CASE 13.5

Shri Rajeev Menon

Bengaluru · Below 60 years · salary and allowances, a let-out house, capital gains and Chapter VIII

THE QUESTION

A. The case, in paragraphs

1. Shri Rajeev Menon, son of Shri Balakrishna Menon, was born on 27 January 1981 and is resident and ordinarily resident in India — PAN AQVPM5417D, Aadhaar 8836-2094-5713, mobile 9845307162, e-mail rajeev.menon@gmail.com. He lives at 402, Brigade Palm Court, 100 Feet Road, Indiranagar, Bengaluru 560038, Karnataka, and has no other address.

2. He was in employment throughout the tax year 2026-27 with Nandi Systems Limited, a company in the private sector, whose tax deduction account number is BLRN04182D. His pay for the year was made up as follows —

Component of pay	Per month	For the year	Component of pay	Per month	For the year
Basic salary	₹ 1,20,000	₹ 14,40,000	Children education allowance [b]	₹ 7,000	₹ 84,000
Dearness allowance [a]	₹ 24,000	₹ 2,88,000	Special allowance	₹ 6,000	₹ 72,000
House rent allowance	₹ 40,000	₹ 4,80,000	Performance bonus (October 2026)	—	₹ 1,50,000
Employer's contribution to NPS [c]	₹ 14,400	₹ 1,72,800	**Gross salary for the year**	—	**₹ 26,86,800**

(a) The whole of the dearness allowance enters into retirement benefits under the terms of employment. (b) ₹ 3,500 a month for each of his two children, both at school in Bengaluru; no hostel allowance is paid. (c) Ten per cent of his basic salary and dearness allowance, credited by the employer to his account under the National Pension System; the employer's contributions to the provident fund and the pension scheme together are well within ₹ 7,50,000. He received no other perquisite and no profit in lieu of salary, and paid tax on employment of ₹ 2,500, deducted by his employer under the Karnataka law.

3. The flat in which he lives is not his own. It belongs to Smt. Lakshmi Narayanan, PAN AFZPN3368Q, to whom he paid rent of ₹ 42,000 a month, ₹ 5,04,000 for the year, by transfer to her bank account.

4. He is the sole owner of one other house, bought with a home loan and let out for the whole year; the whole rent was realised, and no arrears or unrealised rent were received —

Particulars of the house	Details
Address	Flat 7B, Marine Heights, 5th Cross Road, Panampilly Nagar, Kochi 682036, Kerala
Tenant · PAN	Shri Thomas Varghese · ABHPV4721K — an individual
Rent	₹ 55,000 a month · ₹ 6,60,000 for the year
Municipal tax paid	₹ 18,000, to the Kochi Municipal Corporation
Loan: bank · account · sanctioned	Federal Bank Limited · Home Loan Account No. 16037300012894 · 14/07/2019
Loan · outstanding 31/03/2027	₹ 30,00,000 · ₹ 21,46,300
Paid in the year	Interest ₹ 1,80,000 · principal repaid ₹ 1,10,000
Tax deducted by the tenant	₹ 13,200 — 2 per cent, from the rent for March 2027, against the tenant's own PAN; certificate given

5. His interest income for the year was —

Interest on	Bank · account	Amount, gross	Tax deducted
Savings account	Canara Bank · 04211234567	₹ 9,400	Nil
Savings account	HDFC Bank · 50100387216450	₹ 6,100	Nil
Fixed deposit	Canara Bank, Indiranagar	₹ 1,20,000	₹ 12,000

6. He received the following sums of money without any consideration —

Received from	Relationship	Date and mode	Amount
Smt. Anjali Nair	His sister	By cheque — 2 November 2026	₹ 1,00,000
Shri Arvind Rao	A friend	By UPI — his birthday, 27 January 2027	₹ 35,000
Shri Sunil Hegde	A colleague	By UPI — his birthday, 27 January 2027	₹ 25,000

Advocate Dr. S. B. Rathore

7. He sold listed equity shares on the National Stock Exchange. Securities transaction tax was paid when he bought them and again when he sold them; brokerage may be ignored —

Equity shares of	Number	Bought on	Cost	Sold on	Sale consideration
Kaveri Textiles Limited	400	12/05/2023	₹ 1,72,000	18/09/2026	₹ 2,36,000
Sahyadri Power Limited	250	03/02/2025	₹ 1,50,000	10/03/2027	₹ 2,05,000

8. He claims a deduction under Chapter VIII for every payment in Part B, for his employer's contribution to the pension scheme, and under section 153 for the interest on his savings accounts; and credit in this year for all the tax deducted from him at source (none was collected at source). He has no income from business or profession, no other capital gain and no agricultural income; is not a director in any company; holds no unlisted equity share; and has no asset or signing authority outside India. He verifies and furnishes the return himself at Bengaluru on 25 July 2027, the due date being 31 July 2027; it is neither a revised return nor one under the seventh proviso to section 263(1).

B. The particulars for the schedules

Sheet	Payment, or tax paid	Particulars for the schedule	Amount
S-123 section 123	Life insurance premium — LIC of India	Policy LIC/2014/118274, issued in 2014 · sum assured ₹ 6,00,000	₹ 36,000
	Public Provident Fund	Deposit in his account with Canara Bank · PPF/04212245781	₹ 60,000
	Tuition fees — first child	Sri Vidya Mandir School, Indiranagar · receipt SVM/2026-27/03318	₹ 32,000
	Tuition fees — second child	The same school · receipt SVM/2026-27/03319	₹ 24,000
	Housing loan repaid — principal	Federal Bank Limited · Home Loan Account No. 16037300012894	₹ 1,10,000
S-126 section 126	Health insurance — himself, his wife, aged 43, and their two children	Niva Bupa Health Insurance Company Limited · policy NBHI/2024/R672940 · by net banking	₹ 21,000
	Health insurance — his parents, aged 76 and 71	Care Health Insurance Limited · policy CHI/2023/SC51876 · by cheque · the parents live on their own pension	₹ 46,000
Part C 5e section 124	Employer's contribution to the pension scheme (NPS)	Nandi Systems Limited · ten per cent of basic salary and dearness allowance (₹ 17,28,000) · his PRAN 110098765432	₹ 1,72,800
Schedule IT BSR code 0410562	Advance tax — Canara Bank, Indiranagar	Deposited on 15/12/2026 · challan no. 02986	₹ 15,000
	Advance tax — Canara Bank, Indiranagar	Deposited on 15/03/2027 · challan no. 04371	₹ 15,000
TDS	Salary (Form 130)	Nandi Systems Limited · TAN BLRN04182D · section 392	₹ 4,20,000
	FD interest ₹ 1,20,000 (Form 131)	Canara Bank · TAN BLRC02719E · TDS code 1021	₹ 12,000
	Rent ₹ 6,60,000 (Form 132)	Shri Thomas Varghese · PAN ABHPV4721K · TDS code 1007	₹ 13,200
Bank accounts	Savings account — Canara Bank	Account no. 04211234567 · IFSC CNRB0001842 · selected for the refund	—
	Savings account — HDFC Bank	Account no. 50100387216450 · IFSC HDFC0001715	—

What you are required to do

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

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

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

Advocate Dr. S. B. Rathore

Case 13.5 - *Generate the income-tax return in Form ITR-1 SAHAJ for the tax year 2026-27*

Required - **(a)** under the new regime, section 202(1); **(b)** under the old regime, option of section 202(4) exercised.
Interest under sections 423, 424 and 425 is not to be computed.

Name	Rajeev Menon
Father's Name	Balakrishna Menon
PAN	AQVPM5417D
Aadhaar No.	8836-2094-5713
Date of birth	27/01/1981
Address	402, Brigade Palm Court, 100 Feet Road, Indiranagar, Bengaluru - 560038 (Karnataka) - he has no other address
Mobile No.	9845307162
e-mail ID	rajeev.menon@gmail.com
Residential status	Resident and ordinarily resident
Return to be filed under which section	263(1), original return (not a revised return; not in response to any notice)
Name of employer	Nandi Systems Limited (a company in the private sector)
TAN of employer	BLRN04182D
Nature of employment	Others
Return filed under the seventh proviso	No
Representative assessee	No
No. of bank accounts held in India	2
Details of bank accounts	Name of bank: Canara Bank; HDFC Bank Account No.: 04211234567; 50100387216450 IFS Code: CNRB0001842; HDFC0001715 Type of account: Savings; Savings Refund to be credited: Yes; No
Date of filing	25/07/2027 (the due date being 31/07/2027)
Place of filing return	Bengaluru
Verification	By the assessee himself, in the capacity of Self

Income details - Income details are given below –

	Rs.
Income from salary (as per Form No. 130 given by employer)	
Basic salary (Rs. 1,20,000 p.m.)	14,40,000
Dearness allowance (Rs. 24,000 p.m.) - the whole of it enters into retirement benefits under the terms of employment	2,88,000
House rent allowance (Rs. 40,000 p.m.)	4,80,000
Employer's contribution to NPS (Rs. 14,400 p.m.) - ten per cent of basic salary and dearness allowance, credited to his account under the National Pension System	1,72,800
Children education allowance (Rs. 7,000 p.m. - Rs. 3,500 p.m. for each of his two children, both at school in Bengaluru; no hostel allowance)	84,000
Special allowance (Rs. 6,000 p.m.)	72,000
Performance bonus (October 2026)	1,50,000
Gross salary for the year	**26,86,800**
Tax on employment, deducted by his employer under the Karnataka law	2,500
(The employer's contributions to the provident fund and the pension scheme together are well within Rs. 7,50,000. No other perquisite and no profit in lieu of salary. He lives in a rented flat - rent paid is given under other information)	

Advocate Dr. S. B. Rathore

	Rs.
Income from house property (let out for the whole year)	
Address : Flat 7B, Marine Heights, 5th Cross Road, Panampilly Nagar, Kochi - 682036 (Kerala)	
Tenant : Shri Thomas Varghese (PAN : ABHPV4721K) - an individual	
Rent received for the year (Rs. 55,000 p.m.; the whole of it realised)	6,60,000
Municipal tax paid to the Kochi Municipal Corporation	18,000
Interest on borrowed capital	1,80,000
(No arrears of rent and no unrealised rent; sole owner, 100 per cent)	
Income from other sources	
Interest on savings account - Canara Bank, a/c 04211234567	9,400
Interest on savings account - HDFC Bank, a/c 50100387216450	6,100
Interest on fixed deposit - Canara Bank, Indiranagar (gross, before TDS)	1,20,000
Sums of money received without consideration	
- 02/11/2026, by cheque, from Smt. Anjali Nair, his sister	1,00,000
- 27/01/2027 (his birthday), by UPI, from Shri Arvind Rao, a friend	35,000
- 27/01/2027 (his birthday), by UPI, from Shri Sunil Hegde, a colleague	25,000
Capital gains - listed equity shares sold on the National Stock Exchange (STT paid on purchase and on sale; brokerage ignored)	
- Kaveri Textiles Limited, 400 shares, bought 12/05/2023, sold 18/09/2026 : sale consideration	2,36,000
cost of acquisition	1,72,000
- Sahyadri Power Limited, 250 shares, bought 03/02/2025, sold 10/03/2027 : sale consideration	2,05,000
cost of acquisition	1,50,000

	Rs.
Deductions claimed from gross total income (details under other information)	
Under section 123 [life insurance, Public Provident Fund, tuition fees, housing loan repaid]	2,62,000
Under section 124 [employer's contribution to the pension scheme (NPS)]	1,72,800
Under section 126 [health insurance - self and family, and parents]	67,000
Under section 153 [interest on savings accounts]	15,500

Taxes paid - Details of taxes paid are given below –

	Rs.
Tax deducted at source (the whole of it claimed in this tax year; no tax collected at source)	
- On salary (Form 130; Nandi Systems Limited, TAN : BLRN04182D; section 392)	4,20,000
- On FD interest Rs. 1,20,000 (Form 131; Canara Bank, TAN : BLRC02719E; code 1021)	12,000
- On rent Rs. 6,60,000 (Form 132; Shri Thomas Varghese, PAN : ABHPV4721K; code 1007)	13,200
(deducted by the tenant at two per cent, from the rent for March 2027)	
Advance tax paid by assessee (Canara Bank, Indiranagar, BSR Code : 0410562)	
- Tax paid on 15/12/2026 (Challan No. : 02986)	15,000
- Tax paid on 15/03/2027 (Challan No. : 04371)	15,000

Other information - Based on the records submitted by the assessee, the following information has been noted –

House rent paid	Landlord	PAN of landlord	Rent
	Smt. Lakshmi Narayanan - for the flat in which he lives (Rs. 42,000 p.m.), paid by transfer to her bank account	AFZPN3368Q	Rs. 5,04,000

Interest on housing loan	Particulars	**The house at Kochi** (let out)
	Loan taken from bank/institution	Bank
	Name of bank	Federal Bank Limited
	Loan account number	16037300012894
	Date of sanction of loan	14/07/2019
	Total amount of loan	Rs. 30,00,000
	Loan outstanding as on 31/03/2027	Rs. 21,46,300
	Interest for the year	Rs. 1,80,000
	Principal repaid in the year	Rs. 1,10,000

Advocate Dr. S. B. Rathore

Deduction under section 123	Nature of payment	Particulars	Rs.
	Life insurance premium - LIC of India	Policy LIC/2014/118274, issued in 2014; sum assured Rs. 6,00,000	36,000
	Public Provident Fund	Deposit in his account with Canara Bank; PPF/04212245781	60,000
	Tuition fees - first child	Sri Vidya Mandir School, Indiranagar; receipt SVM/2026-27/03318	32,000
	Tuition fees - second child	The same school; receipt SVM/2026-27/03319	24,000
	Housing loan repaid - principal	Federal Bank Limited; Home Loan Account No. 16037300012894	1,10,000
Deduction under section 124 (NPS)	**Contribution**	**Particulars**	**Rs.**
	Employer's contribution to the pension scheme	Nandi Systems Limited; ten per cent of basic salary and dearness allowance (Rs. 17,28,000); his PRAN 110098765432	1,72,800
Deduction under section 126	**Payment**	**Particulars**	**Rs.**
	Health insurance - himself, his wife, aged 43, and their two children	Niva Bupa Health Insurance Company Limited; policy NBHI/2024/R672940; by net banking	21,000
	Health insurance - his parents, aged 76 and 71	Care Health Insurance Limited; policy CHI/2023/SC51876; by cheque; the parents live on their own pension	46,000

Advocate Dr. S. B. Rathore