

Short-term capital loss	70,000
Brought forward long-term loss from Assessment Year 2022-23	90,000
Long-term capital gain on sale of house	75,000
Interest on enhanced compensation from Government for acquisition of land in 2019	5,00,000
Dividend from ABC Ltd., Andhra Pradesh	15,000
Deposit made on 15.02.2024 in his Public Provident fund account	75,000
Loss from owning and maintaining race horse of Assessment Year 2023-24	20,000
Loss from Gambling	8,000

Also state the loss that can be carried forward to A.Y. 2025-26. Mr. Veer filed the return of income for assessment year 2020-21 after the expiry of due date for filing the return. **7 Marks**

Answer:

Computation of total income of Mr. Veer for A.Y. 2024-25

Particulars	₹	₹
<b>Income from house property</b>		
Income from let out house property	3,50,000	
Less: Set-off of loss from self-occupied house property by virtue of section 70(1) [Whole of interest i.e., ₹ 2,00,000 allowable as deduction, since it is within the permissible limit applicable to self-occupied property; The said amount represents loss from self-occupied property]	(2,00,000)	1,50,000
<b>Profits and gains of business or profession</b>		
Income from textile business	5,75,000	
[As per section 80, brought forward business loss of ₹ 1,05,000 of assessment year 2020-21 cannot be set-off, since return of income for that year was filed after the expiry of due date specified under section 139(1)]	Nil	5,75,000
<b>Capital Gains</b>		
Long-term capital gains on sale of house	75,000	
Less: Short-term capital loss can be set-off against long-term capital gains [section 70(2)]	70,000	
	5,000	
Less: Brought forward long-term capital loss of ₹ 90,000 from A.Y. 2022-23, set-off to the extent of ₹ 5,000	5,000	Nil
<b>Income from Other Sources</b>		
Interest on enhanced compensation from Government	5,00,000	
Less: Deduction @50%	2,50,000	
	2,50,000	
Dividend from ABC Ltd.	15,000	2,65,000
<b>Gross Total Income</b>		<b>9,90,000</b>
Less: Deduction under section 80C - Deposit in PPF		75,000
<b>Total Income</b>		<b>9,15,000</b>



Losses to be carried forward to A.Y. 2022-23		
Long-term capital loss of A.Y. 2022-23 (₹ 90,000 - ₹ 5,000) to be set-off against long-term capital gains, if any, in that year	85,000	
Loss from owning and maintaining racehorse of the A.Y. 2023-24 to be set-off against income, if any, from owning and maintaining race horses in that year.	20,000	
Loss from gambling (it can neither be set-off against any income during the previous year nor can it be carried forward for set-off against any income in the subsequent assessment years).		

**Question 8** (MTP Oct'22) (Same concepts different figures MTP Oct'21)

Compute total income of Mr. Mihir for the assessment year 2024-25 from the following information furnished by him for the financial year 2023-24. **7 Marks**

Particulars	₹
Salary income (computed)	4,70,000
Loss from self-occupied house property	2,00,000
Loss from let out house property	80,000
Loss from speculation business-X	90,000
Profit from speculation business-Y	80,000
Income from trading and manufacturing business @ 8%	5,50,000
Interest on PPF deposit	95,000
Long term capital gain on sale of Vacant site (Computed)	1,10,000
Short term capital loss on sale of Jewellery	1,90,000
Investment in tax saver deposit on 31-03-2024	50,000
Brought forward loss of business of assessment year 2020-21	7,50,000
Donation to a charitable trust recognized under section 12AB and approved under section 80G paid by cheque	1,10,000
Enhanced compensation received from government for compulsory acquisition of land (held for a period of 5 years) in the year 2014	4,00,000

**Computation of total income of Mr. Mihir for A.Y. 2024-25**

Particulars	₹	₹
Salaries		4,70,000
Profits and gains from business or profession		
Profit from speculation business Y	80,000	
Less: Loss of ₹ 90,000 from speculation business X set-off against profit from speculation business Y to the extent of such profit	(80,000)	
Loss of ₹ 10,000 from speculation business X to be carried forward to A.Y. 2025-26 for set-off against profits from speculation business.		
Income from trading and manufacturing business @8%	5,50,000	



Less: Brought forward business loss of A.Y. 2020-21 set-off since a period of eight assessment years has not expired. Balance loss of ₹ 2,00,000 to be carried forward to A.Y. 2025-26	(5,50,000)	Nil
<b>Capital Gains</b>		
Enhanced compensation received from government for compulsory acquisition [Taxable in P.Y. 2023-24 since enhanced compensation is taxable on receipt basis]	4,00,000	
Long term capital gain on sale of vacant site	1,10,000	
Less: Short term capital loss on sale of jeweler	(1,90,000)	
Less: Loss from house property can be set-off to the extent of ₹ 2,00,000 as per section 71(3A) [since long-term capital gains would be chargeable to tax @20%, it would be beneficial to set-off the loss from house property against LTCG]. Balance loss of 80,000 to be carried forward to A.Y. 2025-26.	3,20,000	
	(2,00,000)	1,20,000
<b>Income from Other Sources</b>		
Interest on PPF deposit	95,000	
Less: Exempt under section 10(11)	(95,000)	Nil
<b>Gross Total Income</b>		<b>5,90,000</b>
Less: Deduction under Chapter VI-A		
<b>Deduction under section 80C</b>		
Investment in tax saver deposit on 31.3.2024	50,000	
<b>Deduction under section 80G</b>		
Donation to recognized and approved charitable trust [Donation of ₹ 1,10,000 to be first restricted to ₹ 42,000, being 10% of adjusted total income of ₹ 4,20,000 i.e., [₹ 5,90,000 - ₹ 1,20,000 - ₹ 50,000]. Thereafter, deduction would be computed at 50% of ₹ 42,000.	21,000	71,000
<b>Total Income</b>		<b>5,19,000</b>

**Question 9**

MTP April '23, RTP Nov'21

Ms. Aarti, a resident individual, provides the following information of her income/losses for the year ended on 31st March, 2024:

S. No.	Particulars	(₹)
1.	Income from salary (Computed)	8,20,000
2.	Income from house property (let out) (Net Annual Value)	1,20,000
3.	Share of profit from firm in which she is partner	48,000
4.	Loss from specified business covered under section 35AD	67,000
5.	Income from textile business before adjusting the following items:	3,30,000
	(a) Current year depreciation	53,000
	(b) Unabsorbed depreciation of earlier year	1,85,000



	(c) Brought forward loss of textile business of the A.Y. 2021-22	1,90,000
6.	Long-term capital gain on sale of debentures (unlisted)	1,50,000
7.	Long-term capital loss on sale of equity shares (STT not paid)	1,50,000
8.	Long-term capital gain on sale of equity shares listed in recognized stock exchange (STT paid at the time of acquisition and sale)	2,50,000
9.	Dividend from units of UTI	1,15,000
10.	Repayment towards housing loan taken from a scheduled bank. Out of this ₹ 3,28,000 was towards payment of interest and rest towards principal.	4,85,000

Compute the Gross Total Income of Ms. Aarti and ascertain the amount of loss that can be carried forward. Ms. Aarti has always filed her return within the due date specified under section 139(1) of the Income-tax Act, 1961. She does not want to opt for 115BAC. **7 Marks**

Answer:

Computation of gross total income of Ms. Aarti for the A.Y.2024-25

Particulars		₹	₹
Salary Income (computed)		8,20,000	
Less: As per section 71(3A), loss from house property of ₹ 2,44,000 can be set-off, to the extent of		2,00,000	6,20,000
Income from House Property			
Net Annual Value of House Property		1,20,000	
Less: Deduction u/s 24			
(a) 30% of NAV	36,000		
(b) Interest on housing loan	3,28,000	3,64,000	
Loss from house property		(2,44,000)	
Less: Loss eligible for set-off against salary income restricted to		2,00,000	
Loss to be carried forward to A.Y. 2025-26 for set-off against income from house property, if any, in that year.		(44,000)	
Profits and gains of business or profession			
Share of profit from firm [Exempt u/s 10(2A)]		-	
Loss from specified business u/s 35AD ₹ 67,000 [can be set-off only against income from any specified business. Hence, it has to be carried forward to A.Y.2025-26]		-	
Income from textile business		3,30,000	
Less: Current year depreciation		53,000	
		2,77,000	
Less: Brought forward loss of textile business		1,90,000	
Less: Set-off of unabsorbed depreciation to the extent of ₹ 87,000 against business income		87,000	Nil
Capital Gains			
Long-term capital gains on sale of listed equity shares (STT paid)		2,50,000	
Less: Balance unabsorbed depreciation of ₹ 98,000 set-off		98,000	



Long-term capital gains on sale of listed equity shares [Tax is payable u/s 112A @10% on the amount exceeding ₹ 1,00,000]	1,52,000	1,52,000
Long-term capital gains on sale of debentures	1,50,000	
Less: Set-off of long-term capital loss on sale of equity shares (STT not paid) [Since long-term capital gain on sale of unlisted debentures are taxable @20% and long-term term capital gain on sale of listed shares in excess of ₹ 1,00,000 taxable @10%, it is beneficial to set-off long-term loss against LTCG on sale of debentures]	1,50,000	Nil
<b>Income from Other Sources</b>		
Dividend from units of UTI [Taxable in the hands of the unitholders]		1,15,000
<b>Gross Total Income</b>		<b>8,87,000</b>

Losses to be carried forward to A.Y. 2025-26	₹
Losses from specified business [can be carried forward indefinitely for set-off against income from any specified business]	67,000
Loss from house property [can be carried forward up to 8 successive assessment years for set-off against income from house property]	44,000

**Question 10**

RTP Nov '18 &amp; May '19

From following information furnished for the year ended 31-03-2018, compute the total income of Mr. Arihant for A.Y. 2024-25 and show the items eligible for carry forward and up to which assessment year:

Particulars	Amount (₹)
Long-term capital gain from sale of urban land	2,30,000
Long-term capital loss on sale of shares (STT not paid)	85,000
Long-term capital loss on sale of listed shares in recognized stock exchange (STT paid both at the time of acquisition and sale)	1,02,000
Loss from speculative business X	25,000
Income from speculative business Y	15,000
Loss from specified business covered under section 35AD	40,000
Income from salary	3,50,000
Loss from house property	2,20,000
Income from trading business	75,000

Following are details of unabsorbed depreciation and the brought forward losses:

1. Unabsorbed depreciation of ₹ 11,000 pertaining to A.Y 2023-24.
2. Losses from owning and maintaining of race horses pertaining to A.Y. 2023-24 ₹ 5,000.
3. Brought forward loss from trading business ₹ 8,000 relating to A.Y. 2020-21.



Answer:

## Computation of total income of Mr. Arihant for the A.Y. 2024-25

Particulars	₹	₹
Salaries		
Income from Salary	3,50,000	
Less: Loss from house property set-off against salary income as per section 71(3A), restricted to	2,00,000	1,50,000
Profits and gains of business or profession		
Income from trading business	75,000	
Less: Brought forward loss from trading business of A.Y. 2020-21 can be set off against current year income from trading business, as per section 72(1), since the eight-year time limit as specified under section 72(3), within which set-off is permitted has not expired.	8,000	
	67,000	
Less: Unabsorbed depreciation	11,000	56,000
Income from speculative business Y	15,000	
Less: Loss from speculative business X to be set-off as per section 73(1)	15,000	
Loss from speculative business X to be carried forward to A.Y.2025-26 as per section 73(2)	10,000	
Capital Gains		
Long term capital gain on sale of urban land	2,30,000	
Less: Long term capital loss on sale of shares (STT not paid) set-off as per section 70(3)]	85,000	1,45,000
Long-term capital loss of ₹ 1,02,000 on sale of listed shares on which STT is paid both at the time of acquisition and sale cannot be set-off against long-term capital gain on sale of urban land since loss from an exempt source cannot be set-off against profit from a taxable source.		
<b>Total Income</b>		<b>3,51,000</b>

## Items eligible for carried forward to A.Y.2025-26

Particulars	₹
<b>Loss from House Property</b> As per section 71(3A), Loss from house property can be set-off against any other head of income to the extent of ₹ 2,00,000 only.	20,000
As per section 71B, balance loss not set-off can be carried forward to the next year for set-off against income from house property of that year. It can be carried forward for a maximum of eight assessment years i.e., up to A.Y. 2032-33, in this case.	



<b>Loss from speculative business X</b> Loss from speculative business can be set-off only against profits from any other speculation business. As per section 73(2), balance loss not set-off can be carried forward to the next year for set-off against speculative business income of that year. Such loss can be carried forward for a maximum of four assessment years i.e., up to A.Y. 2028-29, in this case, as specified under section 73(4).	10,000
<b>Loss from specified business under section 35AD</b> Loss from specified business under section 35AD can be set-off only against profits of any other specified business. If loss cannot be so set-off, the same has to be carried forward to the subsequent year for set off against income from specified business, if any, in that year. As per section 73A (2), such loss can be carried forward indefinitely for set-off against profits of any specified business.	40,000
<b>Loss from the activity of owning and maintaining race horses</b> Losses from the activity of owning and maintaining race horses (current year or brought forward) can be set-off only against income from the activity of owning and maintaining race horses. If it cannot be so set-off, it has to be carried forward to the next year for set-off against income from the activity of owning and maintaining race horses, if any, in that year. It can be carried forward for a maximum of four assessment years, i.e., up to A.Y.2027- 28, in this case as specified under section 74A (3).	5,000

**Question 11**

RTP May '20

Mr. Raghav is a chartered accountant and his income from profession for the year 2023-24 is ₹ 15,00,000. He provides you with the following information for the year 2023-24.

Particulars	₹
Income of minor son Rahul from company deposit	1,75,000
Income of minor daughter Riya (professional dancer) from her dance performances	20,00,000
Interest from Canara bank received by Riya on fixed deposit made in 2015 out of income earned from her dance performances	20,000
Gift received by Riya from friends of Mr. Raghav on winning National award	45,000
Loss from house property (computed)	2,50,000
Short term capital loss	6,00,000
Long term capital gain under section 112	4,00,000
Short term capital loss under section 111A	10,00,000

Mr. Raghav income before considering clubbing provisions is higher than that of his wife. Compute the Total Income of Mr. Raghav for Assessment Year 2024-25 and the losses to be carried forward assuming that he files his income tax returns every year before due date. (RTP May '20)

Answer:

Computation of Total Income of Mr. Raghav for A.Y. 2024-25

Particulars	₹	₹	₹
Profits and gains from business and profession			
Income from chartered accountancy profession		15,00,000	



Less: Loss from house property (can be set-off to the extent of ₹ 2,00,000, as per section 71(3A).		2,00,000	13,00,000
Capital gains			
Long term capital gain under section 112		4,00,000	
Less: Short term capital loss set off against long-term capital gain as per section 74		(4,00,000)	Nil
Income from other sources			
Income of minor son Rahul			
Income from company deposit includible in the hands of Mr. Raghav as per section 64(1A)	1,75,000		
Less: Exemption in respect of income of minor child u/s 10(32)	1,500	1,73,500	
Income of minor daughter Riya			
Income of ₹ 20,00,000 of minor daughter Riya (professional dancer) not includible in the hands of parent, since such income is earned on account of her special skills	Nil		
Interest received on deposit with Canara Bank made out of amount earned on account of her special talent is includible as per section 64(1A), since interest income arises out of deposit made and not on account of her special skills	20,000		
Gift of ₹ 45,000 received by her from friends of Mr. Raghav is not taxable under section 56(2)(x), since the aggregate amount from non-relatives does not exceed ₹ 50,000	Nil		
Less: Exemption in respect of income of minor child u/s 10(32)	1,500	18,500	1,92,000
Total Income			14,92,000

**Losses to be carried forward to A.Y.2025-26**

Particulars	₹
Loss from house property [₹ 2.50,000 - ₹ 2,00,000]	50,000
Short term capital loss under section 111A	10,00,000
Short term capital loss (other than above) [₹ 6,00,000 - ₹ 4,00,000]	2,00,000

**Note** - Short-term capital loss under section 111A can also be set-off against long-term capital gains under section 112. In such a case, the losses to be carried forward to A.Y.2025-26 would be as under

Particulars	₹
Loss from house property [₹ 2.50,000 - ₹ 2,00,000]	50,000
Short term capital loss under section 111A [₹ 10,00,000 - ₹ 4,00,000]	6,00,000
Short term capital loss (other than above)	6,00,000

**Question 12**

RTP May '21

Mr. Prakash furnishes the following information for the financial year 2023-24.

Particulars	₹
Loss from speculation business-X	85,000



Profit from speculation business-Y	45,000
Interest on borrowings in respect of self-occupied house property	3,18,000
Income from let out house property	1,20,000
Presumptive Income from trading and manufacturing business under section 44AD	1,00,000
Salary from XYZ (P) Ltd.	5,25,000
Interest on PPF deposit	65,000
Long term capital gain on sale of Vacant site	1,25,000
Short term capital loss on sale of Jeweler	65,000
Investment in tax saver deposit on 31-03-24	60,000
Brought forward loss of business of assessment year 2018-19	1,00,000
Donation to a charitable trust recognized under section 12AA and approved under section 80G (payment made via credit card)	60,000

Compute total income of Mr. Prakash for the assessment year 2024-25 also show the loss, eligible to be carried forward. Assume that he does not opt for section 115BAC.

Answer:

Computation of total income of Mr. Prakash for A.Y.2024-25

Particulars	₹	₹
Salary from XYZ (P) Ltd.	5,25,000	
Less: Standard Deduction u/s 16(ia)	50,000	
Less: Loss from house property of ₹ 20,000 [₹ 80,000 - ₹ 60,000, being the loss set-off against long-term capital gains]	4,75,000	
	20,000	4,55,000
Income from house property		
Income from let out house property	1,20,000	
Less: Loss from self-occupied house property to the extent of ₹ 2 lakhs, allowable as deduction u/s 24(b) in respect of interest on borrowings	2,00,000	
	(80,000)	
Less: Amount set-off against other heads of income	(80,000)	
Profits and gains from business or profession		
Profit from speculation business Y	45,000	
Less: Loss of ₹ 85,000 from speculation business X set-off against profit from speculation business Y to the extent of such profit	(45,000)	Nil
Presumptive Income from trading and manufacturing business	1,00,000	
Less: Brought forward business loss of A.Y. 2018-19 set-off since the period of eight assessment years has not expired	(1,00,000)	Nil
Capital Gains		
Long term capital gain on sale of vacant site	1,25,000	
Less: Short term capital loss on sale of jeweler	65,000	



Less: Loss from house property to be set-off to the extent of LTCG	60,000	
(It is more beneficial for Mr. Prakash to first set-off the loss from house property against the long-term capital gains, since it is taxable @20%)	60,000	Nil
Income from Other Sources		
Interest on PPF deposit	65,000	
Less: Exempt	65,000	Nil
Gross Total Income		4,55,000
Less: Deduction under Chapter VI-A		
Deduction under section 80C		
Investment in tax saver deposit on 31.3.2024	60,000	
Deduction under section 80G		
Donation to recognized and approved charitable trust [Donation of ₹ 60,000 to be first restricted to ₹ 39,500, being 10% of adjusted total income of ₹ 3,95,000 (₹ 4,55,000 - ₹ 60,000). Thereafter, deduction would be computed at 50% of ₹ 39,500.	19,750	79,750
<b>Total Income</b>		<b>3,75,250</b>

Losses to be carried forward to A.Y. 2024-25	
Particulars	₹
<b>Loss from speculation business X (₹ 85,000 - ₹ 45,000)</b>	40,000
Loss from speculation business can be set-off only against profits of any other speculation business. If loss cannot be so set-off, the same has to be carried forward to the subsequent year for set off against income from speculation business, if any, in that year.	

**Question 13**

RTP Nov'22

Mr. Kabir, a resident individual aged 45 years, furnishes the following particulars of his income and other details for the previous year 2023-24:

Particulars	Amount (₹)
Income from tea business	5,00,000
Losses from sugar business	4,00,000
Dividend from Indian company carrying on agricultural operations (gross)	1,00,000
Agricultural income	55,000
Salary received as a partner from a partnership firm. The same was allowed to the firm.	4,50,000
Net annual value of house property	4,20,000
Loss from gambling	1,00,000
Short term capital gains on sale of land	75,000
Loss on sale of shares listed in BSE. Shares were held for 15 months and STT paid on sale and acquisition	3,00,000
Life insurance premium paid (10% of the capital sum assured)	80,000
Bank interest on Fixed deposit (gross)	55,000
Interest on saving bank account	13,000

The other details of brought forward losses pertaining to A.Y. 2023-24 are as follow:



Particulars	Amount (₹)
Brought forward business loss from sugar business	1,00,000
Brought forward short-term capital loss	45,000
Brought forward loss from house property	3,00,000
Brought forward loss from maintenance of race horses	60,000

Compute the total income of Mr. Kabir for the Assessment Year 2024-25 and the amount of loss, if any, that can be carried forward, if he does not opt for section 115BAC.

Answer:

Computation of total income of Mr. Kabir for A.Y. 2024-25

Particulars	Amount (₹)	Amount (₹)
Income from house property		
Net annual value	4,20,000	
Less: Deduction under section 24 (30% of ₹ 4,20,000)	1,26,000	
	2,94,000	
Less: Brought forward loss of ₹ 3 lakhs from house property set off to the extent of ₹ 2,94,000	2,94,000	-
Profit and gains from business or profession		
Income from tea business (40% is business income)	2,00,000	
Salary received as partner from a partnership firm is taxable under the head "Profits and gains from business or profession"	4,50,000	
	6,50,000	
Less: Losses from sugar business	4,00,000	
	2,50,000	
Less: Brought forward business loss from sugar business	1,00,000	1,50,000
Capital Gains		
Short term capital gains on sale of land	75,000	
Less: Brought forward short-term capital loss	45,000	30,000
Income from Other Sources		
Dividend from Indian company	1,00,000	
Agricultural income (exempt)	-	
Bank interest on Fixed deposit	55,000	
Interest on saving bank account	13,000	1,68,000
Gross Total Income		3,48,000
Less: Deduction under section 80C (life insurance premium paid)	80,000	
Less: Interest on saving bank account under section 80TTA, to the extent of	10,000	90,000
<b>Total Income</b>		<b>2,58,000</b>

Losses to be carried forward to A.Y. 2025-26

Particulars	Amount (₹)
Loss from house property of A.Y. 2023-24	6,000
Loss from maintenance of race horses of A.Y. 2023-24	60,000



Long term capital loss on sale of STT paid listed shares	3,00,000
--	----------

**Notes -**

- 2) 60% of the income from tea business is treated as agricultural income and therefore, exempt from tax.
- 3) Agricultural income is exempt under section 10(1).
- 4) Loss from gambling can neither be set off against any other income, nor can be carried forward.
- 5) Long term capital loss on sale of shares on which STT is paid at the time of acquisition and sale can be set off against long term capital gain only. Since there is no long-term capital gains in A.Y. 2024-25, it has to be carried forward for set-off against long term capital gains, if any, during A.Y. 2025-26.
- 6) As per section 74A (3), loss from maintenance of race horses (current year or brought forward) can be set-off only against income from the activity of owning and maintaining race horses. Since there is no income from the activity of owning and maintaining race horses in A.Y. 2022-23, it has to be set off against the income from the activity of owning and maintaining race horses, if any, in A.Y. 2025 -26.

**Question 14**

PYQ Nov'20

Ms. Pooja a resident individual provides the following information of her income/losses for the year ended on 31st March, 2024:

S. No.	Particulars	(₹ )
1.	Income from salary (Computed)	2,20,000
2.	Income from House Property (let out) (Net Annual Value)	1,50,000
3.	Share of loss from firm in which she is partner	10,000
4.	Loss from specified business covered under section 35AD	20,000
5.	Income from textile business before adjusting the following items:	3,00,000
	(a) Current year depreciation	60,000
	(b) Unabsorbed depreciation of earlier year	2,25,000
	(c) Brought forward loss of textile business of the A.Y. 2022-23	90,000
6.	Long-term capital gain on sale of debentures	75,000
7.	Long-term capital loss on sale of equity shares (STT not paid)	1,00,000
8.	Long-term capital gain on sale of equity shares listed in recognized stock exchange (STT paid at the time of acquisition and sale)	1,50,000
9.	Dividend from units of UTI	5,000

During the previous year 2023-24, Ms. Pooja has repaid ₹ 5,25,000 towards housing loan from a scheduled bank. Out of this ₹ 3,16,000 was towards payment of interest and rest towards principal.

Compute the gross total income of Ms. Pooja and ascertain the amount of loss that can be carried forward. Ms. Pooja has always filed her return within the due date specified under section 139(1) of the Income-tax Act, 1961.

**8 Marks**

Answer:

## Computation of gross total income of Ms. Pooja for the A.Y.2024-25

Particulars		₹	₹
Salary Income (computed)		2,20,000	
Less: As per section 71(3A), loss from house property of ₹ 2,11,000 can be set-off, to the extent of		2,00,000	20,000
Income from House Property			
Net Annual Value of House Property		1,50,000	
Less: Deduction u/s 24			
(a) 30% of NAV	45,000		
(b) Interest on housing loan	3,16,000	3,61,000	
Loss from house property		(2,11,000)	
Less: Loss eligible for set-off against salary income restricted to		2,00,000	
Loss to be carried forward to A.Y. 2025-26 for set-off against income from house property, if any, in that year.		(11,000)	
<b>Profits and gains of business or profession</b>			
Share of loss from firm [loss from exempt source cannot be set-off against profit from taxable source. Hence such loss can neither be set-off nor be carried forward]		-	
Loss from specified business u/s 35AD ₹ 20,000 [Can be set-off only against income from any specified business. Hence, it has to be carried forward to A.Y.2025-26]		-	
Income from textile business		3,00,000	
Less: Current year depreciation		60,000	
		2,40,000	
Less: Brought forward loss of textile business		90,000	
		1,50,000	
Less: Unabsorbed depreciation (₹ 2,25,000) set-off to the extent of		1,50,000	Nil
<b>Capital Gains</b>			
Long-term capital gains on sale of debentures		75,000	
Less: Set-off of Long-term capital loss on sale of equity shares (STT not paid)		75,000	
		Nil	
Long-term capital gains on sale of listed equity shares (STT paid)		1,50,000	
Less: Set-off of balance long-term capital loss on sale of equity shares (STT not paid) [₹ 1,00,000 - ₹ 75,000]		25,000	
		1,25,000	
Less: Set-off of balance unabsorbed depreciation [₹ 2,25,000 - ₹ 1,50,000 s/o against business income]		75,000	
Long-term capital gains on sale of listed equity shares			50,000
Income from Other Sources			
Dividend from units of UTI [Exempt] (taxable as per amendment)			5,000
<b>Gross Total Income</b>			75,000



**Losses to be carried forward to A.Y.2025-26**

Losses from specified business [can be carried forward indefinitely for set-off against income from any specified business]	20,000
Loss from house property [can be carried forward up to 8 successive assessment years for set-off against income from house property]	11,000

**Question 15**

PYQ, May'19

Ms. Geeta, a resident individual, provides the following details of her income/losses for the year ended 31.03.2014:

	Particulars	Amount (₹)
(i)	Income from salary (computed)	41,20,000
(ii)	Rent received from house property situated in Delhi	5,00,000
(iii)	Interest on loan taken for purchase of above property. Loan was taken from a friend	7,50,000
(iv)	Rent received from house property situated in Jaipur	3,20,000
(v)	Interest on loan taken for house property in Mumbai, which is self-occupied. Loan was taken from PNB on 01.01.1999 for purchase of this property.	1,57,000
(vi)	Interest on loan taken for repair of house properties situated in Mumbai and Delhi. Loan was taken on 01.04.17 and was utilized in 50:50 ratio for house properties situated in Mumbai and Delhi, respectively.	1,50,000
(vii)	Long-term capital gains on sale of equity shares computed in accordance with section 112A	8,95,000
(viii)	Interest on fixed deposit	73,000
(ix)	Loss from textile business	7,50,000
(x)	Speculation profit	2,30,000
(xi)	Lottery income	75,000
(xii)	Loss incurred by the firm in which she is a partner	1,60,000
(xiii)	Salary received as a partner from partnership firm. The same was allowed to firm	50,000
(xiv)	Brought forward short-term capital loss on sale of gold	2,75,000
(xv)	Brought forward loss on sale of equity shares of the nature specified u/s 111A	25,000
(xvi)	Life insurance premium paid for her son who is 30 years of age and is working in USA	15,000

Compute total income of Ms. Geeta for the assessment year 2024-25 and the amount of loss that can be carried forward. For the above solution, you may assume principal repayment of loan as under:

- |   |              |
|---|--------------|
| (i) Loan taken for purchase of house property in Delhi              | - ₹ 2,50,000 |
| (ii) Loan taken for purchase of house property in Mumbai            | - ₹50,000    |
| (iii) Loan taken for repair of house properties in Delhi and Mumbai | - ₹75,000    |

Working notes should form part of your answer. Wherever necessary, suitable assumptions may be made by the candidates and disclosed by way of note.

**10 Marks**

Answer:

## Computation of total income of Ms. Geeta for the A.Y.2024-25

Particulars		₹	₹	₹
Income from salary (computed)				41,20,000
Income from house property				
<b>(i) House property at Delhi (Let out)</b>				
Rent received (taken as Annual Value in the absence of information relating to Fair Rent and Municipal Value)		5,00,000		
Less: Deduction u/s 24				
(a) 30% of Annual Value [30% of ₹ 5 lakh]	1,50,000			
(b) Interest on loan				
for purchase of property	7,50,000			
for repairs of property [₹ 1,50,000/2]	75,000			
		9,75,000	(4,75,000)	
<b>(ii) House property at Jaipur (Let out)</b>				
Rent received (taken as Annual Value in the absence of information relating to Fair Rent and Municipal Value)		3,20,000		
Less: Deduction u/s 24				
30% of Annual Value = 30% of ₹ 3,20,000		96,000		
			2,24,000	
<b>(iii) House property at Mumbai (Self-occupied)</b>				
Annual value of self-occupied property		Nil		
Less: Deduction u/s 24(b)				
Interest on loan for purchase and repairs (to be restricted to ₹ 30,000, since loan for purchase was taken prior to 1.4.1999)		30,000	(30,000)	
Loss from house property [(i) + (ii) + (iii)]			(2,81,000)	
As per section 71(3A), loss from house property to be set-off against salary income to the extent of				(2,00,000)
				39,20,000
Profits and gains of business or profession			2,30,000	
Speculation profit (assumed as business income)				
Salary received as partner of firm is taxable in her hands since the entire salary was allowed as deduction in the hands of the firm			50,000	



			2,80,000	
Set-off of loss from textile business to the extent of			(2,80,000)	Nil
Note - Share of loss of ₹ 1,60,000 incurred by the firm in which she is partner cannot be set-off against salary received as partner of firm or any other income, since loss from an exempt source cannot be set-off against profit from a taxable source.				
<b>Capital Gains</b>				
Long-term capital gains on sale of equity shares computed in accordance with section 112A			8,95,000	
Less: Set-off of brought forward short-term capital loss as per section 744				
B/f Short-term capital loss on sale of gold		2,75,000		
B/f Short-term capital loss u/s 111A		25,000	3,00,000	
			5,95,000	
Less: Set-off of balance loss of textile business <sup>5</sup> [₹ 7,50,000 - ₹ 2,80,000 - ₹ 73000]			(3,97,000)	1,98,000

As per section 74, B/f short-term capital loss can be set-off against long-term capital gain taxable u/s 112A. It is assumed that the eight-year period for set-off of losses has not expired. <sup>5</sup> Permitted as per section 71(2)

Particulars	₹	₹
Income from Other Sources		
Interest on fixed deposit	73,000	
Less: Set off balance loss of textile business to the extent of	(73,000)	
	Nil	
Lottery income (assumed as Gross Income)	75,000	75,000
Gross Total Income		41,93,000
Less: Deduction under Chapter VI-A		
Under section 80C		
Life insurance premium paid		
Life insurance premium paid to ensure the life of her son allowable as deduction even if he is major, resides abroad and is not dependent on her	15,000	
Repayment of housing loan		
₹ 2,50,000, for house property in Delhi, not allowable since loan is taken from a friend	Nil	
₹ 50,000 for house property in Mumbai, allowable since loan is taken from a bank for purchase of property	50,000	



₹ 75,000, for house properties in Mumbai and Delhi, not allowable since loan is taken for repairs of properties	Nil	
		65,000
<b>Total Income</b>		<b>41,28,000</b>

**Loss to be carried forward to A.Y.2025-26:**

Particulars	₹
Loss from house property (₹ 2,81,000 - ₹ 2,00,000) As per section 71(3A), loss from house property can be set-off against any other head of income to the extent of ₹ 2,00,000 only. As per section 71B, balance loss not set-off can be carried forward to the next year for set-off against income from house property of that year. Such loss can be carried forward for a maximum of eight assessment years.	81,000

CA VIVEK GABA

