

EKATVAM ACADEMY
SOLUTION FOR PAPER 1: BASIC CONCEPT
CA/CMA INTER (Nov 2024)

SOLUTION 1

Computation of tax liability of Mr. A for the A.Y.2024-25

| | | |
|--|-------------|-------------|
| (A) Tax payable including surcharge on total income of | | ₹ 51,00,000 |
| ₹ 2,50,000 – ₹ 5,00,000 @ 5% | ₹ 12,500 | |
| ₹ 5,00,001 – ₹ 10,00,000 @ 20% | ₹ 1,00,000 | |
| ₹ 10,00,001 – ₹ 51,00,000 @ 30% | ₹ 12,30,000 | |
| Total | ₹ 13,42,500 | |
| Add : Surcharge @ 10% | ₹ 1,34,250 | ₹ 14,76,750 |
| (B) Tax Payable on total income of ₹ 50 lakhs (₹ 12,500 plus ₹ 1,00,000 plus ₹ 12,00,000) | | ₹ 13,12,500 |
| (C) Total Income Less ₹ 50 lakhs | | ₹ 1,00,000 |
| (D) Tax payable on total income of ₹ 5-0 lakhs plus the excess of total income over ₹ 50 lakhs (B + C) | | ₹ 14,12,500 |
| (E) Tax payable: Lower of (A) and (D) | | ₹ 14,12,500 |
| Add: Health and education cess @ 4% | | ₹ 56,500 |
| Tax liability | | ₹ 14,69,000 |
| (F) Marginal Relief (A – D) | | ₹ 64,250 |

Alternative Method :

| | | |
|--|--------------------|-------------|
| (A) Tax payable including surcharge on total income of | | ₹ 51,00,000 |
| ₹ 2,50,000 – ₹ 5,00,000 @5% | ₹ 12,500 | |
| ₹ 5,00,001 – ₹ 10,00,000 @20% | ₹ 1,00,000 | |
| ₹ 10,00,001 – ₹ 51,00,000 @30% | ₹ <u>12,30,000</u> | |
| Total | ₹ 13,42,500 | |
| Add: Surcharge @ 10% | ₹ <u>1,34,250</u> | ₹ 14,76,750 |
| (B) Tax Payable on total income of ₹ 50 lakhs (₹ 12,500 plus ₹ 1,00,000 plus ₹ 12,00,000) | | ₹ 13,12,500 |
| (C) Excess tax payable (A) – (B) | | ₹ 1,64,250 |
| (D) Marginal Relief (₹ 1,64,250 - ₹ 1,00,000, being the amount of income in excess of ₹ 50,00,000) | | ₹ 64,250 |
| (E) Tax payable (A) – (D) | | ₹ 14,12,500 |
| Add: Health and education cess @ 4% | | ₹ 56,500 |

Tax liability

₹ 14,69,000

SOLUTION 2

The income of an assessee for a previous year is charged to income-tax in the assessment year following the previous year. However, in a few cases, the income is taxed in the previous year in which it is earned. These exceptions have been made to protect the interests of revenue.

The exceptions are as follows:

- (i) Where a ship, belonging to or chartered by a non-resident, carries passengers, livestock, mail or goods shipped at a port in India, the ship is allowed to leave the port only when the tax has been paid or satisfactory arrangement has been made for payment thereof. 7.5% of the freight paid or payable to the owner or the charterer or to any person on his behalf, whether in India or outside India on account of such carriage is deemed to be his income which is charged to tax in the same year in which it is earned.
- (ii) Where it appears to the Assessing Officer that any individual may leave India during the current assessment year or shortly after its expiry and he has no present intention of returning to India, the total income of such individual for the period from the expiry of the respective previous year up to the probable date of his departure from India is chargeable to tax in that assessment year.
- (iii) If an AOP/BOI etc. is formed or established for a particular event or purpose and the Assessing Officer apprehends that the AOP/BOI is likely to be dissolved in the same year or in the next year, he can make assessment of the income up to the date of dissolution as income of the relevant assessment year.
- (iv) During the current assessment year, if it appears to the Assessing Officer that a person is likely to charge, sell, transfer, dispose of or otherwise part with any of his assets to avoid payment of any liability under this Act, the total income of such person for the period from the expiry of the previous year to the date, when the Assessing Officer commences proceedings under this section is chargeable to tax in that assessment year.
- (v) Where any business or profession is discontinued in any assessment year, the income of the period from the expiry of the previous year up to the date of such discontinuance may, at the discretion of the Assessing Officer, be charged to tax in that assessment year.

SOLUTION 3 :**Computation of tax liability of Mr. Agarwal for the A. Y. 2024 – 25**

| Particulars | | ₹ |
|--------------------------------------|-----------|-------------|
| Tax on total income of ₹ 4,50,00,000 | | |
| Tax @ 20% of ₹ 55,00,000 | | 11,00,000 |
| Tax @ 15% of ₹ 65,00,000 | | 9,75,000 |
| Tax on other income of ₹ 3,30,00,000 | | |
| ₹ 2,50,000 - ₹ 5,00,000 @ 5% | 12,500 | |
| ₹ 5,00,000 - ₹ 10,00,000 @ 20% | 1,00,000 | |
| ₹ 10,00,000 - ₹ 3,30,00,000 @ 30% | 96,00,000 | 97,12,500 |
| | | 1,17,87,500 |
| Add: Surcharge @ 15% on ₹ | 3,11,250 | |

| | | |
|-------------------------------------|-----------|--------------------|
| 20,75,000 | | |
| @ 25% on ₹ 97,12,500 | 24,28,125 | 27,39,375 |
| | | 1,45,26,875 |
| Add: Health and education cess @ 4% | | 5,81,075 |
| Tax Liability | | 1,51,07,950 |

SOLUTION 4:

Computation of tax liability of Mr. Kashyap for the A.Y.2024-25 under default tax regime

| | | |
|---|-------------|-------------|
| (A) Tax payable including surcharge on total income of | | ₹ 51,75,000 |
| ₹ 3,00,000 – ₹ 6,00,000 @5% | ₹ 15,000 | |
| ₹ 6,00,001 – ₹ 9,00,000 @10% | ₹ 30,000 | |
| ₹ 9,00,001 – ₹ 12,00,000 @15% | ₹ 45,000 | |
| ₹ 12,00,001 – ₹ 15,00,000 @20% | ₹ 60,000 | |
| ₹ 15,00,001 – ₹ 51,75,000 @30% | ₹ 11,02,500 | |
| Total | ₹ 12,52,500 | |
| Add: Surcharge @ 10% | ₹ 1,25,250 | 13,77,750 |
| (B) Tax Payable on total income of ₹ 50 lakhs (₹ 1,50,000 plus ₹ 10,50,000) | | 12,00,000 |
| (C) Total Income Less ₹ 50 lakhs | | ₹1,75,000 |
| (D) Tax payable on total income of ₹ 50 lakhs plus the excess of total income over ₹ 50 lakhs (B + C) | | 13,75,000 |
| (E) Tax payable: lower of (A) and (D) | | 13,75,000 |
| Add: Health and education cess @ 4% | | ₹ 55,000 |
| Tax liability | | 14,30,000 |
| (G) Marginal Relief (A – D) | | ₹ 2750 |

Alternative Method:

| | | |
|--|-------------|-------------|
| (A) Tax payable including surcharge on total income of | | ₹ 51,75,000 |
| ₹ 3,00,000 – ₹ 6,00,000 @5% | ₹ 15,000 | |
| ₹ 6,00,001 – ₹ 9,00,000 @10% | ₹ 30,000 | |
| ₹ 9,00,001 – ₹ 12,00,000 @15% | ₹ 45,000 | |
| ₹ 12,00,001 – ₹ 15,00,000 @20% | ₹ 60,000 | |
| ₹ 15,00,001 – ₹ 51,75,000 @30% | ₹ 11,02,500 | |
| Total | ₹ 12,52,500 | |
| Add: Surcharge @ 10% | ₹ 1,25,250 | 13,77,750 |

| | | | |
|--|---|--|-----------|
| (B) | Tax Payable on total income of ₹ 50 lakhs (₹ 1,50,000 plus ₹ 10,50,000) | | 12,00,000 |
| (C) | Excess Tax Payable (A)-(B) | | ₹1,77,750 |
| (D) | Marginal Relief (1,77,750 – 1,75,000 being the amount of income in excess of 50,00,000) | | 2,750 |
| (E) | Tax payable (A) - (D) | | 13,75,000 |
| Add: Health and education cess @ 4% | | | ₹ 55,000 |
| Tax liability | | | 14,30,000 |

SOLUTION 5 :

Computation of tax liability of Mr. D under default tax regime for the A.Y. 2024-25

| | | |
|--|-------------------|-------------|
| Tax payable including surcharge on total income of | | 5,01,00,000 |
| ₹ 3,00,000 – ₹ 6,00,000 @5% | ₹15,000 | |
| ₹ 6,00,001 – ₹ 9,00,000 @10% | ₹30,000 | |
| ₹ 9,00,001 – ₹ 12,00,000 @15% | ₹45,000 | |
| ₹ 12,00,001 – ₹ 15,00,000 @20% | ₹60,000 | |
| ₹ 15,00,001 – 5,01,00,000 @30% | ₹1,45,80,000 | |
| Total | 1,47,30,000 | |
| Add: Surcharge @ 25% | <u>₹36,82,500</u> | 1,84,12,500 |
| Add: Health and education cess @ 4% | | 7,36,500 |
| Tax liability | | 1,91,49,000 |

Computation of tax liability of Mr. D under optional tax regime for the A.Y. 2024-25

| | | | |
|------------|--|--------------------|------------------|
| (A) | Tax payable including surcharge on total income of | | 5,01,00,000 |
| | ₹ 3,00,000 – ₹ 5,00,000 @5% | ₹ 10,000 | |
| | ₹ 5,00,001 – ₹ 10,00,000 @20% | ₹ 1,00,000 | |
| | ₹ 10,00,001 – ₹ 5,01,00,000 @30% | ₹ 1,47,30,000 | |
| | Total | ₹ 1,48,40,000 | |
| | Add: Surcharge @ 37% | <u>₹ 54,90,800</u> | 2,03,30,800 |
| (B) | Tax Payable on total income of ₹ 5 crore (₹ 10,000 plus 1,00,000 plus ₹ 1,47,00,000) | | 1,48,10,000 |
| | Add: Surcharge@ 25% | | <u>37,02,500</u> |
| | | | 1,85,12,500 |
| (C) | Total Income Less ₹ 5 crore | | ₹1,00,000 |

| | | |
|------------|--|-------------|
| (D) | Tax payable on total income of ₹ 5 crore plus the excess of total income over ₹ 50 lakhs (B + C) | 1,86,12,500 |
| (E) | Tax payable: lower of (A) and (D) | 1,86,12,500 |
| | Add: Health and education cess @ 4% | 7,44,500 |
| | Tax liability | 1,93,57,000 |
| (F) | Marginal Relief (A – D) | 17,18,300 |