

---

## BUSINESS TRUST

---

### **QUESTION 1:**

Mr. Rajesh is a resident unitholder of Shipra Ltd. Shipra Ltd. is a Real Estate Investment Trust. (REIT), which holds 100% shareholding in GPL Ltd., an Indian company.

Mr. Rajesh acquired 10% units in Shipra Ltd. in the year 2021-22 at an issue price of ₹20,00,000. The particulars of income of Shipra Ltd. for the P.Y. 2024-25 are given below:

Particulars	Amount
Dividend Income from GPL Ltd.	₹ 2 crores
Interest Income from GPL Ltd.	₹ 3 crores
STCG on sale of developmental properties	₹ 1 crore
Other receipts [in the nature of loan repayment]	₹ 2.8 crores

GPL Ltd. does not exercise option under section 115BAA for A.Y. 2025-26. Shipra Ltd. distributed 90% of the above amounts to the unit-holders during the year.

Compute total income and tax payable by Mr. Rajesh for the A.Y. 2025-26, assuming that he has not shifted out of default tax regime.

What would be Rajesh's total income if, during PY 2022-23, he received 24,80,000 from Shipra Ltd. which was not in the nature of income for Shipra Ltd.

**ANSWER:****COMPUTATION OF TOTAL INCOME (U/H – Rajesh)**

	Particulars	₹
(i)	Dividend income from GPL Ltd. (SPV)	—
	<p><b>Exempt u/s 10(23FD)</b> since GPL Ltd. (SPV) has <b>not exercised</b> the option u/s <b>115BAA</b>.</p> <p>Accordingly, ₹ 18 lakhs (10% of ₹ 1.80 crore, being 90% of ₹ 2 crore), being the dividend component of income received by Mr. Rajesh from Shipra Ltd. is not taxable in his hands.</p>	
(ii)	Interest income from GPL Ltd. (SPV)	27,00,000
	<p>As per <b>sec. 115UA</b>, interest income distributed to unit holders would be taxable for the unit holders.</p> <p>Accordingly, ₹ 27 lakhs i.e., 10% of ₹ 2.7 crores (90% of ₹ 3 crores), being the interest component of income distributed to Mr. Rajesh, is taxable in his hands.</p>	
(iii)	STCG on sale of developmental properties	—
	<p><b>Exempt u/s 10(23FD)</b> [STCG on sale of development properties is taxable at maximum marginal rate of 42.74% in the hands of the REIT].</p> <p>No tax liability arises in the hands of Mr. Rajesh on ₹ 9 lakh (10% of ₹ 90 lakh, being 90% of ₹ 1 crore).</p>	
(iv)	Other Receipts	5,20,000
	<p><b>Taxable u/s 56(2)(xii)</b> for the unit holder as Income from Other Sources</p> <p>Taxable amount = Amt distributed till date – Issue Price – Amt Taxed earlier = (2.8 cr. x 90% x 10%) – 20,00,000 = 5,20,000</p>	
	Total Income	32,20,000

**COMPUTATION OF TAX PAYABLE**

Particulars	₹	₹
Upto ₹ 3,00,000	Nil	
₹ 3,00,000 – ₹ 7,00,000 [₹ 4,00,000 @ 5%]	20,000	
₹ 7,00,000 – ₹ 10,00,000 [₹ 3,00,000 @ 10%]	30,000	
₹ 10,00,000 – ₹ 12,00,000 [₹ 2,00,000 @ 15%]	30,000	
₹ 12,00,000 – ₹ 15,00,000 [₹ 3,00,000 @ 20%]	60,000	
₹ 15,00,000 – ₹ 32,20,000 [₹ 17,20,000 @30%]	5,16,000	6,56,000
<u>Add:</u> Health and education cess @ 4%		+ 26,240
Tax liability		6,82,240
<u>Less:</u> Tax deducted at source		
- u/s 194LBA @ 10% by Shipra Ltd. in respect of interest income from SPV		- 2,70,000
Tax payable		4,12,240

**Situation 2:****COMPUTATION OF TOTAL INCOME (U/H – Rajesh)**

	Particulars	₹
(i)	Dividend income from GPL Ltd. (SPV)	—
(ii)	Interest income from GPL Ltd. (SPV)	27,00,000
(iii)	STCG on sale of developmental properties	—
(iv)	Other Receipts	25,20,000
	<b>Taxable u/s 56(2)(xii)</b> for the unit holder as Income from Other Sources	
	Taxable amount = Amt distributed till date [50 L] – Issue Price [20 L] – Amt Taxed earlier [4.8 L] = ₹25,20,000	
	Total Income	52,20,000

~~~~~