

Mr B

PY 25-26 AY 26-27

Part A Computation of Agriculture Income

(i) sale of sugarcane in Raw form (30%)

	₹
Sale price	1000000
Cost of cultivation	(500000)
	500000

(ii) sugarcane further produced ^(less) (70%)

FMV of sugarcane	2200000
(-) Cost of cultivation	(1400000)
	800000

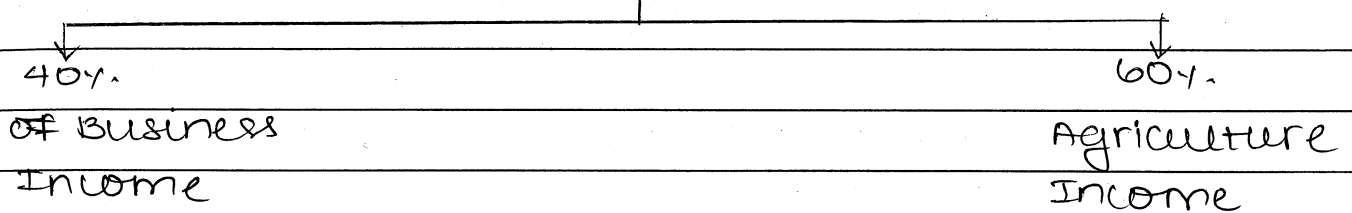
∴ Total Agriculture Income (500000 + 800000)

Part B:- Calculation of Business Income (Sale of sugar)

	₹
Sale of sugar	2500000
(-) Further process cost	(1500000)
(-) FMV of sugarcane used	(2200000)
P&BP	150000

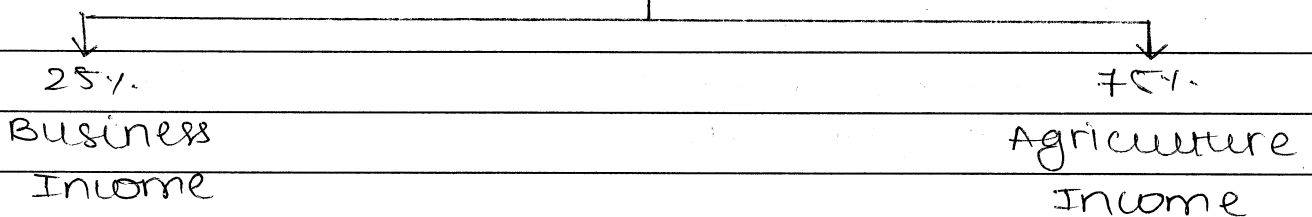
* Special Rules for Bifercation of Income
between Business and Agriculture in case
of growing and Manufacturing of Tea, coffee and Rubber

9m. Rule No 8:- Income from growing and Manufacturing
of Tea

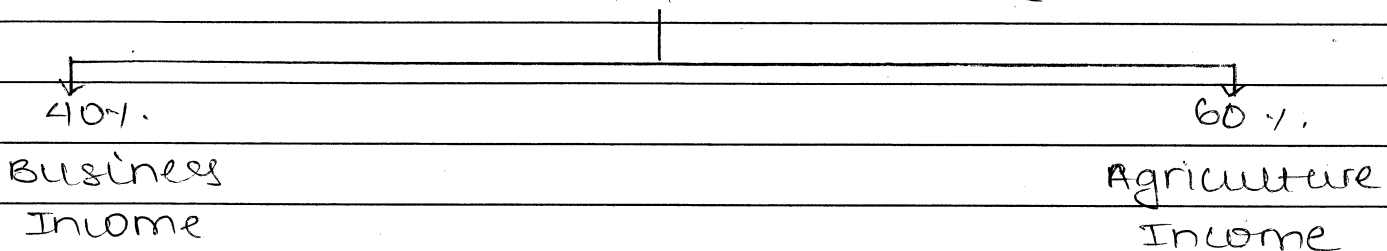


Rule No 7B:- Income from growing and ~~growing~~
manufacturing of coffee

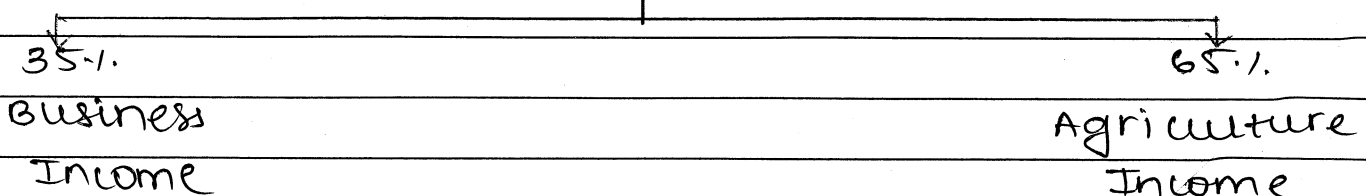
(i) grown and cured coffee



(ii) grown, cured, Roasted
and Grounded coffee



Rule 7A:- growing and Manufacturing of Rubber



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Ms. Vividha

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Computation of Agriculture and Business Income.

		Business Income		Agriculture Income	
		%	₹	%	₹
i)	Income from sale of rubber	35%	105000	65%	195000
ii)	Income from sale of coffee grown and cured	25%	25000	75%	75000
iii)	Income from sale of coffee in columbo	100%	250000	-	-
iv)	Income from sale of tea	40%	160000	60%	240000
v)	Income from sale of Nursery	-		100%	80000
			540000		590000

* Partial integration in case of Agriculture Income.

Agriculture income is exempt from tax, but for consumption computation of tax liability, it shall be considered if following conditions are satisfied.

- 1) Assessee should be Individual / HUF / AOP / BOI / AJP
- 2) Net Agriculture income is more than 5000
- 3) Non Agriculture (other income) is more than Basic exemption.

→ Computation of Tax liability

$$\text{Tax on (Total income + Net Agriculture Income)} \times x \\ \text{less: Tax on (Basic exemption + Net Agriculture Income)} \times x \\ \text{Net Tax liability.} \quad \quad \quad xx$$

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Mr. X

PY 25-26 AY 26-27

computation of Total Income

	₹	₹
Income from Salary		1080000
Income from House Property		250000
Income from other sources		
Net Agriculture Income	310000	
less :- Exempt u/s 10(1)	(310000)	—
Gross Total Income (GTI)		1330000
less :- Deduction u/s		—
Total income		1330000

Part A :- Tax liability as per

Computation of Tax liability

Tax on (Total Income + Net Agr. Inc)	₹ 128000
(1330000 + 310000)	
= 1640000 (Note 1)	

less :- Tax on (Basic exemption + Net Agr. Inc)	(15500)
(400000 + 310000)	
= 710000 (Note 2)	

Add :- HEC @ 4%.

112500
<u>4500</u>
1,17,000

Note 1

Tax on 1640000	
upto 400000 — —	
>4l upto 8l 5% 20K	
>8l upto 12l 10% 40K	
>12l upto 16l 15% 60K	
>16l upto 1640000 20% 8K	
<u>128000</u>	

Note 2

Tax on 710000	
upto 400000 — —	
>4l upto 710000 5% 15500	
<u>15500</u>	

Part B:- computation of Tax liability as per normal provision of Income Tax (old tax regime)

(B)(i) :- Age 45 years

Tax on (Total income + Net Agri income)

(1330000 + 310000)

= 1640000

304500

- Tax on (Basic exemption + Net Agri income)

(250000 + 310000)

= 560000

(24500)

280000

Add:- HEC 4%.

11200

291200

Note 1:- 1640000

upto 250000 — —

> 250000 upto sl sl. 12500

> sl upto 10l 20% 100000

> 10l upto 1640000 30% 192000

804500

Note 2:- 560000

upto 250000 — —

> 250000 upto sl sl. 12500

> sl upto 10l 20% 10000

> sl upto 560000 20% 12000

24500

(B)(i) Age 70 years

Tax on (Total Income + Net Agriculture
 Income)

$$(1330000 + 310000)$$

$$= 1640000$$

$$302000$$

- Tax on (Basic exemption + Net Agri.
 Income)

$$(300000 + 310000)$$

$$= 610000$$

$$(32000)$$

$$270000$$

Add: HEC @ 4%

$$10800$$

$$280800$$

Note 1:- 1640000

upto 300000

> 3l upto 5l 5% 10000

> 5l upto 10l 20% 100000

> 10l upto 1640000 30% 192000

$$302000$$

Note 2:- 610000

upto 300000

> 3l upto 5l 5% 10000

> 5l upto 610000 20% 22000

$$32000$$

— Revenue Receipt —

It is always treated as income, and taxable under Income Tax Law.

— Capital Receipt —

Normally capital Receipt are not treated as income and it is not taxable.

Eg:- loan taken, share issued by company, etc.

capital Receipt are treated as income if it is specifically provided in law. under the head capital gain, profit from transfer of capital Asset, it is treated as income and it is taxable.

— Notes —

1. Income means Net Receipt (Gross receipt - Total expenses for earning such income)

2. Income includes casual Income also i.e. Winnig from Lottery, gambling, card games.

3. In Income Tax, income is taxable whether it is legal income or Illegal income.

— Deemed Income —

sec 68 - cash credit

Where any amt. is credited in the Books of Accts. of Assessee and Assessee is not able to explain source and Nature of such amount or explanation is not satisfactory in the opinion of assessing officer then it will be treated as deemed income of Assessee.

If Assessee has taken any loan or borrowing from any person and explanation about source and nature is not satisfactory of the person (loan giver) then such loan is treated as deemed income of Assessee.

Eg:- Mr BB took loan of ₹ 10 lacs from Mr A and Mrs. C. If A and C could not source and nature of such amt, then this amt is treated as deemed income of Mr BB.

If any closely held co. (unlisted co.) receives any amt. towards share application, share capital, share prem. from any Resident shareholder and if such shareholders explanation is not satisfactory about source and nature then it is assumed the co. explanation is not satisfactory and it is treated as deemed income of co.

Eg:- BBVPL issues shares to Mr Reshan for ₹ 2 cr. In this case if Mr Reshan's explanation is not satisfactory about source and Nature of 2 cr then it is treated as deemed income of BBVPL.

sec 69 - Unexplained Investment

In any previous year if Assessee made an investment which is not recorded in Books of Account and Assessee explanation is not satisfactory about source and Nature of Investment then value of such inv. is treated as deemed income of Assessee.

sec 69 A - Unexplained Money

If in any previous year, the Assessee found to be owner of any money, jewellery, bullion, etc and same is not recorded in Books of Account and Assessee explanation about source and nature is not satisfactory then value of such asset is treated as deemed income.

Sec 69B:-

Amount of Investment / Asset not fully recorded in Books of Accounts.

If in any previous year, Assessee made investment or found to be owner of any Asset and if such investment or Asset is not fully recorded in BOA and Assessee explanation is not satisfactory the difference between value of investment/asset and amount recorded in BOA is treated as deemed income of Assessee.

eg:- Mr BB found to be owner of 1kg gold (MV 1cr) But he has recorded only 40 lakhs in BOA for acquiring 1kg gold. In this Assessing officer may treat 60 lakhs as deemed income of Mr BB if BB's explanation is not satisfactory.

Sec 69C :- Unexplained Expenditure

If in any PY Assessee incurred any expenditure and Assessee's explanation is not satisfactory about source of such expenses then such expenditure shall be treated as deemed income of Assessee.

When a person has incurred any expenditure in any PY and he has not explained the source of such expenditure in a satisfactory manner then such expenditure shall be treated as deemed income of the Assessee.

Sec 69D :- Amount borrowed / Repaid on Hundi

If any amount is Borrowed or Repaid on Hundi, in cash then such amount shall be treated as deemed income of Assessee. If any amount borrowed on Hundi is already treated as Income then at the time of repayment it will not be treated as Income.

Sec 115 BBE :- Above Income (Sec 68, 69, 69A, 69B, 69C, 69D) shall be taxable at rate 60% + 25% surcharge always + 4% CEC always. Effective Tax Rate 78%.

[Hundi :- 50% / 80% / 100% depending on PY]