

CH-1 :- Income Tax Basic Concept

What is tax

- ↳ Tax is mandatory amount of money that collected by the govt. from people according to their income
- ↳ Government of each needs money to run and develop the Country

Types of taxes

Direct tax

- * If tax is levied or collected directly on the income of a person.
- * The burden of tax not shifted in nature

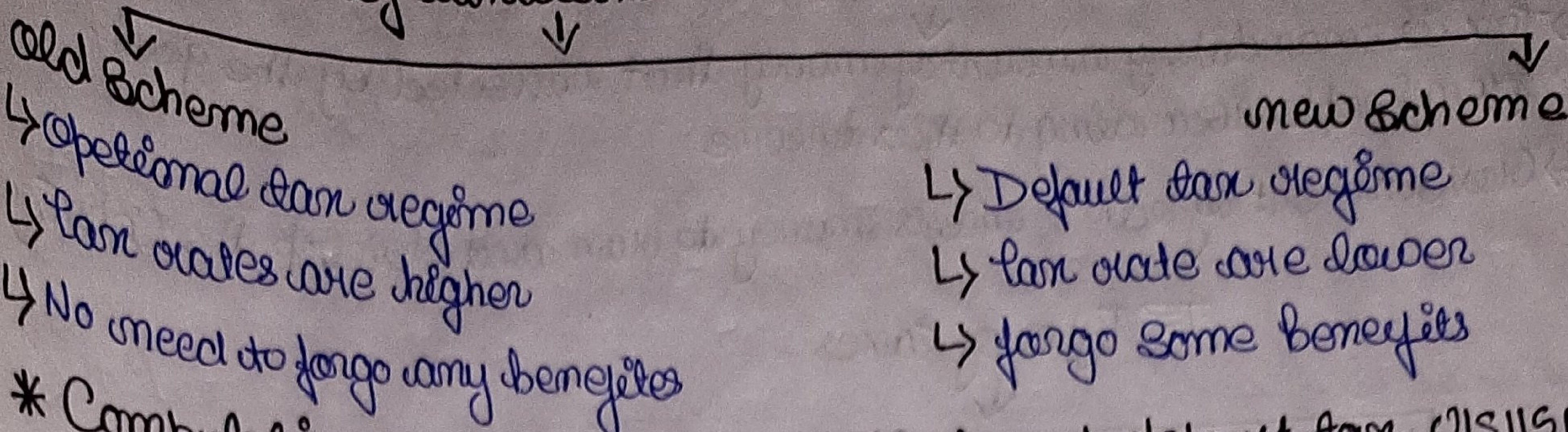
Indirect tax

- * If the tax is levied or collected on the price of a goods or services than it called Indirect Tax
- * The burden of a indirect tax is shifted in nature

Some important term

- ↳ Assessee (UIS 2(7)) → A person who is liable to pay tax is known as assessee
- ↳ Person (UIS 2(31)) →
 - Individual (Priya)
 - Hindu undivided family (Priya Kamojia HUF)
 - Company (Pvt Ltd / Pub Ltd)
 - Partnership firm (including LLP)
 - AOP / BOI
 - Local authority
 - Artificial juridical person
- ↳ Previous year (UIS 3) → The year in which income is earned is known as P.Y.
Note → In newly set up business the first previous year may be less than 12 month.
- * Provision of Previous year (UIS 172 to 176)
 1. Shipping business of a non-resident (UIS 172)
 2. Persons leaving india (UIS 174)
 3. AOP / BOI / Artificial person for a particular event or purpose (UIS 174A)
 4. Person likely to transfer property to avoid tax (UIS 175)
 5. Discounted business. (UIS 176)

Types of taxation



* Computation of tax rate under shifting out default tax DISISBAE optional / ^{or} old tax regime

Particular	Rates
[A] In case of Individual / HUF / AOP / BOI / ASP (Resident / Non-resident)	
• Total Income (NTI) upto 2,50,000	NIL
• When NTI above 2,50,000 upto Rs 500,000	5%
• When NTI above Rs 500,000 upto Rs 10,00,000	20%
• When NTI above Rs 10,00,000	30%

Particular	Rates
[B] In case of Senior citizen (Resident individual age 60 year or more)	
• Total income (NTI) upto Rs 300,000	NIL
• When NTI above Rs 300,000 upto Rs 500,000	5%
• When NTI above Rs 500,000 upto Rs 10,00,000	20%
• When NTI above Rs 10,00,000	30%

Particular	Rates
[C] In case of Super Senior Citizens (Resident individual age 80 year or more)	
• When NTI upto Rs 500,000	NIL
• When NTI above Rs 500,000 upto Rs 10,00,000	20%
• When NTI above Rs 10,00,000	30%

Surcharge under Optional Scheme "Old Scheme"
 Surcharge means Extra tax. It is imposed as per the following rates:-

Particular	Rate
Above Rs 50,00,000 upto Rs 100,00,000	10%
Above Rs 100,00,000 upto Rs 2,00,00,000	15%
Above Rs 200,00,000 upto Rs 500,00,000	25%
Above Rs 500,00,000	37%

* Health and Education Cess

- Cess means Collection of tax for a specified purpose
- It is calculated @ 4% on tax (including surcharge).

* Marginal Relief

- Sometime when the income increases slightly the increase in tax exceeds the income in income
- Government provides relief with respect of excess of tax over excess of income.
- Such relief is known as marginal relief.

* Rebate u/s 87A under optional Scheme

- In case of Resident individual whose total income does not exceed Rs 500,000 rebate shall be allowed from income tax @ 10% of such tax or Rs 12,500 whichever is less.

Tax Rates applicable for A.Y 2024-25 (P.Y 2023-24) under default Scheme u/s 115 BAC ("New Scheme")

Particular	Rates
1. The tax rates for individual / HUF / AOPs / BOIs / ASP are as follows:-	
• up to Rs 300,000	NIL
• above Rs 300,000 upto Rs 600,000	5%
• above Rs 600,000 upto Rs 900,000	10%
• above Rs 900,000 upto Rs 12,00,000	15%
• above Rs 12,00,000 upto Rs 15,00,000	20%
• above Rs 15,00,000	30%

Particular	Rates
2. Surcharge and marginal Relief	
• Above Rs 50,00,000 upto Rs 100,00,000	10%
• Above Rs 100,00,000 upto Rs 2,00,00,000	15%
• Above Rs 2,00,00,000	25%

* Marginal relief \rightarrow under default scheme (New Scheme) is the same as old scheme.

* Health and Education cess: - Cess is a tax that is collected for a particular purpose.

H&E which charged @ 4% on tax after surcharge

Rebate u/s 87(A) under default tax regime
 \rightarrow Rebate is types of discount allowed on tax liabilities of person.

\rightarrow under this section 87(A) is tax on Rs 25000 which even is loss.

\rightarrow Rebate given only individual person whose is resident of india whose total income not exceed Rs 700,000

\rightarrow Note \rightarrow If an total income exceed Rs 700,000 following step:-

Step 1 \rightarrow Sub Rs 700,000 from the total income (A)

Step-2 \rightarrow Calculate the income tax liabilities for T.I (B)

Step-3 \rightarrow If B is greater than A the rebate under Section 87A (A-B)

Tax rate in case of Company (old scheme)

Income	Domestic	Foreign
Total T.I on CIR is upto 400 Cr	25%] \rightarrow 40%
Other wise	30%	
Surcharge		
Above 1,00,00,000 upto 10,00,00,000	7%	2%
Above Rs 1,00,00,000	12%	5%
Health and Education cess	4%	4%

Tax rate in case of firm / LLP / LA

Particular	Rates
Income tax rate	30%
Surcharge, T.I above Rs 1,00,00,000	12%
Health and Education Cess	4%

Note \rightarrow (a) Section 288A \rightarrow Round off total income to nearest Rs 10

(b) Section 288B \rightarrow Round off total income to nearest Rs 10

Tax rates for Co-operative Society

Particular	Rates
* Tax Rates :-	
(a) P.I upto Rs 10,000	10%
(b) P.I above Rs 10,000 upto Rs 20,000	20%
(c) P.I above Rs 20,000	30%
* Surcharge :-	
(a) P.I Above 1,00,00,000 upto 10,00,00,000	7%
(b) P.I Above Rs 10,00,000	12%
* Health and Education Cess	4%