

EKATVAM ACADEMY
SOLUTION FOR PAPER 9 SET- OFF AND CARRY FORWARD
CA/CMA INTER

SOLUTION 1

Computation of Gross Total Income of Mr. Soohan for the A.Y.2024-25

| Particulars | ₹ | ₹ |
|---|----------|-----------------|
| Salaries | | |
| Income from salary | 3,00,000 | |
| Less: Loss from house property set-off against salary income as per section 71 | (40,000) | 2,60,000 |
| Profits and gains of business or profession | | |
| Income from sugar business | 50,000 | |
| Less: Brought forward loss of ₹ 1,20,000 from iron-ore business set-off as per section 72(1) to the extent of ₹ 50,000 | (50,000) | Nil |
| Balance business loss of ₹ 70,000 of P.Y.2018-19 to be carried forward to A.Y.2025-26 | | |
| Capital gains | | |
| Long term capital gain | 40,000 | |
| Less: Short term capital loss of ₹ 60,000 set-off to the extent of ₹ 40,000 | (40,000) | Nil |
| Balance short-term capital loss of ₹ 20,000 to be carried forward | | |
| Short-term capital loss of ₹ 10,000 u/s 111A also to be carried forward | | |
| Income from other sources | | |
| Dividend (fully taxable in the hands of shareholders) | 5,000 | |
| Winnings from lottery | 50,000 | |
| Winnings from card games | 6,000 | |
| Bank FD interest | 5,000 | 66,000 |
| Gross Total Income | | 3,26,000 |
| Losses to be carried forward to A.Y.2025-26 | | |
| Loss of iron-ore business (₹ 1,20,000 – ₹ 50,000) | 70,000 | |
| Short term capital loss (₹ 20,000 + ₹ 10,000) | 30,000 | |

Note: Agricultural income is exempt under section 10(1).

SOLUTION 2**Taxable capital gains of Mr C for A.Y. 2024-25**

| Particulars | ₹ | ₹ |
|---|----------|-----------------|
| Short term capital gains on sale of shares | 1,50,000 | |
| Less: Brought forward short-term capital loss of the A.Y. 2023-24 | (37,000) | 1,13,000 |
| Long term capital gain | 75,000 | |
| Less: Brought forward long-term capital loss of A.Y.2022-23 ₹ 96,000 set off to the extent of ₹75,000 [See Note below] | (75,000) | Nil |
| Taxable short-term capital gains | | 1,13,000 |

Note: Long-term capital loss cannot be set off against short-term capital gain. Hence, the unadjusted long-term capital loss of A.Y.2022-23 of ₹ 21,000 (i.e. ₹ 96,000 – ₹ 75,000) can be carried forward to the next year to be set-off against long-term capital gains of that year.

SOLUTION 3**Taxable capital gains of Mr E for A.Y. 2024-25**

| Particulars | ₹ | ₹ |
|--|----------|-----------------|
| Income from salaries | | 1,50,000 |
| Income from speculation business | 60,000 | |
| Less : Loss from non-speculation business | (40,000) | 20,000 |
| Short-term capital gain | | 80,000 |
| Winnings from lotteries | | 20,000 |
| Taxable income | | 2,70,000 |

Note : Long term capital loss can be set off only against long term capital gain. Therefore, long term capital loss of 30,000 has to be carried forward to the next assessment year.