

Income from other sources, Income Tax - II, IV Sem

Problem 1.

Mr. X, a resident individual, received in cash the following income as interest on securities during the P.Y. ending 31st March, 2019:

- ₹ 16,000 as interest on Govt. securities.
- ₹ 14,400 as interest on debentures of local authority.
- ₹ 7,200 as interest on debentures of ABC company (not listed in stock exchange).
- ₹ 21,600 as interest on debentures of PQR company (listed in Bombay stock exchange).
- ₹ 28,800 as interest on tax-free debentures of DEF company (not listed in stock exchange).

Assume interest is paid on 30th June and 31st December every year. Determine income under the head other sources for the A.Y. 2019-20

Solution:

Computation of Income from other sources for the A.Y. 2019-20		₹
1. Interest on Govt. securities (no TDS)		16,000
2. Interest on debentures - Local authority		16,000
3. Interest on debentures - ABC company	$\frac{14,400}{90} \times 100$	8000
4. Interest on debentures of PQR company	$\frac{7,200 \times 100}{90}$	24,000
5. Interest on tax-free debentures of DEF Co.	$\frac{21,600 \times 100}{90}$	32,000
Total		96,000