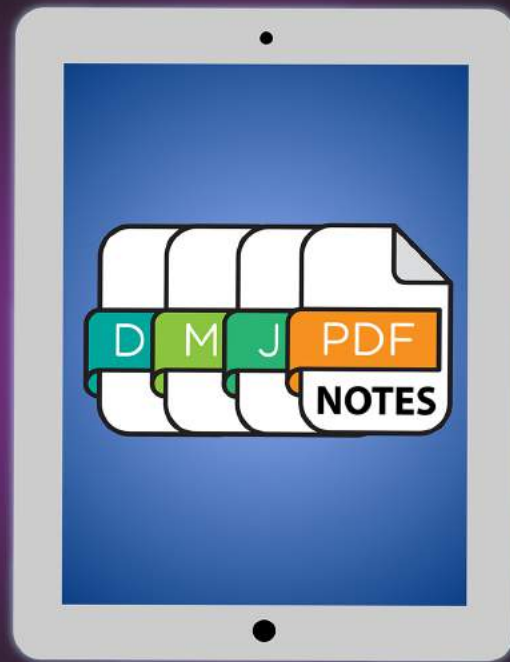




IndigoLearn

**INDIGOLEARN.COM**



*Prepare for CA EXAMS  
LIKE NEVER BEFORE*

# 1Fin by Indigolearn

#StudentFirst



Download our APP - 1FIN





IndigoLearn

**CA Inter**

# **Direct Taxes**



**Paper-4A**



## Illustrations:

---

### Illustration 1

Examine the following statements with regard to the provisions of the Income-tax Act, 1961:

- For grant of deduction under section 80JAA, filing of audit report in prescribed form is must for a corporate assessee ; filing of return within the due date laid down in section 139(1) is not required.
- Filing of belated return under section 139(4) of the Income-tax Act, 1961 will debar an assessee from claiming deduction under section 80M.

### Illustration 2

Compute the eligible deduction under section 80C for A.Y.2021-22 in respect of life insurance premium paid by Mr. Ganesh during the P.Y.2020-21, the details of which are given here under –

Date of issue of policy	Person insured	Actual capital sum assured (₹)	Insurance premium paid during 2020- 21 (₹)
30/3/2012	Self	5,00,000	51,000
1/5/2016	Spouse	1,50,000	20,000
1/6/2018	Handicapped son (section 80U disability)	4,00,000	80,000

### Illustration 3

- The basic salary of Mr. A is Rs.1,00,000 p.m.
- He is entitled to dearness allowance, which is 40% of basic salary.
- 50% of dearness allowance forms part of pay for retirement benefits.
- Both Mr. A and his employer, ABC Ltd., contribute 15% of basic salary to the pension scheme referred to in section 80CCD.
- Explain the tax treatment in respect of such contribution in the hands of Mr. A.

### Illustration 4

- Mr. A, aged 40 years, paid medical insurance premium of Rs.20,000 during the P.Y. 2020-21 to insure his health as well as the health of his spouse.

## Deductions from Gross Total Income

- He also paid medical insurance premium of Rs.47,000 during the year to insure the health of his father, aged 63 years, who is not dependent on him.
- He contributed Rs.3,600 to Central Government Health Scheme during the year.
- He has incurred Rs.3,000 in cash on preventive health check-up of himself and his spouse and Rs.4,000 by cheque on preventive health check-up of his father.
- Compute the deduction allowable under section 80D for the A.Y. 2021-22.

### Illustration 5

- Mr. A, a resident individual aged 61 years, has earned business income (computed) of Rs.1,35,000, lottery income of Rs.1,20,000 (gross) during the P.Y. 2020-21.
- He also has interest on Fixed Deposit of Rs.30,000 with banks.
- He invested an amount of Rs.1,50,000 in Public Provident Fund account.
- What is the total income of Mr. A for the A.Y. 2021-22?

### Illustration 6

- Mr. X is a resident individual. He deposits a sum of Rs.50,000 with Life Insurance Corporation every year for the maintenance of his handicapped grandfather who is wholly dependent upon him.
- The disability is one which comes under the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995.
- A copy of the certificate from the medical authority is submitted.
- Compute the amount of deduction available under section 80DD for the A.Y. 2021-22.
- What will be the deduction if Mr. X had made this deposit for his dependant father?

### Illustration 7

X completed his studies on 1-04-2019 and was immediately employed by the State Government on the following terms –

Basic Salary	Rs.20,000 p.m.
DA	Rs.5,000 p.m. (forming a part of retirement benefit)
Bonus	Rs.50,000

### Deductions from Gross Total Income

- During the year, his employer contributed Rs.33,000 to the pension scheme being notified u/s 80CCD of the Income Tax Act, 1961. X also contributed similar amount.
- His income from house property is Rs.50,000.
- During the year he contributed Rs.15,000 to pension plan of LIC, to PPF Rs.1,00,000 and paid LIC premium of Rs.16,000 (Policy value Rs.1,20,000). Compute his total income.

### Illustration 8

X, 40 years old, paid following sums by cheque –

Person Insured	Amount (₹)
Mediclaime Insurance premium for X	18,000
Mediclaime Insurance premium for Mrs. X (not dependant on X)	5,000
Contribution to the Central Government Health Scheme for Dependant Daughter	3,000
Mediclaime Insurance premium for Son (not dependant on X)	3,000
Contribution to the Central Government Health Scheme for Brother (dependant on X)	1,000
Mediclaime Insurance premium for Mother-in law (dependant on X age 70 years)	900
Mediclaime Insurance premium for Mother (dependant on X age 59 years)	26,500
Mediclaime Insurance premium for Grandparents (dependant on X)	1,600
Mediclaime Insurance premium for Father (not dependant on X age 61 years)	32,000
Contribution to the Central Government Health Scheme for Father	2,000
<b>Total</b>	<b>68,000</b>

Compute deduction available to Mr. X u/s 80D.

### Illustration 9

The following are the particulars relating to Mr. A, Mr. B, Mr. C and Mr. D, salaried individuals, for A.Y. 2021-22 –

Particulars	Mr. A	Mr. B	Mr. C	Mr. D
Amount of loan taken	Rs.43 lakhs	Rs.45 lakhs	Rs.20 lakhs	Rs.15 lakhs

### Deductions from Gross Total Income

<i>Loan taken from</i>	HFC	Deposit taking NBFC	Deposit taking NBFC	Public sector bank
<i>Date of sanction of loan</i>	1.4.2020	1.4.2019	1.4.2019	30.3.2019
<i>Date of disbursement of loan</i>	1.5.2020	1.5.2019	1.5.2019	1.5.2019
<i>Purpose of loan</i>	Acquisition of residential house property for self-occupation	Acquisition of residential house property for self-occupation	Purchase of electric vehicle for personal use	Purchase of electric vehicle for personal use
<i>Stamp duty value of house property</i>	Rs.45 lakhs	Rs.48 lakhs	-	-
<i>Cost of electric vehicle</i>	-	-	Rs.22 lakhs	Rs.18 lakhs
<i>Rate of interest</i>	9% p.a.	9% p.a.	10% p.a.	10% p.a.

Compute the amount of deduction, if any, allowable under the provisions of the Income-tax Act, 1961 for A.Y.2021-22 in the hands of Mr. A, Mr. B, Mr. C and Mr. D. Assume that there has been no principal repayment during the P.Y.2019-20 and P.Y. 2020-21.

### Illustration 10

Find the amount of deduction u/s 80DDB for the following cases:

<b>Name of the Assessee</b>	<b>P</b>	<b>Q</b>	<b>R</b>	<b>S</b>	<b>T</b>
Residential status of the assessee	Ordinarily resident	Not ordinarily resident	Non- Resident	Resident but not Indian Citizen	Resident
Expenditure incurred for medical treatment (specified	Rs.6,000	Rs.80,000	Rs.1,00,000	Rs.72,000	Rs.80,000

### Deductions from Gross Total Income

disease) of dependant brother					
Age of Brother	28	63	68	88	52
Residential status of dependant	Resident	Non-resident	Resident	Resident	Resident
Medical Insurance claim received.	-	-	-	-	Rs.8,000

### Illustration 11

Mr. Gurnam, aged 42 years, has salary income (computed) of Rs.5,50,000 for the previous year ended 31.03.2021. He has earned interest of Rs.14,500 on the saving bank account with State Bank of India during the year. Compute the total income of Mr. Gurnam for the assessment year 2021-22 from the following particulars:

- Life insurance premium paid to Birla Sunlife Insurance in cash amounting to Rs.25,000 for insurance of life of his dependent parents. The insurance policy was taken on 15.07.2018 and the sum assured on life of his dependent parents is Rs.2,00,000.
- Life insurance premium of Rs.25,500 paid for the insurance of life of his major son who is not dependent on him. The sum assured on life of his son is Rs.2,50,000 and the life insurance policy was taken on 30.3.2012.
- Life insurance premium paid by cheque of Rs.22,500 for insurance of his life. The insurance policy was taken on 08.09.2017 and the sum assured is Rs.2,00,000.
- Premium of Rs.26,000 paid by cheque for health insurance of self and his wife.
- Rs.1,500 paid in cash for his health check-up and Rs.4,500 paid in cheque for preventive health check-up for his parents, who are senior citizens.
- Paid interest of Rs.6,500 on loan taken from bank for MBA course pursued by his daughter.
- A sum of Rs.5,000 donated in cash to an institution approved for purpose of section 80G for promoting family planning.



### Illustration 12

Mr. Ganesh, a businessman, whose total income (before allowing deduction under section 80GG) for A.Y.2021-22 is Rs.4,60,000, paid house rent at Rs.12,000 p.m. in respect of residential accommodation occupied by him at Mumbai.

Compute the deduction allowable to him under section 80GG for A.Y.2021-22.

### Illustration 13

Mr. Shiva aged 58 years, has gross total income of Rs.7,75,000 comprising of income from salary and house property. He has made the following payments and investments:

- Premium paid to insure the life of his major daughter (policy taken on 1.4.2017) (Assured value Rs.1,80,000) – Rs.20,000.
- Medical Insurance premium for self – Rs.12,000; Spouse – Rs.14,000.
- Donation to a public charitable institution registered under 80G Rs.50,000 by way of cheque.
- LIC Pension Fund – Rs.60,000.
- Donation to National Children's Fund – Rs.25,000 by way of cheque
- Donation to Jawaharlal Nehru Memorial Fund – Rs.25,000 by way of cheque
- Donation to approved institution for promotion of family planning – Rs.40,000 by way of cheque
- Deposit in PPF – Rs.1,00,000.

Compute the total income of Mr. Shiva for A.Y. 2021-22.

### Illustration 14

- For the Assessment year 2021-22, the Gross Total Income of Mr. Chaturvedi, a resident in India, was Rs.8,18,240 which includes long-term capital gain of Rs.2,45,000 taxable under section 112 and Short-term capital gain of Rs.58,000.
- The Gross Total Income also includes interest income of Rs.12,000 from savings bank deposits with banks and Rs.40,000 interest on fixed deposits with banks.
- Mr. Chaturvedi has invested in PPF Rs.1,20,000 and also paid a medical insurance premium Rs.51,000.
- Mr. Chaturvedi also contributed Rs.50,000 to Public Charitable Trust eligible for deduction under section 80G by way of an account payee cheque.

## Deductions from Gross Total Income

Compute the total income and tax thereon of Mr. Chaturvedi, who is 70 years old as on 31.3.2021. Ignore the provisions of section 115BAC.

### Illustration 15

Mr. A has commenced the business of manufacture of computers on 1.4.2020. He employed 350 new employees during the P.Y. 2020-21, the details of whom are as follows.

No. of employees	Date of employment	Regular/ Casual	Total monthly emoluments per employee (Rs)
75	1.4.2020	Regular	24,000
125	1.5.2020	Regular	26,000
50	1.8.2020	Casual	24,500
100	1.9.2020	Regular	24,000

The regular employees participate in recognized provident fund while the casual employees do not.

Compute the deduction, if any, available to Mr. A for A.Y. 2021- 22, if the profits and gains derived from manufacture of computers that year is Rs.75 lakhs and his total turnover is Rs. 5.16 crores.

What would be your answer if Mr. A has commenced the business of manufacture of footwear on 1.4.2020?

### Illustration 16

Compute total income for the A.Y.2020-21 of Miss Dipika, a resident individual, from the following details:

Particulars	Amount
Profits and gains of business or profession	80,000
Income from Other Sources	10,000
Long-term Capital Gains	5,00,000
Payment of medical insurance premium on own life	5,000
Donation to National Foundation for communal harmony	4,000
Donation to the fund set up by the Gujarat Govt. for providing Relief to victims of earthquake in Gujarat	5,000
Donation to Indira Gandhi Memorial Trust	1,000
Donation to Prime Minister's Drought Relief Fund	5,000
Donation to Approved Charitable Institution	12,000
Donation to Central Government for promotion of family planning	3,000
Donation to a poor boy for higher education	10,000

## Deductions from Gross Total Income

Donation of cloth to an approved institution worth	12,000
Donation to charitable institution for construction of home for a particular community	8,000

### Illustration 17

Mr. X is suffering from low vision, certified as a severe disability. He has a following Income details.

- Net Salary: Rs.45,000
- Short term capital gain: Rs.45,000
- Long term capital gain: Rs.1,50,000
- Mrs. X, suffering from leprosy, certified as 50% disabled is fully dependent on Mr. X.

Find out his Total Income.

### Illustration 18

Examine the following statements with regard to the provisions of the Income-tax Act, 1961:

- During the financial year 2020-21, Mr. Amit paid interest on loan availed by him for his son's higher education. His son is already employed in a firm. Mr. Amit will get the deduction under section 80E.
- Subscription to notified bonds of NABARD would qualify for deduction under section 80C.
- In order to be eligible to claim deduction under section 80C, investment/contribution/subscription etc. in eligible or approved modes, should be made from out of income chargeable to tax..
- Mrs. Sheela, widow of Mr. Satish (who was an employee of M/s. XYZ Ltd.), received Rs. 7 lakhs on 1.5.2020, being amount standing to the credit of Mr. Satish in his NPS Account, in respect of which deduction has been allowed under section 80CCD to Mr. Satish in the earlier previous years. Such amount received by her as a nominee on closure of the account is deemed to be her income for A.Y.2021-22.
- Where an individual repays a sum of Rs.30,000 towards principal and Rs.14,000 as interest in respect of loan taken from a bank for pursuing eligible higher studies, the deduction allowable under section 80E is Rs.44,000.

Mr. Vishal, a Central Government employee, contributed Rs. 50,000 towards Tier-II account of NPS. The same would be eligible for deduction under section 80CCD.

## Our Approach

We go to great lengths to ensure that we deliver a quality learning experience to our students. Right from pedagogy design to faculty selection, video recording and animation, at every stage our goal is to ensure that the final output is the BEST and it meets the requirements of the learners. It is our laser sharp focus on maintaining HIGH QUALITY and setting new benchmarks in the CA education domain, that make our efforts stand out and help our students to succeed in their examinations.

## A Glimpse of our e-learning modules



### START LEARNING TODAY

- 1 Go to <https://www.indigolearn.com> and click on Sign Up
- 2 Choose your courses & pay online
- 3 Start Learning Instantly



Download our  
APP 1FIN



IndigoLearn

<https://www.indigolearn.com> | [support@indigolearn.com](mailto:support@indigolearn.com) | +91 9640 11111 0