

# PGBP ADJUSTMENT SHEET

ITEMS TO BE ADDED TO NET PROFIT / NOT ALLOWED AS DEDUCTIONS		
1	Depreciation as per Books	xxx
2	Under valuation of Closing Stock	xxx
3	Over valuation of Opening Stock	xxx
4	<b>Direct Tax</b> ▪ Income Tax (including cess & SC), Advanced Tax, TDS ▪ Interest and Penalty	xxx xxx
5	<b>Indirect Tax - Penalty</b>	xxx
6	<b>GST/Sales Tax Refund</b> (Received and Not refunded to Govt.)	xxx
7	Interest paid on Delayed filing of Income tax Returns/short payment of advance tax/deferment of advance tax installment u/s 234A, 234B, 234C	xxx
8	Interest on Loan taken for payment of Income tax/ advance tax	xxx
9	<b>Penalty</b> for infraction/violation/Breach of Law	xxx
10	Regularization/ Compounding Fees	xxx
11	Municipal Taxes Paid w.r.t Residential Flat let out (Deduct from HP Head)	xxx
12	<b>Tax on Non-Monetary Perquisites</b> Paid by employer u/s 192(1A) • Not an allowable expense u/s 40(a)(v) • This Tax is Exempt in the hands of Employees u/s 10(10CC)	xxx
13	Employees contribution to EPF,ESI etc. not paid within <b>DD of that Fund</b> (Sec 36)	xxx
14	Employers Contribution to pension scheme in excess of <b>10% of Basic + DA (terms)</b> Deduction u/s 80CCD	xxx
15	Contribution to Unrecognized provident fund/Gratuity fund	xxx
16	<b>4/5<sup>th</sup></b> of Preliminary Expenses (Sec 35D)	xxx
17	<b>4/5<sup>th</sup></b> of VRS compensation Paid to Employees (Sec 35DDA only 1/5 <sup>th</sup> is allowed)	xxx
18	<b>4/5<sup>th</sup></b> of Family Planning Expenditure [Sec 36(1)(ix)]	xxx
19	Family Planning Exp. by firm/individuals (Available <b>only to companies</b> )	xxx
20	CSR Expenditure	xxx
21	Freebies to medical Practitioners by Pharma companies	xxx
22	Expansion of new business & project was abandoned w/o creating a new asset	xxx
23	<b>Provision</b> for Bad Debts/ Deferred Tax/ Gratuity	xxx
24	<b>Provision</b> for Gratuity Based on Actuarial valuation	xxx
25	Illegal Expenses, Secret commissions, bribe	xxx
26	Commission to Gunda's for Debt Recovery	xxx
27	Expense on issue of Right shares/IPO/FPO (Capital Exp.)	xxx
28	Expense on Transfer of Carbon Credits	xxx
29	Expenses not related to Business (personal in nature)	xxx
30	Value of Benefits/Gift Received from clients (If not included)	xxx
31	<b>Keyman Insurance amount Received</b> • By Employer - Taxable under PGBP • By Employee - Taxable under Salary • By Nominee/Legal heir - Taxable under IFOS	- xxx xxx
32	<b>Interest to partners</b> on Capital/ Current/ Loan a/c in <b>Excess of 12%</b>	xxx
33	<b>Interest on Loan</b> taken to acquire Asset • upto put to use (Not allowed as Deduction) – <b>Added to Cost of Asset</b> • After put to use – Allowed as Deduction	xxx -
34	<b>Purchase of Car</b> (debited in P&L a/c) - Disallowed as it is a capital Expenditure • It is added to Block of asset and Depreciation is allowed • If payment made in cash > ₹ 10,000 then depreciation is not allowed	xxx
35	Loss on Sale of Depreciable Asset (Capital in nature – Capital loss to be computed –STCL)	xxx
36	Loss due to Destruction of Asset – <b>Deduct from Block of Asset</b>	xxx
37	Interest on Loan taken to Purchase <b>E-Vehicle</b> used for Personal purpose (not a business Expenditure) Deduction u/s 80EEB	xxx
38	Interest paid on Loan taken for higher education of daughter in India/abroad (not a business Expenditure) Deduction u/s 80E	xxx
39	Advertisement in souvenir/pamphlets of <b>political party</b> Deduction u/s 80GGB	xxx
40	Payment to <b>Electoral Trust</b> (political Party) Deduction u/s 80GGC	xxx
41	<b>Medical Expense</b> for Treatment of self/Parents (personal exp) Deduction u/s 80D	xxx
42	<b>Tuition Fees</b> Paid for 2 children for education in India Deduction u/s 80C	xxx
43	<b>Deposit</b> in Public Provident Fund (PPF) a/c Deduction u/s 80C	xxx
44	<b>Donation</b> to Gurudwara (Not related to Business) Deduction u/s 80G	xxx
45	<b>Royalty</b> income on literary books (Business income) Deduction u/s 80QQB	xxx
46	Interest to own Capital/ Salary to self/rent for own premises – No deduction allowed	xxx
47	<b>Lottery ticket expense</b> debited in P&L – disallowed ( <b>no deduction under IFOS</b> )	xxx
48	One time <b>License Fee/Franchise fee</b> etc Paid/Debited – Disallowed (Capital in nature) – this is treated as Intangible asset and 25% Depreciation is claimed	xxx
49	<b>Speculative</b> Income – Shown separately from business Income	xxx
50	Fees paid to Director w/o Deducting TDS u/s 194J - 30% Dissallowed [Sec 40(a)(ia)]	xxx
51	Payment to NR without Deducting TDS – 100% Dissallowed [Sec 40(a)(i)]	xxx
52	<b>Sec 40A(3)</b> - Payment to <b>Relative/directors/partners</b> Exceeding FMV - only excess/unreasonable amount to be added back	xxx
53	<b>Sec 40A(3)</b> – Cash Payment > ₹ 10,000 (if Transporter > ₹ 35,000) ▪ Payment Made by Cash /bearer Cheque/cross cheque > ₹ 10,000 ▪ Payment to Intermediary/Middlemen/Trader > ₹ 10,000 <b>Non- applicability (rule 6DD)</b> - Payment by a/c payee cheque/DD/ECS/other electronic modes - Payment to Bank/LIC/Govt. - Payment by Book entry - Payment where banking facility not available - Payment of Retirement benefits upto ₹ 50,000 - Payment of salary to employees posted to a place other than normal place of duty for ≥ 15 days - Payment to producers/cultivators of agricultural product, forest product, poultry product, fish product, livestock etc.	xxx xxx
54	<b>Sec 43B</b> [ Payment made after DD of ROI u/s 139(1) ] ▪ Interest Payments to PFI/SFC/SIIC/Scheduled banks/Coop Banks ▪ Bonus/commission to employees ▪ Leave encashments (leave salary) to employees ▪ Employers contribution to SPF, RPF, AGF, ASF, NPS, any fund as per law ▪ Any Tax/Duties/cess/fees ▪ Sum payable to Indian railways for use of railway assets. ▪ Any sum payable to MSE beyond time limit (45 Days/15 Days) specified in MSMED Act, 2006	xxx
55	<b>Sec 41</b> (Deemed PGBP Income) ▪ Discount given by sundry Creditors ▪ Loan/ any Liability waived off ▪ Recovery of Bad debts/Expenses where earlier Deduction allowed. ▪ Sale of Scientific Research Asset (sec35) Sale Receipt Taxable under PGBP • Sale amount or Deduction allowed } whichever is Lower Where sales proceed exceeds the original cost of asset – Tax the excess to capital gain	XXX

ITEMS TO BE DEDUCTED FROM NET PROFIT/ ALLOWED AS DEDUCTIONS		
1	Depreciation as per Income Tax Act (Sec 32)	xxx
2	Over valuation of Closing Stock	xxx
3	Under valuation of Opening Stock	xxx
4	<b>Indirect Tax</b> ▪ GST (net of ITC) ▪ Interest	xxx xxx
5	Income Tax <b>Refund</b> (if Credited to P&L) – <b>Not Taxable</b>	xxx
6	<b>Interest</b> on Income tax/GST Refund – Taxable under head <b>IFOS</b>	xxx
7	Interest paid on Delayed filing of GST Returns	xxx
8	Late Fee for Delayed Filing of Return	xxx
9	Fees for Delayed filing of TDS/TCS statements u/s 234E	xxx
10	<b>Penalty</b> for Breach of <b>Contract</b>	xxx
11	Building – Rent/Rates/Repair/Insurance (Sec 30)	xxx
12	Plant & Machinery – Repair/Insurance (Sec 31)	xxx
13	Plant & Machinery – Rent (Sec 37)	xxx
14	<b>Sec 33 AB</b> –Tea/coffee/rubber Business (Refer Material for Detailed Calculation) • Amount Deposited in NABARD or • <b>40% of Profit</b> Before deducting 33AB } <b>whichever is Lower</b>	xxx
15	Expenditure on <b>Scientific Research</b> -100% allowed as deduction (Sec 35)	xxx
16	Expenditure on <b>Specified Business</b> – 100% allowed on all Capital Expenses Except Land/goodwill/financial instrument (Sec 35AD)	xxx
17	<b>Preliminary Expenses</b> (Sec 35D) Deduction :- <b>1/5<sup>th</sup></b> each year for 5 Pys <b>Max deduction allowed</b> • Company - 5% of cost of project or capital employed – whichever is higher. • Others - 5% of cost of project	xxx
18	<b>1/5<sup>th</sup></b> of VRS compensation Paid to Employees (Sec 35DDA)	xxx
19	<b>1/5<sup>th</sup></b> of <b>Family Planning</b> Expenditure for companies[Sec 36(1)(ix)]	xxx
20	Insurance Premium of Stocks	xxx
21	Premium on Health insurance of Employees – <b>Except paid in Cash</b>	xxx
22	Keyman Insurance Premium Paid	xxx
23	Employees contribution to EPF,ESI if paid within <b>DD of that Fund</b> (Sec 36)	xxx
24	Employers Contribution SPF,RPF,AGF,ASF,NPS, any fund as per law if Paid within <b>DD of Filing ROI</b> u/s 139(1)	xxx
25	Public Provident Fund (PPF) interest amount Credited - <b>Exempt</b>	xxx
26	Discount on Issue of Zero Coupon Bond – Deducted over the <b>life of bond</b> (≠ Life)	xxx
27	Expense on issue of Debentures	xxx
28	Expense on issue of <b>Bonus shares</b>	xxx
29	Expense on <b>Buyback</b> of shares	xxx
30	Purchases Omitted in Books of Accounts	xxx
31	Loss due to Theft – allowed if incidental to business	xxx
32	Commission Paid to Recovery agents for recovery of Debts	xxx
33	<b>Actual Bad debts</b>	xxx
34	<b>Actual Gratuity Paid</b>	xxx
35	<b>STT/CTC</b> Paid (if securities are stock in trade) [also this cannot be included in COA or transfer expense under capital gain]	xxx
36	Income from nits of <b>UTI/Mutual funds</b> - Taxable under head <b>IFOS (gross)</b>	xxx
37	<b>Dividend</b> Received from Company/UTI - Taxable under head <b>IFOS (gross)</b> [If Dividend Received is <b>NET</b> amount - <b>Gross up</b> by including 10% u/s 194] [Dividend to be taxed in the year dividend is declared & not when it is received]	xxx
38	Winnings from <b>Lottery/horse race/Online games</b> - Taxable under head <b>IFOS</b>	xxx
39	Interest on Post office Savings bank a/c – Taxable under head <b>IFOS</b> <b>Exempt</b> - • Individual a/c upto ₹ 3500 • Joint a/c upto ₹ 7000	xxx
40	Interest on Public Provident Fund (PPF) – ( <b>Exempt</b> )	xxx
41	Agricultural Income - <b>Exempt</b> u/s 10(1) [If received from outside India – Taxable under head <b>IFOS</b> ]	xxx
42	Share of Income from HUF - <b>Exempt</b> u/s 10(2)	xxx
43	Share of Income from Partnership Firm/LLP - <b>Exempt</b> u/s 10(2A)	xxx
44	Interest on <b>Savings bank/Fixed deposit</b> a/c – Taxable under head <b>IFOS</b> Deduction u/s 80TTA/80TTB	xxx
45	Interest on <b>National Saving Certificate VIII</b> – Taxable under head <b>IFOS</b> Deduction u/s 80C	xxx
46	<b>Royalty</b> income on Patent (not business income) – Taxable under head <b>IFOS</b> Deduction u/s 80RRB	xxx
47	<b>Gift Received</b> – Refer Sec 56(2)(x) • Business Related - Taxable under <b>PGBP</b> • Employer to Employee - Taxable under <b>Salary</b> • Relative/ others - Taxable under <b>IFOS</b>	- xxx xxx
48	Fees paid to Professional (CA/Lawyer/CS/CMA etc.) for handling professional work	xxx
49	Sponsorship Fee (for Business Promotion)	xxx
50	Entertainment expenses (if incidental to business)	xxx
51	Free Samples given to customers as a Promotion/advertisement	xxx
52	<b>Professional tax</b> paid by employer for employee – allowable expense • Taxable as perquisites in the hands of employee u/s 17(2) • For employees deduction u/s 16 is also available	xxx
53	<b>Grant/ Subsidy</b> Received from Govt. for asset acquisition - Deduct from the Cost of asset	xxx
54	<b>Profit</b> on Sale of Depreciable Asset (Capital in nature - Capital gain to be computed - STCG )	xxx
55	<b>Profit</b> on sale of Rural agricultural Land – Not taxable under any head	xxx
56	Loss from trading in <b>derivatives</b> –Not a speculative business (allowed)	xxx
57	Amount Dissallowed <b>u/s 40(a)(ia)</b> – 30% (TDS Deducted & paid in Current year)	xxx
58	Amount Dissallowed <b>u/s 43B</b> earlier year, if Paid in current year	xxx
59	Interest paid on Loan From PFI/SFC/SIIC/Scheduled banks/Coop Banks (after the end of FY but <b>Before DD of Filing ROI</b> ) – (Sec 43B)	xxx
60	Unreasonable/ Excessive Amount Paid to Brothers wife/ Sister-in-law – Not Dissallowed as they are not Relatives (no adjustment Required) - <b>Sec 40A(2)</b>	-
61	Sale/ amount Received from Brother at an amount Less than FMV – <b>Sec 40A(2)</b> is applicable only for payments and not for Receipts (no adjustment Required)	-
62	<b>Sec 40A(3)</b> ▪ Payment in Cash to a transporter upto ₹ 35,000 ▪ Payment in cash for purchase of Agricultural produce from Farmers > ₹ 10,000 ▪ Payment in cash to an employee on his retirement upto ₹ 50,000 ▪ Payment in cash to an employee, who is posted to a place other than normal place of duty for ≥ 15 days for an amount > ₹ 10,000	xxx xxx xxx xxx