

## 1. INTRODUCTION TO TAX

## ASSIGNMENT SOLUTIONS

## PROBLEM NO:1

i) Mr. Mohan: Resident(Individual) of 40 years having total income of Rs.12,80,000

## Computation of Tax liability

Tax slabs	Computation	Tax (Rs.)
UP TO 2,50,000	-	Nil
From 2,50,000 to Rs.5,00,000	(5,00,000-2,50,000) x 5%	12,500
From 5,00,000 to Rs.10,00,000	(10,00,000-5,00,000) x 20%	1,00,000
In excess of 10,00,000	(12,80,000-10,00,000) x 30%	84,000
<b>Total</b>		<b>1,96,500</b>
Add: Health and education cess @ 4% (1,96,500 x 4%)		7,860
<b>Total tax liability</b>		<b>2,04,360</b>

ii) Mrs. Swathi: Non-resident Individual of 52 years having total income of Rs.19,25,000

## Computation of Tax Liability

Tax slabs	Computation	Tax (Rs.)
UP TO 2,50,000	-	Nil
From 2,50,000 to Rs.5,00,000	(5,00,000-2,50,000) x 5%	12,500
From 5,00,000 to Rs.10,00,000	(10,00,000-5,00,000) x 20%	1,00,000
In excess of 10,00,000	(19,25,000-10,00,000) x 30%	2,77,500
<b>Total</b>		<b>3,90,000</b>
Add: Health and education cess @ 4% (3,90,000 x 4%)		15,600
<b>Total tax liability</b>		<b>4,05,600</b>

iii) Mr. Bansal: Resident Individual of 75 years having total income of Rs.10,28,000

## Computation of Tax Liability

Tax slabs	Computation	Tax (Rs.)
UP TO 3,00,000	-	Nil
From 3,00,000 to Rs.5,00,000	(5,00,000-3,00,000) x 5%	10,000
From 5,00,000 to Rs.10,00,000	(10,00,000-5,00,000) x 20%	1,00,000
In excess of 10,00,000	(10,28,000-10,00,000) x 30%	8,400
<b>Total</b>		<b>1,18,400</b>
Add: Health and education cess @ 4% (1,18,400 x 4%)		4,736
<b>Total tax liability</b>		<b>1,23,136</b>

iv) M/s Vasavi firm having total income of Rs.10,10,000

## Computation of Tax Liability

Particulars	Computation	Amount (Rs.)
Gross tax liability	Rs.10,10,000 x 30%	3,03,000
Add: Health and education cess @ 4% (3,03,000 x 4%)		12,120
<b>Total tax liability</b>		<b>3,15,120</b>

v) Mrs. Resham: Non-resident individual of 80 years having total income of Rs.12,00,000

## Computation of Tax Liability

Tax slabs	Computation	Tax (Rs.)
UP TO 2,50,000	-	Nil
From 2,50,000 to Rs.5,00,000	(5,00,000-2,50,000) x 5%	12,500
From 5,00,000 to Rs.10,00,000	(10,00,000-5,00,000) x 20%	1,00,000
In excess of 10,00,000	(12,00,000-10,00,000) x 30%	60,000
<b>Total</b>		<b>1,72,500</b>
Add: Health and education cess @ 4% (1,72,500 x 4%)		6,900
<b>Total tax liability</b>		<b>1,79,400</b>

vi) Mrs. Radhika: Resident Individual of 80 years of total income of Rs.12,00,000

**Computation of Tax Liability**

Tax slabs	Computation	Tax (Rs.)
UP TO 5,00,000	-	Nil
From 5,00,000 to Rs.10,00,000	(10,00,000-5,00,000) x 20%	1,00,000
In excess of 10,00,000	(12,00,000-10,00,000) x 30%	60,000
<b>Total</b>		<b>1,60,000</b>
<b>Add: Health and education cess @ 4% (1,60,000 x 4%)</b>		<b>6,400</b>
<b>Total tax liability</b>		<b>1,66,400</b>

vii) Srinivas Ltd: Indian co having total income of Rs.10,00,001

**Computation of Tax Liability**

Particulars	Computation	Amount (Rs.)
Gross tax liability	Rs.10,00,001 x 30%	3,00,000
<b>Add: Health and education cess @ 4% (3,00,000 x 4%)</b>		<b>12,000</b>
<b>Total tax liability (rounded off)</b>		<b>3,12,000</b>

viii) Prakash Ltd: Foreign co having total income of Rs.20,00,002

**Computation of Tax Liability**

Particulars	Computation	Amount (Rs.)
Gross tax liability	Rs.20,00,001 x 40%	8,00,000
<b>Add: Health and education cess @ 4% (8,00,000 x 4%)</b>		<b>32,000</b>
<b>Total tax liability (rounded off)</b>		<b>8,32,000</b>

**PROBLEM NO: 2**

**Computation of Tax liability of Mr. X (Normal Route)**

Tax slabs	Computation	Tax (Rs.)
UP TO 2,50,000	-	Nil
From 2,50,000 to Rs.5,00,000	(5,00,000 - 2,50,000) x 5%	12,500
From 5,00,000 to Rs.10,00,000	(10,00,000 - 5,00,000) x 20%	1,00,000
In excess of 10,00,000	(10,00,000 - 10,00,000) x 30%	2,97,60,000
<b>Total</b>		<b>2,98,72,500</b>
<b>Add: Surcharge @ 15% on above</b>		<b>44,80,875</b>
<b>Sub-total</b>		<b>3,43,53,375</b>
<b>Add: Health and education cess @ 4% (Rs. 3,43,53,375 x 4%)</b>		<b>13,74,135</b>
<b>Total tax liability (rounded off)</b>		<b>3,57,27,510</b>

**Computation of Tax liability of Mr. X (Marginal relief route)**

Tax slabs	Computation	Tax (Rs.)
UP TO 2,50,000	-	Nil
From 2,50,000 to Rs.5,00,000	(5,00,000 - 2,50,000) x 5%	12,500
From 5,00,000 to Rs.10,00,000	(10,00,000 - 5,00,000) x 20%	1,00,000
In excess of 10,00,000	(10,00,000 - 10,00,000) x 30%	2,97,00,000
<b>Total</b>		<b>2,98,12,500</b>
<b>Add: Surcharge @ 15% on above</b>		<b>44,71,875</b>
<b>Sub-total</b>		<b>3,42,84,375</b>
<b>Add: Rs.2,00,000 in excess of Rs.10 crores</b>		<b>2,00,000</b>
<b>Sub total</b>		<b>3,44,84,375</b>
<b>Add: Health and education cess @ 4% (Rs. 3,44,84,375 x 4%)</b>		<b>13,79,375</b>
<b>Total tax liability (rounded off)</b>		<b>3,58,63,750</b>

In the present case, the tax liability considering the marginal relief is higher than the tax liability under the normal route.

**Note:** Rectify the hint answer in the material as per computation given above.

**THE END**