

INCOME UNDER THE HEAD OTHER SOURCES

Basis OF Charge [Section 56]

1. Any income which is not charged under any other head is charged under this head.
2. Following incomes are always charged under this head.
 - a) Gifts;
 - b) Dividend;
 - c) Lottery, Betting, Gambling or any other casual income.;
 - d) Rent of Plant & machinery;
 - e) Income from owning and maintaining race horses.
 - f) Family pension less (1/3rd or ₹ 15,000/25,000 - whichever is lower).
 - g) Maturity proceeds of keyman insurance policy Received by Legal Hier.
 - h) Interest On Securities / Bank Deposits

Security Held As SIT	Income Under The head PGBP
Security Held As Investment	Income Under The head Other Sources

Interest on Post Office Savings Bank A/c up to Rs. 3,500 in case of Individual A/c; & Up to Rs. 7,000 in case of Joint A/c is exempt as per section 10(15).

- i) Director's Fee
- j) MP's/MLA's salary
- k) Rent from vacant land
- l) Income from sub letting
- m) Income from letting of building along with P&M or Furniture, if such letting is inseparable.
- n) Royalty
- o) Examinership remuneration
- p) Insurance commission
- q) Agricultural income from agricultural land situated outside India
- r) Interest on delayed refund of income tax

Casual Incomes [Section 115BB]

- Taxable @ 30% + SC (if any) + 4% HEC on tax u/s 115BB
- No deduction for any Expenditure incurred shall be allowed.
- No Deduction under chapter VI-A Shall be allowed and also no loss is allowed to be adjusted with this income.
- Rebate u/s 87A is allowed from Tax on casual Income
- Adjustment of unexhausted Basic Exemption Limit is also NOT ALLOWED
- GROSSING UP of Winning from Lottery/Interest on securities:
If Net Amount is given, it shall be grossed up. Tax will be levied on Gross Income.
Gross Amount = Net Amount ÷ [1 – Tax Rate]

Interest On Enhanced Compensation

- Taxable in PY of Receipt;
- 50% of Receipt is Deductible u/s 57.
- Hence only 50% amount shall be chargeable to tax.

Taxability Of Gift

- Any gift or benefit arising from business or profession shall be taxable under head PGBP
- Any gift received by EE from ER shall be taxable under head Salaries.
- Other Gifts are taxable as follows:

A. Money Gift

Aggregate Money Gift Received Exceeds Rs. 50,000	
Yes	No
Entire Gift Is Taxable	Not Taxable

B. Gift Of Movable Property

i. Without Consideration

Aggregate FMV Exceeds Rs. 50,000	
Yes	No
Entire Gift Is Taxable	Not Taxable

ii. Inadequate Consideration

Aggregate of (FMV – Consideration Paid) Exceeds Rs. 50,000	
Yes	No
Aggregate (FMV – Consideration Paid) is taxable	Not Taxable

Movable Property Includes

- | | |
|--------------------------------|--------------------------|
| a) Shares & Securities | e) Painting |
| b) Jewellery including Bullion | f) Drawing |
| c) Archaeological collection | g) Any Work Of Art |
| d) Sculptures | h) Virtual Digital Asset |

Note: If asset gifted is not a capital asset, then it shall not be taxable in the hands of recipient.

Example: Gift of Rural agricultural land shall not be taxable as it is not a capital asset.

C. Gift Of Immovable Property

i. Without Consideration

SDV Exceeds Rs. 50,000	
Yes	No
Entire Gift Is Taxable	Not Taxable

ii. Inadequate Consideration

SDV Exceeds 110% Of Consideration Paid & (SDV – Consideration Paid) Exceeds Rs. 50,000	
Yes	No
(SDV – Consideration Paid) is taxable	Not Taxable

Note: amount of gift taxable is included in COA of asset received in Gift.

Exceptions

1. Received under a will or inheritance.
2. Received on the marriage of individual.
3. Received from any relative
4. Received in contemplation of death of the payer.
5. Received from registered charitable institute reg u/s 12ab, hospital, medical institutions, university or educational institution reg u/s 10(23c).
6. Received from any local authority u/s 10(20).

Meaning Of Relatives

A. For Individual

- i. Spouse of the Individual
- ii. Brother/sister of the Individual
- iii. Brother/sister of Spouse of Individual
- iv. Brother/sister of either of Parents of the Individual
- v. Lineal Ascendant/Descendant of the Individual.
- vi. Lineal Ascendant/Descendant of Spouse of the Individual
- vii. Spouse of any of the persons referred earlier

B. For HUF – Members of HUF are Relatives.

Family Pension

After the death of employee, employer may pay some pension to family member of the employee which is called 'Family Pension'.

It is taxable under the head other sources but as per section 57 deduction is allowed equal to $\frac{1}{3}^{\text{rd}}$ of such pension but maximum ₹15,000 [25,000 in default regime]

Exemption in Respect of Family Pension

1. Family Pension received by widow or children or nominated heirs, of a member of armed forces (including para-military forces) of the union, where death of such member has occurred in the course of operational duties is exempt
2. Family pension received by any member of family or individual who have been in the service of central or state govt. and have been awarded any notified gallantry awards is exempt.

Dividend

1. Received from domestic company – Fully Taxable
2. Received from Foreign Company – Fully Taxable.
3. Dividend Includes Deemed dividend u/s 2(22) (a) to (e)
Note: Expenses Incurred for earning dividend shall not be allowed except Interest on loan subject to maximum 20% of dividend Income.

Section 2(22)(a)

Distribution by Company to Shareholder which Releases Company's Asset shall be deemed dividend to the extent of accumulated profits including capitalized Profits.

Example

A Ltd. Distributed silver coins Gift of 15,00,000 on occasion of Diwali
Compute deemed dividend if Accumulated profits (a) 25,00,000 (b) 12,00,000

Section 2(22)(b)

If any company has distributed Debentures / Deposit certificates to shareholders or bonus shares to preference shareholders it will be considered to be dividend but only to the extent of accumulated profits including capitalized profits

Section 2(22)(c)

If any company has distributed any amount to its shareholders in connection with its liquidation, it will be considered to be dividend but only to the extent of accumulated profits and any excess over it shall be considered to be full value of consideration as per section 46 and capital gains shall be computed accordingly.

Example

A Ltd went into liquidation on 15/7/24 on which Accumulated Profits was ₹ 15,00,000 and Capitalized profits was ₹ 5,00,000.

Mr. J Hold 5000 shares in A Ltd which is equivalent to 10% ownership in A Ltd.

Mr. J purchased 5000 share on 15/9/23 for ₹ 50/share.

On 12/12/24 After paying off all the liabilities, A Ltd. distributed ₹ 5,00,000 to Mr. J

Show tax implication.

Section 2(22)(d)

Any distribution to its shareholders by a company on the reduction of its capital, to the extent to which the company possesses accumulated profits

Section 2(22)(e)

Distribution of Accumulated Profits by Closely Held company by way of ADVANCE/LOAN to

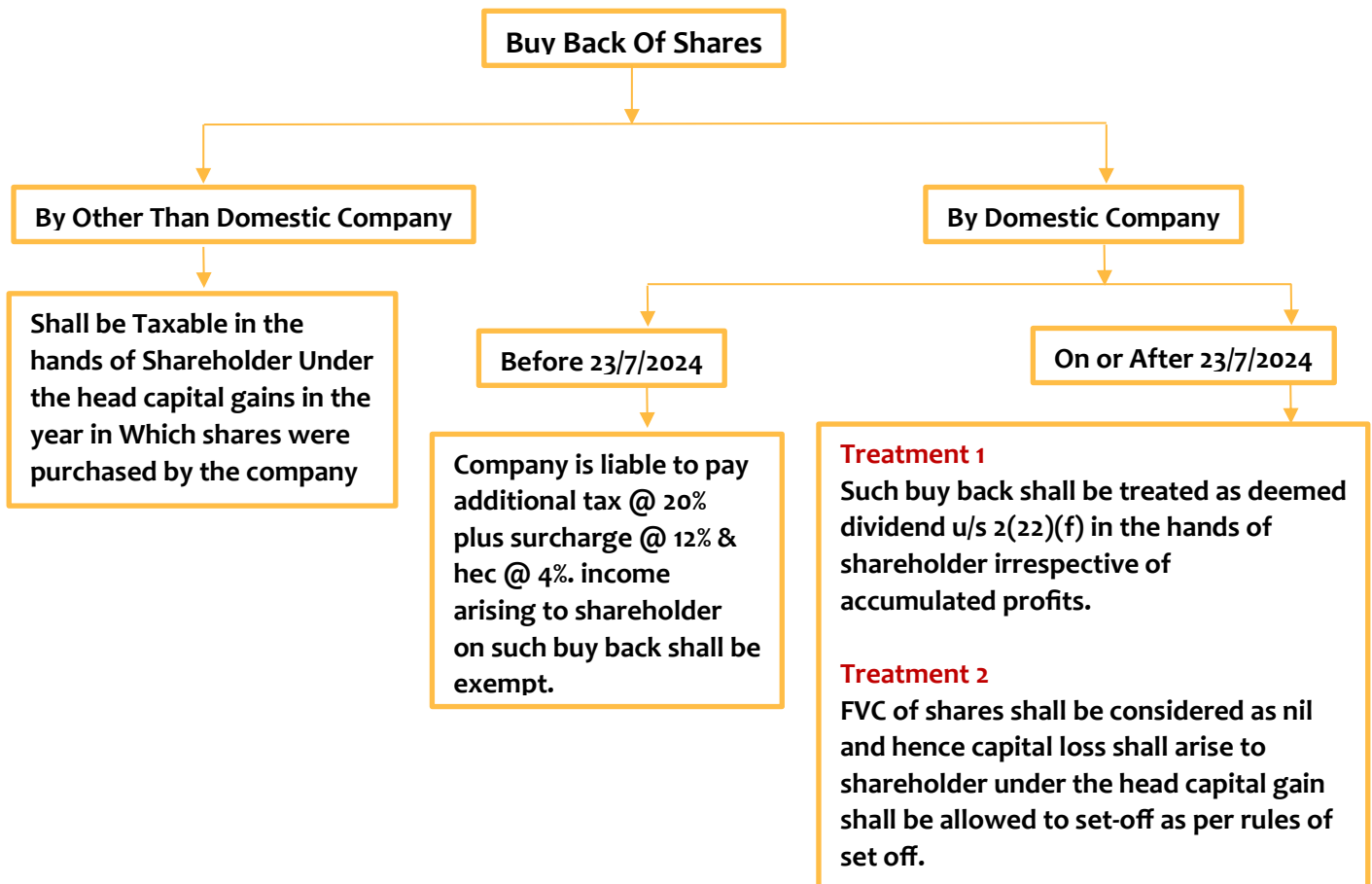
- (i) Shareholders beneficially holding at least 10% equity shares in the company;
- (ii) Any person on behalf of such shareholders/for benefit of such shareholder;
- (iii) Any CONCERN in which such shareholder has substantial interest;
- (iv) Any CONCERN in which such shareholder is member/partner.

Exception:

Money lending is substantial business of company & loan is given in ordinary course

Section 2(22)(f)

Any amount received by shareholder on buyback will be treated as Deemed Dividend regardless of quantum of accumulated profits of the company [w.e.f. 01/10/2024]



Particulars	
No of shares of A Ltd bought in 2020 By Mr B @ ₹ 40 per share	100
Total cost of acquisition (100 x ₹ 40)	₹ 4,000
No of shares bought back in November 2024 by A Ltd @ ₹ 60 per share	20 shares
Income taxable as deemed dividend u/s 2(22)(f) [₹ 60 per share x 20 shares]	₹ 1,200
Long-Term Capital Loss on such buyback as per Section 46A (Value of consideration - COA) {Nil – (₹ 40 x 20 shares)}. Such LTCL can be set-off against other LTCG or it can be carried forward to the next year for set-off against other LTCG.	₹ 800
No of shares sold in December 2025 by Mr B @ ₹ 70 per share	50 Shares
Chargeable LTCG in PY 2025-26 after set-off of Long-Term Capital Loss (₹ 1,500 – ₹ 800)	₹ 700

Life Insurance Policies Maturity Proceeds (Sec. 10(10D))

a) Maturity Amount Received at the time of Death

Fully exempt in the hands of recipient as per Section 10(10D)

b) Otherwise

i. For Policies issued before 1/4/2023

Maturity amount received by assessee shall be exempt u/s 10(10D) if premium paid is up to 10% / 15% / 20% (as the case may be) of the capital sum assured

ii. For Policies issued on or after 1/4/2023

Maturity amount received by assessee shall be exempt if both of following conditions are satisfied:

a) Premium paid is up to 10%/15% of the capital sum assured and

b) aggregate premium for all the policies taken after 1/4/2023 for the year is upto ₹5,00,000.

However, if aggregate premium exceeds ₹5,00,000, then assessee can claim the exemption for those policies whose aggregate premium is upto ₹5,00,000.

Example

Following Policies issued on 1/7/24

Show Tax treatment

Policy	C.S.A.	Premium paid (p.a.)
Policy 1	15,00,000	1,20,000
Policy 2	10,00,000	90,000
Policy 3	25,00,000	2,60,000
Policy 4	15,00,000	1,50,000

Transfer of Unlisted Shares for Inadequate Consideration [Section 50 CA]

If unlisted shares transfer at a price lower than FMV, then FVC shall be considered as FMV of shares in hands of transferor in accordance with section 50CA. Also, provisions of gift are applicable in the hands of transferee.

Example:

- Mr. X sold share of A Ltd. (1,000 shares @ ₹50/share) on 01/10/2024
- Mr. X purchased share @ ₹26/share on 01/01/2023
- Mr. X sold shares to Mr. Y
- FMV of share on 01/10/2024 was ₹120/share.

Show tax implication in the hands of Mr. X and Mr. Y

Inadmissible Deductions [Section 58]

- a) Personal Expenses
- b) Excessive Payment to Relative
- c) Cash Payment > Rs. 10,000 others than through specified mode.
- d) Payment on which TDS provisions applicable but TDS not deducted on time or deducted but not deposited on time.

CHAPTER 4: CLUBBING OF INCOME

- Under the Income-tax Act, 1961, an assessee is generally taxed in respect of his own income. However, there are certain cases where an assessee has to pay tax in respect of income of another person.
- The provisions for the same are contained in sections 60 to 64 of the Act.
- These provisions have been enacted to counteract the tendency on the part of the tax-payers to dispose of their property or transfer their income in such a way that their tax liability can be avoided or reduced

Section 60 – Transfer of income without transfer of Asset

If Only income is transferred without transfer of asset , then such income is to be clubbed in the hands of transferor.

Eg. Mr. A has two house and each house is let out for ` 10 lakh p.a. He has transferred income of one of the house to his wife Mrs. A. In this case, clubbing provision shall be applicable and income shall be taxable in the hands of Mr. A.

Section 61 - Revocable transfer of Asset

If only asset is transferred on revocable basis, then income from such assets shall be clubbed in the hands of transferor

Section 62 – Exception of Section 61

Section 61 will not apply to any income arising to any person if there is –

1. A transfer by way of trust which is not revocable during the lifetime of beneficiary; and
2. Any other transfer, which is not revocable during the lifetime of transferee

Provided the transferor does not derive any direct or indirect benefit.

If the transferor receives direct or indirect benefit from such income, such income is to be included in his total income even though the transfer may not be revocable during the life time of the beneficiary or transferee.

Example Mr. Ram has transferred one asset to Mr. Shyam with the condition that the asset shall be retained by Mr. Shyam as long as he is alive and after that the asset shall be taken back by Mr. Ram. In this case, clubbing provision shall not apply.

Section 63 – Meaning of Revocable Transfer

Transfer is deemed to be revocable if –

- (a) It contains any provision for the re-transfer , directly or indirectly , of the whole or any part of the income or assets to the transferor , or
- (b) It gives , in any way to the transferor , a right to reassume power , directly or indirectly , over the whole or any part of the income or the assets

Note: Once the transfer is revocable transfer, entire income from transferred asset is included in the total income of Transferor

Section 64 – Provisions related to Spouse, Son's wife, HUF and Minor Child**Provisions related to Spouse:-**

- Remuneration to Spouse
- Assets transferred to Spouse on non-revocable basis
- Capital invested in Spouse's business

Remuneration to Spouse

If the spouse of any individual receives any salary , commission , fees or other remuneration from a concern where such individual has substantial interest , then such remuneration shall be clubbed in hands of such individual

No Clubbing shall be done in the above case , if :-

- Such remuneration is paid because of technical or professional qualifications of the spouse , or
- Skills and experience possessed by the spouse

Meaning of Substantial Interest

If individual along with their relatives hold atleast 20% of ownership or has atleast 20% shares in profits of the concern at any time during the PY

Relative means –

- Spouse of the individual
- Brother / Sister of the individual
- Lineal ascendent or descendent of the individual

Notes:

1. In case if both husband and wife has substantial interest and both receives remuneration , then clubbing provisions will apply and income will be added in the hands of such spouse , whose income is higher before adding the clubbed income
2. In case if other income does not exist , then clubbing will apply to such individual whose income is higher
3. Once Such clubbing is applied in the hands of any of the spouse , then it will be continue to be clubbed in such hands in subsequent years also , irrespective of the level of income unless Assessing Officer is satisfied to club such income in the hands of other spouse

Income from assets transferred to spouse on non-revocable basis

If the individual transfers any asset (Other than House Property) to the spouse , without consideration or inadequate consideration , then the income arising on such transferred asset shall be clubbed in the hands of transferor

- If there is inadequate consideration, clubbing provisions shall be applicable only with regard to the income relating to that part of consideration which is considered to be inadequate

- Provisions of clubbing shall be apply if the relationship of spouse exists both at the time of transfer of assets as well as at the time of accrual of income
- Income from Clubbed income shall not be clubbed
- If the asset is transferred under an agreement to live apart, clubbing provisions shall not apply
- If an individual transfers a house property to the spouse, then transferor shall be deemed to be the owner of the house property

Capital contribution in Spouse's business

Amount to be clubbed = $\frac{\text{Profit of the year} \times \text{Amount invested by the individual as on 1st day of PY}}{\text{Capital employed in the business as on 1st day of PY}}$

If any person has transferred the asset to the spouse and spouse has invested it in some partnership firm as capital contribution , in this case –

- Interest received from the partnership firm shall be clubbed
- If any salary has been received from firm , it will not be clubbed
- If any salary has been received from the profits of the firm , it will be exempt

Note : If any person has given loan to spouse , income earned by spouse, by investing such loan amount then clubbing provision shall not applied.

Transfer of asset for benefit of spouse

If any asset is transferred by any individual to any other person, but for the benefit of the spouse , then income from such assets shall also be clubbed in the hands of transferor

Provisions related to Son's wife

Same Provisions as that of spouse

Note :- The relation of Son's Wife must exist both at the time of transfer as well as accrual of income

Provisions related to minor

Income of minor child , including minor married daughter shall be clubbed in the hands of either of the parent whose before such clubbing is higher

Note :-

- Once such clubbing is done in any PY then it will continue to be clubbed in the hands of same parent in subsequent years also , irrespective of the level of income unless the Assessing Officer is satisfied to change
- If child is maintained by a single parent , then clubbing shall be apply in hands of that parent who maintains the child
- If parents of minor child is not alive then the income of minor child cannot be clubbed and guardian of minor child shall file the return of such income on behalf of the minor child
- **Under optional tax regime** – Whenever minor child's income is clubbed , exemption up to ₹1500 per child can be claimed

Minor child's income shall not be clubbed if :-

1. Income is earned by minor child through manual or physical work

2. Income earned by minor child through application of knowledge or skills
3. If minor child is suffering from any disability

Section 64(2) – Provisions related to HUF

If any member of HUF transfers his property to their HUF without consideration, then income arising from such asset shall be clubbed in the hands of such member

During Partition of HUF – Clubbing provisions shall not be applicable. However, income from that part of asset which has been received by the spouse and minor child of such person shall be clubbed in the income of such member

Section 65 – Liability of transferee in clubbing

A.O. has the power to collect the tax from transferee also, in case the tax cannot be recovered from transferor

Cross Transfer

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

Example :-

A making gift of ₹ 50,000 to the wife of his brother B for the purchase of house by her and a simultaneous gift by B to A's minor son of shares in a foreign company worth ₹ 50,000 owned by him, the income from the assets transferred would be assessed in the hands of deemed transferor if the transfers are so intimately connected as to form part of a single transaction, and each transfer constitutes consideration for the other by being mutual or otherwise. Thus, in the instant case, the transfers have been made by A and B to persons who are not their spouse or minor child so as to circumvent the provisions of this section, showing that such transfers are cross transfers to reduce their burden of Taxation. Accordingly, the income arising to Mrs. B from the house property should be included to the total income of B and the dividend from the shares transferred to A's minor son would be taxable in the hands of A.

CHAPTER 6: SET-OFF AND CARRY FORWARD OF LOSSES

Set-off of Losses

Intra Head Adjustment (Section 70)

Set off of loss from one source of income against another source under the same head of income is known as Intra Head Adjustment. It is also known as Inter Source Adjustment.

Inter Head Adjustment (Section 71)

Set off of loss from one head of income against another head of income is known as Inter Head Adjustment.

Heads of Income	Intra Head Adjustment	Inter Head Adjustment
Loss under head House Property	Set off with any other income of house property.	Loss is allowed to be set off with Income under any head except from Casual Income Note: - 1. Loss of Maximum Rs. 2,00,000 is allowed to be adjusted and remaining loss shall be Carry forward 2. No Inter Head Adjustment is available under new regime with respect to loss under head House Property.
Loss under head PGBP		
Specified Business Loss (S.35AD)	Can only be adjusted against specified business income	Not Applicable.
Speculative Business Loss	Can only be adjusted against speculative business income	Not Applicable.
Non-Speculative Business Loss	Can be adjusted against any other business income without any monetary restrictions	Can be adjusted against any other head except Income under head salary and Casual Income.
Loss under head Capital		

Gain		
Short term capital loss	Can be adjusted against any long-term Capital Gain (LTCG u/s 112 & LTCG u/s 112A) or Short term Capital Gain (STCG u/s 111A or other STCG)	Not Applicable
Long term capital loss	Can be adjusted only against Long term Capital Gain (LTCG u/s 112 & LTCG u/s 112A)	Not Applicable
Loss under head other sources		
Loss of Owning & Maintaining Race Horses	Can be adjusted only against Income from Owning and Maintaining Race Horses	Not Applicable
Any other loss under head other sources	Can be adjusted against any other income from other sources except from Casual Income	Can be adjusted against any other head except from Casual Income

Notes :-

- If there is income available then loss has to be adjusted against such income , i.e. Set-off is mandatory, not optional
- Only Intra-Head Adjustment is allowed once loss is carried forward to next assessment year.
- No loss is allowed to be set off against Casual Income, unexplained income, unexplained investment, cash credit etc

Order of Set-Off under head PGBP	
Current year Business income before Depreciation	-
(-) Depreciation of Current Year	(-)
(-) B/F Business loss	(-)
(-) Unabsorbed Depreciation / Scientific Research Expenditure / Family Planning Promotion Expenditure	(-)
Income/Loss under head PGBP	-

Carry Forward of Losses

Losses	Carry Forward
1. Loss under head house property	C/F for Maximum 8 AY

2. Specified Business Loss (S.35AD)	C/F Without any limit
3. Speculative Business Loss	C/F for Maximum 4 AY
4. Non-Speculative Business Loss	C/F for Maximum 8 AY
5. Long Term Capital Loss or Short Term Capital Loss	C/F for Maximum 8 AY
6. Loss from Owning & Maintaining Race Horses	C/F for Maximum 4 AY
7. Unabsorbed Depreciation / Scientific Research Expenditure / Family Planning Promotion Expenditure,	C/F Without any limit

CHAPTER 6: DEDUCTION FROM GROSS TOTAL INCOME

- Deduction is allowed from Gross Total Income. If GTI is less than deduction then, deduction is restricted to the amount of GTI.
- No Deduction is allowed from STCG u/s 111A, LTCG u/s 112, LTCG u/s 112A and casual income.

SECTION 80C DEDUCTION IN RESPECT OF CERTAIN PAYMENTS/INVESTMENTS

1. **Assessee** - Individual / HUF
2. **Deduction** - Amount Invested or ₹ 1.5 lacs – Whichever is lower.
3. **Payment Is Made Towards**
 - (i) Life Insurance Policy for self, spouse & child. Subject to a maximum of 10% of the actual capital sum assured. (15% for person who is a person with disability as referred to in section 80U or suffering from disease as specified in section 80DDB).
 - (ii) In respect of policy issued before 01.04.2012, 10% shall be taken as 20%.
 - (iii) Contribution made in Unit Linked insurance Plan (ULIP) of UTI or mutual fund. (self, spouse and any child or any member of HUF).
 - (iv) Investment in fixed deposit for a period of 5 years or more.
 - (v) Invested in five-year post-office time deposit account.
 - (vi) Contribution by individual to SPF / RPF.
 - (vii) Contribution made by individual or HUF to Public Provident Fund (self, spouse and any child or any member of HUF).
 - (viii) Deduction shall be allowed if amount has been invested in National Saving Certificate (NSC).
 - (ix) Interest accrued on NSC shall be income under the head other sources also deduction is allowed for such interest u/s 80C. However, no deduction shall be allowed for Interest accrued in last year.
 - (x) Repayment of Principle amount of Housing Loan.
 - (xi) Stamp duty, registration fee or other charges paid for acquisition of house property.
 - (xii) Payment of tuition fees (maximum two children and it should be whole time education).
 - (xiii) Senior Citizens Savings Scheme.
 - (xiv) Investment in Sukanya Samridhi Account.
 - (xv) Contribution to any notified pension scheme of Mutual fund or UTI.
 - (xvi) Contribution to NPS Tier-2 account by CG EE for a fixed period of 3 years or more.

SECTION 80CCC DEDUCTION IN RESPECT OF CONTRIBUTION TO CERTAIN PENSION FUNDS

- **Assessee – Individual.**
- **Deduction - Amount Invested or ₹ 1.5 lacs – Whichever is lower.**
- **Payment Is Made Towards**
 - a. Pension plan of Life Insurance Corporation (LIC) also known as annuity scheme; or
 - b. Pension Plan of any other Private Insurer as approved by Controller of Insurance.

Section 80CCD Deduction in respect of contribution to Pension Scheme of Central Government

1. **Assessee - Individual**
2. **Assessee's own contribution**
 - **Section 80CCD(1)**
 - a) Salaried EE = EE's Contribution subject to maximum 10% Of RBS
 - b) Other Individual = Assessee's Contribution subject to maximum 20% of GTI
 - **Section 80CCD(1B)**

An additional deduction of upto ₹ 50,000 is allowed over and above u/s 80CCD (1)

Note: Always claim deduction under 80CCD(1B) first and then balance under 80CCD (1)
3. **ER Contribution to EE's NPS [Section 80CCD(2)]**
 - a) Amount contributed by ER is Added to Gross Salary
 - b) Also Deduction is allowed for such contribution subject to maximum 10% Of RBS (14% of RBS in case contribution is made by CG/SG)

However, Deduction is allowed for such contribution subject to maximum 14% of RBS (In case of Default Tax Regime to both Govt. and Non-Govt. Employees)

SECTION 80 CCE RESTRICTION ON DEDUCTION

- Maximum deduction allowed under section 80C + 80CCC + 80CCD(1) shall be ₹1,50,000.
- Note: ER Contribution u/s 80CCD(2) and Additional Deduction u/s 80CCD(1B) is not covered u/s 80CCE. In other words, these are allowed separately to assessee

SECTION 80CCH DEDUCTION IN RESPECT OF CONTRIBUTION TO AGNIPATH SCHEME

1. Agnipath scheme is a Central Government scheme launched in 2022 for enrolment of Indian youth in the Indian Armed Forces
2. Each Agniveer is to contribute 30% of his monthly customized Agniveer Package to the individual's Agniveer Corpus Fund. Further, the Government will also contribute a matching amount to the 'Agniveer Corpus Fund
3. The Agniveer Corpus Fund means a fund in which consolidated contributions of all the Agniveers and matching contributions of the Central Government along with interest on both these contributions are held.

4. Deduction

a) Assessee's own contribution Section 80CCH (1)

Agniveer is eligible for contribution made to individual's Agniveer Corpus Fund.

b) Contribution made by CG Section 80CCH (2)

Central Government's contribution to the Agniveer Corpus Fund would be included in the salary of the assessee and then whole amount of contribution is allowed as a deduction.

SECTION 80D DEDUCTION IN RESPECT OF FAMILY INSURANCE PREMIUM

1. Assessee - Individual / HUF

2. Payment Made For –

- a) Health insurance premium
- b) Contribution in Central Govt. Health Scheme
- c) Preventive Health Checkup (PHC)

3. Deduction

- i. **Self / Spouse/ dependant Children** - Amount paid Subject to max 25,000. (In case of Resident Senior Citizen max ₹ 50,000)
- ii. **Parents (dependent / Not dependent)** - Amount paid Subject to max 25,000. (In case of Resident Senior Citizen max ₹ 50,000)

4. In case of Resident senior citizen, Deduction of ₹ 50,000 is allowed in case of medical expenditure even if no insurance premium is paid
5. Maximum Deduction for Preventive Health-Check up of Family & Parents is ₹ 5,000 which is included in overall limit of ₹25,000 / ₹ 50,000.
6. No Deduction is allowed for the payment of premium made in cash. PHC payment can be made by any mode.
7. Where medical insurance is paid in lumpsum for more than 1 year, deduction shall be allowed for each PY as follows:

$$\text{Deduction per year} = \frac{\text{Lumpsum Premium}}{\text{PY for Which Insurance is Valid}}$$

SECTION 80DD DEDUCTION IN RESPECT OF MAINTENANCE OF DISABLED DEPENDANT

1. Assessee - Resident Individual / HUF

2. Deduction - ₹75,000 irrespective of the expenditure (₹ 1,25,000 in case of severe disability)

3. Dependant -

- a) **For Individual** - Spouse, children, parents, brothers and sisters who are dependent on the individual
- b) **For HUF** - Any member of the Hindu Undivided Family

Note: Assessee should incur expenses on medical treatment including nursing or paid/deposited amount in LIC scheme for the maintenance of dependent disabled.

SECTION 80DDB MEDICAL TREATMENT OF SPECIFIED DISEASE

1. **Assessee** - Resident Individual / HUF
2. **Expenditure** - Treatment of disease specified in the rule 11DD
3. **Incurred On** –
 - a) **For Individual** – Self or a Dependent Spouse, children, parents, brothers and sisters
 - b) **For HUF**- Any member dependent on the Hindu Undivided Family
4. **Deduction** –
 - a) Amount incurred or ₹40,000 whichever is less.
 - b) For senior citizen - Amount incurred or ₹1,00,000 whichever is less.

SECTION 80E PAYMENT OF INTEREST ON LOAN TAKEN FOR HIGHER EDUCATION

1. **Assessee** – Individual
2. **Deduction** - Payment of interest on loan taken by him from any financial institutions for pursuing higher education (any course after class XIIth)
3. **Education of** - self or spouse or children or any person for whom the assessee is legal guardian
4. No deduction shall be allowed for repayment of the principal loan amount
5. Deduction is allowed for a maximum period of 8 years starting from the year in which first payment of interest was given

SECTION 80EE INTEREST ON LOAN TAKEN FOR CERTAIN HOUSE PROPERTY

1. **Assessee** – Individual
2. **Deduction** - Interest payable on loan taken from any financial institution for acquisition of a residential house property (Max deduction = ₹ 50,000).
3. **Conditions:**
 - a) Loan has been sanctioned during 1/4/2016 – 31/3/2017
 - b) Value of house should not exceed ₹ 50 Lakh.
 - c) Loan amount is upto ₹ 35 lakh
 - d) Assessee doesn't own any RHP on the date of loan sanction
4. Assessee shall claim deduction u/s 24(b) first and then remaining interest shall be allowed under this section.

Note: Loan should be taken from banks or financial institutions.

SECTION 80EEA INTEREST ON LOAN TAKEN FOR CERTAIN HOUSE PROPERTY

1. **Assessee** – Individual
2. **Deduction** - Interest payable on loan taken from any financial institution for acquisition of a residential house property (Max deduction = 1.5 Lacs).
3. **Conditions:**
 - a) Loan has been sanctioned during 1/4/19 – 31/3/22
 - b) SDV ≤ 45 Lakh.
 - c) Assessee doesn't own any RHP on the date of loan sanction
 - d) Assessee shall claim deduction u/s 24(b) first and then remaining interest shall be

allowed under this section.

Note: Loan should be taken from banks or financial institutions.

SECTION 80EEB INTEREST ON LOAN TAKEN FOR PURCHASE OF ELECTRIC VEHICLE

1. **Assessee** – Individual
2. **Deduction** - Interest payable on loan taken from any financial institution for purchase of electric vehicle (Max deduction = 1.5 Lacs).
3. **Conditions:** Loan has been sanctioned during 1/4/19 – 31/3/23
4. Deduction is allowed irrespective of fact whether e-vehicle is purchased for official or personal use.

Note: Loan should be taken from banks or financial institutions.

SECTION 80G DONATIONS TO CERTAIN FUNDS, CHARITABLE INSTITUTIONS ETC.

1. Deduction is available to all the assesses for donation made to eligible funds or institutions
2. Donations in kind shall not qualify for deduction.
3. No deduction shall be allowed in respect of donation of exceeding ₹ 2,000 unless such sum is paid by any mode other than cash.
4. Quantum of deduction:
There are four categories of deductions

Category 1: Donation qualifying for 100% deduction, without any qualifying limit

- (1) The National Defence Fund set up by the Central Government
- (2) Prime Minister's National Relief Fund.
- (3) Prime Minister's Armenia Earthquake Relief Fund
- (4) The National Children's Fund
- (5) The National Foundation for Communal Harmony
- (6) Approved University or educational institution of national eminence
- (7) Chief Minister's Earthquake Relief Fund, Maharashtra
- (8) Any Zila Saksharta Samiti
- (9) Any State Government Fund set up to provide medical relief to the poor
- (10) The Army Central Welfare Fund or Indian Naval Benevolent Fund or Air Force Central Welfare Fund established by the armed forces of the Union for the welfare of past and present members of such forces or their dependents.
- (11) The National Illness Assistance Fund
- (12) The Chief Minister's Relief Fund or Lieutenant Governor's Relief Fund in respect of any State or Union Territory
- (13) The National Sports Fund set up by the Central Government
- (14) The National Cultural Fund set up by the Central Government
- (15) The Fund for Technology Development and Application set up by the Central Government
- (16) The Swachh Bharat Kosh

- (17) The Clean Ganga Fund
- (18) The National Fund for Control of Drug Abuse

Category 2: Donation qualifying for 50% deduction, without any qualifying limit
Prime Minister's Drought Relief Fund

Category 3: Donation qualifying for 100% deduction, subject to qualifying limit

- (1) The Government or to any approved local authority, institution or association for promotion of family planning
- (2) Sum paid by a company as donation to the Indian Olympic Association or any other association/institution established in India.

Category 4: Donation qualifying for 50% deduction, subject to qualifying limit.

- (1) Any Institution or Fund established in India for charitable purposes
- (2) The Government or any local authority for utilisation for any charitable purpose other than the purpose of promoting family planning
- (3) An authority constituted in India by or under any other law enacted either for dealing with and satisfying the need for housing accommodation or for the purpose of planning, development or improvement of cities, towns and villages, or both
- (4) Any Corporation established by the Central Government or any State Government for promoting the interests of the members of a minority community.
- (5) for renovation or repair of Notified temple, mosque, gurdwara, church or any other similar place

Qualifying limit: The eligible donations referred to in category 3 and 4 should be aggregated and the sum total should be limited to 10% of the adjusted gross total income.

Adjusted Total Income Means GTI as reduced by LTCG (u/s 112/112A) & STCG u/s 111A & All Deductions except 80G

SECTION 80GG DEDUCTION IN CASE OF PAYMENT OF RENT

1. **Assessee** - Individual (Must Not be receiving HRA/RFAC)
2. **Deduction** – Lower of following shall be allowed as deduction:
 - a) ₹ 5,000 Per Month
 - b) Rent paid - 10% of Adjusted GTI
 - c) 25% of Adjusted GTI
3. **Adjusted GTI** Means GTI as reduced by LTCG (u/s 112/112A) & STCG u/s 111A & All Deductions except 80GG.
4. **Other Conditions:**
 - Individual should not have any house in his name or spouse name or minor child name or in the name of HUF of which he is a member, at a place of his duty.
 - Assessee may have house at any other place but it should not be self occupied i.e. it may be let out or vacant

SECTION 80GGB CONTRIBUTIONS TO POLITICAL PARTIES OR ELECTORAL TRUST

1. **Assessee** - Indian Company
2. **Deduction** – 100% of Amount Contributed

SECTION 80GGC CONTRIBUTIONS TO POLITICAL PARTIES OR ELECTORAL TRUST

1. **Assessee** – Any person other than Indian Company
2. **Deduction** – 100% of Amount Contributed

SECTION 80JJAA DEDUCTION IN CASE OF NEW EMPLOYMENT

1. **Assessee** - All Assessee's whose accounts are required to be audited u/s 44AB (i.e. TO > ₹ 1cr/10cr).
2. **Deduction** - 30% of additional employee cost incurred. Deduction is allowed for 3 assessment years including the assessment year in which such employment is provided.
3. **Conditions**
 - a) Emoluments should be paid through account payee cheque, an account payee bank draft or by use of electronic clearing system
 - b) "Additional employee" means an employee who has been employed during the previous year and whose employment has the effect of increasing the total number of employees employed by the employer as on the last day of the preceding year.
 - c) Additional EE does not include —
 - (i) an employee whose total emoluments are more than ₹ 25,000 per month; or
 - (ii) an employee employed for a period of less than 240 days during PY (in case of business of manufacturing of apparel or footwear or leather products, 150 days shall be considered).
 - (iii) an employee who does not participate in the recognized provident fund.
4. If an EE is employed for less than 240/150 days as the case may be during the PY, but is employed for a period of 240/150 days or more in the immediately succeeding year, then he shall be deemed to be employed in succeeding year and accordingly ER shall be entitled for deduction under this section for such EEs in the succeeding year.

SECTION 80QQB ROYALTY INCOME, ETC., OF AUTHORS OF BOOKS OTHER THAN TEXT BOOKS

1. **Assessee** - Resident individual
2. **Deduction** – Royalty income or ₹3,00,000 whichever is less.
However, Royalty received in excess of 15% of the value of books sold during the previous year shall be ignored
3. **Royalty from Foreign Country:** Deduction allowed if Royalty brought to India in convertible foreign exchange within 6 Months from the end of previous year.

SECTION 80RRB DEDUCTION IN RESPECT OF ROYALTY ON PATENTS

1. **Assessee** - Resident individual
2. **Deduction** – Royalty income or ₹3,00,000 whichever is less.
3. Royalty from Foreign Country: Deduction allowed if Royalty brought to India in convertible foreign exchange within 6 Months from the end of previous year.

SECTION 80TTA INTEREST ON DEPOSITS IN SAVINGS ACCOUNT

1. **Assessee** - Individual / HUF (other than senior citizen)
2. **Deduction** – Lower of Following is allowed as deduction
 - a) Interest Amount
 - b) ₹ 10,000
3. Interest income on saving bank accounts with any Bank/ Post Office is eligible for deduction under this section.
4. No deduction is allowed from interest on time deposit/ fixed deposit.

Note: As per section 10(15), Interest on Post Office Savings Bank Account to the extent of ₹3,500 per year shall be exempt from income tax and in the case of joint account, exemption shall be allowed up to ₹7,000 per year.

SECTION 80TTB INTEREST ON DEPOSITS IN CASE OF SENIOR CITIZENS

1. **Assessee** - Senior citizen
2. **Deduction** – Lower of Following is allowed as deduction
 - a) Interest Amount
 - b) ₹ 50,000
3. Interest income on Saving, fixed, time, recurring or any other deposit is eligible for deduction under this section.

SECTION 80U DEDUCTION FOR HANDICAPPED ASSESSEE

1. **Assessee** – Resident Individual
2. **Deduction** – ₹ 75,000 (₹ 1,25,000 for severe Disability)

SECTION 10AA DEDUCTION IN RESPECT OF SEZ UNIT

- 1) In computing the total income of an undertaking which begins to manufacture or produce articles or things or computer software in SEZ unit.
- 2) Deduction shall be allowed only if SEZ unit has received approval up to 31/03/2020 and manufacturing is commenced up to 31/03/2021
- 3) Deduction u/s 10AA shall be allowed as follows:

- a) For the first 5 years -100% of export profit
- b) For the next 5 years -50% of export profit
- c) For the next 5 years lower of the following :-
 - i) 50% of export profit or
 - ii) Amount credited in Re-investment allowance reserve A/c
- 2) $\text{Export profit} = (\text{Profit of SEZ unit} \times \text{Export turnover}) \div \text{Total turnover}$
- 3) Export turnover means consideration received in India in convertible foreign exchange within 6 months from end of previous year.
- 4) Export turnover does not include freight, insurance, telecommunication charges or other expenses for providing services outside India.
- 5) Above mentioned expenses shall also be excluded from total turnover.
- 6) Deduction u/s 10AA shall be allowed only under old regime.
- 7) Deduction under this section shall be allowed after claiming all the deduction u/s 80c-80u from GTI
- 8) P&M used in the business should be new, except:
 - a) 20% of total value of P&M used in the undertaking can be second hand.
 - b) P&M imported from outside India for the first time shall be treated as New P&M.

CHAPTER 7A: ADVANCE PAYMENT OF TAX

Liability to pay Advance Tax

- Tax shall be payable in advance during any financial year in respect of an assessee's current income
- Obligation to pay advance tax arises in every case where the tax payable is ₹ 10,000 or more

Note :- In case of senior citizens who have passive source of income like interest, rent, etc., exemption from payment of advance tax has been provided to a resident individual-

- not having any income chargeable under the head PGBP and
- of the age of 60 years or more.

Such senior citizens need not pay advance tax and are allowed to discharge their tax liability (other than TDS) by payment of self-assessment tax.

Calculation of Advance Tax

The amount of advance tax payable in the financial year calculated by –

- the assessee himself based on his estimation of current income or
- the Assessing Officer as a result of an order

Installments of Advance Tax (Other than Presumptive basis)

Due date of Installment	Amount Payable
On or before 15th June	15% of advance tax liability
On or before 15th September	45% of advance tax liability, as reduced by the amount, if any, paid in the earlier instalment
On or before 15th December	75% of advance tax liability, as reduced by the amount or amounts, if any, paid in the earlier instalments
On or before 15th March	The whole amount of advance tax liability as reduced by the amounts, if any, paid in the earlier instalments

Note - Any amount paid by way of advance tax on or before 31st March shall also be treated as advance tax paid during each financial year ending on 31st March.

Interest u/s 234C

If any person has defaulted in payment of advance tax, interest shall be charged @ 1% per month for a period of 3 months on the Amount of default in each installment, but for the last installment, interest shall be charged only for one month.

Circumstances	Amount On which Interest is to be Paid
Where advance tax paid on or before 15/06 is less than 12% of the tax due	15% of tax due on income less advance tax paid upto 15/06

Where advance tax paid on or before 15/09 is less than 36% of the tax due	45% of tax due on income less advance tax paid upto 15/09
Where advance tax paid on or before 15/12 is less than 75% of the tax due	75% of tax due on income minus advance tax paid upto 15/12
Where advance tax paid on or before 15/03 is less than 100% of the tax due	100% of tax due on income minus advance tax paid upto 15/03

Note :- In case of capital gains and casual income, no advance tax is payable on estimated basis but if there is actual accrual of casual income or capital gains, advance tax is to be paid in the subsequent installments and if such accrual is after 15th March, advance tax is to be paid upto 31st March of previous year otherwise interest shall be charged under section 234C

Interest u/s 234B

If advance tax paid is less than 90% of actual tax liability, assessee shall be required to pay interest @ 1% per month or part of a month from 1st April of assessment year upto the date of payment.

Interest u/s 234A

If any person has paid income tax after expiry of the last date of filing of return of income, interest shall be payable @ 1% p.m. or part of the month for the period subsequent to the last date of filing of return of income

Rule 119A

As per rule 119A, the principal Amount shall be rounded off in the multiples of ₹ 100 and for this purpose any fraction of ₹ 100 shall be ignored

CHAPTER 7B: TAX DEDUCTION AT SOURCE

Section 192 TDS On Salary

Payment	Payer	Payee	Rate
Salary	Any Person (ER)	Any Person (EE)	Slab Rate
Additional Points			
1. TDS to be deducted @ the time of payment 2. If any person is working with two or more employers, in that case he should submit the particulars of his salary from all the employers to one of the employer who will deduct TDS on total Salary from all the Employers 3. For taxability of Salary under normal scheme (i.e. old regime) EE has to submit declaration to ER, then ER shall deduct TDS under Normal Scheme. 4. If any employee has income under any other head, the employee may report such incomes to the employer and the employer shall take it into consideration while deducting TDS. 5. If employee has loss under the head house property, he shall be allowed to report such loss to the employer. 6. If any tax has been deducted or collected under any other section then EE is allowed to report such details to ER. 7. EE has to give evidence/proof of deductions, Rent Paid for HRA Exemption, Travel expenses for LTC exemption. 8. If the ER bears the tax on non-monetary perq, then such tax shall not be deducted from salary of EE. Note: Tax on non-monetary perq paid by ER is exempted in hands of EE u/s 10(10CC) and ER is not allowed to dr. such expense to P/L. 9. Where firm pays salary to partner, then section 192 is not applicable.			

Section 192A Withdrawal From Employees Provident Fund

Payment	Payer	Payee	Rate
Accumulated Balance Of PF	Any Person	Any Person (EE)	10%
Additional Points			
1. TDS to be deducted @ the time of payment 2. No TDS, if payment is less than 50,000 3. No TDS if Withdrawal from PF is Exempt (Refer Salary Chap.) 4. If EE fails to furnish the PAN, then TDS is deducted @ MMR (30% + 37% + 4% i.e. 42.744%)			

Section 193 Interest on Securities

Payment	Payer	Payee	Rate
Interest on Securities	Any Person	Resident Person	10%
Additional Points			
No TDS in Following Cases (a) 7 Years NSC;			

- (b) National Development/Defence Bond;
- (c) 54EC Bonds: PFCL & IRFCL;
- (d) Listed DEMAT Securities;
- (e) Interest is payable to LIC/GIC/Insurance co.
- (f) Interest on Debentures of Public Co. to Resident Ind/HUF by A/c payee cheque in FY is upto ₹ 5,000.
- (g) CG/SG Securities
Note: TDS Shall be deducted on 8% saving (taxable) bonds & 7.75% Savings (Taxable) Bonds if interest is more than ₹ 10,000
- (h) Individual holding 6.5% Gold Bonds, 1977 or 7% gold bonds, 1980 provided that nominal value of bond is upto ₹ 10,000

Section 194 Dividend

Payment	Payer	Payee	Rate
Dividend	Domestic Company	Resident Person	10%
Additional Points			
1. TDS to be deducted @ the time of payment 2. No TDS where dividend is payable to LIC/GIC/Insurance co. 3. No TDS If dividend is upto ₹ 5,000 in a FY is paid to individual by any mode other than cash.			

Section 194A Interest Other Than Interest On Securities

Payment	Payer	Payee	Rate
Interest Other than Securities Interest	Any Person Other Than Ind/HUF	Resident Person	10%
Additional Points			
1. Ind/HUF shall deduct TDS if Last year TO exceeds 1cr in case of business or GR exceeds 50L in case of profession. 2. No TDS In Following Cases: a) Interest Paid by Bank/Post Office on time deposits (FD) not exceeding ₹ 40,000 (₹ 50,000 for Senior Citizen) Limit of 40K/50K → Branch wise; However, if CBS exist, limit of 40K/50K is for Whole bank (All Braches) b) Interest on savings account. c) Other Interest upto ₹ 5,000 d) Interest to banks, Financial corporation, LIC, UTI, Co-op Banks; e) Interest paid by firm to its partner f) Exempted interest u/s 10(15) g) Interest paid by primary agricultural credit society on deposits made with them. h) Interest on tax refund by Government i) Interest on Zero Coupon Bonds			

Section 194B WINNING FROM LOTTERIES OR CROSS WORD PUZZLES, ETC.

Payment	Payer	Payee	Rate
WINNING FROM LOTTERIES OR CROSS WORD PUZZLES, ETC.	Any Person	Any Person	30%
Additional Points			
1. TDS required to be deducted @ time of payment 2. No TDS if winning amount is upto ₹ 10,000 3. If prize is given partly in cash and partly in kind then tax on whole prize (i.e. aggregate of cash and value of prize in kind) shall be deducted from the cash prize. 4. If prize is given in kind only (or cash prize is not sufficient), then payer should ensure that tax has been paid on such income before releasing such prize. 5. If prize money is paid in instalments, then tax shall be deducted at the time of payment of each instalment. 6. Where an agent receives the prize money on unsold ticket or becomes entitled to an unclaimed prize, it shall form part of his business income and therefore not liable for tax deduction u/s 194B			

Section 194BA Winnings From Online Games

Payment	Payer	Payee	Rate
Winnings From Online Games	Any Person	Any Person	30%
Additional Points			
1. TDS is to be deducted at the end of the FY. In case, there is withdrawal from user account during the FY, tax would be deducted at the time of such withdrawal on net winnings comprised in such withdrawal. $\text{Net winnings} = A - (B + C),$ where A = Amount withdrawn from the user account; B = Aggregate amount of non-taxable deposit made in the user account by the owner of such account during the financial year, till the time of such withdrawal; and C = Opening balance of the user account at the beginning of the financial year. 2. Any deposit in the form of bonus, referral bonus, incentives etc would form part of net winnings and tax under section 194BA of the Act is liable to be deducted at the time of withdrawal as well as at the end of the financial year. 3. If some incentives/bonus which is credited in user account only for the purposes of playing and they cannot be withdrawn or used for any other purposes, then such deposit shall be ignored for calculation of net winnings. However when these incentive / bonus are recharacterised and they are allowed to be withdrawn, they will become part of net winnings for the year in which they are withdrawn. 4. No TDS where net winnings withdrawn does not exceed Rs 100 in a month 5. If prize is given partly in cash and partly in kind then tax on whole prize (i.e. aggregate of cash and value of prize in kind) shall be deducted from the cash prize. 6. If prize is given in kind only (or cash prize is not sufficient), then payer should ensure that tax has been paid on such income before releasing such prize.			

Section 194BB Winning From Horse Races

Payment	Payer	Payee	Rate
Winnings From Horse Races	Any Person	Any Person	30%
Additional Points			
1. TDS required to be deducted @ time of payment 2. No TDS if winning amount is upto ₹ 10,000.			

SECTION 194C PAYMENT TO CONTRACTOR

Payment	Payer	Payee	Rate
Payment to contractor. Works / labour contract ; Advertising contract, Catering, TV, Transporters, Job Work.	Any Person Other Than Ind/HUF/AOP/BOI	Resident Person	Payee Ind/HUF – 1% Other – 2%
Additional Points			
1. Ind/HUF/AOP/BOI shall deduct TDS if Last year TO exceeds 1cr in case of business or GR exceeds 50L in case of profession. 2. NO TDS in following Cases: (a) If Single payment is upto ₹ 30,000 & Aggregate payment upto ₹ 1,00,000 during FY. (b) Personal contract of Individual / HUF (c) Payment to contractor in transport business owning not more than 10 trucks during FY & furnishes PAN 3. Works Includes a) advertising b) broadcasting and telecasting including production of programmes for such broadcasting or telecasting; c) carriage of goods and passengers by any mode of transport other than by railways; d) catering. e) manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from such customer or its associate, being a person placed similarly in relation to such customer as is the person placed in relation to the assessee u/s 40A(2). but does not include manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from a person, other than such customer or associate of such customer 4. In case of Job work, TDS shall be applied on the invoice value excluding the value of material purchased from the customer, provided bifurcation is given in the invoice. Otherwise, TDS is applied on entire value. 5. Payment by broadcaster or telecasters (TV Channels / OTT) to production houses for the production of content for broadcasting/Telecasting:			

- a) Content is produced as per broadcasters requirement and Copyright of such content is with broadcaster → Covered under definition of work → TDS u/s 194C is Applicable
- b) Broadcaster acquires telecast rights of the content already produced → Not covered under definition of work → No TDS u/s 194C is Applicable.
6. Payment for transportation of gas:
If seller sells as well as transports the gas to the buyer till the point of delivery, nature of such contract remains “contract of sale” and not a works contract. It is irrelevant whether transportation charges are included in cost of gas or it is shown separately. However, if transportation facility is availed from third person, then transport charges are liable for tds u/s 194C.

Section 194D Insurance Commission

Payment	Payer	Payee	Rate
Insurance Commission	Any Person	Resident Person	5%
Additional Points			
No TDS if Commission is upto ₹ 15,000.			

Section 194DA Maturity of Life Insurance Policy

Payment	Payer	Payee	Rate
Maturity of Life Insurance Policy	Any Person	Resident Person	5% of Income Received. w.e.f. 1/10/2024 – 2%
Additional Points			
1. TDS required to be deducted @ time of payment 2. No TDS if maturity Amount Received is less than ₹ 1,00,000 3. No TDS if maturity Amount is Exempt u/s 10(10D)			

Section 194E Payment To Non Resident Sportsman/Entertainer Or Sports Associations

Payment	Payer	Payee	Rate
Payment To Non Resident Sportsman Or Sports Associations	Any Person	Non Resident Sportsman Or Sports Associations	20.8% (20% + 4%)
Additional Points			
Income Received by NR Sportsperson by way of			
(a) Participation in India in any game (excluding card game or gambling) or sport			
(b) Advertising			
(c) Contribution of articles relating to any game or sports in any newspaper, magazine or journal.			
(d) Income received for performing in India by NR entertainer.			

Section 194G Commission On Sale Of Lottery Tickets

Payment	Payer	Payee	Rate
Commission On Sale Of Lottery Tickets	Any Person	Any Person	5% w.e.f. 1/10/2024 – 2%
Additional Points			
No TDS if Commission is upto ₹ 15,000			

Section 194H Commission & Brokerage

Payment	Payer	Payee	Rate
Commission & Brokerage	Any Person Other Than Ind/HUF	Resident Person	5% w.e.f. 1/10/2024 – 2%
Additional Points			
- Ind/HUF shall deduct TDS if Last year TO exceeds 1cr in case of business or GR exceeds 50L in case of profession. - No TDS if Commission is upto ₹ 15,000 - No TDS on any commission or brokerage payable by BSNL or MTNL to their public call office franchisees. - NO TDS if commission or brokerage related to security like commission to underwriter, brokerage on public issue etc.			

Section 194-I TDS ON RENT

Payment	Payer	Payee	Rate		
Rent of Land & Building, Plant & Machinery, Furniture & Fixture	Any Person Other Than Ind/HUF	Resident Person	P&M	2%	
			L&B	10%	
			F&F	10%	
Additional Points					
- Ind/HUF shall deduct TDS if Last year TO exceeds 1cr in case of business or GR exceeds 50L in case of profession. - No TDS if Rent is upto ₹ 2,40,000 - Lump sum lease premium or one-time upfront lease charges, which are not adjustable against periodic rent, paid or payable for acquisition of long-term leasehold rights are not payments in the nature of rent within the meaning of sec. 194-I. Therefore, NO TDS. - Passenger Service Fees paid by airline company to airport operator is not treated as rent. Therefore, NO TDS u/s 194-I. - No TDS on refundable deposit. - Advance rent is liable for TDS @ the time of payment. - Warehousing Charges are covered under this section.					

Section 194-IA TRANSFER OF CERTAIN IMMOVABLE PROPERTY

Payment	Payer	Payee	Rate
Transfer Of Immovable Property other Than Rural Agriculture Land	Any Person (Buyer)	Resident Person (Seller)	1% of consideration paid or SDV, whichever is higher.

Additional Points

1. No TDS Where the consideration for the transfer of an immovable property is less than ₹ 50 lakh.
2. Consideration for transfer of any immovable property shall include all charges of the nature of club membership fee, car parking fee, electricity or water facility fee, maintenance fee, advance fee, or any other charges of similar nature, which are incidental to transfer of the immovable property.

Section 194-IB Rent of Immovable Property

Payment	Payer	Payee	Rate
Rent of Immovable Property	Ind/HUF (Not covered u/s 194-I)	Resident Person	5% w.e.f. 1/10/2024 – 2%

Additional Points

1. NO TDS Where rent for a month or part thereof does not exceed ₹ 50,000
2. TDS is to be deducted At the time of credit of rent for the last month of the previous year (or the last month of tenancy, if the property is vacated during the year) to the account of the payee or at the time of payment, whichever is earlier.
3. If payee fails to provide his PAN, TDS is required to be deducted @ 20%. However, deduction under this section shall not exceed the amount of rent payable for the last month

Section 194J Fees For Professional Or Technical Services

Payment	Payer	Payee	Rate	
Fees for technical service; Professional Fees; Royalty; Non-Compete Fee; Director's Remuneration	Any Person Other Than Ind/HUF	Resident Person	Payee	%
			Call Center	2%
			FTS/ Royalty for Cinem. Films	2%
			Other	10%

Additional Points

1. Ind/HUF shall deduct TDS if Last year TO exceeds 1cr in case of business or GR exceeds 50L in case of profession.
2. No TDS to be deducted if Amount paid is upto ₹30,000 each in the case of Fees for technical service; Professional Fees; Royalty; Non-Compete Fee.
3. TDS is always deducted from Directors Remuneration.
4. NO TDS on Fees for professional service by Ind/HUF if made for Personal Purpose.
5. Ind/HUF is not required to deduct tax on royalty or NCF even if last year TO/GR exceeds Threshold.
6. Payments made to sportsperson, Umpire, Commentator, Referee, Physiotherapist, team physician, Anchor, Event Manager will also be regarded as professional fee and liable to TDS u/s 194J.

7. 'fees for technical services' means consideration for rendering of any managerial, technical or consultancy services but does not include consideration for any construction, assembly, mining or like project undertaken by the recipient.
8. TPAs (Third Party Administrator's) who are making payment on behalf of insurance companies to hospitals for settlement of medical/insurance claims etc. are liable to deduct tax at source under section 194J on all such payments to hospitals etc

Section 194K Income In Respect Of Units

Payment	Payer	Payee	Rate
Income In Respect Of Units	Any Person (UTI/MF)	Resident Person	10%
Additional Points			
NO TDS If the aggregate amounts of income credited during the FY to the payee does not exceed ₹ 5,000			

Section 194LA Compensation On Acquisition Of Immovable Property

Payment	Payer	Payee	Rate
Compensation On Compulsory Acquisition Of Immovable Property	Any Person	Resident Person	10%
Additional Points			
1. TDS is required to Deduct only @ the time of Payment. 2. NO TDS if payment is upto ₹ 2,50,000 during a FY. 3. No TDS if Urban Agricultural Land is compulsory acquired as capital gain on this transaction is Exempted u/s 10(37) and RAL is not a Capital Asset			

Section 194M Payment Of Certain Sums By Ind/HUF

Payment	Payer	Payee	Rate
Payment Of Works Contract, Commission, Fees for Professional Services	Ind/HUF – Not Covered u/s 194C, 194H & 194J	Resident Person	5% w.e.f. 1/10/2024 – 2%
Additional Points			
1. No TDS if amount paid is upto ₹ 50,00,000 2. Sec. 194M is applicable if Sec. 194C/194H/194J is NOT Applicable to Resident Individual/HUF			

Section 194N Cash Withdrawal From Bank

Payment	Payer	Payee	Rate
Cash Withdrawal From Bank	Bank, Co-op Bank, Post Office	Any Person	Refer Note 2
Additional Points			
1. TDS is to be deducted @ time of payment			
2. TDS Rate			
In case of Defaulter			
Aggregate payment exceeds ₹ 20 lakh but does not exceed ₹ 1 crore			2%

Aggregate payment exceeds ₹ 1 crore	5%
In any other case	
Aggregate payment exceeds ₹ 1 crore	2%

3. Defaulter means the recipient who has not filed the returns of income last 3 previous years, for which the time limit to file return of income u/s 139(1) has expired.

4. No TDS if payment is made to:

- the Government;
- Any bank, co-op bank, post office or their business correspondent
- Any white label automated teller machine operator

Section 194O Payment of Certain Sums By E-Commerce Operator

Payment	Payer	Payee	Rate
Payment By E-Commerce Operator to E-Commerce Participant for Sale of Goods or Services	E-Com Operator (Eg. Flipkart, Amazon, Meesho etc.)	Resident Person (E-com participant selling goods or service through E-com operator)	1% of gross amount of sale. w.e.f. 1/10/2024 – 0.1%
Additional Points			
- Any payment made by a purchaser of goods or recipient of services directly to an e-commerce participant, shall be deemed to be the amount credited or paid by the e-commerce operator to the e-commerce participant and shall be included in the gross amount of such sale or services for the purpose of TDS. - No TDS if following conditions are satisfied: - e-com participant is an individual or Hindu undivided family. - The gross amount of such sale or services during the PY is upto ₹ 5,00,000 - Such e-com participant has furnished his PAN or Aadhaar to the e-com operator. - A transaction in respect of which TDS deducted u/s 194O (or which is not liable to deduction i.e. upto 5 Lakhs), shall not be liable to TDS under any other provisions. - However, TDS shall be deducted under any other provision if any amount received by an e-com operator for hosting advertisements or providing any other services which are not in connection with the sale or services.			

Section 194P TDS by Bank In case of Specified Senior Citizen

Payment	Payer	Payee	Rate
Pension From ER and Interest On Deposit with Bank	Specified Bank	Resident Individual Age is 75 years or more	Slab Rate
Additional Points			
- This section is applicable if specified senior citizen - is having pension income [Also, he should have no other income except interest income from any account maintained in the same specified bank in which he is receiving his pension income]			

- b) has furnished a declaration to the specified bank containing such particulars, in the prescribed form and verified in the prescribed manner
2. The specified senior citizen is exempted from filing his return of income for the assessment year relevant to the previous year in which the tax has been deducted under this section.

Section 194 Q Purchase of Goods

Payment	Payer	Payee	Rate
Purchase of goods of the value exceeding ₹ 50 lakhs in a PY	Buyer [LY TO is more than 10 Cr]	Resident Seller	0.1% of sum paid in excess of 50 lakhs
Additional Points			
1. TDS is to be deducted at the time of payment or crediting the seller, whichever is earlier. 2. No TDS in this section in respect of a transaction on which – (a) TDS under any of the provisions of this Act; and (b) TCS under the provisions of section 206C, other than section 206C(1H) 3. In case of a transaction to which both section 206C(1H) and section 194Q applies, tax is required to be deducted under section 194Q. 4. If PAN of PAYEE is not available then, TDS rate is 5% 5. TDS u/s 194Q is not applicable on GST/VAT/Sales Tax/Excise Duty (i.e in short it is not applicable on indirect tax). However if advance payment is made then TDS should be deducted on entire advance amount paid including IDT. 6. In case of purchase return where money is returned by the seller, TDS may be adjusted against the next purchase from the seller. 7. If business is commenced by the buyer in the current year, then his last year TO is NIL and hence this section shall not be applicable. 8. No TDS if seller is department of Govt. (i.e. CG/SG shall not be considered as Seller for this section)			

194R Benefit Or Perquisite In Respect Of Business Or Profession

Payment	Payer	Payee	Rate
Benefit Or Perquisite In Respect Of Business Or Profession	Any Person Other Than Ind/HUF	Resident Person	10%
Additional Points			
1. Ind/HUF shall deduct TDS if Last year TO exceeds 1cr in case of business or GR exceeds 50L in case of profession. 2. valuation of benefit/perquisite Benefit/Perq Purchased by Payer → Purchase price shall be the value of Benefit/Perq Benefit/Perq Manuf. By Payer → Price Charged from customer GST would not be included for the valuation of benefit/perq for TDS u/s 194R 3. NO TDS if amount of benefit or perq provided to a person is upto ₹ 20,000 in PY.			

4. In a case where the benefit or perquisite, is wholly in kind or partly in cash and partly in kind but the part in cash is not sufficient to meet the TDS Liability the payer shall, before releasing the benefit or perquisite, ensure that TDS has been paid in respect of the benefit or perquisite by way of
 - a) Payer has collected TDS amount from Payee
 - b) Payer pays TDS by his own (i.e. Benefit or perq paid is treated as Net amount itself)
 - c) Payee deposit TDS to govt by way of advance tax and submit proof to payer.
5. Note:
 - a) NO TDS on sales disc./cash disc./rebates allowed to customer.
 - b) The deductor is not required to check whether the amount of benefit or perquisite would be taxable in the hands of the recipient u/s 28. The amount could be taxable under any other section like section 41(1) etc.
 - c) one-time loan settlement with borrowers or waiver of loan granted by Bank, Co-op Bank, PFI, NBFC etc would not be considered as benefit or perq for TDS u/s 194R
 - d) Product is given to Influencer for advertisement/awareness of product:
 - i. **product is returned to the manufacturing company** – NO TDS u/s 194R
 - ii. **Product is retained by influencer** – Considered as Benefit/Perq & TDS is attracted.
 - e) If capital asset has been provided as benefit/perq to payee and payer has deducted TDS u/s 194R, then FMV of such benefit/perq shall be treated as actual cost of asset for payee and dep is allowed u/s 32 on such FMV.
 - f) Issue of bonus shares and right shares by the widely held company to all shareholders are outside the scope of section 194R

Other Provisions

1. TDS requirement arise
 - a) At the time of payment
 - b) At the time of crediting the payee, Whichever is earlier.

However, in following cases TDS is deducted at the time of payment:

- | | |
|------------------------------------|--|
| a) Salary (Section 192) | f) Compulsory Acquisition of Immovable Prop. (Section 194LA) |
| b) EPF Payment (Section 192A) | g) Cash Withdrawal from bank (section 194N) |
| c) Dividend (Section 194) | h) Benefit or Perquisites (Section 194R) |
| d) Winnings (194B/BA/BB) | |
| e) Maturity Of LIP (Section 194DA) | |

2. Section 197 Lower Deduction Certificate

- Section 197 allows an assessee to apply to the AO for a certificate of lower or nil TDS. If the AO is satisfied that the total income of the assessee justifies the TDS at a lower rate or no TDS at all, the AO may issue a certificate to that effect.
- The application for this certificate is made in Form 13.

- The certificate is usually granted when the assessee's estimated income and existing deductions/credits suggest that their total tax liability will be less than the TDS being deducted.

3. Section 197A Declaration in form 15G/15H

Where total income of resident is below BEL during the year, then no TDS shall be deducted u/s 192, 193, 194, 194A, 194DA, 194-I, 194K if assessee file declaration to the "PAYER" in form 15G.

However, senior citizen can file declaration u/s 15H for No TDS deduction if TAX PAYABLE during the year is NIL.

4. Section 206AA TDS Rate If Payee Fails To Furnish A PAN

If payee doesn't furnish a PAN, then TDS shall be deducted:

- Rate prescribed in the relevant section
- 20% Whichever is higher.

Note: for section 194-O/194-Q maximum TDS rate is 5%

5. Section 206AB- Higher rate of TDS in case of specified person

If payee has not filed return of income for preceding year for which due date u/s 139(1) has been expired and aggregate of TDS & TCS is ₹ 50,000 or more during the previous year, then applicable rate shall be higher of:

- Twice the TDS/TCS Rate
- 5%.

However, section 206AB is not applicable in case of tax deductible at source under sections 192, 192A, 194B, 194BA, 194BB, 194-IA, 194-IB, 194M11 or 194N

Note: In case where section 206AA and Section 206AB both are applicable then TDS shall be deducted @ higher of the two rates provided in section 206AA and section 206AB

6. Due Dates for Payment of TDS

- For the months of April to February - 7th of the following month.
- For the month of March - 30th of April of the following financial year.'

However, TDS must be deposited within 30 days from the end of the month in which the deduction is made u/s 194-IA, 194-IB & 194M

7. Consequences Of Failure To Deduct Or Pay [Section 201]

Assessee in Default: If payer has not deducted the TDS or after deduction has not been deposited to Govt, then such person is treated as assessee in default and required to pay penalty u/s 221 and that can be upto 100% of TDS amount.

Non-applicability of deeming provision:

Payer shall not be treated as assessee in default if payee-

- a) has furnished his return of income under section 139;
- b) has taken into account such sum for computing income in such return of income; and
- c) has paid the tax due on the income declared by him in such return of income, and the payer furnishes a certificate to this effect from an accountant in such form as may be prescribed.

Interest Liability

Late deduction- Payer is liable to pay simple interest @ 1% for every month or part of month on the amount of such tax from the date on which tax was deductible to the date on which such tax was actually deducted

Late Deposit- Payer is liable to pay simple interest @ 1.5% for every month or part of month from the date on which tax was deducted to the date on which such tax is actually paid

8. TDS Returns Due Dates:

Q1 (April to June)	:	31st July of the financial year
Q2 (July to September)	:	31st October of the financial year
Q3 (October to December)	:	31st January of the financial year
Q4 (January to March)	:	31st May of the financial year

CHAPTER 7C: TAX COLLECTION AT SOURCE

APPLICABILITY AND RATES

1. Sale of certain goods

Under section 206C (1), sellers of Following goods are required to collect tax from the buyers at the specified rates.

Goods (MAST – Timber)	Rate
Alcoholic liquor for human consumption	1%
Scrap	1%
Minerals, being coal or lignite or iron ore	1%
Tendu leaves	5%
Timber & other forest produce	2.5%

However, No TCS If following Conditions are satisfied

- Buyer is Resident
- Buyer Furnishes declaration that goods referred above 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.

Note: If buyer turnover is more than 10 crores in last year, then buyer required to deduct TDS u/s 194Q

2. Lease or a license of parking lot, toll plaza or mine or a quarry

Section 206(1C) provides for collection of 2% TCS by every person who grants a lease or a license or enters into a contract or otherwise transfers any right or interest in any parking lot or toll plaza or a mine or a quarry to another person (other than a public sector company).

Example 01

M/s XYZ sold coal of value 70,00,000 to A Ltd. Show TCS implications u/s 206C (1) in following cases

- Whether TCS is applicable, when A Ltd. Is dealer of Coal?
- What will be your answer if A Ltd. Filed declaration that coal will be used for generation of power
- Whether provisions of S.206C(1) or S.194Q is applicable if A Ltd. is a Dealer of coal and his Last year Turnover was 15Cr.?
- Whether provisions of S.206C(1) or S.194Q is applicable if A Ltd. Purchased coal for generation of power and his Last year Turnover was 15Cr.?

Illustration 01

State Government of Madhya Pradesh grants a lease of coal mine to ABC Co. Ltd., an Indian company, on 1.10.2022 and charged ₹ 8 crores for the lease. ABC Co. Ltd. sold coal for ₹ 2 crores to Mahapower Ltd., another Indian company, during the previous year 2022-23. Mahapower Ltd. furnishes a declaration to ABC Co. Ltd. that the coal is to be utilized for the purpose of generation of power. The turnover of ABC Co. Ltd. and Mahapower Ltd. for the F.Y. 2021-22 amounted to ₹ 11 crores and ₹ 12 crores, respectively. What is the amount of tax required to be deducted or collected at source in respect of the above transactions, if any?

[RTP Nov 22]

3. Sale of motor vehicle of value exceeding ₹ 10 lakhs.

Section 206C(1F) provides that a seller, shall collect tax from the buyer @1% of the sale consideration where value of a motor vehicle or other notified goods exceeds ₹ 10 lakhs. Note: No TCS shall be collected by manufacturer when they sell cars to dealer or distributor.

Illustration 2

XYZ Pvt. Ltd sells two cars to Mrs. Anju costing ₹ 4,00,000 and ₹ 12,00,000 respectively on 01.05.2024 and 25.12 2024. Mrs. Anju has furnished her PAN and filed her return of income regularly before the due date.

[PYQ May 24]

4. Overseas remittance or an overseas tour package**A. Overseas Remittance Under Liberalised Remittance scheme**

Particulars	Rate Of TCS
Remittance for the purpose of education or medical treatment	5%
Remittance out of Loan obtained from any Financial Institution for pursuing education	0.5%
Other Purpose	20%
NO TCS on above three remittances upto aggregate amount of Rs. 7 Lakhs	

B. Overseas Tour Package

Particulars	Rate Of TCS
Tour Package	5% upto 7 Lakhs & 20% above 7 Lakhs

Overseas tour package means tour package which offers visit to a country or countries or territories outside India and includes expenses for travel as well as for stay or any other expenses of similar nature.

Example 02

Mr. X has remitted following amounts outside India . Show TCS implications

Date	Purpose	Amount
15/04/2024	Education	2,00,000
15/07/2024	Medical Treatment	3,00,000
15/09/2024	P.G. Rent	3,00,000
15/12/2024	Education	4,00,000
12/02/2025	Medical Treatment	3,00,000

Example 03

Mr. J purchased following tour packages during PY 2024-25. Show TCS implications :-

Date	Purpose	Amount
15/07/24	Europe	4,00,000
15/10/24	America	5,00,000
15/02/25	Australia	4,00,000

5. Sale of goods of value exceeding ₹ 50 lakh section 206C(1H)

- TCS Shall be collected by a seller, who receives any amount as consideration for sale of goods of the value exceeding ₹ 50 lakhs (In aggregate) in a previous year [other than exported goods or goods covered under sub-sections (1)/(1F)/(1G)].
- Tax is to be collected at source @0.1% u/s 206C(1H) of the sale consideration exceeding ₹ 50 lakhs, at the time of receipt of consideration.
- No TCS if buyer is liable to deduct TDS u/s 194Q.

Notes:

- Seller means any person whose last year turnover is more than ₹10 crore.
- if buyer fails to furnish PAN, then TCS rate shall be 1%
- under this section TCS is collected only at the time of receiving consideration in excess of Rs. 50 lakhs in PY.

CBDT Clarification

- In case of motor vehicle if section 206C(1F) not applicable (like manufacturer to distributor) then section 206C(1H) applicable if other condition.
- In case of sale of fuel to NR Airlines companies at Indian airport not liable for TCS under this section.
- GST adjustment or sale return adjustment is not required, as TCS is applicable on receipt of consideration.

Time Of Collection Of Tax

Tax shall be collected at the earlier of following

- a) Date of Debiting Buyer
- b) Date of Receiving Payment

However, as per section 206C(1F) and 206C(1H) TCS shall be collected at the time of receipt of payment.

Note: TCS must be deposited by the 7th of the following month in which the tax is collected.

Interest on late collection/deposit TCS [Section 206C(7)]

In case of any delay, interest shall be levied @ 1% per month or part thereof from the date on which TCS was collectible to date on which TCS is actually paid.

Due Date Of TCS Statement or Return

TCS Returns Due Dates:

- Q1 (April to June) : 15th July of the financial year
- Q2 (July to September) : 15th October of the financial year
- Q3 (October to December) : 15th January of the financial year
- Q4 (January to March) : 15th May of the financial year

TCS Rate If Collectee Fails to furnish PAN or AADHAR to Collector [Section 206CC]

TCS rate shall be higher of:

- (a) Twice the rate
- (b) 5%

Note: Maximum rate of TCS under sub section (1H) shall be 1%.

CHAPTER 8: RETURN OF INCOME

SECTION 139(1) COMPULSORY FILING OF RETURN OF INCOME

- a) It is compulsory for companies and firms to file a return of income or loss for every previous year
- b) For other assesses return filling is mandatory if GTI without giving effect to the provisions of section 54/54B/54D/54EC/54F exceeds BEL.
- c) For Following Person Return Filling is Mandatory
 1. ROR – Individual if at any time during the PY,
 - i. Is a beneficial owner of any asset (including any financial interest in any entity) located outside India or has a signing authority in any account located outside India
 - ii. is a beneficiary of any asset (including any financial interest in any entity) located outside India

Note: where income is already includes in the income of person referred in (i), then person in (ii) is not required to file the return.

“**Beneficial Owner**” means An individual who has provided, directly or indirectly, consideration for the asset for the immediate or future benefit, of himself or any other person.

“**Beneficiary**” means An individual who derives benefit from the asset during the previous year and the consideration for such asset has been provided by any person, other than such beneficiary

2. has deposited an amount or aggregate of the amounts exceeding ₹ 1 crore in one or more current accounts or 50 lakhs or more in one or more saving accounts.
3. has incurred Foreign travel expenditure of aggregate amount exceeding ₹ 2 lakh for himself or any other person.
4. has incurred expenditure of aggregate amount exceeding ₹ 1 lakh towards consumption of electricity
5. if his total sales, turnover or gross receipts, as the case may be, in the business exceeds ₹ 60 lakhs or total gross receipts in profession exceeds ₹ 10 lakhs, during the previous year
6. if the aggregate of TDS and TCS during the previous year, in the case of the person, is ₹ 25,000 or more (50,000 in case of Senior citizen).

d) Due Date

(a) A company	
(b) A person (other than a company) whose accounts are required to be audited any law; or	31 st October of AY

(c) A partner of a firm whose accounts are required to be audited under any law	
An assessee including the partners of the firm being such assessee who is required to furnish a report referred to in section 92E	30 th Nov Of AY
In the case of any other assessee	31 st July

SECTION 234F FEE FOR DEFAULT IN FURNISHING RETURN OF INCOME

Where a person, who is required to furnish a return of income fails to do so upto due date as per Section 139 (1), he shall pay, by way of fee, a sum of ₹ 5,000.

However, if the total income of the person does not exceed ₹ 5 lakhs, the fees payable shall not exceed ₹ 1,000.

SECTION 139(3) RETURN OF LOSS

1. Section 80 requires mandatory filing of return of loss u/s 139 (3) on or before the due date specified u/s 139 (1) for carry forward of the following losses –
 - (a) Business loss u/s 72 (1)
 - (b) Speculation business loss u/s 73 (2)
 - (c) Loss from specified business u/s 73A (2)
 - (d) Loss under the head “Capital Gains” u/s 74 (1)
 - (e) Loss from the activity of owning and maintaining race horses u/s 74A (3)

If return is not filed upto the due date as per section 139(1) then, above losses are not allowed to be carried forward.

Note: restriction is on carried forward and not on set-off i.e. if return is filed late, then set-off of above losses are allowed but not allowed to C/F.

2. However, loss under the head “Income from house property” u/s 71B and unabsorbed depreciation u/s 32 can be carried forward for set-off even though return of loss has not been filed before the due date.

SECTION 139(4) BELATED RETURN

Any person who has not furnished a return within the time allowed to him under section 139 (1) may furnish the return for any previous year at any time –

- (i) before 31/12/AY
- (ii) before the completion of the assessment, whichever is earlier

consequences of Belated return

- a) Not allowed to C/F losses as per section 80
- b) Interest u/s 234A @ 1% pm or part thereof
- c) Late fees u/s 234F.

SECTION 139(5) REVISED RETURN

If any person having furnished a return under section 139(1) or a belated return under

section 139(4), discovers any omission or any wrong statement therein, he may furnish a revised return at any time –

- (i) before 31/12/AY
- (ii) before the completion of the assessment, whichever is earlier

Note:

- a) Revised return substitutes original return from the date original return was filed
- b) Assessee can revise the belated return as well
- c) Assessee can revise return any no. of times within the time limit.

SECTION 139(9) DEFECTIVE RETURN

- 1. Return shall be considered as defective, if –
 - a) Return is not filed in prescribed form
 - b) Tax proof is not provided along with return filed.
 - c) Audit report u/s 44AB is not submitted.
- 2. If return is defective then AO may intimate the defect to the assessee and give him an opportunity to rectify the defect within a period of 15 days or extended period at the discretion of AO.
- 3. If the defect is not rectified within the time allowed, then the return would be treated as an invalid return.

SECTION 139(8A) OPTION TO FILE UPDATED RETURN OF INCOME

- 1. Any person may furnish an updated return of his income or the income of any other person in respect of which he is assessable whether or not he has furnished a return under section 139(1) or belated return or revised return for that AY.
- 2. Updated return is to be filed within 24 months from the end of the relevant assessment year.
- 3. Not allow to file the updated return if –
 - a) It is a loss return
 - b) has the effect of decreasing the total tax liability determined on the basis of return furnished under section 139(1)/(4)/(5).
 - c) results in refund or increases the refund due on the basis of return furnished under section 139(1)/(4)/(5).
 - d) An updated return has been filed earlier.
 - e) any proceeding for assessment or reassessment or recomputation or revision of income is pending or has been completed for the relevant assessment year
- 4. If the loss or any part thereof carried forward or unabsorbed depreciation carried forward or AMT credit carried forward is to be reduced for any subsequent previous year as a result of furnishing of updated return of income for a previous year, an updated return is required to be furnished for each such subsequent previous year.
- 5. Additional Income Tax Payable at the time of Updated Return.

- a) If such return is furnished after the expiry of time limit u/s 139(4)/(5) of the AY and before the expiry of 12 months from the end of Relevant AY
Additional Tax = 25% of (Tax + Interest)
- b) If such return is furnished after the expiry of 12 months from the end of Relevant AY but before the end of 24 months from the end of Relevant AY
Additional Tax = 50% of (Tax + Interest)

PERMANENT ACCOUNT NUMBER (PAN) [SECTION 139A]

It is mandatory to furnish PAN in the following transactions :-

S.No.	Nature of Transaction	Value of Transaction
1.	Sale or purchase of a motor vehicle or vehicle	All such transactions
2.	Opening an account [other than a time-deposit and a Basic Savings Bank Deposit Account]	All such transactions
3.	Opening of a demat account with a depository, participant, custodian of securities	All such transactions
4.	Payment to a hotel or restaurant against a bill or bills at any one time	Payment in cash of an amount exceeding ₹ 50,000
5.	Payment in connection with travel to any foreign country or payment for purchase of any foreign currency at any one time	Payment in cash of an amount exceeding ₹ 50,000
6.	Payment to a Mutual Fund for purchase of its units	Amount exceeding ₹ 50,000
7.	Payment to a company or an institution for acquiring debentures or bonds issued by it	Amount exceeding ₹ 50,000
8.	Payment to the Reserve Bank of India for acquiring bonds issued by it	Amount exceeding ₹ 50,000
9.	Deposit with a banking company or a co-operative bank	Cash deposits exceeding ₹ 50,000 during any one day
10.	Purchase of bank drafts or pay orders or banker's cheques from a banking company or a co-operative bank	Payment in cash of an amount exceeding ₹ 50,000 during any one day
11.	Time Deposit with Banking company , post office or NBFC	Amount exceeding ₹ 50,000 or aggregating to more than ₹ 5 lakh during a financial year
12.	Payment as life insurance premium to an insurer	Amount aggregating to more than ₹ 50,000 in a financial year
13.	A contract for sale or purchase of	Amount exceeding ₹ 1 lakh per

	securities (other than shares)	transaction
14.	Sale or purchase, by any person, of shares of a company not listed in a recognised stock exchange	Amount exceeding ₹ 1 lakh per transaction
15.	Sale or purchase of any immovable property.	Amount exceeding ₹ 10 lakh or valued by stamp valuation authority referred to in section 50C at an amount exceeding ₹ 10 lakh

Minor to quote PAN of parent or guardian

Minor shall quote the PAN of his father or mother or guardian, as the case may be, in the document while entering into the transactions mentioned above

Declaration by a person not having PAN

Any person who does not have a PAN and who enters into any transaction specified in this rule, shall make a declaration in Form No.60 giving therein the particulars of such transaction either in paper form or electronically under the electronic verification code

VERIFICATION OF RETURN [SECTION 140]		
Assessee	Cases	Verified by
Individual	In General	Individual Himself
	Where the individual concerned is absent from India	Individual himself or by the duly authorized person of such individual
	Where the individual is mentally incapacitated	Guardian of such individual or any other person competent to act on his behalf
	Where by any other reason it is not possible for the individual to verify the return	Any person duly authorised by him
HUF	In general	Karta
	Where the 'karta' is absent from India or is mentally incapacitated	Any adult member of the family
Firm	In General	Managing partner
	If due to any reason it is not possible for managing partner to verify or where there is no managing partner	Any adult partner
Limited liability partnership	In General	Designated partner
	If due to any unavoidable reason such designated	Any partner or any other prescribed person

	partner is not able to verify the return, or where there is no designated partner as such	
Local authority	Principal Officer	
Political Party	Chief Executive Officer	
Company	In General	Managing Director (MD)
	If due to any reason it is not possible for MD to verify or where there is no MD	Any director or any other prescribed person
	Where an application for corporate insolvency resolution process has been admitted by the Adjudicating Authority under Insolvency and Bankruptcy Code, 2016	Insolvency professional appointed by such Adjudicating Authority
	Non-resident company	A person holding a valid power of attorney. Copy of such power of attorney must be attached with the return
	Company in process of winding up	Liquidator of the company
	Where the management of the company has been taken over by the Central or State Government	Principal officer
Any other association	Any member or principal officer	
Any other person	Such person or any other person competent to act on its behalf	

QUOTING OF AADHAAR NUMBER [SECTION 139AA]

(1) Mandatory quoting of Aadhaar Number

Every person who is eligible to obtain Aadhaar Number is required to mandatorily quote Aadhaar Number:

- a) in the application form for allotment of Permanent Account Number (PAN)
- b) in the return of income

Note :- CBDT has clarified that it is mandatory to quote Aadhaar number while filing the

return of income unless specifically exempted. Thus, returns being filed either electronically or manually on or after 1.4.2019 cannot be filed without quoting the Aadhaar number.

(2) Mandatory quoting of Enrolment Id, where person does not have Aadhaar Number

If a person does not have Aadhaar Number, he is required to quote Enrolment ID of Aadhaar application form issued to him at the time of enrolment in the application form for allotment of Permanent Account Number (PAN) or in the return of income furnished by him.

Enrolment ID means a 28 digit Enrolment Identification Number issued to a resident at the time of enrolment

(3) Intimation of Aadhaar Number to prescribed Authority

Every person who has been allotted Permanent Account Number (PAN) as on 1st July, 2017, and who is eligible to obtain Aadhaar Number, shall intimate his Aadhaar Number to prescribed authority on or before 31st March, 2022.

(4) Consequences of failure to intimate Aadhaar Number

If a person fails to intimate the Aadhaar Number, the permanent account Number (PAN) allotted to such person shall be made inoperative and he would be liable for payment of fee in accordance with section 234H (Rs. 1000)

Where such person who has not intimated his Aadhaar number on or before 31st March, 2022, has intimated his Aadhaar number under section 139AA(2) after 31st March, 2022, after payment of fee specified in section 234H read with Rule 114(5A), his PAN would become operative within 30 days from the date of intimation of Aadhaar number

A person, whose PAN has become inoperative, would be liable for following further consequences: -

- (i) no refund of any amount of tax or part thereof, due under the provisions of the Act
- (ii) interest would not be payable on such refund
- (iii) where tax is deductible at source in case of such person, such tax shall be deducted at higher rate, in accordance with provisions of section 206AA
- (iv) where tax is collectible at source in case of such person, such tax shall be collected at higher rate, in accordance with provisions of section 206CC

EXCEPTIONS TO SECTION 139AA

Provisions of section 139AA relating to quoting of Aadhaar Number would not apply to an individual who does not possess the Aadhaar number or Enrolment ID and is:

- (i) residing in Assam, Jammu & Kashmir and Meghalaya
- (ii) a non-resident as per Income-tax Act, 1961
- (iii) of the age of 80 years or more at any time during the previous year

(iv) not a citizen of India