

CHAPTER 1

INTRODUCTION TO INCOME TAX

Illustration 1

Compute the tax liability of R, aged 60 years non-resident in India, whose total income for the previous year 2022-23 is ₹8,90,460.

Solution

Particulars	Amount (₹)
Total income	8,90,460
First ₹2,50,000	Nil
Next ₹2,50,000 @5%	12,500
Balance ₹3,90,460 @20%	78,092
	90,592
Add: health and education cess @4%	3,623.68
	94,215.68
Tax rounded off	94,220

Illustration 2

Total income of Mrs. R, aged 64 years resident in India, for the assessment year 2023-24 is ₹11,45,640. Compute her tax liability.

Solution

Total income of the R aged 64 years ₹11,45,640

Particulars	Amount (₹)
First ₹3,00,000	Nil
Next ₹2,00,000 @5%	10,000
Next ₹5,00,000 @20%	1,00,000
Balance ₹1,45,640 @30%	43,692
	1,53,692
Add: health and education cess @4%	6,147.68
Total tax	1,59,839.68
Tax rounded off	1,59,840

Illustration 3

Total income of R, Aged 70 resident in India, for the assessment year 2023 - 24 is ₹9,54,430. Compute his tax liability.

Solution

Total income of R aged 70 ₹9,54,430

Particulars	Amount (₹)
First ₹3,00,000	Nil
Next ₹2,00,000 @5%	10,000
Balance ₹4,54,430 @20%	90,886
	1,00,886
Add: health and education cess @4%	4,035.44
	1,04,921.41
Tax rounded off	1,04,920

Illustration 4

Total income of R aged 50 years resident in India is ₹4,35,400. Compute his tax liability.

Solution

Total income of R ₹4,35,400

Particulars	Amount (₹)
First ₹2,50,000	Nil
Balance ₹1,85,400 @5%	9,270
	9,270
Less: rebate u/s 87A as total income exceeds ₹3,50,000	Nil
	9,270
Add: health and education cess @4%	370.80
	9,640.80
Tax rounded off	9,640

Illustration 5

Total income of R aged 70 a resident in India for the assessment year 2023 - 24 is ₹10,90,450 compute his tax liability.

Solution

Total income of the R aged 70 year ₹10,90,450

Particulars	Amount (₹)
First ₹3,00,000	Nil
Next ₹2,00,000 @5%	10,000
Next ₹5,00,000 @20%	1,00,000
Balance ₹90,450 @30%	27,135
	1,37,135

Add: health and education cess @4%	5,485.40
Total tax	1,42,620.40
Tax rounded off	1,42,620

Illustration 6

Total income of Mrs. R, aged 50 a non-resident of India is ₹2,94,000. Compute her tax liability for the assessment year 2023 - 24.

Solution

Total income of R ₹2,94,000

Particulars	Amount (₹)
First ₹2,50,000	Nil
Balance ₹44,000 @ 5%	2,200
	2,200
Less: rebate u/s 87A not allowed as she is not resident	Nil
	2,200
Add: health and education cess @4%	88
	2,288
Tax rounded off	2,290

Illustration 7

Total income of R aged 56 is ₹7,26,500. Compute his tax liability for the assessment year 2023- 24.

Solution

Total income of R aged 56 ₹7,26,500

Particulars	Amount (₹)
First ₹2,50,000	Nil
Next ₹2,50,000 @5%	12,500
Balance ₹2,26,500 @20%	45,300
	57,800
Add: health and education cess @4%	2,312
	60,112
Tax rounded off	60,110