

CBCS SCHEME

USN

ICR19MBA75

18MBAFM303

Third Semester MBA Degree Examination, Jan./Feb. 2021 Direct Taxation

Time: 3 hrs.

Max. Marks:100

Note: 1. Answer any FOUR full questions from Q.No.1 to 7.
2. Q.No. 8 is compulsory.

- 1 a. Define the term "assessee" as per the Income Tax Act 1961. (03 Marks)
b. Ms. Bindu, a non-resident, residing in New York since 1991, came back to India on 19-02-2018 for permanent settlement in India. Explain the residential status of Ms. Bindu for A.Y. 2020-21. (07 Marks)
c. From the below particulars of Mr. Anirudh for year ended 31.03.2020, compute the total income for Assessment Year (A.Y) 2020-21, if he is
(i) Resident and Ordinary Resident
(ii) Resident and not ordinarily resident
(iii) Non Resident.

Particulars	Amount
a. Profit on sale of shares in Indian company received in Germany	15,000
b. Dividend from a Japanese company in Japan.	10,000
c. Rent from property in London deposited in London, later remitted to India	75,000
d. Dividend from RP Ltd, an Indian Company	6,000
e. Agricultural income from lands in Gujarat	25,000

(10 Marks)

- 2 a. What is gross total income? (03 Marks)
b. Mr. Shah, an Accounts Manager, has retired for JK Ltd. on 15.01.2020 after rendering services for 30 years 7 months. His salary is Rs.25,000 p.m. upto 30.09.2019 and Rs.27,000 thereafter. He also gets Rs. 2000/- p.m as Dearness Allowance (55% of it is a part of salary for computing retirement benefits). He is not covered by the Payments of Gratuity Act 1972. He has received Rs. 8 lacs as gratuity from the employer. (07 Marks)
c. What are various heads of income and discuss its importance? (10 Marks)
- 3 a. What is indexed cost of Acquisition? (03 Marks)
b. Briefly explain different types of assessee. (07 Marks)
c. Discuss Set-off and carry forward of losses. (10 Marks)
- 4 a. What is block of assets? (03 Marks)
b. Mr. Bee purchased a residential house on July, 20, 2017 for Rs.10,00,000 (10 lac) and made some additions to the house incurring Rs. 2,00,000 in August 2017. He sold the house property in April 2019 for Rs. 20,00,000. Out of the sale proceeds, he spent Rs.5,00,000 to purchase another house property in September 2019. What is the amount of capital gains taxable in the hands Mr. Bee for A.Y. 2020-21? (07 Marks)
c. Discuss deductions U/S 80C to 80U. (10 Marks)
- 5 a. What is a slump sale? (03 Marks)
b. Write a short note on Other Incomes. (07 Marks)

Important Note: 1. On completing your answers, compulsorily draw diagonal cross lines on the remaining blank pages.
2. Any revealing of identification, appeal to evaluator and/or equations written eg, 42+8 = 50, will be treated as malpractice.

- c. Mr. Kumar is the owner of a residential house which was purchased in September, 2003 for Rs. 700000. He sold the said house on 5th Aug 2019 for Rs. 30,00,000. Valuation as per stamp valuation authority of the said plot of land was Rs. 44,00,000. He invested Rs. 8,00,000 in NHA Bonds on 12th January 2020. He purchased a residential house on 8th September, 2019 for Rs. 12,00,000. He gives other particulars as follows:

Interest on bank deposit	Rs. 32000
Investment on PPF	Rs. 12000

You are requested to calculate the taxable income for the A.Y. 2020-21. CII for F.Y. 2003-04 and 2019-20 are 109 and 289 respectively.

(10 Marks)

- 6 a. What is MAT? (03 Marks)
- b. Briefly discuss provisions of Sec 54, Sec 54EC and Sec 54F under heads of Income from Capital Gain. (07 Marks)
- c. Following is the profit and loss A/c of Mr. Q for the year ended 31-03-2020.

Particulars	Rs.	Particulars	Rs.
To Repairs on Building	1,81,000	By Gross Profit	6,01,000
To amount paid to IIT, Mumbai for an approved Scientific research program	1,00,000	By I. T. refund	8,100
To Interest	1,10,000	By Interest on Company deposits	6,400
To Travelling	1,30,550		
To Net Profit	93,950		
	6,15,500		6,15,500

Following additional information are furnished:

- Repairs on building includes Rs. 100000 being cost of laying on Toilet roof.
- Interest payments include Rs. 50,000 on which TDS has not been deducted and penalty for contravention of Central Sales Tax Act of Rs. 24000.

Compute the income chargeable under the head "Profit and Gains of business and profession" of Mr. Q for the year ended 31-03-2020 ignoring depreciation. (10 Marks)

- 7 a. State any three incomes exempt from tax under Sec 10. (03 Marks)
- b. Write a short note on : (i) Tax planning (ii) Tax avoidance (iii) Tax evasion (07 Marks)
- c. Mr. Nambiar, a salaried employee, furnishes the following details for the financial year 2019-20 :

Particulars	Rs.
Basic Salary	6,00,000
Dearness Allowance	3,20,000
Commission	50,000
Entertainment allowance	7,500
Medical expenses reimbursed by the employer	21,000
Profession Tax (of this 50% paid by employer)	7,000
Health Insurance Premium paid by employer	9,000
Gift voucher given by employer on his Birthday	12,000
Life insurance premium of Nambiar paid by employer	34,000
Laptop provided for use at home Actual cost to employer [Children of assessee also use the laptop]	30,000
Employer company owns a Tata Nano car, which was provided to assessee, both for official and personal use. No driver was provided. Engine cubic capacity less than 1.6 ltrs.	
Annual credit card fees paid by employer (credit card not exclusively used for official purpose, details of usage not available).	2,000

You are required to compute the income chargeable under head "Salaries" for A.Y. 2020-21. (10 Marks)

8

Case Study (Compulsory) :

Mr. Rahul an assessee aged 61 years gives the following information for previous year 31-03-2020 :

a. Loss from profession	1,05,000
b. Capital loss on sale of property short term	55,000
c. Capital gains on sale of shares (long term)	2,05,000
d. Loss in respect of self occupied property	15,000
e. Loss in respect of let out property	30,000
f. Share of loss from firm	1,60,000
g. Income from Card Games	55,000
h. Winning from Lotteries	1,00,000
i. Loss from horse races in Mumbai	40,000
j. Investment in Infrastructure bonds	21,000
k. Medical Insurance premium paid by cheque	18,000

Compute the total income of Mr. Rahul for the assessment year 2020-21. Provide sufficient information on exemptions and treatment. (20 Marks)

SCHEME & SOLUTION
DIRECT TAXATION-18MBAFM303-Jan/Feb 2021

1 a	ASSESSEE 2(7)	<ul style="list-style-type: none"> • The persons specified in section 2(31) • A person in respect of whom any proceeding under the Act has been taken either for assessment of his/her income /loss/income of any other person in respect of whom he/she is assessable. • Deemed Assessee : Every person who is deemed to be an assessee. E.g. Representative assessee. Legal representative of a deceased, guardian of minor, agent of NR. • Assessee in default under the Act. E.g. A person who does not deduct tax at source is deemed assessee. 	3																												
b		RS: NOR: 1 st basic condition is satisfied [365 days during the FY 2019-20] None of the additional conditions is satisfied	7																												
c		Computation of Taxable Income for A.Y. 2020-21	10																												
		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;">Incomes</th> <th style="width: 10%;">OR</th> <th style="width: 15%;">NOR</th> <th style="width: 15%;">NR</th> </tr> </thead> <tbody> <tr> <td>Profit on sale of shares in Indian company</td> <td style="text-align: center;">15,000</td> <td style="text-align: center;">15,000</td> <td style="text-align: center;">15,000</td> </tr> <tr> <td>Dividend from Japanese company</td> <td style="text-align: center;">10,000</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Rent from property in London</td> <td style="text-align: center;">75,000</td> <td></td> <td></td> </tr> <tr> <td>Dividend from Indian company</td> <td style="text-align: center;">Exempted</td> <td style="text-align: center;">Exempted</td> <td style="text-align: center;">Exempted</td> </tr> <tr> <td>Agricultural income in India</td> <td style="text-align: center;">Exempted</td> <td style="text-align: center;">Exempted</td> <td style="text-align: center;">Exempted</td> </tr> <tr> <td style="text-align: right;">Total</td> <td style="text-align: center;">1,00,000</td> <td style="text-align: center;">15,000</td> <td style="text-align: center;">15,000</td> </tr> </tbody> </table>	Incomes	OR	NOR	NR	Profit on sale of shares in Indian company	15,000	15,000	15,000	Dividend from Japanese company	10,000	-	-	Rent from property in London	75,000			Dividend from Indian company	Exempted	Exempted	Exempted	Agricultural income in India	Exempted	Exempted	Exempted	Total	1,00,000	15,000	15,000	
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2 a		GROSS TOTAL INCOME U/S 14: The aggregate of the income under the following heads is termed as Gross Total Income (GTI): Income From Salary, Income From House Property, Profits & Gains from Business/Profession, Income From Capital Gain & Income From Other Sources.	3																												
b		Least of the followings is exempted u/s 10(10)(iii)	7																												
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c		Income from salary, income from house property, income from business/profession, income from capital gain and income from other sources. [Each head is to be explained]	10																												
3 a		<p>Indexed Cost of Acquisition (ICA): It is the amount which bears to the cost of acquisition the same proportion as CII of the year in which the asset is transferred bears to the CII of the first year in which asset was held by the assessee or for the year beginning on 1-4-2001 whichever less.</p> $\text{ICA} = \frac{[(\text{Cost of Acquisition} + \text{Exp. on purchase}) \text{ or FMV on } 1/4/2001 \text{ weh}] - \text{Advance money forfeited}}{\text{CII of Year of Acquisition or 100}} \times \text{CII of C.P.Y.}$	3																												
b		Types of assesses: Normal assessee, deemed assessee, assessee in default	7																												

c SET OFF AND CARRY FORWARD OF LOSSES

Intra-head set-off u/s 70

The loss from one source can be set off against the income from any other source under the same head of income for the same A.Y.

Exceptions:

1. Loss from speculation business is set off only against income from another speculation business but not against the income of non-speculation business. However, Loss from non speculation business can be set off against income from any business (i.e. either speculation or non speculation business)
2. Long term capital loss is set off only against long term capital gain but not against the short term capital gain. However, short term capital loss can be set off against any capital gains (i.e. either STCG or LTCG)
3. Loss from the business of owning & maintaining race horses is set off only against the income from such business.
4. No Loss can be set off against the winnings from lotteries, crossword puzzles, races including horse races, card games, gambling or betting etc.
5. Loss from purchase and sale of securities cannot be set-off against any other source.

Inter-Head Set Off u/s 71

The net loss under one head (after inter-source set off) can be set off against the income under another head in the same A.Y.

Exceptions

1. Loss in a speculation business
2. Loss from the activity of owning and maintaining race horses
3. Loss from purchase and sale of securities
4. Business loss cannot be set off against the income from salary
5. Loss under capital gain head

Note: No order of priority is given in the Act. Set off those losses which cannot be carried forward to the next year.

Carry forward of losses u/s 72

The unset off losses in one head / different heads may be carried forward and set off against the income of the subsequent year.

1. Unset off portion of loss from business or profession can be carried forward and set off against business income (not against any other heads) u/s 72.

Conditions: Period: **8** A.Y. Continuity of business is not necessary; Return of loss should be filed.

Carry forward is available only for the assessee who has actually incurred the loss

Exceptions:

1. Amalgamation of companies u/s 72A
 2. Amalgamation of banking company with banking institution u/s 72AA
 3. Demerger of companies
 4. Conversion of a proprietary concern / firm into company
 5. Loss of business acquired by inheritance u/s 78
2. Loss from speculation business can be carried forward and set off only against income from any speculation business u/s 73.

Conditions: Period: **4** Years. Continuity of business not necessary & Return of loss should be filed.

3. Carry forward and set-off of capital losses u/s 74

Conditions: Period: **8** years; LTCL is set-off only against LTCG and STCL can be set-off against

	<p>both the STCG/LTCG</p> <p>4. Carry forward and set off of loss from activity of owning and maintaining of race horses (loss in case of other race animals can be set-off against normal business profit) u/s 74A(3) Conditions: Period: 4 Years & Return of loss should be filed</p> <p>5. Carry forward and set off of loss incurred from house property u/s 71B Conditions: Period: 8 Years & Applicable only for the loss incurred in the A.Y. 1999-00 onwards</p> <p>6. Carry forward and set off of loss in the case of change in the constitution of firm due to retirement or death of partner u/s 78 The firm shall not be entitled to carry forward of so much of the loss as is attributable to such partner (only in case of retirement /death of partner) It is not applicable for unabsorbed depreciation (i.e. it can be carried forwarded and set off)</p> <p>7. Carry forward and set-off of losses in the cases of closely held companies u/s 79</p>											
4 a	<p>Block of assets : Group of assets falling within a class of assets comprising, tangible assets, being buildings, machinery, plant & machinery and intangible assets being know-how, patents, copy rights, trademarks, licences, franchises or any other business or commercial rights of similar nature, in respect of which the same percentage of depreciation is prescribed.</p>	3										
b	<p style="text-align: center;">Computation of Capital Gain for the AY 2020-21</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Particulars</th> <th style="text-align: center;">Amount</th> </tr> </thead> <tbody> <tr> <td>Sales Consideration</td> <td style="text-align: right;">20,00,000</td> </tr> <tr> <td>Less: Cost of acquisition</td> <td style="text-align: right;">-10,00,000</td> </tr> <tr> <td style="padding-left: 20px;">Cost of improvement</td> <td style="text-align: right;"><u>-2,00,000</u></td> </tr> <tr> <td style="text-align: right;">Taxable STCG</td> <td style="text-align: right;">8,00,000</td> </tr> </tbody> </table>	Particulars	Amount	Sales Consideration	20,00,000	Less: Cost of acquisition	-10,00,000	Cost of improvement	<u>-2,00,000</u>	Taxable STCG	8,00,000	7
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c	<ol style="list-style-type: none"> 1. Deduction with respect to the following savings u/s 80C [Ceiling Rs.1,50,000 for 80C, 80CCC & 80CCD] 2. Deduction in respect of Pension Fund U/S 80CCC 3. Deduction in respect of Contribution to National Pension Scheme U/S 80CCD 4. Deduction in respect of Investment in any Equity Saving Scheme u/s 80CCG (w.e.f. A.y.2013-14) 5. Deduction in respect of Medical Insurance Premia/health check-up exp. U/S 80D [Ceiling: Self & family Rs.25,000 + 25,000 for parents (Rs.50,000 instead of Rs.25,000 in case of senior citizen assessee or parents)]. For super senior citizens (80 years and above where mediclaim is not given), deduction is allowed for medical expenses upto 30,000. Premium to be paid other than in cash. Applicable for dependent children only and hence premium paid for earning children is excluded. 6. Deduction in respect of maintenance including medical treatment of a dependent being a Person with disability U/S 80DD (Fixed deduction of Rs.75,000 for 40% and above & Rs.1,25,000 for severe i.e. 80% & above) 7. Deduction in respect of medical treatment of specified diseases U/S80DDB (Ceiling Rs.40,000, Rs.1,00,000 for senior citizens) 8. Deduction in respect of interest paid on Loan taken for Higher Studies U/S 80E (Applicable for self and children, for 8 A.Y.) 9. Deduction upto Rs.50,000 on interest payments for first time home buyer u/s 80EE (Applicable Upto AY 2018-19 only) 10. Deduction for interest payment for first time home buyer u/s 80EEA upto Rs.1,50,000 Conditions: This is additional deduction over and above section 24, Available only to 	10										

	<p>individual, assessee should not own any other house on the date of sanctioning the loan, loan to be taken from financial institution or any housing finance company, stamp duty value of the house property should be Rs 45 lakhs or less, The taxpayer should be a first-time home buyer, loan is taken between 1/4/2019 -31/3/2020. Extended upto 31/3/2022</p> <p>11. Deduction in respect of Donation to Certain Funds, charitable institutions etc. U/S 80G</p> <p>12. Deduction in respect of Rent Paid U/S 80GG (least of the following deductible)</p> <p>i. Rs.5,000 p.m.</p> <p>ii. 25% of adjusted total income</p> <p>iii. Rent paid – 10% of adjusted total income</p> <p>Adjusted TI = GTI – [LTCG, STCG u/s 111A, deductions u/s 80C-80 (Except 80GG), income u/s 115A]</p> <p>13. Deduction in respect of certain Donations for Scientific Research or Rural Development U/S 80GGA (Condition : Assessee does not have IFBP)</p> <p>14. Deduction in respect of Contributions given by Indian companies to Political Parties U/S 80GGB</p> <p>15. Deduction in respect of Contributions given by any person to Political Parties U/S 80GGC (Not local authority, artificial judicial person)</p> <p>16. Deduction in respect of Profits and Gains from Industrial Undertaking or Enterprises engaged in Infrastructure Development etc. U/S 80-IA(100% of profit available for 10 years)</p> <p>17. Deduction in respect of Profits and Gains by an Undertaking or enterprise engaged in Development of SEZ U/S 80-IAB (100% of profit available for 10 years out of 15 years)</p> <p>18. Deduction in respect of Profits and Gains from Certain industrial undertakings other than infrastructure Development undertakings U/S 80-IB</p> <p>19. Deduction in respect of Profits and Gains of certain undertaking in certain special category of States U/S 80-IC</p> <p>20. Deduction in respect of Profits and Gains from the Business of Collecting and processing of Bio-Degradable waste U/S 980JJA (100% of profit deductible for 5 years)</p> <p>21. Deduction in respect of Employment of New Workmen U/S 80JJAA</p> <p>22. Deduction in respect of certain Income of Offshore Banking Units and International Financial Services Centre U/S 80LA (1/5 deductible for 5 years)</p> <p>23. Deduction in respect of Income of a Co-Operative Society U/S 80P</p> <p>24. Deduction in respect of Royalty Income of Authors U/S 80QQB (Ceiling Rs.3,00,000)</p> <p>25. Deduction in respect of Royalty on Patents U/S 80RRB (Ceiling Rs.3,00,000)</p> <p>26. Deduction for interest on FD is allowed upto Rs.50,000 for senior citizens u/s 80TTB w.e.f. PY 2018-19 [It was upto Rs.10,000 u/s 80TTA]</p> <p>27. Deduction in respect of Person with Disability U/S 80U {(Fixed deduction of Rs.50,000 (if disability is less than 80%) & Rs.1,00,000 (if disability is 80% or more) Condition: Resident individual</p>	
5 a	Slump sale for income tax purposes would be one where an undertaking is sold without considering the individual values of the assets or liabilities contained within the undertaking	3
b	IFOS: Income from sub-letting, interest on bank deposits and loans, income from royalty (if it is not income from business or profession), director's fee, agricultural income received from outside India, director's commission for standing as a guarantor to bankers, director's commission for underwriting shares of new company , remuneration received by a person from a person other than his employer e.g. examination remuneration received by a teacher, rent of a plot of land	7

c	<p style="text-align: center;">Computation of Taxable income for the AY 2020-21</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;">Particulars</th> <th style="width: 20%;">Amount</th> <th style="width: 20%;"></th> </tr> </thead> <tbody> <tr> <td>Income from capital gain</td> <td></td> <td style="text-align: right;">5,44,037</td> </tr> <tr> <td>Sales Consideration or stamp duty value w.h.h</td> <td style="text-align: right;">44,00,000</td> <td></td> </tr> <tr> <td>Less:</td> <td style="text-align: right;">Nil</td> <td></td> </tr> <tr> <td>1.Expenses on transfer</td> <td style="text-align: right;">-18,55,963</td> <td></td> </tr> <tr> <td>2.ICA: 7,00,000 x 289/109</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">Taxable LTCG</td> <td style="text-align: right;">25,44,037</td> <td></td> </tr> <tr> <td>Less: Exemption</td> <td></td> <td></td> </tr> <tr> <td>Purchase of NHAI bonds</td> <td style="text-align: right;">8,00,000</td> <td></td> </tr> <tr> <td>Purchase of residential house</td> <td style="text-align: right;">12,00,000</td> <td></td> </tr> <tr> <td>Income from other sources (interest on bank deposits)</td> <td></td> <td style="text-align: right;">32,000</td> </tr> <tr> <td style="text-align: right;">GTI</td> <td></td> <td style="text-align: right;">5,76,037</td> </tr> <tr> <td>Less: Deductions u/s 80C (PPF)</td> <td></td> <td style="text-align: right;">-12,000</td> </tr> <tr> <td style="text-align: right;">Taxable income</td> <td></td> <td style="text-align: right;">5,64,037</td> </tr> </tbody> </table>	Particulars	Amount		Income from capital gain		5,44,037	Sales Consideration or stamp duty value w.h.h	44,00,000		Less:	Nil		1.Expenses on transfer	-18,55,963		2.ICA: 7,00,000 x 289/109			Taxable LTCG	25,44,037		Less: Exemption			Purchase of NHAI bonds	8,00,000		Purchase of residential house	12,00,000		Income from other sources (interest on bank deposits)		32,000	GTI		5,76,037	Less: Deductions u/s 80C (PPF)		-12,000	Taxable income		5,64,037	10
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6 a	<p>MAT (MINIMUM ALTERNATE TAX) U/S 115JB</p> <ul style="list-style-type: none"> ✚ Applicable for both Indian and foreign companies ✚ 115JB inserted from the A.Y. 2001-02. ✚ It provides that in case the tax liability of a company is less than 19.24% (18.5% + HEC 4%) or 20.5868% (18.5% + SC 7% + HEC 4%) or 21.5488% (18.5% + SC 12% + HEC 4%) of the Book Profit, such book profit shall be deemed to be the total income chargeable to tax at the rate of 19.24% or 20.5868% or 21.5488% of Book Profit (i.e. Minimum tax that every company has to pay every year) ✚ MAT is not applicable for the companies in Special Economic Zone from 1-4-2005. ✚ Tax credit can be carried forward for the next assessment year (upto 10 A.Y.) to be set-off against normal tax liability. It can be set-off against normal tax liability only to the extent of the amount of difference between MAT and normal tax liability or tax credit available which ever is less. 	3																																										
b	<p>Exemptions from Capital Gains u/s 54</p> <ol style="list-style-type: none"> 1. Capital gains from transfer of residential house if used for purchase or construction of residential house U/s 54 2. Capital gain on transfer of any LTCA used in the purchase of bonds of NHAI/REC U/s 54EC 3. Capital gains on transfer of any LTCA (Except residential house) if used in the purchase/construction of one residential house U/s 54F 	7																																										
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	<p>2. Receipts by a member from a HUF U/S 10(2)</p> <p>3. Share of Profit from Partnership Firm U/s 10(2A)</p>																																			
b	<p>Tax Planning: Minimising tax liability by taking complete legitimate benefit of all deductions, exemptions, allowance is tax planning. Tax laws are fully complied and there is no intention to deceit the legal spirit behind the tax law. Transaction does not take the form of colourable devices. For instance, purchase of ELSS and NSC to claim deduction u/s 80C is tax planning.</p> <p>Tax Evasion: Avoiding tax by illegal means is tax evasion. An assessee guilty of tax evasion will be punished under the relevant laws.</p> <p>Tax Avoidance: Any planning of tax which though done strictly according to legal requirement but defeats the basic intention of the legislature behind the statute. Earlier tax avoidance was considered completely legitimate, at present it is considered as illegitimate. The line of demarcation between tax planning and tax avoidance is very thin and blurred.</p> <p>For instance, misuse of section 80DD: claiming deduction in respect of maintenance including medical treatment of a dependent being a person with disability U/S 80DD (Fixed deduction of Rs.75,000 for 40% and above & Rs.1,25,000 for severe i.e. 80% & above) though the person is not dependent of the assessee.</p>	7																																		
c	<p style="text-align: center;">Computation of Taxable salary Income for the A.Y.2020-1</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 70%;">Particulars</th> <th style="width: 30%;">Amount</th> </tr> </thead> <tbody> <tr> <td>Basic salary</td> <td style="text-align: right;">6,00,000</td> </tr> <tr> <td>DA</td> <td style="text-align: right;">3,20,000</td> </tr> <tr> <td>Commission</td> <td style="text-align: right;">50,000</td> </tr> <tr> <td>Entertainment allowance</td> <td style="text-align: right;">7,500</td> </tr> <tr> <td>Medical reimbursement</td> <td style="text-align: right;">21,000</td> </tr> <tr> <td>PT paid by employer [50% of Rs.7,000]</td> <td style="text-align: right;">3,500</td> </tr> <tr> <td>Health insurance premium</td> <td style="text-align: right;">Exempted</td> </tr> <tr> <td>Gift voucher (12,000 -5,000 exempted)</td> <td style="text-align: right;">7,000</td> </tr> <tr> <td>LIP paid by employer</td> <td style="text-align: right;">34,000</td> </tr> <tr> <td>Use of laptop</td> <td style="text-align: right;">Exempted</td> </tr> <tr> <td>Car perquisite (1,800 x 12m)</td> <td style="text-align: right;">12,600</td> </tr> <tr> <td>Credit card fee</td> <td style="text-align: right;">2,000</td> </tr> <tr> <td style="text-align: right;">Gross Salary</td> <td style="text-align: right;">10,66,000</td> </tr> <tr> <td>Less: Standard deduction u/s 16 (i)</td> <td style="text-align: right;">-50,000</td> </tr> <tr> <td style="padding-left: 20px;">Deduction for professional tax u/s 16(iii)</td> <td style="text-align: right;">-7,000</td> </tr> <tr> <td style="text-align: right;">Income From Salary</td> <td style="text-align: right;">10,09,600</td> </tr> </tbody> </table>	Particulars	Amount	Basic salary	6,00,000	DA	3,20,000	Commission	50,000	Entertainment allowance	7,500	Medical reimbursement	21,000	PT paid by employer [50% of Rs.7,000]	3,500	Health insurance premium	Exempted	Gift voucher (12,000 -5,000 exempted)	7,000	LIP paid by employer	34,000	Use of laptop	Exempted	Car perquisite (1,800 x 12m)	12,600	Credit card fee	2,000	Gross Salary	10,66,000	Less: Standard deduction u/s 16 (i)	-50,000	Deduction for professional tax u/s 16(iii)	-7,000	Income From Salary	10,09,600	10
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		Less: STCL	-55,000	1,50,000		
		IFOS				
		Income from card games	55,000			
		Income from lottery	1,00,000			
		Loss from horse race (40,000 c/f)	-	1,55,000		
		GTI		1,55,000		
		Less: Deductions U/S 80C – 80U			Nil	
		Net Taxable Income			1,55,000	