



# ***UDES*H *REGULAR***

## **FOR GROUP-1, MAY 2024**

- Subject- Income Tax
- Chapter- Heads Of Income – PGBP
- Lecture No.-12

# Recap of Previous Lecture

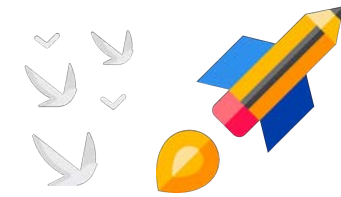


Topic

S.40 A / S.43 B.

PHYSICS  
WALLAH

# Topics to be Covered



Topic

Section 43B | Presumptive Income

PHYSICS  
WALLAH

(a) Calculation of Book Profit

	₹
Profit As per B.O.A	5,40,000
+ Excess IOC Payable to Partners $\frac{280000 \times 2}{14}$	40,000
+ Salary to Partners	9,90,000
+ Amt payable w/o TDs $2L \times 30\%$	60,000
<b>Book Profit</b>	<b>16,30,000</b>

(b) Max. Salary allowable to Partners

First 3L = 150000 or 90% of 3L - w.e.h. i.e. ₹ 270000  
 Bal 13.30L @ 60%  
 Max. Salary → ₹ 798000

Max. Salary → 10,68,000

Salary allowable to firm is lower of :-

(a) Actual Salary Paid is 9,90,000 } = 9,90,000  
(b) Max as per S.401(b) is 10,68,000 } ie No disallowance shall be attracted

(c) Total Income

Book Profit	₹
(-) Salary to Partner	16,30,000
	<u>9,90,000</u>
	<u><u>6,40,000</u></u>

Payment to MSME → After date specified in S.15 of MSME Act  
↓  
Exp allow In the year of Payment

S.15 of MSME Act → Payment Due Date Agreement  
↓  
Such date (Max = 45 days)  
No Agreement of Payment ⇒ Max 15d.

\* Goods Purch on Credit from MSME on 1/3/24 on 40 days <sup>2023-24</sup>  
credit \*  
 ↓  
 Due date  
 ↓  
 10/4/24

(i) Payment made on 5/4/24

As payment is made within time limit specified u/s 15 of MSME Act, therefore exp will be allowed on due basis under Income Tax, i.e. exp can be claimed in FY 23-24

(ii) Payment made on 15/4/24

As payment is made after due date as per s.15 of MSME Act, therefore exp shall be allowed in year of payment i.e. FY 24-25

Goods purchased on 1/3/24 on credit from MSME. Credit term = 90d  
 D/D As per MSME ACT  
 ↳ Max 45d i.e. 15/4/24 ✓  
 Supplier d/d 1/6/24 ✗

(i) Payment made on 15/4/24  
 Exp allow FY 23-24 As payment As per

dot sp. u/s 15 of MSME Act

(b) Payment made on 1/6/24

resp by 24-25, As payment after d/d As per s.15 of MSME Act

S.44AA = Compulsory Maintenance of B.O.A

Assessee maintain limit Detailed B.O.A if T.O or P&BP exceed specified  
↓  
Cash BOOK / Purch BOOK / Sale BOOK / Vouchers etc.

Assessee engaged specified profession

Detailed B.O.A prepare if → Gross Receipt > 1,50,000 In all of preceding 3 PY.

PY 20-21	PY 21-22	PY 22-23	PY 23-24
1,60,000 ✓	1,40,000 ✗	1,70,000 ✓	44AA ✗
1,60,000 ✓	1,50,000 ✗	1,70,000 ✓	44AA ✗
1,60,000 ✓	1,51,000 ✓	1,70,000 ✓	44AA ✓

# (B) Assesse Engagee Bunnai / Non-Specific Profession

## Individual / HUF

Detailed B.O.A Prepared if  $\left\{ \begin{array}{l} T.O > 25L \\ \text{or} \\ PGBP > 2.50L \end{array} \right\}$  In any of Preceding 3 Yr.

Mr. X, 23-24 44 AA ?

	To	PGBP
22-23	20L	2.40L
21-22	22L	2.60L
20-21	21L	2.50L

Yes, 44AA applicable  
As in FY 21-22  
 $PGBP > 2.50L$

Mr. X, 23-24 44 AA ?

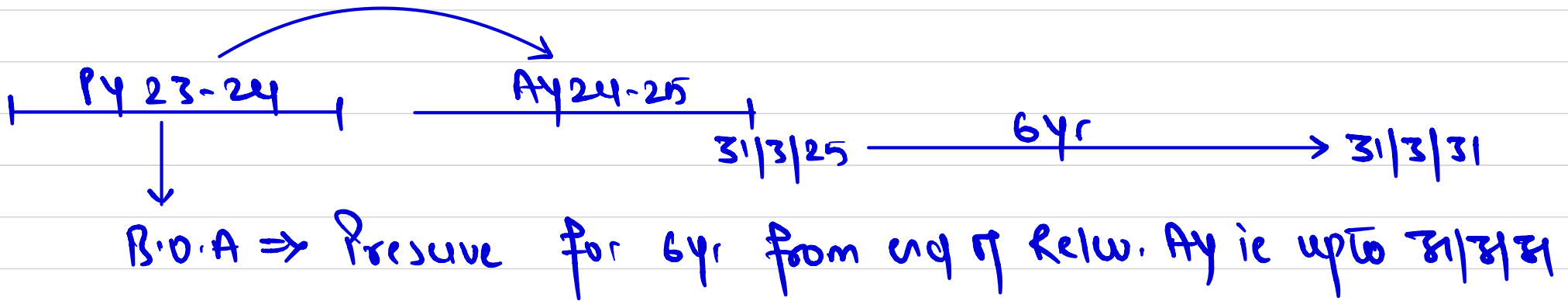
	To	PGBP
22-23	20L	2.40L
21-22	22L	2.50L
20-21	21L	2.50L

No, 44AA Not applicable,  
As Neither  $T.O > 25L$  Nor  
 $PGBP > 2.5L$  in any of  
preceding 3 Yr.



Other Assessee / Company / Firm / AOP / BOI

Detailed B.O.A Prepared if  $\left\{ \begin{array}{l} T.O > 10L \\ \text{or} \\ PURP > 1.20L \end{array} \right\}$  In any of Preceding 3 P.Y



### Section 44AB Audit of B.O.A

Compulsory Audit in following cases

TAX AUDIT

upto 30/9/Ay

RFD = 31/10/Ay

**Business**  $\Rightarrow$  T.O  $>$  1cr

$\hookrightarrow$  Limit Increase to 10cr if following condition

Satisfied :-

- Non-Specific Mode  $\downarrow$
- Cash Receipts  $\leq$  5% of Total Receipts.
  - Cash Payment  $\leq$  5% of Total Payment

Include Basic chaj / Crossed chaj.

Profession  $\Rightarrow$   $UR > 50L$

PENALTY ON NON-compliance of S.44AB.

lower of ——— 0.5% of TO / UR  
or  
₹ 150000

eg TO = 5Cr (No Audit)

Penalty lower of  $\left\{ \begin{array}{l} 5Cr \times 0.5\% \text{ i.e. } 250000 \\ 150000 \end{array} \right\}$  i.e. 150000

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### PRESUMPTIVE INCOME

S.44AD / S.44ADA / S.44AE

S.44AD

Assessee Individual / HUF / Firm excl. LLP — RESIDENT

Turnover UPTO ₹ 2Cr

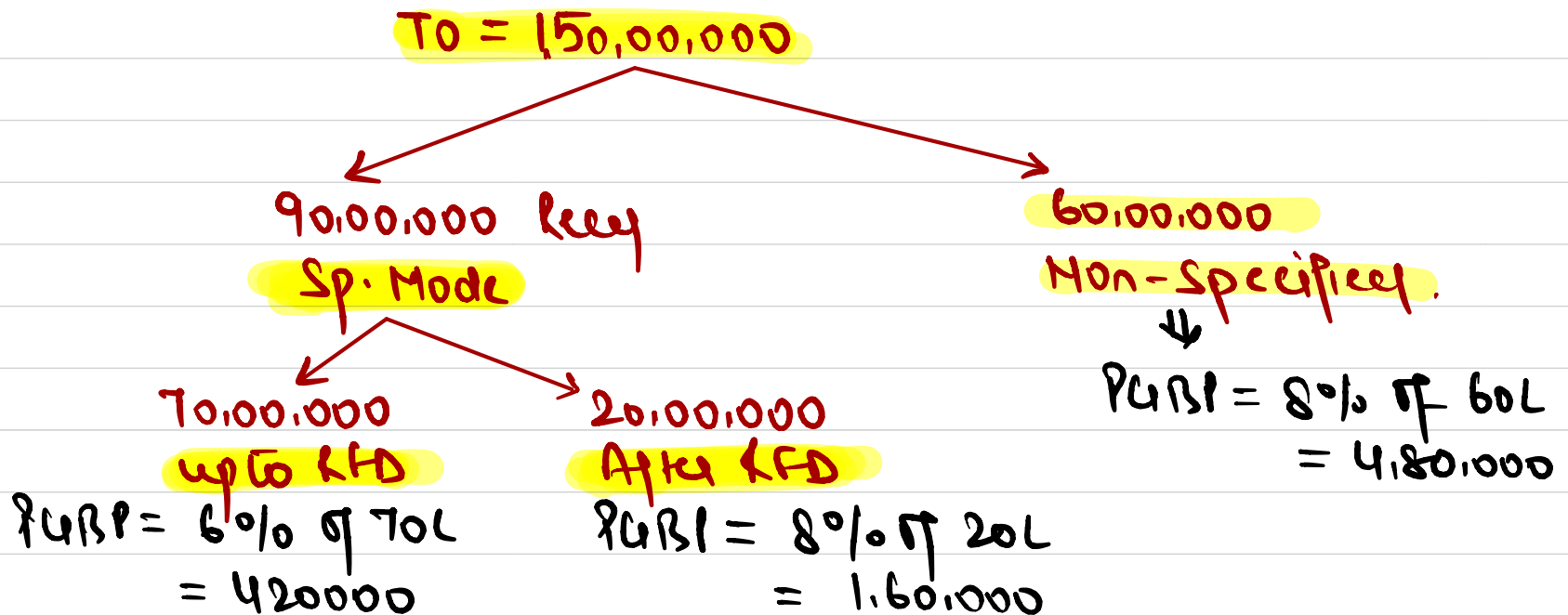
S.30 - 43B  $\Rightarrow$  Bhool JAO

Deemed PURI Income = 8% of Turnover.

ie  $T_0 = 1.50L$

$\rightarrow$  As per 44AD  $PUR = 1.50L \times 8\%$   
 $= 12L$

6% of Turnover = if payment of  $T_0$  received through  
Specified Mode  
+  
Reef upto RFD



$$\text{Pur BI Income} = 4,20,000 + 16,000 + 48,000$$

$$= \underline{10,60,000}$$

↳ N. Income = Slab rate

## Benefit of 44AD

1. No need to maintain detailed B.O.A As per 2.44AA

2. No need to get B.O.A audited As per 44AD.

3. Normally Advance Tax = 4 Installments

↓

But if 44AD opted

↓

Adv. Tax = Single Installment

on 15/3/14

↓

100% Tax

15/6/14	15% Tax
15/9/14	30% Tax
15/12/14	30% Tax
15/3/14	<u>25% Tax</u>
	<u>100%</u>

If Assessee wants to declare lower profit than 8% or 6% of TO  
To = 50L Profit = 5% of TO

⇒ CA Sahab Ke Poo Jao ⇒ Aur unse audit report lekar aao.

\* Maintain BOA As per S.44AA

\* Compulsory credit of BOA u/s 44AB.

→ Profit of 8% / 6% of Turnover is full & final i.e. No further exp shall be allowed from such profit

→ U/A dep B/F ⇒ Not allowed

→ B/F business loss ⇒ allowed.

eg To = 1,20,00,000 (Payment received Sp. Mode)

B/F Dep = 2,00,000 (last year U/A Dep)

B/F loss = 1,50,000

As per 44AB, Business Income  $1,20,00,000 \times 6\%$  = 7,20,000  
MA  
→ U/A Dep B/F  
→ B/F loss  
PUBI → 5,70,000



## 2 mins Summary



Topic

Topic

Question

PHYSICS  
WALLAH



**Thank You**

