

CASE 13.2**Smt. Kamala Iyer**

Jaipur · 60 years or more but below 80 years · salary and pension

THE SOLUTIONS**SOLUTION 1****TAX YEAR 2026-27****NEW REGIME**

1 April 2026 to 31 March 2027 · Income-tax Act, 2025

Case 13.2 · Smt. Kamala Iyer · Jaipur

The regime, the Act and the dates

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

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

INCOME FROM SALARIES		
Salary and pension for the year, in the gross amount [section 15]	₹ 31,20,000	
Less: standard deduction — ₹ 75,000, or the salary, whichever is less [section 19(1), Table Sl. No. 2]	₹ 75,000	
Income chargeable under the head “Salaries”		₹ 30,45,000
INCOME FROM HOUSE PROPERTY		
Property 1 — Jawahar Nagar, Jaipur — self-occupied		
Annual value — nil, the property being in the occupation of the owner [section 21(6)]	₹ 0	
Less: interest of ₹ 2,15,000 on the home loan from Bank of Baroda, Home Loan Account No. 29840600011257 — denied in full by this regime [section 202(2)(a)(v)]	₹ 0	
Income from property 1		₹ 0
Property 2 — Shalimar Garden Extension, Ghaziabad — let out		
Gross rent received or receivable for the year [section 21(1)]	₹ 4,20,000	
Less: taxes paid to the local authority during the year [section 21(7)(b)]	₹ 21,000	
Annual value	₹ 3,99,000	
Less: thirty per cent of the annual value [section 22(1)(a)]	₹ 1,19,700	
Less: interest on the home loan of ₹ 20,00,000 from Punjab National Bank, Home Loan Account No. 0301007700045612, borrowed to acquire it — allowed in full, the house being let out [section 22(1)(b)]	₹ 1,45,000	
Income from property 2		₹ 1,34,300
Total of the two properties		₹ 1,34,300
Income chargeable under the head “Income from house property”		₹ 1,34,300
INCOME FROM OTHER SOURCES		

Interest credited to the savings bank account [section 92]	₹ 31,000	
Interest on fixed deposits, in the gross amount before the tax deducted	₹ 2,60,000	
Interest received on an income-tax refund	₹ 11,400	
Dividend on listed equity shares, in the gross amount — declared and paid on 22 August 2026, so period (ii) — 16 June to 15 September 2026	₹ 1,40,000	
Gross income from other sources	₹ 4,42,400	
Income chargeable under the head “Income from other sources”		₹ 4,42,400
GROSS TOTAL INCOME [section 122(10)]		₹ 36,21,700
DEDUCTIONS FROM GROSS TOTAL INCOME — Chapter VIII		
Life insurance premia ₹ 59,000, provident fund ₹ 36,000 and the tuition fees of her two children ₹ 60,000 — ₹ 1,55,000 claimed [section 123]	₹ 0	
Health insurance premia paid otherwise than in cash — ₹ 50,000 claimed, Policy No. SHAI/2021/P348215 with Star Health and Allied Insurance Company Limited [section 126]	₹ 0	
Interest on deposits, the assessee being a senior citizen — ₹ 2,91,000 claimed [section 153]	₹ 0	
Nothing in this Chapter is allowed where income-tax is computed under this regime, save four provisions which these facts do not attract [section 202(2)(a)(xii)]		₹ 0
Total of the deductions allowed		₹ 0
TOTAL INCOME, rounded off to the nearest multiple of ten rupees [section 516]		₹ 36,21,700
TAX ON THE TOTAL INCOME		
On the first ₹ 4,00,000 — Nil [section 202(1)]	Nil	
On the next ₹ 4,00,000 — 5 per cent	₹ 20,000	
On the next ₹ 4,00,000 — 10 per cent	₹ 40,000	
On the next ₹ 4,00,000 — 15 per cent	₹ 60,000	
On the next ₹ 4,00,000 — 20 per cent	₹ 80,000	
On the next ₹ 4,00,000 — 25 per cent	₹ 1,00,000	
On the balance of ₹ 12,21,700 — 30 per cent	₹ 3,66,510	
Tax payable on the total income		₹ 6,66,510
Less: rebate — nil, the total income being past ₹ 12,70,588 [section 156]		₹ 0
Tax after rebate		₹ 6,66,510
Add: health and education cess at four per cent [section 2 of the Finance Act, 2026]		₹ 26,660
TOTAL TAX AND CESS		₹ 6,93,170
INTEREST, TAXES PAID, AND THE AMOUNT PAYABLE OR REFUNDABLE		
Memorandum: assessed tax — the total tax and cess, less the credit for tax deducted at source of ₹ 5,30,000 [section 424]	₹ 1,63,170	
Memorandum: advance tax — the challans of Schedule IT deposited on or before 31 March 2027 [sections 404 to 408]	₹ 1,50,000	
Memorandum: self-assessment tax — the challans deposited after 31 March 2027. It is not advance tax and does not count towards the ninety per cent [section 266]	₹ 80,000	

Add: interest for default in the payment of advance tax — NOT COMPUTED. Interest under sections 423 to 425 is ignored in this paper [section 424]		₹ 0
Add: interest for deferment of advance tax — NOT COMPUTED. Interest under sections 423 to 425 is ignored in this paper [section 425]		₹ 0
Add: fee for a return furnished after the due date — nil, the return having been furnished on 25 July 2027, within the due date of 31 July 2027 [section 428(a)]		₹ 0
Total tax, fee and interest, rounded off [section 516]		₹ 6,93,170
Less: advance tax paid — Schedule IT [sections 404 to 408]	₹ 1,50,000	
Less: self-assessment tax paid — Schedule IT [section 266]	₹ 80,000	
Less: tax deducted from salary or pension — Schedule TDS [section 392]	₹ 4,90,000	
Less: tax deducted from the interest on fixed deposits — Schedule TDS [section 393(1), Table Sl. No. 5(ii)]	₹ 26,000	
Less: tax deducted from the dividend — Schedule TDS [section 393(1), Table Sl. No. 7]	₹ 14,000	
Total taxes paid		₹ 7,60,000
REFUND DUE, rounded off [sections 431 and 437]		₹ 66,830

The three figures to check

Total income ₹ 36,21,700 Total tax, fee and interest ₹ 6,93,170 Refund due ₹ 66,830

The two solutions of this case, side by side

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

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

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

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

Case 13.2 — Smt. Kamala Iyer, Jaipur

Particulars	Solution 1 NEW regime (A20) = No	Solution 2 OLD regime (A20) = Yes
Income from salaries	₹ 30,45,000	₹ 30,70,000
Income from house property	₹ 1,34,300	(₹ 65,700)
Income from other sources	₹ 4,42,400	₹ 4,42,400
Long-term capital gain	—	—
Gross total income	₹ 36,21,700	₹ 34,46,700
Deductions allowed under Chapter VIII	—	₹ 2,50,000
TOTAL INCOME	₹ 36,21,700	₹ 31,96,700
Tax on the total income	₹ 6,66,510	₹ 7,69,010
Health and education cess	₹ 26,660	₹ 30,760
TOTAL TAX AND CESS	₹ 6,93,170	₹ 7,99,770
Interest for default in advance tax [section 424] — not computed, ignored in this paper	—	—
Total tax, fee and interest	₹ 6,93,170	₹ 7,99,770
Advance tax paid	₹ 1,50,000	₹ 1,50,000
Self-assessment tax paid	₹ 80,000	₹ 80,000
Tax deducted at source	₹ 5,30,000	₹ 5,30,000
Total taxes paid	₹ 7,60,000	₹ 7,60,000
AMOUNT PAYABLE	—	₹ 39,770
REFUND DUE	₹ 66,830	—

Which regime costs this assessee less

For Smt. Kamala Iyer the cheaper of the two is the NEW regime — she should leave (A20) at No and stay in the default regime, by ₹ 1,06,600 of tax and cess.

The same solutions, filled into the Excel workbook

Both solutions are filled field by field in Form ITR-1 SAHAJ in two macro-enabled workbooks, free from www.taxclasses.in: “ITR-1 TY 2026-27 - Case 2 - New Regime (filled).xslm” for Solution 1 and “ITR-1 TY 2026-27 - Case 2 - Old Regime (filled).xslm” for Solution 2. After downloading, right-click the file, choose Properties, tick Unblock and click OK; then open it and click Enable Content on the yellow bar. Click Calculate Tax to see the figures of the solution, and Generate JSON to check the entries; the buttons will not work until both of those steps are done.

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

Advocate Dr. S. B. Rathore