

Comparative Analysis

Question no	Section Cross Reference	Based on Concept	M/R/P/SM	IMP	Page no [To be filled by Student]
1-3	Rule 7&8	Computation of Agri & PGBP	SM/ P	1 & 3	
4-7	-	Method of Partial Integration	SM / P	4 & 7	

Questions Based on Business and Agriculture Income.

Question 1: Based on Computation of Business and Agriculture Income **M - Sept 24**

Miss. Kavita, a ROR, has derived following Income:

Particulars	₹
Income from sale of centrifuged latex processed from rubber plants grown in Darjeeling	1,00,000
Income from sale of coffee grown and cured in Yercaud, Tamil Nadu	2,00,000
Income from sale of coffee grown, cured, roasted & grounded Colombo. Sale consideration was received in Chennai	5,00,000
Income from sale of tea grown & manufactured in India	10,00,000
Income from sapling and seedling in nursery at cochin basic operations were not carried out by her on Land	2,00,000

You are required to compute the business income & Agriculture Income of Miss. Kavita.

Solution:

For Kavita – Computation of Total Income		AY 2026-27	
Particulars	Agri Income	Non- Agri Income	
From sale of centrifuged latex processed from rubber plants grown in Darjeeling (65% and 35%)	65,000	35,000	
Sale of coffee grown and cured in Yercaud, Tamil Nadu (75% and 35%)	1,50,000	50,000	
Sale of coffee grown, cured, roasted & grounded Colombo. Sale consideration was received in Chennai	-	5,00,000	
Income from sale of tea grown & manufactured in India (60% and 40%)	6,00,000	4,00,000	
Sapling and seedling in nursery at cochin basic operations were not carried out by her on Land	2,00,000	-	
Total	10,15,000	9,85,000	

Concept interlinking:

- Income from sale of crops sold in Colombo is taxable in India as PGBP since Activity is done outside India.
- Income from nursery shall always be agricultural income whether basic operation is done or not.

Question 2: Based on Computation of Agriculture Income **SM**

Miss Vivitha, (ROR), has derived the following income from various operations (relating to plantations and estates owned by her) during the year ended 31st March.

Particulars	₹
Income from sale of centrifuged latex processed from rubber plants Grown in darjelling	3,00,000
Income from sale of coffee grown & cured in Yercaud, Tamil Nadu	1,00,000
Income from sale of coffee grown, cured, roasted & grounded Colombo. Sale consideration was received in Chennai	2,50,000
Income from sale of tea grown and manufactured in Shimla	4,00,000
Income from sapling and seedling grown in a nursery at Cochin	80,000

Solution:

For Vivitha		AY 2026-27	
Particulars	Agri Income	Non- Agri Income	
Growing and Manufacturing Latex (65% and 35%)	1,95,000	1,05,000	
Sale of coffee grown and cured in Yercaud, Tamil Nadu (75%:25%)	75,000	25,000	
sale of coffee grown, cured, roasted & grounded Colombo. Sale consideration was received in Chennai	-	2,50,000	
Sale of tea grown and manufactured in Shimla (60%:40%)	2,40,000	1,60,000	

Sapling and seedling grown in a nursery at Cochin	80,000	-
Total	5,90,000	5,40,000

Notes to be written in Exams:

- Income from sale of agricultural land situated in Foreign (Colombo), is taxable in India.

Question 3: Based on Composite Income SM/ P - Nov 16.

Mr. B grows sugarcane and uses the same for the purpose of manufacturing sugar in his factory 30% of sugarcane produce is sold for ₹10L, and the cost of cultivation is ₹ 5L. The cost of cultivation of balance [70%] is ₹ 14L & the market value of the same is ₹ 22L. After incurring ₹1.5L in the manufacturing process on the balance sugarcane, the sugar was sold for ₹ 25L. Compute the total income.

Solution:

For B – Computation of AI or PGBP		AY 2026-27
Particulars	₹	₹
A] Directly Sold (30%)		
Sale value	10,00,000	
(-) Cost of cultivation	(5,00,000)	
Agricultural Income	5,00,000	5,00,000
B] Sold after Processing		
(i) FMV	22,00,000	
(-) Cost of Cultivation	(14,00,000)	8,00,000
Total Agricultural Income		13,00,000
(ii) PGBP		
Sale value	25,00,000	
(-) FMV	(22,00,000)	
(-) Expenses on manufacturing	(1,50,000)	1,50,000
PGBP		1,50,000

Questions Based on Method of Partial Integration

Question 4: Based on Composite Income SM

Mr. Asim, 60 Yrs individual, engaged in the business of roasting & grounding of coffee, derives income of ₹10L during the FY. Compute the tax payable Assuming he has not earned any other Income. What would be your answer if he is also engaged in business of growing & curing coffee assuming he is opting out of sec 115BAC.

Solution:

For Asim – Computation of Income		AY 2026-27
Particulars		₹
In case Assessee is engaged in Business		10,00,000
Calculation of tax – SR Citizen		
Upto ₹ 3,00,000	Nil	
₹ 3,00,001-5,00,000 @ 5%	10,000	
₹ 5,00,001-10,00,000 @ 20%	1,00,000	1,10,000
HEC @ 4%		4,400
Total Tax		1,14,400

For Asim – Computation of Tax Liability		AY 2026-27
Particular		₹
In case Assessee is engaged in Growing + Manufacturing		10,00,000
A. Agricultural Income (60%)	6,00,000	
B. Business Income (40%)	4,00,000	
Calculation of Tax		
Step 1 : Agriculture Income + Business Income	10,00,000	

Step 2: Tax on Step 1	1,10,000	
Step 3 Agriculture Income + Basic Exemption Limit	9,00,000	
Step 4: Tax on Step 3	90,000	
Step 5: Difference of Tax	20,000	
Step 6: Rebate u/s 87A (Since BI does not Exceed ₹5L)	(12,500)	
Step 7: Balance	7,500	
Step 6: HEC @ 4%	300	
Step 7: Total tax Liability	7,800	

Concept Interlinking:

1. If Assessee has AI exceeding ₹ 5,000 and other income exceeding BEL then, tax shall be calculated as per Method of partial integration.
2. **Remember assessee is Senior Citizen (BEL- ₹ 3L) and not opting for 115BAC.**
3. Rebate is available since Total income (excluding Exempt Income) does not exceed ₹ 5L. rebate = lower of ₹ 12,500 or 100% before HEC.

Question 5: Based on Composite Income

SM/ P-May 18

Mr. Rana, a resident and ordinarily resident aged 42 years, manufactures rubber from the latex processed from rubber plants grown in Kerala. Thereafter, he sold the rubber for ₹ 47L. The cost of growing rubber plants was ₹25L & the cost of manufacturing rubber was ₹7L. He has no other income during PY 25-26. Compute his tax liability for AY 2026-27. Assuming he is not opting for 115BAC.

Solution:

Since, Assessee is engaged in Growing and Manufacturing Rubber his Income from Agricultural & Other activity is as under:

For Mr. Rana – Computation of Income		AY 2026-27
Particulars		₹
Sale Value		47,00,000
(-) Cost of Cultivation		(25,00,000)
(-) Expenses on manufacturing		(7,00,000)
Net Consideration		15,00,000
Agricultural Income - 65%		9,75,000
PGBP Income – 35%		5,25,000

For Mr. Rana – Computation of Tax Liability		AY 2026-27
Particular		₹
In case Assessee is engaged in Growing + Manufacturing		15,00,000
A. Agricultural Income (60%)	9,75,000	
B. Business Income (40%)	5,25,000	
Calculation of Tax		
Step 1: Agriculture Income + Business Income	15,00,000	
Step 2: Tax on Step 1	2,62,500	
Step 3 Agriculture Income + Basic Exemption Limit	12,25,000	
Step 4: Tax on Step 3	1,80,000	
Step 5: Difference of Tax	82,500	
Step 6: HEC @ 4%	3,300	
Step 7: Total tax Liability	85,800	

Concept Interlinking:

1. If Assessee has AI exceeding ₹ 5,000 and other income exceeding BEL then, tax shall be calculated as per Method of partial integration.

Question 6: Based on Partial Integration

Class Work

Miss Pencil, Resident individual age 35 years having income from agriculture ₹ 4,00,000 & Other Income ₹ 15,00,000. Whether the concept of Partial Integration will apply. If yes then calculate Tax, Assuming he is opted for sec 115BAC.

Solution:

For Miss Pencil– Computation of Tax Liability		AY 2026-27
Particular		₹
A. Agricultural Income (60%)		4,00,000
B. Business Income (40%)		15,00,000
Calculation of Tax		
Step 1 : Agriculture Income + Business Income		19,00,000
Step 2: Tax on Step 1		1,80,000
Step 3 Agriculture Income + Basic Exemption Limit		8,00,000
Step 4: Tax on Step 3		20,000
Step 5: Difference of Tax		1,60,000
Step 6: HEC @ 4%		6,400
Step 7: Total tax Liability		1,66,400
Concept Interlinking:		
1. If Assessee has AI exceeding ₹ 5,000 and other income exceeding BEL then, tax shall be calculated as per Method of partial integration.		
2. Rebate u/s 87A is not given because the TI exceed ₹ 12,00,000		

Question 7: Based on Partial Integration	P- May 2022
Mr. Kabra is engaged in composite business of growing and curing (further processing), coffee in Coorg, Karnataka. The whole of coffee grown in his plantation is cured , Relevant information is given below:	
Particulars	₹
WDV of Car as on 1/4/2025	3,00,000
WDV of machinery as on 1/4/2025 – dep rate 15%	15,00,000
Expenses incurred for growing coffee	3,10,000
Expenditure for curing Coffee	3,00,000
Sale value of cured coffee	22,00,000
Besides being used for agriculture operation the machine was used in coffee curing business operations. Compute the income arising from above activities for the relevant AY & show WDV as on 31 st March at the end of the year.	

Solution:

For Mr. Kabra – Computation of Tax Liability		AY 2026-27
Particular		₹
A] Sale of cured coffee		22,00,000
Less:		
1. Expenditure for growing coffee	3,10,000	
2. Expenditure for curing Coffee	3,00,000	
3. Depreciation of Car (₹ 3,00,000 x 15%)	45,000	
4. Depreciation of Machinery (₹15,00,000 x 15%)	2,25,000	
Total Expenses	8,80,000	(8,80,000)
Net profit		13,20,000
Business Income -25%	3,30,000	
Agriculture Income - 75%	9,90,000	

For Mr. Kabra – Computation of WDV of car & machinery		₹
Particulars		
CAR		
WDV as on 1/4/2025		3,00,000
Less: Depreciation (₹ 3L x 15%)		(45,000)
WDV as on 31/3/2026		2,55,000
Machinery		
WDV as on 1/4/2025		15,00,000
Less: Depreciation (₹ 15L x 15%)		(2,25,000)
WDV as on 31/3/2026		12,75,000