

the rate of **4% of such income-tax and surcharge.**

MAT : The domestic company who has opted for special taxation regime under [Section 115BAA](#) & [115BAB](#) is exempted from provision of MAT. However, no exemption is available in case where [section 115BA](#) has been opted.

In that case, the provisions of Minimum Alternate Tax (MAT) applies, tax payable cannot be less than 15% (+HEC) of "Book profit" computed as per [section 115JB](#). However, MAT is levied at the rate of 9% (plus surcharge and cess as applicable) in case of a company, being a unit of an International Financial Services Centre and deriving its income solely in convertible foreign exchange.

TAX RATES OF FOREIGN COMPANY

Assessment Year 2020-21 and Assessment Year 2021-22

Nature Of Income	Tax Rates
Royalty received from Government or an Indian concern in pursuance of an agreement made with the Indian concern after March 31, 1961, but before April 1, 1976, or fees for rendering technical services in pursuance of an agreement made after February 29, 1964 but before April 1, 1976 and where such agreement has, in either case, been approved by the Central Government	50%
Any other income	40%

Surcharge: The amount of income-tax shall be increased by a surcharge at the rate of **2%** of such tax, where total income exceeds one crore rupees but not exceeding ten crore rupees and at the rate of **5%** of such tax, where total income exceeds ten crore rupees. However, the surcharge shall be subject to marginal relief, which shall be as under:

(i) Where income **exceeds one crore rupees but not exceeding ten crore rupees**, the total amount payable as income-tax and surcharge shall not exceed total amount payable as income-tax on total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

(ii) Where income **exceeds ten crore rupees**, the total amount payable as income-tax and surcharge shall not exceed total amount payable as income-tax on total income of ten crore rupees by more than the amount of income that exceeds ten crore rupees.

Health and Education Cess : The amount of income-tax and the applicable surcharge, shall be further increased by health and education cess calculated at the rate of **4% of such income-tax and surcharge**.

CHANGED

Tax Rates of Co-operative Society

Assessment Year 2020-22 and Assessment Year 2022-23

Taxable Income	Tax Rates
Up to Rs. 10,000	10%
Rs. 10,000 to Rs. 20,000	20%
Above Rs. 20,000	30%

Surcharge: The amount of income-tax shall be increased by a surcharge at the rate of **12%** of such tax, where total **income exceeds one crore rupees**. However, the surcharge shall be subject to marginal relief (where income exceeds one crore rupees, the total amount payable as income-tax and surcharge shall not exceed total amount payable as income-tax on total income of one crore rupees by more than the amount of income that exceeds one crore rupees).

Health and Education Cess: The amount of income-tax and the applicable surcharge, shall be further increased by health and education cess calculated at the

rate of 4% percent of such income-tax and surcharge.

Special tax rates applicable to a Co-operative societies (newly inserted section 115BAD)

Assessment Year 2021-22

Taxable Income	Tax Rates
Any Income	22%

Note:

The Finance Act, 2020 has inserted a new [Section 115BAD](#) in Income-tax Act to provide an option to the co-operative societies to get taxed at the rate of 22% plus 10% surcharge and 4% cess. The resident co-operative societies have an option to opt for taxation under newly [Section 115BAD](#) of the Act w.e.f. Assessment Year 2021-22. The option once exercised under this section cannot be subsequently withdrawn for the same or any other previous year.

If the new regime of [Section 115BAD](#) is opted by a co-operative society, its income shall be computed without providing for specified exemption, deduction or incentive available under the Act. The societies opting for this section have been kept out of the purview of Alternate Minimum Tax (AMT). Further, the provision relating to computation, carry forward and set-off of AMT credit shall not apply to these assesseees

The option to pay tax at lower rates shall be available only if the total income of co-operative society is computed without claiming specified exemptions or deductions

For the purposes of **concessional tax rates**, the total income of the co-operative society shall be computed,—

- (i) **without any deduction** under the provisions of
- section 10AA or

- Section 32(1)(iia) or
- section 32AD or
- section 33AB or
- section 33ABA or
- Section 35(1)((ii)(iia)(iii)
- Section 35(2AA)(ii)(iia)(iii)
- Section 35AD
- Section 35CCC
- or under any of the provisions of Chapter VI-A [section 80C to 80U] **other than** the provisions of section 80JJAA;

(ii) **without set off of any loss carried forward or depreciation** from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred to in clause (i); and

(iii) by claiming the depreciation, if any, under section 32, **other than** Section 32(1)(iia), determined in such manner as may be prescribed.

(3) The **loss and depreciation referred to in clause (ii) of sub-section (2) shall be deemed to have been given full effect** to and no further deduction for such loss or depreciation shall be allowed for any subsequent year: Provided that where there is a depreciation allowance in respect of a block of assets which has not been given full effect to prior to the assessment year beginning on the 1st day of April, 2021, corresponding adjustment shall be made to the written down value of such block of assets as on the 1st day of April, 2020 in such manner as may be prescribed, if the option under sub-section (5) is exercised for a previous year relevant to the assessment year beginning on the 1st day of April, 2021.

(4) In case of a person, having a Unit in the International Financial Services Centre, as referred to in sub-section (1A) of section 80LA, which has exercised option under sub-section (5), the conditions contained in sub-section (2) shall be modified to the extent that the deduction under the said section shall be available to such Unit

6. Unexplained Income u/s 68 to 69C @ 60%.

ROUNDING OFF TOTAL INCOME AND TAX [SEC. 288A AND 288B]

Total Income and tax should be round off in multiple of ₹ 10

→ Last digit less than 5 = Last 10

→ Last digit 5 or more = Next 10

Example :

(i) 4944 = 4940

(ii) 4946 = 4950

Some Important Points :-

1. P.Y starting from set up of business.
2. P.Y may be of 12 months or less than 12 months, but A.Y is always of 12 months.
3. जहाँ Surcharge है वहाँ MR है ऐसा नहीं है, जहाँ Surcharge की वजह से hardship है वहाँ MR है।

Summary of surcharge applicability (Amended by Finance Act, 2019)

Remarks	If total income is upto 50 Lakhs	If T.I is the range of > 50 Lakh to 1 crore	If T.I is the range of > 1cr. upto 2cr.	If T.I is the range of > 2cr upto 5cr	If T.I is the range of > 1cr to 10cr	If T.I is > 10cr
Individual HUF/AOP BOI/AJP	Nil	10%	15%	25%	37%	37%
Firm	Nil	12%	12%	12%	12%	12%
Co-operative Society	Nil	12%	12%	12%	12%	12%
Local authority	Nil	12%	12%	12%	12%	12%
Domestic Company	Nil	7%	7%	7%	7%	12%
Foreign Company	Nil	2%	2%	2%	2%	5%

• Marginal relief is available. Marginal relief will be given to an assessee when increase in tax liability due to surcharge is more than increase in income beyond which surcharge is applicable

CHAPTER - 2

RESIDENTIAL STATUS

(Section 5 to 9)

MAIN POINT

Total **Income** of an assessee is based on residential **status** of assessee.

➤ SECTION-5 SCOPE/ MEANING OF TOTAL INCOME

Where tax Incidence arises in case of	ROR	RNOR	NR
• Income received in India (whether accrued in or outside India).	Yes	Yes	Yes
• Income deemed to be received in India (whether accrued in or outside India).	Yes	Yes	Yes
• Income accruing or arising in India (whether received in or outside India).	Yes	Yes	Yes
• Income deemed to accrue or or arise in India (whether received in or outside India).	Yes	Yes	Yes
• Income received or accrued outside India from a business controlled from outside India or a profession set up in India	Yes	Yes	No
• Income received or accrued outside India from a business controlled from outside India or a profession set up outside	Yes	No	No

Remarks

India.			
• Income earned and received outside India but later on remitted to India (whether tax incidence arises at the time of remittance).	No	No	No
• Past untaxed profits (not taxable as relates to past years).	No	No	No
• Agricultural income in India (exempt under section 10(1))	No	No	No
• Long term capital gains (on STT paid shares) exempt under section 10(38)	No	No	No
• Dividend from domestic company (exempt under section 10(34)) or income from a mutual funds specified under section 10(23D) exempt u/s 10(35).	No	No	No
<p>➤ <u>RULES TO BE CONSIDERED WHILE DETERMINING RESIDENTIAL STATUS.</u></p> <p>1. <u>Residential status is determined for each category of persons separately.</u></p> <p>2. <u>Residential status is always determined for the previous year.</u></p> <p>3. <u>A person may be a resident of more than one country for any previous year.</u></p> <p>4. <u>Citizenship of a country and residential status</u></p>			
Remarks			

- of that country are separate concepts.
5. To be treated as received in India the income should be first received in India.
 6. Any past untaxed profits shall not be considered to be the Income of the current year in any status i.e. ROR, RNOR and NR.
 7. If a person is Resident in India in a previous year relevant to assessment year in respect of any source of Income, He shall be deemed to be resident in India in the previous year relevant to assessment year in respect of each of his other source of Income.
 8. Agriculture Income in India and all other Income exempt shall not be taxable in all cases.
 9. The term "Stay in India" includes 'TWI'. Even the stay in ship or boat moored in the TWI would be sufficient to make Individual Resident in India.
 10. It is not necessary that the period of stay in India must be continuous or active nor is it essential that stay should be at same place.
 11. For the purpose of counting of period stay in India both the date of departure as well as the date of arrival in India are considered to be India.

➤ SECTION - 6 RESIDENTIAL STATUS

Residential Status

↓
Individual

↓
Company

↓
Any other person

Remarks

In case of Individual

Resident

If **any one** basic condition is **satisfied** from the following 2 conditions:

1. **182 days or more** in India (aggregate) in the R.P.Y.

'OR'

2. **60 days or more** in India (aggregate) in R.P.Y.

'and'

365 days or more in India in 4 I.P.R.P.Y.

Non-resident

If **both** basic condition is not satisfied.

IF BOTH NOT SATISFIED

In the following cases where **only 1** basic condition (i.e 182 days or more) is to be checked

(a) Individual + Citizen of India + Left India + for the purpose of business/employment or * as a member of crew of Indian ship.

'OR'

(b) Individual + ^{**} citizen of India / Origin of India + visit in India and T.I other than Foreign Source Income upto ₹ 15 Cr.

Check condition ONE only in the Previous year in which they visit in India (or) they left

Remarks