

## ch.1 Basic concepts

\* Tax rates for Individual / HUF / AOP / BOI / AJP in  
[Old scheme]

\* Resident individual below 60  
NR irrespective of Age  
HUF / AOP / BOI / AJP

Total Income	Rates %	Shortcut
Upto ₹250000	NIL	-
₹250001 to ₹500000	5%	₹12500
₹500001 to ₹1000000	20%	₹112500
Above ₹1000000	30%	-

\* Senior citizens

Resident individual above 60 years  
but not more than 80 years

Total Income	Rates %	Shortcut
Upto ₹300000	NIL	-
₹300001 to ₹500000	5%	₹10000
₹500001 to ₹1000000	20%	₹100000
Above ₹1000000	30%	-

\* Super senior citizens  
Resident Individual above 80 years

Total Income	Rates %	Shortcut
Upto ₹500000	NIL	-
₹500001 to ₹1000000	20%	₹100000
Above ₹1000000		-

NOTES :-

- Individual / HUF / AOP / BOZ / ATP have to pay tax as per default scheme i.e. IISBAC. However, they can opt for old regime.
- HEC is applicable @ 4% after surcharge or Rebate.
- Rebate i.e. 87A ---
  - Assess is individual.
  - He is Resident In India
  - Whose Total Income from all heads after deductions does not exceed ₹500000.

Rebate = ₹12500 ; OR

100% of tax payable amount ↓ lower

- Rebate not available for tax computed i.e. 112A

→ Rounding off:

Section	Particulars	Rounding off
228A	Round off of Total Income	R/o to nearest multiple of 30
228B	Round off of Total Tax	R/o to nearest multiple of 30

→ If resident assessee has special income (income u/s 111A/112) and cannot absorb Basic Exemption Limit, he can adjust special income and balance special income liable at special rates.

\* Special Tax Rates in

Income	Rates
→ STCG referred to in sec. 111A (Securities)	15%
→ LTCG referred to in sec. 112	20%
→ LTCG u/s 112A beyond ₹1 lakh	10%
→ Casual income (eg. lottery, horse winning etc.) in section 115BB	30%
→ Unexplained cash / expenses / Investment - 115BB [sec. 115BB net winnings from online game (FA 2023)]	60%
# Max. marginal rate	42.744%
	( 30% )
	+ 37%
	+ 4%

\* Surcharge : Individual / HUF / AOP / BOI / ATP & Im

Income	Surcharge	
	Sp. Income	Other
Total Income [including sp. income]		
- Doesn't exceed ₹50 Lakhs	NIL	NIL
- Exceeds ₹50 Lakhs but doesn't exceed ₹1 crore	10%	10%
- Exceeds ₹1 crore but doesn't exceed ₹2 crores	15%	15%
Total Income [excluding sp. income]		
- Exceeds ₹2 crores but doesn't exceed ₹5 crores	15%	25%
- Exceeds ₹5 crores	15%	37%
Total Income [Including sp. income]		
- Exceeds ₹2 crores but doesn't fall in any above situations	15%	15%

Here, 111A - STCG from stock market

112A - LTCG from stock market

112 - Any other LTCG

Div. - Dividend

fall under sp. income

## \* Tax rates and surcharge applicable to other entities:

Assessee	Rate of tax	Applicable surcharge Rate			
		TI < 1 Cr	1 Cr < TI < 10 Cr	TI > 10 Cr	Rate of HED
- Domestic company turnover not exceed 400 Crs in FY 2020-21	25%	-	7%	12%	4%
- other companies	30%	-	7%	12%	4%
- Foreign company	40%	-	2%	5%	4%
- Firm / LLP / LA	30%	-	12%	12%	4%
- Co-operative society					
• for first ₹10000	10%	-	-	-	4%
• for next ₹10000	20%	-	-	-	4%
• for the balance	30%	-	7%	12%	4%

## NOTES:-

→ In case of an Local Authority & firm, where Total Income is less than ₹1 crore, aggregate of Income tax & surcharge shall be restricted to----

$$\begin{aligned} & \text{Tax on ₹1 crore} \\ & + [\text{Total Income} - ₹1 \text{ crore}] \end{aligned}$$

→ In case of an Individual & HUF,

Total Income	Income Tax & surcharge restricted to-
₹50L < / = ₹1 Cr	Tax on ₹50L + [Total Income - ₹50L]
₹1 Cr / = ₹2 Cr	Tax on ₹1 Cr @ SC 10% + [Total Income - ₹1 Cr]
₹2 Cr / = ₹5 Cr	Tax on ₹2 Cr @ SC 15% + [Total Income - ₹2 Cr]
Exceeds ₹5 Cr	Tax on ₹5 Cr @ SC 25% + [Total Income - ₹5 Cr]

-> In case of a Domestic / Foreign company, whose Total Income  $\leq$  ₹1 cr / ₹10 cr, aggregate of income tax & surcharge shall be restricted to  
Tax on ₹1 cr + [Total Income - ₹1 cr]

-> In case of a Domestic company, whose Total Income  $>$  ₹10 cr, aggregate of income tax & surcharge shall be restricted to - - - .

Tax on ₹10 cr @ sc 7% + [Total Income - ₹10 cr]

-> In case of a foreign company, whose Total Income  $>$  ₹10 cr, aggregate of income tax & surcharge shall be restricted to - - - .

Tax on ₹10 cr @ sc 2% + [Total Income - ₹10 cr]

#### \* Optional tax scheme :-

Particulars	Section
Individual / HUF / AOP / BOI / ATP	115BAC
Domestic company	115BAR
Domestic company engaged in MNE	115BAB
Co. op. society engaged in MNE	115BAE
Others	115BAD

## DEFAULT TAX SCHEME :-

\* Slab rates :-

Total Income	Rate %	Shortcut
Upto ₹300000	NIL	-
₹300000 to ₹600000	5%	15000
₹600000 to ₹900000	10%	30000
₹900000 to ₹1200000	15%	45000
₹1200000 to ₹1500000	20%	60000
Above ₹1500000	30%	-

Rebate u/s 87A :-

- Assessee is Individual
- Resident in India
- Whose total income from all heads after deduction [Normal + Sp. income - Agriculture income - exempt income] doesn't exceed ₹700000

Rebate = ₹25000 i.e. 100% of taxable income

↳ Not available for tax computed u/s 112A.

# Marginal relief in case of income slightly exceed ₹7L.  
 Rebate u/s 87A is subject to marginal relief from FY 24-25, if net income exceed ₹7L but not exceed ₹17.770 income tax on such income can't exceed the amount by which net income exceed ₹7L. [FA 93.]

\* Special Tax Rates :-

Income	Rates
STCG referred to in sec. 111A (securities)	15%
LTCG referred to in sec 112	20%
LTCG u/s. 112A beyond ₹10khs	10%
Casual income (Eg. Lottery, Horse winning etc) [Sec. 115BB]	30%

\* Surcharge : Individual / HUF / AOP / BOI / ATP as :-

Income	Surcharge	
	Sp. Income	Other
<b>Total Income [including sp. income]</b>		
- Doesn't exceed ₹50 lakhs	NIL	NIL
- Exceeds ₹50 lakhs but doesn't exceed ₹1 crore	10%	10%
- Exceeds ₹1 crore but doesn't exceed ₹2 crores	15%	15%
<b>Total Income [excluding sp. income]</b>		
- Exceeds ₹2 crore but doesn't exceed ₹5 crores	15%	25%
- Exceeds ₹5 crores	15%	25%
<b>Total Income [including sp. income]</b>		
- Exceeds ₹2 crores but doesn't fall in any above situations	15%	15%



## NOTES :-

- > For Individual / HUF / AOP / BOI / AIE have to pay as per sec. 115BAC of the Act as default scheme however they may opt. for old scheme.
- > Firm / LLP / Local Authority / Foreign company - No alternative tax scheme available as of now.

## Conditions :-

1. Without set off of any loss or depreciation from an earlier AY, if the same is attributable to any of the deductions referred in Point A. Also, without setting off any loss under the head House Property with any other head of income. Both the losses mentioned cannot be C/F.

2. For opting the scheme 115BAC

↓  
IF assessee (Individual / HUF) has no business income

Every year before filing of ROI

↓  
IF assessee (I / HUF) has business income

1. Before filing ROI
2. Once opted cannot be withdrawn except where it was exercised by assessee having business income for PY other than the year in which exercised.

### 3. Restriction on claiming deduction or exemption

↓  
Deduction can't be taken---

#### - Salary...

- Leave travel concession sec. 10(5)
- House Rent Allowance sec. 10(13A)
- Entertainment allowance & Employment / Professional tax u/s 16
- Free food & beverage through vouchers provided to employee
- Some of the allowance mentioned in sec 10(14)

#### - House Property...

- Interest u/s 24 in respect of self-occupied or vacant property referred to sec. 23(2)

#### - PGIBP...

- Additional depreciation u/s 32(1)(iia)
- Depreciation u/s 32AD, 33AB, 33ABA
- Various deduction for donation for or expenditure on scientific research contained in sub-clause (ii) / (iia) / (iii) of sub-sec (1) / sub sec (2AA) of sec 35
- Deduction u/s. 35AD or 35CC

#### - IFOS...

- Deduction from family pension u/s. 57(iia)

#### - Deduction

- Any deduction under chapter VIA

#### - Exemptions & ...

- Allowance to MPs / MLAs sec. 10(17)
- Allowance for income of minor sec. 10(32)
- Exemption for 82 unit contained in sec. 10AA

↓  
Deduction can be taken ---.

- Salary...

- Transport Allowance granted to a divyang employee.
- Conveyance allowance
- Any allowance granted to meet the cost of travel on tour or on transfer.
- Daily allowance to meet ordinary daily charges incurred by an employee on absence from his normal place of duty.
- Standard deduction u/s 16(cia)

- Deduction...

- Deductions sec 80CCD (employer contribution on account of employee in notified pension scheme) & sec. 80TTAA (new employment), 80CCH (CG contribution towards Agnipath scheme)

- PGBP

- Depreciation is allowed

Dashu's Makwana

## \* Sec. 115BAD alternate tax regime for co op society!

→ For the resident co operative society, tax rate will be 25.168%. [Tax 22% + SC@10% + HEC 4%].

→ The condition for concessional rate shall be that the total income of co operative society is completed...

Ⓐ without claiming the following deductions

- exemption for SEZ unit contained in sec. 10AA

- Additional depreciation u/s. 32(1)(iia)

- Deduction u/s 32AD, 33ABA, 35(ii)/(iia)/ (iii) (i)/(2AA) / 35AD / 35CC

- Provisions under chapter VI A

Ⓑ without set off of any loss or depreciation from an earlier AY, if the same is attributable to any of the deductions referred in point A. Also the same can not be carried forward.

Ⓒ By claiming depreciation u/s 32 except additional depreciation.

→ The concessional rate shall not apply unless option is exercised by the co. op. society in the prescribed manner on / before the due date specified u/s. 139(1) of the Act for furnishing the return of income tax for any FY relevant to the AY commencing on or after 01st April, 2021 and such option once exercised shall apply to subsequent assessment year.

→ Provisions of sec. 115BJC, AMT shall not apply to such resident co. op. society. Similarly, provisions in sec. 115BJD relating to carry forward and set off of AMT credit, if any, shall not apply.

→ Option once exercised can not be withdrawn.

\* Sec. 115BAE Tax on new manufacturing co. operative society :-

→ Assessee - engaged in manufacturing, co-operative society in India (Resident)

→ Following are not considered as manufacturing...

- Development of computer software in any form or in any media.
- Mfging
- Conversion of marble blocks or similar items into slabs
- Bottling of gas into cylinder
- Printing of books or production of cinematography film; or
- Any other business as may be notified by the central Government in this behalf.

→ Tax rates - Income

Out of manufacturing activity:

17.16%

[15% tax + SC 10% + HEC 4%]

other activity

25.168%

[22% tax + SC 10% + HEC 4%]

→ Option once taken can not be withdrawn.

→ Deduction u/s 115BAD can not be taken.

→ This option needs to be taken before filing ITR for FY 2024-25.

→ If losses and ~~the~~ unabsorbed depreciation arise because of above deduction it can not be taken.

### \* Section 115BAB vs 115BAA (m)

Particulars	Section 115BAB	Section 115BAA
Applicability	Domestic MNE company	Any domestic company
Applicability of MAT	Not applicable	Not applicable
Effective rate of tax (including SC and HEC)	17.16%	25.168%
General rate	[Tax 15% + SC 10% + HEC 4%]	[Tax 22% + SC 10% + HEC 4%]
Sp. income [111A/112/112A]	Sp. rate + SC 10% + HEC 4%	Sp. rate + SC 10% + HEC 4%
STCG derived from transfer of capital asset on which no depreciation allowed	25.168%	25.168%
	[Tax 22% + SC 10% + HEC 4%]	[Tax 22% + SC 10% + HEC 4%]

Particulars	Section 115BAA	Section 115BAA
Adjustment for transaction with close connection by AQ.	34.32% [Tax 30% + SC 10% + HEC 4%]	No adjustment required
Other income where no specific rate is provided	25.168% [Tax 22% + SC 10% + HEC 4%]	25.168% [Tax 22% + SC 10% + HEC 4%]
Conditions to be fulfilled for availing concessional rate of tax and exempt from MAT	<p>(i) The company should be set-up and registered on or after 1.10.2019</p> <p>(ii) It should commence manufacturing or production of an article or thing or on before 31.03.2024</p> <p>(iii) It should not be formed by splitting up or reconstruction except given in sec 33B</p> <p>(iv) It should not use building previously used as a hotel /</p> <p>(v) It should not use conventional centre.</p>	<p>(i) No time limit specified. Both existing and new companies can avail benefit.</p> <p>(ii) Need not be a manufacturing or a production company</p> <p>(iii) No similar condition</p> <p>(iv) No similar condition.</p>

## Particulars

## section 115BAB

## section 115BAA

(v) It should not use P&M previously used

(v) No similar condition

(vi) It should not engage in any business other than manufacturing or production of article or production of article or thing & research related thereto.

(vi) No similar condition

Here, Assessee not to engage in the manufacturing of....

- Development of computer software in any form or in any media
- Mining
- Conversion of marble blocks or similar items into slabs
- Bottling of gas into cylinder.
- Printing of books / production of cinematograph films
- Any other business as may be notified by CG



Particulars

section 115BAB

section 115BAA

Common conditions

(i) Assessee should opt for this scheme.

- sec. 115BAB - In the first year itself
- sec. 115BAA - Before due date u/s 139(1)

(ii) It should not claim deduction & exemption of following sections: --

- sec. 10AA - SEZ
- sec. 32(1)(iia) - Additional depreciation
- sec. 32AD - Investment allowance
- sec. 32AB - Tea, coffee, Rubber development
- sec. 33ABA - site restoration
- sec. 35(1)(ii)/(iia)/(iii) - scientific research
- sec. 35(2AA) - National lab/IIT
- sec. 35AD - specified business
- sec. 35CCD - skill development
- sec. 35CCC - Agriculture extension project
- sec. 80IA - RRB - Part C deduction.

(iii) Without set off of any loss or unabsorbed depreciation related to above ~~conditions~~ deduction

(iv) By claiming depreciation without additional depreciation

(v) In the case of a person having a Unit in the IFSC, referred to in sec. 80LA(1A), which has exercised option for sec. 115BAA deduction u/s. 80LA would be allowed subject to fulfilment of the conditions specified in that section.

### \* Sec. 69A: Unexplained money etc. :-

→ Where in any FY the assessee is found to be the owner of any money, bullion, jewellery or other valuable article and the assessee offers no explanation about source of acquisition or explanation offered by him is not, in the opinion of the AO, satisfactory, the money and the value shall be deemed to be the income of the assessee for such FY.

### \* Sec. 69B: Amount of investments etc., not fully disclosed in books of accounts :-

→ Where in any AO finds the amount expended exceeds the amount recorded in the books of accounts and the assessee offers no explanation or explanation offered by him is not, in the opinion of the AO, satisfactory, the excess amount may be deemed to be the income of the assessee for such financial year.

### \* Sec. 69C: Unexplained expenditure, etc. :-

→ Where assessee has incurred any expenditure and he offers no explanation about the source of such expenditure or the explanation, if any, offered by him is not, in the opinion of the AO, satisfactory, the amount covered by such expenditure or part thereof, as the case may be, may be deemed to be the income of the assessee for such FY.

\* Sec. 69D: Amount borrowed or stipid on Hundi:

→ Where any amount is borrowed or stipid or stipid to, any person otherwise than through an account payee cheque drawn on a bank, the amount so borrowed or stipid shall be deemed to be the income of the person borrowing or ~~repaying~~ repaying the amount aforesaid for the PY in which the amount was borrowed or stipid as the case may be.

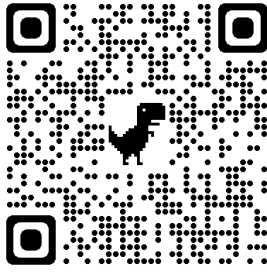
\* Section 115BBE: Unexplained money, investments etc. to attract tax @ 60% :<sup>m</sup>

→ The unexplained money, investment, expenditure etc. deemed as income u/s. 68/69/69A/69B/69C/69D would be taxed @ 60% plus surcharge @ 25%. Thus the effective rate of tax is 78% [Tax 60% + sc 25% + HEC 4%].

→ No basic exemption or allowance or expenditure shall be allowed to the assessee under any provision of the IT Act, 1961 in computing such deemed income.

→ Further, no set-off of any loss shall be allowable against income brought to tax u/s. 68/69/69A/69B/69C or sec. 69D.

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