

**CORRECTION IN INCOME TAX VOLUME 1 (51st Edition) PAGE NO. 55**  
(CORRECTED PART IS GIVEN IN BOLD ITALICS AND COLOURED)

**Note: Rebate u/s 87A is not allowed in case of non- resident.**

(x)	
Total income	5,20,000
On first ₹3,00,000	Nil
On next ₹2,20,000 @ 5%	11,000
Tax before Rebate	11,000
Less: Rebate u/s 87A	(Nil)
Tax before HEC	11,000
Add: HEC @ 4%	440
Tax Liability	11,440

**Note: Rebate u/s 87A is not allowed in case of non- resident.**

**Solution 4:**

(i)	
Income under the House Property	1,00,000.00
Income under the Capital Gains (LTCG)	2,00,000.00
Income under the Capital Gains (STCG 111A)	5,00,000.00
Gross Total Income	8,00,000.00
Less: Deduction under chapter VI-A	Nil
Total Income	8,00,000.00

**Computation of Tax Liability**

Tax on normal income Nil at slab rate (1,00,000-1,00,000)	Nil
<b><i>Tax on STCG 111A 3,00,000 (5,00,000-2,00,000) @ 20%</i></b>	<b><i>60,000.00</i></b>
<b><i>Tax on LTCG 2,00,000 @ 12.5%</i></b>	<b><i>25,000.00</i></b>
<b><i>Less: Rebate u/s 87A</i></b>	<b><i>Nil</i></b>
<b><i>Tax before health &amp; education cess</i></b>	<b><i>85,000.00</i></b>
<b><i>Add: HEC @ 4%</i></b>	<b><i>3,400.00</i></b>
<b><i>Tax Liability</i></b>	<b><i>88,400.00</i></b>

(ii)	
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)	8,00,000.00
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 normal income Nil at slab rate (50,000-50,000)	Nil
Tax on LTCG Nil (1,00,000-1,00,000) @ 12.5%	Nil
Tax on STCG 111A Nil (50,000-50,000) @ 20%	Nil
Tax on LTCG 112A 5,75,000 (8,00,000-1,00,000-1,25,000) @ 12.5%	71,875.00
Less: Rebate u/s 87A	Nil
Tax before health & education cess	71,875.00
Add: HEC @ 4%	2,875.00
Tax Liability	74,750.00

(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

**CORRECTION IN INCOME TAX VOLUME 1 (51st Edition) PAGE NO. 60**  
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**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	84,000.00
Step 2. Tax on (₹3,00,000 + 5,00,000) at slab rates	(30,000.00)
Step 3. Deduct Tax at Step 2 from Tax at Step 1	54,000.00
<b><i>Less: Marginal Relief</i></b>	<b><i>9,000.00</i></b>

***Step 1. Tax on (7,20,000 + 5,00,000) at slab rate*** ***84,000.00******Step 2. Tax on (₹3,00,000 + 5,00,000) at slab rates*** ***(30,000.00)******Step 3. Deduct Tax at Step 2 from Tax at Step 1*** ***54,000.00******Less: Rebate u/s 87A*** ***(25,000.00)******Balance amount of Tax*** ***29,000.00******Increase in Tax 54,000 – 25,000 = 29,000******Increase in income*** ***20,000******Marginal Relief*** ***9,000******Tax before health & education cess*** ***45,000.00******Add: HEC @ 4%*** ***1,800.00******Tax Liability*** ***46,800.00*****(ii)*****Computation of Total Income***

Income under the head House Property	15,00,000.00
Gross Total Income	15,00,000.00
Less: Deduction under chapter VI-A	Nil
Total Income	15,00,000.00
Agricultural Income	10,00,000.00

***Computation of Tax Liability***

Normal income 15,00,000	
Step 1. Tax on (15,00,000 + 10,00,000) at slab rate	4,40,000.00
Step 2. Tax on (₹3,00,000 + 10,00,000) at slab rates	(1,00,000.00)
Step 3. Deduct Tax at Step 2 from Tax at Step 1	3,40,000.00
Less: Rebate u/s 87A	(Nil)
Tax before health & education cess	3,40,000.00
Add: HEC @ 4%	13,600.00
Tax Liability	3,53,600.00

**(iii)*****Computation of Total Income***

Income under the head House Property	3,00,000.00
Gross Total Income	3,00,000.00
Less: Deduction under chapter VI-A	Nil
Total Income	3,00,000.00
Agricultural Income	5,00,000.00

There will be no partial Integration as normal income is upto the exemption limit and Tax Liability is Nil.

**CORRECTION IN INCOME TAX VOLUME 1 (51st Edition) PAGE NO. 98****(CORRECTED PART IS GIVEN IN BOLD ITALICS AND COLOURED)**

section 6(6)(a) and he is not able to comply second condition of section 6(6)(a) also i.e. non-resident in atleast 9 years out of 10 years preceding the relevant previous year. hence he is ROR.

**Illustration 4:** Mr. X an American citizen has come to India for the first time on 01.07.2021 as an executive of a multinational company. His employer has allowed him to visit USA every year and for this purpose he will be leaving India every year on 1<sup>st</sup> November and shall come back on 31<sup>st</sup> December, besides that he has visited Hong Kong on several occasions in connection with the official work, because he is looking after the employer's operations in Hong Kong also, with details asunder:

<b>Date of leaving India</b>	<b>Date of arriving in India</b>
10.09.2021	30.09.2021
07.02.2022	08.05.2022
<b>11.07.2022</b>	21.10.2022
10.02.2023	23.07.2023
11.02.2024	12.06.2024
01.02.2025	10.04.2025

Determine his residential status for the previous years 2021-22 to 2024-25.

**Solution:****Previous Year 2021-22**

{July – 31, August – 31, September – 11, October – 31, November – 1, December – 1, January – 31, February – 7}

Days of stay in India are 144

As per section 6(1), Stay in India is less than 182 days but more than 60 days during the relevant previous year but Stay in India is less than 365 days during 4 years preceding the relevant previous year, hence he is not complying even a single condition of section 6(1) hence he is Non – resident.

**Previous Year 2022-23**

{May – 24, June – 30, July – 11, October – 11, November – 1, December – 1, January – 31, February – 10}

Days of stay in India are 119.

As per section 6(1), Stay in India is less than 182 days but more than 60 days during the relevant previous year but Stay in India is less than 365 days during 4 years preceding the relevant previous year, hence he is not complying even a single condition of section 6(1) hence he is Non – resident.

**Previous Year 2023-24**

{July – 9, August – 31, September – 30, October – 31, November – 1, December – 1, January – 31, February – 11}

Days of stay in India are 145

As per section 6(1), Stay in India is less than 182 days but more than 60 days during the relevant previous year but Stay in India is less than 365 days during 4 years preceding the relevant previous year, hence he is not complying even a single condition of section 6(1) hence he is Non – resident.

**Previous Year 2024-25**

{June – 19, July – 31, August – 31, September – 30, October – 31, November – 1, December – 1, January – 31, February – 1}

Days of stay in India are 176. During the preceding 4 years, his stay is for 365 days or more so he is resident. His stay during 7 years is 729 days or less, hence he is resident but not ordinarily resident.

**Illustration 5:** Mr. X, the Australian cricketer comes to India for 105 days every year. Find out his residential status for the A.Y. 2025-26.

**Solution:** He has complied with condition of 60 + 365 days hence he is resident further stay in 7 years is more than 729 days and also condition of non-resident in 9 years out of 10 years is not complied with hence he is ROR.

**Illustration 6:** Mr. X, a Canadian citizen, comes to India for the first time during the P.Y.2020-21. During the financial years 2020-21, 2021-22, 2022-23, 2023-24 and 2024-25 he was in India for 55 days, 60 days, 90 days, 150 days and 70 days respectively. Determine his residential status for the A.Y.2025-26.