CASE 13.3

Shri Hukam Chand Bansal

Chennai · 80 years or more · pension and family pension

THE SOLUTIONS

SOLUTION 1

TAX YEAR 2026-27

NEW REGIME

1 April 2026 to 31 March 2027 · Income-tax Act, 2025
Case 13.3 · Shri Hukam Chand Bansal · Chennai

The regime, the Act and the dates

The answer at (A20) is No. The option under section 202(4) has not been exercised, so income-tax is computed under section 202(1). This is the DEFAULT regime, and it applies of its own force.

The return is furnished on 25 July 2027. The due date is 31 July 2027, so the return is within time and no interest and no fee follows from the date of furnishing.

INCOME FROM SALARIES		
Pension for the year, in the gross amount [section 15]	₹ 32,00,000	
Less: standard deduction — ₹ 75,000, or the salary, whichever is less [section 19(1), Table Sl. No. 2]	₹ 75,000	
Income chargeable under the head "Salaries"		**₹ 31,25,000**
INCOME FROM HOUSE PROPERTY		
Property 1 — Gopalapuram, Chennai — self-occupied		
Annual value — nil, the property being in the occupation of the owner [section 21(6)]	₹ 0	
Less: interest on borrowed capital of ₹ 3,10,000 — denied in full by this regime [section 202(2)(a)(v)]	₹ 0	
Income from property 1		**₹ 0**
Property 2 — Kaushambi, Ghaziabad — self-occupied		
Annual value — nil, the property being in the occupation of the owner [section 21(6)]	₹ 0	
Less: interest on borrowed capital of ₹ 2,35,000 — denied in full by this regime [section 202(2)(a)(v)]	₹ 0	
Income from property 2		**₹ 0**
Total of the two properties		₹ 0
Income chargeable under the head "Income from house property"		**₹ 0**
INCOME FROM OTHER SOURCES		
Interest credited to the savings bank account [section 92]	₹ 26,000	
Interest on fixed deposits, in the gross amount before the tax deducted	₹ 3,15,000	
Interest received on an income-tax refund	₹ 8,700	

Dividend on listed equity shares, in the gross amount — declared and paid on 5 November 2026, so period (iii) — 16 September to 15 December 2026	₹ 1,10,000	
Family pension received, in the gross amount	₹ 3,60,000	
Gross income from other sources	₹ 8,19,700	
Less: deduction in respect of family pension — one-third of ₹ 3,60,000, that is ₹ 1,20,000, or ₹ 25,000, whichever is less [section 93(1)(d)]	₹ 25,000	
Income chargeable under the head "Income from other sources"		**₹ 7,94,700**
GROSS TOTAL INCOME [section 122(10)]		**₹ 39,19,700**
DEDUCTIONS FROM GROSS TOTAL INCOME — Chapter VIII		
Life insurance premia, provident fund and the tuition fees of his children — ₹ 1,72,000 claimed [section 123]	₹ 0	
Health insurance premia paid otherwise than in cash — ₹ 50,000 claimed [section 126]	₹ 0	
Expenditure on the medical treatment of a specified disease — ₹ 1,15,000 claimed [section 128]	₹ 0	
Interest on deposits, the assessee being a senior citizen — ₹ 3,41,000 claimed [section 153]	₹ 0	
Nothing in this Chapter is allowed where income-tax is computed under this regime, save four provisions which these facts do not attract [section 202(2)(a)(xii)]		₹ 0
Total of the deductions allowed		**₹ 0**
TOTAL INCOME, rounded off to the nearest multiple of ten rupees [section 516]		**₹ 39,19,700**
TAX ON THE TOTAL INCOME		
On the first ₹ 4,00,000 — Nil [section 202(1)]	Nil	
On the next ₹ 4,00,000 — 5 per cent	₹ 20,000	
On the next ₹ 4,00,000 — 10 per cent	₹ 40,000	
On the next ₹ 4,00,000 — 15 per cent	₹ 60,000	
On the next ₹ 4,00,000 — 20 per cent	₹ 80,000	
On the next ₹ 4,00,000 — 25 per cent	₹ 1,00,000	
On the balance of ₹ 15,19,700 — 30 per cent	₹ 4,55,910	
Tax payable on the total income		**₹ 7,55,910**
Less: rebate — nil, the total income being past ₹ 12,70,588 [section 156]		₹ 0
Tax after rebate		₹ 7,55,910
Add: health and education cess at four per cent [section 2 of the Finance Act, 2026]		₹ 30,236
TOTAL TAX AND CESS		**₹ 7,86,146**
INTEREST, TAXES PAID, AND THE AMOUNT PAYABLE OR REFUNDABLE		
Memorandum: assessed tax — the total tax and cess, less the credit for tax deducted at source of ₹ 5,02,500 [section 424]	₹ 2,83,646	
Memorandum: advance tax — the challans of Schedule IT deposited on or before 31 March 2027 [sections 404 to 408]	₹ 2,50,000	

Add: interest for default in the payment of advance tax — NOT COMPUTED. Interest under sections 423 to 425 is ignored in this paper [section 424]		₹ 0
Add: interest for deferment of advance tax — NOT COMPUTED. Interest under sections 423 to 425 is ignored in this paper [section 425]		₹ 0
Add: fee for a return furnished after the due date — nil, the return having been furnished on 25 July 2027, within the due date of 31 July 2027 [section 428(a)]		₹ 0
Total tax, fee and interest, rounded off [section 516]		**₹ 7,86,150**
Less: advance tax paid — Schedule IT [sections 404 to 408]	₹ 2,50,000	
Less: tax deducted from salary or pension — Schedule TDS [section 392]	₹ 4,60,000	
Less: tax deducted from the interest on fixed deposits — Schedule TDS [section 393(1), Table Sl. No. 5(ii)]	₹ 31,500	
Less: tax deducted from the dividend — Schedule TDS [section 393(1), Table Sl. No. 2]	₹ 11,000	
Total taxes paid		**₹ 7,52,500**
AMOUNT PAYABLE, rounded off [section 266]		**₹ 33,650**

The three figures to check
Total income ₹ 39,19,700 **Total tax, fee and interest ₹ 7,86,150** **Amount payable ₹ 33,650**

SOLUTION 2

TAX YEAR 2026-27

OLD REGIME

1 April 2026 to 31 March 2027 · Income-tax Act, 2025
Case 13.3 · Shri Hukam Chand Bansal · Chennai

The regime, the Act and the dates

The answer at (A20) is Yes. The option under section 202(4) of opting out of the default regime has been exercised, so income-tax is charged at the rates in Paragraph A of Part I-B of the First Schedule to the Finance Act, 2026. The workbook prints this regime as the OPTIONAL regime; the two words mean the same thing.

The return is furnished on 25 July 2027. The due date is 31 July 2027, so the return is within time and no interest and no fee follows from the date of furnishing.

INCOME FROM SALARIES		
Pension for the year, in the gross amount [section 15]	₹ 32,00,000	
Less: standard deduction — ₹ 50,000, or the salary, whichever is less [section 19(1), Table Sl. No. 2]	₹ 50,000	
Income chargeable under the head "Salaries"		**₹ 31,50,000**
INCOME FROM HOUSE PROPERTY		
Property 1 — Gopalapuram, Chennai — self-occupied		
Annual value — nil, the property being in the occupation of the owner [section 21(6)]	₹ 0	
Less: interest on borrowed capital of ₹ 3,10,000, restricted to what is left of the ceiling of ₹ 2,00,000 for both self-occupied properties together [section 22(1)(b)]	₹ 2,00,000	
Income from property 1		**(₹ 2,00,000)**
Property 2 — Kaushambi, Ghaziabad — self-occupied		
Annual value — nil, the property being in the occupation of the owner [section 21(6)]	₹ 0	
Less: interest on borrowed capital of ₹ 2,35,000, restricted to what is left of the ceiling of ₹ 2,00,000 for both self-occupied properties together [section 22(1)(b)]	₹ 0	
Income from property 2		**₹ 0**
Total of the two properties		(₹ 2,00,000)
Set off against income under the other heads — the ceiling of ₹ 2,00,000 is reached [section 109(1)(b)]		(₹ 2,00,000)
Income chargeable under the head "Income from house property"		**(₹ 2,00,000)**
INCOME FROM OTHER SOURCES		
Interest credited to the savings bank account [section 92]	₹ 26,000	
Interest on fixed deposits, in the gross amount before the tax deducted	₹ 3,15,000	
Interest received on an income-tax refund	₹ 8,700	
Dividend on listed equity shares, in the gross amount — declared and paid on 5 November 2026, so period (iii) — 16 September to 15 December 2026	₹ 1,10,000	

Family pension received, in the gross amount	₹ 3,60,000	
Gross income from other sources	₹ 8,19,700	
Less: deduction in respect of family pension — one-third of ₹ 3,60,000, that is ₹ 1,20,000, or ₹ 15,000, whichever is less [section 93(1)(d)]	₹ 15,000	
Income chargeable under the head "Income from other sources"		**₹ 8,04,700**
GROSS TOTAL INCOME [section 122(10)]		**₹ 37,54,700**
DEDUCTIONS FROM GROSS TOTAL INCOME — Chapter VIII		
Life insurance premia, provident fund and the tuition fees of his children — ₹ 1,72,000 was claimed, and is restricted to the statutory ceiling [section 123]	₹ 1,50,000	
Health insurance premia paid otherwise than in cash [section 126]	₹ 50,000	
Expenditure on the medical treatment of a specified disease — ₹ 1,15,000 was claimed, and is restricted to the statutory ceiling [section 128]	₹ 1,00,000	
Interest on deposits, the assessee being a senior citizen — ₹ 3,41,000 was claimed, and is restricted to the statutory ceiling [section 153]	₹ 50,000	
Total of the deductions allowed		**₹ 3,50,000**
TOTAL INCOME, rounded off to the nearest multiple of ten rupees [section 516]		**₹ 34,04,700**
TAX ON THE TOTAL INCOME		
On the first ₹ 5,00,000 — Nil [Paragraph A of Part I-B of the First Schedule to the Finance Act, 2026]	Nil	
On the next ₹ 5,00,000 — 20 per cent	₹ 1,00,000	
On the balance of ₹ 24,04,700 — 30 per cent	₹ 7,21,410	
Tax payable on the total income		**₹ 8,21,410**
Less: rebate — nil, the total income being past ₹ 5,00,000 [section 156]		₹ 0
Tax after rebate		₹ 8,21,410
Add: health and education cess at four per cent [section 2 of the Finance Act, 2026]		₹ 32,856
TOTAL TAX AND CESS		**₹ 8,54,266**
INTEREST, TAXES PAID, AND THE AMOUNT PAYABLE OR REFUNDABLE		
Memorandum: assessed tax — the total tax and cess, less the credit for tax deducted at source of ₹ 5,02,500 [section 424]	₹ 3,51,766	
Memorandum: advance tax — the challans of Schedule IT deposited on or before 31 March 2027 [sections 404 to 408]	₹ 2,50,000	
Add: interest for default in the payment of advance tax — NOT COMPUTED. Interest under sections 423 to 425 is ignored in this paper [section 424]		₹ 0
Add: interest for deferment of advance tax — NOT COMPUTED. Interest under sections 423 to 425 is ignored in this paper [section 425]		₹ 0
Add: fee for a return furnished after the due date — nil, the return having been furnished on 25 July 2027, within the due date of 31 July 2027 [section 428(a)]		₹ 0
Total tax, fee and interest, rounded off [section 516]		**₹ 8,54,270**

Less: advance tax paid — Schedule IT [sections 404 to 408]	₹ 2,50,000	
Less: tax deducted from salary or pension — Schedule TDS [section 392]	₹ 4,60,000	
Less: tax deducted from the interest on fixed deposits — Schedule TDS [section 393(1), Table Sl. No. 5(ii)]	₹ 31,500	
Less: tax deducted from the dividend — Schedule TDS [section 393(1), Table Sl. No. 2]	₹ 11,000	
Total taxes paid		**₹ 7,52,500**
AMOUNT PAYABLE, rounded off [section 266]		**₹ 1,01,770**

The three figures to check

Total income ₹ 34,04,700 **Total tax, fee and interest ₹ 8,54,270** **Amount payable ₹ 1,01,770**

The two solutions of this case, side by side

What moves when (A20) moves, and nothing else does

The facts of the case do not change with the regime. What changes is what the Act allows against them: the standard deduction of section 19(1), the tax on employment, the interest on a self-occupied house under section 22(1)(b), the set-off of a loss under section 109(1)(b), the family pension deduction of section 93(1)(d), the whole of Chapter VIII, the slab table, and the rebate of section 156.

Read the table downwards and you can see, line by line, exactly what section 202(2) takes away and what Paragraph A gives back.

Nothing on this page is needed in order to work the case. A student sitting the practical works one regime at a time and never turns to it. It is for the revision class afterwards, and for the teacher.

Case 13.3 — Shri Hukam Chand Bansal, Chennai

Particulars	Solution 1 NEW regime (A20) = No	Solution 2 OLD regime (A20) = Yes
Income from salaries	₹ 31,25,000	₹ 31,50,000
Income from house property	₹ 0	(₹ 2,00,000)
Income from other sources	₹ 7,94,700	₹ 8,04,700
Long-term capital gain	—	—
Gross total income	₹ 39,19,700	₹ 37,54,700
Deductions allowed under Chapter VIII	—	₹ 3,50,000
TOTAL INCOME	₹ 39,19,700	₹ 34,04,700
Tax on the total income	₹ 7,55,910	₹ 8,21,410
Health and education cess	₹ 30,236	₹ 32,856
TOTAL TAX AND CESS	₹ 7,86,146	₹ 8,54,266
Interest for default in advance tax [section 424] — not computed, ignored in this paper	—	—
Total tax, fee and interest	₹ 7,86,150	₹ 8,54,270
Advance tax paid	₹ 2,50,000	₹ 2,50,000
Self-assessment tax paid	—	—
Tax deducted at source	₹ 5,02,500	₹ 5,02,500
Total taxes paid	₹ 7,52,500	₹ 7,52,500
AMOUNT PAYABLE	₹ 33,650	₹ 1,01,770
REFUND DUE	—	—

Which regime costs this assessee less

For Shri Hukam Chand Bansal the cheaper of the two is the NEW regime — he should leave (A20) at No and stay in the default regime, by ₹ 68,120 of tax and cess.

The same solutions, filled into the Excel workbook

Both solutions are worked field by field in a live Form ITR-1 SAHAJ in the workbook "Excel-Case 3.xlsm", free from www.taxclasses.in. It is macro-enabled: after downloading it, right-click the file ➜ Properties ➜ tick Unblock ➜ OK, then open it and click Enable Content on the yellow bar. The eight buttons at the head of each solution sheet will not work until both of those are done.

Note. Interest under sections 423, 424 and 425 is NOT COMPUTED in this paper. The rows remain on the form, because they are on the notified return, but nothing is worked out against them. In practical life the interest is charged, and the return of a real assessee would carry it.