

Set-off & Carry-forward of Losses

MCQ

INTER SOURCE ADJUSTMENT

M2. An assessee can set off loss from a source of income under one head against a source of income of another head.....

Inter-head set off is possible after inter-source set off.

M3. Veeru has short term capital gain taxable at 15% u/s 111A of Rs. 5,00,000, short term capital loss u/s 111A of R.....

STCL can be set off only against capital gain.

M4. Veer has income from house A of Rs. 1,00,000, loss from house B of Rs. 1,00,000 and brought forward loss of house.....

House A 1L – House B 1L = Nil. B/fd IHP loss not adjusted. STCG is balance income.

M8. Roma has loss from speculation business of Rs. 50,000, income from speculation business of Rs. 25,000 and.....

SB loss set off against SB income. Balance SB loss c/fd. PGBP = Garment business income.

M9. Reema has loss from speculation business of Rs. 50,000, income from business specified u/s 35AD of Rs. 75,000.....

Garment business loss set off against 35AD income. PGBP = Nil. SB loss c/fd.

M10. Rohan has long term capital gain from sale of gold of Rs. 1,00,000, long term capital loss from sale of shares u/s.....

STCG 1,00,000 – STCL 70,000 = STCG 30,000.

LTCG 1,00,000 – LTCL 1,20,000 = Loss of 20,000 c/fd. Cannot be set off against STCG.

M11. Yogi has long term capital gain from sale of land Rs. 5,00,000, short term capital gain from sale of gold Rs.....

STCG 1L – STCL 2L = STCL 1L.

LTCG 5L – STCL 1L – LTCL 2L = LTCG 2L

M12. Sonu has loss from owning and maintaining race horses of Rs. 1 lakh, winning from lottery of Rs. 1 lakh and loss.....

OMRH loss of 1L c/fd. Sub letting loss can't be set off against winning. IFOS = 1L winning.

M13. Sona, the minor child of Sonu, earned interest of bank FD of Rs. 1 lakh. Sonu has loss from royalty on sale of his.....

IFOS = 98,500 on account of Sonu's income clubbed (1,00,000 – 1,500 exempt u/s 10(32)) – 1,00,000 royalty = 1,500 loss.

INTER HEAD ADJUSTMENT

M16. Sohail has loss from manufacturing business of Rs. 1 lakh, salary income of Rs. 1 lakh, loss from house property of.....

Salary 1L – IHP 1L = Nil. PGBP and CG loss c/fd.

M17. Loss under the head IHP can be set off against income of other heads up to Rs. 2 lakh per head.....

2L limit is overall; not per head.

M18. Salman has winning from card games of Rs. 50,000, undisclosed income of Rs. 40,000, loss from owning and.....

Winning 50,000 + Undisclosed income 40,000 = 90,000. OMRH loss and STCL c/fd.

M19. Suhail has long term capital loss of Rs. 1 lakh, short term capital loss of Rs. 1 lakh, salary income of Rs. 1 lakh.....

LTCL and STCL c/fd.

TI = IHP 2L – PGBP 2L + 1L salary = 1L. PGBP loss 1L c/fd as cannot be set off against salary.

M20. Suraj has loss from let out property of Rs. 2 lakh, loss from self occupied of Rs. 1 lakh, salary income of Rs.....

Salary 1L + LTCG 1L – 2L IHP = Nil. IHP loss 1L c/fd. TI = Winning 2L.

M21. Sana has loss from grocery business of Rs. 1 lakh, income from hospital business specified u/s 35AD of Rs. 3 lakh.....

Speculative loss of 2L c/fd. Grocery loss 1L set off with 35AD income 3L = 2L.

IHP loss up to 2L (balance 0.5L c/fd) set off with PGBP income 2L = Nil.

LTCG 4L – STCL 3.5L = LTCG 0.5L.

Card games loss lapses. Winning = 1.5L.

TI = winning 1.5L + LTCG 0.5L = 2L

CARRY FORWARD AND SET OFF

M33. Sunny incurred loss of Rs. 1,50,000 from house property in AY 2018-19. He filed the return of loss for that year.....

IHP = IHP income 1,00,000 – B/fd IHP loss 1,50,000 = Nil (50,000 c/fd).

STCL 2,00,000 c/fd.

TI = Interest 1,50,000.

M35. For AY 2022-23, Jasmine earned income from speculation business of Rs. 1,00,000. Speculation business loss.....

Current PGBP = 1,00,000 SB income – 30,000 IHP loss = 70,000.

TI = 70,000 Current PGBP – 60,000 SB loss of AY 2020-21 – Nil SB loss of AY 2016-17 (4 years expired) = 10,000.

M36. For AY 2022-23, Mohit had income from cold chain business u/s 35AD of Rs. 2,00,000, income from F&B.....

35AD = 2,00,000 current income – 2,50,000 b/fd loss = Nil (50,000 c/fd).

F&B income = 3,00,000.

STCL cannot be c/fd u/s 80 as ROL filed late.

M37. Shaan has income from consulting business of Rs. 10 lakh for AY 2022-23. Unabsorbed business loss of AY.....

Since time to c/fd is limited to 8 years, it is better to first set off loss of earlier years.

M38. For AY 2022-23, Gunjan has income from food business of Rs. 2,00,000 (before depreciation), current year.....

PGBP = 2,00,000 – current depreciation 50,000 – B/fd business loss 1,00,000 – UD 50,000 = Nil.

LTCG = 20,000 – UD 20,000 = Nil.

UD cannot be set off against salary.

TI = salary 60,000. Balance UD of 10,000 c/fd.

M39. For PY 2021-22, Faizal has income from jewellery business of Rs. 3,00,000 (before depreciation), current year.....

PGBP = 3,00,000 – current depreciation 1,00,000 – B/fd business loss 2,00,000 = Nil (balance 2,00,000 c/fd).

IFOS 70,000 – UD 70,000 = Nil (balance UD 1,00,000 c/fd).

TI = Salary 50,000.

M39a. Mr. Y has the following particulars for AY 2022-23: Loss from retail business Rs. 4 lakh; long term capital gain.....

PGBP loss can't be c/fd u/s 80 but IHP loss can be c/fd. Best to set off PGBP loss against LTCG instead of IHP loss.

TI = Nil. IHP loss c/fd.

M40. Johny has the following particulars of income for AY 2022-23: Income from transport business Rs. 1,00,000; loss.....

Transport business income = 1,00,000.

Speculative loss 50,000 expired. Can't be b/fd to AY 2022-23.

LTCL 1,25,000 c/fd.

STCG = 1,75,000 – STCL on rural agricultural land NIL as it is exempt – STCL on shares 1,75,000 = Nil (unabsorbed STCL 50,000 expires; can't be c/fd).

TI = PGBP 1,00,000.

M41. Roshni has the following particulars of income for AY 2022-23: income from salary Rs. 5,00,000; loss from self.....

Salary = 5,00,000 – 2,00,000 IHP loss = 3,00,000. Balance IHP loss 1,00,000 c/fd.

35AD loss 3,00,000 c/fd.

LTCG 1,80,000 + interest 70,000 – Legal profession 1,50,000 = 1,00,000.

TI = 1,00,000 + 3,00,000 = 4,00,000.

M42. For PY 2021-22, Sohan has the following particulars of income: Income from owning and maintaining race horses.....

OMRH = 1,50,000 – 1,50,000 b/fd = Nil (unabsorbed loss of 1,00,000 expires; can't be c/fd).

Gambling 40,000 – Betting loss Nil (can't be set off or c/fd) + 70,000 unexplained investment u/s 69 + Gambling loss of last year Nil (cannot be b/fd) = 1,10,000.

M43. For PY 2021-22, Mr. T has the following particulars of income and loss: Income from salary (computed) Rs.....

Salary 3,50,000 – IHP loss upto 2,00,000 = 1,50,000. Balance IHP loss 3,50,000 (2,50,000 + 3,00,000 – 2,00,000) c/fd.

IFOS 50,000 – PGBP loss 50,000 = Nil. Balance PGBP loss of 1,90,000 c/fd.

TI = 1,50,000. C/fd loss = 3,50,000 + 1,90,000 = 5,40,000.