

CA FINAL
MAY/NOV. 25

DIRECT TAX
HANDWRITTEN
NOTES

CA Shirish Vyas

BOOK-1

DIRECT TAX

Computation

40-45%

Procedures
Compliances

20-30%

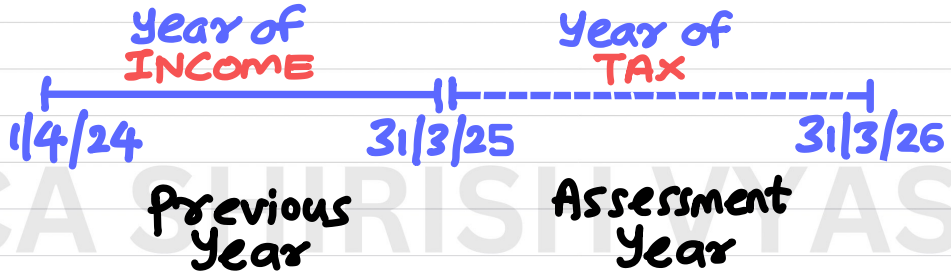
International
Taxation

30-35%

STATEMENT OF TOTAL INCOME

* Income from Salaries	xxx	<input type="text"/>
* Income from HP	xxx	<input type="text"/>
* Income from Business	xxx	<input type="text"/>
* Capital Gains	xxx	<input type="text"/>
* IFOS	xxx	<input type="text"/>
GROSS TOTAL INCOME	xxx	<input type="text"/>
<u>less: Dedn. u/c VI A</u>	-xx	
<u>less: Dedn. u/s 10AA</u>	-xx	
NET TAXABLE INCOME	xxx	<input type="text"/>

Tax @ ___%



INCOME FROM BUSINESS

PGBP - NP as per I.Tax

Direct method

STATEMENT OF INCOME FROM BUSINESS

GROSS BUSINESS INCOME

Part III sec.28 xxx
 sec.41 xxx

Less: Dedn. u/s 30 to 37:

Part I { sec.30 -xx
 sec.31 -xx
 sec.32 -xx
 sec.33 AB/ABA -xx
 sec.35 -xx
 sec.35 AD/ABB/ABA -xx
 sec.35 CCA/CCC/CCD -xx
 sec.35 D/DD/DDA -xx
 sec.36(i) -xx
 sec.37(i) -xx

} GP etc..

} Expenses

TAXABLE I.F.BUSINESS

xxx

NP as per I-Tax

sec.37(2B)
 sec.40(a)
 sec.40(b)
 sec.40A(2)
 sec.40A(3)
 sec.40A(7)
 sec.43B

Part IV

sec.44 AA
 sec.44 AB
 sec.44 AE
 sec.44 AD
 sec.44 ADA

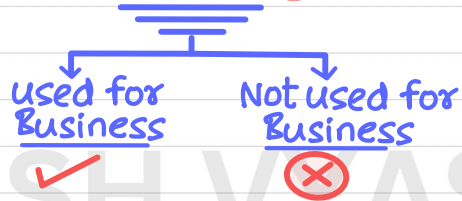
Part-I

DEDUCTIONS u/s 30 to 37(1)

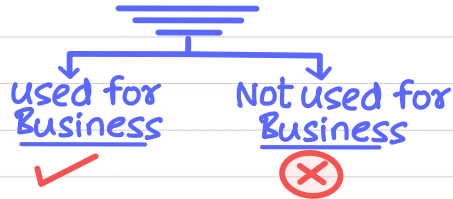
Expenses

Allowed or Not

sec. 30 : **RRTI (Building)**



sec. 31 : **R & I (P&M/Furniture)**



Sec. 32 : DEPRECIATION :

⇒ Summary:

- I) CLASS OF ASSETS
- II) CONDITIONS
- III) METHOD OF DEPN.
- IV) RATES OF DEPN.
- V) SYSTEM OF DEPN.
- VI) AMT. OF DEPN.
- VII) SALE OF ASSETS
- VIII) ACTUAL COST
- IX) ADDITIONAL DEPN.
- X) OTHER POINTS

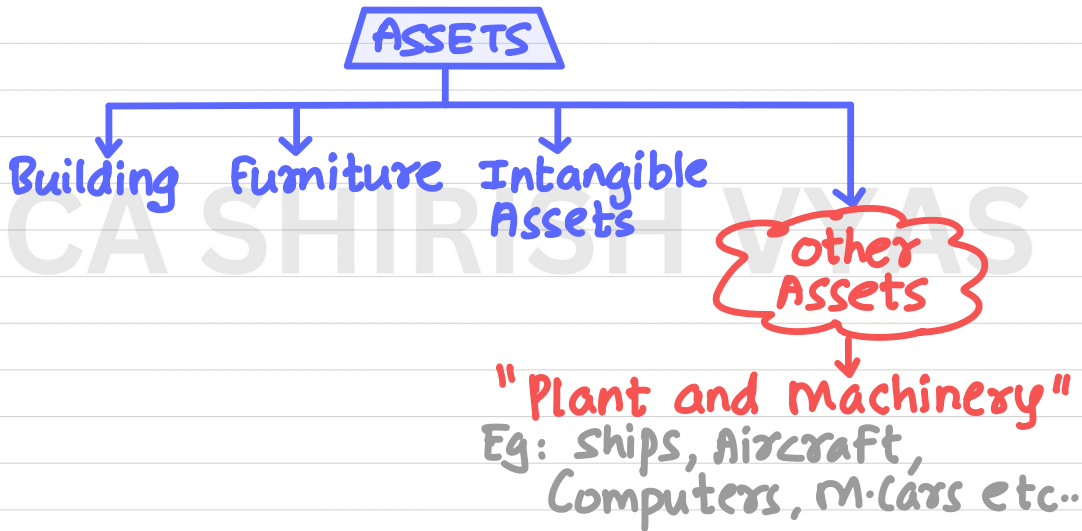
STATEMENT OF INCOME FROM BUSINESS

<u>GROSS BUSINESS INCOME</u>	
sec.28	xxx
sec.41	xxx
<u>Less: Dedn. u/s 30 to 37:</u>	
sec.30	xxx
sec.31	- xx
sec.32 Depn.	- xx
⋮	⋮
sec.37(1)	- 50000
TAXABLE I.F.B	
	xxx

Eg: machinery
Purchased
cost 500000
(Life 10 yrs.)

“Depn toh bahana hai
Asset ki COST ko Ghatana hai”

I) CLASS OF ASSETS:



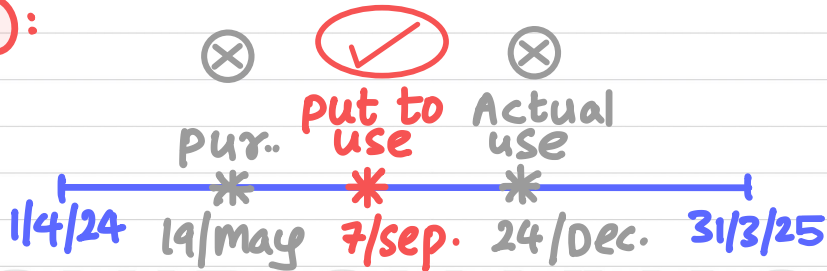
II) CONDITIONS:

- ① Business
- ② Owner
- ③ 180 days
 - put to use
 - Only in yr. of purchase
 - 3rd Oct.



Cost	$\times 10\%$	$\times \frac{9}{12}$
100000		

Note ①:



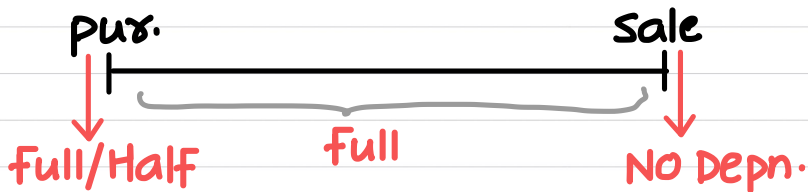
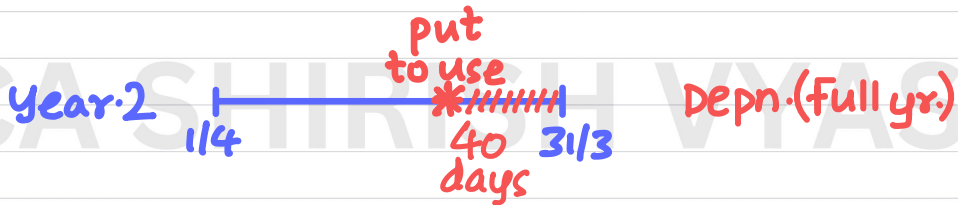
⇒ Conditions:

- 1) owner
- 2) Business

✓
???

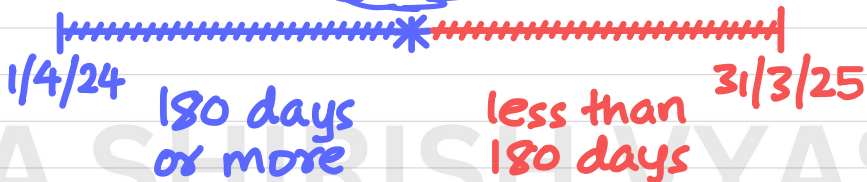
✓
✓
Depn.

X
Not Relevant

Note ②

Note ③:

3/oct:



Eq:

Put to use 3/oct.

Oct. 29 (31-2)

Nov. 30

Dec. 31

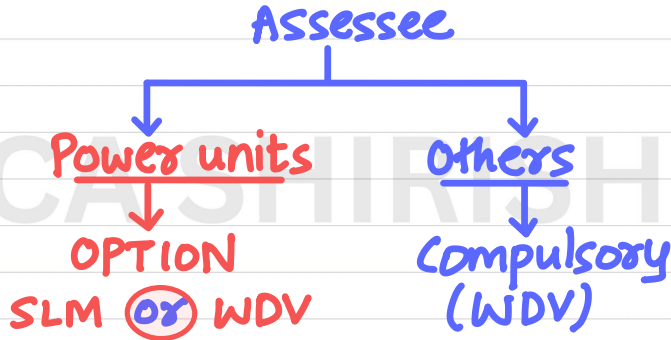
Jan. 31

Feb. 28

Mar. 31

180 days

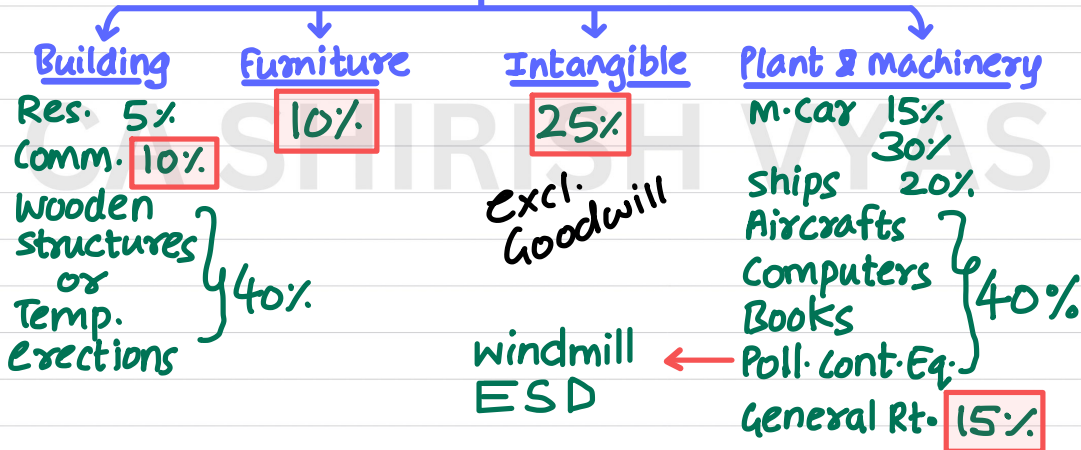
III) METHOD OF DEPN.



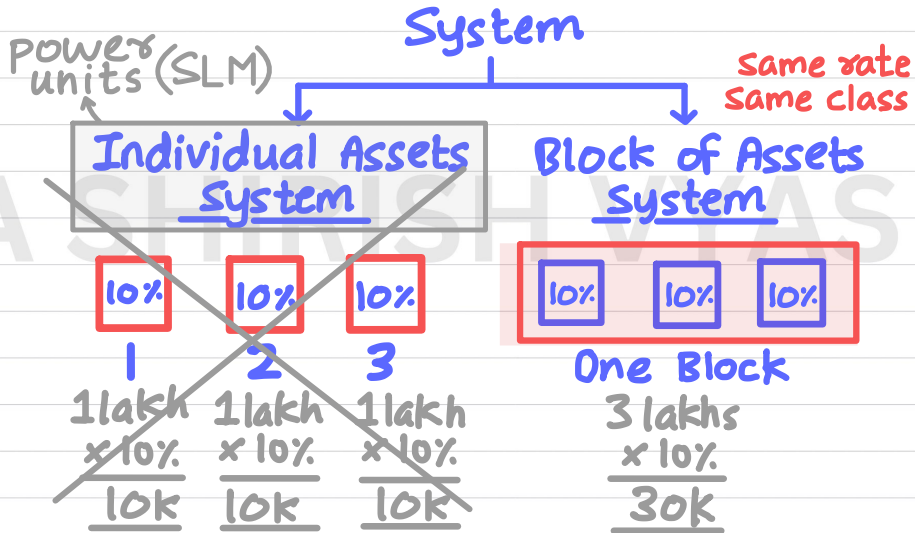
WDV	SLM
100	100
<u>-10</u>	<u>-10</u>
90	90
<u>-9</u>	<u>-10</u>
81	80
<u>-8.1</u>	<u>-10</u>
72.9	70
⋮	⋮

IV) RATES OF DEPN:

ASSETS



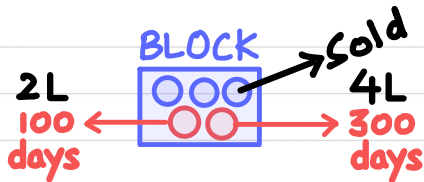
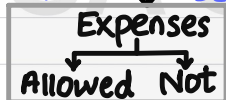
V) SYSTEM OF DEPRECIATION:



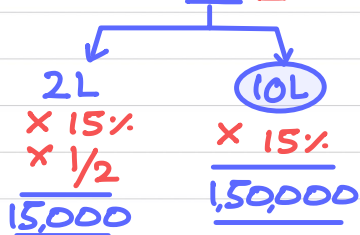
VI) AMT. OF DEPN.

STATEMENT OF INCOME FROM BUSINESS

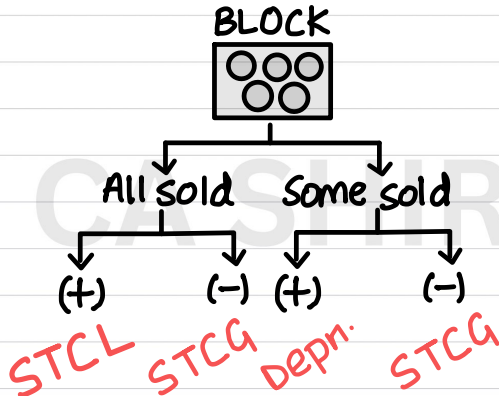
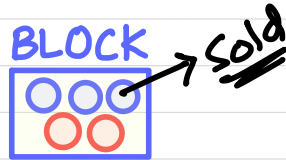
<u>GROSS BUSINESS INCOME</u>	
sec. 28	xx
sec. 41	xx
<u>Less: Dedn. u/s 30 to 37:</u>	xx
sec. 30	- x
31	- x
32	⋮
⋮	⋮
sec. 37(1)	- x
TAXABLE I.F.B	xx



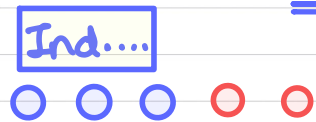
Opening WDV	7L (3)
Add: Purchases	6L (2)
	<u>13L (5)</u>
less: Sales (SP)	-1L (1)
	<u>12L (4)</u>



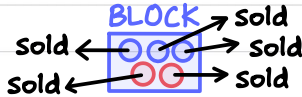
VII) SALE OF ASSETS:



Opening WDV	7L	(3)
Add: Purchases	6L	(2)
	<u>13L</u>	<u>(5)</u>
less: Sales (SP)	-1L	(1)
	<u>12L</u>	<u>(4)</u>



ALL SOLD



(+) Balance

Opening WDV	7L	(3)
Add: Purchases	<u>6L</u>	<u>(2)</u>
	13L	(5)
less: Sales (SP)	<u>-10L</u>	<u>(5)</u>
	<u><u>3L</u></u>	<u><u>(0)</u></u>

STC Loss ←

No Assets
No Depn.

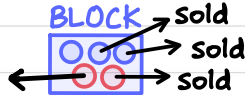
(-) Balance

Opening WDV	7L	(3)
Add: Purchases	<u>6L</u>	<u>(2)</u>
	13L	(5)
less: Sales (SP)	<u>-14L</u>	<u>(5)</u>
	<u><u>-1L</u></u>	<u><u>(0)</u></u>

STC Gains ←

No Assets
No Depn.

SOME SOLD



(+) Balance

Opening WDV	7L	(3)
Add: Purchases	6L	(2)
	<u>13L</u>	<u>(5)</u>
less: Sales (SP)	-10L	(4)
	<u><u>3L</u></u>	<u>(1)</u>

Depn. @ = % Yes Asset Yes Depn.

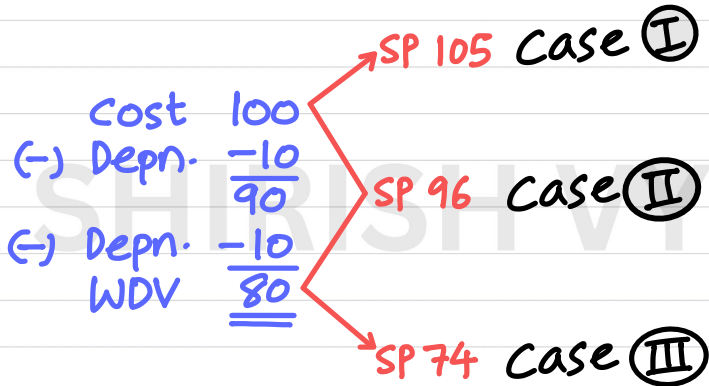
(-) Balance

Opening WDV	7L	(3)
Add: Purchases	6L	(2)
	<u>13L</u>	<u>(5)</u>
less: Sales (SP)	-14L	(4)
	<u><u>-1L</u></u>	<u>(1)</u>

Excess Recovery
STCG

Yes Asset
But
NO Depn.

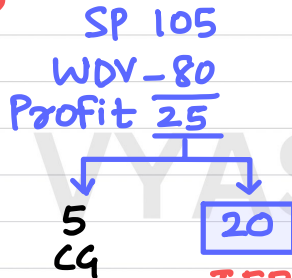
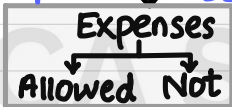
⇒ **Sale by POWER UNITS**



STATEMENT OF INCOME FROM BUSINESS

Case - I

<u>GROSS BUSINESS INCOME</u>		
sec.28	xx	
sec.41	xx	+20
<u>Less: Dedn. u/s 30 to 37:</u>		xx
sec.30	-x	
31	-x	
32	-x	
⋮	⋮	
sec.37(1)	-x	
TAXABLE I.F.B		xx



IFB
Balancing charge
u/s 41(2)



STATEMENT OF
INCOME FROM BUSINESS

Case II

<u>GROSS BUSINESS INCOME</u>		
sec.28	xx	(+)16
sec.41	xx	
<u>Less: Dedn. u/s 30 to 37:</u>		xx
sec.30	-x	
31	-x	
32	-x	
⋮	⋮	
sec.37(1)	-x	
TAXABLE I.F.B		xx

SP 96
WDV -80
Profit 16



IFB
Balancing
charge
u/s 41(2)

Expenses
Allowed Not

ST...

Depn. **-10**

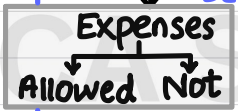
ST...

-10

STATEMENT OF
INCOME FROM BUSINESS

Case III

<u>GROSS BUSINESS INCOME</u>	
sec. 28	xx
sec. 41	xx
<u>Less: Dedn. u/s 30 to 37:</u>	
sec. 30	- x
31	- x
32	- x
⋮	⋮
sec. 37(1)	- x
TAXABLE I.F.B	xx



SP 74
WDV - 80
Loss (6)

-6
Term.
Depn.

↓
Terminal
Depn. u/s 32

ST....

Depn. -10

ST....

-10

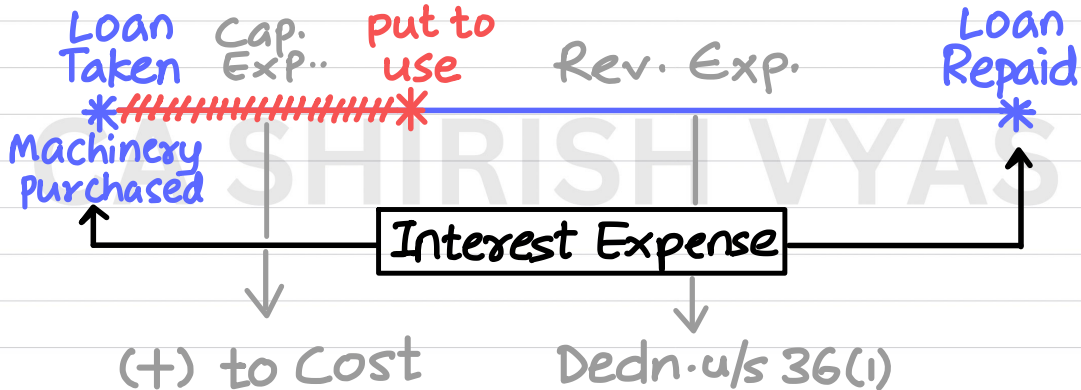
VIII) ACTUAL COST - Sec. 43(1)

Format
1 Note
5 Exceptions

Opening WDV	xxx
Add: Purchases (Actual Cost)	xxx
less: Sales (SP)	-xx
	<u>xxx</u>
	↓
	Depn. @ -%

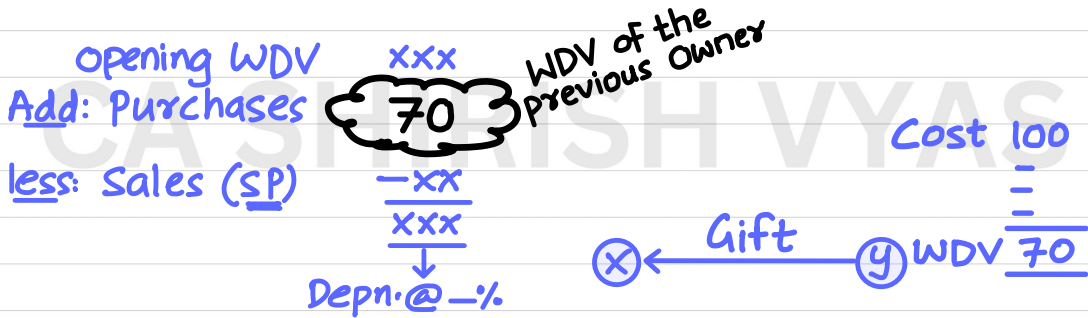
Cost of the Asset	xxx
Add: Incidental Exps.	+ xxx
less: Subsidy*	- xxx
Actual Cost	<u>xxx</u>

*or part of the cost of asset met by any other person

Note 1 : INTEREST ON LOAN:

⇒ 5 Exceptions [Actual Cost - Notional figure]

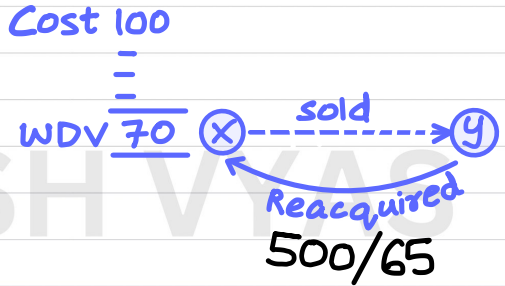
I **GIFT**



2

RE-ACQUIRED

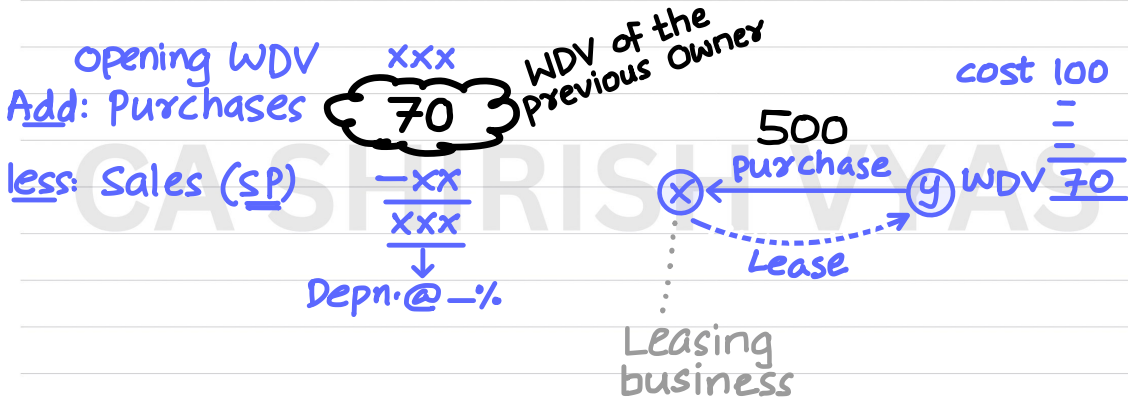
opening WDV xxx 70
 Add: Purchases ~~500~~
 less: Sales (SP) -xx
 xxx
 Depn. @ -%



WDV.....
 ↓ Reacq. cost

3

LEASE BACK



4

INTENTION

opening WDV
Add: Purchases
 less: Sales (SP)
 Depn. @ -%

xxx
 A.O.
 -xx
 xxx
 ↓

purchase
 Intention
 to claim
 higher
 depn.

(x) ← (y)

5

PERSONAL BLDG.

4th year

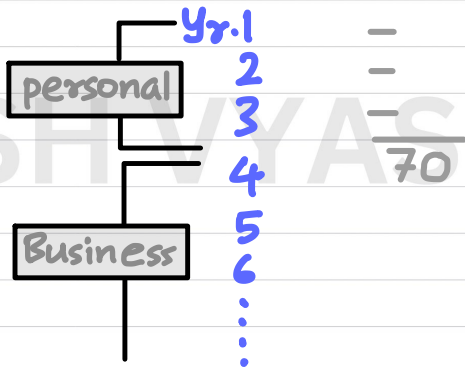
Opening WDV
 Add: Purchases
 less: Sales (SP)

xxx
 70

-xx
 xxx

↓
 Depn. @ -%

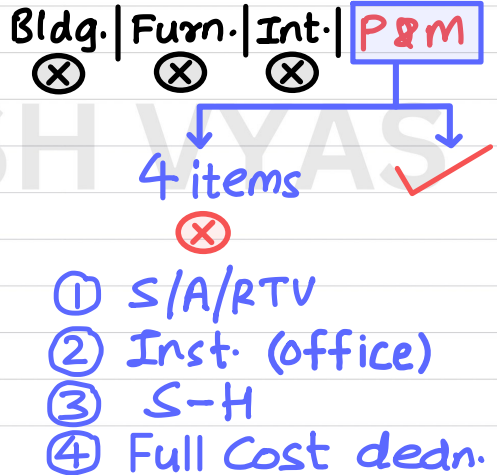
Cost 100



Etc.....

IX) ADDITIONAL DEPN.

Opening WDV	6,00,000
Add: Purchases	10,00,000
less: Sales (SP)	—
	<u>16,00,000</u>
Normal Depn. @ 15%	2,40,000
	(+)
Add. Depn. @ 20%	2,00,000



Mfg..

(+)

P & M



X) OTHER POINTS:

1) Hire-purchase system

cost Rs. 5,00,000

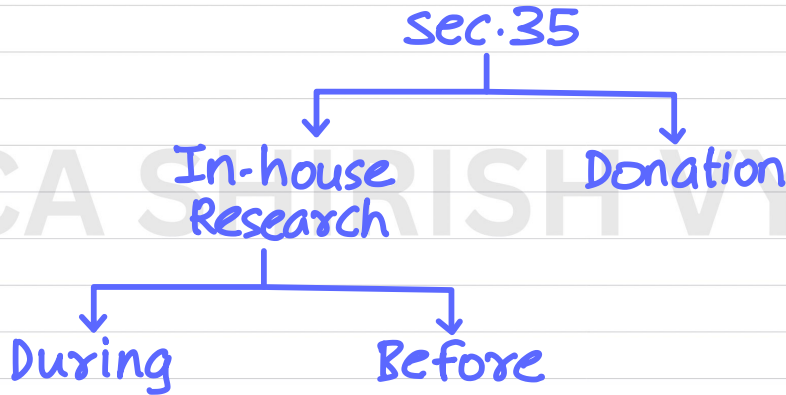
Yr.1	1,00,000	+	Interest
2	1,00,000	+	Interest
3	1,00,000	+	Interest
4	1,00,000	+	Interest
5	1,00,000	+	Interest

OWNER

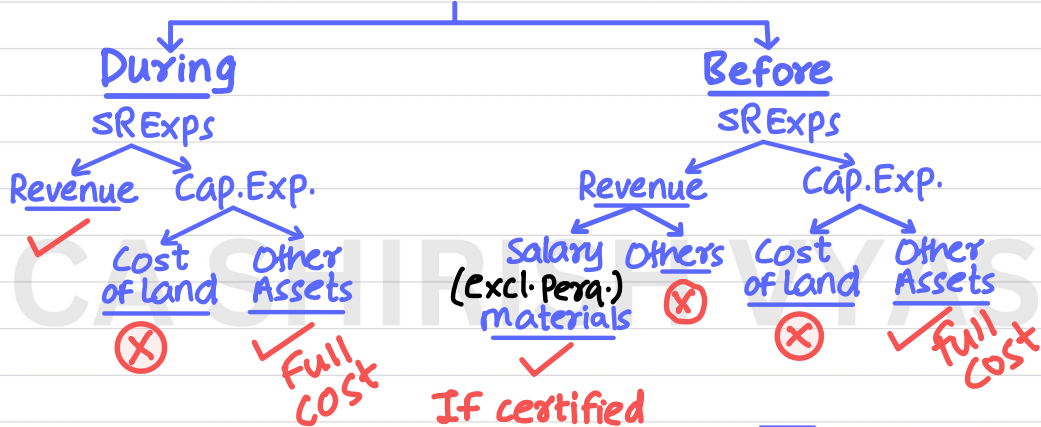
	<u>Year.1</u>
Op. WDV	xxx
<u>Add: Purchases</u>	5,00,000
<u>less: Sales (SP)</u>	<u>-xx</u>
	<u>xxx</u>
	↓
Depn. @ = %	

2) Enhanced Depn. - Motor Car

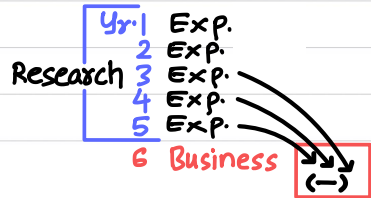
23/8/19 to 31/3/20 - 30%/45%

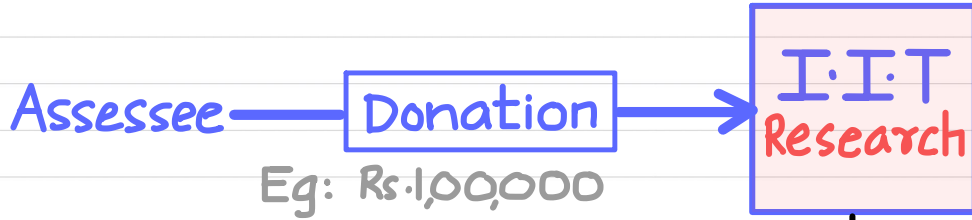
sec.35 : SCIENTIFIC RESEARCH ExPs.

In-House Research



If certified by pres. authority





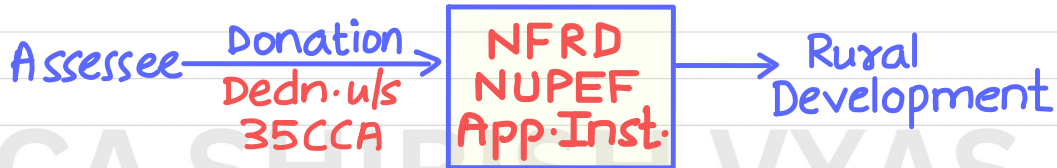
CA SHIRISH VYAS

National Lab.

I.I.T

Approved RUCI

Indian Co. (R & D)

Sec. 35CCA : Donation - RURAL DEVELOPMENT

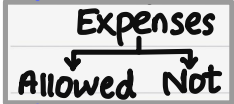
Sec.35AD : SPECIFIED BUSINESS

STATEMENT OF INCOME FROM BUSINESS

<u>GROSS BUSINESS INCOME</u>		
sec.28		xx
sec.41		xx
<u>Less: Dedn. u/s 30 to 37:</u>		xx
↓ sec.30		- x
↓ 31		- x
↓ sec.37(1)		- x
TAXABLE I.F.B		xx

14 Business

CWC HHHH FIBW SS I



35AD 100% Dedn. for CAP. Exp.

Sec. 35AD

14

Business

4

Conditions

6

Notes

Business - New

P&M - New

IPCO (cross...)

IG (Infra)

Pre-Exps.

Land, G/W, FI (X)

Sale

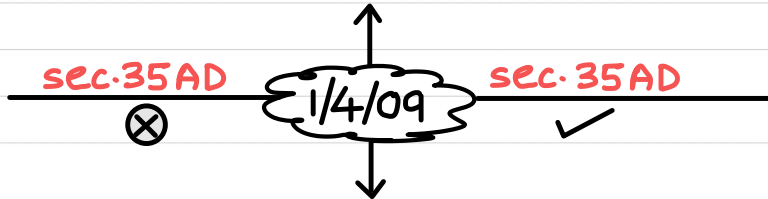
Loss

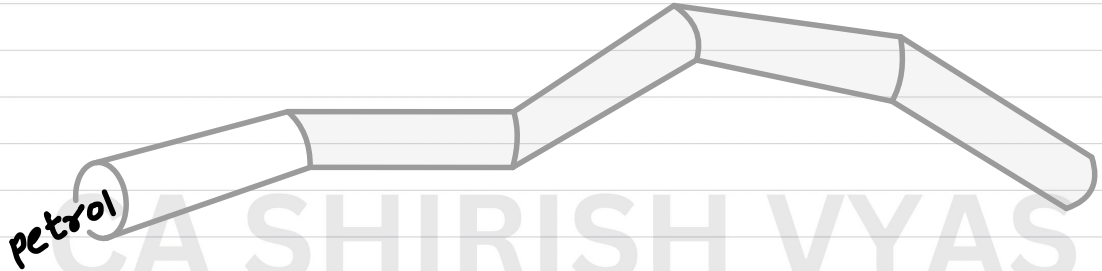
min. 8 yrs.

BOIA..., IOAA (X)

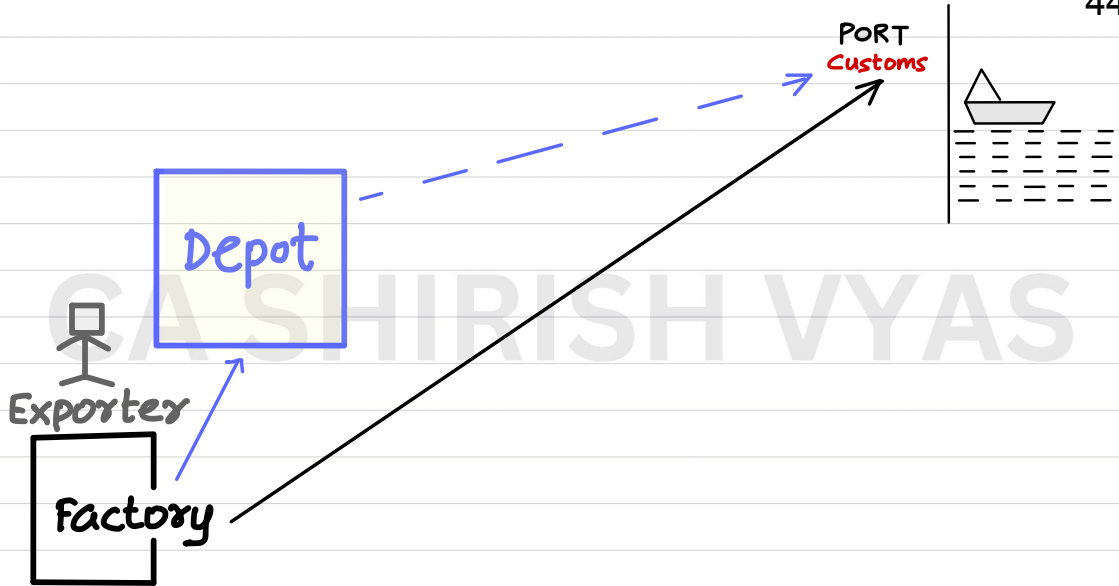
14 Business

s/o	s/o	L/o	B/o	B/o	B/D	B/D	Prod.	s/o	s/o	L/o	s/o	D/o/m	
C	W	C	H	H	H	H	F	I	B	W	S	S	I
Any prod.	Ag. prod.	PNQ	min. 100 Beds	min. 2 ★	SRS	AHS	App. by Customs Act, 1962	Honey Wax	Sugar	Iron ore	wafer		
09	09	09	10	10	10	11	11	12	12	12	14	14	17



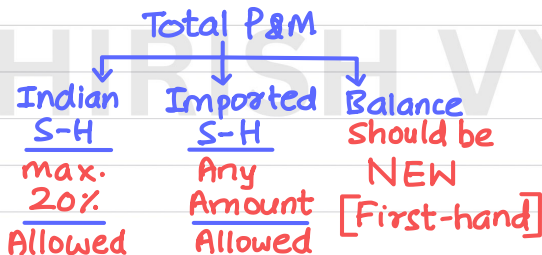


CROSS COUNTRY PIPELINE NETWORK
(PNG)



4 CONDITIONS

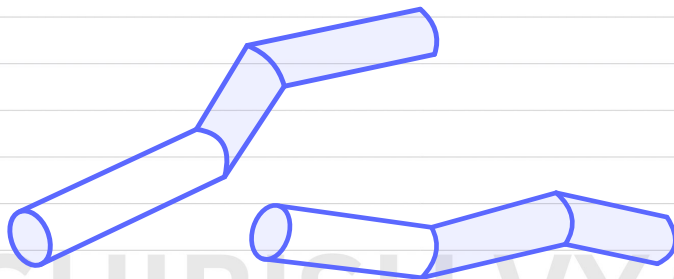
- ① Business - **NEW** ~~Splitting up~~ ~~Reconstruction~~
- ② Plant & Machinery - **NEW** ~~Secondhand~~



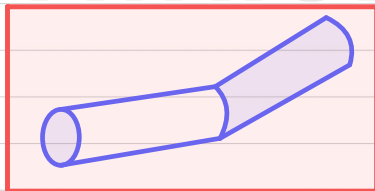
③ IPLO
Cross country

④ IQ
Infra....

Govt. → X ltd. → Y ltd.
✓ ⊗



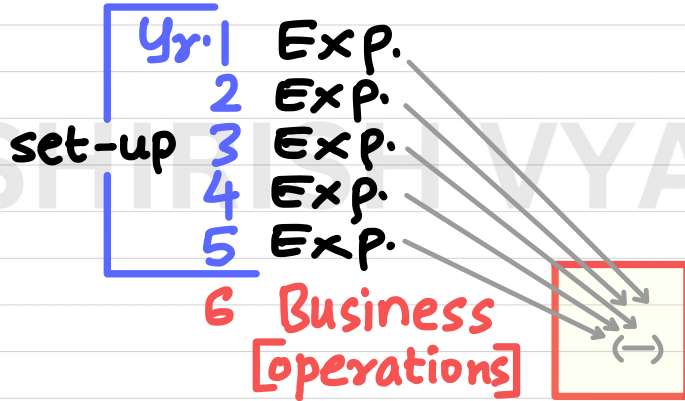
CA SHIRISH VYAS



Common
Carrier

6 NOTES

①



②

STATEMENT OF
INCOME FROM BUSINESS

<u>GROSS BUSINESS INCOME:</u>	
Sec. 28	xx
41	xx
	xxx
<u>less: Dedn. u/s 30 to 37:</u>	
Sec. 30	-xx
31	-xx
⋮	⋮
35AD	-xxx
37(i)	-xx
TAXABLE IFB....	xxx

100% Dedn. for
CAP. EXP.

Cost of
LAND



Cost of
GOODWILL



Cost of
Fin. inst



Other
Cap. Exp.



③

STATEMENT OF INCOME FROM BUSINESS

<u>GROSS BUSINESS INCOME:</u>	
Sec. 28 41	xxx
	xx
	xxx
<u>less: Dedn. u/s 30 to 37:</u>	
Sec. 30 31	-xx
⋮	-xx
Sec. 35AD 37(1)	-xxx
	-xx
TAXABLE IFB.....	xxx

Full SP
(Sale)

Full cost
(purchase)

④

CWC HHHH FIBW SSI

STATEMENT OF INCOME FROM BUSINESS

<u>GROSS BUSINESS INCOME:</u>	
sec. 28	xx
41	xx
	xxx
<u>less: Dedn. u/s 30 to 37:</u>	
sec. 30	-xx
31	-xx
:	:
35AD	-xxx
37(i)	-xx
TAXABLE I/FB.....	xxx

cold chain Business
Loss (20 cr.)

Coaching class
profit 100 cr.



c/f unlimited years

⑤

Assessee

cold chaincoaching

ST. OF IFB

Yr..1

pur. [100] ✓

(-)100

10

2

✓

9

3

✓

8.1

4

⊗

✓

(+100

(-)27.1

5

6

7

8

6

~~sec. 80IA to 80RRB & 10AA~~

STATEMENT OF INCOME FROM BUSINESS

<u>GROSS BUSINESS INCOME:</u>	
sec. 28	xx
41	xx
	xxx
<u>less: Dedn. u/s 30 to 37:</u>	
sec. 30	-xx
31	-xx
35AD	-xxx
37(i)	-xx
TAXABLE IFB.....	xxx

IFs	x
IFHP	x
IFB	x
CG	x
IFOS	x
GTI	xxx
<u>NTI</u>	<u>xxx</u>
80IA...	-x
NTI	xxx

08

(-) Dedn.

80IA...

Sec. 35CCC

Agriculture
 Extension project
 Training (Agriculture)

Cost of land (X)
 Cost of Bldg. (X) Depn.
 Others (Rev./Cap.) ✓ Full cost

CBDT

All

Sec. 35CCD

Skill Development
 project
 Training (Mfg..)

Cost of land (X)
 Cost of Bldg. (X) Depn.
 Others (Rev./Cap.) ✓ Full cost

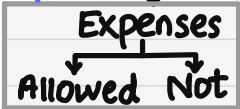
CBDT

Companies

Sec. 35ABB : TELCOM LICENCE

STATEMENT OF INCOME FROM BUSINESS

<u>GROSS BUSINESS INCOME</u>		
sec. 28		xx
sec. 41		xx
<u>Less: Dedn. u/s 30 to 37:</u>		xx
↓ sec. 30		- x
31		- x
35ABB		- xx
sec. 37(1)		- x
TAXABLE I.F.B		xx



Cost
20,00,000
Life 10 yrs.

Cost of Licence [Life 10 yrs.]
Rs. 1,00,000

Year	Rs. 50,000 paid $\div 10$ immediately	Rs. 30,000 paid in $\div 5$ 6 th year	Rs. 20,000 paid in $\div 2$ 9 th year	Total Dedn. u/s 35ABB
1	5000	—	—	5000
2	5000	—	—	5000
3	5000	—	—	5000
4	5000	—	—	5000
5	5000	—	—	5000
6	5000	6000	—	11000
7	5000	6000	—	11000
8	5000	6000	—	11000
9	5000	6000	10000	21000
10	5000	6000	10000	21000

sec.35DDA : VOLUNTARY RETIREMENT COMP..

5 Equal Installments

Sec. 35D : PRELIMINARY EXPS.

Eg: Preliminary Exps.

75,000 Rs. ~~10,00,000~~ ÷ 5

ST.OFIFB	ST.OFIFB	ST.OFIFB	ST.OFIFB	ST.OFIFB
-20	-20	-20	-20	-20
15	15	15	15	15

B/S	
SC 50	FA 100
Deb. 30	
LTL 30	

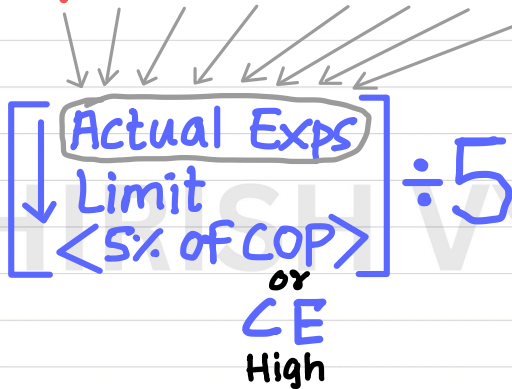
Limit CE
 max. 5% of COP
 max. 5% of 15L

= **max. 75000**

- ① Actual Exp.
- ② Limit
[5% of COP]

÷ 5

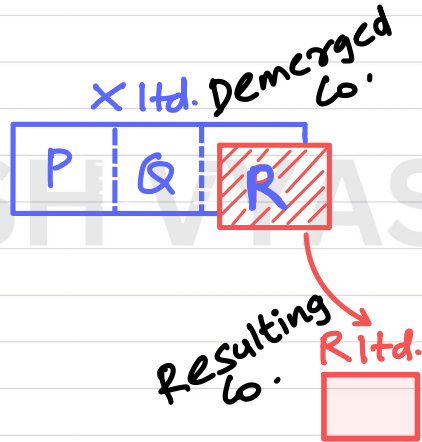
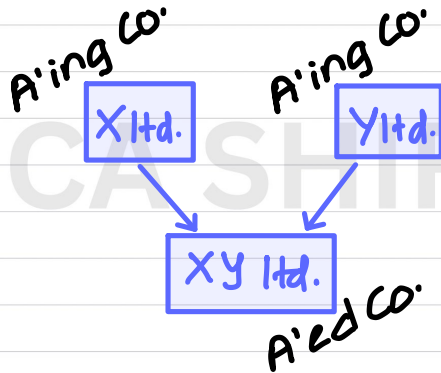
Eligible Exps = PFME DRSO



Indian Co.

or

Other Residents

Sec. 35DD : AMALGAMATION/DEMARGER EXPS.

Sec. 35

Sec. 35 AD / ABB / ABA

Sec. 35 CCA / CCC / CCD

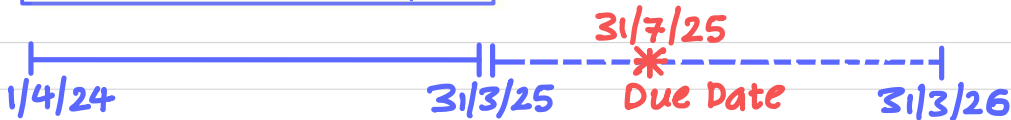
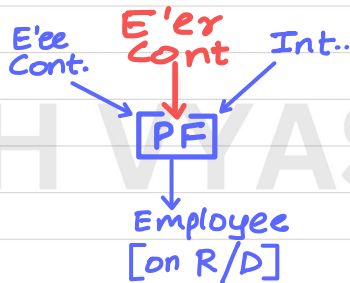
Sec. 35 D / DD / DDA

sec. 36(1) : CI₂B₂A F.R

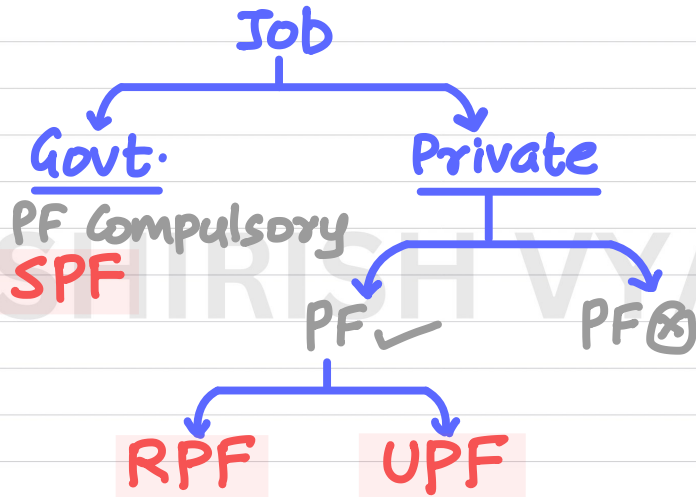
STATEMENT OF INCOME FROM BUSINESS

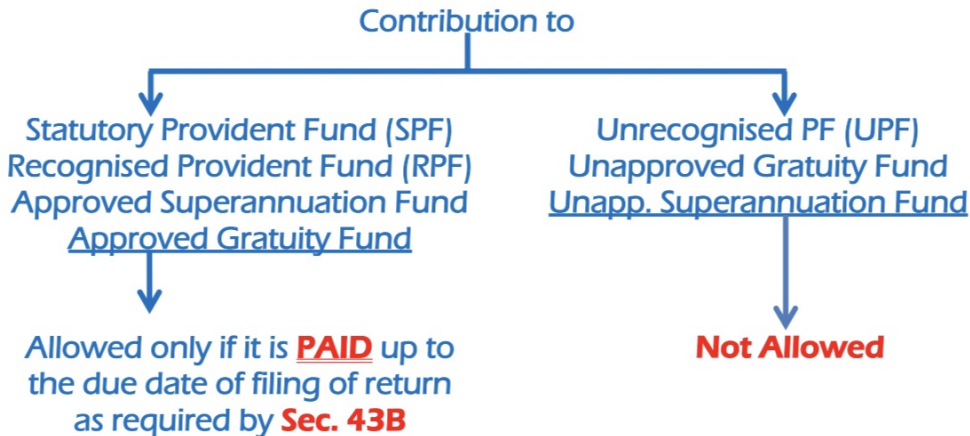
<u>GROSS BUSINESS INCOME</u>	
sec. 28	xx
sec. 41	xx
	xx
<u>Less: Dedn. u/s 30 to 37:</u>	
sec. 30	- x
31	- x
⋮	⋮
sec. 37(1)	- x
TAXABLE I.F.B	xx

C: CONTRIBUTION TO PF..



T.B. LICRM (paid) ↑



C**CONTRIBUTION TO PF etc.**

P&L A/c

Salary (Net) ✓	90	
Emp Cont. to PF ✓	10	Allowed if paid upto DD of Fund
Emp Cont. to PF ✓	10	Allowed if paid upto DD of Return

Contribution to NPS for Employees

max. ~~10%~~ of [Basic + DA]

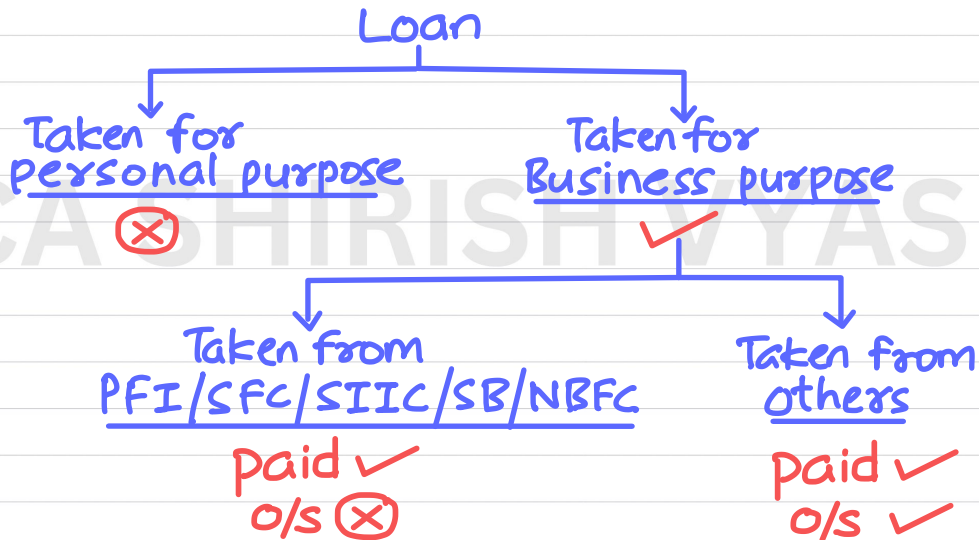
14%
Amendment

I₁: INSURANCE PREMIUM:

⇒ Stock ✓ Allowed

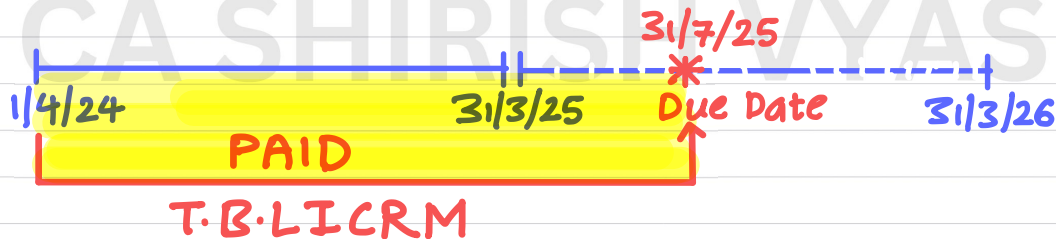
⇒ Employees' health [mediclaim Ins..]

Chq. ✓ Cash ⊗

I₂ : INTEREST ON LOAN:

B₁: BONUS AND COMMISSION TO EMPLOYEES

Allowed if PAID upto the due date of filing return as required by Sec. 43B



B₂ : BAD DEBTS:

①

Bad debts

Related to
Sales etc...Related to
Loans⇒ Normally⇒ money lending

(b)

STATEMENT OF
INCOME FROM BUSINESS

<u>GROSS BUSINESS INCOME</u>	
sec. 28	xx
sec. 41	xx
	<u>xx</u>
<u>Less: Dedn. u/s 30 to 37:</u>	
sec. 30	- x
31	- x
⋮	⋮
sec. 37(i)	- x
TAXABLE I.F.B	xx

Subsequent
Recovery

(+) u/s 41 (4) (X)

(-) (X)

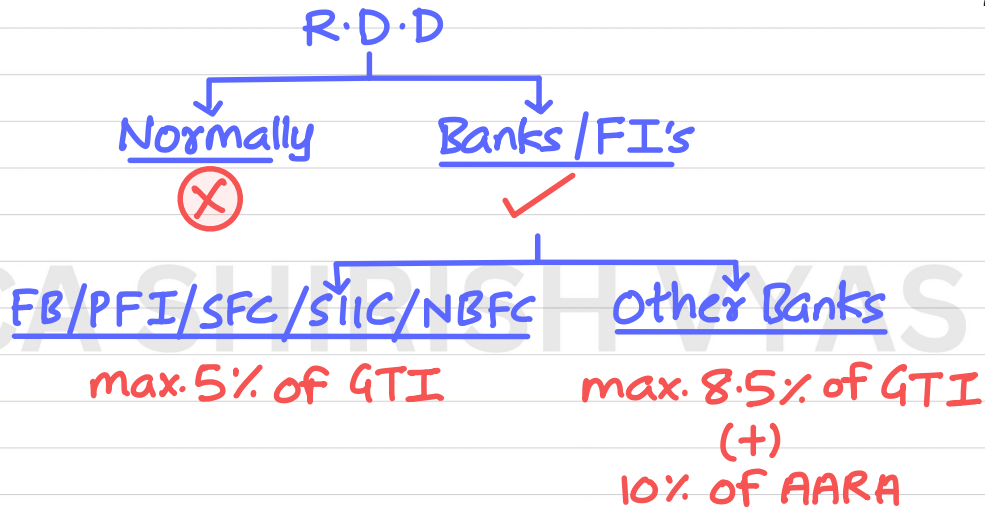
C

STATEMENT OF
INCOME FROM BUSINESS

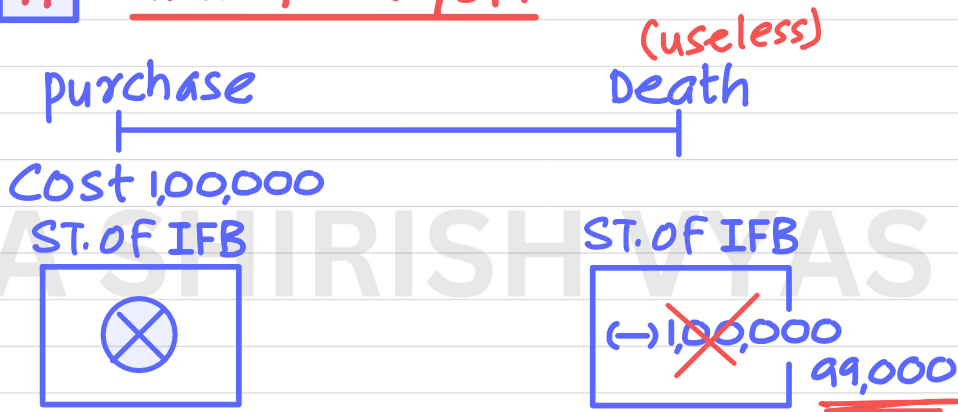
<u>GROSS BUSINESS INCOME</u>	
sec. 28	xx
sec. 41	xx
	xx
<u>Less: Dedn. u/s 30 to 37:</u>	
sec. 30	-x
31	-x
⋮	⋮
sec. 37(1)	-x
TAXABLE I.F.B	xx

IFS X
IFHP X
IFB X
CG X
IFOS X
GTI 10,00,000
↓
5%
50000
Limit

- ↓
- Actual RDD
 - Limit (5% of GTI)



A · ANIMALS W/OFF:



$$\left[\begin{array}{l} 1,00,000 \\ \text{Cost} \end{array} - \begin{array}{l} 1,000 \\ \text{S. value} \end{array} \right]$$

F: FAMILY PLANNING EXP. { Revenue ✓
Cap. Exp. ✓
5 eq. inst...



only for
Companies

R: TRF. TO SPECIAL RESERVE:

STATEMENT OF INCOME FROM BUSINESS

<u>GROSS BUSINESS INCOME</u>		
sec. 28		xx
sec. 41		xx
<u>Less: Dedn. u/s 30 to 37:</u>		xx
sec. 30		- x
31		- x
...		...
sec. 37(1)		- x
		<u>10,00,000</u>
<u>less: Trf. to Sp. Res. - 1,00,000</u>		
<u>TAXABLE IFB.... 9,00,000</u>		



Assessee



-150000

To inculcate the habit of savings

⇒ Amt. of Dedn:

- 1) Actual Amt. trf. to Sp. Res. 150000
- 2) 20% of Taxable IFB (before this dedn)
- 3) [200% of (SC + GR)] - opening balance in Sp. Reserve = $\frac{2,00,000}{2} = 1,00,000$

60L - 59L

B/S

SC	20	} x 2 = 60L
GR	10	
<u>Sp. Res</u>		
op. bal. 59		
(+) <u>Trf. 1.5</u>		

STATEMENT OF
INCOME FROM BUSINESS

GROSS BUSINESS INCOME

sec.28 xx
sec.41 xx

Less: Dedn. u/s 30 to 37:

sec.30 - x
31 - x
⋮
sec.37(1) - x

1,000,000

less: Dep. in NABARD - 1,00,000

TAXABLE IFB.... 9,00,000

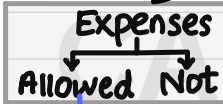
Sec. 33AB

TEA

COFFEE

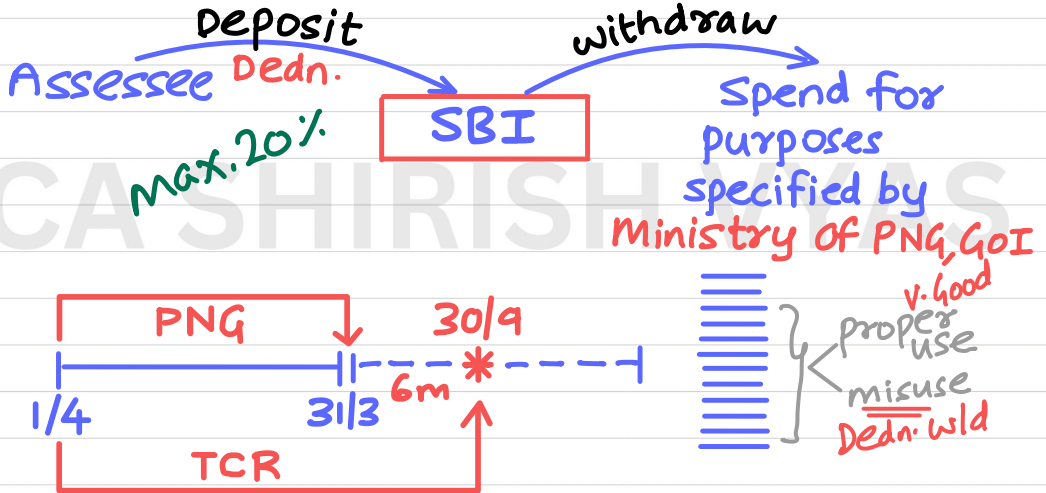
RUBBER

BUSINESS



To Inculcate the habit of savings

Sec. 33ABA : PNG BUSINESS :



AGRICULTURE INCOME

	Agricultural Income (Exempt)	Non-agri.. income (Taxable)
Income from Tea Business	60%	40%
Income from Coffee Business		
→ Coffee grown and cured	75%	25%
→ Coffee grown, cured, roasted and grounded	60%	40%
Income from Rubber Business	65%	35%

sec.37(1) : GENERAL DEDN.**2**ConditionsBusiness
Revenue**2**NotesIllegal Exp. ⊗
CSR Exp. ⊗**4**ExamplesAdvt.
Penalty
Taxes
Other Exps.

⇒ 4 Examples:

①

Advertisement

Normally



Souvenir,
brochure etc. of
POLITICAL PARTY

⊗ u/s 37(2B)

Donation - Sec. 80GGB
Sec. 80GGC

②

Penalty

Breach of
LAW

⊗

Breach of
CONTRACT

✓

③

Taxes

Related to G&SNot relatedpaid sec. 43B

	Taxes	Interest	Penalty
Sales Tax	✓	✓	✗
Excise Duty	✓	✓	✗
Custom Duty	✓	✓	✗
Service Tax	✓	✓	✗
GST	✓	✓	✗
Income Tax	✗	✗	✗
Wealth Tax	✗	✗	✗

Part II : EXPS. EXPRESSLY DISALLOWED

Sec. 37(2B) - ADVT. - POLITICAL PARTY

Sec. 40(a)

→ Income Tax / Wealth Tax
Not Allowed

→ Expenses without TDS

STATEMENT OF
INCOME FROM BUSINESS

GROSS BUSINESS INCOME	
sec. 28	xx
sec. 41	xx
<u>Less: Dedn. u/s 30 to 37:</u>	xx
sec. 30	- x
31	- x
⋮	⋮
sec. 37(i)	- x
TAXABLE I.F.B	xx

Resident

30%
Disallowed

NR

100%
Disallowed

STATEMENT OF
INCOME FROM BUSINESS

<u>GROSS BUSINESS INCOME</u>		
sec. 28		xx
sec. 41		xx
		xx
<u>Less: Dedn. u/s 30 to 37:</u>		
sec. 30		- x
31		- x
⋮		⋮
sec. 37(1)		- x
<u>TAXABLE I.F.B</u>		xx

Sec. 40A(2)

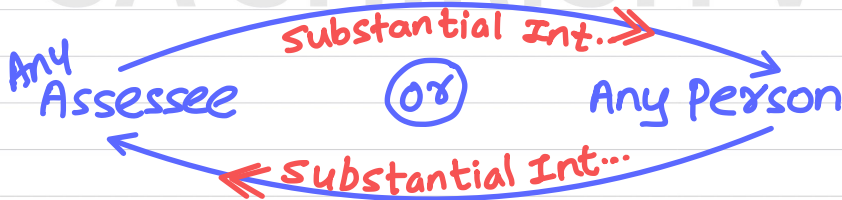
Payment to RELATIVES



Printing
10000
Books
x Rs. 10 → FMV
100000

⇒ meaning of RELATIVES:

Individuals — H/W/B/S/LA/LD
 HUF — members & their H/W/B/S/LA/LD
 P. Firm — Partners & their H/W/B/S/LA/LD
 Companies — Directors & their H/W/B/S/LA/LD



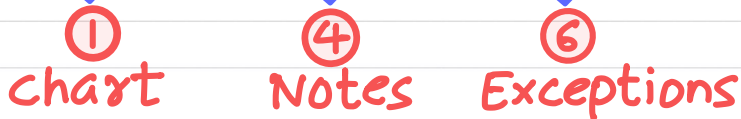
STATEMENT OF
INCOME FROM BUSINESS

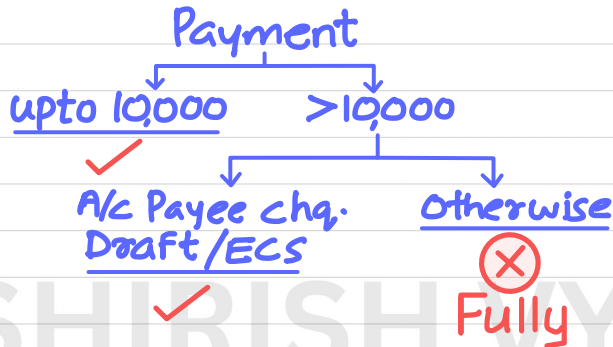
<u>GROSS BUSINESS INCOME</u>	
sec. 28	xx
sec. 41	xx
	xx
<u>Less: Dedn. u/s 30 to 37:</u>	
sec. 30	- x
31	- x
⋮	⋮
sec. 37(i)	- x
<u>TAXABLE I.F.B</u>	xx

Sec. 40A(3) :

**PAYMENT > 10,000
ACCOUNT PAYEE
CHEQUE**

Sec. 40A(3)





④ Notes:

- 1) **C I B A F.R.**
 2² Ins. of emp. health
- 2) Revenue / Capital Exp. — Both

3) per day per person

Case 1)

14/oct



Case 2)

14/oct

A

7,000
cash



15/oct

A

7,000
cash



Case 3)

14/oct

A

7,000
cash

+

A

7,000
cash

=

14,000
cash



4) STATEMENT OF
INCOME FROM BUSINESS

PY 2022-23

<u>GROSS BUSINESS INCOME</u>	
Sec. 28	xx
Sec. 41	xx
<u>Less: Dedn. u/s 30 to 37:</u>	xx
Sec. 30	- x
31	- x
⋮	
Sec. 37(i)	- x
TAXABLE I.F.B	xx

(-) Advt. 40,000
[o/s]STATEMENT OF
INCOME FROM BUSINESS

PY 2024-25

<u>GROSS BUSINESS INCOME</u>	
Sec. 28	xx
Sec. 41	xx
<u>Less: Dedn. u/s 30 to 37:</u>	xx
Sec. 30	- x
31	- x
⋮	⋮
Sec. 37(i)	- x
TAXABLE I.F.B	xx

(+ 40,000

⇒ 6 EXCEPTIONS [Rule 6DD]

- 1) Govt. / Banks / FI High Integrity
- 2) Producers of: Gareeb log
 - Zameen Related {
 - Ag. products
 - Forest ||
 - Janwar Related {
 - Poultry ||
 - Dairy ||
 - Fish ||
 - Animal ||
 - W/O Power - W/O power

3) No Banking facilities

4) Terminal benefits upto 50,000

5) Salary — posted — Atleast 15 days
No Bank A/c

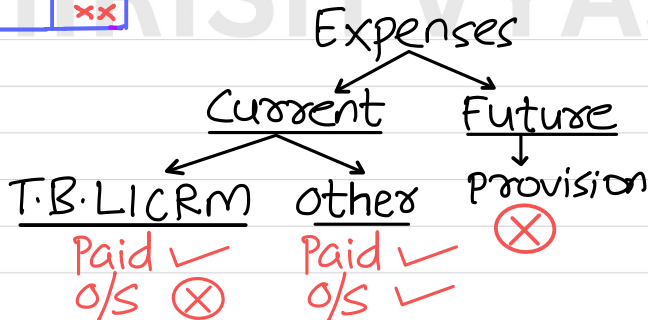
6) Transport operator upto 35,000

STATEMENT OF
INCOME FROM BUSINESS

<u>GROSS BUSINESS INCOME</u>	
sec. 28	xx
sec. 41	xx
	<u>xx</u>
<u>Less: Dedn. u/s 30 to 37:</u>	
sec. 30	- x
31	- x
⋮	⋮
sec. 37(1)	- x
<u>TAXABLE I.F.B</u>	<u>xx</u>

sec. 40A(7)

**PROVISION FOR
GRATUITY**



STATEMENT OF
INCOME FROM BUSINESS

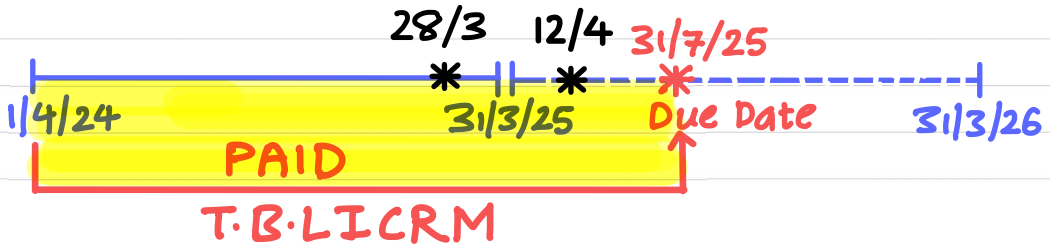
<u>GROSS BUSINESS INCOME</u>	
Sec. 28	xx
Sec. 41	xx
	<u>xx</u>
<u>Less: Dedn. u/s 30 to 37:</u>	
Sec. 30	-x
31	-x
⋮	⋮
Sec. 37(i)	-x
TAXABLE I.F.B	xx

Sec. 43B ⇒ **Payment Basis**

T.B.LICRM M

Due Date of
filing Return

Due Date
as per
MSMEDA



T.B.LICRM

	<u>Yr.1</u>	<u>Yr.2</u>	<u>Yr.3</u>
Leave Allowed	40 days	40 days	40 days
Leave Taken	<u>-10 days</u>		
	<u>30 days</u>		

↓
Good performance

↓
Reward

→ 12m Salary
(+) 30 days
extra Salary

QUESTION on Section 43B [MICRO and SMALL ENTERPRISES]

Mr. Anil started business of manufacturing tables in February 2025.

He follows mercantile system of accounting.

He purchased wood from Mr. A, Mr. B and Mr. C.

The details of purchases and payment made are as under:

_____ seller	Date of purchase	Purchase amount (₹)	Payment due as per written agreement, if any	Date of payment
Mr. A, a micro enterprise	15.02.2025	5 lakhs	<u>Within 30 days</u> from the date of purchase 17/3	29.03.2025 24-25
Mr. B, a small enterprise	17.03.2025	7 lakhs	<u>No written agreement</u> 1/4	15.04.2025 25-26
Mr. C, a medium enterprise	25.03.2025 24-25	8 lakhs	Within 40 days from the date of purchase	30.11.2025

How much deduction would be available to Mr. Anil in A.Y. 2025-26 in respect of purchases made during the P.Y. 2024-25 while computing business income?

- (a) Nil (b) ₹ 5 lakhs (c) ₹ 13 lakhs (d) ₹ 12 lakhs

Part-III : LIST OF BUSINESS INCOMES

STATEMENT OF INCOME FROM BUSINESS

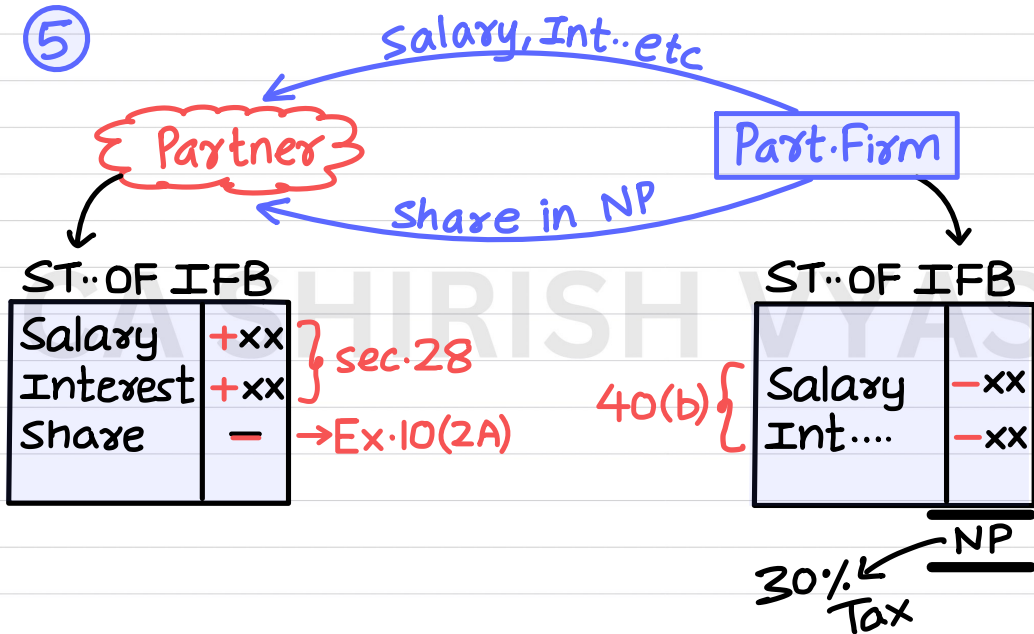
<u>GROSS BUSINESS INCOME</u>	
sec.28	xx
sec.41	xx
	xx
<u>Less: Dedn. u/s 30 to 37:</u>	
sec.30	-x
31	-x
⋮	⋮
sec.37(i)	-x
<u>TAXABLE I.F.B</u>	<u>xx</u>

⇒ Sec. 28: 9 points

- ① Gross Profit
- ② Fees
- ③ Gift (customers)
- ④ CCS/DD/SIL

Cash Compensatory support
Duty Drawback
Sale of Import Licence

5



⑥ Non-Compete fees

⑦ Keyman Ins. policy



⑧ Sale of 35AD assets

⑨ Any other income [related to business]

STATEMENT OF
INCOME FROM BUSINESS

<u>GROSS BUSINESS INCOME</u>	
sec. 28	xx
sec. 41	xx
	xx
<u>Less: Dedn. u/s 30 to 37:</u>	
sec. 30	- x
31	- x
⋮	⋮
sec. 37(1)	- x
<u>TAXABLE I.F.B</u>	xx

⇒ Sec. 41: 4 points

DEEMED BUSINESS
INCOMES

Sec. 41(1)

General Recovery

Sec. 41(4)

Bad debts Recovery

STATEMENT OF INCOME FROM BUSINESS

<u>GROSS BUSINESS INCOME</u>	
Sec. 28	xx
Sec. 41	xx
<u>Less: Dedn. u/s 30 to 37:</u>	
Sec. 30	- x
31	- x
⋮	⋮
Sec. 37(1)	- x
<u>TAXABLE I.F.B</u>	<u>xx</u>

(+) 100
u/s
41(3)

Sec. 41(2):

Sale by power units

Sec. 41(3):

Sale of Research Assets

Cost	100
(-) Dedn. u/s 35	-100
WDV	<u>Nil</u>

Past ST...IFB
-100 u/s 35

SP	105
(-) WDV	0
Profit	<u>105</u>

5 CG
100 IFB u/s 41(3)

Part-IV : SPECIAL PROVISIONS

Sec. 44AA Compulsory Books

Sec. 44AB Compulsory Audit

Sec. 44AE Presumptive [Transport]

Sec. 44ADA Presumptive [Profession]

Sec. 44AD Presumptive [Others]

Sec. 44AA: COMPULSORY BOOKS

**Pen. 271A
25,000**

MA₂LE FIT CO.

Assessee

Professionals

Others

- CB
- J
- L
- OC (Exp.)
- CC (Inc.)
- SOMR
- DCR

Specified Books

Any Books

Any Books

No Books

✓

✗

✓

✗

condition

condition

GR

Sales*

IFB*

preceding {

- Yr.1 > 1,50,000 +
- 2 > 1,50,000 +
- 3 > 1,50,000 +

- Yr.1 > 10L or > 1,20,000 or
- 2 > 10L or > 1,20,000 or
- 3 > 10L or > 1,20,000 or

Ind./HUF

***25L**

***2.5L**

Sec.44 AB : Compulsory Tax Audit :**Assessee****Profession****Business****Gross Receipts > 50L****If Sales > 1cr./10 cr.****** For 10 crores :****Cash Receipts \leq 5% of Total Receipts (All Receipts)****+****Cash Payments \leq 5% of Total Payments (All Payments)****"Cash" means other than A/c Payee chq./Draft/ECS**

Audit Report

Form
3CA/3CB

Audit under
Other Law

otherwise

(+)

Statement of Particulars

Form 3CD

Penalty 271B

↓ 0.5% of Sales/GR
↓ 1,50,000

One month prior
to the due date of filing Return

Sec. 44AE : PRESUMPTIVE (TRANSPORT)

Transport business

own

upto 10 Trucks

presumptive

Taxable IFB

7500 pm pv / 1000 pt pm pv

Accept

NO Bks.
NO Audit

Declare High

NO Bks.
NO Audit

Declare Low

Bks. ✓
Audit ✓

>10 Trucks

Actual

ST. OF IFB

<u>Gross Bus. Inc.</u>	
28	xx
41	xx
<u>less: Dedn.</u>	
30	-x
⋮	⋮
37(-)	-x
Taxable IFB	xx

Bks. / Audit

depending upon
sec. 44AA/44AB

Dedn. u/s 30 to 37 (1) - Not Allowed
 Int. and Rem. to Partners - Allowed

WDV computed - assuming depn allowed

		Cost	100	
Yr.1	6 Trucks presumptive	(→) Depn.	-10	⊗
		WDV	90	✓
Yr.2	9 Trucks presumptive	(→) Depn.	-9	⊗
		WDV	81	✓
Yr.3	12 Trucks Actual	(→) Depn.	-8.1	✓
		WDV	72.9	

6 Trucks as 1/4/2024

→ (5) Remaining

1/4 ————— 31/3

$$= 7500 \times 12 \times 5$$

m v

$$= 450000$$

→ (1) sold 3m. sale

1/4 ————— 31/3
 *
 27/June

$$= 7500 \times 3 \times 1v$$

m.

$$= 22500$$

(2) purchased

(14 tons each) pur. 6m.

1/4 ————— 31/3
 *
 4/oct.

$$= 1000 \times 14 \times 6 \times 2$$

t m v

$$= 168000$$

Taxable IFB... 6,40,500

Sec. 44ADA : PRESUMPTIVE - PROFESSION

Resident Ind.
Resident PF **Not LLP**

Advance Tax
One Installment

Profession

* 75L
Cash Receipts
≤ 5% of Turnover

GR upto 50L*
presumptive

GR > 50L
Actual

Taxable IFB

ST. of IFB

50% of GR

<u>Gross Bus. Inc.</u>	
28	xx
41	xx
<u>less: Dedn.</u>	
30	-x
⋮	⋮
37(c)	-x
<u>Taxable IFB</u>	<u>xx</u>

Accept
No Bks.
NO Audit

Declare High
NO Bks.
NO Audit

Declare Low
NTI upto
Basic Ex.
NO Bks.
NO Audit

Declare Low
NTI more than
Basic Ex.
Bks. ✓
Audit ✓

Bks./Audit
depending upon
sec. 44AA/44AB

IFS	xxx
IFHP	1,00,000
IFB	1,10,000 ←
CG	xxx
IFOS	xxx

GTI 2,10,000

less: Dedn. -xx

NTI 2,10,000

upto
Basic Ex.

NO Bks.
NO Audit

Gross Receipts
40,00,000

x 50%

20,00,000

pres. PGBP

Statement

Actual Profits
1,10,000

Sec. 44 AD : PRESUMPTIVE - OTHER BUSINESS

* 3 Cr.
Cash Receipts
≤ 5% of
Turnover

Any Business

Sales upto 2 Cr.*
presumptive

more than 2 Cr.
Actual

Taxable IFB
=

ST. of IFB

8% / 6% of Sales

<u>Gross Bus. Inc.</u>	
28	xx
41	xx
<u>less: Dedn.</u>	
30	-x
⋮	⋮
37(1)	-x
Taxable IFB	xx

Accept

NO Bks.
NO Audit

Declare High

NO Bks.
NO Audit

Declare Low

NTI upto
Basic Ex.

NO Bks.
NO Audit

Declare Low

NTI more than
Basic Ex.

Bks. ✓
Audit ✓

Bks. / Audit

depending upon
sec. 44AA / 44AB

particular Year → presumptive

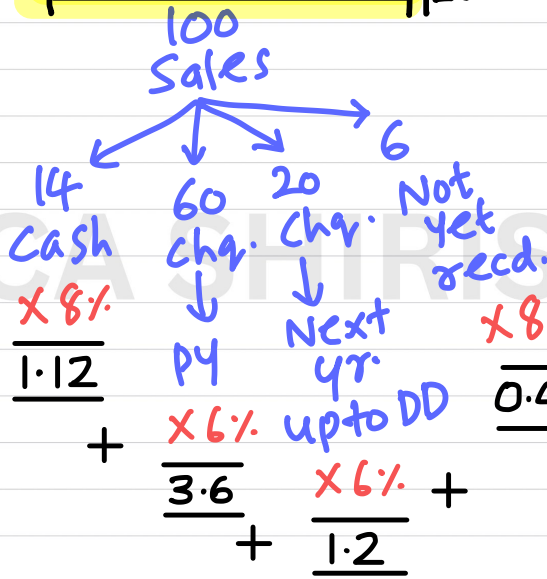
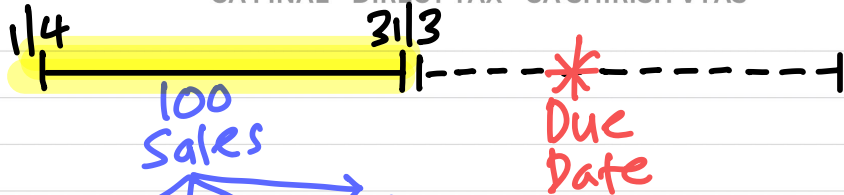
Yr.1 pres..
 2 pres..
 3 pres..
 4 ~~pres..~~ → Low
 5 pres..

Yr.1 Actual
 2 Actual
 3 Actual
 4 Actual
 5 Actual

Resident Ind..
 Resident HUF
 Resident PF
 Not LLP

Advance Tax
 one Installment

80IA to 80RRB/IOAA — Not Allowed



IFS xx
 IFHP xx
IFB 6.4 pres...
 CG xx
 IFOS xx
 GTI
 less: Dedn.
 NTI

Section 44AE	Section 44ADA	Section 44AD
Transport business owning throughout PY Upto 10 Goods Vehicle	Professionals Gross Receipts up to ₹ 50 lakhs/75 lakhs	All business except Transport and Agency business Total Sales up to ₹ 2 crores/3 cr.
Taxable IFB = 7,500 p.m.p.v or 1,000 p.t.p.m.p.v (Heavy)	Taxable IFB = 50% of Gross Receipts	Taxable IFB = 8%/6%* of Total Sales * If A/c payee chq./Draft/ECS
Deduction u/s 30 to 37 Not Allowed Partners' Rem. & Interest Allowed 80IA to 80RRB & 10AA Allowed	Deduction u/s 30 to 37 Not Allowed Partners' Rem. and Interest Not Allowed 80IA to 80RRB & 10AA Allowed	Deduction u/s 30 to 37 Not Allowed Partners' Rem. and Interest Not Allowed 80IA to 80RRB & 10AA Not Allowed
WDV computed assuming deprec. allowed	WDV computed assuming deprec. allowed	WDV computed assuming deprec. allowed
No Books No Audit	No Books No Audit	No Books No Audit
Claims lower IFB: Compulsory Books/Audit	Claims lower IFB but Total Income \leq Basic Exemption No Books - No Audit Claims lower IFB but Total Income $>$ Basic Exemption: Compulsory Books/Audit	Claims lower IFB but Total Income \leq Basic Exemption: No Books - No Audit Claims lower IFB but Total Income $>$ Basic Exemption: Compulsory Books/Audit
Can change the option every year	Can change the option every year	Once presumptive then compulsory presumptive for next 5 yrs If Claims lower IFB in any of these 5 yrs then for coming 5 yrs, presumptive not allowed
All Assesseees	Res. Ind. and Res. PF [excl LLP]	Res. Ind., Res. HUF & Res. PF [excl LLP]
Advance Tax - 4 installments	Advance Tax in one installment [on or before 15 th March of PY]	Advance Tax in one installment [on or before 15 th March of PY]

PGBP

ADDITIONAL POINTS

① EPABx / mobiles - 15%

② P&M for product / Technology invented in Govt./Recognised lab. - 40%

③ X.ltd $\xrightarrow{\text{Amalgamation}}$ Y.ltd.



Deprn.

X.ltd Y.ltd.

214 : 151

④ Telecom/spectrum "Sale"

$$\begin{array}{r} \text{Cost } 100 \\ = 10 \\ - 10 \\ \hline \end{array}$$

$$\text{WDV } \underline{70}$$

10 yrs.
Life

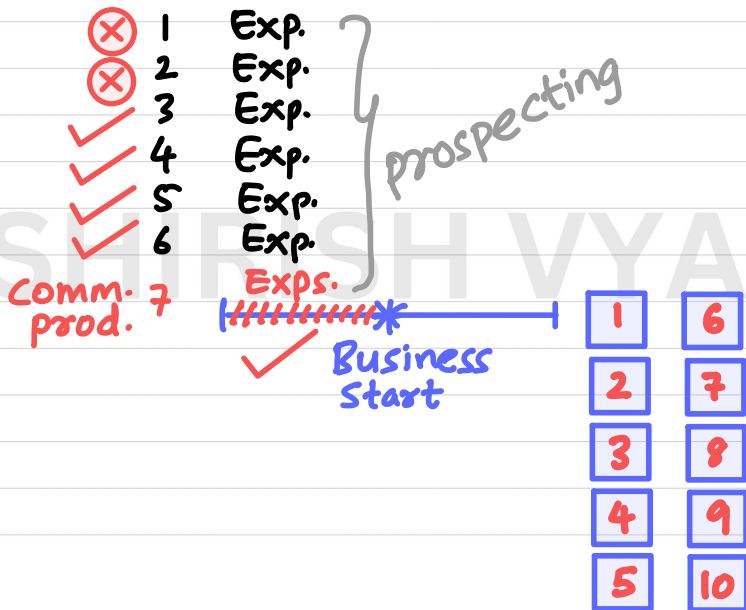
Sold SP 56

$$\begin{array}{r} \text{SP } 56 \\ \text{WDV } 70 \\ \hline \text{Loss } \underline{(14)} \end{array}$$

÷ 7 remaining life
= 2 Dedn.

5

Section 35E



⑥

Discount on Zero Coupon Bonds

Eg: 24/Nov/24

23/May/28

Issue

12L

Redemption

33L


 2100000 Exp.

42 months (Life)

Py 24-25	4m	x 50,000	
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25-26	12m	"	pm.
-------	-----	---	-----

= 50,000 pm

26-27	12m	"	
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Dedn. u/s 36(i)

27-28	12m	"	
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28-29	2m	"	
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<u>42m</u>			
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⑦ Banks/FI

Yr.1	RDD	100 ✓
2	RDD	40 ✓
3	Actual Bad Debts	125

or 146
 140
 6 ✓

⑧ Tax on non-monetary perquisites
 paid by employer — Disallowed
 u/s 40(a)

Q.

P & L A/c

To Allowed Expenses ✓ 300	By Business Incomes ✓ 500
To Disallowed Expenses ⊗ 40	By Non-Bus. Incomes ⊗ 60
To NP 220	

Addl. Info:

Advt. Rs. 10 not recorded

Ans.

STATEMENT OF
INCOME FROM BUSINESS

NP as per P & L	220
<u>Add: DISALLOWED EXPS.</u>	
} Dr. ⊗	+ 40
	260
<u>less: NON-BUS. INCOMES</u>	
} Cr. ⊗	- 60
	200
<u>less: UBE</u>	- 10
<u>Add: UBI</u>	
Taxable IFB	

TREATMENT OF DEPN.

Q:

P&L A/c	
Depn. 20	GP 100
NP ⊗	✓
NP 80	

Addl. Info:

Depn. as per I.Tax Rs.25
UBE

Ans:

STATEMENT OF INCOME FROM BUSINESS

NP as per P&L A/c 80

Add: Disallowed Exp.

Depn. as per bks. + 20

less: Non-Bus.income

less: UBE

Depn. as per I.Tax - 25

Add: UBI

75