

PGBP

- (I) ✓ section 28 - charging section of PGBP
✓ section 29 - computation of PGBP

★ section 30 to 37 - Deductions / expenses allowed under PGBP

(II)

- section 30 - Rent, rates, repair, insurance of Building
section 31 - Repairs & Insurance of P&M or Furniture
section 32 - Depreciation
 - Additional Depreciation
 - Apportionment of Depreciation
 - Unabsorbed depreciation
 - Depreciation in case of Power Gen. Units.

- section 35 - Scientific Research
section 35 AD - Specified Business
section 35 D - Preliminary Expenses
section 35 DDA - VRS Expenses
section 36 - Other deductions
section 37 - General deductions
section 38 -

★ Deductions not allowed

(III)

- section 40(a) - Deductions not allowed in hands of assessee
section 40(b) - Deductions not allowable in case of partnership firms or LLPs.
section 40 A(2) - Payment to Related Party.
section 40 A(3) - Payment in cash over ₹10,000
section 43B - Expenses allowed only on actual payment.

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(IV) *

Other Misc. Sections

section 41 - Deemed Business Income

section 43(1) - Actual Cost

section 44AA - compulsory maintenance of accounts

section 44AB - Audit of accounts of certain persons
carrying on business / profession.

(V) *

Presumptive Income

section 44AD -

section 44ADA

section 44AE

(VI) * Computation of Business Income in case of partly agricultural & partly business income.

Section 28 chargeability.

1. Income from any B/P carried by the assessee @ anytime during P.Y.
↓
even if carried for 1 day
2. Gifts / Perquisites (cash / kind) received during the course of B/P
3. Compensation Received
 - ① by person who is controlling whole affairs of an Indian Company / affairs in India for any other Co. in relation to termination / modification of employment contract.
 - ② for termination of agency.
4. Non competing fees or non-sharing fees.
 - ↳ knowhow, patent, copyright trademark, licence, franchise etc.
5. Interest, salary, bonus, commission or remuneration
 - ↳ received by partner of a firm
 - ↳ ~~X~~ allowed dedⁿ u/s 40(b) in computation of the income of firm
6. [share income of a partner — exempt u/s 10(2A) in total income of firm —]
7. Keymann Insurance Policy
 - ↳ Employer [Business] - PCB/P
 - ↳ Employee - Salary
 - ↳ other person - IFOS

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7. Incentives received / receivable by assessee carrying on export business.

- ① cash assistance
- ② customs duty / excise re-paid as drawback
- ③ Profit on sale of license granted
- ④ Profit on transfer of Duty Entitlement Pass Book Scheme / Duty Free replenishment certificate.

8. Conversion of stock in trade → Capital asset

FMV of SIT on date of conversion
↳ taxable as business income.

9. capital asset u/s 35AD

sum received (cash/kind) on account of C.A u/s 35AD
[whole expenditure allowed as deduction u/s 35AD]

being
└─ demolished
└─ destroyed
└─ discarded
└─ transferred

10. Specific services performed for its members by a trade, professional or business.

section (29)

Computation of PGBP

step 1	Net profit as per P&L a/c	xxx
step 2	Add: Expenses debited to P/L a/c but not allowed in PGBP	xx
step 3	Less: Income credited to P&L a/c but covered under other head/ exempt	(xx)
step 4	Add: Income covered u/s 28 or 41 but not credited to P&L a/c	xx
	Less: Expenses allowed u/s 30 to 37 but not debited to P&L a/c	(xx)

PGBP Income.

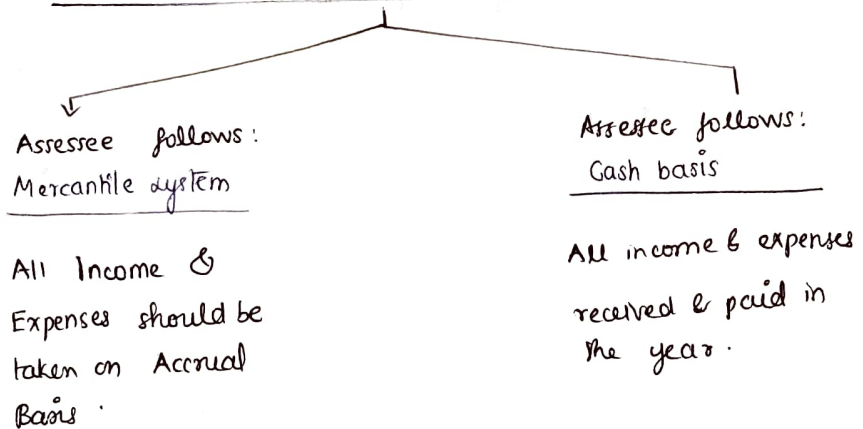
xxx

Deductions allowed under PGBP

Section 30 : Rent, Repairs, Insurance, Rates & Taxes of Buildings

- Bldg → used in B/P
[if used for other purposes: allow proportionate deductions only]
- Notional rent ~~X~~ allowed
- Expn — X in capital nature.

Note: Computation of PGBP income is as per the method of accounting employed by the assessee.



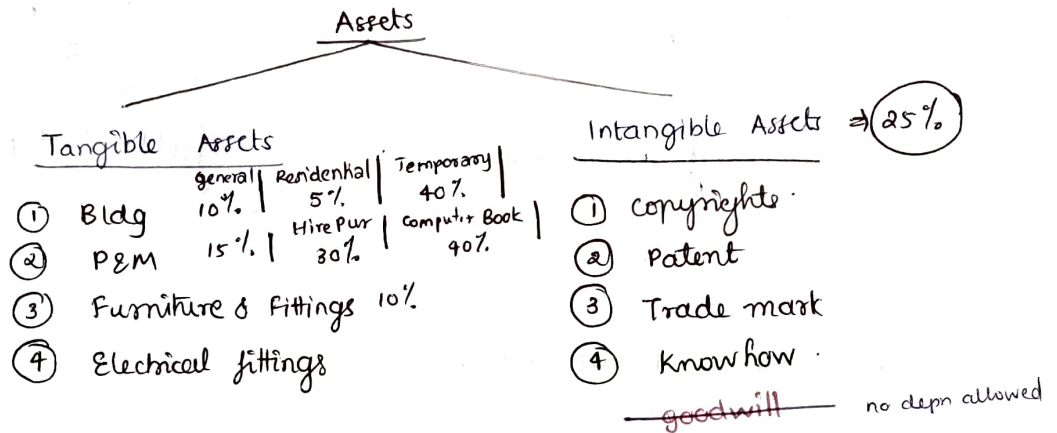
Section 31 : Rent, Repairs & Insurance of Plant, Machinery or furniture.

- Repairs → revenue nature ✓
- Rent → ~~X~~ allowed u/s (31)
→ but allowed u/s (37)



Section 32 : Depreciation

- **WDV method** — in Income tax — exception:
X other methods
Power generating units only SLM method allowed
- charge depreciation on block of assets.



- computation of Depreciation

WDV of the block @ beginning of the year
[1 Apr 2023]

xxx

Add: Additions / acquisitions during the year

xxx

Less: Money received on sale / disposal

(xxx)

WDV @ the end for charging depreciation

xxx

Depreciation u/s 32

xx

WDV of the block for next year

xxx

Remember:

There is no effect for WDV of asset sold. Always take sale proceeds value.

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Additions **

Purchased & in the year of purchase.
it is PUT TO USE

< 180 days

↓
half depreciation

Purchased & in the year of purchase
it is put to use

> 180 days

↓
full depreciation.

• Apportionment of depreciation u/s 32

eg: Co. eg: LLP
Old New
Predecessor Successor

↓
Date of conversion / restructuring

Step ① : First calculate depreciation as if there is no such conversion.

Step ② : depreciation must be apportioned between P & S in ratio of number of days used by them.

Note: If any asset is purchased and used by successor then such depreciation should not be apportioned and must be provided to successor only.

Power Generating units

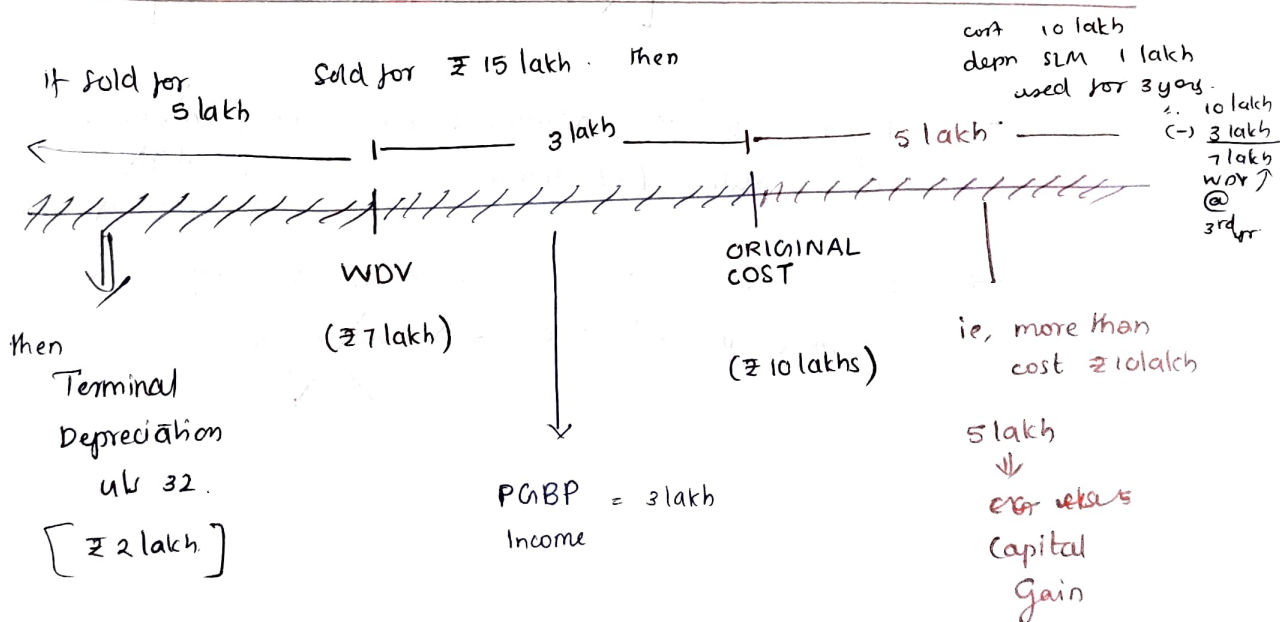
- Co. engaged in power generation only SLM ✓
- or
- Co. engaged in generation & distribution of power SLM ✓
- or
- Co. engaged in distribution only SLM X

• By default — depn method : SLM (on Individual assets)

• Option to choose WDV method (blockwise)

→ made while filing 1st ROI
and shall continue the selection for subsequent A.Ys.

Sale of power generating units asset - SLM Basis



Additional Depreciation

~~for default tax regime~~

- only under optional scheme

→ allowed only for

- Manufacturing businesses /
- Power generating business

- 20% of Actual cost

[For assets used less than 180 days 10% & remaining 10% in next year]

- Conditions :

→ Allowed only for NEW P&M.

- ~~X~~ Vehicle
- ~~X~~ Ships
- ~~X~~ Aircraft

→ Use in factory

- ~~X~~ in office premises
- ~~X~~ in residential accommodation
- ~~X~~ in guest house

→ $\frac{\text{P\&M}}{\text{used}}$ by its installation by assessee within 10s India } ~~additional depn~~

→ Any assets where 100% depn already claimed in 1st year $\Rightarrow$ ~~additional depn~~



section 35 : Scientific Research

In-house Research

✓ related to business

✓ 100% deduction

$$\left[\begin{array}{c} \text{Revenue} \\ \text{Expenditure} \end{array} + \begin{array}{c} \text{Capital} \\ \text{Expenditure} \end{array} \right] \downarrow$$

except Land $\frac{10}{100}\%$

✓ Expenditure incurred within 3 yrs immediately preceding commencement of business $\Rightarrow$ allowed ✓

(1) Revenue Expenditure on payment of salary to Research personnel engaged in SR related to business
(+)

Revenue Expenditure on purchase of material inputs for SR

(2) Capital Expenditure (except expenditure incurred on acq. of land)

✓ Capital expenditure which cannot be absorbed can be carried forward to immediately succeeding Py

✓ Note: No depn allowable on any capital asset

outside Research

✓ can be unrelated to business

✓ only for optional tax regime ✓

✓ 100% deduction

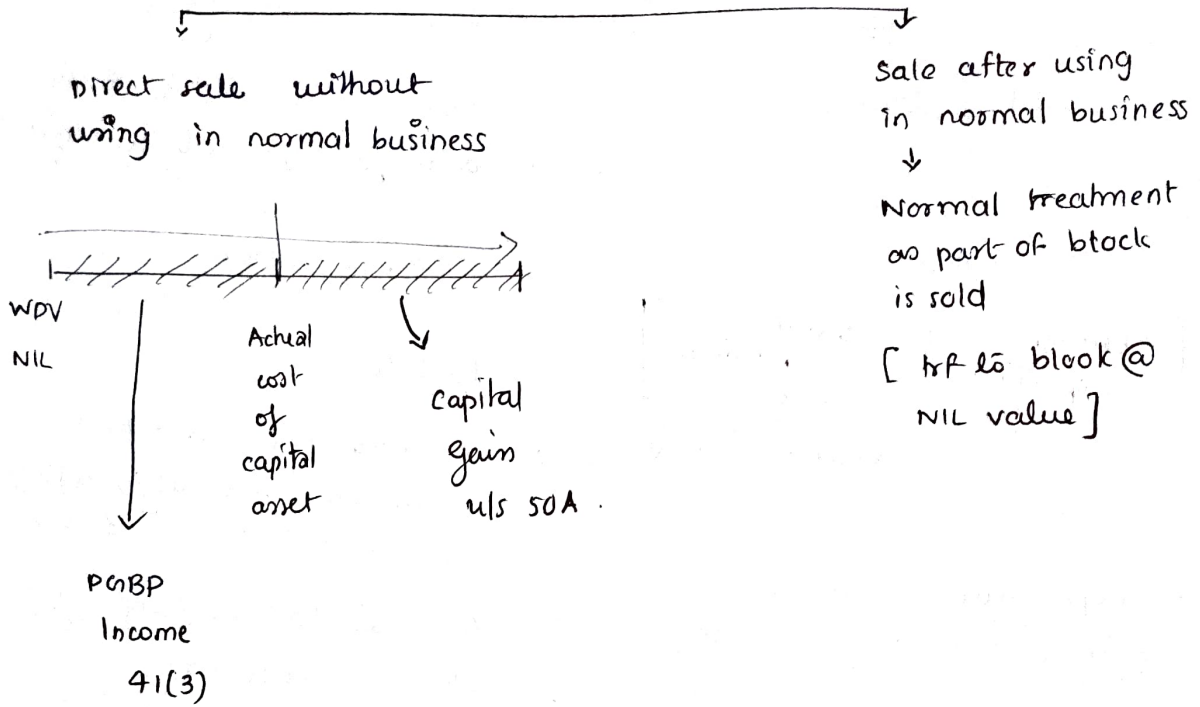
✓ Paid to :

- ① Notified approved research association, university, college or other institution. 35(1)(ii)
- ② Approved Indian company for SR. 35(1)(iia)
- ③ Approved notified research association, university, college or other institution to be used for research in social science / statistical research 35(1)(iii)
- ④ National laboratory / IIT 35(2AA)

Note: Subsequent to payment of such sum by assessee, the approval granted to any of aforesaid entities withdrawn, it will not affect deduction.

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Sale of capital asset used for scientific Research





section 35 AD : 'Investment linked tax incentives' for specified businesses

X New tax regime

100% deduction is allowed on capital expenditure
[except land, goodwill, and financial instruments]

Specified Business (14 businesses)

1. cross country natural gas pipeline
2. cold chain facility / cold storage
3. Warehouse for agricultural produce
4. Warehousing for sugar storage
5. Bee keeping
6. Iron-ore slurry pipeline
7. semiconductor wafer fabrication
8. New infrastructure facility
9. Inland container depot / custom freight station
10. Hotel 2 star / above
11. Hospital - 100 beds or more
12. slum housing redevelopment
13. Affordable housing scheme
14. Production of fertilizer.

35 AD ✓

AMT 115JC ✓

Notes:

- ✓ 35 AD X 32 X 10AA X chapter VI-A (Part-C)
- Expenditure b4 commencement allowed. (if capitalized in BOA)
- Payment in cash allowed only upto ₹10,000
- 35 AD Losses

35 AD Income

only
set off

→

35 AD Income

Other losses.

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► Conditions to be satisfied :

① Above business must be started as a new one.
X setup by split up, X reconstruction

② X setup by ttf to specified business of P&M previously used for any purpose.

(Total value of P&M } atleast 80% must be new .

P&M used } Imported are treated as new
o/s India if :

→ such P&M was not @ anytime used in India

→ no deduction on account of depn allowed to any person @ time prior to date of installation by assessee .

~~Q/B~~

section 35 AD Assets

ttf to Normal business <u>by 8 years</u>	ttf to Normal business <u>after 8 yrs</u>	Sold such assets
deduction allowed earlier treated as deemed business Income u/s 28 (<u>allowed deemed depreciation</u>)	No deemed Business Income	Sale Price or original cost } Less Deemed Income Business ✓

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Preliminary Expenses [section 35D]

Eligible assessee:
 ✓ Indian Companies
 ✓ Resident non-corporate assessee.

Amount of dedⁿ : $\frac{1}{5}^{\text{th}}$ of eligible amount
 (for 5 consecutive years)

Eligible amount :
 Non corporate assessee
 { Actual notified expenses
 or
 $5\% \times \text{cost of project}$ } whichever is lower

Indian Companies
 { Actual notified expenses
 or
 $5\% \text{ of cost of project}$ } higher
 or
 $5\% \text{ of capital employed}$ } lower

Notified Expenses

Resident non corporate assessee

Indian Companies

- (1) Exp to conduct market survey
 - (2) " for preparation of feasibility report
 - (3) " for preparation of project report
 - (4) Engineering services exp.
 - (5) Legal charges for drafting agreement
- Furnish statement containing particulars of above expenditure 1 month prior to due date of furnishing ROI uls

- (1) Drafting / printing of MOA/AOA
- (2) Registration of Co.
- (3) share issue / debenture issue expn
- (4) Advertisement expn of prospectus
- (5) underwriting commission
- (6) EI

Cost of Project

↳ Actual cost of F.A (Land / Bldg / P&M / Furniture /
which are shown - Fittings etc..)
on last date day
of PY in which business
of assessee commences.

Capital employed

↳ Share capital
(+)
Debentures
(+)
Long term Borrowings.



section 35 DDA : Amortisation of VRS compensation paid

VRS Compensation actually paid $\times \frac{1}{5}$
during PY

↳ Insta id : [castudy.creative__inspiration](#)



section 36 : Other deductions

1. Insurance Premium for:

* Stocks / stores used for purpose of B/P.

* Health insurance of 'ees

↳ such insurance premium must not be paid in cash

2. Bonus & Commission to 'ees (x profit / dividend)

↓
(subject to section 43B)

3. Interest on borrowings / Interest on Bonds / debentures:

Loan taken from: Bank / FIs / NBFCs [subject to section 43B]
Interest payable ↗

Interest paid
for Capital
borrowed for
acq. of asset

Interest from date of
borrowing till date on
which such asset was
'first' put to use

capitalized
(Included
in actual
cost of asset)

Interest for period
after such first put to
use

Dedn ✓

4. Discount on ZCBs ↳ prorata basis over period of life of such bond

5. Contributions to Provident & other Funds

* Employers $\xrightarrow[\text{(To)}]{\text{Contribution}}$ Approved / Recognized / statutory
PF / SAF /

✓ dedn [subject to section 43B]

↓ Insta id : *castudy.creative_inspiration*

Employer's $\xrightarrow[\text{TO}]{\text{contribution}}$ Approved gratuity fund

✓ dedⁿ (gratuity fund should be for exclusive benefit of 'ees under Irrevocable trust)

6. Employer $\xrightarrow[\text{TO}]{\text{contribution}}$ 'ee under Pension Scheme (80 CCD)

✓ dedⁿ allowed

[But restricted to 10% of Salary]

(Basic + DA forming part)

7. Employees $\xrightarrow{\text{contribution}}$ Staff welfare scheme

↓
Asst it is treated as Income in hands of 'ee

✓ deduction allowed only if such amount credited on/b4 DD
• under Relevant Act.

after DD , ~~X~~ dedⁿ allowed

8. Baddebts .

• Provision for Baddebts — X allowed

• Recovery of Baddebts is deemed PCB u/s 41.

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9. Expenses on family planning by a Co.

↳ only allowed for company

X Partnership
X sole proprietorship

① Revenue Expenditure — ✓

② Capital Expenditure — 5 equal installments.
e/f ✓

10. Securities transaction tax paid

allowed to brokers

11. Commodities transaction tax paid

} Income from taxable STT
is included under 'PGBP'



section 37: General / Residuary deduction

1. X allowed u/s 30 to 36
2. X capital nature
3. X personal expn
4. ✓ incurred after B ship
5. ✓ incurred in PY
6. ✓ expended wholly & exclusively for B/P
7. X incurred as a part of offence / prohibited by law.

Examples:

- Purchases
- salary to 'ees
- Advertisement (✓ capital)
- Freight inward / outward
- GST / customs duty [43B ✓]
- Bonus issue expn [X right issue]
- Telephone expn
- Printing & Stationery
- Festival expn.
- Staff welfare exp.
- Keyman Insurance policy

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★ CSR Expenditure — ~~X~~ allowed.

★ Incentives / Freebies / Gifts to doctors / medical practitioners
↳ by Pharma Companies ⇒ ~~X~~ allowed

[it is considered as expn prohibited by law.
✓ violation of prov. of Indian Medical Council]

★ Expn representing Contribution for political party.
↳ ~~X~~ allowed.

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★ Inadmissible Deductions ★

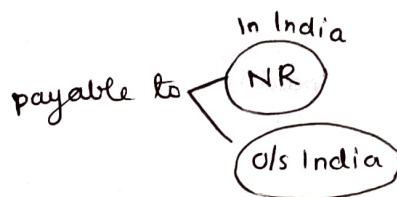
Disallowance — an expn not allowable under IT [if debited to P&L add back]



Payment of Expenses to (NR)

sec 40(a)(i)

- ★ Interest
- ★ Royalty
- ★ Fees for technical services
- ★ Other expenses



✓ on which TDS should be deducted & should be paid on/b4 DD of ROI

- ★ If not deducted TDS during PY
or

After deduction, such TDS is not deposited upto DD of ROI

If 100% of such expn debited to P&L to be **disallowed**.
(temporary)

- ★ If TDS deducted & paid in next yr
or
TDS paid after DD } Next year deduction allowed ✓

- ★ Even though deductor fails to deduct TDS, deduction is allowed in next year if payee (NR) paid tax & filed his ROI.

↓ Insta id : castudy.creative_inspiration

eg:

P&L a/c for X Ltd

✓ deducted in PY
✓ deposited b4/on DD

for PY 2023-24

CDD of ROI 31/10/2024

To Interest payable o/s India	5 lakh	→ TDS deducted on 31/03/2024 Deposited on 15/12/2024	Not allowed in PY 2023-24
To Royalty paid to NR	3 lakh	→ TDS deducted & deposited on 15/04/2024	Not allowed in PY 2023-24 bcoz deducted on 15/04/24
To Fees for tech services o/s India	4 lakh	→ TDS deducted on 31/03/24 deposited on 15/10/2024	Allowed in PY 2023-24



Salary to NR / o/s India section 40(a)(iii)

Salary → (1) NR in India
(2) o/s India

✓ (i) deduct TDS in PY
✓ (ii) paid on / b4 DD of ROI } ✓ allowed

If not satisfied *always* remain disallowed
[Permanent disallowance]



Payment of expenses to Resident section 40(a)(ia)

Expenses on which TDS provisions are applicable

→ (R)

(i) deduct TDS in PY ✓
(ii) paid on / b4 DD of ROI

if TDS not deducted
or
TDS not paid

then 30% of such expn
disallowed

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Next year allowed ✓



Income tax not allowed as expenses sec 40(a)(ii)

Income tax

Interest on Income tax

Penalty on Income tax

Provision on Income tax

Advance tax

Foreign Income tax

debited in P&L
to disallowed

[Permanent disallowance]



Disallowance of PF contribution sec 40(a)(iv)

If employer not made prescribed
arrangement for deducting TDS
from amount withdrawn from PF

disallowed ✓



Tax on perquisite of employer if paid by employer sec 40(a)(v)

↳ disallowed [permanent disallowance]

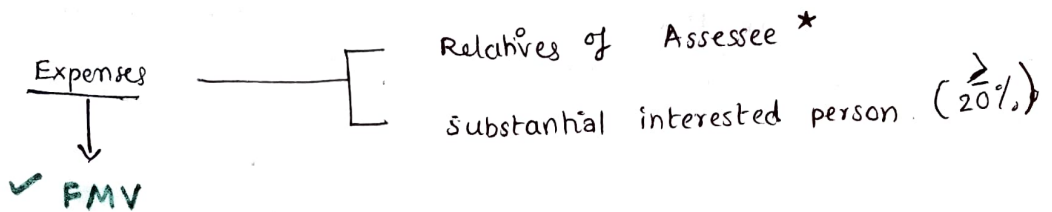
But in hands of 'ee such tax paid 'er - exempt
uls 10(10cc)

40A

Disallowance u/s 40A will override all other provisions of PCBP.



Section 40A(2): Payment to relatives and associates



$$\text{Amount disallowed} = \text{Expenses incurred} - \text{FMV}$$

Relatives of Assessee *

Ind $\Rightarrow$ S / B / S / lineal ascendant / descendant

Partnership firm $\Rightarrow$ Partner / Blood relatives of Partner / Partners substantial interested Organisation

Company $\Rightarrow$ Director / Relatives of Director / Director's

AOP / BOI $\Rightarrow$ Member / " " Member / Members



Section 40A(3) - cash payments in excess of ₹10,000

Agg. of payment — made to a person

in a day

- cash
- Bearer cheque
- Cross cheque

otherwise than by modes

Exceeds ₹10,000

entire amount $\Rightarrow$ disallowed

Made only by

1. Alc payee cheque
2. Alc payee draft
3. Electronic system through bank alc
4. O P E M

$\hookrightarrow$ Credit card

RTGS

BHIM

NEFT

Net Banking etc

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Agg. of payment
made to
in a day



Transport operators for
plying, hiring or leasing goods
carriages

through C/B/Cchg.

exceeds ₹ 35,000

entire amt = ~~disallowed~~

★ some exceptions where cash payment in excess of ₹ 10,000 is allowed:

1. Pmnt to Govnt / RBI / Bank
2. Pmnt for purchase of agriculture produce / animal husbandary marine produce / Forest produce made to original cultivator farmer / original procurer.
3. Payment made for purchase of goods produced in a cottage industry without aid of power.
4. Payment made to a person, who resides in such place where no banking facility is available.
5. Payment made to 'ee / legal heir on retirement, resignation or death upto ₹ 50,000
6. Salary paid to an ~~ee~~ who is temporarily posted for more than 15 days where such 'ee does not have bank a/c
7. Payment made by way of book adjustment
8. Payment made to an agent who purchase goods / service on behalf of P in cash
9. Payment made by authorised dealer / money changer against purchase of foreign currency.

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section 40A(7) Provision for gratuity

- If Provision for gratuity is made towards approved gratuity fund then it is allowed u/s 36.
- If any payment is actually made to employee from such approved fund, then it will not be further allowed as it will amount to double deduction.



section 40A(9) Contribution by employers to funds, trusts, etc.

unapproved ones. ~~X~~ deduction allowed
no genuine benefit flows to 'ees.



In case of any firm / LLP

Following amount shall not be deducted in computing Business Income:

(1) Remuneration to non-working partner:

salary
Bonus
Commission
Remuneration } ~~X~~

(2) Remuneration / Interest } → to working partner (not authorised by deed) ~~X~~

(3) Interest — in excess of 12% p.a. — ~~X~~

↓
working ✓

sleeping ✓

non-working ✓

Actual Interest
(or)

12% p.a.

} (✓) ✓

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(4) Remuneration allowed as deduction

Actual remuneration paid
or
Max. Limit u/s 40 (b)

} (L) ✓ dedⁿ

|

(?)

(1) Upto 3 lakh of
Book Profit /
In case of loss

₹ 1,50,000

or

90% of BP

} (H)

(+)

(2) Above 3 lakh
(bal.)

60% of BP

★ Book profit

NP (b + Interest or
Remuneration)

(+) Net Profit
(debiting partner Re) ^{xx}
Actual Remuneration (xx)

(-) Interest allowable

(-) B/F unabsorbed depn

BP.

xx

xx



section 41 : Deemed Income under head 'B/P'

- (1) Recovery of expn / losses or remission / cessation of trading liability
- (2) Balancing charge - sale of power generating units
- (3) Sale of SR asset - SLM Method of depn
- (4) Recovery of Baddebt claimed earlier

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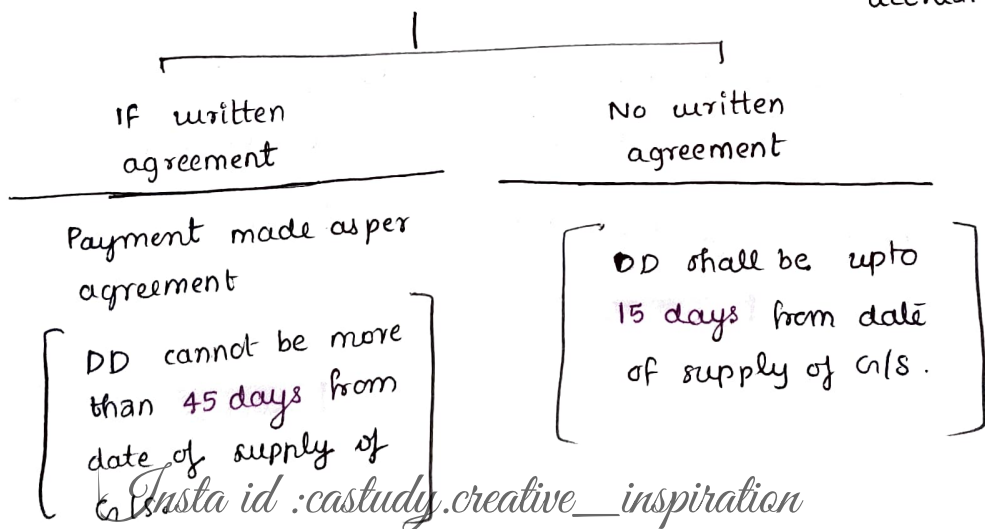
43B

Certain deductions to be only made on actual payment

✓ Deductions allowed only if paid actually
[in PY] or [at least prior to DD of ROI]
(31st July / 31st Oct / 30th Nov)

Expenses covered u/s 43B :

- [1] Any Duties, taxes, cess, fees payable to Govt. under any law
[GST, Municipal tax, Excise Duty]
- [2] Interest on loan payable to Banks, Co-op. Bank, NBFC
Public Financial Institutions & state Financial Corporation
Ancient of Interest → To fresh loan - disallowed ✓
- [3] Bonus & Commission to fees
- [4] Employer's contribution to RPF, ESI, ACF / any other employee welfare fund.
- [5] Leave salary / Leave encashment payable to employee
- [6] Amount paid to Indian Railway for use of their assets.
- ~~%~~ [7] When amount is payable to MSME → allowed ✓
If payment is done as per MSME Act ↓
as per accrual basis.



Micro Enterprise : → Investment } < 1 cr
in P&M
+
T/o ≤ 5 crore

Small Enterprise : → Investment } < 10 cr
in P&M
+
T/o ≤ 15 crore

43(i)

Actual Cost

Purchase Price of the assets including taxes	xxx
(+) Installation cost, freight inward, transit insurance	xxx
(+) Interest on borrowing upto date of put to use	xxx
(-) Any form of subsidy	(xxx)
(-) ITC (if any)	(xxx)
(+)/(-) Exchange rate fluctuations	xxx
Actual Cost.	<u>xxx</u>

Note:

1. cash payment- in excess of ₹10,000 — X allowed.
2. If personal building is transferred to business, the actual cost is taken as → Original cost (-) Deemed depreciation

Remember: If any other personal asset is transferred to business (like car) then only record @ original cost-

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- ① Specified Profession / Notified Profession
- legal /
 - Medical /
 - Engineering /
 - Architectural profession /
 - Accountancy /
 - Technical consultancy /
 - Interior decoration /
 - any other notified professions
 - ↳ Film artist (actor, director, cameraman, ...)
 - ↳ profession of CS.
 - ↳ IT professionals.

✓ Required to maintain BOA.

✓ If GIR for all 3 yrs 1PPY > ₹1.5 lakh

or

GIR > ₹1.5 lakh in that year
(creatively setup)

Then need to maintain prescribed BOA & other docs.

↓

(1) Cash Book

(2) Journal

(3) Ledger

(4) Carbon copies of bills & receipts (for sum > ₹25)

(5) Original bills & receipts issued (for sum > ₹50)

✓ digitally maintain

✓ maintain for 6 years from end of relevant AY

✓ maintain @ PPOB

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Medical Professionals $\Rightarrow$ ✓ daily case register in Form 3C
✓ Inventory under broad heads of stock of drugs, medicines & other consumable accessories.

(2) Person carrying on B/P other than Notified professions) $\left\{ \begin{array}{l} \text{I. Ind/HUF} \\ \text{II. Person (other than Ind/HUF)} \end{array} \right.$

I. Ind/HUF

Income from B/P $> \text{₹ } 2.5 \text{ lakh}$

or

Total sales / T/O / GR $> \text{₹ } 25 \text{ lakh}$

exceeds in any one of 3 IPY's.

Book mandatory ✓
(for newly set up - likely in CY)

II other than Ind/HUF

Income from B/P $> \text{₹ } 1.2 \text{ lakh}$

or

Total sales, T/O / GR $> \text{₹ } 10 \text{ lakh}$

exceeds in any one of 3 IPY's

Book mandatory ✓
(for newly set up - likely in CY)

Penalty for failure of maintain BOA $\Rightarrow \text{₹ } 25,000$
u/s 271A.

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44AB Audit of Accounts (Tax Audit)

In case of person carrying on

1. Business - T/o / CrR during PYs $> ₹ 1 \text{ Crore}$ 44AB ✓
2. Profession - T/o / CrR during PY $> ₹ 50 \text{ lakhs}$ 44AB ✓

★ For 44AB applicable persons

1 month prior to DD of ROI (31st Oct)

ie, 30 Sept

Audit Report $\leftarrow$ (Forms 3CA / 3CB / 3CD)
and particulars (Rule 6 Cr)

★ Important points to be noted in case of person carrying on business:

Agg. cash receipts in RPY $\leq 5\%$ of total receipts ✓

(+)

Agg. cash payments in RPY ✓

$\leq 5\%$ of total payments

Then 44AB ✓
only if his

Total Sales /
T/o /
CrR } Exceeds
10 Crore

Note: IF cheque drawn on bank
(or)
by Bank overdraft

✗ acc payee.
Then treated as cash ✓

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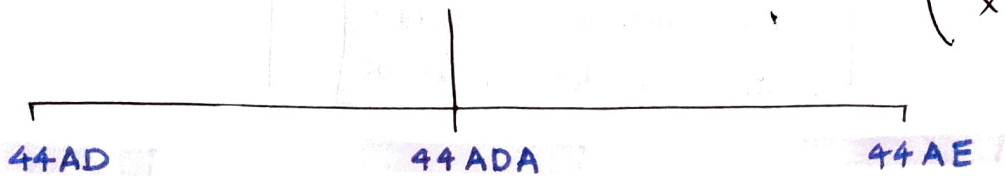
- Assessee opting for presumptive scheme of u/s 44AD, 44ADA, 44AE are not required to get the accounts audited.
- In cases where a/cs are audited under any other law by the ^(30 Sep) specified date, then Tax audit not required only report to be submitted.
- Penalty for failure to get books audited

* 0.5% of total sales, T/O or GR.

or
* ₹ 1,50,000 [u/s 271B]

* Computation of Income on Presumptive Basis

(X for company)
(X LLP)



44AD

- Eligible Assessee : Individual / HUF / Partnership firm (X LLP)
 [X 10AA X chapter VIA under C]
 (80I-80RRB)
 [only Resident ✓]

- Non-applicable to :
 - Notified Professions u/s 44AA (covered u/s 44ADA)
 - Person earning Income
 Commission / Brokerage
 - Person → Agency Business
 - Business covered u/s 44AE.

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3. Eligible business / Profession

(1)	$\left\{ \begin{array}{c} \text{Total T/o} \\ \text{or} \\ \text{GR} \\ \text{in PY} \end{array} \right\} \leq \begin{array}{c} \text{₹ 2 crore} \\ \text{in RPY} \end{array}$	44AD ✓
(2)	$\left\{ \begin{array}{c} \text{Total T/o} \\ \text{or} \\ \text{GR} \\ \text{in PY} \end{array} \right\} \leq \begin{array}{c} \text{₹ 3 crore} \\ \text{in RPY} \end{array}$ (+) $\left[\begin{array}{c} \text{Agg. cash receipts in RPY} \\ \leq 5\% \text{ of total T/o or GR} \end{array} \right]$	44AD ✓

4. Determination of presumptive income :

6% of such T/o / GR which are received through a/c payee cheq. / Bank draft / ECS or OPEM [UPI, RTGS, etc] during the PY or b4 DD of filing of ROI u/s 139(1)

8% of such T/o if received through other modes (like cash, bearer, cross cheque) or not received upto DD of ROI

These above % are minimum, assessee can also presume higher percentage as their income.

5. ★ section 30 - 37 } Deemed to be allowed and no further deduction
- ★ Unabsorbed depn - X allowed (u/s 32)
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★ 40(b) for firm — Not allowed

★ Lock in period of 5 yrs — ✓

★ Not required to maintain BOA u/s 44AA or get them audited u/s 44AB.

eg:

Presumptive Income declared

AY

2024-25

∴

5 successive AYs

hereafter

declare income in

presumptive basis only.

2025-26

2026-27

2027-28

2028-29

2029-30

If lock in period broken by non-declaration of profits on presumptive basis.

then 5 successive AYs subsequent to the AY

in which income declared out of presumptive

basis need to maintain BOA u/s 44AA(2) ✓

get his BOA audited u/s 44AB ✓

(if it applies)

★ Eligible assessee

⇒

opting for income declaration
u/s 44AD

↓

{ Pay advance tax by 15th Mar of FY } Single Installment ✓

★ B/f losses falls u/s 70 to 80 — ∴ B/f losses can be set off

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44 ADA.

1. Eligible Assessee: Resident - Individual / Partnership firm (X LLP)

Notified Professions u/s 44AA.

[Medical, Engineering, Architect, Accountancy,
Technical consultancy, Interior decorator,
Film artists, company secretary, IT professionals]

2. Eligible Business / Profession

(1) Gross Receipts $\leq$ ₹50 lakhs in RPY $\Rightarrow$ 44ADA ✓

(2) Gross Receipts $\leq$ ₹75 lakhs in RPY
(+) Agg. cash receipts in RPY
 $\leq$ 5% of Total Gross receipts } $\Rightarrow$ 44ADA ✓

3. Determination of presumptive Income:

50% of Gross Receipts.

4. Advance tax obligation

Required to pay adv. tax by 15th Mar of FY

5. Other points:

Same as 44AD except:

Lock in period of 5 years — Not there.

Lower income }
declaration

Books + Audit ✓✓

10 A Insta id: castudy.creative } No restriction.
Chapter VI-A - Reading C inspiration

1. Eligible Assessee:

- Resident ✓ Non-resident ✓
- Assessee engaged in business of plying, hiring or leasing of goods carriage.
- Assessee owning not more than 10 goods carriages @ anytime during PY

2. Determination of presumptive income

Heavy goods vehicle	Other than heavy goods vehicle
• ₹1000 per ton of gross vehicle weight for every month / part of a month	• ₹7500 per month / <u>part of a month</u> ^{complete} (consider it as a month)

3. other points:

- ✗ deduction allowed u/s 30 to 38
- ✓ salary & interest paid to partners (firm) - **deductible** (subject to 40(b))
- ✗ unabsorbed depreciation [u/s 32]
- ✓ B/f losses [u/s 70-80]
- ✗ Lock in period of 5 years.

4. Advance tax obligation

Pay adv tax as.

4 Installment ✓

★ Agricultural Income ★

- Agricultural Income earned from India is exempt u/s 10(1)
- Foreign agricultural income (earned from o/s India)
 - ↳ Taxable u/h IFOS

Agriculture Income Includes:

- Basic operation on land
- Basic (+) subsequent operations
 (If only subsequent operations — X agriculture Income)
 ↳ cutting, harvesting, fumigating etc...
- Nursery business — Agriculture Income ✓
- Rental Income — from agricultural land / bldg used for agricultural purposes ✓

Treatment in case of composite Income

Rule	Nature of composite Income	Business Income	Agriculture Income
7A	Manufacture of Rubber [Rubber plants grown ✓ Sale of rubber products ✓]	35%	65%
7B	Coffee - grown & cured ✓	25%	75%
	- grown, cured, roasted, grounded ✓	40%	60%
8	Tea - grown ✓ - Manufactured ✓	40%	60%

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Note: Any other business (composite Income)

Business Income

Agricultural Income

Sale value of FC	xx	FMV	xx
(-) FMV	(xx)	(-) Sale consideration	(xx)
(-) Cost of cultivation	(xx)		<u>xx</u>
	<u>xxx</u>		

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43 CA

Stamp Value for Land & Building [Real Estate only]

43 CA - applies when sale of Land / Building as SIT
[Property dealer → PnBP Income]



Sale Consideration < SDV $\Rightarrow$ SDV = deemed to be Full Value of Consideration

SDV > 110% of Sale consideration

✓ SDV = Full Value Consideration

SDV $\leq$ 110% of Sale consideration

✓ Sale consideration = FVC

Date of agreement }
Date of registration } not same

check whether a part of consideration has been received by way of a/c payee cheque / a/c payee bank draft

↓ Insta id : castudy.creative_inspiration SDV on date of agreement