

CASE 13.4

Shri Nikhil Deshpande

Mumbai · Below 60 years · salary

THE QUESTION**A. The case, in paragraphs**

1. Shri Nikhil Deshpande, son of Shri Anant Rao Deshpande, was born on 3 June 1978 and is resident and ordinarily resident in India. His permanent account number is AFTPD6132J and his Aadhaar number 2298-6741-3305. He lives at 1204, Sagar Darshan, Veera Desai Road, Andheri West, Mumbai 400053, in the State of Maharashtra; his mobile number is 9820451163 and his e-mail address nikhil.deshpande@gmail.com.

2. He was in employment throughout the tax year 2026-27 with Konkan Chemicals Limited, a company in the private sector, whose tax deduction account number is MUMK02845D. The salary for the year, in the gross amount, came to ₹ 33,60,000. He received no perquisite and no profit in lieu of salary, and no allowance of any kind was paid to him. He paid tax on employment of ₹ 2,500 to the Municipal Corporation of Greater Mumbai.

3. He owns two houses, and no more, and is the sole owner of each, holding the whole hundred per cent in both. The first house, at 8, Shivneri Apartments, S. V. Road, Bandra West, Mumbai 400050, in the State of Maharashtra, was let for the whole year to Shri Vikram Chandra Joshi, whose permanent account number is AJTPJ6318K, at a rent of ₹ 8,40,000, the whole of which was realised. He paid ₹ 42,000 to the local authority during the year. He had acquired that house with a loan of ₹ 45,00,000 from ICICI Bank Limited, Home Loan Account No. 602405018734, sanctioned on 10 June 2017; ₹ 36,42,800 of it was outstanding on 31 March 2027, and the interest on it for the year came to ₹ 3,25,000. No arrears of rent and no unrealised rent were received. That tenant, being an individual, has no tax deduction account number, and deducted ₹ 16,800 from the rent against his own permanent account number.

4. The second house, at D-212, Crossings Republik, NH-24 Service Road, Dundahera, Ghaziabad 201016, in the State of Uttar Pradesh, was let for the whole year to Smt. Rekha Bhardwaj, whose permanent account number is CKMPB2298N, at a rent of ₹ 4,80,000, the whole of which was realised. He paid ₹ 24,000 to the local authority during the year. He had acquired that house with a loan of ₹ 28,00,000 from Axis Bank Limited, Home Loan Account No. 920020047812365, sanctioned on 16 November 2020; ₹ 23,56,200 of it was outstanding on 31 March 2027, and the interest on it for the year came to ₹ 2,10,000. No arrears of rent and no unrealised rent were received. The rent being below ₹ 50,000 a month, the tenant deducted no tax from it.

5. His income from other sources was as follows —

Income	Amount
Interest credited to his savings bank account	₹ 19,000
Interest on fixed deposits, in the gross amount before the tax deducted	₹ 2,20,000
Dividend on listed equity shares, in the gross amount, declared and paid on 28 January 2027	₹ 1,60,000
Interest received on an income-tax refund	₹ 13,200
Total	₹ 4,12,200

6. He claims, under Chapter VIII, the following deductions, the particulars of which are to be furnished in Schedule XV of the return —

Payment	Amount	Policy / document no.
Life insurance premium — Life Insurance Corporation of India	₹ 42,000	LIC/2011/005862
Life insurance premium — Tata AIA Life Insurance Company Limited	₹ 24,000	TAIA/2018/447193
Contribution to provident fund	₹ 72,000	PF/TDS/2026-27/ND/0052197
Tuition fees, first child	₹ 21,000	SVS/2026-27/02163
Tuition fees, second child	₹ 21,000	SVS/2026-27/02164

Payment	Amount	Policy / document no.
Total — life insurance, provident fund and tuition fees	₹ 1,80,000	
Health insurance premium, paid otherwise than in cash — ICICI Lombard General Insurance Company Limited	₹ 25,000	ICL/2023/H518236
Interest credited to his savings account	₹ 19,000	

7. He paid advance tax at the HDFC Bank, Bandra West branch, whose branch code is 0230118, by the challans below; the last of them was paid after the close of the year, at the same branch.

Date of deposit	Amount	Challan No.	Remarks
15 September 2026	₹ 70,000	00592	Advance tax
15 December 2026	₹ 85,000	01807	Advance tax
15 March 2027	₹ 85,000	03264	Advance tax
10 June 2027	₹ 40,000	04933	Self-assessment tax

8. Tax was deducted at source during the year as shown below. He claims the whole of it as credit in this tax year.

Deducted from	Amount	Deducted by	TAN / PAN
Salary	₹ 5,60,000	Konkan Chemicals Limited	MUMK02845D
Interest on his fixed deposits	₹ 22,000	State Bank of India	MUMS03917E
Dividend	₹ 16,000	Bharat Cements Limited	MUMB07219C
Rent	₹ 16,800	Shri Vikram Chandra Joshi	AJTPJ6318K
Total	₹ 6,14,800		

9. Any refund is to be credited to his savings account no. 50100234567 with the HDFC Bank, the IFS code of that branch being HDFC0001234. It is the only account he holds in India.

10. He has no income from any business or profession and no capital gain, and no agricultural income. He is not a director in any company, he holds no unlisted equity share, no tax has been deducted from him on a cash withdrawal, and he has neither any asset nor any signing authority in any account outside India. He is not a representative assessee and files no return in response to any notice. He verifies and furnishes the return himself at Mumbai on 25 July 2027, on or before the due date of 31 July 2027, and it is not a revised return.

B. The same facts, field by field**How to read this question**

The column headed Ref. is the number the field carries on the face of Form ITR-1 SAHAJ — A1 the Permanent Account Number, A4a the age category, A20 the regime, B1(i)(a) the gross salary, 1a to 1k the first house property and 2a to 2k the second — and the workbook prints the same references beside its fields (B1 to B4, C1 to C3 and D1 to D11 on the Income Details sheet, a to k on the HP sheet), so that every row can be found without counting down the sheet.

The tax year is 2026-27, running from 1 April 2026 to 31 March 2027. The return is furnished on 25 July 2027, within the due date of 31 July 2027.

Part A — general information

Ref.	Field	What is to be entered
A1	Permanent Account Number	AFTPD6132J
A2 / A2a / A3	First, middle and last name	Nikhil / (none) / Deshpande
A4	Date of birth	03/06/1978
A4a	Age category — the sheet computes it from A4	Below 60 years
A5	Aadhaar number	2298-6741-3305
A6(a)	Primary mobile number	9820451163
A7(a)	Primary e-mail	nikhil.deshpande@gmail.com
A8(a)	Flat / Door / Block No.	1204
A9(a)	Name of premises / building	Sagar Darshan
A10(a)	Road / Street / Post Office	Veera Desai Road
A10(a)	Area / Locality ★ mandatory	Andheri West
A11(a)	Town / City / District ★ mandatory	Mumbai
A12(a) / A13(a)	State / Country	Maharashtra / India
A14(a)	PIN code	400053
A15	Filed under section	263(1) — on or before the due date
A15a	Date on which the return is furnished	25/07/2027
A16 / A17	Notice / Nature of employment	Not applicable / Others
A18	Is this a revised return?	No
A20	Do you wish to opt out of the default regime? [section 202(4)]	No for Solution 1, the new regime; Yes for Solution 2, the old regime
A21 / A22	Return under the seventh proviso / representative assessee	No / No
Verification	Son or daughter of · capacity · place	Shri Anant Rao Deshpande · Self · Mumbai

Part B1 — salary and pension

Ref.	Particulars	Amount
B1(i)(a)	Salary from Konkan Chemicals Limited, TAN MUMK02845D	₹ 33,60,000

Ref.	Particulars	Amount
B1(i)(b)	Value of perquisites	₹ 0
B1(i)(c)	Profits in lieu of salary	₹ 0
B1(ii)	Amounts excluded under Schedule II or Schedule III — no allowance of any kind was received	₹ 0
B1(iv)(b)	Entertainment allowance — no deduction under the Income-tax Act, 2025	₹ 0
B1(iv)(c)	Tax on employment (professional tax) paid to the Municipal Corporation of Greater Mumbai	₹ 2,500

The standard deduction at B1(iv)(a) is computed by the sheet from the answer at (A20) and is never entered.

Part B2 — the two house properties

Ref.	Particulars	Property 1	Property 2
	Flat / Door / Block No.	8	D-212
	Premises / building	Shivneri Apartments	Crossings Republik
	Road / Post Office	S. V. Road	NH-24 Service Road
	Area / Locality ★	Bandra West	Dundahera
	Town / City ★	Mumbai	Ghaziabad
	State · PIN	Maharashtra · 400050	Uttar Pradesh · 201016
	Occupancy	Let out	Let out
	Co-owned? · share	No · 100%	No · 100%
	Name of the tenant	Shri Vikram Chandra Joshi	Smt. Rekha Bhardwaj
	PAN of the tenant	AJTPJ6318K	CKMPB2298N
1a / 2a	Gross rent received or receivable	₹ 8,40,000	₹ 4,80,000
1b / 2b	Rent which could not be realised	₹ 0	₹ 0
1c / 2c	Taxes paid to the local authority	₹ 42,000	₹ 24,000
1h / 2h	Interest on borrowed capital (col. vii)	₹ 3,25,000	₹ 2,10,000
h (i)	Loan taken from	Bank	Bank
h (ii)	Name of the bank / institution	ICICI Bank Limited	Axis Bank Limited
h (iii)	Loan account number	602405018734	920020047812365
h (iv)	Date of sanction of the loan	10/06/2017	16/11/2020
h (v)	Total amount of the loan	₹ 45,00,000	₹ 28,00,000
h (vi)	Loan outstanding on 31/03/2027	₹ 36,42,800	₹ 23,56,200
1j / 2j	Arrears or unrealised rent received	₹ 0	₹ 0

Columns (i) to (vii) are the loan table under 1h / 2h in the HP sheet; column (vii) is the interest shown against 1h / 2h. Both houses are let out, so the loan particulars of both are entered under both regimes, and the interest on each loan is allowed in full under either regime, without any ceiling.

Part B3 — income from other sources

Ref.	Particulars	Amount
B3(a)	Interest credited to the savings bank account	₹ 19,000
B3(b)	Interest on fixed deposits, gross, before the tax deducted	₹ 2,20,000
B3(c)	Interest received on an income-tax refund	₹ 13,200
B3(d)	Dividend on listed equity shares, gross — declared and paid on 28 January 2027, so period (iv) — 16 December 2026 to 15 March 2027	₹ 1,60,000

Part C — the deductions claimed

Section	Particulars	Claimed
123	Life insurance premia, provident fund and the tuition fees of his children	₹ 1,80,000
126	Health insurance premia paid otherwise than in cash	₹ 25,000
153	Interest on a savings account	₹ 19,000

Schedule XV — section 123: the payments, with their policy or document numbers

Sl. No.	Nature of payment	Amount eligible for deduction u/s 123	Policy number or Document Identification number
1	Life insurance premium	₹ 42,000	LIC/2011/005862
2	Life insurance premium	₹ 24,000	TAIA/2018/447193
3	Contribution to provident fund	₹ 72,000	PF/TDS/2026-27/ND/0052197
4	Tuition fees — first child	₹ 21,000	SVS/2026-27/02163
5	Tuition fees — second child	₹ 21,000	SVS/2026-27/02164

Schedule XV — section 126: details of insurance

Sl. No.	Name of the Insurer (Insurance company)	Policy Number	Health Insurance amount
1	ICICI Lombard General Insurance Company Limited	ICL/2023/H518236	₹ 25,000

These particulars are entered where (A20) is Yes, that is, for Solution 2. Every payment is entered at its full amount, exactly as it was paid.

Part E, Schedule IT and Schedule TDS

Ref.	IFS code	Name of the bank	Account number	For refund?
Part E B1	HDFC0001234	HDFC Bank	50100234567	Yes

Schedule IT — advance tax and self-assessment tax paid by the assessee himself

Sl.	BSR code	Date of deposit	Challan No.	Tax paid	Which it is
R1	0230118	15/09/2026	00592	₹ 70,000	Advance tax
R2	0230118	15/12/2026	01807	₹ 85,000	Advance tax
R3	0230118	15/03/2027	03264	₹ 85,000	Advance tax
R4	0230118	10/06/2027	04933	₹ 40,000	Self-assessment tax

Every challan was deposited at the HDFC Bank, Bandra West branch. A challan deposited on or before 31 March 2027 is advance tax under sections 404 to 408; one deposited after that date is self-assessment tax under section 266. On these facts the advance tax comes to ₹ 2,40,000 and the self-assessment tax to ₹ 40,000.

Schedule TDS — tax deducted at source, claimed in full in this year

Sl.	TAN of the deductor	PAN of the tenant	Name of the deductor	Section	Deducted
T1	MUMK02845D	—	Konkan Chemicals Limited	392	₹ 5,60,000
T2	MUMS03917E	—	State Bank of India	393(1) Sl.5(ii)	₹ 22,000
T3	MUMB07219C	—	Bharat Cements Limited	393(1) Sl.7	₹ 16,000
T4	—	AJTPJ6318K	Shri Vikram Chandra Joshi	393(1) Sl.2(i)	₹ 16,800

A tenant who is an individual is not required to obtain a tax deduction account number, and deducts against his own Permanent Account Number. That is why the last row carries a PAN and no TAN. Credit for the tax deducted from the rent may be claimed only because the rent itself is returned at 1a and the tenant is named there. The tenant of Property 2 pays less than ₹ 50,000 a month and deducts nothing.

The eligibility block, and other information

Ref.	Question	Answer
E1	Is the assessee a director in any company?	No
E2	Has he held any unlisted equity share?	No
E3	Has tax been deducted from him on a cash withdrawal?	No
E4	Has he any agricultural income?	No
E5	Has he any asset, or signing authority in any account, outside India, or is income-tax on any employee stock option deferred?	No
—	Residential status	Resident and ordinarily resident
—	Ownership of both house properties	Sole owner, one hundred per cent
—	Income from business or profession, and capital gains	None
—	Any other advance tax or self-assessment tax	None beyond Schedule IT

What you are required to do

Fill Form ITR-1 SAHAJ from the facts above, and compute the total income and the amount payable or refundable twice over, under each regime of the tax year.

- Solution 1 — the NEW regime, which is the default. Answer No at (A20); income-tax is computed under section 202(1).
- Solution 2 — the OLD regime. Answer Yes at (A20); the option under section 202(4) is exercised.

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.