

**TEST 14****(DEDUCTIONS)****Time : 30 minutes      Total Marks : 20****Question 1 :** In respect of assessment year 2024-25, an author of text-books for schools furnishes the following particulars and request you to work out his tax liability: ₹

1. Royalty from Printers Ltd. on publication of books		₹	2,20,000
2. Capital gains long term			1,90,000
3. Other Sources:			
(a) Interest on Bank fixed Deposits	12,000		
(b) Dividend income from Indian company	3,000		
(c) Income from units of U.T.I.	5,000		20,000
(d) Deductions: (i) Contributions towards:			
(a) LIC Pension Scheme			15,000
(b) LIC Premium			10,000
(ii) Contribution to public provident fund			10,000
(iii) Investment in National Savings Certificates			50,000
(iv) Medical treatment of handicapped dependent relative			20,000

**Question 2 :** The particulars of income of Mrs. Y. aged 55 years for the financial year 2023-24 are given below: ₹

(1) Income under the head salary received from M/s ABC Ltd. for the year	4,00,000
(2) Rental income received from a commercial complex p.m.	12,000
(3) Arrears of rent received from the complex, which were not charged to tax in any earlier years	30,000
(4) Interest paid on loan taken for the purchase of a house from a scheduled bank for use as own residence	1,20,000
(5) Repayment of instalments of loan taken from the bank for the purchase of the above property	60,000
(6) Deposits in public provident fund account	
(i) Towards loan taken from public provident account	20,000
(ii) Out of current year's income	40,000
(7) Investment made in units of a mutual fund approved by the board under section 80C of the Income-Tax Act.	40,000

Compute the total income of Mrs. Y and the tax payable thereon in respect of A/Y 2024-25.

## TEST 14 SOLUTION (DEDUCTIONS)

**Solution 1:****Answer:**

Income under the head Capital Gains (LTCG)	₹ 1,90,000
<b>Computation of income under the head Other Sources</b>	
Royalty income	2,20,000
Interest from bank fixed deposits	12,000
Dividend income	3,000
Interest from units	5,000
<b>Income under the head Other Sources</b>	<b>2,40,000</b>
 Gross Total Income	
Less: Deduction u/s 80C	<b>4,30,000</b>
LIC Premium	(10,000)
Contribution in Public provident fund	(10,000)
National Saving Certificate	(50,000)
Less: Deduction u/s 80CCC	(15,000)
Less: Deduction u/s 80DD	(75,000)
<b>Total Income</b>	<b>2,70,000</b>
<b>Computation of Tax Liability</b>	
Tax on LTCG ₹20,000 (₹1,90,000 – ₹1,70,000) @ 20% u/s 112	4,000
Tax on ₹80,000 at slab rate	Nil
Less: Rebate u/s 87A	(4,000)
<b>Tax Liability</b>	<b>Nil</b>

**Solution 2 :****Answer:**

	₹	₹
<b>Computation of total income and tax liability Mrs. Y</b>		
<b>Income from under the head salary</b>		
Income under the head Salary		4,00,000.00
 <b>Income from house property</b>		
<b>Let out commercial complex</b>		
Gross Annual Value (12,000 x 12)		1,44,000.00
Less: Municipal taxes		Nil
Net Annual Value		1,44,000.00
Less: 30% of NAV u/s 24(a)		(43,200.00)
Less: Interest on capital borrowed u/s 24(b)		Nil
<b>Income from let out property</b>		<b>1,00,800.00</b>

**Property self- occupied for residence**

Net Annual Value		Nil
Less: Interest on capital borrowed u/s 24(b)		(30,000.00)
Loss from self-occupied property		(30,000.00)
Arrears of rent Section 25A	30,000	
Less: (30% of ₹30,000)	(9,000)	21,000.00
Income under the head House Property		91,800.00
Gross Total Income		4,91,800.00
Less: Deduction u/s 80C		(1,40,000.00)
Repayment of loan taken to purchase residential house property	60,000	
Deposit in public provident fund out of current income	40,000	
Investment made in units of mutual fund for infrastructure facility	40,000	
Total Income		3,51,800.00

**Computation of Tax Liability**

Tax on ₹3,51,800 at slab rate	5,090.00
Less: Rebate u/s 87A	(5,090.00)
Add: HEC @ 4%	Nil
Tax Liability	Nil