

Unit – 4 and Unit – 5. Deductions from GTI and Computation of Total Income – Exam problems. June – 2007. Answer to Problem – 1.

Computation of Total Income of Mr. Raju for the A. Year 2020-21		Rs.
Previous Year – 2019-20 (01-04-2019 to 31-03-2020)		
1. Income from Salary		--
2. Income from House Property		35,000
3. Income from Business/Profession		
Receipts: Consultation fees	2,10,000	
Arbitration charges	60,000	
Total Receipts	2,70,000	
Less: Professional expenses		
Rent of Building – $36,000 \times \frac{2}{3}$	24,000	
Electricity and Water $10,000 \times \frac{2}{3}$	6,667	
Salary to staff	24,000	
Stationery and other expenses	20,000	
	74,667	
Income from Profession	1,95,333	1,95,333

June – 2007. Answer to Problem – 1. -- Continued

			Rs.
4. Income from Capital Gain:			
Shares: LTCG: Sale Proceeds-18-19 (500x45)	22,500		
Less: Indexed cost of acquisition in 2006-07 (500x15) 7,500/122x289	17,766		
Long term capital gain	4,734		4,734
5. Income from Other Sources			30,000
Gross Total Income			2,65,067
Less: Deductions under Chapter VIA			
U/S – 80 C LIC Premium	12,000		
NSC Purchases	6,000	18,000	
U/S – 80 D Medical insurance paid in cash not allowed deduction		--	
U/S – 80 G Donation to Charitable Education Institution – With limit donation.			
Actual or 10% of Adjusted gross total income wel is QA			
6,000 or 10% 2,65,067 – (4,734+18,000)			
2,42,333x10%=24,233			
6,000 or 24,233 wel is QA i.e., 6,000x50%	3,000		21,000
Total Income			2,44,067



June – 2008. Answer to Problem – 2.

Computation of Taxable Income of Mr. Surya Pradhan for
the Assessment Year 2020-21

Previous Year – 2019-20 (01-04-2019 to 31-03-2020) Rs.

Gross Total Income		5,00,000
Less: Deductions under Chapter VI A		
U/S-80 C: LIC premium on his life 12,000		
LIC premium on his wife 8,000	20,000	
U/S – 80 D Medical insurance premium	12,000	32,000
Taxable Income		4,68,000



June – 2008. Answer to Problem – 3.

Computation of Total Income of Mr. Reddy for the

Assessment Year 2020-21

Previous Year – 2019-20 (01-04-2019 to 31-03-2020) Rs.

Gross Total Income		7,25,000
Less: Deductions under Chapter VI A		
U/S-80 GG: Least of the following		
a) Statutory limit - $5,000 \times 12$	60,000	
b) 25% of Adjusted gross total income $7,25,000 \times 25\%$	1,81,250	
c) Rent paid minus 10% Adjusted GTI $(4,000 \times 12) 48,000 - 72,500$	00	000
Taxable Total Income		7,25,000



June – 2008. Answer to Problem – 4.
 Computation of Total Income of Sri. Ganapathy for the A.Y 2020-21
 Previous Year – 2019-20 (01-04-2019 to 31-03-2020) Rs.

1. Income from Salary		--
2. Income from House Property		40,000
3. Income from Petty Business		50,000
4. Income from Capital gain:		
Jewellery: LTCA: Sale proceeds- 01-03-2020	5,00,000	
Less: Selling expenses – Commission	3,000	
Net Sale Price	4,97,000	
Less: Indexed cost of acquisition in 2001-02 30,000/100x280	86,700	
Long term capital gain	4,10,300	4,10,300
5. Income from other sources:		
Lottery prize received (Net) 42,000/70x100	60,000	
Interest on Fixed deposit (Gross)	9,000	
Gift from father-in-law -	exempt	
Income from agriculture in Chennai -	exempt	
Income from other sources	69,000	69,000
Gross Total Income		5,69,300



June – 2008. Answer to Problem – 4. -- Continued

Gross Total Income			5,69,300
Less: Deductions under Chapter VIA			
U/S-80 C: LIC premium on his life	15,000		
LIC premium on his wife	8,000		
Purchase of NSC VIII issue	9,000		
Contribution to PPF	5,000	37,000	
U/S – 80 D: Medical premium on his health	6,000		
on health of his father	6,000	12,000	
U/S – 80 G: No limit donations:			
To P M draught relief fund @ 50% on 20,000	10,000		
With limit donations: Actual or 10% of Adjusted Gross Total Income which ever is less is Qualifying Amount.			
16,000 or 10% of 5,69,300 minus (4,10,300+49,000)			
16,000 or 10% of 1,10,000=11,000 wel is QA i.e.,			
11,000 out of 11,000 deduction is at 50%	5,500	15,500	64,500
Total Income			5,04,800



June – 2009. Answer to Problem – 5.

Computation of Total Taxable Income of Mr. Y for the
Assessment Year 2020-21

Previous Year – 2019-20 (01-04-2019 to 31-03-2020) Rs.			
Gross Total Income			2,00,000
Less: Deductions under Chapter VI A			
U/S – 80 U: Assessee own disability	1,25,000		
U/S - GG: Least of the following			
a) Statutory limit - $5,000 \times 12$	60,000		
b) 25% of Adjusted GTI			
$(2,00,000 - 1,25,000) \times 25\%$	18,750		
c) Rent paid-10% Adjusted GTI			
$(1,500 \times 12) - 7,500$	10,500	10,500	1,35,500
Taxable Total Income			64,500



June – 2009. Answer to Problem – 6. (Class work)

Computation of Total Income of Mr. Anand for the A. Year 2020-21

Previous Year – 2019-20 (01-04-2019 to 31-03-2020)	Rs.
Gross Total Income (including LTCG Rs.2,00,000)	15,00,000
Less: Deductions under Chapter VI A	
U/S – 80 C: LIC 10% of 1,50,000 i.e., 15,000 or 32,000 which ever is less will qualify i.e., 15,000	
Contribution to PPF - 5,000x12	60,000
U/S – 80 E: Interest on Education loan	20,000
U/S 80 G: No limit donations to NDF @ 100%	50,000
With limit donations: Actual or 10% Gross taxable income wh is QA i.e., 1,50,000 or 10% of 15 laks minus 2,95,000 i.e., 10% of 12,05,000=1,20,500	
So 1,50,000 or 1,20,500 wh is QA i.e., 1,20,500	
Out of QA for family planning 100% deduction	50,000
for balance @ 50% i.e., 1,20,500 – 50,000 i.e., on 70,500 @ the rate of 50%	35,250
Total Income	2,30,250
	12,69,750



May/June – 2010. Answer to Problem – 7.

Computation of Taxable Income of Dr. Mallya for the A. Y. 2020-21

Previous Year – 2019-20 (01-04-2019 to 31-03-2020)		Rs.
Professional Receipts:		
Consultation fees (4,000+6,000+4,000)		14,000
Visiting expenses		1,00,000
Sale of medicines		1,50,000
Gift and presents		6,000
Remuneration from articles		21,000
Total Receipts		2,91,000
Less: Professional expenses:		
Rent of clinic (1,000+10,000+2,000)	13,000	
Electricity and water	2,000	
Salary Staff	40,000	
Interest on loan	4,000	
Car expenses – 20,000x2/3	13,333	
Purchase of medicines	1,00,000	
Dep. on car – 1,00,000 @ 20%=20,000x2/3	13,333	
Dep. on Books @ 40% -	4,000	
Dep. on surgical equipments -10,000x25%	2,500	1,92,166
Income from Profession		98,834



May/June – 2010. Answer to Problem – 7 -- Continued

		Rs.
1.	Income from Salary	--
2.	Income from House Property	1,50,000
3.	Income from Business/Profession	98,834
4.	Income from Capital gain	--
5.	Income from other sources	2,00,000
	Gross Total Income	4,48,834
	Less: Deductions under Chapter VI A	
	U/S – 80 C LIC premium 20,000	
	Contribution to PPF 14,000	34,000
	U/S – 80 D Medical Insurance premium 8,000	42,000
	Total Taxable Income	4,06,834



May/June – 2013. Answer to Problem – 12.

Computation of Amount deductible of Mr. Sairam Under Section – 80GG for the Assessment Year 2020-21

Previous Year – 2019-20 (01-04-2019 to 31-03-2020)

Less: Deductions under Chapter VI A		Rs.
Amount deductible U/S – 80 GG		
<u>Least of the following</u>		
a) Statutory limit - $5,000 \times 12$	60,000	
b) 25% of Adjusted gross total income ($6,60,000 - 60,000$) $6,00,000 \times 25\%$	1,50,000	
c) Rent paid minus 10% Adjusted GTI ($15,000 \times 12$) $1,80,000 - 60,000$	1,20,000	
Amount deductible under section	80 GG	60,000



May/June – 2014. Answer to Problem – 13

Computation of Taxable Income of Mr. Kishore for the A. Y. 2020-21

Previous Year – 2019-20 (01-04-2019 to 31-03-2020)

		Rs.
1. Income from Salary		4,10,000
2. Income from House Property		
Rent Received – Annual value 9,000x12	1,08,000	
Less: Std deduction @ 30% of 1,08,000	32,400	75,600
3. Income from Business/Profession		2,00,000
4. Income from Capital gain		–
5. Income from other sources		1,02,000
Gross Total Income		7,87,600
Less: Deductions under Chapter VIA		
U/S – 80 C LIC premium	25,000	
U/S – 80 D Medical Insurance premium	12,000	
U/S – 80 E Interest on education loan	8,500	
U/S – 80 G Donation to PM Relief Fund	15,000	60,500
Total Taxable Income		7,27,100

Note: If Donation is to PM National draught Relief fund than deduction is @ 50% of Rs.15,000 i.e., Rs.7,500, So the total deductions are Rs.53,000 and Taxable Income will be Rs.7,87,600 – 53,000 = Rs.7,34,600



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May – 2016. Answer to Problem – 16.

Computation of Net Total Income of Mr. Ajit for the A. Year-2020-21
Previous Year – 2019-20 (01-04-2019 to 31-03-2020) Rs.

Gross Total Income		7,00,000
Less: Deductions under Chapter VI A		
U/S – 80 C		
LIC Premium on own life	70,000	
Mutual funds of UTI	45,000	1,15,000
U/S – 80 E Interest on Education loan		30,000
U/S – 80 DD Maintenance of handicapped dependent brother		75,000
U/S – 80 QQB Royalty received as an author		20,000
U/S – 80 U Assessee's own disability		75,000
Net Total Income		<u>3,85,000</u>



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May – 2017. Answer to Problem – 17.

Computation of Total Income of Ms. Keerthi for the A. Year-2020-21
Previous Year – 2019-20 (01-04-2019 to 31-03-2020) Rs.

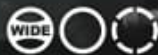
Gross Total Income		9,00,000
Less: Deductions under Chapter VI A		
U/S – 80 C – Contribution to PPF	80,000	
U/S – 80CCC – Contribution to annuity plan LIC	15,000	
U/S – 80 G – No limit donations:		
100% qualifies and 100% deduction		
Contribution to PM National Relief fund	10,000	
Contribution to Defence fund	10,000	
With limit donations: Actual or 10% of Adjusted Gross total income wel is QA. Out of QA 50% is Eligible for deduction i.e., Rs.10,000 or {10% of (9,00,000 minus 95,000) 8,05,000 i.e.,} 80,500 wel is QA. i.e, Rs.10,000 out of which 50%	5,000	1,20,000
Total Income		7,80,000



May – 2017. Answer to Problem – 18.

Computation of Total Income of Ms. Sunitha for the A.Y- 2020-21
Previous Year – 2019-20 (01-04-2019 to 31-03-2020)

		Rs.
1. Income from Salary (computed)		2,00,000
2. Income from House Property (computed)		65,000
3. Income from Business/Profession		—
4. Income from Capital gain (Short term)		75,000
5. Income from other sources:		
Agricultural income from Bangladesh	1,00,000	
Share income from HUF – exempted	—	1,00,000
Gross Total Income		4,40,000
Less: Deductions under Chapter VI A		
U/S – 80 C		
LIC premium paid	28,000	
Repayment of housing loan Principal	20,000	48,000
80 – D Medical Insurance premium paid		18,000
80 – G Contribution to Swachh Bharat Kosh		
No limit donation @100%	20,000	86,000
Taxable Total Income		3,54,000



May – 2017. Answer to Problem – 18. -- Continued

Computation of Tax liability of Ms. Sunitha for the A.Y- 2020-21

Previous Year – 2019-20 (01-04-2019 to 31-03-2020)		Rs.
	Taxable Income	Tax Liability
Total Taxable Income	3,54,000	
First slab exempted limit	2,50,000	Nil
Balance	1,04,000	5,200
	Tax @ 5%	
		5,200
	Tax Liability	
		5,200
Less: Tax Rebate u/s 87 A as total income does not exceed Rs.5,00,000, the Rebate will be 100% of Income tax i.e., 5,200 or 12,500 wh		
		5,200
	Tax Liability	Nil



May – 2018. Answer to Problem – 19.

Computation of Total Income of Shri Anjaneya for the A.Y- 2020-21
Previous Year – 2019-20 (01-04-2019 to 31-03-2020)

	Rs.
1. Income from Salary (computed)	4,00,000
2. Income from House Property (computed)	2,00,000
3. Income from Business/Profession	5,00,000
4. Income from Capital gain (Short term)	20,000
Long term capital gain	--
5. Income from other sources:	
Agricultural income in India	--
Gross Total Income	11,20,000
Less: Deductions under Chapter VI A	--
Taxable Total Income	11,20,000



May/June – 2018. Answer to Problem – 19. -- Continued

Computation of Tax liability of Shri Anjaneya for the A. Year 2020-21
 Previous Year – 2019-20 (01-04-2019 to 31-03-2020) Rs.

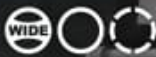
	Taxable Income	Tax Liability
Total Taxable Income	11,20,000	
First slab exempted limit	2,50,000 Tax	Nil
Balance	8,70,000	
For Next slab	2,50,000 Tax @ 5%	12,500
Balance	6,20,000	
For Next slab	5,00,000 Tax @ 20%	1,00,000
On Balance	1,20,000 Tax @ 30%	36,000
	Tax Liability	1,48,500
	Add: Health & Education Cess @ 4% on 1,48,500	5,940
	Total Tax Liability	1,54,440



May – 2019. Answer to Problem – 20.

Computation of Total Income of Shri Anjaneya for the A.Y- 2020-21		Rs.
Previous Year – 2019-20 (01-04-2019 to 31-03-2020)		
1. Income from Salary (computed)		2,80,000
2. Income from House Property (computed)		90,000
Gross Total Income		3,70,000
Less: deductions:		
U/s 80C LIC premium paid	30,000	30,000
Total taxable income		3,40,000

Calculation of Tax Liability:	Taxable Income	Tax Liability
Total Taxable Income	3,40,000	
First slab: Exempted limit	2,50,000	Nil
Balance	90,000 @5%	4,500
Less: Tax Rebate u/s 87 A as total income does not exceed Rs.5,00,000, the Rebate will be 100% of Income tax i.e., 4,500 or 12,500 wel		4,500
Tax Liability		Nil



May – 2019. Answer to Problem – 21.

Computation of Total Income of Mr. 'A' for the A. Year - 2020-21

Previous Year – 2019-20 (01-04-2019 to 31-03-2020)		Rs.
1. Income from Salary (computed)		10,50,000
2. Income from House Property (computed)		2,50,000
3. Income from Business/Profession		--
4. Income from Capital gain		--
5. Income from other sources:		
Interest on FD 45,000/90x100	50,000	
Winning from horse race 70,000/70x100	1,00,000	1,50,000
Gross Total Income		14,50,000
Less: Deductions under Chapter VI A		
U/S – 80 C		
LIC premium paid	70,000	
Contribution to PPF	30,000	1,00,000
80- D Medical Insurance premium on his father	35,000	
80 – U Assessee's own disability (Severe)	1,25,000	2,60,000
Total Income before deduction u/s - 80GG		11,90,000



May-2019. Answer to Problem – 21 -- Continued

		Rs.
Total Income before deduction u/s – 80GG		11,90,000
Deduction U/S – 80 GG for rent paid by Mr. A		
Less: Least of the following:		
a) Maximum statutory limit (5,000x12)	60,000	
b) 25% of Adjusted GTI i.e., 14,50,000 minus 2,60,000 = 11,90,000 x 25%	2,97,500	
c) Rent paid – 10% Adjusted GTI 1,44,000 – 1,19,000	25,000	25,000
Total Taxable Income		11,65,000

