



Dear Students,

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Color Code used in the book :

- General Concept
- Important
- Amendments

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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 basis of return.
  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 or
    - 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 filing 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] -

Where assessee has not furnished return earlier	Where assessee has furnished return earlier
<p><b>The tax payable after Reducing:</b></p> <p>a. Advance Tax (already paid);</p> <p>b. TDS/TCS;</p> <p>c. Relief of tax claimed u/s 89/90/90A/91;</p> <p>d. AMT credit/ MAT credit u/s 115AA/115JD.</p> <p>Such updated return shall also be accompanied by proof of payment u/s 23F.</p>	<p><b>The tax payable should be computed after taking into the account of following :</b></p> <p>a. Amount of Tax paid Earlier</p> <p>b. TDS/TCS</p> <p>c. Any MAT/AMT credit</p> <ul style="list-style-type: none"> <li>&gt; The aforesaid tax shall be increased by the amount of refund, if any, issued in respect of earlier return.</li> <li>&gt; The updated return shall be accompanied by proof of payment of such Tax, additional Tax, interest and fee.</li> </ul>

# Computation of additional Tax-

Additional tax payable shall be calculated as follows-	
If updated return is furnished after the expiry of time available u/s 139(4)/(5) but before completion of 12 months from the end of the RAY	25 % of aggregate of tax (+SC+HEC) and interest as computed
If updated return is furnished after the expiry of 12 months but before completion of 24 months from the end of the relevant AY	50 % of aggregate of tax (+SC+HEC) and interest as computed



SELF NOTES



RESIDENTIAL STATUS FOR INDIAN CITIZEN

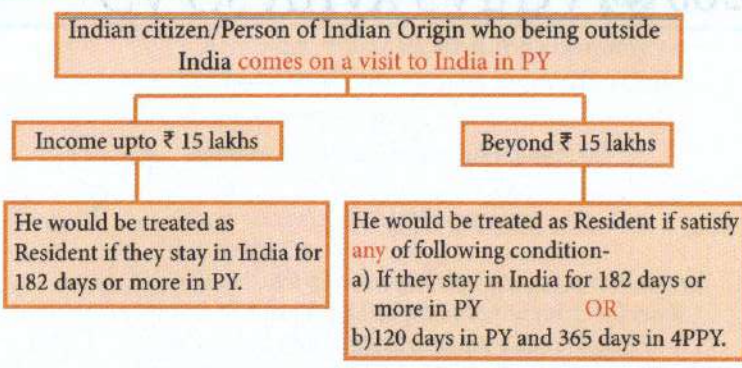
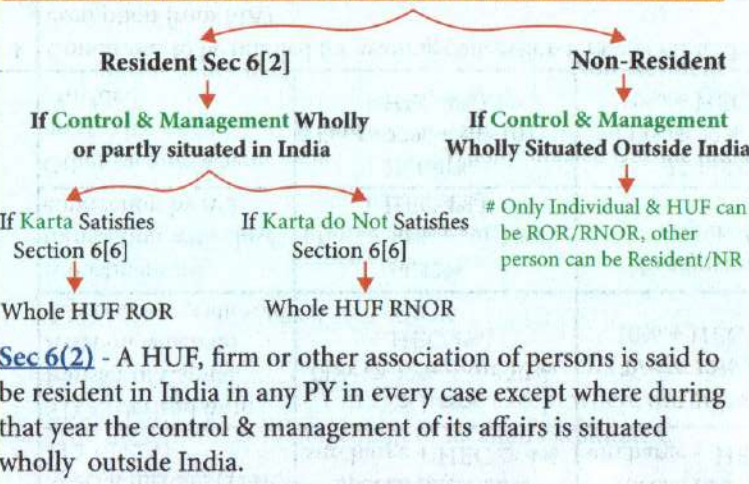


Table with 2 columns: 'No' (Person treated as RNOR) and 'Yes' (RS depends upon period of stay). Includes conditions like 'Upto 120 days - NR' and 'Sec 6(1) - Resident'.

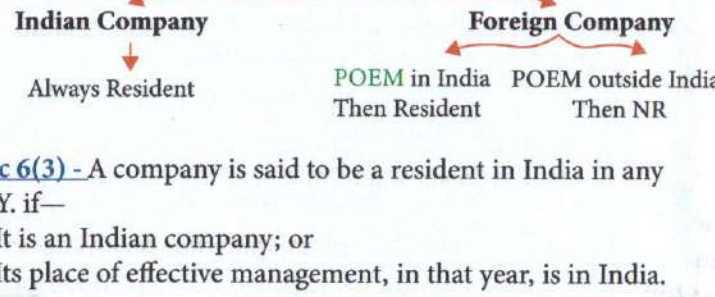
SEC 6(1A) DEEMED RESIDENT

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...

SEC 6(2) RESIDENTIAL STATUS OF HUF



SEC 6(3) RESIDENTIAL STATUS OF COMPANIES



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 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

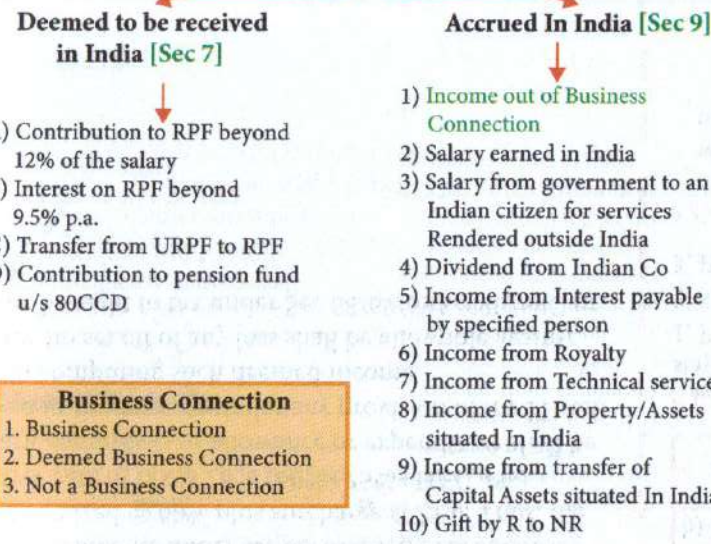
Table with 4 columns: Income (Indian, Foreign), ROR, RNOR, NR. Rows show taxability conditions.

Note: Foreign Income from business/profession which is set up in India

INCIDENCE OF TAX FOR OTHERS

Table with 3 columns: Income (Indian, Foreign), RESIDENT, NR. Rows show taxability conditions.

DEEMED TO RECEIVE OR ACCRUED



- Business Connection 1. Business Connection 2. Deemed Business Connection 3. Not a Business Connection

SEC 9(1)(i) INCOME FROM BUSINESS CONNECTION

Table comparing Business Connection, Deemed Business Connection, and Not a Business Connection with specific conditions.

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

- If interest is payable to Non-Resident by: a) Government b) Resident (For activities in India) c) Non-Resident (For carrying out business profession in India) Notes: 1) If NR pays interest for activities other than business or profession in India such interest is not Taxable to NR in India. 2) If a Resident pays interest to NR outside India then such interest is not taxable to NR in India.

Sec 9(1)(vi) - Royalty

- 1) Government; or 2) Resident Person [Exception: where it is payable for transfer of any right or the use of property or information for the utilization for the purpose of business or profession carried on by such person outside India or for the purpose of earning any Income from any source outside India] 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.

“Royalty means:

- 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, secret formula or process or trade mark or similar property; 2) The imparting of any information concerning the working 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; 4) The imparting of any information concerning technical, industrial, commercial or scientific knowledge, experience or skill;

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 utilised for the purpose of business or profession carried by such person in India.

SEC 194C TDS ON PAYMENTS TO CONTRACTORS

Table with 6 rows: Payer, Payee, Limit, Rate, Time of Deduction, Special points. Includes exemptions and works list.

SEC 194J TDS ON PROFESSIONAL

Table with 6 rows: Payer, Payee, Limit, Rate, Time of Deduction, Special points. Includes professional services and royalties.

SEC 194A TDS ON INTEREST OTHER THAN ON SECURITIES

Table with 6 rows: Payer, Payee, Limit, Rate, Time of Deduction, Special Points. Includes bank interest.

SEC 192A TDS ON BALANCE ON EPF

Table with 6 rows: Payer, Payee, Limit, Rate, Time of Deduction. Includes EPF trustee.

SEC 194M TDS ON PAYMENT OF CERTAIN SUMS BY CERTAIN IND / HUF

Table with 6 rows: Payer, Payee, Limit, Rate, Special Points. Includes sums to resident during FY.

SEC 194H TDS ON COMMISSION OR BROKERAGE

Table with 6 rows: Payer, Payee, Limit, Rate, Time of Deduction, Special Points. Includes commission and brokerage.

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

Table with 6 rows: Payer, Payee, Limit, Rate, Time of Deduction, Other Points. Includes rent payable to individuals/HUF.

SEC 194I TDS ON RENT

Table with 6 rows: Payer, Payee, Limit, Rate, Special points. Includes rent to business trusts.

SEC 194IA TDS ON ACQ OF PROPERTY

Table with 6 rows: Payer, Payee, Limit, Rate, Time of Deduction, Special points. Includes acquisition of immovable property.

SEC 194DA TDS ON LIP

Table with 6 rows: Payer, Payee, Limit, Rate, Time of Deduction, Special points. Includes long-term capital gains.

SEC 193 TDS ON INTEREST ON SECURITIES

Table with 6 rows: Payer, Payee, Limit, Rate, Time of Deduction, Special points. Includes interest on securities.







**SEC 10(10C) VOLUNTARY RETIREMENT**

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

**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 claim 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 to all Employee	Govt EE Fully Exempt	Non Govt EE Minimum of: (1) Actual received (2) Avg. salary x 10 months (3) Maximum 2500000 (4) Leave Credit for 30 days Not Taxable in hands of legal heir

- > Employees are entitled to various types of leave while in service. The leave may either be availed by them or in case not availed, 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)]

- Employee + Director
- Employee + Substantial Interest. S 2(32) An employee holding atleast 20% voting power in a company.
- 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**

Where accommodation is provided by Union/State Govt to their employees	Unfurnished		Furnished	
	Govt EE	Non Govt EE	Owned	Hired / Hotel
Accommodation owned by him	Population of the city (as per 2001 census) where accommodation is provided, 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		License Fees Less: Anything Recovered Perk	xxx (xxx) xxx
Accommodation is hired /leased	<b>Lower of:</b> a) 15% of Salary or b) Actual amount paid. <b>Deduction for any amount paid by EE:</b> The amount so calculated shall be reduced by rent, if any, actually paid by the employee. <b>Salary for such period only:</b> Salary for this purpose should be taken only for the period during which accommodation is occupied by EE.			
Provided in Hotel		Upto 15 days Beyond 15 days	Nil 24% of salary Less: Recovered Perk	xxx (xxx) xxx

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

- Notes-**
- Salary: Basic+ DA(R)+ Bonus + Commission + All taxable Allowance
  - "Accommodation" incl. house, flat, farm house, hotel accommodation motel,service apartment guest house, caravan, mobile home, ship etc.
  - 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 & maintained by Employer	Official use	Exempt
	Private use	10% of cost OR Actual hire charges (+) Running & Maintenance exp. (-) Amount recoverable
Car owned by Employer & maintained by Employee	Official use	Exempt
	Private use	10% of cost OR Actual hire charges (-) Amount recoverable
Car owned & maintained by Employee	Official use	Nil
	Private use	Amount of Expenditure
Car owned by Employer & maintained by Employer	Official use	Nil
	Private use	Amount of Expenditure
Car owned by Employer & maintained by Employee	Official use	Nil
	Private use	Amount of Expenditure
Any other automotive owned by Employer	Official use	Nil
	Private use	Amount of Expenditure
Car owned & maintained by Employee	Official use	Nil
	Private use	Amount of Expenditure
Car owned by Employer & maintained by Employer	Official use	Nil
	Private use	Amount of Expenditure
Car owned by Employer & maintained by Employee	Official use	Nil
	Private use	Amount of Expenditure

- Month denotes completed month. Any part of M shall be ignored
- Chauffer is added only if provided.
- When more than 1 car is provided to EE, otherwise than wholly & exclusively for such car than value of perquisite or.
- 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 all Employee	Initial Fees	Nil	
	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 Introduced 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;

**PERK : USE OF MOVABLE ASSETS**

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

**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 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
Deduction	Lumpsum Royalty - Actual or ₹3L, whichever is lower Other than above - Upto 15% of value of book sold
Conditions	1) 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 80PA FARM PRODUCER COMPANIES**

**Sec 80-IAC(1/2)** - Where an eligible start-up, includes any profits 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 -

- It is not formed by splitting up, or the reconstruction, of a business except in sec 33B
- 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 P&M  
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:-

- It is incorporated on or after the 1st day of April, 2016 but before the 1st day of April, 2024
- The total turnover does not exceed ₹100 cr in the PY relevant to the AY for which deduction under sub-sec(1) is claimed; &
- 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 -

- Any other domestic company or
- Foreign company or
- 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.



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
As term deposit— (a) For a fixed period of not less than 5 years with a scheduled bank; & (b) Which is in accordance with a scheme framed & notified, by CG	Self	NA
As subscription 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 Samridhi Account [Noti 5/2015]	Self/ Spouse/ Child	Any Member
Deposit by CG Employee as a contribution to his Tier-II A/c of Pension Scheme	Self	NA

### SEC 80CCD CONTRIBUTION TO PENSION SCHEME 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] <b>Example:</b> 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	1) As per 10[12A] Closer of NPS account 60% exempt (40% taxable) 2) As per 10 [12B] partial withdrawal from NPS Account 25% exempt (75% taxable)

### The amount of deduction in respect of various kinds of donations is :

Trust/institution to which donation is made	Qualifying limit applies or not	% of donation eligible for ded <sup>n</sup>
National Defence Fund set up by CG	No	100
Prime Minister's National Relief Fund / Prime Minister's Citizen Assistance & Relief in Emergency Situations Fund (PM Cares Fund)	No	100
PM's Armenia Earthquake Relief Fund	No	100
Africa (Public Contributions - India) Fund	No	100
National Foundation for Communal Harmony	No	100
University/any educational inst. of national Eminence	No	100
Maharashtra Chief Minister's relief Fund / Earthquake Relief Fund	No	100
Fund set up by the Govt of Gujarat for relief of the Victims of Earthquake	No	100
Zila Saksharta Samiti	No	100
National/State Blood Transfusion Council	No	100
Any fund set up by a State Govt to provide medical relief to the poor	No	100
Army Central Welfare Fund/Indian Naval Benevolent Fund/Air Force Central Welfare Fund	No	100
Andhra Pradesh CM's Cyclone Relief Fund,1996	No	100
National Illness Assistance Fund	No	100
Chief Minister's Relief Fund/Lieutenant Governor's Relief Fund	No	100
National Sports Fund to be set up by the CG	No	100
National Cultural Fund set up by the CG	No	100
Fund for Tech Development/application by CG	No	100
National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation & Multiple Disabilities	No	100
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
Prime Minister's Drought Relief Fund	No	50
National Children's Fund	No	100
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— i) The development of infrastructure for sports & games, in India; or ii) The sponsorship of sports & games, in India	YES	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 date of receipt of donation, as may be prescribed.

### 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, assessee'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 authority & enquiry should be confined to finding out if institution satisfies the prescribed conditions.

### SEC 80CCC CONTRIBUTION TO CERTAIN FUNDS

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	Expenditure incurred on the medical treatment of relative [Specified Diseases in Rule 11D - Neurological disease, Cancer, Chronic Renal failure, Thalassaemia].								
Amount of Deduction	<table border="1"> <thead> <tr> <th>Dependent</th> <th>Amount of deduction</th> </tr> </thead> <tbody> <tr> <td>1. Other than senior citizen</td> <td>Actual or ₹40,000, whichever is less</td> </tr> <tr> <td>2. Senior citizen</td> <td>Actual or ₹100000, whichever is less</td> </tr> <tr> <td>3. Very senior citizen</td> <td>Actual or ₹100000, whichever is less</td> </tr> </tbody> </table>	Dependent	Amount of deduction	1. Other than senior citizen	Actual or ₹40,000, whichever is less	2. Senior citizen	Actual or ₹100000, whichever is less	3. Very senior citizen	Actual or ₹100000, whichever is less
Dependent	Amount of deduction								
1. Other than senior citizen	Actual or ₹40,000, whichever is less								
2. Senior citizen	Actual or ₹100000, whichever is less								
3. Very senior citizen	Actual or ₹100000, whichever is less								
Meaning of Various Terms	<table border="1"> <thead> <tr> <th>Dependent</th> <th>Person Covered</th> </tr> </thead> <tbody> <tr> <td>Individual</td> <td>Individual, Spouse, children, parents, brothers &amp; sisters of the individual.</td> </tr> <tr> <td>HUF</td> <td>Any Member</td> </tr> </tbody> </table>	Dependent	Person Covered	Individual	Individual, Spouse, children, parents, brothers & sisters of the individual.	HUF	Any Member		
Dependent	Person Covered								
Individual	Individual, Spouse, children, parents, brothers & sisters of the individual.								
HUF	Any Member								

### SEC 80G DONATIONS

Assessee	All Assessee In case of an individual, HUF, AOP (other than a co-operative society) or BOI or an AJP, deduction would be available only if they have exercised the option of shifting out of the default tax regime provided u/s 115BAC(1A). It would not be available if they pay concessional rates of tax under the default tax regime u/s 115BAC. In case of co. and co-operative societies, deduction would not be available if they opt for the special provisions u/s 115BAA/115BAB and sec 115BAD/115BAE, respectively. In other words, deduction would be available only if they pay tax under the normal provisions of the Act. [FA 2023]																		
Expense on	Any donation in form of sum of money. Donation in kind is not qualified for deduction. [Rama Vera 187 ITR 308] The donation be made only to specified funds/institutions (List).																		
Payment Mode	If the Donation Exceed ₹2000 then only through Cheque																		
Deduction	% Specified in the List Some items: With Qualifying Limit [10% of Adjusted Total Income] Rest: Without Qualifying Limit																		
Calculation of Qualifying Limit	<table border="1"> <thead> <tr> <th>Particulars</th> <th>₹</th> </tr> </thead> <tbody> <tr><td>Gross Total Income</td><td>xxx</td></tr> <tr><td>Less:</td><td></td></tr> <tr><td>LTCCG</td><td>(xxx)</td></tr> <tr><td>STCG u/s 111A(only)</td><td>(xxx)</td></tr> <tr><td>Deduction u/s 80C to 80U Except 80G</td><td>(xxx)</td></tr> <tr><td>Adjusted Gross Total Income</td><td>xxx</td></tr> <tr><td>10% of ATI</td><td>xxx</td></tr> <tr><td>Deduction = 50% or 100% of (10% of ATI)</td><td>xxx</td></tr> </tbody> </table>	Particulars	₹	Gross Total Income	xxx	Less:		LTCCG	(xxx)	STCG u/s 111A(only)	(xxx)	Deduction u/s 80C to 80U Except 80G	(xxx)	Adjusted Gross Total Income	xxx	10% of ATI	xxx	Deduction = 50% or 100% of (10% of ATI)	xxx
Particulars	₹																		
Gross Total Income	xxx																		
Less:																			
LTCCG	(xxx)																		
STCG u/s 111A(only)	(xxx)																		
Deduction u/s 80C to 80U Except 80G	(xxx)																		
Adjusted Gross Total Income	xxx																		
10% of ATI	xxx																		
Deduction = 50% or 100% of (10% of ATI)	xxx																		
	While calculating Adjusted GTI, casual income like winning from lotteries etc. shall be included.																		

### SALE OF MOVABLE ASSETS

Particulars	Electronics/computer	Car	Other Assets
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)	(xxx)	(xxx)
WDV	Xxx	Xxx	Xxx
Less: Sale Value	(xxx)	(xxx)	(xxx)
Perk	Xxx	Xxx	Xxx

### PERK : INTEREST FREE OR CONCESSIONAL LOAN

For Specified Diseases & Loan upto ₹20000 Perk: NIL	Loan Beyond ₹20000 = / > than SBI rate as on 1st day of PY. 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

Tea & Coffee During Office Hours	Provided in Remote Area or Offshore Installation	Other
NIL	Actual Cost to Employer (-) Rs.50 per Meal/day Perk	xxx (xxx) xxx

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

Appointed by ER	
Cost to the ER (-) Recovered from EE	Cost to the ER (-) Recovered from EE
xxx	xxx
(xxx)	(xxx)
xxx	xxx

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

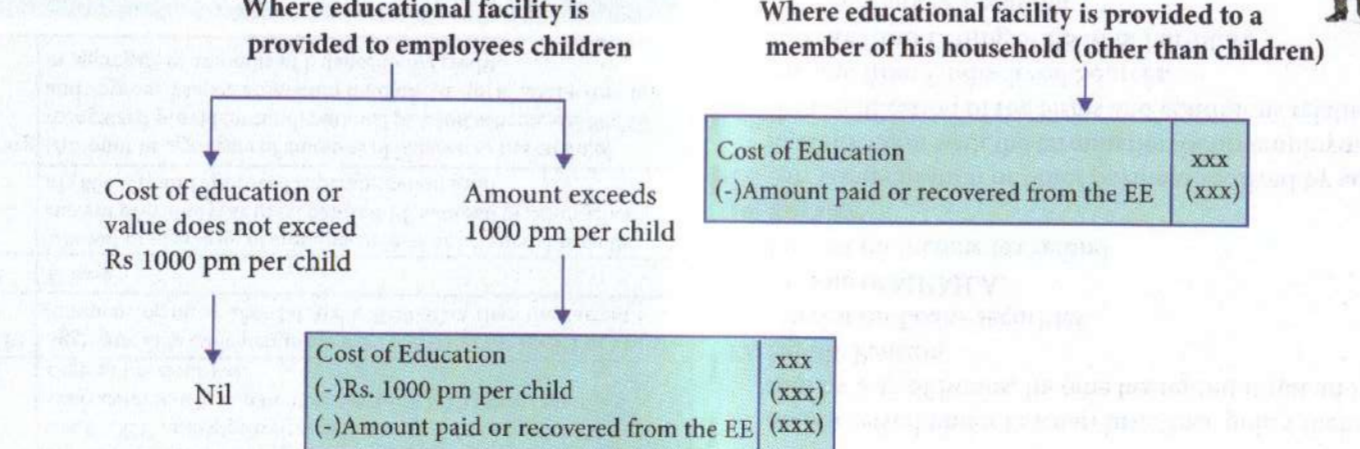
### PERK : TAXABLE ONLY IN CASE OF SPECIFIED EE

GAS / ELECTRICITY / WATER FACILITY	
Connection in the name of	
Employer - Taxable only to specified EE	Employee - Taxable to all employee
Manufacturing cost Per Unit	Actual Cost to ER
Less: Recovered	Less: Recovered
Taxable	Taxable
xxx	xxx
(xxx)	(xxx)
xxx	xxx

### 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)

### EDUCATION FACILITY



Overall Cap Limit Introduced 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 engaged in transportation business.	Rail/Air NIL 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 prerequisite 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 prerequisite 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
	Taxable	Reimbursement in Private Hospital is Fully Taxable
Outside India	Medical Treatment Stay Abroad	Exempt upto an amount specified by RBI
	Travel	Exempt upto an amount specified by RBI
		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 origin of journey and destination (or part thereof) are not connected by rail :	
a. Where a recognised public transport system exists	First class or deluxe class fare by the shortest route or the amount spent, whichever is less
b. Where no recognised public transport system exists	Air-conditioned first class rail fare by the shortest route (as if the journey has been performed by rail) or the amount actually spent, whichever is less

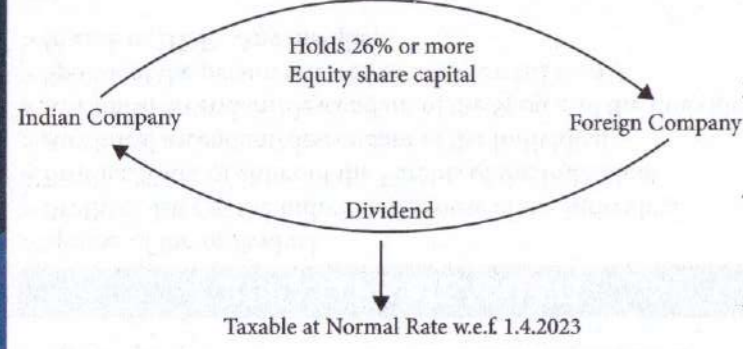




**SEC 195 TAXATION IN CASE OF NR**

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 a share to a resident shareholder on premium then; Consideration (-) FMV = IFOS

**Exception :**

- 1) Premium received by Venture Capital Undertaking & 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	Deceased was recipient of gallantry award	Deceased was working in armed forces
xx	Exempt u/s 10[18]	Exempt u/s 10[19]
[ - ] Lower of 1/3rd of pension 15000p.a. Taxable	(xx) If opted for 115BAC then this benefit is not available. [FA 2023]	

Pension received to family member of Deceased.

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 has not been.
- 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, building.
4. Standard deduction in case of family pension lower of 1/3rd of such income or ₹15,000 whichever is less.
5. Other deductions incurred for business is allowed as deduction. Sec57(iii).
6. 50% of the amount of interest on compensation or enhanced compensation.
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) :

In respect of policies issued before 1.4.2003	Any sum received under a LIP including the sum allocated by way of bonus is exempt
In respect of policies 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".
In respect of policies issued on or after 1.4.2012 but before 1.4.2013	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.
In respect of policies issued on or after 1.4.2013	<ol style="list-style-type: none"> <li>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 80DDDB. 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"</li> <li>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".</li> </ol>
In respect of policies issued on or after 1.4.2023	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% 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 applicable.

Naya hai pucha ja saktha hai!

**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 on such 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".

**SUMMARY CHART**

Particulars	SEC 71B to 74A
House Property Loss	<p><b>Sec 71B:</b></p> <p>(a) If the assessee exercises the option of shifting 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.</p> <p>(b) 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 will be carried forward to the following AY to be set-off against income under the head HP. [FA 2023]</p> <ul style="list-style-type: none"> <li>• It can be carried forward for 8 AY's.</li> <li>• If return of loss is not filed or filed late loss can be carried forward &amp; set off</li> </ul>
Business Loss	<p><b>Section 72 :</b></p> <ul style="list-style-type: none"> <li>• Set off with both business income &amp; speculation income</li> <li>• Carry forward for 8AY.</li> <li>• Section 80 applicable. It means if return of loss is not filed or filed late business loss cannot be C/I</li> <li>• Assessee who has incurred the loss can only set off that loss [6 exception]</li> <li>• Even if business is discontinued business loss can be set off</li> </ul>
Speculation Loss (Same day sale & purchase i.e without taking delivery) Sec 43(5)	<p><b>Section 73 :</b></p> <ul style="list-style-type: none"> <li>• Past year speculation loss can be set off only with speculation income</li> <li>• Carry forward for 4 AY</li> <li>• If return of loss is not filed or filed late speculation loss cannot be carried forward.</li> <li>• Assessee who has incurred the loss can only set off that loss [exception not applicable]</li> <li>• Even if business is discontinued business loss can be set off</li> </ul>
Loss under capital gain head	<p><b>Section 74 :</b></p> <ul style="list-style-type: none"> <li>• LT can be set off only with LT. ST can be set off with both LT &amp; ST</li> <li>• Carry forward for 8 AY</li> </ul>
Loss from activity of owning & maintaining race horses	<p><b>Section 74A :</b></p> <ul style="list-style-type: none"> <li>• Past year horse loss can be set off only with horse income.</li> <li>• Carry forward for 4 AY.</li> <li>• Assessee who has incurred the loss can only set off that loss [exception not applicable]</li> <li>• Even if business is discontinued business loss can be set off</li> </ul>
Loss from Lotteries	No
Other lossess	Yes

**11. 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 of -

- 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 society 9%]

**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 80]AA, 80QBB & 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 ded <sup>n</sup> u/s 35AD was not allowed on assets on which ded <sup>n</sup> 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 filing ROI

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 AMT
- > 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 20 lakhs.

**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 PY. 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/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 hai



**10. SET OFF AND CARRY FORWARD**

**SEC 70 INTRA HEAD ADJUSTMENT**

Particulars	Provisions	
Salary	There cannot be any loss in Head Salary	
House Property	Loss from House property can be setoff against income 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 Gains	LTCL	LTCL can be setoff only against LTCG
	STCL	STCL can be setoff against any CG
Other Sources	Normal Loss	IFOS loss can be setoff against IFOS Income
	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 exempt source cant be setoff CIT Vs. Tyagrajan

**SEC 71 INTER HEAD ADJUSTMENT**

Particulars	Provisions	
Salary	Loss from any head can be setoff against salary except PGBP	
House Property	The loss under the head "Income from house property" would not be allowable to be set-off against income under the other head if the assessee pays tax at concessional rate u/s 115BAC. However, if the assessee exercises the option of shifting out of the default tax regime provided u/s 115BAC(1A) and there is a loss under the head "Income from house property" and the assessee has income assessable under any other head of income, the maximum loss from house property which can be set-off against income from any other head is ₹ 2 lakhs. In other words, in such case, the amount of such loss exceeding ₹ 2 lakhs would not be allowable to be set-off against income under the other head. [FA 2023]	
PGBP	Normal Business	Normal Business loss can be setoff against any Income except salary
	Speculative Business	Speculative loss can be setoff only against Speculative Income
	Specified Business	Specified Business loss can be S/O only against 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
Other Sources	Normal Loss	IFOS loss can be setoff against IFOS Income
	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 exempt source cant be setoff CIT Vs. Tyagrajan

Naya hai pucha ja saktha hai



**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 :

- Brought forward loss from self-occupied house property
- Brought forward business loss of specified business u/s 35AD
- Brought forward business loss on account of deduction u/s 35(1)(ii)/(iia)/(iii) or u/s 35(2AA)
- Unabsorbed depreciation attributable to additional depreciation 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:

- Current year depreciation [Section 32(1)];
- Current year capital expenditure on scientific research and current year expenditure on family planning to the extent allowed;
- Brought forward business or profession losses [Section 72(1)];
- Unabsorbed depreciation [Section 32(2)];
- Unabsorbed capital expenditure on scientific research [Sec 35(4)];
- Unabsorbed expenditure on family planning [Sec 36(1)(ix)].

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

- 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]
- The unabsorbed loss can be carried forward indefinitely for set-off against income from specified business.
- Filling of Loss Return shall be mandatory in order to c/f the loss.

**SEC 74 LOSSES UNDER THE HEAD "CAPITAL HEAD"**

- Loss from 'Capital gains' STCL or LTCL shall be carried forward for 8 AY
- 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**

- 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.
- Filling of Loss Return shall be mandatory in order to c/f the loss.
- 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.

**7.**

**CAPITAL GAINS**

**THERE MUST BE CAPITAL ASSETS**

**Capital Assets Sec 2(14) means :-**

- 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.
- Any security held by Foreign Institutional Investor (whether as CA or SIT).
- 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**

<ul style="list-style-type: none"> <li>Stock in trade</li> <li>Consumable stores</li> <li>Raw Material for b/p</li> </ul>	<ul style="list-style-type: none"> <li>Personal Effects (incl wearing apparels &amp; furniture) but does not include :                             <ul style="list-style-type: none"> <li>Jewellery</li> <li>Archaeological collections</li> <li>Drawings</li> <li>Paintings</li> <li>Sculptures</li> <li>Any work of art</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Rural Agriculture Land in India</li> </ul>	<ul style="list-style-type: none"> <li>&gt; 61/2% Gold Bonds, 77 or 7% Gold bonds, 80 or National Defence Gold Bonds, 1980, Special Bearer Bonds 1991</li> <li>&gt; Gold Deposit Bonds issued under Gold Deposit Scheme '99 / Gold Monetization Scheme 2015</li> </ul>
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**CAPITAL ASSETS MUST HAVE BEEN TRANSFERRED GAIN MAY BE POSITIVE OR NEGATIVE**

**THERE ARE 2 TYPES OF GAIN DEPENDING ON CAPITAL ASSET**

SHORT TERM CAPITAL ASSET [SEC 2(42A)]	LONG TERM CAPITAL ASSET [SEC 2(29A)]
<ol style="list-style-type: none"> <li>Financial Asset - 12M or less</li> <li>Unlisted Shares &amp; immovable property- 24 M or less</li> <li>Other Assets - 36M or less</li> </ol>	<ol style="list-style-type: none"> <li>Financial Asset - more than 12M</li> <li>Unlisted Shares &amp; immovable property - more than 24 M</li> <li>Other Assets - more than 36M</li> </ol>

**SEC 48 HOW TO COMPUTE?**

SHORT TERM CAPITAL GAIN	LONG TERM CAPITAL GAIN
Full Value of Consideration	Full Value of Consideration
Less: Exp on Transfer	Less: Exp on Transfer
Net Consideration	Net Consideration
Less: Cost of Acquisition	Less: Indexed Cost of Acquisition
Less: Cost of Improvement	Less: Indexed Cost of Improvement
STCG	LTCL
Less: Exemption u/s 54B/54D/54G/54GA	LTCL
STCG	LTCL

**SEC 2(47) TRANSFER OF CAPITAL ASSET**

Transfer in relation to capital assets includes the following:

- The sale, exchange / Relinquishment of the asset
- The extinguishment of any rights therein
- The compulsory Acquisition
- Conversion of asset into stock- in-trade
- The maturity or redemption of a zero coupon bond
- Any transaction in part Performance of contract of immovable property u/s 53A of TOPA, 1882
- 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 were 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 CA	From the date SIT was acquired

**RULE 115A : METHOD OF CONVERSION**

Sale Consideration	Avg of TTBR & TTTSR	On date of Transfer
COA	Avg of TTBR & TTTSR	On date of Acquisition
Transfer Expense	Avg of TTBR & TTTSR	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 :**

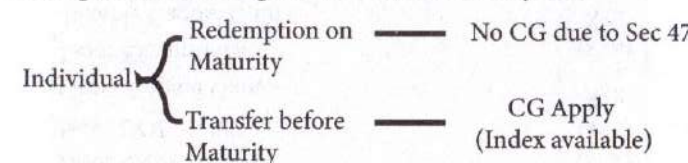
- Assessee who is a NR (Includes foreign company)
- Assets should be shares or debentures of Indian Company &
- Asset was acquired in foreign currency by way of purchase of reinvestment then CG shall be calculated in foreign currency & after that it shall be reconverted into Indian Currency.

**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**





**NOTIFICATION 60/2018 EXCEPTION TO STT PAYMENT**

- Shares acquired prior to 1st Oct 2004.
- Acquisition of shares approved by HC/SC/NCLT/SEBI/RBI.
- Shares acquired by NR under FDI guideline.
- Acquisition of shares by Investment Fund u/s 115UB
- Shares acquired through preferential issue as per SEBI.
- Acquisition through an issue of shares by company.
- Acquisition by schedule bank, reconstruction, or securitisation company or PFI during the ordinary course of business.
- Acquisition under ESOP.
- Acquisition Under ESOP.
- Acquisition from Government .
- 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	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**

- Goodwill of business/ profession
  - Right to manufacture, produce article or thing.
  - Right to carry on any business.
  - Trademark / brand name of business.
  - Tenancy rights.
  - Route permits.
  - 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 REGARDED AS TRANSFER**

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 amalgamation 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 a scheme of demerger to the shareholders of the demerged Co.
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 or any other public museum or institution notified by the Central Government to be of national importance or to be of 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**

- 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.
- Deemed cost of acquisition = net worth of the undertaking
- 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:**

FVOC: FMV of assets as on the date of transfer, calculated in the prescribed manner	xxx
Less: Net Worth [Deemed cost of acquisition]	(xxx)
CG	xxx

Net Worth	Total Assets (-) Current Liability
	Note: If net worth is negative, it is taken = zero & sale consideration will become CG - Zuari Inds. Ltd. v. CIT (Mum)
Aggregate value of total assets	Depreciable Assets - WDV Other Assets - Book Value 100% deduction Claimed assets - Nil
	Revaluation of Assets are totally Ignored

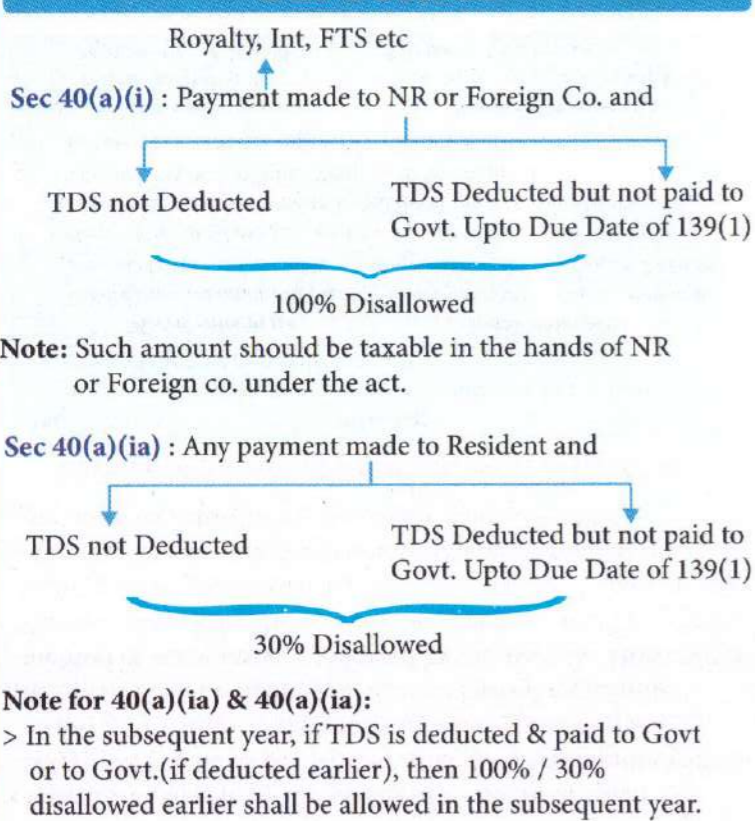
**Rule 11UAE** : The FMV shall be the FMV1 or FMV2, Whichever is higher.  
 FMV1 = The FMV of capital assets transferred by way of slump sale determined at the date of slump sale  
 FMV2= The FMV of the consideration received or accruing as a result of transfer by way of slump sale.  
**Note:** However, 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 will result into STCG.



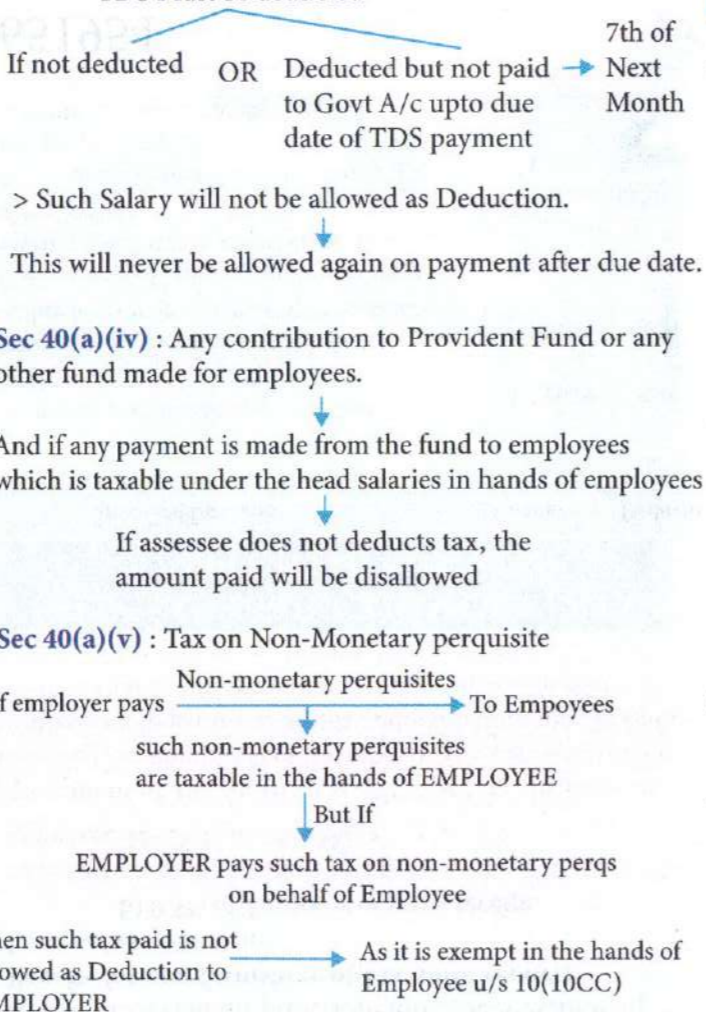
**SELF NOTES**

**SELF NOTES**

**SEC 40 AMOUNTS SPECIFICALLY NOT DEDUCTIBLE**



**TDS Must be deducted**



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

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

**SEC 40A(3) CASH EXPENDITURE**

APPLICABILITY	NON APPLICABILITY - Rule 6DD
Expenses in cash exceeding 10,000 in a single day to same person shall not be allowed as deduction	1. Payment made when bank is closed 2. Payment to Banks, FI, Govt, Co-op bank. 3. Payment to farmer for its produce 4. Payment made at a place not served by Bank 5. Payment is made by Dr. / cr. card, NEFT, Net banking, IMPS, BHIM.

Note : for GTA take 35,000

**RULE 6ABBA OTHER ELECTRONIC MODE**

- Credit card, Debit card
- Net Banking, RTGS, NEFT, IMPS
- UPI (Unified Payment Interface)
- 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 -
- Where the payment is made to—
    - RBI or any Banking Company
    - SBI or any subsidiary bank.
    - Any co operative Bank or Land Mortgage Bank
    - Any Primary agriculture credit society or any primary credit society
    - Life Insurance Corporation of India
    - The Government and, under the rules framed by it, such payment is required to be made in legal tender.
  - Where the payment is made by—
    - Any letter of credit arrangements through a bank;
    - A mail or telegraphic transfer through a bank;
    - A book adjustment from any account in a bank to any other account in that or any other bank;
    - A bill of exchange made payable only to a bank;
    - Use of ECS
    - Credit Card/ Debit card
  - Where the payment is made by way of adjustment against the amount of any liability incurred by the payee for any goods supplied/services rendered by the assessee to such payee;
  - Where the payment is made for the purchase of
    - Agricultural or forest produce; or
    - The produce of animal husbandry or dairy or poultry farming; or
    - Fish or fish products; or
    - The products of horticulture or agriculture, to the cultivator, grower or producer of such articles, produce or products;
  - 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;
  - Where the payment is made in a village or town not served by any bank.
  - 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.
  - Where the payment is made by an assessee by way of salary to his employee after deducting TDS and when such employee—
    - 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
    - Does not maintain any account in any bank at such place or ship.
  - 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;
  - 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**

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 :-**
- 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
  - 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 preceding PY or likely to exceed in case of individual & HUF Other than Individual & HUF 1.2 Lakhs & 10Lakhs	Gross receipts exceeds 1,50,000 (in all 3 years immediately preceding the PY or likely to exceed if the profession is newly setup) If assessee declare lower income under 44AD
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- Books are maintained for 6 years from end of relevant AY
- Penalty for Non compliance = 25,000 [Sec 271A]

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

Any Payment made to NR on which TDS is deducted or deducted but not paid shall be disallowed = 100% Assessee will not be treated as assessee in default if the payee has submitted the ROI & has considered this as Income and Paid the tax due there on.	Any Payment made to R on which TDS is deducted or deducted but not paid shall be disallowed = 30% Assessee will not be treated as assessee in default if the payee has submitted the ROI & has considered this as Income and Paid the tax due there on.
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**SEC 43B DEDUCTION ALLOWED ON ACTUAL PAYMENT BASIS**

- Following expenses are allowed only if following payments are made before filing ROI
- Any tax, duty, cess
  - Employer's contribution towards SPF, RPF, Approved Gratuity Fund, Approved Super Annuation Fund, New Pension scheme, any funds as per law
  - Bonus, Commission to Employees





## 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 filing 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 32(i)(iia) ADDITIONAL DEPRECIATION

1. Assessee Engaged in
  - Manufacture or production
  - Power Generation, 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
5. **Rate of Additional Depreciation**
  - If used for > 180 days - 20%
  - If used for > 180 days - 10% (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.



IMP Hail!

## SEC 43(1) ACTUAL COST

Sr No	Particulars	Actual Cost	Expl 7 to Sec 43(1)	Transfer of asset in a scheme of amalgamation by amalgamating co to amalgamated Indian company. Note: If amalgamating Co was not claiming depreciation since it was not used for its business, then actual cost to the amalgamated co shall be the actual cost to amalgamating company.	WDV to the amalgamating company will be adopted as the actual cost to the amalgamated company.
	Purchased	Purchase Price (+) other costs incurred on assets put to use (-) Sale value Insurance Subsidy Assets acq'd in cash exceeding ₹10,000	xxx xxx (xxx)		
Expl 1 to Sec 43(1)	Acquired for Scientific research subsequently brought into business use	Actual Cost (-) Deduction availed u/s 35			
Expl 1A to Sec 43(1)	Stock in trade is converted into capital asset.	Fair Market value on the date of transfer			
Expl 2 to Sec 43(1)	Acquired by way of gift or inheritance.	WDV in the hands of previous owner at the of transfer.			
Expl 3 to Sec 43(1)	Asset acquired at higher price from any other person using the asset for his business or profession with a view to claim depreciation on enhanced cost & reduce tax liability.	Actual cost to be determined by AO with prior approval of Joint Commissioner.			
Expl 4 to Sec 43(1)	Asset once belonged to the assessee which was used by him for business & transferred & Reacquired by him.	The WDV at the time of original transfer or the price paid for Reacquiring the asset, whichever is less.			
Expl 4A to Sec 43(1)	Asset acquired by an assessee from another person who had claimed depreciation on such asset & asset is leased back to such other person.	The WDV of the asset to the transferor at the time of transfer to the assessee.			
Expl 5 to Sec 43(1)	Building used for private purpose subsequently brought into business use	The cost of purchase or construction of the building as reduced by the Notional depreciation calculated up to the year of bringing the asset to business use at the depreciation rate applicable to that year.			
Expl 6 to Sec 43(1) Expl 2 to Sec 43(6)	Asset transferred by a holding Co. to its subsidiary Co. or by a Subsidiary Co., to holding Co. if the following two conditions are satisfied : 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. Note: If transferor company was not claiming depreciation since it was not used for its business, then the actual cost to the transferee company shall be the actual cost to the transferor Company.	WDV to the transferor company will be adopted as the actual cost to the transferee company.			
Expl 7 to Sec 43(1)	Transfer of asset in a scheme of amalgamation by amalgamating co to amalgamated Indian company.				
Expl 7A to	Asset transferred by a demerged co to the resulting Indian co				Actual cost shall be the WDV in the hands of the demerged company.
Expl 8 to	Asset acquired out of borrowed funds				Interest on loan borrowed relating to the period after the asset is first put to use shall never form part of actual cost.
Expl 9 to	Asset acquired subject to levy of excise duty or customs duty in respect of which CENVAT credit is availed.				So much of the duty in respect in respect of which a claim of credit has been made & allowed under Central Excise Rules, 1944 shall not form part of the actual cost.
Expl 10 to	A portion of the cost of an asset acquired is met directly or indirectly by Government or any statutory authority or any other person in the form of a Subsidy or grant or reimbursement.				So much of the cost as is relatable to such subsidy or grant or reimbursement shall not form part of the actual cost. If subsidy is not directly relatable to the asset acquired, but subsidy is with reference to the assets then the subsidy shall be proportionately reduced from the actual cost of the assets with reference to which subsidy has been granted.
Expl 11 to	Asset brought into India by NR/ foreign co for use in his business or profession.				Actual cost as reduced by amount of depre calculated @ in force as if asset was used in India since the date of acquisition
Expl 12 to Sec 43(1)	Any capital asset acquired under a scheme of corporation of a recognised stock exchange in India, approved by SEBI.				The amount, which would have been regarded as actual cost, had there been no such corporation shall be deemed to be the actual cost.
Expl 13 to Sec 43(1)	Actual cost of capital asset has been allowed as deduction u/s 35AD and capital asset is transferred by way of transactions referred to in sec 47				The actual cost of such asset to the transferee shall be NIL.

## SEC 32(2) SET OFF & CARRY FORWARD OF UNABSORBED DEPRECIATION

- Step 1 : Depreciation allowance of Current PY first deductible from PGBP.
  - Step 2 : If depreciation allowance is not fully deductible under PGBP because of absence or inadequacy of profit, it is deductible from income under other heads of income (except Salary) of current PY.
  - Step 3 : If depreciation allowance still remains unabsorbed, it can be c/f to subsequent Ays by same assessee.
- # The unabsorbed depreciation is not available if opted for alternative tax scheme



IMP Hail!

## 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.
On capital repairs depreciation can be claimed.	On capital repairs depreciation can be claimed.

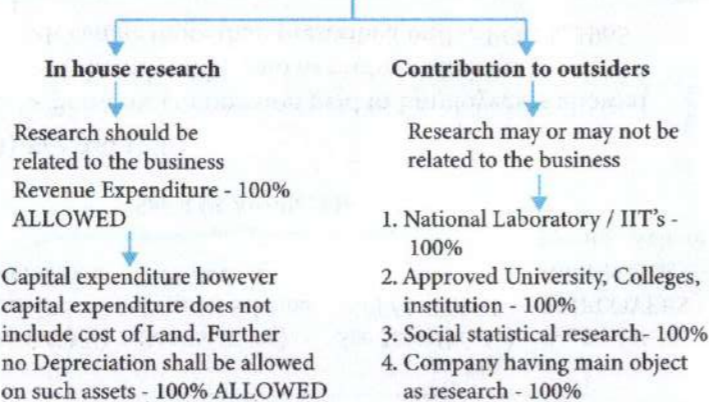
## SEC 32 DEPRECIATION [MANDATORY]

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
5. No Dep on Goodwill Even if Purchased/ otherwise w.e.f AY 21-22

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 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 depreciation not allowed to be set-off [FA 2023]

CIT v. Rajiv Shukla (Delhi) - The assessee can claim exemption u/s 54F, if the assets are held for more than 36m even though in case of depreciable asset the gain is Short term.

## SEC 35 EXPENSE ON SCIENTIFIC RESEARCH



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

### Notes:

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]

Nature of Expenditure	Under the default tax regime u/s 115BAC		Under the optional tax regime	
	Allowability of deduction	Treatment while computing income	Allowability of deduction	Treatment while computing income
		If debited to Profit & Loss A/c		If debited to Profit & Loss A/c
		If given as additional information		If given as additional information
<b>I. In house research expenditure on scientific research related to assessee business</b>				
35(1)(i)	Revenue expenditure	Allowable as deduction	No adjustment required,	To be deducted
35(1)(iv) relate with sec 35(2)	Any capital expenditure (other than cost of acquisition of land)	Not allowable as deduction	To be added back while computing income under the head PGBP	No adjustment required, since it is already debited to profit and loss A/c
<b>II. Contribution to outsiders</b>				
35(1)(ii)	Notified approved research association/ university/college/ other institution for scientific research	Not allowable as deduction	To be added back while computing income under the head PGBP	No adjustment required, since it is already debited to profit and loss A/c
35(1)(iia)	Approved notified Company for scientific research	Not allowable as deduction	To be added back while computing income under the head PGBP	No adjustment required, since it is already debited to profit and loss A/c
35(1)(iii)	Notified approved research association/university/ college/ other institution for research in social science or statistical research	Not allowable as deduction	To be added back while computing income under the head PGBP	No adjustment required, since it is already debited to profit and loss A/c
35(2AA)	Approved National Laboratory/ University/ IIT/ specified person to be used for scientific research undertaken under an approved programme	Not allowable as deduction	To be added back while computing income under the head PGBP	No adjustment required, since it is already debited to profit and loss A/c

Naya hai pucha ja saktha hai!



## SEC 35(2AB) ASSESSEE ENGAGED IN MANUFACTURING/BIO TECHNOLOGY

**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

## SEC 35DD AMALGAMATION AND 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 35CCC

Any Assessee incur any expense on agriculture extension project as notified by board  
**Deduction = 100%**  
Exp on land or building are not allowed

### SEC 35CCD

Any company incur expense on skill development project notified by Board  
**Deduction = 100%** of actual expenses on land or building are not allowed

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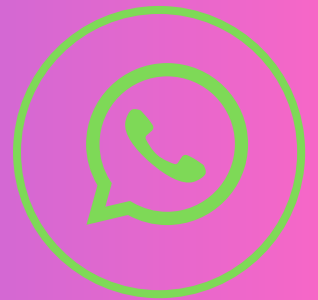
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