

## SLAB RATES under DEFAULT TAX REGIME u/s 115BAC(1A)

Total Income	Upto 4,00,000	Nil
	4,00,001 - 8,00,000	5%
	8,00,001 - 12,00,000	10%
	12,00,001 - 16,00,000	15%
	16,00,001 - 20,00,000	20%
	20,00,001 - 24,00,000	25%
	Above 24,00,000	30%

Note : For Individual above 60/80 yrs of age, same slab rate shall be applicable.

↳ Benefit of 3L/5L Not available.

## REBATE u/s 87A

Available to Resident Individual only

Under Old Optional Tax Regime

When **Net** Total Income does not exceed Rs. 5,00,000

Rs. 12,500 or Tax

↳ After VI-A Dedn

w.e. is lower

Under Default Tax Regime u/s 115BAC

When **Net** Total Income does not exceed Rs. 12,00,000

Rs. 60,000 or Tax

↳ After VI-A Dedn

w.e. is lower

When Net Total Income > Rs. 12,00,000

&

Income Tax payable > (NTI - 12,00,000), the rebate would be as follows:

Step 1 - Calculate (A). (A) = Total income - 12 lakhs

Step 2 - Calculate (B). (B) = Compute Income-tax liability on total income

Step 3 - If  $B > A$ , Rebate under section 87A would be a  $B - A$ .

Conclusion: Rebate u/s 87A will be  $(B - A)$  or Tax w.e. is Lower

**Notes :**

This is Just like Marginal Relief, think it in that way.

Under Old Regime : Rebate u/s 87A is not available on Tax Payable on **LTCG u/s 112A**

Under Default Regime : Rebate u/s 87A is not available on Tax Payable on any special  
Income like **Sec 111A, 112A, 112.**

## Definition : Micro &amp; Small Enterprise

	Investment in Pl&M or Equipment upto	Turnover upto
Micro Enterprise	Rs. 2.5 Cr	Rs. 10 Cr
Small Enterprise	Rs. 25 Cr	Rs. 100 Cr

## Charging Section [Section 45]

If there is a **Transfer of Capital Asset** during the Previous Year,

then **Gains/Profit** on such transfer is taxable under the head capital Gains

in the Previous year in which Transfer took place.

Short term Long term

What is a Transfer?  
section 2(47)

What is a Capital Asset?  
Section 2 (14)

Is capital Gains Taxable in any Year  
other than the year of transfer?  
4 Cases

Capital Asset Includes :

Property of any kind held  
by an assessee, **whether or  
not** connected with his  
business or profession

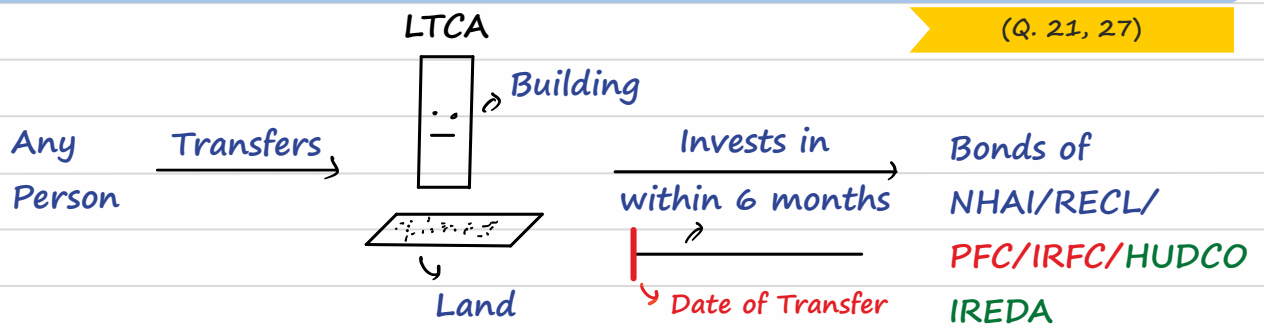
Any Securities held by :  
→ A FII invested as per SEBI  
regulations  
→ an Investment fund invested  
as per SEBI or IFSC regulations

Any ULIP to which  
Exemption u/s  
10(10D), does not  
apply

Which means, All ULIPS whose  
maturity is not exempt will be  
treated as capital Asset and its  
maturity is taxable under the head  
Capital Gain.

Sec 54EC

(Q. 21, 27)



Exemption : Amt invested  
Amount OR Capital Gains

w.e. is lower

MAX - 50 Lacs

Lock in period : 5 years → If transferred within 5 years

↳ Amt Exempted earlier → will be Taxable

Note : When Cap Asset converted into Stock in Trade

Time limit of 6 months for 54EC will be considered from the date of sale of stock in Trade.

Tax Rate for Business Trust for 112A Income → 12.5% in excess of 1,25,000

### Taxation of Securitisation Trust

In the hands of Securitization Trust → All Income EXEMPT

In the hands of Unit Holders → All Income TAXABLE

Securitization Trust has to deduct TDs u/s 194LBC while paying to Unit Holders :

Resident : 10%

NR/FC → Rates in force

(Q. 17, 18)

### TONNAGE TAXATION

Sec 115VG - COMPUTATION OF TONNAGE INCOME

Applicable to : Indian company having ships or Inland Vessels

Income = Daily Tonnage Income × No. of days ship is operated in a P. Y.



We have to calculate this now.

QUALIFYING SHIP	INCOME DAILY TONNAGE
HAVING NET TONNAGE	
Tonnage upto 1000	Rs. 70 for each 100 tons
> 1000 upto 10,000	Rs. 700 + Rs. 53 for each 100 tons
> 10,000 upto 25000	Rs. 5470 + Rs. 42 for each 100 tons
> 25000	Rs. 11,770 + Rs. 29 for each 100 tons

#### Notes :

- Tonnage shall be rounded off to nearest multiple of 100.
- Tax Rate will be @ 30% + surcharge + cess (if applicable).
- MAT not applicable.
- No Deductions/set off of losses allowed against Tonnage Income.
- when Tonnage scheme is opted, Relevant Shipping Income Exempt.

#### Procedure of Tonnage Taxation :

Qualifying Co. may opt Tonnage scheme by applying to JC within 3 month from the date it becomes qualifying co.	→ JC has to approve or reject the application within 3 months from the end of quarter in which application is received	→ Once approved, such option shall remain in force for 10 years.
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## Section 13(1) - Exemption us 11/12 not available in following cases

(Q. 15, 16, 27)

The Exemption of Trust shall not be available in the following cases :

- (a) Income from Property of trust for **Private Religious Purpose**
- (b) Income from trust established for the benefit of **particular religious caste/community.**
- (c) Income of trust ensuring for the benefit of any **person referred in Sec 13(3)**  
(Related persons)

d) Funds invested in any **modes other than 11(5) modes.**

Person referred in sec 13(3) :

- Author/founder of Trust .
- Member of HUF if founder/donor is HUF
- Trustee or manager of Trust

Employees not  
Covered

- People who have made
    - Donation > ₹ 1 lakh in this P.Y
    - Or
    - Aggregate donation in lifetime > ₹ 10 lakh  
incl. this year's donation
- ↓
- Substantial contributor
- ↓
- Once donation crosses > ₹ 10 lakh.  
donor becomes relative of trust for lifetime.

- Relative of any one above
- Any concern in which any of the above has substantial Interest.

Notes :

Persons referred in 13(3) does not include relatives of a substantial contributor or concerns in which such contributor has substantial interest.

TIME LIMITS u/s 12AB

WITHOUT ENQUIRIES

CASE	Time limit of application	Time limit for grant of Registration by CIT	Period of Registration	Validity from
(1) Existing Trusts regd. u/s 12A/12AA	3 months* from the date of this amendment i. e. till 30.06. 21	3m. from the end of month in which appl. was recd.	5 Years If Total Income before Exemption u/s 11/12 for each of Last 2 P.Y.s ≤ Rs. 5 Crore - ↓ 10 years	A.Y. from which approval was earlier granted.
(2A) New Trust. First time Applicant (Provisional Regn) (Trust which has not commenced Activities)	1 month prior to the P. Y. for which regn is applied	1m from the end of month of receipt of Appl	3 Years	A.Y. from which application is made.

WITH ENQUIRIES

CASE	Time limit of application	Time limit for grant of Registration by CIT	Period of Registration	Validity from
(2B) First Time Applicant (Trust which has already commenced Activities) w.e.f 1/10/23 ↓ (need not apply for Provisional Regn)	Can Apply at any time after commencement of Activities	within 6 months from the end of the quarter in which application was received	5 Years If Total Income before Exemption u/s 11/12 for each of Last 2 P.Y.s ≤ Rs. 5 Crore - ↓ 10 years	A.Y. immediately following the F.Y. in which application is made.
(3) Provisional Regn to Final Regn.	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	Same as above	A.Y. from which provisional regn was granted
(4) Renewal of Trusts regd. u/s 12 AB after 5 years	6 months prior to expiry of regn.	6m from the end of quarter in which appl. was recd.		A.Y. from which appln was made.

(5) Trust has adopted modifications (which violates conditions of	30 days from date of modification	6m from the end of quarter in which appln was recd	Same as above	A.Y. from which appln was made.
(6) Trust becomes inoperative under Sec 11(7)	6 months prior to the commencement of A.Y. for which regn is sought to be made operative	6m from the end of quarter in which application was received		A.Y. from which appln was made.

**80CCD - Contribution to Pension scheme of Central Gov. New Pension Scheme/Atal Pension Yojna.**

(Q. 6)

Eligible Assessee : Individual

Deduction:

80 CCD(1)

80CCD(1B)

Salaried Employee

Other Individuals

Additional Deduction of  
**50,000** shall be allowed.

(i) Employees Contri

(ii) **10%** of Salary

↳ Basic + DA(terms)

(I) Assessee's contri

(ii) **20%** of GTI

for own Contri. under NPS or  
Contri. for Minor indian citizen  
under NPS Vatslaya Scheme.

(other than 80CCE)

**80 CCD(2)**

Employer's Contri to NPS for benefit of Employees

(i) Employer's contri

(ii) **10%/14%** of Salary

↳ Basic + DA(terms)

**14%** in case of CG/SG Employees.

**14%** if Employee is paying tax u/s 115BAC

→ On Account closure, Amount received

In case of Death  
fully Exempt

Other Cases  
**60%** Exempt

→ In case of **Partial Withdrawal**, Payment to Employee Out of NPS is exempt upto  
25% of amount of Contributions made by him. (Same for Vatsalya Scheme)

$80CCE = 80C + 80CCC + 80CCD(1) - \text{Max } 1,50,000$

## Unified Pension Scheme (UPS)

Meaning : UPS is an option under NPS for Central Government employees.

Objective : Assured monthly pension after retirement through a fund - based mechanism.

### Structure of UPS

#### 1. Individual Corpus

Subscriber-wise personal UPS account maintained during service period.

Contains :

- Employee contribution
- Central Govt (employer) contribution
- Accretions / interest

#### 2. Pool Corpus

Common pension fund of all Employees.

- Formed by transfer of individual corpus at retirement.
- Used to pay assured pension to all retirees.

### Tax Treatment

Deduction allowed at the time of Contribution:

80CCD(1) :

Employee's contribution or  
10% of Salary  
[Basic + DA(terms)]

↓ w.e. is lower

80CCD(2) :

Employer's (CG) contribution  
14% of Salary  
[Basic + DA(terms)]

↓ w.e. is lower

At the Time of Retirement

#### 1. Receipt from Individual Corpus

Individual corpus + accretions received on retirement / VRS

↓

Taxable in year of receipt u/s 80CCD(3A)

#### 2. Transfer from Individual Corpus to Pool Corpus [Sec 80CCD(6)]

Not treated as receipt so No tax in that year.

3. Lumpsum payment recieved on retirement

Sec 10 (12AA)

Any payment by NPS Trust to an Assessee

Exempt upto 60% Individual corpus

Sec 10 (12AB)

UPS Lumpsum (New)

Following lumpsum amount will also be recieved by Employee :-

$10\%$  of latest salary [Basic + DA] X No. of completed 6-months Blocks

This Amount shall be exempt from Tax u/s 10(12AB)

Note : Any period less than 6 months not to be considered

Section 80IAC

Eligible Business	Year of Commencement	Period of Deduction	Amt of Deduction
A Business by an eligible start-up with a high potential of employment or wealth generation.	Co. or LLP Incorporated during 1.4.16-31.3.30	3 consecutive A.Y.s out of 10 years * *from the year in which Co. or LLP was incorporated	100% of PGBP Income

Sec 80LA: Deduction of Certain Income of Offshore Banking Units & IFSC

Eligible Assessee	Eligible Income
a) a scheduled bank having an Offshore Banking Unit in a SEZ;	Income of such Unit
b) any NR bank, having an Offshore Banking Unit in a SEZ;	Income from such unit in SEZ, or a undertaking which develops/operates/ maintains a SEZ
c) a Unit of an International Financial Services Centre (IFSC).	<ul style="list-style-type: none"> <li>Income from Business of such Unit</li> <li>income arising from the transfer of an asset, being an aircraft or a helicopter or any part thereof, which was leased by a unit of an IFSC to a person, subject to the condition that the unit has commenced operation on or before the <b>31.03.2030</b></li> </ul>

Amount & Period of Deduction :

Eligible Assessee	Amt of Dedn	P.Y. from which Dedn is allowed
(a) A scheduled bank having an Offshore Banking Unit in a SEZ,	First 5 A.Y. - <b>100% Dedn</b> Next 5 A.Y. - <b>100% Dedn</b>	When permission u/s 23(1)(a) of Banking Regulation Act was obtained
b) A NR bank, having an Offshore Banking Unit in a SEZ		When permission or registration under the SEBI Act, 1992 was obtained
c) a Unit of an International Financial Services Centre (IFSC).	100% Dedn for any 10 consecutive A.Y. out of First 15 A.Y.s	when permission or registration under the IFSC Authority Act, 2019 was obtained.

## TDS

SECTION	RATES	LIMITS / CONDITIONS
194I Rent Rent kaun deta hai? - Main (Q. 34, 35, 42, 54)	P&M - 2% BUILDING - 10%	NO TDS if <b>Aggregate Rent</b> is upto <b>Rs. 50,000 pm</b> or part TDS is applicable on <b>Non-refundable Deposits</b>
194J - JANHIT Professional Fees (Q. 13, 14, 22, 26, 27, 37, 52, 53)	Operation of : <b>Call Centre - 2%</b> <b>Others - 10%</b>  <div style="text-align: center;">           FTS            ↓            Being a Professional service 10%      Others 2%            ↓            ROYALTY            ↓            Sale, Distribution of films 2%      Others 10%         </div>	<ul style="list-style-type: none"> <li>NO TDS if           <ul style="list-style-type: none"> <li>Fees for professional services</li> <li>FTS</li> <li>Royalty</li> <li>Non compete Fees</li> </ul>           The Limit of <b>50,000</b> is for each payment         </li> <li>Commission/sitting Fees Paid to Non-Executive/Independent Directors. ↳ No Threshold limit</li> <li>No TDS on personal payments by Ind/HUF for FPS</li> </ul>
194H-Hafta. Commission/ Brokerage (Q. 15, 32, 33)	2% (2 takka)	NO TDS if Amt is upto <b>Rs. 20,000</b> . NO TDS on <b>Underwriting Commission</b> or <b>brokerage on Public issue</b>
Sec 194G <b>Gamble</b> Lottery sale Commission	2%	NO TDS if Amt is upto <b>Rs. 20,000</b> . If Lottery seller wins lottery on unsold tickets, it will be <b>taxable@30%</b>
194D Insurance Commission	<b>Other - 2%</b> <b>Domestic co - 10%</b>	NO TDS if Amt is upto <b>Rs. 20,000</b>
194B- Lottery, Puzzles (Q. 5, 31, 56) ↳ Badi lottery  194BB - Horse Race ↳ Bhag Bhag	30%	<ul style="list-style-type: none"> <li>NO TDS if Amt of <b>single transation</b> is upto <b>RS. 10,000</b></li> <li>Deducted at the time of <b>payment</b> only</li> <li>If winning is in kind, the payer shall release winnings only <b>after ensuring that TDS is paid to Govt</b></li> </ul>

<p>194 TDS on Dividend</p>	<p>10% Kaun kaatega- Domestic Company Kiska Katega - Any Resident Person</p>	<p>Deducted at the time of payment only</p> <p style="text-align: center;">Payment made by</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>↓</p> <p>Cash</p> <p>No limit</p> </div> <div style="text-align: center;"> <p>↓</p> <p>Any other Mode</p> <p>No TDS upto Rs. 10,000</p> </div> </div>
<p>193 Interest on Securities</p>	<p>10%</p>	<p>No TDS :</p> <p>NO TDS upto Rs. 10,000</p> <p>Int payable on CG or SG Securities</p> <p>Int paid to LIC, GIC</p> <p>Int Payable by SPV to Business Trust</p>
<p>194A- (Q. 3, 4, 39, 40) Alag wala Interest Interest other than Int. on securities</p>	<p>10%</p>	<p>LIMIT for Int paid by :</p> <ul style="list-style-type: none"> <li>- Banks/co-op bank/Post off.-Rs. 50,000</li> <li>- Others 10,000</li> </ul> <p style="text-align: right;">↓ 1,00,000 for senior citizens</p>
<p>194 LA Compulsory Acq of Immovable Property</p>	<p>10% of Sale Price</p>	<p>Amount upto Rs. 5,00,000 → NO TDS</p> <p>Rural or Urban Agri land-NO TDS</p>
<p>194K TDS on Income in respect of units.</p>	<p>10% KAUN KAATEGA- UTI/MF KISKA KATEGA- Resident person</p>	<p>NO TDS if payment is upto Rs. 10,000 in a PY</p>
<p>194O TDS on payment by E-commerce Operator</p>	<p>0.1% on Gross Amt. KAUN KAATEGAE - E-Commerce operator KISKA KATEGA - E-Commerce participant (resident person) Sec 206AA - If No PAN- 5%</p>	<p>NO TDS if all the following conditions are satisfied :</p> <ol style="list-style-type: none"> <li>i) E- comm. participants Ind/HUF</li> <li>ii) Gross amount of Sale/Services during P.Y. is upto Rs. 5 lakh</li> <li>iii) PAN or aadhaar furnished</li> </ol>

Note : If amt. is recd. by E-com Participant directly, that amt will also be included for deduction of tds u/s 1940

Sec 194T TDS on Payment to Partner of a Firm (Salary/ Remn/Commission /Bonus/Interest)	10% of the amt. paid or credited (incl. Capital A/c Credit)	No TDS if aggregate payment is upto <b>Rs. 20,000</b> Kaun Katega : Firm Kiska Katega : Partner
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### TCS

#### Sec 206C(1)

(a) Alcoholic liquor for human consumption	1%
(b) Tendu leaves	5%
(c) Timber obtained under a forest lease	2%
(d) Timber obtained by any mode other than (c)	2%
(e) Any other forest produce not being timber or tendu leaves.	2%
(f) Scrap	1%
(g) Minerals, being coal or lignite or iron ore	1%

Note : No TCS shall be collected if Resident Buyer gives declaration that above goods are to be utilised for the purpose of → manufacturing, processing or producing articles or things or for generation of power and **not for trading purposes, But Still Buyer have to deduct TDS u/s 194Q if conditions apply.**

#### Sec 206C(1G) - TCS on Remittance outside India OR Sale of Tour Package



### TCS Rates

Remittance for the Purpose of:

(i) Education or Medical Purpose	Upto 10 Lakhs - No TCS Amt or Agg. Amt > 10 Lakhs - 5%
(ii) For Education Purpose, if remitted amt is Obtained by Loan from FI	<del>Upto 7 Laes - No TCS</del> <del>Amt or Agg. Amt &gt; 7 Lakhs - 0.5%</del> Nil
(iii) Remittances for purposes other than mentioned in (i) & (ii) [i.e. Other than Medical or Educational]	Upto 10 Lacs - No TCS Amt or Agg. Amt > 10 Lakhs - 20%
(iv) For Overseas Tour Program Package	Upto 10 Lacs - 5% Above 10 Lacs - 20%

Note : But TCS u/s 206C(1G) is not applicable to a Non-Resident who has visited India during the P.Y.

So Basically :

	Education or Medical	<del>Education Loan</del>	Other Purpose	Overseas Tour
Upto 10 Lacs	0%	<del>0%</del>	0%	5%
Amt > 10 Lacs	5%	<del>0%</del>	20%	20%

#### GUIDELINES :

- No TCS on expenditure through International Credit Card while being overseas.
- Threshold of ₹10 lakhs is combined threshold for TCS on LRS  
[Eg: Education+Medical + Other Purpose, their combined Limit is ₹10 lakhs]
- Threshold of ₹10 lakhs for LRS is counted remitter wise and not authorised dealer wise  
(Details to be submitted through undertaking by remitter & TCS shall be collected accordingly)

Education Purpose Means	Medical Purpose Means
<ul style="list-style-type: none"> <li>• Travelling Fees</li> <li>• Tuition Fees</li> <li>• Day to Day Expenses</li> </ul>	<ul style="list-style-type: none"> <li>• Travelling Expenses - Patient + Attendant</li> <li>• Treatment Expenses</li> <li>• Day to Day Expenses</li> </ul>

To qualify as 'overseas tour program package', the package should include at least Two of the followings :

- (i) international travel ticket,
- (ii) hotel accommodation (with or without food)/ boarding /lodging,
- (iii) any other expenditure of similar nature or in relation thereto.

→ Sec 20 6C (1H) has been omitted from 1.4.25.

### Interest for Late Deduction/Collection of TDS/TCS

	TDS	TCS
Late Deduction / Collection	1% per month or part	1% per month or part
Period	Date on which TDS was deductible to date on which it is deducted	Date on which TCS was collectible to date on which it is actually Collected
Late Payment	1.5 % per month or part	1.5 % per month or part
Period	Date on which TDS was deducted to date on which it is actually paid	Date on which TCS was collected to date on which it is actually paid

### Waiver of Interest u/s 201(1A)(ii) & 206C(7)

(Q. 18)

Purpose of Circular :

To grant relief from interest where TDS/TCS payment was made on time, but credit to Govt. was delayed due to technical issues not attributable to the assessee.

Competent Authority:

- CCIT / DGIT
- Where CCIT or DGIT is not available → Principal CCIT (Pr.CCIT)

Conditions for Waiver (Both Mandatory) :

Payment initiated on or before due date and amount debited from bank account. & Delay in credit to Central Government due to technical glitches beyond the control of Assessee.

**Procedure :**

- The assessee shall make an application for waiver of interest **within 1 year** from the end of the relevant FY.
- The **CCIT / DGIT / Pr.CCIT** shall examine the application & verify technical glitches from the Bank / Directorate of Systems.
- The assessee shall be given OOBH.
- The application shall be disposed of **within 6 months** from the end of the month in which appln. is received.

**Notes :**

- Waiver can be granted → even if interest is already paid.



Refund shall be issued where waiver is allowed.

- Once Waiver Order is Passed by CCIT / DGIT / Pr.CCIT
  - ↳ It is **final** and **no petition** shall lie before CBDT
- This is Applicable on Interest charged on/after 28.03.2025, but Waiver may be granted even for interest charged prior to 28.03.2025, subject to the prescribed time limit.

## SEC 140B - TAX ON UPDATED RETURN

The Assessee has to pay **additional income-tax** at the time of furnishing the updated return under section 139(8A) :

Updated Return is Filed Between	Additional Income-tax Payable
Expiry of Time limit - 12 months*	25% of Aggregate tax [i.e. Tax + surcharge + cess + Interest]
12 months - 24 months*	50% of Aggregate tax [i.e. Tax + surcharge + cess + Interest]
24 months - 36 months*	60% of Aggregate tax [i.e. Tax + surcharge + cess + Interest]
36 months - 48 months*	70% of Aggregate tax [i.e. Tax + surcharge + cess + Interest]

→ 12/24/36/48 months from the end of Relevant Assessment year

Note : Fees is not added while calculating 25%/50%/60%/70%

Notes :- Any Interest paid in **earlier return** will be **reduced** from interest calculated in Updated Return u/s 139(8A).

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



If notice u/s 148A is issued after 36 months, updated return cannot be filed. However, if AO later passes order u/s 148A(3) that it is not a fit case to issue sec 148 notice, then updated return can be filed up to 48 months from end of relevant AY.

## Sec 139AA - Quoting of Aadhar Number

**Mandatory Requirement :**

From 1st July 2017, Aadhaar must be quoted in:

- PAN applications.
- Return of Income (ROI) filings

**When Aadhaar is Unavailable :**

- Quote the Enrolment ID of Aadhaar.

This provision ends on or before 31st december 2025. PAN holders using Enrolment IDs must link Aadhaar by a notified date.

**Aadhaar-PAN Linking :**

- PAN holders as of 1st July 2017 must link Aadhaar by 31st March 2022.
- Linking is mandatory for ROI filing unless exempted.

## Sec 143(1)- Summary Assessment

(Section 143(1)(a) provides for computation of the total income of an assessee after making the following adjustments to the returned income:-

- (a) Any **arithmetical error** in the return;
- (b) An **incorrect claim**, if such incorrect claim is apparent from any info in the return;
- (c) Any such **inconsistency in the return, wrt info in the ROI of any preceding P.Y., as may be prescribed.**
- (d) Disallowance of **loss claimed**, if return of the previous year for which **set-off** is claimed was filed beyond due date u/s 139(1);
- (e) Disallowance of **expenditure or increase in income** indicated in the audit report but not taken into account in computing the total income in the return;
- (f) Disallowance of deduction **u/s section 10AA** or under Chapter VI-A 'C'. (80-IA, 80-IB, 80-IC, 80IAB, 80 IAC etc), if **ROI filed beyond due date** u/s 139(1)

→ Time Limit for Re-computation Of Block TP Cases :

Case (a) :

- Where assessment / intimation of consecutive two years is already made :
  - Re-computation within 3 months from the end of the month in which assessment of the base year (year in which TPO determines ALP) is completed.

Case (b) :

- Where assessment / intimation of consecutive two years is not made within the above period :
  - Re-computation within 3 months from the end of the month in which assessment /intimation / deemed intimation u/s 143(1) for such years is made.

Note :- If limitation period ends before the month's end (after exclusions), it will be extended to the end of the month.

## BLOCK ASSESSMENT

### Special Procedure for Assessment of Search Cases

#### Section 158B - Definitions

(a) "block period" =

1. Preceding 6 AYs - PYs relevant to 6 AYs preceding P.Y. in which Search u/s 132 or Requisition u/s 132A was initiated.

(+)

2. Additional Period - includes period from 1st of April of PY in which Search / Requisition was made to Date of conclusion\* of search or such requisition.

For example, if the search was initiated on 10-12-2025 and last of authorization executed on 18.12.2025, the block period will comprise of assessment years relevant to previous years 2024-25, 2023-24, 2022-23, 2021-22, 2020-21 & 2019-20 including period from 1st April 2025 to 18.12.25.

(b) "undisclosed income" includes

- any money, bullion, jewellery or other valuable article or thing, VDA [BMWVT] or
- any expenditure/ income based on any entry in BOA/ Docs/ Transactions, where such BMWVT, entry in BOA/Docs/Transactions represents wholly or partly income/property which has not been or would not have been disclosed or
- any Incorrect Exp, Dedn or allowance claimed under this Act w.r.t block period.

#### Section 158BA - Assessment of Total Undisclosed Income as a result of search

(1) Applicability:

(Q. 9)

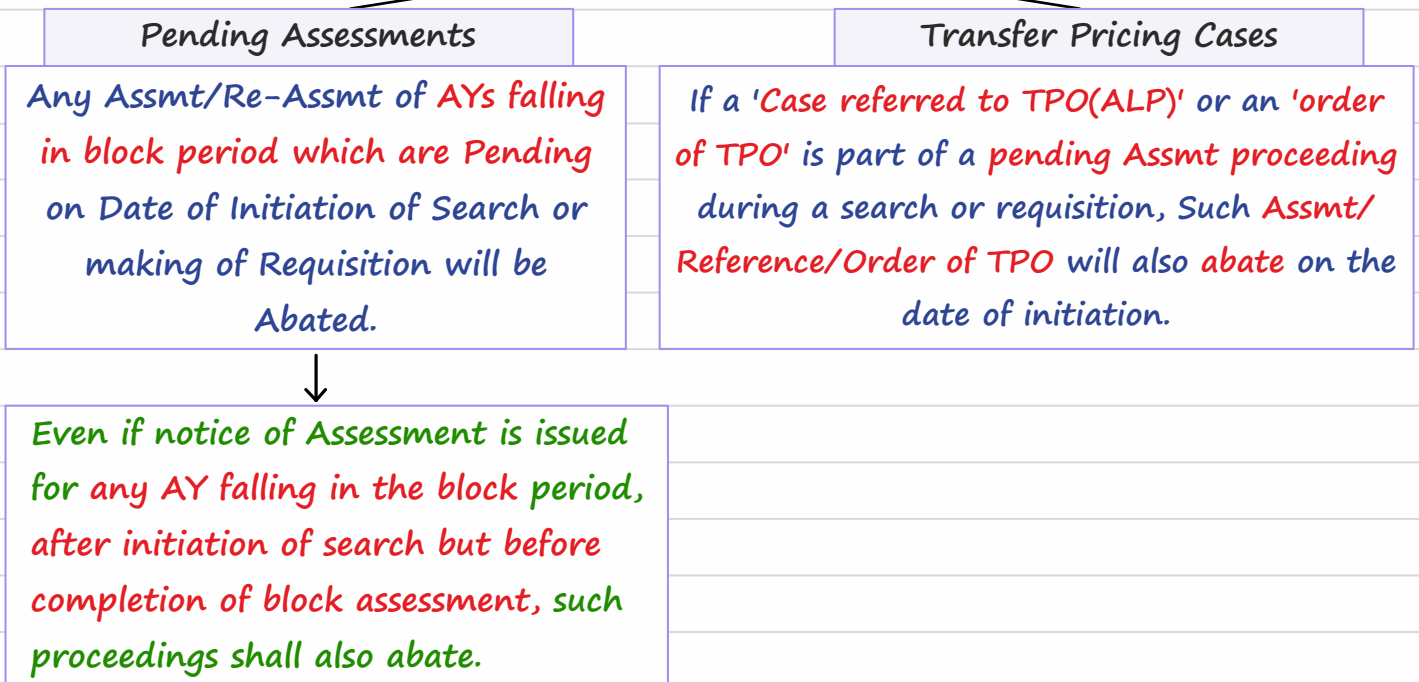
If Search u/s 132 or Requisition of BOA/Assets u/s 132A is initiated:

On or After 1.9.24

AO will do Assessment of Undisclosed income of Block Period under Block Assessment.



## (2) Abatement of Pending Assessment & Transfer Pricing Cases :



## (3) Subsequent Searches :

If a new search/requisition occurs during a pending block assessment :

- The **first (pending)** assessment must be **completed** before **starting the new one**.
- If **less than 3 months** remain for completing the **subsequent assessment**, such period shall be **extended to 3 months** from **end of month** in which the **earlier assessment** was **completed**.

## (4) Annulment of Cases :

If any **proceeding initiated here or any Block assmt/re-assmt Order** } **has been annulled in appeal or any other legal proceeding**

↓ then

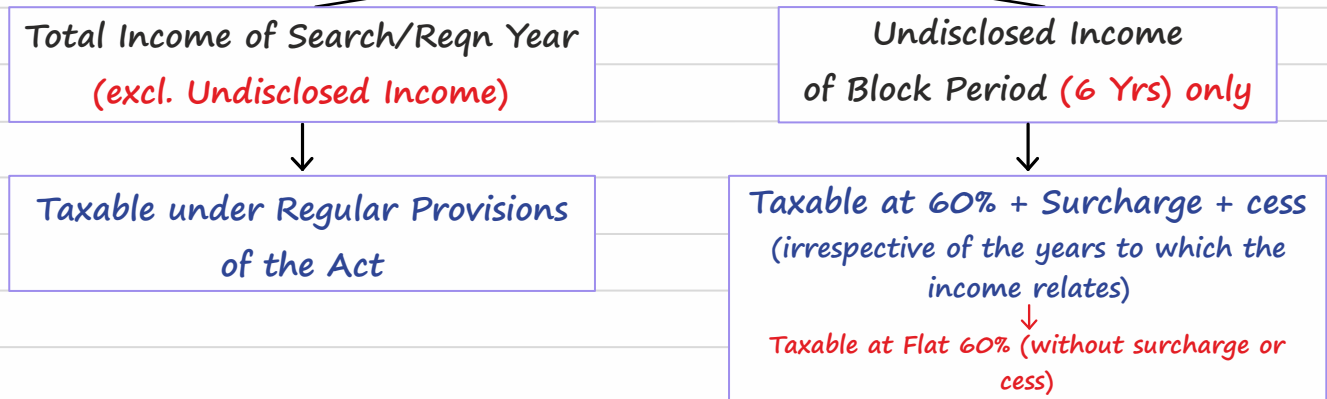
The above **ABATED** Assessment / Re-assessment **Revives**

Kab se? ↳ **w.e.f date of receipt of order of such annulment by PCIT/CIT**



**Note :- Revival shall cease to have effect if the annulment order is set aside.**

(5) Assessment of Income & Tax Calculation:



Section 158BB - Computation of Total Undisclosed Income For the Block Period

(i) Total Undisclosed Income of Block Period =

a) Undisclosed income declared in ROI filed u/s 158BC

+

b) Undisclosed income determined by AO based on :

- Evidence seized during search / requisition
- Material available with the AO
- Information gathered during block assessment proceedings

Note :-

- Only undisclosed income shall be computed under this section.
- Disclosed income or income already assessed shall not form part of block assessment.

(ii) The following income shall **NOT** be included in the undisclosed income of the block period :

1) Assessed income prior to Search  
Income assessed u/s 143(1)/143/144/147/153A/153C/245D(4)

2) Income disclosed in return filed before search  
Income declared in ROI u/s 139 or 142(1)

3) Income of P.Y. ended  
Income of P.Y. ended but its due date of ROI has not expired before initiation of search

(ii) The following income shall **NOT** be included in the undisclosed income of the block period :

1) Assessed income prior to Search  
Income assessed u/s 143(1)/143/144/147/153A/153C/245D(4)

2) Income disclosed in return filed before search  
Income declared in ROI u/s 139 or 142(1)

3) Income of P.Y. ended  
Income of P.Y. ended but its due date of ROI has not expired before initiation of search

4) Incomplete PY Income  
Income of P.Y. in which Search/reqsn is initiated from 1st April of P.Y. till date of initiation of Search / Reqs. recorded in regular books

5) Search Period Income  
Income recorded in regular books for the period from initiation of search / reqsn till completion of search

6) Income not requiring ROI Filing  
Income on which TDS has been deducted, & ROI filing is not reqd.

7) Income relating to International Transactions /SDT  
Income relating to Int. trans/SDT shall be assessed under Transfer Pricing Provisions

Note for 3),4),5) :  
However, where AO is of the opinion that any part of such income is undisclosed, he may recompute such income.

→ B/f Losses & Unabsorbed Depreciation :

can not be set off against undisclosed income of the block period.

Can be c/f to subsequent years for set-off, subject to regular provisions & time limits.

(iii) Special Provisions :

Special Provisions for Firms : For firms, income is assessed for each PY in the block period before allowing deductions for salary, interest, commission, or remuneration to partners (other than working partners).

Application of Sections 68 to 69C : The provisions of sections 68, 69, 69A, 69B, and 69C apply to block assessments, with "financial year" interpreted as the relevant previous year within the block period.

Application of Sections 68 to 69C :

The provisions of sections 68, 69, 69A, 69B, and 69C apply to block assessments, with "financial year" interpreted as the relevant previous year within the block period.

### Section 158BC - Procedure for Block Assessment

(i) Issuance of Notice :

For searches or requisitions initiated on or after 01.09.2024,

the AO will issue a notice to the person.  
(with prior approval from JC/JD/Add. CIT/ Add. DIT)

to furnish ROI within a specified period, not exceeding 60 days.\*

Note :-

- ROI must disclose **undisclosed income** for the block period.
- **No notice u/s 148** is needed for proceedings under this chapter.
- A person who submits ROI here **can not file a revised return.**

If ROI is filed

within period given in Notice

beyond period given in Notice

Deemed as ROI filed u/s 139

**Not deemed as ROI filed u/s 139**

Notice u/s 143(2) shall be issued thereafter

Note :-

AO may grant one-time **30 days** extension if ALL are satisfied:

- Due date of ROI of immediately preceding PY not expired on search date
- Assessee liable to audit u/s 44AB
- Accounts not audited on date of notice u/s 158BC
- Written request made for time to get accounts audited

(ii) Computation of Undisclosed Income :

- The AO will calculate the **undisclosed income**, for the block period as per sec 158BB.  
↳ The provisions of Sections 142, 143(2), 143(3), 144, 145, 145A, & 145B apply during this determination.

(iii) Assessment Process:

After determining the income, the AO will pass an assessment or reassessment order and compute the tax payable.

↳ Sec 144C (DRP provisions) **does not apply** to such orders.

→ Sec 158BD Cases : If the order of assmt/Reassmt is made u/s **158BD (for Other persons)**, the block period will be the same as that for the person originally searched u/s 132 or requisitioned u/s 132A.

(iv) Assets **seized** u/s 132 or **requisitioned** u/s 132A will be dealt with as per **Sec 132B**.

(v) Sec 143(1) [Summary Assmt] **does not apply** to ROIs filed under this Section.

### Section 158BE - Time Limit for Completion of Block Assessment

For Section 158BC	For Section 158BD (Other Person)
<b>12 months*</b> from the end of the <b>quarter</b> in which the <b>search or requisition</b> was completed.	<b>12 months*</b> from the end of the <b>quarter</b> in which the <b>notice</b> u/s 158BC (pursuant to sec 158BD) was <b>issued</b> .

\*13 months where 30 Days ROI filing extension is granted.

Note :- If Case is referred to TPO, Time Limit is Extended by **12 months**

BOA & Docs :

BOA and Other Docs under Sec 132 Shall not be retained beyond a period of One Month from the end of Quarter in which order of Assessment / Re-assessment 143(3)/144/147/158BC



If Auth Officer wants to retain for more than One Month :

- Reasons have to be recorded.
- Approval of CCIT/CIT +P is required.

## 2) Under reporting/ Undisclosed

(Q. 1, 2, 3, 9)

270 A - Under-reporting/ Mis-reporting of Income

Penalty **50% of Tax**  
on URI**200% of**  
Tax on URI

271AA

271AAB

Undisclosed Income  
found in Search

271AAC

Unaccounted  
Income 68-69D

271AAD

False entry or Omission  
to evade tax liability**30%/ 60% of**  
Undisclosed Income**10% of Tax on unaccounted**  
Income u/s 115BBE**100% of such false or**  
omitted entry.

This penalty shall not be applicable in  
search cases initiated on or after 1.10.24

## Sec 2(22)(e)

**Exceptions :** Following will not be considered as Deemed Dividend

Any advance or loan between 2 group entities, where one of the them is a Finance company or a Finance Unit and the parent entity or principal entity of such group is listed on the stock exchange in a country or territory outside India other than the country or territory outside India as notified by the CBDT.

## Section 285BAA – Obligation to Furnish Information on Crypto-Asset Transactions

- Applicable to prescribed reporting entities.
- Reporting entity is required to furnish a statement in respect of transactions of crypto-assets.
- Statement shall be furnished for prescribed period, within prescribed time, in prescribed form and manner, to the prescribed income-tax authority.
- If the statement is defective, the authority shall intimate the defect and allow 30 days to rectify; failure to rectify results in the statement being treated as inaccurate.
- If the statement is not furnished, the authority may issue a notice requiring furnishing of the statement within 30 days.
- If any inaccuracy is discovered later, the reporting entity shall inform the authority and furnish correct information within 10 days.
- Central Government may prescribe :
  - persons to be registered,
  - nature of information and manner of maintenance, and
  - due diligence for identification of crypto-asset user or owner.

Crypto-asset means a digital representation of value based on a cryptographically secured distributed ledger, as defined in section 2(47A).

Some Extra Amendments :

Extension of sunset dates for several tax concessions pertaining to IFSC (Section 80LA(2(d), 10(4D), 10(4F), 10(4H) and 47(viiad)] [w.e.f. A.Y. 2025-26] :

The sunset dates for commencement of operations of IFSC units for several tax concessions, or relocation of funds to IFSC, in Sec 80LA(2(d), Sec 10(4D), Sec 10(4F), Sec 10(4H), Sec 10(23FE) and Sec 47(viiad), has been extended to 31.3.2030.

Amendment u/s 10(10D) :

→ Premium limit conditions (10%/15%) shall NOT apply to:

1. Any sum received on death of a person, or
2. Any sum received under a life insurance policy issued by an IFSC Insurance Office (including bonus).

Conclusion :

Entire proceeds of life insurance policies issued by IFSC Insurance Offices are fully exempt u/s 10(10D), irrespective of premium amount.

Carry forward of accumulated loss on amalgamation (w.e.f. 01-04-2025) :

- Accumulated loss of predecessor entity is deemed to be loss of successor entity.
- Covers banking companies, corresponding new banks and Government companies.
- Loss can be carried forward by successor for remaining period of 8 AYs, counted from the AY in which loss was first computed in predecessor's hands.

### Section 270AA – Immunity from Penalty & Prosecution

Assessee AO ko application de sakta hai for immunity from penalty u/s 270A and prosecution u/s 276C/276CC.

Conditions :

- (i) Tax & interest paid as per assessment/reassessment order within due time, and
- (ii) No appeal filed against such order.

Time limit to apply :

**1 month** from end of the month in which assessment/reassessment order is received.

No immunity where penalty is for misrepresentation / suppression of facts, false entry, unrecorded investments/receipts, bogus expenditure, or non-reporting of international transaction/SDT.

AO's order :

Application to be accepted or rejected within 3 months from end of the month of receipt, after giving opportunity of being heard.

Finality :

**AO's order is final; no appeal or revision allowed.**

Exclusion of time :

If application is rejected, period from date of application till service of rejection order is excluded while computing appeal limitation.

## Section 275 – Time Limit for Imposition of Penalty

### 1. General Time Limit :

No order imposing penalty shall be passed after expiry of six months from the end of the quarter in which the relevant event occurs.

### 2. Relevant Event & Time Limit :

- Completion of assessment/proceedings – end of quarter of completion.
- Order u/s 263 or 264 – end of quarter in which revision order is passed.
- Appeal order u/s 246/246A (no further appeal u/s 253) – end of quarter of receipt.
- Appeal order u/s 253 – end of quarter of receipt.
- Any other case – end of quarter in which notice for penalty is issued.

### 3. Effect of Appeal / Revision [Section 275(2)] :

Where assessment or order is modified due to appeal or revision, penalty order may be passed or revised in conformity with revised assessment.

### 4. Mandatory Conditions :

- Assessee must be heard or given reasonable opportunity of being heard.
- Order must be within prescribed time limit.

### 5. Exclusion while Computing Limitation :

- Time taken for rehearing u/s 129.
- Period during which stay on penalty proceedings is in force.

### 6. Application of Section 274(2) :

- Penalty > ₹ 10,000 – prior approval of Joint Commissioner.
- Penalty > ₹ 20,000 (by AC/DC) – prior approval of Joint Commissioner.

## TRANSFER PRICING SMART CHART

Transfer pricing Kya hai?

2 Associated Enterprises ke bich me galat price pe transactions hue hai, Uski **Correct Pricing** nikaalna.

**ASSOCIATED ENTERPRISES**

Kya hote hai? Sec 92A

10 Conditions

**Kaunse TRANSACTIONS**

hote hai ye!?

Sec 92B  
International  
Transactions

Sec 92 BA  
Specified Domestic  
Transactions

**CORRECT PRICING**

kaise nikaalenge?

we have to calculate  
**ARM'S LENGTH PRICE**

Arm's length Price (correct Price) Kaise Nikaalenge?

Sec 92C

5 methods se calculate Kar lo :  
**CUP, RPM, CPM,  
PSM, TNMM**

Kuch cases me  
ALP A.O. determine  
Karta hai → Sec 92C(3)

Sec 92 CA

Reference to **TPO**  
(Transfer Pricing  
officer)

**Block TP Assessment**  
↓  
Valid for current  
+ 2 consecutive PY.

Sec 92CC

Pehle se hi Decide Kar lo →  
**APA (Advance Pricing  
Agreement)**

Jis Saal decide Kiya Uske pehle  
ke 4 saal pe bhi apply ho Sakta  
hai. (**Roll-Back Provisions**)

ALP calculate Kar liye  
But **More than 1 ALP** aa gayi.

If No. of ALP is  
**less than 6**

**AIRTHMATIC MEAN**  
Sec 92C(2)

If No. of ALP is  
**6 or more**

**RANGE CONCEPT**  
Rule 10CA

Ab ALP nikaal liye to **Compare** Kar lenge  
**Actual Price** se and difference nikaal lenge.

Agar Income Kam hui hai Hamari, To  
**Difference ko Income me add** Kar do  
and assessee & uske AE Ke Books me adjust Kar do.

Primary Adjustment

Secondary Adjustment Sec 92CE

Jo paisa India se bahar gaya hai (**Excess Money**)  
Usko India me leke aane ka Intezaam Karo. (**Repatriation**).

Agar Paisa (**Excess money**) India me nahi laaye to 2 options hai.  
**Interest add hoga Income me**  
OR  
**tax pay Karo (Non-repatriation)**

Agar prescribed time me  
India me **paisa nahi laaya**

Agar Interest nahi Bharna hai  
to **Additional Tax** pay Kar do

To Advance Maan liya jayega aur  
Interest Income me add Kareng.

**18% + 12% + 4%**  
Tax surcharge cess Sec 92CE(2A)

Agar Apni AE se loan liya hai aapne to pura  
Interest allow nahi hoga as a deduction.

**Excess Interest** disallow hota hai Sec 94B

Agar aapki alag alag countries me organisation  
faili hui hai to kuch documents and reports file  
Karna padta hai Master File, CBC reporting etc.

Nahi file Karoge to **penalties** pay Karna padega

## BLOCK TRANSFER PRICING ASSESSMENT

Block Transfer Pricing Assessment means :

ALP determined by TPO for an international transaction for One P.Y.

will apply to

Similar International transactions for the Next 2 Consecutive P.Y.s, subject to prescribed conditions.

Total period = 3 Years ( Current P.Y. + 2 P.Y.s)

Applicability :

- It is Applicable only where ALP is determined by TPO u/s 92CA(3)
- It is Applicable only to International transactions
- It is only applicable to similar transactions of the Assessee
  - ↳ & Not to all the transactions of Assessee.
- It is Not applicable on Assessments in Search Cases.

Procedure :

The Block TP Assessment will apply to assessee if :

The assessee exercises the option for 2 consecutive PYs in the prescribed form, manner and within the prescribed time.



TPO shall declare the Option as Valid by a written order

↳ Within 1 month from the end of month in which option is exercised

Effect of Declaration by TPO :

- Once option is declared valid, No reference shall be made to TPO for computation of ALP for such transaction for 2 years.
- If any reference was made → Before or after declaration by TPO
  - ↳ It shall be treated as if no reference was made
- On receipt of TPO's order → AO shall Recompute Total Income of assessee for the said two PYs

## Section 10(4E)

Accrued/arised/  
received by  
NR by way of

transfer of

- non-deliverable forward contracts or
  - offshore derivative instruments or
  - over-the-counter (OTC) derivatives, or
- distribution of income on offshore derivative instruments or OTC Derivatives.

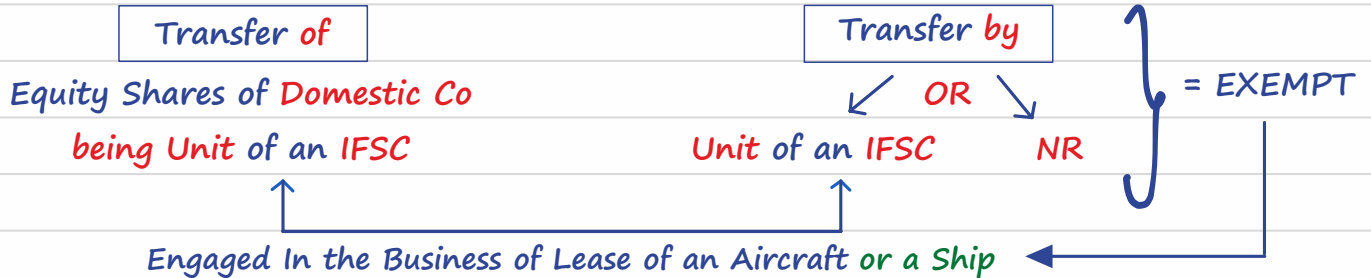
With OBU  
of an IFSC  
(u/s  
80LA(1A)  
or any Foreign  
portfolio  
Investor

## Conditions

- Non-Deliverable forward contract/offshore derivative instruments/OTC derivatives = entered by NR with an OBU of an IFSC holding valid certificate of registration &
- OBU to ensure that it is not entered by NR through or on behalf of its PE in India.

## Section 10(4H) Income received by NR /Unit of IFSC

Capital Gain Income by way of :



## Exempt for 10 Assessment Years

- From AY relevant to PY of Commencement of Operations or
- From AY 2024-25 if 10 AYs under (i) above ends before 01/04/2034

## Section 9A – Fund Manager of Eligible Investment Fund (EIF) :

- (1) Fund management activity in India through an eligible fund manager will NOT constitute business connection of EIF in India (subject to conditions).
- (2) Mere location of fund manager in India will NOT make EIF resident in India.

(3) EIF conditions :

- Fund non-resident, set up outside India; resident of Country with which India has DTAA or notified country by CBDT.
- Indian participation  $\leq 5\%$  of corpus (as on 1st April & 1st Oct of PY); excess allowed if reduced within 4 months.
- Min 25 members, no member + connected persons  $> 10\%$ ; top 10 members + connected persons  $\leq 50\%$ .
- Subject to investor protection laws abroad; no investment in associate entity; single entity exposure  $\leq 20\%$ .

Sec 115AD

1) Applicable to	Foreign Institutional Investor or specified Fund
2) Applicable on	Securities Other than Units of UTI and Mutual fund.
3) Tax Rates	<p>LTCG - 12.5%</p> <p>STCG - 30%</p> <p>Interest &amp; Dividend : FII <math>\rightarrow 20\%</math></p> <p>Specified fund <math>\rightarrow 10\%</math></p> <p>LTCG u/s 112A : 12.5% in excess of Rs. 1.25 Lakhs</p> <p>STCG u/s 111A:- 20%</p>
4) TDS	<p>Interest &amp; Dividend :</p> <p>FII <math>\rightarrow 20\%</math></p> <p>Specified Fund <math>\rightarrow 10\%</math></p>

Sec 44BBD

Providing Services/ Technology for Electronics Manufacturing	25% of	Gross receipts for Technology services	No set off of unabsorbed depreciation and brought forward loss is allowed u/s 44BB/44BBB/44BBD.
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Note : Sec 44DA and 115A does not apply to Income taxable under this section