



CA Amit Mahajan

Direct Tax - All Total Income Qs Adjustments compiled

Applicable to - Inter - Exams in 2026 and Jan 27 (CA / CMA / CS)

Relevant video links:

Super Revisions (DT) - https://www.youtube.com/playlist?list=PLpJVh7Fa6YKaH5iOL8NZUzUgbSz0_W1OK

Total Income Questions - Session 1 - <https://youtube.com/live/HuvSIZI9Z1I?feature=share>

Total Income Questions - Session 2 - <https://youtube.com/live/tYCLUP-SIvo?feature=share>

Telegram Link - <https://t.me/taxation0707>

Sr No	Particulars	Effect to adjustment	AM Notes
Past Paper Questions			
1	Administrative Charges include Rs 46,000 paid as commission to brother of Assessee. The Commission amount at the market rate in Rs 36,000	Unreasonable amount of Rs 10,000 will be disallowed	
2	The assessee paid Rs 33,000 in cash to a Transport Carrier on 26.12.2023. This amount is included in Manufacturing Expenses. (Assume that the provisions relating to TDS are not applicable on this payment.)	Limit of 35,000 is applicable u/s 40A(3) for the payments made to the transporter	
3	A Sum of Rs 4,000 per month was paid as salary to a staff throughout the year and this has not been recorded in books of account.	Allowed as deduction and reduce from NP Alternatively, you can also consider this as unexplained expenditure and tax @ 78%	



4	Loss on sale of shares in P/L dr side	Disallow and give impact in Capital Gains Head (setoff)	
5	Housing Loan Principal repaid during the year was Rs 50,000 and it relates to residential property occupied by him. Interest on Housing Loan was Rs 2,60,000. Housing Loan was taken from Canara Bank. (Value of house property is Rs 45 Lakhs, loan value Rs 25 Lakhs and sanction date 31.03.2017).	Effect 1 2L in HP as deduction (Normal scheme only) Effect 2 50,000 as 80C deduction (Normal scheme only) Effect 3 Max 50,000 in Sec 80EE (Normal scheme only)	
6	Travelling expenses includes Rs 2,40,000 being expenditure incurred on a foreign tour to Taiwan for attending a business exhibition and meeting with vendors, out of which Rs 40,000 is incurred in Indian currency and Rs 2,00,000 in foreign currency. Mr. Raman has spent 10 days in Taiwan, out of which 4 days were utilized by him for attending marriage ceremony of a vendor's son.	Allowable since the same is incurred wholly and exclusively for business purpose	Alternatively, it is possible to assume that the proportionate foreign tour expenditure attributable to attending the marriage ceremony of a vendor's son is a personal expenditure. In such case, $Rs\ 2,40,000 \times 4 / 10 = Rs\ 96,000$ would be disallowed
7	General expenses include a sum of Rs 3,88,000 paid to a non-resident as fee for technical services without deduction of tax at source	Disallow 100%	



8	Fire insurance premium of Rs 66,000 for the entire building remained unpaid till 31st March, 2024 Ground floor is used for business purpose and first floor is let out	Allowed only half i.e. Rs 33,000 used for business purpose	
9	Expenditure of Rs 75,000, was paid to a scientific research association approved under section 35. Out of Rs 75,000, Rs 50,000 was utilised towards the purchase of land by the research association.	Allowed fully in Normal scheme Disallowed fully in Sec 115BAC	



10	<p>Mr. Raman purchased raw material from M/s. Paul Industries, a micro enterprise, for Rs 49,000 on March 10, 2024.</p> <p>However, the payment to M/s. Paul Industries was made on April 5, 2024 by cheque.</p> <p>No written agreement for payment existed between M/s. Paul Industries and Mr. Raman.</p> <p>Another supplier M/s. Kal Industries, a small enterprise, with whom also no written agreement existed for payment, was paid Rs 1,34,000 in cash on April 5, 2024 for purchase of raw material on March 31, 2024.</p> <p>Both M/s. Paul Industries and M/s. Kal Industries follow mercantile system of accounting</p>	<p>49,000 disallowed</p> <p>1,34,000 allowed</p> <p>But payment is made in CASH BHAIYAA - disallowed na???</p> <p>Nahi Bawa ye dekh - let's focus only on 1.34L. 1.34L is allowed as deduction on accrual basis as it is not falling Sec 43B - so deduction le liye in the current year.</p> <p>But when the actual payment is made in the next year it is made in CASH so yes it will be considered as deemed income in the next year.</p> <p>Current Year - NO impact Next Year - deemed income</p>	<p>Payment shall be made within 45 days in case there is an agreement</p> <p>If the agreement is not made then payment shall be made within 15 days from supply of goods.</p> <p>If not made, deduction is allowable in the year of actual payment</p>
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11	<p>Mr. Raman acquired a registered trademark on July 15, 2023 for Rs 2,00,000.</p> <p>Mr. Raman started using this trademark for his business from January 15, 2024. Mr. Raman omitted to enter any transaction relating to this trademark in his books of accounts</p> <p>Current PY - PY 2023-24</p>	25% depreciation @ half rate	
12	<p>Payment of salary of Rs 25,000 per month to sister-in-law of Mr. Rohit, who was in-charge of the Accounts & Receivables department.</p> <p>However, in comparison to similar work profile, the reasonable salary at market rate is Rs 20,000 per month.</p>	Sister-in-law does not fall in the definition of relative and thus, unreasonable salary paid shall not be disallowed	Relative - Spouse, Brother, Sister, LA, LD
13	<p>Conveyance expenses include a sum of Rs 12,000 incurred for conveyance from house to Care Hospital Pvt. Ltd. and vice-versa in relation to his employment.</p>	Disallowed	



14	Power and fuel expenses include a sum of Rs 6,000 incurred for generator fuel for providing power back up to the tenant Tenant pays power back-up charges to the assessee	Disallowed - not related to business Add Power back up charges in IFOS and reduce expenditure from IFOS income	
15	Administrative expenses include a sum of Rs 10,000 paid as Municipal Taxes for his house.	Disallowed - reduce it under HP computation	
16	He also paid tuition fees of Rs 40,000 for his Grand Daughter, which is debited to his capital a/c	80C deduction is not allowable as this section does not extend to grand daughters	Himself, spouse and children
17	Purchases include ₹ 2 lakhs relate to flowers and creepers directly purchased from a farmer in cash on 26.09.2024.	Allowed as restriction is not applicable if payment is made to the farmer (Rule 6DD)	
18	Repairs & Maintenance includes one-time deposit of ₹ 2,00,000 paid to electricity and water department.	Disallowed as capital expenditure	It is a deposit and not expense
19	Salary & wages includes salary paid ₹ 2,40,000 to her illiterate brother (reasonable salary as per market rate is ₹ 1,80,000)	Disallowed 60,000	
20	Interest amounting to Rs 2,10,000 for short payment of advance tax as per section 234B relating to the assessment year 2024-25	Disallowed	Payment towards Income Tax, Int on IT or Penalty is disallowed



21	Rs 3,50,000 paid to a contractor for carrying out whitewash work at factory premises. Tax was not deducted at source on this payment and the contractor did not file his return of income for the relevant PY.	Disallowed 30%	
22	Expenditure towards advertising charges in a brochure of a political party registered under section 29A of Representation of the People Act, 1951 - Rs 40,000 paid by way of cheque.	Disallowed under PGBP Also, not allowed u/s 80GGB / GGC	
23	Interest on term loans obtained from a co-operative bank not paid before the due date of filing of return of income - Rs 2,60,000.	Disallowed	
24	Industrial power tariff concession of Rs 2,50,000 received from the Central Government.	Add to income	Any assistance in the form of concession received from the Central Government would be treated as income
25	Expenditure pertaining to previous financial year (F.Y. 2023-24) was allowed on due basis, but paid in current financial year in cash on 18.01.2025: Rs 35,000	Considered as income in the PY in which such amount is paid in cash	



26	<p>Audit fee for the previous year 2023-24: Rs 75,000. TDS deducted but not deposited in the relevant previous year. However, TDS was deposited on 31.12.2024.</p> <p>Current PY - PY 2024-25</p>	<p>30% of 75,000 would have disallowed in PY 2023-24</p> <p>In the current year - 30% is allowed</p>	
27	<p>He purchased an annual publication on interior design from the local market for Rs 8,500 on 10th May, 2024 and paid whole of the amount in cash. He claimed depreciation @40% on the publication</p>	<p>Allowed as deduction</p> <p>40% depreciation</p> <p>Since the value is less than 10,000 paid in cash - depreciation is allowed</p>	
28	<p>Employee benefit expenses include a provision for gratuity of Rs 8 lakh made as per the actuarial report, out of which Rs 2 lakh has been paid on 30th December 2024, Rs 3 lakh has been paid on 31st January, 2025 and Rs 3 lakh has been paid on 30th April, 2025 before the due date of filing return of income</p> <p>Current PY - PY 2024-25</p>	<p>Allow the amount paid during the PY</p> <p>Allowed = 2L + 3L</p> <p>Disallowed = 3L</p>	<p>Provision of Rs 8 lakhs for gratuity based on actuarial report is not allowable as deduction. However, actual gratuity of Rs 5 lakhs paid during the P.Y. 2024-25 is allowable as deduction. Hence, the difference of Rs 3 lakhs has to be added back</p>



29	Depreciation includes Rs 50,000 charged on installation of solar lighting system on 10th November, 2024 at the factory premises which is used in the publishing of books on interior designing. The cost of installation was Rs 4 lakh. He also received subsidy of Rs 1 lakh from the Government of India for the installation of solar lighting system	Disallow depreciation of 50,000 and claim depreciation on 3L @40% Since the asset is held for less than 180 days and thus, half rate will be applicable	Any subsidy received from the government will be reduced from the cost of asset
30	Mr. Niraj paid Rs 20 lakh as tuition fees from his own sources, including Rs 2 lakh as development fees, to a foreign university for his son's postgraduate course. He has also paid Rs 4 lakh as interest on an education loan of Rs 35 lakh taken during the financial year 2024-25 from a bank for MBA course pursued by his daughter	Interest of 4 Lakhs will be allowable as deduction u/s 80E If 115BAC - no deduction	
31	Mr. Niraj by oversight did not record depreciation of Rs 1,500 on designer equipment in the books of account and, considering the amount insignificant, decided not to claim it	Allowed as deduction	



32	<p>He sold a large printing machine, the only asset in the block, which was originally acquired for Rs 3 lakh on 2nd October 2022 and depreciated at 15% per annum. The machine was sold on 1st July 2024 for Rs 2 lakh.</p> <p>Current PY = 2024-25</p>	<p>Capital Gains</p> <p>Short term capital gain on transfer of printing machine [Since the block cease to exist]</p> <p>Full value of consideration 2,00,000</p> <p>Less: WDV as on 1.4.2024 1,65,750</p> <p>Cost of machinery 3,00,000</p> <p>Less: Depreciation for P.Y. 2022-23 @15% 45,000</p> <p>Less: Additional depreciation for P.Y. 2022-23 @20% <u>60,000</u></p> <p>WDV as on 1.4.2023 1,95,000</p> <p>Less: Depreciation for P.Y. 2023-24 @15% <u>29,250</u></p> <p>WDV as on 1.4.2024 1,65,750</p>	<p>34,250</p>	
RTPs				
33	<p>Royalty of Rs 4.9 lakh was paid to Mr. Joy, a non-resident, on 30th June 2023 for the use of his brand 'Neo Home' without deduction of tax at source. The tax was subsequently deducted and paid in the financial year 2024-25</p> <p>Current PY - 2024-25</p>	<p>4.9 Lakhs must be disallowed in PY 2023-24 (100% disallowance)</p> <p>Since TDS is deducted and deposited in PY 2024-25, 100% of the expenses will be allowed in this year</p>		



34	Contributed 20% of basic salary in National Pension Scheme referred in section 80CCD regarding salary paid to an employee Mr. Ramesh who has withdrawn basic salary of Rs 5,00,000 and Dearness allowance is 40% of basic salary. 50% of Dearness allowance forms part of the salary	Excess contribution i.e., Rs 16,000 [Rs 1,00,000, being 20% of Rs 5,00,000 less Rs 84,000 being 14% of Rs 6,00,000 (Rs 5,00,000 + 20% of Rs 5,00,000)] has to be added back	Employer's contribution to NPS in excess of 14% of salary - Employer's contribution to the extent of 14% of salary i.e., basic salary plus dearness allowance forming part of salary would be allowed as deduction.
35	Some of the employees opted for retirement under the voluntary retirement scheme; a sum of Rs 3,40,000 was paid to them on 1st January, 2025	Allowed in 5 equal installments	If whole amount is deducted 4/5th amount shall be added back
36	Interest on loan includes interest paid @ 15% per annum on loan of Rs 12,00,000 which was taken from State Bank of India on 01.05.2022 for purchase of new electric car of Rs 15,00,000. The car is used for personal purpose. No amount is repaid so far	Interest will be allowed as business expense if used for business. If used for personal purpose, allowed as deduction u/s 80EEB (in case of normal scheme)	If this amount is mentioned in P/L dr side - add back to the NP



37	Depreciation allowable as per Income-tax Rules, 1962 is Rs 4,50,000 but during the calculation of such depreciation following addition was not considered: Motor car purchased for Rs 3,00,000 for supply of finished goods to dealers on 25-08-2024	Compute depreciation on Rs 3L @ 15% and add it to Rs 4,50,000	
38	An asset was purchased for Rs 6,00,000 on 23.7.2021 for conducting scientific research and the deduction was claimed under section 35 of the Income-tax Act, 1961. This asset was sold on 05-09-2024 for a consideration of Rs 4,00,000.	Considered as deemed income Lower of: 1. Sale proceeds (4L) 2. Deduction u/s 35 (6L)	
39	Administrative expenses includes expenditure of Rs 1,75,000, paid to a scientific research association approved under section 35. Out of Rs 1,75,000, Rs 50,000 was utilised towards the purchase of land by the research association Opted for 115BAC	Not allowed as deduction	



40	<p>He received Rs 3,00,000 from a debtor which was written off as bad in the year 2018-19. Amount due from the debtor (which was written off as bad) was Rs 5,00,000, out of which tax officer had only allowed Rs 3,00,000 as deduction in computing the total income for assessment year 2018-19</p>	<p>Amount disallowed in earlier year = Rs 2L</p> <p>Thus, tax paid on 2L</p> <p>Amount recovered in CY = Rs 3L</p> <p>Only differential amount will be taxable i.e. 1L</p>	<p>If 3L is already added to income in P/L = reduce 2L as tax is already paid on the same in the year in which AO had disallowed that expense</p>
41	<p>He owns an industrial undertaking established in a SEZ and which had commenced operation during the financial year 2019-20. Total turnover of the undertaking was Rs 200 lakhs. Export turnover received in India in convertible foreign exchange on or before 30.9.2024 is Rs 120 lakhs. This industrial undertaking fulfils all the conditions of section 10AA of the Income-tax Act, 1961. Profit from this industry is Rs 35 lakhs</p> <p>Current Year = PY 2023-24</p> <p>Opted for 115BAC</p>	<p>Add only 35L to income</p> <p>No deduction of exemption u/s 10AA (115BAC)</p>	<p>If not opted for 115BAC</p> <p>$10AA = 35L \times 120L / 200L$</p> <p>Current year is 1-5 years and thus, 100% of export profits are allowed</p>



42	<p>During the year, Mr. Shobhit purchased plant and machinery for Rs 55 lakhs for which he took loan from a scheduled bank. (Date of loan 1.5.2024 and rate of interest 11% p.a.). The asset was acquired on 1.7.2024 and put to use on 1.9.2024. The entire interest amount is debited to the profit and loss account.</p>	<p>Interest is allowed as deduction from 1/9/2024</p> <p>Interest for 4 m to be disallowed = $55L \times 11\% \times 4/12 = \text{Rs } 2,01,667$</p>	<p>Interest prior to put to use to be capitalized and interest after put to use is allowed as deduction as revenue expenditure</p> <p>Impact 2 Add this 2,01,667 to Rs 55,00,000 while computing depreciation</p>
43	<p>On 1.4.2024, the production manager working in the factory of Mr. Shobhit took voluntary retirement from the services.</p> <p>Mr. Shobhit paid him Rs 8,00,000 as compensation for his services under the Voluntary Retirement Scheme</p>	<p>Allowed in 5 equal instalments</p>	



44	<p>Mr. Shobhit purchased raw material from M/s Kamal & Sons, a micro enterprise, and M/s Hitesh & Sons, a medium enterprise, for Rs 51,000 and Rs 75,000, respectively on 15.3.2025.</p> <p>As per the written agreement with them, both the payment has to be made by 10.4.2025. Mr. Shobhit made the payment to M/s Kamal & Sons on 9.4.2025 and to M/s Hitesh & Sons on 15.11.2025</p> <p>Assessee follows mercantile system of accounting</p> <p>Current PY = 2024-25</p>	<p>Payment to Kamal (Micro Ent) = Allowed as deduction as payment is made within the determined limit</p> <p>Payment to Hitesh (Medium Ent) = Allowed as deduction</p> <p>43B restriction is applicable ONLY to small and micro enterprises and NOT to medium enterprises</p>	
45	<p>Mr. Shobhit purchased a new computer on 31st August 2024 and was put to use on the same day in his office. The payment was made as under:</p> <ul style="list-style-type: none">- Rs 28,000 paid in cash at the time of purchase of new computer on 31/08/2024- Rs 25,000 paid by account payee cheque on 05/09/2024 as balance cost of new computer	<p>Depreciation only on 25,000 as it is paid in account payee cheque</p>	<p>Since payment of Rs 28,000 made in cash in a day to a person exceeds Rs 10,000, the same would not be included in the actual cost</p>



46	He paid Rs 50,000 as life insurance premium taken on the life of his father who is dependent on him. The sum assured is Rs 8,00,000 and the policy was taken on 1.4.2015	Not allowed u/s 80C	
47	He also paid Rs 45,000 as life insurance premium taken on the life of his married daughter who is not dependent on him. The sum assured is Rs 5,00,000 and the policy was taken on 1.4.2017.	Allowed even though daughter is married	Remember - 80D father is included whether dependent / not and children only when they are dependent
48	On 1.10.2024, he withdrew Rs 1.50 crores in cash from two current accounts maintained by him with PNB Bank of India. There are no other withdrawals during the year	194N - 2% on 50 Lakhs After computing tax liability after cess reduce the TDS amount assuming that it is already deducted	Punters - in case you are unsure about the accuracy of your answer - please write a working note at least grab those marks - because ideally there will be 1/2 adjustments which are tricky due to which our final answer does not match or due to time constraints we can't complete the answer and thus, we won't get a chance to show this reduction. In such cases write a working note at least :)



49	During the year, Mr. Vaibhav had taken professional services from a lawyer in relation to a business dispute. The legal fees were amounted to Rs 1,00,000. Tax has been deducted on time but did not deposit it with the government within the due date. The TDS was later on deposited on 15th November 2025	30% disallowed	Allowed in the year in which TDS will be deducted and deposited with the government i.e. in PY 25-26
50	Vaibhav had renovated his office by engaging in the services of his brother, as the existing office premises had become very old and required refurbishment. The total payment made for the renovation amounted to Rs 2,50,000 which is reasonable to the extent of Rs 1,50,000.	1L disallowed = 40A(2)	
51	He purchased goods worth Rs 30,000 from Vishnu & Co., a micro enterprise, on March 01, 2025. According to the written agreement between them, the payment was to be made by 05th April 2025. However, he made payment to Vishnu & Co on 15th April 2025	30,000 disallowed in PY 24-25 Since the payment is not made within the time agreed in the agreement even though it is within 45 days	Deduction to be allowed in PY 25-26



52	As per restructuring agreement with the bank, the bank has converted unpaid interest of Rs 6,00,000 into a new loan account repayable in 20 equal annual instalments. The first instalment was paid in March 2025. Vaibhav claimed the entire interest amount of Rs 6,00,000 as an expense while computing his business income	30,000 allowed 5,70,000 disallowed Deduction is allowed in the year in which the loan is repaid Deduction = $6L \times 1/20$	Conversion of unpaid interest into loan shall not be construed as payment of interest for the purpose of section 43B
53	He contributed Rs 50,000 towards Tier I account of NPS during the year. Further, he has invested in five-year term deposit of Rs 1.5 lakhs	1.5L under 80C 50k under 80CCB(1B)	
54	Mr. Vaibhav had sculptures in the form of capital assets acquired in January 2015, for Rs 1,80,000. Later on, in F.Y. 2023-24, he started sculpture business and converted these capital assets into stock in-trade for his business. Fair market value at the time of conversion was Rs 3,50,000. Subsequently, he sold the stock-in-trade on June 10, 2024, for Rs 5,00,000. No entry has been made in books for conversion and sale of converted sculptures CII for F.Y. 2014-15: 240; F.Y. 2023-24: 348; F.Y. 2024-25: 363	Impact 1 - CG FVOC = 3,50,000 (-) COA $1.8L \times 348/240$ Pay Tax on CG in the PY in which the converted assets are sold Impact 2 PGBP Sale Value - 5,00,000 <u>(-) Cost = FMV i.e. 3,50,000</u> PGBP = 1,50,000	Both the computations will be in the same PY



55	Rs 25,000 paid to creditor for goods in cash	Disallowed u/s 40A(3) - payment in a day to a single person exceeds Rs 10,000 in any mode other than account payee cheque, DD, any other electronic clearing system	
56	<p>He paid a job charges for the value addition on the fabrics Rs 1,10,000 without deduction of tax to job worker by an account payee cheque</p> <p>Payer - Resident Individual aged 45 years engaged in the business having last year's T/O as 89 Lakhs</p>	<p>30% disallowed ONLY if the payer is required to deduct the TDS</p> <p>Applicable TDS is Sec 194C and Sec 194C is not applicable when the payer is an individual / HUF whose prev FY's T/O is in excess of Rs 1 Cr in case of business and 50 Lakhs in case of profession</p> <p>In the present case, the payer's last year's T/O is not exceeding Rs 1Cr and thus, there's no requirement to deduct TDS. <u>Full deduction is allowed of Rs 1,10,000</u></p>	
57	Subsidy of 20% on new machinery under technology upgradation fund Scheme from the Central Government which was credited to profit and loss account	Reduce subsidy from the cost of asset before claiming depreciation	
58	Insurance expenses include Rs 50,000 deposited with life insurance Corporation of India for the maintenance of her mother aged 70 years depended upon him and suffering from severe disability	<p>Impact 1 Disallowed as it is personal in nature</p> <p>Impact 2 Deduction u/s 80DD (normal scheme)</p>	Always check the scheme as most of the deductions are not allowed in Sec 115BAC - don't forget to write a working note



59	General expenses include revenue expenditure incurred for promoting family planning amongst its employees of Rs 75,000 Assessee - Mr Chamit	Allowed only to companies and thus, disallowed	Be careful re!!
60	On 01-03-2026, Mr. Yuvaan purchased raw material for Rs 30,000 from Kanha & Co., a medium enterprise as per MSMED Act, 2006, for which the payment was made on 18-04-2026. There was no agreement for payment period between them	43B restriction is applicable only to micro and small enterprise and NOT TO MEDIUM Enterprises	
61	Mr. Yuvaan repaid housing loan principal and interest of Rs 75,000 and Rs 80,000 respectively, availed for purchase of let-out house property Opted for 115BAC	Interest deduction is allowed u/s 24(b) in HP Restriction is applicable only in case of SOP and not LOP No deduction in Sec 80C for the housing loan principal (115BAC)	
62	He received Rs 75,000 by pre-mature withdrawals from deposit including interest Rs 5,000, in post office time deposit, eligible for deduction under Section 80C	Deemed as income as the deduction was already claimed on the same and assessee did not hold the investment for the requisite time	



Model Test Papers

63	Advertisement expenses include an amount of ₹ 2,500 paid for advertisement published in the souvenir issued by a political party. The payment is made by way of an account payee cheque.	Disallowed u/s 37(2B)	
64	Miscellaneous expenses include an amount of ₹ 1,00,000 paid to Political Party by cheque.	Not a business expense and thus, disallowed Deduction is allowed u/s 80GGB and 80GGC	
65	Goods and Services Tax demand paid includes an amount of ₹ 5,300 charged as penalty for delayed filing of returns and ₹ 12,750 towards interest for delay in deposit of tax.	Penalty is disallowed GST and Interest is allowed as deduction	
66	Mr. Amit had purchased a warehouse building of ₹ 20 lakhs in rural area for the purpose of storage of agricultural produce. This was made available for use from 15.07.2025 and the income from this activity is credited in the Profit and Loss account under the head "Warehousing charges".	Sec 115BAC No 35AD deduction but depreciation is allowed @ 10% Normal scheme Sec 35AD deduction is allowed and no depreciation	



67	Mr. Ayush installed new plant and machinery for ₹ 65 lakhs on 1.10.2025 which was put to use on 1.1.2026. Depreciation (including additional depreciation) on this amount of ₹ 65 lakhs is included in the depreciation debited to profit and loss account which has been computed as per Income-tax Rules, 1962.	Allowed as deduction	No Impact
68	Mr. Ayush took a loan from SBI of ₹ 50 lakhs on 1.9.2025 @10.5% p.a. to purchase such plant and machinery. Total interest up to 31.3.2026 has been paid on 31.3.2026 and the same has been debited to profit and loss account.	<p>Interest paid up to the asset is put to use is to be added to the cost and after it is put to use it is to be allowed as revenue expenditure</p> <p>Thus, interest from 1.9.25 till 1.1.26 is to be capitalized $50L \times 10.5\% \times 4/12 = 1,75,000$</p> <p>Also claim depreciation ($1.75L \times 7.5\%$) and additional depreciation ($1.75L \times 10\%$) [half rate]</p>	
69	Advance tax paid during the year is ₹ 17,50,000	Consider this as deduction from the final tax liability after cess	
70	He received royalty of ₹ 2,88,000 from abroad for a book authored by him in the nature of artistic. The rate of royalty as 18% of value of books and expenditure made for earning this royalty was ₹ 40,000. The amount remitted to India till 30th September 2026 is ₹ 2,30,000.	<p>Impact 1 Add 2,88,000 (-) 40,000 i.e. 2.44L to IFOS</p> <p>Impact 2 Deduction u/s 80QQB Eligible Royalty (15%) or 3L (lower) Eligible Royalty: $2.88L/18 \times 15 = 2,40,000$ restricted to the amount received within 6 months from the end of PY i.e. 2,30,000 = Rs 2,30,000 OR</p>	



		<p>Rs 3,00,000 Answer = 2,30,000 which will further reduced by the amount of expenditure of 40,000 Final deduction = 1,90,000</p> <p>Aap chronology ko samjhye!!</p> <ol style="list-style-type: none"> 1. Compute normally applying 15% 2. Restrict it to the amount remitted in India within 6 months 3. Compare with 3L 4. Reduce expenditure 	
71	Received ₹ 30,000 as savings bank deposits	<p>This is interest - don't get confused</p> <p>30,000 will be added to IFOS Eligible for deduction u/s 80TTA / 80TTB (as the case may be)</p>	
72	He paid tuition fees of ₹ 42,000 for his three children to a school. The fees being ₹ 14,000 p.a. per child.	<p>Allowed as deduction for 2 children for the education in India u/s 80C</p> <p>Allowable deduction = 14,000 X 2 = 28,000</p>	
Miscellaneous adjustments made by Amit			
73	Bonus to employees Rs 60,000. Provision made on 31.03.2025 and was paid on 30.11.2025 after the due date for filing the return Assessee - Individual	Not allowable as deduction	Bonus paid to employees on 30.11.2019 being after the due date for filing the return of income



74	Interest on private loan (loan taken from other than bank for business purpose) Rs 12,000 was paid by account payee crossed cheque on 10.08.2025. No tax was deducted at source.	30% disallowed	Interest on private loan Rs 12,000 paid without deduction of tax at source. Hence 30% is disallowed under section 40(a)(ia)
75	Dividend received from Indian Companies (listed in recognized stock exchange) received during the year Rs 21,000	If already added in PGBP income REDUCE IT FROM NP	IFOS Income
76	PPF interest credited Rs 27,000 and savings bank interest Rs 13,500 from UCO Bank	PPF - Exclude from P&L (LESS) Savings bank interest - Exclude from P&L (LESS)	PPF Interest - Exempt Savings bank account interest - IFOS
77	Salary paid to wife Rs 30,000 per month during the year 2018-19. (Reasonable monthly salary considering her qualification and experience is Rs 20,000 per month)	Excess amount of Rs 10,000 - Disallowed	Salary to wife in excess of the fair market value considering her qualification and experience to be disallowed Rs 10,000 x 12 Section 40A(2)
78	Provision for doubtful debts	Disallowed	Remember all income tax provisions are disallowed
79	Depreciation as per Companies Act	Disallowed	
80	Depreciation as per Income Tax	Allowed as deduction	
81	Agricultural Income included in P&L	Exclude from income (LESS)	Exempt Agricultural income from land situated outside India - Taxable under IFOS



82	Provision for income tax	Disallowed	
83	Income Max paid	Disallowed	
84	GST paid	Allowed as deduction	
85	Interest paid on Income Tax	Disallowed	
86	Interest paid on GST or any tax other than income tax	Allowed as deduction	
87	Expenses on issue of right shares	Disallowed	As right shares increase the capital base and hence expenses towards it are CAPITAL EXPENSES
88	Income tax refund received	NEVER include in PGBP - add INTEREST OF REFUND it to IFOS	Tax refund is never taxed as that is our money However, interest on that amount is our income and hence taxable (IFOS)
89	Amount received by 1. Winning from lottery 2. Dividend from UTI	Reduce from PGBP income ADD to IFOS	If not added to PGBP income - NO EFFECT TO PGBP Just add it to IFOS
90	Car purchased shown in PnL dr side	Disallowed as it is a capital expenditure	Disallow entire car amount but deduct depreciation on that car
91	Repairs, maintenance of car	Allowed as deduction	
92	Value of benefits received from clients	PGBP income	Section 28



93	Incentives to articled assistants who cleared their ca exams	Allowed as deduction u/s 37(1)	<ul style="list-style-type: none">- Spend on articles- They will be motivated- If They are motivated - work productivity increases- If productivity increases - my business grows THUS, IT IS A business EXPENDITURE
94	Municipal taxes paid w.r.t. residential flat let out	Disallowed as deduction Reduce this from House Property	
95	Opening stock of Rs 10,000 omitted to be recorded	Reduce from NP	Why reduce? Because once we record 10,000 as opening stock - dr side would go up - which will result in reduction of profit
96	Closing stock of Rs 20,000 omitted to be recorded	Add to NP	Why add? Because once we record 20,000 as closing stock - cr side would go up - which will result in increase in profit



97	Opening stock of Rs 10,000 recorded by mistake	Add to NP	Why add? Because once we remove 10,000 from opening stock - dr side would go down - which will result in increase in profit
98	Closing stock of Rs 50,000 recorded by mistake	Reduce from NP	Why reduce? Because once we remove 10,000 from closing stock - cr side would go down - which will result in reduction in profit
99	Unreasonable amount paid to brother	Disallowed to the extent of that unreasonableness u/s 40A(2)	
100	Dry fruit packets given to important customers as advertisement	Allowed as deduction - wholly and exclusively for business	
101	Expenses on expansion of new business and project was abandoned without creation of new asset	DISALLOWED - Capital Expenditure	
102	Payment of Rs 50,000 made to fisherman IN CASH	ALLOWED - Rule 6DD	
103	Payment of Rs 50,000 made to middleman to purchase fish - IN CASH	DISALLOWED - Allowed only fisherman DIRECTLY - does not fall under 6DD - since the amount is more than 10,000 - DISALLOWED	
104	Interest paid on loan taken for payment of income tax	DISALLOWED	
105	Bad debts recovered	Add to NP	Section 41(4)



106	Bad Debts recovered Rs 4,00,000 where AO had disallowed 3,00,000 earlier	Only 1,00,000 will be added to P/L	
107	Penalty paid for breach of law	DISALLOWED	
108	Penalty paid for breach of Contract	ALLOWED as deduction	If I get a different contract better than the current one - I can take a call and cancel the earlier contract. Thus, allowed
109	Payment made to Resident without deducting TDS	30% disallowed	
110	Payment made to Non-Resident without deducting TDS	100% disallowed	
111	Payment made to Resident where TDS is deducted BUT paid after end of FY but before due date of filing ROI	ALLOWED (100%) - since TDS was deducted in the FY and TDS is deposited before filing ROI	
112	Payment made to Resident where TDS is deducted after FY ends and also paid after end of FY but before due date of filing ROI	DISALLOWED	HOW? Time till due date of filing of ROI is allowed only for PAYMENT of TDS with the govt and NOT for deducting the TDS. TDS should be deducted in FY itself
113	Payment of Rs 30,000 paid to a vendor IN CASH	DISALLOWED Section 40A(3)	
114	Payment of Rs 30,000 paid to a Transporter IN CASH	ALLOWED	Limit is Rs 35,000
115	Expenses on issue of bonus shares	ALLOWED	



116	Loss by theft	ALLOWED - RELATED To business	
117	Dividend received	Reduce from NP Add to IFOS	
118	FY 2021-22 - payment made without deducting TDS FY 2022-23 - TDS deducted and deposited with govt	FY 2021-22 - 30% disallowed & 70% allowed FY 2022-23 - 30% allowed	
119	Interest paid on delayed filing of GST returns	ALLOWED	
120	Interest paid on delayed filing of Income Tax returns	NOT ALLOWED	
121	Motor car purchased and 50% used for personal purpose	Cost not allowed as deduction Depreciation to the extent of 50% original rate would be allowed	
122	Provision for gratuity basis actuarial valuation	DISALLOWED	Actual Gratuity paid is allowed as deduction
123	Interest paid to banks after end of FY but before due date of filing ROI u/s 139(1)	ALLOWED even because payment was made before filing of ROI	
124	Interest paid to banks after end of FY and after due date of filing ROI u/s 139(1)	DISALLOWED in the current FY but allowed in the next FY	
125	CSR expenditure	DISALLOWED	
126	Expenses on transfer of carbon credits	DISALLOWED	
127	Illegal expenditure	DISALLOWED	



128	STT / Commodity Transaction Tax paid	Allowed	In case the Assessee if income is arising from it is taxable under PGBP Note - If the assets are capital assets - not allowed as deduction under CG
129	Grant received from government	Add to Income	If such grant is received in relation to the asset - reduce it from actual cost
130	Employer's contribution to EPF	Allowed as deduction	
131	Employee's contribution to EPF	Allowed	If paid before the due date of an Act and not as per Sec 139(1)
132	Assessee is engaged in specified business and Investment made in the capital asset prior to incorporation	Allowed	Allowed in full and NOT 1/5th
133	Employer pays tax on non-monetary perquisite of the employee	Disallowed	

All the best!

- Amit Bhaiya 😊