



Definitions: Page No. 1.1

2. Income (Section 2(24)) Income inter-alia includes:

Sub-clause	Provision
xvi	Consideration received for issue of shares as exceeds FMV of shares u/s 56(2)(viib) [N.A. w.e.f. 01.04.2025]



Deductions under Salary Head: Page No. 1.2

Deductions:	Sec 115BAC (Default)	Normal Tax Regime
Standard Deduction u/s 16	75,000 [w.e.f. PY 24-25] 50,000 [For PY 23-24]	50,000



II. Where the Assessee does not opt out of the default tax regime of Sec 115BAC Page No. 1.6

For PY 24-25

Where total income:	Rate of Tax
<= Rs. 300,000	Nil
> 3,00,000 but <= 7,00,000	5%
> 7,00,000 but <= 10,00,000	10%
> 10,00,000 but <= 12,00,000	15%
> 12,00,000 but <= 15,00,000	20%
> 15,00,000	30%

Note:

1. Sec 115BAC is **default tax regime** and assessee may choose to opt out.
2. Where Assessee opts for Sec 115BAC, max **surcharge** shall be **25%** (instead of 37%)



For Companies Page No. 1.7

(1) In case of a **domestic** company:

Where total turnover or gross receipt in PY 2022-23 does not exceed Rs. 400 crores	25%
Other cases	30%

(2) In case of company **other than domestic** company (foreign company):

On so much of total income consisting of:	25%
(a) Royalties from Government or Indian concern in pursuance of agreement made between 1/4/1961 to 31/3/1976.	
(b) Fees for technical services received from Government or Indian concern in pursuance of agreement made between 1/3/1964 to 31/3/1976	
On the balance income	40% 35%



Surcharge:

Where total income:	Domestic Company	Foreign Company
> 1 crore but <= 10 crore	7%	2%
> 10 crores	12%	5%

However, the rate of surcharge in case of a company opting for taxability u/s **115BAA** or Section **115BAB** shall be **10%** irrespective of amount of total income. [Discussed Later]





Section 28: Charging section of PGBP Page No. 3.3

Explanation:

- Income from letting out of residential HP shall not be chargeable under PGBP and shall be chargeable under the head HP.

[FA 2024]

Author's Note: Based on this amendment, the ruling of Chennai Properties and Investment Ltd case law stands overridden for income from residential HP. However, income from commercial HP shall still be taxable under PGBP.



Section 36: Other deductions Page No. 3.29

Section 36(1)(iv) to (v)

36(1)	Employer's Contribution to:	Allowed
(iv)	Recognised PF and approved superannuation fund	Subject to 43B
(iva)	Pension scheme u/s 80CCD (Atal Pension Yojana)	10% 14% of (Basic Salary + dearness allowance if terms of employment so provide)* [FA 2024]



Section 37: General Deductions Page No. 3.32

Explanations:

- Exp. for purpose which is offence/prohibited by law is **deemed** to have always included:
 - such expense in **India or outside** India,
 - benefit to any person in **violation** of any law, rule or regulation or guideline
 - compound** an offence under any law, in India or outside India, or
 - to settle proceedings initiated w.r.t. contravention under law notified by CG.**

[FA 2024]



Section 40: Amount not deductible Page No. 3.36

- In case of a **Firm/LLP**, following amount shall **not be allowed** as deduction:
 - Remuneration to any partner exceeding:

Book Profit	Remuneration
On first Rs. 6 lakhs or in case of loss [FA 2024]	Higher of - Rs. 3 lakhs or 90% of Book profit [FA 2024]
Balance of book profit	60% of Book profit

E.g., In case of Rs. 10 lakhs of book profit, allowable remuneration = Rs. 5.4 + 2.4 = Rs. 7.8L



Section 43D: Income of PFIs, etc. Page No. 3.45

In case of PFIs or scheduled bank or co-op banks or notified NBFCs, **interest income** on prescribed **categories of bad and doubtful debts** shall be **taxable** in the PY in which it is **credited** to P&L or in which it is actually **received** - whichever is **earlier**.





Short Term and Long-Term Capital Asset  Page No. 4.2

Section 2(42A) Short Term Capital Asset (STCA): means a capital asset held for < 36 24 months [FA 2024]

Short Term Capital Asset	Till 22rd July, 2024	W.e.f. 23rd July 2024
<ul style="list-style-type: none"> ⇒ Listed securities (including listed units of business trust) ⇒ Units of UTI ⇒ Units of Equity oriented fund ⇒ Zero coupon bond 	12 monhs	12 months
Unlisted Shares and immovable property (i.e., land /building or both)	24 months	24 months
Other capital assets Examples - Unlisted securities (other than shares), units of debt-oriented fund, units of business trust	36 months	24 months

Note: Unlisted bonds and unlisted debentures are always considered short term capital asset irrespective of period of holding [Refer Sec 50AA]



Section 45: Charging Section:  Page No. 4.4

 Section 45(1A) to Section 45(3):

Sec	Case	PY for tax	Sec 48
<ul style="list-style-type: none"> 5 24 	(2) Conversion of CA into SIT (Indexation benefit available w.r.t. year of conversion only if conversion made before 23rd July 2024.)	PY in which such SIT is SOLD / transferred.	FVC = FMV as on date of CONVERSION.



Section 46A: CG on buy-back of shares or specified securities such as ESOPs  Page No. 4.7

In the hands of shareholder: CG = Consideration received from the company* (-) COA.
Such CG is taxable in the year in which such shares are purchased by the company (i.e., Buyback).

*W.e.f. 1st Oct 2024:

Provided that: Where such consideration relates to buy back [as per section 2(22)(f)] that takes place after 1st Oct, 2024, value of consideration = NIL.

 **Section 115QA: Additional Income Tax in case of Buyback:** Page No. 4.7

In case of buy back of **shares** by a **domestic company** from any amount of **distributed income** shall be liable to tax @**20%** on the distributed income (+12% surcharge + 4%). **[Omitted w.e.f 1st Oct 2024]**

Illustration:

Particulars	Prior to 01.10.24	After 01.10.24
Cost of shares issued in 2020	1000	1000
Buyback date	15.08.2024	15.10.2024
Consideration paid by company to SH	1800	1800

Treatment in hands of shareholder and company:

Particulars	Prior to 01.10.24	After 01.10.24
IFOS in hand of SH [Sec 2(22)(f)]	-	1800
Consideration in hands of SH for [Sec 46A]	1800	NIL
CG in hands of SH	1800-1000 = 800	(1000) - Capital loss
Additional tax u/s 115QA	20%	NIL
Remarks	Such income was exempt in hands of SH and co. had to pay tax u/s 115QA	<ul style="list-style-type: none"> ⇒ Taxable in hands of SH under the head IFOS. ⇒ Capital loss of amount = COA. Such loss can be c/f and adjusted against future capital gains. ⇒ No 115QA.

 **Section 10(34A) - Exempt income** Page No. 4.7

Omitted w.e.f. 1st October 2024.

Income arising to an assessee, being a shareholder, on account of **buy back** of shares by the company as referred to in section **115QA**.



Section 47: Transactions not regarded as transfer:

Page No. 4.8

Nothing contained in section 45 shall apply to following transfers:



Basic exemption:

Clause	Provision
(i)	Distribution of capital asset on total or partial partition of HUF .
(ii)	Omitted
(iii)	Any transfer of capital asset by individual or HUF under a gift or will or irrevocable trust . [FA 2024] <u>Provided that</u> - This clause shall not apply to capital asset being shares, debentures or warrants allotted by a co. to its employees under ESOP .



Second proviso to Section 48: Indexation:

N.A. on transfer made on or after 23rd July 2024

Indexation is available only in case of **long term capital gain** (arising from transfer which took place before 23rd July 2024)



Section 50AA: CG in case of Market Linked Debentures (MLD) and Specified MFs

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Page No. 4.19

[Inserted vide FA 2023 and Amended vide FA 2024]

In case of capital assets being:

- ⇒ Units of **Specified Mutual Funds (SMF)** acquired on or **after 1/4/2023** or
- ⇒ **Market Linked Debentures (MLD)** or
- ⇒ **Unlisted bonds or unlisted debentures** which is transferred or redeemed on/after 23rd July 2024

CG arising on transfer, redemption or maturity thereof shall be **deemed** to be **short term** only irrespective of the period of holding. (i.e., tax rate will be as per slab)

No deduction shall be allowed for **STT** against such income.

Explanation:

MLD	<ul style="list-style-type: none"> ⇒ Security which has an underlying principal component in form of debt security and ⇒ Where returns are linked to market returns on underlying securities, and ⇒ Includes any security classified as MLD by SEBI.
SMF	<p>MF which invests > 65% of total proceeds is invested in:</p> <ul style="list-style-type: none"> (a) debt and money market instrument or (b) Any other MF which invests > 65% in above funds [i.e., Fund-of-Funds (FoFs)]



FMV means:

Where the capital asset is:	FMV shall be:
Listed as on 31.01.2018. If no trading on 31.01.2018, check for immediately preceding day when traded.	Highest price quoted on RSE on such date
Unlisted	Net Asset Value on said date
Not listed on 31.01.2018 but listed on date of transfer	$COA * A/B$ A = CII for FY 2017-18 B = CII in year of acquisition or 2001, whichever is later
Not listed on 31.01.2018 but listed subsequent to the date of transfer (where such transfer is of unlisted equity share under OFS included in IPO) [FA 2024]	
Listed on RSE on date of transfer and which became property of assessee in consideration of unlisted share as on 31.01.2018 by transaction u/s 47	



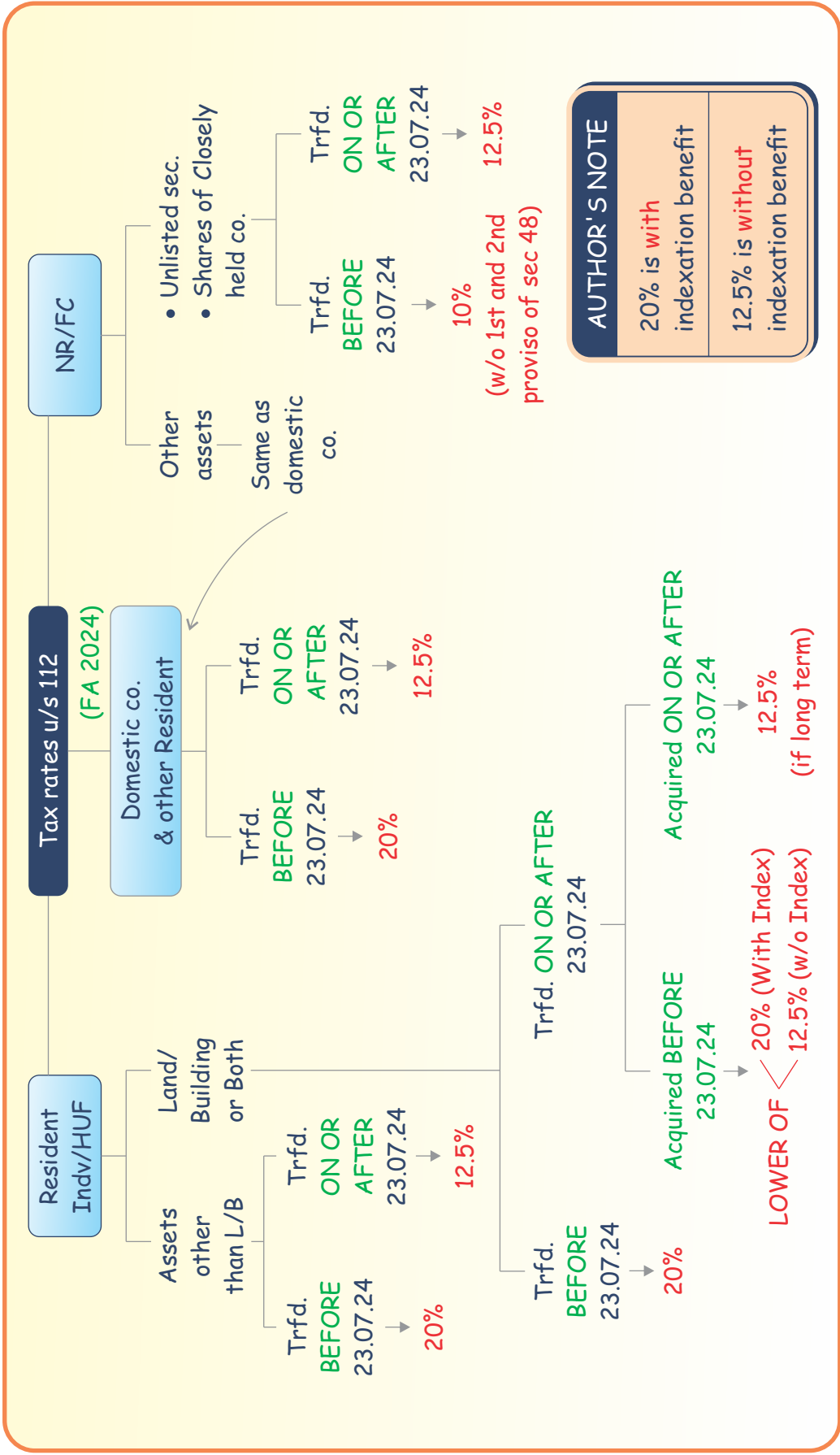
[Amendment in FA 2024]

Particulars	Section 111A	Section 112 ⁸ ¹¹ ¹² ¹⁶	Section 112A ³⁵
Nature of CG	Short term	Long Term	Long Term
Capital Asset	STCA being: <ul style="list-style-type: none"> ➤ Eq. shares ➤ Units of EOF ➤ Units of BT 	Any capital other than 112A	(Listed) LTCA being: <ul style="list-style-type: none"> ➤ Eq. shares ➤ Units of EOF ➤ Units of BT
STT related condition	STT is charged on acquisition or transfer thereof.	No such condition	STT is paid: <ul style="list-style-type: none"> ➤ Eq. shares - on acquisition and trf. ➤ Units of EOF/BT - only on transfer.
STT exception	N.A. if sale undertaken in RSE located in IFSC and consideration in FC	No such condition	N.A. if sale undertaken in RSE located in IFSC and consideration in FC
Tax Rate	20% [trf on/after 23.07.24] 15% [trf before 23.07.24]	Refer chart below	12.5% [trf on/after 23.07.24] 10% [trf before 23.07.24] Exemption - Rs. 1.25 lakhs (for whole PY irrespective of trf date)
Indexation	N.A. (cause short term)	Not available w.e.f. 23.7.24	Not available (Sec 48)
Benefit of BEL	Available only to Resident Indv/HUF		
Chapter VI-A	Deduction not allowed against this gain.		
Section 87A	Allowed	Allowed	Not allowed

Note:

1. Proviso to section 112: [Relevant for transfer made before 23rd July 2024]
 In case of LTCA being listed securities (other than units) & ZCB, LTCG to be lower of:
 - 10% of CG amount without indexation
 - 20% of CG amount with indexation.
2. Equity oriented fund means Fund set up under MF scheme or ULIP scheme, and
 - (a) Minimum 65% of total proceeds is invested in equity shares of listed domestic companies.
 - (b) In case where amount is invested in units of another listed fund:
 - (i) Minimum 90% of total proceeds is invested in such funds, and
 - (ii) Such other fund invests minimum 90% of total proceeds in eq. of listed domestic cos.





As per FA 2024, for individuals or HUFs or companies transferring land or buildings or both acquired before 23rd July 2024, and transferred on or after 23rd July 2024, the L TCG tax rate will be the lower of:

- ➡ 20% with indexation benefit, or
- ➡ 12.5% without indexation.

Note: There is a dual condition - Acquired before 23.07.24 AND transferred on or after 23.07.24

It may be noted that this benefit to a resident individual or HUF is to be given only while computing tax on L TCG under section 112 on transfer of land or building or both & not while computing Income under the head "Capital Gains" which would form part of gross total income/total income.

Thus, for computing income under the head "Capital Gains" to be included in gross total income, indexation benefit is not to be given even in case of resident individual/HUF transferring land or building or both on or after 23.7.2024 which was acquired before 23.7.2024.



As per section 2(22), Dividend **includes**:

(a) Distribution by a company of **accumulated profits** (capitalised or not) if such distribution entails **release** of all or part of **assets** of the co. to its shareholder.

Note:

If accumulated profit is distributed in **cash** - It is **dividend**.

If accumulated profit is distributed in **kind**, e.g. by release of asset - **Market value** of such asset on date of distribution shall be **deemed dividend**.

(b) Distribution by a company of **debentures or deposit certificates** in any form (with or without interest) or distribution of **shares** to ~~equity~~ or preference shareholder **by way of bonus**, to the extent of accumulated profits (capitalised or not).

Note -

Market value of such debentures, deposit certificate or bonus shall be **deemed dividend**.

(c) Distribution (of assets) on its **liquidation** to the extent such distribution is attributable to accumulated profit **before** liquidation (capitalised or not)

Note: Distribution made out of profit earned after liquidation shall not be deemed dividend.

(d) **Distribution on reduction of its capital** to extent of **accumulated** profits (capitalised or not)

(e) Payment, by a **closely held company**, of any sum (to the extent of accumulated profits, ~~capitalised or not~~) by way of **advance** or **loan**:

➤ to a beneficial owner of shares (not being shares entitled to fixed rate of dividend with or without right to participate in profit) holding **>= 10% of voting power**,

➤ to any **concern** in which such SH is a member or partner and has **substantial interest**,

➤ on behalf, or for individual benefit, of any such SH.

Note: Following loan/advances shall not be considered as deemed dividend u/s 2(22)(e):

➤ Advance or loan made to SH or said concern is in **OCOB** where **lending money** is **substantial** part of business of the company.

➤ **Dividend** which is **set off** by the company **against** whole or part of **loan/advance previously paid** and deemed as dividend, to the extent to which it is set off.



Concept clarity check:

1. Substantial intt. in concern means beneficially entitled to **20% of income** or **20% of VP**.

2. Subsequent **repayment** of loan or advance does not make any difference in applicability of 2(22)(e). Charging **interest** at market rate or not is also **irrelevant**.

(f) **Payment by a company on purchase of its own shares from shareholder (i.e., buyback)**
[w.e.f 1st October 2024]

Other exceptions: Dividend does not include:

(i) Distribution under sub-clause (c) or (d) w.r.t. shares issued for **full cash consideration**, where shareholder is not entitled to participate in surplus asset on liquidation. (i.e., preference SH)

~~(i) Payment made on purchase of its own shares from a shareholder (i.e., buyback).~~

(ii) Distribution of shares pursuant to **demerger** by resulting co. to SH of demerged co. (whether or not there is reduction of capital in demerged co.)





Issue of shares by closely held company above FMV [56(2)(viib)]:

Page No. 5.4

- ⇒ Where a **closely held company**
- ⇒ receives any **consideration, from any person, being a resident,**
- ⇒ for issue of shares that **exceeds face value** of shares,
- ⇒ aggregate consideration as **exceeds FMV** is taxable as **IFOS**.

[N.A. w.e.f. 01.04.2025]



Section 57: Deductions:

Page No. 5.9

Nature of IFOS income	Permissible deduction
<ul style="list-style-type: none"> ⇒ Dividend ⇒ Income from MF Units [Sec 10(23D)] or ⇒ Units of specified co. [Sec 10(35)] 	<p>Interest expense upto 20% of such income.</p> <p>No deduction allowed against deemed dividend u/s 2(22)(f) i.e., buyback. [w.e.f. 1st Oct 2024]</p>
Family Pension i.e., monthly amt. paid by employer to family member of deceased employee.	<p>Default tax regime - Lower of: 33 $\frac{1}{3}$% of such amount or Rs. 15,000 25,000 p.m.</p> <p style="text-align: right;">[FA 2024]</p> <p>Old tax regime - Lower of: 33 $\frac{1}{3}$% of such amount or Rs. 15,000 p.m.</p>





Section 80CCD: Deduction in respect of contribution to pension scheme notified by the CG Page No. 8.2

80CCD(2)	Where employers makes contribution to such notified pension schemes, assessee (being employee) can claim deduction upto: <ul style="list-style-type: none"> ➤ 14% of salary (where employer is CG/SG) ➤ 10% of salary (in case of any other employer) or 14% where assessee is taxable u/s 115BAC. [FA 2024]
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Section 80G: Deduction for donation to certain funds, charitable institution, etc. Page No. 8.5

Category I (PM, CM, CG, SG, National wale funds) (100% w/o limit)	17. The National Sports Fund set up by the Central Government
Other points	➤ Timelines for seeking and granting approval u/s 80G is similar to that u/s 12A and 12AB respectively.



Section 80-IA to 80-IE: Page No. 8.9

Section	Eligible business	Year of commencement of eligible business	Period of Deduction	Quantum of Deduction
80-IAC	A business carried out by an eligible start-up engaged in Innovation, Development or Improvement of products or processes or services or a scalable business model with a high potential of employment generation or wealth creation	The company or LLP is incorporated during the period 1.4.2016 - 31.3.2025	3 consecutive AYs out of 10 years beginning from year of incorporation Turnover <= Rs. 100 crores.	100% of the profits and gains derived from such business.



Section 80LA: Deduction in respect of certain income of Offshore Banking Unit (OBU) and IFSC: Page No. 8.11

Eligible income qualifying for deduction	<ul style="list-style-type: none"> (a) income from an OBU in a SEZ; or (b) income from the banking business, from- <ul style="list-style-type: none"> (i) an undertaking located in a SEZ or (ii) any undertaking which develops, operates or maintains a SEZ; (c) income from any Unit of the IFSC from its business for which it has been approved for setting up in such a Centre in a SEZ. (d) income arising from the transfer of an aircraft or ship or helicopter or its engine, or any part, which was leased by an IFSC unit, provided that the unit has commenced operation on or before the 31.03.2025.
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 Additional Income Tax on Buy Back: 



Section 115QA: Additional Income Tax in case of Buyback: 

Page No. 9.7

Not applicable w.e.f. 1st Oct 2024.

Relevant provision	In case of buy back of shares by domestic co., the co. is liable to pay additional tax @ 20% (+ surcharge @ 12% + cess @ 4%) on distributed income. <u>Distributed income</u> = Consideration paid by co. for buy-back (-) Amt received by co. on issue of such shares (determined in prescribed manner)
Time Limit	Pay such tax to CG within 14 days of payment of consideration to SH for buyback.
Additional Points	<ul style="list-style-type: none"> ⇒ Tax paid under this section shall not be available as credit to co. or SH. ⇒ No deduction shall be allowed against this income



Special Rates of tax w.r.t. specified income or asset 

Page No. 9.15

Sec 115ACA	<p><u>Applicable to:</u> Resident individual who is employee of Indian company engaged in specified knowledge-based industry or service.</p> <p><u>Nature of income and tax rate -</u></p> <ul style="list-style-type: none"> ⇒ Dividends on GDR of such Indian company issued as ESOPs, purchased by such individual in foreign currency - 10%. ⇒ LTCG on transfer of such GDRs - 12.5% (trf after 23.07.24) 10% (trf before 23.07) <p><u>Deductions from GTI under any provision of this Act:</u> Where GTI consists of only dividend income mentioned above - No deduction allowed. Where GTI includes above incomes - Deduction is allowed on [GTI (-) above 2 incomes]</p> <p>NR benefit or indexation benefit (Proviso to sec 48) - N.A. to LTCG on GDR.</p> <p>Specified knowledge-based industry or service includes IT software; IT service; entertainment service; pharma industry; bio-technology industry and other notified.</p>
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Section 10(23C): First Regime Page No. 10.2

Sunset provision of the First regime [Amendment vide FA 2024]

- Application seeking approval u/s 10(23C) filed:
 - Before 1st Oct. 2024 & are pending to be processed - PC/C to consider under first regime itself.
 - On or after 01.10.24 - Not to be considered under first regime by PC/C
- Approved trusts u/s 10(23C) would continue to get benefit of exemptions u/s 10(23C) till validity of said approval. Subsequently, they can apply for registration u/s 12A.



Section 11: Income from property held for "charitable or religious purposes (CRP)" 6

- (7) A registered trust or institution u/s 12AB shall **not claim any exemption** u/s 10
Except - Sec 10(1), 10(23C), 10(23EA), 10(23EC), 10(23ED), 10(46), 10(46A) and 10(46B).

[FA 2024]

Summary of above sections [except 10(1)]:

Section	Exemption for income of specified entities:
10(23EA)	Income received by a member of an RSE from transactions in derivatives
10(23EC)	Income received by Investor Protection Fund (established by RSE).
10(23ED)	Income received by Investor Protection Fund (set up by a recognized commodity exchange)
10(46)	Income of certain specified bodies, boards, trusts , or commissions set up by Central, State , or Provincial Act , notified by CG , engaged in public welfare and development
10(46A)	Income of an infrastructure debt fund , notified by the CG
10(46B)	Income accruing to an investment fund notified by CG , set up for providing long-term capital for infrastructure projects

Provided that - Registration of a trust u/s 12AB shall become **inoperative** when such trust is **approved u/s 10(23C)** or notified u/s **10(23EA), 10(23EC), 10(23ED), 10(46), 10(46A) and 10(46B)**.

Provided further that - Such trust may apply to get its registration **operative** u/s 12AB provided that approval u/s **10(23C)** or notification u/s **10(23EA), 10(23EC), 10(23ED), 10(46), 10(46A) u/s** shall **cease** to have effect.

[FA 2024]

Note: A registered trust **cannot claim exemption u/s 10(35)** - Income from mutual fund.





Application to PC/C for registration [Sec 12A(1)(ac)]:

Provision of **sec 11 and 12 shall apply** only if **application** is made to **PC/C** for **registration**.

Who shall seek registration:	By when to make application to PC/C:	Form
Trust registered u/s 12A or 12AA (Re-registration)	Within 3m from 1/4/2021	10A
Trust registered u/s 12AB or approved u/s 10(23C) and such registration or approval is due to expire (Renewal) [w.e.f. - 01.10.24]	At least 6m prior to expiry	10AB
Trust provisionally registered u/s 12AB or provisionally approved u/s 10(23C) [w.e.f. - 01.10.24]	Earlier of - At least 6m prior to expiry of provision registration or provisional approval or within 6m of commencement of activities	10AB
Registration inoperative due to 11(7)	At least 6m prior to commencement of AY for which such registration is sought to be operative	10AB
Undertaken modification of objects	Within 30 days of such modification	10AB
Any other case where activities of trust: (A) have not commenced .	At least 1m prior to commencement of PY from which registration is sought* [Provisional Registration]	10A
(B) have commenced and no income is excluded from total income due to Sec 10(23C) or 11 or 12, for PY ending on or before date of such application	At any time after commencement of such activities Apply before the end of such PY i.e., before start of RAY.	10AB

***Note:** The PC/C shall allow **provisional registration without detailed inquiry**. It **cannot refuse** registration on the ground that activities have not been commenced.

Note: **Due date** for filing Form **10A** or **10AB** has been extended upto **30.06.2024**.

Condonation for delay

Where application is filed beyond time allowed u/s 12A, the PC/C may, if he finds reasonable cause for such delay, condone the delay and application shall be deemed to have been filed in time.

[w.e.f. 01.10.24]





Section 12AB: Procedure for fresh registration

4 5 6A

Page No. 10.9

(1) PC/C, on application u/s 12A(1)(ac), shall:

Application u/s 12A(1)(ac)	Order of PC/C in writing:	Order within:
For Re-registration	Order (writing) registering such trust for 5 y	3 months from EOM of application
Sub-clause (ii), (iii), (iv), (v) and (vi) - Item B (activities commenced)	<ul style="list-style-type: none"> ⇒ PC/C shall call for docs or info. and make inquiry as may be necessary to satisfy about genuineness of activities and compliance of requirement of other law. ⇒ After satisfying, grant registration for 5 y ⇒ If not satisfied - Reject application or cancel registration (subject to OOBH) 	6 months from End of Quarter of application [w.e.f. - 01.10.24]



Section 12AC: Merger with registered or approved trust:

Page No. 10.10

[Added in FA 2024]

Where any trust registered u/s 12AB or approved u/s 10(23C) merges with another trust, provision of section 115TD - Exit tax (i.e., tax on accreted income) shall not apply if:

- (a) the other trust or institution has similar objects,
- (b) the other trust is registered u/s 12AB or approved u/s 10(23C), AND
- (c) the said merger fulfils prescribed conditions.



Section 13: Denial of exemption:

Page No. 10.10

(1) The following income shall not be exempt Sec 11 (and Sec 12):

- (a) Any part of income from property held for private religious purpose which is not available for the benefit of public.
- (b) Income of a charitable/religious trust created for benefit of particular community or caste. However, a trust created for benefit of SC/ST, backward classes, or women & children - Not considered to be trust for benefit of particular religious community or caste.
- (c) Income which is used or applied for benefit of person u/s 13(3) - not exempt.
Consequences of applying such income for benefit of specified person:
 - ⇒ Such income shall be taxed u/s 115BBI @ 30%
 - ⇒ Penalty u/s 271AAE - 100% of benefit for 1st violation & 200% for subsequent violation
 - ⇒ Section 56(2)(x) attracted in hands of specified person.
- (d) Deposit in impermissible modes:
Any income of trust shall not be exempt its funds are invested:
 - ⇒ in modes other than u/s 11(5)
 - ⇒ in shares of company other than public sector companies or shares prescribed u/s 11(5)



Provided that - Nothing above shall apply:

- ➔ Assets forming part of **corpus**.
- ➔ **Bonus** shares allotted to trust or institution.
- ➔ Conversion of assets into those specified u/s 11(5).
- ➔ Profits and gains of business.
- ➔ **Asset referred u/s 10(23C) or any accretion to shares forming part of the corpus or voluntary contribution.** [w.e.f. 1st October 2024]





Section 165A: Charge of equalisation levy on e-commerce supply of services:

Page No. 12.2

This provision shall not apply to consideration received by ECO on or after 01.08.2024

[FA 2024]



Section 166A: Collection and recovery of equalization levy on ecommerce supply or services

Page No. 12.3

[Not relevant w.e.f. 1st August 2024 as per FA 2024]

Levy u/s 165A shall be paid by every **e-commerce operator quarterly** as per due date:

Quarter ending	Due date	Additional Note
30/06	7 th July	1. Rounding off provision - Same as Sec 166. 2. In sec 166, service recipient is responsible for deduction & payment of levy but in sec 166A , ECO is responsible.
30/09	7 th October	
31/12	7 th January	
31/03	31st March	





Section 192: TDS on salary:  1  2 Page No. 13.2

Computation of total income for TDS	<p>Assessee having income under other head may send to the deductor particulars of:</p> <p>(a) Such other income (b) TDS or TCS, if any, (c) Loss under the head HP (if any)</p> <p>On receipt of such information, deductor shall take these into consideration for the purpose of TDS.</p> <p>Note: In any case, TDS shall not be less than what it would be on (Salary income less income from HP) i.e., TDS on (Salary + other income - HP Loss - TDS/TCS) > TDS on (Salary - HP Loss)</p>
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Section 193: TDS on Interest on securities  Page No. 13.3

Deductor	Person paying interest on securities
Deductee	Resident or NR
Rate	10%
When?	At time of credit or payment (cash or any mode) , whichever is earlier .
NO TDS on interest paid on following securities	<ul style="list-style-type: none"> ⇒ 4.25% National Defence Bonds, 1972 held by resident individual ⇒ 4.25% National Defence Loan, 1968 or 4.75% NDL, 1972 held by individual ⇒ National Development Bonds ⇒ 7 years National Saving Certificate ⇒ Any debenture issued by institutions notified by CG. <div style="border: 1px solid #ccc; padding: 5px; margin: 5px 0;"> <p>CG has notified following companies:</p> <ul style="list-style-type: none"> i) "PFC Ltd 54EC Capital Gains Bond" issued by PFC Ltd and ii) "IRFC Ltd 54EC Capital Gains Bond" issued by IRFC Ltd. </div> <ul style="list-style-type: none"> ⇒ 6.5% Gold bond or 7% Gold Bond held by resident individual provided that total nominal value of such bonds does not > Rs. 10K. ⇒ Any debenture issued by public company to Resident individual/HUF if: <ul style="list-style-type: none"> ◆ Aggregate interest < Rs. 5,000. ◆ Such interest is paid by account payee cheque. ⇒ Interest on CG or SG securities. <u>Exception</u> - TDS is to be deducted on 8% or 7.75% Saving (Taxable) Bond or floating rate saving bond, 2020 or other notified security where interest > Rs. 10K during FY ⇒ Interest payable to LIC or GIC or other insurer w.r.t securities owned by it or in which it has full beneficial interest. ⇒ Interest payable to a business trust by an SPV.



Section 194: TDS on Dividend  35 Page No. 13.4

Deductor	Principal officer of an Indian company
Deductee	Resident Shareholder receiving dividend.
Nature	Dividend as defined u/s 2(22) including 2(22)(a) to 2(22)(f)
Rate	10%
When?	At the time of payment or credit.
Threshold	Exceeds Rs. 5,000

No TDS	<p>Where aggregate dividend in FY is < Rs. 5K and paid in mode other than cash. Moreover, No TDS where payment of dividend is made to:</p> <ul style="list-style-type: none"> ⇒ LIC, GIC or other insurer w.r.t shared owned by it or in which it has full beneficial interest or ⇒ Business trust (on payment of dividend by SPV to business trust) ⇒ Other person notified by CG ⇒ Dividend paid BY IFSC unit engaged in leasing of aircraft TO company, being an IFSC unit engaged in leasing of aircraft (same business).
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Section 194C: Payment to contractors

Page No. 13.8

Deductor	<p>Specified person:</p> <table border="1" style="width: 100%; text-align: center;"> <tr> <td>CG/SG/ Local Auth.</td> <td>Company</td> <td>Co-op society</td> <td>Authority for dealing with housing accomodation (E.g., NHB)</td> <td>Any trust or societies</td> </tr> <tr> <td>Govt. of foreign state</td> <td>Firm</td> <td colspan="3">Individual/HUF or AOP/BOI having sales > Rs. 1 crore (business) or Rs. 50 lakhs (profession)</td> </tr> </table>	CG/SG/ Local Auth.	Company	Co-op society	Authority for dealing with housing accomodation (E.g., NHB)	Any trust or societies	Govt. of foreign state	Firm	Individual/HUF or AOP/BOI having sales > Rs. 1 crore (business) or Rs. 50 lakhs (profession)		
CG/SG/ Local Auth.	Company	Co-op society	Authority for dealing with housing accomodation (E.g., NHB)	Any trust or societies							
Govt. of foreign state	Firm	Individual/HUF or AOP/BOI having sales > Rs. 1 crore (business) or Rs. 50 lakhs (profession)									
Deductee	Any resident contractor (including sub-contractor)										
Rate	<p>Where payee is Individual/HUF - 1% Where payee is other than Individual/HUF - 2% Note: Contractor/subcontractor in 44AE business (PAN furnished) - NIL%</p>										
When?	<p>At the time of credit or payment whichever is earlier <u>Note</u> - If credited to "Suspense a/c" - Deemed credit to account of payee.</p>										
Threshold	<p>Single payment > Rs. 30,000 OR aggregate during FY exceeds Rs. 1 lakh. Once total payment > Rs. 1 lakh, deduct TDS on total amount (not just last invoice)</p>										
No TDS	Indv/HUF (only) making payment if such payment is exclusively for personal purpose .										
Income?	<p>For carrying out any work (including supply of labour for such work) <u>Note</u> - Contract of sale is not covered here.</p>										
Work includes:	<ul style="list-style-type: none"> ⇒ Advertising (i.e., payment by client to advertising agency) ⇒ Broadcasting and telecasting including production of programme for such broadcast or telecast ⇒ Carriage of goods or passenger by mode other than railways ⇒ Catering ⇒ Mfg. or supply of a product as per requirement and specification of customer where material is provided by customer or his associate. <p><u>Note</u> - Rendering of professional service not included here. Construction contract is also not covered here.</p>										
Work excludes	<ul style="list-style-type: none"> ⇒ Manufacturing of customized products by purchasing material from person other than customer or associate thereof; or ⇒ Any sum referred u/s 194J(1) 										

[FA 2024]





Section 194DA: Payment in respect of Life insurance policy not exempt u/s 10(10D) Page No. 13.10

Deductor	Any person
Deductee	Resident
Rate	2% [on or after 01.10.2024] [5% before 01.10.2024]
When?	At time of credit or Payment
Income?	Any sum under Life insurance policy incl. bonus that is not exempt u/s 10(10D) <u>Note</u> - TDS will be deducted on the income amount and not on the principal amount. For e.g. - Total premium paid - Rs. 3 lakhs. Insurance amount received 5 lakhs. TDS will be deducted @5% on Rs. 2 lakhs (and not Rs. 5 lakhs)
Minimum amt	Rs. 100,000 (aggregate in FY)



Section 194G: Commission on sale of lottery tickets Page No. 13.11

Deductor	Any person (generally state government)
Deductee	Any person - Stocking, distributing or purchasing or selling lottery tickets.
Rate	2% [on or after 01.10.2024] [5% before 01.10.2024]
When?	At the time of credit or payment in cash or any other mode, whichever is earlier. <u>Note</u> - In case of credit to "Suspense a/c" - Deemed credit to account of payee.
Income?	Commission or remuneration or prize on such tickets > Rs. 15,000
Threshold?	Rs. 15,000 (in aggregate in a FY)



Section 194H: Commission or brokerage Page No. 13.11

Deductor	Indv. or HUF - Turnover exceeds Rs. 1 crore (Business) or Rs. 50 lakhs (Prof) Any other person - No limit
Deductee	Resident
Rate	2% [on or after 01.10.2024] [5% before 01.10.2024]



Section 194IA - Payment on trf. of certain immovable property other than rural agricultural land Page No. 13.14

Deductor	Transferee responsible for paying consideration for transfer of IP
Deductee	Any resident transferor.
Rate	1% of [consideration or SDV] whichever is higher.
When?	At the time of credit or payment, whichever is earlier.
Threshold?	No TDS if sale consideration and SDV are both < Rs. 50 lakhs
Note	<ul style="list-style-type: none"> ⇒ Trf. of urban agricultural land will attract TDS here (subject to Rs. 50L limit) ⇒ Consideration for transfer of IP shall include ALL charges incidental to such transfer (membership fee, parking fee, maintenance fee, etc.) ⇒ No TAN is required for deduction of TDS u/s 194IA ⇒ 194IA shall not apply where 194LA applies (compulsory acq. of IP)
Co-owner	If sellers jointly own a property, then sec 194IA is attracted even if each co-owner's consideration is < Rs. 50 lakhs as long as total consideration is > Rs. 50L



Note	Where there is more than 1 transferor or transferee of any IP, consideration = aggregate of amount payable by all transferees to one or all the transferor. [w.e.f. 1 st October 2024]
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Refer Sec 194LA along with this section.



Section 194IB - Rent by Individuals/HUF (other than those covered in 194I) Page No. 13.14

Deductor	Indv. or HUF (T/O < Rs. 1crore/50L) [Chote log]
Deductee	Resident
Rate	2% [on or after 01.10.2024] [5% before 01.10.2024]



Section 194M: Payment of certain sums by Individual or HUF Page No. 13.17

Deductor	Indv. or HUF (which are not required to deduct TDS u/s 194C, 194H or 194J)
Deductee	Resident
Rate	2% [on or after 01.10.2024] [5% before 01.10.2024]



Section 194O: Payment by E-com operator (ECO) to E-com participant (ECP) Page No. 13.18

Deductor	E-com operator (E.g. Amazon or practo or urbanclap)
Deductee	E-com participant (Resident) (E.g., Sellers or doctors or service provider)
Rate	0.1% of the <u>Gross Amount</u> (i.e., before commission of ECO) [w.e.f. 1 st October 2024] Note: <ul style="list-style-type: none"> ➔ TDS rate before 01.10.2024 was 1%. ➔ Payment made by purchaser directly to ECP shall be included in gross amount for calculation of TDS amount.



Section 194T: Payments to partners of firm Page No. 13.24

[Inserted vide FA 2024, effective from 01.04.25]

Deductor	Any person, being a Firm
Deductee	Partner
Income?	Salary, remuneration, commission, bonus or interest to a partner of the firm
Threshold	Rs. 20,000 i.e., No deduction where such sum or aggregate thereof paid or likely to be paid does not exceed Rs. 20,000 during FY.
Rate	10%
When	Credit or payment, whichever is earlier.





Section 197: Certificate for Deduction at Lower rate or no deduction

Page No. 13.24

- (1) On an **application** made by the Assessee to the AO, if **AO is satisfied** that total income of the recipient justified deduction of TDS at **lower rate** or **no deduction**- AO may issue **certificate** specifying such lower rate or no rate.

Such application **can be made** only w.r.t. to TDS u/s - 192, 193, 194, 194A, 194C, 194D, 194G, 194H, 194I, 194J, 194K, 194LA, 194LBA, 194LBB, 194LBC, 194M, 194O, **194Q**, 195.

Author's Note: Application **cannot be made** w.r.t. TDS u/s - 192A, 194B, 194BA, 194BB, 194DA, 194E, 194EE, 194IA, 194IB, 194IC, 194N, 194P, 194R, 194S.



Section 198: TDS amount shall be deemed to be income received.

Page No. 13.25

TDS or tax deducted outside India w.r.t. credit is claimed under this Act - **Deemed to be income received** in hands of assessee. Except - Sec 192(1A) & 194N.



Section 200: Duty of deductor - Pay TDS to CG and file TDS statement:

Page No. 13.26

Form for TDS returns:

Note: Form **24Q** can be **revised** by filing **correction statement** (within 6 years from EOFY in which statement was filed). [FA 2024]



Section 201: Consequences of failure to deduct or pay TDS

Page No. 13.27

- (3) **Time limit:**
Order deeming a person AID for failure to deduct TDS from **any person**, shall not be passed after **expiry of 6 years** from end of relevant **FY** or **2y** from end of FY in which **correction statement** is delivered u/s 200 - whichever is **later**.



Section 206C: Tax Collection at Source

Page No. 13.31

- (1F) **Motor Vehicle and any other notified goods:**

Seller, who receives consideration for sale of **motor vehicle** or **any other goods** notified by **CG** of value **exceeding > Rs. 10 lakhs (aggregate)**, shall at the time of **debiting** or **receipt** of such amount, collect **TCS @ 1% of sale consideration**.

[Applicable w.e.f. 1st Jan 2025]



Deposit TCS with CG:

Collector	TCS is deposited	Time Limit
Office of Government	Without challan	Same Day
	With challan	On or before 7 th of next month
Other than Govt.	For the month of March	On or before 30th April
	In all cases (including March)	On or before 7 th of next month

Time Limits for TCS Statement (Form 27EQ)

Quarter	Due Date
30th June	15th July
30th Sept	15th Oct
31st Dec	15th Jan
31st March	15th May of next FY

Note: Such TCS statement can be **revised** by filing **correction statement** (within 6 years from EOFY in which statement was filed).

TCS certificate [Form 27D]:

Furnished by collector within **15 days** from due date of furnishing **quarterly TCS statement**.

Credit of TCS: TCS collected and paid to CG - Deemed to be payment of tax on behalf of person from whom amount is so collected **or to such other person eligible for credit**.

TDS credit shall be given for **AY** for which such income is assessable. If assessable over a **number of years** - allow credit **proportionately**.

Consequence of failure to collect TCS:Interest and penalty

- No penalty u/s 221 unless AO is **satisfied** that such failure was without good reasons.
- Simple interest @ 1% p.m or part thereof from date on which TCS is **collectible** to date on which TCS is **actually paid**. Such interest is to be paid before furnishing quarterly TCS return.
- **Simple interest @ 1.5% p.m or part thereof where TCS is collected but not paid to CG. [FA 2024]**
- Where TCS is collected but not paid, such TCS + intt. shall be a **charge upon all the assets** of collector.

Time limit to pass order:

Order deeming a person AID for failure to deduct TCS from any person, shall not be passed after expiry of 6 years from end of relevant FY or 2y from end of FY in which correction statement is delivered- whichever is later. [FA 2024]

Certificate for collection at lower rate: (only for Sec 206C(1) and 206C(1C))

- (1) On **appln.** made by buyer to AO, AO may issue **certificate** specifying collection of TCS at lower rate u/ss (1), (1C), (1D), **(1H)**.





Section 230: Tax clearance certificate Page No. 13.35

(1A) Every person who is domiciled in India, at the time of departure, shall furnish to ITA:

- ⇒ PAN u/s 139A (or certificate of no PAN)
- ⇒ Purpose of visit outside India, and
- ⇒ Estimated period of stay outside India.

Moreover, for such visit outside India, where in the opinion of ITA, it is necessary to do so, ITA may require such person domiciled in India to obtain certificate from ITA stating he has no liabilities under Black Money Act or other Act or that satisfactory arrangements has been made. (ITA to record reason + obtain approval of PC/C)



Section 245: Set off and withholding of refund Page No. 13.36

- (1) The AO or PCC/CC or PC/C may set off any amount of refund due against any amount remaining payable from such person after giving an intimation thereof in writing.
- (2) Where a refund is due and AO, having regard to pending assessment proceedings of such person, AO may record reasons + prior approval of PC/C - withhold refund upto 60 days from date of assessment.

[FA 2024]





Section 132B: Application of seized or requisitioned assets: Page No. 14.8

Asset seized u/s 132 or requisitioned u/s 132A shall be dealt as follows:

(i) Following amounts may be **recovered** out of such asset:

- ➔ **Existing liability** under this Act or **Black Money Act** (excluding advance tax)
[Applicable w.e.f. 1st Oct 2024]
- ➔ Amount determined on **completion** of assessment for PY in which search is made,
- ➔ Liability arising on application made before **Dispute Resolution Committee**.





Section 139: Return of income: 

Page No. 15.8

(9A) Where any ROI is furnished in pursuance of order u/s 119(2)(b), this section shall apply.
[Applicable w.e.f. 1st October 2024]



Section 139AA: Quoting of Aadhaar card (and linking of PAN):  Page No. 15.11

(1) Person eligible to obtain Aadhaar shall quote Aadhaar in application for PAN and in ROI

In case of no Aadhaar - Quote Enrolment ID of Aadhaar application form. [N.A. w.e.f. 1st Oct 24]
Every person who is allotted PAN on the basis of such Enrolment ID prior to 01.10.24 - Intimate Aadhaar number to CG in prescribed manner.



Section 144C: Reference to Dispute Resolution Panel (DRP):  Page No. 15.19

Explanation:

DRP	constitutes of collegium of 3 PCIT/CIT
Eligible Assessee	(i) any person in whose case prejudicial variation is a result of TPO order u/s 92CA (ii) NR (not being a co.) or foreign company. Note: Person referred u/s 158BA(1) or 158BD are not eligible assessee u/s 144C [FA 2024]

Note: Provision u/s 144C shall not apply to proceedings under Chapter XIV-B (Sec 158B to Sec 115BI).

 Income Escaping Assessment 

[Sequence to study - 147 >> 148A >> 151 >> 148 >> 148B >> 149 >> 150]

Author's Note: Provision relating to Income Escaping Assessment has been significantly revamped vide FA 2024. The date for applicability of each section varies. The revised and amended provision has been summarised below. However, the old provisions which are not relevant are not covered here.



Section 148: Issue of notice where income has escaped assessment  Page No. 15.21

(1) Issue of notice to furnish ROI: [Amended w.e.f. 1st September 2024]

- ➔ Before assessment or reassessment or recomputation u/s 147, and subject to 148A,
- ➔ AO shall serve a notice along with copy of order u/s 148A(3)
- ➔ to furnish ROI in prescribed manner within 3m from EOM in which notice is issued
- ➔ and provision of this Act shall apply as if such return were furnished u/s 139.

Provided that - No notice u/s 148 shall be issued unless there is info. with the AO which suggests that income has escaped assessment.

Moreover, where the AO has received info. u/s 135A, no notice u/s 148 shall be issued without prior approval of specified authority u/s 151.

(2) ROI filed beyond period allowed under this section shall not be deemed to be return u/s 139.

Time limit for issue of notice u/s 148: [Sec 149]

No notice u/s 148 shall be issued for RAY:

- (a) if 3 years and 3 months have lapsed from end of RAY; or
- (b) if 5 years and 3 months have lapsed from end of RAY in case where AO has in his possession books of accounts or other evidence related to asset or expenditure or transaction which shows that income that has escaped assessment is likely to amount \geq Rs. 50 lakhs

Note: Assessee is required to file ROI u/s 148 again even if he has filed ROI earlier in normal course.



Section 148A: Procedure before issuance of notice under section 148: Page No. 15.21

[Amended w.e.f. 1st September 2024]

(1)	Issue of show cause notice	<ul style="list-style-type: none">⇒ Where AO has information that any income has escaped assessment,⇒ he shall, before issuing any notice u/s 148⇒ provide an OOBH to assessee by serving upon him a show cause notice⇒ as to - why notice u/s 148 should not be issued.⇒ Such SCN shall be accompanied with info. that suggest income has escaped assessment.
	Time limit for notice u/s 148A [Sec 149]	No SCN u/s 148A shall be issued for RAY: (a) if 3 years have lapsed from end of RAY; or (b) if 5 years have lapsed from end of RAY in case where income which escaped assessment, as per info. with AO, is likely to \geq Rs. 50 lakhs
(2)	Reply to notice	⇒ On receipt of such notice u/ss (1), assessee may furnish reply within period specified in notice.
(3)	AO to pass order for notice u/s 148	<ul style="list-style-type: none">⇒ Based on material available on record and considering reply of assessee u/ss (2)⇒ AO shall pass an order (with prior approval of specified authority u/s 151) determining whether it is a fit case to issue notice u/s 148

Non applicability of Sec 148A:

This section shall not apply in case where AO has received information u/s 135A.



For the purpose of Sec 148 and 148A: Page No. 15.22

[Amended w.e.f. 1st September 2024]

Information with AO which suggests that income chargeable to tax has escaped assessment means:

- (i) any info. as per risk management strategy formulated by the Board (e.g. SFT u/s 185BA)
- (ii) any audit objection that assessment for RAY is not as per the Act
- (iii) any information received u/s 90 or 90A.
- (iv) any information made available to AO u/s 135A.
- (v) any information which requires action in consequence of order of court/tribunal.
- (vi) any information emanating from survey u/s 133A [except 133A(2A)], on or after 1st Sept 2024





Section 148B: Prior approval in certain cases: Page No. 15.22

No **assessment order** shall be passed by **AO** (below the rank of JC), except with the **prior approval** of Additional C/D or Joint C/D.



Section 149: Time limit for notice Page No. 15.22

[Amended w.e.f. 1st September 2024]

Time limit for issue of notice u/s 148 & show cause notice u/s 148A - Discussed in respective section.



Section 150: Time limit in case of appeal or order of court Page No. 15.22

Notwithstanding 149, notice u/s **148** may be issued to give effect to findings/direction:

- in an order passed by any **authority** under **this Act** in any proceeding (appeal, revision, etc.), or
- by order of a **court** in any proceeding under **other law**

Above **relaxation** shall **not apply** where assessment relates to AY in respect of which assessment could not have been made at the time the order which was subject matter of appeal/revision, etc. was made on account of **expiry of time limit** at that point of time itself.



Section 151: Specified authority u/s 148 and 148A: Page No. 15.22

[Amended w.e.f. 1st September 2024]

Specified Authority for Sec 148/148A means - **Additional Commissioner** or **Additional Director** or **Joint Commissioner** or **Joint Director**, as the case may be.



Section 152: Other provisions: Page No. 15.23

- (1) On assessment u/s 147, **tax rate** = same at which it would be taxed had it **not escaped assessment**.
- (2) Where an assessment is **reopened** u/s 147, Assessee may, if he has **not impugned** any part of original assessment order **for that year** u/s 246 to 248 or u/s 264, **claim** that the proceedings u/s 147 shall be **dropped** on his showing that he had been **assessed** on an amount **not lower than** what he would be rightly liable for even if income alleged to have escaped assessment had been taken into account. Provided that in so doing he shall **not be entitled to reopen** matters concluded by an order u/s 154, 155, 260, 262, or 263.
- (3) Where search is initiated u/s 132 or requisition is made u/s 132A or survey is conducted u/s 133A [other than 133(2A)] before 01.09.24, provision of Sec 147 to 151 (prior to amendment) shall apply.
- (4) Where notice u/s 148 is issued or order u/s 148A(d) has been passed prior to 01.09.24, such proceeding shall be governed by provision of Sec 147 to 151 (prior to amendment) shall apply.

[FA 2024]



**Section 153: Time Limit for completion of assessments and reassessments:**

Page No. 15.23

	Provision	Time Limit for completion of assessment
(1)	Assessment u/s 143 and 144	12m from end of RAY [FA 2023]
(1A)	Where updated return u/s 139(8A) is filed, assessment u/s 143/144	12m from end of RAY FY in which return filed. [FA 2023]
(1B)	Where return is furnished vide order u/s 119(2)(b), assessment u/s 143 or 144	12m from end of RAY FY in which return filed. [FA 2024]
(2)	Assessment u/s 147	12m from end of FY in which notice u/s 148 served
(3)	In case of order u/s 250 or 254 or 263 or 264, setting aside or cancelling an assessment or order u/s 92CA	Fresh assessment order or fresh order u/s 92CA to be made within 12m from end of FY in which: ➔ ITAT order u/s 254 is received by CCIT/CIT, or ➔ Order u/s 263 or 264 is passed by CCIT/CIT

Chapter XIV-B Special Procedure for assessment in Search cases[Applicable w.e.f. 1st Sept 2024]**Note:** This chapter is applicable only if search is initiate u/s 132 or a requisition is made u/s 132A.**Section 158B: Definition**

Page No. 15.27

Block Period	Period comprising of: ➔ 6 PYs prior to PY in which search or requisition is made and ➔ includes period starting from 1 st April of PY of search or requisition and ending on date of execution of last of authorisation of search. E.g.: Where search is initiated on 15.07.2025 and ended on 18.07.25, block period = 01.04.2019 to 18.07.2025 [6PY being PY 19-20 to PY 24-25 & 01.04.25 to 18.07.25]
Undisclosed income	Includes money, bullion, jewellery or other valuables or income or expense entries in BoA which has not been disclosed in this Act, in respect of the block period.

**Section 158BA: Assessment of total income as a result of search**

Page No. 15.27

- (1) Notwithstanding any other provision of this Act, where search or requisition is made- AO shall proceed to assess total income of the block period as per this chapter.
- (2) Proceeding pending under any other section pertaining to AY falling in block period shall abate on the date of initiation of search or requisition.
- (3) Where during the course of any assessment proceeding under any other chapter, any reference u/s 92CA(1) has been made or order u/s 92CA(3) has been passed, such reference made or order passed shall abate w.e.f. date of initiation of search or making requisition.



- (4) Where assessment **under this Chapter is pending** and a **subsequent search** is initiated or requisition is made, such **pending assessment shall be duly completed** and thereafter, assessment w.r.t. subsequent search shall be made.

Provided that - Where remaining period for completing subsequent assessment is **<3m**, **extend** such period to **3m from EOM** in which assessment of earlier search was completed.

- (5) If any **assessment order u/s 158BC** has been **annulled** in appeal or other legal proceedings, then assessment **proceedings which were abated** u/ss (2) or (3) **shall revive** w.e.f. date of receipt of order of such annulment by PC/C.

Note: Such **revival** shall **cease** to have effect, if such order of **annulment** is **set aside**.

- (6) **Total income (other than undisclosed income)** for the **PY** in which last of **authorisation is executed** or requisition is made shall be **assessed separately**.
- (7) Total income relating to block period shall be **taxed** at rate u/s **113** as income of block period irrespective of PY to which such income relates. [i.e., **tax @ 60%**].



Section 158BB: Computation of total income of block period Page No. 15.28

- (1) **Total income** referred u/s 158BA of the **block period** shall be **aggregate** of:
- Total income disclosed in **return** furnished u/s **158BC**
 - Total income **assessed** u/s **143(3)** or **144** or **147** or 153A or 153C prior to date of search/req.
 - Total income declared in **return** filed u/s **139** or 142(1) or 148 and not covered above
 - Where **PY has not ended**, total income determined on basis of **entries in BoA** or other documents maintained.
 - Undisclosed income** determined by AO.

- (2) **Undisclosed income** (in block period) shall be **computed** on basis of **evidence** found in search, survey or requisition of BoA or other documents **or** based on **info. available** with AO or comes to his notice during proceedings under this Chapter.

- (3) Exclusion of evidence pertaining to international transaction:

If **evidence** found during a search or requisition relates to an international transaction or specified domestic transaction (u/s 92CA), for the period from April 1 to the date the search ends, this evidence will **not be included** in determining the **block period income**.

Instead, it will be **assessed under regular provisions** of the Income Tax Act.

This ensures that **transactions subject to TP rules** are **handled separately** from block assessment.

- (4) For the purpose of determination of undisclosed income of a **firm** - Determine such income **before allowing** salary, interest, remuneration etc. to **non-working partner**;
- (5) **Tax** referred u/s 158BA(7) shall be charged on [Total income determined u/ss (1) as reduced by total income referred under clause (ii), (iii) or (iv) of sub-section (1)]



- (6) Where income disclosed in return u/s 158BC or returned income under clause (ii) or (iii) of subsection (1) is a **loss - Ignore** such loss. [i.e., no set off of losses allowed]
- (7) For assessment under this chapter, **b/f losses** from PY **prior** to block period or **UAD** shall **not be set off** against the **undisclosed income** determined in **block assessment** but **may be c/f** for being set off in **subsequent PYs** in which block period ends **for remaining period TAKING INTO ACCOUNT** the block period.



Section 158BC: Procedure for block assessment

Page No. 15.29

Where **search** is initiated or **requisition** is made, then:

- (a) **Issuance of notice:**
AO shall issue a **notice** to assessee requiring him to furnish a **ROI** stating his **total income (including undisclosed income)** for the **block period** within **specified period (not > 60 days)**.
- Before issuance of such notice, AO shall take **prior approval** of AC/AD or JC/JD.
- Such return shall be **deemed as return u/s 139** & **notice u/s 143(2)** shall be issued thereafter. Where return is furnished **beyond** period allowed in notice - **Not deemed** as ROI u/s 139.
- Note:**
1. **Notice u/s 148 is NOT required** for proceeding under this chapter.
 2. Person filing return in this section shall **not be entitled** to furnish a **revised return**.
- (b) AO shall proceed to **determine total income** (including undisclosed income) for block period as per section **158BB**. Provision of sec 142, 143(2), 143(3), 144, 145, 145A and 145B shall apply.
- (c) On determination of such total income, AO shall **pass assessment order** and **determine tax payable**.
- Note:**
1. Sec 144C (Dispute Resolution Panel) shall not apply to such order.
 2. Where assessment order is made u/s **158BD**, the **block period** shall be the **same** as determined in respect of person in whose case search u/s **132** or requisition u/s **132A**.

Relevant note:

1. Sec 143(1) (**Summary assessment**) shall **not apply** to return u/s 158BC.
2. **Asset seized** u/s 132 or requisition u/s 132A shall be dealt with as per section **132B**.



Section 158BD: Undisclosed income of any other person

Page No. 15.29

Where AO is satisfied that any **undisclosed income belongs** to any person **other** than the **person** in respect of whom search or requisition was made, such MBJV or BoA, etc. shall be **handed over to AO** having **jurisdiction** and **that AO shall proceed u/s 158BC**.





Section 158BE: Time-limit for completion of block assessment Page No. 15.29

In case of:	Time limit
Assessment order u/s 158BC	12m from EOM in which last authorisation/requisition made
Other person referred u/s 158BD	12m from EOM in which notice issued u/s 158BC
Reference is made to TPO u/s 92CA	Extended by 12m

In computing period of limitation - Exclude period commencing from date of initiation of search to date on which MBJV is handed over to AO having jurisdiction (not > 180 days).

On such exclusion, if period of limitation expires before EOM, extend such period to EOM.

Explanation: While computing period of limitation u/s 158BE, following time period shall be excluded:

Sec	Commencing from date on which	Ending on date on which
-	Period of stay order or injunction of any court	
129	Time taken in re-opening proceeding or giving OOBH (succession of ITA)	
143(3)	Application to CG or PC/C for withdrawing approval	Receipt of order
142(2A)	AO directs special audit or valuation	Receipt of audit report
142A	AO refers to VO	AO receives VO report
245Q	Application for advance ruling is made	Order rejecting such application is received
90/90A	Reference for exchange of info. is made	Receipt of info. (max 1 y)
144BA	Reference for declaration of impermissible arrangement is received by PC/C	Direction u/s 144BA is received by AO

Minimum days after above exclusions - If less than 60 days, it shall be extended TO 60 days.



Section 158BF: Certain interest not leviable Page No. 15.30

No interest u/s 234A, 234B or 234C or penalty u/s 270A shall be levied w.r.t. undisclosed income for block period.



Section 158BFA: Levy of interest and penalty Page No. 15.30

Failure to furnish return u/s 158BC(1)(a)	<p><u>Rate:</u> Simple interest at 1.5% of tax on undisclosed income p.m. or part thereof.</p> <p><u>Time:</u> From day immediately following expiry of time specified in notice to date of completion of assessment u/s 158BC</p>
Penalty for undisclosed income	<p><u>Levied by:</u> AO or CIT(A)</p> <p><u>Penalty:</u> 50% of tax payable on such undisclosed income</p> <p><u>Exception:</u> No penalty u/s 158BFA or 271AAD or 271D or 271DA or 271E shall be levied if:</p> <ol style="list-style-type: none"> Such person has furnished return u/s 158BC(1)(a) Tax payable on basis of such return has been paid or if asset seized consists of money, assessee has offered to adjust it against tax payable. Evidence of tax paid is furnished along with return; AND Appeal is not filed against assessment of that part of income shown in return.



	No exception from penalty where undisclosed income determined by AO > Income as per return. Penalty in such case of be levied proportionately (i.e., on excess amount).
No order imposing penalty u/ss (2) shall be made unless:	<ul style="list-style-type: none"> ⇒ Assessee is given reasonable OOBH, ⇒ Where penalty exceeds 2 lakhs, such order can be given Deputy C/D or Assistant C/D only with the prior approval of Joint C/D or Additional C/D
	<p><u>In case where matter is subject to appeal or revision, time limit shall be:</u></p> <ul style="list-style-type: none"> ⇒ Where assessment matter is appealed u/s 246A [CIT (A)] or 253 (ITAT): <ul style="list-style-type: none"> ♦ After expiry of FY in which proceeding are completed or ♦ 6m from EOFY in which order of CIT(A) or ITAT is received by PC/C whichever is later. ⇒ Where assessment is under revision u/s 263, after expiry of 6m from EOFY in which such revision order is passed. ⇒ Any other case - after expiry of FY in which proceeding is completed or 6m from EOFY in which penalty notice is issued, whichever is later.
Exclusion from period of limitation in this section	<ul style="list-style-type: none"> ⇒ Time taken in giving OOBH (reheard) u/s 129. ⇒ Period of stay order or injunction of any court. <p>Minimum time left after such exclusion - 60 days</p>
Note	An ITA on making order imposing penalty u/ss (2) shall forthwith send copy of order to AO (unless he is himself an AO)



Section 158BG: Authority competent to make assessment for block period

Page No. 15.31

AO not below rank of **Deputy C/D** or **Assistant C/D** with **prior approval** of **Additional C/D** or **Joint C/D**



Section 158BH: Application of other provision of this Act

Page No. 15.31

Save as otherwise provided in this Chapter, all other provisions of this Act shall apply to assessment made under this Chapter.



Section 158BI: Chapter not to apply

Page No. 15.31

This chapter shall not apply for search or requisition initiated before 01.09.2024





Section 246A: Appealable order before Commissioner (Appeals)

Page No. 16.1

Any Assessee or deductor or collector **aggrieved** by following orders may **appeal** to the **CIT(A)**:

Order	Provision
158BC(1)(c)	Assessment order under block assessment in search/requisition.



Section 251: Power of JC(A) and CIT(A)

Page No. 16.3

(1) In **disposing** appeal, JC(A) and C(A) shall have following powers:

Appeal against assessment order	Confirm, reduce, enhance or annul
Appeal against penalty order	Confirm or cancel or vary to enhance or reduce penalty
Other case	Such other order as it may deem fit.

Note: For appeals against assessment order u/s 144, JC(A) or C(A) may **set aside** and **refer back** case to AO for fresh assessment. [FA 2024]



Section 253: Appeals to ITAT:

12

Page No. 16.4

(1) Any **Assessee** aggrieved by the following orders may appeal to **ITAT**:

Order by:	Under section:
CIT(A)	154, 158BFA , 250, 270A, 271, 271A, 271AAB (search u/s 132), 271AAC (for undisclosed income), 271AAD (false BoA), 271J, 272A

(3) **Time** to appeal - Within **2 months** from the **EOM** on which **order** sought to be appealed is communicated. [FA 2024]



Section 268A: Filing of appeal by ITA:

6

Page No. 16.10

1. This section **empowers** **CBDT** to fix monetary **limit** to regulate appeal **by ITA**, in order to avoid litigation in small cases.

As per current notification, department can file appeal only if **TAX EFFECT** **exceeds** following amt:

For Appeal to	Tax Effect (Each AY) [w.e.f. 17.09.2024]
ITAT	60 lakhs
High Court	2 crores
Supreme Court	5 crores

Note: Appeal should not be filed **merely because** tax effect exceeds the above monetary limits





Section 271FAA: Furnishing inaccurate SFT or reportable account:



Page No. 18.7

	Reason	Period
(1)	Furnishing inaccurate SFT or reportable transaction or fails to comply with due diligence requirement.	50,000
(2)	Furnishing inaccurate statement by reporting FI where inaccuracy is due to false info. by holder of relevant reportable account <u>Note:</u> Reporting FI is entitled to recover such sum from relevant reportable account holder.	Rs. 5,000 for every reportable account, in addition to above 50,000





Section 273B: Penalty not leviable in certain cases

Page No. 19.4

No penalty is leviable u/s 271A, 271AA, 271B, 271BA, 271C, 271CA, 271D, 271E, 271FA, 271FAA, 271FAB, 271G, 271GA, 271GB, 271GC, 271H, 271-I, 271J, 272A(1)(c) or 272(A)(1)(d), 272A(2), 272AA(1), 272B, 272BB(1)/(1A), if assessee proves that there was reasonable cause for said failure.



Offences and prosecution

Page No. 19.5

Sec	Nature of default	Rigorous imprisonment AND Fine (No limit)
276B	Failure to make payment of TDS collected to CG <u>Note:</u> No penalty such payment is made on or before TDS statement u/s 200(3). [FA 2024]	



Penalties [Section 40 to 45]

Page No. 19.9

Sec No.	Penalty in relation to	Penalty
41	Undisclosed foreign income and asset	3x of tax computed
42	Failure to furnish ROI before end of relevant AY by a ROR holding foreign asset or having income from source o/s India	₹10 lakh
43	Where such ROR files ROI but fails to furnish info. or furnishes inaccurate particulars about foreign asset/income	₹10 lakh
Exception to sec 42 and 43	Sec 42 and 43 shall not apply w.r.t. assets (other than immovable property) where aggregate value of such assets does not exceed Rs. 20 lakhs [w.e.f. 1 st October 2024]	-





Section 44B: Special provision for computing PGBP of shipping business in case of NR: (optional)

8

Overrides	Sec 28 to 43A
Applicable to:	NR engaged in business of operations of ships (other than cruise ship)
Deemed PGBP	<p>7.5% of:</p> <p>(i) Amount (paid or payable in India or outside India) w.r.t. carriage of passengers, livestock, mail or goods shipped at any port in India, and</p> <p>(ii) Amount (received or deemed received in India or outside) w.r.t. carriage of passengers, livestock, mail or goods shipped at any port outside India.</p> <p><u>Note</u> - Above amt to include demurrage charges or handling charges etc.</p>
Sec 28 to 43A	Not applicable. i.e., Set off of CY or prior period depreciation - Not possible.
Lower profits	No. Assessee cannot claim lower profits.
Set off loss	Yes. Can set off b/f loss.
Chapter VI-A	Deduction allowed.
Tax Rate	Normal tax rate



Section 44BBC: PGBP on operation of cruise ship in case of NR

Page No. 21.14

[Insertion w.e.f. 01.04.2025]

Overrides	Sec 28 to 43A
Applicable to:	NR, engaged in business of operation of cruise ships
Deemed PGBP	<p>20% of:</p> <ul style="list-style-type: none"> ➤ Amount paid or payable to assessee or any person on his behalf, AND ➤ Amount received or deemed to be received by or on behalf of the assessee, on account of carriage of passenger.
Exemption u/s 10(15B)	<p>Any income of foreign company from lease rentals of cruise ships from specified company which operates such ships in India where such foreign co. and specified co. are subsidiaries of same holding co. and such income is received or accrues on or before AY beginning 01.04.2030.</p> <p>Specified company - Any co. other than domestic co. which operates ships in India and opts u/s 44BBC.</p>



Section 115C: Definitions:

NRI	Individual being Indian citizen or PIO who is a NR .
Specified asset	<ul style="list-style-type: none"> ⇒ Shares in an Indian co. (public or private) ⇒ Debentures or deposits with an Indian co. (other than Pvt co.) ⇒ Any security of CG or other assets as CG may notify.
Foreign Exchange asset	Specified asset purchased in convertible forex .
Investment income	Interest income or dividend income



Section 115D: Computation of Total income of NRIs

- (1) Investment income: No deduction allowed. (Sec 28 to 44C or 57 or Chapter VI-A)
- (2) Where GTI consists only of investment income or LTCG or both:
 - ⇒ **No deduction** under Chapter **VI-A**
 - ⇒ **Indexation** benefit under second proviso to section 48 - **Not applicable**.

Note - **First proviso** to sec 48 shall apply.



Section 115E: Tax on investment income and LTCG:

Type of income	Tax rate for NRI
Investment income	20%
LTCG (for transfer before 23.07.2024)	10%
LTCG (for transfer on or after 23.07.2024)	12.5% [FA 2024]
Other income	Normal tax rate applicable to NR

Note: No benefit of basic exemption of Rs. 1.25 lakhs (as given in section 112A)





Particulars	Sec 115AB	Sec 115AC	Sec 115AD
Assessee	Overseas Financial Org. (Offshore Fund) [E.g., Sequoia Capital]	Non - Resident (NR)	Specified Funds or FII
Assets	Units of MF/UTI purchased in foreign currency .	Bonds of Indian co. or public sector co. or GDRs purchased in foreign currency .	Securities (sec.) No restriction of foreign currency .
Income & Tax Rate	<ul style="list-style-type: none"> ⇒ Income received from such units - 10% ⇒ Long Term CG on transfer of such units <ul style="list-style-type: none"> ♦ 12.5% [trf on or after 23.07.24] ♦ 10% [trf before 23.07.24] <p>Note: No threshold of Rs. 1.25L u/s 115AB.</p>	<ul style="list-style-type: none"> ⇒ Interest on such bonds or dividend on GDRs - 10% ⇒ LTCG on transfer of such bond or GDR: <ul style="list-style-type: none"> ♦ 12.5% [trf on or after 23.07.24] ♦ 10% [trf before 23.07.24] 	<ul style="list-style-type: none"> ⇒ Income from sec. FII - 20% ⇒ Fund - 10% ⇒ LTCG - 10%. If 112A applies (in excess of Rs. 1.25L): <ul style="list-style-type: none"> ♦ 12.5% [trf on or after 23.07.24] ♦ 10% [trf before 23.07.24] ⇒ STCG - 30% If 111A applies, <ul style="list-style-type: none"> ♦ 20% [trf on or after 23.07.24] ♦ 15% [trf before 23.07.24]
TDS	<u>Sec 196B:</u> 10% - Income from units 10% - LTCG before 23.07.24 12.5% - LTCG on or after 23.07.24	<u>Sec 196C:</u> 10% - Interest income 10% - LTCG before 23.07.24 12.5% - LTCG on or after 23.07.24	20% or 10% - 196D
Sec 28 to 44C and 57	Not allowed	Not allowed	Not allowed
Chp VI-A	Not allowed.	Not allowed.	Not allowed
Losses	Set off & C/F - Available .	Set off and c/f - Available	Set off & c/f - Available
NR benefit (First proviso to Sec 48)	Not allowed	Not allowed	Not allowed
No ROI	No such provision	If TI consists of only interest and dividend income + TDS deducted.	No such provision
Note:	CG on transfer of Debt oriented MF is always Short-term [Sec 50AA]	Sec 47 exempts CG in case of transfer of GDR of LISTED eq. shares from NR to NR.	Interest u/s 115A shall be taxed at 5% .





NR having **liaison office** in India shall - prepare and deliver a statement of its activity ~~within 60 days~~ **from EOFY** in prescribed manner.

Penalty u/s 271GC: Penalty for failure to furnish statement u/s 285 **[Inserted vide FA 2024]**

Failure upto 3 months	Rs. 1,000 for each day
Any other case	Rs. 1 lakh





Category of applicant	Where amount of one or more transaction, entered or proposed,	Fees
An applicant u/s 245N(b)(i)/(ii)/(iia)	Does not exceed Rs.100 crores	2 lacs
	More than Rs.100 crs, but does not exceed Rs. 300 crores	5 lacs
	Exceeds Rs.300 crores	10 lacs
Other applicant (iii/iv)	In all cases	10,000

Note: All applications pending with AAR were transferred to BAR. However, if an order u/s 245R is still not passed on such application, applicant may withdraw such application on or before 31.10.2024. BAR to pass an order on such withdrawal application on or before 31.12.2024. [FA 2024]





Section 92CA: Reference of Transfer Pricing Officer (TPO)

Page No. 24.7

(1) Where any person has entered into international transaction or SDT and AO considers it necessary, it may, with prior approval of PC/C, refer computation of ALP to TPO.

Note:

1. AO can make such reference. Assessee cannot make such reference.
2. TPO shall be - JC, Deputy Commissioner or Assistant commissioner.

(2) On such reference, TPO shall serve notice on Assessee requiring him to produce any evidence in support of computation of ALP made by Assessee.

Assessee to produce such evidence on a date specified in the notice.

Note:

1. Where any other international transaction or SDT (other than the one referred to TPO) comes to notice of TPO during the proceedings before him, provision of this chapter shall apply as if such other IT or SDT is also referred to TPO u/ss (1).
2. Where in respect of an international transaction or SDT, assessee has not furnished report u/s 92E and such transaction comes to notice of TPO - Provision of this chapter shall apply as if such other international transaction or SDT is also referred to TPO u/ss (1).

[FA 2024]

~~Author's Note - The above 2 points are applicable only for international transactions and not SDT.~~



Section 94B: Limitation Of Interest Deduction in Certain Cases

Page No. 24.23

Borrower	Indian company or PE of Foreign company
Limitation on	Interest expense w.r.t. debt issued by NR being AE of such borrower. Where debt is issued by non-AE but AE either provides implicit or explicit guarantee or deposits matching amt with such lender, it shall be deemed to have been issued by AE.
Non-applicability	<ul style="list-style-type: none"> ➤ Where interest expense does not exceed Rs. 1 crore. ➤ Indian company or PE of a foreign company engaged in business of - banking or insurance or a finance company located in IFSC or notified NBFCs. <p>[FA 2024]</p> <ul style="list-style-type: none"> ➤ Interest paid w.r.t. debt issued by lender, which is PE of NR, being engaged in banking business.
Disallow	Excess interest i.e., Lower of: <ul style="list-style-type: none"> ➤ Total interest paid in excess of 30% of EBITDA in PY, or ➤ Interest paid or payable to AE in PY.

