Chapter 1B: Agricultural Income

Solution 1

Computation of Tax Liability Under Old Regime

Particulars	Amount(₹)	Amount(₹)
Income under the head PGBP	9,00,000	
LTCG u/s 112	3,00,000	
STCG u/s 111A	50,000	
Lottery Income	40,000	
Agricultural Income (Exempt u/s 10)	NIL	
Gross Total Income		12,90 ,000
Less : Deductions u/s 80C-80U	1,00,000	
Total Income		11,90,000
Step 1: Tax on Agricultural Income & Non-Agricultural Income i.e. 1,50,000 + 11,90,000 = 13,40,000		
Tax on Normal Income i.e. 9,50,000 @ slab rate		
Tax on First 5,00,000	12,500	
Tax on Balance 4,50,000 @20%	90,000	
Tax on LTCG u/s 112 3,00,000 @12.5%	37,500	
Tax on STCG u/s 111A 50,000 @20%	10,000	
Tax on lottery income 40,000 @30%	12,000	
		1,62,000
Step 2: Tax on BEL and Agricultural Income i.e. 2,50,000 + 1,50,000 = 4,00,000 @slab rate		
Tax on First 2,50,000	NIL	
Tax on Balance 1,50,000 @5%	7,500	
		7,500
Tax before Cess (Step 1 – Step 2)		1,54,500
Add : Health & Education Cess @4%	6,180	
Tax Liability		1,60,680

Computation of Tax Liability Under New Regime

Particulars	Amount(₹)	Amount(₹)
Income under the head PGBP	9,00,000	
LTCG u/s 112 S1	3,00,000	
STCG u/s 111A S1	50,000	
Lottery Income S1	40,000	
Agricultural Income (Exempt u/s 10)	NIL	
Gross Total Income		12,90 ,000
Less : Deductions u/s 80C-80U	-	
Total Income		12,90,000
Step 1: Tax on Agricultural Income & Non-Agricultural Income i.e. 1,50,000 + 12,90,000 = 14,40,000		

390000 S1 1050000 N1

First 3L -
Next 4L x 5% 20000
Next 3L x 10% 30000
10L 50,000

50,000 x 15%

Tax on Normal Income i.e. 10,50,000 @ slab rate		
Tax on First 10,00,000	50,000	
Tax on Balance 50,000 @15%	7,500	
Tax on LTCG u/s 112 3,00,000 @12.5%	37,500	
Tax on STCG u/s 111A 50,000 @20%	10,000	
Tax on lottery income 40,000 @30%	12,000	
		1,17,000
Step 2: Tax on BEL and Agricultural Income i.e. ~~2,50,000~~ + ~~1,50,000 = 4,00,000~~ @slab rate 3L + 150000 = 450000		
Tax on First 3,00,000	NIL	
Tax on Balance ~~1,00,000 @5%~~ 150000 x 5%	~~5,000~~	7500
		~~5,000~~
Tax before Cess (Step 1 – Step 2)		~~1,12,000~~ 1,09,500
Add : Health & Education Cess @4%	~~4,480~~	4380
Tax Liability		~~1,16,480~~ 1,13,880

Solution 02

Computation of Tax Liability of Mr. X (Resident 45Years) Under Old Regime

Particulars	Amount(₹)	Amount(₹)
Income under the head salary	3,40,000	
Income under head House property	3,00,000	
Agricultural Income (1,80,000 – 1,20,000) (Exempt u/s 10)	NIL	
Gross Total Income		6,40,000
Less : Deductions u/s 80C-80U	NIL	
Total Income		6,40,000
Step 1: Tax on Agricultural Income & Non-Agricultural Income i.e. 60,000 + 6,40,000 = 7,00,000 @slab rate		
Tax on First 5,00,000	12,500	
Tax on Balance 2,00,000 @20%	40,000	
		52,500
Step 2: Tax on BEL and Agricultural Income i.e. 2,50,000 + 60,000 = 3,10,000 @slab rate		
Tax on First 2,50,000	NIL	
Tax on Balance 60,000 @5%	3,000	
		3,000
Tax before Cess (Step 1 – Step 2)		49,500
Add : Health & Education Cess @4%	1,980	
Tax Liability		51,480

Computation of Tax Liability of Mr. X (Resident 70Years) Under Old Regime

Particulars	Amount(₹)	Amount(₹)
Income under the head salary	3,40,000	
Income under head House property	3,00,000	
Agricultural Income (1,80,000 – 1,20,000) = 60,000	EXEMPT	
Gross Total Income		6,40,000
Less : Deductions u/s 80C-80U	NIL	

Total Income		6,40,000
Step 1: Tax on Agricultural Income & Non-Agricultural Income i.e. 60,000 + 6,40,000 = 7,00,000 @slab rate		
Tax on First 5,00,000	10,000	
Tax on Balance 2,00,000 @20%	40,000	
		50,000
Step 2: Tax on BEL and Agricultural Income i.e. 3,00,000 + 60,000 = 3,60,000 @slab rate		
Tax on First 3,00,000	NIL	
Tax on Balance 60,000 @5%	3,000	
		3,000
Tax before Cess (Step 1 – Step 2)		47,000
Add : Health & Education Cess @4%	1,880	
Tax Liability		48,880

Computation of Tax Liability of Mr. X (Resident 45/70Years) Under New Regime

Particulars	Amount(₹)	Amount(₹)
Income under the head salary	3,40,000	
Income under head House property	3,00,000	
Agricultural Income (1,80,000 – 1,20,000) (Exempt u/s 10)	NIL	
Gross Total Income		6,40,000
Less : Deductions u/s 80C-80U	NIL	
Total Income		6,40,000
Step 1: Tax on Agricultural Income & Non-Agricultural Income i.e. 60,000 + 6,40,000 = 7,00,000 @slab rate		
Tax on First 3,00,000	NIL	
Tax on Balance 4,00,000 @5%	20,000	
		20,000
Step 2: Tax on BEL and Agricultural Income i.e. 3,00,000 + 60,000 = 3,60,000 @slab rate		
Tax on First 3,00,000	NIL	
Tax on Balance 60,000 @5%	3,000	
		3,000
Tax before Cess (Step 1 – Step 2)		17,000
Less: Rebate u/s 87A		17,000
Tax Liability		NIL

Solution 03

Computation of agricultural income on Sale of 30% Sugarcane produce

Particulars	Amount(₹)	Amount(₹)
Sale Value	10,00,000	
Less : Cultivation Cost	5,00,000	
Agricultural Income		5,00,000

Computation of agricultural income on 70% sugarcane produce

Particulars	Amount(₹)	Amount(₹)

Fair market value	22,00,000	
Less : Cultivation Cost	14,00,000	
Agricultural Income		8,00,000

Computation of business income on sale of sugar

Particulars	Amount(₹)	Amount(₹)
Income from sale of sugar	25,00,000	
Less : Cost of raw material	22,00,000	
Less : Processing Cost	1,50,000	
Business Income		1,50,000

Note : Partial integration is not possible as business income does not exceeds basic exemption limit i.e. 2,50,000 and hence , Tax liability shall be NIL

Solution 04

Computation of total income of Mr. X

Particulars	Amount(₹)	Amount(₹)
Income from sale of rubber	30,00,000	
Less : Cost of cultivation	10,00,000	
Less : Manufacturing Cost	8,00,000	
Total Income		12,00,000
Business Income (12,00,000 x 35%)		4,20,000
Agricultural Income (12,00,000 x 65%)		7,80,000

Basic Concepts 99.9% compute

0.1% → Assessee / unexpl. / exception → 50 Min ⇒ 1 Video.
⇓
Dekh lena.

Basic Concept → Direct Question → No.
↳ Direct → MCQ 2M

Total Income & Tax liability → 5 Head. + Other Chap = TI compute
⇓ 10-14
⇓ Tax.