

Less: Standard deduction u/s 16 [Actual salary or ₹ 50,000, whichever is less] [Allowable under default tax regime]

50,000

**Net Salary**

**4,36,333**

**Solution** : Computation of income liable to tax :

<i>Particular</i>	<i>Resident &amp; Ordinarily Resident (Rs.)</i>	<i>Resident but not Ordinarily Resident (Rs.)</i>	<i>Non-Resident (Rs.)</i>
Profits on sale of a building in India but received in Holland (accrued in India received outside India)	20,000	20,000	20,000
Pension from former employer in India received in Holland (accrued in India, received out of India)	14,000	14,000	14,000
Interest on U.K. Development Bonds (Accrued out of India, 1/4th received in India)	5,000	5,000	5,000
Interest on U.K. Development Bonds (Accrued out of India, 3/4th received out of India)	15,000	Nil	Nil
Income from property in Australia and received in U.S.A. (Accrued and received out of India)	15,000	Nil	Nil
Income earned from a business in Abyssinia which is controlled from Zambia (Business controlled outside India)	70,000	30,000	30,000
Dividend on shares of an Indian company but received in Holland (Accrued in India)	10,000	10,000	10,000
Profits not taxed previously brought into India (Not an income so not taxable)	Nil	Nil	Nil
Profits from a business in Nagpur which is controlled from Holland (Accrued in India)	27,000	27,000	27,000
<b>Total</b>	<b>1,76,000</b>	<b>1,06,000</b>	<b>1,06,000</b>

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

Particulars	₹	₹
<b>Salaries</b>		
Income from Salary	3,00,000	
<i>Less:</i> Loss from house property set-off against salary income as per section 71(3A)	2,00,000	1,00,000
Loss from house property to the extent not set off i.e. ₹ 50,000 (₹ 2,50,000 – ₹ 2,00,000) to be carried forward to A.Y. 2025-26		
<b>Profits and gains of business or profession</b>		
<b>Income from trading business</b>	45,000	
<i>Less:</i> Brought forward loss from trading business of A.Y. 2019-20 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.	5,000	40,000

<b>Income from speculative business B</b>	5,000	
<i>Less:</i> Loss of ₹ 25,000 from speculative business A set-off as per section 73(1) to the extent of ₹ 5,000	5,000	Nil
Balance loss of ₹ 20,000 from speculative business A to be carried forward to A.Y.2025-26 as per section 73(2)		
<b>Loss of ₹ 20,000 from specified business covered under section 35AD</b> to be carried forward for set-off against income from specified business as per section 73A.		
<b>Capital Gains</b>		
Long term capital gain on sale of urban land	2,00,000	
<i>Less:</i> Long term capital loss on sale of shares (STT not paid) set-off as per section 74(1)]	75,000	
<i>Less:</i> Long-term capital loss on sale of listed shares on which STT is paid can also be set-off as per section 74(1), since long-term capital arising on sale of such shares is taxable under section 112A	1,02,000	23,000
<b>Total Income</b>		<b>1,63,000</b>

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

Particulars	₹
<b><u>Loss from House property</u></b>	50,000
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 since Mr. Aditya is exercising the option of shifting out of the default tax regime provided under section 115BAC(1A). 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., upto A.Y.2032-33, in this case.	
<b><u>Loss from speculative business A</u></b>	20,000
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	



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Section 64(1) of the Income-tax Act, 1961 provides for the clubbing of income in the hands of the individual, if the income earned is from the assets transferred directly or indirectly to the spouse of the individual, otherwise than for adequate consideration. In this case Smt. Rani received a gift of ₹ 2,00,000 from her husband which she invested in her business. The income to be clubbed in the hands of Smt. Rani's husband for A.Y.2024-25 is computed as under:

Particulars	Smt. Rani's Capital Contribution	Capital Contribution Out of gift from husband	Total
	₹	₹	₹
<b>Capital as at 1.4.2022</b>	3,00,000	-	3,00,000
Investment on 10.04.2022 out of gift received from her husband		2,00,000	2,00,000
	3,00,000	2,00,000	5,00,000
Profit for F.Y. 2022-23 to be apportioned on the basis of capital employed on the first day of the previous year i.e., on 1.4.2022	1,50,000		1,50,000
<b>Capital employed as at 1.4.2023</b>	<b>4,50,000</b>	<b>2,00,000</b>	<b>6,50,000</b>
Profit for F.Y.2023-24 to be apportioned on the basis of capital employed as at 1.4.2023 (i.e., 45 : 20)	2,70,000	1,20,000	3,90,000

Therefore, the income to be clubbed in the hands of Smt. Rani's husband for A.Y.2024-25 is ₹ 1,20,000.



**Computation of tax liability of Mr. Agarwal for the A.Y.2024-25  
under default tax regime**

Particulars	₹
<b><u>Tax on total income of ₹ 4,50,00,000</u></b>	
Tax@20% of ₹ 55,00,000	11,00,000