

## TEST 8 (PGBP + Old System)

**Time : 30 minutes    Total Marks : 20**

**Question 1 :** Mr. Harsh, aged 55 years, a resident individual and practicing Chartered Accountant, furnishes you thereceipts and payments account for the financial year 2023-24.

### Receipts and Payments Account

Receipts	₹	Payments	₹
Opening Balances (01-04-2023) Cash & Bank	20,000	Staff salary, bonus and stipend to articled Clerks Other general and administrative expenses	20,50,000 12,00,000
Fee from professional Services	39,60,000	Office rent Life insurance premium	48,000 23,000
Motor car loan from SBI @10% interest per annum	2,00,000	Motor car (Acquired in January 2024 by way of online payment)	4,00,000
		Books bought (annual publication by credit card) Computer acquired on 1-11-2023 for professional use Domestic drawings Motor car maintenance Public Provident fund subscription Closing balances (31-03-2024) Cash & Bank	22,000 25,000 2,50,000 12,000 1,40,000 10,000
	41,80,000		41,80,000

**Other information:**

- (i) Motor car was put to use for both official and personal purposes. 1/4<sup>th</sup> of the motor car is for personal. No interest on car loan was paid during the year.

Mr. Harsh purchased a flat in Jaipur for ₹15,00,000 in July 2020 cost of which was partly financed by a loan from State Bank of India of ₹10,00,000 @ 10% interest, his own savings ₹1,00,000 and a deposit from Bank of Baroda for ₹4,00,000 on lease for 10 years @₹40,000 per month. The following particulars are relevant:

- (a) Municipal taxes paid by Mr. Harsh    ₹4,200 per annum  
(b) House insurance    ₹1,000
- (ii) He earned ₹1,00,000 in share speculation business and lost ₹1,50,000 in commodity speculation business.
- (iii) Mr. Harsh received a gift of ₹15,000 each from four of his family friends.
- (iv) He contributed ₹1,11,000 to Prime Minister's Draught Relief Fund by way of bank draft.
- (v) He donated to a registered political party ₹3,00,000 by way of cheque.

Compute the total income of Mr. Harsh and the tax payable for the assessment year 2024-25.

## TEST 8 SOLUTION

### (PGBP -2)

**Solution 1:****Computation of income from profession**

Gross receipts:	
Fee from Professional Service	39,60,000.00
Payments:	
Salary, bonus and Stipend	(20,50,000.00)
Other general and administrative expenses	(12,00,000.00)
Office rent	(48,000.00)
Depreciation on Books @ 40% (22,000 x 40%)	(8,800.00)
Motor car maintenance (12,000 x $\frac{3}{4}$ )	(9,000.00)
Depreciation on car @ 15% (4,00,000 x 15%/2 x $\frac{3}{4}$ )	(22,500.00)
Depreciation on computer @ 40% (25,000 x 40%/2)	(5,000.00)
Income from profession	6,16,700.00

**Computation of income from house property**

Gross Annual Value	4,80,000.00
Less: Municipal Tax	(4,200.00)
Net Annual Value	4,75,800.00
Less: 30% of NAV u/s 24(a)	(1,42,740.00)
Less: Interest on capital borrowed u/s 24(b) (10,00,000 x 10%)	(1,00,000.00)
Income from house property	2,33,060.00

**Income from Other Sources**

Gift received from friends (15,000 x 4) u/s 56(2)	60,000.00
---------------------------------------------------	-----------

**Computation of Total Income**

Income from profession	6,16,700.00
Income from house property	2,33,060.00
Income from other sources	60,000.00
Gross total income	9,09,760.00
Less: Deduction u/s 80C – LIC 23,000	
PPF <u>1,40,000</u> 1,63,000 restricted to 1,50,000	(1,50,000.00)
Less: Deduction u/s 80G – PMDRF @ 50% (1,11,000 x 50%)	(55,500.00)
Less: Deduction u/s 80GGC	(3,00,000.00)
Total Income	4,04,260.00

**Computation of Tax Liability**

Tax on ₹4,04,260 at slab rate	7,713.00
Less: Rebate u/s 87A	(7,713.00)
Tax Liability	Nil

**Note:**

1. Date of Purchase of books is not mentioned in question hence full year depreciation is allowed.
2. Speculation loss of 50,000 (1,50,000 – 1,00,000) shall be carried forward for next year.