Eg:- suppose total EE as on 1/4/24 were 100, 20 New EE joined and 15 EE left during PY. In this case dedn allowed on salary paid to 5 employees.

* Conditions *

1) Salary should be paid by A/c payee cheque / A/c Payee D.D / ECS.

2) Salary should not be more than ₹ 25000 per month

3) EE employed atleast 240 days in PY (in case of manufacture of footwear or leather or apparel 150 days.

4) EE should participate in RPF.

— Note—

1) If EE is employed during PY for less than 150 days/ 240 days but employed for period of 240d or 150d in Next year then he shall be deemed to have been employed in NY and accordingly Assesse entitled for dedn of 30% of Additional employee cost in the NY

2) Dedn under this section allowed only if BOA is audited of the Assesse and Audit report should be submitted upto date given u/s 44AB

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Mr A PY25-26 AY 26-27

Part A

Computation of dedn u/s 80JJAA

Additional EE's cost
24000 pm x 12 months x 75 EE's = 21600000

Dedn u/s 80JJAA :- 21600000 x 30% = 6480000

— Note —

1) Since casual worker do not participate in RPF so dedn not allowed on salary paid to casual worker

2) Employee employed on 1/5/2025 are not eligible for dedn because salary p.m is more than ₹25000.

3) 100 regular workers employed on 1/9/2025 are not treated as additional employees because they work for less than 240 days.

Part B

If Mr A engaged in manufacture of footwear then 100 regular employee employed on 1/9/2025 are also eligible for dedn because they work for 150 days or more in PY 25-26

Additional EE's cost :- 21600000 + 16800000
(100 EE's x 24000 x 7 months)
= 3,84,00,000

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Dedn Amt = 38400000 x 30%
= 1,15,20,000

- sec 80QQB :- Royalty from Books of literacy, Artistic, Scientific Nature

a) Eligible Assessee :- Resident Individual

b) Amt of Deduction :- (i) Eligible Royalty Recd
(ii) Max 300000
whichever is lower

Eligible Royalty
- Lumpsum royalty → Amt recd as Royalty
- Otherwise → Max 15% of value of Book sold

- sec 80RRB :- Royalty from Patent

a) Eligible Assessee :- Resident Individual

b) Amt of Deduction :- (a) Royalty Recd
(b) Max 300000
whichever is lower

- Notes for sec 80QQB and 80RRB :-
If Royalty is earned from outside India then dedn is allowed only if such royalty amt brought

in India in convertible foreign exchange within 6 months from the end of PY or time allowed by RBI.

– Sec 80TTA :- Interest on saving A/c from Bank / Co-op Bank / Post office

a) Eligible Assessee :- Individual / HUF

b) Amt of Deduction :- (i) Interest Amt xxx
(ii) Max 10000 xxx
whichever is lower xxx

– Sec 80TTB :- Interest on deposit from Bank / Co-op Bank / Post office

a) Eligible Assessee :- Resident senior citizen.

b) Amt of Deduction :- (i) Interest Amt xxx
(ii) Max 50000 xxx
whichever is lower xxx

– Note –

Dedn under this sec is claimed by senior citizen then he is not eligible for dedn u/s 80TTA.

# ALTERNATE MINIMUM TAX :- (AMT)

AMT is applicable to All Assessee except company.

Sec 115JC :- Income Tax payable by any person higher of

(i) Income Tax payable as per Normal Provision of Income Tax xxx

(ii) 18.5% of Adjusted Total Income xxx
[Surcharge (if applicable) + 4%]

Note -

1. Calculation of ATA

| | |
|---|---|
| Total income (NTI) as per Normal Provision of Income Tax | xxx |
| Add :- (i) Dedn u/s 10AA (SEZ) | xxx |
| (ii) Dedn u/s 35AD (14 Business) | xxx |
| (iii) Dedn u/C VI A (80JJAA, 80QQB, 80RRB) | xxx |
| | xxx |
| (-) :- Depn allowable as per sec 32 assuming that dedn u/s 35AD was not allowed on the Assets on which dedn u/s 35A claimed | (xxx) |
| ATI | xxx |

Note :-

1) AMT is applicable only when Assessee claim dedn u/s 35AD, 10AA, 80QQB, 80RRB or 80JJAA.

2) AMT is not applicable if ATI is upto ₹ 20 lakhs in case of Individual, HUF, AOP, BOI, AJP.

3) AMT not applicable if Assessee pay tax as per sec 115BAC

- Sec 115JD : AMT credit.

1) If AMT is more than Normal tax then excess shall be treated as AMT credit

2) AMT credit can be carry forward for 15 AY's

3) AMT cr. can be set off in the year in which Normal Income tax is more than AMT.

4) AMT cr. is allowed to set off to the extent of difference between Normal tax and AMT.

5) AMT cr. can be set off even in the year in which AMT is not applicable

| AY | Normal tax | AMT (ATI x 18.5%) | Assessee required to pay | Amt credit Adjusted | Actual paid | Amt credi |
|---|---|---|---|---|---|---|
| AY24-25 | 500000 | 800000 | 800000 | — | 800000 | 300000 |
| AY25-26 | 700000 | 900000 | 900000 | — | 900000 | 500000 |
| AY26-27 | 600000 | 450000 | 600000 | 150000 | 450000 | 350000 |
| AY27-28 | 800000 | 900000 | 900000 | — | 900000 | 450000 |
| AY28-29 | 1000000 | 600000 | 1000000 | 400000 | 600000 | 50000 |
| AY29-30 | 1200000 | 700000 | 1200000 | 50000 | 1150000 | — |

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Ex: Mr Ravi (age 32 yrs) and Kavi (36 yrs) are Resident Ind. From following information calculate rebate u/s 87A and Tax liability for AY 2026-27

| Particular | Ravi (opt out from sec 115BAC) | Kavi (opted sec 115BAC) |
| --- | --- | --- |
| STCG 111A | 80000 | 240000 |
| LTCG 112A | 130000 | 450000 |
| Salary and HP Income (computed) | 280000 | 510000 |
| Total Income | 490000 | 1200000 |
| | | |
| Computation of Tax liab. | | |
| Tax on STCG 111A | 16000 | 48000 |
| Tax on LTCG 112A | 625 | 40625 |
| Tax on Balance Income | 1500 | 5500 |
| Total | 18125 | 94125 |
| | | |
| Less:- Rebate u/s 87A | 18125 | 94125 |
| Ravi :- 17500 or 12500, whichever is lower | (12500) | |
| Kavi :- 5500 or 60000 | | (5500) |
| | 5625 | 88625 |
| Add:- HEC @ 4% | 225 | 3545 |
| Net Tax liability | 5850 | 92170 |

Q11 / pg 213 | Mr X | PY 25-26, AY 26-27

Part A :- Assessee opted out from sec 115BAC [sec 115BAC Not Applicable]

Computation of Total Income

| | ₹ | ₹ |
|---|---|---|
| Profit and Gain from Business & Profession | | |
| (i) Warehousing facility for Agri produce [Profit] | 10500000 | |
| Less:- Dedn u/s 35AD | | |
| [7500000 − 1000000 land] (6500000 × 100%) | 6500000 | 4000000 |
| (ii) Profit from SEZ unit | | 4000000 |
| Gross Total Income | | 8000000 |
| Less:- Deduction u/c VIA | | |
| 10AA → 50% Export Profit (7th yr of operation) | | |
| PGBP of SEZ unit × Export T/O / Total T/O | | |
| $4000000 \times \frac{8000000}{10000000} = 3200000 \times 50\%$ Dedn = 1600000 | | (1600000) |
| Total Income (NTI) | | 6400000 |

computation of Tax liability

| | | |
|---|---|---|
| upto 250000 | | — |
| >250000 upto 500000 | 5% | 12500 |
| >500000 upto 1000000 | 20% | 100000 |
| >1000000 upto 6400000 | 30% | 1620000 |
| | | 1732500 |
| Add:- surcharge @10% | | 173250 |
| | | 1905750 |
| Add:- HEC @ 4% | | 76230 |
| | | 1981980 |

calculation of AMT

calculation of Adjusted Total Income (ATI)

| | |
|---|---|
| Total Income | 6400000 |
| Add:- Dedn u/s 35AD | 6500000 |
| Dedn u/s 10AA | 1600000 |
| | 14500000 |
| Less:- Depn Allowable if sec 35AD Not claimed (6500000 x 10%) | (650000) |
| ATI | 13850000 |

Tax on ATI

| | | |
|---|---|---|
| 13850000 x 18.5% | = | 2562250 |
| Add: surcharge @ 15% | | 384338 |
| | | 2946588 |
| Add:- HEC @ 4% | | 117864 |
| AMT | | 3064452 |

Notes -

since AMT is more than Normal Tax so Assessee require to pay AMT i.e. 3064452

Amt credit :- (3064450 - 1981980)

= 1082470

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If 115BAC follow, then AMT Not apply.



Part B:- Assessee opted default tax regime sec 115BAC

Computation of Total Income & Tax liability

| | | ₹ |
|---|---|---|
| PGBP | | |
| Profit from warehousing facility | 10500000 | |
| (-) Depn u/s 32 (6500000 x 10%) | 650000 | 9850000 |
| Profit from SEZ units | | 4000000 |
| GTI / NTI | | 13850000 |

Calculation of Tax liability

| | | |
|---|---|---|
| upto 400000 | | |
| >400000 upto 800000 | 5% | 20000 |
| >800000 upto 1200000 | 10% | 40000 |
| >1200000 upto 1600000 | 15% | 60000 |
| >1600000 upto 2000000 | 20% | 80000 |
| >2000000 upto 2400000 | 25% | 100000 |
| >2400000 upto 13850000 | 30% | 3435000 |
| | | 3735000 |
| Add:- surcharge @ 15% | | 560250 |
| | | 4295250 |
| Add:- HEC @ 4% | | 171810 |
| Net tax liability | | 4467060 |

Conclusion :- since Tax as per Normal Provision is lower than tax as per default tax regime u/s 115BAC so Assessee should opt out from Default Tax Regime u/s 115BAC and pay tax as per Normal / old taxation regime

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