

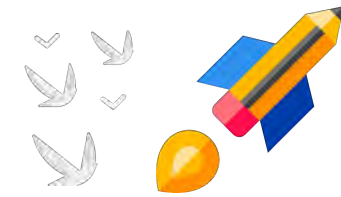


***UDES*H REGULAR**

FOR GROUP-1, MAY 2024

- Subject- Income Tax
- Chapter- Heads Of Income – PGBP
- Lecture No.-9

Recap of Previous Lecture



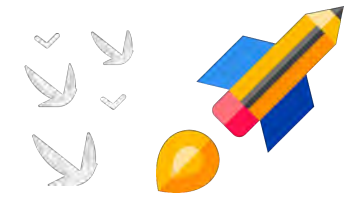
Topic

Section 35D/35DDA/36

HW PW 9/11 21/22

ICAT TYK Q3

Topics to be Covered



Topic

S.36 Expenses Allowed

PHYSICS
WALLAH

Topic: SECTION 36



Salary \Rightarrow PF \Rightarrow ER contribute
EE contribute

Mr. X EE = salary \Rightarrow ₹1,00,000 \rightarrow In hand of EE = ₹90,000/-
 \rightarrow ₹10,000 PF deposit
Same Amt is ₹10,000 ER contribution.

CTC \Rightarrow ₹1,00,000 + ₹10,000 \Rightarrow ₹1,10,000

M/O OUT

31/10 * Salary Acc --- Dr 1,00,000
 To EE 90,000
 To EE's cont to PF liability 10,000

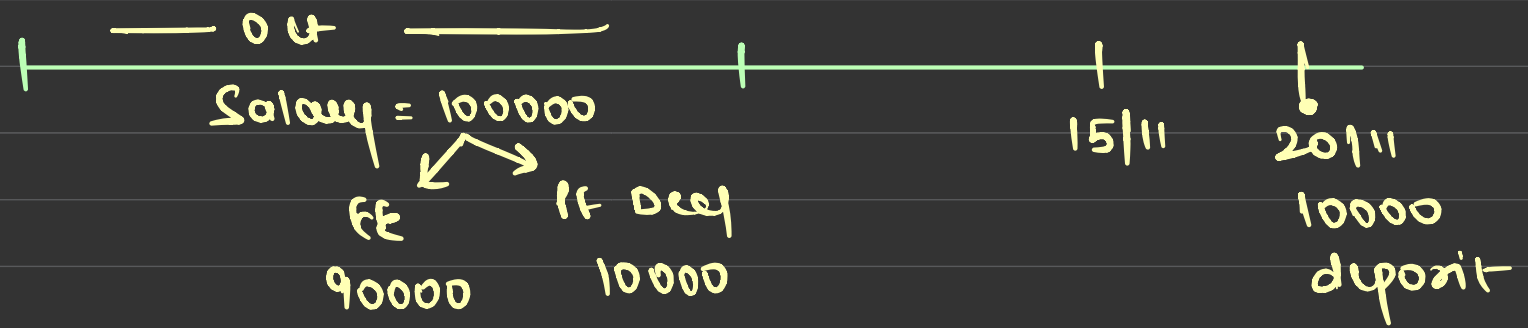
PF Deel.
but Not
Deposit

31/10 * EE Dr 90,000
 To Bank 90,000

31/10 * P/L Acc Dr 1,00,000
 To Salary 1,00,000

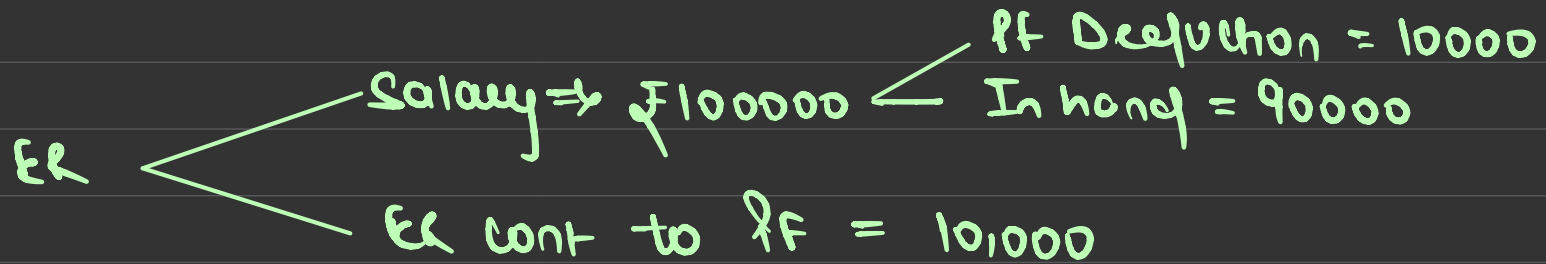
EE Allow deef of EE's cont cont to PF only when EE depond
 EE PF Amt to PF Acc as pu due date of PF Act

D/O of depositing in PF Acc ⇒ 15 of Next Month.



Debt to ER = ₹ 90,000.

ER cont to PF ⇒ Allow if deposit upto RFD (ie subj to S.43B)



✓ RFD = 31st July

Date of Deposit of
ERs cont to PF

Date of Deposit of
ER cont to PF

M/o Oct'23 cont

14 Nov'23

1st Jan'24



alloway fy 23-24

alloway fy 23-24

M/o Dec'23 cont

15 Feb'24

15 Aug'24



Not alloway

Not alloway.

EE cont to PF \Rightarrow Allow if Amt deposit to PF Act
As per D/D of PF Act

ER cont to PF \Rightarrow Allow if Amt deposit upto D/D of
return filling.

eg	₹ L	Adj
Salary	14,00,000	
ER cont to EEs PF	4,00,000	1. Salary included EEs cont to PF amounting to 6L out of which ₹ 1.50L is paid after due date mentioned in PF Act
Net profit	6,00,000	

Solution

Net Profit 6,00,000 2. 60% of ER cont is deposited upto RFD.

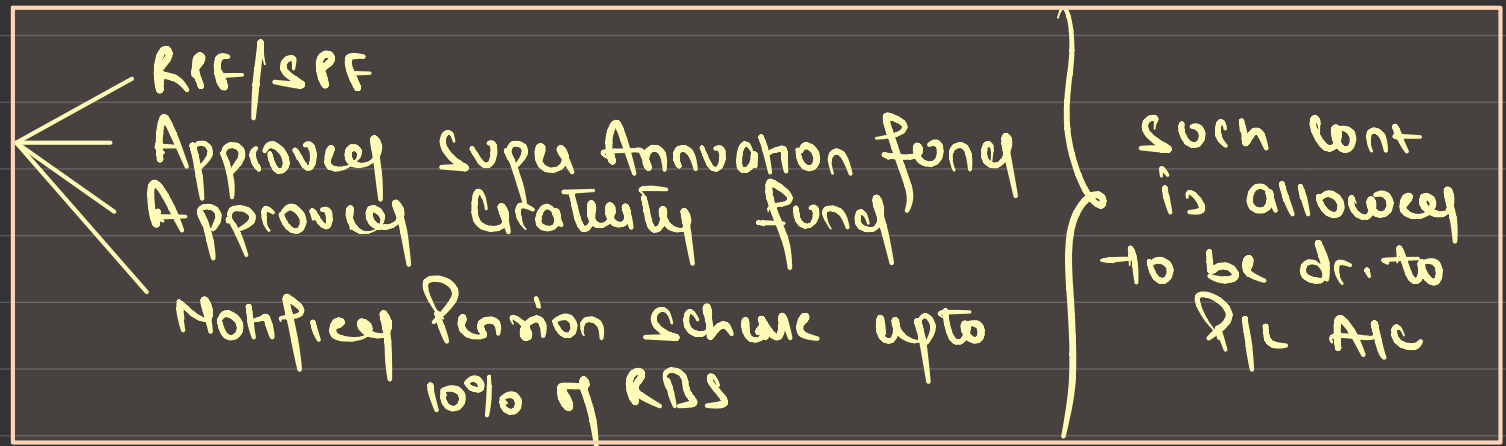
Add EE cont to PF deposit After d/d of PF Act 1,50,000

Add ER cont to PF deposit After RFD (4L x 40%) 1,60,000

calculate PFR

₹ 438 → 9,10,000

ER Contribution To



↓
Subj to S. 43B
is allowed if payed upto RFD

EE cont → deducted from salary ⇒ Allowed to ER deposit upto 15th of Next month.

Bad debts

- Provision for Doubtful Debt ⇒ Not allowed
↳ Estimated loss.
- Debtors w/o from B.O.A ⇒ Bad debts allowed.

10/7/21 Doniyal Dr 10L } PY 21-22
 To Sales 10L } ↳ Income = ₹10L
 ↳ BIS
 Doniyal 10L

10/10/23 Bad debts A/c Dr 10L } PY 23-24
 To Doniyal 10L } ↳ Exp = ₹10L
 ↳ BIS
 Doniyal 0

Provision

1/c A/c Dr
 To prov. D/D

Bad debts.
 Bad debts Dr
 To Debtors A/c

⇒ Exp allowed.

2024-25

16/7/24 Bank A/c --- Dr 6L } PURP
 To Bad debts recovered 6L } = Income = ₹24-25
 ↳
 irrespective whether
 business exist / Not

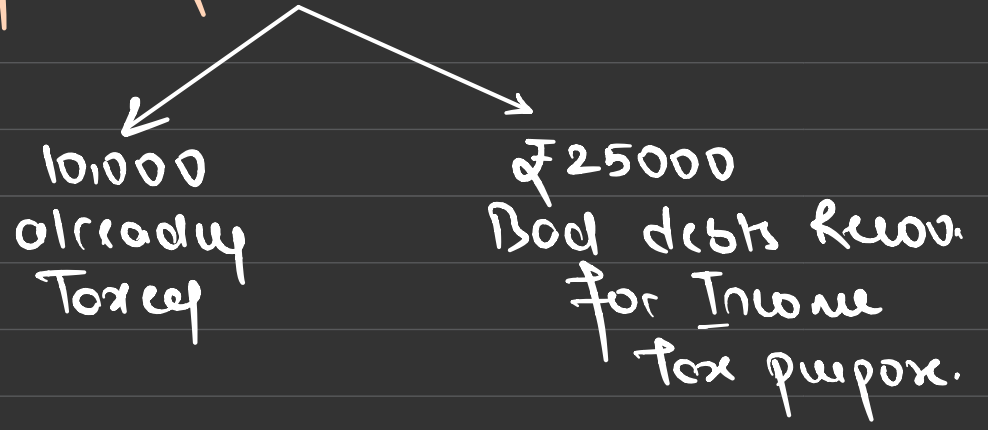
Imp fy 21-22 \Rightarrow Bad debts \Rightarrow ₹50,000

\rightarrow Allow to dr. in P/L = ₹40,000
under Income Tax

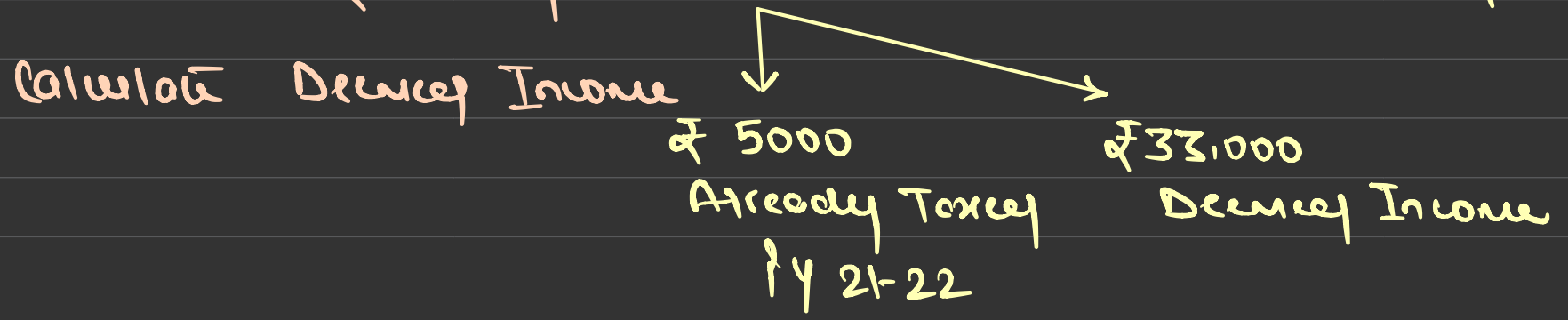
₹40,000 exp allow
₹10,000 exp disallow \Rightarrow Taxed.

fy 23-24 \Rightarrow Bad debts recovered \Rightarrow ₹35,000

Deemed Income for fy 23-24.



- fy 21-22 Bad debts = ₹40,000 out of which ₹35,000 is allowed under Income Tax. \Rightarrow 35,000 exp allow
5,000 exp disallow \rightarrow Taxed.
- fy 23-24 Assessable recovered 38,000



Family Planning Exp

Xitey \rightarrow Family Planning Promote $\begin{cases} \rightarrow R. \text{Exp} \Rightarrow \text{of } 50000 \\ \rightarrow C. \text{Exp} \Rightarrow \text{of } 3,00,000 \end{cases}$

$$\begin{aligned} \text{Exp allowed up to } \text{Ib} &= 50000 + \frac{300000}{5} \\ &= 50000 + 60000 = 1,10,000. \end{aligned}$$

Note Profit before family planning exp is Not sufficient to adjust R+C Exp on FP then FP exp allowed shall not exceed profit Available

$$R = 50,000 + C (\text{Installment}) = 50000 \Rightarrow 1,00,000$$

$$\text{Profit} \begin{cases} 1,50,000 - 1,00,000 = 50,000 \\ 70,000 - 70,000 = 0 & 30,000 \text{ FP Exp CIF} \\ (10,000) - 0 = (10,000) & 10,000 \text{ FP Exp CIF} \end{cases}$$

FF Exp R = 50,000 C (Int) = 50,000 = 1,00,000

	Case A	Case B	Case C
Profit	150000	70,000	(10000)
(-) FF Exp	<u>100000</u>	<u>70000</u>	<u>0</u>
	50000	0	(10000)
		3000	1L
		4F	1F

Stock Exch. = Securities Buy/Sell
 Com. Exch. = Commodity Buy/Sell

Trader
}

 STT
 CTT

}

 Exp allowed
 to DI to
 2IL

(*)

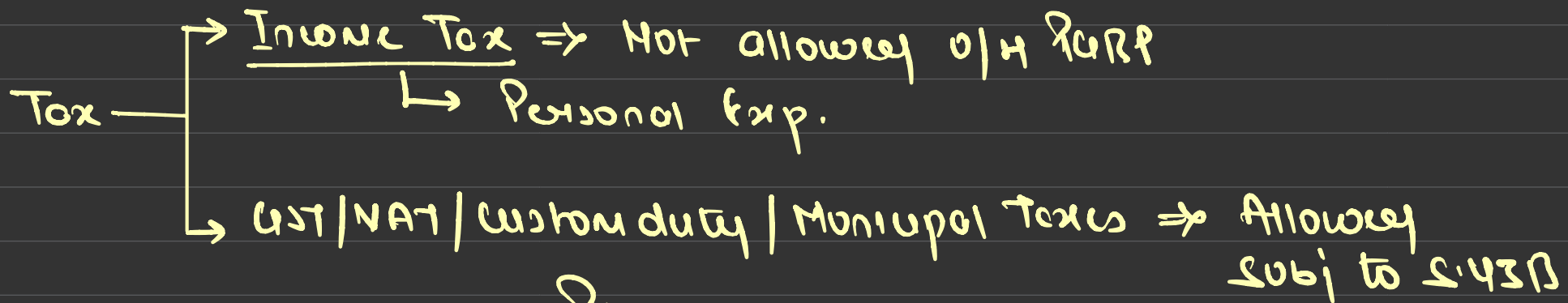
Securities → Investor → STT NOT allowed

s.30 Building Exp s.31 RM/F&F s.32 Dep s.35/AD/O/DOA s.36

- Telephone bill / Internet bill
- Salary
- Travelling for business
- clients - Tea / coffee snack
- Adv.
- Printing & Stationery etc.
- Electricity
- Power & fuel
- RM Purchases

s.37 General ded. ✓

- Exp Not covered s.30-s.36
- Revenue Exp
- wholly / Mainly incurred for B/P



Adv. Income Tax
Prov. for Inc. Tax
Income Tax

RM

- } shall be disallowed i.e add back
- } to P&RP
-

Note: Income Tax Assessment / Appeal / Suing Exp \Rightarrow allowed.

- Penalty Pay for Infringement (breach) of law \Rightarrow Not allowed.
- Bribe \rightarrow Not allowed.
- GST / Custom duty / MT \rightarrow late payment \rightarrow Interest charge = Allowed
 \rightarrow Not pay \rightarrow Govt Recovered along with penalty \Rightarrow Penalty Not allow.

40% R.P	60% Profits.
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= Flat Rent \Rightarrow ₹ 25000

\rightarrow 60% i.e. ₹ 15000 = allowed
40% i.e. ₹ 10000 = disallowed.

Car Exp (Driver / Fuel / Rent) = ₹ 50,000

\rightarrow 20% Personal / 80% Business

\rightarrow 80% = ₹ 40,000 allowed.

20% = 10,000 disallow.



2 mins Summary



Topic

S.36

Topic

Question

PHYSICS
WALLAH



Thank You

