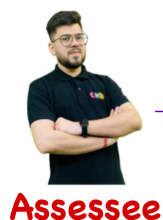


Deduction under Chapter VIA

80-IA to 80-IE & 80JJAA (Most Important)

80-IA - Infrastructure

- Generate power OR generate + distribute
 - Transmission / distribution by laying NEW network
 - Substantial renovation & modernisation
- Plant & machinery increase \geq 50% of book value as on 1-4-2004



Assessee

Engaged →

Eligible Business

Power undertaking

Industrial Park

- Develop / develop & operate / maintain & operate
- Central Govt notified scheme ke under hona chahiye

Infrastructure facilities

Type of eligible business	Deduction period
Public infrastructure (road, highway, water projects etc.) Baaki sab 80-IA businesses	10 consecutive AYs out of 20 years 10 consecutive AYs out of 15 years

Assessee khud choose karega kaunse 10 saal.
First year se lena compulsory nahi hai.

IMPORTANT CONDITIONS

NOT ELIGIBLE IF:

- Works contract hai
Govt ka tender execute kar rahe ho = nai milega
Khud developer ho = Milega
- Business 1-4-2017 ke baad start hua
Ab yeh 35AD mein shift ho gaya
- Assessee ne concessional tax regime opt kiya:
Individuals/HUF → 115BAC , Company → 115BAA / 115BAB

Compliance

- Accounts audit hona chahiye
- Audit report prescribed form mein file honi chahiye
- Eligible business ka profit as if it is the ONLY source of income compute hoga

Enterprise engaged in:

- Developing OR
- Operating & maintaining OR
- Developing + operating + maintaining

Infrastructure facility mein kya aata hai?

- Road (including toll road)
- Bridge
- Rail system
- Highway project (housing allowed only if integral)
- Water supply project
- Water treatment system
- Irrigation project
- Sanitation / sewerage system
- Solid waste management
- Port, airport, inland port, navigational channel

Exam favourite clarity

- Road widening by adding lanes = NEW infrastructure (eligible)
- Sirf relaying / repairing road = NOT eligible

TRANSACTIONS BETWEEN ELIGIBLE & NON-ELIGIBLE BUSINESS

Agar assessee:

- Eligible business & Other business ke beech
- Goods / services transfer karta hai
- Aur price market value se different hai

Then Profit market value / ALP ke basis pe recompute hoga & AO ko power hai reasonable basis use karne ki

AMALGAMATION / DEMERGER

- Amalgamating company → deduction not available
 - Amalgamated company → remaining period ke liye deduction continue
- Agar transfer 1-4-2007 ke baad hua → benefit nahi milega

80-IAB – SEZ Developer

- WHO CAN CLAIM 80-IAB? – Sirf SEZ Developer / Co-developer claim kar sakta hai.

Developer ka matlab:

- Person / State Govt
- Jisko Central Govt ne Letter of Approval (LOA) diya ho
- As per SEZ Act, 2005

Business of DEVELOPING a SEZ

- ✓ Land development
 - ✓ Infrastructure creation
 - ✓ Roads, power, water, drainage
 - ✓ Buildings, plots, developed space
 - ✓ Facilities & amenities
- SEZ ke andar unit chalana (manufacturing/ export) → 80-IAB nahi, wo 10AA mein

Time Limit

SEZ:

- Notified on or after 1-4-2005
- But before 1-4-2017

Deduction

- 100% of profits & gains
- Jo SEZ development business se aaye

Period

- 10 consecutive AYs
 - Out of 15 AYs
 - Starting from the year in which SEZ is notified
- Assessee ka option hai kaunse 10 saal choose kare

Agar:

- Original developer ne SEZ develop kiya
 - Baad mein operation & maintenance kisi aur developer ko transfer kar diya
- Then Transferee developer ko:
- Remaining period ke liye deduction milega

SEZ mein developed space / building ka lease rent ka head of income kya hoga?

- Lease rent + amenities = BUSINESS INCOME
- House Property nahi maana jaata

Reason:

- Developer ka main business hi SEZ develop & operate karna hai
- Rent incidental income hai

80-IA ke sub-sections apply honge, jaise:

- Profit computed as only source of income
- Audit report compulsory
- Transfer pricing / market value rules
- Excessive profit arrangement pe AO ka power
- Amalgamation rules

WHEN 80-IAB NOT AVAILABLE

- Developer nahi hai (sirf unit / tenant hai)
- SEZ notified after 1-4-2017
- Concessional tax regime opted:
Companies → 115BAA / 115BAB
Co-op societies → 115BAD / 115BAE

80-IAC - Start-Up

Company ya LLP → Engaged in Eligible business → Holds IMB (Inter-Ministerial Board) certificate

Incorporated between 1-4-2016 and 31-3-2025

Jis previous year ke liye deduction claim kar rahe ho

- Us year ka turnover \leq ₹100 crores
- Agar ek saal bhi ₹100 cr cross ho gaya → us year deduction ✗

Start-up engaged in:

- Innovation, OR
- Development / improvement of products / processes / services, OR
- Scalable business model

jisme employment generation ya wealth creation ka high potential ho, Simple trading business normally qualify nahi karta.

Deduction

- 100% of profits & gains

Period

- 3 consecutive Assessment Years
- Out of 10 years
- Assessee khud choose karega kaunse 3 saal.

CONDITIONS

(A) Splitting / Reconstruction

Start-up:

- Old business ko tod ke bana hua nahi hona chahiye

Exception:

Agar business natural calamity / fire / riot / enemy action se destroy hua aur 3 saal ke andar revive hua → allowed

(B) OLD PLANT & MACHINERY RULE

General rule:

- Old machinery use hui no deduction

Relaxation (VERY IMPORTANT):

- Agar old machinery \leq 20% of total plant & machinery

Condition satisfied maana jayega

(C) TAX REGIME

- Concessional tax regime not opted:

Companies → 115BAA / 115BAB

Co-op societies → 115BAD / 115BAE

opt kiya → 80-IAC not allowed nahi

80-IA ke kuch sub-sections yaha bhi apply hote hain, jaise:

- Profit computed as only source
- Audit report
- AO ka power in excessive profit arrangements

80-IB - Food Related**Assessee***Engaged* →**Eligible Business** →**Profits from business of:****Processing, preservation & packaging of:**

- Fruits
- Vegetables

Processing / packaging of:

- Meat / meat products
- Poultry
- Marine products
- Dairy products

Integrated business of:

- Handling
- Storage
- Transportation of foodgrains

“Integrated” ka matlab - sirf ek activity nahi, poora chain.

Business**Commencement**

Fruits / vegetables / foodgrains On or after 1-4-2001

Meat / poultry / marine / dairy On or after 1-4-2009

Period**Deduction**

First 5 AYs 100% of profits

Next 5 AYs 25% (30% if company)

- Deduction sirf profits derived from eligible business par milega
- 80-IA ke sub-sections apply honge, jaise:
 - Profit computed as only source of income
 - Audit requirement
 - Excessive profit arrangement pe AO ka power
- Ek hi profit pe double deduction allowed nahi

CA Mayank Trivedi

80-IBA – Housing Project

Assessee:

- Developing & building housing project
 - OR Rental housing project (notified separately)
- Sirf developer ko milega, Works contractor ko nahi

QUANTUM OF DEDUCTION

- 100% of profits & gains
- Jo eligible housing project se derive ho

Approval

Housing project:

- Approved after 1-6-2016
- On or before 31-3-2022

Approval date = competent authority ka approval, not commencement date

Completion

- Project must be completed within 5 years
- From the date of approval

Completion maana jayega jab:

- Completion certificate of whole project mil jaye

Agar 5 years mein complete nahi hua:

- Pichhle saare saalon ka deduction
- Usi year mein income ban jayega (business income)

SIZE & AREA CONDITIONS

(A) Commercial Area Limit

- Shops / commercial establishments
- $\leq 3\%$ of total carpet area

(B) Carpet Area – Residential Unit

📍 If project approved before 1-9-2019

Location	Max Carpet Area
Metro cities (Delhi, Mumbai, Kolkata, Chennai)	30 sq. m.
Other places	60 sq. m.

📍 If project approved on or after 1-9-2019

Location	Max Carpet Area
Metro cities / NCR / specified metros	60 sq. m.
Other places	90 sq. m.

OTHER IMPORTANT CONDITIONS

- Stamp Duty Value – Each residential unit $\leq ₹45$ lakh
- One-House-One-Family Rule

Agar ek individual ko unit allot hoti hai:

- Us individual
- Uska spouse
- Uske minor children

Inme se kisi ke paas same project mein doosra house nahi hona chahiye

- Project sirf ek housing project hona chahiye us plot par
- Separate Books – Project-wise separate books of account mandatory
- WORKS CONTRACT = Not allowed
- DOUBLE DEDUCTION NOT ALLOWED

KEY DEFINITIONS

- Carpet area = usable area inside apartment (external walls, balcony, terrace exclude)
- Floor Area Ratio (FAR) = total covered area \div plot area
- Housing project = predominantly residential units

80-IE - North East

Assam, Arunachal Pradesh, Manipur, Meghalaya,
Mizoram, Nagaland, Sikkim, Tripura

Assessee jiska undertaking:

- North-Eastern States mein located ho, aur
- Specified period mein
- Specified activity kare

Undertaking ne:

- 1-4-2007 se
 - 31-3-2017 ke pehle
- Begin kiya hona chahiye:

A) Manufacture / Produce

(B) Substantial Expansion

✚ Plant & machinery investment increase:

- $\geq 25\%$ of book value
- (Book value = depreciation se pehle)

(C) Eligible Business (Services)

- Hotel (minimum 2-star)
- Adventure / leisure sports (ropeway etc.)
- Nursing home (minimum 25 beds)
- Old-age home
- Vocational / technical training institutes
- IT training centre
- Manufacturing of IT hardware
- Bio-technology

Deduction

- 100% of profits & gains

Period

- 10 consecutive Assessment Years
- Starting from:
- Year of manufacture / production OR
- Year of completion of substantial expansion

80-IE NOT available for:

- Tobacco & tobacco products
- Pan masala
- Plastic carry bags (< 20 microns)
- Petroleum / refinery products (Chapter 27)

Double Benefit NOT allowed

- Agar 80-IC ka benefit liya hai pehle
- Other deductions NOT allowed
- Chapter VI-A ke kisi aur section ka benefit ✗
 - Section 10AA ka benefit bhi ✗

80-IA ke sub-sections apply honge, jaise:

- Profit computed as only source
- Audit requirements
- Excessive profit arrangement pe AO ka power

80- JJAA - Additional Employees

Assessee:

- Business income earn karta ho
 - Section 44AB (Tax Audit) ke under aata ho
- Profession walon ko 80JJAA nahi milta
Turnover limit irrelevant hai, audit applicability zaroori hai

Kitna deduction? – 30% of “Additional Employee Cost”
Kitne saal?

- 3 consecutive Assessment Years
- Starting from the year of employment

“Additional Employee”

Employee jo:

- Previous year mein employed ho
- Aur jiske employment se total employee count increase ho

EXCLUSIONS

- Monthly emoluments > ₹25,000
- Govt pays full EPF contribution (EPS scheme)
- Employment < 240 days in PY
- Apparel / Footwear / Leather → 150 day
- Recognised PF mein participate nahi karta

Additional employee cost = NIL, if:

- No increase in total number of employees compared to last day of preceding year
- Salary paid cash mein (not banking / ECS / UPI etc.)

Emoluments

Include:

- Salary / wages / bonus / commission
- Kisi bhi naam se paid amount in lieu of employment

Exclude:

- Employer's PF / pension contribution
- Gratuity
- Leave encashment
- VRS / retrenchment compensation
- Commutation of pension

BASIC CONDITIONS

Business should NOT be:

- Splitting up / reconstruction of existing business
- Transfer of business from another person
- Result of business reorganisation

Audit Report

- CA report prescribed form mein
- Due date se 1 month pehle
- (i.e. before due date u/s 139(1))

IMPORTANT NOTE

Agar employee:

- First year mein 240 / 150 days complete nahi karta
- BUT next year mein complete karta hai

Toh:

- Second year mein “additional employee” maana jaayega
- Deduction next 3 years milega

80JJAA Chahe:

- Old regime
- New regime

80JJAA deduction AVAILABLE rahega

	No. of employees	Date of employment	Regular/Casual	Total monthly emoluments per employee (₹)
(i)	75	1.4.2025	Regular	24,000
(ii)	125	1.5.2025	Regular	26,000
(iii)	120	1.7.2025	Casual	24,500
(iv)	100	1.9.2025	Regular	24,000

The regular employees participate in recognized provident fund while the casual employees do not. Compute the deduction, if any, available to Mr. Vikas for A.Y.2026-27, if the profits and gains derived from manufacture of computers that year is ₹ 90 lakhs and his total turnover is ₹ 11.48 crores.

What would be your answer if Mr. Vikas has commenced the business of manufacture of leather products on 1.4.2025?



