

1.B Agricultural Income

Income tax Act - Sec 10(1) Agricultural Income - exempt.

classifications of Agricultural income

1. Agri Land → let out → for Agri. activity → then Rev generated ↓ Agri Income.
2. Agri land → given → for Agri activity → Received Agri produced }
Reven generated from such shall be Agri Income ↓
3. Agricultural land → let out → movie shoot → Reven generated }
Not on Agricultural Income ←
4. CO → Agri Activity

5. Partnership firm → performing → salary } partner → considered
Agri Activity Int on cap } as Agri Inc.

Composite Income. → Agri Inc + Business Income.

(Imp for exam)

Income partially Agricultural & partially from Business.

Sec no	Activity.	Agri Income	Business
7	Rubber manufacturing	65%	35%
7(B)(i)	sale of coffee (grown & cured) by seller.	75%	25%
7(B)(IA)	Sale of coffee grown, cured, roasted, grounded with mixture of of labour or without mixture in India.	60%	40%
8	Growing & manufacturing Tea in India	60%	40%

* PARTIAL INTEGRATION [only if Agri Income exceed ₹5000]
Govt indirectly → Taxed Agricultural Income.

Steps to calculate tax on Agricultural Income + Non Agri Income

Step 1 :- calculate tax on Agricultural & non Agricultural Inc.

Step 2 :- calculate tax on BEL + Agricultural Income

Step 3: Tax before cess (Step 1 - Step 2)

Step 4 : Apply Rebate u/s 87A or Surcharge if exceeds 50L

Step 5 : levy 4% HEC (Imp for exam)

eg Salary 50L — No surcharge
Agri 10L

Salary 55L — Surcharge ✓
Agri 10L

Salary 10L — No surcharge
Agri 60L — doesn't form part of TI.