

# Before We **Begin**

## UNDERSTANDING TAXES

### Meaning of Tax

- ♣ Taxes are considered to be the “cost of living in a society”.
- ♣ Taxes are levied by the Governments to meet the common welfare expenditure of society.
- ♣ Tax is nothing but money that people pay to the Government, which is used to provide public services.

*“Collect taxes from the citizens as honeybees collect nectar from the flowers, gently and without inflicting pain”.*

**- Chanakya**

### Why does Government levy taxes?

- ♣ Taxes constitute a basic source of revenue to the Government.
- ♣ Revenue so raised is utilized for meeting the expenses of Government like defence, provision of education, health-care, infrastructure facilities like roads, dams etc.

### Types of taxes (Direct and Indirect taxes)

#### Direct Taxes

- A direct tax is a kind of charge, which is imposed directly on the taxpayer and paid directly to the Government by the persons (juristic or natural) on whom it is imposed.
- The person who pays the tax to the Government cannot recover it from somebody else i.e. the burden of a direct tax cannot be shifted.
- Direct tax is levied directly on the income of a person.
- A significant direct tax imposed in India is income tax.

#### Indirect Taxes

- In indirect tax, the taxpayer is just a conduit and at every stage the tax-incidence is passed on till it finally reaches the consumer, who really bears the brunt of it.
- An indirect tax can be shifted by the taxpayer to someone else. Its incidence is borne by the consumers who ultimately consume the product or the service.
- Indirect taxes are levied on consumption, expenditure, privilege, or right but not on income or property e.g. Goods and Services Tax (GST) or Custom Duty.

## Before We **Begin**

### BASICS OF INCOME TAX

#### Meaning of Income-tax

- Income-tax is a direct tax levied directly on the income of a person namely, individual, HUF, Association of Person, Body of Individuals, company, firm, other business entities.
- Income-tax is levied on the total income (TI) of a person at the income-tax rates specified in the Annual Finance Act or under the Income-tax Act, 1961 or both.
- Different rates of income-tax are specified for distinct categories of persons under the Annual Finance Act and Income-tax Act.

#### Levy of Income-tax

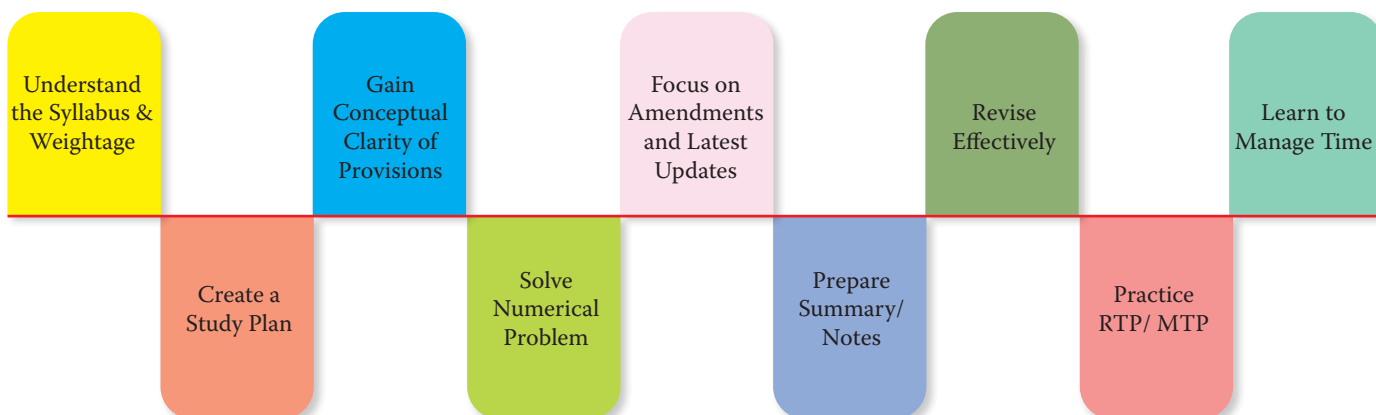
- The Central Board of Direct Taxes (CBDT) is a statutory body responsible for administering direct taxes. It operates under the Department of Revenue in the Ministry of Finance, Government of India.
- The CBDT is responsible for formulating policies and procedures for the collection of direct taxes, including income tax.
- The levy of Income-tax is governed by the Income-tax Act, 1961, along with Income-tax Rules, 1962. The Income-tax Act undergoes changes every year by the Annual Finance Act.

#### Components of Income tax law in India

The income-tax law in India consists of the following components –



### STRATEGY FOR STUDYING THE SUBJECT





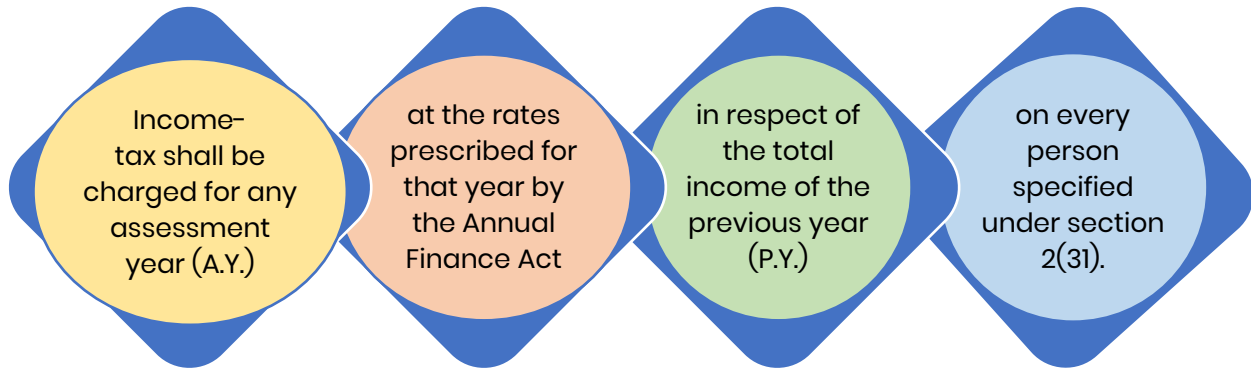
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# Taxation Section A

## BASIC CONCEPTS

### SECTION 4 [CHARGING SECTION]



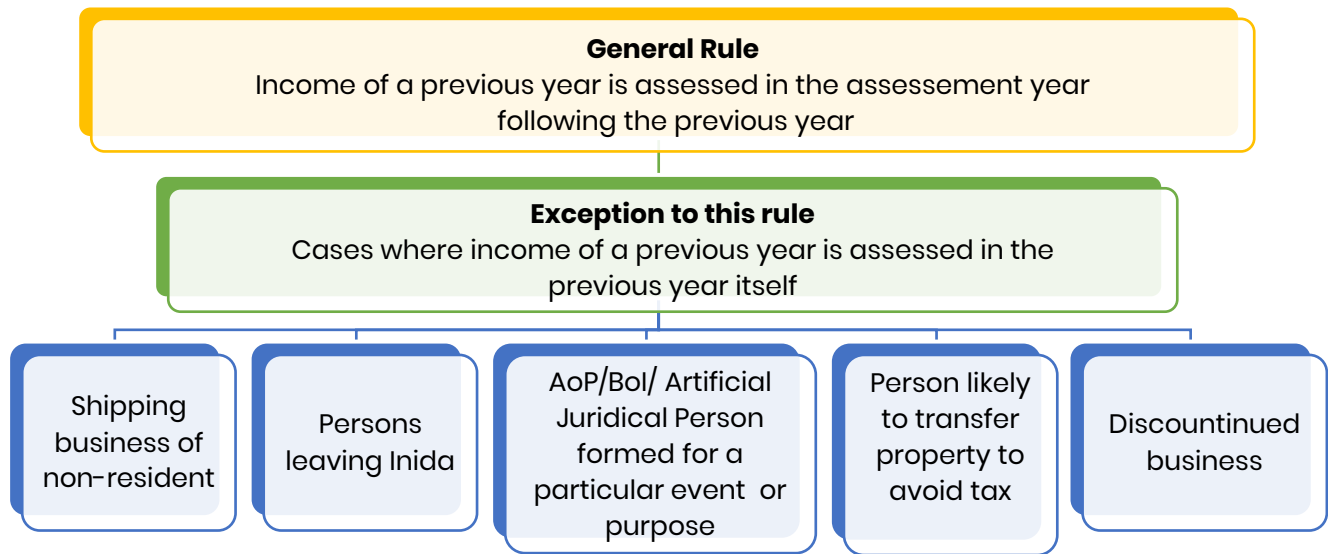
### PREVIOUS YEAR AND ASSESSMENT YEAR

#### Assessment Year

- It means a period of 12 months commencing on 1st April every year.
- The year in which income is earned is the previous year and such income is taxable in the immediately following year which is the assessment year.

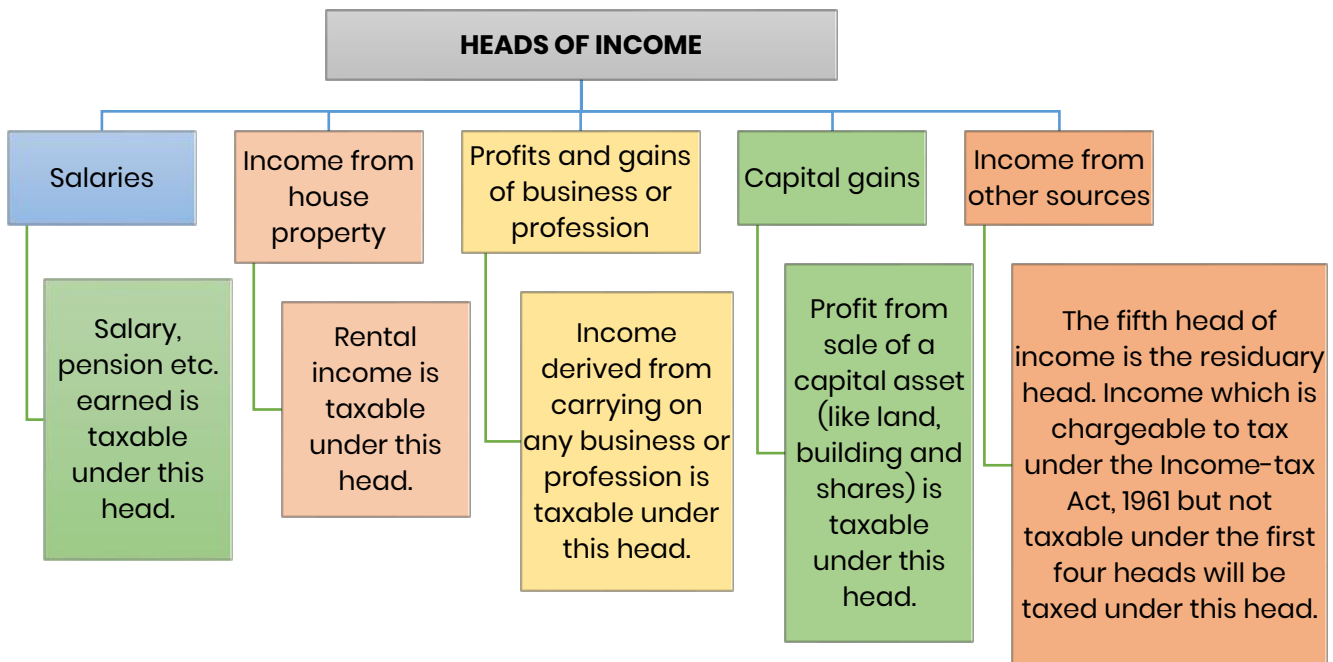
#### Previous year

- It means the financial year immediately preceding the assessment year.
- In case of a business or profession newly set up, or a source of income newly coming into existence during the financial year, the previous year shall be the period beginning with the date of setting up of the business or profession or, as the case may be, the date on which the source of income newly comes into existence and ending with the said financial year.

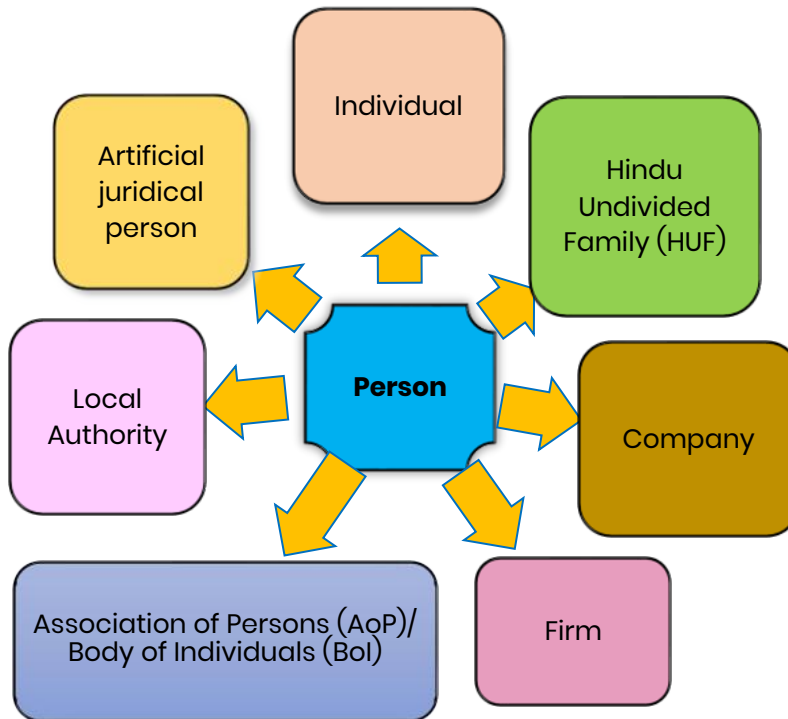


## CLASSIFICATION OF INCOME

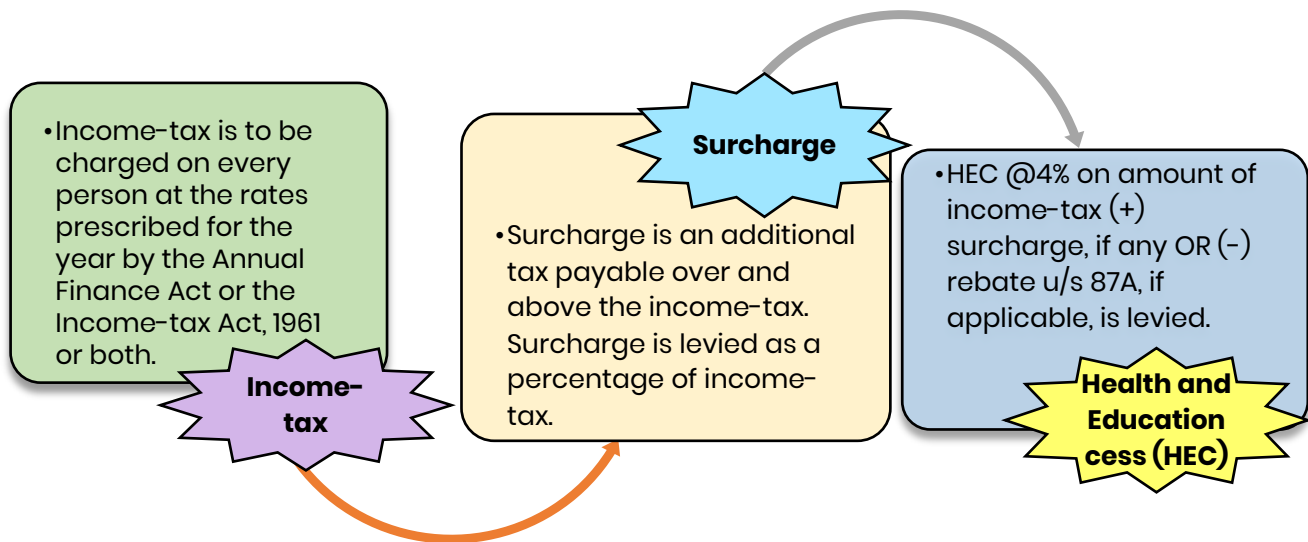
The income of an assessee is classified into following five heads of income:



**PERSON [SECTION 2(31)]**



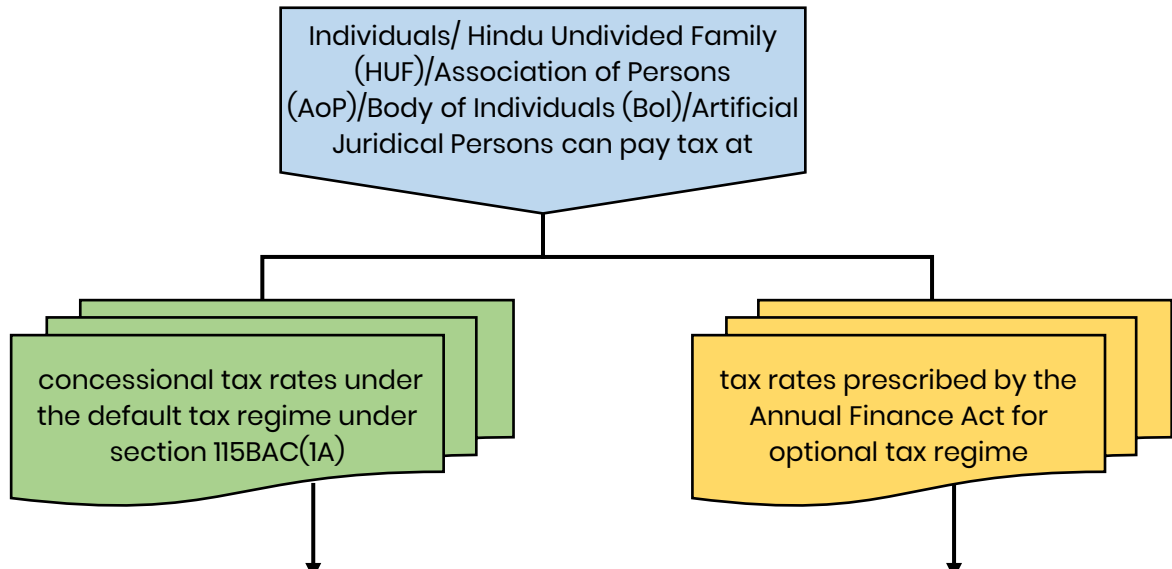
**RATES OF TAX, SURCHARGE AND CESS**



INDIVIDUAL/HUF/AOP/BOI/ARTIFICIAL JURIDICAL PERSON

I. INCOME TAX RATES

Individuals/HUF/AoP/BoI and Artificial Juridical Persons can pay tax at concessional rates under the default tax regime under section 115BAC. However, such persons have to forego certain exemptions and deductions under this regime. Alternatively, they can exercise the option to shift out of the default tax regime and pay tax under the optional tax regime as per the regular provisions of the Act at the tax rates prescribed by the Annual Finance Act of that year.



Total Income (TI)	Tax
Upto ₹ 3,00,000	NIL
> ₹ 3,00,000 but ≤ ₹ 7,00,000	5% of TI > ₹ 3,00,000
> ₹ 7,00,000 but ≤ ₹ 10,00,000	₹ 20,000 (+) 10% of TI > ₹ 7,00,000
> ₹ 10,00,000 but ≤ ₹ 12,00,000	₹ 50,000 (+) 15% of TI > ₹ 10,00,000
> ₹ 12,00,000 but ≤ ₹ 15,00,000	₹ 80,000 (+) 20% of TI > ₹ 12,00,000
> ₹ 15,00,000	₹ 1,40,000 (+) 30% of TI > ₹ 15,00,000

**Note** – Certain income like long term capital gains, lottery income, specified short term capital gains etc. are taxable at special rates which are discussed later on.

Total Income (TI)	Tax
Upto ₹ 2,50,000	NIL
> ₹ 2,50,000 but ≤ ₹ 5,00,000	5% of TI > ₹ 2,50,000
> ₹ 5,00,000 but ≤ ₹ 10,00,000	₹ 12,500 (+) 20% of TI > ₹ 5,00,000
> ₹ 10,00,000	₹ 1,12,500 (+) 30% of TI > ₹ 10,00,000

- Notes -**
- (i) For a senior citizen, being a resident individual of the age of 60 years or more but less than 80 years at any time during the P.Y., the basic exemption limit is ₹ 3,00,000.
  - (ii) For a very senior citizen, being a resident individual of the age of 80 years or more at any time during the P.Y., the basic exemption limit is ₹ 5,00,000.

**Concessional tax rates under the default tax regime under section 115BAC(1A)**

**Conditions to be satisfied for availing concessional rates of tax**

The following are the conditions to be satisfied for availing concessional rates of tax:

S. No.	Particulars	
<b>(1)</b>	<b>Certain deductions/exemptions not allowable:</b> Section 115BAC(2) provides that while computing total income, the following deductions/exemptions would not be allowed:	
	<b>Section</b>	<b>Exemption/Deduction</b>
	10(5)	Leave travel concession
	10(13A)	House rent allowance
	10(14)	Exemption in respect of special allowances or benefit to meet expenses relating to duties or personal expenses (other than those as may be prescribed for this purpose).
	10(17)	Daily allowance or constituency allowance of MPs and MLAs
	10(32)	Exemption in respect of income of minor child included in the income of parent
	10AA	Tax holiday for units established in SEZ
	16	Entertainment allowance and Professional tax
	24(b)	Interest on loan in respect of self-occupied property
	32(1)(iia)	Additional depreciation
	35(1)(ii)/(iia)/(iii)/35(2AA)	Deduction in respect of contribution to <ul style="list-style-type: none"> <li>- notified approved research association/university/college/other institutions for scientific research [Section 35(1)(ii)]</li> <li>- approved Indian company for scientific research [Section 35(1)(iia)]</li> <li>- notified approved research association/university/college/other institutions for research in social science or statistical research [Section 35(1)(iii)]</li> <li>- an approved National laboratory/university/IIT/specified person for scientific research undertaken under an approved programme [Section 35(2AA)]</li> </ul>
	35AD	Investment linked tax incentives for specified businesses
	80C to 80U	Deductions under Chapter VI-A (other than employers contribution towards NPS under section 80CCD(2), Central Government contribution towards Agnipath Scheme under section 80CCH(2) and deduction in respect of employment of new employees under section 80JJAA)

<b>(2)</b>	Certain losses not allowed to be set-off: While computing total income, set-off of any loss - (i) carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred to in (1) above or (ii) under the head house property with any other head of income would not be allowed.
<b>(3)</b>	<b>Depreciation or additional depreciation:</b> Depreciation u/s 32 is to be determined in the prescribed manner. Depreciation in respect of any block of assets entitled to more than 40%, would be restricted to 40% on the written down value of such block of assets. Additional depreciation u/s 32(1)(ia), however, cannot be claimed.
<b>(4)</b>	<b>Exemption or deduction for allowances or perquisite:</b> While computing total income, any exemption or deduction for allowances or perquisite, by whatever name called, provided under any other law for the time being force in India would not be allowed.

**Additional points:**

- (i) An employee whose income is chargeable to tax under section 115BAC(1A) would be entitled for -
- In case of salary income: Standard deduction under section 16(1)(ia) upto ₹ 75,000;
  - In case of income in the nature of family pension: A deduction of a sum equal to 33-1/3 per cent of such income or ₹ 25,000, whichever is lower;
  - Deduction under section 80CCD(2) in respect of contribution made by any other employer: Upto 14% of salary;
  - travelling allowance (i.e., allowance granted to meet the cost of travel on tour or transfer);
  - daily allowance (i.e., allowance granted on tour or for the period of journey in connection with transfer, to meet the ordinary daily charges incurred by an employee on account of absence from his normal place of duty);
  - conveyance allowance (i.e., allowance granted to meet the expenditure incurred on conveyance in performance of duties of an office or employment of profit, where free conveyance is not provided by the employer); and
  - exemption in respect of transport allowance granted to an employee who is blind or deaf and dumb or orthopedically handicapped with disability of the lower extremities of the body to the extent of ₹ 3,200 p.m.
- (ii) An individual, being an employee paying tax as per section 115BAC, would not be entitled for exemption of perquisite of free food and non-alcoholic beverages provided by an employer through paid vouchers.
- (iii) Loss or depreciation referred to in (2) above would be deemed to have been already given effect to and no further deduction for such loss or depreciation shall be allowed for any subsequent year.

Where income-tax on total income of the assessee is computed under this section and there is a depreciation allowance in respect of a block of asset from an earlier assessment year 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 due to section 115BAC, 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.

### **Time limit for exercising the option to shift out of the default tax regime**

**(i) In case of an assessee having no income from business or profession:** Where such individual/HUF/AoP/BoI or Artificial Juridical person is not having income from business or profession, he/it can exercise an option to shift out/opt out of the default tax regime and such option has to be exercised along with the return of income to be furnished under section 139(1) for a previous year relevant to the assessment year. In effect, such individual/HUF/AoP/BoI or Artificial Juridical person can choose whether or not to exercise the option of shifting out of the default tax regime in each previous year. He may choose to pay tax under default tax regime under section 115BAC in one year and exercise the option to shift out of default tax regime in another year.

**(ii) In case of an assessee having income from business or profession:** Such individual/HUF/AoP/BoI or Artificial Juridical person having income from business or profession has an option to shift out/ opt out of the default tax regime and the option has to be exercised on or before the due date specified under section 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 tax regime for any previous year shall be able to withdraw such option only once and pay tax under the default tax regime under section 115BAC for a previous year other than the year in which it was exercised.

Thereafter, such person shall never be eligible to exercise option to opt out of the default tax regime, except where such person ceases to have any business income in which case, option under (i) above would be available.

### **AMT liability not attracted**

Individual/HUF/AoP/BoI or Artificial Juridical person paying tax under default tax regime under section 115BAC is not liable to alternate minimum tax u/s 115JC. Such person would not be eligible to claim AMT credit also. Provisions of AMT are discussed in this booklet later on in the topic "Computation of Total Income and Tax Liability".

## II. SURCHARGE

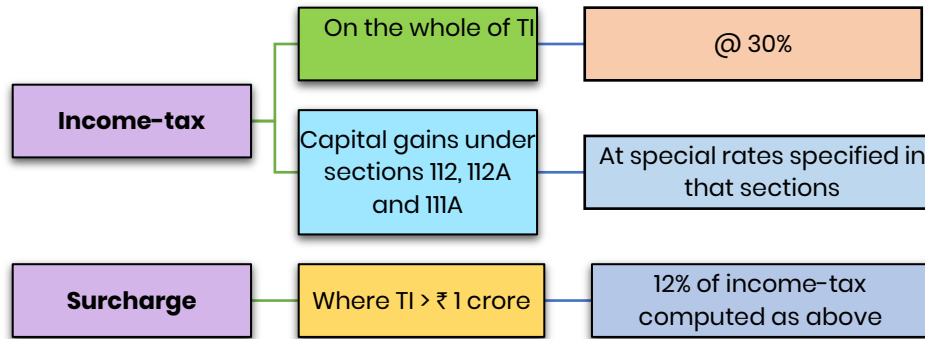
Income-tax computed above would be increased by surcharge given under the following table:

### Individual/HUF/AoP<sup>1</sup>/BoI and Artificial Juridical Person

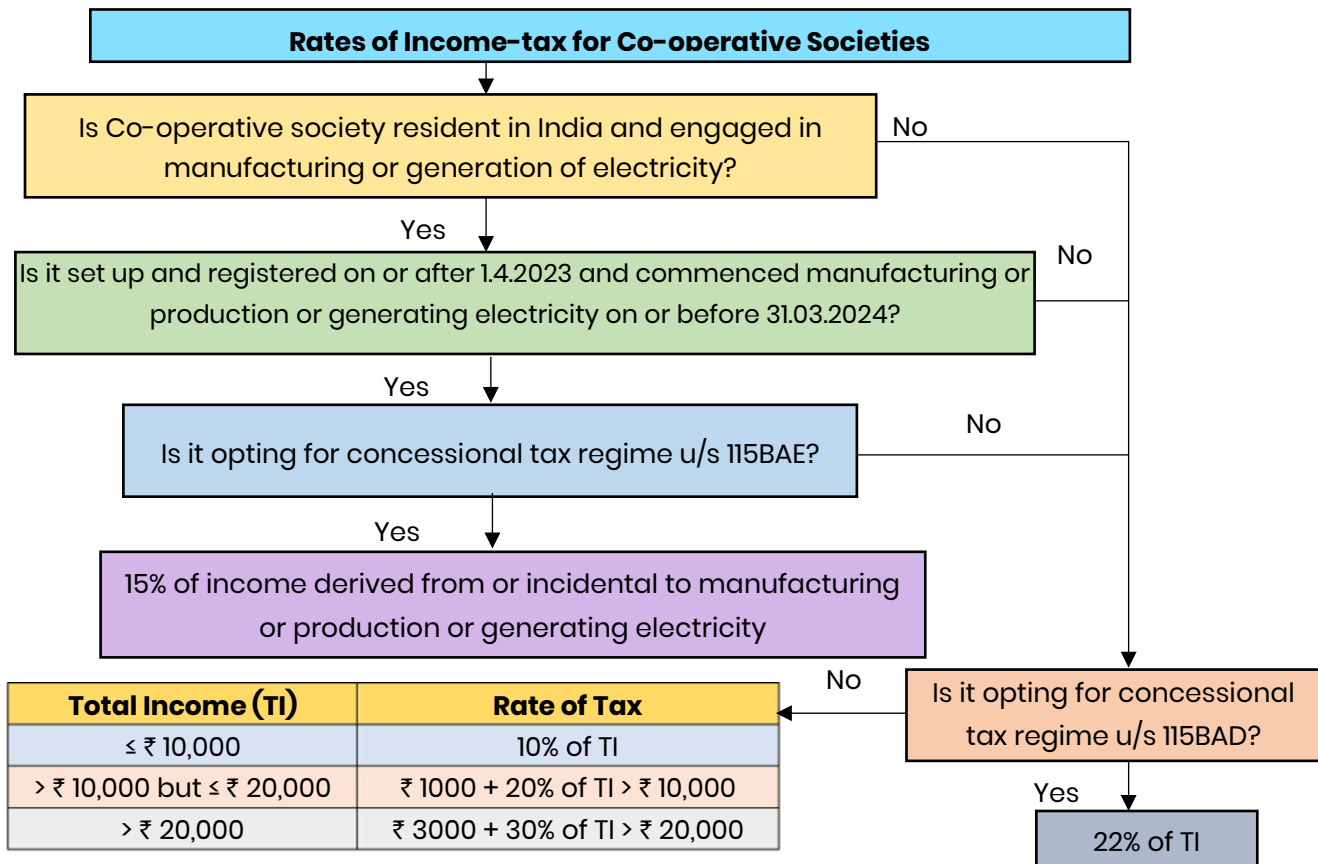
paying tax under default tax regime u/s 115BAC			exercising the option to shift out of the default tax regime and paying tax under the normal provisions of the Act		
	Particulars	Rate of surcharge on income-tax		Particulars	Rate of surcharge on income-tax
(i)	TI (including dividend income and capital gains chargeable to tax u/s 111A, 112 and 112A) > ₹ 50 lakhs but ≤ ₹ 1 crore	10%	(i)	TI (including dividend income and capital gains chargeable to tax u/s 111A, 112 and 112A) > ₹ 50 lakhs but ≤ ₹ 1 crore	10%
(ii)	TI (including dividend income and capital gains chargeable to tax u/s 111A, 112 and 112A) > ₹ 1 crore but ≤ ₹ 2 crore	15%	(ii)	TI (including dividend income and capital gains chargeable to tax u/s 111A, 112 and 112A) > ₹ 1 crore but ≤ ₹ 2 crore	15%
(iii)	TI (excluding dividend income and capital gains chargeable to tax u/s 111A, 112 and 112A) > ₹ 2 crore	25%	(iii)	TI (excluding dividend income and capital gains chargeable to tax u/s 111A, 112 and 112A) > ₹ 2 crore but ≤ ₹ 5 crore	25%
	Dividend income and capital gains chargeable to tax u/s 111A, 112 and 112A	Not exceeding 15%		Dividend income and capital gains chargeable to tax u/s 111A, 112 and 112A	Not exceeding 15%
(iv)	TI (including dividend income and capital gains chargeable to tax u/s 111A, 112 and 112A) > ₹ 2 crore in cases not covered under (iii) above	15%	(iv)	TI (excluding dividend income and capital gains chargeable to tax u/s 111A, 112 and 112A) > ₹ 5 crore	37%
				Dividend income and capital gains chargeable to tax u/s 111A, 112 and 112A	Not exceeding 15%
			(v)	TI (including dividend income and capital gains chargeable to tax u/s 111A, 112 and 112A) > ₹ 2 crore in cases not covered under (iii) and (iv) above	15%

<sup>1</sup> (other than an AOP consisting of only companies as members)

**FIRM/LLP/LOCAL AUTHORITY**

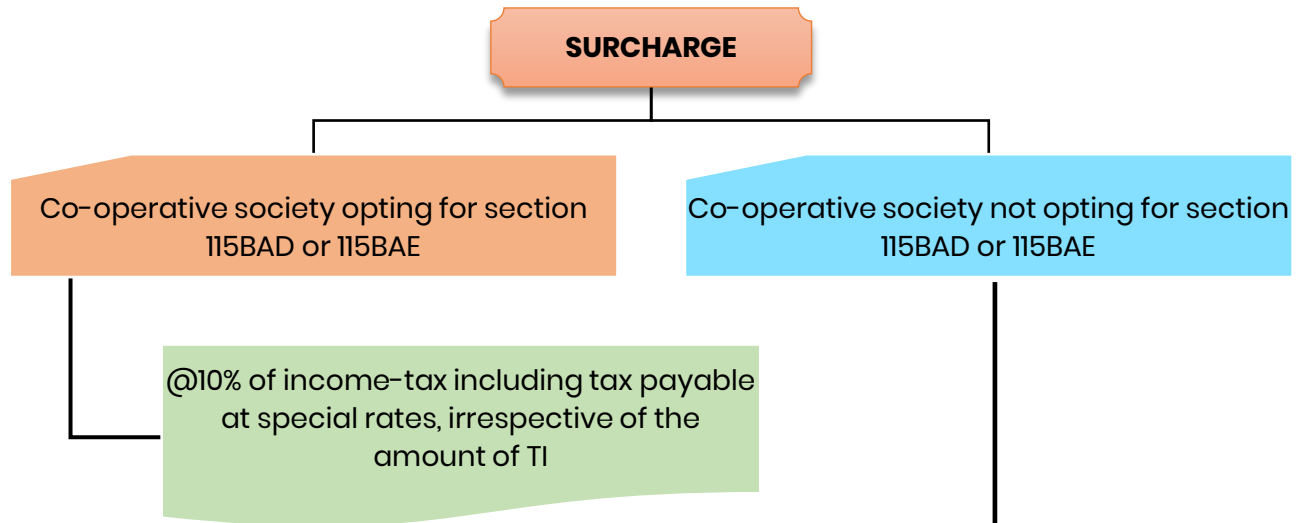


**CO-OPERATIVE SOCIETY**



**Notes in relation to sections 115BAD and 115BAE –**

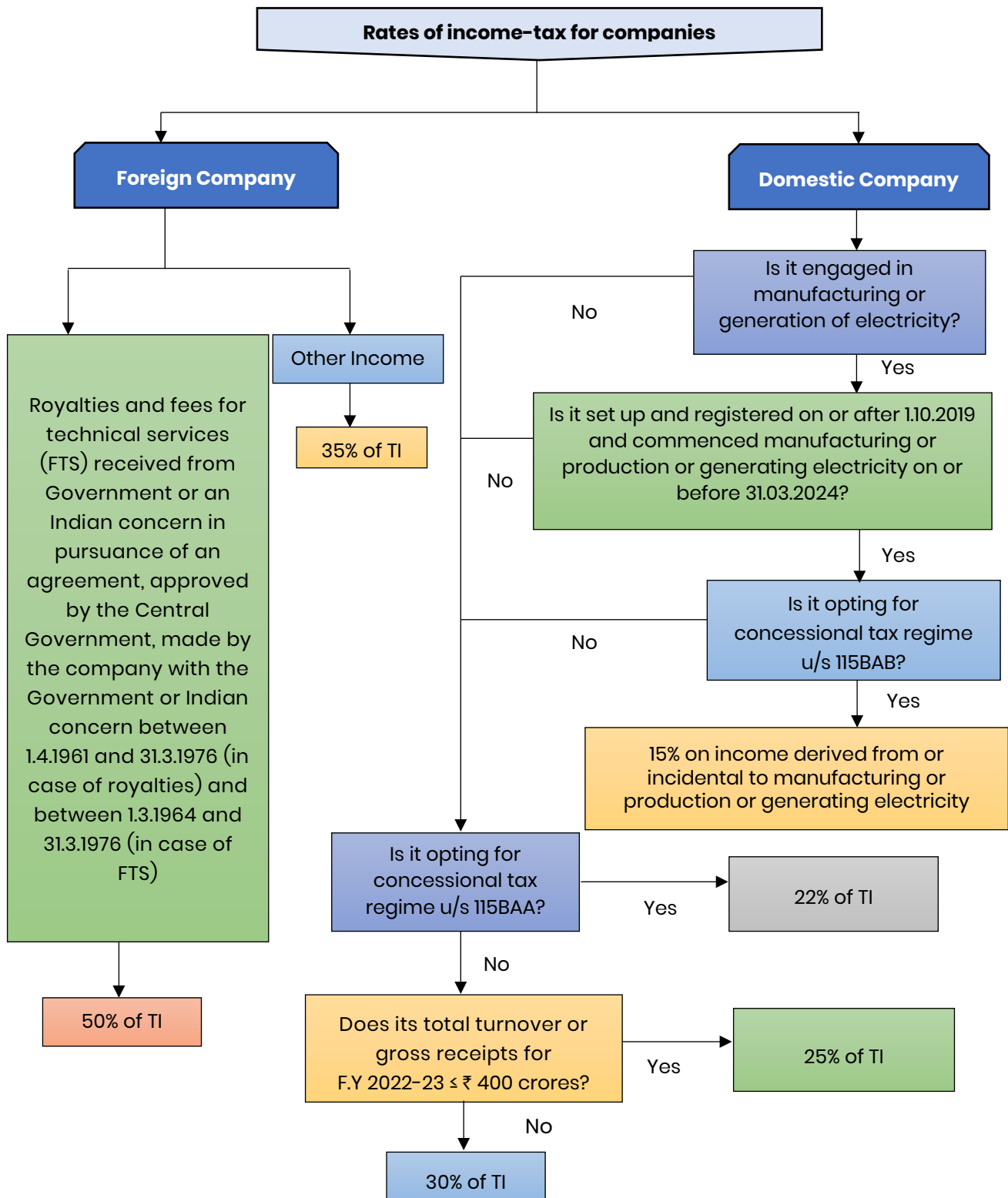
- (1) Co-operative society, resident in India, can opt for concessional rate of tax u/s 115BAD or 115BAE, as the case may be, subject to certain conditions.
- (2) Capital gains taxable under section under 112, 112A and 111A, casual income taxable under section 115BBA, etc. are taxable at special rates specified in the said sections.
- (3) These sections will be dealt with in detail in Final Level.



TI	Rate of Surcharge
≤ ₹ 1 Crore	No Surcharge
> ₹ 1 crore but ≤ ₹ 10 crores	7% on income-tax
> ₹ 10 crores	12% on income-tax

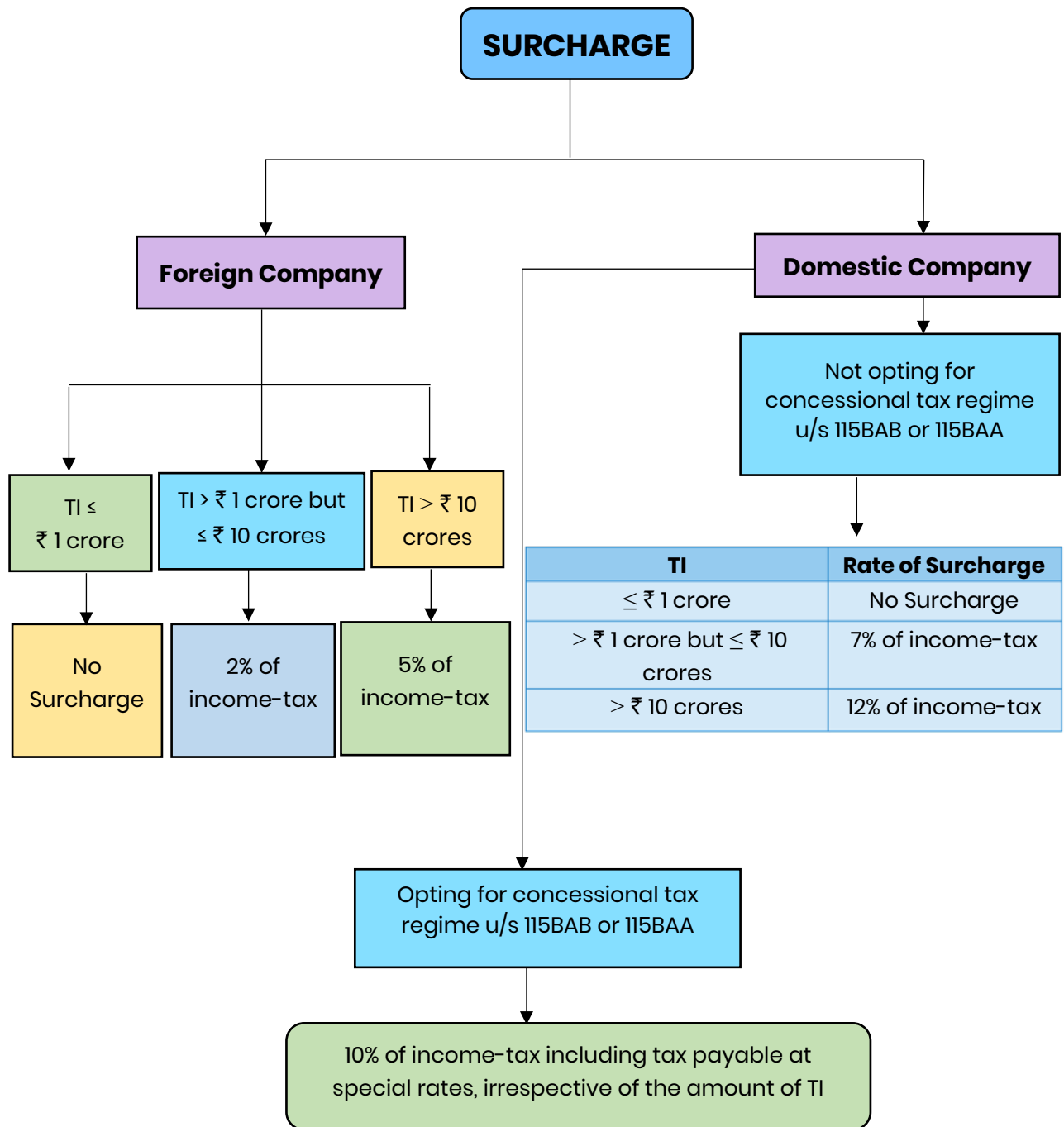


COMPANY



**Notes in relation to sections 115BAA and 115BAB –**

- (1) Domestic company can opt for section 115BAA or section 115BAB, as the case may be, subject to certain conditions.
- (2) Capital gains taxable under section under 112, 112A and 111A, casual income taxable under section 115BBA, etc. are taxable at special rates specified in the said sections.
- (3) These sections will be dealt with in detail in Final Level.



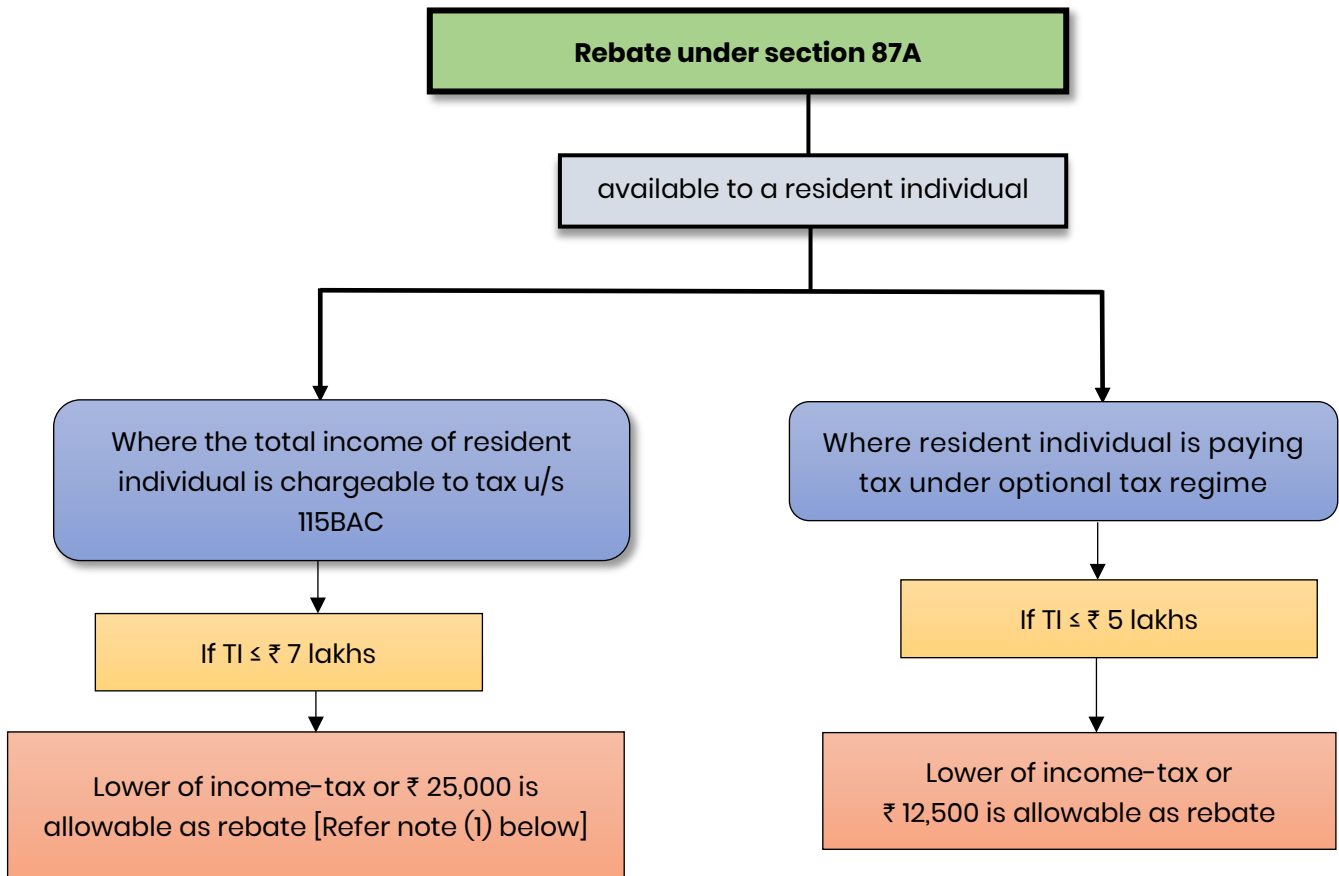
**SPECIAL RATES OF TAX IN RESPECT OF CERTAIN INCOMES**

In respect of certain types of income, as mentioned below, the Income-tax Act, 1961 has prescribed specific rates. The special rates of tax have to be applied on the respective component of total income, irrespective of the tax regime and assessee.

S. No.	Section	Income	Rate of Tax
(a)	112	(I) Long term capital gains (other than LTCG taxable as per section 112A and mentioned in (II) below) arising - <ul style="list-style-type: none"> <li>a) from transfer of capital asset which takes place before 23.7.2024</li> <li>b) from transfer of capital asset which takes place on or after 23.7.2024                             <ul style="list-style-type: none"> <li>o from transfer of any land or building or both by an individual or a HUF, being a resident acquired before 23.7.2024</li> <li>o from transfer of other capital asset</li> </ul> </li> </ul>	20% with indexation  Lower of 20% with indexation or 12.5% without indexation  12.5% without indexation
		(II) Long-term capital gains arising from transfer of unlisted securities or shares of company in which public are not substantially interested by non-resident assessee <ul style="list-style-type: none"> <li>- If transfer takes place before 23.7.2024</li> <li>- If transfer takes place on or after 23.7.2024</li> </ul>	10% without indexation and foreign currency fluctuations  12.5% without indexation and foreign currency fluctuations
(b)	112A	LTCGs on transfer of - <ul style="list-style-type: none"> <li>• Equity share in a company</li> <li>• Unit of an equity oriented fund</li> <li>• Unit of business trust</li> </ul>	10% on LTCG > ₹ 1.25 lakhs if transfer takes place before 23.7.2024

		<p>Condition for availing the benefit of this concessional rate is that securities transaction tax should have been paid –</p> <table border="1"> <thead> <tr> <th>In case of (Capital Asset)</th> <th>Time of payment of STT</th> </tr> </thead> <tbody> <tr> <td>Equity shares in a company</td> <td>both at the time of acquisition and transfer</td> </tr> <tr> <td>Unit of equity oriented fund or unit of business trust</td> <td>at the time of transfer</td> </tr> </tbody> </table> <p><b>Note:</b> LTCG upto ₹ 1.25 lakh is exempt. LTCG exceeding ₹ 1.25 lakh is taxable</p>	In case of (Capital Asset)	Time of payment of STT	Equity shares in a company	both at the time of acquisition and transfer	Unit of equity oriented fund or unit of business trust	at the time of transfer	<p>12.5% on LTCG &gt; ₹ 1.25 lakhs if transfer takes place on or after 23.7.2024</p>
In case of (Capital Asset)	Time of payment of STT								
Equity shares in a company	both at the time of acquisition and transfer								
Unit of equity oriented fund or unit of business trust	at the time of transfer								
(c)	111A	<p>Short-term capital gains on transfer of –</p> <ul style="list-style-type: none"> <li>Equity shares in a company</li> <li>Unit of an equity oriented fund</li> <li>Unit of business trust</li> </ul> <p>The conditions for availing the benefit of this concessional rate are –</p> <p>(i) the transaction of sale of such equity share or unit should be entered into on or after 1.10.2004; and</p> <p>(ii) such transaction should be chargeable to securities transaction tax.</p>	<p>15% if transfer takes place before 23.7.2024</p> <p>20% if transfer takes place on or after 23.7.2024</p>						
(d)	115BB	<p>Winnings from</p> <ul style="list-style-type: none"> <li>Lotteries;</li> <li>Crossword puzzles;</li> <li>Races including horse races;</li> <li>Card games and other games of any sort;</li> <li>Gambling or betting of any form or nature (other than winning from any online game)</li> </ul>	30%						
(e)	115BBJ	Net winnings from online games	30%						
(f)	115BBE	Unexplained money, investment, expenditure, etc. deemed as income under section 68 or section 69 or section 69A or section 69B or section 69C or section 69D.	60%						

REBATE UNDER SECTION 87A TO RESIDENT INDIVIDUALS

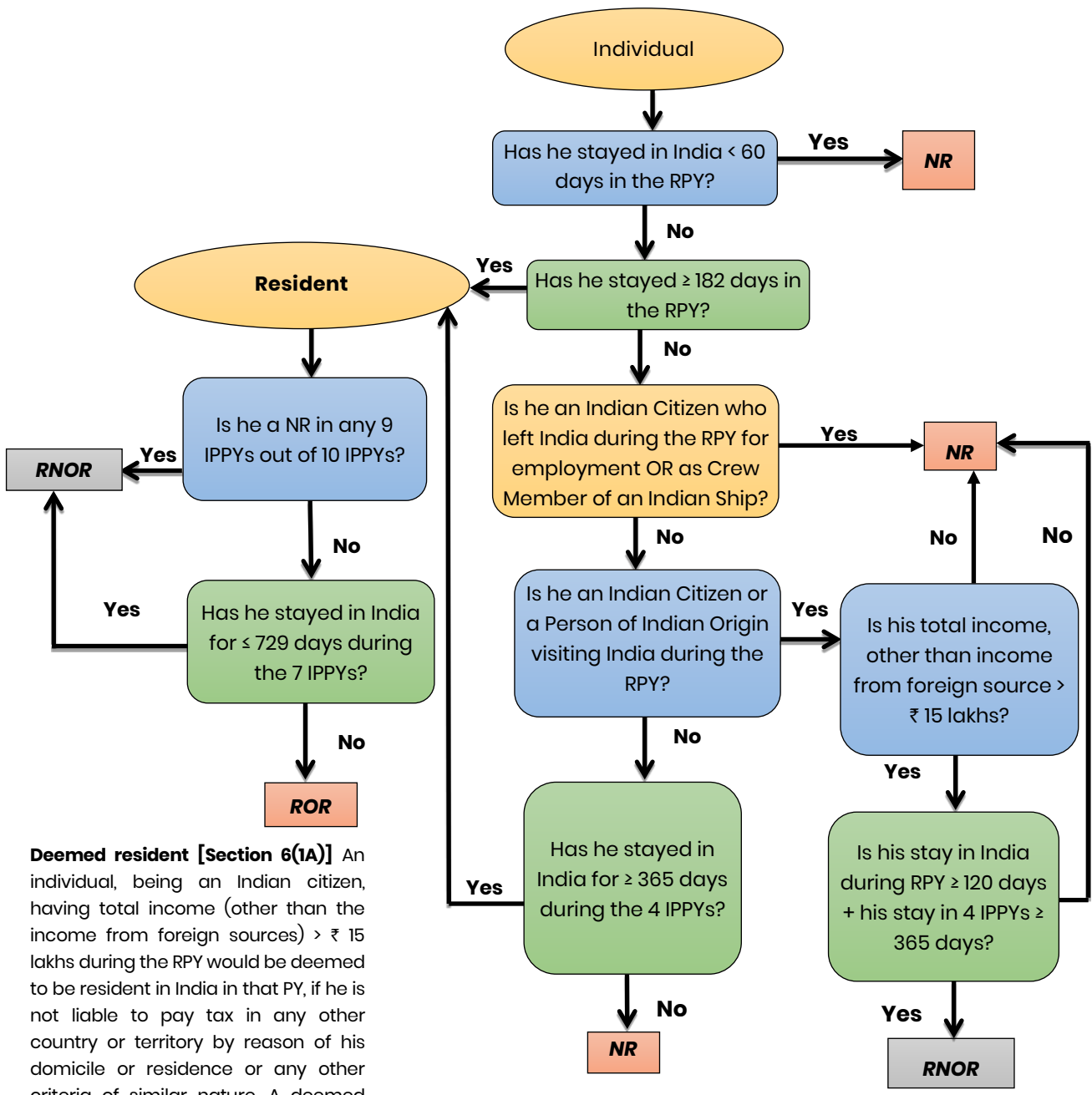


Notes -

- (1) In case of resident individual paying tax u/s 115BAC and if TI of such individual > ₹ 7,00,000 and income-tax payable on such TI exceeds the amount by which the TI is in excess of ₹ 7,00,000, the rebate would be as follows.
  - Step 1 - TI (-) ₹ 7 lakhs (A)
  - Step 2 - Compute income-tax liability on TI (B)
  - Step 3 - If B > A, rebate under section 87A would be B - A.
- (2) The amount of rebate under section 87A shall not exceed the amount of income-tax (as computed before allowing such rebate) on the TI of the assessee.
- (3) Rebate is allowed from income-tax computed before adding HEC on income-tax.
- (4) Rebate is, however, not available in respect of tax payable @10% on LTCG taxable u/s 112A.

RESIDENTIAL STATUS AND SCOPE OF TOTAL INCOME

RESIDENTIAL STATUS OF AN INDIVIDUAL

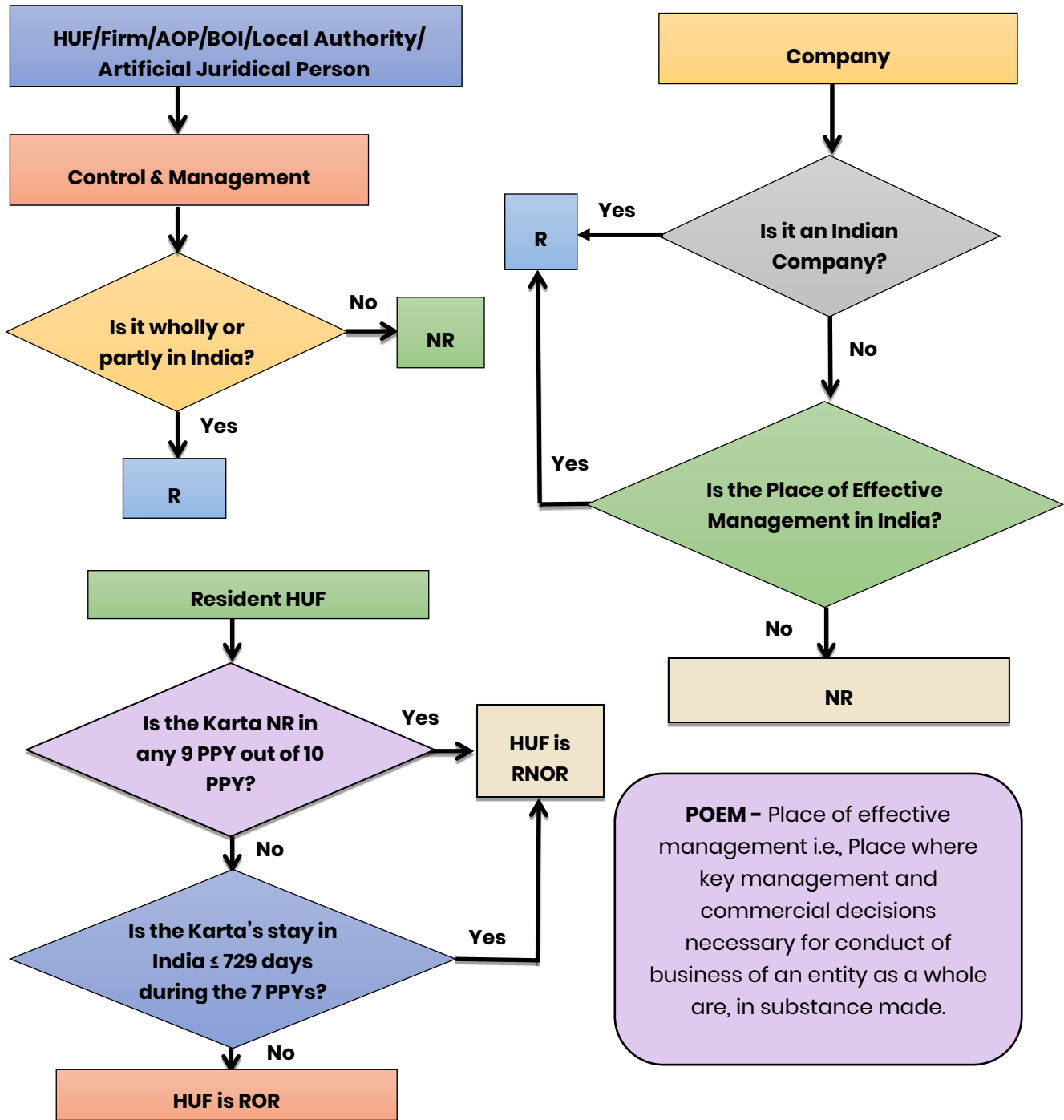


**Deemed resident [Section 6(1A)]** An individual, being an Indian citizen, having total income (other than the income from foreign sources) > ₹ 15 lakhs during the RPY would be deemed to be resident in India in that PY, if he is not liable to pay tax in any other country or territory by reason of his domicile or residence or any other criteria of similar nature. A deemed resident u/s 6(1A) would always be a RNOR.

**Note** – If an individual is a resident in India in the PY as per section 6(i), then, the provision of deemed resident u/s 6(1A) would not apply to him.

Abbreviations	
<b>RPY</b> = Relevant Previous Year	<b>NR</b> = Non-resident
<b>ROR</b> = Resident and Ordinarily Resident	
<b>IPPYs</b> = Immediately Preceding Previous Years	
<b>RNOR</b> = Resident but Not Ordinarily Resident	

**DETERMINATION OF RESIDENTIAL STATUS OF HINDU UNDIVIDED FAMILY (HUF)/ FIRM/ ASSOCIATION OF PERSONS (AOP)/ BODY OF INDIVIDUALS (BOI) /LOCAL AUTHORITY/ ARTIFICIAL JURIDICAL PERSON/COMPANY**



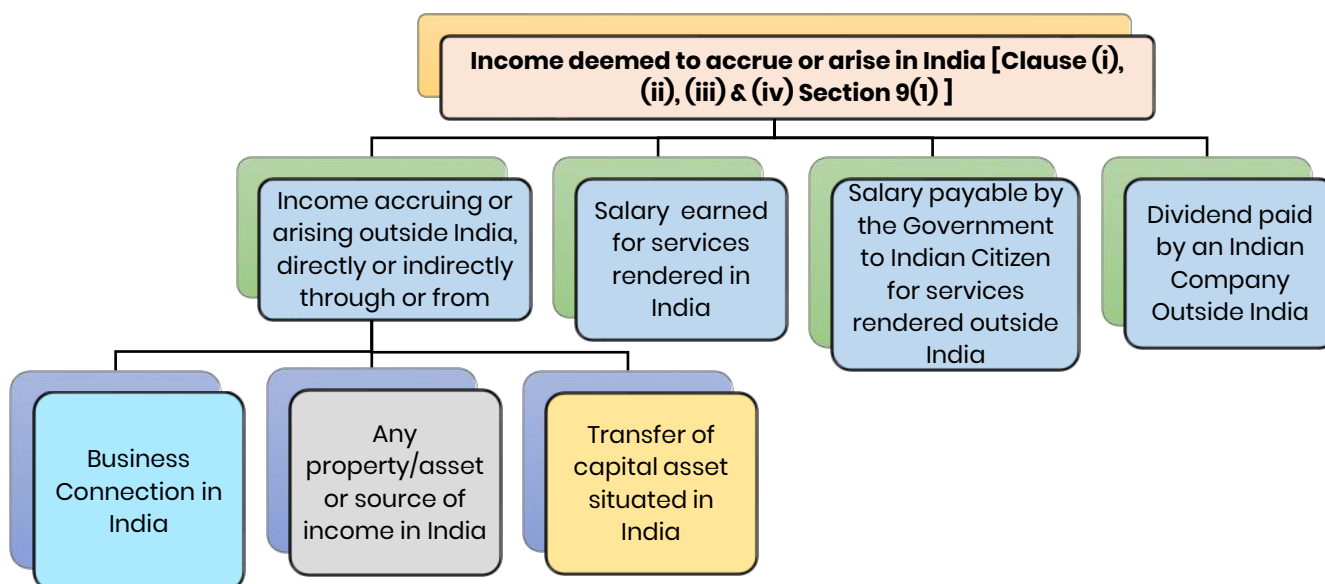
# PPP = Preceding Previous Year

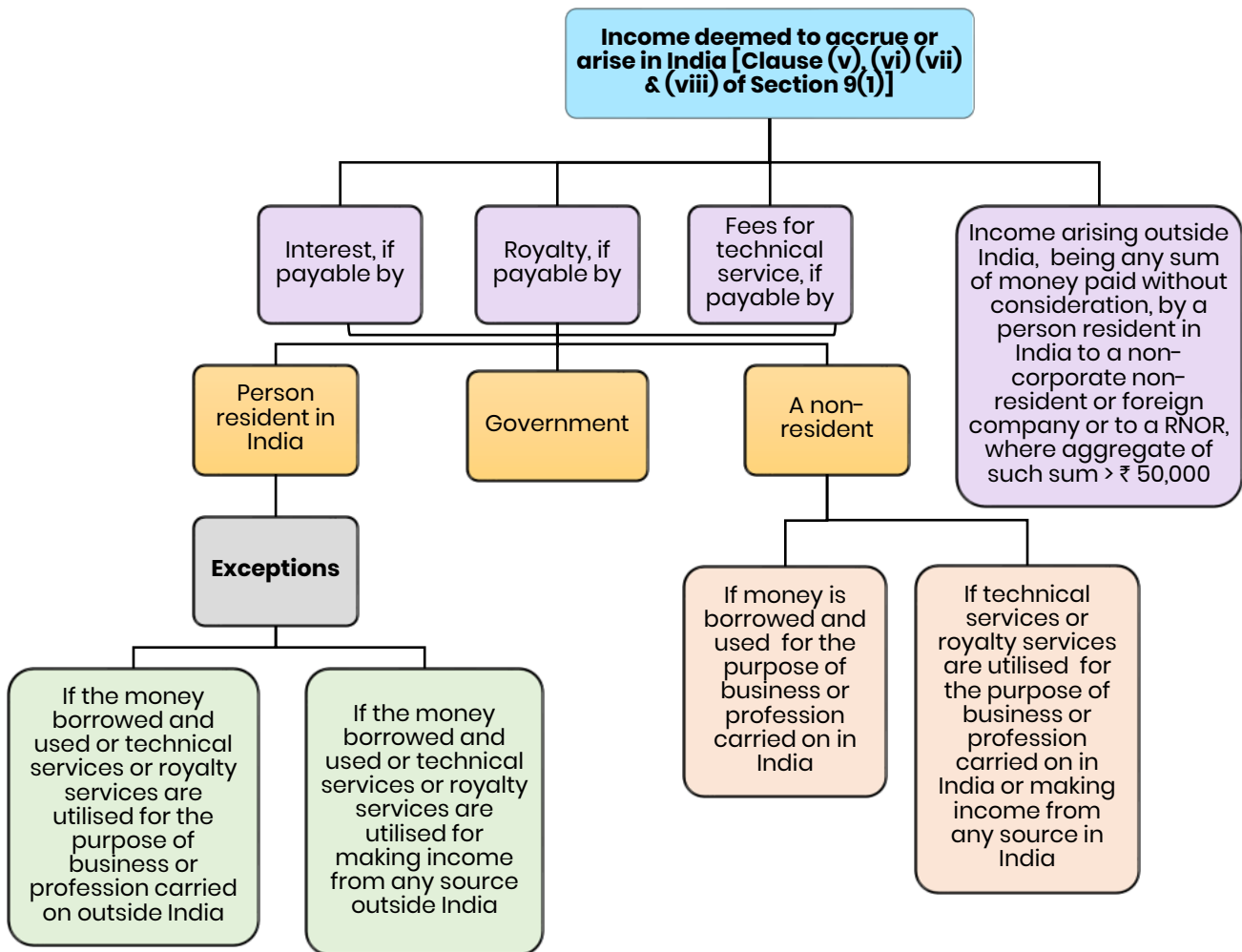
## SCOPE OF TOTAL INCOME

**Scope of Total Income: Whether the following incomes are to be included in Total Income?**

Particulars	ROR	RNOR	NR
Income received or deemed to be received in India during the RPY	Yes	Yes	Yes
Income accruing or arising or deeming to accrue or arise in India during the RPY	Yes	Yes	Yes
Income accruing or arising outside India during the RPY	Yes, <b>even if</b> such income is <b>not received or brought into India</b> during the P.Y.	Yes, but <b>only if</b> such income is derived from a <b>business controlled in or profession set up in India</b> ; Otherwise, No.	<b>No</b>

## INCOME DEEMED TO ACCRUE OR ARISE IN INDIA [SECTION 9]





## SALARIES

### INCOME UNDER THE HEAD "SALARIES"

<b>Chargeability (Section 15)</b> - Salary due - Paid or allowed, though not due - Arrears of salary	<b>Meaning (Section 17)</b> - Salary - Perquisite - Profits in lieu of salary	<b>Deduction (Section 16)</b> - Standard deduction - Entertainment allowance - Professional tax
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### BASIS OF CHARGE [SECTION 15]

Salary is chargeable to tax either on 'due' basis or on 'receipt' basis, whichever is earlier.

However, where any salary, paid in advance, is assessed in the year of payment, it cannot be subsequently brought to tax in the year in which it becomes due.

If the salary paid in arrears has already been assessed on due basis, the same cannot be taxed again when it is paid.

### EXEMPTION UNDER SECTION 10

Section	Income	Available to
<b>10(7)</b>	Any allowance or perquisites paid or allowed outside India by the Government to a citizen of India for rendering services outside India.	Individual, being citizen of India
<b>10(6)(ii)</b>	Remuneration received by Foreign Diplomats/ Consulate and their staff <b>Conditions:</b> <ol style="list-style-type: none"> <li>1. The remuneration received by our corresponding Govt. officials/member of staff resident in such foreign countries should be exempt.</li> <li>2. The member of staff should be the subjects of the respective countries and should not be engaged in any other business or profession or employment in India.</li> </ol>	Individual (not being a citizen of India)

Section	Income	Available to
<b>10(6)(vi)</b>	Remuneration received by a foreign national as an employee of a foreign enterprise for services rendered by him during his stay in India, if: a) foreign enterprise is not engaged in any trade or business in India; b) His stay in India does not exceed 90 days in aggregate in such P.Y.; and c) Such remuneration is not liable to be deducted from the income of employer chargeable under IT Act	Individual - Salaried Employee (not being a citizen of India) of a foreign enterprise
<b>10(6)(viii)</b>	Salary received by or due for services rendered in connection with his employment on a foreign ship if his total stay in India does not exceed 90 days in the P.Y.	Individual - Salaried Employee (NR who is not a citizen of India) of a foreign ship
<b>10(6)(xi)</b>	Remuneration received as an employee of the Govt. of a foreign State during his stay in India in connection with his training in any Govt. Office/ State Undertaking/ corporation/ registered society etc.	Individual - Salaried Employee (not being a citizen of India) of Govt. of foreign State

## TAXABILITY/ EXEMPTION OF CERTAIN ALLOWANCES

### HOUSE RENT ALLOWANCE [SECTION 10(13A)] [Available under normal provisions of the Act only]

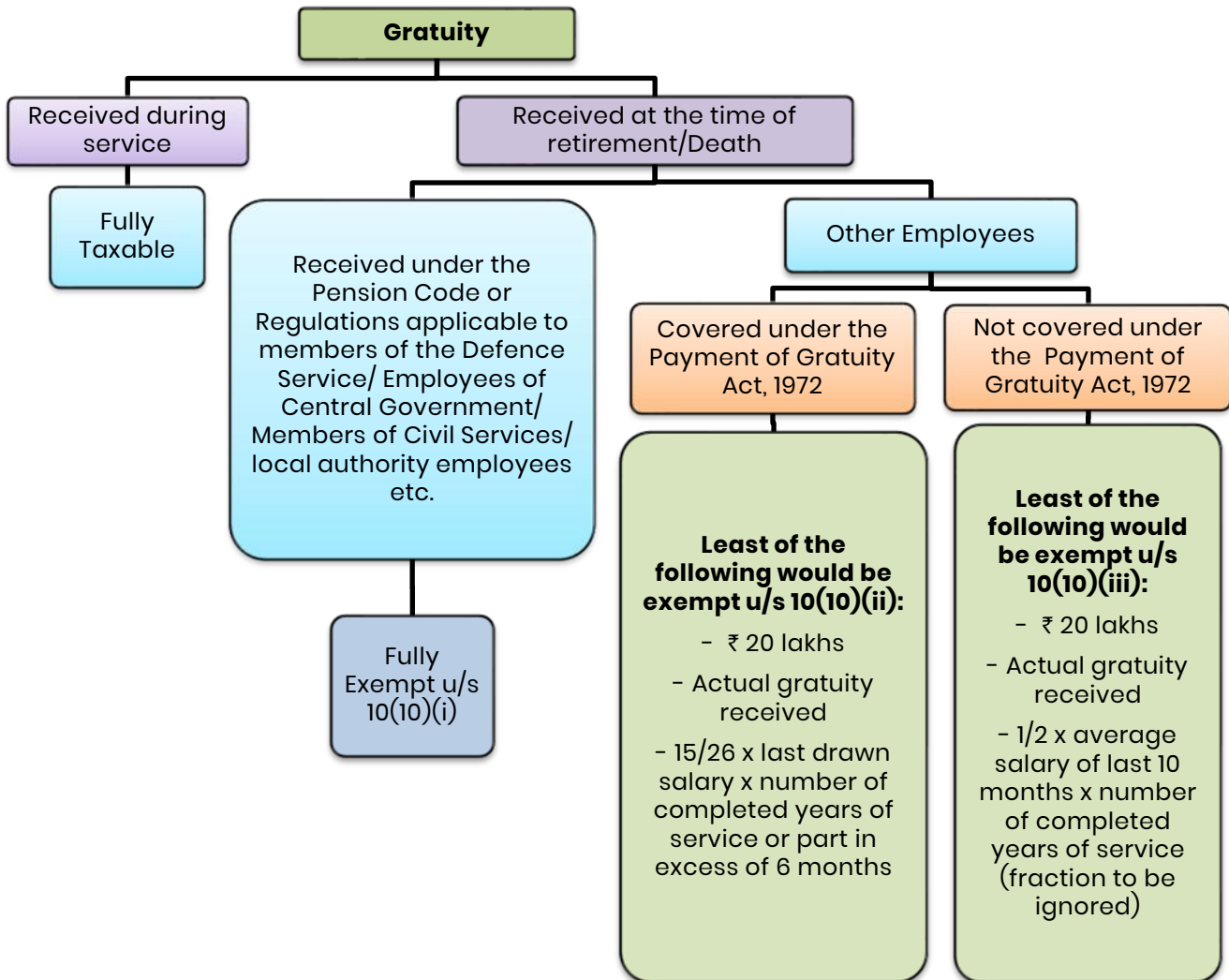
Least of the following is exempt:	
Metro Cities (i.e., Delhi, Kolkata, Mumbai, Chennai)	Other Cities
1) HRA actually received for the relevant period	1) HRA actually received for the relevant period
2) Rent paid (-) 10% of salary for the relevant period	2) Rent paid (-) 10% of salary for the relevant period
3) 50% of salary for the relevant period	3) 40% of salary for the relevant period

**OTHER ALLOWANCES [SECTION 10(14)]**  
 [Available under normal provisions of the Act only]

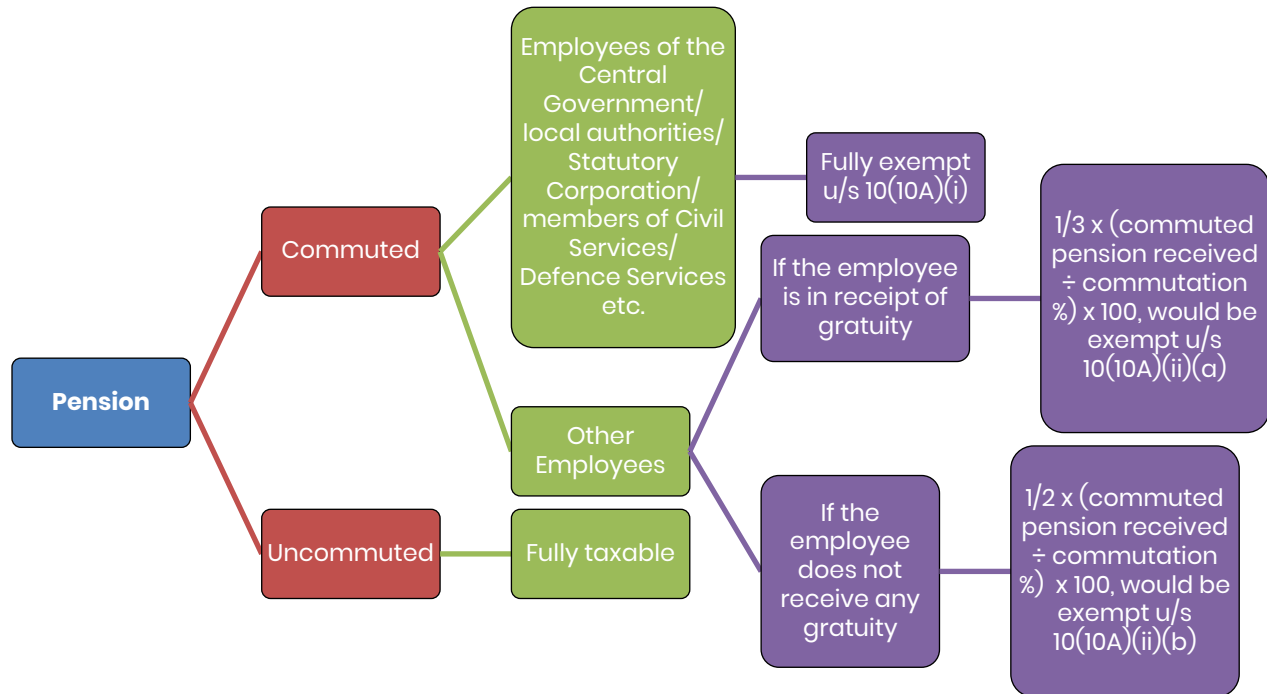
Children education allowance	• ₹ 100 per month per child upto maximum of two children
Transport allowance for commuting between the place of residence and the place of duty	• ₹ 3,200 per month for an employee who is blind or deaf and dumb or orthopedically handicapped [Available under both the tax regimes]
Hostel expenditure of employee's children	• ₹ 300 per month per child up to a maximum of two children

**EXEMPTION IN RESPECT OF TERMINAL BENEFIT**

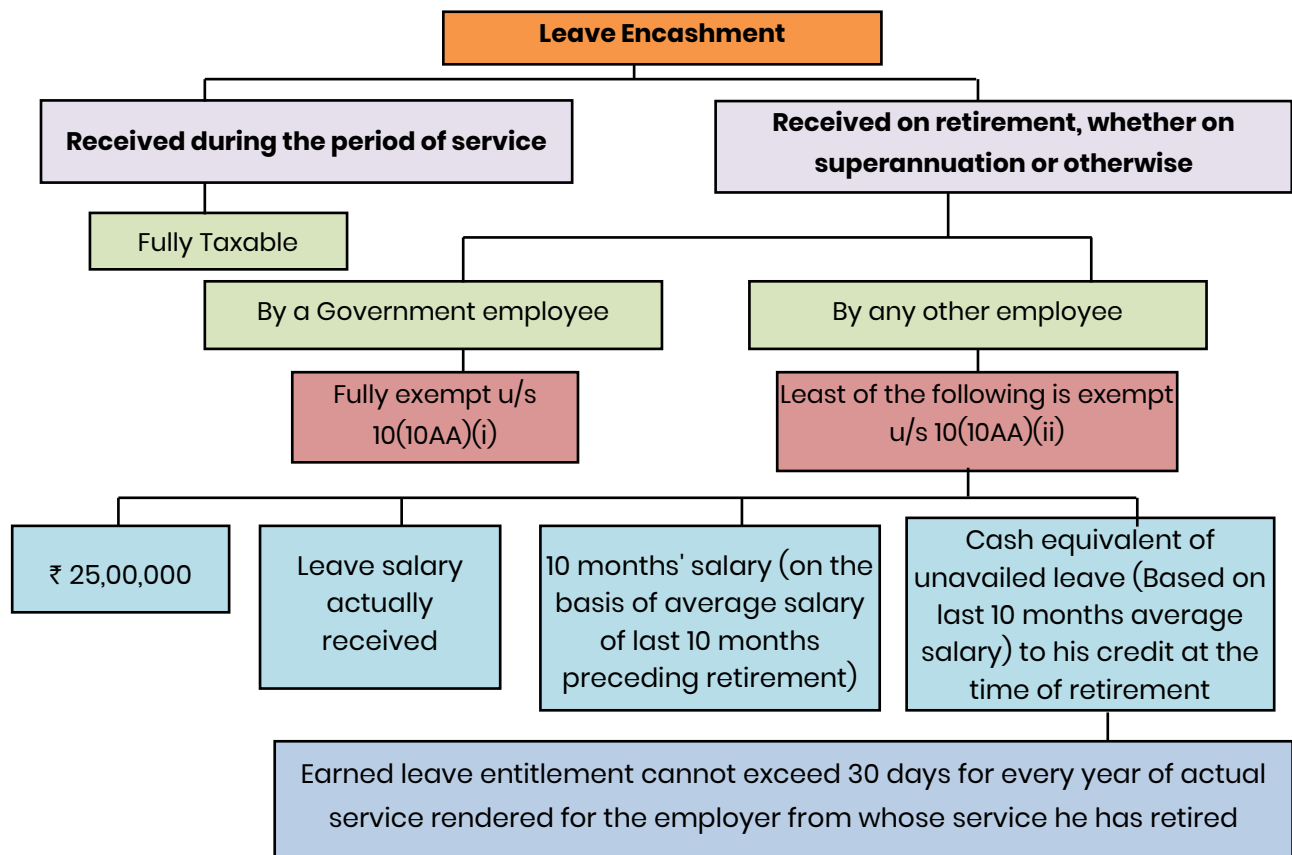
**GRATUITY [SECTION 10(10)]**



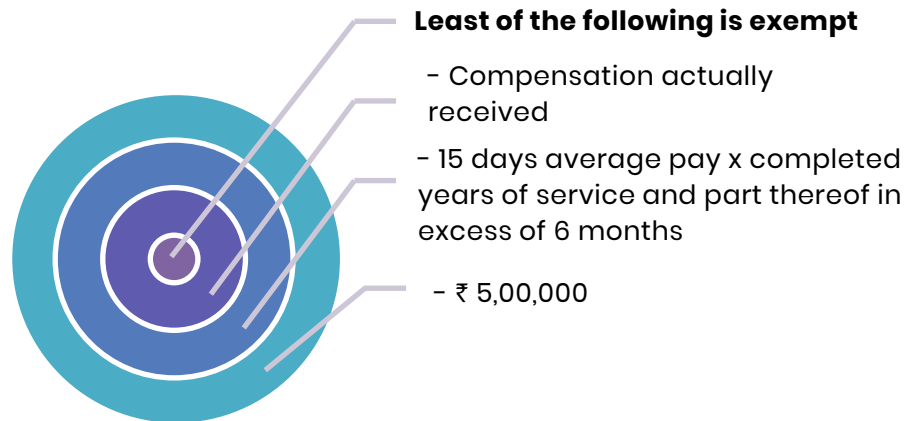
PENSION [SECTION 10(10A)]



LEAVE SALARY [SECTION 10(10AA)]

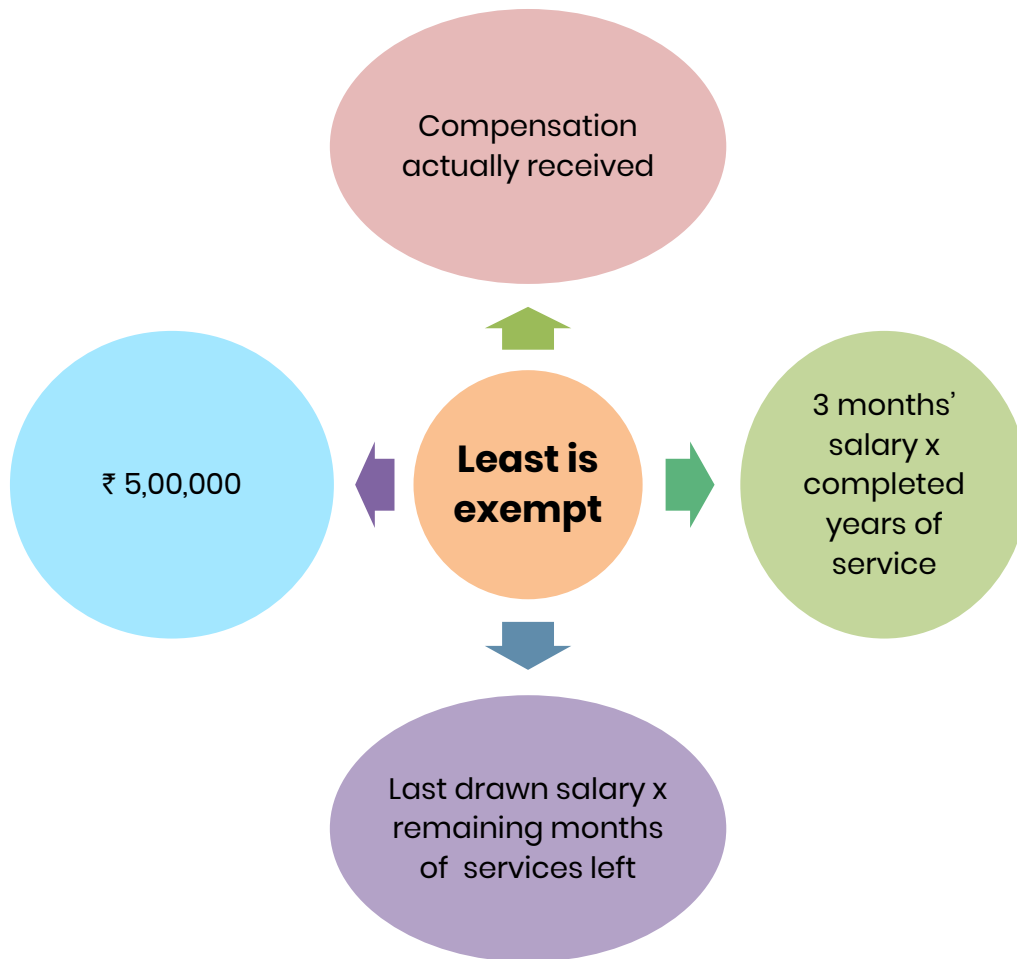


**RETRENCHMENT COMPENSATION [SECTION 10(10B)]**



**VOLUNTARY RETIREMENT COMPENSATION [SECTION 10(10C)]**

**Exemption is available to employees of Central and State Government, Public sector company, any other company, local authority, co-operative society, IIT etc.**



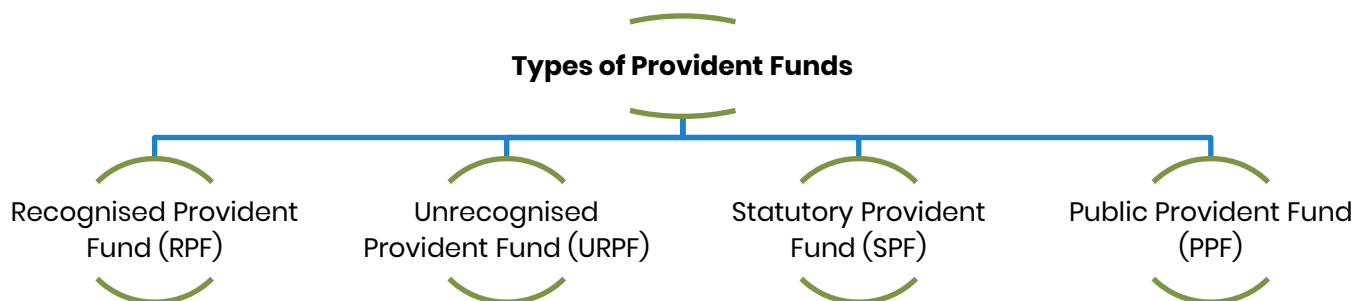
## LEAVE TRAVEL CONCESSION [SECTION 10(10C)]

[Available under normal provisions of the Act only]

S. No.	Journey performed by	Exemption
1	Air	Amount not exceeding air economy fare by the shortest route.
2	Any other mode :	
	(i) Where rail service is available	Amount not exceeding air-conditioned first-class rail fare by the shortest route to the place of destination
	(ii) Where rail service is not available	
	a) and public transport does not exist	Amount equivalent to air conditioned first class rail fares by the shortest route, as if the journey had been performed by rail
	b) but public transport exists.	Amount not exceeding the first class or deluxe class fare by the shortest route to the place of destination

Exemption is available for 2 trips in a block of 4 calendar years.

## PROVIDENT FUNDS – EXEMPTION & TAXABILITY PROVISIONS



Particulars	Recognized PF	Unrecognized PF	Statutory PF	Public PF
<b>Employer's Contribution</b>	Contribution in excess of 12% of salary is taxable as "salary" u/s 17(1)	Not taxable at the time of contribution	Fully exempt	N.A. (as there is only assessee's own contribution)
<b>Employee's Contribution</b>	Eligible for deduction u/s 80C where an employee exercises the option of shifting out of the default tax regime	Not eligible for deduction	Eligible for deduction u/s 80C, where an employee exercises the option of shifting	Eligible for deduction u/s 80C, where an employee exercises the option of shifting

			out of the default tax regime	out of the default tax regime
<b>Interest Credited on Employer's Contribution</b>	Amount in excess of 9.5% p.a. is taxable as "salary" u/s 17(1)	Not taxable at the time of credit of interest	Fully exempt	N.A.
<b>Interest Credited on Employee's Contribution</b>	Amount in excess of 9.5% p.a. is taxable as "salary" u/s 17(1) <b>[See Note below]</b>	Not taxable at the time of credit of interest	Exempt upto certain limit of contribution <b>[See Note below]</b>	Fully exempt
<b>Amount withdrawn on retirement/ termination</b>	Exempt from tax if (i) employee served a continuous period of 5 years or more; or (ii) retires before rendering 5 years of service because of ill health, contraction or discontinuance of employer's business or reason beyond the control of the employee; or (iii) on cessation of employment, the employee obtains employment with any other employer, to the extent the accumulated balance in RPF is transferred to his RPF account maintained by the new employer. (iv) The entire balance standing to the credit of the employee is	<ul style="list-style-type: none"> <li>• Employer's contribution and interest thereon is taxable as salary.</li> <li>• Employee's contribution is not taxable.</li> <li>• Interest on employee's contribution is taxable under income from other source.</li> </ul>	Fully exempt u/s 10(11)	Fully exempt u/s 10(11)

	transferred to his NPS account referred to in section 80CCD and notified by the Central Government In other cases, it will be taxable.			
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**Notes:**

- (1) As per section 10(11), any payment from a Provident Fund (PF) to which Provident Fund Act, 1925, applies or from Public Provident Fund would be exempt.
- (2) Accumulated balance due and becoming payable to an employee participating in a Recognized Provident Fund (RPF) would be exempt under section 10(12).
- (3) However, the exemption under section 10(11) or 10(12) would not be available in respect of income by way of interest accrued during the previous year to the extent it relates to the amount or the aggregate of amounts of contribution made by that person/employee exceeding ₹ 2,50,000 in any previous year in that fund, on or after 1<sup>st</sup> April, 2021.
- (4) If the contribution by such person/employee is in a fund in which there is no employer's contribution, then, a higher limit of ₹ 5,00,000 would be applicable for such contribution, and interest accrued in any previous year in that fund, on or after 1<sup>st</sup> April, 2021 would be exempt upto that limit.

## VALUATION OF PERQUISITES [SECTION 17(2) READ WITH RULE 3]

### RENT-FREE RESIDENTIAL ACCOMMODATION/ ACCOMMODATION PROVIDED TO AN EMPLOYEE AT CONCESSIONAL RATE

S. No. (A)	Category of employee (B)	Unfurnished accommodation (C)	Furnished accommodation (D)
1.	Government employee	License fee determined as per Government rules as reduced by the rent actually paid by the employee.	Value determined under column (C) <b>Add:</b> 10% p.a. of the cost of furniture However, if the furniture is hired, then hire charges payable/paid should be added to the value determined under column (C), <b>as reduced by</b> charges recovered from employee.

2.	Non-government employee	<p><b>Where the accommodation is owned by employer</b></p> <table border="1"> <thead> <tr> <th>Location</th> <th>Perquisite value</th> </tr> </thead> <tbody> <tr> <td>In cities having a population &gt; 40 lakhs as per 2011 census</td> <td>10% of salary</td> </tr> <tr> <td>In cities having a population &gt; 15 lakhs ≤ 40 lakhs as per 2011 census</td> <td>7.5% of salary</td> </tr> <tr> <td>In other areas</td> <td>5% of salary</td> </tr> </tbody> </table> <p>The perquisite value should be arrived at by reducing the rent, if any, actually paid by the employee, from the above value.</p>	Location	Perquisite value	In cities having a population > 40 lakhs as per 2011 census	10% of salary	In cities having a population > 15 lakhs ≤ 40 lakhs as per 2011 census	7.5% of salary	In other areas	5% of salary	<p>Value determined under column (C)</p> <p><b>Add:</b> 10% p.a. of the cost of furniture However, if the furniture is hired, then hire charges payable/paid should be added to the value determined under column (C),</p> <p><b>as reduced by</b> charges recovered from employee.</p>
		Location	Perquisite value								
In cities having a population > 40 lakhs as per 2011 census	10% of salary										
In cities having a population > 15 lakhs ≤ 40 lakhs as per 2011 census	7.5% of salary										
In other areas	5% of salary										
<p><b>Where the accommodation is taken on lease or rent by employer</b></p> <p>Lower of the following is taxable:</p> <p>(a) actual amount of lease rent paid or payable by employer or</p> <p>(b) 10% of salary</p> <p>The lower of the above should be reduced by the rent, actually paid by the employee, to arrive at the perquisite value.</p>	<p>Value determined under column (C)</p> <p><b>Add:</b> 10% p.a. of the cost of furniture However, if the furniture is hired, then hire charges payable/paid should be added to the value determined under column (C),</p> <p><b>as reduced by</b> charges recovered from employee.</p>										

**Value of perquisite to be restricted to CII:** Where the accommodation is owned or taken on lease or rent by the employer and the same accommodation is continued to be provided to the same employee for more than one previous year, the value of perquisite as calculated above shall not exceed the amount so calculated for the first previous year, as multiplied by the amount which is a ratio of the CII for the previous year for which the value is calculated and the CII for the previous year in which the accommodation was initially provided to the employee.

“First previous year” means the P.Y. 2023-24 or the previous year in which the accommodation was provided to the employee, whichever is later.

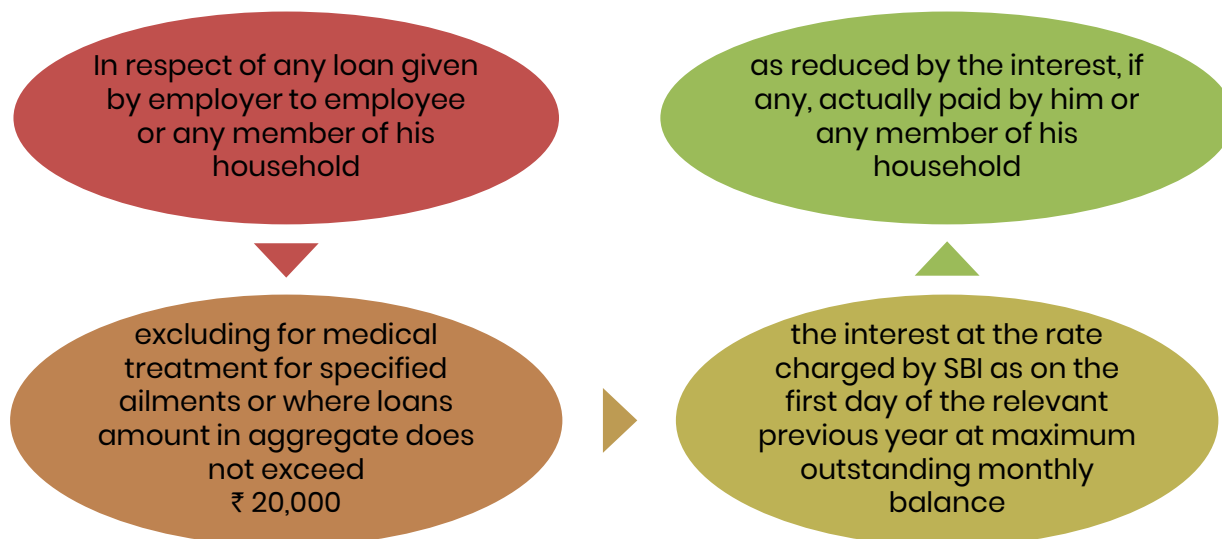
## MOTOR CAR

S. No.	Car owned/hired by	Expenses met by	Wholly official use	Partly personal use	
				cc of engine	Perquisite value
1	Employer	Employer	Not a perquisite*	upto 1.6 litres	₹ 1,800 p.m.
				above 1.6 litres	₹ 2,400 p.m.
				If chauffeur is also provided, ₹ 900 p.m. should be added to the above value.	
2	Employee	Employer	Not a perquisite*	Actual amount of expenditure incurred by the employer as reduced by the perquisite value arrived at in (1) above.	
3	Employer	Employee	-	upto 1.6 litres	₹ 600 p.m.
				above 1.6 litres	₹ 900 p.m.
				If chauffeur is also provided, ₹ 900 p.m. should be added to the above value.	

\* Provided employer maintains the complete details of such journey and expenditure thereon and gives a certificate that such expenditure are incurred wholly for official use.

**Note:** Where car is owned by employer and expenses are also met by the employer, the taxable perquisites in case such car is used wholly for personal purposes of the employee would be equal to the actual expenditure incurred by the employer on running and maintenance expenses and normal wear and tear (calculated @10% p.a. of actual cost of motor car) less amount charged from the employee for such use.

## INTEREST FREE OR CONCESSIONAL LOAN



## USE OF MOVABLE ASSETS BY EMPLOYEE/ANY MEMBER OF HIS HOUSEHOLD

Asset given	Value of benefit
(a) Use of laptops and computers	Nil
(b) Movable assets, other than - (i) laptops and computers; and (ii) assets already specified	10% p.a. of the actual cost of such asset, <b>or</b> the amount of rent or charge paid, or payable by the employer, <b>as the case may be</b> <b>(-)</b> Amount paid by/ recovered from an employee

## TRANSFER OF MOVABLE ASSETS


Actual cost of asset to employer (-) cost of normal wear and tear (-) amount paid or recovered from employee	
Assets transferred	Value of perquisite
Computers and electronic items	@50% on WDV for each completed year of usage
Motor cars	@20% on WDV for each completed year of usage
Any other asset	@10% of actual cost of such asset to employer for each completed year of usage [on SLM basis]

## MEANING OF SALARY


S. No.	Calculation of exemption of Allowance/Terminal benefit/Valuation of perquisite	Meaning of salary
1	Gratuity (in case of non-Government employees covered by the Payment of Gratuity Act, 1972)	Basic salary and dearness allowance
2	a) Gratuity (in case of non-Government employee not covered by Payment of Gratuity Act, 1972) b) Leave Salary c) House Rent Allowance d) Recognized Provident Fund e) Voluntary Retirement Compensation	Basic salary and dearness allowance, if provided in terms of employment, and commission calculated as a fixed percentage of turnover.
3	Rent free accommodation and Accommodation provided to an employee at a concessional rate	All pay, allowance, bonus or commission or any monetary payment by whatever name called but excludes – <ol style="list-style-type: none"> <li>(1) Dearness allowance not forming part of computation of superannuation or retirement benefit</li> <li>(2) employer's contribution to the provident fund account of the employee</li> <li>(3) allowances which are exempted from the payment of tax</li> <li>(4) value of the perquisites specified in section 17(2)</li> <li>(5) any payment or expenditure specifically excluded under the proviso to section 17(2) i.e., payment of medical insurance premium specified therein</li> </ol>

		(6) lump-sum payments received at the time of termination of service or superannuation or voluntary retirement, like gratuity, leave encashment, voluntary retirement benefits, commutation of pension and similar payments
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**DEDUCTIONS FROM GROSS SALARY [SECTION 16]**




**Standard deduction**  
 Upto ₹ 50,000 if assessee is paying tax under normal provisions of the Act  
  
 Upto ₹ 75,000 if assessee is paying tax under default tax regime



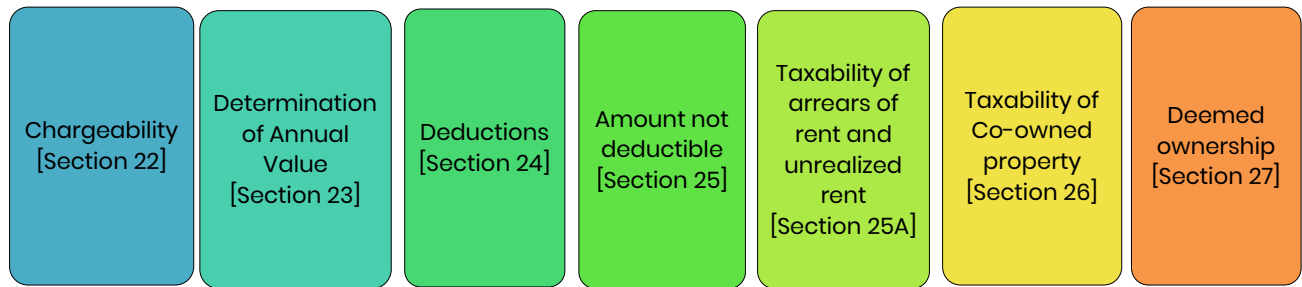
**Entertainment allowance**  
**[Available under normal provisions of the Act only]**  
  
 Least of the following is allowed as deduction  
 - ₹ 5,000  
 - 1/5<sup>th</sup> of basic salary  
 - Actual entertainment allowance received



**Professional tax**  
**[Available under normal provisions of the Act only]**  
  
 Any sum paid by the assessee on account of tax on employment is allowable as deduction.  
  
 In case professional tax is paid by employer on behalf of employee, the amount paid shall be included in gross salary as a perquisite and then deduction can be claimed.



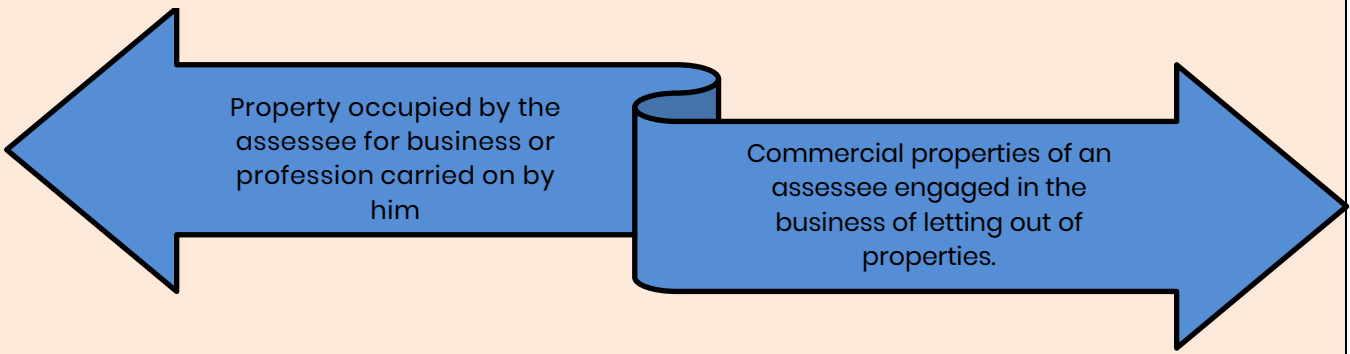
# INCOME FROM HOUSE PROPERTY



## BASIS OF CHARGE [SECTION 22]

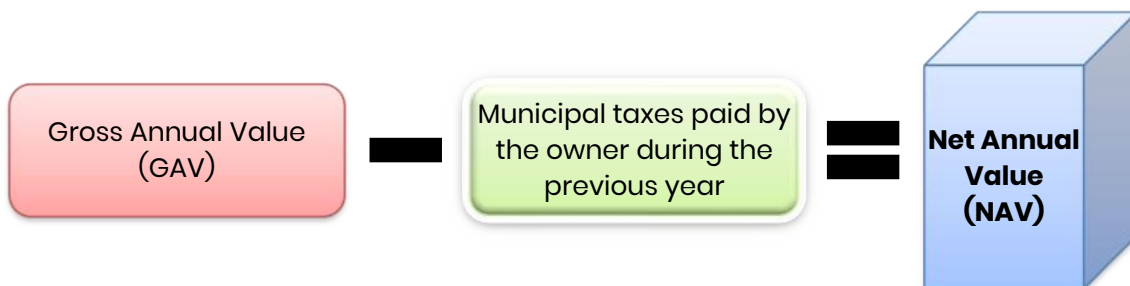
The annual value of any property comprising of buildings or lands appurtenant thereto, of which the assessee is the owner, is chargeable to tax under the head “Income from house property”.

**Exceptions:** Annual value of the following properties are chargeable under the head “Profits and gains of business or profession”-

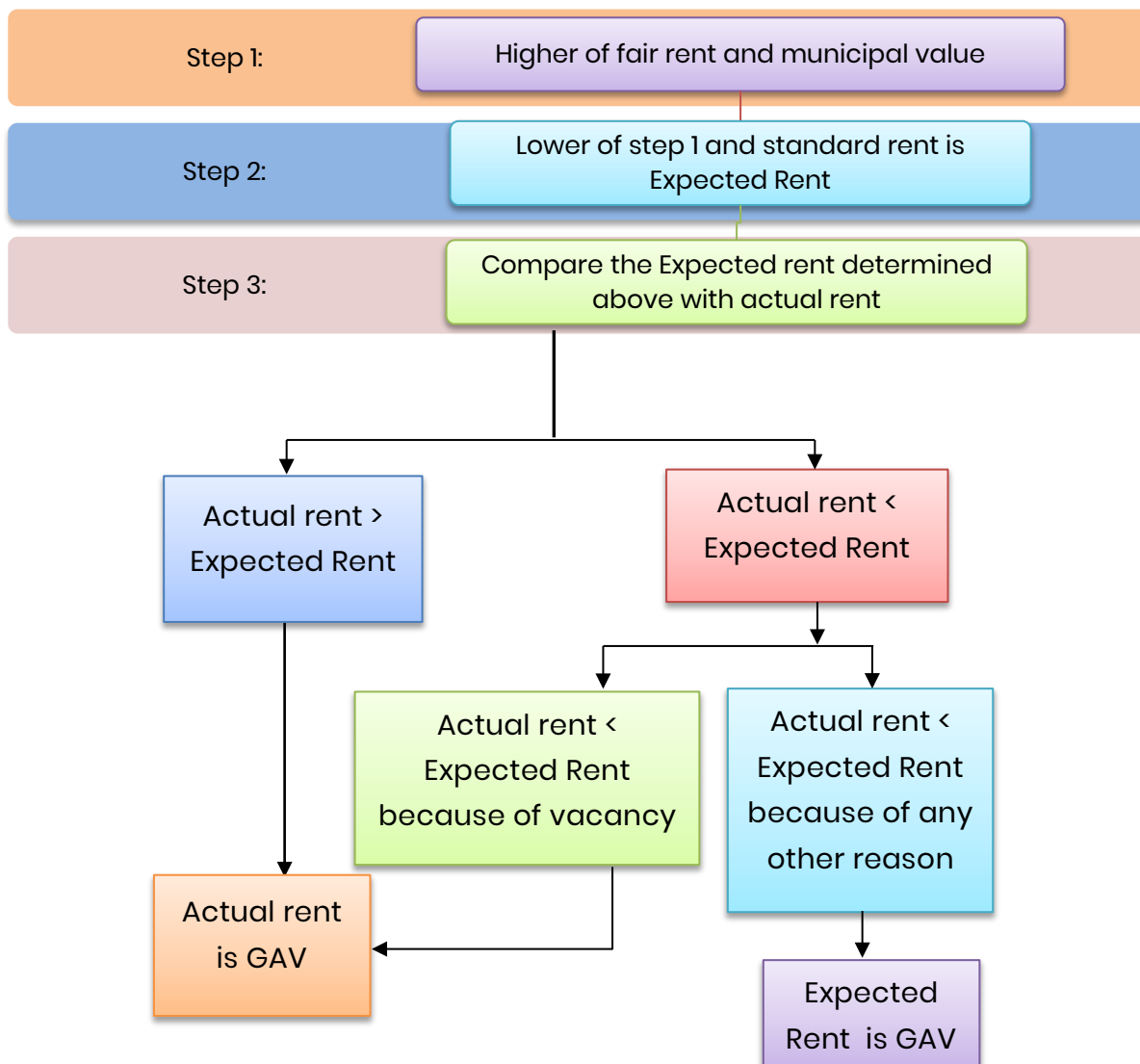


## DETERMINATION OF ANNUAL VALUE [SECTION 23]

### Annual Value of the let-out property [Section 23(1)]



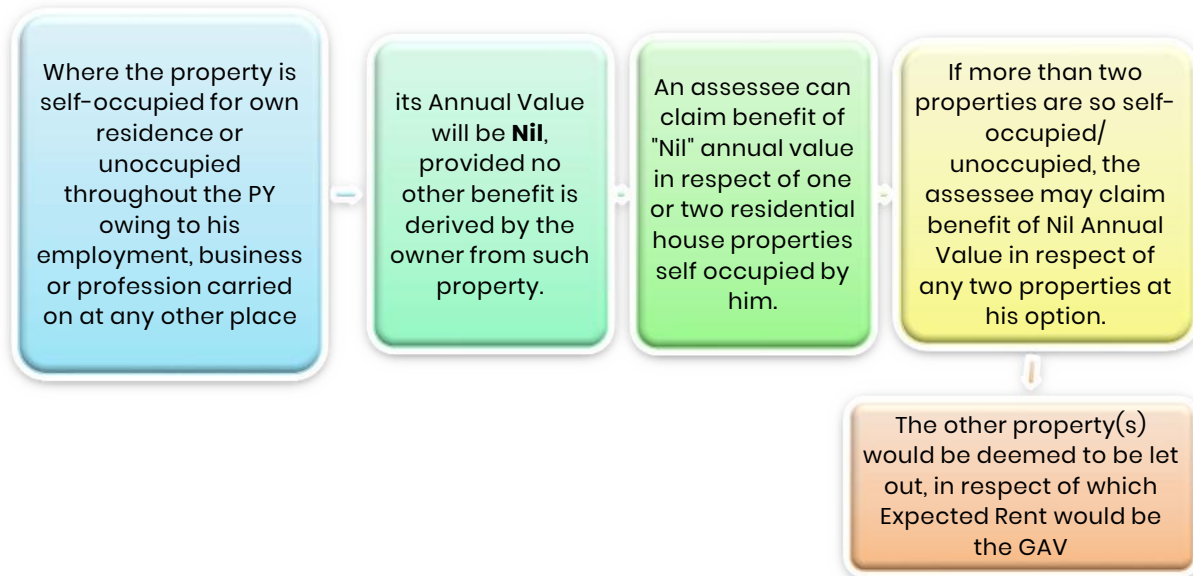
### Determination of GAV of let out property



**Note** - The Actual rent received/receivable should not include any amount of rent which is not capable of being realized i.e., unrealized rent while determining gross annual value in case let-out property, provided the conditions specified in Rule 4 are satisfied.

The income-tax returns, however, permit deduction of unrealized rent from gross annual value. If this view is taken, the unrealized rent should be deducted only after computing gross annual value.

**ANNUAL VALUE OF SELF-OCCUPIED PROPERTY [SECTION 23(2)/(3)]/ ANNUAL VALUE OF DEEMED TO BE LET OUT PROPERTY [SECTION 23(4)]**

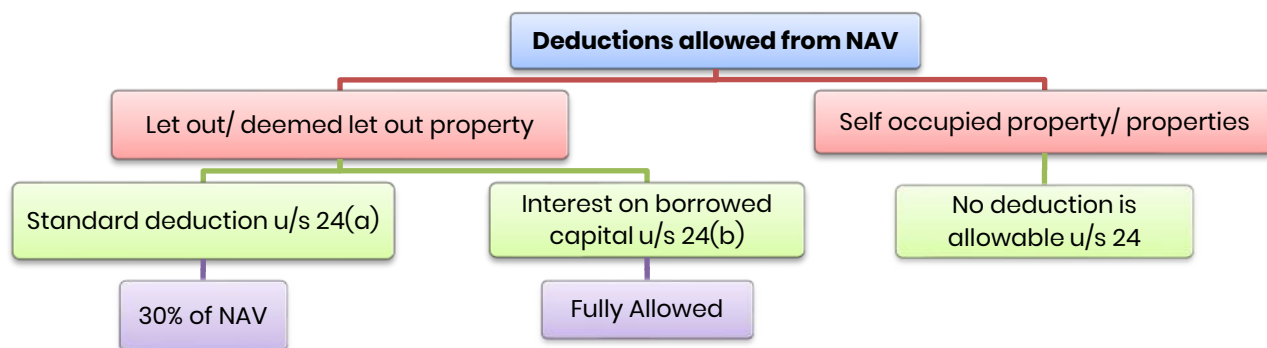


**ANNUAL VALUE WHERE THE PROPERTY HELD AS STOCK-IN-TRADE ETC. [SECTION 23(5)]**

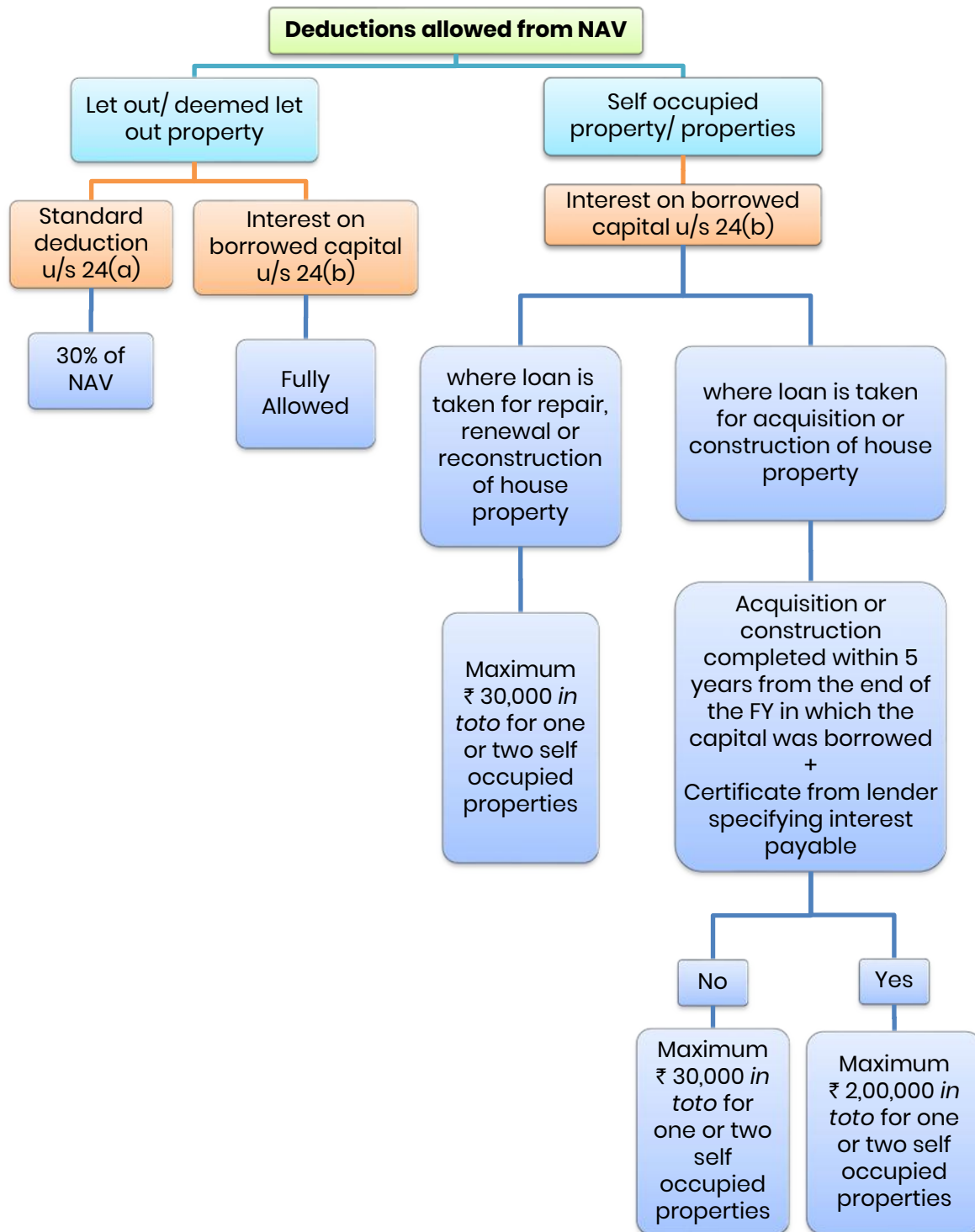
Where property consisting of any buildings or lands appurtenant thereto is held as stock-in-trade and the whole or any part of the property is not let out during the whole or any part of the PY, the annual value of property or part of the property for the period upto 2 years from the end of the F.Y in which certificate of completion of construction of the property is obtained from the competent authority shall be taken as "Nil".

**DEDUCTIONS FROM NET ANNUAL VALUE [SECTION 24]**

**In case assessee pays tax under default tax regime under section 115BAC**



### In case assessee pays tax under normal provisions of the Act



**Notes:** (1) Pre-construction interest allowable as deduction in 5 equal installments from the P.Y. of completion of construction.

(2) If a portion of property is let out and a portion self-occupied, then, income will be computed separately for let out and self-occupied portion.

**INADMISSIBLE DEDUCTION [SECTION 25]**

**Interest chargeable under this Act which is payable outside India shall not be deducted if**

tax has not been paid or deducted from such interest

**and**

there is no person in India who may be treated as an agent

**TAXABILITY OF RECOVERY OF UNREALISED RENT & ARREARS OF RENT RECEIVED [SECTION 25A]**

Arrears of Rent / Unrealised Rent	
<b>(i)</b>	Taxable in the year of receipt/realisation
<b>(ii)</b>	Deduction@30% of rent received/realised
<b>(iii)</b>	Taxable even if assessee is not the owner of the property in the financial year of receipt/realisation.

**CO-OWNED PROPERTY [SECTION 26]**

Self-occupied property	Let-out property
<p>The annual value of the property of each co-owner will be Nil and each co-owner shall be entitled to a deduction of ₹ 30,000/ ₹ 2,00,000, as the case may be, on account of interest on borrowed capital.</p> <p>No interest deduction would be available if the co-owner pays tax under default tax regime.</p>	<p>The income from such property shall be computed as if the property is owned by one owner and thereafter the income so computed shall be apportioned amongst each co-owner as per their specific share.</p>

**DEEMED OWNERSHIP [SECTION 27]**

The following persons, though not legal owners of a property, are deemed to be the owners:

- Transferor of the property, where the property is transferred to the spouse (not in connection with an agreement to live apart) or to minor child except minor married daughter, without adequate consideration
- Holder of an impartible estate is deemed to be the individual owner of all the properties comprised in the estate.
- Member of a co-operative society, company or other association of persons is deemed to be the owner of the building or part thereof allotted or leased to him under a house building scheme.
- Person in possession of a property in part performance of a contract u/s 53A of the Transfer of Property Act, 1882.
- Person having lease right in a property for a period not less than 12 years.

# PROFITS AND GAINS OF BUSINESS OR PROFESSION

Method of Accounting  
[Section 145]

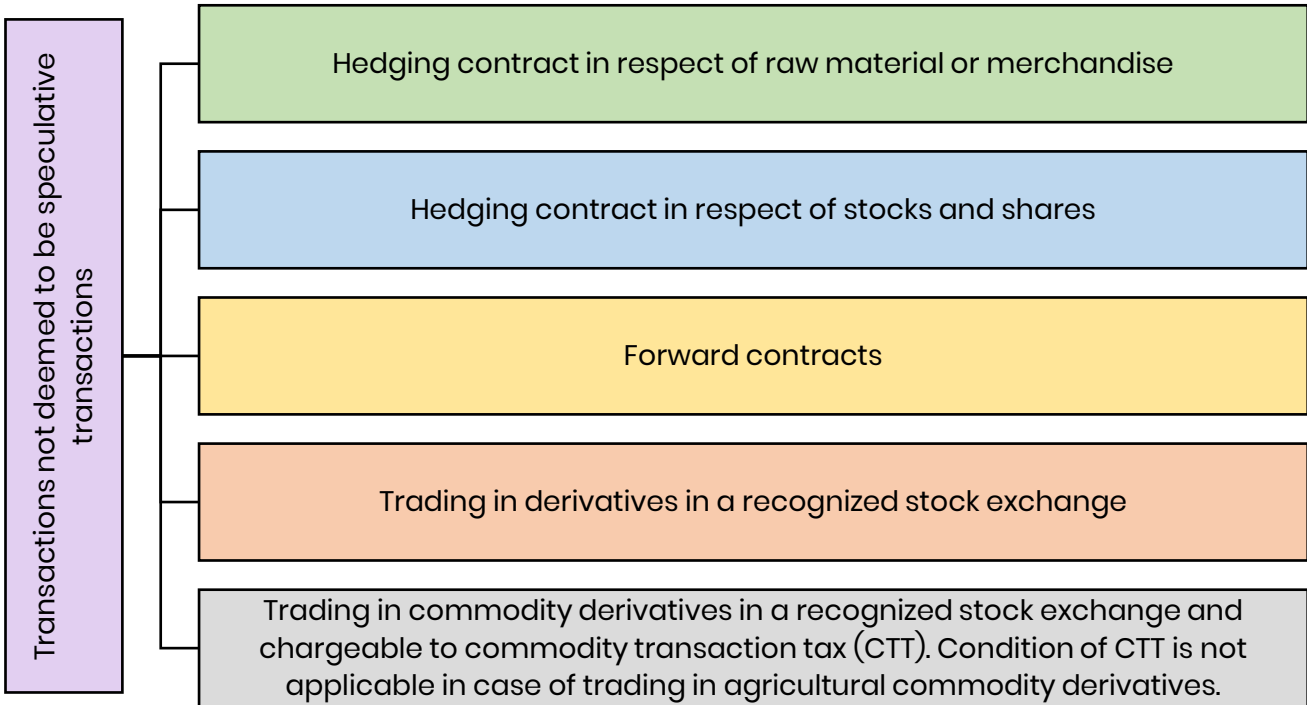
Income chargeable under this head shall be computed in accordance with the method of accounting, either cash or mercantile basis, regularly and consistently employed by the assessee.

Income Chargeable under the head “ Profits and Gains from Business or Profession ”

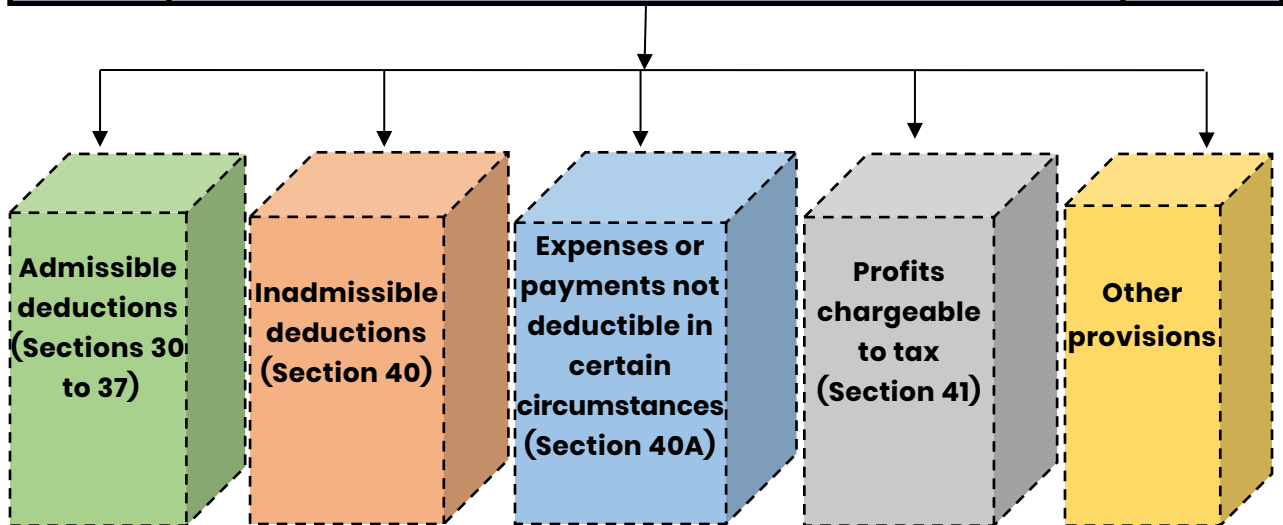
- Profits and gains of any business or profession
- However, income from letting out of a residential house or a part of the house by the owner shall not be chargeable under the head “Profits and gains of business or profession” and shall be chargeable under the head “Income from house property”.
- Any compensation or other payment due to or received by a person, at or in connection with termination or the modification of the terms and conditions, of any contract relating to his business
- Income derived by a trade, professional or similar association from specific services performed for its members
- In the case of an assessee carrying on export business, the following incentives –
  - Profit on sale of import entitlements
  - Cash assistance against exports under any scheme of Gol
  - Customs duty or excise duty re-paid or repayable as drawback
  - Profit on transfer of Duty Entitlement Pass Book Scheme or Duty Free Replenishment Certificate
- The value of any benefit or perquisite arising from business or the exercise of profession, whether
  - convertible into money or not or
  - in cash or in kind or partly in cash and partly in kind
- Any interest, salary, bonus, commission or remuneration due to, or received by, a partner of a firm from such firm (to the extent allowed as deduction in the hands of the firm)  
However, the partner’s share in the Total Income of the firm or LLP is exempt from tax [Section 10(2A)]
- Any sum, received or receivable, in cash or kind under an agreement for –
  - not carrying out any activity in relation to any business or profession or
  - not sharing any know-how, patent, copyright, trademark, licence, franchise or any other business or commercial right of similar nature or information or technique likely to assist in the manufacture or processing of goods or provision of services
- Any sum received under a Keyman insurance policy including the sum allocated by way of bonus on such policy
- Fair Market Value (FMV) of inventory as on date on which it is converted into or treated as a capital asset
- Any sum, whether received or receivable, in cash or kind, on account of any capital asset (other than land or goodwill or financial instrument) being demolished, destroyed, discarded or transferred, in respect of which the whole of the expenditure had been allowed as deduction u/s 35AD

**SPECULATIVE TRANSACTION**

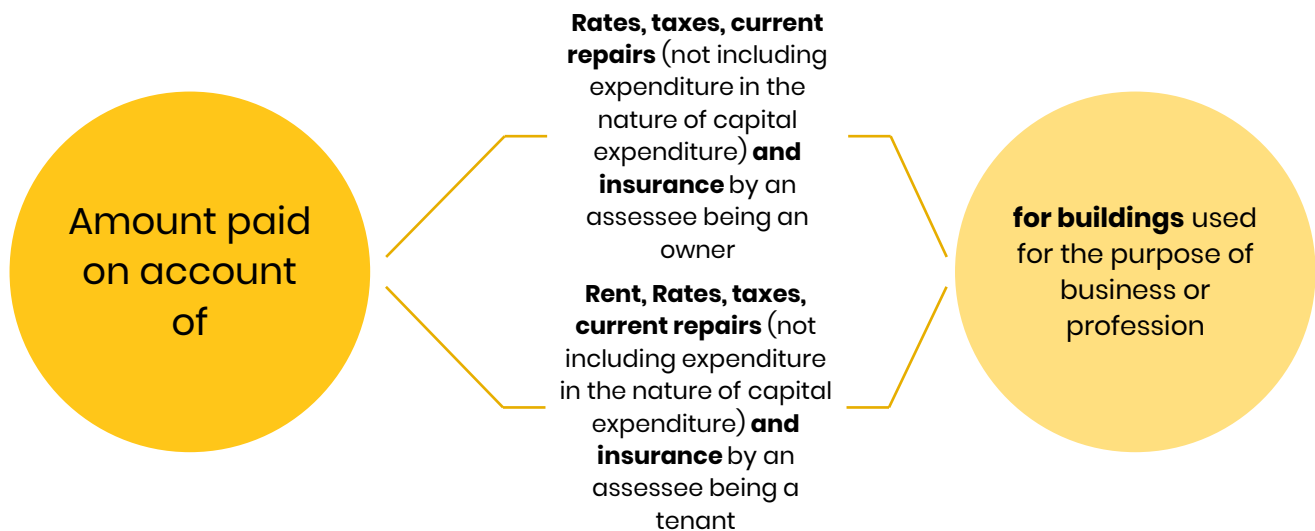
A transaction in which a contract for the purchase or sales of any commodity including stocks and shares, is periodically or ultimately settled otherwise than by the actual delivery or transfer of the commodity or scrips.



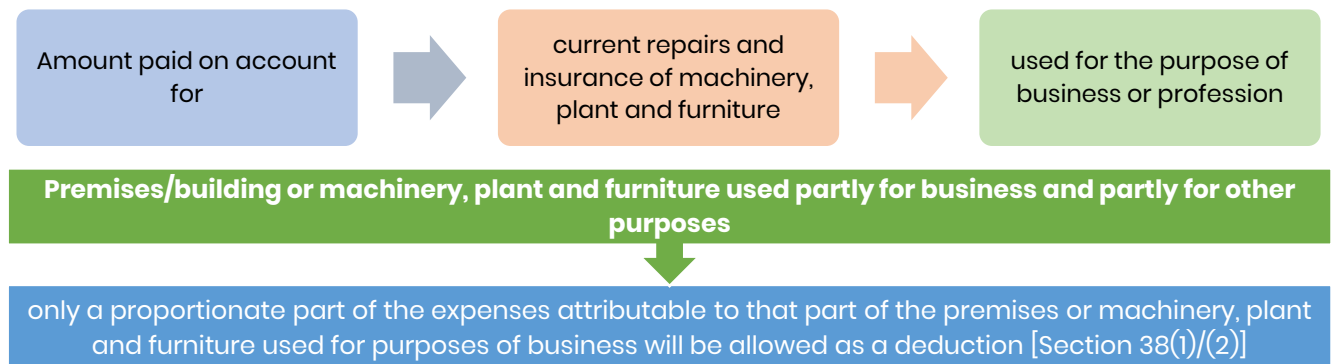
**Computation of Income from Business or Profession [Section 29]**



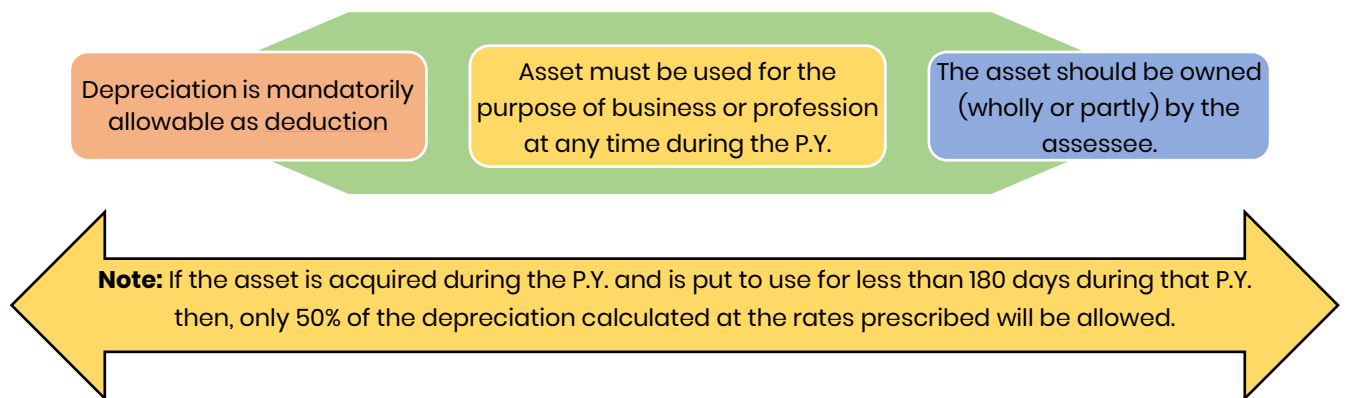
**RENT, RATES, TAXES, REPAIRS AND INSURANCE FOR BUILDING USED FOR THE PURPOSE OF BUSINESS OR PROFESSION [SECTION 30]**

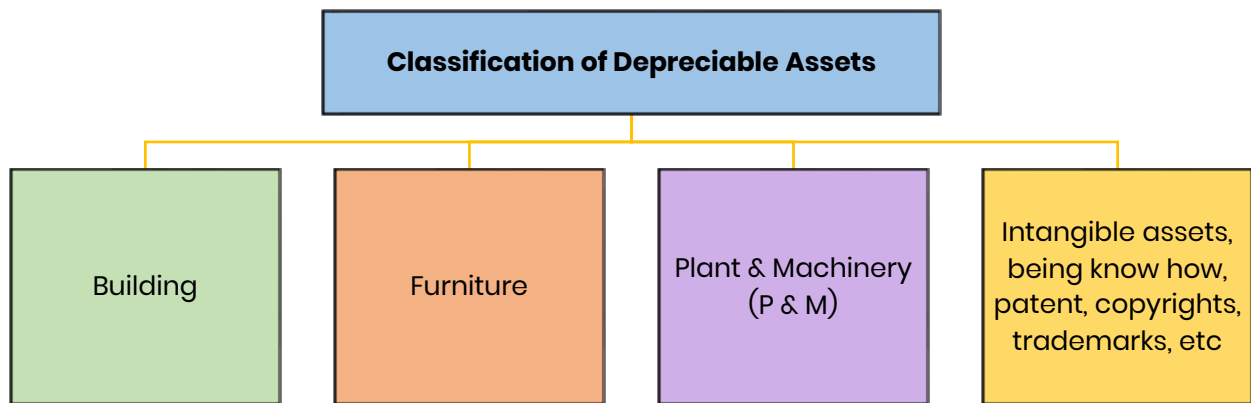
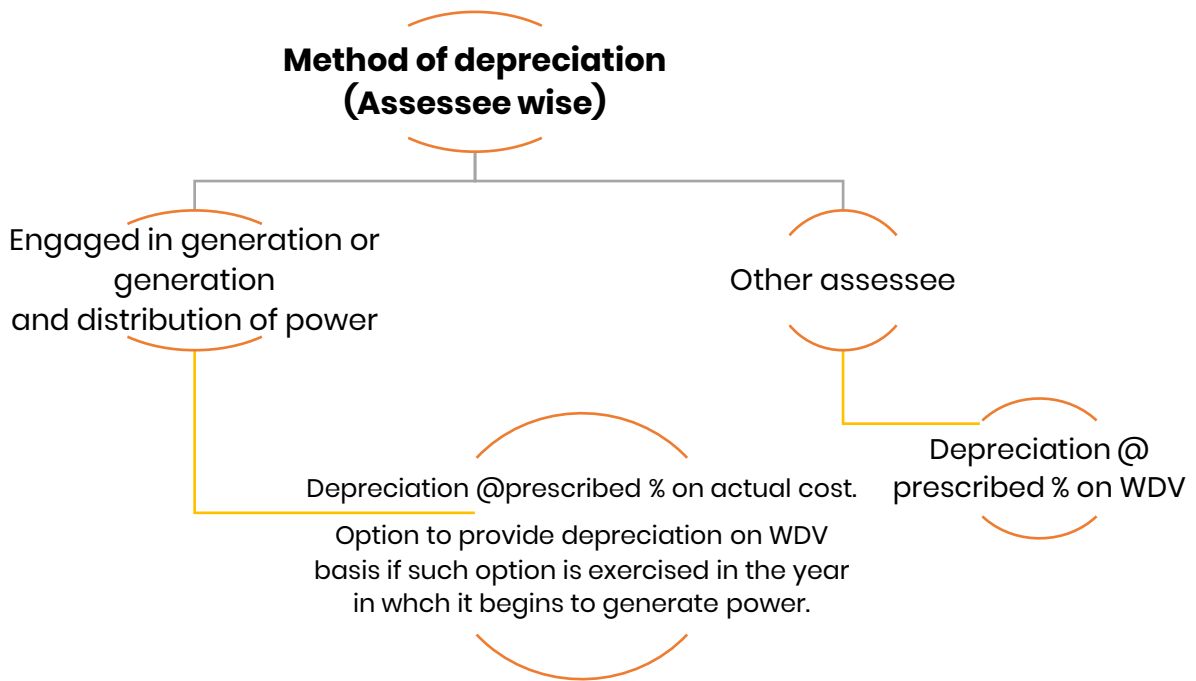
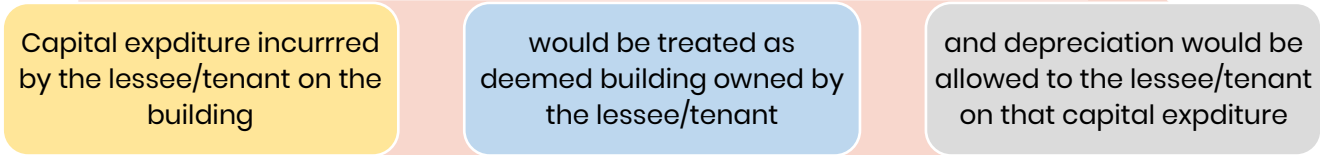


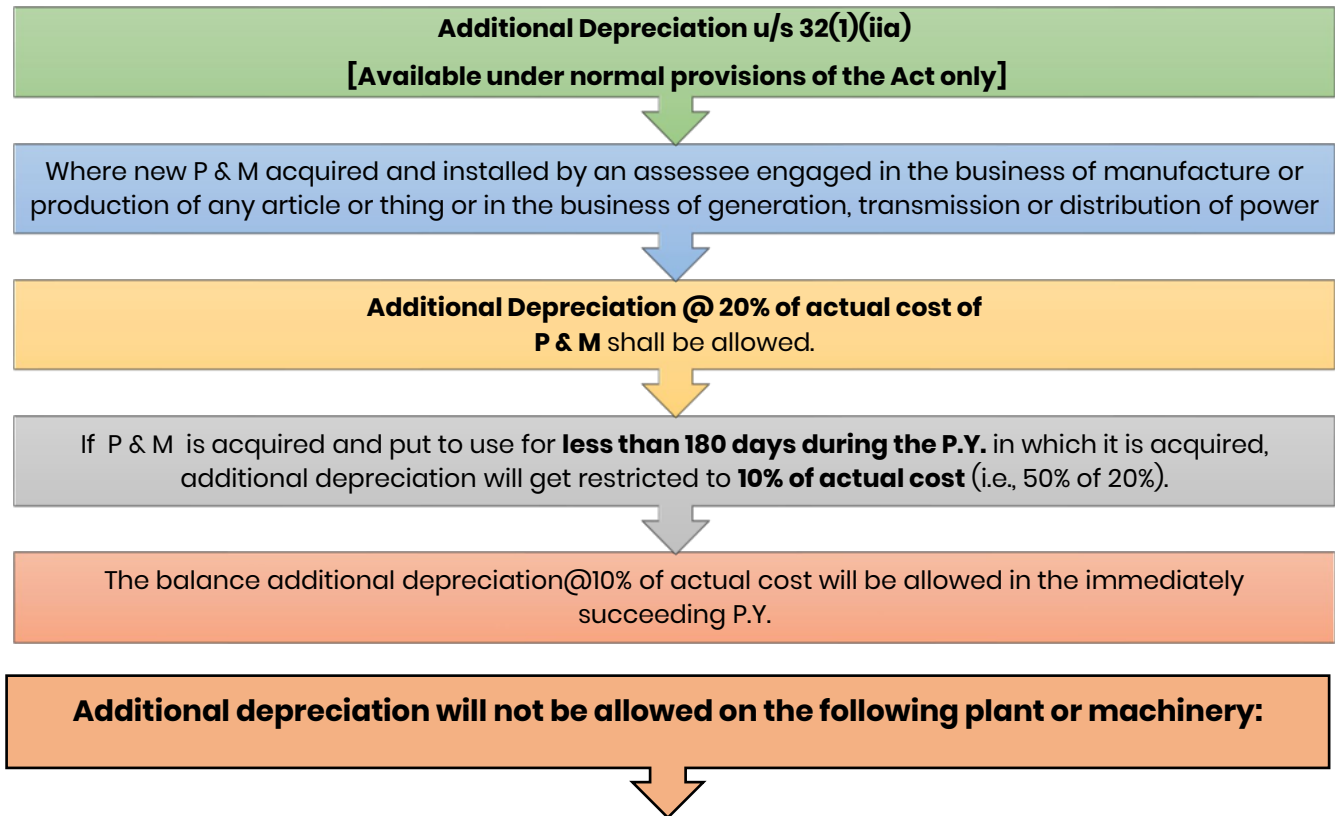
**REPAIRS AND INSURANCE OF MACHINERY, PLANT AND FURNITURE [SECTION 31]**



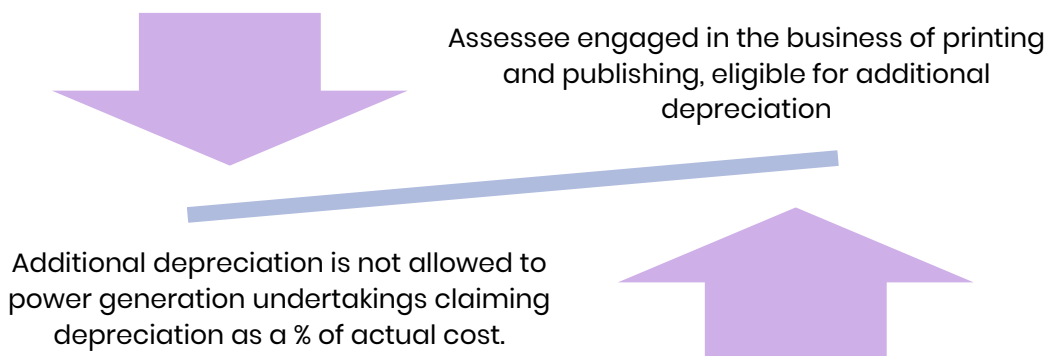
**DEPRECIATION [SECTION 32]**







- Ships, aircraft, road transport vehicles, office appliances;
- Machinery previously used within or outside India by any other person;
- Machinery installed in any office premises, residential accommodation, or guest house;
- Machinery in respect of which, the whole of the actual cost is fully allowed as deduction (whether by way of depreciation or otherwise) of any one previous year.

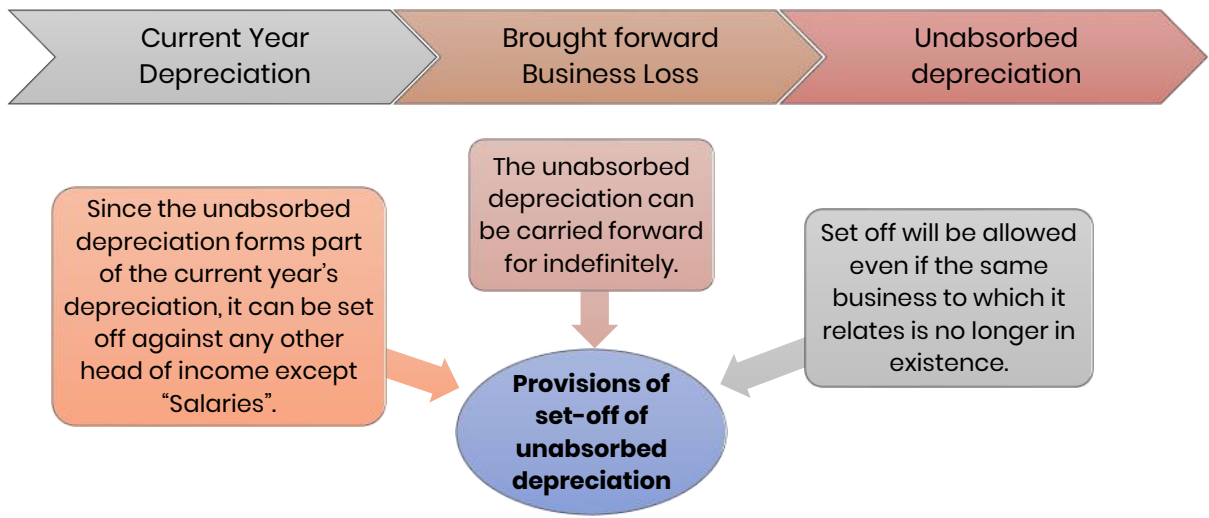


**WRITTEN DOWN VALUE OF ASSETS (WDV) [SECTION 43(6)]**

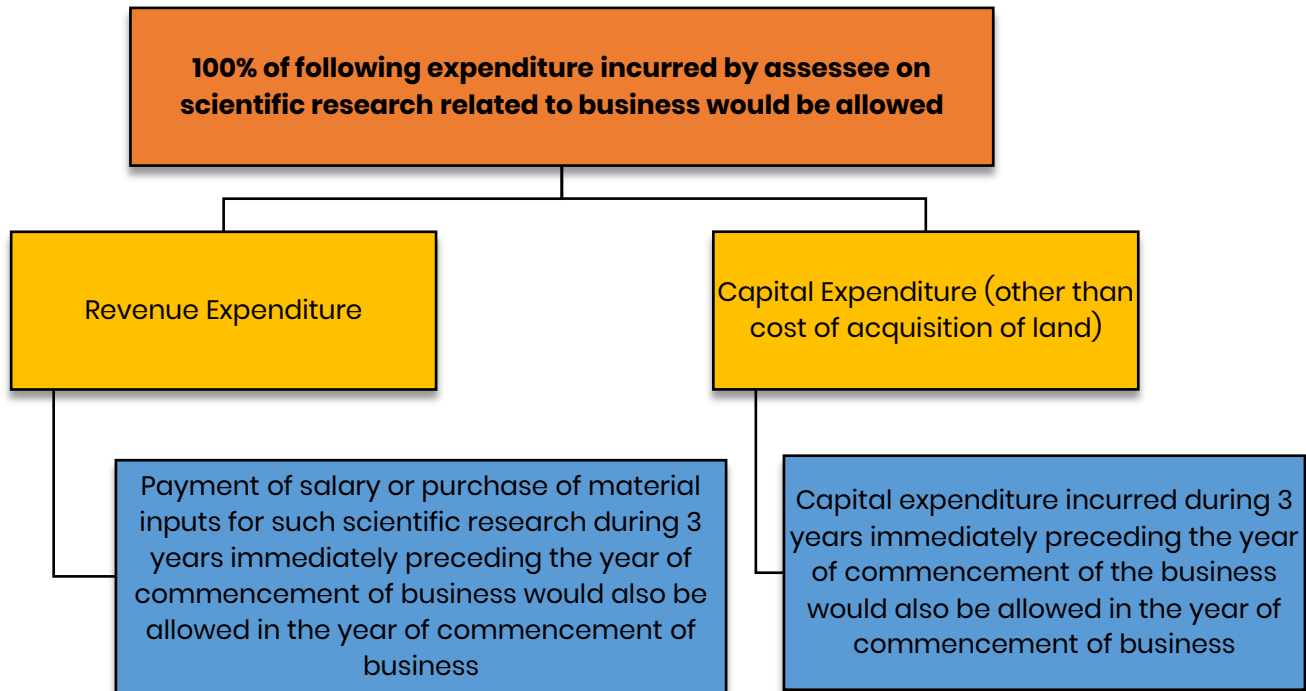
(1)	W.D.V. of the block of assets in immediately preceding previous year	xxx
(2)	Less: Depreciation actually allowed in respect of that block of assets in said preceding previous year	xxx
Opening balance as on 1 <sup>st</sup> April of the current P.Y.		xxx
<b>Add:</b>		
(3)	Actual cost of assets acquired during the P.Y., not being on a/c of acquisition of goodwill of a business or profession	xxx
(4)	Total (1) - (2) + (3)	xxx
<b>Less:</b>		
(5)	Money receivable in respect of any asset falling within the block which is sold, discarded, demolished or destroyed during that P.Y. together with scrap value.	xxx
(6)	In case of slump sale, actual cost of the asset (-) amount of depreciation that would have been allowable to the assessee	xxx
(7)	W.D.V at the end of the year (on which depreciation is allowable) [(4) - (5) - (6)]	xxx
(8)	Depreciation at the prescribed rate (Rate of Depreciation × WDV arrived at in (7) above)	xxx

- Additional points**
- If the assets are used partly for business and partly for other purposes, only a proportionate part of the depreciation will be allowed as a deduction.
  - If the asset is acquired during the P.Y. and is not put to use in the same year, no depreciation would be allowed in that year but asset would be added to the block of asset.
  - In case of lease, depreciation would be allowable to the lessor only.
  - EPABX & Mobile phone are not computers, hence not eligible for 40% rate of depreciation while computer accessories such as UPS, printers, scanners, etc. are eligible for 40% rate.

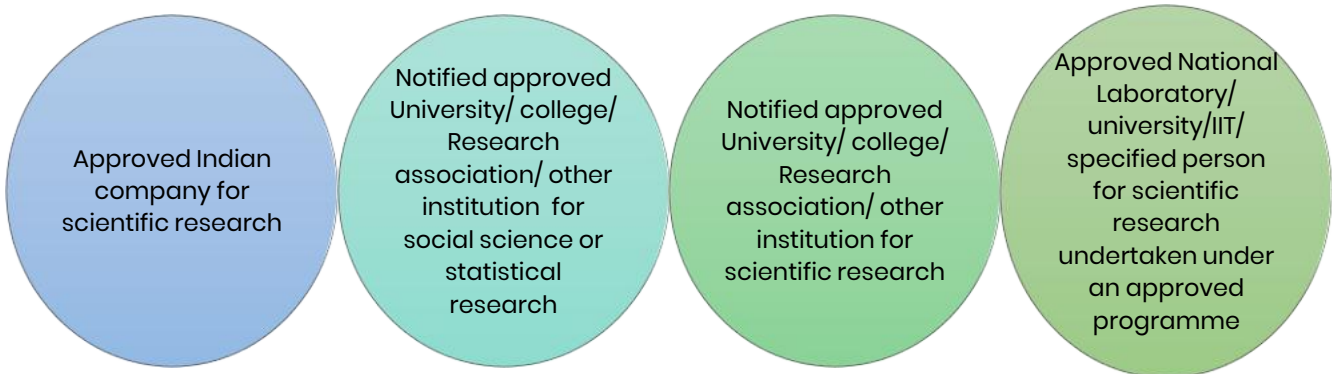
**ORDER OF SET-OFF**



EXPENDITURE ON SCIENTIFIC RESEARCH [SECTION 35]



100% of following contributions to outsiders would be allowed as deduction



The above deduction would be available under the normal provisions of the Act only

DEDUCTION IN RESPECT OF THE SPECIFIED BUSINESSES [SECTION 35AD]

[Available under the normal provisions of the Act only]

If Capital expenditure (other than expenditure on acquisition of any land, goodwill or financial instrument) incurred during the previous year

If Capital expenditure (other than expenditure on acquisition of any land, goodwill or financial instrument) incurred prior to commencement of operation

100% of the expd would be allowed as deduction from the business income, if he has opted for the provisions of section 35AD.

100% of the expd would be allowed as deduction from the business income during the P.Y. in which the assessee commences operation of his specified business.  
**Condition:** Deduction is allowed if the amount incurred prior to commencement has been capitalized in the books of account of the assessee on the date of commencement of its operations.

LIST OF SPECIFIED BUSINESS		
S. No.	Business	Commenced operations
1	Laying and operating a cross-country natural gas or crude or petroleum oil pipeline network for distribution, including storage facilities being an integral part of such network	on or after 1.4.2007
2	Setting-up and operating warehousing facilities for storing agricultural produce	on or after 1.4.2009
3	Setting-up and operating 'cold chain' facilities for specified products	
4	Building and operating a hotel of two star or above category, anywhere in India	on or after 1.4.2010
5	Building and operating a hospital, anywhere in India, with at least 100 beds for patients	
6	Developing and building a housing project under a notified scheme for slum redevelopment or rehabilitation framed by the Central Government or a State Government	

7	Developing and building a housing project under a notified scheme for affordable housing framed by the Central Government or State Government	on or after 1.4.2011
8	Production of fertilizer in a new plant or in a newly installed capacity in an existing plant in India	
9	Setting up and operating an inland container depot or a container freight station notified or approved under the Customs Act, 1962	on or after 1.4.2012
10	Bee-keeping and production of honey and beeswax	
11	Setting up and operating a warehousing facility for storage of sugar	
12	Laying and operating a slurry pipeline for transportation of iron-ore	on or after 1.4.2014
13	Setting up and operating a semiconductor wafer fabrication manufacturing unit, if such unit is notified by the Board in accordance with the prescribed guidelines	
14	Developing or maintaining and operating or developing, maintaining and operating a new infrastructure facility	on or after 1.4.2017

Payment exceeding ₹ 10,000 to be made through a/c payee cheque, a/c payee bank draft, use of ECS or through prescribed electronic modes to qualify for deduction u/s 35AD

Other conditions for claiming deduction u/s 35AD

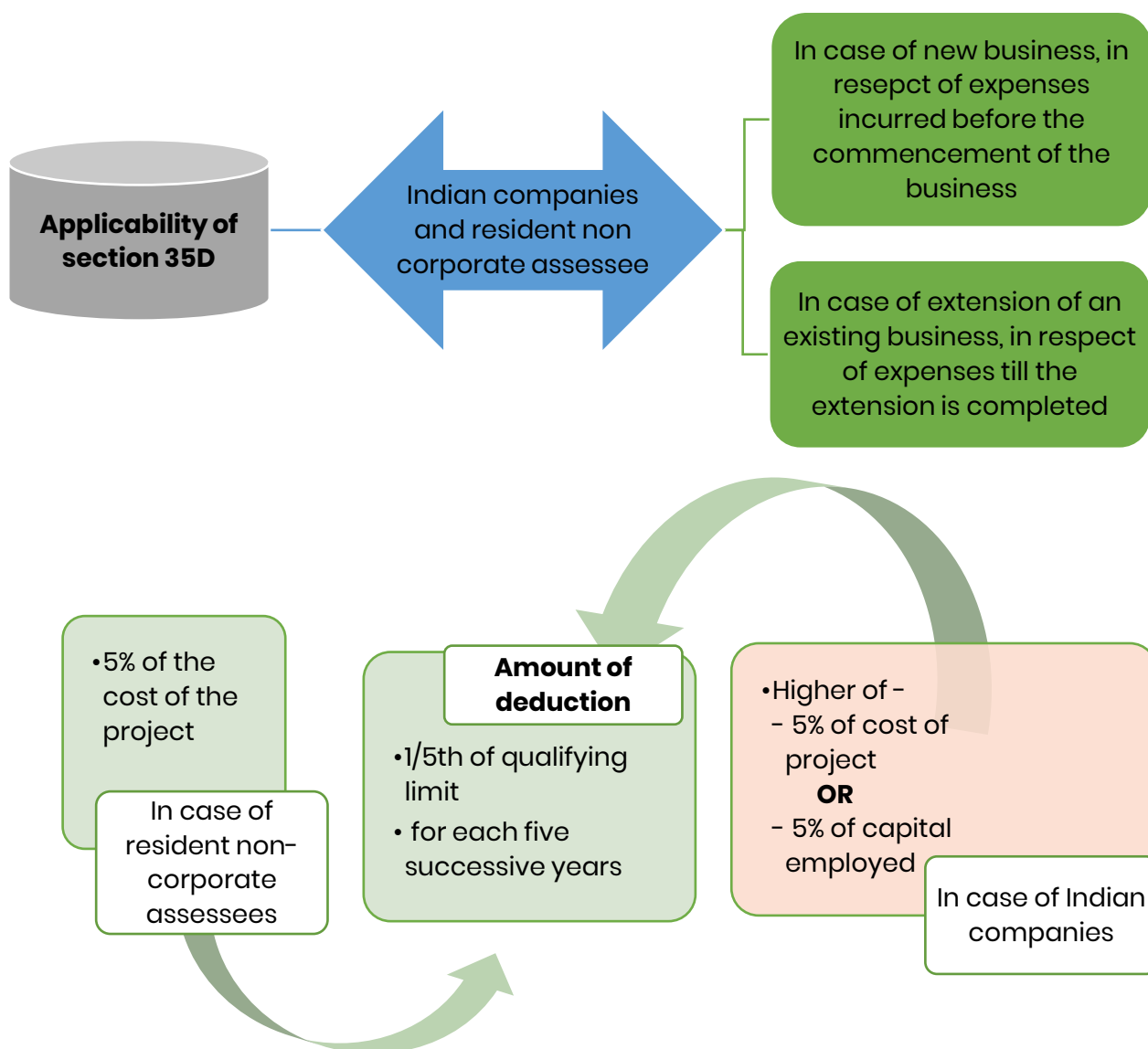
No deduction u/s 10AA or Chapter VI-A is allowed in respect of an expenditure for which deduction is claimed u/s 35AD.

**Asset to be used only for specified business for 8 years.** If such asset is used for any other purpose, **deduction claimed and allowed u/s 35AD** in respect of such asset **less depreciation** allowable under section 32, would be **deemed to be the business income of the assessee** of the P.Y. in which the asset is so used.

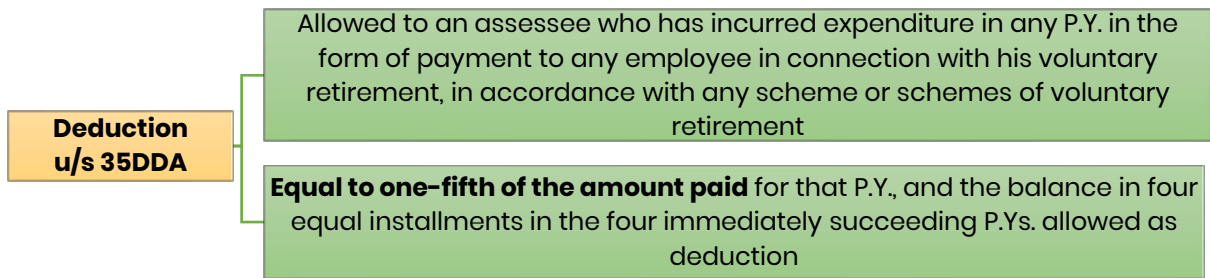
AMORTISATION OF PRELIMINARY EXPENSES [SECTION 35D]

**Examples of Preliminary expenses** – Expenses on preparation of project report, feasibility report, market survey, engineering services, legal charges for drafting agreement.

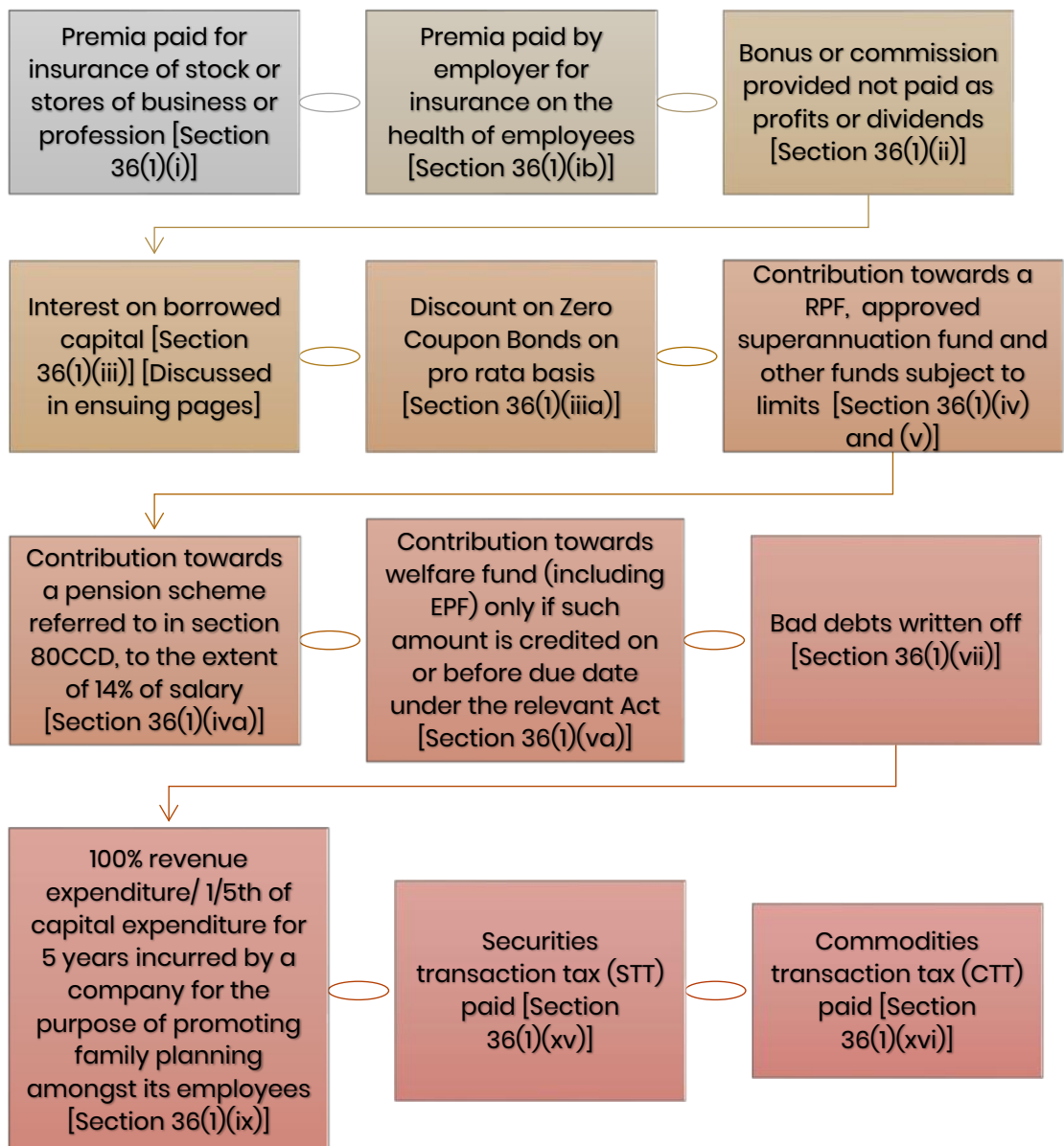
In case of a Company, preliminary expenses would include, in addition to the above, legal charges for drafting Memorandum of Association (MOA), Articles of Association (AOA), printing of MOA and AOA, fee for registration of Co., expenditure in connection with issue of shares or debentures of Co. (i.e. underwriting commission, brokerage and charges for drafting, typing, printing and advertisement of the prospectus)

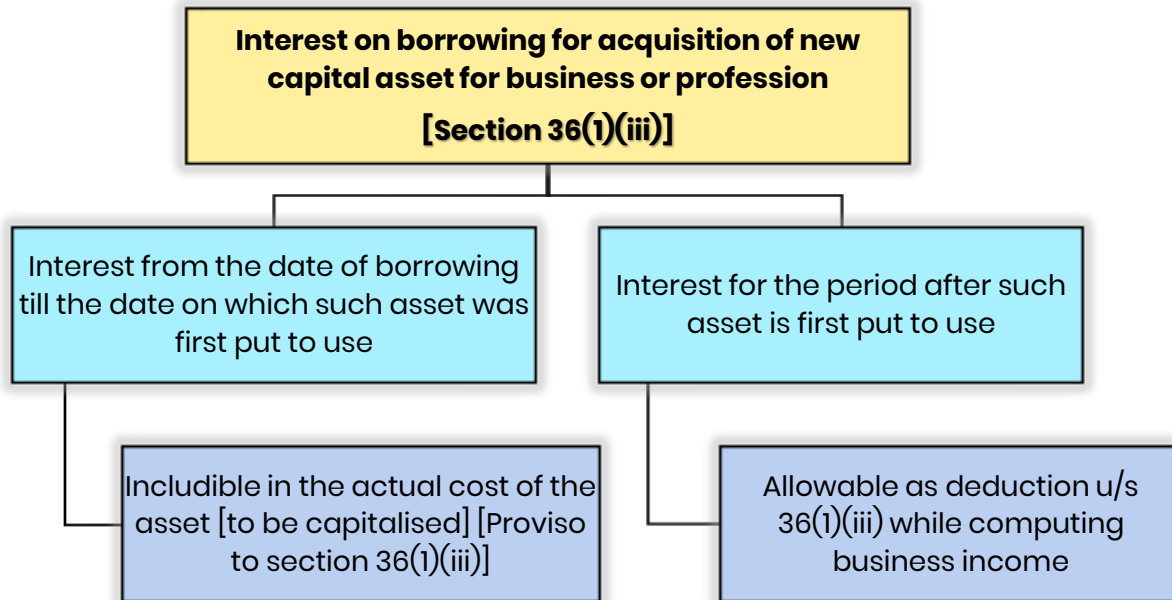


**AMORTISATION OF EXPENDITURE INCURRED UNDER VOLUNTARY RETIREMENT SCHEME [SECTION 35DDA]**



**OTHER DEDUCTIONS [SECTION 36]**





Residuary Expenses [Section 37]

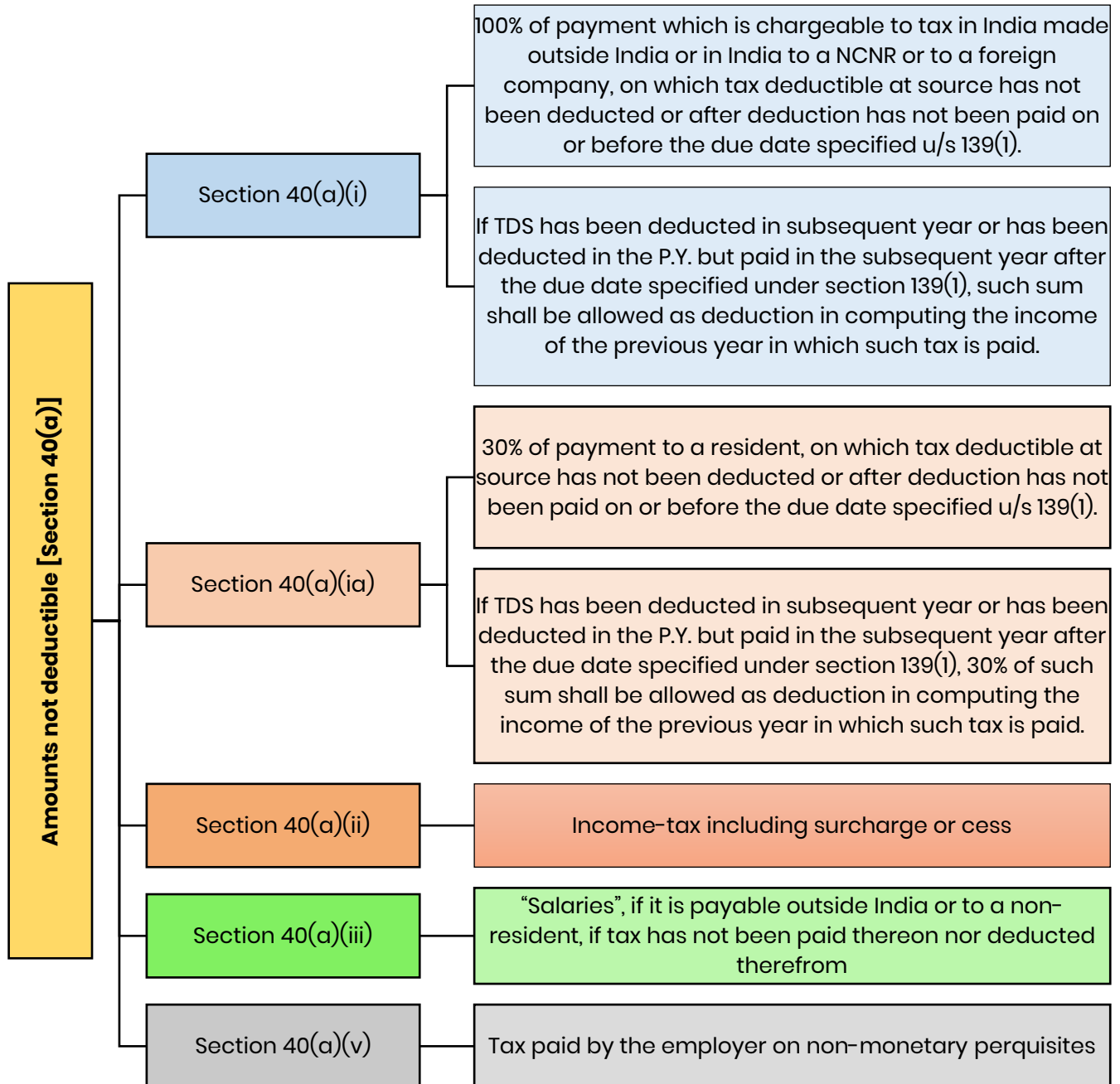
Revenue expd for the purpose of business or profession, provided

- It is **not** in the nature of expenditure described under **sections 30 to 36**;
- It is **not** in the nature of **capital expenditure**;
- It is **not** a **personal expenditure** of the assessee;
- It is laid out and expended **wholly and exclusively for the purpose of business/profession**;
- It is **not** incurred for any purpose which is an **offence or which is prohibited by law**; and
- It is **not** an expenditure incurred by the assessee on **CSR activities referred to in section 135** of the Companies Act, 2013.



- Advertisement in any souvenir, brochure, tract, pamphlet etc. published by a political party is **not** allowable.

## INADMISSIBLE DEDUCTIONS [SECTION 40]

I. In case of any assessee, the following expenses are not deductible [Section 40(a)]:



II. In case of any firm/Limited Liability Partnership (LLP), the following amounts are only deductible subject to specified limits in computing the business [Section 40(b)]:

 <p><b>Remuneration to a working partner, if authorised by the partnership deed is allowed to the extent of</b></p> <ul style="list-style-type: none"> <li>- On the <b>first ₹ 6,00,000</b> of the <b>book-profit</b> or in case of a loss - ₹ 3,00,000 or 90% of the book-profit, whichever is more.</li> <li>- On the balance of book-profit - 60%</li> </ul>	 <p>Interest to any partner is allowed - upto <b>12% simple interest per annum, if authorised by the partnership deed.</b></p>
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**Meaning of Book profit:**

Book profit means the **net profit as shown in the P & L A/c** for the relevant previous year computed in accordance with the provisions for computing income from profits and gains. The above amount should be **increased by the remuneration** paid or payable to all partners of the firm if the same has been deducted while computing net profit.

**EXPENSES OR PAYMENTS NOT DEDUCTIBLE IN CERTAIN CIRCUMSTANCES**

<p><b>Payments to relatives and associates</b> [Section 40A(2)]</p>	<ul style="list-style-type: none"> <li>• Where the assessee incurs any expenditure in respect of which a payment has been or is to be made to a specified person [See column (2) of Table below)</li> <li>• so much of the expenditure as is considered to be excessive or unreasonable shall be disallowed by the Assessing Officer. While doing so he shall have due regard to:             <ul style="list-style-type: none"> <li>(a) the fair market value of the goods, service of facilities for which the payment is made; or</li> <li>(b) the legitimate needs of the business or profession carried on by the assessee; or</li> <li>(c) the benefit derived by or accruing to the assessee from such a payment.</li> </ul> </li> </ul>
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Assessee	Specified Person						
(1)	(2)						
<b>Individual</b>	<ol style="list-style-type: none"> <li>Any relative of the individual assessee</li> <li>Any person who carries on a business or profession, if <ul style="list-style-type: none"> <li>the individual has a substantial interest in the business of that person <b>or</b></li> <li>any relative of the individual has a substantial interest in the business of that person</li> </ul> </li> </ol>						
<b>Company, Firm, HUF or AOP</b>	<ol style="list-style-type: none"> <li>Any director, partner of the firm or member of the family or association or any relative of such director, partner or member or</li> <li>In case of a company assessee, any individual who has substantial interest in the business or profession of the company or any relative of such individual or</li> <li>Any person who carries on a business or profession, in which the Company/ Firm/ HUF/ AOP or director of the company, partner of the firm or member of the family or association or any relative of such director, partner or member has substantial interest in the business of that person</li> </ol>						
<b>All assessees</b>	<p>The following are specified persons:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #d9ead3;"> <th style="width: 35%;">Person who has substantial interest in the assessee's business</th> <th style="width: 65%;">Other related persons of such person, who has a substantial interest in the assessee's business</th> </tr> </thead> <tbody> <tr> <td style="background-color: #d9ead3;"><b>Company/ Firm/ HUF</b></td> <td> <ul style="list-style-type: none"> <li>Any director of such company, partner of such firm or the member of such family or association <b>or</b></li> <li>any relative of such director, partner <b>or</b> member <b>or</b></li> <li>Any other company carrying on business or profession in which the first mentioned company has a substantial interest</li> </ul> </td> </tr> <tr> <td style="background-color: #d9ead3;"><b>a director, partner or member</b></td> <td> <ul style="list-style-type: none"> <li>Company/ Firm/ AOP/ HUF of which he is a director, partner or member <b>or</b></li> <li>Any other director/ partner/ member of the such Company/ Firm/ AOP/ HUF <b>or</b></li> <li>Any relative of such director, partner <b>or</b> member</li> </ul> </td> </tr> </tbody> </table>	Person who has substantial interest in the assessee's business	Other related persons of such person, who has a substantial interest in the assessee's business	<b>Company/ Firm/ HUF</b>	<ul style="list-style-type: none"> <li>Any director of such company, partner of such firm or the member of such family or association <b>or</b></li> <li>any relative of such director, partner <b>or</b> member <b>or</b></li> <li>Any other company carrying on business or profession in which the first mentioned company has a substantial interest</li> </ul>	<b>a director, partner or member</b>	<ul style="list-style-type: none"> <li>Company/ Firm/ AOP/ HUF of which he is a director, partner or member <b>or</b></li> <li>Any other director/ partner/ member of the such Company/ Firm/ AOP/ HUF <b>or</b></li> <li>Any relative of such director, partner <b>or</b> member</li> </ul>
Person who has substantial interest in the assessee's business	Other related persons of such person, who has a substantial interest in the assessee's business						
<b>Company/ Firm/ HUF</b>	<ul style="list-style-type: none"> <li>Any director of such company, partner of such firm or the member of such family or association <b>or</b></li> <li>any relative of such director, partner <b>or</b> member <b>or</b></li> <li>Any other company carrying on business or profession in which the first mentioned company has a substantial interest</li> </ul>						
<b>a director, partner or member</b>	<ul style="list-style-type: none"> <li>Company/ Firm/ AOP/ HUF of which he is a director, partner or member <b>or</b></li> <li>Any other director/ partner/ member of the such Company/ Firm/ AOP/ HUF <b>or</b></li> <li>Any relative of such director, partner <b>or</b> member</li> </ul>						
<b>Relative in relation to an Individual means the spouse, brother or sister or any lineal ascendant or descendant of that individual [Section 2(41)].</b>							
<b>Substantial interest in a business or profession</b>							
<p>A person shall be deemed to have a substantial interest in a business or profession if -</p> <ul style="list-style-type: none"> <li>in a case where the business or profession is carried on by a company, such person is, at any time during the previous year, the beneficial owner of equity shares carrying not less than 20% of the voting power and</li> <li>in any other case, such person is, at any time during the previous year, beneficially entitled to not less than 20% of the profits of such business or profession.</li> </ul>							

<b>Payments in excess of ₹ 10,000 made otherwise than through prescribed modes [Section 40A(3)]</b>	
<p>Expenditure for which payment made to a person in a single day otherwise than by an A/c payee cheque or A/c payee bank draft or ECS or through such other prescribed electronic modes exceeds ₹ 10,000/₹ 35,000 in case of payments made to transport operator for plying, hiring or leasing goods carriages would not be allowed.</p>	<p><b>Exceptions covered in Rule 6DD: For example,</b></p> <ul style="list-style-type: none"> <li>Payment to RBI, SBI, Co-operative banks</li> <li>Payment made to Government, which according to its Rules, has to be made in legal tender</li> <li>Payment for purchase of agricultural produce, forest produce, fish and fish products, productions of horticulture or apiculture to the cultivator, grower or producer of such produce or products.</li> </ul>
<p><b>Section 40A(3A)</b></p>	
<p>If an expenditure has been allowed as deduction on accrual basis in any P.Y., and payment is made in a subsequent P.Y. otherwise than by A/c payee cheque or A/c payee bank draft or ECS or through such other prescribed electronic modes and such payment is in excess of the limits of ₹ 10,000/ ₹ 35,000 specified above, the payment so made shall be deemed as profits and gains of the business or profession and charged to tax as income of the subsequent previous year.</p>	

**DEEMED PROFITS CHARGEABLE TO TAX [SECTION 41]**

<p><b>Section 41(1)</b></p>	<p><b>Section 41(3)</b></p>	<p><b>Section 41(4)</b></p>
<ul style="list-style-type: none"> <li>• Where deduction was allowed in respect of loss, expenditure or trading liability for any year and subsequently, during any previous year, the <b>assessee or successor of the business has obtained any amount in respect of such loss or expenditure</b> or some benefit in respect of such trading liability by way of <b>remission or cessation</b> thereof, the amount obtained or the value of benefit accrued shall be <b>deemed to be income of the P.Y. in which such benefit was obtained.</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Amount realized on transfer of an asset used for scientific research</b> without being used for other purposes is taxable as business income in the year of sale <b>to the extent of lower of –</b></li> <li>• deduction allowed under section 35(1)(iv); and</li> <li>• sale proceeds</li> </ul>	<ul style="list-style-type: none"> <li>• Any amount <b>recovered</b> by the assessee against <b>bad debt</b> earlier allowed as deduction shall be taxed as income in the year in which it is received</li> </ul>

### Certain Deductions to be made only on actual payment [Section 43B]

Certain Deductions to be allowed if actual payment done on or before the due date of filing of return u/s 139(1) [Section 43B]

<b>Tax, duty, cess or fee,</b> under any law for the time being in force; or	Contribution to any <b>provident fund or superannuation fund or gratuity fund</b> or any other fund for the welfare of employees; or	<b>Bonus or commission</b> provided not paid as profits or dividend; or	<b>Interest on any loan or borrowing</b> from any <b>public financial institution or a State Financial Corporation or a State Industrial Investment Corporation</b> ; or	<b>Interest on any loan or borrowing</b> from <b>notified class of NBFC; or</b>	<b>Interest on any loan or advance from a scheduled bank or co-operative bank</b> other than a primary agricultural credit society or a primary co-operative agricultural and rural development bank; or	<b>Payment in lieu of any leave at the credit of his employee; or</b>	Any sum payable to the <b>Indian Railways for use of Railway assets.</b>
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However, any sum payable by the assessee to a micro or small enterprise beyond the time-limit specified in section 15 of the Micro, Small and Medium Enterprises Development Act, 2006 would be allowed as deduction only in the P.Y. in which the sum is actually paid.

### STAMP DUTY VALUE OF LAND AND BUILDING TO BE TAKEN AS THE FULL VALUE OF CONSIDERATION IN RESPECT OF TRANSFER, EVEN IF THE SAME ARE HELD BY THE TRANSFEROR AS STOCK-IN-TRADE [SECTION 43CA]

Circumstance		Deemed Full Value of consideration for computing Business Income
<b>(1)</b>	If Stamp Duty Value > 110% of consideration received or accruing as a result of transfer	Stamp Duty Value

	(a)	If date of agreement is different from the date of transfer and whole or part of the consideration is received by way of account payee cheque or bank draft or ECS or through such other prescribed electronic mode (IMPS, UPI, RTGS, NEFT, Net banking, debit card, credit card or BHIM Aadhar Pay) on or before the date of agreement	Stamp Duty Value on the date of agreement
	(b)	If date of agreement is different from the date of transfer but the whole or part of the consideration has not been received by way of account payee cheque or bank draft or ECS or through such other prescribed electronic mode (IMPS, UPI, RTGS, NEFT, Net banking, debit card, credit card or BHIM Aadhar Pay) on or before the date of agreement	Stamp Duty Value on the date of transfer
		However, if the stamp duty value on the date of agreement or the date of transfer, as the case may be $\leq 110\%$ of the sale consideration received.	Actual consideration so received
	(2)	Where the Assessing Officer refers the valuation to a Valuation Officer, on the assessee's claim that the stamp duty value exceeds the FMV of the property on the date of transfer and the stamp duty value has not been disputed in any appeal or revision or no reference has been made before any other authority, court or High Court	
	(a)	If Valuation by Valuation Officer > Stamp Duty Value	Stamp Duty Value
	(b)	If Valuation by Valuation Officer < Stamp Duty Value	Valuation by Valuation Officer

**MANDATORY AUDIT OF ACCOUNTS OF CERTAIN PERSONS [SECTION 44AB]**

	Category of person	Condition for applicability of section 44AB
<b>I</b>	<b>In case of a person carrying on business</b>	
(a)	In case of a person carrying on business	If his total sales, turnover or gross receipts in business > ₹ 1 crore in the relevant P.Y.

		<b>Note</b> – The requirement of audit u/s 44AB does not apply to a person who declares profits and gains for the previous year on presumptive basis u/s 44AD(1).
	If in case of such person carrying on business – (i) Aggregate cash receipts in the relevant PY $\leq$ 5% of total receipts (incl. receipts for sales, turnover, gross receipts); and (ii) Aggregate cash payments in the relevant PY $\leq$ 5% of total payments (incl. amount incurred for expenditure)	If his total sales, turnover or gross receipts in business $>$ ₹ 10 crore in the relevant PY
	<b>Note</b> – For this purpose, the payment or receipt, as the case may be, by a cheque drawn on a bank or by a bank draft, which is not account payee, would be deemed to be the payment or receipt, as the case may be, in cash.	
(b)	In case of an assessee covered u/s 44AE i.e., an assessee engaged in the business of plying, hiring or leasing goods carriages who owns not more than 10 goods carriages at any time during the P.Y.	If such assessee claims that the profits and gains from business in the relevant P.Y. are lower than the profits and gains computed on a presumptive basis u/s 44AE [i.e., ₹ 1000 per ton of gross vehicle weight or unladen weight in case of each heavy goods vehicle and ₹ 7,500 for each vehicle, other than heavy goods vehicle, for every month or part of the month for which the vehicle is owned by the assessee].
(c)	In case of an eligible assessee carrying on business, whose total turnover, sales, gross receipts $\leq$ ₹ 200 lakhs, and who has opted for section 44AD in any earlier PY	If he declares profit for any of the five successive PYs not in accordance with section 44AD (i.e., he declares profits lower than 8% or 6% of total turnover, sales or gross receipts, as the case may be, in that year), then, he cannot opt for

	In case of an eligible assessee carrying on business, whose aggregate cash receipts in the relevant PY $\leq$ 5% of total turnover or gross receipts and whose total turnover, sales, gross receipts $\leq$ ₹ 300 lakhs, and who has opted for section 44AD in any earlier PY	section 44AD for five successive PYs after the year of such default. For the year of default and five successive previous years, he has to maintain books of account u/s 44AA and get them audited u/s 44AB, if his income exceeds the basic exemption limit.
<b>II</b>	<b>In case of persons carrying on profession</b>	
(a)	In case of a person carrying on profession	If his gross receipts in profession $>$ ₹ 50 lakh in the relevant PY <b>Note</b> – <i>The requirement of audit u/s 44AB does not apply to a person who declares profits and gains for the previous year on presumptive basis u/s 44ADA(1).</i>
(b)	In case of an assessee carrying on a notified profession under section 44AA(1) i.e., legal medical, engineering, accountancy, architecture, interior decoration, technical consultancy, whose gross receipts $\leq$ ₹ 50 lakhs.	If such resident assessee claims that the profits and gains from such profession in the relevant PY are lower than the profits and gains computed on a presumptive basis u/s 44ADA (50% of gross receipts) and his income exceeds the basic exemption limit in that PY.
	In case of an assessee carrying on a notified profession under section 44AA(1) i.e., legal medical, engineering, accountancy, architecture, interior decoration, technical consultancy, whose aggregate cash receipts in the relevant PY $\leq$ 5% of total gross receipts and whose gross receipts $\leq$ ₹ 75 lakhs.	
<p>The persons mentioned above would have to furnish by the specified date a report of the audit in the prescribed forms.</p> <p><b>“specified date”</b> means the date one month prior to the due date for furnishing the return of income under section 139(1).</p>		

## PRESUMPTIVE INCOME PROVISIONS

	Particulars	Section 44AD	Section 44ADA	Section 44AE
(1)	<b>Eligible Assessee</b>	<p>Resident individual, HUF or Partnership firm (but not LLP) engaged in eligible business and who has not claimed deduction under section 10AA or Chapter VIA under “C – Deductions in respect of certain incomes”</p> <p><b>Non-applicability of section 44AD in respect of the following persons:</b></p> <ul style="list-style-type: none"> <li>- A person carrying on profession specified u/s 44AA(1);</li> <li>- A person earning income in the nature of commission or brokerage;</li> <li>- A person carrying on any agency business.</li> </ul>	<p>Resident individual or resident partnership firm (but not LLP) engaged in any profession specified u/s 44AA(1), namely, legal, medical, engineering, architectural profession or profession of accountancy or technical consultancy or interior decoration or notified profession (authorized representative, film artist, company secretary, profession of information technology)</p>	<p>An assessee owning not more than 10 goods carriages at any time during the P.Y.</p>
(2)	<b>Eligible business/ profession</b>	<p>Any business, other than business referred to in section 44AE, whose <b>total turnover/ gross receipts in the P.Y. ≤ ₹ 200 lakhs</b></p>	<p>Any profession specified under section 44AA(1), whose <b>gross receipts ≤ ₹ 50 lakhs in the relevant P.Y.</b></p>	<p>Business of plying, hiring or leasing goods carriages</p>

		Any business, other than business referred to in section 44AE, whose <b>total turnover/gross receipts in the P.Y. ≤ ₹ 300 lakhs in the relevant P.Y., if aggregate cash receipts in the relevant PY ≤ 5% of total turnover or gross receipts.</b>	Any profession specified u/s 44AA(1), whose <b>gross receipts ≤ ₹ 75 lakhs in the relevant P.Y., if aggregate cash receipts in the relevant PY ≤ 5% of total gross receipts.</b>	
		In effect, if the turnover of business is > ₹ 200 lakhs ≤ ₹ 300 lakhs, the benefit of section 44AD can be availed only if aggregate cash receipts in relevant P.Y. ≤ 5% of total turnover or gross receipts.	In effect, if the gross receipts from profession is > ₹ 50 lakhs ≤ ₹ 75 lakhs, the benefit of section 44ADA can be availed only if aggregate cash receipts in relevant P.Y. ≤ 5% of total gross receipts.	
		<b>Note:</b> 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.		
(3)	<b>Presumptive income</b>	<b>8% of total turnover/sales/gross receipts</b> or a sum higher than the aforesaid sum claimed to have been earned by the assessee. <b>6% of total turnover/gross receipts</b> in respect of the	<b>50% of gross receipts of such profession</b> or a sum higher than the aforesaid sum claimed to have been earned by the assessee.	<b>For each heavy goods vehicle ₹ 1,000 per ton of gross vehicle weight</b> or unladen weight, as the case may be, for every

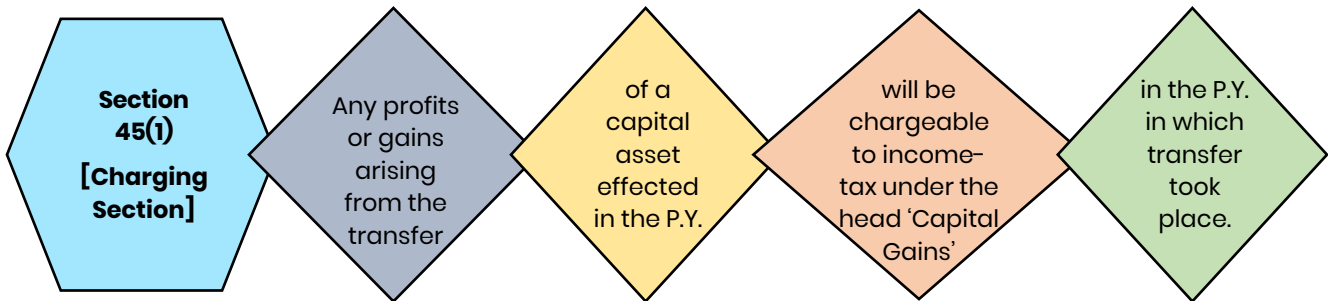
		amount of total turnover/ sales/ gross receipts received by A/c payee cheque/ bank draft/ ECS through a bank account or through such other prescribed electronic modes (credit card, debit card, net banking, IMPS, UPI, RTGS, NEFT, and BHIM Aadhar Pay) <b>during the P.Y. or before due date of filing of return u/s 139(1)</b> in respect of that P.Y. (or) such higher sum claimed to have been earned by the assessee.		month or part of a month; <b>For each vehicle, other than heavy goods vehicle: ₹ 7,500 per month or part of a month</b> during which such vehicle is owned by the assessee or an amount claimed to have been actually earned from such vehicle, whichever is higher.
<b>(4)</b>	<b>Non-allowability of deductions while computing presumptive income</b>	Deductions allowable under <b>sections 30 to 38</b> shall be <b>deemed to have been given full effect to</b> and no further deduction shall be allowed.		
		Even in case of a firm, salary and interest paid to partners is <b>not</b> deductible.	Even in case of a firm, salary and interest paid to partners is <b>not</b> deductible.	In case of a firm, <b>salary and interest paid to partners is deductible</b> subject to the conditions and limits specified in <b>section 40(b)</b> .
<b>(5)</b>	<b>Requirement of maintenance of books of account u/s 44AA and</b>	If eligible assessee declares profits and gains in accordance with the provisions of section 44AD, he is <b>not</b> required to maintain	If eligible assessee declares profits and gains in accordance with the provisions of section 44ADA, he is <b>not</b> required to maintain	If eligible assessee declares profits and gains in accordance with the provisions of

	<p><b>audit u/s 44AB</b></p>	<p>books of account u/s 44AA or get them audited u/s 44AB. However, if after declaring profits on presumptive basis u/s 44AD, non-declaration of profits on presumptive basis for any of the 5 successive A.Y.s thereafter, would disentitle the assessee from claiming profits on presumptive basis for five successive AYs subsequent to the AY relevant to the PY of such non-declaration. In such a case, the assessee would have to <b>maintain books of account and other documents u/s 44AA(2)</b> and get his accounts audited u/s <b>44AB, if his total income exceeds the basic exemption limit in those years.</b></p>	<p>books of account u/s 44AA or get them audited u/s 44AB. However, if the assessee <b>claims his profits to be lower</b> than the profits computed by applying the presumptive rate, he has to maintain books of account and other documents <b>u/s 44AA(1)</b> and get his <b>accounts audited u/s 44AB, if his total income &gt; basic exemption limit for that year.</b></p>	<p>section 44AE, he is <b>not</b> required to maintain books of account u/s 44AA or get them audited u/s 44AB. However, if the assessee <b>claims his profits to be lower</b> than the profits computed by applying the presumptive rate, he has to <b>maintain books of account u/s 44AA(2)</b> and get his <b>accounts audited u/s 44AB.</b></p>
<p>(6)</p>	<p><b>Advance tax obligation</b></p>	<p>The eligible assessee opting for section 44AD is required to pay advance tax by <b>15th March of the financial year (F.Y.)</b>.</p>	<p>The eligible assessee opting for section 44ADA is required to pay advance tax by <b>15th March</b> of the F.Y.</p>	<p>The eligible assessee has to pay advance tax in <b>four</b> instalments.</p>

## TAXABILITY IN CASE OF COMPOSITE INCOME

Rule	Nature of composite income	Business income (Taxable)	Agricultural Income (Exempt)
<b>7A</b>	Income from sale of <b>rubber</b> products derived from rubber plants grown by the seller in India	35%	65%
<b>7B</b>	Income from sale of <b>coffee</b> - <b>grown and cured</b> by the seller in India - <b>grown, cured, roasted and grounded</b> by the seller in India	25% 40%	75% 60%
<b>8</b>	Income from sale of <b>tea</b> grown and manufactured by the seller in India	40%	60%

CAPITAL GAINS



Exceptions where capital gain is not taxable in the year of transfer

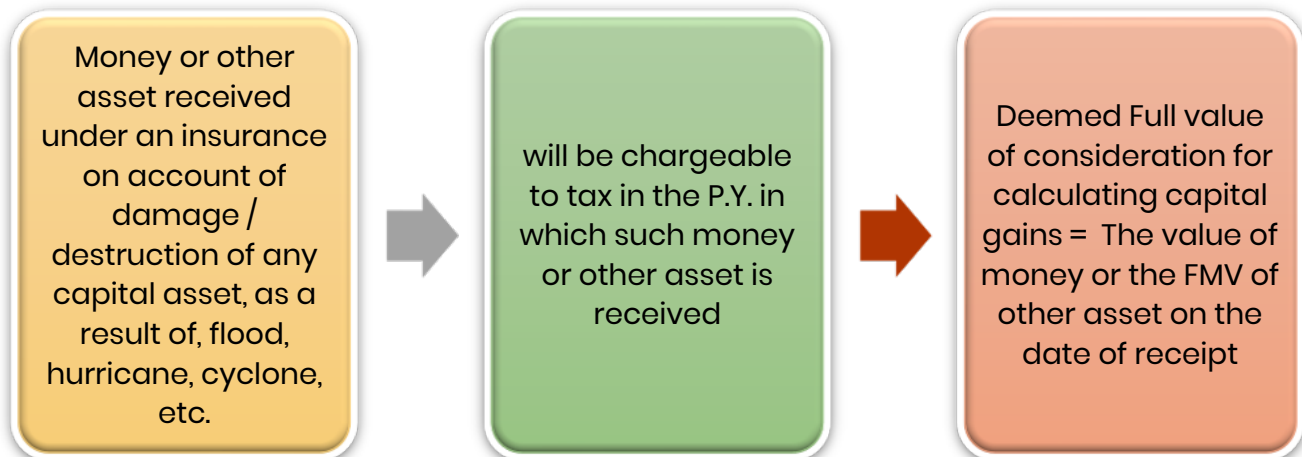
Insurance receipts [Section 45(1A)]

Conversion or treatment of a capital asset as stock-in-trade [Section 45(2)]

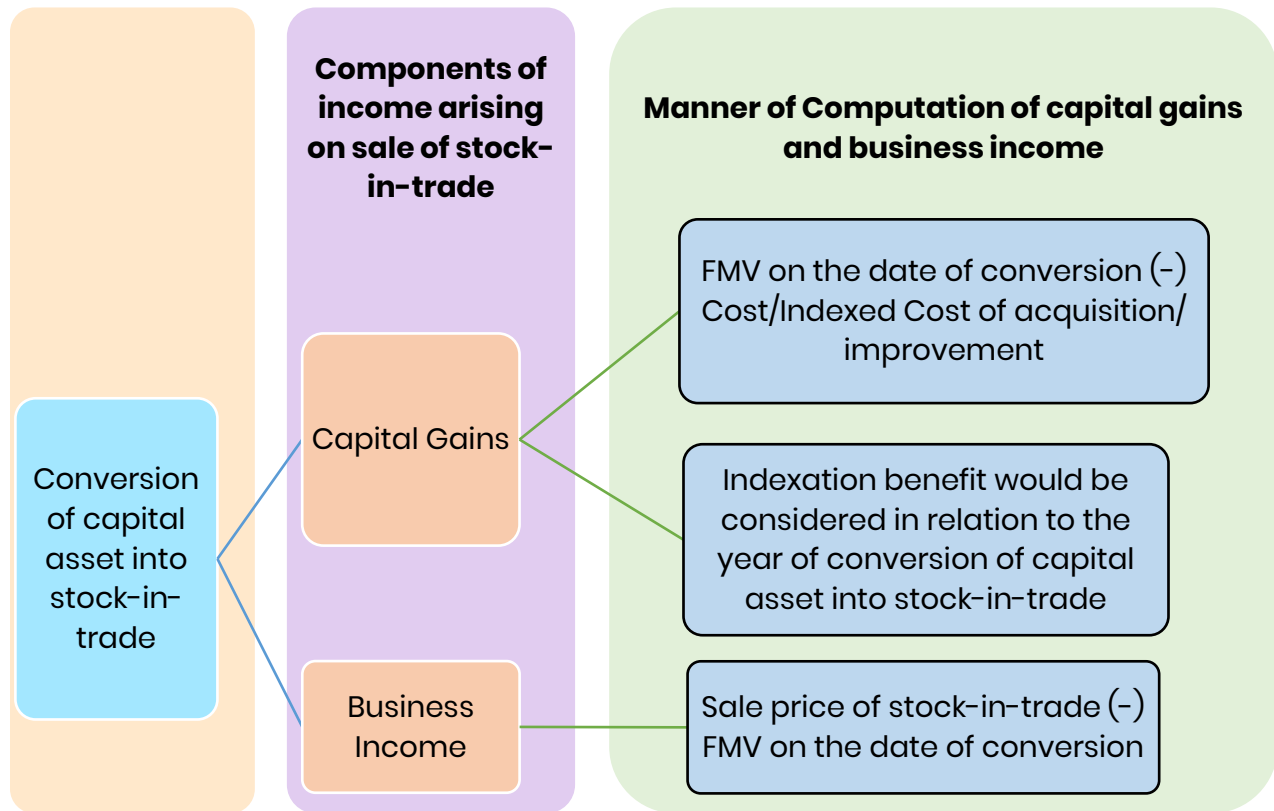
Compensation on compulsory acquisition [Section 45(5)]

These exceptions are discussed here below:

INSURANCE RECEIPTS [SECTION 45(1A)]

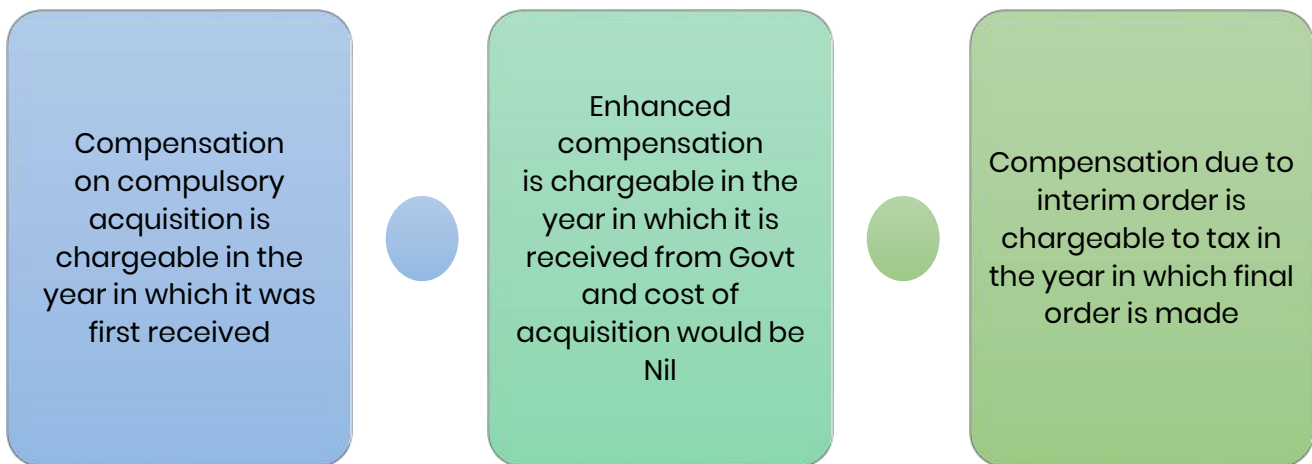


**CONVERSION OR TREATMENT OF A CAPITAL ASSET AS STOCK-IN-TRADE [SECTION 45(2)]**

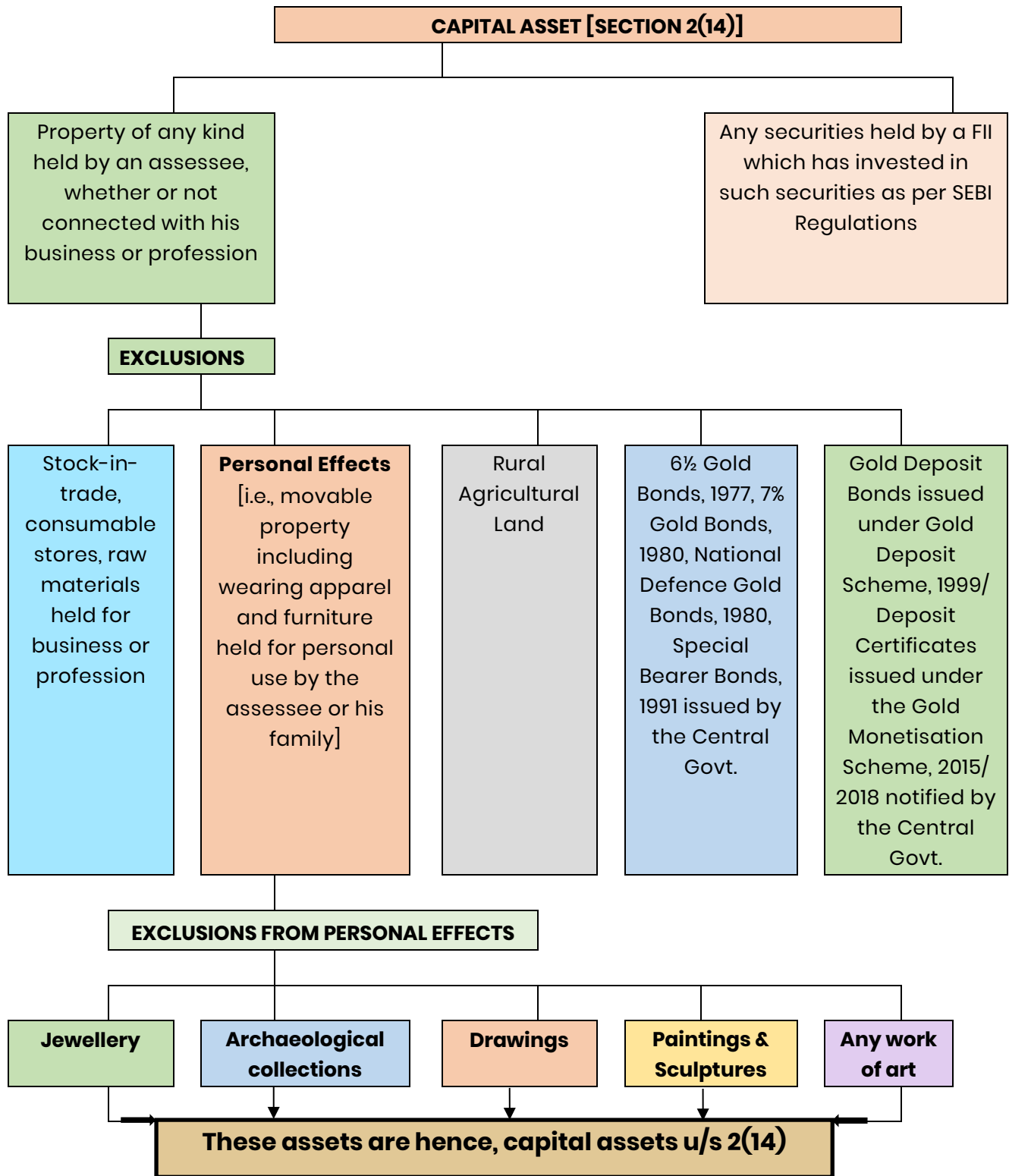


**Note** – Both Capital Gains and Business income are chargeable to tax in the year in which stock-in-trade is sold or otherwise transferred.

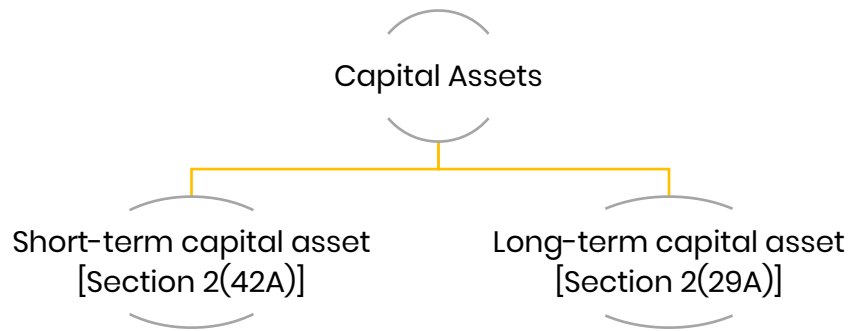
**COMPENSATION ON COMPULSORY ACQUISITION [SECTION 45(5)]**



**MEANING OF CAPITAL ASSET [SECTION 2(14)]**



**TYPE OF CAPITAL ASSET BASED ON PERIOD OF HOLDING**



**PERIOD OF HOLDING [In case transfer takes place before 23.7.2024]**

STCA, if held for ≤ 12 months	}	<ul style="list-style-type: none"> <li>• Security (other than unit) listed in a recognized stock exchange</li> <li>• Unit of equity oriented fund/ unit of UTI</li> <li>• Zero Coupon bond</li> </ul>
LTCA, if held for > 12 months		
STCA, if held for ≤ 24 months	}	<ul style="list-style-type: none"> <li>• Unlisted shares</li> <li>• Land or building or both</li> </ul>
LTCA, if held for > 24 months		
STCA, if held for ≤ 36 months	}	<ul style="list-style-type: none"> <li>• Unlisted securities other than shares</li> <li>• Other capital assets</li> </ul>
LTCA, if held for > 36 months		

**PERIOD OF HOLDING [In case transfer takes place on or after 23.7.2024]**

STCA, if held for ≤ 12 months	}	<ul style="list-style-type: none"> <li>• Security listed in a recognized stock exchange</li> <li>• Unit of equity oriented fund/ unit of UTI</li> <li>• Zero Coupon bond</li> </ul>
LTCA, if held for > 12 months		
STCA, if held for ≤ 24 months	}	<ul style="list-style-type: none"> <li>• Other capital assets</li> </ul>
LTCA, if held for > 24 months		

**Exceptions**

Capital gains from the transfer of following assets would always be short-term capital gains irrespective of the period of holding of such assets

Units of a specified mutual fund acquired on or after 1.4.2023

market linked debentures

unlisted bond and unlisted debenture which is transferred or redeemed or matures on or after 23.7.2024.

**MEANING OF TRANSFER [SECTION 2(47)]**

Transfer in relation to a capital asset includes the following types of transactions

- Sale, exchange or relinquishment of the asset
- Extinguishment of any rights therein
- Compulsory acquisition thereof under any law
- Conversion of a capital asset into stock-in-trade of a business
- Maturity or redemption of a zero coupon bond
- Possession of an immovable property in consideration of part-performance of a contract referred to in section 53A of the Transfer of Property Act, 1882.
- Transactions which have the effect of transferring or enabling the enjoyment of an immovable property.

**Transactions not regarded as transfer [Section 47]: Some Examples**

- Any distribution of capital assets on the total or partial partition of a HUF
- Any transfer of capital asset by an individual or HUF under a gift or will or an irrevocable trust (by any person upto A.Y. 2024-25)
- Any transfer of capital asset by a holding company to its 100% subsidiary Indian company or by a subsidiary company to its 100% holding Indian company
- Any transfer or issue of shares by the resulting company, in a scheme of demerger to the shareholders of the demerged company
- Any transfer by a shareholder in a scheme of amalgamation of shares held by him in the amalgamating company
- Any transfer by an individual of sovereign gold bonds issued by RBI by way of redemption

- Any transfer of a capital asset, being conversion of gold into Electronic Gold Receipt issued by a Vault Manager, or conversion of Electronic Gold Receipt into gold.
- Any transfer by way of conversion of bonds, debentures, debenture stock, deposit certificates of a company, into shares or debentures of that company.
- Any transfer by way of conversion of preference shares of a company into equity shares of that company
- Any transfer of a capital asset in a transaction of reverse mortgage under a scheme made and notified by the CG

## MODE OF COMPUTATION OF CAPITAL GAINS [SECTION 48]

Computation of Short-term capital gains		
Particulars	Amt (₹)	Amt (₹)
Full value of consideration received or accruing as a result of transfer	xxx	
<b>Less:</b> Expenditure incurred wholly and exclusively in connection with such transfer (for e.g., brokerage on sale) <i>Note: Deduction on account of STT paid will not be allowed</i>	xxx	
<b>Net Sale Consideration</b>		xxx
<b>Less:</b> Cost of acquisition	xxx	
Cost of improvement	xxx	xxx
However, the cost of acquisition of the asset or the cost of improvement thereto would not include the deductions claimed on account of interest u/s 24(b) or under the provisions of Chapter VI-A [i.e., under the provisions of sections 80EE/80EEA]		
<b>Short-term capital gain (STCG)</b>		xxx
<b>Less:</b> Exemption under section 54B/ 54D		xxx
<b>Short-term capital gain chargeable to tax</b>		<b>xxx</b>

Computation of Long-term Capital Gains		
Where transfer takes place before 23.7.2024		
Particulars	Amt (₹)	Amt (₹)
Full value of consideration received or accruing as a result of transfer	xxx	

<b>Less:</b> Expenditure incurred wholly and exclusively in connection with such transfer (for e.g., brokerage on sale) <i>Note: Deduction on account of STT paid will not be allowed</i>	xxx	
<b>Net Sale Consideration</b>		<b>xxx</b>
<b>Less:</b> Indexed cost of acquisition (ICOA)	xxx	
$\text{Cost of acquisition} \times \frac{\text{CII for the year in which the asset is transferred}}{\text{CII for the year in which the asset was first held by the assessee or P.Y. 2001-02, whichever is later}}$		
<i>Note: Benefit of indexation will, however, not be available in respect of LTCG taxable u/s 112A and LTCG from transfer of bonds or debentures (other than capital indexed bonds issued by the Government and sovereign gold bonds issued by RBI)</i>		
<b>Less:</b> Indexed cost of improvement (ICOI)	xxx	xxx
$\text{Cost of improvement} \times \frac{\text{CII for the year in which the asset is transferred}}{\text{CII for the year in which the improvement took place}}$		
However, cost of acquisition of the asset or the cost of improvement thereto would not include the deductions claimed in respect of interest u/s 24(b) or under the provisions of Chapter VI-A		
Long-term capital gains (LTCG)		xxx
<b>Less:</b> Exemption under sections 54/54B/54D/54EC/54F		xxx
<b>Long-term capital gains chargeable to tax</b>		<b>xxx</b>

<b>Computation of Long-term Capital Gains</b>		
<b>Where transfer takes place on or after 23.7.2024</b>		
<b>Particulars</b>	<b>Amt (₹)</b>	<b>Amt (₹)</b>
Full value of consideration received or accruing as a result of transfer	xxx	
<b>Less:</b> Expenditure incurred wholly and exclusively in connection with such transfer (for e.g., brokerage on sale) <i>Note: Deduction on account of STT paid will not be allowed</i>	xxx	
<b>Net Sale Consideration</b>		<b>xxx</b>

Less: Cost of acquisition (COA)	xxx	
Less: Cost of improvement (COI)	xxx	xxx
However, cost of acquisition of the asset or the cost of improvement thereto would not include the deductions claimed in respect of interest u/s 24(b) or under the provisions of Chapter VI-A		
Long-term capital gains (LTCG)		xxx
Less: Exemption under sections 54/54B/54D/54EC/54F		xxx
<b>Long-term capital gains chargeable to tax</b>		<b>xxx</b>

## COST OF ACQUISITION [SECTION 55]

Sl. No.	Nature of asset	Cost of acquisition
1	<p><b>Goodwill of business or profession,</b> trademark, brand name or any other intangible asset etc.,</p> <ul style="list-style-type: none"> <li>- Self generated</li> <li>- Acquired from previous owner</li> </ul> <p>However, in case of capital asset, being goodwill of a business or profession, in respect of which depreciation u/s 32(1) has been obtained by the assessee in any P.Y. (upto P.Y.2019-20)</p> <ul style="list-style-type: none"> <li>- became the property of the assessee by way of distribution of assets on total or partial partition of HUF, under a gift or will by an individual or HUF (by any person upto 31.3.2024, by succession, inheritance, distribution of assets on liquidation of a company, etc. and previous owner has acquired it by purchase</li> </ul> <p>However, in case of capital asset, being goodwill of a business or profession which was acquired by the previous owner by purchase and in respect of which depreciation u/s 32(1)</p>	<p>Nil</p> <p>Purchase price</p> <p>Purchase price as reduced by the total amount of depreciation obtained by the assessee under section 32(1).</p> <p>Purchase price for such previous owner</p> <p>Purchase price as reduced by the total amount of depreciation obtained by the assessee under section 32(1).</p>

	has been obtained by the assessee in any P.Y. (upto P.Y.2019-20) The cost of improvement of such assets would be Nil.	
<b>2. Bonus shares</b>	If bonus shares are allotted before 1.4.2001 If bonus shares are allotted on or after 1.4.2001	FMV on 1.4.2001 Nil
	Bonus shares allotted before 1.2.2018, on which STT has been paid at the time of transfer	The higher of – (i) Actual cost of acquisition (i.e., Nil, in case of bonus shares allotted on or after 1.4.2001; and FMV on 1.4.2001, in case of bonus shares allotted before 1.4.2001) (ii) Lower of – (a) FMV as on 31.1.2018; and (b) Actual sale consideration
<b>3. Rights Shares</b>		
	Original shares (which forms the basis of entitlement of rights shares)	Amount actually paid for acquiring the original shares
	Rights shares subscribed for by the assessee	Amount actually paid for acquiring the rights shares
	Rights entitlement (which is renounced by the assessee in favour of a person)	Nil
	Rights shares which are purchased by the person in whose favour the assessee has renounced the rights entitlement	Purchase price paid to the renouncer of rights entitlement as well as the amount paid to the Co. which has allotted the rights shares.
<b>4. Long term capital assets</b> being,	- <b>equity shares</b> in a company on which STT is paid both at the time of purchase and transfer or - <b>unit of equity oriented fund</b> on which STT is paid at the time of transfer.	Cost of acquisition shall be the higher of – (i) cost of acquisition of such asset; and (ii) lower of - the FMV of such asset on

	<b>acquired before 1st February, 2018</b>	31.1.2018; and - the full value of consideration received or accruing as a result of the transfer of the capital asset.
<b>5.</b>	<b>Any other capital asset</b> Where such capital asset became the property of the assessee before 1.4.2001	Cost of the asset to the assessee, or FMV as on 1.4.2001, at the option of the assessee. However, in case of capital asset being land or building, FMV as on 1.4.2001 shall not exceed stamp duty value as on 1.4.2001.
	Where capital assets became the property of the assessee by way of distribution of assets on total or partial partition of HUF, under a gift or will, by succession, inheritance by an individual or HUF (by any person upto 31.3.2024), distribution of assets on liquidation of a company, etc. and the capital asset became the property of the previous owner before 1.4.2001.	Cost to the previous owner or FMV as on 1.4.2001, at the option of the assessee. However, in case of capital asset being land or building, FMV as on 1.4.2001 shall not exceed stamp duty value as on 1.4.2001.
	<i>The provisions contained in (5) above shall also apply to the assets mentioned in (3) and (4) above.</i>	
<b>6.</b>	Cost of the property in the hands of previous owner <b>cannot be ascertained</b>	The FMV on the date on which the capital asset become the property of the previous owner would be considered as cost of acquisition.

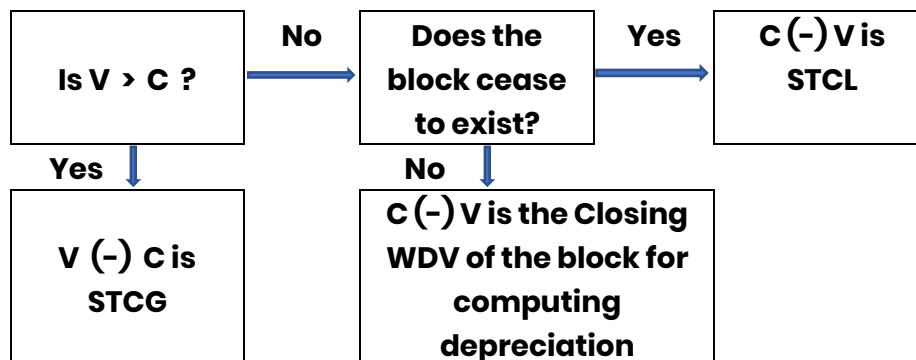
## COST OF IMPROVEMENT OF CERTAIN ASSETS [SECTION 55]

Sl. No.	Nature of asset	Cost of improvement
1	Goodwill or any other intangible asset of a business, right to manufacture, produce or process any article or thing, right to carry on any business or profession or any	Nil

	other right.	
2	Where the capital asset became the property of the previous owner or the assessee before 1-4-2001	All expenditure of a capital nature incurred in making any addition or alteration to the capital asset on or after 1.4.2001 by the previous owner or the assessee.
3	In relation to any other capital asset	All capital expenditure incurred in making additions or alterations to the capital asset on or after 1.4.2001 – - by the assessee after it became his property; and - by the previous owner [in a case where the assessee acquired the property by modes specified in section 49(1)].

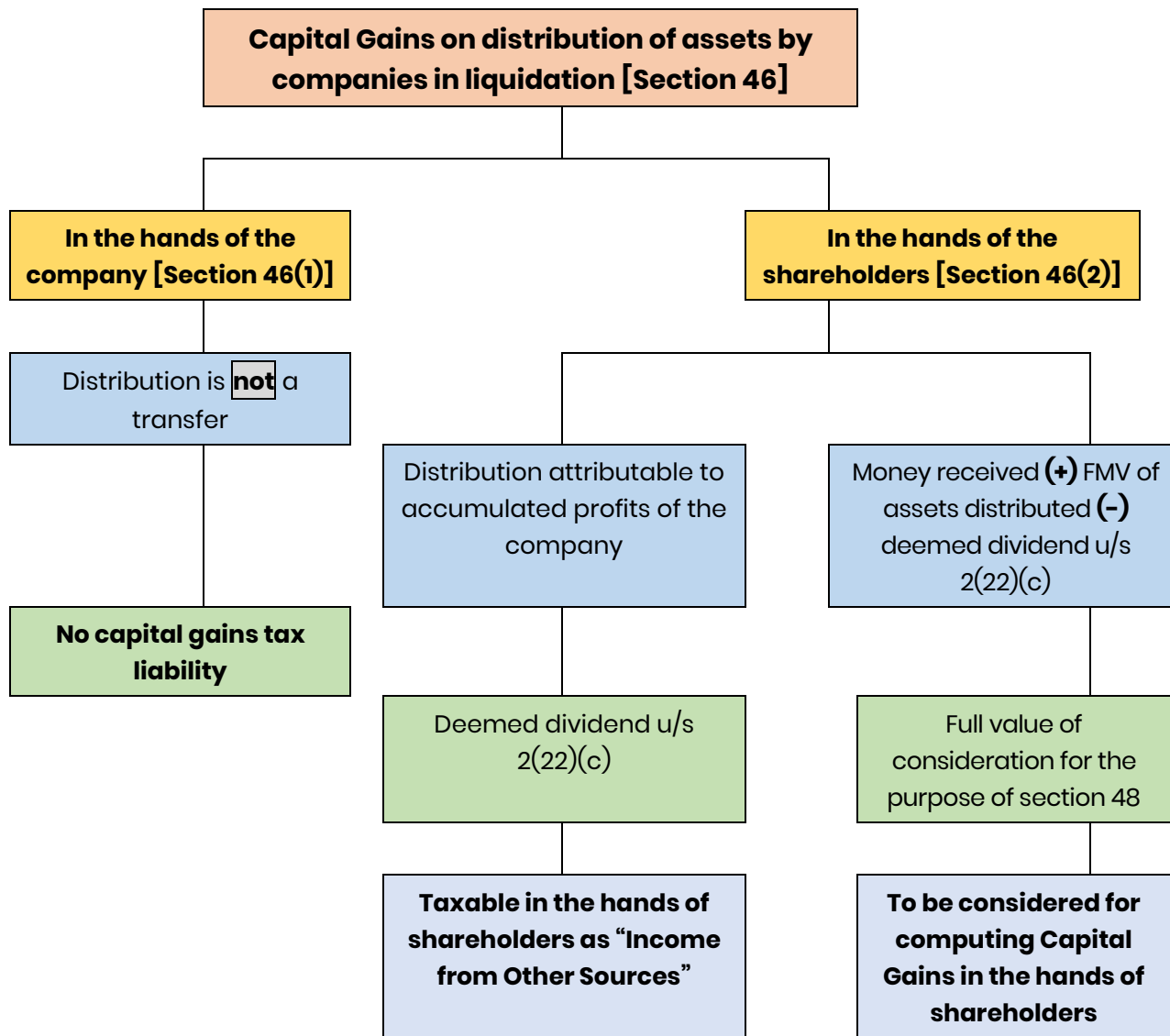
**Note** - However, cost of improvement does not include any expenditure which is deductible in computing the income chargeable under the head “Income from house property”, “Profits and gains of business or profession” or “Income from other sources”. Routine expenses on repairs and maintenance do not form part of cost of improvement.

**TRANSFER OF DEPRECIABLE ASSETS : TAX CONSEQUENCES**



<b>V</b> = Full value of consideration	<b>C</b> = Opening WDV of Block (+) Actual Cost of Asset acquired in the Block during the P.Y. (+) Expenses in connection with transfer of asset
----------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------

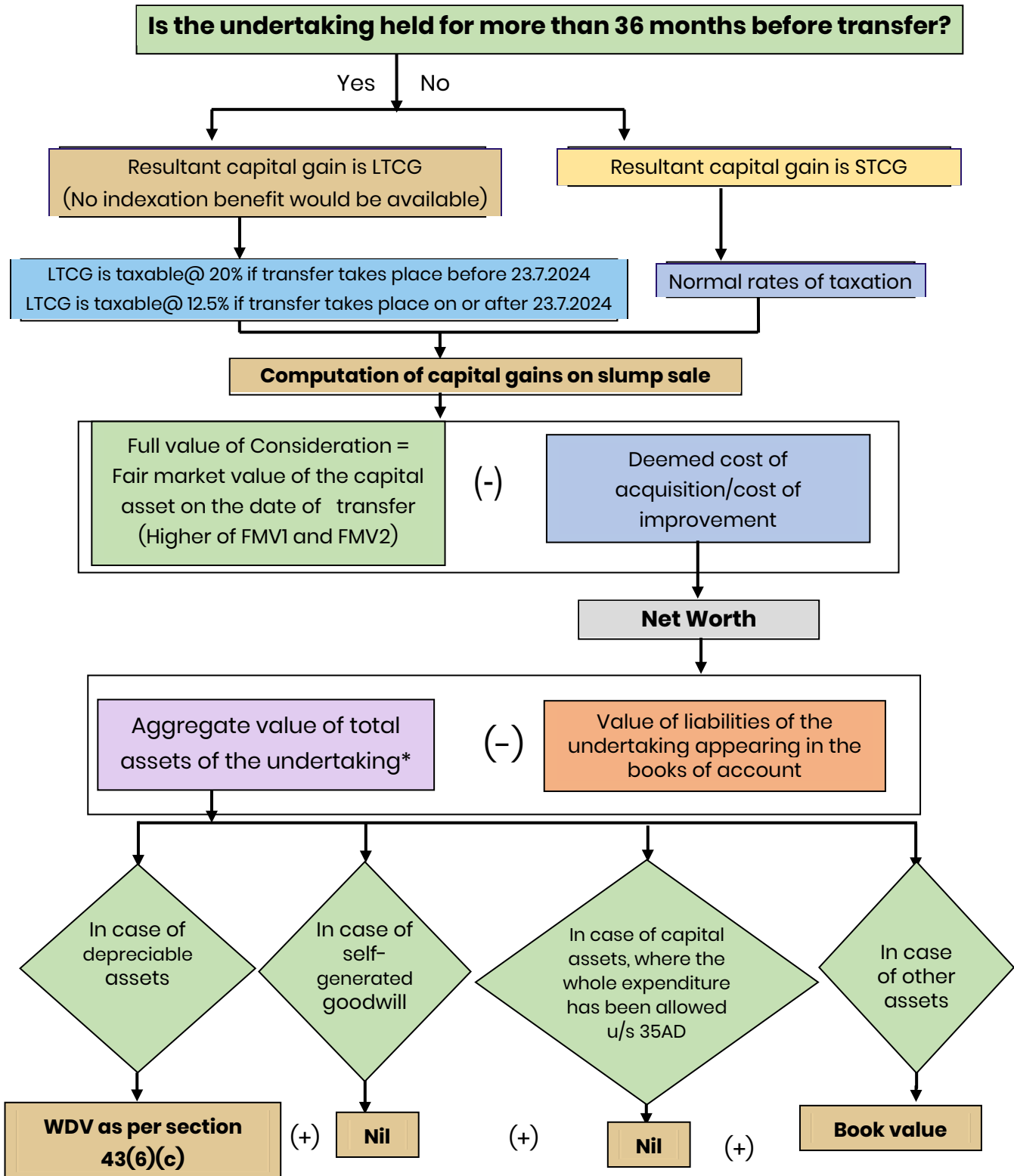
**CAPITAL GAINS ON DISTRIBUTION OF ASSETS BY COMPANIES IN LIQUIDATION [SECTION 46]**



**CAPITAL GAINS ON BUYBACK OF SHARES OR SPECIFIED SECURITIES [SECTION 46A]**

(1)	(2)		(3)	(4)
Taxability in the hands of	Buyback of shares by domestic companies		Buyback of shares by a company, other than a domestic company	Buyback of specified securities by any company
	Buy back effected before 1.10.2024	Buy back effected on or after 1.10.2024		
<b>Company</b>	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.	Not subject to tax in the hands of the company.
<b>Shareholder/holder of specified securities</b>	Income arising to shareholder exempt under section 10(34A)	Income arising to shareholder would be treated as dividend and no deduction would be available against such dividend. Consequently, value of consideration received by shareholder on buyback would be Nil.	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.

**CAPITAL GAINS ON SLUMP SALE OF AN UNDERTAKING [SECTION 50B]**



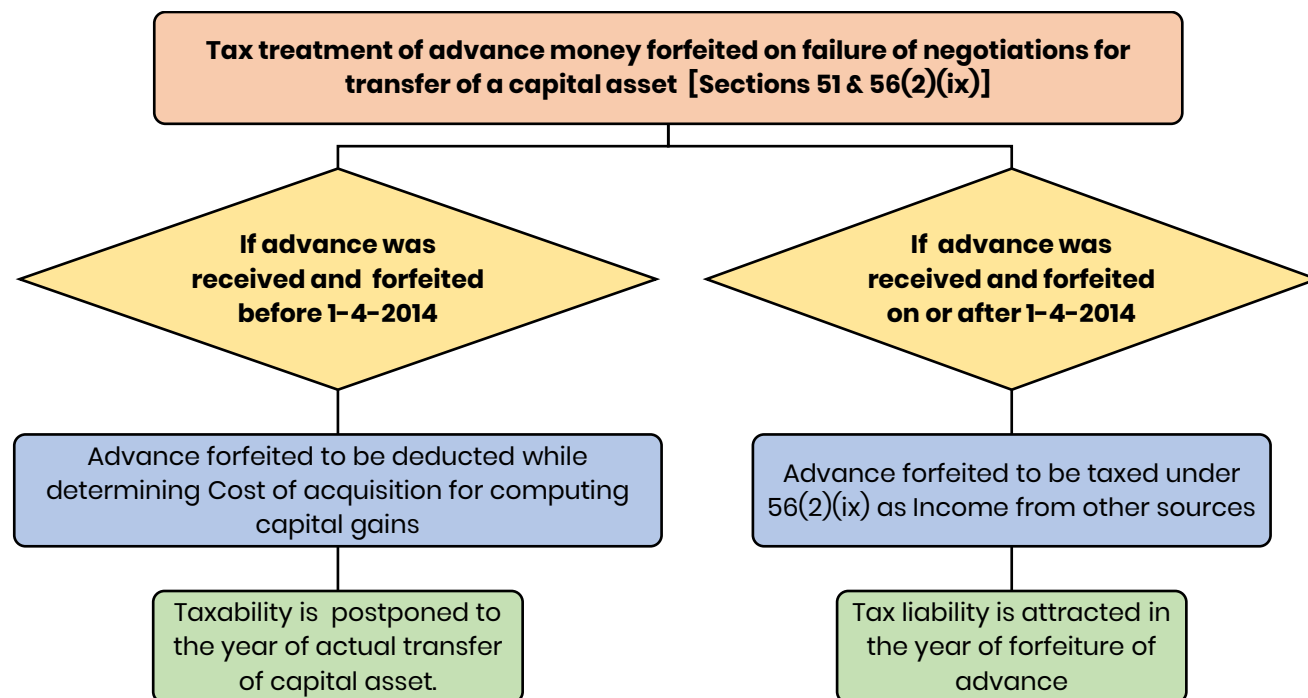
\* Ignore revaluation effect

**COMPUTATION OF CAPITAL GAINS ON SALE OF LAND OR BUILDING OR BOTH [SECTION 50C]**

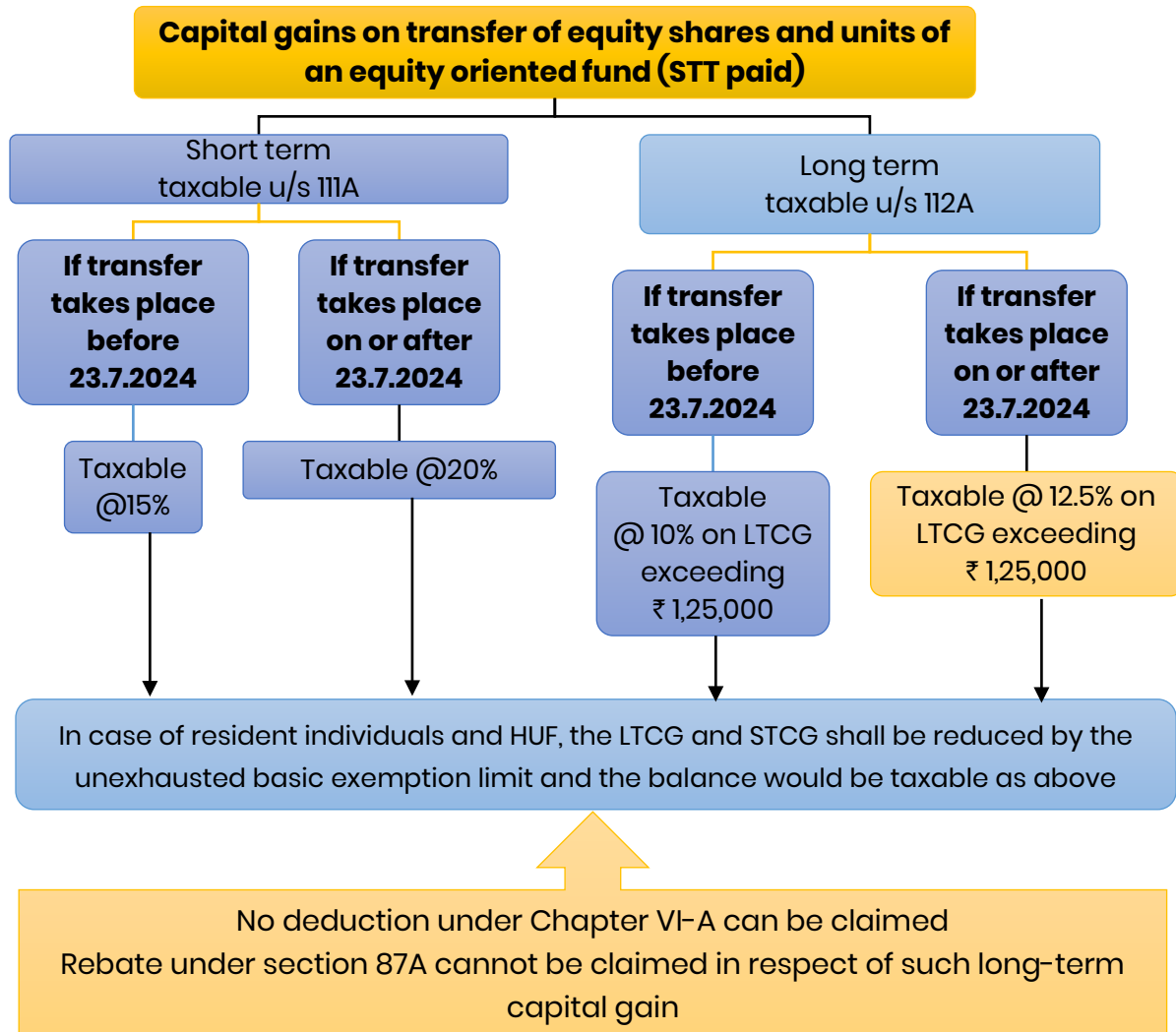
Sl. No.	Condition	Deemed Sale Consideration
1.	<b>Stamp Duty Value &gt; Actual Consideration</b> If Stamp Duty Value > <b>110%</b> of actual consideration If Stamp Duty Value ≤ <b>110%</b> of actual sale consideration	Stamp Duty Value Actual sale consideration
2.	Actual Consideration > Stamp Duty Value	Actual Sale Consideration
3.	Value ascertained by Valuation Officer > Stamp Duty Value	Stamp Duty Value
4.	Value ascertained by Valuation Officer < Stamp Duty Value	Value ascertained by Valuation Officer

**Note** – If the date of agreement is different from the date of transfer, stamp duty value on the date of agreement can be considered, if whole or part of the consideration is received by way of account payee cheque/bank draft or ECS or prescribed electronic modes (IMPS, UPI, RTGS, NEFT, Net banking, debit card, credit card or BHIM Aadhar Pay) on or before the date of agreement. Otherwise, stamp duty value on the date of transfer has to be considered.

**ADVANCE MONEY RECEIVED AND FORFEITED UPTO 31.3.2014**



**TAX ON CAPITAL GAINS IN RESPECT OF EQUITY SHARES AND UNITS OF AN EQUITY ORIENTED FUND**



**TAX ON LONG-TERM CAPITAL GAINS [SECTION 112]**

	Long-term capital asset (LTCA)	Rate of tax
<b>I. Where transfer takes place before 23.7.2024</b>		
(i)	Unlisted securities, or shares of a closely held company	<b>Non-corporate non-resident/ foreign company</b> - 10% without the benefit of indexation and foreign currency fluctuation <b>Other Assesseees</b> - 20% with indexation benefit
(ii)	Listed securities (other than a unit) or a zero-coupon bond	- 10% without indexation <b>or</b> - 20% with indexation benefit whichever is more beneficial to the assessee

<b>(iii)</b>	Other Assets (other than taxable u/s 112A)	- 20% with indexation benefit
<b>II.</b>	<b>Where transfer takes place on or after 23.7.2024</b>	
<b>(i)</b>	Land or building or both if acquired before 23.7.2024	<b>Individual or HUF, being a resident</b> – 12.5% without indexation or 20% with indexation benefit, whichever is more beneficial to the assessee <b>Other Assesseees</b> – 12.5% without indexation
<b>(ii)</b>	- Land or building or both if acquired on or after 23.7.2024 <b>or</b> Other Assets (other than taxable u/s 112A)	12.5% without indexation [In case of non-residents, LTCG on transfer of unlisted securities, or shares of a closely held company, would be taxable @12.5% without indexation and foreign currency fluctuation]

**Notes**

Unexhausted basic exemption limit can be exhausted against LTCG taxable u/s 112 by an **Individual or HUF (Resident)**



No deduction under Chapter VI-A can be claimed

**EXEMPTION OF CAPITAL GAINS [SECTIONS 54 TO 54F]**

S. No.	Particulars	Section 54	Section 54B	Section 54D	Section 54EC	Section 54F
<b>1</b>	<b>Eligible Assessee</b>	Individual/HUF	Individual/HUF	Any assessee	Any assessee	Individual/HUF
<b>2</b>	<b>Asset transferred</b>	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
<b>3</b>	<b>Other Conditions</b>	Income from such house should be chargeable under the head "Income from house	Land should be used for agricultural purposes by assessee or his parents or HUF for 2 years	Land & building have been used for business of undertaking for at least 2 years immediately	-	Assessee should <b>not</b> own more than one residential house on the date of transfer. He

		property”	immediately preceding the date of transfer	preceding the date of transfer. The transfer should be by way of compulsory acquisition of the industrial undertaking		should <b>not</b> purchase within 2 years or construct within 3 years after the date of transfer, another residential house.
<b>4</b>	<b>Qualifying asset i.e., asset in which capital gains has to be invested</b>	One Residential House situated in India/Two residential houses in India, at the option of the assessee, where capital gains do <b>not</b> exceed ₹ 2 crores	Land for being used for agricultural purpose (Urban/Rural)	Land or Building or right in land or building	Bonds of NHA or RECL or any other bond notified by C.G. (Redeemable after 5 years)	One Residential House situated in India
<b>5</b>	<b>Time limit for purchase/construction</b>	Purchase within 1 year before or 2 years after the date of transfer <b>(or)</b> 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 <b>(or)</b> Construct within 3 years after the date of transfer
<b>6</b>	<b>Amount of Exemption</b>	Cost of new Residential House or two	Cost of new Agricultural Land or	Cost of new asset or Capital Gain,	Capital Gain or amount invested in	Cost of new Residential House $\geq$ Net

		houses, as the case may be or Capital Gain, whichever is lower, is exempt. However, if the cost of new residential house exceeds ₹ 10 crores, the amount exceeding ₹ 10 crores would not be taken into account for exemption. The maximum exemption that can be claimed by the assessee is ₹ 10 crores.	Capital Gain, whichever is lower, is exempt	whichever is lower.	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.	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 crores, the amount exceeding ₹ 10 crores would not be taken into account for exemption.
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## INCOME FROM OTHER SOURCES

Income chargeable under the head "Income from Other Sources" [Section 56]:  
Some example

- Dividend Income
- Casual Income (winnings from lotteries, crossword puzzles, races including horse races, card games and other games, gambling, betting etc.)
- Interest received on compensation/ enhanced compensation deemed to be income in the year of receipt
- Advance forfeited due to failure of negotiations for transfer of a capital asset
- Sum of money or property received by any person
- Sum received, including the amount allocated by way of bonus, under a LIP other than under a ULIP and keyman insurance policy, which is not exempt under section 10(10D)
- Interest on securities
- Any income chargeable to tax under the Act, but not falling under any other head of income

### SUM OF MONEY OR PROPERTY RECEIVED BY ANY PERSON [SECTION 56(2)(x)]

	Nature of asset	Taxable value
1	Money	The whole amount if the same exceeds ₹ 50,000.
2	Movable property	<p><b>(i) Without consideration:</b> The aggregate fair market value of the property, if it exceeds ₹ 50,000.</p> <p><b>(ii) Inadequate consideration:</b> The difference between the aggregate fair market value and the consideration, if such difference exceeds ₹ 50,000.</p>
3	Immovable property	<p><b>(i) Without consideration:</b> The stamp value of the property, if it exceeds ₹ 50,000.</p>

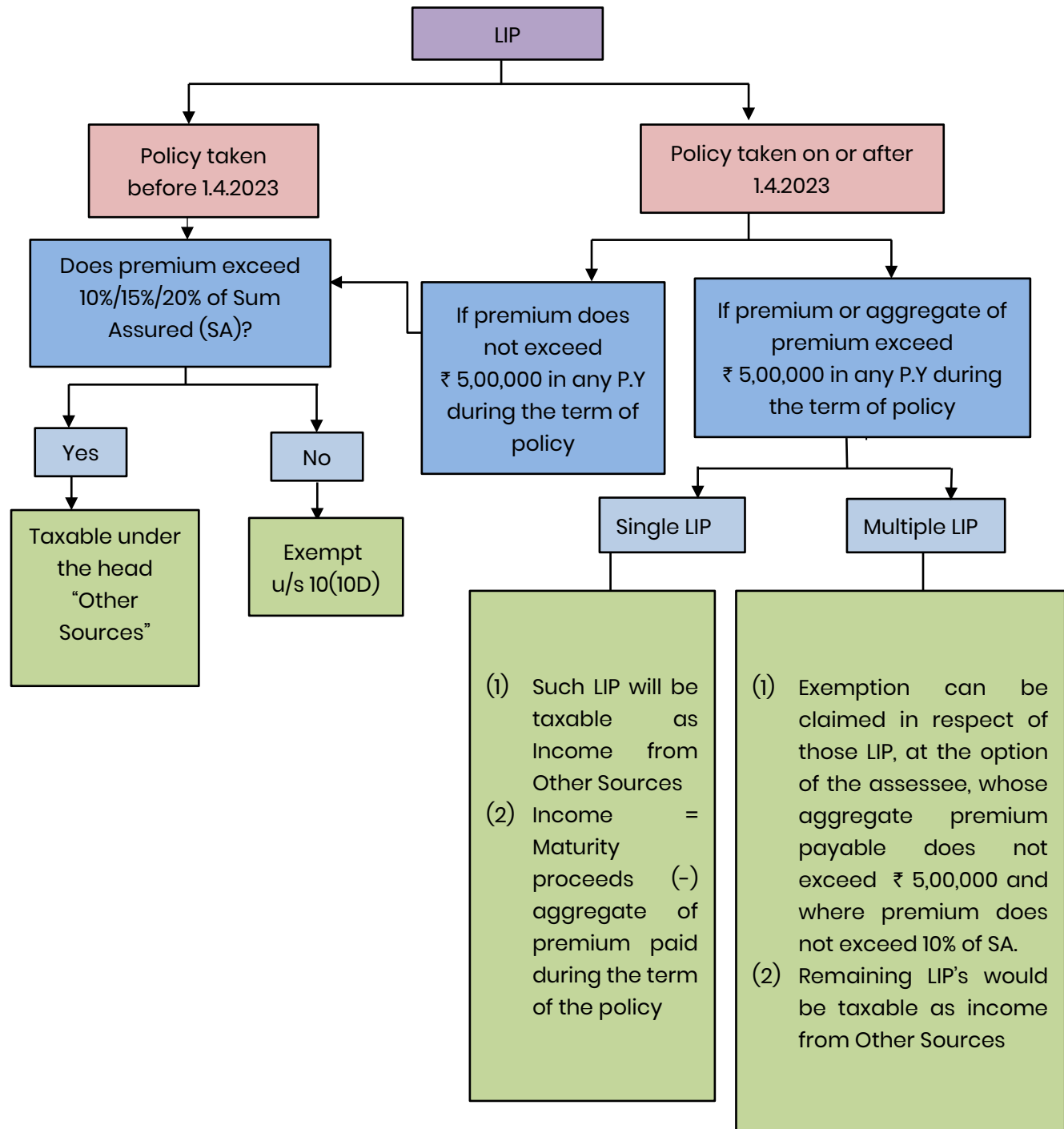
**(ii) Inadequate consideration:**

The difference between the stamp duty value and the consideration, if such difference is more than the higher of ₹ 50,000 and 10% of consideration.

**However, any sum of money or value of property received in the following circumstances would be outside the ambit of section 56(2)(x)**

- (i) from any relative; or
- (ii) on the occasion of the marriage of the individual; or
- (iii) under a will or by way of inheritance; or
- (iv) in contemplation of death of the payer or donor, as the case may be; or
- (v) from any local authority; or
- (vi) from any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution; or
- (vii) from or by any trust or institution registered; or
- (viii) by any fund or trust or institution or any university or other educational institution or any hospital or other medical institution; or
- (ix) by way of transaction not regarded as transfer under specified clauses of section 47; or
- (x) from an individual by a trust created or established solely for the benefit of relative of the individual; or
- (xi) by an individual, from any person, in respect of any expenditure actually incurred by him on his medical treatment or treatment of any member of his family, for any illness related to COVID-19 subject to conditions notified by the Central Government; or
- (xii) by a member of the family of a deceased person from the employer of the deceased person (without any limit); or from any other person or persons to the extent that such sum or aggregate of such sums  $\leq$  ₹ 10 lakhs, where the cause of death of such person is illness related to COVID-19 and the payment is received within 12 months from the date of death of such person; and subject to such other conditions notified by the Central Government; or
- (xiii) from such class of persons and subject to such conditions, as may be prescribed.

**SUM RECEIVED, INCLUDING THE AMOUNT ALLOCATED BY WAY OF BONUS, UNDER A LIFE INSURANCE POLICY (LIP) OTHER THAN UNDER A ULIP AND KEYMAN INSURANCE POLICY, WHICH IS NOT EXEMPT UNDER SECTION 10(10D)**



## TAXATION OF CERTAIN INCOMES

Income	Winnings from lotteries, crossword puzzles, races including horse races, card games and other games, gambling, betting etc. (other than winning from any online game)	Unexplained cash credits/ investments/ money, bullion, jewellery etc./ expenditure, etc.	Net winnings from online games
<b>Section</b>	<b>115BB</b>	<b>115BBE</b>	<b>115BBJ</b>
<b>Tax rate</b>	30% of such winnings (further increased by surcharge, if applicable, and health and education cess@4%)	60% of such income plus surcharge @25% of tax (Effective rate of tax is 78%, including health and education cess@4%)	30% of net winnings from online game (further increased by surcharge, if applicable, and health and education cess@4%)
<b>Other conditions</b>	<ul style="list-style-type: none"> <li>➤ No expenditure or allowance can be allowed from such income.</li> <li>➤ Deduction under Chapter VI-A is not allowable from such income.</li> <li>➤ Adjustment of unexhausted basic exemption limit is also not permitted against such income.</li> <li>➤ Set-off of losses is not permissible against such income.</li> </ul>		

## DEDUCTIONS ALLOWABLE [SECTION 57]

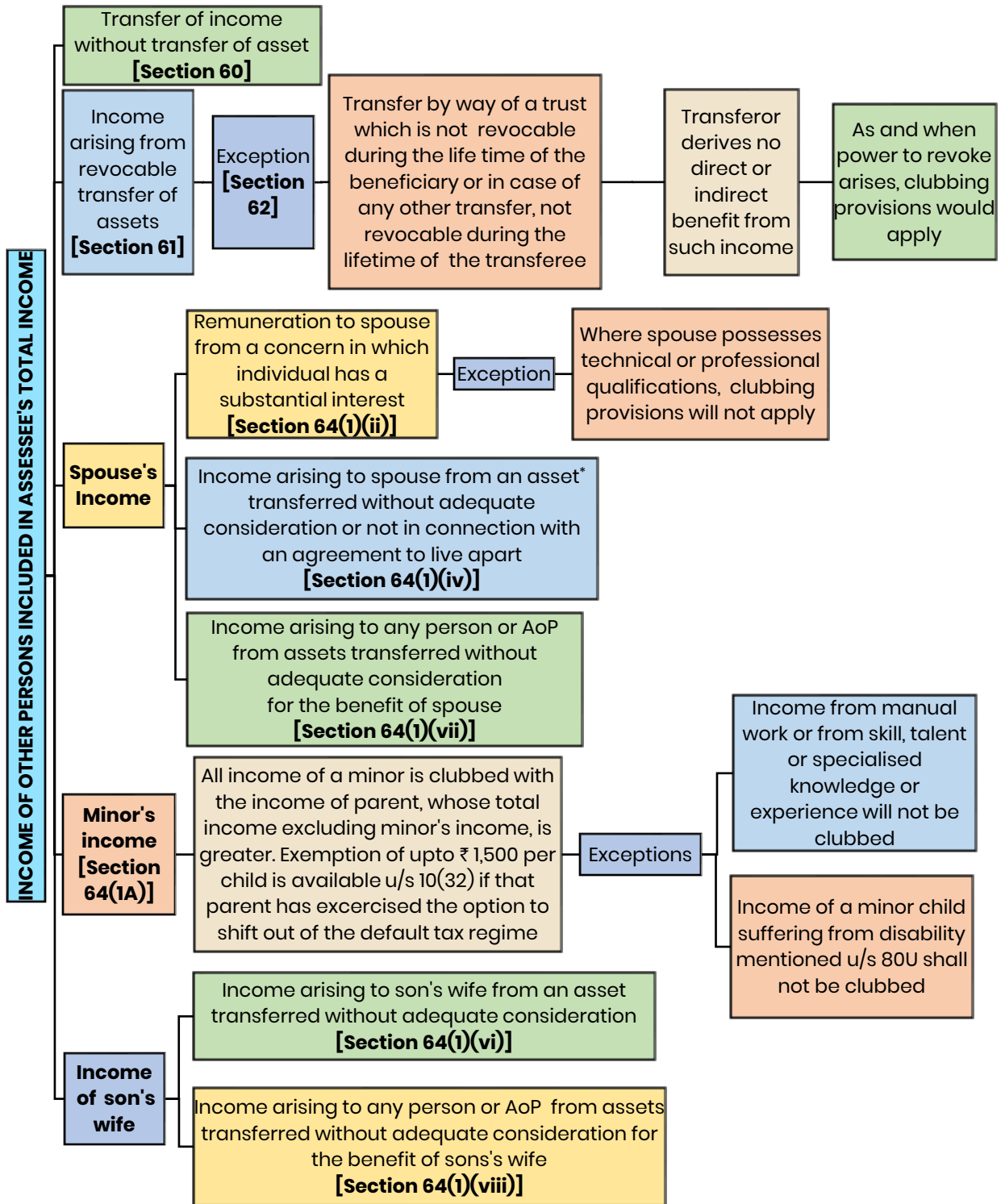
S. No.	Particulars	Deduction
1.	In case of dividend or income in respect of units of mutual fund or income in respect of units from a specified company	Interest expenditure to earn such income. However, such interest expenses cannot exceed 20% of such income included in total income, without deduction under this section.
2.	In case of interest on securities	Any reasonable sum paid by way of commission or remuneration to a banker or any other person.

3.	Income consists of recovery from employees as contribution to any PF, superannuation fund etc.	Amount of contribution remitted before the due date under the respective Acts, in accordance with the provisions of section 36(1)(va).
4.	Income from letting on hire of machinery, plant and furniture, with or without building	Current repairs to the machinery, plant, furniture or building, insurance premium, depreciation/ unabsorbed depreciation.
5.	Family Pension	Sum equal to - 33 ⅓% of such income or - ₹ 15,000 (in case of optional tax regime) or ₹ 25,000 (in case of default tax regime), whichever is less.
6.	Interest on compensation/ enhanced compensation received	50% of such interest income.

### DEDUCTIONS NOT ALLOWABLE [SECTION 58]

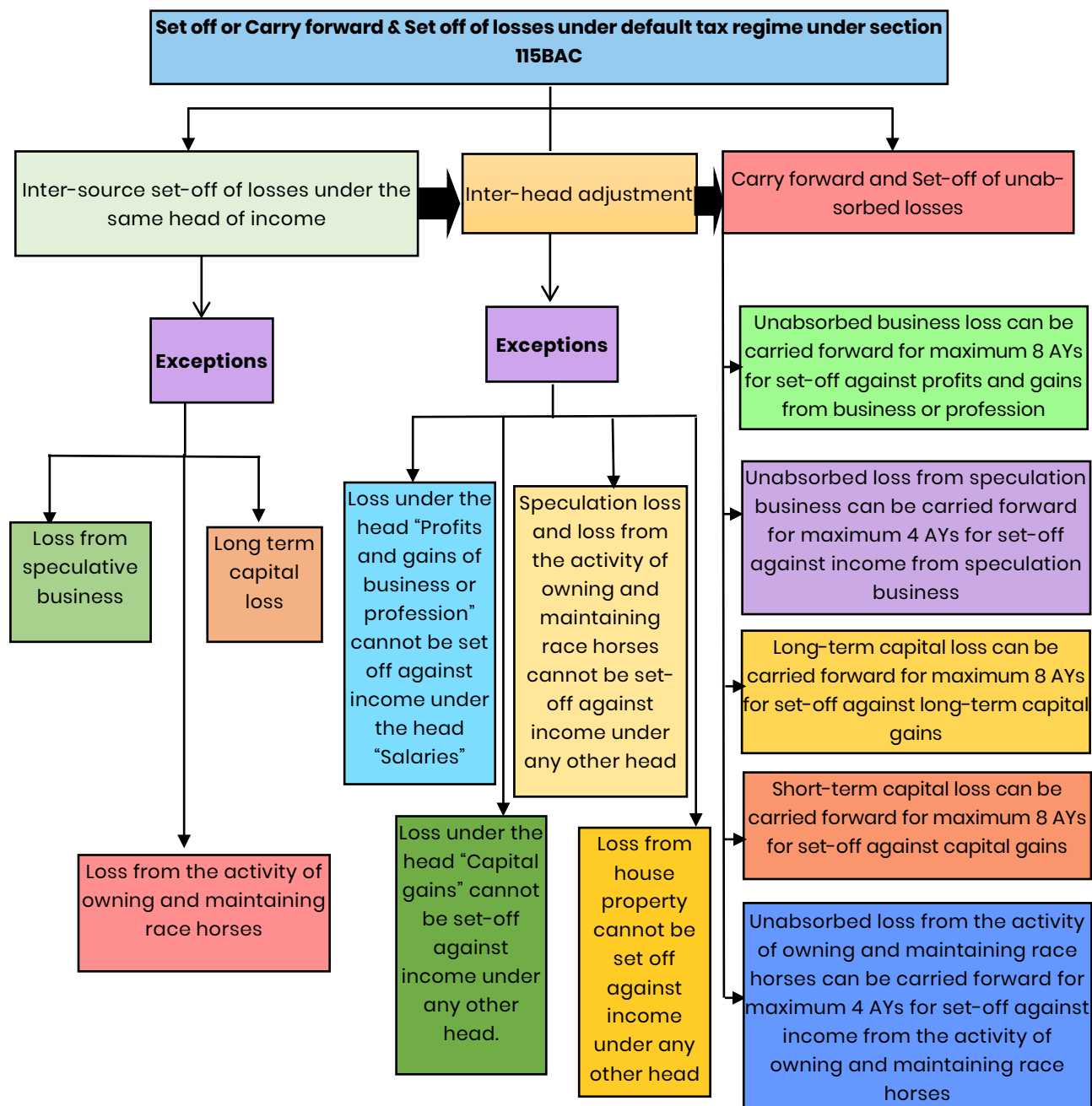
S. No.	Deductions not allowable
1.	Any personal expense of the assessee.
2.	Any interest chargeable to tax under the Act which is payable outside India on which tax has not been paid or deducted at source.
3.	Any payment chargeable to tax under the head "Salaries", if it is payable outside India unless tax has been paid thereon or deducted at source.
4.	Any expenditure in respect of which a payment or aggregate payments exceeding ₹ 10,000 is made to a person in 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.
5.	30% of expenditure in respect of sum which is payable to a resident on which tax is deductible at source, if such tax has not been deducted or after deduction has not been paid on or before the due date of return specified in section 139(1).
6.	Expenditure incurred in connection with casual income.

# CLUBBING PROVISIONS



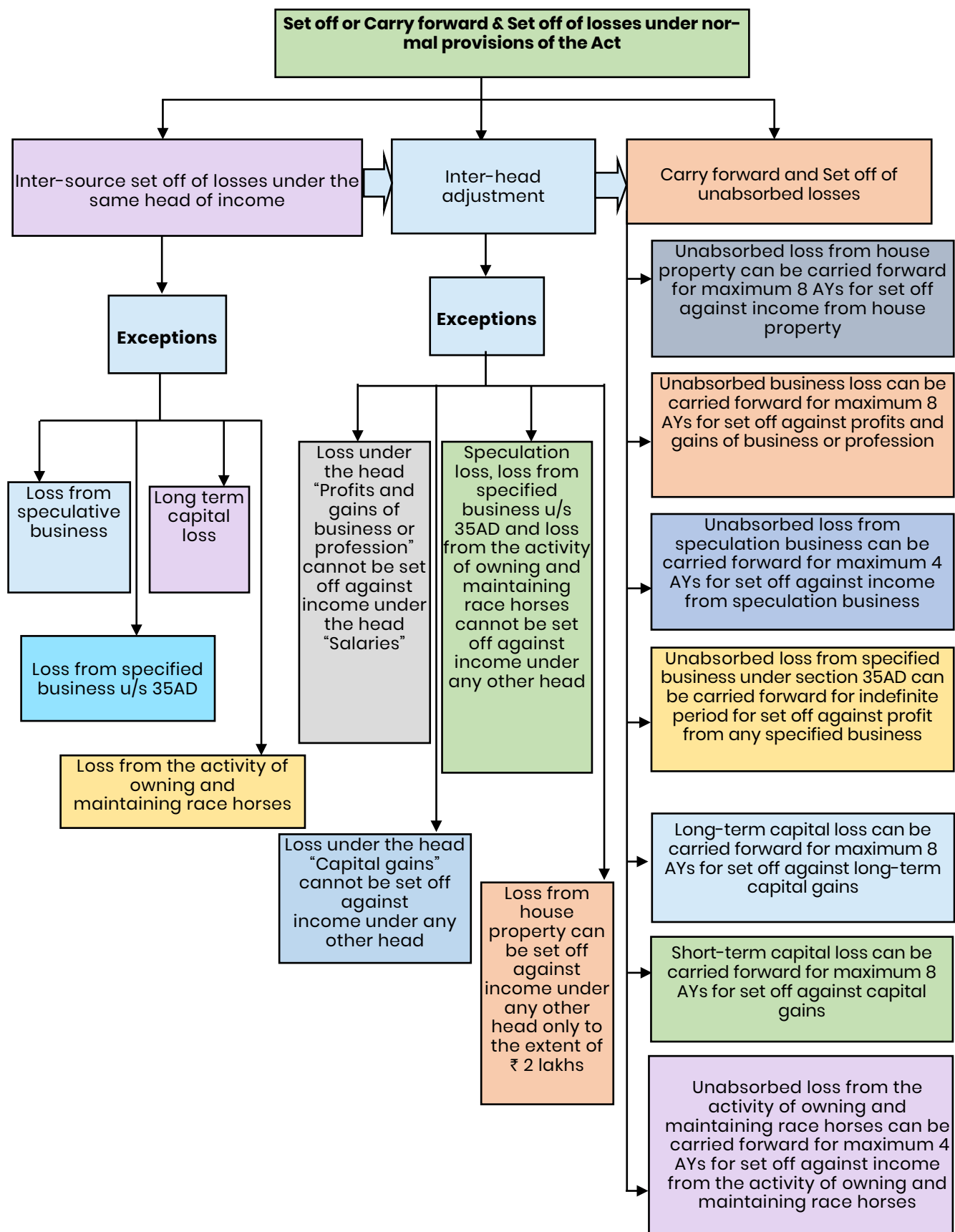
\* In case of transfer of house property to spouse without adequate consideration, transferor will be deemed as owner of such property as per section 27(i). In such a case, section 64(1)(iv) will not apply.

# SET OFF OR CARRY FORWARD & SET OFF OF LOSSES

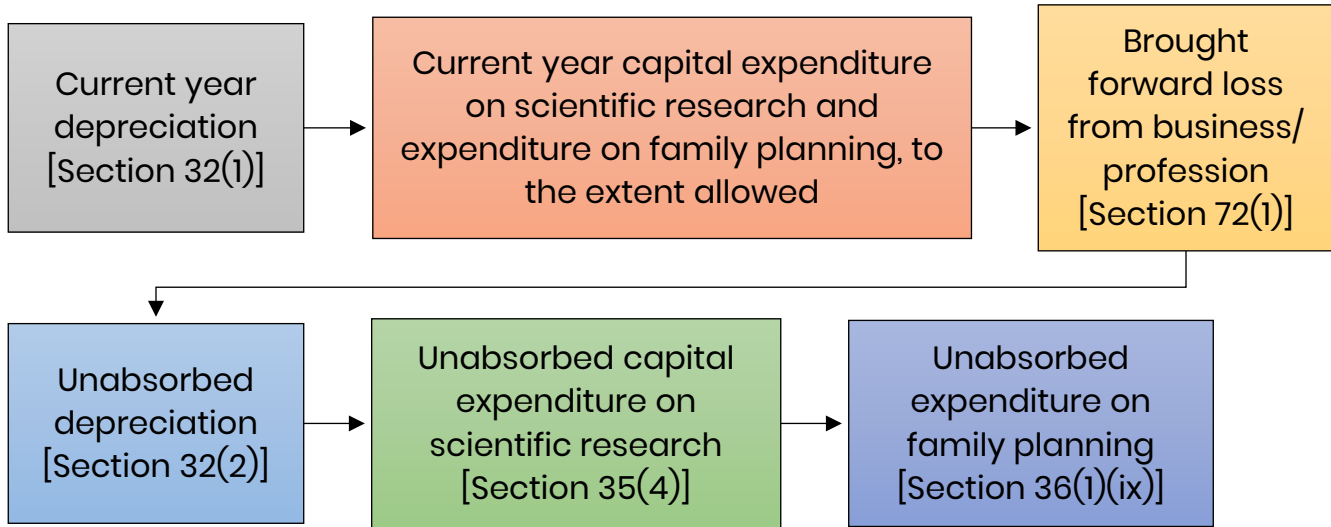
**Note -**

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).



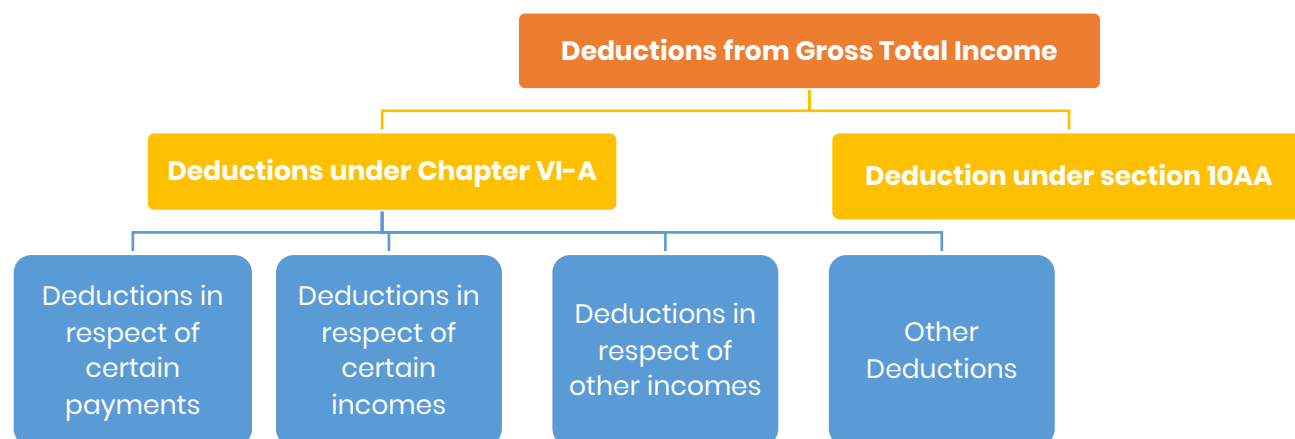
Order of set off



As per section 80, filing of loss return under section 139(3) within the due date specified under section 139(1) is mandatory for carry forward of the above losses except loss from house property (in case of normal provisions of the Act) and unabsorbed depreciation.



## DEDUCTIONS FROM GROSS TOTAL INCOME



### DEDUCTIONS IN RESPECT OF CERTAIN PAYMENTS

Section	Eligible Assessee	Eligible Payments	Permissible Deduction
<b>80C</b>	Individual or HUF	<p><b>Contribution to PPF, Payment of LIC premium, etc.</b></p> <p>Sums paid or deposited in the previous year by way of</p> <ul style="list-style-type: none"> <li>- Life insurance premium</li> <li>- Contribution to PPF / SPF/ RPF and approved superannuation fund</li> <li>- Repayment of housing loan taken from Govt., bank, LIC, specified employer etc.</li> <li>- Tuition fees to any Indian university, college, school for full-time education of any two children</li> <li>- Term deposit for a fixed period of not less than 5 years with schedule bank</li> </ul>	<p>Sum paid or deposited, subject to a maximum of ₹ 1,50,000</p> <p>[Deduction would be available only if the individual/HUF exercises the option of shifting out of the default tax regime provided u/s 115BAC(1A)]</p>

Section	Eligible Assessee	Eligible Payments	Permissible Deduction
		<ul style="list-style-type: none"> <li>- Subscription to notified bonds of NABARD</li> <li>- Five year post office time deposit</li> <li>- Senior Citizen's Savings Scheme Account etc.</li> <li>- Contribution by Central Government employee to additional account (Tier II A/c) of NPS referred to u/s 80CCD</li> </ul>	
<b>80CCC</b>	Individual	<p><b>Contribution to certain pension funds</b></p> <p>Any amount paid or deposited to keep in force a contract for any annuity plan of LIC of India or any other insurer for receiving pension from the fund.</p>	<p>Amount paid or deposited, subject to a maximum of ₹ 1,50,000</p> <p>[Deduction would be available only if the individual exercises the option of shifting out of the default tax regime provided u/s 115BAC(1A)]</p>
<b>80CCD</b>	Individuals employed by the Central Government or any other employer; Any other individual assessee	<p><b>Contribution to Pension Scheme of Central Government</b></p> <p>An individual employed by the Central Government on or after 1.1.2004 or any other employer or any other assessee, being an individual, who has paid or deposited any amount in his account under a notified pension scheme [to his individual pension account [Tier I A/c] under National Pension Scheme &amp; Atal Pension Yojana]</p>	<p><b>Employee's Contribution/ Individual's Contribution</b></p> <p>In case of a salaried individual, deduction of own contribution u/s 80CCD(1) is restricted to 10% of his salary. In any other case, deduction u/s 80CCD(1) is restricted to 20% of gross total income. Further, additional deduction of upto ₹ 50,000 is available u/s 80CCD(1B). [Deduction u/s 80CCD(1) and 80CCD(1B) would be available only if the individual exercises the option of shifting out of the</p>

Section	Eligible Assessee	Eligible Payments	Permissible Deduction
			<p>default tax regime provided u/s 115BAC(1A)]</p> <p><b>Employer's Contribution</b> The entire employer's contribution would be included in the salary of the employee. The deduction of employer's contribution under section 80CCD(2) would be restricted to 14% of salary, where the employer is the Central Government or State Government; and 10% of salary (14% under default tax regime), in case of any other employer. [Deduction u/s 80CCD(2) would be available irrespective of the regime under which he pays tax.]</p>
<p><b>Note</b> – As per section 80CCE, maximum permissible deduction u/s 80C, 80CCC &amp; 80CCD(1) is ₹ 1,50,000. However, the limit ₹ 1,50,000 u/s 80CCE does not apply to deduction u/s 80CCD(2) and 80CCD(1B).</p>			
<b>80CCH</b>	Individual	<p><b>Contribution to Agniveer Corpus Fund</b> An individual enrolled in the Agnipath Scheme and subscribing to the Agniveer Corpus Fund on or after 1.11.2022, who has paid or deposited any amount in his account in the Agniveer Corpus Fund</p>	<p><b>Individual's Contribution</b> Whole of the amount paid or deposited [Deduction would be available only if the individual exercises the option of shifting out of the default tax regime provided under section 115BAC(1A)]</p> <p><b>Central Government's Contribution</b> The entire Central Government's contribution to the Agniveer Corpus Fund</p>

Section	Eligible Assessee	Eligible Payments	Permissible Deduction				
			would be included in the salary of the assessee. Thereafter, deduction u/s 80CCH(2) would be available for the same. [Deduction u/s 80CCH(2) would be available irrespective of the regime under which he pays tax]				
<b>80D</b>	Individual and HUF	<p><b>Medical Insurance Premium</b></p> <p>(1) Any premium paid, otherwise than by way of cash, to keep in force an insurance on the health of—</p> <table border="1"> <tr> <td><b>in case of an individual</b></td> <td>self, spouse and dependent children</td> </tr> <tr> <td><b>in case of HUF</b></td> <td>family member</td> </tr> </table> <p>(2) In case of an individual, contribution, otherwise than by way of cash, to CGHS or any other scheme as notified by Central Government.</p> <p>(3) Any premium paid, otherwise than by way of cash, to keep in force an insurance on the health of parents, whether or not dependent on the individual.</p> <p><b>Notes:</b></p> <p>(i) Any amount paid, otherwise than by way of</p>	<b>in case of an individual</b>	self, spouse and dependent children	<b>in case of HUF</b>	family member	<p>Maximum ₹ 25,000 (₹ 50,000, in case the individual or his or her spouse is a senior citizen)</p> <p>Maximum ₹ 25,000 (₹ 50,000, in case either or both of the parents are senior citizen(s))</p> <p>Amount paid subject to a cap of ₹ 50,000 (in case one</p>
<b>in case of an individual</b>	self, spouse and dependent children						
<b>in case of HUF</b>	family member						

Section	Eligible Assessee	Eligible Payments	Permissible Deduction
		<p>cash, on account of medical expenditure incurred on the health of the assessee or his family member or his parent, who is a senior citizen and no amount has been paid to effect or to keep in force an insurance on the health of such person.</p> <p>(ii) Payment, including cash payment, for preventive health check up of himself, spouse, dependent children and parents.</p> <p>(iii) In case where medical premium is paid lumpsum for more than one year</p>	<p>parent is a senior citizen, in respect of whom insurance premium is paid, and the other is a senior citizen on whom medical expenditure is incurred, the total deduction cannot exceed ₹ 50,000)</p> <p>Amount paid subject to a cap of ₹ 5,000, in aggregate (subject to the overall individual limits of ₹ 25,000/ ₹ 50,000, as the case may be)</p> <p>Deduction for each of the relevant previous year = 1/number of relevant previous year Relevant previous year means previous year in which such lumpsum is paid and the subsequent previous years during which the insurance would be in force. [Deduction would be available only if the individual/HUF exercises the option of shifting out of the default tax regime provided u/s 115BAC(1A)]</p>
<b>80DD</b>	Resident Individual or HUF	<p><b>Maintenance including medical treatment of a dependant disabled</b></p> <p>Any amount incurred for the medical treatment (including</p>	<p>Flat deduction of ₹ 75,000.</p> <p>In case of severe disability (i.e., person with 80% or more disability) the flat deduction shall be ₹ 1,25,000.</p>

Section	Eligible Assessee	Eligible Payments	Permissible Deduction						
		<p>nursing), training and rehabilitation of a dependent disabled <b>and / or</b> Any amount paid or deposited under the scheme framed in this behalf by the LIC or any other insurer or Administrator or Specified Company and approved by Board.</p> <p><b>Meaning of Dependant</b></p> <table border="1"> <thead> <tr> <th>(1) In case of</th> <th>(2) Dependant</th> </tr> </thead> <tbody> <tr> <td><b>An individual</b></td> <td>Spouse, children, parents, brothers, sisters</td> </tr> <tr> <td><b>A HUF</b></td> <td>Any member</td> </tr> </tbody> </table> <p>Persons mentioned in column (2) should be wholly or mainly dependant on the person mentioned in corresponding column (1) for support and maintenance. Such persons should not have claimed deduction under section 80U in computing total income of that year.</p>	(1) In case of	(2) Dependant	<b>An individual</b>	Spouse, children, parents, brothers, sisters	<b>A HUF</b>	Any member	[Deduction would be available only if the individual/HUF exercises the option of shifting out of the default tax regime provided u/s 115BAC(1A)]
(1) In case of	(2) Dependant								
<b>An individual</b>	Spouse, children, parents, brothers, sisters								
<b>A HUF</b>	Any member								
<b>80DDB</b>	Resident Individual or HUF	<p><b>Deduction for medical treatment of specified diseases or ailments</b> Amount paid for specified diseases or ailment</p> <table border="1"> <thead> <tr> <th>Assessee</th> <th>Amount spent</th> </tr> </thead> <tbody> <tr> <td>An individual</td> <td>For himself or his dependant being spouse, children,</td> </tr> </tbody> </table>	Assessee	Amount spent	An individual	For himself or his dependant being spouse, children,	<p>Actual sum paid or ₹ 40,000 (₹ 1,00,000, if the payment is for medical treatment of a senior citizen), whichever is less, (-) the amount received from the insurance company or reimbursed by the employer. [Deduction would be available</p>		
Assessee	Amount spent								
An individual	For himself or his dependant being spouse, children,								

Section	Eligible Assessee	Eligible Payments	Permissible Deduction
		<p>parents, brothers or sisters, wholly or mainly dependant on the individual for support and maintenance</p> <p>A HUF</p> <p>For any member</p>	<p>only if the individual/HUF exercises the option of shifting out of the default tax regime provided under section 115BAC(1A)]</p>
<b>80E</b>	Individual	<p><b>Interest on loan taken for higher education</b></p> <p>Interest on loan taken from any financial institution or approved charitable institution.</p> <p>Such loan is taken for pursuing his higher education or higher education of his or her relative i.e., spouse or children of the individual or the student for whom the individual is the legal guardian.</p>	<p>The deduction is available for interest payment in the initial assessment year (year of commencement of interest payment) and seven assessment years immediately succeeding the initial assessment year (or) until the interest is paid in full by the assessee, whichever is earlier.</p> <p>[Deduction would be available only if the individual exercises the option of shifting out of the default tax regime provided under section 115BAC(1A)]</p>
<b>80EE</b>	Individual	<p><b>Deduction for interest on loan borrowed from any financial institution [bank/housing finance company (HFC)] for acquisition of residential house property</b></p>	<p>Deduction of upto ₹ 50,000 would be allowed in respect of interest on loan taken from a financial institution.</p> <p><b>Conditions:</b></p> <ul style="list-style-type: none"> <li>• Loan should be sanctioned during P.Y.2016-17</li> <li>• Loan sanctioned ≤ ₹ 35 lakhs</li> <li>• Value of house ≤ ₹ 50 lakhs</li> </ul>

Section	Eligible Assessee	Eligible Payments	Permissible Deduction
			<ul style="list-style-type: none"> <li>The assessee should not own any residential house on the date of sanction of loan.</li> </ul> [Deduction would be available only if the individual exercises the option of shifting out of the default tax regime provided under section 115BAC(1A)]
<b>80EEA</b>	Individual	<b>Deduction in respect of interest payable on loan taken from a financial institution (bank/HFC) for acquisition of residential house property</b>	Deduction of upto ₹ 1,50,000 would be allowed in respect of interest payable on loan taken from a financial institution for acquisition of house property. <p><b>Conditions:</b></p> <ul style="list-style-type: none"> <li>Loan should be sanctioned during the period between 1.4.2019 to 31.3.2022.</li> <li>Stamp Duty Value of house <math>\leq</math> ₹ 45 lakhs</li> <li>The individual should not own any residential house on the date of sanction of loan.</li> <li>The individual should not be eligible to claim deduction u/s 80EE.</li> </ul> [Deduction would be available only if the individual exercises the option of shifting out of the default tax regime provided u/s 115BAC(1A)]

Section	Eligible Assessee	Eligible Payments	Permissible Deduction															
<b>80EEB</b>	Individual	<b>Deduction in respect of interest payable on loan taken from a financial institution (bank or certain NBFCs) for purchase of electric vehicle</b>	Deduction of upto ₹ 1,50,000 would be allowed in respect of interest payable on loan taken for purchase of electric vehicle. Loan should be sanctioned during the period from 1.4.2019 to 31.3.2023. [Deduction would be available only if the individual exercises the option of shifting out of the default tax regime provided u/s 115BAC(1A)]															
<b>80G</b>	All assessees	<b>Donations to certain funds, charitable institutions etc.</b> <b>There are four categories of deductions –</b> <table border="1"> <thead> <tr> <th></th> <th>Category</th> <th>Donee</th> </tr> </thead> <tbody> <tr> <td>(i)</td> <td>100% deduction of amount donated, without any qualifying limit</td> <td>Prime Minister's National Relief Fund, National Children's Fund, Swachh Bharat Kosh, National Defence Fund, PM CARES Fund etc.</td> </tr> <tr> <td>(ii)</td> <td>50% deduction of amount donated, without any qualifying limit</td> <td>Prime Minister's Drought Relief Fund.</td> </tr> <tr> <td>(iii)</td> <td>100% deduction of amount donated, subject to qualifying limit</td> <td>Government or local authority, institution for promotion of family planning etc.</td> </tr> <tr> <td>(iv)</td> <td>50% deduction of amount donated, subject to qualifying limit</td> <td>Government or any local authority to be used for charitable purpose, other than promotion of family planning, notified temple, church, gurudwara, mosque etc.</td> </tr> </tbody> </table>			Category	Donee	(i)	100% deduction of amount donated, without any qualifying limit	Prime Minister's National Relief Fund, National Children's Fund, Swachh Bharat Kosh, National Defence Fund, PM CARES Fund etc.	(ii)	50% deduction of amount donated, without any qualifying limit	Prime Minister's Drought Relief Fund.	(iii)	100% deduction of amount donated, subject to qualifying limit	Government or local authority, institution for promotion of family planning etc.	(iv)	50% deduction of amount donated, subject to qualifying limit	Government or any local authority to be used for charitable purpose, other than promotion of family planning, notified temple, church, gurudwara, mosque etc.
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(i)	100% deduction of amount donated, without any qualifying limit	Prime Minister's National Relief Fund, National Children's Fund, Swachh Bharat Kosh, National Defence Fund, PM CARES Fund etc.																
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Section	Eligible Assessee	Eligible Payments	Permissible Deduction				
		<p><b>Calculation of Qualifying limit for Category III &amp; IV donations:</b></p> <p><b>Step 1:</b> Compute adjusted total income, i.e., the gross total income as reduced by the following:</p> <table border="1"> <tr> <td>1.</td> <td>Deductions under Chapter VI-A, except u/s 80G</td> </tr> <tr> <td>2.</td> <td>Capital gains taxable u/s 111A, 112 &amp; 112A</td> </tr> </table> <p><b>Step 2:</b> Calculate 10% of adjusted total income.</p> <p><b>Step 3:</b> Calculate the actual donation, which is subject to qualifying limit</p> <p><b>Step 4:</b> Lower of Step 2 or Step 3 is the maximum permissible deduction.</p> <p><b>Step 5:</b> The said deduction is adjusted first against donations qualifying for 100% deduction (i.e., Category III donations). Thereafter, 50% of balance qualifies for deduction under section 80G.</p> <p><b>Note -</b> No deduction shall be allowed for donation in excess of ₹2,000, if paid in cash.</p> <p>[In case of individuals, HUF, AoP (other than a co-operative society) or BoI or an artificial juridical person, deduction would be available only if they exercise the option of shifting out of the default tax regime provided under section 115BAC(1A)]</p>		1.	Deductions under Chapter VI-A, except u/s 80G	2.	Capital gains taxable u/s 111A, 112 & 112A
1.	Deductions under Chapter VI-A, except u/s 80G						
2.	Capital gains taxable u/s 111A, 112 & 112A						
<b>80GG</b>	Individual not in receipt of house rent allowance	<b>Rent paid for residential accommodation</b>	<p>Least of the following is allowable as deduction:</p> <p>(1) 25% of total income;</p> <p>(2) Rent paid – 10% of total income</p> <p>(3) ₹ 5,000 p.m.</p> <p>No deduction if any residential accommodation is owned by the assessee/his spouse/minor child/ HUF at the place where he ordinarily resides or performs the duties of his office or employment or carries on his business or profession.</p>				

Section	Eligible Assessee	Eligible Payments	Permissible Deduction
			[Deduction would be available only if the individual exercises the option of shifting out of the default tax regime provided under section 115BAC(1A)]
<b>80GGA</b>	Any assessee not having income chargeable under the head "Profits and gains of business or profession"	<b>Donations for scientific research or rural development</b>	Actual donation [No deduction shall be allowed for donation in excess of ₹ 2,000, if paid in cash] [Deduction would be available to individual, HUF, AoP (other than a co-operative society) or BoI or an artificial juridical person only if they exercise the option of shifting out of the default tax regime provided u/s 115BAC(1A)]
<b>80GGB</b>	Indian company (not opting for section 115BAA/115BAB)	<b>Contributions to political parties</b> Any sum contributed by it to a registered political party or an electoral trust.	Actual contribution (otherwise than by way of cash)
<b>80GGC</b>	Any person, other than local authority and an artificial juridical person funded by the Government	<b>Contributions to political parties</b> Amount contributed to a registered political party or an electoral trust.	Actual contribution (otherwise than by way of cash) [An individual, HUF, AoP (other than a co-operative society) or BoI would be eligible for deduction u/s 80GGC only if the assessee exercise the option of shifting out of the default tax regime provided u/s 115BAC(1A)]

## DEDUCTIONS IN RESPECT OF CERTAIN INCOMES

Section	Eligible Assessee	Eligible Income	Permissible Deduction
<b>80JJAA</b>	An assessee to whom section 44AB applies, whose gross total income includes profits and gains derived from business	Deduction in respect of employment of new employees	30% of additional employee cost incurred in the previous year. Deduction is allowable for 3 assessment years including assessment year relevant to the previous year in which such employment is provided. [Deduction would be available irrespective of the regime under which the employer pays tax]
<b>80QQB</b>	Resident individual, being an author	<b>Royalty income, etc., of authors of certain books other than text books</b> Consideration for assignment or grant of any of his interests in the copyright of any book, being a work of literary, artistic or scientific nature or royalty or copyright fee received as lumpsum or otherwise	Income derived in the exercise of profession or ₹ 3,00,000, whichever is less. In respect of royalty or copyright fee received otherwise than by way of lumpsum, income to be restricted to 15% of value of books sold during the relevant previous year. [Deduction would be available only if the individual exercises the option of shifting out of the default tax regime provided under section 115BAC(1A)]
<b>80RRB</b>	Resident individual, being a patentee	<b>Royalty on patents</b> Any income by way of royalty on patents registered on or after 1.4.2003	Whole of such income or ₹ 3,00,000, whichever is less. [Deduction would be available only if the individual exercises the option of shifting out of the default tax regime provided u/s 115BAC(1A)]
As per section 80AC, furnishing return of income on or before due date is mandatory for claiming deduction in respect of certain incomes.			

## DEDUCTIONS IN RESPECT OF OTHER INCOME

Section	Eligible Assessee	Eligible Income	Permissible Deduction
<b>80TTA</b>	Individual, other than a resident senior citizen or HUF	<b>Interest on deposits in savings account</b> Interest on deposits in a savings account with a bank, a co-operative society or a post office (not being time deposits, which are repayable on expiry of fixed periods)	Actual interest subject to a maximum of ₹ 10,000. [Deduction would be available only if the individual/HUF exercises the option of shifting out of the default tax regime provided u/s 115BAC(1A)]
<b>80TTB</b>	Resident senior citizen (i.e., an individual of the age of 60 years or more at any time during the previous year)	<b>Interest on deposits</b> Interest on deposits (both fixed deposits and saving accounts) with banking company, co-operative society engaged in the business of banking or a post office	Actual interest or ₹ 50,000, whichever is less. [Deduction would be available only if the individual exercises the option of shifting out of the default tax regime provided u/s 115BAC(1A)]

## OTHER DEDUCTIONS

Section	Eligible Assessee	Condition for deduction	Permissible Deduction
<b>80U</b>	Resident Individual	<b>Deduction in case of a person with disability</b> Any person, who is certified by the medical authority to be a person with disability	Flat deduction of ₹ 75,000, in case of a person with disability. Flat deduction of ₹ 1,25,000, in case of a person with severe disability (80% or more disability). [Deduction would be available only if the individual exercises the option of shifting out of the default tax regime provided u/s 115BAC(1A)]

## DEDUCTION UNDER SECTION 10AA

Section	Eligible Assessee	Eligible Income	Permissible Deduction
<b>10AA</b>	An assessee who derives profits from an under-taking, being a Unit established in SEZ, which begins to manufacture or produce articles or things or provide any service on or after 1.4.2005 but before 1.4.2021	<p>Profits derived from exports of such articles or things or export of services (including computer software).</p> <p><b>Conditions for deduction</b></p> <ol style="list-style-type: none"> <li>1. Proceeds to be received in convertible foreign exchange within 6 months from the end of the P.Y. or such further period as the competent authority may allow in this behalf.</li> <li>2. The report of Chartered Accountant certifying that the deduction has been correctly claimed should be furnished before the date specified in section 44AB.</li> <li>3. Return of income to be filed on or before due date u/s 139(1).</li> </ol>	<p>Deduction for 15 consecutive assessment years</p> <p><b>Amount of deduction =</b></p> $\frac{\text{Profits of Unit in SEZ}}{\text{Export turnover of Unit SEZ}} \times \text{Total turnover of Unit SEZ}$ <p><b>Years 1 to 5</b> - 100% of such profits would be exempt in the first five years;</p> <p><b>Years 6 to 10</b> - 50% of such profits in the next five years; and</p> <p><b>Years 11 to 15</b> - In the last five years, 50% of such profits subject to transfer to SEZ Re-investment Reserve Account.</p> <p>[In case of individuals, HUF, AoP (other than a co-operative society), BoI or an artificial juridical person, deduction would be available only if they exercise the option of shifting out of the default tax regime provided u/s 115BAC(1A)]</p>

## TDS, TCS AND ADVANCE TAX

### TAX DEDUCTION AT SOURCE

Section	Nature of payment	Threshold Limit for deduction of tax at source	Payer	Payee	Rate of TDS	Time of deduction
<b>192</b>	Salary	Basic exemption limit [₹ 3,00,000 (in case assessee pays tax under default tax regime u/s 115BAC), ₹ 2,50,000/ ₹ 3,00,000 / ₹ 5,00,000, as the case may be, if the assessee has exercised the option of shifting out of the default tax regime providing u/s 115BAC]. This is taken care of in computation of the average rate of income-tax	Any person responsible for paying any income chargeable under the head "Salaries"	Individual (Employee)	Average rate of income-tax	At the time of payment
<b>192A</b>	Premature withdrawal from EPF	Payment or aggregate payment ≥ ₹ 50,000	Trustees of the EPF Scheme or any authorised person under the Scheme	Individual (Employee)	10% on premature taxable withdrawal	At the time of payment

193	Interest on Securities	<p>&gt; ₹ 10,000 in a F.Y., in case of interest on 8% Savings Bonds, 2003/ 7.75% Savings Bonds, 2018. With effect from 01.10.2024, Floating Rate Savings Bonds, 2020 (taxable) or any other notified security of Central Government or State Government shall also be included for the purpose of tax deduction u/s 193 if such interest payable &gt; ₹ 10,000 during the F.Y.</p> <p>&gt; ₹ 5,000 in a F.Y., in case of interest on debentures issued by a Co. in which the public are substantially interested, paid or credited to a resident individual or</p>	Any person responsible for paying any income by way of interest on securities	Any resident	10%	At the time of credit of such income to the account of the payee or at the time of payment, whichever is earlier
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		HUF by an account payee cheque > No threshold specified in any other case				
<b>194</b>	Dividend (including dividends on preference shares)	Amount or aggregate amount > ₹ 5,000 in a F.Y., in case of dividend paid or credited to an individual shareholder by any mode other than cash > No threshold in other cases	The Principal Officer of a domestic company or a company which has made the prescribed arrangements for the declaration and payment of dividends within India	Resident shareholder	10%	Before making any payment by any mode in respect of any dividend or before making any distribution or payment of dividend
<b>194A</b>	Interest other than interest on securities	Amount or aggregate amount > ₹ 40,000 in a F.Y., in case of interest credited or paid by – (i) a banking company; (ii) a co-operative society engaged in banking business; and (iii) a post office on any deposit under a notified	Any person (other than an individual or HUF whose total sales, gross receipts or turnover ≤ ₹ 1 crore in case of business or ≤ ₹ 50 lakhs in case of profession during the immediately preceding F.Y.) responsible for paying interest other than	Any Resident	10%	At the time of credit of such income to the account of the payee or at the time of payment, whichever is earlier

		Scheme. In all the above cases, if payee is a resident senior citizen, tax deduction limit is > ₹ 50,000. > ₹ 5,000 in a F.Y., in other cases	interest on securities			
<b>194B</b>	Winnings from any lottery, crossword puzzle or card game or other game of any sort or from gambling or betting of any form or nature	Amount or the aggregate of amount > ₹ 10,000 in a F.Y.	The person responsible for paying income by way of such winnings	Any Person	30%	At the time of payment
<b>194BA</b>	Winnings from online games	On the net winnings in a person's user account as computed in prescribed manner	Any person responsible for paying income by way of such winnings from any online game	Any person	30%	At the end of the F.Y. In case there is withdrawal from user account during the F.Y., tax would be deducted at the time of such withdrawal on net winnings comprised in such withdrawal.

						In addition, tax would also be deducted on the remaining amount of net winnings in the user account as computed in prescribed manner at the end of the F.Y.
<b>194BB</b>	Winnings from horse race	Amount or the aggregate of amount > ₹ 10,000 in a F.Y.	Book Maker or a person holding licence for horse racing or for arranging for wagering or betting in any race course	Any Person	30%	At the time of payment
<b>194C</b>	Payments to Contractors	Single sum credited or paid > ₹ 30,000 (or) The aggregate of sums credited or paid to a contractor during the F.Y. > ₹ 1,00,000 Individual/HUF need not deduct tax where sum is credited or	Central/ State Govt., Local authority, Central/ State/ Provincial Corpn., company, firm, trust, registered society, co-operative society, university established	Any Resident contractor for carrying out any work (including supply of labour)	1% of sum paid or credited, if the payee is an Individual or HUF 2% of sum paid or credited, if the payee is any other person	At the time of credit of such sum to the account of the contractor or at the time of payment, whichever is earlier

		paid exclusively for personal purposes	under Central/ State/ Provincial Act, declared university under the UGC Act, Government of Foreign State or a foreign enterprise, individual/ HUF/AoP/ BoI whose total sales, gross receipts or turnover > ₹ 1 crore in case of business or > ₹ 50 lakhs in case of profession during the immediately preceding F.Y.			
<b>194D</b>	Insurance Commission	Amount or aggregate amount > ₹ 15,000 in a F.Y.	Any person responsible for paying any income by way of remuneration or reward for soliciting or procuring insurance business	Any Resident	5%, if the payee is a non-corporate resident 10%, if the payee is a domestic company	At the time of credit of such income to the account of the payee or at the time of payment, whichever is earlier
<b>194DA</b>	Any sum under a Life	Amount or aggregate	Any person responsible	Any resident	5% of the amount of	At the time of payment

	Insurance Policy not fulfilling the conditions specified u/s 10(10D)	amount $\geq$ ₹ 1,00,000 in a F.Y.	for paying any sum under a LIP, including the sum allocated by way of bonus		income comprised therein W.e.f. 1.10.2024, rate of tax is 2%.	
<b>194G</b>	Commission on sale of lottery tickets	> ₹ 15,000 in a F.Y.	Any person responsible for paying any income by way of commission, remuneration or prize (by whatever name called) on lottery tickets	Any person stocking, distributing, purchasing or selling lottery tickets	5% till 30.09.2024. Thereafter 2%.	At the time of credit of such income to the account of the payee or at the time of payment, whichever is earlier
<b>194H</b>	Commission or brokerage	> ₹ 15,000 in a F.Y.	Any person (other than an Individual or HUF whose total sales, gross receipts or turnover $\leq$ ₹ 1 crore in case of business or $\leq$ ₹ 50 lakhs in case of profession during the immediately preceding F.Y.) responsible for paying commission or brokerage	Any resident	5% till 30.09.2024. Thereafter 2%.	At the time of credit of such income to the account of the payee or at the time of payment, whichever is earlier

<b>194-I</b>	Rent	> ₹ 2,40,000 in a F.Y.	Any person (other than an individual or HUF whose total sales, gross receipts or turnover ≤ ₹ 1 crore in case of business or ≤ ₹ 50 lakhs in case of profession during the immediately preceding F.Y.) responsible for paying rent	Any resident	For P & M or equipment - 2% For land or building, land appurtenant to a building, furniture or fittings - 10%	At the time of credit of such income to the account of the payee or at the time of payment, whichever is earlier
<b>194-IA</b>	Payment on transfer of certain immovable property other than agricultural land	≥ ₹ 50 lakh (Consideration for transfer or SDV)	Any person, being a transferee (other than a person referred to in section 194LA responsible for paying compensation for compulsory acquisition of immovable property other than rural agricultural land)	Resident transferor	1% of consideration for transfer or SDV, whichever is higher	At the time of credit of such sum to the account of the transferor or at the time of payment, whichever is earlier

<b>194-IB</b>	Payment of rent by certain individuals or HUF	> ₹ 50,000 for a month or part of a month	Individual/ HUF (other than Individual/ HUF whose total sales, gross receipts or turnover > ₹ 1 crore in case of business or > ₹ 50 lakhs in case of profession during the immediately preceding F.Y.) responsible for paying rent	Any Resident	5% till 30.09.2024. Thereafter 2%.	At the time of credit of rent, for the last month of the P.Y. or the last month of tenancy, if the property is vacated during the year, as the case may be, to the account of the payee or at the time of payment, whichever is earlier
<b>194J</b>	Fees for professional or technical services/ Royalty/ Non-compete fees/ Director's remuneration	> ₹ 30,000 in a F.Y., for each category of income (However, this limit does not apply in case of payment made to director of a company)	Any person, other than an individual or HUF; However, in case of FPS or FTS paid or credited, individual/ HUF, whose total sales, gross receipts or turnover > ₹ 1 crore in case of business or > ₹ 50 lakhs in case of profession during the	Any Resident	2% - Payee engaged only in the business of operation of call centre 2% - In case of FTS or royalty, where such royalty is in the nature of consideration for sale, distribution or exhibition of cinematographic films 10% - Other	At the time of credit of such sum to the account of the payee or at the time of payment, whichever is earlier

			immediately preceding F.Y., is liable to deduct tax u/s 194J, except where FPS is credited or paid exclusively for his personal purposes		payments	
<b>194K</b>	Income from units other than in the nature of capital gains	Amount or aggregate amount > ₹ 5,000 in a F.Y.	Any person responsible for paying any income in respect of units of a mutual fund/ Administrator of the specified undertaking / specified company	Any resident	10%	At the time of credit of such income to the account of the payee or at the time of payment, whichever is earlier
<b>194LA</b>	Compensation on acquisition of certain immovable property other than agricultural land situated in India	Amount or aggregate amount > ₹ 2,50,000 in a F.Y.	Any person responsible for paying any sum in the nature of Compensation or enhanced Compensation on compulsory acquisition of immovable property	Any Resident	10%	At the time of payment

<b>194M</b>	-Payments to Contractors -commission or brokerage - FPS	> ₹ 50,00,000 in a F.Y.	Individual or HUF other than those who are required to deduct tax at source u/s 194C or 194H or 194J	Any Resident	5% till 30.09.2024. Thereafter 2%.	At the time of credit of such sum or at the time of payment, whichever is earlier
<b>194N</b>	Cash withdrawals	> ₹ 3 crore if the recipient is a co-operative society > ₹ 1 crore in case of others	- a banking company or any bank or banking institution - a co-operative society engaged in carrying on the business of banking or - a post office who is responsible for paying any sum, being the amount or the aggregate of amounts, as the case may be, in cash > ₹ 1 crore/ ₹ 3 crore in case the recipient is a cooperative	Any person	@2% of such sum In case the recipient has not filed ROI for all the 3 immediately preceding P.Y.s, for which time limit u/s 139(1) has expired, such sum shall be the amount or aggregate of amounts, in cash > ₹ 20 lakh during the P.Y. <b>TDS</b> - @2% of the sum, where cash withdrawal > ₹ 20 lakhs but ≤ ₹ 1 crore/ ₹ 3 crore in case the recipient is a co-	At the time of payment of such sum

			society, during the previous year, to any person from one or more accounts maintained by the recipient		operative society - @5% of the sum, where cash withdrawal > ₹ 1 crore/ ₹ 3 crore in case the recipient is a co-operative society	
<b>194P</b>	Pension (along with interest on bank account)	Basic exemption limit [₹ 3,00,000 (in case specified senior citizen pays tax under default tax regime u/s 115BAC), ₹ 3,00,000 / ₹ 5,00,000, as the case may be, if specified senior citizen has exercised the option of shifting out of the default tax regime providing u/s 115BAC] [i.e., TI after giving effect to the deduction allowable under Chapter VI-A, if any allowable should exceed the basic	Notified specified bank	Specified senior citizen i.e., An individual, being a resident in India, who - is of the age of 75 years or more at any time during the PY; - is having pension and no other income except interest income received or receivable from any account maintained by such	Rates in force, where the individual has exercised the option of shifting out of the default tax regime. Rates specified in section 115BAC, where the individual pays tax under the default tax regime.	

		exemption limit. Further, in case the individual is entitled to rebate u/s 87A from tax payable, then the same should be given effect to]		individual in the same specified bank in which he is receiving his pension income; and - has furnished a declaration to the specified bank		
<b>194Q</b>	Purchase of goods	> ₹ 50 lakhs in a P.Y.	Buyer, who is responsible for paying any sum for purchase of goods  Buyer means a person whose total sales, gross receipts or turnover from business > ₹ 10 crores during the F.Y. immediately preceding the F.Y. in which the purchase of	Any resident	0.1% of sum exceeding ₹ 50 lakhs	At the time of credit of such sum to the account of the seller or at the time of payment, whichever is earlier

			goods is carried out			
<b>194R</b>	Any benefit or perquisite, whether convertible into money or not, arising from business or the exercise of a profession. The provisions would apply to any benefit or perquisite, whether in cash or in kind or partly in cash and partly in kind	Value or aggregate of value of benefit or perquisite > ₹ 20,000 in a F.Y.	Any person (other than an individual or HUF whose total sales, gross receipts or turnover ≤ ₹ 1 crore in case of business or ≤ ₹ 50 lakhs in case of profession during the immediately preceding F.Y.) responsible for providing to a resident, any benefit or perquisite. In case of a company, "person responsible for paying" means the company itself including the Principal Officer thereof.	Any resident	10% of value or aggregate of value of such benefit or perquisite	Before providing such benefit or perquisite
<b>206AA</b>	Section 206AA requires furnishing of PAN by the deductee to the deductor, failing which the deductor has to deduct tax at the higher of the following rates, namely, - (i) at the rate prescribed in the Act; or (ii) at the rate or rates in force; or (iii) at the rate of 20% [5%, in case of section 194Q]					

<b>206AB</b>	<p>Section 206AB requires tax to be deducted at source under the provisions of this Chapter on any sum or income or amount paid, or payable or credited, by a person <b>to a specified person</b>, at higher of the following rates –</p> <ul style="list-style-type: none"> <li>(i) at twice the rate prescribed in the relevant provision of the Act;</li> <li>(ii) at twice the rate or rates in force i.e., the rate mentioned in the Finance Act; or</li> <li>(iii) at 5%</li> </ul> <p>However, section 206AB is <b>not</b> applicable in case of tax deductible at source under sections 192, 192A, 194B, 194BA, 194BB, 194-IA, 194-IB, 194M and 194N.</p> <p><b>Meaning of “specified person”</b> – A person who has <b>not</b> furnished the ROI for the A.Y. relevant to the P.Y. immediately preceding the F.Y. in which tax is required to be deducted, for which the time limit for furnishing the ROI u/s 139(1) has expired, and the aggregate of TDS and TCS in his case is ₹ 50,000 or more in the said P.Y.</p> <p>However, the specified person would not include –</p> <ul style="list-style-type: none"> <li>- a non-resident who does not have a PE in India; or</li> <li>- a person who is not required to furnish the ROI for the A.Y. relevant to the said P.Y. and is notified by the Central Government in this behalf (RBI has been notified by the Central Government for this purpose).</li> </ul> <p>In case the provisions of section 206AA are also applicable to the specified person, in addition to the provisions of this section, then, tax is required to be deducted at higher of the two rates provided in section 206AA and section 206AB.</p>
<b>The threshold limit given in the table is with respect to each payee.</b>	

## TAX COLLECTION AT SOURCE [SECTION 206C]

<b>(i)</b>	<p><b>Sale of certain goods [Section 206C(1)]</b>–Sellers of certain goods are required to collect tax from the buyers at the specified rates. The specified percentage for collection of tax at source is as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 5%;"></th> <th style="width: 75%;">Nature of goods</th> <th style="width: 20%;">Percentage</th> </tr> </thead> <tbody> <tr> <td>(i)</td> <td>Alcoholic liquor for human consumption</td> <td>1%</td> </tr> <tr> <td>(ii)</td> <td>Tendu leaves</td> <td>5%</td> </tr> <tr> <td>(iii)</td> <td>Timber obtained under a forest lease</td> <td>2.5%</td> </tr> <tr> <td>(iv)</td> <td>Timber obtained by any mode other than (iii)</td> <td>2.5%</td> </tr> <tr> <td>(v)</td> <td>Any other forest produce not being timber or tendu leaves</td> <td>2.5%</td> </tr> <tr> <td>(vi)</td> <td>Scrap</td> <td>1%</td> </tr> <tr> <td>(vii)</td> <td>Minerals, being coal or lignite or iron ore</td> <td>1%</td> </tr> </tbody> </table> <p>The tax should be collected at the time of debiting of the amount payable by the buyer to his account or at the time of receipt of such amount from the buyer, whichever is earlier.</p>		Nature of goods	Percentage	(i)	Alcoholic liquor for human consumption	1%	(ii)	Tendu leaves	5%	(iii)	Timber obtained under a forest lease	2.5%	(iv)	Timber obtained by any mode other than (iii)	2.5%	(v)	Any other forest produce not being timber or tendu leaves	2.5%	(vi)	Scrap	1%	(vii)	Minerals, being coal or lignite or iron ore	1%
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	<p>However, no collection of tax shall be made in the case of a resident buyer, if such buyer furnishes a declaration in writing in duplicate to the effect that goods are to be utilised for the purpose of manufacturing, processing or producing articles or things or for the purposes of generation of power and not for trading purposes.</p>							
(2)	<p><b>Lease or a licence of parking lot, toll plaza or mine or a quarry [Section 206C(1C)]</b> - Every person who grants a lease or a licence or enters into a contract or otherwise transfers any right or interest in any</p> <ul style="list-style-type: none"> <li>- parking lot or</li> <li>- toll plaza or</li> <li>- a mine or a quarry</li> </ul> <p>to another person (other than a public sector company) for the use of such parking lot or toll plaza or mine or quarry for the purposes of business. The tax shall be collected as provided, from the licensee or lessee of any such licence, contract or lease of the specified nature, at the rate of 2%, at the time of debiting of the amount payable by the licensee or lessee to his account or at the time of receipt of such amount from the licensee or lessee, whichever is earlier.</p>							
(3)	<p><b>Sale of motor vehicle of value exceeding ₹ 10 lakhs [Section 206C(1F)]</b> - Every person, being a seller, who receives any amount as consideration for sale of a motor vehicle of the value exceeding ₹ 10 lakhs, shall, at the time of receipt of such amount, collect tax from the buyer@1% of the sale consideration.</p> <p>With effect from 01.01.2025, the scope of section 206C(1F) has been expanded to include every person, being a seller, who receives any amount as consideration for sale of any other notified goods exceeding ₹ 10 lakhs, to, at the time of receipt of such amount, collect tax from the buyer@1% of the sale consideration.</p>							
(4)	<p><b>Remittance under LRS of RBI or purchase of an overseas tour package [Section 206C(1G)]</b> - Every person,</p> <ul style="list-style-type: none"> <li>- being an authorized dealer, who receives amount under the LRS of the RBI for remittance from a buyer, being a person remitting such amount,</li> <li>- being seller of an overseas tour programme package who receives any amount from the buyer who purchases the package</li> </ul> <p>has to collect tax at the time of debiting of the amount payable by the buyer or at the time of receipt of such amount from the said buyer by any mode, whichever is earlier.</p> <p><b>Rate of TCS in case of collection by an authorized dealer/ seller of an overseas tour programme package</b></p> <table border="1"> <thead> <tr> <th>S. No.</th> <th>Amount and purpose of remittance</th> <th>Rate of TCS</th> </tr> </thead> <tbody> <tr> <td>(i)</td> <td>Where the amount is for purchase of an overseas tour programme package</td> <td>5% till ₹ 7 lakhs, 20% thereafter</td> </tr> </tbody> </table>		S. No.	Amount and purpose of remittance	Rate of TCS	(i)	Where the amount is for purchase of an overseas tour programme package	5% till ₹ 7 lakhs, 20% thereafter
S. No.	Amount and purpose of remittance	Rate of TCS						
(i)	Where the amount is for purchase of an overseas tour programme package	5% till ₹ 7 lakhs, 20% thereafter						

(ii)	(a) Where the amount or aggregate of the amounts being remitted by a buyer is less than ₹ 7 lakhs in a financial year	Nil (No tax to be collected at source)
(iii)	(a) where the amount is remitted for the purpose of education or medical treatment; and (b) the amount or aggregate of the amounts in excess of ₹ 7 lakhs is remitted by the buyer in a financial year	5% of the amt or agg. of amts in excess of ₹ 7 lakh
(iv)	(a) where the amount is remitted for the purpose other than mentioned in (iii) above; and (b) the amount or aggregate of the amounts in excess of ₹ 7 lakhs is remitted by the buyer in a financial year	20% of the amt or agg. of amts in excess of ₹ 7 lakh
(v)	(a) where the amount being remitted out is a loan obtained from any financial institution as defined in section 80E, for the purpose of pursuing any education; and (b) the amount or aggregate of the amounts in excess of ₹ 7 lakhs is remitted by the buyer in a financial year	0.5% of the amt or agg. of amts in excess of ₹ 7 lakh

**Cases where no tax is to be collected**

(i)	No TCS by the authorized dealer on an amt in respect of which the sum has been collected by the seller.
(ii)	No TCS, if the buyer is liable to deduct tax at source under any other provision of the Act and has deducted such tax.
(iii)	No TCS, if the buyer is the Central Government, a State Government, an embassy, a High Commission, a legation, a commission, a consulate, the trade representation of a foreign State, a local authority or any other person notified by the Central Government, subject to fulfillment of conditions stipulated thereunder. Accordingly, the CBDT has, vide notification no. 99/2022 dated 17.8.2022, notified that the provisions of section 206C(1G) would not apply to a person (being a buyer) who is a non-resident in terms of section 6 and does not have a PE in India.

<b>(5)</b>	<p><b>Sale of goods of value exceeding ₹ 50 lakh [Section 206C(1H)]</b> – Every person, being a seller, who receives any amount as consideration for sale of goods of the value exceeding ₹ 50 lakhs in a P.Y., other than exported goods or goods covered in (1)/(3)/(4), is required to collect tax at source, at the time of receipt of such amount, @0.1% of the sale consideration exceeding ₹ 50 lakhs.</p> <p>However, tax is not required to be collected if the buyer is liable to deduct tax at source under any other provision of the Act on the goods purchased by him from the seller and has deducted such tax.</p>
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<b>(6)</b>	<p>In case of non-furnishing of PAN [PAN or Aadhaar number in case of section 206C(1H)] by the collectee to the collector, tax is required to be collected at the higher of –</p> <p>(i) twice the rate specified in the relevant provisions of the Act; or</p> <p>(ii) at 5% [1%, in case tax is required to be collected at source u/s 206C(1H)]. [Section 206CC]</p> <p>However, the maximum the rate of TCS under this section shall not exceed 20%.</p> <p>The provisions of section 206CC do <b>not</b> apply to a non-resident who does not have a PE in India.</p>
<b>(7)</b>	<p>Section 206CCA requires tax to be collected at source on any sum or amount received by a person from a specified person, at higher of the following rates –</p> <p>(a) at twice the rate specified in the relevant provision of the Act;</p> <p>(b) at 5%</p> <p>However, the maximum the rate of TCS under this section shall not exceed 20%.</p> <p>In case the provisions of section 206CC are also applicable to the specified person, in addition to the provisions of section 206CCA, then, tax is required to be collected at higher of the two rates provided in section 206CC and section 206CCA.</p> <p><b>Meaning of “specified person”</b> – A person who has <b>not</b> furnished the ROI for A.Y. relevant to the P.Y. immediately preceding the F.Y. in which tax is required to be collected, for which the time limit for furnishing the ROI u/s 139(1) has expired, and the aggregate of TDS and TCS in his case is ₹ 50,000 or more in the said P.Y.</p> <p>However, the specified person would not include –</p> <ul style="list-style-type: none"> <li>- a non-resident who does not have a PE in India; or</li> <li>- a person who is not required to furnish the ROI for the A.Y. relevant to the said P.Y. and is notified by the Central Government in this behalf (RBI has been notified by the Central Government for this purpose).</li> </ul>

## ADVANCE PAYMENT OF TAX

### Liability for payment of advance tax [Sections 207 & 208]

- Tax shall be payable in advance during any F.Y. in respect of the total income of the assessee which would be chargeable to tax for the A.Y. immediately following that F.Y.
- Advance tax is payable during a F.Y. in every case where the amount of such tax payable by the assessee during the year is ₹ 10,000 or more.
- However, an individual resident in India of the age of 60 years or more at any time during the P.Y., who does not have any income chargeable under the head PGBP, is not liable to pay advance tax.

<b>Instalments of advance tax and due dates [Section 211]</b>	
<b><u>Advance tax payment schedule for corporates and non-corporates (other than an assessee computing profits on presumptive basis u/s 44AD or section 44ADA) – Four instalments</u></b>	
<b>Due date of instalment</b>	<b>Amount payable</b>
On or before 15 <sup>th</sup> June	Not less than 15% of advance tax liability.
On or before 15 <sup>th</sup> September	Not less than 45% of advance tax liability (-) amount paid in earlier instalment.
On or before 15 <sup>th</sup> December	Not less than 75% of advance tax liability (-) amount paid in earlier instalment or instalments.
On or before 15 <sup>th</sup> March	The whole amount of advance tax liability (-) amount paid in earlier instalment or instalments.
<b><u>Advance tax payment by assesseees computing profits on presumptive basis under section 44AD(1) or section 44ADA(1)</u></b>	
<p>An eligible assessee, computing PGBP on presumptive basis in respect of eligible business referred to in section 44AD(1) or in respect of eligible profession referred to in section 44ADA(1), shall be required to pay advance tax of the whole amount on or before 15th March of the F.Y.</p> <p>However, any amount paid by way of advance tax on or before 31st March shall also be treated as advance tax paid during the F.Y. ending on that day.</p>	
<b>Interest for defaults in payment of advance tax [Section 234B]</b>	
(1)	Interest u/s 234B is attracted for non-payment of advance tax or payment of advance tax of an amount less than 90% of assessed tax.
(2)	The interest liability would be 1% per month or part of the month from 1st April following the F.Y. upto the date of determination of total income u/s 143(1) and where regular assessment is made, upto the date of such regular assessment.
(3)	Such interest is calculated on the amount of difference between the assessed tax and the advance tax paid.
(4)	<p>“Assessed tax” means the tax on total income determined u/s 143(1) less TDS &amp; TCS, any relief of tax allowed u/s 89, any tax credit allowed to be set off in accordance with the provisions of section 115JD, in case the assessee exercises the option of shifting out of the default tax regime provided under section 115BAC(1A).</p> <p>Tax on the total income determined under section 143(1) shall not include the additional income-tax, if any, payable u/s 140B.</p>

- (5) Where self-assessment tax is paid by the assessee u/s 140A or otherwise, interest shall be calculated upto the date of payment of such tax and reduced by the interest, if any, paid u/s 140A towards the interest chargeable under this section. Thereafter, interest shall be calculated at 1% on the amount by which the tax so paid together with the advance tax paid falls short of the assessed tax.

### Interest for deferment of advance tax [Section 234C]

- (1) **Manner of computation of interest u/s 234C for deferment of advance tax by corporate and non-corporate assessees:**

In case an assessee, other than an assessee who declares profits and gains in accordance with the provisions of section 44AD(1) or section 44ADA(1), who is liable to pay advance tax u/s 208 has failed to pay such tax or the advance tax paid by such assessee on its current income on or before the dates specified in column (1) below is less than the specified percentage [given in column (2) below] of tax due on returned income, then simple interest@1% per month for the period specified in column (4) on the amount of shortfall, as per column (3) is leviable u/s 234C.

Specified date	Specified %	Shortfall in advance tax	Period
(1)	(2)	(3)	(4)
15 <sup>th</sup> June	15%	15% of tax due on returned income (-) advance tax paid up to 15 <sup>th</sup> June	3 months
15 <sup>th</sup> September	45%	45% of tax due on returned income (-) advance tax paid up to 15 <sup>th</sup> September	3 months
15 <sup>th</sup> December	75%	75% of tax due on returned income (-) advance tax paid up to 15 <sup>th</sup> December	3 months
15 <sup>th</sup> March	100%	100% of tax due on returned income (-) advance tax paid up to 15 <sup>th</sup> March	1 month

**Note** – However, if the advance tax paid by the assessee on the current income, on or before 15<sup>th</sup> June or 15<sup>th</sup> September, is not less than 12% or 36% of the tax due on the returned income, respectively, then, the assessee shall not be liable to pay any interest on the amount of the shortfall on those dates.

**Tax due on returned income** = Tax chargeable on total income declared in the return of income – TDS – TCS – any relief of tax allowed u/s 89 – any tax credit allowed to be set off in accordance with the provisions of section 115JD, in case the assessee exercises the option of shifting out of the default tax regime provided under section 115BAC(1A).

<b>(2)</b>	<p><b>Computation of interest u/s 234C in case of an assessee who declares profits and gains in accordance with the provisions of section 44AD(1) or section 44ADA(1):</b></p> <p>In case an assessee who declares profits and gains in accordance with the provisions of section 44AD(1) or section 44ADA(1), who is liable to pay advance tax u/s 208 has</p> <ul style="list-style-type: none"> <li>- failed to pay such tax or</li> <li>- the advance tax paid by the assessee on its current income on or before 15th March is less than the tax due on the returned income,</li> </ul> <p>then, the assessee shall be liable to pay simple interest at the rate of 1% on the amount of the shortfall from the tax due on the returned income.</p>
<b>(3)</b>	<p><b>Non-applicability of interest u/s 234C in certain cases:</b></p> <p>Interest u/s 234C shall <b>not</b> be leviable in respect of any shortfall in payment of tax due on returned income, where such shortfall is on account of under-estimate or failure to estimate –</p> <ul style="list-style-type: none"> <li>(i) the amt of capital gains;</li> <li>(ii) income of nature referred to in section 2(24)(ix) i.e., winnings from lotteries, crossword puzzles etc.;</li> <li>(iii) income under the head “PGBP” in cases where the income accrues or arises under the said head for the first time.</li> <li>(iv) the amount of dividend income other than deemed dividend referred u/s 2(22)(e).</li> </ul> <p>However, the assessee should have paid the whole of the amount of tax payable in respect of such income referred to in (i), (ii), (iii) and (iv), as the case may be, had such income been a part of the total income, as part of the remaining instalments of advance tax which are due or where no such instalments are due, by 31st March of the F.Y.</p>

# PROVISIONS FOR FILING RETURN OF INCOME AND SELF ASSESSMENT

## RETURN OF INCOME (ROI)

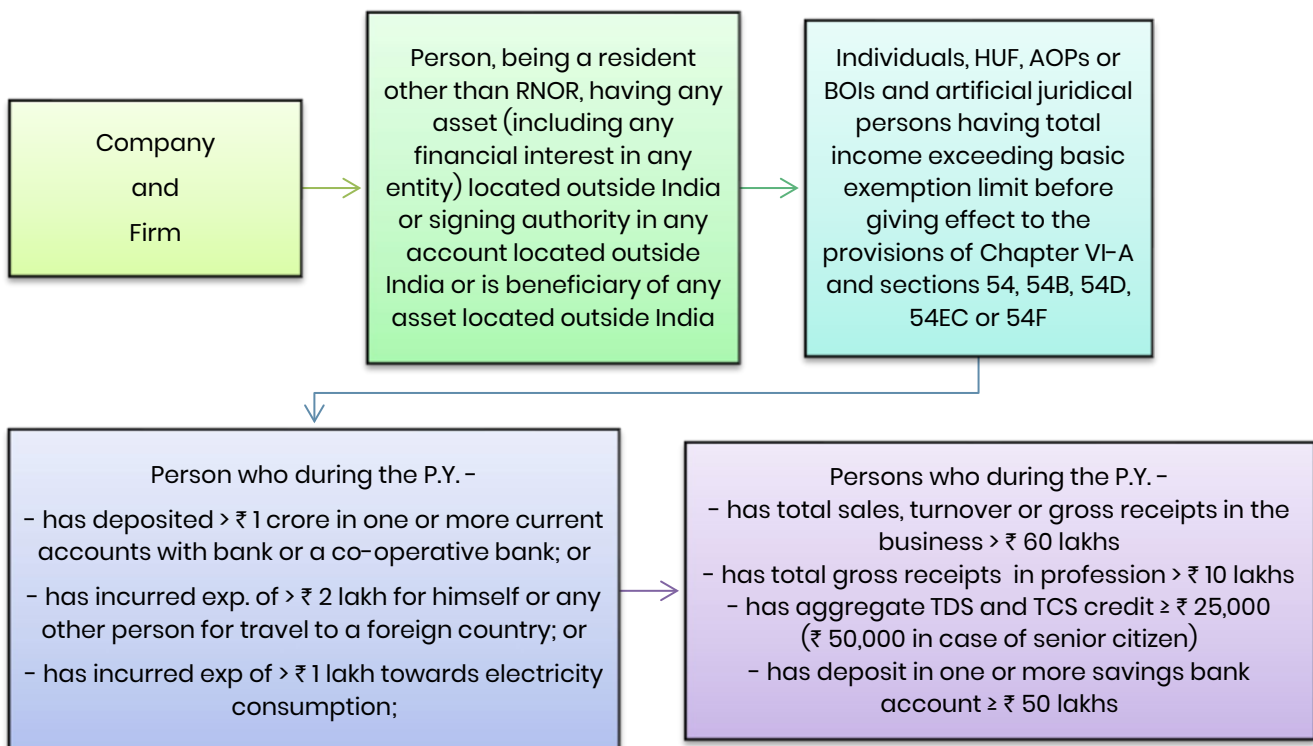
Return of income is the format in which the assessee furnishes information as to his total income and tax payable/tax refundable.

The particulars of income earned under different heads, gross total income, deductions from gross total income, total income and tax payable/refundable by the assessee are required to be furnished in the return of income.

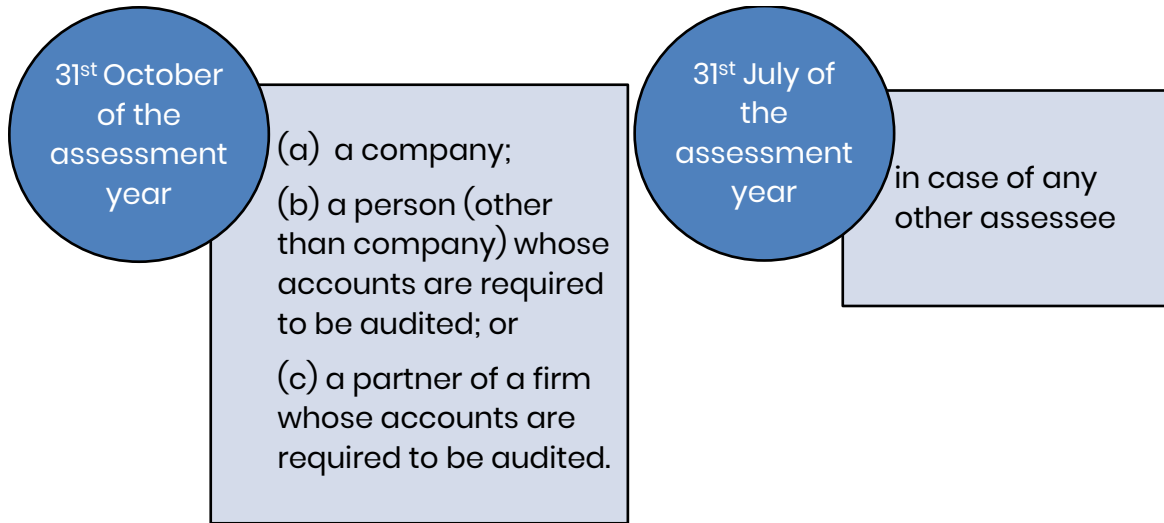
In short, a return of income is the declaration of income by an assessee in the prescribed format.

## ASSEESSES REQUIRED TO FILE RETURN OF INCOME COMPULSORILY [SECTION 139(1)]

Section 139(1) of the Income-tax Act, 1961 lays down the following cases/assesseees where return of income is mandatorily required to be furnished -



**DUE DATE OF FILING RETURN OF INCOME U/S 139(1)**



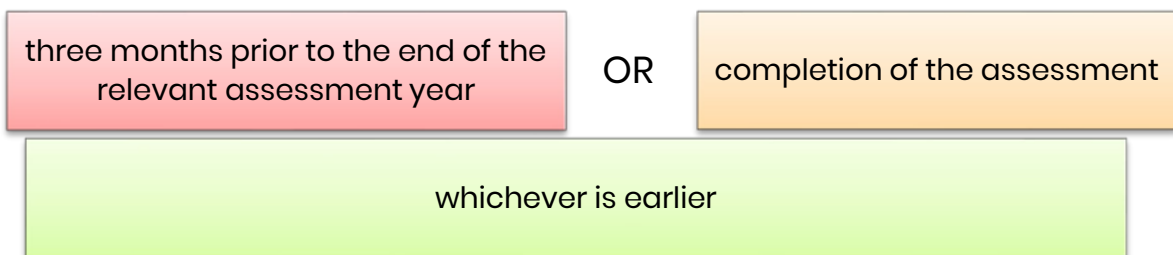
**LOSS RETURN U/S 139(3)**

To be filed on or before the due date under section 139(1) for carry forward of



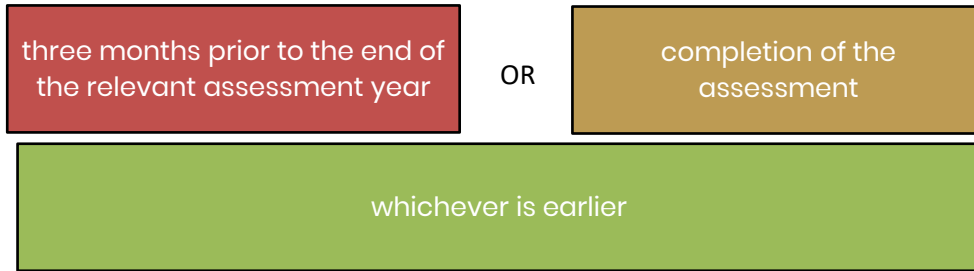
**BELATED RETURN OF INCOME [SECTION 139(4)]**

A return of income for any previous year, which has not been furnished within the time allowed u/s 139(1), may be furnished at any time before:

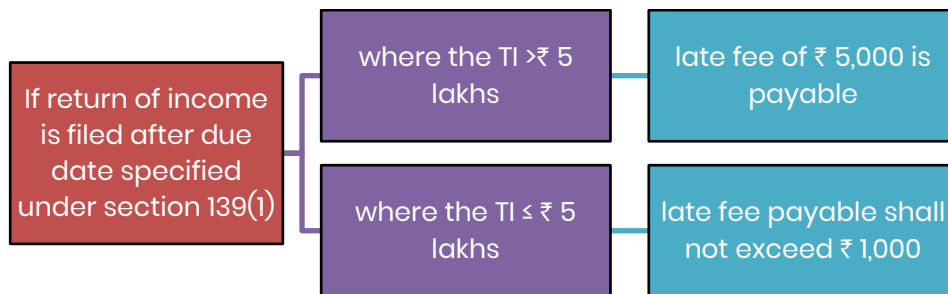


**REVISED RETURN OF INCOME [SECTION 139(5)]**

Return filed u/s 139(1) or u/s 139(4) can be revised u/s 139(5), if any omission or any wrong statement is discovered by the assessee, at any time before:

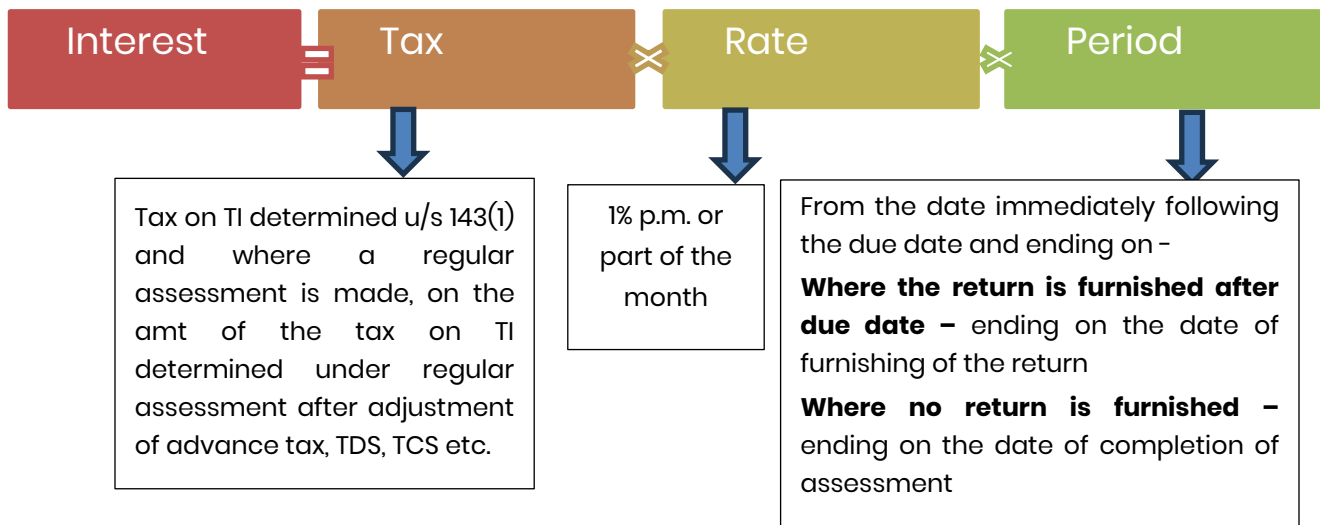


**FEE FOR DEFAULT IN FURNISHING RETURN OF INCOME [SECTION 234F]**



**INTEREST FOR DEFAULT IN FURNISHING RETURN OF INCOME [SECTION 234A]**

Interest u/s 234A is payable where an assessee furnishes the return of income after the due date or does not furnish the return of income.



**UPDATED RETURN OF INCOME [Section 139(8A)]**

**Who can furnish an updated return?**

Any person may furnish an updated return of his income or the income of any other person in respect of which he is assessable

irrespective of whether or not he has furnished a return u/s 139(1) or belated return u/s 139(4) or revised return u/s 139(5) for A.Y.

**Time limit to furnish an updated return**

For the previous year relevant to the assessment year, at any time within 24 months from the end of the relevant assessment year.

**Non applicability of the provisions of updated return**

If the updated return is a loss return

If the updated return has the effect of reducing the total tax liability determined on the basis of return furnished

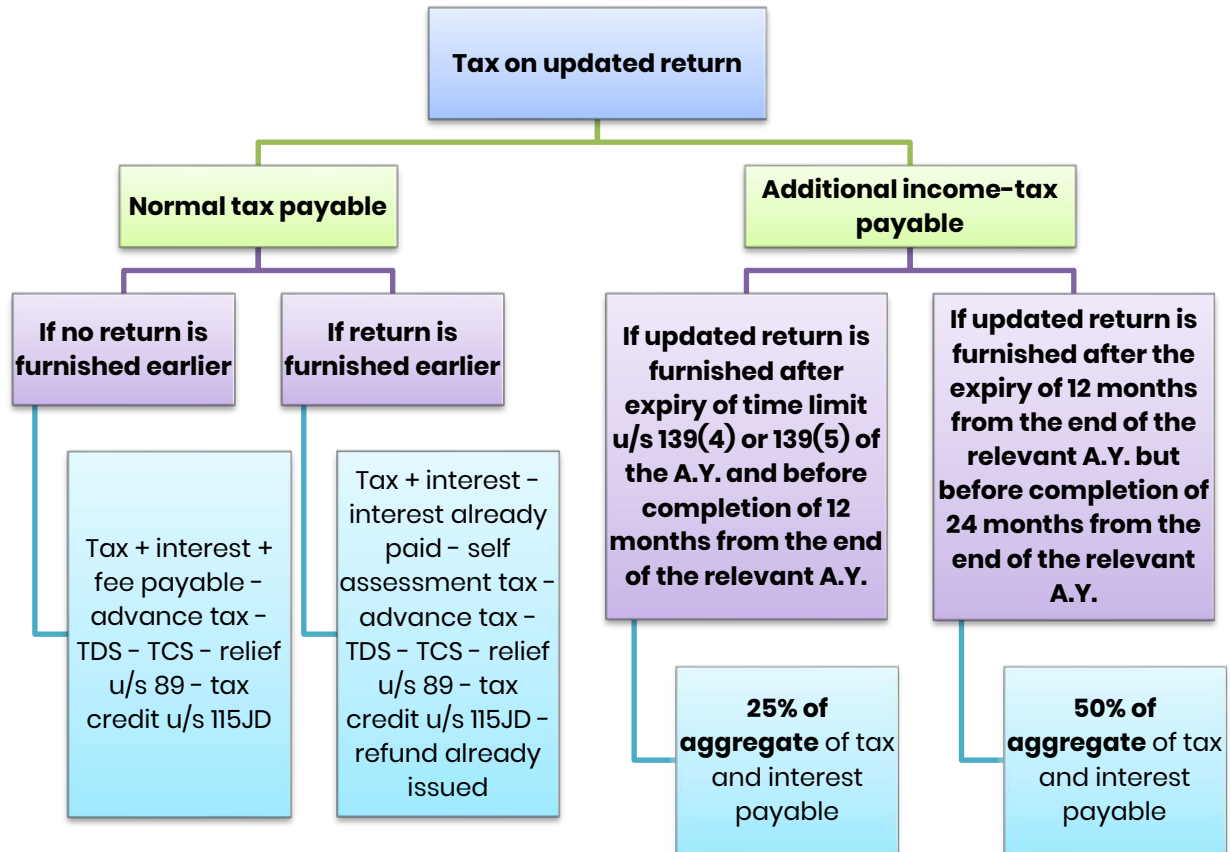
If the updated return results in refund or increases the refund due on the basis of return furnished

**Circumstances in which updated return cannot be furnished**

Where a person has furnished an updated return for the relevant A.Y., no updated return can be furnished for such A.Y.

Where any proceeding for assessment, reassessment, recomputation, or revision of income is pending or has been completed for the relevant A.Y., no updated return can be furnished for such A.Y.

## TAX ON UPDATED RETURN [SECTION 140B]



## QUOTING OF AADHAAR NUMBER [SECTION 139AA]

Every person who has been allotted PAN as on 1.7.2017 and who is eligible to obtain Aadhaar Number, has to intimate his Aadhaar Number to the prescribed authority on or before 31.3.2022.

If such person 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

Where such person has intimated his Aadhaar number u/s 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.

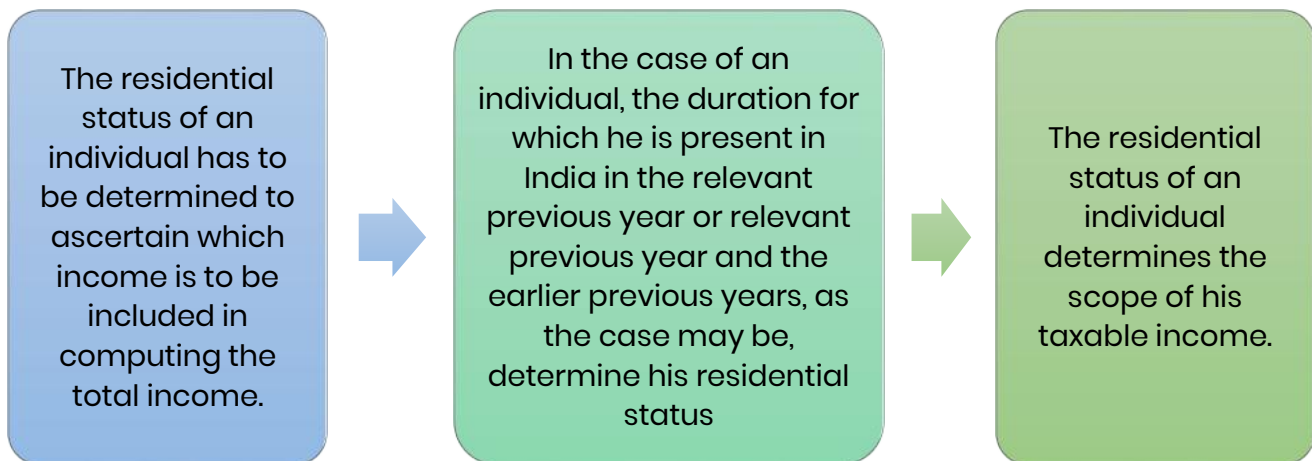
The consequences of inoperative PAN would be effective from the date specified by the Board i.e., **1.7.2023**

# COMPUTATION OF TOTAL INCOME AND TAX LIABILITY

## COMPUTATION OF TOTAL INCOME AND TAX PAYABLE BY AN INDIVIDUAL – STEP BY STEP PROCEDURE

Income-tax is levied on an assessee's total income. Such total income has to be computed as per the provisions contained in the Income-tax Act, 1961. Steps 1 to 8 given hereunder have to be followed for computing total income of an individual assessee. Thereafter, steps 9 to 15 have to be followed for computing the tax payable.

### STEP 1: DETERMINATION OF RESIDENTIAL STATUS



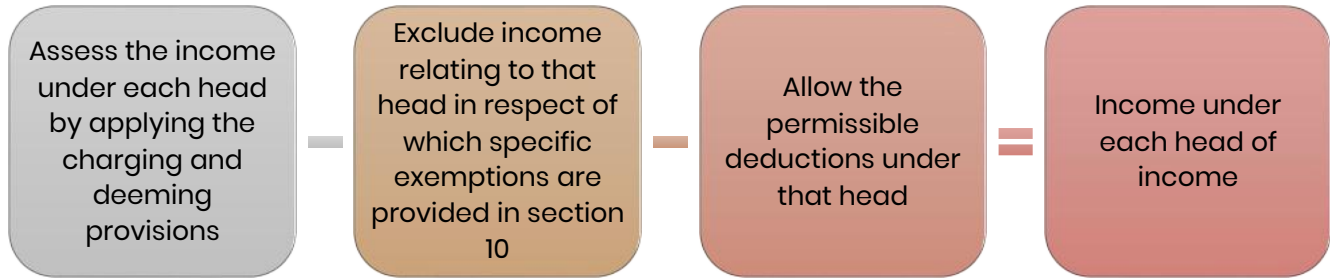
### STEP 2 – CLASSIFICATION OF INCOME UNDER DIFFERENT HEADS

Under the Income-tax Act, 1961, for computation of total income, all income of an individual assessee can be classified into five different heads of income.

There are five heads of income, namely, -

- Salaries,
- Income from house property,
- Profits and gains of business or profession
- Capital Gains
- Income from other sources

## STEP 3 – COMPUTATION OF INCOME UNDER EACH HEAD



**Note:** Certain deductions which are allowable under the normal provisions of the Act are not permissible under the default tax regime. Accordingly, it is necessary to consider whether the individual is paying tax under the default tax regime or exercising the option to shift out of the default tax regime and pay tax under the optional tax regime as per the normal provisions of the Act.

## STEP 4 – CLUBBING OF INCOME OF SPOUSE, MINOR CHILD ETC.

In case of individuals, income-tax is levied on a slab system on the total income. The tax system is progressive i.e., as the income increases, the applicable rate of tax increases. Some taxpayers in the higher income bracket have a tendency to divert some portion of their income to their spouse, minor child etc. to minimize their tax burden.

In order to prevent such tax avoidance, clubbing provisions have been incorporated in the Act, under which income arising to certain persons (like spouse, son's wife etc.) have to be included in the income of the person who has diverted his income to such persons for the purpose of computing tax liability.

STEP 5 – SET-OFF OR CARRY FORWARD & SET-OFF OF LOSSES

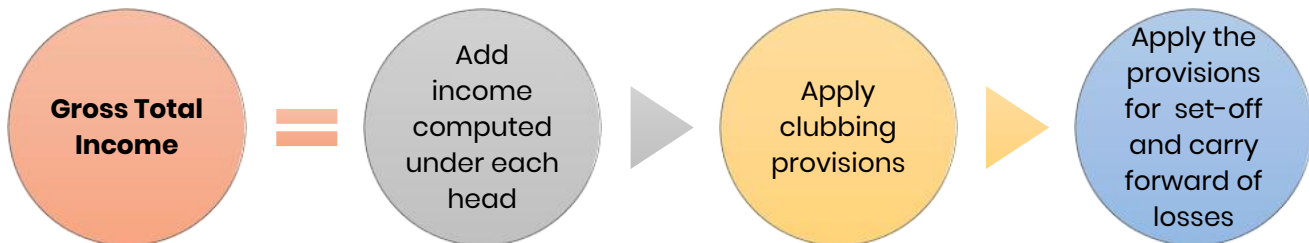
There are provisions in the Act for allowing inter-source and inter-head adjustment in certain cases.

**The losses are allowed to be set off in the following series -**

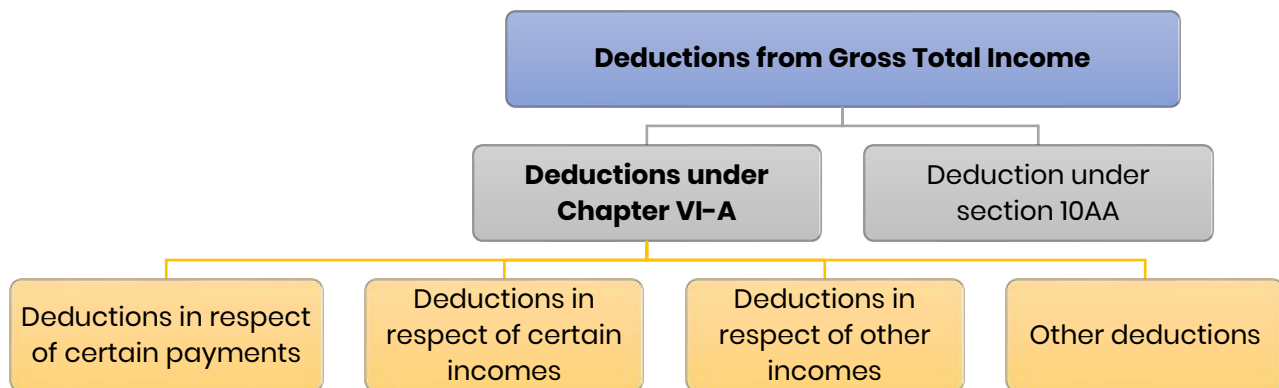
- Inter-source set-off of losses
- Inter-head set-off of losses
- Set-off of brought forward losses
- Set-off of unabsorbed depreciation
- Carry forward of losses and unabsorbed depreciation

**Note:** Loss from house property cannot be set-off against any other head of income, if the individual pays tax under the default tax regime u/s 115BAC. Accordingly, it is necessary to consider whether the individual is paying tax under the default tax regime or exercising the option to shift out of the default tax regime and pay tax under the optional tax regime as per the normal provisions of the Act.

STEP 6 – COMPUTATION OF GROSS TOTAL INCOME

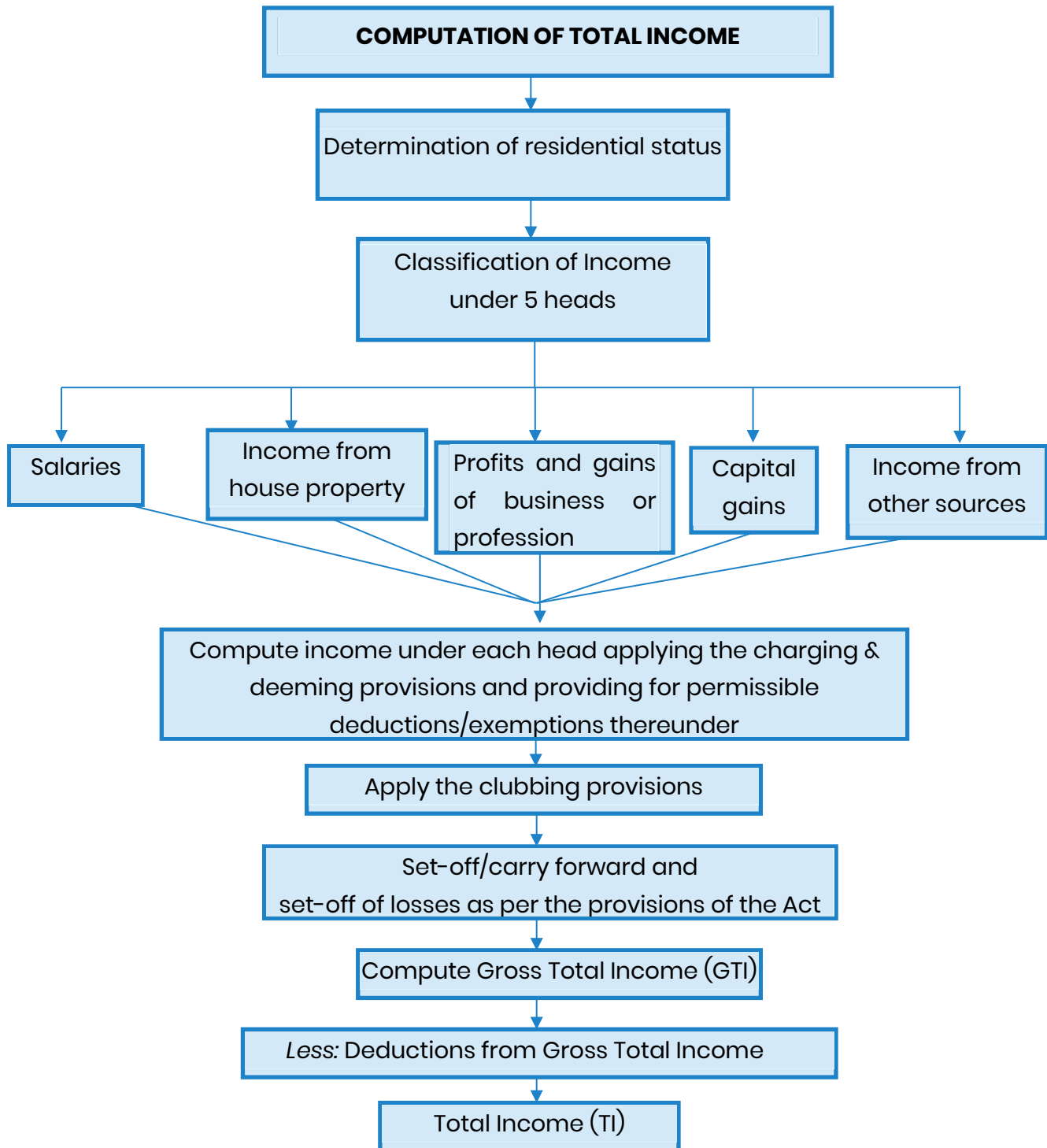


STEP 7 – DEDUCTIONS FROM GROSS TOTAL INCOME



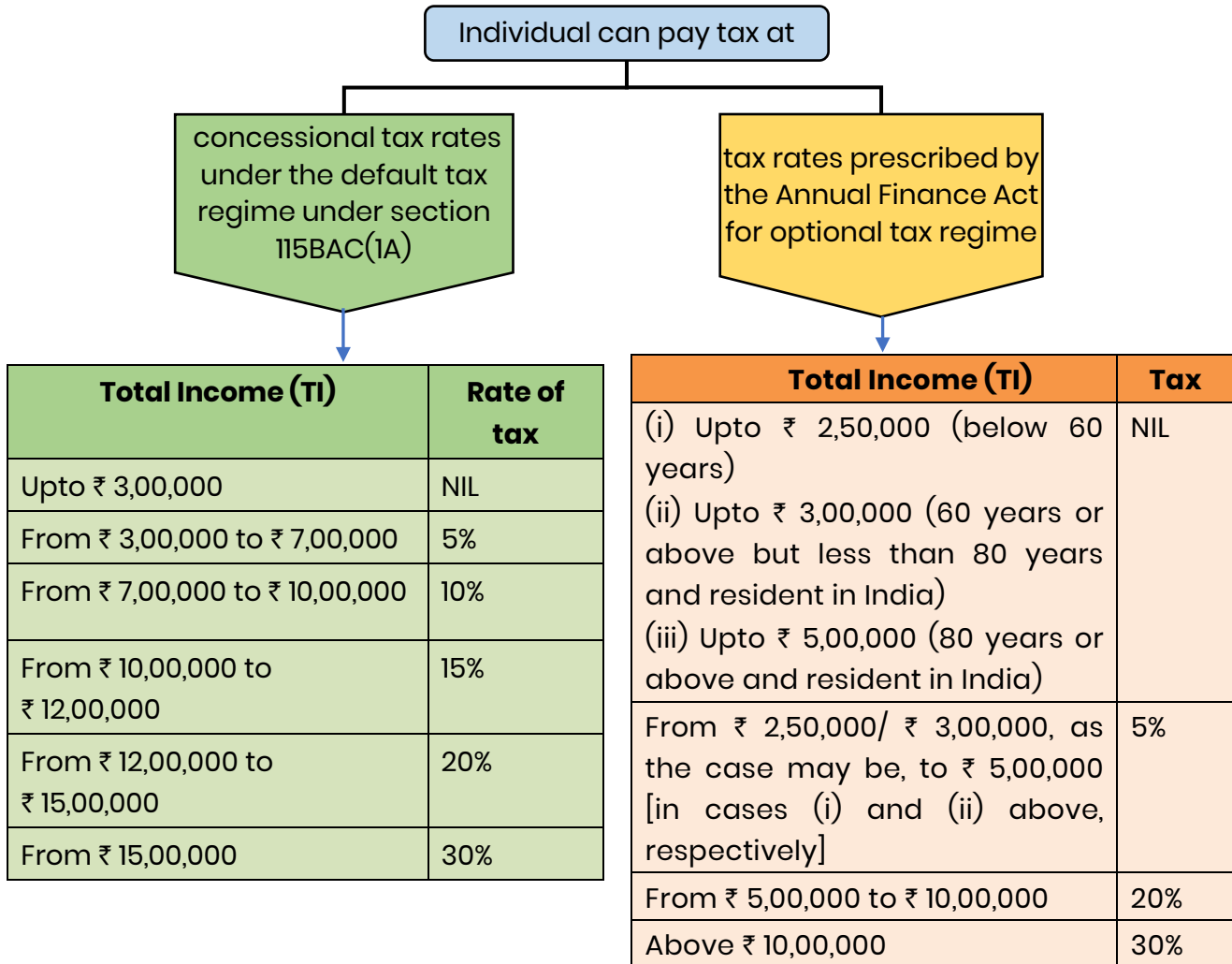
**Note:** Deductions other than deduction u/s 80CCD(2), u/s 80CCH(2) and u/s 80JJAA would not be available if the individual pays tax under the default tax regime under section 115BAC.

## STEP 8 – COMPUTATION OF TOTAL INCOME



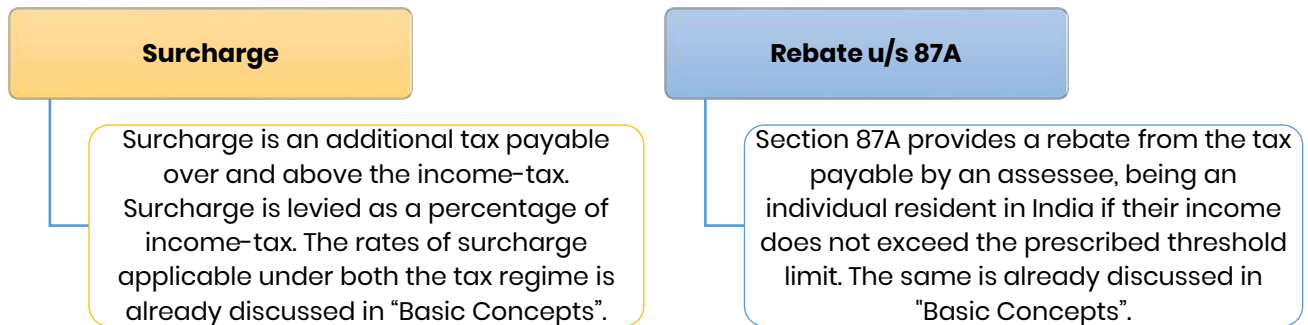
- Total income rounded off to the nearest multiple of ₹ 10
- Tax is calculated on the total income of the assessee

STEP 9 – APPLICATION OF THE RATES OF TAX ON THE TOTAL INCOME IN CASE OF AN INDIVIDUAL



**Note –** Certain income like long term capital gains, lottery income, specified short term capital gains etc. are taxable at special rates provided under the Income-tax Act, 1961 itself.

STEP 10 – SURCHARGE/ REBATE UNDER SECTION 87A



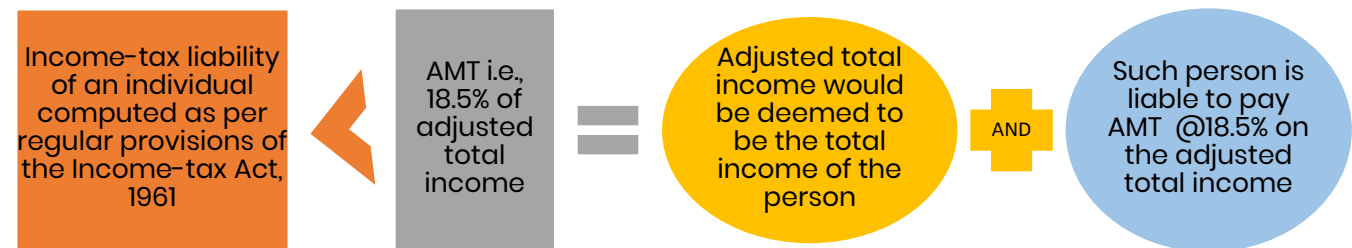
**STEP 11 – HEALTH AND EDUCATION CESS (HEC) ON INCOME-TAX**

The amount of income-tax as increased by the union surcharge, if applicable, should be further increased by an additional surcharge called the “Health and Education cess on income-tax”, calculated at the rate of 4% of such income-tax and surcharge, if applicable.

Total Tax Liability of an individual	=	Tax on total income at applicable rates	(+)	Surcharge, at applicable rates, if total income > ₹ 50 lakhs,	(+)	HEC@4%
				or		
			(-)	Rebate u/s 87A		

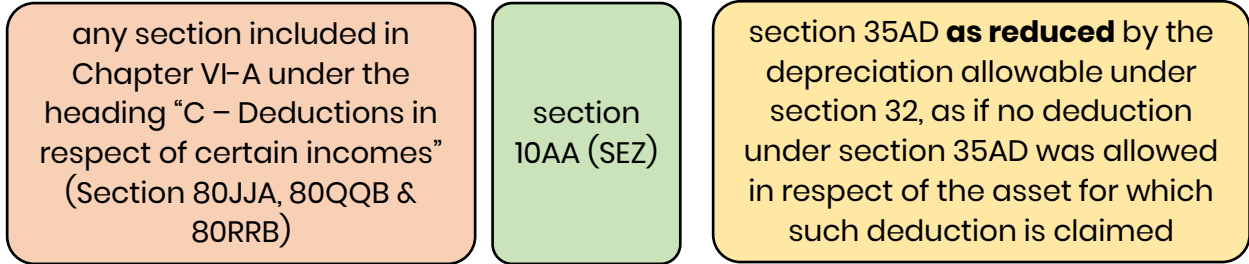
**STEP 12 – ALTERNATE MINIMUM TAX (AMT)**

<p style="text-align: center;"><b>Applicability of AMT [Section 115JEE(1)]</b></p> <p>An individual, who has claimed deduction</p> <ul style="list-style-type: none"> <li>◆ under any section included in Chapter VI-A under the heading “C – Deductions in respect of certain incomes” or</li> <li>◆ u/s 10AA or</li> <li>◆ u/s 35AD</li> </ul>	<p style="text-align: center;"><b>Non-applicability [Section 115JEE(2)]</b></p> <p>The provisions of AMT would not be applicable to</p> <ul style="list-style-type: none"> <li>◆ an individual, if the adjusted total income of such person ≤ ₹ 20 lakhs</li> <li>◆ an individual who is paying tax under default tax regime u/s 115BAC</li> </ul>
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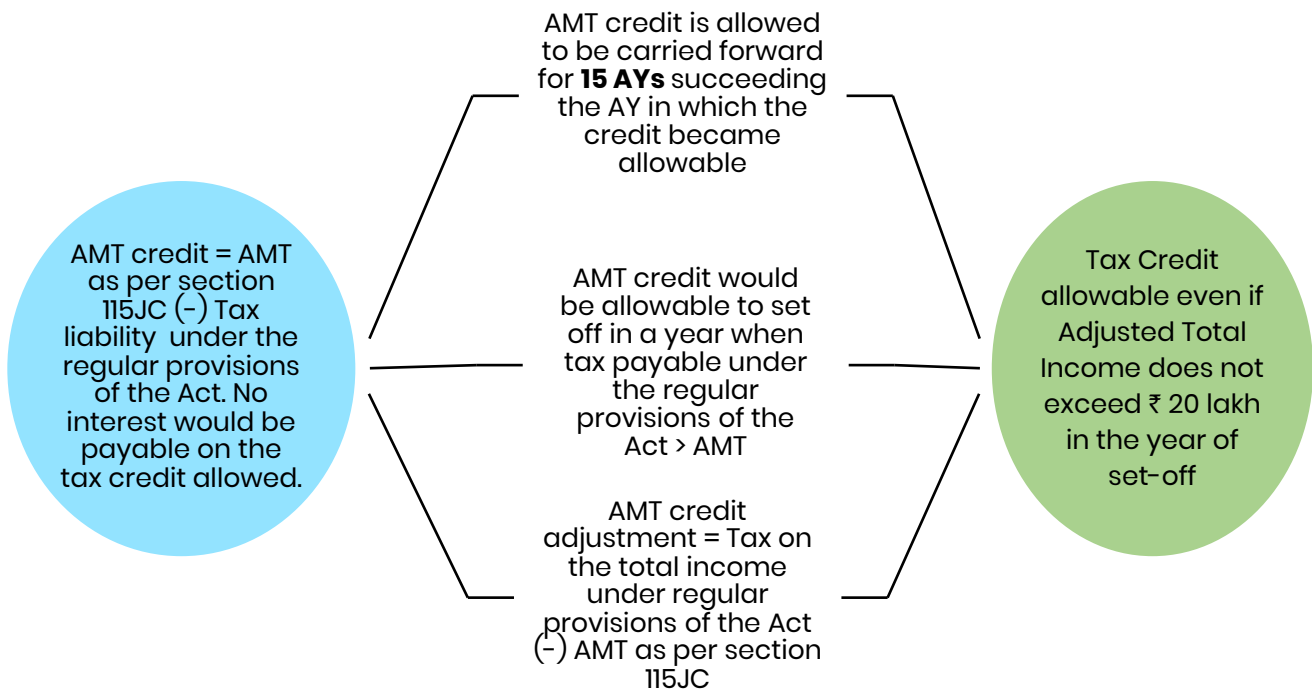


### Computation of adjusted total income

Total income before giving effect to AMT provisions as increased by the deductions claimed, if any, under



### Set off of AMT credit u/s 115JD



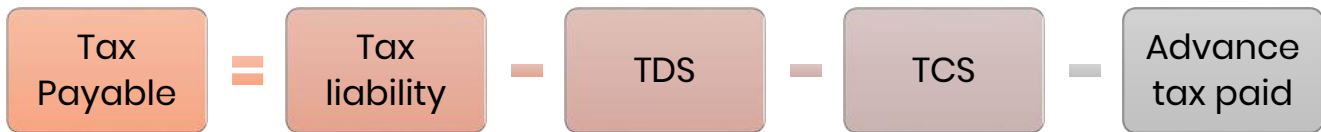
### STEP 13 – EXAMINE WHETHER TO PAY TAX UNDER DEFAULT REGIME UNDER SECTION 115BAC OR PAY TAX UNDER THE OPTIONAL TAX REGIME AS PER THE REGULAR PROVISIONS OF THE ACT

Compute total income and tax liability of individual both in accordance with default tax regime under section 115BAC and regular provisions of the Act (including provisions relating to AMT, if applicable).

Determine which is more beneficial and accordingly decide whether or not to opt out of the default tax regime under section 115BAC.

Individuals not having income from business or profession can choose whether or not to exercise the option of shifting out of the default tax regime **in each previous year**.

### STEP 14 – CREDIT FOR ADVANCE TAX, TDS AND TCS



### STEP 15 – TAX PAYABLE/ TAX REFUNDABLE

