

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	xxx
11	Municipal Taxes Paid w.r.t Residential Flat let out (Deduct from HP Head)	xxx
12	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
13	Employees contribution to EPF,ESI etc. not paid within DD of that Fund (Sec 36)	xxx
14	Employers Contribution to pension scheme in excess of 10% of Basic + DA (terms) Deduction u/s 80CCD	xxx
15	Contribution to Unrecognized provident fund/Gratuity fund	xxx
16	4/5th of Preliminary Expenses (Sec 35D)	xxx
17	4/5th of VRS compensation Paid to Employees (Sec 35DDA only 1/5 th is allowed)	xxx
18	4/5th of Family Planning Expenditure [Sec 36(1)(ix)]	xxx
19	Family Planning Exp. by firm/individuals (Available only to companies)	xxx
20	CSR Expenditure	xxx
21	Freebies to medical Practitioners by Pharma companies	xxx
22	Expansion of new business & project was abandoned w/o creating a new asset	xxx
23	Provision for Bad Debts/ Deferred Tax/ Gratuity	xxx
24	Provision for Gratuity Based on Actuarial valuation	xxx
25	Illegal Expenses, Secret commissions, bribe	xxx
26	Commission to Gunda's for Debt Recovery	xxx
27	Expense on issue of Right shares/IPO/FPO (Capital Exp.)	xxx
28	Expense on Transfer of Carbon Credits	xxx
29	Expenses not related to Business (personal in nature)	xxx
30	Value of Benefits/Gift Received from clients (If not included)	xxx
31	Keyman Insurance amount Received • By Employer - Taxable under PGBP • By Employee - Taxable under Salary • By Nominee/Legal heir - Taxable under IFOS	- xxx xxx
32	Interest to partners on Capital/ Current/ Loan a/c in Excess of 12%	xxx
33	Interest on Loan taken to acquire Asset • upto put to use (Not allowed as Deduction) – Added to Cost of Asset • After put to use – Allowed as Deduction	xxx -
34	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 then depreciation is not allowed	xxx
35	Loss on Sale of Depreciable Asset (Capital in nature – Capital loss to be computed –STCL)	xxx
36	Loss due to Destruction of Asset – Deduct from Block of Asset	xxx
37	Interest on Loan taken to Purchase E-Vehicle used for Personal purpose (not a business Expenditure) Deduction u/s 80EEB	xxx
38	Interest paid on Loan taken for higher education of daughter in India/abroad (not a business Expenditure) Deduction u/s 80E	xxx
39	Advertisement in souvenir/pamphlets of political party Deduction u/s 80GGB	xxx
40	Payment to Electoral Trust (political Party) Deduction u/s 80GGC	xxx
41	Medical Expense for Treatment of self/Parents (personal exp) Deduction u/s 80D	xxx
42	Tuition Fees Paid for 2 children for education in India Deduction u/s 80C	xxx
43	Deposit in Public Provident Fund (PPF) a/c Deduction u/s 80C	xxx
44	Donation to Gurudwara (Not related to Business) Deduction u/s 80G	xxx
45	Royalty income on literary books (Business income) Deduction u/s 80QQB	xxx
46	Interest to own Capital/ Salary to self/rent for own premises – No deduction allowed	xxx
47	Lottery ticket expense debited in P&L – disallowed (no deduction under IFOS)	xxx
48	One time License Fee/Franchise fee etc Paid/Debited – Dissallowed (Capital in nature) – this is treated as Intangible asset and 25% Depreciation is claimed	xxx
49	Speculative Income – Shown separately from business Income	xxx
50	Fees paid to Director w/o Deducting TDS u/s 194J - 30% Dissallowed [Sec 40(a)(ia)]	xxx
51	Payment to NR without Deducting TDS – 100% Dissallowed [Sec 40(a)(i)]	xxx
52	Sec 40A(3) -Payment to Relative/directors/partners Exceeding FMV - only excess/unreasonable amount to be added back	xxx
53	Sec 40A(3) – Cash Payment > ₹ 10,000 (if 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 -
54	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
55	Sec 41 (Deemed PGBP Income) ▪ Discount given by sundry Creditors ▪ Loan/ any Liability waived off ▪ 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 } Where sales proceed exceeds the original cost of asset – Tax the excess to capital gain	xxx

ITEMS TO BE DEDUCTED FROM NET PROFIT/ ALLOWED AS DEDUCTIONS		
1	Depreciation as per Income Tax Act (Sec 32)	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	Expenditure on Scientific Research -100% allowed as deduction (Sec 35)	xxx
16	Expenditure on Specified Business – 100% allowed on all Capital Expenses Except Land/goodwill/financial instrument (Sec 35AD)	xxx
17	Preliminary Expenses (Sec 35D) Deduction :- 1/5th 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
18	1/5th of VRS compensation Paid to Employees (Sec 35DDA)	xxx
19	1/5th of Family Planning Expenditure for companies[Sec 36(1)(ix)]	xxx
20	Insurance Premium of Stocks	xxx
21	Premium on Health insurance of Employees – Except paid in Cash	xxx
22	Keyman Insurance Premium Paid	xxx
23	Employees contribution to EPF,ESI if paid within DD of that Fund (Sec 36)	xxx
24	Employers Contribution SPF,RPF,AGF,ASF,NPS, any fund as per law if Paid within DD of Filing ROI u/s 139(1)	xxx
25	Public Provident Fund (PPF) interest amount Credited - Exempt	xxx
26	Discount on Issue of Zero Coupon Bond – Deducted over the life of bond (≠ Life)	xxx
27	Expense on issue of Debentures	xxx
28	Expense on issue of Bonus shares	xxx
29	Expense on Buyback of shares	xxx
30	Purchases Omitted in Books of Accounts	xxx
31	Loss due to Theft – allowed if incidental to business	xxx
32	Commission Paid to Recovery agents for recovery of Debts	xxx
33	Actual Bad debts	xxx
34	Actual Gratuity Paid	xxx
35	STT/CTC Paid (if securities are stock in trade) [also this cannot be included in COA or transfer expense under capital gain]	xxx
36	Income from nits of UTI/Mutual funds - Taxable under head IFOS (gross)	xxx
37	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
38	Winnings from Lottery/horse race/Online games - Taxable under head IFOS	xxx
39	Interest on Post office Savings bank a/c – Taxable under head IFOS Exempt - • Individual a/c upto ₹ 3500 • Joint a/c upto ₹ 7000	xxx
40	Interest on Public Provident Fund (PPF) – (Exempt)	xxx
41	Agricultural Income - Exempt u/s 10(1) [If received from outside India – Taxable under head IFOS]	xxx
42	Share of Income from HUF - Exempt u/s 10(2)	xxx
43	Share of Income from Partnership Firm/LLP - Exempt u/s 10(2A)	xxx
44	Interest on Savings bank/Fixed deposit a/c – Taxable under head IFOS Deduction u/s 80TTA/80TTB	xxx
45	Interest on National Saving Certificate VIII – Taxable under head IFOS Deduction u/s 80C	xxx
46	Royalty income on Patent (not business income) – Taxable under head IFOS Deduction u/s 80RRB	xxx
47	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
48	Fees paid to Professional (CA/Lawyer/CS/CMA etc.) for handling professional work	xxx
49	Sponsorship Fee (for Business Promotion)	xxx
50	Entertainment expenses (if incidental to business)	xxx
51	Free Samples given to customers as a Promotion/advertisement	xxx
52	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
53	Grant/ Subsidy Received from Govt. for asset acquisition - Deduct from the Cost of asset	xxx
54	Profit on Sale of Depreciable Asset (Capital in nature - Capital gain to be computed -STCG)	xxx
55	Profit on sale of Rural agricultural Land – Not taxable under any head	xxx
56	Loss from trading in derivatives –Not a speculative business (allowed)	xxx
57	Amount Dissallowed u/s 40(a)(ia) – 30% (TDS Deducted & paid in Current year)	xxx
58	Amount Dissallowed u/s 43B earlier year, if Paid in current year	xxx
59	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
60	Unreasonable/ Excessive Amount Paid to Brothers wife/ Sister-in-law – Not Dissallowed as they are not Relatives (no adjustment Required) - Sec40A(2)	-
61	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)	-
62	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

