Page No.: 32

2.14 Pg no 5

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~~ process (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	(150000)
(-) FMV of sugarcane used	(2200000)
PGBP	150000

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

Rule No 8 :- Income from Growing and Manufacturing of Tea

40% of Business Income

60% Agriculture Income

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

(i) Grown and cured coffee

25% Business Income

75% Agriculture Income

(ii) Grown, cured, Roasted and Grounded Coffee

40% Business Income

60% Agriculture Income

Rule 7A :- Growing and Manufacturing of Rubber

35% Business Income

65% Agriculture Income

Q17
pg 6

Ms. Vividha PY 25-26 AY 26-27

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) Assesse 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

Tax on (Total income + Net Agriculture Income)	xx
Less :- Tax on (Basic exemption + Net Agriculture Income)	(xx)
Net Tax liability.	xx

Q18 pg 7

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) (1330000 + 310000) = 1640000 (Note 1)	128000
less :- Tax on (Basic exemption + Net Agr. Inc) (400000 + 310000) = 710000 (Note 2)	(15500)
	112500
Add :- HEC @ 4%	4500
	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
		128000

Note : 2

Tax on 710000

upto 400000	—	—
>4l upto 710000	5%	15500
		15500

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 5l	5%	12500
> 5l upto 10l	20%	100000
> 10l upto 1640000	30%	192000
		804500

Note 2:- 560000

upto 250000	—	—
> 250000 upto 5l	5%	12500
> ~~5l upto 10l~~	~~20%~~	~~100000~~
> 5l upto 560000	20%	12000
		24500

(B)(ii) 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. Winning 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 Assesse and Assesse 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 Assesse.

If Assesse 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 Assesse.

Eg:- Mr BB took loan of ₹ 10 lakhs from Mr A and Mr 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 satisfact-ory and it is treated as deemed income of co.

Eg:- BBVPL issues shares to Mr Roshan for ₹ 2cr. In this case if Mr Roshan'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 Assesse made an investment which is not recorded in Books of Account and Assesses explanation is not satisfactory about source and Nature of Investment then value of such inv. is treated as deemed income of Assesse.

sec 69 A :- Unexplained Money

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

Sec 69 B :- ~~A~~

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

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

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 Assesse incurred any expenditure and Assesses explanation is not satisfactory about source of such expenses then such expenditure shall be treated as deemed income of 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% HEC always. Effective Tax Rate 78%.