

MODEL QUESTION PAPER

SEMESTER IV

TAXATION I

PAPER: CC 4.1 Ch

FULL MARKS: 80

DURATION: 3hr.

Group – A

(5x4)=20

1. Mr B, a citizen of the Bahamas, came to India for the first time on 10 august 2014 and stay up to 5 march 2015. Subsequently he stay in India during 2015-16, 2016-17, 2017-18, 2018-19 and 2019-20 for 120 days, 110 days, 100 days, 85 days and 62 days, respectively. Determine his residential status for the assessment year 2020-21. **5**
- Or.
- (a) Write the exception to section 6(1) [i.e., resident in India].
- (b) Mention any two fully exempted income.
- (c) State the status of 'institute of chartered accountants of India' as per section 2(31) of the income tax act. 1961. **2+2+1**
2. Discuss whether the following income are ago income or non-ago income.
- (a) Interest on capital received by a partner from a firm, engaged in agricultural operation.
- (b) Dividend received from a company engaged in agricultural operation.
- (c) Income from sale of trees and grasses grown spontaneously.
- (d) Income earn by a cultivator from conversion of sugarcane (raised on own land) to jiggery.
- (e) Compensation received from insurance company for damage caused by hailstorm to the green leaf of the assessee's tea garden. **5**
3. From the following information, compute income from other sources for the assessment year 2020-21.
- (i) Interest from saving bank account with state bank of India Rs.6000.
- (ii) Winning of Rs.3,00,000(gross) from west Bengal state lottery
- (iii) Income from subletting a house at Rs.5,000 p.m. which was actually taken at a rent of Rs.3,000 p.m.
- (iv) Dividend of Rs.11,000 received from an Indian company.
- (v) Income from the activity of owing and maintaining race horses Rs.10,000. **5**
4. Mr Desai, a resident individual of age 52 years, incurs Rs.70,000 for medical treatment of his son suffering from specified disease. He received mediclaim of Rs.25,000 from the national insurance co. compute the amount as deduction u/s 80DDB. **5**

Group – B

(10x3)=30

5. From the following profit and loss A/c and other relevant information, compute total income of shri ram for the assessment year 2020-2021.

Profit and loss account for the year ended 31.3.2020

| Particulars | Amount | Particulars | Amount |
|------------------|----------|-------------|----------|
| To opening stock | 1,10,000 | By sales | 5,20,000 |

| | | | |
|------------------------------|----------|--|----------|
| To purchase | 2,50,000 | By dividend from foreign company | 4,000 |
| To salaries | 50,000 | By bad debt recovery (disallowed in 2017-2018) | 35,000 |
| To legal expenses | 7,500 | By bank interest | 15,000 |
| To income tax | 8,500 | By closing stock | 66,000 |
| To fine paid to excise dept. | 12,000 | | |
| To provision for bad debts | 8,000 | | |
| To depreciation | 27,000 | | |
| To donation | 10,000 | | |
| To sales tax | 17,000 | | |
| To travelling expenses | 5,000 | | |
| To advertisement | 15,000 | | |
| To net profit | 1,20,000 | | |
| | 6,40,000 | | 6,40,000 |

Additional information:

- (i) Both opening and closing stocks have been valued at 10% above cost.
- (ii) Depreciation as per IT rules is Rs. 22,000
- (iii) Donation comprise Rs. 8,000 donated to PM's drought relief fund and Rs.2,000 to national children fund.
- (iv) Sales tax amounting to Rs. 12,000 was paid on 14 September 2020.
- (v) Purchase include a payment of Rs. 40,000 made in cash.
- (vi) Salaries paid includes Rs. 24,000 paid to shri rattan.
- (vii) Purchase of scientific research assets worth Rs. 70,000 included in purchases.

10

Or

- (a) From the following particulars, compute admissible depreciation and capital gain/loss for the previous year relevant to the assessment year 2020-2021.
WDV of building A and B as on 1.4.2019 (depreciation rate 10%) Rs. 3,00,000
 - (i) If all the building (A, B and C) are sold for Rs. 6,00,000
 - (ii) If building (A and B) are sold for Rs. 5,00,000
 - (iii) If building (A) is sold for Rs. 50,000.

5

- (b) East India pharmaceutical lid. Submitted the following list of expenses incurred in connection with research during the previous year 2019-2020.
For in house research relating to its business:
Cost of land – Rs. 50,000, purchase of machinery – Rs. 75,000 and Rs. 80,000 towards salary of research personnel.
Contribution for carrying out approved research:
Rs. 40,000 to Calcutta University for carrying out approved social research project. Calculate the amount of deduction admissible for scientific research.

5

6. From the following information, compute Mr k's total income and the amount of loss to be carried forward for the A/yr. 2020-2021
 - (a) Income from house 1- 40,000
 - (b) Loss from house 2 – 30,000
 - (c) Income from garment business – 50,000

- (d) Loss from jute business – 25,000
- (e) Loss from speculative business – 15,000
- (f) LTCG – 30,000

From the A/yr. 2019-2020, the balance of the following losses were brought forward:

- a) Loss from the garment business – 10,000
- b) LTCL – 10,000
- c) Loss from the house property – 10,000 **10**

Or

From the following information calculate the amount of deduction under section 80G

- (i) Donation of university of Calcutta – 10,000
- (ii) Donation of national defence fund – 12,000
- (iii) Donation of prime minister's national relief fund – 15,000
- (iv) Donation to Jawaharlal Nehru memorial fund – 11,000
- (v) Donation to approved local authority for promoting family planning – 8,000

The total income of the assessee for the previous year without considering deduction U/S 80G is Rs. 3, 00,000. **10**

7. Mr Mitra furnished the following particulars for the previous year 2019-2020
- (1) He sold his residential house on 15 December 2019 for Rs. 7,00,000. He purchased the house on 2 March 1998 at a cost of Rs. 75,000 (fair market value on 1 April 2001 was Rs. 1,50,000)
 - (2) He sold the shares of AB Co. Ltd on 12 February 2020 for Rs. 18,700 (purchased on 21 March 2019 for Rs. 15,300). Compute his income from capital gain/loss for the A/yr. 2020-2021. **10**

Group – C

(15x2)=30

8. Mr Ghosh Roy, a resident Indian, an employee of P Ltd. furnishes the following information. Compute his income from salary for the Assessment year 2020-2021.
- (a) Basic pay Rs. 10,000 p.m.
 - (b) DA 41% of basic pay.
 - (c) Deputation allowance Rs. 300 p.m.
 - (d) Lunch allowance Rs. 500 p.m.
 - (e) Computer allowance Rs. 200 p.m.
 - (f) He and his employee both contribute 15% of his basic and DA to RPF and interest credited to RPF @ 12% p.a. was Rs. 6,000.
 - (g) He is provided with a rent-free furnished accommodation in Kolkata having municipal value of Rs. 36,000 and furnished with furniture costing Rs. 25,000.
 - (h) He is provided with a car of 1.6 litres both for official and private purpose. Entire expenses are borne by employer.
 - (i) He received leave travel assistance for a trip of Andaman Rs. 40,000 for his whole family.
 - (j) He has taken an interest free loan of Rs. 20,000 from his employer for purchase of a colour television, market rate of interest is 10%. **15**

Or

(a) From the following information, compute taxable leave salary of Mr Indra from the assessment year 2020-2021

| | | |
|---|---------------|----------|
| Date of joining | 1.1.1995 | |
| Date of retirement | 31.10.2019 | |
| Earned leave entitled as per service rule 33 for each completed year of service | | |
| Leave enjoyed during service period | 420 days | |
| Average salary of last 10 months | Rs. 18,000 | |
| Leave salary received | Rs. 2,23,200. | 8 |

(b) Mahasin retired from non-governmental service on 31.08.2019. he had joined the service on 1.4.1997. at the time of retirement he drew Rs. 10,000 as the basic pay and dearness allowance @30% on basic pay. He received retirement gratuity of Rs. 1,80,000. Compute his taxable gratuity for the assessment year 2020-2021 assuming that he is covered under payment of gratuity act, 1972. **7**

9. Mr S is the owner of three houses. He furnished below the particulars of these houses for the year 2019-2020.

House no. 1: let out for residence, municipal value – 24,000, rent received – 22,800, repairs – 2,500, interest on loan – 3,600.

House no. 2: self-occupied for the residence for 8 months and let out for residence for 4 months, municipal value – 18,000, rent received – 6,400, repairs – 1,200, interest on loan – 2,400.

House no. 3: 3/4th used for own business and 1/4th let out to tenant for residence, municipal value – 19,200, rent received – 6,000, repairs – 2,400, interest on loan – 3,500.

Compute total income of Mr S for the assessment year 2020-2021 taking into account the following considerations:

(a) Municipal tax is assessed at 10% of the municipal value. In case of house no. 1, 50% of such tax is paid by the tenant. Municipal taxes for other houses are, however, paid by the owner.

(b) His taxable income from business without making any adjustment in respect of house no. 3 for the year comes to Rs. 57,500

(c) He has claimed a deduction on account of unrealised rent of Rs. 7,500 in respect of house no. 1 relating to the years 2010-2011 and 2011-2012. **15**

SOLUTIONS

Solution: 1

No. of days present in India

| P/Y | Aug | Sept | Oct | Nov | Dec | Jan | Feb | Mar | Total | Remark |
|-------|-----|------|-----|-----|-----|-----|-----|-----|-------|------------|
| 14-15 | 22 | 30 | 31 | 30 | 31 | 31 | 28 | 5 | 208 | R[6(1)(a)] |
| 15-16 | | | | | | | | | 120 | NR |
| 16-17 | | | | | | | | | 110 | NR |
| 17-18 | | | | | | | | | 100 | R[6(1)(c)] |
| 18-19 | | | | | | | | | 85 | R[6(1)(c)] |
| 19-20 | | | | | | | | | 62 | R[6(1)(c)] |

As per sec 6(1): Mr B stays in India during p/y 2019-20 for 62 days which is more than 60 days and also he stays for 415 [85+100+110+120] days which is more than 365 days during 4 previous years preceding the p/y 2019-20 i.e., he satisfied the basic condition of sec. 6(1)(c). therefore, he is treated as '**resident in India**' for the p/y 2019-20.

As per sec. 6(6)(a): he stays in India for a period of 623[85+100+110+120+208] days which is less than 730 days during 7 previous years preceding the p/y 2019-20 and also he is resident in India in 3 out of 10 previous years which is more than 2 out of 10 previous years preceding the p/y 2019-20 i.e., he does not fulfil both condition as laid down in sec. 6(6)(a).

Therefore, he treated as '**not ordinarily resident**' in India for the p/y 2019-20

Conclusion: Mr B is resident but not ordinarily resident in India for the A/Y 2020-21.

Or

(a) Exception to section 6(1) [i.e., resident in India]

1. An individual being citizen in India, who leave India in any previous year for the purpose of **employment** outside India.
2. An individual being a citizen of India, who leave India in any previous year as a **member of crew of the Indian ship**.
3. An individual being a **citizen of India** or a **person of Indian origin**, who is outside India, comes to India **on a visit** in any previous year.

In the above three cases, an individual can be treated as **resident of India** in any previous if he has been in India **for a period of 182 days or more** during the said previous year as per **sec 6(1)(a)**. But **sec 6(1)(c)** is not applicable for him or her.

(b) Fully exempted income

Sec. 10(1) – agricultural income

Sec. 10(5) – leave travel concession

- (c) The status of '**Institute Of Chartered Accountants Of India**' as per section 2(31) of the income tax act. 1961 as **Artificial Juridical Person**.

Solution: 2

(a) **Agricultural income**

(b) **Not an agricultural income**

(c) **Not an agricultural income**

(d) Not an agricultural income

(e) Agricultural income

Solution: 3

Computation of income from other source for the assessment year.

| Particulars | Amount | Amount |
|---|--------|-----------------|
| Interest on saving bank account | | 6000 |
| Winning from lottery (gross) | | 3,00,000 |
| Dividend from Indian company[exempt u/s 10(34)] | | Nil |
| Income from subletting [Rs.5000x12] | 60,000 | |
| Less: expenses allowable 57(iii)[Rs3000x12] | 36,000 | 24,000 |
| Income from owning and maintaining race horses | | 10,000 |
| Total | | 3,40,000 |

Solution: 4

Computation of deduction allowable u/s 80ddb to mr. desai, a resident individual for the A/Yr. 2020-21, relating to P/Yr. 2019-2020

| Particulars | Notes | Amount | Amount |
|--|------------------------|----------------------|----------------|
| Least of the followings: I .Actual expenses for medical treatment of specified disease of son Ii . maximum limit | Age is below 60 years. | 70,000 40,000 | 40,000 |
| less: mediclaim realised from national insurance co. | | | 25,000 |
| Amount of deduction | | | 15,000 |

Solution: 5

Computation of deduction u/s 35 for scientific research for the assessment year 2020-2020 relating to the previous years 2019-2020.

| Particulars | Amount | Amount | Amount |
|---|---------------|-----------------|--------|
| Profit and gain of business or profession: Net profit as per p/l account | | 1,20,000 | |
| Add: expenses disallowed: | | | |
| Income tax | 8,500 | | |
| Fines paid to excise dept. | 12,000 | | |
| Provision for bad debt | 8,000 | | |
| Depreciation (treated separately) | 27,000 | | |
| Donation | 10,000 | | |
| | 12,000 | | |

| | | | |
|--|---------------|--------------------|-----------------|
| Sales tax paid after the due date of submission of return[u/s 43B] | 40,000 | | |
| Purchase exceeding Rs. 20,000 made in cash [u/s 40A(3)] | 24,000 | | |
| Salaries paid to self | | | |
| Purchase of scientific research assets (treated separately) | 70,000 | | |
| Overvaluation of stock [(1,10,000 – 66,000)x 10/110] | 4,000 | | |
| | | (+)2,15,500 | |
| Less: expenses allowed under the act: | | | |
| Depreciation as per IT rules | 22,000 | | |
| Capital expenditure on scientific research [u/s 35(2) (ia)] | 70,000 | | |
| | | (-) 92,000 | |
| Less: income not taxable under the head: | | | |
| Dividend from foreign company | 4,000 | | |
| Recovery of bad debt(disallowed earlier) | 35,000 | | |
| Bank interest | 15,000 | | |
| | | (-) 54,000 | |
| | | | 1,89,500 |

Or

(a) **Solution:**

Computation of depreciation and capital gain/loss for the assessment year 2020-2021

| Particulars | Case (i) | Case (ii) | Case (iii) |
|--|-----------------|------------------|-------------------|
| Block of assets comprising building (rate of depreciation @10%) | | | |
| WDV as on 1.4.2019 | 2,50,000 | 2,50,000 | 2,50,000 |
| Add: building C purchase on 15.11.2019 | 3,00,000 | 3,00,000 | 3,00,000 |
| Less: sale during the year | 6,00,000 | 5,00,000 | 50,000 |
| WDV as on 31.03.2020 | Nil | 50,000 | 5,00,000 |
| Depreciation for the previous year (see note) | Nil | 2,500 | 35,000 |
| Short-term capital gains | 50,000 | Nil | Nil |
| Short-term capital loss | Nil | Nil | Nil |

Note:

In case of (ii), the entire WDV consists of building C, which is used for less than 180 days during the previous year. Hence depreciation is charged at half the eligible rate, i.e., 5%. In case of (ii), the WDV comprising the cost of the new building is charged @5%, while the excess of the WDV over the cost of the new building is charged at full rate, i.e., 10%.

(b) Computation of deduction u/s 35 for scientific research for the assessment years 2020-2021 relating to the previous years 2019-2020.

| Particulars | Amount | Amount |
|---|--------|-----------------|
| <ul style="list-style-type: none"> • In-house research relating to business: Cost of land (not eligible) Nil Purchase of machinery (150% deduction) 1,12,500 Salary of research personnel (150% deduction) 1,20,000 | | 2,72,000 |
| <ul style="list-style-type: none"> • Contribution for carrying out approved scientific research: Contribution to Calcutta university (100% of actual contribution) 40,000 | | 40,000 |
| Total deduction | | 3,12,500 |

Solution: 6

Computation of taxable income of Mr k, a resident individual for the A/yr. 2020-2021 relating to the P/yr. 2019-2020

| Particulars | Amount | Amount |
|---|--------|---------------|
| Income from house property | | |
| Income from house 1 | 40,000 | |
| Less: set off loss from house 2 | 30,000 | |
| | 10,000 | |
| Less: set off brought forward loss | 10,000 | |
| | | Nil |
| Profit or gain from business or profession | | |
| Income from garment business | 50,000 | |
| Less : set off loss from jute business | 25,000 | |
| | 25,000 | |
| Less: set off of brought forward loss from garment business | 10,000 | |
| | | 15,000 |
| Capital gains: | | |
| LTCG | 30,000 | |
| Less: set off of b/f LTCL | 10,000 | |
| | | 20,000 |
| GROSS TOTAL INCOME | | 35,000 |
| Less: deduction as per chapter VI A | | Nil |
| Total income | | 35,000 |

Note

Loss from the speculative business of Rs. 15,000 to be carried forward for the subsequent years.

Or

Solution:

(1) Calculation of qualifying donation:

(A) Fully qualifying donations

| | |
|--------------------------------|--------|
| University of Calcutta | 10,000 |
| National defence fund | 12,000 |
| PM national relief fund | 15,000 |
| Jawaharlal Nehru memorial fund | 11,000 |

(B) Partly qualifying donations:

Least of the following

| | | |
|------|---|--------------|
| (i) | Actuals donations; | |
| | Approved local authority for promotion of family planning | 8,000 |
| (ii) | Maximum limit – 10% of adjusted GTI | |
| | [3,00,000X10%] | 30,000 |
| | | 8,000 |

Computation of donation allowed U/S 80G for the A/yr. 2020-2021 relating to P/yr. 2019-2020

| Qualifying donation | Qualifying amount | Deduction | | Total deduction U/S 80G |
|--------------------------------|-------------------|-----------|-------|-------------------------|
| | | 100% | 50% | |
| University of Calcutta | 10,000 | 10,000 | | 10,000 |
| National defence fund | 12,000 | 12,000 | | 12,000 |
| PM national relief fund | 15,000 | 15,000 | | 15,000 |
| Jawaharlal Nehru memorial fund | 11,000 | | 5,500 | 5,500 |
| promotion of family planning | 8,000 | 8,000 | | 8,000 |
| | | | | 50,500 |

Solution: 7

Computation of capital gains of Mr Mitra for the A/yr. 2020-2021

| Particulars | House | Shares |
|-----------------------------------|----------|--------|
| Sale proceeds | 7,70,000 | 18,700 |
| Less: expenses on transfer | Nil | Nil |
| Net sale consideration | 7,70,000 | 18,700 |
| Less: indexed cost of acquisition | 4,33,500 | 15,300 |

| | | |
|--------------------------------|-----------------|--------------|
| [Rs. 1,50,000x289/100] | | |
| Long Term Capital Gain | 3,36,500 | |
| Short Term Capital Gain | | 3,400 |

Solution: 8

Computation of taxable income from salary of Mr Ghosh, a resident individual for the A/yr. 2020-2021, relating to P/yr. 2019-2020.

| Particulars | Amount | Amount |
|--|---------------|-----------------|
| Basic salary (10,000x12) | | 1,20,000 |
| Allowances | | |
| DA (1,20,000X41%) | 49,200 | |
| Deputation allowance (300x12) | 3,600 | |
| Lunch allowance (500x12) | 6,000 | |
| Computer allowance (200x12) | 2,400 | |
| | | 61,200 |
| | | 1,81,200 |
| Employers contribution to RPF (15-12)%x(1.2L+ 49,200) | 5,076 | |
| Interest credited to RPF 6000/12%(12-9.5)% | 1,250 | |
| | | 6,326 |
| | | 1,87,526 |
| Perquisites u/s 17(2) | | |
| Rent-free furnished accommodation sec 17(2)(i)* | 29,680 | |
| Motor car facility (1,800x12) | 21,600 | |
| Leave travel concession (exempted) | Nil | |
| Interest free loan (maxi. Rs. 20,000 of loan tax free) | Nil | |
| | | 51,280 |
| Gross Income From Salary | | 2,38,806 |
| Less: deduction u/s 16 | | |
| Sec 16(i) standard deduction maximum limit Rs. 50,000 | | 50,000 |
| Taxable Income From Salary | | 1,88,806 |

*working notes: (1) calculation for rent free furnished accommodation

| | |
|---|---------------|
| Value of rent-free unfurnished accommodation = 1,81,200x15%) | 27,180 |
| (+) value of furniture (25,000x10%) | 2,500 |
| Value of rent-free furnished accommodation section 17(2) (i) | 29,680 |

Or

(a) Computation of taxable leave salary of Mr Indra, a resident individual, for the A/yr. 2020-2021 relating to P/yr. 2019-2020.

| Particulars | Amount | Amount |
|--|---------------|---------------|
| Leaved salary received | | 2,23,300 |
| Less: exemption as per section 10(10AA)(ii) Least of the following: | | |

| | | | |
|-----------------------------|--|----------|--------------|
| (i) | Actual leave salary | 2,23,300 | |
| (ii) | Maximum limit | 3,00,000 | |
| (iii) | 10 months avg. salary | 1,80,000 | |
| (iv) | Cash equivalent to leave standing to the credit at the time of retirement [18,000x10] | 1,80,000 | 1,80,000 |
| Taxable Leave Salary | | | 43200 |

Working notes:

- Salary = basic salary + DA(forming part of salary) + fixed % of commission on turnover.

Salary = 18,000p.m. i.e., average salary = 18,000p.m.

- Total service life = 1.1.1995 to 31.10.2019 = 24 years 10 months.
No of completed years of service = 24 years (fraction of months be ignored).
- Calculation for leave standing to the credit of employee**

| Particulars | no. of months |
|--|---------------|
| Leave allowed (24 yr.x30 days/30 days) | 24 |
| Less: leave availed (420 days/30 days) | 14 |
| Leave credited | 10 |

- (b) **Computation of taxable gratuity of mahasin, a resident individual, for the A/yr. 2020-2021 relating to the P/yr. 2019-2020**

| Particulars | Amount | Amount |
|--|-----------|---------------|
| Gratuity received | | 1,80,000 |
| Less: exemption as per sec 10 (10)(ii) Least of the following | | |
| • Actual gratuity received | 1,80,000 | |
| • Maximum limit | 20,00,000 | |
| • 15 days salary based on salary last drawn for each completed year o service [13,000x15/26]x22 | 1,65,000 | 1,65,000 |
| Taxable Gratuity | | 15,000 |

Working notes:

- Salary means** = (basic salary + DA) in the month of retirement
Salary = [10,000+(10,000x30%)]p.m. = 13,000p.m.
- Total service life = 1.04.1997 to 31.08.2019 = 22 years 5 months.
Completed years of service = 22 years (fraction months exceed 6 months)
- A months consists of 26 days.**

Solution: 9

Computation of income from house property of Mr S, a resident individual for the A/yr. 2020-2021 relating to the p/yr. 2019-2020

| Particulars | Amount | Amount | Amount |
|---|--------|--------|--------|
| House no. 1: (let out for residence purpose) | | | |

| | | | |
|---|--------|---------------|---------------|
| Step 1: ER(higher of GMV and FR subject to the maximum of standard rent) | 24,000 | | |
| GMV | ----- | | |
| FR | | 24,000 | |
| Standard rent | | 22,800 | |
| | | 24,000 | |
| Step 2: ARR | | | |
| GAV (higher of step 1 and step 2) | | 1,200 | |
| Less: municipal tax (24,000x10%x1/2) | | 22,800 | |
| NAV | | | |
| Less: deduction u/s 24 | 6,840 | | |
| 24(a) standard deduction 30% of NAV | 3,600 | | |
| 24(b) interest on loan | | 10,440 | |
| | | | 12,360 |
| Income From House No. 1 | | | |
| House 2: (deemed to be let out) (part of the year is self -occupied and balance is let out) | | | |
| Step 1: ER(higher of GMV and FR subject to the maximum of standard rent) | 18,000 | | |
| GMV | 19,200 | | |
| FR | | 19,200 | |
| Standard rent | | 6,400 | |
| | | 19,200 | |
| Step 2: ARR | | | |
| GAV (higher of step 1 and step 2) | | 1,800 | |
| Less: municipal tax (18,000x10%) | | 17,400 | |
| NAV | 5,220 | | |
| Less: deduction u/s 24 | | | |
| 24(a) standard deduction 30% of NAV | 2,400 | 7,600 | |
| 24(b) interest on loan | | | |
| | | | 9,780 |
| Income From House No. 2 | | | |
| House 3: (1/4 th for let out purpose) | | | |
| Step 1: ER(higher of GMV and FR subject to the maximum of standard rent) | 4,800 | | |
| GMV | ----- | | |
| FR | | 4,800 | |
| Standard rent | | 6,000 | |
| | | 6,000 | |
| Step 2: ARR | | | |

| | | | |
|---|-------|--------------|---------------|
| GAV (higher of step 1 and step 2) | | 480 | |
| Less: municipal tax (18,000x10%) | | 5,520 | |
| NAV | 1,656 | | |
| Less: deduction u/s 24 | | | |
| 24(a) standard deduction 30% of NAV | 875 | | |
| 24(b) interest on loan | | 2,531 | |
| | | | 2,989 |
| Income From House No. 3 | | | 25,129 |
| Income From House Property | | | |

Note: income from self-occupied portion (3/4th) as business purpose will be taxable under the head profits and gains from business or profession.