

**INTERMEDIATE - INCOME TAX**

**TOPICS COVERED:** CLUBBING OF INCOME + SET OFF AND CARRY FORWARD OF LOSSES + DEDUCTIONS UNDER CHAPTER VI-A

**MAXIMUM MARKS:** 25 {5 questions x 5 marks each}

**TIME:** 45 MINUTES

**Q.1)**

Mr. Anand has Basic Salary of ₹1,50,000 per month from Aspire Pvt. Ltd. in which he has 25% shareholding. His wife Mrs. Anjali is also working in the said company at the monthly salary of ₹25,000. However, she is not qualified for the said job. She owns a House which she has let out for ₹15,000 per month. They have 2 children Ganesh and Nandi whose age is 15 years and 12 years respectively. Ganesh is amazing singer and has won ₹1,00,000 as prize money from singing during Financial Year 2025-26. He used this amount and his other savings to do a Fixed Deposit on which he earned ₹8,000 as interest during the year. Nandi received gift of ₹25,000 & 26,000 from Mrs. Shobha & Mr. Rana, her parents' friends on birthday. Compute Total Income of all the family members for the Assessment Year 2026-27 assuming that they have opted to shift out of section 115BAC of the Income Tax Act.

Would your answer be different if they have decided to pay tax as per default regime under section 115BAC of the Income Tax Act?

**Q.2)**

Mrs. Zingade has following incomes during the previous year 2025-26. Compute her total income for the assessment year 2026-27 given that she has decided to opt out of provisions of section 115BAC of the Income Tax Act:

1. Gross Salary: ₹25,00,000 p.a.
2. Loss from House Property A: ₹3,00,000
3. Income from House Property B: ₹2,00,000
4. Loss from House Property C: ₹2,50,000
5. Long Term Capital Loss: ₹1,25,000
6. Short Term Capital Loss: ₹24,000
7. Long Term Capital Gains: ₹1,00,000
8. Short Term Capital Gains: ₹30,000
9. Income from retail business: ₹2,25,000
10. Loss from Speculative business A: ₹1,00,000
11. Income from speculative business B: ₹90,000
12. Loss from owning and maintaining race horses: ₹25,000
13. Winnings from Horse races: ₹40,000

**Q.3)**

Mrs. Swati is doing business of manufacturing Auto Components. Her Turnover during the Financial Year 2025-26 is ₹25,00,00,000. She has given following details of new employees employed during the year. On basis of that, compute deduction available under section 80JAA given that she has decided to pay tax as per provisions of section 115BAC of the Income Tax Act.

1. 25 Employees with monthly remuneration of ₹23,500 w.e.f. 1.5.2025. They are participating in Recognised Provident Fund (RPF).
2. 50 employees having monthly remuneration of ₹30,000 w.e.f. 1.7.2025. They are participating in RPF.
3. 20 employees having monthly remuneration of ₹20,000 w.e.f. 1.8.2025, They are not participating in RPF.
4. 30 employees having monthly remuneration of ₹24,500 w.e.f. 1.9.2025. They are participating in RPF.

**Q.4)**

Compute Total Income of Mr. Surya, age: 62, for the Assessment Year 2026-27 from the details given below for the Financial Year 2025-26. It is given that he has opted out of section 115BAC of the Income Tax Act:

1. Income from House Property (Computed): ₹5,00,000
2. Income from Pension (Computed): ₹7,00,000
3. Interest on Savings Bank Account with State Bank of India: ₹7,000
4. Interest on Savings Bank Account with ICICI Bank: ₹5,000
5. Interest on Fixed Deposit with Post Office: ₹40,000
6. Dividend from ITC Ltd: ₹5,200
7. Royalty as author of a Novel from Rupa Publications: ₹3,45,000  
{The rate of royalty is 10% of value of books sold}
8. He paid Life insurance premium of ₹50,000 {Sum Assured: ₹10,00,000}
9. Deposit in PPF: ₹1,25,000
10. Medical Insurance Premium paid for himself by Account Payee Cheque: ₹40,000
11. Medical Insurance Premium paid by cash for his spouse: ₹30,000
12. Amount paid towards preventive health check up of himself and his spouse by way of cash: ₹5,500

**Q.5)**

Elaborate the provisions of clubbing of income along with few suitable instances where these provisions are applicable. Explain the logic of having clubbing provisions in Income Tax.