

# CA / CMA INTER

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# DT-CHART BOOK

**CA. CS. VIJAY SARDA**



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- ▶ Most Dynamic & Dedicated Faculty of Direct Tax, Economics.
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## Dear Students,

It gives us immense pleasure to present before you a Comprehensive book on Direct Taxes. This book would not have been a reality but from the tremendous support from "My Love - Pallavi".

Special Thanks to "EKATVAM" TEAM, who has been involved "day & night literally" to fulfill this dream book without whom this would not have been the light of the day.

I Have been blessed to have an extraordinary support terms of colleagues, friends & family who have helped me in every sphere of my journey called this life. All these people deserve much more than a deep thank and love. I express all my gratitude to each and everyone of them for assisting me in all my endeavors. Thanks to the student community for inviting me into your academics & making me your teacher. I am grateful for the opportunity to be of service to you. The love & affection you have shown is immense & invaluable.

"Padho toh Hadh kardo warna Program radh kardo"

I express my respect, love and gratitude to my PARENTS & my FAMILY for not only giving me life but giving your entire life to me. I am indebted to both of you a lot, indeed more than my life & to my lovely WIFE to bear with me in all the time I spend on making notes. And last to all my CRITICS because your criticism continuously keep me grounded and give me power to do even better. Every care has been taken to make the presentation is this book from blemish. Nevertheless, it is conceded that no one is infallible, unintended error or omission may have crept in. The user of this book are requested to bring these to the notice of the author & offer, without inhibition, their suggestion for further improvement.

Let us remind you two important things :





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2. There is no short cut to success, it is resolute hard work that pays.

"Quality is what I serve, & my Passion drives it"

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Color Code used in the book :

	General Concept		Important
	Amendments		Headings

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# 1. BASICS & TAX CALCULATION

## TAX RATES FOR HUF/AOP/BOI/AJP - OLD SCHEME

Other:

1. Resident Individual below 60
2. NR irrespective of Age
3. HUF, AOP/BOI, AJP



Senior citizens: Individual  
(Resident) 60 yrs or more but  
not more than 80 years



Super Senior citizens: Individual  
(Resident) 80 years or more



Total Income	Rates %	Shortcut
Upto ₹ 250,000	Nil	
₹ 2,50,001 to 5,00,000	5%	₹ 12,500
₹ 5,00,001 to 10,00,000	20%	₹ 1,12,500
Above ₹ 10L	30%	-

Total Income	Rates %	Shortcut
Upto ₹ 3,00,000	Nil	
₹ 3,00,001 to 5,00,000	5%	₹ 10,000
₹ 5,00,001 to 10,00,000	20%	₹ 1,10,000
Above ₹ 10L	30%	-

Total Income	Rates %	Shortcut
Upto ₹ 5,00,000	Nil	
₹ 5,00,001 to 10,00,000	20%	₹ 1,00,000
Above ₹ 10L	30%	-

Notes:

- 1) Individual/HUF/AOP/BOI/AJP have to pay tax as per default scheme sec 115BAC. However they can opt for old regime.
- 2) HEC is applicable @ 4% [after surcharge or Rebate].
- 3) Rebate u/s 87A:
  - a) Assessee is Individual.
  - b) He is Resident in India.
  - c) Whose TI (From All Heads after Deduction) does not exceed ₹5L. Rebate = ₹12500 or 100% of tax payable, whichever is lower.
  - d) Rebate not available for tax computed u/s 112A.
- 4) Rounding Off:

Sec 288A Round off of Total Income R/o to nearest multiple of ₹10
Sec 288B Round off of Total Tax R/o to nearest multiple of ₹10

- 5) Any resident individual whose 60th/80th birthday falls on 1.04.2024 shall be treated as having completed the age of 60/80 years on 31.03.2024 i.e. PY 2024-25 (AY 2025-26) and hence would be eligible for the higher basic exemption limit of ₹3,00,000 & 5,00,000.
- 6) Special Adjustment: If assessee (R) has special income (111A/112A/112) & cannot absorb BEL, then he can adjust special income & balance special income shall be liable to tax at special rates.

## SPECIAL RATES

Income	Rates
STCG referred to in sec 111A (Securities)	15%/20% w.e.f. 23/7/24
LTCG referred to in sec 112	20%/12.5% w.e.f. 23/7/24
LTCG u/s 112A ₹1.25 Lakh w.e.f. 23/7/24	10%/12.5% w.e.f. 23/7/24
Casual income (e.g. Lottery, Horse winnings, etc.) (Sec 115BB)	30%
Online gaming sec 115BBJ	30%
Unexplained Cash/Expenses/Investment sec 115BBE	Effective rate 60%+25%+4%=78% 42.74%
Maximum Marginal Rate	[30% + 37% + 4%]
V.D.A (Virtual Digital Taxation u/s 115BBI)	30%

E) In case of a Foreign company, where TI > ₹10cr, aggregate of income tax & surcharge shall be restricted to:  
(Tax on ₹10cr with surch of 2%) + (TI - ₹10cr)

## SELF NOTES

## TAX RATE FOR COMPANIES

### General Rates for Companies

Domestic	Foreign Co [FA 2024]
T/D In P.Y. 22-23 does not exceed ₹400cr	Income Tax rate
	Upto ₹1cr TI x 35% + 4% HEC
	₹1cr - ₹10cr TI x 35% + 2% Surcharge + 4% HEC
	₹10cr - ₹10cr TI x 35% + 5% Surcharge + 4% HEC
	Above ₹10cr TI x 35% + 5% Surcharge + 4% HEC

Income Tax rate	Income Tax rate
Upto ₹1cr TI x 25% + 4% HEC	Upto ₹1cr TI x 30% + 4% HEC
₹1cr - ₹10cr TI x 25% + 7% Surcharge + 4% HEC	₹1cr - ₹10cr TI x 30% + 7% Surcharge + 4% HEC
Above ₹10cr TI x 25% + 12% Surcharge + 4% HEC	Above ₹10cr TI x 30% + 12% Surcharge + 4% HEC

## OPTIONAL TAX SCHEME

Particulars	Sec
1) Individual/HUF/AOP/BOI/AJP	115 BAC
2) a) Domestic Co	115 BAA
b) Domestic Co Engaged in MNF	115 BAB
3) a) Co-op Society Engaged in MNF	115 BAF
b) Others	115 BAD

These sections require you to have knowledge of certain other sections as well & hence, it will be discussed later in detail.

## SURCHARGE

Surcharge: I / HUF / AOP / BOI / AJP as:

Income	u/s 111A, 112, 112A Dividend Income	Other
1) TI [Including Income u/s 111A, 112, 112A & dividend income does not exceed ₹50L]	Nil	Nil
2) TI [Including Income u/s 111A, 112, 112A & dividend income exceed ₹50L but does not exceed ₹1cr]	10%	10%
3) TI [Including Income u/s 111A, 112, 112A & dividend income exceed ₹1cr but does not exceed ₹2cr]	15%	15%
4) TI [Including Income u/s 111A, 112, 112A & dividend income exceed ₹2cr but does not exceed ₹5cr]	15%	25%
5) TI [Including Income u/s 111A, 112, 112A & dividend income exceed ₹5cr]	15%	37%
6) TI [Including Income u/s 111A, 112, 112A & dividend income exceed ₹2cr but not covered by situation 4 & 5]	15%	15%

# In case of AOP (consisting of only companies as its member), the maximum of rate of surcharge is 15%.

## MARGINAL RELIEF

A) In case of an Local Authority & Firm, where TI < ₹1cr, aggregate of income tax & surcharge shall be restricted to:

(Tax on ₹1cr) + (Total Income - ₹1cr)

B) In case of an Individual & HUF:

Total Income	Income tax & Surcharge restricted to
₹50L <= ₹1cr (Tax on ₹50 lakhs) + (TI - ₹50 lakhs)	
₹1cr <= ₹2cr (Tax on ₹1 crore + surch @ 10%) + (TI - ₹1 crore)	
₹2cr <= ₹5cr (Tax on ₹2 crore + surch @ 15%) + (TI - ₹2 crore)	
Exceeds ₹5cr (Tax on ₹5 crore + surch @ 25%) + (TI - ₹5 crore)	

C) In case of a Domestic/Foreign Company, where TI < ₹10cr, aggregate of income tax & surcharge shall be restricted to:

(Tax on ₹1cr) + (Total Income - ₹1cr)

D) In case of a Domestic Company, where TI > ₹10cr, aggregate of income tax & surcharge shall be restricted to:

(Tax on ₹10cr with surch of 7%) + (TI - ₹10cr)



## SEC IISBAC TAX INCENTIVE FOR INDIVIDUAL & HUF

1. Applicable to: Individual/HUF/AOP/BOI/AJP. (Resident/Non Resident)

2. Tax Rate: Sec IISBAC(A) [FA 2024]

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Total Income	Rate (%)	Shortcut(₹)
Upto ₹ 3,00,000	Nil	-
₹ 3L to 7L	5%	20,000
₹ 7L to 10L	10%	50,000
₹ 10L to 12L	15%	80,000
₹ 12L to 15L	20%	1,40,000
Above ₹15L	30%	-

3. Rebate u/s 87A:

- Assessee is Individual.
  - He is Resident in India.
  - Whose total income (From All Heads after Deduction) (Normal + Special excluding Agriculture Income and Exempt Income) does not exceed ₹7 lakh
- Rebate = ₹25,000 or 100% of tax payable, whichever is lower. Rebate not available for tax computed u/s 112A.

4. Marginal relief In case of income slightly exceed ₹ 7 L: Rebate u/s 87A is subject to marginal relief from the AY 24-25. If net income exceeds ₹ 7 Lakh but does not exceed ₹ 7,27,770 (For AY 24-25) / ₹ 7,22,220 (For AY 25-26) income tax on such income cannot exceed the amount by which net income exceed ₹ 7 lakh.

5. Further Points:

Income Chargeable at Special rate [FA 2024]

Income	Rate
STCG referred to in Sec 111A (Securities)	15%/20% w.e.f. 23/7/24
LTCG referred to in Sec 112	20%/12.5% w.e.f. 23/7/24
LTCG u/s 112A ₹1.25 Lakh w.e.f. 23/7/24	10%/12.5% w.e.f. 23/7/24
Casual Income (e.g. Lottery, Horse winnings, etc.) (Sec IISBB)	30%
MNR	39%

6. Surcharge: If HUF/AOP/BOI/AJP as:

Income	u/s 111A, 112, 112A, Dividend Income	Other
1) TI [Including Income u/s 111A, 112, 112A & dividend income does not exceed ₹50L]	Nil	Nil
2) TI [Including Income u/s 111A, 112, 112A & dividend income exceed ₹50L but does not exceed ₹1cr.]	10%	10%
3) TI [Including Income u/s 111A, 112, 112A & dividend income exceed ₹1cr but does not exceed ₹2cr.]	15%	15%
4) TI [Including Income u/s 111A, 112, 112A & dividend income exceed ₹2cr but does not exceed ₹5cr.]	15%	25%
5) TI [Including Income u/s 111A, 112, 112A & dividend income exceed ₹5cr]	15%	25%
6) TI [Including Income u/s 111A, 112, 112A & dividend income exceed ₹2cr but not covered by situation 4 & 5]	15%	15%

Note:

If surcharge is applicable on taxable Income of assessee as per specified limits, maximum surcharge applicable on Tax on Dividend Income is up to 15% of Tax Amount. (i.e. if your income is in slab limit of surcharge of 25% tax on dividend income will be having capping on surcharge on tax @15% on tax amount proportionate to total tax with income.

## DEFAULT TAX SCHEME

7) Rounding Off:

Sec 288A Round off of Total Income R/o to nearest multiple of ₹10  
Sec 288B Round off of Total Tax R/o to nearest multiple of ₹10

### SEC IISBAC DEDUCTION & EXEMPTIONS NOT ALLOWED

Condition 1: Restriction on claiming deduction or exemption

Following Deduction can't be Taken:

Salary:

- Leave travel concession: sec 10(S)
- House rent allowance: sec 10(13A)
- Entertainment allowance & employment/professional tax u/s 16
- Free food & beverage through vouchers provided to EE
- Some of the allowance mentioned in sec 10(14).

HP:

Interest u/s 24 in respect of SOP or vacant property u/s 23(2). (Loss from house property for rented house not to be allowed to set off under any other head & would be allowed to be c/f as per extant law).

PGBP:

- Additional depreciation u/s 32(1)(iia);
- Deductions u/s 32AD, 33AB, 33ABA
- Deduction u/s 35/35(2AA)/35(2AB) (In respect of donation made to other approved institution).
- Deduction u/s 35AD or 35CCC;

Deduction:

- Any deduction under chapter VIA (Except Specified).

Following Deduction can be Taken:

Salary:

- Transport Allowance granted to driving employee
- Conveyance Allowance
- Any Allowance granted to meet the cost of travel on tour or on transfer
- Daily Allowance to meet ordinary daily charges incurred by an employee on absence from his normal place of duty
- Standard deduction u/s 16(ia)
- Deduction from family pension u/s 57(ia).

Deduction:

- Deductions Sec 80CCD(2) (Employer contribution on account of employee in notified pension scheme) & Sec 80JJAA (new employment), 80CCH(2) CG contribution towards Agniphath scheme & 80LA(1A)

PGBP:

- Depreciation is allowed.

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Exemptions:

- Allowances to MPs/MLAs: sec 10(17)
- Allowance for income of minor: sec 10(32)
- Exemption for SEZ unit contained in sec 10AA.

Condition 2:

- B/F Losses and unabsorbed depreciation related to above transactions cannot be setoff or c/f.
- HP cannot be setoff with any other Income.

Condition 3:

- If a person has PGBP income and want to switch out of default scheme then he shall file form 10IEA (to be filed electronically).
- Form 10IEA not required for salaried employee.
- If the following declaration is not given it will be assumed that he want to follow default tax system.

## SEC IISBAA ALTERNATE TAX SCHEME FOR COMPANIES (DOMESTIC COMPANY)

1. Applicable to Domestic Company.

2. Applicable only if it does not claim deduction specified in this section.

3. Tax Rates:

Normal Income

Tax rate: 22% + Surcharge: 10% (mandatory) + HEC: 4% (mandatory)  
Effective Rate: 25.168%

Special Income

Special rate: 10%/15%/20% + Surcharge: 10% (mandatory) + HEC: 4% (mandatory)  
Effective Rate: 12.5168%

If AO during Assessment find close connection with other person & extra ordinary profits are generated (In case of transfer pricing)

Effective Rate: 34.32% (i.e., tax @30% + surcharge @10% + HEC@4%)

### DEDUCTION AND EXEMPTIONS NOT ALLOWED

Following Deduction can't be Taken:

PGBP:

- Additional depreciation u/s 32(1)(iia);
- Deductions u/s 32AD, 33AB, 33ABA
- Deduction u/s 35/35(2AA)/35(2AB) (In respect of donation made to other approved institution).
- Deduction u/s 35AD, 35CCC or 35CCD.

Deduction:

- Any deduction under chapter VIA (Except Specified).

Exemptions:

- Exemption for SEZ unit contained in sec 10AA.

Condition 2:

- B/F Losses and unabsorbed depreciation related to above transactions cannot be setoff or carried forward.
- B/F MAT credit could not be setoff.

## SEC IISBAA DOMESTIC MANUFACTURING COMPANY OPTING ALTERNATE SCHEME

1. Applicable to Domestic manufacturing Company engaged in production of any article or thing (Except notified).

2. Tax rate:

Income from manufacturing activity

Tax Rate: 15% + Surcharge Mandatory: 10% + HEC: 4%  
Effective Rate: 17.16%

Special Income

Tax Rate: Special Rate + Surcharge Mandatory: 10% + HEC: 4%  
Effective Rate: 17.16%

Other Income

Tax Rate: 22% + Surcharge Mandatory: 10% + HEC: 4%  
Effective Rate: 25.168%

STCG from transfer of Asset on which no depreciation is allowable is taxable at effective rate of 25.168%

If AO during Assessment find close connection with other person & extra ordinary profits are generated (In case of transfer pricing)

Effective Rate: 34.32% (i.e., tax @30% + surcharge @10% + HEC@4%).

## CONDITIONS FOR CLAIMING IISBAA

Condition 1: Deductions not allowed:

Following Deduction can't be taken:

PGBP:

- Additional depreciation u/s 32(1)(iia);
- Deductions u/s 32AD, 33AB, 33ABA
- Deduction u/s 35/35(2AA)/35(2AB) (In respect of donation made to other approved institution).
- Deduction u/s 35AD, 35CCC or 35CCD

Deduction:

- Any deduction under chapter VIA (Except Specified).

Exemptions:

- Exemption for SEZ unit contained in sec 10AA.

Condition 2:

- B/F Losses and unabsorbed depreciation related to above transactions cannot be setoff or carried Forward.
- B/F MAT credit could not be setoff.

Condition 3:

- The company should be set-up and registered on or after 1.10.2019.
- It should commence manufacturing or production of an article or thing on or before 31.3.2024.
- It should not be formed by splitting up or the reconstruction of a business except given in sec 33B.
- It does not use second hand P&M [Refer Note at the end].
- It does not use any building previously used as a hotel or a convention centre.
- It should not be engaged in any business other than the business of manufacture or production of any article or thing and research in relation to, or distribution of, such article or thing manufactured or produced by it.

Note:

Business of manufacture or production of any article or thing does not include business of:

- Development of computer software in any form or in any media;
- Mining;
- Conversion of marble blocks or similar items into slabs;
- Bottling of gas into cylinder;
- Printing of books or production of cinematography films;
- Any other business as may be notified by the Central Govt. in this behalf.

Note:

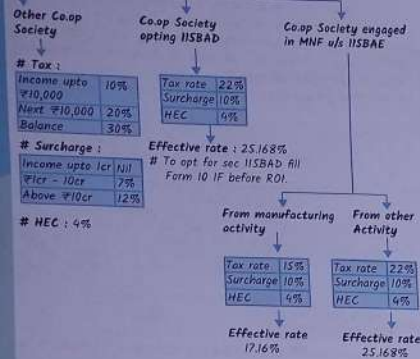
A P&M shall not be regarded as second hand if:

- It is imported into India.
- No depreciation is claimed in India.
- Value of Second hand P&M does not exceed 20% of the total value of P&M.



## TAX RATES FOR CO-OP SOCIETY

### Tax rates for Co-op Society



## DEDUCTION AND EXEMPTIONS NOT ALLOWED U/S IISBAD

### Following Deduction can't be taken :

- PGBP :**
1. Additional depreciation u/s 32(1)(ia);
  2. Deductions u/s 32AD, 33AB, 33ABA
  3. Deduction u/s 35/35(2AA)/35(2AB) (In respect of donation made to other approved institution).
  4. Deduction u/s 35AD or 35CCC.

### Deduction :

1. Any deduction under chapter VIA (Except Specified).

### Exemptions :

1. Exemption for SE2 unit contained in sec 10AA.

### Condition 2 :

1. B/f Losses and unabsorbed depreciation related to above transactions cannot be setoff or carried Forward.
2. B/f AMT credit could not be setoff.

### Condition 3 :

Option once exercised cannot be withdrawn.

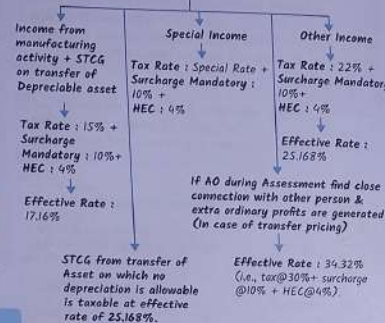
**IMP Hail!**



## TAX RESIDENT SEC 69A UNEXPLAINED MONEY, ETC

### 1. Assessee : A Resident co-operative society engaged in manufacturing shall at his option can opt for this section.

### 2. Tax Rate :



## CONDITIONS FOR CLAIMING IISBAE

### Condition 1 : Deductions not allowed

### Following Deduction can't be taken :

- PGBP :**
1. Additional depreciation u/s 32(1)(ia);
  2. Deductions u/s 32AD, 33AB, 33ABA
  3. Deduction u/s 35/35(2AA)/35(2AB) (In respect of donation made to other approved institution).
  4. Deduction u/s 35AD, 35CCC.

### Deduction :

1. Any deduction under chapter VIA (Except Specified).

### Exemptions :

1. Exemption for SE2 unit contained in sec 10AA.

### Condition 2 :

1. B/f Losses and unabsorbed depreciation related to above transactions cannot be setoff or carried Forward.
2. B/f MAT credit could not be setoff.

### Condition 3 :

1. The company should be set-up after 1.4.2023 and start manufacture on or before 31.3.2024.
2. It should not be formed by splitting up or the reconstruction of a business except given in sec 33B.
3. It does not use second hand P&M (Refer Note at the end).
4. It should not be engaged in any business other than the business of manufacture or production of any article or thing and research in relation to, or distribution of such article or thing manufactured or produced by it.

### Note :

- Business of manufacture or production of any article or thing does not include business of :**
- 1) Development of computer software in any form or in any media
  - 2) Mining;
  - 3) Conversion of marble blocks or similar items into slabs;
  - 4) Bottling of gas into cylinder;
  - 5) Printing of books or production of cinematography films;
  - 6) Any other business as may be notified by the Central Govt. in this behalf.

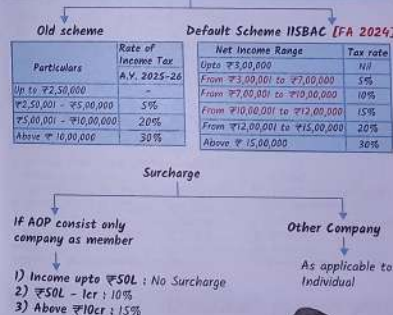
### Note :

- A P&M shall not be regarded as Second hand if :**
1. It is imported into India.
  2. No depreciation is claimed in India.
  3. Value of Second hand P&M does not exceed 20% of the total value of P&M.

### Note :

1. Option must be exercised before the due date for furnishing the first of the returns of income for any previous year.
2. Option once exercised shall apply to subsequent assessment years.

## TAX RATE FOR AOP/BOI



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## SEC 69A UNEXPLAINED MONEY, ETC

Where in any FY the assessee is found to be the owner of any money, bullion, jewellery or other valuable article and the assessee offers no explanation about source of acquisition or explanation offered by him is not, in the opinion of the AO, satisfactory, the money and the value shall be deemed to be the income of the assessee for such FY.

## SEC 69B AMOUNT OF INVESTMENTS ETC NOT FULLY DISCLOSED IN BOA

Where in any AO finds that the amount expended exceeds the amount recorded in books of account and the assessee offers no explanation or explanation offered by him is not, in the opinion of the AO, satisfactory, the excess amount may be deemed to be the income of the assessee for such financial year.

## SEC 69C UNEXPLAINED EXPENDITURE, ETC

Where assessee has incurred any expenditure and he offers no explanation about the source of such expenditure or the explanation, if any, offered by him is not, in the opinion of the AO, satisfactory, the amount covered by such expenditure or part thereof, as the case may be, may be deemed to be the income of the assessee for such FY.

## SEC 69D AMOUNT BORROWED OR REPAYED ON HUNDI

Where any amount is borrowed on a hundi or repaid to, any person otherwise than through an account payee cheque drawn on a bank, the amount so borrowed or repaid shall be deemed to be the income of the person borrowing or repaying the amount aforesaid for the FY in which the amount was borrowed or repaid, as the case may be.

- BASICS OF RESIDENTIAL STATUS**
1. RS is determined for each category of person separately
  2. RS always determined for PY because we have to determine the total income of the PY only
  3. It is calculated for every year because it may change year to year
  4. A person can be resident of more than one country for any PY
  5. Citizenship of a country & RS of that country are different concept.
  6. Onus of Proof

Individual/Company	Burden lies on the Department
HUF, Firm, LLP	Assumed that they are Resident, Onus that they are not resident is on them

A person can either be

**Resident**

They would be treated as Resident if satisfy any of following condition :

- a) If they stay in India for 182 days or more in PY; or
- b) Stays in India for 60 days in PY & 365 days in 4 previous preceding years

**Non resident**

If an individual does not satisfy any of the above basic condition in sec 6(1)

**Sec 6(6) ROR (Resident ordinary resident)**

If he satisfy both the following conditions given u/s 6(1) :

- a) He is a resident in at least any 2/10 PYPs, and
- b) He stays in India for 730 days or more during the 7 PYPs

**RNOR (Resident not ordinary resident)**

If does not satisfy any of the basic conditions u/s 6(6).



**# Exception to 6(1) :** The person shall be treated as resident if stays in for 182 days or more or else remains non resident

1. Person leaving India for Employment.
2. Ship crew member.
3. Person of Indian origin.

**# Person of Indian Origin :** A person is deemed to be of Indian origin if he, or either of his parents or any of his grandparents, was born in Undivided India. It may be noted that grandparents include both maternal and paternal grand parents.

**2.**

## RESIDENTIAL STATUS

### RESIDENTIAL STATUS FOR INDIAN CITIZEN

Indian citizen/Person of Indian Origin who being outside India comes on a visit to India in PY

Income upto ₹ 15 Lakhs

He would be treated as resident if they stay in India for 182 days or more in PY.

Beyond ₹ 15 Lakhs

He would be treated as Resident if satisfy any of following condition :  
a) If they stay in India for 182 days or more in PY;  
b) 120 days in PY & 365 days in 4 PYPs

### SEC 6(1A) DEEMED RESIDENT

An individual, being citizen of India, having total income, other than the income from foreign sources, exceeding 15,00,000 during the PY shall be deemed to be resident in India in that PY if he is not liable to tax in any other country territory by reason of his domicile/residence/any other criteria of similar nature. As per sec 6(6) if a person is deemed Resident as per sec 6(1A) he shall deemed to be RNOR.

### RESIDENTIAL STATUS OF HUF

**Resident Sec 6[2]**

If Control & Management Wholly or partly situated in India

If Karta Satisfies Section 6[6]

Whole HUF ROR

If Karta do Not Satisfies Sec 6[6]

Whole HUF RNOR

**Non-Resident**

If Control & Management Wholly Situated Outside India

# Only Individual & HUF can be ROR/RNOR, other person can be R/NR

**Sec 6(2) :** A HUF firm or other association of persons is said to be resident in India in any PY in every case except where during that year the control & management of its affairs is situated wholly outside India.

### SEC 6(3) RESIDENTIAL STATUS OF COMPANIES

**Indian Company**

Always Resident

**Foreign Company**

POEM in India Then Resident  
POEM outside India Then NR

**Sec 6(3) :** A company is said to be a resident in India in any PY if :

- > It is an Indian company; or
- > Its place of effective management in that year is in India.

### SEC 6(4) RESIDENTIAL STATUS FOR OTHER ASSESSEE

**Resident Sec 6[4]**

If Control & Management situated in India Wholly or partly

**Non-Resident**

If Control & Management Wholly Situated Outside India

### SEC 5 SCOPE OF TOTAL INCOME & TAX INCIDENCE

**Indian Income :**

1. Received In India
2. Deemed to be Received in India [Sec 7]
3. Accrued in India [Sec 9]
4. Deemed to be accrued or arise in India

**Foreign Income :** Income is not received or not deemed to be received in India. Income which does not accrue or arise in India.

**Remittance of Income :**

Approved mode — Exempt in India  
Unapproved Mode — Taxable in India

**Incidence of Tax for Individual & HUF :**

Income	ROR	RNOR	NR
Indian	Taxable in India	Taxable in India	Taxable in India
Foreign	Taxable in India	Only two type of Foreign income is taxable in India. (Refer Notes)	Not Taxable in India

**Note :** Foreign Income from business/profession which is set up in India

**Incidence of Tax for others :**

Income	Resident	NR
Indian	Taxable in India	Taxable in India
Foreign	Taxable in India	Not Taxable in India

### DEEMED TO RECEIVE OR ACCRUE

**Deemed to be received in India [Sec 7]**

- A) Contribution to RPF beyond 12% of the salary
- B) Interest on RPF beyond 9.5% p.a.
- C) Transfer from URPF to RPF
- D) Contribution to pension fund u/s 80CCD

**# Business Connection :**

1. Business Connection
2. Deemed Business Connection
3. Not a Business Connection

**Accrued in India [Sec 9]**

- 1) Income out of Business Connection
- 2) Salary earned in India
- 3) Salary from government to an Indian citizen for services Rendered outside India
- 4) Dividend from Indian Co
- 5) Income from interest payable by specified person
- 6) Income from Royalty
- 7) Income from Technical services
- 8) Income from Property/Assets situated in India
- 9) Income from transfer of capital assets situated in India
- 10) Gift by R to NR

### SEC 9(1)(i) INCOME FROM BUSINESS CONNECTION

Business Connection	Deemed Business Connection	Not a Business Connection
<ul style="list-style-type: none"> <li>&gt; Assessee Contract on behalf of NR/ plays significant role</li> <li>&gt; Maintain stock on behalf of NR.</li> <li>&gt; Secure order on behalf of NR.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Significant economic presence is deemed Business Connection</li> <li>&gt; Download of Data/ Software/Purchase/ Sale.</li> <li>&gt; Amount exceed 2cr in PY; or</li> <li>&gt; Interactions with no of users exceeds 3L</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Purchase in India for the purpose of export outside India.</li> <li>&gt; Collection of news and views in India for transmission out of India</li> <li>&gt; Shooting of any cinematograph Film in India.</li> <li>&gt; Display of uncut and unsorted diamond in any special zone notified by CG.</li> </ul>

**Sec 9(1)(v) Interest payable by :** If interest is payable to Non-Resident by :

- a) Government
- b) Resident (For activities in India)
- c) Non-Resident (For carrying out business profession in India)

**Notes :**

- 1) If NR pays interest for activities other than business or profession in India such interest is not Taxable to NR in India.
- 2) If a Resident pays interest to NR outside India for carrying out business or profession outside India then such interest is not taxable to NR in India.

**Sec 9(1)(vi) Royalty :**

- 1) Government; or
- 2) Resident person [Exception: Where it is payable for transfer of any right/use of property/information/ utilization for the purpose of business or profession carried on by such person outside India or for earning any Income outside India]
- 3) NR, where moneys borrowed and used, for the purposes of a business or profession carried on by such person in India. Then royalty is treated as deemed to accrued or arise in India.

**Sec 9(1)(vii) Fees for technical services payable by :**

- a) Government; or
- b) Resident Person : Except where the fees are payable for services are utilised in a business or profession carried on by such person outside India or for the purposes of making or earning any income from any source outside India.
- c) NR in respect of FTS payable in respect of services utilized for the purpose of business or profession carried by such person in India.



### 3. AGRICULTURE INCOME

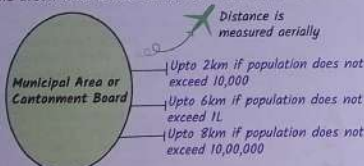
#### BASICS OF AGRICULTURE INCOME

1. Agriculture income is defined u/s 2(1A).
2. Agricultural Income is exempt u/s 10(1), but the income tax act indirectly collects tax on agricultural income.
3. Agriculture Income Fall within the state List Entry no 46, Hence shall be levied and collected by SG.
4. Sec 14A where any expenditure is incurred in relation to exempt Income the same shall not be allowed as deduction.

#### AGRICULTURAL LAND

There are 2 type of agricultural land :

- 1) Urban
  - 2) Rural
- The urban land is not defined but rural Land is defined.



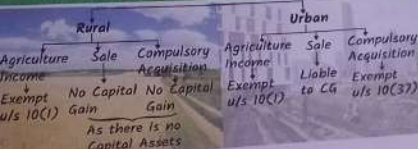
Expl 4 : Population means according to the last census published before the first day of PY.

No.	Particulars	Population	Result
1.	Distance 0-2km	Less than 10,000	Rural
2.	Distance 0-2km	More than 10,000	Urban
3.	Distance 2-6km	Less than 1,00,000	Rural
4.	Distance 2-6km	More than 1,00,000	Urban
5.	Distance 6-8km	Less than 10,00,000	Rural
6.	Distance 6-8km	More than 10,00,000	Urban

#### MINORS AGRICULTURE INCOME

Minor Earning Income from Agriculture shall be chargeable as per section 64(1A) (Refer Clubbing chapter).

#### TREATMENT OF AGRICULTURE LAND



#### COMPOSITE INCOME

Assessee may have composite Income which is partially agriculture & Non agricultural, in this case company earns Composite Income which needs to be disintegrated. Further no deduction is permissible in respect for any expenditure incurred by Assessee.

#### RULE 7 & 8] COMPOSITE INCOME IN CASE OF TEA, COFFEE, RUBBER

Rule	Content	Agriculture	Non-Agriculture
7A	Growing and manufacturing rubber	65%	35%
7B	Growing and manufacturing coffee grown & Cured	75%	25%
7B	Growing and manufacturing coffee grown, cured, roasted and grounded	60%	40%
8	Growing and manufacturing Tea	60%	40%

#### COMPOSITE INCOME FOR OTHERS PRODUCTS



#### METHOD OF AGGREGATION/ METHOD OF PARTIAL INTEGRATION

Applicability : Applicable only to individuals, HUF, ADP and BOI, AJP and not applicable to firms and companies.  
Minimum agricultural income : Should exceed ₹5000  
Other income : Should exceed ₹250000/300000/500000 as the case may be

Step 1 : Agricultural Income + Non Agricultural Income	xxx
Step 2 : Tax on Step 1	xxx
Step 3 : Agricultural Income + Basic Exemption Limit	xxx
Step 4 : Tax on Step 3	xxx
Step 5 : Difference of tax [Step 2 - Step 4]	xxx
Step 6 : Add Surcharge/ Less Rebate, Add HEC	xxx
Step 7 : Final Tax Liability	xxx

If an individual opts to be taxed u/s IISBAC, the exemption shall be limited to ₹300000 whether such individual is less than or more than 60 years old.

#### LOSS FROM AGRICULTURAL INCOME

- > Loss from agricultural shall be set off against agriculture income only.
- > If such loss could not be set off in that PY, it shall be c/f & set-off in following AY for not more than 8Y against agri income only.

### 4. HOUSE PROPERTY

#### SEC 22 CHARGING SECTION

Assessee must be owner  
Annual Value of Land, Building appertaining thereto  
Property must not be used for own business & profession  
Owner include  
demeant owner Sec 27  
Income under this head may be charged irrespective of income actually received or not.

#### COMPOSITE RENT

If letting of such property is separable	Letting is the main business	a) Income from property : "HP" b) Income from other asset : "PGBP"
If letting of such property is not separable	Letting is the main business	Entire income will be taxable under "PGBP"
	Letting is not the main business	Entire income will be taxable under "Other sources"

Except the case where letting out is for the purpose of carrying on the business in the efficient manner and letting is not the main business.

#### INCOME FROM HP OUTSIDE INDIA

Assessee is ROR	Assessee is ROR/NR
Taxable in India whether property is in India or Outside India.	Taxable in India only if rent is received in India.

#### GROSS ANNUAL VALUE

GAV shall be higher of RER or ARR

Reasonable Expected Rent	Actual rent received or receivable
Step 1 : Municipal Value	xxx
Step 2 : Fair Rent	xxx
Step 3 : Expected Rent (Higher of Step 1 / 2)	xxx
Step 4 : Standard Rent	xxx
Step 5 : RER (Lower of Step 3 / 4)	xxx

Municipal Value  
Fair Rent  
Fair rent is the maximum rent which can be collected by landlord. This is fixed under Rent control act

Standard Rent  
Unrealized Rent  
The standard rent is the maximum rent which can be collected by landlord. This is fixed under Rent control act  
Rent due from tenant but not received. Deduction is allowed if condition is satisfied if nothing is mentioned assume that condition is satisfied.

RER cannot exceed expected Rent : (SC) & Amalak Ram Khosla vs. CIT [1981]

#### MUNICIPAL/ PROPERTY/ CORPORATION TAX

Conditions for Benefit Deductions	a) It should be Borne by Assessee (Not Tenant). b) It should be actually paid during the year.
Other Benefit Paid outside India	Benefit for Sewerage Tax and Water Tax also Allowed as per CIT v. R. Venugopala Reddy (Mad)
Adjustments	Given in Cash : Take Actual Amount % is given Take % of Municipal Value and Not of GAV

#### SEC 24 DEDUCTIONS FROM ANNUAL VALUE

Standard Deduction	a) 30% of NAV b) Available only if NAV is Positive. c) If standard deduction is available deduction for other expenses are not available eg : Repairs, Insurance.
Interest on Borrowed Capital	a) Deduction is available on Accrual Basis. b) Interest on unpaid interest is not allowed as deduction under this sec. c) Any brokerage or commission paid for raising such loan is not allowed. d) Interest on new loan taken to repay original loan is considered as loan taken for such acquisition, construction, etc. (Refer CBDT Circular No. 28 dated 20-8-1969). e) Sec 80EE Provides additional benefit out of Gross Total Income. f) Deduction = 1/5th of Pre construction + 100% of Post Construction. g) Post Construction interest : 100% allowed deduction. Pre Construction interest : 1/5th of Total Interest Paid during pre construction.

Under default tax regime u/s IISBAC : There would be no deduction on account of interest or loan u/s 24(b) under default tax regime u/s IISBAC in respect of property referred to in sec 23(2) i.e. self Occupied or unoccupied property

#### SEC 25 DEDUCTION OF INTEREST NOT ALLOWED IN CERTAIN CASES

Interest chargeable under this Act which is payable outside India shall not be deducted if :  
a) Tax has not been paid or deducted from such interest.  
b) There is no person in India who may be treated as an agent u/s 163.



## SEC 23(2) COMPUTATION - SOP

### Conditions :

1. The property was not let out for any part of the year
2. No other benefits has been derived from the property
3. Number of self occupied property shall not exceed 2
4. There would be no deduction on account of interest on loan u/s 24(b) u/s ISBAC in respect of the property referred to in sec 23(2) i.e., self-occupied or unoccupied property

Particulars	₹
Annual value u/s 23(2)	
Less : Municipal tax actually paid	Nil
NAV	Nil
Less : Deduction u/s 24	
a) Standard Deduction	Nil
b) Interest on borrowed capital	(xxx)
Less from House Property	(xxx)

**Conditions :**

1. Upto Rs. Maximum of ₹2,00,000 [Aggregate Amount of Deduction]
- a) Loan is taken for acquisition or construction
- b) After 1.4.1999
- c) Acquisition or construction is complete within 5 yrs from the end of F.Y. in which capital is borrowed.
2. Upto maximum of ₹30,000 [Aggregate Amount of Deduction]
- a) If condition given in 1 is not satisfied
- b) Loan is taken for repairs and maintenance

## SEC 23(4) MORE THAN 2 SOP

Particulars	Option 1			Option 2		
	F1 SOP	F2 SOP	F3 DLOP	F1 SOP	F2 DLOP	F3 SOP
GAV	Nil	Nil	xxx	Nil	xxx	Nil
Less : Municipal tax actually paid	Nil	Nil	(xxx)	Nil	(xxx)	Nil
NAV	Nil	Nil	xxx	Nil	xxx	Nil
Less : Deduction						
Standard Deduction	Nil	Nil	(xxx)	Nil	(xxx)	Nil
Interest on borrowed capital	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)
Less from House Property	(limited)	(limited)	(un-limited)	(limited)	(un-limited)	(limited)

Particulars	Option 3		
	F1 DLOP	F2 SOP	F3 SOP
GAV	xxx	Nil	Nil
Less : Municipal tax actually paid	(xxx)	Nil	Nil
NAV	xxx	Nil	Nil
Less : Deduction			
Standard deduction	(xxx)	Nil	Nil
Interest on borrowed capital	(xxx)	(xxx)	(xxx)
Less from House Property	(unlimited)	(limited)	(limited)

**Romance :** Choose the option which has lower taxable income or higher loss.

### Notes :

- This option can be changed year after year in a manner beneficial to the assessee.
  - In case of deemed let-out property, the Annual value (i.e. reasonable expected rent) shall be taken as the GAV.
- The maximum interest of both self occupied property cannot exceed 2,00,000/30,000.

## SEC 23(1)(c) LET OUT PROPERTY VACANT FOR WHOLE YEAR

Particulars	₹
GAV	Nil
Less : Municipal tax actually paid by the owner	(xxx)
NAV	(xxx)
Less : Deduction	
Standard Deduction	Nil
Interest on borrowed capital	(xxx)
Income from House Property	xxx

Where the property consisting of any building or land appurtenant thereto is held as stock-in-trade and property or any part of the property is not let during the whole or any part of the PY the annual value of such property or part of the property, for period up to 2 year from end of FY in which the certificate of completion of construction of property is obtained from competent authority shall be taken to nil

## SEC 23(3) PROPERTY LET OUT FOR PART & SELF OCCUPIED FOR PART YEAR

Income must be calculated for the whole year as deemed let out property.

Particulars	₹
GAV	xxx
Less : Municipal tax actually paid by the owner for PY	(xxx)
NAV	xxx
Less : Deduction	
a) Standard deduction	(xxx)
b) Interest on borrowed capital (Unlimited)	(xxx)
Income from House Property	xxx

## PROPERTY A PORTION OF WHICH IS LET OUT & PORTION SELF OCCUPIED

There is no need to treat the whole property as a single unit for computation of income from house property.

Particulars	LDP	SOP
GAV	xxx	Nil
Less : Municipal tax actually paid by the owner for the whole year	(xxx)	Nil
NAV	xxx	Nil
Less : Deduction		
Standard deduction	(xxx)	Nil
Interest on borrowed capital	(xxx)	(xxx)
Income from House Property	xxx	xxx

## SEC 23(1)(c) LET OUT PROPERTY KEPT VACANT FOR PART OF YEAR

Particulars	₹
Step 1 : RER	
Step 2 : ARR (Excluding unrealized Rent)	
Higher shall be GAV	
Step 3 : AR	xxx
Less : Municipal tax actually paid	(xxx)
NAV	xxx
Deduction u/s 24	
1. Standard deduction @30%	(xxx)
2. Interest on borrowed capital	(xxx)
Income from house property	xxx



## S.

## SEC IS CHARGING SECTION

**Chargeable Income :** Where there exists a relationship of employer and employee. Where an individual is bound to follow the instructions of other it is said that there exists a relationship of ER and EE.

**When is Salary Charged to Tax :** Salaries charged to tax either on due or Receipt whichever matures earlier

**Exception :** Following salaries charged to tax only on receipt basis :

- a) Advance Salary
- b) Bonus
- c) Salary in lieu of notice period
- d) Arrears of Salary

**Computation :** Basic + Taxable allowance + Taxable Perquisite  
# Salary includes the contribution made by the CG in the PY, to the Agniveer Corpus Fund account of an individual enrolled in the Agniveer Scheme referred to in sec 80CCH.

## FULLY TAXABLE PART OF SALARY

1. Basic
2. Bonus
3. Fees
4. Advance/Arrears
5. Commission
6. Leave Encashment
7. Uncommuted Pension

## PARTLY EXEMPT ALLOWANCES

Nature of allowance	Exemption
Special Compensatory (Hilly Areas) Allowance/High Altitude/Uncongenial Climate/Snow Bound Area/Avananche Allowance	₹800 or ₹300 p.m depending upon the specified locations ₹7,000 p.m in Sichen area of Jammu and Kashmir.
Border area allowance or remote locality allowance or difficult area allowance or disturbed area allowance	₹1,300, ₹1,100 or ₹1,050 or ₹750 or ₹300 or ₹200 p.m depending upon the specified locations
Special Compensatory (Tribal Areas) Schedule Areas/Agency Areas Allowance (Specified States)	₹200 p.m
Allowance for employee working in any transport system.	Lower of : 70% of such allowance or ₹10,000 p.m
Children Education Allowance	₹100 p.m per child upto a max 2 children
Hostel expenditure Allowance on his child	₹300 p.m per child max upto 2 children
Compensatory Field Area Allowance	₹2,600 p.m
Compensatory Modified Field Area Allowance	₹1,000 p.m
Any special allowance in the nature of counter insurgency allowance granted to the members of the armed forces operating in areas away from their permanent locations.	₹3,900 p.m
Underground Allowance	₹800 p.m
Any special allowance in the nature of high altitude allowance :	
> For altitude of 9,000 to 15,000 feet	₹1,060 p.m
> For above 15,000 feet	₹1,600 p.m
Special compensatory highly active field area allowance	₹4,200 p.m

## SALARY

Island (Duty) allowance (member of the armed Forces in Andaman & Nicobar and Lakshadweep Group of Islands)	₹3,250 p.m.
Transport allowance this would be available in both regimes	In case EE is blind/handicapped, ₹3200 p.m. [Still Available]
Tribal Area (Tribal areas of MP, Tamil Nadu, UP, Karnataka, Tripura, Assam, West Bengal, Bihar & Orissa)	₹200 p.m

## ALLOWANCES

Fully taxable under both regimes	Fully taxable u/s ISBAC(H)	Partly exempt under the optional tax regime	Fully exempt only under the optional tax regime
1. Entertainment allowance	1. House rent Allowance [u/s 10(13A)]	1. Allowances to High Court Judges	1. Allowances to High Court Judges
2. Dearness allowance	2. Special Allowance [u/s 10(4)] Except :	2. Salary & allowances paid by the United Nations organization	2. Salary & allowances paid by the United Nations organization
3. Overtime allowance	a) Travelling allowance	3. Sumptuary allowance granted to High Court or Supreme Court Judges	3. Sumptuary allowance granted to High Court or Supreme Court Judges
4. Fixed Medical Allowance	b) Daily allowance	Note : In case (i) and (ii) above, the respective Acts provide for such exemption, notwithstanding anything contained in the Income-tax Act, 1961. In case (ii) exemption is provided under the respective Act, notwithstanding anything to the contrary contained in any other law	Note : In case (i) and (ii) above, the respective Acts provide for such exemption, notwithstanding anything contained in the Income-tax Act, 1961. In case (ii) exemption is provided under the respective Act, notwithstanding anything to the contrary contained in any other law
5. City compensatory allowance (To meet increased cost of living in cities)	c) Conveyance allowance	Fully exempt under both tax regimes	Fully exempt under both tax regimes
6. Interim allowance	d) Transport allowance to blind/dumb/orthopedically handicapped employee	Allowances granted to Government employees outside India [Sec 10(7)]	Allowances granted to Government employees outside India [Sec 10(7)]
7. Servant allowance	7. Tiffin/Lunch/ Dinner allowance		
8. Project allowance	10. Any other cash allowance		
9. Dearness allowance	11. Warden allowance		
10. Any other cash allowance	12. Non-practicing Allowance		
11. Warden allowance	13. Transport allowance to employee other than blind/deaf & dumb/orthopedically handicapped		
12. Non-practicing Allowance			

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## SEC 10(13A) HOUSE RENT ALLOWANCE

**Exemption is not available if :**

- a) Accommodation is owned by him.
- b) If he has not paid the rent for accommodation.

**Exemption is lower of :**

- i) Actual amount
- ii) Rent Paid (-) 10% of salary
- iii) 50% of salary in respect of the relevant period, if such accommodation is situated in Mumbai, Calcutta, Delhi or Chennai (40% of salary if it is situated at any other place)

**Notes :**

1. Salary = Basic + DA(R) + Commission (T).
2. If there is change in any factor namely Salary, HRA, Period place of business etc HRA needs to be calculated separately.



3. Any Advance Salary shall be excluded for purpose of this calculation.
4. Exemption is also not available if Rent paid is less than 10% of salary.
5. The basis for calculation is location of accommodation & not of Service.
6. This is fully taxable under default tax Regime.

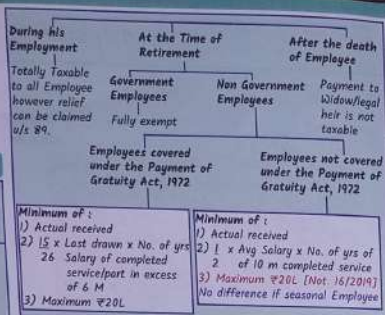
## SEC 16 DEDUCTIONS

Sec 16(i) Standard Deduction	Lower of: 1. Rs.50000 2. Salary For Salary and Pension [Not Family Pension]
Sec 16(ii) Entertainment Allowance	Non Govt EE: Not Available Govt EE: Lower of: a) Actual b) 20% of Basic Salary c) ₹5000 p.a. → First Add Entertainment allowance in gross salary and then take deduction. → Deduction shall be irrespective of actual expense incurred, whether for office or for personal purposes.
Sec 16(iii) Professional Tax	Professional tax means tax on employment, profession, trade, etc. levied by a state under article 276 of the Constitution. Deduction = Actual Amount Paid If Employee has paid the amount, 1st Add in salary and then take the deduction.
Sec 16(iv) Standard Deduction u/s 115BAC	Lower of: a) Amount of salary b) ₹5,000 (FA 2024)

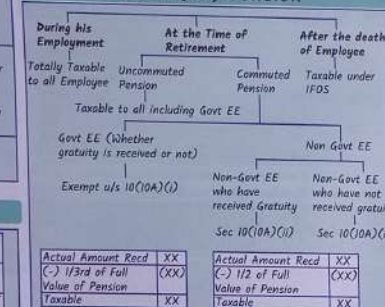
## SEC 10(10) GRATUITY

Meaning of Salary	Covered in Gratuity Act: Basic + DA Not covered in Gratuity Act: Basic salary + D.A. (R) + commission based on fixed % of turnover. Average Salary: Avg. monthly salary calculated on basis of avg. salary for 10 M immediately preceding month in which employee has retired. For instance if employee retires on Dec, avg. salary will be calculated till November.
Received from more than 1 employer	While claiming the statutory deduction of ₹20L any amount earlier claimed as deduction shall be reduced from ₹20L.
Relief u/s 89(1)	Available

- Notes:**
- In case of seasonal employment period of 15 days shall be replaced by 7 days.
  - Complete year of service: For calculating complete year of service any period of more than 6 M shall be taken to be full year.



## SEC 10(10A) PENSION



- Notes:**
- Pension received from UNO is not taxable.
  - Relief u/s 89(1) available for commuted pension.
  - Full Value of Pension = Amount Received % of Commutation

## SEC 10(10B) RETRENCHMENT COMPENSATION

As per Scheme of Central Gov	Other
Actual Amount Recd (-) Lower of: a) Actual received b) Amount calculated as per Industrial Dispute Act, 1947 c) Maximum ₹5L Taxable (Eligible for relief u/s 89) XX	XX (XXX)

## Notes:

- If amount determined as per industrial dispute act is not given:
- 15 x Avg salary of Last 3M x No of year of completed service/26 part thereof in excess of 6 M.
- However as per Guru Jambhwar Case instead of 15/26 take 15/30.
- Salary for this purpose: Basic + DA (R)
- If retrenchment compensation is received in scheme framed by CG then whole retrenchment compensation is Exempt.
- Any compensation in excess of above limit will be taxable as salary.

## SEC 10(10C) VOLUNTARY RETIREMENT

Conditions	Exemption
i) 10 years of service or 40 years of age ii) For all employees (except directors of the company) iii) Overall Reduction in number of employees iv) Not to be filled up v) No same management	Actual Amount Recd (-) Lower of: a) Actual Amount b) Rs. 500000 c) Amount higher of: 1) Last drawn salary x 3 x No of yrs Completed Service 2) Avg. salary x 10 months 3) Maximum 2500000 4) Leave Credit for 30 days Taxable XX

## Notes:

- Deduction under this sec is available only once in lifetime.
- Salary = Basic + DA (R) + Commission (T).
- If assessee claims relief u/s 89(1) for VRC then he cannot claim exemption u/s 10(10C) in that year or any other AY.

## SEC 10(10AA) LEAVE SALARY

During his Employment	At the Time of Retirement	After the death of Employee
Totally Taxable to all Employee	Govt EE: Fully Exempt Non Govt EE: Minimum of: 1) Actual received 2) Avg. salary x 10 months 3) Maximum 2500000 4) Leave Credit for 30 days	Not Taxable in hands of legal heir

- Employees are entitled to various types of leave while in service. The leave may either be availed by them or in case not availed, these may either lapse or be allowed to be encashed every year or these are accumulated & encashed after Retirement or death.
- Salary Means Basic + DA (R) + C (T).
- Relief u/s 89(1) available.
- How to Find out leave Credit:  
a) Find out duration of service without any fraction:  
12 years & 7 months = 12 yrs.

- Find out leave allowed: (Max allowed as per rule 30 days per yr) if period of leave credited is more than 30 days then take 30 days for calculation & it is less than 30 days then same can be taken.
- Period of leave earned = (Leave credit x Avg Salary)/30.

## SPECIFIED & NON SPECIFIED EMPLOYEE

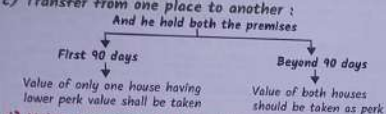
- If any of the 3 condition is satisfied an employee is treated as specified employee. [Sec 17(2)(iii)]:
- Employee + Director
  - Employee + Substantial Interest. Sec 2(32) an employee holding atleast 20% voting power in a company.
  - Income from Salary less salary in kind exceeds ₹50,000. If none of the conditions are satisfied then employee is treated as non specified employee.

## RULE 3(i) PERK: VALUATION OF RESIDENTIAL ACCOMMODATION

Unfurnished	Furnished
Govt EE: Owned Non Govt EE: Hired Hotel	Govt EE: Owned Non Govt EE: Hired Hotel
Where accommodation is provided by Union/State Govt to their employees	License Fees Less: Anything Recovered Perk XXX (XXX) XXX
Accommodation owned by him	Population of the city (as per 2001 census) where accommodation is provided Population Perk Beyond 40 Lakh 10% Above 15 Lakh - 40 Lakh 7.5% Below 15 Lakh 5%
Accommodation is hired/leased	Deduction for any amount paid by the employee: The amount so calculated shall be reduced by rent, if any, actually paid by EE. Lower of: a) 10% of Salary or b) Actual amount paid. Deduction for any amount paid by EE: The amount so calculated shall be reduced by rent, if any, actually paid by the employee. Salary for such period only: Salary for this purpose should be taken only for the period during which accommodation is occupied by EE. Upto 15 days Nil Beyond 15 days 24% of salary Less: Recovered Perk XXX (XXX) XXX
Provided in Hotel	Value as Per Unfurnished Add: Value of Furniture If Owned: 10% of actual Cost Hired: Actual Hire Charges Less: Anything Recovered Perk XXX (XXX) XXX



- Notes :**
- Salary :** Basic + DA(R)+ Bonus + Commission + All taxable Allowance
  - "Accommodation"** incl. House, flat, farm House, hotel accommodation motel, service apartment guest house, caravan, mobile home, ship etc.
  - Transfer from one place to another :**  
And he hold both the premises



- d) Value perquisite to be restricted to CII :**  
Where accommodation is owned/lease

Provided to employee for more than one P.Y.

Value of perk incase of non government employee shall not exceed amount so calculated for 1st P.Y.

Value of perk x CII for P.Y.  
CII for the first year.

**Note :**

First P.Y. means 23-24 or the P.Y. in which accommodation was provided to employee whichever is later.

### RULE 3(2) PERK : VALUATION OF MOTOR/ OTHER VEHICLE

Situation	Use	Tax Treatment
Car owned & maintained by Employer	Official use	Exempt
	Private use	10% of cost or Actual hire charges (+) Running & Maintenance exp. (-) Amount recoverable
	Partly official partly private	Taxable amount = For/below 1.6 ltr. CC = 1,800 pm. Above 1.6 ltr. CC = 2,400 pm (Nothing deductible when amount recovered)
Car owned by Employee & maintained by Employer	Official use	Exempt
	Private use	10% of cost or Actual hire charges (-) Amount recoverable
	Partly official partly private	Taxable amount = For/below 1.6 ltr. CC = 600 pm Above 1.6 ltr. CC = 900 pm If chauffeur provided = 900 pm (Nothing deductible when amount recovered)
Car owned & maintained by Employee	Nothing is Taxable	(IMP Hall)
Car owned by Employer & maintained by Employee	Official use	Nil
	Private use	Amount of Expenditure
	Partly official partly private	Actual Expenditure (-) 1800 pm/2400 pm (Depending on CC) (-) 900 pm if chauffeur is provided Taxable
Any other automotive owned by Employee	Official use	Nil
	Private use	Amount of Expenditure
	Partly official partly private	Actual Expenditure Less : Rs. 900 pm. (Greater deduction can be allowed if as per official records it is established that expense was for official use)

- Month denotes completed month. Any part of M shall be ignored
- Chauffeur is added only if provided.
- When more than 1 car is provided to EE, otherwise than wholly & exclusively for such car than value of perquisite.
- 1 car shall be taken as used for partly official & partly for personal.

### GIFT FROM EMPLOYER

Cost Doesn't Exceed ₹5000 pa	Nil
Cost Exceed ₹5000 pa	Alternative 1 : Followed BY ICAI & our class amount exceeding ₹5,000 fully taxable Alternative 2 : ICAI Provides an alternative that if it exceed ₹5000 only excess portion is taxable

### PERK : CREDIT CARD FACILITY

Official Purpose	Nil
Other Purpose	Actual Cost to Employer Less : Recovered Perk
Conditions :	a) Complete details in respect of such expense are maintained by the employer which may, inter-alia, include date & nature of expense; and b) The employer gives a certificate for such expense to the effect that same was incurred wholly & exclusively for the performance of official duty.

### PERK : CLUB FACILITY

Official Purpose	Nil (It should be certified By Employer)
Given Uniformly to All Employee	Nil
Corporate Membership for All Employee	Initial Fees Nil Other Actual Cost Less : Recovered Perk

### PERK : ESOP

FMV on the date of Exercise [-] Amount Recovered.

### APPROVED SUPER ANNUATION FUND

- EE's Contribution is eligible for deduction u/s 80C
- EE's Contribution :**
  - > Less than ₹150,000 : Exempt from Taxable
  - > More than ₹150,000 : Chargeable to tax to the extent it exceeds Interest on accumulated balance is exempt from tax.
- Overall Cap Limit Introduced By Finance Act 20**
  - > The amount or the aggregate of amounts of any contribution made to account of the assessee by the employer :
    - In a recognised provident fund;
    - In the scheme referred to in sec 80CCD(1);
    - In an approved superannuation fund to the extent it exceeds ₹7,50,000 in a P.Y.
  - > Annual accretion by way of interest, dividend or any other amount shall be computed in such manner as may be prescribed.

### PERK : USE OF MOVABLE ASSETS

Owned by ER	10% of actual Cost Less : recovered Perk	1000 (xxx) xxx
Hired by ER	Actual Cost to ER Less : recovered Perk	1000 (xxx) xxx
Comp & Laptop	Nil	

### SALE OF MOVABLE ASSETS

Particulars	Electronics/ computer	Car	Other Assets
Depreciation Rate	50%	20%	10%
Depreciation Method	WDV	WDV	SLM
Actual Cost	xxx	xxx	xxx
Less : Depreciation for each completed year from date of acquisition	(xxx)	(xxx)	(xxx)
WDV	xxx	xxx	xxx
Less : Sale Value	(xxx)	(xxx)	(xxx)
Perk	xxx	xxx	xxx

### PERK : INTEREST FREE OR CONCESSIONAL LOAN

For Specified Diseases & Loan upto ₹20000	Perk : Nil
Loan Beyond ₹20000	Nil
=/ > than SBI rate as on 1st day of FY	Maximum Outstanding Monthly Bal (i.e. the aggregate outstanding bal for each loan as on last day of each month after EM) Less : Recovered
Lower than SBI rate as on 1st day of FY	

### FREE FOOD FACILITY

Tea & Coffee During Office Hours	Provided in Remote Area or Offshore Installation	Other
Nil	Actual Cost to Employer (-) Rs.50 per Meal/day Perk	1000 (xxx) xxx

This exemption is available only if the employee exercises the option of shifting out of the default tax regime provided u/s IISBAC(1A)

### RULE 3(3) SWEEPER, GARDNER, PERSONAL ATTENDANT

Appointed by ER	Cost to the ER (-) Recovered from EE	Cost to the ER (-) Recovered from EE
For Employee or "member of household" shall include :		
a) Spouse(s);		
b) Children and their spouses;		
c) Parents;		
d) Servants & Dependents		

### PERK : TAXABLE ONLY IN CASE OF SPECIFIED EE

Gas/ Electricity / Water Facility Connection in the name of :	Employer : Taxable only to specified EE	Employee : Taxable to all employees
Manufacturing cost	xxx	xxx
Per Unit	(xxx)	(xxx)
Less : Recovered	xxx	xxx
Taxable		xxx

### PROVIDENT FUND

Particulars	RPF	URPF	SPF	PPF
ER Contr.	Contribution in excess of 12% of salary is taxable	Not taxable at the time of contribution	Fully exempt	N.A. (as there is only assessee's own contribution)
EE Contr.	Deduction u/s 80C, [No Deduction if opted for IISBAC(1A)]	Not eligible for deduction	Deduction u/s 80C, [No Deduction if opted for IISBAC(1A)]	Deduction u/s 80C, [No Deduction if opted for IISBAC(1A)]
Interest on ER Contr.	Amount in excess of 9.5% p.a. is taxable	Not taxable at the time of credit of interest	Fully exempt	N.A.
Interest on EE Contr.	Amount in excess of 9.5% p.a. is taxable	Not taxable at the time of credit of interest	Exempt upto certain limit of contr. as prescribed	Fully exempt
Amount withdrawn on retirement/ termination	Exempt u/s 10(12) subject to certain conditions prescribed	> Employee's contribution is not taxable. > Interest on Employee's contribution is taxable under 'IFOS' > Employer's contribution and interest thereon is salary	Exempt u/s 10(11)	Fully exempt u/s 10(11)

### EDUCATION FACILITY

Where educational facility is provided to employees' children	Where educational facility is provided to a member of his household (other than children)
Cost of education or value does not exceed Rs 1000 pm per child	Amount exceeds 1000 pm per child
Nil	Cost of Education (-) Rs. 1000 pm per child (-) Amount paid or recovered from the EE
Cost of Education (-) Rs. 1000 pm per child (-) Amount paid or recovered from the EE	xxx (xxx) xxx



- Overall Limit Introduced by Finance Act 2012**
- > The amount or the aggregate of amounts of any contribution made to account of the assessee by the employer :
    - a) In a recognised provident fund;
    - b) In the scheme referred to in sec 80CCD(1); and
    - c) In an approved superannuation fund to the extent it exceeds ₹7,50,000 in a PY.
  - > Annual accretion by way of interest, dividend or any other amount shall be computed in such manner as may be prescribed.

TRANSPORT FACILITY	
Cases	Tax
If employer is engaged in transportation business	Rail/Air NIL Other Amount charged from public for such facility is taxable in the hands of specified employee (-) Recovered.
In any other case	Actual cost of employer for such facility is taxable in the hands of all employees (-) Recovered.

**MEDICAL FACILITY**

The perquisite in respect of medical facility is generally taxable only in case of 'Specified Employees'. Where however bills are issued in the name of the employee & the employer makes payment thereof then it is a perquisite taxable in the hands of all employees.

In India/Exempt	1) Treatment in Hospital Maintained by Employer 2) Government Hospital 3) Approved Hospital 4) Any health Insurance/ Group Insurance
Outside India	Medical Treatment Taxable Reimbursement in Private Hospital is Fully Taxable Exempt upto an amount specified by RBI
Travel	Exempt upto an amount specified by RBI
	Gross total Income upto 2L Nil Gross total Income beyond 2L Total taxable

**SWEAT EQUITY SHARE**

FMV : Option Price x No of Shares = Perk

**LEAVE TRAVEL CONCESSION**

Different situations	Amount of exemption if journey is performed on or after October 1, 1997
When journey is performed by air : Amount of air economy class fare of the National Carrier by the shortest route or the amount spent, whichever is less.	
When journey is performed by rail : Amount of air conditioner first class rail fare by the shortest route or the amount spent whichever is less.	
When the places of origin of journey & destination are connected by rail or air by the shortest route or by any other mode of transport, whichever is less.	
Where the places of origin of journey and destination (or part thereof) are not connected by rail :	
a) Where a recognised public transport system exists	First class or deluxe class fare by the shortest route or the amount spent, whichever is less
b) Where no recognised public transport system exists	Air-conditioner first class rail fare by the shortest route (as if the journey has been performed by rail) or the amount actually spent, whichever is less

**1. Meaning of "family" :** The aforesaid exemption is available in respect of fare for going anywhere in India along with "family". For this purpose, "family" includes spouse & children of the employee. It also includes parents, brothers & sisters of the employee, who are wholly or mainly dependent upon employee. However, family does not include more than two surviving children of individual born on or after Oct 1, 1998 (In reckoning this limit of two children born out of multiple births after the first child will be treated as 'one child only')

**2. Only 2 journey in a block of 4 years is exempt :**  
Exemption on the aforesaid basis is available in respect of 2 journey performed in a block of 4 calendar years commencing from 1986

**3. "Carry-over" concession :** If an assessee has not availed travel concession or assistance during any of the specified 4 block periods on one of the two permitted occasions (or on both occasions), exemption can be claimed in the first calendar year of the next block (But in respect of only one journey). This is known as "carry-over concession". In such case, the exemption so availed will not be counted for the purposes of claiming the future exemptions allowable in respect of 2 journeys in the subsequent block.

**4. Exemption is based upon actual expenditure :** The quantum of exemption is limited to the actual expenses incurred on the journey. In other words without performing any journey and incurring expenses thereon, no exemption can be claimed.

**5. Exemption is available in respect of fare :** The exemption is strictly limited to expense on air fare, rail fare, bus fare only. No other expenses like scooter or taxi charges at both ends, portage expenses during the journey and lodging/boarding expenses will qualify for exemption. If the assessee exercises the option of shifting out of the default tax regime provided u/s 115BAC(1A).

**FULLY EXEMPTED PERKS**

The following are not included for TDS u/s 192 :

- > Tea or snacks provided during working hours.
- > Free meals provided during working hours in a remote area or an offshore installation.
- > Perquisites allowed outside India by Govt to citizen of India for rendering service outside India.
- > Employer's contribution to staff group insurance scheme.
- > Free educational facility provided in an institute owned/maintained by employer to children of ee provided cost/value doesn't exceed ₹1,000 pm per child (no limit on no. of children)
- > Interest-free/concessional loan of an amount not exceeding ₹20,000.
- > Comp/laptop given (not transferred) to EE for official/personal use.

- > Transfer without consideration to an employee of a movable asset (other than computer, electronic items or car) by employer after using it for a period of 10 yrs or more.
- > Traveling facility to employees of railways or airlines.
- > Rent-free official residence & conveyance to a HC/JSC Judge.
- > Conveyance facility provided to an EE between office & residence.
- > Accommodation provided on transfer of an employee in a hotel for not exceeding 15 days in aggregate.
- > Interest free loan for medical treatment of nature given in Rule 3A.
- > Periodicals and journals required for discharge of work.

### INTEREST CREDITED ON CONTRIBUTION BY SUCH PERSON/EMPLOYEE

**Rule 3B :** Notified the following manner to compute the annual accretion by way of interest, dividend or any other amount of similar nature during the previous year :

$$TP = (PC/2)^R + (PCI + TPI)^R$$

Where,

TP	Taxable perquisite u/s 17(2)(viii) for the current PY.
PC	Amount or aggregate of amounts of employer's contribution in excess of 7.5 lakh to recognized PF, national pension scheme u/s 80CCD & approved superannuation fund during the PY.
PCI	Amount or aggregate of amounts of employer's contribution in excess of 7.5 lakh to recognized PF, national pension scheme u/s 80CCD & approved superannuation fund for the PY years commencing on or after 1st April, 2020 other than the current PY.
TPI	Aggregate of taxable perquisite u/s 17(2)(viii) for the PY or years commencing on or after 1st April, 2020 other than the current PY.
R	If Favg
1	Amount or aggregate of amounts of income accrued during the current previous year in recognized PF, national pension scheme u/s 80CCD and approved superannuation fund
Favg	Amount or aggregate of amounts of balance to the credit of recognized provident fund, national pension scheme u/s 80CCD & approved super-annuation fund on 1st April, 2021 + Amount or aggregate of amounts of balance to the credit.

### COMPUTATION OF RELIEF

Step	Particulars	₹
1	TI for this year (including arrears of salaries)	xxx
2	Tax on Step 1 including cess	xxx
3	TI for this year excluding arrears of salaries	xxx
4	Tax on Step 3 including cess	xxx
5	Difference between Step 2 & Step 4 (A)	xxx
6	TI for that year (including arrears of salaries)	xxx
7	Tax on Step 6 @ of that year	xxx
8	TI for that year (excluding arrears of salaries)	xxx
9	Tax on Step 8 @ of that year	xxx
10	Difference between Step 7 & Step 9 (B)	xxx
11	Relief u/s 89(1) = (A) - (B)	xxx

## 6. INCOME FROM OTHER SOURCE

### SEC 56

**Sec 56(1) :** Income of every kind which is exempt & not chargeable to tax under any of the other head, shall be chargeable under Income from Other Sources.

1. Casual income.
2. Interest on compensation & enhance compensation.
3. Income from subletting of HP.
4. Rent from a vacant plot.
5. Composite Rent Non-separable.
6. Advance money forfeited.
7. Director sitting fees.
8. Agriculture Income from foreign.
9. Dividend
10. Gift
11. Sum received under Keyman Insurance policy including sum by way of Bonus. Income tax refund is not income.
12. Family Pension
13. Interest on Loan/securities.
14. Income of MP, MLA.
15. Interest on income tax refund
16. Royalty
17. Any compensation or other payment received by any person in connection with the termination of his employment or the modification of the terms and conditions relating thereto
18. Income from Undiscovered Sources.
19. Income from Letting of P&M & Furniture
20. Issue of share @ premium.
21. Interest earned on Debenture, Deposit, Bond, securities of CG, Loan, advances shall be taxable.

### ADVANCE MONEY FORFEITED

Forfeited on or after 01.04.2014 is taxable under IFOS

### INTEREST ON COMPENSATION & ENHANCE COMPENSATION

Such interest is taxable in IFOS in the year of receipt & 50% of such interest is allowed as deduction (Sec 57), irrespective of the year to which it pertains.







## SEC 80M DEDUCTION IN RESPECT OF CERTAIN INTER-CORPORATE DIVIDEND

- Sec 80M(1)** : Domestic Co. can take deduction lower of :
- Dividend received; or
  - Dividend paid on or before the due date of filing ROI.
- "Due Date" means the date one month prior to the date for furnishing the return of income u/s 134C(1).

### LIABILITY OF COMPANY

The Payer Company now not liable to deduct Tax u/s 115-O  
The Payer Company is liable to deduct TDS u/s 194 in case of Resident whereas Sec 195 in case of Non Resident.

### DEEMED DIVIDEND

Sec	Particulars	Relevant point
2(22)(a)	Any distribution by a Co. to the extent of accumulated profits (capitalised or not), resulting release of its assets to its shareholders # Issue of bonus shares is not deemed dividend.	Amount of dividend = FMV of assets as on the date of distribution has to be taken for calculation of dividend

2(22)(a)	Any distribution to its shareholders by a Company : - Of debentures/debenture-stock/deposit certificates - Of bonus to its preference shareholders - To the extent of accumulated profits (Capitalised or not).	If bonus shares are issued to equity shareholders, it does not amount to distribution of dividend
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2(22)(c)	Any distribution to the shareholders of a Co. on its liquidation, to the extent of its accumulated profits (Capitalised or not).	In such case, there will be no CG in the hands of the CO u/s 146C, however the shareholder will be subject to CG.
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2(22)(d)	Any distribution to its shareholders by a Co. on the reduction of capital, to the extent of accumulated profits capitalised or not.	
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2(22)(e)	<b>Loans &amp; Advances by Closely Held Company :</b> 1. Loans & Advances by Private Co (closely held co.) is treated as Deemed Dividend to the extent of accumulated profit. 2. Accumulated profit means profit as per companies Act. 3. Substantial Interest in case of companies shall be 10% of voting rate in case of either concern it shall be 20% of profit or voting right. 4. Tarulata Shyam v. CIT (SC) : Section is applicable at the time when loan is given hence even if loan is repaid during the year then also sec applies. 5. It is not applicable in case of trade advances. [CIR 19/2017] 6. Accumulated profits means all profit which is available for distribution or payment of dividend & u/s 2(22)(c) all profits up to date of liquidation. 7. In case of an amalgamated company. Accumulated profits, whether capitalised or not as the case may be shall be increased by accumulated profits whether capitalised or not of amalgamating company on date of amalgamation.	
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2(22)(f)	<b>Amount Received on Buy Back w.e.f. 1/10/2014 :</b> 1. Buy back of shares would be treated as deemed dividend in the hands of shareholder. [u/s 110(2)(3)] (TA 2024) Refer Taxation of Buyback. 2. No Deduction shall be allowed from Deemed Income u/s 2(22)(f).	
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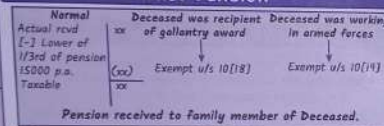
## SEC 194 TDS ON DIVIDEND IN CASE OF RESIDENT

Payer (Deductor)	Principal officer of any Indian Co. company which has made the declaration and payment of dividends (including dividends on preference shares) within India
Payee (Deductee)	Shareholder being Resident
Limit	Paid by any mode & dividend exceed ₹5,000
Rate	10%
Time of Deduction	Before making any payment by any mode
Special points	This sec shall not apply to such income credited or paid to : a) LIC b) General Insurance c) Any other insurer

## SEC 195 TAXATION IN CASE OF NR

TDS shall be deducted @ 20%

### FAMILY PENSION



# If assessee opts for Sec 115BAC, Deduction of ₹25,000 in respect of family pension is available. w.e.f 1/4/2025 [FA 2024]

### DEDUCTION NOT ALLOWED U/S 58

- Any personal expenses of the assessee.
- Any interest or salary payable outside India on which tax has not been.
- Any sum paid on account of Wealth-Tax.
- The provisions of sec 40A shall apply mutatis-mutandis.
- Expenditure related to casual Income.

### DEDUCTION ALLOWED U/S 57

Following Deduction allowed from IFOS :

- Dividends or Income from Units of MF/UTI** : Only interest on Borrowed Capital shall be allowed as deduction being lower of following :  
a) 20% of Dividend Income  
b) Actual Interest Paid.
- Any amount paid as Employee contribution to PF, SAF, ES) or any other fund setup for welfare of employee.
- In the case of Rental income of P&M and Furniture, deductions, for Rent Revenue repairs & Depreciation shall be allowed) as per sec 31 and sec 32(1) & (2) & subject to sec 38
- In the case of income in the nature of family pension, a deduction of a sum equal to 1/3rd of such income or ₹15,000, whichever is less.  
# If assessee opts for sec 115BAC, Deduction of ₹25,000 in respect of family pension is available. [w.e.f. 1/4/2025]
- Any other expenditure (not capital expenditure) laid out or expended wholly and exclusively for earning IFOS income

- In the case of interest on compensation or enhanced compensation, a deduction of 50% of such income and no other deduction shall be allowed under any other clause of this sec.
- In the case of dividends or interest on securities, any reasonable sum paid by way of commission or remuneration to a banker or any other person for the purpose of realizing such dividend or interest on behalf of the assessee.  
# No Deduction shall be allowed from Dividend Income u/s 2(22)(f). [FA 2024]

### TAXABILITY OF LIP



- If conditions u/s 10(10B) is satisfied :  
1. Inclusion Bonus is Exempt  
2. If the Conditions u/s 10(10B) is not satisfied : The said amount shall be taxable to payer under the head IFOS @ Normal Slab rate.  
+ The payer Insurance Co. shall Deduct TDS u/s 194DA, if premium amount exceed 1 Lac.

In respect of policies issued before 1.4.2003	Any sum received under a LIP including the sum allocated by way of bonus is exempt
In respect of policies issued between 1.4.2003 and 31.3.12	Premium paid to the extent of 20% of "Actual Capital Sum Assured"
In respect of policies issued on or after 1.4.2012 but before 1.4.2013	Premium paid to the extent of 10% of "Actual Capital Sum Assured"
In respect of policies issued on or after 1.4.2013	<ol style="list-style-type: none"> <li>Where the insurance is on the life of a person with disability at severe disability as referred to in sec 80U or a person suffering from disease or ailment as specified u/s 80DDB.</li> <li>Premium paid to the extent of 15% of "Actual Capital Sum Assured"</li> <li>Where the insurance is on the life of any person, other than mentioned in (a) above Premium paid to the extent of 10% of "Actual Capital Sum Assured"</li> </ol>
In respect of policies issued on or after 1.4.2023	<ol style="list-style-type: none"> <li>Exemption would not be available if the premium payable for any of the years during the term of the policy exceeds 10% or 15%, as the case may be, of "Actual capital sum Assured".</li> <li>Further, exemption would also not be available if premium payable exceeds ₹5,00,000 for any of the previous years during the term of such policy.</li> <li>In a case where premium is payable by a person for more than one LIP (other than ULIP) &amp; the aggregate of premium payable on such policies exceed ₹5,00,000 for any of PY during the term of any such policy, exemption would be available in respect of any of those LIPs, at the option of the assessee, whose aggregate premium payable does not exceed ₹5,00,000 for any of the previous years during their term.</li> </ol>

Any sum is received on the death is exempt (irrespective of the annual premium payable).

- # Exemption u/s 10(10B) - is not available in following cases :
- Keyman Insurance Policy
  - Insurance policy taken for disabled person u/s 80DD.
  - Sum received under ULIP.

### # Exemption u/s 10(10B) - Available/ Not

Circumstance	Eligibility for exemption u/s 10(10B)
Single policy : If premium payable does not exceed SL for any of PYs & the annual premium $\leq$ 10% of sum assured	Exemption u/s 10(10B) available
Single Policy : Premium payable > 5,00,000	Exemption u/s 10(10B) not available
Multiple policy : If premium payable does not exceed SL for any of PYs & the annual premium $\leq$ 10% of sum assured	Exemption u/s 10(10B) available
Multiple policy : If premium payable exceed SL for any of PYs & the annual premium > 10% of sum assured	Exemption u/s 10(10B) not available
If aggregate premium payable on LIP and EEE (Earlier exempted Policy) does not exceed SL & annual premium does not exceed 10% of actual capital sum assured	Exemption u/s 10(10B) available
If aggregate premium payable on LIP and EEE (Earlier exempted Policy) does exceed SL & annual premium does exceed 10% of actual capital sum assured	Exemption u/s 10(10B) not available

### # Sec 56(2)(xii)+ Rule 114ACA Manner of Computation of Income from LIP

Situation	Income chargeable to tax during the PY in which such sum is received
1) Where the sum is received for the 1 <sup>st</sup> time under the LIP during the previous year (first previous year)	A-B, where A = The sum received under the LIP during the first PY; and B = The aggregate of the premium paid during the term of the LIP till the date of receipt of the sum.
10) Where the sum is received under the LIP during the previous year subsequent to the first previous year (Subsequent PY)	C-D, where C = The sum received under the LIP during the Subsequent PY, & D = The aggregate of the premium paid during the term of the LIP till the date of receipt of the sum in the subsequent PY other than : -> That has been claimed as deduction under any other provision of the Act; or -> is included in "B" or "D" in any of the PY.



## THERE MUST BE CAPITAL ASSETS

Capital Assets sec 2(14) means:

1) Capital Asset means property of any kind held by an Assessee, whether or not connected with his business or profession & include & shall be deemed to have always included any right in or in relation to an Indian company including rights of management or control or any other right whatsoever.

2) Any security held by Foreign Institutional Investor (Whether as CA or SIT).

3) Any ULIP issued on or after 1st Feb 2021 to which exception to sec 10(10d) does not apply on account of 4th & 5th proviso thereto.

## ASSETS NOT TO BE TREATED AS CAPITAL ASSET

Stock in trade	Personal Effects (incl. wearing apparels & furniture) but does not include:	Rural Agriculture Land in India	61/2% Gold Bonds 77 or 78% Gold Bonds, 80 or National Defence Gold Bonds, 1980, Special Bearer Bonds (91)
Consumable stores	Jewellery		Gold Deposit Bonds issued under Gold Deposit Scheme 99/ Gold Monetization Scheme 2015
Raw Material for bfp	Archaeological collections		
	Drawings		
	Paintings		
	Sculptures		
	Any work of art		

## TYPES OF CAPITAL ASSETS

Short Term	Long Term
Financial Assets (Listed Shares/Debtentures, Listed/Unlisted UTI, Equity Oriented Funds, Zero Coupon Bonds)	Financial Assets (Listed Shares/Debtentures, Listed/Unlisted UTI, Equity Oriented Funds, Zero Coupon Bonds)
All unlisted shares & 24 m or Less	All unlisted shares & 24 m or Less
Immovable Property	Immovable Property
Other Assets (Listed/Unlisted Debt Oriented Fund)	Other Assets (Listed/Unlisted Debt Oriented Fund)

## RECLASSIFICATION OF ST & LT W.E.F 23/7/24

Short Term	Long Term
Listed Units = (Listed/Unlisted Units UTI = Units of Equity oriented Fund = Zero Coupon Bond)	Listed Units = (Listed/Unlisted Units UTI = Units of Equity oriented Fund = Zero Coupon Bond)
All unlisted financial & non-financial assets (Gold/Less Immovable Property)	All unlisted financial & non-financial assets (Gold/Less Immovable Property)

7.

## CAPITAL GAINS

### SEC 48 HOW TO COMPUTE?

SHORT TERM CAPITAL GAIN	LONG TERM CAPITAL GAIN
Full Value of Consideration	Full Value of Consideration
Less: Exp on Transfer	Less: Exp on Transfer
Net Consideration	Net Consideration
Less: Cost of Acquisition	Less: Indexed Cost of Acquisition
Less: Cost of Improvement	Less: Indexed Cost of Improvement
STCG	LTCG
Less: Exemption u/s 54B	Less: Exempt u/s 54 to 54GB
STCG	LTCG

Note:

1. The COA or COI shall not include the deductions claimed in respect of interest u/s 24(b) or under the provision of chapter VI-A.

2. It is proposed to remove indexation from LTCG w.e.f 23/7/24.

### SEC 2(47) TRANSFER OF CAPITAL ASSET

Transfer in relation to capital assets includes the following:

- The sale, exchange/Relinquishment of the asset
- The extinguishment of any rights therein
- The compulsory Acquisition
- Conversion of asset into stock-in-trade
- The maturity or redemption of a zero coupon bond
- Any transaction in part performance of contract of immovable property u/s 53A of TOPA, 1882
- Any transaction of becoming a member of society or Co. etc having house building scheme for its members.

### DETERMINING PERIOD OF HOLDING

Situations of 99(I)	Holding Period of Assessee + previous Owner
Conversion of inventory into Capital Assets	From the date of its conversion
Share Received in amalgamation	It shall be counted from the date of acquisition of shares in Amalgamating company
Share Received in Resulting company	It shall be counted from the date of acquisition of shares Demerged company.
Right Shares	Counted from the date of allotment Share
Bonus Shares	Counted from the date of allotment Share
Sweat equity share	Counted from the date of allotment or transfer of such equity Share

Conversion of Pref. Shares into Equity	The period of holding shall be considered from the date of Acquisition of preference shares
Conversion of Debenture/Bond into shares	The period of holding shall be considered from the date of Acquisition of Bond/Debenture
Units of Business Trust (pursuant to sec 47Cvi)(2)	The period of holding shall include the period for which shares were held by Assessee
Units which became property of assessee in consideration of transfer u/s 47Cvi)(2)	The period of holding shall include the period for which the unit or units in consolidation of mutual fund were held by the Assessee
Assets acquired by Assessee	From the date of Acquisition
Depreciable Assets	Always ST irrespective of holding period
Conversion of SIT into CA	From the date SIT was acquired

### RULE 115A: METHOD OF CONVERSION

Sale Consideration	Avg of TTBR & TTBR	On date of Transfer
COA	Avg of TTBR & TTBR	On date of Acquisition
Transfer Expense	Avg of TTBR & TTBR	On date of Transfer
CG into INR	TTBR	On date of Transfer

### FIRST PROVISIO TO SEC 48 CG IN CASE OF NR

In case of:

- Assessee who is a NR (Includes foreign company)
- Assets should be shares or debentures of Indian company
- Asset was acquired in foreign currency by way of purchase or reinvestment then CG shall be calculated in foreign currency & after that it shall be reconverted into Indian Currency.

### THIRD PROVISIO TO SEC 48

First & Second proviso not Applicable for computation LTCG in case of Equity shares, Equity oriented units, units of Business Trust referred u/s 112A.

### FOURTH PROVISIO TO SEC 48

Index benefit not allowed in case of bonds/debentures except Capital Indexation Bonds & Sovereign Gold Bonds issued by RBI.

Individual	Redemption on Maturity	No CG due to Sec 47
	Transfer before Maturity	CG Apply (Index available)

Other Assessee: CG on transfer on maturity & index benefit available.

### FIFTH PROVISIO TO SEC 48 FOREIGN EXCHANGE FLUCTUATION GAIN ON RUPEE DENOMINATION BOND

In case of an assessee being a non-resident, any gains arising on account of appreciation of rupee against a foreign currency at the time of redemption of rupee denominated bond of an Indian company held by him shall be ignored for the purposes of computation of FVOC under this sec.

### SIXTH PROVISIO TO SEC 48 DEEMED CONSIDERATION

Where shares, debentures or warrants referred to in the proviso to sec 47C(iii) are transferred under a gift or an irrevocable trust, the market value on the date of such transfer shall be deemed to be the FVOC received or accruing as a result of transfer for the purposes of this sec.

### CG EXPRESSLY EXEMPT U/S 10

- Sec 10(34A) Buyback: Any income arising to shareholder, on account of buy back of shares by the Co. as per 115QA w.e.f 11/10/24 SH shall be liable to Tax.
- Sec 10(43) Notified reverse Mortgage Scheme: Any amount received by an individual as a loan, either in lump sum or in installment, in a transaction of reverse mortgage referred to in sec 47Cvi)(2).
- Sec 10(37) Compulsory acquisition of urban agriculture land: In case of an individual or a HUF, any income from the transfer of urban agricultural land, where:
  - Such land is situate in any area referred to in item (a) or item (b) of sec 2(14)(ii);
  - Such land, during the period of 2 years immediately preceding the date of transfer, was being used for agricultural purposes by such HUF or individual or a parent of his;
  - Such transfer is by way of compulsory acquisition under any law, or a transfer the consideration for which is determined or approved by the CG or the Reserve Bank of India;
  - Such income has arisen from the compensation or consideration for such transfer received by such assessee on or after the 1st day of April, 2004.
- Sec 10(37A): Any income to an individual or a HUF who was the owner as on 2nd day of June, 2014 and transfers that specified capital asset under the Andhra Pradesh capital City land Pooling Scheme (Formulation and Implementation) Rules, 2015.

### SPECIAL CASE IN CAPITAL GAIN

### SEC 45 (1A) INSURANCE CG BE TAXABLE IN YEAR OF RECEIPT(MONEY/OTHER ASSETS) FROM INSURANCE CO

Full Value of Consideration	xxx
Amount received from insurance company	xxx
Less: Exp on Transfer	xxx
Net Consideration	xxx
Less: COA/FCG (allowed upto year of destruction)	xxx
Less: COI/COI	xxx
Gross Capital Gain	xxx
Less: Exemption	xxx
Taxable Capital Gain	xxx

It is Taxable in the year of receipt of compensation and indexation is allowed only upto the year of destruction. If compensation is not received then it is pure dead loss

In case of depreciable assets, sale consideration - AWAY



## 45(2) PERSONAL ASSETS CONVERTED INTO STOCK IN TRADE

Capital Gain		PGBP
Full Value of Consideration (FMV on date of conversion)	xxx	Sale Value Less : FMV as on date of conversion
Less : Exp on Transfer	(xxx)	
Net Consideration	xxx	Less : COA / ICOA
Less : COA/ICOA (allowed upto year of conversion)	(xxx)	
Less : COI/ICOI	(xxx)	
Gross Capital Gain	xxx	
Less : Exemptions	(xxx)	
Taxable Capital Gain	xxx	



Both Amount is taxable in the year when converted stock is sold or partly sold. Indexation is available upto the year of conversion. If Stock is converted into CA then PGBP would arise

- 1) If any part of stock is sold then only part CG shall arise in year of sale.
- 2) In case of converted stock sale, period of 6M shall calculate from date of sale for claiming deduction exemption u/s 54EC

## SEC 45(2A) SECURITIES IN DEMAT ACCOUNT

If securities are Transferred in Demat Account then for the purpose of cost of Acquisition it shall be considered on FIFO Basis based on Entry in demat account.

## SEC 45(3) TRANSFER BY PARTNER OR MEMBER TO FIR OR AOP/BOI

If the partner/member transfer the CA to Firm or AOP/BOI then for the purpose of FVOC amount recorded in books of accounts shall be considered and any FMV shall be ignored.

## SEC 45(5) COMPULSORY ACQUISITION

Initial Compensation & enhanced compensation taxable in year of receipt & exp are allowed as dedn Interest on enhanced compensation is taxable in IFOS & u/s 57 and 50% of interest shall be allowed as deduction.

### # Initial Compensation :

FVOC	xxx
Amount given by appropriate authority	
Less : Exp on transfer	(xxx)
Net Consideration	xxx
Less : COA / ICOA	(xxx)
(allowed upto year of Compulsory acq)	
Less : COI / ICOI	(xxx)
Gross Capital Gain	xxx
Less : Exemptions	(xxx)
Taxable Capital Gain	xxx

If compensation is reduced in future then capital gain shall be recomputed If compensation is received under Right to fair compensation & Transparency in Land Acquisition rehabilitation & resettlement act 2013 then it is not taxable.

## # Enhance Compensation :

FVOC	xxx
Amount given by appropriate authority	
Less : Exp on transfer	(xxx)
Net Consideration	xxx
Less : COA / ICOA	(xxx)
(allowed upto year of Compulsory acq)	
Less : COI / ICOI	(xxx)
Gross Capital Gain	xxx
Less : Exemptions	(xxx)
Taxable Capital Gain	xxx

## SEC 45(SA) TRANSFER UNDER REGISTERED REDEVELOPMENT AGREEMENT

### # Applicable for Individual/HUF :

FVOC (SDV of share on date of COC received in cash)	xxx
Less : Exp on transfer	(xxx)
Net Consideration	xxx
Less : COA / ICOA	(xxx)
Less : COI / ICOI	(xxx)
Gross Capital Gain	xxx
Less : Exemptions	(xxx)
Taxable Capital Gain	xxx

If the rights are transferred before the certificate of completion then CG would arise in the year of transfer.

## SEC 50AA COMPUTATION OF CAPITAL GAINS IN CASE OF MARKET LINKED DEBENTURE

- Where a unit of a Specified Mutual Fund acquired on or after 1/4/2023 or a Market Linked Debenture; or
- Is an unlisted bond or an unlisted debenture which is transferred or redeemed or matures on or after 23/7/2024 [FA 2024]

### Computation of Capital gains

Particulars	Amount
FVC = Amount received/redemption Value	xxx
(-) Expenses on Transfer	(xxx)
Net Consideration	xxx
(-) COA of Debenture or Unit	(xxx)
STCG (Always)	xxx

### Notes :

1. No deduction shall be allowed for STT paid.
2. No indexation will be available.
3. Sec 50AA shall apply if debenture are Sold/Redeem after 1.4.2023 (irrespective of date of issue of such debenture).
4. It must be noted that 50AA shall apply only if units of specified mutual funds are acquired on or after 1.4.2023 and sold after 1.4.2023.
5. "Market Linked Debenture" means a security which has an underlying debt security and where the returns are linked to market returns on other underlying securities or indices and include any security classified or regulated as a market linked debenture by SEBI.

6. "Specified Mutual Fund" means a Mutual Fund where not more than 35% of its total proceeds is invested in the equity shares of domestic companies. Percentage of equity shareholding held in respect of the Specified Mutual Fund shall be computed with reference to the annual average of the daily closing figures.

### 7. W.e.f. 1/4/2026 Specified Mutual Funds Means :

- A Mutual Fund which invests more than 65% of its total proceeds in debt and money market instruments; or
- A fund which invests 65% or more of its total proceeds in units of a fund referred to in sub-clause (a)

# Provided that the % of investment shall be computed with reference to the annual average of the daily closing Figure.

# For the purposes of this clause, "Debt and Money Market Instruments" shall include any securities classified or regulated as debt and money market instruments by the SEBI [FA 2024]

## SEC 50C FULL VALUE OF CONSIDERATION OF LAND & BUILDING

- > If Value adopted by Stamp Value Authority exceed 110% of consideration received or accruing, then only Stamp Value is adopted as FVC otherwise consideration received shall be FVC
- > Transaction which are not registered with Stamp Duty Authority & executed through Agreement to sell or power of attorney are also included in sec 50C.

Different Situation in reference to VD	Value by VD is higher than SVA	C = SVA
	Value by VD is lower than SVA but more than Assessee	C = VD Value
	Value by VD is lower than value by Assessee	C = Assessee Value

Generally, SDV as on the date of registration is considered but, if the date of agreement and registration are not the same then Assessee can take SDV as on the date of agreement if he has received consideration or part thereof upto the date of agreement by way of A/c payee cheque, DD, ECS, any other electronic mode

## SEC 55(2) COST OF ACQUISITION

Cost of acquisition is value which assessee has paid, or amount which he has incurred for acquisition of asset. It includes amount for completing/acquiring title (Interest on Borrowed capital).

## SEC SI ADVANCE MONEY RECEIVED

Advance Money received/retained upto 31-03-2014	Advance Money received/retained after 31-03-2014
Previous Owner	Assessee
Ignore	Reduce from cost/NDV/FMV & then calculate Indexation
	Taxable in "IFOS"

## FULL VALUE OF CONSIDERATION

Full value of consideration is amount of consideration received or receivable by transferor without making any deduction there from.

If in Cash : Take Actual Amount

If in Kind : As per Sec 50D take FMV wherever consideration is not ascertainable or cannot be determined

## SEC 50CA UNLISTED SHARES

- > FVC shall be deemed to be the FVOC if consideration < FMV (Rule 11UAA)
- > Sec applies to all Assessee including NR.
- > Sec applies only if the shares are held as Capital Asset not stock in trade.
- > Sec applies to all kinds of shares-equity or preference. However, it does not apply to Debentures.

## EXPENSES OF TRANSFER

- Expenses on transfer is allowed as deduction (not exp on acquisition because it is added to cost)  
Given in Cash : Take Actual Amount  
Given in % : Take % of sale consideration not of FVOC
- Expenses on transfer include brokerage & other legal expenses for sale of such assets
- Expenses on transfer does not include STT, hence STT is not allowed as Deduction [7th Proviso to Sec 48]

## SEC 55(1)(B) COST OF IMPROVEMENT

- Any improvement expenditure incurred before 01.04.2001 to be ignored while computing capital gain.
- IT can be incurred either by Assessee or previous owner.
- COI shall be Nil for the following :
  - Goodwill of Business
  - Right of Manufacture, Produce or Process any article/thing
  - Right to carry on a business or profession.



SEC 49 COST OF ACQUISITION		
	Particulars	COA
Sec 49	Assets Acquired Before 01/04/2001	Cost of acquisition/FMV as on 01/04/2001 whichever is higher
Sec 49(1)	i) Distribution of assets on total partial partition of HUF. ii) Gift or will or inheritance. iii) Succession, inheritance or devolution. iv) Distribution of assets on liquidation of co. v) Transfer to revocable/irrevocable trust. vi) Specified Transfer u/s 57 including (viia-c) (viiid)	Cost to the Previous owner (If the asset is acquired prior to 1/4/2001 then COA will be CTPO or FMV whichever is higher).
Shares	Original Shares	Amount paid for acquiring these shares
	Right shares subscribed by the assessee	Actual Amount paid by him for acquiring such asset
	Right shares subscribed by the other person	Purchase price paid to person renouncing such right + amount paid to co. allotting such shares
	Right renouncement : If rights are renounced in favor of other person	Nil
	Bonus shares allotted before 1.4.2001	FMV on 1.4.2001
if IIA applies	Bonus shares allotted after 1.4.2001	Nil
	Sweat Equity shares	FMV for calculation of Perquisite
Immovable property	Higher of : a) Cost of Acquisition; & b) Lower of : i) Sale Consideration; or ii) FMV as on 31.12.01	
	FMV as on 01.04.2001 cannot exceed SDV as on 01.04.2001	
Property Received u/s 56(2)	The Value considered for section 56(2)(x) [Sec 49(4)]	
Assets transfer under IDS	FMV of the assets taken into account for the purpose of Tax, surcharge & penalty. (As on 01.06.2016 has been taken) In case of CA declared under IDS '16 : 1) Immovable Property - POH = Date of Acq. as per deed 2) Other Assets - POH = From 01.06.2016	
Conversion of business assets into CA	COA = FMV as on the date of conversion	

## 2ND PROVISO TO SEC 48 INDEXED COST OF ACQUISITION & IMPROVEMENT

Provisions of indexation will apply in case of long term CG on transfer of a long-term capital asset, other than capital gain arising to a non-resident from the transfer of shares in or debentures of an Indian Co. referred to in first proviso

### 1) Index cost of acquisition :

a) Before 01/04/2001 FMV on 1/4/2001/COA to Assessee/ Previous Owner, whichever is higher  $\times \frac{\text{CII of the yr of transfer}}{100}$

b) After 01/04/2001 COA to Assessee  $\times \frac{\text{CII of the year of transfer}}{\text{CII of year of acquisition}}$

c) Asset acquired prior to 01/04/2001 by previous owner & received by Assessee prior to 01/04/2001  
FMV on 1/4/2001/COA to Assessee/Previous Owner, X  $\frac{\text{CII of the year of transfer}}{100}$  whichever is higher

d) Asset acquired prior to 01/04/2001 by previous owner & received by Assessee after 01/04/2001  
FMV on 1/4/2001/COA to Previous Owner, whichever  $\times \frac{\text{CII of the year of transfer}}{\text{CII of year in which first held by Assessee}}$

e) Asset acquired after 01/04/2001 by previous owner & received by Assessee 01/04/2001  
COA to Previous Owner  $\times \frac{\text{CII of the year of transfer}}{\text{CII of year in which first held by Assessee}}$

**Manjula shah vs CIT :** If assessee acquire CA by way of gift & transferred such assets, then ICA would be with reference to year in which previous owner held the assets & not in which Assessee becomes the owner. Therefore CII should be based on the yr in which previous owner acquired the assets & not in which assessee becomes the owner.

### 2) Index cost of Improvement :

COI of the asset X  $\frac{\text{CII of the year of transfer}}{\text{CII of the year in which improvement made by assessee/previous owner}}$

Finance Act, 2016 has rearranged the Cost Inflation Index : NOTIFICATION NO. 73/2021

FY	CII	FY	CII	FY	CII
2001-2002	100	2004-2010	168	2017-2018	272
2002-2003	105	2010-2011	167	2018-2019	280
2003-2004	109	2011-2012	184	2019-2020	289
2004-2005	113	2012-2013	200	2020-2021	301
2005-2006	117	2013-2014	220	2021-2022	317
2006-2007	122	2014-2015	240	2022-2023	331
2007-2008	129	2015-2016	254	2023-2024	348
2008-2009	137	2016-2017	264	2024-2025	363

# W.e.f 23/7/2024 Indexation benefit is not applicable [FA 2024]

## AMENDMENT [FA 2024]

An assessee has an option to take the benefit of indexation arising on land & building or both u/s 112, if :

1. Transferor is Resident I/HUF.
2. LTCG arises on transfer of Land, Building or both (may be residential/commercial/property used for any other purpose).
3. The above asset was acquired prior to 23/7/2024
4. The above asset is transferred on or after 23/7/2024.

If above conditions are satisfied, the assessee has an option to pay tax under old or new regime (WHICHEVER IS MORE BENEFICIAL TO HIM) as follows :

OPTION 1 : Pay tax @ 12.5% (Without Indexation).

OPTION 2 : Pay Tax @ 20% (With Indexation).

**NOTE :** The above benefit to Resident I/HUF is to be given only while computing Tax on LTCG u/s 112 [Not while computing Capital gain]

### Simply,

> While calculating **Capital Gains** solve all problems without giving indexation and write a note that while paying tax option is available,

> Now While calculating **Tax liability** on such LTCG assessee has an option to pay tax :

- a) @ 20% (with indexation) or;
- b) @ 12.5% (without indexation)

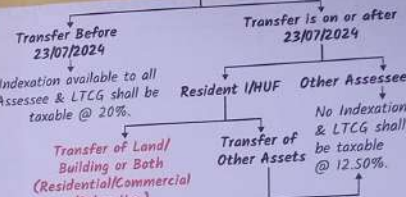
### Cost inflation Index :

FY	CII	FY	CII	FY	CII
2001-2002	100	2004-2010	168	2017-2018	272
2002-2003	105	2010-2011	167	2018-2019	280
2003-2004	109	2011-2012	184	2019-2020	289
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2005-2006	117	2013-2014	220	2021-2022	317
2006-2007	122	2014-2015	240	2022-2023	331
2007-2008	129	2015-2016	254	2023-2024	348
2008-2009	137	2016-2017	264	2024-2025	363

## BENEFIT OF INDEXATION NOT AVAILABLE TO

Nature of Long Term Capital Gain Transferred	Assessee not Eligible
Bond/debenture except capital Indexed Bond issued by Govt/ Sovereign gold Bond	All Assessee
Shares/debenture of Indian company acquired by using convertible Forex	Non Resident
Depreciable Assets	All Assessee
Slum Sale	All Assessee
Securities covered u/s 112A	All Assessee
Units purchased in Foreign Currency u/s 115AB [Refer NR Taxation]	Offshore Fund
GDR purchased in Foreign Currency u/s 115AC/ 115ACA [Refer NR Taxation] Securities given u/s 115AD [Refer NR Taxation]	Non Resident/ Resident Individual

## SUMMARY CHART



- > Where Acquired is before 23/07/2024, and
- > Transfer is after 23/07/2024

### Simply,

> While calculating **Capital Gains** solve all problems without giving indexation and write a note that while paying tax option is available,

> Now While calculating **Tax liability** on such LTCG assessee has an option to pay tax :

- a) @ 20% (with indexation) or;
- b) @ 12.5% (without indexation)

**Format for Other Assessee (After 23/07/2024) Tax Rate @ 12.50% Without Indexation :**

Particulars	Amount
FVOC	1000
(-) Expenses on Transfer	(1000)
Net Consideration	1000
(-) COA	(1000)
(-) COI	(1000)
Capital Gain	1000
(-) Exemption u/s 54 series	(1000)
Capital Gain	1000

**Format for I / HUF for tax calculation (All Conditions Satisfied) Tax Rate @ 12.50% Without Indexation, @ 20% With Indexation :**

Particulars	With Indexation	Without Indexation
FVOC	1000	1000
(-) Expenses on Transfer	(1000)	(1000)
Net Consideration	1000	1000
(-) ICDA/COA	(1000)	(1000)
(-) ICDI / COI	(1000)	(1000)
Capital Gain	1000	1000
(-) Exemption u/s 54 series	(1000)	(1000)
Capital Gain	1000	1000

Situation 1	Situation 2	Situation 3
Acquired Before 23/07/2024	Acquired After 23/07/2024	Acquired Before 23/07/2024
&	&	&
Sold Before 23/07/2024	Transferred after 23/07/2024	Transferred after 23/07/2024
Old provision i.e With Indexation @ 20% LTCG	Apply New Provision i.e @ 12.50% Without Indexation to Resident I/HUF	Solve CG without Indexation and solve tax liability with both options



# 12ZA TAX ON LONG TERM CAPITAL GAIN [SEC 10(38) ABOLISHED]

- LTCG on transfer of:**
- > Equity Shares; or
  - > Equity Oriented Units; or
  - > ULIP to which exemption u/s 10(10D) by virtue of 4th & 5th Provision thereof
  - > Units of business trust in excess of IL shall be taxable @10% (+ HEC @ 4%)

**IF following conditions are satisfied:**

- i) STT paid on Acquisition & transfer of Equity Shares
- ii) STT paid on transfer of Equity oriented units & units of Business Trust. If the above conditions are not satisfied, Sec 112 is still applicable:

Particulars	Amount
FVC = Amount received	1000
(-) Expenses on Transfer	(1000)
Net Consideration	1000
(-) COA	(1000)
Higher of: a) COA	
b) Lower of:	
i) Sale Consideration	
ii) FMV as on 31.1.18	
Capital Gain	1000

- FMV:**
- > **Listed & Traded on 31.1.18:** Highest Price on that Day
  - > **Listed but not traded:** Highest Price on any previous Traded Day
  - > **Units:** NAV as on 31.1.18
  - > **Unlisted Shares:** Indexed Cost (17-18)

## Sec 112A(2) Conditions Given Above

Satisfied	Not Satisfied
LTCG shall be taxable 10% (before 23/7/2024) 12.50% (after 23/7/2024) beyond ₹ 1,25,000 u/s 112A [FA 2024]	LTCG shall be taxable 20% (before 23/7/2024) 12.50% (after 23/7/2024) [FA 2024] u/s 112

**# For Unlisted Shares: w.r.e.f 14/2018.**  
In a case where the capital asset is an equity share in a company which is:

- Not listed on RSE as on 31/1/2018 but listed on such exchange on the date of transfer;
- Not listed on RSE as on 31/1/2018 or which became the property of the assessee in consideration of share which is not listed on such exchange as on the 31/1/2018 by way of transaction not regarded as transfer u/s 47 but listed on such exchange subsequent to the date of transfer (where such transfer is in respect of sole of unlisted equity shares under an offer for sale to the public included in an IPO). [FA 2024]
- Listed on RSE on the date of transfer and which became the property of the assessee in consideration of share which is not listed on such exchange as on the 31.01.2018 by way of transaction not regarded as transfer u/s 47.

CA CS VIJAY SARDAM askvjsir@gmail.com

# NOTIFICATION 60/2018 EXCEPTION TO STT PAYMENT

- Shares acquired prior to 1st oct 2004.
- Acquisition of shares approved by HC/SC/NCLT/SEBI/RBI
- Shares acquired by NR under FDI guideline.
- Acquisition of shares by Investment Fund u/s 115UB
- Shares acquired through preferential issue as per SEBI.
- Acquisition through an issue of shares by company.
- Acquisition by schedule bank reconstruction or securitisation Co. or PFI during the ordinary course of business.
- Acquisition under ESOP.
- Acquisition under ESOP.
- Acquisition from Government.
- Acquisition by any mode of transfer 45(3)(c)/47/SOB if the previous owner has acquired shares by any mode. > Enhanced surcharge is not applicable to LTCG u/s 112A STCG u/s 111A.

## SEC 46 CAPITAL GAIN ON LIQUIDATION

**Sec 46(1):** Distribution of assets to its shareholders on Liquidation is not regarded as transfer.

**Sec 46(2):** Money or assets received by shareholders will be taxed under the head CG. The money so received or the market value of the other assets on the date of distribution as reduced by the amount assessed as dividend within the meaning of sec 2(22)(c) and the sum so arrived at shall be deemed to be the FVOC for the purposes of sec 48.

## SEC 46A CAPITAL GAINS ON DISTRIBUTION OF ASSETS BY COMPANIES IN LIQUIDATION

(1)	(2)	(3)	(4)
Taxability in hands of	Buyback of shares by domestic Co.	Buy back of shares by a Co.	Buyback of specified securities by any company
Company	Subject to additional Income Tax @ 23.296%	Not Subject to tax in the hands of the company	Not Subject to tax in the hands of the company
Shareholder/Holder of specified securities	Income arising to shareholder exempt u/s 10(34A)	Income arising to shareholder taxable as Capital gains u/s 46A	Income arising to holder of specified securities taxable as CG u/s 46A

## COA & COI OF INTANGIBLES

- Goodwill of business/ profession
- Right to manufacture, produce article or thing
- Right to carry on any business
- Trademark/brand name of business
- Tenancy rights
- Route permits
- Loom hours.

Self-Generated = Nil  
Purchased = Purchase price

- Benefit of FMV as on 01/04/2001 not available in case of these assets.
- No CG on Goodwill of Profession as per B.C Shrinivasa Shetty (SC)

# SEC 47 TRANSACTION NOT REGARDED AS TRANSFER

Sec	Provision
47(i)	Any distribution on the total or partial partition of a HUF
47(ii)	Any transfer of a capital asset by an individual or a Hindu undivided family, under a gift or will or an irrevocable trust. If a capital asset is transferred by a person other than an HUF, by gift it will be chargeable to Capital Gain tax [FA 2024]
47(iii)	Any transfer by a company to its subsidiary company
47(iv)	Any transfer by a subsidiary company to the holding Co.
47(v)	Any transfer by the amalgamating company to the amalgamated company, in a scheme of amalgamation
47(vi)	Any transfer by the amalgamating foreign company to the amalgamated foreign Co. in a scheme of amalgamation of two foreign companies
47(vii)	Any transfer, in a demerger, by the demerged company to the resulting company
47(viii)	Any transfer or issue of shares by the resulting Co. in a scheme of demerger to the shareholders of the demerged Co.
47(ix)	Any transfer of a capital asset made outside India by a NR to another non-resident
47(x)	Any transfer by way of redemption by an individual
47(xi)	Any transfer to the Government or to a University or the National Museum, National Art Gallery, National Archives or any other public museum or institution notified by the Central Government to be of national importance or to be of renown throughout any State
47(xii)	Any transfer by way of conversion of bonds or debentures, debenture-stock or deposit certificates in any form, of a company into shares or debentures of that company
47(xiii)	Any transfer by way of conversion of bonds into shares or debentures of any company
47(xiv)	Any transfer by way of conversion of preference shares of a company into equity shares of that company
47(xv)	Transfer of capital asset under Reverse Mortgage

## SEC 50B SLUMP SALE

**1) Sec 2(42C):** Meaning of slump sale means transfer of one or more undertakings, by any means, for a lump sum consideration without values being assigned to the individual assets and liabilities in such sales.

**2) Deemed cost of acquisition:** Net worth of the undertaking

**3) Full value of consideration:** FMV as on date of transfer

**Simplified analysis:**

FVOC = FMV of assets as on the date of transfer, calculated in the prescribed manner	1000
Less: Net Worth [Deemed cost of acquisition]	(1000)
CG	1000

**Meaning of certain terms:**

Net Worth	Total Assets (-) Current Liability Note: If net worth is negative, it is taken as zero & sale consideration will become CG 2001 Inds. Ltd. v. CIT (Mum)
Aggregate value of total assets	Depreciable Assets: WDV Other Assets: Book Value 100% deduction claimed assets: Nil
	Revaluation of Assets are totally ignored

**Rule 11A:** The FMV shall be the FMV or FMV, whichever is higher.

**FMV1** = The FMV of capital assets transferred by way of slump sale determined at the date of slump sale

**FMV2** = The FMV of the consideration received or accruing as a result of transfer by way of slump sale.

**Note:**

However, if the undertakings owned and held by an assessee for not more than 36M immediately preceding the date of its transfer, then such slump sale will result into STCG

## SEC 111A STCG ON SALE OF SECURITIES

**Sale of Following Assets:**

1. An equity share in a company.
2. A Unit of Business trust.
3. A Unit of Equity oriented Fund.

**Conditions:**

1. Securities must be sold after 01.10.2004 and

**2. Such transaction should be chargeable to STT:**

- > However the STCG arising from transaction undertaken in foreign currency on RSE-IFSC would be taxable at Concessional rate of 15% (before 23/7/24) 20% (after 23/7/2024) [FA 2024] even though STT is not paid on such transaction.
- > STCG arising on transfer of listed equity shares, units of equity-oriented fund and unit of business trust - 15% (before 23/7/2024) 20% (after 23/7/2024) [FA 2024] IF STT has been paid on such sale.

**Special Adjustment:** If Assessee (resident) cannot absorb basic exemption limit and has special income vide LTCG u/s 112/ 112A or STCG u/s 111A such special income shall be first adjusted towards Basic exemption limit and balance income if any shall be Taxable at special rate.

**No Deduction under Chapter VIA:** No deduction under Chapter VIA is applicable in case of STCG u/s 111A.

**Tax rate if Conditions are satisfied:** If all the above are satisfied then Normal Income-Normal Slob Rate STCG u/s 111A - 15% (before 23/7/2024) 20% (after 23/7/2024) [FA 2024]

**Note:**

STCG arising on transfer of other Short-term Capital Assets would be chargeable at normal rates of tax.



## SEC 112 LTCG ON SALE OF CAPITAL ASSETS

For 11 HUF (Resident)	Transfer before 23/7/2024	20%
	Transfer on or after 23/7/2024	12.50%
	Also applicable to Special cases (Note 6)	
For Domestic Co	Same as Above	
For NRFC	Same as Above	
For Other Resident	Same as Above	
LTCG Being Unlisted securities & Shares of Private Co transferred before 23/7/2024	10% (Without providing for 1st & 2nd Provision to sec 48 [No Indexation])	
LTCG Being listed securities (Other than Units) or Zero Coupon Bond transferred before 23/7/2024	Where the tax payable on LTCG before 23/7/2024 exceeds 10% of the amount of capital gains before giving effect to Indexation then, such excess shall be ignored for the purpose of computing the tax payable by the assessee: Step 1: Compute CG without Indexation Step 2: 10% of above CG Step 3: Compare Tax payable Step 4: Excess is ignored	

**Special Adjustment:** If Assessee (resident) cannot absorb basic exemption limit and has special income viz LTCG u/s 112/112A or STCG u/s 111A such special income shall be first adjusted towards Basic exemption limit and balance income if any shall be Taxable at special rate.

**No Deduction under Chapter VIA:** No deduction under Chapter VIA is applicable in case of LTCG u/s 112.

## SHORTCUT ON EXEMPTION

Particulars	Sec 54	Sec 54B	Sec 54D	Sec 54EC	Sec 54F
Eligible Assessee	Individual/ HUF	Individual/ HUF	Any assessee	Any assessee	Individual/ HUF
Asset transferred	Residential House (LTCA)	Urban Agricultural Land	Land & building forming part of an industrial undertaking	Land or building or both (LTCA)	Any LTCA other than Residential House
Other Conditions	Income from such house should be chargeable under the head "Income from house property".	Land should be used for agricultural purposes by assessee or his parents or HUF for 2 years immediately preceding the date of transfer.	Land & building have been used for business of undertaking for at least 2 years immediately preceding the date of transfer. The transfer should be by way of compulsory acquisition of the industrial undertaking.	-	Assessee should not own more than one residential house on the date of transfer, he should not purchase within 2 years or construct within 3 years after the date of transfer, another residential house
Qualifying asset i.e. asset in which CG has to be invested	One Residential House situated in India/Two residential houses in India, at the option of the assessee, where CG does not exceed ₹2cr.	Land for being used for agricultural purpose (Urban/ Rural)	Land or Building or right in land or building	Bonds of NHAI or RECL any other bond notified by CG (Redeemable after 5 years)	One Residential House situated in India
Time limit for purchase/ construction	Purchase within 1 yr before or 2 years after the date of transfer (or) construct within 3 years after the date of transfer	Purchase within a period of 2 years after the date of transfer	Purchase/construct within 3 years after the date of transfer, for shifting or re-establishing the existing undertaking or setting up a new industrial undertaking.	Purchase within a period of 6 months after the date of transfer.	Purchase within 1 year before or 2 years after the date of transfer (or) Construct within 3 years after the date of transfer
Amount of Exemption	Cost of new Residential House or two houses as the case may be or CG whichever is lower, is exempt. However if the cost of new residential house exceeds ₹10 cr, the amount exceeding ₹10 crore would not be taken into account for exemption. The maximum exemption that can be claimed by the assessee is ₹10 cr	Cost of new Agricultural Land or Capital Gain, whichever is lower, is exempt	Cost of new asset or Capital Gain, whichever is lower	Capital Gain or amount invested in specified bonds, whichever is lower. Maximum permissible investment out of capital gains arising in any financial year is ₹50 lakhs, whether such investment is made in the current FY or subsequent FY or both.	Cost of new Residential House $\times$ Net sale consideration of original asset, entire capital gain is exempt. Cost of new Residential House $\times$ Net sale consideration of original asset, proportionate capital gain is exempt. However if the cost of new residential house exceeds ₹10 crore the amount exceeding ₹10 cr would not be taken into account for exemption.

IMP. Not!



## SPECIAL POINTS

**Sec 54F:** Additional conditions for availing exemption is Assessee should not purchase any Residential House within prescribed limit, other than the New Asset.

**Sec 54H:** Extension of time limit for acquiring new asset where transfer of CA is by compulsory acquisition under any law, then, Time limits for acquiring new asset & for depositing in CGAS shall be computed from date of receipt of compensation & not compulsory acquisition.

## SELF NOTES

## SEC 28 CHARGING SECTION

Following Income shall be taxable under the head PGBP:

- Any profit/gain of any Business/Profession
  - Profit on sale of Import Entitlement License
  - Cash Compensatory support or duty drawback
  - Profit on sale of DEPB (Duty entitlement pass book scheme)/Duty free Replenishment Certification (DFRC)
  - Any Amount received under Key-Man Insurance Policy
  - Any gift/benefit/perquisite arising due to Business/Profession
  - Any Interest, salary, bonus, commission received by partner from Partnership firm [to extent allowed u/s 40(b) to firm]
  - Non-compete Fees (not carrying out any activity in relation to any business or profession or not sharing any know-how, patent, copyright, trade-mark etc.)
  - Income derived by a trade, professional or similar association from specific service perform for its member
  - FMV of inventory as on date on which it is converted into CA.
  - Any Compensation or other payment due to/received by, any person, at or in connection with termination/modification of terms & conditions of any contract relating to his business
  - Sale of Asset whose whole cost is allowed as deduction.
  - The value of any benefit or perquisite arising from business or the exercise of any profession, whether:
    - > Convertible into money or not; or
    - > In cash or in kind or partly in cash and partly in kind
- # Income from Letting out of Residential House Property (not commercial) or part of the house shall be taxable in HP not PGBP. [FA 2024]

## SEC 41 DEEMED PGBP

**Sec 41(1):** If assessee was allowed deduction in earlier years by way of expenses or loss, Trading Liability & now during the current PY, assessee has obtained a refund of such Liability or there is remission or cessation of such trading liability, then such refund or remission or cessation shall deemed to be PGBP.

**Sec 41(2):** Balancing charge where any asset of power generating unit is:

- > Owned by assessee
- > On which depreciation is claimed on SLM basis
- > For the purpose of business is sold, discarded, demolished or destroyed and amount received for such asset together with the amount of scrap value so much of depreciation already claimed.
- > Shall deemed to be PGBP.

**Sec 41(3):** Sale of assets used for scientific research

PGBP Income will be lower of:

- Net sale price of the asset
- Deduction claimed u/s 35

**Sec 41(4):** Recovery of bad Debts in the CY.

## SEC 44AD PRESUMPTIVE INCOME FOR OTHER

- Individual, HUF, Firm (Not LLP)
- Gross receipt/Turnover does not exceed 2cr.
- Not engaged in following: Agency, Profession, Commission, GTA activity. Any business, other than business referred to in sec 44AE, whose total T/o or gross receipts in the P.Y.  $\leq$  ₹300 lakhs in the relevant PY, if aggregate cash receipts in the relevant PY  $\leq$  5% of total turnover or gross receipts.

**Note:** For this purpose, the receipt of amount or aggregate of amounts by a cheque drawn on a bank or by a bank draft, which is not account payee, would be deemed to be the receipt in cash.

- Presumptive Income:** Higher of Income Declared or Deemed Income Deemed Income 6% of Turnover or Gross receipt if payment is in prescribed mode (Rule 6 ABBA) during the P.Y. or before due date of filing of return u/s 139(1) in respect of that PY or such higher sum claimed to have been earned by the assessee or 8% of Turnover.

- Advance Tax is applicable
- All deductions u/s 30-37(1)
- Sec 80C - 80U to be allowed
- Set off losses allowed

- Remuneration to partner u/s 40b not allowed.
- Continuously opt for the scheme for the 5 years else this option is not available for next 5 years
- Lower profit can be declared - yes [Maintain Accounts & Do Audit].

## SEC 44AE PRESUMPTIVE INCOME FOR GTA

- Any assessee
- The number of vehicle
- Presumptive Income = Higher of declared income or Heavy Goods vehicle - 1000 x per ton x per month x per vehicle Other Than Heavy goods vehicle: 7500 per month per vehicle [Heavy goods vehicle; exceed 12 ton]
- Advance tax is applicable
- All deductions u/s 30-37(1)
- Sec 80C - 80U to be allowed
- Set off losses allowed
- Remuneration to partner u/s 40b not allowed.
- Lower profit can be declared - yes [Maintain Accounts & Do Audit].
- Assessee can declare presumptive income upto 75 Lakh in this sec where the amount or aggregate of the amount received during PY in cash does not exceed 5% of the total gross receipts. Further payment received through bearer cheque is also considered as cash.

## SEC 44ADA PRESUMPTIVE INCOME FOR PROFESSIONAL

- Assessee: Individual/ Firm (Not LLP) (Resident)
- Engaged in specified profession defined u/s 44AA(1)
- Gross receipt does not exceed 50 Lakhs
  - Cash receipt if does not exceed 5% of total receipt 75 Lakhs
- Presumptive Income:** 50% of gross receipt or profit declare whichever is higher can lower profit be shown; Yes
  - Maintain BOA u/s 44AA
  - Do tax audit u/s 44AB submit report at least 1 month prior to date of filing ROI
- Other point:**
  - Advance tax mandatory - 15th March - 100% if failed 234C interest
  - Deduction:**
    - > All deduction u/s deemed to be allowed
    - > Partners remuneration u/s 40B not allowed
    - > Chapter VI A deduction allowed Exempt Part C
  - Losses can be set off

## SEC 30 & SEC 31

Sec 30 Rent, rates and taxes of premises	Sec 31 Insurance, repairs of plant, machinery & furniture (PMF)
Rent of the premises paid to others/Firm is allowed as deduction	Rent of the PMF paid to others/Firm is allowed as deduction u/s 37
Insurance of premises is allowed as deduction	Insurance of PMF is allowed as deduction
Municipal tax, land revenue subject to sec 43B is allowed as deduction.	Current repairs is allowed as deduction. On capital repairs depreciation can be claimed.

## SEC 32 DEPRECIATION [MANDATORY]

- Assets must be used for the purpose of business & profession
- Assets should be owned by the Assessee
- Depreciation should be on block of assets @ prescribed
- Assets must be put to use
- No Dep on Godwill Even if Purchased/ otherwise.

## SEC 32(I)(IIA) ADDITIONAL DEPRECIATION

- Assessee engaged in
  - Manufacture or production
  - Power Generation, distribution or transmission
  - Printing & Publication
- Acquire New Plant & Machinery
- However new Plant & machinery does not include:
  - Second hand P&M (used within India or outside India)
  - P&M installed in Office or Guest House.
  - P&M being transport vehicle, ship or aircraft.
  - P&M whose whole cost is allowed as deduction
- Such P&M acquired after 31.03.2005

- Rate of Additional Depreciation**

  - If used for > 180 days - 20%
  - If used for < 180 days - 10% (Bal 10% shall be allowed in Subsequent Year).
- # The deduction of additional depreciation is not available is assessee opted alternative tax scheme**

**Proviso 3 to Sec 32:** Additional depreciation is allowed only if assessee follow WDV method. It is not allowed to power units if they follow SLM method.

## SEC 43(I) ACTUAL COST

Sl. No	Particulars	Actual Cost
	Purchase Price	100X

Expt 7A	Asset transferred by a demerged Co. to the resulting Indian Co.	Actual cost shall be the WDV in the hands of the demerged Co.
Expt 7B	Asset acquired out of borrowed funds	Interest on loan borrowed relating to the period after the asset is

# From an earlier AY of additional depreciation u/s 32(I)(IIA) which has not been given full effect to prior to A.Y. 2024-25 and which is not allowed to be set off in the A.Y. 2024-25.

## SEC 50 CAPITAL GAINS IN SALE OF DEPRECIABLE ASSETS

Depreciable Asset is not eligible for capital gains tax.



## SEC 43(1) ACTUAL COST

Sr. No	Particulars	Actual Cost
1	Purchased	Purchase Price (-) Other costs incurred on assets put to use (-) Sale value, Insurance, Subsidy Assets acqd in cash Exceeding ₹10,000
Expl 1	Acquired for scientific research subsequently brought into business use	Actual Cost (-) Deduction availed u/s 35 (It will be NIL)
Expl 1A	Stock in trade is converted into capital asset	Fair Market value on the date of transfer
Expl 2	Acquired by way of gift or inheritance	WDV in the hands of previous owner at the time of Transfer
Expl 3	Asset acquired at higher price from any other person using for asset for his business/profession with a view to claim depreciation on enhanced cost & reduce tax liability	Actual cost to be determined by AO with prior approval of Joint Commissioner.
Expl 4	Asset once belonged to the assessee which was used by him for business & transferred & reacquired by him	The WDV at the time of original transfer or the price paid for reacquiring the asset, whichever is less.
Expl 4A	Asset acquired by an assessee from another person who had claimed depreciation on such asset is leased back to such other person.	The WDV of the asset to the transferee at the time of transfer to the assessee.
Expl 5	Building used for private purpose subsequently brought into business use. Applicable only to building	The cost of purchase or construction of the building as reduced by the notional depre calculated up to the year of bringing the asset to business use at the depreciation rate applicable to that year.
Expl 6	Asset transferred by a holding Co. to its subsidiary	WDV to the transferee company will be adopted as the actual cost to the transferee company.
Expl 2	Co. or by a Subsidiary Co. to Sec. holding Co. If the following two conditions are satisfied: i) Shares of the subsidiary Co. should be wholly owned the holding Co. or its nominees. ii) The transferee Co. should be an Indian company. Note: If transferee company was not claiming depreciation since it was not used for its business, then the actual cost to the transferee company shall be the actual cost to the transferor company.	
Expl 7	Transfer of asset in a scheme of amalgamation by amalgamating company to amalgamated Indian company Note: If amalgamating Co was not claiming depreciation since it was not used for its business, then actual cost to the amalgamated company shall be the actual cost to amalgamating company	WDV to the amalgamating Co. will be adopted as the actual cost to the amalgamated company.

Expl 8	Asset transferred by a demerged Co. to the resulting Indian Co.	Actual cost shall be the WDV in the hands of the demerged Co.
Expl 9	Asset acquired out of borrowed funds	Interest on loan borrowed relating to the period after the asset is first put to use shall never form part of actual cost.
Expl 9	Asset acquired subject to levy of excise duty or customs duty in respect of which CENVAT credit is availed.	So much of the duty in respect of which a claim of credit has been made & allowed under Central Excise Rules, 1944 shall not form part of the actual cost.
Expl 10	A portion of the cost of an asset acquired is met directly or indirectly by Government or any statutory authority or any other person in the form of a Subsidy or grant or reimbursement.	So much of the cost as is attributable to such subsidy or grant or reimbursement shall not form part of the actual cost. If subsidy is not directly relatable to the asset acquired, but subsidy is with reference to the assets then the subsidy shall be proportionately reduced from the actual cost of the assets with reference to which subsidy has been granted.
Expl 11	Asset brought into India by NR foreign company for use in his business or profession.	Actual cost as reduced by depre calculated @ in force as if asset was used in India since date of acquisition.
Expl 12	Any capital asset acquired under scheme of corporatization of RSE in India, approved by SEBI	The amount which would have been regarded as actual cost, had been no such corporatization shall be deemed to be the actual cost.
Expl 13	Actual cost of capital asset has been allowed as deduction u/s 35AD & capital asset is transferred by way of transaction referred to in sec 47	The actual cost of such asset to the transferee shall be NIL

## SEC 32(2) SET OFF & CARRY FORWARD OF UNABSORBED DEPRECIATION

- Step 1:** Depreciation allowance of Current PY first deductible from PGBP.
- Step 2:** If depreciation allowance is not fully deductible under PGBP because of absence or inadequacy of profit it is deductible from income under other heads of income (except Salary) of current PY.
- Step 3:** If depreciation allowance still remains unabsorbed, it can be c/f to subsequent AYs by same assessee
- # The unabsorbed depreciation is not available if opted for alternative tax scheme
- # In a case where the assessee is paying tax u/s IISBAC(IA) & there is a depreciation allowance for block of asset.

- # From an earlier AY of additional depreciation u/s 32(1)(ia) which has not been given full effect to prior to A.Y. 2024-25 and which is not allowed to be set-off in the A.Y. 2024-25.
- # Corresponding adjustment shall be made to the WDV of such block of assets as on 1.4.2023 in the prescribed manner i.e., the WDV as on 1.4.2023 will be increased by the unabsorbed additional depreciation not allowed to be set-off
- PROVISO 6 TO SEC 32 - DEPRECIATION IN CASE OF BUSINESS RE-ORGANISATION**
- # In case of Business organization in the nature of:
- > Amalgamation, Demerger, Succession, Conversion of Proprietary or firm into company, Conversion of Unlisted Co. or private company into LLP etc.
  - > Depreciation shall be apportioned between the predecessor & the successor in the ratio of the number of days the assets were used by them.

- # How to Calculate Days:
- > Old Assets: From the first day of PY.
  - > New Assets acquired during PY of Reorganization: From the day Assets are put to use.

## RATE OF DEPRECIATION

Block	Nature of Assets	Rate
Building	Residential Building other than hotels & boarding [Employee Quarters]	5%
	Non-Residential building, God own, Office, Factory etc. including Hotels & Boarding	10%
	Temporary Construction	40%
Furniture	Any Furniture including electrical fittings	10%
	In general (If nothing is mentioned) Oil well & motor cars other than hire Business	15%
	Motor Car including lorries, Buses, used for hiring purposes A.C.	30%
P & M	Motor Cars other than issue hire business acq on or after 23rd Aug 19 but before 01st April 20 & put to use before 01st April 20	30%
	> Computer including computer software	40%
	> Books owned by professional (Whether annual publication or not)	40%
Intangible	> Energy Saving Device	40%
	> Annual Publication of Books	40%
	> Life saving equipment & pollution control equip	40%
Other	> Windmill [Before 01.04.2014-15%]	40%
	> Commercial Vehicles	40%
	Motor Car for hire business acq on or after 23rd Aug 19 but 1st April 20 & put to use before 1st April 20	45%
Ship/Vessel/Speed Boats	Acquired after 31.3.1998	25%
	Ship/Vessel/Speed Boats	20%
	Aeroplanes	40%
Other	Motor bus/Lorries on running them on hire	30%
	Renewable energy device installed after 31/03/2014	40%
	Renewable energy device installed before 31/03/2014	40%

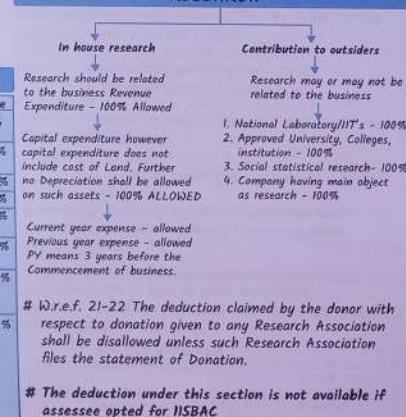
## SEC 50 CAPITAL GAINS IN SALE OF DEPRECIABLE ASSETS

Depreciable Asset is not eligible for indexation. Hence, the gain will always be STCG. If asset is stolen or damaged & no insurance compensation is received.

- There are other assets in block:** No separate tax treatment is required. Loss shall be contained in WDV & depre will be allowed over the number of period.
- No other assets in the block:** The block shall become NIL & Sec 50C shall not be attracted. Hence, it is a dead loss. Reduction of Goodwill from block of assets to be consider as transfer w.e.f 1/4/2021

**CIT v. Rajiv Shukla (Delhi):** The assessee can claim exemption u/s 54F, if the assets are held for more than 36m even though in case of depreciable asset the gain is Short term.

## SEC 35 EXPENDITURE ON SCIENTIFIC RESEARCH





## SALE OF SCIENTIFIC RESEARCH ASSETS

Sold without being used for other Purpose sec 4(3) Deemed P&B, Lower of:  
1. Net sale price of the asset or  
2. Deduction claimed u/s 35.

1. This shall apply even if business is not in existence in that PY

2. Artex Manufacturing Co [SC]: Capital Gain would arise only if sale price exceed the cost of acquisition of such assets

Notes:

- Unabsorbed capital expenditure on scientific research shall be treated same as unabsorbed depreciation.
- If deduction u/s 35 is claimed then depreciation u/s 32 is not allowed as deduction.

Sold after being used for other Business:  
1. Actual cost of such asset shall be included in block of asset. (i.e. NIL because deduction is already allowed u/s 35).  
2. If this asset is later on sold then provisions of sec 50 shall apply.

## SEC 35(2AA) DONATION TO NATIONAL LABORATORY / IIT

100% Deduction allowed for any sum paid to a National Laboratory, University or Indian Institute of Technology or a specified person with a specific direction that the said sum shall be used for scientific research approved in this behalf by the prescribed authority. Deduction shall not be withdrawn even after approval is withdrawn.

## SEC 35(2AB) ASSESSEE ENGAGED IN MANUFACTURING/BIO TECHNOLOGY

Assessee: Assessee engaged in manufacture or biotechnology

Condition: Incur inhouse expenditure

Deduction: 100% of Actual cost of new assets

# The deduction of this section is not available if assessee opted IISBAA/BAB.

## SEC 38 PERSONAL EXPENSES NOT ALLOWED

If expense is partly business or partly personal, then business expense will be allowed

## SEC 35DD AMALGAMATION AND DEMERGER EXPENSES

Assessee an Indian company can take the deduction on 15th basis over 5 years starting from year of expenses.

## SEC 35CCD

Any Assessee incur any expense on agriculture extension project as notified by board  
Deduction = 100%  
Exp on land or building are not allowed

## SEC 35CCD

Any company incur expense on skill development project notified by Board  
Deduction = 100%  
Of actual expenses on land or building are not allowed

## SEC 35D PRELIMINARY EXPENSES

Allowed: Only allowed to Resident



Amount of Deduction: 15%  
Indian Co.  
i) Actual Expenses  
ii) 5% of:  
a) Cost of project  
b) Capital Employed  
Whichever is higher  
(i) or (ii) w.e.f. is lower  
Other Assessee  
i) Actual Expenses  
ii) 5% of Cost of Project  
Whichever is lower

> Cost of project: Amount invested in the fixed Asset for new project.

> Capital Employed Shares + Debentures + long term borrowings for new project (Reserves & Surplus not included)

# The preliminary expenditure is not allowed if assessee opted alternative tax scheme

## SEC 35CCA EXPENSE FOR RURAL DEVELOPMENT PROGRAMMES

Assessee contribute for:

- National Fund for Rural Development;
- National Urban poverty Eradication Fund

The assessee shall be allowed a deduction of the amount of such expenditure incurred during the PY.

Deduction Allowed: 100%

## SEC 35DDA EXPENDITURE RELATED TO VRS

Any Assessee incurring the expenditure on VRS deduction on 15th basis over 5 years starting from year of expenses.

## SEC 32(1)(I) DEPRECIATION ON POWER GENERATING UNDERTAKINGS

1. An assessee engaged in the business of generation and distribution of power can claim depreciation at the prescribed rates on actual cost of each asset on straight line method of depreciation.

2. Assessee also has an option to claim depreciation on WDV of Block of assets. However such an option has to be exercised before the due date of furnishing ROI for the PY in which it begin to generate power. Such option once exercised shall be final, if option is not opted then Depreciation shall be allowed on SLM basis only.

Notes:

- > Where any asset is put to use for less than 180 days, the depreciation shall be restricted to 50% of the amount calculated at the prescribed percentage.
- > The depreciation shall not exceed the actual cost of the asset.

## SALE OF ASSETS BY POWER GENERATING UNIT

1. If Charged Depreciation on WDV basis:  
Treatment shall be as per Sec 50.

2. If Charged Depreciation on SLM Basis:

A) Where Loss arise (Terminal Depreciation):

Sale Value is Less than WDV	
OP WDV	XXXX
(-) Money Received Including Scrap Value	(XXXX)
Terminal Depreciation allowed as Deduction	XXXX

B) Where Profit arise:

Sale Value is Less than WDV	
OP WDV	XXXX
(-) Money Received Including Scrap Value	(XXXX)
> Amount upto Dep already claimed is taxable as Balancing charge [Sec 41(2)]	
> Balance surplus is Taxable as CG depends upon POHA [Sec 50A]	

## SEC 36 OTHER DEDUCTIONS

1) Insurance Premium:

Sec 36(1)(i): Premium for Insurance of stock in Trade  
Sec 36(1)(a): Premium paid by Federal Milk co-op society for insurance of cattle  
Sec 36(1)(b): Premium for Insurance of stock in Trade Employees

2) Employees Welfare Payment:

Sec 36(1)(ii): Bonus/ commission  
Sec 36(1)(iva): Pension Scheme NPS 80CCD  
Sec 36(1)(iv)(v): SPF/RPF/AGF  
Sec 36(1)(va): Employees contribution towards welfare

Sec 43B Applicable

3) Sec 36(1)(ii):

- > Bonus or commission paid to Employees is allowed
- > It should not be paid as profit or dividend
- > It can be more than prescribed under POBA, 1965

4) Sec 36(1)(iva):

Employer Contribution towards National Pension Scheme u/s 80CCD is allowed as deduction upto:  
i) Actual contribution  
ii) 14% [FA 2024] of salary (Basic + DA Terms) whichever is lower

5) Sec 36(1)(v)(v):

Deduction allowed for EMPLOYER'S Contribution in

- > Statutory Provident Fund (SPF)
- > Recognized Provident Fund (RPF)
- > Approved Gratuity Fund (AGF)
- > Any Provident Fund

Note: Deduction under any unrecognized or unapproved Fund not allowed

6) Sec 36(1)(va): Employees Contribution towards welfare Fund:

- > Any amount received by fund, superannuation fund etc is allowed only if paid to Govt. before due date.
- > If paid after due date of the respective act, it will not be allowed as deduction & will be included in Income.

Eg: The due date of PF Act is 15th of Next month of the month in which PF is received Employees PF contri. for the month of July should be paid by the Employer to the govt/ govt A/c till 15th August.

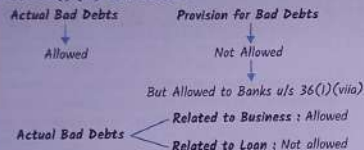
Note: If deposit before 15th August - Allowed  
If not deposited before 15th August - Added to Income.

7) Sec 36(1)(vi):

- > Animals Used in Business other than Stock in Trade
- > Deduction allowed in the year in which animals become permanently useless or die.
- > Amount of Deduction Cost of Animal Sale value



## 8) Sec 36(1)(vi) Bad Debts :



Except : In Lending Business, Bad Debt Related to loan is allowed

**Notes :**  
 > Bad Debts must be written off in BOA in the year in which it is decided. There is no need to prove it.  
 > Provision for Bad Debts is only allowed to Banks u/s 36(1)(viii).

## 9) Sec 36(1)(viii) Provision for Bad Debts :

- > Deduction is allowed for provision for Bad Debts.
- > No Deduction is allowed for actual Bad Debts u/s 36(1)(viii) for this provision amount, as it is debited in Provision Account

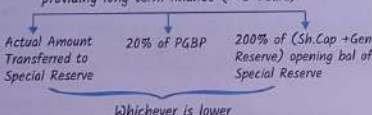
**Actual Bad Debts : Provision for Bad Debts**  
**Actual Bad Debts : Provision = Difference**

Will be allowed as deduction u/s 36(1)(viii)

> Only one account will be made in provision for Bad Debts of Rural & Non-Rural Branches.

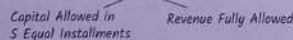
## 10) Sec 36(1)(viii) Transfer to Special Reserve :

Allowed to financial corporation engaged in providing long term finance (> 5 Years)

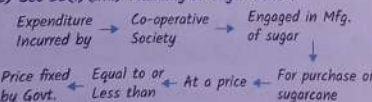


## 11) Sec 36(1)(ix) Expenses on promotion of family planning :

Allowed to only companies : Amount of Deduction



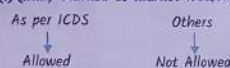
## 12) Sec 36(1)(xvii) Planning of Sugar Cane :



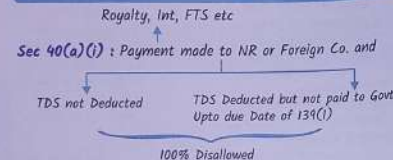
13) Sec 36(1)(xv) = STT  
 Sec 36(1)(xvi) = CTT

Allowed as deduction if assessee has held shares, Securities & Commodities as Stock in Trade

14) Sec 36(1)(xviii) Marked to market loss/Expected loss:

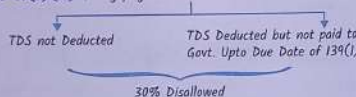


## SEC 40 AMOUNTS SPECIFICALLY NOT DEDUCTIBLE



**Note :** Such amount should be taxable in the hands of NR or Foreign co. under the act.

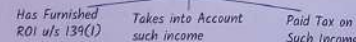
**Sec 40(a)(ia) : Any payment made to Resident**



**Note :** For 40(a)(ia) & 40(a)(ia) :

Allowed to financial corporation engaged in providing long term finance (> 5 Years)

**Sec 201(I) : If any amount paid to Resident/NR without deduction of TDS & such Payee (R/NR) :**



And the payer furnishes a certificate in this regard from a CA to the AO that tax has been paid on such Income.

**Sec 40(a)(ii) :**

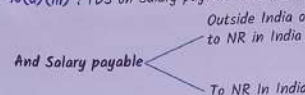
Any tax paid outside India → Which is eligible for Relief under DTAA

Is not allowed as deduction under PGBP

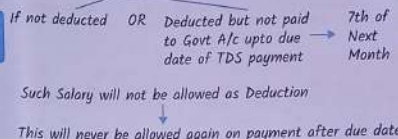
**Note :** Tax always includes Tax, Cess & Surcharge

**Sec 40(a)(ib) :** Same as 40(a)(i), but refers to Equalization Levy, which is discussed in that chapter.

## Sec 40(a)(iii) : TDS on Salary payable outside India,



**TDS Must be deducted**

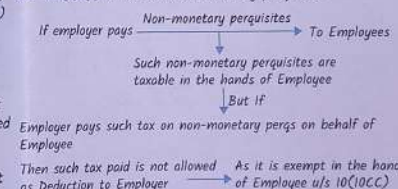


**Sec 40(a)(iv) :** Any contribution to Provident Fund or any other fund made for employees.

If any payment is made from the fund to employees which is taxable under the head salaries in hands of employees

If assessee does not deducts tax, the amount paid will be disallowed

**Sec 40(a)(v) : Tax on Non-Monetary perquisite**



## SEC 40A(2) UNREASONABLE PAYMENT TO RELATIVE/SUBSTANTIAL INTEREST

Unreasonable payment to relative as determined by AO not allowed as deduction. Market Price determined as per Arm length Price.

## SEC 40A(3) CASH EXPENDITURE

Applicability	Non Applicability - Rule 6DD
Expenses in cash exceeding 10,000 in a single day to same person shall not be allowed as deduction	1. Payment made when bank is closed 2. Payment to Banks, FI, Govt, Co-op bank. 3. Payment to farmer for its produce 4. Payment made at a place not served by Bank 5. Payment is made by Dr./cr. card, NEFT, Net banking, IMPS, BHIM.
<b>Note :</b> For GTA take 35,000	

## RULE 6ABBA OTHER ELECTRONIC MODE

- Credit card, Debit card
- Net Banking, RTGS, NEFT, IMPS
- UPI (Unified Payment Interface)
- BHIM(Bharat Interface for Money) aadhar pay.

## RULE 6DD EXCEPTION TO SEC 40A(3) & (3A)

No disallowance u/s 40A(3)/ 40A(3A) shall be made in following cases :

1. Where the payment is made to :

- RBI or any Banking Company
- SBI or any subsidiary bank
- Any co operative Bank or Land Mortgage Bank
- Any Primary agriculture credit society or any primary credit society
- LIC

2. Where the payment is made to the Government. (Taxes Etc)

3. Where the payment is made by :

- Any letter of credit.
- A book adjustment from any account in a bank to any other account in that or any other bank;
- A bill of exchange made payable only to a bank;
- Where the payment is made by way of adjustment against the amount of any liability incurred by the payee for any goods supplied/services rendered by the assessee to such payee;

5. Where the payment is made for the purchase of :

- Agricultural or forest produce; or
- The produce of animal husbandry (including livestock, meat, hides and skins) or dairy or poultry farming; or
- Fish or fish products; or
- The products of horticulture or agriculture, to the cultivator, grower or producer of such articles, produce or products;

6. Payment for purchase of goods manufactured without the aid of power.

7. Where the payment is made in any place not served by any bank.

8. Where any payment to employee of retirement benefit upto ₹50,000.

9. Where the payment is made to employee after deducting TDS and when such employee :

- Is temporarily posted for a continuous period of 15 days or more in a place other than his normal place of duty or on a ship; &
- Does not maintain any account in any bank at such place or ship.

10. Where the payment is made to his agent who is required to make payment in cash for goods.

11. Where the payment is made by money changer for purchase of foreign currency in the normal course of his business.



## SEC 40A(4) PAYMENT BY PRESCRIBED MODE IN VIOLATION OF CONTRACT

Notwithstanding anything contained in any other law or in any contract, if payment is made as per prescribe mode u/s 40A(3) no person shall be allowed to raise, any suit or a plea on the grounds that the payment was not made in cash or other manner.

## SEC 40A(7)

No deduction for any gratuity or its provision except approved gratuity.

## SEC 40A(9)

No deduction for any PF or its provision except SPF, RPF, PPF.

## SEC 40(A)(IB) EQUALIZATION LEVY

Not deducted then 100% disallowance will be attracted

## SEC 40(A)(IIB) FEE/CHARGE PAID BY STATE GOVT UNDERTAKING

Any amount :

- Paid by way of royalty, licence fee, service fee, privilege fee, service charge/any other fee/charge, by whatever name called, which is levied exclusively on; or
- Which is appropriated, directly or indirectly, from a State Government undertaking by the State Government

## SEC 44AA MAINTENANCE OF BOOKS

Income from Business/Profession exceeds 2,50,000 or total sales/ gross receipts exceeds 25,00,000 in any 3 preceding PY or likely to exceed in case of individual & HUF other than individual & HUF 1.2 Lakhs & 10 Lakhs

- Books are maintained for 6 years from end of relevant AY
- Penalty for Non compliance = 25,000 [Sec 271A]

## SEC 43B DEDUCTION ALLOWED ON ACTUAL PAYMENT BASIS

Following Expenses are allowed as Deduction only if they are paid before the due date of filing ROI u/s 139(1) (except Clause 9) otherwise it will be allowed in the year of payment :

- Any tax, duty, cess/fee, by whatever name called, under any law; or
- Employers contribution to any fund for the welfare of employees, or
- Any sum payable to employee as Bonus or Commission.
- Interest on any loan or borrowing, or
- Interest on loan payable to such class of NBFC, or
- Interest payable on any loan or advances, or
- Any sum payable by employer for any leave credit of employee, or
- Any sum payable to the Indian Railways for the use of railway assets
- Any sum payable to a MSME within the time limit specified in sec 15 of MSME Act

### # Time Limit as per sec 15 of MSME Act :

- > There is an Agreement : Payment must be made as per the date mentioned in agreement but in no case it must exceed 45 days.
- > There is no Agreement : Within 15 days of acceptance of goods/Services

### # Meaning of MSME :

Particulars	Micro Ent.	Small Ent.
If Investment in P&M or equipment	Upto 1 cr	Upto 10 cr
Turnover	Upto 5 cr	Upto 50 cr

## SEC 44AB AUDIT OF ACCOUNTS

Business	Profession	Other
Tax audit is required if turnover of business in PY exceed 1cr	If his gross receipts in profession exceed ₹50,00,000 in PY	1. Assessee covered u/s 44AE/44BB/44B & has claimed his income to be lower than deemed PGDP in any PY 2. Assessee covered in sec 44AD/44ADA & he has declared lower Income as against required to be shown in sec 44AD/44ADA & his income exceeds basic exemption limit in PY 3. If Person fail to declare Income for continuous 5 years as per sec 44AD(4) & income exceed basic exemption limit 4. No Tax Audit in case of sec 44AD if the Turnover does not exceed 2 crore and declaring the Income as per sec 44AD.

No Tax audit upto Turnover of 10 crore if below conditions are satisfied :

- If cash received does not exceed 5% of total receipt &
- Cash Payment does not exceed 5% of total payment.

IMP HO!



Notes :

- Audit shall be conducted by Chartered Accountant & furnish Tax Audit report atleast 1 month prior to the date of filing ROI u/s 139(1) in the prescribed form. [3CA-3CB/3CB]

### 2. Penalty for non furnishing of Tax Audit report :

Lower of :

- 150000;
- 0.5% of Turnover or gross receipt.

- This sec shall not apply to a person who declares PGDP as per sec 44AD(1) or 44ADA(1)

**Requirement of Tax Audit :** It is obligatory for the persons mentioned in column (2) of the table below, carrying on business or profession, to get his accounts audited before the "Specified date" by a Chartered Accountant, if the conditions mentioned in the corresponding row of column(3) are satisfied

## SEC 35AD DEDUCTION OF CERTAIN SPECIFIED BUSINESS

Specified Business	Commence	Deduction
Laying and operating a cross-country natural gas/ Crude/Petroleum pipeline	1.4.2009	100%
Setting up and operating a cold chain facility	1.4.2009	100%
Setting up & operating a warehousing facility for storage of agriculture produce	1.4.2009	100%
The business of building and operating a new hotel of 2 star or above category anywhere in India.	1.4.2010	100%
The business of building & operating of a new hospital anywhere in India with at least 100 beds for patients.	1.4.2010	100%
A housing project under a scheme for slum redevelopment or rehabilitation	1.4.2011	100%
Developing and building a housing project under a scheme for affordable housing	1.4.2011	100%
Capital expense for a new plant or newly installed capacity in any existing plant for production of fertilizers	1.4.2012	100%
Setting up & operating an Inland Container depot or container freight Station notified or approved under Custom Act	1.4.2012	100%
Bee-keeping & production-Honey & Beewax	1.4.2012	100%
Setting up & operating warehouse facility for Storage of Sugar	1.4.2012	100%
Laying & operating a slurry pipeline for the transportation of iron ore	1.4.2014	100%
Setting up & operating Semi-conductor wafer fabrication manufacturing unit notified by CDDT	1.4.2014	100%
Developing or maintaining & operating/developing, maintaining & operating new infrastructure facility	1.4.2017	100%

Deduction if section is opted :

- > 100% deduction of capital expenditure incurred during the PY
- > 100% of capital expenditure incurred prior to commencement
- > Capital expense not include land, goodwill & financial instrument.

Conditions :

- > Business should be new business i.e. should not be formed by splitting/ reconstruction of old business.
- > Business should not be set up by transfer of old plant and machinery Old plant & machinery should not be more than 20% of total plant and machinery used for the business
- > Deduction under Chapter VI-A shall not be allowed in respect of such business for any assessment year
- > Actual cost of the asset for which deduction has been allowed u/s 35AD shall be taken as NIL
- > Further, receipts on account of sale of those assets be taxable under head PGDP only, whatever the amount may be.

Note : In case of an individual/HUF/BOI carrying on specified business, deduction u/s 35AD would be available only if they exercise the option of shifting out of the default tax regime provided u/s 115BAC(A). If such assessee is paying concessional rates of tax under the default tax regime u/s 115BAC, deduction u/s 35AD would not be available. A company would not be eligible for deduction u/s 35AD, if it opts for the special provisions of sec 113BAA/115BAB

## SEC 43CA SPECIAL PROVISION FOR FULL VALUE OF CONSIDERATION FOR TRANSFER OF ASSETS OTHER THAN CAPITAL ASSETS IN CERTAIN CASES

# If SDV exceed 110% of consideration SDV=FVOC

# All other provisions of sec 50C applies

# Sec applies when Land & Building held as SIT.

## SEC 37 GENERAL DEDUCTIONS

- > CSR exp. not allowed
- > Contribution to Political party / Electoral Trust

1. Any expenditure is allowed as deduction = 100%, if fulfills following conditions :

- Expenditure is not covered u/s 30 to 36.
- Expenditure is incurred wholly & exclusively for the purpose of business.
- Expenditure is not of capital in nature.
- Expenditure is not personal nature
- Expenditure should not be in nature of offence or prohibited by Law.

2. Sec 37(2B) Following Expenses are not allowed as Deduction :

- Donation/advertisement in any souvenir, brochure, tract, pamphlet published by a political party. However deduction shall be allowed u/s 80GGB/80GGC.
  - Expenses related to CSR referred u/s 135 of the companies Act, 2013 shall not be allowed. But deduction shall be allowed in 80G.
3. Following Expenses are not allowed Deduction :
- Expenditure which is an offence or which is prohibited by law in India or Outside India.
  - Expenditure for Compounding an offence under any law in India or outside India.
  - To provide any benefit or perquisite, (in cash/Kind), to a person, & acceptance of such benefit by such person is in violation of any law or rule or regulation or guideline, governing the conduct of such person.

- Settlement of proceedings initiated in relation to contravention under any law as may be notified by the CG. [FA 2024]



# **SEC 40(B) : MAXIMUM LIMIT ON INTEREST/ REMUNERATION**

Interest & Remuneration paid by the firm/LLP is allowed as deduction subject to the limit of sec 40b.

**Explanation 1 :** Where Individual is a partner in a firm on Individual capacity and receive Interest in Representative capacity then limit of sec 40b is not applicable to such interest.

**Explanation 2 :** Where Individual is a partner in a firm on representative capacity and receive Interest in Individual capacity then limit of sec 40b is not applicable to such interest.

## **1. Remuneration :**

### **a) Condition for remuneration :**

- > Remuneration should be paid only to a working partner
- > Remuneration must be authorized by the partnership deed
- > Remuneration should not pertain to period prior to partnership deed
- > Remuneration should not exceed the permissible limit

**b) Maximum Permissible Remuneration = Lower of Actual Remuneration & Maximum Limit (Based on Book Profit)**

Book Profit	Limit
On the First ₹ 6,00,000	₹3,00,000 (FA 2024) or at the rate of 90 % of Book Profits, whichever is higher.
On the balance of book profits	At the rate of 60 % of book profits.

**Note :** While making adjustments in Step 2 above, following are to be noted

### **Explanation : Book profit =**

Income from PGBP as per Normal Provision after making all adjustments u/s 28-44 (-) Current year (+) B/F depreciation	xxx
Add : Interest/Remuneration paid or payable to partners (if debited)	xxx
Less : Interest allowable u/s 40(b)	(xxx)
<b>Book profit</b>	<b>XXX</b>

- > Income chargeable under HP, CG & IFOS will not form part of 'Book Profits'.
- > Remuneration include commission for the purpose of Sec 40(b)
- > B/F business loss will not be deducted from profits.
- > Permissible deductions from gross total income shall be ignored
- > As per ACIT vs Great city manufacturing co it was held that under sec 40(b) is allied sec 40(A)(2) cannot be applied.
- > Any payment made beyond limit be disallowed while computing PGBP of firm

## **2. Interest :**

### **Conditions for claiming the Interest :**

- a) Payment of Interest should be authorised by Partnership Deed.
- b) Payment of Interest should pertain to the period after the Partnership Deed.

- c) Rate of interest should not exceed 12% p.a. simple interest.
  - > Interest paid to working as well sleeping both are allowed as deduction.
  - > Act does not make difference between capital/loan. Interest on both is @ 12%. Capital covers both capital fixed as well as circulating.
  - > If Firm pays int to partner & partner pays int to firm on drawing, it shall not be net off.
- Deduction is lower of :**
- A) 12% of capital
  - B) Actual Interest
  - C) Amount given in deed

## **SEC 234G FEES FOR DEFAULT IN FILING STATEMENT**

- 1. Where the Association, university, college or other Institution notified u/s 35 fails to deliver or cause to deliver a statement or furnish a certificate in prescribed form or manner; or
- 2. It shall be Liable to pay a fees Rs.200 for every day during which failure continues. The amount of fees referred above shall not exceed the amount of which failure has occurred.

## **SEC 43AA FOREIGN EXCHANGE FLUCTUATION**

**SEC 43AA(1) :** Subject to the provisions of sec 43A, any gain or loss arising on account of any change in foreign exchange rates shall be treated as income or loss, as the case may be, and such gain or loss shall be computed in accordance with the income computation and disclosure standards notified u/s 145(2).

**Sec 43AA(2) :** For the purposes of sub-sec (1), gain or loss arising on account of the effects of change in foreign exchange rates shall be in respect of all foreign currency transactions, including those relating to :

- > Monetary items and non-monetary items;
- > Translation of financial statements of foreign operations;
- > Forward exchange contracts;
- > Foreign currency translation reserves.

## **SEC 269ST MODE OF UNDERTAKING TRANSACTIONS**

**No person shall receive an amount of ₹2,00,000 or more :**

- a) In aggregate from a person in a day; or
- b) In respect of a single transaction; or
- c) In respect of transactions relating to one event/occasion from a person, otherwise than by an account payee cheque or an account payee bank draft or use of electronic clearing system through a bank account or through such other electronic mode as may be prescribed.

**The provisions of this section shall not apply to :**

- Any receipt by :**
  - a) Government
  - b) Any banking company, post office savings bank or co-operative bank;
- ii) Transactions of the nature referred to in sec 269SS.

# **9. CLUBBING OF INCOME**

## **BASICS OF CLUBBING**

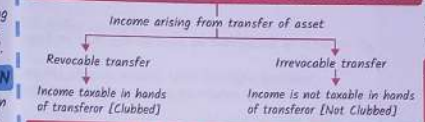
**The income, shall be first computed in the hands of recipient and all expenditure related to such income shall be allowed as provisions of the Act and thereafter the net income shall be clubbed :**

- > Negative Income is also Clubbed.
- > Clubbing Provisions are mandatory.

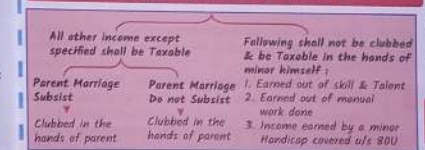
## **SEC 60 TRANSFER OF INCOME WHERE THERE IS NO TRANSFER OF ASSETS**

If any person transfer any Income without transfer of Assets then such income is taxable in the hands of transferor.

## **SEC 61 REVOCABLE TRANSFER OF ASSETS**

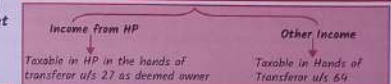


## **SEC 64(A) MINOR'S INCOME**



- Notes :**
- Once Income of minor is clubbed then exemption of ₹1500 per child shall be available (irrespective of no. of child) sec 10(32).
  - If the asset transferred to minor child (not being minor married daughter) without consideration or inadequate consideration is house property, then, u/s 27(C), the transferor parent will be deemed owner and amount will be taxable to him.
  - Clubbing provisions u/s 64(A) would not be attracted on such income, then benefit of exemption u/s 10(32) (discussed above) cannot be availed against such income.
  - If the house property is transferred by parent to his/her minor married daughter, without consideration/inadequate consideration, then sec 27(C) is not attracted.
  - In such a case the income from house property will be included u/s 64(A) in hands of that parent, whose total income before including minor child's income is higher and benefit of exemption u/s 10(32) can be availed by that parent in respect of income so included if he/she exercises normal tax regime.

## **SEC 64(I)(IV) TRANSFER TO SPOUSE FOR INADEQUATE/ WITHOUT CONSIDERATION**



**Note :** Where the assets transferred has changed its shape and identification then, income from such changed assets is to be clubbed.

## **SEC 64(I)(VI) TRANSFER TO SON'S WIFE**

If Assets are transferred to son's wife for inadequate or without consideration & income is earned then such income is clubbed in the hands of transferor [Father in Law]

## **SEC 64(I)(VII),(VIII) ASSETS TRANSFERRED TO 3RD PERSON FOR BENEFIT OF WIFE / SONS WIFE**

If the Assets is transferred for the benefit of wife/son's wife then income from such property shall be clubbed in hands of transferor

**Exception :** The asset is transferred otherwise than for adequate Consideration

## **SEC 64(I)(II) SALARY, COMMISSION EARNED BY SPOUSE**

If the spouse has earned remuneration from a concern where Individual has substantial interest & spouse does not possess any professional & technical Qualification then such remuneration shall be clubbed in hands of transferor.

**Meaning of substantial interest :**

- i) For a company : 20% of Voting Right.
- ii) In any other case : 20% of Profit

### **Notes :**

- Whether both husband & wife has substantial interest the income shall be clubbed in the hands of person having greater income before this clubbing.
- Holding of relative shall also be counted while considering the substantial Interest.
- 'Relative' in relation to individual means the husband, wife, brother or sister or any lineal ascendant or descendant.



The profit earned in the business shall be clubbed in the following manner:

$$\text{Profit} \times \frac{\text{Gifted Amount}}{\text{Total Capital Employed}}$$

### SEC 64(2) TRANSFER OF ASSET TO HUF

If any individual transfers any asset to his HUF without/for inadequate consideration then income from such asset is received by HUF but taxable in the hands of the Transferor (Member). After Partition of HUF, income from such asset received, by spouse shall be clubbed in hands of Transferor.

### CROSS TRANSFERS

Two transactions are inter-connected and are parts of the same transaction in a way that it can be said that the circuitous method was adopted as a device to evade tax, the implication of clubbing provisions would be attracted.

## 10. SET OFF AND CARRY FORWARD

### SEC 70 INTRA HEAD ADJUSTMENT

Particulars	Provisions						
<b>Salary</b>	There cannot be any loss in the Head Salary						
<b>House Property</b>	Loss from House property can be set-off against income from house property (Unabsorbed within the Same head)						
<b>PGBP</b>	<table> <tr> <td><b>Normal Business</b></td><td>Normal Business loss can be set-off against any Business Income</td></tr> <tr> <td><b>Speculative Business</b></td><td>Speculative loss can be set-off only against Speculative Income</td></tr> <tr> <td><b>Specified Business</b></td><td>Specified Business loss can be set-off only against specified business income</td></tr> </table>	<b>Normal Business</b>	Normal Business loss can be set-off against any Business Income	<b>Speculative Business</b>	Speculative loss can be set-off only against Speculative Income	<b>Specified Business</b>	Specified Business loss can be set-off only against specified business income
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<b>Capital Gains</b>	<table> <tr> <td><b>LTCL</b></td><td>LTCL can be set-off only against LTCG</td></tr> <tr> <td><b>STCL</b></td><td>STCL can be set-off against any capital gains</td></tr> </table>	<b>LTCL</b>	LTCL can be set-off only against LTCG	<b>STCL</b>	STCL can be set-off against any capital gains		
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<b>Loss from an Exempt Source</b>	Loss from an exempt source can't be set-off CIT Vs Tyngrajan						

### SEC 71 INTER HEAD ADJUSTMENT

Particulars	Provisions						
<b>Salary</b>	Loss from any head can be set-off against salary except PGBP						
<b>House Property</b>	The loss under this head would not be allowable to be set-off against income under the other head if the assessee pays tax u/s HSBACGA. However, if the assessee shifts out of Sec HSBAC(A) and there is a loss of House Property & the assessee has income under any other head of income, the maximum loss from house property that can be set-off against income from any other head is ₹ 2 lakhs. In other words, in such case, the amount of such loss exceeding ₹ 2 lakhs would not be allowable to be set-off against income under the other head.						
<b>PGBP</b>	<table> <tr> <td><b>Normal Business</b></td><td>Normal Business loss can be set-off against any income except salary</td></tr> <tr> <td><b>Speculative Business</b></td><td>Speculative loss can be set-off only against Speculative Income</td></tr> <tr> <td><b>Specified Business</b></td><td>Specified Business loss can be S/O only against specified business income sec 35AD</td></tr> </table>	<b>Normal Business</b>	Normal Business loss can be set-off against any income except salary	<b>Speculative Business</b>	Speculative loss can be set-off only against Speculative Income	<b>Specified Business</b>	Specified Business loss can be S/O only against specified business income sec 35AD
<b>Normal Business</b>	Normal Business loss can be set-off against any income except salary						
<b>Speculative Business</b>	Speculative loss can be set-off only against Speculative Income						
<b>Specified Business</b>	Specified Business loss can be S/O only against specified business income sec 35AD						
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<b>Loss from O &amp; M Horse race</b>	Horse race loss can be set-off only against Horse Race Income						
<b>Loss from an Exempt Source</b>	Loss from an exempt source can't be set-off CIT Vs Tyngrajan						

**Losses from Specified business u/s 35AD:** In case of an assessee shifts out of sec HSBAC(A), loss from specified business u/s 35AD can be set off only against income from any other specified business. Such loss cannot be set off against income under any other head.

**Note:** Following brought forward losses/depreciation is not allowed to be set off while computing total income under default tax regime u/s HSBAC:

1. Brought forward loss from self-occupied house property
2. Brought forward business loss of specified business u/s 35AD
3. Brought forward business loss on account of deduction u/s 35(1)(i)/(ii)/(iii) or u/s 35(2AA)
4. Unabsorbed depreciation attributable to additional depreciation u/s 32(1)(ia).

**Order of Setoff from PGBP Income:**

- A) Current year depreciation [Sec 32(1)];
- B) Current year capital expenditure on scientific research & family planning to the extent allowed;
- C) Brought forward business or profession losses [Sec 72(1)];
- D) Unabsorbed depreciation [Sec 32(2)];
- E) Unabsorbed capital expenditure on scientific research [Sec 35(4)] & family planning [Sec 36(1)(x)].

### SEC 73A CARRY FORWARD & SET OFF OF LOSSES BY SPECIFIED BUSINESSES

1. An assessee opted out of default tax regime can claim deduction u/s 35AD in respect of capital expenditure (Other than land, goodwill and financial instruments).
2. Any loss of specified business u/s 35AD can only be set-off against profits of any other specified business.
3. The unabsorbed loss, will be off for set off against profits of any specified business in the following AY and so on.
4. The unabsorbed loss can be carried forward indefinitely for set-off against income from specified business.
5. Filing of Loss Return shall be mandatory in order to off the loss.

### SEC 74 LOSSES UNDER THE HEAD "CAPITAL HEAD"

1. Loss from 'Capital gains' STCL or LTCL shall be carried forward for 8 AY
2. Filing of Loss Return shall be mandatory in order to off the loss.
3. In case of LTCG u/s 112A, Loss exceeding ₹1,00,000 can, therefore, be set-off and carried forward for set-off against LTCG by virtue of sec 70(3) & 74.

### SEC 74A(3) LOSSES FROM THE ACTIVITY OF OWNING & MAINTAINING RACE HORSES

1. Losses incurred by an assessee from the activity of owning & maintaining race horses can be set-off only against the income from activity of owning and maintaining race horses.
2. Filing of Loss Return shall be mandatory in order to off the loss.
3. Loss can be C/f max upto 4 AY

### SEC 94(8) BONUS STRIPPING TRANSACTIONS

If any person buys or acquires any units (not security) at any time within period of 3 months prior to record date & he is being allotted bonus unit & Sell or transfer all original units within a period of 9 months of record date while continue to own bonus shares then Loss arising from transfer of such units shall be ignored. Loss so ignored shall deemed to be cost of acq of those bonus units.

### SELF NOTES



Investment	See 1.1 to 1.4 Rules to carry forward & set off post year losses
House property loss	Section 70B Under Old Scheme : This residential loss from HP which can be set off against any other head is ₹2 lakhs. (Balance loss can be off, if any) Under Default Scheme : Loss from HP would not be allowed to be set off against other head if the assessee pays for its HSRAC (Balance loss can be off, if any) → It can be carried forward for 8 Yrs. → If return of loss is not filed as filed late loss can be carried forward & set off
Business loss	Section 72 → Set off with both business income & speculation income → Carry forward for 8 Yrs. → Sec 70 applicable: If profits if return of loss is not filed or filed late business loss cannot be carried forward → Assessee who has incurred the loss can only set off that loss (in exception) → Even if business is discontinued & loss can be set off
Speculation loss	Section 73 → Post year speculation loss can be set off only with speculation income → Carry forward for 8 Yrs. → If return of loss is not filed or filed late speculation loss cannot be carried forward → Assessee who has incurred the loss can only set off that loss (exception not applicable) → Even if business is discontinued & loss can be set off
Loss under capital gain	Section 74 → I & II can be set off only with I & II can be set off only with I & II → Carry forward for 8 Yrs. → Sec 70 applicable: If profits if return of loss is not filed or filed late capital gain (loss) cannot be carried forward
Loss from activity of mining & manufacturing	Section 70A → Post year mining loss can be set off only with mining income → Carry forward for 8 Yrs. → Sec 70 applicable: If profits if return of loss is not filed or filed late business loss cannot be carried forward → Assessee who has incurred the loss can only set off that loss (exception not applicable) → Even if business is discontinued & loss can be set off

CONCEPT

- Is applicable to all assesses except company.

2. HMT is not payable by : Individual/HUF/AOP/BOI/AJP  
If Adjusted Total Income of such person does not exceed  
₹20 Lakhs.

1. If 18.5% of ATI exceeds income tax payable then such ATI shall be deemed to be total income. If not, payable

- > In case unit is in IFSC 9%.
  - > In case of Co-operation society, 15%.
2. **AMT not applicable, where:**
- 1) Such person has exercised the option HSBAC, HSBAD or HSBAAE.
  - 2) Not applicable to Specified Fund (s 10(4b)).

3. Sec. 1153C(2) : Adjusted total income shall be :	
Particulars	₹
Totable income of the taxpayer	100
add : Deduction u/s 116 (Part 1) - (801A to 80BEB)	100
add : Deduction u/s 35AB	100
add : Deduction u/s 11BA (SET)	100
Less : Depreciation u/s 32 assuming that de'd u/s 35AB (for Cap Exp) is not allowed	(100)
Adjusted total income	100

4. Every person who Pays EMI shall obtain a report from CH certifying that the adjusted total income atleast in prior to the date of filing ITR.

*All other provisions of this Act (For Eg Income Tax, Interest, Penalty, etc) shall apply.*

- SEC 1157D TAX CREDIT FOR AMT

1. HSA credit first when HSA payments Exceed Tax payments  
of that year & shall be utilized when it possible occurs

1. *Any sum payable to or for the benefit of a person shall be payable to or for the benefit of the person to whom it is payable.*
2. *His interest shall be payable on HAT Credit (HSB)(3).*
3. *HAT Credit shall be off & set off upto 15th AY.*
4. *If the amount of regular income tax or the HAT is reduced or increased as a result of any order passed under this Act, the amount of tax HAT credit shall also be adjusted.*
5. *HAT credit not available if a person has exercised the option HSBAT, HSBAT or HSBAT.*
6. *HAT credit will be reduced by : Foreign tax credit allowed against HAT - FTE allowed against Foreign tax*

## SEC 30A/30AC GENERAL RULES OF

**Sec 80B(5)** : Gross total income means total income computed in accordance with the provisions of act.

- without deduction of VLA which implies that deduction under respective chapter has been taken. Clubbing provisions is effected setoff has been made. Unabsorbed losses & depreciation has been effected.

- Sec 80A(2) : Aggregate of deductions shall not, in any case, exceed GTI of the assessee, i.e. an assessee cannot have a loss after taking the deduction.

No Deduction is available if income (GTI) only contains :

- LTCG : u/s 112
- Specified Business Income : u/s 35AD
- STCG : u/s 111A
- Casual Income
- IR Presumptive Income u/s 115A to 115AD
- Income of IR under chapter 21A

- See 80A(3) : If deduction is allowed to AGP/BDI then deduction for same payment/income shall not be allowed to executor of AGP/BDI.

- See 2001-14, where deduction in respect of certain incomes (pts 801A to 2001E), where, in case of an assessee any amount of profits & gains of an undertaking or unit or enterprise/eligible business is claimed and allowed as deduction under any of these provisions for any AY, deduction in respect of, & to the extent of, such profits and gains shall not be allowed under any other provisions of this Act for such AY & shall in no case exceed the profits & gains of such undertaking or unit or enterprise or eligible business, as the case may be.

- Sec. 206C:** No deduction would be allowed w/ 2016 to 2019 to a taxpayer if ITR is not filed on or before the due date w/ 139(1).

*Johnson* (interviewed by JHR [Other than under citation])(P/HR)

Banking income	Interest on savings account (not time deposits) earned on savings account with: a) Banking company b) Co-operative society doing banking business c) Post office
Principal of transaction	Withdrawal of the following: a) Interest on time deposits in saving account b) Dividend

Sec 80TTA(2) : Where income referred to in this section is derived

from any deposit in a savings account held by or on behalf of a firm; an ADPs or a BOIs, no deduction shall be allowed under this section in respect of such income in computing the total income of any partner of the firm or any member of the association or any individual of the body.

Assessor: Individual being Resident (Being Guest/Carer)

Computing Interest on deposit earned from:	
Income	a) Banking company b) Co-operative society doing banking business c) Post office
Deduction	Minimum of the following: a) Interest on deposits b) ₹50,000
Other Condition	a) Corresponding amendment has been proposed in Sec 194b to provide that TDS is required from payment of interest to senior citizens upto ₹50,000 b) Where the income referred to in sub-sec(1) is derived from any deposit held up to the limit of ₹ 100,000 in a firm, an HUF, BOI or deduction shall be allowed under this sec in respect of such income in computing the total income of any partner of the firm or any member of the association or any individual of the body [Sec 2077B(2)]

<p><i>Recesses</i></p> <ol style="list-style-type: none"> <li>1. See 89648 - <i>Indian Company</i></li> <li>2. See 89646 - <i>Bank Accounts, Interest, and Dividends</i></li> </ol>	
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Contribution to	Political Party or Election Trust (within the meaning of sec 182 of the Companies Act, 2013)
Amount of Contribution	Any Amount [100%]
Restriction	Amount should not be paid in Cash

Personnel	Individual being Resident
Condition	

Confirmation	For assessment, at any time during the PY, is certified by the medical authority to be a person with disability	
Amount of deduction	Disability of the assessee	Amount of deduction
	Other than severe disability	₹15,000
	Severe disability (80%)	₹1,25,000
Deduction is allowed irrespective of expense incurred by the assessee.		
Meaning of Various terms	<p>'Disability' is defined in sec 2(i) of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995 &amp; includes "Autism", "Cerebral palsy" &amp; "Multiple disabilities" referred to in sec 2(a), 2(28)(h) of the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999</p>	



## SEC 80D MAINTENANCE/MEDICAL TREATMENT OF DISABLED DEPENDANT

Assessee Condition	Individual/HUF being Resident
1) Medical treatment (incl nursing), training & rehabilitation of a dependant, being a person with disability	
2) Deposited any amount under scheme (framed by LIC/any other approved insurer), which would provide for payment of annuity/lump sum amount for benefit of such dependant, in the event of the death of the assessee	
3) The deduction shall be allowed in (2) only if the following conditions are satisfied:	
a) The scheme provided for annuity or lumpsum payment:	
i) In the event of the death of the individual or the member of HUF in whose name subscription to the scheme has been made; or	
ii) On attaining 60 year or more by such individual or the member of HUF and the payment or deposit to such scheme has been discontinued	
b) The assessee nominates either the dependant, being a person with disability, or any other person or a trust to receive the payment on his behalf, for the benefit of the dependant, being a person with disability.	
Amount of Deduction	Disability of the assessee Other than severe disability Severe disability(80%)
	Amount of deduction ₹75,000 ₹1,25,000

**"Dependent" means :** In the case of an individual, the spouse, children, parents, brothers and sisters of the individual or any of them in the case of a HUF, a member of the HUF dependant wholly or mainly on such individual or Hindu undivided family for his support and maintenance, and who has not claimed any deduction u/s 80U in computing his total income for the AY relating to the PY.

## SEC 80D MEDICAL INSURANCE

Assessee Condition	Individual/HUF (R/NR)
Payment should be in any mode other than cash however payment shall be made by any mode including cash in respect of any sum paid on account of preventive health check-up	

**The Insurance/Contribution/Checkup can be :**

Individual In name of Individual/Spouse/Parents & dependent Children  
HUF In the Name of any member

### Conditions for claiming deduction :

Description	Medical ins. i.e. insurance on the health	Health Scheme Contribution i.e. to CG Health scheme	Expense on preventive health checkup	Medical Expense senior citizen
		1) CG Health scheme 2) Other scheme notified by CG		
Applicable for	Individual/HUF whether resident/non-resident/NR	Individual whether resident/non-resident/NR	Individual whether resident/NR	Individual/HUF whether R/NR
Payment mode	Any mode other than cash	Any mode other than cash	Any mode including cash	Any mode other than cash

### Amount of Deduction :

Assessee	Deduction = least of
Individual : Aggregate of (a)/(b)/(c) of point 1	Aggregate of amount, or ₹25000
> Individual/his family (Spouse, dependent Child) Parents (dependent or not)	
> HUF : Policy in the name of any member	

Note :

- Where premium is paid for senior citizen, then deduction is aggregate premium paid or ₹50000 whichever is lower. Here, Senior Citizen means an individual resident in India, who is of the age of 60 years or more at. Any time during the Relevant PY, and very senior citizen is 80 years. In nutshell, an individual taxpayer can claim deduction of up to ₹1 lakh u/s 80D if he/his family members & his parents are 60 yrs or above. In case of single premium health insurance policies which covers more than 1 year, deduction shall be allowed on proportionate basis for all those yrs for which cover is provided, subject to specified monetary limit.
- Expense for preventive health checkup of assessee/his family is included in the total deduction, subject to a max of ₹5000
- Payment shall be made out of income chargeable to tax.
- Medical Exp of very senior citizen is restricted to ₹50,000.
- Not 9/2018 :** Contribution in Health Scheme of Department of Atomic Energy would qualify for deduction u/s 80D.
- Provided that the amount referred to is paid in respect of a senior citizen & no amount has been paid to effect or to keep in force an insurance on the health of such person.

## SEC 80CCH CONTRIBUTION TO AGNIPATH SCHEME

**Sec 80CCH(1)**  
Own Contribution to Agnipath Corpus Fund Deduction = 100% of his contribution. (Allowed if not opted for IISBAC)

**Sec 80CCH(2)**  
CG Contribution to Agnipath Corpus Fund Deduction = 100% of his contribution. (Allowed in IISBAC or Old scheme) (First Add in salary then take Deduction)

**Sec 10(12C) :** Any Amount received by Assessee or his nominee from Agnipath Fund is exempt from tax.

## SEC 80E INTEREST ON EDUCATION LOAN

Assessee Condition	Individual (R/NR)
Payment for	Paid Interest on education loan (out of income chargeable to Tax) taken for Own/Relative's Education
Amount of Deduction	Any Amount of interest paid [100%] any interest is allowed & not the principal amount. Deduction is available from the year from which assessee start paying interest & 7 immediately succeeding A.Y. (or until above interest is paid in full, whichever earlier)
Meaning & Condition	> Relative, Spouse, Children for whom assessee is guardian > Loan should be taken from any financial institution/approved financial institute > The loan is taken for graduate & post graduate studies > Actual amount of interest paid is available > Higher education "means any course of study pursued after passing the Senior Secondary Examination or its equivalent from any school, board or university recognized by CG or SG or local authority or by any other authority authorized by the above to do so

## SEC 80EEA DEDUCTION IN RESPECT OF INTEREST ON LOAN TAKEN FOR CERTAIN HOUSE PROPERTY

Assessee Condition	Individual (R/NR) not eligible for deduction u/s 80EE
Deduction for	Interest payable on loan taken for Residential house property
Deduction Condition	Actual Interest paid or Rs.150000
	The deduction shall be subject to the following conditions, namely : 1. The loan has been sanctioned by the financial institution between 1st April, 2019 & ending on the 31st day of Mar 2022 2. The stamp duty value of residential house property does not exceed ₹45 lakhs the assessee does not own any residential house property on the date of sanction of loan

## SEC 80EEB TAX INCENTIVE FOR ELECTRIC VEHICLES

Assessee Condition	Individual
Deduction	1) Interest on Loan taken for Purchase of Electric Vehicle from any Financial Institution/NBFC 2) Loan must be taken between April 19 to March 23 3) Assessee does not own any other Electric Vehicle on the date of sanction Interest Paid or 150,000 whichever is lower

"Electric Vehicle" means a vehicle which is powered exclusively by an electric motor whose traction energy is supplied exclusively by traction battery installed in the vehicle & has such electric regenerative braking system, which during braking provides for the conversion of vehicle kinetic energy into electrical energy.

## SEC 80EE INTEREST ON HOUSING LOAN

Assessee Condition	Individual (R/NR)
Payment for	Paid Interest on housing loan
Amount of Deduction	Amount of Interest Paid or 50,000 whichever is lower only interest is allowed and not principal amount first deduction is to be claimed u/s 26(C) of House Property (upto 2L) & remaining interest deduction u/s 80EE
Condition	> Loan should be taken from bank or financial institute for acquisition of Residential property > Purchase Price of House upto 50 lakhs > Loan should be sanctioned between 01.04.16 to 31.03.17 > Loan amount upto 50 Lakhs > Assessee does not own any Residential house on the date of sanction of loan

## SEC 80C DEDUCTION W.R.T VARIOUS INVESTMENTS

Assessee Condition	Individual/HUF irrespective of Residential Status
Investment	See list below
Maximum Deduction	Maximum deduction along with sec 80CCC and 80CCD or independently u/s 80C is restricted to Rs.150000 [80CCE]
Condition	> Investment is made in approved scheme > Payment need not necessarily made out of income chargeable to tax > Deduction shall be made only on payment basis not on accrual basis

## # Qualifying savings/investments :

Any sums paid or deposited in PY by assessee to effect or to keep in force a Life Insurance on life of following persons :	Individual	HUF
1. The children may male/female, married/unmarried, dependent/ independent.	Self/ Spouse/ Child	Any Member
2. The premium exceeding 10% of sum assured is not eligible for deduction [if policy is issued before 31.03.12 then it shall be 20%]		
3. 15% of SA for person covered u/s 80U/80DD/B		
To effect or to keep in force a non-commutable deferred annuity other than annuity plan of LIC or other insurer on the life of the individual the wife or husband & any child of such individual.	Self/ Spouse/ Child	NA
By way of deduction from the salary of Govt. EE being a sum deducted, for the purpose of securing to him a deferred annuity/making provision for his spouse or children, max upto 1/5th of the salary.	Self	NA
As a contribution by an individual to any statutory PF or RPF.	Self	NA
As a contribution by an employee to an approved superannuation fund.	Self	NA
As a contribution by an individual/HUF to any PPF, Min-500 Max-150000	Self/ Spouse/ Child	Any Member
As subscription to NIS-1992.	Self	NA
As subscription to NIS-VIII issue. Note 1 Int accrued on these certificates which is deemed to be reinvested also qualifies for deduction.	Self	NA
As subscription to any units of any Mutual Fund referred to in sec 10(23D), under any notified plan.	Self	NA
As a contribution by an individual to Retirement Benefit Pension Fund of UTI	Self	NA
As subscription to the Home Loan A/c Scheme of National Housing Bank	Self	NA
As subscription to notified deposit scheme	Self	NA
As tuition fees paid by individual, whether at the time of admission or thereafter, including Stamp duty and registration fees.	Maximum 2 children	NA
> To any university, college, school/other educational institution situated in India; > For the purpose of full-time education of any two children of such individual		
Re-Payment of Housing Loans : Except interest on borrowed capital provided house is taken for residential purpose & assessee should not transfer the house property for 5 years. including Stamp Duty.	Self	NA
As subscription to equity shares/debentures forming part of any eligible issue of capital approved by the Board of a public co engaged in infrastructure including power sector or public financial institution	Self	NA
As term deposit :		
a) For a fixed period of not less than 5 years with a scheduled bank;	Self	NA
b) Which is in accordance with a scheme framed & notified, by CG		
As subscription to bonds of NABARD	Self	NA



In an account under the senior Citizen Saving Scheme Rules, 2004.	Self	NA
As 5 year time deposit in an a/c under the Post Office Time Deposit Rules, 1981.	Self	NA
Sukanya Samridhi Account [Noti S/2015]	Self/Spouse/child	Any Member
Deposit by CG Employee as a contribution to his Tier-II A/c of Pension Scheme	Self	NA

### SEC 80CCC CONTRIBUTION TO CERTAIN FUNDS

Condition 1	The assessee is an individual (irrespective of status)
Condition 2	The assessee has paid or deposited any amount for any annuity plan of LIC of India (or any other insurer) for receiving pension from fund referred to in sec 10(23AAB)
Condition 3	The amount is paid out of his income chargeable to tax. Any amount withdrawn or pension received from the plan is taxable in the hands of the assessee or nominee in the year of receipt.
Deduction	Independently : ₹150000 Overall : ₹150000 or actual, whichever is lower

### SEC 80DDB DEDUCTION W.R.T MEDICAL TREATMENT

Assessee	Individual/HUF Being Resident								
Condition	Expenditure incurred on the medical treatment of relative (Specified Diseases in Rule 11D Neurological disease, Cancer, Chronic Renal Failure, Thalassemia)								
Amount of Deduction	<table border="1"> <thead> <tr> <th>Dependent</th><th>Amount of deduction</th></tr> </thead> <tbody> <tr> <td>1. Other than senior citizen</td><td>Actual or ₹40,000, whichever is less</td></tr> <tr> <td>2. Senior citizen</td><td>Actual or ₹100,000, whichever is less</td></tr> <tr> <td>3. Very senior citizen</td><td></td></tr> </tbody> </table>	Dependent	Amount of deduction	1. Other than senior citizen	Actual or ₹40,000, whichever is less	2. Senior citizen	Actual or ₹100,000, whichever is less	3. Very senior citizen	
Dependent	Amount of deduction								
1. Other than senior citizen	Actual or ₹40,000, whichever is less								
2. Senior citizen	Actual or ₹100,000, whichever is less								
3. Very senior citizen									
Meaning of Various Terms	<table border="1"> <thead> <tr> <th>Dependent</th><th>Person Covered</th></tr> </thead> <tbody> <tr> <td>Individual</td><td>Individual, Spouse, children, parents, brothers &amp; sisters of the individual.</td></tr> <tr> <td>HUF</td><td>Any Member</td></tr> </tbody> </table>	Dependent	Person Covered	Individual	Individual, Spouse, children, parents, brothers & sisters of the individual.	HUF	Any Member		
Dependent	Person Covered								
Individual	Individual, Spouse, children, parents, brothers & sisters of the individual.								
HUF	Any Member								

### SEC 80CCD CONTRIBUTION TO PENSION SCHEME OF CG OR OTHER EMPLOYER

Condition 1	The assessee is an individual, who is : <b>IMP Hall!</b> a) Employed by CG or any other employer, or b) Any self employed person.
Condition 2	The assessee has during the previous year paid or deposited any amount in his account under a pension scheme notified: > Central Government or State Govt/Employer/Assessee > Atal Pension Yojna is also Eligible.
Deduction	CG/Employer/Employees - 10% of salary any Other individual - 20% of Gross Total Income (Basic+DA(R))
80CCD(1B) Own Contribution	Additional deduction upto ₹50000 shall be allowed other than contribution covered u/s 80CCD(1) <b>Example :</b> Assessee contribution Rs140000 towards NPS & GTI is ₹560000 in this case deduction shall be 30% of GTI = ₹120000 u/s 80CCD(1) Balance contribution = ₹280000 u/s 80CCD(1B)
80CCD(2) Own Contribution	Employer contribution is First taxable under the head salary & then he (employee) gets deduction u/s 80CCD(2) lower of : a) Employers contribution b) 10% (Central Govt) or 14% (FA 2024) 10% of salary (Others)

#### Other notes :

- As per 10(12A) Closer of NPS account 60% exempt (40% taxable)
- As per 10(12B) partial withdrawal from NPS Account 25% exempt (75% taxable)

### SEC 80M DEDUCTION IN RESPECT OF CERTAIN INTER-CORPORATE DIVIDENDS

Sec 80M(1) : Where a domestic company in any PY receives dividends from :

- Any other domestic company; or
- Foreign company; or
- Business trust, shall be allowed a deduction of :  
a) Amount of Dividend received  
b) Amount of Dividend Paid on or before the due date.

### SEC 80G DONATIONS

Assessee	All Assessee being 1/HUF/AOP (except co-op society)/BOI/AOP																
Expense on	Any donation in form of sum of money. Donation in kind is not qualified for deduction. (Romo Vera 187 ITR 308) The donation be made only to specified funds/institutions (List).																
Payment Mode	If the Donation Exceed ₹2000 then only through Cheque																
Deduction	As Specified in the List Some items : With Qualifying Limit [10% of Adjusted Total Income] Rest : Without Qualifying Limit																
Calculation of Qualifying Limit	<table border="1"> <thead> <tr> <th>Particulars</th><th>₹</th></tr> </thead> <tbody> <tr> <td>Gross Total Income</td><td>xxx</td></tr> <tr> <td>Less : LTCG</td><td>(xxx)</td></tr> <tr> <td>STCG u/s 111A(Only)</td><td>(xxx)</td></tr> <tr> <td>Deduction u/s 80C to 80U Except 80G</td><td>(xxx)</td></tr> <tr> <td>Adjusted Gross Total Income</td><td>xxx</td></tr> <tr> <td>10% of ATI</td><td>xxx</td></tr> <tr> <td>Deduction = 50% or 100% of (10% of ATI)</td><td>xxx</td></tr> </tbody> </table>	Particulars	₹	Gross Total Income	xxx	Less : LTCG	(xxx)	STCG u/s 111A(Only)	(xxx)	Deduction u/s 80C to 80U Except 80G	(xxx)	Adjusted Gross Total Income	xxx	10% of ATI	xxx	Deduction = 50% or 100% of (10% of ATI)	xxx
Particulars	₹																
Gross Total Income	xxx																
Less : LTCG	(xxx)																
STCG u/s 111A(Only)	(xxx)																
Deduction u/s 80C to 80U Except 80G	(xxx)																
Adjusted Gross Total Income	xxx																
10% of ATI	xxx																
Deduction = 50% or 100% of (10% of ATI)	xxx																
	While calculating Adjusted GTI, casual income like winning from lotteries etc. shall be included.																

#### The amount of deduction in respect of various kinds of donations is :

- Donation qualifying for 100% deduction, without any qualifying limit
- The National Defence Fund set up by the Central Government
- Prime Minister's National Relief Fund. **IMP Hall!**
- Prime Minister's Armenia Earthquake Relief Fund
- The Africa (Public Contributions-India) Fund
- The National Children's Fund
- The National Foundation for Communal Harmony
- Approved University or educational institution of national eminence
- Chief Minister's Earthquake Relief Fund, Maharashtra
- Any fund set up by the State Government of Gujarat exclusively for providing relief to the victims of the Gujarat earthquake
- Any Zila Saksharta Samiti for primary education in villages and towns and for literacy and post-literacy activities
- National Blood Transfusion Council or any State Blood Transfusion Council whose sole objective is the control, supervision, regulation or encouragement of operation and requirements of blood banks

- Any State Government Fund set up to provide medical relief to the poor
- The Army Central Welfare Fund or Indian Naval Benevolent Fund or Air Force Central Welfare Fund established by the armed forces of the Union for the welfare of past and present members of such forces or their dependants.
- The Andhra Pradesh Chief Minister's Cyclone Relief Fund, 1996
- The National Illness Assistance Fund
- The Chief Minister's Relief Fund or Lieutenant Governor's Relief Fund in respect of any State or Union Territory
- The National Sports Development (FA 2024) Fund set up by CG.
- The National Cultural Fund set up by the Central Government
- The Fund for Technology Development and Application set up by the Central Government
- National Trust for welfare of persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities
- The Swachh Bharat Kosh, set up by the Central Government, other than sum spent by the assessee in pursuance of CSR u/s 135(5) of the Companies Act, 2013
- The Clean Ganga Fund, set up by the Central Government, where such assessee is a resident, other than the sum spent in pursuance of CSR u/s 135(5) of the Companies Act, 2013
- The National Fund for Control of Drug Abuse constituted u/s 7A of the Narcotic Drugs and Psychotropic Substances Act, 1985
- Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM Cares Fund)
- Donation qualifying for 50% deduction, without any qualifying limit
- Prime Minister's Drought Relief Fund
- Donation qualifying for 100% deduction, subject to qualifying limit
- The Government or to any approved local authority, institution or association as may be approved for promotion of family planning
- Sum paid by a company as donation to the Indian Olympic association or any other association/institution established in India, as may be notified by the Government established :  
> For the development of infrastructure for sports or games, or  
> The sponsorship of sports and games in India
- Donation qualifying for 50% deduction subject to qualifying limit
- Any institution or Fund established in India for charitable purposes fulfilling prescribed conditions u/s 80G(5).
- The Government or any local authority for utilisation for any charitable purpose other than purpose of promoting family planning.
- An authority constituted in India by or under any other law enacted either for the purpose :  
> Of dealing with and satisfying the need for housing accommodation; or  
> Of planning, development or improvement of cities, towns and villages, or both.
- Any corporation established by the Central Government or any state Government for promoting the interests of the members of a minority community as referred in sec 10(26BB).
- For renovation or repair of any such temple, mosque, gurdwara, church or other place as notified by the Central Government to be of historic, archaeological or artistic importance or to be a place of public worship of renown throughout any State or States.

The institution or fund furnishes to the donor, a certificate specifying the amount of donation in such manner, containing such particulars and within such time from the date of receipt of donation, as may be prescribed.

#### # W.e.f 1/10/2024

### Fund/Institution can file application for Grant of approval :

Where the activities of the Institution/Fund have not commenced	Approval application should be filed at least 1 month prior to the commencement of the PY relevant to the AY for which approval is sought.
Where the activities of the Institution/Fund have commenced	At any time, after the commencement of activities.

# If the Fund/Institution is not satisfied can pass on order in writing, rejecting application for approval or canceling approval, after affording reasonable OOBH. [FA 2024]

### CIT v. Shree Govindbhai Jethalal Nathavani Charitable Trust (2015) (Ay.) :

Can Commissioner reject an application for grant of approval u/s 80G(S) on the ground that the trust has failed to apply 85% of its income for charitable purposes? At time of granting approval of exemption u/s 80G, only object of trust is required to be examined & therefore, assessee's application seeking approval u/s 80G(S) could not be rejected on ground that it failed to incur expense to extent of 85% of its income during relevant year. High Court observed that, while considering application for the purpose of sec 80G, authority cannot act as an assessing authority & enquiry should be confined to finding out if institution satisfies the prescribed conditions.

### SEC 803JA BIO-DEGRADABLE WASTE

Assessee	Any Assessee
Eligible Business	Profits & gains from business of collecting & processing or treating of bio-degradable waste. > Generating power; or > Producing bio-fertilizers, bio-pesticides or other biological agents; or > Producing bio-gas or making pellets or briquettes for fuel or organic manure, he is entitled to a deduction in computing total income.
Deduction	Int 5 years = 100% of the profit

### SEC 80QQB ROYALTY INCOME OF AUTHORS

Assessee	Individual Being : > Resident > An Author (Including Joint Author of Book) being a work of literary, artistic or scientific nature
Deduction	Lumpsum Royalty : Actual or ₹3L, whichever is lower Other than above : Upto 15% of value of book sold
Condition	1) The assessee must furnish a certificate in prescribed form (Form No. 10CCD), duly verified by the person responsible for making such payment to the assessee 2) If the income is earned outside India, the assessee must furnish a certificate, in the prescribed form (Form No. 10H) from the prescribed authority (i.e. RBI, see rule 24A) 3) If royalty is earned outside India the deduction is allowed only if such royalty is brought to India in convertible Foreign within 6m from the end of PY or time allowed by RBI



## EXEMPTION

10(12)	Remuneration received from Foreign Govt (ER) during stay in India for specified training	EE	Remuneration received in connection with their training in any establishment or office or in any undertaking owned by : a) Govt b) Co wholly owned by CG & SG or jointly by CG & 1/more SG c) Any co which is subsidiary of a co not above d) Any stat. corp e) Any society registered which is wholly owned by CG & SG or jointly by CG & 1/more SG
10(6D)	Royalty income or fees for technical services received from National Technical Research Org. (NTRD)	Non-Corporate NR & Foreign Co	Service can be rendered in or outside India
10(10BC)	Compensation received on account of disaster	Individual / legal heir	Received/receivable from CG/SG/local authority on account of any disaster. No exemption if already allowed as deduction under this Act
10(11A)	Any contribution in Sukanya Samridhi Account, Rules	Any Assessee	
10(16)	Educational scholarship	Individual	Granted to meet cost of education
10(17)	Payments to MPs & MLAs > Daily allowance > Constituency Allowance of MPs > Constituency allowance of MLAs	MP / MLA	Reason of membership of Parliament or state legislature under any Act or rules
10(17A)	Awards for literary, scientific & artistic works & other awards by Govt	Any Person	Approved by CG in public interest
10(18)	Pension received by recipient of gallantry awards	Individual who is an employee of CG/SG/family Member	Awarded "Param Vir Chakra" or "Maha Vir Chakra" or Vir Chakra or such other gallantry award notified by the CG in this behalf
10(26A AA)	Specified income of a Sikkimese individual. Exemption will not be available to a Sikkimese woman who, on or after 1st April, 2008, marries non-Sikkimese individual.	Sikkimese individual	Following income will be exempt : a) Income from any source in State of Sikkim; b) Income by way of dividend/interest on securities

10(6) (ii)	The remuneration received.	Official of : a) Embassy b) High comm. c) Legation d) Commission e) Consulate f) Trade rep. of Foreign st. g) Member of staff of above	1. Rem. by our official should be exempt. 2. Such officers not be engaged in any other biz/prof in India
10(6) (vi)	Remuneration received for services rendered in India to foreign enterprise	Employee of a foreign enterprise	1. Foreign Ent. not engaged in any biz/ trade 2. EE stay in Ind doesn't exceed 40 days in PY 3. Rem. not liable to be deducted from the ers income chargeable to tax under the Act
10(6) (viii)	Salary received for services rendered on foreign ship	Non Citizen NR employee	Total stay in India does not exceed 90 days during the PY



100(1) The Board's authority	Any assesse engaged in business of growing & manufacturing Tea	Subsidies should have been received under any scheme for replantation/replacement of the bushes for replantation or consolidation of areas used for cultivation of tea, as notified by C.A.
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100(2) Other subsidies	Any assesse engaged in business of growing & manufacturing rubber, coffee, cardamom or specified commodity	Subsidies should have been received from or through Rubber, Coffee, Spices or other Board in respect of any other commodity under any scheme for replantation or replacement of rubber, coffee, cardamom or other plants for replantation or consolidation of areas used for cultivation of all such commodities. Assesse should furnish a certificate from the Board as to the subsidy received by him during FY, to the AO along with his return of relevant A.Y. within the time extended by AO for this purpose.
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100(3) Income from units from the Administration of specified undertaking/ specified company/ Mutual Fund	Any assesse	Any income except income from transfer of such units
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### SEC 10AA TAX HOLIDAY FOR UNITS ESTABLISHED IN SEZ

A deduction of profits & gains which are derived by an assessee being an entrepreneur from the export of articles things or providing any service, shall be allowed from the total income of the assessee.

Assessee who are eligible for exemption : Exemption is available to all categories of assessee who has unit in SEZ.

**Essential conditions to claim exemption : The exemption shall apply to an undertaking which fulfills the following conditions :**

- > It has begun or begins to manufacture between A.Y. 2005-07 to A.Y. 2020-21.
- > It should not be formed by splitting up or reconstruction of except given in section 33B.
- > It should not be formed by transfer of machinery or plant previously used for any purpose to new biz.

However, deduction u/s 10AA will be available if total value of machinery or plant transferred does not exceed 20% of the total value of machinery or plant used in business.

Period for which deduction is available ;

- > For First 5 years : 100% of compute profit
- > For Next 5 years : 50% of compute profit
- > For Next 5 years : 50% of compute profit provided

a) It made Deposit in Reinvestment Allowance reserve  
b) Amount Dr to P&L & credited to SEZ

Note : No such deduction shall be allowed to assessee who does not furnish a ROI on or before the due date u/s 139(1).

**Computation of profit & gains from exports of such undertakings :** The profits derived from export of articles/things/services (including computer software) shall be the amount which bears to the profits of the business of the undertaking, being the unit, the same proportion as the export turnover in respect of such articles or things or computer software bears to the total turnover of the business carried on by the undertaking i.e.

$$\text{Profits of Unit in SEZ} \times \frac{\text{Export turnover of Unit SEZ}}{\text{Total turnover of Unit SEZ}}$$

**Meaning of Export turnover :** It means the consideration received in India or brought into India by the assessee in respect of export by the undertaking being the unit of articles or things or services.

**However, It does not include :**

- > Freight
- > Telecommunication charges.
- > Insurance

Attributable to the delivery of the articles or things outside India or expenses incurred in foreign exchange in rendering of services (Incl. computer software) outside India.

(4A) This sec applies to a Unit, if the proceeds from sale of goods or provision of services is received in, or brought into, India by the assessee in convertible foreign exchange, within a period of six months from the end of the previous year or, within such further period as the competent authority may allow in this behalf.

**Explanation 1 :** "Competent authority" means the RBI or the authority authorised under any law for time being in force.

**Explanation 2 :** The sale of goods or provision of services shall be deemed to have been received in India where such export turnover is credited to a separate account maintained for that purpose by the assessee with any bank outside India with the approval of the Reserve Bank of India.

Sec 10AA also provides for a deduction in respect of units established in SEZ from the total income of the assessee. It is available only if assessee shifts out of sec 115BAC(IA). This deduction is not available if the assessee pays tax u/s 115BAC(IA).

# 14. TAX DEDUCTED & COLLECTED AT SOURCE

## SUMMARY CHART FOR TDS

Relevant Section	Particulars	Limit	TDS rate
Sec 194B	Monies from lottery	10,000	30%
Sec 194BB	Monies from horse races	10,000	30%
Sec 194C	Insurance Commission	15,000 p.a.	5%
Sec 194G	Lottery selling Commission	15,000 p.a.	5% (Before 10/12/25) 2% (w.e.f. 10/12/25)
Sec 194	Professional services deemed to be provided u/s 22(2) (e.g. IT u/s 200(2)(25))	3,000 p.a.	10%
Sec 194C	Dividend by mutual funds	5,000 p.a.	10%
Sec 194LA	Compulsory Land Acquisition	2,50,000 p.a.	10%
Sec 194IC	Registered Redevelopment Agreement	Any amount	10%
Sec 194IB	Rent (Personal) not covered u/s 194B	50,000 p.a. or part thereof	5% (Before 10/12/25) 2% (w.e.f. 10/12/25)
Sec 194P	Senior Citizen naming pension & int.		TDS @ Specified rate
Sec 194DA	Maturity of LPF	1,00,000	5% (Till 31/12/23) 2% (w.e.f. 10/12/23)
Sec 193	Interest received on securities	EQ > 5,000 LA > 10,000	10%
Sec 194J	TDS on rent	2,50,000 p.a.	2% or 10%
Sec 194H	Commission/ Brokerage	15,000	5% (Till 30/09/23) 2% (w.e.f. 10/12/23)
Sec 194C	Payment of Professional Fees etc.	30,000	10% / 2%
Sec 194C	Payment to contractor	30,000/50,000	1% / 2%
Sec 194A	Interest on other than securities	5000/50,000	10%
Sec 194B	Benefit & Perquisite in Business	20,000 p.a.	10%
Sec 194M	Personal Payment	50,00,000	2% (Till 30/09/23) 2% (w.e.f. 10/12/23)
Sec 195T	Communication to partner	20,000 p.a.	10%
Sec 194B	Purchase of goods	3%	0%
Sec 194IA	Purchase of imm. Property	5% & 1% (w.e.f. 10/12/23) Increase 5%	TDS @ 10% of 5% or consideration whichever is higher
Sec 194N	Cash withdrawal	Exceeds Rs. 25,000	2%
Sec 192A	EPF withdrawal	50,000	2%
Sec 192	TDS on Salary	Salary > 8.33 L	Any rate of Tax
Sec 194RA	TDS on winning in Online Games	Any amount	30%

## SUMMARY CHART FOR TCS

Relevant Sec	Particulars	TCS rate
Sec 206C(1)	Alcoholic liquor for human Consumption	1%
Sec 206C(1)	Tendu leaves	5%
Sec 206C(1)	Timber obtained under forest lease	2.5%
Sec 206C(1)	Timber obtained by any mode other than a forest lease	2.5%
Sec 206C(1)	Any other forest produce not being timber or tendu leaves	2.5%
Sec 206C(1)	Scrap	1%
Sec 206C(1)	Minerals, being coal or lignite or iron ore	1%
Sec 206C(1C)	TCS on parking/rolling rights	2%
Sec 206C(1F)	TCS on Motor Car	1%
Sec 206C(1A)	Foreign remittance	Refer further
Sec 206C(1A)	Overseas tour Program	3%
Sec 206C(1H)	Sale of any other goods	0.1%

## IMPORTANT FORMS & DATES

Due Date for payment of TDS (Sec-200)	For March Between April & Feb	30th April 7th of the month succeeding the month in which tax is deducted or tax is due u/s 192(1A)
TDS Return Sec-200(3)	Quarter Ending	Due date
	30th June	31th July
	30th September	31th October
	30th December	31th January
	31st March	31th May
Forms of TDS to be submitted by Deductor	The below given form shall be accompanied by form 27A	
For Salary u/s 192	200	
Other than Salary	200	
NR	27	
For resident Transferor (Land)	26QB furnish within 7 days of deduction	
TDS certificate to be issued to deductee sec 203	TDS deducted Form no u/s 192	Periodicity Due date
	16	Annual 31st May of Following year
Any Sec	16A	Quarterly Within 15 days of due date of filing TDS return
Except 192	16B	Within 7 days of deduction
	Quarter Ending	Due date
	30th June	15 days from the date of Return
	30th Sep	
	30th December	
	31st March	



# FAILURE TO DEDUCT TDS OR FURNISH RETURN ON TIME

**1. Interest :**

Condition	Rate	Period of Interest	Interest payable on
Tax is not deducted by any other person (except assessee in default)	1% pm	From date on which such tax had to be deducted to the date of actual deduction	Amount of such tax not deducted
Tax deducted but not paid	1.5% pm	From the date of deduction of such tax to the actual date of payment of such tax	Amount of such tax not paid

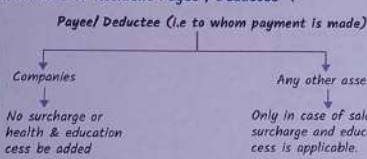
Sec	Nature of default	Penalty	Levy by
271C	Failure to deduct TDS	Sum equal to the amount of TDS	JGIT
271H	Failure to file Return of TDS	Rs.10000 to Rs.100000	AO
272A	Failure to issue TDS certificate	Rs.100 for every day of default max default = tax deductible	JGIT

# BASICS

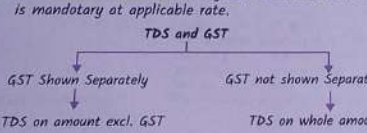
Who Shall deduct	Payer
On what & when	On Specified payments at the time of payment or Credit
Benefit to Assessee	If Tax is deducted at the time of payment or credit it will be allowed as deduction otherwise it will be disallowed u/s 40(c) and be treated as Income of Assessee u/s 118.

# SURCHARGE & CESS ON RATES OF TDS

## 1. In Case of Resident Payee / Deductee :



## 2. In Case of Non-Resident Payee / Deductee : Surcharge is mandatory at default rate.



# GST for this purpose shall include CGST,SGST,IGST & UTGST

# SEC 203A TAX DEDUCTION & COLLECTION A/C NO

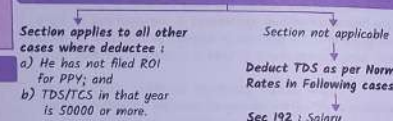
- Every person, deducting tax/collecting tax must have TAN number
- Quote TAN No :**
  - > In all challans, in all certificates furnished, in all periodic statements, in all returns
- TDS can be deducted in following section even if there is no TAN :**
  - a) 194C b) 194B c) 194Q d) 194M e) 194S

# SEC 206AA FURNISH OF PAN

**Sec 206AA(i) :** If PAN not provided TDS at higher rate of :  
 i) At the rate specified in Act; or  
 ii) At the rate or rates in force; or  
 iii) At the rate of 20%  
 # For sec 194Q/194Q TDS shall be 5%.

**Sec 206AA(6) :** Where the PAN provided to the deductor is invalid or does not belong to the deductee, it shall be deemed that the deductee has not furnished.

# SEC 206AB TDS AT HIGHER RATE FOR NON FILLER OF ITR



**The TDS Deducted shall be higher of :**  
 i) At twice the rate in Act; or  
 ii) At twice the rate in force; or  
 iii) At the rate of 5%.



**# If 206AA & 206AB both applied TDS to be deducted @higher rate given in both the section.**

# SEC 198 TAX DEDUCTED IS INCOME RECEIVED

- All sums deducted shall be deemed to be income received by Assessee.
- w.e.f 1/4/2025 : New definition**  
 All sum deducted in India and TDS Deducted outside India in respect of which an assessee is allowed a credit against the tax payable shall be deemed to be income. [FA 2024]
- However TDS deducted u/s 192(A) & 194N, shall not be deemed to be income received.

# SEC 200 DUTY OF DEDUCTOR

**# Due date of payments of TDS Deducted :**

If Tax is Deducted	
During April Feb	By 7th of Next Month
March	By 30th April of Next FY
TDS Return	Due date of TDS Return (Statement)
Form 16 : For Salaried	Quarter Ended
Form 16A : Other than Salary	30th June
Form 16B : Immovable Property	30th Sept
	31st Dec
	31st March
	TDS Return due date
	31st July
	31st Oct
	31st Jan
	31st May

**# w.e.f 1/4/2025 :**  
 No correction statement shall be delivered after the expiry of 6 years from the end of the financial year in which the statement is required to be delivered. [FA 2024]

# SEC 197 CERTIFICATE FOR LOWER DEDUCTION

- Where TDS is required to be deducted & the AO is satisfied that income of the recipient justifies TDS deduction at any lower rates or no deduction of income-tax, AO shall, on an application made by the assessee in this behalf, give to him such certificate as may be appropriate.
- Upon receipt of certificate the payer shall, until such certificate is canceled by the AO, deduct TDS at the rates specified in such certificate or deduct no tax, as the case may be.
- # Certificate for lower deduction can also be issued for sec 194Q w.e.f. 1/10/2024. [FA 2024]**

# SEC 203 TDS CERTIFICATE

- Deductor shall within 15 days from due date of submission of TDS Return shall furnish to payee TDS Certificate (**Due Dates :** 15 Aug/ 15 Nov/ 15 Feb/ 15 June).
- Employer shall furnish TDS certificate annually to employee

# SEC 200A PROCESSING OF TDS STATEMENTS

- TDS Return shall be processed to include :
- The sums deductible shall be computed after making the following adjustments, namely :
    - Any arithmetical error in the quarterly return; or
    - An incorrect claim, apparent from any information in the quarterly return
  - The interest/fee, if any.
  - The sum payable or amount of refund due to the deductor shall be determined
  - The Board may make a scheme for processing of statements made by any other person, not being a deductor. [w.e.f. 1/4/2025]
  - An intimation shall be prepared/generated & sent to deductor specifying the sum determined to be payable by amount of refund due to him under clause (d).

# SEC 234E FEES FOR NON FILLING OF TDS/ TCS RETURN (STATEMENT)

Falls to file TDS return in sec 200 or 206C he shall be liable to pay, a sum of Rs. 200 for every day.

# SEC 201 CONSEQUENCES OF FAILURE TO DEDUCT OR PAY

**Sec 201(i) :** Assessee in default he shall be liable to pay interest u/s 220 & penalty u/s 221.

Deductor shall not be treated as Assessee as default if following conditions are satisfied :

- Has furnished his return of income u/s 139
- Has taken into account such sum for computing income in such ROI.
- Has paid the tax due on the income declared by him in such ROI and the person furnishes a certificate to this effect from an accountant (in form 26A).

# Sec 201(A) : Interest for late deduction or Late payment of TDS :

**For Late Deduction :** Pay simple interest @ 1% for every month or part of a month on the amount

**For Late Payment :** Pay Simple Interest @ 1% for every month or part of a month on the amount where an order is made by the AO for the default for non Deduction or short deduction the interest shall be paid by the person in accordance with such order.

**Sec 200(3) :** No order shall be made deeming a person to be an assessee in default for failure to deduct the whole or any part of the tax after 7 years (before 1/4/2025), 6 years (after 1/4/2025) [FA 2024] from the end of the FY or credit is given or 2 years from the end of the FY in which the correction statement is delivered u/s 200(3), whichever is later.

# SEC 194B/BB TDS ON CASUAL INCOME & HORSE RACE WINNING

Payer/Deductor	Any person
Payee/Deductee	Any person [R/NR]
Limit	Amount > 10000 p.a.
Rate	30%
Time of Deduction	At the time of payment

# SEC 194BA TDS ON WINNING IN ONLINE GAMES

Payer/Deductor	Person responsible for paying any sum on winnings in any online game
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# SEC 194 DIVIDENDS

Payer/Deductor	Principal officer of any Indian Co/F who made arrangements for payment of dividends (including dividends on preference shares) within India
Payee/Deductee	Shareholder being Resident

# The sec also provides that in above case TDS to be deducted :

On invoice value excluding value of material, if such value is mentioned	On whole of invoice value, if value of material is not mentioned separately.
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# SEC 194A TDS ON INTEREST OTHER THAN ON SECURITIES

Payer /Deductor	Specified Person being INDIAN, if T/o of Business in PPY exceed 1cr and gross receipt from profession exceeds 50L per annum
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## SEC 194BA TDS ON WINNING IN ONLINE GAMES

Payer [Deductor]	Person responsible for paying any sum on winnings in any online game
Payee [Deductee]	Any person (R/R/N)
Limit	Computed in the manner as may be prescribed at the end of FY
Rate	@30% of net winning as prescribe in sec 115BBJ
Time of Deduction	If there is Withdrawal: Deduct at the time of withdrawal No Withdrawal: At the end of FY

Special points

Net Winning as per sec 115JJB: (A+D) - (B+C)  
 A = Actual Amount withdrawn  
 B = Closing Balance at the End of FY  
 C = Aggregate Amount of Deposit in User Account  
 D = Opening Balance of User A/c at the beginning of the Year.

First Withdrawal Net Winning as per sec 115JJB: A - (B+C)  
 A = Actual Amount withdrawn  
 B = Aggregate Amount of Deposit in User Account  
 C = Opening Balance of User A/c at the beginning of the Year.

Subsequent Withdrawal: Net Winning as per sec 115JJB: A - (B+C+E)

A = Actual amount withdrawn  
 B = Aggregate amount of deposit in user account  
 C = Opening balance of user a/c at the beginning of the yr.  
 E = Net Winning on which TDS already Deducted at the time of earlier withdrawal.

Net Winning at the End of FY: (A+D) - (B+C+E)

A = Actual Amount withdrawn.  
 B = Closing balance of user account at end of the FY.  
 C = Aggregate amount of deposit in user Account.  
 D = Opening balance of user a/c at the beginning of the yr.  
 E = Net Winning on which TDS already Deducted at the time of earlier withdrawal.

## SEC 194D TDS ON INSURANCE COMMISSION

Payer [Deductor]	Insurance company
Payee [Deductee]	Agent
Limit	Amount > ₹15000 in a year
Rate	5%
Time of Deduction	At time of payment or credit whichever is earlier

## SEC 194G TDS ON COMMISSION ON SALE OF LOTTERY TICKETS ETC

Payer [Deductor]	Stockist, distributor, etc of lottery tickets
Payee [Deductee]	Any Person (Resident / NR)
Limit	₹ 15000 p.a.
Rate	5% (before 1/10/2024), 2% (after 1/10/2024) [FA 24]
Time of Deduction	At the time of payment or credit whichever is earlier

## SEC 194 DIVIDENDS

Payer [Deductor]	Principal officer of any Indian Co/FC who made arrangements for payment of dividends (including dividends on preference shares) within India
Payee [Deductee]	Shareholder being Resident
Limit	If dividend (including Deemed Dividend u/s 2(22)(ii)) paid exceed ₹5,000 p.a.
Rate	10%
Special Points	No TDS If Dividend paid to: a) LIC b) General Insurance corporation or other Insurance Co. c) Business trust d) Any other person notified by the CG e) If Dividend is made by any mode other than cash.

## SEC 194K TDS BY MUTUAL FUND

Payer [Deductor]	Income from UTI or Mutual Fund units
Payee [Deductee]	Shareholder being Resident
Time of Deduction	If dividend paid during FY exceed ₹5,000 p.a.
Rate of TDS	10%

## SEC 194LA TDS ON COMPULSORY ACQUISITION OF BUILDING/ NON AGRICULTURE LAND

Payer [Deductor]	Any Person
Payee [Deductee]	Resident
Limit	Exceeds ₹2,50,000
Rate	10%
Time of Deduction	At the time of payment (State of Kerala Vs. Marlasma)
Other Condition	No TDS to be deducted if compulsory acquisition of Rural Agriculture land

## SEC 194C TDS ON PAYMENTS TO CONTRACTORS

Payer [Deductor]	IN/HUF: If T/o of Business in PPY exceed 1 cr and Gross receipt from Profession exceed SOL and payment in PPY exceed Prescribe Limit Others: If Limit Exceed Prescribe Limit.
Payee [Deductee]	Any person resident in India.
Limit	₹ 30,000 for single payment/aggregate amount ₹ 1,00,000
Rate	> in individual or HUF: 10% > in other case: 2%
Time of Deduction	At the time of payment or credit whichever is earlier
Special points	Exemptions: 1. No TDS is required in case of contracts of personal in Nature 2. W.o.F. 01.06.15 No TDS is required in goods transport business which owns less than 10 goods vehicle. 3. Contract for sale of goods Exemptions: > Advertisement > Broadcasting > Catering > Carriage of goods or passenger by any mode other than railway. Manufacturing of Product according to requirement/ specification of a customer by using material purchased from such customer or his relative u/s 40(A)(2)

The sec also provides that in above case TDS to be deducted:

On invoice value excluding value of material, if such value is mentioned separately in the invoice

On whole of invoice value, if value of material is not mentioned separately in the invoice

W.e.f 1/10/2024: New definition of Works

- Advertising;
- Broadcasting and telecasting
- Carriage of goods or passengers by any mode other than by railways;
- Catering;
- Manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from such customer or its associate, being a person placed similarly in relation to such customer as is the person placed in relation to the assessee under the provisions contained in clause (b) of sub-sec(2) of sec 40A.

# But does not include:

- Manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from a person, other than such customer or associate of such customer;
- Any sum covered u/s 194J. [FA 2024]

## SEC 194M TDS ON PAYMENT OF CERTAIN SUMS BY CERTAIN IND/HUF

Payer [Deductor]	Individual or a HUF (other than payments covered in sec 194C, sec 194H, sec 194J) <i>Max Time Periods</i>
Payee [Deductee]	Any person (Resident)
Limit	Exceed ₹50L during a FY
Rate	5% (before 1/10/24), 2% (after 1/10/24) [FA 2024]
Special Points	TDS is deductible even if assessee does not have TAN u/s 203A

## SEC 194J TDS ON PROFESSIONAL

Payer [Deductor]	IN/HUF: If T/o of business in PPY exceed 1 cr and gross receipt from profession exceed SOL and payment in PPY exceed Prescribe Limit Others: If Limit Exceed Prescribe Limit.
Payee [Deductee]	Any person resident in India
Limit	₹30,000 p.a except Directors fees
Rate	Technical Services/royalty on sale distribution/ exhibition of cinematographic films: 2% Other Cases/other royalty: 10%
Time of Deduction	At the time of payment or credit whichever is earlier
Special points	2% in case of payee engaged in business of operation of call centre CBT

## SEC 194A TDS ON INTEREST OTHER THAN ON SECURITIES

Payer [Deductor]	Specified Person being IN/HUF: If T/o of Business in PPY exceed 1 cr and gross receipt from profession exceed SOL and payment in PPY exceed Prescribe Limit Others: If Limit Exceed Prescribe limit.
Payee [Deductee]	Any person being Resident
Limit	Others: If payment exceeds ₹5,000 Bank/ PO/ co-op: If payment exceeds ₹40,000 co-op society, however for senior citizen if payment exceed 50,000 From 01.06.2015, If the bank has adopted core banking solution then limit will be per Bank wise
Rate	10%
Time of Deduction	At the time of credit or payment whichever is earlier
Special Points	No TDS of Following: Any banking company/ co-op society/ LIC/ UTI

## SEC 192A TDS ON BALANCE ON EPF

Payer [Deductor]	Trustee of EPF
Payee [Deductee]	Employee (R/R/N) participating in RPF
Limit	If Amount exceed ₹5000
Rate	10%
Time of Deduction	At the time of payment

## SEC 194H TDS ON COMMISSION OR BROKERAGE

Payer [Deductor]	IN/HUF: If T/o of business in PPY exceed 1 cr and gross receipt from profession exceed SOL and payment in PPY exceed Prescribe Limit. Others: If Limit Exceed Prescribe limit.
Payee [Deductee]	Any person being resident
Limit	Pay > ₹15000
Rate	5% (before 1/10/24), 2% (after 1/10/24) [FA 2024]
Time of Deduction	At the time of payment or credit whichever is earlier
Special Points	Commission or Brokerage other than those referred to in sec 194D & sec 194G
Circular & Decision	The transactions relating to Securities are not covered by sec 194H. However, TDS shall be deducted on brokerage/commission paid for commodities transactions
	Where the content is produced as per specifications provided by the broadcaster/telecaster
	TDS u/s 194C

## SEC 194IB TDS ON RENT PAYABLE OTHER THAN U/S 194I

Payer [Deductor]	Individual/HUF
Payee [Deductee]	Any person Resident
Limit	Exceed ₹50000 per month
Rate	5% (before 1/10/24), 2% (after 1/10/24) [FA 2024]
Time of Deduction	At the time of payment or credit whichever is earlier
Other Points	In case TDS is required to be deducted u/s 206AA Deduction should not exceed rent for last month.



## SEC 194I TDS ON RENT

Payer [Deductor]	INMF : If T/o of Business in PPY exceed 1cr and Gross receipt from Profession exceed SGL and payment in PY exceed Prescribe Limit.
Payer [Deductee]	Others : If Limit Exceed Prescribe Limit.
Limit	Any person resident in India
Rate	Exceeds ₹2,40,000 p.a per co-owner (including advance rent & arrears of Rent) For use of P & M : 2% For use of other asset : 10%
Special points	1. No TDS on Rent credited or paid to a business Trust. 2. TDS is also required to be deducted on advance rent. Circular No. S/2001 3. Where the share of each co-owner in the property is definite & ascertainable, the limit of 1.8L will be applicable to each co-owner separately. 4. <i>Japan Airlines Co., Ltd. v. Commissioner of Income Tax (IT)</i> Case : Landing & parking charges Airlines would attract TDS u/s 194C & not u/s 194-I 5. No requirement to deduct tax at Source u/s 194-I on payment in the nature of lease rent or supplemental lease rent, made by a 'LESSEE' to a lessor, being a unit located in IFSC for lease of an Aircraft.

## SEC 194IA TDS ON ACQ OF PROPERTY

Payer [Deductor]	Any assessee
Payer [Deductee]	Resident Assessee
Limit	Consideration and SDV exceeds ₹50,00,000
Rate	1% of consideration or SDV whichever is higher
Time of Deduction	1. The Deductor shall remit the TDS to CG in form 26QB and issue form 16B as certificate to payee. 2. Therefore, if the immovable property is purchased from a NR TDS u/s 195 3. If sellers jointly own a property and sells for a total consideration of ₹50L or more, then sec 194-IA is attracted even if each co-owner's consideration is less than ₹50L. 4. In case sec 194-IA is attracted then purchaser isn't required to obtain TAN, i.e. Tax Deduction Account Number i.e. sec 203A is not applicable. 5. Consideration shall incl. all charges of the nature of club membership fee, parking fee, water or electricity facility fee, maintenance, advance fee/ similar which are incidental to the property. 6. <b>No TDS shall be made if Consideration and SDV is less than ₹50L.</b> However where there is more than one transferor or transferee in respect of any immovable property, then the consideration shall be the aggregate of the amounts paid or payable by all the transferors to the transferee or all the transferees for transfer of such immovable property. w.e.f 1/10/2024. (FA 2024)

## SEC 194DA TDS ON LIP

Payer [Deductor]	Any person
Payer [Deductee]	Any person resident in India
Limit	Amount > ₹1,00,000 or more in a year
Rate	5% (before 1/10/2024), 2% (after 1/10/2024) (FA 2024) [Amount received - Premium Paid]
Time of Deduction	At the time of payment
Special points	Conditions amount should not be exempt u/s 10(10D)

## SEC 193 TDS ON INTEREST ON SECURITIES

Payer [Deductor]	Any person
Payer [Deductee]	Any person being Resident
Limit	Company : If payment exceeds ₹5,000 Local Authority : If payment exceeds ₹10,000 corporation/ 7.75% savings (Taxable) Bonds/28 w.e.f 1/10/2024 Local Authority or I if payment exceeds ₹10,000 on 2% Savings (Taxable) Bonds, 2003/ 7.75% savings (Taxable) Bonds/ 18 or Floating Rate Savings Bonds, 2020 (Taxable) or any other security of CG or SG may by notification specify (FA 2024)
Rate	10%
Time of Deduction	At the time of credit or payment whichever is earlier
Special points	No TDS of Following : > Interest payable to LIC/GIC or other insurer > Interest on Provident Fund > Interest payable on any security of the Central or State Govt, however TDS shall be deducted on 7.75% Savings (Taxable) Bonds, 2018. > Interest payable under "Indian Railway Finance Corporation Ltd & "Power Finance Corporation Ltd. Bonds" (Not. 27/2018) > Not. 05/2017 : Interest Income accrued to minor child where both parents have deceased shall be deducted & reported against the PAN of minor > Interest payable to business trust > TDS would be deducted on interest payable on Securities even if it is dematerialized form

## SEC 194P DEDUCTION OF TAX IN CASE OF SPECIFIED SENIOR CITIZEN

Payer	'Specified bank' means a banking company as the Central Government may, by notification in Official Gazette, specify
Payer	'Specified senior citizen' means an individual, being a resident in India : i) Who is 75 years or more at any time during the PY; ii) Who is having income of the nature of pension; iii) Has furnished a declaration to the specified bank containing such particulars in such form and verified in such manner, as may be prescribed.
Responsibility of Payer	TDS would be deducted by the specified bank after giving effect to the deduction allowable under chapter VI-A and rebate allowable u/s 87A, compute the total income of such specified senior citizen for the relevant AY and deduct income-tax on such total income on the basis of the rates in force & a declaration shall be submitted by Bank
Benefit to Senior citizen	The senior citizen is not required to file an income tax return

## SEC 194N TDS ON CASH WITHDRAWAL

Payer [Deductor]	Banks, Co-op Society or Post Office
Payer [Deductee]	Any Assessee
Limit	Cash withdrawal > 1cr in PY from 1 or more accounts maintained.
Rate	5%
Special points	> If payee has not filed RDI for all the 3 AYs relevant to the 3 PYs for which the time limit to file u/s 139(1) has expired, then TDS deducted as follows : a) Amount withdrawn more than 20 lakhs but upto 1cr - 2% b) Amount withdrawn more than 1cr - 5% > Where the recipient is a co-operative society, the limit would be 3 crore; 1. Govt. 2. Banking co., Co-op, post office. 3. Banking correspondent as per RBI guideline 4. White label ATM operator 5. Cash replenishment agency and franchise agents of white label atm operator 6. Commission agent or trader, operating under agriculture produce market committee (apmc) and registered under law relating to apmc of concerned state. 7. Full Hedge money changer licensed by RBI and its franchise agent provided they satisfy other condition. 8. Authorised dealer & Franchise agent & sub agent. Purchase of foreign currency from Foreign Tourist or non Resident visiting India or from Resident Indians on their return to India in cash as per the directions or guidelines issued by RBI
No TDS u/s 194N is paid to	

## SEC 194R TDS ON PERQUISITE

Payer [Deductor]	Specified Person responsible for paying any sum INMF : If T/o of Business in PPY exceed 1cr and Gross receipt from profession exceed SGL and payment in PY exceed Prescribe Limit Others : If Limit Exceed Prescribe Limit.
Payer [Deductee]	Any person being Resident
Limit	Amount exceeding 20000 p.a.
Rate	10% of the value or aggregate of value of such benefit or perquisite
Time of Deduction	Before providing such benefit or perquisite
Special points	1. Provisions shall apply whether benefit is in cash or in kind or partly in cash and partly in kind. 2. In case where the benefit or perquisite is wholly in kind or partly in cash and partly in kind but such part in cash is not sufficient to meet the liability of TDS in respect of whole of such benefit or perquisite deductor shall before releasing the benefit or perquisite, ensure that TDS required to be deducted has been paid.

## SEC 194Q TDS FOR PURCHASE OF GOODS

Deductor	Buyer whose T/o in PPY exceeds 10cr
Deductee	Resident Seller. <i>Naga hel puchra ja sakta hai</i>
Transaction	For purchase of any goods of the value or aggregate of such value exceeding 50 lakh in PY
TDS Rate	0.1 per cent of such sum exceeding Rs. 50L
No TDS	The provisions of this section shall not apply to a transaction on which : a) Tax is deductible under this Act; and b) Tax is collectible under the provisions of sec 206C other than 206C(H1) applies.] c) Transaction in securities & commodities which are traded through RSE or settled by Clearing corporation including located in IFSC. d) Transaction in electricity, renewable energy certifies & energy saving certificates traded through registered power exchanges.
Other points	1. Limit of 50L shall be calculated from 01.04.2021 2. Sec 194Q applies to buyer being R/NR, but 194Q does not apply to NR whose purchase of goods is not effectively connected with PE in India. 3. Sec 194Q shall apply on advance payment also. 4. Sec 194Q would not apply on E-auction services carried out by e-auctioner through electronic portal 5. The payment gateway will not be required to deduct TDS u/s 194Q if TDS is done by E-Commerce operator under 194Q. 6. No TDS under 194Q if transaction in securities is settled by recognized clearing co-operation in IFSC

## SEC 192 TDS ON SALARY

Payer [Deductor]	Employer
Payer [Deductee]	Employee (R/NR)
Limit	If Annual Salary (After dedn & exemption) exceed Basic Limit
Rate	Normal slab rate (At the avg rate of income tax)
Time of Deduction	At the time of payment
Special points	> Salary includes Basic + Allowance + Perk > EE shall provide all information and proof of payments. > Loss from HP can be reduced while determining TDS Liability. Sec 192(2B) : Assessee shall provide details of Other income & loss if any under House Property to employer. The Employer upon receipt of such Income (or Loss) compute the TDS deductible. w.e.f 1/10/2024 : Where an assessee who receives "Salaries" has, in addition : i) Any other Head of Income (not being a loss other than HP loss) ii) Any TDS/TCS tax deducted or collected he may send to Payer the particulars of : Such other income or TDS/TCS or loss from HP and thereupon the payer shall take into account the particulars for the purposes of making TDS. The above adjustment shall not be done if it has effect of reducing TDS (except HP loss) below the amount that would be so deductible had other provisions had not been taken into account. (FA 2024)



## SEC 271H FAILURE TO FURNISH TDS/ TCS RETURN OR FURNISH INCORRECT INFORMATION

Penalty shall be ₹10,000 to ₹1,00,000, as may be decided by Competent Authority. Further No penalty would be leviable if the person proves that after paying TDS/TCS along with the fee u/s 234E and interest he had delivered or caused to be delivered the TDS/TCS statements before the expiry of 1 year (1 month w.e.f 1/4/2025) [FA 2024] from the time prescribed for delivering or causing to be delivered such statements.

## SEC 194T PAYMENTS TO PARTNERS OF FIRM

Payer	Firm
TDS on	Salary, remuneration, commission, bonus or interest to a partner of the firm
Time	At the time of credit of such sum to the account of the partner (including the capital account) or at the time of payment thereof, whichever is earlier
TDS Rate	10%
Exception	No TDS if Amount (In Aggregate) does not exceed ₹20,000 p.a.

Note : The provision of sec 197/197A are not applicable.



## SEC 206C TCS PROVISIONS

### Sec 206C(I) TCS on Alcohol/Timber/Scrap/Minerals :

> Alcoholic liquor (human consumption)	1%
> Timber from forest Others	2.5%
> Other forest produce	2.5%
> Tender leaves	5%
> Scrap	1%
> Mineral	1%

### Sec 206C(IC) TCS on Parking/ Toll/ Mining Rights :

> Rate of Tax is 2%.

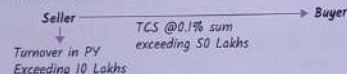
### Sec 206C(1F) TCS on Motor vehicle > 10 Lakhs :

New  
or  
Old  
TCS @ 1%

**W.e.f 1/1/2025 New meaning :**  
Every person, being a seller, who receives any amount as consideration for sale of :

- A motor vehicle; or
- Any other goods, as may be specified by CG of the value exceeding 10 lakh rupees, shall, at the time of receipt of such amount, collect from the buyer, a sum equal to 1% of the sale consideration as income-tax. [FA 2024]

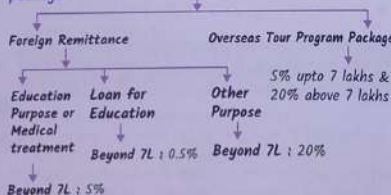
### Sec 206C(1H) TCS on Sale of Goods :



#### Other Points :

- > 194Q v/s 206C(1H) → 194Q
- > 206C(1H) v/s 194Q → 194Q

### Sec 206C(1G) TCS on Foreign Remittance & Foreign Tour package :



# CBDT is empowered to issue guidelines with the approval of CG for the purpose of removing the difficulty

## TCS

### Sec 206C(3) Due date of Payment of TCS (Rule 37CA) :

Where Dept Deducted TCS	On the same day
Where other Person Deducted TCS :	
A) April to Feb	7th of Next Month
B) March	7th April of Next FY

### Rule 37(CA) Submission in Digital Form :

Due Date for TCS Return	Recall Due Date for TDS Return
Q1 - 15th July	Q1 - 31st July
Q2 - 15th Oct	Q2 - 31st Oct
Q3 - 15th Jan	Q3 - 31st Jan
Q4 - 15th May	Q4 - 31st May

Naga hai pucha jo sakto hai

### Sec 206C(3B) :

- The person may also deliver Rectified return of TCS specifying any mistake or to add, delete or update the information furnished in the Return.
- W.e.f 1/1/2025 : Further no correction statement shall be delivered after the expiry of 6 years from the end of the financial year in which the statement is required to be delivered. [FA 2024]

Sec 206C(4) : Any amount collected from this section and paid the credit of Central Government shall be deemed payment of tax of person from whom the amount has been collected and credit shall be given to such other eligible person w.e.f 1/1/2025 [FA 2024] as may be prescribed by the Board.

Sec 206C(5) TCS Certified : Every person collecting tax shall furnish TCS Collection Certificate within 15 days from the due date for furnishing the statement of tax collected at source.

### Sec 206C(7) Interest for default :

- If the person did not collect TCS he shall be liable to pay simple interest @1% per month or part thereof on the amount of such TCS from the date on which such tax was collectible to the date on which the tax was actually paid.

### W.e.f 1/1/25 : change in Interest

- @1% for every month or part thereof on the amount of such tax from the date on which such tax was collectible to the date on which such tax is collected; and
- @1.5% for every month or part thereof on the amount of such tax from the date on which such tax was collected to the date on which such tax is actually paid. [FA 2024]

- Where an order is made by the Assessing Officer, the interest shall be paid by the person as per such order.

Sec 206C(7A) : No order shall be made deeming a person to be an assessee in default for failure to collect tax from any person, at any time after the expiry of 6 years or 2 years from the end of the FY in which the correction statement is delivered, whichever is later. [FA 2024]

Sec 206C(9) Certificate of Lower collection or no Collection : Lower collection certificate can be issued by AO to "seller" u/s 206C(1)(C)/(1H). [FA 2024]

Sec 206C(12) : Notwithstanding anything contained in this section, no collection of tax shall be made or collection of tax shall be made at such lower rate in respect of specified transaction, from such person or class of persons, including institution, association or body or class of institutions, associations or bodies, as the Central Government may, by notification in the Official Gazette specify in this behalf. [FA 2024]

## SEC 206CA TAX COLLECTION ACCOUNT NUMBER

- Every person collecting tax shall apply to the AO for the allotment of a tax collection account number
- Assessee shall quote TAN no; in all challans, certificates, returns and other documents

## SEC 206CC REQUIREMENT TO FURNISH PAN BY COLLECTEE

Collectee shall furnish his PAN to the collector, if he fail to furnish such PAN, TCS shall be at higher of :

- At twice the rate specified in the Act; or
- @5%

W.e.f. 01.07.2023 The Rate of TCS under this sec shall not exceed 20%.

Note : If 206CC and 206CCA both applied then TCS shall be higher of either of Rate

## FOR NON FILER OF ROI

206AB (TDS)	206CCA (TCS)
IF ROI Not Filed in PPV : TDS@ : 1) Twice rate in force 2) Twice rate in Act 3) 5%, whichever is higher	IF ROI Not Filed in PPV : TCS@ : 1) Twice rate in Act 2) 5%, whichever is higher



## SEC 208 CONDITIONS OF LIABILITY TO PAY ADVANCE TAX

Advance tax shall be payable during a financial year in every case where the amount of tax payable by the assessee is Rs. 10,000 or more.

Assessee Declaring income u/s 44AD/44ADA.

## SEC 207 LIABILITY FOR PAYMENT OF ADVANCE TAX

- Where Estimated Tax Liability is Below 10000 as computed.
- Individual resident being Senior Citizen who does not have "PGBP" Income.

## SEC 210 PAYMENT OF ADV TAX BY ASSESSEE OF HIS OWN ACCORD OR IN PURSUANCE OF ORDER OF AO

If assessee has not paid or short paid the advance tax AO may make order & ask assessee to pay advance tax in the installments due. AO can pass order upto last day of Feb of PY.

The AO shall compute advance tax by taking :

- The total assessed income of the latest PY or
- The total income declared in the return of income of any subsequent PY, whichever is higher.

## SEC 211 DUE DATES FOR PAYMENT OF ADVANCE TAX OTHER THAN PERSONS COVERED U/S 44AD/ADA

Due date of installments	On or before Companies & Other assessee
15th June	Not less than 15% of Advance Tax liability
15th Sept	Not less than 45% of Advance Tax
15th Dec	Not less than 75% of Advance Tax
15th March	The whole amt. of Advance Tax

## Note :

- Person covered u/s 44AD/ADA to pay Advance Tax by 15th March (100%).
- Any amount paid by way of advance tax on or before the 31st March shall also be treated as advance tax.
- If due date for payment of any installment is banking holiday, and payment is made on the next working days, No interest shall be leviable.
- If any assessee does not pay any installment within due date he shall be deemed to be an assessee in default in respect of such installment.

## PROVISO SEC 234 PAYMENT OF ADVANCE TAX IN CASE OF CAPITAL GAIN &amp; CASUAL INCOME

- Advance tax is payable on all types of income.
- Estimating income which are generally unexpected : Advance Tax should be paid in remaining installments after it is received or where no such installment is due, by 31st March of the relevant Financial Year.
- If the entire amount of tax payable is so paid, then no interest on late payment will be leviable.

## SEC 234B INTEREST FOR DEFAULTS IN PAYMENT OF ADVANCE TAX

Interest is payable if :

- Advance tax paid during PY < 90% of Assessed tax; or
- No advance tax paid during the year

Assessed Tax means :

- Where No Assessment is made : 143(1)
- Where Regular Assessment is made : 143(3)/144/147

As Reduced By : Relief u/s 89,90,91(DTAA), TDS/TCS credit, MAT or AMT Credits u/s 115JD, in case the assessee exercises the option of shifting out of the default tax regime provided u/s 115BAC(1A).

Interest Payable :

Advance Tax not paid or Short Paid  $\times$  1% per month or part of a month  $\times$  From 1st April of AY till the actual Date of Payment.

Common in sec 234A & 234B :

Where as a result of Rectification order or Order of Appeal or Revision the amount of tax on which interest was payable has been modified, the interest shall be altered accordingly :

- If interest is increased the AO shall serve on the assessee a notice of demand.
- If interest is reduced, excess interest paid, shall be refunded :
  - Tax on total income as determined u/s 143(1) shall not include the additional income-tax, and
  - Tax on the total income determined under regular assessment shall not include the additional income-tax payable u/s 140B.

IMP. Hdl!



## SEC 234C INTEREST FOR DEFERMENT OF ADVANCE TAX

1. Interest Payable = Amount Deferred  $\times$  Rate  $\times$  Period.

a) Deferred Amount	Tax as per ROL (-) by Relief u/s 89/1091 (DTAA), MAT/AMT credit, TDS & TCS. In case the assessee exercises the option of shifting out of the default tax regime provided u/s 115BAC(1A) [Refer Point D]
b) Rate	1% for every month or part of a month
c) Period	Q1/Q2/Q3 : Interest for 3 months for all installment. In case of last Quarter, Q4 Interest for 1m shall be applicable

2. Other Points :

- No interest shall be levied if assessee paid advance tax upto 12% in Q1 & 36% in Q2.
- An assessee who declares PGBP as per sec 44AD(1)/44ADA(1), then, the assessee shall be liable to pay simple interest @ 1% for 1 month if Advance tax is not paid by 15th March.
- No interest u/s 234C if short fall is due to :
  - Failure to estimate capital gains; or
  - Failure to Estimate Casual Income; or
  - Income under the head "PGBP" accrues or arises for the first time; or
  - The amount of dividend income and the assessee has paid the whole of the amount of tax payable had such income been a part of the total income.
- CBDT Clarified Advance Tax paid if any till 15th march shall also be reduced for calculating interest u/s 234C.

## SEC 218 WHEN ASSESSEE DEEMED TO BE IN DEFAULT

If any assessee does not pay on the date specified in sec 211 or as per order of the AO u/s 210 he shall be deemed to be an assessee in default in respect of such installment(s).

## ADVANCE TAX IN CASE OF CAPITAL GAINS/ CASUAL INCOME PROVISO TO SEC 234

- Advance tax is payable on all types of income, including capital gains & winnings of lotteries, crossword puzzles, etc.
- However, it is not normally possible for an assessee to estimate his capital gains or winnings from lotteries, etc. which are generally unexpected. Therefore if any such income arises after the due date then, the entire amount of tax payable (after deduction of tax at source, if any) should be paid in remaining installments or where no such installment is due, by 31st March of the relevant FY. If the entire amount of tax payable is so paid, then no interest on late payment will be leviable

## SEC 209 COMPUTATION OF ADVANCE TAX

Particulars	AmC.
Income under the 5 heads of income	xxx
Adjustment in respect of BIF loss and allowance	xxx
Gross Total Income	xxx
Less : Deduction admissible under Chapter VI-A	(xxx)
Taxable Income	xxx
Tax on Taxable Income	xxx
Less : Rebate u/s 87A	(xxx)
Tax Payable	xxx
Add : Surcharge	xxx
Net Tax Payable	xxx
Less : Relief u/s 89, 90, 90A, 91	(xxx)
Tax liability	xxx
Less : TDS/TCS	(xxx)
Less : MAT/AMT Credit u/s 115JAA	(xxx)
Advance Tax	xxx



## SEC 139 MANDATORY FILING OF ROI

Every person :

1) Being a company or a firm; or

2) Being a person other than a company or a firm, if his total income or the total income of any other person in respect of which he is assessable under this Act during the FY exceeds basic exemption limit.

3) A person being resident other than not ordinarily resident in India who is :

- a) A beneficiary of any asset (incl Financial asset) or signing authority outside India;
- b) Who is a beneficial owner of any asset (incl Financial asset) or signing authority outside India;

4) Being an individual / HUF or AOP / BOI / ATP :

- > If his total income or total income of any other person in respect of which he is assessable under this Act during FY.
- > Without claiming deduction of sec 10(38)/10A/10B/10BA/54/54B/54D/54E/54F/54G/54GA/54GB/80C to 80U
- > Exceeded maximum which is not chargeable to IT.

5. Any person (other than a company or a firm) :

- a) Has Deposited in one or more current Account exceeding Rs. 1cr (In Aggregate) in a bank/co-operative year.
- b) Has Incurred expenditure on Foreign travel exceeding Rs. 2 Lakh (In Aggregate) for himself (or any other person); or
- c) Has Incurred expenditure on consumption of electricity exceeding Rs. 1 Lakh (In Aggregate);
- d) Fulfills such other condition a may be prescribed.

6) Following Person are also required to file return :

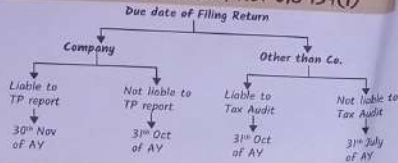
Case	Transactions	Limits
1) A person carrying on business	His total sales, or turnover or as the case may be, in the business	> ₹60 lakhs during the relevant FY.
2) A person carrying on business	His total gross receipts in profession	> ₹10 lakhs during the relevant FY.
a) A resident individual who is aged ≥ 60 yrs at any time during the relevant FY.	The aggregate of TDS and TCS in his case	> ₹50,000 during the relevant FY.
b) Any other person	The aggregate of TDS and TCS in his case	> ₹25,000 during the relevant FY.
3) A person having savings bank account	The deposit in one or more savings bank account of the person, in aggregate	> ₹50 lakhs during the relevant FY.

Shall furnish a return of his income on or before the due date in such form and verified in such manner and setting forth such other particulars, as may be prescribed.

# 16.

## RETURN OF INCOME

### DUE DATE OF FILING ROI U/S 139(1)



### FEE FOR DEFAULT IN FURNISHING ROI U/S 234F

A fees of ₹5,000 shall be payable if ROI furnished after the due date. However, if Total income does not exceed ₹5 lakhs, Fees shall not exceed ₹1,000

### SEC 139(4A) CHARITABLE/RELIGIOUS TRUST/INSTITUTION

If total income without giving effect to provisions of sec 11 and 12 exceeds the basic exemption limit, then trust is required to file ROI.

- > Audit is also mandatory if income >BEL.
- > Due date of Filing ROI - 31st Oct
- > Sec 272A penalty for Non Compliance ₹100 for every day
- > Fees is also applicable in Addition to Sec 272A

### SEC 139(4B) POLITICAL PARTY

If the total income without giving effect to the provisions of sec 13A exceeds the basic exemption limit, then PP is required to file ROI.

- > Audit is also mandatory.
- > Due date of Filing ROI - 31st Oct

### SEC 139(4C) SPECIFIC ENTITIES

- > Specified Entity like Hospital, Medical Institution
- > If the total income without giving effect to the provisions of sec 10, exceeds the basic exemption limit, then these entities are required to file ROI.
- > Due date can either be 31st July/31st Oct
- > Sec 272A penalty for Non compliance Rs 100 for every day.
- > Fees is also applicable in Addition to sec 272A

### SEC 139(4D) UNIVERSITY, COLLEGE, OTHER INSTITUTION

All of the above which are approved u/s 35 ROI is Mandatory

### SEC 139(4E) BUSINESS TRUST

REIT/INVT - ROI is MANDATORY

### SEC 139(3) LOSS RETURN

Loss under the head PGBP/ Capital Gains/ O&M Horse Races is allowed to be c/f only if ROI is filed u/s 139(1). However 2 losses can be c/f even if ROI not filed :

- a) Unabsorbed depreciation; &
- b) HP Loss.

### SEC 139(4) BELATED RETURN

Any person who has not furnished a return within the time allowed to him u/s 139(1) or 142(1) may furnish this belated Return as under :

- a) By 31st Dec of relevant AY (3M Prior to end of AY);
  - b) Before the completion of assessment (u/s 144).
- Whichever is Earlier.

### SEC 139(5) REVISED RETURN

After furnishing ROI, noticed any omission or any wrong statement therein, file revised return as under :

- a) By 31st Dec of relevant AY (3M Prior to end of AY); or
  - b) Before the completion of assessment (u/s 144).
- Whichever is Earlier.

### SEC 139(6) DEFECTIVE RETURN

The Assessing officer may intimate the defect to assessee & give him an opportunity to rectify the defect within 15 days else return is invalid

# Where ROI is submitted as per order u/s 119(2) this return shall be deemed to be ROI u/s 139. [FA 2024]

### BULK RETURN SEC 139(A1) OPTION TO FURNISH ROI TO EMPLOYER

The Scheme is optional & provides an additional mode of furnishing return of income of eligible employee may furnish his return of income in the prescribed form.

### SEC 139A PERMANENT ACCOUNT NUMBER

Persons required to apply for PAN	Time limit for Application of PAN
Every person, if his total income exceeds Basic Exemption Limit	On or before the 31st May of the FY for which such income is assessable
Every person carrying business or profession whose total sales, etc or gross receipts exceed Rs. 5 lakhs in any FY	Before the end of that FY (FY)
Every person who is required to furnish a ROI u/s 139(4A)	Before the end of that FY (FY)
Every person being a resident, enters into a financial transaction of Rs. 2,50,000 or more in a FY	On or before 31st May of the immediately following FY
Every person who is a MD, partner, trustee, author, founder, karta, CEO, principal officer or office bearer or any person competent to act on behalf of person referred in above	On or before 31st May of the immediately following FY in which the person referred above enters into
Every person if deposit cash in one or more a/c with a bank co-op bank or post office, is ₹20 lakh or more	Atleast 7 days before the date on which he intends to deposit cash or ₹20 lakh or more.

Every person, who intends to withdraw cash from his one or more accounts during a FY is ₹20 lakh or more

Any person, who intends to open a current account or cash credit account with a banking co or a co-operative bank, or a Post Office

Expl : CBDT can specify class or classes of person for whom return cannot be considered as defective - Expl 139(9)

> Non-Compliance of Sec 139A or quoting wrong PAN, Penalty of ₹10,000 for each default is leviable u/s 272B

### SEC 139AA AADHAR NUMBER

Required Upon	Every person who is eligible to obtain Aadhar number shall on or after the 1st day of July, 2017, quote Aadhar number :
	a) Pan Application b) Filing ROI
If Don't Possesses Aadhar	Where the person does not possess the Aadhar Number, the Enrollment ID of Aadhar application shall be quoted in the application for PAN/filing. However the requirements of quoting enrollment ID has been removed while making PAN Application or Filing ROI furnished on or after 11/02/2024. Every person who has been allotted PAN on the basis of Enrollment ID of Aadhar application form filed prior to the 11/02/2024, shall intimate his Aadhar number to such authority on or before a date notified by CG [FA 2024]
Non Compliance	In case of failure to intimate the Aadhar number, PAN allotted shall be deemed to be ineffective (without declaring it invalid) (Ruling confirmed by Binay Viswam vs. U, 2017 (SC)) & other provisions shall apply as if not applied for PAN
When PAN become Inoperative	1. PAN must be linked to Aadhar maximum by 31.3.22 but if not linked it shall become inoperative. 2. If PAN becomes inoperative then he shall be liable for fees u/s 234H : Not exceeding ₹1,000 at the time of making intimation. 3. After Payment of Fees PAN would become operative within 30 days from the date of intimation.
Not applicable to	1) NR; 2) Person is not a citizen of India; 3) Person residing in Assam, Meghalaya, J&K; 4) Person whose age is 80 or above.

Accordingly, Rule 114AA specifies the manner of making permanent account number inoperative :

Sub-Rule	Provision
(1)	If a person, who has been allotted PAN as on 1st July, 2017 and is required to intimate his Aadhar number u/s 139A(2), has failed to intimate the same on or before 31st March, 2022, the PAN of such person would become inoperative and he would be liable for payment of fee in accordance with section 234H read with Rule 114(SA) i.e., ₹1,000.
(2)	Where such person who has not intimated his Aadhar number on or before 31st March, 2022, has intimated his Aadhar number u/s 139A(2) after 31st March, 2022, after payment of fee specified in section 234H read with Rule 114(SA), his PAN would become operative within 30 days from the date of intimation of Aadhar number.



- (3) A person, whose PAN has become inoperative, would be liable for following further consequences for the period commencing 1/07/2023 [Circular No. 3/2023 dated 28th March, 2023]
- No refund of any amount of tax or part thereof, due under the provisions of the Act;
  - Interest would not be payable on such refund for the period, beginning with the date specified under (4) below and ending with the date on which it becomes operative;
  - Where tax is deductible at source in case of such person, such tax shall be deducted at higher rate, in accordance with provisions of section 206AA;
  - Where tax is collectible at source in case of such person, such tax shall be collected at higher rate, in accordance with provisions of section 206CC.

## SEC 139B RETURN THROUGH TAX RETURN PREPARES [TRP]

### 1. Who can be TRP : Any Individual

### 2. Person not eligible :

- > Chartered Accountant.
- > Any legal practitioner who is entitled to Practice in any civil court in India.
- > An employee of the specified class or classes of person.

### 3. Return which cannot be filed by TRP :

- > Person covered under Tax Audit
- > Revised return if original return is not made by TRP
- > Person not resident in India

## SEC 139(8A) UPDATED RETURN

### 1. Who can submit updated return : Any person whether (or not) he has furnished a return u/s 139(1)/(4(BR))/(5(RR)) for an AY.

### 2. Time-limit : At any time within 24 months from the end of the relevant AY.

### 3. When updated return cannot be submitted in the following cases updated return cannot be submitted :

- > If updated return is a return of a loss.
- > If updated return has the effect of decreasing the total tax liability determined on the basis of return furnished or results in refund or increases the refund due on the basis of return.
- > If Search has been initiated u/s 132 or books other documents or any assets are requisitioned u/s 132A or a survey has been conducted u/s 133A other than sec 133A(2)/133A(5).
- > A notice has been issued to the effect that any money, bullion, jewelry or valuable article or thing or Books or Documents, seized or requisitioned u/s 132 or sec 132A in the case of any other person belongs to Assessee, or
- > Where an updated return has already been furnished for the relevant AY
- > Any proceeding for assessment/reassessment/ re-computation/revision of income is pending or has been completed for that AY

### > The AO has information in respect of such person for the relevant AY in his possession under :

- The prevention of money Laundering Act 2002; or
  - The Black Money (undisclosed foreign income & Assets) and imposition of Tax Act; or
  - The prohibition of Benami property transaction Act 1988; or
  - The Smugglers and Foreign Exchange Manipulators (Forfeiture of property) Act, 1976 and the same has been communicated to him, prior to the date of his filing updated return;
- > Information has been received under DTAA (Sec 90 or 90A) and the same has been communicated to him, prior to the date of filing updated return; or
  - > Any prosecution proceedings have been initiated for the relevant AY in respect of such person
  - > Other Person as may be Notified by the Board in this regard.

## SEC 140B HOW TO CALCULATE TAX ON UPDATED RETURN

Where assessee has not furnished return earlier the tax payable shall be computed after reducing :

- Advance Tax already paid
- Any TDS/TCS credit;
- Any relief of tax claimed u/s 89/90/90A/91;
- Any AMT credit/MAT credit u/s 113AA/113JD.

Such updated return shall also be accompanied by proof of payment u/s 23F.

Where assessee has furnished return earlier the tax payable should be computed after reducing :

- Amount of Tax paid Earlier
- TDS/TCS
- Any MAT/AMT credit

> The aforesaid tax shall be increased by the amount of refund, if any, issued in respect of earlier return.

> The updated return shall be accompanied by proof of payment of such Tax, additional Tax, interest and fee

### # Computation of additional Tax - The additional tax payable shall be calculated as follows :

If updated return is furnished before completion of 12m from the end of the relevant AY	25 % of aggregate of tax (+ SC + HEC) and interest as computed
If updated return is furnished after the expiry of 12m but before completion of 24m from the end of the relevant AY	50 % of aggregate of tax (+ SC + HEC) and interest as computed