UNIVERSITY OF DELHI

INCOME TAX

LAW AND PRACTICE

DSC 5.1

B.Com (Hons.) | B.Com (Prog.) — Third Year, Semester V

FIVE CASES

ON FORM ITR-1 SAHAJ

EVERY CASE SOLVED UNDER BOTH REGIMES

Five assessees, each with his own figures · two house properties in each

Salary · pension · family pension · senior and very senior citizens

Self-occupied and let out · savings bank and fixed deposit interest

Dividend · interest on a refund · a long-term capital gain · advance tax and self-assessment tax

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Governed by the INCOME-TAX ACT, 2025

(Act No. 30 of 2025, as amended by the Finance Act, 2026, with the Income-tax Rules, 2026)

TAX YEAR 2026-27

1 April 2026 to 31 March 2027 · Old Regime and New Regime · There is no assessment year

For academic purposes only — this is not a form notified by the Central Board of Direct Taxes

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About this booklet, and a request

This booklet has been prepared by Artificial Intelligence — Claude Opus 5.0 (Anthropic) — under the guidance and supervision of Advocate Dr. S. B. Rathore in the first week of September 2026, from the bare text of the Income-tax Act, 2025 and the Income-tax Rules, 2026, as downloaded from incometaxindia.gov.in.

Suggestions on presentation, and reports of any discrepancy, are warmly invited.

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Suggestions and corrections are welcome

The teachers of the colleges are invited to comment freely on these cases, on the figures and on the manner of presentation, so that the material may be improved before the practical is held.

Who this booklet is for

The Income-tax Act, 2025 came into force on 1 April 2026 and did away with the previous year and the assessment year together, putting the tax year in their place.

The two solutions given for every case

- Solution 1 — the OLD regime. The answer at (A20) is Yes: the option under section 202(4) of opting out of the default regime has been exercised, and 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 as the OPTIONAL regime.
- Solution 2 — the NEW regime. The answer at (A20) is No: income-tax is computed under section 202(1). The Act calls this the DEFAULT regime, because it applies unless the assessee opts out.

Old and optional and alternate are three words for the first. New and default are two words for the second. Use whichever pair your teacher uses, but know that they mean the same two things.

One filling of the workbook gives both answers

Fill the form once, with (A20) answered No, and write down the figures. Then change (A20) to Yes and write them down again. Nothing else on the form changes at all — not one entry in Part A, not one figure in Part B, not one challan in Schedule IT. That single keystroke is the whole of the difference between the two regimes.

Nine separate computations move when it changes: the standard deduction, the tax on employment, the interest on a self-occupied house, the set-off of a loss under that head, the family pension deduction, the whole of Chapter VIII, the slab table, the rebate and, through them all, the tax.

The prescribed syllabus

Department of Commerce, University of Delhi — DSC 5.1, Income Tax Law and Practice, Semester V. These cases belong to Unit 5 (B), and draw upon Units 2, 4 and 5 (A).

Unit	Prescribed content	Where dealt with
Unit 1	Introduction — basic concepts: income, agricultural income, person, assessee, tax year; residential status and scope of total income; incomes exempt from tax	Unit 1 booklet (Introduction)
Unit 2	Computation of Income under Different Heads-1 — income from salaries; income from house property	Unit 2 Part A (Salaries); Unit 2 Part B (House Property)
Unit 3	Computation of Income under Different Heads-2 — profits and gains of business or profession; capital gains	Unit 3 Part A (Business or Profession); Unit 3 Part B (Capital Gains)
Unit 4	Income from other sources; income of other persons included in the assessee's total income; set-off and carry forward of losses	Unit 4 Part A (Other Sources); Unit 4 Part B (Clubbing and Set-off)
Unit 5 (A)	Deductions from gross total income; rebates and reliefs	Unit 5 Part A (Deductions, Rebates and Reliefs)
Unit 5 (B)	Computation of total income and tax liability of individuals; filing of returns of income on-line and TDS	Unit 5 Part B (Total Income and Tax Liability) — this booklet

Rates, rebate and limits

These are the rates for tax year 2026-27, and the limits the Act sets against each deduction.

1 The new regime — the default regime of section 202(1)

The Table to section 202(1) of the Income-tax Act, 2025. It applies unless the assessee opts out. Seven slabs, and no distinction of age.

Total income	Rate of tax	Note
Up to ₹ 4,00,000	Nil	The same figure on both footings
₹ 4,00,001 to ₹ 8,00,000	5 per cent	
₹ 8,00,001 to ₹ 12,00,000	10 per cent	
₹ 12,00,001 to ₹ 16,00,000	15 per cent	
₹ 16,00,001 to ₹ 20,00,000	20 per cent	
₹ 20,00,001 to ₹ 24,00,000	25 per cent	
Above ₹ 24,00,000	30 per cent	Every one of these five cases reaches this slab

2 The old regime — Paragraph A, available on opting out

Paragraph A of Part I-B of the First Schedule to the Finance Act, 2026, available only where the option under section 202(4) has been exercised. Three age columns.

Total income	Below 60	60 but below 80	80 or more
Up to ₹ 2,50,000	Nil	Nil	Nil
₹ 2,50,001 to ₹ 3,00,000	5 per cent	Nil	Nil
₹ 3,00,001 to ₹ 5,00,000	5 per cent	5 per cent	Nil
₹ 5,00,001 to ₹ 10,00,000	20 per cent	20 per cent	20 per cent
Above ₹ 10,00,000	30 per cent	30 per cent	30 per cent

3 The rebate, the cess and the rounding off

Section	Applies where	The rebate
156(1)	The option under section 202(4) has been exercised and the total income does not exceed ₹ 5,00,000	One hundred per cent of the income-tax, or ₹ 12,500, whichever is less
156(2)(a)	Income-tax is chargeable under section 202(1) and the total income does not exceed ₹ 12,00,000	One hundred per cent of the income-tax, or ₹ 60,000, whichever is less
156(2)(b)	Income-tax is chargeable under section 202(1), the total income exceeds ₹ 12,00,000, and the tax exceeds the excess over ₹ 12,00,000	Tax less (total income less ₹ 12,00,000). Exhausted at ₹ 12,70,588
156(3)	Always	A ceiling: the deduction under sub-section (2) shall not exceed the income-tax payable at the rates in section 202(1)

The health and education cess is four per cent of the income-tax after rebate, under section 2 of the Finance Act, 2026. Surcharge does not arise: it begins at a total income of ₹ 50,00,000, and ITR-1 may not be used at all beyond that figure. The total income and every amount payable or refundable are rounded off under section 516 to the nearest multiple of ten rupees.

The sections used in this booklet

Every one of them is a section of the Income-tax Act, 2025. Quote these numbers, and no others.

The matter	Section
The tax year, and the charge	3, 4
Salary, and what it includes	15 to 18
Standard deduction from salary — ₹ 75,000, or ₹ 50,000 on opting out	19(1), Table Sl. No. 2
Tax on employment	19(1), Table Sl. No. 1
Annual value	21(1) to 21(5)
Self-occupied property — the annual value is nil	21(6)
Taxes paid to the local authority	21(7)(b)
Thirty per cent of the annual value	22(1)(a)
Interest on borrowed capital — ₹ 2,00,000 for both self-occupied houses together	22(1)(b)
Income from house property	20
Co-ownership	24
Set-off of a loss under the head house property — ceiling ₹ 2,00,000	109(1)(b)
Carry forward of the balance — for which ITR-1 may not be used	110
Income from other sources	92
Deduction in respect of family pension	93(1)(d)
Gross total income	122(10)
Life insurance premia, provident fund, tuition fees — ₹ 1,50,000	123
Health insurance premia	126
Medical treatment of a specified disease	128
Interest on deposits — ₹ 10,000, or ₹ 50,000 for a senior citizen	153
Rebate	156
Long-term capital gains on listed equity shares — the first ₹ 1,25,000 bears no tax	198
The default regime, and its rates	202(1)
Opting out of it	202(4)
What the default regime denies	202(2)(a)
No set-off of a house property loss under the default regime	202(2)(b)
Rounding off	516
Return of income, and the due date of 31 July 2027	263(1)
Belated return · revised return	263(4) · 263(5)
Verification of the return	265
Self-assessment tax	266
Advance tax, and who must pay it	404 to 408
Interest — return furnished late	423
Interest — default in the payment of advance tax	424

The matter	Section
Interest — deferment of advance tax	425
Fee for a late return	428(a)
Tax deducted from salary or pension	392
Tax deducted from interest and dividend	393(1)
Tax deducted from rent by an individual	393(3), Table Sl. No. 4
Refund	431 and 437

Appendix — the form, and the workbook

	Tax Year 2026-27
The Act	Income-tax Act, 2025 (Act No. 30 of 2025), as amended by the Finance Act, 2026, with the Income-tax Rules, 2026
The period	1 April 2026 to 31 March 2027. There is no previous year and no assessment year — section 3
The form	The academic proforma DSC-5.1 Form ITR-1 SAHAJ Excel Practice (TY 2026-27), which speaks the language of the Act of 2025
What it is not	It is not a form notified by the Central Board of Direct Taxes, it cannot be filed, and the JSON it writes is not to be uploaded anywhere
Due date	31 July 2027 — section 263(1)(c), Table Sl. No. 5
Date assumed in these five cases	25 July 2027 — within time, so no interest under section 423 and no fee under section 428(a) arises
Advance tax	The challans of Schedule IT deposited on or before 31 March 2027 — sections 404 to 408
Self-assessment tax	The challans deposited after 31 March 2027 — section 266
The regime question	Field (A20): do you wish to exercise the option of opting out of the default tax regime? No leaves the assessee in the default regime of section 202(1); Yes takes him to Paragraph A

The seven gates the form must pass

ITR-1 SAHAJ is for an individual who is resident and ordinarily resident, with a total income of not more than ₹ 50,00,000, made up of salary or pension, at most two house properties, income from other sources, and long-term capital gains under section 198 of not more than ₹ 1,25,000.

He must not be a director in any company, must hold no unlisted equity share, must have had no tax deducted from him on a cash withdrawal under section 393(3), must have no agricultural income above ₹ 5,000, and must hold no asset or signing authority outside India. A house property held in co-ownership is a further bar. Each of these five assessees passes every gate.

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.