

Chapter 2 - Computation of Total Income & Tax Liability

TP:3 Rates of tax, surcharge and cess [Prescribed under Finance Act + Income tax Act, 1961]



1. Individual / HUF / AOP / BOI / Artificial Juridical Person

Old tax Regime

A. Individual (Resident or non-resident) / HUF / AOP / BOI / AJP

Income	Tax Rate
First 2,50,000	NIL
Next 2,50,000	5%
Next 5,00,000	20%
Above 10,00,000	30%

New tax Regime

A. All Individual (Resident or non-resident) / HUF / AOP / BOI / AJP

Income	Tax Rate
First 3,00,000	NIL
Next 4,00,000	5%
Next 3,00,000	10%
Next 2,00,000	15%
Next 3,00,000	20%
Above 15,00,000	30%



B. Resident Individuals who are Senior Citizen (Age $\geq 60Y$ but $< 80Y$)

Income	Tax Rate
First 3,00,000	NIL
Next 2,00,000	5%
Next 5,00,000	20%
Above 10,00,000	30%

Important Points

- a) List of deductions / exemptions not allowable [sec 115BAC(2)]
 - i) Leave travel concession [sec 10(15)]
 - ii) House rent allowance [sec 10(13A)]
 - iii) Special allowance [sec 10(14)]
 - iv) Daily allowance or constituency allowance of MPs / MLAs [s. 10(17)]
 - v) Exemption on minor's income included in Parents' Income [10(32)]
 - vi) Tax holidays for units established in SEZ [sec 10AA]
 - vii) Entertainment allowance Professional tax [sec 16]

C. Resident Individuals who are super Senior Citizen (Age $\geq 80Y$)

Income	Tax Rate
First 5,00,000	NIL
Next 5,00,000	20%
Above 10,00,000	30%

Important Note:

Circular No.28/2016 dated
27.07.2016

↓

If birth date of Individual is 01st April, then he shall be assumed to have attained age of 60/80 years on 31st March itself.

DoB

01.04.1965 → 60y on 31.03.2025

01.04.1945 → 80y on 31.03.2025

↓

PY 24-25

viii) Interest on self-occupied House property [sec 24(b)]

ix) Additional Depreciation [sec 32(1)(iia)]

x) Donation made for scientific research [sec 35]

xi) Specified Business [sec 35AD]

xii) Deductions under Chapter VI A [except 80CCD(2), 80CCH(2), 80JJAA]

b) Certain set-off of losses not allowed

HP loss **not allowed** to be set off from any other head.

Carried forward loss attributable to above deductions or unabsorbed dep for earlier years, **not allowed** to set off.

Eg. HP loss = 2,00,000
PGBP Income = 3,00,000

GTI = 3,00,000

C/F loss = 2,00,000

Eg. Unabsorbed dep [PY 23-24]

↓
Pertaining to additional depreciation

↓
2,00,000

↓
Pertaining to normal depreciation

↓
3,00,000

Set-off in PY 24-25 = 3,00,000 only.

c) Max depreciation rate = 40%. → Depreciation rate can not exceed 40%.

d) Exemption / deduction for allowance or perquisites provided under any other act is not allowed.

e) Unabsorbed additional depreciation shall be added back in wdv as on 01.04.2024 if assessee opts for Sec 115BAC

Eg. Unabsorbed depreciation pertaining to additional dep [PY 23-24] = 3,00,000

Opening wdv of P&M as on 01.04.2024 = 15,00,000

Then, for PY 24-25, opening wdv shall be ₹ 18,00,000 since unabsorbed additional depreciation is not allowed to set-off.

f) Time limit for exercising the option to shift out of new tax regime

Assessee not having
PGBP Income

- Option to opt out on or before due date of filing return.
- Can opt for old tax regime in 1 year & new tax regime in another.

Eg.
 PY 24-25 → New
 PY 25-26 → Old
 PY 26-27 → New
 PY 27-28 → Old

Assessee having PGBP Income

- Option to opt out on or before due date of filing return.
- Option to opt in new tax regime in any subsequent year.
- Once opted for new tax regime, can not opt for old tax regime ever again.

Eg. PY 24-25 → opt out i.e. old
 PY 25-26 → old
 PY 26-27 → opt in i.e. new
 PY 27-28 → New
 PY 28-29 → New } cannot opt old again.

g) Provisions of Alternate Minimum Tax (AMT) shall not be attracted.

Surcharge i.e. Tax on Tax

Total Income

- ≤ 50,00,000
- > 50,00,000 but upto 1,00,00,000
- > 1,00,00,000 but upto 2,00,00,000
- > 2,00,00,000 but upto 5,00,00,000
- > 5,00,00,000

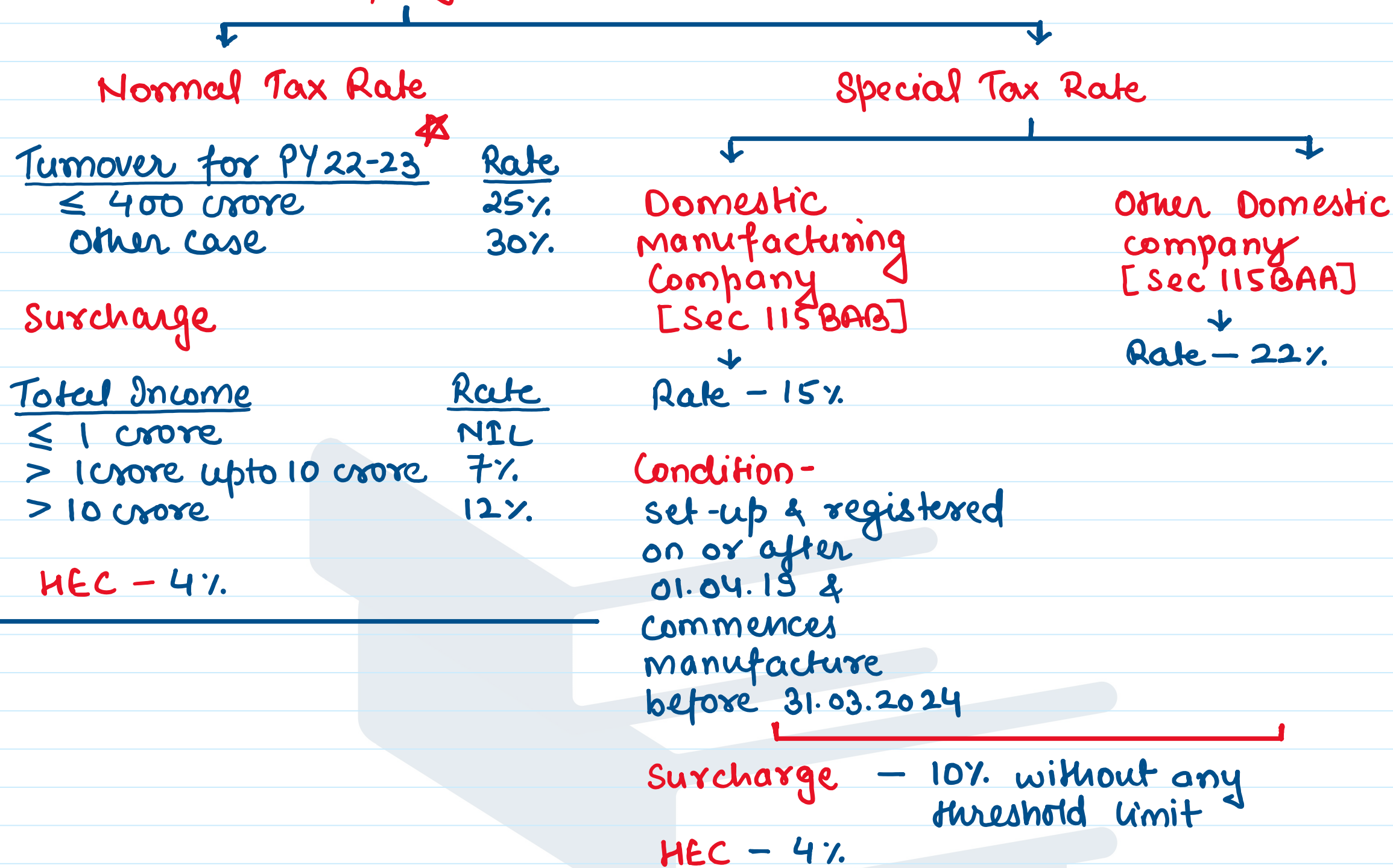
Rate of Surcharge on tax	
<u>OLD Tax Regime</u>	<u>New tax Regime</u>
Nil	Nil
10%	10%
15%	15%
25%	25%
37%	25%

Health & Education Cess (HEC)

HEC - 4% of Tax including surcharge.



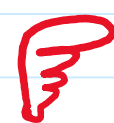
5. Domestic Company



a) List of deductions / exemptions not allowable :

- i) Tax holidays for units established in SEZ [Sec 10AA]
- ii) Tea / coffee / rubber development account [Sec 33AB]
- iii) Site restoration fund [Sec 35ABA]
- iv) Additional depreciation [Sec 32(1)(iia)]
- v) Donation for scientific research [Sec 35]
- vi) Investment linked tax incentives for specified business [Sec 35AD]
- vii) Agriculture extension project [Sec 35CC]
- viii) Expenditure for skill development [Sec 35CCD]
- ix) Deduction under Chapter VIA (other than 80JJA) [Sec 80C to 80U]

b) Carried forward loss attributable to above deductions or unabsorbed dep for earlier years, **not allowed** to set off.



6. Other than Domestic Company i.e. Foreign Company.

→ Flat tax rate - 35% ★

Surcharge

Total Income	Rate
≤ 1 crore	NIL
> 1 crore upto 10 crore	2%
> 10 crore	5%

HEC - 4%

Chapter 4 - Income from House Property [Sec 22 to 27]

TP:1 Charging section [section 22]

The annual value of any property being building or land appurtenant thereto of which the assessee is the owner, is chargeable to tax u/h 'Income from house property'.

Except

HP used in own business

↓
Depreciation allowed

Assessee engaged in the business of renting out

↓
Residential HP

↓
Income u/h HP

↓
Commercial HP

↓
Income u/h PGBP

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By CA. Akash Bansal

Chapter 5 - Income under head Capital Gains [sec 45 to 55]

TP:3 Short-term capital Asset [sec 2(24A)]

	Category of Investment	Period of holding to qualify for short term capital asset	
		Transfer before 23.07.2024	Transfer on or after 23.07.2024
1.	Listed securities, units of UTI, Equity oriented mutual fund, Zero coupon bonds	Upto 12 months	12 months
2.	Listed units of business trust, listed debt oriented mutual fund	Upto 36 months	12 months ★
3.	Unlisted shares, Immovable property	upto 24 months	24 months
4.	Bonds, debenture, gold etc.	upto 36 months	24 months ★

Note: Following assets are always short term capital Asset [sec 50AA]

- ① Market Linked debentures
- ② Specified mutual funds
- ③ Unlisted bonds or debenture (transferred on or after 23.07.2024) ★

Eg.

Nature of capital asset	Period of holding	Transfer Date	Short term or long term?
Machinery	25 months	22.07.2024	Short term
Machinery	25 months	24.07.2024	Long term
Shares of Reliance Ltd. (Listed)	13 months	01.06.2024	Long term
Shares of Bansal Pvt. Ltd. (Unlisted)	18 months	30.08.2024	Short term
Shares of Bansal Pvt. Ltd. (Unlisted)	26 months	12.05.2024	Long term
Furniture	48 months	01.08.2024	Long term
Debentures of Adani Ltd. (Listed)	19 months	23.07.2024	Long term
Debentures of Bansal Pvt. Ltd. (Unlisted)	37 months	12.07.2024	Long term
Debentures of Bansal Pvt. Ltd. (Unlisted)	37 months	24.07.2024	Short term (Sec 50AA)
Debt oriented mutual funds (Listed)	25 months	22.07.2024	Short term
Debt oriented mutual funds (Listed)	13 months	01.09.2024	Long term
Equity oriented mutual funds	13 months	01.01.2025	Long term
Building	25 months	01.03.2025	Long term
Market Linked Debentures	40 months	01.05.2024	Short term (Sec 50AA)
Specified Mutual Fund	90 months	01.12.2024	Short term (Sec 50AA)

TP:6 Tax rate on short term capital gain

STCG u/s 111A

Normal STCG

① STCG on transfer of:

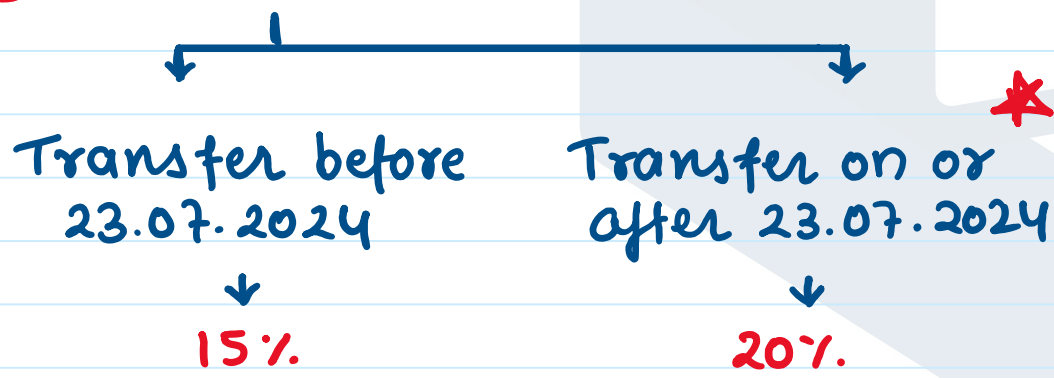
- i) Listed equity shares (POH ≤ 12M)
 - ii) Units of equity oriented mutual funds (POH ≤ 12M)
 - iii) Units of business trust (POH ≤ 36M / 12M)
- Provided Securities transaction tax (STT) paid on transfer/sale

① STCG on transfer of other assets i.e.

- i) Land, building (POH ≤ 24M)
 - ii) Unlisted shares (POH ≤ 24M)
 - iii) Debt oriented mutual fund (POH ≤ 36M / 12M)
 - iv) Units of unit trust (POH ≤ 12M)
 - v) Listed debenture, bonds (POH ≤ 12M)
 - vi) Unlisted debenture, bonds (POH = any)
 - vii) Market linked debenture (POH = Any)
 - viii) Units of specified mutual fund (POH = Any)
- etc.

② Tax rate

② Tax rate - Normal rates (i.e. no special rate)



Eg. Mr. X (New tax regime 115BAC)

Eg. Mr. X (New tax regime 115BAC)

STCG 111A on asset transferred on 01.07.2024 = 4,00,000
 STCG 111A on asset transferred on 01.08.2024 = 5,00,000
 Normal Income = 10,00,000

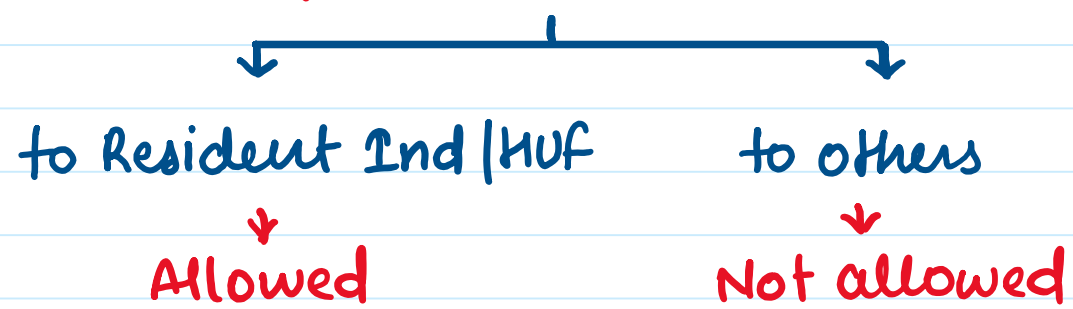
Normal STCG on transfer of Land = 4,00,000
 Normal Income = 10,00,000

Tax on normal Income = 50,000
 Tax on STCG 111A = 1,60,000
 (4L x 15% + 5L x 20%)
2,10,000
 + HEC @ 4%
8,400
2,18,400

Tax on normal Income = 1,20,000 (at slab rate)
 (+) HEC @ 4%
4,800
1,24,800

By CA. Akash Bansal

③ Benefit of unexhausted basic exemption limit



Eg. Mr. X, Resident (aged 40Y)
Normal income = 2,30,000
STCG IIA = 4,00,000

↳ Unexhausted BEL = 3,00,000 (-)
2,30,000 = 70,000

Remaining STCG = 4,00,000 - 70,000
= 3,30,000

↓
Tax rate = 15% or 20%

④ Deduction under chapter VIA

↓
Not allowed from STCG u/s IIA

Eg. Mr. X, Non-resident
Normal Income = 2,00,000
STCG IIA = 6,00,000
Deduction under chapter VIA
= 3,00,000

Gross total Income = 8,00,000
Less: Deduction = 2,00,000
Total Income 6,00,000

⑤ Rebate u/s 87A (to resident)

↓
Allowed from STCG IIA tax

Eg. Mr. X, resident

Normal income = 3,00,000
STCG u/s IIA on 01.09.2024
= 3,50,000
Total income = 6,50,000

Tax on normal Income = 0
Tax on STCG IIA = 70,000
70,000
(-) Rebate u/s 87A (25,000)
45,000
(+) HEC @ 4% 1,800
46,800

③ Benefit of unexhausted basic exemption limit

↓
No such question since such STCG is normal income only.

Eg. Mr. X, Resident (aged 40Y)
Normal income = 1,80,000
Other STCG = 5,80,000

↳ Unexhausted BEL = NA

④ Deduction under chapter VIA

↓
Allowed from such STCG

Eg. Mr. X, Non-resident
Normal Income = 2,00,000
Other STCG = 6,00,000
Deduction under chapter VIA
= 3,00,000

Gross total Income = 8,00,000
Less: Deduction = 3,00,000
Total Income 5,00,000

⑤ Rebate u/s 87A (to resident)

↓
Allowed from STCG tax

Eg. Mr. X, resident

Normal income = 3,00,000
Other STCG = 3,50,000
Total income = 6,50,000

Tax on normal Income = 17,500
(-) Rebate u/s 87A = (17,500)
0

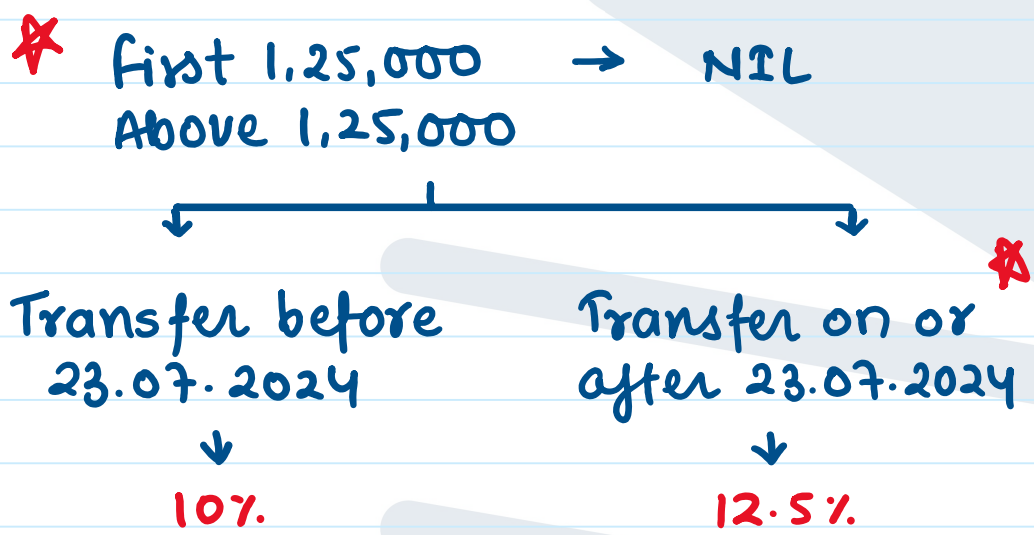
TP:7 Tax rate on Long term capital Gain

LTCG u/s 112A

① LTCG on transfer of:

- i) Listed equity shares (POH > 12M)
(Provided STT paid at the time of purchase and sale)
- ii) Units of equity oriented mutual funds (POH > 12M)
(Provided STT paid on sale)
- iii) Units of business trust (POH > 36M / 12M)
(Provided STT paid on transfer)

② Rate of tax



Eg. Mr. X (New tax regime)

LTCG 112A on asset transferred on 22.07.2024 = 8,00,000
LTCG 112A on asset transferred on 23.07.2024 = 6,00,000
Normal income = 10,00,000

Tax on normal income = 50,000

Tax on LTCG 112A
Before 23.07.24 = 80,000
On or after 23.07.24 = 59,375

[6,00,000 - 1,25,000] x 12.5%	1,39,375
	<u>1,89,375</u>
(+) HEC @ 4%	7,575
Tax liability	<u>1,96,950</u>

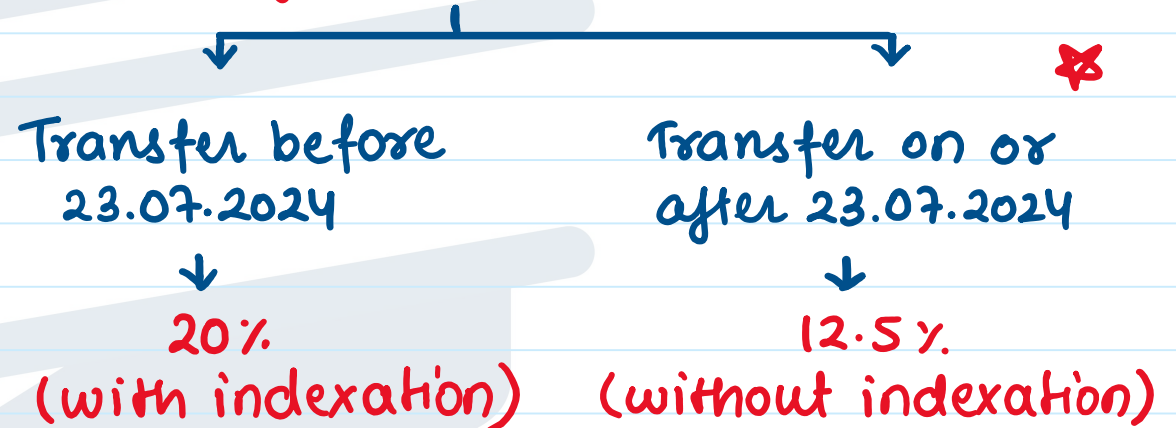
LTCG u/s 112

① LTCG on transfer of other assets i.e.

- i) Land, building (POH > 24M)
- ii) Unlisted shares (POH > 24M)
- iii) Debt oriented mutual fund (POH > 36M / 12M)
- iv) Units of unit trust (POH > 12M)
- v) Listed debenture, bonds (POH > 12M) etc.

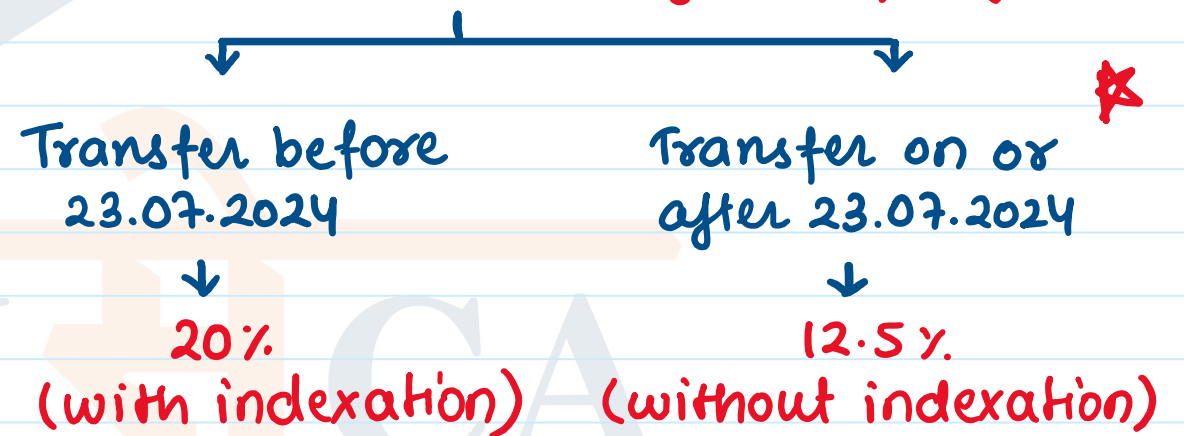
② Rate of tax

(A) Resident Individual / HUF / Domestic company



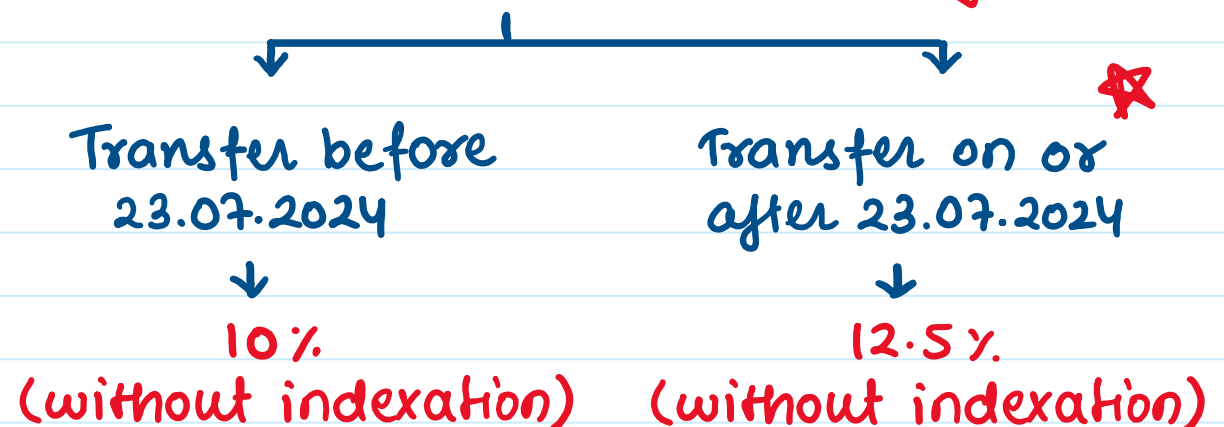
Read this along with Note 1

(B) Non-Resident / Foreign company



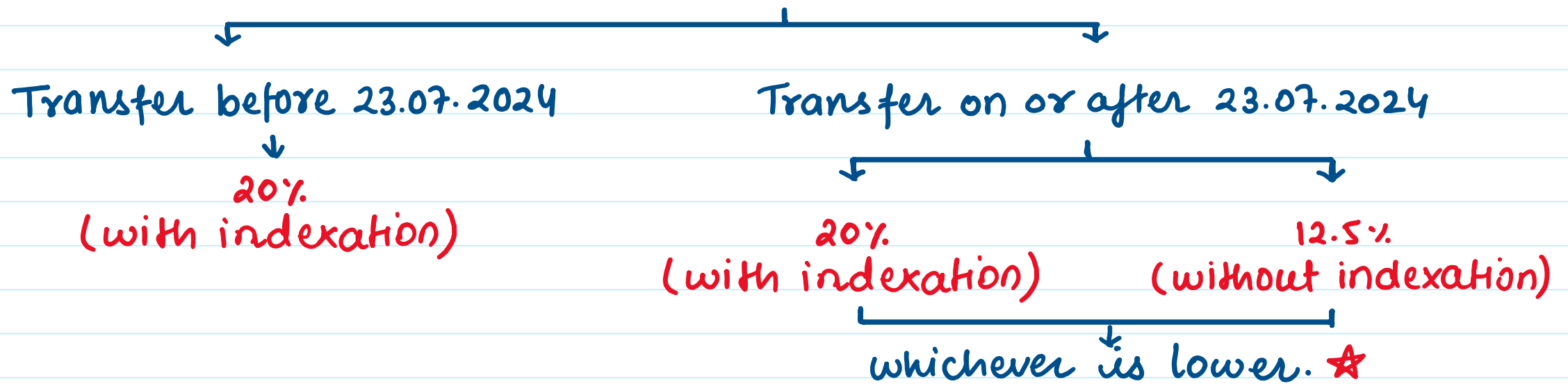
However in case of transfer of:

- a) Unlisted securities
- b) Shares on prt. Ltd. company



amp. ★

Note ① In case of LTCG on sale of Land & building in hands of Resident individual / HUF



★ It is important to note that LTCG income shall be computed without indexation only (on or after 23.07.2024). However, tax shall be beneficial of 20% (with indexation) or 12.5% (without indexation).

Eg. ① Mr. X, resident, 48 years, sec 115BAC
LTCG on sale of Land & Building on 01.07.2024
→ Indexed LTCG = 10,00,000
→ Non-indexed LTCG = 15,00,000

↳ LTCG Income = 10,00,000
LTCG Tax = 20% × 10,00,000 = 2,00,000

Eg. ② Mr. X, resident, 65 years, sec 115BAC
LTCG on sale of Building on 30.07.2024
→ Indexed LTCG = 30,00,000
→ Non-indexed LTCG = 55,00,000

↳ LTCG Income = 55,00,000
LTCG Tax = lower of a) 20% × 30,00,000 = 6,00,000
b) 12.5% × 55,00,000 = 6,87,500
= 6,00,000.

Eg. ③ Mr. X, non-resident, 65 years, sec 115BAC
LTCG on sale of Building on 30.07.2024
→ Indexed LTCG = 30,00,000
→ Non-indexed LTCG = 55,00,000

↳ LTCG Income = 55,00,000
LTCG Tax = 12.5% × 55,00,000 = 6,87,500

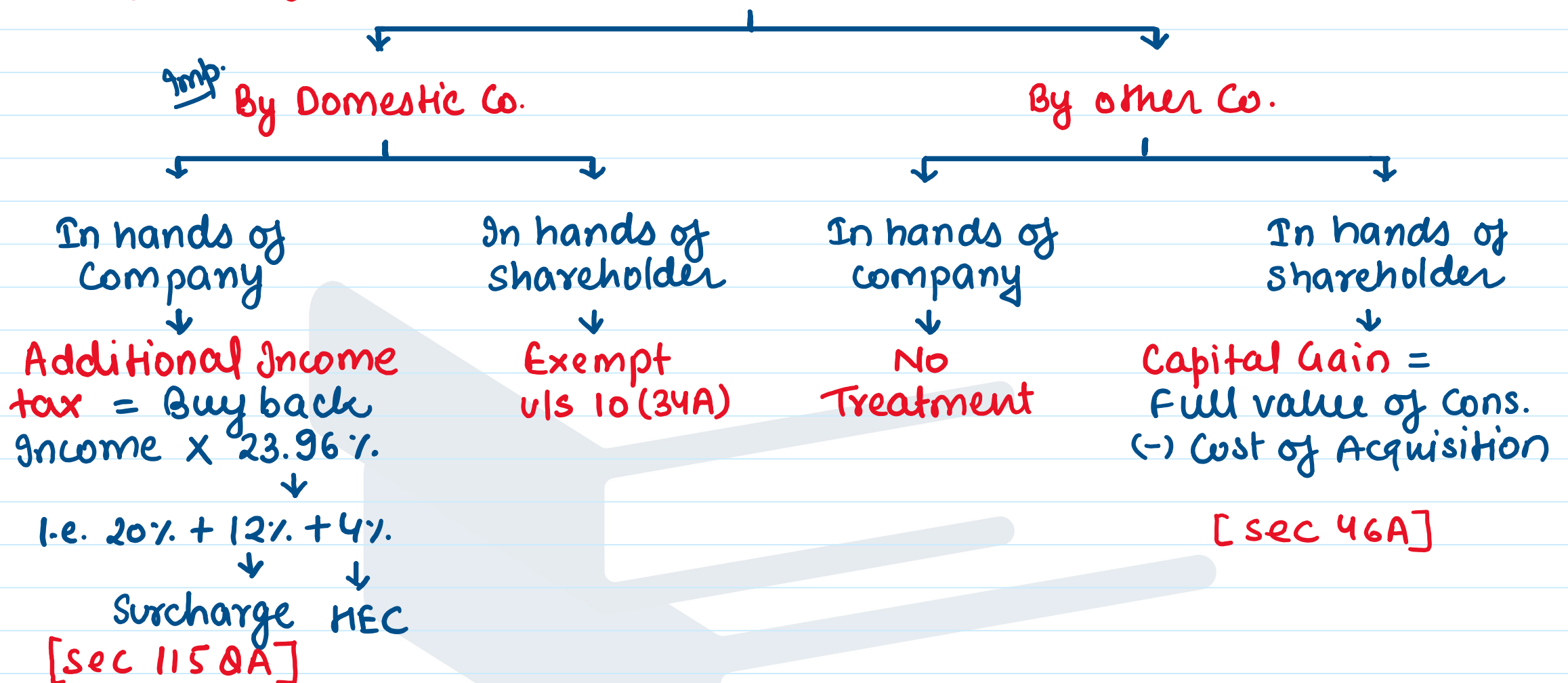
Eg. ④ XYZ Ltd., resident
LTCG on sale of land & Building on 23.07.2024
→ Indexed LTCG = 60,00,000
→ Non-indexed LTCG = 1,00,00,000

↳ LTCG Income = 1,00,00,000
LTCG Tax = 12.5% × 1,00,00,000 = 12,50,000

TP: 16 Buyback of shares or specified securities [sec 46A]

↓
When company calls back its shares from shareholders and cancels those shares, it is called buyback of shares.

① Buyback of shares before 01.10.2024



Note: Buyback Income = Buyback price (-) Issue price (including premium)

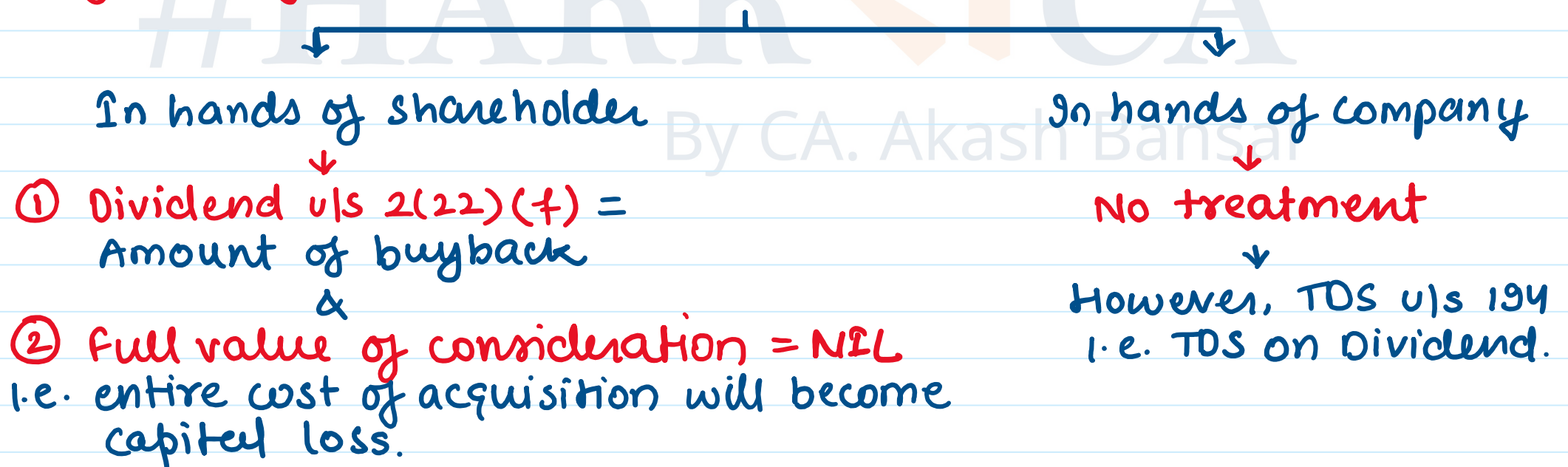
Eg. XYZ Ltd. has issued share capital of 1,00,000 shares having face value of ₹10 each at premium of ₹2 each.

XYZ Ltd. bought back 20,000 shares @ ₹15 each on 01.09.2024

↳ **Additional Income tax = [20,000 × (15-12)] × 23.96% = 14,376**
In hands of XYZ Ltd. **[sec 115DA]**

Tax in hands of shareholder = zero [sec 10(34A)]

* ② Buyback of shares on or after 01.10.2024



Imp.
Eg. XYZ Ltd. has issued share capital of 1,00,000 shares having face value of ₹10 each at premium of ₹2 each.

XYZ Ltd. bought back 20,000 shares @ ₹15 each on 01.10.2024

Mr. X holding 1000 shares purchased @ ₹13 each share on 01.04.2024.

Chapter 6 - Income from Other Sources [sec 56 & 57]

TP:2 Concept of Dividend

① Meaning of Dividend [sec 2(22)]

* Sec 2(22)(f): Payment by company for purchase of own shares
i.e. Buyback of shares

↓
Dividend = Amount paid by company on buyback.

Eg. XYZ Ltd. bought back 10,000 shares of ₹10 each for ₹20 per share

↳ Dividend in hands of shareholder = $10,000 \times 20 = 2,00,000$.

TP:8 Income of closely held company by issue of shares [sec 56(2)(viib)]

↳ Removed FA (2) - 2024. *

TP:13 Family pension

Regular payments by employer to employee after retirement

↓
Regular pension

↓
Taxable ulh salary

Deduction = standard deduction u/s 16(ia) of ₹ 50,000 / ₹ 75,000

Employer pays pension to the family member of the employee after death of employee

↓
Family pension

↓
Taxable ulh other sources

Deduction = $\frac{1}{3}$ rd of such pension (sec 57)

but maximum 15,000 (under OR OTR)

25,000 (under ~~NTR~~)

Eg. Mrs. Neeta getting family pension ₹ 10,000 p.m.

Family pension	=	1,20,000	} opted for S. 115BAC
Less: deduction u/s 57		25,000	
$\frac{1}{3} \times 1,20,000$		<u>95,000</u>	
max 25,000			

Chapter 7 - Profits and Gains of Business or Profession (PGBP)
[sec 28 to 44 DB]

TP:14 Other deductions [sec 36]

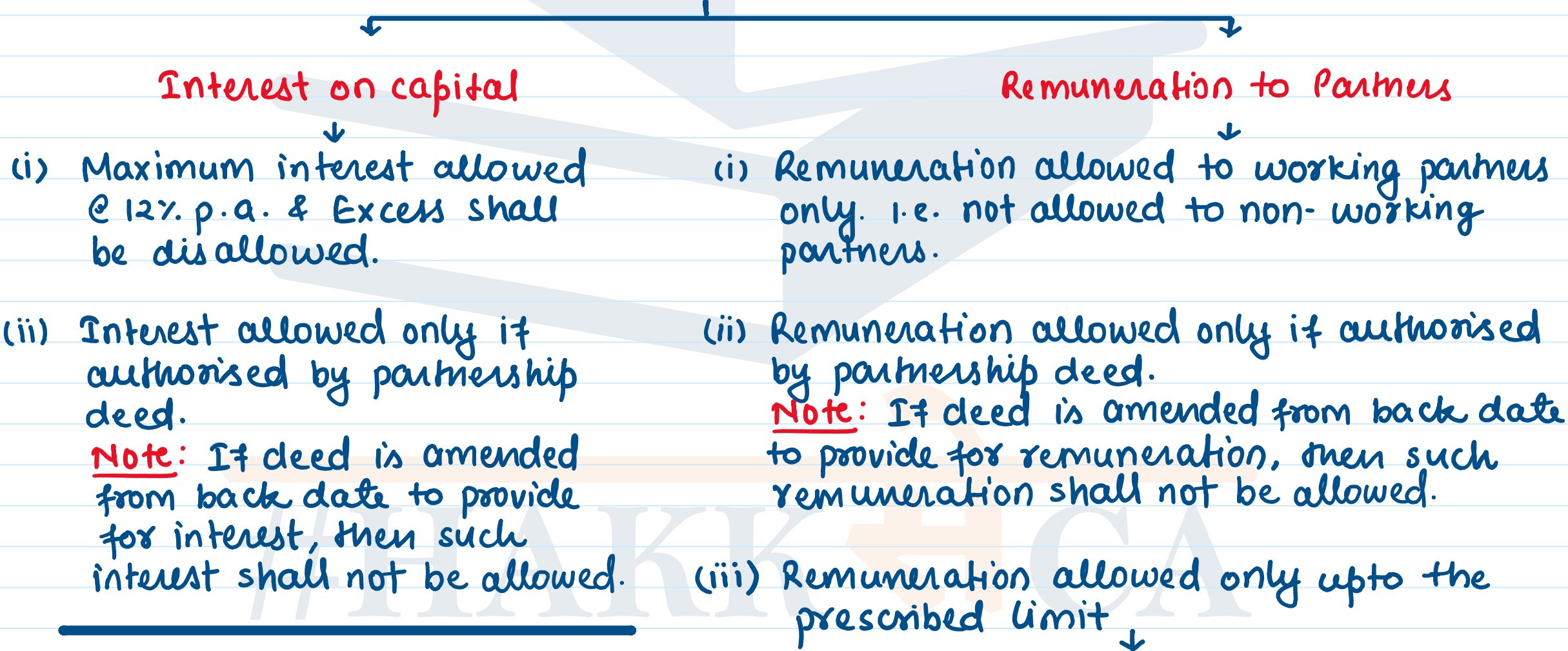
⑦ Employer's contribution to New pension scheme (NPS) for employee
as referred u/s 80CCD [sec 36(i)(iva)]



Note: Salary = Basic Pay + Dearness Allowance (if terms of employment so provides)

TP:20 Inadmissible deductions [sec 40]

⑥ Interest on capital and Remuneration to Partners [sec 40(b)]

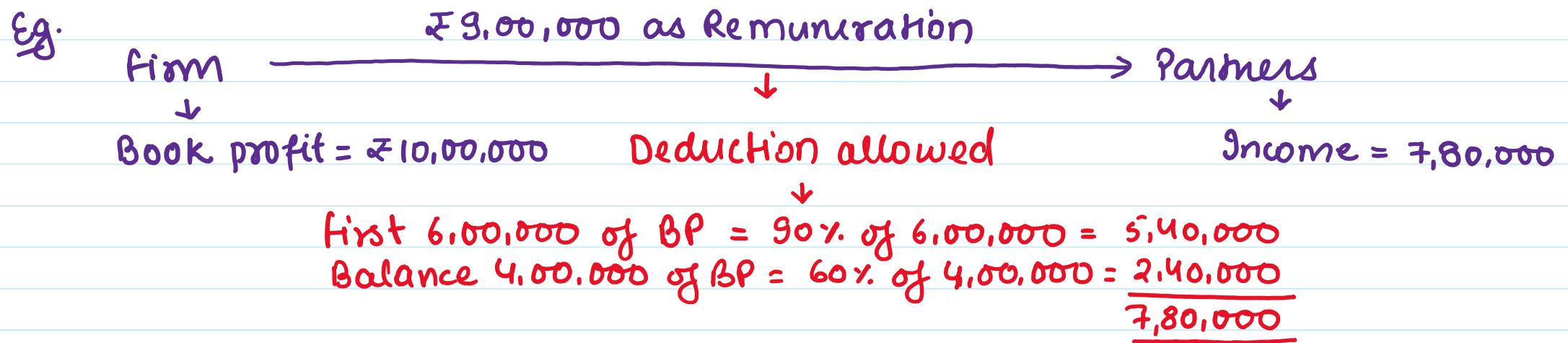


Book Profit (BP)	Deduction allowed
First 6,00,000 or less	3,00,000 or 90% of BP whichever is higher.
Above 6,00,000	60% of Book profit

Note: ① Meaning of Book Profit: Means profit calculated as per profit & loss account as reduced / increased by any adjustments made u/s 30 to 43D but before charging remuneration.

② TDS u/s. 194T: TDS @ 10% on Interest & remuneration above 20,000

③ Share of profit by firm to partners → Exempt in hands of Partners [sec 10(2A)]



Eg. Net profit before following deduction = $\text{₹} 7,00,000$
 salary to two working partners = $\text{₹} 20,000$ each p.m. (authorised by deed)
 Depreciation on P&M v/s 32 = $\text{₹} 1,50,000$
 Interest on capital @ 15% p.a. on capital of $\text{₹} 5,00,000$ (authorised by deed)

$$\text{Book profit} = 7,00,000 (-) 1,50,000 (-) 60,000 = \text{₹} 4,90,000$$

↓
 $\text{₹} 5,00,000 \times 12\%$

Deduction of Remuneration = a) $20,000 \times 12 \times 2 = 4,80,000$
 b) $4,90,000 \times 90\% = 4,41,000$
 whichever is lower = $4,41,000$.

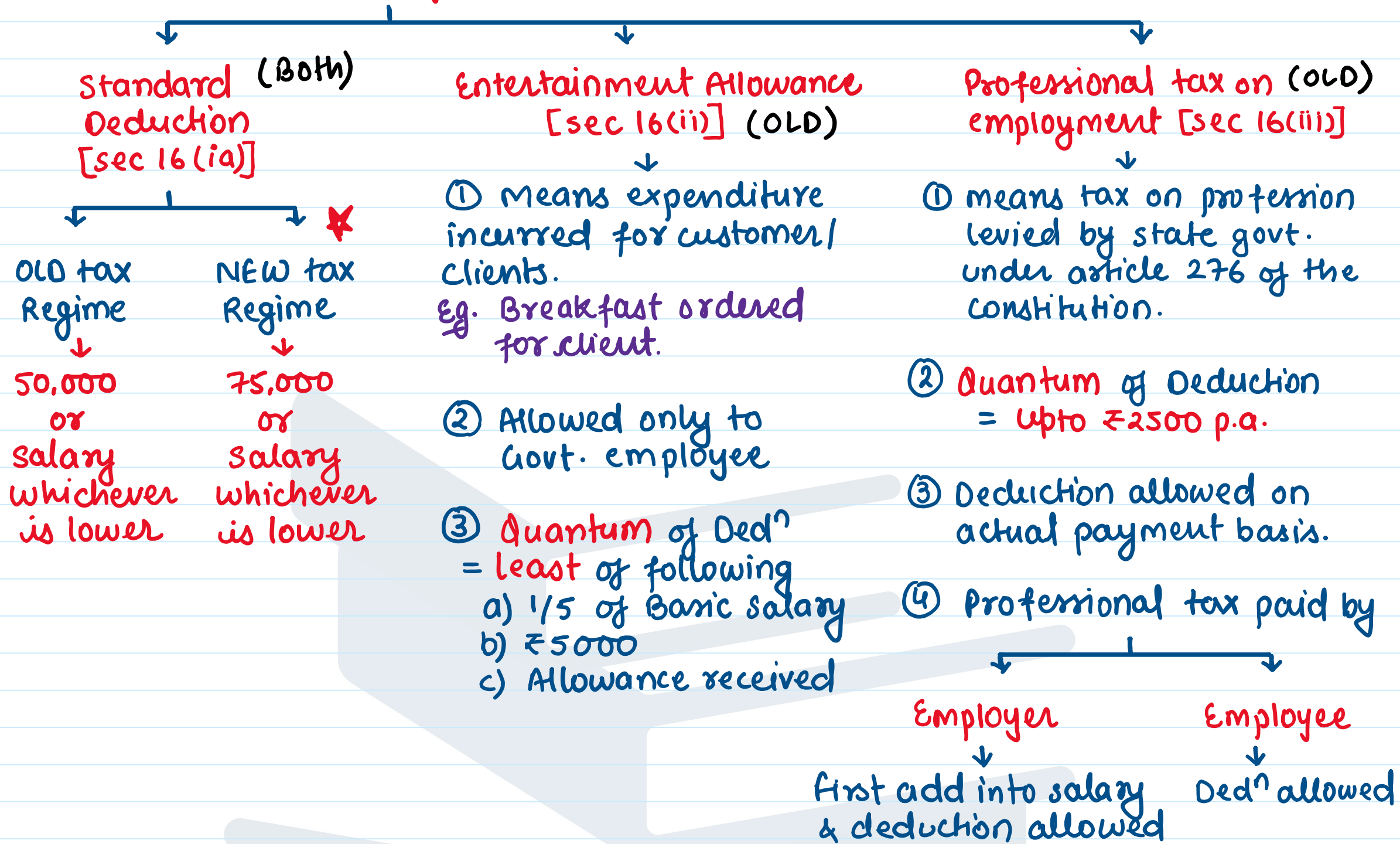
Deduction of Interest = $5,00,000 \times 12\% = 60,000$.

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Chapter 8 - Income under head salary [sec 15 to 17]

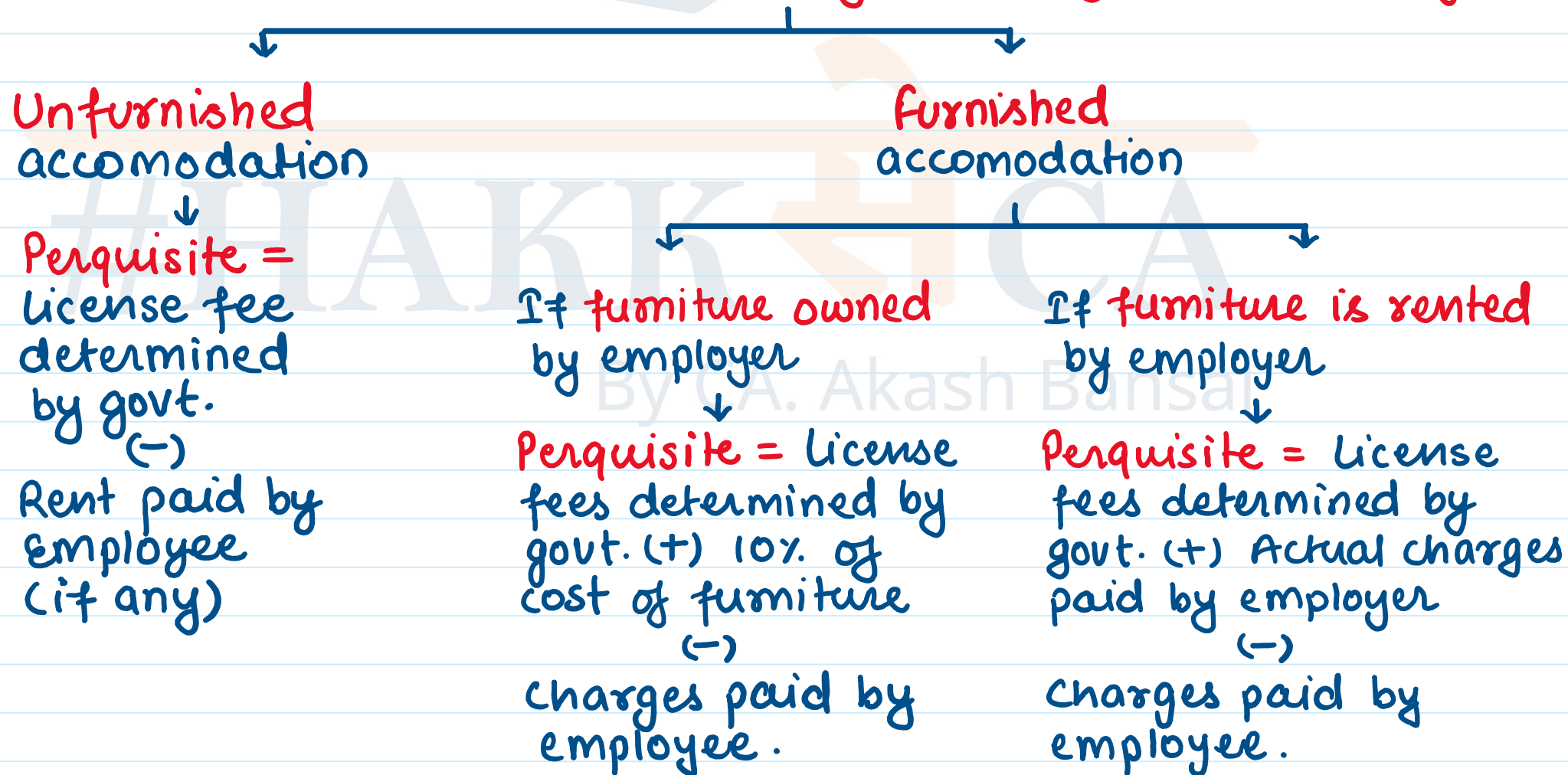
TP:3 Deductions from salary



TP:17 Tax treatment of perquisites :

① Rent Free Accomodation

a) Where accomodation is provided by central govt. or state govt.



Note: RFA to judge of HC or SC is not taxable if they opt for old tax Regime.

b) Where accommodation is provided by any other employer

(A) Where accommodation is owned by employer

(B) Where accommodation is taken on rent by employer

Unfurnished Accomodation

Furnished Accomodation

Population	value
≤ 15 lakhs	5% of Salary
> 15L ≤ 40L	7.5% of Salary
> 40L	10% of Salary

If furniture owned by Employer

If furniture is hired by Employer

(-) Rent paid by Employee

Population	value
≤ 15 lakhs	5% of Salary
> 15L ≤ 40L	7.5% of Salary
> 40L	10% of Salary

Population	value
≤ 15 lakhs	5% of Salary
> 15L ≤ 40L	7.5% of Salary
> 40L	10% of Salary

(+) 10% of Actual cost of furniture
(-) charges paid by EE

(+) Actual charges paid by employer
(-) charges paid by EE

(B) Where accommodation is taken on rent

Unfurnished Accomodation

Furnished Accomodation

Perquisite = Amount of actual rent paid by employer

☆ 10% of salary whichever is lower
(-) Rent paid by EE

If furniture owned by employer

Perquisite = Amount of actual rent of accommodation

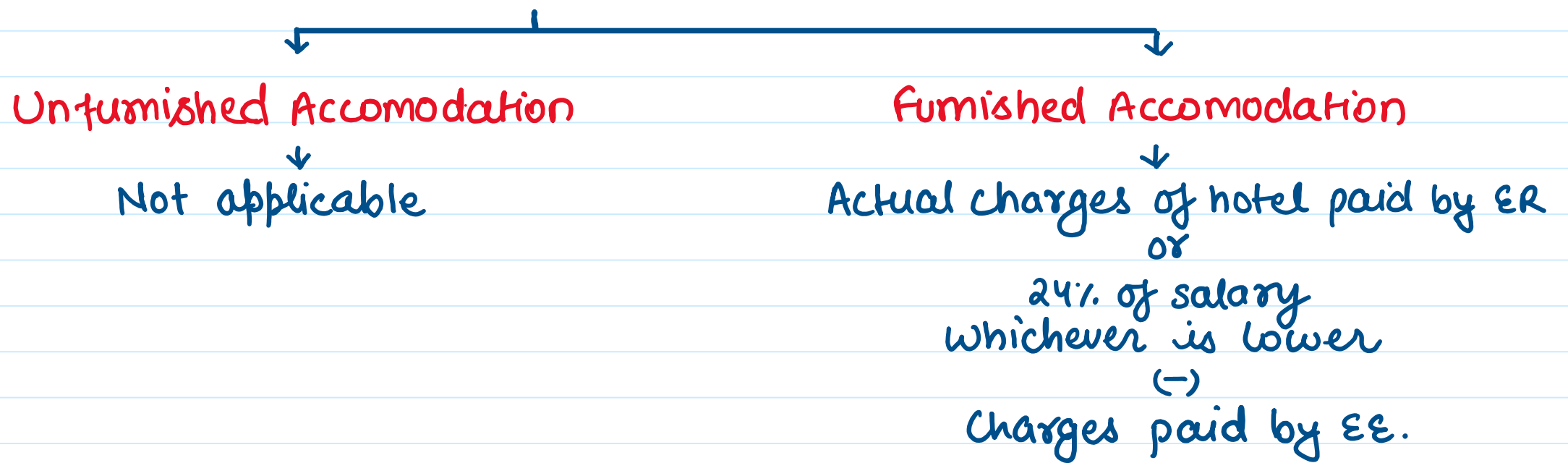
☆ 10% of salary whichever is lower
(+) 10% of actual cost of furniture
(-) charges paid by EE

If furniture is taken on rent by Employer

Perquisite = Amount of actual rent of accommodation

☆ 10% of salary whichever is lower
(+) Actual rent of furniture
(-) charges paid by EE

c) Where accommodation is in Hotel



- Note:**
- ① If accommodation is provided for 15 days or less on transfer from one place to another then no perquisite.
 - ② If employer provides rent free accommodation at more than one place, then perquisites shall be calculated for one place only (which has lower perquisites) for initial 90 days. Thereafter for both places.
 - ③ Value of perquisites shall only be computed for the period of actual payment of benefit.
 - ④ Salary includes basic pay, bonus, commission or any other monetary payment.
Does not include:
 - i) Dearness allowance (not forming part of retirement benefit)
 - ii) Employer contribution to PF
 - iii) Exempt allowance
 - iv) Perquisites
 - v) Payment of medical insurance.

Eg: Mr. X employed in ABC Ltd. getting basic pay ₹22,000 p.m. Employer provided rent free accommodation which is owned by ER and it is provided at a place with population of 5,00,000.

Computation of perquisite of RFA

$$\begin{aligned} \text{Perquisite} &= 5\% \text{ of RFA salary} \\ &= 5\% \times 2,64,000 = 13,200 \end{aligned}$$

★ Important Note: Value of perquisite to be restricted to CII.

If same accommodation is provided to same employee for more than one year, then

$$\text{Max Perquisite} = \text{Perquisite in 1st year} \times \frac{\text{CII of current PY}}{\text{CII of 1st year}^*}$$

* 1st year shall start from PY 2023-24 or later.

Eg. Mr. X received Rent free accommodation from employer during PY 2023-24.
 Basic pay of Mr. X = 1,00,000 p.m.
 DA = 50,000 p.m. (forming part of retirement benefit)
 Population of place = 50,00,000.

$$\text{Perquisite for PY 23-24} = 10\% \times (1,50,000 \times 12) = 1,80,000$$

Now, BP for PY 24-25 = 1,20,000 p.m., DA = 60,000 p.m.

$$\text{Perquisite for PY 24-25} = 10\% \times (1,80,000 \times 12) = 2,16,000$$

but max = $\frac{1,80,000}{348} \times 363 = 1,87,759$

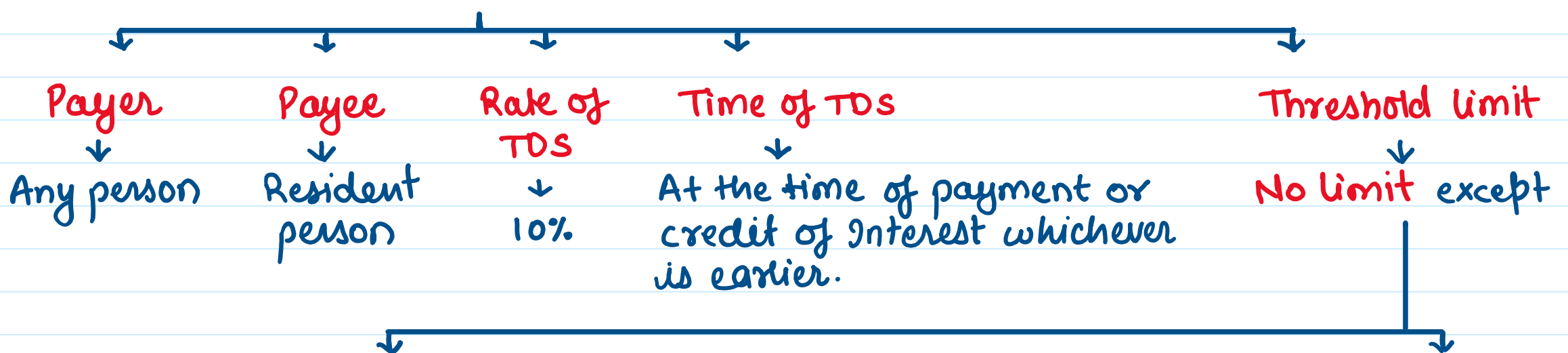


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By CA. Akash Bansal

Chapter 9 - TDS, TCS and Advance tax [sec 190 to 219]

TP:4 TDS on Interest on securities [sec 193]



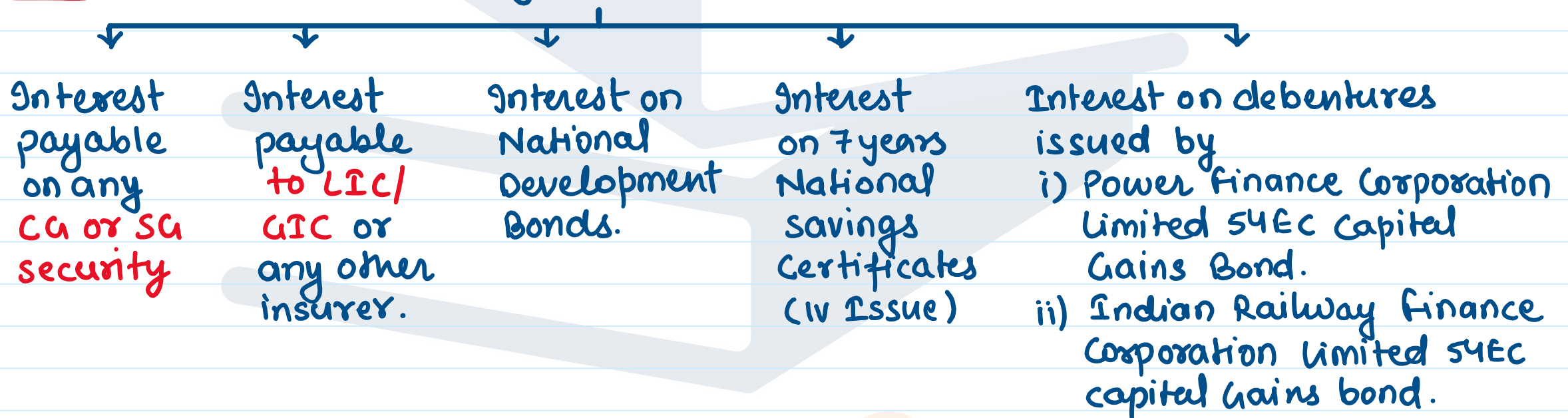
Interest payable to a Resident individual or HUF on debenture issued by a public Co. & paid by the Co. by an account payee cheque

No TDS upto ₹5,000

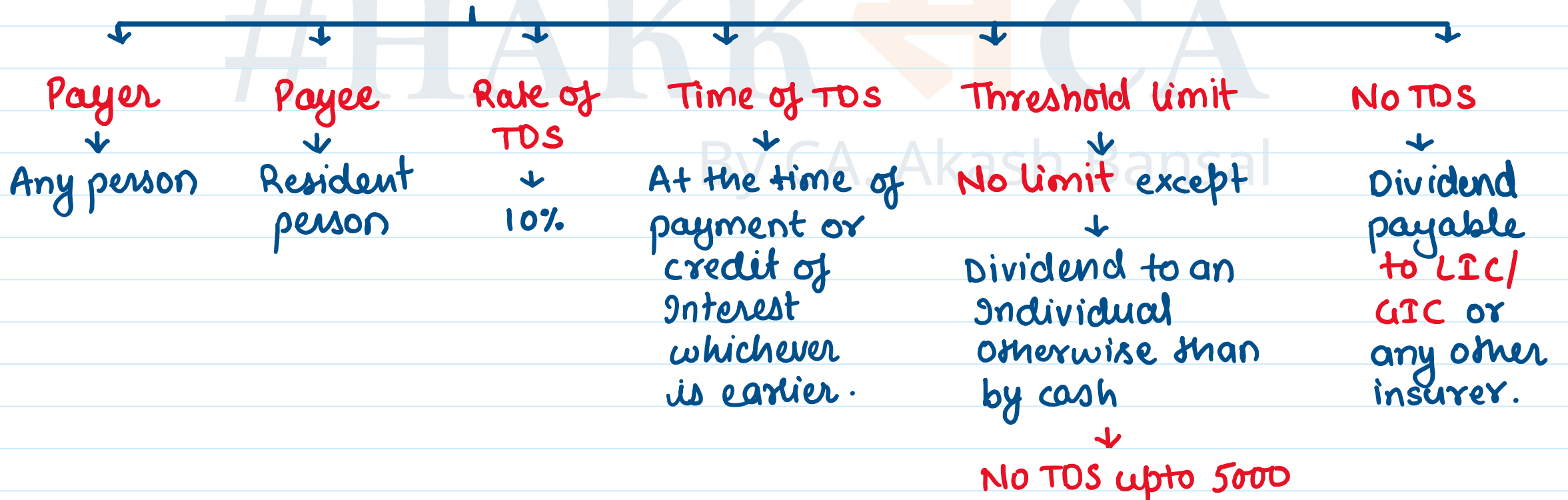
Interest payable on
 i) 8% Savings (taxable) Bonds, 2003, or
 ii) 7.75% savings (taxable) Bonds, 2018
 w.e.f. 01.10.2024 ↴
 iii) Floating rate savings Bond, 2020 ★

No TDS upto ₹10,000.

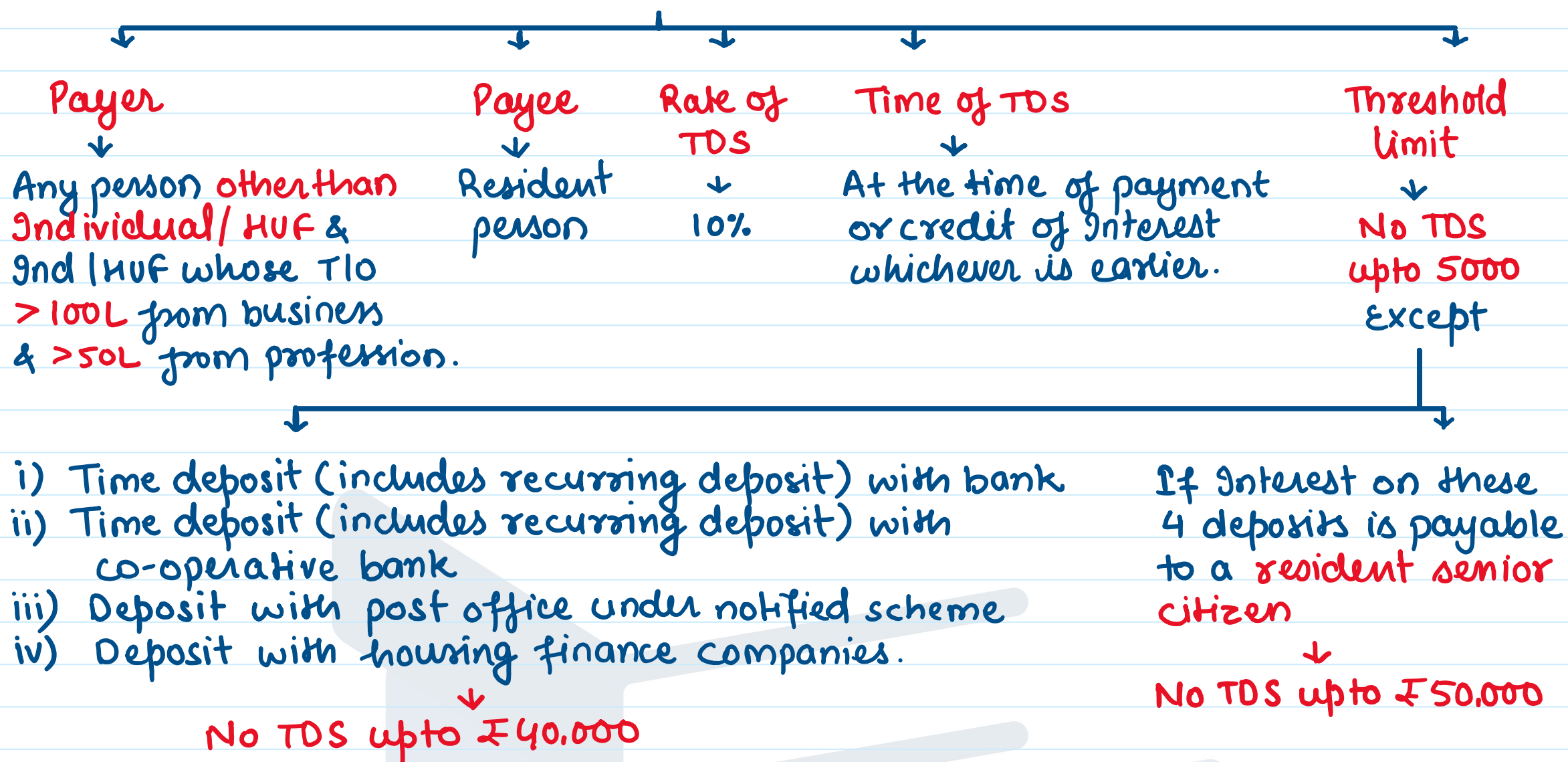
Note: No TDS in following cases:



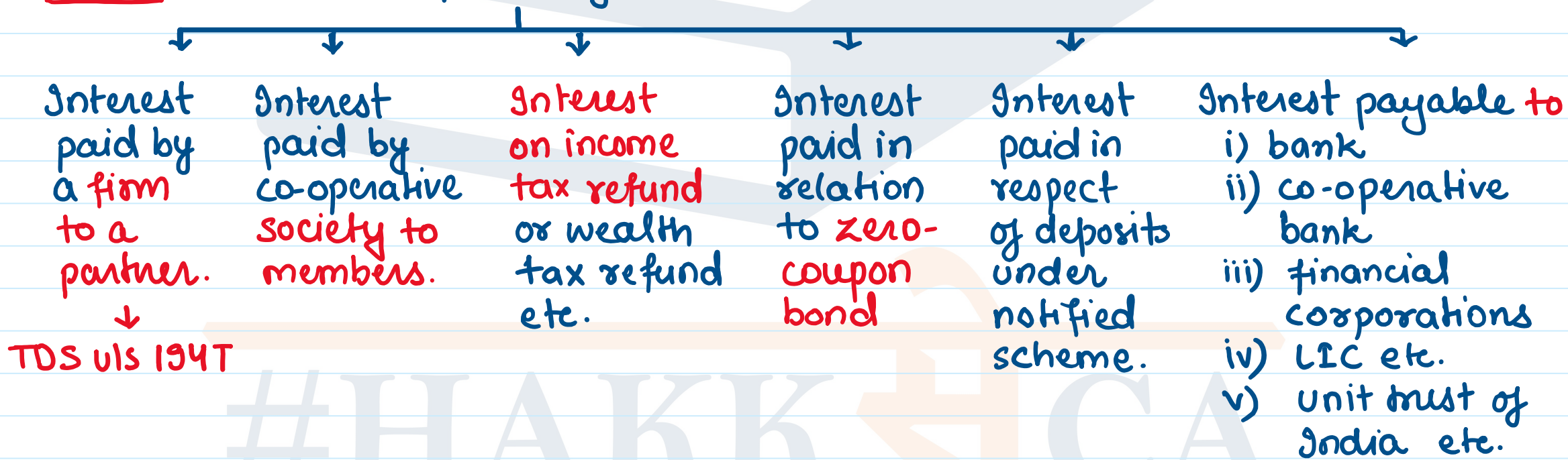
TP:5 TDS on Dividend [sec 194] (Dividend includes buyback w.e.f. 01.10.2024) ★



TP:6 TDS on Interest other than interest on securities [sec 194A]



Note 1: Limit of ₹40,000 / ₹50,000 shall be per branch but if the bank has core banking solution, limit shall be per bank and not per branch.

Note 2: No TDS on following

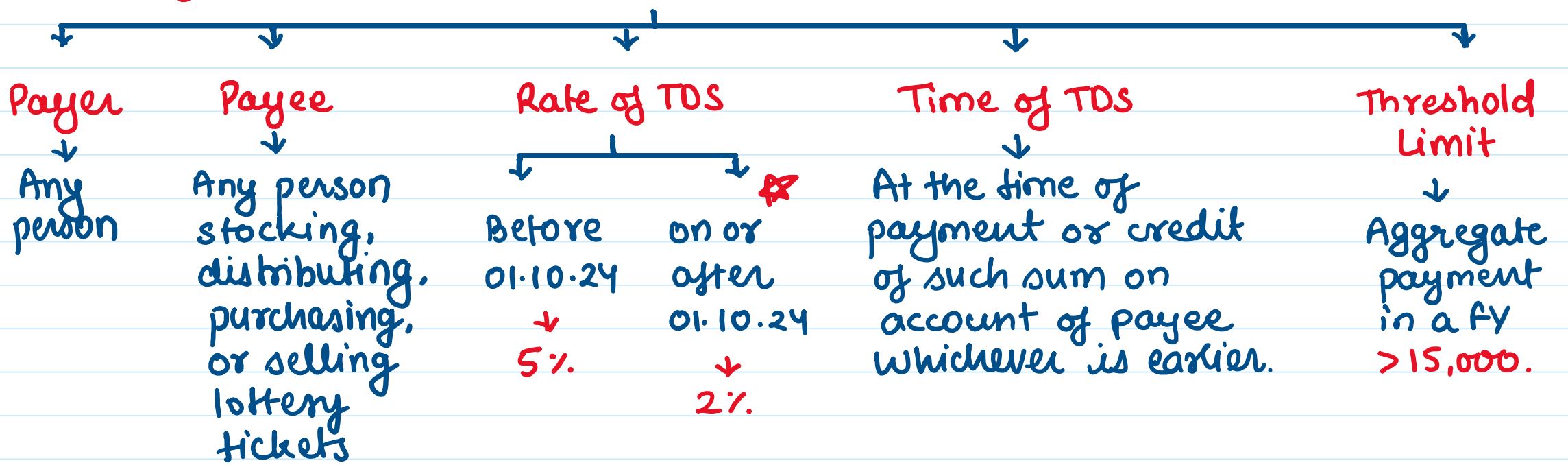
★ Clarification on TDS on Int. under "Mahila Samman savings certificate, 2023" on deposits with post office

↓
Scheme for 2 years i.e. from 01.04.23 to 31.03.24

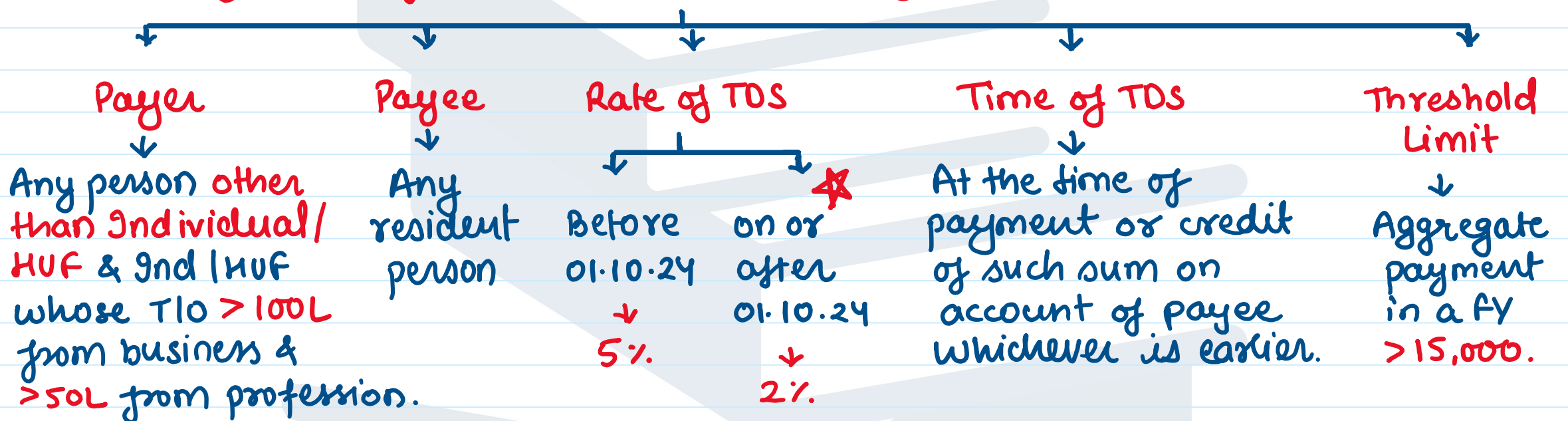
↓
Fixed interest @ 7.5% p.a. on Deposit [Max. deposit = 2,00,000]

↓
No TDS u/s 194A since interest will never exceed 40,000.

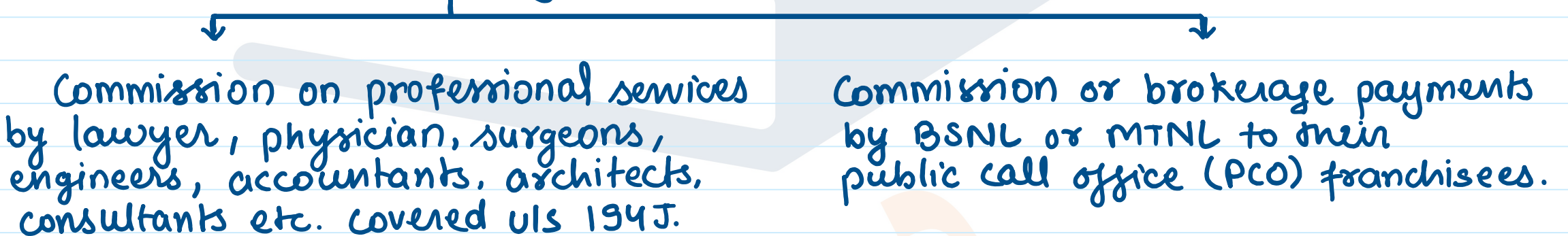
TP:12 TDS on payments of commission etc. on sale of lottery tickets [sec 194G]



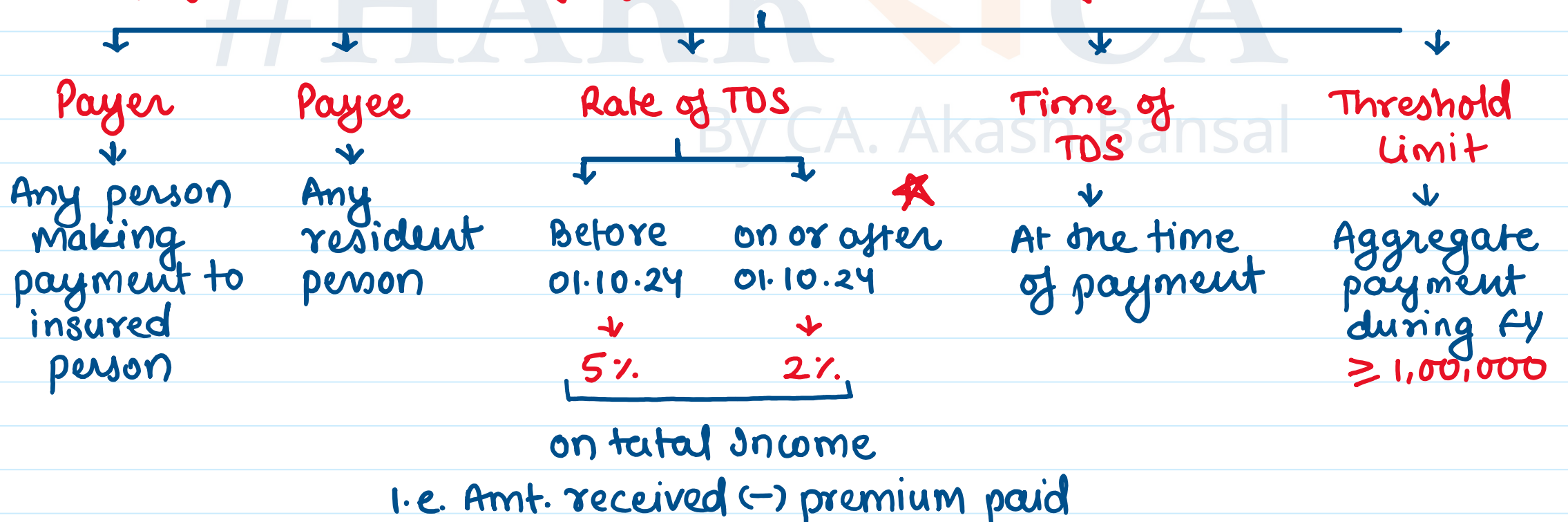
TP:13 TDS on payments of commission or brokerage (other than above) [sec 194H]



Note: No TDS on following.



TP:14 TDS on payment on maturity of life insurance policy (LIP) [sec 194DA]



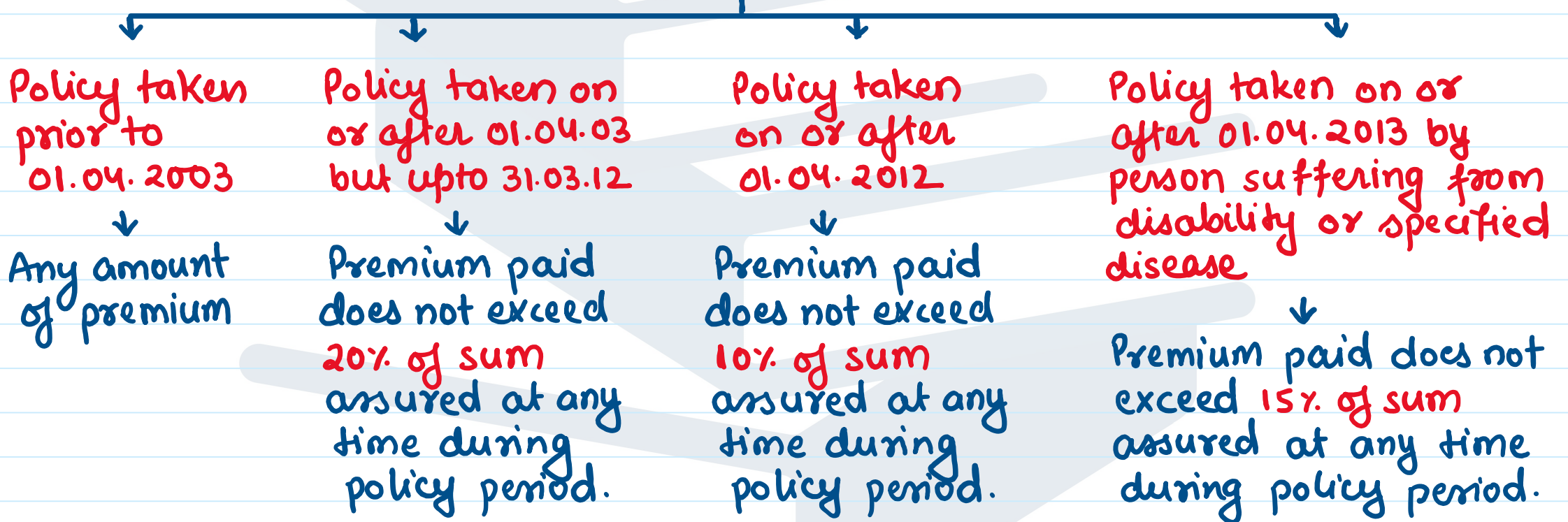
Eg. Mr. X, resident, is due to receive ₹4.50 lakhs on 31.03.2025 towards maturity proceeds of LIC taken on 01.04.2022
Sum assured - ₹4 lakhs. Annual premium - ₹1,25,000

↳ $Income = ₹4,50,000 (-) (₹1,25,000 \times 3)$
 $= ₹75,000$
 $TDS = ₹75,000 @ 2\% = 1,500$

- Points to be noted: (1) Payment of maturity is $\geq 1,00,000$, therefore, TDS applicable.
 (2) TDS rate shall be 2% since maturity is received after 01.10.2024.

Exemption on maturity u/s 10(10D)

Any sum received under a Life Insurance Policy including bonus is exempt if

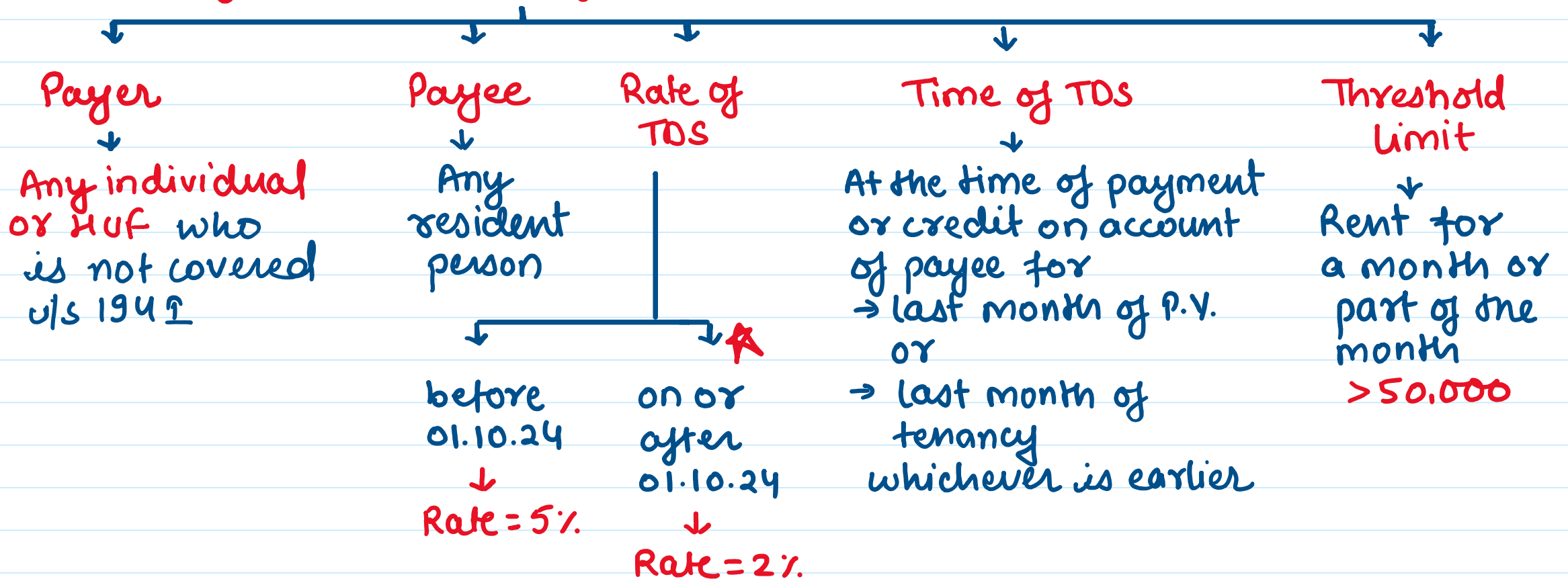


If above conditions are not satisfied → sum received is taxable

Eg. Mr. Y, a resident, is due to receive ₹3,25,000 on 31.03.2025, policy taken on 31.03.2012 for which sum assured is ₹3,00,000.
Annual premium - 35,000

↳ Annual premium is less than 20% of sum assured
 i.e. 20% of 3,00,000 = 60,000 & premium is 35,000
 therefore, maturity is exempt.

TP: 16 TDS on payments of rent by certain Individual / HUF [Sec 194-IB]



Other points to remember

If PAN not submitted by Payee

TDS as per section 206AA

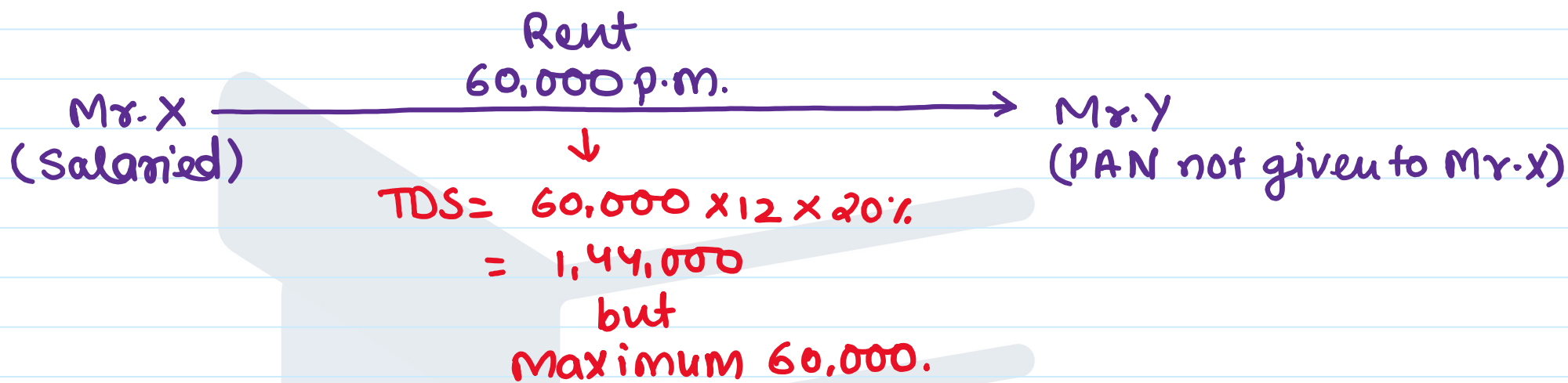
- i) TDS rate prescribed under Act
- ii) Rate in force i.e. rate mentioned in FA
- iii) 20%.

TDS should not exceed rent for last month

Due to sec 206AA, it may happen that TDS to be made during last month > rent for last month

TDS = Rent for the last month.

Eg.



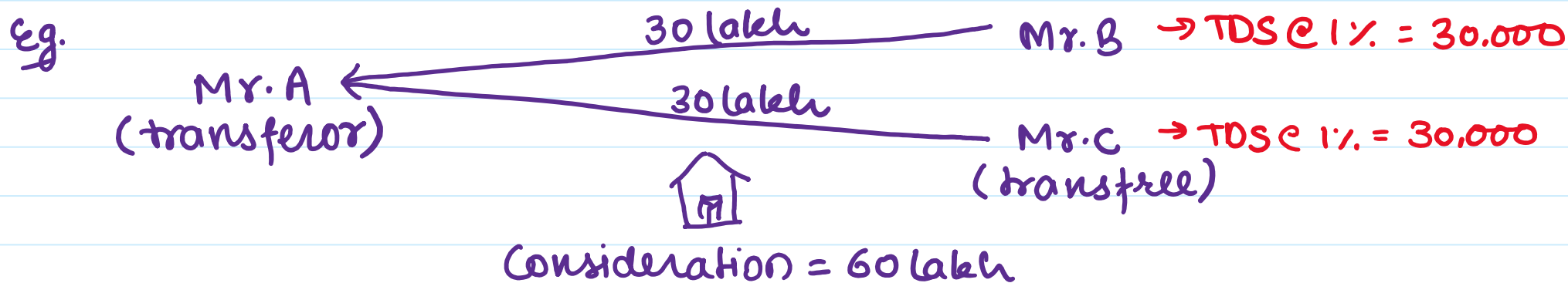
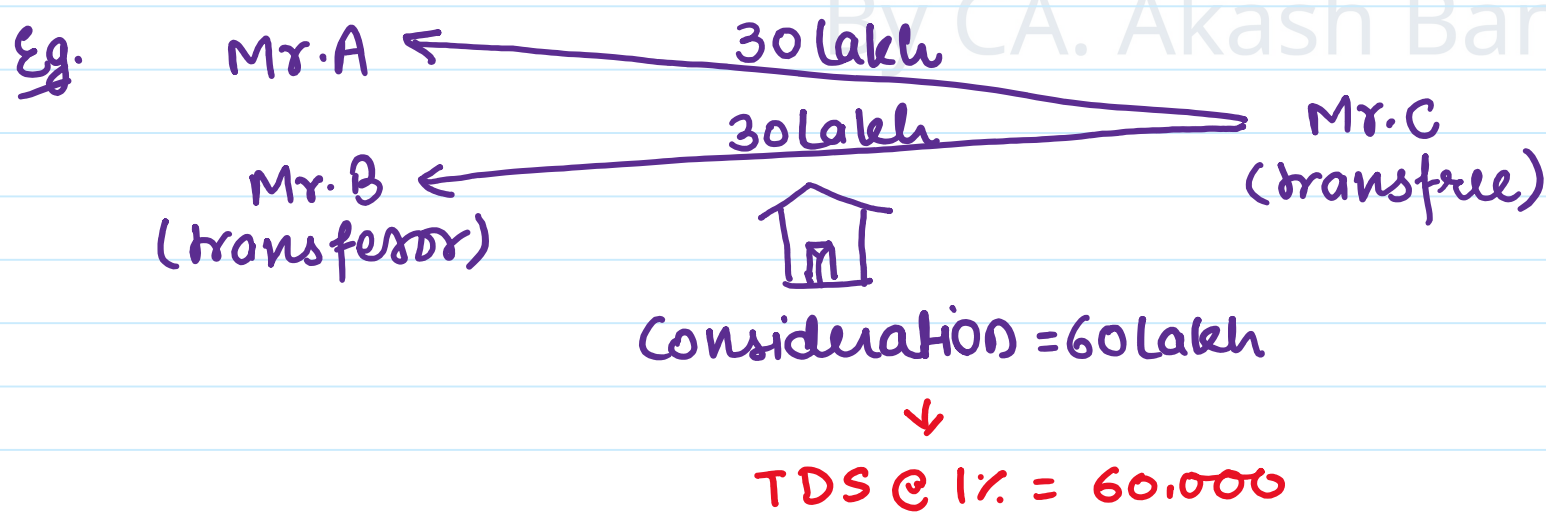
Note: Person deducting TDS is not required to obtain TAN u/s 203A.

TP:17 TDS on payments for purchase of Immovable property other than Agri Land [sec 194-IA]

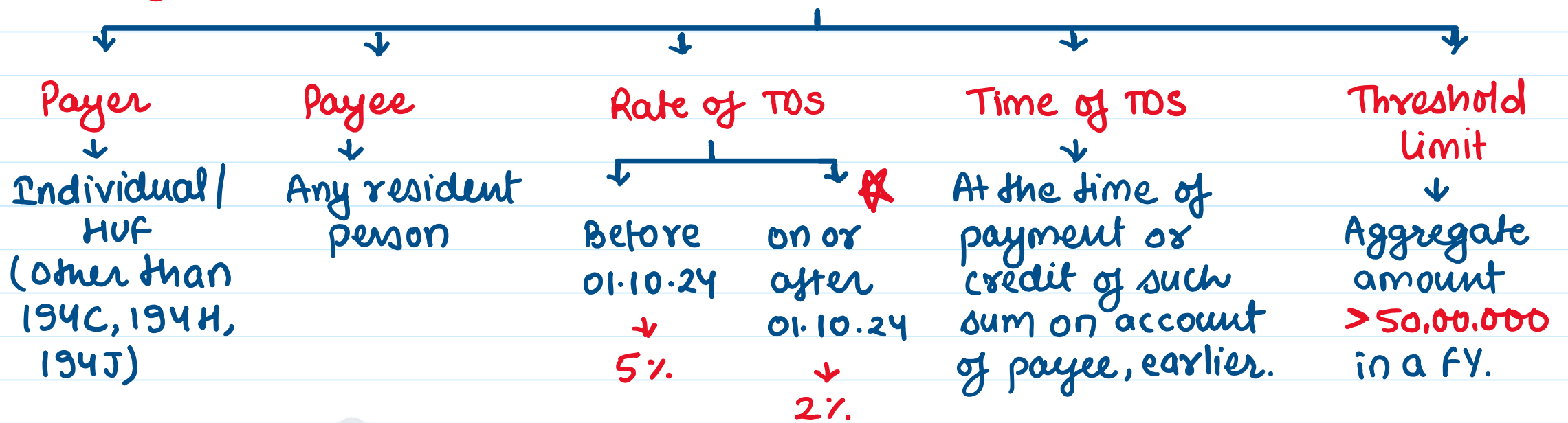
Payer	Payee	Rate of TDS	Time of TDS	Threshold Limit
Any person	Any resident person	1% of Higher of i) consideration ii) Stamp duty value	At the time of payment or credit of such sum on account of payee, earlier.	Consideration or SDV $\geq 50,00,000$

Note: ① Person deducting TDS is not required to obtain TAN u/s 203A.

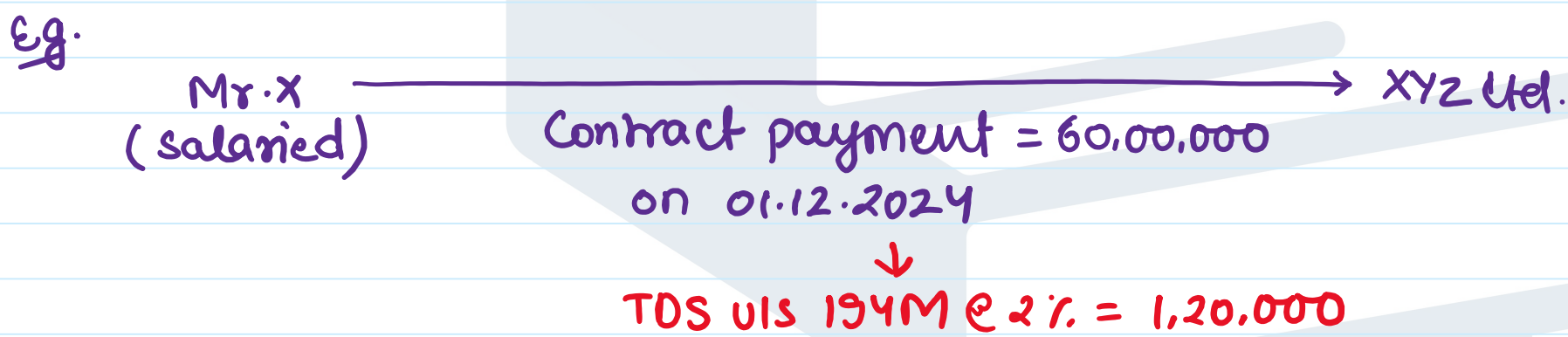
★ ② It is clarified that the consideration should be seen property wise & not transferor / transferee wise.



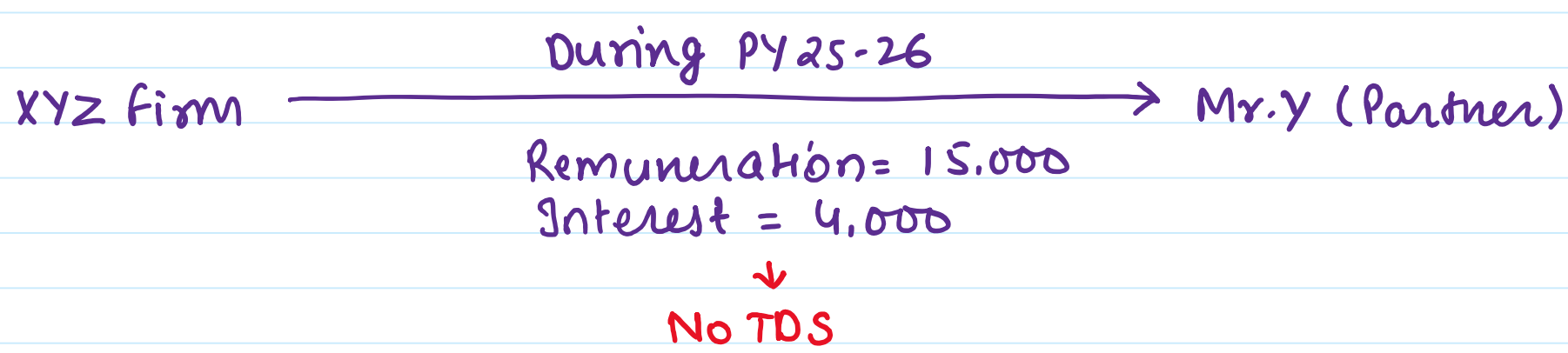
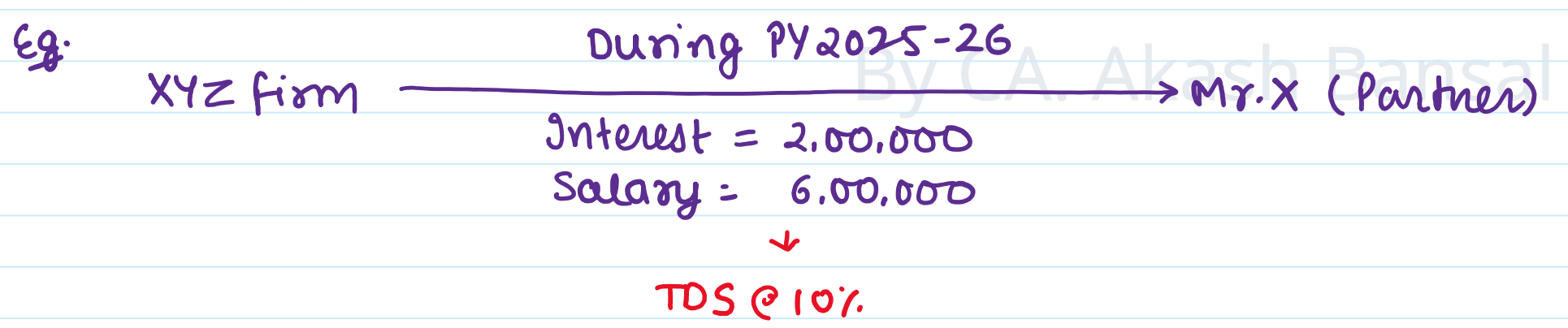
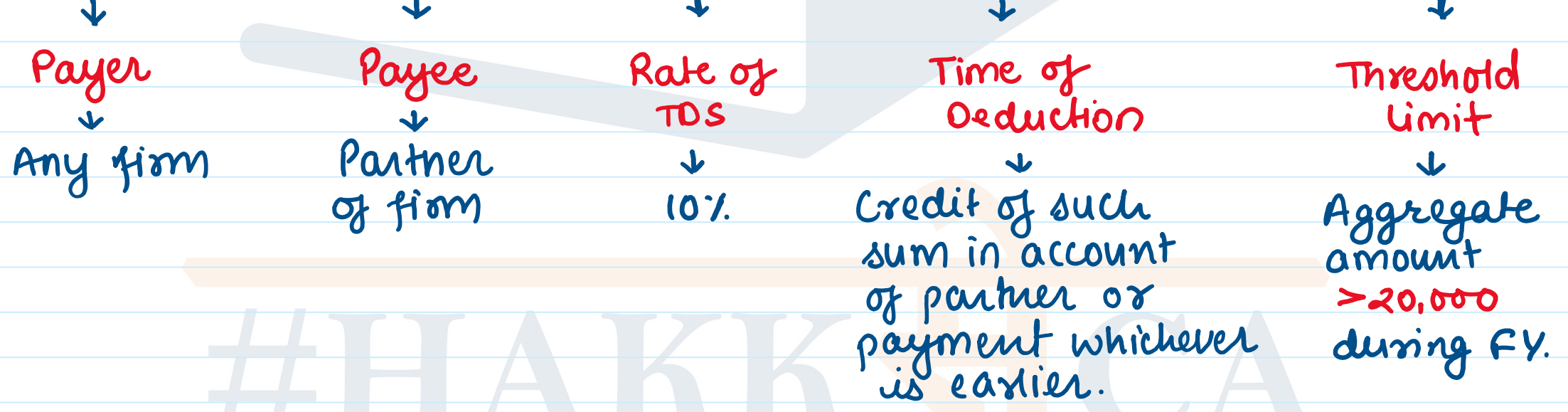
TP:21 TDS on payments of contract works or fees for professional services or commission/ brokerage by Individual or HUF [sec 194M]



- Note:**
- ① Section not applicable where section 194C or 194H or 194J are applicable.
 - ② Person deducting TDS is not required to obtain TAN u/s 203A.



TP:26 TDS on payment of salary, commission, interest, bonus etc to Partners (w.e.f. 01.04.25)



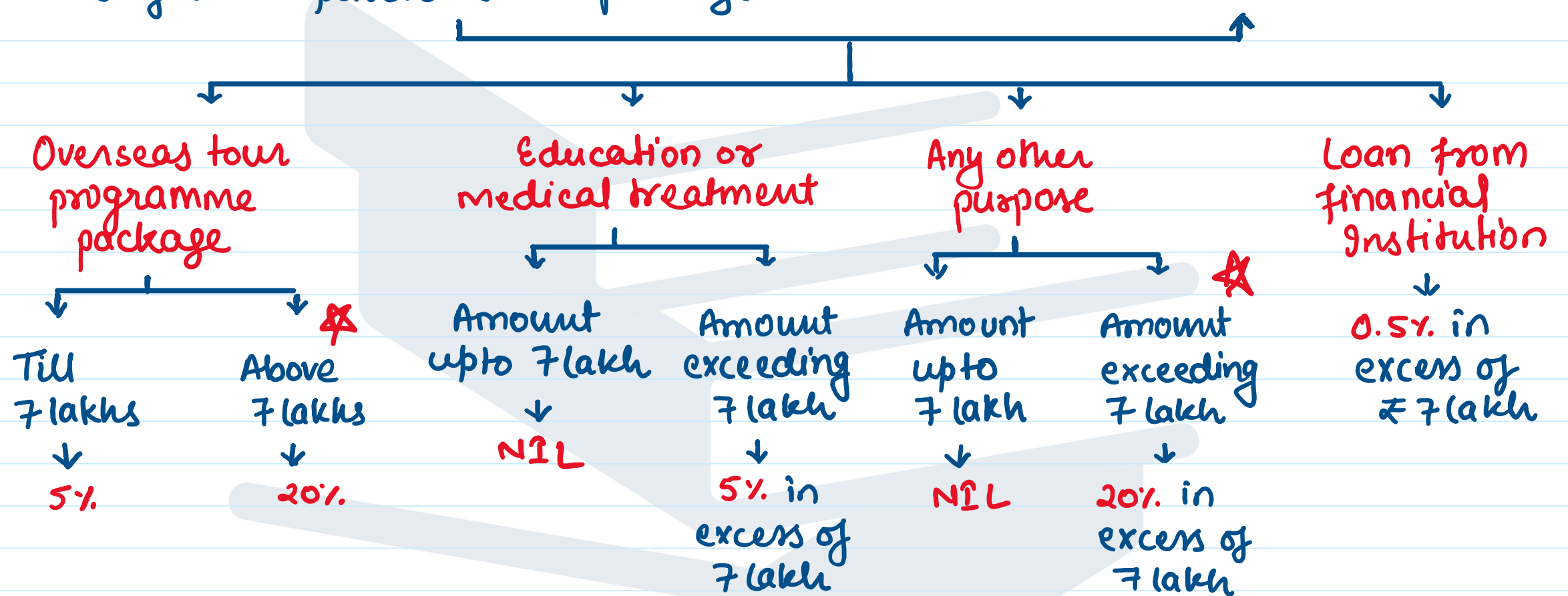
Tax Collected at Source (TCS) [sec 206C to 206CCA]

TP:41 TCS on foreign remittance [sec 206C(14)]

SellerBuyer

- (i) Authorised dealer, who receives amount from buyer under liberalised Remittance scheme (LRS) for remittance
- (ii) Seller of an overseas tour programme package, who receives amount from buyer who purchase the package

Any person other than Ch, Sc, embassy, high commission, legation, commission, consulate, local authority, NR in India who does not have PE in India



Note: As per sec 206CC, if payer does not provide PAN, TCS shall be collected at higher of following rates:

- (i) Twice the rate applicable
- (ii) 5%.

However, maximum rate shall not exceed 20%.

Guidelines on LRS and on purchase of overseas tour programme package

- ① No TCS on expense through International credit card while being overseas.
- ② Threshold of ₹ 7 lakh for educational, medical or any other purpose is combined, not individual.
- ③ Threshold of ₹ 7 lakh is for full year & not from 01.10.2023.
- ④ Threshold of ₹ 7 lakh is in total from all authorised dealer. RBI is creating a portal for real time update of remittance under LRS.
- ⑤ Threshold of ₹ 7 lakhs under LRS & under overseas tour programme is separate.

⑥ If any individual spent say ₹3 lakhs for overseas tour programme package out of LRS, then limit shall be considered for overseas tour program & not for LRS.

⑦ **Scope of medical treatment & Education**

↓
 i) Ticket of patient & attendant
 ii) Medical Exp.
 iii) Day to Day exp.

↓
 i) Ticket of person undertaking study.
 ii) tuition or other fees.
 iii) Day to Day exp.

⑧ **Purchase of international travel ticket or hotel accommodation on standalone basis.**

↳ Does not amount to overseas tour programme

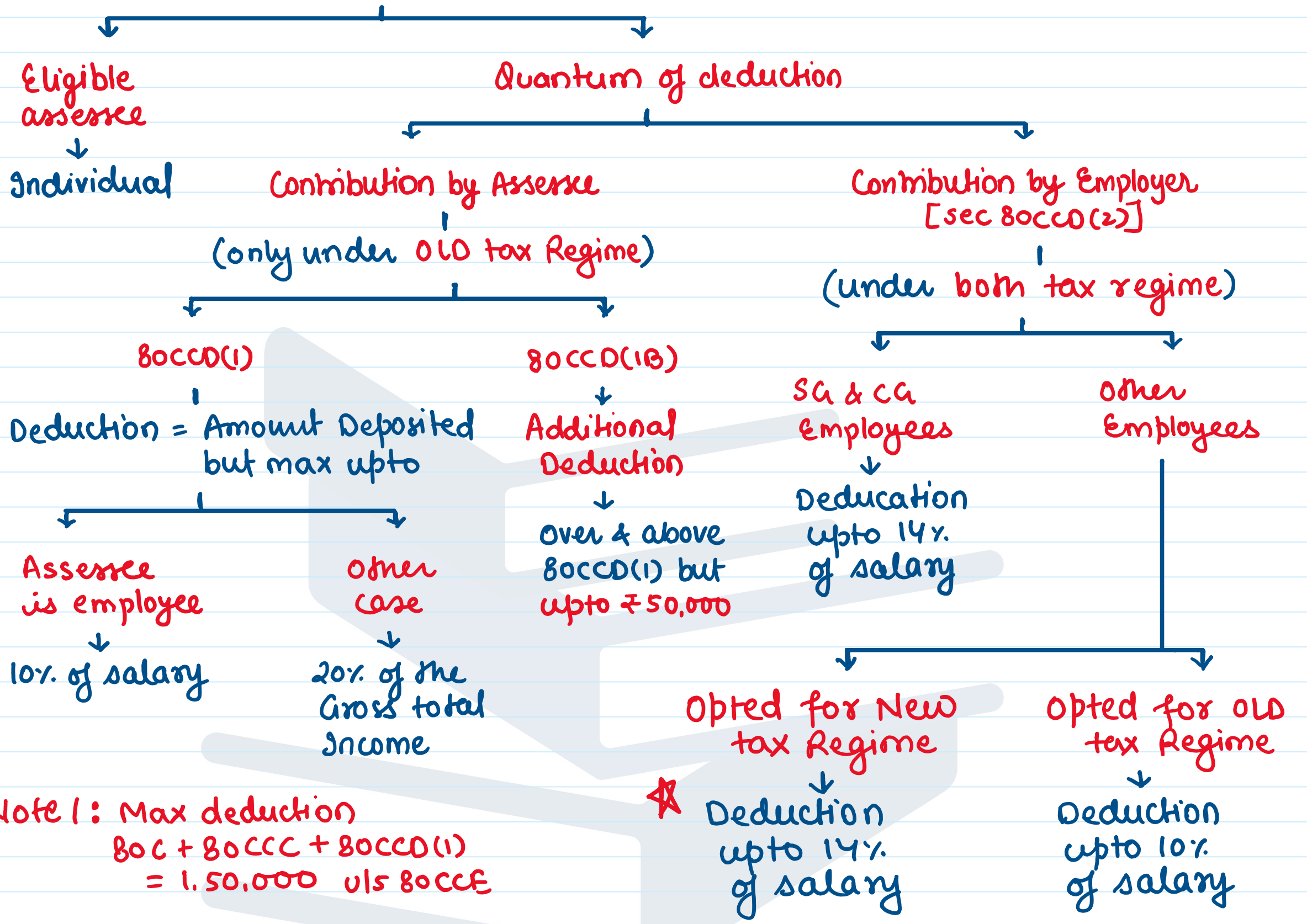
↳ Both tickets & hotel together would be 'overseas tour programme package'.

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Chapter 10 - Deductions from Gross Total Income [sec 80C to 80U]

TP: 5 Deduction in respect of contribution to pension scheme notified by CG [sec 80CCD]

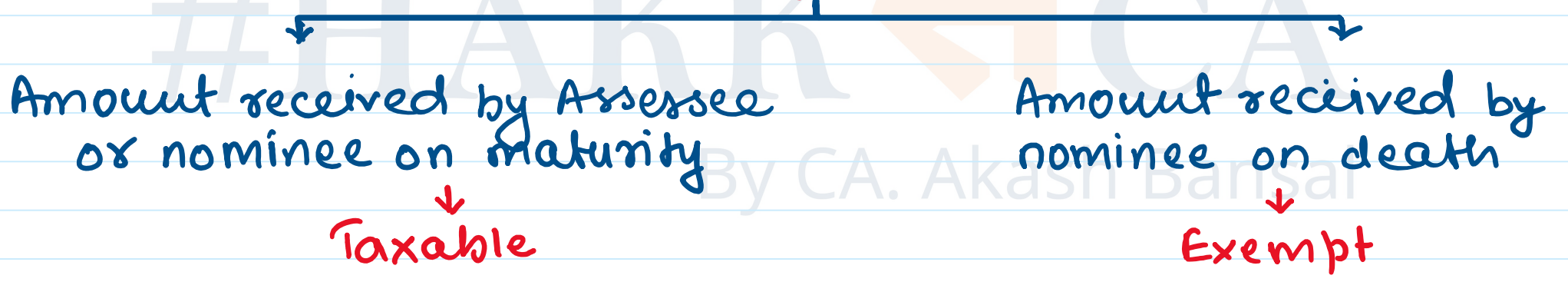


Note 1: Max deduction
 $80C + 80CCC + 80CCD(1)$
 $= 1,50,000$ u/s 80CCE

Note 2: Definition of salary

Salary = Basic pay + Dearness allowance (if in terms of employment)

Maturity taxation



eg. Mr. A (Non-govt. employee) AY25-26
 Basic salary = 100000 p.m.,
 DA = 40% of Basic salary (50% of DA forms part of retirement benefits)
 Both Employer & Employee contribute 20% of basic salary to pension scheme referred to in section 80CCD.

Tax treatment under old tax regime

Contribution by Employee = $20\% \times 12,00,000 = 2,40,000$
 Deduction u/s 80CCD(1B) = 50,000
 Deduction u/s 80CCD(1) = 1,90,000 or $10\% \times 14,40,000$, lower
 = 1,44,000

$$\text{Salary} = 12,00,000 + 40\% \times 12,00,000 \times 50\% \\ = 14,40,000$$

Contribution by Employer = $20\% \times 12,00,000 = 2,40,000$
 Deduction u/s 80CCD(2) = 2,40,000 or $10\% \times 14,40,000$, lower
 = 1,44,000.

Tax treatment under New tax Regime

Contribution by Employee = $20\% \times 12,00,000 = 2,40,000$
 Deduction u/s 80CCD(1B) } **X Not allowed ***
 Deduction u/s 80CCD(1) }

Contribution by Employer = $20\% \times 12,00,000 = 2,40,000$
 Deduction u/s 80CCD(2) = 2,40,000 or $14\% \times 14,40,000$, lower
 = 2,01,600

$$\text{Salary} = 12,00,000 + 40\% \times 12,00,000 \times 50\% \\ = 14,40,000$$

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By CA. Akash Bansal

Chapter 12 - 'Set-off' and 'Carry forward & set-off' of losses

TP:5 Concept of Carry Forward and Set-off of losses

② House property [sec 71B]

↓
Unadjusted loss from house property can be carried forward & set-off against income from house property without any limit in subsequent years.



Note: Maximum period for C/F - 8 Previous Year

Eg.	HP 1	PY 21-22	(2,00,000)
	HP 2	PY 24-25	<u>5,00,000</u>
	Net HP Income		<u>3,00,000</u>

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Chapter 13 - Filing Return of Income [sec 139 to 140B]

TP:15 Quoting of Aadhar Number [sec 139AA]

- ① In application form for allotment of PAN
- ② In return of Income w.e.f. 01.07.2017

Note: ① Mandatory quoting of Enrolment ID where person does not have Aadhar number. → **Removed w.e.f 01.10.2024**

- ② Every person who has PAN shall intimate Aadhar no. to prescribed authority on or before 31.03.2022.



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