

2. Employer's contribution in the recognized provident fund is exempt up to 12% of the salary i.e. 12% of (Basic Salary + DA for retirement benefits + Commission based on turnover)
- $$= 12\% \text{ of } (\text{₹ } 1,80,000 + (50\% \text{ of } \text{₹ } 1,44,000) + \text{₹ } 25,000)$$
- $$= 12\% \text{ of } 2,77,000 = \text{₹ } 33,240$$
3. An alternate view possible is that only the sum in excess of ₹ 5,000 is taxable in view of the language of *Circular No.15/2001 dated 12.12.2001* that such gifts upto ₹ 5,000 in the aggregate per annum would be exempt, beyond which it would be taxed as a perquisite. As per this view, the value of perquisite would be ₹ 5,000. In such a case the Income from Salaries would be ₹ 4,00,760.

4. **Deduction under section 80G is computed as under:**

Particulars	₹
Donation to PM National Relief Fund (100%)	5,100
Donation to institution approved under section 80G (50% of ₹ 11,000) (amount contributed ₹ 11,000 or 10% of Adjusted Total Income i.e. ₹ 45,129, whichever is lower)	5,500
Total deduction	10,600

Adjusted Total Income = Gross Total Income – Deductions under section 80C and 80D = ₹ 5,99,160 – ₹ 1,47,870 = ₹ 4,51,290.

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

Particulars	₹	₹
<b>Income from Salaries</b>		
Basic salary (₹ 25,000 x 9 months)		2,25,000
House rent allowance:		
Actual amount received (₹ 6,000 x 9 months)	54,000	
Less : Exemption under section 10(13A) <b>(Note 1)</b>	36,000	18,000
Gratuity:		
Actual amount received	3,50,000	
Less: Exemption under section 10(10)(ii) <b>(Note 2)</b>	3,50,000	-

payment made to him. It does not exceed ₹ 2,50,000.



The proviso to section 234C contains the provisions for payment of advance tax in case of capital gains and casual income.

Advance tax is payable by an assessee on his/its total income, which includes capital gains and casual income like income from lotteries, crossword puzzles, etc.

Since it is not possible for the assessee to estimate his capital gains, or income from lotteries etc., it has been provided that if any such income arises after the due date for any instalment, then, the entire amount of the tax payable (after considering tax deducted at source) on such capital gains or casual income should be paid in the remaining instalments of advance tax, which are due.

Where no such instalment is due, the entire tax should be paid by 31st March of the relevant financial year.

No interest liability on late payment would arise if the entire tax liability is so paid.

**Note:** *In case of casual income the entire tax liability is fully deductible at source @30% under section 194B, 194BA and 194BB. Therefore, advance tax liability would arise only if the surcharge, if any, and health and education cess@4% in respect thereof, along with tax liability in respect of other income, if any, is 10,000 or more.*

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As the turnover of business carried on by Ashwin for F.Y. 2022-23, has exceeded ₹ 1 crore, he has to comply with the tax deduction provisions during the financial year 2023-24, subject to, the exemptions provided for under the relevant sections for applicability of TDS provisions.

**Interest paid to UCO Bank**

TDS under section 194A is not attracted in respect of interest paid to a banking company.

**Contract payment of ₹ 24,000 to Raj for 2 contracts of ₹ 12,000 each**

TDS provisions under section 194C would not be attracted if the amount paid to a contractor does not exceed ₹ 30,000 in a single payment or ₹ 1,00,000 in the aggregate during the financial year. Therefore, TDS provisions under section 194C are not attracted in this case.

**Shop Rent paid to one payee** – Tax has to be deducted@10% under section 194-I as the annual rental payment exceeds ₹ 2,40,000.

**Commission paid to Balu** – No, tax has to be deducted under section 194H in this case as the commission does not exceed ₹ 15,000.

He earned a long-term capital gain of Rs. 15,000 on sale of gold during the year.

**Solution:**

<b>A. Computation of Total Income</b>	<b>Rs.</b>	<b>Rs.</b>
<b>Income from Basic Salary</b>		3,00,000
Less : Deduction under section 16(ia) – Standard Deduction		(50,000)
		2,50,000
<b>Income from house property</b>		
Rent Received	48,000	
Less : Statutory Deduction @ 30%	(14,400)	33,600
<b>Capital Gains</b>		
Long-term capital gains		15,000
<b>Income from other sources</b>		
Dividend from co-operative society	1,000	
Interest on saving bank deposits	18,000	
Interest on government Securities	1,000	
Winning from Lotteries	5,000	25,000
<b>Gross Total Income</b>		<b>3,23,600</b>
Less : Deduction under section 80C to 80U		
(i) Under section 80C Rs. (10,000 + 30,000)	(40,000)	
(ii) Under section 80TTA	(10,000)	
(iii) Under section 80U	(75,000)	(1,25,000)
<b>Total Income</b>		<b>1,98,600</b>
<b>B. Computation of Tax on Total Income</b>		
Tax on winning from lotteries (30% of Rs.5,000)		1,500
Tax on long-term capital gains (20% of Rs.15,000)		3,000
Balance of Total Income Rs. 1,78,600		Nil
Tax payable, bring total income below Rs. 2,50,000		Nil

*Note:* The solution has been made assuming the assessee has not opted to pay tax under section 115BAC of the Income Tax Act, 1961.

Medical insurance premium paid ₹ 52,000 for parents, being senior citizens, restricted to	50,000	75,000
<b>Eligible deduction under Chapter VI-A</b>		<b>2,25,000</b>



### Computation of deduction u/s 10AA of the Income-tax Act, 1961

As per section 10AA, in computing the total income of Mr. Rudra from his unit located in a Special Economic Zone (SEZ), which begins to manufacture or produce articles or things or provide any services during the previous year relevant to the assessment year commencing on or after 01.04.2006 but before 01.04.2021, there shall be allowed a deduction of 100% of the profit and gains derived from export of such articles or things or from services for a period of five consecutive assessment years beginning with the assessment year relevant to the previous year in which the Unit begins to manufacture or produce such articles or things or provide services, as the case may be, and 50% of such profits for further five assessment years.

Since Mr. Rudra has exercised the option of shifting out of the default tax regime provided under section 115BAC(1A), he would be eligible for deduction u/s 10AA.

The deduction u/s 10AA would be available only if Mr. Rudra furnishes report of chartered accountant before the date specified in section 44AB and files return of income on or before due date u/s 139(1).

#### Computation of eligible deduction under section 10AA:

##### (i) If Unit in SEZ was set up and began manufacturing from 22-05-2015:

Since A.Y. 2024-25 is the 9<sup>th</sup> assessment year from A.Y. 2016-17, relevant to the previous year 2015-16, in which the SEZ unit began manufacturing of articles or things, it shall be eligible for deduction of 50% of the profits derived from export of such articles or things, assuming all the other conditions specified in section 10AA are fulfilled.

$$= \frac{\text{Profits of Unit in SEZ}}{\text{Total turnover of Unit in SEZ}} \times \frac{\text{Export turnover of Unit in SEZ}}{\text{Total turnover of Unit in SEZ}} \times 50\%$$

$$= 60 \text{ lakhs} \times \frac{300 \text{ lakhs}}{400 \text{ lakhs}} \times 50\% = ₹ 22.50 \text{ lakhs}$$

Export turnover of Unit in SEZ is the export sales in SEZ received in convertible foreign exchange by 30.9.2024 which is ₹ 3,00,00,000.

**(ii) If Unit in SEZ was set up and began manufacturing from 14-05-2019:**

**Since A.Y. 2024-25 is the 5<sup>th</sup> assessment year** from A.Y. 2020-21, relevant to the previous year 2019-20, in which the SEZ unit began manufacturing of articles or things, it shall be eligible for deduction of 100% of the profits derived from export of such articles or things, assuming all the other conditions specified in section 10AA are fulfilled.

$$= \text{Profits of Unit in SEZ} \times \frac{\text{Export turnover of Unit in SEZ}}{\text{Total turnover of Unit in SEZ}} \times 100\%$$

$$= 60 \text{ lakhs} \times \frac{300 \text{ Lakhs}}{400 \text{ Lakhs}} \times 100\% = ₹ 45 \text{ lakhs}$$

The unit set up in Domestic Tariff Area is not eligible for the benefit of deduction u/s 10AA in respect of its export profits, in both the situations.

**Working Note:**

**Computation of total sales, export sales and net profit of unit in SEZ**

Particulars	Rudra Ltd. (₹)	Unit in DTA (₹)	Unit in SEZ (₹)
Total Sales	6,00,00,000	2,00,00,000	<b>4,00,00,000</b>
Export Sales	4,60,00,000	1,60,00,000	<b>3,00,00,000</b>
Net Profit	80,00,000	20,00,000	<b>60,00,000</b>