

CASE 13.6**Ms. Priya Venkataraman**

Bengaluru · 30 years · female · salaried — private company

THE QUESTION

1. Ms. Priya Venkataraman, daughter of Shri S. Venkataraman, was born on 22 February 1997 and is resident and ordinarily resident in India. Her permanent account number is BQRPV6614H and her Aadhaar number 4821-6630-1957. She lives at Flat No. 304, Lake View Residency, 5th Cross, Koramangala 4th Block, Bengaluru 560034, in the State of Karnataka; her mobile number is 9845021367 and her e-mail address priya.venkat@gmail.com.

2. She was in employment throughout the tax year 2026-27 as Senior Software Engineer with Nilgiri Softech Private Limited, a company in the private sector, whose tax deduction account number is BLRN04217D. Her salary for the year was made up as shown below; she received no perquisite and no profit in lieu of salary. She paid tax on employment of ₹ 2,500 to the State of Karnataka.

Component of salary	Amount
Basic salary	₹ 9,60,000
House rent allowance	₹ 3,84,000
Special allowance	₹ 4,56,000
Total — salary, in the gross amount	₹ 18,00,000

3. She lives in a rented flat at Flat No. 304, Lake View Residency, 5th Cross, Koramangala 4th Block, Bengaluru 560034, paying a rent of ₹ 30,000 a month, ₹ 3,60,000 for the year, to her landlord, Shri Ramesh Gowda, whose permanent account number is AHGPG5521K. The rent receipts and the landlord's permanent account number were furnished to the employer.

4. She owns no house property; she lives in the rented flat mentioned above.

5. Her income from other sources was as follows —

Income	Amount
Interest credited to her savings bank account with Canara Bank	₹ 8,400
Interest on fixed deposits with Canara Bank, in the gross amount	₹ 32,000
Dividend on listed equity shares of Kaveri Power Limited, in the gross amount	₹ 14,000
Total	₹ 54,400

6. She claims, under Chapter VIII, the following deductions —

Payment	Amount	Policy / document no.
Contribution to employees' provident fund	₹ 1,15,200	PF/KN/BNG/2026-27/0418823
Term life insurance premium — HDFC Life Insurance Company Limited	₹ 18,000	HDFC/2024/T551208

Payment	Amount	Policy / document no.
Units of an equity linked savings scheme — Kaveri Mutual Fund	₹ 20,000	Folio 7712045/ELSS
Total — the payments of Schedule XV	₹ 1,53,200	
Health insurance premium, paid otherwise than in cash — Star Health and Allied Insurance Company Limited — herself	₹ 16,500	SHAI/2025/P118430
Interest credited to her savings account	₹ 8,400	

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

Deducted from	Amount	Deducted by	TAN
Salary	₹ 1,50,800	Nilgiri Softech Private Limited	BLRN04217D
Dividend	₹ 1,400	Kaveri Power Limited	BLRK02215F
Total	₹ 1,52,200		

8. Any refund is to be credited to her savings account No. 0412101037521 with Canara Bank, the IFS code of the branch being CNRB0000412. She has no other income, no agricultural income, and no asset outside India. She furnishes the return at Bengaluru on 24 July 2027, on or before the due date of 31 July 2027.

Required

Compute the total income of Ms. Priya Venkataraman for the tax year 2026-27, and the tax payable or refundable — (a) first under the NEW regime, the default regime of section 202(1); and (b) then under the OLD regime, the option of section 202(4) being exercised. Ignore interest under sections 423 to 425.

CASE 13.6 · Ms. Priya Venkataraman · Bengaluru**SOLUTION (a) NEW REGIME**

The option of section 202(4) is not exercised, so income-tax is computed under section 202(1), the default regime. Tax year 2026-27: 1 April 2026 to 31 March 2027. Interest under sections 423 to 425 is ignored.

INCOME FROM SALARIES		
Basic salary	₹ 9,60,000	
House rent allowance	₹ 3,84,000	
Special allowance	₹ 4,56,000	
Salary for the year, in the gross amount [section 15]	₹ 18,00,000	
Less: house rent allowance — not excludible under this regime [section 202(2)(a)(ii)]	₹ 0	
Net salary	₹ 18,00,000	
Less: standard deduction [section 19(1), Table Sl. No. 2]	₹ 75,000	
Less: tax on employment ₹ 2,500 — not deductible under this regime [section 202(2)(a)(iii)]	₹ 0	
Income chargeable under the head “Salaries”		₹ 17,25,000
INCOME FROM OTHER SOURCES		
Interest credited to the savings bank account [section 92]	₹ 8,400	
Interest on fixed deposits with Canara Bank, in the gross amount	₹ 32,000	
Dividend on listed equity shares of Kaveri Power Limited, in the gross amount	₹ 14,000	
Income chargeable under the head “Income from other sources”		₹ 54,400
GROSS TOTAL INCOME [section 122(10)]		₹ 17,79,400
DEDUCTIONS FROM GROSS TOTAL INCOME — Chapter VIII		
Nothing in Chapter VIII is allowed under this regime, save four provisions which these facts do not attract — the payments listed in the question are not deductible [section 202(2)(a)(xii)]		₹ 0
TOTAL INCOME, rounded off [section 516]		₹ 17,79,400
TAX ON THE TOTAL INCOME		
On the first ₹ 4,00,000 — Nil [section 202(1)]	Nil	
On the next ₹ 4,00,000 — 5 per cent	₹ 20,000	
On the next ₹ 4,00,000 — 10 per cent	₹ 40,000	
On the next ₹ 4,00,000 — 15 per cent	₹ 60,000	
On the balance of ₹ 1,79,400 — 20 per cent	₹ 35,880	
Tax payable on the total income		₹ 1,55,880
Less: rebate — nil, total income above ₹ 12,70,588 [section 156]		₹ 0
Add: health and education cess at four per cent [section 2, Finance Act, 2026]		₹ 6,235
TOTAL TAX AND CESS		₹ 1,62,115
TOTAL TAX, rounded off [section 516]		₹ 1,62,120
TAXES PAID, AND THE AMOUNT PAYABLE OR REFUNDABLE		
Less: TDS — salary (Nilgiri Softech Private Limited) [section 392]	₹ 1,50,800	
Less: TDS — dividend (Kaveri Power Limited) [section 393(1), Table Sl. No. 7]	₹ 1,400	
Total taxes paid		₹ 1,52,200
AMOUNT PAYABLE, rounded off [section 266]		₹ 9,920

The figures to check

Total income ₹ 17,79,400 · Total tax ₹ 1,62,120 · Amount payable ₹ 9,920

CASE 13.6 · Ms. Priya Venkataraman · Bengaluru**SOLUTION (b) OLD REGIME**

The option of section 202(4) is exercised, so income-tax is charged at the rates in Paragraph A of Part I-B of the First Schedule to the Finance Act, 2026. Tax year 2026-27: 1 April 2026 to 31 March 2027. Interest under sections 423 to 425 is ignored.

INCOME FROM SALARIES		
Basic salary	₹ 9,60,000	
House rent allowance	₹ 3,84,000	
Special allowance	₹ 4,56,000	
Salary for the year, in the gross amount [section 15]	₹ 18,00,000	
Less: house rent allowance exempt — least of: received ₹ 3,84,000; rent ₹ 3,60,000 less 10% of salary ₹ 96,000 = ₹ 2,64,000; 50% of salary ₹ 4,80,000 (Bengaluru — one of the eight 50% cities) [section 11, Schedule III, Table 11]	₹ 2,64,000	
Net salary	₹ 15,36,000	
Less: standard deduction [section 19(1), Table Sl. No. 2]	₹ 50,000	
Less: tax on employment [section 19(1), Table Sl. No. 1]	₹ 2,500	
Income chargeable under the head “Salaries”		₹ 14,83,500
INCOME FROM OTHER SOURCES		
Interest credited to the savings bank account [section 92]	₹ 8,400	
Interest on fixed deposits with Canara Bank, in the gross amount	₹ 32,000	
Dividend on listed equity shares of Kaveri Power Limited, in the gross amount	₹ 14,000	
Income chargeable under the head “Income from other sources”		₹ 54,400
GROSS TOTAL INCOME [section 122(10)]		₹ 15,37,900
DEDUCTIONS FROM GROSS TOTAL INCOME — Chapter VIII		
Payments of Schedule XV — ₹ 1,53,200 paid; ceiling ₹ 1,50,000 [section 123]	₹ 1,50,000	
Health insurance — self and family: ₹ 16,500 paid; ceiling ₹ 25,000 [section 126]	₹ 16,500	
Interest on a savings account — ₹ 8,400; ceiling ₹ 10,000 [section 153]	₹ 8,400	
Total of the deductions allowed		₹ 1,74,900
TOTAL INCOME, rounded off [section 516]		₹ 13,63,000
TAX ON THE TOTAL INCOME		
On the first ₹ 2,50,000 — Nil [Paragraph A, Part I-B, First Schedule, Finance Act, 2026]	Nil	
On the next ₹ 2,50,000 — 5 per cent	₹ 12,500	
On the next ₹ 5,00,000 — 20 per cent	₹ 1,00,000	
On the balance of ₹ 3,63,000 — 30 per cent	₹ 1,08,900	
Tax payable on the total income		₹ 2,21,400
Less: rebate — nil, total income above ₹ 5,00,000 [section 156]		₹ 0
Add: health and education cess at four per cent [section 2, Finance Act, 2026]		₹ 8,856
TOTAL TAX AND CESS		₹ 2,30,256
TOTAL TAX, rounded off [section 516]		₹ 2,30,260
TAXES PAID, AND THE AMOUNT PAYABLE OR REFUNDABLE		
Less: TDS — salary (Nilgiri Softech Private Limited) [section 392]	₹ 1,50,800	
Less: TDS — dividend (Kaveri Power Limited) [section 393(1), Table Sl. No. 7]	₹ 1,400	
Total taxes paid		₹ 1,52,200
AMOUNT PAYABLE, rounded off [section 266]		₹ 78,060

The figures to check

Total income ₹ 13,63,000 · Total tax ₹ 2,30,260 · Amount payable ₹ 78,060

The new regime saves her ₹ 68,140 — ₹ 1,62,120 against ₹ 2,30,260 under the old regime.

CASE 13.7

Shri Harpreet Singh Gill

Ludhiana · 45 years · male · salaried — private bank

THE QUESTION

1. Shri Harpreet Singh Gill, son of Sardar Kuldip Singh Gill, was born on 9 June 1981 and is resident and ordinarily resident in India. His permanent account number is CKLPG2087R and his Aadhaar number 7364-1129-0458. He lives at House No. 112, Sector 32-A, Chandigarh Road, Ludhiana 141010, in the State of Punjab; his mobile number is 9814032761 and his e-mail address harpreet.gill81@gmail.com.

2. He was in employment throughout the tax year 2026-27 as Branch Manager with Satluj Valley Bank Limited, a banking company in the private sector, whose tax deduction account number is JLDS01734C. The salary for the year, in the gross amount, came to ₹ 22,40,000. He received no perquisite, no profit in lieu of salary and no allowance. He paid tax on employment of ₹ 2,400 to the State of Punjab.

3. He owns, as sole owner, the house at House No. 112, Sector 32-A, Chandigarh Road, Ludhiana 141010, Punjab, which was in his own occupation throughout the year. He acquired it with a loan of ₹ 35,00,000 from Punjab National Bank, Home Loan Account No. HL 0412873365, sanctioned on 14 March 2016, the acquisition being completed in that year; ₹ 19,40,000 of it was outstanding on 31 March 2027, and the interest on it for the year came to ₹ 1,65,000.

4. He also owns, as sole owner, the house at Flat No. 7B, Sector 70, SAS Nagar (Mohali) 160071, Punjab, which was let for the whole year to Shri Rajiv Bansal, whose permanent account number is AFHPB7214N, at a rent of ₹ 25,000 a month, ₹ 3,00,000 for the year, the whole of which was realised. He paid ₹ 12,000 to the local authority during the year. He acquired it with a loan of ₹ 24,00,000 from HDFC Bank Limited, Home Loan Account No. 618230457, sanctioned on 2 August 2020, the acquisition being completed in that year; ₹ 17,65,000 of it was outstanding on 31 March 2027, and the interest on it for the year came to ₹ 1,40,000. 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 with Punjab National Bank	₹ 14,500
Interest on fixed deposits with Punjab National Bank, in the gross amount	₹ 60,000
Dividend on listed equity shares of Doaba Agro Industries Limited, in the gross amount	₹ 12,000
Total	₹ 86,500

6. He claims, under Chapter VIII, the following deductions —

Payment	Amount	Policy / document no.
Life insurance premium — Life Insurance Corporation of India	₹ 38,000	LIC/2012/114527
Deposit in Public Provident Fund — Punjab National Bank	₹ 50,000	PPF A/c 3318002104
Tuition fees, first child — Guru Nanak Public School, Ludhiana	₹ 36,000	GNPS/2026-27/03381
Tuition fees, second child — Guru Nanak Public School, Ludhiana	₹ 30,000	GNPS/2026-27/03382
Total — the payments of Schedule XV	₹ 1,54,000	
Health insurance premium, paid otherwise than in cash — Niva Bupa Health Insurance Company Limited — himself, his wife, aged 42 years, and their two children	₹ 23,000	NBHI/2023/F447120

Payment	Amount	Policy / document no.
Health insurance premium, paid otherwise than in cash — Care Health Insurance Limited — his father, aged 72 years	₹ 38,000	CHIL/2022/S902816
Interest credited to his savings account	₹ 14,500	

7. He paid advance tax at Punjab National Bank, Model Town branch, Ludhiana, whose BSR code is 0304178, by the challans below. He paid nothing after 31 March 2027.

Date of deposit	Amount	Challan No.	Remarks
15 December 2026	₹ 15,000	03417	Advance tax
15 March 2027	₹ 20,000	05128	Advance 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
Salary	₹ 2,50,900	Satluj Valley Bank Limited	JLDS01734C
Interest on his fixed deposits	₹ 6,000	Punjab National Bank	JLDP00521E
Dividend	₹ 1,200	Doaba Agro Industries Limited	JLDD02286A
Total	₹ 2,58,100		

9. Any refund is to be credited to his savings account No. 0412000100387126 with Punjab National Bank, the IFS code of the branch being PUNB0041200. He has no other income, no agricultural income, and no asset outside India. He furnishes the return at Ludhiana on 20 July 2027, on or before the due date of 31 July 2027.

Required

Compute the total income of Shri Harpreet Singh Gill for the tax year 2026-27, and the tax payable or refundable — (a) first under the NEW regime, the default regime of section 202(1); and (b) then under the OLD regime, the option of section 202(4) being exercised. Ignore interest under sections 423 to 425.

CASE 13.7 · Shri Harpreet Singh Gill · Ludhiana**SOLUTION (a) NEW REGIME**

The option of section 202(4) is not exercised, so income-tax is computed under section 202(1), the default regime. Tax year 2026-27: 1 April 2026 to 31 March 2027. Interest under sections 423 to 425 is ignored.

INCOME FROM SALARIES		
Salary for the year, in the gross amount [section 15]	₹ 22,40,000	
Less: standard deduction [section 19(1), Table Sl. No. 2]	₹ 75,000	
Less: tax on employment ₹ 2,400 — not deductible under this regime [section 202(2)(a)(iii)]	₹ 0	
Income chargeable under the head “Salaries”		₹ 21,65,000
INCOME FROM HOUSE PROPERTY		
<i>Property 1 — Sector 32-A, Ludhiana — self-occupied</i>		
Annual value — nil, the house being in the owner's own occupation [section 21(6)]	₹ 0	
Less: interest ₹ 1,65,000 on the home loan — not allowed under this regime [section 202(2)(a)(v)]	₹ 0	
Income from property 1		₹ 0
<i>Property 2 — Sector 70, Mohali — let out</i>		
Gross rent for the year — ₹ 25,000 a month [section 21(1)]	₹ 3,00,000	
Less: taxes paid to the local authority [section 21(7)(b)]	₹ 12,000	
Annual value	₹ 2,88,000	
Less: thirty per cent of the annual value [section 22(1)(a)]	₹ 86,400	
Less: interest on the home loan — allowed in full, the house being let out [section 22(1)(b)]	₹ 1,40,000	
Income from property 2		₹ 61,600
Total of the two properties		₹ 61,600
Income chargeable under the head “Income from house property”		₹ 61,600
INCOME FROM OTHER SOURCES		
Interest credited to the savings bank account [section 92]	₹ 14,500	
Interest on fixed deposits with Punjab National Bank, in the gross amount	₹ 60,000	
Dividend on listed equity shares of Doaba Agro Industries Limited, in the gross amount	₹ 12,000	
Income chargeable under the head “Income from other sources”		₹ 86,500
GROSS TOTAL INCOME [section 122(10)]		₹ 23,13,100

CASE 13.7 · Shri Harpreet Singh Gill · SOLUTION (a) NEW REGIME, continued

DEDUCTIONS FROM GROSS TOTAL INCOME — Chapter VIII		
Nothing in Chapter VIII is allowed under this regime, save four provisions which these facts do not attract — the payments listed in the question are not deductible [section 202(2)(a)(xii)]		₹ 0
TOTAL INCOME, rounded off [section 516]		₹ 23,13,100
TAX ON THE TOTAL INCOME		
On the first ₹ 4,00,000 — Nil [section 202(1)]	Nil	
On the next ₹ 4,00,000 — 5 per cent	₹ 20,000	
On the next ₹ 4,00,000 — 10 per cent	₹ 40,000	
On the next ₹ 4,00,000 — 15 per cent	₹ 60,000	
On the next ₹ 4,00,000 — 20 per cent	₹ 80,000	
On the balance of ₹ 3,13,100 — 25 per cent	₹ 78,275	
Tax payable on the total income		₹ 2,78,275
Less: rebate — nil, total income above ₹ 12,70,588 [section 156]		₹ 0
Add: health and education cess at four per cent [section 2, Finance Act, 2026]		₹ 11,131
TOTAL TAX AND CESS		₹ 2,89,406
TOTAL TAX, rounded off [section 516]		₹ 2,89,410
TAXES PAID, AND THE AMOUNT PAYABLE OR REFUNDABLE		
Less: advance tax — 15 December 2026, Challan No. 03417 [sections 404 to 408]	₹ 15,000	
Less: advance tax — 15 March 2027, Challan No. 05128 [sections 404 to 408]	₹ 20,000	
Less: TDS — salary (Satluj Valley Bank Limited) [section 392]	₹ 2,50,900	
Less: TDS — interest on his fixed deposits (Punjab National Bank) [section 393(1), Table Sl. No. 5(ii)]	₹ 6,000	
Less: TDS — dividend (Doaba Agro Industries Limited) [section 393(1), Table Sl. No. 7]	₹ 1,200	
Total taxes paid		₹ 2,93,100
REFUND DUE, rounded off [sections 431 and 437]		₹ 3,690

The figures to check

Total income ₹ 23,13,100 · Total tax ₹ 2,89,410 · Refund due ₹ 3,690

CASE 13.7 · Shri Harpreet Singh Gill · Ludhiana**SOLUTION (b) OLD REGIME**

The option of section 202(4) is exercised, so income-tax is charged at the rates in Paragraph A of Part I-B of the First Schedule to the Finance Act, 2026. Tax year 2026-27: 1 April 2026 to 31 March 2027. Interest under sections 423 to 425 is ignored.

INCOME FROM SALARIES		
Salary for the year, in the gross amount [section 15]	₹ 22,40,000	
Less: standard deduction [section 19(1), Table Sl. No. 2]	₹ 50,000	
Less: tax on employment [section 19(1), Table Sl. No. 1]	₹ 2,400	
Income chargeable under the head “Salaries”		₹ 21,87,600
INCOME FROM HOUSE PROPERTY		
<i>Property 1 — Sector 32-A, Ludhiana — self-occupied</i>		
Annual value — nil, the house being in the owner's own occupation [section 21(6)]	₹ 0	
Less: interest on the home loan ₹ 1,65,000 — within the ceiling of ₹ 2,00,000 [section 22(1)(b)]	₹ 1,65,000	
Income from property 1		(₹ 1,65,000)
<i>Property 2 — Sector 70, Mohali — let out</i>		
Gross rent for the year — ₹ 25,000 a month [section 21(1)]	₹ 3,00,000	
Less: taxes paid to the local authority [section 21(7)(b)]	₹ 12,000	
Annual value	₹ 2,88,000	
Less: thirty per cent of the annual value [section 22(1)(a)]	₹ 86,400	
Less: interest on the home loan — allowed in full, the house being let out [section 22(1)(b)]	₹ 1,40,000	
Income from property 2		₹ 61,600
Total of the two properties		(₹ 1,03,400)
Loss set off against the other heads — within ₹ 2,00,000 [section 109(1)(b)]		(₹ 1,03,400)
Income chargeable under the head “Income from house property”		(₹ 1,03,400)
INCOME FROM OTHER SOURCES		
Interest credited to the savings bank account [section 92]	₹ 14,500	
Interest on fixed deposits with Punjab National Bank, in the gross amount	₹ 60,000	
Dividend on listed equity shares of Doaba Agro Industries Limited, in the gross amount	₹ 12,000	
Income chargeable under the head “Income from other sources”		₹ 86,500
GROSS TOTAL INCOME [section 122(10)]		₹ 21,70,700

CASE 13.7 · Shri Harpreet Singh Gill · SOLUTION (b) OLD REGIME, continued

DEDUCTIONS FROM GROSS TOTAL INCOME — Chapter VIII		
Payments of Schedule XV — ₹ 1,54,000 paid; ceiling ₹ 1,50,000 [section 123]	₹ 1,50,000	
Health insurance — self and family: ₹ 23,000 paid; ceiling ₹ 25,000 [section 126]	₹ 23,000	
Health insurance — parents: ₹ 38,000 paid; ceiling ₹ 50,000, senior citizen [section 126]	₹ 38,000	
Interest on a savings account — ₹ 14,500; ceiling ₹ 10,000 [section 153]	₹ 10,000	
Total of the deductions allowed		₹ 2,21,000
TOTAL INCOME, rounded off [section 516]		₹ 19,49,700
TAX ON THE TOTAL INCOME		
On the first ₹ 2,50,000 — Nil [Paragraph A, Part I-B, First Schedule, Finance Act, 2026]	Nil	
On the next ₹ 2,50,000 — 5 per cent	₹ 12,500	
On the next ₹ 5,00,000 — 20 per cent	₹ 1,00,000	
On the balance of ₹ 9,49,700 — 30 per cent	₹ 2,84,910	
Tax payable on the total income		₹ 3,97,410
Less: rebate — nil, total income above ₹ 5,00,000 [section 156]		₹ 0
Add: health and education cess at four per cent [section 2, Finance Act, 2026]		₹ 15,896
TOTAL TAX AND CESS		₹ 4,13,306
TOTAL TAX, rounded off [section 516]		₹ 4,13,310
TAXES PAID, AND THE AMOUNT PAYABLE OR REFUNDABLE		
Less: advance tax — 15 December 2026, Challan No. 03417 [sections 404 to 408]	₹ 15,000	
Less: advance tax — 15 March 2027, Challan No. 05128 [sections 404 to 408]	₹ 20,000	
Less: TDS — salary (Satluj Valley Bank Limited) [section 392]	₹ 2,50,900	
Less: TDS — interest on his fixed deposits (Punjab National Bank) [section 393(1), Table Sl. No. 5(ii)]	₹ 6,000	
Less: TDS — dividend (Doaba Agro Industries Limited) [section 393(1), Table Sl. No. 7]	₹ 1,200	
Total taxes paid		₹ 2,93,100
AMOUNT PAYABLE, rounded off [section 266]		₹ 1,20,210

The figures to check

Total income ₹ 19,49,700 · Total tax ₹ 4,13,310 · Amount payable ₹ 1,20,210

The new regime saves him ₹ 1,23,900 — ₹ 2,89,410 against ₹ 4,13,310 under the old regime.

CASE 13.8**Smt. Kamala Devi Joshi**

Jaipur · 66 years · female · pensioner — State Government

THE QUESTION

1. Smt. Kamala Devi Joshi, wife of Late Shri Prakash Chandra Joshi, was born on 3 January 1961 and is resident and ordinarily resident in India. Her permanent account number is AJRPJ3360L and her Aadhaar number 2953-7741-8820. She lives at C-41, Malviya Nagar, Jaipur 302017, in the State of Rajasthan; her mobile number is 9414027735 and her e-mail address kamala.joshi61@gmail.com.
2. She retired in January 2021 as a Lecturer in a Government Senior Secondary School of the Government of Rajasthan, and she draws a pension from the Government of Rajasthan through the State Bank of India, Malviya Nagar branch, Jaipur, whose tax deduction account number is JPRS05128B. Her pension for the year, in the gross amount, came to ₹ 6,60,000.
3. She owns, as sole owner, the house at C-41, Malviya Nagar, Jaipur 302017, Rajasthan, which was in her own occupation throughout the year. There is no loan on it.
4. Her income from other sources was as follows —

Income	Amount
Interest credited to her savings bank account with the State Bank of India	₹ 18,000
Interest on fixed deposits with Punjab National Bank, in the gross amount	₹ 2,10,000
Interest on her account under the Senior Citizens' Savings Scheme, Malviya Nagar Post Office	₹ 1,20,000
Total	₹ 3,48,000

5. She claims, under Chapter VIII, the following deductions —

Payment	Amount	Policy / document no.
Life insurance premium — Life Insurance Corporation of India	₹ 20,000	LIC/2006/031852
Five-year term deposit with the State Bank of India, made on 27 March 2027	₹ 1,00,000	SBI TD 41207783516
Total — the payments of Schedule XV	₹ 1,20,000	
Health insurance premium, paid otherwise than in cash — The Oriental Insurance Company Limited — herself	₹ 42,000	OIC/2020/SC31744
Interest on her deposits — savings account, fixed deposits and Senior Citizens' Savings Scheme	₹ 3,48,000	

6. Tax was deducted at source during the year as shown below. She claims the whole of it as credit in this tax year. No tax was deducted from her pension.

Deducted from	Amount	Deducted by	TAN
Interest on her fixed deposits	₹ 21,000	Punjab National Bank	JPRP01182D
Interest under the Senior Citizens' Savings Scheme	₹ 12,000	Department of Posts, Malviya Nagar Post Office	JPRD00417G
Total	₹ 33,000		

7. Any refund is to be credited to her savings account No. 10937745218 with State Bank of India, the IFS code of the branch being SBIN0031207. She has no other income, no agricultural income, and no asset outside India. She furnishes the return at Jaipur on 18 July 2027, on or before the due date of 31 July 2027.

Required

Compute the total income of Smt. Kamala Devi Joshi for the tax year 2026-27, and the tax payable or refundable — (a) first under the NEW regime, the default regime of section 202(1); and (b) then under the OLD regime, the option of section 202(4) being exercised. Ignore interest under sections 423 to 425.

CASE 13.8 · Smt. Kamala Devi Joshi · Jaipur**SOLUTION (a) NEW REGIME**

The option of section 202(4) is not exercised, so income-tax is computed under section 202(1), the default regime. Tax year 2026-27: 1 April 2026 to 31 March 2027. Interest under sections 423 to 425 is ignored.

INCOME FROM SALARIES		
Pension for the year, in the gross amount [section 15]	₹ 6,60,000	
Less: standard deduction [section 19(1), Table Sl. No. 2]	₹ 75,000	
Income chargeable under the head “Salaries”		₹ 5,85,000
INCOME FROM HOUSE PROPERTY		
<i>Malviya Nagar, Jaipur — self-occupied</i>		
Annual value — nil, the house being in the owner's own occupation [section 21(6)]	₹ 0	
Income from the property		₹ 0
INCOME FROM OTHER SOURCES		
Interest credited to the savings bank account [section 92]	₹ 18,000	
Interest on fixed deposits with Punjab National Bank, in the gross amount	₹ 2,10,000	
Interest on her account under the Senior Citizens' Savings Scheme, Malviya Nagar Post Office	₹ 1,20,000	
Income chargeable under the head “Income from other sources”		₹ 3,48,000
GROSS TOTAL INCOME [section 122(10)]		₹ 9,33,000
DEDUCTIONS FROM GROSS TOTAL INCOME — Chapter VIII		
Nothing in Chapter VIII is allowed under this regime, save four provisions which these facts do not attract — the payments listed in the question are not deductible [section 202(2)(a)(xii)]		₹ 0
TOTAL INCOME, rounded off [section 516]		₹ 9,33,000
TAX ON THE TOTAL INCOME		
On the first ₹ 4,00,000 — Nil [section 202(1)]	Nil	
On the next ₹ 4,00,000 — 5 per cent	₹ 20,000	
On the balance of ₹ 1,33,000 — 10 per cent	₹ 13,300	
Tax payable on the total income		₹ 33,300
Less: rebate — the total income does not exceed ₹ 12,00,000 [section 156]		(₹ 33,300)
Tax after rebate		₹ 0
Add: health and education cess at four per cent [section 2, Finance Act, 2026]		₹ 0
TOTAL TAX AND CESS		₹ 0
TOTAL TAX, rounded off [section 516]		₹ 0
TAXES PAID, AND THE AMOUNT PAYABLE OR REFUNDABLE		
Less: TDS — interest on her fixed deposits (Punjab National Bank) [section 393(1), Table Sl. No. 5(ii)]	₹ 21,000	
Less: TDS — interest under the senior citizens' savings scheme (Department of Posts, Malviya Nagar Post Office) [section 393(1), Table Sl. No. 5(ii)]	₹ 12,000	
Total taxes paid		₹ 33,000
REFUND DUE, rounded off [sections 431 and 437]		₹ 33,000

The figures to check

Total income ₹ 9,33,000 · Total tax ₹ 0 · Refund due ₹ 33,000

CASE 13.8 · Smt. Kamala Devi Joshi · Jaipur**SOLUTION (b) OLD REGIME**

The option of section 202(4) is exercised, so income-tax is charged at the rates in Paragraph A of Part I-B of the First Schedule to the Finance Act, 2026 — the column for a senior citizen, aged sixty years or more. Tax year 2026-27: 1 April 2026 to 31 March 2027. Interest under sections 423 to 425 is ignored.

INCOME FROM SALARIES		
Pension for the year, in the gross amount [section 15]	₹ 6,60,000	
Less: standard deduction [section 19(1), Table Sl. No. 2]	₹ 50,000	
Income chargeable under the head “Salaries”		₹ 6,10,000
INCOME FROM HOUSE PROPERTY		
<i>Malviya Nagar, Jaipur — self-occupied</i>		
Annual value — nil, the house being in the owner’s own occupation [section 21(6)]	₹ 0	
Income from the property		₹ 0
INCOME FROM OTHER SOURCES		
Interest credited to the savings bank account [section 92]	₹ 18,000	
Interest on fixed deposits with Punjab National Bank, in the gross amount	₹ 2,10,000	
Interest on her account under the Senior Citizens’ Savings Scheme, Malviya Nagar Post Office	₹ 1,20,000	
Income chargeable under the head “Income from other sources”		₹ 3,48,000
GROSS TOTAL INCOME [section 122(10)]		₹ 9,58,000
DEDUCTIONS FROM GROSS TOTAL INCOME — Chapter VIII		
Payments of Schedule XV — ₹ 1,20,000 paid; ceiling ₹ 1,50,000 [section 123]	₹ 1,20,000	
Health insurance — self and family: ₹ 42,000 paid; ceiling ₹ 50,000, senior citizen [section 126]	₹ 42,000	
Interest on deposits, senior citizen — ₹ 3,48,000; ceiling ₹ 50,000 [section 153]	₹ 50,000	
Total of the deductions allowed		₹ 2,12,000
TOTAL INCOME, rounded off [section 516]		₹ 7,46,000
TAX ON THE TOTAL INCOME		
On the first ₹ 3,00,000 — Nil [Paragraph A, Part I-B, First Schedule, Finance Act, 2026]	Nil	
On the next ₹ 2,00,000 — 5 per cent	₹ 10,000	
On the balance of ₹ 2,46,000 — 20 per cent	₹ 49,200	
Tax payable on the total income		₹ 59,200
Less: rebate — nil, total income above ₹ 5,00,000 [section 156]		₹ 0
Add: health and education cess at four per cent [section 2, Finance Act, 2026]		₹ 2,368
TOTAL TAX AND CESS		₹ 61,568
TOTAL TAX, rounded off [section 516]		₹ 61,570
TAXES PAID, AND THE AMOUNT PAYABLE OR REFUNDABLE		
Less: TDS — interest on her fixed deposits (Punjab National Bank) [section 393(1), Table Sl. No. 5(ii)]	₹ 21,000	
Less: TDS — interest under the senior citizens’ savings scheme (Department of Posts, Malviya Nagar Post Office) [section 393(1), Table Sl. No. 5(ii)]	₹ 12,000	
Total taxes paid		₹ 33,000
AMOUNT PAYABLE, rounded off [section 266]		₹ 28,570

The figures to check

Total income ₹ 7,46,000 · Total tax ₹ 61,570 · Amount payable ₹ 28,570

The new regime saves her ₹ 61,570 — ₹ 0 against ₹ 61,570 under the old regime.

CASE 13.9

Shri Rohit Kumar Mishra

Lucknow · 34 years · male · salaried — private institute

THE QUESTION

1. Shri Rohit Kumar Mishra, son of Shri Ram Narayan Mishra, was born on 17 October 1992 and is resident and ordinarily resident in India. His permanent account number is DGHPM8813K and his Aadhaar number 6610-4482-3375. He lives at 4/218, Vikas Nagar, Lucknow 226022, in the State of Uttar Pradesh; his mobile number is 9415063318 and his e-mail address rohit.mishra92@gmail.com.
2. He was in employment throughout the tax year 2026-27 as Assistant Professor of Commerce with Lakshman Rao Institute of Management, Lucknow, a private educational institution run by a registered society, whose tax deduction account number is LKNL03316E. The salary for the year, in the gross amount, came to ₹ 12,60,000. He received no perquisite, no profit in lieu of salary and no allowance. No tax on employment is levied in Uttar Pradesh.
3. He owns no house property; he lives with his parents in their house.
4. His income from other sources was as follows —

Income	Amount
Interest credited to his savings bank account with Bank of India	₹ 9,000
Interest on fixed deposits with Bank of India, in the gross amount	₹ 46,000
Total	₹ 55,000

5. He claims, under Chapter VIII, the following deductions —

Payment	Amount	Policy / document no.
Contribution to employees' provident fund	₹ 72,000	PF/UP/LKN/2026-27/0067214
Life insurance premium — Life Insurance Corporation of India	₹ 30,000	LIC/2018/207733
Tuition fees, his child — St. Mary's Convent School, Lucknow	₹ 24,000	SMCS/2026-27/01544
Total — the payments of Schedule XV	₹ 1,26,000	
Health insurance premium, paid otherwise than in cash — Bajaj Allianz General Insurance Company Limited — himself, his wife and child	₹ 18,000	BAGI/2024/F661082
Health insurance premium, paid otherwise than in cash — Bajaj Allianz General Insurance Company Limited — his parents, aged 58 and 55	₹ 15,000	BAGI/2024/F661083
Interest credited to his savings account	₹ 9,000	

6. After the close of the year, before furnishing the return, he paid self-assessment tax at Bank of India, Vikas Nagar branch, Lucknow, whose BSR code is 0518221, as below.

Date of deposit	Amount	Challan No.	Remarks
22 July 2027	₹ 41,600	00781	Self-assessment tax

7. No tax was deducted at source from any of his income during the year.
8. Any refund is to be credited to his savings account No. 681510100024417 with Bank of India, the IFS code of the branch being BKID0006815. He has no other income, no agricultural income, and no asset outside India. He furnishes the return at Lucknow on 24 July 2027, on or before the due date of 31 July 2027.

Required

Compute the total income of Shri Rohit Kumar Mishra for the tax year 2026-27, and the tax payable or refundable — (a) first under the NEW regime, the default regime of section 202(1); and (b) then under the OLD regime, the option of section 202(4) being exercised. Ignore interest under sections 423 to 425.

CASE 13.9 · Shri Rohit Kumar Mishra · Lucknow**SOLUTION (a) NEW REGIME**

The option of section 202(4) is not exercised, so income-tax is computed under section 202(1), the default regime. Tax year 2026-27: 1 April 2026 to 31 March 2027. Interest under sections 423 to 425 is ignored.

INCOME FROM SALARIES		
Salary for the year, in the gross amount [section 15]	₹ 12,60,000	
Less: standard deduction [section 19(1), Table Sl. No. 2]	₹ 75,000	
Income chargeable under the head “Salaries”		₹ 11,85,000
INCOME FROM OTHER SOURCES		
Interest credited to the savings bank account [section 92]	₹ 9,000	
Interest on fixed deposits with Bank of India, in the gross amount	₹ 46,000	
Income chargeable under the head “Income from other sources”		₹ 55,000
GROSS TOTAL INCOME [section 122(10)]		₹ 12,40,000
DEDUCTIONS FROM GROSS TOTAL INCOME — Chapter VIII		
Nothing in Chapter VIII is allowed under this regime, save four provisions which these facts do not attract — the payments listed in the question are not deductible [section 202(2)(a)(xii)]		₹ 0
TOTAL INCOME, rounded off [section 516]		₹ 12,40,000
TAX ON THE TOTAL INCOME		
On the first ₹ 4,00,000 — Nil [section 202(1)]	Nil	
On the next ₹ 4,00,000 — 5 per cent	₹ 20,000	
On the next ₹ 4,00,000 — 10 per cent	₹ 40,000	
On the balance of ₹ 40,000 — 15 per cent	₹ 6,000	
Tax payable on the total income		₹ 66,000
Less: rebate — marginal relief: the tax may not exceed the income above ₹ 12,00,000, that is ₹ 40,000 [section 156]		(₹ 26,000)
Tax after rebate		₹ 40,000
Add: health and education cess at four per cent [section 2, Finance Act, 2026]		₹ 1,600
TOTAL TAX AND CESS		₹ 41,600
TOTAL TAX, rounded off [section 516]		₹ 41,600
TAXES PAID, AND THE AMOUNT PAYABLE OR REFUNDABLE		
Less: self-assessment tax — 22 July 2027, Challan No. 00781 [section 266]	₹ 41,600	
Total taxes paid		₹ 41,600
NOTHING PAYABLE, AND NO REFUND — the taxes paid equal the tax		₹ 0

The figures to check

Total income ₹ 12,40,000 · Total tax ₹ 41,600 · Nothing payable, no refund

CASE 13.9 · Shri Rohit Kumar Mishra · Lucknow**SOLUTION (b) OLD REGIME**

The option of section 202(4) is exercised, so income-tax is charged at the rates in Paragraph A of Part I-B of the First Schedule to the Finance Act, 2026. Tax year 2026-27: 1 April 2026 to 31 March 2027. Interest under sections 423 to 425 is ignored.

INCOME FROM SALARIES		
Salary for the year, in the gross amount [section 15]	₹ 12,60,000	
Less: standard deduction [section 19(1), Table Sl. No. 2]	₹ 50,000	
Income chargeable under the head “Salaries”		₹ 12,10,000
INCOME FROM OTHER SOURCES		
Interest credited to the savings bank account [section 92]	₹ 9,000	
Interest on fixed deposits with Bank of India, in the gross amount	₹ 46,000	
Income chargeable under the head “Income from other sources”		₹ 55,000
GROSS TOTAL INCOME [section 122(10)]		₹ 12,65,000
DEDUCTIONS FROM GROSS TOTAL INCOME — Chapter VIII		
Payments of Schedule XV — ₹ 1,26,000 paid; ceiling ₹ 1,50,000 [section 123]	₹ 1,26,000	
Health insurance — self and family: ₹ 18,000 paid; ceiling ₹ 25,000 [section 126]	₹ 18,000	
Health insurance — parents: ₹ 15,000 paid; ceiling ₹ 25,000 [section 126]	₹ 15,000	
Interest on a savings account — ₹ 9,000; ceiling ₹ 10,000 [section 153]	₹ 9,000	
Total of the deductions allowed		₹ 1,68,000
TOTAL INCOME, rounded off [section 516]		₹ 10,97,000
TAX ON THE TOTAL INCOME		
On the first ₹ 2,50,000 — Nil [Paragraph A, Part I-B, First Schedule, Finance Act, 2026]	Nil	
On the next ₹ 2,50,000 — 5 per cent	₹ 12,500	
On the next ₹ 5,00,000 — 20 per cent	₹ 1,00,000	
On the balance of ₹ 97,000 — 30 per cent	₹ 29,100	
Tax payable on the total income		₹ 1,41,600
Less: rebate — nil, total income above ₹ 5,00,000 [section 156]		₹ 0
Add: health and education cess at four per cent [section 2, Finance Act, 2026]		₹ 5,664
TOTAL TAX AND CESS		₹ 1,47,264
TOTAL TAX, rounded off [section 516]		₹ 1,47,260
TAXES PAID, AND THE AMOUNT PAYABLE OR REFUNDABLE		
Less: self-assessment tax — 22 July 2027, Challan No. 00781 [section 266]	₹ 41,600	
Total taxes paid		₹ 41,600
AMOUNT PAYABLE, rounded off [section 266]		₹ 1,05,660

The figures to check

Total income ₹ 10,97,000 · Total tax ₹ 1,47,260 · Amount payable ₹ 1,05,660

The new regime saves him ₹ 1,05,660 — ₹ 41,600 against ₹ 1,47,260 under the old regime.

CASE 13.10

Smt. Fatima Shaikh

Navi Mumbai · 52 years · female · salaried — private hospital

THE QUESTION

1. Smt. Fatima Shaikh, wife of Shri Imran Shaikh, was born on 25 August 1974 and is resident and ordinarily resident in India. Her permanent account number is BWLPS4729M and her Aadhaar number 8402-5517-6603. She lives at Flat No. 1203, Palm Beach Heights, Sector 15, Nerul, Navi Mumbai 400706, in the State of Maharashtra; her mobile number is 9820417726 and her e-mail address fatima.shaikh74@gmail.com.

2. She was in employment throughout the tax year 2026-27 as Nursing Superintendent with Sea View Hospital and Research Centre, a private hospital run by a company, whose tax deduction account number is MUMS17220A. The salary for the year, in the gross amount, came to ₹ 16,80,000. She received no perquisite, no profit in lieu of salary and no allowance. She paid tax on employment of ₹ 2,500 to the State of Maharashtra.

3. She owns, as sole owner, the house at Flat No. 1203, Palm Beach Heights, Sector 15, Nerul, Navi Mumbai 400706, Maharashtra, which was in her own occupation throughout the year. She acquired it with a loan of ₹ 32,00,000 from Bank of Baroda, Home Loan Account No. 27840600009316, sanctioned on 10 March 2019, the acquisition being completed in that year; ₹ 24,75,000 of it was outstanding on 31 March 2027, and the interest on it for the year came to ₹ 2,35,000.

4. She also owns, as sole owner, the house at Flat No. B-506, Green Meadows, Baner Road, Pune 411045, Maharashtra, which was let for the whole year to Shri Nikhil Kulkarni, whose permanent account number is BKOPK3315D, at a rent of ₹ 22,000 a month, ₹ 2,64,000 for the year, the whole of which was realised. She paid ₹ 9,600 to the local authority during the year. There is no loan on it. The rent being below ₹ 50,000 a month, the tenant deducted no tax from it.

5. Her income from other sources was as follows —

Income	Amount
Interest credited to her savings bank account with Bank of Baroda	₹ 21,000
Interest on fixed deposits with Bank of Baroda, in the gross amount	₹ 75,000
Total	₹ 96,000

6. She sold listed equity shares of Konkan Coastal Engineering Limited and Western Ghats Cements Limited, acquired in June 2021 and so held for more than twelve months, sold through a recognised stock exchange on 11 November 2026, securities transaction tax having been paid on acquisition and on transfer, for ₹ 4,10,000; their cost of acquisition was ₹ 3,18,000.

7. She claims, under Chapter VIII, the following deductions —

Payment	Amount	Policy / document no.
Life insurance premium — Life Insurance Corporation of India	₹ 45,000	LIC/2009/018364
Deposit in Public Provident Fund — Bank of Baroda	₹ 60,000	PPF A/c 27840100003318
Total — the payments of Schedule XV	₹ 1,05,000	
Health insurance premium, paid otherwise than in cash — ICICI Lombard General Insurance Company Limited — herself and her husband, aged 56 years	₹ 28,000	ICL/2021/F208457

Payment	Amount	Policy / document no.
Health insurance premium, paid otherwise than in cash — The New India Assurance Company Limited — her mother, aged 78 years	₹ 52,000	NIA/2018/SC40071
Interest credited to her savings account	₹ 21,000	

8. She paid advance tax at Bank of Baroda, Nerul branch, Navi Mumbai, whose BSR code is 0278406, by the challans below. She paid nothing after 31 March 2027.

Date of deposit	Amount	Challan No.	Remarks
15 September 2026	₹ 15,000	02218	Advance tax
15 December 2026	₹ 15,000	03974	Advance tax
15 March 2027	₹ 20,000	05561	Advance tax

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

Deducted from	Amount	Deducted by	TAN
Salary	₹ 1,25,840	Sea View Hospital and Research Centre	MUMS17220A
Interest on her fixed deposits	₹ 7,500	Bank of Baroda	MUMB09316C
Total	₹ 1,33,340		

10. Any refund is to be credited to her savings account No. 27840100002251 with Bank of Baroda, the IFS code of the branch being BARBONERULX. She has no other income, no agricultural income, and no asset outside India. She furnishes the return at Navi Mumbai on 27 July 2027, on or before the due date of 31 July 2027.

Required

Compute the total income of Smt. Fatima Shaikh for the tax year 2026-27, and the tax payable or refundable — (a) first under the NEW regime, the default regime of section 202(1); and (b) then under the OLD regime, the option of section 202(4) being exercised. Ignore interest under sections 423 to 425.

CASE 13.10 · Smt. Fatima Shaikh · Navi Mumbai**SOLUTION (a) NEW REGIME**

The option of section 202(4) is not exercised, so income-tax is computed under section 202(1), the default regime. Tax year 2026-27: 1 April 2026 to 31 March 2027. Interest under sections 423 to 425 is ignored.

INCOME FROM SALARIES		
Salary for the year, in the gross amount [section 15]	₹ 16,80,000	
Less: standard deduction [section 19(1), Table Sl. No. 2]	₹ 75,000	
Less: tax on employment ₹ 2,500 — not deductible under this regime [section 202(2)(a)(iii)]	₹ 0	
Income chargeable under the head “Salaries”		₹ 16,05,000
INCOME FROM HOUSE PROPERTY		
<i>Property 1 — Nerul, Navi Mumbai — self-occupied</i>		
Annual value — nil, the house being in the owner's own occupation [section 21(6)]	₹ 0	
Less: interest ₹ 2,35,000 on the home loan — not allowed under this regime [section 202(2)(a)(v)]	₹ 0	
Income from property 1		₹ 0
<i>Property 2 — Baner, Pune — let out</i>		
Gross rent for the year — ₹ 22,000 a month [section 21(1)]	₹ 2,64,000	
Less: taxes paid to the local authority [section 21(7)(b)]	₹ 9,600	
Annual value	₹ 2,54,400	
Less: thirty per cent of the annual value [section 22(1)(a)]	₹ 76,320	
Income from property 2		₹ 1,78,080
Total of the two properties		₹ 1,78,080
Income chargeable under the head “Income from house property”		₹ 1,78,080
INCOME FROM OTHER SOURCES		
Interest credited to the savings bank account [section 92]	₹ 21,000	
Interest on fixed deposits with Bank of Baroda, in the gross amount	₹ 75,000	
Income chargeable under the head “Income from other sources”		₹ 96,000
CAPITAL GAINS — LONG-TERM, ON LISTED EQUITY SHARES		
Sale consideration of the shares sold, securities transaction tax having been paid [section 198]	₹ 4,10,000	
Less: cost of acquisition of those shares	₹ 3,18,000	
Long-term capital gain — within ₹ 1,25,000, so ITR-1 may be used; the whole of it enters the gross total income [section 198]		₹ 92,000
GROSS TOTAL INCOME [section 122(10)]		₹ 19,71,080

CASE 13.10 · Smt. Fatima Shaikh · SOLUTION (a) NEW REGIME, continued

DEDUCTIONS FROM GROSS TOTAL INCOME — Chapter VIII		
Nothing in Chapter VIII is allowed under this regime, save four provisions which these facts do not attract — the payments listed in the question are not deductible [section 202(2)(a)(xii)]		₹ 0
TOTAL INCOME, rounded off [section 516]		₹ 19,71,080
TAX ON THE TOTAL INCOME		
Income at the slab rates — total income less the long-term capital gain ₹ 92,000	₹ 18,79,080	
On the first ₹ 4,00,000 — Nil [section 202(1)]	Nil	
On the next ₹ 4,00,000 — 5 per cent	₹ 20,000	
On the next ₹ 4,00,000 — 10 per cent	₹ 40,000	
On the next ₹ 4,00,000 — 15 per cent	₹ 60,000	
On the balance of ₹ 2,79,080 — 20 per cent	₹ 55,816	
Tax on the long-term capital gain — within ₹ 1,25,000, so nil [section 198]	₹ 0	
Tax payable on the total income		₹ 1,75,816
Less: rebate — nil, total income above ₹ 12,70,588 [section 156]		₹ 0
Add: health and education cess at four per cent [section 2, Finance Act, 2026]		₹ 7,033
TOTAL TAX AND CESS		₹ 1,82,849
TOTAL TAX, rounded off [section 516]		₹ 1,82,850
TAXES PAID, AND THE AMOUNT PAYABLE OR REFUNDABLE		
Less: advance tax — 15 September 2026, Challan No. 02218 [sections 404 to 408]	₹ 15,000	
Less: advance tax — 15 December 2026, Challan No. 03974 [sections 404 to 408]	₹ 15,000	
Less: advance tax — 15 March 2027, Challan No. 05561 [sections 404 to 408]	₹ 20,000	
Less: TDS — salary (Sea View Hospital and Research Centre) [section 392]	₹ 1,25,840	
Less: TDS — interest on her fixed deposits (Bank of Baroda) [section 393(1), Table Sl. No. 5(ii)]	₹ 7,500	
Total taxes paid		₹ 1,83,340
REFUND DUE, rounded off [sections 431 and 437]		₹ 490

The figures to check

Total income ₹ 19,71,080 · Total tax ₹ 1,82,850 · Refund due ₹ 490

CASE 13.10 · Smt. Fatima Shaikh · Navi Mumbai**SOLUTION (b) OLD REGIME**

The option of section 202(4) is exercised, so income-tax is charged at the rates in Paragraph A of Part I-B of the First Schedule to the Finance Act, 2026. Tax year 2026-27: 1 April 2026 to 31 March 2027. Interest under sections 423 to 425 is ignored.

INCOME FROM SALARIES		
Salary for the year, in the gross amount [section 15]	₹ 16,80,000	
Less: standard deduction [section 19(1), Table Sl. No. 2]	₹ 50,000	
Less: tax on employment [section 19(1), Table Sl. No. 1]	₹ 2,500	
Income chargeable under the head “Salaries”		₹ 16,27,500
INCOME FROM HOUSE PROPERTY		
<i>Property 1 — Nerul, Navi Mumbai — self-occupied</i>		
Annual value — nil, the house being in the owner's own occupation [section 21(6)]	₹ 0	
Less: interest on the home loan ₹ 2,35,000 — restricted to the ceiling of ₹ 2,00,000 [section 22(1)(b)]	₹ 2,00,000	
Income from property 1		(₹ 2,00,000)
<i>Property 2 — Baner, Pune — let out</i>		
Gross rent for the year — ₹ 22,000 a month [section 21(1)]	₹ 2,64,000	
Less: taxes paid to the local authority [section 21(7)(b)]	₹ 9,600	
Annual value	₹ 2,54,400	
Less: thirty per cent of the annual value [section 22(1)(a)]	₹ 76,320	
Income from property 2		₹ 1,78,080
Total of the two properties		(₹ 21,920)
Loss set off against the other heads — within ₹ 2,00,000 [section 109(1)(b)]		(₹ 21,920)
Income chargeable under the head “Income from house property”		(₹ 21,920)
INCOME FROM OTHER SOURCES		
Interest credited to the savings bank account [section 92]	₹ 21,000	
Interest on fixed deposits with Bank of Baroda, in the gross amount	₹ 75,000	
Income chargeable under the head “Income from other sources”		₹ 96,000

CASE 13.10 · Smt. Fatima Shaikh · SOLUTION (b) OLD REGIME, continued

CAPITAL GAINS — LONG-TERM, ON LISTED EQUITY SHARES		
Sale consideration of the shares sold, securities transaction tax having been paid [section 198]	₹ 4,10,000	
Less: cost of acquisition of those shares	₹ 3,18,000	
Long-term capital gain — within ₹ 1,25,000, so ITR-1 may be used; the whole of it enters the gross total income [section 198]		₹ 92,000
GROSS TOTAL INCOME [section 122(10)]		₹ 17,93,580
DEDUCTIONS FROM GROSS TOTAL INCOME — Chapter VIII		
Payments of Schedule XV — ₹ 1,05,000 paid; ceiling ₹ 1,50,000 [section 123]	₹ 1,05,000	
Health insurance — self and family: ₹ 28,000 paid; ceiling ₹ 25,000 [section 126]	₹ 25,000	
Health insurance — parents: ₹ 52,000 paid; ceiling ₹ 50,000, senior citizen [section 126]	₹ 50,000	
Interest on a savings account — ₹ 21,000; ceiling ₹ 10,000 [section 153]	₹ 10,000	
Total of the deductions allowed		₹ 1,90,000
TOTAL INCOME, rounded off [section 516]		₹ 16,03,580
TAX ON THE TOTAL INCOME		
Income at the slab rates — total income less the long-term capital gain ₹ 92,000	₹ 15,11,580	
On the first ₹ 2,50,000 — Nil [Paragraph A, Part I-B, First Schedule, Finance Act, 2026]	Nil	
On the next ₹ 2,50,000 — 5 per cent	₹ 12,500	
On the next ₹ 5,00,000 — 20 per cent	₹ 1,00,000	
On the balance of ₹ 5,11,580 — 30 per cent	₹ 1,53,474	
Tax on the long-term capital gain — within ₹ 1,25,000, so nil [section 198]	₹ 0	
Tax payable on the total income		₹ 2,65,974
Less: rebate — nil, total income above ₹ 5,00,000 [section 156]		₹ 0
Add: health and education cess at four per cent [section 2, Finance Act, 2026]		₹ 10,639
TOTAL TAX AND CESS		₹ 2,76,613
TOTAL TAX, rounded off [section 516]		₹ 2,76,610
TAXES PAID, AND THE AMOUNT PAYABLE OR REFUNDABLE		
Less: advance tax — 15 September 2026, Challan No. 02218 [sections 404 to 408]	₹ 15,000	
Less: advance tax — 15 December 2026, Challan No. 03974 [sections 404 to 408]	₹ 15,000	
Less: advance tax — 15 March 2027, Challan No. 05561 [sections 404 to 408]	₹ 20,000	
Less: TDS — salary (Sea View Hospital and Research Centre) [section 392]	₹ 1,25,840	
Less: TDS — interest on her fixed deposits (Bank of Baroda) [section 393(1), Table Sl. No. 5(ii)]	₹ 7,500	
Total taxes paid		₹ 1,83,340
AMOUNT PAYABLE, rounded off [section 266]		₹ 93,270

The figures to check

Total income ₹ 16,03,580 · Total tax ₹ 2,76,610 · Amount payable ₹ 93,270

The new regime saves her ₹ 93,760 — ₹ 1,82,850 against ₹ 2,76,610 under the old regime.

CASE 13.11**Shri K. Srinivasa Rao**

Hyderabad · 61 years · male · salaried — private company

THE QUESTION

1. Shri K. Srinivasa Rao, son of Late Shri K. Venkateswara Rao, was born on 18 November 1965 and is resident and ordinarily resident in India. His permanent account number is AEKPR5502C and his Aadhaar number 3317-9026-4481. He lives at Plot No. 46, Road No. 12, Banjara Hills, Hyderabad 500034, in the State of Telangana; his mobile number is 9848012456 and his e-mail address ksrao1965@gmail.com.
2. He was in employment throughout the tax year 2026-27 as Senior Vice-President (Quality) with Deccan Lifesciences Limited, a company in the private sector, whose tax deduction account number is HYDD03175B. The salary for the year, in the gross amount, came to ₹ 26,40,000. He received no perquisite, no profit in lieu of salary and no allowance. He paid tax on employment of ₹ 2,400 to the State of Telangana.
3. He owns, as sole owner, the house at Plot No. 46, Road No. 12, Banjara Hills, Hyderabad 500034, Telangana, which was in his own occupation throughout the year. There is no loan on it.
4. He also owns, as sole owner, the house at Flat No. 302, Sea Breeze Apartments, Beach Road, Visakhapatnam 530017, Andhra Pradesh, which was let for the whole year to Dr. Suresh Babu Kolli, whose permanent account number is AQZPK6627J, at a rent of ₹ 40,000 a month, ₹ 4,80,000 for the year, the whole of which was realised. He paid ₹ 18,000 to the local authority during the year. He acquired it with a loan of ₹ 18,00,000 from Canara Bank, Home Loan Account No. 1872619004422, sanctioned on 5 September 2019, the acquisition being completed in that year; ₹ 10,10,000 of it was outstanding on 31 March 2027, and the interest on it for the year came to ₹ 95,000. 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 with Canara Bank	₹ 26,000
Interest on fixed deposits with Canara Bank, in the gross amount	₹ 1,40,000
Dividend on listed equity shares of Godavari Fertilisers Limited, in the gross amount	₹ 38,000
Total	₹ 2,04,000

6. He claims, under Chapter VIII, the following deductions —

Payment	Amount	Policy / document no.
Life insurance premium — Life Insurance Corporation of India	₹ 60,000	LIC/2001/006218
Deposit in Public Provident Fund — Canara Bank	₹ 1,00,000	PPF A/c 1872101006451
Total — the payments of Schedule XV	₹ 1,60,000	
Health insurance premium, paid otherwise than in cash — Star Health and Allied Insurance Company Limited — himself and his wife	₹ 46,000	SHAI/2019/SC22814
Medical expenditure on his mother, aged 86 years, who is not covered by any health insurance — paid by cheque	₹ 40,000	

Payment	Amount	Policy / document no.
Interest on his deposits — savings account, fixed deposits	₹ 1,66,000	

7. After the close of the year, before furnishing the return, he paid self-assessment tax at Canara Bank, Banjara Hills branch, Hyderabad, whose BSR code is 0241872, as below.

Date of deposit	Amount	Challan No.	Remarks
20 July 2027	₹ 1,20,000	00932	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
Salary	₹ 3,63,480	Deccan Lifesciences Limited	HYDD03175B
Interest on his fixed deposits	₹ 14,000	Canara Bank	HYDC01872F
Dividend	₹ 3,800	Godavari Fertilisers Limited	HYDG00451K
Total	₹ 3,81,280		

9. Any refund is to be credited to his savings account No. 1872101004236 with Canara Bank, the IFS code of the branch being CNRB0001872. He has no other income, no agricultural income, and no asset outside India. He furnishes the return at Hyderabad on 26 July 2027, on or before the due date of 31 July 2027.

Required

Compute the total income of Shri K. Srinivasa Rao for the tax year 2026-27, and the tax payable or refundable — (a) first under the NEW regime, the default regime of section 202(1); and (b) then under the OLD regime, the option of section 202(4) being exercised. Ignore interest under sections 423 to 425.

CASE 13.11 · Shri K. Srinivasa Rao · Hyderabad**SOLUTION (a) NEW REGIME**

The option of section 202(4) is not exercised, so income-tax is computed under section 202(1), the default regime. Tax year 2026-27: 1 April 2026 to 31 March 2027. Interest under sections 423 to 425 is ignored.

INCOME FROM SALARIES		
Salary for the year, in the gross amount [section 15]	₹ 26,40,000	
Less: standard deduction [section 19(1), Table Sl. No. 2]	₹ 75,000	
Less: tax on employment ₹ 2,400 — not deductible under this regime [section 202(2)(a)(iii)]	₹ 0	
Income chargeable under the head “Salaries”		₹ 25,65,000
INCOME FROM HOUSE PROPERTY		
<i>Property 1 — Banjara Hills, Hyderabad — self-occupied</i>		
Annual value — nil, the house being in the owner's own occupation [section 21(6)]	₹ 0	
Income from property 1		₹ 0
<i>Property 2 — Beach Road, Visakhapatnam — let out</i>		
Gross rent for the year — ₹ 40,000 a month [section 21(1)]	₹ 4,80,000	
Less: taxes paid to the local authority [section 21(7)(b)]	₹ 18,000	
Annual value	₹ 4,62,000	
Less: thirty per cent of the annual value [section 22(1)(a)]	₹ 1,38,600	
Less: interest on the home loan — allowed in full, the house being let out [section 22(1)(b)]	₹ 95,000	
Income from property 2		₹ 2,28,400
Total of the two properties		₹ 2,28,400
Income chargeable under the head “Income from house property”		₹ 2,28,400
INCOME FROM OTHER SOURCES		
Interest credited to the savings bank account [section 92]	₹ 26,000	
Interest on fixed deposits with Canara Bank, in the gross amount	₹ 1,40,000	
Dividend on listed equity shares of Godavari Fertilisers Limited, in the gross amount	₹ 38,000	
Income chargeable under the head “Income from other sources”		₹ 2,04,000
GROSS TOTAL INCOME [section 122(10)]		₹ 29,97,400

CASE 13.11 · Shri K. Srinivasa Rao · SOLUTION (a) NEW REGIME, continued

DEDUCTIONS FROM GROSS TOTAL INCOME — Chapter VIII		
Nothing in Chapter VIII is allowed under this regime, save four provisions which these facts do not attract — the payments listed in the question are not deductible [section 202(2)(a)(xii)]		₹ 0
TOTAL INCOME, rounded off [section 516]		₹ 29,97,400
TAX ON THE TOTAL INCOME		
On the first ₹ 4,00,000 — Nil [section 202(1)]	Nil	
On the next ₹ 4,00,000 — 5 per cent	₹ 20,000	
On the next ₹ 4,00,000 — 10 per cent	₹ 40,000	
On the next ₹ 4,00,000 — 15 per cent	₹ 60,000	
On the next ₹ 4,00,000 — 20 per cent	₹ 80,000	
On the next ₹ 4,00,000 — 25 per cent	₹ 1,00,000	
On the balance of ₹ 5,97,400 — 30 per cent	₹ 1,79,220	
Tax payable on the total income		₹ 4,79,220
Less: rebate — nil, total income above ₹ 12,70,588 [section 156]		₹ 0
Add: health and education cess at four per cent [section 2, Finance Act, 2026]		₹ 19,169
TOTAL TAX AND CESS		₹ 4,98,389
TOTAL TAX, rounded off [section 516]		₹ 4,98,390
TAXES PAID, AND THE AMOUNT PAYABLE OR REFUNDABLE		
Less: self-assessment tax — 20 July 2027, Challan No. 00932 [section 266]	₹ 1,20,000	
Less: TDS — salary (Deccan Lifesciences Limited) [section 392]	₹ 3,63,480	
Less: TDS — interest on his fixed deposits (Canara Bank) [section 393(1), Table Sl. No. 5(ii)]	₹ 14,000	
Less: TDS — dividend (Godavari Fertilisers Limited) [section 393(1), Table Sl. No. 7]	₹ 3,800	
Total taxes paid		₹ 5,01,280
REFUND DUE, rounded off [sections 431 and 437]		₹ 2,890

The figures to check

Total income ₹ 29,97,400 · Total tax ₹ 4,98,390 · Refund due ₹ 2,890

CASE 13.11 · Shri K. Srinivasa Rao · Hyderabad**SOLUTION (b) OLD REGIME**

The option of section 202(4) is exercised, so income-tax is charged at the rates in Paragraph A of Part I-B of the First Schedule to the Finance Act, 2026 — the column for a senior citizen, aged sixty years or more. Tax year 2026-27: 1 April 2026 to 31 March 2027. Interest under sections 423 to 425 is ignored.

INCOME FROM SALARIES		
Salary for the year, in the gross amount [section 15]	₹ 26,40,000	
Less: standard deduction [section 19(1), Table Sl. No. 2]	₹ 50,000	
Less: tax on employment [section 19(1), Table Sl. No. 1]	₹ 2,400	
Income chargeable under the head “Salaries”		₹ 25,87,600
INCOME FROM HOUSE PROPERTY		
<i>Property 1 — Banjara Hills, Hyderabad — self-occupied</i>		
Annual value — nil, the house being in the owner's own occupation [section 21(6)]	₹ 0	
Income from property 1		₹ 0
<i>Property 2 — Beach Road, Visakhapatnam — let out</i>		
Gross rent for the year — ₹ 40,000 a month [section 21(1)]	₹ 4,80,000	
Less: taxes paid to the local authority [section 21(7)(b)]	₹ 18,000	
Annual value	₹ 4,62,000	
Less: thirty per cent of the annual value [section 22(1)(a)]	₹ 1,38,600	
Less: interest on the home loan — allowed in full, the house being let out [section 22(1)(b)]	₹ 95,000	
Income from property 2		₹ 2,28,400
Total of the two properties		₹ 2,28,400
Income chargeable under the head “Income from house property”		₹ 2,28,400
INCOME FROM OTHER SOURCES		
Interest credited to the savings bank account [section 92]	₹ 26,000	
Interest on fixed deposits with Canara Bank, in the gross amount	₹ 1,40,000	
Dividend on listed equity shares of Godavari Fertilisers Limited, in the gross amount	₹ 38,000	
Income chargeable under the head “Income from other sources”		₹ 2,04,000
GROSS TOTAL INCOME [section 122(10)]		₹ 30,20,000

CASE 13.11 · Shri K. Srinivasa Rao · SOLUTION (b) OLD REGIME, continued

DEDUCTIONS FROM GROSS TOTAL INCOME — Chapter VIII		
Payments of Schedule XV — ₹ 1,60,000 paid; ceiling ₹ 1,50,000 [section 123]	₹ 1,50,000	
Health insurance — self and family: ₹ 46,000 paid; ceiling ₹ 50,000, senior citizen [section 126]	₹ 46,000	
Medical expenditure — parents: ₹ 40,000 paid; ceiling ₹ 50,000, senior citizen [section 126]	₹ 40,000	
Interest on deposits, senior citizen — ₹ 1,66,000; ceiling ₹ 50,000 [section 153]	₹ 50,000	
Total of the deductions allowed		₹ 2,86,000
TOTAL INCOME, rounded off [section 516]		₹ 27,34,000
TAX ON THE TOTAL INCOME		
On the first ₹ 3,00,000 — Nil [Paragraph A, Part I-B, First Schedule, Finance Act, 2026]	Nil	
On the next ₹ 2,00,000 — 5 per cent	₹ 10,000	
On the next ₹ 5,00,000 — 20 per cent	₹ 1,00,000	
On the balance of ₹ 17,34,000 — 30 per cent	₹ 5,20,200	
Tax payable on the total income		₹ 6,30,200
Less: rebate — nil, total income above ₹ 5,00,000 [section 156]		₹ 0
Add: health and education cess at four per cent [section 2, Finance Act, 2026]		₹ 25,208
TOTAL TAX AND CESS		₹ 6,55,408
TOTAL TAX, rounded off [section 516]		₹ 6,55,410
TAXES PAID, AND THE AMOUNT PAYABLE OR REFUNDABLE		
Less: self-assessment tax — 20 July 2027, Challan No. 00932 [section 266]	₹ 1,20,000	
Less: TDS — salary (Deccan Lifesciences Limited) [section 392]	₹ 3,63,480	
Less: TDS — interest on his fixed deposits (Canara Bank) [section 393(1), Table Sl. No. 5(ii)]	₹ 14,000	
Less: TDS — dividend (Godavari Fertilisers Limited) [section 393(1), Table Sl. No. 7]	₹ 3,800	
Total taxes paid		₹ 5,01,280
AMOUNT PAYABLE, rounded off [section 266]		₹ 1,54,130

The figures to check

Total income ₹ 27,34,000 · Total tax ₹ 6,55,410 · Amount payable ₹ 1,54,130

The new regime saves him ₹ 1,57,020 — ₹ 4,98,390 against ₹ 6,55,410 under the old regime.

CASE 13.12

Ms. Anjali Sharma

Chandigarh · 38 years · female · salaried — private company

THE QUESTION

1. Ms. Anjali Sharma, daughter of Shri Vinod Kumar Sharma, was born on 4 April 1988 and is resident and ordinarily resident in India. Her permanent account number is EFTPS1146D and her Aadhaar number 5208-3364-7719. She lives at House No. 2241, Sector 44-C, Chandigarh 160047, in the Union territory of Chandigarh; her mobile number is 9876045512 and her e-mail address anjali.sharma88@gmail.com.

2. She was in employment throughout the tax year 2026-27 as Senior Manager (Finance) with Shivalik Tractors Limited, a company in the private sector, whose tax deduction account number is PTL06642H. Her salary for the year was made up as shown below; she received no perquisite and no profit in lieu of salary. No tax on employment is levied in Chandigarh.

Component of salary	Amount
Basic salary	₹ 6,00,000
House rent allowance	₹ 2,40,000
Special allowance	₹ 3,00,000
Conveyance allowance	₹ 36,000
Total — salary, in the gross amount	₹ 11,76,000

3. She lives in a rented house at House No. 2241, Sector 44-C, Chandigarh 160047, paying a rent of ₹ 18,000 a month, ₹ 2,16,000 for the year, to her landlord, Shri Gurdev Singh Sandhu, whose permanent account number is ALMPS2271Q. The rent receipts and the landlord's permanent account number were furnished to the employer.

4. She owns no house property; she lives in the rented house mentioned above.

5. Her income from other sources was as follows —

Income	Amount
Interest credited to her savings bank account with Punjab & Sind Bank	₹ 6,500
Interest on fixed deposits with Punjab & Sind Bank, in the gross amount	₹ 28,000
Dividend on listed equity shares of Himalayan Paper Mills Limited, in the gross amount	₹ 12,000
Total	₹ 46,500

6. She claims, under Chapter VIII, the following deductions —

Payment	Amount	Policy / document no.
Contribution to employees' provident fund	₹ 72,000	PF/PB/CHD/2026-27/0029133
Life insurance premium — Life Insurance Corporation of India	₹ 22,000	LIC/2015/402117

Payment	Amount	Policy / document no.
Tuition fees, first child — Bhavan Vidyalaya, Chandigarh	₹ 18,000	BVC/2026-27/02210
Tuition fees, second child — Bhavan Vidyalaya, Chandigarh	₹ 16,000	BVC/2026-27/02211
Total — the payments of Schedule XV	₹ 1,28,000	
Health insurance premium, paid otherwise than in cash — HDFC ERGO General Insurance Company Limited — herself, her husband and children	₹ 21,000	HERG/2023/F377105
Interest credited to her savings account	₹ 6,500	

7. Tax was deducted at source during the year as shown below. She claims the whole of it as credit in this tax year. The employer, computing her tax under the default regime, deducted nothing from her salary.

Deducted from	Amount	Deducted by	TAN
Dividend	₹ 1,200	Himalayan Paper Mills Limited	PTLH01127B

8. Any refund is to be credited to her savings account No. 04411000062237 with Punjab & Sind Bank, the IFS code of the branch being PSIB0000441. She has no other income, no agricultural income, and no asset outside India. She furnishes the return at Chandigarh on 15 July 2027, on or before the due date of 31 July 2027.

Required

Compute the total income of Ms. Anjali Sharma for the tax year 2026-27, and the tax payable or refundable — (a) first under the NEW regime, the default regime of section 202(1); and (b) then under the OLD regime, the option of section 202(4) being exercised. Ignore interest under sections 423 to 425.

CASE 13.12 · Ms. Anjali Sharma · Chandigarh**SOLUTION (a) NEW REGIME**

The option of section 202(4) is not exercised, so income-tax is computed under section 202(1), the default regime. Tax year 2026-27: 1 April 2026 to 31 March 2027. Interest under sections 423 to 425 is ignored.

INCOME FROM SALARIES		
Basic salary	₹ 6,00,000	
House rent allowance	₹ 2,40,000	
Special allowance	₹ 3,00,000	
Conveyance allowance	₹ 36,000	
Salary for the year, in the gross amount [section 15]	₹ 11,76,000	
Less: house rent allowance — not excludible under this regime [section 202(2)(a)(ii)]	₹ 0	
Net salary	₹ 11,76,000	
Less: standard deduction [section 19(1), Table Sl. No. 2]	₹ 75,000	
Income chargeable under the head “Salaries”		₹ 11,01,000
INCOME FROM OTHER SOURCES		
Interest credited to the savings bank account [section 92]	₹ 6,500	
Interest on fixed deposits with Punjab & Sind Bank, in the gross amount	₹ 28,000	
Dividend on listed equity shares of Himalayan Paper Mills Limited, in the gross amount	₹ 12,000	
Income chargeable under the head “Income from other sources”		₹ 46,500
GROSS TOTAL INCOME [section 122(10)]		₹ 11,47,500
DEDUCTIONS FROM GROSS TOTAL INCOME — Chapter VIII		
Nothing in Chapter VIII is allowed under this regime, save four provisions which these facts do not attract — the payments listed in the question are not deductible [section 202(2)(a)(xii)]		₹ 0
TOTAL INCOME, rounded off [section 516]		₹ 11,47,500
TAX ON THE TOTAL INCOME		
On the first ₹ 4,00,000 — Nil [section 202(1)]	Nil	
On the next ₹ 4,00,000 — 5 per cent	₹ 20,000	
On the balance of ₹ 3,47,500 — 10 per cent	₹ 34,750	
Tax payable on the total income		₹ 54,750
Less: rebate — the total income does not exceed ₹ 12,00,000 [section 156]		(₹ 54,750)
Tax after rebate		₹ 0
Add: health and education cess at four per cent [section 2, Finance Act, 2026]		₹ 0
TOTAL TAX AND CESS		₹ 0
TOTAL TAX, rounded off [section 516]		₹ 0
TAXES PAID, AND THE AMOUNT PAYABLE OR REFUNDABLE		
Less: TDS — dividend (Himalayan Paper Mills Limited) [section 393(1), Table Sl. No. 7]	₹ 1,200	
Total taxes paid		₹ 1,200
REFUND DUE, rounded off [sections 431 and 437]		₹ 1,200

The figures to check

Total income ₹ 11,47,500 · Total tax ₹ 0 · Refund due ₹ 1,200

CASE 13.12 · Ms. Anjali Sharma · Chandigarh**SOLUTION (b) OLD REGIME**

The option of section 202(4) is exercised, so income-tax is charged at the rates in Paragraph A of Part I-B of the First Schedule to the Finance Act, 2026. Tax year 2026-27: 1 April 2026 to 31 March 2027. Interest under sections 423 to 425 is ignored.

INCOME FROM SALARIES		
Basic salary	₹ 6,00,000	
House rent allowance	₹ 2,40,000	
Special allowance	₹ 3,00,000	
Conveyance allowance	₹ 36,000	
Salary for the year, in the gross amount [section 15]	₹ 11,76,000	
Less: house rent allowance exempt — least of: received ₹ 2,40,000; rent ₹ 2,16,000 less 10% of salary ₹ 60,000 = ₹ 1,56,000; 40% of salary ₹ 2,40,000 (Chandigarh — not one of the eight 50% cities) [section 11, Schedule III, Table 11]	₹ 1,56,000	
Net salary	₹ 10,20,000	
Less: standard deduction [section 19(1), Table Sl. No. 2]	₹ 50,000	
Income chargeable under the head “Salaries”		₹ 9,70,000
INCOME FROM OTHER SOURCES		
Interest credited to the savings bank account [section 92]	₹ 6,500	
Interest on fixed deposits with Punjab & Sind Bank, in the gross amount	₹ 28,000	
Dividend on listed equity shares of Himalayan Paper Mills Limited, in the gross amount	₹ 12,000	
Income chargeable under the head “Income from other sources”		₹ 46,500
GROSS TOTAL INCOME [section 122(10)]		₹ 10,16,500
DEDUCTIONS FROM GROSS TOTAL INCOME — Chapter VIII		
Payments of Schedule XV — ₹ 1,28,000 paid; ceiling ₹ 1,50,000 [section 123]	₹ 1,28,000	
Health insurance — self and family: ₹ 21,000 paid; ceiling ₹ 25,000 [section 126]	₹ 21,000	
Interest on a savings account — ₹ 6,500; ceiling ₹ 10,000 [section 153]	₹ 6,500	
Total of the deductions allowed		₹ 1,55,500
TOTAL INCOME, rounded off [section 516]		₹ 8,61,000
TAX ON THE TOTAL INCOME		
On the first ₹ 2,50,000 — Nil [Paragraph A, Part I-B, First Schedule, Finance Act, 2026]	Nil	
On the next ₹ 2,50,000 — 5 per cent	₹ 12,500	
On the balance of ₹ 3,61,000 — 20 per cent	₹ 72,200	
Tax payable on the total income		₹ 84,700
Less: rebate — nil, total income above ₹ 5,00,000 [section 156]		₹ 0
Add: health and education cess at four per cent [section 2, Finance Act, 2026]		₹ 3,388
TOTAL TAX AND CESS		₹ 88,088
TOTAL TAX, rounded off [section 516]		₹ 88,090
TAXES PAID, AND THE AMOUNT PAYABLE OR REFUNDABLE		
Less: TDS — dividend (Himalayan Paper Mills Limited) [section 393(1), Table Sl. No. 7]	₹ 1,200	
Total taxes paid		₹ 1,200
AMOUNT PAYABLE, rounded off [section 266]		₹ 86,890

The figures to check

Total income ₹ 8,61,000 · Total tax ₹ 88,090 · Amount payable ₹ 86,890

The new regime saves her ₹ 88,090 — ₹ 0 against ₹ 88,090 under the old regime.

CASE 13.13

Shri Debashish Chatterjee

Kolkata · 57 years · male · salaried — Central PSU

THE QUESTION

1. Shri Debashish Chatterjee, son of Late Shri Amalendu Chatterjee, was born on 30 January 1970 and is resident and ordinarily resident in India. His permanent account number is AGVPC9031E and his Aadhaar number 9136-2207-5584. He lives at Flat 2B, Block CF, Sector I, Salt Lake City, Kolkata 700064, in the State of West Bengal; his mobile number is 9831024478 and his e-mail address d.chatterjee70@gmail.com.

2. He was in employment throughout the tax year 2026-27 as Deputy General Manager with Bharat Jute Industries Limited, a Central public sector undertaking, whose tax deduction account number is CALB02219K. The salary for the year, in the gross amount, came to ₹ 19,20,000. He received no perquisite, no profit in lieu of salary and no allowance. He paid tax on employment of ₹ 2,400 to the State of West Bengal.

3. He owns, as sole owner, the house at Flat 2B, Block CF, Sector I, Salt Lake City, Kolkata 700064, West Bengal, which was in his own occupation throughout the year. He acquired it with a loan of ₹ 25,00,000 from UCO Bank, Home Loan Account No. 04720610018833, sanctioned on 21 July 2015, the acquisition being completed in that year; ₹ 11,80,000 of it was outstanding on 31 March 2027, and the interest on it for the year came to ₹ 1,10,000.

4. His income from other sources was as follows —

Income	Amount
Interest credited to his savings bank account with UCO Bank	₹ 12,800
Interest on fixed deposits with UCO Bank, in the gross amount	₹ 1,05,000
Interest received on an income-tax refund	₹ 4,200
Total	₹ 1,22,000

5. He claims, under Chapter VIII, the following deductions —

Payment	Amount	Policy / document no.
Life insurance premium — Life Insurance Corporation of India	₹ 56,000	LIC/1999/027741
Contribution to employees' provident fund	₹ 1,15,000	PF/WB/CAL/2026-27/0031850
Total — the payments of Schedule XV	₹ 1,71,000	
Health insurance premium, paid otherwise than in cash — National Insurance Company Limited — himself and his wife, aged 54 years	₹ 22,000	NINS/2016/F219034
Expenditure on the medical treatment of his wife, aged 54 years, wholly dependent on him, for a specified disease (chronic renal failure), on the prescription of a specialist — no part of it reimbursed	₹ 52,000	

Payment	Amount	Policy / document no.
Interest credited to his savings account	₹ 12,800	

6. After the close of the year, before furnishing the return, he paid self-assessment tax at UCO Bank, Salt Lake branch, Kolkata, whose BSR code is 0280472, as below.

Date of deposit	Amount	Challan No.	Remarks
24 July 2027	₹ 14,880	01127	Self-assessment tax

7. 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
Salary	₹ 1,75,760	Bharat Jute Industries Limited	CALB02219K
Interest on his fixed deposits	₹ 10,500	UCO Bank	CALU00472D
Total	₹ 1,86,260		

8. Any refund is to be credited to his savings account No. 04720110027715 with UCO Bank, the IFS code of the branch being UCBA0000472. He has no other income, no agricultural income, and no asset outside India. He furnishes the return at Kolkata on 27 July 2027, on or before the due date of 31 July 2027.

Required

Compute the total income of Shri Debashish Chatterjee for the tax year 2026-27, and the tax payable or refundable — (a) first under the NEW regime, the default regime of section 202(1); and (b) then under the OLD regime, the option of section 202(4) being exercised. Ignore interest under sections 423 to 425.

CASE 13.13 · Shri Debashish Chatterjee · Kolkata**SOLUTION (a) NEW REGIME**

The option of section 202(4) is not exercised, so income-tax is computed under section 202(1), the default regime. Tax year 2026-27: 1 April 2026 to 31 March 2027. Interest under sections 423 to 425 is ignored.

INCOME FROM SALARIES		
Salary for the year, in the gross amount [section 15]	₹ 19,20,000	
Less: standard deduction [section 19(1), Table Sl. No. 2]	₹ 75,000	
Less: tax on employment ₹ 2,400 — not deductible under this regime [section 202(2)(a)(iii)]	₹ 0	
Income chargeable under the head “Salaries”		₹ 18,45,000
INCOME FROM HOUSE PROPERTY		
<i>Salt Lake City, Kolkata — self-occupied</i>		
Annual value — nil, the house being in the owner's own occupation [section 21(6)]	₹ 0	
Less: interest ₹ 1,10,000 on the home loan — not allowed under this regime [section 202(2)(a)(v)]	₹ 0	
Income from the property		₹ 0
INCOME FROM OTHER SOURCES		
Interest credited to the savings bank account [section 92]	₹ 12,800	
Interest on fixed deposits with UCO Bank, in the gross amount	₹ 1,05,000	
Interest received on an income-tax refund	₹ 4,200	
Income chargeable under the head “Income from other sources”		₹ 1,22,000
GROSS TOTAL INCOME [section 122(10)]		₹ 19,67,000
DEDUCTIONS FROM GROSS TOTAL INCOME — Chapter VIII		
Nothing in Chapter VIII is allowed under this regime, save four provisions which these facts do not attract — the payments listed in the question are not deductible [section 202(2)(a)(xii)]		₹ 0
TOTAL INCOME, rounded off [section 516]		₹ 19,67,000
TAX ON THE TOTAL INCOME		
On the first ₹ 4,00,000 — Nil [section 202(1)]	Nil	
On the next ₹ 4,00,000 — 5 per cent	₹ 20,000	
On the next ₹ 4,00,000 — 10 per cent	₹ 40,000	
On the next ₹ 4,00,000 — 15 per cent	₹ 60,000	
On the balance of ₹ 3,67,000 — 20 per cent	₹ 73,400	
Tax payable on the total income		₹ 1,93,400
Less: rebate — nil, total income above ₹ 12,70,588 [section 156]		₹ 0
Add: health and education cess at four per cent [section 2, Finance Act, 2026]		₹ 7,736
TOTAL TAX AND CESS		₹ 2,01,136
TOTAL TAX, rounded off [section 516]		₹ 2,01,140
TAXES PAID, AND THE AMOUNT PAYABLE OR REFUNDABLE		
Less: self-assessment tax — 24 July 2027, Challan No. 01127 [section 266]	₹ 14,880	
Less: TDS — salary (Bharat Jute Industries Limited) [section 392]	₹ 1,75,760	
Less: TDS — interest on his fixed deposits (UCO Bank) [section 393(1), Table Sl. No. 5(ii)]	₹ 10,500	
Total taxes paid		₹ 2,01,140
NOTHING PAYABLE, AND NO REFUND — the taxes paid equal the tax		₹ 0

The figures to check

Total income ₹ 19,67,000 · Total tax ₹ 2,01,140 · Nothing payable, no refund

CASE 13.13 · Shri Debashish Chatterjee · Kolkata**SOLUTION (b) OLD REGIME**

The option of section 202(4) is exercised, so income-tax is charged at the rates in Paragraph A of Part I-B of the First Schedule to the Finance Act, 2026. Tax year 2026-27: 1 April 2026 to 31 March 2027. Interest under sections 423 to 425 is ignored.

INCOME FROM SALARIES		
Salary for the year, in the gross amount [section 15]	₹ 19,20,000	
Less: standard deduction [section 19(1), Table Sl. No. 2]	₹ 50,000	
Less: tax on employment [section 19(1), Table Sl. No. 1]	₹ 2,400	
Income chargeable under the head “Salaries”		₹ 18,67,600
INCOME FROM HOUSE PROPERTY		
<i>Salt Lake City, Kolkata — self-occupied</i>		
Annual value — nil, the house being in the owner’s own occupation [section 21(6)]	₹ 0	
Less: interest on the home loan ₹ 1,10,000 — within the ceiling of ₹ 2,00,000 [section 22(1)(b)]	₹ 1,10,000	
Income from the property		(₹ 1,10,000)
Loss set off against the other heads — within ₹ 2,00,000 [section 109(1)(b)]		(₹ 1,10,000)
Income chargeable under the head “Income from house property”		(₹ 1,10,000)
INCOME FROM OTHER SOURCES		
Interest credited to the savings bank account [section 92]	₹ 12,800	
Interest on fixed deposits with UCO Bank, in the gross amount	₹ 1,05,000	
Interest received on an income-tax refund	₹ 4,200	
Income chargeable under the head “Income from other sources”		₹ 1,22,000
GROSS TOTAL INCOME [section 122(10)]		₹ 18,79,600

CASE 13.13 · Shri Debashish Chatterjee · SOLUTION (b) OLD REGIME, continued

DEDUCTIONS FROM GROSS TOTAL INCOME — Chapter VIII		
Payments of Schedule XV — ₹ 1,71,000 paid; ceiling ₹ 1,50,000 [section 123]	₹ 1,50,000	
Health insurance — self and family: ₹ 22,000 paid; ceiling ₹ 25,000 [section 126]	₹ 22,000	
Treatment of a specified disease — ₹ 52,000 spent; ceiling ₹ 40,000 [section 128]	₹ 40,000	
Interest on a savings account — ₹ 12,800; ceiling ₹ 10,000 [section 153]	₹ 10,000	
Total of the deductions allowed		₹ 2,22,000
TOTAL INCOME, rounded off [section 516]		₹ 16,57,600
TAX ON THE TOTAL INCOME		
On the first ₹ 2,50,000 — Nil [Paragraph A, Part I-B, First Schedule, Finance Act, 2026]	Nil	
On the next ₹ 2,50,000 — 5 per cent	₹ 12,500	
On the next ₹ 5,00,000 — 20 per cent	₹ 1,00,000	
On the balance of ₹ 6,57,600 — 30 per cent	₹ 1,97,280	
Tax payable on the total income		₹ 3,09,780
Less: rebate — nil, total income above ₹ 5,00,000 [section 156]		₹ 0
Add: health and education cess at four per cent [section 2, Finance Act, 2026]		₹ 12,391
TOTAL TAX AND CESS		₹ 3,22,171
TOTAL TAX, rounded off [section 516]		₹ 3,22,170
TAXES PAID, AND THE AMOUNT PAYABLE OR REFUNDABLE		
Less: self-assessment tax — 24 July 2027, Challan No. 01127 [section 266]	₹ 14,880	
Less: TDS — salary (Bharat Jute Industries Limited) [section 392]	₹ 1,75,760	
Less: TDS — interest on his fixed deposits (UCO Bank) [section 393(1), Table Sl. No. 5(ii)]	₹ 10,500	
Total taxes paid		₹ 2,01,140
AMOUNT PAYABLE, rounded off [section 266]		₹ 1,21,030

The figures to check

Total income ₹ 16,57,600 · Total tax ₹ 3,22,170 · Amount payable ₹ 1,21,030

The new regime saves him ₹ 1,21,030 — ₹ 2,01,140 against ₹ 3,22,170 under the old regime.

CASE 13.14**Smt. Meenakshi Sundaram**

Chennai · 81 years · female · pensioner and family pensioner

THE QUESTION

1. Smt. Meenakshi Sundaram, wife of Late Shri R. Sundaram, was born on 12 February 1946 and is resident and ordinarily resident in India. Her permanent account number is ACMP52218F and her Aadhaar number 4470-6182-9035. She lives at Old No. 14, New No. 27, Luz Church Road, Mylapore, Chennai 600004, in the State of Tamil Nadu; her mobile number is 9444018827 and her e-mail address meenakshi.sundaram46@gmail.com.
2. She retired in 2004 as Headmistress of a Government Higher Secondary School of the Government of Tamil Nadu, and she draws her own pension through Indian Overseas Bank, Mylapore branch, whose tax deduction account number is CHEI04471C. Her pension for the year, in the gross amount, came to ₹ 3,60,000. She also received a family pension of ₹ 4,80,000 for the year from the Central Government, her late husband having been an officer of the Central Government; it too is received through Indian Overseas Bank.
3. She owns, as sole owner, the house at Old No. 14, New No. 27, Luz Church Road, Mylapore, Chennai 600004, Tamil Nadu, which was in her own occupation throughout the year. There is no loan on it.
4. Her income from other sources was as follows —

Income	Amount
Family pension, in the gross amount	₹ 4,80,000
Interest credited to her savings bank account with Indian Overseas Bank	₹ 32,000
Interest on fixed deposits with Indian Bank, in the gross amount	₹ 2,40,000
Total	₹ 7,52,000

5. She claims, under Chapter VIII, the following deductions —

Payment	Amount	Policy / document no.
Health insurance premium, paid otherwise than in cash — Star Health and Allied Insurance Company Limited — herself	₹ 48,000	SHAI/2017/SC08861
Expenditure on her own medical treatment for a specified disease (Parkinson's disease), on the prescription of a specialist — no part of it reimbursed by the insurer	₹ 1,25,000	
Interest on her deposits — savings account, fixed deposits	₹ 2,72,000	

6. Tax was deducted at source during the year as shown below. She claims the whole of it as credit in this tax year. No tax was deducted from her pension or from her family pension.

Deducted from	Amount	Deducted by	TAN
Interest on her fixed deposits	₹ 24,000	Indian Bank	CHEI00316B

7. Any refund is to be credited to her savings account No. 044701000018226 with Indian Overseas Bank, the IFS code of the branch being IOBA0000447. She has no other income, no agricultural income, and no asset outside India. She furnishes the return at Chennai on 22 July 2027, on or before the due date of 31 July 2027.

Required

Compute the total income of Smt. Meenakshi Sundaram for the tax year 2026-27, and the tax payable or refundable — (a) first under the NEW regime, the default regime of section 202(1); and (b) then under the OLD regime, the option of section 202(4) being exercised. Ignore interest under sections 423 to 425.

CASE 13.14 · Smt. Meenakshi Sundaram · Chennai**SOLUTION (a) NEW REGIME**

The option of section 202(4) is not exercised, so income-tax is computed under section 202(1), the default regime. Tax year 2026-27: 1 April 2026 to 31 March 2027. Interest under sections 423 to 425 is ignored.

INCOME FROM SALARIES		
Pension for the year, in the gross amount [section 15]	₹ 3,60,000	
Less: standard deduction [section 19(1), Table Sl. No. 2]	₹ 75,000	
Income chargeable under the head “Salaries”		₹ 2,85,000
INCOME FROM HOUSE PROPERTY		
<i>Mylapore, Chennai — self-occupied</i>		
Annual value — nil, the house being in the owner's own occupation [section 21(6)]	₹ 0	
Income from the property		₹ 0
INCOME FROM OTHER SOURCES		
Family pension, in the gross amount	₹ 4,80,000	
Less: one-third, ₹ 1,60,000, or ₹ 25,000, whichever is less [section 93(1)(d)]	₹ 25,000	
Family pension chargeable	₹ 4,55,000	
Interest credited to the savings bank account [section 92]	₹ 32,000	
Interest on fixed deposits with Indian Bank, in the gross amount	₹ 2,40,000	
Income chargeable under the head “Income from other sources”		₹ 7,27,000
GROSS TOTAL INCOME [section 122(10)]		₹ 10,12,000
DEDUCTIONS FROM GROSS TOTAL INCOME — Chapter VIII		
Nothing in Chapter VIII is allowed under this regime, save four provisions which these facts do not attract — the payments listed in the question are not deductible [section 202(2)(a)(xii)]		₹ 0
TOTAL INCOME, rounded off [section 516]		₹ 10,12,000
TAX ON THE TOTAL INCOME		
On the first ₹ 4,00,000 — Nil [section 202(1)]	Nil	
On the next ₹ 4,00,000 — 5 per cent	₹ 20,000	
On the balance of ₹ 2,12,000 — 10 per cent	₹ 21,200	
Tax payable on the total income		₹ 41,200
Less: rebate — the total income does not exceed ₹ 12,00,000 [section 156]		(₹ 41,200)
Tax after rebate		₹ 0
Add: health and education cess at four per cent [section 2, Finance Act, 2026]		₹ 0
TOTAL TAX AND CESS		₹ 0
TOTAL TAX, rounded off [section 516]		₹ 0
TAXES PAID, AND THE AMOUNT PAYABLE OR REFUNDABLE		
Less: TDS — interest on her fixed deposits (Indian Bank) [section 393(1), Table Sl. No. 5(ii)]	₹ 24,000	
Total taxes paid		₹ 24,000
REFUND DUE, rounded off [sections 431 and 437]		₹ 24,000

The figures to check

Total income ₹ 10,12,000 · Total tax ₹ 0 · Refund due ₹ 24,000

CASE 13.14 · Smt. Meenakshi Sundaram · Chennai**SOLUTION (b) OLD REGIME**

The option of section 202(4) is exercised, so income-tax is charged at the rates in Paragraph A of Part I-B of the First Schedule to the Finance Act, 2026 — the column for a super senior citizen, aged eighty years or more. Tax year 2026-27: 1 April 2026 to 31 March 2027. Interest under sections 423 to 425 is ignored.

INCOME FROM SALARIES		
Pension for the year, in the gross amount [section 15]	₹ 3,60,000	
Less: standard deduction [section 19(1), Table Sl. No. 2]	₹ 50,000	
Income chargeable under the head “Salaries”		₹ 3,10,000
INCOME FROM HOUSE PROPERTY		
<i>Mylapore, Chennai — self-occupied</i>		
Annual value — nil, the house being in the owner’s own occupation [section 21(6)]	₹ 0	
Income from the property		₹ 0
INCOME FROM OTHER SOURCES		
Family pension, in the gross amount	₹ 4,80,000	
Less: one-third, ₹ 1,60,000, or ₹ 15,000, whichever is less [section 93(1)(d)]	₹ 15,000	
Family pension chargeable	₹ 4,65,000	
Interest credited to the savings bank account [section 92]	₹ 32,000	
Interest on fixed deposits with Indian Bank, in the gross amount	₹ 2,40,000	
Income chargeable under the head “Income from other sources”		₹ 7,37,000
GROSS TOTAL INCOME [section 122(10)]		₹ 10,47,000
DEDUCTIONS FROM GROSS TOTAL INCOME — Chapter VIII		
Health insurance — self and family: ₹ 48,000 paid; ceiling ₹ 50,000, senior citizen [section 126]	₹ 48,000	
Treatment of a specified disease — ₹ 1,25,000 spent; ceiling ₹ 1,00,000, senior citizen [section 128]	₹ 1,00,000	
Interest on deposits, senior citizen — ₹ 2,72,000; ceiling ₹ 50,000 [section 153]	₹ 50,000	
Total of the deductions allowed		₹ 1,98,000
TOTAL INCOME, rounded off [section 516]		₹ 8,49,000
TAX ON THE TOTAL INCOME		
On the first ₹ 5,00,000 — Nil [Paragraph A, Part I-B, First Schedule, Finance Act, 2026]	Nil	
On the balance of ₹ 3,49,000 — 20 per cent	₹ 69,800	
Tax payable on the total income		₹ 69,800
Less: rebate — nil, total income above ₹ 5,00,000 [section 156]		₹ 0
Add: health and education cess at four per cent [section 2, Finance Act, 2026]		₹ 2,792
TOTAL TAX AND CESS		₹ 72,592
TOTAL TAX, rounded off [section 516]		₹ 72,590
TAXES PAID, AND THE AMOUNT PAYABLE OR REFUNDABLE		
Less: TDS — interest on her fixed deposits (Indian Bank) [section 393(1), Table Sl. No. 5(ii)]	₹ 24,000	
Total taxes paid		₹ 24,000
AMOUNT PAYABLE, rounded off [section 266]		₹ 48,590

The figures to check

Total income ₹ 8,49,000 · Total tax ₹ 72,590 · Amount payable ₹ 48,590

The new regime saves her ₹ 72,590 — ₹ 0 against ₹ 72,590 under the old regime.

CASE 13.15**Shri Amit Patel**

Ahmedabad · 41 years · male · salaried — private company

THE QUESTION

1. Shri Amit Patel, son of Shri Bharat Bhai Patel, was born on 6 December 1985 and is resident and ordinarily resident in India. His permanent account number is BNYPP7735G and his Aadhaar number 6739-0215-4428. He lives at B-704, Shilp Residency, Satellite Road, Ahmedabad 380015, in the State of Gujarat; his mobile number is 9825043317 and his e-mail address amit.patel85@gmail.com.

2. He was in employment throughout the tax year 2026-27 as Manager (Exports) with Sabarmati Textiles Limited, a company in the private sector, whose tax deduction account number is AHMS05581L. His salary for the year was made up as shown below; he received no perquisite and no profit in lieu of salary. He paid tax on employment of ₹ 2,400 to the State of Gujarat.

Component of salary	Amount
Basic salary	₹ 10,80,000
House rent allowance	₹ 4,32,000
Special allowance	₹ 6,48,000
Performance bonus	₹ 1,20,000
Total — salary, in the gross amount	₹ 22,80,000

3. He lives in a rented flat at B-704, Shilp Residency, Satellite Road, Ahmedabad 380015, paying a rent of ₹ 35,000 a month, ₹ 4,20,000 for the year, to his landlord, Smt. Hemlata Desai, whose permanent account number is AJXPD4408B. The rent receipts and the landlord's permanent account number were furnished to the employer.

4. He owns, as sole owner, the house at 12, Gokul Society, Adajan, Surat 395009, Gujarat, which was let for the whole year to Shri Kirit Mehta, whose permanent account number is AMRPM1194E, at a rent of ₹ 18,000 a month, ₹ 2,16,000 for the year, the whole of which was realised. He paid ₹ 7,200 to the local authority during the year. He acquired it with a loan of ₹ 16,00,000 from Bank of Baroda, Home Loan Account No. 33610600004471, sanctioned on 18 January 2022, the acquisition being completed in that year; ₹ 13,65,000 of it was outstanding on 31 March 2027, and the interest on it for the year came to ₹ 1,20,000. The rent being below ₹ 50,000 a month, the tenant deducted no tax from it. He lives in the rented flat mentioned above.

5. His income from other sources was as follows —

Income	Amount
Interest credited to his savings bank account with Bank of Baroda	₹ 11,200
Interest on fixed deposits with Bank of Baroda, in the gross amount	₹ 52,000
Dividend on listed equity shares of Narmada Chemicals Limited, in the gross amount	₹ 24,000
Total	₹ 87,200

6. He claims, under Chapter VIII, the following deductions —

Payment	Amount	Policy / document no.
Contribution to employees' provident fund	₹ 1,29,600	PF/GJ/AHD/2026-27/0074426
Life insurance premium — Life Insurance Corporation of India	₹ 42,000	LIC/2014/552381
Tuition fees, first child — Udgam School, Ahmedabad	₹ 45,000	UDG/2026-27/06612
Tuition fees, second child — Udgam School, Ahmedabad	₹ 40,000	UDG/2026-27/06613
Total — the payments of Schedule XV	₹ 2,56,600	

Payment	Amount	Policy / document no.
Health insurance premium, paid otherwise than in cash — Tata AIG General Insurance Company Limited — himself, his wife and children	₹ 24,000	TAIG/2022/F504418
Health insurance premium, paid otherwise than in cash — Tata AIG General Insurance Company Limited — his parents, aged 69 and 64 years	₹ 46,000	TAIG/2022/S504419
Interest credited to his savings account	₹ 11,200	

7. He paid advance tax at Bank of Baroda, Satellite branch, Ahmedabad, whose BSR code is 0283361, by the challans below. He paid nothing after 31 March 2027.

Date of deposit	Amount	Challan No.	Remarks
15 March 2027	₹ 20,000	04876	Advance 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
Salary	₹ 2,61,300	Sabarmati Textiles Limited	AHMS05581L
Interest on his fixed deposits	₹ 5,200	Bank of Baroda	AHMB03361A
Dividend	₹ 2,400	Narmada Chemicals Limited	AHMN00927C
Total	₹ 2,68,900		

9. Any refund is to be credited to his savings account No. 33610100009824 with Bank of Baroda, the IFS code of the branch being BARBOSATELL. He has no other income, no agricultural income, and no asset outside India. He furnishes the return at Ahmedabad on 23 July 2027, on or before the due date of 31 July 2027.

Required

Compute the total income of Shri Amit Patel for the tax year 2026-27, and the tax payable or refundable — (a) first under the NEW regime, the default regime of section 202(1); and (b) then under the OLD regime, the option of section 202(4) being exercised. Ignore interest under sections 423 to 425.

CASE 13.15 · Shri Amit Patel · Ahmedabad**SOLUTION (a) NEW REGIME**

The option of section 202(4) is not exercised, so income-tax is computed under section 202(1), the default regime. Tax year 2026-27: 1 April 2026 to 31 March 2027. Interest under sections 423 to 425 is ignored.

INCOME FROM SALARIES		
Basic salary	₹ 10,80,000	
House rent allowance	₹ 4,32,000	
Special allowance	₹ 6,48,000	
Performance bonus	₹ 1,20,000	
Salary for the year, in the gross amount [section 15]	₹ 22,80,000	
Less: house rent allowance — not excludible under this regime [section 202(2)(a)(ii)]	₹ 0	
Net salary	₹ 22,80,000	
Less: standard deduction [section 19(1), Table Sl. No. 2]	₹ 75,000	
Less: tax on employment ₹ 2,400 — not deductible under this regime [section 202(2)(a)(iii)]	₹ 0	
Income chargeable under the head “Salaries”		₹ 22,05,000
INCOME FROM HOUSE PROPERTY		
<i>Adajan, Surat — let out</i>		
Gross rent for the year — ₹ 18,000 a month [section 21(1)]	₹ 2,16,000	
Less: taxes paid to the local authority [section 21(7)(b)]	₹ 7,200	
Annual value	₹ 2,08,800	
Less: thirty per cent of the annual value [section 22(1)(a)]	₹ 62,640	
Less: interest on the home loan — allowed in full, the house being let out [section 22(1)(b)]	₹ 1,20,000	
Income from the property		₹ 26,160
INCOME FROM OTHER SOURCES		
Interest credited to the savings bank account [section 92]	₹ 11,200	
Interest on fixed deposits with Bank of Baroda, in the gross amount	₹ 52,000	
Dividend on listed equity shares of Narmada Chemicals Limited, in the gross amount	₹ 24,000	
Income chargeable under the head “Income from other sources”		₹ 87,200
GROSS TOTAL INCOME [section 122(10)]		₹ 23,18,360

CASE 13.15 · Shri Amit Patel · SOLUTION (a) NEW REGIME, continued

DEDUCTIONS FROM GROSS TOTAL INCOME — Chapter VIII		
Nothing in Chapter VIII is allowed under this regime, save four provisions which these facts do not attract — the payments listed in the question are not deductible [section 202(2)(a)(xii)]		₹ 0
TOTAL INCOME, rounded off [section 516]		₹ 23,18,360
TAX ON THE TOTAL INCOME		
On the first ₹ 4,00,000 — Nil [section 202(1)]	Nil	
On the next ₹ 4,00,000 — 5 per cent	₹ 20,000	
On the next ₹ 4,00,000 — 10 per cent	₹ 40,000	
On the next ₹ 4,00,000 — 15 per cent	₹ 60,000	
On the next ₹ 4,00,000 — 20 per cent	₹ 80,000	
On the balance of ₹ 3,18,360 — 25 per cent	₹ 79,590	
Tax payable on the total income		₹ 2,79,590
Less: rebate — nil, total income above ₹ 12,70,588 [section 156]		₹ 0
Add: health and education cess at four per cent [section 2, Finance Act, 2026]		₹ 11,184
TOTAL TAX AND CESS		₹ 2,90,774
TOTAL TAX, rounded off [section 516]		₹ 2,90,770
TAXES PAID, AND THE AMOUNT PAYABLE OR REFUNDABLE		
Less: advance tax — 15 March 2027, Challan No. 04876 [sections 404 to 408]	₹ 20,000	
Less: TDS — salary (Sabarmati Textiles Limited) [section 392]	₹ 2,61,300	
Less: TDS — interest on his fixed deposits (Bank of Baroda) [section 393(1), Table Sl. No. 5(ii)]	₹ 5,200	
Less: TDS — dividend (Narmada Chemicals Limited) [section 393(1), Table Sl. No. 7]	₹ 2,400	
Total taxes paid		₹ 2,88,900
AMOUNT PAYABLE, rounded off [section 266]		₹ 1,870

The figures to check

Total income ₹ 23,18,360 · Total tax ₹ 2,90,770 · Amount payable ₹ 1,870

CASE 13.15 · Shri Amit Patel · Ahmedabad**SOLUTION (b) OLD REGIME**

The option of section 202(4) is exercised, so income-tax is charged at the rates in Paragraph A of Part I-B of the First Schedule to the Finance Act, 2026. Tax year 2026-27: 1 April 2026 to 31 March 2027. Interest under sections 423 to 425 is ignored.

INCOME FROM SALARIES		
Basic salary	₹ 10,80,000	
House rent allowance	₹ 4,32,000	
Special allowance	₹ 6,48,000	
Performance bonus	₹ 1,20,000	
Salary for the year, in the gross amount [section 15]	₹ 22,80,000	
Less: house rent allowance exempt — least of: received ₹ 4,32,000; rent ₹ 4,20,000 less 10% of salary ₹ 1,08,000 = ₹ 3,12,000; 50% of salary ₹ 5,40,000 (Ahmedabad — one of the eight 50% cities) [section 11, Schedule III, Table 11]	₹ 3,12,000	
Net salary	₹ 19,68,000	
Less: standard deduction [section 19(1), Table Sl. No. 2]	₹ 50,000	
Less: tax on employment [section 19(1), Table Sl. No. 1]	₹ 2,400	
Income chargeable under the head “Salaries”		₹ 19,15,600
INCOME FROM HOUSE PROPERTY		
<i>Adajan, Surat — let out</i>		
Gross rent for the year — ₹ 18,000 a month [section 21(1)]	₹ 2,16,000	
Less: taxes paid to the local authority [section 21(7)(b)]	₹ 7,200	
Annual value	₹ 2,08,800	
Less: thirty per cent of the annual value [section 22(1)(a)]	₹ 62,640	
Less: interest on the home loan — allowed in full, the house being let out [section 22(1)(b)]	₹ 1,20,000	
Income from the property		₹ 26,160
INCOME FROM OTHER SOURCES		
Interest credited to the savings bank account [section 92]	₹ 11,200	
Interest on fixed deposits with Bank of Baroda, in the gross amount	₹ 52,000	
Dividend on listed equity shares of Narmada Chemicals Limited, in the gross amount	₹ 24,000	
Income chargeable under the head “Income from other sources”		₹ 87,200
GROSS TOTAL INCOME [section 122(10)]		₹ 20,28,960

CASE 13.15 · Shri Amit Patel · SOLUTION (b) OLD REGIME, continued

DEDUCTIONS FROM GROSS TOTAL INCOME — Chapter VIII		
Payments of Schedule XV — ₹ 2,56,600 paid; ceiling ₹ 1,50,000 [section 123]	₹ 1,50,000	
Health insurance — self and family: ₹ 24,000 paid; ceiling ₹ 25,000 [section 126]	₹ 24,000	
Health insurance — parents: ₹ 46,000 paid; ceiling ₹ 50,000, senior citizen [section 126]	₹ 46,000	
Interest on a savings account — ₹ 11,200; ceiling ₹ 10,000 [section 153]	₹ 10,000	
Total of the deductions allowed		₹ 2,30,000
TOTAL INCOME, rounded off [section 516]		₹ 17,98,960
TAX ON THE TOTAL INCOME		
On the first ₹ 2,50,000 — Nil [Paragraph A, Part I-B, First Schedule, Finance Act, 2026]	Nil	
On the next ₹ 2,50,000 — 5 per cent	₹ 12,500	
On the next ₹ 5,00,000 — 20 per cent	₹ 1,00,000	
On the balance of ₹ 7,98,960 — 30 per cent	₹ 2,39,688	
Tax payable on the total income		₹ 3,52,188
Less: rebate — nil, total income above ₹ 5,00,000 [section 156]		₹ 0
Add: health and education cess at four per cent [section 2, Finance Act, 2026]		₹ 14,088
TOTAL TAX AND CESS		₹ 3,66,276
TOTAL TAX, rounded off [section 516]		₹ 3,66,280
TAXES PAID, AND THE AMOUNT PAYABLE OR REFUNDABLE		
Less: advance tax — 15 March 2027, Challan No. 04876 [sections 404 to 408]	₹ 20,000	
Less: TDS — salary (Sabarmati Textiles Limited) [section 392]	₹ 2,61,300	
Less: TDS — interest on his fixed deposits (Bank of Baroda) [section 393(1), Table Sl. No. 5(ii)]	₹ 5,200	
Less: TDS — dividend (Narmada Chemicals Limited) [section 393(1), Table Sl. No. 7]	₹ 2,400	
Total taxes paid		₹ 2,88,900
AMOUNT PAYABLE, rounded off [section 266]		₹ 77,380

The figures to check

Total income ₹ 17,98,960 · Total tax ₹ 3,66,280 · Amount payable ₹ 77,380

The new regime saves him ₹ 75,510 — ₹ 2,90,770 against ₹ 3,66,280 under the old regime.