

Welcome to the **TAX-VERSE**



Format of Total Income & Tax Computation

Particulars	₹	₹ .
I] Income from salaries.		x x x
II] Income from House Property.		x x x
III] Profit / Gains from business / Profession.		x x x
IV] Income from Capital Gains.		x x x
V] Income from other sources.		x x x
Gross Total Income		x x x x
(-) <u>Deduction under Chapter VI-A</u>		
-	x x x	
-	x x x	
-	x x x	(x x x)
Net Total Income.		x x x x

↓
compute Tax Liability.

Charging section	sections
Salary →	Sec 15 15-17
HP →	Sec 22 22-27
PGBP →	Sec 28 28-44
Cg →	Sec 45 45-55
IFOs →	Sec 56 56-58



who has given the power to → Govt → To levy Tax.

↓
Constitution of India.

↓
Article 246

Union
List

State
List

Concurrent
List

↓
Entry 82
of
Schedule VII

↓
Income Tax is
levied on
ALL incomes
except for

Agricultural Income.

Total Income → Net Tax Liability.

1] Identify Residential status ✓

1] Residential status.

2] Identify exempt incomes

2] Incomes which do not
form part of Total Inc.

3] Compute Taxable income
[5 heads]

3] Heads ✓

4] Give treatment to losses before
we compute Gross Total Income

4] Set off & carry fwd
of losses.

5] Consider all incomes to be clubbed
in the hands of the Assessee.
↓
Before we compute Gross Total Income

5] Clubbing of Income.

6] Identify Gross Total Income

7] Reduce Deductions under Chapter VI-A

6] Deductions

8] Identify Net Total Income.

9] Identify Tax Liability

7] Basic Concepts.

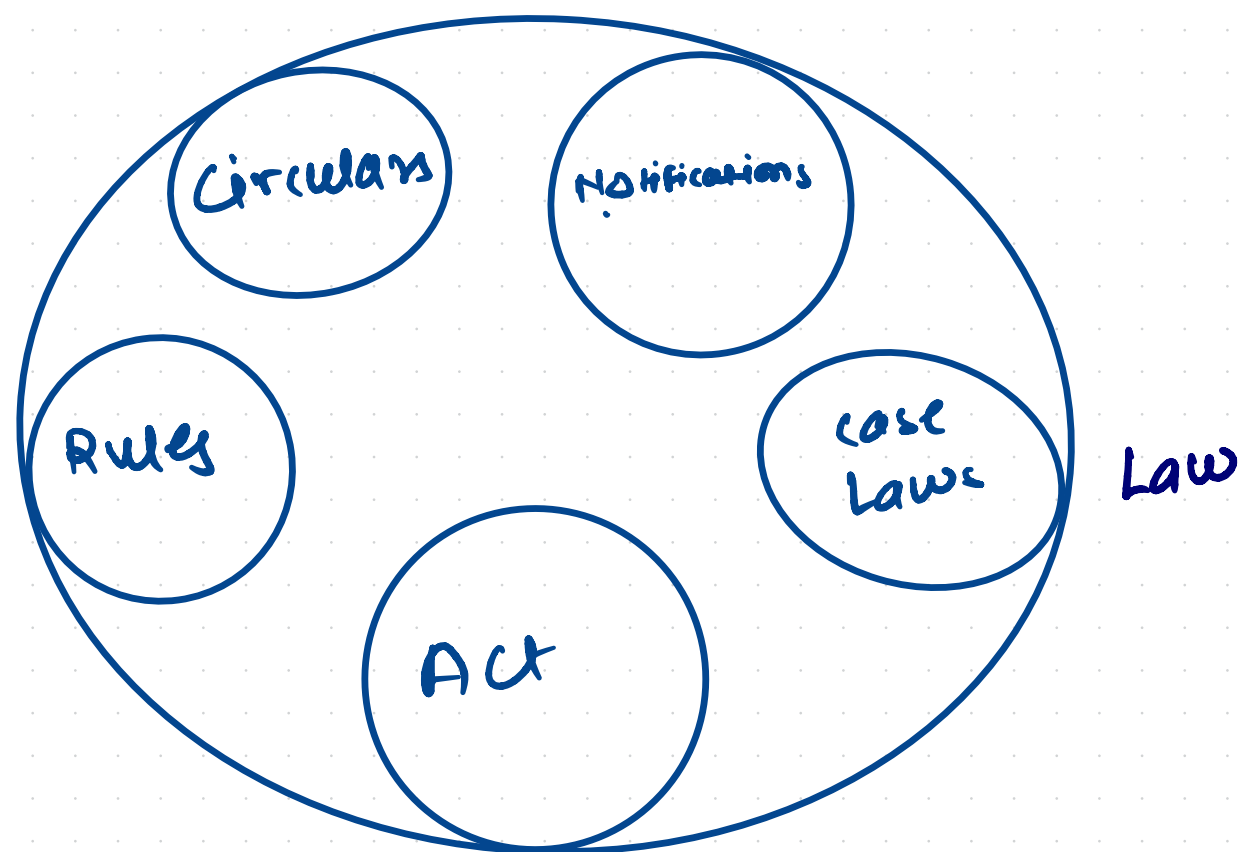
10] Return of Income

8] Return of Income.



AMIT MAHAJAN

Are we going to learn Act or Law?



- Act** → Provisions ✓
- Taxability ✓
- Administration / compliance ✗
- 1/4/1962
- Income-tax Act, 1961

2] **Rules** → Administration / compliance ✓

→ If a person fails to deposit the taxes within the due date, he would be liable to file a statement with the officer in the form as may be prescribed.

→ The Income-tax Rules, 1962

3] **Notifications** → Clarifications given by the Govt.

→ procedural aspect.

→ To remove the confusion.

4] **Circulars** → Provide guidelines to the Income-tax dept.

→ only for the Dept & not binding on Assessee.

5] **Case Laws** → Judgements given by the court.

Schemes

Normal
Scheme

Sec 115BAC

↓
New scheme

↓
Default scheme

Normal Scheme

±] For Individuals → Normal Tax Regime.

1] Age → < 60 years

Status → Resident / Non-Resident.

0 - 2,50,000 → Nil

2,50,001 - 5,00,000 → 5%.

5,00,001 - 10,00,000 → 20%.

Above 10,00,000 → 30%.

2] Age ≥ 60 years < 80 years
↓
only to Resident person.

Senior
Citizen

0 - 3,00,000 → Nil

3,00,001 - 5,00,000 → 5%.

5,00,001 - 10,00,000 → 20%.

Above 10,00,000 → 30%.

3] Age → ≥ 80 years.
Status → Resident.

Super
Senior
Citizen

0 - 5,00,000 → Nil

5,00,001 - 10,00,000 → 20%.

Above 10L → 30%.

Tax Rates

Normal
Tax
Rates.

- Slab rate.
- Corporation
Tax
Rate.

Finance
Act

Special
Tax
Rates.

Special
Incomes.

- Capital Gains
[112A, 112, 111A]
- Casual Income.
[30%]

Income-tax Act

Section 115BAC

- Earlier, this was an optional scheme
- Now, it is a default tax regime.
- Applicable to → Individual / HUF / AOP / BOI ✓

New
scheme

Concessional
Tax Rates.

Deductions X
Exemptions X

Normal / old
scheme.

Deductions ✓
Exemptions ✓

Tax Rates

Total Income	Tax Rate.
0 - 3,00,000	Nil
3,00,001 - 7,00,000	5%
7,00,001 - 10,00,000	10%
10,00,001 - 12,00,000	15%
12,00,001 - 15,00,000	20%
> 15,00,000	30%

Tax Rates for Firm, LLP, Local Authority

Flat 30%

NO Basic Exemption limit

Co-operative Societies

0 - ₹10,000 → 10%

₹10,001 - ₹20,000 → 20%

Above ₹20,000 → 30%

Co-op. Society's TI → ₹90,000

→ 10K X 10% → ₹1000

→ 10K X 20% → ₹2000

→ 70K X 30% → ₹21000

24,000

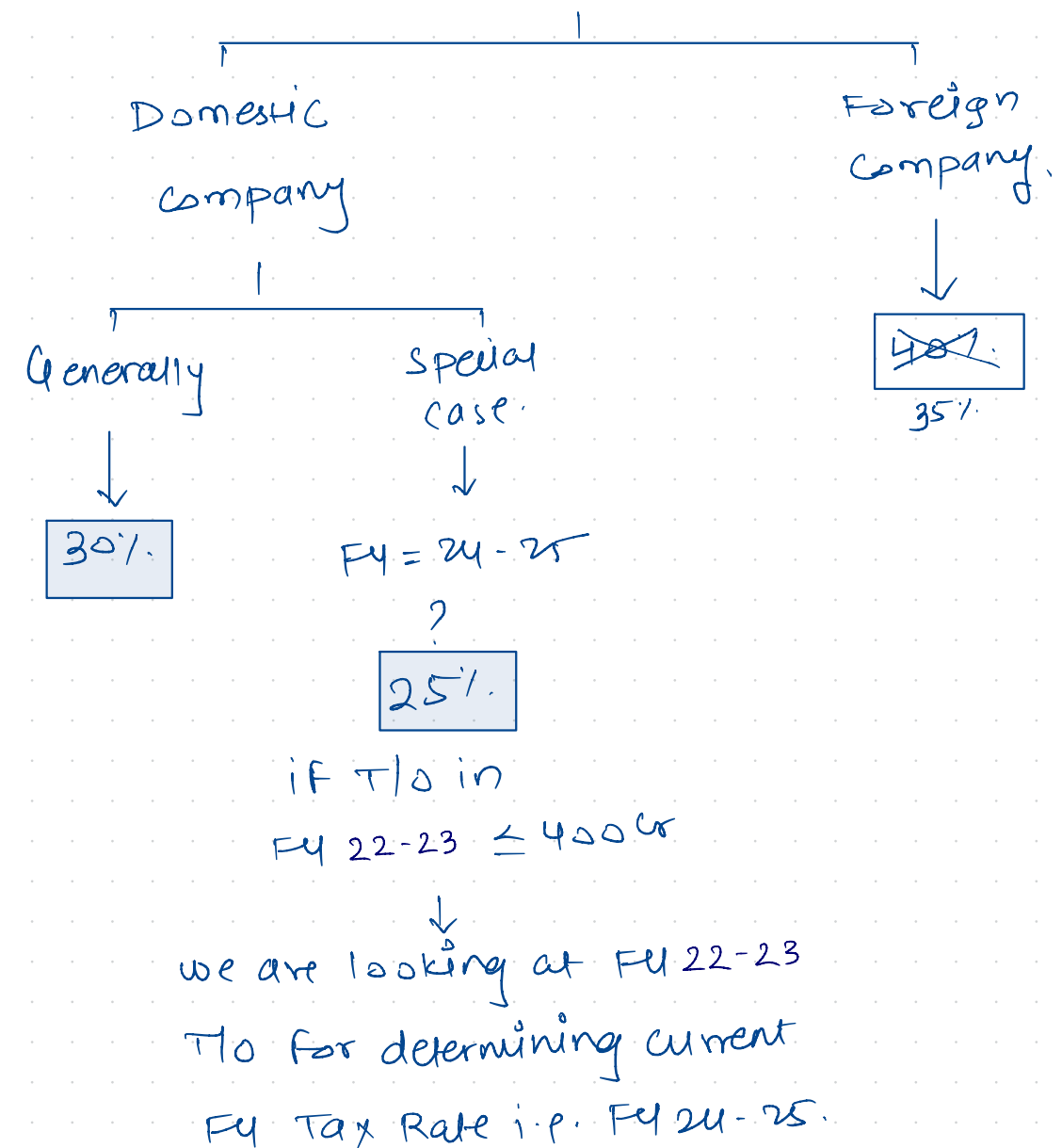
+ HEC @ 4%

24,960



AMIT MAHAJAN

Tax Rates for Companies



Special Rates for Companies

SEC 115BAA

22%

+ 10% compulsory surcharge

+ 4% Health & Ed. Cen.

• Domestic Companies

• Exemptions X Deductions X

SEC 115BAB

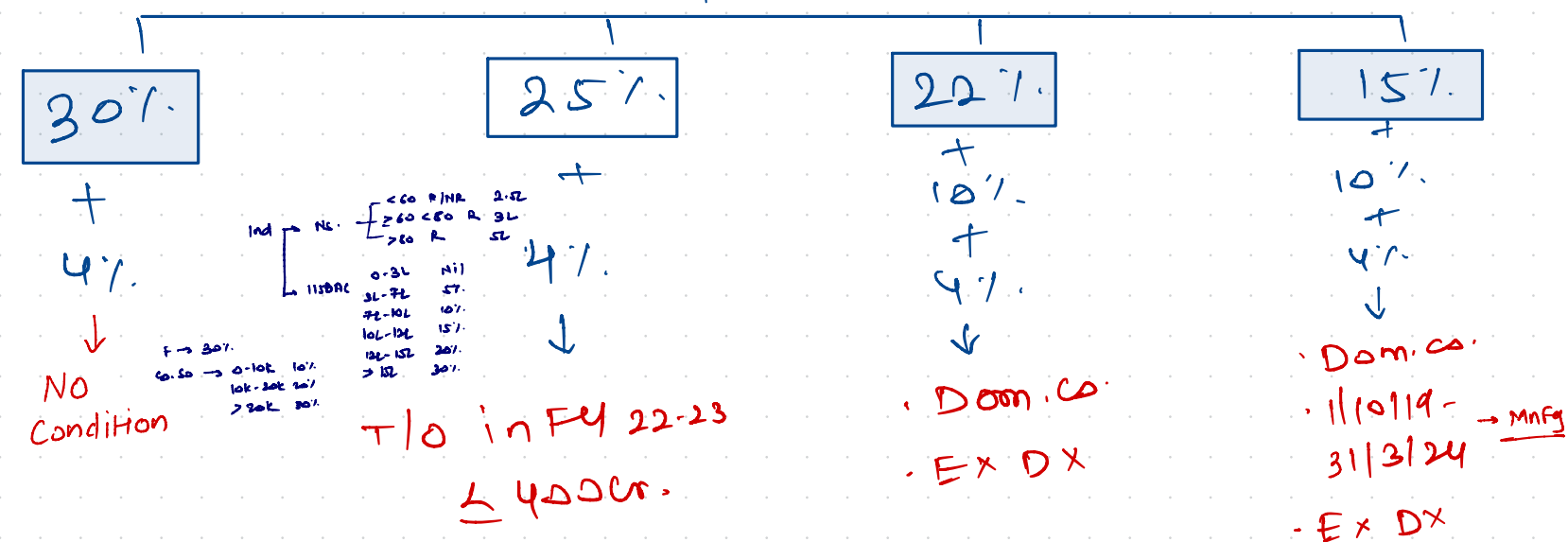
15%

+ 10% compulsory surcharge

+ 4% Health & Ed. Cen.

- Domestic Companies
- 1/10/19 - 31/3/24 → set up & commence mfg.
- Exemptions X Deductions X

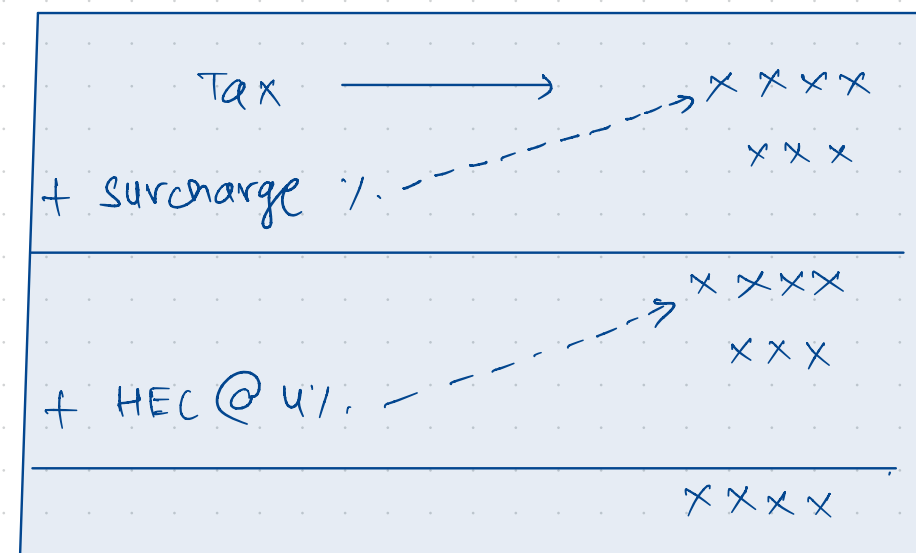
Domestic Co.



Surcharge.

Surcharge is Tax on Tax.

Rich Tax



Surcharge for Companies/Firm/HUF/co-op soc.

I] Firm → Upto 1cr → Nil
 > 1cr → 12%.

Surcharge		
Indiv	0-5L	Nil
	5L-1L	10%
	1L-2L	15%
	2L-5L	20%
	> 5L	30%
Firm	Upto 1cr	Nil
	> 1cr	12%
Company	0-1L	Nil / Nil
	1L-10L	7% / 2%
	> 10L	10% / 5%
	Lo Dom/co-op	
	Lo For. Co. [Red]	

II] Companies

Nature of Co.	TI = > 1cr ≤ 10cr	TI = > 10cr
1] Domestic company/co-op society	7%	12%
2] Foreign company	2%	5%

II] surcharge rates for individuals/HUF/AOP/BoI/ATP

Upto 5L	Nil
5L-1cr	10%
1cr-2cr	15%
2cr-5cr	25%
> 5cr	27%
Total Income	Tax Rate

For Normal Tax Regime

0-5L	Nil
5L-1L	10%
1L-2L	15%
> 2L	25%

If my Total Income = ₹ 3.5cr.

✗ Donot consider surcharge slab wise. ✗

Use % directly

Marginal Relief

Mr. Amit(R) is 58 year old earning income of ₹ 51,00,000 in FY 24-25. Compute the tax liability for AY 25-26.

completion of Tax slab in the hands of Mr. Armit for AY 25-26.

0 - 2,50,000	Nil
2,50,001 - 5,00,000	12,500
5,00,001 - 10,00,000	1,00,000
10,00,001 - 51,00,000	12,30,000
+ Surcharge.	13,42,500
(-) Marginal relief	70,000
	14,12,500
	56,500
+ HEC @ 4%.	
Tax Liability.	14,69,000

Income Statement (I/O)

I	O
1,00,000	1,34,250 → 54% 30,000 → Tax.
1,00,000	1,64,250

The difference between the two 'O' amounts is 64,250.

Marginal Tax Rate Table

0	25L	50L	10L	50L	50L
Nil	5%	20%	30%	30%	

Example 2

Total Income = ₹ 50,50,000 → AYUSH [SS → R]
Tax liability. ↳ Normal scheme.

	NP1
0 - 2,50,000	12,500
2,50,001 - 5,00,000	1,00,000
5,00,001 - 10,00,000	12,15,000
10,00,001 - 50,50,000	13,27,500

+ Surcharge 1,32,750

(-) Marginal relief

35,000

13,62,500

+ HFC @ 4%.

$$s_4, s \Rightarrow 0$$

Tax Liability

14, 17, 000

Homework Qs $\rightarrow$

115BAC

17 Aaysha [NR] $\rightarrow$ 51 yrs $\rightarrow$ TI $\rightarrow$ ₹ 50,75,000.

2] Anshuman [R] $\rightarrow$ 59 yrs $\rightarrow$ TI $\rightarrow$ ₹53,00,000

3] Jenis [R] $\rightarrow$ 6948 $\rightarrow$ TI $\rightarrow$ 21,02,00,000

I	O
50,000	Surcharge → 1,32,750
	Tax → 15,000
50,000	1,47,750

97,750

BBV Pvt Ltd earned ₹ 1,01,00,000 in FY 24-25.

computation of Tax liab

Total Income.	1,01,00,000.
Tax @30%.	30,30,000
+ Surcharge.	2,12,100
(-) Marginal relief.	(1,42,100)
	70,000
	31,00,000
+ HEC @4%.	1,24,000
Tax liability.	32,24,000

I	O
1,00,000	2,12,100
	30,000
1,00,000	2,42,100

MR → 1,42,100

Tax on 1cr.

0-2L → Nil
 2L-5L → 10,000
 5L-10L → 1,00,000
 10L-1cr → 27,00,000
 (90L x 30%)

28,10,000.
 Surcharge. 2,81,000



Darshan (R) → Age 74 → Total Income = 1,01,00,000.
 Normal Tax Regime.

computation of Tax Liability.

0 - 2,00,000	Nil
2L - 5,00,000	10,000
5L - 10,00,000	1,00,000.
10L - 1,01,00,000.	27,30,000
	28,40,000.
+ Surcharge.	4,26,000
(-) Marginal Relief	(75,000)
	31,91,000
+ HEC @4%.	1,27,640.
Tax Liability.	33,18,640

1,00,000	Surch 4,26,000
	Tax 30,000
1,00,000	4,56,000
	3,56,000 MR

Surch x	Surch 10%	Surch 15%
0	5L	10L
		1,01cr.
		4,26,000.
		(2,81,000)
		1,45,000

I	O
1,00,000	Surch 1,45,000.
	Tax 30,000
1,00,000	1,75,000

MR → ₹ 75,000.

Mr. Shivarjun → Age 50 → R

Total Income → ₹ 1,01,50,000/-

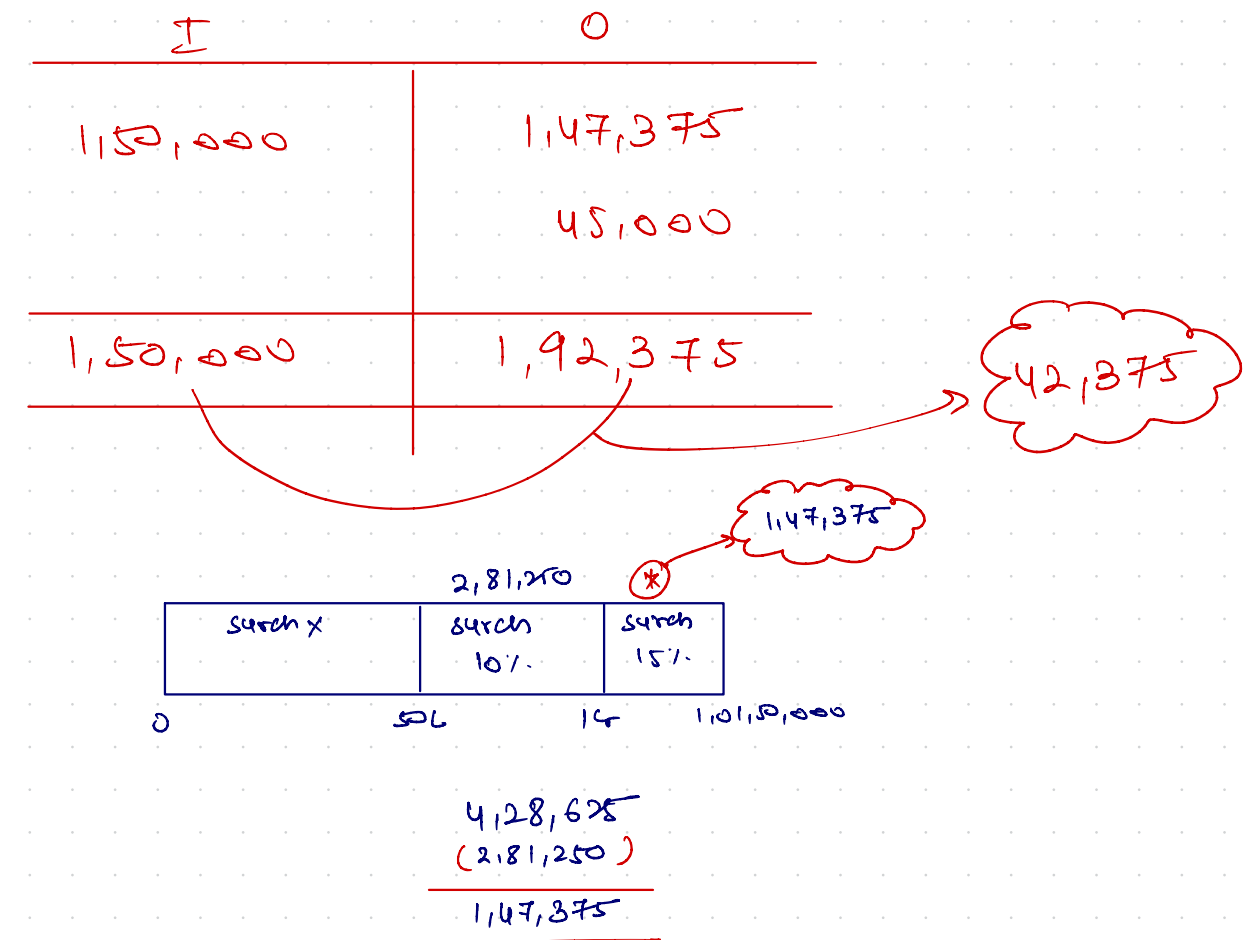
0 - 2,50,000	Nil
2.5L - 5,00,000	12,500
5L - 10,00,000	1,00,000
10L - 1,01,50,000	27,45,000
	<u>28,57,500</u>

+ Surcharge 4,28,625
 (-) Marginal Relief (42,375) 3,86,250

32,43,750

+ HEC @ 4% 1,29,750

Tax Liability 33,73,500



Tax on ₹ 1Cr.

0 - 2.5L → Nil
 2.5L - 5L → 12,500
 5L - 10L → 1,00,000
 10L - 16L → 27,00,000
 (90L × 30%)

28,12,500

Surcharge @ 10% 2,81,250



Rebate u/s 87A

Normal scheme

- Rebate u/s 87A is introduced to give certain relief to **Individuals** who are **RESIDENT** IN INDIA having Total Income $\leq 5,00,000$
- Total Rebate allowable:
 - Tax amount
 - OR
 - ₹ 12,500
 } whichever is lower.
- If TI exceeds ₹ 5,00,000 even by ₹ 10, this rebate will not be available to him.

TI = ₹ 5,00,000		TI = ₹ 5,10,000	
0 - 2.5L	Nil	0 - 2.5L	Nil
2.5L - 5L	12,500	2.5L - 5L	12,500
		5L - 5.10L	2,000
	12,500		14,500
(-) Rebate u/s 87A (12,500)		(-) Rebate u/s 87A	Nil
	Nil		14,500
		+ HEC @ 4%	580
			15,080

Rebate u/s 87A for sec 115BAC

• CONDITIONS

1] Residents.

2] Individuals.

3] Total Income $\leq$ ₹7,00,000.

Rebate allowable:

① Tax amount
OR

② ₹25,000/-

Total Income = ₹6,00,000

0-3L	Nil
3L-6.5L	17,500
	17,500
(-) Rebate u/s 87A	
↓ . ₹17,500 OR ↓ . ₹25,000	(17,500)
Tax Liability	Nil

Total Income = ₹7,00,000

0-3L	Nil
3L-7L	20,000
	20,000
(-) Rebate u/s 87A	
↓ . ₹20,000 OR ↓ . ₹25,000	(20,000)
	Nil

Total Income = ₹8,00,000

0-3L	Nil
3L-7L	20,000
7L-8L	10,000
	30,000
+ HEC@4%	1,200
	31,200

No Rebate

Income 1000
Tax 3000
2000
Relief ✓

Marginal Relief is case of Sec 115BAC Rebate.

- If Total Income exceeds ₹7,00,000 marginally, then the A/c is eligible for rebate [Just like marginal relief]
- When is he eligible for rebate? → when Total Income is $\leq$ Tax Liability
excess of ₹7L

$$\text{Total Rebate} = \text{Tax Amount} (-) \text{Income in excess of ₹7L}$$

Total Income = ₹7,10,000

Tax Liab	0-3L	Nil
	3L-7L	20,000
	7L-7.10L	1,000
		<u>21,000</u>
(-) Rebate u/s 87A		(11,000)
		<u>10,000</u>
+ HEC @ 4%		400
Tax Liab		<u>10,400</u>

Total Income = ₹7,20,000

Tax Liab	0-3L	Nil
	3L-7L	20,000
	7L-7.20L	2,000
		<u>22,000</u>
(-) Rebate u/s 87A		(2,000)
		<u>20,000</u>
+ HEC @ 4%		800
Tax Liab		<u>20,800</u>

Total Income = ₹7,40,000

Tax Liab	0-3L	Nil
	3L-7L	20,000
	7L-7.40L	4,000
		<u>24,000</u>
(-) Rebate u/s 87A		Nil
		<u>24,000</u>
+ HEC @ 4%		960
Tax Liability		<u>24,960</u>

Inflow > outflow
40K > 24K

Concessional Tax Rates for Co-operative societies

I] Present Tax Rates

0 - 10,000	→	10%
10,001 - 20,000	→	20%
above 20,000	→	30%

II] Concessional Tax Rates

115BAE



Manufacturing
co-op society.



15%

+ 10% SC [compulsory]
+ 4% HEC



Certain exemptions
&
certain deductions
NOT AVAILABLE.

115BAD



Other co-op
society.



22%

+ 10%
+ 4%



Certain exemptions
&
certain deductions
NOT AVAILABLE.

115BAA Any.	115BAB Mnfg.
22%	15%
115BAD Co-op. soci. other than Mnfg.	115BAE Mnfg.
22%	15%

Whether Marginal Relief will be
applicable if a co-op society is
opting for concessional tax rates
u/s 115BAE/115BAD????



NO

Reason

Marginal relief is applicable
when the outflow of surcharge & tax
is higher than inflow of income
increased marginally due to change
in slab rates of surcharge.



In this case, there is no concept of
slabs for surcharge as there is a
compulsory surcharge of 10%.

Cases where income of previous year will be assessed in the PY itself.

Usually → Income of the PY (FY) is assessed in the AY (next FY)

- 1] Shipping business of Non-Resident.
- 2] Person leaving India.
- 3] AOP/BoI/AJP formed for a particular event.
- 4] Persons likely to transfer the property to avoid tax.
- 5] Discontinued Business. [Discretionary power]

