

(PGBP → employer point of view → study)
(Know how → process of making new experiments)

Chapter = 6 (Concepts)
Profits & Gains from
business & Profession (PGBP)

Lec 1 2 3 May

Section 28 Charging Section
Section (PGBP Taxable)

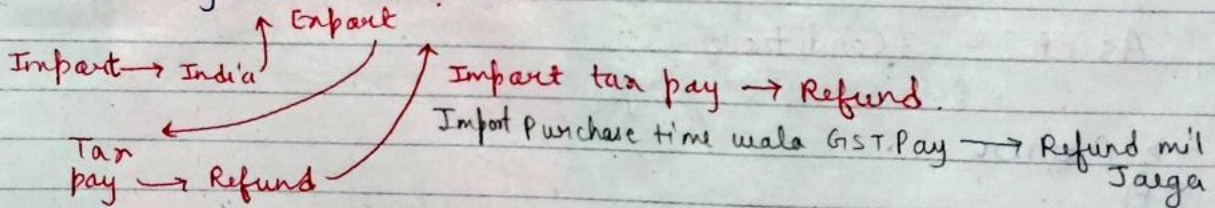
- Profit / Money
- Perquisite → 30% Tax pay
- P. firm → Partner → Profit = Exempt
↳ Salary/Rent/int. → PGBP Head Taxable

- Co-op Society / Association → Member
↳ group
PGBP

- Non-Compete fees (अगर काम कर रहे तो अगले काम के लिए नहीं करोगे जैसे की fees)
- For not sharing any formula / know how etc. (अगर नही कानून का है तो नहीं है)
- Export benefit / incentives (cash incentive, cash back)

• Cash assistance (Cash back)

• Duty Drawback



- Sale of import license
- 35AD Asset → sell → PGBP

MPS / MLA's → Salary head → Ios → Taxable

→ Hire purchase → Installments or lease.

→ Tax Audit → Section 44AB

• Contract → Term modify / Cancel.

Agency → Term modify / Cancel

To manage an Indian Co. → Term modify / Cancel.

Compensation

• Any Residential building → let out

Employer → Gift / Perquisite
↳ Salary head

→ Business Ks. Karam Milaha
↳ PGBP head.

Income

~~PGBP~~

always HP ✓

* Section 32 Depreciation

Asset = 3 Conditions

Depr. claim when 3 cond. fulfill

→ Owner

⊕

→ Business use

⊕

→ Put to use (Actual use)

Depreciation Sec 32

- (i) Normal Depreciation ★
- (ii) Additional Depreciation ★
- (iii) SLM Depreciation
- (iv) Amalgamation / Demerger
- (v) Block ceases to exist
- (vi) unabsorbed depreciation ★
- (vii) Insurance Company Depreciation.

Eg ①

Prashant →

00
00
00

 Building going on
10 years.

Depreciation claim → Prashant

②

Prashant → Building

00
00

 on lease → SBI
Cost 8 years.

Depreciation ?? → owner → Depreciation claim Prashant

③

Sejal
Purchase

Scooter. 1 lakh.
Vespa

Loan repay (X)

Hypothecation /

Home purchase.

Loan HDFC Bank

∴ This is an exception

Depreciation → Sejal

④

Business use

Sofa.
└─ office / Reception → Depre ✓
└─ ₹ 70,000
 Depre X

5

Put to use

PY 23-24

P&M Purchase → 30 Mar 2024

Put to use

2 Apr 2024

→ use PY 24-25

Depr. year ?? 24-25

Depr. start = PY 24-25

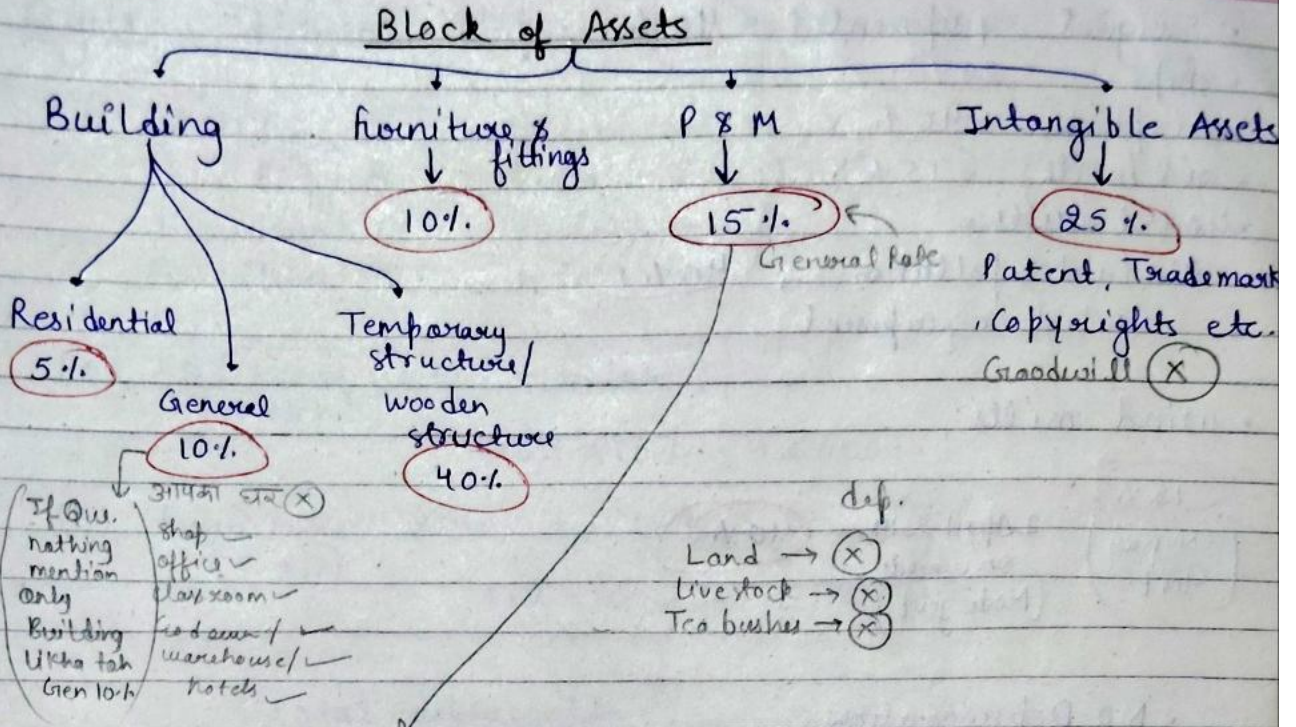
Exception: — Ready to use ⇒ Put to use
मान लेते हैं

Eg



fire जबसे खरीना तबसे dep. start
extinguisher.

Exception = Ready to use ⇒ Put to use



Plant & Machinery (P&M)

- General Rate **15%**
- Motor Car = **15%**
- 23 Aug 2019 - 31 Mar 2020 = **30%** (lease / taxi / cab)
- Motor Car / leasing = **30%**
- Hiring etc.
- 23 Aug 2019 - 31 Mar 2020 = **45%**
- Books
 - Business **15%**
 - Professional **40%**
 - Library **40%**
- Computer & operating system = **40%** software = **25%**

- Surgical equipment = 40%
- ships = 20%
- Airplanes = 40%
- oil wells = 15%
- Air/water pollution control equipment = 40%

• wind mills

15%
 (Congress Govt.) 1 April 2014 onwards (Modi Govt) 40%

• No Depreciation

→ Land (X)

→ Live stock (elephant pen) (X)

If death then, Hf to P&L loss.

→ Tea business Bushes (चाय के पौधे) (X)
 (Directly P&L Dr.)

* when 'purchase' & 'put to use' year Same (Same)

22-23 23-24 min 180 days → full dep.
 23-24 23-24 upto 179 days → half dep.

Que 1 Calculate depreciation PY 24-25.

Building A	15 lakh	} $45l \times 10\% = 450000$
Building B	30 lakh	
Furniture C	40 lakh	} $51l \times 10\% = 510000$
Furniture D	11 lakh	
		<u>960000</u>

(A) Building (15l + 30lakh)
(A+B)

$$45l \times 10\% = 4,50,000$$

(B) Furniture (40l + 11l)
(C+D)

$$51l \times 10\% = 5,10,000$$

Total depreciation 9.60.000

WDV
↓
(अंशतः Value)

If closing WDV $(\text{Asset} - \text{Dep.}) \rightarrow$ Remaining closing WDV

	Building	furniture
	15l	40l
	+ 30l	+ 11l
	<u>45l</u>	<u>51l</u>
Dep. (-)	<u>(4,50,000)</u>	<u>(5,10,000)</u>
closing WDV	<u>40,50,000</u>	<u>45,90,000</u>

Q2 Find depreciation :-

- Computer A = 20l 40%
- Laptop B = 13l 40%
- P & M C = 17l } 15%
- oil wells = 30l } 15%
- Pollution Control equipments = 23l 40%
- Copyrights = 18l } 25%

Computer

Computer	20l		
Laptop B	13l		
	<u>33,00,000</u>	$\times 40\%$	$\rightarrow 52,00,000$
P & M	17l		
oil wells	30l		
	<u>47,00,000</u>	$\times 15\%$	$\rightarrow 7,05,000$

(A) Plant & Machinery

(a) Depreciation @ 15%

P & M	17,00,000	
oil wells	30,00,000	
	<u>47,00,000</u>	
Depreciation	@ 15%	7,05,000

(B) Depreciation @ 40%

Computer A	20l
B	13l
control equip.	23l
	<u>56,00,000</u>

Depreciation @ 40%

22,40,000

Total P&M

29,45,000

(B) Intangible Asset

Copyright 18l
Depreciation @ 25%

4,50,000

Total Depreciation

33,95,000

Closing WDV.

	P&M (15%)	P&M (40%)	Intangible Asset
47l			
+56l			
-705l			
-2240l			
xx			
7355000			
↓			
next year dep.			

	P&M (15%)	P&M (40%)	Intangible Asset
	47,00,000	56,00,000	18,00,000
Def. (70,50,000)		Def. (22,40,000)	Def. (4,50,000)
<u>39,95,000</u>		<u>33,60,000</u>	<u>13,50,000</u>

Que

Opening Balance 50 lakh
(A-B-C)
New Building purchase 12 lakh
during the year
One old building sold 19 lakh
during the year

Find depreciation for the year & closing using after depreciation.

Building 10%.

Opening (A-B-C)	50 lakh	
(+) Purchase Building	<u>12 lakh</u>	
	62 lakh	
(-) sell	<u>(19 lakh)</u>	
	43 lakh	@ 10%.
Year ends		
	Rate @ 10%.	<u>(4,30,000)</u> ←
Closing WDV	<u>38,70,000</u>	

Que Building A in Pune = 30l
 Building B in Lucknow = 10l
 Building C in Nepal = 8l
 residential building
 Furniture = 23 lakh
 Find depreciation for the year

<u>10%</u> Building	<u>5%</u> Building	<u>10%</u> Furniture
30l	8l	23l
+ 10l	x @ 5%	x 10%
<u>40l</u>	<u>40,000</u>	<u>2,30,000</u>
x 10%	+ +	+ +
<u>4 lakh</u>		

Deprec = 6,70,000 (4l + 40K + 230K)

Note :- (i) Date of sale does not matter in the que. just what matters is Asset should be sold during the year.

(ii) Original cost of the individual Asset & its WDV does not matter.

Que Opening P&M = 35 lakh
(X & Y)

P&M Z purchase = 11 lakh

P&M X sold on 3rd May = 8 lakh
2024

Actual Cost = 18l

WDV = 13l

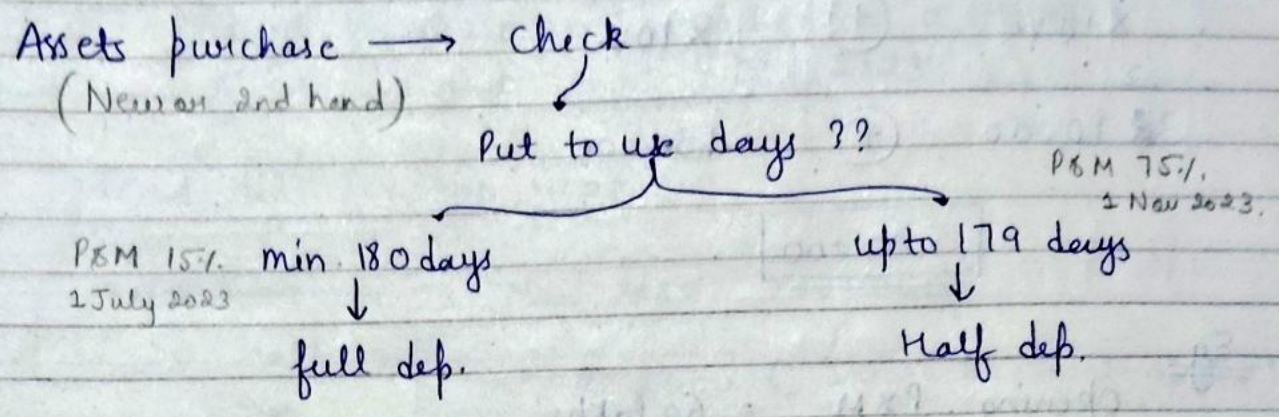
Find depreciation for the year.

P&M (General rate 15%.)

Opening	35,00,000	
⊕ purchase	+ 11,00,000	(35-8 lakh)
⊖ sell	<u>(8,00,000)</u>	→ FIFO first in first of
Amt. before dep.	38 lakh	
X Rate	<u>@ 15%</u>	
Depreciation	<u><u>5,70,000</u></u>	

==

* Focusing on the Date of Purchase Assets



This is checked only when the FY of purchase & put to use are same.
↓
3 July 2023
↓
1 Feb 2024

Eg

Opening Building = ₹ 37 lakhs
(A, B, C)

Building Purchase
Purchase on 7 June 2024 = ₹ 13 lakhs

Find dep. for the year.

7 June Purchase 2024 ----- July ----- 31 Mar 2025

$$\text{June} = 30 - 6 = 24 + 31 + 31 + 30 + 31 + 30 + 31 + 31 + 28 + 31$$

$$7 \text{ June to } 3 \text{ Mar} = 298 \text{ days}$$

Opening 37 lakhs x 10%	(+)	Purchase 13 lakhs x 10%	Full
<u>370,000</u>	(+)	<u>1,30,000</u>	
<u>5,00,000</u>			

Eg

Opening P&M = 60 lakhs
(A, B, C)
P&M 'D' = 11 Nov 2024 for ₹17 lakh
Purchase on

31 Mar 2025
= 141 days

Find dep for the year

Opening	'D'	Nov 30 - 10 = 020
60 lakhs	17 lakhs	Dec 31
x 15%	x 7.5%	Jan 31
<u>9,00,000</u>	<u>1,27,000</u>	Feb 28
(+)		Mar 31
		<u>141 days</u>

Dep. for the year 10,27,500

eg

Intangible Asset

open value = 80 lakh

Patent purchase on 17 Aug 2024 = ₹ 14 lakh

& put to use on = 4 Oct 2024

Find dep. for the year

4 Oct 2024 to 31 Mar 2025 = 179 days

So, half dep.

$$\begin{aligned} & 20,000 \text{ (Intangible Asset of Val.)} \\ & \text{(142 x 12.5\%)} = \underline{17,500} \quad \text{(802 x 25\%)} \\ & \underline{\underline{21,75,000}} \end{aligned}$$

eg

PY 24-25

- Furniture = opening balance = 62,00,000
(A - B - C)
- Furniture 'D' purchase on = 9,00,000
8th Sep. 2024
- Furniture 'E' purchase on = 13,00,000
27 Sep 2024
& put to use on 30 Mar 2025
- Furniture 'B' sold for ₹ 30 lakhs

Find dep. for the year & closing wdv.

Furniture PY Same.

Opening WDV 8 Sep 2024 62,00,000
 Purchase = 27 Sep 2024 13,00,000
 Put to use = 30 Mar 2025

sell (30L)	(30,00,000)	9 lakh	13 lakh
		$\times 10\%$	$\times 5\%$
	32,00,000	90,000	65,000
	$\times 10\%$		
	3,20,000		
		\oplus	\oplus
		<u>90,000</u>	<u>65,000</u>
		<u>4,75,000</u>	

Opening	62L	
\oplus Purchase	9L	
\oplus Purchase	13L	
$(-)$ Sell	(30L)	(FIFO)
	54,00,000	
$(-)$ Dep.	(4,75,000)	
Closing WDV	<u>49,25,000</u>	

Que P & M
 opening balance = 28 lakh
 (X-Y-Z)

P&M 'A' Purchase on 3rd Feb 2024 = 16 lakh
 Put to use on 7 Dec 2024

P&M 'X' sold for ₹ 20 lakh
on 1st April 2024

Find dep. for the year. PY 24-25.

Opening
28 lakh

'A' Purchase.

16 lakh

23-24

3 Feb 2024

7 Dec 2024

Full dep.

X sold (20 l)

8,00,000

X 15%

2,40,000

24-25

X 15%

1,20,000

(+)

3,60,000

Lec 4 5 March (If Qw says nothing → By default New Regime)

* Additional Depreciation ^{New Regime} (115BAC not allowed)

- New P & M (Put to use)
↳ @ 20% below 180 days

One time 20% / or 10% 10%

- Manufacturing entity (Power generate / transmission etc)
(Printing press)

- Actual Cost (original cost) @ 20%.

- Additional depre. not allowed on

→ Road Transport Vehicles
(Truck, bus etc)

→ 2nd hand P & M

→ ships / Aircrafts

→ P & M kept in office premises / Guest houses

→ P & M on which already 100% depre is allowed

~~Scientific~~ scientific research → ~~also~~

Ques Saini & Sons manufactures mobile charges in India

Opening P & M ₹ 60 lakhs
 P & M 'Y' Purchase on 13^l
 27 July 2024

Find dep. for the year & closing WDV old regime.

Opening P & M
 60^l
 9^l
 Normal $\times 15\%$

 9^l

Particulars	₹
(1) Plant & Machinery	
(a) Normal depre	
• opening 60 ^l $\times 15\%$	9,00,000
• P & M 'Y' 13 ^l $\times 15\%$	1,95,000
(Pur on 27 July 2024)	
Total Normal dep.	<u>10,95,000</u>
(b) Additional dep	
P & M 'Y' (13 ^l $\times 20\%$)	2,60,000
Total dep.	<u><u>13,55,000</u></u>

Note Since put to use for P&M 'Y' is 180 days or more i.e. full dep will be provided.

→ Calculating of closing WDV

Particulars	₹
Opening P&M.	600
(+) Purchase	130
	<hr/>
Amt before dep.	730
(-) Less total dep.	(13.550)
	<hr/>
closing WDV	<u>59.450</u>

Que Manufacturing Entity
Opening P&M 70 lakhs
P&M (B) Purchase on ₹18 lakh
2 Dec 2024 (Half)

Find dep for PY 24-25 & 25-26

solve as per the old Regime.

→ Calculation of Depre & closing wDV PY 24-25

Particulars	£
• opening P&M	70,00,000
• Add Purchase on 2 Dec 2024 (Put to use 120)	18,00,000
Block of Asset before depre.	88,00,000
(a) Normal depreciation	
• open P&M = 70l x 15%	10,50,000
• P&M 'B' (Half dep) 18l x 7.5%	<u>1,35,000</u>
	(11,85,000)
(b) Additional depre. 18l x 10%	(1,80,000)
Closing wDV after dep.	<u><u>74,35,000</u></u>

→ Calculation of Depreciation for PY 24-25 25-26

Particulars	£
(A) Normal depreciation (last year closing this year opening) (7435000 x 15%)	11,15,250
(B) Additional depre. 18l x 10%	1,80,000
Total depreciation	<u><u>12,95,250</u></u>

Que Manufacturing entity

New Furniture purchase on 7 Nov 2024
for ₹ 16 lakhs (half)

New P&M purchase on 6 June 2024 for ₹ 23 lakhs
(Computer) (full) (half)

One more computer purchase on 7 July 2024 for
₹ 9 lakhs & put to use on 11 Dec 2024

Find total dep for PY 24-25. old Regime.

<u>Furniture</u>		<u>P & M (Computer)</u>	
	16 lakh		Purchase.
<u>Half</u>	<u>x 5%.</u>	6 June	July /
	<u>80,000</u>	<u>full</u>	use Dec
			<u>half</u>
		<u>23 l</u>	<u>9 l</u>
	Normal (40%)	9.2 l	1.8 l (20%)
	Additional (20%)	4.6 l	90K (10%)
		<u>13.8 l</u>	<u>2.7 l</u>
<u>Furniture</u>			
<u>80,000</u>	(+)		<u>16.5 l</u>
			<u>17.3 l</u>

Que Opening P&M £90k
(A, B, C)

New 2nd hand P&M Purchase on 11 Oct
11 Oct 2024

P&M 'A' sold on £94k
11 May 2024

Manufacturing entity

Find dep for the year. (old Regime)

Opening 90k
2nd hand 11k

101k

Opening WDV	90,000.00
⊕ Purchase 2nd hand P&M on 11 Oct 2024	11,000.00
(No. of days of put to use is less than 180 days, so half dep will be provided)	
less: P&M 'A' sold	(94,000.00)
WDV before depreciation	7,000.00
Depreciation @ 7.5%	<u>52,500</u>

Que what if in the above case P&M of ₹11l would have been new?

Open	90k
New	<u>11l</u>
	<u>101</u>
(-) sell	<u>(94)</u>
	<u>7l</u>

New → Normal $7.5\% \times 7l = 52500$
 Additional → $10\% \times 11l = 1,10,000$

Total dep 1,62,500

Que Manufacturing entity

Open P&M 60l
(X, Y, Z)

New P&M Purchase 13l
on 28 Jan 2025

P&M 'X' sold for 64 lakh

Find dep. for the year.

<u>Opening</u>	<u>New Purchase</u>	
sell 60l	13l (28 Jan 2025) (Half)	
64l (60l)	(4l)	
<u>0</u>	<u>9lakh</u>	7.5% = 67500
		10% = 90,000

Additional on Original Cost → Actual Cost

$$13 \text{ l} \times 10 \text{ y.} = 130,000$$

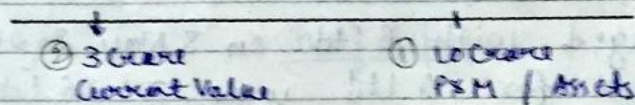
$$67,500 + 130,000 = \boxed{197,500}$$

✓ Lec 5 5 March
(straight line method)

* SLM Depreciation for power generation, Transmission undertakings Benefit → Tangible Asset.

By default SLM → shift to WDV optional.
for cases SLM not to settle

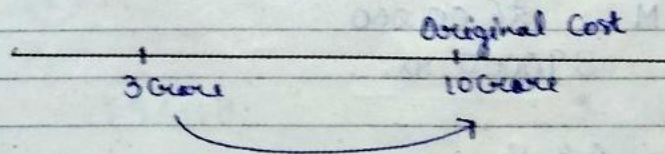
Eg PSM Purchase, life → 10 Cr., 10 years.



Case I (2 Cr. loss)
Sell 1 Cr. = Terminal depreciation 2 Cr. → P&L Dr. (Expense)

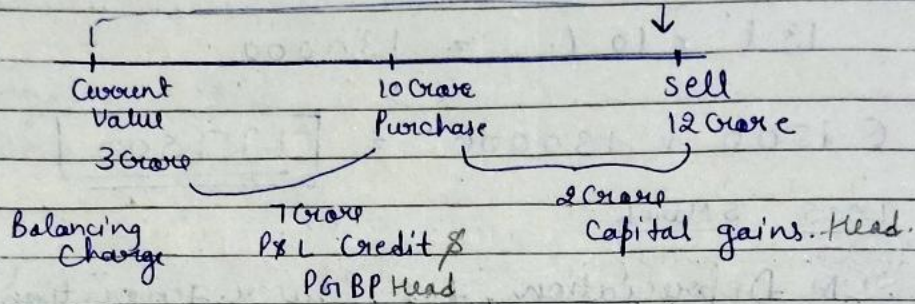
II (4 Cr. Profit)
Sell 7 Cr. = Balancing change 4 Cr. → Expense P&L Cr. (Income)

III Sale Value = 10 Cr.



Profit 7 Cr. Balancing Change = P&L Credit.

IV Asset sell for 12 Crore



* Depreciation in Case of Amalgamation / Demerger

at last mai calculate karina hai
 • Proportionate → NO. of days.
 • No. of days.
 (PVR + Inon) (Rel ind → Jio Financial)

Eg A Ltd. merged with B Ltd. on 8 Nov 2024.
 • opening P&M for A Ltd. was ₹ 26 lakhs.

Find Deprec. for the year for both A Ltd & B Ltd.
221 days

(1 April to 7 Nov) = A Ltd. 221 days.
 (8 Nov to 31 Mar) = B Ltd 144 days

→ Calculation of dep.

A Ltd. P&M 26,00,000
 Dep. @ 15% 3,90,000 rs.

→ Allocation to A & B.

$$A \text{ Ltd. } \left(3,90,000 \times \frac{221}{365} \right) = \underline{\underline{2,36,137}}$$

$$B Ltd \left(390000 \times \frac{144}{365} \right) = \underline{\underline{153863}}$$

Que X Ltd. merged with Y Ltd. on 11 Dec 2024
Manufacturing Entities

X Ltd. opening Bal Building = 63 lacs
New Building purchase by Y Ltd. on 11 Nov 2024
for ₹ 18l

Find dep. for the year for PY 24-25.

Building opening.
 $63l \times 10\% = 6.30.000$

New Building 11 Nov 2023 18 lakh
half dep.

$$18l \times 5\% = 90.000$$

X Ltd

Y Ltd.

630,000

~~438410~~
438410

191590

$$\left(\frac{630000 \times 254}{365} \right)$$

$$\left(\frac{630000 \times 111}{365} \right)$$

(+)

(+)

90,000

19,149

8,70,851

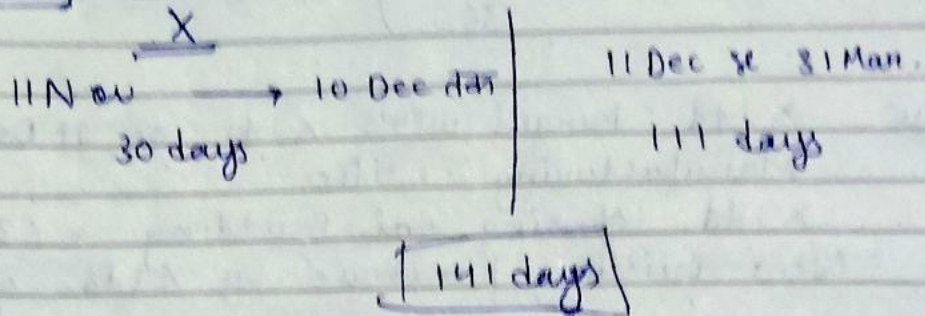
$$\left(\frac{90000 \times 30}{141} \right)$$

$$\left(\frac{90000 \times 111}{141} \right)$$

457559

262441

New Building



* Calculation if whole of the block ceases to exist (Block of Asset ceased to exist) (Passive block sell Kar dia)

(I) Asset Block (A-B-C) 50 lakh

'B' sell (Asset) (sell Asset) (32 lakh)
 Balance 18 lakh

(Normal dep.)

(II) Asset Block (A-B-C) 50 lakh

'B' sell (ABC Value 50) (54 lakh)
 (from Asset sell)
 Balance 4 lakh (short term cap gain)

If New pur 'D' = 10 lakh the ACD Asset 10 lakh
 Cap gain & head (L) PGBP (XX)

(III) Asset Block (A-B-C) 50 lakh

(ABC) sell 68 lakh
 18 lakh
 short term cap gain

(IV) Asset Block (A-B-C) 50 lakh

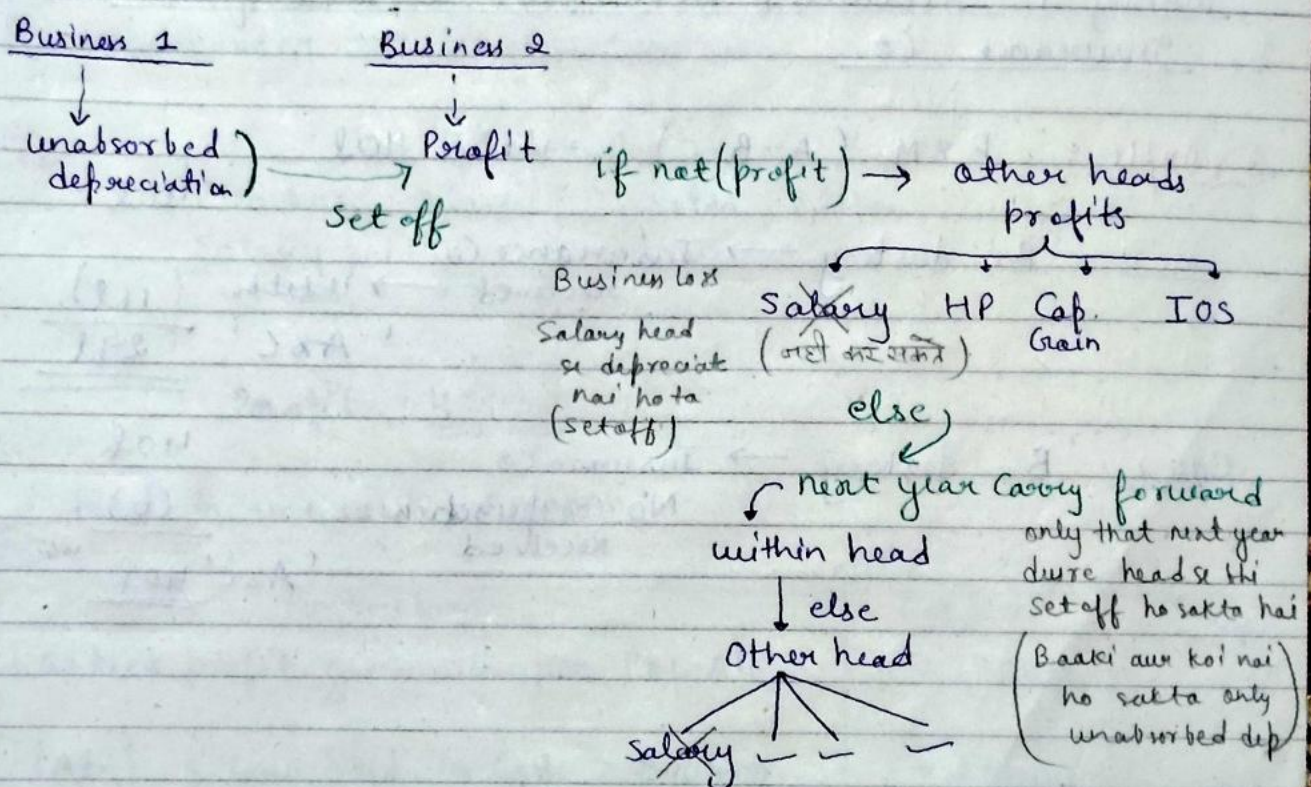
(ABC) sell 39 lakh
 11 lakh
 short term cap. loss

Block ceased / cease to exist
 384 case

* Unabsorbed depreciation (is like current year dep)

Eg PY 24-25

Profit	20 lakh	
Depreciation	(26 lakh)	dep absorb nai ho paya. Profit kam pad gya.
	<u>6 lakh</u>	→ unabsorbed depreciation



Carry forward = Indefinite no. of years

NOTE :- Sequence of set off

- Business loss (step 2) → (life 8 years)
- unabsorbed depreciation (step 3) → (life = indefinite years)
- Current year depreciation (step 1) → (Mandatory to claim depreciation)

* Adjustment in case asset gets destroyed and money is received / Asset is received from Insurance Co.

Example :- P & M (A-B-C) = Value 40l

Case 1 'B' destroy → Insurance Co. received → 11lakh (11l)
'A & C' 29l

Case 2 'B' destroy → Insurance Co. 40l
No. Compensation Received - (0)
'A & C' 40l

Depreciation

Heads → HP (X)
 ↳ Salary (X)
 ↳ Business exp. → Govt Can → Restrict Cash

* Section 40A (3)

Cash payment > ₹ 10,000

- to a single person
- in a single day

Full amount disallow

To transporter → limit 35,000

Eg

P&L	
Purchase 3 lakh	Sales 8 lakh
Salary paid in Cash 25K	
Profit <u>4,75,000</u>	

Find income under PGBP.

sol

Particulars	(₹) Amt
(a) Net profit given as per P&L A/c	4,75,000
(Add) Salary paid in Cash > ₹ 10,000	+ 25,000
Disallowed u/s 40A (3)	
PGBP	<u>5,00,000</u>

NOTE :- Cash disallowed

→ means less nai kar payenge.

Allowed what? → Payment like UPI, RTGS, NEFT, UPI.
A/c Payee cheque etc.

Cash cheque X

Crossed cheque X

→ Cash nai nikal sakte

Bearer cheque X

→ जिसके Pass cheque hai वो निकाल सकते हैं
no matter किसका नाम लिखा है।

A/c Payee →

जिसका नाम लिखा है उसी को मिलेगा

(Cheque पे A/c Payee लिख दिया नाम के aage.)

Que Purchase Goods ₹ 40,000

25,000 paid by A/c payee cheque.

15,000 paid by Cash / Bearer / Crossed cheque.

Find amount allowed.

Allowed = 25,000

Disallowed = 15,000

In this case 25,000 expense will be allowed & 15,000 will be disallowed.

Que Purchase ₹ 38,000

28,000 paid by bank

10,000 paid In Cash

Find amt. disallowed.

Disallowed = 0

Full expenses allowed 38,000

Que Purchased goods worth ₹ 20,000 from sneha
on 5 June 2024
10,000 paid in Cash on 8 June
10,000 in Cash 9 June

Fully allowed.

Que Purchase ₹16,000 on 16 Nov 2024
10,000 paid in Cash on 19 Nov 2024
6,000 paid in cash in evening on 19 Nov 2024

₹16,000 fully disallowed

(Pg 6.34) Rule 6DD (exceptions) (Cash pay more than > ₹10k)

- (1) RBI / Bank / SBI / ^{Primary} PACS / ^{agri co society} Co-op. / land ment / LIC
Saving A/c 10l
Current A/c 50l
- (2) Farmers / Apiculture / Horticulture / Live stock / Animal Husbandary /
fishery etc.
- (3) To Govt.
- (4) Cottage (without the aid of power)
(Handmade)
- (5) Retirement → employe → max ₹50,000

(6) employee → min 15 days away → Banking facility }
 (कर्मचारी) (बैंक)

Cash ✓
 TDS ✓
 cut

(7) Village payment → Bank (X)

(8) Currency Dealer

(9) Through an agent (above all cases agent ko through pay karna)

Que Find income under the head PGBP.

Purchase 28,00,000 (4% paid in cash)	Sales 60,00,000
Depreciation 3,50,000	Agricultural income 11,00,000
Profit 39,50,000	

Depreciation as per Income Tax Act is ₹4,20,000

→ Calculation of income under the Head PGBP for PY 24-25

Particulars	(₹) Amt
Given profit as per P&L A/c	39,50,000
(less) Agricultural income [exempt u/s 10(1)]	(11,00,000)
Add Cash purchase [disallowed u/s 40A(3)]	4,00,000

Add Depreciation as Per P&L A/c	350000
less Dep. as per I-Tax Act	(420000)
PGIBP	<u>3180000</u>

Lec 7 6 Mar

Que Given P&L

P & L	
Purchase 13 lakh	Sales 30l
Dep. 8 lakh	Rent Rec 10l for letout building
Profit <u>19 lakh</u>	

Note = Dep as per I-Tax Act 670,000
Find GT Income.

→ Calculation ~~Income under the head~~ PGIBP
of GT Income.

(1) House property

Rent receive.	10.00.000
standard deduction 30% u/s 24(a)	(3.00.000)
PGIBP	<u>7.00.000</u>

(2) PGBP

Profit	19,00,000
less Rent let out build (Taxable under HP)	(10,00,000)
Add Dep as per books	8,00,000
less Dep. IT Act	(6,70,000)
G T Income. (PGBP Income under the Head PGBP)	<u>10,30,000</u>

(Pg 6.18) * Scientific Research

Section 35

✓ IISBA

✗ IISBAC

In house (max 3 years prior to commencement of business)

Contribution to outsider

Before Commencement (Q1E1) (Business start) After Commencement (Q1E2) (Business start)

approved IIT's / Companies

100% outsider allowed.

Revenue expenditure
100%

Capital expenditure
100%

Revenue expenditure
100%

Capital expenditure
100%

but only Salary material Perquisite (X)

land (X) deduction nai milaga

land (X) deduction nai milaga

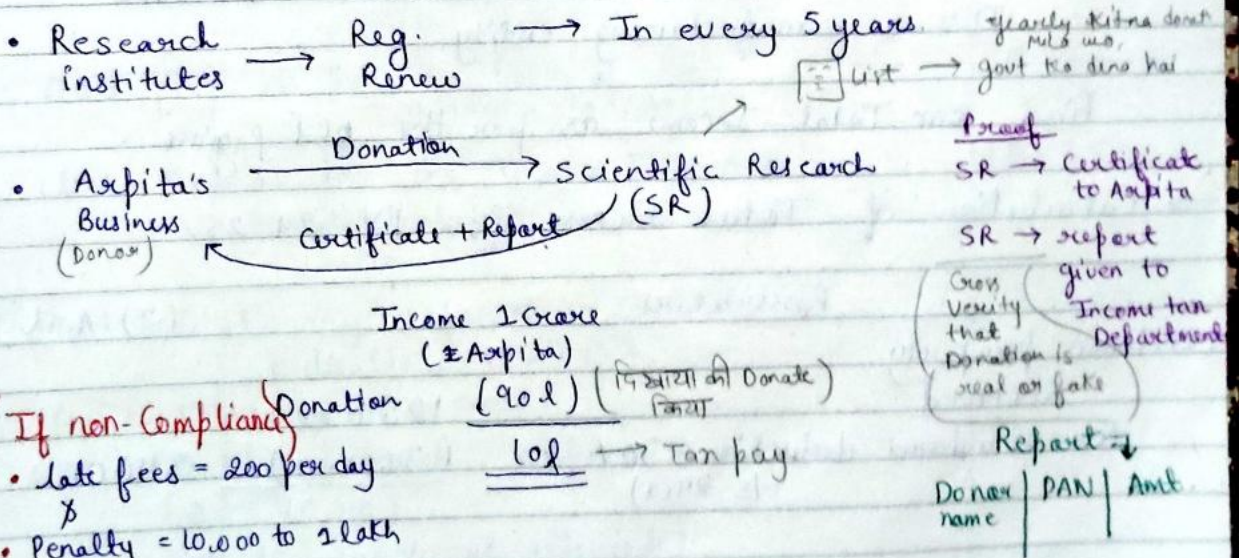
Que

P&L	
Purchase 6L	Sales 20L
<hr/>	
Profit 14L	

Note = scientific research Contribution to IIT 5Lakh.
 Find income under the Head PGBP if the person has decided to opt out of the default regime.
 (old regime) *

Given profit	14L
less scientific research exp.	(5L)
	<hr/>
PGBP	<u>9L</u>

* Few pointers in scientific Research



Que Find income under the head PGBP :-

Dx.	PGBP		Cr.
Purchase	27l	sales	70l
Depreciation	6l	Agri income	8l 11l
Stationary exp.	1,10,000	salary Rec.d.	12l 8l
In house Scientific Research	40,000	Rent Rec.d.	12l
		ded ⁿ - 30% 24(a)	
Profit	<u>66,50,000</u>		

Note

- (1) 6,30,000 purchase made in Cash
- (2) 23,000 Stationary exp. paid by Crossed cheque
- (3) Scientific research Total exp. 2,00,000

Head:-

- PGBP
- HP
- salary

- (4) • Open P&M 40 lakh
 - P&M 'X' purchase on 8 Dec 2024 = ₹17 lakh
- It's a manufacturing entity.

Find ~~Int~~ Total Income as per the old Regime.

→ Calculation of Total Income for PY 24-25.

Particulars	(₹) Amt
(1) House property Received	12,00,000
less standard deduction @ 30% u/s 24(a)	<u>(3,60,000)</u>
	8,40,000

(2) Salary Received	8,00,000	80
less standard deduction	(75,000)	7,25,000
		7,50,000

(3) Income under the Head PGBP

Given profit as per the P&L A/c	66,50,000
---------------------------------	-----------

less agri. Income [exempt u/s 10(i)]	(11,00,000)
--------------------------------------	-------------

less Salary Received (Taxable under the head salary)	(8,00,000)
---	------------

less Rent (Taxable under the head HP)	(12,00,000)
--	-------------

Add Cash purchases (disallow u/s 40A(3))	6,30,000
---	----------

Add Dep. as per the books of A/c (Given wala Add)	6,00,000
--	----------

less Dep as per the Income Tax Act (Calculate wala less) (WN 1)	(8,97,500)
--	------------

Add Stationary expenses in Grossed [disallow 40A(3)]	23,000
---	--------

(exp kam likha hai tab usko less karenge)

less Scientific Research exp. (22-40,000)	(16,000)
--	----------

[Section 35 100% exp. allowed]

PGBP (@ Sal & RP)

~~374~~ 37,45,500

GrT Income / Total income
(PGBP + Salary + HP)

5,33,5500

WN(D)

Calculation of Dep.

Opening P&M

$$40l \times 15\% = 6,00,000$$

New purchase 8 Dec 2024
(Half, days < 180 days)

Normal $17l \times 7.5\% = 1,27,500$

Additional $17l \times 10\% = 1,70,000$

8,97,500 Total Dep.

Lec 8 7 Mar

* Section 35ABA & ABB

license Telecom / Spectrum ^(wifi)

- Allowed on Payment basis
- Amortised on the basis of remaining no. of years
- Amortisation starts from.
 - year of Commencement
 - Year of Payment

} Later

Case I) license payment 5 Oct 2025

Amt ₹ 6 Crore.

Life 10 years

Find amt to be amortised every year.

$$\text{Cost of license} = \frac{6 \text{ Crore}}{\text{No. of years}} \Rightarrow \frac{6 \text{ Crore}}{10 \text{ years}} \Rightarrow ₹ 60 \text{ lacs per year}$$

Case II) Amt. paid is 6.3 Crore on 5 Oct 2022 & Telecom license & Business Commencement on 3 May 2023
Total life is 10 years PY 23-24

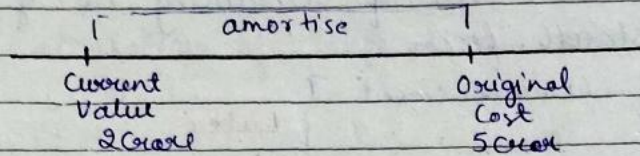
6.3 Crore \Rightarrow 63 lacs each year.
10 years

Commencement = 3 May 2023, PY 23-24

Payment = 5 Oct 2022, PY 22-23.

* Sale of license

(1) Whole of the license is sold.



Case (I)

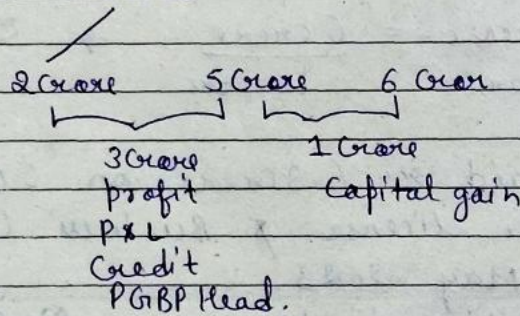
Sell 1.2 Crores = 80 lakhs loss → P&L Debit.

Case (II)

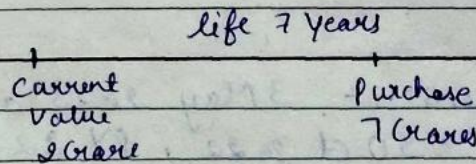
Sell 4.3 Crores = 2.3 Crores profit → P&L Credit

Case (III)

Sell 6 Crores



(2) Partial license is sold



Remaining life 2 years

Case (I) Partially sell ₹ 1.3 Crores

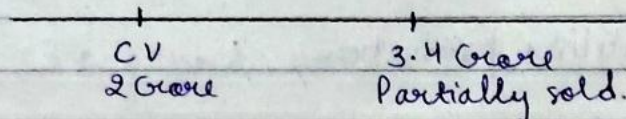
$$2 \text{ Cr} - 1.3 \text{ Cr} = \frac{70 \text{ lakh}}{2 \text{ year}} \Rightarrow 35 \text{ lakh each year}$$

$$\frac{\text{Current Value of license} - \text{Amt. received from sale}}{\text{Remaining no of years life}}$$

Case (II) Actual Cost = 7 Crore
life = 7 years

Current Value = 2 Crore

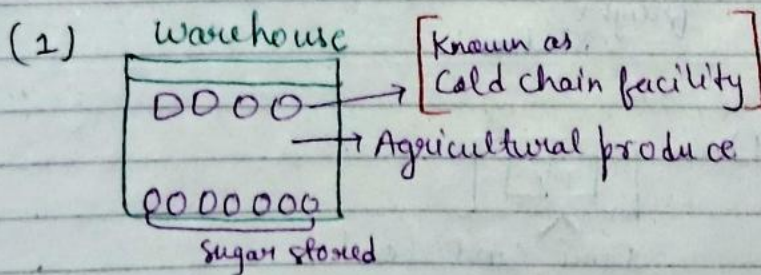
Partial license sold for ₹ 3.4 Crores

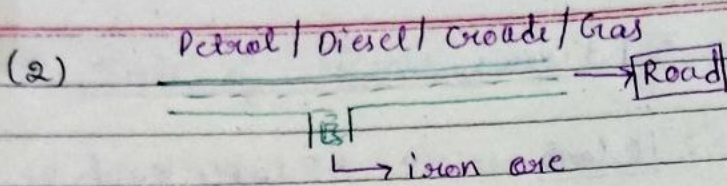


- Partial license Remaining ✓
- Amortise X, Value '0'

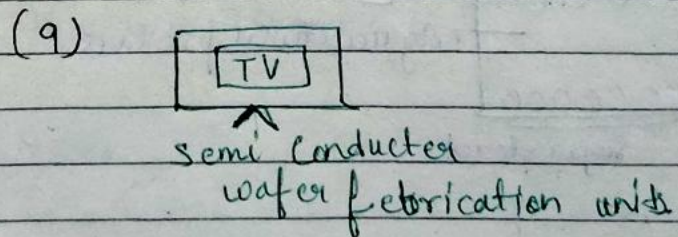
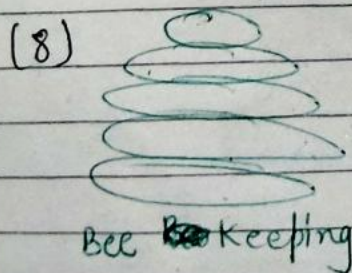
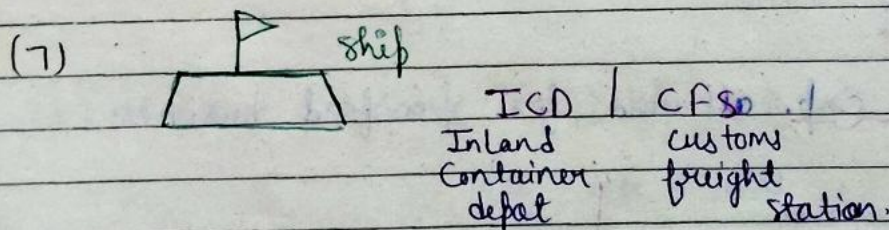
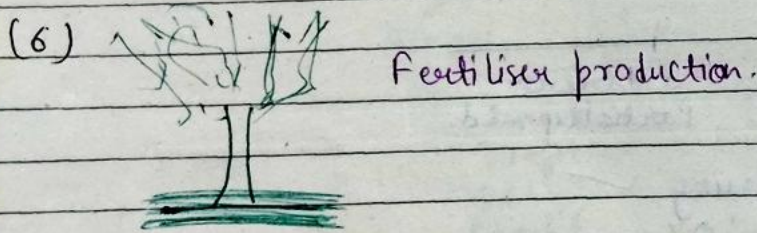
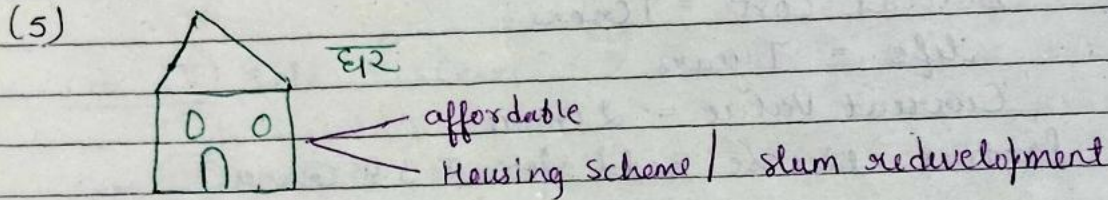
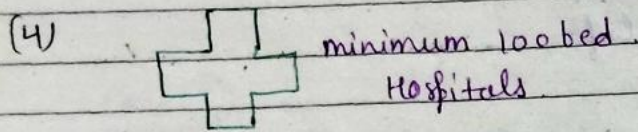
* Section 35AD

100% Capital Exp. allowed for specified business





(3) ★ ★ two star and more than
Hotels. (outsider ke lie)



(10) Section 35AD Infra development
Infrastructure.

- Capital exp, deduction allowed
(1-10 all)

* Few pointers for 35AD

→ Capital exps. 100% allowed

→ exps. ← Pre Commencement

- Cap. exp. allowed — Yes
- no. of years limit X No
- Condition = Capitalise in Books

3 expenses not allowed (deduction)

- Land (X)
- Goodwill (X)
- Financial instrument (X)
(shares, bonds etc)

• 115 BAC (X) not allowed.

* Loss under Section 35AD

35AD loss → only 35AD profit set off.

Hospital loss किराना shop profit
set off (X) no

2 star choices etc (✓) yes

Other business set off (X)

Other head set off (X)

next year carry forward → within adjust 35AD,
Indefinite no. of years

* Due Date of Filing ITR section 39(1)

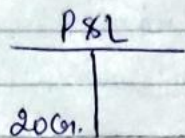
PY 24-25	31 July 2025	31 Oct 2025	30 Nov 2025
↓	Remaining	Audit applicable	International Transaction
IT Return			
<input type="checkbox"/>			
e-filing			

Note: * 35 AD Asset purchase purchase → lock in 8 years
If in between used for any other business purpose ↓

PY 22-23 warehouse for Agriculture
5 July 2022
Cost = 20 Crore

Deduction Reverse
But Dep. → claim (-) minus

22-23 100% dedⁿ = 20Cr.



Lec 9 8 Mar

* Section 36 (Pg 6.24)

• Cost Badhege toh dep Jyul milega

(1) Insurance premium on stock / goods
→ Allowed (

(2) Employees health insurance premium
→ Allowed but ~~no~~ Cash not allowed

(3) Interest on loan

- Generally allowed for business
- If taken for an asset.

Eg

Building Construct = Cost 20 lakhs

start construction

1 July 2019

loan + Int.

Capitalise Jth Int.

Cost	20l
int.	3l
	<u>23l</u>

Put to use
5 Apr 2025

int.
<u> </u>
P&L Debit.

(4) Discount on zero Coupon Bonds
(Jispe int. nai milega)

Eg (i) ZCB

FV 10,000

Issue 3000

life 5 yrs

sol $\frac{7000}{5 \text{ yrs}} = 1400 \text{ P\&L Debit Hf.}$

Note = Calculation = Basis of months

5 yrs = 60 months
x 12m.

(ii) ZCB

FV 8000

Issue price 5000

life 8 yrs

Issue on 1 Aug. 2025

Find Exp. allowed for PY 25-26

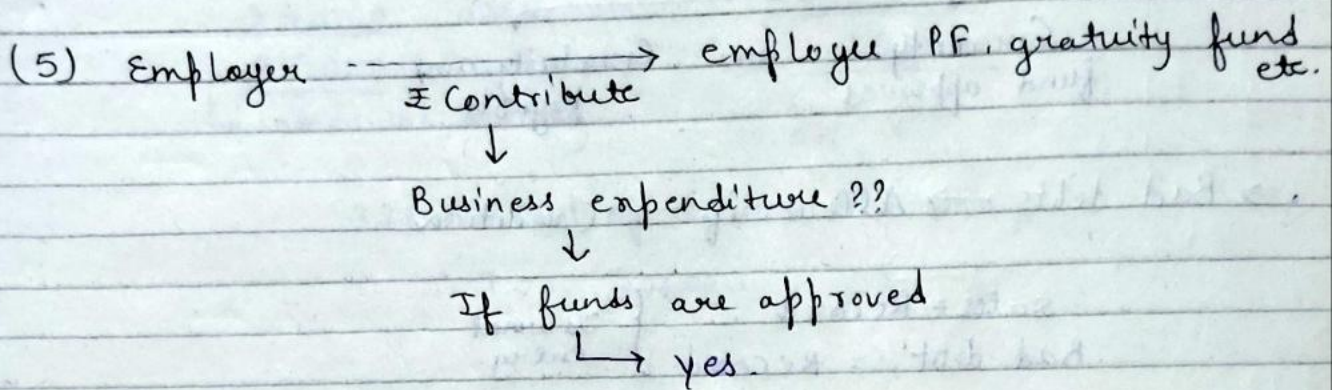
sol $\frac{8000 - 5000}{48 \text{ months}} \times 8 \text{ months (Aug to mar)}$

500 rs.

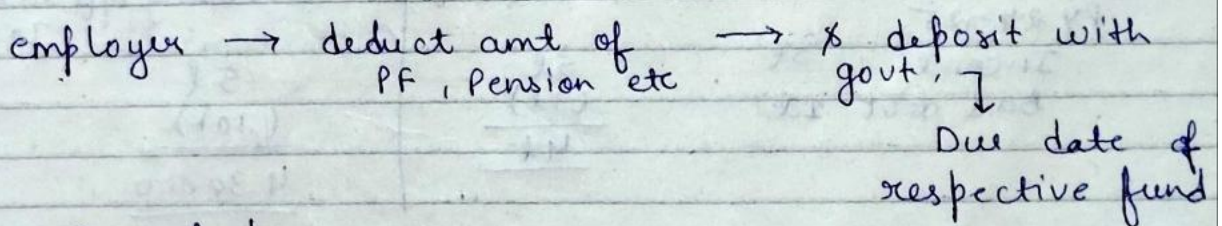
next year rather than 35 Ad~~ette~~ use.

last year 20 Crore exp.
 Now this year 20 Crore income
 less Dep. 10% $\frac{(2 \text{ Crore})}{18 \text{ Crore Income}}$

Building dep. rate 10% Income t/f to P&L → Credit



(6) Employee's Contribution to welfare funds :-



If not done.
 ↳ amt will be
 ↓
 employer's income

(7) Bad debts

- Income tax provision.

↓
not allowed

↓
Exception ✓

Gratuity fund approved or Gratuity amt. payable

⇒ Bad debts → Allow if → Condition

Sales = Record } Journal Entry
Bad debt = Record }

⇒ Bad debts Recovery (Income)

PY 24-25
Income 5l
Bad debt 1l

5l
(1l)

4l

Assessing officer allow 70,000/-

5l
(10K)

4,30,000

next year recovery 50,000
Income ??

50,000 out of 30,000

Tax already paid

∴ Income = 20,000

Eg PY 24-25 Bad debt 60,000
 AO allow = 35,000
 Bad debt recovery of
 (I). 32,000
 (II). 20,000

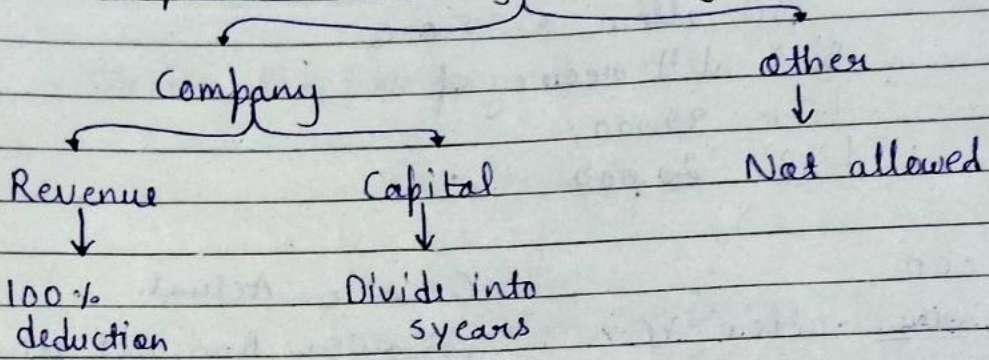
(I)	60,000		60,000	Actual.
	<u>35,000</u>	allow AO	<u>32,000</u>	Bad debt recovery
	<u>25,000</u>	Dis. allow.	<u>28,000</u>	
	→ income inc. already.			

32,000 out of 25,000 Recovery
 \therefore 7,000 Income.

(II) Recovery = 20,000
 already income = 25,000

\therefore Income = 0.

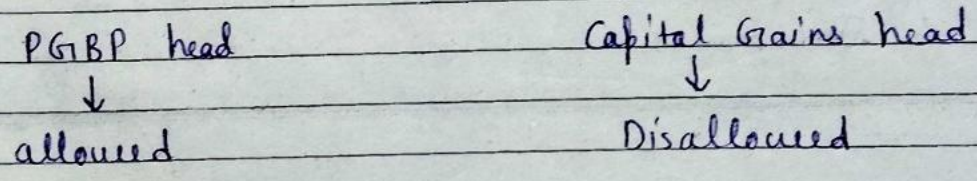
(8) Expenses on Family Planning :- (Business family planning exception)



Eg. PY 24-25 Cap. exp 2l
P&L Dr ??

$$2l \div 5 = \underline{40,000}$$

(9) Security Transaction Tax / Commodities Transaction Tax
(STT) (CTT)



Eg Share purchase = 1000
STT pay = 2

Share sell = 2000
STT pay = 5

- Cost (PGIBP) = 1002
- if Cap. gain = 1000 Cost

• Sale Value (PGIBP) = $\frac{2000}{1995} = (5)$

• Cap gain = 2000

Eg 6.26

* Section 37

Income tax amount & Interest Penalties

- Income Tax pay → Expense → (NO) → D₁. P&L. ^{deduction (x)}
- Income Tax Refund → Income → (NO)
- Income tax Act → Interest pay → Expenses → (NO)
- Income tax Act → Interest rec. → (Yes) → IOS head

Eg Refund delay → int rec. 6% p.a.

- Penalty paid
 - Breach of any Business Contract → exp → (yes)
 - Any law Breach → exp → (NO)

* Section 40A (2)

Excessive Payment ^(or GST payment) to a Related party the excessive ^(or GST amt disallow) Disallow

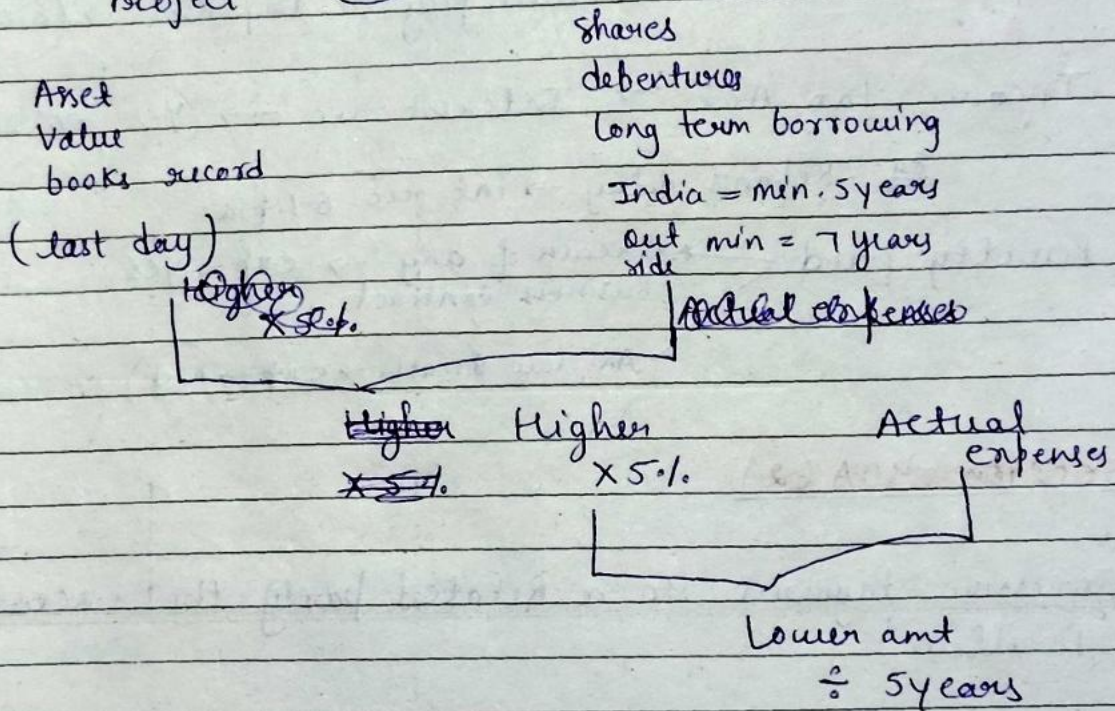
Eg: family / sub / Director / P. firm etc.

Goods purchase = 3 lakh
 Face Market Value = 2.65,000
35,000 Excessive → Disallow
 (P&L → less → then → Add back)

* Section 35D

Preliminary expenses
 ← Bus start
 Preliminary exp.

- Cost of the Project
- Capital employed.



Que A Ltd.
 Cost of project 40l
 Cap. employed 60l
 Actual preliminary exp. 40l
 Find exp. allowed u/s 35D.

Cost project

40l

exp.

60l

Higher 60l \times 5% = 3l

3l vs Actual 4l

Lower

$3l \div 5 \text{ year} = 60,000.$

Ans

Particulars	Amt (€)
Capital employed	60l
Cost of Higher project	40l
Higher of above 2	60l
Amt. allowed is lower of	
(a) 5% of 60l	3l
or	
Actual exp.	4l
\therefore Amt allowed \times amt allowed per year.	3l
For 5 years ($3l \div 5 \text{ year}$)	<u>60,000</u>

Que Mr. A.

Cost of the project 90l

Actual exp 3,80,000

Find dedⁿ allowed

$$\text{Project} = 90l \times 5\% \\ 4,50,000$$

Actual exps
380,000

Lower 380,000 \div 5 years

76,000 per year allowed

Lec 11 10 Mar 2nd Lec

* Section 35 DDA Expenses for VRS (Voluntary Retirement Scheme)

Expenditure =

- Allowed on basis of payment basis
- Equally in 5 years (जबसे Payment कर तबसे start)
 5 years \leftarrow में equally
 एक-एक
- starting from the year of Payment

Eg VRS to pay ₹ 10 lakhs
6 lakhs paid in PY 22-23
4 lakhs paid in PY 24-25

	22-23	23-24	24-25	25-26	26-27
6 lakh \div 5					
22-23 (+)	1.2l	1.2l	1.2l	1.2l	1.2l
24-25	80k	80k	80k	80k	80k
4l \div 5					
80k	1.2l	1.2l	2l	2l	2l

(100% Que aaga)

* Section 43 CA

land & building → stock in trade
(PGBP head.
→ 43CA

Sale Value < S.D.V (Stamp duty Value)
(1.5 Cr) (2 Cr)

then SDV = Sale Value
(2 Cr.)

SDV ??

Agreement Registration

On or before Date of
agreement banking channel
Pay etc.

then Date of Agreement

If no
If cash ✓

Case 1

land sold on 8 Nov, 2024 for ₹ 50 lakhs.
Stamp duty Value

Date of agreement ₹ 60 lakhs
11.05.2023

Date of Reg. ₹ 57 lakhs
8 Nov 2024

₹ 5000 paid by UPI on 10 May 2023
(Banking channel)

Step 1 Decide S.D.V.

Date of agreement 60 lakh
because Amt paid by
banking channel on or before
date of agreement

Step 2 Sale Value < SDV
50 lakh 60 lakh
yes

∴ SDV = Sale Value
Sale Value = 60 lakh

Case 2 Sale Value = 1 Crore
SDV

17 Nov 2023 Agreement 1.25 Crore

30 Oct 2024 Reg. 1.30 Crore

₹ 6000 paid by Crossed Cheque on 17 Nov 2023.
Cash.

Step 1 Decide SDV.

Cash (X), ~~Crossed~~ ^{Crossed} (X) Bearer (X)

SDV = Date of Reg. 1.30 Crore.
Because amt of token paid by Crossed cheque
which is considered as equivalent to Cash.

Step 2 Sale Value < SDV
1 Crore 1.30 Crore.

Yes

SDV = Sale Value = 1.30 Crore.

Note :- 10% Variation allowed

(Builder point of view)

↳

Sale Value 921 } Actual diff 8 lakh
SDV {1 Crore} } (₹ 8 L)

Diff. allowed 10% diff on Sale Value.

$921 \times 10\% = 9.2 \text{ lakh ₹}$

Diff allow = 9.21

Actual diff = 8 lakh → within limit

9.2 lakh = Sale Value

step 3 Actual diff = 5 lakh

step 4 Diff allowed

$$\begin{aligned} \text{Sale Value} &\times 10\% \\ 40 \text{ lakh} \times 10\% &= 4 \text{ lakh} \end{aligned}$$

step 5 Actual diff > Diff allowed
5 lakh > 4 lakh

∴ 45 lakh sale Value

* Dispute regarding Stamp duty Value

Appeal
↓
Decision
Final

Refer the Case
to Valuation
officer (VO)

Assessing
officer = 2 Crore

Eg SDV 5 Crore AO (Assessing officer)

↓
VO (Valuation officer)

Value
6 Crore

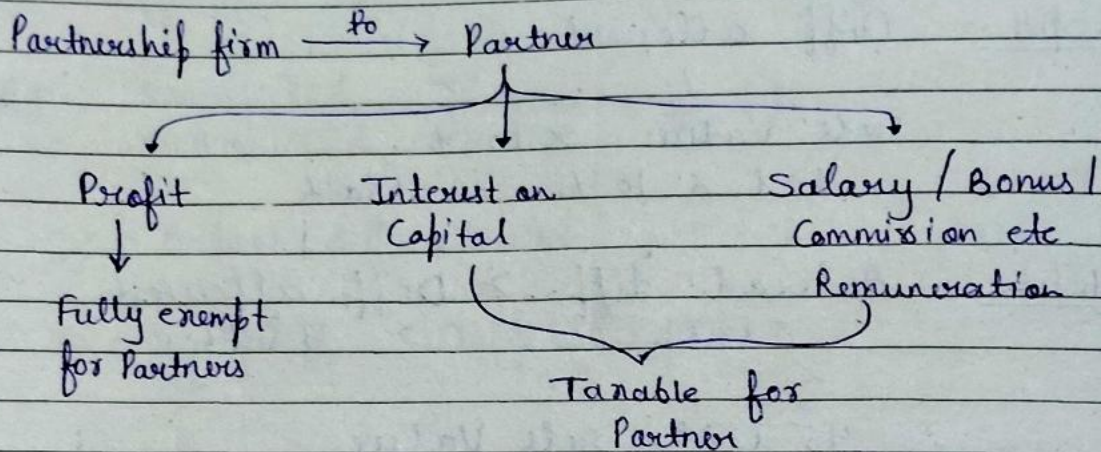
or

Value
4 Crore

Surcharge -
1 Cr = 12%

Tax rate = 30%

Taxability in Case of P. firm



(1) Interest on Capital

From Partnership firm's point of View

- Interest on Capital → firm exps. → P&L Dr. → max. 12% p.a. dt
- Remuneration to Partner → P&L Dr. → will depend upon the Book profit.
(Salary, Bonus, Commission)

→ Calculation of Book profit

- Book profit upto 6 lakh → 90% of B. profit or 3 lakh } Higher
- Over & above 6 lakh → 60% of Book profit

(a) P&L Given (Profit / Loss)

xxx

(b) less : Income Taxable under the
other heads (IOS)

(xxx)

(c) • Remuneration to partner

(I) If already deducted in
P&L
(Then add back)

(+)

(II) If not yet deducted in
P&L
(Then No Treatment)

(d) • Interest to partners

(I) If already deducted up to
12%.

(Then No Treatment)

(II) If already deducted more
than 12%.

(Then Over & above add back)

(III) If not yet deducted
(Deduct in P&L up to 12%.)

(e) Unabsorbed depreciation
(minus Karo)

(-)

(f) Carry forward Not allowed to
deduct

Book Profit

xx

Question for Calculation of Book profits :

• Purchase	10 lakh	Sales	30 lakh
• Remuneration to Partners (Add back)	3,40,000	HP income	4 lakh
		↳ other head	(-)
• Interest @ 15%	150,000		
Profit	<u>19,10,000</u>		

Note: Clf loss 2 lakh
unabsorbed dep. 2,70,000

$15\% \times 1.5L = 2.25L$
 $12\% \times 2L = 2.4L$
 1:2:1 Allow ^{1.5L} (1.25L)
 Disallow 30k
 Add back

Particulars	Amt
(a) Given profit	19,10,000
(b) less HP income	(4,00,000)
(c) Add Remuneration to Part	
Int. 15% = 150,000	
allowed 12% = <u>(1,20,000)</u>	30,000
$\frac{150,000 \times 12\%}{15\%}$	
Disallowed <u>30,000</u>	
(d) Carry forward loss → Not allowed	
(e) unabsorbed depreciation	2,70,000
Book Profit	<u><u>16,10,000</u></u>

In the given Que. Book profit is ₹ 16,10,000

16,10,000

6,00,000

3l or 90%

10,10,000

X 60%

540000

⊕

= 6,06,000

Remuneration allowed = 11,46,000

* Calculation on the Basis of Book profit :-

Case 1) Book profit 4,00,000
Remuneration allowed ??

$$\begin{array}{l} 4 \text{ lakh} \rightarrow 90\% \\ \text{or} \\ 3 \text{ lakh} \end{array} \left. \vphantom{\begin{array}{l} 4 \text{ lakh} \\ \text{or} \\ 3 \text{ lakh} \end{array}} \right\} \text{Higher} \rightarrow \underline{\underline{3,60,000}} \quad \left(4,00,000 \times 90\% \right)$$

2) Book profit 1,40,000
Remuneration allowed ??

$$\begin{array}{l} 1,40,000 \rightarrow 90\% = 1,26,000 \\ \text{or} \\ 3 \text{ lakh} \end{array} \left. \vphantom{\begin{array}{l} 1,40,000 \\ \text{or} \\ 3 \text{ lakh} \end{array}} \right\} \text{Higher} = \underline{\underline{3 \text{ lakh}}}$$

3) Book profit = 0

$$\text{Higher} = \underline{\underline{3 \text{ lakh}}}$$

4) Book profit = (2 lakh) loss

$$\text{Higher} = \underline{\underline{3 \text{ lakh}}}$$

5) ^{*} Book profit = 11 lakh

$$\begin{array}{l} 11 \text{ lakh} \times 90\% = 9,90,000 \\ \text{or} \\ 3 \text{ lakh} \end{array} \left. \vphantom{\begin{array}{l} 11 \text{ lakh} \\ \text{or} \\ 3 \text{ lakh} \end{array}} \right\} \text{Higher} = \underline{\underline{9,90,000}}$$

$$6l \times 90\% = 540000$$

$$5l \times 60\% = 300000$$

$$\underline{\underline{8,40,000}}$$

Higher = 8,40,000

Que Calculate book profit & Remuneration allowed in the Given Case

P&L	
Purchase 9 lakh	Sales 20 lakh
Int @ 2,20,000 @ 11%	agri income 3 lakh
Profit <u><u>11,80,000</u></u>	

Note = Rem. paid = ₹ 7,10,000

Clf loss = 60,000

unabsorbed dep = 84,000

Particulars	₹ (Amt)
(a) Given profit	11,80,000
(b) less Agri Income	(3,00,000)
(c) less unabsorbed depreciation	(84,000)
Book profit	<u><u>7,96,000</u></u>

Remuneration allowed.

on first 6l

5,40,000

90% } Higher.

or

3l

On remuneration
(96000 × 60%)

1,17,600

Remuneration allowed in P&L

6,57,600

Q Find income under the Head PGBP

P&L given	1180,000
(-) Agri income	(3,00,000)
(-) Rem. allowed.	(6,57,600)
(-) Clf loss	(60,000)
(-) unabsorbed	(84,000)
	<hr/>
PGBP	<u>78,400</u>

(or)

option (2)

Book profit Given

7,96,000

(-) Remuneration

(6,57,600)

(-) Clf loss

(60,000)

78,400

Lecl3 11 Mar 2nd Lec

<u>Que</u>	<u>Given P&L</u>	
Purchase	7l	Sales 28 lakhs
Remuneration to Partner	13l.	Rent Rec from building 6,40,000
Stationary Exp.	3,30,000	Agri income 3,70,000
Salary exp.	2,00,000	
Profit	<u>15,77,000</u>	

Note Capital of Partner is ₹ 43 lakhs
@ int. is @ 9.8% p.a.
C/f loss = 12,800
unabsorbed depr. = 2,13,000

Find income under PGBP.

Particulars	(₹) Amt
Given profit	15,77,000
less Rent Received (Taxable under HP)	(6,40,000)
less Agri income [exempt u/s 10(1)]	(3,70,000)
Add Remuneration to Partner	13,00,000
less Int. to Partner (allowed) 43 lakhs x 9.8%	(4,21,400)
less C/f loss (not allowed)	
less unabsorbed dep.	(2,13,000)
<u>Boo profit</u>	<u>12,32,600</u>

WN 5

- Remuneration allowed on the basis of book profit
upto 6,00,000
90% of 6L } Higher 5,40,000
or
3L

On balance 632600 \oplus
X 60% 379560

Rem. allowed 919560

→ Calculate income under the head PGBP.

Particulars	(₹) Amt
Given P&L	1577000
less Rental income (HP)	(640000)
less Agri income [exempt u/s 10(2)]	(370,000)
Add. Remuneration already deducted in P&L	13,00,000
less Premium Rem. allowed for per the I. Tax Act <u>WN 5</u>	(919560)
less int. allowed 43L X 9.8%	(421400)
less Clf losses	128000
less unabsorbed dep	213000
PGBP	<u>185040</u>

Gross total income :-

PGBP 185040
HP (640000 - 30%) + 448000 (Rent Rec)

GTI 633040

OR

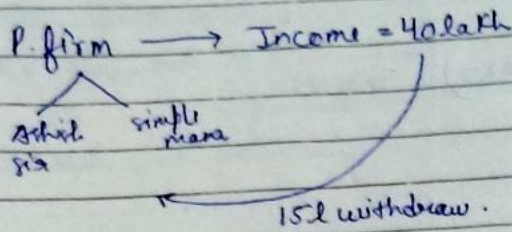
PGBP

Book profit 12,32,600
less (-) Rem. calculate. (9,19,560)
less Cif losses (1,28,000)

PGBP

18,50,40

* Tax treatment in the hands of the Partners:-



∴ Allowed = 11L.

40L <u>(15L)</u> <u>25L</u>	40L <u>(11L)</u> <u>29L</u> → firm.
-----------------------------------	---

15L $\left\{ \begin{array}{l} 11L \text{ income} \\ 4L \text{ exempt.} \end{array} \right.$

- P. firm = Expenses → Partners income
- P. firm = Expenses disallow → Partners Exempt.

Eg

Rem. paid to Partner = 7 lakh
Book profit = 5 lakh

∴ Rem. allowed = 90%. 450000

~~5 lakh~~

4.5 lakh → allowed → Exp. P. firm → Income.

- Payment 7,00,000
- Allowed 450,000 → Taxable to Partner.
- Disallowed 250,000 → Partner's exempt.

⌈ firm
⌋ ⊕ Add back profit

(Eg)

Book profit = ₹10000

Rem pay = ₹1

Rem. allowed.	62	110000
	90%	X 60%
	<u>540,000</u>	<u>66,000</u>

Allowed. 60,6000

firm allowed = 606000

firm disallow = 94000

Partners

Income ✓

exempt ✓

* Section 44AA → Book of Account maintain

Section 44AB → Tax Audit

Section 44AA

(I) Specified Professional

check ~~the~~ last 3 PY

In all
3 PY

Gross receipt /
sales /
Turnover

(more than)
> 1.5 lakh

Proper Books maintain

(Journal / ledger / Cash book /
Invoice min ₹25, Pay vouchers min ₹50)

In all 3 PY

GR is not > 1.5 lakh

maintain such books so
that AO can calculate

Assessing officer Income.
Income calculate tax Payer.

(Eg)

Current year 24-25

	(I) Gross receipt	(II)	(III)
23-24	2l	3l	2l
22-23	1l	2l	1.5l
21-22	4l	4l	4l
Books profit	No	Yes	No

(II)
Individual / HUF

Existing Business

New Business

Last 3 PYs

TI > 2.5l

(or)

TIO > 25l

in any 2 of the last 3 years

↓
yes.

Proper books

(same)

If these limits are likely to exceed

↓
yes.

Proper books

(III)

Others (AOP / BOI / AJPI)

Existing Business

New Business

Last 3 PYs

TI > 1.2l

or
TIO > 10l

If any 2 of the last 3 PYs

↓
yes

Proper books

Same

likely to exceed

↓
yes

Proper books

Eg Individual

	T I	T 10
23 - 24	1 lakh	10 lakh
22 - 23	2 lakh	30 lakh →
21 - 22	2.5 lakh	20 lakh

Reason book of A/c maintain

24 - 25 → Proper Book maintain ??

Yes 30 lakh
maintain Books of A/c → AY end + 6 years.

PY 23 - 24 → AY 24 - 25 → 31.3.2025
 31.3.2025
 + 6 days
 31

Non-Compliance → Penalty upto ₹ 25,000.

Section 44AB

(I) Tax Audit

Business

Normally
T.O. > 1 Crore
Audit yes ✓

But if
Cash receipt &
Cash payment
man. upto 5%
↓

T.O. > 10 Crore
audit yes ✓

Professional
Gross receipt > 50 lakh
Tax audit ✓

Penalty \rightarrow 1.5 lakh ^{half of TLo.} or Turnover $\times 0.5\%$
} Lower

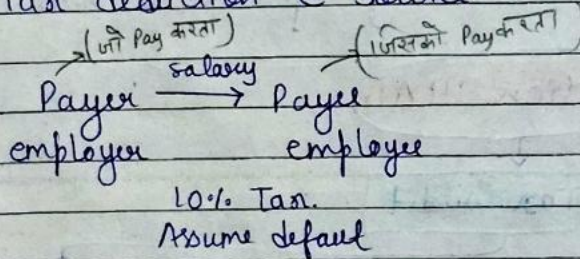
Eg Turnover = 4 crore
 Audit \times nai karaya
 Penalty ??

$4\text{Cr} \times 0.5\% = 2\text{L}$ or 1.5 lakh
} Lower
 1.5 lakh \rightarrow Penalty

* Expenses Disallowed under section 40
TDS Default

TDS = Tax deduction ^{at} @ Source

Mechanism of TDS



\rightarrow TDS = 7th of next Month

Sep - 7 Oct
 Feb - 7 Mar
 Mar - 30 April
 (Jyada Kam manage kunge)

TDS Default [3 scenarios]

\rightarrow TDS default galti

(1 scenario)

Payment to NR / outside India (40(a)(iii))
 \downarrow
 of salary

\rightarrow cut \times naitia TDS
 \rightarrow cut \checkmark tak hia deposit \times nai kara

TDS not deducted & deposited upto the monthly due date i.e. 7th of the next month
 \rightarrow Permanent disallow $\rightarrow 100\%$

(2 Scenario)

Payment to NR / outside India (40(a)(ii))



of other than salary
(interest, Technical fees etc)



not deducted & deposited up to due
date of Return filing



Temporary disallow → 100%

(3 Scenario)

Payment to Resident



Any amount (40(a)(ia))



not deducted & deposited up to due
date of Return filing



Temporary disallow → 30%

~~24~~ TDS deposit date = Generally 7th of the next
month

• March → 30 April

Que ① Saumya paid salary to NR on 8 Nov 2024 of ₹ 4 lakh
 & deposited TDS on 11 Dec 2024 (4L disallow ¹⁰⁰%)

② she also paid salary to Mr Aryan amounting
 Feb 2025 to ₹ 13 lakh on 6th Feb ~~2025~~ 2025 & deposited
 7 Mar due date the amount with the govt on 6th Dec 2025

Find amt to be disallowed Assuming audit is applicable
 (25-26) → wapas (-) kar sakte hai (3.9L) (-)
 (ITR) → 31.10.2025

• NR Salary < 8 Nov 2024 Actual deposit
 Due 7 Dec 2024 TDS 11 Dec → late.

4 lakh disallow = ① = ②
 = 100% = Permanent

• Salary to Aryan
 Resident → Any amount.

13 lakh Pay.	Assume Audit	Deposit
6 Feb 2025	Due date ITR 31 Oct 2025 tax deposit	6 Dec 2025 ↳ late

PY ~~23~~ 24-25

30% disallow

13L x 30%

= 3,90,000 disallow

Presentation (Provision)

②

As per the Section 40(a)(ia) of the Income tax Act 1961,

In Case any payment is made to a Resident the TDS amount should be deposited with the govt. till the due date of Return filing of the relevant F.Y.

In Case the amount is not deposited within time, 30% of expenditure will be disallowed and late [when it is actually paid the amount will be allowed in the F.Y.] extra, nai likhe toh B sak

Now,

In the given Case amount is paid to a resident of ₹ 30l. and audit is also applicable, so the due date of ITR will be 31.10.2025, but the TDS is deposited 6 Dec 2025, therefore 30% amount will be disallowed in the current year.

$$\text{So, } 13\text{l} \times 30\% = \underline{\underline{3,90,000}}$$

∴ 25-26 → allowed hoga.

Lec 15 12 Mar 2nd Lec

* Key point to Remember
(For scenario II & III)

TDS deduct = During the PY

(+) &

TDS deposit = Till due date of return filing.

↓

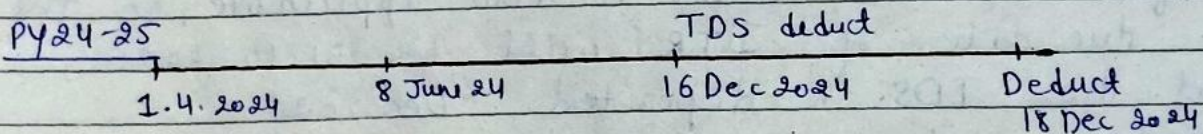
Both are satisfied.

↳ Expense will be allowed in the CY only.

Que 1 Professional fees paid on 8th June 2024 of ₹ 6 lakh
TDS deducted on 16 Dec 2024 & deposited on
18 Dec 2024.

Payment to Ms. Kumkum.

Find amt. to be disallowed.



PY 24-25

During the year deduct → Yes

& deposit before ITR filing → Yes

∴ full amt will be allowed in this year

Que 2 Payment on 9 July 2024

TDS deducted on 2 April 2025

TDS deposited on 3 April 2025

Amt = 7 lacs

9 July 2024
24-25

31 March 25
TDS
deduct

March 2025
31st 2025
deposit.

TDS deduct (X) No.

TDS deposit (+) Yes

ITR filing.

Exps disallowed = 100%.

Temporary = 7 lakh

Que 3 Payment of Royalty to Jai on 16 June 2024 ₹ 9 lakh

• TDS deducted on 18th Feb 2025 & deposited on 30 Dec 2025

Find amt to be disallowed.

TDS. Cal.

16 June 2024 18 Feb 2025 31.03.2025 30 Dec 2025

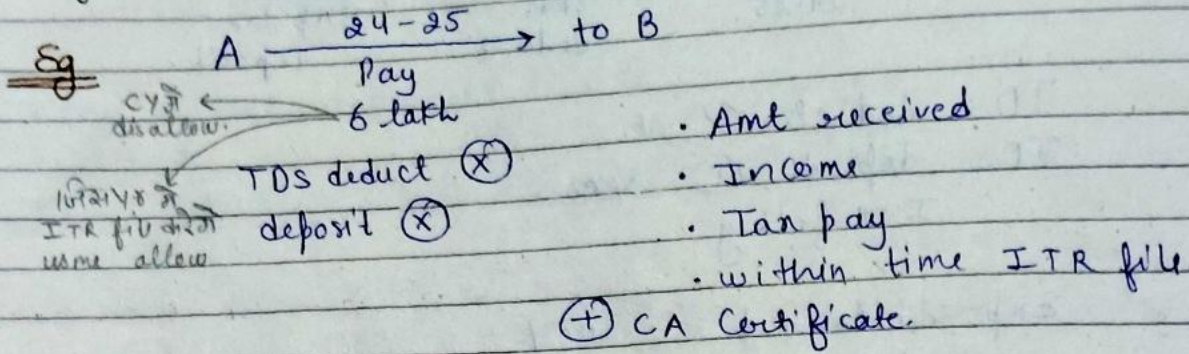
TDS deduct during → Yes.

within due ITR deposit date.

disallowance.

i.e 9 lakh @ 30% = 2,70,000.

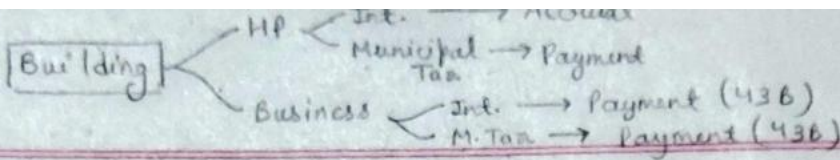
* Payer not to be Considered as Assessee in default



- ⊙ Payer \rightarrow Assessee in default (X) Penalty (X)
- ⊙ Expenditure \rightarrow Payer CY \rightarrow Disallow.
- year ~~Payer~~ of filing return \rightarrow Allowed by Payer.

Que Amt paid ₹ 15 lakhs to a 'R' on which payer defaulted in deducting TDS.
Amt paid on 2 Jan 2025
But payee paid Tax on such 15 lakh & filled ITR on 6 June 2025

<p>2 Jan 2025</p> <hr/> <p>PY 24-25</p> <p>TDS (X)</p> <p>Disallowed</p> <p>15L x 30% <hr/>4.5L</p> <p>Payer is default (X) Assessee in</p> <p>22-23 - Exp. disallow</p>	<p>Payee</p> <hr/> <p>15 lakh</p> <p>Tax pay ✓</p> <p>ITR file ✓</p> <p>6 June 2025</p> <p>PY 25-26</p> <p>4.5 lakh allowed.</p>
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Section 43 B

Expenses → allowed on Payment Basis → Pay till this the due date of Return filing
 (like) (31 July) (31 Oct) (30 Nov)

Pg 6.36

Poem

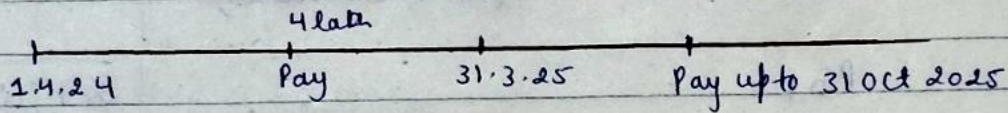
naï dia MSME or Railways or सरकारी Tax - Bonus - Commission Bhi naï Banta.

PF - leave encashment ~ ~ ~

Eg

Bank sc loan → Int Pay 4 lakh

• Audit applicable.
 ↳ ITR date 31 Oct.



If paid upto ITR → 24-25 Exp.

If late = Current Year disallowed
 Year pay → Allowed.

Que

Altd. PY = 24-25

Purchase	(70,000 Add back) 10 lakh	Sales	40 lakh.
GST	7 lakh		
Int. to Bank	11 lakh		
Profit	12 lakh		

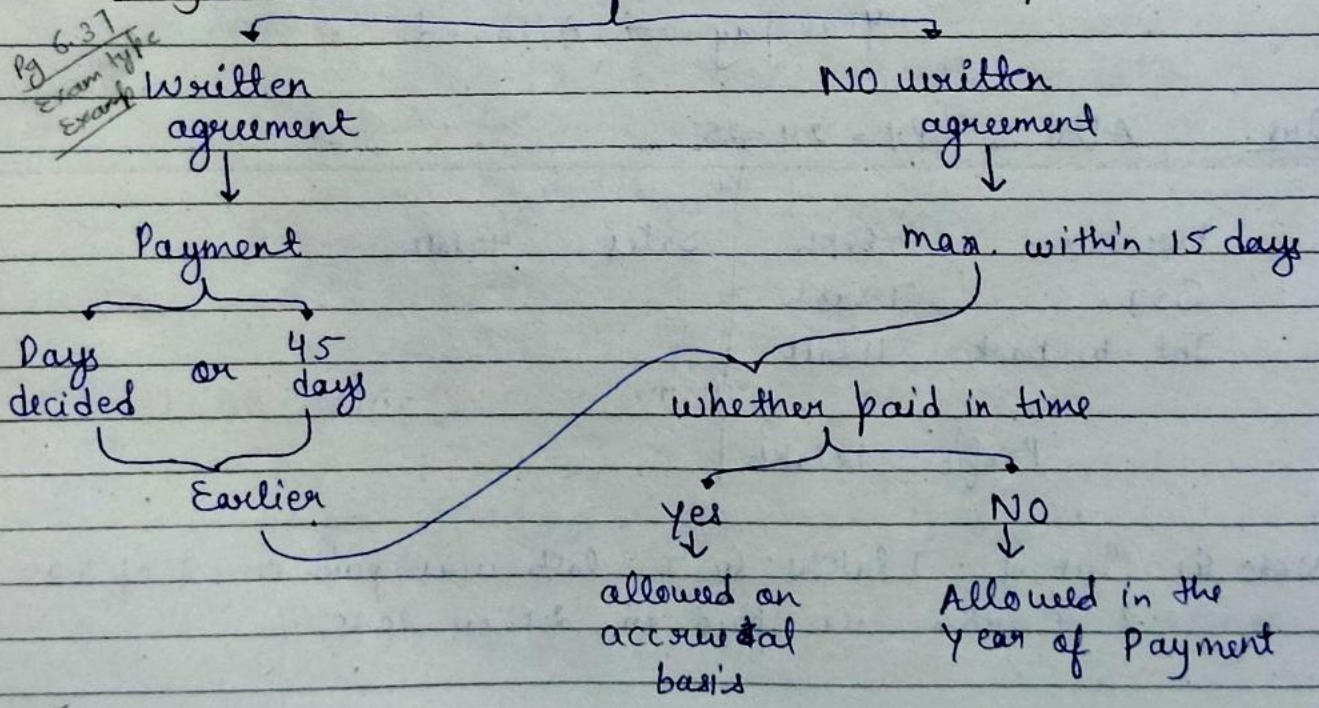
Note (i) Out of 7 lakhs GST, 3 lakh was paid on 9 Sep 2025 & 4 lakh was paid on 2 Nov 2025

- (ii) Int. to Bank was paid on 4 Dec 2025
- (iii) 70,000 purchase was in Cash.

Find Income under PGBP.

Given profit	12,00,000
Add Cash purchases (disallowed u/s 40A(3))	70,000
Add GST paid after due date of Return filing (disallowed u/s 43B)	4,00,000
Add Int. to Bank paid after ITR due date (43B disallow)	11,00,000
PGBP	<u><u>27,70,000</u></u>

* Payment to micro or small Enterprise



* Converting interest into Principal

Eg loan = 400 } Repay (X)
Int = 100
Liability 500

Bank arrangements = Interest 100 $\xrightarrow{\text{Convert}}$ Principal

Converting Int. to principal is not a payment. So cannot be deducted.

But later on when the amt is actually paid, the int. can be deducted.

* Presumptive Income (Assume)

(1) Section 44AD

- Business
- T/over max upto 2 Crore
- Benefit

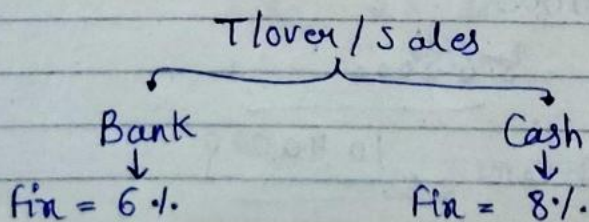
↳ Books & Audit not maintain

- 'R' (Indi, P/firm, HUF)
- Not eligible.

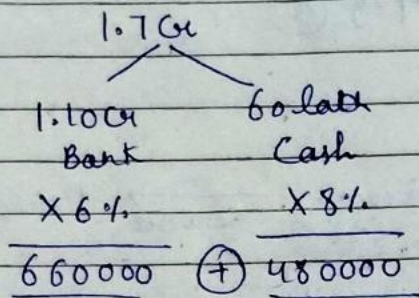
Agents, Brokers, professionals, Transporters
(44AD) (44ADA) (44AE)

If Rec. in Cash then max 5%.
Then, Limit = 3 Crore.

Income Calculation



Case 1) T/over 1.7 Cr
1.10 Cr Rec in Bank income ??



11,40,000 → slab rate calculate then pay tax.

② T/over 2.2 Cr.
Cash 1.55 Cr.

Find Presumptive income u/s 44AD.
44AD Not applicable > T/OU 2 Cr.

Note : Amt. rece. in Bank till due date of return filing is considered as Bank receipt & the balance amount not rec. till the due date is considered as Cash.

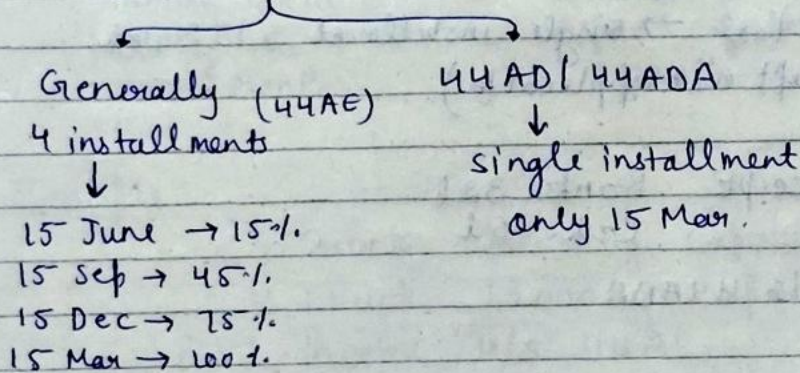
Eg PY = 24-25 T/over = 1.5 Cr. → 6%
Bank rec. till 31 July 2025 80 lakh
Cash receive 30 lakh & 40 lakh is not yet received
Find income u/s 44AD → 8% → Cash.

Bank	80 l	}	70 l x 8% = 560000
Cash	30 l		
amt not rec. Cash	40 l		
			<u>Income</u> <u>10,40,000</u>

* Other relevant points

- PGBP exp (X) deduct → Not allowed.
(44AD & 44ADA)
- P.firm → Partner (X) Rem. int.
Not allowed
- Clf loss → less yes (✓)
- Deductions → 80c / 80D etc → deduct yes (✓)
(Income based deduction → Not allowed)

• Advance Tax



Eg 44AD → opt → next 5 years → 44AD
but if opt out → next 5 years 44AD (X)

44AD 22-23 + 5 years → 27-28 Feb

Eg 25-26 opt out → 30-31 Feb
44AD (X)

Lec 17 13 Mar

*2) Section 44ADA (Presumptive Income)

- Professionals → If Cash receipt max upto 5% then limit = 75 lakh.
- GR max upto 50 lakh
- Resident (Indi / P/firm)
- Rate. → T10 / GR → 50%.
- PGBP expenses → Not allowed
- Partnership firm exp → Not allowed
- Clf losses → allowed
- 80C / 80D deduction → allowed
- Installment Adv. tax → single installment = 15 March.
(5 years concept not applicable)

Eg Doctors G. receipt Bank 32l
Cash 16l

Find income u/s 44ADA

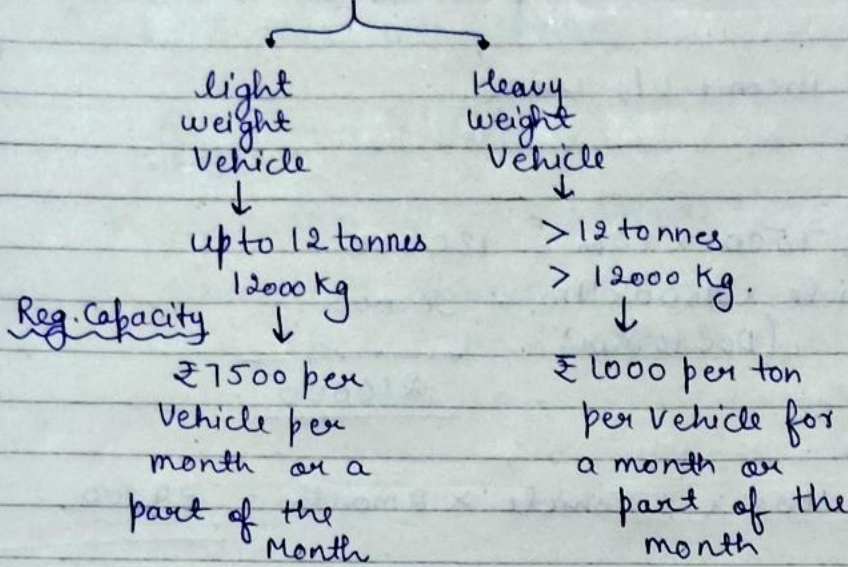
$$GR = 32 + 16 = 48l$$

$$\text{Income Rate} = 50\%$$

$$\text{Income} = \underline{\underline{24l}}$$

(3)* Section 44AE (Presumptive Income)

- Transporters
- Any Assessee
- Max 10 Vehicles



Example

3 Truck 11,000 Kg Capacity
4 Truck 13,000 Kg Capacity
Find income u/s 44AE

~~200000~~ → 11000 Kg light weight
⇒ 7500 × 12 month × 3 Vehicle
⇒ 2,70,000

→ Heavy weight Vehicle
13000 Kg = 13 ton
100000 × 13 ton × 12m × 4 Vehicle
⇒ 6,24,000

Income 44AE = 8,94,000

Que Mr. A is having 2 light weight Vehicles on 1 April 2024

One light weight Vehicle was purchased on
11 Dec 2024

One Vehicle of 17 tonnes was purchase on 27 Feb 2025

Find Presumptive income U/s 44AE.

→ light weight

$$2 \text{ Vehicle} \times 7500 \times 12 \text{m} = 180000$$

$$\text{Purchase 1 Vehicle} \times 7500 \times 4 \text{m} = 30000$$

(Dec to Mar)

$$\underline{210000}$$

→ Heavy weight

$$17 \text{ ton} \times 1000 \times 1 \text{ Vehicle} \times 2 \text{ month} = 34000$$

$$\underline{244000}$$

old Regime (80c)
whatif 5 years FD 80,000 rs. (Yes) deduction.
Cif loss 20,000 (Yes) ✓
unabsorbed dep. 30,000 No X
Partners rem. 40,000

$$244000 - 80000 - 20000 - 40000 = \underline{104000}$$

Que 4 Vehicle opening Capacity 15,000 kg
 2 Light weight Vehicles were pur on 17 June 2024
 * one out of it was sold on 25 Jan 2025
 1 Heavy weight Vehicle was sold on 13 Nov 2024

Find Income v/s 44AE.

1 → March
 Vehicle.

$$10m \times 7500 \times 1 \text{ Vehicle} = 75000$$

June → January

$$8m \times 7500 \times 1 \text{ Vehicle} = 60000$$

$$\underline{135000}$$

Heavy

$$3 \text{ Veh} \times 12m \times 15 \text{ ton} \times 1000 = 5,40,000$$

$$\text{Nov } 1 \text{ Veh} \times 8m \times 15 \text{ ton} \times 1000 = \underline{1,20,000}$$

$$\underline{\underline{6,60,000}}$$

$$\Rightarrow \underline{\underline{7,95,000}}$$

Other points :

5 years funda (X)

Adv tan 4 installments (✓)

P/firm Exp. Allowed (✓)

* Actual Cost

→ Gift / Inheritance.

Eg Case → Gifted to Himanshu on 6 May 2024
friend purchase 8 July 2021 for ₹ 20 lacs. Find Cost for Himanshu.

20 lacs

15%

15%

15%

Cost 12,28,250

→ Building → Private use $\xrightarrow[\text{Dep(-)}]{\text{to}}$ Business use

Eg Vipin Build pur. for self residence on 11 Nov 2019 & put into business use on 16 Aug 2024

Find Cost for business purpose

Building Purchase for 30 lacs.

Building purchase for 50 lakhs.

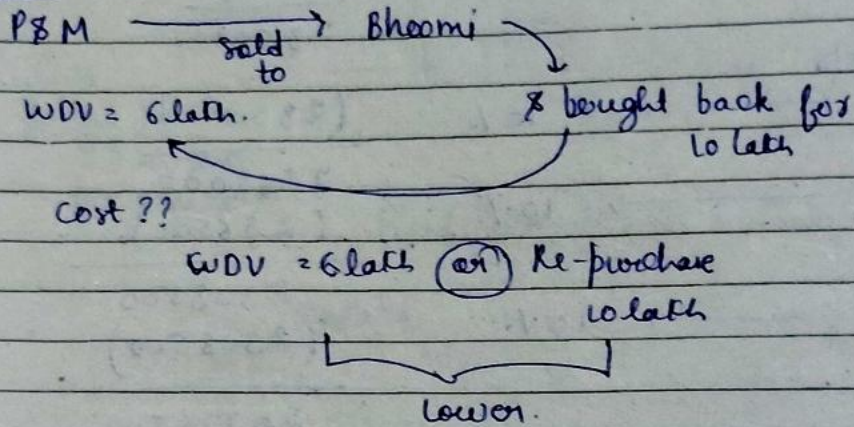
			30 lakh
19-20 (Half)	→	5%	<u>(1.5L)</u>
			28,50,000
11 Nov 2018			
20-21	→	10%	<u>(285000)</u>
			2,565,000
21-22	→	10%	<u>(256500)</u>
			2308500
22-23	→	10%	<u>(2308500)</u>
			2077650
23-24	→	10%	<u>(207765)</u>
			1869885
Personal use	→		<u>Business use</u>

Summary

- Gift / Inheritance → Business use
Dep (-)
- Building $\begin{matrix} \text{(Purchase Value)} \\ \text{(PV / use)} \\ \text{(Personal use)} \end{matrix}$ → Business use
Dep (-)
- Other Asset (Pvt. use) → Business use
Dep (-)
Eg. Car 10 lakh → Cost 10 lakh

* Sold & bought back

Srcha



Cost = 6 lakh.

* Interest exps for Assets

Business Building Construct loan.

- up to put to use \rightarrow Capitalize
- After put to use \rightarrow P&L Dcr.

eg loan taken for constructing building for business.

* Subsidy received from the Govt.

Case ① P&M purchase 50 lakh
Govt \times sub. received ₹ 13 lakh.

$$50 - 13 = \underline{\underline{37 \text{ lakh Cost}}}$$

Case 2) P&M 1 purchase = 30l
 P&M 2 purchase = 10l.
 sub. sec. 8 lakh.

(8 lakh) 3:1	30l	10l
	(6l)	(2l)
	<u>24l</u>	<u>8l</u>

* Asset (Actual Cost)

35 AD use / scientific research → Normal business use
 Cost = 0

⇒ Asset purchase & Cash > ₹10,000
 Then Cash part = ignore.

Eg. Asset purchase 1l x 20,000 paid in Cash.
Cost ??
 ⇒ 80,000

(Pg 6.18)

* Section 33 AB & Section 33ABA

Tea, Coffee, Rubber,
 development A/c
 ↓

- NABARD
- year end + 6 month }
 or } earlier
 ITR due date

- 40% } lower
 Actual deposit

site restoration fund.

↓
 SBI

↓

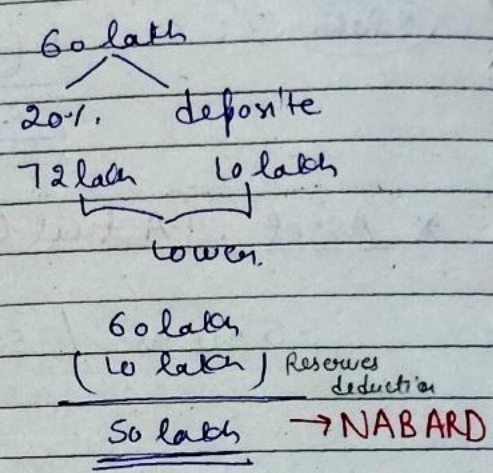
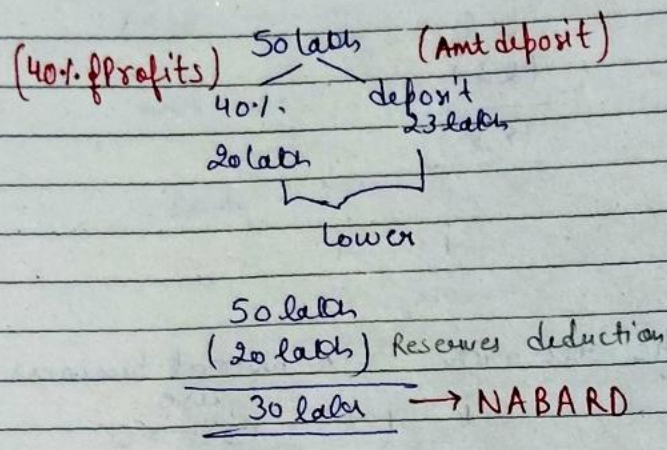
year end A/c

• 20% }
 (or) } lower

And deposit

Eg ① Profit 50 lakh
 deposit 23 lakh
 deducⁿ allowed??

Eg ② Profit 60 lakh
 deposit 10 lakh
 dedⁿ allowed??

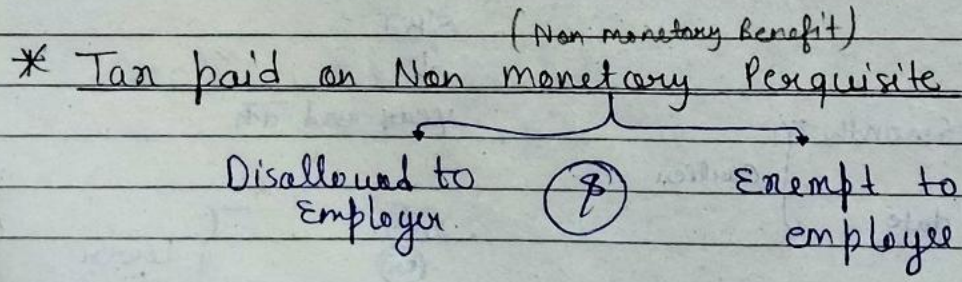


- Asset → Lock in → Purchase → year end + 8 years.
- IISBAC: Both sections (X) not allowed (New P&M purchase)

* Political party Expenses

GTI Business → PGBP → Disallow (+) Add back.

- Deductions Chapter → allowed (-) less Karina
 80GGB & 80GGC } 100% allowed → Cash (X)



Eg House given by employer to employee for stay
& Municipal tax of ₹ 20,000 is paid by
the employer.

Treatment

employer = 20,000 → Disallow
employee = 20,000 → exempt

* Actual Cost (Assets Actual Cost ??)

• Pure Asset = 1 Crore
↳ Cost

If Cap. exp. → then 100% deduct

• Asset → use for → scientific Research / 35AD use

↓

100% deduction ✓
de lia.

↓

Business use mai loss hain

∴ Cost = Nil

• Asset → sell (WDV = 50L)
Sale & buyback }
Re-purchase (50L)

Lower = Cost

↳ Block ✗

↳ Dep ✓

• Gift / will Asset rec. → Business use

Calculate Dep. (आज तक का)