

Direct Taxation

T.Y.B.Com.
(Semester – V)

COMPUTATION OF TOTAL INCOME

(Income from Salaries, Income from Other Sources and Deductions under Chapter VI-A)

1. Mr. Anshuman Bansode works with the Government of Maharashtra. He gives you the following information for the year ended 31st March, 2023.

Particulars	Amount (₹)
Basic Salary (Gross)	3,00,000 p.a.
Dearness Allowance	1,45,500 p.a.
House Rent Allowance (Exempt u/s 10 ₹ 30,000)	60,000 p.a.
Entertainment Allowance (Amount spent on entertainment ₹ 12,000)	12,000 p.a.
Conveyance Allowance (Amount spent on Conveyance for official purpose ₹ 28,000)	48,000 p.a.
Arrears of Salary (Not taxed earlier)	2,00,000
Profession Tax deducted from Salary	2,500 p.a.
Employees Provident Fund deducted from Salary	30,000 p.a.

Other information :

He received ₹ 2,00,000 from LIC of India as maturity value of life insurance policy taken on his life. He had taken a loan from State Bank of India for higher education of his daughter pursuing an engineering degree course of Delhi University. During the year he had paid ₹ 50,000 as principal and ₹ 70,000 as interest.

Compute his Taxable Income for the Assessment Year 2023-24.

2. Dr. Ram Bharose is employed with Bhagwan Hospital as a full time Doctor. Following are details of his income for the year ended 31st March, 2023.

- (1) Basic Salary ₹ 12,000 per month.
- (2) D.A. @ 30% of Basic.
- (3) H.R.A. ₹ 10,000 [Exempt u/s 10(13A) ₹ 4,500].
- (4) He is provided conveyance facility for journey from his residence to hospital and back costing the hospital ₹ 10,000.
- (5) Entertainment allowance ₹ 500 p.m.
- (6) Arrears of Salary ₹ 6,000.
- (7) Professional Tax deducted by hospital ₹ 2,400.
- (8) Best Doctor Award given to him by Bhagwan Hospital ₹ 2,500.
- (9) He was selected the best surgeon by the State Government and was awarded 'The Dhanvantari' award instituted in Public Interest ₹ 10,000.
- (10) He received honorarium for presenting papers in various seminars ₹ 3,000.
- (11) He was owning a surgical equipment which was given on hire to Dr. Laxman Prasad. Hire charges received by him were ₹ 30,000. The expenses on maintenance amounted to ₹ 2,500 and allowable depreciation ₹ 4,500.
- (12) He paid ₹ 16,000 by cash to LIC for pension fund.

(13) He paid by cheque for medical insurance as follows :

(a) For Self	12,670
(b) For Wife	12,670
(c) Dependent Children	12,670
(d) Independent Parents	12,670
	<u>50,680</u>

Compute his Net Taxable Income for the A.Y. 2023-24.

3. Mr. Santosh Bhonsale who is physically disabled person (50% disability) as certified by medical authority is employed with Roshan College of Commerce. He furnishes the following information for the previous year 2022-23. Compute his Taxable Income for the A.Y. 2023-24.

Basic Salary	₹ 10,000 p.m.
DA	₹ 3,500 p.m.
Arrears of Salary (not taxed earlier)	₹ 10,000
Medical Expenses reimbursement	₹ 12,000
Leave Salary received	₹ 14,000
Examinership fees from the college	₹ 2,000
Fees for setting T.Y.B.Com. papers for Mumbai University	₹ 4,000
Royalty received from Marvel Publications for writing on Accountancy	₹ 20,000. Expenses incurred for writing manuscript of this book ₹ 4,000. Profession Tax paid ₹ 2,000.

4. Mr. Bhaskar Nikam works with New City Light Engineers Pvt. Ltd. as Sales Manager. He gives you the following information for the year ended 31st March, 2023.

Particulars	Amount (₹)
Basic Salary (Gross)	4,80,000 p.a.
Dearness Allowance	1,20,000 p.a.
Advance Salary	1,00,000
Reimbursement of Medical Expenses	36,500
Commission on Sales	76,000 p.a.
Tour Allowance (Amount spent on tour for official purpose ₹ 38,000)	48,000 p.a.
Profession Tax deducted from Salary	2,500 p.a.

Other information :

He received the following sums from Tata Motors Ltd.

₹ 2,000 as dividend on Equity Shares.

₹ 20,000 as Interest on Debentures.

He had spent ₹ 65,000 on medical treatment of his dependent handicapped brother (45% disability).

He had taken loan from Bank of India for higher education of his son who is pursuing an Engineering degree with Pune University. During the year, he paid ₹ 72,000 as interest on this loan.

Compute his Taxable Income for the Assessment Year 2023-24.

5. Mr. Rahul Deshmukh works with the Central Railway. He gives you following information for the year ended 31st March, 2023 :

Basic Salary	₹ 50,000 p.m.
Dearness Allowance	₹ 15,000 p.m.
Received Arrears of Salary	₹ 40,000
Conveyance allowance received (Amount spent ₹ 18,000)	₹ 25,000
Re-imbursement of medical expenses in Government Hospital	₹ 48,000
Profession tax deducted from Salary	₹ 2,500 p.a.

Other information :

Dividend received from Bank of India	₹ 10,000
Interest received from Government Securities	₹ 15,000
Royalty received	₹ 60,000

He paid by cheque mediclaim premium of ₹ 18,000 on health of himself, spouse and children. He had taken loan from SBI for higher education of his son who is pursuing MBA with Mumbai University. During the year 2022-23 he paid ₹ 60,000 as interest on this loan.

Compute his Taxable Income for the Assessment Year 2023-24.

6. Mr. Rajan works as Sales Manager with M/s. Esquire Traders. He gives you the following information for the year ended 31st March, 2023.

(1) Net Salary per month	₹ 11,000
(2) Profession tax deducted at source	₹ 200 per month
(3) Entertainment Allowance	₹ 1,000 per month
(4) Received Bonus for earlier year	₹ 10,000
(5) Received Arrears of Salary (not taxed earlier)	₹ 12,000
(6) Employer paid Mediclaim Premium of Mr. Rajan and his wife	₹ 15,000

(7) He took advance salary of ₹ 20,000 for marriage of his son.

(8) Mr. Rajan is also a Director of Telco Ltd. and received ₹ 12,000 as sitting fees.

(9) He received ₹ 10,000 as share of profit from M/s. Rina Distributors, a partnership firm where he is a partner.

(10) He spent ₹ 40,000 on medical treatment of his dependent handicapped brother (45% of disability) in cash and ₹ 15,000 on tuition fees of college for his son.

Compute his total Taxable Income for Assessment Year 2023-24.

7. Mr. Bipin Sawant aged 62 years gives you the following information for the year ended on 31st March, 2023.

Basic Salary (Net)	₹ 60,000 p.m.
Dearness Allowance @ 30% of Basic Salary	
Ex-gratia received	₹ 1,00,000
Bonus (Declared)	₹ 40,000
Entertainment Allowance	₹ 36,000
Advance against Salary	₹ 2,00,000
Recognised Provident Fund deducted from Basic Salary for the year	₹ 48,000

Other information :

Winnings from Lottery	₹ 50,000
Expenses on Purchase of Lottery Tickets	₹ 2,000
Interest on Saving Bank Account with Saraswat Co-op. Bank Ltd.	₹ 12,000
He deposited ₹ 50,000 in Senior Citizen Savings Scheme on 01/01/2023.	
Compute his Taxable Income for Assessment Year 2023-24.	

8. Mr. Ravi is employed with M/s. Furniture & Crafts. He gives you the following information for the previous year 2022-23 :

(1) Basic Salary	₹ 8,00,000 per annum
(2) Bonus (declared)	₹ 1,00,000
(3) Entertainment Allowance	₹ 48,000 per annum
(4) House Rent Allowance (Exempt ₹ 24,000)	₹ 60,000 per annum
(5) Transport Allowance	₹ 24,000 per annum
(6) Fixed Medical Allowance	₹ 24,000 per annum
(7) Profession Tax deducted from Salary	₹ 2,500 per annum
(8) Employees recognised provident fund deducted from Salary	₹ 30,000 per annum
(9) He received ₹ 2,00,000 from LIC of India as maturity value of life insurance policy taken on his life and a gift from his son of ₹ 75,000.	
(10) He paid mediclaim premium of ₹ 14,000 for himself and spouse by credit card.	
Compute his total Taxable Income for Assessment Year 2023-24.	

9. Mr. X joined a company AB Ltd. on June 1, 2022 and was paid the following emoluments and allowed perquisites as under :

Emoluments Basic pay	₹ 50,000 per month
Dearness allowance	₹ 20,000 per month
Bonus (Target achiever)	₹ 1,00,000 per month

Perquisites :

- (1) Furnished accommodation owned by the employer and provided free of cost. Taxable value of this rent free furnished accommodation was ₹ 2,56,000.
- (2) The company paid medical insurance premium of Mr. X amounting to ₹ 15,000.

Before joining the company AB Ltd., he was a Central Government employee and retired on May 31, 2022. He was paid the following emoluments and perquisites till May 31, 2022 by the Government :

Basic Salary	₹ 96,000 per annum
Dearness allowance	₹ 6,000 per annum
Entertainment allowance since 1963	₹ 24,000 per annum

From June 1, 2022 he receives the monthly pension of ₹ 3,000 from the Government. He received ₹ 30,000 as Leave Salary in respect of earned leave at his credit. He received ₹ 1,20,000 as gratuity.

Compute the Taxable Salary of Mr. X for the Assessment Year 2023-24.

- 10.** Mr. Dharmesh Gandhi, an employee of Tata Ltd., covered by the Payment of Gratuity Act, 1972 retires on 31st January, 2023, after 35 years and 7 months service. At the time of retirement, employer paid him gratuity of ₹ 65,000 and he received ₹ 50,000 being the accumulated balance in Statutory Provident Fund. The due date of salary and allowance etc. was 1st day of the next month and were paid on due date. He was entitled to monthly pension of ₹ 400 with effect from 1st day of February, 2023, which becomes due on the last day of the month. Professional Tax is ₹ 800.

Compute the taxable income of Mr. Dharmesh for the Assessment Year 2023-24 on the basis of the following further information :

- (1) Basic Salary ₹ 2,500 p.m.
- (2) House Rent Allowance ₹ 400 p.m. Taxable value is 50% of the amount received.
- (3) Project Allowance paid during the year ₹ 12,000.
- (4) Bonus paid during the year ₹ 3,600.
- (5) In retirement, on encashment of earned leave at his credit of 15 months he received ₹ 37,500.

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