

## TOTAL INCOME ADJUSTMENTS

- CA YASH KHANDELWAL

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

PGBP Income

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

Add: Deductions not allowed (Add if debited)

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

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

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

2. Sale proceeds of scientific research asset XXX

↳ sale proceeds xxx  
 OR deduction allowed u/s 35 xxx ↓ w.e. lower

3. Remission / Cessation of Trading Liability XXX

4. Sale / Remuneration, Interest received from firm to the extent deductible in hands of the firm XXX

Less : Deductions allowed (Deduct if not debited)  
 (if already debited - no adjustment)

1. Depreciation as per Income Tax Act (XXX)

2. Scientific contribution to approved university (XXX)

3. Gift of dry fruits to important customers (XXX)  
 ↳ allowed as revenue expense

4. Payment in cash / bearer cheque / crossed cheque to transporter upto 35000 (XXX)

5. 100% deduction allowed on all capital exp. u/s 35 AD (XXX)

6. Salary paid to sister in law in excess of reasonable amount → allowed (sister in law - not relative) (XXX)

7. EMPLOYER'S contribution if paid before due date of ROI u/s 139(1) (XXX)

8. EMPLOYEE'S contribution if paid before due date of relevant Act (XXX)  
 (15<sup>th</sup> of next month)

9. Interest on loans of Asset after put to use (XXX)  
 ↳ not allowed as business exp. if asset is for personal purpose

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

Deduct from

here

↓

Taxable under  
IFOS

12.  $\begin{array}{c} \text{GST} \\ \swarrow \quad \downarrow \quad \searrow \\ \text{Tax} \quad \text{Interest} \quad \text{Penalty} \\ \underbrace{\hspace{2cm}} \hspace{1cm} \downarrow \\ \text{allowed} \hspace{1.5cm} \text{disallowed} \end{array}$  (XXX)

13. Profit on sale of Capital Asset (XXX)  
 ↳ deduct from here, treat in Capital Gain

XXX

Income from Capital Gain XXX

Income from other sources XXX

Gross Total Income XXX

(-) Chapter VI - A deduction (XXX)

Total Income XXX

↓

Calculate Tax Payable

If Assessee opted Sec 115 BAC



It is a Concessional Tax Regime

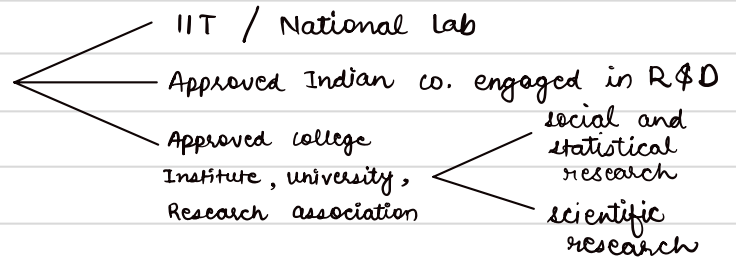
So some deductions are not allowed under it

① Additional depreciation

② Sec 35 contribution to others

In house research ↗

Revenue and capital - 35(1)(i) & 35(1)(iv) allowed



③ Sec 35 AD - Specified Business

④ Sec 10AA - SEZ

- Undervaluation and Overvaluation of Opening & Closing Stock

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

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