual, there shall be included all such income as arises or accrues to his minor child, not being a minor child suffering from any disability of the nature specified in section 80U :</p> <p>Provided that nothing contained in this sub-section shall apply in respect of such income as arises or accrues to the minor child on account of any—</p> <p>(a) manual work done by him; or</p> <p>(b) activity involving application of his skill, talent or specialised knowledge and experience.</p> <p>Explanation - Where the marriage of his parents subsists, it will be included in the income of that parent whose total income (excluding the income includible under this sub-section) is greater.</p> <p>Section 10. In computing the total income of a previous year of any person, any income falling within any of the following clauses shall not be included—</p>

	(32) in the case of an assessee referred to in sub-section (1A) of section 64, any income includible in his total income under that sub-section, to the extent such income does not exceed one thousand five hundred rupees in respect of each minor child whose income is so includible;
48.	<p>Section 74. (1) Where in respect of any assessment year, the net result of the computation under the head "Capital gains" is a loss to the assessee, the whole loss shall, subject to the other provisions of this Chapter, be carried forward to the following assessment year, and—</p> <p>(a) in so far as such loss relates to a <i>short-term capital asset</i>, it shall be set off against income, if any, under the head "Capital gains" assessable for that assessment year in respect of any other capital asset.</p> <p>Therefore, STCL can be set off against STCG and LTCG both.</p>
49.	<p>Section 80. Notwithstanding anything contained in this Chapter, no loss which has not been determined in pursuance of a return filed in accordance with the provisions of sub-section (3) of section 139, shall be carried forward and set off under sub-section (1) of section 72 or sub-section (2) of section 73 or sub-section (2) of section 73A or sub-section (1) or sub-section (3) of section 74 or sub-section (3) of section 74A.</p> <p>The above-mentioned sections do not cover loss from house property and unabsorbed depreciation. Therefore, to claim these losses, return can be filled after due date also.</p>
50.	<p>Section 71B. Where for any assessment year the net result of computation under the head "Income from house property" is a loss to the assessee and such loss cannot be or is not wholly set off against income from any other head of income in accordance with the provisions of section 71, so much of the loss as has not been so set-off or where he has no income under any other head, the whole loss shall, subject to the other provisions of this Chapter, be carried forward to the following assessment year and—</p> <p>(i) be set off against the income from house property assessable for that assessment year; and</p> <p>(ii) the loss, if any, which has not been set off wholly, the amount of loss not so set off, shall be carried forward to the following assessment year, not being more than eight assessment years immediately succeeding the assessment year for which the loss was first computed.</p> <p>From the above provision, it can be Inferred that there is no limit on amount which can get set off.</p>
51.	<p>Section 71(2) Where in respect of any assessment year, the net result of the computation under any head of income, other than "Capital gains", is a loss and the assessee has income assessable under the head "Capital gains", such loss may, subject to the provisions of this Chapter, be set off against his income, if any, assessable for that assessment year under any head of income including the head "Capital gains" (whether relating to short-term capital assets or any other capital assets).</p> <p>Section 71(2A) Notwithstanding anything contained in sub-section (1) or sub-section (2), where in respect of any assessment year, the net result of the computation under the head "Profits and gains of business or profession" is a loss and the assessee has income assessable under the head "Salaries", the assessee shall not be entitled to have such loss set off against such income.</p> <p>Therefore, PGBP loss can be set off PGBP income, capital gain income, speculative business income. Accordingly, answer is all of the above.</p>
52.	<p>As per section 72(3) No loss (other than the loss referred to in the proviso to sub-section (1) of this section) shall be carried forward under this section for more than eight assessment years immediately succeeding the assessment year for which the loss was first computed.</p> <p>Therefore, first loss of earlier assessment year should be set off and then latest year loss. Unabsorbed depreciation can be carried forward for infinite periods, therefore, it should be set off</p>

	in last.
53.	<p>Section 71(2) Where in respect of any assessment year, the net result of the computation under any head of income, other than "Capital gains", is a loss and the assessee has income assessable under the head "Capital gains", such loss may, subject to the provisions of this Chapter, be set off against his income, if any, assessable for that assessment year under any head of income including the head "Capital gains" (whether relating to short-term capital assets or any other capital assets).</p> <p>Section 71(2A) Notwithstanding anything contained in sub-section (1) or sub-section (2), where in respect of any assessment year, the net result of the computation under the head "Profits and gains of business or profession" is a loss and the assessee has income assessable under the head "Salaries", the assessee shall not be entitled to have such loss set off against such income.</p> <p>Therefore, loss will be first set off from income under the same head (profit from apparel business) and then from LTCG. Set off from salary is not permitted.</p>
54.	<p>Section 71B. Where for any assessment year the net result of computation under the head "Income from house property" is a loss to the assessee and such loss cannot be or is not wholly set off against income from any other head of income in accordance with the provisions of section 71, so much of the loss as has not been so set-off or where he has no income under any other head, the whole loss shall, subject to the other provisions of this Chapter, be carried forward to the following assessment year and—</p> <p>(i) be set off against the income from house property assessable for that assessment year; and</p> <p>(ii) the loss, if any, which has not been set off wholly, the amount of loss not so set off, shall be carried forward to the following assessment year, not being more than eight assessment years immediately succeeding the assessment year for which the loss was first computed.</p> <p>Section 80. Notwithstanding anything contained in this Chapter, no loss which has not been determined in pursuance of a return filed in accordance with the provisions of sub-section (3) of section 139, shall be carried forward and set off under sub-section (1) of section 72 or sub-section (2) of section 73 or sub-section (2) of section 73A or sub-section (1) or sub-section (3) of section 74 or sub-section (3) of section 74A.</p> <p>The above-mentioned sections do not cover loss from house property and unabsorbed depreciation. Therefore, to claim these losses, return can be filled after due date also. Further, from the above provision, it can be Inferred that there is no limit on amount which can get set off.</p>
55.	<p>Set off of loss from one head against income from another.</p> <p>Section 71. (1) Where in respect of any assessment year the net result of the computation under any head of income, other than "Capital gains", is a loss and the assessee has no income under the head "Capital gains", he shall, subject to the provisions of this Chapter, be entitled to have the amount of such loss set off against his income, if any, assessable for that assessment year under any other head.</p> <p>(2) Where in respect of any assessment year, the net result of the computation under any head of income, other than "Capital gains", is a loss and the assessee has income assessable under the head "Capital gains", such loss may, subject to the provisions of this Chapter, be set off against his income, if any, assessable for that assessment year under any head of income including the head "Capital gains" (whether relating to short-term capital assets or any other capital assets).</p> <p>(2A) Notwithstanding anything contained in sub-section (1) or sub-section (2), PGBP loss will not get set off from salary.</p> <p>(3) Capital gain loss will not be set off from income under any other head.</p> <p>(3A) Notwithstanding anything contained in sub-section (1) or sub-section (2), In case "Income</p>

from house property" is a loss then the assessee shall not be entitled to set off such loss, to the extent the amount of the loss exceeds 2 lakh rupees, against income under the other head.

Section 73A. (1) Any loss, computed in respect of any specified business referred to in section 35AD shall not be set off except against profits and gains, if any, of any other specified business.

Accordingly, computation of total income will be as follows:

Particulars		Amount	Remarks
	Salary	520000	
Less:	Loss from HP (set off from salary)	200000	Max 2 lakh allowed, balance 120,000 will be carried forward)
Less:	Loss from specified business	-	It is only allowed to be set off from specified business income, therefore 2,80,000 will get carried forward)
	LTCG	160000	
	IFOS	80000	
Less:	Loss from normal business	120000	
	Gross Total Income	440000	

56. As per section 80D, a resident senior citizen is allowed to claim deduction of 50k each year for payment of insurance premium (25k for normal citizens). Payment should be made otherwise than by cash.
However, payment for preventive health check-ups can be made in cash (max. deduction is 5000).
The overall limit of deduction is 50k.
57. Deduction u/s 80GG can not be claimed if the person is in receipt of HRA.
58. Deduction under section 80C in respect of life insurance premium is restricted to 20% of capital sum assured in respect of policies issued on or before 31-3-2012 and 10% in case of policies issued on or after 1-4-2012.
Therefore, deduction of 10,000 (10% of 1,00,000) will be allowed to assessee u/s 80C.
59. To claim deduction u/s 80EEA, stamp duty value of the property should not exceed 45 lakh rupees. In the instant case, the stamp duty value is 50 lakhs (40 lakh/80%). Therefore, deduction u/s 80EEA will not be available.
Deduction u/s 24 will be allowed to the extent of 2 lakh rupees being self-occupied property.
60. Section 80G (5D) No deduction shall be allowed under this section in respect of donation of any sum exceeding two thousand rupees unless such sum is paid by any mode other than cash.
61. Section 80DD. (1) Where Individual or HUF, who is a resident in India, has
(a) incurred any expenditure for the medical treatment (including nursing), training and rehabilitation of a dependant, being a person with disability; or

	<p>(b) paid or deposited any amount under a scheme framed in this behalf by the Life Insurance Corporation or any other insurer or the Administrator for the maintenance of a dependant, being a person with disability,</p> <p>the Individual/HUF shall be allowed a deduction of 75000 from his gross total income in respect of the previous year:</p> <p>In case of severe disability, deduction will be 1,25,000.</p>
62.	<p>Section 80G (5D) No deduction shall be allowed under this section in respect of donation of any sum exceeding two thousand rupees unless such sum is paid by any mode other than cash.</p> <p>Further, as per section 80G, deduction of 100% will be available for PM Cares Fund and 50% will be available for Rajiv Gandhi Foundation.</p> <p>No deduction will be available for amount paid to public charitable trust in cash.</p>
63.	<p>To claim deduction u/s 80EEA, stamp duty value of the property should not exceed 45 lakh rupees and loan must be sanctioned between 01.04.2019 to 31.03.2021. Amount of deduction available under this section is 1.5 lakh.</p> <p>In the instant case, the stamp duty value is 45 lakhs and loan is sanctioned on 30.03.2020. Therefore, deduction u/s 80EEA to the extent of 1.5 lakh will be available.</p> <p>Deduction u/s 24 will be allowed to the extent of 2 lakh rupees being self-occupied property.</p>
64.	<p>As per section 80GG, deduction for rent paid shall be allowed to assessee in excess of 10% of total income (excluding deduction under this section). The assessee should not own any house property and should not be in receipt of HRA.</p> <p>Rent paid = 1,08,000 (9000*12)</p> <p>10% of salary = 59,500 (595000*10%)</p> <p>Deduction available = 48,500 (108000-59500)</p>
65.	<p>10% surcharge is applicable where income of Individual exceeds ` 50 lakh but does not exceed ` 1 Crore.</p>
66.	<p>1st proviso to section 111A states that in case of resident individual/HUF, benefit of unexhausted basic exemption limit will be available.</p> <p>1st proviso to section 112(1)(a) states that in case of resident individual/HUF, benefit of unexhausted basic exemption limit will be available.</p> <p>Considering above, answer will be both a and b.</p>
67.	<p>1st proviso to section 111A states that in case of resident individual/HUF, benefit of unexhausted basic exemption limit will be available.</p> <p>1st proviso to section 112(1)(a) states that in case of resident individual/HUF, benefit of unexhausted basic exemption limit will be available.</p> <p>Considering above, answer will be neither a nor b.</p>
68.	<p>The enhanced surcharge of 25% & 37%, as the case may be, is not levied, from income chargeable to tax under sections 111A, 112A and 115AD. Hence, the maximum rate of surcharge on tax payable on such incomes shall be 15%.</p> <p>Therefore, in given case, total income will attract surcharge of 15%.</p>
69.	<ul style="list-style-type: none"> • Deduction u/s 80TTB is available to senior citizens, therefore 80TTA is not available to them. • As per section 112A, LTCG arising on transfer of equity shares where STT is paid on acquisition

	<p>and transfer is taxable at rate of 10% on gains above 1 lakh.</p> <ul style="list-style-type: none"> Section 10 - In computing the total income of a previous year of any person, any income falling within any of the following clauses shall not be included <p>(32) in the case of an assessee referred to in sub-section (1A) of section 64, any income includible in his total income under that sub-section, to the extent such income does not exceed one thousand five hundred rupees in respect of each minor child whose income is so includible.</p> <p>Considering above provisions, statement no. a, c & d are correct and b is incorrect.</p>
70.	<p>Section 80E, Deduction is allowed for interest paid on education loan if loan is taken for education of self, spouse, children and any other student from whom assessee is a legal guardian.</p> <p>Therefore, Total income of Mrs. Arpita will be 5,35,000 (6,00,000 – 65,000).</p>



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71.	<p>Since, tax liability as per normal provisions of income tax is higher, the Assessee will be required to pay tax as per normal provisions.</p> <p>Set off in respect of brought forward tax credit shall be allowed for any assessment year to the extent of the difference between the tax on his total income and the tax which would have been payable under the provisions of section 115JC for that assessment year.</p> <p>Therefore, tax payable for AY 21-22 = 15 lakhs</p> <p>Less: AMT credit adjusted (to the extent of diff b/w tax liability between normal provision & 115JC) – 3 lakhs</p> <p>Tax Liability = 12 Lakhs</p>																																				
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74.	<p>Section 73. (1) Any loss, computed in respect of a speculation business carried on by the assessee, shall not be set off except against profits and gains, if any, of another speculation business. Accordingly, computation of total income will be as follows:</p>																																																														
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76.	Since his turnover exceeds 2 crores, he is not eligible for payment of advance tax in one instalment as per section 44AD. Therefore, advance tax will be paid normally in 4 instalments.																				
77.	Advance tax will only be payable if the tax payable exceeds 10k.																				
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78.	<p>As per sec 194DA, TDS is required to be deducted on receipt of maturity proceeds of a life insurance policy on income portion @5% if policy matured on or after 01.09.2019. No TDS if amount exempted u/s 10(10D) and amount less than `1,00,000.</p> <p>TDS is required to be deducted in case of Mr X because the Policy has been taken after 01.04.2012 and premium paid is exceeding 10% of policy value. Therefore, proceeds will not be exempt u/s 10(10D).</p> <p>TDS is not required to be deducted in case of Mr Z as maturity proceeds are less than 1,00,000.</p>																				
79.	<p>Interest under section 201(1A) would be computed as follows –</p> <p>1% on tax deductible but not deducted i.e., 1% on ` 3,000 for 8 months = ` 240</p> <p>1½% on tax deducted but not deposited i.e., 1½% on ` 6,750 for 4 months = ` 405</p> <p>Total = ` 645</p>																				
80.	Benefit of only one instalment of advance tax is available in case of section 44AD & 44ADA only.																				
81.	As per section 194-I, TDS is deductible if aggregate of amount of rent payable to a person exceeds `2,40,000 in a FY.																				
82.	As per Section 194N, TDS @2% is applicable only if payer paying sum or aggregate of sum in cash in excess of one crore in PY from one or more accounts maintain by payee. TDS applicable only on																				

	<p>excess of amount over one crore.</p> <p>In this case, withdrawal from Mera bank in excess of 1 crore will attract TDS. Therefore, TDS of 2% will be deducted on 60 lakhs.</p>
83.	<p>A resident senior citizen (i.e., an individual of the age of 60 years or above during the relevant financial year) not having any income from business or profession is not liable to pay advance tax.</p>



BB VIRTUALS

84.	<p>As per section 194-I, TDS is deductible if aggregate of amount of rent payable to a person exceeds `2,40,000 in a FY.</p> <p>Individual/HUF are required to deduct TDS if their turnover during immediately preceding financial year 50 lakhs in case of profession.</p> <p>In the instant case, Mr. P is liable to deduct TDS since his turnover is 55 lakh in PY 19-20. However, since the rent paid is less than 2 lakhs, No TDS is required to be deducted.</p>
85.	<p>As per Section 194N, TDS @2% is applicable only if payer paying sum or aggregate of sum in cash in excess of one crore in PY from one or more accounts maintain by payee. TDS applicable only on excess of amount over one crore. Further, limit of 1 crore is for per bank.</p> <p>In this case, withdrawal from ICICI bank in excess of 1 crore will attract TDS. Therefore, TDS of 2% will be deducted on 20 lakhs.</p>
86.	<p>TDS as per Section 194IA is to be deducted when amount of consideration is 50 Lakhs or more.</p> <p>Further, No TDS is to be deducted in case of Rural agriculture land.</p>
87.	<p>The employer generally asks for interest certificate which contains the amount of Name of lender, address of lender, interest payment amount, PAN/AADHAR of the lender.</p>
88.	<p>As per Sec. 194J, TDS@10% will be deducted where payment made for professional services and technical services exceed `30000 respectively, such limit of `30,000 is applicable separately for professional fees & Technical fees.</p> <p>Further, in the case of a payee, engaged only in the business of operation of call centre, TDS rate will be 2% instead of 10%.</p> <p>Note: 25% reduction is there in TDS rates till 31.03.2021 due to Covid.</p>
89.	<p>Benefit of only one instalment of advance tax i.e. on or before 15.03.2021 is available in case of section 44AD & 44ADA.</p>
90.	<p>Section 192 starts with "Any person responsible for paying any income chargeable under the head "Salaries".</p> <p>Salary received by partner is taxable under the head PGBP.</p> <p>Section 194 states that no TDS is required to be deducted if such income credited or paid by a firm to a partner of the firm.</p> <p>Therefore, no TDS is required on salary and interest both.</p>
91.	<p>TDS u/s 194B is to be deducted if the amount paid is more than 10k.</p>
92.	<p>Rule 114B, PAN quoting is mandatory in following:</p> <ol style="list-style-type: none"> Opening an account [other than a time-deposit and a Basic Savings Bank Deposit Account] with a banking company or a co-operative bank Making an application for issue of a credit or debit card. Payment of an amount exceeding ` 50,000 to a Mutual Fund for purchase of its units Cash deposit exceeding ` 50,000 during any one day; or A time deposit of amount exceeding ` 50,000 or aggregating to more than ` 5 lakh during a financial year Sale or purchase, by any person, of shares of a company not listed in a recognised stock exchange for amount exceeding ` 1 lakh per transaction.
93.	<p>Every person who is carrying on any business or profession whose total sale, turnover, or gross receipts are or is likely to exceed five lakh rupees in any year, is required to obtain PAN.</p>

94.	<p>Section 234F. (1) Without prejudice to the provisions of this Act, where a person required to furnish a return of income under section 139, fails to do so within the time prescribed in sub-section (1) of the said section, he shall pay, by way of fee, a sum of,—</p> <p>(a) five thousand rupees, if the return is furnished on or before the 31st day of December of the assessment year;</p> <p>(b) ten thousand rupees in any other case:</p> <p>Provided that if the total income of the person does not exceed five lakh rupees, the fee payable under this section shall not exceed one thousand rupees.</p>
95.	<p>Section 139 - Any person whose total income does not exceed basic exemption limit but undertake following during the previous year shall be required to file return of income—</p> <p>(i) has deposited an amount or aggregate of the amounts exceeding one crore rupees in one or more current accounts maintained with a banking company or a co-operative bank; or</p> <p>(ii) has incurred expenditure of an amount or aggregate of the amounts exceeding two lakh rupees for himself or any other person for travel to a foreign country; or</p> <p>(iii) has incurred expenditure of an amount or aggregate of the amounts exceeding one lakh rupees towards consumption of electricity.</p>
96.	<p>As per section 139(5), return of income/loss can be revised for returns filled u/s 139(1), (3) and (5) all.</p>
97.	<p>Section 140 provides that return of income can be verified by:</p> <p>in the case of a company, by the managing director thereof, or where for any unavoidable reason such managing director is not able to verify the return, or where there is no managing director, by any director thereof or any other person, as may be prescribed for this purpose</p> <p>Provided that where the company is not resident in India, the return may be verified by a person who holds a valid power of attorney from such company to do so, which shall be attached to the return.</p>
98.	<p>Section 234F. (1) Without prejudice to the provisions of this Act, where a person required to furnish a return of income under section 139, fails to do so within the time prescribed in sub-section (1) of the said section, he shall pay, by way of fee, a sum of,—</p> <p>(a) five thousand rupees, if the return is furnished on or before the 31st day of December of the assessment year;</p> <p>(b) ten thousand rupees in any other case:</p> <p>Provided that if the total income of the person does not exceed five lakh rupees, the fee payable under this section shall not exceed one thousand rupees.</p>
99.	<p>Section 87A: An assessee being an individual resident in India, whose total income does not exceed five lakh rupees, shall be entitled to a deduction, from the amount of income-tax (as computed before allowing the deductions under this Chapter) on his total income with which he is chargeable for any assessment year, of an amount equal to 100% of such income-tax or an amount of 12,500, whichever is less.</p>
100.	<p>Section 139 - Any person whose total income does not exceed basic exemption limit but undertake following during the previous year shall be required to file return of income—</p> <p>(i) has deposited an amount or aggregate of the amounts exceeding one crore rupees in one or more current accounts maintained with a banking company or a co-operative bank; or</p> <p>(ii) has incurred expenditure of an amount or aggregate of the amounts exceeding two lakh rupees for himself or any other person for travel to a foreign country; or</p> <p>(iii) has incurred expenditure of an amount or aggregate of the amounts exceeding one lakh</p>

rupees towards consumption of electricity.
Since, expense of study tour does not exceed 2 lakhs, therefore return filing is not required.

Case Studies

Q. No.	Explanation																								
1.1	Number of days stay in India- 160 days (365-205 days). Since assessee is an Indian citizen & crew member of Indian ship, so second basic condition is not applicable. He will therefore be treated as NR for PY 20-21 (AY 21-22)																								
1.2	<table border="1"> <thead> <tr> <th colspan="2">Computation of Total Income</th> <th>PY 20-21</th> <th>AY 21-22</th> </tr> </thead> <tbody> <tr> <td>Agriculture Income</td> <td></td> <td></td> <td>2,50,000</td> </tr> <tr> <td>Rental Income (3,60,000 – 30% standard deduction)</td> <td></td> <td></td> <td>2,52,000</td> </tr> <tr> <td>Gross Total Income/ Total Income</td> <td></td> <td></td> <td>5,02,000</td> </tr> </tbody> </table> <p>Note-1 : Income by way of salary, received by non-resident seafarers, for services rendered outside India on a foreign going ship (with Indian flag or foreign flag) and received into the NRE bank account maintained with an Indian bank shall not be included in the total income. (CBDT Circular)</p> <p>Note-2 : Dividend from foreign country received in Foreign in not taxable in India for a Non-Residents.</p>	Computation of Total Income		PY 20-21	AY 21-22	Agriculture Income			2,50,000	Rental Income (3,60,000 – 30% standard deduction)			2,52,000	Gross Total Income/ Total Income			5,02,000								
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Rental Income (3,60,000 – 30% standard deduction)			2,52,000																						
Gross Total Income/ Total Income			5,02,000																						
1.3	Income to be clubbed in hands of parent : 5,02,000 minus 1500 = 5,00,500 Assume here Minor married daughter so section 64(1A) apply and not section 27.																								
1.4	As per Normal Provision Tax is 13,416 & as per 115BAC tax is 13,208 i.e. 13,210 So more beneficial is 115BAC.																								
2.1	As per section 10A, Freight and Insurance should not be part of Export T/o as well as Total T/o so here Export T/o is 40 Lakhs and Total T/o 80 Lakhs																								
2.2	Since PY 20-21 is the 6 th year of operation in SEZ so deduction available @50% of Export Profit. Export Profit = $\frac{\text{PGBP} \times \text{Export T/o}}{\text{Total T/o}}$ 20 Lakhs x 40 lakhs / 80 Lakhs i.e. 10 lakhs x 50% = 5 Lakhs																								
2.3	If manufacturing started in April, 2017, then current year will be 4 th year of operation. Therefore, deductions allowed at 100% of Export profit i.e. 10 lakhs																								
2.4	<table border="1"> <thead> <tr> <th colspan="2">Calculation of Total Income</th> <th></th> </tr> </thead> <tbody> <tr> <td>PGBP from SEZ Unit</td> <td></td> <td>20,00,000</td> </tr> <tr> <td>Rental Income (25000 x 12 Months)</td> <td>3,00,000</td> <td></td> </tr> <tr> <td>Less : Std dedn 30% of NAV</td> <td><u>90,000</u></td> <td>2,10,000</td> </tr> <tr> <td>Saving Bank Interest</td> <td></td> <td>12,500</td> </tr> <tr> <td>Post office Saving Interest (5,500 – Exempt 3,500)</td> <td></td> <td><u>2,000</u></td> </tr> <tr> <td>Gross Total Income</td> <td></td> <td>22,24,500</td> </tr> <tr> <td>Less : Deduction u/s VI-A</td> <td></td> <td></td> </tr> </tbody> </table>	Calculation of Total Income			PGBP from SEZ Unit		20,00,000	Rental Income (25000 x 12 Months)	3,00,000		Less : Std dedn 30% of NAV	<u>90,000</u>	2,10,000	Saving Bank Interest		12,500	Post office Saving Interest (5,500 – Exempt 3,500)		<u>2,000</u>	Gross Total Income		22,24,500	Less : Deduction u/s VI-A		
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	80TTA Interest on SB A/c	10,000
	10AA SEZ	<u>5,00,000</u>
	Total Income	<u>17,14,500</u>
3.1	Income from Growing saplings or seedlings of nursery is always treated as agriculture income whether basic operation performed on land or not so total income of ` 3,60,000 (5,00,000-1,40,000) is treated as agriculture Income.	
3.2	Sale of Cotton is also treated as Agriculture Income i.e. ` 1,75,000 (4,00,000-2,25,000) (sale of agriculture product in Raw Form)	
3.3	Sale of Yarn (60% of cotton further process) Agriculture Income is ` 2,62,500 (6,00,000-3,37,500) PGBP ` 1,50,000 (8,50,000-6,00,000-1,00,000)	
3.4	Rent of agriculture land is also treated as agriculture income if tenant use land for agriculture purpose, so here 50% of rent is agriculture income and 50% rent taxable under IFOS	
3.5	Gross Total Income PGBP : 1,50,000 IFOS : <u>90,000</u> 2,40,000	
4.1	As per section 6(1), a person is treated as resident in India if He stays in India for 182 days or more in PY Or Stay in India for 60 days or more in PY and 365 days in Last 4 PY's. As per section 6(6), a person will be treated as ordinary resident if he satisfies both conditions- Resident for 2 PY or more in Last 10 PYs And Stay in India for 730 days or more in Last 7 PYs. No of days stay in India in Current year is 188 days (365-177 days) so Rajesh is treated as resident in India. Details related to additional conditions not given so we cannot determine R&OR or R but NOR.	
4.2	Taxable Perquisite Medical Bills 15,000 House Servant (4,000 x 12 Months) 48,000 ESOPS [400 x 100 (350-250)] 40,000 Professional Tax paid by ER <u>2,400</u> 1,05,400 Note: Transfer of Computer Benefit *WDV-amount paid by Employee 12,500 – 15,000 : NIL WDV calculated by depreciation @ 50% on WDV method for completed year.	
4.3	Income Chargeable under the head Salary	
	Basic Salary	6,96,000

	DA	69,600	
	Bonus	98,000	
	Medical Allowance	60,000	
	Taxable Perquisite	1,05,000	
	Gross Salary	10,29,000	
	Less : Deduction u/s 16		
	Professional Tax 2,400		
	Standard Deduction 50,000	(52,400)	
	Net Salary	9,76,600	
4.4	Computation of Tax Liability		
	STCG 111A (94,000 x 15%)	14,100	
	Balance Income (9,76,600 x Slab Rate)	<u>1,07,820</u>	
		1,21,920	
	Add. HEC @ 4%	<u>4,877</u>	
		1,26,797 i.e. 1,26,800	
4.5	As per Section 115BBE, tax is chargeable at 60%. Further, surcharge of 25% and HEC of 4% will be levied). Effective rate is 78% 5,00,000 x 60% = 3,00,000 (+25% Surcharge +4% HEC)		
5.1	Value of Rent Free Accommodation (House Hired by Employer) Lower of (i) 15% of Salary (3,03,800 x 15%) 45,579 (ii) Rent Paid by ER 30,000 So, value of perks is 30,000		
5.2	Since Policy is taken for more than 12 months so premium will be allowed on pro-rata basic from the year in which premium paid till the year in which policy expire. (From PY 20-21 till PY 24-25) 1,20,000/5 years = 24,000 Per Year.		
5.3	Car is fully used for Personal Purpose Car Facility (8,00,000 x 10%) 80,000 Expenditure paid by Employer <u>60,000</u> 1,40,000		
5.4		Normal Provision	Sec 115BAC
	Basic Salary	4,27,000	4,27,000
	DA	1,70,800	1,70,800
	Rent Free Accommodation	30,000	30,000
	Car Facility	1,40,000	1,40,000
	Gross Salary	7,67,800	7,67,800
	Deduction u/s 16 (Std Ded 50,000)	(50,000)	N/A
	Net Salary Income/GTI	7,17,800	7,67,800

	Deduction u/c VI-A																														
	80C : PPF	(1,50,000)	N/A																												
	80D : Mediclaim	(24,000)	N/A																												
	Net Taxable Income	5,43,800	7,67,800																												
	Tax Calculation	21,360	40,170																												
	Add: HEC @ 4%	854	1,607																												
	Final Tax	22,214	41,777																												
		i.e. 22,210	i.e. 41,780																												
6.1	No of days stay in India during PY 20-21 is 181 days & Assessee is an Indian Citizen Comes in India for Visit so second Basic Condition not applicable. Since Assessee doesn't satisfied any basic condition so he will be treated as NR for PY 20-21.																														
6.2	Since assessee is NR so only subject to Indian Income. So, she can claim the SOP Exemption benefit for House Located at Delhi.																														
6.3	<p>Income from House Property for Current Year</p> <table> <tbody> <tr> <td>Recovery of Arrears Rent (3,00,000 x 70%)</td> <td>2,10,000</td> <td></td> <td></td> </tr> <tr> <td>Loss from SOP Delhi*</td> <td><u>2,00,000</u></td> <td></td> <td></td> </tr> <tr> <td>IFHP</td> <td><u>10,000</u></td> <td></td> <td></td> </tr> </tbody> </table> <p><u>Interest deduction in case of SOP</u></p> <table> <thead> <tr> <th>PY</th> <th>Interest</th> <th></th> <th></th> </tr> </thead> <tbody> <tr> <td>16-17</td> <td>1,60,000</td> <td rowspan="5">} Pre Construction Period Interest</td> <td rowspan="5">4,80,000/5 years = 96,000</td> </tr> <tr> <td>17-18</td> <td>1,60,000</td> </tr> <tr> <td>18-19</td> <td>1,60,000</td> </tr> <tr> <td>19-20</td> <td>1,60,000</td> </tr> <tr> <td>20-21</td> <td>1,60,000 + 96,000 = 2,56,000 (Max 2,00,000 – SOP)</td> </tr> </tbody> </table>			Recovery of Arrears Rent (3,00,000 x 70%)	2,10,000			Loss from SOP Delhi*	<u>2,00,000</u>			IFHP	<u>10,000</u>			PY	Interest			16-17	1,60,000	} Pre Construction Period Interest	4,80,000/5 years = 96,000	17-18	1,60,000	18-19	1,60,000	19-20	1,60,000	20-21	1,60,000 + 96,000 = 2,56,000 (Max 2,00,000 – SOP)
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6.4	Since assessee is NR so only subject to Indian Income. Even New York Flat is let out then also it will not be taxable in India so Income will remain same.																														
7.1	Assessee is a builder so income from sale of property taxable under the head PGBP but let-out income from House Property taxable under the head House Property only.																														
7.2	In case of Flats held as stock in trade and vacant during PY, Annual value of such property shall be taken as NIL for 2 years from then end of PY in which Construction was completed. In current year annual value of Vacant flats shall be taken as NIL.																														
7.3	As per section 43CA, if SDV more than 110% of Consideration then such SDV is treated as FVOC. Normally SDV considered on the date of registration but if date of registration and agreement are not same then assessee can opt SDV on date of agreement if he received any consideration or part thereof upto date of agreement by A/c payee Cheque or DD or any other electronic mode. In this case since part of consideration received upto date of agreement so SDV on the date of Agreement shall be considered i.e. 22 Lakhs Since SDV not more than 110% of Consideration so FVOC shall be 20 lakhs per Unit only.																														
7.4	Section 56(2)(x) is applicable only if asset received/acquired by assessee is a Capital Asset. In this case it's a SIT so this section doesn't apply.																														

8.1	<p>Sonu is a real-estate developer so sale of property taxable under PGBP but let-out income is taxable under the head House Property. Income from Chennai and Kochi Building is taxable under the House Property.</p> <p>Since Mumbai Building construction is not completed so income from such under constructed building is taxable under IFOS.</p> <p>For Lectures of BB Sir available at www.bhanwarborana.com</p>		
8.2	Only Municipal taxes paid by owner is allowed as deduction.		
8.3	Income from Under constructed Building is taxable under IFOS		
8.4	Income from House Property		
		Chennai	Kochi
	MV	35,000	80,000
	FR	31,000	82,000
	Higher	35,000	82,000
	Standard Rent	36,000	70,000
	Lower of above - ER	35,000	70,000
	Actual Rent	38,000	68,000
	GAV	38,000	70,000
	Less: Municipal Taxes	-	4,000
	NAV	38,000	66,000
	Less: Deduction u/s 24 (Std dedn 30% of NAV)	(11,400)	(19,800)
	IFHP	26,600	46,200
	NET IFHP	72,800	
9.1	Income from House Property		
		Jaipur	Ratlam
	MV	61,200	86,400
	FR	63,000	90,000
	Higher	63,000	90,000
	Standard Rent	72,000	87,600
	Lower of above - ER	63,000	87,600
	Actual Rent	21,300	1,02,000
	GAV	21,300	1,02,000
	Less: Municipal Taxes	(8090)	(6,909)
	NAV	13,210	95,091
	Less: Deduction u/s 24		
	(i) Std dedn 30% of NAV	(3,963)	(28,527)
	(ii) Interest on Loan	(43,500)	(3,96,300)
	IFHP	(34,253)	(3,29,736)

	NET IFHP	(3,63,989)
	Notes :	
	1. Thane house treated as SOP and Loan is already settled in 2018 so no interest for current year.	
	2. In case of Jaipur House since AR < ER due to vacancy. ER < AR + VR so AR is treated as GAV (Class m karvaya hua hai dekh lena book m : BB)	
9.2	Refer 9.1 Final Answer	
9.3	As per section 71(3A), House Property losses can be set-off against any other head of income to the extent 2,00,000 so remaining loss of ` 1,63,989 can be C/F to next year.	
9.4	Computation of Capital Gain for Jaipur House	
	FVOC	90,00,000
	Less: Transfer Exps	Nil
	Net Consideration	90,00,000
	Less : ICOA 62,00,000 x 301/280	(66,65,000)
	Less : ICOI 15,00,000 x 301/289	(15,62,284)
	Gross LTCG	7,72,716
	Note: Exemption u/s 54EC not available as assessee acquired notified bonds after 6 months from the date of transfer.	
9.5	Computation of Gross Total income of Mr Ganesha	
	Income from Salary (22,50,350-50,000)	22,00,350
	- Loss from House Property	(2,00,000)
	Net Salary Income	20,00,350
	LTCG	7,72,716
	GTI	27,73,066 i.e. 27,73,070
10.1	Calculation of Depreciation in case of P&M @ 15%	
	Opening WDV as on 01.04.2020	1,45,00,000
	Add: Actual cost of asset acquired in current year (15.10.20-Half rate)	9,12,500
	Less : Money Payable (Sale Value)	Nil
	WDV for Depreciation	1,54,12,500
	Dep. Actually allowed	
	-Normal Depreciation	(22,43,438)
	-Additional Depreciation	(91,250)
	Closing WDV of Block	1,30,77,812
10.2	Check 10.1 Closing WDV	
10.3	WDV of Building	
	Actual Cost of Asset (30.12.20)	1,85,00,000
	Less : Depreciation @5% (Half Rate)	<u>9,25,000</u>

	Closing WDV of Block	1,75,75,000
10.4	Calculation of Depreciation in case of BMW M4 @ 30% (as acquired and put to used between 23.08.2019 to 31.03.20)	
	Opening WDV as on 01.04.2019	NIL
	Add: Actual cost of asset acquired in current year	94,80,000
	Less : Money Payable (Sale Value)	Nil
	WDV for Depreciation	94,80,000
	Dep. Actually allowed	
	-Normal Depreciation (28,44,000 x 80%)	(22,75,200)
	-Additional Depreciation	Nil
	Closing WDV of Block for PY 19-20 /Opening WDV for PY 20-21	72,04,800
	Dep. For PY 20-21 (30%) (21,61,440 x 80%)	(17,29,152)
	Closing WDV for PY 20-21	52,75,648
11.1	Calculation of Depreciation in case of P&M "Y" @ 15%	
	Opening WDV as on 01.04.2019	-
	Add: Actual cost of asset acquired in current year (14.01.20-Half rate)	5,00,000
	Less : Money Payable (Sale Value)	-
	WDV for Depreciation	5,00,000
	Dep. Actually allowed	
	-Normal Depreciation (5,00,000 x 7.5%)	(37,500)
	-Additional Depreciation (5,00,000 x 17.5%)	(87,500)
	Closing WDV of Block /Op WDV for PY 20-21	3,75,000
	Add: Actual cost of asset acquired in current year	-
	Less : Money Payable (Sale Value)	-
	WDV for Depreciation	3,75,000
	Dep. Actually allowed	
	-Normal Depreciation (3,75,000 x 15%)	(56,250)
	-Additional Depreciation (5,00,000 x 17.5%)	(87,500)
	Closing WDV of Block	2,31,250
	<p>Note: Assessee started manufacturing business in the Notified backward area of Andhra Pradesh and acquired and installed new P&M upto 31.03.2020 so additional depreciation rate is 35% instead of 20%.</p> <p>Since in the year of acquisition it is put to use for less than 180 days so half rate i.e. 17.5% depreciation allowed in PY 19-20 and remaining 17.5% allowed in PY 20-21</p>	
11.2	Calculation of Total Depreciation for PY 20-21	

Calculation of Depreciation in case of P&M "X" & "Z" @ 15%

Opening WDV as on 01.04.2019	-
Add: Actual cost of asset acquired in current year (07-06-19 Full rate)	14,75,340
Less : Money Payable (Sale Value)	-
WDV for Depreciation	14,75,340
Dep. Actually allowed	
-Normal Depreciation (14,75,340 x 15%)	(2,21,301)
-Additional Depreciation (14,75,340 x 35%)	(5,16,369)
Closing WDV of Block /Op WDV for PY 20-21	7,37,670
Add: Actual cost of asset acquired in current year "Z"	8,00,000
Less : Money Payable (Sale Value)	-
WDV for Depreciation	15,37,670
Dep. Actually allowed	
-Normal Depreciation (15,37,670 x 15%)	(2,30,651)
-Additional Depreciation (8,00,000 x 20%)	(1,60,000)
Closing WDV of Block	11,47,019

Calculation of Depreciation in case of Furniture @ 10%

Opening WDV as on 01.04.2019	-
Add: Actual cost of asset acquired in current year (25-07-19 Full rate)	7,65,400
Less : Money Payable (Sale Value)	-
WDV for Depreciation	7,65,400
Dep. Actually allowed	
-Normal Depreciation (7,65,400 x 10%)	(76,540)
Closing WDV of Block /Op WDV for PY 20-21	6,88,860
Add: Actual cost of asset acquired in current year "Z"	-
Less : Money Payable (Sale Value)	-
WDV for Depreciation	6,88,860
Dep. Actually allowed	
-Normal Depreciation (6,88,860 x 10%)	(68,886)
Closing WDV of Block	6,19,974

Total Dep. For Current Year

P&M 'X & Z' : 3,90,651

P&M 'Y' : 1,43,750

Furniture : 68,886Total 6,03,287

11.3	Professional Fees paid more than 30,000 in a PY to a person then TDS is required to be deducted u/s 194J. Since TDS required to be deducted between 14.05.20 to 31.03.21 so TDS rate is 7.5%										
11.4	As per section 115QA if any domestic Company Buyback shares, then Company require to pay additional tax @20% (+12 Surcharge + 4% HEC) on distributed income. Dist. Income = BuyBack Price – Issue Price 13,50,000 – 5,70,000 7,80,000 x 23.296% = 1,81,709										
12.1	Interest allowed to Partnership Firm (Max 12% p.a. simple interest on partners' capital or loan) Interest to A 18,500/19.5% x 12% = 11,384.61 Interest to B 18,500/19.5% x 12% = 11,384.61 Interest to C 10,540/17% x 12% = <u>7,440</u> Total Interest allowed 30,209.22										
12.2	Remuneration allowed u/s 40(b) [working partner] First 3,00,000 of Book Profit (3,00,000 x 90%) = 2,70,000 Balance Book Profit (8,50,000 x 60%) = <u>5,10,000</u> Max. Rem allowable = 7,80,000 Actual Rem. To working Part. = <u>7,68,000</u> REM Allowed = <u>7,68,000</u> Remuneration to sleeping partner is not allowed as deduction so in this case remuneration to "C" of ` 1,20,000 shall be disallowed.										
12.3	As amendment made by FA 2020, Every partner of partnership firm is required to file return upto 31.10 of AY if accounts of FIRM are required to Audited under Income Tax Act or any other Law.										
12.4	Computation of PGBP Income of Partnership FIRM <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Book Profit*</td> <td style="text-align: right;">11,50,000</td> </tr> <tr> <td>Less: Remuneration allowed</td> <td style="text-align: right;">(7,68,000)</td> </tr> <tr> <td></td> <td style="text-align: right;">3,82,000</td> </tr> <tr> <td>Less: B/F Losses (26,000+78,000+1,05,670)</td> <td style="text-align: right;">(2,09,670)</td> </tr> <tr> <td>NET PGBP</td> <td style="text-align: right;">1,72,330</td> </tr> </table>	Book Profit*	11,50,000	Less: Remuneration allowed	(7,68,000)		3,82,000	Less: B/F Losses (26,000+78,000+1,05,670)	(2,09,670)	NET PGBP	1,72,330
Book Profit*	11,50,000										
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Less: B/F Losses (26,000+78,000+1,05,670)	(2,09,670)										
NET PGBP	1,72,330										
	* Book Profit means PGBP income just before remuneration but after adjusting current year and B/F unabsorbed depreciation.										

13.1	Mr. Anay acquiring Building for 120 Lakhs so he's required to deduct TDS u/s 194-IA @1%/ .75% as consideration is 50 lakhs or more. In case of Rural agriculture land TDS is not required to deduct as Capital Gain not applicable in hands of seller.	
13.2	Computation of Capital Gain applicable in Hands of Mr. Sarthak	
	FVOC (As per section 50C, SDV is more than 110% of Consideration so SDV shall be treated as FVOC & assessee recd. part consideration upto date of agreement by CROSSED Cheque and not by A/c payee cheque so SDV on the date of agreement not available)	1,50,00,000
	Less: ICOA 95,00,000 x 301/272	(1,05,12,868)
	LTCG	44,87,132
13.3	Tax on LTCG 44,87,132 x 20% = 8,97,430	
13.4	Mr. Anay acquired Immovable property at low consideration, difference between SDV and Consideration is more than 50,000 and SDV is more than 110% of consideration so difference between SDV and Consideration of ` 30 lakhs shall be taxable under IFOS u/s 56(2)(x) in hands of Mr. Anay.	
14.1	As per section 6(1A), if any Indian Citizen, having Total income (other than foreign source income) more than 15 lakhs shall be treated as deemed to be resident in India if he is not liable to tax in any other country. In this case individual is always treated as Resident but Not ordinarily resident. For Lectures of BB Sir available at www.bhanwarborana.com	
14.2	Dividend is paid by domestic company to Resident person so Company required to deduct TDS at 10% (due to Covid rate is 7.5%) (350 Shares x 10 x 200%) 7,000 x 7.5% = 525.	
14.3	In this case since rent is 50,000 or more per month or part of month so assessee required to deduct TDS @5%/3.75% from the last month of Rent u/s 194-IB (2,40,000 x 3.75%) : 9,000.	
14.4	Computation of Income under the head Salary [4months]	
	Basic Salary	11,02,700
	COLA (DA) (In terms)	4,80,800
	HRA Recd Less: Exempt u/s 10(13A) (i) 50% of Salary 7,91,750 (ii) Actual Amt recd 5,51,352 (iii) Rent paid – 10% of salary 2,40,000 – 1,58,350=81,650 Whichever is Lower	5,51,352 81,650
	Other Allowance	6,24,000
	Gross Salary	26,77,201
	Less: Deduction u/s 16 Std. deduction	50,000

		Net Salary	26,27,201
14.5	Computation of Capital Gain		
	Particular	First Smile 100 Shares	Mega Ser. 150 Shares
		First Smile 200 Shares	Mega Ser. 110 Shares
	FVOC	32,500	15,000
	Less: Transfer Exps	585	270
	Net Consideration	31,915	14,730
	Less: Cost (incl brokg.)	20,605	12,485
	STCG	11,310	2,245
		(1447)	(400)
	NET STCG = 11,708		
15.1	Computation of Capital Gain		
	Particular	Mother's gifted gold chain	Father's gifted Bracelet
		Cousin gifted Gold Chain	
	FVOC	42,150	60,180
	-COA 49(1) Previous Owner	37,822	56,075
	STCG	4,328	4,105
		2,400	
15.2	Computation of Amount of GIFT not taxable under IFOS u/s 56(2)(x)		
	Gift from Mother		37,822
	Gift from Father		56,075
	Gift of 4 Gold Rings (37,429 x 4)		1,49,716
	Gift from Cousin Brother		18,200
	Gift from Sister		45,000
	I-20 Car (Closest Cousins)		4,10,000
	Gift from wife (Cash Gift)		2,00,000
		Total	9,16,813
15.3	Cash Gifts from Friends other distant relatives : 1,51,000		
15.4	Computation of Capital Gain		
	FVOC (40,250 x 4)		1,61,000
	Less: COA 49(1) (35,500 x 4)		1,42,000
	STCG		19,000
	Note: Due to section 64(1)(iv) capital gain shall be clubbed in hands of his wife.		
16.1	Section 64(1)(iv): Asset transferred to spouse - If any individual transfers any asset to his or her spouse without consideration or for inadequate consideration then income from such asset is received by spouse but tax on such income is paid by transferor (Assessee)		

	<p>Section 64 (1A): Income of a minor child -</p> <p>Income of a minor child is taxable in hands of the parent whose income is more before clubbing minor's income.</p> <p>Exception:</p> <p>In the following 3 cases minor's income is taxable in the hands of minor only.</p> <ol style="list-style-type: none"> 1. Income is due to manual work. 2. Income is due to skill & talent. 3. Minor child suffering from disability. <p>Hence, interest received by karuna would be taxable in hands of Rajesh.</p> <p>Riya is minor as she is celebrating her 13th birthday. Hence, Riya income (interest on 2 year term deposit) child is taxable in hands of the parent (Raavi) whose income is more.</p> <p>Income of Raavi and Rajesh is calculated in 16.3 and 16.4 respectively.</p>														
16.2	<p>Income includes loss also, therefore, if there is loss then also, clubbing provisions are applied.</p> <p>Where any asset is transferred by individual to his spouse / son's wife & such amount is invested in Business by transferee then proportionate profit of such business shall be clubbed as per following formula:</p> $= \text{Income from Business} \times \frac{\text{Gifted by Assessee}}{\text{Capital of Business on First day of P.Y}}$ $= 22,000 \times \frac{9 \text{ Lakhs}}{9 \text{ Lakhs}}$ $= 22,000$ <p>Hence, whole loss would be clubbed in the hands of Rajesh.</p> <p>All the clubbing provisions are not applicable to second generation of income i.e income from accretion of transferred asset. Hence, capital gain would be taxable in hands of Raavi only.</p>														
16.3	<table border="1" data-bbox="272 1115 1425 1444"> <thead> <tr> <th>Particulars</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Salary (62,000 x 12)</td> <td>7,44,000</td> </tr> <tr> <td>Business Loss (Clubbed in Rajesh Hand)</td> <td></td> </tr> <tr> <td>Interest Income (Clubbed in Rajesh Hand)</td> <td></td> </tr> <tr> <td>STCG on sale of shares (66000-30000)</td> <td>36,000</td> </tr> <tr> <td>Riya's Income (Clubbed in Raavi hand)</td> <td>11,500</td> </tr> <tr> <td>Total Income</td> <td>7,91,500</td> </tr> </tbody> </table> <p>Note – Deduction u/s 80C, standard deduction of 50,000 and allowance for income of minor u/s 10(32) not allowed for assessee opted for 115BAC</p>	Particulars	Amount	Salary (62,000 x 12)	7,44,000	Business Loss (Clubbed in Rajesh Hand)		Interest Income (Clubbed in Rajesh Hand)		STCG on sale of shares (66000-30000)	36,000	Riya's Income (Clubbed in Raavi hand)	11,500	Total Income	7,91,500
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Total Income	7,76,000														

17.1	<p>Section 27 - If any individual transfers any house property to his / her spouse for without consideration or inadequate consideration then such individual is treated as Deemed owner of such property.</p> <p>Exception: Transfer in connection of live apart.</p> <p>Hence, Hetal would be treated as deemed owner of the property transferred to Hemant and income from such house property is taxable in the hands of Hetal.</p> <p>For Lectures of BB Sir available at www.bhanwarborana.com</p> <p>Only information about expected rent is given, hence the same has been considered as GAV.</p> <p>We have taken properties as A, B, C and D.</p> <p>Property A is the property transferred by Hetal to Hemant.</p> <table border="1" data-bbox="272 541 1422 911"> <thead> <tr> <th></th> <th colspan="4">Property</th> </tr> <tr> <th></th> <th>A</th> <th>B</th> <th>C</th> <th>D</th> </tr> </thead> <tbody> <tr> <td>GAV</td> <td>5,00,000</td> <td>10,00,000</td> <td>11,00,000</td> <td>12,00,000</td> </tr> <tr> <td>Municipal tax</td> <td>5,000</td> <td>--</td> <td>--</td> <td>--</td> </tr> <tr> <td>NAV</td> <td>4,95,000</td> <td>10,00,000</td> <td>11,00,000</td> <td>12,00,000</td> </tr> <tr> <td>Less: Std deduction @ 30%</td> <td>1,48,500</td> <td>3,00,000</td> <td>3,30,000</td> <td>3,60,000</td> </tr> <tr> <td>Income from HP</td> <td>3,46,500</td> <td>7,00,000</td> <td>7,70,000</td> <td>8,40,000</td> </tr> </tbody> </table> <p>Section 23 provides that if assessee owns 2 houses or more, than he/she can claim annual value of any of the 2 house properties as Nil.</p> <p>Hence, in the given case, Hetal can claim annual value for property C and D as Nil to save taxes.</p> <p>Income under house property = 346500 + 700000 = 1046500</p>		Property					A	B	C	D	GAV	5,00,000	10,00,000	11,00,000	12,00,000	Municipal tax	5,000	--	--	--	NAV	4,95,000	10,00,000	11,00,000	12,00,000	Less: Std deduction @ 30%	1,48,500	3,00,000	3,30,000	3,60,000	Income from HP	3,46,500	7,00,000	7,70,000	8,40,000
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Less: Std deduction @ 30%	1,48,500	3,00,000	3,30,000	3,60,000																																
Income from HP	3,46,500	7,00,000	7,70,000	8,40,000																																
17.2	<p>Tax as per Normal Provisions –</p> <p>Tax upto 2.5 Lakhs – Nil</p> <p>From 2.5 to 5 Lakhs @ 5% = 12500</p> <p>From 5 Lakhs to 10lakhs @ 20 % = 100000</p> <p>From 10 lakhs to 1046500 @ 30% = 13950</p> <p>Total tax = 126450 + 4% Surcharge = 131508</p> <p>Tax as per Section 115BAC–</p> <p>Tax upto 2.5 Lakhs – Nil</p> <p>From 2.5 to 5 Lakhs @ 5% = 12500</p> <p>From 5 Lakhs to 7.5 lakhs @ 10% = 25000</p> <p>From 7.5 Lakhs to 10 lakhs @ 15% = 37500</p> <p>From 10 lakhs to 1046500 @ 20 % = 9300</p> <p>Total tax = 84,300 + 4% Surcharge = 87,672 rounded off 87,670</p> <p>Hence, Hetal can opt for 115BAC to save taxes.</p>																																			
17.3	<p>Sec 139(1): Filing of return of income (ROI)</p> <p>For company & Partnership Firm (including LLP) - Return filing is compulsory.</p> <p>For other Assessee -if GTI (before claiming exemption u/s 54, 54B, 54F, 54G, 54GA, 54GB) > Basic exemption, then return filing is compulsory</p>																																			

	Due date of return filing for hetal's father is 31 st July 2021.
17.4	Resident senior citizen not having income under the head "PGBP" is not required to pay advance tax.
18.1	<p>Sec. 44AB: Compulsory audit of Books of Alcs (Tax audit)</p> <p>Tax audit is compulsory in following cases:</p> <p>(a) Business - If T/O > 1 crore during the P.Y.</p> <p>(b) Profession - If Gross receipts > 50 lakhs during the P.Y.</p> <p>(c) If assessee covered by Sec. 44AD or Sec. 44ADA and assessee claimed income less than 8%/6% or 50% & his Total income is more than Basic exemption</p> <p>(d) If assessee covered by Sec. 44AE, 44BB, 44BBB and assessee claimed income less than PGBP deemed under those sections.</p> <p>Here, in this case, Receipts from Business and Profession both are less than threshold limit in PY 2020-21.</p>
18.2	<p>TDS under Section 194C and 194J is not liable for deduction if the payment for contract / professional services is made for personal purpose of individual / HUF.</p> <p>Further, since the payment made to contractor and designer individually does not exceed 50 lakhs, therefore no TDS is to be deducted u/s 194M.</p>
18.3	<p>Section 50C: Stamp Duty value shall be treated as FVOC -</p> <p>In case of land or building or both (immovable property) held as capital asset, if sales consideration less than SDV (assessed / assessable by stamp valuation authority) then such SDV shall be deemed to be full value of consideration (FVOC). However, where the SDV does not exceed than 110% of consideration, then Sale Consideration shall be treated as FVOC.</p> <p>Normally SDV considered on date of registration is considered but u/s 50C if date of agreement & registration are not same, then assessee can take SDV on the date of agreement if he has received consideration or part thereof upto the date of agreement in A/c payee cheque/ DD, use of electronic clearing system through a bank account or any other electronic modes as may be prescribed.</p> <p>Hence, FVOC is 50,00,000 COA = 40,00,000 STCG = 10,00,000</p> <p>Since, property is held for less than 2 years, hence it will be short term capital gain and indexation also not allowed.</p>
18.4	Long term capital loss can be set off only against Long term Capital gain, hence the same will be carry forward under Section 74.
19.1	<p>Section 64 (1A): Income of a minor child is taxable in hands of the parent whose income is more before clubbing minor's income.</p> <p>Exception:</p> <p>In the following 3 cases minor's income is taxable in the hands of minor only.</p> <ol style="list-style-type: none"> 1. Income is due to manual work. 2. Income is due to skill & talent. 3. Minor child suffering from disability. <p>If minor's income is clubbed in the hands of parent, then exemption u/s 10(32) of ` 1500 p.a per</p>

	<p>child is allowed to parent. Hence, interest on bank fixed deposit would be clubbed in hands of Abhishek.</p> <p>Income = 9500 Less : Exemption u/s 10(32) 1500 Income Clubbed = 8000</p>																										
19.2	<table border="1"> <thead> <tr> <th>Particulars</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Salary (1,35,00,000-50,000)</td> <td>1,34,50,000</td> </tr> <tr> <td>Dividend Income (from ABC Ltd.)</td> <td>-</td> </tr> <tr> <td>Dividend Income (from PRQ Ltd.)</td> <td>5,90,000</td> </tr> <tr> <td>Interest Income</td> <td>24,530</td> </tr> <tr> <td>LTCG</td> <td>1,73,540</td> </tr> <tr> <td>Exemption u/s 54EC (upto amount of capital gains)</td> <td>-1,73,540</td> </tr> <tr> <td>STCG u/s 111A</td> <td>73,00,000</td> </tr> <tr> <td>Income of Minor's Child after exemption u/s 10(32)</td> <td>8,000</td> </tr> <tr> <td>Gross Total Income</td> <td>2,13,72,530</td> </tr> <tr> <td>Deduction u/s 80C (Tuition Fees of 2 Children 40K + Contribution for PPF 35K)</td> <td>75,000</td> </tr> <tr> <td>Deduction u/s 80TTA</td> <td>10,000</td> </tr> <tr> <td>Net Total Income</td> <td>2,12,87,530</td> </tr> </tbody> </table> <p>Also, if any domestic company declared dividend before 01.04.20 but distributed to shareholder on or after 01.04.21 then company required to pay DDT u/s 115-O and it is exempt in hands of shareholder subject to section 115BBDA. Hence, dividend distributed by ABC Ltd. is exempt for Abhishek.</p> <p>Notes:</p> <ol style="list-style-type: none"> Tuition fees deduction under Sec 80C is allowed for max 2 children for full time education in India Fixed deposit in a scheduled bank or Post office for years or more is allowed as deduction. 	Particulars	Amount	Salary (1,35,00,000-50,000)	1,34,50,000	Dividend Income (from ABC Ltd.)	-	Dividend Income (from PRQ Ltd.)	5,90,000	Interest Income	24,530	LTCG	1,73,540	Exemption u/s 54EC (upto amount of capital gains)	-1,73,540	STCG u/s 111A	73,00,000	Income of Minor's Child after exemption u/s 10(32)	8,000	Gross Total Income	2,13,72,530	Deduction u/s 80C (Tuition Fees of 2 Children 40K + Contribution for PPF 35K)	75,000	Deduction u/s 80TTA	10,000	Net Total Income	2,12,87,530
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19.4	<p>Computation of Tax liability</p> <table> <tr> <td>i. STCG 111A 73,00,000 x 15%</td> <td>10,95,000</td> </tr> <tr> <td>ii. Tax on Balance Income</td> <td></td> </tr> <tr> <td>Upto 2,50,000</td> <td>No Tax</td> </tr> <tr> <td>>2,50,000 upto 5,00,000</td> <td>5% 12,500</td> </tr> <tr> <td>>5,00,000 upto 10,00,000</td> <td>20% 1,00,000</td> </tr> <tr> <td>>10,00,000 upto 1,39,87,530</td> <td>30% <u>38,96,259</u></td> </tr> </table>	i. STCG 111A 73,00,000 x 15%	10,95,000	ii. Tax on Balance Income		Upto 2,50,000	No Tax	>2,50,000 upto 5,00,000	5% 12,500	>5,00,000 upto 10,00,000	20% 1,00,000	>10,00,000 upto 1,39,87,530	30% <u>38,96,259</u>														
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	51,03,759																																																
Add: Surcharge @15%	<u>7,65,564</u>																																																
	58,69,323																																																
Add: HEC @4%	<u>2,34,773</u>																																																
Net Tax Payable	61,04,096 i.e. 61,04,100																																																
20.1	Since, assessee turnover is more than threshold limit of 44AB, hence tax audit is applicable. Due date of filing of return of income for assessee to whom tax audit is applicable is 31 st Oct 2021.																																																
20.2	<p>Section 80JJAA – 1) Deduction of an amount equal to 30% of additional employee cost incurred is allowed. 2) "additional employee" means an employee who has been employed during the previous year but does not include—</p> <p>(a) an employee whose total emoluments are more than 25,000 per month; or</p> <p>(b) an employee for whom the entire contribution is paid by the Government under the Employees' Pension Scheme notified in accordance with the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (19 of 1952); or</p> <p>(c) an employee employed for a period of less than 240 days during the previous year; or However, for apparel, footwear or leather products business, period is 150 days</p> <p>(d) an employee who does not participate in the recognised provident fund:</p> <p>For Lectures of BB Sir available at www.bhanwarborana.com</p> <p>Deduction u/s 80JJAA –</p> <table border="1"> <thead> <tr> <th>Date</th> <th>No. of Employees</th> <th>Monthly Emoluments</th> <th>Eligible</th> <th>Months</th> <th>Total Emolument</th> </tr> </thead> <tbody> <tr> <td>1.5.2019</td> <td>50</td> <td>26,500</td> <td>No, since monthly emoluments is 25,000 or more</td> <td></td> <td></td> </tr> <tr> <td>1.6.2019</td> <td>65</td> <td>23,000</td> <td>No, since not participating in RPF</td> <td></td> <td></td> </tr> <tr> <td>1.7.2019</td> <td>35</td> <td>22,500</td> <td>Yes</td> <td>9</td> <td>70,87,50</td> </tr> <tr> <td>1.4.2020</td> <td>20</td> <td>21,000</td> <td>Yes</td> <td>12</td> <td>50,40,00</td> </tr> <tr> <td>1.8.2019</td> <td>30</td> <td>26,000</td> <td>No, since monthly emoluments is 25,000 or more</td> <td></td> <td></td> </tr> <tr> <td colspan="5">Total</td> <td>1,21,27,50</td> </tr> <tr> <td colspan="5">Deduction @ 30%</td> <td>36,38,25</td> </tr> </tbody> </table>	Date	No. of Employees	Monthly Emoluments	Eligible	Months	Total Emolument	1.5.2019	50	26,500	No, since monthly emoluments is 25,000 or more			1.6.2019	65	23,000	No, since not participating in RPF			1.7.2019	35	22,500	Yes	9	70,87,50	1.4.2020	20	21,000	Yes	12	50,40,00	1.8.2019	30	26,000	No, since monthly emoluments is 25,000 or more			Total					1,21,27,50	Deduction @ 30%					36,38,25
Date	No. of Employees	Monthly Emoluments	Eligible	Months	Total Emolument																																												
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20.4	Tax Calculation																							
	Upto 2.5 Lakhs	0																						
	2.5 to 5 Lakhs	12,500																						
	5 Lakhs to 10 Lakhs	1,00,000																						
	10 Lakhs to 5,48,84,500	1,61,65,350																						
	Total Tax	1,62,77,850																						
	Add: Surcharge @ 37%	60,22,805																						
		2,23,00,655																						
	Add: HEC @ 4%	2,31,92,681																						
21.1	<p>As per section 6(1), a person is treated as resident in India if He stays in India for 182 days or more in PY Or Stay in India for 60 days or more in PY and 365 days in Last 4 PY's. As per section 6(6), a person will be treated as ordinary resident if he satisfies both conditions- Resident for 2 PY or more in Last 10 PYs And Stay in India for 730 days or more in Last 7 PYs. In the given case, his stay in India during PY is 182 days and since prior to that he was in India only, therefore he will satisfy 2 additional conditions also. Therefore, Mr. X is Resident and ordinarily resident in India. *(April-30, May-31, June-30, July-31, August-31, September-27, March-2)</p>																							
21.2	<p>To keep the tax liability minimum, assessee can opt to pay tax as per section 115BAC. However, benefit of basic exemption limit is restricted to 2.5 lakhs when opted for 115BAC.</p> <table border="1"> <tr> <td colspan="2">Calculation of Total Income</td> </tr> <tr> <td colspan="2">Income from House Property</td> </tr> <tr> <td>Rental Income (GAV)</td> <td>840000</td> </tr> <tr> <td>Less: Standard deduction @30%</td> <td>252000</td> </tr> <tr> <td>Income from House Property</td> <td>588000</td> </tr> <tr> <td colspan="2">Income from Other sources</td> </tr> <tr> <td>Interest on IT refund</td> <td>5775</td> </tr> <tr> <td>Total Income</td> <td>593775</td> </tr> <tr> <td colspan="2">Calculation of Tax</td> </tr> <tr> <td>Tax as per slab rate</td> <td>21878</td> </tr> <tr> <td>Add: Health and Education Cess</td> <td>875.1</td> </tr> </table>		Calculation of Total Income		Income from House Property		Rental Income (GAV)	840000	Less: Standard deduction @30%	252000	Income from House Property	588000	Income from Other sources		Interest on IT refund	5775	Total Income	593775	Calculation of Tax		Tax as per slab rate	21878	Add: Health and Education Cess	875.1
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Add: Health and Education Cess	875.1																							

	Total Tax Payable	22753
	Total Tax Payable (rounded off)	22750
21.3	If he has chapter VI-A deduction, then paying tax under normal tax regime will be beneficial.	
	Calculation of Total Income	
	Income from House Property	
	Rental Income (GAV)	840000
	Less: Standard deduction @30%	252000
	Income from House Property	588000
	Income from Other sources	
	Interest on IT refund	5775
	Gross Total Income	593775
	Less: Deduction u/s 80C	100000
	Total Income	493775
	Calculation of Tax	
	Tax as per slab rate	9689
	Less: Rebate u/s 87A	9689
	Total Tax Payable	0

BB VIRTUALS

21.4	<p>Section 194IB - Individual and HUF are required to deduct TDS @5% on rent paid for immovable property if rent per month or part thereof exceeds 50k. (3.75%, rate reduced due to covid till march 2021)</p> <p>This deduction is to be made at the time of credit of such rent for the last month of the previous year or the last month of tenancy as the case may be.</p> <p>Therefore, TDS @ 3.75% will be deducted on ` 8,40,000 i.e. 31,500.</p>															
21.5	<p>A resident senior citizen (i.e., an individual of the age of 60 years or above during the relevant financial year) not having any income from business or profession is not liable to pay advance tax. Mr. X has turned 60 during the year, therefore he is not required to pay advance tax.</p>															
22.1	<p>Deduction under section 80C in respect of life insurance premium is restricted to 20% of capital sum assured in respect of policies issued on or before 31-3-2012 and 10% in case of policies issued on or after 1-4-2012.</p> <p>Section 80D. (1) In computing the total income of an assessee, being an individual or a Hindu undivided family, there shall be deducted such sum, as specified in sub-section (2) or sub-section (3), payment of which is made by any mode as specified in sub-section (2B), in the previous year out of his income chargeable to tax.</p> <p>(2) Where the assessee is an individual, the sum referred to in sub-section (1) shall be the aggregate of the following, namely:—</p> <p>(a) the whole of the amount paid to effect or to keep in force an insurance on the health of the assessee or his family or any contribution made to the Central Government Health Scheme or such other scheme as may be notified by the Central Government in this behalf or any payment made on account of preventive health check-up of the assessee or his family as does not exceed in the aggregate twenty-five thousand rupees; and</p> <p>(b) the whole of the amount paid to effect or to keep in force an insurance on the health of the parent or parents of the assessee or any payment made on account of preventive health check-up of the parent or parents of the assessee as does not exceed in the aggregate twenty-five thousand rupees;</p> <p>(c) the whole of the amount paid on account of medical expenditure incurred on the health of the assessee or any member of his family as does not exceed in the aggregate fifty thousand rupees; and</p> <p>(d) the whole of the amount paid on account of medical expenditure incurred on the health of any parent of the assessee, as does not exceed in the aggregate fifty thousand rupees:</p> <p>Provided that the amount referred to in clause (c) or clause (d) is paid in respect of a senior citizen and no amount has been paid to effect or to keep in force an insurance on the health of such person:</p> <p>Provided further that the aggregate of the sum specified under clause (a) and clause (c) or the aggregate of the sum specified under clause (b) and clause (d) shall not exceed fifty thousand rupees.</p> <table border="1" data-bbox="272 1591 1421 1822"> <thead> <tr> <th>Particulars</th> <th>Amount</th> <th>Remarks</th> </tr> </thead> <tbody> <tr> <td>80C (Life Insurance)</td> <td></td> <td></td> </tr> <tr> <td>Son</td> <td>96466</td> <td>Max 10% of sum assured allowed</td> </tr> <tr> <td>Daughter</td> <td>20000</td> <td>Max 10% of sum assured allowed</td> </tr> <tr> <td></td> <td>116466</td> <td></td> </tr> </tbody> </table>	Particulars	Amount	Remarks	80C (Life Insurance)			Son	96466	Max 10% of sum assured allowed	Daughter	20000	Max 10% of sum assured allowed		116466	
Particulars	Amount	Remarks														
80C (Life Insurance)																
Son	96466	Max 10% of sum assured allowed														
Daughter	20000	Max 10% of sum assured allowed														
	116466															

	80D (Medical)		
	Insurance (Self)	12000	
	Preventive health check up	5000	Max 5000 is allowed in cash
	Medical Expenditure (Husband)	0	18000 paid in cash will not be allowed
	Medical Expenditure (Self)	0	Since, he is medical policy, deduction for medical exp is not allowed
		17000	
	80TTB		
	Bank Interest	50,000	
	Total Deduction	1,83,466	
22.2	Computation of Gross Total Income of Mrs. Seetha		
	Pension Income (8,14,592+16,031)	8,30,623	Dekho I know you have doubt ki sir 65,000 FD interest kaise aya... Interest recd given so it's after TDS make it Gross 58,500/90% x 100% : 65,000 (TDS rate 7.5% applicable from 14.05.20 till 31.3.21)
	Less: Standard deduction u/s 16	50,000	
	Net Salary	7,80,623	
	Interest from Saving & Bank FD (65,000 + 5,945)	70,945	
	GTI	8,51,568	
	Less : Deduction u/c VI-A	(1,83,466)	
	Net Taxable Income	6,68,102	
22.3	Computation of Tax Liability		
	Upto 3,00,000	NIL	
	> 3,00,000 upto 5,00,000	10,000	
	> 5,00,000 upto 6,68,100	<u>33,620</u>	
		43,620	
	Add: HEC @4%	<u>1,745</u>	
	Tax Payable	45,365	
	Less: TDS (16,031+6500)	<u>22,531</u>	
	Net Tax Payable	22,830	
22.4	Computation of Gross Total Income of Mrs. Seetha		
	Pension Income (8,14,592+16,031)	8,30,623	Dekho I know you have doubt ki sir 65,000 FD interest kaise aya... Interest recd given so it's after TDS make it Gross 58,500/90% x 100% : 65,000 (TDS rate 7.5% applicable from 14.05.20 till 31.3.21)
	Less: Standard deduction u/s 16	N/A	
	Net Salary	8,30,623	
	Interest from Saving & Bank FD (65,000 + 5,945)	70,945	
	GTI	9,01,568	
	Less : Deduction u/c VI-A	N/A	
	Net Taxable Income	9,01,568 i.e. 9,01,570	
22.5	Computation of Tax Liability		

	Upto 3,00,000	NIL																					
	> 2,50,000 upto 5,00,000	12,500																					
	> 5,00,000 upto 7,50,000	25,000																					
	> 7,50,000 upto 9,01,570	<u>22,736</u>																					
		60,236																					
	Add: HEC @4%	<u>2,409</u>																					
	Tax Payable	62,645																					
	Less: TDS	<u>22,531</u>																					
	Net Tax Payable	40,114 i.e. 40,110																					
23.1	<p>As per section 6(1), a person is treated as resident in India if He stays in India for 182 days or more in PY Or Stay in India for 60 days or more in PY and 365 days in Last 4 PY's. As per section 6(6), a person will be treated as ordinary resident if he satisfies both conditions- Resident for 2 PY or more in Last 10 PYs And Stay in India for 730 days or more in Last 7 PYs. In the given case, his stay in India during PY is 100 days but he was in India for 760 days in immediately preceding 4 years. Therefore, Mr. Anirudh is Resident in India. Further, he is resident in 2 out of 4 years immediately preceding the current previous year and spent 760 days in all 4 years immediately preceding current previous year. Therefore, he will be treated as Resident and ordinarily resident in India.</p>																						
23.2	<p>Any income through business connection in India is taxable for Non-Resident. However, purchase of goods in India for export shall not be treated as Business connection in India. Therefore, no income is taxable in present case.</p>																						
23.3	<table border="1"> <tbody> <tr> <td>Sales Consideration</td> <td>2625000</td> </tr> <tr> <td>Less: transfer expense</td> <td>52500</td> </tr> <tr> <td>Net Consideration</td> <td>2572500</td> </tr> <tr> <td>Indexed Cost of Acquisition</td> <td>1936581</td> </tr> <tr> <td>Long term Capital Gain (POH > 2 years)</td> <td>635919.1</td> </tr> </tbody> </table>	Sales Consideration	2625000	Less: transfer expense	52500	Net Consideration	2572500	Indexed Cost of Acquisition	1936581	Long term Capital Gain (POH > 2 years)	635919.1												
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Net Consideration	2572500																						
Indexed Cost of Acquisition	1936581																						
Long term Capital Gain (POH > 2 years)	635919.1																						
23.4	<p>As per section 2(1A) "agricultural income" means-(a) any rent or revenue derived from land which is situated in India and is used for agricultural purposes. Therefore, it is not taxable in India.</p>																						
23.5	<table border="1"> <thead> <tr> <th colspan="2">Calculation of Total Income</th> <th></th> <th></th> </tr> </thead> <tbody> <tr> <td>LTCG</td> <td>635919.1</td> <td></td> <td></td> </tr> <tr> <td>Foreign Income</td> <td>875000</td> <td></td> <td></td> </tr> <tr> <td>Agriculture Income</td> <td>650000</td> <td></td> <td>For rate purpose only</td> </tr> <tr> <td>Total Income</td> <td>2160919</td> <td></td> <td>Considering agriculture income for rate purpose</td> </tr> </tbody> </table>	Calculation of Total Income				LTCG	635919.1			Foreign Income	875000			Agriculture Income	650000		For rate purpose only	Total Income	2160919		Considering agriculture income for rate purpose		
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	Calculation of Tax		
	Tax on LTCG	127184	20% as per section 112
	Balance Income as per slab rate	270000	
	Total Tax (A)	397184	
	Tax on (Agriculture Income + Income not chargeable to tax) as per slab rate (B)	92500	
	Tax Payable (A-B)	304684	
	Add: Health and Education Cess @4%	12187	
	Total Tax Payable	316871	
24.1	<p>In case, Indian citizen, leave India during the PY for an employment o/s India, then only 1st basic condition is checked to consider residential status i.e. 182 days or more in PY.</p> <p>His total stay in India comes to 175 days,</p> <p>Further, Section 6(1A) states that Notwithstanding anything contained in clause (1), an individual, being a citizen of India, having total income, other than the income from foreign sources, exceeding fifteen lakh rupees during the previous year shall be deemed to be resident in India in that previous year, if he is not liable to tax in any other country or territory by reason of his domicile or residence or any other criteria of similar nature.</p> <p>Further, as per section 6(6), A person is said to be "not ordinarily resident" in India in any previous year if such person is—</p> <p>(d) a citizen of India who is deemed to be resident in India under clause (1A)</p> <p>Since, in the instant case, his income excluding foreign sources is more than 15 lakhs, he will be deemed resident but not ordinarily resident in India.</p>		
24.2	<p>Since, he is not ordinarily resident in India, therefore his foreign income will not be taxable in India, Amount taxable under salary is 14 lakh – 50k = 13.50 lakhs.</p>		
24.3	<p>Tuition fees paid will be allowed u/s 80C to the extent of 1.5 lakhs</p> <p>Interest deduction will be allowed u/s 80TTB to the extent of 50K</p> <p>Therefore, total deduction allowed will be ` 2 lakhs.</p>		
24.4	Calculation of Total Income		
	Salary	1350000	After standard deduction of 50k
	PGBP	6000000	
	Saving bank interest	12000	
	Fixed Deposit interest	45000	
	Gross Total Income	7407000	

	Less: deduction under Chapter VI-A	200000	as calculated in answer 3
	Total Income	7207000	
	Calculation of Tax		
	Balance Income as per slab rate	1972100	
		1972100	
	Add: Surcharge @10%	197210	Since, income exceeds 1 crore, 10% applicable
		2169310	
	Add: Health and Education Cess	86772	@4%
	Total Tax Payable	2256082	
24.5	Since, he has professional receipts of 50 lakhs or more, therefore he is liable for Audit u/s 44AB. Due date will be 31 st October 2021.		
25.1	Deduction available under chapter VI-A will be:		
	Particulars	Amount	Remarks
	80C		
	Principal repayment	0	Not allowed as per section 80C
	PPF	100000	Allowed
		100000	
	80CCD (1B)		
	NPS	50000	Additional deduction of 50k is allowed in excess of section 80C. (Deduction for tier-II account is not allowed)
		50000	
	80D		
	Self and Family		
	Insurance (Brother)	0	Deduction not allowed for brother
	Insurance (Self and Wife)	21000	Allowed
	Preventive health check-up	5000	Max 5000 is allowed in cash
		26000	
	Max. allowed	25000	Max. allowable deduction is 25K under section 80D

	Parents		
	Insurance (Parents)	17670	Allowed
		17670	
	80TTA		
	Saving interest	10000	Max. 10 k allowed
	Total Deduction	202670	
25.2	<p>Section 194IB - Individual and HUF are required to deduct TDS @5% on rent paid for immovable property if rent per month or part thereof exceeds 50k. (3.75%, rate reduced due to covid till march 2021)</p> <p>This deduction is to be made at the time of credit of such rent for the last month of the previous year or the last month of tenancy as the case may be.</p> <p>Therefore, TDS @ 3.75% will be deducted on ` 7,80,000 i.e. 29,250.</p>		
25.3	Calculation of Total Income		
	Salary	16450000	After standard deduction of 50k
	LTCG on sale of equity shares	106500	
	Saving bank interest	482778	
	Income from House Property	-30000	30k interest is allowed for repair of self occupied property
	Gross Total Income	17009278	
	Less: deduction under Chapter VI-A	202670	as calculated in answer 1
	Total Income	16806608	
	Calculation of Tax		
	on LTCG	650	10% in excess of 1,00,000 u/s 112A
	Balance Income as per slab rate	4822532	
		4823182	
	Add: Surcharge @15%	723477	Since, income exceeds 1 crore, 15% applicable
		5546660	
	Add: Health and Education Cess	221866	`@4%
	Total Tax Payable	5768526	
	Less: Advance tax	530000	
	Less: TDS	5189000	

	Net Tax Payable	49526	
	Net Tax Payable (rounded off)	49530	
25.4	Since, advance tax payment (including TDS) is more than 90% of assessed tax. Therefore, no interest will be payable u/s 234B.		

All the Best 😊

Do the well 😊

God will do the rest 😊

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