SUMMARY NOTES OF INCOME TAX FOR MAY / NOV. 24

RATES OF INCOME TAX FOR THE ASSESSMENT YEAR 2024-25

A. If the Individual opts to be taxed under old regime

1. For a RESIDENT INDIVIDUAL (man or woman), who is of the age of 60 years or more but upto 79 years at any time during the previous year. [Senior citizen]

- A resident individual who attains the age of 60 years on 1st April 2024, shall be considered a senior citizen for PY 2023-24.

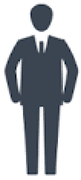
Income	Rate of Tax
Upto ₹ 3,00,000	Nil
More than ₹ 3,00,000 but upto ₹ 5,00,000	5% of the income exceeding ₹ 3,00,000
More than ₹ 5,00,000 but upto ₹ 10,00,000	₹ 10,000 + 20% of the amount by which the income exceeds ₹ 5,00,000.
More than ₹ 10,00,000	₹ 1,10,000 + 30% of the amount by which the income exceeds ₹ 10,00,000.

2. For a RESIDENT INDIVIDUAL (man or woman), who is of the age of 80 years or more at any time during the previous year. [Super Senior citizen]

- A Resident Individual who attains the age of 80 years on 1st April 2024, shall be considered a super senior citizen for PY 2023-24.

Income	Rate of Tax
Upto ₹ 5,00,000	Nil
More than ₹ 5,00,000 but upto ₹ 10,00,000	20% of the amount by which the income exceeds ₹ 5,00,000.
More than ₹ 10,00,000	₹ 1,00,000 + 30% of the amount by which the income exceeds ₹ 10,00,000.

3. For INDIVIDUAL (man or woman) other than those mentioned above / HUF / AOP / BOI / Artificial Judicial Person



Income	Rate of Tax
Upto ₹ 2,50,000	Nil
More than ₹ 2,50,000 but upto ₹ 5,00,000	5% of the income exceeding ₹ 2,50,000
More than ₹ 5,00,000 but upto ₹ 10,00,000	₹ 12,500 + 20% of the amount by which the income exceeds ₹ 5,00,000.
More than ₹ 10,00,000	₹ 1,12,500 + 30% of the amount by which the income exceeds ₹ 10,00,000.

B. If the Individual (irrespective of the age or residential status) or HUF or AOP or BOI or Artificial Judicial Person opts to be taxed under new regime (i.e. 115BAC)

Income	Rate of Tax
Upto ₹ 3,00,000	Nil
More than ₹ 3,00,000 but upto ₹ 6,00,000	5% of the amount by which the income exceeds ₹ 3,00,000.
More than ₹ 6,00,000 but upto ₹ 9,00,000	₹ 15,000 + 10% of the amount by which the income exceeds ₹ 6,00,000.
More than ₹ 9,00,000 but upto ₹ 12,00,000	₹ 45,000 + 15% of the amount by which the income exceeds ₹ 9,00,000.
More than ₹ 12,00,000 but upto ₹ 15,00,000	₹ 90,000 + 20% of the amount by which the income exceeds ₹ 12,00,000.
More than ₹ 15,00,000	₹ 1,50,000 + 30% of the amount by which the income exceeds ₹ 15,00,000.

I. **Conditions to be satisfied for availing concessional rates of tax:** The following are the conditions to be satisfied for availing concessional rates of tax:

S. No.	Particulars
(i)	**Certain deductions/exemption not allowable:** Section 115BAC(2) provides that while computing total income, the following deductions/exemptions would not be allowed:

Section	Exemption/Deduction	Chapter Reference
10(5)	Leave travel concession	Discussed in salary chapter
10(13A)	House rent allowance	
10(14)	Exemption in respect of special allowances or benefit to meet expenses relating to duties or personal expenses (other than those as may be prescribed for this purpose)	
16	(i) ~~Standard deduction under the head "Salaries"~~ ☞ **Imp. Note: Standard deduction u/s 16(ia) of ₹ 50,000 is now admissible to assessee following new regime u/s 115BAC.** (ii) Entertainment allowance (iii) Professional Tax	
10AA	Tax holiday for units established in SEZ	Discussed in deductions from GTI chapter
10(32)	Exemption in respect of income of minor child included in the income of parent	Discussed in clubbing of income chapter
24(b)	Interest on loan in respect of self-occupied property	Discussed in house property chapter
32(1)(iia)	Additional depreciation ☞ Normal depreciation u/s 32 would be restricted to 40% on the WDV of such block of assets in respect of block of assets entitled to more than 40.	Discussed in PGBP chapter
35(1)(ii)(iia)(iii) or 35(2AA)	Deduction in respect of contribution to outsiders for scientific research & social science & statistical research	
35AD	Investment linked tax incentives for specified businesses	
35CCC	Deduction in respect of expenditure incurred on notified agricultural project	
57(iia)	~~Deduction in respect of family pension.~~ ☞ Imp. Note: Deduction in respect of family pension of ₹ 15,000 or 33.33%, whichever is lower is now allowed to assessee following tax regime u/s 115BAC.	Discussed in Income from other sources chapter
80C to 80U	Deductions under Chapter VI-A (other than employers contribution towards NPS u/s 80CCD(2), Central Government's contribution to Agnipath Scheme u/s 80CCH(2) and deduction for employment of new employees u/s 80JJAA).	Discussed in deductions from GTI chapter

(2)	**Certain losses not allowed to be set-off:** While computing total income, set-off of any loss – (i) carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred to in (1) above; or (ii) under the head house property with any other head of income;	Discussed in set-off & carry forward of losses chapter

Time Limit for exercise of 115BAC

The new tax regime has been made as the default tax regime. It means the assessee will automatically fall under the new regime u/s 115BAC while filing his income tax return. However, assessees will continue to have the option to avail the benefit of the old tax regime.

1. For assessee having no income u/h PGBP: Can choose from year to year. They may choose to exercise the option of 115BAC in one year and not to exercise the option in another year.
2. For assessee having income u/h PGBP: The assessee can exit and enter the new regime u/s 115BAC only once. That means, entry to new scheme is by default but the assessee can choose old regime. Thereafter the assessee can make a re-entry in new regime. But after such re-entry, no change can be made except where such individual / HUF ceases to have any business income.

Incomes which are taxable at a specific rate irrespective of the fact whether the assessee is following the old rates of taxes or the new regime u/s 115BAC

S. No.	Particulars	Tax Rate
1.	Long-term Capital Gains u/s 112	20%
2.	Long-term Capital Gains u/s 112A above ₹ 1,00,000	10%
3.	STCG u/s 111A	15%
4.	Lottery income / casual income u/s 115BB	30%
5.	Net winnings from online games u/s 115BBJ	30%

Imp. Note

(a) First exemption of ₹ 2,50,000 / ₹ 3,00,000 / ₹ 5,00,000, as the case may be, shall be given for incomes chargeable under slab rate and balance exemption, if any shall be given to LTCG u/s 112 or 112A or STCG on listed shares u/s 111A in a manner which is more beneficial to the assessee. **Non-residents shall not avail the benefit of balance exemption.**

(b) Lottery income / casual income / net winnings from online gamings is taxable at a flat rate of 30% without any exemption for resident as well as non-resident.

1. SURCHARGE [For Assessees following old regime]

Individual (resident / non-resident) or HUF or AOP (other than 3 below) or BOI or Artificial Juridical Person		Surcharge
(i)	Where the total income (including dividend income and capital gains chargeable to tax u/s 111A, 112 and 112A) > ₹ 50 lakhs but is ≤ ₹ 1 crore.	10%
(ii)	Where the total income (including dividend income and capital gains chargeable to tax u/s 111A, 112 and 112A) > ₹ 1 crore but is ≤ ₹ 2 crores.	15%
(iii)	○ Where the total income (excluding dividend income and capital gains chargeable to tax u/s 111A, 112 and 112A) > ₹ 2 crores but is ≤ ₹5 crores. ○ Rate of surcharge on the income-tax payable on the portion of dividend income and capital gains chargeable to tax u/s 111A, 112 and 112A	25% Not exceeding 15%
(iv)	○ Where the total income (excluding dividend income and capital gains chargeable to tax u/s 111A, 112 and 112A) > ₹ 5 crores. ○ Rate of surcharge on the income-tax payable on the portion of dividend income and capital gains chargeable to tax u/s 111A, 112 and 112A.	37% Not exceeding 15%
(v)	Where the total income (including dividend income and capital gains chargeable to tax u/s 111A, 112 and 112A) > ₹ 2 crores in cases not covered in (iii) and (iv) above.	15%

2. SURCHARGE [For Assessees following new regime u/s 115BAC]

Individual (resident / non-resident) or HUF or AOP (other than 3 below) or BOI or Artificial Juridical Person		Surcharge
(i)	Where the total income (including dividend income and capital gains chargeable to tax u/s 111A, 112 and 112A) > ₹ 50 lakhs but is ≤ ₹ 1 crore.	10%
(ii)	Where the total income (including dividend income and capital gains chargeable to tax u/s 111A, 112 and 112A) > ₹ 1 crore but is ≤ ₹ 2 crores.	15%
(iii)	○ Where the total income (excluding dividend income and capital gains chargeable to tax u/s 111A, 112 and 112A) > ₹ 2 crores. ○ Rate of surcharge on the income-tax payable on the portion of dividend income and capital gains chargeable to tax u/s 111A, 112 and 112A	25% Not exceeding 15%
(iv)	Where the total income (including dividend income and capital gains chargeable to tax u/s 111A, 112 and 112A) > ₹ 2 crores in cases not covered in (iii) above.	15%

3. SURCHARGE [For an AOP consisting of only companies as members]

AOP consisting of only companies as members		Surcharge
(i)	Where the total income > ₹ 50 lakhs but is ≤ ₹ 1 crore.	10%
(ii)	Where the total income > ₹ 1 crore.	15%

Note: Higher rate of 25% & 37% has been relaxed for an AOP consisting of only companies as members.

<table>
<tr><th colspan="2">REBATE U/S 87A [V. IMP.]</th></tr>
<tr><th>Old Regime</th><th>New Regime u/s 115BAC</th></tr>
<tr><td>A resident individual assessee can claim a rebate of lower of the following:
(i) Income tax payable or
(ii) ₹ 12,500
provided the total income does not exceed ₹ 5,00,000 after availing deductions u/c VI-A.</td><td>A resident individual assessee can claim a rebate of lower of the following:
(i) Income tax payable or
(ii) ₹ 25,000
provided the total income does not exceed ₹ 7,00,000 after availing deductions u/c VI-A.</td></tr>
<tr><td colspan="2">☞ Rebate u/s 87A is not available in respect of tax payable under LTCG taxable u/s 112A whether the assessee follows old regime or new regime.</td></tr>
</table>

Important Note: Under the default tax regime (i.e., 115BAC), an individual whose total income exceeds ₹ 7,00,000 marginally is also entitled to a rebate of the difference between tax on total income and the amount by which the total income exceeds ₹ 7,00,000, when the former is greater than the latter.

For e.g.: Mr. Pawan aged 35 years and a resident of India, has a total income of ₹ 7,15,000, comprising of salary income and interest in bank fixed deposit. Compute his tax liability for A.Y. 2024-25 under the default tax regime u/s 115BAC.

Sol: Computation of Tax Liability of Mr. Pawan for A.Y. 2024-25:

Tax on Total Income	₹ 26,500
(-) Rebate u/s 87A [Tax on total income less income in excess of ₹ 7,00,000] [₹ 26,500 – (₹ 7,15,000 – ₹ 7,00,000)]	₹ 11,500
	₹ 15,000
(+) HEC @ 4%	₹ 600
Tax Liability	₹ 15,600

4. FIRMS (INCLUDING LLP): 30%

5. LOCAL AUTHORITY: 30%

Surcharge: Every Firm (including LLP) or Local authority having a total income **exceeding 1 crore** shall be liable to surcharge **@ 12%** of such income tax.

6. CO-OPERATIVE SOCIETIES (If they opt to be taxed under old regime):

Income	Rate of Tax
Upto ₹ 10,000	10%
More than ₹ 10,001 but upto ₹ 20,000	₹ 1,000 + 20% of the amount by which the income exceeds ₹ 10,000.
More than ₹ 20,000	₹ 3,000 + 30% of the amount by which the income exceeds ₹ 20,000.

Surcharge

(i)	Where the total income > ₹ 1 crore but is ≤ ₹ 10 crores.	7%
(ii)	Where the total income > ₹ 10 crores.	12%

New Regime: If the Co-operative Society opts to be taxed u/s 115BAD: 22% + Surcharge @ 10% + HEC @ 4% = 25.168%. The conditions / restrictions applicable u/s 115BAC(2) shall apply here as well.

New Regime: If a manufacturing Co-operative Society, resident in India (set up and registered on or after 01.04.2023 and commences manufacture of article before 31.03.2024) opting for concessional tax regime u/s 115BAE: 15% + Surcharge @ 10% + HEC @ 4% = 17.16%. The conditions / restrictions applicable u/s 115BAC(2) shall apply here as well.

7. COMPANIES (If it opts to be taxed as per the old regime):

Domestic		Foreign
Turnover upto ₹ 400 crores in the P/Y 2021-22	Turnover more than ₹ 400 crores in the P/Y 2021-22	40%
25%	30%	

SURCHARGE

Domestic Company	Surcharge
Total Income more than ₹ 1 crore but upto ₹ 10 crores	7% of such income tax
Total Income is more than ₹ 10 crores	12% of such income tax
Foreign Company	
Total Income more than ₹ 1 crore but upto ₹ 10 crores	2% of such income tax
Total Income is more than ₹ 10 crores	5% of such income tax

DOMESTIC COMPANIES (If it opts to be taxed as per the new regime i.e. u/s 115BAA):
All domestic companies (whether manufacturing or not) shall have an option to pay tax @ 22% + compulsory surcharge @ 10% + HEC @ 4% = 25.168%.

DOMESTIC COMPANIES (If it opts to be taxed as per the new regime i.e. u/s 115BAB):
All domestic companies (only manufacturing) shall have an option to pay tax @ 15% + compulsory surcharge @ 10% + HEC @ 4% = 17.16%.

Conditions to be satisfied to claim concessional rate u/s 115BAB:
- Company should be set up on or after 1st October 2019 & manufacturing started before 31st March 2024.
- No splitting up or re-construction of a business already in existence.
- Only 20% old plant & machinery allowed. Second hand imported machinery shall be treated as new.
- Required to opt in first year itself. If not opted for this section in the first year, then will become ineligible to opt in subsequent years.

9. HEALTH & EDUCATION CESS (HEC): **HEC @ 4%** on income tax and surcharge (if any) shall be applicable in **all** cases.

10. MARGINAL RELIEF: The additional tax payable, including surcharge, on the excess of income over ₹ 50 lakhs/₹ 1 crore cannot exceed the income in excess of ₹ 50 lakhs/₹ 1 crore as the case may be.

11. ROUNDING OFF:
- The amount of **total income** shall be rounded off to the nearest multiple of **ten rupees** u/s 288A.
- Any **tax** payable or refund due shall be rounded off to the nearest multiple of **ten rupees** u/s 288B.

INTRODUCTION TO INCOME TAX

Section	Particulars
	Tax: Compulsory charge by Government. There are 2 types of taxes: Direct – levied on income (burden can't be shifted) & Indirect Taxes – levied on goods & services (burden shifted)
4	Basis of Charge: Total income (5 heads + clubbing – set off of losses – deductions) of P/Y is of every person is taxable in A/Y at the relevant rates of A/Y 2024-25. 5 cases where income is assessed in the same year: 1. Income of NR from shipping business. 2. Assessment of persons leaving India. 3. Income of bodies formed for short period. 4. Transfer of property to avoid tax 5. Income from a discontinued business.
115BBE	Undisclosed income: Taxable @ 78%. The following shall be considered as undisclosed income: 1. Cash Credit [Section 68] 2. Unexplained / Understated Investments [Section 69 & 69B] 3. Unexplained Money [Section 69A] 4. Unexplained Expenditure [Section 69C] 5. Amount borrowed or repaid on hundi [Section 69D]
2(7)	Assessee: A person paying tax under Income Tax Act 1961 and includes: 1. Any person against whom any legal proceedings are taken; 2. A person deemed to be an assessee 3. Assessee in default
	Constitutional Provisions: Article 246 empowers CG + SG to make laws. 3 list in the seventh schedule to Article 246 1. Union List – Power with CG. Entry No. 82 has empowered the CG to levy tax on all incomes except agricultural income. 2. State List – Power with SG 3. Concurrent List – Power with CG + SG

RESIDENTIAL STATUS

<table>
<tr><th>Section</th><th>Particulars</th></tr>
<tr><td>6(1)</td><td><u>Residential Status of an Individual</u>
2 Basic Conditions [BC]: Satisfy any 1 condition and become a resident.
BC 1: 182 days or more in P.Y.
BC 2: 60 days or more in P.Y. & 365 days or more in 4 yrs. Immediately preceding the P.Y.</td></tr>
<tr><td></td><td>Special Cases [SC] (where only BC 2 does not apply)
SC 1: An Indian citizen or POI visiting India during the P.Y.
Amendment: An IC or POI having TI > ₹ 15 lakhs (other than foreign sources), 60 days in BC 2 shall be replaced with 120 days.
SC 2: An IC leaving India for employment or crew member of an Indian Ship.</td></tr>
<tr><td>6(1A)</td><td>Deemed Resident: An IC having TI > ₹ 15 lakhs (other than foreign sources), if he is not taxable in any other country by reason of his domicile or residence.</td></tr>
<tr><td>6(6)</td><td>2 Additional Conditions [AC]: Satisfy both and become ROR. Otherwise RNOR.
AC 1: Resident in atleast 2 out of 10 PY immediately preceding the relevant PY
AC 2: Stay in India ≥ 730 days.</td></tr>
<tr><td>6(2)</td><td><u>Residential Status of a HUF</u>
Control & Mgmt. partly or wholly in India – Resident; wholly outside India – Non-resident.
If Karta/Manager satisfies both AC u/s 6(6) – HUF shall become ROR; otherwise RNOR.</td></tr>
<tr><td>6(3)</td><td><u>Residential Status of a Company</u>
Indian company – Resident
Foreign company – If POEM in India – Resident; outside India – Non-resident</td></tr>
<tr><td>6(4)</td><td><u>Other Persons</u>
Control & Mgmt. partly or wholly in India – Resident; wholly outside India – Non-resident.</td></tr>
<tr><td>5</td><td><u>Scope of Total Income</u>
<table>
<tr><th>Particulars</th><th>ROR</th><th>RNOR</th><th>NR</th></tr>
<tr><td>Income received in India</td><td>✓</td><td>✓</td><td>✓</td></tr>
<tr><td>Income earned in India [Refer Sec. 9]</td><td>✓</td><td>✓</td><td>✓</td></tr>
<tr><td>Income received & earned outside India from a business or profession controlled from India</td><td>✓</td><td>✓</td><td>X</td></tr>
<tr><td>Any other global income</td><td>✓</td><td>X</td><td>X</td></tr>
</table></td></tr>
<tr><td>9</td><td><u>Income earned in India:</u>
1. Income from business connection in India.
<u>Exception:</u> For Non-residents, the following shall not be considered as business connection:
(a) Purchase of goods for export.
(b) Shooting of cinematograph films in India where such non-resident being:
o An individual is not a citizen in India.
o A firm which does not have any partner who is a citizen or resident of India.
o A company which does not any shareholder who is a citizen or resident of India.
(c) Collection of news for transmission out of India.
(d) Activities confined to display of rough diamonds in SNZs.
2. Income from any property, asset or source of income situated in India.
3. Capital gain on transfer of a capital asset in India.
4. Income from salary if services are rendered in India.
5. Salary payable by the Government to an Indian citizen for services rendered outside India. However, allowances & perquisites paid to an Indian citizen outside India are wholly exempt.
6. Dividend paid by an Indian company.</td></tr>
</table>

	7. Interest, fees for technical services & royalty shall be deemed to accrue or arise in India if it is payable by: (a) Central/State Government or (b) Resident in India if funds are utilised to earn income from any source in India. (c) Non-resident if money is utilised for a business or profession in India. Exception: Royalty paid for computer software supplied by a non-resident manufacturer along with computers shall not be taxable. 8. Any sum of money paid by a resident Indian to a non-corporate non-resident or foreign company without consideration if the aggregate of such sum exceeds ₹ 50,000.

SALARY

Section	Particulars
15	Basis of Charge: Salary is taxable on due or receipt whichever is earlier. However, bonus is taxable on receipt basis only.
89(1)	Relief u/s 89(1): Step 1: Compute the additional tax payable in the year in which such arrears are received Step 2: Calculate the additional tax payable in the year in which such arrears relates. Step 3: Step 1 – Step 2 is relief.
10(14)	**Allowances** whose exemptions depends on the actual expenditure: Travelling, Daily, Conveyance, Helper, Uniform, Academic Allowance. Allowances whose exemptions depends on the limit: Special Compensatory – 300 pm to 7,000 pm; Border Area – 200 pm to 1,300 pm; Tribal – 200 pm; Allowance for Transport Employees – Lower of 70% or 10,000 pm; Children Education – 100 pmpc upto 2 children; Hostel – 300 pmpc upto 2 children; Transport (Blind/Handicapped) – 3,200 pm; Underground – 800 pm & High Altitude: 9000 to 15000 feet – 1,060 pm & above 15000 feet – 1,600 pm.
16(ii)	Entertainment Allowance: Added in all employee's salary but deduction is allowed to Govt. employees only. Least shall be allowed as deduction from gross salary: (i) Entertainment allowance received; (ii) 20% of Basic salary; (iii) 5,000 p.a.
10(13A)	HRA: Least shall be allowed as exemption: (i) Actual HRA recd.; (ii) Rent paid – 10% of salary; (iii) 50% of salary, if house taken in Delhi, Mumbai, Chennai or Kolkata / 40% of salary for other cities. ☞ Salary = Basic salary + DA (forming part of salary) + Commission (based on fixed % of T/o)
	Perquisites
	First 4 perquisites – Taxable only for specified employees. If reimbursed – Taxable for all employees.
17(2)(iii)	***Specified Employee:*** 1) Director of a company; 2) Employee having ≥ 20% profit sharing; 3) Employees having salary ≥ 50,000 p.a.
	Attendant, Sweeper, Gardener etc: Amount paid by employer – Amount recovered
	Water, Gas & Electricity: From own sources: Manufacturing cost per unit Others: Amount paid to outside agency
	Children Education Facility: Amount paid by employer – 1,000 p.m.p.c (no limit on children) – amount recovered. Note: School belongs to employer or there is an arrangement. ☞ Scholarship based on merit is not taxable. ☞ Amount paid for other than employee's children is not eligible for exemption.
	Motor Car Facility: Employee-owned car: 1) 100% official: Not Taxable 2) Partly official partly personal: Amount paid by employer – 1,800 p.m. (If CC ≤ 1600) / 2,400 p.m. (If CC > 1600) – 900 p.m. for driver (if provided) – amount recovered 3) 100% personal: Fully taxable

	Employer-owned / hired car: 1) 100% official: Not Taxable 2) Partly official partly personal: Running expenses incurred by: (ignore actual exp.) • Employer: Taxable Perquisite: 1,800 p.m. (If CC ≤ 1600) / 2,400 p.m. (If CC > 1600) • Employee: Taxable Perquisite: 600 p.m. (If CC ≤ 1600) / 900 p.m. (If CC > 1600) 3) 100% personal: Running & Maintenance + Driver's Exp. + Depreciation @ 10% p.a. on actual cost – amount recovered ☞ Add 900 p.m. if driver is also provided ☞ If 2 or more cars are provided which are not exclusively used for official purposes, then one car is allowed as partly official & partly personal and other cars shall be treated as 100% personal.
	Leave Travel Concession: If travel is through: (exemption limit) Air: Economy Class; Rail: 1st A/C Rail; Other than air & rail (destination connected with railways) – 1st A/C Rail; Other than air & rail (destination not connected with railways but public transport exist) – Deluxe Class. Notes: a) Only 2 journeys in the block of 4 calendar years are exempt; b) One journey can be carried forward to the first year of new block if not exhausted; c) All children born before 01/10/1998 are allowed, after that only 2. d) Family means spouse & children, parents & siblings (only dependant).
	Medical Facility: ***In India:*** Tax free if treatment done in a hospital owned by employer, CG/SG or approved for specified disease. ***Outside India:*** Medical & stay with one attendant shall be tax free to the extent permitted by RBI. Travel shall be exempt if GTI ≤ ₹ 2,00,000, otherwise fully taxable. ☞ Medical Insurance Premium paid or reimbursed by employer shall be exempt. ☞ Family same as LTC.
	Rent Free Accommodation Govt. Accommodation – License Fees Non-Govt. Accommodation (owned by employer) [01.04.2023 to 31.08.2023] Where the population as per 2001 census: ○ Upto 10 lakhs – 7.5% of salary is taxable ○ More than 10 lakhs but upto 25 lakhs – 10% of salary ○ More than 25 lakhs – 15% of salary Non-Govt. Accommodation (owned by employer) [01.09.2023 to 31.03.2024] Where the population as per 2011 census: ○ Upto 15 lakhs – 5% of salary is taxable ○ More than 15 lakhs but upto 40 lakhs – 7.5% of salary ○ More than 40 lakhs – 10% of salary Non-Govt. Accommodation (not owned by employer): ▪ From 01.04.2023 to 31.08.2023 - 15% of salary or lease rent whichever is lower. ▪ From 01.09.2023 to 31.03.2024 - 10% of salary or lease rent whichever is lower. Hotel Accommodation – 24% of salary or hotel charges whichever is lower. Exception: Transfer from one place to another till 15 days. Beyond 15 days, it will be taxable to the extent of days beyond 15 days. ➢ Salary = Basic Salary + DA (forming part of salary) + Commission + Taxable portion of allowances + Payments from all employers even if house is provided by one. ➢ ***2 houses on transfer:*** For first 90 days - House which has lower value shall be taxable. After 90 days – Both the houses shall be taxed. ➢ Where furniture is also provided: 10% of actual cost or hire charges shall be taxable. ➢ Maintenance or repairs are not taxable.

<table>
<tr><td></td><td><u>Interest Free / Concessional Loan:</u>
Interest to be calculated on loan outstanding on the last day of the month. SBI rate on 1st April 2023 shall be taken. No interest to be charged in the following cases:
(a) Loan upto ₹ 20,000. But where loan > ₹ 20,000, interest on entire loan to be charged.
(b) Loan taken for specified disease. But if insurance claim received is not paid to employer, interest shall be charged.</td></tr>
<tr><td></td><td><u>Use of Movable Asset (other than motor car):</u> 10% of actual cost or actual hire charges shall be taxable.
Laptop & mobile phones are not taxable.</td></tr>
<tr><td></td><td><u>Transfer of Movable Asset:</u>
(a) Computer & Electronic items: Actual Cost – 50% for each completed year on WDV basis.
(b) Motor Car: Actual Cost – 20% for each completed year on WDV basis.
(c) Other Assets: Actual Cost – 10% for each completed year on SLM basis.
• Any period less than 12 months shall be ignored.</td></tr>
<tr><td></td><td><u>Other Perquisites:</u>
☞ Gift upto ₹ 5,000 in kind is exempt. If above ₹ 5,000 - fully taxable; Gift in cash or convertible into money is fully taxable.
☞ Credit Card & Club Expenditure: Credit card & clubs used for personal purposes shall be taxable. Health & sports facility are specifically exempted.
☞ Value of sweat equity share: FMV – offer price shall be taxable.
☞ Free food & non-alcoholic beverages: Exempt upto ₹ 50 per meal shall be exempt.
☞ Contribution by employer to RPF + NPS + superannuation fund in excess of ₹ 7,50,000 shall be taxable.</td></tr>
<tr><td></td><td><u>Retirement Benefits</u></td></tr>
<tr><td>10(10)</td><td><u>Gratuity:</u> If received by employee – taxable u/h Salary; if received by family members on death of employee – taxable u/h Income from other sources.
☞ Gratuity received during employment is taxable for all employees.
☞ Gratuity received by Govt. employee on retirement shall be fully exempt.
<table>
<tr><th colspan="2">Exemption limit for Non-Govt. Employees: Least shall be exempt:</th></tr>
<tr><th>Employees covered under POGA, 1972</th><th>Employees not covered under POGA, 1972</th></tr>
<tr><td>1. Amount of gratuity actually received
2. ₹ 20,00,000
3. <u>15/26</u> days salary for every completed year of service or part thereof in excess of 6 months
[15/26 x (last drawn basic salary + DA) x number of years of service (including fractions)</td><td>1. Amount of gratuity actually received
2. ₹ 20,00,000
3. <u>15/30</u> days average salary for every completed year of service <u>(ignoring fractions)</u>
[15/30 x average salary x number of years of service (excluding fractions)]</td></tr>
<tr><td>Salary: Last drawn Basic Salary + DA</td><td>Salary: Basic + DA (forming part of salary) + Comm. based on fixed % of T/O of the last 10 months preceding the month of retirement</td></tr>
</table></td></tr>
<tr><td>10(10A)</td><td><u>Pension:</u> Recurring pension is taxable for all employees.
Commuted Pension (Lumpsum): For Govt. / Local authority employees – Fully exempt
For Non-Govt. employees: If gratuity is received – 1/3rd of 100% commuted pension is exempt; If gratuity is not received – ½ of 100% commuted pension is exempt;</td></tr>
<tr><td>10(10AA)</td><td><u>Leave Salary:</u> If received by during employment – fully taxable.
On retirement: Fully exempt for Govt. employees.
For Non-Govt. employees: Least shall be exempt:
1. Leave encashment actually received
2. ₹ 20,00,000
3. 10 months average salary</td></tr>
</table>

<table>
<tr><td></td><td>4. Cash equivalent of unavailed leaves salary on the basis of maximum 30 days for every year of service (ignoring fractions). It is to be calculated on the basis of average salary
(i) Salary = Basic + DA (forming part of salary) + Comm. based on fixed % of T/O of the last 10 months preceding the date of retirement</td></tr>
<tr><td>10(10B)</td><td><u>Retrenchment Compensation:</u> Least of the following shall be exempt:
(a) Amount received
(b) ₹ 5,00,000
(c) <u>15/26 days average salary</u> for every completed year of service or any part in excess of 6 months.
Salary for preceding 3 months shall be taken. Salary shall include all but shall not include bonus & employer's PF contribution.</td></tr>
<tr><td>10(10C)</td><td><u>Voluntary Retirement Scheme:</u> Least of the following shall be exempt:
(a) Amount received
(b) ₹ 5,00,000
(c) The amount does not exceed
(i) 3 x salary x no. of completed years of service or
(ii) Salary x years of service left x 12
(ii) Salary = Basic + DA (forming part of salary) + Comm. based on fixed % of T/O</td></tr>
<tr><td>10(11)</td><td><u>Provident Fund:</u>
<table>
<tr><th>Particulars</th><th>SPF</th><th>RPF</th><th>URPF</th></tr>
<tr><td>Employ<u>er's</u> Contribution</td><td>Exempt</td><td><u>Exempt upto 12%</u> of salary. <u>Excess taxable.</u></td><td>Exempt</td></tr>
<tr><td><u>Interest</u> credited to PF</td><td>Exempt</td><td>Exempt upto <u>9.5%</u> rate of interest. Excess taxable.</td><td>Exempt</td></tr>
<tr><td>Repayment of <u>lump sum</u> on <u>retirement</u></td><td>Exempt</td><td>Exempt if withdrawn after 5 years. When not exempt, it shall be treated as URPF.</td><td>Taxable [refer (iii)]</td></tr>
<tr><td><u>Deduction</u> u/s 80C on employee's contribution</td><td>Available</td><td>Available</td><td>Not Available</td></tr>
</table></td></tr>
<tr><td></td><td>(i) <u>Salary for RPF:</u> Basic + DA (forming part of salary) + Comm. based on fixed % of T/O.
(ii) Interest accrued on employee's contribution in RPF shall be proportionately taxable to the extent of amount contributed above ₹ 2,50,000 / ₹ 5,00,000 as the case may be.
(iii) Repayment of lumpsum on retirement from URPF shall be taxable as follows:
○ Employer's contribution and interest thereon – taxable u/h salaries.
○ Interest on employee's contribution – taxable u/h IFOS</td></tr>
<tr><td>16</td><td><u>Deductions from Gross Salary:</u>
○ Sec. 16(ia): Standard deduction of ₹ 50,000.
○ Sec. 16(iii): Professional tax paid. Where PT is paid by employer, then it shall be added in the income of the employee and then deduction shall be provided.</td></tr>
</table>

HOUSE PROPERTY

<table>
<tr><th>Section</th><th>Particulars</th></tr>
<tr><td>22</td><td><u>Basis of Charge:</u> An assessee should satisfy all the 3 conditions to fall u/h House Property:
1. Property should consist of any building (land attached is allowed). But only vacant land shall be treated u/h PGBP or IOS;
2. Assessee must be the owner of such building;
3. Such building should not be utilised by the owner in his Business or Profession [except Sec. 23(5)]</td></tr>
</table>

<table>
<tr><td>23(1)</td><td><u>Determination of Annual Value:</u>
(i) GAV = Expected Rent or Actual Rent, whichever is higher
(ii) However, where due to vacancy, Actual Rent is less than Expected Rent, then Actual Rent shall be GAV.
☞ Unrealised rent shall be deducted from Actual Rent Receivable first followed by loss due to vacancy in order to arrive at Actual Rent received.

<u>Property partly let-out & partly self-occupied:</u>
GAV for let out portion = Expected Rent or Actual Rent, whichever is higher
NAV for self-occupied portion = Nil</td></tr>
<tr><td>23(2)</td><td>Net Annual Value of a self-occupied property = Nil</td></tr>
<tr><td>23(3)</td><td>Annual Value of a property which is self-occupied for part of the year & let-out for the remaining part of the year: Higher of
(i) ER for 12 months or
(ii) AR for let out period</td></tr>
<tr><td>23(4)</td><td>Annual value of deemed to be let-out properties: Assessee can claim benefit of Nil NAV in respect of any two self-occupied properties. The other properties shall be deemed to be let-out. GAV for deemed to be let-out properties = Expected Rent</td></tr>
<tr><td>23(5)</td><td>Annual value of a property held as SIT: NAV of such properties for 2 years from the end of the FY in which certificate of completion of construction of the property is obtained shall be NIL.</td></tr>
<tr><td>24</td><td><u>Deductions from NAV</u>
(a) Standard Deduction: 30% of NAV
(b) Interest on borrowed capital: It is divided into 2 parts:
1. <u>Pre-construction period Interest:</u> Interest for the period prior to the P/Y in which property is acquired or constructed. Such interest is deductible in 5 equal instalments starting from the year in which property is acquired or construction is completed.
2. <u>Post-construction period interest:</u> Allowed fully in that year itself
<u>Maximum Limit for Interest on Borrowed Capital</u>
<table>
<tr><td>Particulars</td><td>Self-occupied property</td><td>Let out property</td></tr>
<tr><td>Acquired / Constructed with loan borrowed on or after 01.04.1999.</td><td>₹ 2,00,000</td><td>No Limit</td></tr>
<tr><td>Repair / renewal / reconstruction of the property or loan borrowed before 01.04.1999.</td><td>₹ 30,000</td><td>No Limit</td></tr>
</table></td></tr>
<tr><td>25A</td><td>Taxability of recovery of unrealised rent & arrears of rent received:
1. Taxable in the year of receipt.
2. Deduction @ 30% of amount realised.</td></tr>
<tr><td>26</td><td><u>Co-owned property:</u>
❖ Self-occupied property: NAV shall be nil. Each co-owner shall be allowed deduction of ₹ 30,000 / ₹ 2,00,000, as the case may be.
❖ Let-out property: Assume one owner and compute income. Then apportion the income as per their specific share.</td></tr>
<tr><td></td><td><u>Composite Rent:</u>
❖ <u>Where rent of premises and facilities is segregable:</u> the rent from premises shall be taxable u/h HP & the rent relating to facilities shall be taxable u/h IOS or PGBP, as the case may be
❖ <u>Where rent of premises and facilities is not segregable:</u> then the entire amount is taxable u/h IFOS or PGBP.</td></tr>
<tr><td>27</td><td><u>Deemed Ownership:</u>
1. Transfer of property to spouse or minor child (except minor married daughter), without adequate consideration.
2. Holder of an impartible estate
3. Member of a co-operative society
4. Person in possession of a property
5. Person having right in a property for a period not less than 12 years</td></tr>
</table>

PGBP

Section	Particulars
28	Incomes charge to tax u/h PGBP: 1. Any income from Business / Profession carried on for any period during the P/Y; 2. Compensation received on termination of contract; 3. Export incentives; 4. Interest, salary received by a partner; 5. Any sum received for not carrying out any activity; 6. Sum received from Keyman Insurance Policy; 7. FMV on conversion of SIT into Capital Asset & 8. Income from Speculative Business.
145	<u>Method of Accounting:</u> 1. Accrual (Mercantile) Basis: Transaction relating to the C/Y shall be taken irrespective whether it is paid / received. Exceptions: Sec. 35DDA & 43B. 2. Cash Basis: Transaction involving inflow/outflow of money shall be recorded irrespective whether it relates to C/Y or not.
30	<u>Rent, rates, repairs & insurance of building:</u> Only revenue exp. allowed in relation to business. If sub-let, exp = Rent paid – rent recd. Partner can receive reasonable rent from the firm for his property.
31	<u>Repairs & insurance of P/M & Furniture:</u> Only revenue exp. in relation to business shall be allowed.
32	<u>Two conditions to be satisfied to claim depreciation:</u> 1. Asset must be used for business & profession. 2. Assessee should be the owner of the asset (incl. co-owners) ☞ Half depreciation on assets used for less than 180 days. Depreciation is admissible for block of assets having same nature & percentage. Method is WDV. SLM allowed only for power generating units. <u>Steps for computing depreciation:</u> Op. WDV + Acquisitions – Sale Value = Cl. WDV. Find depreciation on the Cl WDV.
43(1)	<u>Actual Cost:</u> Exp of asset + any cost incurred before its first use. ○ Asset used u/s 35AD: Cost shall be nil ○ SIT converted into Capital Asset: Cost shall be FMV ○ Where GST paid on Capital Asset is not allowed ITC, it shall be added in the cost of asset ○ Building used for private purpose put to official purpose: Actual cost shall be reduced by notional depreciation, assuming it was being used for business. ○ Where cash payment > ₹ 10,000 for acquiring an asset, it shall not be included in the cost of asset. ○ Where asset is reacquired, the cost shall be WDV at the time of transfer or cost of re-acquisition whichever is lower.
	Treatment where block of asset ceases to exist: Case 1: Where all assets are transferred: a) Where SV > Op. WDV + Acquisitions, it's a STCG b) Where SV < Op. WDV + Acquisitions, it's a STCL Case 2: Where few assets transferred and the SV > Op. WDV + Acquisitions, it's a STCG.
32(1)(iia)	<u>Additional Depreciation:</u> 20% of new plant & machinery allowable to manufacturing assessees. If used for less than 180 days, 10% in the C/Y and balance 10% in the next year. <u>Exceptions:</u> a) Ships and aircrafts; b) Second-hand machinery; c) Office appliances; d) Road transport vehicle & e) Asset on which 100% deduction is allowed.
32(2)	<u>Set off and carry forward of Unabsorbed Dep:</u> Allowed set off from any head (except salary) for infinite years. Order of Set-off: 1. C/Y Depreciation; 2. B/F Business Loss & 3. Unabsorbed Depreciation.

<table>
<tr><td></td><td><u>Depreciation on SLM Basis:</u> Allowed only to power generating units on tangible assets on individual basis.
o Terminal Dep: When asset is sold at a price lower than WDV.
o Balancing charge: When asset is sold at a price higher than WDV. If Sale Value exceeds original cost, then Capital Gains shall arise.</td></tr>
<tr><td>35</td><td><u>Scientific Research Expenditure:</u>
Pre-commencement Exp: 100% Revenue + Cap Exp. (except land) for previous 3 years.
Post-commencement Exp: 100% Revenue + Cap Exp. (except land).
<u>Sale of Scientific Research Asset:</u> SV is PGBP income. If exceeds original cost, Cap Gains shall arise. However, if used in Non-SRA business, it will be added in block with nil value.
Unabsorbed Cap. Exp. on Scientific Research: Deemed expenditure of future years.
Contribution made to Outsiders: Contribution made to
1. Approved university, association, whose objective is social science & statistical research – 100%
2. Indian company for scientific research – 100%
3. Approved research association, IIT, national laboratory for scientific research – 100%</td></tr>
<tr><td>35AD</td><td><u>Capital Expenditure on Specified Business</u> – 100% (except land, goodwill & financial instruments)
1. Cross country natural gas, crude or petroleum pipeline network; 2. Hotel of 2 star or above; 3. Slum redevelopment; 4. ICD or CFS; 5. Bee-keeping & production of honey & beeswax; 6. Warehousing facility for sugar; 7. Cold chain facility; 8. Warehousing facility for agricultural produce; 9. Hospital with atleast 100 beds for patients; 10. Affordable housing project; 11. Fertilizer in India; 12. Slurry pipeline for transportation of iron ore; 13. Semi-conductor wafer fabrication manufacturing unit & 14. Infrastructure facilities such as roads, ports etc.
o Only 20% old plant & machinery allowed.
o Pre-commencement exp shall also be allowed.
o Asset should not be transferred within 8 years. If sold, amount recd shall be PGBP income. If transferred to non-specified business, then deduction claimed – notional dep shall be deemed income.</td></tr>
<tr><td>35D</td><td>Amortization of Preliminary Expenses: Allowed in 5 equal installments. <u>Maximum Deduction:</u>
1. Indian Companies: 5% of (cost of project or capital employed, whichever is higher)
2. Others: 5% of cost of project</td></tr>
<tr><td>35DDA</td><td>Voluntary Retirement Scheme expenditure allowed only on payment basis in 5 equal instalments from the year of payment.</td></tr>
<tr><td>36</td><td><u>Business Deductions:</u>
1. Insurance Premium paid to cover risk of damage of stocks & stores; paid on the lives of cattle owned; paid on the health of employees by any mode other than cash.
2. Bonus or commission paid to employees.
3. Interest on borrowed capital for business
4. Employee's + Employer's contribution to provident fund etc.
5. Bad Debts
6. Family planning expenditure by company (capital exp: $1/5^{th}$)</td></tr>
<tr><td>37</td><td>General Deduction: Any expenditure not being capital or personal incurred wholly & exclusively for business or profession shall be covered here.</td></tr>
<tr><td>40(a)</td><td><u>Expenses not deductible:</u>
1. Interest, royalty, fees paid outside India or to a NR on which no TDS was deducted. Deduction shall be allowed in the previous year in which TDS is paid.
2. Interest, brokerage, rent, paid to a resident on which no TDS was deducted shall be disallowed to the extent of 30%. Deduction shall be allowed in the previous year in which TDS is paid.
3. Any sum paid under Income Tax Act (Tax, interest, penalty etc)
4. Salary payment outside India on which TDS is not deducted. It shall not be allowed even if TDS is deducted in subsequent year.</td></tr>
<tr><td>40A(2)</td><td>Where any unreasonable payment is made to specified person, then unreasonable expenditure shall not be allowed. Specified person means spouse, brother or sister or any lineal ascendant or descendant, partner, director or any person having ≥ 20% profit sharing.</td></tr>
</table>

<table>
<tr><td>40A(3)</td><td>Cash Payments: Where a payment of an expenditure to a person in cash exceeds ₹ 10,000, the whole amount is disallowed. The limit is extended to ₹ 35,000 in case of transport operators.</td></tr>
<tr><td>40(b)</td><td><u>Deduction for Partnership Firm:</u>
1. Interest on capital allowed @ 12% p.a.
2. Maximum Permissible Remuneration
<table>
<tr><th>Book Profit</th><th>Maximum Remuneration</th></tr>
<tr><td>On the first ₹ 3,00,000
Balance book profit</td><td>₹ 1,50,000 or 90% of book profit whichever is more
60% of the book profit</td></tr>
<tr><td>Where book profit is negative</td><td>₹ 1,50,000</td></tr>
</table>
Book profit = Income u/h PGBP + remuneration to partners if debited to P/L A/c – brought forward depreciation.</td></tr>
<tr><td>43B</td><td>Deduction on Payment Basis:
1) Taxes; 2) Employer’s contribution to approved funds; 3) Bonus or commission; 4) Interest on loan; 5) Leave Salary; 6) Payment to Indian railways.
Any sum payable by the assessee to a micro or small enterprise beyond the time limit would be allowed as deduction only in that previous year in which such sum is actually paid.
Time Limit = As per written agreement or 45 days whichever is earlier. 15 days, in case of no written agreement.
☞ Where the assessee is following mercantile system of accounting, payments shall be allowed where it is paid on or before the due date of furnishing ROI.</td></tr>
<tr><td>43CA</td><td>Land & Building held as SIT: Where SDV ≤ 110% of SC, then SC shall be considered.
SDV on the DOA shall be considered where advance is received through banking channels, otherwise SDV on the DOR shall be taken.</td></tr>
<tr><td>44AA</td><td>Maintenance of Accounts: The following will have to maintain prescribed books of accounts:
1. Person carrying on notified profession (legal, medical, engineering etc.): Where gross receipts exceed ₹ 1,50,000 in all 3 years immediately preceding the P/Y.
2. Person carrying on business and having income/turnover:
o Individual / HUF: Income > ₹ 2,50,000 or Turnover > ₹ 25,00,000 in any of the 3 years immediately preceding the P/Y.
o Others: Income > ₹ 1,20,000 or Turnover > ₹ 10,00,000 in any of the 3 years immediately preceding the P/Y.
Prescribed Books: Cash Book, Journal, Ledger (for accrual basis) & Carbon copies of bill exceeding ₹ 25.
The books should be maintained for a minimum period of 6 years from the end of A/Y.</td></tr>
<tr><td>44AB</td><td><u>Compulsory audit of accounts</u>
1. Person carrying on business: Where total sales > ₹ 1,00,00,000.
☞ For SMEs, where the amount received / paid in cash does not exceed 5% of the respective amount, the threshold limit for audit will be ₹ 10 crores instead of ₹ 1 crore.
2. Person carrying on profession: Where gross receipts > ₹ 50,00,000.
If books are audited, the assessee has to submit the report by 31st October of relevant A/Y.</td></tr>
<tr><td>44AE</td><td>Presumptive income for transporters: (Max. 10 trucks allowed at any time during the P/Y)
1. Heavy goods vehicle (above 12,000 kgs): ₹ 1,000 per tonne p.m. or part for which it was owned by the assessee.
2. Other than heavy goods vehicle: ₹ 7,500 p.m. or part for which it was owned by the assessee</td></tr>
<tr><td>44AD</td><td>Presumptive income for businessman: 6% of turnover received through banking channels + 8% of turnover for others
Eligibility: Individual/HUF/Firm (excl. LLP) having turnover upto ₹ 2 crores. The enhanced limit of ₹ 3 crores will apply where the cash TO is upto 5% of total turnover.
Restriction: Where an assessee eligible u/s 44AD does not follow it, he shall be prohibited to follow this section for the next 5 A/Ys.</td></tr>
<tr><td>44ADA</td><td>Presumptive income for professionals: 50% of gross receipts.
Eligibility: A resident professional having receipts upto 50 lakhs. The enhanced limit of ₹ 75 lakhs will apply where the cash TO is upto 5% of total receipts.</td></tr>
</table>

CAPITAL GAINS

<table>
<tr><th>Section</th><th>Particulars</th></tr>
<tr><td>45(1)</td><td>Any gain arising on transfer of capital asset is taxable u/h Capital Gains.</td></tr>
<tr><td>2(47)</td><td>Transfer mean sale, exchange, relinquishment of an asset; extinguishment of any rights; conversion of capital asset into SIT; maturity of zero-coupon bonds; compulsory acquisition; part performance of a contract & allotment under a house building scheme.</td></tr>
<tr><td>2(14)</td><td>Capital Asset: Means property of any kind + securities held by FII:
<u>Exceptions:</u> 1. Stock; 2. Personal movable assets (except jewellery, archaeological collections, paintings, drawings); 3. Rural Agricultural Land; 4. Gold Deposits Bonds, National Defence Gold Bonds; Special Bearer Bonds etc.</td></tr>
<tr><td>2(42A)</td><td><u>STCA:</u>
<table>
<tr><td>Period of holding</td><td>≤ 12 months</td><td>≤ 24 months</td><td>≤ 36 months</td></tr>
<tr><td>Capital Assets</td><td>○ Listed securities on a RSE
○ Units of equity-oriented fund
○ Units of UTI
○ Zero coupon bonds</td><td>○ Land or building or both
○ Unlisted shares</td><td>○ Units of debt-oriented funds
○ Other Assets (Jewellery, bullion etc.)</td></tr>
</table></td></tr>
<tr><td>2(29A)</td><td>LTCA: An asset which is not a STCA.</td></tr>
<tr><td>47</td><td>Transactions not regarded as transfer: Gift, will, partition of HUF, reverse mortgage scheme etc.</td></tr>
<tr><td>49(4)</td><td>COA of an asset received as gift shall be the amount taxable u/s 56(2)(x).</td></tr>
<tr><td>49(7)</td><td>COA of an asset received under JDA is SDV + Cash consideration.</td></tr>
<tr><td>49(9)</td><td>COA of an asset of a capital asset converted from SIT shall be the FMV on the date of conversion.</td></tr>
<tr><td>55</td><td>COA of asset shall be value for which it is acquired by assessee + expenses incurred on purchase of asset + interest on loan taken for acquiring a capital asset.
<u>COA for goodwill, patents, copyrights, intangible assets:</u>
1. Self-generated – Nil
2. Purchased from other – Purchase Price
☞ Goodwill of a profession is not taxable under the Income Tax Act, 1961.</td></tr>
<tr><td></td><td>Indexed COA for LTCA = <u>COA x CII for the year in which it is transferred</u>
CII for the first year in which asset was first held by the assessee or
CII for the year beginning on 01.04.2001 whichever is later
(Benefits of indexation is not available in case of bonds & debentures)</td></tr>
<tr><td></td><td>COA of assets acquired before 01.04.2001 shall be the:
(a) Original Cost or (b) FMV as on 01.04.2001 whichever is higher
Option to take FMV is not available in case of goodwill, loom hours, trademarks, intangible assets.</td></tr>
<tr><td></td><td>COA for different types of shares
<table>
<tr><td>S. No.</td><td>Type of share</td><td>Cost of acquisition</td></tr>
<tr><td>1.</td><td>Original shares</td><td>Actual payment</td></tr>
<tr><td>2.</td><td><u>Bonus</u> shares</td><td><u>NIL</u> [However, if bonus shares are acquired before 01.04.2001, FMV as on 01.04.2001 is available]</td></tr>
<tr><td>3.</td><td><u>Right</u> shares purchased by the <u>original shareholder.</u></td><td>Price paid to the company</td></tr>
<tr><td>4.</td><td><u>Right offer sold</u></td><td>NIL</td></tr>
<tr><td>5.</td><td><u>Person purchasing such offer</u> from original shareholder.</td><td>Price paid to the <u>seller +</u> price paid to the <u>company</u></td></tr>
<tr><td>6.</td><td><u>Sweat</u> equity shares</td><td><u>FMV</u> on the date of allotment</td></tr>
<tr><td>7.</td><td>Shares in <u>resulting</u> company</td><td><u>COA of share in demerged co. X Book value of assets in demerger</u>
Net worth of the demerged co.</td></tr>
</table></td></tr>
</table>

		(Net worth = Paid up capital + reserves)
8.	Shares in **demerged** company	**Original cost** – amount computed in **7 above.**
9.	Forfeiture of shares	Price paid to the company

112A	LTCG on transfer of shares u/s 112A shall be liable to tax @ 10% above ₹ 1,00,000. COA of shares purchased before 1st February 2018 on which STT is paid shall be higher of: (a) Actual COA or (b) Lower of: (i) FMV as on 31st January 2018 or (ii) Sale proceeds
55(1)(b)	Cost of improvement: Any capital expenditure incurred to increase the value of the asset shall be treated as cost of improvement. $\text{Indexed COI for LTCA} = \frac{\text{COI} \times \text{CII for the year in which asset is transferred}}{\text{CII for the year in which the improvement took place}}$ ☞ COI in relation to goodwill of a business, trademark, right to carry on business or manufacture any article etc. shall be nil. ☞ It shall be noted that COI incurred before 01.04.2001 shall be ignored.
 111A 112A 112	**Different rates of taxes for different capital assets** ○ STCG on listed equity shares / Units of equity-oriented fund / Units of a business trust on which STT is paid) – 15% ○ Other STCG – Slab Rate ○ LTCG on listed equity shares / Units of equity-oriented fund / Units of a business trust on which STT is paid) – 10% on income above ₹ 1,00,000. ○ Other LTCG – 20%
45(1A)	**Insurance claim on destruction** Transferability: Transfer shall conclude in the year in which destruction happened. Indexation shall be done till this year. Taxability: It shall be made taxable in the year in which claim is received. Sale value: FMV of the asset + Claim amount received
45(2)	**Conversion of Capital Asset into SIT** Treatment u/h Capital Gains: Sale value = FMV of the asset on the date of conversion. Taxability: Capital gains is taxable in the previous year in which stock is sold. Indexation: It shall apply on the basis of the year in which conversion took place. Treatment u/h PGBP: Business income = Consideration received on sale of SIT – FMV of capital asset on conversion.
45(2A)	**Securities held DEMAT form:** Cost of Acquisition & period of holding shall be considered on First In First Out (FIFO) method.
45(3)	**Transfer of a capital asset by partner to firm:** Amount recorded in the books of accounts of the firm shall be sale value in the hands of the partner.
45(4)	**Distribution of assets by firm on retirement / dissolution:** FMV on the date of retirement / dissolution shall be the sale value in the hands of the firm.
45(5)	**Compensation received on compulsory acquisition:** 1. Original Compensation: Taxable in the year in which compensation is partly or wholly received. But transfer shall conclude at the time of compulsory acquisition. 2. Enhanced Compensation: Taxable in the year in which it is received. Nature shall be same as original compensation. No COA & COI. Legal expenses are deductible.
10(37)	**Compulsory acquisition of urban agricultural land:** Not taxable provided used for agricultural purposes by individual/parents or HUF for 2 years prior to transfer.

<table>
<tr><td>45(5A)</td><td><u>JDA:</u> <u>Taxability:</u> It shall be taxable when completion certificate is received.
<u>Indexation:</u> Transfer shall conclude at the time when developmental rights were transferred. Therefore, indexation shall happen till the year of transfer of TDR.
<u>Sale value:</u> SDV on the date of CC + cash consideration (if any). However, if sold before the CC, capital gains shall arise at that time only.</td></tr>
<tr><td>46</td><td><u>Distribution of assets by company on liquidation:</u>
<u>For company:</u> Not taxable when transferred to shareholder. If sold in market, CG shall arise.
<u>For shareholder:</u> Sale value shall be money received or fair market value of assets minus deemed dividend u/s 2(22)(c). Where such asset is further transferred, then FMV shall become COA.</td></tr>
<tr><td>46A</td><td><u>Buy back of shares:</u>
<table>
<tr><th>Taxability in the hands of</th><th>Buy back of shares by domestic company</th><th>Buy back of shares by any other company or specified securities by any company</th></tr>
<tr><td>Company</td><td>Subject to additional income tax @ 23.296%</td><td>Not taxable.</td></tr>
<tr><td>Shareholder / Holder of specified securities</td><td>Exempt u/s 10(34A)</td><td>CG = Sale Value – Cost of acquisition</td></tr>
</table></td></tr>
<tr><td>50B</td><td><u>Slump Sale:</u> FVOC = FMV of capital assets or consideration received whichever is higher.
COA & COI = Net worth = Assets – External liabilities. LTCG if held for more than 36 months, otherwise short-term. However, benefits of indexation is not admissible. Ignore revaluation of assets (if any).</td></tr>
<tr><td>50C</td><td><u>Special provisions for full value of consideration:</u>
<table>
<tr><th>S. No.</th><th>Situation</th><th>Full Value of Consideration</th></tr>
<tr><td>(i)</td><td>Where SVA value > 110% of SC</td><td>Value as determined by SVA</td></tr>
<tr><td>(ii)</td><td>Where assessee claims that SVA value > FMV, then the case may be referred to VO.</td><td>Value of SVA or value of VO, whichever is lower.</td></tr>
<tr><td>(iii)</td><td>Where matter is disputed under any court</td><td>Value as determined by the court</td></tr>
</table>
☞ Where SDV on the DOA & DOR are not same, consider DOA, where part payment is made by any mode other than cash.</td></tr>
<tr><td>50CA</td><td>If unlisted shares are understated: FMV shall become full value of consideration.</td></tr>
<tr><td>51</td><td><u>Advance Money Forfeited:</u>
Before 01.04.2014: Reduced from COA. Ignore, if forfeited by previous owner.
On or after 01.04.2014: Taxable u/h IOS.</td></tr>
</table>

EXEMPTIONS FROM CAPITAL GAINS [SEC. 54, 54B, 54EC ETC.] [V. IMP]

Sec.	Asset transfer-red	Who is entld	POH	New Asset	Exemption	Period for investment	Treatment of unutilised amount *	Sale of new asset
54	Residential house (commercial prop is not allowed)	Ind or HUF	LTCA	Residential house (comm prop is not allowd)	CG or amt. invested whichever is **<u>less</u>** **<u>[Max: 10 crores as per FA 2023]</u>**	Within **<u>1 year before</u>** or 2 years after the date of transfer in case of purchase or within 3 years after the date of transfer in case of construction in one residential house in India. However, where the CG ≤ 2 crores, the assessee can invest	Deposit in capital gains account scheme on or before the due date of furnishing the return of income.	If **<u>sold within 3 years</u>** from the date of acquisition, the **<u>cost</u>** of the new asset shall be **<u>reduced</u>** by the amount of CG claimed as exemption.

						in 2 residential properties [Note]		

Note: The benefit of investment in 2 residential properties is a one-time benefit. Suppose, the assessee has earned capital gains ₹ 1.8 crores on transfer of a property in Mumbai, he can invest in two residential properties (let's say Delhi & Pune) in order to claim exemption u/s 54. However, in future, when he sells the Pune property, exemption u/s 54 shall be available for further investment in 1 residential property only.

Sec.	Asset transfe-rred	Who is entld	POH	New Asset	Exemption	Period for investment	Treatment of unutilised amount *	Sale of new asset
54B	Urban Agri. Land	Ind or HUF	Used for 2 years for agri. purp.	**Unban / Rural** Agri. land	CG or amt. invested whichever is **less**	Within 2 years of transfer	Same as Sec 54	Same as Sec 54

Tax Planning Point: Where a rural agricultural land is purchased on transfer of urban agricultural land, exemption u/s 54B is granted. Further, where the rural agricultural land is sold within 3 years, capital gains tax liability would not arise as rural agricultural land is not a capital asset.

Sec.	Asset transfe-rred	Who is entld	POH	New Asset	Exemption	Period for investment	Treatment of unutilised amount *	Sale of new asset
54D	CA of L&B for IU	All	Used for 2 years	L&B for IU	CG or amt. invested whichever is **less**	Within 3 years of transfer	Same as Sec 54	Same as Sec 54

Note: In case of **compulsory** acquisition of the original asset, the period available for investment would be considered from the **date of receipt** of such compensation and not from the date of transfer. [Section 54H]

Sec.	Asset transfe-rred	Who is entld	POH	New Asset	Exempti on	Period for investment	Treatment of unutilised amount *	Sale of new asset
54EC	Land or Building + Dep. Assets held for more than 36 months.	All	LTCA	Bonds of RECL / NHAI	As above **(Max: 50 lacs)**	**Within 6 months** of transfer	NA	If sold within 5 years of acquisition, exempted CG shall be taxable in the year of sale of new asset.
54EE	LTCA	All	LTCA	LT spfd assets notifed by CG	As above (Max: 50 lacs)	Within 6 months of transfer	NA	If sold within 3 years exempted CG will be deemed income in the year of sale.

Full Forms:

RECL: Rural Electrification Corporation Limited
NHAI: National Highway Authority of India

Sec.	Asset transfe-rred	Who is entld	POH	New Asset	Exempti on	Period for investment	Treatment of unutilised amount *	Sale of new asset

54F	Any asset other than residential house (Land is allowed)	Ind or HUF	LTCA	Residential house	**(LTCG x Amt. Invted) / Net sale consideration *[Max. Invt ≤ 10 crores]****	Within <u>**1 year before**</u> or 2 years after the date of transfer in case of purchase or within 3 years after the date of transfer in case of construction in one residential house in India.	Same as Sec. 54	If sold within 3 years from the date of acquisition, capital gains exempt shall be taxable as LTCG in the year of transfer. <u>**STCG/LTCG**</u> on sale of <u>**new asset**</u> shall be charged <u>**separately.**</u>

* For e.g.: Land sold for ₹ 15 crores; ICOA = ₹ 7 crores; Long-term Capital Gains = ₹ 8 crores. Amount invested in new residential property = ₹ 12 crores.
Exemption u/s 54F = ₹ 8 crores x ₹ 10 crores / ₹ 15 crores = ₹ 5.33 crores
Taxable LTCG = ₹ 8 crores – ₹ 5.33 crores = ₹ 2.67 crores

☞ Even though the investment in residential house was ₹ 12 crores, the maximum amount to be considered for the purpose of 54F shall be 10 crores. **[New Amendment as per FA 2023]**

INCOME FROM OTHER SOURCES

Section	Particulars
56(1)	Any income which does not fall under any other head of income falls under this chapter.
56(2)(i)	Dividend is taxable for shareholders and includes Deemed dividend [Sec. 2(22)(a) to 2(22)(e)].
56(2)(ib)	Winnings from Lotteries: Fully taxable. No deduction allowed except owning and maintaining race horses. Grossing up is required if TDS is deducted.
56(2)(x)	1. Gift in money: If aggregate benefit > ₹ 50,000, then fully taxable. 2. Gift of immovable property: If the benefit > ₹ 50,000 & 10% of the SC, then SDV – SC shall be taxable. 3. Gift of movable property: If the aggregate benefit > ₹ 50,000, then FMV – SC shall be taxable. Exceptions: Gift from relatives; on occasion of marriage, will, inheritance etc.
56(2)(viib)	Shares issued by a private company at a price more than the FMV shall be taxable in the hands of the company provided it is issued at a premium.
56(2)(viii)	Interest received on compensation / enhanced compensation is taxable in the year of receipt.
56(2)(ix)	Advance money forfeited: 1. Prior to 01.04.2014 – Reduced from COA of the capital asset 2. On or after 01.04.2014 – Taxable u/h IOS
56(2)(id)	Interest on bonds/debentures is taxable in the hands of the holder irrespective of the time period that he holds. Grossing up is required if TDS is deducted.
10(10D)	Sum received under a LIP, including bonus on such policy provided the annual premium does not exceed 10% of actual capital sum assured. <u>However, where the LIP (other than ULIP) is issued on or after 1.4.2023</u> - Exemption u/s 10(10D) would not be available with respect to any life insurance policy (other than ULIP) issued on or after 1.4.2023, if the amount of premium exceeds ₹ 5,00,000 for any of the previous years during the term of such life insurance policy.
57	Permissible Deductions: 1. Standard Deduction for Family Pension: 1/3rd of pension or ₹ 15,000, whichever is lower. 2. Flat 50% from interest on compensation / enhanced compensation. 3. Any expenditure incurred to earn income which is chargeable to tax.
58	Inadmissible Expenses: 1. Personal Expenses / Income Tax 2. Interest paid outside India of which TDS is not deducted 3. Any expenses falling u/s 40A(2)/(3). 4. Any expenses relating to income which is not taxable.

CLUBBING OF NCOME

Section	Particulars
60	Where income is transferred without transfer of asset, the income is taxable for transferor.
61	Where the transfer is revocable, even then the income is taxable for transferor. However, if revocable after death of the transferee then no clubbing till death.
64(1)(ii)	Remuneration to spouse from a concern in which the other spouse has ≥ 20% shall be clubbed in substantial interest holder spouse. If both have substantial interest – then clubbed with higher income spouse. No clubbing if spouse possess professional qualification / natural talent.
64(1)(iv)	Any income from asset transferred to spouse shall be taxable in the hands of the transferor. Exceptions: 1. Transfer for adequate consideration; 2. Divorce, 3. Asset purchased from PIN money & 4. Relationship of husband-wife didn't exist either at the time of transfer of asset or accrual of income.
64(1)(vi)	Transfer of asset by Father/Mother in law to Daughter in law, then the income from such asset shall be clubbed in the hands of FIL/MIL. Where DIL has invested further, then proportionate income shall be clubbed.
64(1A)	Minor's child income to be included into the income of the parent whose total income is greater. Exemption of 1,500 p.a. per child is admissible. No clubbing if minor is suffering from disability or has natural talent/skill.
64(2)	Individual transferred his property to HUF, then income shall be clubbed for transferor. Clubbing after partition: Income of spouse of the transferor shall be taxable in the hands of the transferor.

SET OFF OF LOSSES

	SET OFF			CARRY FORWARD AND SET OFF	
Nature of Losses	Same source & same head	Inter-source & same head	Inter-head	A/Ys	Against **
Salary	N.A.	N.A.	N.A.	N.A.	N.A.
House Property	✓	N.A.	✓ (Max: ₹ 2 lakhs)	8 years	Same Source
PGBP **Non-speculative**	✓	✓	✓ (Except salary)	8 years	Same head
Speculative	✓	X	X	4 years	Same source
Specified Business (Section 35AD)	✓	X	X	No limit	Same source
Capital Gains **LTCL**	✓	X	X	8 years	Same source
STCL	✓	✓	X	8 years	Same head
Other Sources **Lottery ***	N.A.	N.A.	N.A.	N.A.	N.A.
Owning & maintaining race horses *	✓	X	X	4 years	Same source
Other losses	✓	✓	X	8 years	Same head

* No losses can be set off against lottery income or owning and maintaining race horses.

** There is no scope of inter-head adjustment in carry forward & set off of losses.

DEDUCTIONS FROM GTI

Section	Particulars
80B(5)	GTI = Income u/h 5 heads + Clubbing – Set off of losses
80A	Deductions cannot exceed GTI. If anyone has claimed deduction u/s 35AD, no deductions allowed.
	Deductions not allowed from: 1. Long-term Capital Gains 2. Short-term Capital Gains u/s 111A 3. Casual incomes such as lottery, winnings from horse races etc.
80C	**<u>Deduction for investment / expenditure</u>** Accessibility: Individual + HUF; Max. Limit: ₹ 1,50,000 Deductions from Insurance Premium upto 10% of CSA/15% in case of disability (20% of CSA, where policy taken before 01.04.2012); PPF; Deposit in NSC VIII Issue (Interest is taxable but considered as deemed reinvestment and therefore eligible for deduction); Contribution to RPF/SPF, Tuition fees for two children in India, Repayment of principal amount, Bonds of NABARD, 5 years term deposit etc. ☞ Where the investment is time bound but withdrawn before that, then deemed income.
80CCC	**<u>Investment in Pension Fund</u>** Accessibility: Individual; Max. Limit: ₹ 1,50,000 Deduction is allowed for annuity plan of the LIC or any other insurer for receiving pension. Amount received (including interest or bonus) shall be taxable in the year of receipt.
80CCD(1)	**<u>Contribution to Pension Scheme</u>** Accessibility: Employee of Central Government or other employer and an individual Deduction: Least of the following: (Self-contribution) 1) amount deposited or 2) 10% of salary (in case of employee) or 20% of GTI (in case of self-employed person) or 3) ₹ 1,50,000
80CCD(1B)	Additional deduction of max ₹ 50,000 of an amount which could not be claimed u/s 80CCD(1).
80CCD(2)	Deduction: Least of the following: (Employer's contribution) 1) amount contributed by the employer or 2) 14% of the salary for CG & SG employee / 10% of salary for others ☞ Employer's contribution is first added in the salary of the employee and then deduction is allowed u/s 80CCD(2). <u>Notes for 80CCD(1)/(1B)/(2)</u> ○ Salary: Basic + DA (forming part of salary) ○ Amount received back is taxable in the year of receipt. If invested in an annuity plan, then exempt.
80CCE	**<u>Maximum Limit for 80C, 80CCC & 80CCD(1)</u>** Total deduction u/s 80C, 80CCC and 80CCD(1) [except contribution by assessee u/s 80CCD(1B) & contribution by employer u/s 80CCD(2)] cannot exceed ₹ 1,50,000.
80CCH	**<u>Contribution to Agnipath Scheme</u>** Sec. 80CCH(1): Contribution by Agniveer (allowed only if he is opting for old regime) + Sec. 80CCH(2): Contribution by the Central Govt. (allowed to the agniveer irrespective of the regime being followed)
80D	**<u>Medical Insurance Premium</u>** Accessibility: Individual + HUF; Max. Limit: ₹ 25,000 (₹ 50,000 for senior citizen) – Self, spouse, dependant children & HUF + ₹ 25,000 (₹ 50,000 for senior citizen) for parents. ☞ CGHS benefit is available for individual, spouse, dependant children & HUF only. ☞ PHC is allowed upto ₹ 5,000 by any mode (incl. cash). Not allowed for HUF.

	☞ If lumpsum payment is made for more than one year, then deduction shall be allowed in those many equal installments. ☞ Mode of payment shall be banking channels (other than PHC)
80U	**Deduction for disabled person** Accessibility: Resident Individual suffering from specified disability; Limit: Fixed ₹ 75,000 (₹ 1,25,000 in case of severe disability)
80DD	**Deduction for relative** Accessibility: Resident individual + HUF expending for disabled dependant relative; Limit: Fixed ₹ 75,000 (₹ 1,25,000 in case of severe disability) ☞ Where the dependant himself claims deduction u/s 80U, then no deduction shall be allowed to the guardian / HUF under this section.
80DDB	**Deduction for specified disease** Accessibility: Resident Individual + HUF; Max Limit: ₹ 40,000 (₹ 1,00,000 for senior citizen) ☞ Deduction shall be reduced by the amount received from an insurance company or employer.
80E	**Deduction for interest on loan for higher education** Accessibility: Individual; Limit: Infinite. Actual interest paid for 8 years starting from the year of payment shall be allowed. No deduction of principal amount.
80EE	**Deduction for interest on loan for purchase / construction of residential property** Accessibility: Individual; Max Limit: ₹ 50,000. Loan ≤ ₹ 35,00,000; Value of property ≤ ₹ 50,00,000; Loan sanction between 2016-17.
80EEA	**Deduction for interest on loan for purchase / construction of residential property** Accessibility: Individual; Max Limit: ₹ 1,50,000. Stamp Duty Value of property ≤ ₹ 45,00,000; Loan sanction between 2019-22; Individual should not be eligible for deduction u/s 80EE.
80EEB	**Deduction for interest on loan for purchase of electric vehicle** Accessibility: Individual; Max Limit: ₹ 1,50,000. Loan sanction between 2019-23.
80G	**Deduction for donations** Accessibility: All assessee. **Category (A)** - 100% deduction without any qualifying limit. [23 Points] **Category (B)** - 50% deduction without any qualifying limit. [1 Points - Prime Minister's Drought Relief Fund]. ***Earlier there were 4 points.*** **Category (C)** - 100% deduction subject to qualifying limit. [2 Points - Donation for promoting family planning; Donation made by a company for development of infrastructure for sports and games in India. **Category (D)** - 50% deduction subject to qualifying limit. [5 Points - Donation for any charitable purpose other than promoting family planning; Donation to any approved charitable institution (not for any particular community); Donation for housing accommodation; Donation for promoting interests of minority community; Donation to any notified temple, mosque etc. ☞ Qualifying limit = 10% of Adjusted Gross Total Income ☞ Adjusted GTI = GTI – LTCG – STCG u/s 111A – Deductions u/c VI-A (except 80G) ☞ Donation in kind & donation above ₹ 2,000 in cash is not allowed.
80GG	**Deduction for payment of rent** Accessibility: An individual who is self-employed or an employee who neither gets HRA or RFA. Deduction: Least of the following: (a) Rent paid Minus 10% of Adjusted GTI (b) 25% of Adjusted GTI (c) ₹ 5,000 p.m. ☞ Adjusted GTI = GTI – LTCG – STCG u/s 111A – Deductions u/c VI-A (except 80GG)
80GGA	**Deduction for donation in scientific research & rural development** Accessibility: All assessees whose GTI does not include income u/h PGBP. Deduction: 100%. Donation above ₹ 2,000 shall not be allowed if paid in cash.
80GGB & 80GGC	**Donation for political party** Accessibility: 80GGB: 100% for Indian company; 80GGC: 100% for other than Indian company Deduction: 100%. Cash donation not allowed at all.

<table>
<tr><td>80JJAA</td><td><u>Deduction for employment of new workman</u>
Accessibility: All assessees whose accounts are required to be audited.
Deduction: 30% of employee cost to the new regular workmen for 3 assessment years.
Regular workmen shall not include:
1. a casual workmen or contract labour or
2. a person employed in supervisory capacity and draws wages exceeding ₹ 25,000 p.m. or
3. workmen employed for less than 240 days during the P/Y. (150 days where the business is of manufacturing of apparel or footwear or leather products)
4. an employee who does not participate in the recognised provident fund.</td></tr>
<tr><td>80QQB</td><td><u>Deduction for royalty income on authors</u>
Accessibility: Resident individual in India who is an author of a book.
Deduction: Least of the following:
(a) Actual royalty received (Royalty fees in excess of 15% of the value of the books sold shall be ignored) or
(b) ₹ 3,00,000
☞ Where the royalty is received in <u>lumpsum</u>, the limit of 15% shall not be applicable.
☞ If royalty is received from outside India then it must be brought into India in foreign exchange within 6 months from the end of the P/Y.</td></tr>
<tr><td>80RRB</td><td><u>Deduction for royalty income on patents</u>
Accessibility: Resident individual in India who is true and first inventor.
Deduction: Least of the following:
(c) Actual royalty received or
(d) ₹ 3,00,000
☞ If royalty is received from outside India then it must be brought into India in foreign exchange within 6 months from the end of the P/Y.</td></tr>
<tr><td>80TTA & 80TTB</td><td><u>Deduction on interest earned</u>
<table>
<tr><td>Section</td><td>80TTA</td><td>80TTB</td></tr>
<tr><td>Accessibility</td><td>Individual & HUF</td><td>Resident senior citizen individual</td></tr>
<tr><td>Maximum Deduction</td><td>₹ 10,000</td><td>₹ 50,000</td></tr>
<tr><td>Interest earned on deposits from Bank / Co-operative Bank / Post office on</td><td>Saving A/c</td><td>Saving A/c + FD</td></tr>
</table></td></tr>
<tr><td>10AA</td><td><u>Special Economic Zone:</u>
1. 100% of profits for the first 5 year of production.
2. 50% of profits for next 5 years.
3. 50% of profits for next 5 years provided such profit is transferred to “Special Economic Zone Re-investment Reserve Account”
☞ Where a unit located in SEZ is transacting within & outside India, then,
Exemption u/s 10AA = $\frac{\text{Profits of Units in SEZ x Export turnover of SEZ Unit}}{\text{Total turnover of SEZ unit}}$
☞ Freight, telecommunication charges and insurance expenses are to be excluded from both ‘export turnover’ and ‘total turnover’</td></tr>
<tr><td>Important Note</td><td><u>Default Tax Regime u/s 115BAC v/s Optional Tax Regime (old regime)</u>
If an individual / HUF follows the default tax regime u/s 115BAC, he shall be allowed deduction under the following sections only:
1. 80CCD(2) – Employer’s contribution to NPS
2. 80CCH(2) – Central Government’s Contribution to Agniveer Corpus Fund
3. 80JJAA – Employment of new workmen.

However, if the individual / HUF follows the optional tax regime (i.e., the old tax regime), he can claim deduction in all the section.</td></tr>
</table>

AGRICULTURAL INCOME

<table>
<tr><th>Section</th><th>Particulars</th></tr>
<tr><td>2(1A)</td><td>Agricultural income means:
1. Any rent derived from agricultural land.
2. Any process by cultivator on agricultural land which render the produce fit for the market.
3. Farm house income.
4. Any income from seedlings & saplings grown in a nursery.

<u>Non-agricultural income:</u> Income from land used for storing agricultural produce; Dividend from a company engaged in agriculture; Income from interest on arrears of rent of agricultural land; Income from dairy firm, poultry farming, fisheries, brick making etc.</td></tr>
<tr><td>10(1)</td><td>Agricultural income is exempt if agricultural activity is carried out in India. If outside India, taxable.</td></tr>
<tr><td></td><td><u>Income partly agricultural & partly non-agricultural:</u>
Non-agricultural income which is liable to tax = Total Value - FMV of agricultural produce.

<u>Specific Composite Income:</u> Compute normal PGBP income & then apportion as per the below rate.
<table>
<tr><th>S. No.</th><th>Particulars</th><th>Agri. Income</th><th>Non-agri. Income</th></tr>
<tr><td>(a)</td><td>Growing & manufacturing tea</td><td>60%</td><td>40%</td></tr>
<tr><td>(b)</td><td>o Coffee (grown & cured only)
o Coffee (grown, cured, roasted & grounded)</td><td>75%
60%</td><td>25%
40%</td></tr>
<tr><td>(c)</td><td>Growing & manufacturing rubber</td><td>65%</td><td>35%</td></tr>
</table></td></tr>
<tr><td></td><td><u>Computation of tax liability where assessee earns both agricultural + non-agricultural income:</u>
Where the total income > basic exemption limit & agricultural income exceeds ₹ 5,000, then tax liability shall be computed as under:
Step 1: Calculate tax liability on agricultural + non-agricultural income
Step 2: Calculate tax on agricultural income + basic exemption limit
Step 3: Step 1 – Step 2 is tax payable
Step 4: Less: Rebate u/s 87A where non-agricultural income does not exceed ₹ 5,00,000.
Step 5: Add: HEC @ 4%.
☞ LTCG, STCG u/s 111A & Casual Income shall be dealt separately.</td></tr>
</table>

TDS & TCS

<table>
<tr><th>Section</th><th>Particulars</th></tr>
<tr><td>190</td><td>Responsibility of the payer to deduct tax and deposit with the Govt. The payee will receive the net amount but will be subject to tax on the gross amount. The TDS will set-off from payee's final tax liability.</td></tr>
<tr><td>

192

192A

193

194</td><td><u>TDS under various sections:</u>
<table>
<tr><th>Particulars</th><th>Payer</th><th>Payee</th><th>Rate</th><th>Exemption Limit</th><th>Notes</th></tr>
<tr><td>Salary</td><td>Employer</td><td>Employee</td><td>Avg. Rate</td><td>₹ 2.5L/₹ 3L/₹ 5L as the case may be</td><td>Loss from HP & Deductions u/c VI-A can be adjusted.</td></tr>
<tr><td>Premature withdrawl from PF</td><td>PF</td><td>Employee</td><td>10%</td><td>₹ 50,000</td><td>NA</td></tr>
<tr><td>Interest On Securities</td><td>Any person</td><td>Any person</td><td>10%</td><td>₹ 5,000</td><td>No TDS on notified securities</td></tr>
<tr><td>Dividend</td><td>Dom. Company</td><td>Resident shareholder</td><td>10%</td><td>₹ 5,000</td><td>Exemption only for individual shareholder for payment other than cash</td></tr>
</table></td></tr>
</table>

194A	Intt. other than intt. on securities	All (except Ind. / HUF whose TO of PY ≤ 1 Cr. (Bus.) / 50L (Prof.)	Res. Person	10%	₹ 5,000 [₹ 40,000 / ₹ 50,000 (SC) for intt. on FD/RD]	No TDS when intt. is paid to banks or intt. paid by PF to partners.
194B & 194BB	Lotteries & Horse Races	Any person	Any person	30%	₹ 10,000	If given in cash + kind - TDS on whole amt. If in instalment - TDS on every instalment.
194BA	Online Gaming	Any person	Any person	30%	₹ 100 p.m.	TDS to be deducted on the net winnings in a person's user account at the end of the FY
194C	Contract work	All (except Ind. / HUF whose TO of PY ≤ 1 Cr. (Bus.) / 50L (Prof.)	Resident Contractor / Sub-contractor	1% (ind. / HUF contractor) 2% (others)	₹ 1,00,000 (aggregate) & ₹ 30,000 (one-time)	No TDS on personal work & transport operators who furnishes his PAN (Max. 10 trucks)
	Insurance Commission	Any Person	Res. Person	5%	₹ 15,000	NA
194D 194DA	Payment for LIP	Insurance Comp.	Res. Person	5% on [Maturity Value – Ins. Pre]	₹ 1,00,000	No TDS, If policy is exempt us 10(10D)
194E	NR Sportsmen / Foreign Ent.	Any person	NR Sportsmen	20% + Surcharge (if app) + HEC @ 4%	No Limit	NA
194EE	NSC	Any person	Any person	10%	₹ 2,500	No TDS if payment made to legal heirs
194G	Comm. on sale of lottery tickets	Any person	Any person	5%	₹ 15,000	NA
194H	Brokerage or Commission	All (except Ind. / HUF whose TO of PY ≤ 1 Cr. (Bus.) / 50L (Prof.)	Res. Person	5%	₹ 15,000	NA
194I	Rent	All (except Ind. / HUF whose TO of PY ≤ 1 Cr. (Bus.) / 50L (Prof.)	Res. Person	10% (L&B + F&F) 2% (P/M)	₹ 2,40,000	No TDS on non-adjustable one-time upfront lease charges.
194IA	Transfer of immovable prop	Res. Transferor	Any person	1%	₹ 50,00,000	No TDS on rural agri. land. Club charges, car parking etc. to be included.
194IB	Rent by Ind. / HUF	Ind. / HUF not falling u/s 194I	Res. Person	5%	₹ 50,000 p.m.	TDS on last month of year or tenancy whichever is earlier
194IC	Joint Development	Any person	Any person	10%	No limit	TDS only on monetary payment
194J	Professional / Tech. Services / Royalty	All (except Ind. / HUF whose TO of PY ≤ 1 Cr. (Bus.) / 50L (Prof.)	Res. Person	10% (2% for tech. services / royalty for films)	₹ 30,000	TDS to be deducted on sitting fees to independent director with no limit.
194K	Mutual Funds	Any person	Any person	10%	₹ 5,000	NA
194LA	Comp. on acq. of immo. prop.	Any person	Res. Person	10%	₹ 2,50,000	NA

194M	Contract / Brokerage etc.	Ind. / HUF not falling u/s 194C, 194H or 194J	Res. Person	5%	₹ 50,00,000	Deductor is not liable to get himself registered for TAN.
194N	Cash Withdrawal	Banking Comp., Post Office	Any person	2% on sum > 1 crore	1 Crore	If ROI not filled in last 3 years, Rate of TDS: Upto 20 lakhs – Nil ≥ 20 lakhs ≤ 1 crore – 2% Above 1 crore – 5%
	No TDS u/s 194N where cash is withdrawn by 1) Cash Replenishment Agencies; 2) Agent under Agricultural Produce Marketing Committee or 3) Authorised Dealer of Foreign Exchange					
194O	ECO	ECO	Any person	1%	₹ 5,00,000	Limit is only applicable for Ind. / HUF
194P	Payment to Specified Senior Citizen	Specified Bank	Specified senior citizen (≥ 75 yrs)	Slab rate on taxable income	No specific limit	NA
194Q	Purchase of Goods	Buyer whose TO of PY > ₹ 10 crores	Seller of Goods	0.1% of sum exceeding ₹ 50 lakhs	₹ 50,00,000 (for Ind. / HUF)	Section 194Q will prevail over Sec. 206C(1H) if both applies.
194R	Perquisites in Business / Prof.	All (except Ind. / HUF whose TO of PY ≤ 1 Cr. (Bus.) / 50L (Prof.)	Any person	10%	₹ 20,000	NA

200

Due Date of Deposit of Tax

Particulars	Due Date
1. Tax deducted by Govt. without income tax challan	Same Day
2. Tax deducted by Govt. with income tax challan	By 7th of the next month
3. In other cases	Where TDS is deducted in April to February – 7th of the next month Where TDS is deducted in March – 30th April

- TDS u/s 194IA, 194IB & 194M have to be deposited within 30 days from the end of the month of deduction.
- TDS u/s 192, 194A, 194D or 194H have to be deposited by the 7th of next month for the first three quarters in the financial year and 30th April in respect of the quarter ending on 31st March.

Due Date of Submission of Quarterly Returns

Quarter Ending	Due Date
30th June	31st July of the PY
30th September	31st October of the PY
31st December	31st January of the PY
31st March	31st May of the AY

234E Penalty for late filling of returns: ₹ 200 per day. However, it should not exceed the amount of TDS.

201 Interest for late deduction / late deposition:

- For late deduction: 1% p.m. or part of the month from the date on which tax was deductible to the date tax is actually deducted
- For late deposition: 1.5% p.m. or part of the month from the date on which tax was deducted to the date it is actually paid.

203 TDS Certificates: 1. Form 16 for salary income to be issued annually by 15th June of AY;

2. Form 16B for transfer of immovable property & Form 16C for payment of rent by certain individuals & HUF to be issued within 15 days from payment of TDS;
3. Form 16A in case of other income within 15 days from the due date of furnishing TDS returns.

206AA	Non-furnishing of PAN: TDS to be deducted at the rate specified or 20% (5% in case of 194O & 194Q) whichever is higher	
206AB	Non-filers of ITR: TDS to be deducted at twice the rate specified or 5% whichever is higher	
	Tax Collection at Source: Every seller shall collect TCS at the prescribed rate:	
	Nature of Goods	**Rate of TCS**
206C(1)	1. Alcoholic liquor for human consumption + Scrap + Minerals, being coal, lignite or iron ore	1%
	2. Tendu Leaves	5%
	3. Timber obtained under a forest lease + Any other forest produce	2.5%
206C(1C)	4. Granting a lease for parking lot or toll plaza or mine or quarry	2%
206C(1F)	5. Motor car with value exceeding ₹ 10,00,000. But no TCS on sale of motor vehicles by manufacturers to dealers.	1%
206C(1G)	6. Overseas Tour Package. TCS not applicable on non-residents	5% upto ₹ 7 lakhs (20% > ₹ 7 lakhs from 01.10.2023)
	7. Remittances for the purpose of education or medical treatment	5% of the amount > ₹ 7 lakhs
	8. Where the amount being remitted out is a loan obtained from a financial institution for higher education.	0.5% of the amount > ₹ 7 lakhs
	9. Where the amount is remitted for reason other than mentioned in 7 & 8.	5% of the amount > ₹ 7 lakhs (20% from 01.10.2023)
206C(1H)	10. Sale of goods of value exceeding ₹ 50,00,000 (other than exported goods) where the turnover of the preceding year exceeds ₹ 10 crores.	0.1% of the amount > ₹ 50 lakhs
206C(1A)	Non-applicability of TCS: The said goods are purchased by a buyer being a resident, for the purpose of generation of power and not for trading purpose.	
206C(3)	Time limit for deposition of TCS:	
	Particulars	**Due Date**
	1. Tax deducted by Govt. without income tax challan	Same Day
	2. Tax deducted by Govt. with income tax challan	By 7th of the next month
	3. In other cases	By 7th of the next month
206CC	Non-furnishers of PAN: TCS to be collected at twice the rate specified or 5% [1% in case of Sec. 206C(1H)] whichever is higher	
206CCA	Non-filers of ITR: TCS to be collected at twice the rate specified or 5% whichever is higher	

ADVANCE TAX

Section	Particulars
207	Pay as you earn scheme on estimated income of an assessee during the current year.
208	Where the estimated tax liability is ₹ 10,000 or more, the provisions of advance tax shall apply. However, a resident senior citizen having no income u/h PGBP is not liable to pay advance tax.
209	Computation of advance tax: Step 1: Estimate total income Step 2: Compute tax liability on estimated income (incl. surcharge & HEC) Step 3: Less: TDS / TCS / Relief u/s 89 / AMT credit Step 4: Step 2 – Step 3 is advance tax payable

<table>
<tr><td>211</td><td><u>Due dates for payment of advance tax</u>
1. All assessees (other than 44AD & 44ADA):
<table>
<tr><th>Due Date of Instalments</th><th>Amount payable</th></tr>
<tr><td>On or before 15th June of the P/Y</td><td>15% of advance tax liability</td></tr>
<tr><td>On or before 15th September of the P/Y</td><td>45% of advance tax liability</td></tr>
<tr><td>On or before 15th December of the P/Y</td><td>75% of advance tax liability</td></tr>
<tr><td>On or before 15th March of the P/Y</td><td>100% of advance tax liability</td></tr>
</table>
2. Assessee opting for 44AD & 44ADA: One installment on or before 15th March – 100% of advance tax liability.</td></tr>
<tr><td>234B</td><td>Where advance tax paid is < 90% of assessed tax, then interest @ 1% p.m. or part of the month from 1st April of A/Y till the date of payment.</td></tr>
<tr><td>234C</td><td>Where there is a delay in payment of advance tax installment beyond the due date, interest @ 3% for every delay shall be levied. But in case of last installment of 15th March, interest @ 1% shall be levied.
☞ However, if the advance tax paid in case of 1st instalment ≥ 12% in case of 2nd instalment ≥ 36%, then no interest u/s 234C

Assessee following 44AD & 44ADA: Interest @ 1% on unpaid advance tax shall be levied.</td></tr>
<tr><td>Proviso to 234C</td><td>Where a non-estimable income such as lottery, LTCG etc. arises after any due date, then the revised tax payable should be paid in the remaining instalments of advance tax which are due. If paid so, no interest u/s 234C shall apply.</td></tr>
</table>

RETURN OF INCOME

Section	Particulars
139(1)	<u>Who is required to file ROI?</u> ○ Every Company, Firm & other person whose GTI (without taking the benefit of 54, 54B, 54D, 54EC & 54F) > Basic exemption limit. ○ Person depositing > ₹ 1 crore in one or more current account ○ Person who has incurred an expenditure > ₹ 2 lakhs on foreign travel. ○ Person consuming electricity of > ₹ 1 lakh. ○ ROR having assets abroad. ○ **total sales in the business > ₹ 60 lakhs during the previous year;** ○ **has total gross receipts > ₹ 10 lakhs during the previous year;** ○ **whose aggregate of TDS & TCS during the previous year ≥ ₹ 25,000 (₹ 50,000 for resident senior citizen)** ○ **has deposited in one or more savings bank account, in aggregate ₹ 50 lakhs or more during the previous year.** <u>Due date for filing of return of income</u> ○ 31st October: Company; Person getting accounts audited; Partners of audited firm. ○ 30th November: Persons doing international transaction ○ 31st July: Others
139(1C)	Exemption from filing return: The CG may by notification exempt any classes of persons in order to reduce the compliance burden on the small tax payer. Every notification shall be laid before both the houses of Parliament for approval for a period of 30 days. If both the houses agree in making any modification in the notification, the notification shall have effect in modified form. If both the houses agree that the notification is not required, the notification shall have no effect.
139(3)	<u>Return of Loss:</u> Return filing within the due date is mandatory to carry forward the losses: 1. Business Loss (incl. speculative + specified business loss) 2. Capital Loss (LTCL or STCL) 3. Owning and maintaining race horses. ☞ House Property loss & unabsorbed depreciation shall be carried forward even if the return is filed after the due date.

<table>
<tr><td>139(4)</td><td><u>Belated Return:</u> Upto 31st Dec. of A/Y or before completion of assessment, whichever is earlier.</td></tr>
<tr><td>139(5)</td><td><u>Revised Return:</u> Upto 31st Dec. of A/Y or before completion of assessment, whichever is earlier.
☞ Revised return can also be revised.</td></tr>
<tr><td>139(6)</td><td><u>Particulars required to be filed with the return</u>
Income exempt from tax; assets of the prescribed nature, value and belonging to the assessee; Bank accounts & credit cards; expenditure exceeding the prescribed limits.
<u>Additional requirement where assessee is carrying of business / profession</u>
Audit report u/s 44AB; location of the principal place of business or profession + the branches thereof; the names and address of the partners / members and their respective share in the profit.</td></tr>
<tr><td>139(8A)</td><td><u>Option to file updated return:</u> An updated return of his income at <u>anytime within 24 months</u> from the end of assessment year.
<u>Non-applicability of the provisions of updated return:</u> The provisions of Section 139(8A) would not apply where the updated return for that assessment year:
(i) is a <u>loss return</u>; or
(ii) has the effect of <u>decreasing the total tax liability</u> as determined u/s 139(1) / 139(4) / 139(5); or
(iii) results in <u>refund or increases the refund</u> due on the basis of return filed u/s 139(1)/139(4)/ 139(5).
No updated return can be furnished by any person for the relevant assessment year, where-
(a) an updated return has been furnished by him under this sub-section for the relevant assessment year; or
(b) any proceedings for assessment of income is pending or has been completed for the relevant A/Y.</td></tr>
<tr><td>139(9)</td><td>Defective Return: Where on account of any inconsistency, the assessing officer may give time to rectify the defect within a period of 15 days from the date of intimation.
If the defect is not rectified within the prescribed time, the AO shall treat the return as invalid.</td></tr>
<tr><td>139A</td><td>PAN: It's a unique 10 digits alphanumeric character. The 4th alphabet of the PAN represents the nature of the assessee. The following are compulsorily required to apply for PAN:
<table>
<tr><th>S. No.</th><th>Persons required to apply for PAN</th><th>Time limit for making application</th></tr>
<tr><td>1.</td><td>Person having TI > Basic Exemption Limit</td><td>31st May of A/Y</td></tr>
<tr><td>2.</td><td>Person having Business / Profession having sales > ₹ 5 lakhs</td><td>31st March of P/Y</td></tr>
<tr><td>3.</td><td>Resident person other than individual entering into financial transaction aggregating to ≥ ₹ 2.5 lakhs.</td><td>31st May of A/Y</td></tr>
<tr><td>4.</td><td>Director, partner, author, chief executive officer etc. of persons covered in point 3.</td><td>31st May of A/Y</td></tr>
<tr><td>5.</td><td>Person intends to enter into following transactions: (not applicable to NR / Foreign company having on income chargeable to tax in India.
(a) Cash deposits aggregating ₹ 20 lakhs or more in a FY, in one or more a/c with a Bank or a Co-op. Bank
(b) Cash withdrawals aggregating ₹ 20 lakhs or more in a FY, in one or more account with a Bank or a Co-op Bank
(c) Opening of a current a/c or cash credit a/c with a Bank / Co-op. Bank</td><td>At least 7 days before the date on which he intends to enter into the said transaction.</td></tr>
</table></td></tr>
<tr><td>139AA</td><td>Quoting of Aadhar Number: Mandatory on or after 1st July 2017 in filing of return & applying for allotment of PAN. If applied for Aadhar, then furnish 28 digits enrolment ID.
All assessees having PAN as on 1st July 2017 shall intimate their Aadhar by 31st March 2022. Any failure will make the PAN inoperative. The consequences of inoperative PAN are:
(i) The person would not be able to file return using the inoperative PAN;
(ii) Pending returns will not be processed;
(iii) Pending refunds can't be issued to inoperative PANs;
(iv) Pending proceedings as in the case of defective returns can't be completed once the PAN is inoperative
(v) Tax will be required to be deducted at a higher rate as PAN becomes inoperative</td></tr>
</table>

	However, the negative consequences of inoperative PAN will be made applicable from 1st July 2023. The following shall not be required to quote their Aadhar number: 1. Person residing in the states of Assam, Jammu & Kashmir and Meghalaya; 2. a non-resident as per Income-tax Act, 1961; 3. Person of the age of 80 years or more at any time during the previous year; 4. not a citizen of India.
139B	Tax Return Preparer: The following are ineligible to act as TRP: (i) Any officer of a scheduled bank with which the assessee maintains a current account; (ii) Any legal practitioner who is entitled to practice in any civil court in India. (iii) A Chartered Accountant TRPs are eligible to submit ROI of individuals / HUF other than: (a) Those whose books of accounts are required to be audited (b) A non-resident Educational qualification of TRP: Individual having bachelor degree or cleared intermediate level of CA/CS/CMA.
140A	Self-assessment tax: Responsibility on the assessee himself. If tax, interest not paid on time, then assessee shall be deemed as assessee in default. Order of adjustment: 1. Penalty/Late Fees; 2. Interest & 3. Tax.
140B	Every person filing an updated return shall deposit tax + interest + fees after taking into adv tax, TDS Further additional amount is to be deposited: 1. @ 25% of tax and interest wherein updated return is filed after the expiry of belated / revised return but before 12 months from the end of relevant AY. 2. @ 50% of tax and interest wherein updated return is filed after the expiry of 12 months but before 24 months from the end of relevant AY.
234A	Interest for late filing of return: 1% p.m. or part after the due date till the date of filing of return on unpaid tax. But where ROI is not filled then interest shall be calculated from the date immediately after the due date to the date of completion of assessment u/s 144 by the AO.
234F	Fees for late filing of ROI ➢ Return submitted before 31st December of A/Y – ₹ 5,000 If Total income ≤ ₹ 5,00,000, maximum late fees that can be levied is ₹ 1,000.
234H	Fees for intimating Aadhaar after 31st March 2022 but upto 30th June 2022 - ₹ 500. On or after 1st July 2022 – ₹ 1,000.

ALTERNATE MINIMUM TAX

Section	Particulars
	<u>Computation of Total Income & Tax Liability</u> Step 1: Calculate the total income under 5 heads & deduction from GTI depending upon the residential status. Step 2: Determine the tax liability according to the regime stated in the question. Remember the rates of special income / surcharge / limit u/s 87A.
115JC	<u>Alternate Minimum Tax</u> An assessee (other than company) claiming deduction u/s 10AA, 35AD, 80JJAA, 80QQB or 80RRB and having adjusted total income > ₹ 20,00,000 shall be liable to the provisions of AMT. The limit of ₹ 20 lakhs does not apply to firm / LLP. Rate of Tax: 18.5% of Adjusted Total Income (15% in case of co-operative society). Surcharge (if applicable) + HEC shall be separately applicable. Adjusted Total Income = Total Income + Deductions u/s 10AA, 35AD, 80JJAA, 80QQB or 80RRB Less depreciation if deduction is claimed u/s 35AD.
115JD	AMT Credit = AMT – Normal Tax. It can be carried forward for 15 years.