

1

Default tax regime u/s 115 BAC of IT ACT 1961

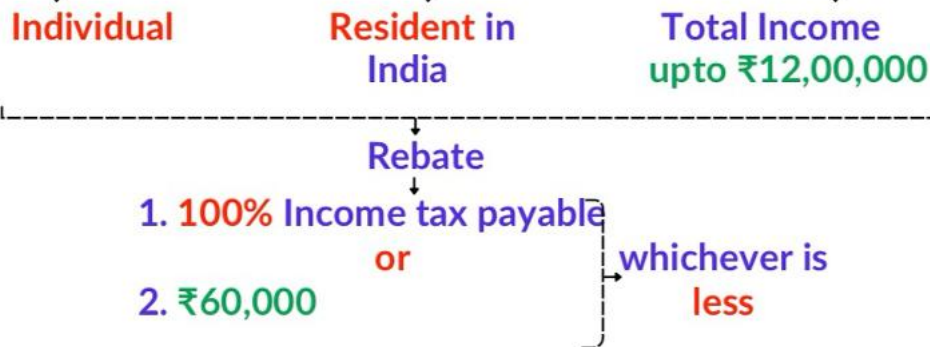
- Other names= Concessional scheme, New regime

Applicability = Individual ,HUF,AOP,BOI,AJP
(Whether R or NR irrespective of age)

Total Income	Rate
Upto ₹4,00,000	NIL
₹4,00,010 - ₹8,00,000	5%
₹8,00,010 - ₹12,00,000	10%
₹12,00,010 - ₹16,00,000	15%
₹16,00,010 - ₹20,00,000	20%
₹20,00,010 - ₹24,00,000	25%
More Than ₹24,00,000	30%

2

Rebate under 87A



What if total income more than ₹12,00,000?

Step	Process	Amount
Step 1	[A] Total income (-) ₹12,00,000	xxx
Step 2	[B] Compute Tax liability on Total income	xxx
Step 3	[C] If B>A ,rebate = B(-)A	xxx

Important points

- If Income Increment is More Than Tax Increment, **No rebate allowed.**
- Rebate allowed **before adding 4% H&E cess.**
- No rebate is allowed from Special tax Liabilities (Ex: LTCG 112, 112A, STCG 111A, Lottery Etc.(It Means Rebate Allowed only against the Tax Liability calculated as per Section 115BAC)
- No rebate is allowed **unexplained money.**

3

Special Income tax rate under IT ACT 1961

Applicability: All assessee (Individual, huf, AOP, BOI, AJP, company)

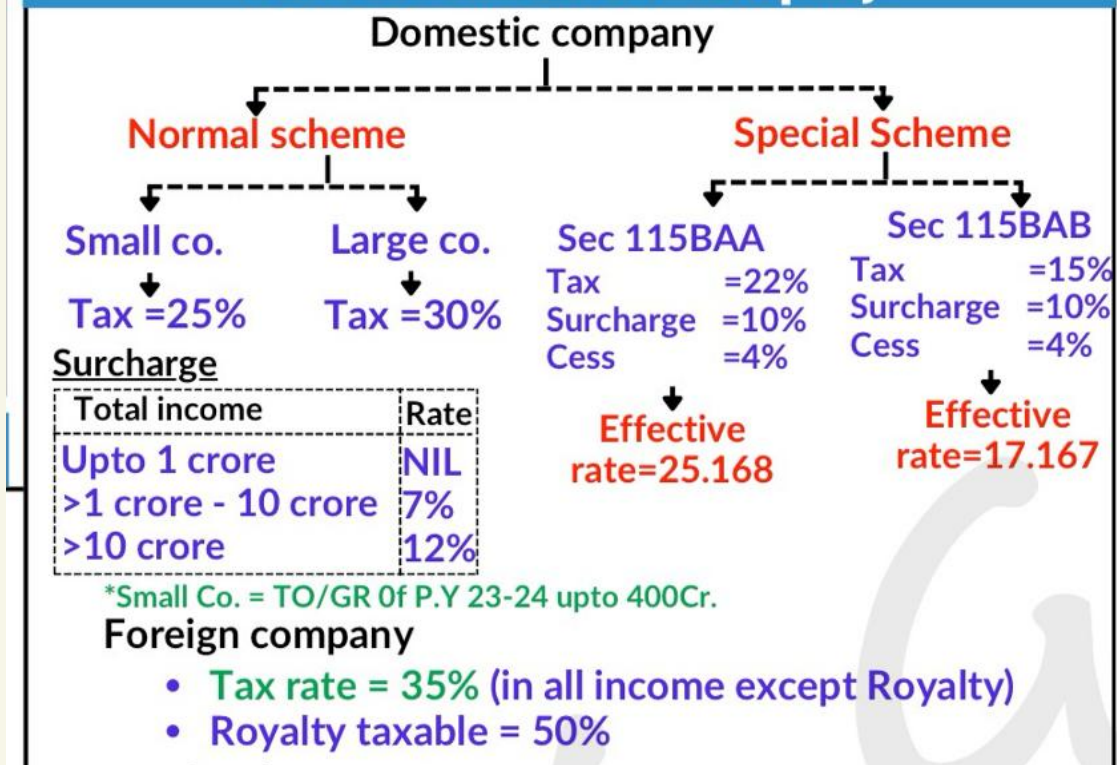
Scheme: - Any scheme (optional or default)

Sec	Income	before 23/7/24	on or after 23/7/24
112	Long term capital gain(LTCG)	20%	12.5%
112A	Long term capital gain(LTCG)	10%	12.5% in excess of 1,25,000
111A	Short term capital gain(STCG)	15%	20%
115BB	Wining from lottery, horse race, puzzle, card games etc.	30%	30%
115BBJ	Net wining from online games	30%	30%
115BBE	Unexplained money, investment	60%	60%
115BBG	Carbon credit income	10%	10%

- LTCG 112A :- Taxable in excess of 1,25,000.
Aggregate limit for whole year.
- Deduction u/s VI-A **not allowed** to above special income

4

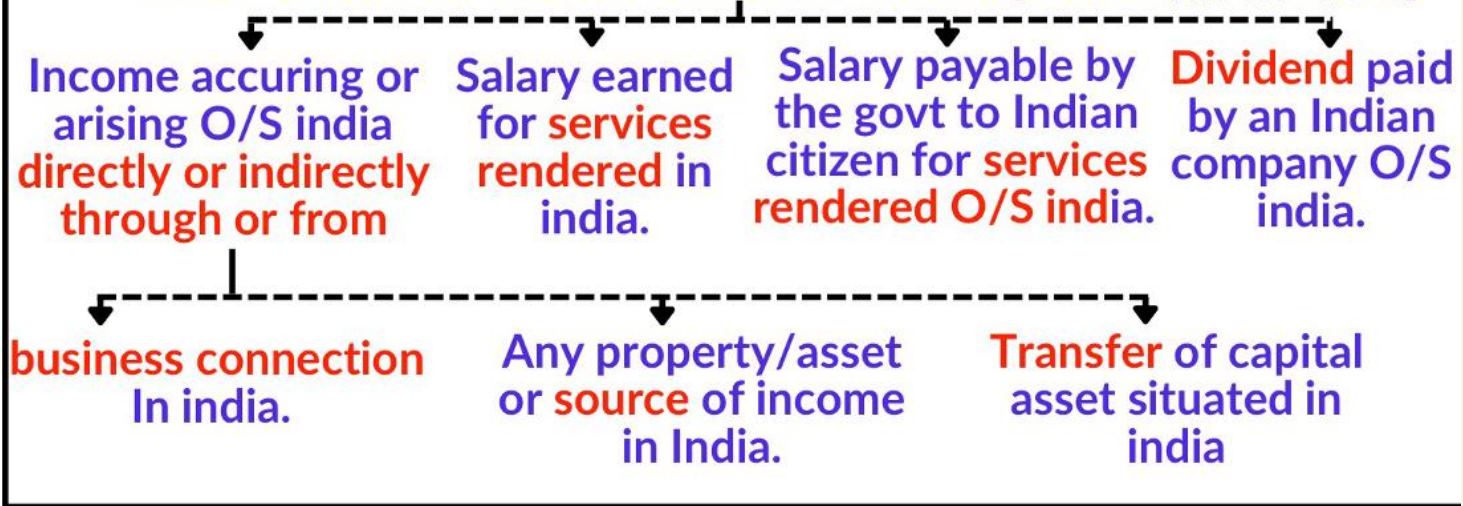
Tax rates in case of Company



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Income deemed to be accure or arise in India [Sec -9]

Income deemed to accure or arise in India [clause (i),(ii),(iii),(iv)]



“Purchase of goods in India exclusively for export by a non-resident shall not constitute Significant Economic Presence, even if payment thresholds or volume are high.”

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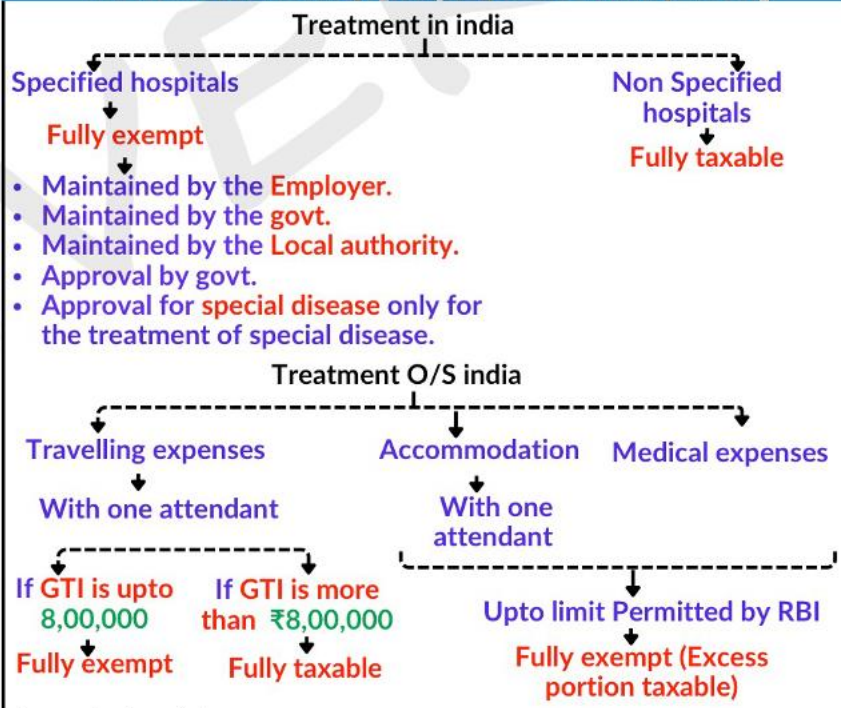
Any monetary obligation of the employee which is discharged by the employer is perquisite in the hands of all employees as per section 17(2)(iv). However, sometimes instead of discharging employees' obligation, employer provides perquisites in the form of facility to the employee. Such perquisites are taxable in the hands of **specified employees only*.

Fully exempt Upto exempt

- *Meaning of Specified Employee:**
- Director of Company
 - An Employee who has Substantial interest in the Company
 - Employee having cash salary More than 4,00,000

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14. Medical facility [Employee or family both]



Important points

- Family means spouse ,children whether dependent or not and parents, brother,sister only when dependent.
- Medical insurance premium paid by Employer are fully exempt

Background of house property

- Rental income:-
- Not a business of letout
 - Business of letout of residential property } → HP
 - Business of letout of commercial property } → PGBP
- Income from sale of HP
- Business of sale of HP } → PGBP
 - Not a business of sale of HP } → CG

Case were GAV not to be Compute

Wholly self Occupied Wholly vacant house Deemed self occupied

- Option to take GAV NIL of self occupied house is available only for 2 house after that deemed letout.
- The annual value of the property consisting of a house or any part thereof shall be taken as nil, if the owner occupies it for his own residence or cannot actually occupy it due to any reason.

- Any Income from letting Out a Residential house or part thereof by the owner shall not be taxable under head PGBP and it shall be taxable under head house property.
- Speculative Transaction means in which a contract for the purchase or sales of any commodity including stocks and shares, is periodically or ultimately settled otherwise than by the actual delivery.
- Mobile phone are not computers hence 40% dep Not allowed

Meaning of Micro and Small enterprise

S. No.	Meaning		
Manufacturing enterprises and enterprises rendering services			
(1)	Micro Enterprise		
	Investment in Plant and Machinery or Equipment ≤ ₹ 2.5 crore	AND	Turnover ≤ ₹ 10 crore
(2)	Small Enterprise		
	Investment in Plant and Machinery or Equipment ≤ ₹ 25 crore	AND	Turnover ≤ ₹ 100 crore

Long-Term Capital Gain (LTCG) ko Housing and Urban Development Corporation (HUDCO) / Indian Renewable Energy Development Agency (IREDA) bonds me 6 months ke andar invest karo → Capital Gain Tax se exemption milega (Section 54EC) with 5 years lock-in.

- INDEX RATE 2025 -26 = 376

Under Section 72A and 72AA, when a business is reorganized (like amalgamation), the losses of the old entity (predecessor) can be carried forward and used by the new entity (successor). However, the total time limit remains 8 assessment years counted from the year in which the loss was originally incurred, not from the year of amalgamation. Section 72A applies to companies, firms, and proprietary concerns, while Section 72AA specifically applies to amalgamation of banks and government companies from 1 April 2025 onwards.

Section 140B : Tax on Updated Return
<ol style="list-style-type: none">1. Tax, interest, fee, and additional tax must be paid before filing an updated return under Section 139(8A) at any time within months 48 MONTHS from the end of the relevant assessment year.2. Computation of Tax Payable (after adjusting the following):<ul style="list-style-type: none">• Advance tax already paid.• TDS/TCS deducted or collected.• Relief under Section 89 (for salary arrears, etc.).• Tax credit under Section 115JD (if shifting from the default tax regime under Section 115BAC).3. If no return was filed earlier:<ul style="list-style-type: none">• Interest under Section 234A applies on tax payable.• Payment of additional tax under Section 140B(3) is required.4. If a return was filed earlier under Section 139(1), 139(4), or 139(5):<ul style="list-style-type: none">• Tax is payable after reducing interest already paid in earlier returns.• The tax payable is increased by any refund received on the earlier return.5. Additional Income Tax on Updated Return:<ul style="list-style-type: none">• 25% of total tax & interest if filed within 12 months from the end of the relevant assessment year.• 50% of total tax & interest if filed between 12 to 24 months from the end of the relevant assessment year.• 60% of total tax & interest if filed between 24 to 36 months from the end of the relevant assessment year.• 70% of total tax & interest if filed between 36 to 48 months from the end of the relevant assessment year.6. Proof of payment of tax, additional tax, and interest must be submitted with the updated return.7. An updated return furnished under section 139(8A) would be regarded as defective return as referred u/s 139(9) unless such return of income is accompanied by the proof of payment of tax as required under section 140B.8. An updated return cannot be filed if such updated return:<ol style="list-style-type: none">a) is a return of a loss; orb) results in lower tax liability determined on the basis of original, revised or belated return filed by assessee; orc) results in or increasing the refund due on the basis of original, revised or belated return filed by assessee.d) An updated return has been furnished by him for that year;e) Any prosecution proceedings have been initiated in respect of such person, prior to the date of furnishing of updated return.f) where any notice to show-cause under section 148A has been issued in his case after thirty-six months from the end of the relevant assessment year

Section 139AA – Aadhaar Intimation

◆ 1. Mandatory Requirement

- Quoting Aadhaar Number is compulsory for:
- PAN application
- Filing of Income Tax Return (ITR)

◆ 2. Major Amendment

- From 1 October 2024:
- ❌ Aadhaar Enrolment ID is NOT allowed
- ✔ Only actual Aadhaar Number can be used

◆ 3. Who must intimate Aadhaar?

- Persons who:
- Have PAN allotted on or before 1 July 2017, and
- Are eligible to obtain Aadhaar

◆ 4. Special Case

- Persons who obtained PAN using Aadhaar Enrolment ID (before 1 Oct 2024)

➡ Must intimate their Aadhaar Number separately

◆ 5. Due Date

- Aadhaar must be intimated on or before 31 December 2025
- (or any extended date notified by CBDT)

Inoperative PAN

◆ 1. Basic Rule

- If a person had PAN on 1 July 2017

➡ Must link/intimate Aadhaar

- If not done → PAN becomes inoperative

◆ 2. Reactivation of PAN

- PAN becomes active again:
- After linking Aadhaar
 - • Payment of ₹1,000 fee (Sec 234H)
- Activation within 30 days

◆ 3. Consequences of Inoperative PAN 🚫

👉 Till PAN becomes active:

- ❌ No Income Tax Refund
- ❌ No interest on refund
- ❌ Higher TDS (Sec 206AA)
- ❌ Higher TCS (Sec 206CC)

◆ 4. Relief by CBDT

Situation.: PAN Inoperative hai

Normally 👉 Higher TDS/TCS lagega (206AA / 206CC)

Relief Rule 1

👉 If payment made between 1 April 2024 – 31 July 2025

✓ Condition:

PAN becomes operative on or before 30 Sept 2025

👉 Result:

✗ Higher TDS/TCS NOT applicable

Relief Rule 2 (Future Period)

👉 If payment made on or after 1 Aug 2025

✓ Condition:

PAN becomes operative within 2 months from end of that month

👉 Result:

✗ Higher TDS/TCS NOT applicable

Mr. Rahul is engaged in the business of real estate. He has let out one of his residential properties and earns rent of ₹3,00,000 per annum. He claims that since renting is part of his business, the income should be taxed under PGBP.

Examine the correctness of his claim.

Answer

✓ Income from letting out a residential house property

➡ Always taxable under House Property

Even if:

- Person is businessman
- Letting is regular activity

Final Answer:

✗ Mr. Rahul's claim is incorrect

➡ Income will be taxable under Income from House Property

Question 2

Mr. A enters into the following transactions:

- He purchases shares for ₹1,00,000 and sells them for ₹1,20,000 without taking delivery
- He also purchases shares for ₹2,00,000 and sells them for ₹2,30,000 with actual delivery

✗ Compute speculative income.

Answer

Step 1: Identify speculative transaction

✗ Without delivery

➡ Speculative

✗ With delivery

➡ Non-speculative

Step 2: Calculate

- Speculative profit = ₹20,000
- Non-speculative profit = ₹30,000

Final Answer:

✗ Speculative Income = ₹20,000

Question 3

ABC Ltd. purchased the following assets:

- Computer system = ₹1,00,000
- Mobile phones = ₹1,00,000

The company claims depreciation @40% on both.

👉 Examine the correctness of the claim.

Answer

Step 1: Computer

✓ Eligible for 40% depreciation

Step 2: Mobile phones

✗ Mobile ≠ Computer

➡ 40% not allowed

✓ Depreciation at normal rate (15%)

Final Answer:

👉 Computer → 40% ✓

👉 Mobile → 15% ✗ (not 40%)

ABC Ltd. has:

- Investment in plant & machinery = ₹2 crore
- Turnover = ₹8 crore

👉 Classify the enterprise.

✓ Answer

👉 Micro ke liye condition:

- Investment ≤ ₹2.5 crore ✓
- Turnover ≤ ₹10 crore ✓

➡ Dono satisfy

✓ Final Answer:

👉 Micro Enterprise

Question 2

XYZ Ltd. has:

- Investment = ₹2 crore
- Turnover = ₹15 crore

👉 Determine classification.

Answer

👉 Micro ke liye:

- Investment ✓
- Turnover ✗ (₹15 crore > ₹10 crore)

👉 Small ke liye:

- Investment ≤ ₹25 crore ✓
- Turnover ≤ ₹100 crore ✓

✓ **Final Answer:**

👉 Small Enterprise

Question 3

PQR Ltd. has:

- Investment = ₹25 crore
- Turnover = ₹100 crore

👉 Classify the enterprise.

Answer

👉 Small Enterprise:

- Investment ≤ ₹25 crore ✓
- Turnover ≤ ₹100 crore ✓

👉 Boundary values allowed (≤)

Final Answer:

👉 **Small Enterprise**

Question 4

LMN Ltd. has:

- Investment = ₹30 crore
- Turnover = ₹90 crore

👉 Determine classification.

✓ **Answer**

👉 Micro:

✗ Investment exceeds

👉 Small:

✗ Investment exceeds ₹25 crore

Mr. Rahul sold a long-term capital asset on 1 June 2025 and earned Long-Term Capital Gain of ₹80,00,000.

He made the following investments:

- ₹50,00,000 in HUDCO bonds on 30 September 2025
- ₹30,00,000 in IREDA bonds on 10 January 2026

Compute the amount of exemption under Section 54EC and taxable LTCG.

Answer (Step-wise)

◆ Step 1: Time Limit Check (6 Months)

- Transfer Date = 1 June 2025
- Last Date = 30 November 2025

✓ HUDCO Investment (30 Sept 2025) → ✓ Within time

✗ IREDA Investment (10 Jan 2026) → ✗ After 6 months → Not allowed

◆ Step 2: Eligible Investment

Only ₹50,00,000 (HUDCO) is valid

◆ Step 3: Maximum Limit

Max limit u/s 54EC = ₹50,00,000

✓ Eligible = ₹50,00,000

◆ Step 4: Exemption

Exemption = ₹50,00,000

◆ Step 5: Taxable LTCG

Total LTCG = ₹80,00,000

Less: Exemption = ₹50,00,000

👉 Taxable LTCG = ₹30,00,000

Conclusion:

- Exemption allowed only for HUDCO investment
- IREDA investment ignored (late investment)

Q.2


Ms. Priya sold a long-term capital asset and invested ₹40,00,000 in IREDA bonds on 15 July 2025.

However, due to urgent need of funds, she sold the bonds after 3 years.


Discuss the tax implication under Section 54EC.

Answer

◆ Step 1: Initial Benefit

- Investment in IREDA bonds (after 9 July 2025) →  Eligible
- Exemption u/s 54EC = ₹40,00,000 allowed

◆ Step 2: Lock-in Violation

- Required holding period = 5 years
- Sold after 3 years →  Condition violated

◆ Step 3: Tax Treatment

👉 Earlier exemption withdrawn

✓ ₹40,00,000 will be taxable as LTCG in the year of sale of bonds

Q.1

PQR Ltd. incurred a business loss of ₹30,00,000 in PY 2023-24.

It was amalgamated with XYZ Ltd. on 1 April 2026.

Determine the last assessment year up to which XYZ Ltd. can carry forward and set off the loss under Section 72A

✓ Answer

- Loss incurred in PY 2023-24

➡ First computed in AY 2024-25

👉 As per amended law:

8 AYs will be counted immediately AFTER AY 2024-25

AY 2025-26 to AY 32-33

👉 Loss can be carried forward up to AY 2032-33

✓ Amalgamation (2026) ka koi effect nahi

✓ Counting always from year after first computation

Q.2

A bank incurred losses in PY 2022-23. It was amalgamated with another bank on 1 May 2025.

The successor bank claims:

It can carry forward losses for 8 years from the date of amalgamation, OR

At least it should get fresh 8 years after amalgamation

Examine the correctness of the claim under Section 72AA (as amended).

Answer ❌ Both claims are INCORRECT

◆ Correct Legal Position:

Loss in PY 2022-23

➡ First computed in AY 2023-24

👉 8 years counted after AY 2023-24

(iv)	If such return is furnished after the expiry of 36 months from the end of the relevant assessment year but before completion of the period of 48 months from the end of the relevant assessment year.	75% of aggregate of tax and interest payable, as determined in (1) above
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Computation of Additional income-tax

For the purpose of computation of "Additional income-tax",

- tax would include surcharge and cess, by whatever name called, on such tax.
- the interest payable would be interest chargeable under any provision of the Act, on the income as per updated return furnished under section 139(8A), as reduced by interest paid in the earlier return, if any.

However, the interest paid in the earlier return would be considered to be nil, if no earlier return has been furnished.

Note - An updated return furnished under section 139(8A) would be regarded as defective return as referred u/s 139(9) unless such return of income is accompanied by the proof of payment of tax as required under section 140B.

(3) Power to CBDT to issue guidelines

In case of any difficulty arises in giving effect to the provisions of this section, the CBDT may issue guidelines for the purpose of removing the difficulty, with the approval of the Central Government. Every guideline issued shall be laid before each House of Parliament.

ILLUSTRATION 3

Rishi, a 34 years resident individual, did not file his return of income for the A.Y. 2020-21, 2021-22 and 2022-23. For A.Y. 2023-24, he has filed his return of income on 31.07.23. He filed updated return u/s 139(8A) on 30.04.25 for A.Y. 2024-25. He gives the following information regarding each of the A.Y.-

Particulars	A.Y. 2020-21	A.Y. 2021-22	A.Y. 2022-23	A.Y. 2023-24	A.Y. 2024-25
Declared Income u/s 139(1)/139(8A)	-	-	-	(₹3,50,000)	₹7,50,000

Tax liability on total income before TDS/TCS/Interest /Self-Assessment tax	₹ 14,50,000	₹ 5,60,000	₹ 6,30,000	-	-
TDS deducted	₹ 5,00,000	₹ 10,00,000	₹ 2,00,000	-	-
Interest u/s 234A/B/C	₹ 2,90,000	-	₹ 90,000	-	-
Self-Assessment Tax Paid	-	-	₹ 1,00,000	-	-

In May 2025, Rishi came to know about loss from house property of ₹ 2,00,000 which he forgets to claim while filing the return of income for A.Y. 2023-24. Moreover, in A.Y. 2024-25, he has earned dividend income of ₹ 4,500 and ₹ 4,150 from A Ltd. & B Ltd., respectively, which he has not reported in his return of income u/s 139(8A). He approaches you on 16.5.2025 to file updated return for all the assessment years under section 139(8A) in order to clear his income-tax records. You are required to prepare a suggestion for which of the assessment years Rishi can file an updated return and tax payable at the time of filing updated return.

SOLUTION

An updated return can be furnished for the previous year relevant to the assessment year at any time within 48 months from the end of the relevant assessment year.

Accordingly, the following are the suggestions to Rishi with respect to updated return on 16.5.2025 for A.Y. 2020-21, A.Y. 2021-22, A.Y. 2022-23, A.Y. 2023-24 and A.Y. 2024-25 and tax payable at the time of filing updated return:

A.Y. 2020-21: Since the period of 48 months from the end of A.Y. 2020-21 expired on 31.3.2025, updated return cannot be furnished on 16.5.2025 for A.Y. 2020-21.

A.Y. 2021-22: Since the period of 48 months from the end of A.Y. 2021-22 expired on 31.3.2026, updated return can be furnished on 16.5.2025 for A.Y. 2021-22. However, the amount of tax payable of ₹ 5,60,000 is before adjusting TDS of ₹ 10,00,000. In such a case, since the refund of ₹ 4,40,000 would arise, an updated return cannot be furnished for A.Y. 2021-22.

A.Y. 2022-23: Since the period of 48 months from the end of A.Y. 2022-23 expired on 31.3.2027, updated return can be furnished on 16.5.2025 for A.Y. 2022-23. Since updated return would be furnished after the expiry of 24 months from the end of the relevant assessment year but before completion of the period of 36 months from the end of the relevant assessment year, additional income tax would be payable @60% of aggregate of tax (after taking into consideration tax deducted at source and self-assessment tax paid) and interest payable u/s 234A/B/C. Rishi is required to pay additional income-tax of ₹ 2,52,000 i.e., 60% of ₹ 4,20,000 [₹ 3,30,000 (₹ 6,30,000 – ₹ 2,00,000 – ₹ 1,00,000) + ₹ 90,000] in addition to tax payable of ₹ 3,30,000, interest payable of ₹ 90,000 and late fees of ₹ 5,000.

A.Y. 2023-24: Since the period of 48 months from the end of A.Y. 2023-24 expired on 31.3.2028, updated return can be furnished on 16.5.2025 for A.Y. 2023-24. However, Rishi has declared loss of ₹ 3,50,000 in his original return of income and he wishes to claim additional loss from house property of ₹ 2,00,000 which he forgot to claim while filing the return of income u/s 139(1). In such case, since his loss will increase from ₹ 3,50,000 to ₹ 5,50,000, an updated return cannot be furnished for A.Y. 2023-24.

A.Y. 2024-25: Since Rishi has already furnished an updated return u/s 139(8A) for A.Y. 2024-25, he cannot again furnish an updated return u/s 139(8A) for A.Y. 2024-25.

11. DEFECTIVE RETURN [SECTION 139(9)]

- (1) Under this section, the Assessing Officer has the power to call upon the assessee to rectify a defective return.
- (2) Where the Assessing Officer considers that the return of income furnished by the assessee is defective, he may intimate the defect to the assessee and give him an opportunity to rectify the defect within 15 days from the date of intimation. The Assessing Officer has the discretion to extend the time period beyond 15 days, on an application made by the assessee in this behalf. The period of 15 days will have to be reckoned from the date on which the communication is served upon the assessee.
- (3) If the defect is not rectified within the period of 15 days or such further extended period, the return would be treated as an invalid return. The consequential effect would be the same as if the assessee had failed to furnish the return.



CHAPTER 1

INCOME TAX (BASIC CONCEPTS)

Question 1

Compute the tax liability of Mr VG as **Per Default Tax Regime** in the following cases for Assessment Year 2026-27.

- (i) Mr X has total income of ₹ 7,00,000
- (ii) Mr X has total income of ₹ 10,00,000
- (iii) Mr X has total income of ₹ 12,00,000

Question 2

Mr VG has income as given below:

Particulars	Amount (₹)
Income under the head Salary	2,50,000
Income under the head House Property	4,50,000
Income under the head Business/Profession	5,49,681

Deductions allowed u/s 80C to 80U are ₹ 1,15,000. Compute the income tax liability if Mr VG Opted Out Default Tax Regime for AY 2026-27

Question 3

Compute tax liability in the following cases for Assessment Year 2026-27:

- (i) Mr VG (resident) has total income of ₹ 20,00,000
- (ii) Mr VG (non-resident) has total income of ₹ 20,00,000
- (iii) Mr VG (resident), aged 60 years has total income of ₹ 20,00,000
- (iv) Mr VG (non-resident), aged 60 years has total income of ₹ 20,00,000
- (v) Mr VG (resident), aged 80 years has total income of ₹ 20,00,000
- (vi) Mr VG (non-resident), aged 80 years has total income of ₹ 20,00,000

Question 4 (Surcharge)

Compute tax liability in the following cases for Assessment Year 2026-27.

- (i) Mrs VG (resident) has total income of ₹ 50,50,000
- (ii) Mrs VG (resident) has total income of ₹ 51,00,000
- (iii) Mrs VG (resident) has total income of ₹ 51,50,000

(iv) Mrs VG (resident), aged 60 years has total income of ₹ 51,80,000

(v) Mrs VG (resident), aged 80 years has total income of ₹ 52,50,000

(vi) Mrs VG (resident) has total income of ₹ 1,01,00,000

(vii) Mrs VG (resident) has total income of ₹ 1,02,00,000

(viii) Mrs VG (resident) has total income of ₹ 1,03,00,000

Question 5 (Surcharge)

Compute the tax liability of Mr Yog Raj as Per Default Tax, aged 60 years, for AY 2026-27 from the following details:

Particulars	Amount (₹)
Income from salaries	25,28,000
Profits and gains from business/profession	73,00,000
Income from other sources (Interest on bank FD)	3,82,000
Deductions u/s 80C-80U	1,30,000

Question 6

Compute the tax liability of Mr VG having total income of ₹ 4,49,000.

Question 7

Compute the tax liability as per Default Tax Regime of Mr VG for Assessment Year 2026-27.

- Gross total income ₹5,62,000
- Deductions allowed u/s 80C are ₹ 1,30,000

Question 8

Compute the tax liability of Mrs VG, aged 64 years for PY 2025-26 (AY 2026-27):

"Gross total income ₹ 4,44,000; Deductions allowed u/s 80C to 80U are ₹ 98,000 "

Case 1: Mrs VG is a resident

Case 2: Mrs VG is a non-resident

Question 9

Compute tax liability of Mr VG for AY 2026-27 from the following information:

Particulars	Amount (₹)
Income under the head Salary	48,000
Income under the head House Property	32,000
Income under the head business/Profession	28,000
Long Term Capital Gains {Taxable u/s 112}	1,90,000
Short Term Capital Gains	42,000
Short Term Capital Gains u/s 111A	5,00,000
Lottery Income	2,00,000
Other Income	11,000
Deductions allowed u/s 80C	1,50,000
Deduction allowed u/s 80CCD(2)	20,000

- Case 1: Mr B is resident (Opted Default Scheme)
- Case 2: Mr B is resident and aged about 68 years. (Opted Default Scheme)
- Case 3: Mr B is resident and aged about 81 years. (Opted Normal Tax Regime)
- Case 4: Mr B is non-resident. (Opted Normal Tax Regime)

Additional Questions

① $PGBP = 2,00,000$

$IFHP = 1,00,000$

$STCG 111A = 50,000$

$LTCG 112A = 1,50,000$

$LTCG 112 = 1,00,000$

② $PGBP = 3,00,000$

$STCG = 3,00,000$

$LTCG 112 = 1,00,000$

$LTCG 112A = 1,50,000$

③ $LTCG 112 = 2,00,000$

$STCG 111A = 1,00,000$

$LTCG 112A = 2,00,000$

Dividend = $1,50,000$

Lottery = $2,00,000$

④ Total Income = 12,10,000

⑤ Total Income = 12,75,000

⑥ P_uBP = 8,10,000 ① 1000

LTCY II2 = 4,00,000 ② 7100

Question:

ABC Inc., a company incorporated in USA, purchases goods from India worth ₹5 crore during the previous year. The goods are exclusively exported outside India without any domestic sale.

Further, ABC Inc. does not have any office, agent or business connection in India.

Determine whether ABC Inc. will have Significant Economic Presence (SEP) in India.

Answer:

As per Explanation 2A to section 9(1)(i), SEP includes:

- Transaction in goods/services exceeding ₹2 crore
- OR interaction with users exceeding prescribed limit

However, exception provided:

✓ Purchase of goods in India exclusively for export

➡ will NOT constitute SEP

Analysis:

- ABC Inc. purchased goods = ₹5 crore (threshold crossed ✓)
- But goods are exclusively exported ✓

Conclusion:

👉 Despite exceeding ₹2 crore,
ABC Inc. will NOT have SEP in India
because it falls under export purchase exception

QUESTION 2

Question:

XYZ Ltd., a non-resident company, enters into the following transactions in India during the previous year:

1. Purchases goods worth ₹3 crore exclusively for export
2. Sells digital services in India worth ₹1.5 crore
3. Has interaction with 3.5 lakh users in India

Determine whether XYZ Ltd. has Significant Economic Presence in India.

Answer:

As per Explanation 2A to section 9(1)(i):

SEP arises if:

- Transactions exceed ₹2 crore OR
- Users exceed prescribed limit (3 lakh)

Analysis:

1 Purchase of goods for export (₹3 crore)

👉 Covered under exception

✗ Not considered for SEP

2 Digital services (₹1.5 crore)

👉 Below ₹2 crore

✗ No SEP on this basis

3 User interaction = 3.5 lakh

👉 Exceeds threshold (3 lakh) ✓

➡ Due to user interaction exceeding threshold

👉 Export purchase is ignored due to exception

Mr. Rahul is an employee of XYZ Ltd. His salary details are as follows:

- Basic Salary = ₹3,80,000
- DA (forming part) = ₹40,000
- Employer paid his personal electricity bill = ₹30,000

Compute taxable perquisite.

✓ Answer (Step-wise clarity)

Step 1: Check nature of benefit

- 👉 Employer ne employee ka personal bill pay kiya
- ➡ This is monetary obligation discharged by employer

✓ Covered under Section 17(2)(iv)

✓ Taxable in ALL employees (specified/non-specified doesn't matter)

Step 2: Taxability

- 👉 Electricity bill = ₹30,000
- ➡ Fully taxable as perquisite

✓ Final Answer:

Taxable Perquisite = ₹30,000

Question 2

Mr. Aman is working in ABC Ltd. The company provides him with a rent-free accommodation (facility). His salary is ₹3,50,000.

Is the perquisite taxable?

Answer

Step 1: Nature of benefit

Rent-free accommodation = Facility (not monetary payment)

Step 2: Rule of taxability

- 👉 Facility-based perquisites
- ➡ Taxable ONLY in specified employees

Step 3: Check specified employee

Salary = ₹3,50,000

- 👉 Less than ₹4,00,000
- 👉 Not director
- 👉 No substantial interest

✗ NOT a specified employee

Final Answer:

- 👉 Perquisite NOT taxable

Mr. Raj, an employee of ABC Ltd., went to the USA for medical treatment. The company paid:

- Travelling expenses (for employee + 1 attendant) = ₹3,00,000
- GTI of Mr. Raj = ₹7,80,000

Compute taxable perquisite.

Answer

Step 1: Check condition

GTI ≤ ₹8,00,000 ✓

Step 2:

👉 If GTI ≤ ₹8 lakh

➡ Travelling expenses = Fully Exempt

Final Answer:

👉 Taxable Perquisite = NIL

Question 2

Mrs. Neha, an employee of XYZ Ltd., went abroad for medical treatment. The employer paid:

- Travelling expenses (employee + 1 attendant) = ₹4,50,000
- GTI of Mrs. Neha = ₹9,20,000

Compute taxable perquisite.

Answer

Step 1: Check GTI

👉 GTI > ₹8,00,000 ✗

Step 2:

👉 If GTI exceeds ₹8 lakh

➡ Travelling expenses = Fully Taxable (Not even partial exemption)

Final Answer:

👉 Taxable Perquisite = ₹4,50,000