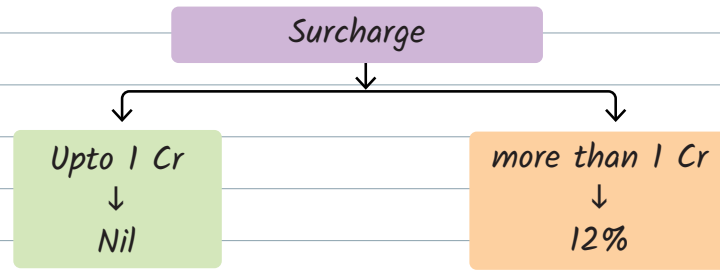


4. firm / Local Authority / LLP
Flat Rate = 30%



5. Company
- | | |
|-----------------------------------------------------------------|-----|
| a. Domestic company [having Turnover of PY 2023-24 upto 400 Cr] | 25% |
| b. Domestic company other than above | 30% |
| c. Foreign company | 35% |
- Surcharge in case of Company

	Domestic co	foreign co.
Total Income > 1 Crore upto 10 Cr	7%	2%
Total Income > 10 Crores	12%	5%

6. Cooperative Society

Total Income	Tax Rate
Upto 10,000	10%
> 10,000 upto 20,000	20%
>20,000	30%

Surcharge

Total Income > 1 crore upto 10 Cr	7 %
Total Income > 10 crores.	12 %

7. In all cases Health & education less @ 4%. shall be added to Tax including Surcharge.

Example Mr. Rahul Age 30. Total income for PY 2025-26 in as follows

- i) Capital Gain U/S 112A 1.2Cr
- ii) Capital Gain U/S 112 40 lakhs
- iii) Capital Gain U/S 111A 3 Cr
- iv) Dividend Income 20 lakhs
- v) Other Income 3 Crores

Common Points of Sec 115 BAA, BAB, BAD, BAE

1. Assessee opting for above sections is not required to pay MAT/Amt Brought forward MAT / Amt credit in case 115BAA, 115BAD, shall be set off before opting for above provisions, else credit will lapse
2. entity opting for above tax regime cannot claim following deductions
 - a. **Additional Depreciation**
 - b. Deduction u/s 10AA (SEZ Units)
 - c. Sec 33AB, 33ABA (Tea coffee, Rubber, mineral extraction)
 - d. Sec 35 (Contribution to outsider)
 - e. Sec 35AD (specified Business)
 - f. Sec 35CCC & Sec 35CCD [Agriculture Project, Skill development Prefect]
 - g. No Deduction U/C VIA. [except 80JJAA, 80LA, 80M]
[Any unabsorbed deduction like unused Sec35AD expense shall be deemed to be used at the time of opting for such scheme]
3. If above conditions are not satisfied, the new tax regime shall revoke & assessee is required to pay taxes as per normal provision
4. Benefit of new Tax Regime is only available if return is filed upto due date U/S 139(1) & respective form furnished.
5. Once opted for this scheme, it cannot be withdrawn unless, scheme revoked due to non satisfaction of above conditions

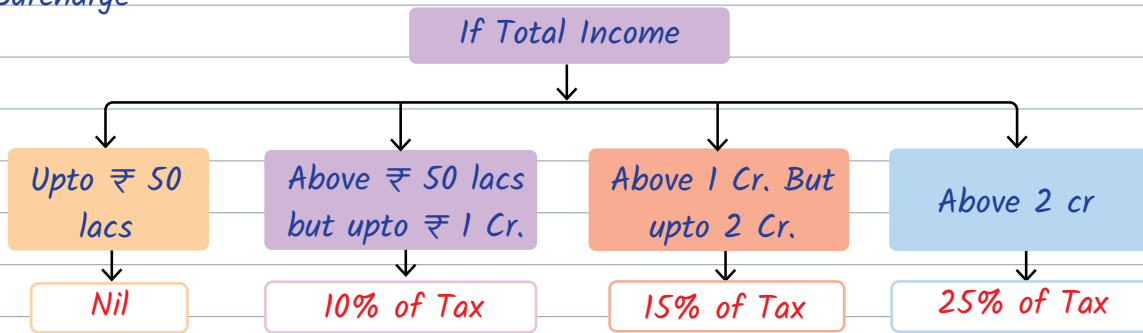
Sec 115 BAC Tax rates for Individual, HUF, AOP, BOI, AJP (including Trust, Political Parties)

1. Tax rate

Total income	Tax rate
Upto ₹ 4,00,000	Nil
₹ 4,00,001 to ₹ 8,00,000	5%
₹ 8,00,001 to ₹ 12,00,000	10%
₹ 12,00,001 to ₹ 16,00,000	15%
₹ 16,00,001 to ₹ 20,00,000	20%
₹ 20,00,001 to ₹ 24,00,000	25%
Above ₹ 24,00,000	30%

2. Special Income U/S 111 A, 112A 112 shall be taxable @ special rates

3. Surcharge



Surcharge Rate of 25% is not applicable on STCG u/s 111A, LTCG u/s 112A, LTCG u/s 112 and Dividend Income.

4. HEC @ 4%. will be always applicable on Tax + Surcharge

5. Rebate U/S 87A [not available on any income which is taxed at special rate] for Resident Individual having Total Income upto ₹ 12,00,000

- a) 100% of Tax payable
 - b) ₹ 60,000
- ↓ whichever to lower

6. Marginal relief: Normally marginal relief is given in case of greater increment of tax on account of change in Surcharge bracket but As per Sec 115BAC, marginal relief shall also be available on Incremental tax due to rebate U/S 87A.

Income of 11,99,999, → No Tax. because of Rebate U/S 87A
 Income of 12,00,001 → Tax of 60,000 because of non availability of rebate
 Thus marginal relief will be tax on Income [before HEC]
 Restricted to. [Total Income - 12,00,000]

Ex. Income of 12,40,000

Tax on such Income (before cess)	46,000	} marginal Relief 6,000
Restricted maximum to (12,40,000 - 12,00,000)	40,000	

Add HEC @ 4% on 40,000	1,600
Tax liability	41,600/-

7. Other Points

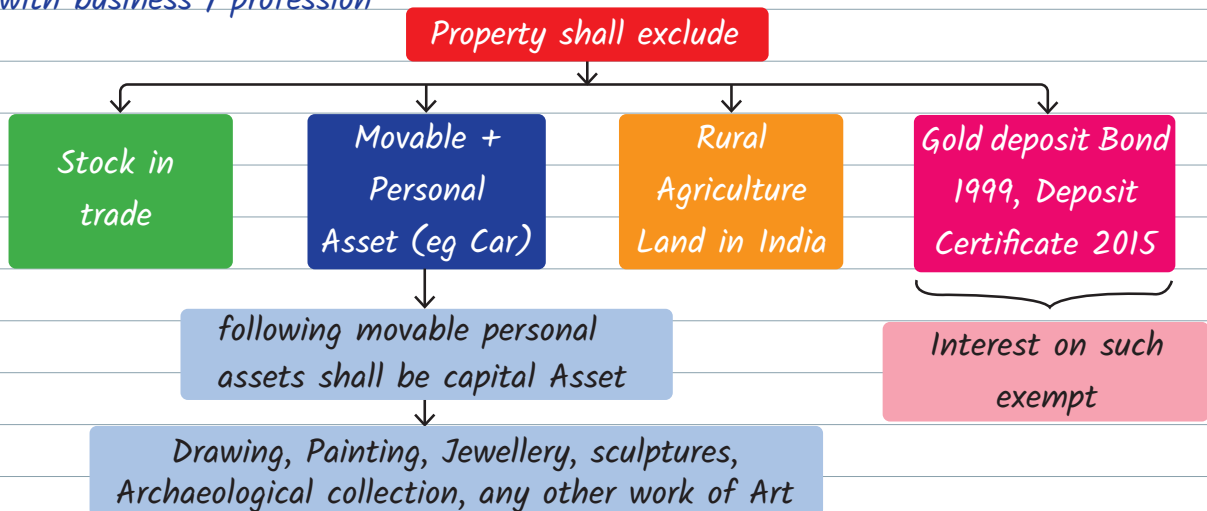
a. If opting for 115BAC, assessee is not required to pay tax as per Amt, any B/F Amt

Sec 45(1) Charging Section

Any Gain Profit arising from **transfer of Capital Asset** shall be taxable under the head **Capital Gain** in the year in which transfer took place

Sec 2(14) Capital Asset

(A) capital Asset means property of any kind held by assessee whether or not connected with business / profession



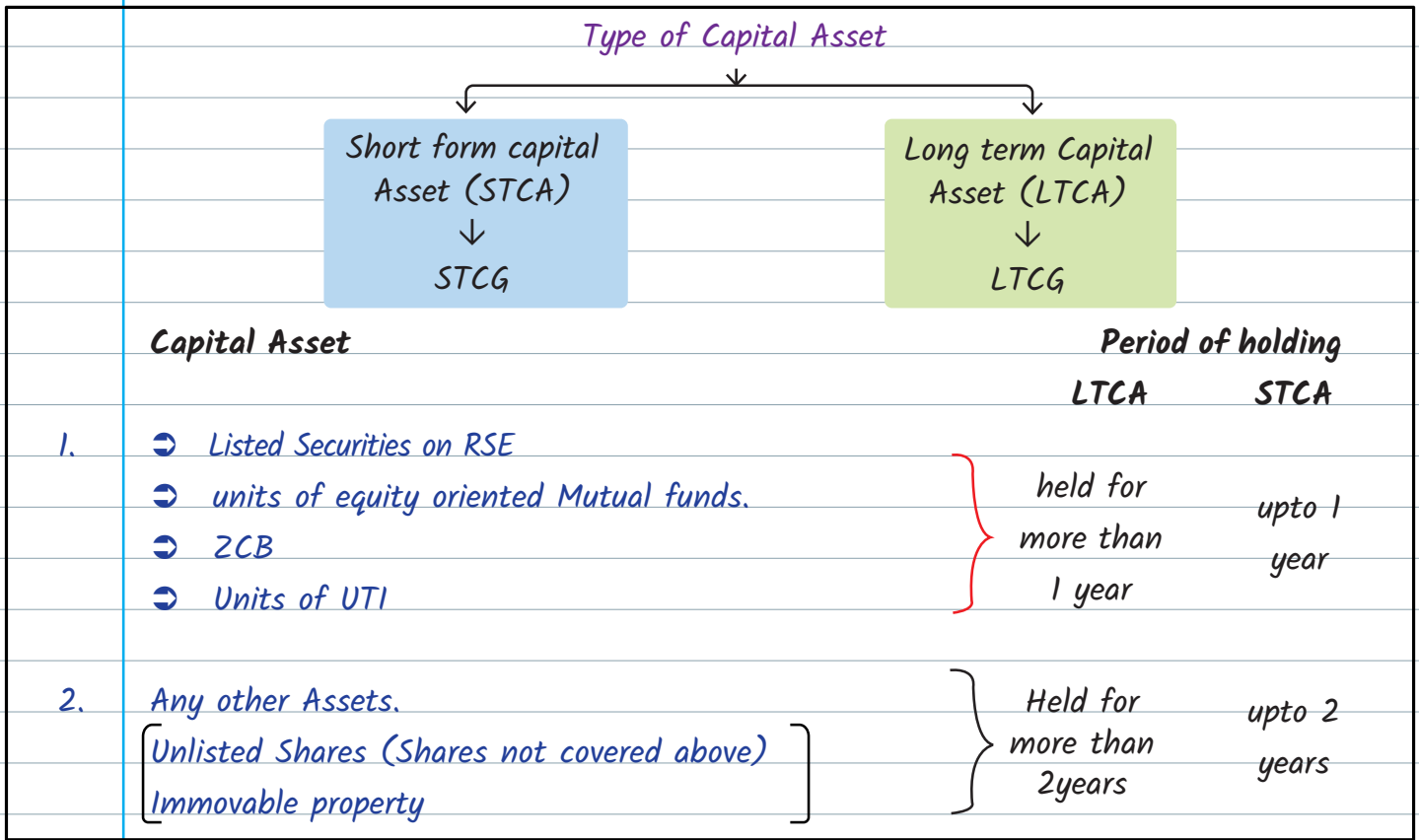
(B1) Any securities held by foreign Institutional Investors. (FII's) is always capital asset

(B2) Securities held by investment fund referred u/s 115 UB as per SEBI/IFSC Guidelines [AIFI & AIFII]

(C) ULIP to which exemption u/s 10(10D) does not apply & Issued after 1.2.2021 on which premium payable exceeds ₹2,50,000 for any Py. is a capital asset.

Notes.

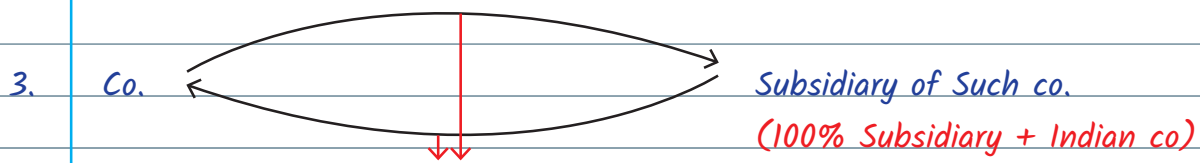
1. Assets like $\left\{ \begin{array}{l} \text{TV, car, mobile} \rightarrow \text{Not Cap Asset no CG} \\ \text{Jewellery, Painting} \rightarrow \text{Cap Assets} \rightarrow \text{CG Applicable} \end{array} \right.$
2. car for business is Capital Asset
3. Utensils $\left\{ \begin{array}{l} \text{Gold} \rightarrow \text{Not personal} \rightarrow \text{CG Applicable} \\ \text{(Gold Bars, Silver Bars; Silver Coins)} \\ \text{Silver} \rightarrow \text{personal effect} \rightarrow \text{CG not applicable} \end{array} \right.$



Section 47:- Transactions not regarded as transfer (exempt Transfer)

following transaction shall not be regarded as transfer & no capital Gain shall arise.

1. Distribution of Capital Asset on total / partial partition of HUF
2. Transfer of capital asset under, gift / will [except ESOP] by Individual & HUF.



Any transfer of Capital Asset between 2 such Cos. (holding & 100% Indian Subsidiary) Shall not be regarded as transfer [except stock in trade]

In case { Holding to ceases to hold 100% holding in subsidiary or Such capital asset is converted into stock in track by transfer co. } Within 8 year from the date of transfer then exemption shall be withdrawn & tax will be charged in hands of transferror in the previous year in which transfer took place.

4. Transfer Under Amalgamation

CHAPTER 2

FY	CII	FY	CII	FY	CII
2001-02	100	2009-10	148	2017-18	272
2002-03	105	2010-11	167	2018-19	280
2003-04	109	2011-12	184	2019-20	289
2004-05	113	2012-13	200	2020-21	301
2005-06	117	2013-14	220	2021-22	317
2006-07	122	2014-15	240	2022-23	331
2007-08	129	2015-16	254	2023-24	348
2008-09	137	2016-17	264	2024-25	363
				2025-26	376

First Proviso to Sec 48;

Capital gain in case of Non-Resident/FC on sale of share/debentures of Indian company which were acquired by purchase reinvestment then capital Gain shall be calculated in foreign Currency (to ignore forex fluctuations) & then re converted to Indian Currency.

For conversion, following farex rate to be used

Cost of Acquisition = Avg of Buying & Selling Rate on acquisition date.

full value of Consideration & transfer exp: Avg of Buying & Selling Rate on date of transfer

Capital Gain into India:- Buying rate on date of transfer

1. Assesse should be Non Resident in the year of transfer
2. Indexation not available where first proviso applies.

Third Proviso to Sec 48;

1st & 2nd proviso NOT applicable for computation of LTCG u/s 112 A (listed securities etc).

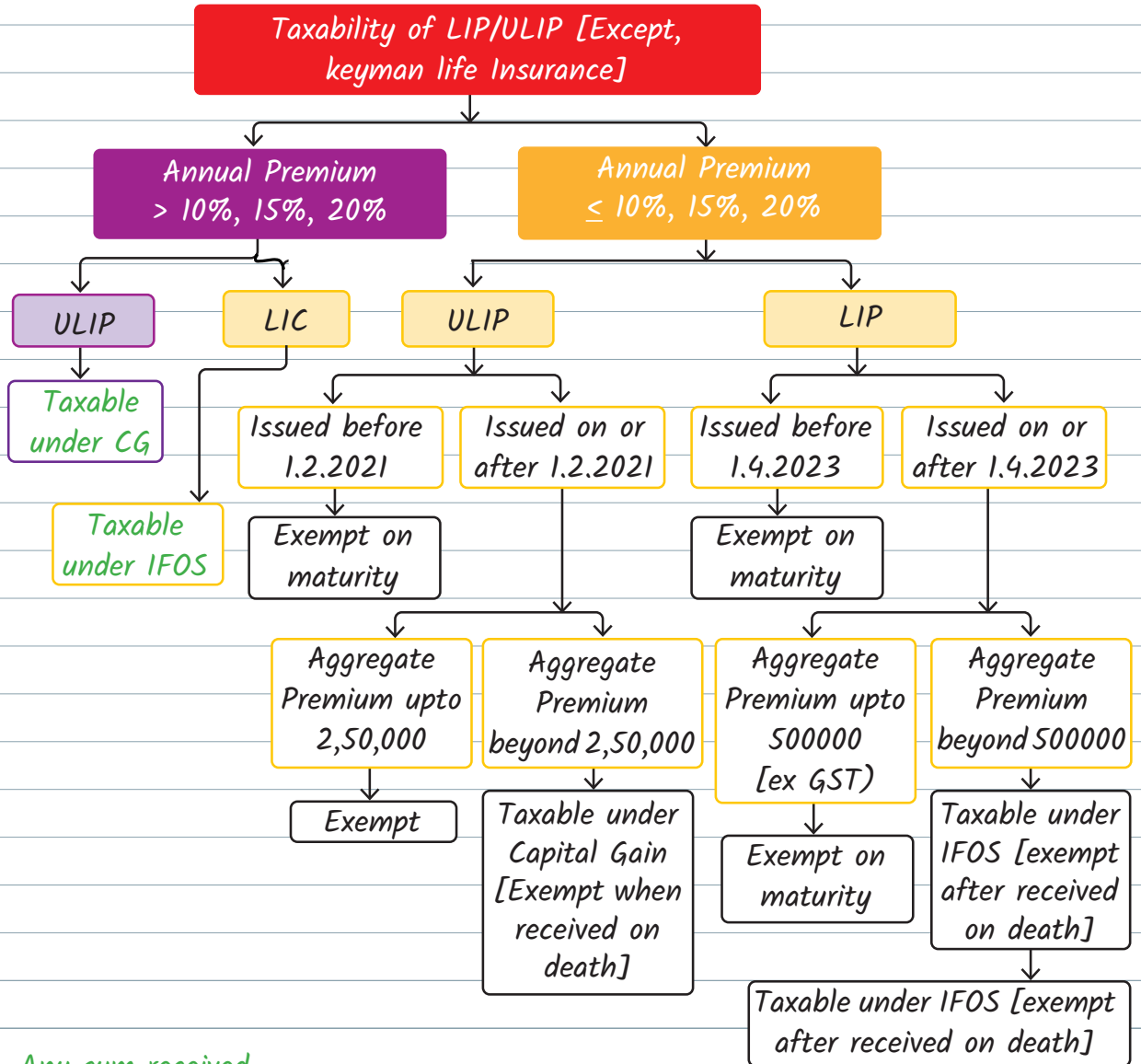
Fifth Proviso to Sec 48

forex fluctuations gain in case of RDB shall be ignored In case of NR at the time of redemption of RDB of Indian co.

Sixth Proviso to Sec 48: - FMV on the date of allotment of ESOP shall be considered as FVOC for company & COA for employee.

Seventh Proviso to Sec 48:- STT paid on $\left. \begin{array}{l} \text{Purchase} \\ \text{Sale} \end{array} \right\}$ not all over under CG

⇒ If any policy is taxable because it exceeds 10%, 20%, 15% limit shall be taxable under IFOS



Any sum received -

- (a) on the death of a person; or
- (b) under a life insurance policy issued by the International Financial Services Centre Insurance Office, including the sum allocated by way of bonus on such policy.

Shall be exempt

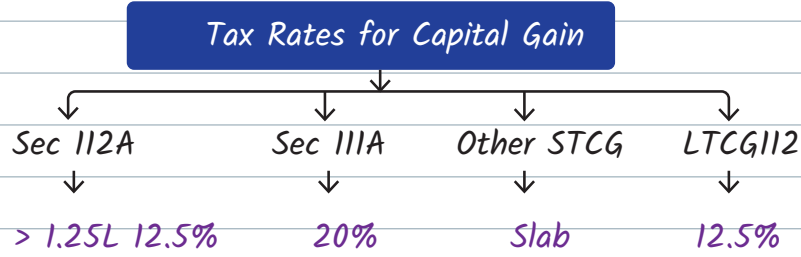
Computation of capital Gain

Taxable in the year in which amount is received under ULIP

Amount Received under ULIP	xx
(-) Premium paid till date of receipt of amount under ULIP (NO Index)	(xx)
Long term Capital Gain u/s 112A.	xx

CHAPTER 2

CG on transferred Asset	LTCG	STCG/LTCG	STCG/LTCG	LTCG (Normally)	LTCG (Normally)
Asset to be acquired	1 RHP in India If LTCG upto 2cr then assessee can buy 2 RHP. but only available once in life time	Urban or Rural agriculture land	New Land & Building for industrial undertaking	Bonds (5 year redeemable) issued by 1. NHA 2. RECL 3. PFCL 4. IRFCL 5. HUDCO 6. IREDA Max exemption; SOL	1 RHP in India
Time limit to Purchase or construction	Purchase 1 year before or after 2 years Construction completion within 3 years -1 +2 +3	within 2 years from the date of transfer +2	within 3 years from date of receipt of compensation +3	within 6 months from date of transfer +6m	Purchase - 1+2 Construction +3 -1 +2 +3
CGAS deposit	CGAS applicable	CGAS applicable	CGAS applicable	CGAS not applicable	CGAS applicable
Amount of exemption capital gain or cost of new asset amount invested } whichever is lower	1. Capital Gain or 2. Cost of New Asset or 3. Amount Invested to CGAS or 4. 10 Cr. } whichever is lower	1. capital Gain or 2. Cost of New Asset (CNA) or 3. Amount Invested to CGAS } whichever is lower	1. capital Gain or 2. Cost of New Asset (CNA) or 3. Amount Invested to CGAS } whichever is lower	1. capital Gain or 2. Cost of New Asset (CNA) 3. SOL } whichever is lower	LTCG x CNA / Net consideration or maximum 10cr
Lockin Period	if asset transferred within 3 years from date of purchase then exemption shall be withdrawn	Same as 54 ←	Same as 54 ←	Bonds / New asset is transferred or converted into money within 5 years from acquisition then exemption shall be withdrawn	Same as 54
Taxability in case of transfer before lockin	reduce from COA	reduce from COA	reduce from COA	taxable as separate income in year of violation	taxable as separate income in year of violation
Other points	1) Investment in 2 adjacent flats & making than 1 shall be considered as 1 HP	1) Asset transferred shall be used for agriculture for 2 years		1) Loan taken on bonds shall be deemed to converted into money	1) Property bought in joint ownership & 1 jointowner paid full



Sec 112A

Tax on Long term Capital Gain on certain Assets

LTCG on

- (i) as equity shares, } STT paid on acquisition & transfer
- (ii) Units of Equity oriented mutual fund } STT paid on transfer
- (iii) Unit of Business Trust }

shall be taxable @ 12.5% [Beyond Gain of ₹1,25,000 (ie gain upto ₹1,25,000 exempt)]

(C) category

Condition for STT not applicable in following cases

Shares acquired before 1/10/2004
(as STT was introduced on 1/10/2004)

on or after 1/10/2004 shares bought which are not chargeable to STT

provided that in following 3 cases benefit U/S 112A shall still not be available.

112A Not applicable (112A applicable for person in bracket)	Acquisition of listed equity shares not frequently traded & allotted through preferential issue (Not applicable to Investment by investment fund, QIB, NCLT, SEBI RBI)
112A Not applicable (112A applicable for person in bracket)	Acquisition of listed equity shares not through RSE of India. Provided above clause not applicable to. (i) Acq approved by SC, HC, NCLT, SEBI (ii) Acq under ESOP (iii) By NR as per FDI guidelines (iv) Acq under SEBI regulations. (v) Acq from Govt. (vi) Acq under Slump sale (vii) Acq by Investment fund or QIB
112A Not Applicable	Acq during intervening period starting from the date of delisting till the date immediately before company is listed on RSE

CHAPTER 2

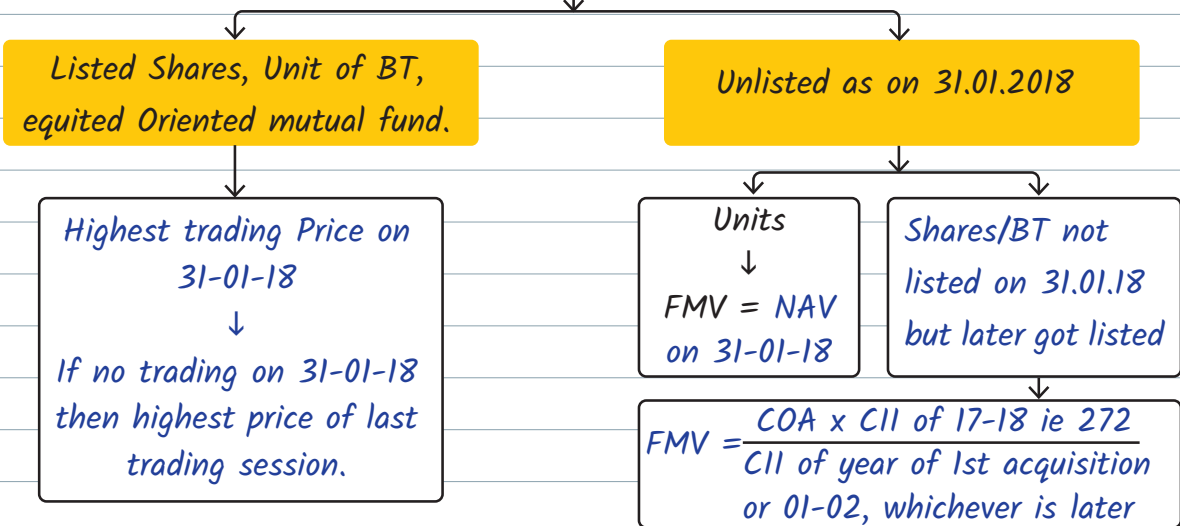
Cost of Acquisition If securities $\left\{ \begin{array}{l} \text{Units of Biz trust} \\ \text{Equity orient mf} \\ \text{Listed shares} \end{array} \right.$ are purchased before 1-2-2018

(i) Actual cost of acquisition } Higher of (i) & (ii) xx
 (ii) lower of } xx

FMV as 31-01-2018	xxx
Sale value / FVOC	xxx

cost of acquisition xx

FMV on 31-01-2018



Equity Oriented Mutual funds is a MF or ULIP (Except 10(10D))

which invests

65% of its total receipts in listed equity shares of Domestic co on RSE

or

90% of its receipts, in listed units of another fund & such another fund must Invest 90% of its receipts in Listed shares of Domestic co.

same as 112A

SEC III A:- STCG on

- (i) Equity shares } STT paid on acquisition & transfer
- (ii) Units of Equity oriented mutual fund } STT paid on transfer
- (iii) Units of Business Trust }

Shall be taxable [Exempt of STT in RSE in IFSC] @20%

Other STCG: taxable as normal Income.

LTCG 112: In case of LTCG other than LTCG 112A:- 12.5% [without indexation]

In case of Immovable property acquired before 23-07-2024 & sold thereafter for Resident Individual/HUF Lower of

- (i) 20% (with index)
- (ii) 12.5% (w/o index)

Notes for all Above section (111A, 112, 112A)

- No deduction U/C viA shall be allowed on above income
- Benefit of basic exemption limit available to only resident Individual & HUF but
 - First from other Income
 - Then from Section 111A/112A/112

(BEL not applicable for winnings / Royalty U/S115BBF / Carbon credit)

Eg Mr. Rahul Total Income 4,80,000

300000-LTCG 112
120000-LTCG 112A
60000- Normal Income

$$= \text{Unexhausted BEL} = (300000 - 60000) = 240000$$

Shall be used for 300000 LTCG

Thus tax = 60000 (31-241) x 12.5% = 7,500

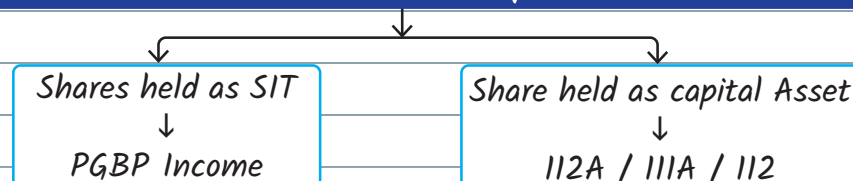
$$+ 20000 (1.21-1.251) \times 10\% \quad \underline{0}$$

7,5000

Add HEC @4% xx

Less Rebate u/s 87A xx

Stock held as stock in Trade or Capital Asset (Investment)



Points to considered while deciding SIT/ CA [by CBDT]

- ⇒ Treatment in Books of assessee
- ⇒ Holding period
- ⇒ Quantum of purchase & sales

Deemed Dividend (Sec 2 (22) (a)/(b)/(c)/(d)/(e))

(Not actual dividend but presumed/deemed Dividend)

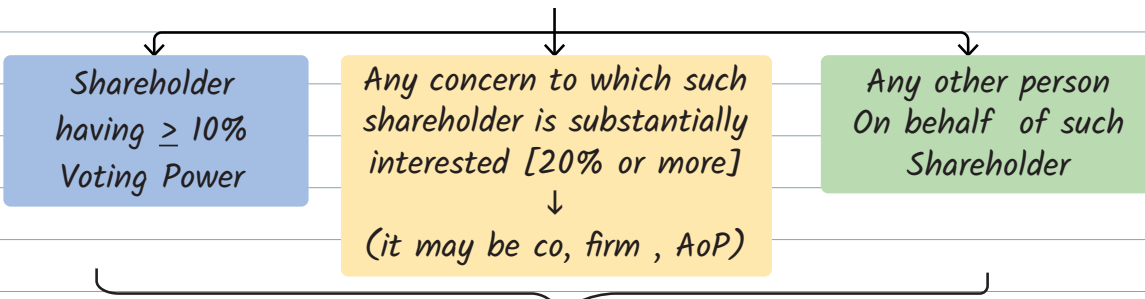
Sec 2 (22)(a):- Distribution of assets by co. to its shareholders to the extent of accumulated profits (capitalised or not). (distribution of bonus shares shall not amount to deemed dividend)

Sec 2 (22)(b) Any distribution of debentures, deposit certificates or debenture stock to shareholder & bonus shares to preference shareholders, to the extent of accumulated profits (capitalised or not).

Sec 2 (22)(c) Distribution of asset on liquidation to its shareholders to the extent of accumulated profits (capitalised or not).

Sec 2 (22)(d) Any Distribution by company to its shareholders on reduction of its share capital to the extent of accumulated profits (capitalised or not).

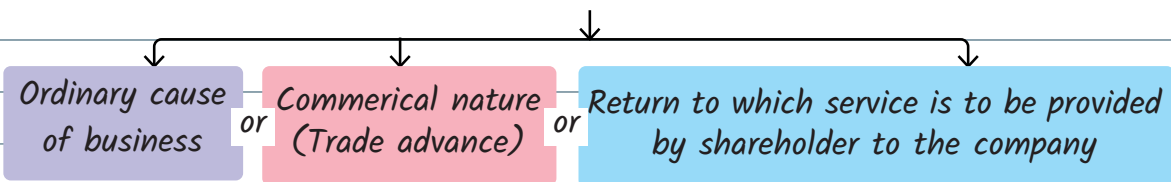
Sec 2 (22) (e) Any payment by company in which public is not substantially interested **Private/Public Unlisted co]** to



by the way of loans/advances to the extent of accumulate profits (Capitalised or not)

Notes

1. if loan is repaid with market rate of interest, then also such loan shall be treated as deemed dividend
2. Accumulate profit shall mean accounting profit (assessed profit)
3. Sec 2(22)(e) not applicable to advance in

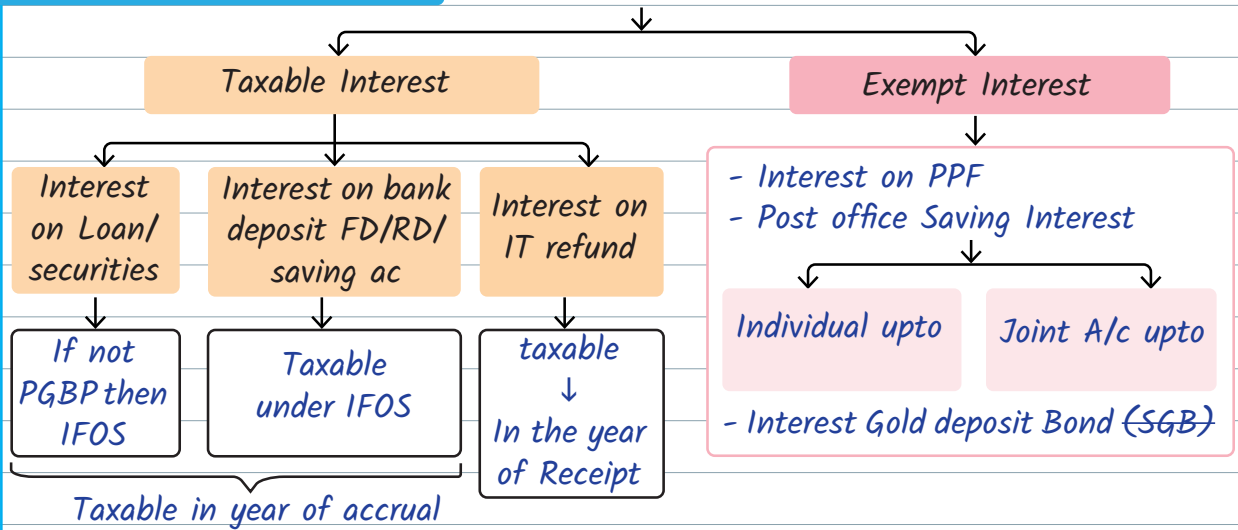


4. where asset is distributed u/s 2(22)(a)(c)(d) then FMV of such asset on date of distribution has to be taken for computing dividend
5. capitalised or not mean transfer of accumulated profits to
 - sharecase by
 - bonus issue
 - capital reserve

6. any advance or loan between two group entities, where,—
 (a) one of the group entity is a "Finance company" or a "Finance unit"; and
 (b) the parent entity or principal entity of such group is listed on stock exchange in a country outside India other than the country India as may be specified by the Board

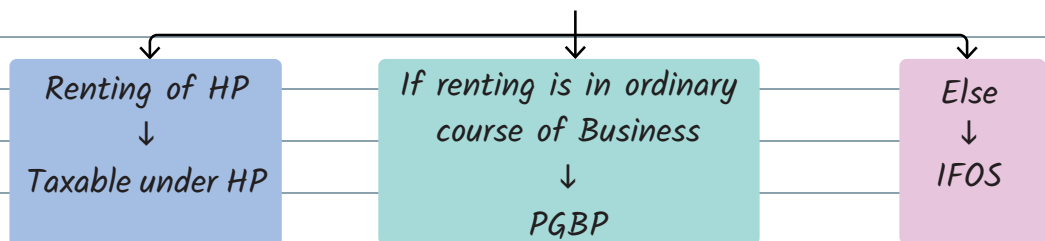
Sec 2 (22)(f): Any payment by a company on purchase of its own shares from a shareholder in accordance with the provisions of section 68 of the Companies Act, 2013; (Buyback)

Taxation of Interest Income



- If FD/Security deposit is necessary for conduct of Business [Like electricity deposit] then interest on such FD shall be taxable under PGBP.

Income form renting of Plant & machinery



Rent Amount (Gross)	xx
Less Deduction U/s 57	
- Repairs	xx
- Insurance	xx
- etc	xx

CHAPTER 7

[HP loss in new tax regime cannot be carried forward]

Then set off the brought forward losses [B/F losses can be set off against same head income - inter head not allowed]

Except:- Unabsorbed Depreciation can be set off under any head except salary

Maximum period of carry forward of losses.

	House property loss	Business Loss	Speculation Loss	35AD Loss	Capital gain	Loss from Own- ing & maintaining horse
	8AY	8AY	4AY	Indefinite	8AY	4AY
ROI on time	No	Yes	Yes	Yes	Yes	Yes

Unabsorbed depreciation can CF for Unlimited period and ROI need not be on time.

Otherpoints

- (i) If income is exempt then losses to be ignored -> No treatment
- (ii) Any losses including Unabsorbed depreciation can't be set off against following:-
 - ♦ Casual income [Sec 115 BB]
 - ♦ Winnings from online games [Sec 115BBJ]
 - ♦ Undisclosed income [Sec 115BBE] - (Sec 68 to 69D wali)
 - ♦ Income from transfer of virtual Digital Asset [VDA] Sec - 115BBH
- (iii) Losses which neither can be set off nor carried forward.
 - ♦ Sec 115BB (Lottery)
 - ♦ Sec 115BH (VDA)
 - ♦ Loss from exempt source
 - ♦ Online Gaming (115 BBJ)
- (iv) IFOS losses can't be carried forward

Section 72A

Carry forward & set off in case of Amalgamation /demerger/ conversion

Case	Acc Business loss	Can be C/F By	Tim Limit
Amalgamation	Amalgamating Co	Amalgamated Co	Remaining of 8 Yr
Demerger	Demerged Co	Resulting Co	Remaining of 8 Yr
Conversion to co	firm/proprietary	Successor	Remaining of 8 Yr
Unlisted Co to LLP	Unlisted Co	LLP	Remaining of 8 Yr

Only business losses can be carried forward (except speculative) Unabsorbed depreciation C/F allowed for unlimited time.

In case of demerger

If directly relatable to unit transferred -> Fully c/F & set off by resulting Co.

If not directly relatable -> Apportion in ratio of value of Asset retained/ transferred.

Section 72A:-

It is applicable in case of amalgamation of: -

- (i) Banking Co with specific bank or
- (ii) Co owning an industrial undertaking or a ship or a hotel with another Co or
- (iii) One or more public Sector Co with one or more PSC or companies; or
- (iv) Erstwhile PSC (i.e Co Which was PSC but ceases to be PSC due to strategic disinvestment) with one or more Co or Co's, if the share purchase agreement entered into under strategic disinvestment restricted immediate amalgamation of said PSC and amalgamation carried at within 5 years from end of PY in which the restriction on amalgamation in SPA ends.

Note: - The loss and unabsorbed depreciation of Amalgamating Co in case(iv) which is deemed to be loss or Unabsorbed Depreciation of the amalgamated Co, shall not be more than loss and Unabsorbed Depreciation of PSC on the date on which PSC ceases to be PSC due to strategic disinvestment.

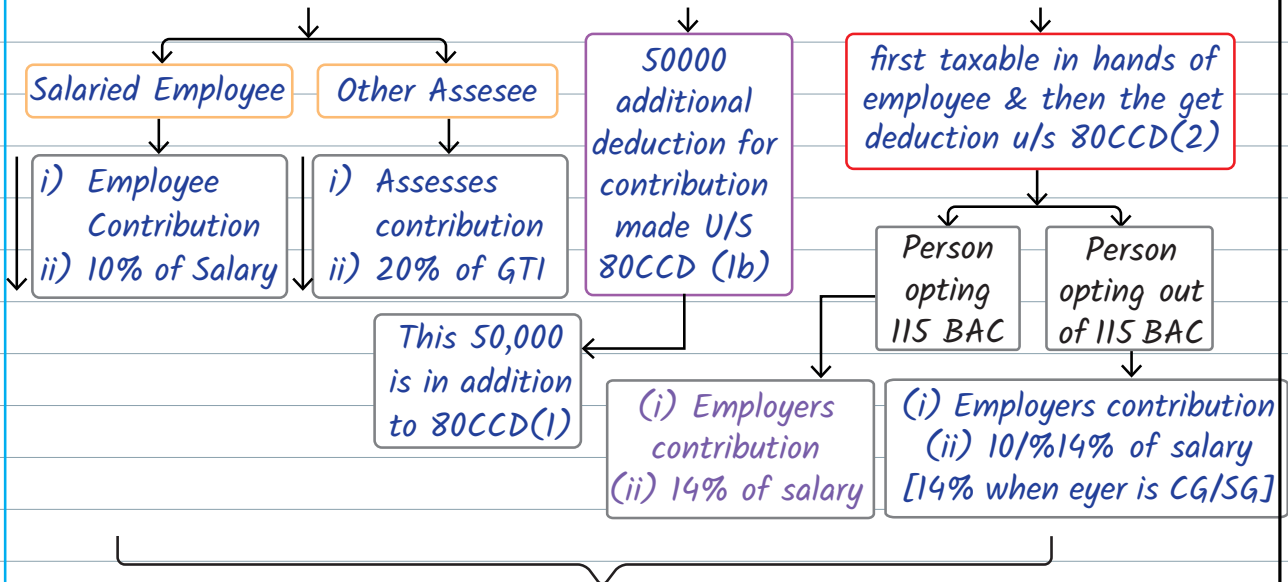
Conditions for amalgamating Co:-

- Should be engaged in Business at least 3 year prior to date of amalgamation.
- Should hold at least 75% of Book Value of fixed Asset which it held 2 yr prior to date of Amalgamation.

Conditions for amalgamated Co:-

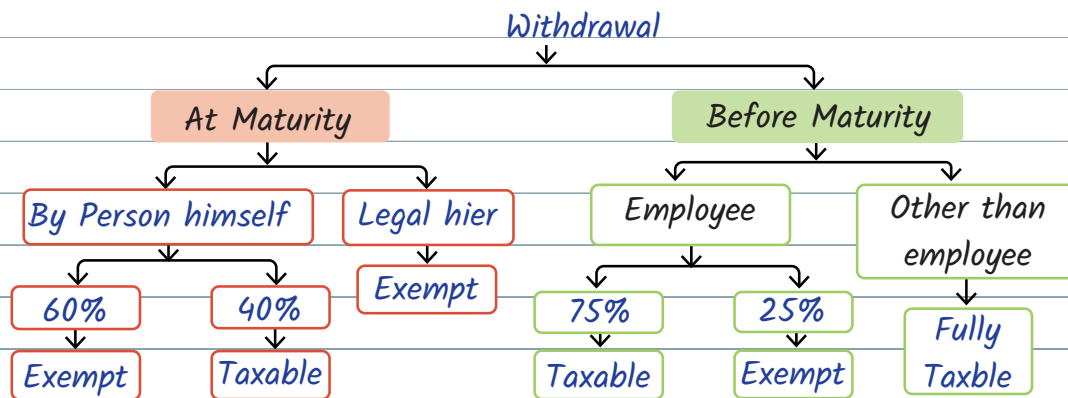
- Should continue Business for at least 5 yr from amalgamation
- In case of industrial undertaking should fulfill below condition
 - * Shall achieve at least 50 % of production capacity.
Before the end of 4 yr from amalgamation date and maintain it till 5th yr of amalgamation
However CG may grant relaxation in above condition
- Should continue to hold at least 75% of fixed asset [BU] acquired during amalgamation. If all condition satisfied then C/F and set off allowed to amalgamated Co for remaining of 8 years

CHAPTER 8



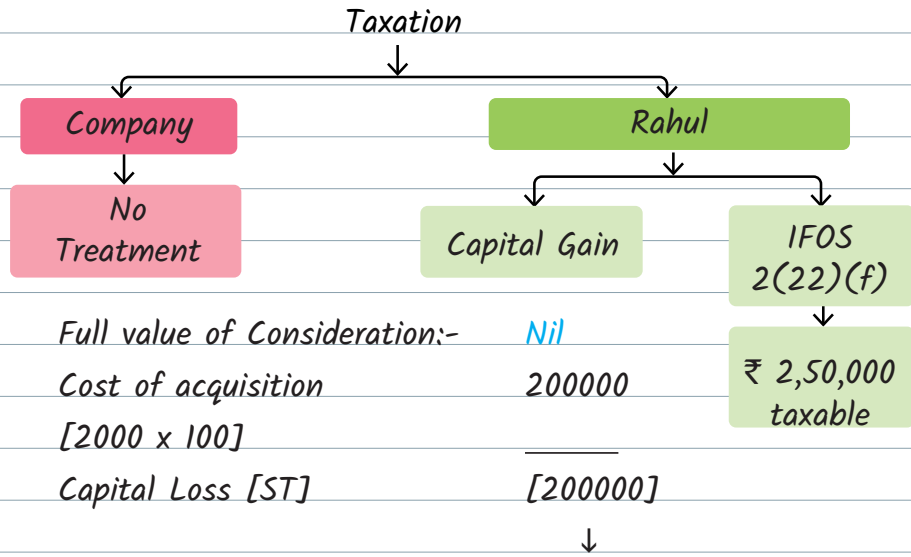
Common Notes.

1. Salary means Basic salary + DA [In terms]
2. As per Sec 10(12A) any payment received by assessee on closure of his account is exempt to the extent of 60% (40% is taxable) of total amount payable to him at the time of closure. In case any amount is received from NPS by the nominee legal heir on death of an assessee is Fully Exempt.
3. In case of partial withdrawal from NPS by employee, ~~upto~~ of contribution shall be exempt upto 25% (75% taxable) (Fully taxable for non salaried person)



4. any payment from the NPS trust to the parent or guardian of a minor, on partial withdrawal made out of the account of the minor, to the extent it does not exceed 25% of the amount of contributions made by him shall be exempt [Sec 10(12BA)]
5. Transfer from RPF/ASF TO NPS is not taxable
6. Person claiming deduction u/s 80CCD(1B) can contribute seem for pension for minor child also & shall be eligible for deduction [deduction only allowed for Sec 80CCD(1B) & not 80CCD(1)]

Rahul has 100 shares of Reliance bought @2000 each on 1-4-2025, company proposed a buyback on 1-11-2025 @2500 ps.



↓
This loss can be set off against any other Capital Gain

2. Tonnage Taxation

[Applies to Qualifying Ships & Inland Vessel] (Optional)

Eligible Assesse:- Indian Co (Poem in India) +
Operating ships +
Atleast 1 Qualifying Ship (min 15 tonnes)

Computation of tonnage income

Income = Daily Tonnage income x No. of days ship operated in India

Qualifying Ship having net tonnage (वजन) ← | → Daily Tonnage Income (70-17-11-13)

This is Slab not range	up to 1000	₹ 70 per 100 tons.
	> 1000 up to 10000	₹ 700 + ₹53 per 100 tons
	> 10000 up to 25000	₹5470 + ₹ 42 per 100 tons
	> 25000	₹ 11770 + ₹ 29 er 100 tons

Notes:-

- ♦ Tonnage shall be rounded off to nearest 100.
- ♦ Deductions, set off any losses shall not be allowed against tonnage income
- ♦ No provisions of MAT shall apply.

- ♦ **Qualifying Ship excludes**
 - Sea going ships
 - fishing vessels
 - Factory vessels
 - Harbour or river ferries
 - Pleasure Craft
 - Offshore installations
- ♦ Opt for 10 years, if opt out in middle then not available for 10 year
- ♦ max capacity utilization up to 49%
- ♦ Books to be maintained separately + Audit required

Conditions for Applicability for tonnage Scheme

- Vahi MAT wala
↑
- Min 20% of Book profit shall be transferred to tonnage reserve A/C in each PY.
 - Reserve should be used for purchasing new ship within 8 years
 - Short fall in reserve
- Taxable Amount =
- $$\text{Relevant shipping Income} \times \frac{\text{Shortfall in reserve}}{\text{minimum reserve}}$$
- Consequences of non utilisation.
- $$\text{Relevant Shipping Income} \times \frac{\text{Amount misutilised/Unutilised}}{\text{Total reserve created that year}}$$
- Relevant Shipping Income = profit from core Shipping Act + Incidental Activities
(may 0.25% of Turnover of core activities)
 - failure to create reserve for 2 years shall render tonnage scheme invalid
 - If ship transferred within 3 years from end of fy in which It was acquired, it's proportionate amount shall be deemed as income in year of transfer.

Method and time of opting for tonnage tax scheme

IISVP. A qualifying company may opt for the tonnage tax scheme by making an application to the Joint Commissioner.

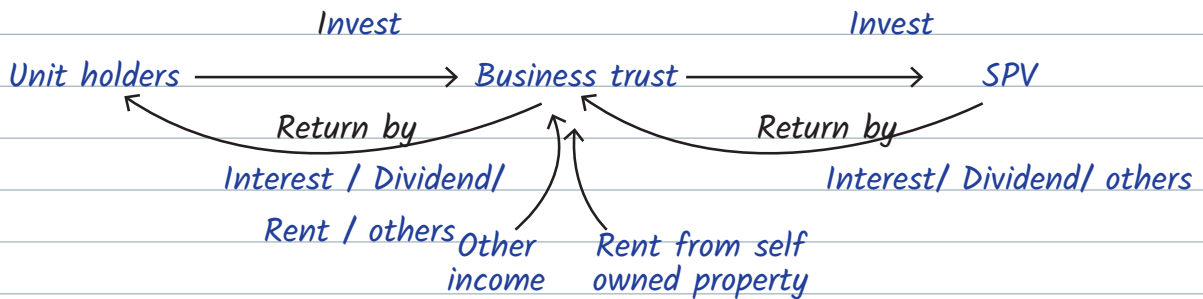
Company may make an application within three months of the date of its incorporation or the date on which it became a qualifying company

[Provided that a unit of an International Financial Services Centre which has availed of deductions under section 80LA may make an application within three months from the date on which such deduction ceases]

[Provided that for an application received by JC on or after the 1st April, 2025, order for acceptance or refection shall be passed before the expiry of three months from the end of the quarter in which such application was received]

Part D

1. Taxation of Business Trust (Sec 115UA) (& Unit holders)



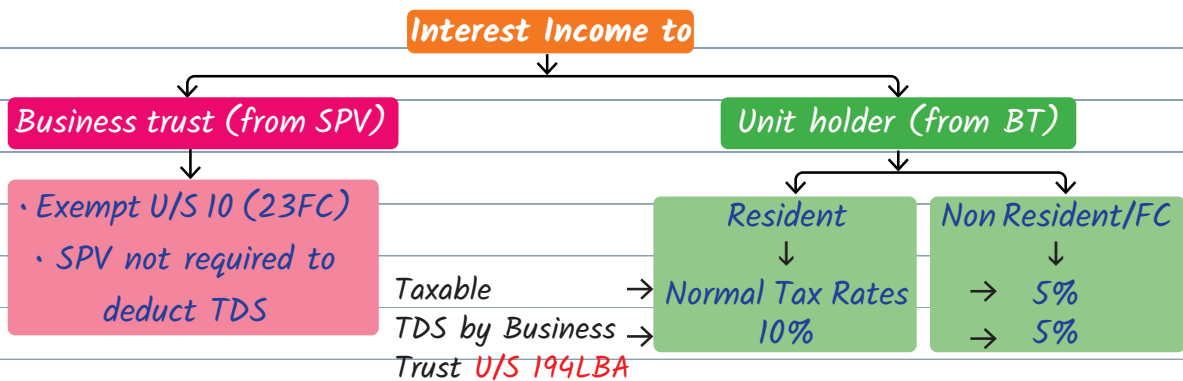
Business Trust; - Business trust means Real Estate Investment Trust (REIT) or Infrastructure Investment fund (Invit) which is registered & regulated by SEBI & units of which are listed in Recognised stock exchange.

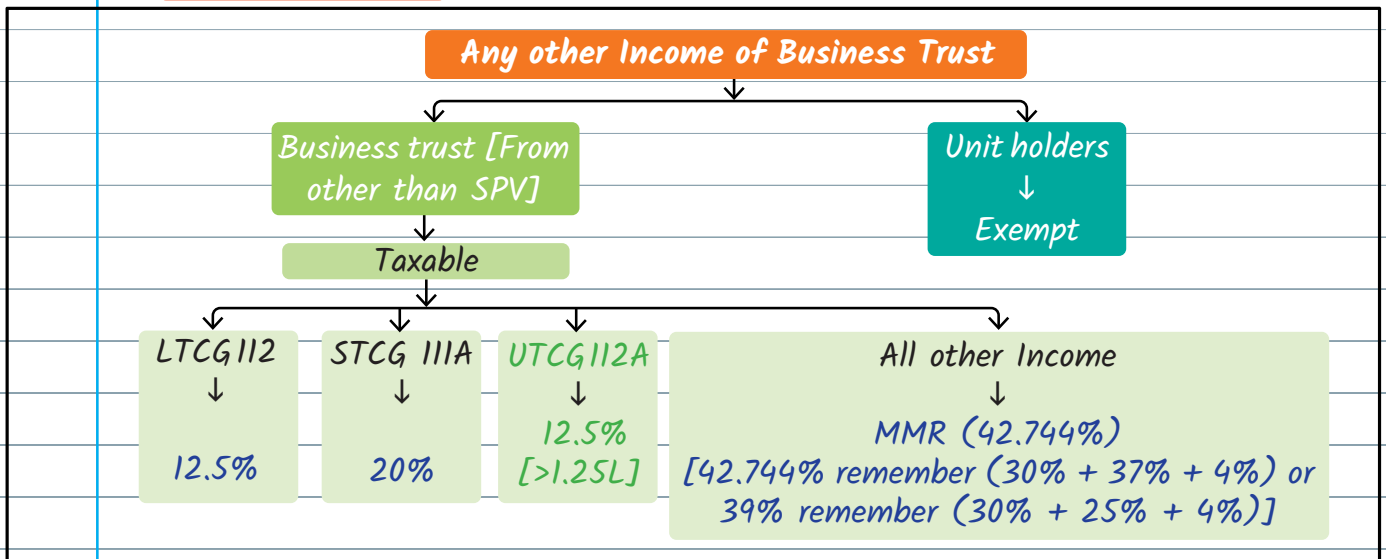
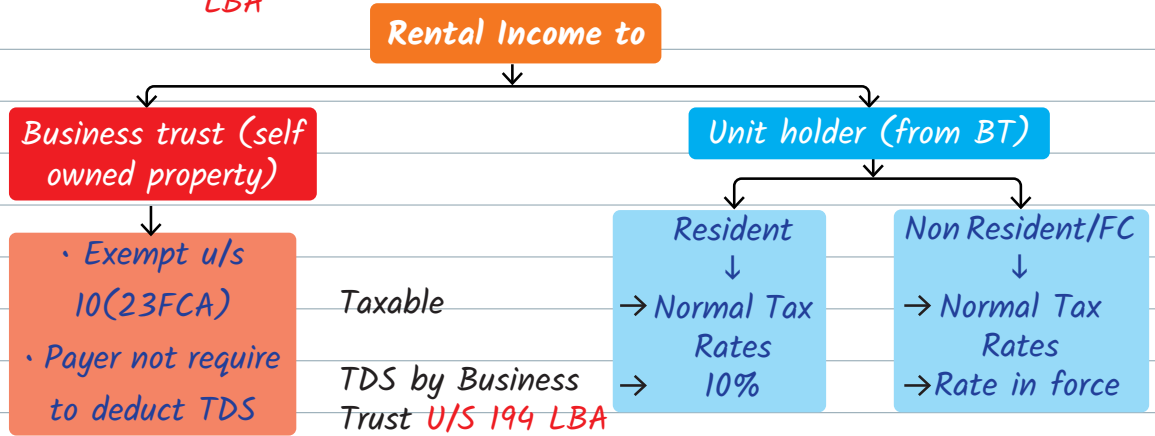
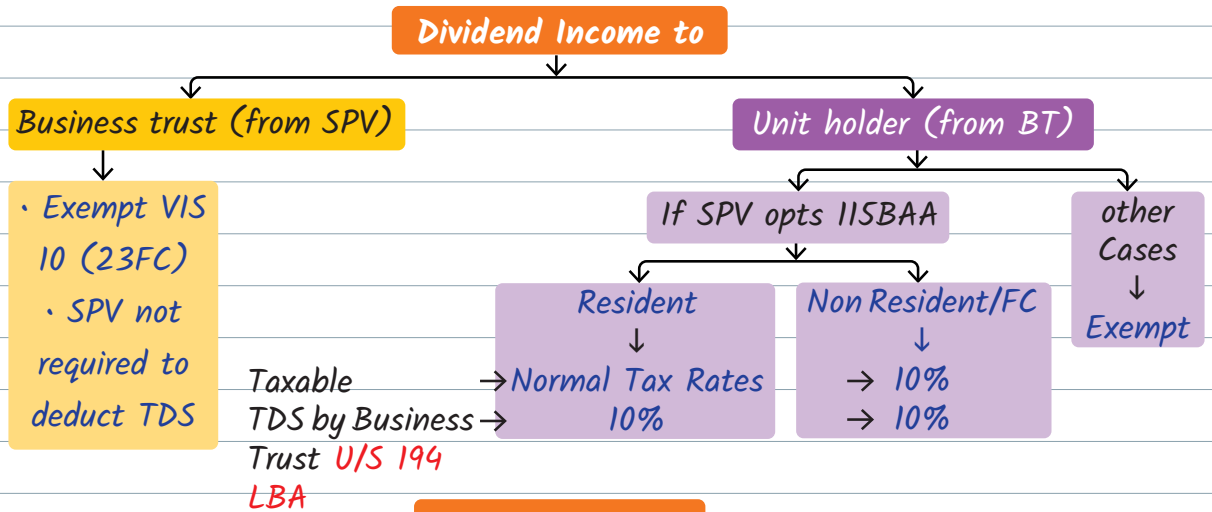
eg:- India Grid Trust, Embassy Office Park REIT.

Unit holders: Person who invests in Business trust

SPV:- Special purpose vehicle is an Indian Company in which Business trust holds more than 50% [normally SPV is owner of assets through which SPV drive Income]

Taxability of Income in hands of Business Trust & Unit holders (BT)





Note:-

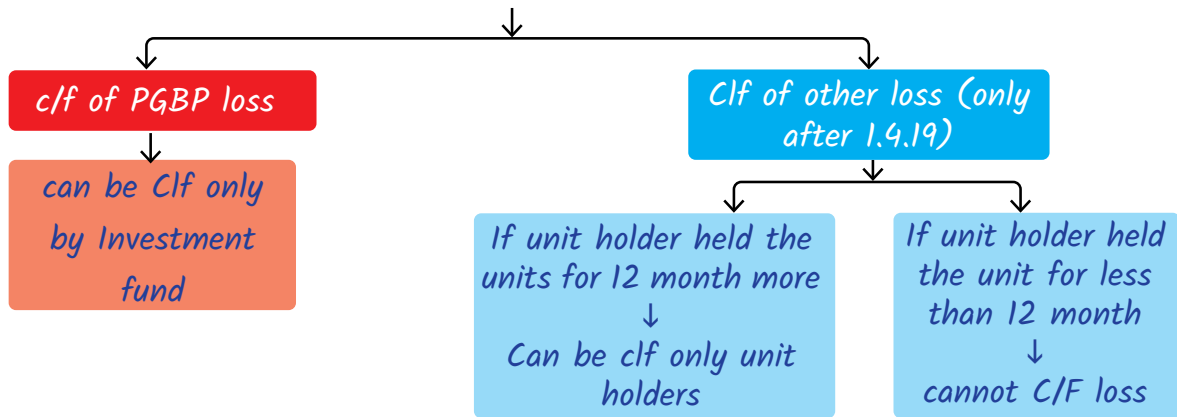
Any Income other than Interest / Dividend / Rent Received by Unit holders of Business trust shall be **exempt**

Also any income by SPV to Business trust is also **exempt**

Here is a chance of double non taxation

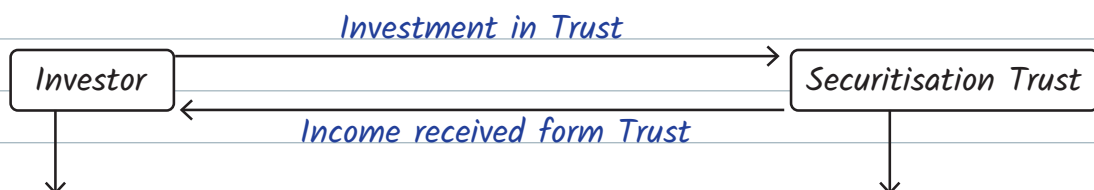
5. carry forward of loss of Investment fund.

first losses shall be set off by investment fund as per set off provisions. If set off is not possible, then losses shall be -carried forward in following manner



earlier loss shall be C/f by fund only.

3. Taxation of Securitisation Trust (Sec 11STCA)

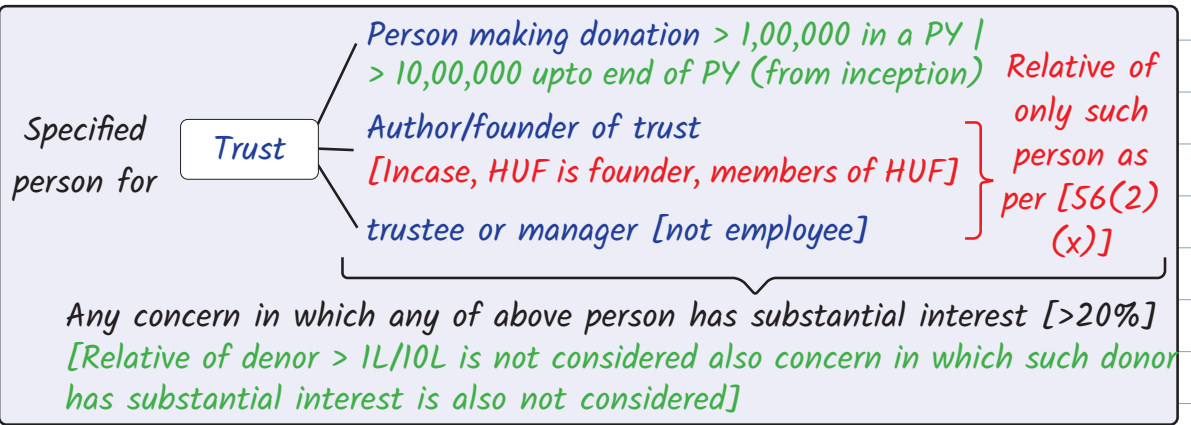


- ♦ All Income is Taxable in hands of Investor at normal Rate
- ♦ securitisation trust is required to deduct TDS U/S 194 LBC. @
 - > Resident Assessee = 10%
 - > NRIFC = Rates in force

All Income of Securitisation trust from activity of Securitisation is exempt In hands of Trust U/S 10 (23DA)

Notes

1. Any Income arising / accruing by a person being investor in securitisation fund, shall be chargeable to Income tax in the same manner as of Investor has made investment directly In underlying asset & not through trust (Sec 11STCA)
2. Income nature & proportion will be same in hands of Investor as it is for securitisation.
3. If income accure / arise / receive by trust during Py. has not been paid / credited to investor the same shall be deemed to have been credited to the account the last day of PY. Taxable In year of accrual & not receipt



Sec 13 (6) Educational & Medical facility to specified Person

Any educational or medical facility is provided by educational or medical trust to specified person then market value (FMV) of such facility shall be treated as income and exemption u/s 11 & 12 not available on such income.

Sec 13 (10) Calculation of Income in case of Certain Violations.

1. If trust whose objective is advancement of general public utility & business receipts are more than 20% or
2. Book of accounts not maintained or not audited if liable for audit or
3. If return not filed upto due date of ROI U/S 139 (1)/(4)

Computation of Taxable Income of trust in above cases.

Gross receipts	xx
(-) Revenue Expenditure (Subject to 40 (a) (ia), 40A (3)/(3A) except	xx
• Expense from Corpus	
• Expense from loan or borrowing	
• depreciation in respect of asset, whose acquisition was taken applied	
• Donation to any person	
• Set off of any loss	

Taxable Income xx

Sec 115BB1 :- Tax on Specified Income of Trust [Deemed Income]

Deemed Income

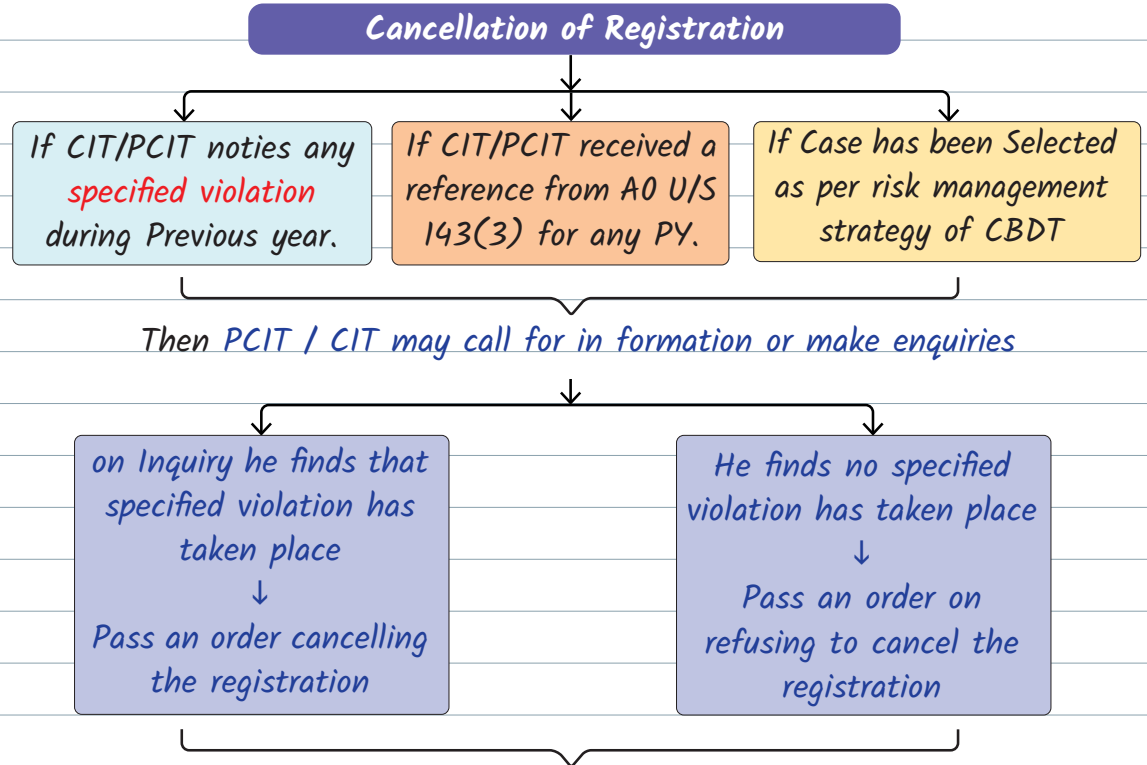
1. Deemed Income U/S 11(1) Explanation 1 of Sec 11(1) [not received in CY or received at last]
2. Deemed Income U/S 11(3) [violation to 11(2) ie misuse of accumulation]

With Inquiries by CIT/PCIT

CASE	Time limit of application	Time limit of grant of Registration by CIT	Period of Registration	Validity from:
(3) provisional regn to final regn. Same for 10 (23C)	6m from commencement of activity or 6m prior to expiry of provisional regn w. e. earlier	6m from the end of quarter in which application was received	5 Years / starting from AY. For which it was granted provisional regn.	A.Y. from which provisional regn was granted
(4) Renewal of Trust regd. u/s 12AB after 5 years Same for 10(23C)	6 months prior to expiry of regn.	6m from the end of quarter in which appl. was recd.	5 Years	A.Y. from which appln was made.
(5) Trust has adopted modifications (which violates conditions of Regn)	30 days from date of modification	6m from the end of quarter in which appln was recd	5 Years	A.Y. from which appln was made.
(6) Trust becomes inoperative	6 Month prior to the commencement of A.Y. for which regn is sought to be made operative	6m from the end of month in which application was received	5 Years	A.Y. from which appln was made.

Note With effect from 1.10.23, a Trust which has already commenced its activities and has not availed exemption in any P.Y. before the date of application, need not apply for provisional registration. It can at any time after the commencement of activities directly apply for final registration in Form 10AB. Thus, w.e.f. 1.10.2023 only the trust/institutions which have not commenced. activities are required to get provisional registration.

Note: delay in application may be condoned by PCIT/CIT on reasonable cause of failure Where an application is made under point 1,3,4,5,6 and the total income of such trust or institution, without giving effect to the provisions of sections 11 & 12, does not exceed rupees five crores during each of the two previous years, preceding the previous year in which such application is made, the validity for period of registration will be 10 years instead of 5 years.



Such Order shall be made within 6m from end of Quarter in which 1st notice was issued by CIT/PCIT, calling for info.

Specified violations

1. Income of trust has been applied for other objects than that of trust.
 2. Where business of trust is not incidental to main objects of trust
 3. Separate BOA are not maintained for incidental business
 4. Income of trust is applied for private religious purposes.
 5. Income of trust is applied for benefit of any particular religion community or caste
 6. Activities are not genuine in accordance with conditions subject to which it was registered
 7. trust has not complied with requirement of other law.
 8. If application for registration is ~~not complete~~ or if contain false or incorrect info.
- [wef. 1.4.2023]

Sec 10 (23 C)

Income of Educational Institution [School, College, University] or Medical Institution [Hospital] which exist solely for Educational or Medical Purpose and Not for Profit [Section 10(23C)]

CHAPTER 11

Govt, then payee cannot be liable to tax.

5. TDS is not applicable GST component [i.e. only applicable to Taxable value]

Sec 192:- Salary

Payer	Payee	Rate
Any Employer	Any Employee[R/NR]	Slab Rate

1. Slab Rate shall imply Tax payable reduced by TDS already deducted under other section
2. If employee wants to opt out of default tax regime U/S 115BAC, he shall intimate to employer [his right to exercise U/S 115BAC will not be hampered at the time of ROI.
3. Employer shall consider all other incomes / deductions / HP losses [other losses ignore] of employee while computing TDS U/S 192.
[Employee shall furnish proof relating to every deduction, if not provided by employee, employer shall ignore all deductions]
4. In case of arrears of Salary, TDS is deducted after considering relief U/S 89.
5. If employer bear the tax on non-monetary perquisites, then this need not be deducted from the salary of the employee. Amount borne shall not be allowed to employer u/s 40(a)(v) and the same will be exempted in the hands of employee u/s 10(10CC). Also, the tax so borne will be treated as TDS in the hands of employee and credit of the same can be availed by employee.
6. where employee has worked for more than 1 employer during Py. he shall furnish details of employer to second employer for TDS deduction
7. Where firm pays salary to partner; Sec 192 not attracted
8. TIP to waiter is not Salary (No TDS) [ITC Hotels Ltd (SC)]

Sec 192A- Accumulated balance of PF

Payer	Payee	Rate
Any Person	Employee [R/NR]	10%

Notes - No need to deduct TDS of aggregate amount is less than ₹50,000 [Also TDS is deducted only if PF is taxable]

Sec 193 - Interest on securities [Debentures, Bonds]

Payer	Payee	Rate
Any Person	Resident Person	10%

Notes

1. No TDS if individual/aggregate interest payment is upto ₹ 10,000
2. No TDS on payment to Insurance Co. [LIC, GIC]
3. No TDS on Government securities or DMAT Securities
4. No TDS on Debenture interest by public Co. amounting to ₹10,000 by A/C payee cheque /DD/ECS. to Individual/HUF (Irrelevant now)
5. NO TDS & on Bond U/S 54EC by PFCL/IRFCL.

Sec 194:- Dividend [AT the time of payment] [Including deemed dividend u/s 2(22)(a)(f)]

Payer	Payee	Rate
Domestic company	Resident Person	10%

NO TDS if $\left\{ \begin{array}{l} \text{Payment of dividend to individual other than cash upto ₹10,000} \\ \text{LIC/GIC (Insurance companies) (Includes Bearer Cheque/Cross Cheque)} \end{array} \right.$

- # No deduction of tax at source under section 194 on dividend paid by any unit of an IFSC, primarily engaged in the business of leasing of an aircraft or ship to a company, being a unit of an IFSC primarily engaged in the business of leasing of an aircraft or ship (This dividend income is also exempt)

Sec 194A Interest other than securities (FD's, loan advanced)

Payer	Payee	Rate
Any person other than Individual & Huf whose Business turnover is up to 1 Cr or professional Receipts are upto 50 Lacs in preceeding FY.	Resident Person	10%

Notes

1. No TDS on
 - a) Interest or Savings Account
 - b) Interest on Income Tax Refund
 - c) Interest to Partners from firm
 - d) Interest by bank | Coop Bank | Post office on FD/ RD upto ₹50,000 [₹1,00,000 for resident Senior Citizen]
 - e) Interest by any other person upto ₹10,000
 - f) Interest on ZCB
 - g) Interest to Banks, Co-op Banks, financial Institutions, Insurance Co [NBFC Not covered]

CHAPTER II

- h) Interest by Cooperative society to its members or other Co-op Society. [TDS applicable if turnover >50Cr & Interest > ₹50,000 for normal person & > 1,00,000 in case of senior citizen]
 - i) Interest by Co-op Bank to Coop society
 - j) Interest on compensation awarded by motor accident claim tribunal Upto 50000
 - K) Interest credited by bank to provisioning A/c on daily / monthly basis for macro monitoring purpose
 - L) Interest on Capital Gains Accounts Scheme A/c, where depositor has deceased :-
 - a. TDS on interest accrued upto the death of the depositor is required to be deducted & reported against PAN of the depositor, and
 - b. TDS on interest accrued for the period after death of the depositor is required to be deducted and reported against PAN of the legal heir, unless a declaration is filed that credit for tax deducted has to be given to another person.
 - m) Interest on FDR made in the name of Registrar General of court will not be liable for TDS deduction u/s 194A Since Registrar cannot be considered as payee
2. TDS on interest is to be deducted bank wise & not branchwise. [If CBC is followed]

Sec 194B winning from lottery Crossword puzzles etc (Baazigar) &

Sec 194BB winning from Horse Races (Bada Baazigar)

Payer	Payee	Rate
Any Person	Any Person [R/NR]	30%

Notes

1. TDS only if winnings more than ₹10,000 per transaction.
2. TDS is deducted at time of payment
3. If winnings in kind, then payer has to ensure sufficient amount is collected from payee & deposited as TDS or he himself bear the same.
4. TDS will be deducted on gross basis ie before set off losses.

Sec 194BA: winnings from Online Games [Taxation in Tax Rates chapter]

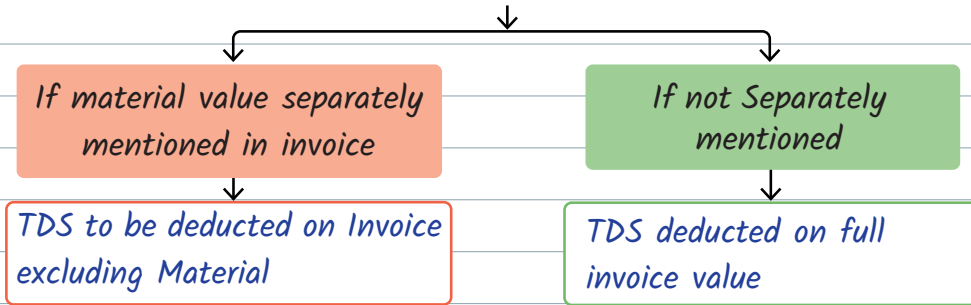
Payer	Payee	Rate
Any online gaming platform	Any Person [R/NR]	30%

Notes

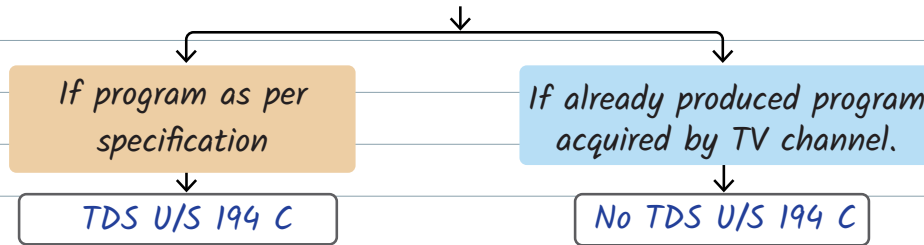
1. TDS will be deducted at the time of withdrawal from user account during py & at

CHAPTER II

4. In case of Job work



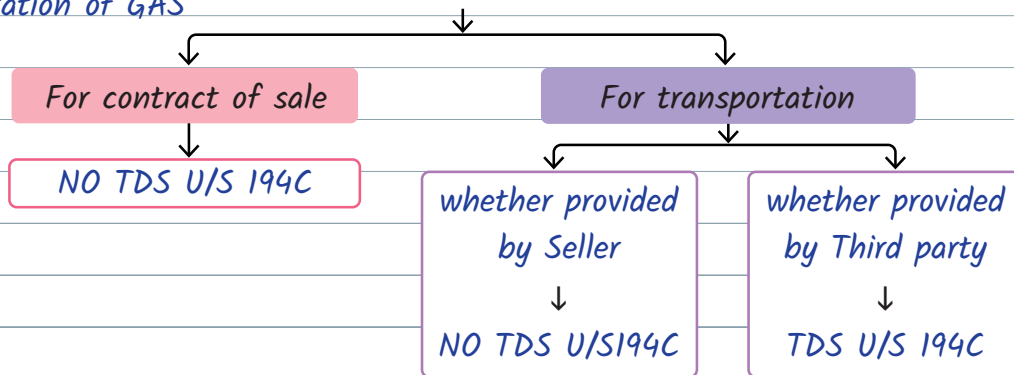
5. Payment by TV channel to production house for program



6. Services of event manager covered u/s 194C (except for sports event manager which is covered u/s 194J)

7. Cold storage charges for refrigeration facility as well as storage. would attract TDS U/S 194C & not 194I

8. Transportation of GAS



9. Airlines pay landing charges for flight & receives a bunch of facilities like traffic, service, ground safety services, etc would attract 194C & not 194I

Sec 194D TDS on Insurance Commission

[If Aggregate payment > ₹20,000 p.a.]

Payer	Payee	Rate
Any Person	Resident Person	10% for Domestic Co 5% else

→ Share of insurance commission by insurance co with reinsurer is not insurance commission

Sec 194 DA:- TDS on Life Insurance Policy Amount [If maturing amount is > 1 lakh]

Payer	Payee	Rate
Any Person [Insurance to]	Resident Person	2%

[TDS applicable when maturity is taxable]

Sec 194E :- Payment to NR Sportsman | Sports Association | entertainer.

Payer	Payee	Rate
Any Person	NR sportsman Sports Association entertainer [Non-Citizen + Non Resident]	20% + HEC

- 1) Sports person → Non-Citizen + Non Resident
(Excluding → Participate in any game/ sport or
Umpire / referee → Advertisement or
Commentator) → contribution of articles in newspaper
- 2) Sports association:- Amt guaranteed to be paid to such association
(Exclude IISBB ← lottery
← Cross word
← Horse Race)
- 3) Entertainer → Income from performance in India (Rihanna in Ambani wedding).

Sec 194G commission on sale of lottery tickets (G for Gambling)

[Aggregate commission exceeds ₹ 20,000 p.a.]

Payer	Payee	Rate
Any Person	Any Person	2%

Sec 194H Commission or Brokerage

[Aggregate commission exceeds ₹20,000 p.a.]

Payer	Payee	Rate
Any person other than Individual & Huf whose Business Turnover is up to 1Cr or Professional Receipts are upto 50 lacs in preceeding FY	Resident Person	2%

CHAPTER II

Notes

- 1) No TDS if brokerage is related to securities (under writer or commission on public issue)
- 2) NO TDS on payment made to BSNL, MTNL to use their public call office
- 3) No TDS, if commission paid by bank for ATM network services
- 4) Discount given to stamp Vendors for purchase of stamps is not brokerage
- 5) Commission received by travel agent for booking shall attract TDS U/S/194H Supplementary commission [Sale Price - Cost] for travel agent shall also attract TDS U/S 194H [Singapore Airlines Ltd (SC)]
- 6) Profit shared by telecom operators to recharge resellers is not commission u/s 194H [Bharti Cellular (SC)]

Sec 194I:- Rent on P&M, Equipment's, building, furniture & Land

[HIJACRS]

Payer	Payee	Rate
Any person other than Individual & HUF whose Business Turnover is upto 1Cr or Professional Receipts are upto 50 lacs in Preceeding FY.	Resident Person	Land, Building, furniture -10% Pm, equipment 2%

Notes

- 1) No TDS if rent is up to ₹50,000 to a person
 - 2) Non refundible deposits shall attract TDS under this Section
 - 3) No TDS on lump sum lease premium paid on acquisition of long term lease.
 - 4) Payment to contractors for hiring vehicles shall attract TDS U/S 194I
 - 5) Arrears of rent received in Cy shall attract TDS U/S 194I
 - 6) Advance Rent shall also subject to TDS in year of payment
 - 7) If rent is paid by Co-owners, then limit of ₹50,000 Pm shall be seen individually for co-owners
- No deduction of tax at source u/s 194-1 on lease rent or supplemental lease rent made by a person to a person being a unit of an IFSC for lease of a ship

Sec 194IA/IB/IC

	Sec 194IA	Sec 194 IB	Sec 194 IC
Nature of payment	Transfer of Immovable property [Other than rural agri land]	Rent of Immovable property	Consideration under Joint development agreement
Payer	Any Buyer	Individual/ HUF [Other than 194I]	Any Person

payee	Any Resident Person [Seller]	Any Resident Person	Any Resident Person
rate	1% of Actual consideration or SDV Whichever is higher	2% ★	10%
Non applicability	If both considerations & SDV is less than 50 lakhs → NO TDS	Rent ≤ 50,000 → NO TDS [ie on 50000 no TDS]	-
Additional points	Consideration of property shall include, Club membership, Parking fees, electricity, water fees, maintenance & incidental charges If more than 1 buyer for the same property then consideration from all buyers in totality shall be taken for limit of 50,00,000/-	→ TDS deduction shall be at later of • Payment of last month rent of PY or • Payment of last month of tenancy → If no PAN furnished by payee, then TDS rate shall be @20% subject to maximum of last month rent.	→ TDS is applicable on money consideration & not on kind.
Form	26QB	26QC	

Sec 194J: Professional fees, Technical Fees, Royalty, Non-compete fees, Directors Remuneration

Payer	Payee	Rate
Any person other than Individual & HUF whose Business Turnover is up to 1Cr or Professional Receipts are upto 50 l in Preceeding FY.	Resident Person	Normal cases - 10% 1. Fees for Technical Services 2. Royalty for Cinematographic films 3. Payment to call centers 2%

Notes

	NO TDS	NO TDS	NO TDS
1.	Sec 194J		
Professional fees	up to ₹50,000	If payment made by Individual	If any of such payment is for personal purpose
Technical Fees	up to ₹50,000	HUF for royalty/NCF	
Royalty	up to ₹50000	even if for commercial	
Non competition fees	up to ₹50000	personal purpose	
Directors Remuneration	-		

* limit of 30000 is per annum

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- 2 Services of sport person, Sport columnist, umpire, commentator, Referee, Physio therapist, event manager, Coach, Team Physician shall fall under 194J
- 3 Services by professionals U/s 44AA. shall fall u/s 194J.
4. Third party Administrators making payment to hospital on behalf of Insurance companies shall fall under sec 194J.
5. Service charges paid by member to RSE for Online trading terminal are not Technical/professional in nature, thus no TDS U/S 194J is attracted.

Sec 194K Income from UIT or Mutual Funds Units [No TDS if payment up to 10,000 pa.]

Payer	Payee	Rate
UTI / mutual fund	Resident Person	10%

Sec 194LA Compensation on Compulsory acquisition of Immovable Property

Payer	Payee	Rate
Any Person	Resident Person	10%

Notes

1. No TDS of payment up to 5,00,000 in a Py
2. No TDS if Immovable property is rural / urban Agriculture land in India

Sec 194M- Contract, Commission / Brokerage | Professional service

Payer	Payee	Rate
Individual/Huf [other than covered U/S 194 H, 194 C, 194J]	Resident Person	2%

Notes;

- 1 No TDS if amount is up to 50,00,000 [ie on ₹50,00,000 NO TDS]
- 2 U/S 194C, 194J, personal expenses were exempt from TDS, such transaction shall attract TDS here.
- 3 In Sec 194IA, 194IB, & 194M, TDS deductor does not require TAN for TDS deduction, only form 26QB, 26QC, 26QD is required to be filled within 30 days from end of month in which TDS deducted.

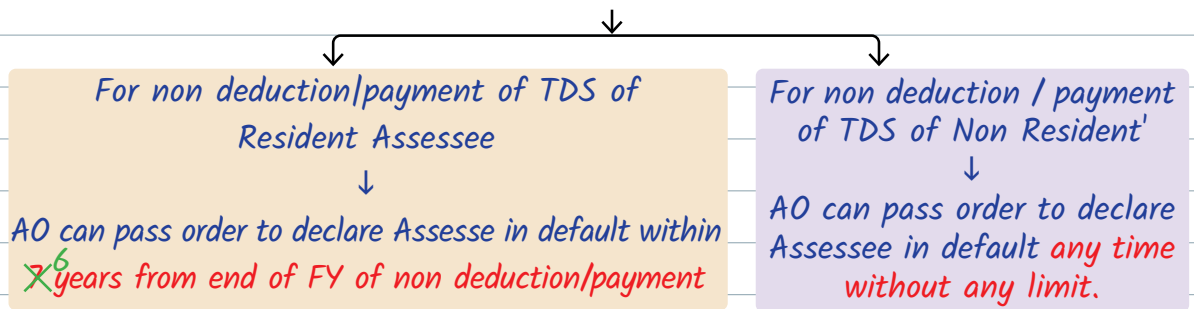
Sec 201: TDS return to be furnished in prescribed form No correction can be done in such form after 6 year from end of year of filing of such form.

Sec 200A/206CB

- a) Processing of TDS & TCS return & following adjustments can be made
 - 1. Rectification of any arithmetical errors
 - 2. Incorrect claim apparent from record
- b) Intimation shall be sent by CPC within 1 year from end of year of filing such statement

Sec 201

If assessee fails to deduct TDS or after deduction fails to pay to Govt, assessee will be deemed to be assessee in default



Sec 206 AA/AB

Sec 206AA

If payee does not furnish his PAN to payer then TDS rate shall be

- i) Rate as per respective Section
 - ii) Rate @20% [5% for 194Q/1940]
- } whichever is higher

2 Tax Collected at Sources

- 1. TCS is collected by seller from buyer.
- 2. TCS is collected at the time of
 - i) Receipt of payment or
 - ii) Debiting the A/C of Buyer
 } whichever is earlier

Sec 206 C(1)

Transaction	Rate	Collector [Seller]	Collectee Buyer
Alcohol for human consumption	1%	Any person other than Individual &	any person except

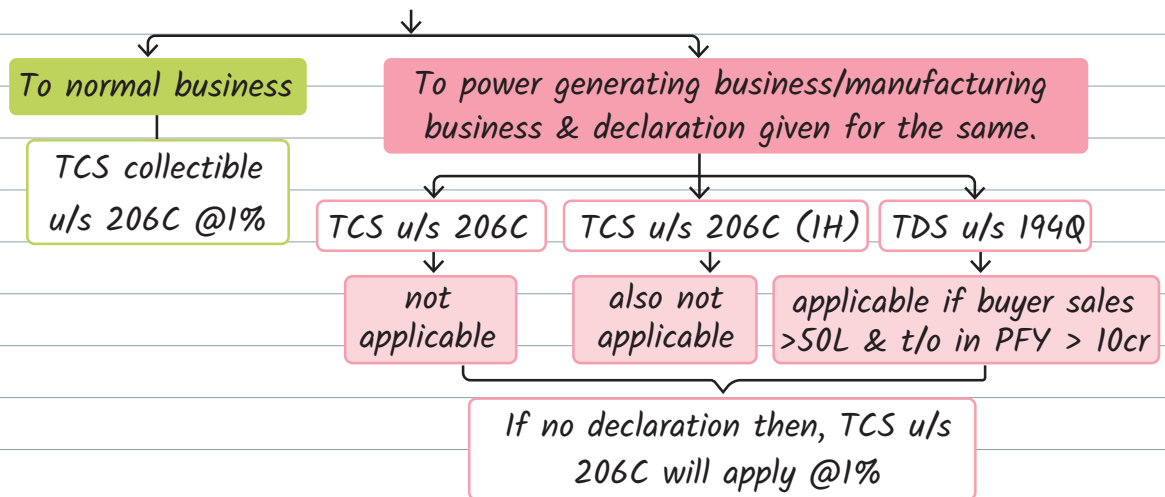
CHAPTER II

Transaction	Rate	Collector [Seller]	Collectee Buyer
2 Scrap (not usable as such)	1%	HUF whose Business Turnover is upto 1Cr or Professional Receipts are up to 50 lakhs in Preceeding FY	<ul style="list-style-type: none"> Personal consumption PSU CG/ SG
3 Mineral being coal, lignite	1%		
4 Timber & other forest products	2%		
5 Tendu leaves	5%		

Notes

- No TCS if resident buyer furnishes a declaration that product will be used in manufacturing / production of any articles or for the purpose of power generation even though TCS shall not apply [not even 206 C(1H)] but TDS U/S 194Q may apply.

Sale of Coal/Scrap



Sec 206C(1C)

Transaction	Rate	Collector seller	Collectee Buyer
Leasing or licensing of toll plaza, mines & Quarry (except mineral oil mines)	2%	Any person other than Individual & HUF whose Business Turnover is upto 1 Cr or Professional Receipts are up to 50 lakhs in preceeding Fy	any person except PSU

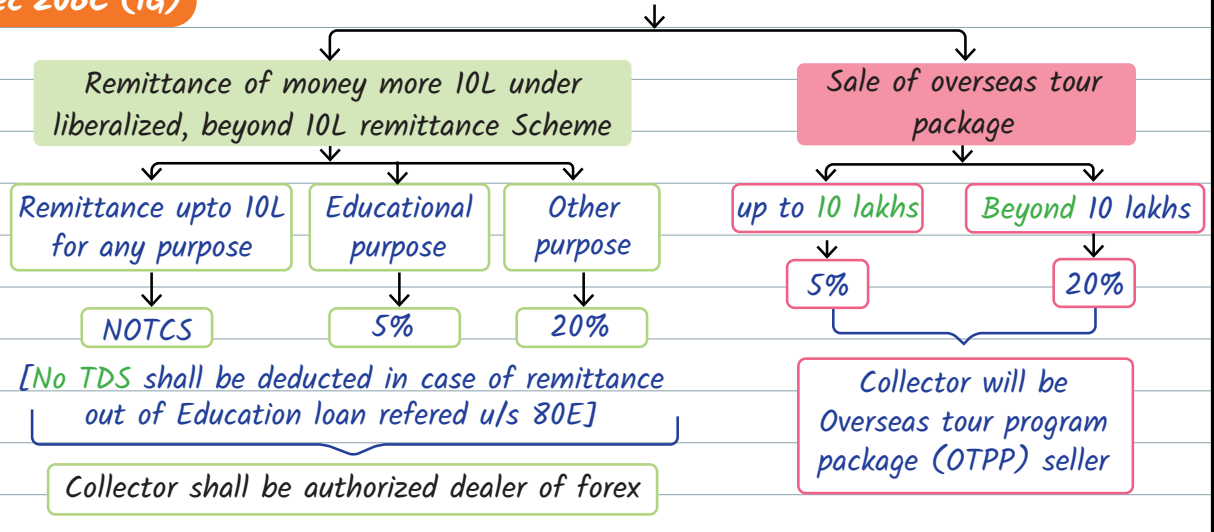
Sec 206C (1F)

Transaction	Rate	collector seller	Collectee Buyer
Sale of motor vehicle exceeding ₹10 lacs [except sale manufacturer to dealer/ distributor]	1% of Showroom Price	Any person other than Individual & Huf whose Business turnover is upto 1 Cr or professional Receipts are upto 50lakhs in preceeding FY	any person except <ul style="list-style-type: none"> PSU CG/ SG

Following luxury items are also subject to TCS u/s (1f) if sold of > 10L.. shares

- Wrist Watches
- Sunlasses
- Coins, stamps collectable items
- Horse for Horse Racings
- Artpieces, antiques, painting
- Purses, Handbangs
- Sportwear, sport equipments
- Yacht, newing boats, helicopter

Sec 206C (1G)



Notes:-

- 1 No TCS If TDS deducted under any section
- 2 No TCS if Non residents visiting India makes above expenditure
- 3 Limit of ₹ 10 lakhs under liberalised remittance scheme shall taken irrespective of purpose like education, medical etc.
- 4 Normal Assumption:- TCS is calculated on invoice value whereas TDS is calculated on Taxable value

Sec 206 CC

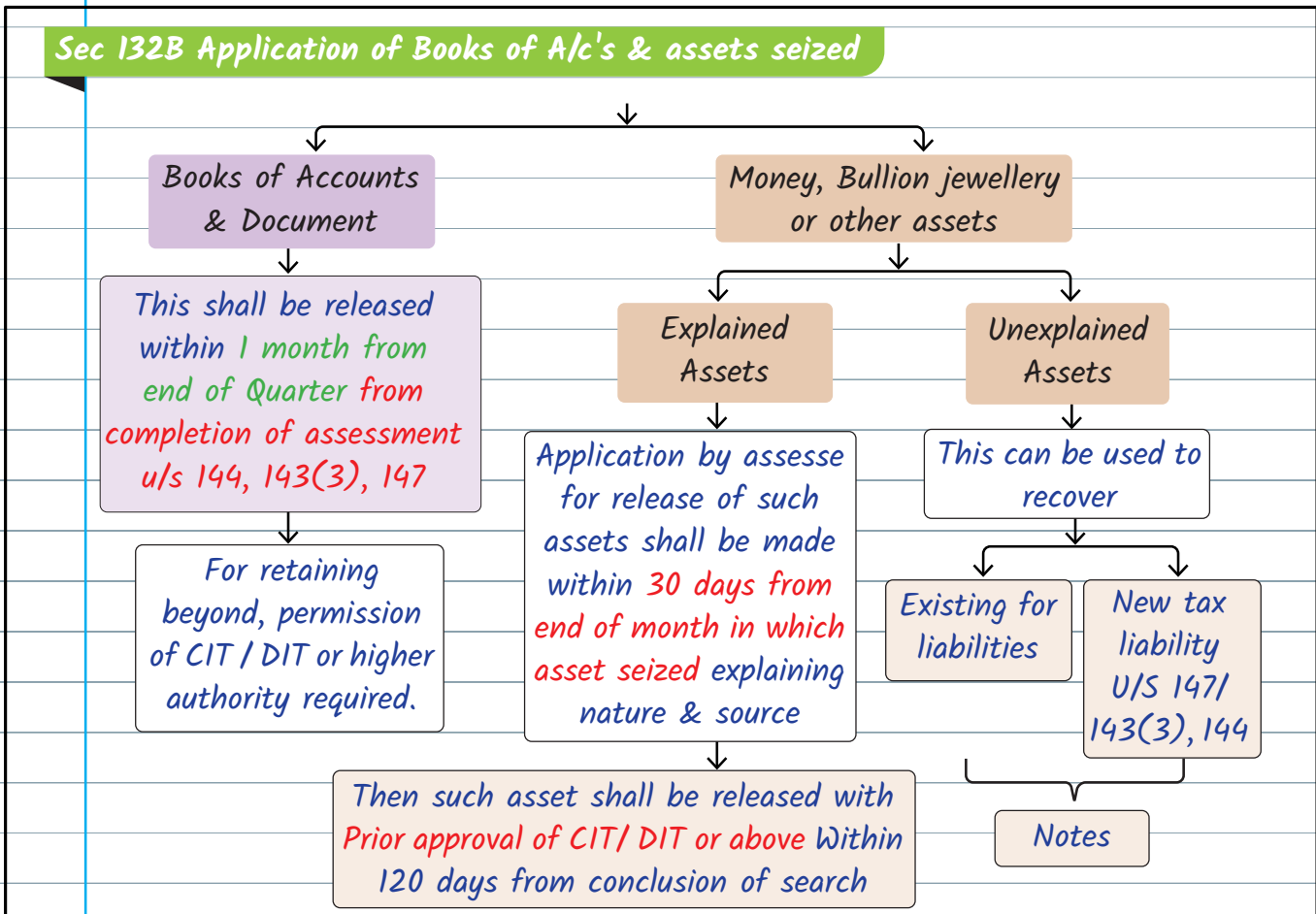
Sec206CC

If collectee does not furnish by PAN to payer then TCS rate shall be

- i) Twice Rate as per respective Section
 - ii) Rate @5% [1% for 206C (1H)]
- } whichever is higher

Subject to max 20%.

6. If Authorised Officer has no jurisdiction over the person searched by him or if he found books, assets etc. of other person, Authorised Officer shall handover books, assets etc. to AO having jurisdiction over such other person within 60 days from date on which search was completed.
7. within 60 days from the date of conclusion of search, IT Authority can provisionally attach any property belonging to assessee.
However Reasons Recorded in writing + Interest of revenue shall be Involved
Provisional attachment shall be valid for 6m & after that it shall be automatically vacated.
8. Sec 132A- Requisition:- where search is conducted by any authority in any other law then authorised officer shall require such authority to deliver books, asset seized to him as soon as possible.
9. Conclusion of Search & Requisition
Search:- Date of last Panchnama drawn.
Requisition:- Date of receipt of BOA or asset



3. cases where updated Return cannot be submitted.
- If updated return is a return of loss
 - Update return results in refund, decreasing the total tax liability or increasing refund for relevant AY.
 - Search has been initiated U/s 132 or books of Accounts requisitioned u/s 132A in case of such person
 - Survey has been conducted U/S 133A (other than TDS/TCS Survey)
 - where search is conducted or Requisition in case of other assessee & officer found Books of Accounts documents/any non-money bullion/Jewellery/other valuable article belonging to you then you cannot file updated return

In case of search Survey, no updated return for such year or earlier year

In case search / survey conducted on 10 March 2025 then updated return for AY-25-26 or prior years cannot be furnished

- where Updated return has been already furnished by him U/S 139(8A) for Relevant Ay
- Proceeding for assessment / reassessment is pending or completed for Relevant AY
- where AO has information in respect of such person for RAY in his possession under Prevention of money laundering Act or Black Money, Benami Act, Smuggler & foreign exchange manipulators Act & same has been communicated to him prior to filing of updated return
- Information for RAY for assessee has been received U/S 90/90A & communicated to him prior to filing of updated return.
- Prosecution proceeding have been initiated for RAY in respect of Such person prior to date of filing of updated return.

k. No updated return shall be furnished by any person 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:

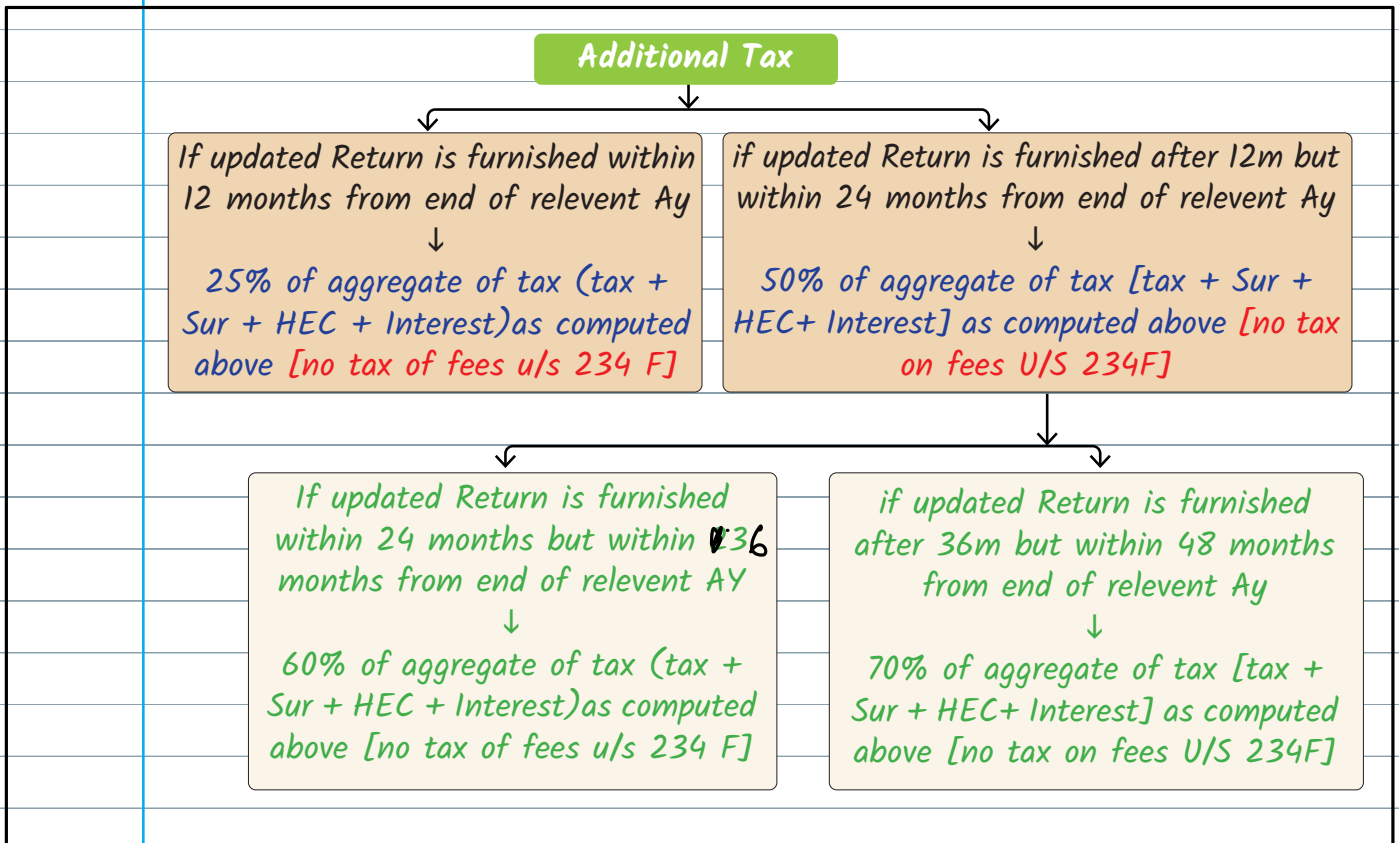
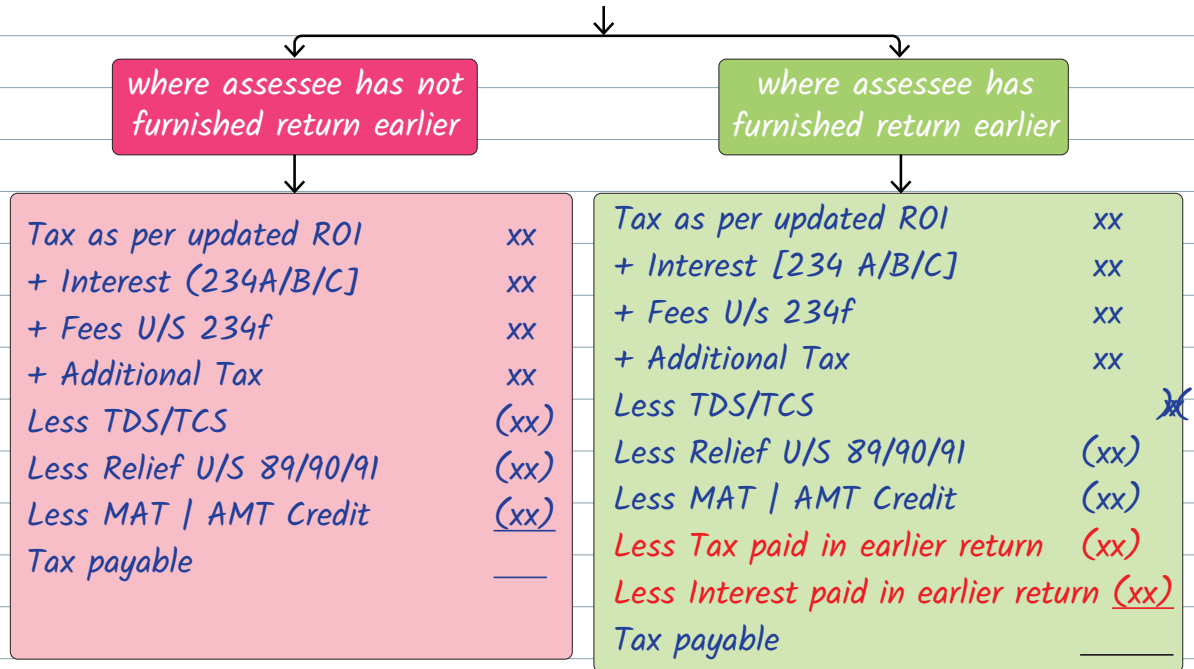
Provided: that the above provision shall not apply where an order is passed under section 148A determining that it is not a fit case to issue notice under section 148.

4. Other Points

- If a person has sustained a loss for any PY and he has already submitted return of loss for that year within due date u/s 139(1), he can furnish an updated return where such return is a return of income.

2. If as a result of submitting updated return, the quantum of carried forward loss (or unabsorbed depreciation or MAT/AMT credit) is to be reduced for any subsequent year, then an updated return shall be furnished for each such subsequent year.

Sec 140B:- Calculation of Tax on Updated Return



6. The PCCIT or the PDGIT, in-charge of the NFAC, if he considers appropriate may transfer the case to the AO having jurisdiction over such case.

Assessment Procedure In case of Search & Requisition

Basics

1. Block Period: Previous Year in which search is conducted (1st April to date of conclusion of search)

+

6 preceeding previous year prior to year of search

[Eg:- Search conducted on premise of Mr. Bhalu on 4-11-2025 & concluded on 11-11-2025 then Block period implies = 1st April 2025 to 11-11-2025

+

PY 24-25, PY 23-24, PY 22-23, PY 21-22, PY 20-21, PY 19-20

2. "Undisclosed income" includes any money, bullion, jewellery or other valuable article or thing or any expenditure or any income based on any entry in the books of account or other documents or transactions, where such money, bullion, jewellery, **Virtual Digital Assets (VDA)**, valuable article, thing, entry in the books of account or other document or transaction represents wholly or partly income or property which has not been or would not have been disclosed or which is found to be incorrect, in respect of the block period.

3. Date of conclusion of search & requisition

Search:- Date of last panchnama drawn.

Requisition:- Date of receipt of BOA or asset

4. When proceedings for assessment after search will commence, the following shall abate

(a) Any pending assessment proceedings for such block period [Preceeding 6 PY]

(b) In case order passed by TPO u/s 94CA such order shall abate

[Any pending appeals or revisions will not abate]

5. Where any assessment under this Chapter is pending in the case of an assessee in whose case a subsequent search is initiated, or a requisition is made, such assessment shall be duly completed, and thereafter, the assessment in respect of such subsequent search or requisition shall be made.

Provided that in a case where the period of completing the assessment in respect of subsequent search is less than three months such period shall be extended to three months from the end of the month in which the assessment in respect of the earlier search was completed.

Assessment Procedure In case of Search & Requisition

1. The total income (other than undisclosed income) of the AY relevant PY which the last of the authorisations for a search is executed or a requisition is made, shall be assessed separately in accordance with the other provisions of this Act.
2. The total income relating to the block period shall be charged to tax, at the rate specified in section 113, as income of the block period irrespective of the previous year or years to which such income relates.

3. Computation of Total Income of Block Period (Sec 115BB)

The total undisclosed income of the block period shall be the aggregate of the following -

- (a) Undisclosed income declared in the return furnished u/s 158BC
- (b) Undisclosed income determined by the Assessing Officer

The following income shall not be included in the total undisclosed income of the block period, namely -

- (a) The total income determined by Assessment or Reassessment or Block Assessment prior to the date of initiation of the search or the date of requisition for any of the previous year comprising the block period.
- (b) The total income declared in the return of income filed under section 139(1)/142(1) prior to the date of initiation of the search or the date of requisition, in respect of any of the previous year comprising the block period
- (c) The income computed by the assessee, in respect of -
 - i. a previous year, where such previous year has ended and the due date for furnishing the return for such year has not expired prior to the date of initiation of the search or the date of requisition,
 - ii. The period commencing from the 1st day of April of the previous year in which the search is initiated or requisition is made and ending on the day immediately preceding the date of initiation of search or requisition,
 - iii. The period commencing from the date of initiation of the search or the date of requisition and ending on the date of the execution of the last of the authorisations for search or requisition, (on the basis of entries relating to such income or transactions as recorded in the books of account and other documents maintained in the normal course for such period on or before the date of the execution of the last of the authorisations)

Provided that where the Assessing Officer is of the opinion that any part of the income as computed by the assessee under this clause is undisclosed, he may recompute such income;

(d) The total income referred in section 115A or section 115G or section 194P.

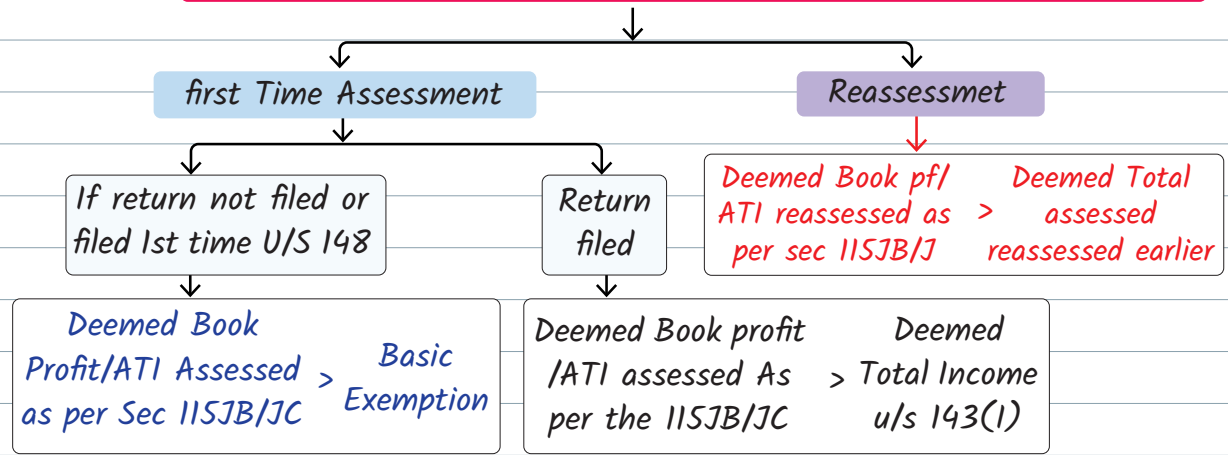
Notes:

- (a) The undisclosed income falling within the block period, shall be computed on the basis of evidence found as a result of search or survey or requisition of books of account or other documents and any other material or information as are available with the assessing officer*
- (b) Where any evidence found during search of requisition relates to any international transaction or specified domestic transaction referred to in section 92CA, pertaining to the period beginning from the 1st day of April of the previous year in which last of the authorisations was executed and ending with the date on which last of the authorisations was executed, such evidence shall not be considered for the purposes of determining the total income of the block period and such income shall be considered in the assessment made under the other provisions of this Act.*
- (c) Income of firm assessed for each of the previous years falling within the block period shall be the income determined before allowing deduction of salary, interest, commission, bonus of remuneration to any non working partner*
- (d) the provisions of transfer pricing shall, apply to "previous year" falling in the block period excluding the PY in which search*
- (e) losses brought forward from the previous year (prior to the first previous year comprising the block period) or unabsorbed depreciation shall not be set off against the undisclosed income determined in the block assessment but may be carried forward.*

Other Points

- 1. If proceeding initiated u/c XIV-B are annulled in appeal then, those earlier proceedings which were earlier abated on commencement of these proceedings will revive, wef from date of receipt of order of such annulment by pc/c. If such annulment is set aside the revival shall cease.*
- 2. Tax rate shall be 60% for block period (+Surcharge + HEC, as applicable)*

PART-D :- Income assessment as per Sec 115 JB/JC (MAT/AMT)



Under reported Income (A -B) + (C-D)

A)	Total Income assessed/reassessed as per General provision	xxx
B)	Total Income assessed/reassessed reduced by URI	(xxx)
	<i>[ये Generally Intimation wali है]</i>	xxx
C)	Total Income assessed/reassessed as per Sec 115JB/JC.	xxx
D)	Total Income assessed/reassessed as per Sec 115JB/JC reduced by URI	(xxx) xxx

(Short में URI as per Intimation + URI as per MAT)

cases where under reporting is treated as misreporting

- misrepresentation or Suppression of facts
- fails to record Investment In Books of accounts
- claim of expenditure not substantiated by evidence
- Recording of false entry in Books.
- fails to record any receipt in books having bearing on total Income.
- fails to report International Transaction/ specified domestic tax.

- Application for Immunity u/s 270 A (under reporting) & prosecution u/s 276
- Assessee pay (tax + interest) + (NO Appeal) + application for Immunity against only if it is not case of misreporting
- Application for immunity shall be made within 1 m feom of order
- AO Shall grant/refuse immunity within 3 m feom in which request for immunity is received.

Offences & Prosecution

Sec 275B → fails to support AO to inspect BOA U/S 132 Search. (2 years + fine)

Sec 276B/BB → failure to deposit TDS/TCS with Govt

(3m to 7 years.)

→ No penalty if → Reasonable cause for failure

→ Assessee suo moto paid before notice

Sec 276 C → Wilful attempt to evade tax / penalty.

Tax evaded >25L → 6m to 7 years } +

Other wise → 3m to 2 years } fine

Sec 276 CC → wilfully failed to furnish Rol upto due date

Tax > 25L → 6m to 7 years } +

Otherwise → 3m to 2 years } fine

Sec 276D → will failed to comply Sec 142(1) /Sec 142(2A) upto 1 year + fine.

Bar of limitation for imposing penalties

Sec 275

(1) No order imposing a penalty under this chapter shall be passed after the expiry of six months from the end of the quarter in which -

(a) the proceedings, in the course of which action for the imposition of penalty has been initiated, are completed, if the relevant assessment order is not the subject matter of an appeal

(b) the order of revision u/s 263 or 264 is passed,

(c) the order of appeal u/s 246 or 256A is received by the jurisdictional Principal Commissioner or Commissioner, if the relevant assessment or other order is the subject matter of or appeal under the said sections and no further appeal has been filed u/s 253

(d) the order of appeal u/s 253 is received by the jurisdictional Principal Commissioner or Commissioner, if the relevant assessment or other order is the subject matter of an appeal under the said sections

(e) notice for imposition of penalty is issued,

(2) No order imposing or enhancing or reducing or cancelling penalty or dropping the proceedings for the imposition of penalty shall be passed -

(a) unless the assessee has been heard, or has been given a reasonable opportunity of being heard

(b) after the expiry of six months from the end of the quarter in which the order passed u/s 246 or 246A or 253 or 260A or 261 is received by the jurisdictional Principal Commissioner or Commissioner, or the order of revision u/s 263 or 264 is passed.

(3) In computing the period of limitation for the purpose of this section, the following period shall be excluded -

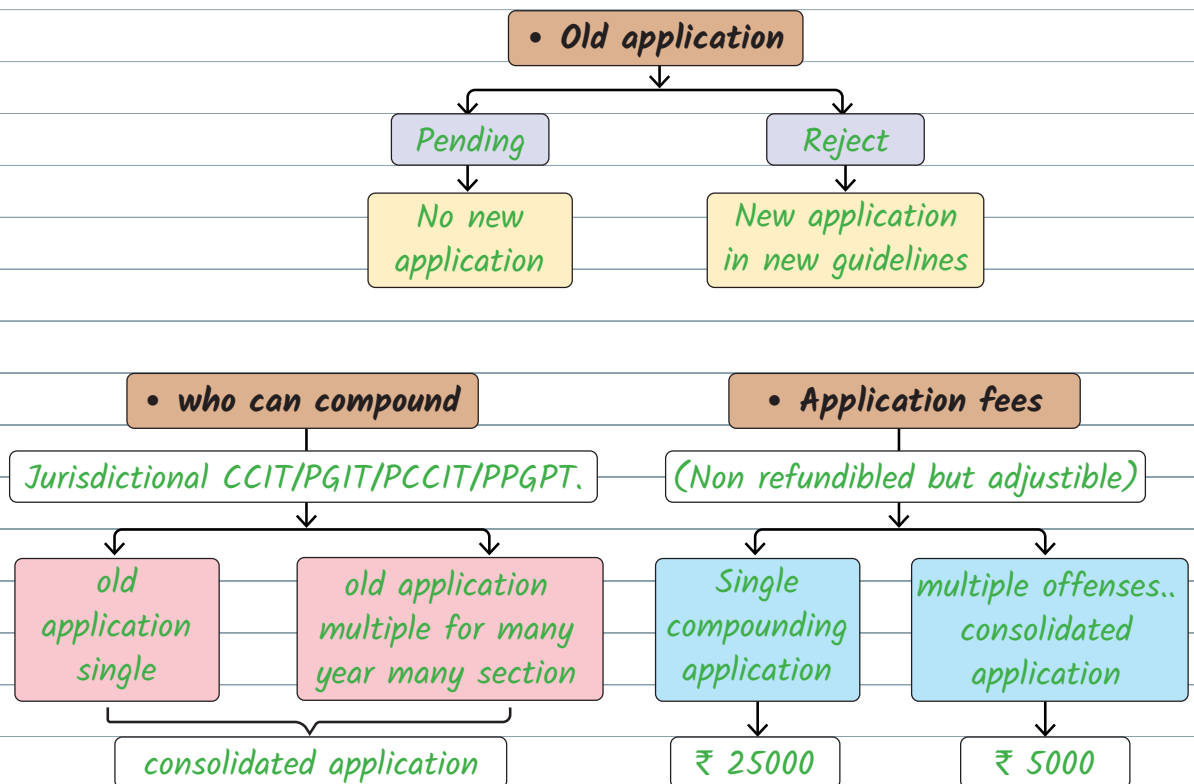
(a) the time taken in giving an opportunity to the assessee to be reheard

(b) the period commencing on the date on which stay on proceeding for levy of penalty was granted by an order or injunction of any court and ending on the date on which certified copy of order vacating the stay was received by the jurisdictional Principal Commissioner or Commissioner.

Compounding of offences

New Guidelines on compounding of offence... [17-10-2024]

- **Meaning** →
 - To receive major legal defaulter from consequences.
 - an opportunity to pay certain term is given & Escape prosecution



Any person : Person Incharge

Sec 288 Authorised Representative (AR)

Assessee can himself or through AR can attend any proceedings before IT Authority or authorised representative.

Person eligible to be AR

- Employee of assessee → Legal Practitioner → CA (incl. CA firm)
- Officer of scheduled Bank where assessee maintain account
- Person who has passed accountancy exam or acquired such qualification as specified by CBDT
- Any other person prescribed.

Sec 285BB:- Annual Information Statement (AIS)

Prescribed IT Authority or person Authorised → Upload Information statement → To E-filing account held by them

- Accordingly PDGIT /DGIT shall upload such Information into respective Accounts of assesses to which Info pertains
- Nature of Info in AIS. • Info related to: →
 - TDS
 - SFT
 - Payment of Taxes
 - demand of refund
 - pending proceedings.
 - Info related to completed proceedings

Sec 285B:- Any person engaged in film production, event management shall within 60 days from end of PY, a statement in form 52A to DGIT/PDGIT regarding all payments about 50000 /- (cash/ Bank all)

- If a FC has a liason office in India then it has to submit a statement of transactions incurred during PY with 8m fee PY. Form 49C

Sec 285BAA - Obligation to furnish information on transaction of crypto-asset

- Any reporting entity, in respect of a crypto-asset, shall furnish information in respect of a transaction of such crypto-asset in a statement
- Where the prescribed income-tax authority considers that the statement furnished

is defective, he may intimate the defect to the person who has furnished such statement and give him an opportunity of rectifying the defect within thirty days from the date of such intimation and if the defect is not rectified within such period, the provisions of this Act shall apply as if such person had furnished inaccurate information in the statement.

→ Where a person who is required to furnish a statement has not furnished the same within the specified time, the prescribed income-tax authority may serve upon such person a notice requiring him to furnish such statement within a period not exceeding thirty days from the date of service of such notice and he shall furnish the statement within the time specified.

→ If any person, having furnished a statement comes to know or discovers any inaccuracy in the information provided in the statement, he shall within ten days inform the prescribed income-tax authority, the inaccuracy in such statement and furnish the correct information.

→ The Central Government may, by rules prescribe -
(a) the persons to be registered with the prescribed income-tax authority,
(b) the nature of information and the manner in which such information shall be maintained by the person
(c) the due diligence to be carried out by the persons for the purpose of identification of any crypto-asset user or owner.

NOTES

CHAPTER 20

Business connection via Agent → Business connection shall not be established if NR. carries business through broker / general commission agent or any independent agent (who does not work, mainly or wholly for NR.)

→ Significant Economic presence of a NR shall also constitute business connection:- (expl 2A of Sec 9(1)(i))

Business connection via significant economic presence. → **Meaning:-**

→ Transaction in Goods/Services (or even download of software (data) by NR with any person in India where aggregate amount of such transactions in PY exceeds 2cr. (eg: spotify).

→ Engaging in interaction with users in India of number of users are atleast 3 lakhs.

Notes

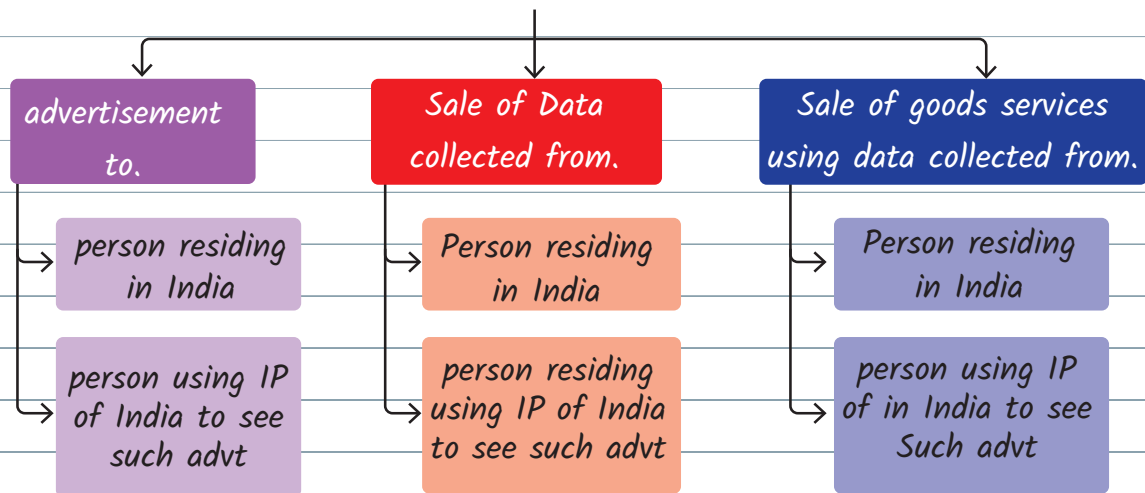
Above activities shall constitute significant economic presence in India even if

→ There is no Agreement

→ There is no place of Business/residence of such NR in India.

the transactions or activities which are confined to the purchase of goods in India for the purpose of export shall not constitute significant economic presence in India.

Key Note. Income attributable to operations carried out in India shall include.



→ Transactions that shall not be treated as Business connection. (Important Q)

→ Purchase of goods in India for export

→ collection of news in India for transmission, outside India.

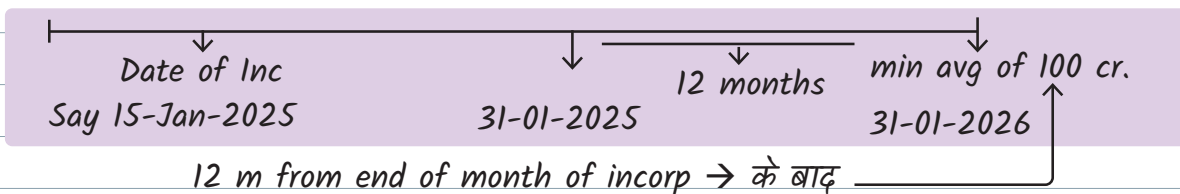
→ Shooting of films in India by NR non Citizens.

→ Activities relating to display of uncut & unsorted diamonds in Special Notified Zone by foreign company

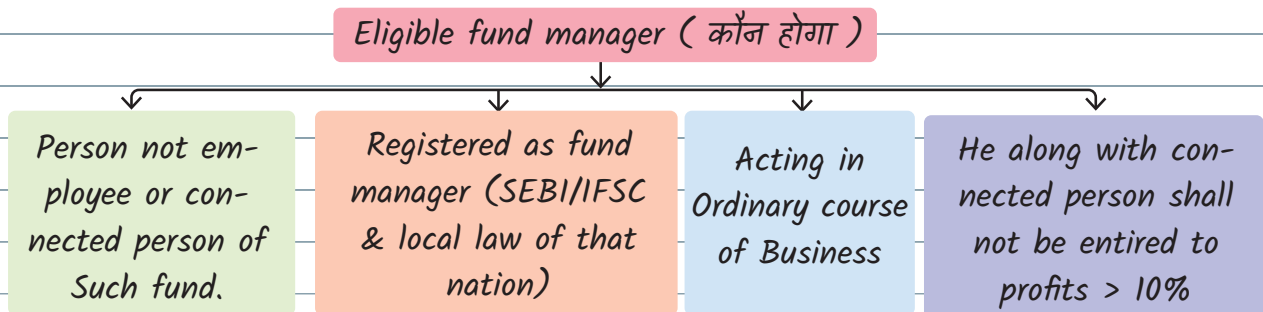
CHAPTER 20

- (1) fund should not be resident of India
- (2) Located in country having DTAA with India
- (3) As on 1 April & 1 Oct of PY उस fund me Indians का participation $\leq 5\%$ directly/ Indirectly but initial contribution by eligible fund manager upto 25cr. is not counted during 1st 3 years of incorporation in that 5%
Provided that where the said aggregate participation or investment in the fund exceeds 5% on the 1st April or the 1st October of the previous year, the condition mentioned shall be deemed to be satisfied, if it corrected within 4 months.

- (4) उस देश की Investor protection regulations follow करें |
- (5) min. 25 un connected persons.
- (6) Any member of fund along with connected shall not hold more than 10% of fund (directly / Indirectly)
- (7) not less than 10 members shall hold 50% in that fund.
- (8) कोई भी individually 20% of corpus से ज्यादा hold नहीं करेगा
- (9) vo fund associate fund में Invest नहीं करेगा
- (10) Average monthly corpus of fund > 100 cr.
from when?



- (11) That fund should not carry / control/ manage any business in India.
- (12) No Business Connection should be established in any manner
- (13) Remuneration should be less than as prescribed



→ If any of above condition violated then such fund shall constitute business connection & shall be taxable accordingly.

CHAPTER 20

- ⇒ Master of ship to furnish ROI with tax before departure of ship
- ⇒ ROI may be filed within 30 days from departure of ship if-
 - ♦ AO satisfied that it is not possible to file ROI before departure of ship
 - ♦ Master of ship has made satisfactory arrangements for payment of tax & filing of ROI.
- ⇒ AO shall pass assessment order within 9 months from end of FY in which ROI was filed.

Non Resident Cruise Shipping co Imply



44BBD -

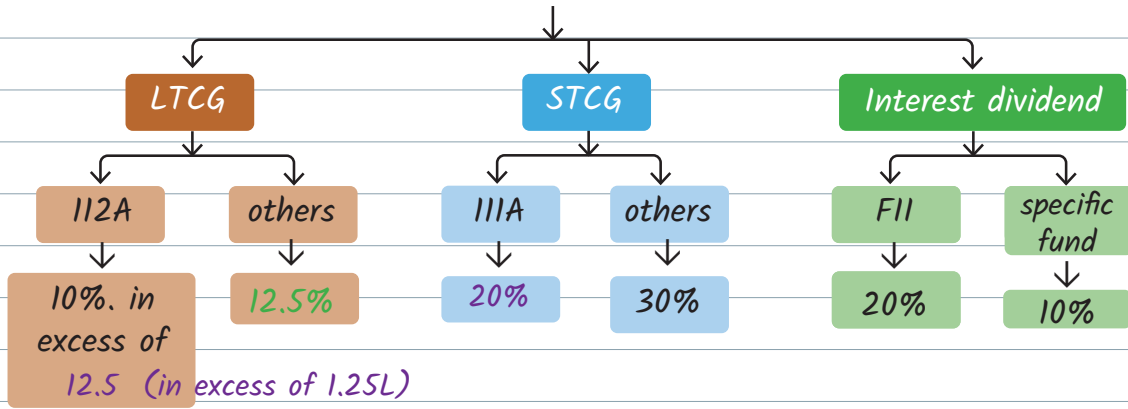
- (1) where an NR assessee, engaged in the business of providing services or technology in India, for setting up an electronics manufacturing facility or in connection with manufacturing or producing electronic goods, article or thing in India, to a resident company which is establishing or operating electronics manufacturing facility or a connected facility for manufacturing or producing electronic goods, article or thing in India. A sum equal to 25% of the aggregate of the amounts shall be deemed to be the PGBP of the non-resident assessee
- (2) Specified amount
 - (a) the amount paid or payable to the non-resident assessee or to any person on his behalf on account of providing services or technology; and
 - (b) the amount received or deemed to be received by the non-resident assessee or on behalf of non-resident assessee on account of providing services or technology.
- (3) Where a non-resident assessee declares profits and gains of business for any previous year under this section no set off of unabsorbed depreciation and brought forward loss shall be allowed to the assessee for such previous year.

2. Taxation of Capital Gain in hands of Non Resident Charge

Capital Gain shall be taxable in hands of NR if

- ⇒ Capital Asset is situated in India &
- ⇒ Transfer of such capital asset during PY.

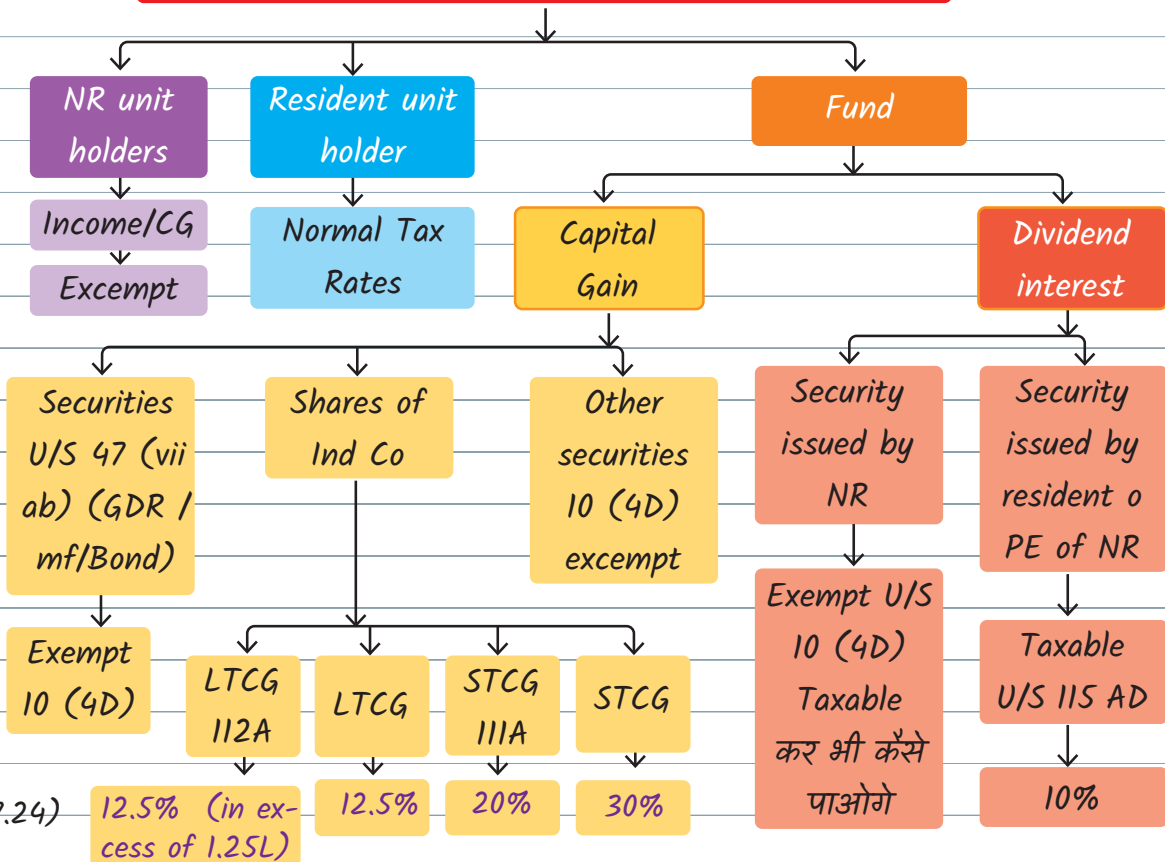
S. Tax rate on Income of FII / Specified fund (ye topic Important है | आता है exam मे)



Notes

- (1) Max Surcharge for div & CG → 15%.
- (2) Specified fund → Provision to apply only to extent (NO-PE) Income is attributable to units held by NR

**Less Relevant But chhod नहीं सकता है | Sorry
Taxability of specified fund (A.I.F III or OBU in IFSC)**



(after 23.7.24)

Block Assessment in Transfer Pricing**Sec 92CA (3A)**

The arm's length price, being determined by TPO for any previous year shall apply to similar transaction for the two consecutive previous years immediately following such previous year, Provided that -

- (a) the assessee exercises an option to the above effect for the said two consecutive previous years
- (b) such option is exercised in manner and period as prescribed, and
- (c) the Transfer Pricing Officer shall, within one month from the end of the month in which such option is exercised, by an order in writing, declare that such option are valid subject to the conditions as prescribed,

Provided that the provisions of this sub-section shall not apply to any proceedings under chapter XIV-B (search cases)

Provided also that no reference to TPO is valid for any PY or subsequent PY for which option exercised is declared valid by TPO

Sec 92CA(4A)

where the Transfer Pricing Officer has declared an option exercised by the assessee as valid option, he shall examine and determine the arm's length price in relation to such similar transaction for two consecutive previous years immediately following such previous year, in his order and on receipt of such order, the Assessing Officer shall proceed to recompute the total income of the assessee for the said two consecutive previous years as per the provisions of sub-section (21) of section 155.

Sec 155(21)

Where the arm's length price is determined by TPO for any previous year and the Transfer Pricing Officer has declared that an option exercised by the assessee is valid under sub-section (3B) of the said section in respect of such transaction for two consecutive previous years immediately following such previous year, the Assessing Officer shall proceed to recompute the total income of the assessee for the said two consecutive previous years. by amending the order of assessment or any intimation

- (a) in conformity with the arm's length price so determined by the Transfer Pricing Officer under sub-section (4A) of the said section in respect of such transaction;
- and

(b) taking into account the directions issued by DRP if any, for such previous year, within three months from the end Of the month in which the assessment is completed in the case of the assessee for such previous year.

Sec 92CB:- Safe Harbour Rules

- Safe harbour rules means situations in which income tax authorities shall accept the transfer price declared by assessee
- Income in- respect of sec 9(1)(i) Income deemed to accure in india
Biz Connection ← Asset Income → (CG)
- No rules notified yet

But wef. Sept 25 Attempt sage harbor Rules Govt notifies

Assessee - Foreign company - diamond minin



Gross received - [Money received for diamond sale in india (SNZ)
+ Money receivable for diamond sales in India (SNZ)]
x4% = PGBP declare - (Tax rates 35%)

What will happen - Govt will not agree - TPO x caln of ACP x

Conditions -

- (1) Deduction of any expenditure u/s 30-38 is not allowed
- (2) WDV shall continue to reduce nationally
- (3) 4% PGBP ke agains no set off of any less VD allowed
- (4) Documentation u/s 92D + Audit u/s 92E still to be compiled...

Produce - Prior to ROI you have to furnish for 3 CEFe .. to claim benefit of SHR...

(In case you dont opt you will be goured with regular provisions of IT)

In case AO feels that you have furnished in correct into for claiming SHR then he may declare such SHR as void as into.. (ROOBH given)

NAP - SHR option thin NAP not allowed

[9(1)(i) - Section Txn do not constitute BC, (4) → FC coins any income from