16. RETURN OF INCOME

SEC.139 MANDATORY FILLING 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 PY 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 / AJP
   > If his total income or total income of any other person in respect of which he is assessable under this Act during PY,
   > Without claiming deduction of Sec 10(38)/10A/10B/10BA/54/54B/54D/54EC/54F/54G/54GA /54GB/80C to 80U
   > Exceeded max amount which is not chargeable to IT.
5) Any person (other than a company or a firm) :
   > Has deposited an amount (or aggregate of the amounts) exceeding 1 cr rupees in one(or)more current accounts maintained with a banking company or a co-operative bank; or
   > Has incurred expenditure of an amount (or aggregate of amounts) exceeding 2 lakh rupees for himself / any other person for travel to a foreign country; or
   > Has incurred expenditure of an amount (or aggregate of the amounts) exceeding one lakh rupees towards consumption of electricity; or

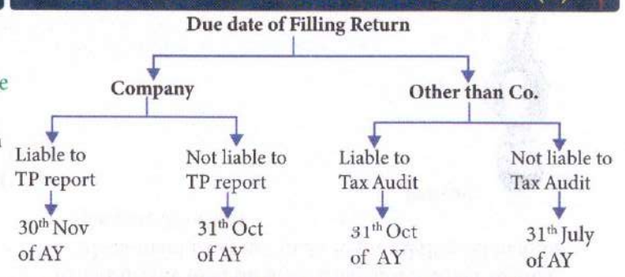
6) Following Person are also required to file return:



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 P.Y.
2) A person carrying on business	His total gross receipts in profession	>₹ 10 lakhs during the relevant P.Y.
(a) A resident individual who is aged ≥ 60 yrs at any time during the relevant P.Y.	The aggregate of TDS and TCS in his case	>₹ 50,000 during the relevant P.Y.
(b) Any other person	The aggregate of TDS and TCS in his case	>₹ 25,000 during the relevant P.Y.
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 P.Y.

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.

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 5lakhs, 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 is Income >BEL.
Due date of Filling 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 Filling ROI - 31st Oct

SEC 139(4C) SPECIFIC ENTITIES

> Section applicable to 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 / INVIT - ROI is MANDATORY

SEC 139(3) LOSS RETURN

Loss under the head PGBP/ CAPITAL GAINS/ O&M HORSE RACES is allowed to be carried forward only if return is filled on time u/s 139(1). However 2 losses can be carried forward even if ROI not filled on time
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 December of relevant AY (3M Prior to end of AY] OR
B. Before the completion of assessment (u/s 144).
Whichever is Earlier.

SEC 139(5) REVISED RETURN

If any person, having furnished a return u/s 139(1)/139(4), discovers any omission or any wrong statement therein, he May furnish a revised return as under:
A. By 31st December of relevant AY (3 M Prior to end of AY) OR
B. Before the completion of assessment (u/s. 144).
Whichever is Earlier.

SEC 139(9) 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

BULK RETURN SEC 139(1A)/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 AY for which such income is assessable
Every person carrying on any business or profession whose total sales, turnover or gross receipts are or is likely to exceed Rs. 5 lakhs in any PY	Before the end of that FY (PY)
Every person who is required to furnish a return of income u/s 139(4A)	Before the end of that FY (PY)
Every person being a resident, other than an individual, which enters into a financial transaction of an amount Aggregating to 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 of any person referred in (iv) above or any person competent to act on behalf of such 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 his one or more a/c with a bank, co-op bank or post office, in aggregate in such accounts during a FYis ₹ 20 lakh or more	Atleast 7 days before the date on which he intends to deposit cash over the specified limit, i.e., ₹ 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	Atleast 7 days before the date on which he intends to withdraw cash over the specified limit, i.e., ₹ 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	Atleast 7 days before the date on which he intends to open such account.

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

139AA AADHAAR NUMBER

Required to	Quote Aadhaar number— a) Pan Application b) Filling ROI
If Don't possesses aadhar	Where the person does not possess the Aadhar Number, Enrolment ID of Aadhaar application
Non Compliance	In case of failure to intimate Aadhaar number, PAN Allotted shall be deemed to be ~~invalid~~ inoperative
Sec not applicable to	1) NR 2) Person having an age of 80 years or above 3) Person is not a citizen of India 4) Person residing in Assam, Meghalaya, J&K

Accordingly, Rule 114AAA specifies the manner of making permanent account number inoperative [FA 2023]:

Sub-Rule	Provision
(1)	If a person, who has been allotted PAN as on 1st July, 2017 and is required to intimate his Aadhaar number u/s 139AA(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(5A) i.e., ₹ 1,000.
(2)	Where such person who has not intimated his Aadhaar number on or before 31st March, 2022, has intimated his Aadhaar number under section 139AA(2) after 31st March, 2022, after payment of fee specified in section 234H read with Rule 114(5A), his PAN would become operative within 30 days from the date of intimation of Aadhaar 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] (i) No refund of any amount of tax or part thereof, due under the provisions of the Act; (ii) 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; (iii) 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; (iv) 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:

1. TAX RATES (OLD & NEW SCHEME)

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

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

Total Income	Rates %	Shortcut
Upto ₹ 250000	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%	-

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

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%	-

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

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) Ind/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**

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

5) Any resident Individual whose 60th/80th birthday falls on 1st April 2024 shall be treated as having completed the age of 60/80 years on 31st March 2024 i.e PY 2023-24 (AY 2024-25) 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 liable at special rates.

SPECIAL RATES

Income	Rates
STCG referred to in sec 111A (Securities)	15%
LTCG referred to in sec 112	20%
LTCG U/s 112A Beyond ₹1Lakh	10%
Casual incomes (e.g. Lottery, horse winnings, etc.) (Sec 115BB)	30%
Unexplained Cash/Expenses/Investment-115BB Sec 115 BBJ Net winnings from online games [FA 2023]	60%
Maximum Marginal rate	42.744% [30% + 37% + 4%]

SURCHARGE

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

No	Income	Surcharge on Income	
		u/s 111A,112 & 112A & Dividend	Other
1)	TI [Including Income u/s 111A,112 & 112A& Dividend does not exceed 50L]	Nil	Nil
2)	TI [Including Income u/s 111A,112 & 112A & Dividend exceed 50L but not 1cr]	10%	10%
3)	TI [Including Income u/s 111A ,112 & 112A & Dividend exceed 1cr but not 2cr]	15%	15%
4)	TI [Excluding Income u/s 111A,112 & 112A & Dividend exceed 2cr but not exceed 5cr]	15%	25%
5)	TI [Excluding Income u/s 111A,112 & 112A & Dividend exceed 5cr]	15%	37%
6)	TI [Including Income u/s 111A,112 & 112A & Dividend 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% for AY 2023 & 24

TAX RATES AND SURCHARGE APPLICABLE TO OTHER ENTITIES

Assessee	Rate of Tax	Applicable Surcharge			Rate of HEC
		TI < 1 Cr	1 Cr < TI < 10Cr	TI > 10 Cr	
Domestic Co turnover not exceed not exceed 400 crore in PY 20-21	25%	-	7%	12%	4%
Other Companies	30%	-	7%	12%	4%
Foreign Company	40%	-	2%	5%	4%
Firm/LLP/Local Authority	30%	-	12%	12%	4%
Co Operative Society	10%	-	-	-	4%
For 1st ₹10,000	20%	-	-	-	4%
For next ₹10,000	30%	-	7%	12%	4%
For the balance					

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 with surch @ 10%) + (TI- ₹1 lakhs)
₹2cr </= ₹5cr	(Tax on ₹2 crore with surch @ 15%) + (TI - ₹2 lakhs)
Exceeds ₹5cr	(Tax on ₹5 crore with surch @ 25%) + (TI - ₹5 lakhs)

C) In case of a Domestic / Foreign Company, where TI ₹1cr </= ₹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)

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)

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 BAE
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."

SELF NOTES

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General Concept | Important | Amendments

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SEC 139B RETURN THROUGH TAX RETURN PREPARES [TRP]

 # Who can be TRP: Any Individual

 # 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.

 # Return which cannot be filled 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.

 # <u>When updated return cannot be submitted -</u>

1. If updated return is a return of a loss.
2. If updated return has the effect of decreasing the total tax liability or results in refund or increases the refund due on the basis of return.
3. 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).
4. A notice has been issued to the effect that any money, bullion, jewelery 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
5. An updated return has already been furnished by him u/s 139(8A) for the RAY. or
6. Any proceeding for assessment/reassessment/re-computation/ revision of income is pending or has been completed for that AY
7. The AO has information in respect possession under
   a. The POMLA, 2002 or
   b. The Black Money (undisclosed foreign income & Assets) & imposition of Tax Act or
   c. The prohibition of Benami property transaction Act 1988 or
   d. 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 filling of return u/s 139(8A), or
8. Information has been received under DTAA and the same has been communicated to him, prior to the date of filing of return u/s 139(8A), or
9. Any prosecution proceedings have been initiated for the relevant AY in respect of such person,
10. He is a person or belongs to a class of persons, as may be notified by the Board in this regard

IMP Hai!



CALCULATION OF TAX ON UPDATED RETURN [SEC 140B] -

Where assessee has not furnished return earlier

The tax payable after Reducing:
a. Advance Tax (already paid);
b. TDS/TCS;
c. Relief of tax claimed u/s 89/90/90A/91;
d. AMT credit/ MAT credit u/s 115JAA/115JD.

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 taking into the account of following :
a. Amount of Tax paid Earlier
b. TDS/TCS
c. 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-

Additional tax payable shall be calculated as follows-	
If updated return is furnished after the expiry of time available u/s 139(4)/(5) but before completion of 12 months from the end of the RAY	25 % of aggregate of tax (+SC+HEC) and interest as computed
If updated return is furnished after the expiry of 12 months but before completion of 24 months from the end of the relevant AY	50 % of aggregate of tax (+SC+HEC) and interest as computed

SELF NOTES

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;
Payee	"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 and (iii) Has furnished a declaration to the specified bank containing such particulars in such form and verified in such manner, as may be prescribed.
Respons-ibility of Payer	TDS would be deducted by the specified bank after giving effect to the deduction allowable under Chapter VI-A and rebate allowable under section 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 WITHDRAW

Payer [Deductor]	Banks, Co-op Society or Post Office
Payee[Deductee]	Any Assessee
Limit	Cash withdrawal > 1cr. in PY from 1 or more accounts maintained.
Rate	5%
Special Points	> If payee has not filed ROI for all the 3 AYs relevant to the 3 PYs for which the time limit to file u/s 139(1) has expired, immediately preceeding the PY in which the payment of the sum is made to him, the 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 the limit would be 3 crore.
NO TDS u/s 194N is paid to	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 fledge money changer licensed by RBI and its franchise agent provided they satisfy other condition. 8. Authorisied 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

SEC 194R TDS ON PERQUISITE

Payer [Deductor]	Specified Person responsible for paying any sum **I/HUF** - If T/o of Business in PPY exceed 1cr and Gross receipt from Profession exceed 50L and payment in PY exceed Prescribe Limit **Others**- If Limit Exceed Prescribe limit.
Payee[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
Transaction	For purchase of any goods of the value or aggregate of such value exceeding 50 lakh rupees in any previous year, at the time of credit or at the time of payment whichever is earlier
TDS Rate	0.1 per cent of such sum exceeding 50L rs.
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(1H) 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. 194Q applies to buyer being R/NR, but 194 Q does not apply to NR whose purchase of goods is not effectively connected with PE in India. 3. 194Q shall apply on advance payment also. 4. Sec 194O would not apply on E-auction services carried out by E-auctionor through electronic portal 5. The payment gateway will not be required to deduct TDS u/s 194O if TDS is done by E-Commerce operator under 194O. 6. No TDS under 194O if transaction in securities is settled by recognized clearing co-operation in IFSC

SEC 192 TDS ON SALARY

Payer [Deductor]	Employer
Payee[Deductee]	Employee [R/NR]
Limit	If Annual Salary [after dedn & exemption] exceed Basic Limit
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.

TCS

SEC 206C TCS PROVISIONS

Sec 206C(1) TCS on Alcohol/Timber/Scrap/Minerals

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

Sec 206C(1C) 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%

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

Seller → Buyer : TCS @ 0.1% Sum exceeding 50 Lakhs

Seller ↓ Turnover in PY Exceeding 10 Lakhs

Other Points:

> 194Q v/s 206C(1H) → 194Q

> 206C(1H) v/s 194Q → 194Q

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

(A) Overseas Tour Programme

- **Between 1/4/23 to 30/6/2023** → Any amount TCS @ 5%
- **After 1/7/2023** → Any amount TCS @ 20%

(B) Remittance

- **Between 1/4/23 to 30/6/2023**
  - For education purpose after education loan is obtained → Beyond 7L @ 0.5%
  - For education & medical (without loan) → Beyond 7L @5%
  - Other purpose remittance → Beyond 7L @5% Example: Remittance-10L TCS = 3L x 5%
- **On or After 1/7/2023**
  - > Other case: 20% (Any amount) Eg: Remittance on 1/8/23 4L; TCS = 4L x 20%
  - > For educational & medical purpose [W/T loan] Beyond 7L @5%
  - > For educational purpose [after education loan] Beyond 7L @ 0.5%

SEC 206CA : TAX COLLECTION ACCOUNT NUMBER

1. Every person collecting tax shall apply to the Assessing Officer for the allotment of a tax collection account number
2. Assessee shall quote TAN no: in all challans, certificates, returns and other documents related to such transactions.

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 :

a. At **twice** the rate specified in the Act; or

b. @ 5%

W.e.f. 01.07.2023 The Rate of TCS under this section shall not exceed 20%.[FA 2023]

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 PPY: TDS@ : 1) Twice rate in force 2) Twice rate in Act 3) 5% Whichever is higher	If ROI Not Filed in PPY: TCS@ : 1) Twice rate in Act 2) 5% Whichever is higher

Sec 206C(7):Interest for default

If the person did not collect TCS he shall be liable to pay simple interest at the rate of 1% per month or part thereof on the amount of such TCS from from the date on which such tax was collectible to the date on which the tax was actually paid.

	Particulars	Section 115BAB	Section 115BAA
1.	Applicability	Domestic MNF Co	Any domestic company
2.	Applicability of MAT	Not applicable	Not applicable
3.	Effective rate of tax (including surcharge & HEC) General Rate	17.16% [Tax@15% (+) Surcharge @10% (+) HEC@4%]	25.168% [Tax@22% (+)Surcharge @10% (+) HEC@4%]
	Special Income (111A/ 112 / 112A)	Special rate + 10% surcharge + HEC @ 4%	Special rate + 10% surcharge + HEC @ 4%
	STCG derived from transfer of Capital Asset on which no depreciation is allowed	25.168% (Tax @ 22% + sur 10% + HEC 4%)	25.168% (Tax @ 22% + sur 10% + HEC 4%)
	Adjustment for transaction with close connection by AO	34.32% (Tax @ 30% + sur 10% + HEC 4%)	No adjustment required
	Other Income where no specific rate is provided	25.168% (Tax @ 22% + sur 10% + HEC 4%)	25.168% (Tax @ 22% + sur 10% + HEC 4%)
4.	Conditions to be fulfilled for availing concessional rate of tax and exemption from MAT		
	Conditions	i. The company should be set-up and registered on or after 1.10.2019.	No time limit specified Both existing companies and new companies can avail benefit
		ii. It should commence manufacturing or production of an article or thing on or before 31.3.2024.	Need not be a manufacturing or a production company
		iii. It should not be formed by splitting up or reconstruction except given in Sec 33B	No similar condition
		iv. It should not use P&M previously used.	No similar condition
		v. It should not use building previously used as hotel/ conventional centre	No similar condition
		vi. It should not engage in any business other than manufacturing or production of article or thing & research related thereto.	No similar condition

	Particulars	Section 115BAB
		Assessee not to engage in the manufacturing 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/ production of cinematograph films (6) Any other business as may be notified by the CG. in this behalf
5.	Common Conditions for Sec 115BAA & 115BAB	1) Assessee should opt for this scheme Sec 115BAB - In the first year itself Sec 115BAA - Before due date u/s 139(1) 2) It should not claim deduction & exemption of following sec : Sec 10AA - SEZ Sec 32(1)(iia) - Additional Depreciation Sec 32AD - Investment allowance Sec 33AB - Tea, Coffee, Rubber development Sec 33ABA - Site restoration Sec 35(1)(ii/iia/iii) - Scientific Research Sec 35(2AA) - National Lab/IIT Sec 35(2AB) - Inhouse research Sec 35AD - Specified business Sec 35CCD - Skill Development Sec 35CCC - Agricculture extension project Sec 80IA-RRB - Part C deduction 3) Without set off of any loss or unabsorbed depreciation related to above deduction 4) By claiming depreciation without additional depreciation 5) In the case of a person having a Unit in the IFSC, referred to in section 80LA(1A), which has exercised option for sec 115BAA deduction u/s 80LA would be allowed subject to fulfilment of the conditions specified in that section

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 BOOKS OF ACCOUNT

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 Assessing Officer, 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 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 REPAID 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 PY in which the amount was borrowed or repaid, as the case may be.

SEC 115BBE UNEXPLAINED MONEY, INVESTMENTS ETC. TO ATTRACT TAX @60%

(i) The unexplained money, investment, expenditure, etc. deemed as income under sec 68/69/69A/69B/69C/69D would be taxed @ 60% plus surcharge @25%. Thus, the **effective rate of tax is 78% (60%+25%+HEC 4%).**

(ii) No basic exemption or allowance or expenditure shall be allowed to the assessee under any provision of the IT Act, 1961 in computing such deemed income.

(iii) Further, no set off of any loss shall be allowable against income brought to tax under Sec 68/69/69A/69B/69C or sec 69D.

2. RESIDENTIAL STATUS

BASICS OF RESIDENTIAL STATUS

1. RS is determined for each category of person seperately
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 be either be

Resident

If satisfy any of following condition-

a) They stay in India for 182 days or more in PY

OR

b) Stays in India for 60 days in PY AND 365 days in 4 PPY. (Continuous 4 PPY).

- **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 atleast any 2/10 PPY, and
  b) He stays in India for 730 days or more during the 7 PPYs
- **RNOR (Resident not ordinary resident)**: If does not satisfy any of the basic conditions u/s 6(6).

Non resident

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

Exception to 6(1): The person shall be treated an 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.

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 OR
  b) 120 days in PY and 365 days in 4PPY.

IC / PIO having income exceeding 15L & liability to tax in another country

- No → Person treated as RNOR as per Sec 6(1A) & 6(6)
- Yes → RS depends upon period of stay in India when he visit India
  - Upto 120 days - NR
  - Exceeding 120 days but less than 182 days & 365 days or more in 4 PPY - RNOR [6(1) & 6(6)]
  - 182 days or more
    - Sec 6(1) - Resident
    - Sec 6(6) - ROR or RNOR

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 deem to be RNOR.

SEC 6(2) 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 Section 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 Resident/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 P. Y. 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 ACCRUED

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
- Assessee Contract on behalf of NR/ plays significant role. - Maintain stock on behalf of NR. - Secure order on behalf of NR.	- Significant economic presence is deemed Business Connection - Download of Data/ Software/Purchase/ Sale. ↓ -Amount exceed 2cr in PY OR - Interactions with no of users exceeds 3L	- Purchase in India for the purpose of export outside India. - Collection of news and views In India for transmission out of India. - Shooting of any cinematograph Film in India. - Display of uncut and unassorted diamond in any special zone notified by CG.

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 or the use of property or Information or for the utilization for the purpose of business or profession carried on by such person outside India or for the purpose of earning any Income from any source 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.

"Royalty means:
Consideration including any lump sum consideration for;
1) The transfer of all or any rights (including the granting of a license) in respect of a patent, invention, model, design, secret formula or process or trade mark or similar property;
2) The imparting of any information concerning the working of, or the use of, a patent, invention, model, design, secret formula or process or trademark or similar property
3) The use of any patent, invention, model, design, secret formula or process or trade mark or similar property;
4) The imparting of any information concerning technical, industrial, commercial or scientific knowledge, experience or skill;

The use or right to use any industrial, commercial or scientific equipment but not including the amounts referred to in sec 44BB; the transfer of all or any rights (including the granting of a license) in respect of any copyright, literary, artistic or scientific work including films or video tapes for use in connection with television or tapes for use in connection with radio broadcasting, including consideration for the sale, distribution or exhibition of Cinematographic films; or the rendering of any services in connection with the activities referred to in sub-clauses (i) to (iv), (iva) and (v).

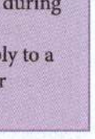
Sec 9(1)(vii) - Fees for technical services payable by:
a) Government ; or
b) Resident Person
Except where the fees are payable for services are utilised in a business or profession carried on by such person outside India or for the purposes of making or earning any income from any source outside India or
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.

SEC 194C TDS ON PAYMENTS TO CONTRACTORS

Payer [Deductor]	**I/HUF** - If T/o of Business in PPY exceed 1cr and Gross receipt from Profession exceed 50L and payment in PY 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: 1% > 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.e.f. 01.06.2015 No TDS is required in Goods transport Business which owns less than 10 goods vehicle. 3. Contract for sale of goods **Works:-** • 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 section 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

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

Payer [Deductor]	Individual or a HUF (other than those who are required to deduct income-tax as per the provisions of sec 194C, sec 194H / sec 194J)
Payee[Deductee]	Any person [Resident]
Limit	Exceed ₹ 50L during a FY
Rate	5%
Special Points	> Sums, credited or paid to a resident during a F. Y. > Provisions of sec 203A shall not apply to a person required to deduct tax as per provisions of this sec.



SEC 194J TDS ON PROFESSIONAL

Payer [Deductor]	I/HUF - If T/o of Business in PPY exceed 1cr and Gross receipt from Profession exceed 50L and payment in PY exceed Prescribe Limit Others- If Limit Exceed Prescribe limit.
Payee [Deductee]	Any person resident in India
Limit	₹ 30,000 PA except Directors fees
Rate	Technical Services (not being professional services) / royalty in the nature of consideration for sale, distribution / exhibition of cinematographic films - 2% Other Cases - 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 CBDT



SEC 194A TDS ON INTEREST OTHER THAN ON SECURITIES

Payer [Deductor]	**Specified Person** being I/HUF - If T/o of Business in PPY exceed 1cr and Gross receipt from Profession exceed 50L and payment in PY exceed Prescribe Limit **Others**- If Limit Exceed Prescribe limit.
Payee [Deductee] Limit	Any person being Resident **Others :** If payment exceeds ₹5,000 **Bank / PO / co-:** If payment exceeds ₹40,000 operative society 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/NR]
Limit	If Amount exceed 50000
Rate	10%
Time of Deduction	At the time of payment

SEC 194H TDS ON COMMISSION OR BROKERAGE

Payer [Deductor]	**I/HUF** - If T/o of Business in PPY exceed 1cr and Gross receipt from Profession exceed 50L and payment in PY exceed Prescribe Limit. **Others**- If Limit Exceed Prescribe limit.
Payee[Deductee]	Any person being resident.
Limit	Pay> ₹15000
Rate	5%
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 194 D & Sec 194 G
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	Upto 5%
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]	**I/HUF** - If T/o of Business in PPY exceed 1cr and Gross receipt from Profession exceed 50L and payment in PY exceed Prescribe Limit. **Others**- If Limit Exceed Prescribe limit.
Payee [Deductee]	Any person resident in India
Limit	Exceeds ₹2,40,000 p.a. per co-owner (including Advance Rent & Arrears of Rent)
Rate	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, 5/2001 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. JAPAN AIRLINES CO, LTD, V, COMMISSIONER OF INCOME-TAX [SC] **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. [FA 2022]

SEC 194IA TDS ON ACQ OF PROPERTY

Payer [Deductor]	Any assessee
Payee[Deductee]	Resident Assessee
Limit	Consideration and SDV Exceeds ₹5000000
Rate	1 % of consideration or SDV whichever is higher
Time of Deduction	The Deductor shall remit the TDS to CG in form 26QB and issue form 16B as certificate to payee. 1) Therefore, if the immovable property is purchased from a NR TDS u/s 195 2) 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. 3) 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. 4) Consideration shall incl. all charges of the nature of club membership fee, car parking fee, water or electricity facility fee, maintenance, advance fee / similar which are incidental to the property.

SEC 194DA TDS ON LIP

Payer [Deductor]	Any person
Payee[Deductee]	Any person resident in India
Limit	Amount > ₹1,00,000 or more in a year
Rate	5% [on Amount received - Amount 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
Payee[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'18
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 payable on any security of the Central or State Govt, However, as per Finance Act, 2018 TDS shall be deducted on 7,75% Savings (Taxable) Bonds, 2018, > "Indian Railway Finance Corporation Ltd, 54EC CG Bond" & "Power Finance Corporation Ltd, 54EC Capital Gains Bonds" [Not. 27/2018] # w.e.f 01.04.2023 TDS would be deducted on Interest payable on securities even if it is dematerialized form

SEC 203A TAX DEDUCTION & COLLECTION A/C NO

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

SEC 206AA FURNISH OF PAN

Sec 206AA(1)- 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 194O/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

Section applies to all other cases where deductee
A. He has not filled ROI for PPY.
&
B. TDS/ TCS in that year is 50000 or more.

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

Section not applicable
Deduct TDS as per Normal Rates in Following cases
Sec 192 Salary
Sec 192A EPF
Sec 194B Winning
Sec 194BB Horse winning
Sec 194BA Online Winning
Sec 194IA Acq of Property
Sec 194IB Rent
Sec 194LBC Interest
Sec 194M Personal Pay
Sec 194N Cash Withdraw
Sec 194S Transfer of VDA

Further Section is not applicable :
(i) NR who does not have PE in India
(ii)if he is not liable toi file ROI

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

IMP Hai!



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.

Due date of TDS Return(Statement)

Quarter Ended	TDS Return Due Date
30th June	31st July
30th Sept	31st Oct
31st Dec	31st Jan
31st March	31st May

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.

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:
a) The sums deductible shall be computed after making the following adjustments, namely:
   i) Any arithmetical error in the quarterly return; or
   ii) An incorrect claim, apparent from any information in the quarterly return;
b) The interest / fee, if any.
d) The sum payable or amount of refund due to, the deductor shall be determined
f) 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); &
g) The amount of refund due if any shall be granted to the deductor.

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

Fails 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(1): 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.
1. Has furnished his return of income under section 139;
2. Has taken into account such sum for computing income in such ROI.
3. 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(1A):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 @ 1.5% for every month or part of a month on the amount where an order is made by the Assessing Officer for the default for non Deduction or short deduction the interest shall be paid by the person in accordance with such order.

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
Payee[Deductee]	Any person [R/NR]
Rate	@ 30%
Time of Deduction	At the time of payment

In a case where there is a withdrawal from user account during the FY, TDS shall be deducted at the time of such withdrawal on the net winnings comprised in such withdrawal, as well as on the remaining amount of net winnings in the user account.

Where the winnings are wholly in kind or partly in cash and partly in kind but the part in cash is not sufficient to meet the liability of deduction of tax in respect of whole of the winnings, the person responsible for paying shall, before releasing the winnings, ensure that tax has been paid in respect of the winnings.

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	₹15000p.a.
Rate	5%
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	Exceed > 5000 p.a.
Rate	10%
Special Points	No TDS if Dividend paid to a) LIC b) General Insurance Corporation or other Insurance Company c) business trust d) Any other person notified by the CG

SEC 194K TDS BY MUTUAL FUND

Payer [Deductor]	Any person
Payee[Deductee]	Any person (Resident)
Limit	Exceed ₹ 5,000 PA
Rate [FA'20]	10%
Time of Deduction	At the time of payment or credit whichever is earlier
Special points	TDS shall be deductible on income in respect of units - a) Units of a Mutual Fund specified u/s 10(23D); or b) Units from the Administrator of the specified undertaking; or c) Units from the specified company, This section shall not apply - a) if dividend does not exceed ₹5,000; or b) if the income is of the nature of CG.

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 Kerela Vs. Mariaama]
Other Condition	No TDS to be deducted if compulsory acquisition of Rural Agriculture land

3. AGRICULTURE INCOME

BASICS OF AGRICULTURE INCOME

1. Agriculture income is defined u/s 2[1A].
2. Agricultural Income is exempt from income tax 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.

Municipal Area or Cantonment Board
- Upto 2km if population does not exceed 10,000
- Upto 6km if population does not exceed 1L
- Upto 8km if population does not exceed 10,00,000

Distance is measured aerially

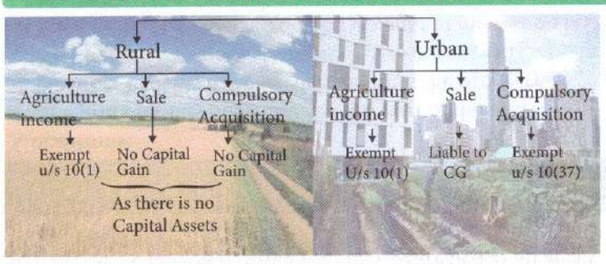
Expl 4 : Population means according to the last census published before the first day of PY.

SN	Particulars	Population	Result
1.	Distance 0-2km	Less than 10000	Rural
2.	Distance 0-2km	More than 10000	Urban
3.	Distance 2-6km	Less than 100000	Rural
4.	Distance 2-6km	More than 100000	Urban
5.	Distance 6-8km	Less than 1000000	Rural
6.	Distance 6-8km	More than 1000000	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. This Income needs to be disintegrated into Agricultural income and non agricultural Income. Further no deduction is permissible in respect for any expenditure incured by Assessee.

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

Rule	Content	Agricul--ture	Non Agri-culture
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

Directly Sold

Sale Value	xxx
- Cost of Cultivation	[xxx]
AI	xxx

Sold after processing

Agriculture Income

FMV	xxx
- Cost of Cultivation	[xxx]
AI	xxx

PGBP

Sale Value	xxx
- FMV of Produce	xxx
- Exp on sales	xxx
PGBP	xxx

METHOD OF AGGREGATION / METHOD OF PARTIAL INTEGRATION

Applicability: Applicable only to individuals, HUF, AOP 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 Surchage/ Less Rebate, Add HEC	xxx
Step 7: Final Tax Liability	xxx

If an Individual opts to be taxed u/s 115BAC, 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

Asseessee must be owner
Owner include demeed owner Sec 27

Annual Value of Land, Building appartenant thereto

Property must not be used for own business & profession

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"
	Letting is not the main business	a) Income from property- "HP" b) Income from other asset- "Other sources"
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 "Othersources".

* 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 RNOR/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:

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

Actual rent received or receivable :

Actual rent for let out period	Xxx
Less: Unrealized Rent Subject to conditions of Rule 4	(Xxx)
ARR	Xxx

Municipal Value	This is value as determined by the municipal authorities for levying municipal taxes on house property
Fair Rent	Fair rent is the rent which a similar property can fetch in the same or similar locality
Standard Rent	The standard rent is the maximum rent which can be collected by landlord. This is fixed under Rent control act
Unrealized Rent	Rent due from tenant but not received. Deduction is allowed is condition is satisfied if nothing is mentioned assume that condition is satisfied.

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

MUNICIPAL /PROPERTY/ CORPORATION TAX

Conditions for Benefit	a) It should be Borne by Assessee (Not Tenant). b) It should be actually paid during the year.
Deductions	Paid for PY in the current year - Allowed Paid for Current Year - Allowed Advance Paid - Not allowed because it is not Due.
Other Benefit	Benefit for Sewerage Tax and Water Tax Also Available
Paid outside India	Allowed as per CIT v. R. Venugopala Reddiar (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). f) Sec 80EE Provides additional benefit Out of Gross Total Income. g) Deduction = 1/5th of Pre construction + 100% of Post Construction. **Post Construction interest :** 100% allowed as deduction **Pre Construction Interest :** 1/5th of Total Interest Paid during pre construction period

Pre Construction Period	
a) Repayment Precedes Construction	Date of Borrowing to date of Repayment
b) Construction Precedes Repayments	Date of Borrowing to 31st March Prior to date of Completion.

Under default tax regime u/s 115BAC - There would be no deduction on account of interest or loan u/s 24(b) under default tax regime u/s 115BAC in respect of property referred to in sec 23(2) i.e self Occupied or unoccupied property [FA 2023]

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 and
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) under default tax regime u/s 115BAC in respect of the property referred to in section 23(2) i.e., self-occupied or unoccupied property [FA 2023]

Particulars	₹
Annual value u/s 23(2)	Nil
Less:- Municipal tax actually paid	Nil
NAV	Nil
Less:- Deduction u/s 24	
a) Standard Deduction	Nil
b) Interest on borrowed capital	(xxx)
Conditions:-	
1. Upto Rs. Maximum of ₹200000 [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 FY. in which capital is borrowed.	
2. Upto maximum of ₹30000 [Aggregate Amount of Deduction]	
a. If condition given in 1 is not satisfied	
b. Loan is taken for repairs and maintenance	
Loss from House Property	(xxx)

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) [limited]	(xxx) [limited]	(xxx) [unlimited]	(xxx) [limited]	(xxx) [unlimited]	(xxx) [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) [unlimited]	(xxx) [limited]	(xxx) [limited]

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

Notes:-

a) This option can be changed year after year in a manner beneficial to the assessee.
b) 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 the competent authority, shall be taken to be nil.

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

Income shall 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

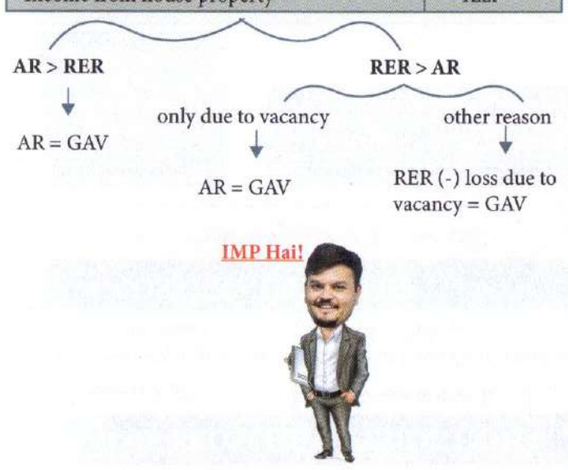
PROPERTY A PORTION OF WHICH IS LET OUT & PORTION SELF OCCUPIED

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

Particulars	LOP	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	(xx)(unltd)	Xxx(ltd)
Income from House Property	Xxx	Xxx

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

Particulars	₹
Step1: RER	
Step2: 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



IMP Hai!

5. SALARY

SEC 15 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 Agnipath Scheme referred to in sec 80CCH. [FA 2023]

FULLY TAXABLE PART OF SALARY

a. Basic
b. Bonus
c. Fees
d. Advance/Arrears
e. Commission
f. Leave Encashment
g. Uncommuted Pension

(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 the 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.[FA 2023]

Section 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 the assessee has exercised the option of shifting out of the default tax regime provided u/s 115BAC(1A). This deduction is not available if the assessee pays concessional rates of tax under the default tax regime u/s 115BAC. [FA 2023]

14. TAX DEDUCTED & COLLECTED AT SOURCE

SUMMARY CHART FOR TDS

Relevant Section	Particulars	TDS rate	Limit
Sec 192	TDS On Salary	Average rate of Income tax	Annual Salary (After deduction and exemption, exceed BEL)
Sec 192A	Receiving accumulated taxable part of PF	10%	50,000
Sec 193	Interest received on securities	10%	5,000/10,000
Sec 194 and 194K	Dividend received from Mutual funds and on company's shares	10%	5,000
Sec 194A	Interest other than Interest on Securities e.g. Fixed deposit interest	10%	40,000
Sec 194B	Winnings from lottery, crosswords or any sort of game	30%	10,000
Sec 194BB	Winnings from horse races	30%	10,000
Sec 194D	Insurance Commission received by an Individual	5%	15,000
Sec 194DA	Life Insurance Policies not exempt under Section 10(10D)	5%	1,00,000
Sec 194I	TDS on rent	2% For P&M/10%	2,40,000 per person
Sec 194H	Commission or brokerage received except for Insurance Commission	5%	15,000
Sec 194IA	Payment made while purchasing land or property	1% (of Consideration or SDV Whichever is higher)	50L
Sec 194IB	Payment of rent by individual or HUF exceeding Rs. 50,000 per month	5%	50,000
Sec 194IC	Payment for registered Redevelopment agreement	10%	-
Sec 194M	Payment made to professional or commission or brokerage of more than Rs 50 lakh and above	5%	50L
Sec 194N	Cash withdrawal exceeding Rs 20 lakh or 1 crore as the case maybe	2% / 5%	20L or 1cr
Sec 194J	Payment of Professional Fees etc.	2% (FTS, certain royalties, call centre) 10%(others)	30,000
Sec 194LA	Payment for Compulsory Acquisition for immovable property	10%	2,50,000
Sec 194C	Payment to contractor	I/HUF - 1% Others- 2%	Single pay - 30,000 Aggregate pay -1,00,000
Sec 194G	Commission on lottery ticket	5%	15,000
Sec 194Q	Purchase of goods	0.1%	50L
Sec 194R	Benefit & Perquisite in respect of Business & Profession	10%	20,000 p.a
Sec 194BA	TDS on winning in Online Games	30%	-

Exam se phele ya chart dekh lena



SUMMARY CHART FOR TCS

Relevant Section	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/toll/mining rights	2%
Sec 206C(1F)	TCS on Motor Car	1%
Sec 206C(1G)	Foreign remittance	5%/0.5%
Sec 206C(1G)	Oversease tour Program	5%
Sec 206(1H)	Sale of any other goods	0.1% (w.e.f 1/10/20)

IMPORTANT FORMS & DATES

Due Date for payment of TDS (Sec-200)	For March	30th April
	Between April & Feb	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: 30th June	Due date: 31th July
	30th Sep	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	24Q
	Other Than Salary	26Q
	NR	27
	For resident transferor(Land)	26QB furnish within 7 days of dedn

TDS certificate to be issued to deductee Sec 203

TDS deducted	Form no	Periodicity	Due date
Under 192	16	Annual	31st May of following year
Any Sec	16A	Quarterly	Within 15days of due date of filling TDS return
Except 192	16B	Within 7 days with 26QB	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

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	JCIT
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	JCIT

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(a) and be treated as income of Assessee u/s 198.

SURCHARGE & CESS ON RATES OF TDS

1. In Case of Resident Payee / Deductee:

Payee/ Deductee (i,e, to whom payment is made)

- **Companies** → No surcharge or health & education cess be added,
- **Any other assessee** → Only in case of salary, surcharge and education cess is applicable.

2. In Case of Non - Resident Payee / Deductee: Surcharge is mandotary at applicable rate.

TDS AND GST

- **GST Shown Separately** → TDS on amount excl. GST
- **GST not shown Separately** → TDS on whole amount

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

13. EXEMPTION

Section	Particulars	Who are entitled to	Condition
10(1)	Agricultural income	Any Assessee	Ref AI
10(2)	Amount received out of family income, or in case of impartible estate, amt received out of income of family estate	Individual as member of HUF	
10(2A)	Partner's share in total income of firm (which includes LLPs)	Partner of a firm	
10(4)(ii)	Interest received on NR (External)A/c	Individual NR	
10(10D)	At present Any sum received under a life insurance policy including bonus on such policy but excluding sums received u/s 80DDA(3) and under a Keyman Insurance policy is exempt provided the premium does not exceed 10% of actual capital Sum assured in any year. [15% for person with disability]	Any Assessee	Ref Deduction
10(6)(ii)	The remuneration received	Official of : a)Eembassy 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 90 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
10(6)(ix)	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 ref 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. (NTRO)	Non-Corporate NR & Foreign Cos	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 Samriddhi 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 (26AAA)	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(30)	Tea board subsidy	Any assessee engaged in business of growing & manufac - turing tea	> Subsidy should have been recd under any scheme for replantation/ replacement of the bushes/for rejuvenation or consolidation of areas used for cultivation of tea, as notified by CG >Assessee should furnish a certificate from the Tea Board, as to the subsidy received by him during PY, to AO along with his return of the relevant AY / within the time extended by AO for this purpose.
10(31)	Other subsidies	Any assessee engaged in business of growing & manufac - turing rubber, coffee, cardamom/ specified commodity	> Subsidies should have been received from or through Rubber, Coffee, Spices/any other Board in respect of any other commodity under any scheme for replantation or replacement of rubber, coffee, cardamom or other plants for rejuvenation or consolidation of areas used for cultivation of all such commodities > Assessee should furnish a certificate from the Board, as to the subsidy received by him during PY, to the AO along with his return of relevant AY/within the time extended by AO for this purpose
10(35)	Income from units from the Administrator of specified undertaking/ specified company/ Mutual Fund	Any assessee	Any income except income from transfer of such units

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.

Assessees who are eligible for exemption:

Exemption is available to all categories of assessees 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. 2006-07 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 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 an assessee who does not furnish a return of income on or before the due date u/s 139(1). [FA 2023]

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.

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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.

PARTLY EXEMPT ALLOWANCES

Nature of allowance	Exemption
Special Compensatory (Hilly Areas) Allowance or High Altitude Allowance or Uncongenial Climate Allowance or Snow Bound Area Allowance or Avalanche Allowance	₹800 or ₹ 300 p.m depending upon the specified locations ₹ 7,000 p.m in Siachen area of Jammu and Kashmir.
Border area allowance or remote locality allowance or difficult area allowance or disturbed area allowance	₹1,300 or ₹ 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 -For above 15,000 feet	₹ 1,060 p.m ₹ 1,600 p.m
Special compensatory highly active field area allowance	₹ 4,200 p.m
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 [FA 2023]	In case EE is blind/handicapped, ₹3200 p.m.[Still Available]
Tribal Area (The tribal areas of Madhya Pradesh, Tamil Nadu, Uttar Pradesh, Karnataka, Tripura, Assam, West Bengal, Bihar & Orissa.)	₹200 p.m

ALLOWANCES [FA 23]

Fully taxable under both regimes	Fully taxable under default tax regime/ Partly exempt under the optional tax regime	Fully exempt only under the optional tax regime
1. Entertainment allowance 2. Dearness allowance 3. Overtime Allowance 4. Fixed Medical Allowance 5. City compensatory Allowance (to meet increased cost of living in cities) 6. Interim Allowance 7. Servant Allowance 8. Project Allowance 9. Tiffin/Lunch/ Dinner Allowance 10. Any other cash allowance 11. Warden Allowance 12. Non-practicing Allowance 13. Transport allowance to employee other than blind/ deaf and dumb/ orthopedically handicapped employee	1. House aren't Allowance [u/s 10(13A)] 2. Special Allowance [u/s 10(14)] Except- (a) Travelling allowance (b) Daily allowance (c) Conveyance allowance (d) Transport allowance to blind/ deaf and dumb/ orthopedically handicapped employee Note: the exceptions in (a) to (d) above are partly exempt under both scheme	1. Allowances to High Court Judges 2. Salary and Allowances paid by the United Nations Organization 3. Sumptuary allowance granted to High Court or Supreme Court Judges Note: In case (i) and (iii) 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
	Fully exempt under both tax regimes	
	Allowances granted to Government employees outside India [Section 10(7)]	

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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. [FA 2023]

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)	Entertain-ment 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 Employer has paid the amount, 1st Add in salary and then take the deduction.
Sec 16(ia)	Standard Deduction U/s 115BAC	**Lower of:** a. Amount of salary b. 50000 [FA 2023]

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

During his Employment — Totally Taxable to all Employee however relief can be claimed u/s 89.

At the Time of Retirement
- Government Employees — Fully exempt
- Non Government Employees
  - Employees covered under The Payment of Gratuity Act, 1972 — **Minimum of :** 1) Actual received 2) 15/26 x Last drawn x No. of yrs Salary of completed service / part in excess of 6 M 3) Maximum ₹20L
  - Employees not covered under The Payment of Gratuity Act, 1972 — **Minimum of :** 1) Actual received 2) 1/2 x Avg Salary x No. of yrs of completed service 3) Maximum ₹20L [Not. 16/2019] No difference if seasonal Employee

After the death of Employee — Payment to Widow/legal heir is not taxable

> 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

During his Employment — Totally Taxable to all Employee

At the Time of Retirement
- Uncommuted Pension — Taxable to all including Govt EE
  - Govt EE (Whether gratuity is received or not) — Exempt u/s 10(10A)(i)
  - Non Govt EE
    - Non-Govt EE who have received Gratuity — Section 10(10A)(ii)
    - Non-Govt EE who have not received gratuity — Section 10(10A)(ii)
- Commuted Pension — Taxable to all including Govt EE

After the death of Employee — Taxable under IFOS

Actual Amount Recd	XX
(-) 1/3rd of Full Value of Pension	(XX)
Taxable	XX

Actual Amount Recd	XX
(-) 1/2 of Full Value of Pension	(XX)
Taxable	XX

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 — Nil

Other

Actual Amount Recd	XX
(-) **Lower of :** a) Actual received b) Amount calculated as per Industrial Dispute Act, 1947 c) Maximum ₹ 5L	(XX)
Taxable (eligible for relief u/s 89)	XX

Notes :
> If amount determined as per industrial dispute act is not given:-

$$\frac{15}{26} \times \text{Avg salary of Last 3M} \times \text{No of year of completed service /part thereof in excess of 6 M.}$$

However as per Guru Jambeswar 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	(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
Exemption	Actual Amount Recd — XX (-) **Lower of :** — (XX) a) Actual Amount b) Rs.500000 c) **Amount higher of :** i) Last drawn salary x 3 x No of yrs Completed Service. ii) Last Drawn Salary x Balance no of M left for service 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 claims exemption u/s 10(10C) in that year or any other AY.

SEC 10(10AA) LEAVE SALARY

During his Employment — Totally Taxable to all Employee

At the Time of Retirement
- Govt EE — Fully Exempt
- Non Govt EE — Minimum of
  (1) Actual received
  (2) Avg. salary x10 months
  (3) Maximum 2500000
  (4) Leave Credit for 30 days

After the death of Employee — 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 of, these may either lapse/are allowed to be encashed every year or these are accumulated and 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- 12yrs & 7M=12 yrs.
b) 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.
c) 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. [17(2)(iii)]
a. Employee + Director
b. Employee + Substantial Interest. S 2(32) An employee holding atleast 20% voting power in a company.
c. 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(1) PERK : VALUATION OF RESIDENTIAL ACCOMODATION

Unfurnished
- Govt EE
- Non Govt EE
  - Owned
  - Hired
  - Hotel

Furnished — Max time puchte hai



Where accommodation is provided by Union/State Govt to their employees	License Fees — xxx **Less:** Anything Recovered — (xxx) Perk — xxx
Accommodation owned by him	Population of the city (as per 2001 census) where accommodation is provided, Population — Perk Beyond 25Lakh — 15% Above 10Lakh-25 Lakh — 10% Below 10 Lakh — 7.5% Deduction for any amount paid by the employee: The amount so calculated shall be reduced by rent, if any, actually paid by EE
Accommodation is hired /leased	**Lower of :** a) 15% 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.
Provided in Hotel	Upto 15 days — Nil Beyond 15 days — 24% of salary — xxx; **Less:** Recovered — (xxx); Perk — xxx

Particulars	₹
Value as Per Unfurnished	xxx
Add: Value of Furniture	xxx
If Owned:- 10% of actual Cost **Hired:-** Actual Hire Charges	Xx Xx
Less: Anything Recovered	(xxx)
Perk	xxx

Notes-

1. Salary: Basic+ DA(R)+ Bonus + Commission + All taxable Allowance
2. "Accommodation" incl. house, flat, farm house, hotel accommodation motel,service apartment guest house, caravan, mobile home, ship etc.
3. Where an employee is transferred from one place to another & he is provided with an accommodation at new place also. The value of perquisite shall be taken for only one such house having lower value for period not exceeding 90 days. Thereafter, the values of both.

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 on account of a mount recovered)
Car owned by Employer & maintained by Employee	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 Chauffer provided = 900pm (Nothing deductible on account of amount recovered)
Car owned & maintained by Employee	Nothing is Taxable	
Car owned by Employer & maintained by Employer	Official use	Nil
	Private use	Amount of Expenditure
	Partly official partly private	Actual Expenditure — xxx (-) 1800 pm / 2400 pm (Depending on CC) — (xxx) (-) 900 pm if chauffer is provided Taxable — xxx
Any other automotive owned by Employer	Official use	Nil
	Private use	Amount of Expenditure
	Partly official partly private	Actual Expenditure **Less:** Rs. 900 p.m. (Greater deduction can be allowed if as perofficial records it is established that expense was for official use)

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1. Month denotes completed month. Any part of M shall be ignored
2. Chauffer is added only if provided.
3. When more than 1 car is provided to EE, otherwise than wholly & exclusively for such car than value of perquisite or.
4. 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 — xxx **Less:** Recovered — (xxx) Perk — xxx **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	xxx
		Less: Recovered	(xxx)
		Perk	xxx

PERK : ESOP

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

APPROVED SUPER ANNUATION FUND

EE's Contribution is eligible for deduction u/s 80C
ER'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 Introducted By Finance Act 20
> 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 tthe 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;

PERK : USE OF MOVABLE ASSETS

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

SEC 80JJA 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	1st 5 years = 100% of the profit

SEC 80JJAA EMPLOYMENT OF NEW WORKMEN

Assessee	Assessee to whom Section 44AB applies
Deduction	30% of "additional wages" paid to the "new regular workmen" employed by the assessee in the PY. The deduction shall be allowed for 3 AYs, including the AY relevant to the PY in which such employment is provided
Meaning of Terms	New Regular workmen do not include – > Employee Whose Total Remuneration exceed ₹25000pm > Whose entire contribution is paid by Government under Pension Scheme > Employee worked for Less than 240 days/150 days in case of apparel Business/footwear & leather industry > Employee who does not participate in RPF
Restriction	1) **Additional Employee Cost :** Total Employment paid or payable to Additional Employees employed during the yr - a) In case of existing business - Cost will be NIL if no increase in total no of employees & emoulments paid otherwise than by A/c payee cheque/draft/NEFT/ RTGS/other electronic mode prescribed b) In case of new business - shall be emoluments paid/ payable to employees employed during that PY 2) The Business should not be formed by splitting up or reconstruction of an existing business. **Exceptions:** Business formed as a result of re-establishment, reconstruction or revival by the assessee of the business referred u/s 33B & within the period specified in that sec 3) The Business should not be acquired by the assessee by way of transfer from any other person or as a result of any business reorganization; 4) The assessee furnishes along with ROI report of accountant, as defined in the Explanation to Sec 288 before the specified date referred to in sec 44AB giving such particulars in report as may be prescribed.[Form 10DA]

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	Lumsump Royalty - Actual or ₹3L, whichever is lower Other than above - Upto 15% of value of book sold
Conditions	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 29A) 3) If royalty is earned outside India the deduction is allowed only if such royalty is brought to India in convertible Forex within 6m from the end of PY or time allowed by RBI

SEC 80RRB ROYALTY ON PATENT

Assessee	Individual Being > Resident > Patentee: person who is true and first inventor of the patent and whose name is entered on the patent which is registered on or after 1.4.2003 under the Indian Patents Act, 1970.	
Deduction	Earned In India	**Minimum of the following:** > 100% of such income; or > ₹3,00,000
	Earned outside India	**Minimum of the following:** > Income in respect of money brought into India in convertible foreign exchange within prescribed time limit; or > ₹3,00,000
Conditions	> The assessee must furnish a certificate in the prescribed form (Form No. 10CCE), duly verified by the person responsible for making such payment to the assessee > Deduction should not exceed royalty as per licence > Double deduction not permissible: Where deduction under this section is claimed and allowed for any AY, no deduction shall be allowed in respect of such income under any other provisions of the Act for the same or in any other AY > If royalty is earned outside India the deduction is allowed only if such royalty is brought to India in convertible Forex within 6m from the end of PY or time allowed by RBI.	

SEC 80PA FARM PRODUCER COMPANIES

Sec 80-IAC(1/2) - Where an eligible start-up, includes any profits from eligible business a deduction = 100% of the profits and gains derived from such business for 3 consecutive AYs out of 10 years at the option of assessee.

Sec 80-IAC(3) - This section applies if it fulfills the following conditions -
1. It is not formed by splitting up, or the reconstruction, of a business except in sec 33B
2. It is not formed by the transfer of P & M previously used for any purpose following shall be regarded as new P&M -
   a) P&M imported into India shall not be regarded as Second hand P&M
   b) Such P&M was not, at any time previous to the date of the installation by the assessee, used in India.
   c) The total value of P&M(Second hand) does not exceed 20% of the total value of P&M used in the business.

Explanation - For the purposes of this section -
"Eligible business" means eligible start-up engaged in innovation, development or improvement of products or processes or services or a scalable business model with a high potential of employment generation or wealth creation.

"Eligible start-up" means a company or a LLP engaged in eligible business & following conditions, namely:-
a) It is incorporated on or after the 1st day of April, 2016 but before the
1st day of April, 2024
b) The total turnover does not exceed ₹100 cr in the PY relevant to the AY for which deduction under sub-sec(1) is claimed; &
c) It holds a certificate of eligible business from the Inter-Ministerial Board of Certification as notified in the Official Gazette by the CG.

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

Sec 80M(1) - Where a domestic company in any PY receives dividends from -
1. Any other domestic company or
2. Foreign company or
3. Business trust, shall be allowed a deduction of -
   a. Amount of Dividend Received or
   b. Amount of Dividend Paid on or before the due date.

SELF NOTES

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; & (b) Which is in accordance with a scheme framed & notified, by CG	Self	NA
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 Samriddhi Account [Noti 5/2015]	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, Thalassaemia].
Amount of Deduction	Dependent: 1. Other than senior citizen — Amount of deduction: Actual or ₹40,000, whichever is less 2. Senior citizen 3. Very senior citizen — Actual or ₹100000, whichever is less
Meaning of Various Terms	Dependent: Individual — Person Covered: Individual, Spouse, children, parents, brothers & sisters of the individual. Dependent: HUF — Person Covered: Any Member

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

Condition 1	The assessee is an Individual, who is – 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/Employee - 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] **Example:** Assessee contribution Rs.140000 towards NPS & GTI is ₹560000 in this case deduction shall be 20% of GTI = ₹112000 u/s 80CCD[1] Balance deduction = ₹28000 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. 14% (Central Govt) or (State Govt) / 10% of salary (Others)
Other notes	1) As per 10[12A] Closer of NPS account 60% exempt (40% taxable) 2) As per 10 [12B] partial withdrawal from NPS Account 25% exempt (75% taxable)

SEC 80G DONATIONS

Assessee	All Assessee In case of an individual, HUF, AOP (other than a co-operative society) or BOI or an AJP, deduction would be available only if they have exercised the option of shifting out of the default tax regime provided u/s 115BAC(1A). It would not be available if they pay concessional rates of tax under the default tax regime u/s 115BAC. In case of co. and co-operative societies, deduction would not be available if they opt for the special provisions u/s 115BAA/115BAB and sec 115BAD/115BAE, respectively. In other words, deduction would be available only if they pay tax under the normal provisions of the Act. [FA 2023]
Expense on	Any donation in form of sum of money. Donation in kind is not qualified for deduction. [Rama 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	% Specified in the List Some items: With Qualifying Limit [10% of Adjusted Total Income] Rest: Without Qualifying Limit
Calculation of Qualifying Limit	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. Max time puchte hai

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

Trust/institution to which donation is made	Qualifying limit applies or not	% of donation eligible for ded^{n}
National Defence Fund set up by CG	No	100
Prime Minister's National Relief Fund / Prime Minister's Citizen Assistance & Relief in Emergency Situations Fund (PM Cares Fund)	No	100
PM's Armenia Earthquake Relief Fund	No	100
Africa (Public Contributions - India) Fund	No	100
National Foundation for Communal Harmony	No	100
University/any educational inst. of national Eminence	No	100
Maharashtra Chief Minister's relief Fund / Earthquake Relief Fund	No	100
Fund set up by the Govt of Gujarat for relief of the Victims of Earthquake	No	100
Zila Saksharta Samiti	No	100
National/State Blood Transfusion Council	No	100
Any fund set up by a State Govt to provide medical relief to the poor	No	100
Army Central Welfare Fund/Indian Naval Benevolent Fund/Air Force Central Welfare Fund	No	100
Andhra Pradesh CM's Cyclone Relief Fund,1996	No	100
National Illness Assistance Fund	No	100
Chief Minister's Relief Fund/Lieutenant Governor's Relief Fund	No	100
National Sports Fund to be set up by the CG	No	100
National Cultural Fund set up by the CG	No	100
Fund for Tech Development/application by CG	No	100
National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation & Multiple Disabilities	No	100
Any sums paid by the assessee, between Jan 26 , 2001 to Sep 30, 2001, to any trust, institution or fund which satisfies conditions of sec 80G(5) for providing relief to victims of Guj earthquake	No	100
Prime Minister's Drought Relief Fund	No	50
National Children's Fund	No	100
Govt/any approved local authority, institution or association, to be utilised for purpose of promoting family planning	YES	100
Any sums paid by assessee, being a co, in the PY as donations to Indian Olympic Association or to any other association/institution established in India and notified by the CG for— i) The development of infrastructure for sports & games, in India; or ii) The sponsorship of sports & games, in India	YES	100
Fund or any institution which satisfies the conditions given u/s 80G(5)	YES	50
The Government or any local authority, to be utilised for any charitable purpose other than the purpose of promoting family planning	YES	50
An authority constituted in India for satisfying the need for housing accommodation or for the purpose of planning, development or of cities, towns and villages, or for both	YES	50
Any corporation referred to in sec 10(26BB) for promoting the minority community	YES	50
Any sums paid for renovation or repair of any such temple, mosque, gurdwara, church/other notified place	YES	50
Swachh bharat Kosh set up by CG	No	100
Clean Ganga Fund set up by CG	No	100
National Fund for control of drug abuse constituted u/s 7A of the narcotic drugs	No	100

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.

CIT v. Shree Govindbhai Jethalal Nathavani Charitable Trust (2015) (Guj.)

Can Commissioner reject an application for grant of approval u/s 80G(5) 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(5) 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.

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

FREE FOOD FACILITY

- Tea & Coffee During Office Hours → NIL
- Provided in Remote Area or Offshore Installation → NIL
- Other →

Actual Cost to Employer	xxx
(-) Rs.50 per Meal/day	(xxx)
Perk	xxx

This exemption is available only if the employee exercises the option of shifting out of the default tax regime provided u/s 115BAC(1A) [FA 2023]

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 & Dependants

PERK : TAXABLE ONLY IN CASE OF SPECIFIED EE

GAS / ELECTRICITY / WATER FACILITY

Connection in the name of

Employer - Taxable only to specified EE	
Manufacturing cost Per Unit	xxx
Less: Recovered	(xxx)
Taxable	xxx

Employee -Taxable to all employee	
Actual Cost to ER	xxx
Less: Recovered	(xxx)
Taxable	xxx

PROVIDENT FUND

Particulars	RPF	URPF	SPF	PPF
ER Contri.	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 Contri.	Deduction u/s 80C, If EE exercises the option of shifting out of the default tax regime provided under section 115BAC(1A)	Not eligible for deduction	Deduction u/s 80C, [If EE exercises the option of shifting out of the default tax regime provided u/s 115BAC(1A)]	Deduction u/s 80C, If EE exercises the option of shifting out of the default tax regime provided u/s 115BAC(1A)
Interest on ER Contri.	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 Contri.	Amount in excess of 9.5% p.a. is taxable	Not taxable at the time of credit of interest	Exempt upto certain limit of contribution 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 'Income from Other Sources'. • Employer's contribution and interest thereon is salary	Exempt u/s 10(11)	Fully exempt u/s 10(11) IMP Hai!



EDUCATION FACILITY

Where educational facility is provided to employees children

- Cost of education or value does not exceed Rs 1000 pm per child → Nil
- Amount exceeds 1000 pm per child →

Cost of Education	xxx
(-)Rs. 1000 pm per child	(xxx)
(-)Amount paid or recovered from the EE	(xxx)

Where educational facility is provided to a member of his household (other than children)

Cost of Education	xxx
(-)Amount paid or recovered from the EE	(xxx)

Overall Cap Limit Introducted By Finance Act 20

> 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 tthe 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
	Taxable	Reimbursement in Private Hospital is Fully Taxable
Outside India	Medical Treatment	Exempt upto an amount specified by RBI
	Stay Abroad	Exempt upto an amount specified by RBI
	Travel	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-conditioned first class rail fare by the shortest route or the amount spent, whichever is less
When the places of origin of journey and destination are connected by rail and journey is performed by any other mode of transport	Amount of air-conditioned first class rail fare by the shortest route or the amount spent, 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-conditioned 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 and children of the employee. It also includes parents, brothers and 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 October 1, 1998 (in reckoning this limit of two children, 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, porterage 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) [FA 2023].

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 & Coveyance to a HC/SC 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.

NOTE: 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 + (PC1 + TP1)*R

Where,

TP	Taxable perquisite under section 17(2)(viia)for the current P. Y.
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 and approved superannuation fund during the P.Y.
PC1	Amount or aggregate of amounts of employer's contribution in excess of 7.5 lakh to recognized P.F, national pension scheme u/s 80CCD and approved superannuation fund for the PY years commencing on or after 1st April,2020 other than the current previous year.
TP1	Aggregate of taxable perquisite u/s 17(2)(viia) for the PY or years commencing on or after 1st April, 2020 other than the current PY.
R	I/ Favg
I	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 and 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-seperable.
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 an 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 Undisclosed 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

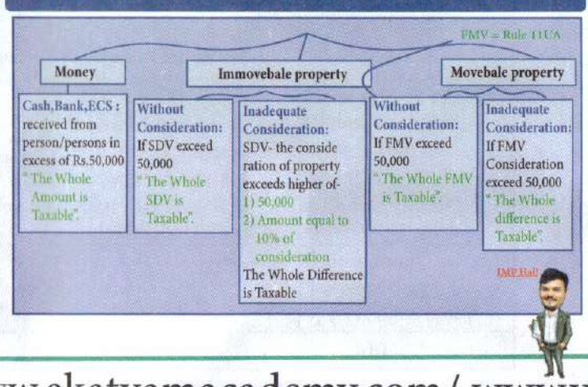
ADVANCE MONEY FORFEITED

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 56(2)(x) TAXATION OF GIFTS



1. If the property is held as Stock in Trade u/s 43CA instead of 10% take 20% will be considered.
2. Date of agreement = Date of Registration; SDV of date of Agreement will be considered if the conditions are satisfied:
   a. Consideration or part thereoff is paid as on the date of agreement &
   b. Such Consideration is paid by way of Account payee cheque, draft, ECS, Other electronic Mode (Rule 6ABBA).
3. Where the stamp duty value is disputed then provision of Sec 50C is applicable with respect to Full value of consideration.

GIFT RECEIVED FROM FOLLOWING IS EXEMPT:

1) From any relative
2) On the occasion of the marriage of the individual
3) Under a will or by way of inheritance
4) In contemplation of death of the payer or donor
5) From any local authority, University, Educational institute u/s 10(23C)
6) From or by any trust or institution registered u/s 12A / 12AA / 12AB If sum or property is received by any person referred u/s 13(3) from any Fund registered u/s 10(23C) or trust registered u/s 12AA/12AB then such sum shall be Taxable
7) By way of transaction not regarded as transfer u/s 47(i)/ (iv)/(v)/(vi)/(via)/(viaa)/(vib)/(vic)/(vica)/(vicb)/(via)/ (vii),(viiac) or (viiad) or (viiae) or (viiaf).
8) From an individual by a trust created or established solely for the benefit of relative of the individual;
9) From such class of persons & subject to such conditions, as may be prescribed.
10) Received by an Individual, from any person, for medical treatment or treatment of any member of his family, for any illness related to COVID-19 subject to such conditions, as CG may Notify.

Accordingly, the Central Government has, vide Notification No. 91/2022 dated 5.8.2022, specified that for such purpose, the individual has to keep a record of the following documents, namely:-

(a) The COVID-19 positive report of the individual or his family member, or medical report if clinically determined to be COVID-19 positive through investigations in a hospital or an in-patient facility by a treating physician for a person so admitted;
(b) All necessary documents of medical diagnosis or treatment of the individual or family member due to COVID-19 or illness related to COVID-19 suffered within 6 months from the date of being determined as a COVID-19 positive; The details of the amount so received in any financial year has to be furnished in the prescribed form to the Income-tax Department within 9 months from the end of such F.Y. [FA 2023]

SEC 80CCH CONTRIBUTION TO AGNIPATH SCHEME

Assessee	Individual
Contribution to	Where assessee enrolled in the Agnipath Scheme or Agniveer Corpus Fund on or after the 1st Nov, 22, has paid or deposited any amount
Amount of Deduction	100% of amount so paid or deposited.

naya hai pucha ja saktha hai



Notes:

1. Where CG makes any contribution to the account of an assessee in the Agniveer Corpus Fund the assessee shall be allowed a deduction = 100%
2. "Agnipath Scheme" means the scheme for enrolment in Indian Armed Forces introduced on 29th Dec, 22 of the Government of India in the Ministry of Defence;
3. "Agniveer Corpus Fund" means a fund in which consolidated contributions of all the Agniveers and matching contributions of CG along with interest on both these contributions are held.[FA 2023]

Conditions for claiming deduction:

Description	Medical ins, i.e. insurance on the health	Health Scheme contribution i.e to - 1) CG health scheme 2) Other scheme notified by CG	Expense on preventive health checkup	Medical Expensive senior citizen
Applicable for	Individual/ HUF whether resident/NR	Individual whether resident/ non-resident	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 > Individual/his family (Spouse, Dependent Child) Parents (dependent or not) > HUF : Policy in the name of any member	Aggregate of amount, or ₹25000

Note :

1) 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.
2) Expense for preventive health checkup of assessee/his family is included in the total deduction, subject to a max of ₹5000.
3) Payment shall be made out of income chargeable to tax.
4) Medical Exp of very senior citizen is restricted to ₹50000.
5) Not. 9/2018 - Contribution in Health Scheme of Department of Atomic Energy would qualify for deduction u/s 80D.
6) 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 80E INTEREST ON EDUCATION LOAN

Assessee	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%];Only Interest is allowed and 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	Individual (R/NR) not eligible for deduction u/s 80EE
Deduction for	Interest payable on loan taken for Residential house property
Deduction	Actual Interest paid or Rs.150000
Condition	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 March, 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	Individual
Condition	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
Deduction	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	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 24(b) 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 50lakhs > Loan should be sanctioned between 01.04.16 to 31.03.17 > Loan amount upto 35 Lakhs > Assessee does not own any Residential house on the date of sanction of loan

SEC 80C DEDUCTION W.R.T VARIOUS INVESTMENTS

Assessee	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

Max time puchate hai



Qualifying savings/investments:

Any sums paid or deposited in PY by assessee	Individual	HUF
To effect or to keep in force a Life insurance on life of following persons: 1. The children may male/female, married/ unmarried, dependent/ independent. 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/ 80DDB	Self/ Spouse/ Child	Any Member
To effect or to keep in force a non-commutable deferred annuity, (other than annuity plan of LIC,/other insurer), on the life of the individual, the wife or husband and 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 NSS-1992.	Self	NA
As subscription to NSC- VIII issue. Note: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 sec10(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. > 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	Maximum 2 children	NA
RE-PAYMENT OF HOUSING LOANS : Repayment of Housing loan 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

12. DEDUCTIONS

SEC 80A/80AC GENERAL RULES OF DEDUCTION

Sec 80B(5) - Gross total income means total income computed in accordance with the provisions of act without deduction u/c VIA 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
- NR Presumptive Income u/s 115A to 115AD
- Income of NR under chapter XIIA

Sec 80A(3)- If Deduction is allowed to AOP/ BOI then deduction for same payment/Income shall not be allowed to member of AOP/BOI.

Sec 80A(4) - Where Deduction in respect of certain incomes" (u/s 80IA to 80RRB), where, in the case of an assessee, any amount of profits & gains of an undertaking or unit or enterprise / eligible business is claimed and allowed as a deduction under any of those 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 80AC - No deduction would be allowed u/s 80IA to 80RRB to a taxpayer if ITR is not filled on or before the due date u/s 139[1].

Naya hai pucha ja saktha hai

 # Amendment FA 2023:

> Following Deductions are available in case of Default Tax scheme (115BAC/115BAB/115BAA/115BAE/115BAD).
Sec 80CCD(2),80LA,80JJAA,80GGB,80CCH(2)



SEC 80TTA DEDUCTION FOR INTEREST ON SAVINGS ACCOUNT

Assessee	Individual or HUF [Other than Senior citizen][R/NR]
Qualifying 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
Amount of Deduction	Minimum of the following a) Interest on such deposits in saving account b) Rs.10,000

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 AOPs 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.

SEC 80TTB DEDUCTION FOR INTEREST ON DEPOSITS

Assessee	Individual being Resident [Being Senior Citizen]
Qualifying Income	Interest on deposit earned from 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	> Corresponding amendment has been proposed in Sec 194A to provide that TDS is required from payment of interest to senior citizen upto ₹50,000 > Where the income referred to in sub-sec (1) is derived from any deposit held by, or on behalf of, a firm, an AOPs / BOI no 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 80TTB(2)]

SEC 80GGB CONTRIBUTION TO POLITICAL PARTY

Assessee	Indian Company
Contribution to	Political Party or Electoral Trust [Within the meaning of Sec.182 of the Companies Act, 2013]
Amount of Deduction	Any Amount [100%]
Restriction	Amount should not be paid in Cash

SEC 80GGC CONTRIBUTION TO POLITICAL PARTY

Assessee	Any Assessee except Local Authority & AJP wholly or partly funded by Government.
Contribution to	Political Party or Electoral Trust [Within the meaning of Sec 182 of the Companies Act, 2013]
Amount of Deduction	Any Amount [100%]
Restriction	Amount should not be paid in Cash

Note: An individual, HUF, AOP (other than a co-operative society) or BOI would be eligible for deduction u/s 80GGC only if they have exercised the option of shifting out of the default tax regime provided u/s 115BAC (1A). A co-operative society will not be eligible for deduction if it opts for special provisions of sec 115BAD/115BAE. [FA 2023]

IMP Hai!



SEC 80U DEDUCTION FOR PERSON WITH DISABILITY

Assessee	Individual being Resident
Condition	The assessee, 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: Other than severe disability – ₹75,000; Sever disability[80%] – ₹1,25,000 Deduction is allowed irrespective of expense incurred by the assessee.
Meaning of Various terms	"Disability" is defined in sec 2(i) of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995 & includes "Autism","Cerebral palsy" & "multiple disabilities" referred to in sec 2(a),(c)&(h) of the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act,1999;

SEC 80DD MAINTENANCE/MEDICAL TREATMENT OF DISABLED DEPENDANT

Assessee	Individual/HUF being Resident
Condition	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 dependent, in the event of the death of the assessee. The deduction shall be allowed in (2) only if the following conditions are satisfied - (a) The scheme provides for annuity or lump sum 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. [FA 23]
Amount of Deduction	Disability of the assessee: Other than severe disability – ₹75,000; Sever disability[80%] – ₹1,25,000

Max time pucha ja saktha hai



1. "Disability" shall have the meaning assigned to it in sec 2(i) of the Persons with Disabilities Act, 1995 (i.e. "Blindness", "low vision", "leprosy-cured", "hearing impairment", "locomotor disability", "mental retardation") & includes "autism", "cerebral palsy" and "multiple disability".
2. "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;
3. Sec.80DD(3) : If a person with disability predeceases the Individual or member of HUF in whose name money has been deposited, an amount equal to the amount paid or deposited under the scheme shall be deemed to be the Income of assessee of PY in which such amount is received. However this provision shall not apply to the amount received by dependent, being a person with disability, before his death, by way of annuity or lumsum by application of the conditions refer in this section.
4. **Sec 80DD(3A) :** The above provision shall not apply to the amount received by the Dependant, being a person with disability, before his death, by way of annuity or lump sum by application of the condition of 60 years or more or discontinuance of deposit.

Provided that the deduction under this section shall be reduced by the amount received, if any, under an insurance from an insurer, or reimbursed by an employer, for the medical treatment of the person referred to above.

SEC 80D MEDICAL INSURANCE

Assessee	Individual /HUF [R/NR]
Condition	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

11) Received By a member of the family of a deceased person -
  i) From the employer of the deceased person; or
  ii) From any other person or persons to the extent that such sum or aggregate of such sums does not exceed 10 lakh rupees,

  Where the cause of death of such person is illness related to COVID-19 and the payment is -
  i) Received within 12 months from the date of death of such person; and
  ii) Subject to such other conditions, CG may notify.

Accordingly, the Central Government has, vide Notification No. 92/2022 dated 5.8.2022, specified the following conditions -

1. (i) The death of the individual should be within 6 months from the date of testing positive or from the date of being clinically determined as a COVID-19 case, for which any sum of money has been received by the member of the family;
   (ii) The family member of the individual has to keep a record of the following documents -
   (a) The COVID-19 positive report of the individual, or medical report if clinically determined to be COVID-19 positive through investigations in a hospital or an inpatient facility by a treating physician;
   (b) A medical report or death certificate issued by a medical practitioner or a Government civil registration office, in which it is stated that death of the person is related to corona virus disease (COVID-19).
2. The details of such amount received in any financial year has to be furnished in the prescribed form to the Assessing Officer within 9 months from the end of such F.Y.. [FA 2023]

> "Family"(For clause 12 & 13), in relation to an individual means
  (i) The spouse and children of the individual ; and
  (ii) The parents, brothers and sisters of the individual or any of them, wholly or mainly dependent on the individual.

PROPERTY MEANING

i) Immovable property being land or building or both;
ii) Shares and securities
iii) Jewellery & Bullion
iv) Archaeological collections
v) Drawing
vi) Paintings
vii) Any work of art
viii) Sculptures
ix) Virtual Digital Asset

RELATIVE MEANING

> Spouse of the Individual
> Brother/Sister of the Individual/Spouse of the Individual
> Brother/Sister of either of the Parents of the Individual
> Any lineal ascendant/descendant of the Individual
> Any lineal ascendant/descendant of the Spouse of the Individual
> Spouse of the person referred to in clause (ii) to (vi)
> In case of HUF - Any member

NOTIFICATION 96/2019

Sec 56(2)(x) is not applicable if immovable property is received by a resident of unauthorised colony in national capital territory of Delhi, when CG by notification regularize such transaction which are based on latest power of attorney, agreement to sell, will / possession letter & other document evidencing payment for the right of ownership or transfer or mortgage in regards to such property. Stamp Duty Value as on the date of agreement can be considered if full/ part consideration is received by account payee cheque / draft / ECS / other mode as may be prescribed (Refer CG)

Naya hai pucha ja saktha hai !



RESIDUAL INCOME

Any income chargeable to tax under the Act, but not falling under any other head of income shall be chargeable to tax under the head "Income from other sources". For example, salary received by an MPs/MLAs will not be chargeable to income-tax under the head 'Salary' but will be chargeable as "Income from other sources" under section 56. However, the following incomes of Members of Parliament or State Legislatures will be exempt u/s 10(17):

(i) **Daily Allowance** - Daily allowance received by any Member of Parliament or of any State Legislatures or any Committee thereof.
(ii) **Constituency Allowance of MPs** - In the case of a Member of Parliament, any allowance received under Members of Parliament (Constituency Allowance) Rules, 1986; and
(iii) **Constituency allowance of MLAs** - Any constituency allowance received by any person by reason of his membership of any State Legislature under any Act or rules made by that State Legislature.[FA 2023]

CASUAL INCOME

Income by way of
Lottery
Horse races
Betting
Card Game
Crossword puzzle
Games of any sort

Notes:
1. Sec.58(4),no deduction is allowed from such Income.
2. U/s 115BB it is taxable @ 30%.
3. Deduction u/s 80C-80U is not available.
4. Generally casual Income is Received after TDS [Net of TDS] Hence we need to Gross up.
   grossing up = Amount received / (100 -TDS Rate)
   > If Problem gives Net amount - gross it.
   > If nothing is given - assume it is Gross up.
5. Lottery held as stock in trade taxable in PGBP.

TAXATION OF DIVIDEND & DEEMED DIVIDEND

COMPANY'S LIABILITY

Sec	Provisions before 1.4.2020	Provisions after 1.4.2020
115-0	Company is Liable to DDT on dividend declared & Paid.	Company is not liable to DDT
194	Company is not liable to Deduct TDS on dividend paid u/s 115-O	Company would be liable to deduct TDS
80M	Was not in existence.	Inter operate Dividend allowed as Deduction.[Refer section]

SEC 8 DIVIDEND INCOME

1) Interim Dividend shall deemed to be income of PY in which such dividend is made available by company to member.
2) Dividend includes deemed dividend u/s 2(22)(a) to (e).

TAXABILITY OF DIVIDEND IN THE HANDS OF SHAREHOLDER

1) From 01.04.20, dividend income is taxable in the hands of shareholder
2) **The PY in which dividend is taxable :**

Type of Dividend	PY in which it is taxable
Interim Dividend	Taxable in the year in which it is received
Final Dividend	Taxable in the year in which it is declared at AGM
Deemed Dividend Sec 2(22)(a) - (e)	Taxable in the year in which it is distributed or paid

3) Surcharge on Dividend :

For Individual & HUF - The surcharge on dividends & capital gains u/s 111A / 112A shall not exceed 15%

a) Upto 50lakhs	No surcharge
b) Exceeds 50L upto 1cr.	10%
c) Exceeds 1cr upto 2cr	15%
d) Beyond 2cr.	15% only

4) Allowability of Expenses from dividend Income:

i) Expense is allowed lower of
  a) Actual interest
  b) 20% of dividend income before such deduction
ii) No expenses except above shall be allowed as deduction

5) When Dividend is received by NR & Foreign Co.

1) Dividend income is taxable (as per Sec 115A the tax rates will be 20%)
2) The Payer Company shall deduct the TDS u/s 195 @ 20%

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

Sec 80M(1) - Domestic company can take deduction lower of
i) Dividend received or
ii) 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 139(1).

DEEMED DIVIDEND

Sec	Particulars	Relevant point
2(22)(a)	Any distribution by a company, 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. # When assets are distributed, FMV of asset as on date of distribution has to be taken.	Amount of dividend = FMV of assets as on the date of distribution has to be taken for calculation of dividend.
2(22)(b)	Any distribution to its shareholders by a Co > 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
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 46(1), however, the shareholder will be subject to CG.
2(22)(d)	Any distribution to its shareholders by a Co. on the reduction of its capital, to the extent of accumulated profits (capitalised or not).	
2(22)(e)	**Loans & Advances by Closely Held Company:** 1. Loan & 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 other 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 capitalized/not/loss as the case may be shall be increased by accumulated profits whether capitalized/not of amalgamating company on date of amalgamation.	

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.

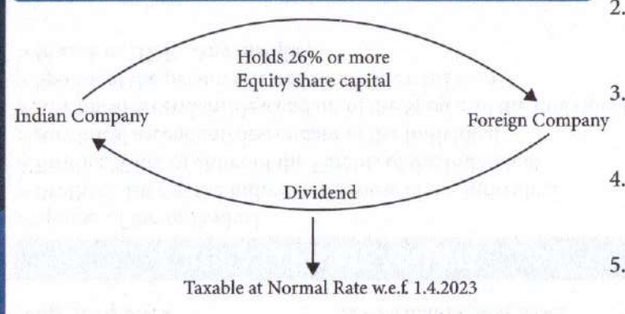
SEC 194 TDS ON DIVIDEND IN CASE OF RESIDENT

Payer [Deductor]	Principal officer of any Indian Co / a 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% [FA'20]
Time of Deduction	Before making any payment by any mode
Special points	This section 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%

SEC 115BBD DIVIDEND RECEIVED BY INDIAN COMPANY FROM FOREIGN CO



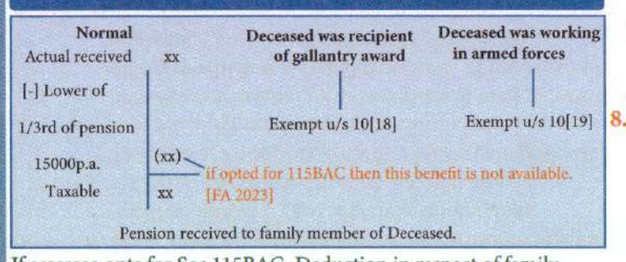
SHARE ISSUED AT PREMIUM

If a closely held company [Private Co.] issued to share to a resident shareholder on premium then;
Consideration (-) FMV = IFOS

Exception :

1) Premium received by Venture Capital Undertaking &
2) Person specified by Central Govt (as of now Cat I AIF is specified)Issue of Share at Premium by Category II AIF shall be exempt FA'19 Notification By CG - notification w.e.f 19.02.2019: Startup shall be eligible for Exemption u/s 56(2)(viib)(ii) if following conditions mentioned are satisfied.

FAMILY PENSION



If assessee opts for Sec 115BAC, Deduction in respect of family pension is not available.

DEDUCTION NOT ALLOWED U/S 58

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

DEDUCTION ALLOWED U/S 57

1. Expenditure for realizing dividend or interest from UTI/MF only Interest exp allowed & that too 20% of such dividend / income from UTI / MF.
2. Employees' contribution towards relevant fund(s) before the due date as per that Act [Sec. 57(ia)].
3. Repair, depreciation, insurance of plant, machinery, furniture, building.
4. Standard deduction in case of family pension lower of 1/3rd of such income or ₹15,000 whichever is less.
5. Other deductions incured for business is allowed as deduction. Sec57(iii).
6. 50% of the amount of interest on compensation or enhanced compensation.
7. **Any expenditure in respect of which a payment is made to a related person:** In addition to these disallowances, sec 58(2) specifically provides that the disallowance of any expenditure in respect of which a payment is made to a related person, to the extent the same is considered excessive or unreasonable by the Assessing Officer, having regard to the FMV and disallowance of payment or aggregate of payments exceeding 10,000 or 35,000, as the case may be, made to a person during a day otherwise than by account payee cheque or draft or ECS through bank account or through such other prescribed electronic mode such as credit card, debit card, net banking, IMPS, UPI, RTGS, NEFT, and BHIM Aadhar Pay covered by section 40A will be applicable to the computation of income under the head 'Income from other sources' as well.
8. **Disallowance of 30% of expenditure:** 30% of expenditure shall not be allowed, in respect of a sum which is payable to a resident and on which tax is deductible at source, if
   - Such tax has not been deducted or;
   - Such tax after deduction has not been paid on or before the due date of return specified in sec 139(1).

In case, assessee fails to deduct the whole or any part of tax on any such sum but is not deemed as assessee in default under the first proviso to section 201(1) by reason that such payee –
(i) Has furnished his return of income under section 139;
(ii) Has taken into account such sum for computing income in such return of income; and
(iii) Has paid the tax due on the income declared by him in such return of income, and the payer furnishes a certificate to this effect from an accountant in such form as may be prescribed, it would be deemed that the assessee has deducted and paid the tax on such sum. The date of deduction and payment of taxes by the payer shall be deemed to be the date on which return of income has been furnished by the payee. [FA 2023]

TAXABILITY OF LIP

Any sum received under a life insurance policy, including the sum allocated by way of bonus on such policy would not be included in the total income of a person Sec 10(10D)[FA 2023] The following are the exemption available u/s 10(10D) :

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 31.3.2012	Any sum received under a LIP including the sum allocated by way of bonus is exempt. However, exemption would not be available if the premium payable for any of the years during the term of the policy exceeds 20% of "actual capital sum assured".
In respect of policies issued on or after 1.4.2012 but before 1.4.2013	Any sum received under a LIP including the sum allocated by way of bonus is exempt. However, exemption would not be available if the premium payable for any of the years during the term of the policy exceeds 10% of actual capital sum assured.
In respect of policies issued on or after 1.4.2013	a) Where the insurance is on the life of a person with disability or severe disability as referred to in section 80U or a person suffering from disease or ailment as specified u/s 80DDB. Any sum received under a LIP including the sum allocated by way of bonus is exempt. However, exemption would not be available if the premium payable for any of the years during the term of the policy exceeds 15% of "actual capital sum assured" b) Where the insurance is on the life of any person, other than mentioned in (a) above. Any sum received under a LIP including the sum allocated by way of bonus is exempt. However, exemption would not be available if the premium payable for any of the years during the term of the policy exceeds 10% of "actual capital sum assured".
In respect of policies issued on or after 1.4.2023	Any sum received under a LIP including the sum allocated by way of bonus is exempt. However, 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. Further, exemption would also not be available if the amount of premium payable exceeds ₹ 5,00,000 for any of the previous years during the term of such policy. In a case where premium is payable by a person for more than one LIP (other than ULIP) and the aggregate of premium payable on such policies exceed ₹ 5,00,000 for any of the previous years during the term of any such policy(ies), exemption would be available in respect of any of those LIPs (other than ULIP), 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.
Any sum is received on the death of a person is exempt irrespective of the annual premium payable on the policy. The condition of payment of premium of 10% or 15% or 20% or ₹ 5,00,000 would not be applicable.	



Exemption is not available in respect of amount received from an insurance policy taken for disabled person u/s 80DD: Any sum received u/s 80DD(3) shall not be exempt u/s 10(10D). Accordingly, if the dependent disabled, in respect of whom an individual or the member of the HUF has paid or deposited any amount in any scheme of LIC or any other insurer, predeceases the individual or the member of the HUF, the amount so paid or deposited shall be deemed to be the income of the assessee of the previous year in which such amount is received. Such amount would not be exempt u/s 10(10D).

Exemption is not available in respect of the sum received under a Keyman insurance policy: Any sum received under a Keyman insurance policy shall also not be exempt. Explanation 1 to sec 10(10D) defines "Keyman insurance policy" as a life insurance policy taken by one person on the life of another person who is or was the employee of the first-mentioned person or is or was connected in any manner whatsoever with the business of the first mentioned person. The term includes within its scope a keyman insurance policy which has been assigned to any person during its term, with or without consideration. Therefore, such policies shall continue to be treated as a keyman insurance policy even after the same is assigned to the keyman. Consequently, the sum received by the keyman onsuch policies, being "keyman insurance policies", would not be exempt u/s 10(10D).

Taxability of sum received under a LIP which is not exempt u/s 10(10D): Where any sum is received (including the amount allocated by way of bonus) at any time during a previous year, under a life insurance policy, other than the sum -
(i) Received under a ULIP
(ii) Received under a Keyman insurance policy; which is not exempt under section 10(10D), the sum so received as exceeds the aggregate of the premium paid during the term of such life insurance policy, and not claimed as deduction under any other provision of the Act, computed in the prescribed manner, would be chargeable to tax under the head "Income from other sources".

SUMMARY CHART

Particulars	SEC 71B to 74A Rules to carry forward &set off past year losses
House Property Loss	**Sec 71B:** (a) If the assessee exercises the option of shifting out of the default tax regime provided u/s 115BAC(1A): In any AY, if there is a loss under the head HP such loss will first be set-off against income from any other head to the extent of ₹ 2L during the same year. The unabsorbed loss will be carried forward to the following AY to be set-off against income under the head HP. (b) If the assessee pays tax at concessional rate u/s 115BAC: The loss under the head HP would not be allowable to be set-off against income under any other head. The unabsorbed loss will be carried forward to the following AY to be set-off against income under the head HP. [FA 2023] • It can be carried forward for 8 AY's. • If return of loss is not filed or filed late loss can be carried forward & set off
Business Loss	**Section 72 :** • Set off with both business income & speculation income • Carry forward for 8AY. • Section 80 applicable. It means if return of loss is not filed or filed late business loss cannot be C/f. • Assessee who has incurred the loss can only set off that loss [6 exception] • Even if business is discontinued business loss can be set off
Speculation Loss (Same day sale & purchase i.e without taking delivery) Sec 43(5)	**Section 73 :** • Past year speculation loss can be set off only with speculation income • Carry forward for 4 AY • 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 business loss can be set off
Loss under capital gain head	**Section 74 :** • LT can be set off only with LT. ST can be set off with both LT & ST • Carry forward for 8 AY
Loss from activity of owning & maintaining race horses	**Section 74A :** • Past year horse loss can be set off only with horse income. • Carry forward for 4 AY. • Assessee who has incurred the loss can only set off that loss [exception not applicable] • Even if business is discontinued business loss can be set off
Loss from Lotteries	No
Other lossess	Yes



11. ALTERNATE MINIMUM TAX

ALTERNATE MINIMUM TAX

Is applicable to ALL ASSESSEE except COMPANY.

SEC 115JC - APPLICABILITY

As Per Sec 115JC(1), Income Tax Payable by any person Higher of -
a) Income Tax payable as per Normal Provision of Income Tax.
b) 18.5% of Adjusted Total Income [Surcharge, if applicable + 4% Cess] [In case unit is in IFSC & assessee being co-operative society 9%]

Sec 115JC(2) - Calculation of Adjusted Total Income -

Particulars	₹
Taxable income of the taxpayer	XXX
Add: Amount of deduction under chapter VIA under the heading C- Deductions in respect of certain incomes [For Intermediate level, the relevant sections are 80JJAA, 80QQB & 80RRB] [FA 2023]	xxx
Add: Amount of deduction claimed under section 35AD (as reduced by the amount of depreciation allowable in accordance with the provisions of section 32)	xxx
Add: Amount of deduction claimed u/s 10AA[SEZ]	xxx
Less: Depreciation allowable as per section 32 assuming that dedⁿ u/s 35AD was not allowed on assets on which dedⁿ u/s 35AD is claimed	(xxx)
Adjusted total income	XXX

Individual/ HUF/ AOP/ BOI and artificial juridical person, paying tax under default tax regime u/s 115BAC, are also not liable to alternate minimum tax under section 115JC. [FA 2023]

Sec 115JC(3) - Every person to whom this section applies shall obtain a report from CA atleast 1 month prior to the date of filling ROI

Sec 115JC(5) - The provisions of this section shall not apply to a person who has exercised option referred to in sec 115BAC / 115BAD.

SEC 115JD AMT CREDIT

> IF AMT > Normal Income Tax then excess shall be AMT Credit
> It shall be c/f for 15AY
> Credit shall be setoff in year in which regular tax is More than AMT
> Tax credit shall be allowed set off in a year when Tax as per Normal. Provision > AMT
> Provided that where amount of tax credit in respect of any income-tax paid in any country or specified territory outside India, u/s 90 or sec.90A or sec.91, allowed against the alternate minimum tax payable exceeds the amount of the tax credit admissible against the regular income-tax payable by the assessee, then, while computing amount of credit under this sub-section, such excess amount shall be ignored.

SEC 115JEE APPLICATION TO CERTAIN PERSONS

The Provisions of this Chap shall apply to a person who has claimed any deduction under :
a) Any sec (other than sec 80P) included in Chap VI - A under the head "C- Deduction in respect of certain incomes" or
b) Sec 10AA; or
c) Sec 35AD

AMT is not payable by :
- Individual
- HUF
- AOP / BOI
- Artificial Judicial Persons

If Adjusted total income of such persons does not exceed 20 lakhs.

EXAMINE WHETHER TO PAY TAX UNDER DEFAULT REGIME U/S 115BAC OR PAY TAX UNDER THE OPTIONAL TAX REGIME AS PER THE REGULAR PROVISIONS OF THE ACT

In case of an assessee not having income from business or profession- In case of individuals not having income from business or profession, the total income and tax liability may be computed every year, both in accordance with default tax regime under section 115BAC and regular provisions of the Act (including provisions relating to AMT, if applicable), in order to determine which is more beneficial and accordingly, decide whether or not to shift out of the default regime u/s 115BAC. In effect, such individual can choose whether or not to exercise the option of shifting out in each PY. He may choose to pay tax under default regime under section 115BAC in one year and exercise the option to shift out of default tax regime in another year.

In case of an assessee having income from business or profession: In case of individuals having income from business or profession, the total income and tax liability may be computed, both in accordance with default tax regime under section 115BAC and regular provisions of the Act (including provisions relating to AMT, if applicable), in order to determine which is more beneficial. Such individual has an option to shift out/opt out of the default tax regime under this section and the option has to be exercised on or before the due date specified u/s 139(1) for furnishing the return of income for such previous year and once such option is exercised, it would apply to subsequent assessment years. Such person who has exercised the above option of shifting out of the default regime for any previous year shall be able to withdraw such option only once and pay tax under the default regime u/s 115BAC for a previous year other than the year in which it was exercised. Thereafter, such person shall never be eligible to exercise option under this section, except where such person ceases to have any business income in which case, option under (i) above would be available. [FA 2023]

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 such 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.

Max time puchte hai



10. SET OFF AND CARRY FORWARD

SEC 70 INTRA HEAD ADJUSTMENT

Particulars	Provisions	
Salary	There cannot be any loss in Head Salary	
House Property	Loss from House property can be setoff against income from house property	
PGBP	Normal Business	Normal Business loss can be setoff against any Business Income
	Speculative Business	Speculative loss can be setoff only against Speculative Income
	Specified Business	Specified Business loss can be Setoff only against specified business Income
Capital Gains	LTCL	LTCL can be setoff only against LTCG
	STCL	STCL can be setoff against any CG
Other Sources	Normal Loss	IFOS loss can be setoff against IFOS Income
	Loss from O & M Horse race	Horse race loss can be setoff only against Horse Race Income
	Loss from an Exempt Source	Loss from an exempt source cant be setoff CIT Vs. Tyagrajan

SEC 71 INTER HEAD ADJUSTMENT

Particulars	Provisions	
Salary	Loss from any head can be setoff against salary except PGBP	
House Property	The loss under the head "Income from house property" would not be allowable to be set-off against income under the other head if the assessee pays tax at concessional rate u/s 115BAC. However, if the assessee exercises the option of shifting out of the default tax regime provided u/s 115BAC(1A) and there is a loss under the head "Income from house property" and the assessee has income assessable under any other head of income, the maximum loss from house property which 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. [FA 2023]	
PGBP	Normal Business	Normal Business loss can be setoff against any Income except salary
	Speculative Business	Speculative loss can be setoff only against Speculative Income
	Specified Business	Specified Business loss can be S/O only against specified business Income Sec 35AD
Capital Gains	General Rule	Loss from other head can be setoff against CG but loss from CG cant be setoff against other Head
	LTCL	LTCL can be setoff only against LTCG
	STCL	STCL can be setoff against any CG
Other Sources	Normal Loss	IFOS loss can be setoff against IFOS Income
	Loss from O & M Horse race	Horse race loss can be setoff only against Horse Race Income
	Loss from an Exempt Source	Loss from an expemt source cant be setoff (CIT Vs. Tyagrajan)



Naya hai pucha ja saktha hai

Losses from Specified business u/s 35AD: In case of an assessee exercising the option of shifting out of the default tax regime provided U/S 115BAC(1A), loss from specified business referred to in sec 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. [FA 2023]

Note:

Following brought forward losses/ depreciation is not allowed to be set off while computing total income under default tax regime under section 115BAC :

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)(ii)/(iia)/(iii) or u/s 35(2AA)
4. Unabsorbed depreciation attributable to additional depreciation u/s 32(1)(iia). [FA 2023]

Order of Setoff from PGBP Income : Out of PGBP income following shall be order of setoff from PGBP Income:

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

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

1. An assessee exercising the option of shifting out of the default tax regime provided u/s 115BAC(1A) and carrying on specified business, can claim deduction u/s 35AD in respect of capital expenditure (other than land, goodwill and financial instruments) incurred in respect of such business, subject to fulfillment of specified conditions. Any loss computed in respect of the specified business referred to in sec 35AD can, however, be set off only against profits and gains, if any, of any other specified business. The unabsorbed loss, if any, will be carried forward for set off against profits and gains of any specified business in the following assessment year and so on. [FA 2023]
2. The unabsorbed loss can be carried forward indefinitely for set-off against income from specified business.
3. Filling of Loss Return shall be mandatory in order to c/f 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. Filling of Loss Return shall be mandatory in order to c/f 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 section 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. Filling of Loss Return shall be mandatory in order to c/f the loss.
3. Loss can be C/f max upto 4 AY

SEC 94[7] DIVIDEND STRIPPING TRANSACTIONS

If any person buys/acquires any security/units at any time within 3M prior to record date & Sell/transfer within 3 M after such record date Or units within 9 Ms of record date & Dividend/ income from such securities are exempt from tax [u/s 10[34]/[35]

Then Loss arising from transfer of such securities or units shall be ignore to the extent income claimed to be exempt. Lets Assume the security is transferred then calculation shall be

Particulars	₹
FVC	xxx
[-] COA [ST]	[xxx]
Loss	[xxx]
Less: Dividend u/s 94[7]	xxx
Balance Loss can be C/f	xxx

Section is not applicable now

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.

7. CAPITAL GAINS

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 others 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 applies on account of 4th & 5th proviso theroff.

ASSETS NOT TO BE TREATED AS CAPITAL ASSET

- > Stock in trade
  > Consumable stores
  > Raw Material for b/p
- Personal Effects (incl wearing apparels & furniture) but does not include :
  > Jewellery
  > Archaelogical collections
  > Drawings
  > Paintings
  > Sculptures
  > Any work of art
- Rural Agriculture Land in India
- > 61/2% Gold Bonds,'77 or 7% Gold bonds,'80 or National Defence Gold Bonds,1980, Special Bearer Bonds 1991
  > Gold Deposit Bonds issued under Gold Deposit Scheme'99 / Gold Monetization Scheme 2015

CAPITAL ASSETS MUST HAVE BEEN TRANSFERRED GAIN MAY BE POSITIVE OR NEGATIVE

THERE ARE 2 TYPES OF GAIN DEPENDING ON CAPITAL ASSET

SHORT TERM
CAPITAL ASSET [SEC 2(42A)]
1. Financial Asset - 12M or less
2. Unlisted Shares & immovable property- 24 M or less
3. Other Assets - 36M or less

LONG TERM
CAPITAL ASSET [SEC 2(29A)
1. Financial Asset - more than 12M
2. Unlisted Shares & immovable property - more than 24 M
3. Other Assets - more than 36M

SEC 48 HOW TO COMPUTE?

SHORT TERM CAPITAL GAIN	
Full Value of Consideration	xxx
Less: Exp on Transfer	(xxx)
Net Consideration	xxx
Less: Cost of Acquisition	(xxx)
Less: Cost of Improvement	(xxx)
STCG	Xxx
Less: Exemption u/s 54B/54D/ 54G/54GA	(xxx)
STCG	Xxx

LONG TERM CAPITAL GAIN	
Full Value of Consideration	xxx
Less: Exp on Transfer	(xxx)
Net Consideration	xxx
Less: Indexed Cost of Acquisition	(xxx)
Less: Indexed Cost of Improvement	(xxx)
LTCG	xxx
Less: Exempt U/s 54 to 54GB	(xxx)
LTCG	xxx

SEC 2(47) TRANSFER OF CAPITAL ASSET

Transfer in relation to capital assets includes the following:

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

DETERMINING PERIOD OF HOLDING

Situations of 49(1)	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 co
Share Received in Resulting co.	It shall be counted from the date of acquisition of shares Demerged co
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.47(xvii)	The period of holding shall include the period for which shares where held by Assessee
Units which become property of assessee in consideration of transfer u/s 47(xviii)	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 & TTSR	On date of Transfer
COA	Avg of TTBR & TTSR	On date of Acquisition
Transfer Expense	Avg of TTBR & TTSR	On date of Transfer
CG into INR	TTBR	On date of Transfer

FIRST PROVISO 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 of reinvestment then CG shall be calculated in foreign currency & after that it shall be reconverted into Indian Currency.

THIRD PROVISO 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 PROVISO TO SEC 48

Index benefit not allowed in case of bonds/debentures except Capital Indexation Bonds & Sovereign Gold Bonds issued by RBI. As per Sec 47, NO CG in case of Individual on redemptionof Sovereign Gold Bond 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 PROVISO 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 section.

SIXTH PROVISO TO SEC 48 : DEEMED CONSIDERATION

Where shares, debentures or warrants referred to in the proviso to sec 47(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.

SELF NOTES

CG EXPRESSLY EXEMPT U/S 10

Sec 10(34A) - Any income arising to an assessee, being a shareholder, on account of buy back of shares by the company as referred to in sec 115QA;

Sec 10(43) - 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 section 47(xvi);

Sec 10(37) - in the case of an assessee, being an individual or a HUF, any income chargeable under the head "Capital gains" arising from the transfer of agricultural land, where-

i) Such land is situate in any area referred to in item(a) or item (b) of sec 2(14)(iii);
ii) Such land, during the period of two years immediately preceding the date of transfer, was being used for agricultural purposes by such HUF or individual or a parent of his;
iii) 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;
iv) Such income has arisen from the compensation or consideration for such transfer received by such assessee on / after the 1st day of April, 2004.

Sec 10(37A) - Any income transfer by individual or a HUF, under the Andhra Pradesh Capital City Land Pooling Scheme (Formulation and Implementation) Rules, 2015

SPECIAL CASE IN CAPITAL GAIN

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

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

In case of depreciable assets Sale consideration - WDV

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.

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

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

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 of stock for claiming deduction exemption u/s 54EC

SEC 45(2A) SECURITIES IN DEMAT ACCOUNT

If securities are Transfered 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 Full value of consideration amount recorded in books of accounts shall be considered adn 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 & a of 50% is allowed there from u/s 57.

IMP Hai!



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 and 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	Nil
(allowed upto year of Compulsory acq)	
Less : COI / ICOI	Nil
Gross Capital Gain	Xxx
Less: Exemptions	(xxx)
Taxable Capital Gain	Xxx

SEC 45(5A) TRANSFER UNDER REGISTERED REDEVELOPMENT AGREEMENT

Applicable for Individual/HUF

FVOC	xxx
SDV of share on date of issue of certificate +consideration (cash)	
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 transfered before the certificate of completion then capital gain would arise in the year of transfer.

SEC 50AA COMPUTATION OF CAPITAL GAINS IN CASE OF MARKET LINKED DEBENTURE [FA 2023]

Where a unit of a Specified Mutual Fund acquired on or after 1/4/2023 or a Market Linked Debenture,

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	xxx

Notes:

1. No deduction shall be allowed for STT paid.
2. "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.
3. "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.

Naya hai pucha ja saktha hai !



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 so 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 VO	Value by VO is higher than SVA	C= SVA
	Value by VO is lower than SVA but more than Assessee	C= VO Value
	Value by VO 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 or 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 51 ADVANCE MONEY RECEIVED

- **Advance Money received/retained upto 31-03-2014**
  - Previous Owner → Ignore
  - Assessee → Reduce from cost/ WDV/ FMV & then calculate Indexation
- **Advance Money received/ retained after 31-03-2014** → 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 40(B) : MAXIMUM LIMIT ON INTEREST / REMUNERATION

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

Explanation : 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 : 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 ₹ 3,00,000 of the Book Profit or in case of a loss.	₹ 1,50,000 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 adjustment u/s 28-44[(-) Current year (+) b/f depreciation]	XXX
Add: Int/remuneration paid or payable to partners [if debited]	xxx
Less: Interest allowable u/s 40(b)	[xxx]
Books profit	XXX

> 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 once 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 :

1. Payment of interest should be authorised by Partnership Deed.
2. Payment of interest should pertain to the period after the Partnership Deed.

IMP Hai!



3. 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 refered 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-section (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-
i) 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

Income arising from transfer of asset

- Revocable transfer → Income taxable in hands of transferor [Clubbed]
- Irrevocable transfer → Income taxable in hands of transferor [Not Clubbed]

SEC 64[1A] MINOR'S INCOME

IMP Hai!

All other income except specified shall be Taxable
- Parent Marriage Subsist → Clubbed in the hands of parent
- Parent Marriage Do not Subsist → Clubbed in the hands of parent

Following shall not be clubbed & be Taxable in the hands of minor himself.
1. Earned out of skill & Talent
2. Earned out of manual work done
3. Income earned by a minor Handicap covered u/s 80U



Once the Income of minor is clubbed then exemption of Rs 1500 per child shall be available [irrespective of no of child]

Sec 10(32) If the asset transferred to a minor child (not being a minor married daughter) without consideration or for inadequate consideration is a house property, then, by virtue of sec 27(i), the transferor parent will be the deemed owner of the house property and will be taxable in the hands of the transferor-parent. Consequently, clubbing provisions u/s 64 (1A) would not be attracted in respect of such income, due to which the benefit of exemption u/s 10(32) (discussed above) cannot be availed against such income. If the house property is transferred by a parent to his or her minor married daughter, without consideration or for inadequate consideration, then, sec 27(i) is not attracted. In such a case, the income from house property will be included u/s 64(1A) in the 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 the income so included if he/she exercises the option of shifting out of the default tax regime provided u/s 115BAC(1A) [FA 2023]

SEC 64(1)(IV)TRANSFER TO SPOUSE FOR INADEQUATE OR WITHOUT CONSIDERATION

- **Income from HP** → Taxable in HP in the Hands of transferor u/s 27 as deemed owner.
- **Other Income** → Taxable in Hands of Transferor u/s 64

Other Note:

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

SEC 64(1)(VI)TRANSFER TO SON'S WIFE

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

SEC 64(1)(VII),(VIII) ASSETS TRANSFERED TO 3RD PERSON FOR BENEFIT OF WIFE / SONS WIFE

If the Assets is transfered 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

SECTION 64(1)(II) SALARY, COMISSION EARNED BY SPOUSE

If the spouse has earned remuneration from a concern where Individual has substiantial interest & spouse does not posses 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:

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

BUSINESS OUT OF GIFTED MONEY

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

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

d) Interest on loan to any PFI, State Financial corp, state industrial investment corp, scheduled banks [scheduled bank include co-operative bank other than a primary agricultural credit society or a primary co-operate agricultural & rural development bank]
e) Leave encashment to employees
f) Any sum payable to Indian railways for use of railway assets
g) Interest on any loan or borrowing from a deposit taking non-banking financial company or systematically important non-deposit taking NBFC.

If payment is made after the due date then deduction will be allowed in the year of payment



> Conversion of interest into a loan or borrowing or debenture or other intrument or any instrument by which liability to pay is deferred to a future date shall not be treated as actual payment

> Any sum payable by the assessee to a micro or small enterprise beyond the time-limit specified in sec 15 of the Micro, Small and Medium Enterprises Development Act, 2006 would be allowed as deduction only in that previous year in which such sum is actually paid.

> Sec 15 of the of the Micro, Small and Medium Enterprises Development Act, 2006 mandates payment of goods or services to supplier, being a micro or small enterprises by the buyer on or before the date agreed upon between them in writing i.e., as per the written agreement, which cannot be more than 45 days from the day of acceptance or the day of deemed acceptance of any goods or services by a buyer from a supplier. If there is no such written agreement, the payment shall be made before the appointed day i.e., within 15 days.

> If the sum payable by the assessee to a micro or small enterprise is paid as per written agreement (maximum within 45 days) or within 15 days in case of no agreement, the deduction can be claimed on accrual basis if mercantile method of accounting is followed by the assessee. However, if the sum payable by the assessee to a micro or small enterprise is not paid as per written agreement or within 15 days in case of no agreement, the deduction would be allowed in the previous year in which it is actually paid. [FA 2023]

Meaning of Micro and Small enterprise : [FA 2023]

S.No	Meaning	
i)	In case of enterprises engaged in the manufacture or production of goods pertaining to specified industries	
	Micro enterprise Where the investment in plant and machinery ≤ ₹ 25 lakhs	**Small enterprise** Where the investment in plant and machinery > ₹ 25 lakhs ≤ ₹ 5 crores
	Note : For calculating investment in plant and machinery, the cost of pollution control, research and development, industrial safety devices and such notified items shall be excluded.	
ii)	In case of enterprises engaged in providing or rendering services	
	Micro enterprise Where the investment in equipment ≤ ₹ 10 lakhs	**Small enterprise** Where the investment in equipment > ₹10 lakhs ≤ ₹ 2 crores

SEC 44AB AUDIT OF ACCOUNTS

Business

Tax audit is required if turnover of business in PY exceed 1cr

No Tax audit upto Turnover of 10 crore if below conditions are satisfied
1. If cash received does not exceed 5% of total receipt &
2. Cash Payment does not exceed 5% of total payment.

Profession

If his gross receipts in profession exceed ₹50,00,000 in PY; or

Other

1. Assessee covered u/s 44AE/44BB /44BBB, and has claimed his income to be lower than deemed PGBP in any PY; or
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 2crore and declaring the Income as per sec 44AD.



Notes:
1. Audit shall be conducted by Chartered Accountant & furnish Tax Audit report atleast 1 month prior to the date of filling ROI u/s 139(1) in the prescribed form.[3CA-3CB/3CB]
2. **Penalty for non furnishing of Tax Audit report: -**
   Lower of a) 150000 or;
   b) 0.5% of Turnover or gross receipt.
3. This Section shall not apply to a person who declares PGBP 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 [FA 2023]

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,any where 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 CBDT	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 under Sec 35 AD shall be taken as NIL
- Further, receipts on account of sale of those assets be taxable under head PGBP only, whatever the amount may be

Note : In case of an individual/HUF/AOP/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(1A). 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 115BAA/115BAB [FA 2023]



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
> Contri/donation to Political party / Electoral Trust

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

Important Note :
> Sec 37(2b) - No deduction allowed for adv in souvenier/ brochure/pamphlet published by political party (allowed u/s 80GGB/GGC)
> Exp related to CSR or donation to various entities not allowed.
> Cir.5/2012 - Freebies to medical practitioner not allowed SEC 37 GENERAL DEDUCTIONS
> Tax interest or penalty related to direct taxes not allowed. Whereas, tax and interest of indirect taxes is allowed but penalty of indirect tax not allowed.
> Dividend & DDT paid not allowed.
> Circ. 38/2016 - Premium paid by firm on keyman insurance policy of partner is allowed.

As per Explanation 1 to section 37(1), any expenditure incurred by the assessee for any purpose which is an offence or which is prohibited by law shall not be allowed as a deduction or allowance. The expression "expenditure incurred would include and would be deemed to have always included the expenditure incurred by an assessee, -
(i) For any purpose which is an offence under any law for the time being in force, in India or outside India or
(ii) To provide any benefit or perquisite, in whatever form, to a person, whether or not carrying on a business or exercising a profession, and acceptance of such benefit or perquisite by such person is in violation of any law or rule or regulation governing the conduct of such person; or
(iii) To compound an offence under any law for the time being in force, in India or outside India.

Explanation 3: "Expenditure which is an offence or which is prohibited by law" shall include and shall be deemed to have always included the expenditure incurred by an assessee,—
1. For any purpose which is an offence or which is prohibited by, any law for the time being in force, in India or outside India; or
2. To provide any benefit or perquisite, in whatever form, to a person, whether or not carrying on a business or exercising a profession, and acceptance of such benefit or perquisite by such person is in violation of any law or rule or regulation or guideline, as the case may be, for the time being in force, governing the conduct of such person; or
3. To compound an offence under any law for the time being in force, in India or outside India. [FA 2023]

SEC 50CA UNLISTED SHARES

> FMV 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.

The provisions of section 50CA of the Act shall not apply to transfer of any movable property, being unquoted shares, of a company and its subsidiary and the subsidiary of such subsidiary by an assessee, where,
(i) The Tribunal, on an application moved by the CG u/s 241 of the CA, 2013, has suspended the BOD of such company and has appointed new directors nominated by the CG u/s 242 of the said Act; and
(ii) Share of such company and its subsidiary and the subsidiary of such subsidiary has been transferred Pursuant to a resolution plan approved by the Tribunal u/s 242 of the CA, 2013 after affording a reasonable opportunity of being heard to the jurisdictional Principal Commissioner or Commissioner.

EXPENSES OF TRANSFER

a) 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
b) Expenses on transfer include brokerage & other legal expenses for sale of Such assets
c) Expenses on transfer does not Include STT, Hence STT is not allowed as Deduction [7th Proviso to Sec 48]

SEC 55(I)(B) COST OF IMPROVEMENT

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

SEC 49 COST OF ACQUISITION

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 47 (Including (viiac)(viiad)	Cost to the Previous Owner
Sec 49	Assets Acquired before 01.04.2001	Cost of acquisition / FMV as on 01.04.2001 whichever is higher
Shares	Original Shares	Amount paid for acquiring these shares
	Right shares subscribed by the assessee	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
	Bonus shares allotted on or after 1.4.2001	Nil
	Sweat Equity shares	FMV for calculation of Perquisite
If 112A applies	Higher of a) Cost of Acquisition & b) Lower of i) Sale Consideration or ii) FMV as on 31.1.2018	
Immov--able property	FMV as on 01.04.2001 cannot exceed SDV as on 01.04.2001	
Property Received u/s 56(x)	The Value considered for section 56(2)(x) [Sec.49(4)]	
Assets trf under IDS	FMV of the assets taken into account for the purpose of Tax, surcharge and penalty. [As on 01.06.2016 shall be 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	
Conver-sion of business assets into CA	COA = FMV as on the date of conversion [FA.2018]	



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 company referred to in first proviso.

1) Index cost of acquisition
a) Before 01/04/2001

$$\text{FMV on 1/4/2001 / COA to Assessee /Previous Owner, whichever is higher} \times \frac{\text{CII of the year of transfer}}{100}$$

b) After 01/04/2001

$$\text{COA to Assessee} \times \frac{\text{CII of the year of transfer}}{\text{CII of year of acquisition}}$$

c) Asset acquired prior to 01/04/2001 by previous owner & received by Assessee prior to 01/04/2001

$$\text{FMV on 1/4/2001 / COA to Assessee /Previous Owner, whichever is higher} \times \frac{\text{CII of the year of transfer}}{100}$$

d) Asset acquired prior to 01/04/2001 by previous owner & received by Assessee after 01/04/2001

$$\text{FMV on 1/4/2001 / COA to Previous Owner, whichever is higher} \times \frac{\text{CII of the year of transfer}}{\text{CII of year in which first held by Assessee}}$$

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e) Asset acquired after to 01/04/2001 by previous owner & received by Assessee 01/04/2001

$$\text{COA to Previous Owner} \times \frac{\text{CII of the year of transfer}}{\text{CII of year in which first held by Assessee}}$$



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 year in which previous owner acquired the assets & not in which assessee becomes the owner.

2) Index cost of Improvement

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

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

FY	CII	FY	CII	FY	CII
2001-2002	100	2010-2011	167	2019-2020	289
2002-2003	105	2011-2012	184	2020-2021	301
2003-2004	109	2012-2013	200	2021-2022	317
2004-2005	113	2013-2014	220	2022-2023	331
2005-2006	117	2014-2015	240	2023-2024	348
2006-2007	122	2015-2016	254		
2007-2008	129	2016-2017	264		
2008-2009	137	2017-2018	272		
2009-2010	148	2018-2019	280		

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

SEC 112A 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 Provisio thereof of or
> Units of Business Trust in excess of 1L 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	xxx
(-) Expenses on Transfer	(xxx)
Net Consideration	xxx
(-) COA : Higher of a) COA b) Lower of : i) Sale Consideration ii) FMV as on 31.1.18	(xxx)
Capital Gain	xxx

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 → LTCG shall be taxable @ 10% beyond Rs.1L u/s 112A
- Not Satisfied → LTCG shall be taxable @ 20% u/s 112

NOTIFICATION 60/2018 EXCEPTION TO STT PAYMENT

1. Shares acquired prior to 1st Oct 2004.
2. Acquisition of shares approved by HC/SC/NCLT/SEBI/RBI.
3. Shares acquired by NR under FDI guideline.
4. Acquisition of shares by Investment Fund u/s 115UB
5. Shares acquired through preferential issue as per SEBI.
6. Acquisition through an issue of shares by company.
7. Acquisition by schedule bank, reconstruction, or securitisation company or PFI during the ordinary course of business.
8. Acquisition under ESOP.
9. Acquisition Under ESOP.
10. Acquisition from Government .
11. Acquisition by any mode of Transfer 45{3}/45[4]/47/50B 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 company	Buyback of specified securities by any co.
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 capital gains u/s 46A.

COA & COI OF INTANGIBLES

1) Goodwill of business/ profession
2) Right to manufacture, produce article or thing,
3) Right to carry on any business,
4) Trademark / brand name of business,
5) Tenancy rights,
6) Route permits,
7) Loom hours.

Self-Generated = Nil
Purchased = Purchase price

1) Benefit of FMV as on 01/04/2001 NOT available in case of these assets.
2) 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(iii)	Any transfer under a gift or will or an irrevocable trust
47(iv)	Any transfer by a company to its subsidiary company
47(v)	Any transfer by a subsidiary company to the holding Co.
47(vi)	Any transfer by the amalgamating company to the amalgamated company, in a scheme of amalgamation
47(via)	Any transfer by the amalgamating foreign company to the amalgamated foreign company, in a scheme of amalgamation of two foreign companies
47(vib)	Any transfer, in a demerger, by the demerged company to the resulting company
47(vid)	Any transfer or issue of shares by the resulting company, in a scheme of demerger to the shareholders of the demerged Co.
47(viib)	Any transfer of a capital asset made outside India by a NR to another non-resident
47(viic)	Any transfer by way of redemption by an individual
47(ix)	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(x)	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(xa)	Any transfer by way of conversion of bonds into shares or debentures of any company
47(xb)	Any transfer by way of conversion of preference shares of a company into equity shares of that company
47(xvi)	Transfer of capital asset under Reverse Mortgage

SEC 50B SLUMP SALE

(1) Meaning of slump sale [Section 2(42C)] – 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.

FMV of the capital assets shall be determined on the date of slump sale and for this purpose, valuation date shall also mean the date of slump sale.

Simplified Analysis:

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

Net Worth	Total Assets (-) Current Liability **Note:** If net worth is negative, it is taken = zero & sale consideration will become CG – Zuari 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 11UAE : The FMV shall be the FMV1 or FMV2, Whichever is higher.
FMV1 = The FMV of capital assets transferred by way of slump sale determined at the date of slum sale
FMV2= The FMV of thw 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.

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SELF NOTES

SELF NOTES

SEC 40 AMOUNTS SPECIFICALLY NOT DEDUCTIBLE

Royalty, Int, FTS etc

Sec 40(a)(i) : Payment made to NR or Foreign Co. and

- TDS not Deducted
- TDS Deducted but not paid to Govt. Upto Due Date of 139(1)

100% Disallowed

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 and

- TDS not Deducted
- TDS Deducted but not paid to Govt. Upto Due Date of 139(1)

30% Disallowed

Note for 40(a)(ia) & 40(a)(ia):
> In the subsequent year, if TDS is deducted & paid to Govt or to Govt.(if deducted earlier), then 100% / 30% disallowed earlier shall be allowed in the subsequent year.

Sec 201(1) :
> If any amount paid to Resident / NR without deduction of TDS & Such PAYEE (RINR):

- Has Furnished ROI u/s 139(1)
- Takes into Account such income
- Paid Tax on Such Income

> 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,

> And Salary payable
- Outside India OR To NR in India
- To NR In India

TDS Must be deducted

If not deducted OR Deducted but not paid to Govt A/c upto due date of TDS payment → 7th of Next Month

> Such Salary will not be allowed as Deduction.

This will never be allowed again on payment after due date.

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

And 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

If employer pays Non-monetary perquisites → To Empoyees

such non-monetary perquisites are taxable in the hands of EMPLOYEE

But If

EMPLOYER pays such tax on non-monetary perqs on behalf of Employee

Then such tax paid is not allowed as Deduction to EMPLOYER → As it is exempt in the hands of Employee u/s 10(10CC)

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

Unreasonable payment to relative as determined by AO not allowed as deduction. Parket 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 Note : for GTA take 35,000	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.

RULE 6ABBA OTHER ELECTRONIC MODE

1. Credit card, Debit card
2. Net Banking, RTGS, NEFT, IMPS
3. UPI (Unified Payment Interface)
4. 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—
   i. RBI or any Banking Company
   ii. SBI or any subsidiary bank.
   iii. Any co operative Bank or Land Mortgage Bank
   iv. Any Primary agriculture credit society or any primary credit society
   v. Life Insurance Corporation of India
   vi. The Government and, under the rules framed by it, such payment is required to be made in legal tender.
2. Where the payment is made by-
   i. Any letter of credit arrangements through a bank;
   ii. A mail or telegraphic transfer through a bank;
   iii. A book adjustment from any account in a bank to any other account in that or any other bank;
   iv. A bill of exchange made payable only to a bank;
   v. Use of ECS
   vi. Credit Card/ Debit card
3. 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;
4. Where the payment is made for the purchase of
   i. Agricultural or forest produce; or
   ii. The produce of animal husbandry or dairy or poultry farming; or
   iii. Fish or fish products; or
   iv. The products of horticulture or agriculture, to the cultivator, grower or producer of such articles, produce or products;
5. Where payment is made for purchase of products manufactured or processed without the aid of power in a cottage industry, to producer of such products;
6. Where the payment is made in a village or town not served by any bank.
7. Where any payment is made to an employee or the heir of any such employee, on or in connection with the Retirement, retrenchment, or death of such employee, on account of gratuity, retrenchment compensation or similar benefit & aggregate of such sums payable to the employee / his heir does not exceed ₹50,000.
8. Where the payment is made by an assessee by way of salary to his employee after deducting TDS and when such employee-
   i. 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; and
   ii. Does not maintain any account in any bank at such pace or ship.
10. Where the payment is made by any person to his agent who is required to make payment in cash for goods or services on behalf of such person;
11. Where the payment is made by an authorised dealer or a money changer against purchase of foreign currency or travelers cheques 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 DPF, 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 :-
a. 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
b. 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 preceeding PY or likely to exceed in case of individual & HUF Other than Individual & HUF 1.2 Lakhs &10Lakhs	Gross receipts exceeds 1,50,000 (in all 3 years immediately preceeding the PY or likely to exceed if the profession is newly setup) If assessee declare lower income under 44AD
1. Books are maintained for 6 years from end of relevant AY 2. Penalty for Non compliance = 25,000 [Sec 271A]	

SEC 40(A)(I)/(IA) PAYMENT MADE WITHOUT TDS

Any Payment made to NR on which TDS is deducted or deducted but not paid shall be disallowed = 100% Assessee will not be treated as assesee in deafult if the payee has submitted the ROI & has considered this as Income and Paid the tax due there on.	Any Payment made to R on which TDS is deducted or deducted but not paid shall be disallowed = 30% Assessee will not be treated as assesee in deafult if the payee has submitted the ROI & has considered this as Income and Paid the tax due there on.

SEC 43B DEDUCTION ALLOWED ON ACTUAL PAYMENT BASIS

Following expenses are allowed only if following payments are made before filing ROI
a) Any tax, duty, cess
b) Employer's contribution towards SPF, RPF, Approved Gratuity Fund, Approved Super Annuation Fund, New Pension scheme, any funds as per law
c) Bonus, Commission to Employees

SEC 35D PRELIMINARY EXPENSES

Allowed:- Only allowed to Resident

Engineering services | Market survey | Legal fees

Preparation of feasibility Study or Project Report ← **Preliminary Expenses** → Drafting & Printing of MOA/AOA

Expenses of Public issue of Shares & Debentures

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Amount of Deduction:

Indian Co.
(i) Actual Expenses
(ii) 5% of:
(a) Cost of project
(b) Capital Employed
Whichever is higher
(1) or (ii) w.e. is lower

Other Assessee
(1) Actual Expenses
(ii) 5% of Cost of Project
Whichever is lower

> This deduction is allowed in 5 equal installments.
> 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 :
i) National Fund for Rural Development;
ii) 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 1/5th basics over 5 years starting from year of expenses.

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

SEC 32(1)(I) DEPRECIATION FOR POWER GENERATING UNDERTAKINGS

1. An assessee engaged in the business of generation or 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 :
1. Where any asset is put to use for of less than 180 days, the depreciation shall be restricted to 50% of the amount calculated at the prescribed percentage.
2. 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 then WDV	
OP WDV	xxx
(-) Money Received Including Scrap Value	(xxx)
Terminal Depreciation to be claimed in Year	xxx

B) Where Profit arise

Sale Value is More then WDV	
OP WDV	xxx
(-) Money Received Including Scrap Value	(xxx)
>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)(1) Premium for Insurance of stock in Trade

Sec 36(1)(ia) Premium paid by Federel Milk co-operative society → for insurance of cattle

Sec 36(1)(ib) Premium for Insurance of stock in Trade Employees

(2) Employees Welfare Payment

Sec 36(1)(ii) Bouns/ commission

Sec 36(1)(iva) Pension Scheme NPS 80CCD

Sec 36(1)(iv)/(v) SPF/RPF/AGF

Sec 43B Applicable

Sec 36(1)(va) EMPLOYEES contribution towards welfare

(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) 10% of salary (Basic + DA (Terms)]
whichever is lower

(5) Sec 36(1)(iv)/(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 it is paid to the Govt. before due date of the respective Act. Clarified by F.A.21
> 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 under this section will be allowed in the year in which animals become permanently useless or die.
> Amount of Deduction Cost of Animal - Sale value.

(8) Sec 36(1)(vii) BAD DEBTS

Actual Bad Debts. → Allowed

Provision for Bad Debts → Not Allowed → But Allowed to Banks u/s 36 (1)(viia)

> Actual Bad Debts → Related to Business-Allowed / Related to Loan- Not allowed.

> Except: Lending Business
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)(viia).

(9) Sec 36(1)(viia) Provision for Bad Debts

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

But IF

Actual Bad Debts > Provision for Bad Debts
Actual Bad Debts - Provision = Difference

will be allowed as deduction u/s 36(1)(vii)

> 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)

Actual Amount Transferred to Special Reserve | 20% of PGBP | 200% of (Sh.Cap + Gen Reserve)- opening bal of Special Reserve

whichever is lower

(11) Sec 36(1)(ix)Expenses on promotion of Family Planning

Allowed to only companies : Amount of Deduction

Capital Allowed in 5 Equal Instalments | Revenue Fully Allowed

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

Expenditure Incurred by → Co-operative Society → Engaged in Mfg. of sugar → For purchase of sugarcane → At a price → Equal to OR Less than → Price fixed by Govt.

(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

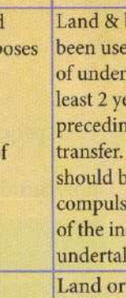
As per ICDS → Allowed

Others → Not Allowed

CIR. NO. 743: UNUTILIZED DEPOSIT UNDER CGAS IN THE HANDS OF LEGA HEIRS

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 ₹ 2 cr.	Land for being used for agricultural purpose (Urban/ Rural)	Land or Building or right in land or building	Bonds of NHAI or RECL or any other bond notified by C.G. (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 crore, 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 ≥ Net sale consideration of original asset,entire Capital gain is exempt. Cost of new Residential House < 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 Hai!



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.

8. PROFIT GAINS FROM BUSINESS OR PROFESSION

SEC 28 CHARGING SECTION

Following Income shall be taxable under the head PGBP:

1) Any profit/gain of any Business/Profession
2) Profit on sale of Import Entitlement License
3) Cash Compensatory support or duty drawback
4) Profit on sale of DEPB (Duty entitlement pass book scheme)/ Duty free Replenishment Certification (DFRC)
5) Any Amount received under Key-Man Insurance Policy
6) Any gift/benefit/perquisite arising due to Business/Profession
7) Any Interest, salary, bonus, commission received by partner from Partnership firm [to extent allowed u/s 40(b) to firm]
8) 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.)
9) Income derived by a trade, professional or similar association from specific service perform for its member
10) FMV of inventory as on date on which it is converted into CA.
11) 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
12) Sale of Asset whose whole cost is allowed as deduction.
13) 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. [FA 2023]

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 demmed 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 recieved 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 :
a) Net sale price of the asset
b) Deduction claimed u/s 35

Sec 41[4]: Recovery of bad Debts in the CY.

SEC 44AD PRESUMPTIVE INCOME FOR OTHER

1. Individual, HUF, Firm (Not LLP)
2. Gross receipt/Turnover does not exceed 2cr.
3. 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. ≤ ₹300 lakhsin the relevant P.Y., if aggregate cash receipts in the relevant PY ≤ 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. [FA 2023]
4. 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 P.Y. (or) such higher sum claimed to have been earned by the assessee. [FA 2023] or 8% of Turnover.
5. Advance Tax is applicable
6. All deductions u/s 30-37(1)
7. 80C - 80U to be allowed
8. Set off losses allowed
9. Remuneration to partner u/s 40b not allowed.
10. Continuously opt for the scheme for the 5 years else this option is not available for next 5 years
11. Lower profit can be declared - yes [Maintain Accounts & Do Audit].

SEC 44AE PRESUMPTIVE INCOME FOR GTA

1. Any assessee
2. The number of vehicle
3. 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 12ton]
4. Advance Tax is applicable
5. All deductions u/s 30-37(1)
6. 80C - 80U to be allowed
7. Set off losses allowed
8. Remuneration to partner u/s 40b not allowed.
9. Lower protfit can be declared - yes [Maintain Accounts & Do Audit].
10. Assessee can declare presumptive income upto Rs.75 Lakh in this section where the amount or aggregate of the amounts 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.[FA 2023]

SEC 44ADA PRESUMPTIVE INCOME FOR PROFESSIONAL

1. Assessee: Individual/ Firm (Not LLP) (Resident)

2. Engaged in specified profession defined u/s 44AA(1)

3. i. Gross receipt does not exceed 50 Lakhs
ii. Cash receipt if does not exceed 5% of total receipt 75 Lakhs

4. Presumptive Income:
50% of gross receipt or profit declare whichever is higher
Can lower profit be shown: Yes
a) Maintain BOA u/s 44AA
b) Do tax audit u/s 44AB submit report at least 1 month prior to date of filling ROI

5. Other point:
(i) Advance tax mandatory – 15th March – 100% if failed 234C interest
(ii) Deduction :
> All deduction u/s deemed to be allowed
> Partners remuneration u/s 40B not allowed
> Chapter VI A deduction allowed Exempt Part C
(iii) Losses can be set off

SEC 30 & SEC 31

Section 30. Rent, rates and taxes of premises	Section 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.	Current repairs is allowed as deduction. On capital repairs depreciation can be claimed.

SEC 32 DEPRECIATION [MANDATORY]

1. Assets must be used for the purpose of business & profession
2. Assets should be owned by the Assessee
3. Depreciation should be on block of assets @ prescribed
4. Assets must be put to use
5. No Dep on Godwill Even if Purchased/ otherwise w.e.f. AY 21-22

SEC 32(i)(iia) ADDITIONAL DEPRECIATION

1. Assessee Engaged in
- Manufacture or production
- Power Generation, distribution or transmission
- Printing & Publication

2. Acquire New Plant & Machinery

3. However new Plant & machinery does not Include:
a) Second hand P&M (used within India or outside India)
b) P&M installed in Office or Guest House.
c) P&M being transport vehicle, ship or aircraft.
d) P&M whose whole cost is allowed as deduction

4. Such P&M acquired after 31.03.2005

5. 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.

IMP Hai!



SEC 43(1) ACTUAL COST

Sr No	Particulars	Actual Cost	
	Purchased	Purchase Price (+) other costs incurred on assets put to use (-) Sale value Insurance Subsidy Assets acqd in cash exceeding ₹10,000	xxx xxx (xxx)
Expl 1 to Sec 43(1)	Acquired for Scientific research subsequently brought into business use	Actual Cost (-) Deduction availed u/s 35	
Expl 1A to Sec 43(1)	Stock in trade is converted into capital asset.	Fair Market value on the date of transfer	
Expl 2 to Sec 43(1)	Acquired by way of gift or inheritance.	WDV in the hands of previous owner at the of transfer.	
Expl 3 to Sec 43(1)	Asset acquired at higher price from any other person using the asset for his business or 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 to Sec 43(1)	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 to Sec 43(1)	Asset acquired by an assessee from another person who had claimed depreciation on such asset & asset is leased back to such other person.	The WDV of the asset to the transferor at the time of transfer to the assessee.	
Expl 5 to Sec 43(1)	Building used for private purpose subsequently brought into business use	The cost of purchase or construction of the building as reduced by the Notional depreciation calculated up to the year of bringing the asset to business use at the depreciation rate applicable to that year.	
Expl 6 to Sec 43(1) Expl 2 to Sec 43(6)	Asset transferred by a holding Co. to its subsidiary Co. or by a Subsidiary Co., to 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 transferor 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.	WDV to the transferor company will be adopted as the actual cost to the transferee company.	
Expl 7 to Sec 43(1)	Transfer of asset in a scheme of amalgamation by amalgamating co 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 co shall be the actual cost to amalgamating company.	WDV to the amalgamating company will be adopted as the actual cost to the amalgamated company.	
Expl 7A to	Asset transferred by a demerged co to the resulting Indian co	Actual cost shall be the WDV in the hands of the demerged company.	
Expl 8 to	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 to	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 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 to	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 relatable 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 to	Asset brought into India by NR/ foreign co for use in his business or profession.	Actual cost as reduced by amount of depre calculated @ in force as if asset was used in India since the date of acquisition	
Expl 12 to Sec 43(1)	Any capital asset acquired under a scheme of corporation of a recognised stock exchange in India, approved by SEBI.	The amount, which would have been regarded as actual cost, had there been no such corporation shall be deemed to be the actual cost.	
Expl 13 to Sec 43(1)	Actual cost of capital asset has been allowed as deduction u/s 35AD and capital asset is transferred by way of transactions 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.

IMP Hai!

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 under default tax regime u/s 115BAC and there is a depreciation allowance in respect of a block of asset from an earlier AY attributable to additional depreciation u/s 32(1)(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, 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 [FA 2023]

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 company or private company into LLP etc. Depreciation shall be apportioned between the predecessor and 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 days - from the day Assets are put to use.

RATE OF DEPRECIATION

Block	Nature of Assets	Rate
Building	Residential building other than hotels & boarding [Employee Quarter]	5%
Furniture	Non-residential building, godown,office, factory etc.including hotels & boarding	10%
	Temporary construction Any furniture including electrical fittings	40%
P&M [Sec 43(3)]	In general (if nothing is mentioned) Oil well	10%
	Motor car including lorries, buses, used for hiring purposes A.C.	15%
	Computer including computer software	30%
Intang-ible	> Books owned by a professional [whether annual publication or not] > Energy saving device > Annual Publication of books > Life saving equipment > Windmill [before 01.04.2014 15%] > Pollution control equipment	40%
Other	Acquired after 31.3.1998	25%
	Ship/ Vessel/ speed boats	20%
	Aeroplanes	40%
	Motor bus /lorries on running them on hire	30%
	Renewable energy device installed after 31/03/2014	40%
	Renewable energy device installed before 31/03/14	15%

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.

1. There are other assets in block: No seperate tax treatment is required. Loss shall be contained in WDV & depre will be allowed over the number of period.
2. 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 EXPENSE ON SCIENTIFIC RESEARCH

In house research
Research should be related to the business
Revenue Expenditure - 100% ALLOWED
Capital expenditure however capital expenditure does not include cost of Land. Further no Depreciation shall be allowed on such assets - 100% ALLOWED
Current year expense – allowed
Previous year expense- allowed
PY means 3 years before the Commencement of business.

Contribution to outsiders
Research may or may not be related to the business
1. National Laboratory / IIT's - 100%
2. Approved University, Colleges, institution - 100%
3. Social statistical research- 100%
4. Company having main object as research - 100%

IMP Hai!



w.r.e.f. 21-22 The deduction claimed by the donor with respect to donation given to any Research Association shall be disallowed unless such Research Association files the statement of Donation.

 # The deduction under this section is not available if assessee opted for 115BAC

SALE OF SCIENTIFIC RESEARCH ASSETS

Sold without being used for other Purpose Sec 41(3):
Deemed PGBP : 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

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.

Notes:
1. Unabsorbed capital expenditure on scientific research shall be treated same as unabsorbed depreciation.
2. If deduction under section 35 is claimed then depreciation u/s 32 is not allowed as deduction.

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

100% Deduction allowed for any sum paid to a National Laboratory or a University or an 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.

DEDUCTION FOR EXPENDITURE INCURRED FOR IN-HOUSE SCIENTIFIC RESEARCH RELATED TO BUSINESS AND CONTRIBUTION TO OUTSIDERS FOR SCIENTIFIC RESEARCH/SOCIAL SCIENCE/STATISTICAL RESEARCH [FA 2023]

Nature of Expenditure		Under the default tax regime u/s 115BAC			Under the optional tax regime		
		Allowability of deduction	Treatment while computing income		Allowability of deduction	Treatment while computing income	
			If debited to Profit & Loss A/c	If given as additional information		If debited to Profit & Loss A/c	If given as additional information
I. In house research expenditure on scientific research related to assessee business							
35(1)(i)	Revenue expenditure	Allowable as deduction	No adjustment required,	To be deducted	Allowable as deduction	No Adjustment required,	To be deducted
35(1)(iv) relate with sec 35(2)	Any capital expenditure (other than cost of acquisition of land)						
II. Contribution to outsiders							
35(1)(ii)	Notified approved research association/ university/college/ other institution for scientific research	Not allowable as deduction	To be added back while computing income under the head PGBP	No adjustment required	Allowable as deduction	No adjustment required, since it is already debited to profit and loss A/c	To be deducted while computing income under the head PGBP
35(1)(iia)	Approved notified Company for scientific research						
35(1)(iii)	Notified approved research association/university/ college/ other institution for research in social science or statistical research						
35(2AA)	Approved National Laboratory/ University/ IIT/specified person to be used for scientific research undertaken under an approved programme						

Naya hai pucha ja saktha hai !



SEC 35(2AB) ASSESSEE ENGAGED IN MANUFACTURING/BIOTECHNOLOGY

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 is assessee opted 115BAA/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 1/5th basics over 5 years starting from year of expenses.

 # The deduction of this section is not available is assessee opted 115BAA/BAB.

Same for these sec

SEC 35CCC	SEC 35CCD
Any Assessee incur any expense on agriculture extension project as notified by board	**Any company** incur expense on skill development project notified by Board
Deduction = 100% Exp on land or building are not allowed	**Deduction = 100%** of actual expenses on land or building are not allowed

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