

CHAPTER 1: BASIC CONCEPTS

Introduction

- In a Welfare State, the Government takes primary responsibility for the welfare of its citizens, as in matters of health care, education, employment, infrastructure, social security and other development needs. To facilitate these, Government needs revenue.
- The taxation is the primary source of revenue to the Government for incurring such public welfare expenditure.
- In other words, Government is taking taxes from public through its one hand and through another hand; it incurs welfare expenditure for public at large.
- However, no one enjoys handing over his hard-earned money to the government to pay taxes. Thus, taxes are compulsory or enforced contribution to the Government revenue by public.
- Government may levy taxes on income, business profits or wealth or add it to the cost of some goods, services, and transactions.

DIRECT TAX & INDIRECT TAX

There are two types of taxes: Direct Tax and Indirect Tax

- Tax, of which incidence and impact fall on the same person, is known as Direct Tax, such as Income Tax.
- On the other hand, tax, of which incidence and impact fall on two different persons, is known as Indirect Tax, such as GST.

Direct Tax	Indirect Tax
<ul style="list-style-type: none"> • Incidence and impact fall on the same person 	<ul style="list-style-type: none"> • Incidence and impact fall on two different persons
<ul style="list-style-type: none"> • Assessee, himself bears such taxes. Thus, it pinches the taxpayer. 	<ul style="list-style-type: none"> • Tax is recovered from the assessee, who passes such burden to another person.
<ul style="list-style-type: none"> • Levied on income 	<ul style="list-style-type: none"> • Levied on goods and services.
<ul style="list-style-type: none"> • E.g. Income Tax 	<ul style="list-style-type: none"> • E.g. GST, Customs Duty, etc.
<ul style="list-style-type: none"> • Progressive in nature i.e., higher tax are levied on person earning higher income and vice versa. 	<ul style="list-style-type: none"> • Regressive in nature i.e., all persons will bear equal wrath of tax on goods or service consumed by them irrespective of their ability.

CONSTITUTIONAL VALIDITY OF TAXES

The Constitution of India is the supreme law of India. It consists of a Preamble, 22 parts containing 444 articles and 12 schedules. Any tax law, which is not in conformity with the

Constitution, is called ultra vires the Constitution and held as illegal and void. Some of the provisions of the Constitution are given below:

Article 265 of the Constitution lays down that no tax shall be levied or collected except by the authority of law. It means tax proposed to be levied must be within the legislative competence of the legislature imposing the tax .

Article 246 read with Schedule VII divides subject matter of law made by legislature into three categories:

- **Union list** (only Central Government has power of legislation on subject matters covered in the list)
- **State list** (only State Government has power of legislation on subject matters covered in the list)
- **Concurrent list** (both Central & State Government can pass legislation on subject matters).

Entry 82 of Union List – Taxes on income other than agricultural income i.e. Income-tax.

Entry 46 of State List – Gives power to state Govt to make laws on tax on Agriculture Income.

ADMINISTRATION OF TAX LAWS



- Both of the Boards have been constituted under the Central Board of Revenue Act, 1963.
- CBDT deals with levy and collection of all direct tax
- CBIC Deals with levy and collection of Central indirect tax .

SOURCES OF INCOME TAX LAW IN INDIA

1. Income tax Act, 1961 (Amended up to date)

The provisions of income tax extends to the whole of India and became effective from 1/4/1962 (Sec. 1). It contains sections 1 to 298 and schedules I to XIV. The Act contains provisions for determination of taxable income; determination of tax liability; procedure for assessment, appeals, penalties and prosecutions; and powers and duties of Income tax authorities.

2. The Finance Act (Annual Amendments)

- Every year, a Finance Bill is presented before the Parliament by the Finance Minister. The Bill contains various amendments which are sought to be made in the areas of direct and indirect taxes levied by the Central Government.
- When the Finance Bill is approved by both the Houses of Parliament and receives the assent of the President, it becomes the Finance Act. The provisions of such Finance Act are thereafter incorporated in the Income Tax Act.

3. Income tax Rules, 1962 (Amended up to date)

- As per Sec. 295, the Board may, subject to the control of the Central Government, make rules for the whole or any part of India for carrying out the purposes of the Act.
- Such rules are made applicable by notification in the Gazette of India.
- These rules were first made in 1962 and are known as Income tax Rules, 1962.

4. Circulars and Notifications

Circulars

- Circulars are issued by the CBDT from time to time to deal with certain specific problems and to clarify doubts regarding the scope and meaning of certain provisions of the Act.
- Circulars are issued for the guidance of the officers and/or assesseees.
- The department is bound by the circular While such circulars are not binding on the assesseees, they can take advantage of beneficial circular

Notifications

Notifications are issued by the Central Government to give effect to the provisions of the Act. The CBDT is also empowered to make and amend rules for the purposes of the Act by issue of notifications.

5. Judicial decision

- Decision of the Supreme Court:** Any decision given by the Supreme Court shall be applicable as law till there is any change in law by the Parliament. Such decision shall be binding on all the Courts, Tribunals, Income tax authorities, assessee, etc.
- Decisions given by a High Court or ITAT:** Decisions given by a High Court or ITAT are binding on all assesseees and Income tax authorities, which fall under their jurisdiction, unless it is over ruled by a higher authority.

Levy of Income-tax

As per Section 4, Income of the previous year of a person is charged to tax in the immediately following assessment year.

PREVIOUS YEAR [SECTION 3]

- Previous Year means the financial year immediately preceding the Assessment Year.
- Income earned in a year is assessed in the next year.
- The year in which income is earned is known as Previous Year and the next year in which income is assessed is known as Assessment Year.
- It is mandatory for all assessee to follow financial year (from 1st April to 31st March) as previous year for Income-Tax purpose.

Business or profession newly set up during the financial year

In such a case, the previous year shall be the period beginning on the date of setting up of the business or profession and ending with 31st March of the said financial year.

If a source of income comes into existence in the said financial year, then, the previous year will commence from the date on which the source of income newly comes into existence and will end with 31st March of the financial year.

ASSESSMENT YEAR (A.Y.) [SECTION 2(9)]

- Assessment year means the period of 12 months commencing on the 1st day of April every year.
- It is the year (just after the previous year) in which income earned in the previous year is charged to tax.
- E.g., A.Y.2025-26 is a year, which commences on April 1, 2025 and ends on March 31, 2026. Income of an assessee earned in the PY 2024-25 is assessed in the A.Y. 2025-26.

PERSON [SECTION 2(31)]

The term person includes the following:

- i) An Individual;
- ii) A Hindu Undivided Family (HUF);
- iii) A Company;
- iv) A Firm (Including LLP);
- v) An Association of Persons (AOP) or a Body of Individuals (BOI);
- vi) A Local authority; &
- vii) Every artificial juridical person not falling within any of the preceding categories.

ASSESSEE [SECTION 2(7)]

“Assessee” means,

- a. a person by whom any tax or any other sum of money (i.e., penalty or interest) is payable under this Act

- b. every person in respect of whom any proceeding under this Act has been taken (whether or not he is liable for any tax, interest or penalty) for the assessment of his income or loss or the Amount of refund due to him;
- c. a person who is assessable in respect of income or loss of another person;
- d. a person who is deemed to be an 'assessee in default' under any provision of this Act. E.g. A person, who was liable to deduct tax but has failed to do so, shall be treated as an 'assessee in default'.

Situations Where Income is Taxed in the Same Year (Previous Year Itself)

1. Section 172 - Shipping Business of Non-Residents (NR):

If a non-resident's ship, carrying passengers, livestock, mail, or goods, arrives at an Indian port, the ship cannot leave the port until all applicable taxes are paid. Example: A foreign shipping company's vessel arrives in Mumbai to deliver cargo. Before the ship can depart, it must settle any tax liabilities on the income earned from that voyage.

2. Section 174 - Person Leaving India:

If the Assessing Officer (AO) believes that an individual is leaving India with no intention of returning, the income earned by that person up until their expected departure date is taxed in the current year itself.

Example: Mr. X, an Indian resident, plans to move abroad permanently in October 2024. The AO may tax his income up to October 2024 in the same year i.e. 2024-25

3. Section 174A - AOP/BOI/AJP Formed for a Specific Event or Purpose:

If an Association of Persons (AOP), Body of Individuals (BOI), or Artificial Juridical Person (AJP) is created for a specific event or purpose, and the AO expects it to dissolve within the same year, the income up to the date of dissolution is taxed in that year. Example: A group of investors forms an AOP to organize a one-time international sports event in India. If the event concludes in August 2024 and the AOP is dissolved, the income earned will be taxed in the same PY i.e. 2024-25

4. Section 175 - Persons Likely to Transfer Property to Avoid Tax:

If the AO suspects that a person is likely to sell, transfer, or dispose of assets to avoid paying taxes, the AO can tax that person's total income in the current year itself. Example: Mrs. Y plans to sell her property in December 2023 to avoid tax liabilities. If the AO suspects this, her income from the property sale might be taxed in the assessment year 2024-25.

5. Section 176 - Discontinued Business:

If a business or profession is discontinued, the income earned up until the date of discontinuance may be taxed in the current year at the AO's discretion. Example: A company decides to shut down its operations in India by September 2024. The income earned until the shutdown date can be taxed in the same year itself.

HEADS OF INCOME [SECTION 14]

According to Sec.14 of the Act, all income of a person shall be classified under the following five heads:

1. Salaries;
2. Income from house property;
3. Profits and gains of business or profession;
4. Capital gains;
5. Income from other sources.

For computation of income, all taxable income should fall under any of the five heads of income as mentioned above. If any type of income does not become part of any one of the above mentioned first four heads, it should be part of the 5th head, i.e. Income from other sources, which may be termed as the residual head.

Difference between Heads of income and Sources of income

- There are only five heads of income as per Sec. 14 of the Act, but the assessee may generate the income from various sources. In the same head of income, there may be various sources of income.
- E.g. under the head 'Income from house property', there may be two or more house properties and each house property shall be termed as a source of income.
- The source of income decides under which head (among the five heads) income shall be taxable.

Computation of Income

- Step 1: Determine Residential Status
 Step 2: Compute Income Under Each Head Of Income
 Step 3: Apply Clubbing of Income Provisions
 Step 4: Set-off/carry forward and set-off of losses as per the provisions of the Act
 Step 5: After Applying Step 2, 3 & 4 You will arrive at Gross total Income
 Step 6: Claim Deductions Under Section 80C to 80U (if any From GTI)
 Step 7: Total Income (Taxable Income) is arrived after claiming deductions from GTI

Total Income shall be rounded off u/s 288A in the multiples of 10 and for this purpose, any paisa shall be ignored and if the last digit is 5 or more, it will be rounded off to the higher multiple otherwise it will be rounded off to the lower multiple.

Example

- (i) ₹5,28,456 shall be rounded off as 5,28,460
- (ii) ₹5,28,455 shall be rounded off as 5,28,460
- (iii) ₹5,28,454 shall be rounded off as 5,28,450

(iv) ₹5,28,454.88 shall be rounded off as 5,28,450

Computation Of Tax Liability (Old Regime / Alternate Scheme / Normal Provisions)

In case of Individual / Hindu Undivided Family / AOP / BOI / Artificial Judicial Person

A. Any other Individual & HUF or AOP/BOI or Artificial Judicial Person

Income	Tax Rate
On First ₹ 2,50,000	Nil
Next ₹ 2,50,000	5%
Next ₹ 5,00,000	20%
Balance Income	30%

B. Resident individual of the age of 60 years or more at any time upto the end of relevant previous year but less than eighty years (senior citizen)

Income	Tax Rate
On First ₹ 3,00,000	Nil
Next ₹ 2,00,000	5%
Next ₹ 5,00,000	20%
Balance Income	30%

C. Resident individual of the age of 80 years or more at any time upto the end of relevant previous year (Very senior citizen)

Income	Tax Rate
On First ₹ 5,00,000	Nil
Next ₹ 5,00,000	20%
Balance Income	30%

Note: Any resident individual whose 60th/80th birthday falls on 1st April 2025 shall be treated as having completed the age of 60/80 years on 31st March 2025. Therefore such individual shall be entitled for higher basic exemption limit of ₹ 3,00,000 & ₹ 5,00,000.

DEFAULT TAX REGIME

Tax On Income of Individuals / Hindu Undivided family / AOPs / BOIs / Artificial Judicial Person
[Section 115BAC]

Income	Tax Rate
On First ₹ 3,00,000	Nil
More than ₹ 3,00,000 but upto ₹ 7,00,000	5%
More than ₹ 7,00,000 but upto ₹ 10,00,000	10%

More than ₹ 10,00,000 but upto ₹ 12,00,000	15%
More than ₹ 12,00,000 but upto ₹ 15,00,000	20%
Exceeding ₹ 15,00,000	30%

Health and Education Cess

If any tax is charged for any specific purpose, it is called Cess. Health and Education Cess shall be charged @ 4% on the Amount of income tax.

ROUNDING OFF OF TAX [SECTION 288B]

Any Amount payable, and the Amount of refund due, shall be rounded off in the multiples of ₹10 in the similar manner as in case of total income under section 288A.

Illustration 1: Compute the income the tax liability Of Binod under old regime (Res. 45 Years).

Particulars	Amount
Income Under The Head Salary	4,00,000
Income Under Head House Property	5,00,000
Profits & Gains From Business & Profession	6,10,603
Deductions U/s 80C to 80U	1,50,000

Illustration 2: Suppose Age of Binod Is 60 Years

Illustration 3: Suppose Age of Binod Is 80 Years

Illustration 4: Calculate tax liability in following cases under Both Regimes

- Mr. X (Resident Age 40 Years) has total income of ₹9,00,000
- Mr. X (Resident Age 60 Years) has total income of ₹9,00,000
- Mr. X (Resident Age 80 Years) has total income of ₹9,00,000
- Mr.X (Non-Resident Age 40 Years) has total income of ₹9,00,000
- Mr.X (Non-Resident Age 60 Years) has total income of ₹11,00,000
- Mr.X (Non-Resident Age 80 Years) has total income of ₹12,00,000

Surcharge

Surcharge is an additional tax payable over and above the incometax. Surcharge is levied as a percentage of income-tax, where total income exceeds ₹ 50 lakhs.

A. In case the Individual/HUF/AOP /BOI and Artificial Judicial Person pays tax under default tax regime under section 115BAC

Income	Rate
Total income does not exceed ₹ 50 lacs	Nil
Total income exceeds ₹ 50 lacs but does not exceed ₹ 1 crore	10% of tax

Total income exceeds ₹ 1 crore but does not exceed ₹ 2 crores	15% of tax
Total income exceeds ₹ 2 crores including Income u/s 112, 112A, 111A or dividend income then:	
• Income u/s 112, 112A, 111A or dividend income	15% of tax
• Other Income is Upto ₹ 2 crores	15% of tax
• Other Income is more than ₹ 2 crores	25% of tax

Analysis

S.No	Total Income (₹)	Income u/s 112, 112A, 111A & dividend Income (₹)	Other Income (₹)	Surcharge On Tax on Special Income u/h CG & Dividend Income (%)	Surcharge On Tax On Other Income (%)
1	48 Lakhs	10 Lakhs	38 Lakhs	NA	NA
2	60 Lakhs	15 Lakhs	45 Lakhs	10%	10%
3	1.20 Cr.	20 Lakhs	1 Cr.	15%	15%
4	2.50 Cr.	60 Lakhs	1.90 Cr.	15%	15%
5	2.90 Cr.	70 Lakhs	2.20 Cr.	15%	25%
6	3.90 Cr.	1.20 Cr.	2.70 Cr.	15%	25%
7	5.80 Cr.	60 Lakhs	5.20 Cr.	15%	25%

B. In case the Individual/HUF/AOP /BOI and Artificial Judicial Person pays tax under optional regime (Old regime)

Income	Rate
Total income does not exceed ₹ 50 lacs	Nil
Total income exceeds ₹ 50 lacs but does not exceed ₹ 1 crore	10% of tax
Total income exceeds ₹ 1 crore but does not exceed ₹ 2 crores	15% of tax
Total income exceeds ₹ 2 crores including Income u/s 112, 112A, 111A or dividend income then:	
• Income u/s 112, 112A, 111A or dividend income	15% of tax
• Other Income is Upto ₹ 2 crores	15% of tax
• Other Income is more than ₹ 2 crores but upto ₹ 5 crores	25% of tax
• Other Income is exceeding ₹ 5 crores	37% of tax

Analysis

S.No	Total Income (₹)	Income u/s 112,112A,111A & dividend Income (₹)	Other Income (₹)	Surcharge On Tax on Special Income u/h CG & Dividend Income (%)	Surcharge On Tax On Other Income (%)
1	48 Lakhs	10 Lakhs	38 Lakhs	NA	NA
2	60 Lakhs	15 Lakhs	45 Lakhs	10%	10%
3	1.20 Cr.	20 Lakhs	1 Cr.	15%	15%
4	2.50 Cr.	60 Lakhs	1.90 Cr.	15%	15%
5	2.90 Cr.	70 Lakhs	2.20 Cr.	15%	25%
6	3.90 Cr.	1.20 Cr.	2.70 Cr.	15%	25%
7	5.80 Cr.	60 Lakhs	5.20 Cr.	15%	37%
8	6 Cr.	1.50 Cr.	4.50 Cr.	15%	25%

Health & education cess shall be charged on the total of tax plus surcharge.

Note: An AOP consisting of only companies as members then Maximum Surcharge applicable is 15%.

Illustration 5: Calculate Income tax Liability in Following Cases under both the Tax Regime:

- Mr. X (Resident Age 40 Years) has total income of ₹67,00,000
- Mr. X (Resident Age 60 Years) has total income of ₹1,67,00,000
- MR.X (Resident Age 80 Years) has total income of ₹3,67,00,000
- MR.X (Non-Resident Age 60 Years) has total income of ₹6,67,00,000

Marginal Relief

- If due to applicability of surcharge (or higher surcharge is levied)
- Tax liability increases more than the increase in income
- Then assessee is eligible for Marginal Relief equals to Difference of Increase in Tax and Increase in Income.

Rebate [Section 87A]

A. Rebate Under Default Regime (New Regime)

1. Applicable to: Resident Individual
2. Conditions to be satisfied: Total income of the assessee does not exceed ₹ 7,00,000.
3. Quantum of Rebate: Lower of the following:
 - a. 100% of tax liability as computed above; or
 - b. ₹ 25,000/-

Also If total income exceeds ₹ 7,00,000, then rebate shall be allowed If tax liability increases more than increase in income.

Rebate u/s 87A = Increase in Tax – Increase income

B. Rebate Under Old Regime (Normal Provisions)

1. Applicable to: Resident Individual
2. Conditions to be satisfied: Total income of the assessee does not exceed ₹ 5,00,000.
3. Quantum of Rebate: Lower of the following:
 - a. 100% of tax liability as computed above; or
 - b. ₹ 12,500/-

Illustration 6: Mr. J (Resident Age 40 Years) has gross total income ₹ 5,40,000 and deduction allowed under section 80C to 80U are ₹ 40,000. Compute his tax liability under Normal Provisions.

Illustration 7: Presume Age of Mr. J is 60 Years.

Illustration 8: Presume Age of Mr. J is 82 Years and He is Non-Resident

Taxability of Casual Income

- Casual income shall be taxable under the head Other Sources and it will be included in the gross total income and also total income but while computing tax liability, casual income shall be separated from total income and shall be taxable @ 30%.
- If any expense has been incurred to earn the casual income, then such expense shall not be allowed to deducted.
- As per **section 58(4)**, deduction under section 80C to 80U shall not be allowed from casual income however as per section 87A, rebate shall be allowed.

Illustration 9: Mr. X has income under the head Salary ₹5,00,000 and casual income ₹3,00,000 and deduction under section 80C to 80U ₹2,00,000. Calculate his tax liability

Illustration 10: If in the above case deduction allowed under section 80C to 80U is ₹6,00,000, tax liability shall be?

Illustration 11: Mr. J has casual income of ₹102,00,000 and deduction allowed under section 80C to 80U are ₹5,00,000, in this case his tax liability shall be?

Taxability of Capital Gains

There are two Types of Capital Gains

- a) Long Term Capital Gains
- b) Short Term Capital Gains

Further Long term and Short Term capital gain is divided as follows:

1. Long Term Capital Gains

Section	Prior to 23 rd July 2024	W.e.f. 23 rd July 2024
112	20%	12.5%
112A (Listed Equity Shares)	10%	12.5%

However, capital gains u/s 112A are exempt upto ₹ 1,25,000 (aggregate).

2. Short Term Capital Gains

Section	Prior to 23 rd July 2024	W.e.f. 23 rd July 2024
111A (Listed Equity Shares)	15%	20%
Other STCG	Slab Rate	Slab Rate

- Deduction u/s 80C to 80U shall not be allowed from capital gain u/s 112, 112A & 111A.
- Rebate u/s 87A shall not be allowed from income u/s 112A.

Special provision for resident individual / HUF

In case of a resident individual / HUF if total income excluding

- long term capital gains u/s 112 / u/s 112A
- short term capital gain covered under section 111A, and

is below the Amount which is exempt from income tax (i.e.2,50,000/3,00,000/5,00,000), in such cases deficiency in the exemption shall be allowed from LTCG u/s 112 or STCG u/s 111A or LTCG u/s 112A as the case may be.

Illustration 12: From The Following Information Calculate tax liability under both regimes of Mr. J (Res. 40 Years)

Particulars	Amount
Income Under The Head Salaries	6,00,000
Long Term Capital Gain u/s 112 on sale of GOLD on 1/08/2024	1,00,000
Long Term Capital Gain u/s 112A	1,50,000
Short Term Capital Gain	25,000
Short Term Capital Gain u/s 111A	1,25,000
Casual Income	2,00,000
Deductions u/s 80C to 80U	2,50,000

Illustration 13: From The Following Information Calculate tax liability of Mr.J (Resident Age 40 Years)

Particulars	Amount
Income Under The Head Salaries	3,00,000
Long Term Capital Gain u/s 112 on sale of Paintings on 11/08/2024	6,00,000
Long Term Capital Gain u/s 112A	50,000
Deductions u/s 80C to 80U	2,50,000

Illustration 13A: Suppose In Above Question Mr.J is of 80 Year

Illustration 14: Calculate tax liability of Mr.J (Resident Age 40 Years), if he has Income From LTCG u/s 112A of ₹ 50,50,000 (Under Both Regimes)

Illustration 15: Mr. X (Age 64 Years) is a resident individual, Details of his income is as follows:

- (a) LTCG ₹ 30,00,000
 - (b) LTCG u/s 112A ₹ 10,00,000
 - (c) LTCG u/s 111A ₹ 3,00,000
 - (d) Other Income ₹ 28,00,000
 - (e) Deduction u/s 80C to 80U ₹ 2,00,000
- Calculate His Tax Liability.

Illustration 16: Suppose in above question Other income is Rs 1,72,00,000. Calculate His Tax Liability.

Illustration 17: Mr. X (Age 64 Years) is a resident individual, Details of his income is as follows:

- (a) LTCG ₹ 2,00,000
 - (b) LTCG u/s 112A ₹ 1,10,00,000
 - (c) LTCG u/s 111A ₹ 1,13,00,000
 - (d) Other Income ₹ 20,00,000
 - (e) Deduction u/s 80C to 80U ₹ 2,00,000
- Calculate His Tax Liability

Unexplained money, investments etc. [Section 115BBE]

- Such deemed income shall be taxed at the rate of 60% plus surcharge @25% of tax. Thus, the effective rate of tax (including surcharge@25% of tax and cess@4% of tax and surcharge) is 78%.
- No basic exemption or allowance or expenditure shall be allowed to the assessee under any provision of the Income-tax Act, 1961 in computing such deemed income.
- Further, no set off of any loss shall be allowable against such income.

(a) **Cash Credits [Section 68]** Where any sum is found credited in the books of the assessee and the assessee offers no explanation about the nature and source or the explanation offered is not satisfactory in the opinion of the Assessing Officer, the sum so credited may be charged as income of the assessee of that previous year.

(b) **Unexplained Investments [Section 69]** Where in the financial year immediately preceding the assessment year, the assessee has made investments which are not recorded in the books of account and the assessee offers no explanation about the nature and the source of investments or the explanation offered is not satisfactory

in the opinion of the Assessing Officer, the value of the investments are taxed as deemed income of the assessee of such financial year.

- (c) **Unexplained money etc. [Section 69A]** Where in any financial year the assessee is found to be the owner of any money, bullion, jewellery or other valuable article and the same is not recorded in the books of account and the assessee offers no explanation about the nature and source of acquisition of such money, bullion etc. or the explanation offered is not satisfactory in the opinion of the Assessing Officer, the money and the value of bullion etc. may be deemed to be the income of the assessee for such financial year.
- (d) **Amount of investments etc., not fully disclosed in the books of account [Section 69B]** Where in any financial year the assessee has made investments or is found to be the owner of any bullion, jewellery or other valuable article and the Assessing Officer finds that the amount spent on making such investments or in acquiring such articles exceeds the amount recorded in the books of account maintained by the assessee and he offers no explanation for the difference or the explanation offered is unsatisfactory in the opinion of the Assessing Officer, such excess may be deemed to be the income of the assessee for such financial year.
Example If the assessee is found to be the owner of say 300 gms of gold (market value of which is ₹25,000) during the financial year ending 31.3.2023 but he has recorded to have spent ₹15,000 in acquiring it, the Assessing Officer can add ₹10,000 (i.e., the difference of the market value of such gold and ₹15,000) as the income of the assessee, if the assessee offers no satisfactory explanation thereof.
- (e) **Unexplained expenditure [Section 69C]** Where in any financial year an assessee has incurred any expenditure and he offers no explanation about the source of such expenditure or the explanation is unsatisfactory in the opinion of the Assessing Officer, Assessing Officer can treat such unexplained expenditure as the income of the assessee for such financial year. Such unexplained expenditure which is deemed to be the income of the assessee shall not be allowed as deduction under any head of income.
- (f) **Amount borrowed or repaid on hundi [Section 69D]** Where any amount is borrowed on a hundi or any amount due thereon is repaid other than through an account-payee cheque drawn on a bank, the amount so borrowed or repaid shall be deemed to be the income of the person borrowing or repaying for the previous year in which the amount was borrowed or repaid, as the case may be.

In case of Partnership Firm Including LLP

Tax	30%
Surcharge	12% provided total income is exceeding ₹ 1 crore.

Marginal Relief	Marginal relief shall be allowed if income has exceeded ₹ 1 crore.
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In case of Domestic Company

Tax	30% . However, if Total Turnover or gross receipts of the previous year 2022-23 does not exceed 400 Crore then 25% Tax Shall be levied	
Surcharge	Income	Rate
	Exceeds 1 Crore but upto 10 Crore	7%
	Exceeds 10 Crore	12%
Marginal Relief	Allowed	

In Case Of Foreign Company

Tax	35%	
Surcharge	Income	Rate
	Exceeds 1 Crore but upto 10 Crore	2%
	Exceeds 10 Crore	5%
Marginal Relief	Allowed	

In case of Co-operative Societies

Old Regime	
Income	Rate
First 10,000	10%
Next 10,000	20%
Balance	30%
Surcharge	
Income Exceeds 1 crore but upto 10 crore	7%
Income Exceeds 10 crore	12%