



UDES*H *REGULAR

FOR GROUP-1, MAY 2024

- Subject- Income Tax
- Chapter- Heads Of Income – PGBP
- Lecture No.-10

Recap of Previous Lecture

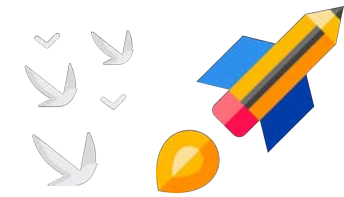


Topic

Section 36

PHYSICS
WALLAH

Topics to be Covered



Topic

SECTION 40/40A

PW = ill 26/27

PHYSICS
WALLAH

Topic:



Securities $\left\{ \begin{array}{l} \text{Investment} \rightarrow \text{S41} \rightarrow \text{Cap. Gain} \\ \text{Stock} \rightarrow \text{S41} \rightarrow \text{P4BP} \\ \text{(Trader)} \end{array} \right.$

Q21 (c) $\left. \begin{array}{l} 10L \text{ Purch. Not Recorded} \\ 15L \text{ Sold Not Recorded} \end{array} \right\} \begin{array}{l} \rightarrow \text{Now Recorded } -10L \\ \rightarrow \text{Now Recorded } +15L \\ \text{Profit Incr} \quad \underline{\underline{5L}} \end{array}$

(e) Dividend from Indian Co.

Share held $\left\{ \begin{array}{l} \text{As Investment} \Rightarrow \text{Div} = \text{Other Income} \\ \text{As Stock (Trader)} \Rightarrow \text{Div} = \text{P4BP} \end{array} \right.$

21 (g) Goods withdrawn by Proprietor for Personal Use

Goods fall under definition of Capital Asset

↳ As per S.28 → Inventory convert into Capital Asset, then FMV on date of conversion is Business Income
∴ ₹6000 ⇒ Business Income i.e. It will be included in Sale

↳ AIC treatment of Drawings followed.

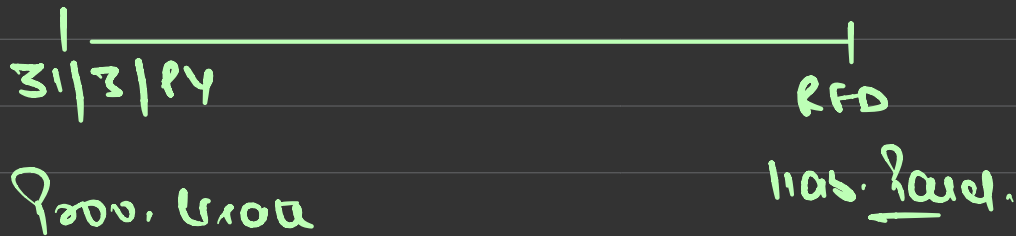
Goods not fall under definition of Capital Asset

↳ Cost of Goods withdrawn ⇒ Reduces from purchases.

i.e. Decrease Sale by = 6000 → Profit - 6000
Purch. decrease by = 4000 → Profit + 4000
Net Profit - 2000

Provision for cost/sust \Rightarrow liability create

Taxes to Govt \Rightarrow Allow subj to S.43
ie paid upto RFD



S.28 Basis of ch.r

S.30-36 exp allowance (Specific exp)

S.37 Annual exp allowance

S.38 exp - Business + Non Business purpose

M.M.M.M.M.
Imp

S.40/40A \Rightarrow exp. NOT allowed under Income Tax.

\rightarrow Override S.30-38

S. 40(a) Non-compliance of T.D's Provision

If Payment made by Assessee is covered under T.D's provision then such payment shall be allowable as deduction if following 2 conditions are satisfied :- (PIL Dr.)

✓ (a) T.D's is deposited upto 31/3/14 (Timely deposit)

✓ (b) T.D's is deposited upto due date of return filing as per S. 139(1) to Govt. (Timely deposit)

↓
If Any of Above Condition is not satisfied then disallowance shall be attracted as follows.

S. 40(a)(i) Payment made o/s India to Any Person or In India to Non-Resident

100% of Payment shall be disallowed

S. 40(a)(ia) Payment made In India to a Resident

30% of Payment shall be disallowed.

eg

Rel. Py = 23-24

RFD = 31/7/24

Timely dep = 31/3/24

Timely dep = 31/7/24

Payment Made	To	T.Ds Deduct	T.Ds Deposit	Disallowance
Commission ₹ 100000 paid Ops India	NR	31/3/24 Timely	31/5/24 Timely	0
Comm. ₹ 70000 paid ops India	R	31/3/24 Timely	31/12/24 late	100% disallow. ie ₹ 70000 disall.
Salary ₹ 100000 paid In India	NR	30/4/24 Late	31/5/24	100% disallow ie ₹ 100000 disall.
Salary ₹ 50000 paid In India	R	31/1/24 Timely	1/11/24 late	30% disallow ie ₹ 15000 disall.

Note:- Amount disallowed shall be allowed in Py in which T.D.s deposited.

31/1/24 (FY 23-24)

Commission Payment 150000
To NR In India

→ Timely.

T.D.'s deposit 31/1/24 @ 10% = 15000

T.D.'s deposit

RFD = 31/10/24

50%
31/7/24
7500

Timely

50%
31/12/24
7500

late

Timely dep = 31/3/24

Timely dep = 31/10/24

FY 24-25

150000 Payment $\left\{ \begin{array}{l} 50\% \text{ T.D.'s Timely dep \& Timely deposit} \\ = 75000 \text{ allowed FY 23-24} \end{array} \right.$

50% T.D.'s Timely dep but late deposit

↓

100% Disallowance up to 40(0)(1)
✓ 75000 disallow FY 23-24

✓ 75000 allow FY 24-25

T.D's Prov. appl. on Payment

- TDS timely dep
- TDS timely dep

Yes = 100% Payment allow
No = disallow. amount

In India
To Res.
↓

30% disall

o/s India
+

In India - NR

↓
100% disall.

31/1/24 (PY 23-24)

Commission Payment 150000
To R In India

T.D's depost 31/1/24 @ 10% = 15000
→ Timely.

RFD = 31/10/24

T.D's depost

Timely dep = 31/3/24

Timely dp = 31/10/24

50%
31/7/24
7500

Timely

50%
31/12/24
7500

10A

150000 Payment

50% T.D's

Timely dep & Timely depost

50% T.D's 10A

depost

₹ 75000 Payment

50% Payment is entirely allowable

₹ 75000 allowable

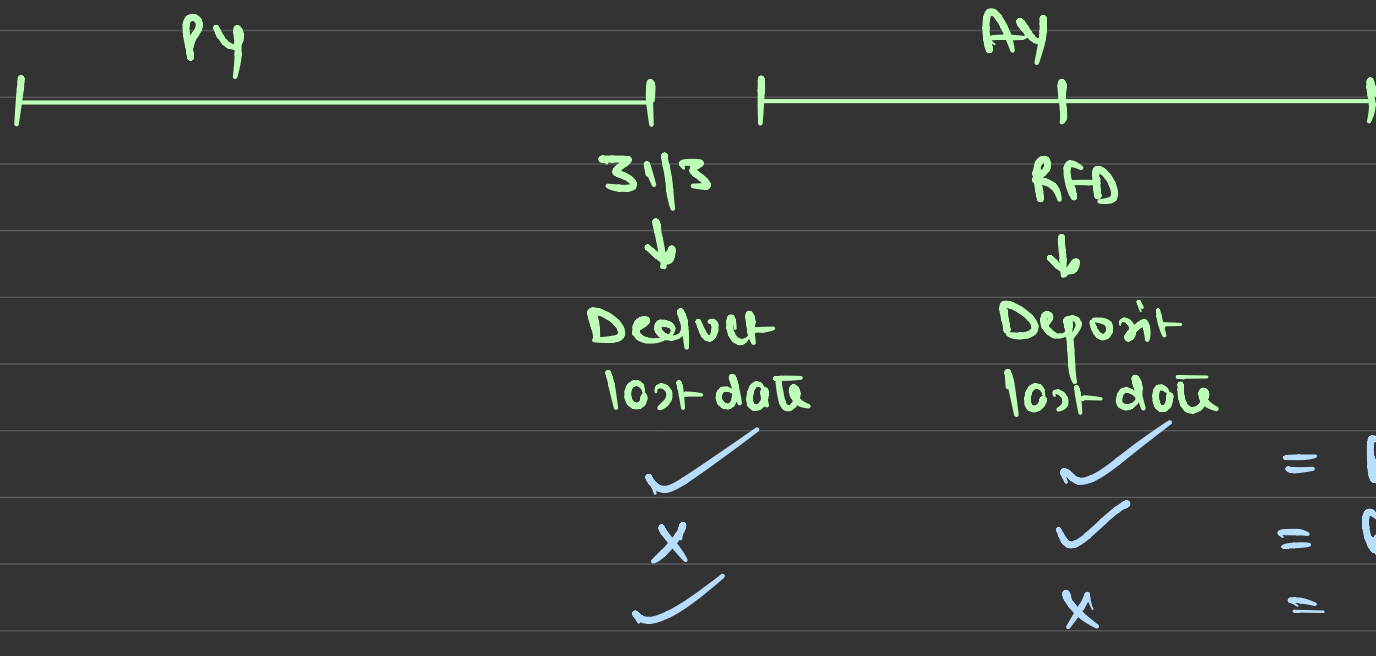
70% allowable
PY 23-24

52500

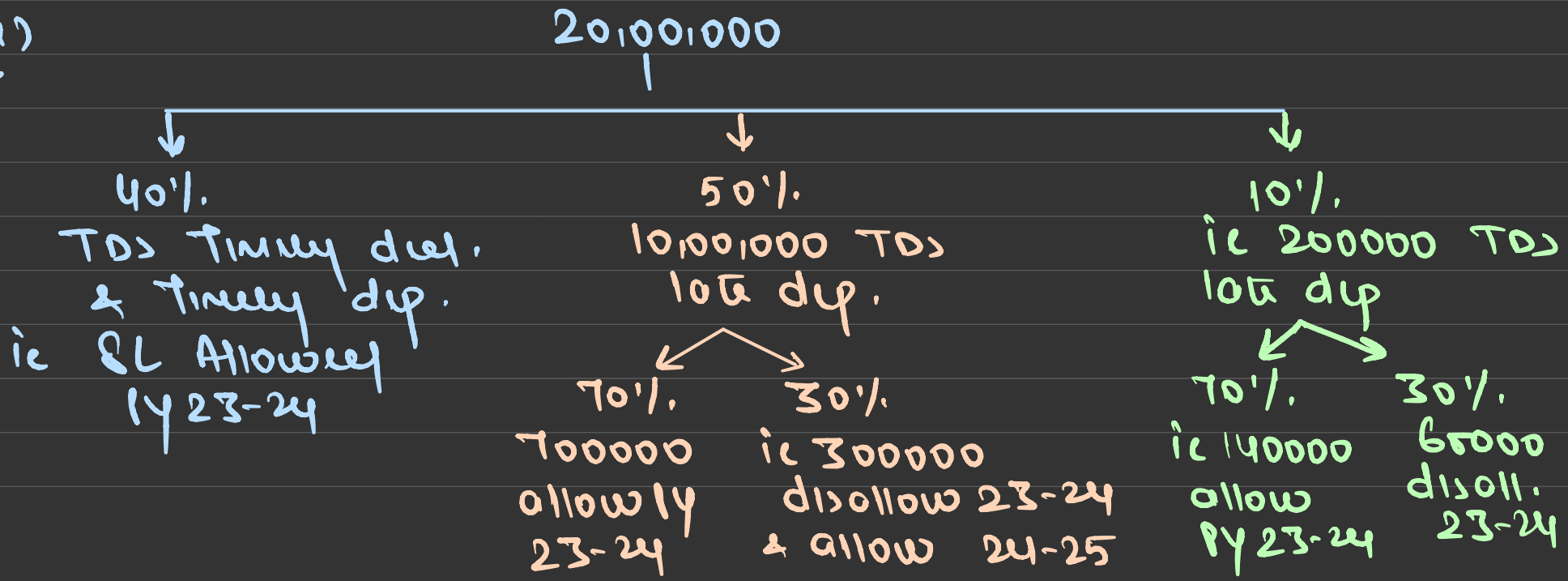
30%
i.e. 22500
disallow
23-24

& allow
24-25

Total dep allow = 75000 + 52500 = 127500



Q24 (1)



Salary ⇒ Tax paid by ER on behalf of EE

EE	On Non-Monetary Incs ↓ Not added to Salary of Employee. Ex. up to 10(100)	On other part of Salary ↓ Add to Salary of EE As a Inc.
ER	No Ded allowed to ER u/m P4BP	Ded allowed to ER u/m P4BP

Mr. X Shirt Manufacturer.

↓
30%
Tax bracket
+
Surcharge 10%

↓
RM ⇒ cloth

← Cloth Purchase
MP = ₹15L
↓
Billing ⇒ 19L

Mr. Y (Brother of X) ↓

↓
Cloth dealer. Tax Bracket 20%.

4L Extra Income
↓
Tax 80000
+ 4% 3200
 83200

4L Extra Exp.
In B.O.A of Mr. X.

30% = 120000
+ S/C = 12000
 132000
+ 4% 5280
 137280

↓
₹54080, Tax Saving.

1 R. Exp. }
 1 Person } Agg. Payment
 1 Day }

upto 10000 = Any mode
 Exceed 10,000 = Sp. Mode otherwise
 100% paym. disallow.

Pwuh INV 101 40,000

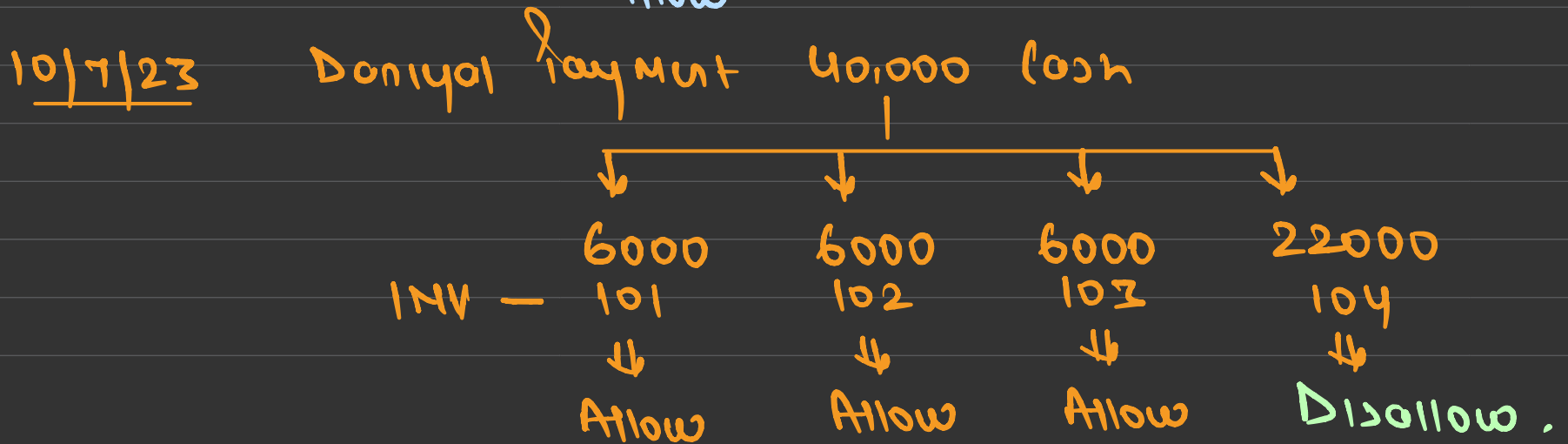
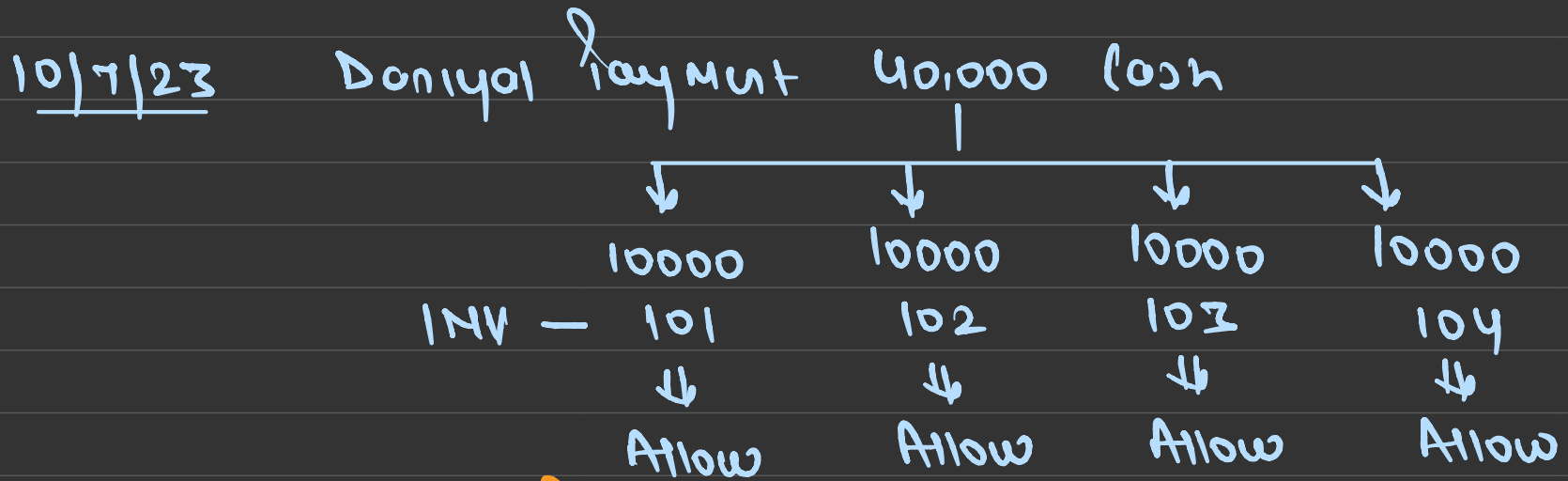
<u>10/7/23</u>	= 9000	Cash	= Allowed.
<u>12/7/23</u>	10:00 AM	6000	Cash
	6:00 PM	9000	Cross chq
		<u>15000</u>	} Not allow.
<u>16/7/23</u>	10:00 AM	6000	
	6:00 PM	10000	UPI
		<u>16000</u>	} allowed.

Exp disallow up to 40 A(3) = 15000

Exp allow = 25000

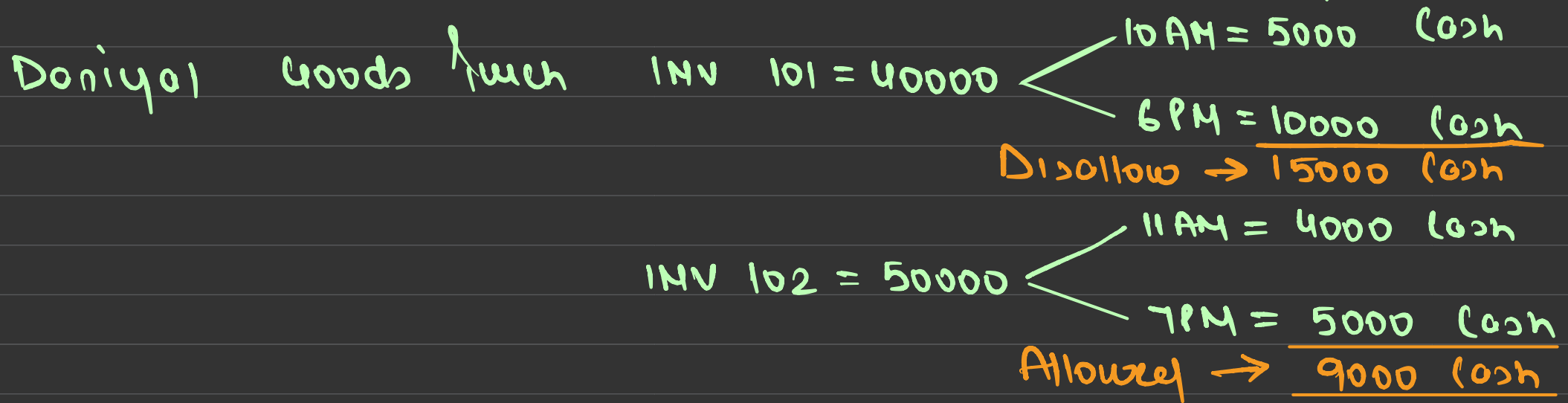
Doniyol ⇒

INV 101 = 20000	} <u>4 diff. exp</u>
INV 102 = 15000	
INV 103 = 25000	
INV 104 = 30000	



16/7/23

Doniyal Goods Mech





2 mins Summary



Topic

S.36

Topic

Question

PHYSICS
WALLAH



Thank You

