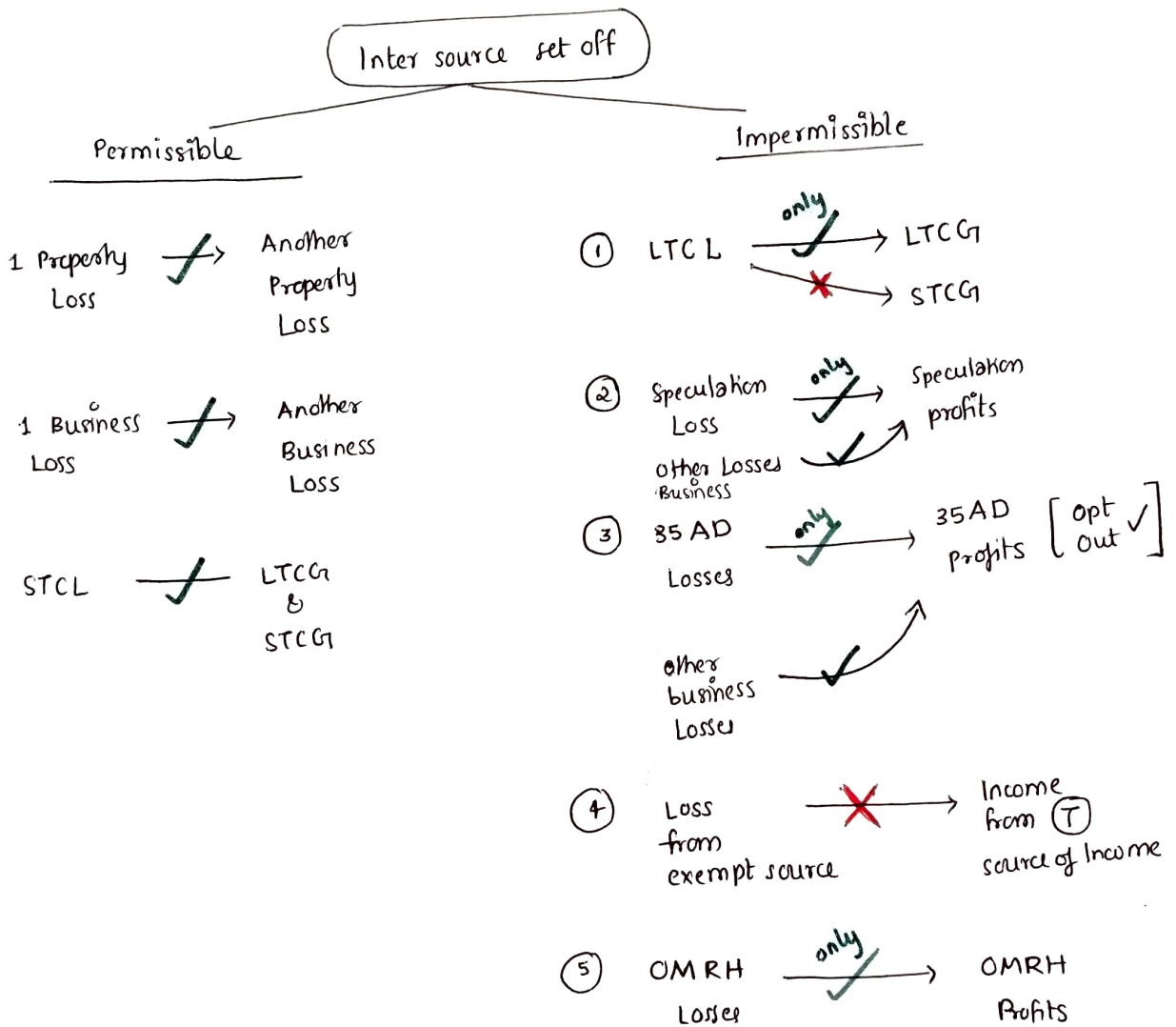


Aggregation of income, set off and carry forward of Losses

1. Inter source set off of losses (include bit)
2. Inter head set off



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Interhead Adjustments

① Loss from any head (except CN) $\xrightarrow{\checkmark}$ Income under any other head

② Loss from 'PGBP' $\xrightarrow{\checkmark}$ Income under any other head (except Salary)

③ HP Loss $\xrightarrow{\text{only } \checkmark}$ HP Income
 ~~$\xrightarrow{\times}$ Any other head Income~~
Default Regime (IISBAC)

④ HP Loss $\xrightarrow{\text{Upto } \text{₹} 2 \text{ lakh}}$ Any other head Income
Opting out

⑤ HP Loss $\xrightarrow{\text{only possible loss } \checkmark}$ Salary Income

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① Loss u/h 'CN' $\xrightarrow{\times}$ Income under Any other head

② Loss u/h 'PGBP' $\xrightarrow{\times}$ Income u/h 'Salaries'

③ speculation Loss } $\xrightarrow{\times}$ Any other head Income
 OMRH Loss }

④ 35AD Loss $\xrightarrow{\times}$ Any other head
 $\xrightarrow{\text{only } \checkmark}$ 35AD Income
Opt out

* c/f losses can be set off only against same head.

~~Inter head adjustment allowed when c/f.~~

* Loss from salaries - ~~possible~~

Losses which cannot be set off and carried forward

- 1. No Losses $\xrightarrow{\text{set off}}$
 - Unexplained Income (68/69)
 - casual Income & Online games
- 2. Loss from betting / gambling / cardgame / lotteries / races $\xrightarrow{\text{c/f}}$

carryforward & set-off of losses

1. HP LOSS

Default

* HP Loss $\xrightarrow{\text{set off}}$ Any other head

opt out

* HP Loss $\xrightarrow{\text{opt out}}$ Any other head Income upto 2 lakh

* Unabsorbed Loss \rightarrow c/f
 ✓ only against HP Inc.

Unabsorbed loss \rightarrow ✓ c/f
 set off only against HP Inc

c/f upto **8** Assessment years immediately succeeding Ay in which loss was 1st computed

2 Business Losses

I. Speculative loss.

Max. c/f : (4) AYs

set off only : Against speculative income

II. Specified business loss (35 AD)

Max. c/f : No time limit

set off only : against same source income.

III. Normal business loss (other than I & II)

Max. c/f : (8) AYs

set off : Against 'PGBP' income
(not necessarily against same business income)

3 CGI Losses

Max. c/f : (8) AYs

<u>c/f loss</u>	<u>set off permissible against</u>
(STCL)	✓ STCG
	✓ LTCCG
(LTCL)	✓ LTCCG only.

④

OMRH Losses

Max. c/f : ④ Ays

Important note:

c/f allowable — Only if Loss return u/s 139(3)
filed within DD u/s 139(1)

exception: Loss from HP ✓
Unabsorbed depn ✓ } even if
X within
DD.
Return filed

Order of set off of losses

- (1) CY depn
- (2) CY capital Exp on SR
CY Exp on family planning
- (3) B/f losses from PCBP
- (4) Unabsorbed depn ————— X set off against salary.
- (5) Unabsorbed capital exp on SR
- (6) Unabsorbed exp on family planning.

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