

UNIVERSITY OF DELHI

INCOME TAX LAW AND PRACTICE

DSC 5.1

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

FILLING FORM ITR-1

SAHAJ

STUDY NOTES FOR THE COMPUTER LABORATORY

For the one-hour practical · fill the form, calculate the tax, and generate the JSON

Written for a student who has never seen a return of income before

Every sheet and field explained · a specimen typed along · two cases to work yourself

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 · Academic Year 2026-27

For academic purposes only — this is not a form or a utility issued by the Income Tax Department

Compiled by

ADVOCATE DR. S. B. RATHORE

M.Com; M.Phil; LL.B.; Ph.D.

Associate Professor of Commerce (Oct. 1977 – Dec. 2019)

Shyam Lal College (University of Delhi), Delhi-110032

www.taxclasses.in | YouTube: Tax Doctor | Facebook: DrSb Rathore

Mobile / WhatsApp: 9811116835 | E-mail: rathore_incometax@yahoo.co.in

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How to Use These Notes

You are about to do something no B.Com student in this University has been asked to do before. Until this year the paper ended at the computation of tax liability on a sheet of ruled paper. From this session it goes one step further: you will sit at a computer for one hour, you will be handed the facts of one assessee, and you will put those facts on a return of income, have the tax calculated, and produce the file that a return of income is actually made of. Nobody in your class has done it before, and nobody in the class above you has done it either. That is the whole difficulty, and it is a much smaller one than it looks.

These notes are written on that assumption — that you have never seen a return of income, that you may never have opened a macro-enabled Excel workbook, and that the word JSON means nothing to you at all. Nothing is assumed except the tax law you have already been taught in Units 1 to 5. Where a provision is mentioned it is named in full, so that you can turn to the unit booklet and read it there.

What you need in front of you

These notes, and three other things.

- **The workbook.** “ITR-1 TY 2026-27 (template).xslm”, a macro-enabled workbook built on the pattern of the Income Tax Department’s own ITR-1 Excel utility. Open it now and leave it open. Everything in Chapters 2 to 10 is written to be read with its Income Details sheet on the screen beside you.
- **The five case studies.** Ques-Case 1 to Ques-Case 5, Sol-Case 1 to Sol-Case 5, and for each case two filled workbooks — “ITR-1 TY 2026-27 - Case n - New Regime (filled).xslm” and “... - Old Regime (filled).xslm”. Each filled workbook is the answer to its question, field by field, and carries exactly the figures of the printed solution.
- **The five unit booklets.** The workbook computes; it does not teach. When it allows you ₹75,000 and you wanted ₹1,50,000, the reason is in Unit 5 Part A, not on the screen.

The three kinds of paragraph in these notes

Ordinary prose explains. Read it once. Beyond that there are three coloured boxes, and each means a different thing.

A blue box carries the law

It gives you the section, and what the section does to the field you are filling. Every section number in these notes is a section of the Income-tax Act, 2025.

A red box is a trap

It marks something that will cost you marks, or will stop the JSON from being written at all. The red boxes are numbered, and every one of them is collected again in Chapter 12. If you read nothing else the night before, read the red boxes.

A gold box is a shortcut

A keystroke, an order of working, a way of checking an answer in ten seconds. These are what turn a ninetyminute job into a forty-minute one.

The one thing to understand before Chapter 1

The workbook is not a calculator with a form drawn on it. It is the form, and it computes. You will type perhaps forty figures into it; it will produce about eighty more. Every cell you are meant to type into is green; every figure it produces is in blue on white, and is a formula you must not type over — which means that in this examination you cannot lose a mark by arithmetic. You can only lose marks by putting a figure in the wrong box, or by answering a question about the assessee wrongly. Almost everything in these notes is therefore about **which box, and not about how much**.

The caution that must be repeated

This is a teaching document, and so is the workbook. Neither is a form or a utility issued by the Income Tax Department. Neither can be filed. The JSON that this workbook writes is for study only; it is not to be uploaded anywhere — and that remains so even though the message the workbook shows after writing the file still carries the portal's own sentence asking you to upload it.

The trap that will catch someone in your class in August: the e-filing portal is open today and its ITR-1 utility works perfectly. That utility is for Assessment Year 2026-27 — the income of the financial year 2025-26, under the Income-tax Act, 1961. Open it and learn how the process feels. Do not carry a single figure, and not one section number, from it into the examination hall.

When the Department issues the return for Tax Year 2026-27 the field numbering it adopts may differ from the numbering used here, and the notified form will then govern. Until that day this is the only ITR-1 that speaks the language of the Act you are being examined on.

Where this sits in the paper

The syllabus places the filing of returns in Unit 5. The guidelines settled at the Department-College meeting of 4 August 2026 add the sentence that matters to you: ITR-1 will be done in the academic session 2026-27.

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	Deductions from gross total income; rebates and reliefs	Unit 5 Part A (Deductions, Rebates and Reliefs)
Unit 5	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

About these notes, and a request

This booklet has been prepared by Artificial Intelligence — Claude (Anthropic) — under the guidance and supervision of Advocate Dr. S. B. Rathore, from the bare text of the Income-tax Act, 2025 and the Income-tax Rules, 2026 as downloaded from incometaxindia.gov.in, and is written to be read with the classroom workbook "ITR-1 TY 2026-27 (template).xslm" and the five case studies of this paper.

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

Advocate Dr. S. B. Rathore · 9811116835 · rathore_incometax@yahoo.co.in · www.taxclasses.in

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Chapter 1

What You Are Being Asked to Do

A return of income · the tax year · the due date
How a return is filed · who may use ITR-1

1.1 A return of income is not a form

Begin with the word itself. A return is a rendering of account. The assessee earns during the twelve months of the tax year; at the end of it he tells the Department what he earned, under which head, what the Act allows him to deduct, what tax that leaves, and what he has already paid towards it. The form is only the shape in which he is required to say it. The obligation is to say it; the form is the Department's convenience, and yours.

This matters for the examination because it tells you what you are being marked on. You are not being marked on your ability to find cells in a spreadsheet. You are being marked on whether you have understood a set of facts well enough to place each fact where the Act says it belongs. The workbook does the arithmetic precisely so that the marks can be given for judgment.

The obligation to furnish a return

Section 263(1) of the Income-tax Act, 2025 requires an individual to furnish a return of income for a tax year if his total income, **before giving effect to Chapter VIII**, exceeds the maximum amount not chargeable to tax.

That last phrase is the one students misread. A man whose gross total income is ₹9,00,000 and who claims ₹1,50,000 under section 123 has a total income of ₹7,50,000 — but he must still file, because the test is applied **before** the deduction. The deduction is the very thing he is filing to claim.

1.2 The tax year, and why it is not the previous year

The Income-tax Act, 2025 came into force on 1 April 2026. It did away with the pair of expressions that every older book uses — previous year and assessment year — and put a single expression in their place.

Tax year · section 3

The tax year is the twelve months of the financial year. For this paper the tax year is **2026-27**, running from 1 April 2026 to 31 March 2027. Income earned in those twelve months is charged in those twelve months' return.

There is no assessment year. Do not write one — not in the answer book, not on the return.

Trap 1 · the year of the dates

The heading of the form reads TAX YEAR 2026-27. Every date of furnishing, every date of verification and every self-assessment challan falls in 2027, because the return for a tax year is furnished after the tax year has ended. A student who writes 20/07/2026 as the date of verification has signed a return before the income was earned.

1.3 The due date, and the two dates after it

Three dates govern the end of the computation, and you should know them before you sit down. The workbook prints the first of them on the Income Details sheet, against "Due Date of filing of ITR": 31/07/2027.

Date	What it is	Authority
31 July 2027	The due date for an individual who is not required to get his accounts audited. A return furnished on or before it is a return furnished in time, and nothing is charged for lateness.	Section 263(1)(c), Table: Sl. No. 5
31 December 2027	The last day for a belated return, or the completion of the assessment, whichever is earlier. Also nine months from the end of the tax year — the date beyond which a revised return attracts its own fee.	Sections 263(4) and 428(b)
31 March 2028	Twelve months from the end of the tax year: the last day on which a return may be revised at all.	Section 263(5)

Between the first and the second of these, three charges begin to run at once — interest under section 423 for furnishing the return late, interest under section 424 for having paid too little advance tax, and a fee under section 428, which is not interest at all but a flat charge for the delay. In this paper the interest under sections 423, 424 and 425 is **not computed**: the rows stay on the form and show nil. The fee under section 428 is computed, from the date of verification you type on the Taxes Paid and Verification sheet. Chapter 7 takes them one at a time.

1.4 The four ways a return is filed, and where the JSON fits

On the e-filing portal a return may be furnished in four ways. Knowing all four takes a minute and explains why your practical ends in a file rather than in a printout.

Way	What the assessee does	Who uses it
Online, on the portal itself	Logs in, and types into a web form that the portal renders. Nothing is downloaded.	Most salaried individuals filing ITR-1
The Excel utility	Downloads a macro-enabled workbook, fills it offline, presses a button which writes a JSON file, and uploads that file.	Anyone who prefers to work offline. This is what you are learning.
The offline utility	The same idea in a small desktop program instead of in Excel. It, too, ends in a JSON file.	Practitioners filing many returns
Through software	Accounting or tax software prepares the JSON from its own records and files it through the Department's interface.	Chartered accountants and firms

Why the practical ends in a file and not a printout

Three of those four ways end in a JSON file. The file, not the printed form, is the return as the Department receives it. Asking you to produce one is asking you to complete the act of filing rather than to describe it — which is what the word *Practice* in the title of this paper has always meant.

1.5 Who may use ITR-1

The Department publishes seven return forms. ITR-1 SAHAJ is the shortest, and it is meant for the simplest case. The heading of the Income Details sheet says it in one sentence: for an individual being a resident (other than not ordinarily resident) having total income up to ₹50 lakh, from salary or pension, house property, other sources, agricultural income up to ₹5,000 and a small long-term capital gain. Each case study gives you, in “The eligibility block”, the answers you need to decide it.

Ref.	The question	ITR-1 may be used only if
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?	Either no, or not more than ₹5,000

Ref.	The question	ITR-1 may be used only if
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
—	Total income, leaving out the long-term capital gain	Not more than ₹50,00,000
—	Long-term capital gain under section 198 (computed at C3(a)(iii))	Not more than ₹1,25,000

Trap 2 · the workbook does not ask E1 to E5 for you

The classroom workbook, like the Department's own utility, has no box for the five questions. You must ask them yourself, from the facts, before you type anything. If any answer is wrong for ITR-1, the right answer is to say so and to name the form that should be used — ITR-2 in every one of these cases. In an examination that is a complete answer; filling in a form that may not be used earns nothing. The one test the workbook does apply is the ₹50 lakh limit: Generate JSON refuses to write a file where the total income, leaving out the long-term capital gain, exceeds it.

1.6 What ITR-1 cannot carry

Four things that you have been taught in this paper have no box on this form. If the facts you are given contain one of them, either you have misread the facts or you are being tested on whether you will notice.

- **A third house property.** The HP sheet provides for two properties, and no more.
- **A loss carried forward.** A house-property loss may be set off against other heads only up to ₹2,00,000 under section 109(1)(b); to carry the balance forward under section 110 you need ITR-2.
- **Business or professional income.** Anything under sections 26 to 63 requires ITR-3 or ITR-4.
- **Short-term capital gains, or long-term gains other than those under section 198.** The single pair of boxes at C3(a) takes the sale consideration and the cost of listed equity shares and equity-oriented funds, and nothing else.

Chapter 2

The Workbook on Your Screen

The sheets · the layout of a row · the colour key
Eight buttons, and the two things that stop them working

2.1 The sheets

Open “ITR-1 TY 2026-27 (template).xslm”. Along the bottom of the Excel window are the sheet tabs. The workbook is a set of integrated sheets, each carrying one or more schedules of the form, and you move between them with the tabs or with the **Next** and **Previous** buttons.

Sheet	What it carries	In the examination
Income Details	Part A (general information and the regime), Part B (B1 salary, B2 house property, B3 other sources, B4 gross total income), Part C (deductions, C1, C2, exempt income, the long-term capital gain at C3(a)) and Part D (the tax, D1 to D11).	Where most of the hour is spent.
HP	Schedule HP — the two house properties: address, ownership, occupancy, tenant, rows a to k, and the loan table under 1h / 2h.	Every case.
Sch-HRA	The details behind any house rent allowance claimed as exempt.	Old regime only, and only if HRA is received.
TDS	TDS1 (Form 130 — salary), TDS2 (Form 131 — other income), TDS3 (Form 132 — tax deducted by a tenant), and Schedule IT (advance tax and self-assessment tax challans).	Every case.
TCS	Tax collected at source.	Rarely.
Taxes Paid and Verification	D12 to D14 — taxes paid, amount payable or refund; exempt income for reporting; the bank accounts; the Verification.	Every case.
S-123, S-126, S-133, S-135, S-137, S-154-127, S-129-132	The Chapter VIII schedules — section 123 (Schedule XV), 126 (health insurance), 133 (donations), 135, 137, 154 and 127, 129 to 132.	Old regime only. Under the new regime they are hidden.
SUMMARY	A one-page summary of the return, with its own Save JSON button.	To look at, not to fill.
Help	The colour key, the buttons and the caution, in the workbook’s own words.	Read once, at home.
ITA 2025 Mapping	Every field of the form against its provision of the Income-tax Act, 2025.	Answers “which section is this?”

A few sheets — BankCode, IFSC, DataBase and two others — are hidden. They hold the drop-down lists: the States, the countries, the IFS codes of the banks, the TDS section codes. They are never touched.

The regime decides which sheets you see

Answer the regime question (Chapter 3) and the workbook re-arranges itself. Under the new regime the Chapter VIII sheets and Sch-HRA disappear, because nothing on them can be allowed. Under the old regime they come back. If you cannot find S-123, look first at your answer to the regime question.

2.2 The layout of a row

Every row of Income Details is laid out the same way. At the left, the reference the field carries on the face of the form — B1, B2, B3, B4, C1, C2, C3(a), D1 to D11 — and the same references are used in the Ref. column of every case study, so a row can be found without counting down the sheet. Then the words of the form. At the right, the amount column, where you type or where the workbook shows its answer.

2.3 The colour key

The Help sheet sets out the key, and it is worth learning by heart, because it tells you without clicking whether a cell is your business or the workbook's.

What you see	What it means
Green background	A data-entry cell. You type here, or choose from a drop-down.
Label in red	A mandatory field. It must be filled before the JSON can be written (some only in certain cases).
Blue figures on white	Calculated or picked up by the workbook. A formula — never type over it.
Grey	Closed for this case — the regime, the age or the occupancy makes it inapplicable. Leave it alone.

All amounts are in whole rupees. Dates are typed as DD/MM/YYYY — 25/07/2027, not 25-7-27.

2.4 The eight buttons

The Income Details sheet carries eight buttons at its head. The other sheets carry the ones they need — **Validate**, **Previous**, **Next**, **Print**, **Help**, **Add Rows**, and on several of them **Calculate Tax** and **Generate JSON** again.

Button	What it does
Calculate Tax	Computes the tax for the regime you have chosen and fills Part D. Press it after the last entry, and again after any change. A message then shows the total income, the tax, the total tax, fee and interest, the taxes paid and the refund or amount payable.
Validate	Checks the sheet you are on and lists every field that is missing or malformed.
Generate JSON	Writes the JSON file. It refuses until Calculate Tax has been pressed. Chapter 10.
Print	Prints the sheets, after a preview.
Help	Opens the Help sheet.
Next	Moves to the next sheet.
Import JSON	Reads a JSON file back into the workbook. Not used in the practical.
Import Prefill	Reads the Department's pre-filled data. Not used in the practical — use only the facts of the case.

Trap 3 · the buttons that do nothing

If a button does nothing at all, the file has come down from the internet and Windows has marked it as blocked, so Excel refuses to run its macros. The cure takes ten seconds and is needed only once.

- Close the workbook.
- Right-click the file in File Explorer and choose Properties.
- At the foot of the General tab tick **Unblock**, and press OK.
- Open the workbook again, and press **Enable Content** on the yellow bar across the top.

Do this on the laboratory machine during the practice session, not during the examination.

The buttons need Excel on a Windows computer. In Excel on the web, in Google Sheets, in LibreOffice or on a telephone the sheets open and the figures can be read, but no button will work, and so no tax is calculated and no JSON is written.

2.5 What is protected, and why you should still keep out of it

In this classroom workbook the sheets are not password-protected, so that a teacher can open any formula and show how it works. That freedom is for the classroom, not for the examination. Every blue figure is a formula, and a figure typed over it destroys the formula for the rest of the hour.

Trap 4 · typing over a blue figure

If a computed figure looks wrong to you, the fault is in what you typed, not in the formula. Never type over a blue or a grey cell to “correct” it. Find the entry that produced it, correct that, and press Calculate Tax again.

2.6 The blank workbook and the ten filled workbooks

You will practise in two ways. The blank workbook is for working a case yourself. The ten filled workbooks — one for each of the five cases under each regime — are for checking. Each has the regime already chosen, every entry of the question already made, and Calculate Tax already pressed; its Part D and its Taxes Paid sheet carry exactly the figures of the printed solution.

Work, then compare

Work a case in the blank workbook from the question alone. Then open the filled workbook for the same case and regime, put the two side by side, and compare three figures: C2, D11, and whichever of D13 and D14 is not nil. If all three agree, every entry was in the right box.

Chapter 3

The Order of Filling, and the Clock

The golden rule · twelve steps · sixty minutes

3.1 The golden rule

Choose the regime before you type a single rupee

The first question in Part A after the address asks: “Do you wish to opt out of the default regime [section 202(4)]?” It is answered with the two buttons beside it, **Yes** and **No**. Everything else on the form depends on the answer.

This is not a matter of tidiness. Nine separate computations change with that answer, and the workbook hides or shows whole sheets as well. If you fill the form first and answer the question afterwards you will watch nine figures move at once and have no idea which of them was right. Answer it first, and every figure that follows settles into place as you type it.

What moves with the answer	No — the new (default) regime	Yes — the old (alternative) regime
Standard deduction from salary [section 19(1), Table Sl. No. 2]	₹75,000	₹50,000
Tax on employment [section 19(1), Table Sl. No. 1]	Not deductible — the cell is greyed	As paid
House rent allowance [Schedule III]	Not excludible	Excludible — the Sch-HRA sheet opens
Interest on a self-occupied house [section 22(1)(b)]	Nil [section 202(2)(a)(v)]	Up to ₹2,00,000 for both houses together
Set-off of a house-property loss against other heads	Not allowed at all [section 202(2)(b)]	Up to ₹2,00,000 [section 109(1)(b)]
Family pension deduction [section 93(1)(d)]	One-third, ceiling ₹25,000	One-third, ceiling ₹15,000
Chapter VIII [sections 122 to 154]	Closed, save four provisions [section 202(2)(a)(xii)]	Open — the deduction sheets S-123, S-126 and the rest appear
The slab rates	Table to section 202(1) — seven slabs, no age distinction	Paragraph A, Finance Act, 2026 — three age columns
The rebate [section 156]	₹60,000, up to a total income of ₹12,00,000, with marginal relief	₹12,500, up to a total income of ₹5,00,000

Trap 5 · the default is the one you do nothing to get

Under the 2025 Act the regime of section 202(1) applies unless the assessee opts out. So **No** gives you the default — the new regime — and **Yes** gives you the old one. The workbook says so in the line below the question: “No: Default (new) regime. Yes: Alternative (old) regime.” Every year students read the question the wrong way round, because the word No feels as though it should mean “no special treatment”. Read the question aloud once. **No means you stay in the default.**

The case studies, the solutions and the filled workbooks all use the same two names: Solution 1 is the new regime, answered No; Solution 2 is the old regime, answered Yes. The workbook calls the old regime the “Alternative (old) regime”; the two names mean the same thing.

3.2 The twelve steps

Fill the form in this order and nothing will have to be revisited.

#	Step	Sheet
1	Read the facts twice. Settle E1 to E5 and the ₹50 lakh test (1.5) before touching the keyboard.	—
2	Identity — names, PAN, Aadhaar, date of birth, nature of employment, e-mail, mobile.	Income Details
3	Address — State and Country from the drop-downs; Area / Locality and Town / City are mandatory.	Income Details
4	The regime — Yes or No, with the buttons.	Income Details
5	The other questions of Part A — the seventh proviso, the representative assessee, “Filed u/s”.	Income Details
6	B1 — salary, perquisites, profits in lieu, exempt allowances, tax on employment.	Income Details
7	House property — occupancy first, then the tenant, the figures and the loan table.	HP
8	B3 — other sources, with each dividend in its period; then C3(a) if there is a capital gain.	Income Details
9	Chapter VIII — old regime only.	Income Details, S-123, S-126
10	TDS1, TDS2, TDS3, and the challans of Schedule IT.	TDS
11	Bank account; the Verification — father's name, capacity, place, date.	Taxes Paid and Verification
12	Calculate Tax → Validate → Generate JSON; save the workbook.	Income Details

Part D is not in the list. You do not fill Part D: Calculate Tax fills it. Chapter 7 explains every row of it.

3.3 Sixty minutes, divided

Minutes	Spent on
0 – 5	Read the facts twice. Not once. Underline the regime if it is stated, the date of verification, the occupancy of each house, and anything that smells of an eligibility failure — a directorship, an unlisted share, a foreign asset, agricultural income above ₹5,000, a large capital gain.
5 – 8	The regime, and the shape of the whole answer is settled.
8 – 18	Part A. It is long and it is dull and it carries marks for accuracy alone. Do it steadily; do not come back to it.
18 – 38	B1, the HP sheet, B3, C3(a), and — old regime — Chapter VIII. This is where the tax law is.
38 – 48	The TDS sheet, the bank account, and the Verification.
48 – 53	Press Calculate Tax. Read its message. Press Validate on each sheet and correct what it names.
53 – 57	Press Calculate Tax once more, then Generate JSON. Confirm the file has appeared beside the workbook.
57 – 60	Save the workbook itself as well, under the name the invigilator gives you. Hand in both.

The five minutes at the start are the cheapest marks in the hour

Almost every disaster in a practical of this kind comes from a fact read once. A sentence such as “he also received ₹6,000 from his agricultural land at Karnal” takes four seconds to read and decides whether the form may be used at all. Read the facts twice before you touch the keyboard.

3.4 When you are stuck

Three things go wrong in a laboratory, and each has a fixed remedy.

- **A figure will not go into a cell, or a warning appears.** The cell is grey or blue — the figure is computed, or closed for this case. Look for the green cell in the same row, or check the regime and the occupancy.
- **A drop-down will not open.** Click the cell once, then the small arrow at its right edge. If there is no arrow you are not in a drop-down cell. Do not type the option by hand — a typed value that differs from the list by one space will fail.
- **A computed figure is not what you expected.** Press Calculate Tax again — Part D is refreshed only when you press it. If it still differs, the disagreement is with the Act, and the unit booklet will settle it.

Chapter 4

Part A, Field by Field

General information · the top of the Income Details sheet
The identity · the address · the regime · the filing

Part A carries no arithmetic. It carries marks for accuracy, and it carries the four or five answers on which the rest of the form turns. Ten minutes, done once and not revisited.

4.1 The identity

Field	What to enter, and what is checked
First name, Middle name, Last name	Three separate boxes. Leave the middle name empty if there is none — do not type a hyphen. The name in the Verification is typed again, in capitals, on the Taxes Paid and Verification sheet, and the two must agree.
PAN	Ten characters, AAAAA9999A — five capital letters, four digits, one capital letter. The workbook rejects any other shape: “Invalid PAN. PAN format should be First 5 Alphabets, next 4 digits, then 1 Alphabet.” Type it in capitals. What each character says is set out at 8.6.
Aadhaar Number	Twelve digits, typed together — 229867413305, not 2298-6741-3305. The case studies print it with hyphens for ease of reading; the cell takes the digits alone.
Date of Birth	DD/MM/YYYY. Everything about age follows from this one entry: the workbook works out the age itself and uses it for the old-regime slabs and the limits of sections 126, 128 and 153.
Nature of Employment	A drop-down — Central Government, State Government, Public Sector Undertaking, the three kinds of pensioner, Pensioners - Others, Others, and Not Applicable. A private-sector employee is “Others”; a retired private-sector employee drawing pension is “Pensioners - Others”.
Primary Email ID, Primary Mobile No.	One @ with something before and after it. The mobile is exactly ten digits: no +91, no space, no hyphen. The secondary e-mail and mobile are optional.

Age is attained on the day before the anniversary

A person born on 1 April 1967 is sixty years old on 31 March 2027, and is therefore a senior citizen for tax year 2026-27. The workbook applies this without being told. It matters under the old regime for the three age columns of Paragraph A, for the higher limits of sections 126 and 128, and for section 153, which gives ₹50,000 on all deposits to a resident senior citizen in place of ₹10,000 on a savings account.

Trap 6 · the PAN typed in small letters

aftpd6132j and AFTPD6132J are not the same string, and the JSON carries the string. Type it in capitals, count the ten characters, and check the fourth letter (8.6) before you go on. It is still the single most common thing a first practical gets wrong.

4.2 The address

The primary address takes the flat or door number, the name of the premises, the road or post office, the area or locality, the town or city, the State, the country and the PIN. Then a question: “Is the secondary address same as primary address?” Answer **Yes** in the ordinary case, and the secondary address is not needed.

Trap 7 · the two boxes that are always mandatory

Area / Locality and Town / City / District must be filled. Flat number, building name and road are not always present in the facts; these two always are. The PIN code is exactly six digits — a PIN typed with a trailing space is seven characters and is rejected.

State and Country are drop-downs, and their entries carry a code in front of the name — “09-DELHI”, “19-MAHARASHTRA”, “27-RAJASTHAN”, “91-INDIA”. Choose from the list; do not type.

4.3 The regime

Chapter 3 dealt with this field at length, because it is the field the whole form turns on. Two things remain to be said about how the facts will express it.

Sometimes the question states the regime outright — “he has opted out of the default regime”, or, as in every case study of this paper, “compute under both regimes”. Then there is nothing to decide: work the case once with No and once with Yes. Sometimes it does not, and the fact that it does not is itself the answer: the regime of section 202(1) applies unless the assessee opts out, so silence means the default. Answer No, and say in your answer book that no option under section 202(4) was exercised.

The question, in the workbook’s own words

“Do you wish to opt out of the default regime [section 202(4)]?”

No — the default, new regime. Section 202(1). Seven slabs. Standard deduction ₹75,000. Rebate ₹60,000. Chapter VIII closed.

Yes — the alternative, old regime. Paragraph A of Part I-B of the First Schedule to the Finance Act, 2026. Three age columns. Standard deduction ₹50,000. Rebate ₹12,500. Chapter VIII open.

4.4 The remaining questions of Part A

The seventh proviso. “Are you filing return of income under Seventh proviso to section 263(1) but otherwise not required to furnish return of income?” It asks whether the assessee, whose income is below the threshold, files only because he has done something the proviso names — deposited more than ₹1 crore in current accounts, spent more than ₹2 lakh on foreign travel or more than ₹1 lakh on electricity, or met another prescribed condition. In every case study of this paper the answer is **No**.

The representative assessee. “Whether this return is being filed by a representative assessee?” — a guardian for a minor, an agent for a non-resident, an executor. If Yes, his name, e-mail and contact number follow, and the capacity in the Verification must agree. In the case studies the answer is **No**.

Filed u/s. A drop-down: “263(1)-On or before due date” in the ordinary case; “263(4)-Belated” where the return is furnished after 31 July 2027; “263(5)-Revised” where the return revises an earlier one, and then the receipt number and the date of the original return are required. Beneath it the workbook prints the due date, 31/07/2027.

Trap 8 · a drop-down left at “(Select)” is not an answer

Every Yes/No on this form is a drop-down or a button, and a drop-down still showing “(Select)” has not been answered. Answering No takes two seconds; leaving it at “(Select)” costs the JSON.

Read the date of verification off the question

Examination facts almost always give it, and give it deliberately. “He verifies and furnishes the return on 25 July 2027” means no fee and a short Part D. “On 5 August 2027” means the return is belated — choose “263(4)-Belated” at Filed u/s — and a fee of ₹1,000 or ₹5,000 follows. The date itself is typed in the Verification, on the Taxes Paid and Verification sheet (8.5).

Chapter 5

Part B, Field by Field

Gross total income · B1 to B4
Salary · house property · other sources

Everything in Part B is in whole rupees. Type only in the green cells; read the answer in the blue figures, because that is what the form carries forward.

5.1 B1 — Salary and pension

A handful of entries, and the rest is computed. The structure follows sections 15 to 19 exactly, and if you have understood Unit 2 Part A you already know it.

Ref.	Field	What goes in it
(i)(a)	Salary as per section 16	Basic pay, dearness allowance, bonus, commission, every allowance in its gross amount, leave salary, and the taxable part of gratuity and of commuted pension. A pension goes here too.
(i)(b)	Value of perquisites as per section 17	Rent-free accommodation, the motor car, the concessional loan — valued under the Rules.
(i)(c)	Profit in lieu of salary as per section 18	Compensation on termination or on modification of the terms of employment, and the like.
(i)(d), (i)(e)	Income from a retirement benefit account abroad	Rarely met. Leave empty unless the facts mention it.
(ii)	Less: allowances exempt under section 11 read with Schedule III	Chosen from a drop-down, with the amount beside it. House rent allowance is worked on the Sch-HRA sheet. Make sure the gross of the same allowance is inside (i)(a).
(iii)	Net salary	Computed.
(iv)(a)	Standard deduction: section 19(1), Table Sl. No. 2	Computed — ₹75,000 under the new regime, ₹50,000 under the old, and never more than the net salary.
(iv)(b)	Entertainment allowance	No deduction under the Income-tax Act, 2025. Nothing is entered.
(iv)(c)	Professional tax: section 19(1), Table Sl. No. 1	The tax on employment paid. Under the new regime the cell is greyed and nothing is allowed [section 202(2)(a)(iii)].
(v)	Income chargeable under the head "Salaries"	Computed — this is B1.

Entertainment allowance has gone

The Table to section 19(1) of the Income-tax Act, 2025 has no serial number for entertainment allowance. The row stays on the form at (iv)(b) only to say so. If a question offers you one, the answer is that it is not deductible.

Trap 9 · the exclusion claimed but never added

The exempt part of an allowance comes out at (ii). For it to be an exclusion there must be something to exclude it from, so the whole allowance must already be inside (i)(a). Students who enter only the taxable part at (i)(a) and then the exempt part at (ii) deduct it twice, and their salary comes out low by exactly the exempt amount.

Trap 10 · house rent allowance under the new regime

Under the new regime the exclusion is not available at all — section 202(2)(a)(ii) closes it, and the Sch-HRA sheet is hidden. The gross allowance stays in (i)(a) and nothing comes out at (ii). A question that gives you rent paid, salary and the allowance is often testing this, not the arithmetic of the exemption.

5.2 B2 — Income from house property: the HP sheet

House property is not filled on Income Details. It has a sheet of its own, the HP sheet, and B2 on Income Details is simply carried from it. Two properties are provided for, 1 and 2, one above the other. Each has an address block, the owner, a co-ownership question, the type of the property, a tenant block, eleven rows a to k, and a loan table.

Row	What it is	Authority
a	Gross rent received, receivable, or the lettable value	Sections 21(1) to 21(5)
b	Rent which cannot be realised	Section 21(7)(a)
c	Tax paid to local authorities during the year	Section 21(7)(b)
d	Total (b + c). Computed.	
e	Annual value (a – d). Nil if self-occupied.	Section 21(6)
f	Annual value of the share owned (own percentage × e)	
g	30% of the annual value. Computed, never entered.	Section 22(1)(a)
h	Interest payable on borrowed capital — the total of column (vii) of the loan table	Section 22(1)(b)
i	Total (g + h). Computed.	
j	Arrears or unrealised rent received, less 30%	Section 23
k	Income from the property (f – i + j). Computed.	Section 20

The type of the property comes first

Before any figure, choose “Type of House property?” — Let Out, Self Occupied, or Deemed Let Out. Rows a to c, the tenant block and the interest all behave differently according to what you choose, and if you enter the figures first you will see them change under you.

The loan table under 1h / 2h

The interest is not typed into row h. It is typed into the loan table immediately below it, one row for each loan, in seven columns: (i) loan taken from — Bank, or Other than Bank; (ii) the name of the bank; (iii) the loan account number; (iv) the date of sanction; (v) the total amount of the loan; (vi) the loan outstanding on 31 March 2027; and (vii) the interest for the year. Row h is the total of column (vii), as allowed. Every case study gives you these seven particulars for each loan.

What the type of the property does to the interest

- **On a self-occupied property, under the new regime:** nil. Section 202(2)(a)(v) denies it, and the workbook greys the loan table, which is left blank.
- **On a self-occupied property, under the old regime:** allowed, but subject to an aggregate ceiling of ₹2,00,000 for both properties taken together — not ₹2,00,000 each. The loan particulars are entered.
- **On a let-out or deemed let-out property:** untouched by either regime. The interest goes in at its full amount, and the loan particulars are entered under both regimes.

Trap 11 · ₹2,00,000 each

The ceiling of section 22(1)(b) on self-occupied property is ₹2,00,000 for the assessee, not for each house. Two self-occupied houses with interest of ₹3,10,000 and ₹2,35,000 give ₹2,00,000 in all under the old regime — property 1 uses it up and property 2 gets nothing — and nil under the new. The workbook applies the aggregate; a student computing on paper alongside will get ₹4,00,000 and think the sheet is broken.

Co-ownership, and the tenant

Answer the co-ownership question and give your percentage share; in the case studies every house is solely owned, “No” and 100. Where a property is let out, the tenant’s name goes in, with his PAN or Aadhaar if available. A fourth column, “PAN/TAN of Tenant(s) (if TDS credit is claimed)”, is filled only where the tenant has deducted tax from the rent and the credit is claimed in TDS3.

Why a tenant may have no TAN

An individual or Hindu undivided family paying rent of more than ₹50,000 a month deducts tax under section 393(1), Table Sl. No. 2(i), and is not required to obtain a tax deduction account number at all. He deducts against his own PAN. That is why the form takes the tenant’s PAN, and why the credit is claimed in TDS3 — Form 132 — against that PAN, not in TDS2 against a TAN.

B2, and a loss

Row 1k and row 2k are added, and the sum passes through one restriction before it becomes B2.

A loss under this head · two different bars

- **Under the old regime:** a loss may be set off against income under any other head up to ₹2,00,000 [section 109(1)(b)]. Anything beyond that may be carried forward under section 110 — but not on this form.
- **Under the new regime:** a loss under this head cannot be set off against any other head at all [section 202(2)(b)]. B2 is taken as nil in the gross total income, not as a negative figure.

5.3 B3 — Income from other sources

Four rows take the ordinary items, each with its nature chosen from a drop-down and its amount beside it; the dividend has rows of its own.

Item	Note
Interest from Savings Bank Account	Gross. Any deduction for it belongs at section 153 in Part C, and is closed under the new regime.
Interest from Deposit (Bank / Post Office / Cooperative Society)	Gross, before tax deducted at source. The tax deducted goes in TDS2, not here.
Interest from Income Tax Refund	Gross. The interest a refund carries is itself income, charged under this head.
Family pension	Gross. The deduction of section 93(1)(d) is entered at “Less: Family pension deduction”.
Dividend — periods (i) to (v)	Not typed in one figure. Five rows: up to 15 June 2026; 16 June to 15 September; 16 September to 15 December; 16 December to 15 March 2027; 16 to 31 March 2027. Put each dividend in the period its date falls in; the workbook adds them.

Why the dividend has five rows and nothing else does

Because a person cannot be expected to foresee a dividend. Advance tax is payable in instalments, and a person who receives a dividend in March cannot be blamed for not having paid tax on it in June. The split lets interest under section 425 be charged only from the instalment after the dividend arrived. This paper does not compute that interest, so the split is a reporting field here — but it is on the form, and the case studies always tell you the date.

Trap 12 · interest entered net of tax deducted

A bank that pays ₹68,000 of interest and deducts ₹6,800 credits ₹61,200 to the account. The figure that goes in B3 is ₹68,000. The ₹6,800 is claimed as a credit in TDS2. Enter ₹61,200 and you have understated the income and will still claim the full credit — the one error on this form that produces a refund the assessee is not entitled to.

The family pension deduction survives the new regime

It is not in Chapter VIII. It sits in section 93(1)(d), inside the head itself: one-third of the family pension, subject to ₹25,000 under the new regime and ₹15,000 under the old. Students who have learnt that “the new regime allows nothing” lose this one every time. Case 13.3 is built on it.

5.4 B4 — Gross total income

B4 is B1 plus B2 plus B3 plus the long-term capital gain at C3(a)(iii). It is computed, and the workbook prints the formula beside it: “Gross Total Income (B1+B2+B3+C3a(iii))”.

Trap 13 · the capital gain is entered in Part C but belongs to B4

The two boxes for the sale consideration and the cost of listed equity shares sit at C3(a)(i) and C3(a)(ii), physically below Part C, because the form puts them there among the reporting fields. The gain they produce is nevertheless part of gross total income and is added at B4. Fill Part B, then C3(a), then look again at B4 — it will have moved. Case 13.5 is built on it.

Chapter 6

Part C: Deductions and Total Income

Chapter VIII · sections 122 to 154

C1 · C2 · exempt income · the long-term capital gain

6.1 The rows, and one question that closes most of them

Part C of Income Details lists the deductions of Chapter VIII of the Income-tax Act, 2025. Each row takes what the assessee claims, in the column headed Amount, and the workbook shows beside it what the Act allows him. Two quite separate things can cut a claim down: the ceiling in the section itself, and the closure of the whole Chapter by the new regime.

What section 202(2)(a)(xii) does to this Part

Where income-tax is computed under section 202(1) — under the new regime — nothing in Chapter VIII is allowed save four provisions: the employer's contribution to the pension scheme [section 124(1) and (2)], the Central Government's contribution to the Agniveer Corpus Fund [section 125(2)], and the deduction for the employment of new employees [section 146]. None of the four arises in the case studies of this paper.

Everything else — sections 123, 126 to 137, 153 and 154 — is closed, and in the new-regime workbook the deduction sheets are hidden.

6.2 Where each deduction is entered

Several deductions are not typed on Income Details at all. They are worked on a sheet of their own, and the row on Income Details picks up the total. This is the single most useful table in the chapter.

Section	Deduction, and its ceiling	Where you enter it
123	Life insurance premia, provident fund, Public Provident Fund, tuition fees and the rest of Schedule XV — ₹1,50,000 in all	S-123 — one row for each payment, with its policy or document number
124(3)	Additional own contribution to the pension scheme — ₹50,000	Income Details, with the PRAN
126	Health insurance premium paid otherwise than in cash, and preventive check-up — ₹25,000, or ₹50,000 for a senior citizen	S-126 — the insurer, the policy number and the premium
127	Maintenance of a dependant with disability — ₹75,000, or ₹1,25,000 for severe disability	S-154-127
128	Medical treatment of a specified disease — ₹40,000, or ₹1,00,000 for a senior citizen	Income Details — the person and the disease from two drop-downs, and the amount
129	Interest on a loan for higher education	S-129-132
130, 131	Interest on a loan for a residential house — ₹50,000 and ₹1,50,000 respectively	S-129-132
132	Interest on a loan for an electric vehicle — ₹1,50,000	S-129-132
133, 135, 137	Donations; donations for scientific research or rural development; contributions to a political party, otherwise than in cash	S-133, S-135, S-137
134	Rent paid where no house rent allowance is received	Income Details, with the Form 31 acknowledgement
153	Interest — ₹10,000 on a savings account, or ₹50,000 on all deposits for a resident senior citizen	Income Details — the row for a senior citizen or the row for any other individual

Section	Deduction, and its ceiling	Where you enter it
154	The assessee himself being a person with disability — ₹75,000, or ₹1,25,000 for severe disability	S-154-127

Trap 14 · Schedule XV entered as one lump

S-123 wants each payment on its own row — each life insurance policy, the provident fund, each child's tuition fees — at its full amount, with its policy or document number. Do not net them, and do not cut them down to ₹1,50,000 yourself: enter what was paid, and let the workbook apply the ceiling. The question of every case study lists the rows exactly as S-123 wants them.

Section 153 — one section, two limbs

A person below sixty claims up to ₹10,000 on interest on a savings account; a resident senior citizen claims up to ₹50,000 on interest on any deposit. Income Details has a row for each. Use the row that fits the age; the other is greyed. Both are closed under the new regime.

6.3 C1 and C2

C1 is the total of the deductions allowed, and C2 is B4 less C1, rounded off under section 516 to the nearest multiple of ten rupees.

Rounding off · section 516

The total income, and the total tax, fee and interest, are rounded to the nearest multiple of ten rupees. The tax computed at the slab rates is not rounded, nor is the cess; only the total income and the final figures are. Case 13.5 shows it: total tax and cess ₹6,43,244, total tax, fee and interest ₹6,43,240.

6.4 C3 — exempt income, and the capital gain

Two quite different things share this heading.

Exempt income, for reporting

The nature of the exempt income is chosen from a drop-down and its amount entered beside it. This is a reporting field: it does not enter the computation anywhere. Agricultural income up to ₹5,000 is reported on the Taxes Paid and Verification sheet, under "Exempt income (For reporting Purposes)".

The long-term capital gain under section 198

Three rows at C3(a). You enter the total sale consideration at (i) and the total cost of acquisition at (ii); the gain at (iii) is the difference, and it is that figure which is added into B4.

Section 198

- Long-term capital gains on listed equity shares and equity-oriented funds on which securities transaction tax has been paid.
- The first ₹1,25,000 is not chargeable to tax.
- ITR-1 may be used only where the gain does not exceed ₹1,25,000. In every case that reaches this form the gain therefore bears no tax at all — but it is still part of the gross total income, and still has to be taken out again before the slab rates are applied [section 198(2)(b)].

Trap 15 · entering the gain instead of the two figures

The form does not ask for the gain. It asks for the sale consideration and the cost, and computes the gain. A student who puts ₹1,08,000 at C3(a)(i) and leaves C3(a)(ii) empty has told the Department that he sold shares for ₹1,08,000 that cost him nothing. The gain will come out right; the reporting will be false, and the JSON carries both figures.

Advocate Dr. S. B. Rathore

Chapter 7

Part D: The Computation of Tax

D1 to D11 · the slabs, the rebate, the cess
Interest that is not computed, and the fee that is

Part D is the part you do not fill. Every row of it is produced when you press **Calculate Tax** — from the total income at C2, from the age, from the regime, from the date of verification, and from the challans and credits on the TDS sheet. Read it; do not type in it.

Trap 16 · Part D is refreshed only by the button

Most figures in the workbook follow your entries at once. D1 — the tax on the total income — does not: it is worked out by Calculate Tax. Change anything after pressing it — a rupee of salary, the type of a house, the regime — and D1 is stale until you press it again. Generate JSON will not run until you have.

7.1 D1 — the tax on the total income

Two tables exist, and the regime chooses between them.

The new regime — the Table to section 202(1)

Total income	Rate
Up to ₹4,00,000	Nil
₹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

Seven slabs, and no distinction of age. A man of ninety pays the same as a man of thirty under this regime.

The old regime — Paragraph A, Finance Act, 2026

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

The gain under section 198 is not taxed at the slabs

Before the slab rates are applied the long-term capital gain at C3(a)(iii) is taken out of the total income [section 198(2)(b)]. The gain is charged separately, and since ITR-1 may be used only where it does not exceed ₹1,25,000, in every case that reaches this form it bears no tax at all. The solution of Case 13.5 shows the memorandum: total income ₹35,69,680, less the gain of ₹1,08,000, gives ₹34,61,680 charged at the slab rates.

7.2 D2 — the rebate under section 156

Section 156 has three limbs and the workbook applies whichever fits. This is the provision that decides whether a middle-income assessee pays anything at all, and it is the most likely single topic for the theory question that accompanies the practical.

Limb	Applies where	The rebate
156(1)	The option under section 202(4) has been exercised — the old regime — and the total income does not exceed ₹5,00,000.	100% of the income-tax, or ₹12,500, whichever is less.
156(2)(a)	Income-tax is chargeable under section 202(1) — the new regime — and the total income does not exceed ₹12,00,000.	100% of the income-tax, or ₹60,000, whichever is less. At a total income of exactly ₹12,00,000 the tax is ₹60,000, so the rebate wipes it out entirely.
156(2)(b)	The new regime, and the total income exceeds ₹12,00,000 but the tax exceeds the excess over ₹12,00,000.	Tax – (total income – ₹12,00,000). Marginal relief, written into the rebate. It is exhausted at a total income of ₹12,70,588.
156(3)	Always.	A ceiling: the rebate shall not exceed the income-tax. It restrains; it never enlarges.

The marginal band, in one sentence

Between ₹12,00,000 and ₹12,70,588 of total income under the new regime, the tax after rebate is exactly the excess of the total income over ₹12,00,000. Total income ₹12,40,000 – tax after rebate ₹40,000. You can check the workbook's answer in your head anywhere inside that band.

7.3 D3 to D5 — cess, and the total

D3 is the tax after rebate. D4 adds health and education cess at 4% under section 2 of the Finance Act, 2026 — on the tax after rebate, never on the tax before it. D5 is the two together.

7.4 D6 and the relief row — left empty

D6 carries the relief claimed in Form 39 for salary received in arrears or in advance, and the row below it the relief under section 158 for income from a retirement benefit account abroad. Both need figures that ITR-1 does not collect, and the guidelines of 4 August 2026 say relief need not be covered. In this paper you will leave both empty.

7.5 D7 to D10 — what lateness costs

The interest is on the form, but not in the total

For this paper the interest under sections 423, 424 and 425 is **NOT COMPUTED**. The three rows stay on the form — they are on the notified return and a student should see them — but Calculate Tax sets each of them to nil. In practical life they are charged, and a real return carries them. Read sections 423 to 425 to know what they do, and leave the arithmetic alone. No figure is printed against them in the five case studies either.

Row	Charge	In this workbook
D7	Interest for default in furnishing the return [section 423] — 1% a month or part of a month from 1 August 2027, on the tax remaining unpaid.	Not computed — nil.
D8	Interest for default in payment of advance tax [section 424] — where the advance tax paid falls short of 90% of the assessed tax.	Not computed — nil.
D9	Interest for deferment of advance tax [section 425] — instalment by instalment.	Not computed — nil.

Row	Charge	In this workbook
D10	Fee for default in furnishing the return [section 428(a)] — a flat ₹1,000 where the total income does not exceed ₹5,00,000, and ₹5,000 in any other case.	Computed by Calculate Tax, from the date of verification: nil if it is on or before 31/07/2027.

Trap 17 · the fee that is charged on a refund

A student whose employer deducted more tax than was due, who files one week late, expects nothing to happen. A fee of ₹1,000 or ₹5,000 is charged all the same under section 428(a), and it comes out of the refund. The fee is not interest: it does not depend on how late, nor on how much tax is due, and it is charged even where no tax at all is payable. Chapter 11, Case B is built on exactly this.

A senior citizen and the advance tax

A resident senior citizen having no income under the head profits and gains of business or profession is not liable to pay advance tax at all [section 408]. Shri Hukam Chand Bansal of Case 13.3 is such a person. Since this paper computes no interest, the point matters only for the theory question.

7.6 D11 to D14 — the end of the form

Ref.	What it is	Where
D11	Total tax, fee and interest — D5 + D7 + D8 + D9 + D10 + D10a – D6, rounded off under section 516.	Income Details
D12	Total taxes paid — advance tax D12(a), self-assessment tax D12(b), TDS D12(c), TCS D12(d).	Taxes Paid and Verification
D13	Amount payable, if D11 exceeds D12.	Taxes Paid and Verification
D14	Refund, if D12 exceeds D11.	Taxes Paid and Verification

Only one of D13 and D14 can carry a figure; the other is nil. An examiner glancing at a finished form looks at C2, at D11 and at whichever of D13 and D14 is not nil, and can tell in five seconds whether the case has been understood. Those are the three figures printed at the foot of every solution in the case studies.

Chapter 8

Taxes Paid, the TDS Sheet and the Verification

TDS1 · TDS2 · TDS3 · Schedule IT

Bank accounts · the Verification · the five numbers you copy

Everything the assessee has already paid towards his tax is entered on one sheet, TDS, in four schedules. The totals are carried to the Taxes Paid and Verification sheet, which also takes the bank account and the declaration at the foot of the return.

8.1 TDS1 — tax deducted from salary (Form 130)

One row for each employer: the TAN of the deductor, the name of the deductor, the income chargeable under the head Salaries, and the total tax deducted. The income is the figure at B1 under the regime you have chosen — so it differs between the two filled workbooks of the same case.

8.2 TDS2 — tax deducted from other income (Form 131)

One row for each deductor other than an employer: the TAN, the name, the TDS code with its section and table reference, the gross receipt, the year of deduction (2026-27), the tax deducted, and the credit claimed this year. The code is chosen from a drop-down; the case studies give you the serial number.

Income	Choose in the drop-down
Interest on deposits with a bank	1021 — 393(1) [Table: Sl. No. 5(ii).D(b)]
Dividend	1029 — 393(1) [Table: Sl. No. 7]

8.3 TDS3 — tax deducted by a tenant (Form 132)

Where an individual tenant has deducted tax from the rent, the credit is claimed here and not in TDS2: the PAN of the tenant (or his Aadhaar), his name, the section — “1007 — 393(1) [Table Sl. No. 2(i)]” — the gross rent, the year, the tax deducted and the credit claimed. Cases 13.4 and 13.5 have such a tenant.

Trap 18 · the credit claimed without the income

Credit for tax deducted from bank interest can be claimed only if the interest itself has been shown in B3. Credit for tax deducted from rent can be claimed only if the rent is at 1a or 2a of the HP sheet and the tenant is named there, with his PAN in the column “PAN/TAN of Tenant(s) (if TDS credit is claimed)”. A return in which a credit stands against no income is the single thing the Department’s processing system rejects most often.

8.4 Schedule IT — advance tax and self-assessment tax

One row for each challan: the BSR code of the branch (seven digits), the date of deposit, the serial number of the challan (five digits), and the amount. Both the code and the serial number often begin with a zero, and the zero must survive — see Trap 19. The date does more work than it looks.

One date, two different taxes

- **Deposited on or before 31 March 2027** — it is advance tax, paid during the tax year under sections 404 to 408, and is carried to D12(a).
- **Deposited after 31 March 2027** — it is self-assessment tax, paid under section 266 before furnishing the return, and is carried to D12(b).

The workbook splits the challans on that date by itself. You enter them all in the one schedule. A challan cannot be dated later than the date of verification.

8.5 The Taxes Paid and Verification sheet

Its top block is computed: D12(a) to D12(d), D12, D13 and D14. Below that you fill three things.

- **Exempt income, for reporting** — agricultural income up to ₹5,000 and the like. Usually empty.
- **The bank accounts.** One row for each account held in India at any time in the year, except a dormant one: the IFS code, the account number, the type of account, and a tick against the account selected for the credit of a refund. The name of the bank is not typed — the workbook looks it up from the IFS code, and if no name appears the code is not one the workbook recognises. At least one account must be selected for the refund.
- **The Verification.** The name in block capitals; “son/daughter of”; the capacity — “Self” in the ordinary case; the PAN; the **date**, DD/MM/YYYY; and the place. The date of verification is the date the workbook treats as the date of furnishing: the fee under section 428 is computed from it.

Who may verify · section 265

The declaration is that the information given is correct and complete and is in accordance with the provisions of the Income-tax Act, 2025, and that the person making it is competent to make and verify the return. For an individual, section 265 requires the individual himself — or, where he is absent from India or mentally incapacitated, a person duly authorised.

8.6 The five numbers you copy, and the shape of each

None of them is free text. Each has a fixed shape, and the shape is checked — by the workbook while you type, and again by the Department’s system when a return is filed. Learn the shape and you will catch your own typing mistake in the second it is made.

Number	Length	The shape	Where you type it
PAN	10	AAAAA9999A — five letters, four digits, one letter	Income Details; the Verification; the tenant block on HP; TDS3
TAN	10	AAAA99999A — four letters, five digits, one letter	TDS1 and TDS2
BSR code	7	Seven digits, and no letter at all	Schedule IT
Challan serial	5	Five digits	Schedule IT
IFS code	11	AAAAOXXXXXX — four letters, the digit zero, then six letters or digits	Bank accounts

In the two ten-character numbers the letters and the digits sit the other way round. A PAN is five letters then four digits; a TAN is four letters then five digits. That single sentence prevents most of the confusion between them.

What the characters of a PAN say

- The first three are a running series of letters. They mean nothing about the holder.
- The fourth is the status of the holder — **P** for an individual, **C** company, **F** firm, **H** Hindu undivided family, and so on. In ITR-1 it is always **P**, because only an individual may file this return.
- The fifth is the first letter of the surname: Shri Nikhil **D**eshpande holds **AFTPD6132J**.
- The sixth to the ninth are four numerals, and the tenth is a check letter.

So a PAN whose fourth letter is not **P** cannot belong to the individual filing an ITR-1, and a PAN whose fifth letter does not match the surname is a PAN copied from the wrong line of the question.

The parts of a TAN, and of a challan

A TAN is issued to the deductor, not to the assessee: four letters — the first three for the city, the fourth the first letter of the deductor's name — five numerals and a check letter. Konkani Chemicals Limited of Mumbai holds **MUMK02845D**.

The BSR code, the date of deposit and the challan serial together make the Challan Identification Number, and the Department matches your claim against the bank's record by that number and nothing else. BSR stands for Basic Statistical Return; the code belongs to the branch, so two challans paid at two branches of the same bank carry two different codes.

Trap 19 · the leading zero that Excel throws away

Two of the five may begin with a zero, and both commonly do — the BSR code 0230118 and the challan serial 00592. Type 00592 into a cell that holds a number and Excel stores 592. The cells of Schedule IT hold text, so the zeros survive when typed; pasting a block of figures from elsewhere, or dragging a cell across, can still defeat that. If a zero has vanished, clear the cell and type the number again. The other mistakes of the same family: the letter O for the digit 0 in an IFS code, the digit 1 for the letter I, and a PAN or TAN typed in small letters.

Chapter 9

A Specimen Typed Along, Line by Line

Shri Aditya Verma · tax year 2026-27

Every entry, sheet by sheet, in the order you should make it

Work this case once with these notes open beside the screen, in a fresh copy of the blank workbook. Then take another fresh copy and work it again from the facts alone, and time yourself.

9.1 The facts

Shri Aditya Verma · tax year 2026-27

Identity. PAN AVGPV3421K. Aadhaar 4321-8765-2109. Born 12 June 1984. Son of Shri Ramesh Chandra Verma. Mobile 9810012345; e-mail aditya.verma@example.in. Resident and ordinarily resident.

Address. B-702, Amrapali Residency, Post Office Mayur Vihar, Mayur Vihar Phase-I, New Delhi 110091, Delhi.

Employment. Salary from Meridian Systems (India) Private Limited, a company in the private sector, ₹13,44,000 for the year. No perquisites, no profits in lieu of salary, no allowance. No professional tax is levied in Delhi. The employer deducted tax of ₹85,640 under section 392, against TAN DELM12345E.

House property. House No. 44, Vasundhara Enclave, Sector 5 Road, Vasundhara, Ghaziabad 201012, Uttar Pradesh, which he owns wholly, was let for the whole year to Shri Mohan Lal Sharma (PAN BXYPS4512M) at ₹20,000 a month, all of it realised. Municipal taxes of ₹12,000 were paid during the year. He had acquired it with a loan of ₹20,00,000 from Bank of India, Home Loan Account No. 602118410000478, sanctioned on 18 February 2019; ₹16,85,000 of it was outstanding on 31 March 2027, and the interest on it for the year came to ₹1,50,000.

Other sources. Savings bank interest ₹12,000. Interest on fixed deposits with the State Bank of India ₹68,000, from which the bank deducted ₹6,800 against TAN DELS54321B.

Shares. Listed equity shares held for four years were sold for ₹3,80,000; they had cost ₹3,00,000. Securities transaction tax was paid.

Bank account. State Bank of India, IFS code SBIN0000691, savings account 31234567890, for the credit of any refund.

The filing. He has not exercised the option under section 202(4). He paid no advance tax. He verifies and furnishes the return himself at New Delhi on 20 July 2027. He is not a director, holds no unlisted share, has no foreign asset and no agricultural income, and no tax was deducted from him on a cash withdrawal.

9.2 The entries, sheet by sheet

Before anything: E1 to E5 are all No, the total income is far below ₹50 lakh and the gain below ₹1,25,000 — ITR-1 may be used. Then type the following. Everything else on the form is computed.

Sheet	Field	Type this
Income Details	First name / Last name	Aditya / Verma (no middle name)
	PAN	AVGPV3421K
	Aadhaar Number	432187652109
	Date of Birth; Nature of Employment	12/06/1984; Others
	Primary e-mail; primary mobile	aditya.verma@example.in; 9810012345
	Primary address	B-702 · Amrapali Residency · Post Office Mayur Vihar · Mayur Vihar Phase-I · New Delhi · 09-DELHI · 91-INDIA · 110091

Sheet	Field	Type this
	Secondary address same as primary?	Yes
	Opt out of the default regime?	No
	Seventh proviso; representative assessee	No; No
	Filed u/s	263(1)-On or before due date
	B1(i)(a); (i)(b); (i)(c)	1344000; 0; 0
	B3 — two rows	Interest from Savings Bank Account 12000; Interest from Deposit (Bank/Post Office/Cooperative Society) 68000
	C3(a)(i); C3(a)(ii)	380000; 300000
HP	Address of Property 1	House No. 44, Vasundhara Enclave, Sector 5 Road · Vasundhara, Ghaziabad · 31-UTTAR PRADESH · 91-INDIA · 201012
	Owner; co-owned; your share	Self; No; 100
	Type of House property	Let Out
	Tenant	Shri Mohan Lal Sharma · BXYPS4512M
	1a; 1b; 1c	240000 (₹20,000 × 12); 0; 12000
	Loan table, row 1	Bank · Bank of India · 602118410000478 · 18/02/2019 · 2000000 · 1685000 · 150000
TDS	TDS1	DELM12345E · Meridian Systems (India) Private Limited · 1269000 · 85640
	TDS2	DELS54321B · State Bank of India · 1021 — 393(1) [Table: Sl. No. 5(ii).D(b)] · 68000 · 2026-27 · 6800 · 6800
	Schedule IT	Nothing. No advance tax was paid.
Taxes Paid and Verification	Bank account	SBIN0000691 · 31234567890 · Savings Account · ticked for refund
	Verification	ADITYA VERMA · Shri Ramesh Chandra Verma · Self · AVGPV3421K · 20/07/2027 · New Delhi
Income Details	Button	Calculate Tax

The income in TDS1 is the salary chargeable — ₹12,69,000 after the standard deduction of the new regime — which the workbook shows you at B1 before you need it.

9.3 What the workbook then shows

	Particulars	Amount
B1	Gross salary ₹13,44,000, less standard deduction ₹75,000; tax on employment — none	₹12,69,000
B2	Gross rent ₹2,40,000, less taxes to the local authority ₹12,000 = annual value ₹2,28,000; less 30% ₹68,400; less interest ₹1,50,000	₹9,600
B3	Savings bank interest ₹12,000 and interest on fixed deposits ₹68,000	₹80,000
C3(a) (iii)	Long-term capital gain: ₹3,80,000 – ₹3,00,000	₹80,000
B4	GROSS TOTAL INCOME	₹14,38,600
C1	Deductions under Chapter VIII — closed by section 202(2)(a)(xii)	₹0
C2	TOTAL INCOME , rounded off under section 516	₹14,38,600
	Memorandum: income charged at the slab rates — C2 less the gain	₹13,58,600
D1	Tax: ₹20,000 + ₹40,000 + 15% of ₹1,58,600 (₹23,790); the gain bears none	₹83,790
D2	Rebate — nil, the total income being past ₹12,70,588	₹0
D4	Health and education cess at 4%	₹3,352
D5	Total tax and cess	₹87,142
D7 – D10	Interest not computed; fee nil — verified within time	₹0
D11	TOTAL TAX, FEE AND INTEREST , rounded off	₹87,140
D12	Taxes paid — TDS ₹85,640 + ₹6,800	₹92,440
D14	REFUND	₹5,300

Three figures to check

Total income ₹14,38,600 · Total tax, fee and interest ₹87,140 · Refund ₹5,300

If all three agree, every entry was in the right box. If the first agrees and the second does not, the error is in the regime or the date of verification. If the third alone disagrees, look at the TDS sheet. If the first does not agree, work back through B1, B2, B3 and C3(a) in that order — the difference will usually name itself.

9.4 Nine things this specimen was built to teach

1. The standard deduction is ₹75,000, not ₹50,000

Because the regime question was answered No.

2. The municipal tax comes off before the thirty per cent

₹12,000 comes off the gross rent to give the annual value. The 30% is then taken on the annual value — ₹68,400, not ₹72,000 — and the interest of ₹1,50,000 comes after it.

3. The house yields ₹9,600, not a loss

₹2,28,000 less ₹68,400 less ₹1,50,000.

4. Because it is let out, the interest survives the new regime

Section 202(2)(a)(v) denies interest only on a self-occupied property. Change the type of the property to Self Occupied and press Calculate Tax: the ₹1,50,000 falls to nil.

5. The bank interest goes in gross

₹68,000 in B3, and the ₹6,800 deducted from it is claimed in TDS2.

6. Chapter VIII is empty, and that is the answer

Not because he claimed nothing, but because the new regime allows nothing. The deduction sheets are not even shown.

7. The capital gain is ₹80,000, below ₹1,25,000

So ITR-1 may be used, and so the gain bears no tax. It is still added into gross total income, and still taken out again before the slabs are applied.

8. No rebate, because ₹14,38,600 is past ₹12,70,588

The marginal band of section 156(2)(b) is exhausted at ₹12,70,588. Above it the rebate is nil.

9. A refund, from a man who paid no advance tax

His employer and his bank between them deducted ₹92,440 against a liability of ₹87,140.

Advocate Dr. S. B. Rathore

Chapter 10

Calculate Tax, Validate, Generate JSON

What the file is · the order of the three buttons
The name it writes · why it sometimes refuses

10.1 What a JSON file is

JSON stands for JavaScript Object Notation, and the name is worse than the thing. It is a plain text file in which each piece of information is written as a label, a colon and a value. Nothing more. You can open one in Notepad and read it, which is exactly what you should do once, so that it stops being mysterious.

A return of income, in a few lines

```
{  "PAN": "AVGPV3421K",    "FirstName": "ADITYA",    "SurNameOrOrgName": "VERMA",    "DOB": "1984-06-12", "GrossTotIncome": 1438600, "TotalIncome": 1438600, "RefundDue": 5300 }
```

A label in quotation marks; a colon; a value. A comma between one pair and the next. Text values in quotation marks, numbers without them. The real file nests such pairs inside one another and runs to several hundred lines, but that is the whole of the syntax.

Why does the Department want this rather than a printed form? Because a computer must read it. Crores of returns cannot be read by people. A JSON file can be checked for internal consistency, matched against the tax deducted at source that the deductors have separately reported, and processed to a refund, without a human being opening it at all. The form you see on the screen is for you; the JSON is for the machine.

10.2 The three buttons, in their order

Order	Press	Why
1	Calculate Tax	Fills Part D and the Taxes Paid totals, and shows them in a message. Read the message: it carries the three figures you will check.
2	Validate	On each sheet you have filled. It lists what is missing or malformed. Correct the list, and press it again — correcting one field sometimes reveals another.
3	Calculate Tax	Again, if Validate made you change anything.
4	Generate JSON	Writes the file.

Trap 20 · “Please ensure to click on ‘Calculate Tax’ button before generating JSON.”

That is the message you will see if you press Generate JSON first, or if you have changed anything since you last pressed Calculate Tax. It is not an error in the workbook. Press Calculate Tax, then Generate JSON again.

10.3 The file it writes, and where it goes

The name, and the folder

The file is named on the PAN: **ITR1_AVGPV3421K.json** — the letters ITR1, an underscore, and the PAN. It is written into the very folder in which the workbook is sitting. Not into Downloads, not into Documents, not onto the Desktop — into the folder the workbook itself is in. The message that follows names the full path. Its last lines, which speak of uploading the file to the portal, are the Department’s own words carried over from its utility: do not upload this file anywhere.

Trap 21 · the workbook opened from inside the e-mail

A workbook opened straight out of an e-mail attachment, or out of a browser, is not in a folder at all — Windows has put it in a temporary place that will be swept away. The JSON will be written there and you will never see it again. Before you begin, save the workbook to the Desktop or to the folder the invigilator names, close it, and open it again from there.

10.4 When it refuses

A refusal is information. The message names the field and the sheet. These are the refusals that actually happen in a laboratory.

What it says	What it means
Please ensure to click on 'Calculate Tax' button before generating JSON.	Trap 20.
Invalid PAN. PAN format should be First 5 Alphabets, next 4 digits, then 1 Alphabet.	Small letters, or nine characters instead of ten.
Pin code ... must contain only 6 digits	Usually a trailing space. Click the cell and look at the formula bar.
Please enter the Aadhaar number in valid format	Hyphens or spaces typed into the Aadhaar. Twelve digits only.
Date ... must be a valid dd/mm/yyyy format	A date typed as 25-7-27 or 25.07.2027. Type 25/07/2027.
Date of deposit ... in Schedule IT	A challan dated later than the date of verification, or outside the year.
ITR-1 is for ... total income up to Rs. 50 lakh	The total income, leaving out the long-term capital gain, exceeds ₹50 lakh. Nothing you type will help: name ITR-2.

Trap 22 · hand in the workbook as well

The JSON is the answer, but the workbook is the working. If the JSON is wrong, the workbook is what an examiner reads to see how far you got. Save the workbook as well, under the name the invigilator gives you, and hand in both files.

10.5 Look inside it once

Do this at home, not in the examination. Right-click the JSON file, choose Open with, and choose Notepad. Find the PAN near the top. Find the total income. Find the refund. Read three lines you recognise, close it without saving, and the file will never frighten you again.

Trap 23 · do not edit the JSON

It is a text file, so Notepad will let you change it, and a student who has noticed an error at the last minute will be tempted. Do not. One missing comma makes the whole file unreadable, and an examiner comparing the JSON against the workbook will see at once that the two do not agree. Go back to the workbook, correct the cell, press Calculate Tax, and Generate JSON again.

Chapter 11

Two Cases to Work Yourself

The same man under each regime · and the same man, late
Work them before you read the answers

One set of facts, worked four ways. Between them the four answers contain almost everything this form can teach: the regime, the self-occupied house, the closure of Chapter VIII, the rebate, and what a week's delay costs a man who owes nothing.

Shri Rajat Khanna · tax year 2026-27

Born 15 March 1990. PAN BRKPK7788L. Resident and ordinarily resident. He is not a director, holds no unlisted share, has no foreign asset and no agricultural income.

Salary. ₹9,60,000 for the year. No perquisites, no allowances, nothing excludible. His employer deducted tax of ₹30,000 under section 392.

House. One house at Rohini, New Delhi, which he owns wholly and occupies himself. He had acquired it with a loan of ₹25,00,000 from Canara Bank, Home Loan Account No. 2410619001276, sanctioned on 9 September 2021, the acquisition being completed in that year; ₹21,40,000 of it was outstanding on 31 March 2027, and the interest on it for the year came to ₹1,80,000.

Other sources. Interest of ₹9,000 on his savings bank account.

Claims. Life insurance premia of ₹1,50,000 under section 123, and the deduction for savings interest under section 153.

No advance tax and no self-assessment tax was paid.

Work them on the workbook, not on paper

Fill Case A with the regime answered No, press Calculate Tax and write down the figures. Then answer Yes, fill the S-123 sheet and the section 153 row, enter the loan particulars on the HP sheet, and press Calculate Tax again — that is Case A(ii). Then change the date of verification and the “Filed u/s”, and you have Case B. One filling of the form gives you all four answers, which is also the fastest way to revise.

11.1 Case A — the return verified and furnished on 25 July 2027

In time. Compute the total income, the tax, and the refund or the amount payable — first on the footing that he has not exercised the option under section 202(4), and then on the footing that he has. Then say which is better for him, and by how much.

11.2 Case B — the same return verified and furnished on 5 August 2027

Five days late. Everything else is unchanged. Compute again, under both regimes, and state what the delay has cost him in each.

The answers

Case A(i) — the new regime · answered No

	Particulars	Amount
B1	Gross salary ₹9,60,000, less standard deduction ₹75,000	₹8,85,000
B2	Self-occupied house — annual value nil; interest ₹1,80,000 allowed nil [section 202(2)(a)(v)]	₹0
B3	Savings bank interest	₹9,000
B4	GROSS TOTAL INCOME	₹8,94,000
C1	Section 123 ₹1,50,000 and section 153 ₹9,000 — both closed by section 202(2)(a)(xii)	₹0
C2	TOTAL INCOME	₹8,94,000
D1	Tax: ₹20,000 + 10% of ₹94,000	₹29,400
D2	Rebate — total income not above ₹12,00,000 [section 156(2)(a)]	₹29,400
D11	TOTAL TAX, FEE AND INTEREST	₹0
D12	Tax deducted at source	₹30,000
D14	REFUND	₹30,000

Case A(ii) — the old regime · answered Yes

	Particulars	Amount
B1	Gross salary ₹9,60,000, less standard deduction ₹50,000	₹9,10,000
B2	Self-occupied house — annual value nil; interest ₹1,80,000, within the ceiling of ₹2,00,000 [section 22(1)(b)]; the loss set off under section 109(1)(b)	(₹1,80,000)
B3	Savings bank interest	₹9,000
B4	GROSS TOTAL INCOME	₹7,39,000
C1	Section 123 ₹1,50,000 and section 153 ₹9,000, both now allowed	₹1,59,000
C2	TOTAL INCOME	₹5,80,000
D1	Tax at Paragraph A, below 60: ₹12,500 + 20% of ₹80,000	₹28,500
D2	Rebate — nil, the total income exceeding ₹5,00,000 [section 156(1)]	₹0
D4	Health and education cess at 4%	₹1,140
D11	TOTAL TAX, FEE AND INTEREST	₹29,640
D12	Tax deducted at source	₹30,000
D14	REFUND	₹360

Which is better, and by how much — the new regime, by ₹29,640

This is the answer students expect to be wrong, and it is worth sitting with. Under the old regime he gets ₹1,80,000 of interest, ₹1,50,000 under section 123 and ₹9,000 under section 153 — ₹3,39,000 of deductions the new regime refuses him — and his total income falls from ₹8,94,000 to ₹5,80,000. He is nevertheless worse off, because the rebate under section 156(2)(a) wipes out the whole of his tax under the new regime, and the rebate under section 156(1) does nothing for him under the old one. A lower total income is not the same thing as a lower tax.

Case B — the same facts, verified and furnished on 5 August 2027

Choose “263(4)-Belated” at Filed u/s, type 05/08/2027 as the date of verification, and press Calculate Tax.

	New regime	Old regime
Total income (C2)	₹8,94,000	₹5,80,000
Total tax and cess (D5)	₹0	₹29,640
Interest under sections 423 and 424 (D7, D8)	Not computed	Not computed
Fee under section 428(a) (D10)	₹5,000	₹5,000
Total tax, fee and interest (D11)	₹5,000	₹34,640
Tax deducted at source (D12)	₹30,000	₹30,000
REFUND (D14) / AMOUNT PAYABLE (D13)	Refund ₹25,000	Payable ₹4,640

What the five days did

- **A fee of ₹5,000 under section 428(a), under both regimes.** It is ₹5,000 and not ₹1,000 because the total income exceeds ₹5,00,000 — and under the new regime the fee is charged although the tax itself is nil. The fee does not depend on the tax.
- **No interest is computed in this paper.** On these facts there would in any case be none under section 423 or 424: the tax deducted at source covers the whole of the tax and cess, so there is no tax remaining unpaid and no shortfall of advance tax to measure.

Under the new regime the delay simply reduces his refund from ₹30,000 to ₹25,000. Under the old regime it turns a refund of ₹360 into a payment of ₹4,640.

Trap 24 · “no tax is payable, so nothing happens if I file late”

It is the commonest thing said in a classroom about section 428, and it is wrong. The fee is charged on the furnishing of a late return, not on the tax. A man with a total income of ₹6,00,000, whose whole tax has been deducted by his employer and who is due a refund, still pays ₹5,000 for filing on 1 August instead of 31 July.

Chapter 12

Thirty Mistakes, and the Checklist for the Hour

What actually goes wrong · and the last ten minutes

Read this list the night before. Every entry has cost somebody marks, and most of them have been marked in a red box somewhere in these notes.

#	The mistake	The correction
1	Choosing the regime last instead of first	Nine computations and whole sheets change with it. Answer it before you type a rupee.
2	Reading “No” as “no concession”	No means you stay in the default — the new regime. Yes means you leave it for the old.
3	Typing the PAN in small letters	Ten characters, AAAAAA9999A, in capitals.
4	Typing the Aadhaar with hyphens	Twelve digits together.
5	Leaving a drop-down at “(Select)”	It is not an answer. Choose Yes or No.
6	Ignoring E1 to E5 because the workbook does not ask them	Ask them yourself. Naming ITR-2 and saying why is a complete answer.
7	Missing Area / Locality or Town / City	The two mandatory boxes of the address.
8	Typing a State instead of choosing it	Choose “09-DELHI”, “19-MAHARASHTRA” from the list.
9	Dating the verification in 2026	A return for a tax year is furnished after the tax year has ended.
10	Leaving “Filed u/s” at 263(1) for a return verified after 31 July 2027	Choose 263(4)-Belated; the fee follows.
11	Entering the exempt allowance without the gross	The gross goes at B1(i)(a); the exempt part comes out at B1(ii).
12	Claiming house rent allowance under the new regime	Section 202(2)(a)(ii) closes it, and Sch-HRA is hidden.
13	Expecting the tax on employment under the new regime	Section 202(2)(a)(iii); B1(iv)(c) is greyed.
14	Entering the figures of a house before its type	Choose Let Out, Self Occupied or Deemed Let Out first.
15	Typing the interest into row h	Row h is the total of the loan table. Type the seven particulars of each loan.
16	Taking 30% of the gross rent	It is 30% of the annual value — gross rent less unrealised rent less local taxes.
17	Allowing ₹2,00,000 of interest on each self-occupied house	The ceiling of section 22(1)(b) is an aggregate for both.
18	Allowing any interest on a self-occupied house under the new regime	Section 202(2)(a)(v) denies it. A let-out house is untouched.
19	Entering bank interest net of the tax deducted	Gross in B3; the tax deducted is claimed in TDS2.
20	Putting every dividend in period (i)	Each dividend goes in the period its date falls in.
21	Forgetting that the family pension deduction survives	It is in section 93(1)(d), inside the head, not in Chapter VIII.
22	Entering Schedule XV as one lump, or cut to ₹1,50,000	One row for each payment on S-123, at its full amount.
23	Entering the capital gain instead of the consideration and the cost	The form asks for both figures and computes the gain.

#	The mistake	The correction
24	Claiming tenant's TDS in TDS2 against a TAN	An individual tenant deducts against his PAN: TDS3, code 1007.
25	Claiming a credit with no matching income	Credit for tax on interest needs the interest in B3; on rent, the rent and the tenant on HP.
26	Typing a BSR code or challan serial that loses its zero	Clear the cell and type it again.
27	Selecting no bank account for the refund	At least one must be ticked.
28	Typing over a blue figure	It destroys the formula. Correct the entry that produced it.
29	Changing an entry and not pressing Calculate Tax again	D1 is refreshed only by the button; Generate JSON will refuse.
30	Editing the JSON in Notepad	One missing comma destroys the file. Correct the workbook and generate it again.

The checklist for the hour

Copy it onto the inside cover of your answer book.

Before you type anything

- Save the workbook to a real folder, and open it from there. Unblock it; Enable Content.
- Read the facts twice. Underline the date of verification and the occupancy of each house.
- Settle E1 to E5 and the ₹50 lakh test.
- Decide the regime, and answer the regime question with its button.

While you fill

- Type only in green cells; never over a blue or a grey one.
- Never type a drop-down value by hand.
- Set the type of a house before its figures, and fill its loan table.
- Enter every income gross, and claim the tax deducted separately — TDS1, TDS2 or TDS3.
- Put each dividend in its period.

The last ten minutes

- **Calculate Tax.** Read the message: total income, total tax, fee and interest, refund or payable.
- **Validate** each sheet. Correct the list. Calculate Tax again.
- **Generate JSON.** Open the folder and confirm that ITR1_ followed by the PAN is there.
- Save the workbook under the name the invigilator gives you.
- Check three figures against your rough working: C2, D11, and whichever of D13 and D14 is not nil. Hand in both files.

A last word

You are the first cohort in this University to be examined on the Income-tax Act, 2025, and the first to be asked to produce a return rather than describe one. Neither the books on the shelf nor the old question papers can help you much, because both were written for an Act that no longer applies. That sounds like a hardship and is in fact an advantage: there is nothing to unlearn. The workbook will do every calculation you have been taught to do by hand, and it will do it faultlessly. What it cannot do is decide which box a fact belongs in. That is what you have been taught for five units, and that is the whole of what is being examined in the hour.