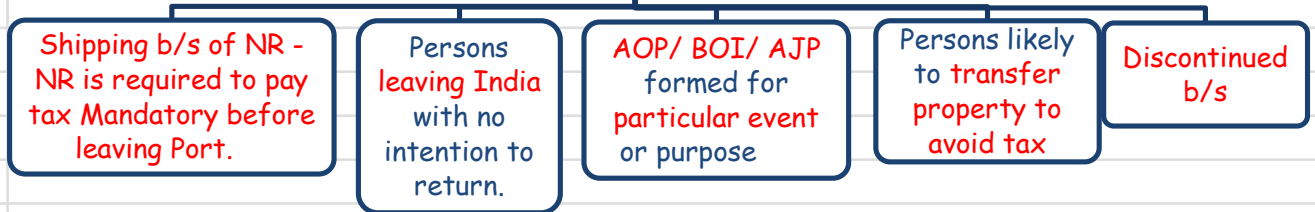


For Tax calculation: Bifurcate Income under

Normal Income: Normal Y × General Rate (Slab or Flat rate)= Tax 1	XX
Special Income: Special Y × Special Rate = Tax 2	XX
Total Tax = Tax1 +Tax 2	XX
+ Surcharge (If Total Income exceeds limit)	XX
+ Health & Education Cess (ALWAYS at 4% of (Tax + Surcharge) at END.	XX
= Total Tax Liability	XX
Less TDS/TCS/Advance Tax/ Reliefs	(XX)
Net Tax payable/ Refundable	XX

Note: NTI & Tax are rounded off to nearest ₹10. If NTI/Tax ₹ 981415/₹981416 → ₹ 981420

Specific Cases where AO may tax Y in PY Itself. (Note : In NR shipping b/s : Paying Tax in PY itself is mandatory and in other 4 cases , AO at his descretion may assess Y in PY itself.



➤ **Rate of Tax: Individual/ HUF/AOP/BOI/AJP (Resident/Non-Resident)**

If Total Income (NTI)	Rate	Tax
Upto ₹ 2,50,000 [(Basic Exemption Limit (BEL))]	Nil	-
Above ₹ 2,50,000 upto ₹ 5,00,000	5%	12,500
Above ₹ 5,00,000 upto ₹ 10,00,000	20%	1,00,000
Above > ₹ 10,00,000	30%	-

Senior Citizen (Only Resident Ind. of Age 60 or more in PY) & NTI is	Rate
Upto ₹ 3,00,000 (BEL)	Nil
Above ₹ 3,00,000 upto ₹ 5,00,000	5%
Above ₹ 5,00,000 upto ₹ 10,00,000	20%
Above > ₹ 10,00,000	30%

Super Senior Citizen (Resident Ind. of Age 80 or more in PY) & NTI is	Rate
Upto ₹ 5,00,000 (BEL)	Nil
Above ₹ 5,00,000 upto ₹ 10,00,000	20%
Above > ₹ 10,00,000	30%

Mr. X (Res 25)	Case 1	Case 2	Case 3
NTI	₹ 4.50 lakh	₹ 5.00 Lakh	₹ 5.20 Lakh
Tax	₹ 10,000	₹ 12,500	₹ 16,500
Rebate u/s 87A	₹ 10,000	₹ 12,500	Nil
Add: Cess	Nil	Nil	At 4% = ₹ 660
Total Tax	Nil	Nil	₹ 17160

Note: A Resident Individual whose 60th/80th birthday falls on 1st April 25 , would be treated as 60/80 yrs in PY 24-25, and would be eligible for higher BEL of 3 lakh/5 lakh.

Sec 87A: Rebate only for Resident Individuals in old regime.

If NTI upto ₹ 5 Lakh,

Rebate will be Lower of

- (i) 100% Tax Liability other than tax u/s 112A
- (ii) ₹ 12500

Notes: 1. Rebate is reduced before adding Health & education Cess.

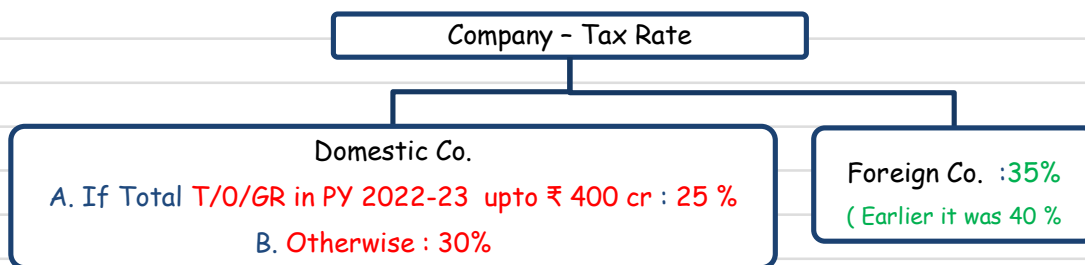
2. Rebate is available against all kinds of Y including 111A & 112 but not available to 112A.

➤ Firm / LLP / local authority: Flat Rate: 30%

➤ Co-operative (Co-op) Society: IT NTI is

Upto ₹ 10000	10%
Above ₹ 10000 but upto ₹ 20000	20%
Above ₹ 20,000	30%

➤ Company Tax Rates

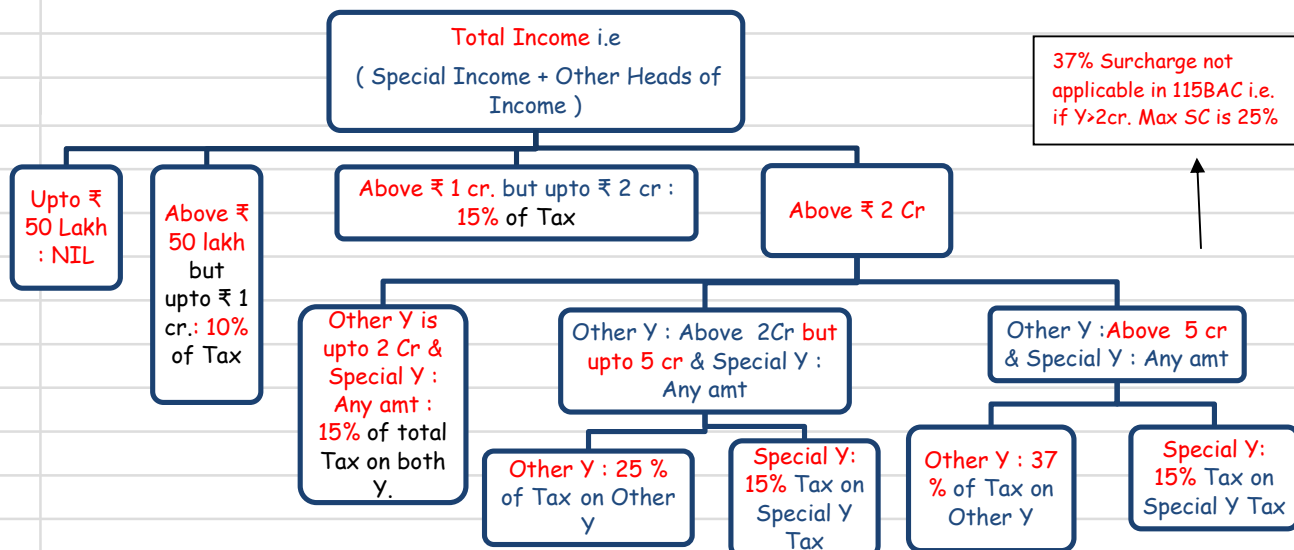


Domestic Co.: Indian Co. (Co. formed under Co.'s Act and registered office in India)
OR Co. which made arrangement to pay dividend from India.

Foreign Co.: Co. other than domestic co.

➤ Surcharge (Tax on Tax)

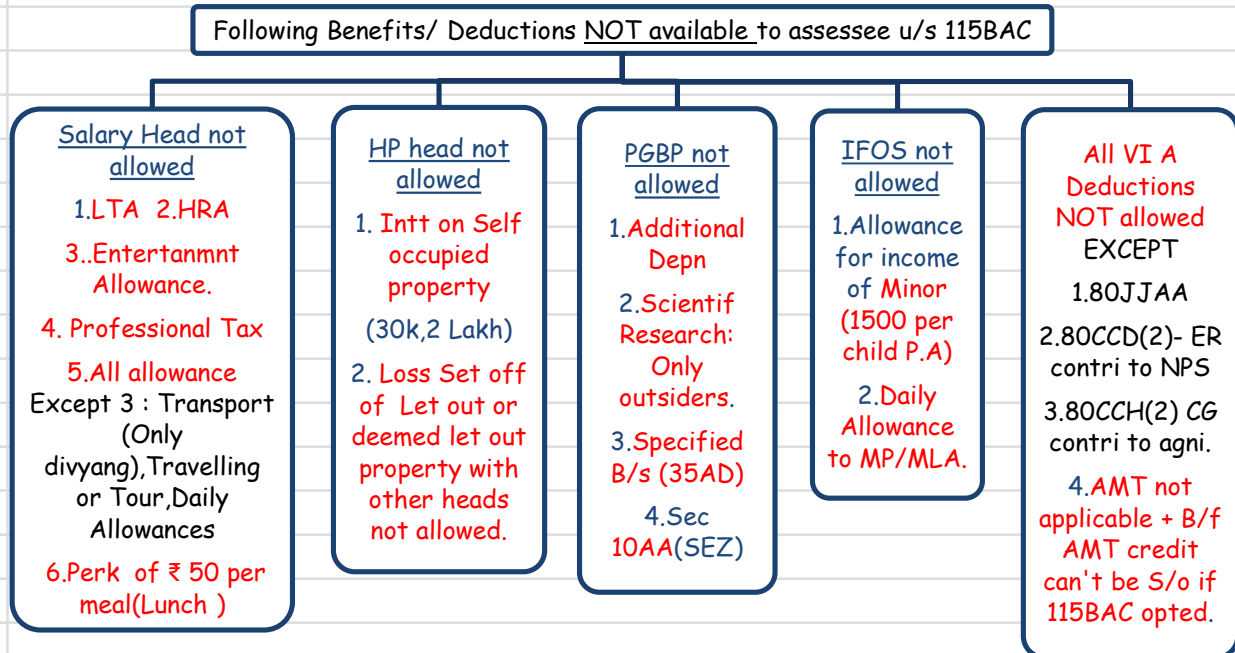
1. For Individual/ HUF/AOP/BOI/AJP (R or NR)



Special Y here means: Dividend Y + CG u/s 111A, 112A, 112

Note: - "Not More than 15% surcharge on above 4 Special Income Always."

3 Exception in Salary Head & VIA Deductions are allowed to both Regular regime and 115 BAC.



(Mentioned in Black font)

➤ Deemed Income: If Assessee offers no explanation about the nature & source of following credits in BOA, expenditure, Investment, Undervalued Investments OR explanation offered is not satisfactory in opinion of AO, then AO may treat such amts as deemed income of that PY.

1. Sec 68: Cash Credits: Any sum credited in BOA (Books of accounts)

Note: If such sum so credited is

(i) Loans or Borrowings OR

(ii) Application Money, share capital or Share premium in BOA of Closely held Co.,

Then explanation so offered by @ shall not be deemed as satisfactory if person in whose name such credit is recorded also offers no explanation or explanation is not satisfactory.

(If amt recorded in name of Venture capital or Venture capital Co.: Above provision not applies)

Eg. Life Long Learners Pvt Ltd took loan from Ram of ₹ 5 Lakh and also issued shares worth ₹ 10 Lakh and collected application money from Lakhan.

In above case if Ram/ Shyam offered no explanation OR Explanation offered is Unsatisfactory → Then above amt's so credited in BOA of LLL Pvt Ltd shall be treated as deemed Income in hands of LLL.

2. Sec 69: Unexplained Investments not recorded in BOA.

3. Sec 69A: Unexplained Money, Bullion, Jewellery or any valuable articles not recorded in BOA.

4. Sec 69B: Amt spend on making or acquiring bullion, Jewellery or any valuable articles exceeds the amt recorded in BOA.

5. Sec 69C: Unexplained Expenditure treated as deemed Income.

6. Sec 69D: Amt borrowed on hundi OR borrowed amt repaid other than by A/c payee chouquette amt so borrowed or repaid shall be deemed as income of the person borrowing or repaying.

Note: If amt borrowed has been deemed as income of any person, he will not be again liable on repayment of such amt. The amt repaid shall include interest paid on the amt borrowed.

Special Rate of Taxes:

Sec 115 BBE (Deemed Y u/s 68-69D)	Sec 115BB: Tax on winnings from lottery, crossword puzzles, race, card games etc.	Sec 115BBJ: Income from online Games
60% + 25% SC+ 4% HEC = 78%	30%	30%

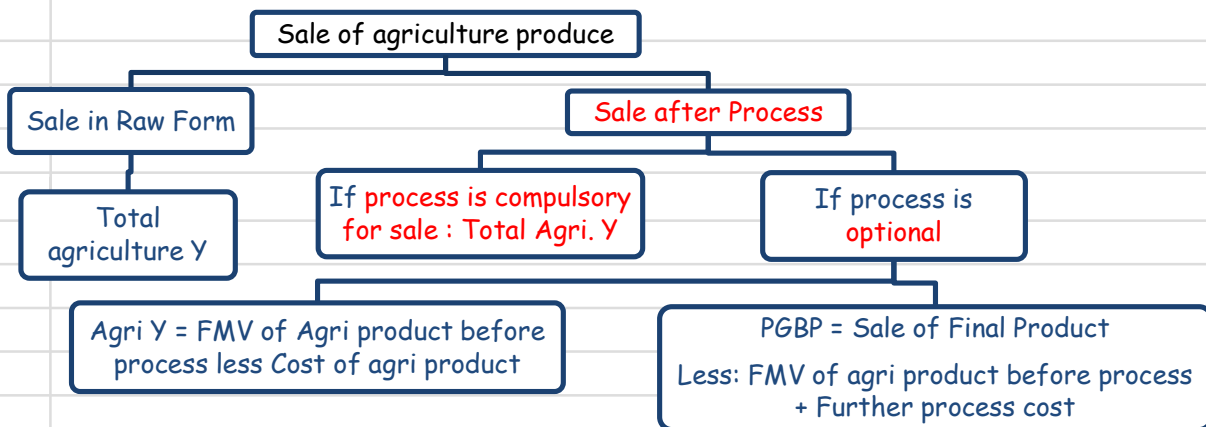
Note for above Incomes:

1. Deduction u/s 28 to 44C or Sec 57 not allowed. Means Gross Income is Taxable
2. VIA Deductions not available for (Above 3 Incomes).
Catch: VI A deductions also not available against 112A,111A,112.
3. Unexhausted Basic Exemption Limit NOT Available to all the 3 Income's above
Catch: BEL is available to 112A,111A,112 for Resident Individual & HUF)
4. Rebate u/s 87A is AVAILABLE to such Income.
Catch: Rebate is available against 111A & 112 but not available to 112A.

Catch: CapSTCG taxable at Normal slab rate: Everything is available VIA, BEL, Rebate u/s 87A.

Sec 10(1) Agriculture income in INDIA is Exempt for ALL @ & it includes:

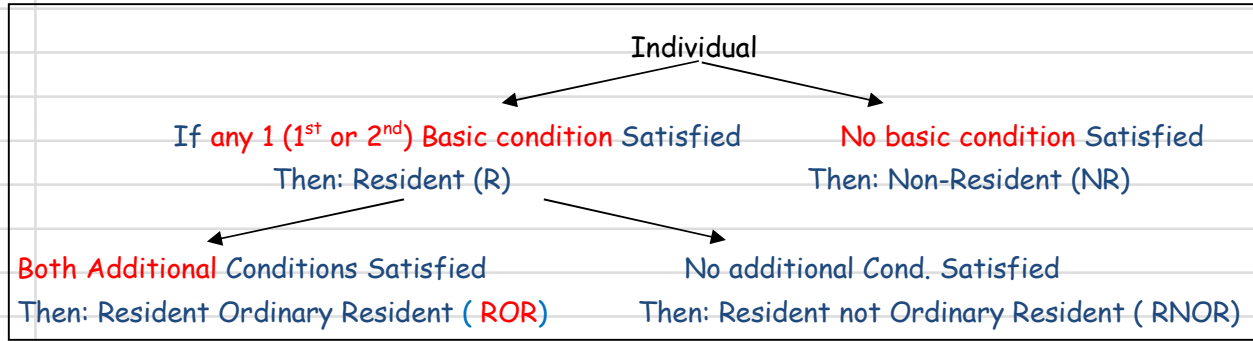
1. Grown & Sale of agriculture product.
2. Rent from agriculture land used for agri. (recd to owner or to original tenant from sub tenant),
3. Income from nursery (even if basic operation not carried on land).
4. Rent of farm house situated in Rural Area (Only if used as store house or Dwelling Unit)



Composite Income (Partly Agriculture Y & Partly B/s Income):

Higher one is Agriculture Income Tax Rate.

Residence and scope of total income



Basic Conditions: 1st : 182 Days or More in a PY OR

2ND: Stay in India for 60d or more AND 365d or more in Last 4 PYs

Additional Conditions: 1st: Resident for 2 PY or more in Last 10 PYs. AND

2nd: Stay in India for 730 days or more in last 7 PY's.

Catch :

1. Day of entering India and day of leaving India will be considered as a stay in India.
2. Stay in India includes stay in territorial waters of India (i.e. 12 nautical miles into the sea from Indian coastline).
3. It's not necessary that period of stay must be continuous or active nor it is essential that stay should be at usual place of residence, business or employment of the individual.
4. Residential Status for IT purpose has nothing to do with citizenship, place of birth or domicile. An individual can, therefore be resident in more countries for tax purposes and can have one domicile.

In the below cases only the first condition of basic condition is needed to determine R/NR (2nd Condition Ignored)

Indian citizen leaving India for employment outside India

Indian citizen being a crew member of Indian ship leave India during PY (Note 1)

Indian citizen/ Person of Indian Origin (Note 2)
From outside India comes to visit India

If total income (NTI) more than 15 lakh (excluding Income from foreign Source)

Check both Cond.

1st: 182 Days or More in a PY OR

2ND: Stay in India for ~~60d~~ 120d or more

AND 365d or more in Last 4 PYs

If total Y (NTI) UPTO 15 lakh (excluding Y from foreign Source-Note 3)

Only Check 1st Basic Cond.

1st: 182 Days or More in a PY

If Satisfied : Check add. Cond for ROR/RNOR

If not Satisfied : NR

If Both Satisfied OR Only 1st satisfied

If Only 2nd Satisfied

If Both Not Satisfied

Then R: Check add. Cond for ROR/RNOR

DIRECT RNOR

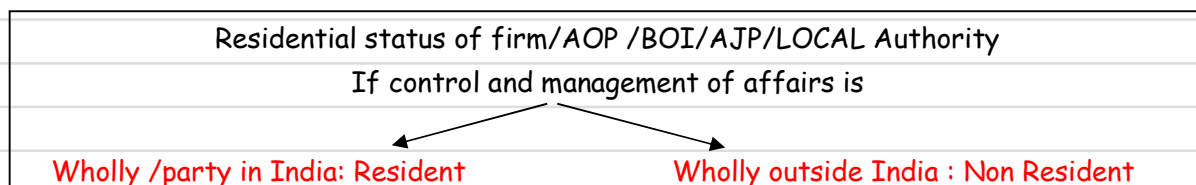
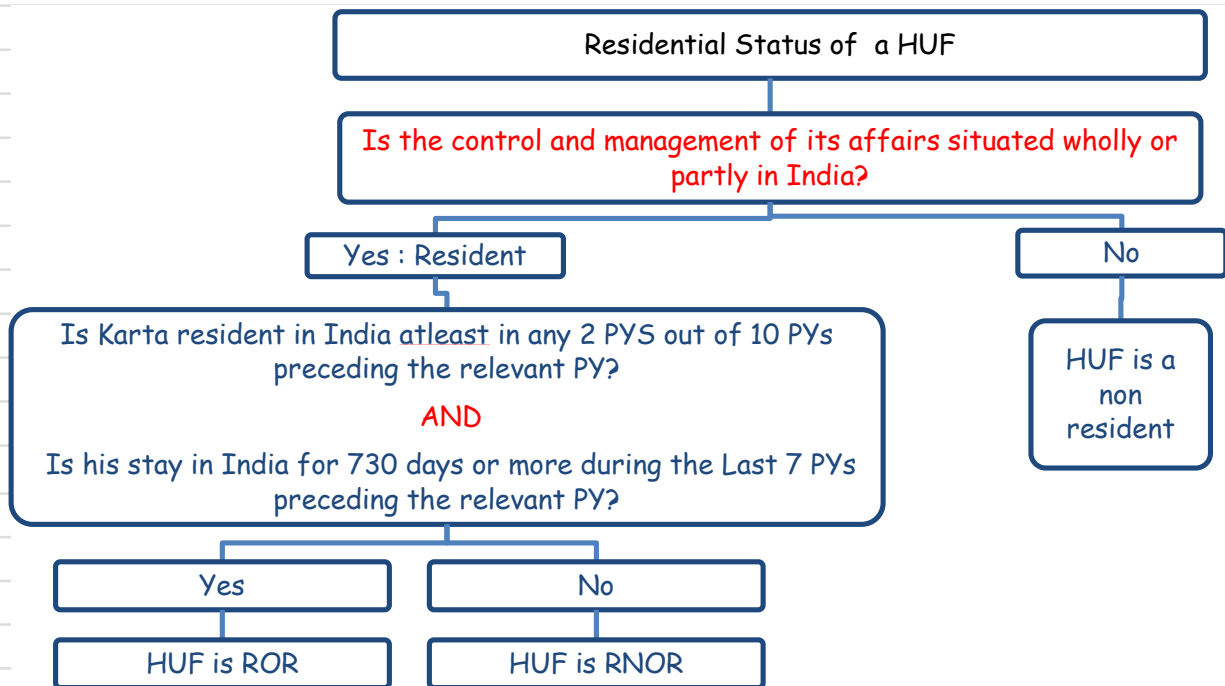
NR (Exception in Note4)

Note 1: Excluded in stay in India for a Foreign bound Ship (Ship destination outside India)
For a Crew Member : Period from continuous discharge certificate is signed when joining the ship TO date on which such certificate is signed off when leaving the ship.

Note 2: @,his parents or grandparents born in undivided India (India, Pak., Bangladesh, Nepal)

Note 3: Income from Foreign Source means : Income which accrues or arises outside India (Except income derived from a business controlled in or a profession set up in India).

Note 4: Deemed Resident (Sec 6(1A) If Indian citizen. having total income other than foreign income exceeding 15, Lakh and he is not liable to tax in any other country by any reason such as domicile or residency then he will always be RNOR. (person of Indian Origin pr Nhi Igega)



Income from Salary

Charging Sec 15: Salary taxed on **due or receipt w.e is Earlier** (But TDS by ER on payment)
Income is **taxable** in this head if there is **Employer (ER) - Employee (EE) relationship**.

Total Salary of PY is taxable in below cases:

1. **Part time job**, previous EE's (If job changed in same PY)
2. **Salary paid Tax Free**: ER borne burden of Tax. EE recd Salary + Tax on that Income.
Exception: Tax on non- monetary perk paid by ER for EE is exempt in hands of EE.
3. **Salary forgone** is always taxable since it is merely application of income. Example: Baga told to Jethalal to donate my March month salary.
Exception: Salary surrendered to central Govt, shall not to be treated as salary.

Profit in lieu (in place) of Salary also taxable in Salary head:

1. **Compensation recd** from ER to EE on termination/modification in T&C of employment.
Exception: If recd from any other person: IFOS Taxable
(Eg. Recd from ER's competitor for leaving current Job)
2. **Amt recd** from ANY person to EE before **joining/after cessation (Leaving)** of his job with that person . (Competitor paid for Joining Him , Its like Future ER paid , therefore taxable in salary)

Below Salary/remuneration Not taxable in Salary Head.

Salary by partner from his firm.	Taxable in PGBP
Salary recd by MP, MLA, MLC	Taxable in IFOS

Computation of Salary:

Particulars	₹
Basic Salary: Fully Taxable	
Dearness Allowance (D.A. in Terms + Not in Terms) - Fully Taxable (Note 1)	
All Commission (T/O or Other commission) - Fully Taxable (If Nothing mention in Q : Assume its Other Commission)	
Bonus if recd (If just declared given: Ignore)	
Advance Salary / Arrears salary (Note 2)	
Allowances (Note 3)	
Gratuity (Note 4)	
Pension (Note 5)	
Leave salary (Note 6)	
Voluntary Retirement Compensation (VRS) (Note-7)	
Retrenchment Compensation (Note-8)	
Provident Funds & Superannuation Fund (Note 9)	
Employer contribution to NPS (Take deduction u/s 80CCD)	
CG Contri.to Agni veer Corpus Fund (Take Full deduction u/s 80CCH)	

Perquisite (Note-10)	
Gross Salary	
Less: Deduction u/s 16:	
Professional Tax (Note-11)	
Entertainment Allowance (Note-12)	
Standard deduction: ₹ 50,000 or Salary (w.e is LOWER)	
If @ opts for 115BAC : Rs 75K or Salary (w.e is LOWER)	
Net Salary	

Note 1: DA in terms means DA which is forming part of retirement benefit calculation. In all formulas, DA (In terms) is taken. If nothing is given: Assume DA not in terms.

Note 2: Advance Salary & Arrears of Salary: Receipt Basis Taxable.

- A. Advance Salary: Advance salary is taxable on receipt basis.
Advance against salary or only advance: Not Taxable as salary, it is treated as loan.
- B. Arrears of Salary: Generally, salary arrears are taxed on due bases but If salary is under dispute or salary increased retrospectively. It is taxable in the year in which it is recd.

Note 3: Difference between allowance & perquisites.

- Allowance - Monthly fixed amt recd by EE from ER (can be for personal or Job purpose)
- Perquisites - Extra Benefits or facility provided by ER. It is recd when actual expenditure is incurred e.g. medical facility, car facility etc. It can be in cash or in Kind.

IMP. NOTE: For all Allowance & Perks: Meaning of Salary

Basic Salary + DA (In Terms) + Commission on Fixed % of T/O

Except: POGA EE (Gratuity), Rent Free accommodation, Entertainment allowance

Allowances -3 Types of Allowances

	(A) Partly Exempt Allowances	Excess of below amt is taxable u/s 10 (14)
1	Transport/Commutation (C) allowance (Office to home /Home to office)	Max ₹ 3200 p.m. (in case of blind/deaf & dumb or handicapped) #Notforeveryone
2	Children (C) Education Allowance	Max ₹ 100 p.m. per child (Max 2 child.)
3	Children (C) Hostel Allowance	Max ₹ 300 p.m. per child (Max 2 child.)
4	Underground (U) Allowance (Mines)	Max ₹ 800 p.m.
5	Tribal (T) area Allowance	Max ₹ 200 p.m.
6	EE working in Transport(T) System (provided daily allowance not recd)	Amt recd x 70% OR 10000 P.m. w.e. Lower ↓
	C ³ UTT : Limits Above TC milegi , Uniform Daily nhi phna toh → HR ko Bolke : Exempt amt = Amt Spent by EE	
7	Traveling (T) or Tour allowance	Exempt amt = Amt spent
8	Conveyance (C) allowance	Exempt amt = Amt spent
9	Uniform allowance	Exempt amt = Amt spent

10	Daily allowance (If EE not on Job Place)	Exempt amt = Amt spent
11	Helper (H) allowance (for office Purpose)	Exempt amt = Amt spent
12	Research (R) allowance/Academy allowance	Exempt amt = Amt spent
13	Entertainment Allowance (Check Ded. u/s 16)	Deduction to ONLY Govt EE

15. HRA - House Rent Allowance: Lower of following is Exempt u/s 10(13A):

(i) 40% / 50%* of Salary

(ii) Actual HRA recd

(iii) Rent paid -10% of Salary

*50% if metro cities (Mumbai/Delhi/Chennai/Kolkata), 40% for other cities.

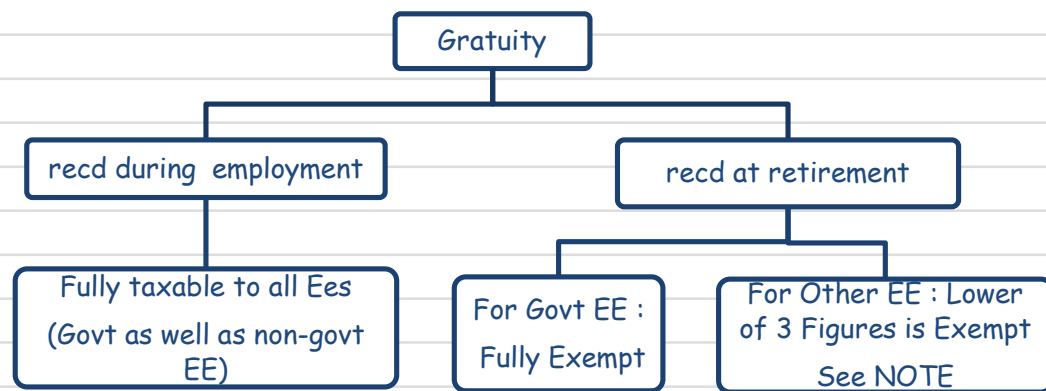
[Note: Not available if EE lives in his own house or not pays any rent.]

(B) Fully Exempt Allowances:

1. Allowances to high court judges
2. Salary and allowances paid by United Nations organization (UNO)
3. Sumptuary allowances to high court/Supreme Court judges

(C) All other allowances are fully taxable.

➤ Note 4: Gratuity



Note 1:

Gratuity recd at Retirement to Non Govt EE's - Lower of 3 Figures is Exempt

1. Actual gratuity recd
2. Max ₹ 20 Lakh (Even if recd from more than 1 ER in same PY)
3. See EE type & calculate

For POGA EE (EE covered in POGA,1972)

(a) $15/26 \times \text{Latest}(\text{Basic}+\text{DA (Both)}) \times \text{p.m.} \times \text{No. of completed yrs or part in excess of 6 months.}$

Catch: If exact 30 yr. & 6 month = 30 years (Excess of 6-month chahiye)

If 30Yrs & 7 Month → 31 yrs.

For NON POGA EE

(b) $1/2 \times \text{Avg.} \times \text{Salary of last 8mon.} \times \text{No. of completed yrs of Job (Fraction Ignore)}$

→ 30 yrs & 8 Months : Still take 30 Yrs.

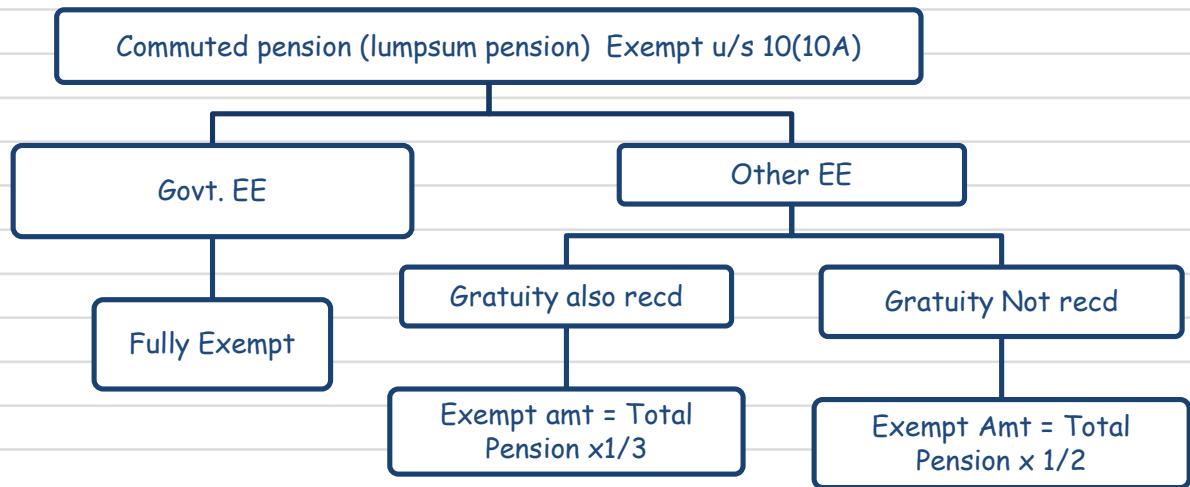
Note:

1. Non POGA EE: Avg. Salary p.m. for LAST 10 Months * (Don't include month of retirement)
2. ₹ 20 Lakh limit will be reduced by amt of gratuity exempt in earlier PY recd from old ER.

➤ Note 5: Pension (recd After Retirement)

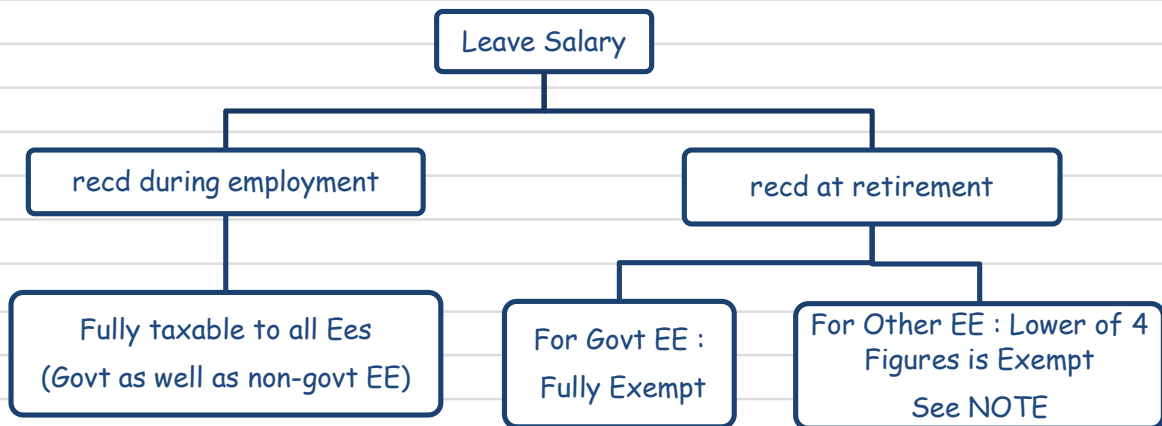
Uncommuted pension (monthly pension) - Taxable for All EE's

Commuted pension (lumpsum pension)



Total Pension = Full value of pension (Commuted Pension / Commutation % × 100)

➤ Note -6: Leave Salary: It means encashment of un-utilized leave.



Leave Salary recd at Retirement to Non Govt EE's - Lower of 4 Figures is Exempt

- (i) Actual Leave Salary recd
- (ii) Max. ₹ 25,00,000
- (iii) Leave credit in Month × Avg. salary p.m.
- (iv) 10 months × Avg. salary p.m.

Note: (I) Avg of last 10 months upto date of Retirement i.e. before retirement DATE)

(ii) Leave credit = Leave allowed (Max. 30 days for every completed Year) - Leave taken

→ Special Note for Gratuity / Leave Encashment

Max Deduction limit 20 Lakh for Gratuity & 25 Lakh for Leave Encashment

(Even if recd from more than 1 ER in same PY)

₹ 20/25 Lakh limit will be reduced by amt of gratuity exempt in earlier PY recd from old ER.

Note 7: Voluntary Retirement Compensation: Lowest of following is Exempt u/s 10(10C)

(i) Actual VRS recd

(ii) Max ₹ 5,00,000

(iii) Salary p.m. × No. of remaining months of Job

(iv) Salary p.m. × 3 months × No. of completed yrs of Job (Ignore Fraction)

Note 8: Retrenchment Compensation: Recd under Industrial Disputes Act or any law.

Lowest of following is Exempt u/s 10 (10B)

(i) Actual Compensation recd

(ii) Max. ₹ 500,000

(iii) $15 / 26 \times \text{Avg. salary of last 3 months} \times \text{No. of completed yrs or part in excess of 6 months.}$

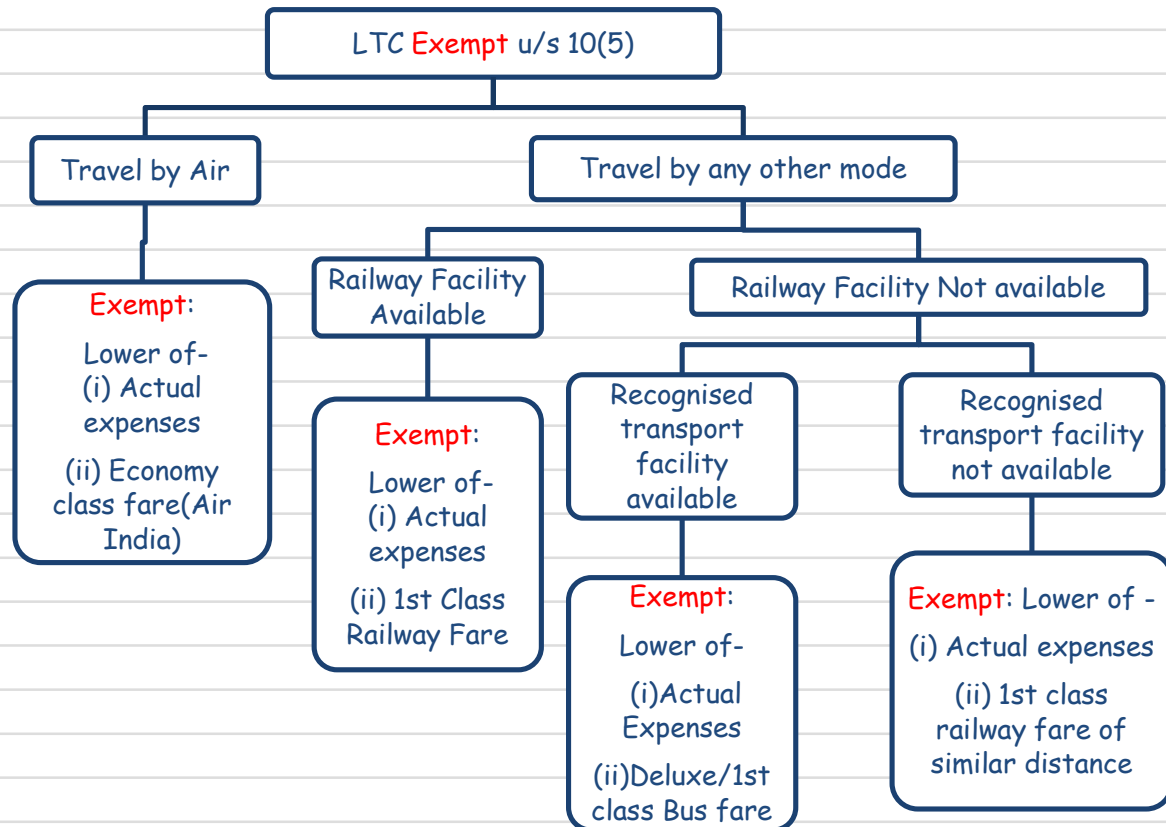
Note - 9: Provident Fund-

Recognised PF: Fund that is approved by commissioner of IT.
Unrecognised PF: Fund that is not approved by commissioner of IT.
Statutory PF: Fund which is governed by PF Act.
PPF: Governed by PPF Act & open to all including EE's and normal public.
Superannuation Fund: Monetary compensation plan to benefit EE after retirement.

Particulars	Statutory PF (SPF)	Recognised PF (RPF)	Unrecognised PF/Superannuation fund(USF)	Public PF (PPF)	Recognised Superannuation Fund
ER Contri	Fully Exempt	Exempt upto (12% of salary or 7.50 Lakh)	Exempt at time of contri.	NA	Exempt upto ₹ 750,000
EE Contri	80C Deduction (Ignore in Salary Head)		NO Deduction	80C Deduction	
Int on ER Contri(Due)	Fully Exempt	Exempt upto 9.5% p.a.	Not Taxable at time of credit	NA	Exempt
Int. on EE Contri (Due)	Exempt upto limit (Note 3)	Exempt upto 9.5% p.a.+(Note 3 Limit)	Not Taxable at time of credit	Fully Exempt	Exempt
Total Amt recd on retirement/ termination	Fully Exempt	Exempt with 5-year condition (Note 1)	Note 2	Fully Exempt	Exempt if recd on death/retirement.

At Sale of shares by EE, CG applicable: FVOC (Sale value) - COA (above FMV) = LTCG/STCG

5. Leave Travel Concession (LTC)



Note:

- (i) LTC exemption is available for travel in India of EE, his spouse, children* & dependent FM-BS.
- (ii) Exemption on children shall be available only for 2 children born on or after 1/10/1998.
- (iii) Note: LTC allowed for any no. of Children born before 1/10/1998 or multiple birth after 1 child.
- (iv) LTC exemption is available for 2 journeys during block of 4 years (current block is 22-25)
→ If NO LTC availed in a block, only 1 unavailed LTC limit can be c/f to next block.

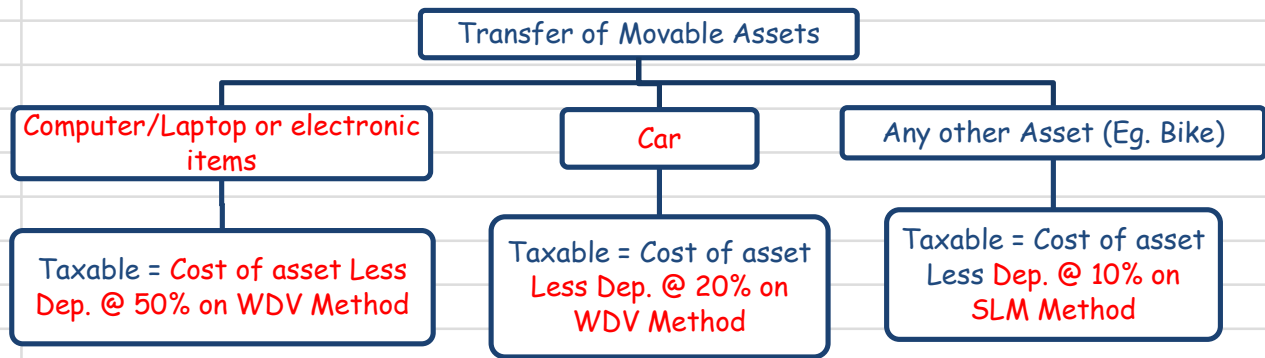
6. Use of Movable asset

I. Computer / Laptop - Fully exempt

ii. Other asset (TV, AC, etc.): Owned by ER: Taxable amt = 10% of cost

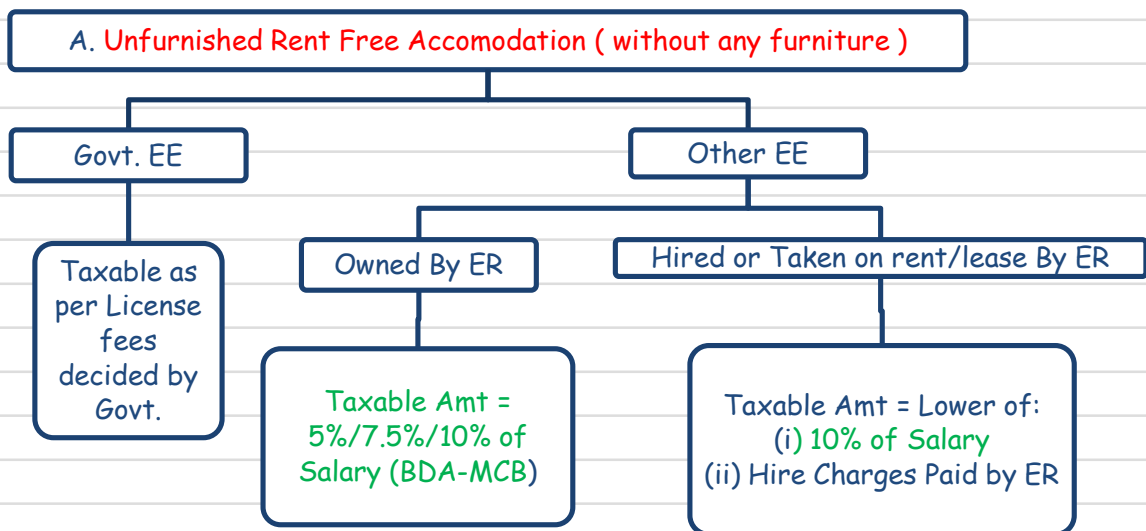
→ Hired by ER: Taxable amt = Hire charges paid by ER

7. Transfer of Movable Assets



→ Depn should be computed for every completed year
i.e Date of acquisition by ER to Date of transfer to EE.

8. Rent Free Accommodation or concession in Rent (House Facility) - A (Taxable only for period occupied)



→ If Furniture also provided with House (B): Add in above Taxable Amt.

- i. If Owned by ER: 10% of cost of furniture.
- ii. If Hired by ER: Hire charges of furniture paid by ER

Total Perk: A + B Less (Rent/charges paid by EE)

<u>Population (2011 Census)</u>	
Upto 15 lakhs	5%
> 15 Lakhs upto 40 lakhs	7.5 %
> 40 Lakhs	10%

B - Basic salary	M-Other monetary income excluding perks.
D- Dearness Allowance(T)	C - Commission (All)
A - Taxable Allowances	B- Bonus

(C) Perks Taxable to Specified EE's (Fuddu EE): (1 to 5)

Any monetary obligation of EE paid/reimbursed by ER: Taxable perk for ALL employees.

But if instead of payment, ER provides facility directly to EE: Taxable perk for specified EE's

Note: Perks mentioned in (A) are taxable to ALL EE's irrespective who paid for benefit.

Eg.: Servant hired by EE but ER paid/reimbursed salary of that servant: Taxable to all EE's

But if Servant is provided by ER to his EE as part of his package: Taxable to Specified EE's

Meaning of Specified EE's: (Any of following)

- EE who is director also (Full Time/Part Time)
- EE having substantial Interest in Co. (Beneficial owner of 20% or more Equity Shares)
- Salary of EE more than ₹ 50,000 PA (Excluding Non-monetary benefits, standard dedn.)

1. Car Facility

(I) Car is used for **fully office purpose - Fully Exempt.**

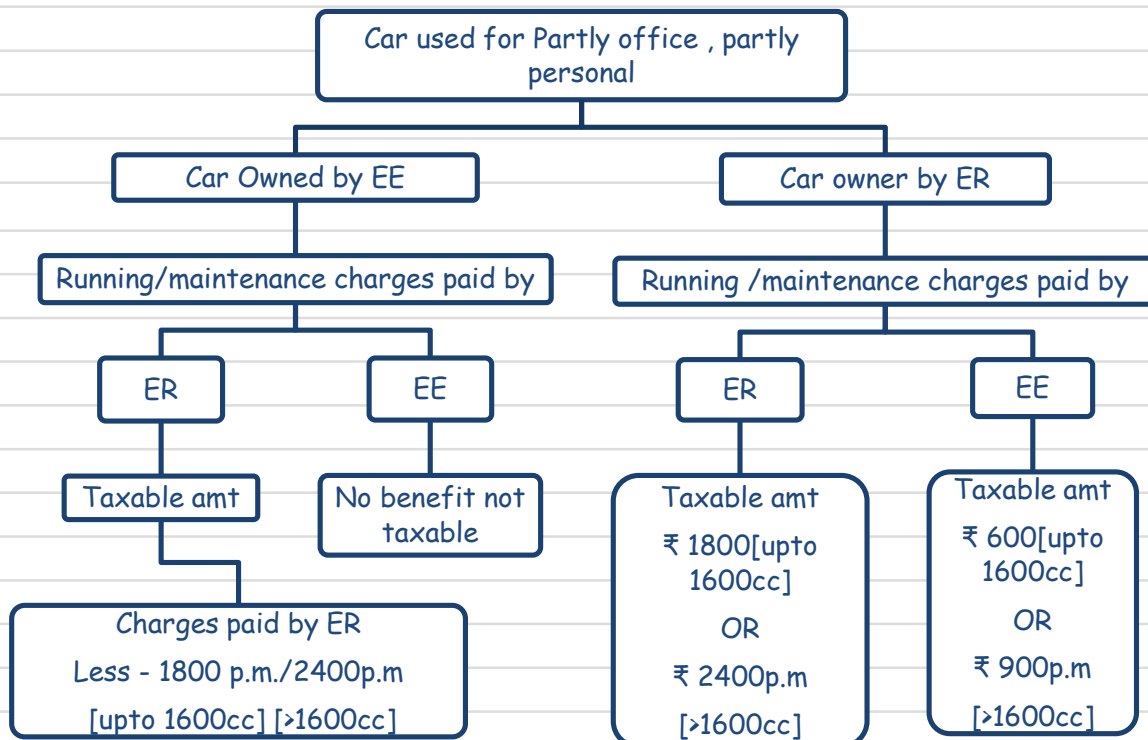
If ER maintains record of each journey & ER issue a certificate that car is used exclusively for office purpose.

Note: Car provided for journey from residence to office or vice versa: Not regarded as perk

(ii) Car is used for **fully personal purpose** (Remember furniture with House Facility)

- Car Owned by ER: 10% of cost
- If Hired: Hire charges of car paid by ER
Add: Driver Salary, Maintenance charges (If paid by ER)

(iii) Car is used for **partly office & partly personal purpose**



Notes:

1. If ER also provided driver (chauffeur) → Add ₹ 900 pm more to above taxable amt.
2. If more than one car is provided in above case then one car is taxable according to above calculations & other car shall be taxable assuming it is fully used for personal purpose.

2. Transport facility for Transport EE (Free tickets)

- (i) For airlines & railway EE - Airlines & Railway facility is fully exempt fully.
- (ii) For other EE's - It is fully taxable

3. Education Facility

- (i) For EE - Fully exempt
- (ii) For children in ER's own school/ ER tie-Up School - Exempt if value of education upto ₹ 1000 p.m. per child , (if above ₹ 1000 p.m : Fully Taxable)
- (iii) For other relatives/ Different Schools - Fully taxable.

4. Gas, Electricity & Water Supply: Fully Taxable

5. Free Servant/Sweeper: Fully Taxable

Note 11: Professional Tax: Tax on employment.

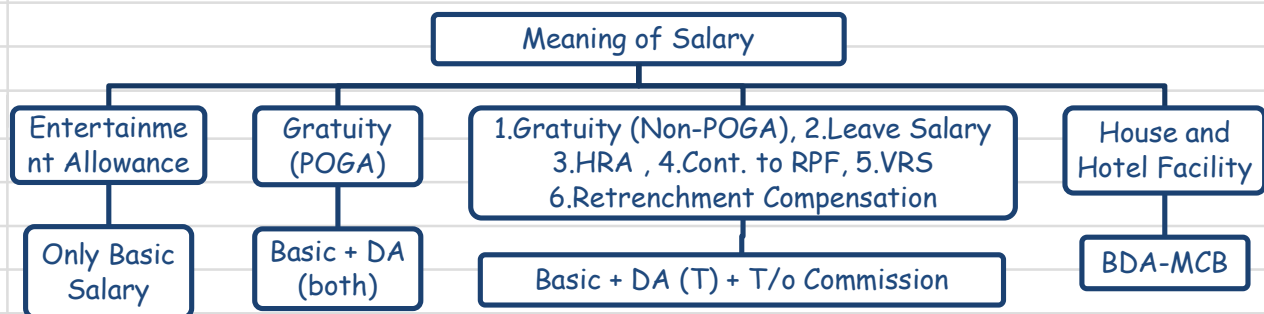
If paid by ER on behalf of EE, then first add in Salary, then reduce as deduction u/s 16.

If it is paid by EE then only deduction is allowed. (Not added in Salary)

Note 12: Entertainment allowance: Deduction only for Govt EE's

Fully taxable for all EE's & Lower of below allowed only to Govt EE's

- i. Actual amt recd
- ii. Maximum ₹ 5000 P.A
- iii. 20% of Basic Salary ONLY (Exception of Salary Meaning)



Rebate u/s 89 for Arrears of salary

Steps to calculate relief:

Step 1: Calculate Tax due in the current year on (Total Income of PY + arrears)

Step 2: Calculate Tax due in the current year on (T.I of PY) excluding arrears.

Step 3: Compute difference: Step 1 - Step 2 and let's call that difference as 'A'.

Step 4: Calculate tax due of year to which arrears relates on (T.I of that year + arrears)

Income from House Property

Charging Section: Section 22

Rental Income (Annual Value) shall be taxable under HP Head if:

- Assessee Shall be the **Owner**
- AND
- There should be a **House Property**.

Analysis:

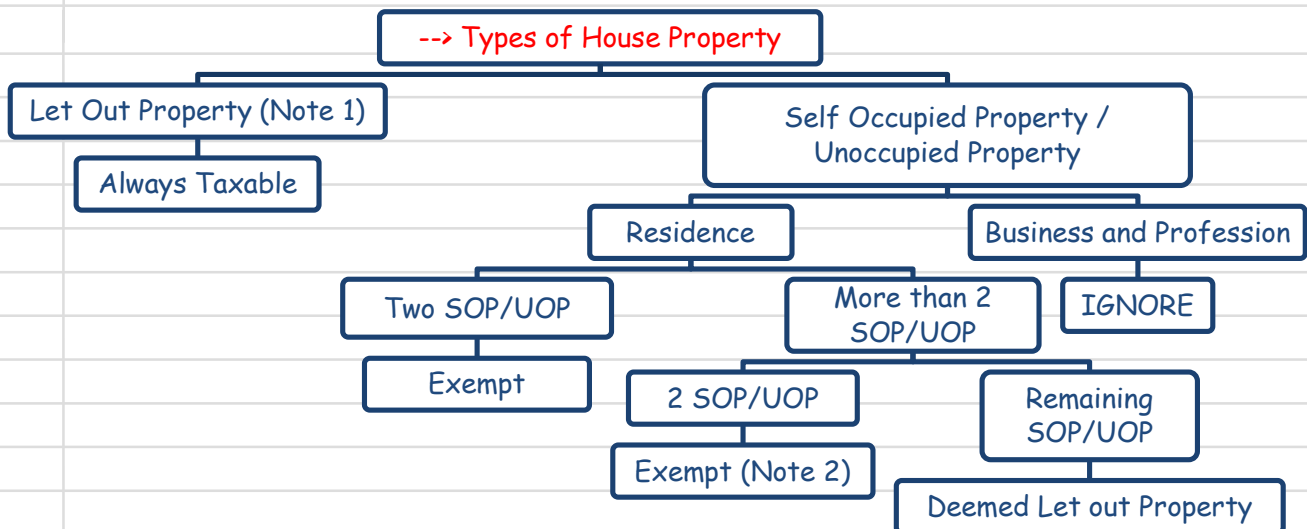
1. **HP:** Building or land appurtenant thereto [Building Ke aas pass ka area. E.g. Garden, Garage]
2. **Owner:**
 - a. Entitled to receive income in his own right
 - b. Sale deed registration not mandatory
 - c. Includes Free Hold and Leasehold rights + Deemed Ownership
 - d. If @ owns building, ownership of land of that building is not compulsory [Flat].
 - e. @ must be owner in PY, Ownership not material in AY.
 - f. If Ownership Title disputed in Court, decision of Owner chargeable to tax will be of ITD.
3. **Residential/Commercial/Factory/Godown:** All covered under HP.
4. **If HP situated outside India:**
 - a. ROR: **Taxable** irrespective Y brought in India or not (Whole world Y Taxable)
 - b. RNOR: **Taxable** only if received in India. (Only Indian Y Taxable)
 - c. NR: **Taxable** only if received in India.

Not covered under HP head:

- ❖ Land only. [Khali Zameen]
- ❖ Subletting [Owner condition not satisfied, hence charged under IFOS/PGBP]

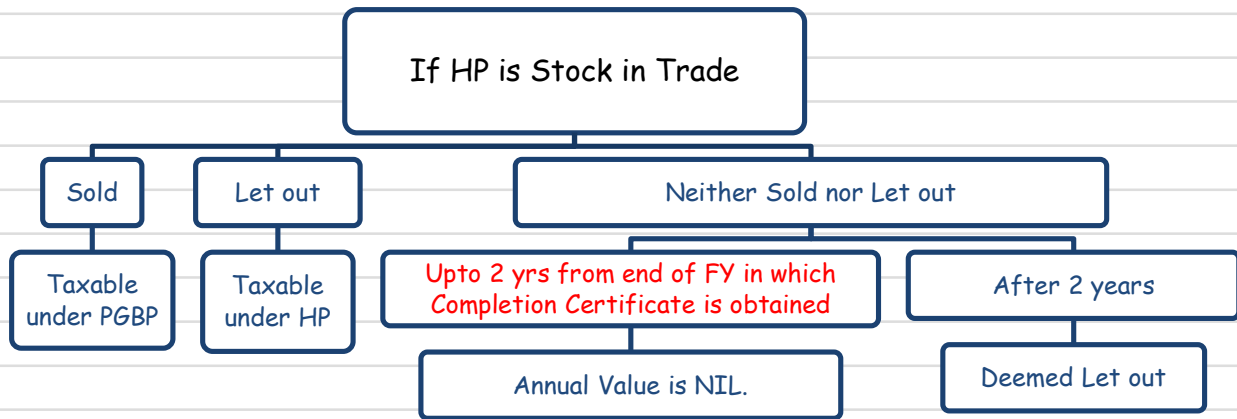
Exception: Annual Value chargeable under PGBP if property occupied by @

1. for Business/Profession carried on by him.
2. Engaged in B/s of letting out of property.



Notes:

1. If property has been **let out for even a Single day**, will be **considered as Let out** for whole year.
2. Exempt **ONLY for Ind and HUF** and he has choice which property he wants to declare SOP.
3. Unoccupied Property [UOP]: Property not occupied by owner because he is **residing at any other place [Not owned by him] due to his employment business or profession.**
4. SOP : Property occupied for full year for residence.



Computation of Income from House Property

Particulars	SOP/UOP (Residential) (Only for Ind/HUF)	LOP	DLOP
Municipal Value	0	XX	XX
Fair Rent (Market Value)	0	XX	XX
1. Higher of Above (MV or FR)	0	XX	XX
Standard Rent	0	XX	XX
2. Expected Rent (Lower of SR or 1)	0	XX	XX
Actual Rent	0	XX	XX
3. Gross Annual Value (Higher of AR or ER)	0	XX	XX
Less: Municipal Taxes Paid by Owner	0	(XX)	(XX)
Net Annual value (NAV)	0	XX	XX
Less: Deductions u/s 24	0		
(i) Standard Deduction @ 30% of NAV	0	(XX)	(XX)
(ii) Interest on Loan (Due Basis)	(XX)	(XX)	(XX)
Income From House Property	(XX)	XX	XX

Note

1. Actual Rent: Actual Rent = Rent received (+) Rent receivable (-) Unrealized rent.
2. If any property is acquired or construction completed b/w the year then → **Municipal rent, fair rent, Standard rent considered only for period @ became owner.**
3. Property Tax / Municipal Taxes / House Tax/Sewerage Tax
 - a) It means tax which is recovered by Municipality, local Authority, gram panchayat.
 - b) It is allowed when Borne and Paid by @ in PY, **Paid by Tenant**
 - c) If Outstanding of earlier periods, but paid in PY, then allowed in PY.

- d) If municipal taxes are given on % age basis then it should be calculated on municipal value.
- e) Not Allowed for SOP/UOP as NAV is considered Zero.
- f) Property outside India: Local authority tax of such country is deductible.

4. Unrealised rent: It means rent which is not recovered by owner from tenant. It is deductible while calculating actual rent if following four conditions of Rule 4 of IT Act are satisfied.
- a) Tenancy should be bona fide (Genuine).
 - b) Tenant should have vacated that house property.
 - c) Such tenant should not occupy any other house property of same @.
 - d) Reasonable step should have been taken for recovery of unrealised rent.

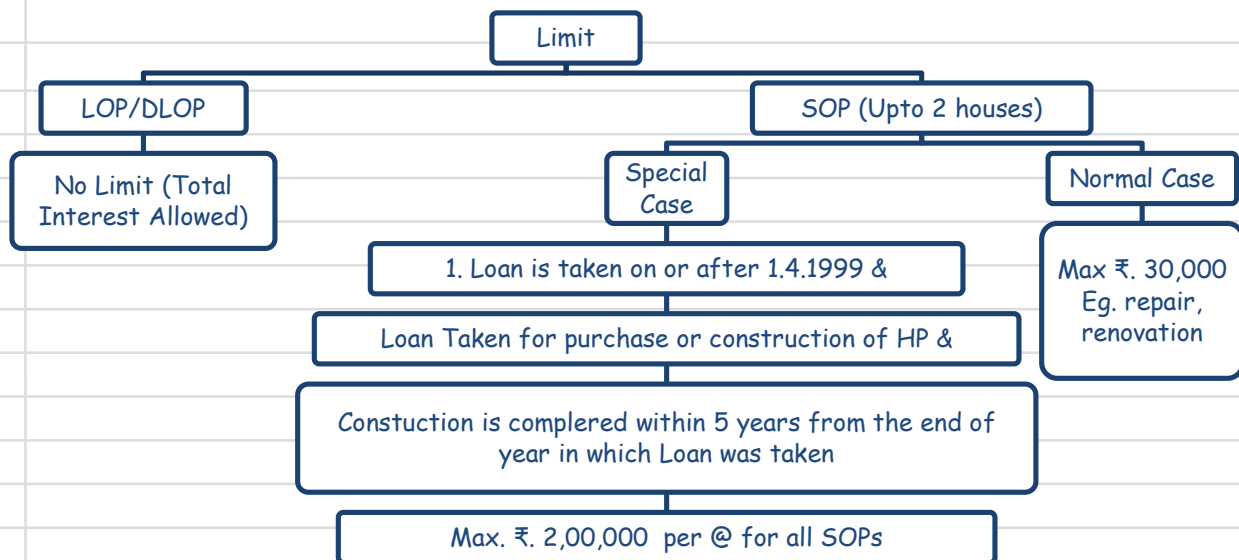
5. Standard Deduction Only 30% allowed [Ignore Actual expenditure]

Other Expenses: NOT ALLOWED

- Repair & Maintenance
- Society charges
- Parking charges
- Insurance charges
- Electricity & water charges
- Lift charges, etc

6. Interest on Loan

- a) Interest on loan is allowed as deduction, if loan is taken for the purpose of house property i.e. purpose, construction, repair, renovation.
- b) Loan may be taken from banks, financial institutions trust, friends, family etc.
- c) Interest is allowed on due basis [paid - Allowed; o/s - Allowed)
- d) Any fresh loan is taken for repayment of earlier loan & earlier loan was taken for the purpose of house property then interest of fresh loan shall be allowed as deduction.
- e) Interest on Interest (Penal interest) is not allowed as deduction
- f) Limit:



- g) If 4 SOP's: Max 2 Lakh but if 2 Owners of this 4 SOP : Total Limit : 2 Lakh × No. of owners
- h) **Interest paid outside India** shall not be allowed as deduction if TDS has not been paid or deducted on such interest. (IF TDS deducted AND Paid → Then Intt allowed as deduction)
- i) **Unpaid Purchase Price** can be considered as Capital borrowed and Interest, if any, charged by seller will be allowed.
- I) **Pre-construction/Acquisition interest**: Interest paid before the year in which construction was completed. It is allowed in **Five equal instalments** from the year in which construction was completed.
- That means PY in which construction is completed, two components of Interest shall be allowed:
Interest of PY in which construction completed + 1/5th of total Interest of earlier years, i.e. Interest before 1st April of PY.
- j) **If 115BAC is opted, then no deduction is allowed under Section 24.**

- **Sec 25A: Recovery of un-realised rent (Bad Debts) & Arrears of rent [i.e. Disputed Rent].**
 Recovery is taxable in the year in which it is recovered, under the head HP, whether the @ is the OWNER of the property or not is that financial year. Any expenditure incurred for such recovery shall be Ignored.
Taxable Amt = Recovery × 70% [30% std deduction].

- **Vacancy [Want to give on rent but no tenant yet] (Eg. Expected Rent : 240,000 for year)**
 $ER \leq AR + VR$, then GAV is AR. (If AR is 20K or more and vacant for any time period)
 $ER > AR + VR$, then GAV is ER. . (If AR is less than 20K and vacant for any time period)
 Analysis: Govt giving benefit if you are willing to charge more actual rent than expected rent.
 Then even if Vacancy is for full year.

- **Partly Let out property (Area wise)**
 If some area of HP is let out & remaining is self-occupied then let out portion is treated as LOP & self-occupied portion is treated as SOP. In this case, Municipal value, fair rent, standard rent, municipal taxes, interest on loan should be divided between SOP & LOP on area basis.
Actual rent should never divide because it is always for LOP.

Note : If HP is let out for some period of time & its SOP for remaining period : Then such HP is treated as LOP and not SOP. i.e If HP is let out for even a single day → It's LOP for full year.

- **Joint ownership.**
- Joint ownership (co-ownership) means property is owned by more than one owner, in this case, income from house property is calculated normally & thereafter it should be divided between co-owners in their ownership ratio.
 - **Each Co-owner is entitled to ₹ 30,000/₹2,00,000 deduction.**

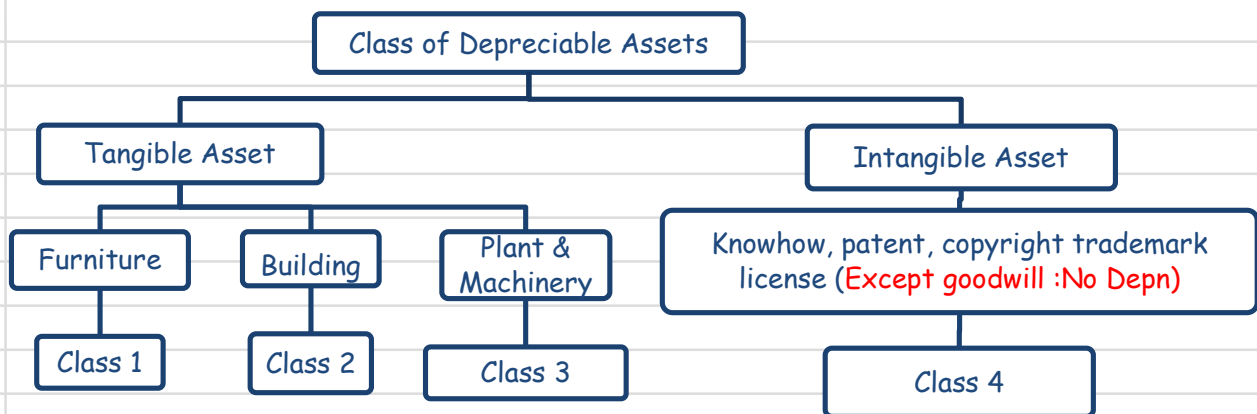
- Depn is allowed to **Beneficial owner**. (Registered ownership not mandatory)
- It is mandatory to claim Depreciation.
- In case of **Lease: LESSOR** always **claim depn** in case of both operating & Financing lease.

Method of Depn: If Assessee

1. Doing b/s of generation or **generation + distribution of power:** Option of **SLM or WDV** (Note3)
2. Other business: **Always** follow **WDV Method**.

System of Depn: 1. SLM - Individual asset depreciated.

2. Depn on WDV of Block of Asset [One Block of asset =Asset with (Same class + Same Rate)]



Rates of Assets with Blocks:

Building		Rate
Block 1	Residential Bldg (Tata gave its bldg to EE's for stay)	5%
Block 2	Commercial Bldg	10%
Block 3	Temporary Structure	40%

Furniture		Rate
Block 1	All Furniture	10%

Plant & Machinery includes		
Block 1	Airplane, pollution control equipment's, medical equipment, windmill, Books and annual publications, computer/laptop including computer software and accessories (UPS, printer) , Electric Vehicles	40%
Block 2	Ships	20%
Block 3	Motor Car used in B/S of running on Hire (Example Taxis)	30%
Block 4	Other motor car, oil wells, EPABX & mobile phones, office equipment appliances and other P&M (Excludes Tea bushes, livestock)	15%

Note: If motor car purchased & put to use between 23/8/19 to 31/3/20

Rate: Hire - 45% & Other Motor Car- 30%

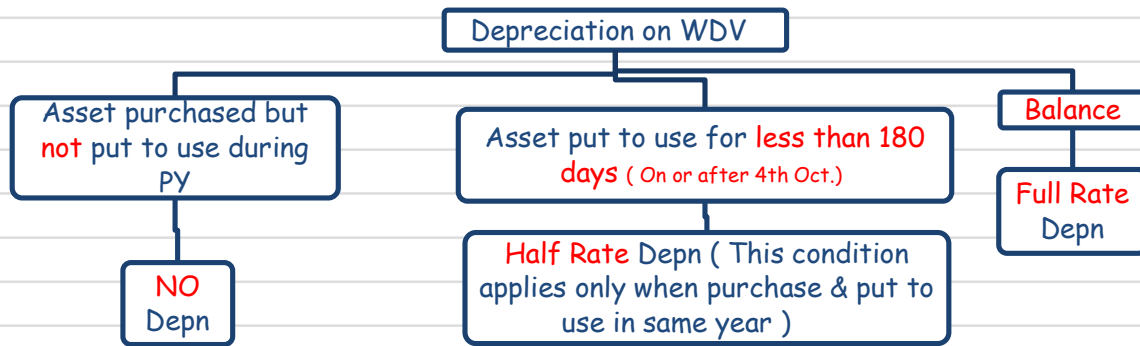
Intangible Assets	
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Block 1	All Intangible Assets	25%
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Calculation of written down value of block and depreciation

Opening WDV of block (Same class with same rate)	XX
Add: Actual cost of asset acquired during the year (Note 2)	
➤ Put to use for 180 days or more	XX
➤ Put to use for less than 180 days	XX
➤ Acquired but not put to use	XX
Less: Amt recd FAV on asset sale/destroyed/demolished/WDV transfer in slump sale (Insurance Claim recd)	(XX)
=WDV of block for depreciation calculation	XX
Less: Depn Actually allowed (disallowed amt not reduced) on B/s Purpose (Note 1)	(XX)
= Closing WDV of block	XX

Note 1:



(I) Put to use for less than 180 Days i.e. after 4rd Oct or 5th Oct (in case of leap year)

Eg: If asset purchased in 23-24 & put to use on 1/11/24 (i.e. less than 180 days) in 24-25.

Ans: As purchase year & put to use year are different: Full Rate depn allowed in year 24-25.

If asset purchase year in 24-25 with same put to use date: Half Rate depn allowed in 24-25.

(ii) Additional Depreciation:

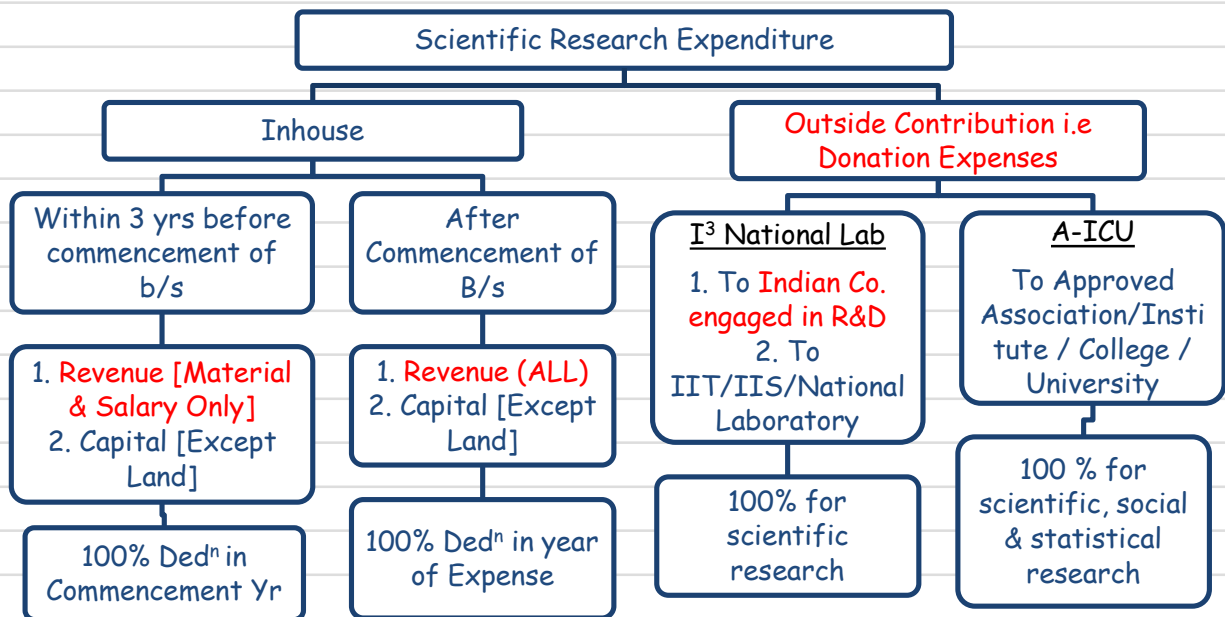
Allowed To: @ engaged in b/s of Manufacture/ Production of any article (E.g. Any factory)

OR generation/transmission/ distribution of power (who not follow SLM method)

Allowed On: Only on purchase of **NEW Plant & Machinery** (~~2nd Hand~~)

Additional Depn: 20% of Actual Cost in the First year.

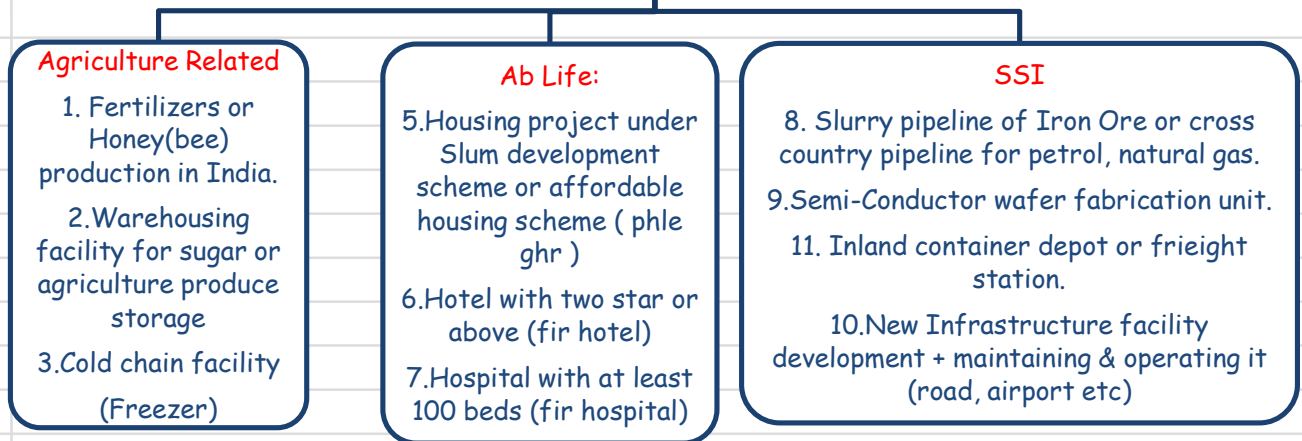
Sec. 35: Scientific Research Expenditure



Notes:

1. Deduction allowed even if approval of institution withdrawn after payment.
2. **NO** depn allowed on assets if **deduction u/s 35** claimed.
3. Unabsorbed capital expenditure can be set off and c/f same as unabsorbed depn.
4. If L&B purchased in composite agreement: Split cost as per FMV bcoz (Land cost: Not allowed)
5. If @ opts for 115BAC : Deduction for outside contribution → Not Allowed.

Deduction Only for SPECIFIED B/S after CA Audit.



Sec 35AD: 100% Deduction on all Capital Expense [Except Land, Goodwill, Financial Instrument]

Notes:

1. B/s should be **new**, (Not formed by splitting up or re-construction of b/s)
2. P & M should be new **Except:**
 - (i) **Imported old P&M on which depn not claimed**
 - (ii) **20% of total P&M can be old.**
3. **No depreciation & Deduction** allowed u/s 32, 10AA & 80IA - 80RRB for all coming yrs.
4. If **capital Exp. incurred prior** to commencement: **100% deduction** allowed in commencement year.
5. Loss of specified b/s is set off against income of specified b/s (even if this b/s not taken deduction u/s 35AD) & remaining loss can be c/f indefinitely.
Catch : Loss from specified b/s can't be set off against any other Income.
6. If **specified b/s asset sold anytime**, then amt recd: PGBP Taxable (No CG, even if SP > cost)
7. If specified b/s assets **converted/ transferred** -
 - (i) To Specified B/s (Any Time): No Treatment
 - (ii) To non-specified b/s within 8 yrs from date of acquisition : PGBP Y calculates as below.

Cost of Asset i.e. Deduction allowed u/s 35AD	XX
Less: Depn upto PY (preceding transfer year) i.e Notional depn upto last year	(XX)
PGBP Income (this amt will be Actual cost for non-specified b/s for future depn.)	(XX)

(iii) to non-specified b/s after 8yrs: NO PGBP, Actual cost of asset transfer: NIL

8. If **payment/Exp for capital Asset** to a person in a single day **exceeds ₹ 10000 by cash/Bearer or Crossed Cheque etc.** then **No deduction allowed** for such payment/Expense.
9. If @ opts for 115BAC : 35AD not available .

Sec. 36: Other Deductions

1. Insurance Premium

Health Insurance u/s 36(1)(ib)
(paid in any mode other than cash)

Of Stock u/s 36(1)(i)
(Paid in any mode)

2. **Welfare payments made by ER, subject to 43B:**

- (i) Bonus or commission (can be more than Bonus act,1965) u/s 36(1)(ii)
- (ii) ER contribution in SPF, RPF, Approved superannuation or Approved gratuity Fund or Any fund as per law (ESI-EE State Insurance u/s 36(1) (iv/v). **(No deduction of any Unapproved Funds in IT)**
- (iii) ER contribution in Pension scheme of 80CCD u/s Sec 36(1) (iva)
Lower of (a) Actual Contribution OR (b) **14% ~~10%~~ of Salary** [(Basic + DA(Terms)] ↓

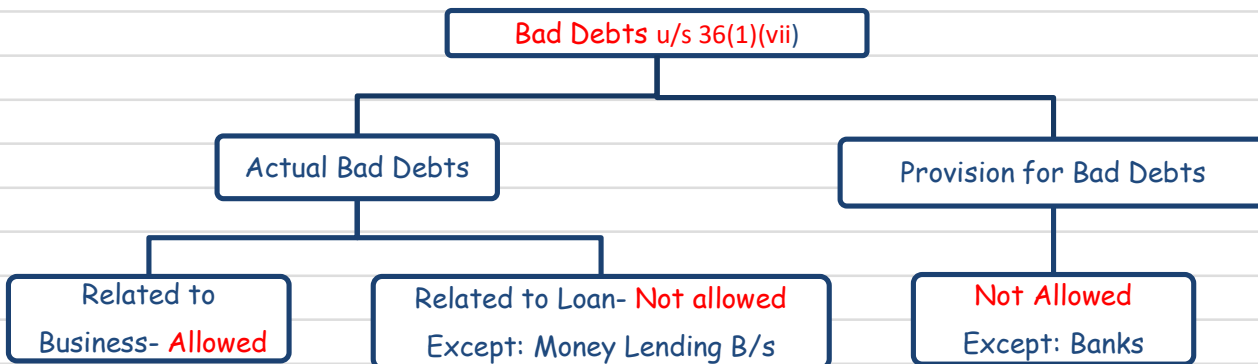
3. **EE contribution towards PS/ESI/ASF** to ER is to be deposited upto due date of that fund (i.e. 15th of Next Month for all Funds) u/s 36(1)(va) by the ER to Govt.
If not deposited upto due date of fund: Amt Deemed as PGBP Income & never allowed later.

4. **Intt on Loan for B/s Purpose** (Check 43B & Intt upto put to use of asset) u/s 36(1)(iii)

5. **Discount on Zero Coupon Bond** : Amortized over life of bond u/s 36(1)(iiia)

Eg. Mr A Issued 50K bonds at 80 to be redeemed at 100 after 10 yrs. Mr A shall book expense as $(50K \times 20 (100-80)) \div \text{No. of Yrs i.e } 10 = ₹ 100,000$ Exp. Booked each year.

6. **Bad Debts**



- Debt must be considered for computing income of PY or earlier yrs either in BOA or ICDS.
ICDS : Income computation & Disclosure Standards.
To claim B/D: Must write off them in BOA in PY. NO need to prove it.
(If b/d is out of ICDS Y which is not recorded in BOA, It shall be deemed written off when that Y becomes irrecoverable)

Sec 41(4): Recovery of Bad Debts: Taxable under PGBP in year of recovery.

Amt Taxable = Bad Debts - Amt Not written off Earlier , if positive , otherwise Not Taxable.

Taxable only if assessee who claims bad debts and assessee who recovers is same. (Eg. B/d allowed to Partnership firm, then firm dissolved. Now if B/d recovered to partner: Not Taxable.

Eg: Actual B/d: ₹ 10K (B/d written off/Allowed by AO: ₹ 6K B/d Not written off: 4K)

	B/d recovered Next year	Taxable amt
Case 1	3200	Nil as 3200 is below not w/o portion.
Case 2	5500	₹ 1500 in excess of not written off.

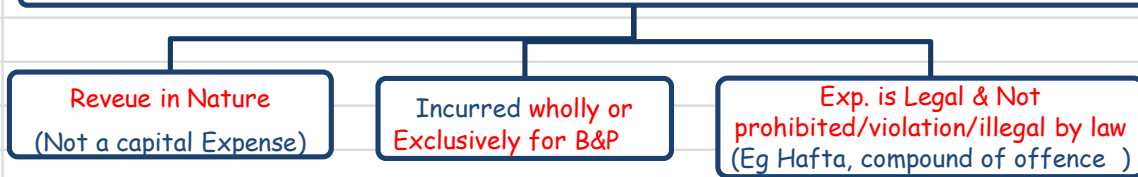
7. ONLY allowed to companies: Expenses on promotion of Family Planning u/s 36(1)(ix)

Revenue Exp :100% (Education Workshop) Capital Expense (allowed in 5 equal installments)

8. STT & CTT (Commodity Transaction Tax) : Deduction allowed if Assessee held Shares, Securities & Commodities as Stock in Trade u/s 36(1)(xv) & (xvi). (Eg. Share Traders)

Kau kau krta he kavva na ki eagle, kuch bhi kaho miya kaam to hmne kiya he illegal

Sec.37: General Deductions(Exp. allowed other than allowed u/s 30-36) provided expense is :

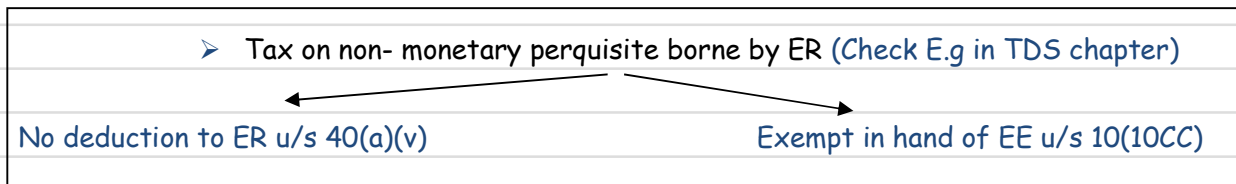


	Expenses Specifically Not allowed	Expenses Specifically Allowed
1.	Advertisement in Brochure, Souvenir, newspaper, pamphlet published by political party - Not Allowed in PGBP head to Anyone.	(1 st) is allowed as deduction to companies' u/s 80GGB. To others : Not allowed at all
2.	Donation to any political party/electoral trust - Not Allowed in PGBP (Take deduction in VI A)	(2 nd) allowed to co.'s u/s 80GGB & to others u/s 80GGC
3.	Illegal Exp.: Not allowed (Eg. Freebies/gift from pharma co.'s to doctors) Catch: Illegal b/s receipt: Taxable	Legal Expenses- Allowed
4.	Breach of laws → Not Allowed	Breach of Contract- Allowed
5.	Intt on loan taken for paying Income Tax	Intt on loan for B&P u/s 36
6.	Dividend (Its distribution of profit to S/H)	Gift to EE's
7.	CSR Exp. not allowed as its just application of Income. (Corporate Social Resonsibility)	Premium paid by Firm on Keyman Insurance policy of partner.

Sec 40- Amounts Specifically Not Deductible

Section	40(a)(i):	40(a)(ia)	40(a)(iii):
Payment made to/for	NR or Foreign Co.	Resident	Salary outside India or Salary paid to NR
Non - Compliance	(i) TDS not deducted in PY <u>OR</u> (ii) TDS deducted in PY	(i) TDS not deducted in PY <u>OR</u> (ii) TDS deducted in PY	(i) TDS not deducted in PY <u>OR</u>
END DATE	but not paid to govt.	PY but not paid to	

	upto due date of 139(1)	govt. upto due date of 139(1)	(ii) TDS deducted but not paid to govt. upto due date of TDS PAYMENT (7 th of Next Month)
Disallowance	100 % of payment	30% of payment	100% of salary.
Can it be allowed later	YES: 1. In subsequent year, if TDS is deducted & paid to Govt. or paid to Govt. (if deducted earlier), then 100%/30% disallowed earlier shall be allowed in the subsequent year. OR 2. Also allowed in special case (refer TDS chap)		NEVER Allowed even if TDS paid next day of due date of TDS payment.



Sec 40A (2): If Payment of expenditure is made to specified Relatives,
Then AO can **disallow** Unreasonable or Excessive payment which is more than the FMV of such goods or services.

Assessee	Relatives
Individual	Spouse, Mother, Father, Brother, Sister, lineal Ascendent, lineal Descendent.
HUF/AOP/BOI	Member + their Relatives
Firm/LLP	Partner + their Relatives
Company	Director + their Relatives , Sister concerns (Subsidiary of same holding co.)
For all Assessee	Any person having substantial interest in b/s of @ or relative of @ or Vice Versa . (Substantial Intt means 20% or more voting power or profit share)

Sec 40A (3):

- If **Aggregate payment** for exp. made to a single person in a day exceeds ₹ 10,000 by **CASH/ BEARER CHEQUE OR CROSSED CHEQUE**, then it is 100% Expenses Disallowed.

Note: If payment made to **transporter**: Applicable on payment **above ₹ 35,000**

Means if Exp. above ₹ 10,000/35,000, Always pay through A/c payee Cheque, Demand Draft, Use of Electronic Clearing System, UPI/NEFT/RTGS/ Debit card/ credit card.

Note: If Exp. is allowed in earlier year on due Basis & payment of same exp. made in a day in PY exceeds ₹ 10,000/35,000 by CASH/ BEARER CHEQUE OR CROSSED CHEQUE, then deduction allowed Earlier is taxable under PGBP in year of payment.

NOT disallowed as it's not an Expense deductible under PGBP.:

→ Principal amt of Loan OR Amt Transferred by commission agent to Principal for Goods Value collected from customer on commission basis (not on Own account) as Agent shall not book such payment as Expenses (Purchase A/c).

Note: If Agent purchases on his own account → 40A(3) shall be applicable.

Exceptions to sec 40A (3) (Rule 6DD)

1. Payment directly to (No middleman)
 - (a) LIC/ Govt./Banks [Bill of exchange, Letter of Credit (LOC) of bank]
 - (b) Producers of (agricultural/ Forest/poultry/ diary/fish) product or livestock etc (No middleman involved in purchase)
 - (c) Own agent for making payment in cash for goods or service on behalf of assessee.
 - (d) Money changer /authorized dealer for purchasing currency.
2. Payment of
 - (a) Retirement benefits to EE's or their family up to ₹ 50,000.
 - (b) EE's salary who is posted at other than place of duty for 15 Days or more with no bank A/c.
3. Payment made in Village/Town where no banking facility available.
4. Payment by Book Entry (adjustment)
5. Payment made to producers of product manufactured in cottage industry without aid of power.

Sec 40A (7): Provision to gratuity: Not allowed (Even if made by actuary)

Payment to approved Gratuity fund (ASF) or when gratuity becomes payable (due basis):

Allowed

Sec 43B: Expenses allowed on actual payment basis only.

- Following expenses allowed only if paid upto due date u/s 139(1)
 1. Any Indirect Tax (GST) , duty, cess, fees, Interest on tax.
Penalty of any nature/Tax law Or Income Tax paid is not allowed.
 2. ER contribution towards RPF, SPF, ASF, AGF, NPS u/s 80CCD, Any other fund.
 3. Bonus or Commission to Employees
 4. Leave Salary Encashment to Employees
 5. Amount payable to railways for use of Railways assets.
 6. Intt on Loan taken from Schedule bank, co-op Bank, Public financial Institution (PFI), NBFC, State Financial Corp or State Industrial Investment Corp.
Catch : Intt on loan taken from Other than above : Intt allowed even if its not actually paid.
(Note: Intt converted to Loan/Borrowing or debenture not treated as payment. It's just a transfer of liability to future date. But when Installment of such converted Intt paid: Allowed)
- Sum payable to MICRO or SMALL Enterprise is allowed only if paid upto time limit u/s 15 of MSME Development Act,2006.

Time Limit of payment:

- If Date agreed in Writing b/w assessee & Supplier: Agreed Date but not more than 45 Days.
- If not agreed: Within 15 Days of goods acceptance.

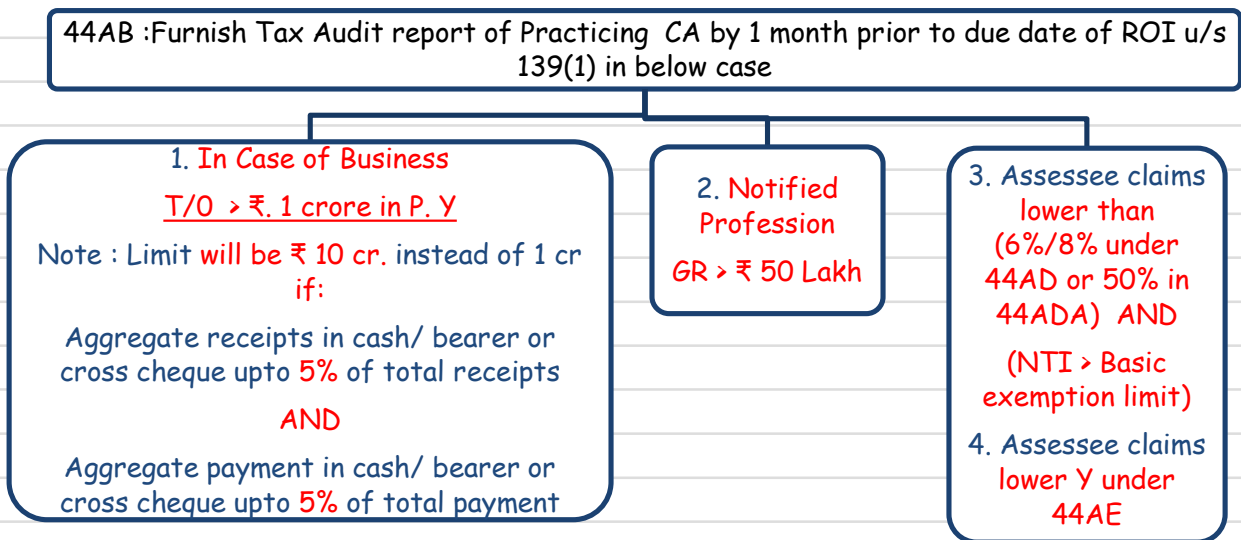
B. In case of other B&P

- **Ind./ HUF** : T/O > ₹ 25 Lakh OR PGBP Y > 2.5 Lakh
- Others** : T/O > ₹ 10 Lacs OR PGBP Income > 1.2 Lakh

If exceeds in any 1 of 3 Preceding PY: Maintain Books which enables AO to Compute Total Y.

Note: In case of new set up b/s in any PY: Maintain books if T/o or profit or GR likely to exceed any limits provided above.

- If Limit **not exceeds** any year: **NO Books**



Eg. Sonu who is not a notified professional had T/O in PY of ₹ 10 Cr. Total Receipts for PY is 15 Cr, Out of which Cash is 75 Lakhs , Total Payments is 12 Cr. (Cash Payments 60 Lakh)

Sol.

Audit is Not mandatory as he satisfies both the conditions of limit of 10Cr.

	Due date of Tax audit (Form 3CA/3CB/3CD)	ROI u/s 139(1)
Normal Tax Audit	30 st Sept. of AY	31 th Oct. of AY
Transfer Price	31 th Oct. of AY	30 th Nov of AY
Other cases	No Audit	31 st July of AY

Penalty: AO may direct to pay Lower of (i) 0.5% of T/O or (ii) ₹ 1.50 Lakh

Presumptive Taxation (If Assessee opts below : Due date of ROI : 31st July + No Audit)

Particulars	Sec 44AD	Sec 44ADA	Sec 44AE
Eligible Assessee	Resident Individual/HUF or Firm (not LLP) engaged in any B/s EXCEPT: ➤ Notified profession ➤ 44AE B/s	Resident Individual/HUF or Firm (not LLP) engaged in Notified profession	Assessee engaged in Transportation B/s i.e Plying, Hiring Leasing goods carriage (LLP can claim 44AE)

	<ul style="list-style-type: none"> ➤ Commission B/s ➤ Agency B/s ➤ Assessee claiming dedn u/s 10AA & 80IA to 80RRB 		
Limits	<p>T/O upto ₹ 2 crores in PY</p> <p>Note : Limit will be ₹ 3 cr. if Aggregate receipts in cash/ bearer or cross cheque upto 5% of total T/O in PY. (No Limit for % of payment)</p>	<p>GR upto ₹ 50 Lakh</p> <p>Note: Limit will be ₹ 75 Lakh if Agg. receipt in cash/ cross/ bearer cheq upto 5% of GR.</p>	<p>who owns not more than 10 goods carriages at any time during the PY.</p>
PGBP Income	<p>6% × T/O recd through A/c payee cheque/Bhim UPI/ ECS upto Due date of 139(1)</p> <p>: If T/O of PY realized after 139(1) due date → 8% Taken</p> <p>8% of T/O recd through cash/bearer cheque/crossed cheque in PY.</p>	<p>50% × GR</p>	<p><u>Heavy goods vehicle</u> (Gross weight >12 ton/12000 Kgs = ₹ 1000 × weight in tons × Ownership month/part of month (Note 1) Other Vehicle: 12tonn or less ₹ 7500 × Ownership month/part of month (Ignore: Put to use date)</p>
Books of accounts & Audit	<p>If Assessee Opts 44AD/44ADA : No BOA, No Audit</p> <p>If Opts Out (declare lower Income) AND NTI > BEL: Maintain BOA + 44AB audit</p>		<p>Opts 44AE: No Books & NO Audit required.</p> <p>Opt Out: Maintain Books + 44AB Audit (Eg. Declaring lower Y than 44AE)</p>
Advance Tax	<p>Pay Advance Tax in 1 Instalment upto 15th Mar. of PY</p>		<p>Pay Advance Tax in 4 Instalments</p>
No other deductions	<p>No further deduction of Exp. from Sec 30-38 & 40(b) allowed including unabsorbed depn of any PY. However 40(b) i.e salary/ Intt paid to partners upto limit allowed ONLY to 44AE.</p>		

Notes:

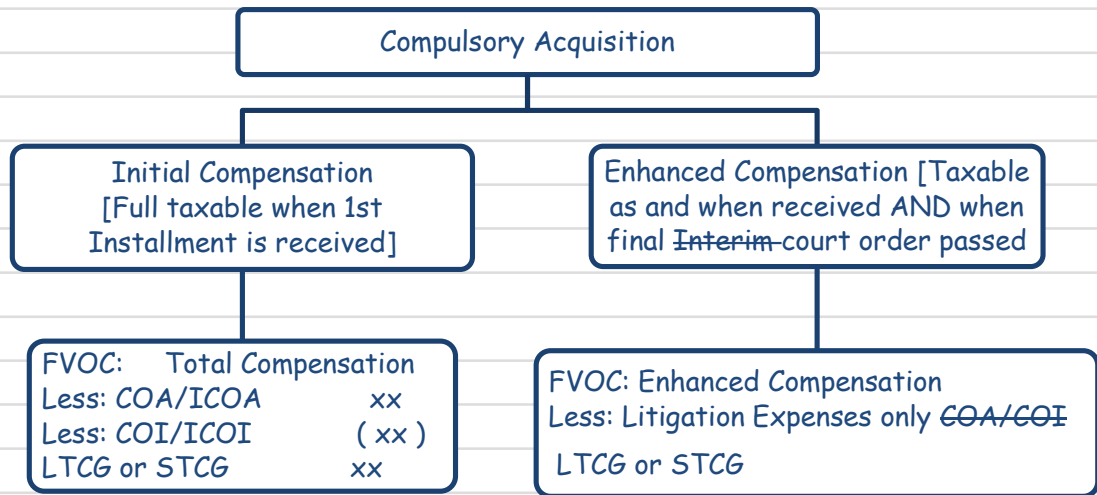
1. Gross Weight : Weight taken after goods are loaded → If its not available take Unladen weight
2. If Assessee declares income for any PY under 44AD & he does not declare income in any year for next 5 consecutive PY as per 44AD
Then he will not be eligible for 44AD for 5 years subsequent to year in which he does not declare income for 44 AD. And in 5 such subsequent yrs @ shall maintain BOA and also gets accounts audited if NTI > BEL in any of such 5 subsequent year.

Calculation of PGBP Y	
Profit as per P&L A/c	XX

Case 1 : Compulsory Acquisition of Asset

Transfer year: Year in which asset is acquired

Tax year: Year in which Compensation is received.



Note: If under Section 96 of Right to Fair Compensation and Transparency in Land Acquisition Act is NOT Taxable, then Not Taxable under IT act also.

2. Interest on Late compensation: Taxable under IFOS Head by reducing 50% deduction.

3. Time limit for New CA purchase starts from Compensation recd date and not actual transfer . u/s 54,54F,54B,54D,54EC

Case 2 :Destruction of Capital Asset [E.g., Flood, Natural Calamity]

Transfer year: Year of Destruction

Tax year: Year in which Insurance Claim is received.

Calculation: FVOC: Total Compensation Less COA/COI (Index if LT) = STCG/LTCG

Catch : If No Compensation recd : Not treated as transfer

Case 3: Conversion of Capital Asset to Stock in trade

Transfer year: Year of Conversion.

Tax year: Year in which Stock is sold. : 2 types of Y arise : CG & PGBP

Calculation under CG Head = FMV on Conversion Date - (Index if LT) COA/COI = STCG/LTCG

Calculation under PGBP Head: = Sale Value - FMV on Conversion Date = PGBP Y

- If only a part of SIT sold, only that part taken for calculation in year of SIT sold.
- Time limit for New CA purchase starts from stock sale date (54EC)
- Catch : Conversion of SIT to CA already discussed in special cases of COA.

Case4: Only Individual/HUF transferring Immovable property in Joint Development Authority

Transfer year: Year of Possession Transfer in JDA

Tax year: Year in which Completion Certificate is issued by Competent authority

Calculation: FVOC: SDV on date of CC issued + Cash Recd. Cndn

Note: If share is transferred on/before CC issued, then CG is taxable in the year of transfer.

- **Section 50C:** In case of Land, Building /both (Capital Asset) is transferred & SDV (Stamp Duty Value) is more than 110% of Cndn, Then SDV shall be FVOC in CG calculations (Sec 50C)

Same Provision in PGBP →

Sec 43CA - In case of Land, building/ both held as stock and trade is sold & SDV (Stamp Duty Value) is more than 110% of Cndn, Then SDV will be deemed Sale Price in PGBP calculations.

Eg. SDV is 109,000 or let's say 1.10 Lakh & Sale price: 100,000

Check Is SDV 1.09 Lakh/1.10 Lakh more than (110% of 1 Lakh i.e 1.10 Lakh) : No , FVOC: 1 Lakh

But If SDV is 1.11 Lakh → FVOC shall be 1.11 Lakh .

When can we take agreement date SDV (Applies in 50C/43CA & 56(2)(x) as well)

Above selection of SDV is optional in hands of @

SDV at Agreement Date (12/4/24) : ₹ 10 Lakh

SDV at Registry Date (15/4/24) : ₹ 15 Lakh

Normally SDV [₹ 15 Lacs] i.e., on date of registration is considered.

But if any amt (Full/part) is recd **Through A/c Payee Cheque, DD, ECS]** UPTO agreement date (12/4/24), then agreement date SDV can be taken by @

Catch: If Payment through Bearer/cross cheque/Cash, then choice not available.

Note: If @ Claims that SDV > FMV, then AO **may** transfer his case to the Valuation Officer. If valuation of VO is more than SDV, then Ignore it.

If Valuation of VO less than Current SDV, then **FVOC will be value adopted by Vo. (110% mat krna esko)** - Applicable in 50C & 43CA (Both)

Eg. SP of CA : ₹ 100,000. SDV: 125000, FMV: 116,000. As SDV > 110% of cndn, FVOC = 125000

In above case @ can claim to AO that SDV > FMV i.e 125,000 > 116,000

And AO may transfer such case to VO.

In case VO agreed at value CA at 116,000 → then FVOC = 116,000 (No need to check 110%)

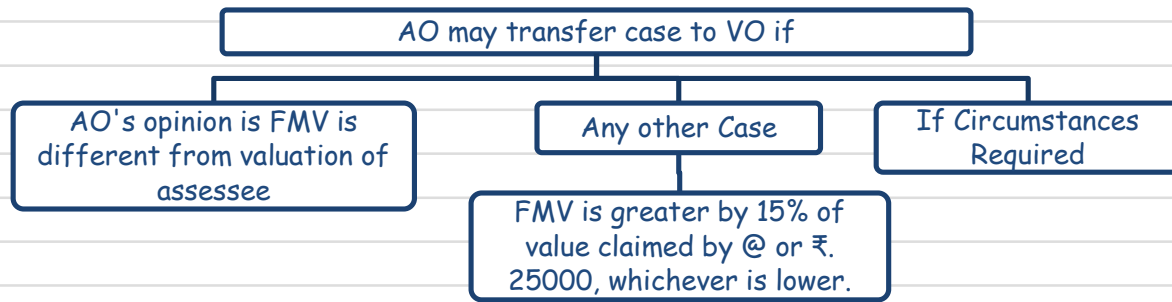
In case VO valued the CA to higher amt (Eg. 132,000) → Ignore valuation → FVOC = 125,000

- **Section 50CA:** If unquoted shares (Unlisted vale) transferred

Sale Cndn is less than FMV, then FVOC will be FMV.

- **Section 50D:** When Sale price is not ascertainable : **FVOC = FMV of Transfer Date**

Section 55A: AO transfer case to Vo



Section 50B: Slump Sale [Entire undertaking is sold]

FVOC: [FMV of Undertaking sold OR Cndn recd (Monetary + Non Monetary w.e is HIGHER)	↑	XX
Less: Transfer Expense		XX
Net Cndn		XX
Less: COA = Net Worth of Undertaking [No indexation] [Below]		XX
LTCG in case undertaking held for more than 3 Yrs, otherwise STCG		xxx

Cost of Acquisition will be Net Worth of Undertaking which is calculated as below:

Depreciable Asset [WDV as per IT Act]	XX
Other Asset [Book Value]	XX
Total Asset	XX
Less: Liabilities	XX
Net worth	xxx

Notes:

1. If 35AD Assets / Self-generated goodwill then Asset Value is **NIL**.
2. Revaluation Effect on Asset: **IGNORE**
3. IF Net Worth is Negative, then COA is **NIL**.

➤ Exemption Sections

Particulars	Section 54	Section 54F	Section 54B
Assessee	Ind / HUF	Ind / HUF	Ind / HUF
Asset	LTCA	LTCA	LTCA/STCA
Transferred	1 Residential HP anywhere [Building or Land Apportionment]	Any asset Other than Residential HP	Urban Agriculture Land [Used by Ind/ Parents for last 2 years before transfer for agri. Purpose.
New Asset Purchased or	1 Residential HP in India. [If LTCG up to 2 Cr,	1 Residential HP in India.	

constructed	@ can acquire 2 RHP in prescribed time limit but this option Once in life time	Max. costing ₹ 10Cr.	Agriculture Land [Rural / Urban]
Time Limit to Purchase or construction	Purchase: Within 1 yr. before transfer & 2 yr. after transfer. Complete Construction: within 3 yr. after transfer.	Same of Sec. 54 Purchase: -1, +2 Construction : +3	Purchase: Within 2 yr. after transfer.
Deposit Scheme (CG A/c Scheme) i.e CGAS	Only 10cr. taken as deposit, if deposit > 10cr	Only 10cr. taken as deposit if deposit > 10cr	Available
Exemption For 54 & 54F If CNA exceeds 10cr → then amt exceeding 10cr shall not be taken into account for purpose of exemption	Lower of 1.Capital Gain OR 2.Cost of New CA (CNA) + Deposit amt in CGAS 3. 10 Cr.	Lower of 1. Capital Gain 2. (CNA+ Deposit) but Max 10 Cr.) X $\frac{CG}{CG + Deposit}$ (Net Cndn)	Lower of 1. Capital Gain or 2. CNA + Deposit amt
Do not transfer New Asset For [Lock In]	Lock In: 3 Years from date of purchase OR Construction.	Lock In: 3 Yrs. If Violated : Exempt CG = LTCG in PY of Violation.	Lock In: 3 Years

Income from Other Sources

Section 56: Charging Section

Y not chargeable to tax under **Salary, HP, CG or PGBP Head** is taxable under IFOS Head. Eg.'s

1. Dividend (Includes Deemed Dividend)
2. Royalty, Interest, Gifts
3. Agriculture Income from Outside India.
4. Family Pension Income
5. Salary of MPs, MLAs, MLCs, etc.
6. Director Sitting Fees (Independent Director i.e NO EE-ER Relationship)
7. Winnings from Casual Y (Lotteries, puzzles, races, any sort of gambling, betting, etc.)
8. Sum recd to EE on termination of employment from any other person (If recd from ER: Salary)
9. Interest on Saving and FD A/c or Loan given.
10. Interest on IT Refund
11. Interest recd on Compensation of compulsory acquisition of Capital Asset.
12. Advance forfeited in case of transfer of Capital Asset (ON or After 1/4/14)
13. **Not Applicable from PY 24-25 : Closely held company issues shares to any person (Sec 56(2)(viib)**

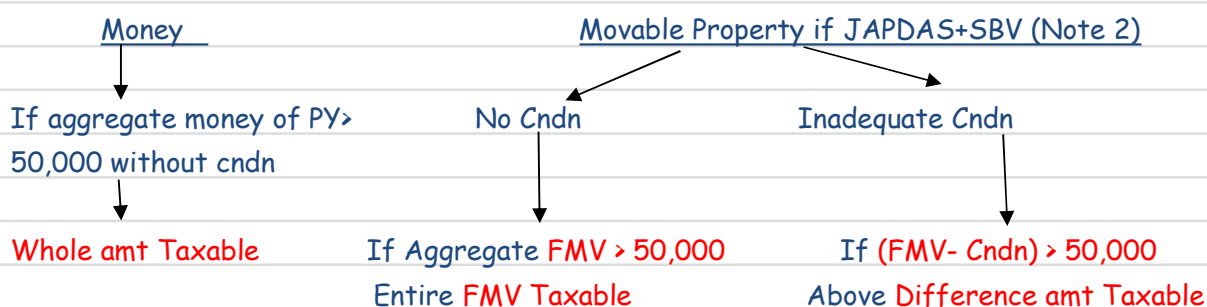
Its Taxable only when below 2 conditions satisfied

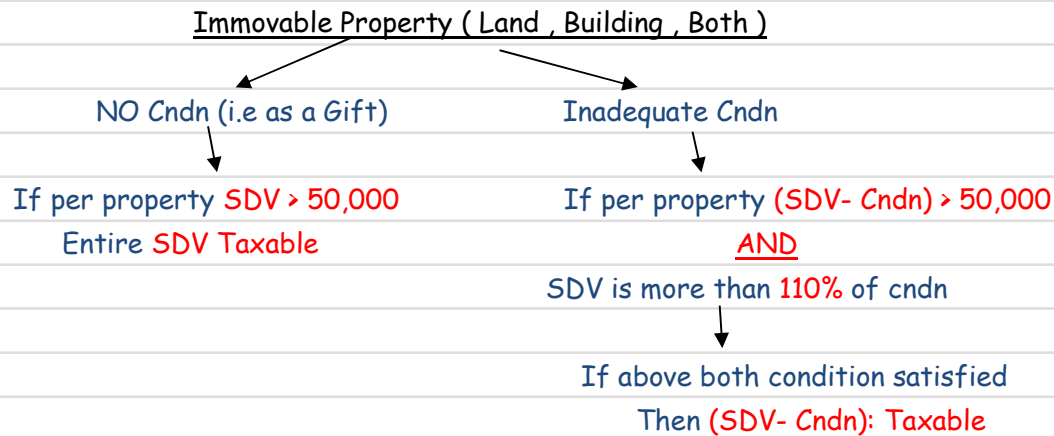
- a. Shares are **issued at premium** (Issue Price > Face Value)
- b. **Issue Price - FMV (Taxable in IFOS)** Its Logical that IP must be greater than FMV
 Eg. FV: 100, FMV: 90, IP: 110, No. of shares: 10K.
 Condition 1 : Check IP>FV → YES & Condition 2 :Check IP > FMV → Yes
 IFOS Taxable (IP-FMV) : 10k × (110-90) = 200,000

Following Taxable in IFOS if **not taxed in PGBP**:

1. Interest on Securities
2. Letting out Plant and Machinery or Furniture.
3. Sub Letting of HP.
4. Letting out of HP with other P&M (agreement not separable).
5. Sum recd from EE to ER → As contribution to Employee Welfare fund like PF/ESI.

Section 56(2)(x) Taxation of Gift for all @ (Exception in Note 1)





Note 1: Non-applicability of 56(2)(x) i.e money or property **not Taxable** if it is recd under

- On Occasion of **Marriage** of Individual (~~Anniversary~~)
- In **Contemplation of death** of the payer
- under a will or by way of **inheritance**
- **Recd From or By a Trust** registered u/s 12AA.

Recd From:

- Relative (Note 3)
- Hospital or Medical Institution
- University or Educational Institution
- Local Authority referred u/s 10(20)
- From an individual by a trust created solely for the benefit of relative of the individual.

Recd BY:

- Trust, hospital, medical institution, university referred u/s 10(23C)
- Specific Trans. Not regarded as Transfer u/s 47 (Eg HUF Partition , Holding to subsi , Subsi to Holding , Amalgantion , demerger but except Gift/ Will/ Irrevocable Trust)

Note 2: Property (Movable & Immovable) : (JAPDAS) + (SBIV) : ONLY THIS covered.

- (a) **JEWELLERY, Art, Painting , Drawings ,Archeological Collection ,Sculpture (JAPDAS)**
- (b) **Shares & Securities, Bullion , Immovable Property (excludes Rural Agriculture Land), Virtual Digital Asset i.e crypto (SBIV)**

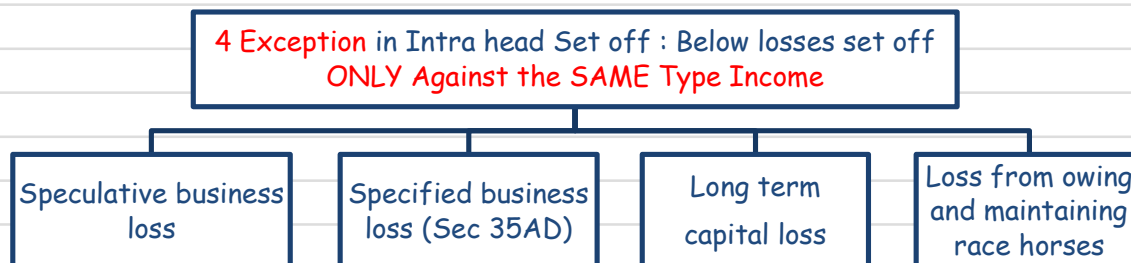
It means if any other asset (Eg TV, phone) recd as gift or Inadequate Cndn :

➔ 56(2)(x) Not applicable i.e They are not Taxable .

Set off and carry forward of losses

→ Intra Head S/O

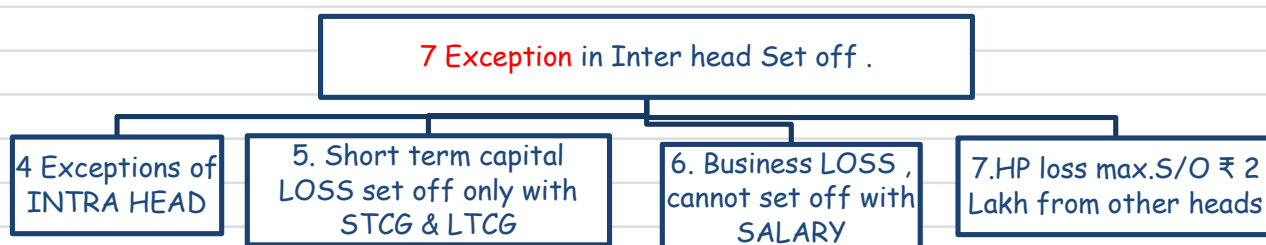
Sec 70: Set Off losses from one source of income from another source of income in SAME head.



This means, above 4 can't even take benefit from their own INTRA head partner.

Eg. LTCG Loss can't set be set off from STCG Gain, 35AD loss can't be set off from normal b/s loss.

Section 71: Set off losses from one head of income from another head **but in same PY**
(this means once loss carried forward (c/f), INTER HEAD s/o not allowed.



Let's Summarise :

1. Salary Head: LOSS NOT POSSIBLE
2. HP Loss: (Eg Mumbai HP Loss)



If @ opted for 115BAC : No Inter head adjustment for HP head.

3. PGBP Losses :

(a) **Loss from Speculative B/s** (Eg Intra Day Loss: Shares trading in which delivery not taken)



(b) **Loss from Specified B/s: 35AD**



(c) **Loss from Normal B/s: (Catch: Future & Options , Derivatives is Normal B/s Y)**



4. Capital Gain Losses

(a) **Short term capital loss**



(b) **Long term capital loss**



5. IFOS

(a) **Loss from owing and maintaining race horses (OMHR)**



(b) **Casual Income Losses** (lottery , card games , HORSE RACES) : NO S/O + NO c/f AND Any other losses cannot be set off against Casual Y.

(c) **Other losses** in IFOS : Eg. Loss from Subletting of HP



6. Unabsorbed Depreciation will be c/f for UNLIMITED YEARS and can be S/O against any income other than salary (But **RETURN ON TIME NOT MANDATORY**)

NOTE :

1. Only **Intra head S/o in future year** allowed for brought forward losses by **following 4 exceptions**.
2. Brought forward (B/F) losses of B/s **can be set off even if business not continued now**.
3. **Deemed income (Sec 115BEE)**: Unexplained income, investment, money : No S/O or c/f
4. Losses from exempt Y cannot be S/O against Y from taxable source.
Catch : **Ignore Exempt Y Loss & Expenses**
5. Only in 2 cases: **Return on time NOT mandatory**: 1st HP Loss & 2nd Unabsorbed Depreciation.
6. **Order for set off of losses in PGBP head** :
 - a. Current year depreciation (Sec 32)
 - b. Current Year cap-ex on Scientific research & expenditure on family planning

Deduction Under Chapter VIA

1. Deduction under Chapter VI-A is restricted to GTI & Deduction **cannot be carry forward**. Exemption u/s 10 different (it is Y not included in GTI itself)
2. Deduction under VI-A is **Not allowed** against 112A, 111A, 112 & special rates of tax Income (Deemed Y/Casual Y) . Its available to STCG taxable on normal slab rate.
3. VIA Deduction can be claimed even if payment is made out of Exempt Y earned.

A. Deductions in respect of certain payments :

➔ Sec 80C : Deduction Amt : ₹ 150,000 (MAXIMUM)

Eligible Assessee: Individual or HUF

Eligible Payments:

2. Contribution to PPF, Life Insurance premium.

80C: C for Celfish → [By Individual @ for: Self, Spouse, Children & HUF : Any member]

Notes:

For Life Insurance premium : **Maximum Deduction** will be subject to :

- Policy issued **on/after 1/4/12**: 10% of Policy Value (Sum assured)
- Policy issued **before 1/4/12**: 20% of Policy Value (Sum assured)
- For **Divyang people**: Policy issued **on/after 1/4/13**: 15% of policy Value.

2. EE Contribution to **SPF/ RPF** and approved superannuation fund.
3. **Tuition fees** (school,college,University) for full-time education **in INDIA** of **any 2 children**.
4. Repayment of loan taken from Govt., bank, LIC, specified employer etc. for **Purchase or Construction of House Property** INCLUDES registration fees, stamp duty & other expenses.
Not Included: Cost for repair, renovation or admission fee , Cost of share of member of society/company for becoming member therein.
5. **Stamp** Duty, registration fee for acquisition of HP.
6. Investment in **5 year term deposit (FD)** in scheduled bank/Post office .
7. Sum paid in **Sukanya Samridhi Account** (For girls child of individual or any girl child for whom such individual is a legal guardian) Note: Any payment from such account to someone or interest on such deposit is also exempt.

Others: 80C

8. Subscription to **National Savings Certificates**
9. Subscription towards notified units/bonds OF **mutual fund/UTI /NABARD**.
10. Deposit in Senior citizens saving scheme rules 2004 or approved annuity plan of LIC
11. Contribution to:
 - a. **Notified pension fund** set up by mutual fund or UTI
 - b. National Housing Bank (Tax Saving) Term Deposit Scheme, 2008
 - c. **Unit-linked insurance plan**.
 - d. Additional account under NPS (**Tier 2 Account in case of CG EE**)
12. Premium paid /Sum deducted from salary of Govt EE for **deferred annuity**.

RUKO JARA, SABAR KARO -

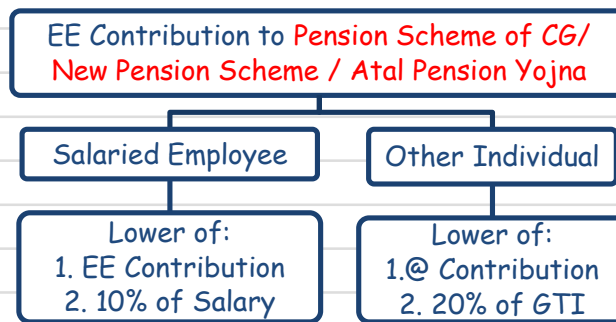
→ If in any PY, an assessee:

- Terminates his LIP or has not paid premium after 2 years
- Terminates ULIP or has not paid any premium for at least 5 years
- Transfers House before 5 years from the end of FY in which possession is obtained.
- Withdraw amount from FD or Senior Citizen Saving Scheme before 5 years,

Then all deductions allowed earlier will be deemed to be income in the year of violation/withdrawal.

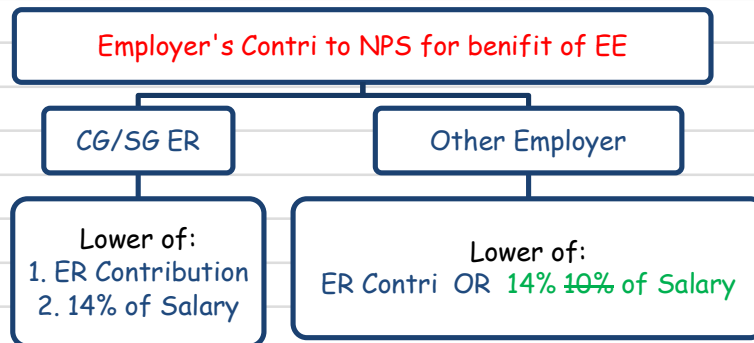
80CCC -Individual Contributing to pension funds of LIC / Other Insurer: **Max 1.5 Lakhs.**

80CCD(1):



@ can claim an extra deduction up to rupees **50,000** under section 80CCD(1B) for these contributions.
Tip: CLAIM THIS 1ST

80CCD (2)



Amt recd on account closer of such NPS

- On Death: **Fully Exempt for nominee**
- Otherwise: **60% Exempt**

1. For the Purpose of Sec 80CCD (1) and (2), Salary means = Basic Salary + DA (in terms)
2. Partial Withdrawal from NPS: Only 25% contribution exempt for salaried EE. (For others: Taxable)
3. ER Contribution is 1st added in Salary and them eligible deduction taken.

80CCE = 80C + 80CCC + 80CCD(1) = Max 1,50,000

Note : Limit ₹ 1.50 lakh u/s 80CCE does not apply to deduction u/s 80CCD(2) and 80CCD(1B).
I.e @ can claim extra 1.5Lakh + 50k = 2 Lakh

80D: Davai/ Health Vala !!

Eligible Assessee: Individual or HUF

For Whom: (Individual: Self, spouse, Dependent children, Parents (Dependent or Not), and

HUF: Any member

I. For Self, spouse, Dependent children (A Category)

1st Step: **Add 3 Items:** Medical Insurance Premium + Contri to CG health scheme + Preventive Health Check Ups subject to ₹ 5000 = Total payment

Note: Mode of payment must be other than cash but preventive health check can be in cash)

2nd Step : Normal case : Total payment or ₹ 25000 (w.e is lower)

If any (Self, spouse, Dependent children) 60 Year or more: Total payment or ₹ 50000 (w.e is lower) and after this check (A+B) as Max deduction can be 50K.

II. For Parents (Dependent or Not): SAME FOR HUF (A Category)

1st Step: **Add 2 Items :** Medical Insurance Premium + ~~Contri to CG health scheme~~ + Preventive Health Check Ups (**LOWER of Actual OR (5000 - Claimed in I)**) = Total Payment
(Mode of payment must be other than cash but preventive health check can be in cash)

2nd Step: Normal case: Total payment or ₹ 25000 (w.e is lower)

If any Parent/HUF member 60 Years or more : Total payment or ₹ 50000 (w.e is lower) and after this check (A+B) as Max. Deduction can be ₹ 50K.

B Category

If anyone is 60 years or more AND health Insurance is not taken: Max amt. can be claimed as medical expenditure. ----->	Individual		HUF Member
	Self, Spouse, Dep Children	Parents	
	Max ₹ 50,000	Max ₹ 50,000	Max ₹ 50,000
Max Ded (A+B)	Max ₹ 50,000	Max ₹ 50,000	Max ₹50,000

NOTE :1. Aggregate amount of preventive health checkup of self-spouse dependent children and parents cannot exceed ₹ 5000.

Medical Insurance Paid in Lumpsum: Total premium / no. of PY in which insurance is in force.
₹ 50k paid as medical premium for 1/6/24 to 31/5/29. **Ded. For PY 24-25 = 50k/6 = 8,333.33**
(24-25, 25-26, 26-27, 27-28, 28-29,29-30)

80DD: Medical treatment and maintenance of handicapped dependent disabled (DD) relative
Eligible: Resident individual and HUF.

Deduction: Flat deduction on Dependent Relative (who not taken self-deduction u/s 80U)

- ₹ 75000 (Normal Case)
- Severe disability (80% or more) ₹ 1,25,000.

Any amt incurred for the medical treatment (including nursing), training and rehabilitation or amt deposited under the scheme framed by LIC or any other insurer.

Section	80 QQB: Royalty from books of literacy artistic scientific nature	80 RRB: Royalty from Patents
Eligible	Resident Individual	Resident Individual
Deduction	Eligible Royalty recd or ₹ 300,000 w.e. Lower	Royalty recd or 300,000 w.e.L
Any Condition	Eligible Royalty 1.Lump Sum recd: Total amt 2.If Not Lump Sum : 15% of value of Book Sold	
<p>Note1. If royalty earned outside India then deduction allowed only if such royalty brought in India in convertible foreign exchange within 6 months from end of PY or time allowed by RBI .</p> <p>2. ITR must be filed on time under section 139(1) to avail deduction.</p> <p>3. Deduction not available: Royalty from brochures, textbook for schools ,commentaries, diaries, guides, journals, magazines, newspapers, pamphlets.</p>		

80JJAA : Reduction in respect of employment of new employees.

Eligible: Any assessee to whom 44AB applies.

Deduction: 30% of additional employee cost for 3 years Starting from year of employment.

Additional employee Cost: Total emolument paid or payable to Additional Employees employed during the P.Y But not includes ER contri to PF/ Pension or lumpsum payment to EE at retirement.
Eg - Gratuity, leave enhashment etc

(i) Existing Business: Additional employee cost shall be NIL if

- There is no extra increase in the total number of employees OR
- Salary paid by crossed /bearer cheque or cash.

That means payment must be by A/c Payee cheque/draft/ NEFT/RTGS or electric mode.

Eg.: Employees at end of last date of PY 100, In current PY: EE Joined - 10, Left 10 - Then No deduction . If Joined were 15 in place of 10: Then claim deduction for Extra 5.

(ii) New B/s: Additional EE cost shall be emoluments paid/payable to all EE's employed during P.Y.

Additional employees Means :

1. EE whose payment is ₹ 25000 p.m or Less. .
2. EE who participates in RPF.
3. EE for whom entire contribution is NOT paid by Govt under EE's pension Scheme.
4. EE employed for 240 days or MORE in PY normally.

(In case of manufacture of apparel/ footwear/ leather products than 150 days or more)

Note: If an Employee is Employed for Less Than 240/150 Days in Current P.Y.

BUT He is employed for 240/150 Days in Immediate Next Year

Then he shall be deemed to be employed in the immediate next year.

A deduction of 30% will be allowed to the assessee for 3 years starting from NEXT year.

Advance Tax

- Tax paid in PY itself i.e. before the year ends.
- Who needs to pay : Everyone whose advance Tax liability exceeds ₹ 10,000 or more in a FY.
 Except: Senior citizens (Resident) of age 60 or more → who have passive income like interest, dividend etc., & does not have PGBP Income.

ADVANCE Tax Liability for the full year is calculates as :

Calculate Tax by Estimating Total Income of full current year

Less TDS/TCS (Actually deducted/collected by payer) /MAT/AMT/All Reliefs

If TDS is not deducted/collected : Then its not reduced.

Instalments of advance tax and due dates [Section 211]

Due Date of PY - Advance Tax Payable

- On or before 15th June --- Upto 15% of Advance Tax Liability
- On or before 15th Sept --- Upto 45% of Advance Tax Liability
- On or before 15th Dec --- Upto 75% of Advance Tax Liability
- On or before 15th Mar --- Upto 100% of Advance Tax Liability

Note:

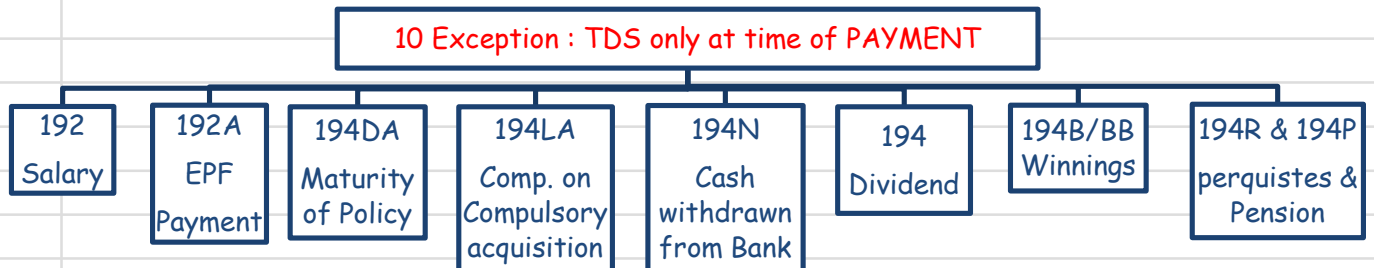
1. While Calculating 45% / 75% or 100% amount paid in previous instalments is reduced.
2. Tax paid upto to 31st march of PY is treated as advance tax.
3. @ opting 44AD/44ADA : Full amount to be paid before 15 march of PY in 1 instalment .
 Catch : @ opting 44AE does not have above benefit (Needs to pay as per 4 Installments)
4. If on last date of Instalment : Receiving Bank Closed : @ can pay in next working day.
 In this case Int u/s 234B&C will not be charged.

Section	Tax Amount	Rate	Period
234A [Interest on delay in filing of ITR]	Tax as per ROI [Less: Advance Tax / TDS / TCS/ Mat, etc]	1% per month or part	From next day of due date u/s 139(1) to actual date of filing return
234B [Interest for short/non-payment of advance tax]	Advance Tax short/non paid N/A if 90% or more Advance Tax is Paid.	1% per month or part	From 1 st April of AY to Date of Self-Assessment Tax Payment. If not paid, then Date of Assessment u/s 143(1) / 143(3)
234C [Interest on Delay in Instalments]	Deferred Amount	1% per month or part	15/06 15% 3M
			15/09 45% 3M
			15/12 75% 3M
			15/03 100% 1M

Tax Deducted at Source

TDS is deducted by payer only if amt is taxable in the hands of payee. (Exempt Y : No TDS)

- TDS deducted at the time **Earlier of**:
 - Time of **credit to A/c of payee OR Payment** (A/c name can be any Eg Suspense A/c)



- TDS deducted at **fixed Rate**. However add (Surcharge & Cess) in rate in case of TDS in:
 - Salary, NR/Foreign Co., 194P - Pension
- TDS deducted both for personal & commercial purpose except
 - (Ind/HUF making payment for personal purpose u/s 194C/J)
- NO TDS** is payee is CG, SG, RBI, Statutory Corp.
- If GST mentioned separately on bill, **No TDS on GST** component.

Memory technique :

Note for below: 1. Payer is Any person & Payee is Resident person (Except otherwise mentioned)
 2. Only 3 cases on which liability to deduct TDS starts from that limit itself, other Sec. only if limit crossed. 192A: ₹ 50,000 or more, 194DA: ₹ 100,000 or more, 194IA: ₹ 50 Lakh or more

Payment of	Limit for TDS (PAPA - per @ , Per Annum)	Rate of TDS
Sec 192 : Salary to R/NR Employee	If NTI crosses Basic exemption limit . 115BAC is taken in default.	Slab Rate at time of payment

Note:

- EE has to submit proofs/docs to ER: his other income, **TDS/TCS deducted on other income** deductions, declaration if he wants to opt out of 115BAC, Income/TDS deducted by previous ER (if changed job in same FY).
- Employer shall not consider any losses of EE (Except HP losses)
- Salary by firm to partner: 192 Not attracted as partner's salary taxable in PGBP.
- Eg: Salary 7.30 Lakh, Non-Mon. Perk : 1.20 lakh, Calculate Tax : ₹ 75400, Rate : 9.425%
 If tax on Non-Monetary Perk -
 - Not Borne by Employer: Deduct 75400/12 : ₹ 6284 each month from salary
 - Borne By Employer: Calculate Tax on Non-Mon. perk i.e 1.20 Lakh × 9.425% = ₹ 11310
 Deduct (75400-11310)/12 = ₹ 5340 from salary of EE
 Note : ₹ 11310 can't be claimed as expense by ER (Sec 40(a)(v)), In hands of EE, Tax on non monetary perk is Exempt u/s 10(10CC) and can be claimed as credit in ITR.

Payment of	Limit (PAPA - per @ , Per Annum)	Rate
192A: PF Accumulated Balance to R/NR EE before maturity.	≥ ₹ 50,000 (TDS only if amt taxable in hands of EE i.e he renders less than 5 year service for RPF) → For URPF : Always taxable	10% at time of payment NO PAN furnished : MMR: 30 +37%+4%=42.74% (Maximum Marginal Rate)
193 Int. on Securities	<ul style="list-style-type: none"> ➤ ₹ 10,000 Int. ON → 8% Savings (Taxable) Bonds, 2003 or → 7.75% Savings (Taxable) Bonds, 2018 or → Floating rate saving bonds,2020 (Taxable) ➤ ₹ 5,000 Int. on debentures issued by a Public Co. to Ind./HUF by A/c payee cheque. ➤ No T/H specified in any other case. 	10%

Note : Sec 193 No TDS if Int. of any amt paid



Payment of	Limit (PAPA)	Rate
194- Dividend (Includes deemed dividend)	>5,000 for Ind. If paid by other than cash No T/H in other cases → TDS even if 5k or less (NO TDS if paid to any Insurance Co.)	10% at time of payment
194A Interest other than interest on securities Payer is (ACHI-RJ)	<ul style="list-style-type: none"> ➤ ₹ 40,000 Int. credit or paid by - • Banks • Co-operative society doing banking b/s • Post office For Resident Senior Citizen above limit >50K ➤ ₹ 5,000 in other cases.	10% Note : Limit is per bank & not per branch ONLY if bank opted core banking solutions

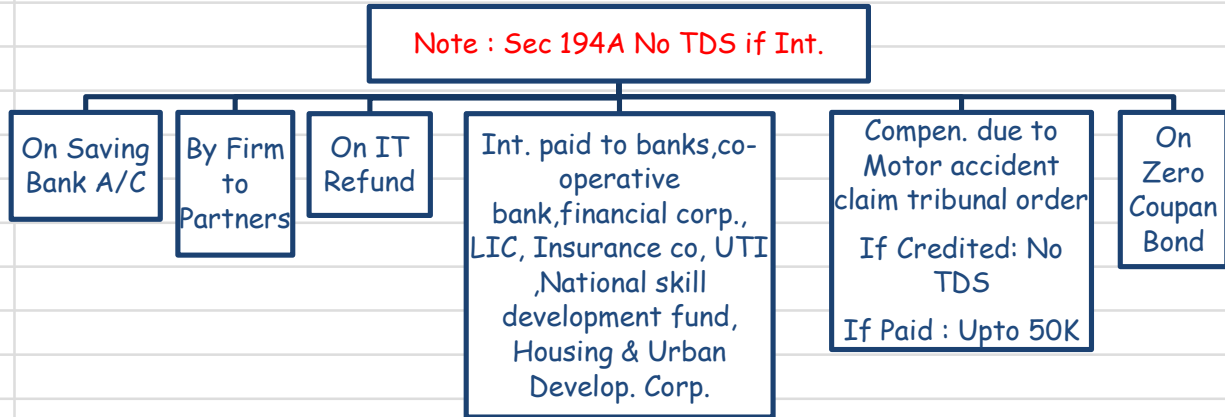
Note : Mahila Samman Savings Certificate, 2023" is a 1 time scheme available from 1st April 23 to 31st Mar 25. It offers a maximum deposit facility of upto ₹ 2 lakh in the name of women or a girl for 2 years at a fixed interest rate of 7.5% p.a., compounded Qtly.

Hence No TDS u/s 194A would be deductible by the post office on interest under this scheme since the amt of interest would not exceed ₹ 40,000.

Meaning of Payer is (ACHI-RJ): In section 194ACHIRJ

Payer is any Person other than Individual/ HUF whose Turnover/ Gross receipts in Business /profession is upto ₹ 1 Cr./ 50 lakhs in preceding F.Y.

No TDS in 194A If



- Int. credited by bank to provisioning A/c on daily/ monthly basis for macro monitoring only by use of CBS software.
- Int. by Co-op Society, ~~Not a Co-op Bank~~ TO → another Co-op Society or Members
Int. by Co-Op Bank to Co-op Society or ~~members~~ (Co-op bank to member : Deduct TDS)
Int. on deposits of primary agri. credit society or co-op land mortgage/development bank.
Note: (But in above case Co-op Society/Bank liable to deduct TDS if its T/O > 50cr AND Int. paid/credited > 40K, 50K for senior citizen in **preceding F.Y.**)

Payment of	Limit	Rate
194B (Bigde hue) to any person Gross Winnings from lottery, crossword puzzle, gambling.	> ₹ 10,000	30% at time of payment
194BB (Bhot Bigde) to any person Gross Horse race Winnings	> ₹ 10,000	30% at time of payment
194BA (Bhot addict) to any person Net Winning from online gaming platform, Not GROSS	No Exemption	30% of Net winnings at time of withdrawal from user A/c and 30% on remaining net winnings not withdrawal amt at end of FY.

Note:

- If winning is wholly in kind or partly in kind and cash balance is not sufficient to deduct TDS, then payer shall release price only after ensuring tax on such winning is paid to govt.(challan)
- TDS deducted on Gross winning amt before reducing losses made in winning for 194B/BB.
- No TDS u/s 194BA : If all below conditions satisfied.**
 - Net winnings comprised in the amt withdrawn is Upto ₹ 100 in a month.
 - If No TDS due to (i), Then TDS shall be at time of net winnings comprised in withdrawal amt exceeds ₹ 100 in same month or subsequent month OR if no such withdrawal, at END of FY.
 - Deductor takes responsibility of paying difference if the balance in user account at time of tax deduction u/s 194BA is not sufficient to discharge the tax deduction liability.

4. If winnings in kind u/s 194BA: Value for TDS = FMV of winnings in kind EXCEPT if
- (i) Online game intermediary purchased winnings (THAR): Purchase price without GST.
 - (ii) Online game intermediary manufacture such winning: Selling Price to its customers without GST

Note: GST not included for valuation of winnings for TDS under section 194BA.

Payment of	Nature & Limit	Rate
194C	Single sum > ₹ 30,000 (or)	Ind./HUF: 1%
Payments to Contractors	Aggregate sum of PY > ₹ 1,00,000 of contract [Sec. includes contract/sub-contract, labour supply for any work]	Others: 2%
Payer is (ACHI- RJ)		

Work includes: 1. Advertising, broadcast, telecast, catering, transportation of goods or passengers OTHER than through railways.

2. Manufacturing/supplying product as per customer specification out of material supplied by such customer or its associate [Relative u/s 40A(2)(b)] : (Job work).

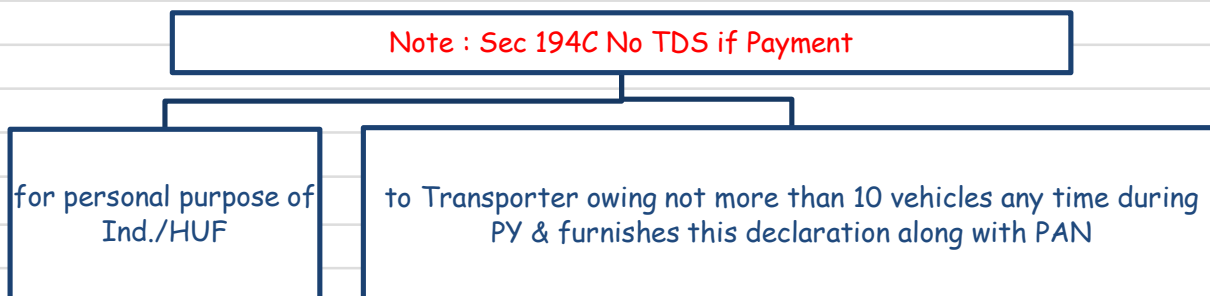
Note : If material supplied by some one other who is not relative u/s 40A(2)(b) : It's a Contract of Sale by supplier → No TDS u/s 194C

TDS in case of Job Work:

If material values separately mentioned in invoice: TDS on invoice value excluding such material

If not separately mentioned : TDS on full invoice value

Note: Payment of cooling charges to cold storage owners : TDS u/s 194C & not 194I as customer is not given right of any fixed place to store, thus not become tenant.



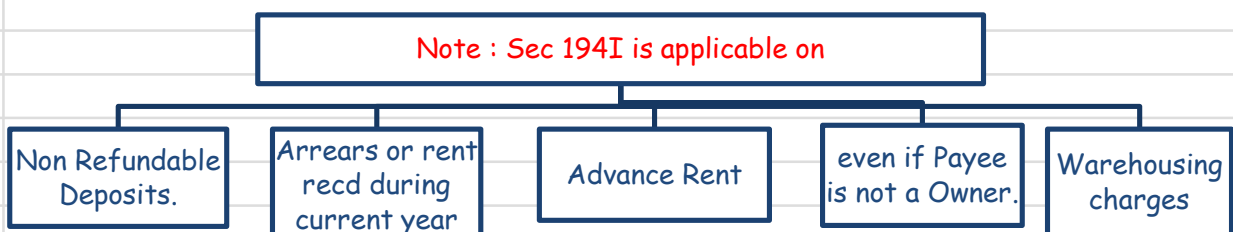
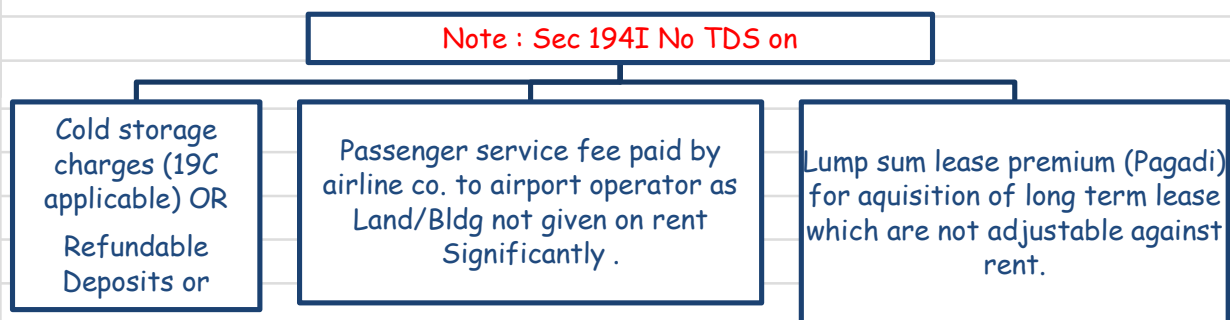
Payment of	Limit	Rate
194D: Insurance Commission (Dalal)	> ₹ 15,000	5% (10 % if payee is Domestic Co. Eg. Policybazar)
194DA: (Dilaya agent ne) Maturity of Life Insurance Policy	≥ Rs 1,00,000 (Maturity Amt) Note: No TDS if maturity exempt u/s 10(10D) i.e if premium is 10% /20% of sum assured.	5% of Income part <u>From 1st Oct 24 : 2 %</u> (Maturity - Premium paid) At time of Payment
194G: Commission on sale of lottery tickets. (Payee : Any)	> ₹ 15,000	5% <u>From 1st Oct 24 : 2 %</u>
194H: Commission & brokerage (Payer: ACHI-RJ)	> ₹ 15,000 (No TDS on comm. on security Eg: Comm. to underwriter or brokerage on public issue) No TDS on payment by BSNL/ MTNL to its public call office (PCO) franchise.	5% <u>From 1st Oct 24 : 2 %</u>

Note: Co./Client Pays to advertising agency :TDS u/s 194C

The same Advertising agency pays to TV Channel: NO TDS u/s 194C

- But if Ad. Agency while making paymt to TV Channel : Deduct some amt (Say 15%) for booking advertisements : Is this comm/discount u/s 194H & TV channel need to deduct TDS of Ad. Agency u/s 194H - Clarification : NO TDS u/s 194H

194I: Rent (Payer: ACHI-RJ)	> ₹ 2,40,000 (If multiple owners of same asset → Check 2.4L for each owner)	P & M or equipment- 2% Land/bldg, furniture-10%
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Payment of	Limit	Rate
194IA: Purchase of Immovable property (other than rural agricultural land)	≥ ₹ 50 lakh (Cndn or SDV) Cndn includes all charges (Club membership fees, Parking, Water or electricity charges)	1% of (Cndn or SDV) w.e is HIGHER
Note: From 1 st Oct 24 :If more than 1 transferor or transferee → 50 Lakh limit to be checked on aggregate of amt's paid by all transferee to 1 or more transferors.		
194IB:(Ind. & Immovable) Rent of Immovable property paid by Ind./HUF (Not covered in 194I)	>₹ 50,000 for a month or part of a month	5% at payment or credit of last month rent of year or tenancy (If Vacated during the year) <u>From 1st Oct 24 : 2 %</u> No PAN: 20% (TDS not exceed rent of Last month]
194J (Jai ho): (a) Fees for professional services or (b) Technical services (FPS/FTS) (c)Royalty (d)Non-compete fees (e)Director remuneration (Payer:ACHI-RJ)	>₹ 30,000 per category p.a of income separately (a to d) Director Remuneration: No limit (Always TDS)	2% - 1. Technical Fees, 2. Royalty for cinematographic films, 3. payment to call Centres. 10% → Other Payments/other royalty

Note for Payer: ACHI-RJ : Even if T/O of Ind/HUF exceeds 1cr./50 lakh Deduct TDS only for FPS & FTS. That means Ind/HUF never require to deduct TDS on royalty/NCF + personal Exp. (Fuddu bache : Ind/HUF koi co. nhi hai to director remuneration aayega)

Note : Sec 194J is applicable on payment

by Third party administrator on behalf of insurance co. to hospitals for settling insurance claim.

Cndn for right to use of computer software is Royalty
NOTE : 194J not attracted if Software acquired in a subsequent transfer wih NO modification by transferor + TDS already deducted in earlier transfers + Transferee obtains declaration along with PAN of transferor.

194K: Income from UTI/MF units	>₹ 5,000	10%
194LA: Compen. on compulsory acquisition of immovable property other than agricultural land (Urban+Rural) (Le gye acquire krke)	> ₹ 250,000	10% at the time of payment
194M: Payer: Ind/HUF (Not covered in 194C/H/J) <u>Aggregate of all below Payments</u> → Contractors → Commission or brokerage	> ₹ 50,00,000	5% <u>From 1st Oct 24 :</u> → <u>2 %</u>

→ Fees for professional services

Payment of	Limit	Rate
194N: Cash withdrawals from bank, Co-op bank, Post office	>1 crore (Nikala Cash)	@2% of amt exceeding 1 cr. at time of payment. In case payee not filed ROI for preceding 3 PYs, of which due date u/s 139(1) expired [before the start of Current PY], 2% on withdrawal amt more than 20 lakh to 1 Cr. 5% on withdrawal amt more than 1 Crore For PY24-25, Check PY(23-24, 22-23, 21-22, 20-21.)
No TDS if payee is govt, post-office, (bank, co-op bank or its ATM operator, b/s correspondent)		

Note: If payee is co-op Society: 3cr Limit everywhere in place of 1 Cr. (Co-op Bank : No TDS)

194P: Pension (along with interest on same bank A/c) of Resident Specified Senior Citizen (75 yrs or more) If Pension & Intt recd in different Banks: 194P not applicable	If NTI > ₹ 3 Lakh (BEL limit) No TDS u/s 194P if Ind. have any income Other than (pension & Interest from same bank)	Slab Rate Note: If TDS deducted, Person is not required to file ROI.
194Q Purchase of Goods by buyer (payer) whose last year (23-24) T/O > 10 crore	> ₹ 50 Lacs	0.1% of amt exceeding ₹ 50 lakhs (after adjusting purchase return) Note: No PAN : 5%

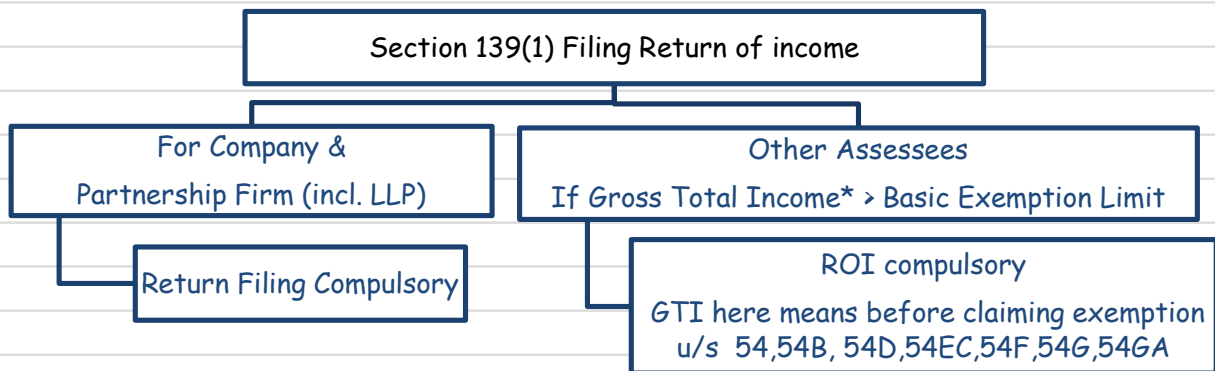
Note for 194Q: No TDS required if

- TDS deductible under any other section. OR
- TCS collected u/s 206C [Other than 206C(1H)].

If transaction to which sec 206C(1H)] and 194Q both applies, then TDS deducted u/s 194Q.

194R:(Reward) Any benefit or perquisite, whether convertible in money or not, arising from b/s or profession (Payer: ACHI-RJ)	Value > ₹ 20,000 PA	10% at time of/before providing such benefit/perks. Note: Same 194B/BB - If perks in kind & cash bal. not sufficient to deduct TDS.
194T (parTner): Salary, remuneration, commission, bonus, Intt to Partner by firm.	> 20,000 per partner p.a	10 % (at the time of credit to partner A/c (including his capital A/c) OR payment w.e is Earlier.

Provisions for filing Returns & Self-assessment



Other than above, Following @ also required to file ROI even if GTI not more than BEL.

1. **Resident and Ordinarily Resident (ROR)** who is
 - Beneficial Owner of any asset (including financial Intt. in any entity) located outside India.
 - Has signing authority in any Account outside India. (Eg. ROR having Swiz bank A/c)

OR

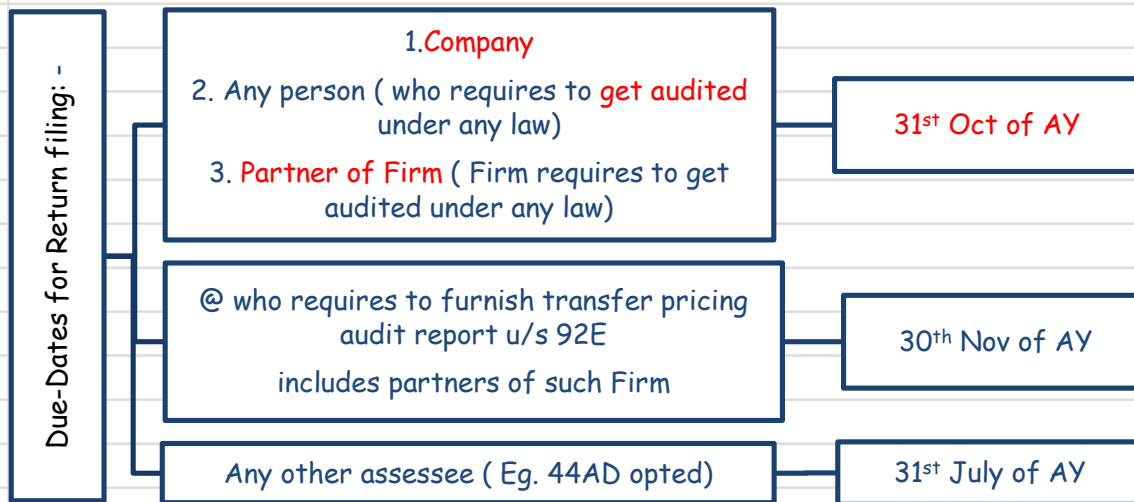
He is **Beneficiary** of Any **Asset** (incl. financial interest) **located outside India**

Note: If Beneficial Owner has filed Return, then Beneficiary is not required to file ROI.

Beneficial owner: One who provides Cndn for asset for his/other person future benefit.

Beneficiary: One who does not pay Cndn, but derives benefit from that asset.

2. If amt or aggregate of amt in PY **exceeding:**
 - >1 Cr. deposited in one or more current accounts maintained with bank/cooperative bank or deposited 50 lakh or more in one or more saving accounts.
 - >2 Lakh incurred as foreign travel expenditure for himself or any other person.
 - >1 Lakh incurred towards electricity Bill.
3. If T/O **Exceeds**
 - For Business > 60 Lakh
 - For Profession > 10 lakh
4. If Aggregate TDS+ TCS is ₹ 25000 or more (For Senior Citizen Limit: 50,000)



Sec 139(3) Return of loss:

- As per sec 80 for c/f of below losses, ITR must be filed upto due date under section 139(1)
- 1. All PGBP Losses (Eg Speculative, Specified B/s u/s 35AD),
2. Loss under CG Head 3. Loss from owing and maintaining race horses.

Note:

- Above loss can't be carried forward but they can be set off even if late ITR filed in same year.
- Exceptions:** Loss from HP and unabsorbed depreciation can be carried forward even though ITR not been filed before due date.
- Sec 80 conditions apply for year in which loss is incurred. For Next yrs the same Loss can be carried forward even after filing Belated ITR of next yrs.

Sec 139(4): Belated return

If ROI u/s 139(1) not filed, then @ may furnish belated return any time before :

3 months prior to end of the relevant A.Y. [31st December 25 for PY 24-25]; or
Completion of the assessment, w.e is EARLIER.

Note: Consequences of belated return

- c/f of some losses not allowed as per Sec 80.
- Sec 10AA deduction can't be claimed.
- Some Chapter VI-A Deductions can't be claimed (Eg 80JJAA, 80QQB, 80QQR)
- Interest u/s 234A: 1% per month or part of month.
- Late filing fees u/s 234F of 5000/1000.

Sec 139(5) Revised Return

Any ITR filed u/s 139(1) / 139(3) / 139(4) can be revised in case any omission or wrong statement discovered in earlier filed ITR.

Time Limit: Same as 139(4) **3 months prior to end of the relevant A.Y. [31st Dec. 25 for 24-25];**
OR Completion of the assessment, whichever is earlier.

Updated return cannot be submitted unless it is accompanied by proof of payment of tax under section 140 B (Tax & additional Tax) .

139A Permanent Account Number (PAN)- 10 Alphanumeric characters.

Persons mandatorily required to apply for allotment of PAN: Penalty ₹ 10,000 for each default

	Persons required to apply for PAN	Time limit for making application
(i)	Every person who is required to file ROI u/s 139(4A) (Trust Return)	UPTO the end of that P.Y.
(ii)	Every person having PGBP Y & turnover is likely to exceed 5 lakhs in P.Y.	UPTO the end of that P.Y.
(iii)	Every person, if his total income > Basic Exemption limit in PY	UPTO 31st May of the A.Y.
(iv)	Every person other than an individual entering into a financial transaction of amt aggregating R 2.5 Lakh or more in a F.Y.	UPTO 31st May of the AY
(v)	MD, director, partner, trustee, author, founder, Karta, CEO, principal officer or office bearer of person referred in (iv) above or any person competent to act on behalf of such person referred in (iv) above	UPTO 31st May of the AY in which the person referred in (iv) enters into financial transaction specified therein.
(vi)	Person intends to enter into following transactions: > Cash deposits OR cash withdrawal aggregating ₹20 Lakh or more in FY in one or more a/c with Bank/Co-Op. Bank/post office > Opening of a current a/c/ cash credit a/c with a bank/co-op. bank/ post office	At least 7 days before the date on which he intends to enter into the said transaction. Note: In these transactions (vi) Bank/Co-op. Bank/ Post Master of post office has to ensure that person is quoting his PAN/Aadhar.& it is authenticated both by A/c holder and bank.
	Note: Below Person NOT require to apply for PAN or quote PAN: → A NR (Not being a Co.) or Foreign Co. NOT having income chargeable to tax in India is making deposit/withdrawal of amt OTHERWISE than by cash OR opening a current A/c not being a cash credit A/c. → Transaction entered with an IFSC banking unit.	

Quoting of PAN is mandatory in: (Not Quoted /Wrong No. Quoted → Rs 10,000 penalty on each default)

- in all ITRs or correspondence with, any income-tax authority;
- in all challans payment under IT act
- in all documents pertaining to below transactions prescribed by the CBDT.

S. No	Nature of transaction (Learn It)	Value of transaction
1.	Sale/purchase of motor vehicle other than two-wheeler.	All such transactions

2.	Opening an account [OTHER than a time-deposit referred to at Sl. No.12 and Basic Savings Bank Deposit Account] with a bank/co- operative bank	All such transactions Eg. Opening current A/c in Bank
3.	Application for credit/debit card to any bank/co- operative bank or to any other co.	All such transactions
4.	Opening demat A / c	All such transactions
5.	Payment to a hotel/restaurant against a bill or bills at any one time.	Cash Payment > ₹ 50,000.
6.	Payment for travel to foreign country or for purchase of foreign currency at any one time.	Cash Payment > ₹ 50,000. (If Bank payment : PAN not required)
7.	Payment to a Mutual Fund for purchase of its units.	Amount > ₹ 50,000
8.	Payment for acquiring debentures/bonds	Amount > ₹ 50,000
9.	Payment to the RBI for acquiring its bonds.	Amount > ₹ 50,000
10.	Deposit with a bank/co-operative bank/ post office.	Cash deposits > ₹ 50,000 during any one day.
11.	Purchase of bank drafts or pay orders or banker's cheques from a banks/co-operative bank.	Cash Payment > ₹ 50,000 during any one day.
12.	A time deposit (FD) with, - (i) a banking company or a co- operative bank (ii) a Post Office; (iii) a Nidhi Co.; or (iv) a NBFC	Amount > ₹ 50,000 or aggregating to > ₹ 5 lakh during a F.Y.
13.	Payment for one or more pre-paid payment instruments (Eg. Traveller Cheque) , to a bank / co- operative bank or to any other company or institution.	Payment in cash or bank draft or pay order or banker's cheque of an amt aggregating to > ₹ 50,000 in a F.Y.
14.	Payment as life insurance premium to an insurer.	Amount aggregating > ₹ 50,000 in a F.Y.
15.	A contract for sale or purchase of securities (other than shares) Eg. Debenture,Bonds	Amount > ₹ 1 lakh per transaction
16.	Sale/purchase of shares of co. not listed in a stock exchange. (Private Co.)	Amount > ₹ 1 lakh per transaction
17.	Sale/purchase of any immovable property.	Cndn or SDV > ₹ 10 lakhs
18.	Sale or purchase of G/S of any nature other than those specified at Sl. No. 1 - 17 of this Table, if any.	Amount > ₹ 2 lakh per transaction

Note :

→ Minor not having any income taxable in his own hands, can enter into the above transactions by quoting the PAN of his parents or guardian.

→ Any person (Other Than Co. or Firm) not having PAN & do any of above transactions, shall make declaration in FORM 60 giving details of transactions. (Mtlb co. & Firm: PAN mandatory)

Specified class of persons means **any persons** who is required to file ROI, **other than**
 → A **company** OR → Person whose **Accounts are audited u/s 44AB** or under any other Law.

Analysis : Ind/HUF whose BOA not audited u/s 44AB can get their return filed through TRP.

Note : Individual having bachelor degree from recognised Indian university Or passed CA Inter exams of ICAI/ICSI/CMA can become TRP.

Section 140: Persons authorized to verify Return of Income (OTP Verification)

Person	Verified BY:
1. Individual	himself
➤ Individual absent from India	Person authorized by power of attorney from individual (Such attorney must be attached to ITR)
➤ Individual mentally incapacitated	his guardian or person competent to act on behalf
2. HUF	Karta
➤ Karta is absent from India or mentally incapacitated.	any adult member (male or female) of the HUF (Minor)
3. Company	Managing director
➤ MD not able to verify or NO MD	Any director of the company or person prescribed (Note 1)
➤ Co. is not resident in India	Person authorized by power of attorney from individual (Such attorney must be attached to ITR)
➤ Co. under Liquidation	Liquidator
➤ Mgt of Co. taken over by the CG or SG under any law	Principal officer of co.
➤ Co. whose application for corporate insolvency resolution process admitted under IBC	Insolvency professional appointed by Adjudicating Authority
4. Firm	Managing partner of the firm
➤ Managing partner not able to verify Or No Managing Partner	Any adult Partner (Minor)
5. LLP	Designated partner (DP)
➤ DP not able to verify or NO DP	Any partner of the LLP or person prescribed (Note 1)
6. Local authority	Principal officer
7. Political party	CEO of such party (whether he is known as secretary or by any other designation)
8. Any other person	Any member /Person competent to act .