IPCC Taxation (Income-tax) November 2014 - Solution

Answer 1(a) – 10 marks

Computation of Total Income of Mr. Devansh for AY 2014-15

Particulars	Amount Rs.	Amount Rs.	Amount Rs.
Income u/h Income from House Property			
50% portion – let out			
Gross Annual Value (Actual rent assumed to be GAV in absence of information)		1,65,000	
Less: Municipal Taxes (36,000 x 50%)		18,000	
Net Annual Value		1,47,000	
Less: Deductions u/s 24			
Standard deduction @ 30% of NAV	44,100		
Interest on borrowed capital	Nil	44,100	
		1,02,900	
25% portion – self-occupied		Nil	1,02,900
Income u/h Profits & Gains of Business or Profession			
Net Profit as per P&L A/c		1,32,200	
Add: Fire Insurance (for let out & self-occupied portion) (10,000 x 75%)		7,500	
Add: Income-tax & Wealth-tax (not allowed as business expense as per section 40(a))		27,000	
Add: Household expenses (being personal expenses)		42,500	
Less: Weighted deduction for contribution to university (75% of 1,00,000)		(75,000)	
Add: Municipal Taxes (for let out & self-occupied portion) (36,000 x 75%)		27,000	
Less: Cash gift (part of Income u/h Income from Other Sources)		(1,20,000)	
Less: Interest on debentures (part of Income u/h Income from Other Sources)		(3,600)	37,600
Income u/h Capital Gains - Sale of 5,000 bonus shares			
Full Value of Consideration		2,20,000	
Less: Indexed Cost of Acquisition		Nil	
Long-term Capital Gains (Period of Holding more than 12 months)			2,20,000

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