TAXBOOK⁺

Hints to solutions

Computation of Total Income & Tax Payable	MCQ

METHOD OF COMPUTATION

M4. Raju, a resident of age 56 years, is having total income of Rs. 5,00,000 (comprising business income). Tax of Rs……

Tax 12,500 – rebate u/s 87A 12,500 = Nil. Net tax liability = Nil – 14,000 prepaid taxes = (14,000)

M5. Suresh, a resident of age 65 years, has total income of Rs. 60,00,000 (including winning from lottery of Rs……

Tax = 15,80,000 on normal income + 30,000 on lottery = 16,10,000.

Tax + 1,61,000 SC = 17,71,000

Tax+SC + 70,840 HEC @ 4% = 18,41,840

Net tax liability = 18,41,840 – 30,000 TDS = 18,11,840

ALTERNATE MINIMUM TAX (AMT)

M9. Mr. K, a resident individual aged 35 years, having gross total income of Rs. 30 lakh has claimed deduction u/s…..

TI = 30,00,000 – 3,00,000 80QQB = 27,00,000.

Regular tax = 6,47,400.

ATI = 27,00,000 + 3,00,000 80QQB = 30,00,000.

AMT = 5,77,200. AMT N/A as regular tax is not less than AMT.

Regular Tax – AMT = 70,200.

Tax liability = 6,47,400 – 70,200 credit b/fd = 5,77,200. Balance credit c/fd 29,800.

M10. Mr. J is a resident individual aged 65 years carrying on business. His business income (computed) is Rs. 10 lakh…..

TI = 10,00,000. Regular tax = 1,14,400.

ATI = 10,00,000 + 25,00,000 35AD – 5,00,000 depreciation = 30,00,000.

AMT = 5,77,200.

AMT payable as regular tax < AMT. AMT credit (b/fd + current year) c/fd to next year.

M11. Mr. Q is a resident individual aged 40 years having gross total income of Rs. 25 lakh. He has claimed deduction of…..

TI = 25,00,000 – 8,00,000 VIA deduction = 17,00,000.

Regular tax = LTCG (20%) 40,000 + on balance 2,62,500 = 3,02,500. Tax + 12,100 HEC @ 4% = 3,14,600.

ATI = 17,00,000 TI + 8,00,000 80JJAA/80RRB = 25,00,000.

AMT = 4,81,000.

AMT payable as regular tax < AMT. Credit = 4,81,000 – 3,14,600 = 1,66,400

M12. Mrs. Y, a resident individual aged 55 years, has earned business income of Rs. 45 lakh and income from other…..

TI = 45,00,000 business income + 10,00,000 IFOS – 5,00,000 VIA deductions = 50,00,000.

Regular tax = Card game @ 30% + Balance at normal rates + SC NIL + HEC @ 4% (on Tax + SC) = 13,65,000.

ATI = 50,00,000 + 3,00,000 80RRB = 53,00,000.

AMT = 9,80,500 + 10% SC+ 4% HEC (on Tax + SC) = 11,21,692. AMT not payable as regular tax is not < AMT

CONCESSIONAL RATE OF TAX FOR INDIVIDUAL AND HUF

M21. While computing total income u/s 115BAC, normal depreciation on any block of assets cannot exceed the rate…..

Cannot exceed 40%

M25. Suyash, a resident aged 50 years, draws basic salary of Rs. 40,000 per month and has earned interest on…..

GTI = 4,30,000 salary (after standard deduction) + interest 50,000 = 4,80,000. TI = GTI – 80TTA 10,000 = 4,70,000.

Regular tax = Nil.

115BAC TI = 4,70,000 + 50,000 standard deduction + 10,000 80TTA = 5,30,000.

115BAC tax = 16,120.

M26. Rishabh, a resident aged 35 years, has business income (computed) of Rs. 20,00,000, loss from house property…..

GTI = BI 20,00,000 – IHP 2,00,000 + LTCG 3,00,000 = 21,00,000. TI = GTI – 1,50,000 80C = 19,50,000.

Regular tax = 3,82,200.

115BAC TI = 19,50,000 + 1,50,000 80C + IHP loss 2,00,000 = 23,00,000.

115BAC tax = 4,13,400.

M27. Gaurav, aged 32 years is employed with BCD Ltd. Income from salary (computed) is Rs. 40 lakh. He has also…..

TI = 40,00,000 + 5,00,000 u/s 111A = 45,00,000.

Regular tax = 11,31,000.

115BAC TI = 45,00,000 + 50,000 standard deduction = 45,50,000.

115BAC tax = 10,68,600.

M28. Sushi, resident of age 65 years, has the following incomes during the PY 2021-22: Basic salary received Rs……

Salary = Basic salary 12,00,000 + 50,000 HRA – 50,000 standard deduction = 12,00,000

GTI = 12,00,000 – IHP 3,00,000 + 45,000 pension (60,000 – 15,000 deduction) + 50,000 interest (51,500 – 1,500 exempt u/s 10(32)) = 9,95,000

TI = 9,95,000 – 80D 50,000 = 9,45,000.

115BAC TI = 9,45,000 + 2,50,000 HRA exemption + 50,000 standard deduction + 3,00,000 IHP (inter-head set off not allowed) + 15,000 family pension deduction + 1,500 exempt u/s 10(32) + 50,000 80D = 16,11,500.

Regular tax = 1,02,960. 115BAC tax = 2,29,788

M29. Juhi, age 36 years, has earned income from salary of Rs. 9,00,000 (computed) for the PY 2021-22. She has claimed…..

TI = 9,00,000 – 1,00,000 80CCD(2) – 50,000 80CCD(1B) – 1,50,000 80CCE (for 80CCD(1) and 80C) = 6,00,000.

115BAC TI = 6,00,000 + 50,000 80CCD(1B) + 1,50,000 80CCE (for 80CCD(1) and 80C) + 50,000 standard deduction u/s 16 = 8,50,000.

Regular tax = 33,800. 115BAC tax = 54,600.

M30. Rana, resident age 40 years and carrying on a business, has computed business income for the PY 2021-22 of…..

REGULAR TI = 30,00,000 – 5,00,000 u/c VIA = 25,00,000. Regular tax = 5,85,000.

AMT: ATI = 25,00,000 + 2,00,000 80JJAA = 27,00,000. AMT = 5,19,480.

115BAC TI = 25,00,000 + 3,00,000 80G = 28,00,000. 115BAC tax = 6,00,600.

AMT N/A as regular tax is not less than AMT. 115BAC not beneficial.

M31. Srishti, resident age 46 years, has the following particulars of income for AY 2022-23: Business income Rs……

NORMAL: TI = 20,00,000 - 3,00,000 u/c VIA = 17,00,000. Regular tax = 3,35,400.

AMT: ATI = 17,00,000 + 2,00,000 80RRB + 10,00,000 35AD – 1,00,000 depreciation = 28,00,000. AMT = 5,38,720.

115BAC TI = 17,00,000 + 3,00,000 u/c VIA + 10,00,000 35AD – 1,00,000 dep = 29,00,000. 115BAC tax = 6,31,800.

115BAC not beneficial. AMT to apply as regular tax < AMT.