



CHAPTER - 4

AGGREGATION OF INCOME, SET-OFF AND CARRY FORWARD OF LOSSES

Section-70 to 79

Lecture 1

Set off of losses & C/F and set off of losses

Same Year में अगर किसी भी Head से loss Hoga तो उसका Treatment क्या होगा !

अगर वो loss same year में set-off नहीं हुआ तो क्या वो C/F हो सकता है ?

C/F होने के बाद उस loss का Treatment क्या होगा ? & कितने साल तक losses C/F कर सकते हैं !

Background

5 Heads of Income	Whether losses possible under such head ?	Treatment of losses ?
Salary	Not possible	No Question arise
House property	✓	Available
PGBP	✓	Available
CG	✓	Available
OS	✓	Available



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Lecture 2

Summary Diagram of set off & C/F of Losses

Sr.No	Head of Income	Set off of loss	C/F & set off	Assessment year
1.	Salary	Not Applicable	Not Applicable	Not Applicable
2.	House property	Normal scheme - opt Same head = No limit Other head = upto 2L	C/F loss Set off with only Same head	8A.1
		Default scheme - opt IISBAC Same Head = No limit Other's Other's = Not possible (i.e. Can't be Set off with Other's head Income)	Can't be C/F hence No Question of Set off	



Sr.No	Head of Income	Set off of loss	CF & set off	Assessment Year
3.	Capital Gains	(Whether opt NS or DS)		
	LTCL	only LTCG	only LTCG	8AY
	STCL	STCG 1 <sup>st</sup> LTCG 2 <sup>nd</sup>	STCG or LTCG	8AY
4.	P.G.B.P	(Whether opt NS or DS)		
	a) Owing & maintenance of Horse Races	Same business Income	Same business Income	4AY
	b) Speculative Business	Same business Income	Same business Income	4AY
	c) loss from business specified u/s 35AD	Set off with income of Any Business Specified u/s 35AD	Set off with income of Any Business Specified u/s 35AD	∞ (unlimited time)
	d) Other Business losses	Same head = No limit other head = Yes Except Salary Income	Same Head	8AY



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Lecture 3

## Important Points related to SET-OFF chapters

- 1] Where ever income is exempt then losses doesn't have any tax treatment.  
It means it should be ignored.
- 2] losses from casual Business (i.e. lottery, Betting, gambling, horse race, online games etc) are not eligible to set off & c/f and set off.  
[ CRUX = Casual losses किसी भी Income से set off नहीं होंगे and Casual Income से कोई भी loss set off नहीं होगा ]
- 3] Brought Forward losses from a business can be set off even if such business is not continued.
- 4] If there is income under any head and eligible losses under other head, such loss shall be set off 1<sup>st</sup> against such income then only c/f  
( CRUX → Set off is mandatory )
- 5] Set off of losses not permissible against unexplained Income (i.e. Black money)
- 6] Sequence of Set off of losses  
1<sup>st</sup> = losses should be set off with "Same Head Same source"  
2<sup>nd</sup> = Same head → Different/other source  
3<sup>rd</sup> = Inter-Head Adjustment = No Sequence  
( use - where more beneficial to Assessee )





