

CORRECTION IN INCOME TAX VOLUME 1 (49th Edition) PAGE NO. 27
(CORRECTED PART IS GIVEN IN BOLD ITALICS AND COLOURED)

| | |
|---|-----------------------------|
| (vii) | |
| Income under the Capital Gains (LTCG 112A) | 300,00,000.00 |
| Gross Total Income | 300,00,000.00 |
| Less: Deduction under chapter VI-A | Nil |
| Total Income | 300,00,000.00 |
| Computation of Tax Liability | |
| Tax on LTCG 112A ₹296,00,000 (300,00,000-3,00,000-1,00,000) @ 10% | 29,60,000.00 |
| Less: Rebate u/s 87A | Nil |
| Tax before surcharge | 29,60,000.00 |
| Add: Surcharge @ 15% | 4,44,000.00 |
| Tax before health & education cess | 34,04,000.00 |
| Add: HEC @ 4% | 1,36,160.00 |
| <i>Tax Liability</i> | <i>35,40,160.00</i> |
| (viii) | |
| Income under the Capital Gains (STCG 111A) | 300,00,000.00 |
| Gross Total Income | 300,00,000.00 |
| Less: Deduction under chapter VI-A | Nil |
| Total Income | 300,00,000.00 |
| Computation of Tax Liability | |
| Tax on STCG 111A ₹297,00,000 (300,00,000-3,00,000) @ 15% | 44,55,000.00 |
| Less: Rebate u/s 87A | Nil |
| Tax before surcharge | 44,55,000.00 |
| Add: Surcharge @ 15% | 6,68,250.00 |
| Tax before health & education cess | 51,23,250.00 |
| Add: HEC @ 4% | 2,04,930.00 |
| Tax Liability | 53,28,180.00 |
| (ix) | |
| Income under the Other Sources (Casual income) | 300,00,000.00 |
| Gross Total Income | 300,00,000.00 |
| Less: Deduction under chapter VI-A | Nil |
| Total Income | 300,00,000.00 |
| Computation of Tax Liability | |
| Tax on casual income ₹300,00,000 @ 30% | 90,00,000.00 |
| Less: Rebate u/s 87A | Nil |
| Tax before surcharge | 90,00,000.00 |
| <i>Add: Surcharge @ 25%</i> | <i>22,50,000.00</i> |
| <i>Tax before health & education cess</i> | <i>112,50,000.00</i> |
| <i>Add: HEC @ 4%</i> | <i>4,50,000.00</i> |
| <i>Tax Liability</i> | <i>117,00,000.00</i> |
| (x) | |
| Income under the House Property | 300,00,000.00 |
| Gross Total Income | 300,00,000.00 |
| Less: Deduction under chapter VI-A | 1,00,000.00 |
| Total Income | 299,00,000.00 |
| Computation of Tax Liability | |
| Tax on ₹299,00,000 at slab rate | 86,70,000.00 |
| Less: Rebate u/s 87A | Nil |
| Tax before surcharge | 86,70,000.00 |
| Add: Surcharge @ 25% | 21,67,500.00 |
| Tax before health & education cess | 108,37,500.00 |

CORRECTION IN INCOME TAX VOLUME 1 (49th Edition) PAGE NO. 29**(CORRECTED PART IS GIVEN IN BOLD ITALICS AND COLOURED)****Computation of Tax Liability**

| | |
|---|--------------|
| Tax on normal income at slab rate | 18,00,000.00 |
| Tax on LTCG 112 ₹100,00,000 @ 20% | 20,00,000.00 |
| Tax on LTCG 112A (₹50,00,000 – ₹1,00,000) @ 10% | 4,90,000.00 |
| Tax on STCG 111A ₹150,00,000 @ 15% | 22,50,000.00 |
| Tax before Surcharge | 65,40,000.00 |
| Add: Surcharge @ 15% | 9,81,000.00 |
| Tax before health & education cess | 75,21,000.00 |
| Add: HEC @ 4% | 3,00,840.00 |
| Tax Liability | 78,21,840.00 |

(ii)

| | |
|--|---------------|
| Income under the House Property | 220,00,000.00 |
| Income under the Capital Gains (LTCG 112) | 100,00,000.00 |
| Income under the Capital Gains (LTCG 112A) | 50,00,000.00 |
| Income under the Capital Gains (STCG 111A) | 150,00,000.00 |
| Gross Total Income | 520,00,000.00 |
| Less: Deduction under chapter VI-A | Nil |
| Total Income | 520,00,000.00 |

Computation of Tax Liability

| | |
|--|----------------|
| Tax on normal income at slab rate | 63,00,000.00 |
| Tax on LTCG ₹100,00,000 @ 20% | 20,00,000.00 |
| Tax on STCG 111A ₹150,00,000 @ 15% | 22,50,000.00 |
| Tax on LTCG 112A ₹49,00,000 (50,00,000-1,00,000) @ 10% | 4,90,000.00 |
| Tax before surcharge | 1,10,40,000.00 |
| Add: Surcharge @ 25% on ₹63,00,000 | 15,75,000.00 |
| Add: Surcharge @ 15% on ₹47,40,000 | 7,11,000.00 |
| Tax before HEC | 133,26,000.00 |
| Add: HEC @ 4% | 5,33,040.00 |
| Tax Liability | 138,59,040.00 |

(iii)

| | |
|--|---------------|
| Income under the House Property | 80,00,000.00 |
| Income under the Capital Gains (LTCG) | 40,00,000.00 |
| Income under the Capital Gains (STCG 111A) | 30,00,000.00 |
| Income under the Capital Gains (LTCG 112A) | 90,00,000.00 |
| Gross Total Income | 240,00,000.00 |
| Less: Deduction under chapter VI-A | Nil |
| Total Income | 240,00,000.00 |

Computation of Tax Liability

| | |
|---|---------------------|
| Tax on normal income at slab rate | 21,00,000.00 |
| Tax on LTCG 40,00,000 @ 20% | 8,00,000.00 |
| Tax on STCG 111A 30,00,000 @ 15% | 4,50,000.00 |
| Tax on LTCG 112A 89,00,000 (90,00,000-1,00,000) @ 10% | 8,90,000.00 |
| Tax before surcharge | 42,40,000.00 |
| Add: Surcharge @ 15% on ₹42,40,000 | 6,36,000.00 |
| Tax before HEC | 48,76,000.00 |
| Add: HEC @ 4% | 1,95,040.00 |
| Tax Liability | 50,71,040.00 |

CORRECTION IN INCOME TAX VOLUME 1 (49th Edition) PAGE NO. 31

(CORRECTED PART IS GIVEN IN BOLD ITALICS AND COLOURED)

| | | |
|--------------|--|---------------|
| Total Income | | 256,00,000.00 |
|--------------|--|---------------|

Computation of Tax Liability

| | | |
|--|------------------|---------------------|
| <i>Tax on normal income ₹205,00,000 at slab rate</i> | | <i>58,50,000.00</i> |
| <i>Add: Surcharge @ 25% on ₹58,50,000</i> | | <i>14,62,500.00</i> |
| <i>Total</i> | | <i>73,12,500.00</i> |
| <i>Less: Marginal Relief</i> | | |
| <i>Tax + Surcharge on ₹205,00,000</i> | <i>73,12,500</i> | |
| <i>Tax + Surcharge on ₹200,00,000</i> | <i>65,55,000</i> | |
| <i>Increase in Tax</i> | <i>7,57,500</i> | |
| <i>Less: Increase in income</i> | <i>5,00,000</i> | <i>2,57,500.00</i> |
| <i>Tax after marginal relief</i> | | <i>70,55,000.00</i> |
| <i>Tax on LTCG ₹51,00,000 @ 20%</i> | | <i>10,20,000.00</i> |
| <i>Add: Surcharge @ 15% on ₹10,20,000</i> | | <i>1,53,000.00</i> |
| <i>Tax before HEC</i> | | <i>82,28,000.00</i> |
| <i>Add: HEC @ 4%</i> | | <i>3,29,120.00</i> |
| <i>Tax Liability</i> | | <i>85,57,120.00</i> |

(viii)

| | | |
|--|--|---------------|
| Income under the House Property | | 204,00,000.00 |
| Income under the head Capital Gains (LTCG) | | 101,00,000.00 |
| Gross Total Income | | 305,00,000.00 |
| Less: Deduction under chapter VI-A | | Nil |
| Total Income | | 305,00,000.00 |

Computation of Tax Liability

| | | |
|--|------------------|---------------------|
| <i>Tax on normal income ₹204,00,000 at slab rate</i> | | <i>58,20,000.00</i> |
| <i>Add: Surcharge @ 25% on 58,20,000</i> | | <i>14,55,000.00</i> |
| <i>Total</i> | | <i>72,75,000.00</i> |
| <i>Less: Marginal Relief</i> | | |
| <i>Tax + Surcharge on ₹204,00,000</i> | <i>72,75,000</i> | |
| <i>Tax + Surcharge on ₹200,00,000</i> | <i>65,55,000</i> | |
| <i>Increase in Tax</i> | <i>7,20,000</i> | |
| <i>Less: Increase in income</i> | <i>4,00,000</i> | <i>3,20,000.00</i> |
| <i>Tax after marginal relief</i> | | <i>69,55,000.00</i> |
| <i>Tax on LTCG 101,00,000 @ 20%</i> | | <i>20,20,000.00</i> |
| <i>Add: Surcharge @ 15% on 20,20,000</i> | | <i>3,03,000.00</i> |
| <i>Tax before HEC</i> | | <i>92,78,000.00</i> |
| <i>Add: HEC @ 4%</i> | | <i>3,71,120.00</i> |
| <i>Tax Liability</i> | | <i>96,49,120.00</i> |

(ix)

| | | |
|--|--|---------------|
| Income under the Capital Gains (LTCG 112A) | | 101,00,000.00 |
| Gross Total Income | | 101,00,000.00 |
| Less: Deduction under chapter VI-A | | Nil |
| Total Income | | 101,00,000.00 |

Computation of Tax Liability

| | | |
|--|--|--------------|
| Tax on LTCG 112A ₹97,00,000 (101,00,000-3,00,000-1,00,000) @ 10% | | 9,70,000.00 |
| Tax before surcharge | | 9,70,000.00 |
| Add: Surcharge @ 15% | | 1,45,500.00 |
| Tax before HEC | | 11,15,500.00 |
| Add: HEC @ 4% | | 44,620.00 |
| Tax Liability | | 11,60,120.00 |

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(CORRECTED PART IS GIVEN IN BOLD ITALICS AND COLOURED)

| | |
|------------------------------------|---------------|
| Less: Deduction under chapter VI-A | (1,00,000.00) |
| Total Income | 7,00,000.00 |
| Agricultural Income | 3,00,000.00 |

Computation of Tax Liability

| | |
|---|-------------|
| Normal income 7,00,000 | |
| Step 1. Tax on (7,00,000 + 3,00,000) at slab rate | 60,000.00 |
| Step 2. Tax on (₹3,00,000 + 3,00,000) at slab rates | (15,000.00) |
| Step 3. Deduct Tax at Step 2 from Tax at Step 1 | 45,000.00 |
| Less: Rebate u/s 87A | (25,000.00) |
| Tax before health & education cess | 20,000.00 |
| Add: HEC @ 4% | 800.00 |
| Tax Liability | 20,800.00 |

Practice Problem 6:

- (i) Mr. X has income under the head House Property ₹7,20,000 and agricultural income ₹5,00,000
(ii) Mr. X has income under the head House Property ₹101,00,000 and agricultural income ₹6,00,000
(iii) Mr. X has income under the head House Property ₹15,00,000 and agricultural income ₹10,00,000
(iv) Mr. X has income under the head House Property ₹3,00,000 and agricultural income ₹5,00,000
(v) Mr. X has income under the head House Property ₹10,00,000 and agricultural income ₹4,000
(vi) Mr. X has LTCG ₹7,00,000 and agricultural income ₹6,00,000
(vii) Mr. X has income under the head House Property ₹9,00,000 and deduction allowed under chapter VI-A ₹1,00,000 and agricultural income **₹3,00,000**

Optional Tax Regime

(i) Income shall be taxable at the slab rates given below:

| | |
|--|-----|
| If total Income upto ₹2,50,000 | NIL |
| On next ₹2,50,000 | 5% |
| On next ₹5,00,000 | 20% |
| On Balance amount | 30% |
| (ii) Senior Citizen (60 and above) | |
| If total income is upto ₹3,00,000 | NIL |
| On next ₹2,00,000 | 5% |
| On next ₹5,00,000 | 20% |
| On Balance amount | 30% |
| (iii) Very Senior Citizen (80 and above) | |
| If total income is upto ₹5,00,000 | NIL |
| On next ₹5,00,000 | 20% |
| On Balance amount | 30% |

Rebate u/s 87A

Rebate shall be allowed if total income is upto ₹5,00,000 (instead of ₹7,00,000). Maximum amount of rebate shall be ₹ 12,500 (instead of ₹25,000)

GSurcharge

- @ **10%** provided total income is exceeding **₹ 50 lakhs but it is upto ₹ 100 lakhs.**
- @ **15%** provided total income is exceeding **₹ 100 lakhs but it is upto ₹ 200 lakh.**
- @ **25%** provided total income is exceeding **₹ 200 lakhs but it is upto ₹ 500 lakh.**
- @ **37%** provided total income is exceeding **₹ 500 Lakhs.**

CORRECTION IN INCOME TAX VOLUME 1 (49th Edition) PAGE NO. 52**(CORRECTED PART IS GIVEN IN BOLD ITALICS AND COLOURED)**

| | |
|------------------------------------|-----------|
| Tax before health & education cess | 60,000.00 |
| Add: HEC @ 4% | 2,400.00 |
| Tax Liability | 62,400.00 |

(iii)

| | |
|--|-------------|
| Income under the House Property | 50,000.00 |
| Income under the Capital Gains (LTCG) | 1,00,000.00 |
| Income under the Capital Gains (STCG 111A) | 50,000.00 |
| Income under the Capital Gains (LTCG 112A) | 5,00,000.00 |
| Gross Total Income | 7,00,000.00 |
| Less: Deduction under chapter VI-A | Nil |
| Total Income | 7,00,000.00 |

Computation of Tax Liability

| | |
|--|-----------|
| Tax on normal income Nil at slab rate (50,000-50,000) | Nil |
| Tax on LTCG Nil (1,00,000-1,00,000) @ 20% | Nil |
| Tax on STCG 111A Nil (50,000-50,000) @ 15% | Nil |
| Tax on LTCG 112A 3,00,000 (5,00,000-1,00,000-1,00,000) @ 10% | 30,000.00 |
| Less: Rebate u/s 87A | Nil |
| Tax before health & education cess | 30,000.00 |
| Add: HEC @ 4% | 1,200.00 |
| Tax Liability | 31,200.00 |

(iv)

| | |
|--|-------------|
| Income under the House Property | 4,00,000.00 |
| Income under the Capital Gains (LTCG) | 1,00,000.00 |
| Income under the Capital Gains (STCG 111A) | 50,000.00 |
| Income under the Capital Gains (LTCG 112A) | 1,00,000.00 |
| Gross Total Income | 6,50,000.00 |
| Less: Deduction under chapter VI-A | Nil |
| Total Income | 6,50,000.00 |

Computation of Tax Liability

| | |
|--|-------------------|
| Tax on normal income at slab rate | 5,000 |
| Tax on LTCG 1,00,000 @ 20% | 20,000 |
| Tax on STCG 111A 50,000 @ 15% | 7,500 |
| <i>Tax on LTCG 112A (1,00,000-1,00,000) @ 10%</i> | <i>Nil</i> |
| Less: Rebate u/s 87A | (25,000.00) |
| Tax before health & education cess | 7,500.00 |
| Add: HEC @ 4% | 300.00 |
| Tax Liability | 7,800.00 |

(v)

| | |
|---------------------------------------|--------------|
| Income under the Capital Gains (LTCG) | 51,00,000.00 |
| Gross Total Income | 51,00,000.00 |
| Less: Deduction under chapter VI-A | Nil |
| Total Income | 51,00,000.00 |

Computation of Tax Liability

| | |
|---|--------------|
| Tax on LTCG ₹48,00,000 (51,00,000-3,00,000) @ 20% | 9,60,000.00 |
| Less: Rebate u/s 87A | Nil |
| Tax before surcharge | 9,60,000.00 |
| Add: Surcharge @ 10% | 96,000.00 |
| Tax before marginal relief | 10,56,000.00 |
| Less: Marginal Relief | (16,000.00) |

CORRECTION IN INCOME TAX VOLUME 1 (49th Edition) PAGE NO. 56 & 57**(CORRECTED PART IS GIVEN IN BOLD ITALICS AND COLOURED)*****(viii) Computation of Tax Liability***

| | |
|---|-----------|
| Income under the head Capital Gains (long term capital gains) | 10,30,000 |
| Total Income | 10,30,000 |
| Tax on ₹10,30,000 @ 20% | 2,06,000 |
| Add: HEC @ 4% | 8,240 |
| Tax Liability | 2,14,240 |

(ix) Computation of Tax Liability

| | |
|---|------------|
| Income under the head Other Sources (Casual Income) | 400,00,000 |
| Total Income | 400,00,000 |
| Tax on ₹400,00,000 @ 30% | 120,00,000 |
| Add: Surcharge @ 2% | 2,40,000 |
| Add: HEC @ 4% | 4,89,600 |
| Tax Liability | 127,29,600 |

Solution 6:***(i)******Computation of Total Income***

| | |
|--------------------------------------|-------------|
| Income under the head House Property | 7,20,000.00 |
| Gross Total Income | 7,20,000.00 |
| Less: Deduction under chapter VI-A | Nil |
| Total Income | 7,20,000.00 |
| Agricultural Income | 5,00,000.00 |

Computation of Tax Liability

| | |
|---|---------------------------|
| Normal income 7,20,000 | |
| Step 1. Tax on (7,20,000 + 5,00,000) at slab rate | 94,000.00 |
| Step 2. Tax on (₹3,00,000 + 5,00,000) at slab rates | (35,000.00) |
| Step 3. Deduct Tax at Step 2 from Tax at Step 1 | 59,000.00 |
| Less: Rebate u/s 87A | (Nil) |
| Tax before marginal relief | 59,000.00 |
| <i>Less: Marginal Relief</i> | <i>9,000.00</i> |
| <i>Step 1. Tax on (7,00,000 + 5,00,000) at slab rate</i> | <i>90,000.00</i> |
| <i>Step 2. Tax on (₹3,00,000 + 5,00,000) at slab rates</i> | <i>(35,000.00)</i> |
| <i>Step 3. Deduct Tax at Step 2 from Tax at Step 1</i> | <i>55,000.00</i> |
| <i>Less: Rebate u/s 87A</i> | <i>(25,000.00)</i> |
| <i>Balance amount of Tax</i> | <i>30,000.00</i> |
| <i>Increase in Tax 59,000 – 30,000 = 29,000</i> | |
| <i>Increase in income</i> | <i>20,000</i> |
| <i>Marginal Relief</i> | <i>9,000</i> |
| <i>Tax before health & education cess</i> | <i>50,000.00</i> |
| <i>Add: HEC @ 4%</i> | <i>2,000.00</i> |
| <i>Tax Liability</i> | <i>52,000.00</i> |

(ii)***Computation of Total Income***

| | |
|--------------------------------------|---------------|
| Income under the head House Property | 101,00,000.00 |
| Gross Total Income | 101,00,000.00 |
| Less: Deduction under chapter VI-A | Nil |
| Total Income | 101,00,000.00 |
| Agricultural Income | 6,00,000.00 |

Computation of Tax Liability

| | |
|---|--------------|
| Normal income 101,00,000 | |
| Step 1. Tax on (101,00,000 + 6,00,000) at slab rate | 29,10,000.00 |

| | |
|---|--------------------|
| Step 2. Tax on (₹3,00,000 + 6,00,000) at slab rates | (45,000.00) |
| Step 3. Deduct Tax at Step 2 from Tax at Step 1 | 28,65,000.00 |
| Less: Rebate u/s 87A | (Nil) |
| Tax before surcharge | 28,65,000.00 |
| Add: Surcharge @ 15% | 4,29,750.00 |
| Tax before marginal relief | 32,94,750.00 |
| Less: Marginal Relief | (76,250.00) |

Working Note:

| | |
|---|--------------------|
| Tax + surcharge 15% on income of ₹101,00,000 | 32,94,750 |
| Tax + surcharge 10% on income of ₹100,00,000 | (31,18,500) |
| Tax on 100,00,000 + 6,00,000 = 28,80,000 | |
| Tax on 3,00,000 + 6,00,000 = 45,000 | |
| Balance = 28,35,000 | |
| Add: Surcharge @ 10% | 2,83,500 |
| Total | 31,18,500 |
| Increase in tax | 1,76,250 |
| Increase in income | 1,00,000 |
| Marginal Relief (1,76,250 – 1,00,000) | 76,250 |

| | |
|----------------------------------|---------------------|
| Tax after marginal relief | 32,18,500.00 |
| Add: HEC @ 4% | 1,28,740.00 |
| Tax Liability | 33,47,240.00 |

CORRECTION IN INCOME TAX VOLUME 1 (49th Edition) PAGE NO. 150

(CORRECTED PART IS GIVEN IN BOLD ITALICS AND COLOURED)

Computation of Tax Liability

| | |
|---|--------------------|
| Tax on ₹1,97,800 (2,10,000 – 12,200) @ 20% u/s 112 | 39,560.00 |
| Tax on ₹2,87,800 at slab rate | Nil |
| Less: Rebate u/s 87A | (25,000.00) |
| Tax before health & education cess | 14,560.00 |
| Add: HEC @ 4% | 582.40 |
| Tax Liability | 15,142.40 |
| Rounded off u/s 288B | 15,140.00 |

Illustration 18: Mrs. X owns a house property at Adyar in Chennai. The municipal value of the property is ₹5,00,000, fair rent is ₹ 4,20,000 and standard rent is ₹ 4,80,000. The property was let-out for ₹50,000 p.m. up to December 2023. Thereafter, the tenant vacated the property and Mrs. X used the house for self-occupation. Rent for the months of November and December 2023 could not be realised in spite of the owner's efforts. All the conditions prescribed under Rule 4 are satisfied. She paid municipal taxes @ 12% during the year. She had paid interest of ₹ 25,000 during the year for amount borrowed for repairs for the house property. She has LTCG ₹110,00,000. She has completed age of 80 years as on 31.03.2024. Compute her tax liability for the A.Y. 2024-25.

Solution:**Computation of income from house property of Mrs. X for the A.Y.2024-25**

| | |
|--------------------|-------------|
| Gross Annual Value | 4,80,000.00 |
|--------------------|-------------|

| Working Note: | ₹ |
|---|----------|
| (a) Fair rent | 4,20,000 |
| (b) Municipal valuation | 5,00,000 |
| (c) Higher of (a) or (b) | 5,00,000 |
| (d) Standard rent | 4,80,000 |
| (e) Expected rent {Lower of (c) or (d)} | 4,80,000 |
| (f) Rent received/ receivable (50,000 x 7) | 3,50,000 |
| (unrealised rent 2 months and self occupied 3 months) | |
| GAV = Expected rent | 4,80,000 |

| | |
|--|---------------|
| Less: Municipal Taxes | (60,000.00) |
| Net Annual Value | 4,20,000.00 |
| Less: 30% of NAV u/s 24(a) | (1,26,000.00) |
| Less: Interest on capital borrowed u/s 24(b) | (25,000.00) |
| Income under the head House Property | 2,69,000.00 |
| LTCG | 110,00,000.00 |
| Total Income | 112,69,000.00 |

Computation of Tax Liability

| | |
|------------------------------------|--------------|
| Tax on Normal income at slab rate | Nil |
| LTCG (110,00,000 – 31,000) x 20% | 21,93,800.00 |
| Add: Surcharge @ 15% | 3,29,070.00 |
| Tax before health & education cess | 25,22,870.00 |
| Add: HEC @ 4% | 1,00,914.80 |
| Tax Liability | 26,23,784.80 |
| Rounded off u/s 288B | 26,23,780.00 |

Illustration 19: Mr. X has one big house. 25% of it is being used by the assessee in his own business/profession and 50% of the house is let out @ ₹10,000 p.m. However, it remained vacant for one month and there is unrealised rent for 1½ month. Remaining 25% is self occupied throughout the year. Fair rent of the entire house is ₹25,000 p.m., municipal valuation ₹22,000 p.m. and municipal tax paid is ₹22,000. Insurance premium paid is ₹6,000, repair charges ₹8,000, land revenue paid ₹4,000, ground rent is ₹3,000 and depreciation of the house is ₹12,000. Assessee's income under the head business/profession before charging expenditure relating to house property is ₹8,00,000.

Compute his total income and tax liability for assessment year 2024-25.

CORRECTION IN INCOME TAX VOLUME 1 (49th Edition) PAGE NO. 163
(CORRECTED PART IS GIVEN IN BOLD ITALICS AND COLOURED)

Problem 12.

Mrs. X has taken a loan on 01.11.2019 from PNB @ 10% p.a. of ₹10,00,000 for purchase of one house which was purchased on 01.01.2020 and was self occupied and municipal taxes paid in previous year 2023-2024 ₹30,000. She has repaid the loan amount in annual installments of ₹50,000 starting from 01.01.2021. The house was vacant for 1 month in previous year 2023-24. She has submitted a certificate confirming the amount of interest.

She has short term capital gains under section 111A ₹10,00,000.

Compute Income Tax Liability for assessment year 2024-25.

Answer: Tax Liability: ₹1,09,200

Problem 13.

Mr. X has taken a loan of ₹15,00,000 from State Bank on 01.07.2021 @ 10% p.a. and the residential house was completed on 01.05.2023 and was let out w.e.f. 01.06.2023 @ 80,000 p.m. and fair rent of the house is ₹90,000 p.m.

He repaid half of the loan amount on 01.01.2024.

Compute his Income Tax Liability for assessment year 2024-25.

Answer = Total Income: ₹5,09,250; Tax Liability: Nil

Problem 14.

Mr. X has taken a loan of ₹11,00,000 on 01.07.2020 @ 10% p.a. from his friend for construction of one house which was completed on 01.09.2022 and the house is self occupied during the previous year 2023-24 and Mr. X has paid municipal tax of ₹12,000.

The assessee has submitted a certificate confirming the amount of interest. Mr. X has short term capital gains under section 111A ₹120 lakhs.

Compute his income and Tax Liability for the assessment year 2024-25.

Answer: Total Income: ₹ 120,00,000; Tax Liability: ₹20,98,980

Problem 15.

Mr. X has 2 houses. First is self occupied with fair rent ₹20,000 p.a., municipal valuation is ₹55,000 p.a.. Fair rent as per Rent Control Act is ₹50,000 p.a.. However the house remains vacant for 2 months Architect has issued completion certificate on 01.07.2021. Mr. X has taken loan for addition to house ₹3,50,000 on 01.04.2023 @ 13% p.a. The loan was repaid on 01.03.2024 and assessee has submitted a certificate from the person from whom he has taken the loan certifying that the amount of interest claimed by Mr. X is correct. In the earlier years, the house was let out and the assessee has recovered unrealised rent of ₹2,000 in the previous year 2023-24. The assessee has also incurred legal expenses of ₹350.

The second house is also self-occupied. However its similar building rent is ₹64,000 p.a. and rent determined by municipality for charging house tax is ₹66,000 p.a. Its standard rent is ₹6,000 p.m. municipal tax payable are ₹5,000.

He has long term capital gains ₹20,00,000.

Compute his income tax liability for Assessment Year 2024-25.

Answer = Income Tax Liability: ₹3,53,890

Problem 16.

Mr. X has let out one house @ ₹45,000 p.m., but this house was vacated on 01.11.2023. The house was self occupied w.e.f. 01.01.2024. Fair rent of this house is ₹50,000 p.m., municipal valuation is ₹47,000 p.m. and standard rent is ₹48,000 p.m. The assessee has paid municipal taxes @ 10% of municipal valuation. Interest on capital borrowed is ₹42,000. Land revenue paid by the assessee is ₹11,000 and ground rent paid by him is ₹3,000. The assessee has taken a loan for payment of municipal tax and interest paid on loan is ₹500.

Compute his income under the head house property and tax liability for assessment year 2024-25.

Answer = Income under the head House Property: ₹3,21,720; Tax Liability: Nil

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(CORRECTED PART IS GIVEN IN BOLD ITALICS AND COLOURED)

Tax Liability Nil

Solution 12:

₹

Income under the head House Property

| | |
|---|--------------|
| Income under the head House Property | Nil |
| Income under the head capital gains (STCG u/s 111A) | 10,00,000.00 |
| Gross Total Income | 10,00,000.00 |
| Less: Deduction under Chapter VI-A | Nil |
| Total Income | 10,00,000.00 |

Computation of Tax Liability

| | |
|---|------------------------|
| Tax on ₹7,00,000 (₹10,00,000 – 3,00,000) @ 15% | 1,05,000.00 |
| Less: Rebate u/s 87A | (25,000.00) |
| Tax before health and education cess | 80,000.00 |

Add: HEC @ 4%**4,200.00****Tax Liability****1,09,200.00****Solution 13:****Computation of income under the head House Property**

| | |
|--------------------|-------------|
| Gross Annual Value | 9,90,000.00 |
|--------------------|-------------|

Working Note:

₹

| | |
|--|----------|
| (a) Fair Rent (90,000 x 11) | 9,90,000 |
| (b) Expected Rent | 9,90,000 |
| (c) Rent Received/Receivable (80,000 x 10) | 8,00,000 |

If there was no vacancy, in that case rent received/receivable would have been ₹8,80,000 and it was still less than expected rent, therefore GAV shall be expected rent.

| | |
|-----|----------|
| GAV | 9,90,000 |
|-----|----------|

Less: Municipal Tax

Nil

Net Annual Value

9,90,000.00

Less: 30% of NAV u/s 24(a)

(2,97,000.00)

Less: Interest on capital borrowed u/s 24(b)

(1,83,750.00)

Working Note:

Prior period interest

From 01.07.2021 to 31.03.2023

= (15,00,000 x 10% x 1) + (15,00,000 x 10% x 9/12)

= ₹1,50,000 + ₹1,12,500 = ₹2,62,500

Installment = ₹2,62,500/5 = ₹52,500

Current period interest

From 01.04.2023 to 31.03.2024

= (15,00,000 x 10% x 9/12) + (7,50,000 x 10% x 3/12)

= ₹1,12,500 + ₹18,750 = ₹1,31,250

CORRECTION IN INCOME TAX VOLUME 1 (49th Edition) PAGE NO. 184**(CORRECTED PART IS GIVEN IN BOLD ITALICS AND COLOURED)**

| | |
|------------------------------------|-------------------------|
| Tax on ₹4,42,950 at slab rate | 7,147.50 |
| Tax on ₹3,50,000 @ 20% u/s 112 | 70,000.00 |
| Tax before health & education cess | 77,147.50 |
| <i>Add: HEC @ 4%</i> | <i>3,085.90</i> |
| <i>Tax Liability</i> | <i>80,233.40</i> |
| <i>Rounded off u/s 288B</i> | <i>80,230.00</i> |

Solution 26:

- (i) Income under the head House Property.
- (ii) Income under the head Capital Gains.
- (iii) Income under the head Business/Profession.
- (iv) Income under the head Other Sources.
- (v) Income under the head Business/Profession.
- (vi) Income under the head Business/Profession.
- (vii) Income under the head Business/Profession.
- (viii) Income under the head Business/Profession.
- (ix) Income under the head Other Sources.
- (x) Income under the head House Property.

CORRECTION IN INCOME TAX VOLUME 1 (49th Edition) PAGE NO. 209

(CORRECTED PART IS GIVEN IN BOLD ITALICS AND COLOURED)

house property ₹7 lakh. Compute tax liability of the firm and also that of partners.

Solution:

Since partnership firm has agricultural income, it is exempt from income tax under section 10(1).

Tax liability of Mr. X shall be

| | |
|--|------------------------|
| Income under the head House Property | 6,00,000 |
| Agricultural income (₹8,00,000 + ₹4,00,000) | 12,00,000 |
| Partial integration | |
| Step 1. ₹6,00,000 + ₹12,00,000 = ₹18,00,000 at slab rate | 2,40,000 |
| Step 2. ₹3,00,000 + ₹12,00,000 = ₹15,00,000 at slab rate | (1,50,000) |
| Step 3. (₹2,40,000 – ₹1,50,000) | 90,000 |
| <i>Less: Rebate u/s 87A</i> | <i>(25,000)</i> |
| <i>Tax before health & education cess</i> | <i>65,000</i> |
| <i>Add: HEC @ 4%</i> | <i>2,600</i> |
| <i>Tax Liability</i> | <i>67,600</i> |

Tax liability of Mr. Y shall be

| | |
|--|------------------------|
| Income under the head House Property | 7,00,000 |
| Agricultural income (8,00,000 + 4,00,000) | 12,00,000 |
| Partial integration | |
| 7,00,000 + 12,00,000 = 19,00,000 at slab rate | 2,70,000 |
| 3,00,000 + 12,00,000 = 15,00,000 at slab rate | (1,50,000) |
| (2,70,000 – 1,50,000) | 1,20,000 |
| <i>Less: Rebate u/s 87A</i> | <i>(25,000)</i> |
| <i>Tax before health & education cess</i> | <i>95,000</i> |
| <i>Add: HEC @ 4%</i> | <i>3,800</i> |
| <i>Tax Liability</i> | <i>98,800</i> |

Share received out of profits is exempt under section 10(2A).

Presume in the above case partnership firm has income from business and not agricultural income.**Solution:**

Tax Liability of partnership firm shall be as given below:

| | |
|---|------------|
| Profits before debiting salary and interest | 300,00,000 |
| Less: Salary and Interest | 24,00,000 |
| Income under the head Business/Profession | 276,00,000 |
| Gross Total Income/Total Income | 276,00,000 |
| Tax Liability 276,00,000 x 30% | 82,80,000 |
| Add: Surcharge @ 12% | 9,93,600 |
| Tax before health & education cess | 92,73,600 |
| Add: HEC @ 4% | 3,70,944 |
| Tax Liability | 96,44,544 |
| Rounded off u/s 288B | 96,44,540 |
| Tax Liability of Mr. X | |
| Income under the head Business/Profession (salary + interest) | 12,00,000 |
| Income under the head House Property | 6,00,000 |
| Gross Total Income/Total Income | 18,00,000 |
| Tax on ₹18,00,000 at slab rate | 2,40,000 |
| Add: HEC @ 4% | 9,600 |
| Tax Liability | 2,49,600 |
| Tax Liability of Mr. Y | |
| Income under the head Business/Profession (salary + interest) | 12,00,000 |
| Income under the head House Property | 7,00,000 |
| Gross Total Income/Total Income | 19,00,000 |
| Tax on ₹19,00,000 at slab rate | 2,70,000 |
| Add: HEC @ 4% | 10,800 |
| Tax Liability | 2,80,800 |

**CORRECTION IN ANSWER NOV-2008 PAGE NO.26 DEDUCTION FROM GROSS TOTAL INCOME ASSIGNMENT
(CORRECTED PART IS GIVEN IN BOLD ITALICS AND COLOURED)**

NOV – 2008 (4 Marks)

Mr. X declares gross total income ₹4,00,000 for the assessment year 2024-25. The gross total income includes taxable long term capital gain ₹ 65,000 and short term capital gain ₹35,000 which is taxable @ 15% under section 111A of the Income-tax Act, 1961. The details of fund investment made during the year 2023-24 are:

| | |
|--|--------|
| | ₹ |
| (i) Medical insurance premium paid by cheque – | |
| (a) in the name of Mr. X | 4,000 |
| (b) in name of Mrs. X | 5,000 |
| (ii) Contribution made to – | |
| (a) Indira Gandhi Memorial Trust by cheque | 7,000 |
| (b) Delhi University (declared as an institution of national eminence) by cheque | 3,000 |
| (c) Zila Saksharta Samiti by cheque | 5,000 |
| (d) An approved charitable institute by cheque | 30,000 |
| (e) Government by cheque for the purpose of promoting family planning | 10,000 |
| (f) Hanuman Temple in Mohalla by cheque | 20,000 |

Compute the total income of Mr. X chargeable to tax for the Assessment year 2024-25 and also compute his tax liability. (Optional Regime)

Answer.

(₹)

Computation of Total Income of Mr. X for the A.Y. 2024-25

| | |
|---|-------------|
| Gross Total Income | 4,00,000.00 |
| Less : Deduction | |
| Section 80D | |
| Medical insurance premium paid by cheque | |
| (i) in the name of Mr. Prasad | (4,000.00) |
| (ii) in name of Mrs. Prasad | (5,000.00) |
| Section 80G | |
| <i>Donation to Indira Gandhi Memorial trust</i> | <i>Nil</i> |
| Donation to Delhi University @ 100% | (3,000.00) |
| Donation to Zila Saksharta Samiti @ 100% | (5,000.00) |
| Other donations u/s 80G | (19,550.00) |

Working Note:

| | |
|--|---------------|
| Donation to approved Charitable Institute | 30,000 |
| Donation to Government for promoting family planning | <u>10,000</u> |
| | <u>40,000</u> |
| AGTI = GTI – LTCG – STCG u/s 111A – Deduction u/s 80C to 80U (Except 80G) | |
| = 4,00,000 – 65,000 – 35,000 – 9,000 = 2,91,000 | |
| Qualifying amount = 10% of AGTI or donation whichever is less | |
| = 29,100 or 40,000 | |
| = 29,100 | |
| Deduction for family planning ₹10,000 | |
| 50% of balance amount (i.e. 19,100) = 9,550 | |
| Total deduction = 10,000 + 9,550 = 19,550 | |

Total Income **3,63,450.00**

Computation of Tax Liability

| | |
|---|-----------------|
| Tax on LTCG ₹65,000 @ 20% u/s 112 | 13,000.00 |
| Tax on STCG ₹35,000 @ 15% u/s 111A | 5,250.00 |
| Tax on ₹2,63,450 at slab rate | 672.50 |
| Less: Rebate u/s 87A | (12,500.00) |
| Tax before health & education cess | 6,422.50 |
| Add: HEC @ 4% | 256.90 |
| Tax Liability | 6,679.40 |
| Rounded off u/s 288B | 6,680.00 |