CMA INTERMEDIATE

VIVITSU

# REVIEWER™

GROUP - I

## DIRECT AND INDIRECT TAXATION

# 7

APPLICABLE FOR JUNE '26 & DECEMBER '26

CHAPTER-WISE COMPILATION OF PYP + MTP + WORKBOOK + POSTAL PAPER

- REFERENCE TO ALL QUESTIONS
- LAST DAY REVISION QUESTIONS MARKED
- ABC ANALYSIS
- QUICK RECAP OF IMPORTANT CONCEPTS

# REVIEWER™

# DIRECT AND INDIRECT TAXATION

## CMA Intermediate

1st Edition

**Publisher:**

VIVITSU
STRIVING TOWARDS KNOWLEDGE

**Wavelength Educom Private Limited**

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**Reviewer™**

## Direct and Indirect Taxation

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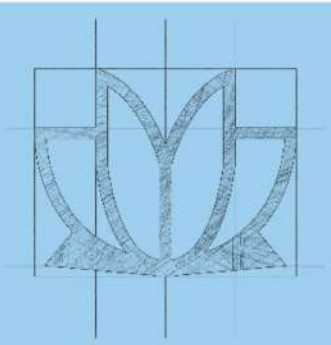
STRIVING TOWARDS KNOWLEDGE

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*To the one who's not just dreaming CMA —*
***but becoming it***

CMA

*Write your name here*



# What Matters in CMA?

### 1 CONCEPTUAL CLARITY

When you understand the 'why' behind section so your concepts stay solid — and solid concepts are what keep even the toughest taxation questions from falling apart.

Use this Reviewer to test and solidify your understanding of each standard right after you learn it.

### 2 CONSISTENCY

Solve one comprehensive question daily to master speed and complex adjustments without waiting for syllabus completion.

This chapter-wise book is designed to build that daily habit, keeping every provision fresh in your mind.

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Confidence comes from solving lengthy problems under timed conditions; consider enrolling in the Vivitsu Test Series.

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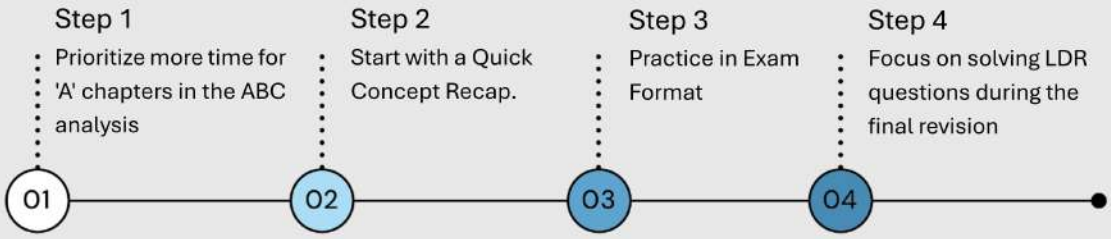
### ○ LINKEDIN

Your journey from a CMA student to a professional, starts here. Scan to connect with us on LinkedIn for industry insights, career guidance, and expert articles.

Don't just study—study smart. Watch renowned professors solve the Vivitsu Reviewer with you on YouTube, breaking down every concept, question, and answer for better understanding and stronger retention.

STRATEGY TO SCORE

# 60+ in DIRECT and INDIRECT TAXATION






## Step 1: Prioritize your chapters

Topics in the index are categorized as A, B, or C based on their importance. Focus more on 'A' chapters, as they carry the most weight, and give adequate attention to 'B' chapters. While all chapters must be covered, this approach helps manage time efficiently for better results.



## Step 2: Start with a Quick Concept Recap

Use this powerful summary for a quick brush-up on key concepts before you attempt the chapter. This helps you identify and understand the core principles. If a question gives you trouble, return to this section / main study material to solidify the concept, then come back and solve it again.



## Step 3: Practice in Exam Format

Always solve the question on your own before looking at the answer. If you get confused in MCQs and options or make a conceptual mistake, be sure to mark it to review during your next revision.




## Step 4: Last Day Revision (LDR)

Focus on solving LDR questions during the final revision. On the day before your exam, prioritize these questions as they cover the most critical concepts from each chapter. You'll find a quick summary of LDR question numbers listed right before each chapter for easy reference.

| Year | 2021-22 | 2022-23 | 2023-24 | 2024-25 | Total |
|---|---|---|---|---|---|
| No. of days stayed in India | 55 | 60 | 80 | 160 | 355 |

∴ He is non-resident.

**Question 3** [3M]

**Miss Pal, an Indian citizen, left India for first time on 1st April, 2025 for joining job in Tokyo. on 11th Jan, 2026 for only 170 days. Determine her residential status for P.Y. 2025-26.**

**Answer 3**

Number of days Miss Pal stayed in India can be calculated as under:

| P.Y. | Apr | May | June | July | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 25-26 | 1 | - | - | - | - | - | - | - | - | 11 | 28 | 31 | 81 |
| 26-27 | 30 | 31 | 30 | 19 | - | - | - | - | - | - | - | - | 110 |

Since she left India for employment purposes, hence for becoming resident she has to stay in India for at least 182 days during the previous year. Hence, she is non-resident for the previous year 2025-26.

**Amended as per latest amendments**

**(SM, MQP [1] 7 Marks Dec'25)**

**Includes 100% coverage of Work Book+ SM + MCQ Bank + MQP + PYP**

**Question 4** [7M]

Mr. X, aged 19 years, left India for first time on May 11, 2023. Determine his residential status for the previous year 2025-26 if:

(1) He left India for employment purposes

(2) He left India as the sportsman

**Answer 4**

During the previous year 2025-26, Mr. X was in India for 61 days as shown below –

| P.Y. | Apr | May | June | July | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 25-26 | 30 | 31 | - | - | - | - | - | - | - | - | - | - | 61 |

During the previous year 2025-26, X stayed in India for 61 days. Further, he was in India for more than 365 days during 4 years immediately preceding the relevant previous year (as he left India for the first time).

(1) [illegible] such assessee [illegible] the previous [illegible] some condition [illegible] addition of sec. 6(1) (shown above), he is resident in India. Further, he also satisfies dual conditions specified u/s 6(6) (since he left India for the first time). Therefore, he is an ordinarily resident for the previous year 2025-26.

**Question 5** [4M]

Mr. X came in India for the first time on April 16, 2025 and left India On December 13, 2025. During his stay in India, he was in Delhi up to 30.06.2025 and thereafter in Mumbai.

Determine his residential status for the assessment year 2026-27.

**Answer 5**

Number of days Mr. X stayed in India can be calculated as under:

| P.Y. | Apr | May | June | July | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 25-26 | 15 | 31 | 30 | 31 | 31 | 30 | 31 | 30 | 13 | - | - | - | 242 |

Since X resides in India for 242 days in the previous year 2025-26, he satisfies the condition of sec. 6(1)(a). He is, therefore, resident in India for the previous year 2025-26. As he did not reside in India for any number of days in immediately preceding previous years, therefore, he does not satisfy conditions of sec. 6(6), as a result, he is a 'resident but not ordinarily resident'.

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| Sr. | Particulars | 2023 June | 2023 Dec | 2024 June | 2024 Dec | 2025 June | 2025 Dec | Average | Page No. | IMP |
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| 1 | Basics of Income Tax Act | | | | | | | | | B |
| 1.1 | Basic Concepts, Basis of Charge and Capital & Revenue Receipts | 2 | - | - | 7 | - | 4 | 2.17 | 1.1 – 1.1.5 | B |
| 1.2 | Residential Status and Scope of Total Income | 6 | 7 | 7 | - | 7 | 7 | 5.67 | 1.2.1 – 1.2.18 | B |
| 1.3 | Exempted Incomes | | | | | | | 2 | 1.3.1 – 1.3.9 | A |
| 2 | Income under the Head | | | | | | | | | A |
| 2.1 | Salaries | | | | | | | 8.33 | 2.1 – 2.1.42 | A |
| 2.2 | House Property | | | | | | | 7.33 | 2.2.1 – 2.2.26 | A |
| 2.3 | Profits and Gains of Business or Profession | | | | | | | 9.67 | 2.3.1 – 2.3.47 | A |
| 2.4 | Capital Gains | - | 7 | 7 | 9 | 9 | 9 | 6.83 | 2.4.1 – 2.4.29 | A |
| 2.5 | Income from Other Sources | 1 | 9 | 7 | 7 | 9 | 7 | 6.67 | 2.5.1 – 2.5.17 | |
| 3 | Total Income and Tax Liability of Individuals & HUF | | | | | | | | | C |
| 3.1 | Income of Other Person included in Assessee Total Income | 1 | - | - | 2 | - | - | 0.5 | 3.1.1 – 3.1.14 | A |
| 3.2 | Set off and Carry Forward of Losses | 3 | 7 | 7 | 7 | 7 | 7 | 6.33 | 3.2.1 – 3.2.18 | B |
| 3.3 | Deductions, Rebate and Relief | 5 | 4 | - | - | 2 | 2 | 2.17 | 3.3.1 – 3.3.25 | A |
| 3.4 | Taxation of Individual | 6 | 7 | 7 | 7 | 7 | 7 | 6.83 | 3.4.1 – 3.4.22 | C |
| 3.5 | Advance Tax | - | - | 2 | - | - | - | 0.33 | 3.5.1 – 3.5.7 | B |
| 3.6 | Tax Deducted at Source & Tax Collected at Source | 4 | 2 | - | 2 | 4 | - | 2 | 3.6.1 – 3.6.8 | B |
| 3.7 | Filing of Return of Income | - | - | - | - | - | - | - | 3.7.1 – 3.7.6 | C |
| 3.8 | PAN | - | - | - | - | - | - | - | 3.8.1 – 3.8.1 | |

## Prioritize using ABC Analysis

Each chapter is categorized as A , B or C
A : Very Important, Read on priority
B : Moderately Important
C : Less Critical but still essential

| LDR Questions | Descriptive: Q 5, Q 10, Q 17, Q 22<br>MCQ: 1 |
|---|---|

QUICK REVISION OF IMPORTANT CONCEPTS

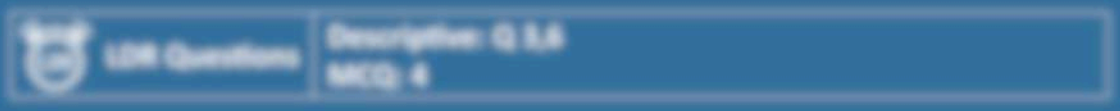
| Section No. | Section Title | What the Section Covers |
|---|---|---|
| 5 | Scope of Total Income | Defines the total income of an assessee based on their residential status (ROR, RNOR, or Non-resident). |
| 6 | Residential Status | Outlines the provisions for classifying taxpayers (Individual, HUF, Company, etc.) into categories like Resident or Non-resident. |
| 6(1) | Basic Conditions for Residence | Sets the basic conditions (182 days stay or 60 |
| Explanation section 6(1) | | |
| 6(1A) | | |
| 6(3) | | |
| Explanation to section 6(3) | Meaning of POEM | Defines "Place of effective management" as the place where key management and commercial decisions are, in substance, made. |
| 6(6) | Additional Conditions for ROR/RNOR Status | Defines the conditions (non-resident status or days of stay in preceding years) that determine if a resident is "ordinarily resident" or "not ordinarily resident". |
| 7 | Income Deemed to be Received in India | Specifies certain items of income, such as annual accretion to Recognized Provident Fund (RPF) and contributions to specific pension schemes, that are deemed to be received in India. |
| 9 | Income Deemed to Accrue or Arise in India | Specifies certain types of income that are statutorily treated as accruing or arising in India, even if they physically accrue outside India. |
| 9(1) | Categories of Deemed Accrual | Lays out the general categories of income that are deemed to accrue or arise in India. |
| 9(1)(i) | Business Connection/Property/Assets/Capital Assets | Income arising from business connection, property, assets, source of income, or transfer of a capital asset situated in India is deemed to accrue in India. |
| Explanation 1 to section 9(1)(i) | Exceptions to Deemed Accrual | Provides specific exceptions for non-residents (e.g., purchase for export, news collection, shooting films) where income is not deemed to accrue in India. |





## Last Day Revision Questions

Last Day Revision Questions mentioned right at the beginning of each chapter
Easy to find 1 day before the exam




## QUICK REVIEW OF IMPORTANT CONCEPTS

| Section No. | Section Title | What the Section Covers |
|---|---|---|
| **190** | Deduction of Tax at Source and Advance Payment | Addresses the modes of recovery of income-tax (TDS, TCS, Advance Tax) from an assessee. |
| **191** | Direct Payment | Requires tax to be paid directly by the assessee where tax is not required to be deducted or is not deducted, and defines deemed assessee-in-default. |
| **207** | Liability for payment of advance tax | States that tax shall be payable in advance during the financial year in respect of the assessee's current income. |
| **208** | Obligation to pay advance tax | Specifies that the obligation to pay advance tax arises if the advance tax payable is ₹ 10,000 or more. |
| **209** | Computation of advance tax | Provides rules for the assessee to estimate and compute the advance tax payable on current income, reduced by tax deductible at source. |



**Quick Review of Important Concepts**

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **5** | **Goods and Services Tax (GST) Laws** | | | | | | | | | |
| 5.1 | Introduction to GST Law | **6** | **8** | **15** | **7** | **7** | **7** | **8.33** | **5.1.1 – 5.1.9** | **A** |
| 5.2 | Levy and Collection of CGST and IGST | **12** | **7** | **9** | **13** | **9** | **6** | **9.33** | **5.2.1 – 5.2.34** | **A** |
| 5.3 | Basic concepts of Time, Place and Value of Supply | **-** | **7** | **8** | **7** | **9** | **9** | **6.67** | **5.3.1 – 5.3.22** | **A** |
| 5.4 | Input Tax Credit | **8** | **7** | **-** | **7** | **1** | **2** | **4.16** | **5.4.1 – 5.4.13** | **A** |
| 5.5 | Computation of GST Liability | **-** | **1** | **-** | **-** | **-** | **-** | **0.17** | **5.5.1 – 5.5.6** | **C** |
| 5.6 | Registration | **16** | **1** | **7** | **-** | **-** | **9** | **5.5** | **5.6.1 – 5.6.8** | **A** |
| 5.7 | Tax Invoice – Electronic Way Bill | **7** | **2** | **2** | **1** | **1** | **-** | **2.17** | **5.7.1 – 5.7.7** | **B** |
| 5.8 | Returns and Payment of Taxes | **2** | **2** | **1** | **-** | **8** | **7** | **3.33** | **5.8.1 – 5.8.8** | **B** |

Topic-wise Break up

ABC Analysis

A Very Important, Read on priority

B Moderately Important

C Less critical but still essential

*Ensure you thoroughly read all chapters without skipping any. The ABC analysis is designed to help you prioritize based on past trends, but it should not replace comprehensive preparation.*

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| 1.2 | Residential Status and Scope of Total Income | 6 | 7 | 7 | - | 7 | 7 | 5.67 | 1.2.1 – 1.2.18 | B |
| 1.3 | Agricultural Income | 6 | 2 | 2 | 2 | - | - | 2 | 1.3.1 – 1.3.9 | B |
| **2** | **Heads of Income** | | | | | | | | | |
| 2.1 | Salaries | 10 | 7 | 9 | 7 | 9 | 9 | 8.33 | 2.1 – 2.1.42 | A |
| 2.2 | Income from House Property | 9 | 7 | 7 | 7 | 7 | 7 | 7.33 | 2.2.1 – 2.2.26. | A |
| 2.3 | Profits and Gains of Business or Profession | 9 | 11 | 11 | 11 | 7 | 9 | 9.67 | 2.3.1 – 2.3.47 | A |
| 2.4 | Capital Gains | - | 7 | 7 | 9 | 9 | 9 | 6.83 | 2.4.1 – 2.4.29 | A |
| 2.5 | Income from Other Sources | 1 | 9 | 7 | 7 | 9 | 7 | 6.67 | 2.5.1 – 2.5.17 | A |
| **3** | **Total Income and Tax Liability of Individuals & HUF** | | | | | | | | | |
| 3.1 | Income of Other Person included in Assesses Total Income | 1 | - | - | 2 | - | - | 0.5 | 3.1.1 – 3.1.14 | C |
| 3.2 | Set off and Carry Forward of Losses | 3 | 7 | 7 | 7 | 7 | 7 | 6.33 | 3.2.1 – 3.2.18 | A |
| 3.3 | Deductions, Rebate and Relief | 5 | 4 | - | - | 2 | 2 | 2.17 | 3.3.1 – 3.3.25 | B |
| 3.4 | Taxation of Individual | 6 | 7 | 7 | 7 | 7 | 7 | 6.83 | 3.4.1 – 3.4.22 | A |
| 3.5 | Advance Tax | - | - | 2 | - | - | - | 0.33 | 3.5.1 – 3.5.7. | C |
| 3.6 | Tax Deducted at Source & Tax Collected at Source | 4 | 2 | - | 2 | 4 | - | 2 | 3.6.1 – 3.6.8 | B |
| 3.7 | Filing of Return of Income | - | - | - | - | - | - | - | 3.7.1 – 3.7.6 | B |
| 3.8 | PAN | - | - | - | - | - | - | - | 3.8.1 – 3.8.1 | C |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 3.9 | Self-Assessment & Intimation | - | - | - | - | - | - | - | 3.9.1 – 3.9.2 | C |
| SECTION B : INDIRECT TAXATION | | | | | | | | | | |
| **4** | **Concept of Indirect Taxes** | - | 7 | - | 7 | 7 | 9 | 5 | 4.1 – 4.5 | B |
| **5** | **Goods and Services Tax (GST) Laws** | | | | | | | | | |
| 5.1 | Introduction to GST Law | 6 | 8 | 15 | 7 | 7 | 7 | 8.33 | 5.1.1 – 5.1.9 | A |
| 5.2 | Levy and Collection of CGST and IGST | 12 | 7 | 9 | 13 | 9 | 6 | 9.33 | 5.2.1 – 5.2.34 | A |
| 5.3 | Basic concepts of Time, Place and Value of Supply | - | 7 | 8 | 7 | 9 | 9 | 6.67 | 5.3.1 – 5.3.22 | A |
| 5.4 | Input Tax Credit | 8 | 7 | - | 7 | 1 | 2 | 4.16 | 5.4.1 – 5.4.13 | A |
| 5.5 | Computation of GST Liability | - | 1 | - | - | - | - | 0.17 | 5.5.1 – 5.5.6 | C |
| 5.6 | Registration | 16 | 1 | 7 | - | - | 9 | 5.5 | 5.6.1 – 5.6.8 | A |
| 5.7 | Tax Invoice – Electronic Way Bill | 7 | 2 | 2 | 1 | 1 | - | 2.17 | 5.7.1 – 5.7.7 | B |
| 5.8 | Returns and Payment of Taxes | 2 | 2 | 1 | - | 8 | 7 | 3.33 | 5.8.1 – 5.8.8 | B |
| **6** | **Customs Act & Rules** | | | | | | | | | |
| 6.1 | Customs Act-Basic Concepts and Definitions | 2 | 1 | - | 1 | - | 2 | 1 | 6.1.1 – 6.1.3 | C |
| 6.2 | Types of Duties | 1 | 7 | 2 | - | - | 2 | 2 | 6.2.1 – 6.2.4 | B |
| 6.3 | Valuation Rules | - | - | - | 1 | 2 | 2 | 0.83 | 6.3.1 – 6.3.5 | C |
| 6.4 | Computation of Assessable Value and Duties | 8 | - | 7 | 7 | 7 | 7 | 6 | 6.4.1 – 6.4.14 | A |

**ABC Analysis**

A Very Important, Read on priority

B Moderately Important

C Less critical but still essential

***Ensure you thoroughly read all chapters without skipping any. The ABC analysis is designed to help you prioritize based on past trends, but it should not replace comprehensive preparation.***

## WHAT DOES REVIEWER INCLUDE?

**This Reviewer offers 100% coverage, including all questions from:**

- **SM: ICMAI Study Material Questions**
- **WB: ICMAI Work Book Questions**
- **MCQ Bank**
- **PYP: Past Year Papers**
- **MQP: Model Question Papers (1 or 2 denotes MQP 1 or MQP 2)**

# CHAPTER 1.2: RESIDENTIAL STATUS AND SCOPE OF TOTAL INCOME

B

| LDR Questions | Descriptive: Q 13, Q 23, Q 27<br>MCQ: 11 |
|---|---|

## QUICK REVIEW OF IMPORTANT CONCEPTS

| Section No. | Section Title | What the Section Covers |
|---|---|---|
| **5** | Scope of Total Income | Defines the total income of an assessee based on their residential status (ROR, RNOR, or Non-resident). |
| **6** | Residential Status | Outlines the provisions for classifying taxpayers (Individual, HUF, Company, etc.) into categories like Resident or Non-resident. |
| **6(1)** | Basic Conditions for Residence (Individual) | Sets the basic conditions (182 days stay or 60 days/365 days stay) determining if an individual is a resident in India. |
| **Explanation 2 to section 6(1)** | Crew Member Stay Determination | Provides the method for computing the period of stay in India for an Indian citizen who is a crew member of a foreign bound ship. |
| **6(1A)** | Deemed Resident (Individual) | Applies to Indian citizens with total income (excluding foreign sources) exceeding ₹ 15 lakhs who are not liable to tax in any other country. |
| **6(3)** | Residential Status of Companies | Stipulates a company is resident if it is an Indian company or if its Place of Effective Management (POEM) is in India. |
| **Explanation to section 6(3)** | Meaning of POEM | Defines "Place of effective management" as the place where key management and commercial decisions are, in substance, made. |
| **6(6)** | Additional Conditions for ROR/RNOR Status | Defines the conditions (non-resident status or days of stay in preceding years) that determine if a resident is "ordinarily resident" or "not ordinarily resident". |
| **7** | Income Deemed to be Received in India | Specifies certain items of income, such as annual accretion to Recognized Provident Fund (RPF) and contributions to specific pension schemes, that are deemed to be received in India. |
| **9** | Income Deemed to Accrue or Arise in India | Specifies certain types of income that are statutorily treated as accruing or arising in India, even if they physically accrue outside India. |
| **9(1)** | Categories of Deemed Accrual | Lays out the general categories of income that are deemed to accrue or arise in India. |
| **9(1)(i)** | Business Connection/Property/Assets/Capital Assets | Income arising from business connection, property, assets, source of income, or transfer of a capital asset situated in India is deemed to accrue in India. |
| **Explanation 1 to section 9(1)(i)** | Exceptions to Deemed Accrual | Provides specific exceptions for non-residents (e.g., purchase for export, news collection, shooting films) where income is not deemed to accrue in India. |

| | | |
|---|---|---|
| **9(1)(ii)** | Salaries Earned in India | Income falling under "Salaries" earned for services rendered in India (including related rest or leave periods) is deemed to accrue or arise in India. |
| **9(1)(iii)** | Salary Paid by Government for Services Outside India | Salaries payable by the Government to an Indian citizen for services rendered outside India are deemed to accrue or arise in India. |
| **9(1)(iv)** | Dividend from Indian Company | Dividends paid by an Indian company outside India are deemed to accrue or arise in India. |
| **9(1)(v)** | Interest | Defines when interest (payable by Government, resident, or non-resident) is deemed to accrue or arise in India, subject to exceptions based on use outside India. |
| **9(1)(vi)** | Royalty | Defines when royalty (payable by Government, resident, or non-resident) is deemed to accrue or arise in India, subject to exceptions based on use outside India. |
| **9(1)(vii)** | Fees for Technical Services | Defines when fees for technical services (payable by Government, resident, or non-resident) are deemed to accrue or arise in India, subject to exceptions based on utilization outside India. |
| **9(1)(viii)** | Sum of Money without Consideration | Treats certain sums of money paid without consideration by a resident to a non-corporate non-resident, foreign company, or RNOR as income deemed to accrue in India. |
| **Explanation to Section 9** | Territorial Nexus (Interest, Royalty, FTS) | Ensures that income deemed to accrue via Section 9(1)(v), (vi), and (vii) is taxable for non-residents regardless of whether they have a business connection or rendered services in India. |

VINOD
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## Questions & Answers

### Question 1 (SM)

**Sam came to India first time during the P.Y. 2025-26. During the previous year, he stayed in India for (i) 50 days; (ii) 183 days; & (iii) 153 days. Determine his residential status for the A.Y. 2026-27.**

**Answer 1**

(i) Since Sam resides in India only for 50 days during the P.Y. 2025-26, he does not satisfy any of the conditions specified in sec. 6(1). He is, therefore, a non-resident in India for the P.Y. 2025-26.

(ii) Since Sam resides in India for 183 days during the previous year 2025-26, he satisfies one of the conditions specified in sec. 6(1). He is, therefore, a resident in India for the P.Y. 2025-26.

(iii) Sam resides in India only for 153 days during the previous year 2025-26. Though he resided for more than 60 days during the previous year but in 4 years immediately preceding the previous year (as he came to India for the first time), he did not reside in India. Hence, he does not satisfy any of the conditions specified in sec. 6(1). Thus, he is a non-resident for the P.Y. 2025-26.

### Question 2 (SM)

**Andy, a British national, comes to India for the first time during 2021-22. During the financial years 2021-22, 2022-23, 2023-24, 2024-25 and 2025-26, he was in India for 55 days, 60 days, 80 days, 160 days and 70 days respectively. Determine his residential status for the assessment year 2026-27.**

**Answer 2**

During the previous year 2025-26, Andy was in India for 70 days & during 4 years immediately preceding the previous year, he was in India for 355 days as shown below:

| Year | 2021-22 | 2022-23 | 2023-24 | 2024-25 | Total |
|---|---|---|---|---|---|
| **No. of days stayed in India** | 55 | 60 | 80 | 160 | 355 |

∴ He is non-resident.

**Question 3** **(SM)**

**Miss Pal, an Indian citizen, left India for first time on 1st April, 2025 for joining job in Tokyo. She came to India on 11th Jan, 2026 for only 170 days. Determine her residential status for P.Y. 2025-26.**

**Answer 3**

**Number of days Miss Pal stayed in India can be calculated as under:**

| P.Y. | Apr | May | June | July | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 25-26 | 1 | - | - | - | - | - | - | - | - | 21 | 28 | 31 | 81 |
| 26-27 | 30 | 31 | 30 | 19 | - | - | - | - | - | - | - | - | 110 |

Since she left India for employment purpose, hence for becoming resident she has to stay in India for at least 182 days. However, she is in India for only 81 days during the previous year, thus she is a non-resident for the P.Y. 2025-26.

**Points to be kept in mind**

(a) Stay at same place in India is not necessary.

(b) Continuous stay in India is not necessary.

(c) A person shall be deemed to reside in India, if he is on the territorial waters of India*. For instance, if an individual stays on a ship, which is in the territorial waters of India, then it shall be treated as his presence in India.

**Question 4** **(SM, MQP [1] 7 Marks Dec'25)**

**Mr. X, aged 19 years, left India for first time on May 31, 2025. Determine his residential status for the previous year 2025-26 if:**

**(i) He left India for employment purpose**

**(ii) He left India on the world tour.**

**Answer 4**

During the previous year 2025-26, Mr. X was in India for 61 days as shown below –

| P.Y. | Apr | May | June | July | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **25-26** | 30 | 31 | - | - | - | - | - | - | - | - | - | - | 61 |

During the previous year 2025-26, X stayed in India for 61 days. Further, he was in India for more than 365 days during 4 years immediately preceding the relevant previous year (as he left India for the first time).

(i) Since he left India for employment purpose, condition of sec. 6(1)(c) shall not be applicable on such assessee. He will be treated as resident in India, if and only if, he resided in India for at least 182 days during the previous year. Hence, Mr. X is a non-resident in India for the previous year 2025-26.

(ii) Since he left India on the world tour, which is not an exception of sec. 6(1), satisfaction of any one condition of sec. 6(1) makes him resident in India for the previous year 2025-26. As he satisfies 2nd condition of sec. 6(1) [shown above], he is resident in India. Further, he also satisfies dual conditions specified u/s 6(6) (since he left India for the first time). Therefore, he is an ordinarily resident for the previous year 2025-26.

**Question 5** **(WB)**

**Mr. X came in India for the first time on April 16, 2025 and left India On December 13, 2025. During his stay in India, he was in Delhi up to 30.06.2025 and thereafter in Mumbai.**

**Determine his residential status for the assessment year 2026-27.**

**Answer 5**

Number of days Mr. X stayed in India can be calculated as under:

| P.Y. | Apr | May | June | July | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **25-26** | 15 | 31 | 30 | 31 | 31 | 30 | 31 | 30 | 13 | - | - | - | 242 |

Since X resides in India for 242 days in the previous year 2025-26, he satisfies the condition of sec. 6(1)(a). He is, therefore, resident in India for the previous year 2025-26. As he did not reside in India for any number of days in immediately preceding previous years, therefore, he does not satisfy conditions of sec. 6(6), as a result, he is a 'resident but not-ordinarily resident'.

VIVITSU

# CHAPTER 3.2: SET OFF AND CARRY FORWARD OF LOSSES

A

| LDR Questions | Descriptive: Q 5, Q 10, Q 17, Q 22<br>MCQ: 1 |
|---|---|

## QUICK REVIEW OF IMPORTANT CONCEPTS

| Section No. | Section Title | What the Section Covers |
|---|---|---|
| **32(2)** | Unabsorbed Depreciation | Governs the carry forward and set-off of unabsorbed depreciation for an indefinite period. |
| **36(1)(ix)** | Unabsorbed Expenditure on Family Planning | Governs the carry forward of unabsorbed expenditure on family planning. |
| **64(1A)** | Clubbing of Minor's Income | Governs the mandatory inclusion (clubbing) of a minor child's income in the parent's income, except for income earned from special talent. |
| **68, 69, 69A, 69B, 69C, 69D** | Aggregation of Income / Deemed Income | Governs amounts deemed as income (e.g., unexplained investments, unexplained expenditure, cash credits) to be aggregated with the assessee's income. |
| **70** | Inter-Source Adjustment | Allows losses incurred in respect of one source to be set off against income from any other source under the same head of income. |
| **70(3)** | Long-term capital loss set-off restriction (Inter-source) | Specifies that long-term capital loss can be set off only against long-term capital gains, even within the capital gains head. |
| **71** | Inter-Head Adjustment | Allows loss computed under one head of income (subject to specific restrictions) to be set off against income under another head in the same year. |
| **71(3A)** | House Property Loss Set-off Limit (Normal Regime) | Limits the set-off of loss from house property against income under any other head to ₹ 2 lakhs, if the assessee opts out of the default tax regime. |
| **71B** | Carry Forward & Set-off of Loss from House Property | Governs the carry forward of unabsorbed house property loss for a maximum of 8 assessment years against future house property income. |
| **72** | Carry Forward & Set-off of Business Losses | Governs the carry forward and set-off of unabsorbed business loss (non-speculative) for a maximum of 8 assessment years. |
| **73** | Losses in Speculation Business | Governs the set-off and carry forward of losses arising from speculation business. |
| **73(1)** | Restriction on Speculation Loss Set-off (Inter-source) | States that a loss in speculation business can be set off only against the profits of any other speculation business. |
| **73A** | Carry Forward & Set Off of Specified Business Losses (Sec 35AD) | Governs the indefinite carry forward and set-off of loss from a specified business defined under section 35AD. |
| **74** | Losses under the head 'Capital Gains' | Governs the carry forward and set-off of short-term and long-term capital losses for a maximum period of 8 assessment years. |
| 74(1) | Carry Forward of Capital Gains Loss | Pertains to the allowance for carrying forward losses under the head 'Capital Gains' (allowed for SEZ Unit losses). |
| **74A(3)** | Loss from Owning & Maintaining Race Horses | Governs the restricted set-off and carry forward of losses from the activity of owning and maintaining race horses for up to 4 assessment years. |
| **80** | Submission of Return of Losses | Makes filing a return of loss under section 139(3) mandatory for carrying forward specific losses. |

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|---|---|---|
| **139(3)** | Filing Return of Loss | Requires the assessee to file a return of loss within the due date specified under section 139(1) to be able to carry forward certain losses. |

## Question & Answers

**Question 1** **(SM, WB)**

**Compute gross total income of Mr. X in following cases-**

| Source of income | Case I | Case II |
|---|---|---|
| Income from house property (A) | 30,000 | 40,000 |
| Income from house property (B) | (10,000) | (25,000) |
| Speculation income | 80,000 | (70,000) |
| Business income | (30,000) | 50,000 |
| Income from activity of owning and maintaining race-horses business (A) | (50,000) | 10,000 |
| Income from activity of owning and maintaining race-horses business (B) | 20,000 | (6,000) |
| Income from agricultural business | (25,000) | 10,000 |
| Short term capital gain (transaction A) | 30,000 | (20,000) |
| Short term capital gain (transaction B) | (10,000) | 5,000 |
| Long term capital gain (transaction A) | (30,000) | 45,000 |
| Long term capital gain (transaction B) | 10,000 | (2,000) |
| Income from lottery | 3,40,000 | - |
| Income from horse races | 10,000 | 25,000 |
| Income on card games | (5,000) | (3,000) |
| Interest on securities | 20,000 | 10,000 |

**Answer 1**

**Computation of gross total income of Mr. X for the A.Y. 2026-27**

| Particulars | Case I | | Case II | |
|---|---|---|---|---|
| | Details | Amount | Details | Amount |
| Income from House Property | | | | |
| House Property A | 30,000 | | 40,000 | |
| House Property B | (10,000) | 20,000 | (25,000) | 15,000 |
| Profits & Gains of Business or Profession | | | | |
| Speculation income | 80,000 | | (70,000) | Nil[3] |
| Other business | (30,000) | 50,000 | 50,000 | |
| Income from agricultural business (Exempted) | Nil | | Nil | |
| Capital Gains | | | | |
| Short term capital gain | | | | |
| Transaction A | 30,000 | | (20,000) | |
| Transaction B | (10,000) | 20,000 | 5,000 | |
| Long term capital gain | | | | |
| Transaction A | (30,000) | | 45,000 | |
| Transaction B | 10,000 | Nil[2] | (2,000) | 28,000 |
| Income from other sources | | | | |
| Casual income | | | | |
| Income from lottery | 3,40,000 | | - | |
| Income from horse races | 10,000 | | 25,000 | |
| Income on card games (losses not to be considered) | Nil | 3,50,000 | Nil | 25,000 |
| Income from activity of owning & maintaining race-horses | | | | |
| Business (A) | (50,000) | | 10,000 | |
| Business (B) | 20,000 | Nil[1] | (6,000) | 4,000 |
| Other income | | | | |
| Interest on securities | | 20,000 | | 10,000 |

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|---|---|---|---|---|
| Gross Total Income | | 4,60,000 | | 1,32,000 |
| Losses to be carried forward | | | | |
| 1. Loss from activity of owning & maintaining race horse | | (30,000) | | |
| 2. Long term capital loss | | (20,000) | - | |
| 3. Speculation loss | - | | | (70,000) |

**Question 2 (SM)**

**Smart has computed his tax liability under the old regime as under-**

| Particulars | Details | Amount |
|---|---|---|
| Income from business A | | 4,50,000 |
| Long term capital gain | 20,000 | |
| Less: Income from business B u/s 71 | (10,000) | 10,000 |
| Income from other sources | | 50,000 |
| Gross Total Income | | 5,10,000 |
| Less: Deduction u/s 80C to 80U | | - |
| Total Income | | 5,10,000 |
| Tax liability | | 15,080 |

**Comment on the above computation.**

**Answer 2**

Computation made by Smart is incorrect, as because first intra head set-off shall be made, thereafter inter head set-off can be made. The correct computation is shown below-

Computation of total income and tax liability of Smart under old regime for the A.Y. 2026-27

| Particulars | Details | Amount |
|---|---|---|
| Profits & Gains of Business or Profession | | |
| Income from business A | 4,50,000 | |
| Income from business B u/s 70 | (10,000) | 4,40,000 |
| Capital Gains | | |
| Long term capital gain | | 20,000 |
| Income from other sources | | 50,000 |
| Gross Total Income | | 5,10,000 |
| Less: Deduction u/s 80C to 80U | | - |
| **Taxable Income** | | **5,10,000** |
| **Tax liability** | | **16,640** |

**Question 3 (SM, MQP[1] 7 Marks Dec'24, Dec'25)**

**Mr. Bhola has furnished you the following data-**

**Income from house property (₹1,30,000)**
**Salaries (Net) ₹80,000**
**Income from other sources (₹90,000)**
**Income from lotteries ₹3,50,000**

**Mr. Bhola is seeking your advice relating to set off and carry-forward, if he has opted for old regime.**

**Answer 3**

**Statement showing application of sec. 71**

| Particulars | Amount |
|---|---|
| Salaries | 80,000 |
| Income from house property | (1,30,000) |
| Income from other sources | |
| Winning from lotteries | 3,50,000 |
| Other income | (90,000) |
| **Gross total income** | **3,50,000** |
| **Conclusion**<br>Casual income shall be fully taxable as no loss can be set off against such income. | 3,50,000 |

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|---|---|
| **Losses to be carried forward** | |
| a. Loss under the head "Income from house property" | **(1,30,000)** |
| b. Loss under the head "Income from other sources", as such loss cannot be carried forward | **Nil** |
| Income under the head 'Salaries' is first adjusted with the loss under the head 'Income from other sources' as the same cannot be carried forward. Though loss under the head 'Income from other sources' is ₹ 90,000 and such loss could be adjusted with income under the head 'Salaries' only to the extent of ₹ 80,000 still the remaining loss of ₹ 10,000 cannot be carried forward. | |

## Question 4 (SM)

**Mr. Tej Singh has the following income details –**

| | |
|---|---|
| **Income from house property** | **(₹30,000)** |
| **Salaries** | **₹68,000** |
| **Income from other sources** | **₹30,000** |

**He has computed his Gross total income for the A.Y. 2026-27 as under**

| Particulars | Amount |
|---|---|
| **Income from house property** | **(10,000)** |
| **Salaries** | **6,80,000** |
| **Income from other sources** | **30,000** |
| **Gross total income** | **7,00,000** |
| **Carry forward of loss under the head income form house property** | **20,000** |

**Answer 4**

Assessee is bound to follow sec.70 and 71 and there is no choice or option whether to set off the loss or not. Even partial set off is not permissible when full loss can otherwise be set off. Hence in the given case income of Mr. Tej Singh shall be ₹ 6,80,000 (carry forward of loss shall not be permissible) as computed under:

| Particulars | Amount |
|---|---|
| Income from house property | (30,000) |
| Salaries | 6,80,000 |
| Income from other sources | 30,000 |
| **Gross total income** | **6,80,000** |

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## Question 5 (SM) LDR

**Mr. Arun has been running several businesses since last so many years. From the following details, compute his taxable business income:**

| Nature of business | Current year income | Brought forward (b/f) loss | Year to which b/f loss relates | Whether business continued | Year of discontinuation of business |
|---|---|---|---|---|---|
| **Readymade garments** | **1,00,000** | **2,30,000** | **2019-20** | **Yes** | **NA** |
| **Retail of cosmetics** | **80,000** | **1,70,000** | **2005-06** | **Yes** | **NA** |
| | | **50,000 Unabsorbed depreciation** | **2020-21** | | |
| **Whole sale of soft-toys** | **Nil** | **80,000** | **2022-23** | **No** | **2023-24** |
| **Wholesale of fruits** | **30,000 being bad debt recovery** | **70,000** | **2008-09** | **No** | **2008-09** |
| **Optical** | **30,000Bad debt recovery** | **70,000** | **2007-08** | **No** | **2008-09** |
| **Investment business** | **90,000** | **-** | **-** | **Yes** | **NA** |
| | **15,000Dividend from foreign company** | **-** | **-** | **Yes** | **NA** |
| **Medicines** | **40,000Bad debt recovery** | **-** | **-** | **No** | **2000-01** |

| | | | | | |
|---|---|---|---|---|---|
| Manufacturing of school uniform | - | 40,000 | 2021-22 no return filed | No | 2023-24 |

**Answer 5**

Computation of gross total income of Mr. Arun for the A.Y. 2026-27

| Particulars | Details | Amount |
|---|---|---|
| Profits & gains of business or profession | | |
| Readymade garments Current year income | 1,00,000 | |
| Less: Brought forward loss | (2,30,000) | (1,30,000) |
| Retail of cosmetics Current year income | | 80,000 |
| Whole sale of sof.t-toys Current year income | Nil | |
| Less: Brought forward loss | (80,000) | (80,000) |
| Wholesale of fruits Current year income being bad debt recovery | 30,000 | |
| Less: Brought forward loss | (30,000)[1] | Nil |
| Optical-business Current year income being bad debt recovery | | 30,000[1] |
| Investment-business | | 90,000 |
| Medicine-business Current year income (being bad debt recovery) | | 40,000 |
| Manufacturing of school uniform Current year income | | Nil[2] |
| | | |
| Income from other sources: Dividend income | | 15,000 |
| | | 30,000 |
| | | 45,000 |
| Less: Unabsorbed depreciation of retail of cosmetics business | | (45,000)[#] |
| **Gross total income** | | **Nil** |

# Though unabsorbed depreciation is ₹ 50,000 still only ₹ 45,000 is claimed to be set off and remaining to be carried forward for unlimited years, as there is insufficient profit.

**Notes**

1. Losses from wholesale of fruits business which arose during the P.Y. 2008-09, being the year in which business ceased to exist and which could not be set off against any other income of that previous year or any subsequent years can be set off against any income chargeable to tax u/s 41(4) i.e. bad debt recovery. However, in case of Optical business, brought forward loss relates to P.Y. 2007-08 whereas business ceases to exist in P.Y. 2008-09, therefore such loss cannot be set off against income chargeable u/s 41(4).
2. As per sec. 80, business loss cannot be carried forward unless it is determined in pursuance of a return filed by the assessee u/s 139(3), within time as prescribed u/s 139(1).

## Question 6 (SM)

**Compute total income of X Ltd. under following cases**

**Business A: Business of Ice cream**

**Business B: Business consists of purchase and sale of shares of other companies (being treated as speculative business as per explanation of sec. 73)**

| Particulars | Case 1 | | Case 2 | | Case 3 | | Case 4 | |
|---|---|---|---|---|---|---|---|---|
| | A | B | A | B | A | B | A | B |
| Income of P.Y. 2025-26 | 80,000 | 20,000 | 75,000 | 85,000 | (56,000) | 1,50,000 | 3,00,000 | (50,000) |
| B/f loss of P.Y. 2024-25 | 70,000 | 65,000 | 85,000 | 50,000 | 90,000 | 65,000 | 30,000 | 90,000 |
| Unabsorbed depreciation | - | - | - | - | - | - | - | 20,000 |

**Answer 6**

**Computation of total income of X Ltd. for the A.Y. 2026-27**

| Particulars | Case 1 | | Case 2 | | Case 3 | | Case 4 | |
|---|---|---|---|---|---|---|---|---|
| | A | B | A | B | A | B | A | B |
| Income of P.Y. 2025-26 | 80,000 | 20,000 | 75,000 | 85,000 | (56,000) | 1,50,000 | 3,00,000 | (50,000) |
| Income after sec. 70 | 80,000 | 20,000 | 75,000 | 85,000 | - | 94,000 | 3,00,000 | (50,000) |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| B/f loss of P.Y. 2024-25 | 70,000 | 65,000 | 85,000 | 50,000 | 90,000 | 65,000 | 30,000 | 90,000 |
| Unabsorbed depreciation | - | - | - | - | - | - | - | 20,000 |
| | 10,000 | (45,000) | (10,000) | 35,000 | (90,000) | 29,000 | 2,50,000[1] | (50,000) |
| Taxable income after application of sec. 72 & 73 for A.Y. 2026-27 | 10,000 | | 25,000 | | Nil | | 2,50,000 | |
| Loss to be carried forward to next assessment year | - | P.Y. 2024-25 (45,000) | - | - | P.Y. 2024-25 (61,000) | - | - | P.Y. 2025-26 (50,000)P.Y. 2024-25 (90,000) |
| Unabsorbed depreciation to be carried forward | - | - | - | - | - | - | - | - |

[1.] After adjusting unabsorbed depreciation of business B.

**Question 7** **(SM)**

**MNP Ltd. commenced operations of the business of a new four-star hotel in Chennai on 1-4-2025. The company incurred capital expenditure of ₹ 40 lakh during the period January, 2025 to March, 2025 exclusively for the above business, and capitalized the same in its books of account as on 1st April, 2025. Further, during the Previous Year 2025-26, it incurred capital expenditure of ₹ 2.5 crore (out of which ₹ 1 crore was for acquisition of land) exclusively for the above business. Compute the income under the heading "profits and gains of business or profession" for the assessment year 2026-27, assuming that MNP Ltd. has fulfilled all the conditions specified for claim of deduction u/s 35AD and has not claimed any deduction under Chapter VI-A under the heading "C.-Deductions in respect of certain incomes". The profits from the business of running this hotel (before claiming deduction u/s 35AD) for the A.Y. 2026-27 is ₹ 80 lakhs. Assume that the company also has another existing business of running a four-star hotel in Kanpur, which commenced operations 5 years back, the profits from which was ₹ 130 lakhs for assessment year 2026-27.**

**Answer 7**

**Computation of business income of MNP Ltd. for A.Y. 2026-27**

| Particulars | ₹ in lakhs |
|---|---|
| Income from specified business covered u/s 35AD [Working 1] | (110) |
| Income from another hotel business | 130 |
| **Profit and gains of business or profession** | **20** |

**Working 1**: Computation of income from specified business u/s 35AD

| Particulars | ₹ in lakhs | ₹ in lakhs |
|---|---|---|
| Net profit from specified business before deduction u/s 35AD | | 80 |
| Less: Deduction u/s 35AD being capital expenses incurred | | |
| - Capital expenditure incurred in earlier year | 40 | |
| - Capital expenditure incurred in the previous year less cost of acquisition of land | 150 | 190 |
| Income from specified business covered u/s 35AD | | 110 |

# CHAPTER 3.5 : ADVANCE TAX

C

| LDR Questions | Descriptive: Q 3,6<br>MCQ: 4 |
|---|---|

## QUICK REVIEW OF IMPORTANT CONCEPTS

| Section No. | Section Title | What the Section Covers |
|---|---|---|
| **190** | Deduction of Tax at Source and Advance Payment | Addresses the modes of recovery of income-tax (TDS, TCS, Advance Tax) from an assessee. |
| **191** | Direct Payment | Requires tax to be paid directly by the assessee where tax is not required to be deducted or is not deducted, and defines deemed assessee-in-default. |
| **207** | Liability for payment of advance tax | States that tax shall be payable in advance during the financial year in respect of the assessee's current income. |
| **208** | Obligation to pay advance tax | Specifies that the obligation to pay advance tax arises if the advance tax payable is ₹ 10,000 or more. |
| **209** | Computation of advance tax | Provides rules for the assessee to estimate and compute the advance tax payable on current income, reduced by tax deductible at source. |
| **210** | Advance tax order by AO | Grants power to the Assessing Officer to issue an order requiring an assessee to pay advance tax based on past assessments or returns. |
| **211** | Instalments of advance tax and due dates | Lays out the schedule and minimum percentages for the payment of advance tax instalments for corporate and non-corporate assessees. |
| **219** | Credit for advance tax | States that advance tax paid or recovered is treated as a payment of tax in respect of the income of the previous year and credit is given in the regular assessment. |
| **234B** | Interest on non-payment / short payment or deferment of advance tax | Imposes interest at 1% per month for non-payment or short payment of advance tax (less than 90% of assessed tax). |
| **234C** | Interest payable for deferment of advance tax | Imposes interest at 1% per month for deferment or shortfall in the payment of advance tax instalments based on scheduled due dates. |
| **234E** | Fee for late furnishing of TDS statement | Prescribes a fee of ₹ 200 per day for late furnishing of the TDS statement, capped at the total tax deductible/collectible. |

### Advance payment of tax

Advance tax is payable during a F.Y. in every case where the amount of such tax payable by the assessee during the year is ₹10,000 or more for corporates and non-corporates (other than 44AD or section 44ADA)

| Due date of instalment | Amount payable |
|---|---|
| On or before 15th Jun | Not less than 15% of advance tax liability. |
| On or before 15$^{th}$ Sep | Not less than 45% of advance tax liability (-) amount paid in earlier instalment. |
| On or before 15$^{th}$ Dec | Not less than 75% of advance tax liability (-) amount paid in earlier instalment/s |
| On or before 15th Mar | The whole amount of advance tax liability (-) amount paid in earlier instalment/s |

### Advance tax payment on presumptive basis under section 44AD(1) or section 44ADA(1)

Shall be required to pay advance tax of the whole amount on or before 15th March of the F.Y.

## Question & Answers

**Question 1** (SM, MQP[2] 4 Marks June'23)

**Find out the amount of advance tax payable by A on specified dates for the financial year 2025-26: Assume assesses opts out of Section 115BAC**

**Business income (Tax of ₹ 14,272 is deducted at source)** ₹ 8,25,000

**Agricultural income** ₹ 86,000

**Answer 1**

**Computation of tax liability of A for the previous year 2025-26**

| Particulars | ₹ |
|---|---|
| Tax on ₹ 9,11,000 (i.e. agricultural income ₹ 86,000 + non-agricultural income ₹ 8,25,000) | 41,100 |
| Less: Tax on ₹ 3,86,000 (i.e. agro income ₹ 86,000 + maximum exempted limit ₹ 3,00,000) | 4,300 |
| Tax liability | 36,800 |
| Less: Rebate u/s 87A | Nil |
| | 36,800 |
| Add: Health & Education cess | 1,472 |
| Tax and cess payable | 38,272 |
| Less: TDS | 14,272 |
| **Advance tax payable** | **24,000** |

**Advance tax to be paid on specified dates-**

| Date | Alternate 1 | | Alternate 2 | |
|---|---|---|---|---|
| | Working | Amount | Working | Amount |
| 15-06-2025 | 15% of ₹ 24,000 | 3,600 | 15% of ₹ 24,000 | 3,600 |
| 15-09-2025 | 30% of ₹ 24,000 | 7,200 | [45% of ₹ 24,000) – ₹ 3,600] | 7,200 |
| 15-12-2025 | 30% of ₹ 24,000 | 7,200 | [(75% of ₹ 24,000) – (₹ 3,600 + ₹ 7,200)] | 7,200 |
| 15-03-2026 | 25% of ₹ 24,000 | 6,000 | [100% of ₹ 24,000 – (₹ 3,600 + ₹ 7,200 + ₹ 7,200)] | 6,000 |
| | **Total** | **24,000** | **Total** | **24,000** |

**Question 2** (WB)

**From the following information, compute the amount of instalments of advance tax payable by Ram and Shyam along with the due dates as per the Income Tax Act for the assessment year 2026- 27:**

| | Ram | Shyam |
|---|---|---|
| **Tax payable (including health and education cess)** | **25,000** | **30,000** |
| **Tax deducted at source** | **20,000** | **10,000** |

**Answer 2**

**Computation of Advance Tax Liability for the Previous Year 2025-26**

| Income | Ram | Shyam |
|---|---|---|
| Tax Payable (including HEC) | 25,000 | 30,000 |
| *Less*: Tax Deducted at Source | 20,000 | 10,000 |
| **Advance Tax Payable** | **5,000** | **20,000** |

Advance tax to be paid on specified dates –

**Ram:** Since the amount of advance tax payable is less than ₹ 10,000, he is not liable to pay advance tax.

**Shyam:**

| Date | Alternate 1 | | Alternate 2 | |
|---|---|---|---|---|
| | Working | Amount | Working | Amount |
| 15-06-2025 | 15% of ₹ 20,000 | 3,000 | 15% of ₹ 20,000 | 3,000 |
| 15-09-2025 | 30% of ₹ 20,000 | 6,000 | [(45% of ₹ 20,000) – (₹ 3,000)] | 6,000 |
| 15-12-2025 | 30% of ₹ 20,000 | 6,000 | [(75% of ₹ 20,000) – (₹ 9,000)] | 6,000 |
| 15-03-2026 | 25% of ₹ 20,000 | 5,000 | [(100% ₹ 20,000) – (₹ 15,000)] | 5,000 |
| Total | | 20,000 | Total | 20,000 |

**Question 3** **(WB)** LDR

**The following Particulars are furnished by Mr. D Chaturvedi for the previous year 2025-26:**

| | |
|---|---|
| **Income from Salary** | **₹9,40,000** |
| **Income from let out House Property** | **₹3,20,000** |
| **Income from Business** | **₹5,80,000** |
| **Income from other sources** | **₹60,000** |

**He is entitled to a deduction u/s 80C for ₹ 1,50,000, u /s 80G ₹ 30,000 and u/s 80D ₹ 20,000. Tax Deducted at Source is ₹ 1,80,000.**

**Compute the advance tax payable by him (if he opts for the old tax regime) with the due dates of payment of instalments assuming he is (i) 45 years old (ii) 65 years old .**

**Answer 3**

**Computation of the total income of Mr. D Chaturvedi for the previous year 2025-26**

| Particulars | Details | Amount |
|---|---|---|
| Income from Salary | | 9,40,000 |
| Income from let out property | | 3,20,000 |
| Income from Business | | 5,80,000 |
| Income from Other Sources | | 60,000 |
| Gross Total Income | | 19,00,000 |
| *Less*: Deduction u/s 80C | 1,50,000 | |
| *Less*: Deduction u/s 80D | 20,000 | |
| *Less*: Deduction u/s 80G | 30,000 | 2,00,000 |
| **Total Income** | | **17,00,000** |

**Computation of tax liability of Mr. D Chaturvedi for the previous year 2025-26**

| Income | Case 1 45 Years | Case 2 65 Years |
|---|---|---|
| Tax | 3,22,500 | 3,20,000 |
| *Less*: Rebate u/s 87A | Nil | Nil |
| | 3,22,500 | 3,20,000 |
| *Add*: Health & Education cess | 12,900 | 12,800 |
| | 3,35,400 | 3,32,800 |
| *Less*: Tax Deducted at Source | 1,80,000 | 1,80,000 |
| **Total Advance tax payable** | **1,55,400** | **1,52,800** |

**Advance tax to be paid on specified dates –**

| Date | Case 1 [45 Years] | | Case 2 [65 Years] | |
|---|---|---|---|---|
| | Working | Amount | Working | Amount |
| 15-06-2025 | 15% of ₹ 1,55,400 | 23,310 | 15% of ₹ 1,52,800 | 22,920 |
| 15-09-2025 | 30% of ₹ 1,55,400 | 46,620 | 30% of ₹ 1,52,800 | 45,840 |
| 15-12-2025 | 30% of ₹ 1,55,400 | 46,620 | 30% of ₹ 1,52,800 | 45,840 |
| 15-03-2026 | 25% of ₹ 1,55,400 | 38,850 | 25% of ₹ 1,52,800 | 38,200 |
| **Total** | | **1,55,400** | **Total** | **1,52,800** |

**Alternative Solution**

| Date | Case 1 [45 Years] | | Case 2 [65 Years] | |
|---|---|---|---|---|
| | Working | Amount | Working | Amount |
| 15-06-2025 | 15% of ₹ 1,55,400 | 23,310 | 15% of ₹ 1,52,800 | 22,920 |
| 15-09-2025 | [(45% of ₹ 1,55,400) – ₹23,310] | 46,620 | [(45% of ₹ 1,52,800) – ₹22,920] | 45,840 |
| 15-12-2025 | [(75% of ₹ 1,55,400) – (₹23,310 + ₹ 46,620)] | 46,620 | [(75% of ₹ 1,52,800) – (₹22,920 + ₹ 45,840)] | 45,840 |
| 15-03-2026 | [100% of ₹ 1,55,400 – (₹23,310 + ₹ 46,620 + ₹46,620)] | 38,850 | [100% of ₹ 1,52,800 – (₹22,920 + ₹ 45,840 + ₹ 45,840)] | 38,200 |

If he is under default tax regime i.e., he is paying tax u/s 115BAC(1A)

Computation of the total income of Mr. D Chaturvedi for the previous year 2025-26

| Particulars | Details | Amount |
|---|---|---|

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| | | |
|---|---|---|
| Income from Salary | | 9,40,000 |
| Income from let out property | | 3,20,000 |
| Income from Business | | 5,80,000 |
| Income from Other Sources | | 60,000 |
| Gross Total Income | | 19,00,000 |
| *Less*: Deduction u/s 80C | NA | |
| *Less*: Deduction u/s 80D | NA | |
| *Less*: Deduction u/s 80G | NA | Nil |
| **Total Income** | | **19,00,000** |

**Computation of tax liability of Mr. D Chaturvedi for the previous year 2025-26**

| Income | Case 1 & 2 |
|---|---|
| Tax | 1,80,000 |
| *Less*: Rebate u/s 87A | Nil |
| | 1,80,000 |
| *Add*: Health & Education cess | 7,200 |
| | 1,87,200 |
| *Less*: Tax Deducted at Source | (1,80,000) |
| **Total Advance tax payable** | **7,200** |

Assessee is not liable to pay advance tax since tax liability is < 10,000

## Question 4 (WB)

**Mr. Kabra working in Y Ltd. furnishes the following details, compute the tax to be deducted at source by Y Ltd.**

| | |
|---|---|
| **Gross salary** | **₹ 15,50,000** |
| **Interest paid on borrowed capital for self-occupied property** | **₹ 50,000** |
| **Loss from business** | **₹ 1,00,000** |
| **Gross Interest Income (TDS ₹ 5,000)** | **₹ 60,000** |
| **Investment in PPF** | **₹ 1,00,000** |
| **Tax Regime declared by Mr. X** | **Old** |

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**Answer 4**

Case (i): He has opted for the old tax regime Computation of tax to be deducted at source by Y Ltd

| Particulars | Tax on income including other income | Tax on income excluding other income |
|---|---|---|
| Gross Salary | 15,50,000 | 15,50,000 |
| *Less*: Standard Deduction | 50,000 | 50,000 |
| | 15,00,000 | 15,00,000 |
| Loss from House Property | (50,000) | (50,000) |
| Interest Income | 60,000 | Nil |
| Gross Total Income | 15,10,000 | 14,50,000 |
| *Less*: Deduction u/s 80C [Investment in PPF] | 1,00,000 | 1,00,000 |
| Total Income | 14,10,000 | 13,50,000 |
| Tax on above | 2,35,500 | 2,17,500 |
| *Less*: Rebate u/s 87A | Nil | Nil |
| Tax after rebate | 2,35,500 | 2,17,500 |
| *Add*: Health & Education cess @ 4% | 9,420 | 8,700 |
| Tax and cess payable | 2,44,920 | 2,26,200 |
| *Less*: Tax deducted at source on other income | 5,000 | 5,000 |
| Balance | 2,39,920 | 2,21,200 |
| Tax to be deducted by Y Ltd. (Higher of ₹ 2,39,920 or ₹2,21,200) | 2,39,920 | |

Case (i): He has opted for the default tax regime Computation of tax to be deducted at source by Y Ltd