Detailed concept notes on CA-Final Paper-4 : Direct Tax Laws

Direct Tax Laws

Paper-4

Part-A : Income Tax Act, 1961 Part-B : International Taxation

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TABLE OF CONTENTS

Tax	CH-1 : E	BASIC CONCEPTS	2
Powers to levy fax			
Taxation in India			
Direct Tax Laws		,	
Indirect Tax Laws			
Income Tax Act, 1961			
Income Tax Act, 1961.			
Income Tax Rules, 1962 Income Tax Rules, 1962 Natification Circulars Judicial Decisions Finance Act. Section - 1: Title, Extent and Commencement of the Act. Section - 2: Definitions Sect 2017. Assessment Sect 2017. Sessessment Sec. 781 Assessment Jean Sec. 781 Assessment Sec. 781 Assessment Jean Sec. 781 Assessment Jean Sec. 781 Assessment Jean Sec. 781 Assessment Jean Section - 3: Previous year Section - 4: Computation of Total Income Tax on Total income Tax on Total income Ot Tax regime Section - 4: Computation of Total Income Tax on Total income Section - 4: Computation of Total Income Tax on Total income Section - 4: Computation of Total Income Tax on actinal income - Company Section - 4: Computation of Total Income Tax on actinal income - Company Section - 2: Computation at Section Tax on normal income - Company Section - 2: Company Surcharge rates - Compartive society Surcharge rates - Compartive society Surcharge rates - Compartive society <td></td> <td></td> <td></td>			
Notification 1 Judicial Decisions 1 Finance Act. 1 Section -1: Title, Extent and Commencement of the Act 1 Sector -2: Definitions 1 Sector -2: Call Assessment 1 Sector -3: Previous year 2 Sector -3: Previous year assessed in previous year itself 1 Sector -4: Computation of Total Income 1 Tax on Total income 1 Old Tax regime 1 New tax regime 1 Tax on Special income 1 Tax on normal income - Company. 1 Surcharge rates - Company. 1 Surcharge rates - Company. 1 Surcharge rates - Company. 1			
Circulars 1 Judicial Decisions 1 Finance Act 1 Section-1: Title, Extent and Commencement of the Act 1 Sector-2: Definitions 1 Sector-3: Computation of Total norme 1 Sector-4: Computation of Total Income 1 Old Tax regime 1 Tax on Total income 1 Old Tax regime 1 Tax on Sucial income 1 Tax on Sucial income 1 Tax on a sucial income 1 Tax on a sucial income 1 Tax on normal income - Company 1 Tax on normal income 1 Tax on normal income 1 Surcharge rates - Comparitive society 1 Tax on normal income 1 Surcharge rates - Comparative society 1 Surcharge rates - Comparative society 1 Surcharge rates - Comparative society 1 Surcharge rates - Comparat			
Judicial Decisions			
Finance Act. Section-1: Title, Extent and Commencement of the Act. Section-2: Definitions			
Section -1: Title, Extent and Commencement of the Act 1 Section -2: Definitions 1 Sec 2[7]: Assessment 1 Sec 2[7]: Assessment 1 Sec 2[7]: Assessment year 1 Sec 2[7]: Assessment year 1 Section - 3: Previous year 1 Exemption : Income of previous year assessed in previous year itself 1 Section - 4: Computation of Total Income 1 Tax on total income 1 We war regime 1 Ra on Total income 1 Tax on Casual income 1 Tax on Casual income 1 Tax on romal income - Co-operative society. 1 Tax on normal income - Co-operative society. 1 Tax on normal income - Co-operative society. 1 Surcharge rates - Company. 1 Surcharge rates - Co-operative society. 1			
Section - 2: Definitions 2 Sec 2[8]: Assessment 2 Sec 2[9]: Assessment 2 Sec 2[9]: Assessment year 2 Sec 2[3]: Person 2 Section -3: Previous year 2 Section -4: Computation of Total Income 2 Tax on Total income 2 Old Tax regime 2 Tax on Total income 2 New tax regime 2 Tax on Casual income 2 Tax on special income 2 Tax on casual income 2 Tax on normal income - Co-operative society. 2 Tax on normal income - Co-operative society. 2 Tax on normal income - Co-operative society. 2 Surcharge rates - Cooperative society. 2 Surcharge rates - Firm [incl. LLP] [or] Local authority. 2 Surcharge rates - Cooperative society. 2 Surcharge rates - Cooperative society. 2			
Sec. 2[7]: Assessment			
Sec. 2[8]: Assessment			
Sec. 2[9] : Assessment year			
Sec 2[31]: Person 2 Section-3: Previous year 2 Exemption: Income of previous year assessed in previous year itself 2 Section-4: Computation of Total Income. 2 Tax on Total income 2 Old Tax regime 2 New tax regime 2 Tax on Casual income 2 Tax on Special income 2 Tax on ormal income - Company 2 Tax on normal income - Co-operative society. 2 Tax on normal income - Individual, HUF, AOP, BOI, AJP 2 Surcharge rates - Cooperative society. 2 Surcharge rates - Company. 2 Surcharge rates - Individual, HUF, AOP, BOI, AJP. 2 Marginal relief. 2 Section-87A: Rebate 2 <t< td=""><td></td><td></td><td></td></t<>			
Section -3 : Previous year 4 Exemption : Income of previous year assessed in previous year itself 4 Section -4 : Computation of Total Income 4 Tax on Total income 4 Old Tax regime 4 New tax regime 5 Tax on Total income 5 Tax rates : Old Tax regime 5 Tax on ospecial income 5 Tax on ormal income - Co-operative society. 6 Tax on ormal income - Co-operative society. 6 Surcharge rates - Co-operative society. 6 Surcharge rates - Co-operative society. 6 Surcharge rates - Im finct. LLP [Orl Local authority. 6 Surcharge rates - Individual, HUF, AOP, BOI, AJP 6 Marginal relief. 6 Section -87A : Rebate 7 Old Tax regime 7 Note-1 : Availing unutilized Basic Exemption Limit 7 Note-			
Exemption : Income of previous year assessed in previous year itself			
Section-4 : Computation of Total Income 4 Tax on Total income 5 Old Tax regime 5 New tax regime 5 Tax rates : Old Tax regime 5 Tax on Social income 5 Tax on special income 5 Tax on normal income - Company 6 Tax on normal income - Co-operative society 6 Surcharge : Old Tax regime 6 Surcharge rates - Company 6 Surcharge rates - Company 6 Surcharge rates - Conperative society 6 Surcharge rates - Co-operative society 6 Surcharge rates - Co-operative society 6 Surcharge rates - Firm [incl. LLP] [or] Local authority 6 Surcharge rates - Individual, HUF, AOP, BOI, AJP 7 Marginal relief. 7 Section-87A : Rebate 7 Old Tax regime : U/Sec. 115BAC 7 Important notes 7 Note-1 : Availing unutilized Basic Exemption Limit 7 Note-1 : Availing unutilized Basic Exemption Limit 7 Note-1 : Compet of income under Income Tax Act, 1961 7 Note-VI : Exempt			
Tax on Total income E Old Tax regime E New tax regime E Tax no Casual income E Tax on Special income E Tax on normal income - Co-operative society E Tax on normal income - Individual, HUF, AOP, BOI, AJP E Surcharge rates - Co-operative society E Surcharge rates - Co-operative society E Surcharge rates - Co-operative society E Surcharge rates - Iminicut. LLPJ [or] Local authority. E Surcharge rates - Iminicut. LLPJ [or] Local authority. E Surcharge rates - Individual, HUF, AOP, BOI, AJP. E Marginal relief. T Section-87A : Rebate. T Old Tax regime T Note-1 : Availing unutilized Basic Exemption Limit T Note-1 : Availing unutilized Basic Exemption Limit T Note-1 : Restriction of deduction U/Chapter VI-A T Note-1 : Concept of income under Income Tax Act, 1961 E Note-VI : Evemption vs. Deduction <td></td> <td></td> <td></td>			
Old Tax regime Image: Construct Science		•	
New tax regime Fax rates Tax rates Cld Tax regime Tax on Casual income Fax on operative society Tax on normal income - Company Fax on normal income - Company Tax on normal income - Co-operative society Fax on normal income - Company Tax on normal income - Individual, HUF, AOP, BOI, AJP Fax on normal income - Company Surcharge : Old Tax regime Company Surcharge rates - Company Company Surcharge rates - Individual, HUF, AOP, BOI, AJP Company Marginal relief. Company Section-87A : Rebate Company Old Tax regime Company War regime : U/Sec. 115BAC Company Important notes Company Note-II : Availing unutilized Basic Exemption Limit Company Note-II : Restriction of deduction U/Chapter VI-A Company Note-II : Restriction of deduction U/Chapter VI-A Company Note-II : Partial Integration Company Note-VI			
Tax rates : Old Tax regime Fax on Casual income Fax on Special income Fax on special income Fax on special income Fax on normal income - Cooperative society. Fax on normal income - Cooperative society. Fax on normal income - Individual, HUF, AOP, BOI, AJP Fax on normal income - Individual, HUF, AOP, BOI, AJP Fax on normal income - Individual, HUF, AOP, BOI, AJP Fax on normal income - Individual, HUF, AOP, BOI, AJP Fax on cooperative society. Fax on cooper			
Tax on Casual İncome Image: Second Secon			
Tax on special income E Tax on normal income - Company Image: Company Tax on normal income - Comparative society Image: Company Tax on normal income - Individual, HUF, AOP, BOI, AJP Image: Company Surcharge : Old Tax regime Image: Company Surcharge rates - Company Image: Company Surcharge rates - Firm [incl. LLP] [or] Local authority Image: Company Surcharge rates - Individual, HUF, AOP, BOI, AJP Image: Company Marginal relief Image: Company Section-87A : Rebate Image: Company Old Tax regime Image: Company New Tax regime : U/Sec. 115BAC Important notes Note-I : Availing unutilized Basic Exemption Limit Image: Company Note-I : Availing unutilized Basic Exemption Limit Image: Company Note-II : Partial Integration Image: Company Note-II : Partial Integration Image: Company Note-VI : Concept of income under Income Tax Act, 1961 Image: Company		•	
Tax on normal income - Co-operative society			
Tax on normal income - Co-operative society		•	
Tax on normal income - Individual, HUF, AOP, BOI, AJP Image: Surcharge : Old Tax regime Surcharge : Old Tax regime Image: Surcharge rates - Cooperative society Image: Surcharge rates - Cooperative society Surcharge rates - Firm [incl. LLP] [or] Local authority Image: Surcharge rates - Individual, HUF, AOP, BOI, AJP Image: Surcharge rates - Individual, HUF, AOP, BOI, AJP Marginal relief Image: Surcharge rates - Individual, HUF, AOP, BOI, AJP Image: Surcharge rates - Individual, HUF, AOP, BOI, AJP Marginal relief Image: Surcharge rates - Individual, HUF, AOP, BOI, AJP Image: Surcharge rates - Individual, HUF, AOP, BOI, AJP Marginal relief Image: Surcharge rates - Individual, HUF, AOP, BOI, AJP Image: Surcharge rates - Individual, HUF, AOP, BOI, AJP Marginal relief Surcharge rates - Individual, HUF, AOP, BOI, AJP Image: Surcharge rates - Individual, HUF, AOP, BOI, AJP Marginal relief Surcharge rates - Individual, HUF, AOP, BOI, AJP Image: Surcharge rates - Individual, HUF, AOP, BOI, AJP Marginal relief Surcharge rates - Individual, HUF, AOP, BOI, AJP Image: Surcharge rates - Individual, HUF, AOP, BOI, AJP Marginal relief Surcharge rate - Individual, HUF, AOP, BOI, AJP Image: Surcharge rates - Individual, HUF, AOP, BOI, AJP Note-I: Availing unutilized Basic Exemption Limit Surcharge: Surcharge: Surcharge: Surcharge: Surcharge: Surcharge: Surcharge: Surcharg			
Surcharge : Old Tax regime Surcharge rates - Company. Surcharge rates - Cooperative society Surcharge rates - Cooperative society Surcharge rates - Firm [Incl. LLP] [or] Local authority. Surcharge rates - Individual, HUF, AOP, BOI, AJP Marginal relief. Section-87A : Rebate Old Tax regime Surcharge rates - U/Sec. 115BAC Important notes Surcharge rates - Individual Basic Exemption Limit Note-I : Availing unutilized Basic Exemption Limit Surcharge rates - Section -			
Surcharge rates - Co-operative society			
Surcharge rates - Co-operative society			
Surcharge rates - Firm [incl. LLP] [or] Local authority Importance rates - Individual, HUF, AOP, BOI, AJP Marginal relief Importance regime Old Tax regime Importance regime New Tax regime : U/Sec. 115BAC Important notes Important notes Important notes Note-1 : Availing unutilized Basic Exemption Limit Important notes Note-11 : Restriction of deduction U/Chapter VI-A Important notes Note-11 : Partial Integration Importance Note-VI : Exemption vs. Deduction Importance Note-VI : Concept of income under Income Tax Act, 1961 Importance Note-VII : Diversion of income vs Application of income Importance Note-VII : Diversion of income vs Application of income Importance Note-VII : Diversion of income vs Application of income Importance Note-X : Average Rate of tax Importance Note-X : Undisclosed sources of income Importance			
Surcharge rates - Individual, HUF, AOP, BOI, AJP			
Marginal relief. Section-87A : Rebate Old Tax regime Old Tax regime New Tax regime : U/Sec. 115BAC. Section-87A : Rebate Important notes Section - 87A Note-1 : Availing unutilized Basic Exemption Limit Section - 87A Note-11 : Restriction of deduction U/Chapter VI-A Section - 87A Note-11 : Restriction of deduction U/Chapter VI-A Section - 87A Note-11 : Partial Integration Section - 87A Note-11 : Partial Integration Section - 87A Note-12 : Exemption vs. Deduction Section - 87A Note-14 : Exemption of cess Section - 87A Note-V : Health & Education Cess Section - 87A Note-V : I Concept of income under Income Tax Act, 1961 Section - 87A Note-VI : Diversion of income vs Application of income Section - 87A Note-VII : Diversion of income vs Application of income Section - 87A Note-VIII : Maximum Marginal Rate of tax [MMR] Section - 87A Note-X : Undisclosed sources of income Section - 87A Case Laws CIT vs Saurashtra Cement Ltd. [2010] 325 ITR 422 [SC] Section - 87A Honda Siel Cars India Ltd vs. CIT [2017] 395 ITR 713 [SC] Section - 87A			
Section-87A : Rebate Old Tax regime New Tax regime : U/Sec. 115BAC Important notes Important notes Important notes Note-1 : Availing unutilized Basic Exemption Limit Important notes Note-II : Restriction of deduction U/Chapter VI-A Important notes Note-II : Partial Integration Important notes Note-IV : Exemption vs. Deduction Important notes Note-V : Health & Education Cess Important notes Note-VI : Concept of income under Income Tax Act, 1961 Important notes Note-VI : Diversion of income vs Application of income Important notes Note-VII : Diversion of income vs Application of income Important notes Note-VII : Maximum Marginal Rate of tax [MMR] Important notes Note-XI : Average Rate of tax Important notes Note-XI : Undisclosed sources of income Important notes Case Laws Important notes CIT vs Saurashtra Cement Ltd. [2010] 325 ITR 422 [SC] Important notes Honda Siel Cars India Ltd vs. CIT [2017] 395 ITR 713 [SC] Important notes			
Old Tax regime New Tax regime : U/Sec. 115BAC		•	
New Tax regime : U/Sec. 115BAC			
Important notes			
Note-I: Availing unutilized Basic Exemption Limit 1 Note-II: Restriction of deduction U/Chapter VI-A 1 Note-III: Partial Integration 2 Note-IV: Exemption vs. Deduction 2 Note-V: Health & Education Cess 2 Note-VI: Concept of income under Income Tax Act, 1961 2 Note-VII: Diversion of income vs Application of income 2 Note-VII: Maximum Marginal Rate of tax [MMR] 2 Note-IX: Average Rate of tax 2 Note-X: Undisclosed sources of income 2 Case Laws 2 CIT vs Saurashtra Cement Ltd. [2010] 325 ITR 422 [SC] 2 Honda Siel Cars India Ltd vs. CIT [2017] 395 ITR 713 [SC] 2		New Tax regime : U/Sec. 115BAC	7
Note-II : Restriction of deduction U/Chapter VI-A 7 Note-III : Partial Integration 8 Note-IV : Exemption vs. Deduction 8 Note-V : Health & Education Cess 8 Note-VI : Concept of income under Income Tax Act, 1961 8 Note-VII : Diversion of income vs Application of income 8 Note-VII : Maximum Marginal Rate of tax [MMR] 8 Note-IX : Average Rate of tax 8 Note-X : Undisclosed sources of income 8 Case Laws 6 CIT vs Saurashtra Cement Ltd. [2010] 325 ITR 422 [SC] 9 Honda Siel Cars India Ltd vs. CIT [2017] 395 ITR 713 [SC] 9		Important notes	7
Note-III : Partial Integration 8 Note-IV : Exemption vs. Deduction. 8 Note-V : Health & Education Cess 8 Note-VI : Concept of income under Income Tax Act, 1961. 8 Note-VII : Diversion of income vs Application of income 8 Note-VII : Diversion of income vs Application of income 8 Note-VII : Maximum Marginal Rate of tax [MMR] 8 Note-IX : Average Rate of tax 8 Note-X : Undisclosed sources of income 8 Case Laws 6 CIT vs Saurashtra Cement Ltd. [2010] 325 ITR 422 [SC] 9 Honda Siel Cars India Ltd vs. CIT [2017] 395 ITR 713 [SC] 9		Note-I : Availing unutilized Basic Exemption Limit	7
Note-IV : Exemption vs. Deduction		Note-II : Restriction of deduction U/Chapter VI-A	
Note-V : Health & Education Cess 8 Note-VI : Concept of income under Income Tax Act, 1961 8 Note-VII : Diversion of income vs Application of income 8 Note-VII : Maximum Marginal Rate of tax [MMR] 8 Note-IX : Average Rate of tax 8 Note-X : Undisclosed sources of income 8 Case Laws 6 CIT vs Saurashtra Cement Ltd. [2010] 325 ITR 422 [SC] 9 Honda Siel Cars India Ltd vs. CIT [2017] 395 ITR 713 [SC] 9		Note-III : Partial Integration	8
Note-VI : Concept of income under Income Tax Act, 1961 8 Note-VII : Diversion of income vs Application of income 8 Note-VIII : Maximum Marginal Rate of tax [MMR] 8 Note-IX : Average Rate of tax 8 Note-X : Undisclosed sources of income 8 Case Laws 6 CIT vs Saurashtra Cement Ltd. [2010] 325 ITR 422 [SC] 6 Honda Siel Cars India Ltd vs. CIT [2017] 395 ITR 713 [SC] 6			
Note-VII : Diversion of income vs Application of income 8 Note-VIII : Maximum Marginal Rate of tax [MMR] 8 Note-IX : Average Rate of tax 8 Note-X : Undisclosed sources of income 8 Case Laws 6 CIT vs Saurashtra Cement Ltd. [2010] 325 ITR 422 [SC] 6 Honda Siel Cars India Ltd vs. CIT [2017] 395 ITR 713 [SC] 6			
Note-VIII : Maximum Marginal Rate of tax [MMR]			
Note-IX : Average Rate of tax			
Note-X : Undisclosed sources of income			
Case Laws CIT vs Saurashtra Cement Ltd. [2010] 325 ITR 422 [SC] Honda Siel Cars India Ltd vs. CIT [2017] 395 ITR 713 [SC]			
CIT vs Saurashtra Cement Ltd. [2010] 325 ITR 422 [SC] Honda Siel Cars India Ltd vs. CIT [2017] 395 ITR 713 [SC]		Note-X : Undisclosed sources of income	8
Honda Siel Cars India Ltd vs. CIT [2017] 395 ITR 713 [SC]			
Mahle Anand Filter Systems Pvt. Ltd. v. ACIT [2023] 456 ITR 29 [SC]			
		Mahle Anand Filter Systems Pvt. Ltd. v. ACIT [2023] 456 ITR 29 [SC]	9

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		<u>CH-1 : Basic Concepts</u>
Tax		•
	ulsory payment made by a pers	an under a law
	nt made to government	
↔ Payme		te leve tex
	Government has the authority	to tevy tax
⇔ Puipos	e to levy tax Fund various public expenditu	~~~
	· · · ·	
	Futnit developmental needs ti	e infrastructure, education, military etc.,
_		
Power	<u>s to levy tax</u>	
⇔ Govern	ment has authority to levy tax g	ven under the Article 265 of The Constitution of India
↔ Article	265	: No tax to levied without authority of law
⇔ Author	ty to make laws	: VIIth Schedule of Article 246
	List-I : Union list	: Central Government has authority to make laws
		→ Total entries : 97 entries
	List-II : State list	: State Government has authority to make laws
		→ Total entries : 66 entries
	List-III : Concurrent list	: Both Central & State Government has authority to make laws
		→ Total entries :
⇔ Power	to levy tax on income	
	-	income other than agricultural income
	Entry No. 46 of List-II : Tax on	
	on in India classified into :- Direct Tax Laws Indirect Tax Laws	
-	d directly on the income of the t	
↔ Paid to		on on whom tax burden is imposed
		d to any other person by taxpayer
↔ Progre	ssive in nature	
	More income - More tax	
⇔ Ex.∶Ino	ome tax, Wealth tax etc.,	
Indired	t Tax Laws	
	d directly on goods & services	
-	ce of tax shifted from supplier t	and consumer
	Burden of tax shall be borne t	umes the goods [or] services
	sive in nature \rightarrow 1.e., person who cons	מווופש נוופ שטטמש נטון שבו אוכבש
.⇒ regres	Equal impact of tax irrespection	e of income
\leftrightarrow EX.: 65	T, Customs etc.,	
_		
Incom	<u>e Tax Law</u>	
⇔ Compo	nents of Income Tax Law	
	Income tax Act, 1961	
	Income tax rules, 1962	
	Notifications & Circulars	
	Judicial decisions	
	Finance Act	
Income T	<u>ax Act, 1961</u>	
	tax levy shall be governed by t	e Income Tax Act. 1961
		Innual Finance act passed by parliament
	s sections	
	5 500005	

Income Tax Rules, 1962
↔ Notifies the procedures, rates, forms etc., that shall be applied in implementation of the Income Tax Act,1961
Notification
← Enables the government to
-» Give effect to provisions of the act during the year
→ Unless waiting for them to be introduced till the next budget
↔ Binds both assessee & department i.e., officers of the department
<u>Circulars</u>
→ Clarifies the ambiguity between the officers of the income tax department in interpretation of the act
↔ Binds only on the department i.e., officers of the department
-» Assessee may make advantage of the circulars
Judicial Decisions
<u>Judicial Decisions</u> ↔ Decision given by court on any issue during the implementation of the law
 Supreme court being apex court no decision given shall be overridden
Finance Act
← Changes in Income Tax Act shall be made by passing finance act
→ Finance Act : Finance bill [+] passed in both houses of parliament [+] Assent of president ↔ Generally, finance act shall be introduced in
Senerally, mance act shall be introduced in
-> Election year
→ Pre-election budget : February [Not detailed]
→ Post election budget : July [Detailed]
↔ First schedule of Finance Act contains four parts that specify the rates of tax
Part-I : Rates of tax applicable to current assessment year
Part-II : Rates of tax deductible at source for current financial year
-> Part-III : Rates for calculating income tax for deducting tax & computation of advance tax for CFY
Section 1. Title Extent and Common company of the Act
Section-1: Title, Extent and Commencement of the Act
↔ Title : Income Tax Act, 1961 Extends to whole of India, including, Jammy & Kachmir [Article 270]
Section-2 : Definitions
Sec. 2[7] : Assessee
↔ Any person by whom any tax [or] any other sum of money is payable under this act
↔ Includes
- Any proceeding under this act which has been taken for the
 → Assessment of income → Determination of the loss
\rightarrow Determination of the refund in respect of assessee
→ Determination of the refund in respect of assessee → Includes of any other person in respect of which he is assessable i.e., representative
-> Deemed assessee
-» Assessee in default
Sec. 2[9] : Accessment
Sec. 2[8] : Assessment ↔ Procedure by which the income of an assessee is determined by the assessing officer.
 → Procedure by which the income of an assessee is determined by the assessing officer. → Includes reassessment
Sec. 2[9] : Assessment year
↔ Year in which the income in the previous year is taxable

→ In	cludes	
		Individual, HUF, Association of Person [AOP] [or] Body of Individuals [BOI]
		Company
		Firm including LLP, Local Authority, Artificial judicial person, trust etc.,
→ Ye	ear in v	-3 : Previous year hich the income is earned
→ Ye	ear in v	
→ Ye	ear in v	hich the income is earned
→ Ye	ear in v	hich the income is earned previous year

-» U/Sec. 172	: Shipping business of non-resident
-» U/Sec. 174	: Leaving India for permanent purpose
-» U/Sec. 17A	: AOP [or] BOI formed for shorter duration
→ U/Sec. 175	: Transfer of properties to avoid tax
→ U/Sec. 176	: Discontinued operations
	→ At the discretion of AO whether to tax in PY [or] AY

Section-4 : Computation of Total Income

Particulars	Section	Amount [Rs.]
Income from head Salary	Sec. 15 – 17	XXX
Income from head House property	Sec. 22 – 27	ХХХ
Income from head Profit & Gains from business [or] profession	Sec. 28 – 44DB	XXX
Income from head Capital Gains	Sec. 45 – 55A	XXX
Income from head other sources	Sec. 56 – 59	XXX
Adjustments : • Clubbing of income	Sec. 60 – 69D	xxx
Set-off & carry forward of losses	Sec. 70 - 80	XXX
Gross Total Income [GTI]		XXX
Less :		
Chapter VI-A deduction	Sec. 80C - 80U	[xxx]
SEZ deduction	Sec. 10AA	[xxx]
Net Total Income [NTI] rounded off U/Sec. 288A		XXX
→ Sec. 288A : Net total income [or] Net taxable income shall be rounded off to r	•	
4 Amount up-to Rs. 4 : Downward rounding		
L Amount ≥ Rs. 5 : Upward rounding		
Taxability of incomes under various head		
→ Salary : Income from employer & employee relation		
→ House Property : Income from building/land + Ownership + not u	sed by assessee business	6
ightarrow PGBP : Income from business, profession including vo	cation	
→ Capital Gains : Profit arising out of sale of assets		
\rightarrow Other sources : Incomes other than covered under any of above	e four heads	
→ Clubbing of income : Adding back income transferred to another pur	pose in order to avoid tax	(
> Set-off & C/f of loss : Previous year losses to be adjusted with curre	nt year income	
→ Chapter VI-A Deduction		
→ Expense based		
→ Invest : U/Sec. 80C, 80CCC, 80CCD, 80CCE, 80CCH		
→ Medical : U/Sec. 80D, 80DD, 80DDB, 80U		
→ Interest : U/Sec. 80E, 80EE, 80EEA, 80EEB		
→ Donation : U/Sec. 80G, 80GGA, 80GGB, 80GGC		
→ Other : U/Sec. 80GG, 80JJAA		
→ Income based		
→ Royalty : U/Sec. 80QQB, 80RRB		
→ Interest : U/Sec. 80TTA, 80TTB		
\rightarrow Industry : U/Sec. 80IA, 80IAB, 80IAC, 80IB, 80IC, 80ID, 80I	E	
→ Others : 80LA, 80M, 80		

ax on	
	<u>Total income</u>
	income can be computed under
-*	Old tax regime
	New tax regime
ld Tax r	•
• Old tax	regime voluntary regime Accesses may ont if not willing to be taxed under new regime
	Assessee may opt if not willing to be taxed under new regime
lew tax i	reaim <u>e</u>
	tax regime for :
-*	Individual
	HUF
	AOP [other than Co-operative society]
	BOI
	AJP
→ If not w	illing to be taxed under new regime, can opt to be taxed under old regime
	Assessee with income chargeable under head PGBP [+] opted old regime
	→ Can revoke the option only once [opted old regime & if quitted cannot re-opt for old regime]
	→ Later will be chargeable under new regime
	Assessee not having income chargeable under PGBP → Option to be taxed under new regime [or] old regime may be exercised in each year
Now tay	Option to be taxed under new regime [or] old regime may be exercised in each year
	Companies
	\rightarrow U/Sec. 115BA
	→ U/Sec. 115BAA
	→ U/Sec. 115BAB
	Individual, HUF, AOP [other than Co-operative society], BOI, AJP
	→ U/Sec. 115BAC
	Co-Operative society
	\rightarrow U/Sec. 115BAD
	→ U/Sec. 115BAE
ax rat	→ U/Sec. 115BAE es : Old Tax regime
	es : Old Tax regime
• Total ind	es : Old Tax regime
→ Total ind -> ->	es : Old Tax regime come classified as Casual income
 Total ind -* -* -* 	es : Old Tax regime come classified as Casual income Special income Normal income [i.e., Balancing figure]
• Total ind 	es : Old Tax regime come classified as Casual income Special income Normal income [i.e., Balancing figure]
Total ind Total ind 	es : Old Tax regime come classified as Casual income Special income Normal income [i.e., Balancing figure] Asual income by way of crossword, lottery, betting, gambling, horse races etc., [U/Sec. 115BB]
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Total ind es : Old Tax regime come classified as Casual income Special income Normal income [i.e., Balancing figure] Asual income by way of crossword, lottery, betting, gambling, horse races etc., [U/Sec. 115BB]	
→ Total ind → → → → → → → → → → → → →	es : Old Tax regime come classified as Casual income Special income Normal income [i.e., Balancing figure] asual income by way of crossword, lottery, betting, gambling, horse races etc., [U/Sec. 115BB] Flat rate @ 30% uction of expenses becial income
→ Total ind → → → → → → → → → → → → →	es : Old Tax regime come classified as Casual income Special income Normal income [i.e., Balancing figure] asual income by way of crossword, lottery, betting, gambling, horse races etc., [U/Sec. 115BB] Flat rate @ 30% uction of expenses becial income by way of
→ Total ind → → → → → → → → → → → → →	es : Old Tax regime come classified as Casual income Special income Normal income [i.e., Balancing figure] asual income by way of crossword, lottery, betting, gambling, horse races etc., [U/Sec. 115BB] Flat rate @ 30% uction of expenses Decial income by way of U/Sec. 111A - Short-term capital gain : @ 15%
→ Total ind → → → → → → → → → → → → →	es : Old Tax regime come classified as Casual income Special income Normal income [i.e., Balancing figure] asual income by way of crossword, lottery, betting, gambling, horse races etc., [U/Sec. 115BB] Flat rate @ 30% uction of expenses pecial income by way of U/Sec. 11A - Short-term capital gain : @ 15% U/Sec. 112A - Long-term capital gain : @ 10% in excess of Rs. 1,00,000
Total ind es : Old Tax regime come classified as Casual income Special income Normal income [i.e., Balancing figure] asual income by way of crossword, lottery, betting, gambling, horse races etc., [U/Sec. 115BB] Flat rate @ 30% uction of expenses Pecial income by way of U/Sec. 111A - Short-term capital gain : @ 15% U/Sec. 112A - Long-term capital gain : @ 10% in excess of Rs. 1,00,000 U/Sec. 112 - Other Long-term capital gain : @ 20%	
→ Total ind → → → → → → → → → → Tax rate → → → → → → → → → → → → →	es : Old Tax regime come classified as Casual income Special income Normal income [i.e., Balancing figure] asual income by way of crossword, lottery, betting, gambling, horse races etc., [U/Sec. 115BB] Flat rate @ 30% action of expenses pecial income by way of U/Sec. 111A - Short-term capital gain : @ 15% U/Sec. 112A - Long-term capital gain : @ 10% in excess of Rs. 1,00,000 U/Sec. 112 - Other Long-term capital gain : @ 20%
Total ind es : Old Tax regime come classified as Casual income Special income Normal income [i.e., Balancing figure] asual income by way of crossword, lottery, betting, gambling, horse races etc., [U/Sec. 115BB] Flat rate @ 30% action of expenses Pecial income by way of U/Sec. 111A - Short-term capital gain : @ 15% U/Sec. 112A - Long-term capital gain : @ 10% in excess of Rs. 1,00,000 U/Sec. 112 - Other Long-term capital gain : @ 20% ty conditions U/Sec. 111A - Short-term capital gain	
→ Total ind → → → → → → → → → → Tax rate → → → → → → → → → → → → →	es : Old Tax regime come classified as Casual income Special income Normal income [i.e., Balancing figure] asual income by way of crossword, lottery, betting, gambling, horse races etc., [U/Sec. 115BB] Flat rate @ 30% income by way of U/Sec. 111A - Short-term capital gain U/Sec. 112A - Long-term capital gain U/Sec. 112A - Long-term capital gain U/Sec. 112A - Long-term capital gain U/Sec. 111A - Short-term capital gain → Transfer of Eq. share, Units of Eq. oriented MF, Units of business trust [+] STT paid
→ Total ind → → → → → → → → → → Tax rate → → → → → → → → → → → → →	es : Old Tax regime come classified as Casual income Special income Normal income [i.e., Balancing figure] asual income by way of crossword, lottery, betting, gambling, horse races etc., [U/Sec. 115BB] Flat rate @ 30% ction of expenses Pecial income by way of U/Sec. 111A - Short-term capital gain : @ 15% U/Sec. 112A - Long-term capital gain : @ 10% in excess of Rs. 1,00,000 U/Sec. 112 - Other Long-term capital gain : @ 20% ty conditions U/Sec. 111A - Short-term capital gain - Transfer of Eq. share, Units of Eq. oriented MF, Units of business trust [+] STT paid - Period of holding shall be short term
→ Total ind → → → → → → → → → → Tax rate → → → → → → → → → → → → →	es : Old Tax regime come classified as Casual income Special income Normal income [i.e., Balancing figure] asual income by way of crossword, lottery, betting, gambling, horse races etc., [U/Sec. 115BB] Flat rate @ 30% uction of expenses Pecial income by way of U/Sec. 111A - Short-term capital gain : @ 15% U/Sec. 112A - Long-term capital gain : @ 10% in excess of Rs. 1,00,000 U/Sec. 112A - Long-term capital gain : @ 20% ty conditions U/Sec. 111A - Short-term capital gain - Transfer of Eq. share, Units of Eq. oriented MF, Units of business trust [+] STT paid - Period of holding shall be short term U/Sec. 112A - Long-term capital gain
→ Total ind → → → → → → → → → → Tax rate → → → → → → → → → → → → →	es : Old Tax regime come classified as Casual income Special income Normal income [i.e., Balancing figure] asual income by way of crossword, lottery, betting, gambling, horse races etc., [U/Sec. 115BB] Flat rate @ 30% inction of expenses recial income by way of U/Sec. 111A - Short-term capital gain U/Sec. 112A - Long-term capital gain U/Sec. 112 - Other Long-term capital gain U/Sec. 112 - Other Long-term capital gain Public IIIA - Short-term capital gain Period of holding shall be short term U/Sec. 112A - Long-term capital gain Transfer of Eq. share, Units of Eq. oriented MF, Units of business trust [+] STT paid
 Total ind Total ind 	es : Old Tax regime come classified as Casual income Special income Normal income [i.e., Balancing figure] asual income by way of crossword, lottery, betting, gambling, horse races etc., [U/Sec. 115BB] Flat rate @ 30% uction of expenses Pecial income by way of U/Sec. 111A - Short-term capital gain : @ 15% U/Sec. 112A - Long-term capital gain : @ 10% in excess of Rs. 1,00,000 U/Sec. 112A - Long-term capital gain : @ 20% ty conditions U/Sec. 111A - Short-term capital gain - Transfer of Eq. share, Units of Eq. oriented MF, Units of business trust [+] STT paid - Period of holding shall be short term U/Sec. 112A - Long-term capital gain

Taxable as per applicable flat rates	
Tax rates	
Domestic company	: @ 30%
\rightarrow T/o in P.Y. 2021-22 is up-to Rs. 400 crores	: @ 25%
→ Foreign company	: @ 40%
-> Firm [or] Local authority	: @ 30%
ax on normal income - Co-operative society Taxable under slab rates	
Tax slab rates : Total income	. @ 10%
	: @ 10%
→ > Rs 10,000 & up-to Rs.20,000 → > Rs.20,0000	: @ 20% : @ 30%
ax on normal income - Individual, HUF, AOP, BOI, AJP → Taxable under slab rates	
Tax slab rates : Total income	
Up-to Basic exemption limit [BEL]	: @ Nil i.e., 0%
→ > BEL & up-to Rs. 5,00,000	: @ 5%
	: @ 20%
-» > Rs.10,00,000	: @ 30%
→ Basic exemption limit	· Pc 2 50 000
	: Rs.2,50,000
 Individual - Age > 60yrs & up-to 80yrs Individual - Age > 80yrs 	: Rs.3,00,000 [Senior Citizen + Resident] : Rs.5,00,000 [Super Senior Citizen + Resident]
Tax on tax levied as a percentage of gross tax payable	
 → Tax on tax levied as a percentage of gross tax payable → Applicable if Net taxable income exceeds specified limits Surcharge rates - Company	
 → Tax on tax levied as a percentage of gross tax payable → Applicable if Net taxable income exceeds specified limits > Surcharge rates - Company → Domestic company : Total income 	· • 7%
 → Tax on tax levied as a percentage of gross tax payable → Applicable if Net taxable income exceeds specified limits > Surcharge rates - Company → Domestic company : Total income → > Rs.1 Crore & up-to Rs.10 Crore 	: @ 7%
 → Tax on tax levied as a percentage of gross tax payable → Applicable if Net taxable income exceeds specified limits > Surcharge rates - Company → Domestic company : Total income → > Rs.1 Crore & up-to Rs.10 Crore → > Rs.10 Crore 	: @ 7% : @ 12%
 Applicable if Net taxable income exceeds specified limits Surcharge rates - Company → Domestic company : Total income -* > Rs.1 Crore & up-to Rs.10 Crore -* > Rs.10 Crore → > Rs.10 Crore 	: @ 12%
 → Tax on tax levied as a percentage of gross tax payable → Applicable if Net taxable income exceeds specified limits > Surcharge rates - Company → Domestic company : Total income → > Rs.1 Crore & up-to Rs.10 Crore → > Rs.10 Crore → > Rs.10 Crore → > Rs.10 Crore & up-to Rs.10 Crore 	: @ 12% : @ 2%
 → Tax on tax levied as a percentage of gross tax payable → Applicable if Net taxable income exceeds specified limits > Surcharge rates - Company → Domestic company : Total income → > Rs.1 Crore & up-to Rs.10 Crore → > Rs.10 Crore → > Rs.10 Crore → > Rs.1 Crore & up-to Rs.10 Crore → > Rs.1 Crore & up-to Rs.10 Crore → > Rs.10 Crore 	: @ 12%
 Tax on tax levied as a percentage of gross tax payable Applicable if Net taxable income exceeds specified limits Domestic company : Total income * Rs.1 Crore & up-to Rs.10 Crore * Rs.10 Crore Foreign company : Total income * Rs.1 Crore & up-to Rs.10 Crore * Rs.10 Crore 	: @ 12% : @ 2%
 Tax on tax levied as a percentage of gross tax payable Applicable if Net taxable income exceeds specified limits Curcharge rates - Company Domestic company : Total income → Rs.1 Crore & up-to Rs.10 Crore → Rs.10 Crore Foreign company : Total income → Rs.10 Crore → Rs.1 Crore & up-to Rs.10 Crore → Rs.10 Crore Foreign company : Total income → Rs.10 Crore → Rs.10 Crore → Rs.10 Crore Total income 	: @ 12% : @ 2% : @ 5%
 → Tax on tax levied as a percentage of gross tax payable → Applicable if Net taxable income exceeds specified limits Surcharge rates - Company → Domestic company : Total income → Rs.1 Crore & up-to Rs.10 Crore → Rs.10 Crore → Rs.10 Crore & up-to Rs.10 Crore → Rs.10 Crore & up-to Rs.10 Crore → Rs.10 Crore & up-to Rs.10 Crore → Rs.10 Crore → Rs.10 Crore & up-to Rs.10 Crore → Rs.10 Crore 	: @ 12% : @ 2% : @ 5% : @ 7% : @ 12%
 → Tax on tax levied as a percentage of gross tax payable → Applicable if Net taxable income exceeds specified limits Surcharge rates - Company → Domestic company : Total income → > Rs.1 Crore & up-to Rs.10 Crore → > Rs.10 Crore → > Rs.10 Crore & up-to Rs.10 Crore → > Rs.1 Crore & up-to Rs.10 Crore → > Rs.1 Crore & up-to Rs.10 Crore → > Rs.1 Crore & up-to Rs.10 Crore → > Rs.10 Crore Surcharge rates - Co-operative society → Total income → > Rs.1 Crore & up-to Rs.10 Crore → > Rs.1 Crore & up-to Rs.10 Crore 	: @ 12% : @ 2% : @ 5% : @ 7%
 Tax on tax levied as a percentage of gross tax payable Applicable if Net taxable income exceeds specified limits Domestic company : Total income → Rs.1 Crore & up-to Rs.10 Crore → Rs.10 Crore → Rs.10 Crore & up-to Rs.10 Crore → Rs.1 Crore & up-to Rs.10 Crore → Rs.10 Crore ✓ Total income → Rs.10 Crore → Rs.10 Crore → Rs.10 Crore → Rs.10 Crore ✓ Total income → Rs.1 Crore & up-to Rs.10 Crore → Rs.10 Crore ✓ Total income → Rs.10 Crore ✓ Rs.10 Crore ✓ Total income → Rs.10 Crore ✓ Rs.10 Crore ✓ Total income → Rs.10 Crore ✓ Rs.10 Crore ✓ Rs.10 Crore ✓ Rs.10 Crore 	: @ 12% : @ 2% : @ 5% : @ 7% : @ 12%
 Tax on tax levied as a percentage of gross tax payable Applicable if Net taxable income exceeds specified limits Domestic company : Total income * Rs.1 Crore & up-to Rs.10 Crore * Rs.10 Crore Foreign company : Total income * Rs.10 Crore * Rs.10 Crore * Rs.10 Crore * Rs.10 Crore * Rs.10 Crore * Rs.10 Crore * Rs.10 Crore * Rs.10 Crore 	: @ 12% : @ 2% : @ 5% : @ 7% : @ 12% : @ 12%
 Tax on tax levied as a percentage of gross tax payable Applicable if Net taxable income exceeds specified limits Domestic company : Total income * Rs.1 Crore & up-to Rs.10 Crore * Rs.10 Crore Foreign company : Total income * Rs.1 Crore & up-to Rs.10 Crore * Rs.1 Crore & up-to Rs.10 Crore * Rs.10 Crore * Total income * Rs.10 Crore * Total income * Rs.10 Crore * Total income * Rs.10 Crore * Total income * Rs.10 Crore * Rs.10 Crore * Total income * Rs.10 Crore * Total income * Rs.10 Crore * Total income * Rs.10 Crore * Total income * Rs.10 Crore * Rs.10 Crore * Total income :> Rs.10 Crore * Rs.10 Crore	: @ 12% : @ 2% : @ 5% : @ 7% : @ 12% : @ 12% : @ 10%
 Tax on tax levied as a percentage of gross tax payable Applicable if Net taxable income exceeds specified limits Domestic company : Total income * > Rs.1 Crore & up-to Rs.10 Crore * > Rs.10 Crore Foreign company : Total income * > Rs.10 Crore * > Rs.10 Crore * > Rs.10 Crore * > Rs.10 Crore Surcharge rates - Co-operative society * > Rs.10 Crore Surcharge rates - Co-operative society * Total income * > Rs.10 Crore Surcharge rates - Firm [incl. LLP] [or] Local authority * Total income :> Rs.1 Crore Surcharge rates - Individual, HUF, AOP, BOI, AJP * Total income * > Rs.50,00,000 & up-to Rs.1 Crore * > Rs.10 Crore 	: @ 12% : @ 2% : @ 5% : @ 7% : @ 12% : @ 12% : @ 10% : @ 10% : @ 15%
 Tax on tax levied as a percentage of gross tax payable Applicable if Net taxable income exceeds specified limits Domestic company : Total income * > Rs.1 Crore & up-to Rs.10 Crore * > Rs.10 Crore Foreign company : Total income * > Rs.10 Crore * > Rs.10 Crore * > Rs.10 Crore * > Rs.10 Crore * > Rs.10 Crore & up-to Rs.10 Crore * > Rs.10 Crore * > Rs.10 Crore * > Rs.10 Crore * > Rs.10 Crore * > Rs.10 Crore * > Rs.10 Crore Surcharge rates - Co-operative society * Total income * > Rs.10 Crore Surcharge rates - Firm [incl. LLP] [or] Local authority * Total income : > Rs.10 Crore Surcharge rates - Firm [incl. LLP] [or] Local authority * Total income : > Rs.10 Crore Surcharge rates - Individual, HUF, AOP, BOI, AJP * Total income * > Rs.50,00,000 & up-to Rs.10 Crore * > Rs.10 Crore 	: @ 12% : @ 2% : @ 5% : @ 7% : @ 12% : @ 12% : @ 12% : @ 15% : @ 15% : @ 25%
 Tax on tax levied as a percentage of gross tax payable Applicable if Net taxable income exceeds specified limits Domestic company : Total income Rs.1 Crore & up-to Rs.10 Crore Rs.10 Crore Foreign company : Total income Rs.10 Crore Rs.10 Crore Rs.10 Crore Rs.10 Crore Rs.10 Crore Foreign company : Total income Rs.10 Crore Rs.10 Crore Rs.10 Crore Total income Rs.10 Crore Surcharge rates - Co-operative society Total income Rs.10 Crore Surcharge rates - Firm [incl. LLP] [or] Local authority Total income :> Rs.1 Crore Surcharge rates - Individual, HUF, AOP, BOI, AJP Total income Rs.50,00,000 & up-to Rs.1 Crore Rs.1Crore & up-to Rs.2 Crore Rs.2 Crore & up-to Rs.5Crore Rs.5 Crore	: @ 12% : @ 2% : @ 5% : @ 5% : @ 12% : @ 12% : @ 12% : @ 10% : @ 15% : @ 25% : @ 25% : @ 37%
 Tax on tax levied as a percentage of gross tax payable Applicable if Net taxable income exceeds specified limits Domestic company : Total income * > Rs.1 Crore & up-to Rs.10 Crore * > Rs.10 Crore Foreign company : Total income * > Rs.10 Crore Foreign company : Total income * > Rs.10 Crore * > Rs.10 Crore Total income * > Rs.10 Crore Surcharge rates - Co-operative society Total income * > Rs.10 Crore Surcharge rates - Firm [incl. LLP] [or] Local authority * Total income :> Rs.10 Crore Surcharge rates - Individual, HUF, AOP, BOI, AJP * Total income * > Rs.50,00,000 & up-to Rs.10 Crore * > Rs.10 Crore Surcharge rates - Individual, HUF, AOP, BOI, AJP * Total income * > Rs.10 Crore & up-to Rs.20 Crore * > Rs.10 Crore Relief : Total income > Rs.2 Crores contains dividend, U/Sec. 112, 112A &	: @ 12% : @ 2% : @ 5% : @ 5% : @ 12% : @ 12% : @ 12% : @ 10% : @ 10% : @ 15% : @ 25% : @ 37%
 Tax on tax levied as a percentage of gross tax payable Applicable if Net taxable income exceeds specified limits Domestic company : Total income * > Rs.1 Crore & up-to Rs.10 Crore * > Rs.10 Crore Foreign company : Total income * > Rs.10 Crore * > Rs.10 Crore * > Rs.10 Crore * > Rs.10 Crore Foreign company : Total income * > Rs.10 Crore * > Rs.10 Crore Total income * > Rs.10 Crore Surcharge rates - Co-operative society * Total income * > Rs.10 Crore Surcharge rates - Co-operative society * Total income * > Rs.10 Crore Surcharge rates - Firm [incl. LLP] [or] Local authority * Total income :> Rs.1 Crore Surcharge rates - Individual, HUF, AOP, BOI, AJP * Total income * > Rs.50,00,000 & up-to Rs.1 Crore * > Rs.10 Crore	: @ 12% : @ 2% : @ 5% : @ 5% : @ 12% : @ 12% : @ 12% : @ 10% : @ 15% : @ 25% : @ 25% : @ 37%
 Tax on tax levied as a percentage of gross tax payable Applicable if Net taxable income exceeds specified limits Surcharge rates - Company Domestic company : Total income * > Rs.1 Crore & up-to Rs.10 Crore * > Rs.10 Crore Foreign company : Total income * > Rs.10 Crore * > Rs.10 Crore & up-to Rs.10 Crore * > Rs.10 Crore Foreign company : Total income * > Rs.10 Crore * > Rs.10 Crore * > Rs.10 Crore Surcharge rates - Co-operative society * Total income * > Rs.10 Crore Surcharge rates - Co-operative society * Total income * > Rs.10 Crore Surcharge rates - Firm [incl. LLP] [or] Local authority * Total income * > Rs.10 Crore Surcharge rates - Individual, HUF, AOP, BOI, AJP * Total income :> Rs.1 Crore * > Rs.10,00,000 & up-to Rs.1 Crore * > Rs.10,00,000 & up-to Rs.2 Crore * > Rs.2 Crore & up-to Rs.2 Crore * > Rs.2 Crore & up-to Rs.5 Crore * > Rs.5 Crore * Relief : Total income > Rs.2 Crores contains dividend, U/Sec. 112, 112A & 111A * Balance income 	: @ 12% : @ 2% : @ 5% : @ 5% : @ 7% : @ 12% : @ 12% : @ 12% : @ 12% : @ 15% : @ 25% : @ 25% : @ 37% 111A : @ 15% [always]
 Tax on tax levied as a percentage of gross tax payable Applicable if Net taxable income exceeds specified limits Surcharge rates - Company Domestic company : Total income * > Rs.1 Crore & up-to Rs.10 Crore * > Rs.10 Crore Foreign company : Total income * > Rs.10 Crore * > Rs.10 Crore * > Rs.10 Crore Surcharge rates - Co-operative society * > Rs.10 Crore Surcharge rates - Co-operative society * Total income * > Rs.10 Crore Surcharge rates - Co-operative society * Total income * > Rs.10 Crore Surcharge rates - Firm [incl. LLP] [or] Local authority * Total income :> Rs.1 Crore Surcharge rates - Individual, HUF, AOP, BOI, AJP * Total income * > Rs.50,00,000 & up-to Rs.1 Crore * > Rs.1Crore & up-to Rs.2 Crore * > Rs.2 Crore & up-to Rs.5Crore * > Rs.5 Crore * Relief : Total income > Rs.2 Crores contains dividend, U/Sec. 112, 112A & 111A	: @ 12% : @ 2% : @ 5% : @ 5% : @ 12% : @ 12% : @ 12% : @ 10% : @ 10% : @ 15% : @ 25% : @ 37%

100	nputation of marginal		ease in total income	
		relief		
	-» Step-I	: Tax as	s per normal provisions [including surcharge & excluding Cess.]	
	-≫ Step-II	: Tax u	o-to surcharge limit [+] Income exceeding surcharge limit	
	-» Marginal relief			
	→ Applica		> Step-II	
-	→ Amour	nt : Step-	I [-] Step-II	
lax	payable		Particulars	Amount [Rs.]
	Tax as per normal p	rovisions		XXX
	Less : Marginal relie	f		[xxx]
		tion Coss @	Gross Tax Payable	XXX
	Add : Health & Educa	ation cess @ 4	Net Tax Payable	XXX
			· · · · · · · · · · · · · · · · · · ·	
tم	ion-87A : Re	hate		
	vides rebate from the		ov an assessee	
	-» Rebate reduced			
	→ Eligible assesse	e	: Resident Individual	
Res	striction		: No rebate on income taxable U/Sec. 112A	
4 Τ -	<u>ix regime</u>			
	ndition - Total income		: Does not exceed Rs.5,00,000	
	ount of rebate		: Lower of	
			→ Actual tax payable on total income for A.Y.	
			→ Rs.12,500	
ew T	ax regime : U/S	<u>ec. 115BAC</u>		
Sce	enario-I - Total inco		: Does not exceed Rs.7,00,000	
	Amount of rebay	te	: Lower of	
			→ Actual tax payable on total income for A.Y.	
~	· · · · ·		→ Rs.25,000	
Sce	enario-II - Total inco	me	: Exceeds Rs.7,00,000	000
		rahata	: Tax payable on total income > Total income in excess of Rs.7,00	,000
		repate	: Total income [-] Rs.7,00,000	
	→ Step-I		: Compute tax liability on total income	
	→ Step-II → Rebate		. כסוווףטנפ נמג נומטונונץ טוו נטנמו וווכטווופ	
			: Step-II > Step-I	
		Amount	: Step-II [-] Step-I	
	_	Amount	. Step-ii [-] Step-i	
-	setant notae			
ihr	ortant notes			
ote-	l : Availing unuti	lized Basio	<u>: Exemption Limit</u>	
	•		e < Basic Exemption limit	
			falling short of BEL shall be adjusted against special income	
Orc			income with highest rate of tax	
		gainst income	-	
		gainst income		
	-» Last ∶A	gainst income	e U/Sec. 112A	
_		-		
			<u>U/Chapter VI-A</u>	
Max			Chapter VI-A shall not exceed normal income able only on normal income & not on special [or] casual income	

F

 ↔ Partial integration ↔ Applicable assessee 	: Taxing agricultural income, where assessee has both Non-agricultural & agricultural income : Individual, HUF, AOP, BOI & AJP
↔ Conditions	
-» Agricultural income	e :> Rs.5,000
-> Other income	: > Basic exemption limit
↔ Computation of Tax payable	
→ Step-I	: Compute tax on total income i.e., Tax on Other income + Agricultural income
-→ Step-II	: Compute tax on [Agricultural income + Basic Exemption Limit]
-» Tax payable	: Step-I [-] Step-II
· · · · · · · · · · · · · · · · · · ·	
Note-IV : Exemption vs. I	
↔ Exemption will not be part o	-
↔ Deduction will be part of gro	ss total income and will be reduced from such gross total income ?
Note-V : Health & Educat	tion Cess
→ Health & Education Cess lev	
	nent of government to provide & finance quality health & education
↔ Health & Education Cess	: @ 4%
→ Health Cess	: @ 1%
> Primary education	
<u>_</u>	
•	ome under Income Tax Act, 1961
	s which do not raise regularly are treated as income
· · · ·	Capital gains shall not deemed to be income
→ Income means net income	
-» i.e., Gross income -	Expenditure incurred in connection with earning such receipts
Note-VII : Diversion of in	come vs Application of income
Note-VII : Diversion of in ↔ Diversion of income : Dive	come vs Application of income rting of income before earned by assessee - Not chargeable to tax in hands of assessee
Note-VII : Diversion of in ↔ Diversion of income : Diver ↔ Application of income : Sper	come vs Application of income rting of income before earned by assessee - Not chargeable to tax in hands of assessee ading of income after earned by assessee - chargeable to tax in hands of assessee
Note-VII : Diversion of in → Diversion of income : Diver → Application of income : Sper Note-VIII : Maximum Mar	come vs Application of income rting of income before earned by assessee - Not chargeable to tax in hands of assessee ading of income after earned by assessee - chargeable to tax in hands of assessee rginal Rate of tax [MMR]
Note-VII : Diversion of in → Diversion of income : Diver → Application of income : Sper Note-VIII : Maximum Mar	come vs Application of income rting of income before earned by assessee - Not chargeable to tax in hands of assessee ading of income after earned by assessee - chargeable to tax in hands of assessee
Note-VII : Diversion of in → Diversion of income : Diver → Application of income : Sper Note-VIII : Maximum Mar	come vs Application of income rting of income before earned by assessee - Not chargeable to tax in hands of assessee ading of income after earned by assessee - chargeable to tax in hands of assessee rginal Rate of tax [MMR] rginal Rate of tax means rate of tax applicable in relation to the highest slab of income
Note-VII : Diversion of in → Diversion of income : Diver → Application of income : Sper Note-VIII : Maximum Mar → U/Sec. 2[29C] : Maximum Mar → Applicable in case of Individu	come vs Application of income rting of income before earned by assessee - Not chargeable to tax in hands of assessee ading of income after earned by assessee - chargeable to tax in hands of assessee rginal Rate of tax [MMR] rginal Rate of tax means rate of tax applicable in relation to the highest slab of income
Note-VII : Diversion of in → Diversion of income : Diver → Application of income : Sper Note-VIII : Maximum Mar → U/Sec. 2[29C] : Maximum Ma → Applicable in case of Individe → Maximum Marginal Rate of T	come vs Application of income rting of income before earned by assessee - Not chargeable to tax in hands of assessee ading of income after earned by assessee - chargeable to tax in hands of assessee rginal Rate of tax [MMR] rginal Rate of tax means rate of tax applicable in relation to the highest slab of income ual, AOP, BOI Tax for A.Y.2024-25 : 42.744%
Note-VII : Diversion of in → Diversion of income : Diver → Application of income : Sper Note-VIII : Maximum Mar → U/Sec. 2[29C] : Maximum Mar → Applicable in case of Individe → Maximum Marginal Rate of T Note-IX : Average Rate o	come vs Application of income rting of income before earned by assessee - Not chargeable to tax in hands of assessee ading of income after earned by assessee - chargeable to tax in hands of assessee rginal Rate of tax [MMR] rginal Rate of tax means rate of tax applicable in relation to the highest slab of income ual, AOP, BOI 'ax for A.Y.2024-25 : 42.744% <u>of tax</u>
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	-» Explanation of	
	-» Investments m-» Explanation of	
↔ U/		nade by assessee that are not recorded in books of accounts
⊖ U/		nature & source of investments not offered [or] not satisfactory in opinion of AO
→ U/	→ Deem	ed to be income of the assessee
	/Sec. 69A : Unexplaine	ed money
	→ Assessee foun	nd to be the owner of any money, bullion etc., and the same not recorded in books of account
		ession is not enough, ownership shall be important
	 Explanation of 	nature & source of investments not offered [or] not satisfactory in opinion of AO
		ned to be income of the assessee
→ U/		investments etc., not fully disclosed in books of account
		nd to be the owner of any money, bullion etc., and the same not fully recorded in books of account
		mount spent on making such investments etc., exceeds the amount recorded in books of assessee
		nature & source of investments not offered [or] not satisfactory in opinion of AO
. 11/		excess amount deemed to be income of the assessee
→ U/	/Sec. 69C : Unexplaine 	rred expenditure & no explanation for such has been offered [or] explanation not satisfactory
		amount shall not be allowed as deduction under any head of income
→ U/		prowed [or] repaid on hundi
		ere deemed to be income of the assessee
		Int borrowed on a hundi
	→ Amou	Int due is repaid other than through account-payee cheque
		ed to be income at the time of borrowing shall not be liable to be assessed at the time of repayment
		I shall include interest paid on the amount borrowed
-		ment Ltd. [2010] 325 ITR 422 [SC]
→ lss		Nature of receipt i.e., Capital receipt [or] Revenue receipt
A		Liquidated damages received from supplier for failure to supply machinery within stipulated time
→ An	nalysis :	Damages directly & intimately linked with procurement of capital asset 4 Not a receipt in the course of profit earning process
→ De	ecision :	Amount received by assessee towards compensation for sterilization of the profit earning source
× DC		4 Not in ordinary course of business
		 Deemed to be capital receipt in hands of assessee
lond	<u>la Siel Cars India</u>	<u>a Ltd vs. CIT [2017] 395 ITR 713 [SC]</u>
→ lss		Nature of receipt i.e., Capital receipt [or] Revenue receipt
		Technical fee paid under a technical collaboration agreement for setting up a joint venture company in India
		upon termination of the agreement, the joint venture would come to an end
→ An	nalysis :	The very purpose of the technical collaboration agreement, in this case, was to set up the Joint Venture.
		The collaboration included not only transfer of technical information, but, complete assistance, actual, factual and on the spot, for establishment of plant, machinery, etc. so as to set up a
		manufacturing unit.
		Upon termination of agreement, the joint venture itself would come to an end
	ecision :	Technical fee is capital in nature
→ De		4 Since upon termination of agreement, joint venture itself would come to an end
→ De		
	a Anand Filter S	ystems Pvt. Ltd. v. ACIT [2023] 456 ITR 29 [SC]
		Nature of receipt i.e., Revenue expenditure [or] Capital expenditure
lahle	sue :	
lahle	sue :	Foregoing of security deposit to settle a dispute
Mahle	sue :	Assessee sought to vacate certain leased premises, disputes arose
<u>Mahle</u> → Iss	sue : 	 Assessee sought to vacate certain leased premises, disputes arose To the end of disputes, assessee agreed not to claim security deposit of Rs.5.8 Crores
Mahle ⇔ Iss	sue : 	Assessee sought to vacate certain leased premises, disputes arose