

29/3/24

CH: Set off & Carry Forward of Losses

Sec 70: Intra head adjustment

एक के अंदर

It means loss from one source of income can be set off against income from another source but in the SAME HEAD of income.

Exception :-

- 1) Specified business loss (Sec 35AD) can be set off against only specified business income.
- 2) Speculative business loss can be set off only against speculative business income.
- 3) Long term capital loss can be set off only against long term capital gain.
- 4) Loss from owning & maintaining race horses can be set off only against owning and maintaining race horses.

Sec 71: Inter head adjustment

अन्य के अंदर

It means loss under one head of income can be set off against income from another head of income but in same PY.

Exception :-

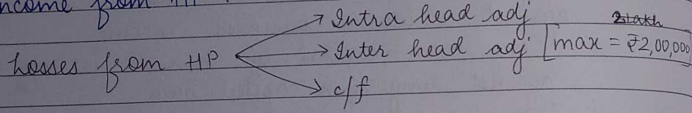
- 1) Specified business loss (Sec 35AD) can be set off against only specified business income.
- 2) Speculative business loss can be set off ^{only} against speculative business income.
- 3) Long term capital loss can be set off only against long term capital gain.
- 4) Loss from owning & maintaining race horses can be set off only against owning and maintaining race horses.

- 5) Short Term capital loss can be set off only against short term capital gain & Long Term Cap. Gain
- 6) Losses from business cannot be set off against Salary.

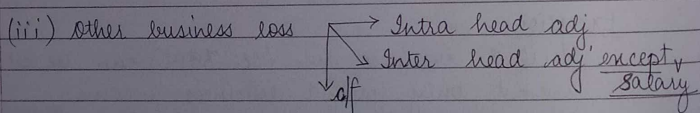
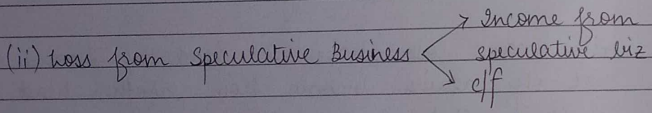
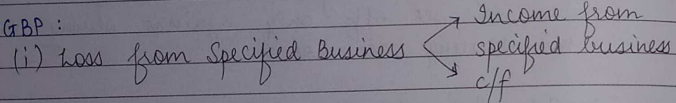
Mind Map

Income from Salary: Losses not possible

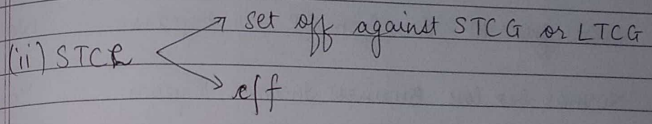
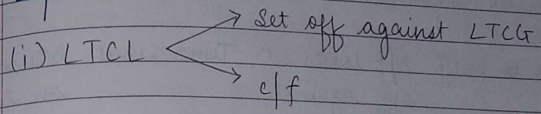
Income from HP:



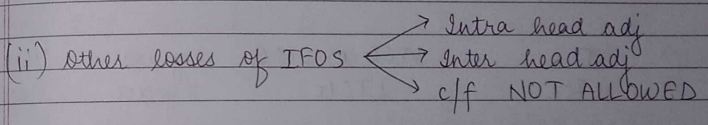
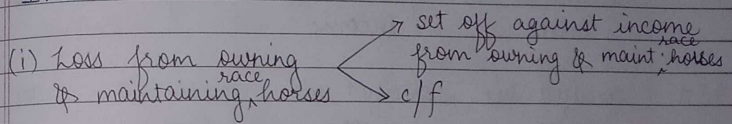
PG&BP:



capital gain:



IFOS:



Note 1: Loss from HP can be set off against any other head of income is maximum ₹2 lakh, if assessee opt out of 115 BAC. If he opts 115 BAC then HP losses not allowed to set off against any other head of income.

Note 2: It is to be remembered that once losses c/f can be set off only against income from SAME head in subsequent years.

c/f (carry forward) & set off of losses

Section	Losses to be c/f	B/f losses set off against	Time limit	Return file on time
71 B	Losses from HP	Inc. from HP	8 years	No
72	Normal biz loss	Business Income	8 years	Yes
73	Speculative biz losses	Speculative biz income	4 years	Yes
73 A	Specified biz losses	Specified biz income	unlimited time	Yes
74 →	STCL	STCG or LTCG	8 years	Yes
↳	LTCL	LTCL	8 years	Yes
74 A	Losses from owning & maintaining race horses	Income from owning & maintaining race horses	4 years	No
32	Unabsorbed Dep ⁿ	Any income other than salary	unlimited time	No.

Note 1: Loss from any lottery, card game, horse races, etc. are not eligible to set off ~~to~~ c/f and any other losses cannot be set off against income from lottery, card game, etc.

2: B/f losses from business can be set off even if that biz is discontinued.

3: Any losses cannot be set off against deemed income u/s 68, 69, 69A, 69B, 69C, 69D [undisclosed income]

4: Order of Set off :-

a) C/Y depreciation

b) B/f business loss

c) unabsorbed depreciation

5: If there is income under any head and eligible loss under any other head, such losses shall be first set off against the income before set off b/f losses.

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Q12 * Mr. Shrivatsan *

PY 23-24 AY 24-25

Computation of Total Income
Particulars

Particulars	₹	₹
Income from salary	2,20,000	
(-) Loss from HP	(1,90,000)	
	30,000	30,000
Income from Speculative Business	30,000	
(-) Loss from cloth business (240,000 - 30,000 = 210,000)	(30,000)	
		-
LTCG on sale of URBAN LAND	2,50,000	
(-) Loss from cloth business	(2,10,000)	
	40,000	40,000
Income from betting (Gross)		45,000
Gross Total Income		1,15,000
(-) Ded ⁿ u/c [under chapter] VI - A Sec 80C : LIC Premium (45,000)		(30,000)
Net Total Income		85,000

* Losses to be c/f to Next AY (AY 25-26) ₹
→ Loss from Specified business 20,000

Note 1: Dedⁿ u/c § VI - A 'not available against betting income & LTCG, so deduction is restricted to salary income (₹30,000).

Note 2: Loss from card game is not allowed to set off and carry forward. Any losses not allowed to set off against betting income

Q7 * Mr. Sohan *

computation of Total Income
Particulars

	PY 23-24	PY 24-25
	₹	₹

Income from Salary	3,00,000	
(-) Loss from HP	(40,000)	
	260000	260000

Income from Sugar business	50,000	
(-) Loss from Iron ore (120,000)	(50,000)	-

LTCG	40,000	
(-) STCL (60000 - 40000 = 20000)	(40,000)	-

Dividend	5,000	
Income from card game	6,000	
Bank Interest on FD	5,000	
Income from lottery	50,000	66,000
Income from lottery	50,000	

GTI/NTI

326000

* Losses to be c/f to Next AY (AY 25-26) ₹

- STCL (60,000 - 40,000) 20,000
- STCL (u/s 111A) 10,000
- Loss from Iron ore (120,000) 70,000
(-150,000)

Note:-

Agriculture Income is exempt u/s 10(1)

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Q8 * Mr. Bateria *

PY 23-24 AY 24-25

Computation of Total Income

Particulars	₹	₹
Income from salary	1,00,000	
(-) Loss from HP	(40,000)	
	60,000	60,000
Income from Textile Business	50,000	
(-) Loss from textile business (AY 16-17) (50,000) (60000 - 50000 = 10000 → lapse)	(50,000)	-
LTCG on sale of Land	30,000	
(-) LTCL on sale of unlisted shares (30,000)	(30,000)	
STCG	140,000	140,000

Income from owning & maintaining race horses	15,000	
(-) Loss from owning & maint. race horse (PY)	15,000	
		-
	GTI/NTI	2,00,000

- * Loss from to be cf in AY 25-26
- Loss from Speculative business 60,000
- LTCL on sale of unlisted shares (1L - 30K) 70,000
- Loss from owning & maint. race horses 10,000
- (25000 - 15000)

Note 1: Biz losses can be c/f for max 8 years.
Loss from textile biz. incurred in PY (15-16),
AY (16-17), can be carried forward & set off
upto PY (23-24), AY (24, 25)
So, remaining loss of ₹ 10,000 cannot be c/f
to AY 25-26.

Note 2: Loss from owning & maintaining race horses
can be set off only against income from
owning & maintaining
So, in this case, ₹ 15,000 set off in CY &
₹ 10,000 c/f to NY

Note 3: Loss from Speculative business can be set off
only against Speculative biz. income.
In the present question, there is no speculative
biz. income, so loss is c/f

Note 4: LTCL can be set off only against LTCG;
In the present question, LTCG is only ₹ 30,000
So remaining 70,000 shall be c/f.

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PY 23-24 (AY 24-25)

computation of Total Income

	₹	₹
Income from Salary	3,00,000	
(-) ^{Loss} Income from HP [max: 2,00,000 can be set off]	2,00,000	1,00,000
Income from Speculative biz.	5000	
(-) Loss from Speculative biz	(5000)	-
Income from Trading biz.	45000	
(-) Loss from Trading biz (AY 19-20)	5000	40,000
LTCG from sale of Urban Land	2,00,000	
(-) LTC&L on sale of shares	(75,000)	
LTC L on listed shares	(1,02,000)	23,000
GTI/NTI		<u>163,000</u>
* Losses to be c/f to Next AY (AY 25-26)	₹	
→ Speculative biz. loss (25000 - 5000)	20,000	
→ Specified biz. loss	20,000	
→ Loss from HP (2,50,000 - 2,00,000)	50,000	
→ Loss from owning & maintaining race horses	2000	
		<u>92,000</u>

Pg 133 Q15 * Mr. P *

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PY 23-24 (AY 24-25)

computation of Total Income

	₹	₹
Income from salary	18,000	18,000
NAV Income from HP	70,000	
(-) Std. deduction (30% of NAV)	(21,000)	
	49,000	49,000
Income from Business	80,000	
(-) CY depreciation	(8000)	
(-) unabsorbed dep ⁿ	(9000)	63,000
Income from Speculative biz.	12,000	
(-) Loss from Speculative biz	(12,000)	-
LTCG from sale of land	15,800	
(-) STCL (AY 23-24)	(7800)	8000
GTI/NTI		<u>138,000</u>
* Losses to be c/f to Next AY (25-26)	₹	
1) Loss ^{on} of maintenance of race horse	9000	
2) Loss from speculative biz.	4,000	

Note :- Loss from gambling (casual income) is not allowed to be set off & c/f.