

FOR MAY/SEP 2025 & JAN 2026 EXAMS

# CHART BOOK FOR INCOME TAX

Graphical and tabular presentation of tax concepts for  
strong revision

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This chartbook is prepared with utmost simplicity, straight forward  
and student friendly language. This book will serve as a strong study  
tool in your exam preparation.

# Chart book index

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# Basic concepts

## Individual/HUF/AOP/BOI/artificial juridical person

### Optional Tax regime

#### Income Tax rate

- 0 to Rs. 250,000 — Nil
- Rs. 250,001 to 5 lacs — 5%
- Rs. 500,001 to 10 lacs — 20%
- More than Rs. 10 lacs — 30%



#### Rebate under section 87A

Only for resident individual having income up to Rs. 5 lacs

Amount of rebate

-Rs. 12,500

-Tax on income

Whichever is lower



In case the individual is resident and of the age 60 years or more then exemption limit is Rs. 3,00,00 and of age 80 years or more exemption limit is Rs. 5,00,000

#### Rate of surcharge

##### Particulars

	Rate of surcharge	Surcharge on dividend/112/111A/112A
• Total income is more than Rs. 50 lacs but upto Rs. 1 cr	10%	10%
• If total income is more than Rs. 1 cr but upto Rs. 2 cr	15%	15%
• If total income (excluding dividend/112/111A/112A) is more than Rs. 2 cr but up to Rs. 5 cr	25%	15%
• If total income (excluding dividend/112/111A/112A) is more than Rs. 5 cr	37%	15%

## For partnership firm including LLP and local authority

- Flat tax rate of 30%
- Surcharge rates If total income is more than Rs. 1 cr - 12%

## Tax rates and surcharge for domestic companies

Flat tax rate — 30% (if turnover in PY 2022-23 is up to Rs. 400 crores then 25%)

#### Surcharge rates

- If total income is more than Rs. 1 crore but up to Rs. 10 cr **7%**
- If total income is more than Rs. 10 cr **12%**

### Special tax rate for some domestic companies, opting

Section	Tax rate	Surcharge rate irrespective of income
• 115BBA	22%	10%
• 115BAB	15%	10%

## Foreign companies

Flat tax rate — 35%

#### Surcharge rates

- If total income is more than Rs. 1 crore but up to Rs. 10 cr **2%**
- If total income is more than Rs. 10 cr **5%**

## Cases where income of the previous year will be assessed in that previous year itself

- Non-resident shipping business
- Person leaving India
- AOP/BOI/artificial juridical person formed for a particular event or purpose
- Person likely to transfer property to avoid taxes
- Discontinued business



## Default tax regime for Ind/HUF/AOP/BOI/AJP – Section 115BAC

Now it is a default method to pay tax (only for normal income)

Please note – special income is taxable at special rates only. LTCG – 12.5% / 111A–20% / 112A–12.5%/casual income – 30%

### Income

### Alternative rate of tax

- Up to Rs. 3 lakhs ————— Nil
- Rs.3 lakhs for Rs.7 lakhs ————— 5%
- Rs.7 lakhs to Rs.10 lakhs ————— 10%
- Rs.10 lakhs to Rs.12 lakhs ————— 15%
- Rs.12 lakhs Rs.15 lakhs ————— 20%
- More than Rs.15 lakhs ————— 30%

**DEFAULT TAX  
System**

### Change of Regime

**Non PGBP - Can  
change every year**

**PGBP - Cannot  
change once default  
adopted**

Under default tax regime, tax rate will be same and assessee age is not relevant.



## Rebate under section 87A under default regime

Only for resident individual having income up to Rs. 7 lacs

Amount of rebate

-Rs.25,000

-Tax on income

Whichever is lower

Under default tax regime, rebate is also available, if the income exceeds marginally by ₹7 lacs.

## Rate of surcharge under default regime

Particulars

Particulars	Rate of surcharge	Surcharge on dividend/ 111A/112A/112
• Total income is more than Rs.50 lacs but upto Rs. 1 cr	10%	10%
• If total income is more than Rs. 1 cr but upto Rs.2 cr	15%	15%
• If total income (excluding dividend/112/111A/112A) is more than Rs.2 cr	25%	15%

## Deduction is not allowed while computing tax as per the new scheme

- Leave travel concession
- House rent allowance
- Other official and personal allowances

Only the following allowances shall be allowed

- Transport allowance for physically handicapped (Rs.3200)
- Conveyance allowance and travelling allowance for official purpose
- Daily allowance provided to the employee to meet his routine expenses while he is away from his normal place of duty.
- Daily allowance or constituency allowance of MPs and MLAs
- Exemption in respect of income of minor child included in the income of parent (Rs.1500 per child)
- Section 10AA exemption of SEZ
- Section 16 deduction under salary (entertainment allowance & tax on employment). Please note standard deduction is available.
- Section 24(b) interest on loan in respect of self occupied property (Rs.2,00,000)
- Additional depreciation
- Section 35 Contribution for scientific research – outside
- Section 35AD specified business deduction
- Deduction under chapter VI-A (Section 80C to 80U)
- Only the following deductions are allowed
- Section 80CCD(2), 80CCH(2) and 80JJAA

## Residential status & scope of total income

### Residential status of individual

Basic conditions

- PY stay 182 days or more in India
- OR**
- PY stay 60 days or more in India + preceding 4 years stay atleast 365 days



#### 182 days or more in these 3 cases

- Indian citizen leaving India for employment outside
- Indian citizen being crew member of Indian ship
- Indian citizen or PIO who stays abroad but comes to visit India & total income other than foreign sources is upto ₹15 lacs.

#### To sum up

Individual becomes resident if ANY of the basic condition is satisfied. But in above 3 cases only 182 days condition will apply.

### Additional conditions to check ordinary or non ordinary

- Stay in India in last 7 years (preceding the PY) + is 730 days or more.
- Must be resident in 2 out of 10 years (preceding the PY).

If both the above are satisfied - ordinary resident else non ordinary resident

### Special provisions

- Indian citizen or PIO, being outside India comes to visit India and total income exceeds ₹15 lacs (excluding foreign sources income).

Basic conditions

- PY stay 182 days or more in India
- OR**
- PY stay 120 days or more in India + preceding 4 years stay atleast 365 days

**Ordinary resident**  
Stay during PY is 182 days or more

**Non ordinary resident**  
Stay during PY is 120 days or more but less than 182 days.

- Indian citizen whose total income exceeds ₹15 lacs (excluding foreign sources income\*) & not liable to tax in any country or territory- Always deemed as not ordinary resident.

#### \*Excluding foreign sources (Indian source income)

- Arise in India
- Received in India
- Controlled from India

### Residential status of HUF

- If control & management is 100% outside India then non resident otherwise resident.
- To determine ROR or RNOR - apply additional conditions on Karta.

### Residential status of firm /AOP/ BOI

If control & management is 100% outside India then non resident otherwise resident.

### Residential status of company

The following companies are resident during PY

- Indian companies
- Foreign companies where POEM is in India

### Interest, Royalty, FTS income of Non-resident

Taxable in the following cases if received from:

- GOI
- Resident, used in any source in India
- NR, used in business in India

### Scope of total income

	ROR	RNOR	NR
• Income arise or deemed to arise in India	Yes	Yes	Yes
• Income received or deemed to be received in India	Yes	Yes	Yes
• Income neither arise nor received in India	Yes	Yes If controlled from India No If not controlled from India	No



# Income under the head salary

## Section 15 to 17

### Section 15 Charging section - 1

- Employee and employer relationship
- Due or receive whichever is earlier
- Advance received or arrears received will be taxable in the year when received - but not be taxable again

#### Salary

- Allowances - 2
- Perquisites
- Retirement benefits
- Profits in lieu of salary

### Allowances

#### Official allowances - exempt

Eg. Travelling, conveyance, daily allowance

#### Personal allowances - taxable - 3

Eg. Cash, lunch, medical, overtime, etc.

Some personal allowances are exempt only in optional regime

House rent allowance	Children education allowance	Hostel allowance	Transport allowance
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#### House rent allowance

Least of the following -

- Actual HRA
- Rent paid - 10% of RBS salary
- 40% RBS (50% in case of DMKC)

RBS = BS + DA (forming part) + Fixed % commission on turnover

HRA fully taxable under default regime

#### Children education allowance

Rs. 100 pm each - Max 2 children

#### Hostel allowance

Rs. 300 pm each - Max 2 children

Under optional regime only

#### Transport allowance

Only for blind, deaf, dumb or orthopedically handicapped

Rs. 3,200 p.m.

In both the regimes

### Deduction under section 16

#### Standard deduction - Max Rs. 75,000

In optional ₹50k

#### Entertainment allowance

Only for government employees

Least of the following

- Actual entertainment allowance
- 20% of basic salary
- Rs. 5,000

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Under optional regime only

#### Tax on employment - cash basis

### Forgoing of salary

Taxable in the hands of employee - 6

### Surrender of salary

Not taxable

### Profit in lieu of salary - 7

- Compensation received - Termination or modification of employment contract
- Amount received on key-man insurance policy
- Lump-sum payment - Before joining or after cessation of job



## Rent free or concessional accommodation

**Government Employee**  
Central or state government employee  
  
Licence fees as per govt. rules

**Non govt. employees**  
House owned by employer  
Population Perq. value  
• Upto 15 lacs 5% of RFA salary  
• More than 15 upto 40 lacs 7.5% of RFA salary  
• More than 40 lacs 10% of RFA salary

**Non govt. employees**  
House hired by employer  
**Value of perq.**  
• Actual hire charges  
• 10% of RFA salary  
Whichever is lower

### Common points - accommodation.

- Any amount recovered from employee shall be deducted from perq. value
  - Hotel Accommodation perquisite
    - Actual hotel charges, or
    - 24% of RFA salary, for all employees including government employee (upto 15 days on transfer is exempt)
  - Accommodation to high/supreme court judges - exempt
  - Value of furniture = 10% p.a. of actual cost or hire charges as the case may be
- RFA salary = BS + DA (forming part) + all taxable allowances + bonus + commission, etc.  
It does not include perquisites.  
Salary from all employers to be considered.

- If same accommodation is continued for more than 1 year, then the value of perquisite is restricted to CII.

$$\text{Maximum RFA} = \frac{\text{CII of the PY}}{\text{CII of the first PY}} \times \text{RFA perquisite value of first year}$$

- Accommodation provided at two places - first 90 days, one taxable (Lower)



**Motor Car facility**

## Car provided by employer

**100% personal use**  
10% p.a. of actual cost or hire charges + all expenses met by employer like driver, fuel, maintenance, etc.  
less: Any amt recovered from employee

### Partly personal & official

	Expenses by Employer	Expenses by Employee
• Upto 1.6 lt. cc	Rs. 1,800 p.m.	Rs. 600 p.m.
• More than 1.6 lt. cc	Rs. 2,400 p.m.	Rs. 900 p.m.

#### Note:

- Rs. 900 p.m. is increased for driver
- Part of the month- ignore
- More than 1 car provided for partly use  
Consider only 1 as partly used and all other as 100% Personal



## Car owned by employee

- 100% Personal**  
All expenses met by employer - any amount recovered from employee
- Partly used**  
Expenses met by employer minus 1800pm/2400pm (also deduct 900 pm for driver)

#### Note

Higher amount can be deducted if specified documents are maintained.

**Car provided for 100% official purpose is not a perquisite**



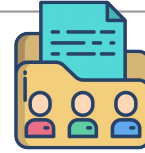
**Domestic servant**

Amount paid by employer  
less any amount recovered

**Sweat equity shares**

FMV of the shares when the option is exercised (-) amt paid by employee

Taxable in the year of allotment, but exemption is Eligible start ups

**Gas, electricity, water, etc.**

Purchase cost or production cost of employer  
less any amount recovered

**Education facility**

- Expenditure incurred by employee (-) amount recovered
- Exempt for children, if perquisite value is upto Rs.1000 pm by reason of employment.
- If institute is owned by employer cost of similar institution

**Interest free or concessional loan**

- Loan upto Rs. 20,000 is exempt
- Loan for medical treatment of specified disease is exempt
- In other cases, use SBI interest rate to compute. Interest on monthly balance as reduced by interest paid by employee.

**Food or refreshment facility**

Under optional regime only

- Meals - exempt upto Rs. 50 per meal
- Refreshments fully exempt
- Meals provided in remote areas also exempt

**Use of movable assets**

Use of laptops & computer Nil perquisite



- Other movable assets
- Employer owned - 10% pa. of actual cost
  - Employer hired - actual hire charges
- Less: amount paid by employee

**Gifts from employer**

Cash gifts - fully taxable

Gifts in kind - exempt if value upto Rs.5,000

**Leave travel concession**

Under optional regime only

Mode of travel

By air — Economy class airfare

By other mode

Rail available — First class rail fare

No rail - other recognised transport — Deluxe fare of such mode

No rail- no recognised transport — Equivalent first class rail fare



2 LTCs can be availed in a block of 4 years

Only 1 LTC can be carried forward to next block, to be availed in first year

Max. 2 children - born after 1-10-1998

**Transfer of movable assets**

Original cost (-) depreciation for completed years (-)  
amount paid by employee

Computers, mobiles, storage devices	WDV @50%
Cars	WDV @20%
Other assets	SLM @10%

**Medical facilities****Treatment in India**

- Govt. hospital
- Employer hospital
- Specified disease in approved hospital

**Treatment outside India**

- Treatment & stay expenses upto RBI limit
- Travelling expenses exempt if GTI upto Rs. 2 lacs

For other than family members fully taxable. Family - self, spouse, children, dependent parents and dependent siblings

**Fully exempt perquisites**

- Telephone and computer facility
- Accommodation to HC or SC judges (optional scheme)
- Foreign perquisites & allowances by GOI to Indian citizen
- Transport facility between home & office
- Education facility to employee
- Health insurance premium
- Recreational facilities for employees
- Accommodation provided at remote area at mining site or onshore oil exploration site



# Gratuity

CG/SG/Local authority employees – Fully exempt  
**Non government employees**

## Covered under gratuity act

Least of the following will be exempt

- Actual gratuity
- Rs. 20 lacs
- $15/26 \times \text{last drawn salary} \times \text{completed years of services (rounded off)}$

$$\text{Salary} = \text{BS} + \text{DA}$$

Note:

- Gratuity received during tenure - Fully taxable for all employees including government employees.
- Gratuity received again from any other employer - Reduce the limit of Rs. 20 lac from earlier exemption.

# Retirement benefits

## Not covered under gratuity act

Least of the following will be exempt

- Actual gratuity
- Rs. 20 lacs
- $1/2 \times \text{Avg. salary of 10 months} \times \text{only completed years of services}$

$$\text{Salary} = \text{BS} + \text{DA (forming part)} + \text{Fixed \% commission on turnover}$$

# Provident fund

## Pension

Commuted

Government employee  
Fully exempt

Non government employee

No gratuity  
 $1/2 \times (\text{commuted pension} / \% \text{ of commutation})$

With gratuity  
 $1/3 \times (\text{commuted pension} / \% \text{ of commutation})$

Note: Uncommuted pension is fully taxable for all employees

• Statutory provident fund

• Recognised provident fund

• Unrecognised provident fund

Employer contribution

Fully exempt

Exempt upto 12% of salary

Maximum exemption Rs. 7.5 lacs

Taxable only in the year when such amount is actually received

Interest on employer contribution

Fully exempt

Exempt upto 9.5% interest rate

Taxable only in the year when such amount is actually received

If employee contribution to SPF/RPF is more than ₹2.5 lac, then interest on such excess contribution is taxable under IFOS

# Leave salary

Other employee

Least of the following

- Actual leave encashment
  - Rs. 25 lacs
  - $10 \times \text{average salary}$
  - $\text{Leaves at credit} \times \text{Average salary}$
- Max leaves granted = 30

Central and state govt employee

Fully exempt

Leave salary received during service is fully taxable

Average of last 10 months immediately before the date of retirement

$$\text{Salary} = \text{BS} + \text{DA (forming part)} + \text{fixed \% commission on turnover}$$

# Voluntary retirement

Least of the following will be exempt

Actual amount received on VRS

- Rs. 5 lacs
- $3 \times \text{salary} \times \text{completed years of service}$
- $\text{Last drawn salary} \times \text{remaining months of service left}$

$$\text{Salary} = \text{BS} + \text{DA (forming part)} + \text{Fixed \% commission on turnover}$$

# Retrenchment compensation

Least of the following will be exempt

Actual compensation received

- Rs. 5 lacs
- $15/26 \times \text{Average salary} \times \text{completed years of service or part thereof in excess of 6 months}$

$$\text{Salary} = \text{BS} + \text{All allowances, commission \& perquisites}$$

Bonus & retirement benefits not to be included

## Section 17(2) (vii)

Employer contribution in excess of Rs. 7.5 lacs

- Recognised provident fund
- Approved superannuation fund
- New pension scheme

$$\text{Section 17 (2) (vii)} \quad \text{TP} = (\text{PC}/2) \times \text{R} + (\text{PC1} + \text{TP1}) \times \text{R}$$



# Income under the head house property

Section 22 to 27



## 1 Sectionwise summary

- Section 22 Charging section of HP
- Section 23 Computation of annual value
- Section 24 Deductions allowed from annual value
- Section 25 Deductions not allowed
- Section 25A Recovery of unrealised rent or arrears of rent
- Section 26 Co-ownership
- Section 27 Deemed owner

## 2 Sec 22 charging section

- There must be a building or land appurtenant thereto
- Assessee must be the owner (or deemed owner)
- Owner should not use it for own business or profession

### Computation of House property income

• Gross annual value	XX
• Less: Municipal taxes paid by owner	XX
• Net annual value	XXX
Less: deductions u/s 24	

3	• 24(a) Statutory deductions	XX
	• 24(b) Interest on borrowing	XX
	Income from house property	XXX

## 5 Sec 24 Deductions

- 24(a) Standard 30% of NAV
- 24(b) Interest on borrowing

- Pre-construction period starts from the date of loan upto the PY prior to the year of completion of property.
- In case self occupied property(s) the maximum interest allowed is ₹2lacs or ₹30,000. **Under optional regime only**

## 4 Sec 23 Computation of annual value

### Gross annual value - GAV

Actual rent received or receivable - ARR } Higher  
Expected rent or annual letting value }

#### \*Expected rent

Municipal value } Higher  
Fair rental value }  
Standard rent } Lower

#### Note:

1. In case actual rent is lower than expected rent **due to vacancy**, then GAV = ARR otherwise GAV will be expected rent.

2. In case of unrealised rent, then reduce unrealised rent from actual rent and then compare with expected rent.

3. NAV of maximum 2 self occupied or unoccupied house can be taken as NIL for individual or HUF assessee.

- Interest is allowed on due basis
- Loan taken to repay the original loan is also allowed.
- Pre-construction period interest is also allowed in 5 instalment.
- If loan is taken for purchase or construction on or after 1 Apr, 1999 and completed within 5 years then take ₹2 lacs.
- There is no limit of interest in case of let out or deemed let out property.

## 6 Sec 25 Deductions not allowed

Interest, if payable outside India then such interest is not allowed, unless -

- TDS is deducted
- Or
- Agent is appointed u/s 163

## 7 Sec 25A Recovery of unrealised rent or arrears of rent

70% of such recovered amount is taxable under House property in the year of recovery.

## 8 Sec 26 Co-ownership

### Co-owned property is self occupied

Take NAV as Nil for each co-owners and compute separately. Deduction of interest is also separately available.

**Note:** If ownership ratio is not ascertainable then take assessee as AOP

### Co-owned property is letout

First compute HP income as a single owner and then divide the income in the respective ratio of ownership

## 9 Sec 27 Deemed ownership

- Property is transferred to spouse or minor child (except married daughter) without adequate consideration.
- Holder of an impartible estate
- Co-op-society member.
- Person in possession of property
- Lease hold right of more than 3 years.

## 10 Imp. points

- Composite rent if separable, then income from building is house property otherwise IFOS or PGBP.
- Income from building used for agriculture is exempt.
- Foreign building income is taxable if received in India or in case of ordinary residents
- Building with different units if used for different purposes are computed separately

# Profits & gains from business or profession

## Sectionwise summary

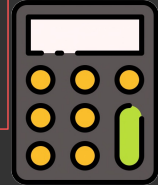
28	Charging section
29	Computation
30	Buildings expenses
31	P&M and furniture
32	Depreciation
35	Scientific research
35AD	Specified business
35D	Preliminary expenses
35DDA	VRS expenses
36(1)	Other deductions
37(1)	General deductions
38	Proportionate deductions
40(a)	Exp not allowed
40(b)	Partners remuneration
40A(2)	Excessive payment
40A(3)	Cash payment in excess of ₹10,000
40A(7)	Provision for unapproved gratuity
41	Deemed business income
44AA	Books of accounts
44AB	Tax audit
44AD	Presumptive business income
44ADA	Presumptive specified profession
44AE	Goods carrying vehicles



## Sec 28 charging section

- Profits from any business/profession carried during PY
- Gifts, perquisites during course of business
- Non competing fees
- Sum-received from key man insurance policy
- Inventory converted into capital assets - FMV
- Remuneration received by partner from partnership firm
- Export assistance
- Compensation on breach of business contract
- Sum received on transfer of 35AD assets

Note  
Business of letting of residential house property is HP income



## Sec 29 computation of PGBP

Net profit as per P/L account	xxx
Add: expenses debited but not allowed	xx
Less: Income credited but covered under other heads/exempt	(xx)
Add: Income not credited to P/L but covered u/s 28 or 41	xx
Less: Expenses not debited to P/L but allowed u/s 30 to 37	(xx)
<b>PGBP income</b>	<b>xxx</b>

## Sec 30 Expenses of business buildings

- Rent, rates, taxes, repairs & insurance of building
- It should not be personal building
- If building is used for business & non business purpose also, allow proportionately
- Rates & taxes are allowed only on payment basis- sec 43B



## Sec 31 repairs & insurance of P&M and furniture

- Repairs must be revenue in nature.
- If P&M or furniture is used for business as well as non business purpose, allow proportionately

## Sec 32 Depreciation

- Only use **WDV method** (exception- power generation)
- Depreciation is charged on **block of assets** and not on individual assets.
- If asset is acquired in the PY but put to use for **less than 180 days**, then half depreciation
- If asset is **never put to use** - **No depreciation**. (Except passive use).

## Additional depreciation Under optional regime only

**20% of actual cost**  
10% if used for less than 180 days and remaining 10% in next year

- Only on new plant & machine
- Installation in factory
- Not on vehicles
- Not available, where 100% deduction is allowed in 1 year

• WDV of the block at the begn. of the year	xxx
• Add: Additions during the year	xx
• Less: Money received on sale/disposal	(xx)
WDV at the end for charging dep	xxx
Dep for the year	xx

## Half depreciation

Acquired during PY

Used for less than 180 days

## No depreciation

WDV of block is Nil or negative

Asset not put to use

Entire block is sold/transferred

## Power generating unit SLM method to be followed

Option to choose WDV method- in very 1st year

Original cost



For CMA &amp; CS students

**Sec 33AB TCR account**

Assessee engaged in manufacturing tea, coffee or rubber.

**Amount of deduction**

- 40% of profits
- Or
- Amount deposited in TCR account

**Lower**

Deposit within 6 months from the end of PY or due date of ROI, earlier.

For CMA &amp; CS students

**Sec 35ABB Telecom license**

- Cost of license to be amortised over the life of license.
- Deduction allowed only when license fees is paid.

**Sale of license**

For CMA &amp; CS students

**Sec 33 ABA Site restoration fund**

Assessee engaged in extraction or production of mineral oil and natural gas

**Amount of deduction**

- 20% of profits
- Or
- Amount deposited in specified account

**Lower**

CMA &amp; CS

**Sec 35ABA Spectrum fees**

Same as 35ABB

**Sec 35 Scientific research****In house research**

Must be related to business

100% deduction allowed for revenue or capital expenditure(except land)

**Before commencement expenses**

**Last 3**  
years  
allowed

- Capital exp - all(except land)
- Revenue exp - only salary and material used for SR

Under optional regime only

**Outside research**

May or may not relate to business

**100% allowed**

Approved association/  
institutions/ National lab / IIT  
etc.

For social science/  
statistical research or  
scientific research

**Sale of scientific research asset**

Original cost



Transfer of SR asset in normal business- to be added n block at nil value

Under optional regime only

**Sec 35AD Specified business**

100% deduction on capital expenditure (except land, goodwill & financial instruments)

**Date Business**

- 1.4.2007 Cross country pipeline network- gas/petroleum
- 1.4.2009 Cold chain facility
- 1.4.2009 Warehouse for agricultural produce
- 1.4.2010 2\* or above hotel
- 1.4.2010 Hospital 100 beds or more
- 1.4.2010 Housing- slum redevelopment
- 1.4.2011 Housing- affordable
- 1.4.2011 Fertiliser production
- 1.4.2012 Inland container depot or customs freight station
- 1.4.2012 Bee keeping
- 1.4.2012 Warehouse- sugar storage
- 1.4.2014 Iron ore slurry pipeline
- 1.4.2014 Semiconductors wafer fabrication
- 1.4.2017 Developing or maintenance of new infrastructure facility

**Important notes 35AD**

- Prior to commencement capex allowed, if capitalised
- Payment in cash not more than ₹10,000
- Section 10AA or chapter VI A profit linked deduction not allowed
- Asset must not be transferred before 8 years
- If transferred in normal business then Deemed business income = Deduction u/s 35AD - deemed depreciation

**Sec 35D Preliminary expenses**

- Actual prem. expenses
- Or
- 5% of cost of project

**Lower - Allowed in 5 instalment**

- Company assessee**
- Actual prem. expenses
  - Or
  - 5% of cost of project
  - 5% of capital employed

**Higher****Lower - Allowed in 5 instalment**

For CMA &amp; CS students

**Sec 35DD Amalgamation expenses**

Allowed for companies in 5 instalments

**Sec 35DDA VRS expenses**

Allowed in 5 instalments





## Sec 36(1) Other deductions

- Insurance of stock
- Insurance of livestock
- Health insurance of employees & family
- Bonus & commission- 43B
- Interest on borrowing (capitalise till the asset is put to use)
- Interest on Zero Coupon Bonds (spread over life)
- Employer contribution to statutory or RPF - 43B
- Employer contribution to pension scheme - 43B and also max 14% of salary (BS + DA forming part)
- Bad debts (provision for doubtful debts not allowed)
- Family planning expenses- only company assessee - Revenue and capital exp. (capex in 5 instalment)
- Securities transaction tax STT
- Commodities transaction tax CTT

## Sec 37(1) General deductions

The following conditions must be satisfied

Not covered  
u/s 30 to  
36

Must be  
revenue in  
nature

Not a personal  
expense, must  
be for business

Must not be  
illegal i.e.  
prohibited by law

Note: CSR expenses not allowed

## Sec 37 (2B) Political party

Any expenses for adv. in political party  
souvenir, hoarding etc. not allowed

## Sec 38 Proportionate deduction

Expenses if not exclusively incurred for  
business/profession are allowed proportionately.

## Sec 40(a) Expenses not allowed

- Interest, royalty, FTS payable outside India w/o TDS - 100%
- Payment to resident w/o TDS on which TDS provisions apply - 30%
- Salary payable outside India w/o TDS - 100%

TDS must be deducted in PY & must be deposited on or before due date of ROI

- Income tax or provision for income tax
- Tax paid by employer on non monetary perquisites

If the deductor, fails to deduct TDS,  
however the deductee files their ROI  
and pays Tax on such income



Then it is assumed that TDS has been  
deposited on the date of such filing of  
ROI and therefore deduction is allowed  
when such ROI is filed.

## Sec 40(b) Remuneration to partners

- **Interest on capital** is allowed to all partners as per the partnership deed, but maximum is 12% p.a simple interest

Remuneration to non-working partners is not allowed.

- **Remuneration to working partners** is allowed, as per partnership deed, but maximum as following % of book profits

### Book profits      Maximum remuneration

- Up-to first ₹ 6 lacs or in case of loss      ₹300,000 or 90% of book profits, higher
- On balance      60%

### How to calculate book profits?

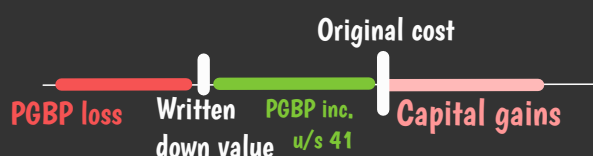
Determine PGBP income w/o any interest or remuneration to partners	XX
Less: Interest allowable to partners	(xx)
Less: B/f unabsor. depn, if any	(xx)
<b>BOOK PROFITS</b>	<b>XXX</b>

### How to calculate final PGBP of firm?

Book profits as computed above	XX
Less: Remuneration allowed to partners	(xx)
<b>PGBP of the firm</b>	<b>XXX</b>

## Sec 41 Deemed business income

- Bad debts recovered, which were allowed earlier.
- Cessation of any trading liability.
- Amount received on sale of power generating/scientific research, telecom licences etc.



## Sec 40A(2) Excess payment

Any excess or unreasonable payment to related person is disallowed

- Individual — Relative of individual
- Firm — Partner or relative of partner
- HUF/AOP — Member or their relative
- Company — Director or their relatives

**Note:** Any individual having substantial interest i.e. 20% or more ownership is related and also any **RELATIVE** of such individual

Relative - Spouse, siblings and lineal ascended or descendants

## Sec 40A(3) Cash payment

Any payment made in a single day to a single party of more than ₹10,000 in cash, bearer or crossed cheque is disallowed.

**Payment for transportation of goods is allowed upto ₹35,000**

Allowed mode account payee cheque, bank draft, ECS, Debit or credit cards, UPI, e-wallet, etc.

### Some exceptions

- Payment to banks/Govt.
- Purchase of agriculture or forest produce, fish, meat, poultry, horticulture, apiculture **from the producer/cultivator.**
- Purchase of products made w/o power **manufacturer.**
- Payment made in a village where there is no bank
- Payment to employee on retirement upto ₹50,000
- Payment by authorised dealer for purchase of Foreign currency

## Sec 40A(7) Provision for gratuity

Provision for gratuity to only approved gratuity fund is allowed, subject to 43B

## Sec 43B Expenses allowed on actual payment

- Any tax, cess payable to government.
- Bonus or commission to employees.
- Interest to any bank/ FIs / notified NBFCs
- Payment of leave salary.
- Payment to Indian railways for use of rail assets.
- Payment to MSME
  - Written agreement - As per agreement or max 45 days
  - No agreement - max 15 days

## Sec 43CA Real estate business

Sale consideration should not be less than stamp value

**Actual sale price admissible if stamp value does not exceed 110% of selling price**

In case of prior date agreement, then take stamp value of such prior date provided some consideration is received earlier by **banking mode (not in cash)**



## Sec 44AA Books of accounts

### • Notified

#### professionals

Medical, engineer, lawyers, CAs, CMAs, CS, architect, interior decorator, film artists

#### Always required

Existing: If gross receipts of all 3 preceding years exceeds ₹1.5 lacs  
New: T/O of the PY likely to exceed ₹1.5 lacs then prescribed accounts

Cash book, journal, ledger, Bills issued of more than ₹25 and bills received of more than ₹50

Also daily case register and inventory details in case of doctors

### • Businessman and other professionals

#### Individual/HUF

Income exceeds ₹2.5 lacs or T/O exceeds ₹25 lacs of any of the 3 preceding years

Income likely to exceed ₹2.5 lacs or T/O likely to exceed ₹25 lacs of PY

#### Others

Income exceeds ₹1.2 lacs or T/O exceeds ₹10 lacs of any of the 3 preceding years

Income likely to exceed ₹1.2 lacs or T/O likely to exceed ₹10 lacs of PY

- Persons eligible for presumptive income but declaring lower profits are also required to maintain books

## Sec 44AB Tax audit

- Business assessee with cash transactions exceeding 5%

T/O exceeds ₹1 cr in PY

Assessee opting 44AD is exempt with T/O upto ₹2 cr

- Business assessee with cash transactions upto 5%

T/O exceeds ₹10cr

- Assessee carrying profession

Gross receipts exceeds ₹50 lacs

Persons eligible for presumptive income but declaring lower profits are also required to get audit.

## Sec 44AD Presumptive income

Resident Individual, HUF & firm(not LLP) with T/O upto ₹2 cr/₹3 cr if cash receipt upto 5%

Presumptive income - Minimum 8% of T/O (6% in case of banking transactions)

### Non applicability of this section

- Specified professionals covered u/s 44AA
- Assessee earning commission or brokerage income
- Person carrying agency business
- Person referred u/s 44AE - goods carrying vehicles
- Person claiming deduction u/s 10AA and chapter VI-A profit linked deduction

## Sec 44ADA Presumptive - Professionals

Professionals as referred in 44AA where gross receipts is upto ₹50 lacs / ₹75 lacs if cash receipts upto 5%

Presumptive income - Minimum 50% of gross receipts

## Sec 44AE Goods carrying vehicles

Assessee owning not more than 10 goods vehicles at anytime during PY



- Heavy goods vehicles Weight more than 12 tons

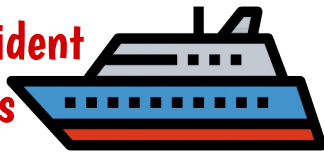
₹1,000 per ton of gross vehicle weight (for every month or part of month for each vehicle)

- Other vehicles

₹7,500 for every month or part of month for each vehicle)

For CMA & CS students

## Sec 44B Non resident Shipping business



7.5%

• Amount received in India  
• Amount received anywhere, of journey from Indian port to any port outside India



For CMA & CS students

## Sec 44BBA Non resident aircraft business

5%

• Amount received in India  
• Amount received anywhere, of journey from Indian airport to any airport outside India

## Agricultural income

	Business	Agriculture
• Rubber	35%	65%
• Coffee		
Grown & cured	25%	75%
Grown, cured, roasted & grounded	40%	60%
• Tea	40%	60%



# Capital gains

45(1)	Charging section of capital gains
45(1A)	Insurance claim
45(2)	Conversion of CA into SIT
45(5)	Compulsory acquisition
46	Liquidation of companies
46A	Buy back of shares
47	Transactions not transfer
48	Computation of capital gains
49	Cost of acquisition
50	Depreciable assets
50A	Sale of individual asset
50B	Slump sale
50C	Real estate transactions
50CA	Consideration for unlisted shares
50D	Consideration not determinable
51	Forfeiture of amount
54	Exemption in case of residential property
54B	Exemption agriculture land
54D	Compulsory acquisition of L&B industrial units
54EC	NHAI or RECL
54F	LTCG other than residential property
55(1)	Cost of improvement
55(2)	Cost of acquisition
55A	Reference of valuation officer
	<b>Other sections</b>
2(14)	Capital asset
2(47)	Transfer
10(37)	Compulsory acquisition of agricultural land
112	Computation of long-term capital gain
111A	Short-term capital gains on shares
112A	Long-term capital gains on shares

## Sec 45(1) Charging section

Any profits or gains + Transfer + Capital assets + Taxable in the hands of transferor

### Section 2(14) Capital assets

All assets are capital assets

Except the following

- Stock in trade
- Personal movable assets
- Rural agriculture land
- Gold deposit bond

Please note securities held by FII are also capital assets

Some personal movable assets are capital assets

- Jewellery/precious and semiprecious stones
- Paintings/drawings/sketches
- Sculptures
- Archaeological collections/any work of art
- Securities and Virtual digital assets

## Period of holding

- It starts from the date of acquisition to 1 day before the date of transfer
- If it is more than 2 years then long-term capital gain otherwise short-term
- In some cases the period will be taken as 1 year.

### One year

- Listed securities
- Equity oriented units of mutual fund
- Units of UTI
- Zero coupon bonds

Unlisted debentures,  
Market linked debentures  
& Specified mutual fund  
units - Always short term

Note- Pre budget, the general period of holding was 3years.

## Section 48 computation of capital gain

Full value of consideration XX

Less:

Cost of acquisition X

Cost of improvement X

Expenses on transfer X

Short-term XX

In case of long-term capital asset the  
COA and COI will be indexed

Notes:

- CII of PY2024-2025 = 36
- Asset acquired before 1 April 2001 then take CII as 100 and cost of acquisition can also be taken as FMV as on 1 April 2001 if it is higher.
- In case of land or building FMV as on 1 April 2001 should not exceed stamp value as on 1 April 2001
- Any improvement before 1 April 2001 is to be ignored
- No indexation allowed, if transfer is post budget (exception in case of Ind/ HUF for immovable property, only for calculating taxes)
- No indexation in case of bonds or debentures (except capital index bonds & SGBs)
- COA/COI shall not include, deduction of interest claimed u/s 24(b) or chapter VI-A

$$\text{Indexed cost of acquisition} = \frac{\text{CII of the year of transfer}}{\text{CII of the year in which the asset was first held by assessee}} \times \text{Cost of acquisition}$$

Also refer Manjula J. Shah case

## Section 45(1A) Insurance claims

- Capital gains will be taxable in the year when the claim is received
- Full value of consideration will be the amount of claim (if asset is in kind then take FMV)

## Section 45(2) conversion of capital assets into stock in trade

- Capital gains will arise in the year of actual sale of stock
- In the year of actual sale there will be two types of gains one PGBP and other capital gains
- Full value of consideration will be the FMV as on the date of conversion
- Indexation will be done only up to the date of conversion.

### Section 45(5) Compulsory acquisition of capital asset

- Capital gains will be taxable in the year when the compensation is first received
- Full value of consideration will be the amount of compensation

#### Enhanced compensation

- In case of enhanced compensation capital gains will again arise in the year when such enhanced compensation is received
- Full value of consideration will be the amount of enhanced compensation received
- Cost of acquisition will be nil
- Expenses on transfer can be taken as any legal expenses
- Interest on delayed compensation is taxable under IFOS after 50% flat deduction
- If the actual compensation is reduced then the original capital gain shall be re-computed
- Capital gains will be exempt in case of compulsory acquisition of agricultural land (urban) by the government

### Section 46 distribution of assets by company on liquidation

- Capital gains will arise in the hands of shareholder as his shares are getting transferred
- Full value of consideration will be the market value of assets received plus any money received as reduced by the amount of deemed dividend 2(22)(c)
- Such deemed dividend will also be taxable in the hands of shareholder under IFOS

Please note: Now there is no concept of CDT

### Section 46A Buyback of Shares or Specified Securities

**Buyback of specified securities**  
Capital gain will arise in the hands of securities holder

#### Buy back of shares (listed or unlisted)

- Capital gain will be taxable in the hands of company at the rate of 20% plus surcharge 12% plus cess 4% under section 115QA.
- Therefore such capital gains will be exempt in the hands of shareholder under section 10(34A)

w.e.f. 1st oct 2024

Now taxable in the hands of shareholders, however, full value of consideration shall be taken as nil and deemed dividend u/s 2(22)(f)

### Section 47 Transaction is not regarded as transfer

- Distribution of capital assets on total or partial partition of HUF
- Transfer of capital asset under a gift/will/irrevocable trust
- Transfer of capital asset by holding company to its 100% Indian subsidiary company or by a subsidiary company to its 100% Indian holding company
- Transfer by issue of shares by the resulting company in the scheme of demerger
- Transfer of assets in the scheme of amalgamation.
- Transfer of shares of amalgamated company to the existing shareholders of old amalgamating company.
- Conversion of debentures/bonds into shares.
- Transfer of rupee denominated bonds outside India by a non-resident to another non-resident.
- Redemption of sovereign gold bonds by RBI - only for individual assessee.
- Transfer of paintings/drawings/ sculptures or archaeological collection to national museum/universities/government.
- Conversion of Physical gold into EGRs or vice-versa
- Transfer in the scheme of reverse mortgage.

### Section 50 capital gain in case of Depreciable assets

- Compute in the same manner as depreciation format under section 32.
- Indexation benefit is not available.
- Such gain or loss shall always be short-term.

### Section 50B Slump sale

Full value of consideration will be the selling price or FMV, higher

Cost of acquisition and cost of improvement will be taken as the net worth of the entity.

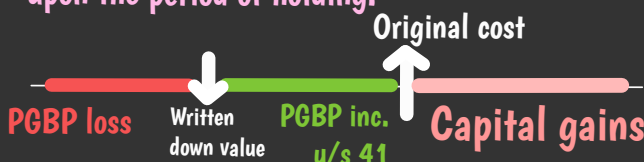
- Net worth is equal to the assets minus outside liabilities.
- While calculating net worth any revaluation of assets must be ignored.

Such capital gain could be long-term or short-term depending upon the period of the undertaking.

- There is no benefit of indexation.

### Section 50A transfer of individual assets

Capital gain can be short-term or long-term depending upon the period of holding.



## Sec 50C Real estate transactions

- Sale consideration should not be less than stamp value
- Actual sale price admissible if stamp value does not exceed 110% of selling price

In case of prior date agreement, then take stamp value of such prior date provided some consideration is received earlier by **banking mode (not in cash)**

- Assessee can also request the valuation by the valuation officer and if such valuation officer refers a value less than the stamp value then such valuation officer value can be taken as full value of consideration.

## Section 50CA Consideration of unlisted shares

Actual selling price should not be less than the fair market value.

## Section 50D full value of consideration - unascertainable

In such case the FMV as on the date of transfer shall be considered as full value of consideration.

## Section 51 advance money forfeited

### Advance received before 1.4.2014

Advance forfeited will be deducted from the cost of acquisition when capital gain arises in the hands of the transferor who has forfeited the amount.

### Advance received on or after 1.4.2014

Such advance money forfeited will be taxable under IFOS in the year of forfeiture.

**Section 54  
exemptions  
Refer page 18 & 19**

## Capital gains in case of self generated assets

	COA	COI
<ul style="list-style-type: none"> <li>• Goodwill of a business or profession</li> <li>• Right to manufacture, produce or process any article</li> <li>• Right to carry on any business or profession</li> <li>• Any other intangible assets</li> </ul>	Actual purchase price	Always nil
<ul style="list-style-type: none"> <li>• Tenancy rights</li> <li>• Trademark or brand name associated with business</li> <li>• Route permits</li> <li>• Loom hours</li> </ul>	Actual purchase price	Actual improvement cost

In case the above assets are self generated before 1.4.2001 then the fair market value as on 1.4.2001 should not be taken and will be taken as NIL

## Section 55A Reference to valuation officer

- Where the value claimed by the assessee is as per the registered valuer

AO is of the opinion that value so claimed is different from FMV

### • Other cases

AO is of the opinion that the FMV of the said asset exceeds the value claimed by more than

- 15% of the claimed value
- Rs.25,000

Whichever is lower

- The nature of the asset is such that it requires valuation



# Capital gains on shares or securities

## Bonus shares

Allotted before 1.4.2001	COA = FMV as on 1.4.2001
Allotted on or after 1.4.2001	Nil

## Right shares

Nature of asset	Cost of acquisition
Original shares	Actual amount paid for the shares
Offer of right	Nil
Right shares acquired	Actual amount paid for acquiring right shares
Right shares acquired by transferee	Amount paid to the company + amount for purchasing the right

## Section 112A Tax rate in case of long-term shares etc.

### Special tax rate @ 12.5%

10% pre-budget

- Equity shares of a company
- Equity oriented units
- Units of a business trust

Transaction is on RSE where STT is paid

- In case of IFSC transactions, no requirement of STT
- Indexation benefit is not available but ₹1.25 lacs is exempt.

- Chapter VI A is not available from 112A
- Adjustment of un-exhausted basic exemption limit for resident individual or
- HUF is available from 111A
- Rebate of 87A is not allowed from 112A

### Assets acquired on or before 31.1.2018

- Actual cost
  - FMV as on 31.1.2018
- whichever is higher

If FMV as on 31.1.2018 is higher than the selling price, then cost of acquisition will be higher of the following

- Actual cost
- Selling price

### Assets acquired on or after 1.2.2018

### Actual cost

## Section 111A Tax rate in case of short-term shares etc.

### Special tax rate @ 20%

15% pre-budget

- Equity shares of a company
- Equity oriented units
- Units of a business trust

- Transaction is on RSE where STT is paid
- In case of IFSC transactions, no requirement of STT
- Chapter VI A is not available from 111A
- Adjustment of un-exhausted basic exemption limit for resident individual or
- HUF is available from 111A
- Rebate of 87A is allowed from 111A





Section	54 Exemption in case of residential property	54B Exemption agriculture land	54EC NHAI or RECL	54F LTCG other than residential property
• Eligible assessee	Individual or HUF	Individual or HUF	Any assessee	Individual or HUF who does not have more than one residential house.
• Asset transferred	Residential house property	Agriculture land used for agriculture purpose for last 2 years	Long-term land/building/both	Any long-term capital asset (not residential house)
• Type of capital asset	Long-term	Long-term	Long-term	Long-term
• Amount to be invested	In residential house property	In agriculture land (urban or rural)	NHAI or RECL bonds (5 years)	In residential house property
• Time limit	<ul style="list-style-type: none"> <li>Purchase – 1 year before or 2 years after the date of transfer</li> <li>Construction within 3 years from the date of transfer</li> </ul>	Purchase – within 2 years after the date of transfer	Within 6 months from the date of transfer	<ul style="list-style-type: none"> <li>Purchase – 1 year before or 2 years after the date of transfer</li> <li>Construction within 3 years from the date of transfer</li> </ul>
• CG scheme	Applicable	Applicable	Not applicable	Applicable
• Amount of exemption	<ul style="list-style-type: none"> <li>Amount invested</li> <li>Gross LTCG</li> <li>₹ 10 crore whichever is lower</li> </ul>	<ul style="list-style-type: none"> <li>Amount invested</li> <li>Gross LTCG whichever is lower</li> </ul>	<ul style="list-style-type: none"> <li>Amount invested</li> <li>Gross LTCG</li> <li>₹ 50 lakhs</li> <li>Whichever is lower</li> </ul>	$\frac{\text{Amount invested}}{\text{Net consideration}} \times \text{Gross capital gain}$ <p>Amount invested should not be more than ₹10 crores</p>
• Withdrawal of exemption	<ul style="list-style-type: none"> <li>If the new house is transferred within 3 years.</li> <li>If the amount of CG scheme is not utilised.</li> </ul>	<ul style="list-style-type: none"> <li>If the new agriculture land (urban) is transferred within 3 years from the date of purchase</li> <li>If amount of CG scheme is not utilised</li> </ul>	<ul style="list-style-type: none"> <li>If such bonds are transferred before expiry of 5 years, Or</li> <li>any loan is taken against such bonds</li> </ul>	<ul style="list-style-type: none"> <li>If the new house is transferred within 3 years.</li> <li>If any other new house is purchased with 3 years.</li> <li>If the amount of CG scheme is not utilised.</li> </ul>
• Remarks, if any	If the amount of capital gain is not more than Rs.2 cr. then 2 houses can also be purchased			



Section	<b>54D</b> Compulsory acquisition of land and building	<b>54G</b> CMA & CS only Shifting of industrial units from urban area to rural area	<b>54GA</b> CMA & CS only Shifting of industrial units from urban area to SEZ	<b>54GB</b> CMA & CS only Investment in SME
● Eligible assessee	Any assessee	Any assessee	Any assessee	Individual or HUF
● Asset transferred	Land or building which is being used by the assessee for industrial purpose for last 2 years	Land/building/P&M in urban area	Land/building/P&M in urban area	Any residential property (house or plot)
● Type of capital asset	STCG/LTCG	STCG/LTCG	STCG/LTCG	LTCG
● Amount to be invested	Land or building for industrial purpose	Land/building/P&M in rural area	Land/building/P&M in SEZ	Equity shares of eligible company
● Time limit	Within 3 years from the date of transfer	1 year before or 3 years after the date of transfer	1 year before or 3 years after the date of transfer	Company should purchase new was it within one year from the date of subscription of equity shares
● CG scheme	Applicable	Applicable	Applicable	Applicable
● Amount of exemption	<ul style="list-style-type: none"> <li>● Amount invested</li> <li>● Gross CG</li> </ul> <b>whichever is lower</b>	<ul style="list-style-type: none"> <li>● Amount invested</li> <li>● Gross CG</li> </ul> <b>whichever is lower</b>  Amount invested = Cost of assets purchased + shifting expenses + other notified expenses	<ul style="list-style-type: none"> <li>● Amount invested</li> <li>● Gross CG</li> </ul> <b>whichever is lower</b>  Amount invested = Cost of assets purchased + shifting expenses + other notified expenses	$\frac{\text{Amount invested}}{\text{Net consideration}} \times \text{Gross capital gain}$
● Withdrawal of exemption	If new land or building purchased is transferred within 3 years or CG scheme amount is not utilised	If new asset is transferred within three years from the date of purchase.	If new asset is transferred within three years from the date of purchase.	If new asset purchased is transferred by the company with a 5 years/3 years in the case of computers. • If the equity shares are sold within 5 years from the date of acquisition • If CG scheme amount is not utilised

# Income from other sources

- 56 Charging section of IFOS
- 57 Deductions allowed
- 58 Deductions not allowed
- 59 Deemed by IFOS

## Section 56(1) general Charging section

- Income must not be covered under four heads
- Income must be revenue nature
- It should not be exempt u/s 10

## Section 56(2) specific income covered under IFOS

- Dividend income
- Casual income i.e. winning from lotteries, crossword puzzles races, card games etc.
- Gifts from friends or relatives  
Any sum of money or property received without consideration or in adequate consideration.
- Interest received on delayed compensation
- Advance money forfeited
- Renting of plant and machinery, furniture if it is not chargeable under PGBP
- Renting of building along with plant and machinery, furniture, if it is not separable and also not chargeable under PGBP.

# Taxability of gifts

## Cash gifts

Aggregate exceeds Rs.50,000

## Movable gifts

Without consideration

Aggregate FMV exceeds Rs.50,000

With in-adequate consideration

Aggregate FMV of all such gifts (-) Consideration paid in aggregate

If such a difference exceeds Rs.50,000 then such difference will become IFOS Income

Please remember only capital assets are to be considered under movable gifts, if such movable gift is not capital asset then it is not taxable.

## Immovable gifts

Without consideration

Stamp value of each property exceeds Rs.50,000

With in-adequate consideration

Stamp value of each (-) Consideration paid for that property

If such Difference exceeds,  
• Rs.50,000  
• 10% of consideration  
Which ever is higher  
Then such difference will be considered as IFOS Income

Stamp value to be taken as on the date of registration, but if there is a prior date agreement and some consideration is paid by any mode other than cash then stamp value as on the date of agreement will be taken.

## The following gifts will be exempt

- From relatives
- On the occasion of marriage of the individual
- Under a will or by way of inheritance
- From any local authority
- From any fund or Foundation or University as referred u/s 10 (23C)
- From any trust or institution registered under 12AA

## Covid -19

- Medical treatment - Exempt
- On Death - from employer - Fully exempt
- From others - Upto ₹10 lacs

• COVID 19 Positive report  
• Death or treatment because of Covid  
• For self or relative- spouse or children, dependent parents or siblings

## Relatives

- Spouse of the individual
- Brother or sister of the individual
- Brother or sister of the spouse of the individual
- Brother or sister of either of the parents of the individual
- Any lineal ascendant or descendant of the individual
- Any lineal ascendant or descendant of the spouse of the individual
- Spouse of the person as referred above



## Section 57 Deductions allowed under IFOS

- In case of **dividend income** only interest expense on borrowing is allowed and maximum 20% of such dividend income (Important – no other deduction is allowed from dividend income)
- In case of **family pension** – 1/3 of such pension or Rs.25,000/15k, whichever is lower
- In case of **interest on delayed compensation**– Flat deduction of 50%
- In case of **interest on post office savings account** – Rs. 3,500 (₹ 7,500 in case of joint account)
- In case of other IFOS income – all revenue expenses incurred to earn such income or allowed.

### Important note

NO deduction is allowed from **casual income**.

### Section 58 Deduction not allowed

- Any capital expenses
- Any personal expenses
- Any payment made in excess of Rs.10,000 in a single day
- Any unreasonable/excessive payment to related person to the extent of such excess over FMV
- Any payment outside India without TDS – 100% disallowed
- Any payment to resident within India where TDS provisions applies but
- TDS not deducted or deposited – 30% disallowed
- No deduction allowed from casual income

### Sum received under LIC

Policy issue date	Premium of any year is more than
Before 1st April 2012	20%
Between 1st April 2012 to 31st March 2013	10%
Between 1st April 2013 to 31st March 2023	10% or 15% (for disabled)
On or after 1st April 2023	10% or 15% or ₹5 lacs

### Section 59 Deemed IFOS

Any expense claimed under IFOS if subsequently recovered then it will become IFOS income in the year of recovery

### Section 2(22) Deemed dividend

- (a) Distribution of assets to the extent of accumulated profits
- (b) Issue of debentures or other securities to the shareholders without consideration to the extent of accumulated profits
- (c) Distribution of assets on liquidation to the extent of accumulated profits
- (d) Distribution of reduction of share capital to the extent of accumulated profits
- (e) Loans and advances by a closely held company to its shareholders or its related person who holds at least 10% of shares
- (f) Amount received on buyback of shares

**Agricultural income earned outside India is taxable under IFOS**



# Clubbing of income

Any income transferred without transfer of asset shall be clubbed in the hands of transferor.

Whenever asset is transferred on revocable basis then the income arising from such asset shall also be clubbed in the hands of transferor.

If an asset is transferred on revocable basis, but there is an agreement that the asset cannot be taken back during the lifetime of the transferee, then income from such asset shall not be clubbed.



## Provisions related to spouse –

### Remuneration received by spouse

- If the spouse is receiving remuneration from the concerned where the individual has substantial interest, then such remuneration shall be clubbed in the hands of the individual.
- In case the remuneration is justified, because the spouse has adequate skills, competence or qualification then do not club such remuneration.
- If both husband and wife have substantial interest and they are receiving remuneration without any Experience/competence/skills, then such Remuneration shall be clubbed in the hands of that individual whose income before such clubbing is higher.

### Asset transferred to spouse

- Income arising from transfer of any asset without adequate consideration shall be clubbed in the hands of transferor.
- Living apart is considered as adequate consideration.
- Clubbing provisions will not apply if a house is transferred, because here the concept of deemed ownership (section 27) will apply.
- If the transferred asset changes form or shape then it does not matter and clubbing provisions will apply.
- Income arising from club Income shall not be clubbed.

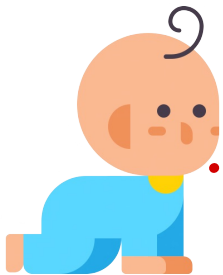
### Capital invested in spouse business

- The profit arising from such business shall be clubbed in the hands of transfer in the following proportion

$$\frac{\text{Capital invested by transfer as on first day of the previous year}}{\text{Total capital of the business as on first day of the previous year}} \times \text{Profit of the business during the previous year}$$

Similar provisions will apply in case of son's wife also

## Income of minor child



- All income arising to a minor child (including minor married daughter) shall be clubbed in the hands of that parent whose income before such clubbing is higher.
- In case of single parent, income shall be clubbed in the hands of that parent.
- Whenever income of minor child will be clubbed then an exemption of Rs. 1500 per child shall be given. (Such provisions will not apply in case of default taxation regime)

### Following income of minor child shall not be clubbed

- Income from manual labour
- Income from specialised knowledge, talent or experience
- Income of a minor child who is disable

## Transfer of self acquired property to HUF

- If an individual transfers his self acquired property to his HUF, then income from such transferred asset shall also be clubbed.
- But after partition of HUF, only the share which is related to him and his spouse shall only be clubbed.

# Set off and carry forward of losses

## Intra head set off

Generally losses under the same head can be set off from the profits under same head

### Speculation loss

Losses from speculation business can be set off from Speculation business profits only

### Specified business

Losses from specified business can be set off from specified business profits only.  
(Section 35AD)

### LTCG

Long term capital loss can be set off from LTCG only

### Horse race business

Losses from the activity of owning and maintaining race-horses can be set off from such profits only

## Inter head set off

Losses from one head can be set off against the profits of another head

There are certain exceptions

- HP can be set off from other heads with a limit of ₹2 lacs. (Under optional scheme only)
- PGBP losses cannot be set off from salary income
- Capital gain losses cannot be set off from other heads
- Speculation business losses, specified business losses cannot be set off from other business income or from any of the head
- Losses from the activity of owning and maintaining racehorses cannot be set off from other income. It can be set off from the profits of owning and maintaining race-horse business

### Important note

- Losses from gambling, betting, card games, etc. cannot be set off nor can be carried forward.
- Losses from an exempt source cannot be set off nor carried forward.

## Provisions related to carry forward of losses

### House property losses

Can be carried forward for 8 years and will be set off from house property income only.

Under optional only

### PGBP losses

Can be carried forward for eight years and will be set off from any PGBP income

### Speculation business losses

Can be carried forward for 4 years and will be set off from speculation business profits only.

### Specified business losses

Can be carried forward for infinite years and will be set off from specified business profits only.

### Unabsorbed depreciation

Can be carried forward for infinity years and will be set off from any head except salary

### Short term capital losses

Can be carried forward for eight years and will be set off from capital gains either short-term or long-term.

### Long term capital losses

Can be carried forward for 8 years and will be set off from LTCG only.

### Losses from the activity of owning and maintaining race horses

Can be carried forward for 4 years and will be set off from business of race horses only.

## Order of set off

First current year

1. Current year losses

2. Current year depreciation

3. Current year capital expenditure on scientific research and family planning

Then last year losses

4. Brought forward losses

5. Unabsorbed depreciation

6. Unabsorbed capital expenditure on scientific research and family planning





# Deductions under chapter VI-A

Under optional regime only

## Section 80C Deduction in respect of investment

Individual or HUF only

Rs.1,50,000 maximum (80CCE)

### Investment in the following assets

#### • Life insurance premium

HUF – for members of HUF

Individual – self, spouse, children only

Date of issue of policy	Maximum deduction
Before 1.4.2012	20% of sum assured
Between 1.4.2012 to 31.3.2013	10% of sum assured
On or after 1.4.2013	10% of sum assured (15% in case of disabled)

- Deferred annuity plan
- Employee contribution to SPF/RPF/superannuation fund
- PPF
- Sukanya Samriddhi scheme
- National savings certificate
- Unit linked insurance plan
- Mutual fund scheme – tax saving
- Scheme of national housing bank
- Tuition fees – Maximum 2 children
- Principal repayment of housing loan
- Fixed deposit – 5 years
- Post office deposit scheme – 5 years
- Bonds of NABARD
- Deposit in senior citizen scheme - Resident only
- Contribution to additional account under NPS – Tier II

Under optional regime only

## Section 80CCC Contribution to certain pension funds

### • Individual only

- Maximum deduction Rs.1,50,000 (section 80CCE)
- Amount paid to keep in force a contract for Annuity plan of LIC or any other insurer for receiving pension.

## Section 80CCD New pension scheme

<b>80CCD(1)</b> Under optional regime only	Rs.1,50,000 - sec 80CCE 10% of salary (BS + DA forming part) 20% of gross total income in case of non-salaried
<b>80CCD(1B)</b>	Additional deduction for assessee's contribution – maximum Rs.50,000
<b>80CCD(2)</b> Under both regimes	14% of salary (10% in case of optional) 14% of salary in case of Govt. employees This is not available to non-salaried assessee

## Tax treatment – withdrawal from NPS

On the death of the subscriber-amount received by legal heir

Fully exempt

Amount withdrawn is reinvested in a annuity scheme

Fully exempt

Amount withdrawn by the subscriber

Partial withdrawal

Salaried subscriber  
Taxable 75%  
Exempt 25%Non-salaried subscriber  
Taxable 100%

Withdrawal on closure or opting out of scheme

Salaried/non-salaried  
• Taxable 40%  
• Exempt 60%

## Section 80CCH Agniveer Corpus Fund

### 80CCH(1)

Under optional regime only

Employee contribution to Agniveer Fund

### 80CCH(2)

Under both regimes

Employer's contribution to Agniveer Fund

## Section 80D Health insurance premium

Individual or HUF only

Under optional regime only

### Amount of deduction

- Self/spouse/dependent children Rs.25,000/Rs.50,000 (if anyone is a senior citizen and resident)
- Parents (dependent or not) Rs.25,000/Rs.50,000 if anyone is a senior citizen and resident

- Payment should be other than cash.
- Preventive health check up is also allowed but to a maximum of Rs.5000 which is overall limit for family and parents
- Deduction for medical expenditure for resident senior citizen is also allowed up to Rs.50,000
- In case health insurance premiums paid for more than one year then allow proportionately.

## Section 80DD medical treatment of disabled dependent

Under optional regime only

Resident individual or resident HUF

Rs.75,000 or Rs.1,25,000 in case of severe disability flat deduction

## Section 80 DDB Medical treatment of prescribed disease

Under optional regime only

Resident individual/resident HUF

### Amount of deduction

- Actual amount of medical treatment
- Rs.40,000/Rs.1,00,00 in case of resident senior citizen
- Whichever is lower





**Section 80E Loan for higher education**

- Eligible assessee: individual who has taken education loan for self/spouse children/Adopted student
- Loan should be taken from any financial institution/ government/approved charitable institution
- Only interest portion allowed and maximum for 8 years from the year when first instalment is paid

**Section 80EE interest on home loan residential house**

- Eligible assessee individual who is purchasing a house for the first time
- Loan must be sanctioned between 1.4.2016–31.3.2017
- Maximum loan amount – Rs.35 lacs
- Maximum property value – Rs.50 lacs
- Maximum deduction Rs.50,000

**Section 80EEA interest on home loan residential house**

- Eligible assessee individual who is purchasing a house for the first time
- Loan must be sanctioned between 1.4.2019–31.3.2022
- Maximum property stamp value – Rs.45 lacs
- Maximum deduction Rs.1,50,000

**Section 80EEB Interest on loan – purchase of electric vehicle**

- Eligible assessee: only individual
- Loan must be sanctioned between 1.4.2019–31.3.2023
- Loan must be taken from banks/financial institution/NBFC
- Maximum deduction Rs.1,50,000
- Allowed for 2/3/4 wheeler

**Section 80GG deduction in respect of rent paid**

Eligible assessee individual

Condition –

- He must not be receiving HRA
- He/his spouse/minor child/his HUF does not own any house where he is paying rent where he ordinarily resides or perform his duties

**Amount of deduction**

Least of the following

- Actual rent paid – 10% of adjusted GTI
- 25% of adjusted GTI
- Rs.5000 per month

**Adjusted GTI**

GTI - all deduction under chapter VI-A (except 80GG) – STCG – LTCG

**Section 80G Donations****100% of the amount**

- National defence fund
- PM national relief fund
- National children's fund
- National foundation for communal harmony
- Approved universities
- Zilla Sakshi the Samiti
- National sports fund
- National cultural fund
- Swatch Bharat Kosh
- Clean Ganga fund
- National fund for control of drug abuse
- PM cares fund

**50% of the amount**

- PM drought relief fund

**100% of the amount subject to qualifying limit**  
Promotion for family planning  
Indian Olympic Association**50% of the amount subject to qualifying limit**  
Charitable institution  
Renovation of religious place

- Qualifying limit – 10% of adjusted GTI
- Adjusted GTI  
GTI - all deduction under chapter VI-A (except 80G) – STCG – LTCG
- No deduction shall be allowed for the amount in excess of Rs.2000, if paid in cash

**Section 80GGA donation for scientific research/rural development**

- Any assessee who does not have PGBP income
- Amount of deduction – 100% of the amount
- No deduction shall be allowed if the amount is an excess of Rs.2000, paid in cash

**Section 80GGB & 80GGC political parties**

Amount of deduction – 100% of the amount contributed  
80GGB for company assessee  
80GGC for other assessee

## Sec 80JJAA Deduction in respect of new employment

- **Eligible assessee** – all assessee who are required to get their accounts audited under section 44AB
- **Amount of deduction** – 30% of the wages paid to the new workmen
- **Period of deduction** – 3 years including the assessment year relevant to the previous year in which such employment is provided

### Other conditions

- Employee must not get more than Rs.25,000 per month
- Employee should participate in RPF
- Employment must be for the period for at least 240 days (150 days in case of apparel/footwear/leather business)
- Casual employees not allowed

Under both regime

## Section 80QBB Royalty income on books

- **Eligible assessee:** resident individual Under optional regime only
- **Amount of deduction** – lower of the following  
Profit from such royalty, or  
Rs.3 lacs
- In case of regular royalty income should not more than 15% of the value of books sold
- In case of royalty received from outside India – such royalty must be received within 6 months from end of PY, in foreign currency
- Textbook/pamphlets/newspaper/magazines/journals - Not allowed

## Section 80RRB Royalty income on patents

- **Eligible assessee:** resident individual Under optional regime only
- **Amount of deduction** – lower of the following  
Profit from such royalty, or  
Rs.3 lacs
- In case of royalty received from outside India – such royalty must be received within 6 months from end of PY, in foreign currency

## Section 80TTA Interest on deposit in saving accounts

Under optional regime only

**Eligible assessee** – individual (other than resident senior citizen) or HUF

**Amount of deduction**

Lower of the following

- Saving account interest
- Rs.10,000

Interest from banking company/cooperative banks/Post Office

## Section 80TTB Deduction in respect of interest on deposits

Under optional regime only

**Eligible assessee** – resident senior citizen

**Amount of deduction**

- Actual amount on interest on deposit
- Rs.50,000

Which ever is lower

Such deposits can be with a bank/cooperative bank/Post Office

## Section 80U Person with disability

Under optional regime only

**Resident individual**

**Rs.75,000 or Rs.1,25,000 in case of severe disability**

**flat deduction**



# Tax deducted at source

## Sec 192 TDS on salary

- At average rate of tax
- At the time of payment
- More than one employer – anyone can deduct
- Income other than salary can also be furnished to employer and also losses from house property- In case of optional regime
- Section 197 is applicable (Certificate from AO)

## Sec 194 Dividend

- Rate of TDS – 10%
- Payment made to resident shareholder
- TDS to be deducted before making any payment of dividend
- Limit Rs.5000 if dividend is given by any mode other than cash (no limit in case of cash dividend)
- Section 197 and 197A is allowed

## Sec 192A Premature withdrawal - EPF

- Rate of TDS – 10%
- Payment Rs.50,000 or more
- TDS at the time of payment
- Section 197 (Certificate) and 197A (declaration) is allowed

## Sec 193 Interest on securities

- Rate of TDS – 10%
- Payment made to any resident
- At the time of credit or payment whichever is earlier
- Limit Rs.5000 in case of interest on the debentures paid by account payee cheque (no limit in case of cash)
- Rs.10,000 in case of taxable savings bond
- No TDS on other government securities
- Section 197 and 197A is allowed

## Sec 194B Winning from Lottery/ Crossword Puzzle/Card Games etc.

- Rate of TDS – 30%
- Limit to Rs.10,000
- TDS at the time of payment

## Sec 194BB Winning from horse race

- Rate of TDS – 30%
- Limit to Rs.10,000
- TDS at the time of payment

## Sec 194BA Winning from online games

- Rate of TDS – 30%
- TDS on Net Winning  
TDS at the time of withdrawal & at the end of PY
- Net winning = Closing balance + Amount withdrawn - Amount deposited - Opening balance

## Sec 194A Interest other than securities

- Rate of TDS – 10%
- Payment made to any resident
- TDS to be deducted at the time of payment or credit whichever is earlier
- Limit Rs.40,000 in case interest is paid by banking company/ co-operative bank/PostOffice (Rs.50,000 in case of senior citizen)
- Interest paid by others Rs.5000
- Section 197 and 197A is allowed

### Note:

- Interest paid by individual or HUF – if turnover exceeds Rs.1 cr (Business) or Rs.50 lacs (Profession) in preceding FY
- TDS by cooperative Society on interest to members is also applicable if turnover of such society exceeds Rs.50 cr during preceding FY

## Sec 194C Payments to contractors

- Rate of TDS – 1% in case the contractor is individual/HUF 2% if other person
- Payment made to resident contractor
- TDS at the time of payment or credit, whichever is earlier
- Threshold limit – Rs.30,000 for single contract/Rs.1,00,00 in aggregate during FY
- Section 197 is allowed

### Note

- Individual/HUF can deduct TDS if turnover exceeds Rs.1 cr (business) or Rs.50 lacs (profession) during last FY
- Definition of work includes, if material is supplied by the customer or his related person



**Sec 194D insurance commission**

- Rate of TDS – 5% or 10% in case deductee is co.
- Payment to resident
- Limit Rs.15,000
- TDS at the time of payment or credit, whichever is earlier
- Section 197 allowed

**Section 194G commission on lottery tickets**

- Rate of TDS – 2%(5% upto 30th sep 24)
- Payment to resident or non resident
- Limit Rs.15,000
- TDS at the time of payment or credit, whichever is earlier
- Section 197 allowed

**Sec 194DA Life insurance policy**

- Rate of TDS – 2% on the income portion(5% upto 30th sep 24)
- Payment to resident
- Limit Rs.1 lakh
- TDS at the time of payment
- Section 197 and 197A is allowed

**Section 194H other commission/brokerage**

- Rate of TDS – 2%(5% upto 30th sep 24)
- Payment to resident
- Limit Rs.15,000
- TDS at the time of payment or credit, whichever is earlier
- Section 197 allowed

**Section 194-I TDS on rent**

- Rate of TDS – 10%
- In case of plant and machinery 2%
- Amount paid to resident
- TDS at the time of payment or credit, which ever is earlier
- Limit Rs.2,40,000
- Section 197 and 197A is allowed

**Note**

- Individual/HUF can deduct TDS if turnover exceeds Rs.1 cr/50 lacs

**Section 194-IA transfer of immovable property**

- Rate of TDS – 1%
- Amount paid to resident transferor
- TDS at the time of payment or credit, whichever is earlier
- Limit Rs.50 lacs

**Section 194-IB Rent by certain individual/HUF**

- Rate of TDS – 2%(5% upto 30th sep 24)
- Rent paid to resident
- Payment by individual/HUF whose turnover is less than Rs. 1crore/ 50 lacs in last FY
- Limit more than Rs.50,000 rent for a month or part of the month
- TDS to be deducted in the last month of the year or last month of tenancy
- TDS at the time of payment or credit, whichever is earlier

**Section 206AA Higher rate of TDS for not furnishing PAN**

If a person does not furnish the PAN to the deductor, then the rate of TDS will be the higher of the following –

- Twice the rate prescribed in the relevant provisions
- Twice the rate in force
- 20% 5% in case of section 194Q



## 194-J fees for professional or technical services

Nature of payment	TDS rates	Threshold limit (apply separately)
• Fees for technical services (not being professional in nature)	2%	₹ 30,000
• Fees for professional services	10%	₹ 30,000
• Royalty in the nature of consideration for sale, distribution or exhibition of cinematographic films	2%	} ₹ 30,000
• Other royalty	10%	
• Director fees (other than salary)	10%	No limit
• Non-competing fees	10%	₹ 30,000

### Section 194-K income in respect of units

- Rate of TDS – 10%
- Amount paid to resident by mutual fund
- TDS at the time of payment or credit, whichever is earlier
- Limit Rs.5,000

### Section 194-LA payment of compensation on acquisition of certain immovable property

- Rate of TDS – 10%
- Amount paid to resident on compulsory acquisition of immovable property
- TDS at the time of payment or credit, whichever is earlier
- Limit Rs. 2.5 lacs

### Section 194-M payment by an individual/HUF for contract of work/fees for professional services/commission/brokerage

- Rate of TDS – 2%(5% upto 30th sep 2024)
- Amount paid to resident for contract work/fees for professional services/commission or brokerage.
- TDS at the time of payment or credit, whichever is earlier
- Limit Rs. 50 lacs

Note:

Section 194-M will not apply if 194C, 194H, 194J are applicable

### Section 194-N TDS on cash withdrawal

Banks/cooperative banks/ post office are required to deduct TDS on cash withdrawal if the amount exceeds a certain limit during the previous year

Whether ROIs of last 3 PYs of which due dates were expired were filed on time

If yes - TDS rate will be 2% on the sum exceeding ₹ 1 crore

If No - TDS rate will be 2% on the sum exceeding ₹ 20 lacs & 5% on sum exceeding ₹ 1 crores

For co-op society, limit of ₹1 cr will be replaced to ₹ 3 cr.

### Section 194P TDS by banks for specified senior citizens

- Rate of TDS – Average rate of tax
- Amount paid to resident individual of 75 years or more who has only pension income and interest from the bank where pension is received
- TDS under this section should be deducted after taking sec 192 into account with respect to TDS on pension and also deductions under VI-A and rebate u/s 87A
- If the senior citizen has other bank accounts also, then this section will not apply.

### Sec 194Q Purchase of goods of value exceeding Rs.50 lacs

- A purchaser whose turnover during the preceding financial year exceeds Rs.10 cr. is required to deduct TDS at a rate of 0.1% of the seller who sells goods exceeding Rs.50 lacs
- Rate of TDS 0.1% on the sum exceeding ₹50 lacs
- TDS at the time of payment or credit, whichever is earlier

### Sec 194R TDS on business or profession Perquisite

- TDS deductor- Person providing any benefit or perquisite
- Deductee - resident person carrying any business or profession
- Rate of TDS 10% on the sum exceeding ₹ 20,000
- TDS at the time of providing such perquisite.
- Please note – TDS deductor is not required to check whether such benefit is taxable in the hands of recipient



**Section 197 certificate for deduction at lower rate**

- Assessing officer can grant a certificate for lower deduction of TDS or no deduction of TDS if the income of the assessee justifies such lower tax rate.
- Assessee can give application under the following sections – 192, 192A, 193, 194, 194A, 194C, 194D, 194G, 194H, 194I, 194J, 194K, 194LA, 194M and 194O.
- Application should be given in form no. 13

**Section 197A no deduction in certain cases**

- Assessee can request the deductor for not deducting TDS if his total income during the previous year is less than the basic exemption limit and his tax liability is nil.
- Such declaration can be given in form number 15G or in case of senior citizen 15H
- It can be given under the following sections – 192A, 193, 194A, 194D, 194DA or 194I

**Section 200 – duty of person deducting TDS****1**

**Deductor should deduct the TDS as per the provisions of this chapter within the prescribed time**

If not deducted then interest shall be applicable at 1% per month or part of the month from the date on which the tax was deductible to the date on which such tax is actually deducted.

**2**

**He has to deposit the TDS so deducted within 7 days from the last day of the month in which deduction is made**

If TDS is not deposited then interest at a rate of 1.5% for every month or part of the month from the date on which such tax was deducted to the date on which such tax is actually deposited

**3**

**Such deductor shall file the TDS returns**

- **Form No. 24Q** - Quarterly statement for salary
- **Form No. 26QA** - Quarterly statement for other TDS
- **Form No. 24QB, 24QC & 24QD** for section 194IA, 194IB & 194M respectively within 30 days from the end of the month in which deduction is made.

**4**

**TDS certificate should be issued to the deductee**

- **Form No. 16 for salary** - annually upto 31st May of AY
- **Form No. 16A for others** on quarterly basis.
- **Form No. 16B, 16C & 16D** for section 194IA, 194IB & 194M respectively within 15 days from the due date of furnishing the challan cum statement.

**Section 206AB Higher rate of TDS for non-filers of income tax return**

If a person has not filed his return of last previous years within the due date and the TDS + TCS is Rs.50,000 or more in such year, then TDS rate will be higher of the following

- **Twice the rate prescribed in the relevant provisions**
- **Twice the rate in force**
- **5%**

The above section is not applicable in case of TDS under section 192, 192A, 194B, BB, BA, or 194IA, IB, M or 194N





# Tax collected at source

There are certain goods where the seller is required to collect TCS

- Alcoholic liquor for human consumption — 1%
- Scrap — 1%
- Minerals, being coal, lignite or iron ore — 1%
- Timber — 2.5%
- Any forest produce (other than tendu leaves) — 2.5%
- Tendu leaves — 5%

## Parking lot/toll plaza/mine or quarry

TCS will also apply at a rate of 2% by a person who grants a licence/lease/transfers any right or interest in a parking lot/Toll Plaza/or mine or a quarry to any other person for the purpose of business.

## TCS on motor cars

TCS on motor car at a rate of 1% where the sale value of motor car exceeds Rs.10 lacs then the seller is required to collect TCS on retail sale.



## TCS on overseas remittance or an overseas tour package

### Overseas tour operator

The seller of overseas tour package is required to collect TCS

- 0 to 7 lacs - 5%
- Above ₹7lacs - 20%

### Authorised dealer

Authorised dealer will collect TCS if the amount remitted is an excess of Rs.7 lacs in the financial year.

- Education or Medical purpose - 5% in excess of ₹7lacs
- By taking education loan - 0.5% in excess of ₹ 7lacs
- Other purposes - in excess of ₹7lacs -20%

## Sale of goods of value exceeding Rs.50 lacs

A seller whose turnover during the preceding financial year exceeds Rs.10 cr. is required to collect TCS at a rate of 0.1% from the buyer who purchases goods exceeding Rs.50 lacs

# Advance tax

**Liability arises if the advance tax payable is Rs.10,000 or more**

**In case of a resident individual who is a senior citizen 60 years or more then he is not liable to pay advance tax if there is no PGBP Income**

## Instalment of advance tax and due dates

- On or before 15th June of PY — Not less than 15% of advance tax liability
- On or before 15th September of PY — Not less than 45% of advance tax liability as reduced by the instalment already paid
- On or before 15th December of PY — Not less than 75% of the advance tax liability as reduced by the amount already paid
- On or before 15th March of PY — 100 percent of the advance tax liability as reduced by the amount already paid

## Section 234C – interest payable for deferment of advance tax instalments

Interest at the rate of 1% per month for a period of three months for every deferment of instalments  
But for the last instalment of 15th March, the interest liability will be 1% for one month

**Note:** If the advance tax paid by the assessee on or before 15th June is 12% or more and on or before 15 September is 36% or more then there will be no interest in the first and second instalment respectively

## Assessee covered under presumptive income u/s 44AD or 44ADA

Advance tax liability arises on or before 15th March of previous year and if it is not paid then interest at a rate of 1% for one month will apply as per section 234C

## Important Note

Section 234C interest will not be applicable in respect of the following income

- Capital gains
- Casual income like winning from lotteries, crossword puzzles etc.
- Income under the head PGBP in case of new business

Section 234C interest will apply on the above income only when such income actually arises

## Section 234B – interest for non-payment or short payment of advance tax

If the advance tax paid is less than 90% of the assessed tax then interest at a rate of 1% per month or part thereof will apply from 1st April of the AY up to the date of determination of income under section 143(1).

# Return of income

## Section 139(1) Filing of ROI within due date

Every company and partnership firm

Individual, HUF, AOP or BOI and artificial juridical person whose total income before chapter VI-A and section 54, 54B, 54D, 54EC or 54F exceeds basic exemption limit.

A resident person (other than not ordinarily resident) having foreign assets or signatory of a foreign account, who is the beneficial owner or beneficiary, whether he has income chargeable to tax in India or not.

Any person, who during the previous year –

- Has deposited more than Rs.1 cr in a current account maintained with a banking company/cooperative bank
- Has incurred expenditure of more than Rs.2 lacs for himself or any other person for travel to a foreign country.
- Has incurred expenditure of more than Rs.1 lac towards electricity bill
- Business turnover more than Rs.60,00,00 or Rs.10,00,00 in case of profession.
- Aggregate of TDS & TCS is Rs.25,000 or more/Rs.50,000 in case of resident senior citizen
- Rs.50 lacs or more deposited in one or more saving bank account

## Section 139(3) Loss return

An assessee can carry forward the losses only when the return is filed within time and such return is known as loss return.

**Note**

Losses from house property and unabsorbed depreciation can even be carried forward if ROI is filed late

## Section 139(4) Belated return

Return can be filed late at any time before

- 3 months prior to the end of relevant assessment year
- Completion of assessment whichever is earlier

## Section 139(5) Revised return

Return can be revised at any time before

- 3 months prior to the end of relevant assessment year
- Completion of assessment whichever is earlier

## Due date of filing ROI

30th November of AY

Assessee who are required to furnish report under 92E

31st October of AY

- A company assessee
- A person (other than company) whose accounts are required to be audited)
- Partners of a partnership firm whose accounts are required to be audited.

31st July of AY

Any other person

## Section 234F Fees for default in furnishing ROI

- Rs.5000, if the return is not furnished on or before due date

If the total income of the person does not exceed Rs.5 lakhs, the fees will not exceed Rs.1000

## Section 140A Self assessment tax

It is the tax which is assessed by the assessee and is required to be paid at the time of filing ROI, after taking into account –

- Tax already paid
- TDS/TCS
- Relief under section 89
- Tax credit (AMT/ MAT)

## Section 139(8A) Updated return

- Time limit – within 24 months from the end of relevant AY
- Updated return cannot be a loss return.
- Tax liability cannot be decreased or original Refund cannot be increased.
- If original return was a loss return, the updated return must be a income return.
- If any loss return is updated, then the subsequent year return must also be updated if any loss was set off.
- A return once updated cannot be further updated.
- If any assessment is completed or pending, updated return cannot be filed

## Section 140B Tax on Updated return

- Assessee is required to pay the following:  
Tax, plus interest plus fees plus **additional tax**

**Additional Tax -**

- 25% of Tax & Interest – if an updated return furnished within 12 months from the end of relevant AY
- 50% of Tax & interest – if updated return is furnished after 12 months



# CA RAJAT MOGHA

## Meet your faculty

Rajat Mogha is a chartered accountant, MBA(Finance) from IMT Ghaziabad and first class commerce graduate from Delhi University.

He possess a rich industry experience of working in BIG 4 accounting firms in India as well as abroad. He has also handled international projects & travelled extensively to US, UK, Australia & major parts of Europe.

He took teaching as his full time profession and become one of the most sought out teacher of Taxation.

He firmly believes that taxation is one of the core competency area of a CA aspirant and believes that the best way to teach taxation to students is by giving them practical cases and exposure rather than teaching the law by rote.

