Solution 03
Option (c) is correct
Constitution empowers Parliament to levy taxes on income (other than agricultural income) i.e., 10 lakh + 1 lakh.

Solution 10
Option (b) is correct
Unexplained investment can be taxed i.e. 30 Lakhs

Solution 15
Option (c) is correct
Nil u/s 69A as nature and source satisfactorily explained.

Solution 17
Option (c) is correct
U/s 69C as nature and source not satisfactorily explained for Rs. 40 lakh.

Solution 28
Option (d) is correct

Computation of Tax liability

Particulars	Amount
Tax on Total income of 2,08,00,000	
Tax on First 10,00,000	1,10,000
Tax on balance 1,98,00,000@ 30%	59,40,000
	60,50,000
Add: Surcharge @25%	15,12,500
	75,62,500
Add: 4% HEC	3,02,500
Tax Liability	78,65,000

Solution 30
Option (a) is correct

Computation of Tax liability

Particulars	Amount
Unexplained Excess Income (2,90,000 – 50,000)	2,40,000
Tax on 2,40,000 @ 60%	1,44,000
Add: SC @ 25%	36,000
	1,80,000
Add: HEC @ 4%	7,200
Tax liability u/s 115BBE	1,87,200

Solution 34
Option (d) is correct

Computation of Tax liability

Particulars	Amount
Tax on Total income of 5,00,00,000	
Tax on First 15,00,000	1,40,000
Tax on balance 4,85,00,000@ 30%	1,45,50,000
	1,46,90,000
Add: Surcharge @25%	36,72,500
	1,83,62,500
Add: 4% HEC	7,34,500
Tax Liability	1,90,97,000

Solution 35

Option (a) is correct

Computation of Tax liability

Particulars	Amount
Tax on Total income of 10,00,000	1,12,500
Tax on STCG u/s 111A i.e. 6,00,00,000 x 20%	1,20,00,000
	1,21,12,500
Add: Surcharge @15%	18,16,875
	1,39,29,375
Add: 4% HEC	5,57,175
	1,44,86,550

Solution 36

Option (b) is correct

Computation of HEC

Particulars	Amount
Tax on Total income of 55,00,000	
Tax on First 10,00,000	1,12,500
Tax on balance 45,00,000@ 30%	13,50,000
	14,62,500
Add: Surcharge @10%	1,46,250
	16,08,750
Add: 4% HEC	64,350

Solution 37

Option (a) is correct

Basic Exemption Limit = 3,00,000

Tax on (4,10,000 – 3,00,000) @5% = 5,500

Note: Rebate u/s 87A shall only be allowed to resident individuals

Solution 38
Option (b) is correct

Computation of Marginal relief

Particulars	Amount
Tax on Total income of 1,02,00,000	
Tax on First 15,00,000	1,40,000
Tax on balance 87,00,000@ 30%	26,10,000
	27,50,000
Add: Surcharge @15%	4,12,500
	31,62,500
Tax on Total income of 1,00,00,000	
Tax on First 15,00,000	1,40,000
Tax on balance 85,00,000 @30%	25,50,000
	26,90,000
Add: Surcharge @10%	2,69,000
	29,59,000
Increase in Income (1,02,00,000-1,00,00,000)	2,00,000
Increase in Tax (31,62,500-29,59,000)	2,03,500
Marginal Relief	3500
Add: 4% HEC	1,26,360
Tax Liability	32,85,360

Solution 39
Option (a) is correct

Computation of Marginal relief

Particulars	Amount
Tax on Total income of 5,30,00,000	
Tax on First 10,00,000	1,00,000
Tax on balance 5,20,00,000@ 30%	1,56,00,000
	1,57,00,000
Add: Surcharge @37%	58,09,000
	2,15,09,000
Tax on Total income of 5,00,00,000	
Tax on First 10,00,000	1,00,000
Tax on balance 4,90,00,000 @30%	1,47,00,000
	1,48,00,000
Add: Surcharge @25%	37,00,000
	1,85,00,000
Increase in Income (5,30,00,000-5,00,00,000)	30,00,000
Increase in Tax (2,15,09,000-1,85,00,000)	30,09,000
Marginal Relief	9,000

Solution 40

Option (d) is correct

Computation of Tax liability

Particulars	Amount
Tax on Total income of 50,00,000	
Tax on First 10,00,000	1,12,500
Tax on balance 40,00,000@ 30%	12,00,000
	13,12,500
Add: 4% HEC	52,500
	13,65,000

Solution 41

Option (c) is correct

Computation of Marginal relief

Particulars	Amount
Tax on Total income of 52,50,000	
Tax on First 10,00,000	1,12,500
Tax on balance 42,50,000@ 30%	12,75,000
	13,87,500
Add: Surcharge @10%	1,38,750
	15,26,250
Tax on Total income of 50,00,000	
Tax on First 10,00,000	1,12,500
Tax on balance 40,00,000@ 30%	12,00,000
	13,12,500
Increase in Income (52,50,000 – 50,00,000)	2,50,000
Increase in Tax (15,26,250-13,12,500)	2,13,750
Marginal Relief	Nil

Solution 44

Option (c) is correct

Computation of Tax Liability for AY 2025-26

Particulars	Amount
Lottery Income	60,00,000
Tax @30%	18,00,000
Add: Surcharge @ 10%	1,80,000
	19,80,000
Add: 4% HEC	79,200
Tax Liability	20,59,200

Solution 01
Option (b) is correct
Since, Anirudh has stayed in India for more than 60 days i.e. 181 days and for 365 days in the immediately preceding 4 PY . Therefore, he satisfied 2nd Basic Condition.
Therefore, he shall be resident and not ordinarily resident in India as he is non-resident in 9 out of 10 PY and stay is India during last 7PY is less than 730 days i.e. 420 days

Solution 02
Option (b) is correct
Since, Raman's stay in India is more than 60 days in RPY and more than 365 days in the 4 preceding PY. Therefore, he satisfied 2nd Basic condition. He shall be resident.
Raman shall be resident and ordinary resident as he left India for the 1st time on 01.10.2024.
Since, Raman is Resident and ordinary resident. Therefore, his global income will be taxable.
Therefore, both the income received in Dubai as well as in India will be taxable.

Solution 11
Option (b) is correct
Since, Akash has stayed in India for more than 60 days i.e. 100 days and for 365 days in the immediately preceding 4 PY . Therefore, he satisfied 2nd Basic Condition.
Therefore, he shall be resident and not ordinarily resident in India as he is non-resident in 9 out of 10 PY and stay is India during last 7 PY is 730 days

Solution 12
Option (b) is correct
Since, Akash has stayed in India for more than 60 days i.e. 100 days and for 365 days in the immediately preceding 4 PY . Therefore, he satisfied 2nd Basic Condition.
Therefore, he shall be resident and not ordinarily resident in India as he is non-resident in 8 out of 10 PY and stay is India during last 7 PY is less than 730 days i.e. 710 days.

Solution 13
Option (c) is correct
Since, Akash has stayed in India for more than 60 days i.e. 70 days and less than 365 days i.e. 355 days (55+60+90+150) in the immediately preceding 4 PY .
Therefore, he did not satisfied any Basic condition.
Therefore, he shall be Non-resident.

Solution 18
Option (b) is correct
Since, John's stay in India is more than 182 days in RPY.
Therefore, he satisfied 1nd Basic condition. He shall be resident.

John shall be resident but not ordinary resident as he came India for the 1st time on 01.06.2024.

Solution 21

Option (c) is correct

Since, Rajiv's stay in India is more than 182 days in RPY i.e. 198 days (30+31+30+31+31+30+15)

Therefore, he satisfied 1nd Basic condition. He shall be resident.

Rajiv shall be resident and ordinary resident as he left India for the 1st time on 15.10.2024.

Solution 22

Option (c) is correct

Since, day to day affairs of the HUF is managed in India. Therefore, HUF shall be resident.

Since, Ramji's stay in India is not more than 182 days or 60 days in RPY i.e. 20 days.

Therefore, he did not satisfied Basic condition. He shall be non-resident.

Therefore, HUF shall be resident and not ordinary resident.

Solution 25

Option (a) is correct

Since, Alpha Ltd. is an Indian company. Therefore, it shall be resident.

Solution 26

Option (a) is correct

Mr. Garry stay in India during PY 2020-21 = (21+28+31) = 80 days

Mr. Garry stay in India during PY 2021-22 = (30+31+30+31+31+30+09) = 192 days

Mr. Garry stay in India during PY 2023-24 = (27+31+30+31+30+31+31+29+31) = 271 days

Hence, Mr. Garry stay in India during preceding 4PY is more than 365 days i.e. 543 days (80+192+271).

Mr. Garry stay in India during RPY = (30+26) = 56 days

No. of days left for Non-resident status as per 2nd Basic condition = 60 – 56 = 4 days

Therefore, Mr. Garry should depart from India after completing the assignment so as to qualify as non-resident on 29-05-2024 i.e. within 3 days.

Solution 27

Option (a) is correct

Since, Mr. Garry has stayed in India for 182 days i.e. (24+7+30+31+31+28+31) days and for 365 days in the immediately preceding 4 PY .

Therefore, he satisfied both the Basic Conditions.

Therefore, he shall be resident and ordinarily resident in India as he is Indian citizen and stay is India during last 7 PY is 730 days.

Solution 31

Option (b) is correct

Since, Mr. Nipun is non-resident. Therefore, his Indian income will be taxable.

Therefore, Sale of his house property situated in Bhopal to Mr. Yash Porwal is accrue/arise in India and shall be considered as Indian Income.
Technical services provided to Mahek Singhvi (Resident) Ltd which will be utilized for the purpose of his business in Malaysia is considered as Foreign Income and shall not be taxable.
Hence, Rs. 4,50,000 shall be Taxable.

Solution 32

Option (c) is correct

Mr. Square shall be Non-resident as his stay during the RPY is less than 182 days i.e. 135 days and He is not eligible for deemed resident concept as his total income (other than income from foreign sources) is less than 15 lakhs i.e. ₹10 lakhs

Solution 33

Option (a) is correct

Since, Mr. Ashish is resident but not ordinarily resident. Therefore, his Indian income and foreign business income whose control is in India or professional income which is set up in India will be taxable.

Income chargeable to Tax in India during AY 2025-26

Particulars	₹
Interest on U.K. Development Bonds (1/4th being received in India)	1,00,000
Capital gain on sale of a building located in India but received in Holland	6,00,000
	7,00,000

Solution 36

Option (a) is correct

Mr. Sushant's stay in RPY is less than 182 days i.e. 129 days. Hence, he did not satisfied basic condition.
Since, Mr. Sushant is a person of Indian origin still he shall be considered as non-resident as his Indian income does not exceed 15 lakhs.
Therefore, only Indian income will be Taxable.

Income chargeable to Tax in India during AY 2025-26

Particulars	₹
Income received or deemed to be received in India	2,50,000
Income accruing or arising or which is deemed to accrue or arise in India	3,75,000
Income accruing or arising and received outside India from business controlled from India	Nil
Income accruing or arising and received outside India from business controlled outside India	Nil
	6,25,000

Solution 01

Option (a) is correct

Salary from German company NIL as receipt/accrual outside India + Salary from PQR of 15 lakh as accrued in India + Salary as partner NIL as falls under PGBP + Donation not to be reduced as it is application of income + Advance adjusted against salary NIL = 15 lakh

Solution 02

Option (c) is correct

Computation of Taxable Salary for AY 2025-26

Particulars	Amount	Amount
Basic Salary [May 2024 – March 2025] i.e. 60,000 x 10 + 70,000		6,70,000
Salary of April 2025 received in March 2025		70,000
Arrears of Salary		30,000
Gross Salary		7,70,000

Note: Salary is taxable on due or receipt basis, whichever is earlier . Therefore, salary for the month of April 2024 paid on March 2024 shall be taxable during the year 2023-24.

Similarly, Salary of Jan 2024 paid on 15.6.2024 shall be taxable in the AY 2024-25 as it was due in the PY 2023-24.

Solution 03

Option (c) is correct

DA 60,000 + Overtime 36,000 + Mine allowance 2,400 (1,000 pm - 800 pm exempt) + Tribal area allowance 9,600 (1,000 pm - 200 pm exempt) = 1,08,000

Solution 04

Option (c) is correct

Gratuity exempt = Lower of

a) 5 lakh,
b) 10 lakh (20 lakh - 10 lakh already exempt),
c) 35,000 (half of average of basic 50,000 + DA 20,000 (50% of 80% of basic) + Commission NIL (as not based on % of turnover) of last 10 months) x 10 completed years, i.e., 3,50,000

= 3,50,000.

Computation of Gross Salary

Particulars	₹
Gratuity (5,00,000 - 3,50,000 exempt)	1,50,000
Basic salary	5,00,000
Dearness Allowance	4,00,000
Commission	50,000
House Rent Allowance	20,000
	11,20,000

Solution 05

Option (c) is correct

Contribution of Rishabh and BCD Ltd., each, to RPF = 11% of 30,24,000 (27,00,000 basic + 3,24,000 DA) = 3,32,640.
Interest up to 9.5% is exempt. However, interest relating to Rishabh's contribution exceeding 2,50,000 (3,32,640 - 2,50,000), i.e., 82,640 is not exempt.
As per Rule 9D, separate non-taxable contribution a/c and taxable contribution A/c are to be maintained.
Balance in taxable contribution A/c = Rishabh's contribution for PY 2024-25 exceeding 2,50,000 = 82,640.
Balance in non-taxable contribution A/c = 2,50,000.
Interest of 53,250 is earned on total contribution of Rishabh and BCD Ltd. of 6,65,280.
Interest relatable to 82,640 = 53,250 x (82,640 / 6,65,280) = 6,615

Solution 06

Option (b) is correct

Leave salary exempt = Lower of
a) 3,00,000 received,
b) 25,00,000 limit,
c) 10 month's average salary of 13,00,000 (basic 10,00,000 + DA 2,80,000 (70% of DA) + Commission 20,000 (based on % of turnover)),
d) leave credit of 2 months (210 days (7 years @ 30 days) - 120 days availed - 20 days lapsed - 10 days encashed) x average salary of 1,30,000, i.e., 2,60,000
= 2,60,000.

Computation of Gross Salary

Particulars	₹
Basic Salary	10,00,000
Dearness Allowance	4,00,000
Fixed Commission	40,000
Medical Allowance	30,000
Commission (Turnover)	20,000
Leave Salary (3,00,000 – 2,60,000 exempt)	40,000
Leave encashed while in service	50,000
	15,80,000

Solution 07

Option (d) is correct

Accumulated balance exempt since service terminated before 5 years due to closure of employer's business.
Interest on employee's contribution not taxable as there is no contribution > 2.5 lakh on and from PY 2022-23.

Solution 08

Option (d) is correct

Computation of Gross Salary

Particulars	₹
Basic Salary	6,00,000
Gratuity (Exempt)	Nil
Uncommuted Pension (20,000 for Jan + 20,000 for Feb and Mar)	40,000
Commuted Pension (5,00,000 - exempt u/s 10(10A) 3,33,333 [1/3 x 5,00,000/50 x 100])	1,66,667
	8,06,667

Solution 09

Option (c) is correct

Computation of Gross Salary

Particulars	₹
Basic Salary	7,20,000
DA	4,80,000
Commission	60,000
Perquisites	50,000
Overtime	24,000
Employer contribution to RPF (1,80,000 - 12% of 11,52,000 (basic + 90% of DA + Nil commission as not based on fixed % of turnover)	41,760
Interest in excess of 9.5%	9,000
	13,84,760

Solution 10

Option (a) is correct

VRS exempt = lower of

a) 25,00,000 received,

b) 5,00,000 limit,

c) 3 months x 90,000 (basic 70,000 + DA 20,000 (40% of DA) + C(TO) nil as it is fixed) x 10 completed years, i.e., 27,00,000,

d) 30 months left x 90,000, i.e., 27,00,000

= 5,00,000.

Computation of Gross Salary

Particulars	₹
Basic Salary	4,20,000
DA	3,00,000
Bonus	1,00,000
Commission	24,000
Voluntary Retirement Scheme VRS (25 lakh - 5 lakh exempt)	20,00,000
	28,44,000

Solution 11

Option (a) is correct

Gratuity exempt = Lower of

a) 5 lakh,

b) 15 lakh (20 lakh - 5 lakh already exempt),

c) (15/26) x 90,000 (basic 50,000 + DA 40,000) x 11 years (period > 6 months is 1 year), i.e., 5,71,154
= 5 lakh.

Computation of Gross Salary

Particulars	₹
Basic Salary	4,50,000
DA	3,60,000
Commission	45,000
HRA taxable	20,000
	8,75,000

Solution 12

Option (d) is correct

Employer contribution = 10% of 36 lakh = 3.6 lakh. Exempt as it is < 7.5 lakh. Interest is exempt

Solution 13

Option (d) is correct

Taxable = treatment and stay 2 lakh (6 lakh - 4 lakh permitted) + travel not exempt 3 lakh (as GTI (before including travel expenses) is > 2 lakh) = 5 lakh

Solution 14

Option (c) is correct

Fixed medical allowance 30,000 + insurance premium 5,000 + son's treatment NIL as exempt + father's treatment 30,000 taxable as he not dependent + private clinic 10,000 + treatment in approved nursing home for prescribed disease NIL as exempt = 75,000

Solution 15

Option (b) is correct

Computation of Gross Salary

Particulars	₹
Basic Salary	10,80,000
DA	6,00,000
HRA	3,60,000
Medical Perquisite	50,000
RFA Value (License Fee)	2,40,000
Furniture (10% of cost)	50,000
	23,80,000

Solution 16

Option (b) is correct

Computation of Gross Salary

Particulars	₹
Basic Salary	4,80,000
DA	2,40,000

Conveyance Allowance	60,000
HRA (2,40,000 – 54,000) (WN)	1,86,000
	9,66,000

Working Note:-

HRA exempt for Oct 24 to Mar 25 for 6 months = Lower of

a) 1,20,000 HRA,
b) 90,000 rent paid - 36,000 (10% of salary 2,40,000 basic + 1,20,000 DA + Nil Commission), i.e., 54,000,
c) 40% of 3,60,000 i.e., 1,44,000

= 54,000.

Solution 17

Option (a) is correct

Hire charges i.e. 5,000/-

Solution 18

Option (d) is correct

Accommodation value = 5% of salary (Salary = basic 10,80,000 + DA(T) 3,00,000 (50% of DA) + HRA 3,60,000 + commission 1,20,000, i.e., 18,60,000), i.e., 93,000 + A/C hire 60,000 - rent paid 1,20,000 = 33,000

Computation of Gross Salary

Particulars	₹
Basic Salary	10,80,000
DA	6,00,000
HRA	3,60,000
Commission	1,20,000
Perquisites	50,000
RFAC	33,000
	22,43,000

Solution 19

Option (a) is correct

Value = 900 p.m. for car + 900 p.m. for driver = 1,800 p.m. for 6 months

Solution 20

Option (a) is correct

70% (8,400) exempt up to max of 10,000 pm. 30% is taxable = 43,200

Solution 21

Option (d) is correct

Exempt = 70% (12,600) up to max of 10,000 p.m., i.e., 10,000. Taxable = 8,000 p.m.

Solution 22

Option (b) is correct

LTC exempt = 10,000 for 4 persons (self, spouse, two children) = 40,000.

Gross salary = Basic 6,00,000 + LTC 60,000 (1,00,000 - 40,000 exempt) = 6,60,000

Solution 23

Option (a) is correct

Annual value = 60,000 (10% of actual cost of 6L) + 30,000 R&M borne by employer + 1,20,000 driver salary borne by employer - 60,000 recovery = 1,50,000.
Per month value = 1,50,000 / 12 = 12,500

Solution 24

Option (b) is correct

Value = 10,000 expenditure by employer - 80% towards official use as log book maintained and certificate issued = 2,000 p.m.
80% deduction can be claimed instead of 2,700 p.m. (1,800 + 900) as documentation conditions are fulfilled and it is more beneficial

Solution 25

Option (a) is correct

Computation of Gross Salary

Particulars	₹
Basic Salary	4,80,000
Conveyance Allowance (1,20,000 – 80,000 exempt)	40,000
Transport Allowance	60,000
Project Allowance	20,000
Travelling Allowance (30,000 - 20,000 exempt)	10,000
Daily Allowance (20,000 - 15,000 exempt)	5,000
	6,15,000

Solution 26

Option (c) is correct

Value = 3,000 pm expenditure by employer - 900 pm = 2,100 pm

Solution 27

Option (c) is correct

Elder son = 6,000 + 7,200 = 13,200 (allowance taxable as outside India).
Younger son = 36,000 cost in similar institution - 6,000 recovered = 30,000*.
Daughter = 48,000.
Training for Shyam = Exempt.
Total = 91,200.
*Alternatively, 24,000 (3,000 pm - 1,000 pm exempt) - 6,000 can also be taken

Solution 28

Option (a) is correct

Education: 36,000 - 2,400 exempt @ 100 p.m. per child for 2 children = 33,600.
Hostel: 72,000 - 7,200 @ 300 p.m. per child for 2 children = 64,800

Solution 29

Option (d) is correct

Computation of Value of Taxable perquisites for AY 2025-26

Particulars	Amount	Amount
Fees for attending a seminar on the subject of engineering		Nil
Cost of education in similar institute i.e. 5,250 x 12m	63,000	
Less: Tuition fees paid in employer school i.e. 750 x 12m	9,000	54,000
Tuition fees reimbursed by the employer		25,000
Value of Taxable perquisites		79,000

Solution 30

Option (c) is correct

Cost 50,000 - Nil Dep as completed years of use is zero - 10,000 recovered = 40,000

Solution 31

Option (d) is correct

Value for use = 10% p.a. of 40,000 for 6 months = 2,000 - 600 recovered = 1,400.
Value for transfer = 40,000 - 10% depreciation for 3Y (completed years of use) being 12,000 -1,000 recovered = 27,000
Total = 28,400

Solution 32

Option (a) is correct

10% p.a. of actual cost i.e. 50,000 x 10% = 5,000

Solution 33

Option (d) is correct

Cost 50,000 -10% dep on SLM for 1Y (completed years of use) of 5,000 -10,000 recovered = 35,000

Solution 34

Option (d) is correct

Use of laptop is exempt

Solution 35

Option (c) is correct

Official expense is exempt

Solution 36

Option (a) is correct

Taxable as expenses are personal

Solution 37

Option (d) is correct

6% (10% - 4%) of 1 lakh = 6,000/-

Solution 38

Option (a) is correct

100 shares @ 40 (50 - 10) per share = 4,000 /-

Solution 39

Option (a) is correct

Maximum outstanding monthly balance is Dec 20L + Jan 19L + Feb 18L + Mar 17L = 74L.
Taxable = 5% (10% - 5%) x 74L x 1/12 = 30,833

Solution 41

Option (b) is correct

Computation of Income under head Salary

Particulars	₹
Basic Salary	3,00,000
HRA	1,00,000
Entertainment Allowance	12,000
Professional Tax paid by employer	2,500
Gross Salary	4,14,500
Less: Standard Deduction	(50,000)
Less: Professional Tax	(2,500)
Income under head Salary	3,62,000

Solution 42

Option (c) is correct

Lower of (a) 20% of 48,000, i.e., 9,600 or (b) 5,000 limit or (c) 12,000 allowance received = 5,000

Solution 06

Option (b) is correct

Arrears of Rent Received	:	30,000
Less: Standard deduction	:	30,000 x 30% = 9,000
Taxable rent	:	21,000

Solution 07

Option (b) is correct

Unrealised Rent Received	:	90,000
Less: Standard deduction	:	90,000 x 30% = 27,000
Taxable rent	:	63,000

Solution 08

Option (b) is correct

amount of allowable deduction in respect of each co-owner = 2,05,000 x ½ = 1,02,500

Solution 09

Option (d) is correct

Computation of GAV

Particulars	₹
Fair rent	2,50,000
Municipal Valuation	3,00,000
Higher	3,00,000
Standard rent	2,90,000
Lower (Expected Rent)	2,90,000
Actual Rent (20,000 x 9 + 30,000 x 3)	2,70,000
GAV (Higher of ER or AR)	2,90,000

Solution 10

Option (b) is correct

Pre-Construction period = 01.04.2020 – 31.03.2023

Interest for pre-construction Period = 5,00,000 x 12% x 36/12 = 1,80,000

Deduction of Pre-Construction Period	=	1,80,000/5	=	36,000
Deduction for current year interest	=	5,00,000 x 12%	=	60,000
Total Deduction for PY 2024-25			=	96,000

Solution 11

Option (c) is correct

Computation of Income under head House Property

Particulars	₹
GAV (20,000 x 12)	2,40,000
Less: Municipal Tax Paid	(60,000)

Net Annual Value	1,80,000
Less: Standard deduction @30%	(54,000)
Less: Interest on capital borrowed	-
Income under head House Property	1,26,000

Solution 12

Option (c) is correct

Pre-Construction period = Nil

Interest for pre-construction Period = Nil

Deduction for current year interest = 20,00,000 x 6% x 11/12 = 1,10,000

Solution 21

Option (d) is correct

Computation of GAV

Particulars	₹
Fair rent	1,20,000
Municipal Valuation	1,00,000
Higher	1,20,000
Standard rent	1,08,000
Lower (Expected Rent)	1,08,000
Actual Rent (10,000 x 8)	80,000
GAV (Higher of ER or AR)	1,08,000

Computation of NAV

Particulars	₹
GAV	1,08,000
Less: Municipal Tax Paid	(20,000)
Net Annual Value	88,000

Solution 25

Option (d) is correct

Computation of GAV for let out house

Particulars	₹
Fair rent	2,35,000
Municipal Valuation	2,44,000
Higher	2,44,000
Standard rent	2,20,000
Lower (Expected Rent)	2,20,000
Expected Rent for Let out portion (2,20,000 x ½)	1,10,000
Actual Rent for let out Portion (12,000 x 9)	1,08,000
If there is no vacancy, then AR would be 12,000 x 12 = 1,44,000	
Therefore, GAV shall be Actual rent as AR<ER due to vacancy	1,08,000

Computation of Income under head House Property

Particulars	₹
Let out portion	

GAV	1,08,000
Less: Municipal Tax Paid (2,44,000 x 12% x ½)	(14,640)
Net Annual Value	93,360
Less: Standard deduction @30%	(28,008)
Less: Interest on capital borrowed (2,000 x 12 x ½)	(12,000)
	65,352
Self-occupied portion	
NAV	Nil
Less: Interest on capital borrowed (2,000 x 12 x ½)	(12,000)
	(12,000)
Income under head House Property	53,352

Solution 26

Option (c) is correct

Interest on 30,00,000 x 10%	3,00,000
Interest on 5,00,000 x 12% x 9/12	45,000
Total deduction u/s 24(b)	3,45,000

Solution 28

Option (b) is correct

Pre-construction Period (1.1.2020 – 31.12.2023)	
Interest on pre-construction period (1,00,000 x 12% x 48/12)	48,000
Deduction u/s 24(b) [48,000/5]	9,600

Solution 29

Option (a) is correct

Pre-construction Period (1.4.2015 – 31.03.2019)	
Interest on pre-construction period (10,00,000 x 12% x 48/12)	4,80,000
Deduction u/s 24(b) [4,80,000/5]	96,000

Solution 30

Option (c) is correct

Computation of GAV

Particulars	₹
Fair rent	1,10,000
Municipal Valuation	1,30,000
Higher	1,30,000
Standard rent	1,20,000
Lower (Expected Rent)	1,20,000
Actual Rent	1,32,000
GAV (Higher of ER or AR)	1,32,000

Computation of Income under head House Property

Particulars	₹
GAV	1,32,000
Less: Municipal Tax Paid	10,000

Net Annual Value	1,22,000
Less: Standard deduction @30%	36,600
Less: Interest on capital borrowed (TDS not deducted)	Nil
	85,400

Solution 31

Option (a) is correct

Computation of GAV

Particulars	₹
Fair rent	90,000
Municipal Valuation	80,000
Higher	90,000
Standard rent	75,000
Lower (Expected Rent)	75,000
Actual Rent	72,000
GAV (Higher of ER or AR)	75,000

Solution 33

Option (c) is correct

Computation of GAV

Particulars	₹
Fair rent	4,80,000
Municipal Valuation	4,56,000
Higher	4,80,000
Standard rent	4,68,000
Lower (Expected Rent)	4,68,000
Actual Rent (41,000 x 9)	3,69,000
If there is not vacancy, then AR would be 41,000 x 11 = 4,51,000	
Therefore, AR<ER not due to vacancy	
GAV (Higher of ER or AR)	4,68,000

Solution 34

Option (b) is correct

Computation of Income under head House Property

Particulars	₹
Let out portion	
GAV (10,000 x 9)	90,000
Less: Municipal Tax Paid (20,000 x ½)	10,000
Net Annual Value	80,000
Less: Standard deduction @30%	24,000
Less: Interest on capital borrowed (10,000 x 1/2)	5,000
	51,000
Self-occupied portion	
NAV	Nil
Less: Interest on capital borrowed (10,000 x 25%)	(2,500)

	(2,500)
Income under head House Property	**48,500**

Note:

Remaining 25% used for professional purposes will be considered under the head PGBP.

Solution 01

Option (d) is correct

Land	Nil
Building	50,00,000
License and Know-how	20,00,000
Machines on lease	Nil
Books	30,000
Furniture on Rent	Nil
	70,30,000

Solution 02

Option (c) is correct

Local Taxes	10,000
Rent	3,00,000
Premium	10,000
Routine Repairs	20,000
Construction being capital in nature	Nil
Less: rent on subletting	(50,000)
	2,90,000

Solution 03

Option (b) is correct

WDV for depreciation = 5 items for 2,50,000 put to use for > 180D + 2 items NO as not put to use during the PY + 1 item NO as put for personal use + 1 Item 50,000 put to use for < 180D + 1 item not unboxed NO as not put to use (active as well as passive) = 3,00,000.

Dep = 50% of 15% of 50,000 + 15% of 2,50,000 = 41,250

Solution 04

Option (b) is correct

1,20,000 rent + 10,000 insurance premium + 20,000 repairs = 1,50,000 - 25% deduction for asset not used in business of Rohit = 1,12,500

Solution 05

Option (c) is correct

Full depreciation already allowed till PY 2022-23 @ 25% for 4 years. Total depreciation cannot exceed actual cost.

Solution 06

Option (d) is correct

PY 2023-24: Actual cost 1,20,000 - Depreciation 4,500 (50% dep on Machine 1 put to use for < 180D of 4,500 + Nil Dep on Machine 2 not put to use) = 1,15,500.

PY 2024-25: WDV for depreciation = Opening WDV 1,15,500 - Moneys payable for sale 40,000 = 75,500.
Dep @ 15% on 75,500 = 11,325.

Solution 07

Option (b) is correct

Computation of Actual Cost

Particulars	₹
A/c payee cheque	20,000
Cash (as > 10,000)	10,000
Bearer Cheque (as > 10,000)	Nil
	30,000

10% depreciation i.e. 30,000 x 10% = 3,000.

Solution 08

Option (a) is correct

WDV for dep = Opening WDV 3,20,000 + machinery 50,000 (put to use for < 180D) - moneys payable on sale 2,00,000 = 1,70,000.
Depreciation = 50% of 15% of 50,000 + 15% on balance of 1,20,000 = 21,750

Solution 09

Option (a) is correct

Computation of Depreciation

Particulars	₹
Building @10%	3,00,000
Furniture @10%	1,00,000
Computer/software/books @ 40%	1,08,000
Intangible @25%	1,25,000
	6,33,000

Solution 10

Option (c) is correct

Computation of Actual Cost

Particulars	₹
Cost	10,00,000
Interest till date asset is first put to use	20,000
Freight, carriage, unloading (not disallowed as not > 10,000)	10,000
Installation (as cash payment > 10,000)	Nil
GST with ITC allowed	Nil
Less: subsidy to meet the cost of asset	(5,00,000)
Less: Amount paid by bearer cheque (as > 10,000)	(1,00,000)
	4,30,000

Dep = 50% of 40% of 4,30,000 as asset is put to use for < 180D = 86,000

Solution 12

Option (a) is correct

Computation of Actual Cost

Particulars	₹
A/c payee cheque	45,000
Cash (as > 10,000)	Nil
Bearer Cheque (as > 10,000)	Nil
	45,000

Solution 13

Option (a) is correct

Normal dep = 15% of 3,00,000 = 45,000.

Additional dep = 20% on 1,00,000 for machinery C = 20,000.

Additional Dep not allowed on Machine A as it is second hand and on Machine B as it is installed in office.

Solution 14

Option (a) is correct

Nil as Not engaged in manufacture or production

Solution 15

Option (d) is correct

Section 43A is not applicable as entire payment is made upon purchase.

Dep for PY 2023-24 = 15% of 7,50,000 = 1,12,500.

WDV on 1.4.2024 = 6,37,500.

Dep for PY 2024-25 = 15% of 6,37,500 = 95,625

Solution 16

Option (d) is correct

Additional depreciation = Machine A (remaining 10% from PY 2023-24) 10,000 + Machine B @ 20% 20,000 + Not allowed on furniture and patent = 30,000.

Solution 17

Option (a) is correct

Section 43A is not applicable as entire payment is made upon purchase.

Dep for PY 2023-24 = 15% of 7,50,000 = 1,12,500.

WDV on 1.4.2024 = 6,37,500.

Dep for PY 2024-25 = 15% of 6,37,500 = 95,625

Solution 18

Option (d) is correct

Actual cost = Actual cost of building - Depreciation (at the rate in force) that would have been allowable had the building been used for the said purpose since its acquisition.

PY 2022-23: 15,00,000 - 10% = 13,50,000

PY 2023-24: 13.50.000 - 10% = 12,15,000

PY 2024-25: Actual cost = 12,15,000.

Dep = 10% of 12,15,000 = 1,21,500.

Solution 19

Option (c) is correct

Actual cost = Lower of

a) original cost 30,000 - 19,200 dep as if asset was the only asset in block (40% of 30,000 for PY 2022-23 and 40% of 18,000 for PY 2023-24) = 10,800, or

b) price at which reacquired 30,000 = 10,800. Dep @ 40% = 4,320.

Solution 20

Option (a) is correct

Deduction u/s 35AD = NO for land + 40,00,000 for factory (as cost capitalized on 20.4.2023) + 5,00,000 for second hand imported machine + NO for furniture (as cash payment is > 10,000) = 45,00,000.

Depreciation u/s 32 not allowed for expenditure on which deduction u/s 35AD allowed. Also not allowed on land and on furniture (as cash payment is > 10,000).

Solution 21

Option (c) is correct

Depreciation is computed as follows:

Particulars	₹
PY 2023-24	
Actual cost of motor car A	4,00,000
Actual cost of motor car B	3,00,000
Less: Depreciation (not available as vehicles not put to use)	Nil
Closing WDV	7,00,000
PY 2024-25	
Opening WDV	7,00,000
Actual cost of motor car C = 5,00,000 + 12,500 (Interest from 1.4.2024 to 30.6.2024 @ 10% p.a. on 5 lakh)	5,12,500
	12,12,500
Less: Depreciation @ 15%	1,81,875
Closing WDV	10,30,625
PY 2025-26	
Opening WDV	10,30,625
Less: Moneys payable for sale of motor car C	(5,50,000)
Add: Actual cost for C upon its reacquisition = Lower of a) original cost 5,12,500 - Depreciation allowable as if it was the only asset in the block 76,875, i.e., 4,35,625, or b) price at which it is re-acquired 6 lakh	4,35,625
	9,16,250
Less: Depreciation @ 15%	1,37,438

Solution 22

Option (c) is correct

PY 2023-24: Actual cost 1,00,000 - 15,000 dep = 85,000 closing WDV.
Total amount of depreciation is computed as if entire income was business income and deemed to be the depreciation actually allowed.
PY 2024-25: Dep = 15% of 85,000 = 12,750 (before apportionment of composite income).

Solution 23

Option (d) is correct

Deduction u/s 35AD not available as hotel is not 2 star or above.
Normal Dep u/s 32 = 50% of 10% of 5,00,000 (as put to use for < 180D) = 25,000

Solution 24

Option (a) is correct

Sum received/receivable is taxable u/s 28(vii) if asset is transferred on which deduction u/s 35AD has been allowed

Solution 25

Option (a) is correct

Actual cost to Viru = Actual cost to Jay - Dep allowable if asset was the only asset in block.
For PY 2022-23: 30,000 - 12.000 (40% dep) = 18,000.
For PY 2023-24: 18,000 - 7,200 (40% dep) = 10,800.
For 2024-25: Actual cost = 10,800.
Dep @ 40% of 10,800 = 4,320

Solution 26

Option (a) is correct

Deemed business income will arise in PY 2024-25 as asset on which deduction was allowed u/s 35AD is transferred to a non-specified business within 8 years of its acquisition.
Deemed business income = 35AD deduction of 50,00,000 - Dep allowable as if no deduction u/s 35AD was allowed (5,00,000 @ 10% for PY 2023-24) = 45,00,000.
Actual cost for depreciation = 50,00,000 actual cost - depreciation allowable had asset been used for such business since its acquisition (5,00,000 @ 10% for PY 2023-24) = 45,00,000.
Dep for PY 2024-25 = 10% of 45,00,000 = 4,50,000.

Solution 27

Option (a) is correct

No deduction as 5 instalments are over in PY 2023-24

Solution 28

Option (d) is correct

Eligible expenditure u/s 35D = Market survey 5,00,000 + Feasibility report NO (as prescribed statement not submitted) = 5,00,000.
Limit = 5% of cost of project of 80 lakh = 4,00,000.
Deduction u/s 35D per year is 4,00,000/5 = 80,000

Solution 30
Option (b) is correct
Deduction u/s 35 = 20,000 Gyan university + NO for Sudha college (as not notified) + NO for German company (as not registered in India) + 15,000 IIT = 35,000.

Solution 31
Option (b) is correct
Deemed profits u/s 41(3) = Lower of sale proceeds of 1 lakh or deduction u/s 35 of 3 lakh = 1 lakh

Solution 32
Option (c) is correct
Deduction u/s 35 = 2,00,000 for pre-commencement revenue expenditure on salary and materials (40% of 5,00,000) + 6,00,000 post-commencement revenue expenditure + NO for land + 10,00,000 for equipment = 18,00,000.

Solution 33
Option (b) is correct
Non-generation of income is not a ground to disallow interest.
Entire interest is allowed u/s 36(I)(iii).
No disallowance u/s 43B as interest is paid by the return due date.

Solution 34
Option (d) is correct
Interest till 10.8.2023 of 20,000 is added to actual cost of machine.
Out of balance of 30,000, 4,000 is not allowed u/s 43B.
Hence, deduction = 26,000

Solution 35
Option (a) is correct
Discount = 20,000 bonds @ 50 = 10,00,000.
Period of life = 36 months (Oct 24 is taken as 1 month; Oct 27 is ignored);
Discount p.m. = 10,00,000 / 36 = 27,778.
Discount for PY 2024-25 for 6 month (Oct to Mar) = 1,66,668

Solution 36
Option (c) is correct
Since wife holds substantial interest in the firm, interest exceeding market rate is disallowed u/s 40A(2); section 43B is not applicable to this case.
Deduction = 45,000 for interest to firm (@15%) + 30,000 for trade creditors (section 43B is not applicable) + NO for personal loan = 75,000.

Solution 37
Option (c) is correct

Deduction = Health premium of 1,00,000 u/s 36(l)(ib) + Commission NO u/s 36(l)(ii) as paid in guise of dividend + Employer's EPF contribution of 2,00,000 as compliant with 43B + Employee's EPF contribution NO as paid after fund due date as per rules of fund = 3,00,000

Solution 38

Option (d) is correct

Deduction = CTT of 10,000 u/s 36(l)(xvi) + STT NO u/s 36(l)(xv) as shares are not stock in-trade + Income tax, interest, penalty NO u/s 40(a)(ii) + GST NO as disallowed u/s 43B + compensatory penalty 4,000, rest NO = 14,000.

Solution 39

Option (a) is correct

Difference = Debt of 1,00,000 - Deduction u/s 36(l)(vii) of 30,000 = 70,000.
Deficiency (recovery 20,000 - difference 70,000) is deductible u/s 36(2).

Solution 40

Option (b) is correct

Book Profit = Net loss (-) 80,000 + 4,50,000 remuneration = 3,70,000.
Remuneration limit u/s 40(b) = 3,00,000 or 3,70,000 x 90% whichever is higher = 3,33,000.
1/3rd for B taxable in his hands = 3,33,000 x 1/3 = 1,11,000.

Solution 41

Option (c) is correct

Interest is deductible as bad debt u/s 36(l)(vii).
Principal is also deductible u/s 36(l)(vii) since it represents money lent in money lending business

Solution 42

Option (b) is correct

Difference = Debt of 1,00,000 - Deduction u/s 36(l)(vii) of 30,000 = 70,000.
Excess recovery of 20,000 (90,000 - 70,000) is taxable u/s 41(4) even if business has ceased to exist

Solution 43

Option (a) is correct

Limit u/s 40(b): On first 6 lakh = 3 lakh or 90% of 5,00,000 whichever is higher = 4,50,000.
Thus, entire remuneration is deductible i.e. 3 lakhs.

Solution 44

Option (c) is correct

Book Profit = 1,00,000 book profit after interest & remuneration + 3,00,000 remuneration = 4,00,000.
Limit of remuneration u/s 40(b) = 3,00,000 or 90% of 4,00,000 whichever is higher = 3,60,000.

PGBP = 1,00,000, since entire interest and remuneration is deductible

Solution 45

Option (d) is correct

It is a loss of capital nature as it is not on revenue account. Not deductible.

Solution 46

Option (d) is correct

Salary allowed to firm u/s 40(b) on 5 lakh book profit = 4,50,000 (2.25 lakh each partner).
Interest allowed to firm @12% on 10 lakh is 1.2 lakh.
Taxable income of Krishna = Salary 2.25 lakh + Profit share exempt u/s 10(2A) = 2.25 lakh.
Taxable income of Balaram = 2.25 lakh salary + 1.2 lakh interest + Profit share exempt u/s 10(2A) = 3.45 lakh.

Solution 47

Option (b) is correct

Deduction = Mohit 1,00,000 bad debt u/s 36(I)(vii) + Shobhit 50,000 revenue loss incidental to business deductible u/s 29 on general principles + Friend NO since not related to business = 1,50,000

Solution 48

Option (b) is correct

Book profit = 37,00,000 book profit before interest and remuneration - 1,30,000 interest = 35,70,000.
Limit of remuneration u/s 40(b) = 5,40,000 + 60% of balance i.e. 29,70,000 x 60% = 23,22,000.
Hence, entire remuneration is deductible

Solution 49

Option (b) is correct

Interest on capital contribution is paid to Rohit as partner in representative capacity.
It is deductible up to 12% of 10 lakh = 1,20,000.
Interest on loan is paid to Rohit in his individual capacity.
It is not hit by section 40(b) and is deductible @ 15% = 90,000.
Total deduction = 2,10,000.

Solution 50

Option (a) is correct

Deduction = CSR NO (as disallowed) + Embezzlement loss deductible u/s 29 on general principles 1,00,000 + Donation for scientific research not allowed u/s 35 as program not approved NO + Interest 50,000 allowed u/s 37(1) = 1,50,000.

Solution 51

Option (b) is correct

Deduction = Interest on bank loan (post 43B disallowance of 1,00,000) 1,00,000 + loan charges 20,000 + advertisement NO as disallowed u/s 37(2B) + Depreciation 40,000 (@ 40% of 1,00,000) = 1,60,000.

Solution 52

Option (d) is correct

Deduction = Advertisement & publicity 20,000 + Celebrations 10,000 + Training 20,000 + Professional tax 2,500 + Income tax disallowed NO + Last year expenditure not allowed NO = 52,500

Solution 53

Option (c) is correct

Deduction = Salary 50,00,000 + Health premium 1,00,000 + Employee's EPF contribution 1,00,000 + Own EPF contribution NO (disallowed u/s 43B) + Gratuity NO (as paid out of AGF, contribution to which would already have been allowed as deduction) + Tax on salary is not a separate expenditure; already deducted as part of salary = 52,00,000

Solution 54

Option (a) is correct

Shekhar is a relative but he does not hold substantial interest in the firm as he is entitled to < 20% profit share. 40A(2) is not applicable.
No disallowance.

Solution 55

Option (a) is correct

30% is disallowed for PY 2024-25 u/s 40(a)(ia) as tax has not been deducted.
It is allowed in PY 2025-26, i.e., PY in which tax is paid.

Solution 56

Option (c) is correct

12,000 in cash is taxable as business income u/s 40A(3) as it is made to a person in a day by non-specified mode being > 10,000.

Solution 57

Option (d) is correct

30% is allowed u/s 40(a)(ia) for AY 2026-27 in which return is furnished by Z Ltd. (PY 2025-26).
Thus, for AY 2025-26, 70% is allowed.

Solution 58

Option (c) is correct

Since, Interest is paid after return filing date. Therefore, it will be allowed in PY in which such interest is paid i.e. PY 2025-26 .
Amount of deduction = ₹2,00,000 as per 40A(2).

Solution 59

Option (c) is correct
Customs duty - Not an expense of PY 2024-25 as paid in PY 2025-26.
Income tax is not allowed u/s 40(a)(ii)

Solution 60
Option (b) is correct
A & D: Payments to a person in a day by non-specified mode is not > 10,000.
B: Payment to a person in a day by non- specified mode is > 10,000. Disallowed.
C: Payment is by specified mode. Not disallowed

Solution 64
Option (a) is correct
Deduction = Railways 20,000 (payment to Government is covered by Rule 6DD) + Farmer 15,000 (covered by Rule 6DD) + Wheat trader NO (not covered by Rule 6DD as he is not a cultivator, grower or producer) + Gratuity 40,000 (terminal benefit < 50,000 covered by Rule 6DD) = 75,000.

Solution 65
Option (a) is correct
Interest is deductible on actual payment in terms of section 43B.
Thus, 2lakh being first instalment is deductible

Solution 66
Option (b) is correct
No disallowance u/s 40(a)(ia) as tax is not deductible at source.

Solution 67
Option (d) is correct
DVO valuation will be taken u/s 43CA as it is < SDV i.e. 65 lakhs.

Solution 68
Option (a) is correct
Remission/cessation of liability by unilateral act of writing off such liability will be taxable as deemed profits u/s 41(1)

Solution 69
Option (b) is correct
SDV of 60 lakh is taken as full value of consideration u/s 43CA as it is > 110% of 50 lakh.
SDV on date of agreement is not taken as down payment is not made by a specified mode.
Profit = 60 - 20 = 40 lakh.

Solution 74
Option (d) is correct
8% of 10 lakh + 6% of 90L = 6,20,000

Solution 75

Option (d) is correct

Carriages are not heavy goods vehicles as gross vehicle weight is not > 12 ton.
9 carriages for 12 months; 1 carriage for 3 months; 1 carriage for 9 months.
All @ 7,500 p.m. per carriage = 8,10,000 + 22,500 + 67,500 = 9,00,000

Solution 76

Option (d) is correct

6% of 50 lakh (received by a/c payee cheque/draft: 25 lakh during the PY + 25 lakh before due date of filing return) + 8% of 80 lakh = 9,40,000.

Solution 02

Option (d) is correct

Computation of Capital Gain

Particulars	₹
Full Value of consideration	2,00,00,000
Less: Expenditure on transfer	2,00,000
Net consideration	1,98,00,000
Less: COA = Higher of 50,50,000 cost (50 lakh + 1% brokerage) or 55,50,000 (FMV on 1.4.2001 which can't exceed SDV on this date)	55,50,000
LTCG	1,42,50,000
LTCG u/s 112 (1,42,50,000 x 12.5%)	17,81,250

Painting/repair not part of COI as it not capital in nature.

Solution 03

Option (a) is correct

Computation of Capital Gain

Particulars	₹
Full Value of consideration [10 lakh + 5 lakh + 18 lakh (FMV of asset received on date of transfer)]	33,00,000
Less: Expenditure on transfer	0
Net consideration	33,00,000
Less: COA = cost to previous owner	12,00,000
STCG	21,00,000

Gain is STCG as POH is not > 24 months (1.7.2022 to 15.6.2024).

Solution 04

Option (b) is correct

First land is rural agricultural land as situated beyond 6 kms from local limits of municipality: No capital gain. Second land is urban agricultural land as situated within 2 kms from local limits of municipality.

STCG (as POH is not > 24 months) = 53 - 46 = 7 lakh.

Solution 05

Option (d) is correct

Gain is STCG as POH is not > 36 months. STCG = FVC of 5 lakh u/s 50D (FMV of asset transferred on the date of transfer as consideration is not ascertainable) - 2 lakh cost = 3 lakh.

Solution 06

Option (b) is correct

FVC = 80,00,000.

COA (of previous owner, i.e., Rajan) = 15,00,000 (Higher of 10 lakh cost or 15 lakh (FMV on 1.4.2001 which can't exceed SDV on this date)) - Nil forfeited by previous owner not deducted u/s 51 - 1,00,000 forfeited from Somil deducted u/s 51 - Nil forfeited from Monu as taxable under the head IFOS for PY 2019-20 (since not forfeited before 1.4.2014) = 14,00,000.
LTCG = FVC - COA = 66,00,000

Solution 07
Option (c) is correct
It is STCG as POH is not > 24 months.
STCG = 50,00,000 FVC - 30,30,000 COA (30,00,000 purchase price + 30,000 brokerage) - 1,00,000 Expenditure on transfer (50,000 brokerage + 50,000 legal charges) = 18,70,000

Solution 08
Option (c) is correct

Computation of Capital Gain

Particulars	₹
Full Value of consideration	50,00,000
Less: Expenditure on transfer	0
Net consideration	50,00,000
Less: Cost of Acquisition	20,00,000
Less: Cost of Improvement	5,00,000
LTCG	25,00,000

Solution 09
Option (c) is correct
Depreciation is not allowable since the block ceases to exist.
STCG u/s 50 = FVC 8 lakh - Actual cost of machine 10 lakh = (2 lakh)

Solution 10
Option (c) is correct
WDV for depreciation = Opening WDV 20 lakh + actual cost of additional patent 5 lakh - moneys payable for old patent 35 lakh = Nil (WDV cannot be negative).
No depreciation as WDV is nil.
STCG u/s 50 = FVC 35 lakh - opening WDV 20 lakh - actual cost of asset acquired during the PY 5 lakh = 10 lakh

Solution 11
Option (b) is correct
WDV as on 1.4.2024 = 8,00,000 cost of Machine B - 60,000 (50% depreciation as put to use for < 180 days) = 7,40,000.
WDV for depreciation for PY 2024-25 = 7,40,000 opening WDV + 10,00,000 actual cost of Machine C - 6,00,000 moneys payable for Machine B = 11,40,000.
Depreciation = 50% of 15% of 10 lakh (as Machine C put to use for < 180 days) and 15% on remaining 1.4 lakh = 96,000.
No capital gain arises.

Solution 13

Option (c) is correct

Block of assets ceases to exist. Hence, no depreciation.
STCG u/s 50 = FVC 95,000 (value of money + FMV of replacement on date of receipt) - opening WDV 1,00,000 = (5,000)

Solution 15

Option (a) is correct

House: FVC = 10 lakh insurance compensation. COA = 10 lakh
LTCG = FVC - COA = Nil
Car: No capital gain as it is personal effect.
SIT: Taxable under the head PGBP, not capital gain.

Solution 16

Option (d) is correct

Capital gain = FVC = 2,50,000 (50% of 5 lakh FMV on date of conversion).
COA = 50,000 (50% of 1 lakh).
LTCG = FVC - COA = 2,00,000.
Business income = 4,00,000 sale price - 2,50,000 FMV on date of conversion = 1,50,000.

Solution 18

Option (a) is correct

Initial compensation taxable in PY 2024-25 in which it is first received: Cost and POH is taken with reference to the previous owner.
Gain is LTCG as POH is > 24 months.

Computation of Capital Gain

Particulars	₹
Full Value of consideration	30,00,000
Less: Expenditure on transfer	0
Net consideration	30,00,000
Less: Cost of Acquisition	20,00,000
LTCG	10,00,000

Enhanced compensation taxable in PY 2024-25 in which final order is made:-

Computation of Capital Gain

Particulars	₹
Full Value of consideration [Compensation]	5,00,000
Less: Expenditure on transfer	50,000
Net consideration	4,50,000
Less: Cost of Acquisition	Nil
LTCG	4,50,000

Total LTCG = 14,50,000

Solution 20

Option (c) is correct

FVC is @ 5,500 u/s 50CA (since consideration is < FMV on 15.2.2024).
STCG (as POH is not > 24 month) = 5,500 - 3,000 = 2,500 per share = 2,50,000 for 100 shares

Solution 21
Option (a) is correct
30 lakh will be taken as FVC u/s 50C since SDV of 32 lakh is not > 110% of consideration of 30 lakh

Solution 22
Option (b) is correct
STCG (as POH is not > 24 months) = FVC u/s 50C of 50 lakh (as SDV of 55 lakh is not > 110% of 50 lakh) - COA of 30 lakh = 20 lakh.
SDV on date of agreement is not considered as consideration (or part) is not received on or before that date by a specified mode.

Solution 23
Option (c) is correct
STCG will arise. POH computed from 1.3.2024 being date of allotment.

Computation of Capital Gain

Particulars	₹
Full Value of consideration	15,00,000
Less: Expenditure on transfer	0
Net consideration	15,00,000
Less: COA @ 1000 being FMV on date of exercise of option	10,00,000
STCG	5,00,000

Solution 24
Option (c) is correct
Rana: STCG on renouncement = FVC 20,000 - COA Nil = 20,000.
Sana: STCG on sale of shares (as POH is not > 24 months from date of allotment) :-

Computation of Capital Gain

Particulars	₹
Full Value of consideration	1,00,000
Less: Expenditure on transfer	0
Net consideration	1,00,000
Less: Cost of Acquisition (@ 200 paid to Rana + 400 paid to PQR Ltd.)	60,000
STCG	40,000

Solution 25
Option (d) is correct
<u>LTCG on original 100 shares:</u>
FVC = 1,00,000
COA = 10,000 (higher of cost or FMV on 1.4.2001)
LTCG = 90,000.

LTCG on 50 right shares:
FVC = 50,000
COA = 10,000
LTCG =40,000.
Total LTCG = 1,30,000.
STCG on 50 bonus shares:
FVC = 50,000
COA = Nil
STCG = 50,000.

Solution 26
Option (b) is correct
STCG will arise.
FVC = 6,00,000.
COA @ 200 for 1,000 shares and @ 300 for 200 shares = 2,60,000.
STCG = 3,40,000

Solution 28
Option (d) is correct
FVC (1,000 shares @ 50 per share) = 50,000.
Shares purchased = 1,000 / 5 = 200 shares.
COA = 200 shares @ 100 = 20,000.
LTCG = 50,000 – 20,000 = 30,000.

Solution 29
Option (b) is correct
Original shares: LTCG (as POH is > 12 months): FVC 12,00,000 - COA 9,00,000 = 3,00,000.
Bonus (1,000 shares): STCG (as POH is not > 12 months) = 4,00,000 - Nil = 4,00,000

Solution 30
Option (a) is correct
Debentures: LTCG will arise; indexation not available on debentures;

Computation of Capital Gain

Particulars	₹
Full Value of consideration (50 debentures @ 600 each)	30,000
Less: Expenditure on transfer	0
Net consideration	30,000
Less: Cost of Acquisition (50 debentures @ 500)	25,000
LTCG	5,000

Shares: LTCG will arise;

Computation of Capital Gain

Particulars	₹
Full Value of consideration (50 shares @ 1,200 each)	60,000
Less: Expenditure on transfer	0
Net consideration	60,000

Less: Cost of Acquisition (50 debentures @ 500 each)	25,000
LTCG	35,000

Solution 31

Option (c) is correct

Computation of Capital Gain

Particulars	₹
Full Value of consideration [2,000 shares @ 600]	12,00,000
Less: Expenditure on transfer	0
Net consideration	12,00,000
Less: Cost of Acquisition (cost of preference shares)	5,00,000
LTCG	7,00,000

Solution 32

Option (c) is correct

STCG will arise. License = FVC 20 lakh - COA 10 lakh = 10 lakh.

Trademark of profession = FVC 10 lakh - COA Nil = 10 lakh. Total STCG = 20 lakh

Solution 33

Option (d) is correct

LTCG will arise.

FVC = 2,00,000.

COA (to Gopal) = 1,00,000.

LTCG = 1,00,000

Solution 34

Option (d) is correct

LTCG = FVC 50,00,000 - COA Nil - Expenditure on transfer 10,000 = 49,90,000

Solution 35

Option (c) is correct

FVC = FMV on date of transfer = 30 crore; Net Worth = Tax WDV of depreciable assets 10 core + Book value of land 5 crore (ignoring revaluation) + Book value of other assets 10 crore - Liability as per books 5 crore = 20 crore.

LTCG u/s 50B (indexation is not available) = 30 crore - 20 crore = 10 crore

Solution 36

Option (d) is correct

Computation of Capital Gain

Particulars	₹
Full Value of consideration (5,000 shares @ 400)	20,00,000
Less: Expenditure on transfer	0
Net consideration	20,00,000
Less: Cost of Acquisition (1,000 shares @ 1,000);	10,00,000
LTCG	10,00,000

Solution 37
Option (d) is correct
AY 2025-26: LTCG = 65 lakh - 45 lakh exempt u/s 54EC on purchase of bonds within 6 months = 20 lakh.
AY 2027- 28: LTCG (as RECL bonds are sold within 5 years of purchase) = 15 lakh exempted earlier u/s 54EC for RECL bonds

Solution 38
Option (a) is correct
Exempt u/s 47(ix).

Solution 39
Option (b) is correct
AY 2025-26: LTCG = 25 lakh - Exemption u/s 54 of 20 lakh (for purchase of 2 houses within 2 years after 1.8.2024; this one-time option can be exercised as capital gain is not > 2 crore) = 5 lakh.
AY 2027-28: STCG (as POH is not > 24 months) on sale of new house within 3 years of its purchase = 15 lakh FVC u/s 50C - Nil COA (cost 10 lakh - capital gain exempted earlier 10 lakh) = 15 lakh.

Solution 41
Option (d) is correct
Land is rural agricultural land as situated beyond 6 kms from the local limits of Modinagar. Capital gain does not arise.

Solution 43
Option (a) is correct
AY 2025-26: LTCG = 60 lakh - 50 lakh exempt u/s 54EC on purchase of bonds within 6 months = 10 lakh.
AY 2028 - OS: LTCG (as loan is taken on security of bonds within 5 years of purchase) = 20 lakh exempted earlier.

Solution 44
Option (d) is correct
AY 2025-26: LTCG = 50 lakh - 30 lakh exempt u/s 54EC on purchase of bonds within 6 months = 20 lakh.
AY 2026- 27: STCG on sale of diamond = 12 lakh FVC - 10 lakh cost = 2 lakh.
STCG on sale of bonds = 15 lakh FVC - 10 lakh cost = 5 lakh.
Since these bonds were not exempt earlier u/s 54EC, STCG is computed as per regular provisions.
Total STCG = 7 lakh.

Solution 46
Option (c) is correct

The case is covered u/s 45(2). Transfer takes place in the year of conversion but capital gain is taxable in the year in which stock-in-trade is sold.
Period of 6M u/s 54EC runs from the date stock-in-trade is sold.
AY 2025-26: COA = 20,00,000.
LTCG u/s 45(2) = 40,00,000 FMV on date of conversion – 20,00,000 - 10,00,000 exempt u/s 54EC on purchase of bonds within 6 months = 10,00,000.
PGBP = 50,00,000 u/s 43CA (as SDV is > 110% of consideration) - 40,00,000 FMV on date of conversion = 10,00,000

Solution 48

Option (a) is correct

AY 2025-26: LTCG = 75 lakh - 25 lakh exemption u/s 54EC on purchase of NHAI bonds within 6 months - 25 lakh exemption u/s 54 on deposit in CGAS = 25 lakh.
Purchase of Kathmandu house is not eligible for exemption u/s 54 as it is not in India.
Purchase of Patna house is not eligible for exemption u/s 54 as it is not purchased within 2 years after 1.2.2025.
AY 2028-29: Capital gain on CGAS deposit not utilized within 3 years from 1.2.2025 = LTCG of 25 lakh not utilized.

Solution 49

Option (c) is correct

AY 2025-26: Exemption u/s 54F on sale of commercial building and deposit in CGAS = 35 lakh capital gain x (30 lakh cost of new asset (deposit in CGAS) / 50 lakh net consideration) = 21 lakh.
LTCG = 35 lakh - 21 lakh = 14 lakh.
AY 2027-28: Capital gain forfeited on purchase of residential house (other than the Jodhpur house) within 2 years after transfer of commercial building.
LTCG = 21 lakh exempted earlier.

Solution 53

Option (c) is correct

He is a senior citizen.
Total income = 5,90,000 GTI - 1,50,000 deduction u/s 80C (allowed from pension and normal STCG on sale of gold) = 4,40,000.
Income comprised in total income = STCG u/s 111A of 50,000, LTCG u/s 112A of 2,20,000, LTCG u/s 112 of 1,20,000 and normal income of 50,000.
Unexhausted BEL = 3,00,000 BEL - 50,000 normal income = 2,50,000.
To get maximum benefit, adjust 50,000 from STCG u/s 111A, 1,20,000 from LTCG u/s 112 and 80,000 from LTCG u/s 112A.
Balance LTCG u/s 112A = 15,000 (1,40,000 - 1,25,000 exempt).
Tax u/s 112A (12.5% of 15,000) = 1,875.
Tax on other income of 50,000 is Nil.
Rebate u/s 87A not allowed from tax u/s 112A.
Tax = 1,875 + 4% HEC = 1,950.

Solution 55

Option (a) is correct
Equity share is covered u/s 112A and acquired before 1.2.2018.
COA per share = Higher of
a) cost of 200 or
b) Lower of FMV of 500 or FVC of 400
= 400.
LTCG u/s 112A per share = 400 FVC - 400 COA = Nil

Solution 56

Option (c) is correct
Equity share is covered u/s 112A and acquired before 1.2.2018.
COA per share = Higher of
a) cost of 150 (higher of cost of 100 or FMV on 1.4.2001 of 150) and
b) lower of FMV of 800 or FVC of 1000
= 800.
Capital gain per share = 1,000 FVC - 800 COA = 200.

Solution 57

Option (a) is correct
Total income of 2.2 crore comprises STCG u/s 111A of 30 lakh, LTCG u/s 112A of 40 lakh, other income of 1.5 crore.
Tax = u/s 111A @ 20% (6,00,000) + u/s 112A @ 12.5% of 38.75 lakh (4,84,375) + on normal income at regular rates (41,90,000) = 52,74,375.
Total income = 2.2 crore. Income, other than u/s 111A/112A is 1.5 crore (i.e., up to 2 crore).
SC will be levied at 15% on entire income.
Tax + 15% SC on tax + 4% HEC (on tax and SC) = 63,08,150.

Solution 58

Option (b) is correct
Original shares: LTCG as POH is > 12 months.
Covered u/s 112A and acquired before 1.2.2018.
COA per share = Higher of
a) cost of 500 and
b) lower of FMV 450 or FVC 475
= 500; LTCG per share = 475 - 500 = (25). LTCG = (2500).
Bonus shares: STCG as POH is not > 12 months.
STCG per share = FVC 475 - COA nil = 475.
STCG for 50 shares = 23,750

Solution 59

Option (c) is correct
Unit is covered u/s 112A and acquired before 1.2.2018.
COA per unit = Higher of
a) cost 50 and
b) lower of FMV 75 or FVC 100 = 75.
LTCG per unit = 100 - 75 = 25

Solution 61

Option (d) is correct

Total income = 4,80,000 GTI - 30,000 deduction u/s 80C = 4,50,000.
Income comprised in total income = STCG u/s 111A of 50,000, LTCG u/s 112A of 1,50,000, other income of 2,50,000.
Tax u/s 111A (20% of 50,000) = 10,000.
Tax u/s 112A on capital gain exceeding Rs. 1.25 lakh (10% of 25,000) = 2,500.
Tax at regular rates (on 2,50,000) = Nil.
Rebate u/s 87A on tax u/s 111A (not available on tax u/s 112A) = 10,000.
Tax = 2,500 + 4% HEC = 2,600

Solution 62

Option (b) is correct

Total income = 5,00,000 GTI - Nil deduction u/s 80C (blocked in default tax regime) = 5,00,000.
Benefit of unexhausted BEL is not available to a NR.
Income comprised in total income = STCG u/s 111A of 1,00,000, LTCG u/s 112A of 2,00,000, LTCG u/s 112 of 1,00,000 (as fund is not a specified mutual fund u/s 50AA since equity exposure is not 35% or less), pension 1,00,000.
Tax u/s 111A (20% of 1,00,000) = 20,000.
Tax u/s 112A on capital gain exceeding Rs. 1.25 lakh (10% of 75,000) = 7,500.
Tax u/s 112 (12.5% of 1,00,000) = 12,500.
Tax on pension at regular rates = Nil.
Total = 40,000. Rebate u/s 87A not available to a NR.
Tax = 40,000 + 4% HEC = 41,600.

Solution 64

Option (d) is correct

Total income of 3.7 crore comprises STCG u/s 111A of 30 lakh, LTCG u/s 112 of 40 lakh and other income of 3 crore.
Tax = U/s 111A (@ 20%) 6,00,000 + U/s 112 (@ 12.5%) 5,00,000+ on normal income at regular rates (business income) 88,12,500 = 99,12,500.
Total income = 3.7 crore.
Income, other than u/s 111A and 112, is 3 crore (i.e., > 2 crore and up to 5 crore).
SC will be levied at 15% on tax u/s 111A and 112 and at 25% on tax on other income.
SC = 15% on 111A/112 tax (1,65,000) + 25% of remaining tax (22,03,125) = 22,03,125.
Tax + SC = 1,22,80,625.
Tax & SC + 4% HEC = 1,27,71,850.

Solution 01

Option (c) is correct

Accumulated profits = 15 lakh.

Distribution treated as dividend u/s 2(22)(b) to the extent of accumulated profits = 15 lakh. Raju = 10% of 15 lakh.

Solution 02

Option (d) is correct

Particulars	₹
Dividend Income	20,00,000
STCG (Other Income)	90,00,000
LTCG u/s 112A	31,00,000
Total Income	1,41,00,000
Tax on (1,41,00,000-31,00,000) @slab rate	
Tax on First 10,00,000	1,12,500
Tax on Balance 1,00,00,000 x 30%	30,00,000
Tax on LTCG u/s 112A (31,00,000 – 1,25,000) x 12.5%	3,71,875
	34,84,375
Add: Surcharge @15%	5,22,656.25
	40,07,031.25
Add: HEC @4%	1,60,281.25
Tax liability (Rounded off)	41,67,310

Solution 03

Option (a) is correct

Total value distributed = 100 lakh (as Mr. J holding 10% shares received deposit certificates of value of 10 lakh).

Dividend u/s 2(22)(b) to the extent of accumulated profits = 50 lakh.

Mr. J = 10% of 50 lakh = 5 lakh

Solution 04

Option (a) is correct

Payment covered u/s 2(22)(e) = 10 lakh (as B holds > 10% equity shares in Zara Pvt. Ltd. and is entitled to > 20% income of firm) + NO for job work (as it is trade advance in the nature of commercial transaction) = 10 lakh.

Dividend to the extent of accumulated profits on 12.12.2024 = 9 lakh.

Money lending exception is not available as it is not a substantial part of business of Zara Pvt. Ltd.

Solution 05

Option (a) is correct

Exempt u/s 10(34A) in the hands of the shareholder.

Solution 06

Option (a) is correct

Dividend set off against previous payment treated as dividend u/s 2(22)(e) is not to be treated again as dividend.
Thus, 1 lakh is treated as dividend.

Solution 07

Option (d) is correct

Amount taxable = 50,000 from Facebook as received in India + 30,000 from Daisy as it is paid by Indian company outside India (hence, deemed to accrue/arise in India) + NIL from Lazy as received and accrued outside India = 80,000

Solution 08

Option (c) is correct

Total income = PGBP 15,00,000 (50% of gross receipts from profession of 30,00,000 u/s 44ADA; since he does not want to comply with 44AB, lower income of 12,00,000 (receipts - professional expenses) cannot be claimed) + FD interest 30,000 + Dividend 1,00,000 - Deduction u/s 57 of 20,000 (interest expense up to 20% of dividend included in the total income before such deduction) = 16,10,000

Solution 11

Option (b) is correct

Dividend u/s 2(22)(c) (up to accumulated profits) = 20% of 10 lakh = 2 lakh.
STCG (as POH is 3 months)

FVC (5 lakh cash + 40 lakh market value of assets distributed - 10 lakh dividend u/s 2(22)(c)) = 35,00,000 x 20%	7,00,000
Less: Cost of Acquisition	5,00,000
STCG	2,00,000

Solution 12

Option (a) is correct

Sum of money received without consideration: Gift from neighbor Nil as it is not > 50,000.
Movable property received without consideration: Watch NIL as it is not a specified property.
Movable property received for consideration: Jewellery NIL as excess (FMV-consideration) is not > 50,000.
Total = Nil

Solution 13

Option (d) is correct

All are relatives except friends. Also, motor car and furniture are not a specified movable property.
Gift from friends of 80.000 is taxable in the hands of Mr. Kishore as it is > 50,000

Solution 14

Option (d) is correct

For DLG (P) Ltd. :

FVC u/s 43CA (SDV taken as it is > 110% of consideration)	30,00,000
Less: Cost	20,00,000
Income under head PGBP	10,00,000

For D : Income from other sources u/s 56(2)(x) for immovable property received for consideration = Excess of 20 lakh (30 lakh SDV - 10 lakh consideration), as the excess is > 50,000 and SDV is > 110% of consideration.

STCG on sale of flat to G (as POH of D is not > 24 months)

FVC u/s 50C is valuation of VO as it is < SDV	40,00,000
Less: COA u/s 49(4) is the value taken into account u/s 56(2)(x)	30,00,000
STCG	10,00,000

Solution 15

Option (d) is correct

Sum of money received without consideration: Cash gift NIL as received from a relative.
Movable property received for consideration: Gold coins 60,000 (FMV 1,00,000 - consideration 40,000) as it is > 50,000.
Motor car is not a specified property.
Immovable property received without consideration: Land: SDV of 4,00,000 as it is > 50,000.
Total = 4,60,000

Solution 16

Option (d) is correct

Immovable property received without consideration: Plot 7,00,000 (SDV is taxable as it is > 50,000) + house 20,00,000 (SDV is taxable as it is > 50,000) + shop NIL as it is received on partition of HUF + flat NIL as it is received under a will = 27,00,000.

Solution 17

Option (b) is correct

Income from Other sources:

Immovable property received for consideration: Excess of 25 lakh (35 lakh SDV - 10 lakh consideration) is > 50.000 and SDV of 35 lakh is > 110% of consideration of 10 lakh. Excess is taxable u/s 56(2)(x) = 25 lakh.

SDV on date of agreement is not taken as part payment is made by bearer cheque.

STCG on sale of house (as POH is not > 24 months)

Full Value of Consideration	50,00,000
Less: SDV u/s 49(4) (value taken into account u/s 56(2)(x)	35,00,000
STCG	15,00,000

Solution 18

Option (c) is correct

Sum of money received without consideration: From father and elder brother NIL as received from relative + From colleague 20,000 = 20,000 (not taxable as it is not > 50,000).

Movable property received without consideration: Furniture NIL as it is not a specified property.

Movable property received for consideration: Diamond and painting 60,000 (90,000 FMV - 30,000 consideration) + Raw material NIL as it is not a specified property = 60,000 (taxable as it is > 50,000).

Total = 60,000.

Solution 19

Option (b) is correct

For Mr. B:

LTCG (as POH of unquoted shares is > 24 months) = 3,00,000

FVC u/s 50CA (as consideration is < FMV) – 1,00,000 ICOA = 2,00,000.

For JKL Pvt. Ltd.:

IFOS u/s 56(2)(x) on receipt of movable 180 property for consideration = Excess of 1,00,0000 (FMV of 3,00,000 - Consideration of 2,00,000).

Excess is taxable as it is > 50,000

Solution 21

Option (c) is correct

IFOS u/s 56(2)(x) is NIL as plot is received from a relative.

STCG on sale of plot (as POH of grandfather and Jeev is not > 24 months) = 65 lakh FVC - 30 lakh COA for grandfather = 35 lakh

Solution 22

Option (a) is correct

No income arises u/s 56(2)(x) on receipt of shares on the occasion of marriage of assessee.

STCG per share on sale of shares to Zubin (as POH is not > 24 months) = 600 (FVC u/s 50CA as shares are unquoted) - 100 actual cost = 500 per share.

Total STCG = 5,00,000

Solution 23

Option (a) is correct

IFOS u/s 56(2)(x) on receipt of house without consideration = 60 lakh of SDV as it is > 50,000.

STCG on sale of house (as POH of Divyansh is not > 24 months) = 70 lakh FVC (SDV not taken as it is not > 110% of consideration) - 60 lakh SDV u/s 49(4) (value taken into account u/s 56(2)(x)) = 10 lakh

Solution 24

Option (a) is correct

Compensation received 3,00,000 – Exempt 50% of 3,00,000 = 1,50,000 taxable

Solution 25

Option (d) is correct

Taxable interest = On PPF Exempt + On GOI bonds 25,000 + On bank FD 30,000 + On compensation 1,00,000 (2,00,000 on receipt basis - 50% deduction) = 1,55,000

Solution 26

Option (c) is correct

Taxable interest = On debentures 50,000 (gross of TDS) + On loan to friend 9,000 (10,000 - 1,000 commission) + On POSA 1,500 (5,000 - 3,500 exempt) + On savings bank a/c with ICICI 5,000 + On Gold Bond Bonds Exempt = 65,500

Solution 30

Option (d) is correct

Computation of Total Income

Particulars	₹
Interest on compensation (2,00,000 received - 50% deduction)	1,00,000
Compensation on earthquake exempt u/s 10(10BC)	Nil
Family pension (60,000 - 15,000 deduction (i.e., lower of l/3rd of 60,000 or 15,000))	15,000
Business Income	3,00,000
	4,45,000

Solution 31

Option (c) is correct

Taxable IFOS = Dividend 10,000 + Income from MF units 20,000 + gift from employer is taxable under the head Salaries + Winning grossed up 50,000 (expenses are not deductible) + Receipt under Keyman insurance policy assigned to him is taxable under the head Salaries = 80,000

Solution 32

Option (a) is correct

Computation of Total Income

Particulars	₹
Salary	3,00,000
Award (not exempt u/s 10(17A) as award not instituted or approved by Government)	50,000
Rent from land for non-agricultural purpose (1,20,000 rent - 30,000 expenses)	90,000
Director's fee	1,20,000
Undisclosed income	10,00,000
GTI	15,60,000

Less: Deduction u/s 80C for PPF deposit (not allowed from undisclosed income)	1,00,000
Total Income	14,60,000

Solution 33

Option (d) is correct

Computation of Tax liability

Particulars	₹
Salary	1,00,000
Dividend	20,000
Winning (gross of TDS, without deduction of expenditure)	1,00,000
GTI	2,20,000
Less: deduction u/s 80C for PPF deposit (not allowed on winnings)	1,20,000
Total Income	1,00,000
Tax on winning @30%	30,000
Less: Rebate u/s 87A	12,500
	17,500
Add: HEC @4%	700
Tax Liability	18,200

Solution 34

Option (b) is correct

For sub-letting of flat = 1,80,000 rent received - 1,20,000 rent paid = 60,000.
For letting out of machine = 12,000 (rent for 6 months) - 5,000 repairs = 7,000.
For letting out of car = 1,20,000 rent - 7,000 insurance premium - 51,000 depreciation (15% on WDV of 3,40,000 (4,00,000 actual cost - 60,000 depreciation for PY 2021-22)) = 62,000.
Total = 1,29,000

Solution 35

Option (b) is correct

Computation of Tax liability

Particulars	₹
Interest (gross of TDS)	50,000
Pension from employer	2,00,000
Undisclosed income	1,00,000
GTI	3,50,000
Less: deduction u/s 80C for PPF deposit	1,00,000
Total Income	2,50,000
Total income comprises 1,00,000 undisclosed income and 1,50,000 other income.	
Tax u/s 115BBE for undisclosed income @ 60% (Benefit of unexhausted basic exemption limit is not available)	60,000
Tax on balance income	Nil
Less: Rebate u/s 87A	12,500

	47,500
Add: Surcharge @25%	11,875
	59,375
Add: HEC @4%	2,375
Tax Liability	61,750

Solution 01

Option (d) is correct

Income to be clubbed u/s 64(1A) = STCG on sale of shares 1,00,000 (4,00,000 - 3,00,000) + Dividend 5,000 + Interest on debentures 40,000 + Interest on loan 5,000 + STCG on bonus shares 2,00,000 (2,00,000 FVC - NIL COA) - NIL exempt u/s 10(32) as blocked under default tax regime = 3,50,000

Solution 02

Option (b) is correct

64(1A) applies to a married minor daughter and adopted child.
Prize is not clubbed as it is on account of her skill/talent.
Dividend clubbed = 1,400 - 1,500 exempt u/s 10(32) = Nil
Therefore, Rs. 20,000 only will be assessed in the hands of Ruhi.

Solution 03

Option (c) is correct

Income clubbed with the income of Rocky u/s 64(1A) = Interest on POTD 10,000 + Gift from spouse of father's brother NIL u/s 56(2)((x) as received from a relative + Dividend 15,000 + Gift by close friend of mother taxable u/s 56(2)(x) 3,00,000 — Exempt u/s 10(32) NIL as blocked under default tax regime = 3,25,000

Solution 04

Option (c) is correct

Income to be clubbed u/s 64(1A) = 20,00,000 gift from father's friend u/s 56(2)(x) + 12,000 interest - 1,500 exempt u/s 10(32) = 20,10,500
Therefore, ₹20,10,500 is taxable in the hands of mother or father, whose income, before such clubbing, is greater

Solution 05

Option (d) is correct

Clubbing u/s 64(1A) is not applicable as son is major.
Clubbing u/s 60 is applicable as income is transferred without transfer of asset.
Hence, exemption u/s 10(32) is not available

Solution 06

Option (a) is correct

Taxable income of Divyansh = Prize of 1,00,000 as it is on account of skill/talent.
Income of Divyansh to be clubbed u/s 64(1A) = Business profit 50,000 + Interest 3,000 = 53,000.
Total income before clubbing u/s 64(1A):
Father = 2,00,000 Salary + 1,50,000 interest clubbed u/s 64(l)(iv) = 3,50,000;
Mother = 3,00,000.

Income of Divyansh clubbed with income of father (as his total income, before such clubbing, is greater) = 53,000 - 1,500 exempt u/s 10(32) = 51,500.
Taxable income of father = 3,50,000 + 51,500 = 4,01,500

Solution 07
Option (c) is correct
Sweety is qualified. So, commission is not to be clubbed u/s 64(I)(ii) even if Veer has substantial interest in CD Pvt. Ltd.

Solution 08
Option (b) is correct
Charu has substantial interest in the firm (20% equity shareholding of self and brother (relative)) and spouse is not qualified.
Salary clubbed u/s 64(I)(ii) = 6,00,000 - 50,000 standard deduction u/s 16 = 5,50,000

Solution 09
Option (d) is correct
Both Raja and Rani are unqualified for the job of tax manager.
Equity shareholding in the concern during PY 2024-25 for both of them = Raja 5% + minor son (relative) 10% + Rani 5% = 20%.
Thus, both have substantial interest.
Salary of Raja is clubbed u/s 64(I)(ii) with income of Rani as her total income (excluding salary) of 4 lakh is greater.
Raja's income = 3 lakh professional income.
Rani's income = 2 lakh salary + 2 lakh salary clubbed + 4 lakh professional income = 8 lakh

Solution 10
Option (a) is correct
Income taxable in the hands of Damini = Gift from Romil NIL as not taxable u/s 56(2)(x) since received from relative (spouse) + 3 lakh remuneration of Romil clubbed u/s 64(I)(ii) as Damini has substantial interest in BCD Pvt. Ltd. (owns 25% equity shares with Romil (relative) at any time during the PY) and Romil is not qualified = 3 lakh.

Solution 11
Option (c) is correct
Income of Yuvraj = FD interest clubbed u/s 64(I)(iv) 3,00,000 + Dividend clubbed u/s 64(I)(iv) 20,000 = 3,20,000.
Income of spouse = Gift of money from spouse NIL u/s 56(2)(x) as received from a relative + STCG on sale of bonus shares of 1,00,000 (not clubbed with income of Yuvraj u/s 64(I)(iv) as it is accretion to the assets transferred) = 1,00,000

Solution 12
Option (c) is correct
Interest accruing to son is not to be clubbed in the hands of either parent as he is major.

Interest on 5 lakh accruing to Mrs. Z is to be clubbed in the hands of Mr. Z u/s 64(I)(iv). However, interest on interest will not be clubbed and will be taxable in the hands of Mrs. Z, as it is second-generation income

PY	Principal for which interest is clubbed in the hands of Mr. Z	Principal for which interest is taxable in the hands of Mrs. Z	Interest clubbed in the hands of Mr. Z	Interest taxable in the hands of Mrs. Z	Opening balance	Closing Balance
2022-23	5,00,000	0	50,000	0	Nil	5,50,000
2023-24	5,00,000	50,000	50,000	5,000	5,50,000	6,05,000
2024-25	5,00,000	1,05,000	50,000	10,500	6,05,000	6,65,500

Solution 13

Option (d) is correct

Income of Sona = Jewellery received from friend without adequate consideration taxable u/s 56(2)(x) 4,00,000 (FMV - Consideration) + Salary 5,50,000 (6,00,000 - 50,000 standard deduction u/s 16) (it is not clubbed with the income of spouse u/s 64(I)(ii) as she is qualified) + Gift of money from spouse is not taxable u/s 56(2)(x) as it is received from a relative = 9,50,000.

Income of spouse = Income under the head house property clubbed with his income u/s 64(I)(iv) = Loss of 25,000 on account of interest on loan.

He is not deemed owner of house u/s 27(i) as the house is not gifted

Solution 14

Option (d) is correct

Nothing is to be clubbed u/s 64(I)(iv) with the income of spouse as gift by spouse is not invested by Rajshri in the business as on the 1st day of the PY being 1.9.2024.

Solution 15

Option (b) is correct

Badal is deemed owner u/s 27(i) as house is transferred to spouse without adequate consideration.

Gift by Rani to daughter-in-law is covered u/s 64(I)(iv) as the transfer is without adequate consideration.

Alternatively, it can also be said that Badal has transferred the house indirectly to son's wife, via his spouse.

In any case, income is to be clubbed with the income of Badal.

Income = 3,00,000 annual value - 90,000 standard deduction = 2,10,000

Solution 16

Option (b) is correct

Money transferred by spouse without adequate consideration is invested by Rhea in business.

Income from business to be clubbed with income of spouse u/s 64(I)(iv) = Loss of 1,20,000 x (10 lakh value of gift invested on 1.6.2023 / 30 lakh total investment in business on 1.6.2023) = Loss of 40,000.
Income of Rhea = Royalty of 3,00,000 - Loss from business of 80,000 not clubbed as aforesaid = 2,20,000

Solution 17
Option (c) is correct
Amount gifted by spouse is invested as capital contribution in firm.
Interest receivable will be clubbed in hands of Mrs. B u/s 64(I)(iv).
However, no amount is to be clubbed for AY 2025-26 as no such amount is invested in the firm as on 1.4.2024.

Solution 18
Option (c) is correct
Share of profit from firm is exempt u/s 10(2A).
Money transferred by spouse is invested as capital contribution in the firm.
Relatable interest will be clubbed with income of spouse u/s 64(I)(iv).
Income of spouse = 1 lakh of interest from the firm x (10 lakh gift invested as on 1.4.2024 / 10 lakh total investment as on 1.4.2024) = 1 lakh.
Income of Shobhit : Nil.

Solution 19
Option (a) is correct
Income of Manjari = Income till divorce is clubbed u/s 64(I)(vi) = 50,000.
Income of daughter-in-law = Gift of property not taxable u/s 56(2)(x) as it is received from a relative + Income after divorce is not clubbed with income of Manjari u/s 64(I)(vi) 50,000 + Capital gain arising after divorce is not clubbed with income of Manjari u/s 64(I)(vi) 30,000 = 80,000.

Solution 20
Option (a) is correct
Amount gifted by spouse is invested as capital contribution in the firm.
Interest receivable will be clubbed in the hands of spouse u/s 64(I)(iv).
Clubbing = 1,20,000 interest x [Value of such investment as on 1.4.2024 of 6 lakh / Total investment by way of capital contribution as on 1.4.2024 of 12 lakh] = 60,000.
Share of profit is exempt u/s 10(2A).
Gift is not taxable u/s 56(2)(x) as it is received from relative

Solution 21
Option (b) is correct
Saira total income = 1,00,000 from transfer of gold jewellery.
HUF total income = 5,00,000 gain from sale of gold jewellery + 1,00,000 interest from Fixed deposit in ICICI Bank = 6,00,000.

Solution 22

Option (a) is correct

Money is gifted to HUF. Section 64(2) is applicable.

TILL PARTITION: Income of Shan = 60,000 taxable in his hands.

AFTER PARTITION: Income of Shan = 20,000 received by self + 20,000 received by spouse clubbed in his hands + 18,500 received by minor daughter clubbed in his hands u/s 64(1A) after exempting 1,500 u/s 10(32) = 58,500.

Income to be included in the income of Shan = 1,18,500.

Solution 23

Option (c) is correct

It is a case of cross transfer.

Income will be clubbed with the income of deemed transferors to the extent of cross transfer of Rs. 1 lakh.

Income clubbed with the income of Mr. B u/s 64(1A) = 10,000 Interest - NIL exempt u/s 10(32) as blocked under default tax regime = 10,000.

Income clubbed with the income of Mr. C u/s 64(l)(iv) = 10,000.

Income taxable in the hands of Mrs. C (beyond the extent of the cross transfer) = 5,000 (10% of 50,000).

Solution 24

Option (b) is correct

Total Income of Sana = Nil.

Total income of spouse = 4,50,000 clubbed u/s 64(l)(iv) + 6,00,000 Pension = 10,50,000.

Tax = 1,25,000 + 4% HEC of 5,000 = 1,30,000.

Solution 25

Option (c) is correct

Transfer is deemed to be revocable u/s 63 as it allows Sehar to reacquire assets.

Income is taxable in hands of Sehar.

Set off and Carry Forward of Losses

Solution 01
Option (b) is correct

IFOS = 98,500 on account of Sonu's income clubbed u/s 64(1A) (1,00,000 - 1,500 exempt u/s 10(32)) - 1,00,000 loss on sale of book = 1,500 loss.

Solution 02
Option (c) is correct

Loss from garment business can be set off against income from 35AD business. PGBP = Nil.

Loss from speculation business can only be set off against income from speculation business

Solution 03
Option (d) is correct

Income under the head IHP = House A 1 lakh - House B 1 lakh set off u/s 70 = Nil.

STCG is the balance income.

Solution 04
Option (b) is correct

STCG 1,00,000 - STCG (loss) 2,00,000 = STCG (loss) 1,00,000.

LTCG 5,00,000 - STCG (loss) 1,00,000 - LTCG (loss) 2,00,000 = LTCG 2,00,000.

Solution 05
Option (b) is correct

Loss from speculation business can be set off against income from speculation business.

Balance loss from speculation business will be carried forward.

PGBP = Garment business income

Solution 06
Option (d) is correct

STCG 1,00,000 - STCG (loss) 70,000 = STCG 30,000.

LTCG 1,00,000 - LTCG (loss) 1,20,000 = Loss of 20,000.

This cannot be set off against STCG.

Solution 07
Option (c) is correct

Loss from OMRH can be set off only against income from such activity.

No loss (i.e., from sub-letting) can be set off against winnings.

IFOS = 1,00,000 winning.

Solution 08
Option (a) is correct

Speculative loss of 2 lakh will be carried forward u/s 73.

Under head PGBP		
Income from hospital business	3,00,000	
Less: Loss from grocery business	1,00,000	
	2,00,000	
Less: HP loss set off up to 2 lakh (balance 0.5 lakh is carried forward)	2,00,000	Nil
Under head Capital Gain		
Long term capital gain	4,00,000	
Less: STCL	3,50,000	50,000
Under head other sources		
Winning from betting	1,50,000	
Card games loss lapses		1,50,000
Total Income		2,00,000

Solution 09

Option (a) is correct

Long term and short term capital loss will be carried forward.
Total income = HP 2,00,000 - PGBP loss 2,00,000 + 1,00,000 salary = 1,00,000.
PGBP loss of 1,00,000 will be carried forward u/s 72 as it cannot be set off against salary.

Solution 10

Option (d) is correct

Total income = Winning 50,000 + Undisclosed income 40,000 = 90,000.
Loss from owning and maintaining race horses and short term capital loss will be carried forward.

Solution 11

Option (d) is correct

Salary 1 lakh + LTCG 1 lakh - 2 lakh IHP loss (set off limit is 2 lakh) = Nil.
IHP loss of 1 lakh will be carried forward.
Total income will comprise winning of 2 lakh.

Solution 12

Option (b) is correct

Since time limit to carry forward business loss is limited to 8 years, it is better to first set off loss of earlier year.
There is no time limit to carry forward unabsorbed depreciation

Solution 13

Option (b) is correct

Income under the head HP = HP income of 1,00,000 - Brought forward HP loss of 1,50,000 (filing of return of loss in time does not impact) = Nil (loss of 50,000 is C/F).
Total income = Interest of 1,50,000

Solution 14

Option (a) is correct

Deemed profits u/s 41(4) on recovery of bad debt = Amount recovered of 70,000 - (Amount of debt of 1,00,000 - Deduction allowed of 60,000) = 30,000.
Business income from retail = 30,000 - loss of 10,000 = 20,000. Loss in speculation business is carried forward

Solution 15

Option (c) is correct

Not filing of return of loss in time does not impact carry forward of loss from house property. Brought forward house property loss u/s 71B can be set off against income from house property and limit of 2 lakh is not applicable.

Solution 16

Option (d) is correct

Income from 35AD business of 2,00,000 - Brought forward loss from 35AD business u/s 73A of 2,00,000 = Nil .
loss of 50,000 can be C/F for which there is no time limit.
Income from F&B business = 3,00,000.
Short term capital loss cannot be carried forward u/s 80 as return of loss is not filed in time.

Solution 17

Option (d) is correct

Under head Salary		
Income from salary	5,00,000	
Less: Loss from house property set off up to 2,00,000	2,00,000	3,00,000
Balance loss from house property of 1,00,000 is carried forward u/s 71B		
Under head PGBP		
Loss from business referred u/s 35AD of 3,00,000 is carried forward u/s 73A.		
Under head Capital Gain		
Long term capital gain	1,80,000	
Interest on Bank FD	70,000	
Less: Loss from legal profession	(1,50,000)	1,00,000
Total Income		4,00,000

Solution 18

Option (c) is correct

Under head Salary		6,00,000
Under head PGBP		
Income from food business	2,00,000	
Less: Current year depreciation	50,000	
Less: Brought forward business loss	1,00,000	

Less: Unabsorbed depreciation	50,000	Nil
Under head Capital Gain		
Long term capital gain	20,000	
Less: Unabsorbed depreciation	20,000	Nil
Unabsorbed depreciation cannot be set off against salary. Balance unabsorbed depreciation of 10,000 is carried forward.		
Less: Loss from legal profession		
Total Income		6,00,000

Solution 19

Option (d) is correct

Under head Salary		50,000
Under head PGBP		
Income from jewellery business	3,00,000	
Less: Current year depreciation	1,00,000	
Less: Brought forward business loss	2,00,000	Nil
balance business loss of 2,00,000 is carried forward		
Under head other sources		
Income from other Source	70,000	
Less: Unabsorbed depreciation	70,000	Nil
balance unabsorbed depreciation of 1,00,000 is carried forward		
Total Income		50,000

Solution 20

Option (c) is correct

Total income = 70,000 income from speculation business - 60,000 loss from speculation business of AY 2023-24 u/s 73 - Nil loss from speculation business of AY 2019-20 (4 years have expired) = 10,000

Solution 21

Option (a) is correct

Under head PGBP		
Income from transport business		1,00,000
Speculative loss of 50,000 has expired with AY 2024-25. Hence, cannot be brought forward to AY 2025-26.		
Under head Capital Gain		
Long term capital loss of 1,25,000 is carried forward as it can be set off only against long term capital gain.		
STCG	1,75,000	
Less: Short term capital loss on rural agricultural land of NIL as it is exempt	Nil	
Less: Short term capital loss on shares	1,75,000	Nil

(unabsorbed short term capital loss of 50,000 expires with AY 2025-26, hence, cannot be carried forward)		
Total Income		1,00,000

Solution 22

Option (d) is correct

Income from OMRH = 1,50,000 - Brought forward loss from such activity of 1,50,000 = Nil (unabsorbed loss of 1,00,000 expires as 4 years end with AY 2025-26; hence, cannot be carried forward).

Total income = Set off & Carry Forward of Loss Winning from gambling of 40,000 - Loss in betting Nil (cannot be set off or carried forward) + Unexplained investment u/s 69 of 70,000 — Loss in gambling of last year of Nil (cannot be brought forward) = 1,10,000

Solution 23

Option (b) is correct

Business loss cannot be carried forward due to not filing of return of loss in time but loss from house property can be carried forward.

It is best to set off business loss against LTCG instead of house property loss.

Total income = LTCG of 3 lakh - Business loss of 3 lakh = Nil.

Unabsorbed business cannot be carried forward.

House property loss can be carried forward

Solution 24

Option (a) is correct

Income from salary of 3,50,000 - House property loss up to 2,00,000 = 1,50,000.

Balance house property loss of 3,50,000(50,000 loss of current year + 3,00,000 unabsorbed brought forward loss) is carried forward.

IFOS of 50,000 - PGBP loss of 50,000 = Nil.

Balance PGBP loss of 1,90,000 is carried forward.

Total income = 1,50,000.

Carried forward loss = 3,50,000 + 1,90,000 = 5,40,000.

Solution 01

Option (b) is correct

Computation of Total Income

Particulars	₹
Salary Income	1,00,000
LTCG Nil as personal car is not a capital asset	Nil
STCG u/s 111A	2,00,000
Interest clubbed u/s 64(I)(iv)	30,000
Gross Total Income	3,30,000
Less: Deduction u/s 80C	1,30,000
Total Income	2,00,000

Deduction u/c VIA is not allowed from LTCG (it is anyways not taxable) and STCG u/s 111A.

Solution 02

Option (b) is correct

Computation of Deduction u/s 80C

Particulars	₹
Contribution to SPF	20,000
NHB Tax Saving Term Deposit	30,000
3Y fixed deposit NIL as term is < 5Y	Nil
5Y fixed deposit	30,000
NABARD bonds	10,000
Post Office Savings Bank	Nil
5Y Post Office Time Deposit	20,000
Senior Citizens Savings Scheme	10,000
Life insurance premium NIL as not paid during the PY	Nil
	1,20,000

Solution 03

Option (b) is correct

Deduction u/s 80CCD(1B) = 50,000.

Deduction u/s 80CCD(1) = 50,000 (1,00,000 - 50,000 considered u/s 80CCD(1B)) allowed up to 1,00,000 (20% of GTI) = 50,000.

Deduction u/s 80C and 80CCC = 2,00,000.

Deduction u/s 80C, 80CCC and 80CCD(1) = 2,50,000 but allowed up to 1,50,000 = 1,50,000.

Deduction u/c VIA = Deduction u/s 80CCE of 1,50,000 + Deduction u/s 80CCD(1B) of 50,000 = 2,00,000.

Solution 04

Option (a) is correct

Computation of Deduction u/s 80C

Particulars	₹
For self (up to 20% of sum assured)	15,000
For spouse (up to 10% of sum assured)	15,000
For child (up to 15% of sum assured)	25,000
For daughter (up to 10% of sum assured)	15,000
For father NIL as not eligible	Nil
	70,000

Solution 05

Option (b) is correct

80CCD salary = Basic salary of 12,00,000 + DA of 9,60,000 = 21,60,000.
Contribution to NPS = 15% of total salary = 3,24,000.
Deduction u/s 80CCD(1B) for own contribution = 50,000.
Deduction u/s 80CCD(1) for own contribution = 2,74,000 (3,24,000 - 50,000 considered u/s 80CCD(1B)) allowed up to 2,16,000 (10% of 80CCD salary) = 2,16,000 but allowed up to the 80CCE limit of 1,50,000 = 1,50,000.
Deduction u/s 80CCD(2) = 3,24,000 allowed up to 3,02,400 (14% of 80CCD salary) = 3,02,400.
Total deduction u/s 80CCD = 50,000 + 1,50,000 + 3,02,400 = 5,02,400

Solution 06

Option (b) is correct

Total income = 2,20,000 (income from house property + NSC interest) - 70,000 deduction u/s 80C (investment in NSC IX issue and accrued interest which is deemed as reinvested) = 1,50,000

Solution 07

Option (c) is correct

Deduction u/s 80CCD(2) = Contribution of 3,60,000 up to 1,80,000 (10% of salary of 18 lakh) = 1,80,000.
Limit u/s 80CCE is not applicable

Solution 08

Option (d) is correct

Deduction u/s 80CCD = 50,000 u/s 80CCD(1B) + 1,20,000 u/s 80CCD(1) (20% of GTI of 6,00,000) = 1,70,000.
Total income = GTI of 6,00,000 - Deduction u/s 80CCD of 1,70,000 = 4,30,000.

Solution 09

Option (a) is correct

80CCD salary = Basic of 7,20,000 + DA forming part of pay of 2,40,000 = 9,60,000.
Deduction u/s 80CCD(1B) for own contribution = 50,000.
Deduction u/s 80CCD(1) for own contribution = 70,000 (1,20,000 - 50,000 considered u/s 80CCD(1B)) allowed up to 96,000 (10% of salary) = 70,000.
Deduction u/s 80CCD(2) for employer's contribution = 1,20,000 allowed up to 96,000 (10% of salary) = 96,000.

Deduction u/s 80C = 1,00,000.
Deduction u/s 80C of 1,00,000 + 80CCD(1) of 70,000 = 1,70,000 but allowed up to 1,50,000 = 1,50,000.
Deduction u/c VIA = Deduction u/s 80CCD(1B) of 50,000 + Deduction u/s 80CCD(2) of 96,000 + Deduction u/s 80CCE of 1,50,000 = 2,96,000.

Solution 10

Option (c) is correct

Deduction u/s 80C = Tuition fee of 75,000 (donation is not eligible) + College fee NIL as college is outside India + Part time course NIL as education is not full time = 75,000

Solution 11

Option (c) is correct

Computation of Gross Total Income

Particulars	₹
Basic salary	6,00,000
DA	3,60,000
Medical Allowance	1,20,000
NPS contribution of employer	2,50,000
Less: Standard Deduction	50,000
Gross Total Income	12,80,000

80CCD salary = Basic salary of 6,00,000 + DA as per terms of employment of 2,16,000 = 8,16,000.
Deduction u/s 80CCD(1B) for own contribution = 50,000.
Deduction u/s 80CCD(1) for own contribution = 2,00,000 (2,50,000 - 50,000 considered u/s 80CCD(1B)) allowed up to 81,600 (10% of 80CCD salary) = 81,600.
Deduction u/s 80CCD(2) for employer's contribution = 2,50,000 allowed up to 81,600 (10% of 80CCD salary) = 81,600.
Total deduction u/s 80CCD = 2,13,200.
Total income = GTI of 12,80,000 - Deduction u/s 80CCD of 2,13,200 = 10,66,800.

Solution 12

Option (c) is correct

80CCD salary = 12,00,000.
Deduction u/s 80CCD(1B) for own contribution = 50,000.
Deduction u/s 80CCD(1) for own contribution = 50,000 (1,00,000 - 50,000 considered u/s 80CCD(1B)) allowed up to 1,20,000 (10% of 80CCD salary) = 50.000.
Deduction u/s 80CCD(2) for employer's contribution = 1,00,000 allowed up to 1,20,000 (10% of 80CCD salary) = 1,00,000.
Deduction u/s 80C and 80CCC = 2,00,000.
Deduction u/s 80C, 80CCC and 80CCD(1) = 2,50,000 but allowed up to 1,50,000 = 1,50,000.
Deduction u/c VIA = Deduction u/s 80CCE of 1,50,000 + Deduction u/s 80CCD(1B) of 50,000 + Deduction u/s 80CCD(2) of 1,00,000 = 3,00,000

Solution 13

Option (c) is correct

Deduction u/s 80C = 60,000 for own contribution to RPF + 40,000 for PPF deposit for self and son (mother is not eligible) + 10,000 for deposit in Sukanya Samriddhi A/c + Nil for USF (not eligible) = 1,10,000

Solution 14

Option (d) is correct

Deduction u/s 80D = Premium for spouse, allowed up to 25,000 + Health checkup for father, allowed up to 5,000 = 30,000.

Deduction u/s 80DD = NIL as father-in-law is not eligible.

Deduction u/s 80DDB = 40,000 (1,70,000 up to the limit of 40,000 as brother is not a senior citizen) - 25,000 received as insurance claim = 15,000.

Total = 45,000.

Solution 15

Option (c) is correct

Deduction u/s 80D = Contribution to CGFIS of 10,000 + Mediclaim premium for son of 5,000 + Mediclaim premium for brother NIL + Preventive health checkup for spouse up to 5,000 = 20,000

Solution 16

Option (d) is correct

Flat deduction u/s 80DD of 1,25,000 for severe disability.

Solution 17

Option (d) is correct

FAMILY:

Premium for wife 23,000 + Health checkup for daughter 4,000 = 27,000, allowed up to 25,000.

PARENTS:

Premium for father up to 25,000 (not a senior citizen as not a resident) + Premium for mother 18,000 + Medical expenditure on mother NIL (as medi-claim premium has been paid) = 43,000.

Total = 68,000

Solution 18

Option (a) is correct

Deduction is available u/s 80DD in respect of sister (not for brother as he has claimed deduction u/s 80U).

Deduction for severe disability is 1,25,000

Solution 19

Option (c) is correct

FAMILY:

Premium for son NIL as paid in cash + Health checkup for self up to 5,000 = 5,000.

PARENTS:

Premium for mother 20,000 + Premium for father (senior citizen) 40,000 = 60,000, allowed up to 50,000.
Total = 55,000.

Solution 20

Option (c) is correct

Deduction u/s 24(b) in computing IHP is allowed up to 2,00,000.
Loan is taken to acquire residential house property, loan is sanctioned during the period PY 2019-20 to 2022- 23, SDV is not > 45 lakh and Raju does not own any residential house property on date of sanction of loan.
Deduction u/s 80EEA is allowed up to 1,50,000.
Deduction under both provision is allowed on due basis.
Total deduction = 3,50,000.
Deduction on account of repayment of principal can be claimed u/s 80C.

Solution 21

Option (a) is correct

Total income = 3,00,000 GTI - 50,000 deduction u/s 80E = 2,50,000.
PY 2024-25 is within the 8-year period starting from FY 2017-18 (year in which she starts paying interest

Solution 22

Option (d) is correct

SDV is not > 45 lakh and loan is sanctioned in the PY 2021-22.

Computation of Total Income

Particulars	₹
Salary Income	3,50,000
Less: loss from house property (on account of deduction of interest u/s 24(b) up to 2,00,000)	2,00,000
Gross Total Income	1,50,000
Less: deduction u/s 80EEA (4,00,000 interest - 2,00,000 allowed u/s 24(b); allowed up to 1,50,000)	1,50,000
Total Income	Nil

Solution 23

Option (c) is correct

Deduction u/s 80EEB is allowed up to 1,50,000 as loan taken from a bank is sanctioned during the period PY 2019-20 to 2022-23.
Total income = 1,75,000 of GTI - 1,25,000 deduction u/s 80EEB (allowed to the extent of income under the head IHP as it is not allowable from winning) = 50,000.

Solution 24

Option (c) is correct

Total income = 6,00,000 GTI - 3,00,000 deduction u/s 80E = 3,00,000.
PY 2023-24 is within the 8-year period starting from FY 2017-18 (year in which she starts paying interest

Solution 25

Option (a) is correct

Deduction u/s 80GGB = To BJP NIL as it is paid in cash + To Congress 20,000 + On advertisement 30,000 = 50,000

Solution 26

Option (c) is correct

Deduction u/s 80G = NCF 50,000 (100%) + PMDRF 30,000 (50%) + Trust NIL (donation > 2,000 is paid by cash) = 80,000

Solution 27

Option (a) is correct

Deduction = To Research Association NIL (as payment > 2,000 is in cash) + To college NIL (as it is not approved) + To RDF 30,000 + To NUPEF 60,000 + To Rural Development association 2,000 (donation in cash is allowed up to 2,000) = 92,000

Solution 28

Option (d) is correct

Deduction is allowable u/s 80GGC.
Contribution of 8,000 by cheque is allowed. Contribution in cash is not allowed.
Expenditure on advertisement is not allowed.

Solution 29

Option (d) is correct

Donations not subject to qualifying limit = LGRF 30,000 (100%) + PMDRF 25,000 (50%) = 55,000.
Donations subject to qualifying limit = Approved association for promoting family planning 30,000 + IOA NIL (as only company can claim deduction) + Charitable institution 40,000 + Mosque NIL (as donation is in kind) = 70,000.

Computation of Adjusted total income

Particulars	₹
Gross Total Income	7,00,000
Less: LTCG	1,00,000
Less: Deduction under Chapter VIA (except u/s 80G)	1,00,000
	5,00,000
10% of Adjusted total income	50,000

Computation of Deduction u/s 80G

Particulars	₹
Donations not subject to qualifying limit	55,000
Donations subject to qualifying limit	40,000
[Approved association for promoting family planning 30,000 (100%) + Charitable institution 10,000 (50% of 20,000, i.e., 50,000 qualifying limit - 30,000)]	
	95,000

Total income = 7,00,000 - Deduction u/s 80C 1,00,000 - Deduction u/s 80G 95,000 = 5,05,000

Solution 30

Option (c) is correct

Adjusted total income (ATI) = 12,00,000 GTI - 1,00,000 LTCG - 1,00,000 deduction u/s 80CCC = 10,00,000.

Deduction u/s 80GG = Lower of

a) 60,000 (5,000 p.m.),

b) 20,000 (1,20,000 rent paid - 1,00,000 being 10% of ATI),

c) 2,50,000 (25% of ATI) = 20,000.

Total income = 12,00,000 GTI - 1,00,000 Deduction u/s 80CCC - 20,000 Deduction u/s 80GG = 10,80,000

Solution 31

Option (b) is correct

Deduction u/s 80TTB = 15,000 from BOI + 10,000 from coop bank = 25,000.
Interest from NBFC is not eligible

Solution 32

Option (b) is correct

Total income = GTI of 3,00,000 - Deduction u/s 80C for deposit in 5Y POTD of 1,00,000 - Deduction u/s 80TTA of 9,500 = 1,90,500.

Deduction u/s 80TTA (he is not a senior citizen as he is not a resident) = 3,500 on POSA (after exemption of 3,500) + 6,000 on SBI savings A/c + NIL for FD = 9,500

Solution 33

Option (d) is correct

Income included in GTI = 20,000 - 3,500 exempt u/s 10 = 16,500. Total income = 16,500 - 10,000 deduction u/s 80TTA = 6,500

Solution 34

Option (a) is correct

Computation of Total Income

Particulars	₹
Income under head House Property	3,00,000
Interest on FD	20,000
Interest on savings a/c with co-operative bank	10,000
PPF interest NIL as it is exempt	Nil
Interest on RD	25,000
Post Office (individual account) Interest (13,500 - 3,500 exempt)	10,000
GTI	3,65,000
Deduction u/s 80TTB (as Virat is a senior citizen)	
20,000 on FD + 10,000 on Savings A/c with coop bank + 25,000 on RD + 10,000 on POSA = 65,000, allowed up to 50,000	50,000
Total Income	3,15,000

Solution 35

Option (b) is correct

Income repatriated to India by 30.9.2025 = 60% of 4,50,000 = 2,70,000.

Deduction u/s 80RRB = lower of 2,70,000 or 3,00,000 = 2,70,000

Solution 36

Option (c) is correct

Since cash payments and cash receipts, each exceed 5% of total payments and total receipts, respectively, tax audit limit u/s 44AB is 1 crore.

Hence, tax audit applies and deduction u/s 80JJAA is available.

Additional employees = 5 people employed - 1 (salary is > 25,000 p.m.) - 1 (resigned, hence, employed for < 240 days) - 1 (did not participate in RPF) = 2.

Additional employee cost = 2 x 25,000 x 11 = 5,50,000.

Deduction u/s 80JJAA @ 30% = 1,65,000.

Cash payment is not a bar in the first year of a new business.

Solution 37

Option (a) is correct

Royalty = 20% of 20 lakh = 4 lakh.

Royalty ignoring excess of 15% = 3 lakh.

Royalty repatriated by 30.9.2025 = 80% of 4 lakh = 3.2 lakh.

Deduction u/s 80QQB is lower of eligible amount of 3 lakh (lower of 3 lakh or 3.2 lakh) or limit of 3 lakh = 3 lakh

Solution 38

Option (b) is correct

Net addition of employees = 5-2 = 3.

Appointment made on 1.10.2023 is not eligible as emoluments are > 25,000 p.m.

Additional employee cost = 3 employees x 20,000 p.m. x 10 months = 6,00,000.

Deduction u/s 80JJAA @ 30% = 1,80,000

Solution 39

Option (a) is correct

Deduction u/s 80QQB is lower of 4,00,000 or 3,00,000 = 3,00,000

Solution 01

Option (d) is correct

Tax deductible u/s 192 from the salary during the FY 2023-24

Particulars	₹
Salary including all income by way of non-monetary perquisites	54,00,000
Tax on non-monetary perquisite paid by employer on behalf of employee is exempt u/s 10(10CC)	Nil
Less: Standard deduction u/s 16	(75,000)
Income under the head 'Salaries'	53,25,000
Less: Deduction u/s 80C for PPF deposit (blocked under default tax regime)	Nil
Total income	53,25,000
Tax on First 15,00,000	1,40,000
Tax on balance 38,25,000 x 30%	11,47,500
	12,87,500
Add: Surcharge @10%	1,28,750
	14,16,250
Add: HEC @4%	56,650
	14,72,900
Average rate of tax = 14,72,900 / 53,25,000 x 100	27.66%
Tax payable on non-monetary perquisite by Z Ltd. = 27.66% of 6,00,000	1,65,960
Tax to be deducted from salary u/s 192 = 27.66% of 47,25,000 (53,25,000 - 6,00,000)	13,06,935

Solution 02

Option (d) is correct

Computation of Total Income

Salary	7,20,000
Less: Standard Deduction	(50,000)
	6,70,000
Less: Loss under head House property set off up to 2 lakh	(2,00,000)
	4,70,000
Income under head other sources	1,00,000
Total Income	5,70,000
Tax on total income of 5,70,000 including HEC @4%	27,560
TDS (per month) [27,560/12]	2,297

Solution 03

Option (a) is correct

Mr. C is a senior citizen.

Amount liable for TDS u/s 194A

FD with SBI (as interest is not > 50,000)	Nil
FD with PNB (as interest is not > 50,000)	Nil
FD with HDFC (as interest is > 50,000)	55,000
RD with Seema Gramin Bank NIL (as interest per branch is not > 50,000 since bank has not adopted CBS)	Nil
Corporate deposit-1 (as interest is not > 5,000)	Nil
Corporate deposit-II (as interest is > 5,000)	8,000
	63,000

Solution 04

Option (b) is correct

Safe insurance company: Proceeds are not exempt u/s 10(10D) as premium is > 10% of sum assured.

TDS u/s 194DA @ 5% on 37,500 being income comprised in the payment (5,37,500 proceeds - 5,00,000 premiums paid) = 1,875.

Suraksha insurance company: Sum is exempt u/s 10(10D) as premium is not > 20% of sum assured (since policy issued before 1.4.2012).

Solution 05

Option (a) is correct

TDS u/s 194A

Interest from firm (as paid by firm to its partner)	Nil
Interest on IT refund (as paid by Government under IT Act)	Nil
Interest on savings bank A/c (as it is not a time deposit)	Nil
On loan to friend (as friend is not a specified individual covered u/s 194A since gross receipts from profession in preceding FY is not > 50 lakh)	Nil
	Nil

Solution 06

Option (c) is correct

TDS u/s 194

Dividend to 5 shareholders (as amount is not > 5,000 for each)	Nil
Dividend to 3 shareholders @ 10% (as amount is > 5,000 for each)	2,250
Dividend to 2 shareholders @ 20% (as amount is > 5,000 for each; 20% rate u/s 206AA as PAN is not furnished)	4,000
	6,250

Solution 07

Option (a) is correct

TDS u/s 194K

Income from HDFC MF@ 10% (as aggregate income of 6,750 is > 5,000)	675
Income from JM MF (as aggregate income of 4,000 is not > 5,000)	Nil
Capital Gain	Nil
	675

Solution 08

Option (d) is correct

TDS u/s 194

Bonus preference shares and loan treated as dividend u/s 2(22)(b) and 2(22)(e) (10% of 1,12,500)	11,250
Dividend from ZZ Ltd. (as amount is not > 5,000)	Nil
Dividend from QQ Ltd. (as amount is > 5,000; 20% rate u/s 206AA as PAN is not furnished)	1,200
	12,450

Solution 09

Option (d) is correct

TDS u/s 194DA:

No TDS on sum received on death as it is exempt u/s 10(10D).

Policy on her life: Not exempt u/s 10(10D) as premium is > 10% of sum assured.

TDS = 5% of 8,75,000 being income comprised in the payment (20,00,000 proceeds - 11,25,000 premiums paid) = 43,750

Solution 10

Option (c) is correct

TDS u/s 194B and 194BB = Lottery prize 9,000 @ 30% (as winning is > 10,000 during the FY) + Card game NIL (as winning is not > 10,000 during the FY from casino) + jackpot prize 2,25,000 (@ 30% of 7,50,000; as winning is > 10,000 during the FY) + horse race 15,000 @ 30% (as winning is > 10,000 during the FY; 30% rate applies even u/s 206AA where PAN is not furnished) = 2,49,000.

Receipts in cash = 30,000 + 5,000 + 2,50,000 + 50,000 - 2,49,000 of TDS = 86,000.

Solution 11

Option (d) is correct

TDS is deductible u/s 194H on commission from Green Wind Pvt. Ltd. as aggregate amount is > 15,000.

TDS @ 5% of 35,000 = 1,750.

TDS @2% of 40,000 = 800

TDS is not deductible on discount on purchase of mobile phones as element of agency is not present

Solution 12

Option (a) is correct

TDS u/s 194D = For JKL NIL (as amount is not > 15,000) + For PQM 1,125 @ 5% (as amount is > 15,000) = 1,125

Solution 13

Option (b) is correct

TDS u/s 194H = First company Nil (as amount is not > 15,000) + Second and third companies 750 (@ 2% on 37,500 as amount from each is > 15,000) = 750.

Turnover criteria in the preceding FY is relevant only to an individual or HUF.

Solution 14

Option (c) is correct

TDS u/s 194G = 2% of 1,20,000 for Assam State Lottery (as amount is > 15,000) = 2,400.
TDS is not deductible for Goa State Lottery as amount is not > 15,000

Solution 15

Option (c) is correct

TDS u/s 194C = Shine Pvt. Ltd. 750 (@ 2% of 37,500, since the sum is > 30,000) + Indian Railways Nil (as transport by Railways is excluded) + Caterers NIL (as it is for personal purposes) + Dinesh NIL (as it is for personal purposes) + Rohit NIL (it is not 'work' as material is not purchased by Mr. Rohit from Mr. Raja or his associate. King Pvt. Ltd. is not his associate as he holds < 20% equity shares therein) = 750.

Solution 16

Option (b) is correct

Bonny is a specified individual u/s 194J as turnover from business in preceding FY is > 1 crore. But TDS is not deductible u/s 194J as FPS is paid for personal purposes. TDS is deductible u/s 194M as sum is > 50 lakh. TDS @ 5% of 60 lakh = 3 lakh.

Solution 17

Option (b) is correct

Raman HUF is a specified HUF covered u/s 194C as turnover from business in preceding FY is > 1 crore. Each payment is > 30,000.
TDS u/s 194C @ 2% of 90,000 = 1,800.
Exemption to goods carriage operator is not available as the required declaration, along with PAN, is not furnished.

Solution 18

Option (d) is correct

Jolly is a specified individual u/s 194J as gross receipts from profession is > 50 lakh in preceding FY.
TDS u/s 194J = To lawyer 4,500 (@ 10% of 45,000 as aggregate of sums is > 30,000) + To Sharp Pvt. Ltd. NIL (individual is not liable to deduct TDS on royalty) + To Ramola NIL (as FPS is paid for personal purposes) + To Webtel Pvt. Ltd. NIL = 4,500.

Solution 19

Option (b) is correct

Books are supplied as per specifications using material purchased from the payer. Value of material is separately shown in invoice.
TDS u/s 194C @ 1% of 30,000 (90,000 - 60,000) = 300

Solution 20

Option (c) is correct

Jolly is not a specified individual u/s 194H, 194C and 194J as gross receipts from profession is not > 50 lakh in preceding FY.
TDS u/s 194M = To building contractor 3,00,000 (@ 5% of 60 lakh as the sum is > 50 lakh; exemption regarding sum paid for personal purpose is not available) + To FinEx NIL (as sum is not > 50 lakh) + To lawyer NIL (as sum is not > 50 lakh) = 3,00,000.

Solution 21

Option (c) is correct

Ruhi is a specified individual u/s 194H, 194C and 194J as gross receipts from profession is > 50 lakh in preceding FY.
TDS is not deductible u/s 194H on commission as amount is not > 15,000.
TDS is not deductible u/s 194C for supply of gift items as it is not a 'work' since the gift shop has not used material purchased from Ruhi or her associate.
TDS is not deductible u/s 194J for payment to doctor as sum is paid for personal purposes.
TDS is not deductible u/s 194M as sum paid to each person is not > 50 lakh.

Solution 22

Option (b) is correct

TDS u/s 194J

From Mantle Pvt. Ltd. (@ 10% of 37,500 since sum is > 30,000)	3,750
From Roman HUF (@ 2% of 52,500 since sum is > 30,000 and HUF is specified u/s 194J as turnover from business in preceding FY is > 1 crore)	1,050
From Axis Pvt. Ltd. (@ 10% of 15,000; there is no threshold)	1,500
From Shine & Co (@ 10% of 75,000 since sum is > 30,000)	7,500
From Bright Ltd. (@ 10% on 1,50,000 since sum is > 30,000)	15,000
	28,800

Solution 23

Option (c) is correct

Keshav is a specified individual u/s 194-I as turnover from business in preceding FY is > 1 crore.
TDS u/s 194-I = Bull Ltd. NIL (as rent is not > 2.4 lakh) + Bear Ltd. 5,000 (@ 2% of 2,50,000 as rent is > 2.4 lakh) + Trade Smart Ltd. NIL (as rent of 2.00.000 (excluding refundable deposit) is not > 2.4 lakh) + Leaseman Ltd. 37,500 (@ 10% of 3,75,000 as rent is > 2.4 lakh; it is not relevant if the company does not own the building) = 42,500

Solution 24

Option (c) is correct

TDS is not deductible u/s 194LA on compulsory acquisition of agricultural land. TDS u/s 194LA on acquisition of building = 10% of 11,25,000 = 1,12,500.

Solution 25

Option (b) is correct

TDS is deductible u/s 194-I.

Advance rent, arrears of rent and non-refundable deposit are included.
Amount is > 2.4 lakh.
TDS @ 10% is deductible on Rs. 4 lakh.

Solution 26

Option (c) is correct

Krishna is not a specified individual u/s 194-I as he is not engaged in a business or profession.
TDS is not deductible u/s 194-I.
Monthly rent is > 50,000. Since PAN is not furnished, rate of TDS is 20% u/s 206AA.
TDS @ 20% of 5,40,000 = 1,08,000. This is to be deducted from rent of March (last month of PY) but it cannot exceed the amount of rent payable for that month. Thus, TDS = 60,000.
Rent actually paid for PY = 5,40,000 - 60,000 = 4,80,000

Solution 27

Option (d) is correct

TDS u/s 194-IA (since consideration and SDV are both not < 50 lakh) = 1% of 70 lakh (higher of 60 lakh or 70 lakh) = 70,000.
Income taxable under the head IFOS u/s 56(2)(x) on receipt of flat: Excess of 10 lakh (SDV 70 lakh - FVC 60 lakh) is > 50,000 and SDV is > 110% of consideration.
Hence, 10 lakh is taxable.
Tax on total income of 10 lakh = 1,17,000.
Total tax to pay to the Government for self and on behalf of Bhrigu = 1,17,000 + 70,000 = 1,87,000.

Solution 28

Option (b) is correct

Sponsored trip is a benefit or perquisite provided by PQR Ltd. to Mr. C, a resident, arising from his business. Value is the cost to the company of Rs. 10 lakh which is > 20,000. TDS is deductible u/s 194R @ 10%, i.e., Rs. 1 lakh.

Solution 29

Option (b) is correct

Turnover from the business carried on by Mr. C for the preceding FY is > 10 crore, QR Ltd. is a resident and the sum paid/credited is > 50 lakh during the current FY.
TDS will be deducted u/s 194Q on the sum exceeding 50 lakh.
Thus, TDS = 0.1% of 30 lakh = 3,000

Solution 30

Option (d) is correct

Mr. Krishna has not filed the return for all of the 3 PYs, for which the time limit to file return u/s 139(1) has expired, immediately preceding the PY 2024-25.
Threshold u/s 194N is 20 lakh. TDS on payment from Bihar coop bank = 2% of 80 lakh (sum > 20 lakh and up to 1 crore) + 5% of 50 lakh (sum > 1 crore) = 4,10,000.
TDS on payment from Post Office @ 2% of 10 lakh (sum > 20 lakh) = 20,000.

TDS on payment from BOI NIL (as sum is not > 20 lakh).
TDS = 4,30,000

Solution 31

Option (c) is correct

Mr. Mohan has duly filed the return for all of the 3 PYs, for which the time limit to file return u/s 139(1) has expired, immediately preceding the PY 2024-25.
Hence, threshold u/s 194N is 1 crore.
TDS u/s 194N = On payment from HDFC NIL (as aggregate is not > 1 crore) + On payment from ICICI 20,000 (@ 2% of 10 lakh as it is > 1 crore) + On payment from Post Office NIL (as payment is not > 1 crore) = 20,000

Solution 32

Option (c) is correct

TDS is deducted on time (i.e., earlier of credit or payment).
It is to be deposited within 30 days from the end of the month in which TDS is deducted, i.e., by 30.4.2025.
There is delay in deposit. Interest u/s 201(1A) = 1.5% p.m. of 3 lakh for 3 months (1.3.2025 to 15.5.2025; part of month is taken as 1 month) = 13,500

Solution 33

Option (c) is correct

TDS will be deducted u/s 194J @ 10% of 1,00,000 = 10,000.
TDS will be deducted on amount payable without including GST on services component as it is indicated separately.

Solution 34

Option (a) is correct

TDS to be deducted on 1.9.2024, i.e., the earlier of credit or payment.
TDS is deducted with a delay of 15 days.
It is deposited on time, i.e., by 7.10.2024.
Interest u/s 201(1A) for delay in deduction = 1% p.m. of 20,000 for 1 month (part of month is taken as 1 month) = 200.

Solution 35

Option (c) is correct

Sale to transport company.
TCS is collectible u/s 206C(1F) as value of each car is > 10 lakh. TCS = 1% of 75 lakh = 75,000.
TDS is not deductible u/s 194Q as TCS is collectible u/s 296C(1F).
TCS is not collectible u/s 206C(1H) as goods are covered u/s 206C(1F).
Sale to car distributor: Though value of each car is > 10 lakh, TCS it not collectible u/s 206C(1F) since it is not a retail sale.
TDS is not deductible u/s 194Q as turnover of buyer is not > 10 crore in the preceding FY.
TCS is collectible u/s 206C(1H) as turnover of seller is > 10 crore in the preceding FY, sale

consideration is > 50 lakh, goods are not covered u/s 206C(1F) and buyer is not liable to deduct TDS u/s 194Q.
TCS u/s 206C(1H) = 0.1% of 10 lakh (60 lakh - 50 lakh) = 1,000.
Total TCS = 75,000 + 1,000 = 76,000.

Solution 36

Option (c) is correct

Mr. C is a specified individual covered u/s 206C(1) as turnover from business in the preceding FY is > 1 crore.
Alcoholic liquor for human consumption is a specified good.
Liquor is not purchased by buyer in retail sale for personal consumption.
Since PAN is not furnished by buyer, rate of TCS u/s 206CC is 5%.
TCS u/s 206C(1) = 5% of 10 lakh = 50,000.

Solution 37

Option (b) is correct

TCS will be collected u/s 206C(1G) @ 5% of aggregate of the amount in excess of 7 lakh remitted by the buyer in the FY

Solution 38

Option (d) is correct

Lease is granted for use of mine for the purpose of business.
TCS will be collected u/s 206C(1C) @ 2% of 3,75,000 = 7,500

Solution 39

Option (a) is correct

Total income = PGBP 25 lakh (50% of 50 lakh u/s 44ADA) + IFOS 15 lakh = 40 lakh.
Since profits and gains are declared u/s 44ADA, whole of advance tax is payable by 15.3.2025.
Assessed tax and tax due on returned income = Tax on total income of 40 lakh of 10,53,000 - TDS 2,50,000 = 8,03,000.
Interest u/s 234B is payable as advance tax paid of 5,00,000 is < 7,22,700 (90% of assessed tax of 8,03,000).
Interest u/s 234B = 1% p.m. for 4 months (1.4.2025 to 25.7.2025; part of a month is taken as full month) on shortfall of 3,03,000 (8,03,000 assessed tax - 5,00,000 advance tax paid) = 12,120.
Interest u/s 234C = 1% of shortfall of 3,03,000 (8,03,000 tax due on returned income - 5,00,000 advance tax paid up to 15 March) = 3,030.
Total interest = 15,150

Solution 40

Option (c) is correct

Advance tax payable = Not less than 45% of the advance tax - Amount, if any, paid in the earlier instalment = 9,000 (45% of 20,000) - 2,000 = 7,000

Solution 41

Option (d) is correct
Advance tax paid of 78,000 is not less than 77,850 (90% of assessed tax of 86,500). Hence, interest u/s 234 is not payable.

Solution 42
Option (a) is correct
100% of advance tax needs to be paid by 15 March.

Solution 43
Option (d) is correct

Computation of Tax Liability

Particulars	₹
Business Income	6,00,000
LTCG u/s 112A	2,00,000
Less: Loss from house property	(2,00,000)
GTI	6,00,000
Less: Deduction u/s 80C	(1,50,000)
Total Income	4,500,000
Tax on LTCG (exceeding 1.25 lakh) u/s 112A @ 12.5% of 75,000	9,375
Tax on balance income of 2,50,000 at regular rates	Nil
Rebate u/s 87A is not available on tax u/s 112A.	
Add: HEC @4%	375
Tax Liability	9,750

Advance tax payable = 9,750 - TDS deducted 10,000 = Nil.

Solution 44
Option (d) is correct
Interest u/s 234B is payable as advance tax paid of 65,430 is < 79,902 (90% of assessed tax of 88,780).
Interest = 1% p.m. for 4 months (1.4.2025 to 25.7.2025; part of month is taken as full month) on 23,300 (98,780 Tax - 10,000 TDS - 65,430 advance tax paid = 23,350; fraction of Rs. 100 is ignored) = 932.

Solution 45
Option (b) is correct
For 15 June instalment: 1% p.m. x 3 months x Shortfall of 9,000 (15% of 60,000) = 270.
For 15 Sep instalment: 1% p.m. x 3 months x Shortfall of 27,000 (45% of 60,000) = 810.
For 15 Dec instalment: 1% p.m. x 3 months x Shortfall of 45,000 (75% of 60,000) = 1,350.
For 15 Mar instalment: 1% x Shortfall of 60,000 (100% of 60,000) = 600.
Total interest = 3,030.

Solution 46
Option (d) is correct
Advance tax payable = Not less than 75% of the advance tax - Amount(s), if any, paid in the earlier instalment(s) = 37,500 (75% of 50,000) - 40,000 = Nil.

Solution 47

Option (d) is correct

Mr. Z is a senior citizen not having income chargeable under the head PGBP. Hence, advance tax is not payable.

Solution 01

Option (b) is correct

Share of profit from the firm is exempt. Total income, before deduction u/s 80C, of 3 lakh is > BEL of 2.5 lakh.

He needs to file ROI. Tax audit is not required for firm as its turnover in business is not > 1 crore. Hence, due date for Rajesh is 31 July.

Solution 02

Option (c) is correct

Since, the return is filed after the expiry of 12 months from the end of relevant AY but before the end of 24 months from the end of Relevant AY.

Therefore, Additional Tax shall be 50% of Tax and Interest

Additional Tax = 50% x (40,000 + 2,000 + 1,500)

=21,750

Solution 03

Option (c) is correct

Yes, as total income, before deduction u/s 80C, of 4 lakh is > BEL of 2.5 lakh. Hiren is liable to tax audit as gross receipts in profession is > 50 lakh.

Hence, due date is 31 October

Solution 04

Option (d) is correct

Since, self-assessment tax has been paid before the return filing date.

Therefore, Interest u/s 234A shall be Nil

Solution 06

Option (a) is correct

Since, Total income is < 5 lakh.

Therefore, Fee u/s 234F = 1,000.

Solution 07

Option (a) is correct

Total income before Chapter VIA deduction = 1,50,000 dividend (gross of TDS @ 10% u/s 194 of 15,000) + 1,00,000 interest on debentures (gross of TDS @ 20% u/s 193 of 20,000;

rate of 20% applies u/s 206AA as she did not furnish her PAN + PPF proceeds NIL as exempt u/s 10 + Sum paid out of income of HUF NIL as exempt u/s 10(2) + 40,000 interest on savings bank account (TDS is not deductible u/s 194A) = 2,90,000.

This is not > BEL of 3,00,000.

Aggregate of TDS deducted during the PY of 35,000 is < 50,000. Deposits in her savings bank account, in the aggregate is < 50 lakh during the PY.

Hence, she is not required to furnish return.

Solution 11
Option (b) is correct
Yes, as he is carrying on a business whose turnover is likely to exceed 5 lakh in the FY. Application should be made before the end of that FY

Solution 12
Option (c) is correct
Period of default = 01.08.2025 – 15.04.2026 = 09 months
Amount of default = 45,620 – 12,000 – 12,650 = 20,970
Amount of default (rounded off) = 20,900
Interest u/s 234A = 20,900 x 1% x 9 = 1,881

Solution 13
Option (b) is correct
Time limit to file a revised return u/s 139(5) is the earlier of 3 months prior to the end of AY or completion of assessment, i.e., 31.12.2024. Original return is belated. Belated return can be revised. Inter head set off is permitted in belated return
Therefore, total income that will be considered as having been declared by him = 8,00,000

Solution 14
Option (b) is correct
Since, Total income is > 5 lakh.
Therefore, Fee u/s 234F = 5,000.

Solution 15
Option (d) is correct

Particulars	₹
Tax on Total Income	54,600
Less: Self-assessment tax paid i.e. 30,000 + 12,000	(42,000)
Less: Relief u/s 89	(1,400)
Less: TDS	(7,500)
Add: Interest and Fees i.e. 2,500 + 5,000	7,500
Tax still payable	11,200

Solution 16
Option (b) is correct
Yes, since although the total income, before deduction under Chapter VIA, of 2 lakh is not > BEL of 3 lakh, but she is a resident (not being RNOR) and has signing authority in an account located outside India. Due date is 31 July. The fact that BCD Ltd. is required to furnish TP report u/s 92E is not relevant for the shareholder

Solution 17
Option (b) is correct

Since updated return is furnished after expiry of time available to furnish belated/revised return (31.12.2022) and before completion of 12 months from the end of AY 2023-24.
Therefore, additional tax = 25% of tax and interest payable
= 25% of 80,000 (tax as per updated return of 40,000 + refund issued in respect of earlier return of 30,000 + interest as per updated return of 10,000) = 20,000

Solution 18
Option (b) is correct
As Mrs. M is born on 1.4.1944, she turns 80 years of age on 31.3.2024. Although the total income of 4.75 lakh is not > BEL of 5 lakh and she has not incurred expenditure on travel to foreign country of > 2 lakh, she has incurred expenditure on consumption of electricity of 1.08 lakh which is > 1 lakh.
Hence, she is required to furnish return. Due date is 31 July.

Computation of Total Income

Solution 01

Option (d) is correct

Computation of Tax Payable

Particulars	Amount
Tax on Total income of 59,00,000	
Tax on First 10,00,000	1,10,000
Tax on balance 49,00,000@ 30%	14,70,000
Tax on Lottery Income 1,00,000 @30%	30,000
	16,10,000
Add: Surcharge @10%	1,61,000
	17,71,000
Add: 4% HEC	70,840
Tax Liability	18,41,840
Less: TDS	30,000
Tax Payable	18,11,840

Solution 02

Option (b) is correct

Since, Total income is within Basic Exemption limit.

Therefore, Whole of TDS and advance tax paid shall be refunded to Mr. Raju i.e. 14,000

Solution 03

Option (a) is correct

Computation of Tax Liability

Particulars	Amount
GTI	25,00,000
Less: Deduction u/s 80c-80U	
u/s 80JJAA	5,00,000
u/s 80RRB	3,00,000
Total Income	17,00,000
Tax on First 10,00,000	1,12,500
Tax on balance 5,00,000@ 30%	1,50,000
Tax on LTCG u/s 112@12.5%	25,000
	2,87,500
Add: 4% HEC	11,500
Tax Liability	2,99,000

Adjusted Total Income for AMT = 25,00,000

Tax liability as per provisions of AMT = 25,00,00 x 18.5% = 4,62,500

Tax liability as per provisions of AMT after cess = 4,62,500 + 4% = 4,81,000

AMT credit = 4,81,000 – 2,99,000 = 1,82,000

Solution 04

Option (c) is correct

Computation of Tax Liability

Particulars	Amount
GTI	30,00,000
Less: Deduction u/s 80c-80U	
u/s 80QQB	3,00,000
Total Income	27,00,000
Tax on First 10,00,000	1,12,500
Tax on balance 17,00,000@ 30%	5,10,000
	6,22,500
Add: 4% HEC	24,900
Tax Liability	6,47,400

Adjusted Total Income for AMT = 30,00,000
Tax liability as per provisions of AMT = 30,00,00 x 18.5% = 5,55,000
Tax liability as per provisions of AMT after cess = 5,55,000 + 4% = 5,77,200
Tax liability after AMT credit utilization = 6,47,400 – 1,00,000 = 5,47,400 but subjected to 5,77,200
Therefore, Tax liability for AY 2025-26 = 5,77,200

Solution 05

Option (c) is correct

Computation of Tax liability

Particulars	Amount
GTI	55,00,000
Less: Deduction u/s 80c-80U	
u/s 80C	1,50,000
u/s 80D	50,000
u/s 80RRB	3,00,000
Total Income	50,00,000
Tax on First 10,00,000	1,12,500
Tax on balance 37,00,000@ 30%	11,10,000
Tax on Card game income 3,00,000 x 30%	90,000
	13,12,500
Add: 4% HEC	52,500
Tax Liability	13,65,000

Solution 06

Option (d) is correct

Computation of Tax liability

Particulars	Amount
Total Income	10,00,000
Tax on First 10,00,000	1,10,000
Add: 4% HEC	4,400
Tax Liability	1,14,400

Adjusted Total Income for AMT = 10,00,000 + 25,00,000 – 5,00,000 = 30,00,000

Tax liability as per provisions of AMT = 30,00,00 x 18.5% = 5,55,000
Tax liability as per provisions of AMT after cess = 5,55,000 + 4% = 5,77,200
Since, Tax liability as per AMT is more than as per normal provisions of this Act.
Therefore, Tax liability for AY 2025-26 shall be 5,77,200

Solution 07

Option (a) is correct

Computation of Tax liability

Particulars	Amount
Salary income 40,000 x 12	4,80,000
Less: Standard deduction u/s 16	50,000
	4,30,000
Income under head other sources	50,000
GTI	4,80,000
Less: Deduction u/s 80c-80U	
u/s 80TTA	10,000
Total Income	4,70,000
Tax Liability	Nil

Since, Total income does not exceed basic exemption limit.
Therefore, Tax liability shall be Nil

Solution 08

Option (c) is correct

Computation of Tax liability (Old regime)

Particulars	Amount
GTI	45,00,000
Tax on Total income of 10,00,000	1,12,500
Tax on balance 30,00,000 x 30%	9,00,000
Tax on STCG u/s 111A i.e. 5,00,000 x 20%	1,00,000
	11,12,500
Add: 4% HEC	44,500
	11,57,000

Computation of Tax liability (New regime)

Particulars	Amount
GTI	45,00,000
Tax on Total income of 15,00,000	1,40,000
Tax on balance 25,00,000 x 30%	7,50,000
Tax on STCG u/s 111A i.e. 5,00,000 x 20%	1,00,000
	9,90,000
Add: 4% HEC	39,600
	10,29,600

Tax as per provisions of AMT = (45,00,000 x 18.5%) + 4% HEC = 8,65,800
Most beneficial Tax Liability is Rs. 10,29,600 under Default Tax Regime.

Solution 09

Option (a) is correct

Computation of Tax liability (Old regime)

Particulars	Amount
GTI	20,00,000
Less: Deduction u/s 80C-80U	
u/s 80RRB	2,00,000
u/s 80C	1,00,000
Total Income	17,00,000
Tax on Total income of 10,00,000	1,12,500
Tax on balance 7,00,000 x 30%	2,10,000
	3,22,500
Add: 4% HEC	12,900
	3,35,400

Computation of Tax liability (New regime)

Particulars	Amount
Total Income (deduction u/s 35AD is not allowed)	29,00,000
Tax on Total income of 15,00,000	1,40,000
Tax on balance 14,00,000 x 30%	4,20,000
	5,60,000
Add: 4% HEC	22,400
	5,82,400

Adjusted Total income = 20,00,000 + 10,00,000 – 1,00,000 Depreciation – 1,00,000 u/s 80C = 28,00,000
Tax as per provisions of AMT = (28,00,000 x 18.5%) + 4% HEC = 5,38,720
AMT Credit = 5,38,720 –3,35,400 = 2,03,320
Most beneficial Tax Liability is Rs. 5,38,720 under AMT.

Solution 10

Option (b) is correct

Computation of Tax liability (Old regime)

Particulars	Amount
Business Income	20,00,000
Less: House property loss set off	(2,00,000)
	18,00,000
LTCG on sale of Gold	3,00,000
GTI	21,00,000
Less: Deduction u/s 80C-80U	
u/s 80C	1,50,000
Total Income	19,50,000
Tax on Total income of 10,00,000	1,12,500
Tax on balance 6,50,000 x 30%	1,95,000

Tax on LTCG u/s 112 3,00,000 x 12.5%	37,500
	3,45,000
Add: 4% HEC	13,800
	3,58,800

Computation of Tax liability (New regime)

Particulars	Amount
Business Income	20,00,000
Less: House property loss set off	Nil
	20,00,000
LTCG on sale of Gold	3,00,000
GTI	23,00,000
Less: Deduction u/s 80C-80U	Nil
Total Income	23,00,000
Tax on Total income of 15,00,000	1,40,000
Tax on balance 5,00,000 x 30%	1,50,000
Tax on LTCG u/s 112 3,00,000 x 12.5%	37,500
	3,27,500
Add: 4% HEC	13,100
	3,40,600

Most beneficial Tax Liability is Rs. 3,40,600 under Default Tax Regime.

Solution 11

Option (d) is correct

Computation of Tax liability (Old regime)

Particulars	Amount
Salary Income (12,00,000 + 50,000)	12,50,000
Less: Standard deduction u/s 16	50,000
Less: House property loss set off max 2,00,000	(3,00,000)
	9,00,000
Family pension	60,000
Less: Exempt 1/3rd of Pension but max 15,000	(15,000)
	45,000
Interest from debentures clubbed	51,500
Less: Exemption	(1,500)
	50,000
GTI	9,95,000
Less: Deduction u/s 80C-80U	
u/s 80D max 50,000	50,000
Total Income	9,45,000
Tax on Total income of 9,45,000 @slab rate	99,000
Add: 4% HEC	3,960
	1,02,960

Computation of Tax liability (New regime)

Particulars	Amount
Salary Income (12,00,000 + 3,00,000)	15,00,000
Less: Standard deduction u/s 16	75,000
Less: House property loss set off max 2,00,000	Nil
	14,25,000
Family pension	60,000
Less: Exempt 1/3rd of Pension but max 25,000	(20,000)
Interest from debentures clubbed	51,500
Less: Exemption	Nil
	51,500
GTI	15,16,500
Less: Deduction u/s 80C-80U	
u/s 80D max 50,000	Nil
Total Income	15,16,500
Tax on Total income of 15,00,000	1,40,000
Tax on balance 16,500 x 30%	4,950
	1,44,950
Add: 4% HEC	5,798
	1,50,750

Most beneficial Tax Liability is Rs. 1,02,960 under old Tax Regime.

Solution 12

Option (c) is correct

Computation of Tax liability (Old regime)

Particulars	Amount
GTI	9,00,000
Less: Deduction u/s 80C-80U	
u/s 80CCE max 1,50,000	1,50,000
u/s 80CCD(1b)	50,000
u/s 80CCD(2)	1,00,000
Total Income	6,00,000
Tax on Total income of 6,00,000	32,500
Add: 4% HEC	1300
	33,800

Computation of Tax liability (New regime)

Particulars	Amount
GTI	9,00,000
Less: Deduction u/s 80C-80U	
u/s 80CCD(1b)	1,00,000
Total Income	8,00,000
Tax on Total income of 8,00,000 @slab rate	35,000
Add: 4% HEC	1400

	36,400

Most beneficial Tax Liability is Rs. 33,800 under old Tax Regime.

Solution 14

Option (d) is correct

Computation of Tax liability (Old regime)

Particulars	Amount
GTI	30,00,000
Less: Deduction u/s 80C-80U	
u/s 80JJAA	2,00,000
u/s 80G	3,00,000
Total Income	25,00,000
Tax on Total income of 10,00,000	1,12,500
Tax on balance 15,00,000 x 30%	4,50,000
	5,62,500
Add: 4% HEC	22,500
	5,85,000

Computation of Tax liability (New regime)

Particulars	Amount
GTI	30,00,000
Less: Deduction u/s 80C-80U	
u/s 80JJAA	2,00,000
u/s 80G	Nil
Total Income	28,00,000
Tax on Total income of 15,00,000	1,40,000
Tax on balance 13,00,000 x 30%	3,90,000
	5,30,000
Add: 4% HEC	21,200
	5,51,200

Most beneficial Tax Liability is Rs. 5,51,200 under Default Tax Regime.