TEST PAPER 1

INTERMEDIATE (NEW) COURSE PAPER – 4: TAXATION (INCOME TAX LAWS) SOLUTIONS

Division A – Multiple Choice Questions

MCQ No.	Most Appropriate Answer	Reasons	
1.			
(i)	(c)	Income from Nursery is fully agriculture income: ₹ 5,00,0000 – ₹ 1,40,000 = ₹ 3,60,000	
(ii)	(a)	Sale of cotton is agriculture income: ₹ 4,00,000 – ₹ 2,25,000 = ₹ 1,75,000	
(iii)	(b)	Agriculture Income: FMV of Cotton minus cost of cultivation. Business Income: Sale of Yarn minus cost of process and FMV of cotton.	
(iv)	(d)	Rent of agriculture land which is used by tenant for agriculture income, so only ₹ 90,000 treated as agriculture income.	
(v)	(a)	Business Income of ₹ 1,50,000 and IFOS of ₹ 90,000 are part of GTI	
2.	(d)	As per section 64(2), after partition whatever income received by spouse taxable in hands of transferor.	
3.	(a)	Since in current year Normal Tax is higher than AMT so we can use AMT credit but its restricted to AMT payable, so in current year Tax payable is ₹ 12 lakhs.	
4.	(d)	Tax on LTCG 112A: 10% in excess of 1,00,000 + 15% Surcharge + 4% HEC. Tax on STCG 111A: Tax @ 15% + 15% Surcharge + 4% HEC. Tax on Balance Income: Slab Rate + 37% Surcharge + 4% HEC.	
5.	(c)	As per section 115BBE Tax @ 60 % + 25% Surcharge + 4% HEC i.e. 78%	

Division B – Descriptive Questions

Answer 1

Computation of total income of Mr. Dheeraj for A.Y. 2022-23

	Particulars	₹	₹	₹
ı	Income from house property			
	Let out portion [First floor]			
	Gross Annual Value [Rent received is taken as GAV, in		3,34,000	
	the absence of other information]			
	Less: Municipal taxes paid by him in the P.Y. 2021-22			
	pertaining to let out portion [₹30,000/2]		15,000	
	Net Annual Value (NAV)		3,19,000	
	Less: Deduction u/s 24			
	(a) 30% of ₹3,19,000	95,700		
	(b) Interest on housing loan [₹1,80,000/2]	90,000	1,85,700	
			1,33,300	
	Self-occupied portion [Ground Floor]			
	Annual Value		Nil	
	[No deduction is allowable in respect of municipal			
	taxes paid]			
	Less: Interest on housing loan		90,000	
			(90,000)	
	Income from house property [₹1,33,300 –₹90,000]			43,300
П	Profits and gains of business or profession			
	Income from SEZ unit			45,00,000
Ш	Capital Gains			
	Long-term capital gains on sale of land (since held for more than 24 months)			
	Full Value of Consideration [Actual consideration of ₹ 13 lakhs, since stamp duty value of ₹14 lakhs does not exceed actual consideration by more than 10%]		13,00,000	

	Particulars	₹	₹	₹
	Less: Indexed Cost of acquisition [₹ 4,00,000 x 317/100]		12,68,000	32,000
	Cost of acquisition			
	Higher of -			
	- Actual cost ₹2.80 lakhs + ₹0.12 lakhs =₹2.92 lakhsand			
	- Fair Market Value (FMV) as on 1.4.2001 =₹4.8 lakhsbut cannot exceed stamp duty value of ₹4 lakhs.			
IV	Income from Other Sources			
	Interest on savings bank deposits		30,000	
	Interest on fixed deposits		45,000	75,000
	Gross Total Income			46,50,300
	Less: Deduction u/s 10AA			13,50,000
	[Since the industrial undertaking is established in SEZ, it is entitled to deduction u/s 10AA@100% of export profits, since P.Y.2021-22 being the 3rd year of operations]			
	[Profits of the SEZ x Export Turnover/Total Turnover]x 100% [₹45 lakhs x ₹120 lakhs/ ₹400 lakhs x 100%]			
	Less: Deduction under Chapter VI-A			
	Deduction under section 80C			
	Repayment of principal amount of housing loan	95,000		
	Insurance premium paid on life insurance policy of son			
	allowable, even though not dependent on Mr. Dheeraj	49,000	1,44,000	
	Deduction under section 80JJAA		9,43,200	
	30% of the employee cost of the new employeesemployed during the P.Y. 2021-22 allowable as deduction [30%of₹ 31,44,000 [₹23,76,000 (12 x 18,000 x11) + ₹7,68,000 (8 x 12,000 x 8)]			
	Deduction under section 80TTA			
	Interest on savings bank account, restricted to ₹10,000			
			10,000	
				10,97,200
	Total income			22,03,100

Computation of tax liability of Mr. Dheeraj for A.Y.2022-23 under the normal provisions of the Act

Particulars	₹	₹
Tax on total income of ₹22,03,100		
Tax on LTCG of ₹32,000@20%		6,400
Tax on remaining total income of 21,71,100		
Upto₹2,50,000	Nil	
₹2,50,001 – ₹5,00,000[@5% of ₹2.50 lakh]	12,500	
₹5,00,001 – ₹10,00,000[@20% of ₹5,00,000]	1,00,000	
₹10,00,001 – ₹21,71,100[@30% of ₹11,71,100]	3,51,330	4,63,830
		4,70,230
Add: Health and education cess@4%		18,809
Total tax liability		4,89,039
Tax liability (rounded off)		4,89,040

Computation of tax liability of Mr. Dheeraj for A.Y.2022-23 under the special provisions of theAct (Alternate Minimum Tax)

Particulars	₹
Computation of adjusted total income	
Total income as per the normal provisions of the Act	22,03,100
Add: Deduction u/s 10AA	13,50,000
Deduction u/s 80JJAA	9,43,200
	44,96,300
AMT@18.5%	8,31,815
Add: HEC@4%	33,273
AMT liability	8,65,088
AMT liability (rounded off)	8,65,090

Since the regular income tax payable is less than the AMT, the adjusted total income of $\stackrel{?}{\stackrel{?}{?}}$ 44,96,300 would be deemed to be the total income and tax would be payable @18.5% plus HEC@4%. The total tax liability would be $\stackrel{?}{\stackrel{?}{?}}$ 8,65,090. In this case, AMT credit of $\stackrel{?}{\stackrel{?}{?}}$ 3,76,050 ($\stackrel{?}{\stackrel{?}{?}}$ 8,65,090 – $\stackrel{?}{\stackrel{?}{?}}$ 4,89,040) can be carried forward.

Mr. Dheeraj also can opt to pay tax as per the provisions of section 115BAC if tax liability thereunder is lower. In such case, the AMT provisions would not apply on him. The computation of total income and tax liability as per the provisions of section 115BAC would be as follows:

Computation of total income of Mr. Dheeraj as per section 115BAC for A.Y. 2022-23

Particulars	₹	₹
Gross Total Income as per regular provisions of the Income-tax Act		46,50,300
Add: Interest on borrowing in respect of self-occupied house property not allowable as deduction as per section 115BAC		90,000
Gross Total Income as per section 115BAC		47,40,300
Less: Deduction under section 80JJAA		
30% of the employee cost of the new employees employed during		
the P.Y. 2021-22 allowable as deduction [30% of ₹31,44,000 [₹	9,43,200	
23,76,000 (12 x18,000 x 11) + ₹7,68,000 (8 x 12,000 x 8)]		
No deduction under section 10AA or under Chapter VI-A allowable		
except u/s 80JJAA		
		9,43,200
Total income		37,97,100

Computation of tax liability as per section 115BAC

Particulars	₹	₹
Tax on total income of ₹37,97,100		
Tax on LTCG of ₹32,000@20%		6,400
Tax on remaining total income of ₹37,65,100		
Upto₹2,50,000	Nil	
₹2,50,001 – ₹5,00,000 [@5% of ₹2.50 lakhs]	12,500	
₹5,00,001 – ₹7,50,000 [@10% of ₹2.50 lakhs]	25,000	
₹7,50,001 – ₹10,00,000 [@15% of ₹2.5 lakhs]	37,500	
₹10,00,001 – ₹12,50,000 [@20% of ₹2.5 lakhs]	50,000	
₹12,50,001 – ₹15,00,000 [@25% of ₹2.5 lakhs]	62,500	
₹15,00,001 – ₹37,65,100 [@30% of ₹22,65,100]	6,79,530	8,67,030
		8,73,430
Add: Health and education cess@4%		34,937
Total tax liability		9,08,367
Tax liability (rounded off)		9,08,370

Answer 2

(a) Computation of total income of Mr. Ramesh & Mr. Suresh for the A.Y. 2022-23

S. No.	Particulars	Mr. Ramesh (Non- Resident) (₹)	Mr. Suresh (Resident) (₹)
1.	Interest on Canada Development Bond (See Note 2)	17,500	40,000
2.	Dividend from British Company received in London (See Note 3)	-	20,000
3.	Profits from a business in Nagpur but managed directly from London (See Note 2)	1,00,000	1,40,000
4.	Short term capital gain on sale of shares of an Indian company received in India (See Note 2)	60,000	90,000
5.	Income from a business in Chennai (See Note 2)	80,000	70,000
6.	Fees for technical services rendered in India, but received in Canada (See Note 2)	1,00,000	-
7.	Interest on savings bank deposit in UCO Bank, Delhi (See Note 2)	7,000	12,000
8.	Agricultural income from a land situated in Andhra Pradesh (See Note 4)	-	-
9.	Income from house property at Bhopal (See Note 5)	70,000	42,000
	Gross Total income	4,34,500	4,14,000
	Less: Deduction under Chapter VI-A		
	Section 80C - Life insurance premium	-	30,000
	Section 80TTA (See Note 6)	7,000	10,000
	Total Income	<u>4,27,500</u>	<u>3,74,000</u>

Notes:

- **1.** Mr. Ramesh is a non-resident since he has been living in Canada since 1996. Mr. Suresh, is settled in Delhi, and thus, assumed as a resident and ordinarily resident.
- 2. In case of a resident and ordinarily resident, his global income is taxable as per section 5(1). However, as per section 5(2), in case of a non-resident, only the following incomes are chargeable to tax:
 - (i) Income received or deemed to be received in India; and
 - (ii) Income accruing or arising or deemed to accrue or arise in India.

Therefore, fees for technical services rendered in India would be taxable in the hands of Mr.Ramesh, even though he is a non-resident.

The income referred to in Sl. No. 3,4,5 and 7 are taxable in the hands of both Mr. Ramesh and Mr. Suresh since they accrue or arise/ deemed to accrue or arise in India.

Interest on Canada Development Bond would be fully taxable in the hands of Mr. Suresh, whereas only 50%, which is received in India, is taxable in the hands of Mr. Ramesh.

- **3.** Dividend received from British company in London by Mr Ramesh, a non-resident, is not taxable since it accrued and is received outside India. However, such dividend received by Mr. Suresh is taxable, since he is a resident and ordinarily resident.
- **4.** Agricultural income from a land situated in India is exempt under section 10(1) in the case ofboth non-residents and residents.
- 5. Income from house property-

	Mr. Ramesh (₹)	Mr. Suresh (₹)
Rent received	1,00,000	60,000
Less: Deduction under section 24(a) @30%	30,000	18,000
Net income from house property	70,000	42,000

The net income from house property in India would be taxable in the hands of both Mr. Ramesh and Mr. Suresh, since the accrual and receipt of the same are in India.

6. In case of an individual, interest upto ₹ 10,000 from savings account with, *inter alia*, a bank is allowable as deduction under section 80TTA.

(b) TDS/TCS implications:

(1) Since Mr. Gupta's turnover for F.Y.2020-21 exceeds 10 crores, and payments made by him to Mr. Agarwal, a resident seller exceed ₹ 50 lakhs in the P.Y.2021-22, he is liable to deduct tax@0.1% of ₹ 45 lakhs (being the sum exceeding ₹ 50 lakhs) in the following manner –

No tax is to be deducted u/s 194Q on the payments made on 1.6.2021 and 12.8.2021, since the aggregate payments till that date i.e. 45 lakhs, has not exceeded the threshold of ₹ 50 lakhs. Tax of ₹ 1,700 (i.e., 0.1% of ₹ 17 lakhs) has to be deducted u/s 194Q from the payment/ credit of ₹ 22 lakh on 23.11.2021 [₹ 22 lakh - ₹ 5 lakhs, being the balance unexhausted threshold limit].

Tax of ₹ 2,800 (i.e., 0.1% of ₹ 28 lakhs) has to be deducted u/s 194Q from the payment/ credit of ₹ 28 lakhs on 25.3.2022.

Note – In this case, since both section 194Q and 206C(1H) applies, tax has to be deducted u/s 194Q.

(2) If Mr. Gupta's turnover for the F.Y.2020-21 was only ₹ 8 crores, TDS provisions under section 194Q would not be attracted. However, TCS provisions under section 206C(1H) would be attracted in the hands of Mr. Agarwal, since his turnover exceeds ₹ 10 crores in the F.Y.2020-21 and his receipts from Mr. Gupta exceed ₹ 50 lakhs.

No tax is to be collected u/s 206C(1H) on 1.6.2021 and 12.8.2021, since the aggregate receipts till that date i.e. 45 lakhs, has not exceeded the threshold of ₹ 50 lakhs.

Tax of ₹ 1,700 (i.e., 0.1% of ₹ 17 lakhs) has to be collected u/s 206C(1H) on 23.11.2021 (₹ 22 lakh – ₹ 5 lakhs, being the balance unexhausted threshold limit).

Tax of ₹ 2,800 (i.e., 0.1% of ₹ 28 lakhs) has to be collected u/s 206C(1H) on 25.3.2022.

(3) In case (1), if PAN is not furnished by Mr. Agarwal to Mr. Gupta, then, Mr. Gupta has to deduct tax@5%, instead of 0.1%. Accordingly, tax of ₹ 85,000 (i.e., 5% of ₹ 17 lakhs) and ₹ 1,40,000 (5% of ₹ 28 lakhs) has to be deducted by Mr. Gupta u/s 194Q on 23.11.2021 and 25.3.2022, respectively.

In case (2), if PAN is not furnished by Mr. Gupta to Mr. Agarwal, then, Mr. Agarwal has to collect tax@1% instead of 0.1%. Accordingly, tax of $\stackrel{?}{_{\sim}}$ 17,000 (i.e., 1% of $\stackrel{?}{_{\sim}}$ 17 lakhs) and $\stackrel{?}{_{\sim}}$ 28,000 (1% of $\stackrel{?}{_{\sim}}$ 28 lakhs) has to be collected by Mr. Agarwal u/s 206C(1H) on 23.11.2021 and 25.3.2022, respectively.

Answer 3

(a) Since the assessee is a resident and ordinarily resident in India, her global income would form part of her total income i.e., income earned in India as well as outside India will form part of her total income.

She possesses a self-occupied house at Los Angeles as well as at Chennai. She can take the benefit of "Nil" Annual Value in respect of both the house properties.

As regards the Bangalore house, arrears of rent will be chargeable to tax as income from house property in the year of receipt under section 25A. It is not essential that the assessee should continue to be the owner. 30% of the arrears of rent shall be allowed as deduction.

Accordingly, the income from house property of Mrs. Rohini Ravi for A.Y.2022-23 will be calculated as under:

	Particulars	₹	₹
1.	Self-occupied house at Los Angeles		
	Annual value		Nil
	Less: Deduction under section 24		Nil
	Chargeable income from this house property		Nil
2.	Self-occupied house property at Chennai		
	Annual value		
	Less: Deduction under section 24		Nil
	Interest on borrowed capital (See Note below)		1,91,940
			(1,91,940)
3.	Arrears in respect of Bangalore property (Section 25A)		
	Arrears of rent received	60,000	
	Less: Deduction @ 30% u/s 25A(2)	18,000	
			42,000
Los	s under the head "Income from house property"		(1,49,940)

Note: Interest on borrowed capital

Particulars	₹
Interest for the current year (₹50,800 + ₹1,31,300)	1,82,100
Add: 1/5th of pre-construction interest (₹49,200 x 1/5)	9,840
Interest deduction allowable under section 24	1,91,940

(b)

Computation of Total Income of Mr. Shiva for A.Y. 2022-23

Particulars	₹	₹
Gross Total Income		7,75,000
Less: Deduction under section 80C		
Deposit in PPF	1,00,000	
Life insurance premium paid for insurance of major daughter	18,000	
(Maximum 10% of the assured value ₹1,80,000, as the policy is taken		
after 31.3.2012)		
	1,18,000	
Deduction under section 80CCC in respect of LIC pension fund	60,000	
	1,78,000	
As per section 80CCE, deduction under section 80C & 80CCC is		1,50,000
restricted to		
Deduction under section 80D		
Medical Insurance premium in respect of self and spouse	26,000	
Restricted to		25,000
Deduction under section 80G (See Working Note below)		87,500
Total income		5,12,500

Working Note: Computation of deduction under section 80G

	Particulars of donation	Amount donated (₹)	% of deduction	Deduction u/s80G (₹)
(i)	National Children's Fund	25,000	100%	25,000
(ii)	Jawaharlal Nehru Memorial Fund	25,000	50%	12,500
	Approved institution for			
(iii)	promotion of family planning	40,000	100%, subject to	40,000
			qualifying limit	
(iv)	Public Charitable Trust	50,000	50% subject to	10,000
			qualifying limit (See	
			Note below)	87,500

Note - Adjusted total income = Gross Total Income – Amount of deductions under section 80C to 80U except section 80G i.e., ₹6,00,000, in this case. ₹60,000, being 10% of adjusted total income is the qualifying limit, in this case.

Firstly, donation of ₹ 40,000 to approved institution for family planning qualifying for 100% deduction subject to qualifying limit, has to be adjusted against this amount. Thereafter, donation to public charitable trust qualifying for 50% deduction, subject to qualifying limit is adjusted. Hence, the contribution of ₹ 50,000 to public charitable trust is restricted to 20,000 (being, ₹ 60,000 - ₹ 40,000), 50% of which would be the deduction under section 80G. Therefore, the deduction under section 80G in respect of donation to public charitable trust would be ₹ 10,000, which is 50% of ₹ 20,000.

(c) An individual whose total income without giving effect to, inter alia, section 54EC exceeds the maximum amount not chargeable to tax i.e., ₹ 2,50,000, is required to file a return of income on or before the due date under section 139(1) i.e., 31st July, 2022.

Every person, being a resident other than not ordinarily resident in India, would be required to file a return of income or loss for the previous year, even if his total income does not exceed the basic exemption limit, if such person, at any time during the previous year, inter alia, holds any asset located outside India or has a signing authority in any account located outside India.

In this case, Mrs. Shivani is a resident and ordinarily resident in India for A.Y. 2022-23 since she has been staying in India since the year 2015. Total income of Mrs. Shivani without giving effect to, inter alia, section 54EC is ₹ 2 lakhs, which is below the basic exemption limit. However, since she has a bank account in US, she has to furnish her return of income for A.Y. 2022-23 on or before 31.07.2022.

Yes, she can furnish a belated return under section 139(4), if she has not furnished her return on or before 31.7.2022, at any time before the –

- (i) three months prior to the end of the relevant assessment year i.e., 31.12.2022; or
- (ii) completion of the assessment

whichever is earlier.

Answer 4

(a) Computation of total income of Mr. Mayank for A.Y.2022-23

Particulars	₹	₹
Salaries		4,70,000
Income from house property		
Loss from self-occupied house property	(2,00,000)	
Loss from let out house property	(60,000)	
	(2,60,000)	
Less: Loss of ₹ 2,00,000 set off against capital gain. Balance loss of₹ 60,000 to be carried forward to A.Y. 2023-24 for set-off against income from house property		
Profits and gains from business or profession		
Profit from speculation business Y	40,000	
Less: Loss of ₹80,000 from speculation business X set-off against profit from speculation business Y to the extent of such profit Loss of ₹40,000 from speculation business X to be carried forward to A.Y. 2023-24 for set-off against profits from speculation business	(40,000)	
Income from trading and manufacturing business @8%	3,50,000	
Less: Brought forward business loss of A.Y. 2016-17 set-off since a period of eight assessment years has not expired.	(3,50,000)	Nil
Balance loss of ₹2,00,000 to be carried forward to A.Y. 2023-24		
Capital Gains		
Enhanced compensation received from government for compulsory acquisition	3,00,000	
[Taxable in P.Y. 2021-22 since enhanced compensation is taxable on receipt basis]		
Long term capital gain on sale of vacant site	2,10,000	
Less: Short term capital loss on sale of jewellery	(1,50,000)	
	3,60,000	
Less: Loss from house property can be set-off to the extent of ₹ 2,00,000 as per section 71(3A) [since long-term capital gains would be chargeable to tax @20%, it would be beneficial to set-off the loss from house property against LTCG	(2,00,000)	1,60,000

Particulars	₹	₹
Income from Other Sources		
Interest on PPF deposit	95,000	
Less: Exempt under section 10(11)	(95,000)	Ni
Gross Total Income		6,30,000
Less: Deduction under Chapter VI-A		
Deduction under section 80G		
Donation to recognized and approved charitable trust	23,500	23,500
[Donation of₹1,10,000 to be first restricted to ₹47,000, being 10% of adjusted total income of ₹4,70,000 i.e., [₹6,30,000 $-$ ₹1,60,000].		
Thereafter, deduction would be computed at 50% of ₹47,000.		
Total Income		6,06,500

(b) Computation of perquisite value taxable u/s 17(2)(vii) and 17(2)(viia) for A.Y. 2021-22

- 1. Perquisite value taxable u/s 17(2)(vii) = ₹ 7,77,600, being employer's contribution to recognized provident fund during the P.Y. 2020-21 ₹ 7,50,000 = ₹ 27,600
- 2. Perquisite value taxable u/s 17(2)(viia) = Annual accretion on perquisite taxable u/s 17(2)(vii) = (PC/2)*R + (PC1 + TP1)*R
 - $= (27,600/2) \times 0.0914 + 0$
 - = ₹ 1,261

PC Sheetal Textile Ltd.'s contribution in excess of ₹ 7.5 lakh to recognized provident fund during P.Y. 2020-21 = ₹ 27,600

PC1 Nil

TP1 Nil

R I/Favg = 5,56,500/60,90,850 = 0.0914

I RPF balance as on 31.3.2021 – employee's and employer's contribution during the year – RPF balance as on 1.4.2020 = ₹ 5,56,500 (₹ 71,46,700 – ₹ 7,77,600 – ₹ 7,77,600)

Favg Balance to the credit of recognized provident fund as on 1st April, 2020 + Balance to the credit of recognized provident fund as on 31 st March,

2021)/2 = (₹ 50,35,000 + ₹ 71,46,700)/2 = ₹ 60,90,850

Computation of perquisite value taxable u/s 17(2)(vii) and 17(2)(viia) for A.Y. 2022-23

1. Perquisite value taxable u/s 17(2)(vii) = ₹ 7,77,600, being employer's contribution to recognized provident fund during the P.Y. 2021-22 – ₹ 7,50,000 = ₹ 27,600

- Perquisite value taxable u/s 17(2)(viia) = Annual accretion on perquisite taxable u/s 17(2)(vii) = (PC/2)*R + (PC1 + TP1)*R
 - $= (27,600/2) \times 0.0910 + (27,600 + 1,261) \times 0.0910$
 - = ₹ 1,256 + ₹ 2,626
 - = ₹ 3,882
- PC Sheetal Textile Ltd.'s contribution in excess of ₹ 7.5 lakh to recognized provident fund during P.Y. 2021-22 = ₹ 27,600
- PC1 Amount of employer's contribution in excess of ₹ 7,50,000 to RPF in P.Y. 2020-21 = ₹ 27,600
- TP1 Taxable perquisite under section 17(2)(viia) for the P.Y. 2020 -21 = ₹ 1,261
- R I/Favg = 7,55,800/83,02,200 = 0.0910
- I RPF balance as on 31.3.2022 employee's and employer's contribution during the year RPF balance as on 1.4.2021 = ₹ 7,55,800 (₹ 94,57,700 ₹ 7,77,600 ₹ 7,77,600 ₹ 71,46,700)
- Favg Balance to the credit of recognized provident fund as on 1st April, 2021 + Balance to the credit of recognized provident fund as on 31st March,

$$2022)/2 = (₹71,46,700 + ₹94,57,700)/2 = ₹83,02,200$$

Note – Since the employee's contribution to RPF exceeds $\ref{2,50,000}$ in the P.Y.2021-22, interest on $\ref{5,27,600}$ (i.e., $\ref{7,77,600} - \ref{2,50,000}$) will also be chargeable to tax.

(c) Since Mr. Yogesh does not own more than 10 vehicles at any time during the previous year 2021-22, he is eligible to opt for presumptive taxation scheme under section 44AE. As per section 44AE, ₹ 1,000 per ton of gross vehicle weight or unladen weight, as the case may be , per month or part of the month for each heavy goods vehicle and ₹ 7,500 per month or part of month for each goods carriage other than heavy goods vehicle, owned by him would be deemed as his profits and gains from such goods carriage.

Heavy goods vehicle means any goods carriage, the gross vehicle weight of which exceeds 12,000kg.

Calculation of presumptive income as per section 44AE

Type of carriage	No. of months the vehicle is owned by Mr. Prakash	Rate per ton per month	Ton	Amount₹
(1)	(2)	(3)	(4)	(5) [(2) x (3) x (4)]
Heavy goods vehicle				
Vehicle B (15,000 kgs) held	12	₹1,000	15	1,80,000
throughout the year			(15,000/1,000)	

Type of carriage	No. of months the vehicle is owned by Mr. Prakash	Rate per ton per month	Ton	Amount₹
(1)	(2)	(3)	(4)	(5)
				[(2) x (3) x (4)]
Vehicle E (14,000kgs)purchased on 15.5.2021	11	₹1,000Rate per month	14 (14,000/1,000)	1,54,000
Goods vehicles other than				
heavy goods vehicle				
Vehicle A held throughout the year	12	₹7,500	-	90,000
Vehicle C held throughout the year	12	₹7,500	-	90,000
Vehicle D purchased on 20.4.2021	12	₹7,500	-	90,000
			Total	6,04,000

The "put to use" date of the vehicle is not relevant for the purpose of computation of presumptive income under section 44AE, since the presumptive income has to be calculated per month or part of the month for which the vehicle is owned by Mr. Yogesh.