

Multiple Choice Questions
For May and November 2022 students

S. No.	Explanations																						
1.	<p>Since his age is 60 years, Mr. Saral will be eligible for basic exemption limit upto Rs. 3 lakhs.</p> <table> <tr> <td>Calculation of Tax Liability</td><td></td></tr> <tr> <td>Upto Rs. 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> </table>	Calculation of Tax Liability		Upto Rs. 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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5.	<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 $7,00,000 \times 78\% = 5,46,000$.</p>
6.	<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 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 $(1,45,000 \times 2) \times 78\% = 2,26,200$.</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. Further, he left for Dubai for the first time on 01.10.2021, it means he was resident at least 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>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.</p> <p>He is a resident and ordinary resident.</p>
13.	<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>Only basic condition 1 is applicable for determination of residential status if Indian citizen or person of Indian origin engaged outside India in any employment or a business or profession & visiting India during PY and his total income (excluding income from foreign source) is up to 15 lakhs in PY.</p> <p>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 21-22 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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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</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>Only basic condition 1 is applicable for determination of residential status if Indian citizen or person of Indian origin engaged outside India in any employment or a business or profession & visiting India during PY and his total income (excluding income from foreign source) is up to 15 lakhs in PY.</p> <p>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.</p> <p>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> <p>Case III – Mr. Chang, a Korean scientist has stayed in India from 01.01.2017 till 01.07.2021 in India. That means more than 60 days in PY and more than 365 days in last 4 PY's, therefore 2nd condition is met and he will be considered as Resident in India.</p>

18.	<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> <p>(26AAA) in case of an individual, being a Sikkimese, any income which accrues or arises to him—</p> <p>(a) from any source in the State of Sikkim; or</p> <p>(b) by way of dividend or interest on securities.</p>
19.	<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> <p>(1) agricultural income</p> <p>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.</p> <p>Further, Agricultural income is considered for rate purposes while assessing the income tax liability if the following two conditions are met:</p> <ul style="list-style-type: none"> • Net agricultural income is greater than Rs. 5,000/- for previous year. • Total income, excluding net agricultural income, surpasses the basic exemption limit (Rs. 2,50,000 for individuals below 60 years of age and Rs. 3,00,000 for individuals above 60 years of age).
20.	<p>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—</p> <p>(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;</p> <p>(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").</p> <p>Only unit located in SEZ is eligible for deduction. Since, it is the 10th year of operations, 50% of export profit will be exempt.</p> <p>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</p> <p>Deduction = 80 lakh * 250 lakh/525 lakhs * 50% = 19.0476 lakhs</p>
21.	<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>									
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, Salary = 1,75,200 (10,000*12 + 6,000*12*60% + 12,00,000*1%) Rent paid = 66,000 (5500*12)</p> <p>Therefore, deduction will be least of the following:</p> <table><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>As per section 10(10C), any amount received under voluntary retirement scheme is exempt to the extent lower of following:</p> <p>a) Salary p.m. * 3 months * No. of years of completion of service (fraction to be ignored)</p> <p>b) Salary p.m. * No. of remaining months of service</p> <p>c) Actual amount received</p> <p>d) Max. Rs. 5,00,000</p> <p>Salary p.m. = Basic + DA (terms of pay) + Turnover commission.</p> <p>Therefore, in the instant case, lower of following will be exempt i.e. 5,00,000:</p> <p>a) 25,000 p.m. * 3 months * 30 years = 22,50,000</p> <p>b) 25,000 p.m. * 6 years * 12 months = 18,00,000</p> <p>c) Actual amount received – 7 lakhs</p> <p>d) Max. Rs. 5,00,000</p> <p>Taxable Amount = 7,00,000 – 5,00,000 = 2,00,000.</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.	<table><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></table>	Basic	240000	Children education allowance	3000	Transport Allowance	21600		264600	
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	Less: Deduction for Children education allowance Rs. 100 per month for each child (max. 2) 3000*2/3 = 2000	2000	The calculation is as follows:														
	Less: Standard deduction	50000															
	Salary chargeable to tax	212600															
26.	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. 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. a) Tuition fees reimbursed by employer – 25000 b) Subsidized fees paid to school maintained by employer – 54000 ((5250-750)*12) Total = 79000																
27.	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.																
28.	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 Rs. 2 lakh, whichever is less will be allowed separately to both.																
29.	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.																
30.	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.																
31.	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.																
32.	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. Further, where expenditure is made for capital asset, depreciation in respect of such asset is disallowed. Therefore, depreciation allowable for AY 22-23 will be as follows (Depreciation rate for furniture is 10%): Cash payment of 10,000 = 10% of 10,000 = 1000 Account payee cheque payment = 10% of 20,000 = 2000 Total = 3000																
33.	Depreciation allowable for AY 2022-23 will be calculated as follows: <table><tr><td>WDV as on 01.04.2021</td><td>320000</td></tr><tr><td>Add: Asset put to use on 01.11.2021</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 01.11.2021 (half depreciation) 50,000*15%/2</td><td>3750</td></tr></table>			WDV as on 01.04.2021	320000	Add: Asset put to use on 01.11.2021	50000		370000	Less: Asset sold	200000		170000	Depreciation allowable		Asset put to use on 01.11.2021 (half depreciation) 50,000*15%/2	3750
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	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 Rs.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 separately.</p> <p>Therefore, question of disallowance under this section will not arise. Hence, answer is NIL.</p>		
36.	<p>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.</p>		
37.	<p>As per section 54EC, investment in notified bonds is required to be made within 6 months from the date of transfer.</p>		
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.	<p>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.</p> <p>In instant case, gift is received on occasion of marriage anniversary and not marriage. Therefore, entire 75,000 will be chargeable to tax.</p>
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. Aaarav has indirectly transferred the house property to his daughter in law deepa through his wife. Therefore, income will be taxable in hands of Mr. Aaarav.</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> <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>
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>

	Therefore, PGBP loss can be set off PGBP income, capital gain income, speculative business income. Accordingly, answer is all of the above.
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 in last.</p>
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,</p> <p>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</p>

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).

(2A) Notwithstanding anything contained in sub-section (1) or sub-section (2), PGBP loss will not get set off from salary.

(3) Capital gain loss will not be set off from income under any other head.

(3A) Notwithstanding anything contained in sub-section (1) or sub-section (2), In case "Income 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
(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,
the Individual/HUF shall be allowed a deduction of 75000 from his gross total income in respect of the previous year:
In case of severe disability, deduction will be 1,25,000.

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 31.03.2022. 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.	10% surcharge is applicable where income of Individual exceeds Rs. 50 lakh but does not exceed Rs. 1 Crore.
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 and transfer is taxable at rate of 10% on gains above 1 lakh. • 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 (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>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>
71.	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>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 22-23 = 15 lakhs Less: AMT credit adjusted (to the extent of diff b/w tax liability between normal provision & 115JC) – 3 lakhs 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.</p>																																					

Accordingly, computation of total income will be as follows:

Particulars		Amount	Remarks
	Textile Business Income	22	
Less:	Textile Business Loss b/f	5	Allowed to be set off
Less:	Loss from speculation business	0	It is only allowed to be set off from speculative business income, therefore 4,00,000 will get carried forward)
	Business income of spouse	2	
	GTI	19	
Less:	Chapter VI-A deduction	3	
	Total Income	16	
	Tax as per slab rate	2.925	
Add:	Health and Education Cess @4%	0.117	
		3.042	
Less:	TDS	1	
Less:	TCS	0.5	
Less:	Advance tax	1.3	
		0.242	

75.

Calculation of Total Income		
Profit as per section 44AD @ 6%	4.2	
Capital Gain u/s 112A	5	
Capital Gain u/s 111A	3	
Winnings from horse races	1	
Total Income	13.2	
Calculation of Tax		
Tax on Capital Gain u/s 112A	0.4	10% above Rs. 1 lakh
Tax on Capital Gain u/s 111A	0.45	15% rate
Tax on Winnings from horse races	0.3	30% rate
Tax on Other Income	0.085	As per slab rate
Total tax	1.235	
Add: Health and Education Cess	0.0494	@4%
Total Tax Payable	1.2844	

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.

Calculation of Total Income	
Income from House Property	
Rental Income (GAV)	480000
Less: Standard deduction @30%	144000
Total Income	336000
Calculation of Tax	
Tax as per slab rate	4300
Add: Health and Education Cess	172
Total Tax Payable	4472

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). 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 ₹4,000 for 8 months = ₹320</p> <p>1½% on tax deducted but not deposited i.e., 1½% on ₹9,000 for 4 months = ₹540</p> <p>Total = ₹860</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.	<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.</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.	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.
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 20-21. 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.	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.
88.	<p>As per Sec. 194J, TDS@10% will be deducted where payment made for professional services and technical services exceed ₹30,000 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>
89.	Benefit of only one instalment of advance tax i.e. on or before 15.03.2022 is available in case of section 44AD & 44ADA.
90.	<p>Section 192 starts with "Any person responsible for paying any income chargeable under the head "Salaries". Salary received by partner is taxable under the head PGBP.</p> <p>Section 194A 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.	TDS u/s 194B is to be deducted if the amount paid is more than 10k.
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 Rs. 50,000 to a Mutual Fund for purchase of its units Cash deposit exceeding Rs. 50,000 during any one day; or A time deposit of amount exceeding Rs 50,000 or aggregating to more than Rs 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 Rs 1 lakh per transaction.
93.	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.
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 a fee, a sum of five thousand rupees</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> <ol style="list-style-type: none"> 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 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 has incurred expenditure of an amount or aggregate of the amounts exceeding one lakh rupees towards consumption of electricity.
96.	As per section 139(5), return of income/loss can be revised for returns filled u/s 139(1), (3) and (5) all.
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 a fee, a sum of five thousand rupees</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.	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.
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> <ol style="list-style-type: none"> 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>(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> <p>Since, expense of study tour does not exceed 2 lakhs, therefore return filling is not required.</p>						
101.	<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 (Basic condition 1) Or Stay in India for 60 days or more in PY and 365 days in Last 4 PY's. (Basic condition 2)</p> <p>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> <p>Further, Indian citizen or person of Indian origin having total income (other than income from foreign source) exceeding Rs. 15 lakhs during the PY, who has been in India for a period or periods amounting in all to 120 days or more but less than 182 days then he will be treated as resident but not ordinary resident (In this case no need to check additional conditions).</p> <p>In the instant case, Mr. Tejas is an Indian Citizen having income of Rs. 18 lakhs in India & visits India for 5 months i.e. 153 days in the PY. Therefore, he will be considered as Resident but not ordinary resident in India</p> <p>Therefore, Rs. 18 lakhs from Indian business will only be taxable in India.</p>						
102.	<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>Further, in case of a recipient who has not filed the returns of income for all 3 preceeding PYs for which due date u/s 139(1) already expired before starting of current PY then TDS shall be deducted on the amount or the aggregate of amounts, as the case may be, in cash exceeding Rs. 20 lakhs during the previous year and the deduction shall be—</p> <p>(a) an amount equal to 2% of the sum where the amount or aggregate of amounts,as the case may be, being paid in cash <i>exceeds 20 lakhs</i> during the previous year but does <i>not exceed 1 crore</i>; or</p> <p>(b) an amount equal to 5% of the sum where the amount or aggregate of amounts,as the case may be, being paid in cash exceeds 1 crore during the previous year.</p> <p>In the instant case, Dr. Sargun although belatedly has filed return of income for all 3 preceeding PYs for which due date u/s 139(1) already expired, therefore limit of 1 crore will be applicable.</p> <p>Withdrawal from SBI does not exceed 1 crore therefore no TDS will be applicable. Withdrawal from Canara Bank in excess of 1 crore will attract TDS. Therefore, TDS of 2% will be deducted on Rs. 20,20,000.</p>						
103.	<p>Calculation of tax liability of Ms. Rimjhim</p> <table><tr><th>Particulars</th><th>Amount</th><th>Remarks</th></tr><tr><td>Income under PGBP</td><td>12,80,000</td><td>25,60,000 * 50% (Section 44ADA)</td></tr></table>	Particulars	Amount	Remarks	Income under PGBP	12,80,000	25,60,000 * 50% (Section 44ADA)
Particulars	Amount	Remarks					
Income under PGBP	12,80,000	25,60,000 * 50% (Section 44ADA)					

	Dividend Income (net of expenses)	1,00,000	1,25,000 – 20% of 1,25,000 (under section 57)																					
	Interest on FD	4,65,000																						
	Total Income	18,45,000																						
104.	<p>As per section 71, loss under one head of income can be set off against income from another head of income but in the same previous year. However, loss from business can not be set off against salary.</p> <p>Further, the maximum loss from house property which can be set off against income from any other head is 2 Lakhs.</p> <p>Computation of total Income of Mr Arpan:</p> <table><tr><td>Particulars</td><td>Amount</td><td></td></tr><tr><td>Income from Salary</td><td>4,00,000</td><td></td></tr><tr><td>Less: Loss from let out house property</td><td>2,00,000</td><td>20,000 will be carried forward to next year</td></tr><tr><td>Less: b/f loss from house property</td><td>-</td><td>2,30,000 will be carried forward to next year</td></tr><tr><td>Bank Interest (FD)</td><td>80,000</td><td></td></tr><tr><td>Less: business loss</td><td>80,000</td><td>20,000 will be carried forward to next year</td></tr><tr><td>Total Income</td><td>2,00,000</td><td></td></tr></table>			Particulars	Amount		Income from Salary	4,00,000		Less: Loss from let out house property	2,00,000	20,000 will be carried forward to next year	Less: b/f loss from house property	-	2,30,000 will be carried forward to next year	Bank Interest (FD)	80,000		Less: business loss	80,000	20,000 will be carried forward to next year	Total Income	2,00,000	
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105.	<p>As per section 50CA, where unquoted shares, being a capital asset is transferred for consideration lower than FMV then such FMV shall be deemed to be full value of consideration for computing capital gains.</p> <p>Where movable property (viz shares) is acquired for inadequate consideration and aggregate difference (FMV - Consideration) exceeds 50,000, then difference between FMV & consideration is taxable under the head IFOS – Section 56(2)(x)</p> <p>ABC (P) Ltd has acquired shares of XYZ (P) Ltd for inadequate consideration & difference between FMV and consideration exceeds 50k, therefore, 1,65,000 (5,15,000 – 3,50,000) is taxable under IFOS.</p> <p>Capital gain in hands of Mr Vikas = 5,15,000 – 4,25,000 = Rs. 90,000</p>																							
106.	<p>Dividend income is taxable in hands of shareholders as per slab rate.</p> <p>As per section 194, TDS at 10% is required to be deducted on payment of dividend to resident payee. No TDS if payment made to Individual by any mode other than cash and payment is up to 5,000 in a PY.</p> <p>Since, the dividend payment is made in cash, Indian company is required to deduct TDS @ 10% on dividend payment.</p>																							
107.	<p>As per section 139(1), due date of return filling for every person who is a partner of a firm, where firm's books of accounts are required to be audited under any law is 31st October of AY.</p> <p>Therefore, due date is 31st October 2022 for both the partners.</p>																							
108.	<table><tr><td>Particulars</td><td>Amount</td><td>Remarks</td></tr><tr><td>Section 80CCD(1B)</td><td></td><td></td></tr><tr><td>Employee's Contribution to NPS</td><td>50,000</td><td>This deduction is above overall deduction of 1.5 lakhs. Max deduction allowed under this is 50k, Balance deduction can be claimed in section 80CCD(1).</td></tr><tr><td>Section 80C</td><td></td><td></td></tr><tr><td>LIC Premium</td><td>55,000</td><td></td></tr><tr><td>Employee's Contribution to NPS</td><td>1,11,280</td><td>1,61,280 – 50,000</td></tr><tr><td></td><td>1,66,280</td><td></td></tr></table>			Particulars	Amount	Remarks	Section 80CCD(1B)			Employee's Contribution to NPS	50,000	This deduction is above overall deduction of 1.5 lakhs. Max deduction allowed under this is 50k, Balance deduction can be claimed in section 80CCD(1).	Section 80C			LIC Premium	55,000		Employee's Contribution to NPS	1,11,280	1,61,280 – 50,000		1,66,280	
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	Restricted to	1,50,000							
	Section 80D								
	Medical Insurance premium	35,000	Up to 50k deduction is allowed for senior citizens, payment can be made in any mode other than cash.						
	Section 80CCD (2)								
	NPS contribution by employer	1,34,400	Deduction upto 10% of salary is allowed for contribution made by employer. {9,60,000 + 3,84,000 (9,60,000*40%)}*10% = 1,34,400						
	Total deduction under chapter VI-A	3,69,400							
109.	<p>Section 50C: Stamp Duty value shall be treated as FVOC - 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>Further, for assets acquired before 01.04.2001, cost of acquisition or FMV as on 01.04.2001 whichever is higher can be taken. However, for immovable property, such FMV as on 01.04.2001 can not exceeds SDV.</p> <p>Calculation of capital gain:</p> <table><tr><td>FVOC</td><td>80,00,000</td></tr><tr><td>Less: Indexed cost of acquisition 22,00,000 * 317/100</td><td>69,74,000</td></tr><tr><td>LTCG</td><td>10,26,000</td></tr></table>			FVOC	80,00,000	Less: Indexed cost of acquisition 22,00,000 * 317/100	69,74,000	LTCG	10,26,000
FVOC	80,00,000								
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LTCG	10,26,000								
110.	<p>As per section 56(2)(x), any gift received above 50k is taxable under IFOS. However, Gifts received on the occasion of marriage are exempt from tax.</p> <p>Therefore, gift received by Kavya on occasion of her marriage is exempt from tax. However, gift received by Mr Vikas of 60k will be taxable under IFOS.</p>								
111.	<p>Section 194-O: Where sale of goods or services of an e-commerce participant is facilitated by an e-commerce operator, such e-commerce operator shall, at the time of credit or at the time of payment thereof to such e-commerce participant by any mode, whichever is earlier, deduct income-tax at the rate of 1% of the gross amount of such sales or services or both.</p> <p>Explanation—For the purposes of this sub-section, any payment made by a purchaser of goods or recipient of services directly to an e-commerce participant for the sale of goods or provision of services or both, facilitated by an e-commerce operator, shall be deemed to be the amount credited or paid by the e-commerce operator to the e-commerce participant and shall be included in the gross amount of such sale or services for the purpose of deduction of income-tax under this sub-section</p> <p>Therefore, MKY Ltd is required to deduct tax on 4,80,000 and 40,000 @ 1% i.e. 5200.</p>								
112.	<p>Section 6(1A) - Notwithstanding anything contained in clause (1), an individual, being a citizen of India, having total income (other than the income from foreign sources) exceeding 15 lakhs 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>Since, Mr. Harry’s income exceed 15 lakh in India and he is not liable to tax in any other country, he will be considered as resident but not ordinary resident in India and Rs. 30 lakhs will be taxable in India.</p>								
113.	As per sec 194DA, TDS is required to be deducted on receipt of maturity proceeds of a life insurance policy								

	<p>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 Rs. 1,00,000.</p> <p>Where the total income of the resident assessee (other than company & firm) is below basic exemption limit during the year, no TDS shall be deducted u/s 194GA, if assessee furnishes a self-declaration to the deductee in form 15G/15H.</p> <p>Mr. Vyas is resident super senior citizen having basic exemption limit of 5 lakhs. Therefore, declaration made by Mr. Vyas is right. No TDS is required to be deducted.</p>																		
114.	<p>As per section 80, assessee is required to file the return up to the due date u/s 139(1) for carry forward of business loss u/s 72(1).</p> <p>However, house property losses & unabsorbed depreciation can be c/f even if return late filed.</p> <p>Further, loss can be set off even if return is filed after due date.</p> <p>In the instant case, loss from house property of Rs. 6 lakhs can be carried forward to next year even if return is filed after due date.</p> <p>Capital gain of Rs. 3 lakhs will be set off from loss under PGBP and therefore total Income will be NIL. Balance business loss cannot be c/f.</p>																		
115.	<p>As per section 64(1)(iv), 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.</p> <p>However, clubbing provision is not applicable to second generation income i.e. income from accretion of transferred asset.</p> <p>Calculation of Income taxable in hands of Pinky for AY 2022-23:</p> <table><tr><th>Particulars</th><th>Calculation</th><th>Amount</th></tr><tr><td>Interest accrued for PY 2018-19</td><td>$300000 \times 11\%$</td><td>33,000</td></tr><tr><td>Interest accrued for PY 2019-20</td><td>$300000 \times 11\% + 33000 \times 11\%$</td><td>36,630</td></tr><tr><td>Interest accrued for PY 2020-21</td><td>$300000 \times 11\% + 33000 \times 11\% + 36630 \times 11\%$</td><td>40,659</td></tr><tr><td>Total Interest income (i.e. second generation income) up to 01.04.2021</td><td></td><td>1,10,289</td></tr><tr><td>Interest income on second generation income for PY 2021-22</td><td>$1,10,289 \times 11\%$</td><td>12,132</td></tr></table>	Particulars	Calculation	Amount	Interest accrued for PY 2018-19	$300000 \times 11\%$	33,000	Interest accrued for PY 2019-20	$300000 \times 11\% + 33000 \times 11\%$	36,630	Interest accrued for PY 2020-21	$300000 \times 11\% + 33000 \times 11\% + 36630 \times 11\%$	40,659	Total Interest income (i.e. second generation income) up to 01.04.2021		1,10,289	Interest income on second generation income for PY 2021-22	$1,10,289 \times 11\%$	12,132
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116.	<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 (Basic condition 1)</p> <p>Or</p> <p>Stay in India for 60 days or more in PY and 365 days in Last 4 PY's. (Basic condition 2)</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, Indian citizen or person of Indian origin having total income (other than income from foreign source) exceeding Rs. 15 lakhs during the PY, who has been in India for a period or periods amounting in all to 120 days or more but less than 182 days then he will be treated as resident but not ordinary resident (In this case no need to check additional conditions).</p>																		

	In the instant case, Mr. Mango is an Indian Citizen having income more than Rs. 15 lakhs in India & visits India for 152 days in the PY (i.e more than 120 days). Therefore, he will be considered as Resident but not ordinary resident in India.																		
117.	<p>As per section 40(b), remuneration to working partners is allowed on book profit (BP) basis. On first 3 lakhs book profit, 90% of BP or 1,50,000, whichever is higher. On balance BP at the rate of 60%.</p> <table border="1"> <thead> <tr> <th>Particulars</th><th>Amount</th></tr> </thead> <tbody> <tr> <td>Profit after debiting remuneration & interest on capital</td><td>(1,12,000)</td></tr> <tr> <td>Add: Remuneration debited</td><td>6,00,000</td></tr> <tr> <td>Book Profit</td><td>4,88,000</td></tr> <tr> <td>Allowable remuneration is lower of following:</td><td></td></tr> <tr> <td>First 3 lakhs BP = 90% or 1.5 lakh (whichever is more)</td><td>3,82,800</td></tr> <tr> <td>Balance BP @60%</td><td></td></tr> <tr> <td>Or</td><td></td></tr> <tr> <td>Remuneration paid to working partners</td><td>6,00,000</td></tr> </tbody> </table> <p>Therefore, remuneration allowed to firm is 3,82,800 i.e. 1,27,600 for each partner.</p> <p>Remuneration allowed to firm will be taxable in hands of partners, therefore Rs. 1,27,600 will be taxable in hands of Mr. C.</p>	Particulars	Amount	Profit after debiting remuneration & interest on capital	(1,12,000)	Add: Remuneration debited	6,00,000	Book Profit	4,88,000	Allowable remuneration is lower of following:		First 3 lakhs BP = 90% or 1.5 lakh (whichever is more)	3,82,800	Balance BP @60%		Or		Remuneration paid to working partners	6,00,000
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118.	<p>Business connection shall not be established where non resident carries on business through a broker/agent having an independent status, if such a person is acting in the ordinary course of his business.</p> <p>A broker/agent shall be deemed to have an independent status where he does not work mainly or wholly for the non-resident.</p>																		
119.	<p>As per section 80TTB, where GTI of resident senior citizen includes interest on deposit with banks, co-operative bank or post office then deduction up to 50,000 is available from such income.</p> <p>Therefore, deduction will only be available for interest of Rs. 20,000 received from co-operative land development bank.</p>																		
120.	<p>As per section 139(1), resident and ordinary resident is compulsory required to file return of income if he is beneficial owner of any asset (including financial interest) located outside India.</p> <p>Since, he is resident but not ordinary resident, he is not mandatorily required to file return of income. Also, since his basic income does not exceed basic exemption limit, he is not required to file return.</p>																		
121.	<p>Surcharge to individual, HUF, AOP, BOI and Artificial Judicial Person assessee will be 15% on tax on Dividend Income & capital gains u/s 111A & 112A where total income including such capital gains exceed Rs. 2 Cr. Since his age is 65 years, Mr. Ashutosh will be eligible for basic exemption limit up to Rs. 3 lakhs.</p> <table border="1"> <thead> <tr> <th colspan="2">Calculation of Total Income</th></tr> </thead> <tbody> <tr> <td>LTCG u/s 112</td><td>57,00,000</td></tr> <tr> <td>LTCG u/s 112A</td><td>65,00,000</td></tr> <tr> <td>Other Income</td><td>1,98,00,000</td></tr> <tr> <td>Total Income</td><td>3,20,00,000</td></tr> <tr> <th colspan="2">Calculation of Tax Liability</th></tr> <tr> <td>Tax on LTCG u/s 112</td><td>11,40,000</td></tr> </tbody> </table>	Calculation of Total Income		LTCG u/s 112	57,00,000	LTCG u/s 112A	65,00,000	Other Income	1,98,00,000	Total Income	3,20,00,000	Calculation of Tax Liability		Tax on LTCG u/s 112	11,40,000				
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	Tax on LTCG u/s 112A	6,40,000
	Tax on Other Income as per slab	
	Up to Rs. 3,00,000	-
	3,00,000 to 5,00,000 @ 5%	10,000
	5,00,001 to 10,00,000 @ 20%	1,00,000
	1,88,00,000 @ 30%	56,40,000
	Total	75,30,000
	Add: Surcharge on LTCG u/s 112A at 15%	96,000
	Add: Surcharge on balance tax @ 25%	17,22,500
		93,48,500
	Add – Health and education cess @ 4%	3,73,940
	Total Tax Liability	97,22,440
122.	<p>As per section 139(1), resident and ordinary resident is compulsory required to file return of income if he is beneficial owner of any asset (including financial interest) located outside India.</p> <p>In this case, Mr. Kumar became owner of house located in London after death of his son. Therefore, he is mandatorily required to file return.</p>	
123.	<p>In case of Individual & HUF, TDS is required to be deducted u/s 194J if last year Turnover is 1 crore in case of business & 50 lakhs in case of profession.</p> <p>Therefore, turnover of current year i.e. financial year in which payment made is irrelevant.</p>	
124.	<p>Deduction of Rs. 1.5 lakhs u/s 80EEA is allowed to individuals for loan taken for purchase of house property & loan must be sanctioned between 01.04.2019 to 31.03.2022. Stamp duty value of house should be up to 45 lakhs. Assessee does not own any residential house property on the date of sanction of loan.</p> <p>First, deduction should be claimed u/s 24(b) of house property and remaining interest deduction u/s 80EEA. Interest is allowed on due basis.</p> <p>Therefore, Mr. Ashutosh will get deduction u/s 24(b) of Rs. 2 lakhs and deduction u/s 80EEA of Rs. 1.50 lakhs. Total 3.5 lakhs.</p>	
125.	<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.</p> <p>Therefore, amount to be clubbed in hands of Mrs. Kamini will be:</p> $4,00,000/8,00,000 \times 2,00,000 = 1,00,000$	
126.	<p>As per section 112A, LTCG on sale of equity shares is taxable @10% in excess of Rs. 1 lakh.</p> <p>Further, rebate u/s 87A is not allowed to assessee on such income. However, benefit of unexhausted basic exemption limit is available.</p> <p>Therefore, tax liability of Miss Nisha (Senior Citizen) will be:</p> $1,80,000 - 1,00,000 - 25,000 \text{ (unexhausted basic exemption limit)} = 55,000 \times 10\% \times 1.04 = 5,720.$	
127.	<p>As per section 40(b), interest on partner's capital & loan is allowed at maximum 12% p.a simple interest. Further, interest@ 12% is allowed from the date of partnership deed & cannot be retrospective.</p> <p>Further, where an individual is a partner on representative's capacity & receiving interest on Individual capacity then section 40(b) not applicable on such interest.</p>	

	Therefore, interest on K's loan i.e. Rs. 7,500 ($50,000 \times 15\%$) will be fully allowed and to HUF, it will be allowed at 12% i.e. 36,000 ($3,00,000 \times 12\%$). Total = 43,500.
128.	As per section 192A, a person is required to deduct TDS at 10% on withdrawal of accumulated balance of PF by employee. TDS will not attract if aggregate amount of payment is less than Rs. 50,000. Therefore, TDS @10% on 55,000 will be deducted i.e. 5,500.
129.	As per section 6(2), if control and management of HUF's affairs is wholly or partly in India then HUF is resident, otherwise Non-Resident. If Karta of HUF is satisfying both the additional conditions as per section 6(6) then the HUF is treated as Resident & Ordinary Resident otherwise Resident but NOR. In the instant case, HUF's affairs are partly controlled in India, therefore HUF is resident in India. Since, the Karta of HUF has not visited India for the past 11 years, therefore he will not satisfy section 6(6) conditions. Accordingly, HUF is Resident but NOR.
130.	As per section 57, in case of interest on compensation of compulsory acquisition, an amount equal to 50% of such income shall be allowed as deduction and no deduction shall be allowed under any other clause of this section. Therefore, amount taxable in hands of Ms. Shalini is 2,50,000.

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 21-22 (AY 22-23)																		
1.2	Any amount received in Non-Resident (External) Account (NRE Account) is exempt from tax. Therefore, salary income received in NRE account will be exempt from tax. Calculation of Total Income: <table><tr><th></th><th>Amount</th><th>Remarks</th></tr><tr><td>Salary</td><td>-</td><td>Exempt</td></tr><tr><td>Dividend</td><td>-</td><td>Not accrued or received in India</td></tr><tr><td>Agriculture Income</td><td>2,50,000</td><td>Received in India</td></tr><tr><td>Rent received 3,60,000 * 70%</td><td>2,52,000</td><td>Income from property located in India</td></tr><tr><td></td><td>5,02,000</td><td></td></tr></table>		Amount	Remarks	Salary	-	Exempt	Dividend	-	Not accrued or received in India	Agriculture Income	2,50,000	Received in India	Rent received 3,60,000 * 70%	2,52,000	Income from property located in India		5,02,000	
	Amount	Remarks																	
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1.3	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 : 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— <div>(a) manual work done by him; or</div> <div>(b) activity involving application of his skill, talent or specialised knowledge and experience.</div> 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.																		

	As per Section 10(32), deduction of 1500 is allowed to assessee in respect of each minor child whose income is includible in hands of assessee. Therefore, Total Income of Mr. Shashikant will be $5,02,000 - 1,500 = 5,00,500$.																				
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 Turnover as well as Total Turnover. So here Export T/O is 40 Lakhs and Total T/O 80 Lakhs																				
2.2	Since PY 21-22 is the 6 th year of operation in SEZ so deduction available @50% of Export Profit. Export Profit = $\frac{\text{PGBP} \times \text{Export T/o}}{\text{Total T/o}}$ $20 \text{ Lakhs} \times 40 \text{ lakhs} / 80 \text{ Lakhs}$ i.e. $10 \text{ lakhs} \times 50\% = 5 \text{ Lakhs}$																				
2.3	If manufacturing started in April, 2018, then current year will be 4 th year of operation. Therefore, deductions allowed at 100% of Export profit i.e. 10 lakhs																				
2.4	Calculation of Total Income <table> <tr> <td>PGBP from SEZ Unit</td><td>20,00,000</td></tr> <tr> <td>Rental Income (25000 x 12 Months)</td><td>3,00,000</td></tr> <tr> <td>Less : Std dedn 30% of NAV</td><td><u>90,000</u></td></tr> <tr> <td>Saving Bank Interest</td><td>12,500</td></tr> <tr> <td>Post office Saving Interest (5,500 – Exempt 3,500)</td><td><u>2,000</u></td></tr> <tr> <td>Gross Total Income</td><td>22,24,500</td></tr> <tr> <td>Less : Deduction u/s VI-A</td><td></td></tr> <tr> <td>80TTA Interest on SB A/c</td><td>10,000</td></tr> <tr> <td>10AA SEZ</td><td><u>5,00,000</u></td></tr> <tr> <td>Total Income</td><td><u>17,14,500</u></td></tr> </table>	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>	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		80TTA Interest on SB A/c	10,000	10AA SEZ	<u>5,00,000</u>	Total Income	<u>17,14,500</u>
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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	<div>Taxable Perquisite</div> <table><tr><td>Medical Bills</td><td>15,000</td></tr><tr><td>House Servant (4,000 x 12 Months)</td><td>48,000</td></tr><tr><td>ESOPS [400 x 100 (350-250)]</td><td>40,000</td></tr><tr><td>Professional Tax paid by ER</td><td><u>2,400</u></td></tr><tr><td></td><td>1,05,400</td></tr></table> <div>Note: Transfer of Computer Benefit</div> <div>*WDV-amount paid by Employee</div> <div>12,500 – 15,000 : NIL</div> <div>WDV calculated by depreciation @ 50% on WDV method for completed year.</div>			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										
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4.3	<div>Income Chargeable under the head Salary</div> <table><tr><td>Basic Salary</td><td>6,96,000</td></tr><tr><td>DA</td><td>69,600</td></tr><tr><td>Bonus</td><td>98,000</td></tr><tr><td>Medical Allowance</td><td>60,000</td></tr><tr><td>Taxable Perquisite</td><td>1,05,000</td></tr><tr><td>Gross Salary</td><td>10,29,000</td></tr><tr><td>Less : Deduction u/s 16</td><td></td></tr><tr><td>Professional Tax 2,400</td><td></td></tr><tr><td>Standard Deduction 50,000</td><td>(52,400)</td></tr><tr><td>Net Salary</td><td>9,76,600</td></tr></table>			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
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4.4	<div>Computation of Tax Liability</div> <table><tr><td>STCG 111A (94,000 x 15%)</td><td>14,100</td></tr><tr><td>Balance Income (9,76,600 x Slab Rate)</td><td><u>1,07,820</u></td></tr><tr><td></td><td>1,21,920</td></tr><tr><td>Add. HEC @ 4%</td><td><u>4,877</u></td></tr><tr><td></td><td>1,26,797 i.e. 1,26,800</td></tr></table>			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										
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Add. HEC @ 4%	<u>4,877</u>																						
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4.5	<div>As per Section 115BBE, tax is chargeable at 60%. Further, surcharge of 25% and HEC of 4% will be levied).</div> <div>Effective rate is 78%</div> <div>5,00,000 x 60% = 3,00,000 (+25% Surcharge +4% HEC)</div>																						
5.1	<div>Value of Rent Free Accommodation (House Hired by Employer)</div> <div>Lower of</div> <table><tr><td>i. 15% of Salary (3,03,800 x 15%)</td><td>45,579</td></tr><tr><td>ii. Rent Paid by ER</td><td>30,000</td></tr></table> <div>So, value of perks is 30,000</div>			i. 15% of Salary (3,03,800 x 15%)	45,579	ii. Rent Paid by ER	30,000																
i. 15% of Salary (3,03,800 x 15%)	45,579																						
ii. Rent Paid by ER	30,000																						
5.2	<div>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 21-22 till PY 25-26)</div> <div>1,20,000/5 years = 24,000 Per Year.</div>																						
5.3	<div>Car is fully used for Personal Purpose</div> <table><tr><td>Car Facility (8,00,000 x 10%)</td><td>80,000</td></tr><tr><td>Expenditure paid by Employer</td><td><u>60,000</u></td></tr><tr><td></td><td>1,40,000</td></tr></table>			Car Facility (8,00,000 x 10%)	80,000	Expenditure paid by Employer	<u>60,000</u>		1,40,000														
Car Facility (8,00,000 x 10%)	80,000																						
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5.4	<table><tr><td></td><td>Normal Provision</td><td>Sec 115BAC</td></tr><tr><td>Basic Salary</td><td>4,27,000</td><td>4,27,000</td></tr><tr><td>DA</td><td>1,70,800</td><td>1,70,800</td></tr><tr><td>Rent Free Accommodation</td><td>30,000</td><td>30,000</td></tr><tr><td>Car Facility</td><td>1,40,000</td><td>1,40,000</td></tr><tr><td>Gross Salary</td><td>7,67,800</td><td>7,67,800</td></tr></table>		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				
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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. Deduc 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 i.e. 22,210	41,777 i.e. 41,780
6.1	No of days stay in India during PY 21-22 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 21-22.		
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	Income from House Property for Current Year Recovery of Arrears Rent (3,00,000 x 70%) Loss from SOP Delhi* IFHP Interest deduction in case of SOP PY		

	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 2019 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 mei karvaya hua hai dekh lena book mei : 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 extend 2,00,000 so remaining loss of Rs. 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 317/289	(68,00,692)	
	Less : ICOI 15,00,000 x 317/301	(15,79,734)	
	Gross LTCG	6,19,574	
	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	6,19,574	

	GTI	26,19,924 i.e. 26,19,920
10.1	Calculation of Depreciation in case of P&M @ 15%	
	Opening WDV as on 01.04.2021	1,45,00,000
	Add: Actual cost of asset acquired in current year (15.10.21-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 (30.12.21)	1,85,00,000
	Less : Depreciation @5% (Half Rate)	9,25,000
	Closing WDV of Block	1,75,75,000
10.4	Calculation of Depreciation in case of BMW M4 @ 30% (as acquired and put to use 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
	Dep. For PY 21-22 (30%) (16,42,694 x 80%)	13,14,156
11.1	Calculation of Depreciation in case of P&M "Y" @ 15%	
	Opening WDV as on 01.04.2020	-
	Add: Actual cost of asset acquired in current year (14.01.21-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 10%)	(50,000)
	Closing WDV of Block /Op WDV for PY 21-22	4,12,500
	Add: Actual cost of asset acquired in current year	-
	Less : Money Payable (Sale Value)	-
	WDV for Depreciation	4,12,500
	Dep. Actually allowed	
	-Normal Depreciation (4,12,500 x 15%)	(61,875)
	-Additional Depreciation (5,00,000 x 10%)	(50,000)
		1,11,875
	Closing WDV of Block	2,31,250

	<p>Note: Assessee started manufacturing business in the Notified backward area of Andhra Pradesh so additional depreciation rate @ 20% allowed.</p> <p>Since in the year of acquisition it is put to use for less than 180 days so half rate i.e. 10% depreciation allowed in PY 20-21 and remaining 10% allowed in PY 21-22</p>																																																												
11.2	<p>Calculation of Total Depreciation for PY 21-22</p> <p>Calculation of Depreciation in case of P&M "X" & "Z" @ 15%</p> <table><tr><td>Opening WDV as on 01.04.2020</td><td>-</td></tr><tr><td>Add: Actual cost of asset acquired in current year (07-06-20 Full rate)</td><td>14,75,340</td></tr><tr><td>Less : Money Payable (Sale Value)</td><td>-</td></tr><tr><td>WDV for Depreciation</td><td>14,75,340</td></tr><tr><td>Dep. Actually allowed</td><td></td></tr><tr><td>-Normal Depreciation (14,75,340 x 15%)</td><td>(2,21,301)</td></tr><tr><td>-Additional Depreciation (14,75,340 x 20%)</td><td>(2,95,068)</td></tr><tr><td>Closing WDV of Block /Op WDV for PY 21-22</td><td>9,58,971</td></tr><tr><td>Add: Actual cost of asset acquired in current year "Z"</td><td>8,00,000</td></tr><tr><td>Less : Money Payable (Sale Value)</td><td>-</td></tr><tr><td>WDV for Depreciation</td><td>17,58,971</td></tr><tr><td>Dep. Actually allowed</td><td></td></tr><tr><td>-Normal Depreciation (17,58,971 x 15%)</td><td>(2,63,846)</td></tr><tr><td>-Additional Depreciation (8,00,000 x 20%)</td><td>(1,60,000)</td></tr><tr><td></td><td>4,23,846</td></tr><tr><td>Closing WDV of Block</td><td>13,35,125</td></tr></table> <p>Calculation of Depreciation in case of Furniture @ 10%</p> <table><tr><td>Opening WDV as on 01.04.2020</td><td>-</td></tr><tr><td>Add: Actual cost of asset acquired in current year (25-07-20 Full rate)</td><td>7,65,400</td></tr><tr><td>Less : Money Payable (Sale Value)</td><td>-</td></tr><tr><td>WDV for Depreciation</td><td>7,65,400</td></tr><tr><td>Dep. Actually allowed</td><td></td></tr><tr><td>-Normal Depreciation (7,65,400 x 10%)</td><td>(76,540)</td></tr><tr><td>Closing WDV of Block /Op WDV for PY 21-22</td><td>6,88,860</td></tr><tr><td>Add: Actual cost of asset acquired in current year "Z"</td><td>-</td></tr><tr><td>Less : Money Payable (Sale Value)</td><td>-</td></tr><tr><td>WDV for Depreciation</td><td>6,88,860</td></tr><tr><td>Dep. Actually allowed</td><td></td></tr><tr><td>-Normal Depreciation (6,88,860 x 10%)</td><td>(68,886)</td></tr><tr><td>Closing WDV of Block</td><td>6,19,974</td></tr></table> <p>Total Dep. For Current Year P&M 'X & Z' : 4,23,846 P&M 'Y' : 1,11,875 Furniture : 68,886 Total 6,04,607</p>			Opening WDV as on 01.04.2020	-	Add: Actual cost of asset acquired in current year (07-06-20 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 20%)	(2,95,068)	Closing WDV of Block /Op WDV for PY 21-22	9,58,971	Add: Actual cost of asset acquired in current year "Z"	8,00,000	Less : Money Payable (Sale Value)	-	WDV for Depreciation	17,58,971	Dep. Actually allowed		-Normal Depreciation (17,58,971 x 15%)	(2,63,846)	-Additional Depreciation (8,00,000 x 20%)	(1,60,000)		4,23,846	Closing WDV of Block	13,35,125	Opening WDV as on 01.04.2020	-	Add: Actual cost of asset acquired in current year (25-07-20 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 21-22	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
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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.																																																												
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 30,210										
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"> <tr> <td>Book Profit*</td><td>11,50,000</td></tr> <tr> <td>Less: Remuneration allowed</td><td>(7,68,000)</td></tr> <tr> <td></td><td>3,82,000</td></tr> <tr> <td>Less: B/F Losses (26,000+78,000+1,05,670)</td><td>(2,09,670)</td></tr> <tr> <td>NET PGBP</td><td>1,72,330</td></tr> </table> <p>* Book Profit means PGBP income just before remuneration but after adjusting current year and B/F unabsorbed depreciation.</p>	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
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NET PGBP	1,72,330										
13.1	Mr. Anay acquiring Building for 120 Lakhs so he's required to deduct TDS u/s 194-IA @1% 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 <table border="1"> <tr> <td>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)</td><td>1,50,00,000</td></tr> <tr> <td>Less: ICOA 95,00,000 x 317/280</td><td>(1,07,55,357)</td></tr> <tr> <td>LTCG</td><td>42,44,643</td></tr> </table>	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 317/280	(1,07,55,357)	LTCG	42,44,643				
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 317/280	(1,07,55,357)										
LTCG	42,44,643										
13.3	Tax on LTCG 42,44,643 x 20% = 8,48,930										
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.										
14.2	Dividend is paid by domestic company to Resident person so Company required to deduct TDS at 10% (350 Shares x 10 x 200%) 7,000 x 10% = 700.										
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% from the last month of Rent u/s 194-IB (2,40,000 x 5%) : 12,000.										

14.4	Computation of Income under the head Salary [4months]			
	Basic Salary			11,02,700
	COLA (DA) (In terms)			4,80,800
	HRA Recd	5,51,352		
	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	81,650		4,69,701
	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	30,000
	Less: Transfer Exps	585	270	540
	Net Consideration	31,915	14,730	29,460
	Less: Cost (incl brokg.)	20,605	12,485	30,907
	STCG	11,310	2,245	(1447)
	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	20,600
	-COA 49(1) Previous Owner	37,822	56,075	18,200
	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 - Income of a minor child is taxable in hands of the parent whose income is more before clubbing minor's income. Exception: 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. 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. 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"> <thead> <tr> <th>Particulars</th><th>Amount</th></tr> </thead> <tbody> <tr> <td>Salary (62,000 x 12)</td><td>744000</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>36000</td></tr> <tr> <td>Riya's Income (Clubbed in Raavi hand)</td><td>11500</td></tr> <tr> <td>Total Income</td><td>791500</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)	744000	Business Loss (Clubbed in Rajesh Hand)		Interest Income (Clubbed in Rajesh Hand)		STCG on sale of shares (66000-30000)	36000	Riya's Income (Clubbed in Raavi hand)	11500	Total Income	791500
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Business Loss (Clubbed in Rajesh Hand)	(22000)														
Interest Income (Clubbed in Rajesh Hand)	30,000														
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. 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>														

Only information about expected rent is given, hence the same has been considered as GAV.
We have taken properties as A, B, C and D.
Property A is the property transferred by Hetal to Hemant.

	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

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.

Hence, in the given case, Hetal can claim annual value for property C and D as Nil to save taxes.

Income under house property = 346500 + 700000 = 1046500

- 17.2 Tax as per Normal Provisions –
Tax upto 2.5 Lakhs – Nil
From 2.5 to 5 Lakhs @ 5% = 12500
From 5 Lakhs to 10lakhs @20 % = 100000
From 10 lakhs to 1046500 @30% = 13950

Total tax = 126450 + 4% Surcharge = 131508

Tax as per Section 115BAC–
Tax upto 2.5 Lakhs – Nil
From 2.5 to 5 Lakhs @ 5% = 12500
From 5 Lakhs to 7.5 lakhs @ 10% = 25000
From 7.5 Lakhs to 10 lakhs @ 15% = 37500
From 10 lakhs to 1046500 @20 % = 9300

Total tax = 84,300 + 4% Surcharge = 87,672 rounded off 87,670

Hence, hetal can opt for 115BAC to save taxes.

- 17.3 Sec 139(1): Filing of return of income (ROI)

For company & Partnership Firm (including LLP) - Return filing is compulsory.

For other Assessee - if GTI (before claiming exemption u/s 54, 54B, 54F, 54G, 54GA, 54GB) > Basic exemption, then return filing is compulsory

Due date of return filing for hetal's father is 31st July 2022.

- 17.4 Resident senior citizen not having income under the head "PGBP" is not required to pay advance tax.

- 18.1 Sec. 44AB: Compulsory audit of Books of Accounts (Tax audit)

Tax audit is compulsory in following cases:

a) Business - If T/O > 1 crore during the P.Y.

b) Profession - If Gross receipts > 50 lakhs during the P.Y.

	<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 2021-22.</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 - 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	<p>Long term capital loss can be set off only against Long term Capital gain, hence the same will be carry forward under Section 74.</p>						
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. Exception: 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 Rs. 1500 p.a per child is allowed to parent.</p> <p>Hence, interest on bank fixed deposit would be clubbed in hands of Abhishek.</p> <table> <tr> <td>Income =</td><td>9500</td></tr> <tr> <td>Less : Exemption u/s 10(32)</td><td>1500</td></tr> <tr> <td>Income Clubbed =</td><td>8000</td></tr> </table>	Income =	9500	Less : Exemption u/s 10(32)	1500	Income Clubbed =	8000
Income =	9500						
Less : Exemption u/s 10(32)	1500						
Income Clubbed =	8000						
19.2	<table> <tr> <th>Particulars</th><th>Amount</th></tr> <tr> <td>Salary (net of standard deduction of 50k)</td><td>1,34,50,000</td></tr> <tr> <td>Dividend Income (from ABC Ltd.) – Taxable in PY 2020-21</td><td>-</td></tr> </table>	Particulars	Amount	Salary (net of standard deduction of 50k)	1,34,50,000	Dividend Income (from ABC Ltd.) – Taxable in PY 2020-21	-
Particulars	Amount						
Salary (net of standard deduction of 50k)	1,34,50,000						
Dividend Income (from ABC Ltd.) – Taxable in PY 2020-21	-						

	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	
19.3	Deduction u/s 80C is allowed for 75000 (Tuition Fees of 2 Children 40K + Contribution for PPF 35K)		
	Notes - 1. Tuition fees deduction under Sec 80C is allowed for max 2 children for full time education in India 2. Fixed deposit in a scheduled bank or Post office for years or more is allowed as deduction.		
19.4	Computation of Tax liability 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> 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 2022.		
20.2	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— (a) an employee whose total emoluments are more than 25,000 per month; or (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 (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 (d) an employee who does not participate in the recognised provident fund: Deduction u/s 80JJAA –		

	<table><tr><th>Date</th><th>No. of Employees</th><th>Monthly Emoluments</th><th>Eligible</th><th>Months</th><th>Total Emoluments</th></tr><tr><td>1.5.2020</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>1.6.2020</td><td>65</td><td>23,000</td><td>No, since not participating in RPF</td><td></td><td></td></tr><tr><td>1.7.2020</td><td>35</td><td>22,500</td><td>Yes</td><td>9</td><td>70,87,500</td></tr><tr><td>1.4.2021</td><td>20</td><td>21,000</td><td>Yes</td><td>12</td><td>50,40,000</td></tr><tr><td>1.8.2022</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>1,21,27,500</td></tr><tr><td colspan="5">Deduction @ 30%</td><td>36,38,250</td></tr></table>	Date	No. of Employees	Monthly Emoluments	Eligible	Months	Total Emoluments	1.5.2020	50	26,500	No, since monthly emoluments is 25,000 or more			1.6.2020	65	23,000	No, since not participating in RPF			1.7.2020	35	22,500	Yes	9	70,87,500	1.4.2021	20	21,000	Yes	12	50,40,000	1.8.2022	30	26,000	No, since monthly emoluments is 25,000 or more			Total					1,21,27,500	Deduction @ 30%					36,38,250
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20.3	<table><tr><th>Particulars</th><th>Amount</th></tr><tr><td>PGBP</td><td>5,75,22,750</td></tr><tr><td>Interest Income</td><td>12,50,000</td></tr><tr><td>Less; Deduction u/c VIA</td><td></td></tr><tr><td>80G</td><td>2,50,000</td></tr><tr><td>80JJAA</td><td>36,38,250</td></tr><tr><td>Net Total income</td><td>5,48,84,500</td></tr></table>					Particulars	Amount	PGBP	5,75,22,750	Interest Income	12,50,000	Less; Deduction u/c VIA		80G	2,50,000	80JJAA	36,38,250	Net Total income	5,48,84,500																														
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20.4	<table><tr><th>Tax Calculation</th><th></th></tr><tr><td>Upto 2.5 Lakhs</td><td>0</td></tr><tr><td>2.5 to 5 Lakhs</td><td>12,500</td></tr><tr><td>5 Lakhs to 10 Lakhs</td><td>1,00,000</td></tr><tr><td>10 Lakhs to 5,48,84,500</td><td>1,61,65,350</td></tr><tr><td>Total Tax</td><td>1,62,77,850</td></tr><tr><td>Add: Surcharge @ 37%</td><td>2,23,00,655</td></tr><tr><td>Add: HEC @ 4%</td><td>2,31,92,681</td></tr><tr><td>Less: TDS on interest</td><td>1,25,000</td></tr><tr><td>Net Tax Payable</td><td>2,30,67,681</td></tr></table>					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%	2,23,00,655	Add: HEC @ 4%	2,31,92,681	Less: TDS on interest	1,25,000	Net Tax Payable	2,30,67,681																								
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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.</p> <p>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> <p>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.</p> <p>*(April-30, May-31, June-30, July-31, August-31, September-27, March-2)</p>																																																
21.2	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.																																																

	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
	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
21.4	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. 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. Therefore, TDS @ 5% will be deducted on Rs. 8,40,000 i.e. 42,000.	
21.5	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.	
22.1	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	

	<p>And 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 100 days but he was in India for 760 days in immediately preceding 4 years. Therefore, Mr. Anirudh is Resident in India.</p> <p>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.</p> <p>Therefore, he will be treated as Resident and ordinarily resident in India.</p>																																									
22.2	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.																																									
22.3	<table><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 17,50,000 * 317/280</td><td>1981250</td></tr><tr><td>Long term Capital Gain (POH > 2 years)</td><td>591250</td></tr></table>	Sales Consideration	2625000	Less: transfer expense	52500	Net Consideration	2572500	Indexed Cost of Acquisition 17,50,000 * 317/280	1981250	Long term Capital Gain (POH > 2 years)	591250																															
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22.4	As per section 2(1A) "agricultural income"1 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.																																									
22.5	<table><tr><td>Calculation of Total Income</td><td></td><td></td></tr><tr><td>LTCG</td><td>591250</td><td></td></tr><tr><td>Foreign Income</td><td>875000</td><td></td></tr><tr><td>Agriculture Income</td><td>650000</td><td>For rate purpose only</td></tr><tr><td>Total Income</td><td>2116250</td><td>Considering agriculture income for rate purpose</td></tr><tr><td>Calculation of Tax</td><td></td><td></td></tr><tr><td>Tax on LTCG</td><td>118250</td><td>20% as per section 112</td></tr><tr><td>Balance Income as per slab rate</td><td>270000</td><td></td></tr><tr><td>Total Tax (A)</td><td>388250</td><td></td></tr><tr><td>Tax on (Agriculture Income + Income not chargeable to tax) as per slab rate (B)</td><td>92500</td><td></td></tr><tr><td>Tax Payable (A-B)</td><td>295750</td><td></td></tr><tr><td>Add: Health and Education Cess @4%</td><td>11830</td><td></td></tr><tr><td>Total Tax Payable</td><td>307580</td><td></td></tr></table>	Calculation of Total Income			LTCG	591250		Foreign Income	875000		Agriculture Income	650000	For rate purpose only	Total Income	2116250	Considering agriculture income for rate purpose	Calculation of Tax			Tax on LTCG	118250	20% as per section 112	Balance Income as per slab rate	270000		Total Tax (A)	388250		Tax on (Agriculture Income + Income not chargeable to tax) as per slab rate (B)	92500		Tax Payable (A-B)	295750		Add: Health and Education Cess @4%	11830		Total Tax Payable	307580			
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23.1	<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. 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</p>																																									

	liable to tax in any other country or territory by reason of his domicile or residence or any other criteria of similar nature.		
	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— (d) a citizen of India who is deemed to be resident in India under clause (1A)		
	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.		
23.2	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.		
23.3	Tuition fees paid will be allowed u/s 80C to the extent of 1.5 lakhs Interest deduction will be allowed u/s 80TTB to the extent of 50K Therefore, total deduction allowed will be Rs. 2 lakhs.		
23.4	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	
23.5	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 2022.		
24.1	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																																																																		
24.2	<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.</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 @ 5% will be deducted on Rs. 7,80,000 i.e. 39,000.</p>																																																																			
24.3	<table><tr><td>Calculation of Total Income</td><td></td><td></td></tr><tr><td>Salary</td><td>16450000</td><td>After standard deduction of 50k</td></tr><tr><td>LTCG on sale of equity shares</td><td>106500</td><td></td></tr><tr><td>Saving bank interest</td><td>482778</td><td></td></tr><tr><td>Income from House Property</td><td>-30000</td><td>30k interest is allowed for repair of self occupied property</td></tr><tr><td></td><td></td><td></td></tr><tr><td>Gross Total Income</td><td>17009278</td><td></td></tr><tr><td>Less: deduction under Chapter VI-A</td><td>202670</td><td>as calculated in answer 1</td></tr><tr><td>Total Income</td><td>16806608</td><td></td></tr><tr><td></td><td></td><td></td></tr><tr><td>Calculation of Tax</td><td></td><td></td></tr><tr><td>on LTCG</td><td>650</td><td>10% in excess of 1,00,000 u/s 112A</td></tr><tr><td>Balance Income as per slab rate</td><td>4822532</td><td></td></tr><tr><td></td><td>4823182</td><td></td></tr><tr><td>Add: Surcharge @15%</td><td>723477</td><td>Since, income exceeds 1 crore, 15% applicable</td></tr><tr><td></td><td>5546660</td><td></td></tr><tr><td>Add: Health and Education Cess</td><td>221866</td><td>`@4%</td></tr><tr><td>Total Tax Payable</td><td>5768526</td><td></td></tr><tr><td>Less: Advance tax</td><td>530000</td><td></td></tr><tr><td>Less: TDS</td><td>5189000</td><td></td></tr><tr><td>Net Tax Payable</td><td>49526</td><td></td></tr><tr><td>Net Tax Payable (rounded off)</td><td>49530</td><td></td></tr></table>	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		
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24.4	Since, advance tax payment (including TDS) is more than 90% of assessed tax. Therefore, no interest will be payable u/s 234B.																																																																			
25.1	Computation of amount chargeable under the head salary (considering section 115BAC):																																																																			
	Basic pay	6,34,068																																																																		
	DA	1,26,814																																																																		
	HRA	3,17,040																																																																		
	Transport allowance	19,200																																																																		

	Personal Allowance	5,09,088	
	Children education allowance for 2 child	12,000	
	Medical Allowance	15,000	
	Bonus	20,000	
	Employers contribution to PFC in excess of 12% of salary 1,14,132 – 12% (634068+126814) = 22,826	22,826	
		16,76,036	
25.2	Tax as per Section 115BAC on salary of Rs. 16,76,036– Tax upto 2.5 Lakhs – Nil From 2.5 to 5 Lakhs @ 5% = 12500 From 5 Lakhs to 7.5 lakhs @ 10% = 25000 From 7.5 Lakhs to 10 lakhs @ 15% = 37500 From 10 lakhs to 12.5 lakhs @ 20 % = 50000 From 12.5 lakhs to 15 lakhs @ 25 % = 62500 From 15 lakhs to 1676036 @ 30 % = 52811 Total = 240311 Add: cess@4% = 9612 Total tax liability = 2,49,923 i.e. 2,49,920. Therefore, Nobita Pvt Ltd should have deducted the above amount as TDS.		
25.3 & 25.4	Computation of Total Income and Tax liability of Mr. Sarthak if he does not opt for section 115BAC:		
	Particulars	Amount	Remarks
	Salary		
	Basic pay	6,34,068	
	DA	1,26,814	
	HRA	3,17,040	Residing in self occupied property, therefore no exemption available
	Transport allowance	19,200	
	Personal Allowance	5,09,088	
	Children education allowance for 2 child	12,000	
	Medical Allowance	15,000	
	Bonus	20,000	
	Employers contribution to PFC in excess of 12% of salary	22,826	1,14,132 – 12% (634068+126814) = 22,826
		16,76,036	
	Less: Deduction for Children education allowance	(2400)	Rs. 100 per month for each child (max. 2) 100 pm * 12 months * 2 child
	Less : Deduction u/s 16		
	Professional Tax 2,400		
	Standard Deduction 50,000	(52,400)	
	Income chargeable under the head salary	16,21,236	
	House Property		
	GAV/NAV	-	Self-occupied property
	Less: Interest deduction u/s 24	2,00,000	Max. 2 lakhs is allowed for self-occupied property
	Income chargeable under the head House Property	(2,00,000)	
	Capital Gain		

	STCG on sale of shares of Shaktimaan Power Solution Ltd	15,000	(350 – 200) * 100 shares
	Income chargeable under the head Capital Gains	15,000	
	Gross Total income	14,36,236	
	Deductions under chapter VI-A:		
	Section 80D		
	Medical Insurance premium	50,000	Up to 50k deduction is allowed for senior citizens, payment can be made in any mode other than cash.
	Section 80C		
	House loan principal repayment	55,037	
	Children School fees	77,000	Only tuition fees is allowed for max. two children
	LIC Premium of wife	10,000	
	HDFC ULIP	5,000	
	Employee's Contribution to PF	1,14,132	
		2,61,169	
	Restricted to	1,50,000	
	Section 80CCD(1B)		
	Employee's Contribution to NPS (tier 1)	12,500	This deduction is above overall deduction of 1.5 lakhs. Max deduction allowed under this is 50k.
	Section 80G		
	Donation to PM Cares Fund	50,000	
	Total deductions under chapter VI-A	2,62,500	
	Total Income	11,73,736	
	Calculation of Tax Liability		
	Tax on STCG (115A) @ 15%	2,250	15000 * 15%
	Balance tax as per slab rates	1,60,121	
		1,62,371	
	Add: H&EC @4%	6,495	
	Tax Liability	1,68,866 i.e. 1,68,870	
25.5	Deductions under chapter VI-A:		
	Particulars	Amount	
	Section 80D		
	Medical Insurance premium	50,000	Up to 50k deduction is allowed for senior citizens, payment can be made in any mode other than cash.
	Section 80C		
	House loan principal repayment	55,037	
	Children School fees	77,000	Only tuition fees is allowed for max. two children
	LIC Premium of wife	10,000	
	HDFC ULIP	5,000	

		1,47,037																																		
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	Employee's Contribution to NPS (tier 1)	12,500	This deduction is above overall deduction of 1.5 lakhs. Max deduction allowed under this is 50k.																																	
	Section 80G																																			
	Donation to PM Cares Fund	50,000																																		
	Total deductions under chapter VI-A	2,59,537																																		
26.1	<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 (Basic condition 1) Or Stay in India for 60 days or more in PY and 365 days in Last 4 PY's. (Basic condition 2)</p> <p>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> <p>Further, Indian citizen or person of Indian origin having total income (other than income from foreign source) exceeding Rs. 15 lakhs during the PY, who has been in India for a period or periods amounting in all to 120 days or more but less than 182 days then he will be treated as resident but not ordinary resident (In this case no need to check additional conditions).</p> <p>In the instant case, Mr. Animesh is an Indian Citizen having income exceeding Rs. 15 lakhs in India & visits India for 124 days in the PY. Therefore, he will be considered as Resident but not ordinary resident in India</p>																																			
26.2	<p>Calculation of Income taxable in hands of Mr. Animesh under IFHP:</p> <table><tr><th>Particulars</th><th>Amount</th><th></th></tr><tr><td>GAV of Delhi flat</td><td>3,90,000</td><td>32500*12 months</td></tr><tr><td>Less: Municipal tax</td><td>40,000</td><td></td></tr><tr><td>NAV</td><td>3,50,000</td><td></td></tr><tr><td>Less: Deductions u/s 24</td><td></td><td></td></tr><tr><td>Deduction of 30% of NAV</td><td>1,05,000</td><td></td></tr><tr><td>Interest</td><td>3,14,000</td><td>Unlimited interest is allowed in case of let out property</td></tr><tr><td>Income from Delhi Flat (A)</td><td>(69,000)</td><td></td></tr><tr><td></td><td></td><td></td></tr><tr><td>Recovery of arrears of Ranchi house (B)</td><td>2,07,200</td><td>2,96,000 * 70% (30% standard deduction is allowed)</td></tr><tr><td>IFHP</td><td>1,38,200</td><td></td></tr></table>			Particulars	Amount		GAV of Delhi flat	3,90,000	32500*12 months	Less: Municipal tax	40,000		NAV	3,50,000		Less: Deductions u/s 24			Deduction of 30% of NAV	1,05,000		Interest	3,14,000	Unlimited interest is allowed in case of let out property	Income from Delhi Flat (A)	(69,000)					Recovery of arrears of Ranchi house (B)	2,07,200	2,96,000 * 70% (30% standard deduction is allowed)	IFHP	1,38,200	
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26.3	<p>For the purpose of computation of long-term capital gains chargeable to tax under section 112A, the cost of acquisition in relation to the long-term capital asset, being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust acquired before 1st February, 2018 shall be the higher of</p> <p>(i) cost of acquisition of such asset, i.e., actual cost; and</p> <p>(ii) lower of</p> <p>(a) the fair market value of such asset as on 31.1.2018; and</p> <p>(b) the full value of consideration received or accruing as a result of the transfer of the capital asset.</p>																																			

	-Additional Depreciation on asset put to use at half rate (45,62,500 x 10%)	4,56,250														
		22,23,438														
	Closing WDV of Block as on 31.03.2022	1,18,39,062														
27.2	As per section 40(a)(ia), any amount paid or credited to Resident & if: a. TDS has not been deducted in PY or b. TDS deducted but not paid to Govt. up to due date of return filing then 30% of such sum shall not be allowed as deduction in current PY. Therefore, 30% of 1,50,000 i.e. 45000 will be disallowed.															
27.3	Computation of Income under PGBP <table><tr><td>Particulars</td><td>Amount</td></tr><tr><td>Net Profit</td><td>40,00,000</td></tr><tr><td>Add: disallowance of interest due to non-deduction of tax (as per 27.2)</td><td>45,000</td></tr><tr><td>Add: Interest capitalised in P&M (as per 27.1)</td><td>62,500</td></tr><tr><td>Add: Depreciation debited (as per question)</td><td>12,20,000</td></tr><tr><td>Less: Depreciation allowed (as per 27.1) (1,17,600 + 22,23,438)</td><td>23,41,038</td></tr><tr><td></td><td>29,86,462</td></tr></table>		Particulars	Amount	Net Profit	40,00,000	Add: disallowance of interest due to non-deduction of tax (as per 27.2)	45,000	Add: Interest capitalised in P&M (as per 27.1)	62,500	Add: Depreciation debited (as per question)	12,20,000	Less: Depreciation allowed (as per 27.1) (1,17,600 + 22,23,438)	23,41,038		29,86,462
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Less: Depreciation allowed (as per 27.1) (1,17,600 + 22,23,438)	23,41,038															
	29,86,462															
27.4	Computation of Income under PGBP if assessee opts section 115BAC <table><tr><td>Particulars</td><td>Amount</td></tr><tr><td>Profit as per 27.3 above</td><td>29,86,462</td></tr><tr><td>Add: Additional depreciation not allowed in this regime (as per 27.1)</td><td>4,56,250</td></tr><tr><td></td><td>34,42,712</td></tr></table>		Particulars	Amount	Profit as per 27.3 above	29,86,462	Add: Additional depreciation not allowed in this regime (as per 27.1)	4,56,250		34,42,712						
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Profit as per 27.3 above	29,86,462															
Add: Additional depreciation not allowed in this regime (as per 27.1)	4,56,250															
	34,42,712															
27.5	Tax as per slab rates under normal provisions on 29,86,462 = 7,36,776 Tax as per slab rates under section 115BAC on 34,42,712 = 8,79,126 Therefore, normal provisions are beneficial to assessee i.e. 7,36,780.															
28.1	Interest deduction for under construction property is allowed from the year of completion. Further, interest is allowed on due basis. Therefore, in PY 2021-22, assessee will get interest deduction u/s 24(b) of Rs. 25 lakhs due for PNB.															
28.2	As per section 80C, deduction of Rs. 150,000 is allowed for principal repayment of housing loan. As per section 80E, deduction in respect of interest on education loan is allowed for 8 consecutive years. Therefore, 50,000 interest paid to ABC bank allowed As per section 80EEB, deduction of Rs. 1,50,000 is allowed for interest on electric vehicle loan. As per section 80D, payment for Mediclaim is allowed as deduction up to 25,000, Therefore, 20k allowed. Total = 150000+50000+150000+20000 = 3,70,000															
28.3	Notional interest on interest free deposit received by assessee in respect of shop let out on rent can neither be taxed as business income nor income from house property. {Asian Hotels Limited(2010)(Delhi)}															
28.4	Section 27 - If any individual transfers any house property to a minor child (except minor married daughter) for without consideration or inadequate consideration then such individual is treated as Deemed owner of such property. Hence, Mr. Akash would be treated as deemed owner of the property transferred to minor daughter Sia and income from such house property is taxable in the hands of Akash i.e. (5000 * 7 months)*70% = 24,500.															
29.1	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.															

	<p>Further, in case of a recipient who has not filed the returns of income for all 3 preceeding PYs for which due date u/s 139(1) already expired before starting of current PY then TDS shall be deducted on the amount or the aggregate of amounts, as the case may be, in cash exceeding Rs. 20 lakhs during the previous year and the deduction shall be—</p> <p>(c) an amount equal to 2% of the sum where the amount or aggregate of amounts, as the case may be, being paid in cash <i>exceeds 20 lakhs</i> during the previous year but does <i>not exceed 1 crore</i>; or</p> <p>(d) an amount equal to 5% of the sum where the amount or aggregate of amounts, as the case may be, being paid in cash exceeds 1 crore during the previous year.</p> <p>In this case, Mr. Alishan has filed return for all year (except 1 year), therefore, withdrawal limit of 1 crore will apply.</p> <p>Withdrawal from Aapka Paisa Bank in excess of 1 crore will attract TDS. Therefore, TDS of 2% will be deducted on 5 lakhs i.e. 10,000.</p>
29.2	As per section 194C, no TDS required if contract is for personal purpose of Individual.
29.3	<p>PAN is required to be quoted in following cases:</p> <ol style="list-style-type: none"> Payment to hotel in cash above 50k Sale or purchase of any immovable property where amount/SDV exceed 10 lakhs Payment in connection with travel to any foreign country in cash above 50K <p>Therefore, in this case, PAN is required to be quoted in case of purchase of immovable property only.</p>
29.4	<p>Since, the SDV (16 lakhs) does not exceed 110% of the consideration (15 lakhs), nothing will be taxable as gift in hand of Alishan.</p> <p>Further, transfer of capital asset under gift is exempt from capital gain – section 47(ii).</p> <p>Also, any asset received from relative is exempt from tax. – section 56(2)(x).</p>
29.5	<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> <ol style="list-style-type: none"> manual work done by him; or activity involving application of his skill, talent or specialised knowledge and experience. <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>As per Section 10(32), deduction of 1500 is allowed to assessee in respect of each minor child whose income is includible in hands of assessee.</p> <p>Therefore, IFHP of Mr. Alishaan will be $(40,000 * \text{months}) * 70\% - 1,500 = 1,38,500$.</p>
30.1	<p>For assets acquired before 01.04.2001, cost of acquisition or FMV as on 01.04.2001 whichever is higher can be taken. However, for immovable property, such FMV as on 01.04.2001 cannot exceeds SDV.</p> <p>Further, Advance received from Mr. Byomkesh in F.Y. 2011-12 and forfeited to be reduced from cost of acquisition as per Section 51 since the same was received before 01.04.2014.</p> <p>Indexed cost of acquisition = $(32,40,000 - 3,90,000) * 317/100 = \text{Rs. } 90,34,500$</p>
30.2	<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</p>

	<p>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>Sec 54 provides exemption on Capital gain on sale of Residential house property used by individual/ HUF. if assessee purchase One House property in India within 1 year before or 2 years after the date of transfer or complete construction in India within 3 years after date of transfer. then Capital gain is exempt to the extent purchase/ construction of new House property. W.e.f. from AY 2020-21, if LTCG is upto 2 Crores then assessee can acquire 2 Residential houseproperties in prescribed time limits. (Added by FA 2019).</p> <p>Calculation of capital gain:</p> <table> <tr> <td>FVOC (SDV as it is more than 110% of consideration)</td><td>2,33,00,000</td></tr> <tr> <td>Less: Indexed cost of acquisition (as per 30.1)</td><td>90,34,500</td></tr> <tr> <td>LTCG</td><td>1,42,65,500</td></tr> <tr> <td>Less: exemption u/s 54 54 lakhs * 2 house</td><td>1,08,00,000</td></tr> <tr> <td>Net LTCG</td><td>34,65,500</td></tr> </table>	FVOC (SDV as it is more than 110% of consideration)	2,33,00,000	Less: Indexed cost of acquisition (as per 30.1)	90,34,500	LTCG	1,42,65,500	Less: exemption u/s 54 54 lakhs * 2 house	1,08,00,000	Net LTCG	34,65,500
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Net LTCG	34,65,500										
30.3	<p>Since the assessee has received consideration upto the date of agreement in cash, therefore benefit of SDV on the date of agreement is not available. FVOC will be 64 lakhs (as SDV as it is more than 110% of consideration).</p> <p>Since, the new asset is transferred within 3 years of acquisition (exemption taken on amount of investment), cost of acquisition will be reduced from the amount of exemption availed, therefore, COA in this case will be NIL.</p> <p>Calculation of capital gain:</p> <table> <tr> <td>FVOC</td><td>64,00,000</td></tr> <tr> <td>Less: cost of acquisition</td><td>-</td></tr> <tr> <td>STCG</td><td>64,00,000</td></tr> </table>	FVOC	64,00,000	Less: cost of acquisition	-	STCG	64,00,000				
FVOC	64,00,000										
Less: cost of acquisition	-										
STCG	64,00,000										
30.4	Mr. Vaibhav 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 ` 6 lakhs shall be taxable under IFOS u/s 56(2)(x) in hands of Mr. Vaibhav.										
30.5	TDS as per Section 194IA is to be deducted when amount of consideration is 50 Lakhs or more. Therefore, TDS will be deducted by buyer on both properties i.e. on Rs. 2.10 crore and Rs. 58 lakhs @1% = 2,68,000.										