RETURN OF INCOME

SEC.139 MANDATORY FILLING OF ROI

Every person

- 1) Being a company or a firm; or
- 2) Being a person other than a company or a firm, if his total income or the total income of any other person in respect of which he is assessable under this-Act during the PY exceeds basic exemption
- 3) A person being resident other than not ordinarily resident in India who is:
- a) A beneficiary of any asset (incl Financial asset) or signing authority outside India;
- b) Who is a beneficial owner of any asset (incl Financial asset) or signing authority outside India;
- 4) Being an individual / HUF or AOP / BOI / AJP
- > If his total income or total income of any other person in
- respect of which he is assessable under this Act during PY, > Without claiming deduction of Sec 10(38)/10A/10B/10BA/54/ 54B/54D/54EC/54F/54G/54GA /54GB/80C to 80U
- > Exceeded max amount which is not chargeable to IT.
- 5) Any person (other than a company or a firm): > Has deposited an amount (or aggregate of the amounts) exceeding 1 cr rupees in one(or)more current accounts
- maintained with a banking company or a co-operative bank; > Has incurred expenditure of an amount (or aggregate of amounts) exceeding 2 lakh rupees for himself / any other person for travel to a foreign country; or
- > Has incurred expenditure of an amount (or aggregate of the amounts) exceeding one lakh rupees towards consumption of electricity; or

6) Following Person are also required to file return:

| Case | Transactions | Limits |
|---|--|---|
| 1) A person carrying on business | His total sales, or turnover or as the case may be, in the business | >₹ 60 lakhs during the relevant P.Y. |
| 2) A person carrying on business | His total gross receipts in profession | >₹ 10 lakhs during the relevant P.Y. |
| (a) A resident individual who is aged ≥ 60 yrs at any time during the relevant P.Y. | The aggregate of TDS and TCS in his case | >₹ 50,000 during the relevant P.Y. |
| (b) Any other person | The aggregate of TDS and TCS in his case | >₹ 25,000 during the relevant P.Y. |
| A person having savings bank account | The deposit in one or more savings bank account of the person, in aggregate | >₹ 50 lakhs during the relevant P.Y. |

Shall furnish a return of his income on or before the due date in All of the above which are approved u/s 35 - ROI is MANDATORY such form and verified in such manner and setting forth such other particulars, as may be prescribed.

DUE DATE OF FILING ROI U/S 139(1)

Due date of Filling Return

| Cor | mpany | Other | than Co. |
|-------------------|-------------------------------|-------------------------------|--------------------------------|
| Liable to | Not liable to | Liable to | Not liable to |
| TP report | TP report | Tax Audit | Tax Audit |
| 30th Nov of AY | 31 th Oct of AY | 31 th Oct of AY | 31 th July of AY |

FEE FOR DEFAULT IN FURNISHING ROI U/S 234F

A fees of 5,000 shall be payable if ROI furnished after the due date. However, if Total income does not exceed 5lakhs, Fees shall not exceed 1,000

SEC 139(4A) CHARITABLE/RELIGIOUS TRUST/INSTITUTION

If total income without giving effect to provisions of sec 11 and 12 exceeds the basic exemption limit, then trust is required to

- # Audit is also mandatory is Income > BEL.
- # Due date of Filling ROI 31st Oct
- # Sec 272A penalty for Non Compliance ₹100 for every day
- # Fees is also applicable in Addition to Sec 272A

SEC 139(4B) POLITICAL PARTY

- If the total income without giving effect to the provisions of sec 13A exceeds the basic exemption limit, then PP is required to file ROI.
- # Audit is also mandatory.
- # Due date of Filling ROI 31st Oct

SEC 139(4C) SPECIFIC ENTITIES

- > Section applicable to SPECIFIED ENTITY (LIKE Hospital, Medical/Institution
- > If the total income without giving effect to the provisions of sec 10, exceeds the basic exemption limit, then these entities are required to file ROI.
- # Due date can either be 31st July/31st Oct
- # Sec 272A penalty for Non Compliance Rs 100 for every day. # Fees is also applicable in Addition to Sec 272A

SEC 139(4D) UNIVERSITY, COLLEGE,

OTHER INSTITUTION

SEC 139(4E) BUSINESS TRUST

REIT / INVIT - ROI is MANDATORY

SEC 139(3) LOSS RETURN

Loss under the head PGBP/ CAPITAL GAINS/ O&M HORSE RACES is allowed to be carried forward only if return is filled on time u/s 139(1). However 2 losses can be carried forward even if ROI not filled on time

a. Unabsorbed depreciation &

b. HP Loss.

Any person who has not furnished a return within the time allowed to him u/s 139(1) or 142(1) may furnish this belated

SEC 139(4) BELATED RETURN

A. By 31st December of relevant AY (3M Prior to end of AY) OR B. Before the completion of assessment (u/s 144). Whichever is Earlier.

SEC 139(5) REVISED RETURN

If any person, having furnished a return u/s 139(1)/139(4), discovers any omission or any wrong statement therein, he May furnish a revised return as under:

A. By 31st December of relevant AY (3 M Prior to end of AY) OR B. Before the completion of assessment (u/s. 144). Whichever is Earlier.

SEC 139(9) DEFECTIVE RETURN

The Assessing officer may intimate the defect to assessee & give him an opportunity to rectify the defect within 15 days else return is invalid

BULK RETURN SEC 139(1A)/OPTION TO **FURNISH ROI TO EMPLOYER**

The Scheme is optional & provides an additional mode of furnishing return of income of eligible employee may furnish his return of income in the prescribed form.

SEC 139A PERMANENT ACCOUNT NUMBER

| Persons required to apply for PAN | Time limit for Application of PAN |
|---|--|
| Every person, if his total income exceeds Basic Exemption Limit | On or before the 31st May of the AY for which such income is assessable |
| Every person carrying on any business or profession whose total sales, turnover or gross receipts are or is likely to exceed Rs. 5 lakhs in any PY | Before the end of that FY (PY) |
| Every person who is required to furnish a return of income u/s 139(4A) | Before the end of that FY (PY) |
| Every person being a resident, other than an individual, which enters into a financial transaction of an amount Aggregating to Rs. 2,50,000 or more in a FY | On or before 31st May of the immediately following FY |
| Every person who is a MD, partner, trustee, author, founder, karta, CEO, principal officer or office bearer of any person referred in (iv) above or any person competent to act on behalf of such person referred in above | On or before 31st May of the immediately following FY in which the person referred above enters into |

Every person, if deposit cash in his Atleast 7 days before the date ne or more a/c with a bank, co-op on which he intends to deposit ank or post office, in aggregate in cash over the specified limit, i.e., ₹ 20 lakh or more. such accounts during a FYis ₹ 20 lakh or more Every person, who intends to withdraw cash from his one or mor accounts during a FY is ₹ 20 lakh or cash over the specified limit, i.e., more Any person, who intends to open a

current account or cash credit

account with a banking co or a

Atleast 7 days before the date on which he intends to withdraw ₹ 20 lakh or more. Atleast 7 days before the date on which he intends to open such

co-operative bank, or a Post Office Expl: CBDT can specify class or classes of person for whom return cannot be considered as defective - Expl 139(9)

account.

>Non-Compliance of Sec 139A or quoting wrong PAN, Penalty of ₹10,000 for each default is leviable u/s 272B

139AA AADHAAR NUMBER Ouote Aadhaar number-Required a) Pan Application b) Filling ROI If Don't Where the person does not possess the Aadhar possesses Number, Enrolment ID of Aadhaar application aadhar Non In case of failure to intimate Aadhaar number, PAN Compliance Allotted shall be deemed to be invalid inoperative Sec not 2) Person having an age of 80 years or above applicable 3) Person is not a citizen of India

Accordingly, Rule 114AAA specifies the manner of making permanent account number inoperative [FA 2023]:

4) Person residing in Assam, Meghalaya, J&K

| Sub-Rule | Provision |
|----------|---|
| `` | If a person, who has been allotted PAN as on 1st July, 2017 and is required to intimate his Aadhaar number u/s 139AA(2), has failed to intimate the same on or before 31st March, 2022, the PAN of such person would become inoperative and he would be liable for payment of fee in accordance with section 234H read with Rule 114(5A) i.e., ₹ 1,000. |
| | Where such person who has not intimated his Aadhaar number on or before 31st March, 2022, has intimated his Aadhaar number under section 139AA(2) after 31st March, 2022, after payment of fee specified in section 234H read with Rule 114(5A), his PAN would become operative within 30 days from the date of intimation of Aadhaar number. |
| (3) | A person, whose PAN has become inoperative, would be liable for following further consequences for the period commencing 1/07/2023[Circular No. 3/2023 dated 28th March, 2023] (i) No refund of any amount of tax or part thereof, due under the provisions of the Act; (ii) Interest would not be payable on such refund for the period, beginning with the date specified under (4) below and ending with the date on which it becomes operative; (iii) Where tax is deductible at source in case of such person, such tax shall be deducted at higher rate, in accordance with provisions of section 206AA; (iv) Where tax is collectible at source in case of such person, such |
| | tax shall be collected at higher rate, in accordance with provisions of section 206CC: |

Pg

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SELF NOTES

Senior citizens:

Individual (Resident) 60 yrs or

TAX RATES (OLD & NEW SCHEME)

TAX RATES FOR I/HUF/AOP/BOI/AIP - OLD SCHEME

1. Resident Individual below 60 2. NR irrespective of Age 3. HUF, AOP/BOI, AJP Rates Shortcut **Total Income** Upto ₹ 250000 Nil ₹ 2,50,001 to 5,00,000 5% ₹12,500 ₹ 5,00,001 to 10,00,000 20% ₹ 1,12,500

30%

1) Ind/HUF/AOp/BOI/AJP have to pay tax as per default

scheme sec 115BAC. However they can opt for old regime.

more but not more than 80 years **Total Income** Rates % Shortcut Upto ₹ 3,00,000 Nil ₹ 3,00,001 to 5,00,000 5% ₹ 10,000 ₹ 5,00,001 to 10,00,000 20% ₹ 1,10,000 Above ₹ 10L 30%

| * | | 1 | | |
|-------------|---|---------|----------|--|
| | Super Senior citizens: Individu (Resident) 80 years / more | | | |
| Total Incom | ıe | Rates % | Shortcut | |
| | | | | |

Upto ₹ 5,00,000 ₹ 5,00,001 to 10,00,000 20% ₹ 1,00,000 Above ₹ 10L 30%

SURCHARGE

Surcharge: I / HUF / AOP / BOI / AJP as:

| P) HEC is applicable @4% [after surcharge or Rebate] 8) Rebate u/s 87A a) Assessee is Individual b) He is Resident in India c) Whose TI(From All Heads after Deduction) does not exceed ₹ 5L Rebate= ₹ 12500 or 100% of tax payable, whichever is lower d) Rebate not available for tax computed u/s 112A | | | | Surcharge on Income | |
|---|--|----|--|-----------------------------------|-------|
| | | No | Income | u/s 111A,112 & 112A & Dividend | Other |
| | | 1) | TI [Including Income u/s 111A,112 & 112A& Dividend does not exceed 50L] | Nil | Nil |
| | | 2) | TI [Including Income u/s 111A,112 & 112A & Dividend exceed 50L but not 1cr] | 10% | 10% |
| | | 3) | TI [Including Income u/s 111A ,112 & 112A & Dividend exceed 1cr but not 2cr] | 15% | 15% |
| 1) Rounding Off | | 4) | TI [Excluding Income u/s 111A,112 & | 15% | 25% |
| S.288A Round off of Total Income S.288B Round off of Total Tax | R/o to nearest multiple of ₹10 R/o to nearest multiple of ₹10 | | 112A & Dividend exceed 2cr but not exceed 5cr] | | |
| 5) Any resident Individual whose 60th/80th birthday falls on 1st April 2024 shall be treated as having completed the age of 60/80 years on 31st March 2024 i.e PY 2023-24 (AY 2024-25) and hence would be eligible for the higher basic exemption limit of ₹ 3,00,000 & 5,00,000. | | 5) | TI [Excluding Income u/s 111A,112 & 112A & Dividend exceed 5cr] | 15% | 37% |
| | | 6) | TI [Including Income u/s 111A,112 & 112A & Dividend exceed 2cr but not covered by situation 4 & 5] | 15% | 15% |

In case of AOP (consisting of only companies as its member), the maximum of rate of surcharge is 15% for AY 2023 & 24

TAX RATES AND SURCHARGE APPLICABLE TO OTHER ENTITIES

| | Rate | App | Rate of | | |
|--|--------|-----------|---------------------|------------|-----|
| Assessee | of Tax | TI < 1 Cr | 1 Cr < TI < 10Cr | TI > 10 Cr | HEC |
| Domestic Co turnover not exceed not exceed 400 crore in PY 20-21 | 25% | | 7% | 12% | 4% |
| Other Companies | 30% | | 7% | 12% | 4% |
| Foreign Company | 40% | | 2% | 5% | 4% |
| Firm/LLP/Local Authority | 30% | | 12% | 12% | 4% |
| Co Operative Society | 10% | | | | 4% |
| For 1st ₹10,000 | 20% | | | | 4% |
| For next ₹10,000 | 30% | - | 7% | 12% | 4% |
| For the balance | | | | | |

- A) In case of an Local Authority & Firm, where TI < ₹1cr, aggregate of income tax & surcharge shall be restricted to: (Tax on ₹1cr) + (Total Income - ₹1cr)
- B) In case of an Individual & HUF,

| Total Income | Income tax & Surcharge restricted to |
|---|--|
| ₹50L = ₹1cr</td <td>(Tax on ₹50 lakhs) + (TI - ₹50 lakhs)</td> | (Tax on ₹50 lakhs) + (TI - ₹50 lakhs) |
| ₹1cr = ₹2cr</td <td>(Tax on ₹1 crore with surch @ 10%) + (TI- ₹1 lakhs)</td> | (Tax on ₹1 crore with surch @ 10%) + (TI- ₹1 lakhs) |
| ₹2cr = ₹5cr</td <td>(Tax on ₹2 crore with surch @ 15%) + (TI - ₹2 lakhs)</td> | (Tax on ₹2 crore with surch @ 15%) + (TI - ₹2 lakhs) |
| Exceeds ₹5cr | (Tax on ₹5 crore with surch @ 25%) + (TI - ₹5 lakhs) |

- C) In case of a Domestic / Foreign Company, where TI ₹1cr </= ₹10cr, aggregate of income tax & surcharge shall be restricted to: (Tax on ₹1cr) + (Total Income - ₹1cr)
- D) In case of a Domestic Company, where TI > ₹10cr, aggregate of income tax & surcharge shall be restricted to: (Tax on ₹10cr with surch of 7%) + (TI - ₹10cr)
- E) In case of a Foreign Company, where TI > ₹10cr, aggregate of income tax & surcharge shall be restricted to: (Tax on ₹10cr with surch of 2%) + (TI - ₹10cr)

OPTIONAL TAX SCHEME

| Particulars | Sec |
|------------------------------------|---------|
|) Individual/HUF/AOP/BOI/AJP | 115 BAC |
| 2) a. Domestic Co | 115 BAA |
| b. Domestic Co Engaged in MNF | 115 BAB |
| s) a. Co-op Society Engaged in MNF | 115 BAE |
| b. Others | 115 BAD |

Rebate= ₹ 12500 or 100% of tax payable, whichever is lower d) Rebate not available for tax computed u/s 112A

3) Rebate u/s 87A

Above ₹ 10L

NOTES:

- 4) Rounding Off S.288A Round off of Total Income R/o to nearest multiple of ₹10 S.288B Round off of Total Tax R/o to nearest multiple of ₹10
- 5) Any resident Individual whose 60th/80th birthday falls on 1st April 2024 shall be treated as having completed the age of 60/80 years on 31st March 2024 i.e PY 2023-24 (AY 2024-25) and hence would be eligible for the higher basic exemption limit of ₹ 3,00,000 & 5,00,000.

6) Special Adjustment:

If assessee (R) has special income (111A/112A/112) & cannot absorb BEL, then he can adjust special income & balance special income liable at special rates.

| Income | Rates |
|--|-----------------------------|
| STCG referred to in sec 111A (Securities) | 15% |
| LTCG referred to in sec 112 | 20% |
| LTCG U/s 112A Beyond ₹1Lakh | 10% |
| Casual incomes (e.g. Lottery, horse winnings, etc.) (Sec 115BB) | 30% |
| Unexplained Cash/Expenses/Investment-115BB Sec 115 BBJ Net winnings from online games [FA 2023] | 60% |
| Maximum Marginal rate | 42.744% [30% + 37% + 4%] |

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Color Code used in the book:

General Concept

Important

Amendments

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Where assessee has furnished return earlier

The tax payable should be computed after taking into

> The aforesaid tax shall be increased by the amount of

> The updated return shall be accompanied by proof of payment of such Tax, additional Tax, interest and fee.

refund, if any, issued in respect of earlier return.

the account of following:

c. Any MAT/AMT credit

b. TDS/TCS

a. Amount of Tax paid Earlier

Pg 0.2

SEC 139B RETURN THROUGH TAX

RETURN PREPARES [TRP] # Who can be TRP: Any Individual

- # Person not eligible:
- > Chartered Accountant.
- > Any legal practitioner who is entitled to Practice in any civil court in India.
- > An employee of the specified class or classes of person. # Return which cannot be filled by TRP:
- >Person covered under Tax Audit
- > Revised return if original return is not made by TRP > Person not resident in India

SEC 139(8A) UPDATED RETURN

- 1. Who can submit updated return: Any person whether (or not) he has furnished a return u/s 139(1)/(4(BR))/(5(RR)) for an AY.
- 2. Time-limit: at any time within 24 months from the end of the relevant AY.

When updated return cannot be submitted -

- 1. If updated return is a return of a loss.
- 2. If updated return has the effect of decreasing the total tax liability or results in refund or increases the refund due on the
- 3. If Search has been initiated u/s 132 or books, other documents or any assets are requisitioned u/s 132A or a survey has been conducted u/s 133A [other than Sec 133A (2) /133A(5). 4. A notice has been issued to the effect that any money, bullion,
- jewelery or valuable article or thing or Books or Documents, seized or requisitioned u/s 132 or sec. 132A in the case of any other person belongs to Assessee, or
- 5. An updated return has already been furnished by him IMP Hai! u/s 139(8A) for the RAY. or
- 6. Any proceeding for assessment/reassessment/re-computation/ revision of income is pending or has been completed for that AY
- 7. The AO has information in respect possession under a. The POMLA, 2002 or
 - b. The Black Money (undisclosed foreign income & Assets) & imposition of Tax Act or
 - c. The prohibition of Benami property transaction Act 1988
- d. The Smugglers and Foreign Exchange Manipulators (Forfeiture of property) Act, 1976 and the same has been communicated to him, prior to the date of his filling of return u/s 139(8A), or
- 8. Information has been received under DTAA and the same has been communicated to him, prior to the date of filing of return u/s 139(8A), or
- 9. Any prosecution proceedings have been initiated for the relevant AY in respect of such person,
- 10. He is a person or belongs to a class of persons, as may be notified by the Board in this regard

CALCULATION OF TAX ON UPDATED RETURN [SEC 140B] -

interest as computed

Where assessee has not furnished return earlier

- The tax payable after Reducing: a. Advance Tax (already paid);
- b. TDS/TCS; c. Relief of tax claimed u/s 89/90/90A/91;
- d. AMT credit/ MAT credit u/s 115JAA/115JD.
- Such updated return shall also be accompanied by

proof of payment u/s 23F.

Computation of additional Tax-

completion of 24 months from the

end of the relevant AY

Additional tax payable shall be calculated as follows-If updated return is furnished after the 25 % of aggregate of expiry of time available u/s 139(4)/(5) tax (+SC+HEC) and but before completion of 12 months interest as computed from the end of the RAY If updated return is furnished after 50 % of aggregate of tax (+SC+HEC) and the expiry of 12 months but before



SELF NOTES

SEC 194P DEDUCTION OF TAX IN CASE OF SPECIFIED SENIOR CITIZEN "Specified bank" means a banking company as Payer the Central Government may, by notification in Official Gazette, specify; "Specified senior citizen" means an individual, being a resident in India -(i) Who is 75 years or more at any time during the PY; (ii) Who is having income of the nature of pension and (iii) Has furnished a declaration to the specified bank containing such particulars in such form and verified in such manner, as may be prescribed. TDS would be deducted by the specified bank after giving effect to the deduction allowable under Chapter Respons-VI-A and rebate allowable under section 87A, compute -ibility the total income of such specified senior citizen for the of Payer relevant AY and deduct income-tax on such total income on the basis of the rates in force & a declaration shall be submitted by Bank Benefit to The senior citizen is not required to file an income tax

CEC 104N TDC ON CACH WITHDDAW

Senior

| SEC 194N | TDS ON CASH WITHDRAW |
|----------------------------------|--|
| Payer [Deductor] | Banks, Co-op Society or Post Office |
| Payee[Deductee] | Any Assessee |
| Limit | Cash withdrawal > 1cr. in PY from 1 or more accounts maintained. |
| Rate | 5% |
| Special Points | > If payee has not filed ROI for all the 3 AYs relevant to the 3 PYs for which the time limit to file u/s 139(1) has expired, immediately preceding the PY in which the payment of the sum is made to him, the TDS deducted as follows: a) Amount withdrawn more than 20 lakhs but upto 1cr - 2% b) amount withdrawn more than 1cr - 5% > Where the recipient is a co-operative society, the the limit would be 3 crore. |
| NO TDS u/s 194N is paid to | Govt. Banking co, Co-op, post office. Banking correspondent as per RBI guideline White label ATM operator Cash replenishment agency and franchise agents of white label atm operator Commission agent or trader, operating under agriculture produce market committee (apmc) and registered under law relating to apmc of concerned state. Full fledge money changer licensed by RBI and its franchise agent provided they satisfy other |

condition.

| Payer [Dedu | and payment in PY exceed Prescribe Limit Others- If Limit Exceed Prescribe limit. |
|-------------|---|
| Payee[Deduc | tee] Any person being Resident MP Hair |
| Limit | Amount exceeding 20000 p.a. |
| Rate | 10% of the value or aggregate of value of such benefit or perquisite: |
| Time of Ded | uction Before providing such benefit or perquisite |
| Special poi | 1. Provisions shall apply whether benefit is in cash or in kind or partly in cash and partly in kind. 2. In case where the benefit or perquisite is wholly in kind or partly in cash and partly in kind but such part in cash is not sufficient to meet the liability of TDS in respect of whole of such benefit or perquisite, deductor shall, before releasing the benefit or perquisite, ensure that TDS required to be deducted has been paid. |
| | Q TDS FOR PURCHASE OF GOODS |
| Deductor | Buyer whose T/o in PPY exceeds 10cr |
| Deductee | Resident Seller |
| Transaction | For purchase of any goods of the value or aggregate of such value exceeding 50 lakh rupees in any previous year, at the time of credit or at the time of payment whichever is earlier |

| | required to be deducted has been paid. | New TCS |
|--------------|---|--|
| SEC 19 | 4Q TDS FOR PURCHASE OF GOODS | or Old |
| Deductor | Buyer whose T/o in PPY exceeds 10cr | Sec 206C(1H) TCS on Sale o |
| Deductee | Resident Seller | The second second |
| Transaction | For purchase of any goods of the value or aggregate of such value exceeding 50 lakh rupees in any previous year, at the time of credit or at the time of payment whichever is earlier | Seller → TCS @ 0.1% Sum exceedin |
| TDS Rate | 0.1 per cent of such sum exceeding 50L rs. | in PY |
| No TDS | The provisions of this section shall not apply to a transaction on which— (a) Tax is deductible under this Act; and (b) Tax is collectible under the provisions of Sec 206C other than 206C(1H) applies (c) Transaction in securities & commodities which are traded through RSE or settled by Clearing corporation including located in IFSC. (d) Transaction in electricity, renewable energy Certifies & energy saving certificates traded through registered power exchanges. | Exceeding 10 Lakhs Other Points: > 194Q v/s 206C(1H) > 206C(1H) v/s 194Q 19 Sec 206C(1G) TCS on Foreig package |
| Other points | Limit of 50L shall be calculated from 01.04.2021 194Q applies to buyer being R/NR, but 194 Q does not apply to NR whose purchase of goods is not effectively connected with PE in India. 194Q shall apply on advance payment also. Sec 194O would not apply on E-auction services carried out by E-auctionor through electronic portal The payment gateway will not be required to deduct TDS u/s 194O if TDS is done by E-Commerce operator under 194O. No TDS under 194O if transaction in securities is settled by recognized clearing co-operation in IFSC | (A) Overseas Tour Programme Between 1/4/23 to 30/6/2023 Any amount TCS @ 5% (B) Remittance Between 1/4/23 to 30/6/2023 |
| | SEC 192 TDS ON SALARY | For education For education purpose after & medical |
| | | |

TCS

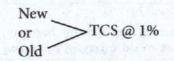
SEC 206C TCS PROVISIONS

Sec 206C(1) TCS on Alcohol/Timber/Scrap/Minerals

| > Alcholic liquior (human consumption) | 1% |
|--|------|
| > Timber from forest Others | 2.5% |
| > Other forest produce | 2.5% |
| > Tender leaves | 5% |
| > Scrap | 1% |
| > Mineral | 1% |

Sec 206C(1C) TCS on Parking/Toll/Mining Rights >Rate of Tax is 2%.

Sec 206C(1F) TCS on Motor vehicle > 10 Lakhs



| Seller — Turnover | TCS @ 0.1% Sum exceeding 50 Lakhs | Buyer |
|--------------------------------|--------------------------------------|-------|
| in PY Exceeding 10 Lakhs | | |

ther Points:

ja saktha hai

194Q v/s 206C(1H) → 194Q 206C(1H) v/s 194Q ___ 194Q

c 206C(1G) TCS on Foreign Remittance & Foreign Tour ckage

tween 1/4/23 to 30/6/2023 After 1/7/2023 ny amount TCS @ 5% Any amount TCS @ 20%

Remittance tween 1/4/23 to 30/6/2023 On or After 1/7/2023

education For education Other pose after & medical purpose education loan (without loan) is obtained Beyond 7L Beyond 7L @ 0.5%

remittance Beyond 7L @5% Example: Remittance-Naya hai pucha 10L TCS = 3Lx

SEC 206CA: TAX COLLECTION ACCOUNT NUMBER

1. Every person collecting tax shall apply to the Assessing Officer for the allotment of a tax collection account number

2. Assessee shall quote TAN no: in all challans, certificates, returns and other documents related to such transactions.

SEC 206CC: REQUIREMENT TO FURNISH PAN BY COLLECTEE

Collectee shall furnish his PAN to the Collector, if he fail to furnish such PAN, TCS shall be at higher of:

a. At twice the rate specified in the Act; or

W.e.f. 01.07.2023 The Rate of TCS under this section shall not exceed 20%. [FA 2023]

Note:

If 206CC and 206CCA both applied then TCS shall be higher of either of Rate

| FOR NO | N FILER OF ROI |
|--------------------------|-------------------------|
| 206AB (TDS) | 206CCA (TCS) |
| If ROI Not Filed in PPY: | If ROI Not Filed in PPY |
| TDS@: | TCS@: |
| Twice rate in force | 1) Twice rate in Act |
| 2) Twice rate in Act | 2) 5% |
| 3) 5% | Whichever is higher |
| Whichever is higher | |

Sec 206C(7):Interest for default

If the person did not collect TCS he shall be liable to pay simple interest at the rate of 1% per month or part thereof on the amount of such TCS from from the date on which such tax was collectible to the date on which the tax was actually paid.

Pg

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8. Authorisied dealer & franchise agent & Sub

agent. Purchase of foreign currency from

or from Resident Indians on their return to

India, in Cash as per the directions or

guidelines issued by RBI

Foreign Tourist or non Resident visiting India

Payer [Deductor]

Payee[Deductee]

Time of Deduction

Special points

Employer

Basic Limit

Particulars

Employee [R/NR]

At the avg rate of income tax

At the time of payment

If Annual Salary [after dedn & exemption] exceed

> EE shall provide all information and proof of payments

Loss from HP can be reduced while Determining TDS

> Salary Includes Basic + Allowance + Perk

Section 115BAB

Assessee not to engage in the

manufacturing of:

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> Other case: 20%

(Any amount)

1/8/23 4L;

[W/T loan]

> For educational

purpose [after

education loan]

Beyond 7L @ 0.5%

Eg: Remittance on

 $TCS = 4L \times 20\%$

> For educational &

medical purpose

Beyond 7L @5%

| | Particulars | Section 115BAB | Section 115BAA |
|----|--|--|---|
| 1. | Applicability | Domestic MNF Co | Any domestic company |
| 2. | Applicability of MAT | Not applicable | Not applicable |
| 3. | Effective rate of tax (including surcharge & HEC) General Rate | 17.16% [Tax@15% (+) Surcharge @10% (+) HEC@4%] | 25.168% [Tax@22% (+)Surcharge @10% (+) HEC@4%] |
| | Special Income (111A) 112 / 112A) | Special rate + 10% surcharge + HEC @ 4% | Special rate + 10% surcharge + HEC @ 4% |
| | STCG derived from transfer of Capital Asset on which no depreciation is allowed | 25.168% (Tax @ 22% + sur 10% + HEC 4%) | 25.168% (Tax @ 22% + sur 10% + HEC 4%) |
| | Adjustment for transaction with close connection by AO | 34.32% (Tax @ 30% + sur 10% + HEC 4%) | No adjustment required |
| | Other Income where no specific rate is provided | 25.168% (Tax @ 22% + sur 10% + HEC 4%) | 25.168% (Tax @ 22% + sur 10% + HEC 4%) |
| 4. | Conditions to be fulfill exemption from MAT | ed for availing concessional | rate of tax and |
| | Conditions | i. The company should be set-up and registered on or after 1.10.2019. | No time limit specified Both existing companies and new companies can avail benefit |
| | a te aper more do la companione de la co | ii. It should commence manufacturing or production of an article or thing on or before 31.3.2024. | Need not be a manufacturing or a production company |
| | | iii. It should not be formed by splitting up or reconstruction except given in Sec 33B | No similar condition |
| | | iv. It should not use P&M previously used. | No similar condition |
| | | v. It should not use building previously used as hotel/ conventional centre | No similar condition |
| | Annaparatus Manaparatus Manaparatus Manaparatus | vi. It should not engage in any business other than manufacturing or production of article or thing & research related thereto. | No similar condition |

| - 4 | | (1) Development of computer |
|-----|------------|--|
| | | software in any form or in any media |
| | | (2) Mining |
| | | (3) Conversion of marble blocks |
| | | or similar items into slabs |
| | | (4) Bottling of gas into cylinder |
| | | (5) Printing of books/ production |
| | | of cinematograph films |
| | | (6) Any other business as may be |
| | | notified by the CG. in this behalf |
| | Common | 1) Assessee should opt for this scheme |
| | Conditions | Sec 115BAB - In the first year itself |
| | for Sec | Sec 115BAA - Before due date |
| | 115BAA | u/s 139(1) |
| | & 115BAB | 2) It should not claim deduction & |
| | | exemption of following sec: |
| | | Sec 10AA - SEZ |
| | | Sec 32(1)(iia) - Additional |
| | | Depreciation Sec 32AD - Investment allowance |
| | | Sec 33AB - Tea, Coffee, Rubber |
| | | development |
| | | Sec 33ABA - Site restoration |
| | | Sec 35(1)(ii/iia/iii) - Scientific |
| | | Research |
| | | Sec 35(2AA) - National Lab/IIT |
| | | Sec 35(2AB) - Inhouse research |
| | | Sec 35AD - Specified business |
| | | Sec 35CCD - Skill Development |
| - | | Sec 35CCC - Agricculture |
| | | extension project |
| | | Sec 80IA-RRB - Part C deduction |
| | | 3) Without set off of any loss or |
| | | unabsorbed depreciation related to |
| | | above deduction |
| | | By claiming depreciation without additional depreciation |
| | | 5) In the case of a person having a |
| | | Unit in the IFSC, referred to in |
| | | section 80LA(1A), which has |
| | | exercised option for sec 115BAA |
| | | deduction u/s 80LA would be |
| | | allowed subject to fulfilment of the |
| | | conditions specified in that section |

OTHER ASSESSED

SEC 69A UNEXPLAINED MONEY, ETC

Where in any FY the assessee is found to be the owner of any money, bullion, jewellery or other valuable article and the assessee offers no explanation about source of acquisition or explanation offered by him is not, in the opinion of the AO, satisfactory, the money and the value shall be deemed to be the income of the assessee for such FY.

SEC 69B AMOUNT OF INVESTMENTS. ETC., NOT FULLY DISCLOSED IN BOOKS OF ACCOUNT

Where in any AO finds that the amount expended exceeds the amount recorded in books of account and the assessee offers no explanation or explanation offered by him is not, in the opinion of the Assessing Officer, satisfactory, the excess amount may be deemed to be the income of the assessee for such financial year

SEC 69C UNEXPLAINED EXPENDITURE, ETC

Where assessee has incurred any expenditure and he offers no explanation about the source of such expenditure or or the explanation, if any, offered by him is not, in the opinion of the AO, satisfactory, the amount covered by such expenditure or part thereof, as the case may be, may be deemed to be the income of the assessee for such FY.

SEC 69D AMOUNT BORROWED OR REPAID ON HUNDI

Where any amount is borrowed on a hundi or repaid to, any person otherwise 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 the amount aforesaid for the PY in which the amount was borrowed or repaid, as the case may be.

SEC 115BBE UNEXPLAINED MONEY, INVESTMENTS ETC. TO ATTRACT TAX @60%

- (i) The unexplained money, investment, expenditure, etc. deemed as income under sec 68/69/69A/69B/69C/69D would be taxed @ 60% plus surcharge @25%. Thus, the effective rate of tax is 78% (60%+25%+HEC 4%).
- (ii) No basic exemption or allowance or expenditure shall be allowed to the assessee under any provision of the IT Act, 1961 in computing such deemed income.
- (iii) Further, no set off of any loss shall be allowable against income brought to tax under Sec 68/69/69A/69B/69C or sec 69D.

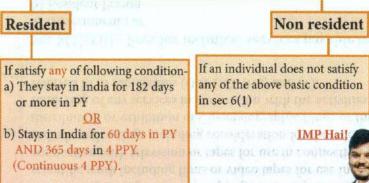
2. RESIDENTIAL STATUS

BASICS OF RESIDENTIAL STATUS

- 1. RS is determined for each category of person seperately 2. RS always determined for PY because we have to determine the
 - total income of the PY only
- 3. It is calculated for every year because it may change year to year
- 4. A person can be resident of more than one country for any PY 5. Citizenship of a country & RS of that country are different concept.
- 6. Onus of Proof

| Individual/company | Burden lies on the Department | |
|---------------------|--|--|
| HUF, Firm, LLP | Assumed that they are Resident, Onus that they are not resident is on them | |
| Indicate except his | Landon's Samuelon Cores, and and meet | |

A person can be either be



Sec 6(6)ROR (Resident ordinary resident)

RNOR (Resident not ordinary resident)

If he satisfy both the If does not satisfy any of the basic following conditions given conditions u/s 6(6). u/s 6(1) a) He is a resident in atleast any 2/10 PPY, and

Exception to 6(1): The person shall be treated an resident if stays in for 182 days or more or else remains Non Resident.

1. Person leaving India for Employment.

2. Ship crew member.

3. Person of Indian origin.

b) He stays in India for

the 7 PPYs

730 days or more during

Person of Indian Origin: A person is deemed to be of Indian origin if he, or either of his parents or any of his grandparents, was born in Undivided India. It may be noted that grandparents include both maternal and paternal grand parents.

RESIDENTIAL STATUS FOR INDIAN CITIZEN Indian citizen/Person of Indian Origin who being outside

India comes on a visit to India in PY

Income upto ₹ 15 lakhs He would be treated as

182 days or more in PY.

He would be treated as Resident if satisfy Resident if they stay in India for my of following conditiona) If they stay in India for 182 days or more in PY b)120 days in PY and 365 days in 4PPY.

Beyond ₹ 15 lakhs

IC / PIO having income exceeding 15L & liability to tax in

No Person treated as RNOR as per Sec 6(1A) & 6(6) Yes RS depends upon period of stay in India when he

> visit India - Upto 120 days - NR

- Exceeding 120 days but less than 182 days & 365 days or more in 4 PPY -

RNOR [6(1) & 6(6)]

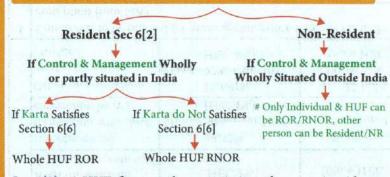
- 182 days or more - Sec 6(1) - Resident

- Sec 6(6) - ROR or RNOR

SEC 6(1A) DEEMED RESIDENT

An individual, being citizen of India, having total income, other than the income from foreign sources, exceeding 15,00,000 during the PY shall be deemed to be resident in India in that PY, if he is not liable to tax in any other country / territory by reason of his domicile / residence /any other criteria of similar nature As per Sec 6(6), If a person is deemed Resident as per Sec 6(1A) he shall deem to be RNOR.

SEC 6(2) RESIDENTIAL STATUS OF HUF



Sec 6(2) - A HUF, firm or other association of persons is said to be resident in India in any PY in every case except where during that year the control & management of its affairs is situated wholly outside India.

SEC 6(3) RESIDENTIAL STATUS OF COMPANIES

Indian Company Foreign Company POEM in India POEM outside India Always Resident Then Resident

Sec 6(3) - A company is said to be a resident in India in any P. Y. if-

> It is an Indian company; or

> Its place of effective management, in that year, is in India.

SEC 6(4) RESIDENTIAL STATUS FOR **OTHER ASSESSEE**

Resident Sec 6[4]

If Control & Management situated in India Wholly or partly

If Control & Management Wholly Situated Outside India

Non-Resident

SEC 5 SCOPE OF TOTAL INCOME & TAX INCIDENCE

Indian Income:

1. Received In India

2. Deemed to be Received in India [Sec 7]

3. Accrued in India[Sec 9] 4. Deemed to be accrued or arise in India

Foreign Income: Income is not received or not deemed to be received in India.

Income which does not accrue or arise in India Remittance of Income:

Approved mode — Exempt in India Unapproved Mode — Taxable In India

INCIDENCE OF TAX FOR INDIVIDUAL & HUF

| Income | ROR | RNOR | NR |
|---------|------------------|---|-------------------------|
| Indian | Taxable in India | Taxable in India | Taxable in India |
| Foreign | Taxable in India | Only two type of Foreign income is taxable in India.[Refer Notes] | Not Taxable in India |

Only Individual & HUF can Note: Foreign Income from business/profession which is set up in India

INCIDENCE OF TAX FOR OTHERS

| Income | RESIDENT | NR |
|---------|------------------|-------------------------|
| Indian | Taxable in India | Taxable in India |
| Foreign | Taxable in India | Not Taxable in India |

DEEMED TO RECEIVE OR ACCRUED

in India [Sec 7] A) Contribution to RPF beyond

SEC 9(1)(i) INCOME FROM

Deemed Business

Connection

Significant economic

presence is deemed

Download of Data/

Software/Purchase/

Amount exceed 2cr in

Interactions with no

of users exceeds 3L

OR

c) Non-Resident (For carrying out business profession in

1) If NR pays interest for activities other than business or

profession in India such interest is not Taxable to NR in

2) If a Resident pays interest to NR outside India for carrying

out business or profession outside India then such interest

Sale.

Sec 9(1)(v) - Interest payable by:

b) Resident (For activities in India)

is not taxable to NR in India.

If interest is payable to Non-Resident by:

Business Connection

BUSINESS CONNECTION

12% of the salary B) Interest on RPF beyond 9.5% p.a.

Deemed to be received

C) Transfer from URPF to RPF D) Contribution to pension fund

u/s 80CCD

Business Connection . Business Connection 2. Deemed Business Connection

3. Not a Business Connection

Business

Connection

Assessee Contract on

behalf of NR/ plays

Maintain stock on

Secure order on behalf

significant role.

behalf of NR.

a) Government

Notes:

of NR

1) Income out of Business Connection

2) Salary earned in India 3) Salary from government to an Indian citizen for services

Accrued In India [Sec 9]

Rendered outside India 4) Dividend from Indian Co 5) Income from Interest payable by specified person

6) Income from Royalty 7) Income from Technical services

8) Income from Property/Assets situated In India 9) Income from transfer of

Not a Business

Connection

Purchase in India for the

Collection of news and

cinematograph Film in

unassorted diamond in

any special zone notifie

Display of uncut and

purpose of export

views In India for

Shooting of any

transmission out of

outside India.

India.

by CG.

10) Gift by R to NR

"Royalty means:

Sec 9(1)(vi) - Royalty

1) Government; or

Consideration including any lump sum consideration for; 1) The transfer of all or any rights (including the granting of a license) in respect of a patent, invention, model, design,

2) Resident Person [Exception: where it is payable for transfer

3) NR, where moneys borrowed and used, for the purposes of

a business or profession carried on by such person in India.

Then royalty is treated as deemed to accrued or arise in India.

any Income from any source outside India]

of any right or the use of property or Information or for the

utilization for the purpose of business or profession carried

on by such person outside India or for the purpose of earning

secret formula or process or trade mark or similar property; The imparting of any information concerning the working Capital Assets situated In India 2) of, or the use of, a patent, invention, model, design, secret formula or process or trademark or similar property

3) The use of any patent, invention, model, design, secret formula or process or trade mark or similar property;

The imparting of any information concerning technical, industrial, commercial or scientific knowledge, experience

The use or right to use any industrial, commercial or scientific equipment but not including the amounts referred to in sec 44BB; the transfer of all or any rights (including the granting of a license) in respect of any copyright, literary, artistic or scientific work including films or video tapes for use in connection with television or tapes for use in connection with radio broadcasting, including consideration for the sale, distribution or exhibition of Cinematographic films; or the rendering of any services in connection with the activities referred to in sub-clauses (i) to (iv), (iva) and (v).

Sec 9(1)(vii) - Fees for technical services payable by: a) Government; or

b) Resident Person

Except where the fees are payable for services are utilised in a business or profession carried on by such person outside India or for the purposes of making or earning any income from any source outside India or

c) NR in respect of FTS payable in respect of services utilized for the purpose of business or profession carried by such person in India.

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Pg

SEC 194C TOS ON DAVMENTS TO

| SEC 194C TDS ON PAYMENTS TO | | |
|-----------------------------|---|--|
| CONTRACTORS | | |
| Payer [Deductor] | I/HUF - If T/o of Business in PPY exceed 1cr and Gross receipt from Profession exceed 50L and payment in PY exceed Prescribe Limit Others- If Limit Exceed Prescribe limit. | |
| Payee[Deductee] | Any person resident in India. | |
| Limit | ₹ 30,000 for single payment/aggregate amount ₹ 1,00,000 | |
| Rate | > In Individual or HUF: 1% > In other Case: 2% | |
| Time of Deduction | At the time of payment or credit whichever is earlier. | |
| Special points | Exemptions: 1. No TDS is required in case of contracts of personal In Nature 2. W.e.f. 01.06.2015 No TDS is required in Goods transport Business which owns less than 10 goods vehicle. 3. Contract for sale of goods Works:- • Advertisement • Broadcasting • Catering • Carriage of goods or passenger by any mode other than railway Manufacturing of Product according to requirement/specification of a customer by using material purchased from such customer or his relative u/s 40(A)(2), The section also provides that in above case TDS to be deducted: On invoice value excluding On whole of invoice value, | |

SEC 194M TDS ON PAYMENT OF

value is mentioned separately mentioned separately in

if value of material is not

value of material, if such

| CERTAIN | SUMS BY CERTAIN IND / HUF |
|------------------|---|
| Payer [Deductor] | Individual or a HUF (other than those who are required to deduct income-tax as per the provisions of sec 194C, sec 194H / sec 194J) |
| Payee[Deductee] | Any person [Resident] |
| Limit | Exceed ₹ 50L during a FY |
| Rate | 5% |
| Special Points | Sums, credited or paid to a resident during a F. Y. Provisions of sec 203A shall not apply to a person required to deduct tax as per provisions of this sec. |

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SEC 194J TDS ON PROFESSIONAL

| Payer [Deductor] | I/HUF - If T/o of Business in PPY exceed 1cr and Gross receipt from Profession exceed 50L and payment in PY exceed Prescribe Limit Others- If Limit Exceed Prescribe limit. |
|----------------------|--|
| Payee [Deductee] | Any person resident in India |
| Limit | ₹ 30,000 PA except Directors fees |
| Rate | Technical Services (not being professional services) / royalty in the nature of consideration for sale, distribution / exhibition of cinematographic films - 2% Other Cases - 10% |
| Time of Deduction | At the time of payment or credit whichever is earlier |
| Special points | 2% in case of payee engaged in business of operation of call centre CBDT |

SEC 194A TDS ON INTEREST OTHER THAN ON SECURITIES

| Payer [Deductor] | Specified Person being I/HUF - If T/o of Business in PPY exceed 1cr and Gross receipt from Profession exceed 50L and payment in PY exceed Prescribe Limit Others- If Limit Exceed Prescribe limit. |
|---------------------------|---|
| Payee [Deductee] Limit | Any person being Resident Others: If payment exceeds ₹5,000 Bank / PO / co-: If payment exceeds ₹40,000 operative society From 01.06.2015, If the bank has adopted core banking solution then limit will be per Bank wise |
| Rate | 10% |
| Time of Deduction | At the time of credit or payment whichever is earlier. |
| Special Points | No TDS of Following: Any banking company/co-op society/ LIC/ UTI |

SEC 192A TDS ON BALANCE ON EPF

| Payer [Deductor] | Trustee of EPF |
|-------------------|------------------------|
| Payee[Deductee] | Employee [R/NR] |
| Limit | If Amount exceed 50000 |
| Rate | 10% |
| Time of Deduction | At the time of payment |

SEC 194H TDS ON COMMISSION

| Payer [Deductor] | I/HUF - If T/o of Business in PF and Gross receipt from Professio 50L and payment in PY exceed Limit. Others- If Limit Exceed Prescrib | on exceed Prescribe |
|----------------------|--|------------------------|
| Payee[Deductee] | Any person being resident. | |
| Limit | Pay> ₹15000 | |
| Rate | 5% | |
| Time of Deduction | At the time of payment or credit is earlier. | whichever |
| Special Points | Commission or Brokerage other referred to in Sec 194 D & Sec 19 | |
| Circular & Decision | The transactions relating to Secucovered by sec 194H. However, deducted on brokerage/ commis commodities transactions | TDS shall be |
| VIII TO THE SECOND | Where the content is produced as per specifications provided by the broadcaster/telecaster | TDS u/s 194C |

SEC 194IB TDS ON RENT PAYABLE OTHER **THAN U/S 194I**

| Payer [Deductor] | Individual/HUF |
|-------------------|--|
| Payee[Deductee] | Any person Resident |
| Limit | Exceed ₹50000 per month |
| Rate | Upto 5% |
| Time of Deduction | At the time of payment or credit whichever is earlier. |
| Other Points | In case TDS is required to be deducted u/s 206AA Deduction should not exceed rent for last month |

SEC 1941 TDS ON RENT

| Payer [Deductor] | I/HUF - If T/o of Business in PPY exceed 1cr and Gross receipt from Profession exceed 50L and payment in PY exceed Prescribe Limit. Others- If Limit Exceed Prescribe limit. |
|---------------------|---|
| Payee [Deductee] | Any person resident in India |
| Limit | Exceeds ₹2,40,000 p.a. per co-owner (including Advance Rent & Arrears of Rent) |
| Rate | For use of P & M: 2% For use of other asset: 10% |
| Special points | No TDS on Rent credited or paid to a business Trust TDS is also required to be deducted on advance rent Circular No, 5/2001 Where the share of each co-owner in the property is definite & ascertainable, the limit of 1.8L will be applicable to each co-owner separately. JAPAN AIRLINES CO, LTD, V, COMMISSIONER OF INCOME-TAX [SC] Case: Landing & parking charges Airlines would attract |

TDS u/s 194C & not u/s 194-I

No requirement to deduct tax at Source u/s 194-I on payment in the nature of lease rent or supplemental lease rent, made by a 'LESSEE' to a lessor, being a unit located in IFSC for lease of an Aircraft. [FA 2022

SEC 194IA TDS ON ACQ OF PROPERTY

| rayer [Deductor] | Any assessee |
|-------------------|---|
| Payee[Deductee] | Resident Assessee |
| Limit | Consideration and SDV Exceeds ₹5000000 |
| Rate | 1 % of consideration or SDV whichever is higher |
| Time of Deduction | The Deductor shall remit the TDS to CG in form 26QB and issue form 16B as certificate to payee. Therefore, if the immovable property is purchased from a NR TDS u/s 195 If sellers jointly own a property and sells for a total consideration of 50L or more, then sec 194-IA is attracted even if each co-owner's consideration is less than 50L. In case sec 194-IA is attracted then purchaser isn't required to obtain TAN, i,e, Tax Deduction Account Number i,e, sec 203A is not applicable. Consideration shall incl. all charges of the nature of club membership fee, car parking fee, water or electricity facility fee, maintenance, advance fee / similar which |

SEC 194DA TDS ON LIP

are incidental to the property.

| Payer [Deductor] | Any person |
|-------------------|--|
| Payee[Deductee] | Any person resident in India |
| Limit | Amount > ₹1,00,000 or more in a year |
| Rate | 5% [on Amount received - Amount paid] |
| Time of Deduction | At the time of payment |
| Special points | Conditions Amount should not be exempt u/s 10(10D) |

SEC 193 TDS ON INTEREST ON SECURITIES

| Payer [Deductor] | Any person |
|----------------------|---|
| Payee[Deductee] | Any person being Resident |
| Limit | Company: If payment exceeds ₹5,000 Local Authority: If payment exceeds ₹10,000 corporation/ 7.75% savings (Taxable) Bonds'18 |
| Rate | 10% |
| Time of Deduction | At the time of credit or payment whichever is earlier. |
| Special points | No TDS of Following > Interest payable to LIC/GIC or other insurer > Interest payable on any security of the Central or State Govt, However, as per Finance Act, 2018 TDS shall be deducted on 7,75% Savings (Taxable) Bonds, 2018, > "Indian Railway Finance Corporation Ltd, 54EC CG Bond" & "Power Finance Corporation Ltd, 54EC Capital Gains Bonds" [Not. 27/2018] # w.e.f. 01.04.2023 TDS would be deducted on Interest payable on securities even if it is dematerialized form |

SEC 203A TAX DEDUCTION & COLLECTION A/C NO

1) Every person, deducting tax/collecting tax must have TAN number

2) Quote TAN No

> In all challans, in all certificates furnished, in all periodic statements, in all returns

3) TDS can be deducted in following section even if there is no TAN

d) 194M e)194S a) 194I b) 194IB c) 194Q

SEC 206AA FURNISH OF PAN

Sec 206AA(1)- If PAN not provided TDS at higher rate of:

(i) At the rate specified in Act; or

(ii) At the rate or rates in force; or (iii) At the rate of 20%:

For Sec 194O/194Q TDS shall be 5%

Sec 206AA(6)- Where the PAN provided to the deductor is invalid or does not belong to the deductee, it shall be deemed that the deductee has not furnished.

SEC 206AB TDS AT HIGHER RATE FOR NON FILLER OF ITR

Section applies to all other cases where deductee

A. He has not filled ROI for PPY.

B. TDS/ TCS in that year is 50000 or more.

The TDS Deducted shall be higher of

(i) At twice the rate in Act

(iii) At the rate of 5%.

Section not applicable

Deduct TDS as per Normal Rates in Following cases

Sec 192 Salary Sec 192A EPF Sec 194B Winning

Sec 194BB Horse winning Sec 194BA Online Winning Sec 194IA Acq of Property Sec 194IB Rent

Sec 194LBC Interest (ii) At twice the rate in force; Sec 194M Personal Pay Sec 194N Cash Withdraw Sec 194S Transfer of VDA

> Further Section is not applicable: (i) NR who does not have PE in India (ii) if he is not liable toi file ROI

If 206AA & 206AB both applied TDS to be deducted @ higher rate given in both the section



Due date of payments of TDS Deducted:

IF Tax is Deducted: : By 7th of Next Month During April Feb

: By 30th April of Next FY. March Due date of TDS Return(Statement)

SEC 200 DUTY OF DEDUCTOR

TDS Return Due Date Quarter Ended 30th June 31st July 31st Oct 30th Sept 31st Dec 31st Jan 31st May 31st March

SEC 197 CERTIFICATE FOR LOWER DEDUCTION

> Where TDS is required to be deducted & the AO is satisfied that income of the recipient justifies TDS deduction at any lower rates or no deduction of income-tax, AO shall, on an application made by the assessee in this behalf, give to him such certificate as may be appropriate.

> Upon receipt of certificate the payer shall, until such certificate is canceled by the AO, deduct TDS at the rates specified in such certificate or deduct no tax, as the case may be.

SEC 203 TDS CERTIFICATE

- > Deductor shall within 15 days from due date of submission of TDS Return shall furnish to payee TDS Certificate (Due Dates: 15 Aug/ 15 Nov / 15 Feb / 15 June)
- > Employer shall furnish TDS Certificate Annually to Employee

SEC 200A PROCESSING OF TDS STATEMENTS

TDS return shall be processed to include:

- a) The sums deductible shall be computed after making the following adjustments, namely:
- i) Any arithmetical error in the quarterly return; or ii) An incorrect claim, apparent from any information in the quarterly return;
- b) The interest / fee, if any.
- d) The sum payable or amount of refund due to, the deductor shall be determined
- f) An intimation shall be prepared/generated & sent to deductor specifying the sum determined to be payable by amount of refund due to, him under clause (d); &
- g) The amount of refund due if any shall be granted to the

SEC 234E - FEES FOR NON FILLING OF TDS/ TCS RETURN (STATEMENT)

Fails to file TDS Return in Sec 200 or 206C he shall be liable to pay, a sum of Rs. 200 for every day.

SEC 201 CONSEQUENCES OF FAILURE TO **DEDUCT OR PAY**

Sec 201(1): Assessee in default he shall be liable to pay Interest u/s 220 & penalty u/s 221.

Deductor shall not be treated as Assessee as default if following Conditions are satisfied.

- 1. Has furnished his return of income under section 139;
- 2. Has taken into account such sum for computing income in
- 3. Has paid the tax due on the income declared by him in such ROI and the person furnishes a certificate to this effect from an accountant(in form 26A).

Sec 201(1A):Interest for late deduction or Late payment of TDS: For Late Deduction: Pay simple interest @ 1% for every month or part of a month on the amount

For Late Payment: Pay Simple Interest @ 1.5% for every month or part of a month on the amount where an order is made by the Assessing Officer for the default for non Deduction or short deduction the interest shall be paid by the person in accordance with such order.

SEC 194B/BB TDS ON CASUAL INCOME & HORSE RACE WINNING

| Payer [Deductor] | Any person |
|-------------------|------------------------|
| Payee[Deductee] | Any person [R/NR] |
| Limit | Amount > 10000 P.A. |
| Rate | 30% |
| Time of Deduction | At the time of payment |

SEC 194BA TDS ON WINNING IN ONLINE GAMES

| Payer [Deductor] | Person responsible for paying |
|---|---|
| Payee[Deductee] | Any person [R/NR] |
| Rate | @ 30% |
| Time of Deduction | At the time of payment |
| FY, TDS shall be d winnings comprise | ere is a withdrawal from user account during the leducted at the time of such withdrawal on the net ed in such withdrawal, as well as on the remaining mings in the user account. |

Where the winnings are wholly in kind or partly in cash and partly in kind but the part in cash is not sufficient to meet the liability of deduction of tax in respect of whole of the winnings, the person responsible for paying shall, before releasing the winnings, ensure that tax has been paid in respect of the winnings.

SEC 194D TDS ON INSURANCE COMMISSION

| COMMISSION | |
|----------------------|---|
| Payer [Deductor] | Insurance company |
| Payee[Deductee] | Agent |
| Limit | Amount > ₹15000 in a year |
| Rate | 5% |
| Time of Deduction | At time of payment or credit whichever is earlier |

SEC 194G TDS ON COMMISSION ON SALE OF LOTTERY TICKETS ETC

| Payer [Deductor] | Stockist, distributor, etc. of lottery tickets |
|-------------------|--|
| Payee[Deductee] | Any Person (Resident / NR) |
| Limit | ₹15000p.a. |
| Rate | 5% |
| Time of Deduction | At the time of payment or credit whichever is earlier. |

SEC 194 DIVIDENDS

| Payer [Deductor] | Principal officer of any Indian Co /FC who made arrangements for payment of dividends (including dividends on preference shares) within India |
|------------------|--|
| Payee [Deductee] | Shareholder being Resident |
| Limit | Exceed > 5000 p.a. |
| Rate | 10% |
| Special Points | No TDS if Dividend paid to a) LIC b) General Insurance Corporation or other Insurance Company c) business trust d) Any other person notified by the CG |

SEC 194K TDS BY MUTUAL FUND

Payer [Deductor] | Any person

| Payee[Deductee] | Any person (Resident) |
|-------------------|---|
| Limit | Exceed ₹ 5,000 PA |
| Rate [FA'20] | 10% |
| Time of Deduction | At the time of payment or credit whichever is earlier |
| Special points | TDS shall be deductible on income in respect of units - a) Units of a Mutual Fund specified u/s 10(23D); or b) Units from the Administrator of the specified undertaking; or c) Units from the specified company, This section shall not apply - a) if dividend does not exceed ₹5,000; or b) if the income is of the nature of CG. |

SEC 194LA TDS ON COMPULSORY ACQUISITION OF BUILDING/ NON AGRICULTURE LAND

| Payer [Deductor] | Any Person |
|----------------------|---|
| Payee[Deductee] | Resident |
| Limit | Exceeds ₹2,50,000 |
| Rate | 10% |
| Time of Deduction | At the time of payment [State of Kerela Vs. Mariaama] |
| Other Condition | No TDS to be deducted if compulsory acquisition of Rural Agriculture land |

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AGRICULTURE INCOMI

BASICS OF AGRICULTURE INCOME

1. Agriculture income is defined u/s 2[1A].

2. Agricultural Income is exempt from income tax u/s 10 (1), but the income tax act indirectly collects tax on agricultural income.

3. Agriculture Income Fall within the state List Entry no 46, Hence shall be levied and collected by SG.

4. Sec.14A Where any expenditure is incurred in relation to exempt Income the same shall not be allowed as deduction.

AGRICULTURAL LAND

There are 2 type of agricultural land 1] Urban 2] Rural The urban land is not defined but rural Land is defined.



Distance is measured aerially Upto 2km if population does not exceed 10,000

Upto 6km if population does not Upto 8km if population does not exceed 10,00,000

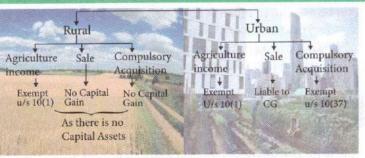
Expl 4: Population means according to the last census published before the first day of PY.

| SN | Particulars | Population | Result |
|----|----------------|-------------------|--------|
| 1. | Distance 0-2km | Less than 10000 | Rural |
| 2. | Distance 0-2km | More than 10000 | Urban |
| 3. | Distance 2-6km | Less than 100000 | Rural |
| 4. | Distance 2-6km | More than 100000 | Urban |
| 5. | Distance 6-8km | Less than 1000000 | Rural |
| 6. | Distance 6-8km | More than 1000000 | Urban |

MINORS AGRICULTURE INCOME

Minor Earning Income from Agriculture shall be chargeable as per section 64(1A) (Refer Clubbing chapter).

TREATMENT OF AGRICULTURE LAND



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COMPOSITE INCOME

Assessee may have composite Income which is partially agriculture & Non agricultural, in this case company earns Composite Income. This Income needs to be disintegrated into Agricultural income and non agricultural Income. Further no deduction is permissible in respect for any expenditure incured by Assessee.

RULE[7 & 8] COMPOSITE INCOME IN CASE OF TEA, COFFEE, RUBBER

| Rule | Content | Agricul- -ture | Non Agri- culture |
|------|---|-------------------|----------------------|
| 7A | Growing and manufacturing rubber | 65% | 35% |
| 7B | Growing and manufacturing coffee grown & Cured | 75% | 25% |
| 7B | Growing and manufacturing coffee grown, cured, roasted and grounded | 60% | 40% |
| 8 | Growing and manufacturing Tea | 60% | 40% |

COMPOSITE INCOME FOR OTHERS PRODUCTS

| Directly Sol | d | | | Sold after proce | essin |
|----------------------------------|--------------|---------------------------------|--------------|--|------------|
| Sale Value - Cost of Cultivation | xxx [xxx] | Agricultur | e Income | PGBP | |
| AI | XXX | FMV - Cost of Cultivation | xxx [xxx] | Sale Value - FMV of Produce - Exp on sales | XXX XXX |
| | | AI | XXX | PGBP | XXX |

METHOD OF AGGREGATION / METHOD OF PARTIAL INTEGRATION

Applicability: Applicable only to individuals, HUF, AOP and BOI, AJP. and not applicable to firms and companies. Minimum agricultural income: Should exceed ₹5000 Other income: Should exceed ₹250000/300000/500000 as

| the east may be | |
|---|-----|
| Step 1: Agricultural Income + Non Agricultural Income | xxx |
| Step 2: Tax on Step 1 | XXX |
| Step 3: Agricultural Income + Basic Exemption Limit | XXX |
| Step 4: Tax on Step 3 | XXX |
| Step 5: Difference of tax [Step 2- Step 4] | XXX |
| Step 6: Add Surchage/ Less Rebate, Add HEC | XXX |
| Step 7: Final Tax Liability | XXX |
| | |

If an Individual opts to be taxed u/s 115BAC, the exemption shall be limited to ₹ 300000 whether such individual is less than or more than 60 years old.

LOSS FROM AGRICULTURAL INCOME

- > Loss from agricultural shall be set off against agriculture income only.
- If such loss could not be set off in that PY, it shall be c/f & set-off in following AY for not more than 8Y against agri income only.

business &

profession

SEC 22 CHARGING SECTION

Annual Value of Asseessee must Property must not Land, Building be owner be used for own appartenant thereto Owner include

demeed owner Sec 27 Income under this head may be charged irrespective of income

actually received or not. **COMPOSITE RENT**

| If letting of such property is separable | Letting is the main business | a) Income from property- "HP" b) Income from other asset- "PGBP" |
|--|--|---|
| | Letting is not the main business | a) Income from property- "HP" b) Income from other asset- "Other sources" |
| If letting of such property | Letting is the main business | Entire income will be taxable under "PGBP". |
| is not separable | Letting is not the main business | Entire income will be taxable under "Othersources". |

Except the case where letting out is for the purpose of carrying on the business in the efficient manner and letting is not the main business.

INCOME FROM HP OUTSIDE INDIA

Assessee is RNOR/NR Assessee is ROR Taxable in India Only if rent is Taxable in India whether property is in India or Outside India. received in India.

GROSS ANNUAL VALUE

Reasonable Expected Rent:

GAV shall be higher of RER or ARR

Actual rent received or receivable:

| Rent Xxx Xxx Xxx Xxx Xxx Xxx Xxx Xxx Xxx Xx | Less: Unrealized Rent Subject to conditions of Rule 4 ARR | (Xxx) Xxx |
|---|--|--|
| This is value as | | orities for |
| | | tch in the |
| | | |
| is condition is sa | atisfied if nothing is mentioned assu | |
| | Rent Step 1 / 2) Rent Xxx Xxx Rep 3 / 4) This is value as levying municip Fair rent is the reame or similar The standard recollected by lan Rent due from t is condition is so | Rent Xxx Less: Unrealized Rent Subject to conditions of Rule 4 Xxx ARR Xxx ARR |

Khosla vs. CIT [1981]

MUNICIPAL /PROPERTY/ **CORPORATION TAX**

| Conditions for Benefit | a) It should be Borne by Assessee (Not Tenant).b) It should be actually paid during the year. |
|---------------------------|---|
| Deductions | Paid for PY in the current year - Allowed Paid for Current Year - Allowed Advance Paid - Not allowed because it is not Due. |
| Other Benefit | Benefit for Sewerage Tax and Water Tax Also Available |
| Paid outside India | Allowed as per CIT v. R. Venugopala Reddiar (Mad.) |
| Adjustments | Given in Cash: Take Actual Amount % is given |

SEC 24 DEDUCTIONS FROM ANNUAL VALUE

Take % of Municipal Value and Not of GAV

Standard a) 30% of NAV Deduction | b) Available only if NAV is Positive. c) If standard deduction is available deduction for

other expenses are not available eg: Repairs, Insurance. Interest on a) Deduction is available on Accrual Basis. Borrowed | b) Interest on unpaid interest is not allowed as

deduction under this sec. Capital c) Any brokerage or commission paid for raising

such loan is not allowed. d) Interest on new loan taken to repay original loan is considered as loan taken for such acquisition, construction, etc. (Refer CBDT Circular No. 28

dated 20-8-1969). f) Sec 80EE Provides additional benefit Out of Gross Total Income.

g) Deduction = 1/5th of Pre construction + 100% of Post Construction. Post Construction interest: 100% allowed as

Pre Construction Interest: 1/5th of Total Interest Paid during pre construction period

Pre Construction Period a) Repayment Precedes | Date of Borrowing to date of Repayment Construction Date of Borrowing to 31st b) Construction Precedes Repayments | March Prior to date of Completion.

Under default tax regime u/s 115BAC - There would be no deduction on account of interest or loan u/s 24(b) under default tax regime u/s 115BAC in respect of property referred to in sec 23(2) i.e self Occupied or unoccupied property [FA 2023]

SEC 25 DEDUCTION OF INTEREST NOT **ALLOWED IN CERTAIN CASES**

Interest chargeable under this Act which is payable outside India shall not be deducted if:

a) Tax has not been paid or deducted from such interest and b) There is no person in India who may be treated as an agent

SEC 23(2) COMPUTATION - SOP

Conditions:-

- 1. The property was not let out for any part of the year
- 2. No other benefits has been derived from the property 3. Number of self occupied property shall not exceed 2
- 4. There would be no deduction on account of interest on loan u/s 24(b) under default tax regime u/s 115BAC in respect of the property referred to in section 23(2) i.e., self-occupied or unoccupied property [FA 2023]

| Particulars | ₹ |
|---|------|
| Annual value u/s 23(2) | Nil |
| Less:- Municipal tax actually paid | Nil |
| NAV | Nil |
| Less:- Deduction u/s 24 | |
| a) Standard Deduction | Nil |
| b) Interest on borrowed capital | (xxx |
| Conditions:- | |
| 1. Upto Rs. Maximum of ₹200000 [Aggregate Amount of | |
| Deduction] | |
| a. Loan is taken for acquisition or construction | |
| b. After 1.4.1999 | |
| c. Acquisition or construction is complete within 5 yrs | |
| from the end of F.Y. in which capital is borrowed. | |
| 2. Upto maximum of ₹30000 [Aggregate Amount of | |
| Deduction] | |

a. If condition given in 1 is not satisfied

Loss from House Property

b. Loan is taken for repairs and maintenance

| CEC 22/4 | MODE THAN 2 | COD |
|----------|---------------|-----|
| 3EC 23(4 |) MORE THAN 2 | SUP |

| Particulars | Option 1 | | | Option 2 | | |
|-----------------------------------|--------------------|--------------------|----------------------|--------------------|----------------------|-------------------------|
| | F1 SOP | F2 SOP | F3 DLOP | F1 SOP | F2 DLOP | F3 SOI |
| GAV | Nil | Nil | Xxx | Nil | Xxx | Nil |
| Less: Municipal tax actually paid | Nil | Nil | (xxx) | Nil | (xxx) | Nil |
| NAV Less: Deduction | Nil | Nil | Xxx | Nil | Xxx | Nil |
| Standard deduction | Nil | Nil | (xxx) | Nil | (xxx) | Nil |
| Interest on borrowed capital | (xxx) [limited] | (xxx) [limited] | (xxx) [unlimited] | (xxx) [limited] | (xxx) [unlimited] | (xxx) [limi- ted] |

| Particulars | Option 3 | | | |
|-----------------------------------|-------------|-----------|-----------|--|
| raruculars | FI DLOP | F2 SOP | F3 SOP | |
| GAV | Xxx | Nil | Nil | |
| Less: Municipal tax actually paid | (xxx) | Nil | Nil | |
| NAV Less: Deduction | Xxx | Nil | Nil | |
| Standard deduction | (xxx) | Nil | Nil | |
| Interest on borrowed | (xxx) | (xxx) | (xxx) | |
| capital | [unlimited] | [limited] | [limited] | |

(4A) This sec applies to a Unit, if the proceeds from sale of

within such further period as the competent authority may

Explanation 1 - "Competent authority" means the RBI or the authority authorised under any law for the time being in force.

allow in this behalf.

goods or provision of services is received in, or brought into, India by the assessee in convertible foreign exchange, within a period of six months from the end of the previous year or,

Romance: - Choose the option which has lower taxable income

Notes:-

a) This option can be changed year after year in a manner beneficial to the assessee.

b) In case of deemed let-out property, the Annual value (i.e. reasonable expected rent) shall be taken as the GAV. The Maximum Interest of both Self occupied property cannot exceed 2,00,000/30,000.

SEC 23(1)(c) LET OUT PROPERTY VACANT FOR WHOLE YEAR

| Particulars | ₹ |
|--|-------|
| GAV | Nil |
| Less: Municipal tax actually paid by the owner | (xxx) |
| NAV | (xxx) |
| Less: Deduction | |
| Standard deduction | Nil |
| Interest on borrowed capital | (xxx) |
| Income from House Property | Xxx |

Where the property consisting of any building or land Appurtenant thereto is held as stock-in-trade and property or any part of the property is not let during the whole or any part of the PY, the annual value of such property or part of the property, for period up to 2 year from end of FY in which the certificate of completion of construction of property is obtained from the competent authority, shall be taken to be nil.

SEC 23(3) PROPERTY LET OUT FOR PART & SELF OCCUPIED FOR PART YEAR

Income shall be calculated for the whole year as deemed

| Particulars | ₹ |
|--|---------------------|
| GAV Less: Municipal tax actually paid by the owner for PY NAV | Xxx (xxx) xxx |
| Less: Deduction a) Standard deduction b) Interest on borrowed capital (Unlimited) Income from House Property | xxx (xxx) Xxx |

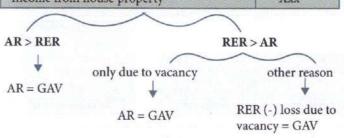
PROPERTY A PORTION OF WHICH IS LET OUT & PORTION SELF OCCUPIED

There is no need to treat the whole property as a single unit for computation of income from house property.

| Particulars | LOP | SOP | |
|--|-------------|----------|--|
| GAV | Xxx | Nil | |
| Less: Municipal tax actually paid by the | (xxx) | Nil | |
| owner for the whole year | (xxx) | Nil | |
| NAV | | | |
| Less: Deduction | | | |
| Standard deduction | xxx | Nil | |
| Interest on borrowed capital | (xx)(unltd) | Xxx(ltd) | |
| Income from House Property | Xxx | Xxx | |
| | | | |

SEC 23(1)(c) LET OUT PROPERTY KEPT VACANT FOR PART OF YEAR

| Particulars | ₹ |
|--|-------|
| Step1: RER | |
| Step2: ARR (Excluding unrealized Rent) | |
| Higher shall be GAV | |
| Step 3: AR | Xxx |
| Less: Municipal tax actually paid | (xxx) |
| NAV | Xxx |
| Deduction u/s 24 | |
| 1. Standard deduction @ 30% | (xxx) |
| 2. Interest on borrowed capital | (xxx) |
| Income from house property | Xxx |





SALARY

SEC 15 CHARGING SECTION

CHARGEABLE INCOME:

Where there exists a relationship of employer and employee. Where an individual is bound to follow the instructions of other it is said that there exists a relationship of ER and EE.

WHEN IS SALARY CHARGED TO TAX: Salaries charged to tax either on DUE or RECEIPT whichever matures earlier

Exception: Following salaries charged to tax only on

receipt basis

a. Advance Salary b. Bonus

c. Salary in lieu of notice period

d. Arrears of Salary

COMPUTATION:

Basic + Taxable Allowance + Taxable Perquisite

Salary includes The contribution made by the CG in the PY, to the Agniveer Corpus Fund account of an individual enrolled in the Agnipath Scheme referred to in sec 80CCH. [FA 2023]

FULLY TAXABLE PART OF SALARY

a. Basic

b. Bonus

d. Advance/Arrears

e. Commission f. Leave Encashment

g. Uncommuted Pension

Limit

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TAX DEDUCTED & COLLECTED AT SOURCE

SUMMARY CHART FOR TDS

TDS rate

Particulars

Relevant

| volumental 1 - Competent au | HOTHY THEATIS THE INDI OF THE | Mandardhularis hald and the | | | |
|--|--|-----------------------------|---|--|--|
| | law for the time being in force. ds or provision of services shall | Sec 192 | TDS On Salary | Average rate of Income tax | Annual Salary (After deduction and exemption, exceed BEL) |
| deemed to have been receive | d in India where such export | Sec 192A | Receiving accumulated taxable part of PF | 10% | 50,000 |
| | e account maintained for that | Sec 193 | Interest received on securities | 10% | 5,000/10,000 |
| oose by the assessee with an oval of the Reserve Bank of | y bank outside India with the India.[FA 2023] | Sec 194 and 194K | Dividend received from Mutual funds and on company's shares | 10% | 5,000 |
| 10AA also provides for | a deduction in respect of units | Sec 194A | Interest other than Interest on Securities e.g. Fixed deposit interest | 10% | 40,000 |
| | al income of the assessee. It is exercised the option of shifting | Sec 194B | Winnings from lottery, crosswords or any sort of game | 30% | 10,000 |
| | ovided u/s 115BAC(1A). This | Sec 194BB | Winnings from horse races | 30% | 10,000 |
| available if the | assessee pays concessional rates | Sec 194D | Insurance Commission received by an Individual | 5% | 15,000 |
| le default tax regi | me u/s 115BAC. [FA 2023] | Sec 194DA | Life Insurance Policies not exempt under Section 10(10D) | 5% | 1,00,000 |
| | The Chicagonyman mounts | Sec 1941 | TDS on rent | 2% For P&M/10% | 2,40,000 per person |
| | AT TO MODIFICATION OF THE | Sec 194H | Commission or brokerage received except for Insurance Commission | 5% | 15,000 |
| | And the Case of th | Sec 194IA | Payment made while purchasing land or property | 1% (of Consideration or SDV Whichever is higher) | 50L |
| | 1 Ann Millian | Sec 194IB | Payment of rent by individual or HUF exceeding Rs. 50,000 per month | 5% | 50,000 |
| | Section of the property of | Sec 194IC | Payment for registered Redevelopment agreement | 10% | - |
| | Augustics makings | Sec 194M | Payment made to professional or commission or brokerage of more than Rs 50 lakh and above | 5% | 50L |
| | To the latest to | Sec 194N | Cash withdrawal exceeding Rs 20 lakh or 1 crore as the case maybe | 2% / 5% | 20L or 1cr |
| | La company of | Sec 194J | | 2% (FTS, certain royalties, call centre) 10%(others) | 30,000 |
| | and the second s | Sec 194LA | Payment for Compulsory Acquisition for immovable property | 10% | 2,50,000 |
| | S produce in methodocto | Sec 194C | Payment to contractor | I/HUF - 1% Others- 2% | Single pay - 30,000 Aggregate pay -1,00,000 |
| | Co-Com | Sec 194G | Commission on lottery ticket | 5% | 15,000 |
| | | Sec 194Q | Purchase of goods | 0.1% | 50L |
| | 1 | Sec 194R | Benefit & Perquisite in respect of Business & Profession | 10% | 20,000 p.a |
| | | Sec 194BA | TDS on winning in Online Games | 30% | |

Exam se phele ya chart dekh lena



| THE RESERVE OF THE PERSON NAMED IN COLUMN TWO IS NOT THE PERSON NAMED IN COLUMN TO THE PERSON NA | SETTING AF A CO. | WANT ACAY | St. Still St. A. | 7.40 0 0.00 |
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| | | all other and a second state of the | | THE STREET OF STREET |
| Section | | | | |

| Section | Particulars | TCS rate |
|--------------|---|--------------------------|
| Sec 206C(1) | Alcoholic liquor for human Consumption | 1% |
| Sec 206C(1) | Tendu leaves | 5% |
| Sec 206C(1) | Timber obtained under forest lease | 2.5% |
| Sec 206C(1) | Timber obtained by any mode other than a forest lease | 2.5% |
| Sec 206C(1) | Any other forest produce not being timber or tendu leaves | 2,5% |
| Sec 206C(1) | Scrap | 1% |
| Sec 206C(1) | Minerals, being coal or lignite or iron ore | 1% |
| Sec 206C(1C) | TCS on parking/toll/mining rights | 2% |
| Sec 206C(1F) | TCS on Motor Car | 1% |
| Sec 206C(1G) | Foreign remittance | 5%/0.5% |
| Sec 206C(1G) | Oversease tour Program | 5% |
| Sec 206(1H) | Sale of any other goods | 0.1% (w.e.f. 1/10/20) |

| Due Date for payment of TDS | For March Between April & Feb | | | month Suc | ceeding the |
|---|-------------------------------------|--|------------|------------------|---|
| (Sec-200) | | | | u/s 192(1/ | 1) |
| TDS Return | | Quarte | r Ending | Due da | te |
| Sec-200(3) | | 30th June | | 31th Ju | 000000000000000000000000000000000000000 |
| 500 200(5) | | A CONTRACTOR OF THE PARTY OF TH | 1 Sep | 31th Oct | 200000000000000000000000000000000000000 |
| | | 30th December 31st March | | 31th Janu | |
| | | | | 31th May | |
| Forms of TDS to be submitted by Deductor | form 2' For Sal Other' NR | 7A. ary u/s Than Sa | 192 | 24Q 26Q 27 | mpanied by |
| | For res | ident tra | ansferor(I | mile! | B furnish with ys of dedn |
| TDS | | | | mile! | |
| TDS certificate to be | | educted | | 7 da | ys of dedn |

| TDS deducted | Form no | Periodicity | Due date |
|--------------|---------|-------------------------------|--|
| Under 192 | 16 | Annual | 31st May of following year |
| Any Sec | 16A | Quarterly | Within 15days of due date of filling TDS return |
| Except 192 | 16B | Within 7 days with 26QB | 7 days of deduction |

30th June 15 days from the date 30th Sep of Return

30th December

31st March

FAILURE TO DEDUCT TDS OR FURNISH **RETURN ON TIME**

| Con | ndition | Rate | | Period of Interest | Interest payable on |
|--------------------|---|--------|-----------------------|---|--------------------------------------|
| by any | not deducted other person assessee in | 1% pr | n | From date on which such tax had to be deducted to the date of actual deduction | Amount of such tax no deducted |
| Tax dec not pai | ducted but d | 1.5% p | m | From the date of deduction of such tax to the actual date of payment of such tax | Amount of Such tax not paid |
| Sec | Nature of de | fault | | Penalty | Levy by |
| 271C | | | | m equal to the amount TDS | JCIT |
| 271H | H Failure to file Return of TDS | | Rs.10000 to Rs.100000 | | AO |
| 272A | Failure to issue TDS certificate | | de | s.100 for every day of efault max default tax deductible | JCIT |

BASICS

| Who Shall deduct | Payer |
|---------------------|---|
| On What & When | On Specified payments at the time of Payment or credit |
| Benefit to Assessee | If Tax is deducted at the time of Payment or credit it will be allowed as deduction otherwise it will be disallowed u/s 40(a) and be treated as income of Assessee u/s 198. |

SURCHARGE & CESS ON RATES OF TDS

1. In Case of Resident Payee / Deductee:

Payee/ Deductee (i,e, to whom payment is made) Companies Any other assessee No surcharge or Only in case of salary, health & education surcharge and education cess be added, cess is applicable. 2. In Case of Non - Resident Payee / Deductee: Surcharge is mandotary at applicable rate.

GST Shown Separately GST not shown Separately TDS on amount TDS on whole amount

TDS AND GST

excl. GST

GST for this purpose shall include CGST, SGST, IGST & UTGST

| Section | Particulars | Who are entitled to | Condition |
|-------------|--|---|---|
| 10(1) | Agricultural income | Any Assessee | Ref AI |
| 10(2) | Amount received out of family income, or in case of impartible estate, amt received out of income of family estate | Individual as member of HUF | |
| 10(2A) | Partner's share in total income of firm (which includes LLPs) | Partner of a firm | |
| 10(4)(ii) | Interest received on NR (External)A/c | Individual NR | |
| 10(10D) | At present Any sum received under a life insurance policy including bonus on such policy but excluding sums received u/s 80DDA(3) and under a Keyman Insurance policy is exempt provided the premium does not exceed 10% of actual capital Sum assured in any year. [15% for person with disability] | Any Assessee | Ref Deduction |
| 10(6)(ii) | The remuneration received | Official of: a)Eembassy b) High comm. c) Legation d) Commission e) Consulate f) Trade rep, of Foreign st. g) Member of staff of above | Rem.by our official should be exempt Such officers not be engaged in any other biz/ prof in India |
| 10(6)(vi) | Remuneration received for services rendered in India to foreign enterprise | Employee of a foreign enterprise | 1. Foreign Ent.not engaged in any biz/ trade 2. EE stay in Ind doesn't exceed 90 days in PY 3. Rem.not liable to be deducted from the ERs income chargeable to tax unde the Act |
| 10(6)(viii) | Salary received for services rendered on foreign ship | Non Citizen NR employee | Total stay in India does not exceed 90 days during the PY |

| 10(6)(ix) | Remuneration received from Foreign Govt (ER) during stay in India for specified training Royalty income or fees for | Non- | Remuneration received in connection with their training in any establishment or office or in any undertaking owned by - a) Govt b) Co wholly owned by CG & SG or jointly by CG & 1/more SG c) Any co which is subsidiary of a coref above d) Any stat corp e) Any society registered, which is wholly owned by CG & SG or jointly by CG & 1/more SG |
|-----------|--|---|---|
| 10(6D) | technical services received from National Technical Research Org. (NTRO) | Corporate NR & Foreign Cos | Service can be rendered in or outside India |
| 10(10BC) | Compensation received on account of disaster | Individual / legal heir | Received/receivable from CG/SG/local authority on account of any disaster. No exemption if already allowed as deduction under this Act |
| 10(11A) | Any contribution in Sukanya Samriddhi Account, Rules | Any Assessee | |
| 10(16) | Educational scholarship | Individual | Granted to meet cost of education |
| 10(17) | Payments to MPs & MLAs > Daily allowance > Constituency Allowance of MPs > Constituency allowance of MLAs | MP/MLA | Reason of membership of Parliament or state legislature under any Act or rules |
| 10(17A) | Awards for literary, scientific & artistic works & other awards by Govt | Any Person | Approved by CG in public interest |
| 10(18) | Pension received by recipient of gallantry awards | Individual who is an employee of CG / SG / Family Member | Awarded "Param Vir Chakra" or "Maha Vir Chakra" or Vir Chakra or such other gallantry award notified by the CG in this behalf |

| 0 | Specified income of a Sikkimese | Sikkimese | Following income |
|--------|---|---|--|
| 26AAA) | Individual. Exemption will not be available to a Sikkimese woman who, on or after 1st April, 2008, marries non- Sikkimese individual. | Individual | will be exempt a) Income from any source in State of Sikkim; b) Income by way of dividend/ interest on |
| 10(30) | Tea board subsidy | Any assessed engaged in business of growing & manufac - turing tea | securities > Subsidy should have been recd under any scheme for replantation/ replacement of the bushes/for rejuvenation or consolidation of areas used for cultivation of tea, as notified by CG > Assessee should furnish a certificate from the Tea Board, as to the subsidy received by him during PY, to AO along with his return of the relevant AY / within the time extended by AO for this purpose. |
| 10(31) | Other subsidies | Any assessee engaged in business of growing & manufac - turing rubber, coffee, cardamom/specified commodity | CONTROL DE LA CO |
| 10(35) | Income from units from the Administrator of specified undertaking/ specified company/ Mutual Fund | Any assessee | Any income except income from transfer of such units |

SEC 10AA TAX HOLIDAY FOR UNITS **ESTABLISHED IN SEZ**

A deduction of profits & gains which are derived by an assessee being an entrepreneur from the export of articles things or providing any service, shall be allowed from the total income of the assessee.

Assessees who are eligible for exemption:

Exemption is available to all categories of assessees who has unit in SEZ.

Essential conditions to claim exemption

The exemption shall apply to an undertaking which fulfills the following conditions:

- > It has begun or begins to manufacture between A.Y. 2006-07 to A.Y. 2020-21.
- > It should not be formed by splitting up or reconstruction of except given in section 33B.
- > It should not be formed by transfer of machinery or plant previously used for any purpose to new biz.

However, deduction u/s 10AA will be available if total value of machinery or plant transferred does not exceed 20% of the total value of machinery or plant used in business.

Period for which deduction is available

For first 5 years - 100 % of compute profit For Next 5 years -50 % of compute profit

For Next years - 50 % of compute profit provided a) It made Deposit in Reinvestment Allowance reserve b) Amount Dr to P&L & credited to SEZ

Note: No such deduction shall be allowed to an assessee who does not furnish a return of income on or before the due date u/s 139(1). [FA 2023]

Computation of profit & gains from exports of such undertakings

The profits derived from export of articles/things/services (including computer software) shall be the amount which bears to the profits of the business of the undertaking, being the unit, the same proportion as the export turnover in respect of such articles or things or computer software bears to the total turnover of the business carried on by the undertaking i.e.

Profits of Unit in SEZ

Export turnover of Unit SEZ Total turnover of Unit SEZ

Meaning of Export turnover:

It means the consideration received in India or brought into India by the assessee in respect of export by the undertaking being the unit of articles or things or services.

However, it does not include-

> Freight

> Telecommunication charges

> Insurance

Attributable to the delivery of the articles or things outside India or expenses incurred in foreign exchange in rendering of services (incl.computer software) outside India.

XX

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| PARTLY EXEMPT ALLOWANCES | | | | |
|--|--|--|--|--|
| Nature of allowance | Exemption | | | |
| Special Compensatory (Hilly Areas) Allowance or High Altitude Allowance or Uncongenial Climate Allowance or Snow Bound Area Allowance or Avalanche Allowance | ₹800 or ₹ 300 p.m depending upon the specified locations ₹ 7,000 p.m in Siachen area of Jammu and Kashmir. | | | |
| Border area allowance or remote locality allowance or difficult area allowance or disturbed area allowance | ₹1,300 or ₹1,100 or ₹1,050 or ₹750 or ₹300 or ₹200 p.m depending upon the specified locations | | | |
| Special Compensatory (Tribal Areas/ Schedule Areas/Agency Areas) Allowance [Specified States] | ₹ 200 p.m | | | |
| Allowance for employee working in any transport system. | Lower of: 70% of such allowance or; ₹10,000 p.m | | | |
| Children Education Allowance | ₹100 p.m per child upto a max 2 children | | | |
| Hostel expenditure Allowance on his child | ₹ 300 p.m per child max upto 2 children | | | |
| Compensatory Field Area Allowance | ₹ 2,600 p.m | | | |
| Compensatory Modified Field Area Allowance | ₹ 1,000 p.m | | | |
| Any special allowance in the nature of counter insurgency allowance granted to the members of the armed forces operating in areas away from their permanent locations. | ₹ 3,900 p.m | | | |
| Underground Allowance | ₹ 800 p.m | | | |
| Any special allowance in the nature of high Altitude allowance -For altitude of 9,000 to 15,000 feet -For above 15,000 feet | ₹ 1,060 p.m ₹ 1,600 p.m | | | |
| Special compensatory highly active field area allowance | ₹ 4,200 p.m | | | |
| Island (duty) allowance (member of the armed forces in Andaman & Nicobar and Lakshadweep Group of Islands) | ₹ 3,250 p.m | | | |
| Transport allowance This would be available in both regimes [FA 2023] | In case EE is blind/handicapped, ₹3200 p.m.[Still Available] | | | |
| Tribal Area (The tribal areas of Madhya Pradesh, Tamil Nadu, Uttar Pradesh, Karnataka, Tripura, Assam, West Bengal, Bihar & Orissa.) | ₹200 p.m | | | |

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ALLOWANCES [FA 23]

| ully taxable nder both egimes | Fully taxable under default tax regime/ Partly exempt under the optional tax regime | Fully exempt only under the optional tax regime |
|---|--|---|
| Entertainment allowance Dearness allowance Overtime Allowance Fixed Medical Allowance City compensatory Allowance (to meet increased cost of living in cities) Interim Allowance Servant Allowance Project Allowance Tiffin/Lunch/ Dinner Allowance O, Any other cash allowance I, Warden Allowance | 1. House aren't Allowance [u/s 10(13A)] 2. Special Allowance [u/s 10(14)] Except- (a) Travelling allowance (b) Daily allowance (c) Conveyance allowance (d) Transport allowance to blind/ deaf and dumb/ orthopedically handicapped employee Note: the exceptions in (a) to (d) above are partly exempt under both scheme Fully exempt under both tax regimes Allowances granted to Government employees outside India [Section 10(7)] | Allowances to High Court Judges Salary and Allowances paid by the United Nations Organization Sumptuary allowance granted to High Court or Supreme Court Judges |
| 2. Non-practicing Allowance 3. Transport | IMP Hai! | |

SEC 10(13A) HOUSE RENT ALLOWANCE

Exemption is not available if: a) Accommodation is owned by him.

b) If he has not paid the rent for accommodation.

Exemption is lower of:

i) Actual amount

employee othe than blind/ deaf and dumb orthopedically handicapped employee

ii) Rent Paid (-) 10% of salary

iii) 50% of salary in respect of the relevant period, if such accommodation is situated in Mumbai, Calcutta, Delhi or Chennai (40% of salary if it is situated at any other place)

Notes: 1. Salary = Basic + DA(R) + Commission (T).

- 2. If there is change in any factor namely Salary, HRA, Period, place of business etc.HRA needs to be calculated separately.
- 3. Any Advance Salary shall be excluded for purpose of this 4. Exemption is also not available if Rent paid is less than 10%
- of Salary. 5. The basis for calculation is location of accommodation & not of Service.
- 6. This is fully taxable under default tax Regime. [FA 2023]

SEC 16 DEDUCTIONS Sec 16(i) Standard Lower of:

| Sec 10(1) | Deduction | 1. Rs.50000 2. Salary For Salary and | Pension [Not Family | Pension] |
|-------------------------------|---------------------|--|--|----------|
| Sec 16(ii) Entertain- ment | | Non Govt EE Govt EE | Not Available Lower of | |
| | | 100 m (1,900 fb), 0 | a) Actual b) 20% of Basic Salary c) ₹5000 p.a. | |
| | | First Add Entertainment allowance in gross salary and then take deduction. Deduction shall be irrespective of actual expense incurred, Whether for office or for personal purposes. | | |
| Sec 16(iii) | Professional Tax | | | |
| Sec 16(ia) | Deduction | Lower of: a. Amount of sa b. 50000 [FA 20 | | |

SEC 10(10) GRATUITY

| of | Gratuity Act | | | |
|---|---|---|--|--|
| Salary | Not Covered in Gratuity Act | Basic salary + D.A. (R) + commission based on fixed % of turnover. | | |
| | Average Salary | Avg. monthly salary calculated on basis of avg. salary for 10 M immediately preceding month in which employee has retired. For instance if employee retires on Dec, avg. salary will be calculated till November. | | |
| Received from more than 1 employer | While claiming the statutory deduction of ₹20L any amount earlier claimed as deduction shall be reduced from ₹20L | | | |
| Relief U/s | Available | | | |

During his At the Time of **Employment** Retirement

Gratuity Act, 1972

Meaning Covered in Basic +DA

of Employee Totally Taxable Payment to Government Non Government to all Employee Widow/legal **Employees Employees** however relief heir is not can be claimed Fully exempt taxable u/s 89. Employees covered under Employees not covered under The Payment of The Payment of

Minimum of: 1) Actual received 2) 15 x Last drawn x No. of yrs

89(1)

Salary of completed service / part in excess of 6 M 3) Maximum ₹20L

Minimum of:

2) 1 x Avg Salary x No. of yrs of 2 of 10 m completed service 3) Maximum ₹20L [Not. 16/2019]

1) Actual received

Gratuity Act, 1972

- No difference if seasonal Employee > In case of seasonal employment period of 15 days shall be
- replaced by 7 days. > Complete year of service: For calculating complete year of service any period of more than 6 M shall be taken to be full year.

SEC 10(10A) PENSION

| During his Employment | CONTRACTOR OF THE PARTY OF THE | e Time of irement | After the death of Employee |
|---|---|--|-----------------------------|
| Totally Taxable Uncome to all Employee Pens | | Commuted Pension | Taxable under IFOS |
| Taxable to all | includir | ng Govt EE | |
| Govt EE (Whether gratuity is received on Exempt u/s 10(10A) | not) | Non-Govt EE who have received Gratuity Section 10(10A)(ii) | received gratuity |
| Actual Amount Recd (-) 1/3rd of Full Value of Pension | (XX) | Actual Amount R (-) 1/2 of Full Value of Pension | tecd XX (XX) |

Notes:

Taxable

Pension received from UNO is not taxable. Relief u/s 89(1) available for commuted pension. Full Value of Pension = Amount Received % of Commutation

XX

SEC 10(10B) RETRENCHMENT COMPENSATIO

| As per Scheme of Central Gov | Ott | ner |
|---------------------------------|---|------|
| | Actual Amount Recd | XX |
| Nil | (-) Lower of: a) Actual received b) Amount calculated as per Industrial Dispute Act, 1947 c) Maximum ₹ 5L | (XX) |
| | Taxable (eligible for relief u/s 89) | XX |

After the death

> If amount determined as per industrial dispute act is not

15 x Avg salary of Last 3M x No of year of completed service /part thereof in excess of 6 M.

However as per Guru Jambeswar Case instead of 15/26 take 15/30.

- > Salary for this purpose:- Basic+ DA(R)
- > If retrenchment compensation is received in scheme framed by CG then whole retrenchment compensation is Exempt.
- > Any compensation in excess of above limit will be taxable as salary.

SEC 10(10C) VOLUNTARY RETIREMENT (i) 10 years of service or 40 years of age (ii) For all employees (except directors of the company) Conditions (iii) Overall Reduction in number of employees (iv) Not to be filled up (v) No same management XX (XX) Actual Amount Recd (-) Lower of: Exemption a) Actual Amount b) Rs.500000 c) Amount higher of: i) Last drawn salary x 3 x No of yrs Completed ii) Last Drawn Salary x Balance no of M left for service Taxable

Notes:

Deduction under this sec is available only once in lifetime. Salary = Basic + DA(R) + Commission(T).If assessee claims relief u/s 89(1) for VRC then he cannot claims exemption u/s 10(10C) in that year or any other AY.

SEC 10(10AA) LEAVE SALARY

| During his Employment | at the Time of Retirement | After the death of Employee |
|---|-----------------------------------|----------------------------------|
| Totally Taxable Govt EE to all Employee | Non Govt EE | Not Taxable in hands of legal |
| Fully Exempt | Minimum of (1) Actual received | heir |
| | (2) Avg. salary x10 i | nonths |
| | (3) Maximum 2500 | 000 |
| | (4) Leave Credit for | 30 days |

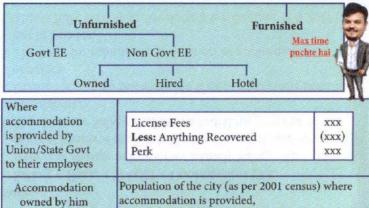
- > Employees are entitled to various types of leave while in service. The leave may either be availed by them or in case not availed of, these may either lapse/are allowed to be encashed every year or these are accumulated and encashed after Retirement or death.
- > Salary Means Basic +DA(R) + C (T).
- > Relief u/s 89(1) available.
- > How to Find out leave Credit:
- a) Find out duration of service without any fraction- 12yrs & 7M=12 yrs.
- b) Find out leave allowed: (Max allowed as per rule 30 days per yr) if period of leave credited is more than 30 days then take 30 days for calculation & it is less than 30 days then same can be taken.
- c) Period of leave earned = (Leave Credit x Avg Salary) / 30.

SPECIFIED & NON SPECIFIED EMPLOYEE

If any of the 3 condition is satisfied an employee is treated as specified employee. [17(2)(iii)]

- a. Employee + Director
- b. Employee + Substantial Interest. S 2(32) An employee holding atleast 20% voting power in a company.
- c. Income from Salary less salary in kind exceeds ₹ 50,000. If none of the conditions are satisfied then employee is treated as non specified employee.

RULE 3(1) PERK: VALUATION OF RESIDENTIAL ACCOMODATION



| Union/State Govt to their employees | Perk Perk | XXX |
|--|---|---------------------|
| Accommodation owned by him | Population of the city (as per 2001 census) where accommodation is provided, | |
| | Population | Perk |
| | Beyond 25Lakh | 15% |
| | Above 10Lakh-25 Lakh | 10% |
| | Below 10 Lakh | 7.5% |
| | Deduction for any amount paid by the employee: The amount so calculated shall be reduced by rent, if any, actually paid by EE | |
| Accommodation is hired /leased | Lower of: a) 15% of Salary or b) Actual amount paid. | |
| | Deduction for any amount pai amount so calculated shall be re any, actually paid by the employ | duced by rent, if |
| | Salary for such period only: Sa purpose should be taken only fo which accommodation is occup | r the period during |
| Provided in Hotel | Upto 15 days Nil | |

| Particulars | ₹ |
|-------------------------------|-------|
| Value as Per Unfurnished | XXX |
| Add: Value of Furniture | XXX |
| If Owned:- 10% of actual Cost | Xx |
| Hired:- Actual Hire Charges | Xx |
| Less: Anything Recovered | (xxx) |
| Perk | XXX |

24% of salary

Less: Recovered

(xxx)

Beyond 15

days

- 1. Salary: Basic+ DA(R)+ Bonus + Commission + All taxable Allowance
- 2. "Accommodation" incl. house, flat, farm house, hotel accommodation motel, service apartment guest house, caravan, mobile home, ship etc.
- 3. Where an employee is transferred from one place to another & he is provided with an accommodation at new place also. The value of perquisite shall be taken for only one such house having lower value for period not exceeding 90 days. Thereafter, the values of both.

RULE 3(2) PERK: VALUATION OF MOTOR/OTHER VEHICLE

| Situation | Use | Tax Treatment | |
|---|-----------------------------------|---|--|
| Car owned | Official use | Exempt | |
| & maintained by Employer | Private use | 10% of cost OR Actual hire charges (+) Running & Maintenance exp. (-) Amount recoverable | |
| | Partly official partly private | Taxable amount = For/below 1.6 ltr.CC = 1,800 pm Above 1.6 ltr.CC = 2,400 pm (Nothing deductible on account of a mount recovered) | |
| Car owned by | Official use | Exempt | |
| Employer & maintained by Employee | Private use | 10% of cost OR Actual hire charges (-) Amount recoverable | |
| | Partly official partly private | Taxable amount = For/below 1.6 ltr.CC = 600 pm Above 1.6 ltr.CC = 900 pm If Chauffer provided = 900pm (Nothing deductible on account of amount recovered) | |
| Car owned & maintained by Employee | Nothing is T | thing is Taxable | |
| Car owned | Official use | Nil | |
| by Employer | Private use | Amount of Expenditure | |
| & maintained by Employer | Partly official partly private | Actual Expenditure (-) 1800 pm / 2400 pm (Depending on CC) (-) 900 pm if chauffer is provided Taxable XXX (xxx) | |
| Any other | Official use | Nil | |
| automotive | Private use | Amount of Expenditure | |
| owned by Employer | Partly official partly private | Actual Expenditure Less: Rs. 900 p.m. (Greater deduction can be allowed if as perofficial records it is established that expense was for official use) | |

- 1. Month denotes completed month. Any part of M shall be ignored
- 2. Chauffer is added only if provided.
- 3. When more than 1 car is provided to EE, otherwise than wholly & exclusively for such car than value of perquisite or.
- 4. 1 car shall be taken as used for partly official & partly for personal.

GIFT FROM EMPLOYER

| Cost Doesn't Exceed ₹5000 pa | Nil |
|---------------------------------|--|
| Cost Exceed ₹5000 pa | Alternative 1: Followed BY ICAI & Our Class Amount exceeding ₹5,000 fully taxable |
| | Alternative 2: ICAI Provides an alternative that if it exceed ₹5000 only excess portion is taxable |

PERK: CREDIT CARD FACILITY

| Official Purpose | Nil | | |
|------------------|--|---------------------|--|
| Other Purpose | Actual Cost to Employer Less: Recovered Perk | xxx (xxx) xxx | |
| | Conditions: a) Complete details in respect of such expense are maintained by the employer which may, inter-alia, include date & nature of expense; and b) The employer gives a certificate for such expense to the effect that same was incurred wholly & exclusively for the performance of official duty. | | |

PERK: CLUB FACILITY

| Official Purpose | Nil [It should be certified By Employer] | | |
|---------------------------------|--|--|---------------------|
| Given Uniformly to all Employee | Nil | | |
| Corporate Membership for | Initial Fees | itial Fees Nil | |
| Il Employee | Other | Actual Cost Less: Recovered Perk | xxx (xxx) xxx |

PERK: ESOP

FMV on the date of Exercise [-] Amount Recovered.

APPROVED SUPER ANNUATION FUND

EE's Contribution is eligible for deduction u/s 80C

ER's Contribution

less than ₹ 150,000 - Exempt from Taxable more than ₹ 150,000 - chargeable to tax to the extent it exceeds Interest on accumulated balance is exempt from tax. Overall Cap Limit Introducted By Finance Act 20

> The amount or the aggregate of amounts of any contribution made to account of the assessee by the employer-

(a)In a recognised provident fund; (b) In the scheme referred to in sec 80CCD(1); and (c)In an approved superannuation fund, to tthe extent it exceeds ₹7,50,000 in a PY;

>Annual accretion by way of interest, dividend or any other amount shall be computed in such manner as may be prescribed;

PERK : USE OF MOVABLE ASSETS

| Owned by ER | 10% of actual Cost | |
|---------------|--|---------------------|
| Hired by ER | Actual Cost to ER Less: recovered Perk | xxx (xxx) xxx |
| Comp & Laptop | Nil | |

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SEC 80JJA BIO-DEGRADABLE WASTE

| Assessee | Any Assessee |
|----------------------|---|
| Eligible Business | Profits & gains from business of collecting & processing or treating of bio-degradable waste. > Generating power; or > Producing bio-fertilizers, bio-pesticides or other biological agents; or > Producing bio-gas or making pellets or briquettes for fuel or organic manure, he is entitled to a deduction in computing total income. |
| Deduction | 1st 5 years = 100% of the profit |

SEC 80HAA EMPLOYMENT OF NEW WORKMEN

Deduction 30% of "additional wages" paid to the "new regular workmen"

Assessee to whom Section 44AB applies

| Deduction | employed by the assessee in the PY. The deduction shall be allowed for 3 AYs, including the AY relevant to the PY in which such employment is provided |
|---------------------|--|
| Meaning of Terms | New Regular workmen do not include – > Employee Whose Total Remuneration exceed ₹25000pm > Whose entire contribution is paid by Government under Pension Scheme > Employee worked for Less than 240 days/150 days in cas of apparel Business/footwear & leather industry > Employee who does not participate in RPF |
| Restriction | Additional Employee Cost: Total Employment paid or payable to Additional Employees employed during the yra) In case of existing business - Cost will be NIL if no increase in total no of employees & emoulments paid otherwise than by A/c payee cheque/draft/NEFT/RTGS/other electronic mode prescribed In case of new business - shall be emoluments paid/payable to employees employed during that PY The Business should not be formed by splitting up or reconstruction of an existing business. Exceptions: Business formed as a result of re-establishmen |
| | reconstruction or revival by the assessee of the business referred u/s 33B & within the period specified in that sec 3) The Business should not be acquired by the assessee by way of transfer from any other person or as a result of any business reorganization; 4) The assessee furnishes along with ROI report of accountant |

as defined in the Explanation to Sec 288 before the

particulars in report as may be prescribed.[Form 10DA]

specified date referred to in sec 44AB giving such

SEC 80QQB ROYALTY INCOME OF AUTHORS

| Assessee | Individual Being > Resident |
|------------------------------------|---|
| | > An Author (Including Joint Author of Book) being a work of literary, artistic or scientific nature |
| DOMESTS SHOULD SEE STATE OF STREET | Lumsump Royalty - Actual or ₹3L, whichever is lower Other than above - Upto 15% of value of book sold |
| Conditions | The assessee must furnish a certificate in prescribed form (Form No. 10CCD), duly verified by the person responsible for making such payment to |

the assessee 2) If the income is earned outside India, the assessee must furnish a certificate, in the prescribed form (Form No. 10H) from the prescribed authority (i.e. RBI, see rule 29A)

3) If royalty is earned outside India the deduction is allowed only if such royalty is brought to India in convertible Forex within 6m from the end of PY or time allowed by RBI

SEC 80RRB ROYALTY ON PATENT

Individual Being

> Resident

| Assessee | the patent and patent which is | n who is true and first inventor of whose name is entered on the registered on or after 1.4.2003 in Patents Act, 1970. |
|-----------|-----------------------------------|--|
| Deduction | Earned In India | Minimum of the following: > 100% of such income; or > ₹3,00,000 |
| | Earned outside India | Minimum of the following: > Income in respect of money brought into India in convertible foreign exchange within prescribed time limit; or > ₹3,00,000 |

> The assessee must furnish a certificate in the prescribed form (Form No. 10CCE), duly verified by the person responsible for making such payment to the assessee

Deduction should not exceed royalty as per licence Double deduction not permissible: Where deduction under this section is claimed and allowed for any AY, no deduction shall be allowed in respect of such income under any other provisions of the Act for the same or in any other AY If royalty is earned outside India the deduction is allowed only if such royalty is brought to India in convertible Forex within 6m from the end of PY or

time allowed by RBI.

SEC 80PA FARM PRODUCER COMPANIES

Sec 80-IAC(1/2) - Where an eligible start-up, includes any from eligible business a deduction = 100% of the profits and gains derived from such business for 3 consecutive AYs out of 10 years at the option of assessee.

Sec 80-IAC(3) - This section applies if it fulfills the following conditions -

1. It is not formed by splitting up, or the reconstruction, of a business

except in sec 33B 2. It is not formed by the transfer of P & M previously used for any

purpose following shall be regarded as new P&M a) P&M imported into India shall not be regarded as Second hand

b) Such P&M was not, at any time previous to the date of the installation by the assessee, used in India.

c) The total value of P&M(Second hand) does not exceed 20% of the total value of P&M used in the business.

Explanation - For the purposes of this section -

"Eligible business" means eligible start-up engaged in innovation, development or improvement of products or processes or services or a scalable business model with a high potential of employment generation or wealth creation.

"Eligible start-up" means a company or a LLP engaged in eligible business & following conditions, namely:-

a) It is incorporated on or after the 1st day of April, 2016 but

1st day of April, 2024 b) The total turnover does not exceed ₹100 cr in the PY relevant to the AY for which deduction under sub-sec(1) is claimed; &

c) It holds a certificate of eligible business from the Inter-Ministerial Board of Certification as notified in the Official Gazette by the CG.

SEC 80M DEDUCTION IN RESPECT OF CERTAIN INTER-CORPORATE DIVIDENDS

Sec 80M(1) - Where a domestic company in any PY receives dividends from -

- 1. Any other domestic company or
- 2. Foreign company or
- 3. Business trust, shall be allowed a deduction of a. Amount of Dividend Received or
- b. Amount of Dividend Paid on or before the due date.

SELF NOTES

| As subscription to equity shares/debentures forming part of any eligible issue of capital approved by the Board of a public co engaged in infrastructure including power sector or public financial institution | | Self | NA |
|---|--|------------------------|---------------|
| scheduled | period of not less than 5 years with a bank; & n accordance with a scheme framed & | Self | NA |
| As subscription | on to bonds of NABARD | Self | NA |
| In an account under the senior Citizen Saving Scheme Rules, 2004. | | Self | NA |
| As 5 year time deposit in an a/c under the Post Office Time Deposit Rules, 1981. | | Self | NA |
| Sukanya Samriddhi Account [Noti 5/2015] | | Self/ Spouse/ Child | Any Member |
| | G Employee as a contribution to his Pension Scheme | Self | NA |
| SEC 800 | ECC CONTRIBUTION FUNDS | TO CER | TAIN |
| Condition 1 | The assessee is an Individual [irrespective of status] | | |
| Condition 2 | The assessee has paid or deposited any amount for any annuity plan of LIC of India (or any other insurer) for receiving pension from fund referred to in sec 10(23AAB) | | |

| Condition 1 | The assessee is an Individual [irrespective of status] |
|-------------|---|
| Condition 2 | The assessee has paid or deposited any amount for any annuity plan of LIC of India (or any other insurer) for receiving pension from fund referred to in sec 10(23AAB) |
| Condition 3 | The amount is paid out of his income chargeable to tax. Any amount withdrawn or pension received from the plan is taxable in the hands of the assessee or nominee in the year of receipt. |
| Deduction | Independently – ₹150000 Overall- ₹150000 Or actual, whichever is lower |

SEC 80DDB DEDUCTION W.R.T MEDICAL TREATMENT

| Assessee | Individual/HUF being Resident | | | |
|------------------------|-------------------------------|---|--|--|
| Condition | [Specified D | Expenditure incurred on the medical treatment of relat Specified Diseases in Rule 11D - Neurological disease, Cancer, Chronic Renal failure, Thalassaemia]. | | |
| Amount of Deduction | | ndent than senior citizen | Amount of deduction Actual or ₹40,000, whichever is less | |
| | 2. Senior 3. Very se | citizen enior citizen | Actual or ₹100000, whichever is less | |
| Meaning | Depender | nt Person Co | overed | |
| of Various Terms | Individua | | use, children, parents, rs of the individual. | |
| | HUF | | | |

SEC 80CCD CONTRIBUTION TO PENSION

| | ME OF CG OR OTHER EMPLOYER |
|----------------------------------|---|
| Condition 1 | The assessee is an Individual, who is – a) Employed by CG or any other employer, or b) Any self employed person. |
| Condition 2 | The assessee has, during the previous year, paid or deposited any amount in his account under a pension scheme notified - > Central Government or State Govt/Employer/Assessee > Atal Pension Yojna is also Eligible. |
| Deduction | CG/Employer/Employee - 10% of salary Any other individual - 20% of Gross Total Income[Basic+DA(R)] |
| 80CCD[1B] Own Contribution | Additional deduction upto ₹50000 shall be allowed other than contribution covered u/s 80CCD[1] Example: Assessee contribution Rs.140000 towards NPS & GTI is ₹560000 in this case deduction shall be 20% of GTI = ₹112000 u/s 80CCD[1] Balance deduction = ₹28000 u/s 80CCD[1B] |
| 80CCD[2] Own Contribution | Employer contribution is first taxable under the head salary & then he [employee] gets deduction u/s 80CCD[2] lower of a. Employers contribution b. 14% (Central Govt) or (State Govt) / 10% of salary (Others) |
| Other notes | As per 10[12A] Closer of NPS account 60% exempt (40% taxable) As per 10 [12B] partial withdrawal from NPS Account 25% exempt (75% taxable) |

SEC 80G DONATIONS

All Assessee In case of an individual, HUF, AOP (other than a

| | co-operative society) or BOI or an AJP, deduction available only if they have exercised the option of default tax regime provided u/s 115BAC(1A). It was available if they pay concessional rates of tax und regime u/s 115BAC. In case of co. and co-operated deduction would not be available if they opt for the provisions u/s 115BAA/115BAB and sec 115BAI respectively. In other words, deduction would be they pay tax under the normal provisions of the A | f shifting would no ler the de ive societ the specia D/115BAI available | out of the fault tax ies, the E, e only if | | |
|---|--|---|--|--|--|
| Expense on | Any donation in form of sum of money. Donation qualified for deduction. [Rama Vera 187 ITR 30] be made only to specified funds/institutions (Li | on in kin 8] The d | d is not | | |
| Damasa | If the Donation Exceed ₹2000 then only through Cheque | | | | |
| | If the Donation Exceed ₹2000 then only through | Cheque | | | |
| Payment Mode Deduction | If the Donation Exceed ₹2000 then only through % Specified in the List Some items: With Qualifying Limit [10% of Adju Rest: Without Qualifying Limit | | al Incom | | |
| Mode Deduction Calculation | % Specified in the List Some items: With Qualifying Limit [10% of Adju Rest: Without Qualifying Limit Particulars | | al Incom | | |
| Mode Deduction Calculation of Qualifying | % Specified in the List Some items: With Qualifying Limit [10% of Adju Rest: Without Qualifying Limit | isted Tota | al Incom | | |
| Mode Deduction Calculation of Qualifying | % Specified in the List Some items: With Qualifying Limit [10% of Adju Rest: Without Qualifying Limit Particulars Gross Total Income | ısted Tota | al Incom | | |
| Mode Deduction Calculation of Qualifying | % Specified in the List Some items: With Qualifying Limit [10% of Adju Rest: Without Qualifying Limit Particulars Gross Total Income Less: | ₹ xxx | al Incom | | |
| Mode Deduction Calculation of Qualifying | % Specified in the List Some items: With Qualifying Limit [10% of Adju Rest: Without Qualifying Limit Particulars Gross Total Income Less: LTCG STCG u/s 111A(only) Deduction u/s 80C to 80U Except 80G | ₹ xxx (xxx) | al Incom | | |
| Mode Deduction Calculation of Qualifying | % Specified in the List Some items: With Qualifying Limit [10% of Adju Rest: Without Qualifying Limit Particulars Gross Total Income Less: LTCG STCG u/s 111A(only) Deduction u/s 80C to 80U Except 80G Adjusted Gross Total Income | ₹ xxx (xxx) (xxx) | al Incom | | |
| Mode | % Specified in the List Some items: With Qualifying Limit [10% of Adju Rest: Without Qualifying Limit Particulars Gross Total Income Less: LTCG STCG u/s 111A(only) Deduction u/s 80C to 80U Except 80G | ₹ xxx (xxx) (xxx) (xxx) | al Incom | | |

from lotteries etc. shall be included.

| Trust/institution to which donation is made | Qualifying limit applies or not | % of donation eligible for ded ⁿ | conditions given u/s 80G(5) | |
|---|---------------------------------|--|---|--|
| National Defence Fund set up by CG | No | 100 | utilised for any charitable purpose other | |
| Prime Minister's National Relief Fund / Prime Minister's Citizen Assistance & Relief in Emergency Situations Fund (PM Cares Fund) | No | 100 | the purpose of promoting family planning. An authority constituted in India for satisfi | |
| PM's Armenia Earthquake Relief Fund | No | 100 | the need for housing accommodation or for | |
| Africa (Public Contributions - India) Fund | No | 100 | the purpose of planning, development or cities, towns and villages, or for both | |
| National Foundation for Communal Harmony | No | 100 | Any corporation referred to in sec 10(26BI | |
| University/any educational inst. of national | No | 100 | for promoting the minority community | |
| Eminence Maharashtra Chief Minister's relief Fund / Earthquake Relief Fund | No | 100 | Any sums paid for renovation or repair of such temple, mosque, gurdwara, church/o | |
| Fund set up by the Govt of Gujarat for relief of the Victims of Earthquake | No | 100 | notified place Swachh bharat Kosh set up by CG | |
| Zila Saksharta Samiti | No | 100 | Clean Ganga Fund set up by CG | |
| National/State Blood Transfusion Council | No | 100 | National Fund for control of drug abuse | |
| Any fund set up by a State Govt to provide medical relief to the poor | No | 100 | constituted u/s 7A of the narcotic drugs The institution or fund furnishes to th | |
| Army Central Welfare Fund/Indian Naval Benevolent Fund/Air Force Central Welfare Fund | No | 100 | specifying the amount of donation in s containing such particulars and within | |
| Andhra Pradesh CM's Cyclone Relief Fund, 1996 | No | 100 | date of receipt of donation, as may be | |
| National Illness Assistance Fund | No | 100 | CIT v. Shree Govindbhai Jethalal Nath | |
| Chief Minister's Relief Fund/Lieutenant | No | 100 | Trust (2015) (Guj.) | |
| Governor's Relief Fund | | | Can Commissioner reject an application | |
| National Sports Fund to be set up by the CG | No | 100 | approval u/s 80G(5) on the ground that | |
| National Cultural Fund set up by the CG | No | 100 | to apply 85% of its income for charitab | |
| Fund for Tech Development/application by CG | No | 100 | At time of granting approval of exempt | |
| National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation & Multiple Disabilities | No | 100 | object of trust is required to be examin assessee's application seeking approval not be rejected on ground that it failed | |
| Any sums paid by the assessee, between Jan 26, 2001 to Sep 30, 2001, to any trust, institution or fund which satisfies conditions of sec 80G(5) for providing relief to victims of Guj earthquake | No | 100 | extent of 85% of its income during rele Court observed that, while considering purpose of sec 80G, authority cannot a authority & enquiry should be confined | |
| Prime Minister's Drought Relief Fund | No | 50 | institution satisfies the prescribed cond | |
| National Children's Fund | No | 100 | to more for engine | |
| Govt/any approved local authority, institution or association, to be utilised for purpose of promoting family planning | YES | 100 | | |
| Any sums paid by assessee, being a co, in the PY as donations to Indian Olympic Association or to any other association/institution established in India and notified by the CG for— The development of infrastructure for sports & games, in India; or The sponsorship of sports & games, in India | YES | 100 | | |

Fund or any institution which satisfies the YES 50 conditions given u/s 80G(5) The Government or any local authority, to be YES 50 utilised for any charitable purpose other than the purpose of promoting family planning An authority constituted in India for satisfying the need for housing accommodation or for YES 50 the purpose of planning, development or of cities, towns and villages, or for both Any corporation referred to in sec 10(26BB) YES 50 for promoting the minority community Any sums paid for renovation or repair of any YES 50 such temple, mosque, gurdwara, church/other notified place Swachh bharat Kosh set up by CG No 100 Clean Ganga Fund set up by CG No 100

The institution or fund furnishes to the donor, a certificate specifying the amount of donation in such manner, containing such particulars and within such time from the late of receipt of donation, as may be prescribed.

No

CIT v. Shree Govindbhai Jethalal Nathavani Charitable Trust (2015) (Guj.)

Can Commissioner reject an application for grant of approval u/s 80G(5) on the ground that the trust has failed to apply 85% of its income for charitable purposes? at time of granting approval of exemption u/s 80G, only object of trust is required to be examined &, therefore, ssessee's application seeking approval u/s 80G(5) could not be rejected on ground that it failed to incur expense to extent of 85% of its income during relevant year. High court observed that, while considering application for the purpose of sec 80G, authority cannot act as an assessing uthority & enquiry should be confined to finding out if astitution satisfies the prescribed conditions.

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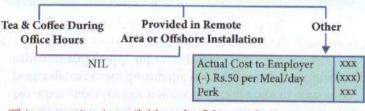
SALE OF MOVABLE ASSETS

| Particulars | Electronics/ computer | Car | Other |
|---|--------------------------|--------|-------|
| Depreciation Rate | 50% | 20% | 10% |
| Depreciation Method | WDV | WDV | SLM |
| Actual Cost | Xxx | Xxx | Xxx |
| Less: Depreciation for each completed year from date of acquisition | (xxx) | (xxxx) | (xxx) |
| WDV | Xxx | Xxx | Xxx |
| Less: Sale Value | (xxx) | (xxx) | (xxx) |
| Perk | Xxx | Xxx | Xxx |

PERK: INTEREST FREE OR **CONCESSIONAL LOAN**

| For Specified | Loan Beyond ₹20000 | | |
|--------------------------------|---|--|--|
| Diseases & Loan upto ₹20000 | =/> than SBI rate as on 1st day of PY. | Nil | |
| Perk: NIL | Lower than SBI rate as on 1st day of PY. | Maximum Outstanding Monthly Bal (i.e. the aggregate outstanding bal for each loan as on last day of each month after EMI) Less: Recovered | |

FREE FOOD FACILITY



This exemption is available only if the employee exercises the option of shifting out of the default tax regime provided u/s 115BAC(1A) [FA 2023]

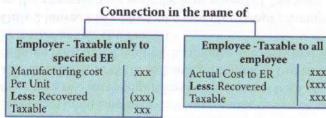
RULE 3(3) SWEEPER, GARDNER, PERSONAL ATTENDANT

| Appointe | d by ER |
|-----------------------|-----------------------|
| Cost to the ER | Cost to the ER |
| (-) Recovered from EE | (-) Recovered from EE |

For Employee or "member of household" shall include -(a) spouse(s); (b) children and their spouses; (c) parents; (d) servants & Dependants

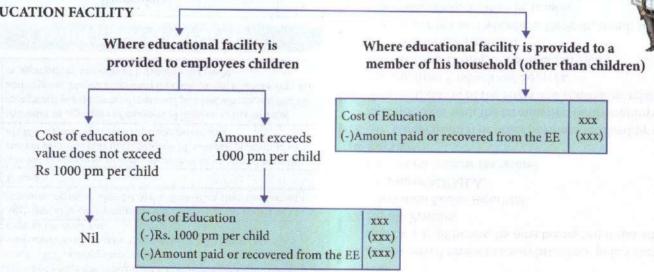
PERK: TAXABLE ONLY IN CASE OF SPECIFIED EE

GAS / ELECTRICITY / WATER FACILITY



PROVIDENT FUND

| Particulars | RPF | URPF | SPF | PPF |
|--|---|--|--|--|
| ER Contri. | Contribution in excess of 12% of salary is taxable | Not taxable at the time of contribution | Fully exempt | N.A.(as there is only assessee's own contribution) |
| EE Contri. | Deduction u/s 80C, If EE exercises the option of shifting out of the default tax regime provided under section 115BAC(1A) | Not eligible for deduction | Deduction u/s 80C, [If EE exercises the option of shifting out of the default tax regime provided u/s 115BAC(1A)] | Deduction u/s 80C, If EE exercises the option of shifting out of the default tax regime provided u/s 115BAC(1A) |
| Interest on ER Contri. | Amount in excess of 9.5% p.a. is taxable | Not taxable at the time of credit of interest | Fully exempt | N.A. |
| Interest on EE Contri. | Amount in excess of 9.5% p.a. is taxable | Not taxable at the time of credit of interest | Exempt upto certain limit of contribution as prescribed | Fully exempt |
| Amount withdrawn on retirement/ termination | Exempt u/s 10(12) subject to certain conditions prescribed | Employee's contribution is not taxable. Interest on Employee's contribution is taxable under 'Income from Other Sources'. Employer's contribution and interest thereon is salary | Exempt u/s 10(11) | Fully exempt u/s 10(11) |



Overall Cap Limit Introducted By Finance Act 20

> The amount or the aggregate of amounts of any contribution made to account of the assessee by the employer—

(a) In a recognised provident fund; (b) In the scheme referred to in sec 80CCD(1); and

(c) In an approved superannuation fund, to the extent it exceeds ₹ 7,50,000 in a PY;

> Annual accretion by way of interest, dividend or any other amount shall be computed in such manner as may be prescribed;

TRANSPORT FACILITY

| Cases | | Tax |
|---|---|---|
| If employer is | Rail/Air | NIL |
| engaged in transportation business. | Other | Amount charged from public for such facility is taxable in the hands of specified employee (-) Recovered. |
| In any other case | Actual cost of employer for such facility is taxable in the hands of all employees (-) Recovered. | |

MEDICAL FACILITY:

The perquisite in respect of medical facility is generally taxable only in case of 'specified employees'. Where however, bills are issued in the name of the employee & the employer makes payment thereof, then it is a perquisite taxable in the hands of all employees.

| In India | Exempt | 1) Treatment in Hospital Maintained by Employer 2) Government Hospital 3) Approved Hospital 4) Any health Insurance/ Group Insurance Reimbursement in Private Hospital is Fully Taxable |
|------------------|----------------------|---|
| Outside India | Medical Treatment | Exempt upto an amount specified by RBI |
| | Stay Abroad | Exempt upto an amount specified by RBI |
| | Travel | Gross total Income upto 2L Nil Gross total Income beyond 2L Total taxable |
| | | |

SWEAT EQUITY SHARE

FMV- Option Price x NO of Shares = Perk

LEAVE TRAVEL CONCESSION

| Different situations | Amount of exemption if journey is performed on or after October 1, 1997 |
|--|---|
| When journey is performed by air | → Amount of air economy class fare of the National Carrier by the shortest route or the amount spent, whichever is less |
| When journey is performed by rail | Amount of air-conditioned first class rail fare by the shortest route or the amount spent, whichever is less |
| When the places of origin of journey and destination are connected by rail and journey is performed by any other mode of transport | Amount of air-conditioned first class rail fare by the shortest route or the amount spent, whichever is less |
| Where the places of or not connected by rail: | igin of journey and destination (or part thereof) are |
| a. Where a recognised public transport | First class or deluxe class fare by the shortest route or the amount spent, whichever is less |

system exists Air-conditioned first class rail fare by the shortest b. Where no route (as if the journey has been performed by rail) or recognised public the amount actually spent, whichever is less transport system

- 1. Meaning of "family": The aforesaid exemption is available in respect of fare for going anywhere in India along with "family". For this purpose, "family" includes spouse and children of the employee. It also includes parents, brothers and sisters of the employee, who are wholly or mainly dependent upon employee. However, family does not include more than two surviving children of individual born on or after October 1, 1998 (in reckoning this limit of two children, children born out of multiple births after the first child will be treated as 'one child only')
- 2. Only 2 journey in a block of 4 years is exempt: Exemption on the aforesaid basis is available in respect of 2 journey performed in a block of 4 calendar years commencing from 1986
- 3. "Carry-over" concession: If an assessee has not availed travel concession or assistance during any of the specified 4 block periods on one of the two permitted occasions (or on both occasions), exemption can be claimed in the first calendar year of the next block (but in respect of only one journey). This is known as "carry-over concession". In such case, the exemption so availed will not be counted for the purposes of claiming the future exemptions allowable in respect of 2 journeys in the subsequent block
- 4. Exemption is based upon actual expenditure: The quantum of exemption is limited to the actual expenses incurred on the journey. In other words, without performing any journey and incurring expenses thereon, no exemption can be claimed
- 5. Exemption is available in respect of fare: The exemption is strictly limited to expense on air fare, rail fare, bus fare only. No other expenses like scooter or taxi charges at both ends, porterage expenses during the journey and lodging/boarding expenses will qualify for exemption.
- If the assessee exercises the option of shifting out of the default tax regime provided u/s 115BAC(1A) [FA 2023].

FULLY EXEMPTED PERKS

The following are not included for TDS u/s 192 -

- > Tea or snacks provided during working hours.
- > Free meals provided during working hours in a remote area or an offshore installation.
- > Perquisites allowed outside India by Govt to citizen of India for rendering service outside India.
- > Employer's contribution to staff group insurance scheme.
- > Free educational facility provided in an institute owned/ maintained by employer to children of ee provided cost/value doesn't exceed ₹1,000 pm per child (no limit on no. of children > Interest-free/concessional loan of an amount not exceeding
- > Comp/laptop given (not transferred) to EE for official/personal
- > Transfer without consideration to an employee of a movable asset (other than computer, electronic items or car) by employer after using it for a period of 10 yrs or more.
- > Traveling facility to employees of railways or airlines. > Rent-free official residence & Coveyance to a HC/SC Judge.
- > Conveyance facility provided to an EE between office &

residence. CA CS VIJAY SARDA (S) 8956651954

6. INCOME FROM OTHER SOURCE

SEC 56

SEC 56(1):

Income of every kind which is exempt & not chargeable to tax under any of the other head, shall be chargeable under Income from Other Sources.

- 1. Casual income.
- 2. Interest on compensation & enhance compensation.
- 3. Income from subletting of HP.
- 4. Rent from a vacant plot.
- 5. Composite Rent Non-seperable.
- 6. Advance money forfeited.
- 7. Director sitting fees. 8. Agriculture Income from foreign.
- 9. Dividend
- 10. Gift
- 11. Sum received under keyman Insurance policy including sum by way of Bonus. Income tax refund is not an Income.
- 12. Family Pension 13. Interest on Loan/ securities.
- 14. Income of MP, MLA.
- 15. Interest on income tax refund
- 16. Royalty

XXX

XXX

XXX

XXX

XXX

XXX

XXX

6) Provided that the amount referred to is paid in respect of a senior "Electric Vehicle" means a vehicle which is powered exclusively by

- 17. Any compensation or other payment received by any person in connection with the termination of his employment or the modification of the terms and conditions relating thereto
- 18. Income from Undisclosed Sources.
- 19. Income from Letting of P&M & Furniture
- 20. Issue of share @ premium.
- 21. Interest earned on Debenture, Deposit, Bond, securities of CG,Loan, advances shall be taxable

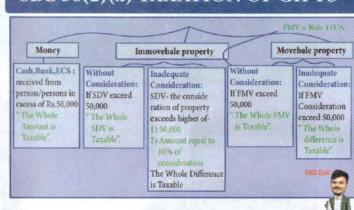
ADVANCE MONEY FORFEITED

Forfeited on or after 01.04.2014 is taxable under IFOS

INTEREST ON COMPENSATION & **ENHANCE COMPENSATION**

Such interest is taxable in IFOS in the year of receipt & 50% of such interest is allowed as deduction (Sec 57), irrespective of the year to which it pertains.

SEC 56(2)(x) TAXATION OF GIFTS



- 1. If the property is held as Stock in Trade u/s 43CA instead of 10% take 20% will be considered.
- 2. Date of agreement = Date of Registration; SDV of date of Agreement will be considered if the conditions are satisfied: a. Consideration or part thereoff is paid as on the date of
 - b. Such Consideration is paid by way of Account payee cheque, draft, ECS, Other electronic Mode (Rule 6ABBA).
- 3. Where the stamp duty value is disputed then provision of Sec 50C is applicable with respect to Full value of consideration.

GIFT RECEIVED FROM FOLLOWING IS EXEMPT:

- 1) From any relative
- 2) On the occasion of the marriage of the individual
- 3) Under a will or by way of inheritance
- 4) In contemplation of death of the payer or donor
- 5) From any local authority, University, Educational institute u/s 10(23C)
- 6) From or by any trust or institution registered u/s 12A/ 12AA / 12AB If sum or property is received by any person referred u/s 13(3) from any Fund registered u/s 10(23C) or trust registered u/s 12AA/12AB then such sum shall be
- 7) By way of transaction not regarded as transfer u/s 47(i)/ (iv)/(v)/(vi)/(via)/(viaa)/(vib)/(vic)/(vica)/(vicb)/(via)/ (vii),(viiac) or (viiad) or (viiae) or (viiaf).
- 8) From an individual by a trust created or established solely for the benefit of relative of the individual;
- 9) From such class of persons & subject to such conditions, as may be prescribed.
- 10) Received by an Individual, from any person, for medical treatment or treatment of any member of his family, for any illness related to COVID-19 subject to such conditions, as CG may Notify.

Accordingly, the Central Government has, vide Notification No. 91/2022 dated 5.8.2022, specified that for such purpose, the individual has to keep a record of the following documents, namely:-

- (a) The COVID-19 positive report of the individual or his family member, or medical report if clinically determined to be COVID-19 positive through investigations in a hospital or an in-patient facility by a treating physician for a person so admitted;
- (b) All necessary documents of medical diagnosis or treatment of the individual or family member due to COVID-19 or illness related to COVID-19 suffered within 6 months from the date of being determined as a COVID-19 positive; The details of the amount so received in any financial year has to be furnished in the prescribed form to the Income-tax Department within 9 months from the end of such F.Y. [FA 2023]

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| Assessee | Individual |
|------------------------|--|
| Contribution to | Where assessee enrolled in the Agnipath Scheme or Agniveer Corpus Fund on or after the 1st Nov, 22, has paid or deposited any amount |
| Amount of Deduction | 100% of amount so paid or deposited. |

SEC 80CCH CONTRIBUTION TO AGNIPATH SCHEME

naya hai pucha ja saktha hai Notes: . Where CG makes any contribution to the account of an assesse in the Agniveer Corpus Fund the assessee shall be allowed a

deduction = 100%

"Agnipath Scheme" means the scheme for enrolment in Indian Armed Forces introduced on 29th Dec, 22 of the Government of India in the Ministry of Defence; "Agniveer Corpus Fund" means a fund in which consolidated

contributions of all the Agniveers and matching contributions of CG along with interest on both these contributions are held.[FA 2023]

| Description | Medical ins, i.e. insurance on the health | Health Scheme contribution i.e to - 1) CG health scheme 2) Other scheme notified by CG | Expense on preventive health checkup | Medical Expensive senior citizen |
|-------------------|---|--|---|---|
| Applicable for | Individual/ HUF whether resident/NR | Individual whether resident/ non-resident | Individual whether resident/ NR | Individual /HUF whether R/NR |
| Payment mode | Any mode other than cash | Any mode other than cash | Any mode including cash | Any mode other than cash |

| Assessee | Deduction = least of | |
|--|--------------------------------------|--|
| Individual: Aggregate of (a)(b)(c) of point 1 > Individual/his family (Spouse, Dependent Child) Parents (dependent or not) > HUF: Policy in the name of any member | Aggregate of amount, or ₹25000 | |

- 1) Where premium is paid for senior citizen, then deduction is aggregate premium paid or ₹50000 whichever is lower. Here, Senior Citizen means an individual resident in India, who is of the age of 60 years or more at. Any time during the Relevant PY, and very senior citizen is 80 years. In nutshell, an individual taxpayer can claim deduction of up to ₹ 1 lakh u/s 80D if he/his family members & his parents are 60 yrs or above. In case of single premium health insurance policies which covers more than 1 year, deduction shall be allowed on proportionate basis for all those yrs for which cover is provided, subject to specified monetary limit.
- 2) Expense for preventive health checkup of assessee/his family is included in the total deduction, subject to a max of ₹5000.
- 3) Payment shall be made out of income chargeable to tax. Medical Exp of very senior citizen is restricted to ₹50000.
- 5) Not. 9/2018 Contribution in Health Scheme of Department of Atomic Energy would qualify for deduction u/s 80D.

citizen & no amount has been paid to effect or to keep in force an an electric motor whose traction energy is supplied exclusively by insurance on the health of such person. traction battery installed in the vehicle & has such electric

> Accommodation provided on transfer of an employee in a

> Interest free loan for medical treatment of nature given in

> Periodicals and journals required for discharge of work.

NOTE: INTEREST CREDITED ON CONTRI-

BUTION BY SUCH PERSON/EMPLOYEE

Rule 3B: notified the following manner to compute the annual

accretion by way of interest, dividend or any other amount of

TP Taxable perquisite under section 17(2)(viia) for the current P. Y.

PC1 Amount or aggregate of amounts of employer's contribution in

Amount or aggregate of amounts of employer's contribution in

u/s 80CCD and approved superannuation fund during the P.Y.

excess of 7.5 lakh to recognized P.F, national pension scheme

u/s 80CCD and approved superannuation fund for the PY

years commencing on or after 1st April, 2020 other than the

TP1 Aggregate of taxable perquisite u/s 17(2)(viia) for the PY or years

commencing on or after 1st April, 2020 other than the current PY.

Amount or aggregate of amounts of income accrued during the

current previous year in recognized PF,national pension scheme

recognized provident fund, national pension scheme u/s 80CCD

and approved super-annuation fund on 1st April, 2021+ Amount

u/s 80CCD and approved superannuation fund

or aggregate of amounts of balance to the credit.

Favg (Amount or aggregate of amounts of balance to the credit of

COMPUTATION OF RELIEF

Particulars

TI for this year (including arrears of salaries)

TI for this year excluding arrears of salaries

TI for that year (including arrears of salaries)

TI for that year (excluding arrears of salaries)

Difference between Step 2 & Step 4 (A)

Tax on Step 1 including cess

Tax on Step 3 including cess

Tax on Step 6 @ of that year

Tax on Step 8 @ of that year

11 Relief u/s 89(1) = (A) - (B)

10 Difference between Step 7 & Step 9 (B)

excess of 7.5 lakh to recognized PF, national pension scheme

hotel for not exceeding 15 days in aggregate.

similar nature during the previous year-

TP = (PC/2)*R + (PC1 + TP1)*R

current previous year.

Where,

Step

SEC 80E INTEREST ON EDUCATION LOAN

| Assessee | Individual (R/NR) |
|------------------------|--|
| Payment for | Paid Interest on education loan [out of income chargeable to Tax] taken for Own/Relative's Education |
| Amount of Deduction | Any Amount of Interest Paid [100%];Only Interest is allowed and not the principal amount Deduction is available from the year from which assessee start paying interest & 7 immediately succeeding A.Y. (or until above interest is paid in full, whichever earlier) |
| Meaning & Condition | > Relative: Spouse, Children, For Whom Assessee is Guardian > Loan should be taken from any financial institution /approved financial institute > The loan is taken for graduate & post graduate studies > Actual amount of interest paid is available > Higher education" means any course of study pursued after passing the Senior Secondary Examination or its equivalent from any school, board or university recognized by CG or SG or local authority or by any other authority authorized by the above to do so |

SEC 80EEA DEDUCTION IN RESPECT OF NTEREST ON LOAN TAKEN FOR CERTAIN **HOUSE PROPERTY**

Assessee Individual (R/NR) not eligible for deduction u/s 80EE Deduction Interest payable on loan taken for Residential house

| for | property |
|---------------|---|
| Deduction | Actual Interest paid or Rs.150000 |
| eare spire is | The deduction shall be subject to the following conditions, namely: 1. The loan has been sanctioned by the financial institution between 1st April, 2019 & ending on th 31st day of March, 2022; |
| | The stamp duty value of residential house property does not exceed ₹45 lakhs; the assessee does not own any residential house property on the date of |

sanction of loan SEC 80EEB TAX INCENTIVE FOR ELECTRIC VEHICLES

| Assessee | Individual | |
|-----------|---|--|
| Condition | Interest on Loan taken for Purchase of Electric Vehice from any Financial Institution/NBFC Loan must be taken between April'19 to March'23 Assessee does not own any other Electric Vehicle on the date of sanction | |
| Deduction | Interest Paid or 150,000 - whichever is lower | |

regenerative braking system, which during braking provides for the conversion of vehicle kinetic energy into electrical energy.

SEC 80EE INTEREST ON HOUSING LOAN

| Assessee | Individual (R/NR) |
|------------------------|--|
| Payment for | Paid Interest on housing loan |
| Amount of Deduction | Amount of Interest Paid or 50,000 whichever is lower only Interest is allowed and not principal amount. First Deduction is to be claimed u/s 24(b) of House Property (upto 2L) & remaining interest deduction u/s 80EE |
| Condition | Loan should be taken from bank or financial institute for acquisition of Residential property Purchase Price of House upto 50lakhs Loan should be sanctioned between 01.04.16 to 31.03.17 |

SEC 80C DEDUCTION W.R.T VARIOUS INVESTMENTS

> Assessee does not own any Residential house on

Loan amount upto 35 Lakhs

the date of sanction of loan

| Assessee Individual/HUF irrespective of Residential | |
|---|---|
| Investment | See list below |
| Deduction | Maximum deduction along with sec 80CCC and 80CCD or independently u/s 80C is restricted to Rs.150000. [80CCE] |
| CANADON SALES CONTRACTOR | > Investment is made in approved scheme |

> Payment need not necessarily made out of income chargeable to tax Deduction shall be made only on payment basis not on accrual basis

Qualifying savings/investments:

| y | Any sums paid or deposited in PY by assessee | Individual | HUF |
|--------------------------|---|------------------------|---------------|
| | To effect or to keep in force a Life insurance on life of following persons: 1. The children may male/female, married/ unmarried, dependent/ independent. 2. The premium exceeding 10% of sum assured is not eligible for deduction [If policy is issued before 31.03.12 then it shall be 20%] | Self/ Spouse/ Child | Any Member |
| | 3. 15% of SA for person covered u/s 80U/80DDB To effect or to keep in force a non-commutable deferred annuity, (other than annuity plan of LIC,/other insurer), on the life of the individual, the wife or husband and any child of such individual. | Self/ Spouse /Child | NA |
| | By way of deduction from the salary of Govt. EE, being a sum deducted, for the purpose of securing to him a deferred annuity/making provision for his spouse or children, max upto 1/5th of the salary. | Self | NA |
| | As a contribution by an individual to any statutory PF or RPF. | Self | NA |
| | As a contribution by an employee to an approved superannuation fund. | Self | NA |
| | As a contribution by an individual/HUF to any PPF, Min-500 Max-150000 | Self/ Spouse/ Child | Any Member |
| 4 | As subscription to NSS-1992. | Self | NA |
| | As subscription to NSC- VIII issue. Note:Int accrued on these certificates which is deemed to be reinvested, also qualifies for deduction. | Self | NA |
| | As subscription to any units of any Mutual Fund referred to in sec10(23D), under any notified plan. | Self | NA |
| | As a contribution by an individual to Retirement Benefit Pension Fund of UTI | Self | NA |
| | As subscription to the Home Loan A/c Scheme of National Housing Bank | Self | NA |
| | As subscription to notified deposit scheme | Self | NA |
| The second second second | As tuition fees paid by individual, whether at the time of admission or thereafter, including Stamp duty and registration fees. > To any university, college, school/other educational institution situated in India; > For the purpose of full-time education of any two children of such individual | Maximum 2 children | NA |
| | RE-PAYMENT OF HOUSING LOANS: Repayment of Housing loan except interest on borrowed capital provided house is taken for residential purpose & assessee should not transfer the house property for 5 years. Including Stamp Duty. | Self | NA |

SEC 80A/80AC GENERAL RULES OF **DEDUCTION**

Sec 80B(5) - Gross total income means total income computed in accordance with the provisions of act without deduction u/c VIA which implies that- deduction under respective chapter has been taken Clubbing provisions is effected Setoff has been made, Unabsorbed losses & depreciation has been effected.

Sec 80A(2)- Aggregate of deductions shall not, in any case, exceed GTI of the assessee. i.e. an assessee cannot have a loss after taking the deduction.

No Deduction is available if income (GTI) only contains-

• LTCG - u/s 112. • STCG – u/s 111A

- Specified Business Income u/s 35AD Casual Income
- NR Presumptive Income u/s 115A to 115AD Income of NR under chapter XIIA

Sec 80A(3)- If Deduction is allowed to AOP/ BOI then deduction for same payment/Income shall not be allowed to member of AOP/BOI.

Sec 80A(4) - Where Deduction in respect of certain incomes" (u/s 80IA to 80RRB), where, in the case of an assessee, any amount of profits & gains of an undertaking or unit or enterprise / eligible business is claimed and allowed as a deduction under any of those provisions for any AY, deduction in respect of, & to the extent of, such profits and gains shall not be allowed under any other provisions of this Act for such AY & shall in no case exceed the profits & gains of such undertaking or unit or enterprise or eligible business, as the case may be.

Sec 80AC - No deduction would be allowed u/s 80IA to 80RRB to a taxpayer if ITR is not filled on or before the due date u/s 139[1]. Naya hai pucha ja saktha ha

Amendment FA 2023:

Following Deductions are available in case of Default Tax scheme (115BAC/115BAB/115BAA/115BAE/

Sec 80CCD(2),80LA,80JJAA,80GGB,80CCH(2)

SEC 80TTA DEDUCTION FOR INTEREST ON SAVINGS ACCOUNT

| Assessee | Individual or HUF [Other than Senior citizen][R/NR] |
|------------------------|---|
| Qualifying Income | Interest on savings account (not time deposits) earned on savings account with - a) Banking company b) Co-operative society doing banking business c) Post office |
| Amount of Deduction | Minimum of the following a) Interest on such deposits in saving account b) Rs.10,000 |

Sec 80TTA(2) - Where income referred to in this section is derived from any deposit in a savings account held by, or on behalf of, a firm, an AOPs or a BOIs, no deduction shall be allowed under this section in respect of such income in computing the total income of any partner of the firm or any member of the association or any individual of the body.

SEC 80TTB DEDUCTION FOR INTEREST ON **DEPOSITS**

| Assessee | Individual being Resident [Being Senior Citizen] |
|----------------------|---|
| Qualifying Income | Interest on deposit earned from a) Banking company b) Co-operative society doing banking business c) Post office |
| Deduction | Minimum of the following - a. Interest on deposits b. ₹50,000 |
| Other Condition | > Corresponding amendment has been proposed in Sec 194A to provide that TDS is required from payment of interest to senior citizen upto ₹50,000 > Where the income referred to in sub-sec (1) is derived from any deposit held by, or on behalf of, a firm, an AOPs / BOI no deduction shall be allowed under this sec in respect of such income in computing the total income of any partner of the firm or any member of the association or any individual of the body [Sec 80TTB(2)] |

SEC 80GGB CONTRIBUTION TO POLITICAL PARTY

| | Assessee | Indian Company |
|--|------------------------|---|
| | Contribution to | Political Party or Electoral Trust [Within the meaning of Sec.182 of the Companies Act, 2013] |
| | Amount of Deduction | Any Amount [100%] |
| | Restriction | Amount should not be paid in Cash |

PARTY

| Assessee Any Assessee except Local Authority & AJP who or partly funded by Government. | |
|--|---|
| Contribution to | Political Party or Electoral Trust [Within the meaning of Sec 182 of the Companies Act, 2013] |
| Amount of Deduction | Any Amount [100%] |
| Restriction | Amount should not be paid in Cash |
| Note: An individ | ual, HUF, AOP (other than a co-operative society) or |

BOI would be eligible for deduction u/s 80GGC only if they have exercised the option of shifting out of the default tax regime provided u/s 115BAC (1A). A co-operative society will not be eligible for deduction if it opts for special provisions of sec 115BAD/115BAE. [FA 2023]



SEC 80U DEDUCTION FOR PERSON WITH DISABILITY

Assessee Individual being Resident

DEDUCTIONS

| Condition | The assessee, at any time during the PY, is certified by the medical authority to be a person with disability | | |
|--------------------------------|---|--|--|
| Amount of Deduction | Disability of the assessee Amount of deduction Other than severe disability ₹75,000 Sever disability[80%] ₹1,25,000 | | |
| | Deduction is allowed irrespective of expense incurred by the assessee. | | |
| Meaning of Various terms | "Disability" is defined in sec 2 Disabilities (Equal Opportun Rights and Full Participation) "Autism","Cerebral palsy" & "n referred to in sec 2(a),(c)&(h) | ities, Protection of Act, 1995 & includes nultiple disabilities" | |

SEC 80DD MAINTENANCE/MEDICAL TREATMENT OF DISABLED DEPENDANT

for Welfare of Persons with Autism, Cerebral Palsy,

Mental Retardation and Multiple Disabilities Act, 1999;

| - | | | |
|-----------|--|--|--|
| ssessee | Individual/HUF being Re | esident | |
| ondition | rehabilitation of a dependant, being a person with disability Max time pucha ja saktha hai 2) Deposited any amount under scheme (framed by | | |
| i El a | LIC/any other approved ins provide for payment of ann for benefit of such dependent death of the assessee. | uity/lump sum amount | |
| | The deduction shall be allow | ved in (2) only if the | |
| | following conditions are sat | | |
| | (a) The scheme provides for payment | | |
| | (i) In the event of the dea | ath of the individual or | |
| | the member of HUF in whose name | | |
| | | heme has been made; or | |
| | (ii) On attaining 60 year | | |
| | payment or deposit t | mber of HUF and the so such scheme has | |
| | been discontinued;] | aithar tha danandant | |
| // 20 | (b) The assessee nominates either the dependant, being a person with disability, or any other | | |
| | person or a trust to receive the payment on his | | |
| 1772 | behalf, for the benefit of | | |
| | a person with disability. | [FA 23] | |
| nount | Disability of the assessee | Amount of deduction | |
| | Other than severe disability | ₹75,000 | |
| | Sever disability[80%] | ₹1,25,000 | |

1. "Disability" shall have the meaning assigned to it in sec 2(i) of the Persons with Disabilities Act, 1995 (i.e. "Blindness", "low vision", "leprosy-cured", "hearing impairment", "locomotor disability", "mental retardation") & includes "autism", "cerebral palsy" and "multiple disability".

2. "Dependent" means - in the case of an individual, the spouse, children, parents, brothers and sisters of the individual or any of them; in the case of a HUF, a member of the HUF, dependant wholly or mainly on such individual or Hindu undivided family for his support and maintenance, and who has not claimed any deduction u/s 80U in computing his total income for the AY relating to the PY;

3. Sec.80DD(3): If a person with disability predeceases the Individual or member of HUF in whose name money has been deposited, an amount equal to the amount paid or deposited under the scheme shall be deemed to be the Income of assessee of PY in which such amount is received. However this provision shall not apply to the amount received by dependent, being a person with disability, before his death, by way of annuity or lumsum by application of the conditions refer in this section.

4. Sec 80DD(3A): The above provision shall not apply to the amount received by the Dependant, being a person with disability, before his death, by way of annuity or lump sum by application of the condition of 60 years or more or discontinuance of deposit.

Provided that the deduction under this section shall be reduced by the amount received, if any, under an insurance from an insurer, or reimbursed by an employer, for the medical treatment of the person referred to above.

SEC 80D MEDICAL INSURANCE

| Assessee | Individual /HUF [R/NR] |
|----------|--|
| | Payment should be in any mode other than cash however payment shall be made by any |
| | mode including cash in respect of any sum paid on account of preventive health check-up |

The Insurance/Contribution/Checkup can be:

| Individual | | In name of Individual/Spouse/Parents & dependent Children | |
|------------|-----|---|--|
| | HUF | In the Name of any member | |

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be no CG in the hands of

however, the shareholder

the CO u/s 46(1),

- 11) Received By a member of the family of a deceased person i) From the employer of the deceased person; or
- sum or aggregate of such sums does not exceed 10 lakh Where the cause of death of such person is illness related to

ii) From any other person or persons to the extent that such

- COVID-19 and the payment is -
- i) Received within 12 months from the date of death of such person; and
- ii) Subject to such other conditions, CG may notify.

Accordingly, the Central Government has, vide Notification No. 92/2022 dated 5.8.2022, specified the following conditions -

- 1. (i) The death of the individual should be within 6 months from the date of testing positive or from the date of being clinically determined as a COVID-19 case, for which any sum of money has been received by the member of the
- (ii) The family member of the individual has to keep a record of the following documents -
 - (a) The COVID-19 positive report of the individual, or medical report if clinically determined to be COVID-19 positive through investigations in a hospital or an inpatient facility by a treating physician; (ii) Constituency Allowance of MPs - In the case of a Member of
 - (b) A medical report or death certificate issued by a medical practitioner or a Government civil registration office, in which it is stated that death of the person is related to corona virus disease (COVID-19).
- 2. The details of such amount received in any financial year has to be furnished in the prescribed form to the Assessing Officer within 9 months from the end of such F.Y.. [FA 2023]
- Family" (For clause 12 & 13), in relation to an individual
 - (i) The spouse and children of the individual; and (ii) The parents, brothers and sisters of the individual or any of them, wholly or mainly dependent on the individual.

PROPERTY MEANING

- i) Immovable property being land or building or both;
- ii) Shares and securities
- iii) Jewellery & Bullion v) Drawing iv) Archaeological collections
- vi) Paintings vii) Any work of art ix) Virtual Digital Asset viii) Sculptures

RELATIVE MEANING

- > Spouse of the Individual
- > Brother/Sister of the Individual/Spouse of the Individual > Brother/Sister of either of the Parents of the Individual
- > Any lineal ascendant/descendant of the Individual
- > Any lineal ascendant/descendant of the Spouse of the Individual > Spouse of the person referred to in clause (ii) to (vi)
- > In case of HUF Any member

NOTIFICATION 96/2019

Sec 56(2)(x) is not applicable if immovable property is received by a resident of unauthorised colony in national capital territory of Delhi, when CG by notification regularize such transaction which are based on latest power of attorney, agreement to sell, will / possession letter & other document evidencing payment for the right of ownership or transfer or mortgage in regards to such property. Stamp Duty Value as on the date of agreement can be considered if full/ part consideration is received by account payee cheque / draft / ECS / other mode as may be prescribed (Refer CG)

RESIDUAL INCOME

Any income chargeable to tax under the Act, but not falling und any other head of income shall be chargeable to tax under the he "Income from other sources". For example, salary received by an MPs/MLAs will not be chargeable to income-tax under the head 'Salary' but will be chargeable as "Income from other sources" under section 56. However, the following incomes of Members of Parliament or State Legislatures will be exempt u/s 10(17): (i) Daily Allowance - Daily allowance received by any Member of Parliament or of any State Legislatures or any Committee

Parliament, any allowance received under Members of Parliament (Constituency Allowance) Rules, 1986; and

(iii) Constituency allowance of MLAs - Any constituency allowance received by any person by reason of his membership of any State Legislature under any Act or rules made by that State Legislature.[FA 2023]

CASUAL INCOME

| Income by way of Lottery Horse races Betting Card Game Crossword puzzle Games of any sort | Notes: 1. Sec.58(4),no deduction is allowed from such Income. 2. U/s 115BB it is taxable @ 30%. 3. Deduction u/s 80C-80U is not available. 4. Generally casual Income is Received after TDS [Net of TDS] Hence we need to Gross up. grossing up = Amount received 100 -TDS Rate > If Problem gives Net amount - gross it. > If nothing is given - assume it is Gross up. |
|---|--|
| | > If nothing is given - assume it is Gross up. 5. Lottery held as stock in trade taxable in PGBP. |

TAXATION OF DIVIDEND & DEEMED DIVIDEND

COMPANY'S LIABILITY

| Sec | Provisions before 1.4.2020 | Provisions after 1.4.2020 |
|-------|---|---|
| 115-0 | Company is Liable to DDT on dividend declared & Paid. | Company is not liable to DDT |
| 194 | Company is not liable to Deduct TDS on dividend paid u/s 115-O | Company would be liable to deduct TDS |
| 80M | Was not in existence. | Inter operate Dividend allowed as Deduction.[Refer section] |

SEC 8 DIVIDEND INCOME

- Interim Dividend shall deemed to be income of PY in which such dividend is made available by company
- 2) Dividend includes deemed dividend u/s 2(22)(a) to (e).

TAXABILITY OF DIVIDEND IN THE HANDS OF SHAREHOLDER

1) From 01.04.20, dividend income is taxable in the hands of shareholder

2) The PY in which dividend is taxable:

| Type of Dividend | PY in which it is taxable | |
|---------------------------------------|--|--|
| Interim Dividend | Taxable in the year in which it is received | |
| Final Dividend | Taxable in the year in which it is declared at AGM | |
| Deemed Dividend Sec 2(22)(a) - (e) | Taxable in the year in which it is distributed or paid | |

3) Surcharge on Dividend:

For Individual & HUF - The surcharge on dividends & capital gains u/s 111A / 112A shall not exceed 15% No surcharge

a) Upto 50lakhs b) Exceeds 50L upto 1cr. c) Exceeds 1cr upto 2cr 15% d) Beyond 2cr. 15% only

4) Allowability of Expenses from dividend Income:

- i) Expense is allowed lower of
 - a) Actual interest
- b) 20% of dividend income before such deduction ii) No expenses except above shall be allowed as deduction
- 5) When Dividend is received by NR & Foreign Co.

1) Dividend income is taxable (as per Sec 115A the tax

- rates will be 20%) 2) The Payer Company shall deduct the TDS u/s 195

SEC 80M DEDUCTION IN RESPECT OF CERTAIN INTER-CORPORATE DIVIDEND

Sec 80M(1) - Domestic company can take deduction lower of i) Dividend received or ii) Dividend paid on or before the due date of filing ROI.

"due date" means the date one month prior to the date for furnishing the return of income u/s 139(1).

| extent of accumulated profits (capitalised or not), resulting release of its assets to its shareholders #Issue of bonus shares is not deemed dividend. # When assets are distributed, FMV of asset as on date of distribution has to be taken. Any distribution to its shareholders by a Co of debentures/debenture-stock/deposit FMV of assets as the date of distribution has to be taken for calculation of distribution of distribution of distribution has to be taken. | Sec | Particulars | Relevant point |
|--|--------------|--|--|
| 2(22) > Of debentures/debenture-stock/deposit to equity shareho | 2(22)(a) | extent of accumulated profits (capitalised or not), resulting release of its assets to its shareholders #Issue of bonus shares is not deemed dividend. # When assets are distributed, FMV of asset as on date of distribution has to | Amount of dividend = FMV of assets as on the date of distribution has to be taken for calculation of dividend. |
| does not amount | 2(22) (b) | Of debentures/debenture-stock/deposit certificates, Of bonus to its preference shareholders, To the extent of accumulated profits | If bonus shares are issued to equity shareholders, it does not amount to distribution of dividend |

will be subject to CG. Any distribution to its shareholders by a Co. on the reduction of its capital, to the extent of accumulated profits (capitalised

Loans & Advances by Closely Held Company: . Loan & Advances by Private Co[closely held co] is treated as

on its liquidation, to the extent of its

accumulated profits (capitalised or not).

Deemed Dividend to the extent of accumulated profit. 2. Accumulated profit means profit as per companies Act 3. Substantial Interest in case of companies shall be 10% of voting rate in case of other concern it shall be 20% of profit

Tarulata Shyam v. CIT (SC): Section is applicable at the time when loan is given hence even if loan is repaid during the year then also sec applies. 5. It is not applicable in case of trade advances. [Cir 19/2017]

Accumulated profits means all profit which is available for distribution or payment of dividend & u/s 2[22][c] all profits up to date of liquidation

. In case of an amalgamated company. Accumulated profits, whether capitalized/not/loss as the case may be shall be increased by accumulated profits whether capitalized/not of amalgamating company on date of amalgamation.

LIABILITY OF COMPANY

The Payer Company now not liable to deduct Tax u/s 115-O The Payer Company is liable to deduct TDS u/s 194 in case of Resident whereas Sec 195 in case of Non Resident.

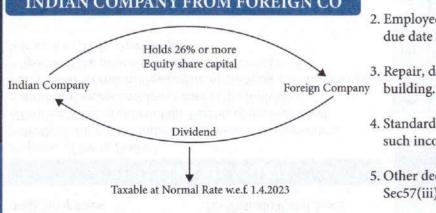
SEC 194 TDS ON DIVIDEND IN **CASE OF RESIDENT**

| Payer [Deductor] | Principal officer of any Indian Co / a company which has made the declaration and payment of dividends (including dividends on preference shares) within India |
|---------------------|--|
| Payee [Deductee] | Shareholder being Resident |
| Limit | Paid by any mode & dividend exceed ₹5,000 |
| Rate | 10% [FA'20] |
| Time of Deduction | Before making any payment by any mode |
| Special points | This section shall not apply to such income credited or paid to- a) LIC b) General insurance c) Any other insurer |

SEC 195 TAXATION IN CASE OF NR

TDS shall be deducted @ 20%

SEC 115BBD DIVIDEND RECEIVED BY INDIAN COMPANY FROM FOREIGN CO



SHARE ISSUED AT PREMIUM

If a closely held company [Private Co.] issued to share to a resident shareholder on premium then; Consideration (-) FMV = IFOS

Exception:

1) Premium received by Venture Capital Undertaking & 2) Person specified by Central Govt (as of now Cat I AIF is specified) Issue of Share at Premium by Category II AIF shall be exempt FA'19 Notification By CG - notification w.e.f 19.02.2019: Startup shall be eligible for Exemption u/s 56(2)(viib)(ii) if following conditions mentioned are satisfied.

FAMILY PENSION

| Normal Actual received | xx | Deceased was recipient of gallantry award | Deceased was working in armed forces |
|---------------------------|--|---|--------------------------------------|
| [-] Lower of | 1 | F | Exempt u/s 10[19] |
| 1/3rd of pension | (xx) | Exempt u/s 10[18] | Exempt up a 10(19) |
| 15000p.a. Taxable | A Committee of the Comm | Fopted for 115BAC then this b FA 2023] | enefit is not available. |
| Pen | sion recei | ved to family member of Dece | ased. |

If assessee opts for Sec 115BAC, Deduction in respect of family pension is not available.

DEDUCTION NOT ALLOWED U/S 58

- a) Any personal expenses of the assessee.
- b) Any interest or salary payable outside India on which tax
- c) Any sum paid on account of Wealth-Tax.
- d) The provisions of section 40A shall apply mutatis-mutandis.
- e) Expenditure related to casual Income.

DEDUCTION ALLOWED U/S 57

- 1. Expenditure for realizing dividend or interest from UTI/MF only Interest exp allowed & that too 20% of such dividend / income from UTI / MF.
- 2. Employees' contribution towards relevant fund(s) before the due date as per that Act [Sec. 57(ia)].
- 3. Repair, depreciation, insurance of plant, machinery, furniture,
- 4. Standard deduction in case of family pension lower of 1/3rd of such income or ₹15,000 whichever is less.
- 5. Other deductions incured for business is allowed as deduction.
- 6. 50% of the amount of interest on compensation or enhanced
- 7. Any expenditure in respect of which a payment is made to a related person: In addition to these disallowances, sec 58(2) specifically provides that the disallowance of any expenditure in respect of which a payment is made to a related person, to the extent the same is considered excessive or unreasonable by the Assessing Officer, having regard to the FMV and disallowance of payment or aggregate of payments exceeding 10,000 or 35,000, as the case may be, made to a person during a day otherwise than by account payee cheque or draft or ECS through bank account or through such other prescribed electronic mode such as credit card, debit card, net banking, IMPS, UPI, RTGS, NEFT, and BHIM Aadhar Pay covered by section 40A will be applicable to the computation of income under the head 'Income from other sources' as well.
- 8. Disallowance of 30% of expenditure: 30% of expenditure shall not be allowed, in respect of a sum which is payable to a resident and on which tax is deductible at source, if Such tax has not been deducted or;
- · Such tax after deduction has not been paid on or before the due date of return specified in sec 139(1).
- In case, assessee fails to deduct the whole or any part of tax on any such sum but is not deemed as assessee in default under the first proviso to section 201(1) by reason that such payee -(i) Has furnished his return of income under section 139;
- (ii) Has taken into account such sum for computing income in such return of income; and
- (iii) Has paid the tax due on the income declared by him in such return of income, and the payer furnishes a certificate to this effect from an accountant in such form as may be prescribed, it would be deemed that the assessee has deducted and paid the tax on such sum. The date of deduction and payment of taxes by the payer shall be deemed to be the date on which return of income has been furnished by the payee. [FA 2023]

TAXABILITY OF LIP

Any sum received under a life insurance policy, including the sum allocated by way of bonus on such policy would not be included in the total income of a person Sec 10(10D)[FA 2023] The following are the exemption available u/s 10(10D):

| He following are in | ic exemption available at a rottory, |
|---|--|
| | Any sum received under a LIP including the sum allocated by way of bonus is exempt |
| issued between 1.4,2003 and 31.3.2012 | Any sum received under a LIP including the sum allocated by way of bonus is exempt. However, exemption would not be available if the premium payable for any of the years during the term of the policy exceeds 20% of "actual capital sum assured". |
| | Any cum received under a LID including the cum |

ssued on or after .4.2012 but before .4.2013

In respect of policies Any sum received under a LIP includi allocated by way of bonus is exempt. However, exemption would not be available if the premium payable for any of the years during the term of the policy exceeds 10% of actual capital sum assured.

In respect of policies ssued on or after .4.2013

- a) Where the insurance is on the life of a person with disability or severe disability as referred to in section 80U or a person suffering from disease or ailment as specified u/s 80DDB. Any sum received under a LIP including the sum allocated by way of bonus is exempt. However, exemption would not be available if the premium payable for any of the years during the term of the policy exceeds 15% of "actual capital sum assured"
- b) Where the insurance is on the life of any person, other than mentioned in (a) above. Any sum received under a LIP including the sum allocated by way of bonus is exempt. However, exemption would not be available if the premium payable for any of the years during the term of the policy exceeds 10% of "actual capital sum assured".

issued on or after 1.4.2023

In respect of policies Any sum received under a LIP including the sum allocated by way of bonus is exempt. However, exemption would not be available if the premiun payable for any of the years during the term of the policy exceeds 10% or 15%, as the case may be, of "actual capital sum assured. Further, exemption would also not be available if the amount of premium payable exceeds ₹ 5,00,000 for any of the previous years during the term of such policy. In a case where premium is payable by a person for more than one LIP (other than ULIP) and the aggregate of premium payable on such policies exceed ₹ 5,00,000 for any of the previous years during the term of any such policy(ies), exemption would be available in respect of any of those LIPs (other than ULIP), at the option of the assessee, whose aggregate premium payable does not exceed ₹ 5,00,000 for any of the previous years during their term.

Any sum is received on the death of a person is exempt irrespective of the annual premium payable on the policy. The condition of payment of premium of 10% or 15% or 20% or ₹ 5,00,000 would not be

Exemption is not available in respect of amount received from an insurance policy taken for disabled person u/s 80DD: Any sum received u/s 80DD(3) shall not be exempt u/s 10(10D). Accordingly, if the dependent disabled, in respect of whom an individual or the member of the HUF has paid or deposited any amount in any scheme of LIC or any other insurer, predeceases the individual or the member of the HUF, the amount so paid or deposited shall be deemed to be the income of the assessee of the previous year in which such amount is received. Such amount would not be exempt u/s 10(10D).

Exemption is not available in respect of the sum received under a Keyman insurance policy: Any sum received under a Keyman insurance policy shall also not be exempt. Explanation 1 to sec 10(10D) defines "Keyman insurance policy" as a life insurance policy taken by one person on the life of another person who is or was the employee of the first-mentioned person or is or was connected in any manner whatsoever with the business of the first mentioned person. The term includes within its scope a keyman insurance policy which has been assigned to any person during its term, with or without consideration. Therefore, such policies shall continue to be treated as a keyman insurance policy even after the same is assigned to the keyman. Consequently, the sum received by the keyman onsuch policies, being "keyman insurance policies", would not be exempt u/s 10(10D).

Taxability of sum received under a LIP which is not exempt u/s 10(10D): Where any sum is received (including the amount allocated by way of bonus) at any time during a previous year, under a life insurance policy, other than the sum -(i) Received under a ULIP

(ii) Received under a Keyman insurance policy; which is not exempt under section 10(10D), the sum so received as exceeds the aggregate of the premium paid during the term of such life insurance policy, and not claimed as deduction under any other provision of the Act, computed in the prescribed manner, would be chargeable to tax under the head "Income from other sources".

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SUMMARY CHART

SEC 71B to 74A Particulars Rules to carry forward & set off past year losses a) If the assessee exercises the option of shifting Property

out of the default tax regime provided u/s 115BAC(1A): In any AY, if there is a loss under the head HP such loss will first be set-off against income from any other head to the extent of ₹ 2L during the same year. The unabsorbed loss will be carried forward to the following AY to be set-off against income under the head HP.

- if the assessee pays tax at concessional rate u/s 115BAC: The loss under the head HP would not be allowable to be set-off against income under any other head. The unabsorbed loss wil be carried forward to the following AY to be set-off against income under the head HP. [FA 2023]
- It can be carried forward for 8 AY's.
- · If return of loss is not filed or filed late loss can be carried forward & set off

Section 72: Business Loss

House

Loss

- Set off with both business income & speculation
- income
 - Carry forward for 8AY. Section 80 applicable. It means if return of loss is not filed or filed late business loss cannot be C/L
- Assessee who has incurred the loss can only set off that loss [6 exception] Even if business is discontinued business loss can
- be set off Speculation Section 73:
- Loss (Same Past year speculation loss can be set off only with speculation income day sale & purchase Carry forward for 4 AY
- If return of loss is not filed or filed late speculation i.e without taking loss cannot be carried forward. Assessee who has incurred the loss can only set off delivery) that loss [exception not applicable] Sec 43(5)
 - Even if business is discontinued business loss can be set off
- Loss under Section 74:

Loss from

of owning

activity

race

horses

- LT can be set off only with LT. ST can be set off capital gain with both LT & ST head
 - Carry forward for 8 AY
 - Section 74A: Past year horse loss can be set off only with horse
- Carry forward for 4 AY. Assessee who has incurred the loss can only set off maintaining that loss [exception not applicable] Even if business is discontinued business loss can be set off
- Loss from No Exam se phele ya chart dekh lena Lotteries Other Yes lossess

ALTERNATE MINIMUM TAX

ALTERNATE MINIMUM TAX

Is applicable to ALL ASSESSEE except COMPANY.

SEC 115JC - APPLICABILITY

As Per Sec 115JC(1), Income Tax Payable by any person Higher

a) Income Tax payable as per Normal Provision of Income Tax. b) 18.5% of Adjusted Total Income [Surcharge, if applicable + 4% Cess] [In case unit is in IFSC & assessee being co-operative

Sec 115JC(2) - Calculation of Adjusted Total Income -

| Particulars | ₹ |
|--|-------|
| Taxable income of the taxpayer | XXX |
| Add: Amount of deduction under chapter VIA under the heading C- Deductions in respect of certain incomes [For Intermediate level, the relevant sections are 80JJAA, 80QQB & 80RRB] [FA 2023] | xxx |
| Add: Amount of deduction claimed under section 35AD (as reduced by the amount of depreciation allowable in accordance with the provisions of section 32) | xxx |
| Add: Amount of deduction claimed u/s 10AA[SEZ] | xxx |
| Less: Depreciation allowable as per section 32 assuming that dedn u/s 35AD was not allowed on assets on which dedn u/s 35AD is claimed | (xxx) |
| Adjusted total income | XXX |

Individual/ HUF/ AOP/ BOI and artificial juridical person, paying tax under default tax regime u/s 115BAC, are also not liable to alternate minimum tax under section 115JC. [FA 2023]

Sec 115JC(3) - Every person to whom this section applies shall obtain a report from CA atleast 1 month prior to the date of filling

Sec 115JC(5) - The provisions of this section shall not apply to a person who has exercised option referred to in sec 115BAC / 115BAD.

SEC 115JD AMT CREDIT

- > IF AMT > Normal Income Tax then excess shall be AMT Credit > It shall be c/f for 15AY
- > Credit shall be setoff in year in which regular tax is More than
- > Tax credit shall be allowed set off in a year when Tax as per Normal. Provision > AMT
- Provided that where amount of tax credit in respect of any income-tax paid in any country or specified territory outside India, u/s 90 or sec.90A or sec.91, allowed against the alternate minimum tax payable exceeds the amount of the tax credit admissible against the regular income-tax payable by the assessee, then, while computing amount of credit under this sub-section, such excess amount shall be ignored.

SEC 115JEE APPLICATION TO CERTAIN **PERSONS**

The Provisions of this Chap shall apply to a person who has claimed any deduction under:

a) Any sec (other than sec 80P) included in Chap VI - A under the head "C- Deduction in respect of certain incomes" or b) Sec 10AA; or c) Sec 35AD

AMT is not payable by:

- Individual
- HUF - AOP / BOI
- Artificial Judicial Persons
- If Adjusted total income of such persons does not exceed

EXAMINE WHETHER TO PAY TAX UNDER DEFAULT REGIME U/S 115BAC OR PAY TAX UNDER THE OPTIONAL TAX REGIME AS PER THE REGULAR PROVISIONS OF THE ACT

In case of an assessee not having income from business or profession- In case of individuals not having income from business or profession, the total income and tax liability may be computed every year, both in accordance with default tax regime under section 115BAC and regular provisions of the Act (including provisions relating to AMT, if applicable), in order to determine which is more beneficial and accordingly, decide whether or not to shift out of the default regime u/s 115BAC. In effect, such individual can choose whether or not to exercise the option of shifting out in each P.Y. He may choose to pay tax under default regime under section 115BAC in one year and exercise the option to shift out of default tax regime in another year.

In case of an assessee having income from business or profession: In case of individuals having income from business or profession, the total income and tax liability may be computed, both in accordance with default tax regime under section 115BAC and regular provisions of the Act (including provisions relating to AMT, if applicable), in order to determine which is more beneficial. Such individual has an option to shift out/opt out of the default tax regime under this section and the option has to be exercised on or before the due date specified u/s 139(1) for furnishing the return of income for such previous year and once such option is exercised, it would apply to subsequent assessment years. Such person who has exercised the above option of shifting out of the default regime for any previous year shall be able to withdraw such option only once and pay tax under the default regime u/s 115BAC for a previous year other than the year in which it was exercised. Thereafter, such person shall never be eligible to exercise option under this section, except where such person ceases to have any business income in which case, option under (i) above would be available. [FA 2023]

SEC 64(2) TRANSFER OF ASSET TO HUF

If any Individual transfers any asset to his HUF without/for inadequate consideration then Income from such asset is received by HUF but taxable in the hands of the Transferor (Member). After Partition of HUF, Income from such asset received, by spouse shall be clubbed in hands of Transferor.

CROSS TRANSFERS

Two transactions are inter-connected and are parts of the same transaction in such a way that it can be said that the circuitous method was adopted as a device to evade tax, the implication of clubbing provisions would be attracted.

Max time puchte ha



SET OFF AND CARRY FORWARD

SEC 70 INTRA HEAD ADJUSTMENT Particulars **Provisions**

| Salary | There cannot be any loss in Head Salary | | | |
|-------------------|--|--|--|--|
| House Property | The state of the s | oss from House property can be setoff against acome from house property | | |
| PGBP | Normal Business | Normal Business loss can be setoff against any Business Income | | |
| | Speculative Business | Speculative loss can be setoff only against Speculative Income | | |
| | Specified Business | Specified Business loss can be Setoff only against specified business Income | | |
| Capital | LTCL | LTCL can be setoff only against LTCG | | |
| Gains | STCL | STCL can be setoff against any CG | | |
| | Normal Loss | IFOS loss can be setoff against IFOS Income | | |
| Other | Loss from O & M Horse race | Horse race loss can be setoff only against Horse Race Income | | |
| Sources | Loss from an Exempt | Loss from an exempt source cant be setoff | | |

SEC 71 INTER HEAD ADJUSTMENT

| Particulars | Provisions | | |
|--|--|--|--|
| Salary | Loss from any head can be setoff against salary except PGBP | | |
| House Property hai pucha ja aktha hai | not be allowab head if the asse However, if the the default tax a loss under the assessee has in income, the mi- set-off against in other words, in ₹ 2 lakhs would | the head "Income from house property" would be to be set-off against income under the other ssee pays tax at concessional rate u/s 115BAC. assessee exercises the option of shifting out of regime provided u/s 115BAC(1A) and there is a head "Income from house property" and the come assessable under any other head of eximum loss from house property which can be necome from any other head is ₹ 2 lakhs. In a such case, the amount of such loss exceeding I not be allowable to be set-off against income r head. [FA 2023] | |
| | Normal Business | Normal Business loss can be setoff against any Income except salary | |
| PGBP | Speculative Business | Speculative loss can be setoff only against Speculative Income | |
| | Specified Business | Specified Business loss can be S/O only agains specified business Income Sec 35AD | |
| Capital Gains | General Rule | Loss from other head can be setoff against CG but loss from CG cant be setoff against other Head | |
| | LTCL | LTCL can be setoff only against LTCG | |
| | STCL | STCL can be setoff against any CG | |
| | Normal Loss | IFOS loss can be setoff against IFOS Income | |
| Other Sources | Loss from O & M Horse race | Horse race loss can be setoff only against Horse Race Income | |
| | Loss from an Exempt Source | Loss from an expemt source cant be setoff (CIT Vs. Tyagrajan) | |

Losses from Specified business u/s 35AD: In case of an assessee exercising the option of shifting out of the default tax regime provided U/S 115BAC(1A), loss from specified business referred to in sec 35AD can be set off only against income from any other specified business. Such loss cannot be set off against income under any other head. [FA 2023]

Note:

Following brought forward losses/ depreciation is not allowed to be set off while computing total income under default tax regime under section 115BAC:

- 1. Brought forward loss from self-occupied house property
- 2. Brought forward business loss of specified business u/s 35AD

3. Brought forward business loss on account of deduction u/s

35(1)(ii)/(iia)/(iii) or u/s 35(2AA) 4. Unabsorbed depreciation attributable to additional depreciatio

u/s 32(1)(iia). [FA 2023] Order of Setoff from PGBP Income: Out of PGBP income

- following shall be order of setoff from PGBP Income: A. Current year depreciation [Section 32(1)];
- B. Current year capital expenditure on scientific research and current year expenditure on family planning to the extent
- C. Brought forward business or profession losses [Section 72(1)];
- D. Unabsorbed depreciation [Section 32(2)];
- E. Unabsorbed capital expenditure on scientific research [Sec 35(4)];
- F. Unabsorbed expenditure on family planning [Sec 36(1)(ix)].

SEC 73A CARRY FORWARD & SET OFF OF LOSSES BY SPECIFIED BUSINESSES

- 1. An assessee exercising the option of shifting out of the default tax regime provided u/s 115BAC(1A) and carrying on specified business, can claim deduction u/s 35AD in respect of capital expenditure (other than land, goodwill and financial instruments) incurred in respect of such business, subject to fulfillment of specified conditions. Any loss computed in respect of the specified business referred to in sec 35AD can, however, be set off only against profits and gains, if any, of any other specified business. The unabsorbed loss, if any, will be carried forward for set off against profits and gains of any specified business in the following assessment year and so on. [FA 2023]
- 2. The unabsorbed loss can be carried forward indefinitely for set-off against income from specified business.
- 3. Filling of Loss Return shall be mandatory in order to c/f the loss.

SEC 74 LOSSES UNDER THE HEAD "CAPITAL HEAD"

- 1. Loss from 'Capital gains' STCL or LTCL shall be carried forward for 8 AY
- 2. Filling of Loss Return shall be mandatory in order to c/f the loss In case of LTCG u/s 112A, Loss exceeding ₹1,00,000 can, therefore, be set-off and carried forward for set-off against LTCG by virtue of section 70(3) & 74.

SEC 74A(3) LOSSES FROM THE ACTIVITY OF OWNING & MAINTAINING RACE HORSES

- 1. Losses incurred by an assessee from the activity of owning & maintaining race horses can be set-off only against the income from activity of owning and maintaining race horses.
- 2. Filling of Loss Return shall be mandatory in order to c/f the loss.
- 3. Loss can be C/f max upto 4 AY

SEC 94[7] DIVIDEND STRIPPING TRANSACTIONS

If any person buys/acquires any security/units at any time within 3M prior to record date & Sell/transfer within 3 M after such record date Or units within 9 Ms of record date & Dividend/ income from such securities are exempt from tax [u/s 10[34]/[35]

Then Loss arising from transfer of such securities or units shall be ignore to the extent income claimed to be exempt. Lets Assume the security is transferred then calculation shall be

| Particulars | ₹ |
|--------------------------|-------|
| FVC | XXX |
| [-] COA [ST] | [xxx] |
| Loss | [xxx] |
| Less: Dividend u/s 94[7] | xxx |
| Balance Loss can be C/f | XXX |

Section is not applicable now

SEC 94[8] BONUS STRIPPING **TRANSACTIONS**

If any person buys or acquires any units (not security) at any time within period of 3 months prior to record date & he is being allotted bonus unit & Sell or transfer all original units within a period of 9 months of record date while continue to own bonus shares Then Loss arising from transfer of such units shall be ignored. Loss so ignored shall deemed to be cost of acq of those bonus units.

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CAPITAL GAINS

THERE MUST BE CAPITAL ASSETS

Capital Assets Sec 2(14) means :-

- 1) Capital Asset means property of any kind held by an Assessee, whether or not connected with his business or profession & include & shall be deemed to have always included any right in or in relation to an Indian company, including rights of management or control or any others right whatsoever.
- 2) Any security held by Foreign Institutional Investor (whether as CA or SIT).
- 3) Any ULIP issued on or after 1st Feb 2021 to which exception to sec 10(10d) does not applies on account of 4th & 5th proviso theroff.

ASSETS NOT TO BE TREATED AS CAPITAL ASSET

| > Stock in trade > Consumable stores > Raw Material for b/p | Personal Effects (incl wearing apparels & furniture) but does not include: > Jewellery > Archaelogical collections > Drawings > Paintings > Sculptures > Any work of art | Rural Agriculture Land in India | > 61/2% Gold Bonds,'7 or 7% Gold bonds,'80 or National Defence Gold Bonds,1980, Special Bearer Bonds 1991 > Gold Deposit Bonds issued under Gold Deposit Scheme'99 / |
|--|--|--|--|
| | ALMECTER (PROP) | 2001111 | Gold Monetization Scheme 2015 |

CAPITAL ASSETS MUST HAVE BEEN TRANSFERRED GAIN MAY BE POSITIVE OR **NEGATIVE**

THERE ARE 2 TYPES OF GAIN DEPENDING ON

| SHORT TERM | LONG TERM |
|--|---|
| CAPITAL ASSET [SEC 2(42A)] | CAPITAL ASSET [SEC 2(29A) |
| 1. Financial Asset - 12M or less | 1. Financial Asset - more than 12M |
| Unlisted Shares & immovable property- 24 M or less | Unlisted Shares & immovable property more than 24 M |
| 3. Other Assets - 36M or less | 3. Other Assets - more than 36M |

| SHORT TERM CAPITAL O | GAIN | LONG TERM CAPITAL O | IAIN |
|---|---------------------------------------|---|-------------------------|
| Full Value of Consideration Less: Exp on Transfer Net Consideration Less: Cost of Acquisition Less: Cost of Improvement | xxx (xxx) xxx (xxx) (xxx) | Full Value of Consideration Less: Exp on Transfer Net Consideration Less: Indexed Cost of Acquisition | (xxx) (xxx) (xxx) |
| STCG Less: Exemption u/s 54B/54D/ 54G/54GA STCG | Xxx (xxx) | Less: Indexed Cost of Improvement LTCG Less: Exempt U/s 54 to 54GB LTCG | (xxx) xxx (xxx) |

SEC 2(47) TRANSFER OF CAPITAL ASSET

Transfer in relation to capital assets includes the following:

- a) The sale, exchange / Relinquishment of the asset
- b) The extinguishment of any rights therein
- c) The compulsory Acquisition
- d) Conversion of asset into stock- in-trade
- e) The maturity or redemption of a zero coupon bond f) Any transaction in part Performance of contract of immovable property u/s 53A of TOPA, 1882
- g) Any transaction of becoming a member of society or Co. etc. having house building scheme for its members.

DETERMINING PERIOD OF HOLDING

| Situations of 49(1) | Holding Period of Assessee + previous Owner |
|---|--|
| Conversion of inventory into Capital Assets | From the date of Its conversion |
| Share Received in amalgamation | It shall be counted from the date of acquisition of shares in Amalgamating co |
| Share Received in Resulting co. | It shall be counted from the date of acquisition of shares Demerged co |
| Right Shares | Counted from the date of allotment Share |
| Bonus Shares | Counted from the date of allotment Share |
| Sweat equity share | Counted from the date of allotment or transfer of such equity Share |
| Conversion of Pref . Shares into Equity | The period of holding shall be considered from the date of Acquisition of preference shares |
| Conversion of Debenture /Bond into shares | The period of holding shall be considered from the date of Acquisition of Bond/Debenture |
| Units of Business Trust [pursuant to Sec.47(xvii) | The period of holding shall include the period for which shares where held by Assessee |
| Units which become property of assessee in consideration of transfer u/s 47(xviii) | The period of holding shall include the period for which the unit or units in consolidation of mutual fund were held by the Assessee |
| Assets acquired by Assessee | From the date of Acquisition |
| Depreciable Assets | Always ST irrespective of holding period |
| Conversion of SIT into | From the date SIT was acquired |

RULE 115A: METHOD OF CONVERSION

| Sale Consideration | Avg of TTBR & TTSR | On date of Transfer |
|--------------------|--------------------|------------------------|
| COA | Avg of TTBR & TTSR | On date of Acquisition |
| Transfer Expense | Avg of TTBR & TTSR | On date of Transfer |
| CG into INR | TTBR | On date of Transfer |

FIRST PROVISO TO SEC 48 : CG IN CASE OF NR

In case of:

Indian Currency.

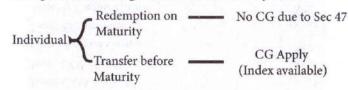
- > Assessee who is a NR (Includes foreign company)
- > Assets should be shares or debentures of Indian Company &
- > Asset was acquired in foreign currency by way of purchase of reinvestment then CG shall be calculated in foreign currency & after that it shall be reconverted into

THIRD PROVISO TO SEC 48

First & Second proviso NOT APPLICABLE for computation LTCG in case of Equity shares, Equity oriented units, units of Business Trust Referred u/s 112A.

FOURTH PROVISO TO SEC 48

Index benefit not allowed in case of bonds/debentures except Capital Indexation Bonds & Sovereign Gold Bonds issued by RBI. As per Sec 47, NO CG in case of Individual on redemption of Sovereign Gold Bond issued by RBI



Other Assessee: CG on transfer on maturity & index benefit available

FIFTH PROVISO TO SEC 48: FOREIGN **EXCHANGE FLUCTUATION GAIN ON** RUPEE DENOMINATION BOND

In case of an assessee being a non-resident, any gains arising on account of appreciation of rupee against a foreign currency at the time of redemption of rupee denominated bond of an Indian company held by him, shall be ignored for the purposes of computation of FVOC under this section.

SIXTH PROVISO TO SEC 48: **DEEMED CONSIDERATION**

Where shares, debentures or warrants referred to in the proviso to sec 47(iii) are transferred under a gift or an irrevocable trust, the market value on the date of such transfer shall be deemed to be the FVOC received or accruing as a result of transfer for the purposes of this sec.

SELF NOTES

CG EXPRESSLY EXEMPT U/S 10

Sec 10(34A) - Any income arising to an assessee, being a shareholder, on account of buy back of shares by the company as referred to in sec 115QA;

Sec 10(43) - Any amount received by an individual as a loan, either in lump sum or in installment, in a transaction of reverse mortgage referred to in section 47(xvi);

Sec 10(37) - in the case of an assessee, being an individual or a HUF, any income chargeable under the head "Capital gains" arising from the transfer of agricultural land, where-

i) Such land is situate in any area referred to in item(a) or item (b) of sec 2(14)(iii);

- ii) Such land, during the period of two years immediately preceding the date of transfer, was being used for agricultural purposes by such HUF or individual or a parent of his;
- iii) Such transfer is by way of compulsory acquisition under any law, or a transfer the consideration for which is determined or approved by the CG or the Reserve Bank of India;
- iv) Such income has arisen from the compensation or consideration for such transfer received by such assessee on / after the 1st day of April, 2004.

Sec 10(37A) - Any income transfer by individual or a HUF, under the Andhra Pradesh Capital City Land Pooling Scheme (Formulation and Implementation) Rules, 2015

SPECIAL CASE IN CAPITAL GAIN

INSURANCE SEC 45 (1A) CG BE TAXABLE IN YEAR OF RECEIPT (MONEY/OTHER ASSETS) FROM INSURANCE CO

| Full Value of Consideration | XXX |
|---|-------|
| Amount received from insurance company | |
| Less: Exp on Transfer | (xxx) |
| Net Consideration | XXX |
| Less: COA / ICOA (allowed upto year of destruction) | (xxx) |
| Less: COI / ICOI | (xxx) |
| Gross Capital Gain | Xxx |
| Less: Exemption | (xxx) |
| Taxable Capital Gain | Xxx |

It is Taxable in the year of receipt of compensation and Indexation is allowed only upto the year of destruction. If compensation is not received then it is pure dead loss.

SEC 45(2) PERSONAL ASSETS CONVERTED INTO STOCK IN TRADE

| Capital Gain | | PGBP |
|---|--|--|
| Full Value of Consideration FMV on date of conversion Less: Exp on Transfer Net Consideration Less: COA / ICOA (allowed upto year of conversion) Less: COI / ICOI Gross Capital Gain Less: Exemption Taxable Capital Gain | XXX (XXX) XXX (XXX) (XXX) XXX | Sale Value Less: FMV as on date of conversion PGBP |

Both Amount Is taxable in the year when converted stock is sold or partly Sold. Indexation is available upto the year of conversion. [If Stock is converted into CA then PGBP would arise]

- 1) If any part of stock is sold then only part CG shall arise in year of sale.
- 2) In case of converted stock sale, period of 6M shall calculate from date of sale of stock for claiming deduction exemption u/s 54EC

SEC 45(2A) SECURITIES IN DEMAT ACCOUNT

If securities are Transfered in Demat Account then for the Purpose of cost of Acquisition it shall be considered on FIFO Basis based on Entry in demat account.

SEC 45(3) TRANSFER BY PARTNER OR MEMBER TO FIR OR AOP/BOI

If the partner/ member transfer the CA to Firm or AOP/ BOI then for the purpose of Full value of consideration amount recorded in books of accounts shall be considered adn any FMV shall be ignored.

SEC 45(5) COMPULSORY ACQUISITION

Initial Compensation & enhanced compensation taxable in year of receipt & exp are allowed as dedn Interest on Enhanced compensation is taxable in IFOS & a of 50% is allowed there from u/s 57.

| al Compensation | XXX |
|---------------------------------------|-------|
| amount given by appropriate authority | |
| ess: Exp on transfer | (xxx) |
| Net Consideration | XXX |
| .ess: COA / ICOA | (xxx) |
| allowed upto year of Compulsory acq) | |
| Less : COI / ICOI | (xxx) |
| Gross Capital Gain | Xxx |
| Less: Exemptions | (xxx) |
| Taxable Capital Gain | Xxx |

If compensation is reduced in future then capital gain shall be recomputed If compensation is received under Right to fair compensation & Transparency in Land Acquisition Rehabilitation and Resettlement Act 2013 then it is not taxable.

Enhance Compensation

| FVOC | XXX |
|---------------------------------------|-------|
| Amount given by appropriate authority | |
| Less: Exp on transfer | (xxx) |
| Net Consideration | XXX |
| Less: COA / ICOA | Nil |
| (allowed upto year of Compulsory acq) | |
| Less: COI / ICOI | Nil |
| Gross Capital Gain | Xxx |
| Less: Exemptions | (xxx) |
| Taxable Capital Gain | Xxx |

SEC 45(5A) TRANSFER UNDER REGISTERED REDEVELOPMENT AGREEMENT

Applicable for Individual/HUF

| FVOC SDV of share on date of issue of certificate +consideration (cash) | XXX |
|---|-------|
| Less: Exp on transfer | (xxx) |
| Net Consideration | xxx |
| Less: COA / ICOA | (xxx) |
| less : COI / ICOI | (xxx) |
| Gross Capital Gain | Xxx |
| Less: Exemptions | (xxx) |
| Taxable Capital Gain | Xxx |

If the rights are transfered before the certificate of completion capital) then capital gain would arise in the year of transfer.

SEC 50AA COMPUTATION OF CAPITAL GAINS IN CASE OF MARKET LINKED DEBENTURE FA 2023

Where a unit of a Specified Mutual Fund acquired on or after 1/4/2023 or a Market Linked Debenture,

Computation of Capital gains

| Particulars | Amount |
|--|--------|
| FVC = Amount received / redemption Value | XXX |
| (-) Expenses on Transfer | (xxx) |
| Net Consideration | XXX |
| (-) COA of Debenture or Unit | (xxx) |
| STCG | XXX |

1. No deduction shall be allowed for STT paid.

- 2. "Market Linked Debenture" means a security which has an underlying debt security and where the returns are linked to market returns on other underlying securities or indices and include any security classified or Naya hai pucha ja regulated as a market linked debenture by SEBI.
- "Specified Mutual Fund" means a Mutual Fund where not more than 35% of its total proceeds is invested in the equity shares of domestic companies: Percentage of equity shareholding held in respect of the Specified Mutual Fund shall be computed with reference to the annual average of the daily closing figures.

SEC 50C FULL VALUE OF CONSIDERATION OF LAND & BUILDING

If Value adopted by Stamp Value Authority exceed 110% of consideration received or accruing, then only Stamp Value is adopted as FVC otherwise consideration so received

shall be FVC. Transaction which are not registered with Stamp Duty Authority & executed through Agreement to sell or power of attorney are also included in Sec 50C.

| Situation in | Value by VO is higher than SVA | C= SVA |
|-----------------|--|--------------------|
| | Value by VO is lower than SVA but more than Assessee | C= VO Value |
| | Value by VO is lower than value by Assessee | C = Assessee Value |

Generally, SDV as on the date of registration is considered but, if the date of agreement and registration are not the same, then, Assessee can take SDV as on the date of agreement if he has received consideration or part thereof upto the date of agreement by way of A/c payee cheque, DD, ECS or any other electronic mode.

SEC 55(2) COST OF ACQUISITION

Cost of acquisition is value which assessee has paid, or amount which he has incurred, for acquisition of asset. It includes amount for completing /acquiring title (Interest on Borrowed

SEC 51 ADVANCE MONEY RECEIVED

| | ney rece to 31-03- | eived/retained 2014 |
|-------------|-----------------------|------------------------|
| Previous Ov | vner | Assessee |
| Ignore | | uce from cost/ |
| | WDV/ | FMV & then |
| | calcul | ate Indexation |

Advance Money received/ retained after 31-03-2014 Taxable in "IFOS"

FULL VALUE OF CONSIDERATION

Full value of consideration is amount of consideration received or receivable by transferor without making any deduction there from.

If in Cash - Take Actual Amount

If in Kind - As per Sec 50D take FMV wherever Consideration is not ascertainable or cannot be determined.



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SEC 40(B): MAXIMUM LIMIT ON INTEREST / REMUNERATION

Interest & Remuneration paid by the firm / LLP is allowed as deduction subject to the limit of section 40b.

Explanation: Where Individual is a partner in a firm on Individual capacity and receive Interest in Representative capacity then limit of sec 40b is not applicable to such Interest

Explanation: Where Individual is a partner in a firm on representative capacity and receive Interest in Individual capacity then limit of sec 40b is not applicable to such Interest C) Amount given in deed

1. Remuneration

- a. Condition for remuneration:-
- Remuneration should be paid only to a working partner Remuneration must be authorized by the partnership
- · Remuneration should not pertain to period prior to
- partnership deed
- · Remuneration should not exceed the permissible limit

b. Maximum Permissible Remuneration = Lower of Actual Remuneration & Maximum Limit (Based on Book Profit)

| Book Profit | Limit | |
|--------------------------------|---|--|
| | ₹ 1,50,000 or at the rate of 90 % of Book Profits, whichever is higher. | |
| On the balance of book profits | At the rate of 60 % of book profits. | |

Note: While making adjustments in Step 2 above, following are to be noted

Explanation: Book profit=

| Income from PGBP as per Normal Provision after making all adjustment u/s 28-44[(-) Current year (+) b/f depreciation] | XXX |
|---|--------------|
| Add: Int/remuneration paid or payable to partners [if debited Less: Interest allowable u/s 40(b) | xxx [xxx] |
| Books profit | XXX |

- > Income chargeable under 'HP', 'CG' & 'IFOS' will not form part of 'Book Profits'.
- > Remuneration include commission for the purpose of Sec 40[b]
- > B/f business loss will not be deducted from profits.
- > Permissible deductions from gross total income shall be ignored > As per ACIT vs great city manufacturing co it was held that once sec.40(b) is allied sec.40(A)(2) cannot be applied.
- > Any payment made beyond limit be disallowed while computing PGBP of firm

2. Interest:

Conditions for claiming the Interest:

- 1. Payment of interest should be authorised by Partnership Deed
- 2. Payment of interest should pertain to the period after the Partnership Deed.

- 3. Rate of interest should not exceed 12 % p.a. simple interest.
- > Interest paid to working as well sleeping both are allowed as deduction. > Act does not make difference between capital/loan. Interest
- on both is @ 12%. Capital covers both capital fixed as well as circulating. > If Firm pays int to partner & partner pays int to firm on
- drawing, it shall not be net off.
- Deduction is lower of:
- A) 12% of capital
- B) Actual Interest

SEC 234G FEES FOR DEFAULT IN FILING **STATEMENT** 1. Where the Association, university, college or other Institution

- notified u/s 35 fails to deliver or cause to deliver a statement or Furnish a certificate in prescribed form or manner or
- 2. It shall be Liable to pay a fees Rs.200 for every day during which failure continues. The amount of fees refered above shall not exceed the amount of which failure has occurred.

SEC 43AA FOREIGN EXCHANGE FLUCTUATION

Sec 43AA(1) - Subject to the provisions of sec 43A, any gain or loss arising on account of any change in foreign exchange rates shall be treated as income or loss, as the case may be, and such gain or loss shall be computed in accordance with the income computation and disclosure standards notified

Sec 43AA(2) - For the purposes of sub-section (1), gain or loss arising on account of the effects of change in foreign exchange rates shall be in respect of all foreign currency transactions, including those relating to-

- > Monetary items and non-monetary items;
- > Translation of financial statements of foreign operations;
- > Forward exchange contracts;
- > Foreign currency translation reserves.

SEC 269ST MODE OF UNDERTAKING TRANSACTIONS

No person shall receive an amount of ₹2,00,000 or more a) In aggregate from a person in a day; or b) In respect of a single transaction; or

c) In respect of transactions relating to one event / occasion from a person, otherwise than by an account payee cheque or an account payee bank draft or use of electronic clearing system through a bank account or through such other electronic mode as may be

The provisions of this section shall not apply toi) Any receipt by-

- a) Government
- b) Any banking company, post office savings bank or co-operative bank;
- ii) Transactions of the nature referred to in sec 269SS;

- Do not Subsist Subsist Clubbed in the Clubbed in the hands of parent hands of parent

Rs 1500 per child shall be available [irrespective of no of child] Sec 10(32) If the asset transferred to a minor child (not being minor married daughter) without consideration or for

of sec 27(i), the transferor parent will be the deemed owner of the house property and will be taxable in the hands of the transferor-parent. Consequently, clubbing provisions u/s 64 (1A) would not be attracted in respect of such income, due to which the benefit of exemption u/s 10(32) (discussed above) cannot be availed against such income. If the house property is transferred by a parent to his or her minor married daughter, without consideration or for inadequate consideration, then,

parent, whose total income before including minor child's income is higher; and benefit of exemption u/s 10(32) can be availed by that parent in respect of the income so included if he/she exercises the option of shifting out of the default tax

regime provided u/s 115BAC(1A) [FA 2023]

CLUBBING OF INCOME

BASICS OF CLUBBING

The income, shall be first computed in the hands of recipient and all expenditure related to such income shall be allowed as provisions of the Act and thereafter the net income shall be clubbed

> Negative Income is also Clubbed.

> Clubbing Provisions are mandatory.

SEC 60 TRANSFER OF INCOME WHERE THERE IS NO TRANSFER OF ASSETS

If any person transfer any Income without transfer of Assets then such income is taxable in the hands of transferor.

SEC 61 REVOCABLE TRANSFER OF ASSETS

Income arising from transfer of asset Irrevocable transfer Revocable transfer Income taxable in Income taxable in hands of transferor hands of transferor [Not Clubbed] [Clubbed]

SEC 64[1A] MINOR'S INCOME

Following shall not be All other income except specified dubbed & be Taxable in shall be Taxable the hands of minor himself. 1. Earned out of skill & Talent Parent Marriage Parent Marriage 2. Earned out of manual 3. Income earned by a minor

Handicap covered u/s 80U Once the Income of minor is clubbed then exemption of

inadequate consideration is a house property, then, by virtue sec 27(i) is not attracted. In such a case, the income from house property will be included u/s 64(1A) in the hands of that

FOR INADEQUATE OR WITHOUT CONSIDERATION

Income from HP Other Income Taxable in HP in the Taxable in Hands of Hands of transferor Transferor u/s 64 u/s 27 as deemed owner. Other Note:

SEC 64(1)(IV)TRANSFER TO SPOUSE

be clubbed. SEC 64(1)(VI)TRANSFER TO SON'S WIFE

identification then, income from such changed assets is to

Where the assets transferred has changed its shape and

If Assets are transfered to son's wife for inadequate or without consideration and Income is earned then such income is clubbed in the hands of transferor. [Father in Law].

SEC 64(1)(VII),(VIII) ASSETS TRANSFERED TO 3RD PERSON FOR BENEFIT OF WIFE / **SONS WIFE** If the Assets is transfered for the benefit of wife/son's wife then

income from such property shall be clubbed in hands of transferor Exception:

The asset is transferred otherwise than for adequate Consideration

SECTION 64(1)(II) SALARY, COMISSION **EARNED BY SPOUSE**

If the spouse has earned remuneration from a concern where Individual has substiantial interest & spouse does not posses any professional & technical Qualification then such remuneration shall be clubbed in hands of transferor. Meaning of substantial interest:

i) For a company: 20% of Voting Right. ii) In any other case: 20% of Profit

1. Whether both husband & wife has substiantial interest: The income shall be clubbed in the hands of person having greater income before this clubbing

2. Holding of relative shall also be counted while considering the substiantial Interest. . 'Relative' in relation to individual means the husband,

wife, brother or sister or any lineal ascendant or descendant. **BUSINESS OUT OF GIFTED MONEY**

The profit earned in the business shall be clubbed in the following manner: Gifted Amount

Total Capital Employed

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- d) Interest on loan to any PFI, State Financial corp, state industrial investment corp, scheduled banks [scheduled bank include co-operative bank other than a primary agricultural credit society or a primary co-operate agricultural & rural development bank]
- e) Leave encashment to employees

allowed in the year of payment

not be treated as actual payment

f) Any sum payable to Indian railways for use of railway assets g) Interest on any loan or borrowing from a deposit taking

non-banking financial company or systematically important non-deposit taking NBFC. If payment is made after the due date then deduction will be

Naya hai pucha ja saktha hai! > Conversion of interest into a loan or borrowing or debenture or other intrument or any instrument by which liability to pay is deferred to a future date shall

> Any sum payable by the assessee to a micro or small enterprise beyond the time-limit specified in sec 15 of the Micro, Small and Medium Enterprises Development Act, 2006 would be allowed as deduction only in that previous year in which such sum is actually paid.

> Sec 15 of the of the Micro, Small and Medium Enterprises Development Act, 2006 mandates payment of goods or services to supplier, being a micro or small enterprises by the buyer on or before the date agreed upon between them in writing i.e., as per the written agreement, which cannot be more than 45 days from the day of acceptance or the day of deemed acceptance of any goods or services by a buyer from a supplier. If there is no such written agreement, the payment shall be made before the appointed day i.e., within 15 days.

If the sum payable by the assessee to a micro or small enterprise is paid as per written agreement (maximum within 45 days) or within 15 days in case of no agreement, the deduction can be claimed on accrual basis if mercantile method of accounting is followed by the assessee. However, if the sum payable by the assessee to a micro or small enterprise is not paid as per written agreement or within 15 days in case of no agreement, the deduction would be allowed in the previous year in which it is actually paid. [FA 2023]

Meaning of Micro and Small enterprise: [FA 2023]

| S.No | Meaning | | | | |
|------|--|---|--|--|--|
| i) | In case of enterprises engaged in the manufacture or production of goods pertaining to specified industries | | | | |
| | Micro enterprise Where the investment in plant and machinery ≤ ₹ 25 lakhs Micro enterprise Small enterprise Where the investment in plant and machinery > ₹ 25 lakhs ≤ ₹ 5 crore | | | | |
| | Note: For calculating investment in plant and machinery, the cost of pollution control, research and development, industrial safety devices and such notified items shall be excluded. | | | | |
| ii) | In case of enterprises engaged in providing or rendering services | | | | |
| | | Small enterprise Where the investment in equipment $> ₹10$ lakhs $≤ ₹2$ crores | | | |

SEC 44AB AUDIT OF ACCOUNTS

Business Profession Tax audit is required If his gross receipts in profession exceed if turnover of ₹50,00,000 in PY; or business in PY

No Tax audit upto Turnover of 10 crore if below conditions are satisfied

exceed 1cr

1. If cash received does not exceed 5% of total receipt &

2. Cash Payment does not exceed 5% of total payment.



1. Assessee covered u/s 44AE/44BB /44BBB, and has claimed his income to be lower than deemed PGBP in any PY; or

Other

2. Assessee covered in Sec 44AD/44ADA & he has declared lower Income as against required to be shown in Sec 44AD/44ADA & his income exceeds Basic **Exemption Limit in PY**

3. If Person fail to declare Income for continuous 5 years as per Sec 44AD (4) & Income exceed **Basic Exemption Limit**

4. No Tax Audit in case of Sec 44AD if the Turnover does not exceed 2crore and declaring the Income as per sec 44AD.

1. Audit shall be conducted by Chartered Accountant & furnish Tax Audit report atleast 1 month prior to the date of filling ROI u/s 139(1) in the prescribed form.[3CA-3CB/3CB]

2. Penalty for non furnishing of Tax Audit report: -Lower of a) 150000 or;

b) 0.5% of Turnover or gross receipt.

3. This Section shall not apply to a person who declares PGBP as per sec 44AD(1) or 44ADA(1)

Requirement of Tax Audit: It is obligatory for the persons mentioned in column (2) of the table below, carrying on business or profession, to get his accounts audited before the "specified date" by a Chartered Accountant, if the conditions mentioned in the corresponding row of column(3) are satisfied [FA 2023]

SEC 35AD DEDUCTION OF CERTAIN SPECIFIED BUSINESS

| Specified Business | Commence | Deduction | |
|---|----------|-----------|--|
| Laying and operating a cross-country natural gas/crude /petroleum pipeline | 1.4.2009 | 100% | |
| Setting up and operating a cold chain facility | 1.4.2009 | 100% | |
| Setting up & operating a warehousing facility for storage of agriculture produce | 1.4.2009 | 100% | |
| The business of building and operating a new hotel of 2 star or above category, any where in India. | 1.4.2010 | 100% | |
| The business of building & operating of a new hospital anywhere in India with at least 100 beds for patients. | 1.4.2010 | 100% | |

A housing project under a scheme for 1.4.2011 100% slum redevelopment or rehabilitation. Developing and building a housing project 1.4.2011 100% under a scheme for affordable housing Capital expense for a new plant or newly 1.4.2012 100% installed capacity in any existing plant for production of fertilizers Setting up & operating an Inland Container 1.4.2012 100% depot or container freight Station notified or approved under Custom Act Bee-keeping & production-Honey & Beewax 1.4.2012 100% Setting up & operating warehouse facility 1.4.2012 100% for Storage of Sugar. Laying & operating a slurry pipeline for 1.4.2014 100% the transportation of iron ore. Setting up & operating Semi-conductor 1.4.2014 100% wafer fabrication manufacturing unit notified by CBDT Developing or maintaining & operating/ 1.4.2017 100% developing, maintaining & operating new infrastructure facility

Deduction: If Section is opted

100% deduction of capital expenditure incurred during the PY 100% of capital expenditure incurred prior to commencement Capital expense not include land, goodwill & financial instrument.

Business should be new business i.e. should not be formed by splitting/reconstruction of old business.

Business should not be set up by transfer of old plant and machinery Old plant & machinery should not be more than 20% of total plant and machinery used for the business

Deduction under Chapter VI- A shall not be allowed in respect of such business for any assessment year

Actual cost of the asset for which deduction has been allowed under Sec 35 AD shall be taken as NIL

Further, receipts on account of sale of those assets be taxable under head PGBP only, whatever the amount may be

duction u/s 35AD would be available only if they xercise the option of shifting out of the default tax regime provided would not be available. A company would not be eligible for

SEC 43CA SPECIAL PROVISION FOR FULL VALUE OF CONSIDERATION FOR TRANSFER OF ASSETS OTHER THAN CAPITAL ASSETS IN CERTAIN CASES

If SDV exceed 110% of consideration SDV=FVOC # All other provisions of sec 50C applies

Sec applies when Land & Building held as SIT.

SEC 37 GENERAL DEDUCTIONS

> CSR exp. not allowed > Contri/donation to Political party / Electoral Trust

a) Expenditure is not covered u/s 30 to 36.

- b) Expenditure is incurred wholly & exclusively for the purpose of business.
- c) Expenditure is not of capital in nature.
- d) Expenditure is not personal nature e) Expenditure should not be in nature of offence or prohibited by Law.

Important Note:

- > Sec 37(2b) No deduction allowed for adv in souvenier/ brochure/pamphlet published by political party (allowed u/s 80GGB/GGC)
- > Exp related to CSR or donation to various entities not allowed.
- > Cir.5/2012 Freebies to medical practitioner not allowed SEC 37 GENERAL DEDUCTIONS
- > Tax interest or penalty related to direct taxes not allowed. Whereas, tax and interest of indirect taxes is allowed but penalty of indirect tax not allowed.
- > Dividend & DDT paid not allowed.
- > Circ. 38/2016 Premium paid by firm on keyman insurance policy of partner is allowed.

As per Explanation 1 to section 37(1), any expenditure incurred by the assessee for any purpose which is an offence or which is prohibited by law shall not be allowed as a deduction or allowance. The expression "expenditure incurred would include and would be deemed to have always included the expenditure incurred by an

(i) For any purpose which is an offence under any law for the time being in force, in India or outside India or

(ii) To provide any benefit or perquisite, in whatever form, to a person, whether or not carrying on a business or exercising a profession, and acceptance of such benefit or perquisite by such person is in violation of any law or rule or regulation governing the conduct of such person; or

(iii) To compound an offence under any law for the time being in force, in India or outside India.

Explanation 3: "Expenditure which is an offence or which is prohibited by law" shall include and shall be deemed to have always included the expenditure incurred by an assessee,—

- 1. For any purpose which is an offence or which is prohibited by, any law for the time being in force, in India or outside India; or 2. To provide any benefit or perquisite, in whatever form, to a
- person, whether or not carrying on a business or exercising a profession, and acceptance of such benefit or perquisite by such person is in violation of any law or rule or regulation or guideline, as the case may be, for the time being in force, governing the conduct of such person; or
- 3. To compound an offence under any law for the time being in force, in India or outside India. [FA 2023]

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SEC 50CA UNLISTED SHARES

- > FMV shall be deemed to be the FVOC if consideration < FMV (Rule 11UAA)
- > Sec applies to all Assessee including NR.
- > Sec applies only if the shares are held as Capital Asset not stock in trade.
- > Sec applies to all kinds of shares-equity or preference. However, it does not apply to Debentures.

The provisions of section 50CA of the Act shall not apply to transfer of any movable property, being unquoted shares, of a company and its subsidiary and the subsidiary of such subsidiary by an assessee, where, (i) The Tribunal, on an application moved by the CG u/s 241

of the CA, 2013, has suspended the BOD of such company

and has appointed new directors nominated by the CG u/s 242 of the said Act; and (ii) Share of such company and its subsidiary and the subsidiary of such subsidiary has been transferred Pursuant to a resolution plan approved by the Tribunal u/s 242 of the CA, 2013 after affording a reasonable

EXPENSES OF TRANSFER

opportunity of being heard to the jurisdictional

Principal Commissioner or Commissioner.

- a) Expenses on transfer is allowed as deduction (not exp on acquisition because it is added to cost) Given in Cash: Take Actual Amount Given in %: Take % of Sale Consideration not of FVOC
- b) Expenses on transfer include brokerage & other legal expenses for sale of Such assets
- c) Expenses on transfer does not Include STT, Hence STT is not allowed as Deduction [7th Proviso to Sec 48]

SEC 55(I)(B) COST OF IMPROVEMENT

a) Any improvement expenditure incurred before 01.04.2001 to be ignored while computing capital gain.

b) IT can be incurred either by Assessee or previous owner. c) COI shall be NIL for the following:

i) Goodwill of Business

ii) Right of Manufacture, Produce or Process any article/

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iii) Right to carry on a business or profession.

SEC 49 COST OF ACQUISITION

| 22.24.2.2 | A STATE OF THE STA | | |
|-----------------------------|--|--|--|
| Sec 49(1) | i) Distribution of assets on total/partial partition of HUF. ii) Gift or will or inheritance. iii) Succession, inheritance or devolution. iv) Distribution of assets on liquidation of co. v) Transfer to revocable/irrevocable trust. vi) Specified Transfer u/s 47 (Including (viiac) (viiad) | Cost to the Previous Owner | |
| Sec 49 | Assets Acquired before 01.04.2001 | Cost of acquisition / FMV as on 01.04.2001 whichever is higher | |
| | Original Shares | Amount paid for acquiring these shares | |
| Shares | Right shares subscribed by the assessee | Amount paid by him for acquiring such asset. | |
| | Right shares subscribed by the other person | Purchase price paid to person renouncing such right + amount paid to co allotting such shares | |
| | Right renouncement: if rights are Renounced in favor of other person | Nil | |
| | Bonus shares allotted before 1.4.2001 | FMV on 1.4.2001 | |
| | Bonus shares allotted on or after 1.4.2001 | Nil | |
| | Sweat Equity shares | FMV for calculation of Perquisite | |
| If 112A applies | Higher of a) Cost of Acquisition & b) Lower of i) Sale Consideration or ii) FMV as on 31.1.2018 | | |
| Immov- -able property | FMV as on 01.04.2001 cannot excee | d SDV as on 01.04.2001 | |
| The Co. Let 1 | THE RESERVE OF THE PROPERTY OF | | |

The Value considered for section 56(2)(x) [Sec.49(4)]

FMV of the assets taken into account for the purpose

1) Immovable Property - POH = Date of Acq. as per deed

of Tax, surcharge and penalty.

[As on 01.06.2016 shall be taken]

In case of CA declared under IDS'16:

2) Other Assets - POH = From 01.06.2016

Received

u/s 56(x)



Provisions of indexation will apply in case of long term CG on transfer of a long-term capital asset, other than capital gain arising to a non-resident from the transfer of shares in, or debentures of, an Indian company referred to in first proviso.

2ND PROVISO TO SEC 48 INDEXED COST

OF ACQUISITION & IMPROVEMENT

1) Index cost of acquisition

a) Before 01/04/2001 FMV on 1/4/2001 / COA to X CII of the year of transfer Assessee / Previous 100 Owner, whichever is higher

b) After 01/04/2001 COA to Assessee

x CII of the year of transfer CII of year of acquisition

c) Asset acquired prior to 01/04/2001 by previous owner & received by Assessee prior to 01/04/2001

FMV on 1/4/2001 / COA to Assessee /Previous Owner, whichever is higher

CII of the year of transfer

d) Asset acquired prior to 01/04/2001 by previous owner & received by Assessee after 01/04/2001

FMV on 1/4/2001 / COA to Previous Owner, whichever X is higher

CII of the year of transfer CII of year in which first held by Assessee

e) Asset acquired after to 01/04/2001 by previous owner & received by Assessee 01/04/2001

COA to Previous X Owner

CII of the year of transfer CII of year in which first held by Assessee

Manjula shah vs CIT: If assessee acquire CA by way of gift & transferred such assets, then ICA would be with reference to year in which previous owner held the assets & not in which Assessee becomes the owner. Therefore CII should be based on the year in which previous owner acquired the assets & not in which assessee becomes the owner.

2) Index cost of Improvement

CII of the year of transfer CII of the year in which COI of the asset improvement made by assessee/previous owner

Finance Act ,2016 has rearranged the Cost inflation Index: **NOTIFICATION NO. 73/2021**

| FY | CII | FY | CII | FY | CII |
|-----------|-----|-----------|-----|-----------|------|
| 2001-2002 | 100 | 2010-2011 | 167 | 2019-2020 | 289 |
| 2002-2003 | 105 | 2011-2012 | 184 | 2020-2021 | 301 |
| 2003-2004 | 109 | 2012-2013 | 200 | 2021-2022 | 317 |
| 2004-2005 | 113 | 2013-2014 | 220 | 2022-2023 | 331 |
| 2005-2006 | 117 | 2014-2015 | 240 | 2023-2024 | 348 |
| 2006-2007 | 122 | 2015-2016 | 254 | 2023/2021 | 2:10 |
| 2007-2008 | 129 | 2016-2017 | 264 | | |
| 2008-2009 | 137 | 2017-2018 | 272 | | |
| 2009-2010 | 148 | 2018-2019 | 280 | | |

BENEFIT OF INDEXATION NOT **AVAILABLE TO**

| Nature of Long Term Capital Gain Transferred | Assessee not Eligible |
|--|--------------------------------------|
| Bond/debenture Except capital Indexed Bond issued by Govt/ Sovereign gold Bond | All Assessee |
| Shares/debenture of Indian company acquired by using convertible Forex | Non Resident |
| Depreciable Assets | All Assessee |
| Slum Sale | All Assessee |
| Securities covered u/s 112A | All Assessee |
| Units purchased in Foreign Currency u/s 115AB [Refer NR Taxation] | Offshore Fund |
| GDR purchased in Foreign Currency u/s 115AC/ 115ACA [Refer NR Taxation] Securities given u/s 115AD [Refer NR Taxation] | Non Resident/ Resident Individual |

SEC 112A TAX ON LONG TERM CAPITAL GAIN [SEC 10(38) ABOLISHED]

LTCG on transfer of:

> Equity Shares, or

> Equity Oriented Units, or ULIP to Which Exemption

u/s 10(10D) by virtue of 4th & 5th Provisio thereof of or > Units of Business Trust in excess of 1L shall be taxable @ 10% (+ HEC @ 4%)

if following conditions are satisfied:

i) STT paid on Acquisition & transfer of Equity Shares ii) STT paid on transfer of Equity Oriented Units & Units of Business Trust. If the above conditions are not satisfied,

Sec 112 is still applicable:

| Particulars | Amount |
|--------------------------|--------|
| FVC = Amount received | XXX |
| (-) Expenses on Transfer | (xxx) |
| Net Consideration | XXX |
| (-) COA: Higher of | (xxx) |
| a) COA b) Lower of: | |
| i) Sale Consideration | |
| ii) FMV as on 31.1.18 | |
| Capital Gain | xxx |

FMV:

Units

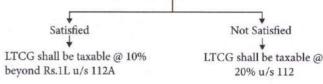
Unlisted Shares

Listed & Traded on 31.1.18 Listed but not traded

- Highest Price on any Previous Traded Day - NAV as on 31.1.18 - Indexed Cost (17-18)

- Highest Price on that Day

Sec 112A(2) Conditions Given Above



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NOTIFICATION 60/2018 EXCEPTION TO STT PAYMENT

1. Shares acquired prior to 1st Oct 2004.

- 2. Acquisition of shares approved by HC/SC/NCLT/SEBI/RBI.
- 3. Shares acquired by NR under FDI guideline.
- 4. Acquisition of shares by Investment Fund u/s 115UB
- 5. Shares acquired through preferential issue as per SEBI. 6. Acquisition through an issue of shares by company.
- 7. Acquisition by schedule bank, reconstruction, or securitisation
- company or PFI during the ordinary course of business.
- 8. Acquisition under ESOP.
- 9. Acquisition Under ESOP. 10. Acquisition from Government.
- 11. Acquisition by any mode of Transfer 45{3}/45[4]/47/50B if the previous owner has acquired shares by any mode. > Enhanced surcharge is not applicable to LTCG u/s 112A/STCG u/s 111A.

SEC 46 CAPITAL GAIN ON LIQUIDATION

Sec 46(1) - Distribution of assets to its shareholders on Liquidation is not regarded as transfer.

Sec 46(2) - Money or assets received by shareholders will be taxed under the head CG. The money so received or the market value of the other assets on the date of distribution, as reduced by the amount assessed as dividend within the meaning of sec 2(22)(c) and the sum so arrived at shall be deemed to be the FVOC for the purposes of sec 48.

SEC 46A CAPITAL GAINS ON DISTRIBUTION OF ASSETS BY COMPANIES IN LIQUIDATION

| (1) | (2) | (3) | (4) |
|--|---|--|--|
| Taxability in hands of | Buyback of shares by domestic co. | Buy back of shares by a company | Buyback of specified securities by any co. |
| Company | Subject to additional Income Tax @ 23.296% | | Not Subject to tax in the hands of the company |
| Shareholder/ Holder of specified securities | Income arising to shareholder exempt u/s 10(34A) | Income arising to shareholder taxable as Capital gains u/s 46A | Income arising to holder of specified securities taxable as capital gains u/s 46A. |

COA & COI OF INTANGIBLES

- 1) Goodwill of business/ profession
- 2) Right to manufacture,
- produce article or thing, 3) Right to carry on any business,
- 4) Trademark / brand name of business,
- 5) Tenancy rights, 6) Route permits,
- 7) Loom hours.

Self-Generated = Nil Purchased = Purchase price

1)Benefit of FMV as on 01/04/2001 NOT available in case of these assets. 2)No CG on Goodwill of Profession as per B.C. Shrinivasa Shetty (SC

SEC 47 TRANSACTION NOT DECADDED ACTDANICEED

| Sec | Provision |
|----------|---|
| 47(i) | Any distribution on the total or partial partition of a HUF |
| 47(iii) | Any transfer under a gift or will or an irrevocable trust |
| 47(iv) | Any transfer by a company to its subsidiary company |
| 47(v) | Any transfer by a subsidiary company to the holding Co. |
| 47(vi) | Any transfer by the amalgamating company to the amalgamated company, in a scheme of amalgamation |
| 47(via) | Any transfer by the amalgamating foreign company to the amalgamated foreign company, in a scheme of amalgamatio of two foreign companies |
| 47(vib) | Any transfer, in a demerger, by the demerged company to the resulting company |
| 47(vid) | Any transfer or issue of shares by the resulting company, in scheme of demerger to the shareholders of the demerged Company. |
| 47(viib) | Any transfer of a capital asset made outside India by a NR to another non-resident |
| 47(viic) | Any transfer by way of redemption by an individual |
| 47(ix) | Any transfer to the Government or to a University or the National Museum, National Art Gallery, National Archives any other public museum or institution notified by the Central Government to be of national importance or to be renown throughout any State |
| 47(x) | Any transfer by way of conversion of bonds or debentures, debenture-stock or deposit certificates in any form, of a company into shares or debentures of that company |
| 47(xa) | Any transfer by way of conversion of bonds into shares or debentures of any company |
| 47(xb) | Any transfer by way of conversion of preference shares of a company into equity shares of that company |
| 47(xvi) | Transfer of capital asset under Reverse Mortgage |

SEC 50B SLUMP SALE

- (1) Meaning of slump sale [Section 2(42C)] Slump sale means transfer of one or more undertakings, by any means, for a lump sum consideration without values being assigned to the individual assets and liabilities in such sales.
- (2) Deemed cost of acquisition = net worth of the undertaking
- (3) Full value of consideration = FMV as on date of transfer.

FMV of the capital assets shall be determined on the date of slump sale and for this purpose, valuation date shall also mean the date of slump sale.

Simplified Analysis:

value of Other Assets

Whichever is higher.

will result into STCG.

FVOC: FMV of assets as on the date of

Less: Net Worth [Deemed cost of acquisition]

Total Assets (-) Current Liability Net Worth Note: If net worth is negative, it is taken = zero & sale

onsideration will become CG -

total assets 100% deduction Claimed assets - Nil

accruing as a result of transfer by way of slump sale. Note: However, if the undertakings owned and held by an assessee for not more than 36M immediately preceding the date of its transfer, then such slump sale

Rule 11UAE: The FMV shall be the FMV1 or FMV2,

FMV2= The FMV of thw consideration received or

FMV1 = The FMV of capital assets transferred by way of

slump sale determined at the date of slum sale

- Book Value



XXX

(xxx)

XXX

Assets are totally

Ignored

SELF NOTES

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SEC 40 AMOUNTS SPECIFICALLY NOT DEDUCTIBLE

Royalty, Int, FTS etc

Sec 40(a)(i): Payment made to NR or Foreign Co. and

TDS not Deducted

TDS Deducted but not paid to Govt. Upto Due Date of 139(1)

100% Disallowed

Note: Such amount should be taxable in the hands of NR or Foreign co. under the act.

Sec 40(a)(ia): Any payment made to Resident and

TDS not Deducted

TDS Deducted but not paid to Govt. Upto Due Date of 139(1)

30% Disallowed

Note for 40(a)(ia) & 40(a)(ia):

> In the subsequent year, if TDS is deducted & paid to Govt or to Govt.(if deducted earlier), then 100% / 30% disallowed earlier shall be allowed in the subsequent year.

Sec 201(1):

> If any amount paid to Resident / NR without deduction of TDS & Such PAYEE (RINR):

Has Furnished Takes into Account ROI u/s 139(1) such income

Paid Tax on Such Income

> And the payer furnishes a certificate in this regard from a CA to the AO = That tax has been paid on such Income

Sec 40(a)(ii): Any tax paid outside India → Which is eligible for Relief under

Is not allowed Note: Tax always includes Tax, Cess & Surcharge as deduction under PGBP

Sec 40(a)(ib): Same as 40(a)(i), but refers to Equalization Levy, which is discussed in that chapter.

Sec 40(a)(iii): TDS on Salary payable outside India,

Outside India OR To NR in India > And Salary payable To NR In India

TDS Must be deducted

If not deducted OR Deducted but not paid → Next to Govt A/c upto due date of TDS payment

> Such Salary will not be allowed as Deduction.

This will never be allowed again on payment after due date.

Sec 40(a)(iv): Any contribution to Provident Fund or any other fund made for employees.

And if any payment is made from the fund to employees which is taxable under the head salaries in hands of employees

If assessee does not deducts tax, the amount paid will be disallowed

Sec 40(a)(v): Tax on Non-Monetary perquisite Non-monetary perquisites

such non-monetary perquisites are taxable in the hands of EMPLOYEE

> But If EMPLOYER pays such tax on non-monetary perqs on behalf of Employee

Then such tax paid is not allowed as Deduction to **EMPLOYER**

As it is exempt in the hands of Employee u/s 10(10CC)

NEFT, Net banking, IMPS, BHIM.

SEC 40A(2) UNREASONABLE PAYMENT TO RELATIVE/SUBSTANTIAL INTEREST

Unreasonable payment to relative as determined by AO not allowed as deduction. Parket Price determined as per Arm length Price

SEC 40A(3) CASH EXPENDITURE

| SEC 40A(3) CE | ASH EAF ENDITORE | | |
|--------------------------------|---|--|--|
| APPLICABILITY | NON APPLICABILITY - Rule 6DD | | |
| Expenses in cash exceeding | 1. Payment made when bank is closed | | |
| 10,000 in a single day to same | 2. Payment to Banks,FI,Govt, Co-op | | |
| person shall not be allowed as | bank. | | |
| deduction | 3. Payment to farmer for its produce | | |
| Note : for GTA take 35,000 | 4. Payment made at a place not served by Bank | | |
| | 5. Payment is made by Dr. / cr. card, | | |

RULE 6ABBA OTHER ELECTRONIC MODE

- 1. Credit card, Debit card
- 2. Net Banking, RTGS, NEFT, IMPS
- 3. UPI (Unified Payment Interface)
- 4. BHIM(Bharat Interface for Money) aadhar pay.

RULE 6DD EXCEPTION TO SEC 40A(3)&(3A)

No disallowance u/s 40A(3)/40A(3A) shall be made in following cases -

- Month 1. Where the payment is made to
 - i. RBI or any Banking Company
 - ii. SBI or any subsidiary bank.
 - iii. Any co operative Bank or Land Mortgage Bank
 - iv. Any Primary agriculture credit society or any primary credit society
 - v. Life Insurance Corporation of India
 - vi. The Government and, under the rules framed by it, such payment is required to be made in legal tender.
 - 2. Where the payment is made by
 - i. Any letter of credit arrangements through a bank; ii. A mail or telegraphic transfer through a bank;
 - iii. A book adjustment from any account in a bank to any other account in that or any other bank; iv. A bill of exchange made payable only to a bank;
 - v. Use of ECS vi. Credit Card/ Debit card

 - amount of any liability incurred by the payee for any goods supplied/services rendered by the assessee to such payee;
 - 4. Where the payment is made for the purchase of i. Agricultural or forest produce; or
 - ii. The produce of animal husbandry or dairy or poultry farming; or
 - iii. Fish or fish products; or
 - iv. The products of horticulture or agriculture, to the cultivator, grower or producer of such articles, produce or products;
 - 5. Where payment is made for purchase of products manufactured or processed without the aid of power in a cottage industry, to producer of such products;
 - 6. Where the payment is made in a village or town not served by any bank.
 - 7. Where any payment is made to an employee or the heir of any such employee, on or in connection with the Retirement, retrenchment, or death of such employee, on account of gratuity, retrenchment compensation or similar benefit & aggregate of such sums payable to the employee / his heir does not exceed ₹50,000.
 - 8. Where the payment is made by an assessee by way of salary to his employee after deducting TDS and when such employee-
 - i. Is temporarily posted for a continuous period of 15 days or more in a place other than his normal place of duty or on a ship; and
 - ii. Does not maintain any account in any bank at such pace or ship.
 - 0. Where the payment is made by any person to his agent who is required to make payment in cash for goods or services on behalf of such person;
 - 11. Where the payment is made by an authorised dealer or a money changer against purchase of foreign currency or travelers cheques in the normal course of his business.

SEC 40A(4) PAYMENT BY PRESCRIBED MODE IN VIOLATION OF CONTRACT

SELF NOTES

Notwithstanding anything contained in any other law or in any contract, if payment is made as per prescribe mode u/s 40A(3) no person shall be allowed to raise, any suit or a plea on the grounds that the payment was not made in cash or other manner.

SEC 40A(7)

No deduction for any gratuity or its provision except approved gratuity.

SEC 40A(9)

No deduction for any PF or its provision except DPF, RPF, PPF. SEC 40(A)(IB) EQUALIZATION LEVY

Not deducted then 100% disallowance will be attracted

SEC 40(A)(IIB) FEE/CHARGE PAID BY STATE GOVT UNDERTAKING

Any amount :-

- 3. Where the payment is made by way of adjustment against the a. Paid by way of royalty, licence fee, service fee, privilege fee, service charge/any other fee/charge, by whatever name called, which is levied exclusively on; or
 - b. Which is appropriated, directly or indirectly, from, a State Government undertaking by the State Government

SEC 44AA MAINTENANCE OF BOOKS

Income from Business/profession exceeds 2,50,000 or total sales/gross receipts exceeds 25,00,000 in any 3 preceeding PY or likely to exceed in case of individual & HUF Other than Individual & HUF 1.2 Lakhs &10Lakhs income under 44AD

Gross receipts exceeds 1,50,000 (in all 3 years immediately preceeding the PY or likely to exceed if the profession is newly setup) If assessee declare lower

1. Books are maintained for 6 years from end of relevant AY 2. Penalty for Non compliance = 25,000 [Sec 271A]

SEC 40(A)(I)/(IA) PAYMENT MADE WITHOUT TDS

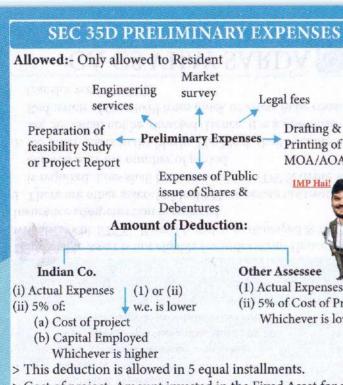
TDS is deducted or deducted but TDS is deducted or deducted but not paid shall be disallowed = 100% not paid shall be disallowed = 30% Assessee will not be treated as assesee in deafult if the payee has submitted the ROI & has considered submitted the ROI & has this as Income and Paid the tax due | considered this as Income and

Any Payment made to NR on which Any Payment made to R on which Assessee will not be treated as assesee in deafult if the payee has Paid the tax due there on.

SEC 43B DEDUCTION ALLOWED ON ACTUAL PAYMENT BASIS

Following expenses are allowed only if following payments are made before filing ROI

- a) Any tax, duty, cess
- b) Employer's contribution towards SPF, RPF, Approved Gratuity Fund, Approved Super Annuation Fund, New Pension scheme, any funds as per law
- c) Bonus, Commission to Employees



Other Assessee (1) Actual Expenses (ii) 5% of Cost of Project w.e. is lower Whichever is lower

Drafting &

Printing of

MOA/AOA

(b) Capital Employed Whichever is higher

> This deduction is allowed in 5 equal installments.

> Cost of project: Amount invested in the Fixed Asset for new

> Capital Employed Shares + Debentures + long term borrowings for new project(Reserves & Surplus not included)

Market

survey

Expenses of Public

issue of Shares &

Debentures

The preliminary expenditure is not allowed if assessee opted alternative tax scheme

SEC 35CCA EXPENSE FOR RURAL **DEVELOPMENT PROGRAMMES**

Assessee contribute for:

i) National Fund for Rural Development; ii) National Urban poverty Eradication Fund

The assessee shall be allowed a deduction of the amount of such expenditure incurred during the PY. **DEDUCTION ALLOWED: 100%**

SEC 35DDA EXPENDITURE RELATED TO VRS

Any Assessee incurring the expenditure on VRS deduction on 1/5th basics over 5 years starting from year of expenses.

The preliminary expenditure is not allowed if assessee opted alternative tax scheme

SEC 32(1)(I) DEPRECIATION FOR POWER GENERATING UNDERTAKINGS

1. An assessee engaged in the business of generation or generation and distribution of power can claim depreciation at the prescribed rates on actual cost of each asset on straight line method of depreciation.

2. Assessee also has an option to claim depreciation on WDV of Block of assets. However such an option has to be Exercised before the due date of furnishing ROI for the PY in which it begin to generate power. Such option once exercised shall be final, if option is not opted then Depreciation shall be allowed on SLM basis only

Notes:

1. Where any asset is put to use for of less than 180 days, the depreciation shall be restricted to 50% of the amount calculated at the prescribed percentage.

2. The depreciation shall not exceed the actual cost of the asset.

SALE OF ASSETS BY POWER **GENERATING UNIT**

1. If Charged Depreciation on WDV basis: Treatment shall be as per Sec 50.

2. If charged depreciation on SLM Basis. A) Where Loss arise (Terminal Depreciation)

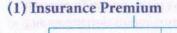
| Sale Value is Less the | en WDV |
|---|--------|
| OP WDV | XXX |
| (-) Money Received Including Scrap Value | (xxx) |
| Terminal Depreciation to be claimed in Year | XXX |

B) Where Profit arise

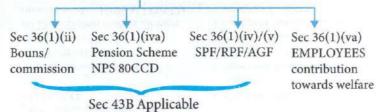
| Sale value is More the | HIVEDY |
|------------------------------|---------------|
| OP WDV | xxx |
| (-) Money Received | (xxx) |
| Including Scrap Value | |
| >Amount upto Dep already | claimed is |
| taxable as Balancing charg | ge[Sec 41(2)] |
| > Balance surplus is Taxable | e as CG |
| depends upon POHA [Sec | 50Al |

Sale Value is More then WDV

SEC 36 OTHER DEDUCTIONS



Sec 36(1)(ib) Sec 36(1)(ia) Sec 36(1)(1) Premium for Premium for Premium paid by Federel Milk co-operative Insurance of Insurance of society -> for insurance stock in Trade stock in Trade of cattle Employees (2) Employees Welfare Payment



(3) Sec 36(1)(ii)

- > Bonus or commission paid to Employees is allowed
- > It should not be paid as profit or dividend >It can be more than prescribed under POBA, 1965

(4) Sec 36(1)(iva)

Employer Contribution towards National Pension Scheme u/s 80CCD is allowed as deduction upto:

(i) Actual contribution

(ii) 10% of salary (Basic + DA (Terms)] whichever is lower

(5) Sec 36(1)(iv)/(v)

Deduction allowed for EMPLOYER'S Contribution in

Statutory Provident Fund (SPF) Recognized Provident Fund (RPF) Approved Gratuity Fund (AGF) Any Provident Fund

Note: Deduction under any unrecognized or unapproved Fund not allowed

(6) Sec 36(1)(va)

EMPLOYEES Contribution towards welfare Fund

> Any amount received by fund, superannuation fund etc. is allowed only if it is paid to the Govt. before due date of the respective Act. Clarified by F.A.21

> If paid after due date of the respective act, it will not be allowed as deduction & will be included in Income.

Eg: The due date of PF Act is 15th of Next month of the month in which PF is received Employees PF contri. for the month of July should be paid by the Employer to the govt/govt A/c till 15th August.

Note: If deposit before 15th August - Allowed If not deposited before 15th August - Added to Income.

(7) Sec 36(1)(vi)

> Animals Used in Business other than Stock in Trade

> Deduction under this section will be allowed in the year in which animals become permanently useless or die.

> Amount of Deduction Cost of Animal - Sale value.

(8) Sec 36(1)(vii) BAD DEBTS

Actual Bad Debts. Provision for Bad Debts

Allowed Not Allowed But Allowed to Banks u/s 36 (1)(viia) Related to Business-Allowed > Actual Bad Debts Related to Loan- Not allowed.

> Except: Lending Business In Lending Business, Bad Debt Related to loan is allowed.

> Bad Debts must be written off in BOA in the year in which it is decided. There is no need to prove it.

> Provision for Bad Debts is only allowed to Banks u/s 36 (1)(viia).

(9) Sec 36(1)(viia) Provision for Bad Debts

> Deduction is allowed for provision for Bad Debts. > No Deduction is allowed for actual Bad debts u/s 36 (1)(vii) for this provision amount, as it is

debited in Provision Account

Actual Bad Debts > Provision for Bad Debts Actual Bad Debts - Provision = Difference

will be allowed as deduction

But IF

u/s 36(1)(vii) > Only one account will be made in Provision for Bad

Debts of Rural & Non-Rural Branches. (10) Sec 36(1)(viii) Transfer to Special Reserve

Allowed to financial corporation engaged in providing long term finance(> 5 Years)

200% of (Sh.Cap + Actual Amount 20% of PGBP Gen Reserve)-Transferred to Special Reserve opening bal of Special Reserve

whichever is lower

(11) Sec 36(1)(ix)Expenses on promotion of Family Planning

Allowed to only companies: Amount of Deduction

Capital Allowed Revenue in 5 Equal Fully Allowed Instalments

(12) Sec 36(1)(xvii)Planning of Sugar Cane

Expenditure Co-operative Engaged in Mfg. Incurred by Society of sugar

Equal to For purchase of Price fixed ← At a price ◆ sugarcane by Govt. Less than

(13) Sec 36(1)(xv) = STTSec 36(1)(xvi) = CTT

Allowed as deduction if Assessee has held shares, Securities & Commodities as Stock in Trade

(14) Sec 36(1)(xviii)Marked to market loss/ **Expected loss**

As per ICDS Others Allowed Not Allowed

Pg

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CIR. NO. 743: UNUTILIZED DEPOSIT UNDER CGAS IN THE HANDS OF LEGA HEIRS

| Particulars | Sec 54 | Sec 54B | Sec 54D | Sec 54EC | Sec 54F | |
|----------------------|---|---|--|---|--|--|
| Eligible Assessee | Individual/ HUF | Individual/ HUF | Any assessee | Any assessee | Individual/ HUF | |
| Asset transferred | Residential House (LTCA) | Urban Agricultural Land | Land & building forming part of an industrial undertaking | Land or building or both (LTCA) | Any LTCA other than Residential House | |
| Other Conditions | Income from such house should be chargeable under the head "Income from house property". | Land should be used for agricultural purposes by assessee or his parents or HUF for 2 years immediately preceding the date of transfer. | Land & building have been used for business of undertaking for at least 2 years immediately preceding the date of transfer. The transfer should be by way of compulsory acquisition of the industrial undertaking | | Assessee should not own more than one residential house on the date of transfer. He should not purchase within 2 years or construct within 3 years after the date of transfer, another residential house | |
| | One Residential House situated in India/Two residential houses in India, at the option of the assessee,where CG does not exceed ₹ 2 cr. | Land for being used for agricultural purpose (Urban/ Rural) | Land or Building or right in land or building | Bonds of NHAI or RECL or any other bond notified by C.G. (Redeemable after 5 years) | One Residential House situated in India | |
| construction | Purchase within 1 yr before or 2 years after the date of transfer (or) construct within 3 years after the date of transfer | Purchase within a period of 2 years after the date of transfer | Purchase/construct within 3 years after the date of transfer, for shifting or re- establishing the existing undertaking or setting up a new industrial undertaking. | Purchase within a period of 6 months after the date of transfer. | Purchase within 1 year before or 2 years after the date of transfer (or) Construct within 3 years after the date of transfer | |
| Amount of Exemption | Cost of new Residential House or two houses, as the case may be or CG, whichever is lower, is exempt. However, if the cost of new residential house exceeds ₹10 crore, the amount exceeding ₹ 10 crore would not be taken into account for exemption. The maximum exemption that can be claimed by the assessee is ₹10 cr | Cost of new Agricultural Land or Capital Gain, whichever is lower, is exempt IMP Hai! | Cost of new asset or Capital Gain, whichever is lower | such investment is | | |

Special Points:

Additional conditions for availing exemption is Assessee should not purchase any Residential House within prescribed limit, other than the New Asset.

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Sec 54H: Extension of time limit for acquiring new asset Where transfer of CA is by compulsory acquisition under any law, then, Time limits for acquiring new asset & for depositing in CGAS shall be computed from date of receipt of compensation & not compulsory acquisition.

PROFIT GAINS FROM BUSINESS OR PROFESSION

SEC 28 CHARGING SECTION Following Income shall be taxable under the head PGBP:

1) Any profit/gain of any Business/Profession

2) Profit on sale of Import Entitlement License

3) Cash Compensatory support or duty drawback 4) Profit on sale of DEPB (Duty entitlement pass book scheme)/ Duty free Replenishment Certification (DFRC)

5) Any Amount received under Key-Man Insurance Policy 6) Any gift/benefit/perquisite arising due to Business/Profession

7) Any Interest, salary, bonus, commission received by partner from Partnership firm [to extent allowed u/s 40(b) to firm]

8) Non-compete Fees (not carrying out any activity in relation to any business or profession or not sharing any know-how, patent, copyright, trade-mark etc.) 9) Income derived by a trade, professional or similar association

from specific service perform for its member 10) FMV of inventory as on date on which it is converted into CA.

11) Any Compensation or other payment due to/received by, any person, at or in connection with termination/modification of terms & conditions, of any contract relating to his business

12) Sale of Asset whose whole cost is allowed as deduction.

SEC 41 DEEMED PGBP

Sec 41[1]: If Assessee was allowed deduction in earlier years by way of expenses or loss, Trading Liability & now during the current PY, assessee has obtained a refund of such Liability or there is remission or cessation of such trading liability, then such refund or remission or cessation shall demmed to be pgbp.

Sec 41[2]: Balancing charge:

Where any asset of power generating unit is: - Owned by assessee

- On which depreciation is claimed on SLM basis

- For the purpose of business is sold, discarded, demolished or destroyed and amount recieved for such asset together with the amount of scrap value so much of depreciation already claimed.

- Shall deemed to be PGBP

Sec 41[3]: Sale of assets used for scientific research PGBP income will be lower of:

a) Net sale price of the asset b) Deduction claimed u/s 35

Sec 41[4]: Recovery of bad Debts in the CY.

SEC 44AD PRESUMPTIVE INCOME FOR

1. Individual, HUF, Firm (Not LLP)

2. Gross receipt/Turnover does not exceed 2cr.

3. Not engaged in following: Agency, Profession, Commission, GTA activity. Any business, other than business referred to in sec 44AE, whose

OTHER

total T/o or gross receipts in the P.Y. ≤ ₹300 lakhsin the relevant P.Y., if aggregate cash receipts in the relevant PY \leq 5% of total turnover or gross receipts. **Note:** For this purpose, the receipt of amount or aggregate

of amounts by a cheque drawn on a bank or by a bank draft, which is not account payee, would be deemed to be the receipt in cash. [FA 2023]

4. Presumptive Income: Higher of Income Declared or Deemed Income Deemed Income: - 6% of Turnover or Gross receipt if payment is in prescribed mode (RULE 6 ABBA) during the P.Y. or before due date of filing of return u/s 139(1) in respect of that P.Y. (or) such higher sum claimed to have been earned by the assessee. [FA 2023] or 8% of Turnover.

5. Advance Tax is applicable

6. All deductions u/s 30-37(1)

7.80C - 80U to be allowed

8. Set off losses allowed

9. Remuneration to partner u/s 40b not allowed.

10. Continuously opt for the scheme for the 5 years else this option is not available for next 5 years

11. Lower profit can be declared - yes [Maintain Accounts & Do Audit].

SEC 44AE PRESUMPTIVE INCOME FOR GTA

1. Any assessee

2. The number of vehicle

3. Presumptive Income= Higher of Declared income or Heavy Goods vehicle - 1000 x per ton x per month x per vehicle Other Than Heavy goods vehicle: 7500 per month per vehicle [Heavy goods vehicle: exceed 12ton] 4. Advance Tax is applicable

5. All deductions u/s 30-37(1)

6.80C - 80U to be allowed

7. Set off losses allowed

8. Remuneration to partner u/s 40b not allowed.

9. Lower protfit can be declared - yes [Maintain Accounts & Do Audit]. 10. Assessee can declare presumptive income upto Rs.75 Lakh

in this section where the amount or aggregate of the amounts received during PY, in cash, does not exceed 5% of the total gross receipts. Further Payment received through bearer cheque is also considered as cash.[FA 2023]

SEC 44ADA PRESUMPTIVE INCOME FOR PROFESSIONAL

- 1. Assessee: Individual/Firm (Not LLP) (Resident)
- 2. Engaged in specified profession defined u/s 44AA(1)
- 3. i. Gross receipt does not exceed 50 Lakhs
- ii. Cash receipt if does not exceed 5% of total receipt 75 Lakhs

4. Presumptive Income:

50% of gross receipt or profit declare whichever is higher Can lower profit be shown: Yes

- a) Maintain BOA u/s 44AA
- b) Do tax audit u/s 44AB submit report at least 1 month prior to date of filling ROI

5. Other point:

- (i) Advance tax mandatory 15th March 100% if failed 234C interest
- (ii) Deduction:
- > All deduction u/s deemed to be allowed
- > Partners remuneration u/s 40B not allowed > Chapter VI A deduction allowed Exempt Part C
- (iii) Losses can be set off

SEC 30 & SEC 31

| Section 30. Rent, rates and taxes of premises | Section 31. Insurance, repairs of plant, machinery & furniture (PMF) |
|---|--|
| Rent of the premises paid to others / Firm is allowed as deduction | Rent of the PMF paid to others / Firm is allowed as deduction u/s 37 |
| Insurance of premises is allowed as deduction | Insurance of PMF is allowed as deduction |
| Municipal tax, land revenue subject to Sec 43B is allowed as deduction. | |
| Current repairs is allowed as deduction. | Current repairs is allowed as deduction. |

SEC 32 DEPRECIATION [MANDATORY]

- 1. Assets must be used for the purpose of business & profession
- 2. Assets should be owned by the Assessee
- 3. Depreciation should be on block of assets @ prescribed
- 4. Assets must be put to use

On capital repairs depreciation

can be claimed.

5. No Dep on Godwill Even if Purchased/ otherwise w.e.f. AY 21-22

SEC 32(i)(iia) ADDITIONAL DEPRECIATION

Manufacture or production

Sr No

Particulars

Purchased

i) Shares of the subsidiary Co.

should be wholly owned the

holding co. or its nominees. ii) The transferee co. should

be an Indian company.

was not claiming depreciation

Note: If transferor company

since it was not used for its

business, then the actual cost

Nature of Expenditure

to the transferee company shall be the actual cost to the

transferor Company.

Power Generation, 1. Assessee Engaged in distribution or transmission

Printing & Publication

- 2. Acquire New Plant & Machinery
- 3. However new Plant & machinery does not Include: a) Second hand P&M (used within India or outside India)
- b) P&M installed in Office or Guest House.
- c) P&M being transport vehicle, ship or aircraft.
- d) P&M whose whole cost is allowed as deduction
- 4. Such P&M acquired after 31.03.2005

Rate of Additional Depreciation

If used for If used for >180 days - 10% > 180 days - 20% (Bal 10% shall be allowed in Subsequent Year).

The deduction of additional depreciation is not available is assessee opted alternative tax scheme

Proviso 3 to Sec 32

Additional depreciation is allowed only if assessee follow WDV method. It is not allowed to power units if they follow SLM method.



(-) Sale value claiming depreciation since it was not (xxx) used for its business, then actual cost Insurance to the amalgamated co shall be the Subsidy Assets acqd in cash actual cost to amalgamating company. exceeding ₹10,000 Asset transferred by a demerged Actual cost shall be the WDV in the co to the resulting Indian co hands of the demerged company. Expl 1 Acquired for Scientific Actual Cost research subsequently (-) Deduction availed u/s 35 Expl 8 Asset acquired out of borrowed funds Interest on loan borrowed relating to the brought into business use period after the asset is first put to use shall never form part of actual cost. Expl 1A Stock in trade is converted into Fair Market value on the date of Expl 9 Asset acquired subject to levy of excise So much of the duty in respect in capital asset. to Sec transfer 43(1) duty or customs duty in respect of respect of which a claim of credit has WDV in the hands of previous which CENVAT credit is availed. been made & allowed under Central Expl 2 Acquired by way of gift or owner at the of transfer. Excise Rules, 1944 shall not form part inheritance. 43(1) of the actual cost. Asset acquired at higher price | Actual cost to be determined by Expl A portion of the cost of an asset acquired So much of the cost as is relatable to Expl 3 from any other person using AO with prior approval of Joint 10 to is met directly or indirectly by such subsidy or grant or reimbursemen the asset for his business or Commissioner. Government or any statutory authority | shall not form part of the actual cost. profession with a view to claim or any other person in the form of a If subsidy is not directly relatable to the depreciation on enhanced cost asset acquired, but subsidy is with Subsidy or grant or reimbursement. & reduce tax liability. reference to the assets then the subsidy Expl 4 Asset once belonged to the shall be proportionately reduced from The WDV at the time of original assessee which was used by the actual cost of the assets with transfer or the price paid for him for business & transferred Reacquiring the asset, whichever reference to which subsidy has been & Reacquired by him. Asset acquired by an assessee Expl Asset brought into India by NR/ Actual cost as reduced by amount of Expl 4A The WDV of the asset to the from another person who had transferor at the time of transfer 11 to foreign co for use in his business or depre calculated @ in force as if asset claimed depreciation on such to the assessee. was used in India since the date of profession. asset & asset is leased back to such other person. Expl 12 Any capital asset acquired under a The amount, which would have been Building used for private The cost of purchase or construction to Sec scheme of corporation of a recognised regarded as actual cost, had there been purpose subsequently brought of the building as reduced by the stock exchange in India, approved by no such corporation shall be deemed 43(1) Notional depreciation calculated up into business use to the year of bringing the asset to business use at the depreciation Expl 13 Actual cost of capital asset has been The actual cost of such asset to the rate applicable to that year. to Sec allowed as deduction u/s 35AD and transferee shall be NIL. 43(1) capital asset is transferred by way of Asset transferred by a holding | WDV to the transferor company transactions referred to in sec 47 Co. to its subsidiary Co. or by a will be adopted as the actual Subsidiary Co., to holding Co. | cost to the transferee company. SEC 32(2) SET OFF & CARRY FORWARD if the following two conditions OF UNABSORBED DEPRECIATION are satisfied:

SEC 43(1) ACTUAL COST

Expl 7 Transfer of asset in a scheme of

to Sec amalgamation by amalgamating co

43(1) to amalgamated Indian company.

Note: If amalgamating Co was not

WDV to the amalgamating company

will be adopted as the actual cost to

the amalgamated company.

Actual Cost

(+) other costs incurred XXX

on assets put to use XXX

Purchase Price

CA CS VIJAY SARDA (S) 8956651954

On capital repairs depreciation

can be claimed.

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Under the optional tax regime

Step 1: Depreciation allowance of Current PY first deductible

Step 2: If depreciation allowance is not fully deductible under

Step 3: If depreciation allowance still remains unabsorbed,

The unabsorbed depreciation is not available if opted

it can be c/f to subsequent AYs by same assessee.

(except Salary) of current PY.

for alternative tax scheme

PGBP because of absence or inadequacy of profit, it is

deductible from income under other heads of income

In a case where the assessee is paying tax under default tax regime u/s 115BAC and there is a depreciation allowance in respect of a block of asset from an earlier AY attributable to in case of depreciable asset the gain is Short term. additional depreciation u/s 32(1)(iia), which has not been given full effect to prior to A.Y. 2024-25 and which is not allowed to be set-off in the A.Y. 2024-25, Corresponding adjustment shall be made to the WDV of such block of assets as on 1.4.2023 in the prescribed manner i.e., the WDV as on 1.4.2023 will be increased by the unabsorbed additional

PROVISO 6 TO SEC 32 - DEPRECIATION IN CASE OF BUSINESS RE-ORGANISATION

depreciation not allowed to be set-off [FA 2023]

In case of Business organization in the nature of -Amalgamation, Demerger, Succession, Conversion of Proprietary or firm into company, Conversion of Unlisted company or private company into LLP etc. Depreciation shall be apportioned between the predecessor and the successor in the ratio of the number of days the assets were used by them.

How to Calculate Days:

Old Assets - From the first day of PY. New Assets acquired during PY of Reorganization days from the day Assets are put to use.

RATE OF DEPRECIATION

| Block | Nature of Assets | | | |
|------------------|--|-----|--|--|
| Build- ing | Residential building other than hotels & boarding [Employee Quarter] | 5% | | |
| Furnitu re | Non-residential building, godown,office, factory etc.including hotels & boarding | 10% | | |
| | Temporary construction Any furniture including electrical fittings | 40% | | |
| P&M | In general (if nothing is mentioned) Oil well | 10% | | |
| [Sec | Motor car including lorries, buses, used for hiring purposes A.C. | 15% | | |
| 43(3)] | Computer including computer software | 30% | | |
| Intang- -ible | > Books owned by a professional [whether annual publication or not] > Energy saving device > Annual Publication of books > Life saving equipment > Windmill [before 01.04.2014 15%] > Pollution control equipment | 40% | | |
| | Acquired after 31.3.1998 | 25% | | |
| | Ship/ Vessel/ speed boats | 20% | | |
| Other | Aeroplanes | 40% | | |
| | Motor bus /lorries on running them on hire | 30% | | |
| | Renewable energy device installed after 31/03/2014 | 40% | | |
| | Renewable energy device installed before 31/03/14 | 15% | | |

SEC 50 CAPITAL GAINS IN SALE OF DEPRECIABLE ASSETS

Depreciable Asset is not eligible for indexation. Hence, the gain will always be STCG. If asset is stolen or damaged & no insurance compensation is received.

- 1. There are other assets in block: No seperate tax treatment is required. Loss shall be contained in WDV & depre will be allowed over the number of period.
- 2. No other assets in the block: The block shall become NIL & Sec 50C shall not be attracted. Hence, it is a dead loss. Reduction of Goodwill from block of assets to be consider as transfer w.e.f 1/4/2021

CIT v. Rajiv Shukla (Delhi) - The assessee can claim exemption u/s 54F, if the assets are held for more than 36m even though

SEC 35 EXPENSE ON SCIENTIFIC

RESEARCH Contribution to outsiders In house research

Research should be related to the business Revenue Expenditure - 100% ALLOWED

Capital expenditure however capital expenditure does not include cost of Land. Further no Depreciation shall be allowed

on such assets - 100% ALLOWED

Current year expense - allowed Previous year expense- allowed PY means 3 years before the Commencement of business.

w.r.e.f. 21-22 The deduction claimed by the donor with respect to donation given to any Research Association shall be disallowed unless such Research Association files the statement of Donation.

The deduction under this section is not available if assessee opted for 115BAC

SALE OF SCIENTIFIC RESEARCH ASSETS

Sold without being used for other Purpose Sec 41(3): Deemed PGBP: Lower of:

- 1. Net sale price of the asset or 2. Deduction claimed u/s 35.
- 1. This shall apply even if business is not in existence in that PY 2. Artex Manufacturing co [SC]:
- Capital Gain would arise only if sale price exceed the cost of acquisition of such assets

Sold after being used for other Business:

Research may or may not be

related to the business

institution - 100%

as research - 100%

1. National Laboratory / IIT's -

2. Approved University, Colleges,

3. Social statistical research- 100%

4. Company having main object

- 1. Actual cost of such asset shall be included in block of asset (i.e NIL because deduction is already allowed u/s 35).
- 2. If this asset is later on sold then provisions of sec 50 shall apply.

1. Unabsorbed capital expenditure on scientific research shall be treated same as unabsorbed depreciation.

2. If deduction under section 35 is claimed then depreciation u/s 32 is not allowed as deduction.

SEC 35(2AA) DONATION TO NATIONAL LABORATORY / IIT

100% Deduction allowed for any sum paid to a National Laboratory or a University or an Indian Institute of Technology or a specified person with a specific direction that the said sum shall be used for scientific research approved in this behalf by the prescribed authority. Deduction shall not be withdrawn even after approval is withdrawn.

DEDUCTION FOR EXPENDITURE INCURRED FOR IN-HOUSE SCIENTIFIC RESEARCH RELATED TO BUSINESS AND CONTRIBUTION TO OUTSIDERS FOR SCIENTIFIC RESEARCH/SOCIAL SCIENCE/STATISTICAL RESEARCH [FA 2023]

Under the default tax regime

u/s 115BAC

| | | Allowability of deduction | Treatment while computing income | | Allowability of deduction | Treatment while computing income | | | |
|---------------------------------------|---|----------------------------|---------------------------------------|------------------------------------|-----------------------------------|---------------------------------------|------------------------------------|---|--|
| | n vers derekter († 1771) Stallender | | If debited to Profit & Loss A/c | If given as additional information | | If debited to Profit & Loss A/c | If given as additional information | | |
| I. In house r | esearch expenditure on sci | entific research | related to as | sessee busine | ess | | | | |
| 35(1)(i) | Revenue expenditure | Allowable as deduction | No adjust- ment | To be deducted | Allowable as deduction | No Adjustment | To be | | |
| 35(1)(iv) relate with sec 35(2) | Any capital expenditure (other than cost of acquisition of land) | deduction | required, | deducted | deduction | required, | deducted | | |
| II. Contribut | tion to outsiders | | | | | | | | |
| 35(1)(ii) | Notified approved research association/ university/college/ other institution for scientific research | Not allowable as deduction | To be added | | | No | To be | | |
| 35(1)(iia) | Approved notified Company for scientific research | | | | back while computing income | No adjustment required | Allowable as deduction | adjustment required, since it is already | deducted while computing income |
| 35(1)(iii) | Notified approved research association/university/ college/ other institution for research in social science or statistical research | | under the head PGBP | | Naya hai pucha ja | debited to profit and loss A/c | under the head PGBI | | |
| 35(2AA) | Approved National Laboratory/ University/ IIT/specified person to be used for scientific research undertaken under an approved programme | | | | saktha hai ! | R | | | |

SEC 35(2AB) ASSESSEE ENGAGED IN MANUFACTURING/BIOTECHNOLOGY

ASSESSEE: Assessee engaged in manufacture or biotechnology

CONDITION: Incur inhouse expenditure **DEDUCTION**: 100% of Actual cost of new assets # The deduction of this section is not available is

assessee opted 115BAA/BAB.

SEC 38 PERSONAL EXPENSES NOT ALLOWED

If expense is partly business or partly personal, then business expense will be allowed

DEMERGER EXPENSES

Assessee an Indian company can take the deduction on 1/5th basics over 5 years starting from year of expenses. # The deduction of this section is not available is assessee opted 115BAA/BAB.

Same for these sec SEC 35CCD

Any Assessee incur any expense Any company incur expense on agriculture extension project on skill development project as notified by board notified by Board

Deduction = 100% Exp on land or building are not allowed

SEC 35CCC

Deduction = 100% of actual expenses on land or building are not allowed

Pg

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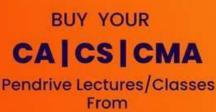
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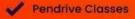


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