

B.Com

Sem 4

MJC 6

PRACTICAL QUESTIONS ON INCOME UNDER THE HEAD SALARY

Question1:

Mr. Raj (working in Delhi – Metro city) furnishes the following details:

Salary Details:

- Basic Salary = ₹9,00,000
- DA (40% forms part of retirement benefits) = ₹2,00,000
- HRA received = ₹3,60,000
- Rent paid = ₹30,000 per month
- Bonus = ₹1,20,000
- Employer provided car (1.6 litre engine) for official & personal use. Employer bears expenses ₹60,000.
- Professional tax paid = ₹2,500

Other Information:

- Let-out house property:
 - Municipal Value = ₹4,00,000
 - Fair Rent = ₹4,50,000
 - Standard Rent = ₹4,20,000
 - Actual Rent = ₹4,80,000
 - Municipal Taxes paid = ₹50,000
 - Interest on Loan = ₹2,20,000
- Investment u/s 80C = ₹1,50,000

Compute Total Income and Tax Liability.

SOLUTION

◆ Step 1: HRA Calculation (Metro – 50%)

Salary for HRA = Basic + DA

DA = 40% of 2,00,000 = 80,000

Salary = 9,00,000 + 80,000
= ₹9,80,000

Now compute exemption:

1. Actual HRA = 3,60,000
2. Rent paid – 10% salary
Rent = 30,000 × 12 = 3,60,000
10% salary = 98,000
= 3,60,000 – 98,000 = 2,62,000
3. 50% salary = 4,90,000

Least = ₹2,62,000

Taxable HRA = 3,60,000 – 2,62,000
= ₹98,000

◆ Step 2: Perquisite (Car)

Car >1.6 litre engine

Perquisite value = ₹2,400 per month + ₹900 (driver)

Assume no driver mentioned → ₹2,400 × 12 = ₹28,800

◆ Step 3: Gross Salary

Basic = 9,00,000

DA = 2,00,000

Bonus = 1,20,000

Taxable HRA = 98,000

Car Perquisite = 28,800

Gross Salary = ₹13,46,800

◆ Step 4: Deductions u/s 16

Standard Deduction = 50,000

Professional Tax = 2,500

Income from Salary =

13,46,800 – 52,500

= ₹12,94,300

◆ Step 5: House Property

Expected Rent = Higher of MV & FR = 4,50,000

Cannot exceed Standard Rent = 4,20,000

Expected Rent = 4,20,000

GAV = Higher of Expected & Actual = 4,80,000

NAV = 4,80,000 – 50,000
= ₹4,30,000

Deduction u/s 24:

30% NAV = 1,29,000

Interest = 2,20,000

Total Deduction = 3,49,000

Income from HP =
4,30,000 – 3,49,000
= ₹81,000

◆ **Step 6: Gross Total Income**

Salary = 12,94,300

House Property = 81,000

GTI = ₹13,75,300

◆ **Step 7: Deduction u/s 80C**

13,75,300 – 1,50,000

Total Income = ₹12,25,300

◆ **Step 8: Tax Calculation**

0–2,50,000 → Nil

2,50,000–5,00,000 = 12,500

5,00,000–10,00,000 = 1,00,000

10,00,000–12,25,300 (2,25,300 × 30%) = 67,590

Tax = 1,80,090

Cess 4% = 7,204

Final Tax = ₹1,87,294

Loss + Self-Occupied + Exempt Income

Question 2:

Mrs. Neha provides:

- Basic Salary = ₹6,00,000

- DA = ₹1,20,000
- HRA = ₹1,50,000
- Rent paid ₹12,000 per month (Non-metro)
- Agricultural Income = ₹3,00,000
- Self-occupied property interest = ₹2,80,000
- Let-out property income (after all deductions except interest) = ₹2,00,000
- Interest on let-out property = ₹3,50,000
- 80C investment = ₹1,20,000

Compute Total Income.

 **SOLUTION**

◆ **HRA (Non-Metro – 40%)**

Salary = 7,20,000

Rent = 1,44,000

10% salary = 72,000
= 72,000

40% salary = 2,88,000

Least = 72,000

Taxable HRA = 1,50,000 – 72,000
= 78,000

◆ **Salary**

6,00,000

- 1,20,000
- 78,000

= 7,98,000

Less Standard Deduction = 50,000

Salary Income = 7,48,000

◆ **House Property**

Self-occupied:

Max deduction = 2,00,000

Let-out:

$$2,00,000 - 3,50,000 = -1,50,000$$

Total HP Income:

$$-2,00,000$$

$$-1,50,000$$

$$= -3,50,000$$

(Max set-off allowed = 2,00,000)

So loss allowed = -2,00,000

◆ **Gross Total Income**

$$7,48,000 - 2,00,000$$

$$= 5,48,000$$

(Agricultural income fully exempt)

◆ **Deduction**

$$5,48,000 - 1,20,000$$

$$\text{Total Income} = ₹4,28,000$$