

TAXBOOK⁺

Working steps of solutions

B1 to B10

Deductions from GTI

Build Your Confidence (BYC)

DEDUCTION FOR INVESTMENTS

B1. 80C - LIP – Reuben has paid the following premiums in respect of life insurance policy during the PY 2021-22.....

Computation of deduction u/s 80C

Insured	Date of issue of policy	Actual sum assured	Premium paid	Premium limit u/s 80C	Deduction u/s 80C
Self	31.3.2003	1,50,000	12,500	20%	12,500
Spouse	1.4.2012	2,00,000	22,000	10%	20,000
Son (25 years) (premium paid on 1.4.2022): No deduction u/s 80C as not paid during PY 2021-22	31.3.2013	2,50,000	30,000	10%	-
Daughter (17 years; suffering from disease u/s 80DDB)	20.6.2019	3,00,000	40,000	15%	40,000
Mother: No deduction u/s 80C	1.4.2001	1,30,000	10,000	15%	-
					72,500

B2. 80C – Compute the total income of Mr. Q for AY 2022-23 from the following particulars.....

Computation of total income for AY 2022-23

Particulars	Rs.
Income from salary (computed)	2,50,000
Income from house property (computed)	1,00,000
Gross total income	3,50,000
Less: Deduction u/s 80C (Note)	(1,50,000)
Total income	2,00,000

Note: Computation of deduction u/s 80C

Particulars	Rs.
Life insurance premium paid on life of sister (policy issued on 14.5.2019 for sum assured of Rs. 5 lakh): Not eligible u/s 80C	-
Life insurance premium paid on life of son suffering from 80U disability (policy issued on 10.1.2018 for sum assured of Rs. 2 lakh): Premium deductible up to 15% of actual sum assured	25,000
Own contribution to recognized provident fund @ 12% of basic salary of Rs. 10,000 p.m. Employer made a matching contribution: Own contribution deductible u/s 80C; employer's contribution is considered while computing income from salary and is exempt up to 12% of salary.	14,400
Deposit in PPF account of brother: Not eligible u/s 80C	-
Deposit in Sukanya Samriddhi Account in the name of daughter (interest credited for the year was Rs. 30,000): Deposit eligible u/s 80C. Interest is exempt u/s 10(11A).	15,000
Purchase of NSC IX issue certificates: Eligible u/s 80C	15,000
Deposit in National Housing Bank (Tax Saving) Term Deposit Scheme, 2008: Eligible u/s 80C	8,000
Tuition fee to BCD college, Delhi, for part time education of son: Not eligible u/s 80C for part-time education	-
Tuition fee to JK School, Delhi, for full time education of daughter (includes development fee of Rs. 30,000): Development fee not eligible u/s 80C	18,000

Repayment of loan taken from Bank of India for purchase of house property on 15.6.2020 (includes interest of Rs. 1,20,000): Repayment of loan eligible u/s 80C; interest taken into account u/s 24(b) in computing IHP	30,000
Repayment of loan taken from SBI for repair of above said house property during the year (includes interest of Rs. 35,000): Repayment of loan for repair not eligible u/s 80C; interest taken into account u/s 24(b) in computing IHP	-
Fixed deposit with Canara Bank for 18 months: Not eligible u/s 80C as term less than 5 years	-
Notified bonds of NABARD: Eligible u/s 80C	20,000
Deposit in 5 year Post Office Time Deposit: Eligible u/s 80C	15,000
Deposit in Post Office Savings Account: Not eligible u/s 80C	-
Eligible amount u/s 80C	1,60,400
Deduction u/s 80C limited to Rs. 1,50,000	1,50,000

B3. 80C – LIP/PF – Sajjan has made the following payments during the PY 2021-22. Compute the amount of deduction.....

Computation of deduction u/s 80C for AY 2022-23

Particulars	Rs.
Deposit in own PPF Account	1,50,000
Deposit in PPF Account of his wife	20,000
Life insurance premium on policy on life of wife (deduction up to 10% of sum assured)	15,000
	1,85,000
Deduction u/s 80C (up to Rs. 1,50,000)	1,50,000

B4. 80CCD, 80CCE – Compute the total income of Mr. Z for AY 2022-23 from the following particulars.....

Computation of total income of Mr. Z for AY 2022-23

Particulars	A	B	C
Income from salary			
• Basic salary	2,40,000	2,40,000	-
• Dearness allowance	2,40,000	2,40,000	-
• Commission	60,000	60,000	-
• Employer's contribution to NPS	48,000	48,000	-
• Employer's contribution to RPF in excess of 12% of 4,20,000 (@ 20,000 basic + 15,000 DA forming part of salary), i.e., 50,400 = 57,600 – 50,400	7,200	7,200	-
• Gross salary income	5,95,200	5,95,200	-
• Less: Standard deduction u/s 16(ia)	(50,000)	(50,000)	-
Income under the head 'Salaries'	5,45,200	5,45,200	-
Income from house property (computed)	5,00,000	5,00,000	5,00,000
Gross total income	10,45,200	10,45,200	5,00,000
Less: Deduction under chapter VIA (Note)			
• Deduction u/s 80C, 80CCC and 80CCD(1) (up to Rs. 1,50,000 u/s 80CCE)	(1,44,600)	(1,50,000)	(1,50,000)
• Deduction u/s 80CCD(1B)	(50,000)	(50,000)	(50,000)
• Deduction u/s 80CCD(2)	(48,000)	(42,000)	-
Total income	8,02,600	8,03,200	3,00,000

Note:

Particulars	A	B	C
Salary for the purpose of section 80CCD = Basic + DA(T) + C(TO)			
• Basic salary	2,40,000	2,40,000	-
• Dearness allowance forming part of pay @ 75%	1,80,000	1,80,000	-
• Commission: Not taken as not based on fixed % of turnover	-	-	-
	4,20,000	4,20,000	-
Deduction u/s 80CCD:			
• Deduction u/s 80CCD(1B) for own contribution: Up to Rs. 50,000	50,000	50,000	50,000
• Deduction u/s 80CCD(1) for own contribution (excluding contribution considered u/s 80CCD(1B)):	42,000	35,000	1,00,000
○ A: 50,000 (1,00,000 – 50,000); up to 42,000 (10% of 80CCD-Salary)			
○ B: 35,000 (85,000 – 50,000); up to 42,000 (10% of 80CCD-Salary)			
○ C: 1,15,000 (1,65,000 – 50,000); up to 1,00,000 (20% of GTI)			
• Deduction u/s 80CCD(2) for employer's contribution: Up to 10% of 80CCD-Salary (14%	48,000	42,000	-

for Central Government employer) :: A: Up to 58,800; B: Up to 42,000			
Deduction u/s 80C: Up to Rs. 1,50,000. For own contribution to RPF	57,600	57,600	-
Deduction u/s 80CCC: Up to Rs. 1,50,000. For deposit in pension fund of LIC	45,000	60,000	1,50,000

B5. 80CCE – Compute the amount of deduction available under Chapter VIA to Mr. J for AY 2022-23 from the following.....

Computation of deduction under Chapter VIA for AY 2022-23

Particulars	Computation	Eligible	Overall
Deduction u/s 80C:	-	-	-
• Deposit in PPF Account of wife	1,00,000		
• Tuition fee paid to Modern School for education of daughter	50,000		
• Repayment of loan for purchase of house property taken from ICICI Bank	30,000		
• Deduction u/s 80C limited to Rs. 1,50,000	1,80,000	1,50,000	
Deduction u/s 80CCC:			
• Contribution to approved pension fund of LIC		1,00,000	
Deduction u/s 80CCD:			
• 80CCD(1B): up to Rs. 50,000			50,000
• 80CCD(1) (excluding contribution considered u/s 80CCD(1B)): up to Rs. 60,000 (10% of salary)		50,000	
• 80CCD(2): up to Rs. 60,000 (10% of salary)			60,000
Deduction u/s 80C, 80CCC and 80CCD(1)		3,00,000	
• Limited to Rs. 1,50,000 u/s 80CCE			1,50,000
Total deduction under Chapter VIA			2,60,000

B6. 80CCD - CA2014(N) – Determine the eligibility and quantum of deduction under Chapter VIA in case of contribution.....

Deduction u/s 80CCD(2) if employer is Central Government = Employer's contribution up to 42,000, i.e., 14% of salary (basic + DA if terms of employment provide) = Rs. 40,000.

Deduction u/s 80CCD(2) if employer is not Central Government = Employer's contribution up to 30,000, i.e., 10% of salary (basic + DA if terms of employment provide) = Rs. 30,000.

It is assumed that dearness allowance is provided for under the terms of employment.

Deduction u/s 80CCD(2) is not subject to limit of Rs. 1,50,000 u/s 80CCE.

B7. 80CCD - CA2017(N) – Mr. Srivastava, aged 40 years, a salaried employee of Nirja Ltd. was contributing to National.....

U/s 10(12A), 60% is exempt (Rs. 1,20,000) and the balance is taxable (Rs. 80,000) under the head 'Income from other sources'. However, this amount will not be taxable if the assessee uses the amount to purchase an annuity plan in the PY 2021-22 itself.

DEDUCTION FOR HEALTH & WELLNESS

B8. 80D – Compute the deduction allowable u/s 80D to Sukesh, aged 35 years, for the AY 2022-23 from the following.....

Computation of deduction allowable u/s 80D to Sukesh for the AY 2022-23

Particulars	Rs.	Rs.
Payments made for self, spouse, dependent children:		
Health insurance premium for self	10,000	
Health insurance premium for spouse (not dependent)	8,000	
Health insurance premium for minor son (dependent)	2,000	
Health insurance premium for major son (not dependent) – not covered as not dependent	-	
Health insurance premium for younger brother (dependent) – brother not covered	-	
Contribution to Central Government Health Scheme	4,000	

Preventive health check for self and spouse; paid by cash (up to Rs. 5,000)	5,000	
Deduction u/s 80D to the extent of Rs. 25,000	29,000	25,000
Payments made for parents		
Health insurance premium for mother, aged 58 years (not dependent)	30,000	
Health insurance premium for father, turned 60 years on 1.3.2022 (not dependent)	20,000	
Medical expenditure for grandfather, aged 90 years (dependent); he does not have any medical insurance policy – grandfather not covered	-	
Medical expenditure for father – not covered since health insurance premium paid for him	-	
	50,000	
Deduction to the extent of Rs. 25,000	25,000	
Additional deduction of Rs. 20,000 for father since he is a senior citizen	20,000	45,000
Total deduction u/s 80D		70,000

B9. 80D – Compute the deduction allowable u/s 80D to Shailesh, aged 35 years, for the AY 2022-23 from the following....

Computation of deduction allowable u/s 80D to Shailesh for the AY 2022-23

Particulars	Rs.	Rs.
Payments made for self and spouse:		
Medical insurance premium to insure the health of self and his spouse	20,000	
Contribution to CGHS	4,000	
Preventive health check up of self and spouse (paid in cash) (restrict to Rs. 1,000 since total deduction u/s 80D cannot exceed Rs. 25,000)	1,000	
Deduction u/s 80D to the extent of Rs. 25,000	25,000	25,000
Payments made for father who is a senior citizen (assuming he is resident)		
Medical insurance premium to insure the health of his father, aged 65 years, not dependent on him	48,500	
Preventive health check up of father (paid by cheque) (available up to 4,000 (5,000 overall limit – 1,000 applied for self/spouse) but restrict to Rs. 1,500 since total deduction u/s 80D cannot exceed Rs. 50,000)	1,500	
Deduction u/s 80D to the extent of Rs. 50,000	50,000	50,000
Total deduction u/s 80D		75,000

Note: Overall deduction of Rs. 5,000 for preventive health check-up has been attributed to self/spouse and father in a manner so as to maximize the overall deduction u/s 80D.

B10. 80D – Compute the deduction allowable u/s 80D to Shailesh, aged 45 years, for the AY 2022-23 from the following....

Computation of deduction allowable u/s 80D to Shailesh for the AY 2022-23

Particulars	Rs.	Rs.
Payments made for self, spouse and dependent children:		
Medical insurance premium to insure the health of self, spouse and dependent children	24,000	
Contribution to CGHS during the year	10,000	
Deduction u/s 80D to the extent of Rs. 25,000	34,000	25,000
Payments made for parents, being senior citizens (assuming they are resident)		
Medical insurance premium to insure the health of mother, age 70 years, not dependent on him	35,000	
Medical expenditure on father, aged 72 years and not dependent on him, not covered under health insurance policy	22,000	
Deduction u/s 80D to the extent of Rs. 50,000	57,000	50,000
Total deduction u/s 80D		75,000

TAXBOOK⁺

Working steps of solutions

B11 to B20

Deductions from GTI

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B11. 80DD – Compute the total income of Surendra, a resident individual, for the AY 2022-23 on basis of following.....

Computation of total income for AY 2022-23

Particulars	A	B
Gross total income (Income from salary)	6,00,000	6,00,000
Less: Deductions under Chapter VIA:		
• U/s 80C in respect of life insurance premium: Up to 10% of sum assured.	(20,000)	(20,000)
• U/s 80CCC for deposit in pension fund of LIC	(50,000)	(50,000)
• U/s 80D for mediclaim premium for father who is senior citizen: Max Rs. 50,000	(30,000)	(30,000)
• U/s 80DD for deposit in scheme of LIC for handicapped grandfather – Grandfather not covered	-	-
• U/s 80DD for medical treatment and deposit in scheme of LIC for elder brother – It is a case of disability (65%)	(75,000)	-
Total income	4,25,000	5,00,000

B12. 80U – Compute the total income of Shyam for the AY 2022-23 on basis of following particulars. He suffers from a.....

Computation of total income for AY 2022-23

Particulars	Rs.
Dividend from companies	1,00,000
Long term capital gain on sale of shares	50,000
Gross total income	1,50,000
Less: Deductions under Chapter VIA: Deduction u/s 80U (for severe disability) of Rs. 1,25,000: Restricted to GTI excluding LTCG	(1,00,000)
Total income	50,000

B13. 80DDB – Compute the deduction available to Shamli, a resident individual, u/s 80DDB for the AY 2022-23. She has.....

Computation of deduction u/s 80DDB for AY 2022-23

Particulars	A	B
Deduction available u/s 80DDB = Expenditure incurred up to maximum of Rs. 40,000 (Rs. 1,00,000 if father is senior citizen)	40,000	75,000
Less: Insurance claim received	(20,000)	(50,000)
Less: Amount reimbursed by employer (Note: It will not be taxable as perquisite in hands of Shamli u/s 17(2), proviso, since treatment is in Government hospital (refer para 47))	(15,000)	(30,000)
Deduction u/s 80DDB	5,000	Nil

DEDUCTION FOR INTEREST ON LOAN

B14. 80E – Compute the deduction allowable u/s 80E to Sonu for the AY 2022-23 from the following particulars.....

Computation of deduction u/s 80E for AY 2022-23

Particulars	Rs.
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Loan I: Deduction allowed of interest paid	20,000
Loan II: 8 PYs starting from PY 2013-14, being the first year of payment of interest, expired with PY 2020-21. Hence, no deduction.	-
Loan III: Deduction not available on loan taken for both	-
Deduction u/s 80E	20,000

B15. 80EEA – Gyan purchased a residential house property on 1.3.2021 for Rs. 49 lakh (fair market value Rs. 50 lakh) by....

Computation of total income of Gyan for AY 2022-23

Particulars	A	B
Income from salary	5,00,000	5,00,000
Less: Loss from house property set off u/s 71: Interest deduction u/s 24(b) up to Rs. 2 lakh for self occupied property	(2,00,000)	(2,00,000)
Gross total income	3,00,000	3,00,000
Less: Deductions under Chapter VIA:		
• U/s 80C on account of repayment of housing loan up to limit of Rs. 1,50,000	(1,50,000)	(1,50,000)
• U/s 80EEA on account of interest on housing loan (3 lakh – 2 lakh claimed u/s 24(b)) up to limit of Rs. 1,50,000. Not allowed in case B since SDV > 45 lakh and loan is not taken from a bank or HFC.	(1,00,000)	-
Total income	50,000	1,50,000

B16. 80EEB – Gyani purchased an electric vehicle for Rs. 20 lakh. Compute the deduction allowable u/s 80EEB for....

Particulars	Deduction u/s 80EEB
Case A: Loan sanctioned before PY 2019-20. Deduction not available.	Nil
Case B: Loan sanctioned by bank during PY 2019-20. Interest for PY 2021-22 is Rs. 2 lakh. Deduction available up to Rs. 1,50,000	1,50,000

DEDUCTION FOR DONATIONS

B17. 80G – From the following particulars provided by Ram for the AY 2022-23, compute his total income.....

Computation of total income of Ram for AY 2022-23

Particulars	Rs.
Business income	6,00,000
Long term capital gain	1,00,000
Gross total income	7,00,000
Less: Deduction under Chapter VIA:	
• U/s 80C for deposit in PPF	(1,50,000)
• U/s 80G (Note)	(1,17,500)
Total income	4,32,500

Note:

Particulars	Rs.
Donations eligible for deduction without qualifying limit	
• PM National Relief Fund @ 100%	50,000
• Zila Saksharta Samiti @ 100% - Not eligible since it exceeds Rs. 2,000 and is paid in cash	-
• Rajiv Gandhi Foundation @ 50%	30,000
(A)	80,000
Donations eligible for deduction subject to qualifying limit	
Eligible donations:	
• Donation to Government for promoting family planning	30,000
• Indian Olympic Association (not eligible since assessee not a company)	-
• Charitable trust	30,000
• Rice bags to notified temple (donation in kind not eligible)	-

	60,000
Adjusted total income:	
• Gross total income	7,00,000
• Less: LTCG	(1,00,000)
• Less: Deductions under Chapter VIA (except section 80G): Deduction u/s 80C	(1,50,000)
	4,50,000
Qualifying limit = 10% of Adjusted Total Income	45,000
Lower of amount of eligible donations (60,000) or qualifying amount (45,000)	45,000
Deduction allowed:	
• Government for promoting family planning @ 100%	30,000
• Charitable trust @ 50% of Rs. 15,000 (45,000 – 30,000)	7,500
(B)	37,500
Total deduction u/s 80G = A + B	1,17,500

B18. 80GGA/80GGC - From the following particulars, compute the total income for the AY 2022-23 of Mr. C if (A) his.....

Computation of total income of Mr. C for AY 2022-23

Particulars	A	B
Income from salary (computed)		6,00,000
Income from business	6,00,000	-
Less: Donation to JKL College u/s 35(1)(ii)	(15,000)	-
Less: Donation to Rural Development Fund u/s 35CCA	(10,000)	-
	5,75,000	-
Gross total income	5,75,000	6,00,000
Less: Deductions under Chapter VIA:		
• U/s 80G: 100% of donation to PM CARES Fund. Donation to Indira Gandhi Memorial Trust by cash exceeding 2,000 not eligible.	(50,000)	(50,000)
• U/s 80GGA: Donation to JKL College and Rural Development Fund	-	(25,000)
• U/s 80GGC: Donation to local political party and HJP. Donation in cash not eligible	(12,000)	(12,000)
Total income	5,13,000	5,13,000

DEDUCTION FOR RENT

B19. 80GG – MASTER QUESTION - Compute the total income of Jogi for AY 2022-23 from the following particulars.....

Computation of total income of Jogi for AY 2022-23

Particulars	A	B
Income from salary (computed) from XYZ Pvt. Ltd.	6,00,000	-
Income from profession (computed)	-	6,00,000
Short term capital gain from sale of gold	50,000	50,000
Short term capital gain from sale of equity shares (STT paid on purchase and sale)	40,000	40,000
Long term capital gain from sale of plot of land	1,00,000	1,00,000
Gross total income	7,90,000	7,90,000
Less: Deduction under Chapter VIA:		
• U/s 80C & 80CCC: Deposit in PPF account of child and LIC pension fund; allowed up to Rs. 1,50,000 u/s 80CCE.	(1,50,000)	(1,50,000)
• U/s 80D: Mediclaim premium for self; allowed up to Rs. 25,000	(25,000)	(25,000)
• U/s 80G: Donation to Swachh Bharat Kosh; allowed @ 100% without any qualifying limit	(30,000)	(3,00,000)
• U/s 80GG: See note	(60,000)	(43,750)
Total income	5,25,000	2,71,250

Note:

Particulars	A	B
Jogi is entitled to deduction u/s 80GG for rent paid for own residence in Kochi as he is not in receipt of HRA, he or his spouse do not own residential house in Kochi and he does not own any		

residential house at any other place which is assessed as self occupied property.		
Adjusted total income:		
• Gross total income	7,90,000	7,90,000
• Less: STCG from sale of equity shares (STT paid on purchase and sale) u/s 111A	(40,000)	(40,000)
• Less: LTCG from sale of plot of land u/s 112	(1,00,000)	(1,00,000)
• Less: Deductions under Chapter VIA (except section 80GG): Deduction u/s 80C, 80CCC, 80D, 80G	(2,05,000)	(4,75,000)
	4,45,000	1,75,000
Deduction u/s 80GG = Lower of:		
(a) Rs. 5,000 per month	60,000	60,000
(b) Rent paid – 10% of ATI = 1,95,500 for A (2,40,000 – 44,500) and 1,02,500 for B (1,20,000 – 17,500)	1,95,500	1,02,500
(c) 25% of ATI	1,11,250	43,750
Deduction u/s 80GG	60,000	43,750

DEDUCTIONS FOR INTEREST INCOME

B20. 80TTA, 80TTB – Compute the total income of Mr. Jain for AY 2022-23 from the following particulars. All figures are.....

Computation of total income of Mr. Jain for AY 2022-23

Particulars	A		B	
Income under the head 'Salary' (computed)		1,00,000		1,00,000
Income from house property		1,00,000		-
Income from other sources:				
• Interest on savings bank account (individual) with post office (less Rs. 3,500 exempt u/s 10)	15,000		15,000	
• Interest on Recurring Deposit with co-operative bank	10,000		10,000	
• Interest on fixed deposit with State Bank of India	30,000		30,000	
• Income from gambling	2,45,000	3,00,000	2,45,000	3,00,000
Gross total income		5,00,000		4,00,000
Less: Deduction under Chapter VIA:				
• U/s 80C: Deposit in PPF account and notified NABARD bonds (restricted to Rs. 1,50,000)	1,50,000		1,50,000	
• Deduction u/s 80TTA in case A: Eligible interest = POSB = Rs. 15,000 on POSB A/c. Deduction limited to Rs. 10,000.	10,000			
• Deduction u/s 80TTB in case B: Eligible interest = POSB + RD + FD = Rs. 55,000. Deduction limited to Rs. 50,000.			50,000	
Deduction u/c Chapter VIA restricted to GTI (excluding income from gambling)	1,60,000	(1,60,000)	2,00,000	(1,00,000)
Total income		3,40,000		3,00,000

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Working steps of solutions

B21 to End

Deductions from GTI

Build Your Confidence (BYC)

DEDUCTIONS FOR CERTAIN INCOMES

B21. 80JJAA - CA2019(N) (modified) – MASTER QUESTION - M/s ABC and Co., a partnership firm, started its business.....

The firm is entitled to deduction u/s 80JJAA since it is liable to tax audit and has employed 350 employees during the year. Being the first year of its business, emoluments paid or payable to employees during the PY 2021-22 is eligible for deduction.

Computation of deduction u/s 80JJAA for AY 2022-23

Particulars	Beverage business	Leather business
Total number of employees employed during the PY	350	350
Less: Helpers who do not participate in RPF	(200)	(200)
Less: Technical staff whose emolument exceeds Rs. 25,000 p.m.	(25)	(25)
Less: Supervisors since they are employed for 212 days during the PY (less than 240 days for beverage business. However, if they continue to be employed for 240 days in next year, deduction can be claimed in the next year). Threshold is 150 days in case of leather business; hence not excluded.	(100)	-
Number of additional employees	25	125
Additional employee cost:		
Beverage business: 25 × 12 months × 22,000 pm (accounting and office staff)	66,00,000	
Leather business: (25 × 12 months × 22,000 pm for accounting and office staff) + (100 × 7 months × 25,000 pm for supervisors)		2,41,00,000
Deduction u/s 80JJAA = 30% of additional employee cost	19,80,000	72,30,000

B22. 80JJAA – Sadik carries on retail business in garments. During the PY 2021-22, the following movements happened.....

Sadik is entitled to deduction u/s 80JJAA since he is liable to tax audit as turnover is more than Rs. 1 crore (1 cr limit applies since cash receipts > 5%) and there is a net increase in number of employees over that on 31.3.2021.

Computation of deduction u/s 80JJAA for AY 2022-23

Particulars	Rs.
Number of employees employed as on 31.3.2021	50
Less: Number of employees resigned on 1.6.2021	(5)
Number of employees on 1.6.2021	45
Add: Number of junior managers employed on 1.7.2021	7
Add: General manager employed on 15.7.2021 (ineligible since emolument > 25,000 pm)	-
	52
Number of additional employees	2
Additional employee cost:	
2 × 9 months × 25,000 pm (junior managers)	4,50,000
Deduction u/s 80JJAA = 30% of additional employee cost	1,35,000

B23. 80QQB – Sarthak is a professional author of scientific books. Determine the deduction allowable to him for AY.....

Computation of deduction u/s 80QQB for AY 2022-23

Particulars	A	B	C
Gross royalty income	10,00,000	6,00,000	10,00,000
After ignoring gross income in excess of 15% of value of books sold (a)	7,50,000	6,00,000	-
After ignoring income not repatriated by 30.9.2022 (b)	-	4,80,000	-
Eligible income: Lower of (a) or (b); lump sum payment for Case C	7,50,000	4,80,000	10,00,000
Deduction u/s 80QQB = Lower of eligible income or Rs. 3 lakh	3,00,000	3,00,000	3,00,000

COMPREHENSIVE

B24. COMPREHENSIVE - CA2019(M) – Prakash is retired Government officer aged 65 years, resides in Cochin, and has.....

Computation of total income of Prakash for AY 2022-23

Particulars	Rs.	Rs.	Rs.
Income under the head 'Salaries':			
• Pension		6,70,000	
• Less: Standard deduction u/s 16(ia)		(50,000)	6,20,000
Income from other sources:			
• Interest from bank on FD (gross)			55,000
Gross total income			6,75,000
Less: Deduction under Chapter VIA:			
• U/s 80C: On LIP; restricted to 10% of sum assured		20,000	
• U/s 80D:			
○ For self and wife: Premium paid by cheque for self and wife + preventive health check up for self (cash is eligible); allowed up to Rs. 50,000 assuming Prakash is resident and, thus, senior citizen	27,500		
○ For parents: Preventive health check (overall restricted to Rs. 5,000)	3,500	31,000	
• U/s 80E: Interest on loan from bank for MBA pursued by daughter		6,500	
• U/s 80G: Donation to approved institution: Cash payment > Rs. 2,000 ineligible		-	
• U/s 80TTB: Interest on Bank FD (assuming Prakash is resident and, thus, senior citizen); allowed up to Rs. 50,000		50,000	
			(1,07,500)
Total income			5,67,500

B25. COMPREHENSIVE - CA2017(M) (modified) – Mr. Rohan, a resident individual has gross total income of Rs. 7,50,000.....

Computation of total income of Mr. Rohan for AY 2022-23

Particulars	Rs.	Rs.
Gross total income		7,50,000
Less: Deduction under Chapter VIA:		
Section 80C:		
• Life insurance premium: Premium deductible up to 15% of sum assured in case of handicapped son since policy taken after 31.3.2013	60,000	
• Tax saver deposit in name of major son: Not deductible		-
		(60,000)
Section 80D:		
• Health insurance premium for self and spouse: 1/3 rd since policy is in force for 3 years; restricted to 25,000.	25,000	
• Medical expenditure for mother, being senior citizen, since no health insurance premium has been paid for her: Restricted to 50,000.	50,000	
		(75,000)
Section 80G: Contribution to Clean Ganga Fund: Deductible @ 100%		(25,000)
Section 80TTA/80TTB: Not eligible since interest on fixed deposits is income of father; not Rohan		-
Total income		5,90,000

B26. COMPREHENSIVE - CA2015(M) – Compute the eligible deduction under Chapter VIA for AY 2022-23 of Ms. Roma.....

Computation of deduction u/c VIA for Ms. Roma for AY 2022-23

Particulars	Rs.	Rs.
Deduction u/s 80C:		
• Life insurance premium: Allowed up to 20% of sum assured since policy issued before 1.4.2012	40,000	
• PPF contribution	90,000	
• Repayment of housing loan	30,000	
	1,60,000	
Deduction u/s 80C limited to Rs. 1,50,000	1,50,000	
Deduction u/s 80CCC for payment to LIC pension fund	25,000	
	1,75,000	
Deduction u/s 80C and 80CCC restricted to Rs. 1,50,000 by virtue of 80CCE		1,50,000
Deduction u/s 80D:		
• Health insurance premium for self, wife and dependent children: allowed up to Rs. 25,000	25,000	
• Health insurance premium for parents (allowed up to Rs. 50,000 for senior citizen)	50,000	
	75,000	75,000
Deduction under Chapter VIA		2,25,000

B27. COMPREHENSIVE – MASTER QUESTION - Rudra, a resident of age 32 years and residing in Jamnagar, has provided.....

Computation of total income of Rudra for AY 2022-23

Particulars	Rs.	Rs.	Rs.
Income from salary:			
• Basic salary		10,00,000	
• Dearness allowance		5,00,000	
• Employer's contribution to NPS		1,50,000	
• Perquisites (taxable value)		1,00,000	
		17,50,000	
• Less: Standard deduction u/s 16(ia)		(50,000)	
		17,00,000	17,00,000
Income from house property:			
• Interest on loan for purchase of self occupied property in Jamnagar allowed up to Rs. 2 lakh u/s 24(b). Loss under this head can be set off against income under other heads u/s 71 (refer para 190).			(2,00,000)
Profits and gains of business or profession:			
• Part time profession of engineering consulting			15,00,000
Capital gain:			
• Long term capital gain on transfer of rural agricultural land in Jaipur (not taxable as it is not a capital asset)		-	
• Short term capital gain on sale of equity shares (STT paid on sale) (u/s 111A)		3,00,000	
		3,00,000	3,00,000
Income from other sources			
• Interest on 5 year term deposit with State Bank of India		50,000	
• Interest on 5 year Post Office Time Deposit Account		35,000	
• Interest on Post Office Savings Account (individual account) = 18,500 – Rs. 3,500 exempt u/s 10		15,000	
		1,00,000	1,00,000
Gross total income			34,00,000
Less: Deduction under Chapter VIA:			
U/s 80C (Note 1)	1,50,000		
U/s 80CCC: Deposit in LIC Pension Fund Rs. 40,000; allowed up to Rs. 1,50,000	40,000		
U/s 80CCD(1) (Note 2)	1,25,000		
	3,15,000		
Allowed up to Rs. 1,50,000 u/s 80CCE	1,50,000		
U/s 80CCD(1B) and 80CCD(2) (Note 2)	1,75,000		
	3,25,000	3,25,000	
U/s 80D (Note 3)		75,000	
U/s 80DD: Medical expenditure and deposit in approved scheme for dependent child		75,000	

suffering with 50% disability (assuming Swayam has not claimed deduction u/s 80U): Flat deduction of Rs. 75,000			
U/s 80DDB: Expenditure on medical treatment of specified disease for dependent child: Rs. 50,000, limited to Rs. 40,000 less Rs. 35,000 reimbursed by the insurance company		5,000	
U/s 80E: Interest paid to ICICI Bank for loan taken for MBA education of Meena in Germany. Last PY of deduction is 2020-21 (8 th PY from PY 2013-14). Repayment of principal is not eligible.		-	
U/s 80EEB: Interest paid to a deposit taking NBFC on loan taken to purchase electric vehicle for personal use: Loan sanctioned during PY 2020-21; allowed up to Rs. 1,50,000		1,50,000	
U/s 80EEA (Note 4)		75,000	
U/s 80GGA: Donation to college approved u/s 35, paid by cash (not allowed since Rudra has PGBP income and also since amount > Rs. 2,000 is paid in cash; not allowed even in computing PGBP u/s 40A(3) since amount > Rs.10,000 is paid in cash)		-	
U/s 80GGC: Donation to RLD in cash not allowed; donation to electoral trust by cheque allowed; advertisement in pamphlet of BJP not allowed (also disallowed u/s 37(2B) in computing PGBP)		5,000	
U/s 80GG: Rent not paid for self occupied house and also he resides in his own house in Jamnagar where he works; thus, deduction not allowed		-	
U/s 80TTA: Interest on PO Savings Account of Rs. 15,000 allowed up to Rs. 10,000; not allowed on time deposits		10,000	
U/s 80QQB (Note 5)		2,75,000	
U/s 80RRB: Royalty from patent allowed up to Rs. 3,00,000		3,00,000	
U/s 80G (Note 6)		1,75,250	
Deduction under Chapter VIA (restricted to GTI, excluding STCG u/s 111A, of Rs. 31,00,000)		14,70,250	(14,70,250)
Total income			19,29,750

Note 1: Deduction u/s 80C

Particulars	Rs.
Life insurance premium paid by cheque for self (policy issued on 20.3.2012 for sum assured of Rs. 3,00,000): Allowed up to 20% of sum assured	35,000
Life insurance premium paid for Swayam (suffering from disability certified u/s 80U to the extent of 50%) (policy issued on 20.3.2016 for sum assured of Rs. 2,00,000): Allowed up to 15% of sum assured	30,000
Life insurance premium paid for father (policy issued on 20.3.2011 for sum assured of Rs. 1,00,000): Not allowed for father	-
Rudra's contribution to recognized provident fund: Allowed for Rudra's contribution. Contribution by employer taken into account while computing salary income.	60,000
Deposit in PPF Account of younger brother: Not eligible	-
Deposit in Sukanya Samriddhi Account in the name of Saanvi	10,000
Purchase of NSC (VIII issue) certificates	30,000
Fee paid to school for Saanvi's education (tuition fee Rs. 50,000 and development fee Rs. 20,000): Only tuition fee allowed	50,000
Tuition fee paid to college in Germany for Meena for pursuing MBA: Not allowed for institution situated outside India	-
Deposit in 5 year term deposit with State Bank of India	15,000
Investment in notified bonds of NABARD	10,000
Deposit in 5 year Post Office Time Deposit Account	5,000
Repayment of housing loan, stamp duty and registration charges (see Note 4)	3,00,000
	5,45,000
Eligible deduction up to Rs. 1,50,000	1,50,000

Note 2: Deduction u/s 80CCD

Particulars	Rs.
Salary for the purpose of section 80CCD	
• Basic salary	10,00,000
• Dearness allowance forming part of pay @ 50%	2,50,000

	12,50,000
Deduction u/s 80CCD:	
• Deduction u/s 80CCD(1B) for own contribution: allowed up to Rs. 50,000	50,000
• Deduction u/s 80CCD(1) for own contribution (excluding contribution considered u/s 80CCD(1B)): 1,50,000 (2,00,000 – 50,000); allowed up to 1,25,000 (10% of 80CCD-Salary)	1,25,000
• Deduction u/s 80CCD(2) for employer's contribution: Rs. 1,50,000; allowed up to 10% of 80CCD-Salary	1,25,000

Note 3: Deduction u/s 80D

Particulars	Rs.	Rs.	Rs.
For self, spouse and dependent children:			
• Medclaim insurance premium for self and spouse, paid by bearer cheque		20,000	
• Health insurance premium for Meena, paid by crossed cheque		10,000	
• Health insurance premium for Saanvi, paid by cash: Cash payment not allowed		-	
• Medical insurance premium for Rohan, paid by NEFT: Not allowed since Rohan is not dependent		-	
• Medical insurance premium for younger brother, paid by cash: Not allowed for brother		-	
• Preventive health check up for self and spouse, paid by cash (balance of Rs. 5,000 limit after exhausting for mother)		1,000	
Allowed up to Rs. 25,000		31,000	25,000
For parents:			
• Preventive health check up of mother, paid by cheque	4,000		
• Medical insurance premium for mother, paid by account payee cheque	20,000		
Allowed up to Rs. 25,000	24,000	24,000	
• Medical expenditure on father, paid by cheque (he does not have a medclaim policy): Allowed up to Rs. 50,000	40,000		
• Medical expenditure on grandfather, paid by cheque (he does not have a medclaim policy): Not allowed for grandfather	-		
	40,000	40,000	
Allowed overall up to Rs. 50,000		64,000	50,000
Total deduction u/s 80D			75,000

Note 4: Purchase of residential house in Jamnagar

Particulars	Rs.	Rs.
Deduction u/s 80EEA: Interest on loan taken from Bank of India: Loan sanctioned during PY 2021-22, SDV ≤ Rs. 45 lakh, Rudra does not own any house on 1.4.2021. Interest remaining after deduction of Rs. 2,00,000 u/s 24(b) is Rs. 75,000. This is allowed (it is within limit of Rs. 1,50,000)		75,000
Deduction u/s 80C:		
• Repayment of principal amount to bank	2,50,000	
• Stamp duty and registration charges paid	50,000	
• Repairs carried out after house was occupied: Not allowed	-	
Taken to Note 1 on 80C	3,00,000	3,00,000

Note 5: Deduction u/s 80QQB

Particulars	Rs.
Royalty	5,00,000
After ignoring income in excess of 15% of value of books sold (a)	3,75,000
After ignoring income not repatriated by 30.9.2021 (b)	2,75,000
Eligible income (lower of a or b)	2,75,000
Deduction u/s 80QQB = Lower of eligible income or Rs. 3,00,000	2,75,000

Note 6: Deduction u/s 80G

Particulars	Rs.
Donations eligible for deduction without qualifying limit	
• Donation to Prime Minister's National Relief Fund, paid by cheque @ 100%	30,000
• Donation to Prime Minister's Drought Relief Fund, paid by cheque @ 50%	5,000

(A)	35,000
Donations eligible for deduction subject to qualifying limit	
Eligible donations:	
• Donation to Government to be utilized for promoting family planning, paid by NEFT	1,00,000
• Donation to a charitable trust approved u/s 80G, paid by cheque	1,25,000
• Donation for renovation of a temple notified u/s 80G, paid in cash (Amount > Rs. 2,000 paid in cash not eligible)	-
	2,25,000
Adjusted total income:	
• Gross total income	34,00,000
• Less: STCG u/s 111A	(3,00,000)
• Less: Deductions under Chapter VIA (except section 80G)	(12,95,000)
	18,05,000
Qualifying limit = 10% of Adjusted Total Income	1,80,500
Lower of amount of eligible donations (2,25,000) or qualifying amount (1,80,500)	1,80,500
Deduction allowed:	
• To Government for promoting family planning @ 100%	1,00,000
• To charitable trust @ 50% of Rs. 80,500 (1,80,500 – 1,00,000)	40,250
(B)	1,40,250
Total deduction u/s 80G = A + B	1,75,250

GENERAL PRINCIPLES

M4. Chintan has the following particulars for AY 2022-23: Business income Rs. 50,000; short term capital gain from.....

VIA not allowed from winning and LTCG. TI = 2,70,000 – 1,00,000 = 1,70,000

M5. Chetan, aged 40 years, has the following particulars for AY 2022-23: Income from salary (computed) Rs. 1,00,000.....

VIA not allowed from LTCG and STCG u/s 111A. LTCG exempt as it is personal effect.

TI = 3,30,000 – 1,30,000 (up to salary + interest) = 2,00,000.

DEDUCTION FOR INVESTMENTS (80C, 80CCC, 80CCD)

M8. During the PY 2021-22, Yaksh made the following payments of life insurance premium: Rs. 15,000 for self (policy.....

Self up to 20% 15,000 + spouse up to 10% 15,000 + child up to 15% 25,000 + daughter up to 10% 15,000 + father nil = 70,000

M9. Sushmita, wife of Raju, received Rs. 10,00,000 as payment from insurance company consequent to death of Raju.....

Payment on death is exempt u/s 10(10D)

M10. During the PY 2021-22, Drishti contributed Rs. 60,000 to recognized provident fund (her employer made a.....

60,000 RPF + 40,000 PPF for self and son + 10,000 Sukanya = 1,10,000

M11. Srishti's income for PY 2021-22 comprised income from house property of Rs. 2,00,000. She invested Rs. 50,000.....

TI = 2,20,000 – 70,000 80C = 1,50,000

M12. During the PY 2021-22, Reena incurred the following expenses on education: School fee of Rs. 1 lakh paid for.....

Tuition fee 75,000 + MBA NO as outside India + Course NO as part time = 75,000

M14. Rajat took a bank loan on 1.4.2021 to purchase a residential house for self residence on 10.4.2021. He paid stamp.....

IHP = loss of 2,00,000 due to deduction of interest u/s 24(b).

80C = Duty/fee 20,000 + principal 1,00,000 + repair NO = 1,20,000

M15. Ramya made the following investments during the PY 2021-22: Her contribution to statutory provident fund.....

SPF 20,000 + NHB 30,000 + 3Y FD NO as less than 5Y + 5Y FD 30,000 + NABARD 10,000 + POSB NO + 5Y POTD 20,000 + SCSS 10,000 + LIP NO as not paid during PY = 1,20,000

M16. Private sector employer of Raman, who draws basic salary of Rs. 1,50,000 per month, contributed Rs. 30,000 per.....

10% of 18 lakh

M17. Rajesh is a businessman having gross total income of Rs. 6,00,000. During the PY 2021-22, he deposited Rs.....

TI = 6,00,000 – 1,70,000 (50,000 u/s 80CCD(1B) + 1,20,000 u/s 80CCD(1)) = 4,30,000

M18. During the PY 2021-22, Rashi, earning salary of Rs. 1,00,000 per month from JKL Pvt Ltd. (Rs. 60,000 basic salary.....

80CCD salary = Basic 7,20,000 + DA forming part of pay 2,40,000 = 9,60,000.

VIA deduction = 80CCD(1B) 50,000 + 80CCD(2) 96,000 (10% of 9.6 lakh) + 80CCE 1,50,000 = 2,96,000

80CCE = 80CCD(1) 70,000 (i.e., 1,20,000 – 50,000 80CCD(1B); upto 96,000) + 80C 1,00,000 = 1,70,000, upto 1,50,000.

M19. During the PY 2021-22, Jagan deposited Rs. 2,50,000 in his NPS account (his employer, MMT Ltd, making a.....

GTI = Basic 6,00,000 + DA 3,60,000 + Medical 1,20,000 + NPS contribution of employer 2,50,000 – Standard Deduction 50,000 = 12,80,000.

80CCD salary = Basic 6,00,000 + DA 2,16,000 = 8,16,000.

VIA deduction = 80CCD(1B) 50,000 + 80CCD(1) 81,600 (2,50,000 – 50,000 80CCD(1B); up to 81,600) + 80CCD(2) 81,600 (up to 10% of 80CCD salary) = 2,13,200.

TI = 12,80,000 – 2,13,200 = 10,66,800.

M20. Saina is a Central Government employee earning basic salary of Rs. 1,00,000 per month and dearness allowance.....

80CCD salary = Basic 12,00,000 + DA 9,60,000 = 21,60,000.

80CCD = 80CCD(1B) 50,000 + 80CCD(1) 1,50,000 + 80CCD(2) 3,02,400 (14% of 80CCD salary) = 5,02,400.

80CCD(1) = 3,24,000 contribution – 50,000 80CCD(1B); up to 2,16,000 being 10% of 80CCD salary; but up to 80CCE limit of 1,50,000 = 1,50,000

M23. Shiny, drawing basic salary of Rs. 1,00,000 per month, contributed Rs. 1,00,000 each to approved superannuation.....

80CCD salary = 12,00,000.

VIA deduction = 80CCD(1B) 50,000 + 80CCD(2) 1,00,000 (up to 10% of 80CCD salary) + 80CCE 1,50,000 = 3,00,000

80CCE = 80C 1,00,000 ASF + 80CCC 1,00,000 pension fund + 80CCD(1) 50,000 (1,00,000 – 50,000 80CCD(1B); up to 10% of 80CCD salary)] = 2,50,000; up to 1,50,000.

M24. Gopal, a businessman having gross total income of Rs. 5,00,000, contributed Rs. 1,00,000 each to notified bonds.....

80CCD(1B) 50,000 + 80CCE 1,50,000 = 2,00,000

80CCE = 80C 1,00,000 NABARD + 80CCC 1,00,000 pension fund + 80CCD(1) 50,000 (1,00,000 – 50,000 80CCD(1B); up to 20% of GTI) = 2,50,000; up to 1,50,000.

DEDUCTION FOR HEALTH & WELLNESS (80D, 80DD, 80DDB, 80U)

M27. Mr. A, a Central Government employee, made the following payments during the year (all by cheque).....

CGHS 10,000 + Son 5,000 + Brother NO + Spouse health checkup up to 5,000 = 20,000

M28. Mr. B, age 35 years, made the following payments during the year (all by cheque): Health insurance premium for.....

FAMILY: Wife 23,000 + Checkup for daughter 4,000 = 27,000 allowed up to 25,000.

PARENTS: father 25,000 (not senior citizen) + mother mediclaim 18,000 + mother exp NO (as mediclaim premium paid) = 43,000.

Total = 68,000

M29. Mr. C, age 33 years, made the following payments during the year: Mediclaim premium of minor son (dependent).....

FAMILY: Son NO as in cash + checkup up to 5,000 = 5,000.

PARENTS: mother 20,000 + father (senior citizen) 40,000 = up to 50,000.

Total = 55,000

M30. Mr. D, resident of age 40 years, made the following payments during the year (all by cheque): Mediclaim.....

FAMILY: self 35,000 + spouse 10,000 = 25,000.

PARENTS (not senior citizen): father 40,000 + mother 40,000 = 25,000.

Total = 50,000.

M32. Raghav, resident aged 40 years, incurred expenditure of Rs. 10,000 each for medical treatment of his younger.....

Only sister entitled. Severe disability deduction of 1,25,000

M33. Chetan, resident aged 55 years, incurred the following expenditure during the year: Health insurance premium.....

80D = spouse upto 25,000 + father checkup upto 5,000 = 30,000.

80DD = NIL as father-in-law not eligible.

80DDB = 40,000 (not senior citizen) – 25,000 = 15,000.

Total = 45,000

DEDUCTION FOR INTEREST ON LOAN (80E, 80EE, 80EEA, 80EEB)

M35. Rekha took a loan of Rs. 10,00,000 from a bank for meeting expenditure on education of her husband pursuing.....

TI = 3,00,000 – 50,000 80E = 2,50,000. 8Y period starts from FY 2015-16.

M36. Riya took an education loan from a notified financial institution for her spouse (not dependent on her) pursuing.....

8Y period starts from FY 2014-15. TI = 6L - 80E 3L = 3L.

M38. Rishabh acquired his first house in Jaipur for own residence. The house was purchased for 46 lakh (SDV Rs.....

2L u/s 24(b) while computing IHP. No 80EEA as loan sanctioned before 1.4.2019.

M39. Jacky purchased his first house for Rs. 50 lakh (FMV was Rs. 51 lakh and SDV was Rs. 44 lakh), using loan of Rs.....

SDV ≤ 45L. Loan sanctioned in PY 2020-21.

GTI = 3,50,000 salary – 2,00,000 IHP (on account of interest u/s 24(b)) = 1,50,000.

TI = 1,50,000 – 1,50,000 80EEA (4,00,000 – 2,00,000 allowed u/s 24(b); up to 1,50,000) = Nil

M41. Roshan, a resident but not ordinarily resident, took a loan from Dena Bank of Rs. 20 lakh to purchase an electric.....

80EEB allowed up to 1,50,000.

TI = 1,75,000 – 1,25,000 80EEB (allowed to the extent of IHP; VIA deduction not allowed from winning) = 50,000.

DEDUCTION FOR DONATIONS (80G, 80GGA, 80GGB, 80GGGC)

M46. Rohit donated Rs. 50,000 to National Cultural Fund and Rs. 60,000 to Jawaharlal Nehru Memorial Fund by.....

NCF 50,000 + JNMF 30,000 + Trust NO as paid by cash = 80,000.

M47. Kavya made the following donations during the PY 2021-22: Lieutenant Governor's Relief Fund Rs. 30,000 (paid.....

Donations without qualifying limit: LGRF 30,000 + IGMT 25,000 = 55,000.

Donations with qualifying limit = Family planning 30,000 + IOA NIL (only company can claim) + Charitable institution 40,000 + Mosque NIL as paid in kind = 70,000.

ATI = GTI 7,00,000 – LTCG 1,00,000 – 80C 1,00,000 = 5,00,000. 10% of ATI = 50,000.

80G = 55,000 + 40,000 [Family planning @ 100% 30,000 + 10,000 (50% of 20,000, i.e., 50,000 – 30,000)] = 95,000.

TI = 7,00,000 – 80C 1,00,000 – 80G 95,000 = 5,05,000.

M48. During the PY 2021-22, Ramit donated Rs. 50,000 to a research association (approved u/s 35) for carrying out.....

Research Association NIL as in cash + college NIL as not approved + RDF 30,000 + NUPEF 60,000 + Rural Development association 2,000 (cash allowed as does not exceed 2,000) = 92,000.

M49. During the PY 2021-22, Sarthak, a businessman, incurred Rs. 25,000 by cheque on placing an advertisement in.....

Disallowed in computing PGBP u/s 37(2B); No deduction u/s 80GGC

M50. During the PY 2021-22, Raunaq contributed the following amounts to political parties: Rs. 1,500 by cash, Rs.....

8,000 by cheque allowed. Cash not allowed. Advertisement not allowed.

M51. During the PY 2021-22, JCB Ltd., an Indian company, contributed Rs. 10,000 in cash to BJP, Rs. 20,000 by cheque.....

80GGB = BJP NO as paid in cash + Cong 20,000 + Advertisement 30,000 = 50,000

DEDUCTION FOR RENT [80GG]

M53. Shalu, carrying on a business, paid Rs. 10,000 p.m. as rent for furnished accommodation occupied by her in....

Lower of (a) 60,000, (b) 1,20,000 rent paid – 50,000 (10% of 5,00,000 ATI) = 70,000, (c) 25% of 5,00,000 ATI, ie, 1,25,000 = 60,000.

M55. Shruti, a salaried employee, pays rent of Rs. 10,000 per month to stay in a house in Delhi. Her employer does not....

ATI = 12,00,000 GTI – 1,00,000 LTCG – 1,00,000 80CCC = 10,00,000.

80GG = Lower of (a) 60,000, (b) 20,000 (1,20,000 rent paid – 1,00,000 10% of ATI), (c) 25% of ATI 2,50,000 = 20,000.

TI = 12,00,000 – 1,00,000 80CCC – 20,000 80GG = 10,80,000

DEDUCTIONS FOR INTEREST INCOME [80TTA, 80TTB]

M56. Deduction in respect of interest on deposits is allowed up to Rs. 50,000 to....

U/s 80TTB

M57. Soumil, aged 50 years, earned Rs. 20,000 as interest on Post Office Savings Bank Account (individual). He has....

Income included in GTI = 20,000 – 3,500 exempt u/s 10 = 16,500. TI = 16,500 – 10,000 u/s 80TTA = 6,500

M58. During the PY 2021-22, Raja, a non-resident aged 61 years, deposited Rs. 1,00,000 in 5 year Post Office Time....

TI = 3,00,000 GTI – 80C for 5Y POTD 1,00,000 – 9,500 80TTA (not senior citizen) (POSA 3,500 (after exemption of 3,500) + SBI savings a/c 6,000 + FD Nil) = 1,90,500

M59. During the PY 2021-22, Virat, a resident aged 62 years, earned the following incomes: Income from house....

GTI = IHP 3,00,000 + FD interest 20,000 + coop bank interest 10,000 + PPF interest exempt + RD interest 25,000 + POSA interest 10,000 (13,500 – 3,500 exempt) = 3,65,000.

TI = 3,65,000 – 50,000 u/s 80TTB (FD 20,000 + coop SB A/c 10,000 + RD 25,000 + POSA 10,000; upto 50,000) = 3,15,000

M59a. During the PY 2021-22, Mr. Z, a resident aged 65 years, has earned interest of Rs. 15,000 from savings bank....

80TTB = 15,000 + 10,000 = 25,000. NBFC interest not eligible.

DEDUCTIONS FOR CERTAIN OTHER INCOMES [80JJAA, 80QQB, 80RRB]

M62. Janak started a new transport business on 1.4.2021. Turnover of business for PY 2021-22 was Rs. 1.5 crore and....

44AB limit is 1Cr. Tax Audit applies. 80JJAA available.

Additional employees = 5 – 1 (30k salary) – 1 (resigned; < 240D) – 1 (no RPF) = 2. AEC = 2 × 25,000 × 11 = 5,50,000.

80JJAA @ 30% = 1,65,000.

Cash payment is not a bar for first year of new business.

M63. Josh carried on business of footwear manufacturing having 20 employees as on 31.3.2021. The business was liable....

Net addition = 5 - 2 = 3. Appointment on 1.10.2021 not eligible as > 25,000 p.m.

AEC = 3 × 20,000 × 10 = 6,00,000. 80JJAA @ 30% = 1,80,000

M65. Sarthak, a resident individual, is a professional author of artistic books. During the PY 2021-22, he earned royalty....

Royalty = 4L. Royalty ignoring excess of 15% = 3L.

Repatriated by 30.9.2022 = 3.2L.

80QQB is lower of eligible amount of 3L or limit of 3L = 3L.

M66. Rukmi, a resident of age 35 years, wrote a book on ancient art and received a lump sum payment of Rs. 4,00,000....

80QCB is lower of 4,00,000 or 3,00,000 = 3,00,000.

M67. Ramkumar, a resident of age 55 years and a scientist, received royalty of Rs. 1.5 lakh each from a foreign.....

60% of 4,50,000 = 2,70,000. 80RRB = lower of 2,70,000 or 3,00,000.