

PGBP ADJUSTMENT SHEET

ITEMS TO BE ADDED TO NET PROFIT / NOT ALLOWED AS DEDUCTIONS		
1	Depreciation as per Books	xxx
2	Under valuation of Closing Stock	xxx
3	Over valuation of Opening Stock	xxx
4	Direct Tax ▪ Income Tax (including cess & SC), Advanced Tax, TDS ▪ Interest and Penalty	xxx xxx
5	Indirect Tax - Penalty	xxx
6	GST/Sales Tax Refund (Received and Not refunded to Govt.)	xxx
7	Interest paid on Delayed filing of Income tax Returns/short payment of advance tax/ deferment of advance tax installment u/s 234A, 234B, 234C	xxx
8	Interest on Loan taken for payment of Income tax/ advance tax	xxx
9	Penalty for infraction/violation/Breach of Law	xxx
10	Regularization/ Compounding Fees for violating a law	xxx
11	Municipal Taxes Paid w.r.t HP let out (Deduct from HP Head) [not Allowed u/s 115BAB]	xxx
12	Industrial tariff concession received from govt. – included in PGBP	xxx
13	Tax on Non-Monetary Perquisites Paid by employer u/s 192(1A) • Not an allowable expense u/s 40(a)(v) • This Tax is Exempt in the hands of Employees u/s 10(10CC)	xxx
14	Employers contribution to EPF,ESI etc. not paid within DD of that Fund (Sec 36)	xxx
15	Employers Contribution to pension scheme in excess of 10% of Basic + DA (terms) Deduction u/s 80CCD	xxx
16	Contribution to Unrecognized provident fund/Gratuity fund	xxx
17	4/5th of Preliminary Expenses (Sec 35D)	xxx
18	4/5th of VRS compensation Paid to Employees (Sec 35DDA only 1/5 th is allowed)	xxx
19	4/5th of Family Planning Expenditure [Sec 36(1)(ix)]	xxx
20	Family Planning Exp. by firm/individuals (Available only to companies)	xxx
21	CSR Expenditure	xxx
22	Freebies to medical Practitioners by Pharma companies	xxx
23	Expansion of new business & project was abandoned w/o creating a new asset	xxx
24	Provision for Bad Debts/ Deferred Tax/ Gratuity	xxx
25	Provision for Gratuity Based on Actuarial valuation	xxx
26	Illegal Expenses, Secret commissions, bribe	xxx
27	Commission to Gunda's for Debt Recovery	xxx
28	Expense on issue of Right shares/IPO/FPO/Increasing Authorized share cap. (Capital Exp.)	xxx
29	Expense on Transfer of Carbon Credits - not allowed Income is taxable under PGBP/IFOS @10% [No B.E.L & Chapter VI A allowed]	xxx
30	Expenses not related to Business (personal in nature)	xxx
31	Value of Benefits/Gift Received from clients (If not included)	xxx
32	Keyman Insurance amount Received • By Employer - Taxable under PGBP • By Employee - Taxable under Salary • By Nominee/Legal heir - Taxable under IFOS	- xxx xxx
33	Interest to partners on Capital/ Current/ Loan a/c in Excess of 12%	xxx
34	Interest on Loan taken to acquire Asset • upto put to use (Not allowed as Deduction) – Added to Cost of Asset (capitalize) • After put to use – Allowed as Deduction	xxx -
35	Purchase of Car (debited in P&L a/c) - Dissallowed as it is a capital Expenditure • It is added to Block of asset and Depreciation is allowed • If payment made in cash > ₹ 10,000 depreciation is not allowed	xxx
36	Loss on Sale of Depreciable Asset (Capital in nature – Capital loss to be computed –STCL)	xxx
37	Loss due to Destruction of Asset – Deduct scrap from Block of Asset (if block given)	xxx
38	Interest on Loan taken to Purchase E-Vehicle used for Personal purpose (not a business Expenditure) Deduction u/s 80EEB	xxx
39	Interest paid on Loan taken for higher education of daughter in India/abroad (not a business Expenditure) Deduction u/s 80E	xxx
40	Advertisement in souvenir/pamphlets of political party Deduction u/s 80GGB	xxx
41	Payment to Electoral Trust (political Party) Deduction u/s 80GGC	xxx
42	Medical Expense for Treatment of self/Parents (personal exp) Deduction u/s 80D	xxx
43	Tuition Fees Paid for 2 children for education in India Deduction u/s 80C	xxx
44	Deposit in Public Provident Fund (PPF) a/c Deduction u/s 80C	xxx
45	Donation to Gurudwara (Not related to Business) Deduction u/s 80G	xxx
46	Donation to Swachh Bharat – Allowed [not allowed u/s 115BAA/BAB] Deduction u/s 80G	xxx
47	Donation for Clean Ganga – Allowed (only to residents) [not allowed u/s 115BAA/BAB] Deduction u/s 80G	xxx
48	Royalty income on literary books (Business income) Deduction u/s 80QQB	xxx
49	Interest to own Capital/ Salary to self/rent for own premises – No deduction allowed	xxx
50	Lottery ticket expense debited in P&L – disallowed (no deduction under IFOS)	xxx
51	One time License Fee/Franchise fee/know how etc Paid/Debited – Dissallowed (Capital in nature) – this is treated as Intangible asset and 25% Depreciation is claimed	xxx
52	Speculative Income – Shown separately from business Income	xxx
53	Compensation received due to interim order of court - taxable only when final order is passed	xxx
54	Marked to market loss – if not as per ICDS	xxx
55	Expense on foreign travel of director [Not related to business]	xxx
56	Fees paid to Director w/o Deducting TDS u/s 194J - 30% Dissallowed [Sec 40(a)(ia)]	xxx
57	Brokerage paid w.r.t securities w/o deducting TDS u/s 194H – Allowed [if it is business exp.]	xxx
58	Brokerage paid w.r.t commodities w/o deducting TDS u/s 194H - 30% Dissallowed [Sec 40(a)(ia)] [if it is business expense]	xxx
59	Benefits/perquisites given i.r.o Business & profession to a resident w/o deducting TDS u/s 194R - 30% Dissallowed [Sec 40(a)(ia)]	xxx
60	Payment to NR without Deducting TDS – 100% Dissallowed [Sec40(a)(i)]	xxx
61	Waiving of loan • Principal amount of working capital loan waived by bank – taxable u/s 41 • Interest amount of loan waived by bank – not taxable [Bcz earlier it was disallowed u/s 43B]	xxx -
62	Sec 40A(3) -Payment to Relative/directors/partners Exceeding FMV - only excess/unreasonable amount to be added back	xxx
63	Sec 40A(3) – Cash Payment > ₹ 10,000 (if Road Transporter > ₹ 35,000) ▪ Payment Made by Cash /bearer Cheque/cross cheque > ₹ 10,000 ▪ Payment to Intermediary/Middlemen/Trader > ₹ 10,000 Non- applicability (rule 6DD) - Payment by a/c payee cheque/DD/ECS/other electronic modes - Payment to Bank/LIC/Govt. - Payment by Book entry - Payment where banking facility not available - payment of Retirement benefits upto ₹ 50,000 - Payment of salary to employees posted to a place other than normal place of duty for ≥ 15 days - Payment to producers/cultivators of agricultural product, forest product, poultry product, fish product, livestock etc.	xxx xxx -
64	Sec 43B [Payment made after DD of ROI u/s 139(1)] ▪ Interest Payments to PFI/SFC/SIIC/Scheduled banks/Coop Banks ▪ Bonus/commission to employees ▪ Leave encashments (leave salary) to employees ▪ Employers contribution to SPF,RPF,AGF,ASF,NPS, any fund as per law ▪ Any Tax/Duties/cess/fees ▪ Sum payable to Indian railways for use of railway assets. ▪ Any sum payable to MSE beyond time limit (45 Days/15 Days) specified in MSMED Act, 2006	xxx
65	Sec 41 (Deemed PGBP Income) ▪ Discount given by sundry Creditors ▪ Loan/ any Liability waived off – (Eg: creditors waiving off settlement amount) ▪ Recovery of Bad debts/Expenses where earlier Deduction allowed. ▪ Sale of Scientific Research Asset (sec35) Sale Receipt Taxable under PGBP • Sale amount or } whichever is Lower • Deduction allowed	xxx Where sales proceed exceeds the original cost of asset – Tax the excess to capital gain

ITEMS TO BE DEDUCTED FROM NET PROFIT/ ALLOWED AS DEDUCTIONS		
1	Depreciation as per Income Tax Act (Sec 32) - [Additional dep. not available u/s 115BAA/BAB] If motor vehicle purchased and put to use between 23/08/2019 to 31/3/2020 • Hiring – 45% depreciation • Others motor car – 30% depreciation If assessee opting Sec 115BAA/BAB – then Max 40% allowed	xxx
2	Over valuation of Closing Stock	xxx
3	Under valuation of Opening Stock	xxx
4	Indirect Tax ▪ GST (net of ITC) ▪ Interest	xxx xxx
5	Income Tax Refund (if Credited to P&L) – Not Taxable	xxx
6	Interest on Income tax/GST Refund – Taxable under head IFOS	xxx
7	Interest paid on Delayed filing of GST Returns	xxx
8	Late Fee for Delayed Filing of Return	xxx
9	Fees for Delayed filing of TDS/TCS statements u/s 234E	xxx
10	Penalty for Breach of Contract	xxx
11	Building – Rent/Rates/Repair/Insurance (Sec 30)	xxx
12	Plant & Machinery – Repair/Insurance (Sec 31)	xxx
13	Plant & Machinery – Rent (Sec 37)	xxx
14	Sec 33 AB –Tea/coffee/rubber Business (Refer Material for Detailed Calculation) • Amount Deposited in NABARD or } whichever is Lower • 40% of Profit Before deducting 33AB	xxx
15	Payment to National fund for Rural Development – Allowed (Sec 35CCA) - [Allowed u/s 115BAA/BAB]	xxx
16	Payment for notified skill development project (only for companies) – 100% allowed [except land & building] (Sec 35CCD) - [not allowed u/s 115BAA/BAB]	xxx
17	Expenditure on Scientific Research - 100% allowed as deduction (Sec 35) – [not allowed u/s 115BAA/BAB]	xxx
18	Expenditure on Specified Business – 100% allowed on all Capital Expenses Except Land/goodwill/financial instrument (Sec 35AD)	xxx
19	Preliminary Expenses (Sec 35D) Deduction :- 1/5 th each year for 5 PYs Max deduction allowed • Company - 5% of cost of project or capital employed – whichever is higher. • Others - 5% of cost of project	xxx
20	1/5 th of VRS compensation Paid to Employees (Sec 35DDA)	xxx
21	1/5 th of Family Planning Expenditure for companies [Sec 36(1)(ix)]	xxx
22	Insurance Premium of Stocks	xxx
23	Premium on Health insurance of Employees – Except paid in Cash	xxx
24	Keyman Insurance Premium Paid	xxx
25	Employers contribution to EPF,ESI if paid within DD of that Fund (Sec 36)	xxx
26	Employers Contribution SPF,RPF,AGF,ASF,NPS, any fund as per law if Paid within DD of Filing ROI u/s 139(1)	xxx
27	Public Provident Fund (PPF) interest amount Credited - Exempt	xxx
28	Bonus of employees transferred to a trust and then paid to employees before DD of ROI	xxx
29	Retrenchment compensation paid when a unit is closed – Allowed [Not allowed when the entire Co. is closed]	xxx
30	Discount on Issue of Zero Coupon Bond – Deducted over the life of bond (÷ Life)	xxx
31	Expense on issue of Debentures	xxx
32	Expense on issue of Bonus shares	xxx
33	Expense on Buyback of shares	xxx
34	Purchases Omitted in Books of Accounts	xxx
35	Loss due to Theft – allowed if incidental to business	xxx
36	Commission Paid to Recovery agents for recovery of Debts	xxx
37	Actual Bad debts	xxx
38	Actual Gratuity Paid	xxx
39	Provision for fair estimate of wages for periodical wage revision	xxx
40	Legal fees incurred in defending the title of the factory premise	xxx
41	Expenses with no invoice (but goods inward report & online payment proof available)	xxx
42	Payment for Feasibility study conducted for technological advancement (business related)	xxx
43	Expense on glow sign board	xxx
44	Expenses incurred towards bringing water to the factory	xxx
45	STT/CTC Paid (if securities are stock in trade) [also this cannot be included in COA or transfer expense under capital gain]	xxx
46	Income from units of UTI/Mutual funds - Taxable under head IFOS (gross)	xxx
47	Dividend Received from Company/UTI - Taxable under head IFOS (gross) [If Dividend Received is NET amount - Gross up by including 10% u/s 194] [Dividend to be taxed in the year dividend is declared & not when it is received]	xxx
48	Closely held companies • Received loan from a closely held company in which it holds 10% VP - Deemed dividend u/s 2(22)(e) [taxable under IFOS] • Issued shares higher than FMV – [difference b/w issue price & FMV = income under IFOS] • Check (on 31 st march) whether 51% of Shareholders are same in the year of Loss & set off – if not same the losses are not allowed to carry forward [Sec 79]	xxx
49	Winnings from Lottery/horse race/Online games - Taxable under head IFOS	xxx
50	Interest on Post office Savings bank a/c – Taxable under head IFOS Exempt - • Individual a/c upto ₹ 3500 • Joint a/c upto ₹ 7000	xxx
51	Interest on Public Provident Fund (PPF) – (Exempt)	xxx
52	Agricultural Income - Exempt u/s 10(1) [If received from outside India – Taxable under head IFOS]	xxx
53	Share of Income from HUF - Exempt u/s 10(2)	xxx
54	Share of Income from Partnership Firm/LLP - Exempt u/s 10(2A)	xxx
55	Interest on Savings bank/Fixed deposit a/c – Taxable under head IFOS Deduction u/s 80TTA/80TTB	xxx
56	Interest on National Saving Certificate VIII – Taxable under head IFOS Deduction u/s 80C	xxx
57	Royalty income on Patent (not business income) – Taxable under head IFOS Deduction u/s 80RRB	xxx
58	Gift Received – Refer Sec 56(2)(x) • Business Related - Taxable under PGBP • Employer to Employee - Taxable under Salary • Relative/ others - Taxable under IFOS	- xxx xxx
59	Fees paid to Professional (CA/Lawyer/CS/CMA etc.) for handling professional work	xxx
60	Sponsorship Fee (for Business Promotion)	xxx
61	Entertainment expenses (if incidental to business)	xxx
62	Free Samples given to customers as a Promotion/advertisement	xxx
63	Professional tax paid by employer for employee – allowable expense • Taxable as perquisites in the hands of employee u/s 17(2) • For employees deduction u/s 16 is also available	xxx
64	Grant/ Subsidy Received from Govt. for asset acquisition - Deduct from the Cost of asset	xxx
65	Profit on Sale of Depreciable Asset (Capital in nature - Capital gain to be computed -STCG)	xxx
66	Profit on sale of Rural agricultural Land – Not taxable under any head	xxx
67	Profit on sale of asset to 100% Indian subd. or Holding Co. - [Cap gain exempt u/s 47]	xxx
68	Advance Forfeited on potential transfer of capital asset • if forfeited up to - 31/03/2014 - Reduce from COA at the time of sale • if forfeited on or after - 01/04/2014 - Taxable under IFOS	xxx
69	Loss from trading in derivatives – Not a speculative business (allowed)	xxx
70	Amount Dissallowed u/s 40(a)(ia) – 30% (TDS Deducted & paid in Current year)	xxx
71	Amount Dissallowed u/s 43B earlier year, if Paid in current year	xxx
72	Interest paid on Loan From PFI/SFC/SIIC/Scheduled banks/Coop Banks (after the end of FY but Before DD of Filing ROI) – (Sec 43B)	xxx
73	Unreasonable/ Excessive Amount Paid to Brothers wife/ Sister-in-law – Not Dissallowed as they are not Relatives (no adjustment Required) - Sec40A(2)	-
74	Sale/ amount Received from Brother at an amount Less than FMV – Sec 40A(2) is applicable only for payments and not for Receipts (no adjustment Required)	-
75	Sec 40A(3) ▪ Payment in Cash to a transporter upto ₹ 35,000 ▪ Payment in cash for purchase of Agricultural produce from Farmers > ₹ 10,000 ▪ Payment in cash to an employee on his retirement upto ₹ 50,000 ▪ Payment in cash to an employee, who is posted to a place other than normal place of duty for ≥ 15 days for an amount > ₹ 10,000	xxx xxx xxx xxx

Note: –Also refer Sec 80JAA and the tax rates applicable

