

**TEST 1- BASICS OF INCOME TAX****Illustration 1**

Compute the tax liability of R, aged 60 years non-resident in India, whose total income for the previous year 2020-21 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 2021-22 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 2021-22 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 2021-22 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 2021-22.

**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 2021-22.

**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

**Illustration 08**

Compute the amount of marginal relief available if the income of Mr. Darwaja is Rs 50200000 and tax Payable

**Solution**

Particulars	Difference	Rate	50000000	50200000
Up to 2,50,000	250000	Nil		
2,50,000 to 5,00,000	250000	5%	12500	12500

CMA VIPUL SHAH	FOR 2021 EXAM		BASICS OF INCOME TAX	
5,00,000 to 10,00,000	500000	20%	100000	100000
Above 10,00,000	4.90,00,000	30%	1,47,00,000	
	4.92,00,000	30%		1,47,60,000
Total Tax			1,48,12,500	1,48,72,500
<b>Add:</b> SC @ 25% / 37% on Tax			37,03,125	55,02,825
= TAX + SC			1,85,15,625	2,03,75,325

<b>Marginal Relief</b>	[(Income tax + surcharge on actual income) - (Income tax on 5 crore as the case may be)] - [actual income - 5 crore]
	[2,03,75,325-1,85,15,625]-[5,02,00,000-5,00,00,000]
	18,59,700-2,00,000
	<b>16,59,700</b>

#### Calculation of Tax liability after Marginal Relief

Particulars	Amount
= Tax plus surcharge	2,03,75,325
<b>Less:</b> Marginal relief computed above	<b>16,59,700</b>
= Tax plus surcharge	1,87,15,625
<b>Add:</b> Cess @ 4%	7,48,625
= Tax liability	<b>1,94,64,250</b>