

CA - INTER  
JAN 25  
INCOME TAX  
SUBJECTIVE SOLUTIONS

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Part - II  
Section A

Solution to  
Question 1

Computation of Net Taxable  
Income of Mr Rohit for AY 25/26  
(FY 24/25) (Senior citizen)  
under chb of Sec 115BAC.

HEADS of INCOME

Amount (₹)

Salaries (WN1)

1,30,000

House Property (WN2)

(41,500)

Business/Profession (WN3)

7,30,000

Other sources (WN4)

22,000

Gross Total Income

8,40,500

⊖

Deductions under  
Chapter VI-A

WN5

₹

₹ (26,000)

Total Income

8,14,500

# Computation of Tax

Liability of Mr Kohit for  
AY 2026 (FY 2015)

Senior citizen + opted out

Particulars	Amount (₹)
T1	₹ 8,14,500
① Gas Relief	
② - 3 Lac	NIL
> 3 Lac to 5 Lac	2 Lac × 5% = 10,000
> 5 Lac to 10 Lac	3,14,500 × 20% = 62,900
Total	72,900
+ 4% HEC	2,916
Tax liability	79,820
Provd 288B	

WN 1

Salaries

Amount (₹)

Basic pay  $13000 \times 12 = 1,56,000$   
 Transport Allowance  $2000 \times 12 = 24,000$   
 Medical treatment to son = Exemptions  
 in Employer hospital = Provision to 17 (2)

Gross Salary ₹  $1,80,000$   
 ⊖ 16(i) ₹  $(1,50,000)$

Taxable salary ₹  $1,30,000$

WN 2

Pension & Profession

Amount (₹)

Net Profit as per Income & Expenditure A/c ₹  $8,59,000$

- Less : Salary from Coe hospitals ₹  $(1,50,000)$
- Less : Rental income from LP ₹  $(78,000)$
- Less : Dividend from foreign Company ₹  $(10,000)$

Add ₹ Conveyance Expn ₹ 12,000  
(Not Related to BP)

Add ₹ Generator fuel ₹ 6,000  
(Not Related to BP)

Add ₹ Municipal Taxes ₹ 10,000  
(Not Related to BP)

Less ₹ Debt for Clinical  
Equipments  
₹ 1,50,000 ₹ (15,000)

(Case > 10,000 Not Eligible  
for debt)  
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Add ₹ Int on Housing loan ₹ 1,00,000  
(Eligible for Deduction  
from HP)

Add ₹ Int on Education  
loan for Son ₹ 26,000

Income under Head BP ₹ 7,130,000

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Salary to Sister in law not  
disallowed u/s 40A(2)

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50%  
Let out

WN 3

House Property

Amt (₹)

Rent from HP  
(10,000 × 6)

₹ 60,000

Gross Annual value ₹ 60,000

⊖ Municipal Taxes

10,000 × 10% = (10,000)

NAV ₹ 50,000

⊖ 24(a): 30% = (16,500)

⊖ 24(b) ₹

110 = 11ac × 50% = (50,000)

Loss from HP

11,500

₹  
NIL

50%  
Self Residential

NAV =

⊖ 24(b)

50% of 11ac

= 50,000

Restricted to

(30,000)

Loss from HP:

30,000 6

Reconstruction  
Int limit  
in Max 30,000

Total loss from HP = 41,500

WN 4

<u>Income under other sources</u>	<u>Amount (₹)</u>
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foreign dividend	: 10,000
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Generator Rent

$$3000 \times 6 = 18000$$

⊖ Deduction u/s 57 = (6000)	: 12000
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<u>Total</u>	<u>22,000</u>
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WN 5

<u>Deduction/s u/s 57</u>	<u>Amount (₹)</u>
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80%	26,000
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Solution

Q2(a)

Computation of Capital Gain  
for AY 24/25 u/s SDB Amount (₹)

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Period of Holding: 15/16 to 1/4/23  
> 36m: LTCG

FVC	₹	40,00,000
(Higher of FMV of Consideration or FMV of CA transferred)		
⊖ Expenditure	₹	(1,50,000)
⊖ Net Worth (WN)	₹	(21,90,000)
		<hr/>
LTCG	₹	16,60,000
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(WN)

Net Worth

Value of Assets

Machinery (Excluding  
35AD)

₹ 4,50,000

Bundling (assumed as work)	₹	18,00,000
Debtor	₹	5,00,000
Other Assets <u>Expd.</u>	₹	3,00,000
Self Generated Goodwill		<u>                    </u>
		30,50,000

(-) Value of liabilities

Bank loan :		3,00,000
<u>Expd. Personal loan</u>		
Unsecured loan :		1,50,000
<u>Expd. Wife loan</u>		
creditors		4,10,000
		<u>                    </u>
Net Worth :		<u><u>21,90,000</u></u>

Solution to  
Q2(b)

Applicability of TDS u/s 194J  
on Payments by Mr Ganesh to  
CA Mr Rajesh for FY 2023/24.

(1) Professional Payments

$$32,450 \times \frac{100}{118} = 27,500$$

Since Amt is upto ₹ 30,000  
NO 112 u/s 1947 is applicable)

② Regularly Payments  
10% TDS of ₹ 2,50,000 ∴ ₹ 25,000

③ Fees for Technical services  
NO 112 u/s 1947 is applicable  
as amount is upto ₹ 30,000/-

④ Fees for Teaching  
Accountancy to & on  
NO 112 u/s 1947 as Payment  
for Personal Purpose of Payer.

Solution  
Q3(a)

∴ Meaning of Micro & Small  
Enterprises u/s 43B of the  
Income Tax Act, 1961

①

Micro Enterprises

Investment in PAM ≤ 1 cr &

Turnover  $\leq 50$  cr.

Small enterprises

Investment in ~~Plant~~  $\leq 100$  cr.

Turnover  $\leq 50$  cr.

Solution 3(g)

(B)

Allowability of Dep<sub>r</sub> w<sub>r</sub> 32

(1) Dep<sub>r</sub> @ 15% shall be allowed on (4,00,000 - 40,000 i.e. 3,60,000) of ₹ 5000 for AY 24/25

(2) Dep<sub>r</sub> @ 40% shall be allowed on (60,000 - residual dep<sub>r</sub> for 22/23 of ₹ 24,000) i.e. on 36,000 of ₹ 14,400 for AY 24/25 (Assuming laptop to be used for Pension otherwise no dep<sub>r</sub> shall be allowed)

(3) Dep<sub>r</sub> @ 40%  $\times \frac{1}{2}$  shall be allowed for temporary wooden structure i.e. 70,000  $\times$  40/100  $\times \frac{1}{2}$  = 14,000 - for 11

Aug 24/25

Solution  
3(b)

◦ Cumulation of Total  
◦ Income of Max for Aug 24/25  
(Very Senior citizen + opted one)

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<u>Heads of income</u>	<u>Amount (₹)</u>
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Salary

Gross Salary	₹ 4,50,000	
⊖ 16(1A)	₹ (50,000)	4,00,000

Other sources

Bank term deposit : 2,00,000

Bank saving A/c : 45,000

Am't under revenue : Exempt u/s 10  
Mortgage

Dairy farm : 50,000      2,95,000

Gross Total Income ₹ 6,95,000

⊖ Deduction u/s 80TTB ₹ (50,000)

Total Income ₹ 6,45,000

It is Assumed Dining Table & chairs are for Personal Purpose & therefore No Capital Gain will not arise.

Alternatively If it treated as used for Dining Business, then it will be Taxable & Total Income shall be

₹ 7,45,000

Tax liability for AY 24/25 Amount(₹)

Total Income ₹ 6,45,000

0 - STAC ₹ NIL

→ STAC to ITC ₹  $1,45,000 \times 20\%$

= 29,000

+ 4% HEC = 1160

Th = 30,160

Alternatively if STCG is included,  
 then TH shall be : 50,960/-

Solution to 4(a)

Computation of Total income of  
Mr. Ralson for AY 24/25 + other info.

Heads of Income	Intra (₹)	Inter (₹)	Total (₹)
<u>Salary</u>	2,00,000	2,00,000	
- HP loss		<u>(80,000)</u>	1,20,000

House Property sgvirtuals

loss : (80,000) set off from salary

Nil

Business/Profession

Textile Business : 1,00,000 Nil

⊖ of loss : (1,00,000)

Balance loss of 20,000 will not be of

Loss of speculation will be of 4673

Capital Gains upto AY 28/28

STCG : 2,80,000 2,80,000

LTCL : 60,000  
 ⊖ LTCL : (60,000) NIC

Balance LTCL of ₹ 1,40,000 cef.  
 u/s 74 upto AY 22/23.

GTL : 4,40,000

⊖ Deduction u/s 80C to SOU.

SOU : 21,000

(Max) SOU : 25,000 : (46,000)

(Assumed Poothi as Non Senior citizen)

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GTL : 3,54,000

Sh u/c of loss  
 N.O set off 10(2A)

Solution  
Q4(b)

(Language of Q is wrong, Return of loss is filed u/s 139(3))

(1) Return of loss u/s 139(3) of the Income Tax Act, 1961

All Persons who needs to cef the loss of

(1) Sec 72: Business/Profession

(2) Sec 73 to Speculation

(3) Sec 73A % Strengthened Provision w/s 35AD.

(4) Sec 74 % Capital Gains

(5) Sec 74A % owning & Maintaining Race Horses.

Have to file Return w/s 139(3) within Time w/s 139(1)

However, this condition of Sec 139(3) is not applicable for ay of loss w/s 72 & TP loss w/s 71B.

(i) Sec 80 of the Income Tax Act, 1961

If Return of loss w/s 139(3) is not filed within Time limit of Sec 139(1), then losses w/s 72/73/73A/74/74A will not be ay.

However loss w/s 72 & TP loss w/s 71B can be ay even if condition of 139(3) not followed.

OR.

(i) Sec 139(4) : Related Return

If Assessee has not furnished Return

4/139(1) or 142(1), then also Related Return can be filed upto 3 months before the end of AY or Completion of Asset by the AO, whichever is Earlier

For eg for AY 24/25, Related Return can be filed upto 31/12/24 or Completion of Asset whichever is Earlier

(ii) Non Applicants 4/139(SA)

① If it is a Return of loss

② If it decreases the Tax liability determined Earlier based on Return furnished Earlier 4/139(1)(4) & (5)

③ If it Results in Refund or Increase of Refund as compared to Return furnished Earlier 4/139(1)(4) & (5) -