

Unit – 4. and Unit – 5. Deductions from Gross Total Income and Computation of Total Income and Tax Liability:-

Examination Questions (Theory) on deductions from Gross Total Income:-

May/June – 2007

1. Mention the provisions for deduction under S – 80 DD. (2) **June-2010**
2. Give the meaning of Gross Total Income and Total Income. (2) **May-2016**
3. Briefly discuss the provisions for deductions under S – 80 U. (5)

June – 2008

4. Give the meaning of Total Income. (2)

June – 2009

5. List out any two items deducted under S – 80 C. (2)
6. Explain/Mention the provisions of S – 80 E. (2) **May-2011, May-2015**

June – 2010

7. What is the provision U/S 80 U of IT Act, 1961? (2) **May-12, May-2016**
8. What are the provisions U/S 80 C of Income Tax Act, 1961? (5)

May/June – 2013

9. Mention the provisions of S – 80 GGC (2)
10. Mention / State the provisions of Sec – 80 D (2) **May-2017**

May/June – 2014

11. List any 4 items deductible under 80 C (2)

May/June – 2018

12. Explain the provision U/S 80 U. (2)
13. Name any two no limit 50% deductible donations U/S 80 G. (2)
14. List out any 6 items included U/S 80 C. (6)

May/June – 2019

15. State the provision u/s 80GGA (2)
16. Mention any two no limit 100% deductible donations u/s 80G (2)
17. Mention any five items qualified for deduction u/s 80C of IT Act. Also mention the maximum amount of deduction allowable under this section. (6)

Unit – 4 and Unit - 5

Examination Problems on deductions from Gross Total Income and Computation of Total Income and Tax liability:-

June – 2007.

Problem – 1. (15 marks)

Mr. Raju has the following details of his incomes for the previous year 2018-19.

- A) Being a tax consultant
 - (i) **Receipts:** Consultation fees Rs.2,10,000, Arbitration charges Rs.60,000.
 - (ii) **Payments:** Rent of Building Rs.36,000 (1/3rd portion used for his residence), Electricity and water charges for the building Rs.10,000, Salary to staff Rs.24,000, Stationary and other expenses Rs.20,000.
- B) Taxable income from House Property Rs.35,000.
- C) During the year he had sold 500 equity shares at Rs.45 each which were purchased by him during 2006-07 at Rs.15 each (The cost of inflation index are, 2006-07 - 122, 2018-19 – 280).
- D) Taxable income from other sources Rs.30,000. Mr. Raju has paid the following amounts-
 - i) Lic premium Rs.12,000
 - ii) Purchased NSC worth Rs.6,000
 - iii) Donation to a charitable recognized education institution Rs.6,000
 - iv) Medical insurance premium paid by cash Rs.2,000.

Compute his Total Income for the Assessment Year 2019-20.

June – 2008

Problem – 2. (5 marks)

During the year 2018-19, Gross Total Income of Mr. Surya Pradhan is Rs.5,00,000. He has made the following payments during the year:

Rs.12,000 for life insurance premium on his life and Rs.8,000 on the life of his wife, Rs.12,000 Medical Insurance Premium on his health. Compute his taxable income for the Assessment Year 2019-20.

Problem – 3. (5 marks)

Gross Total Income of Mr. Reddy for the previous year 2018-19 is Rs.7,25,000.

He is living in a rented house and paying rent of Rs.4,000 p.m.

Compute his Total Income.

Problem – 4. (15 marks)

Sri Ganapathy gives the following information for the previous year 2018-19, Compute his total income.

Income:

- 1) Income from House Property (computed) Rs.40,000.

- 2) Income from petty business Rs.50,000 (computed).
- 3) He sold Jewellery for Rs.5,00,000 on 1-3-19 - CII 280 (these were purchased by him for Rs.30,000 on 1-4-2001 - CII 100).
- 4) He received Rs.42,000 from Kerala State Lotteries.
- 5) Received Rs.9,000 (gross) interest on Fixed deposits in Vijaya bank.
- 6) Gift from his father in law Rs.75,000 and
- 7) Income from agriculture in Chennai Rs.35,000.

Expenditure:

- 1) Purchase of lottery tickets Rs.1,500.
- 2) Commission on sale of Jewellery Rs.3,000.
- 3) Life insurance premium on own life Rs.15,000, on the life of wife Rs.8,000 and on the life of mother Rs.5,000.
- 4) Purchase of NSC VIII issue Rs.9,000.
- 5) Contribution to PPF Rs.5,000.
- 6) Medical insurance premium on his health Rs.6,000 and on the health of his father Rs.6,000.
- 7) Donation to Prime Minister draught relief fund Rs.20,000, to University of Madras Rs.10,000 and to a Sports association Rs.6,000.
- 8) Total amount spent on agricultural activities Rs.31,000.

June – 2009

Problem – 5. (5 marks)

Mr. Y is an unmarried individual who is physically handicapped (certified as severely disabled). His Gross Total Income during previous year 2018-19 amounted to Rs.2,00,000. He does not own any house. He lives in a rented house paying a rent of Rs.1,500 p.m. Compute his taxable income for the Assessment Year 2019-20.

Problem – 6. (15 marks)

Mr. Anand is a resident individual. His GTI during the previous year 2018-19 is computed at Rs.15 lakhs which included Rs.2,00,000 of long term capital gains. During the year he made following contributions and payments:

- a) Paid life insurance premium of Rs.32,000 on his life policy of Rs.1,50,000.
- b) Contributed Rs.5,000 p.m. into 15 year PPF Account.
- c) Repaid his loan taken for higher education Rs.72,000 which included Rs.52,000 towards principal and Rs.20,000 interest.
- d) Donated Rs.50,000 to National Defence Fund, Rs.50,000 towards promotion of Family Planning to a notified organization and Rs.1,00,000 to a notified charitable institution.

Compute his total income for the Assessment Year 2019-20.

May/June – 2010.

Problem – 7. (15 marks)

Dr. Mallya a medical practitioner who maintains books of accounts on cash basis furnishes his receipts and payments account for the financial year 2018-19.

Particulars	Rs.	Particulars	Rs.
Balance b/d	42,000	Rent of clinic	
Consultation fees		2017-18	1,000
2017-18	4,000	2018-19	10,000
2018-19	6,000	2019-20	2,000
2019-20	4,000	Electricity and water	2,000
Visiting expenses	1,00,000	Purchase of professional books	10,000
Loan from bank for profession	40,000	House hold expenses	20,000
Sale of medicines	1,50,000	Collection charges on dividend	500
Gift and presents	15,000	Car purchased	1,00,000
Remuneration from articles	21,000	Surgical equipments purchased	10,000
Dividend	4,000	Income tax	4,000
Interest on post office SB a/c	2,000	Salary staff	40,000
		LIC Premium	20,000
		Gift to wife	4,000
		Interest on loan	4,000
		Car expenses	20,000
		Purchase of medicines	1,00,000
		Contribution to PPF	14,000
		Mediclinam Insurance premium	8,000
		Balance c/d	18,500
	3,88,000		3,88,000

Additional Information:

1. 1/3rd of use of car for personal use.
2. Depreciation on car 20%.
3. Depreciation on Books 40%.
4. Depreciation on Surgical equipments 25%.
5. Gifts and presents include Rs.6,000 from patients in appreciation of service.
6. Closing stock of medicines Rs.10,000.
7. His other income for previous year 2018-19
 - a) Computed income from House Property Rs.1,50,000.
 - b) Computed income from Other Sources Rs.2,00,000.

Compute his taxable income for the Assessment Year 2019-20

May – 2011.

Problem – 8. (5 marks)

Mr. Arjun Rao a senior citizen furnishes the following information for previous year 2018-19.

Pension received Rs.6,000 p.m. Taxable income from business Rs.1,28,000.
Short term capital gain of Rs.1,10,000.

He contributed Rs.15,000 towards life insurance policy and Rs.2,000 towards NSC. He also paid a medi-claim insurance premium of Rs.14,000 during the previous year 2018-19 through cheque.

What is his taxable income for the Assessment Year 2019-20?

May – 2012

Problem – 9. (5 marks)

Mr. TP Kailasam, an individual make payment of Health Insurance Premium to General Insurance Corporation in an approved scheme. Premium paid on his health Rs.1,00,000 and his spouse Rs.15,000 during the year 2018-19.

He also paid health insurance premium of Rs.25,000 on his father's health who is a senior citizen and not dependent on him. The payments have not been made in cash.

Compute the amount of deduction under Chapter VI A, available to him from his Gross Total Income for the Assessment Year 2019-20.

Problem – 10. (5 marks)

Mr. Tarasu having Gross Total Income of Rs.5,00,000 for the financial year 2018-19 furnishes the following information:

- a) Deposited Rs.50,000 in tax saver deposit in the name of major son in a nationalized bank.
- b) Paid Rs.50,000 towards premium on life insurance premium of his married daughter against policy amount of Rs.2,00,000.
- c) Purchased approved long term infrastructure bonds for Rs.25,000.
- d) Contributed Rs.1,00,000 to PM National Relief Fund.
- e) Donated Rs.20,000 to a Government recognized institution for scientific research. His Gross Total Income does not include any income under the head profits and gains of Business / Profession.

Compute the total income of Mr. Tarasu for the Assessment Year 2019-20.

Problem – 11. (15 marks)

Determine the net income of Dr. Karanth for the Assessment Year 2019-20 from the following particulars.

Chargeable business income Rs.6,35,000.

Long term capital gains in respect of commercial buildings Rs.1,17,000.

Long term capital gains in respect of shares (non-listed) Rs.1,10,000.

Income from horse-race (gross) Rs.1,04,000

Winnings from lottery (net) Rs.1,92,500.

Expenditure on recovery of lottery prize Rs.26,000.

Interest from IDBI Rs.18,000.

Interest paid on Capital borrowed for investing in IDBI bonds Rs.18,500.

Interest on company deposit Rs.48,200.

Payment of rent for residential house Rs.1,36,000.

Insurance premium paid on life policy (sum assured Rs.90,000) Rs.24,000.

Medi-claim insurance on his father Rs.16,000.

May/June – 2013.

Problem – 12. (5 marks)

Sairam (age 51 years), a Resident of Bangalore, who runs an Agency Business does not own a house. He lives in a rented house by paying Rs.15,000 monthly rent. His Gross Total Income is Rs.6,60,000 and he is eligible for a deduction of Rs.60,000 u/s 80 C.

Compute the amount deductible for the Assessment Year 2019-20 u/s 80 GG.

May/June – 2014.

Problem – 13. (8 marks)

Kishore gives the following information of his income for the Previous Year 2018-19. Compute total taxable income for the Assessment Year 2019-20.

- i) Rent received per month Rs.9,000
- ii) Income from business (computed) Rs.2,00,000
- iii) Income from salary (computed) Rs.4,10,000
- iv) Income from other sources Rs.1,02,000

He makes payments towards:

- a) Life insurance premium Rs.25,000
- b) Donation to PM Relief Fund Rs.15,000
- c) Interest on education loan on his son Rs.8,500
- d) Medical insurance premium on his health Rs.12,000

Problem – 14. (16 marks)

From the following information of Sri. K.N. Das (Resident) compute total income and tax liability for the Assessment Year 2019-20.

Income from business (computed) Rs.3,25,000

Income from salary Rs.8,75,000

Rent from house property (Municipal tax Rs.1,200) Rs.1,20,000

Income from Royalty Rs.75,000

Life insurance premium paid Rs.22,000

Contribution to PPF Rs.15,000

Donation to PM Relief Fund Rs.25,000

Medical Insurance Premium paid on his health Rs.14,000

Interest on education loan on his daughter Rs.13,500

April/May – 2015.

Problem – 15. (8 marks)

Mr. Kalyan Kumar has reported the following particulars of his income, savings and investments for the financial year 2018-19.

Net salary received Rs.8,60,000.

Net income from house property Rs.1,24,000.

Net income from other sources Rs.78,000.

Repayment of housing loan principal amount Rs.50,000.

Life insurance premium on own life Rs.36,000.

Compute his tax liability for the Assessment year 2019-20.

May – 2016.

Problem – 16. (8 marks)

Mr. Ajit has a Gross Total Income of Rs.7,00,000 for the previous year 2018-19 and the following particulars are given:

- a) LIP on own life Rs.70,000.
- b) Amount invested in mutual funds of UTI Rs.45,000.
- c) Interest on loan taken for the higher education of his daughter Rs.30,000.
- d) He has maintained his younger brother dependent on him with specified disability. Maintenance expenses Rs.2,00,000 p.a.
- e) The GTI has included Rs.20,000 received as Royalty as an author and net value of books sold is Rs.4,30,000.
- f) The assessee himself is physically handicapped.

Calculate Net Total Income.

May – 2017.

Problem – 17. (6 marks)

Ms. Keerti, a resident submits the following particulars of her Income and Expenditure for the Previous year 2018-19. Compute total Income for the Assessment Year 2019-20.

- a) Gross Total Income Rs.9,00,000.
- b) Contribution to PPF Rs.80,000.
- c) Contribution to annuity plan of LIC Rs.15,000.
- d) Contribution to PM's National Relief fund Rs.10,000.
- e) Contribution to charitable hospital Rs.10,000.
- f) Contribution to defence fund Rs.10,000.

Problem – 18. (14 marks)

Ms. Sunitha submits the following particulars:

- Incomes:**
- i) Computed Salary Income Rs.2,00,000.
 - ii) Computed Income from property let-out Rs.65,000.
 - iii) Agricultural Income from Bangladesh Rs.1,00,000.
 - iv) Share of Income from HUF Rs.1,70,000.
 - v) Computed Income from STCG Rs.75,000.

Expenses

- a) Life Insurance premium paid Rs.28,000 (Sum assured Rs.25,00,000)
- b) Medical Insurance premium paid Rs.18,000.
- c) Loan repayment towards home loan installment Rs.20,000.

- d) Contribution of Rs.20,000 to the Swachh Bharat Kosh set up by the central government.

Compute her total income and tax liability for the assessment year 2019-20.

May/June – 2018.

Problem – 19. (14 marks)

Shri Anjaneya has submitted the following particulars for the assessment year 2019-20.

- i) Income from salary (computed) Rs.4,00,000.
- ii) House property income (computed) Rs.2,00,000.
- iii) Income from business Rs.5,00,000.
- iv) Long term capital gain Rs.50,000.
- v) Short term capital gain Rs.20,000.
- vi) Agricultural income in India Rs.4,000.

Note: i) Short term capital gain is from the sale of equity shares for which securities transaction tax was not paid.

ii) Long term capital gain is from the sale of equity shares for which securities transaction tax was paid.

Calculate tax liability of Shri Anjaneya for the assessment year 2019-20.

May/June – 2019.

Problem – 20. (6 marks)

Mr. X resident in India, aged about 45 years, submits the following information for the A. Year 2019-20.

- a) Income from Salary (computed) Rs.2,80,000.
- b) Income from House Property (computed) Rs.90,000.
- c) Life Insurance premium paid Rs.30,000.

Calculate his tax liability for the Assessment Year 2019-20.

Problem – 21. (14 marks)

Mr. A submits the following information:

- a) Income from salary (computed) Rs.10,50,000
- b) Income from house property (computed) Rs.2,50,000
- c) Interest on bank fixed deposits Rs.45,000 (net)
- d) Winning from horse race Rs.70,000 (net)
- e) Life insurance premium paid Rs.70,000
- f) Contribution to PPF Rs.30,000
- g) Rent paid towards residential house Rs.12,000 p.m. (He doesn't own any residential house)
- h) Medical insurance premium paid by crossed cheque Rs.35,000 (Policy is taken on his father, who is a senior citizen)

Mr. A is physically handicapped person with severe disability. Compute his Total Income for the A. Year 2019-20.

Unit – 5.

SET OFF AND CARRY FORWARD LOSSES:-

I. Set off of Losses:

The following are the provisions of the act, governing the set off and carry forward of losses.

1. Loss from one source against income from another source under the same head of income:- Section-70 (Intra head set off)

If there is a loss in one source of income, the assessee is entitled to set off such loss against the income from any other source under the same head of income in the same assessment year, except speculation loss and expenses incurred on maintenance of horses. For example:- If the assessee has different business, the loss in one business can be set off against the profits of any other business in the same assessment year.

2. Loss from one head against income from another:- Section- 71 (inter head set off)

Loss from one head of income can be set off against other head of income except speculation loss, casual loss and capital loss. Speculation loss can be set off only against speculation profit and casual loss against the respective casual income.

Short-term capital loss can be set off against short- term and long term capital gains. But long term capital loss can be set off only from long term capital gains. However other losses can be set off against short-term and long term capital gains.

Business loss cannot be set off against the Salary income. A loss cannot be set off against Casual incomes such as winnings from lotteries, cross-word puzzles, card games, game shows, betting, gambling, races including horse race etc,.

House property loss in excess of Rs.2 lakhs cannot be set off against income under other heads from the assessment year 2018-19.

II. Carry forward and set off of losses:

- i. Loss under the head house property can be carried forward and set off only against house property income for a period of 8 succeeding assessment years.
- ii. Loss from business and profession can be carried forward and set off against income from business and profession only for a period of 8 succeeding assessment years.
- iii. Capital loss:- Short-term capital loss can be carried forward and set off against income from short-term or long term capital gains but long term capital loss can be carried forward and set off against long term capital gains only for a period of 8 succeeding assessment years.
- iv. Speculative business loss can also be carried forward and set off against speculative profit only for a period of 4 succeeding assessment years.
- v. Loss due to maintenance of race horses can be carried forward and set off for a period of 4 succeeding assessment years against the income from the same activity.
- vi. Unabsorbed depreciation:- With effect from 2002-03, depreciation which remains unadjusted as either there is no income or less income in the relevant previous year, can be carried forward till it is fully adjusted from any income during the succeeding previous years. It shall be treated as depreciation of the succeeding previous years.

Unit - 5. Set off and carry forward losses:

Examination questions (theory) from semester scheme. (2 & 5 marks).

May/June-2007.

1. Give the meaning of set-off and carry forward.
2. How do you set-off and carry forward short term capital losses.
3. Mention the provisions to set-off and carry forward the following losses. (5)
i) Loss from house property and ii) Long Term Capital Loss. **May-2017, May-2018**

June-2008.

4. Mention any two losses, which cannot be set-off against income under other heads.

June-2009.

5. Give the meaning of inter-source set off of losses.
6. Explain the rules regarding inter-head set-off of losses. (5 marks)

June – 2010.

7. State the provisions regarding set-off and carry forward of losses. (5 marks)

May – 2011.

8. What is the provision relating to carry forward of loss from speculative business.

May – 2013.

9. Mention the rules for carry forward of speculation business loss.
10. What are the provisions governing the set off of inter-source losses? (5 marks)

May / June – 2014.

11. Give the meaning of inter head set-off.

April/May – 2015.

12. Give the meaning of set off.

May – 2016.

13. What is meant by carry forward and set off of losses?

May – 2017, May-2018, May-2019.

14. Explain the provisions to set-off and carry forward the following losses: (6 marks)
 - a) Loss of House-property
 - b) Short term capital ~~gain~~ loss.
 - c) Speculation Business loss. (May-2018)