

**Question 1:**

The following are the particulars relating to Mr. A, Mr. B, Mr. C and Mr. D, salaried individuals for A.Y. 2020-21 –

Particulars	Mr. A	Mr. B	Mr. C	Mr. D
Amount of loan taken	₹ 43 lakhs	₹ 45 lakhs	₹ 20 lakhs	₹ 15 lakhs
Loan taken from	HFC	Deposit taking NBFC	Deposit taking NBFC	Public sector bank
Date of sanction of loan	01.04.2019	01.04.2019	01.04.2019	30.03.2019
Date of disbursement of loan	01.05.2019	01.05.2019	01.05.2019	01.05.2019
Purpose of loan	Acquisition of residential house property for self-occupation	Acquisition of residential house property for self-occupation	Purchase of electric vehicle for personal use	Purchase of electric vehicle for personal use
Stamp duty value of house property	₹ 45 lakhs	₹ 48 lakhs	–	–
Cost of electric vehicle	–	–	₹ 22 lakhs	₹ 18 lakhs
Rate of interest	9% p.a.	9% p.a.	10% p.a.	10% p.a.

Compute the amount of deduction, if any, allowable under the provisions of the Income-tax Act, 1961 for A.Y.2020-21 in the hands of Mr. A, Mr. B, Mr. C and Mr. D. Assume that there has been no principal repayment during the P.Y.2019-20.

**Solution:**

Particulars	₹
<b>Mr. A</b>	
<b>Interest deduction for A.Y.2020-21</b>	
<b>(i) Deduction allowable while computing income under the head “Income from house property”</b>	
Deduction u/s 24(b) ₹ 3,54,750 [₹ 43,00,000 X 9% X 11/12] Restricted to	2,00,000
<b>(ii) Deduction under Chapter VI-A from Gross Total Income</b>	
Deduction u/s 80EEA ₹ 1,54,750 (₹ 3,54,750 – ₹ 2,00,000) Restricted to	1,50,000
<b>Mr. B</b>	
<b>Interest deduction for A.Y.2020-21</b>	
<b>(i) Deduction allowable while computing income under the head “Income from house property”</b>	
Deduction u/s 24(b) ₹ 3,71,250 [₹ 45,00,000 X 9% X 11/12] Restricted to	2,00,000
<b>(ii) Deduction under Chapter VI-A</b>	
Deduction u/s 80EEA is not permissible since:	
(i) Loan is taken from NBFC	

(ii) Stamp duty value exceeds ₹ 45 lakh. Deduction under section 80EEA would not be permissible due to either violation listed above.	Nil
<b>Mr. C</b> <b>Deduction under Chapter VI-A</b> Deduction u/s 80EEB for interest payable on loan taken for purchase of electric vehicle [₹ 20 lakhs X 10% X 11/12 = ₹ 1,83,333, restricted to ₹ 1,50,000, being the maximum permissible deduction]	1,50,000
<b>Mr. D</b> <b>Deduction under Chapter VI-A</b> Deduction u/s 80EEB is not permissible since loan was not sanctioned in the P.Y.2019-20.	Nil

**Question 2:**

Examine whether TDS provisions would be attracted in the following cases, and if so, under which section. Also specify rate of TDS applicable in each case. Assume that all payments are made to residents.

	Particulars of the payer	Nature of payment	Aggregate of payments made in the F.Y.2019-20
1.	Mr. Ganesh, an individual carrying on retail business with turnover of ₹ 2.5 crores in the P.Y.2018-19	Contract Payment for repair of residential house	₹5 lakhs
		Payment of commission to Mr. Vallish for business purposes	₹80,000
2.	Mr. Rajesh, a wholesale trader who declares profits under section 44AD for P.Y.2018-19 and P.Y.2019-20	Contract payment for reconstruction of residential house (made during the period January-March, 2020)	₹20 lakhs in January, 2020, ₹15 lakhs in Feb 2020 and ₹20 lakhs in March 2020.
3.	Mr. Satish, a salaried individual	Payment of brokerage for buying a residential house in March, 2020	₹51 lakhs
4.	Mr. Dheeraj, a pensioner	Contract payment made during October–November 2019 for reconstruction of residential house	₹48 lakhs

**Solution:**

	Particulars of the payer	Nature of payment	Aggregate of payment in the F.Y. 2019-20	Whether TDS provisions are attracted?
1.	Mr. Ganesh, an individual carrying on retail business with turnover of ₹ 2.5 crores in the P.Y.2018-19	Contract Payment for repair of residential house	₹ 5 lakhs	No, TDS under section 194C is not attracted since the payment is for personal purpose and TDS under section 194M is not attracted as aggregate of contract payment to the payee in the P.Y.2019-20 does not exceed ₹ 50 lakh.

		Payment of commission to Mr. Vallish for business purposes	₹ 80,000	Yes, u/s 194H, since the payment exceeds ₹15,000, and Mr. Ganesh's turnover exceeds ₹1 crore in the P.Y.2018-19.
2.	Mr. Rajesh, a wholesale trader who declares profits under section 44AD for P.Y.2018-19 and P.Y.2019-20.	Contract Payment for reconstruction of residential house	₹ 55 lakhs	Yes, under section 194M, since the aggregate of payments (i.e., ₹55 lakhs) exceed ₹50 lakhs, and the payments are made after 1.9.2019. Since he declares profits on presumptive basis under section 44AD, he is not subject to tax audit in the P.Y.2018-19. Hence, TDS provisions under section 194C are not attracted in respect of payments made in the P.Y.2019-20.
3.	Mr. Satish, a salaried individual	Payment of brokerage for buying a residential house	₹ 51 lakhs	Yes, under section 194M, since the payment of ₹ 51 lakhs made in March 2020 exceeds the threshold of ₹50 lakhs. Since Mr. Satish is a salaried individual, the provisions of section 194H are not applicable in this case.
4.	Mr. Dheeraj, a pensioner	Contract payment for reconstruction of residential house	₹ 48 lakhs	TDS provisions under section 194C are not attracted since Mr. Dheeraj is a pensioner and hence, not subject to tax audit. TDS provisions under section 194M are also not applicable in this case, since the payment of ₹ 48 lakhs, even though made after 1.9.2019, does not exceed the threshold of ₹ 50 lakhs.