

# TAXBOOK<sup>+</sup>

## Working steps of solutions

### Incomes not part of Total Income

### Build Your Confidence (BYC)

#### OTHER EXEMPTIONS

**B14. MASTER QUESTION - Examine whether the following incomes are chargeable to tax, and if so, compute the amount liable to tax.**

#	Income	Taxable?	Amount taxable	Comment
1	Raman received Rs. 20,000 as his share from the income of the HUF of which he is a member. HUF did not pay tax on its income, its total income being below the basic exemption limit.	No	-	Exempt u/s 10(2)
2	Vani is a partner of ABC LLP. During the year, the LLP earned profit of Rs. 10 lakh. Vani was entitled to 1/5 <sup>th</sup> share.	No	-	Exempt u/s 10(2A)
3	Jayesh is a partner in a firm engaged in agricultural activities whose income is exempt from tax. He received Rs. 1 lakh as his share in the income of the firm.	No	-	Exempt u/s 10(2A)
4	Charles, resident in India as per Income-tax Act but resident outside India as per FEMA, earned interest of Rs. 10,000 on NR(E) Account which was credited in such account maintained with State Bank of India.	No	-	Exempt u/s 10(4)(ii)
5	Mike, a national of Denmark, worked in India as an official of the embassy of Denmark. He received a remuneration of Rs. 15 lakh during the PY 2021-22. Officials of Indian embassy in Denmark were similarly exempted in Denmark. He did not have any other source of income in India.	No	-	Exempt u/s 10(6)(ii)
6	Jacky, a non-resident citizen of India, living in the US and employed with US Inc, a US based company, visited India during the PY 2021-22 for 35 days in connection with an assignment undertaken by US Inc. US Inc did not have any business in India and its income was not taxable in India. For this purpose, Jacky received a remuneration of Rs. 1 lakh.	Yes	1,00,000	Income accrues/arises in India; not exempt 10(6)(vi) as Jacky is citizen of India
7	Mahi's house, situated in Gujarat, was destroyed in a major earthquake in 2019, which qualified as a disaster under the Disaster Management Act. He received compensation of Rs. 14 lakh from the Gujarat Government during PY 2021-22.	No	-	Exempt u/s 10(10BC)
8	Brijesh had opened a Sukanya Samridhi Account in the name of his daughter. During the year, he received maturity proceeds of Rs. 25 lakh out of which Rs. 5 lakh was interest component.	No	-	Exempt u/s 10(11A)
9	Shaman was awarded scholarship of Rs. 1 lakh during the PY 2021-22 by the Central Government to pursue higher education. He spent Rs. 80,000 towards meeting the cost of education and used the rest for personal purpose.	No	-	Exempt u/s 10(16)
10	Shankar, aged 15 years, was awarded Rs. 50,000 as bravery award instituted by the State Government.	No	-	Exempt u/s 10(17A)
11	Virat Kohli received a prize of Rs. 5 lakh towards the 'Man of the Match' award from the Cricket Club of Mumbai.	Yes	5,00,000	Not exempt u/s 10(17A), since not from CG/SG
12	Xavier, a 'Param Vir Chakra' awardee, who was formerly in the service of the Life Insurance Corporation, received a pension of Rs. 2,20,000 during the FY 2021-22	Yes	2,20,000	Not exempt u/s 10(18), since not employee of CG or SG

13	Mrs. Bhutia, a Sikkimese, earned Rs. 2,40,000 as rent from house situated in Sikkim. She got married to Raktim, not a Sikkimese, on 1 June 2007. The couple stays in Mumbai.	No	-	Exempt u/s 10(26AAA) as she married non Sikkimese before 1.4.2008.
14	Mr. Ram purchased a ULIP on 1.5.2014 for a sum assured of Rs. 50 lakh at an annual premium of Rs. 2.6 lakh. He has received Rs. 55 lakh as maturity proceeds of the policy during the PY 2021-22.	No	-	Exempt u/s 10(10D); annual premium $\leq$ 10% of sum assured and it is not a ULIP issued on or after 1.2.2021 with annual premium > 2.5 lakh
15	Mr. Ram purchased a ULIP on 1.5.2021 for a sum assured of Rs. 50 lakh at an annual premium of Rs. 2.6 lakh. He is estimated to receive Rs. 55 lakh as maturity proceeds of the policy after 7 years. He will not acquire any other ULIP.	Yes	55,00,000	Not exempt u/s 10(10D); annual premium $\leq$ 10% of sum assured but it is a ULIP issued on or after 1.2.2021 with annual premium > 2.5 lakh
16	Mr. Solanki purchased a life insurance policy (not a ULIP) on 31.3.2012 for a sum assured of Rs. 20 lakh at an annual premium of Rs. 1.25 lakh. He has received Rs. 26 lakh as maturity proceeds during the PY 2021-22.	No	-	Exempt u/s 10(10D); annual premium $\leq$ 20% of sum assured and it is not a ULIP issued on or after 1.2.2021 with annual premium > 2.5 lakh

**B15. Examine with reasons in brief whether the following statements are true or false.**

#	Statement	True/False	Reason
1	Exemption is available to a Sikkimese individual only in respect of income from any source in the State of Sikkim	False	Also in respect of dividend or interest on securities
2	Pension received by a recipient of gallantry award, who was a former employee of Central Government, is exempt.	True	Exempt u/s 10(18)
3	Mr. A, a member of HUF, received Rs. 10,000 from out of the income of HUF. Same is to be included in his chargeable income.	False	Exempt u/s 10(2)
4	<b>CA2016(M)</b> – Amount received by an individual or his legal heir as compensation for natural disaster from the Government, is taxable.	False	Exempt u/s 10(10BC)