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Law & Taxation

B. Com Part III

Chapter - Assessment of individuals

Exercise - 16 Numerical

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Question.

Dr. Verma is a Senior Lecturer in a Degree College. Following information relate for Assessment year 2019-20.

- (i) Basic salary - 12000 P.M.
  - (ii) D.A - 45% of salary.
  - (iii) Wardenship Allowances @ 400 P.M.
  - (iv) Examinership Remuneration Rs. 3000
  - (v) Royalty from books for school (computed) Rs 22500
  - (vi) Gross Interest on Govt securities Rs. 5000
  - (vii) Interest on Tax free debenture (gross) 8000. Debenture are issued by a public sector company and are notified
  - (viii) Dividend on share of a foreign company Rs. 2500
  - (ix) Income from House property 10000 (computed)
  - (x) Contribution to Statutory P.F. Rs. 5000
  - (xi) Contribution to public P.F. Rs. 12000
  - (xii) Donation to approved charitable institution 10000
  - (xiii) Premium paid by cheque on medical insurance policy on the health of dependent father 3000
- compute his total income.

Ans.

Computation of Total Income of ~~Mr~~  
Mr. Verma  
for Assessment year 2019-20

(A) Income from Salary:

|                               |                     |               |
|-------------------------------|---------------------|---------------|
| (i) Salary                    | $12000 \times 12 =$ | 144000        |
| (ii) Dearness Allowance       |                     | 64800         |
| (iii) Wardenship Allowance    | $45\%$              | 4800          |
|                               | $400 \times 12 =$   | 213600        |
| (-) Deduction u/s 16 Standard |                     | 40000         |
|                               |                     | <u>173600</u> |
|                               |                     | 10000         |

(B) Income from House Property:

(C) Income from other sources:

|                                          |              |
|------------------------------------------|--------------|
| (i) Examinership Remuneration            | 3000         |
| (ii) Royalty on book                     | 22500        |
| (iii) Int on Govt securities             | 5000         |
| (iv) Int on debentures                   | 3000         |
| (v) Dividend as shown on foreign company | 2500         |
|                                          | <u>36000</u> |

Gross Total Income 219600

(-) Deductions:

|                         |                                 |
|-------------------------|---------------------------------|
| (i) u/s 80 D Premium    | 3000                            |
| (ii) u/s 80 E Donations | 5000                            |
| (iii) u/s 80 C P.F.     | $56\% \text{ of } 10000 = 5600$ |
|                         | 17000                           |
|                         | <u>25000</u>                    |
| Taxable Income          | <u>194600</u>                   |