

TOTAL INCOME ADJUSTMENTS

- CA YASH KHANDELWAL

Income from Salary	xxx
less : Standard deduction (50000 / 75000) ↓ ↓ Old regime 115 BAC	xxx
	xxx
<u>Income from House Property</u>	
SOP - Always loss	(xxx)
LOP / DLOP -	
Gross Annual Value - Expected Rent or ↑ Actual Rent	xxx
(-) Municipal Taxes → only if PAID by owner	(xxx)
Net Annual Value	xxx
(-) Deduction u/s 24	
(a) 30% of NAV	(xxx)
allowed on ← (b) Interest due basis	(xxx)
Income from House Property	xxx

PGBP Income

Profit as per Books / Net Profit as per P & L

Add: Deductions not allowed (Add if debited)

1. Depreciation as per Books of Accounts	X X X
2. Amount paid to relative in excess of reasonable amount [40A(2)]	X X X
3. Motor car expenses used for personal purpose ↳ If used for personal purpose proportionately, then disallowed proportionately	X X X
4. Drawing (as it is of personal nature)	X X X
5. Investment in NSC (Add here, allowed in 80C)	X X X
6. Under valuation of closing stock	X X X
7. Payment in cash / Bearer cheque / crossed cheque > 10000	X X X
8. Advertisement in the souvenir of political party ↳ only for co. → Add here, allow u/s 80GGB	X X X
9. Donation to political party or electoral trust ↳ add here, allowed u/s 80GGB - Co. 80GGC - Ind./ HUF / Others	X X X
10. GST Penalty	X X X
11. 30% of amount paid to Resident without TDS ↳ disallowed u/s 40(a)(ia)	X X X

12. 100% of amount paid to Non-Resident without TDS ↳ disallowed u/s 40(a)(i)	XXX
13. Interest on Loan upto put to Use of Asset ↳ added to cost of Asset	XXX
14. Accrued / Due expenses - not allowed if Assessee follows Cash System of Accounting	XXX
15. Salary paid to relative in excess of reasonable amount. ↳ disallowed u/s 40 A (2)	XXX
16. Expenses on Family planning of Employees ↳ only allowed to company	XXX
17. Medical exp on Parents ↳ add here, allowed u/s 80D 25000 / 50000 I+R+60	XXX
18. Purchase of any Business Asset ↳ add here, allow depreciation	XXX
19. Income Tax / Advance Tax Tax Interest Penalty disallowed	XXX
20. Contribution to NPS in excess of 14% (Basic + DA (which forms part))	XXX
21. 4/5 th of VRS compensation paid to employees	XXX
22. Donation to Gurudwara in cash	XXX
23. Interest and Municipal Taxes paid to SOP and let out portion of House. ↳ disallowed here, allowed in HP → municipal tax not allowed in HP for SOP	XXX

24. Notional rent of own house used for Business purpose ↳ not allowed to owner u/s 30	X X X
25. Interest paid to Bank after due date of ROI	X X X
26. Contribution to PM Relief Fund ↳ add here, allowed u/s 80 G	X X X
27. Loss on sale of Capital Asset ↳ add back here, treat in capital gain	X X X
28. Loss on sale of Scientific Research Asset ↳ not allowed	X X X
29. 4/5 th of Preliminary Expenditure u/s 35 D	X X X
30. Amount payable to an MSME beyond the given time limit in the MSME Act, 2006 - Allowed on Actual Payment Basis if written agreement → on/before that date - max 45 days if no agreement - within 15 days	X X X
31. Capital expenditure & Repairs of Capital nature	X X X
32. Fine / Penalty for Breach of Law (except Breach of Contract, being compensatory in nature)	X X X
33. Expense on issue of Right Shares, Public issue and increase in auth. Capital.	X X X
Add: Things to be added to Income (Add if not credited to P&L)	X X X
1. Bad debt recovery in excess of unallowed portion is added to Income Debtor - 30 unallowed - 18 Bad debt - 12 Recovery - 23 Recovery 23 ↳ unallowed 18 <u>5</u> Added to income	

2. Sale proceeds of scientific research asset ↳ sale proceeds or deduction allowed u/s 35	xxx xxx ↓ w.e. lower	XXX
3. Remission / Cessation of Trading Liability		XXX
4. Sale / Remuneration, Interest received from firm to the extent deductible in hands of the firm		XXX
Less : Deductions allowed (Deduct if not debited) (if already debited - no adjustment)		
1. Depreciation as per Income Tax Act		(XXX)
2. Scientific contribution to approved university		(XXX)
3. Gift of dry fruits to important customers ↳ allowed as revenue expense		(XXX)
4. Payment in cash / bearer cheque / crossed cheque to transporter upto 35000		(XXX)
5. 100% deduction allowed on all capital exp. u/s 35 AD		(XXX)
6. Salary paid to sister in law in excess of reasonable amount → allowed (sister in law - not relative)		(XXX)
7. EMPLOYER'S contribution if paid before due date of ROI u/s 139(1)		(XXX)
8. EMPLOYEE'S contribution if paid before due date of relevant Act (15 th of next month)		(XXX)
9. Interest on loans of Asset after put to use ↳ not allowed as business exp. if asset is for personal purpose		(XXX)

10. Sale of Furniture to Brother at price less than FMV ↳ 40A(2) not applicable on Sale Transaction ↳ no adjustment required	(X X X)
11. Interest and municipal taxes paid for Business portion of House → if paid before due date of ROI	(X X X)
12. Allow additional depreciation if Assessee is engaged in manufacturing / generation of electricity	(X X X)
13. Expense on Buy Back, issue of debenture, Issue of Bonus shares	
Less : Things to be deducted from Income (Deduct if credited.)	
1. Undervaluation of opening stock	(X X X)
2. Income from UTI	(X X X)
3. Income from Dividend	(X X X)
4. Interest on Debentures	(X X X)
5. Winning from Horse Race	(X X X)
6. Interest on Bank FD	(X X X)
7. Interest from Post Office saving A/c	(X X X)
8. Royalty Income	(X X X)
9. Income Tax Refund and Interest on Refund ↳ Taxable under IFOS	(X X X)
10. Share of Profit from HUF (as it is exempt)	(X X X)
11. Share of Profit from Partnership Firm	(X X X)

Deduct from
here
↓
Taxable under
IFOS

12. $\begin{array}{c} \text{GST} \\ \downarrow \downarrow \downarrow \\ \text{Tax} \quad \text{Interest} \quad \text{Penalty} \\ \underbrace{\hspace{1.5cm}}_{\text{allowed}} \quad \underbrace{\hspace{1.5cm}}_{\text{disallowed}} \end{array}$

(X X X)

13. Profit on sale of Capital Asset

(X X X)

↳ deduct from here, treat in Capital Gain

X X X

Income from Capital Gain

X X X

Income from Other Sources

X X X

Gross Total Income

X X X

(-) Chapter VI - A deduction

(X X X)

Total Income

X X X

↓

Calculate Tax Payable

If Assessee opted Sec 115 BAC



It is a Concessional Tax Regime

so some deductions are not allowed under it

① Additional depreciation

② Sec 35 contribution to others

In house research ↗

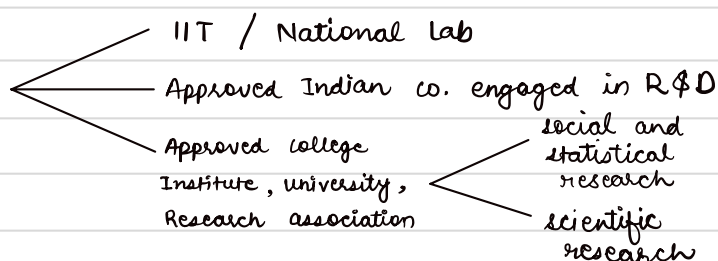
Revenue - 35(1)(i) &

and capital

35(1)(iv) allowed

③ Sec 35 AD - Specified Business

④ Sec 10AA - SEZ



- Undervaluation and Overvaluation of Opening & Closing Stock

Op. stock xx		undervaluation of Closing stock - Add
		overvaluation of Closing stock - Less
		undervaluation of opening stock - Less
	Closing stock xx	overvaluation of opening stock - Add

- If assessee has opted out of default regime and taken deduction u/s 10AA or 35 AD, then check applicability of AMT