

**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
<b>Computation of Tax Liability</b>	
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
<b><i>Tax Liability</i></b>	<b><i>35,40,160.00</i></b>
(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
<b>Computation of Tax Liability</b>	
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
<b>Computation of Tax Liability</b>	
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
<b><i>Add: Surcharge @ 25%</i></b>	<b><i>22,50,000.00</i></b>
<b><i>Tax before health &amp; education cess</i></b>	<b><i>112,50,000.00</i></b>
<b><i>Add: HEC @ 4%</i></b>	<b><i>4,50,000.00</i></b>
<b><i>Tax Liability</i></b>	<b><i>117,00,000.00</i></b>
(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
<b>Computation of Tax Liability</b>	
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
<b>Add: Surcharge @ 15% on ₹42,40,000</b>	<b>6,36,000.00</b>
<b>Tax before HEC</b>	<b>48,76,000.00</b>
<b>Add: HEC @ 4%</b>	<b>1,95,040.00</b>
<b>Tax Liability</b>	<b>50,71,040.00</b>

**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
<b>Computation of Tax Liability</b>		
<i>Tax on normal income ₹205,00,000 at slab rate</i>		<b>58,50,000.00</b>
<i>Add: Surcharge @ 25% on ₹58,50,000</i>		<b>14,62,500.00</b>
<i>Total</i>		<b>73,12,500.00</b>
<i>Less: Marginal Relief</i>		
<i>Tax + Surcharge on ₹205,00,000</i>	<b>73,12,500</b>	
<i>Tax + Surcharge on ₹200,00,000</i>	<b>65,55,000</b>	
<i>Increase in Tax</i>	<b>7,57,500</b>	
<i>Less: Increase in income</i>	<b>5,00,000</b>	<b>2,57,500.00</b>
<i>Tax after marginal relief</i>		<b>70,55,000.00</b>
<i>Tax on LTCG ₹51,00,000 @ 20%</i>		<b>10,20,000.00</b>
<i>Add: Surcharge @ 15% on ₹10,20,000</i>		<b>1,53,000.00</b>
<i>Tax before HEC</i>		<b>82,28,000.00</b>
<i>Add: HEC @ 4%</i>		<b>3,29,120.00</b>
<i>Tax Liability</i>		<b>85,57,120.00</b>
 (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
<b>Computation of Tax Liability</b>		
<i>Tax on normal income ₹204,00,000 at slab rate</i>		<b>58,20,000.00</b>
<i>Add: Surcharge @ 25% on 58,20,000</i>		<b>14,55,000.00</b>
<i>Total</i>		<b>72,75,000.00</b>
<i>Less: Marginal Relief</i>		
<i>Tax + Surcharge on ₹204,00,000</i>	<b>72,75,000</b>	
<i>Tax + Surcharge on ₹200,00,000</i>	<b>65,55,000</b>	
<i>Increase in Tax</i>	<b>7,20,000</b>	
<i>Less: Increase in income</i>	<b>4,00,000</b>	<b>3,20,000.00</b>
<i>Tax after marginal relief</i>		<b>69,55,000.00</b>
<i>Tax on LTCG 101,00,000 @ 20%</i>		<b>20,20,000.00</b>
<i>Add: Surcharge @ 15% on 20,20,000</i>		<b>3,03,000.00</b>
<i>Tax before HEC</i>		<b>92,78,000.00</b>
<i>Add: HEC @ 4%</i>		<b>3,71,120.00</b>
<i>Tax Liability</i>		<b>96,49,120.00</b>
 (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
<b>Computation of Tax Liability</b>		
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

**CORRECTION IN INCOME TAX VOLUME 1 (49th Edition) PAGE NO. 43****(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
<b><i>Tax on LTCG 112A (1,00,000-1,00,000) @ 10%</i></b>	<b><i>Nil</i></b>
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

**Less: Marginal Relief****9,000.00****Step 1. Tax on (7,00,000 + 5,00,000) at slab rate 90,000.00****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 55,000.00****Less: Rebate u/s 87A (25,000.00)****Balance amount of Tax 30,000.00****Increase in Tax 59,000 – 30,000 = 29,000****Increase in income 20,000****Marginal Relief 9,000****Tax before health & education cess 50,000.00****Add: HEC @ 4% 2,000.00****Tax Liability 52,000.00****(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
<b>Less: Marginal Relief</b>	<b>(76,250.00)</b>

**Working Note:**

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

<b>Tax after marginal relief</b>	<b>32,18,500.00</b>
<b>Add: HEC @ 4%</b>	<b>1,28,740.00</b>
<b>Tax Liability</b>	<b>33,47,240.00</b>

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

(CORRECTED PART IS GIVEN IN BOLD ITALICS AND COLOURED)

**Computation of Tax Liability**

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

**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
--------------------	-------------

<b>Working Note:</b>	<b>₹</b>
(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) (unrealised rent 2 months and self occupied 3 months)	3,50,000
<b>GAV = Expected rent</b>	<b>4,80,000</b>

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. 156**  
**(CORRECTED PART IS GIVEN IN BOLD ITALICS AND COLOURED)**

It is not essential that the assessee should continue to be the owner. 30% of the arrears of rent shall be allowed as deduction. Accordingly, the income from house property of Mrs. Rohini Ravi will be calculated as under:

**Self - occupied house at Los Angeles**

Gross Annual Value	Nil
<i>Less: Municipal taxes</i>	<u>Nil</u>
Net Annual Value	Nil
<i>Less: Statutory deduction under section 24(a) @ 30% of NAV</i>	Nil
<i>Less: Interest on Housing Loan u/s 24(b)</i>	Nil
Loss from House property	Nil

**Self - occupied property at Chennai**

Gross Annual Value	Nil
<i>Less: Municipal taxes</i>	<u>Nil</u>
Net Annual Value	Nil
<i>Less: Statutory deduction under section 24(a) @ 30% of NAV</i>	Nil
<i>Less: Interest on Housing Loan u/s 24(b)</i>	Nil
Loss from House property	Nil

**Arrears in respect of Bangalore Property (Section 25A)**

Arrears of rent received	60,000.00
<i>Less: Deduction under section 25A @ 30%</i>	<u>(18,000.00)</u>
Income from House property	42,000.00

**Note: Calculation of Interest**

<b><i>Interest for the current year (50,800+1,31,300)</i></b>	<b><i>1,82,100.00</i></b>
<b><i>Add: 1/5<sup>th</sup> of Prior period interest (49,200 x 1/5)</i></b>	<b><i>9,840.00</i></b>
<b><i>Interest deduction allowed u/s 24(b)</i></b>	<b><i>1,91,940.00</i></b>

## **MULTIPLE CHOICE QUESTIONS**

**1. Vacant site lease rent is taxable as**

- (a) Income from house property
- (b) Business income or income from house property, as the case may be
- (c) Income from other sources or business income, as the case may be
- (d) Income from other sources or income from house property, as the case may be

**2. Treatment of unrealized rent for determining income from house property**

- (a) To be deducted from expected rent
- (b) To be deducted from actual rent
- (c) To be deducted under section 24 from annual value
- (d) To be deducted from both expected rent and actual rent

**3. Municipal taxes to be deducted from GAV should be**

- (a) Paid by the tenant during the previous year
- (b) Paid by the owner during the previous year
- (c) Accrued during the previous year
- (d) Paid during the previous year either by tenant or owner

**4. Deduction under section 24(a) is**

- (a) 1/3<sup>rd</sup> of NAV
- (b) repairs actually incurred by the owner
- (c) 30% of NAV
- (d) Interest on borrowed capital

**5. Interest on borrowed capital accrued up to the end of the previous year prior to the year of completion of construction is**

- (a) allowed as a deduction in the year of completion of construction
- (b) allowed in 5 equal annual installments from the year of completion of construction
- (c) allowed in the respective year in which the interest accrues
- (d) not allowed

**6. Leena received ₹30,000 as arrears of rent during the P.Y. 2023-24. The amount taxable under section 25A would be -**

- (a) ₹30,000
- (b) ₹21,000
- (c) ₹20,000
- (d) ₹15,000

**7. Vidya received ₹90,000 in May, 2023 towards recovery of unrealised rent, which was deducted from actual rent during the P.Y. 2021-22 for determining annual value. Legal expense incurred in relation to unrealized rent is ₹20,000. The amount taxable under section 25A for A.Y.2024-25 would be -**

- (a) ₹70,000
- (b) ₹63,000
- (c) ₹60,000
- (d) ₹49,000

**8. Ganesh and Rajesh are co-owners of a self-occupied property. They own 50% share each. The interest paid by each co-owner during the previous year on loan (taken for acquisition of property during the year 2004) is ₹2,05,000. The amount of allowable deduction in respect of each co-owner is –**

- (a) ₹2,05,000
- (b) ₹1,02,500
- (c) Nil**
- (d) ₹1,00,000

**9. Mr. Zen owns a flat in Mumbai which was let out by him in the previous year 2023 – 24 on a rent of ₹20,000 p.m. upto December, 2023 and for ₹30,000 p.m. thereafter. The annual municipal value is of ₹3,00,000, Fair Rent is ₹2,50,000 and Standard Rent is ₹2,90,000. The Gross Annual Value of the flat shall be taken as:**

- (a) ₹ 2,70,000

**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**

**CORRECTION IN INCOME TAX VOLUME 1 (49th Edition) PAGE NO. 177**  
(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
<del>Less: Rebate u/s 87A</del>	<del>(25,000.00)</del>
<del>Tax before health and education cess</del>	<del>80,000.00</del>

**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
--------------------	-------------

<b>Working Note:</b>	₹
(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**

$$= (15,00,000 \times 10\% \times 1) + (15,00,000 \times 10\% \times 9/12)$$

$$= ₹1,50,000 + ₹1,12,500 = ₹2,62,500$$

$$\text{Installment} = ₹2,62,500/5 = ₹52,500$$

Current period interest

**From 01.04.2023 to 31.03.2024**

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

$$= ₹1,12,500 + ₹18,750 = ₹1,31,250$$

**CORRECTION IN INCOME TAX VOLUME 1 (49th Edition) PAGE NO. 178**  
**(CORRECTED PART IS GIVEN IN BOLD ITALICS AND COLOURED)**

Total interest on capital borrowed = ₹52,500 + ₹1,31,250 = ₹1,83,750
---

Income under the head House Property	5,09,250.00
Gross Total Income	5,09,250.00
Less: Deduction under Chapter VI-A	Nil
Total Income	5,09,250.00
<b>Computation of Tax Liability</b>	
Tax on ₹5,09,250 at slab rate	10,462.50
Less: Rebate u/s 87A	(10,462.50)
Tax Liability	Nil
	₹

**Solution 14:****Computation of income under the head House Property**

Income under the head House Property	Nil
Income under the head capital gains	
Short term capital gains u/s 111A	120,00,000.00
Gross Total Income	120,00,000.00
Less: Deduction under Chapter VI-A	Nil
Total Income	120,00,000.00
<b>Computation of Tax Liability</b>	
Tax on ₹117,00,000 (₹120,00,000 – 3,00,000) @ 15%	17,55,000.00
Add: Surcharge @ 15%	2,63,250.00
Tax before health & education cess	20,18,250.00
Add: HEC @ 4%	80,730.00
Tax liability	20,98,980.00
	₹

**Solution 15:**

As per the amendments now two house shall be treated as self-occupied.

**House I & II is self-occupied**

Income from house I & II	Nil
Income under the head House Property	Nil
Add: Unrealised rent received (2,000 – 600)	1,400.00
Income under the head House Property	1,400.00
Income under the head Capital Gains (LTCG)	20,00,000.00
Gross Total Income	20,01,400.00
Less: Deduction under Chapter VI-A	Nil
Total Income	20,01,400.00

**Computation of Tax Liability**

<b><i>Normal Income 1,400</i></b>	<b><i>Nil</i></b>
<b><i>LTCG (20,00,000 – 2,98,600) x 20%</i></b>	<b><i>3,40,280.00</i></b>
Add: HEC @ 4%	13,611.20
Tax Liability	3,53,891.20
Rounded off u/s 288B	3,53,890.00
	₹

**Solution 16:**

Gross Annual Value	5,76,000.00
--------------------	-------------

<b>Working Note:</b>	₹
(a) Fair Rent (50,000 x 12)	6,00,000
(b) Municipal Valuation (47,000 x 12)	5,64,000
(c) Higher of (a) or (b)	6,00,000
(d) Standard Rent (48,000 x 12)	5,76,000
(e) Expected rent {Lower of (c) or (d)}	5,76,000
(f) Rent Receivable (45,000 x 7)	3,15,000

If there was no vacancy, in that case rent received/receivable would have been

**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
<b>Add: HEC @ 4%</b>	<b>3,085.90</b>
<b>Tax Liability</b>	<b>80,233.40</b>
<b>Rounded off u/s 288B</b>	<b>80,230.00</b>

**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
<b><i>Less: Rebate u/s 87A</i></b>	<b><i>(25,000)</i></b>
<b><i>Tax before health &amp; education cess</i></b>	<b><i>65,000</i></b>
<b><i>Add: HEC @ 4%</i></b>	<b><i>2,600</i></b>
<b><i>Tax Liability</i></b>	<b><i>67,600</i></b>

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
<b><i>Less: Rebate u/s 87A</i></b>	<b><i>(25,000)</i></b>
<b><i>Tax before health &amp; education cess</i></b>	<b><i>95,000</i></b>
<b><i>Add: HEC @ 4%</i></b>	<b><i>3,800</i></b>
<b><i>Tax Liability</i></b>	<b><i>98,800</i></b>

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 INCOME TAX VOLUME 1 (49<sup>th</sup> Edition) PAGE NO. 212**

(CORRECTED PART IS GIVEN IN BOLD ITALICS AND COLOURED)

**Solution:** **Computation of total income and tax liability of Mr. X for the A.Y.2024-25**

Particulars	₹
Income under the head salary	3,40,000
Income under the head house property	3,00,000
<b>Gross Total Income</b>	<b>6,40,000</b>
Less: Deductions under Chapter VI-A	Nil
<b>Total Income</b>	<b>6,40,000</b>

Agricultural income (1,80,000 – 1,20,000) = 60,000

**Computation of tax liability**

**Step 1:** Tax on (₹6,40,000 + ₹ 60,000 = ₹ 7,00,000) 25,000

**Step 2:** Tax on (₹ 3,00,000 + ₹ 60,000) = ₹ 3,60,000 (3,000)

**Step 3:** ₹ 25,000 – ₹ 3,000 22,000

Tax before health & education cess 22,000

**Less: Rebate u/s 87A (22,000)**

**ADD: HEC @ 4% 880**

**Tax Liability 22,880 Nil**

**Illustration 3:** Mr. X grows sugarcane and uses the same for the purpose of manufacturing sugar in his factory. 30% of sugarcane produce is sold for ₹ 10 lacs, and the cost of cultivation of such sugarcane is ₹ 5 lacs. The cost of cultivation of the balance sugarcane (70%) is ₹14 lacs and the market value of the same is ₹22 lacs. After incurring ₹ 1.5 lacs in the manufacturing process on the balance sugarcane, the sugar was sold for ₹ 25 lacs. Compute Mr. X's business income and agricultural income.

**Solution:**

Income from sale of sugarcane gives rise to agricultural income and from sale of sugar gives rise to business income.

Business income = Sales – Market value of 70% of sugarcane produce – Manufacturing expenses  
= ₹25 lacs – ₹22 lacs - ₹1.5 lacs = ₹1.5 lacs.

Agricultural income = Market value of sugarcane produce – Cost of cultivation  
= [₹10 lacs + ₹22 lacs] – [₹5 lacs + ₹14 lacs]  
= ₹32 lacs – ₹19 lacs  
= ₹13 lacs.

**Illustration 4:** Mr. X is engaged in growing and manufacturing of rubber. These are then sold in the market for ₹30 lacs. The cost of growing rubber plants is ₹10 lacs and that of manufacturing rubber is ₹8 lacs. Compute his total income.

**Solution:**

The total income of Mr. X comprises of agricultural income and business income.

Total profits from the sale of rubber = ₹30 lacs – ₹10 lacs – ₹8 lacs = ₹12 lacs.

Agricultural income = 65% of ₹12 lacs. = ₹7.8 lacs

Business income = 35% of ₹12 lacs. = ₹4.2 lacs

**Illustration 5:** Mr. X has estates in rubber, tea and coffee. He derives income from them. He has a nursery wherein he grows and sells the plants. For the previous year ending 31.03.2024, he furnishes the following particulars of his income from estates and sale of plants. You are requested to compute the taxable income and tax liability for the assessment year 2024-25:

	₹
(i) Growing and manufacturing of rubber	5,00,000
(ii) Sale of coffee grown and cured	3,50,000
(iii) Growing and manufacturing of tea	7,00,000
(iv) Sale of plants from nursery	1,00,000

He has long term capital gain on the sale of agricultural land in Delhi ₹3,13,500. He has received rent of ₹9,000 p.m. by letting out one farm house near Delhi and he has incurred ₹20,000 on the repairs of the farm house. He has not paid municipal taxes for the last ten years in connection with farm house and MCD has issued him a notice for selling of farm house, hence he has paid municipal tax of ₹90,000.



**CORRECTION IN INCOME TAX VOLUME 1 (49th Edition) PAGE NO. 266****(CORRECTED PART IS GIVEN IN BOLD ITALICS AND COLOURED)**

(ii) ABC Ltd. has to pay interest of ₹12,00,000 to Mr. X in connection with listed debentures, amount of TDS shall be ₹1,20,000

(iii) ABC Ltd. has to pay interest of ₹5,000 to Mr. X, no tax shall be deducted at source in this case.

**Illustration 1:** Mr. X has invested some amount in ABC Ltd. and the company has paid him interest of ₹5,40,000 after deducting tax at source @ 10%. The cheque was collected by the bank and the bank charges were 1%. He has income under the head house property ₹ 10,00,000  
Compute his tax liability and tax refund for assessment year 2024-25.

	₹
Income under the head House Property	10,00,000.00
Gross interest (5,40,000 x 100 /90)	6,00,000.00
Less: bank charges u/s 57 (1% of 5,40,000)	(5,400.00)
Income under the head Other Sources	5,94,600.00
Gross Total Income	15,94,600.00
Less: Deductions u/s under Chapter VI-A	Nil
Total Income	15,94,600.00
<b>Computation of Tax Liability</b>	
Tax on ₹15,94,600 at slab rate	1,78,380.00
Add: HEC 4%	7,135.20
Tax Liability	1,85,515.20
Less: TDS	(60,000.00)
Tax Payable	1,25,515.20
Rounded off u/s 288B	1,25,520.00

**Illustration 2:** Mr. X has invested some amount in ABC Ltd. and the company has paid him interest of ₹3,60,000 after deducting tax at source @ 10%. The cheque was collected by the bank and the bank charges were 1%.

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

	₹
Gross interest (3,60,000 x 100 /90)	4,00,000.00
Less: bank charges u/s 57 (1% of 3,60,000)	(3,600.00)
Income under the head Other Sources	3,96,400.00
Total Income	3,96,400.00
<b>Computation of Tax Liability</b>	
Tax on ₹3,96,400 at slab rate	4,820.00
Less: Rebate u/s 87A	(4,820.00)
Tax Liability	Nil
<b>Less: TDS</b>	<b>(40,000.00)</b>
<b>Refund</b>	<b>40,000.00</b>

Assessee can take benefit of section 197 (not 197A)

**Illustration 3:** Mr. X has invested some amount in ABC Ltd. and the company has paid him interest of ₹1,80,000 after deducting tax at source @ 10%. The cheque was collected by the bank and the bank charges were 1%.

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

	₹
Gross interest (1,80,000 x 100 /90)	2,00,000.00
Less: bank charges u/s 57 (1% of 1,80,000)	(1,800.00)
Income under the head Other Sources	1,98,200.00
Total Income	1,98,200.00
<b>Computation of Tax Liability</b>	
Tax Liability	Nil
Less: TDS	(20,000.00)

**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
<b>Tax on ₹2,63,450 at slab rate</b>	<b>672.50</b>
Less: Rebate u/s 87A	(12,500.00)
<b>Tax before health &amp; education cess</b>	<b>6,422.50</b>
<b>Add: HEC @ 4%</b>	<b>256.90</b>
<b>Tax Liability</b>	<b>6,679.40</b>
<b>Rounded off u/s 288B</b>	<b>6,680.00</b>