BHARATI COLLEGE

(University of Delhi)

B.Com (Hons) / B.Com (Prog), Semester V · DSC-5.1 Income Tax Law and Practice · Tax Year 2026-27 · Income-tax Act, 2025

CASE 1 · Smt. Neha Kaushik · Delhi

SOLUTION (a) OLD REGIME

The option of section 202(4) is exercised, so income-tax is charged at the rates in Paragraph A of Part I-B of the First Schedule to the Finance Act, 2026. Tax year 2026-27: 1 April 2026 to 31 March 2027. Interest under sections 423 to 425 is not computed; the return is furnished within the due date of 31 July 2027.

INCOME FROM SALARIES		
Basic salary (₹ 2,00,000 a month)	₹ 24,00,000	
Dearness allowance (₹ 50,000 a month) — the whole of it enters retirement benefits	₹ 6,00,000	
House rent allowance (₹ 60,000 a month)	₹ 7,20,000	
Salary for the year, in the gross amount [sections 15 and 16]	₹ 37,20,000	
Less: house rent allowance — nothing exempt, she lives in her own flat and pays no rent [Schedule III, Table Sl. No. 11; Rule 279(1)(b)]	₹ 0	
Net salary	₹ 37,20,000	
Less: standard deduction — ₹ 50,000, or the salary, whichever is less [section 19(1), Table Sl. No. 2]	₹ 50,000	
Income chargeable under the head "Salaries"		**₹ 36,70,000**
INCOME FROM HOUSE PROPERTY		
Property 1 — Rohini, Delhi — self-occupied		
Annual value — nil, the house being in the owner's own occupation [section 21(6)]	₹ 0	
Income from property 1		₹ 0
Property 2 — Greater Noida West — let out		
Gross rent received or receivable for the year [section 21(1)]	₹ 2,16,000	
Less: taxes paid to the local authority during the year [section 21(7)(b)]	₹ 4,800	
Annual value	₹ 2,11,200	
Less: thirty per cent of the annual value [section 22(1)(a)]	₹ 63,360	
Less: interest on the home loan — allowed in full, the house being let out [section 22(1)(b)]	₹ 1,35,000	
Income from property 2		₹ 12,840
Total of the two properties		₹ 12,840
Income chargeable under the head "Income from house property"		**₹ 12,840**
INCOME FROM OTHER SOURCES		
Interest credited to the savings bank accounts — HDFC Bank and State Bank of India [section 92]	₹ 12,600	
Interest on fixed deposits — HDFC Bank, in the gross amount	₹ 46,000	
Dividend on listed equity shares of Yamuna Agro Foods Limited, in the gross amount	₹ 8,500	
Income chargeable under the head "Income from other sources"		**₹ 67,100**

CASE 1 · Smt. Neha Kaushik · SOLUTION (a) OLD REGIME, continued

LONG-TERM CAPITAL GAINS ON LISTED EQUITY SHARES		
Sale consideration of the shares of Aravali Auto Parts Limited sold on 08/12/2026, securities transaction tax paid on acquisition and on transfer [section 198(1)]	₹ 1,88,000	
Less: cost of acquisition (acquired in May 2024)	₹ 1,39,500	
Long-term capital gain — held for more than twelve months [section 2(101)(b)]; within ₹ 1,25,000 [section 198]		₹ 48,500
GROSS TOTAL INCOME [section 122(10)]		**₹ 37,98,440**
DEDUCTIONS FROM GROSS TOTAL INCOME — Chapter VIII		
Payments of Schedule XV — provident fund ₹ 1,24,416, PPF ₹ 20,000, tuition fees — one child ₹ 24,000, housing loan principal ₹ 48,000; total ₹ 2,16,416, restricted to the ceiling of ₹ 1,50,000 [section 123]	₹ 1,50,000	
Health insurance — self and family: ₹ 18,600 paid; ceiling ₹ 25,000 [section 126]	₹ 18,600	
Interest on savings account — ₹ 12,600; ceiling ₹ 10,000 [section 153]	₹ 10,000	
Total of the deductions allowed		**₹ 1,78,600**
TOTAL INCOME, rounded off [section 516]		**₹ 36,19,840**
TAX ON THE TOTAL INCOME		
Memorandum: income charged at the slab rates — the total income less the long-term capital gain of ₹ 48,500 [section 198(2)(b)]	₹ 35,71,340	
On the first ₹ 2,50,000 — Nil [Paragraph A, Part I-B, First Schedule, Finance Act, 2026]	Nil	
On the next ₹ 2,50,000 — 5 per cent	₹ 12,500	
On the next ₹ 5,00,000 — 20 per cent	₹ 1,00,000	
On the balance of ₹ 25,71,340 — 30 per cent	₹ 7,71,402	
Tax on the long-term capital gain — nil, the gain being within ₹ 1,25,000 [section 198(2)(a)]	₹ 0	
Tax payable on the total income		**₹ 8,83,902**
Less: rebate — nil, total income above ₹ 5,00,000 [section 156]		₹ 0
Add: health and education cess at four per cent [section 2, Finance Act, 2026]		₹ 35,356
TOTAL TAX AND CESS		**₹ 9,19,258**
TOTAL TAX, rounded off [section 516]		**₹ 9,19,260**
TAXES PAID, AND THE AMOUNT PAYABLE OR REFUNDABLE		
Less: TDS — salary (Aravali Tech Solutions Limited) [section 392]	₹ 9,24,000	
Less: advance tax paid on 15/03/2027 [sections 404 to 408]	₹ 10,000	
Total taxes paid		**₹ 9,34,000**
REFUND DUE, rounded off [sections 431 and 437]		**₹ 14,740**

The figures to check

Total income ₹ 36,19,840 · Total tax ₹ 9,19,260 · Refund due ₹ 14,740