# 0. INTRODUCTION TO TAX

## PROBLEM NO: 1

**i.** MR. MOHAN : Resident(Individual) of 40 years

TOTAL INCOME = 12,80,000

**Computation of Tax liability:**

UP TO 2,50,000 = Nil

(2,50,000 – 5,00,000) X 10%      =      25,000

(5,00,000 – 10,00,000) X 20%    =   1,00,000

2,80,000 X 30%                          =      84,000

Gross Total                                    2,09,000

(+) Education cess @ 3% on tax = 6270

(2,09,000 X 3%)

Net tax liability      = 2,09,000 + 6270 = 2,15,270

**ii.** Mrs. Swathi : Non-resident Individual of 52 years

TOTAL INCOME = 19,25,000

**Computation of Tax Liability:**

UP TO 2,50,000 = Nil

(2,50,000 – 5,00,000) X 10%      =      25,000

(5,00,000 – 10,00,000) X 20%    =   1,00,000

9,25,000 X 30%                          =   2,77,500

Gross Total                                    4,02,500

(+)Education cess@3% on tax =      12,075

(4,02,500 X 3%)

Net tax liability      = 4,02,500 + 12,075 = 4,14,575

**iii.** Mr. Bansal :Resident Individual of 75 years

TOTAL INCOME = 10,28,000

**Computation of Tax Liability:**

UP TO   3,00,000 = Nil

(3,00,000 – 5,00,000) X 10%      =      20,000

(5,00,000 – 10,00,000) X 20%    =   1,00,000

28,000 X 30%                            =       8,400

Gross Total                                    1,28,400

(+) Education cess @ 3% on tax  =       3,852

(1,28,400 X 3%)

Net tax liability      = 1,28,400 + 3,852 = 1,32,252

**iv.** M/s Vasavi firm

TOTAL INCOME = 10,10,000

Gross tax liability = 10,10,000 X 30%   = 3,03,000

(+) Education cess @ 3% on tax      =      9090

    (3,03,000 X 3%)

Net tax liability      = 3,03,000+ 9090 = 3,12,090

v.   Mrs. Resham :Non-resident individual of 80 years

    TOTAL INCOME = 12,00,000

    **Computation of Tax Liability:**

    UP TO 2,50,000 = Nil

    (2,50,000 – 5,00,000) X 10%   =      25,000

    (5,00,000 – 10,00,000) X 20%  =    1,00,000

    2,00,000 X 30%      =      60,000

    Gross Total      1,85,000

    (+) Education cess@3% on tax =      5,550

       (4,02,500 X 3%)

    Net tax liability      =1,85,000+ 5,550= 1,90,550

vi.   Mrs. Radhika :Resident Individual of 80 years

    TOTAL INCOME = 12,00,000

    **Computation of Tax Liability:**

    UP TO 5,00,000 = Nil

    (5,00,000 – 10,00,000) X 20%      =    1,00,000

    2,00,000 X 30%      =      60,000

    Gross Total      1,60,000

    (+) Education cess@3% on tax   =      4,800

       (1,60,000 X 3%)

    Net tax liability      = 1,60,000 + 4,800 = 1,64,800

vii.  Srinivas ltd :Indian co

    TOTAL INCOME      = 10,00,001

    Gross tax liability      = 10,00,001 X 30% = 3,00,000.30

    (+) Education cess@3% on tax      =      9000

       (3,00,000.30 X 3%)

    Net tax liability = (3,00,000.30 + 9000)   = 3,09,000.30

       = 3,09,000 (rounding off)

viii.Prakash ltd :Foreign co

    TOTAL INCOME = 20,00,002

    Gross tax liability = 20,00,002 X 40%      = 8,00,000.80

    (+) Education cess@3% on tax      =      24,000

       (8,00,000.80 X 3%)

    Net tax liability = (8,00,000.80+24,000)   = 8,24,000.8

       = 8,24,000 (rounding off)

## PROBLEM NO: 2

| | | |
|---|---|---|
| Total income of Mr. X | = | 10,02,00,000 |

Tax rate = slab rates

Surcharge = 15%

**Tax on total income:**

| | | |
|---|---|---|
| Up to 2,50,000 | = | NIL |
| (2,50,000 – 5,00,000) X 10% | = | 25,000 |
| (5,00,000 – 10,00,000) X 20% | = | 1,00,000 |
| 9,92,00,000 X 30% | = | 2,97,60,000 |
| Total | = | 2,98,85,000 |
| Surcharge = 2,98,85,000 X 15% | = | 44,82,750 |
| Add | = | 3,43,67,750 |
| Education Cess @ 3% | = | 10,31,033 |
| Tax Liability | = | 3,53,98,783 |

# THE END