PGBP

Solution 01

Computation of Depreciation (Block 15%)

Particulars	Amount
Opening WDV as on 01/04/23	5,00,000
(+) Purchase and Put to use	NIL
(+) Purchase but not Put to Use	50,000
(-) Sold / Discarded	NIL
Closing WDV	5,50,000
Depreciation for PY 2023-24 (550000-50000)x15%	75,000
Opening WDV as on 01/04/24	4,75,000
(+) Purchase and Put to use Q 1,00,000 R 2,00,000 S 1,50,000	4,50,000
(-) Sold / Discarded	NIL
Closing WDV	9,25,000
Depreciation for PY 2024-25 (925000x15%)	1,38,750
Opening WDV as on 01/04/25	7,86,250

Solution 02

a) **Sale Value is 4,00,000**

Computation of Depreciation (Block 15%) for PY 2024-25

Particulars	Amount
Opening WDV (including Machine P)	5,00,000
(+) Purchase and Put to use during PY 2024-25 1. Put to use >= 180 days : Q 1,00,000 2. Put to use < 180 days : R 2,00,000 S 1,50,000	4,50,000
(-) Sold / Discarded	(4,00,000)
Closing WDV	5,50,000
Depreciation Half Rate = 3,50,000x7.5% Full Rate = 2,00,000x15%	 26,250 30,000
Total Depreciation	56,250

b) **Sale Value is 7,00,000**

Computation of Depreciation (Block 15%) for PY 2024-25

Particulars	Amount
Opening WDV (including Machine P)	5,00,000
(+) Purchase and Put to use during PY 2024-25 1. Put to use >= 180 days : Q 1,00,000	

2. Put to use < 180 days : R 2,00,000 S 1,50,000	4,50,000
(-) Sold / Discarded	(7,00,000)
Closing WDV	2,50,000
Depreciation Half Rate = 2,50,000x7.5%	18750
Total Depreciation	18,750

Solution 03

a) Z is sold for 4,00,000

Computation of Depreciation (Block 15%)

Particulars	Amount
Opening WDV (X/Y)	6,00,000
(+) Purchase and Put to Use < 180 days (Z)	3,00,000
(-) Sold / Discarded (Z)	(4,00,000)
Closing WDV (X/Y)	5,00,000
Depreciation (500000x15%)	75,000

As asset Z does not exist on last day of PY , therefore No half rate of depreciation shall be applicable

b) X is sold for 4,00,000

Computation of Depreciation (Block 15%)

Particulars	Amount
Opening WDV (X/Y)	6,00,000
(+) Purchase and Put to Use < 180 days (Z)	3,00,000
(-) Sold / Discarded (X)	(4,00,000)
Closing WDV (Y/Z)	5,00,000
Depreciation :- Half rate (Z) (300000x7.5%) Full rate (remaining block) (2,00,000x15%)	 22,500 30,000
Total depreciation	52,500

c) X and Y sold for 4,00,000

Computation of Depreciation (Block 15%)

Particulars	Amount
Opening WDV (X/Y)	6,00,000
(+) Purchase and Put to Use < 180 days (Z)	3,00,000
(-) Sold / Discarded (X/Y)	(4,00,000)
Closing WDV (Z)	5,00,000
Depreciation :- Half rate (Z) (300000x7.5%) Full rate (remaining block) (2,00,000x15%)	 22,500 30,000
Total depreciation	52,500

Solution 04

a) Sale value is 12,00,000

Under head PGBP :- as all assets of the block have been sold , Block ceases to exist and therefore, No depreciation shall be allowed

Under head Capital Gain :-

STCG u/s 50 = Sale value – Block value
= 12,00,000 – (8,00,000+3,00,000)
= 12,00,000 – 11,00,000
= 1,00,000 /-

b) Sale value is 9,00,000

Under head PGBP :- No depreciation shall be allowed as closing WDV of block will become NIL when part of block is sold but sale value exceeds block value

Under head Capital Gain :-

STCG u/s 50 = Sale value – Block value
= 9,00,000 – (8,00,000+3,00,000)
= 9,00,000 – 11,00,000
= (2,00,000)

Solution 05

Computation of Depreciation (Block 15%)

Particulars	Amount
Opening WDV as on 01/04/2024 (A/B/C)	3,18,000
(+) Purchase and Put to use for 180 days or more	-
(+) Purchase and Put to Use for less than 180 days (D)	60,000
(+) Purchase but not put to use	-
(-) Sold / Discarded (B/C)	(5,00,000)
Closing WDV as on 31/03/2025	NIL

Under head PGBP :- No depreciation shall be allowed as closing WDV of block will become NIL when part of block is sold but sale value exceeds block value

Under head Capital Gain :-

STCG u/s 50 = Sale value – Block value
= 5,00,000 – (3,18,000+60,000)
= 5,00,000 – 3,78,000
= 1,22,000 /-

if Machinery B and machinery C are sold on 15.3.2025 for consideration of 80,000 and 40,000 respectively :-

Computation of Depreciation (Block 15%)

Particulars	Amount
Opening WDV as on 01/04/2024 (A/B/C)	3,18,000
(+) Purchase and put to use for 180 days or more	-
(+) Purchase and Put to Use for less than 180 days (D)	60,000
(+) Purchase but not put to use	-
(-) Sold / Discarded (B/C)	(1,20,000)
Closing WDV as on 31/03/2025	2,58,000
Depreciation : Half Rate (60,000 x 7.5%)	4,500
Full Rate (1,98,000 x 15%)	29,700
Total Depreciation	34,200

Solution 06

Furniture – 10%

Particulars	Amount
Opening WDV	-
Add: Purchase & Put To Use For 180 days or more	2,00,000
Add: Purchase & Put To Use For less than 180 days	-
Add: Purchase but not Put To Use	-
Less: Asset Sold & Discarded	-
Closing WDV (A/D)	2,00,000
Depreciation (2,00,000 x 10%)	20,000

Plant & Machinery – 15%

Particulars	Amount
Opening WDV	-
Add: Purchase & Put To Use For 180 days or more	
AC – office	1,00,000
Car	8,00,000
Plant A	50,00,000
Add: Purchase & Put To Use For less than 180 days	
Plant B	20,00,000
Less: Asset Sold & Discarded	Nil
Closing WDV (A/D)	79,00,000
Normal Depreciation	
Half Rate 20,00,000 x 7.5%	1,50,000
Full Rate 59,00,000 x 15%	8,85,000
Additional Depreciation	
Half Rate 20,00,000 x 10%	2,00,000
Full Rate 50,00,000 x 20%	10,00,000

Total Depreciation	22,35,000

Plant & Machinery – 15%

Particulars	Amount
Opening WDV	-
Add: Purchase & Put To Use For 180 days or more	
Plant C	80,000
Computer – Office	1,00,000
Computer – Factory	1,50,000
Add: Purchase & Put To Use For Less than 180 days	-
Less: Sold/Discarded	-
Closing WDV	3,30,000
Normal Depreciation	
Full Rate 3,30,000 x 40%	1,32,000
Additional Depreciation	
Full Rate 2,30,000 x 20%	46,000
Total depreciation	1,78,000

Solution 07

Particulars	Amount	Amount
Income u/h Salary		3,00,000
Income u/h House Property	60,000	
Less: Depreciation	22,000	38,000
PGBP		
Profit Before Depreciation	72,000	
Less: Depreciation	72,000	Nil
Income u/h Other sources		6,000
GTI		3,44,000
Less: Deductions		-
Total Income		3,44,000

Solution 08

a. Since sale value (i.e. 3,50,000) is less than book value (I.e. 4,50,000)
   Therefore, Terminal Depreciation shall be allowed as expense in P/L
   Terminal Depreciation = Book Value – Sale Value
   = 4,50,000 – 3,50,000
   = 1,00,000

b. Since sale value (i.e. 4,80,000) is less than actual cost (I.e. 5,00,000)
   Therefore, Balancing charge shall be shown as income in P/L
   Balancing Charge = Sale Value - Book Value
   = 4,80,000 – 4,50,000
   = 30,000

c. Since sale value (i.e. 6,00,000) exceeds actual cost (I.e. 5,00,000)

Therefore, Capital Gain shall be computed

STCG	=	Sale Value – Cost of Acquisition
	=	6,00,000 – 5,00,000
	=	1,00,000
Balancing charge	=	Actual cost – Book Value
	=	5,00,000 – 4,50,000
	=	50,000

Solution 09

a) **Asset is sold after being put to use in business.**

Particulars	Amount	
Profit Before Depreciation	40,00,000	
Less: Depreciation	~~4,50,000~~	4.05L
PGBP	~~35,50,000~~	35.95L

Calculation of Depreciation

Particulars	Amount	
Opening WDV	60,00,000	
Add: Asset Put To Use (Scientific Research Asset)	Nil	
Less: Sale / Discarded (Scientific Research Asset)	~~30,00,000~~	(33 L)
Closing WDV	~~30,00,000~~	27L
Depreciation ~~30,00,000 x 15%~~ 27L x 15%	~~4,50,000~~	4.05L

b) **Asset is sold without being put to use in business**

Particulars	Amount	Amount
PGBP		
Profit Before Depreciation	40,00,000	
Sale Of Scientific Research Asset (Act. Cost)	30,00,000	
Less: Depreciation	9,00,000	$\boxed{61,00,000}$
Income u/h Capital Gains		
Sale Value	33,00,000	
Less: Cost of Acquisition	30,00,000	$\boxed{3,00,000}$
GTI		64,00,000

Calculation of Depreciation

Particulars	Amount
Opening WDV	60,00,000
Add: Asset Put To Use	Nil
Less: Sale / Discarded	Nil
Closing WDV	60,00,000
Depreciation 60,00,000 x 15%	9,00,000

Solution 10

Calculation Of Deduction Available u/s 35

Particulars	Amount
Payments made to K Research Ltd	20,00,000
Payment made to LMN College	15,00,000
Payment made to OPQ College (Disallowed as it is not approved college)	-
Payment made to National Laboratory	8,00,000
Machinery for in-house research	25,00,000
Salary to research staff for in-house research	12,00,000
Total Deduction u/s 35	80,00,000

Solution 11

Calculation Of Deduction Available u/s 35

Particulars	Amount
Expenses Incurred 3 Years before the commencement Of Business	
Land (Deduction not allowed u/s 35)	-
Plant & Machinery	5,00,000
Raw Material	2,20,000
Expenses Incurred During PY 2024-25	
Raw Material & Salaries	1,80,000
Total Deduction u/s 35 → PY 2024-25	9,00,000

Sale of Scientific Research Asset

As the sale value of S/R asset exceeds Actual Cost, there shall be both Business income as well as Capital Gains. Period of holding of Asset is less than 36 month, there shall be STCG.

Business Income for PY 2024-25	=	Actual cost i.e. 5,00,000
STCG	=	Sale Value – COA
	=	8,00,000 – 5,00,000
	=	3,00,000

SL

AC / SL ⇓ B.I

bal / SL ⇓ CG

Solution 12

Calculation Of Deduction Available u/s 35

Particulars	Amount
Amount paid to Indian Institute of Science, Bangalore	1,00,000
Amount paid to IIT, Delhi	2,50,000
Amount paid to X Ltd., (Indian Company) which has as its main object scientific research	4,00,000
In-House Research	

1. Revenue Expenditure	3,00,000
2. Capital Expenditure Excluding Land	2,50,000
Total Deduction u/s 35	13,00,000

Solution 13

Computation of income under head PGBP

Particulars			Amount
Profits from operating warehouse facility			40,00,000
Less : Deduction u/s 35AD			
1.	Machinery purchased on 31.07.2024	(10,00,000)	
2.	Machinery purchased on 31.10.2024	(6,00,000)	
3.	Building purchased on 31.08.2024	(4,00,000)	
4.	Building constructed on 31.05.2024	(19,00,000)	(39,00,000)
		Income under head PGBP	1,00,000

Solution 14

Expenditure incurred prior to commencement of business (cost of building) :-

1. Food Grains = 80,00,000 – 50,00,000 = 30,00,000
2. Sugar = 60,00,000 – 40,00,000 = 20,00,000
3. Edible Oil = 50,00,000 – 30,00,000 = 20,00,000

Expenditure incurred on construction of building during the PY 2024-25 = 10,00,000 + 20,00,000 + 12,00,000 = 42,00,000

Computation of income under head PGBP

Particulars	Specified u/s 35AD		Normal Business
	Food Grains	Sugar	Edible Oil
Profit before deduction u/s 35AD/u/s 32	16,00,000	14,00,000	31,00,000
Less : Deduction u/s 35AD			
Prior to commencement of business	(30,00,000)	(20,00,000)	-
During the year	(10,00,000)	(20,00,000)	-
Less : Deduction u/s 32 (20L + 12L)x10%	-	-	(3,20,000)
Income under head PGBP	(24,00,000)	(26,00,000)	27,80,000

Specified business loss = 24,00,000 + 26,00,000 = 50,00,000 shall be C/F
Income under head PGBP shall be 27,80,000

Solution 15

During PY 2024-25, Building of Unit A transferred to Unit B , then there shall be Business income under head PGBP
Business income = Deduction allowed u/s 35AD – Notional Depreciation

Particulars	Amount
Deduction allowed u/s 35AD	50,00,000
Less : Notional Depreciation for PY 2022-23 @10%	(5,00,000)
	45,00,000
Less : Notional Depreciation for PY 2023-24 @10%	(4,50,000)
Income under head PGBP (Business Income)	40,50,000

Solution 16

Computation of Eligible preliminary expenditure

Particulars	Amount
Preparation of project report	4,00,000
Market survey	5,00,000
Legal and other charges	2,00,000
	11,00,000

Calculation of deduction admissible to the company under section 35D

Particulars	Amount
5% of cost of project	1,50,000
5% of capital employed	2,00,000
Higher	2,00,000
Eligible Preliminary Expenditure	11,00,000
Lower	2,00,000
	/ 5
Deduction u/s 35	40,000

Solution 17

Computation of Eligible preliminary expenditure

Particulars	Amount
Preparation of project report	4,00,000
Market survey	5,00,000
Legal and other charges	2,00,000
	11,00,000

Calculation of deduction admissible to the company under section 35D

Particulars	Amount
5% of cost of project	1,50,000
Eligible Preliminary Expenditure	11,00,000
Lower	1,50,000
	/ 5
Deduction u/s 35	30,000

Solution 18

In case of Voluntarily Retirement Scheme , deduction is allowed in 5 equal installments commencing from year in which scheme is given
in this case expenditure is allowed in 5 annual equal installments of 100 Lakh Each.

Solution 19

1. Since, Repair is of current nature . Therefore, Expenditure shall be allowed
2. Current repairs is allowed as deduction
3. Only depreciation is allowed in case of capital repairs
4. Notional rent shall not allowed as expenditure
5. Insurance of premises used for business purpose shall be allowed as deduction
6. 2/3rd portion of expenditure towards Car shall be allowed as expenditure
7. Property tax of 4,000 in respect of self occupied house shall be disallowed under PGBP
8. Health insurance premium of employees shall be allowed provided payment is made through any mode other than cash
9. Whole amount of Bonus (i.e. 1,80,000) shall be allowed as expenditure . Amount prescribed in payment of bonus act shall be irrelevant
10. Purchase of building is capital expenditure and it shall be allowed in 5 equal installments of 1,00,000 each.

Solution20

1. Interest of 1,00,000 shall be debited to P/L instead of capitalization as it has been accrued subsequent to the installation
2. Interest on own capital shall be disallowed
3. Interest on overdraft facility shall be allowed
4. Interest on loan taken for business shall be allowed
5. Interest on loan before the asset is put to use shall be capitalized in cost of asset and assessee can claim depreciation on it
6. Interest on loan before the machine is put to use (i.e. 4,000) shall be capitalized in cost of asset and assessee can claim depreciation on it whereas balance 46,000 shall be debited to P/L
7. Interest on late payment of GST shall be allowed as expense
8. Repairs of Machinery is business expense and hence allowed as expenditure

Solution 21

1. Profit on transfer of duty entitlement pass book shall be treated as business income and credited to P/L
2. If securities are held as stock in trade , then profit on sale of securities shall be treated as business income and credited to P/L
   However, If securities are held as Investments , then profit on sale of securities shall be treated as Capital Gain

3. Purchase of 10,00,000 shall be debited to P/L and sales of 5,00,000 shall be credited to P/L
4. Gift from relative is exempt
5. Dividend on shares is not a business income
6. Profit from business of dealing in equity shares is business income and shall be credited to P/L
7. Amount of drawings wrongly treated as sales (i.e. 6,000) shall be debited to P/L and actual cost of purchase (i.e. 4,000) shall be credited to P/L
8. Loss by theft occurred as embezzlement of employees shall be debited to P/L as it is a business loss
9. Interest paid on shortfall in advance tax shall be disallowed
10. Loan taken for the purpose of payment of income tax shall be disallowed
11. Anticipated loss is not allowed as deduction
12. Provision is not an actual expense and hence, no deduction is allowed

Solution22

a) No deduction is allowed for donation in temple under head PGBP
b) No deduction is allowed for donation to Political Party under head PGBP
c) Donation towards approved scientific research association shall be allowed as deduction only in case of old regime
d) Donations to the trade association for the purpose of advertisement in the souvenir published by it shall be allowed as expenditure
e) Overvaluation of opening stock shall be credited to P/L
f) Undervaluation of closing stock shall be credited to P/L
g) Amount of opening stock (i.e. 9000) shall be debited to P/L whereas amount of closing stock (i.e. 18,000) shall be credited to P/L
h) Penalty towards infringement of law shall be disallowed
i) Penalty for non-fulfillment of delivery conditions shall be allowed as deduction
j) Amount of compensation paid to supplier shall be allowed as deduction
k) Penalty towards infringement of law shall be disallowed
l) Penalty towards infringement of law shall be disallowed

Solution23

a) Since, TDS deducted and deposited on time
   Therefore , 20,00,000 shall be allowed as deduction during PY 2024-25
b) Since , TDS is not deducted on time (i.e. Up to 31/03/25) but deposited up to return filing date (i.e. 31/07/25)
   Therefore, 100% of such payment shall be disallowed for PY 24-25 as payment is made outside India and shall be allowed during PY 25-26
c) Since , TDS is deducted on time (i.e. Up to 31/03/25) but not deposited up to return filing date (i.e. 31/07/25)
   Therefore, 100% of such payment shall be disallowed for PY 24-25 as payment is made outside India and shall be allowed during PY 25-26

Solution24

1. **Since, TDS deducted and deposited on time**
   Therefore , 20,00,000 shall be allowed as deduction during PY 2024-25

2. **Since, TDS is late deducted**
   Therefore , 30% of 20,00,000 = 6,00,000 shall be disallowed in PY 24-25 and shall be allowed in PY 25-26 i.e. year in which it is deposited

   PY 24-25 = 14,00,000 expenses shall be allowed
   PY 25-26 = 6,00,000 expenses shall be allowed

3. **Out of 20,00,000 , TDS of 40% payment is timely deducted and deposited.**
   Therefore , 40% of 20,00,000 i.e. 8,00,000 shall be allowed during PY 2024-25
   Out of 20,00,000 , TDS of 60% Payment is late deposited i.e. after return filing date
   Therefore , 30% of such payment shall be disallowed during PY 2024-25
   i.e. 20,00,000 x 60% = 12,00,000
   12,00,000 x 70% = 8,40,000 shall be allowed during PY 24-25
   12,00,000 x 30% = 3,60,000 shall be disallowed

Solution25

As per S.40B , Payment of salary to working partner shall be allowed as deduction to firm subjected to the following limits :-

a. **First 6,00,000 of book profits : 90% of book profit or 3,00,000 whichever is higher**
b. **On balance amount of book profits : 60% of book profit**

1) **6,00,000**
   First 6,00,000 = 90% of 6L = 5,40,000 or 3,00,000 whichever is higher = 5,40,000
   Thus, Maximum salary allowed as deduction = 5,40,000
2) **2,90,000**
   90% of 2,90,000 = 2,61,000 or 3,00,000 whichever is higher = 3,00,000
   Thus, Maximum salary allowed as deduction = 3,00,000
3) **1,10,000**
   90% of 1,10,000 = 99,000 or 3,00,000 whichever is higher = 3,00,00
   Thus, Maximum salary allowed as deduction = 3,00,000

Solution26

i. **Cash payment of 5,000 made to Mr. Ram on 11 June shall be allowed as expenditure as the aggregate amount does not exceeds prescribed limit of 10,000**
ii. **Cash payment of 9,000 made to Mr. Shyam on 11 June shall be allowed as expenditure as the aggregate amount does not exceeds prescribed limit of 10,000**
iii. **Cash payment of 19,000 made to Mr. Ram on 11 June shall not be allowed as expenditure as the aggregate amount exceeds prescribed limit of 10,000**
iv. **Cash payment of 8,000 made to Mr. Shyam on 12 June shall be allowed as expenditure as the aggregate amount does not exceeds prescribed limit of 10,000**

Solution 27

a) Cash payment of 65,000 shall not be allowed as expenditure as the aggregate amount exceeds prescribed limit of 10,000
b) payment of 11,000 made by bearer cheque shall not be allowed as expenditure as the aggregate amount exceeds prescribed limit of 10,000
c) payment of 10,500 made by crossed cheque shall not be allowed as expenditure as the aggregate amount exceeds prescribed limit of 10,000
d) payment of 35,000 made by A/c payee cheque shall be allowed as expenditure as payment is made by specified mode
e) payment of salary 15,000 made by crossed cheque shall not be allowed as expenditure as the aggregate amount exceeds prescribed limit of 10,000
f) payment of 32,000 in cash to Goods transportation agency shall be allowed as expenditure as the aggregate amount exceeds prescribed limit of 35,000
g) whole payment of 75,000 shall be allowed as expenditure as 60,000 is paid through A/c payee cheque (Specified Mode) and cash payment of 8,000 and 7,000 is made on different dates being with in the prescribed limit of 10,000
h) Cash payment of 13,000 shall be allowed as expenditure as the payment is made towards two different bills (8,000 and 5,000 respectively)
i) Cash payment of 15,000 shall not be allowed as expenditure as the aggregate amount exceeds prescribed limit of 10,000

Solution 28

1. Since , only 15,000 is paid up to return filing date . Therefore 15,000 shall be allowed during PY 24-25 and rest shall be disallowed
2. Since whole amount of GST is paid before return filing date (i.e. 31/10/25) .Therefore whole amount shall be allowed as expense in PY 24-25
3. Since whole amount of GST is paid before return filing date (i.e. 31/10/25) .Therefore whole amount shall be allowed as expense in PY 24-25
4. Since whole amount of Bonus is paid to employees before return filing date (i.e. 31/10/25) .Therefore whole amount shall be allowed as expense in PY 24-25
5. First payment made on 13th May 2025 shall be allowed as expense in PY 24-25
   Whereas Second payment made on 10th Jan 2026 shall be allowed in the year of payment (i.e. during PY 2025-26)
6. Municipal taxes is still outstanding as on 31/03/24.
   As per S.43B if it is paid on or before return filing date (i.e. 31/10/25) , then it shall be allowed as expense during PY 24-25 . Otherwise , it shall be allowed as expenditure in the year of actual payment
7. Z Ltd. Is not a Financial Institution . Therefore, Section 43B shall not applicable.
   Therefore , Interest on loan from Z Ltd. Shall be allowed on due basis (i.e. in PY 2024-25)

Solution 29

a) If S.44AD Opted

Computation of Total Income

Particulars		Amount
PGBP Turnover x 6% i.e. 1,70,00,000x6% = 10,20,000 (-) B/F loss	 (1,00,000)	 9,20,000
Capital Gain (LTCG)		5,00,000
	GTI/Total Income	14,20,000

b) If S.44AD not Opted

Computation of Total Income

Particulars		Amount
PGBP Revenue (-) Expenses (-) B/F loss	 1,70,00,000 (1,60,00,000) (1,00,000)	 9,00,000
Capital Gain (LTCG)		5,00,000
	GTI/Total Income	14,00,000

Solution 30

a) Yes , Mr. X is eligible to opt for presumptive determination of his income as per S.44AD as his total turnover (i.e. 58,50,000) from retail trade is within the prescribed limit of 200 lakhs

b) Income of Mr. X from retail trade = 58,50,000 x 6% = 3,51,000

c) Obligations of Mr. X if he has not opted for presumptive taxation of income:-
   1. Compulsory maintenance of detailed books of accounts as per S.44AA
   2. Audit of books of accounts as per S.44AB
   3. Deposit of advance tax as per normal provisions of the act

d) Since , Mr. X turnover does not exceeds 1cr , He is not required to get its books of Accounts audited. Therefore , due date for filing return of his income under both options shall be 31/07/25

Solution 31

Computation of Total Income of Mr. X

Particulars	Amount
Heave Goods Vehicle = 2 x (1000 x 15 Tons) x 12	3,60,000
Medium Goods Vehicle = 4 x 7500 p.m. x 12	3,60,000
Light commercial Vehicle = 3 x 7500 p.m. x 12	2,70,000
	9,90,000

Solution 32

Computation of Total Income

Particulars	Amount
Heave Goods Vehicle = (1000 x 15 Tons) x 10 months	1,50,000
Medium Goods Vehicle = 7500 p.m. x 9 months	67,500
Light commercial Vehicle = 7500 p.m. x 12 months	90,000
	3,07,500

Solution 33

Computation of Business Income of Mr. Chauhan for the A.Y. 2025-26

Particulars	₹	₹
Net profit as per Profit and Loss Account		11,50,000
Add: Expenses not deductible		
1. Donation to Prime Minister Relief Fund (Refer Note 1)	1,00,000	
2. Provision for bad debts (Refer Note 2)	50,000	
3. Family planning expenditure incurred on employees (Refer Note 3)	20,000	
4. Depreciation as per Profit and Loss Account	30,000	
5. Income-tax (Refer Note 4)	1,00,000	
6. Employer's contribution to recognized provident fund (Refer Note 5)	25,000	3,25,000
		14,75,000
Less: Expense allowed		
Depreciation as per Income-tax Rules, 1962 (Refer Note 6)	40,000	
		14,35,000
Add: Employee's contribution included in income as per Section 2(24)(x) (Refer Note 7)		25,000
Business Income		14,60,000

Notes :

1. Donation to Prime Minister Relief Fund is not allowed as deduction from the business income, since it is not incurred wholly and exclusively for business. It is allowed as deduction under section 80G from the gross total income.
2. Provisions for bad debts is allowable as deduction under section 36(1)(viia) (subject to the limits specified therein) only in case of banks, public financial institutions, State Financial Corporation and State Industrial Investment Corporation. Therefore, it is not allowable as deduction in the case of Mr. Chauhan.
3. Expenditure on family planning is allowed as deduction under section 36(1)(ix) only to a company assessee. Therefore, such expenditure is not allowable as deduction in the hands of Mr. Chauhan.
4. Income-tax paid is not allowable as deduction as per the provisions of section 40(a)(ii).
5. Since Mr. Chauhan's contribution (Employer's Contribution) to recognized provident fund is deposited after the due date of filing return of income, the same is disallowed as per provisions of section 43B, in computing business income of A.Y. 2018-19.

6. As per second proviso to section 43(1), the expenditure for acquisition of asset, in respect of which payment to a person in a day exceeds ₹ 10,000 has to be ignored for computing actual cost, if such payment is made otherwise than by way of A/c payee cheque/ bank draft or ECS. Accordingly, depreciation on furniture & fixtures would not be allowed, since payment exceeding ₹ 10,000 (₹ 35,000 in this case) is made in cash. Therefore, no adjustment is required to be made in the amount of depreciation computed as per Income-tax Rules, 1962, since such amount does not include depreciation on furniture & fixtures.
7. Employee's contribution is includible in the income of the employer by virtue of Section 2(24)(x). The deduction for the same is not provided for as it was deposited after the due date under the Provident Fund Act.
8. TDS provisions under section 194A are not attracted in respect of payment of interest on bank loan. Therefore, disallowance under section 40(a)(ia) is not attracted in this case.

Solution 34

Computation of total income of Mr. Anoop for the Assessment Year 2024-25

Particulars	₹	₹
Net profit as per profit and loss account		8,40,000
Less: Income credited to profit and loss account but not taxable under this head		
1. Interest on notified government securities	32,000	
2. Dividend from foreign company	28,000	
3. Gift of gold chain received from his mother	78,000	1,38,000
		7,02,000
Add: Depreciation debited in the books of account	1,05,000	
Add: Expenses debited to profit and loss account but not allowable as deduction		
1. Interest on capital borrowed for purchase of plant & machinery	82,000	
2. Expenditure in excess of ₹ 10,000 paid by bearer cheque to be disallowed as per section 40A(3)	18,500	
3. Compensation paid to an employee on termination of his services in the business unit is allowable on the grounds of commercial expediency. Hence, no disallowance is attracted	Nil	1,00,500
		9,07,500
Less: Depreciation allowable under the Income-tax Act, 1961 [Depreciation on new plant & machinery would not be allowed, since it was not put to use during the previous year 2023-24]	1,16,000	
		7,91,500
Income from Other Sources		
1. Interest on notified Government Securities, exempt	Nil	

	under section 10(15)		
2.	Dividend from foreign company [(not exempt under section 10(34)]	28,000	
3.	Gift of gold chain received from his mother is not taxable, since mother is a relative [clause (I) of proviso to section 56(2)(x)]	Nil	28,000
	Gross Total Income		8,19,500
Less: Deductions under Chapter VI-A Under section 80C-80U		Nil	
	Total Income		8,19,500
Tax on First 5,00,000 @slab rate		12,500	
Tax on Balance 3,19,500@20%		63,900	
			76,400
Add : Health and Education cess @4%		3056	
	Tax Liability (Rounded off)		79,460