UNIVERSITY OF DELHI

INCOME TAX

LAW AND PRACTICE

DSC 5.1

B.Com (Hons.) | B.Com (Prog.) — Third Year, Semester V

FIVE CASES

ON FORM ITR-1 SAHAJ

EVERY CASE SOLVED UNDER BOTH REGIMES

Five assessees, each with his own figures · one or two house properties in each

Salary · pension · family pension · senior and very senior citizens

Self-occupied and let out, with home loans · savings bank and fixed deposit interest

Allowances and HRA · employer's NPS · gifts · donations · dividend · long-term capital gains

Advance tax and self-assessment tax · TDS on salary, interest, dividend and rent

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Governed by the INCOME-TAX ACT, 2025

(Act No. 30 of 2025, as amended by the Finance Act, 2026, with the Income-tax Rules, 2026)

TAX YEAR 2026-27

1 April 2026 to 31 March 2027 · New Regime and Old Regime · There is no assessment year

For academic purposes only — this is not a form or a utility issued by the Income Tax Department

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FREE STUDY MATERIAL · NOT FOR SALE

Advocate Dr. S. B Rathore

About this booklet, and a request

This booklet has been prepared by Artificial Intelligence — Claude (Anthropic) — under the guidance and supervision of Advocate Dr. S. B. Rathore, from the bare text of the Income-tax Act, 2025 and the Income-tax Rules, 2026, as downloaded from incometaxindia.gov.in.

Suggestions on presentation, and reports of any discrepancy, are warmly invited.

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Suggestions and corrections are welcome

The teachers of the colleges are invited to comment freely on these cases, on the figures and on the manner of presentation, so that the material may be improved before the practical is held.

Advocate Dr. S. B. Rathore

Who this booklet is for

The Income-tax Act, 2025 came into force on 1 April 2026 and did away with the previous year and the assessment year together, putting the tax year in their place.

The two solutions given for every case

- Solution 1 — the NEW regime. The answer to the regime question is No: income-tax is computed under section 202(1). The Act calls this the DEFAULT regime, because it applies unless the assessee opts out.
- Solution 2 — the OLD regime. The answer is Yes: the option under section 202(4) of opting out of the default regime has been exercised, and income-tax is charged at the rates in Paragraph A of Part I-B of the First Schedule to the Finance Act, 2026. The workbook calls this the Alternative (old) regime.

New and default are two words for the first; old and alternative are two words for the second. Use whichever pair your teacher uses, but know that they mean the same two things. The solutions, and the two filled workbooks of each case, are always in this order — the new regime first.

One blank workbook gives both answers

Fill the form once, with the regime question "Do you wish to opt out of the default regime [section 202(4)]?" answered No, press Calculate Tax, and write down the figures. Then answer Yes, add what only the old regime allows — the exempt allowances and the Sch-HRA sheet, the Schedule XV payments on the S-123 sheet, the health insurance on S-126, the education loan on S-129-132, the donations on S-133 and S-137, the deductions under sections 128 and 153, and the loan particulars of a self-occupied house — and press Calculate Tax again. Every other entry stays as it was: not one entry in Part A, not one figure of salary, rent or other sources, not one challan and not one TDS certificate changes.

Ten separate computations move when the answer changes: the exemption of the house rent and other allowances, the standard deduction, the tax on employment, the interest on a self-occupied house, the set-off of a loss under that head, the family pension deduction, the whole of Chapter VIII save section 124, the slab table, the rebate and, through them all, the tax. Each case comes with two filled workbooks, "… - New Regime (filled).xlsm" and "… - Old Regime (filled).xlsm", which carry exactly the figures of its two solutions.

Advocate Dr.

The prescribed syllabus

Department of Commerce, University of Delhi — DSC 5.1, Income Tax Law and Practice, Semester V. These cases belong to Unit 5 (B), and draw upon Units 2, 4 and 5 (A).

Unit	Prescribed content	Where dealt with
Unit 1	Introduction — basic concepts: income, agricultural income, person, assessee, tax year; residential status and scope of total income; incomes exempt from tax	Unit 1 booklet (Introduction)
Unit 2	Computation of Income under Different Heads-1 — income from salaries; income from house property	Unit 2 Part A (Salaries); Unit 2 Part B (House Property)
Unit 3	Computation of Income under Different Heads-2 — profits and gains of business or profession; capital gains	Unit 3 Part A (Business or Profession); Unit 3 Part B (Capital Gains)
Unit 4	Income from other sources; income of other persons included in the assessee's total income; set-off and carry forward of losses	Unit 4 Part A (Other Sources); Unit 4 Part B (Clubbing and Set-off)
Unit 5 (A)	Deductions from gross total income; rebates and reliefs	Unit 5 Part A (Deductions, Rebates and Reliefs)
Unit 5 (B)	Computation of total income and tax liability of individuals; filing of returns of income on-line and TDS	Unit 5 Part B (Total Income and Tax Liability) — this booklet

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Rates, rebate and limits

These are the rates for tax year 2026-27, and the limits the Act sets against each deduction.

1 The new regime — the default regime of section 202(1)

The Table to section 202(1) of the Income-tax Act, 2025. It applies unless the assessee opts out. Seven slabs, and no distinction of age.

Total income	Rate of tax	Note
Up to ₹ 4,00,000	Nil	
₹ 4,00,001 to ₹ 8,00,000	5 per cent	
₹ 8,00,001 to ₹ 12,00,000	10 per cent	
₹ 12,00,001 to ₹ 16,00,000	15 per cent	
₹ 16,00,001 to ₹ 20,00,000	20 per cent	
₹ 20,00,001 to ₹ 24,00,000	25 per cent	
Above ₹ 24,00,000	30 per cent	Every one of these five cases reaches this slab

2 The old regime — Paragraph A, available on opting out

Paragraph A of Part I-B of the First Schedule to the Finance Act, 2026, available only where the option under section 202(4) has been exercised. Three age columns.

Total income	Below 60	60 but below 80	80 or more
Up to ₹ 2,50,000	Nil	Nil	Nil
₹ 2,50,001 to ₹ 3,00,000	5 per cent	Nil	Nil
₹ 3,00,001 to ₹ 5,00,000	5 per cent	5 per cent	Nil
₹ 5,00,001 to ₹ 10,00,000	20 per cent	20 per cent	20 per cent
Above ₹ 10,00,000	30 per cent	30 per cent	30 per cent

3 The rebate, the cess and the rounding off

Section	Applies where	The rebate
156(1)	The option under section 202(4) has been exercised and the total income does not exceed ₹ 5,00,000	One hundred per cent of the income-tax, or ₹ 12,500, whichever is less
156(2)(a)	Income-tax is chargeable under section 202(1) and the total income does not exceed ₹ 12,00,000	One hundred per cent of the income-tax, or ₹ 60,000, whichever is less
156(2)(b)	Income-tax is chargeable under section 202(1), the total income exceeds ₹ 12,00,000, and the tax exceeds the excess over ₹ 12,00,000	Tax less (total income less ₹ 12,00,000). Exhausted at ₹ 12,70,588
156(3)	Always	A ceiling: the deduction under sub-section (2) shall not exceed the income-tax payable at the rates in section 202(1)

The health and education cess is four per cent of the income-tax after rebate, under section 2 of the Finance Act, 2026. Surcharge does not arise: it begins at a total income of ₹ 50,00,000, and ITR-1 may not be used at all beyond that figure. The total income and every amount payable or refundable are rounded off under section 516 to the nearest multiple of ten rupees.

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The sections used in this booklet

Every one of them is a section of the Income-tax Act, 2025. Quote these numbers, and no others.

The matter	Section
The tax year, and the charge	3, 4
Salary, and what it includes	15 to 18
Allowances exempt — house rent allowance, and the allowances the Rules prescribe (children education, conveyance, uniform)	Schedule III, Table Sl. Nos. 11 to 13; Rules 279 and 280
Standard deduction from salary — ₹ 75,000, or ₹ 50,000 on opting out	19(1), Table Sl. No. 2
Tax on employment	19(1), Table Sl. No. 1
Annual value	21(1) to 21(5)
Self-occupied property — the annual value is nil	21(6)
Taxes paid to the local authority	21(7)(b)
Thirty per cent of the annual value	22(1)(a)
Interest on borrowed capital — ₹ 2,00,000 for both self-occupied houses together	22(1)(b)
Income from house property	20
Co-ownership	24
Set-off of a loss under the head house property — ceiling ₹ 2,00,000	109(1)(b)
Carry forward of the balance — for which ITR-1 may not be used	110
Income from other sources	92
Sums of money received without consideration — the whole, if above ₹ 50,000 from persons who are not relatives	92(2)(m)
Deduction in respect of family pension	93(1)(d)
Gross total income	122(10)
Life insurance premia, provident fund, tuition fees — ₹ 1,50,000	123
Employer's contribution to the pension scheme — 10 per cent of salary, 14 per cent under the default regime	124(1) and (2)
Health insurance premia	126
Medical treatment of a specified disease	128
Interest on loan for higher education · donations (cash above ₹ 2,000 gets nothing) · political parties (never in cash)	129 · 133 · 137
Interest on deposits — ₹ 10,000, or ₹ 50,000 for a senior citizen	153
Rebate	156
Long-term capital gains on listed equity shares held over twelve months [section 2(101)(b)] — the first ₹ 1,25,000 bears no tax	198
The default regime, and its rates · opting out of it	202(1) · 202(4)
What the default regime denies	202(2)(a)
No set-off of a house property loss under the default regime	202(2)(b)
Rounding off	516
Return of income, and the due date of 31 July 2027	263(1)

The matter	Section
Belated return · revised return	263(4) · 263(5)
Verification of the return	265
Self-assessment tax	266
Advance tax, and who must pay it	404 to 408
Interest — return furnished late · default in the payment of advance tax · deferment of advance tax	423 · 424 · 425
Fee for a late return	428(a)
Tax deducted from salary or pension	392
Tax deducted from interest and dividend	393(1)
Tax deducted from rent by an individual or Hindu undivided family — rent above ₹ 50,000 a month	393(1), Table Sl. No. 2(i)
Refund	431 and 437

Appendix — the form, and the workbook

	Tax Year 2026-27
The Act	Income-tax Act, 2025 (Act No. 30 of 2025), as amended by the Finance Act, 2026, with the Income-tax Rules, 2026
The period	1 April 2026 to 31 March 2027. There is no previous year and no assessment year — section 3
The form	The classroom workbook "ITR-1 TY 2026-27 (template).xlsm", built on the pattern of the Income Tax Department's own ITR-1 Excel utility, which speaks the language of the Act of 2025; and for each case two filled workbooks, one for each regime
What it is not	It is not a form or a utility issued by the Income Tax Department, it cannot be filed, and the JSON it writes is not to be uploaded anywhere
Due date	31 July 2027 — section 263(1)(c), Table Sl. No. 5
Date assumed in these five cases	25 July 2027 — the date of verification; within time, so no fee under section 428(a) arises
Advance tax	The challans of Schedule IT deposited on or before 31 March 2027 — sections 404 to 408
Self-assessment tax	The challans deposited after 31 March 2027 — section 266
The regime question	"Do you wish to opt out of the default regime [section 202(4)]?" — answered with the Yes and No buttons on the Income Details sheet. No leaves the assessee in the default regime of section 202(1); Yes takes him to Paragraph A

The seven gates the form must pass

ITR-1 SAHAJ is for an individual who is resident and ordinarily resident, with a total income of not more than ₹ 50,00,000, made up of salary or pension, at most two house properties, income from other sources, and long-term capital gains under section 198 of not more than ₹ 1,25,000.

He must not be a director in any company, must hold no unlisted equity share, must have had no tax deducted from him on a cash withdrawal under section 393(3), must have no agricultural income above ₹ 5,000, and must hold no asset or signing authority outside India. Each of these five assessees passes every gate.

Note. Interest under sections 423, 424 and 425 is NOT COMPUTED in this paper. The rows remain on the form, because they are on the notified return, but nothing is worked out against them. In practical life the interest is charged, and the return of a real assessee would carry it.

CASE 13.1

Shri Arun Malhotra

New Delhi · Below 60 years · salary

THE QUESTION

1. Shri Arun Malhotra, son of Shri Ram Kishore Malhotra, was born on 14 September 1984 and is resident and ordinarily resident in India. His permanent account number is AMKPM7421C and his Aadhaar number 5312-8874-2610. He lives at B-27, Vasant Enclave, Sector 11 Road, Rohini, New Delhi 110085, in the State of Delhi; his mobile number is 9811203456 and his e-mail address arun.malhotra@gmail.com.

2. He was in employment throughout the tax year 2026-27 with Trident Infotech (India) Private Limited, a company in the private sector, whose tax deduction account number is DELT03421F. The salary for the year, in the gross amount, came to ₹ 31,00,000. He received no perquisite and no profit in lieu of salary, and no allowance of any kind was paid to him. No professional tax is levied in Delhi.

3. He owns two houses, and no more, and is the sole owner of each, holding the whole hundred per cent in both. The first house, at B-27, Vasant Enclave, Sector 11 Road, Rohini, New Delhi 110085, in the State of Delhi, was in his own occupation throughout the year. He had acquired it with a loan of ₹ 42,00,000 from the State Bank of India, Home Loan Account No. 38451276093, sanctioned on 12 May 2018, the acquisition being completed in that year. Of the loan, ₹ 31,85,400 was outstanding on 31 March 2027, and the interest on it for the year came to ₹ 2,80,000.

4. The second house, at House No. 44, Vasundhara Enclave, Sector 5 Road, Vasundhara, Ghaziabad 201012, in the State of Uttar Pradesh, was let for the whole year to Shri Mohan Lal Sharma, whose permanent account number is BXYPS4512M, at a rent of ₹ 3,60,000, the whole of which was realised. He paid ₹ 18,000 to the local authority during the year. He had acquired that house with a loan of ₹ 25,00,000 from HDFC Bank Limited, Home Loan Account No. 612874903, sanctioned on 20 August 2021; ₹ 21,64,200 of it was outstanding on 31 March 2027, and the interest on it for the year came to ₹ 1,90,000. No arrears of rent and no unrealised rent were received. The rent being below ₹ 50,000 a month, the tenant deducted no tax from it.

5. His income from other sources was as follows —

Income	Amount
Interest credited to his savings bank account	₹ 22,000
Interest on fixed deposits, in the gross amount before the tax deducted	₹ 1,85,000
Dividend on listed equity shares, in the gross amount, declared and paid on 10 June 2026	₹ 95,000
Interest received on an income-tax refund	₹ 6,300
Total	**₹ 3,08,300**

6. He claims, under Chapter VIII, the following deductions, the particulars of which are to be furnished in Schedule XV of the return —

Payment	Amount	Policy / document no.
Life insurance premium — Life Insurance Corporation of India	₹ 35,000	LIC/2019/000456

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Payment	Amount	Policy / document no.
Life insurance premium — HDFC Life Insurance Company Limited	₹ 25,000	HDFC/2020/678542
Contribution to provident fund	₹ 50,000	PF/TDS/2026-27/AM/0087456
Tuition fees, first child	₹ 29,000	RPS/2026-27/04517
Tuition fees, second child	₹ 29,000	RPS/2026-27/04518
Total — life insurance, provident fund and tuition fees	**₹ 1,68,000**	
Health insurance premium, paid otherwise than in cash — National Insurance Company Limited	₹ 25,000	NINS/2022/A789456
Interest credited to his savings account	₹ 22,000	

7. He paid advance tax at the State Bank of India, Rohini Sector 11 branch, whose branch code is 0510308, by the challans below. He paid nothing after 31 March 2027.

Date of deposit	Amount	Challan No.	Remarks
15 June 2026	₹ 30,000	00417	Advance tax
15 September 2026	₹ 50,000	01293	Advance tax
15 December 2026	₹ 45,000	02864	Advance tax
15 March 2027	₹ 55,000	04519	Advance tax

8. Tax was deducted at source during the year as shown below. He claims the whole of it as credit in this tax year.

Deducted from	Amount	Deducted by	TAN / PAN
Salary	₹ 4,20,000	Trident Infotech (India) Private Limited	DELT03421F
Interest on his fixed deposits	₹ 18,500	State Bank of India	DELS54321B
Dividend	₹ 9,500	Bharat Cements Limited	MUMB07219C
Total	**₹ 4,48,000**		

9. Any refund is to be credited to his savings account no. 31234567890 with the State Bank of India, the IFS code of that branch being SBIN0000691. It is the only account he holds in India.

10. He has no income from any business or profession and no capital gain, and no agricultural income. He is not a director in any company, he holds no unlisted equity share, no tax has been deducted from him on a cash withdrawal, and he has neither any asset nor any signing authority in any account outside India. He is not a representative assessee and files no return in response to any notice. He verifies and furnishes the return himself at New Delhi on 25 July 2027, on or before the due date of 31 July 2027, and it is not a revised return.

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CASE 13.2

Smt. Kamala Iyer

Jaipur · 60 years or more but below 80 years · salary and pension

THE QUESTION

1. Smt. Kamala Iyer, daughter of Shri Subramanian Iyer, was born on 22 November 1963 and is resident and ordinarily resident in India. Her permanent account number is AKJPI3856F and her Aadhaar number 7420-1935-6682. She lives at 14, Mangal Vihar, Tonk Road, Jawahar Nagar, Jaipur 302004, in the State of Rajasthan; her mobile number is 9829114570 and her e-mail address kamala.iyer@gmail.com.

2. She drew salary until retirement on 30 June and pension thereafter, both from Rajputana Cements Limited, whose tax deduction account number is JPRK03127F. The two together, in the gross amount, came to ₹ 31,20,000 for the tax year 2026-27. She received no perquisite and no profit in lieu of salary, and no allowance of any kind was paid to her. No professional tax is levied in Rajasthan.

3. She owns two houses, and no more, and is the sole owner of each, holding the whole hundred per cent in both. The first house, at 14, Mangal Vihar, Tonk Road, Jawahar Nagar, Jaipur 302004, in the State of Rajasthan, was in her own occupation throughout the year. She had acquired it with a loan of ₹ 30,00,000 from Bank of Baroda, Home Loan Account No. 29840600011257, sanctioned on 5 March 2016, the acquisition being completed in that year. Of the loan, ₹ 24,65,300 was outstanding on 31 March 2027, and the interest on it for the year came to ₹ 2,15,000.

4. The second house, at Plot 118, Shalimar Garden, Sahibabad Road, Shalimar Garden Extension, Ghaziabad 201005, in the State of Uttar Pradesh, was let for the whole year to Shri Devendra Nath Tyagi, whose permanent account number is BLQPT7734R, at a rent of ₹ 4,20,000, the whole of which was realised. She paid ₹ 21,000 to the local authority during the year. She had acquired that house with a loan of ₹ 20,00,000 from Punjab National Bank, Home Loan Account No. 0301007700045612, sanctioned on 18 July 2019; ₹ 16,72,800 of it was outstanding on 31 March 2027, and the interest on it for the year came to ₹ 1,45,000. No arrears of rent and no unrealised rent were received. The rent being below ₹ 50,000 a month, the tenant deducted no tax from it.

5. Her income from other sources was as follows —

Income	Amount
Interest credited to her savings bank account	₹ 31,000
Interest on fixed deposits, in the gross amount before the tax deducted	₹ 2,60,000
Dividend on listed equity shares, in the gross amount, declared and paid on 22 August 2026	₹ 1,40,000
Interest received on an income-tax refund	₹ 11,400
Total	**₹ 4,42,400**

6. She claims, under Chapter VIII, the following deductions, the particulars of which are to be furnished in Schedule XV of the return —

Payment	Amount	Policy / document no.
Life insurance premium — Life Insurance Corporation of India	₹ 38,000	LIC/2008/007315

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Payment	Amount	Policy / document no.
Life insurance premium — ICICI Prudential Life Insurance Company Limited	₹ 21,000	ICPL/2014/362841
Contribution to provident fund	₹ 36,000	PF/TDS/2026-27/KI/0031582
Tuition fees, first child	₹ 32,000	JPC/2026-27/11842
Tuition fees, second child	₹ 28,000	JPC/2026-27/11843
Total — life insurance, provident fund and tuition fees	**₹ 1,55,000**	
Health insurance premium, paid otherwise than in cash — Star Health and Allied Insurance Company Limited	₹ 50,000	SHAI/2021/P348215
Interest on her deposits	₹ 2,91,000	

7. She paid advance tax at the Punjab National Bank, Jawahar Nagar branch, whose branch code is 0301127, by the challans below; the last of them was paid after the close of the year, at the same branch.

Date of deposit	Amount	Challan No.	Remarks
15 June 2026	₹ 35,000	00238	Advance tax
15 September 2026	₹ 55,000	01476	Advance tax
15 December 2026	₹ 60,000	02951	Advance tax
10 June 2027	₹ 80,000	06382	Self-assessment tax

8. Tax was deducted at source during the year as shown below. She claims the whole of it as credit in this tax year.

Deducted from	Amount	Deducted by	TAN / PAN
Salary and pension	₹ 4,90,000	Rajputana Cements Limited	JPRK03127F
Interest on her fixed deposits	₹ 26,000	State Bank of India	JPRS02914C
Dividend	₹ 14,000	Bharat Cements Limited	MUMB07219C
Total	**₹ 5,30,000**		

9. Any refund is to be credited to her savings account no. 65004321987 with the Punjab National Bank, the IFS code of that branch being PUNB0123400. It is the only account she holds in India.

10. She has no income from any business or profession and no capital gain, and no agricultural income. She is not a director in any company, she holds no unlisted equity share, no tax has been deducted from her on a cash withdrawal, and she has neither any asset nor any signing authority in any account outside India. She is not a representative assessee and files no return in response to any notice. She verifies and furnishes the return herself at Jaipur on 25 July 2027, on or before the due date of 31 July 2027, and it is not a revised return.

Advocate Dr. S. B. Rathore

CASE 13.3

Shri Hukam Chand Bansal

Chennai · 80 years or more · pension and family pension

THE QUESTION

1. Shri Hukam Chand Bansal, son of Shri Devi Dayal Bansal, was born on 8 February 1945 and is resident and ordinarily resident in India. His permanent account number is ABLPB2947H and his Aadhaar number 6103-4478-9251. He lives at Flat 9C, Kaveri Towers, Cathedral Road, Gopalapuram, Chennai 600086, in the State of Tamil Nadu; his mobile number is 9840236714 and his e-mail address hc.bansal@gmail.com.

2. He is a pensioner. The pension for the tax year 2026-27, in the gross amount, came to ₹ 32,00,000, and was disbursed by Indian Bank (pension disbursing branch), whose tax deduction account number is CHEI04563G. He received no perquisite and no profit in lieu of salary, and no allowance of any kind was paid to him. No tax on employment arises, he being a pensioner.

3. He owns two houses, and no more, and is the sole owner of each, holding the whole hundred per cent in both. The first house, at Flat 9C, Kaveri Towers, Cathedral Road, Gopalapuram, Chennai 600086, in the State of Tamil Nadu, was in his own occupation throughout the year. He had acquired it with a loan of ₹ 45,00,000 from Indian Bank, Home Loan Account No. 6234500019876, sanctioned on 14 August 2014, the acquisition being completed in that year. Of the loan, ₹ 35,82,600 was outstanding on 31 March 2027, and the interest on it for the year came to ₹ 3,10,000.

4. The second house, at C-9, Kaushambi Apartments, Link Road, Kaushambi, Ghaziabad 201010, in the State of Uttar Pradesh, was in his own occupation throughout the year. He had acquired it with a loan of ₹ 32,00,000 from Canara Bank, Home Loan Account No. 2216619004873, sanctioned on 22 February 2017, the acquisition being completed in that year. Of the loan, ₹ 26,94,400 was outstanding on 31 March 2027, and the interest on it for the year came to ₹ 2,35,000.

5. His income from other sources was as follows —

Income	Amount
Interest credited to his savings bank account	₹ 26,000
Interest on fixed deposits, in the gross amount before the tax deducted	₹ 3,15,000
Dividend on listed equity shares, in the gross amount, declared and paid on 5 November 2026	₹ 1,10,000
Family pension in the gross amount, from which no tax was deducted	₹ 3,60,000
Interest received on an income-tax refund	₹ 8,700
Total	**₹ 8,19,700**

6. He claims, under Chapter VIII, the following deductions, the particulars of which are to be furnished in Schedule XV of the return —

Payment	Amount	Policy / document no.
Life insurance premium — Life Insurance Corporation of India	₹ 46,000	LIC/1998/002164

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Payment	Amount	Policy / document no.
Life insurance premium — Max Life Insurance Company Limited	₹ 26,000	MAXL/2012/518302
Deposit in Public Provident Fund — Indian Bank, Gopalapuram branch	₹ 1,00,000	PPF A/c 7045123698
Total — life insurance and Public Provident Fund	**₹ 1,72,000**	
Health insurance premium, paid otherwise than in cash — The New India Assurance Company Limited	₹ 50,000	NIA/2019/SC71842
Own medical treatment of Parkinson's disease, a specified disease, on the prescription of a specialist	₹ 1,15,000	
Interest on his deposits	₹ 3,41,000	

7. He paid advance tax at the Indian Bank, Gopalapuram branch, whose branch code is 0602345, by the challans below. He paid nothing after 31 March 2027.

Date of deposit	Amount	Challan No.	Remarks
15 September 2026	₹ 80,000	00734	Advance tax
15 December 2026	₹ 85,000	02185	Advance tax
15 March 2027	₹ 85,000	03649	Advance tax

8. Tax was deducted at source during the year as shown below. He claims the whole of it as credit in this tax year.

Deducted from	Amount	Deducted by	TAN / PAN
Pension	₹ 4,60,000	Indian Bank (pension disbursing branch)	CHEI04563G
Interest on his fixed deposits	₹ 31,500	State Bank of India	CHES01276C
Dividend	₹ 11,000	Bharat Cements Limited	MUMB07219C
Total	**₹ 5,02,500**		

9. Any refund is to be credited to his savings account no. 40012398765 with the Indian Bank, the IFS code of that branch being IDIB000G045. It is the only account he holds in India.

10. He has no income from any business or profession and no capital gain, and no agricultural income. He is not a director in any company, he holds no unlisted equity share, no tax has been deducted from him on a cash withdrawal, and he has neither any asset nor any signing authority in any account outside India. He is not a representative assessee and files no return in response to any notice. He verifies and furnishes the return himself at Chennai on 25 July 2027, on or before the due date of 31 July 2027, and it is not a revised return.

Advocate Dr. S. B. Rathore

CASE 13.4

Shri Nikhil Deshpande

Mumbai · Below 60 years · salary, allowances, two houses and Chapter VIII

THE QUESTION

A. The case, in paragraphs

1. Shri Nikhil Deshpande, son of Shri Anant Rao Deshpande, was born on 3 June 1978 and is resident and ordinarily resident in India — PAN AFTPD6132J, Aadhaar 2298-6741-3305, mobile 9820451163, e-mail nikhil.deshpande@gmail.com. He lives at 1204, Sagar Darshan, Veera Desai Road, Andheri West, Mumbai 400053, Maharashtra, and has no other address.

2. He was in employment throughout the tax year 2026-27 with Konkan Chemicals Limited, a company in the private sector, whose tax deduction account number is MUMK02845D. His pay for the year was made up as follows —

Component of pay	Per month	For the year	Component of pay	Per month	For the year
Basic salary	₹ 1,40,000	₹ 16,80,000	Conveyance allowance [a]	₹ 6,000	₹ 72,000
Dearness allowance [b]	₹ 28,000	₹ 3,36,000	Uniform allowance [c]	₹ 2,000	₹ 24,000
House rent allowance	₹ 50,000	₹ 6,00,000	Medical allowance	₹ 1,250	₹ 15,000
Children education allowance [d]	₹ 8,000	₹ 96,000	City compensatory allowance	₹ 3,000	₹ 36,000
Hostel expenditure allowance [e]	₹ 10,000	₹ 1,20,000	Entertainment allowance	₹ 2,000	₹ 24,000
Performance bonus (March 2027)	—	₹ 2,00,000	**Gross salary for the year**		**₹ 32,03,000**

(a) No free conveyance is provided; he spent ₹ 60,000 on conveyance in the performance of his duties. (b) One-half enters into retirement benefits under the terms of employment. (c) He spent ₹ 18,000 on the safety uniform worn at the plant at Taloja. (d) ₹ 4,000 a month for each of his two children. (e) For the elder child, in a school hostel at Panchgani. He received no perquisite and no profit in lieu of salary, and paid tax on employment of ₹ 2,500 to the Municipal Corporation of Greater Mumbai.

3. The flat in which he lived throughout the year is not his own. It belongs to Smt. Asha Mehta, PAN BQZPM4417C, to whom he paid rent of ₹ 48,000 a month, ₹ 5,76,000 for the year, by transfer to her bank account.

4. He is the sole owner of two houses, each acquired with a home loan and let out for the whole year; the whole rent was realised, and no arrears or unrealised rent were received —

	Property 1 — Bandra West, Mumbai	Property 2 — Dundahera, Ghaziabad
Address	8, Shivneri Apartments, S. V. Road, Bandra West, Mumbai 400050, Maharashtra	D-212, Crossings Republic, NH-24 Service Road, Dundahera, Ghaziabad 201016, Uttar Pradesh
Tenant · PAN	Shri Vikram Chandra Joshi · AJTPJ6318K	Smt. Rekha Bhardwaj · CKMPB2298N
Rent · municipal taxes paid	₹ 8,40,000 · ₹ 42,000	₹ 4,80,000 · ₹ 24,000
Loan: bank · account · sanctioned	ICICI Bank Limited · 602405018734 · 10/06/2017	Axis Bank Limited · 920020047812365 · 16/11/2020
Loan · outstanding 31/03/2027 · interest	₹ 45,00,000 · ₹ 36,42,800 · ₹ 3,25,000	₹ 28,00,000 · ₹ 23,56,200 · ₹ 2,10,000
Tax deducted by the tenant	₹ 16,800, against the tenant's own PAN	Nil — the rent is below ₹ 50,000 a month

5. He earned interest of ₹ 19,000 on his savings bank accounts; interest of ₹ 2,20,000, gross, on fixed deposits with the State Bank of India; interest of ₹ 13,200 on an income-tax refund; and a dividend of ₹ 1,60,000, gross, on listed equity shares of Bharat Cements Limited, declared and paid on 28 May 2026.

6. Without any consideration, he received on his birthday, 3 June 2026, ₹ 15,000 by UPI from Shri Rohan Kulkarni, a colleague; ₹ 11,000 by UPI from Shri Kedar Deshpande, his cousin, the son of his father's brother; and ₹ 1,00,000 by cheque from Shri Madhav Gokhale, his mother's brother; and on Diwali, in November 2026, ₹ 25,000 by cheque from Shri Sameer Joshi, a friend.

7. He claims a deduction under Chapter VIII for every payment in Part B, and under section 153 for the interest of ₹ 19,000 on his savings accounts; and credit in this year for all the tax deducted from him at source (none was collected at source). His bank accounts are in Part B. He has no income from business or profession, no capital gain and no agricultural income; is not a director in any company; holds no unlisted equity share; has had no tax deducted on a cash withdrawal; and has no asset or signing authority outside India. He verifies and furnishes the return himself at Mumbai on 25 July 2027, the due

Advocate Dr. S. B. Rathore

date being 31 July 2027; it is neither a revised return nor one under the seventh proviso to section 263(1).

B. The particulars for the schedules

Sheet	Payment, or tax paid	Particulars for the schedule	Amount
S-123 section 123	Life insurance premium — LIC of India	Policy LIC/2011/005862, issued in 2011 · sum assured ₹ 5,00,000	₹ 42,000
	Life insurance premium — Tata AIA Life	Policy TAIA/2018/447193, issued in 2018 · sum assured ₹ 10,00,000	₹ 24,000
	Contribution to provident fund	Document identification number PF/TDS/2026-27/ND/0052197	₹ 72,000
	Tuition fees — first child	Residential school at Panchgani · receipt PRS/2026-27/00817, which also shows boarding and lodging charges of ₹ 1,38,000	₹ 21,000
	Tuition fees — second child	Day school at Andheri · receipt SVS/2026-27/02164	₹ 21,000
	Housing loan repaid — Property 1	ICICI Bank Limited · Home Loan Account No. 602405018734	₹ 1,18,000
	Housing loan repaid — Property 2	Axis Bank Limited · Home Loan Account No. 920020047812365	₹ 82,000
S-126 section 126	Health insurance — himself, his wife, aged 45, and their two children	ICICI Lombard General Insurance Company Limited · policy ICL/2023/H518236 · receipt ICL/R/2026/774512 · by net banking	₹ 25,000
	Health insurance — his parents, aged 79 and 74	Care Health Insurance Limited · policy CHI/2022/SC40918 · receipt CHI/R/2026/119384 · by cheque · the parents live on their own pension	₹ 47,000
	Preventive check-up — both parents	Paid in cash	₹ 5,000
S-129-132 section 129	Interest — education loan for his wife's two-year M.B.A.	HDFC Bank Limited, IFSC HDFC0001234 · a/c 89120004517326 · sanctioned 18/02/2023 · loan ₹ 15,00,000 · outstanding 31/03/2027 ₹ 7,46,200 · interest paid since the year 2023-24	₹ 78,600
	Interest — his brother's education loan	Axis Bank Limited · sanctioned 09/08/2024 · for his brother's B.Tech.	₹ 42,000
S-133 section 133	National Defence Fund	PMO, Seva Teerth, New Delhi 110011 (09-DELHI) · PAN AAAGN0009F · NEFT 15/08/2026, ref. HDFCN26228459013, IFSC HDFC0001234	₹ 25,000
	Sankalp Shiksha Foundation — a registered non-profit organisation approved under section 354	Plot 41, Paud Road, Kothrud, Pune 411038 (19-MAHARASHTRA) · PAN AAETS5417M · ARN AAETS5417MF2026000458 · cheque no. 004518 of 05/09/2026, IFSC HDFC0001234	₹ 60,000
	The same Foundation, at its annual day	Paid in cash on 14/11/2026	₹ 5,000
S-137 section 137	Lok Kalyan Party — registered under section 29A of the RP Act, 1951	PAN AAAAL7392J · UPI on 02/10/2026, reference 627514839201, IFSC HDFC0001234	₹ 40,000
	The same party, at a public meeting	Paid in cash on 26/01/2027	₹ 10,000
Schedule IT BSR code 0230118	Advance tax	Deposited on 15/09/2026 · challan no. 00592	₹ 35,000
	Advance tax	Deposited on 15/12/2026 · challan no. 01807	₹ 40,000
	Advance tax	Deposited on 15/03/2027 · challan no. 03264	₹ 40,000
	Self-assessment tax	Deposited on 10/06/2027 · challan no. 04933	₹ 9,590
TDS	Salary (Form 130)	Konkan Chemicals Limited · TAN MUMK02845D · section 392	₹ 5,30,000
	FD interest ₹ 2,20,000 (Form 131)	State Bank of India · TAN MUMS03917E · TDS code 1021	₹ 22,000
	Dividend ₹ 1,60,000 (Form 131)	Bharat Cements Limited · TAN MUMB07219C · TDS code 1029	₹ 16,000
	Rent ₹ 8,40,000 (Form 132)	Shri Vikram Chandra Joshi · PAN AJTPJ6318K · TDS code 1007	₹ 16,800
Bank accounts	Savings account — HDFC Bank	Account no. 50100234567 · IFSC HDFC0001234 · selected for the refund	—
	Savings account — State Bank of India	Account no. 30418762295 · IFSC SBIN0001492	—
	Savings account — ICICI Bank	Account no. 004801529836 · IFSC ICIC0000048	—

What you are required to do

Fill Form ITR-1 SAHAJ from the facts above, and compute the total income and the amount payable or refundable twice over, under each regime of the tax year; then say which regime costs him less.

- Solution 1 — the NEW regime, which is the default. Answer No at (A20); income-tax is computed under section 202(1).
- Solution 2 — the OLD regime. Answer Yes at (A20); the option under section 202(4) is exercised.

Note. Interest under sections 423, 424 and 425 is NOT COMPUTED in this paper. The rows remain on the form, because they are on the notified return, but nothing is worked out against them. In practical life the interest is charged, and the return of a real assessee would carry it.

Advocate Dr. S. B. Rathore

CASE 13.5

Shri Rajeev Menon

Bengaluru · Below 60 years · salary and allowances, a let-out house, capital gains and Chapter VIII

THE QUESTION

A. The case, in paragraphs

1. Shri Rajeev Menon, son of Shri Balakrishna Menon, was born on 27 January 1981 and is resident and ordinarily resident in India — PAN AQVPM5417D, Aadhaar 8836-2094-5713, mobile 9845307162, e-mail rajeev.menon@gmail.com. He lives at 402, Brigade Palm Court, 100 Feet Road, Indiranagar, Bengaluru 560038, Karnataka, and has no other address.

2. He was in employment throughout the tax year 2026-27 with Nandi Systems Limited, a company in the private sector, whose tax deduction account number is BLRN04182D. His pay for the year was made up as follows —

Component of pay	Per month	For the year	Component of pay	Per month	For the year
Basic salary	₹ 1,20,000	₹ 14,40,000	Children education allowance [b]	₹ 7,000	₹ 84,000
Dearness allowance [a]	₹ 24,000	₹ 2,88,000	Special allowance	₹ 6,000	₹ 72,000
House rent allowance	₹ 40,000	₹ 4,80,000	Performance bonus (October 2026)	—	₹ 1,50,000
Employer's contribution to NPS [c]	₹ 14,400	₹ 1,72,800	**Gross salary for the year**	—	**₹ 26,86,800**

(a) The whole of the dearness allowance enters into retirement benefits under the terms of employment. (b) ₹ 3,500 a month for each of his two children, both at school in Bengaluru; no hostel allowance is paid. (c) Ten per cent of his basic salary and dearness allowance, credited by the employer to his account under the National Pension System; the employer's contributions to the provident fund and the pension scheme together are well within ₹ 7,50,000. He received no other perquisite and no profit in lieu of salary, and paid tax on employment of ₹ 2,500, deducted by his employer under the Karnataka law.

3. The flat in which he lives is not his own. It belongs to Smt. Lakshmi Narayanan, PAN AFZPN3368Q, to whom he paid rent of ₹ 42,000 a month, ₹ 5,04,000 for the year, by transfer to her bank account.

4. He is the sole owner of one other house, bought with a home loan and let out for the whole year; the whole rent was realised, and no arrears or unrealised rent were received —

Particulars of the house	Details
Address	Flat 7B, Marine Heights, 5th Cross Road, Panampilly Nagar, Kochi 682036, Kerala
Tenant · PAN	Shri Thomas Varghese · ABHPV4721K — an individual
Rent	₹ 55,000 a month · ₹ 6,60,000 for the year
Municipal tax paid	₹ 18,000, to the Kochi Municipal Corporation
Loan: bank · account · sanctioned	Federal Bank Limited · Home Loan Account No. 16037300012894 · 14/07/2019
Loan · outstanding 31/03/2027	₹ 30,00,000 · ₹ 21,46,300
Paid in the year	Interest ₹ 1,80,000 · principal repaid ₹ 1,10,000
Tax deducted by the tenant	₹ 13,200 — 2 per cent, from the rent for March 2027, against the tenant's own PAN; certificate given

5. His interest income for the year was —

Interest on	Bank · account	Amount, gross	Tax deducted
Savings account	Canara Bank · 04211234567	₹ 9,400	Nil
Savings account	HDFC Bank · 50100387216450	₹ 6,100	Nil
Fixed deposit	Canara Bank, Indiranagar	₹ 1,20,000	₹ 12,000

6. He received the following sums of money without any consideration —

Received from	Relationship	Date and mode	Amount
Smt. Anjali Nair	His sister	By cheque — 2 November 2026	₹ 1,00,000
Shri Arvind Rao	A friend	By UPI — his birthday, 27 January 2027	₹ 35,000
Shri Sunil Hegde	A colleague	By UPI — his birthday, 27 January 2027	₹ 25,000

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7. He sold listed equity shares on the National Stock Exchange. Securities transaction tax was paid when he bought them and again when he sold them; brokerage may be ignored —

Equity shares of	Number	Bought on	Cost	Sold on	Sale consideration
Kaveri Textiles Limited	400	12/05/2023	₹ 1,72,000	18/09/2026	₹ 2,36,000
Sahyadri Power Limited	250	03/02/2025	₹ 1,50,000	10/03/2027	₹ 2,05,000

8. He claims a deduction under Chapter VIII for every payment in Part B, for his employer's contribution to the pension scheme, and under section 153 for the interest on his savings accounts; and credit in this year for all the tax deducted from him at source (none was collected at source). He has no income from business or profession, no other capital gain and no agricultural income; is not a director in any company; holds no unlisted equity share; and has no asset or signing authority outside India. He verifies and furnishes the return himself at Bengaluru on 25 July 2027, the due date being 31 July 2027; it is neither a revised return nor one under the seventh proviso to section 263(1).

B. The particulars for the schedules

Sheet	Payment, or tax paid	Particulars for the schedule	Amount
S-123 section 123	Life insurance premium — LIC of India	Policy LIC/2014/118274, issued in 2014 · sum assured ₹ 6,00,000	₹ 36,000
	Public Provident Fund	Deposit in his account with Canara Bank · PPF/04212245781	₹ 60,000
	Tuition fees — first child	Sri Vidya Mandir School, Indiranagar · receipt SVM/2026-27/03318	₹ 32,000
	Tuition fees — second child	The same school · receipt SVM/2026-27/03319	₹ 24,000
	Housing loan repaid — principal	Federal Bank Limited · Home Loan Account No. 16037300012894	₹ 1,10,000
S-126 section 126	Health insurance — himself, his wife, aged 43, and their two children	Niva Bupa Health Insurance Company Limited · policy NBHI/2024/R672940 · by net banking	₹ 21,000
	Health insurance — his parents, aged 76 and 71	Care Health Insurance Limited · policy CHI/2023/SC51876 · by cheque · the parents live on their own pension	₹ 46,000
Part C 5e section 124	Employer's contribution to the pension scheme (NPS)	Nandi Systems Limited · ten per cent of basic salary and dearness allowance (₹ 17,28,000) · his PRAN 110098765432	₹ 1,72,800
Schedule IT BSR code 0410562	Advance tax — Canara Bank, Indiranagar	Deposited on 15/12/2026 · challan no. 02986	₹ 15,000
	Advance tax — Canara Bank, Indiranagar	Deposited on 15/03/2027 · challan no. 04371	₹ 15,000
TDS	Salary (Form 130)	Nandi Systems Limited · TAN BLRN04182D · section 392	₹ 4,20,000
	FD interest ₹ 1,20,000 (Form 131)	Canara Bank · TAN BLRC02719E · TDS code 1021	₹ 12,000
	Rent ₹ 6,60,000 (Form 132)	Shri Thomas Varghese · PAN ABHPV4721K · TDS code 1007	₹ 13,200
Bank accounts	Savings account — Canara Bank	Account no. 04211234567 · IFSC CNRB0001842 · selected for the refund	—
	Savings account — HDFC Bank	Account no. 50100387216450 · IFSC HDFC0001715	—

What you are required to do

Fill Form ITR-1 SAHAJ from the facts above, and compute the total income and the amount payable or refundable twice over, under each regime of the tax year; then say which regime costs him less.

- Solution 1 — the **NEW** regime, which is the default. Answer **No** at (A20); income-tax is computed under section 202(1).
- Solution 2 — the **OLD** regime. Answer **Yes** at (A20); the option under section 202(4) is exercised.

Note. Interest under sections 423, 424 and 425 is NOT COMPUTED in this paper. The rows remain on the form, because they are on the notified return, but nothing is worked out against them. In practical life the interest is charged, and the return of a real assessee would carry it.

Advocate Dr. S. B. Rathore