



Entry 82 of the Union List i.e., List I in the Seventh Schedule to Article 246 of the Constitution of India has given the power to the CG to make laws on Income tax other than agricultural income. Entry 46 of state list give power to State Govt. to make law on tax on agriculture income.

Sources of Income Tax Law

- Income Tax Act, 1961: It is the main source of Income tax law. It's provide determination of Total Income, Tax Liability & Procedure of assessment etc. It applicable to whole of India w.e.f. 1st April, 1962.
- Income Tax Rules, 1962: IT Act empowered Central Board of Direct Tax (CBDT) to make rules. All Forms, procedure, depreciation rates, principles of Valuation of perquisites are provided in the Rules.
- Annual Finance Act: Every year, the FM presents a Finance Bill in the parliament, which contains various amendments proposed to be made in the DT & IDT. Finance Bill, 2025 presented by Nirmala Sitharaman on 1st Feb., 2025.
As soon as the Bill passed by both the houses of the parliament and thereafter receives the assent of President, it becomes the Finance Act. Finance Bill, 2025 became Finance Act, 2025 on 29th March, 2025 after receive assent of president.
- Circulars/Notifications from CBDT: Circulars are issued by the CBDT to clarify the meaning & scope of certain provisions contained in the Act. Notifications are issued by Central Govt./CBDT to give effect to the provision of The Act.
Circulars are binding to Assessing officer but not on Assessee and Courts. However Assessee can take advantage of Circulars which are beneficial to them.
- Supreme Court & High Court Decisions: Various issues which arise out of the provisions are decided by HC/SC. The SC is the Apex Court and the law laid down by the SC is the law of the land. The decision of HC will apply in the respective state in which such HC have jurisdiction.

Sec. 4: Charging Section of Income Tax

Income Tax is charged for every Assessment Year. It is charge on every person as define u/s 2(31). It is charge on the total income earned by the person during Previous Year. The tax is levied at the rates prescribed by Finance Act.

Sec. 2(9): Assessment Year

A.Y. means the period of 12 months starting from 1st April every year. Income earned in Previous year (PY) is taxed in AY. The A.Y. 26-27 is a period of 12 months from the 1st April 26 till 31st March 27.

Sec. 3: Previous Year

P.Y. means the financial year immediately preceding the AY. For A.Y. 26-27, the PY shall be period from 1st April 25 to 31st March 26 & the Income earned in PY 25-26 is assessed in the AY 26-27.



Provided that, in the case of a business or profession newly set up, or a source of income newly coming into existence, in the FY, the PY shall be the period starting from the date of setting up of the business or profession or, the date on which the source of income newly comes into existence and ending with 31st March of FY.

Sec. 2(31): Person

Person includes—

- ✓ Individual: Natural Person like Man, Woman, Minor, person of Unsound mind. E.g., Mr. BB
- ✓ Hindu Undivided Family (HUF): Consists of all males lineally descended from a common ancestor and includes their wives and daughters. E.g., Ram's HUF
- ✓ Company: Any body corporate incorporated in India or outside India. E.g., BB Virtuals Pvt. Ltd.
- ✓ Firm (Includes LLP): E.g., Gupme Foods LLP
- ✓ Association of Person or Body of Individual (AOP/BOI): E.g., Joint Ventures, Unregistered Trust
- ✓ Local Authority: E.g., Municipality, Gram Panchayat
- ✓ Artificial juridical person: E.g., Deities, Bar Council, Universities

Sec. 2(7): Assessee

It means any person who is liable to pay any tax or any other sum under IT Act, 1961. It includes person in respect of which any proceeding initiated, deemed assessee or assessee in default.

Certain cases where Income assessed to Tax in Previous Year itself

- Sec 172 - Shipping Business of NR: Where a ship of NR, carries passengers, livestock, mail or goods shipped at a port in India, the ship is allowed to leave the port only when the tax has been paid.
- Sec 174 - Person leaving India: Where it appears to the AO that any individual may leave India and he has no intention of returning, the income of such individual for the period upto the probable date of his departure from India is chargeable to tax in current year only.
- Sec 174A - AOP/ BOI/ AJP formed for a particular event or purpose: AO apprehends that the AOP/ BOI is likely to be dissolved in the same year, he can make assessment of the income up to the date of dissolution as income of the current year.
- Sec 175 - Persons likely to transfer property to avoid tax: If it appears to the AO that a person is likely to charge, sell, transfer, dispose of his assets to avoid payment of any liability, the total income of such person charge to tax in current year itself.
- Sec 176 - Discontinued business: Where any business or profession is discontinued, the income of the period upto the date of such discontinuance may, at the discretion of the AO, be charged to tax in current year.



Tax Rates for Assessment Year 2026-27 (General Tax Rates as per FA-25)

In case of Individual, HUF, AOP, BOI, Artificial Juridical Person		Rates
For Individual, HUF, AOP, BOI, AJP (Resident or Non-resident)		
Total Income (NTI) upto ₹ 2,50,000 (Basic Exemption limit)		Nil
above ₹ 2,50,000 upto ₹ 5,00,000		5%
above ₹ 5,00,000 upto ₹ 10,00,000		20%
above ₹ 10,00,000		30%
For Senior Citizen (Resident Individual age 60 years or more in PY but less than 80 years)		
Total Income (NTI) upto ₹ 3,00,000 (Basic Exemption limit)		Nil
above ₹ 3,00,000 upto ₹ 5,00,000		5%
above ₹ 5,00,000 upto ₹ 10,00,000		20%
above ₹ 10,00,000		30%
For Super Senior Citizen (Resident Individual age 80 years or more in PY)		
Total Income (NTI) upto ₹ 5,00,000 (Basic Exemption limit)		Nil
above ₹ 5,00,000 upto ₹ 10,00,000		20%
above ₹ 10,00,000		30%

- ◆ Circular No 28/2016 dt 27.07.2016: Any Resident Individual whose 60th/80th birthday falls on 1st April, 2026 shall be treated as having completed the age of 60/80 years on 31st March, 2026 i.e. PY 2025-26 (AY 26-27) and hence would be eligible for the higher basic exemption limit of ₹ 3,00,000 & ₹ 5,00,000.

- ◆ Surcharge for Assessee being Individual, HUF, AOP, BOI and AJP:

S.No.	Conditions	Surcharge %
1.	Total Income upto ₹ 50 lakhs	No Surcharge
2.	Total Income more than ₹ 50 lakhs upto ₹ 1 crore	10% on tax
3.	Total Income more than ₹ 1 crore upto ₹ 2 crores	15% on tax
4.	Total Income more than 2 crores and it includes Dividend, Capital gain u/s 111A, 112A & 112 (Special income)	15% on tax on special income
➤	Remaining Total Income (Total Income excluding Special Income) is upto ₹ 2 crores	15% on tax on remaining income
➤	Remaining Total Income (Total Income excluding Special Income) more than ₹ 2 crores upto ₹ 5 crores	25% on tax on remaining income
➤	Remaining Total Income (Total Income excluding Special Income) more than ₹ 5 crores.	37% on tax on remaining income

Examples

"₹ in Lakhs"

Sr. No.	Total Income excluding special Income	Special Income (CG & Dividend)	Total Income	Surcharge applicable on Tax Calculated on	
				Special Income	Other Income
(i)	20	25	45	NIL	NIL
(ii)	45	50	95	10%	10%
(iii)	45	70	115	15%	15%
(iv)	45	300	345	15%	15%
(v)	60	700	760	15%	15%
(vi)	150	250	400	15%	15%
(vii)	150	500	650	15%	15%
(viii)	300	100	400	15%	25%
(ix)	300	250	550	15%	25%
(x)	600	100	700	15%	37%

◆ In case of Company

A. Domestic Company

Tax Rate

- Total Turnover or Gross Receipt of P.Y. 2023-24 upto ₹ 400 Crore

25%

- Otherwise

30%

B. Foreign Company

35%

Surcharge:

Domestic Company

Foreign Company

Total Income > ₹ 1 crore but upto ₹ 10 crores

7%

2%

Total Income > ₹ 10 crores

12%

5%

◆ In case of Firm, LLP, Local Authority

Tax Rate: 30%

Surcharge @ 12% if Total Income more than ₹ 1 crore.

◆ In case of Co. operative society

Tax Rate

Total Income upto ₹ 10,000

10%

Total Income > ₹ 10,000 but upto ₹ 20,000

20%

Total Income > ₹ 20,000

30%

Surcharge: Same as domestic company (7% & 12%)

- ◆ In all the above cases Health & Education cess applicable @4% on tax (including SC if any).



1 Basics & Tax Rates

Sec 288A/288B: Amount of Total Income and Tax rounded off to the nearest ₹ 10.

Example: 1

Mr. Jay is a resident, aged 32 years. His income details for PY 2025-26 are as follows:

- (i) Capital gains u/s 112A ₹ 1,00,00,000
- (ii) Capital gains u/s 112 ₹ 60,00,000
- (ii) Capital gains u/s 111A ₹ 2,00,00,000
- (iii) Other income ₹ 1,00,00,000

Calculate his tax liability for AY 2026-27. He shifted out of default tax regime u/s 115BAC(1A).

Solution:

Particular	Tax Rate	Income	Tax
LTCG 112A (in excess of ₹ 1,25,000)	12.5%	1,00,00,000	12,34,375
LTCG 112	12.5%	60,00,000	7,50,000
STCG 111A	20%	2,00,00,000	40,00,000
Balance NTI	Slab Rate	1,00,00,000	28,12,500
	Total	4,60,00,000	87,96,875
Add: Surcharge on LTCG & STCG 111A @15%			8,97,656
Add: Surcharge on Balance Tax @15%			4,21,875
			1,01,16,406
Add: Health & Edu. Cess @4%			4,04,656
Net Tax Payable			1,05,21,062

Example: 2

Mr. BB is a resident, aged 34 years. His income details for PY 2025-26 are as follows:

- (i) Capital gains u/s 112A ₹ 2,00,000
- (ii) Capital gains u/s 112 ₹ 1,00,000
- (iii) Capital gains u/s 111A ₹ 3,00,000
- (iii) Dividend ₹ 13,00,000
- (iv) Other income - ₹ 3,34,00,000

Calculate his tax liability for AY 2026-27. He shifted out of default tax regime u/s 115BAC(1A).

Solution:

Particular	Tax Rate	Income	Tax
LTCG 112A (in excess of ₹ 1,25,000)	12.5%	2,00,000	9,375
LTCG 112	12.5%	1,00,000	12,500
STCG 111A	20%	3,00,000	60,000
Balance NTI	Slab Rate	3,47,00,000	1,02,22,500
		3,53,00,000	1,03,04,375

Add: Surcharge on LTCG & STCG 111A @15%

Add: Surcharge on Tax on Dividend @15% #

Add: Surcharge on Balance Tax@25% (9839524 x 25%)

Add: Health & Edu. Cess @4%

Net Tax Payable

 12,281
 57,446
 24,59,881
 1,28,33,983
 5,13,359
 1,33,47,342

 # Tax on dividend = $1,02,22,500 / 3,47,00,000 \times 13,00,000 = 3,82,976$

Test Yourself

From following information calculate net tax liability & assume assessee shifted out of default tax regime u/s 115BAC(1A).

Nature of Income	Mr. SK (64 years NR)	Mr. Dev (28 years)	Mr. AK (52 years)
Capital gains u/s 112A	1,50,000	-	8,00,00,000
Capital gains u/s 112	1,70,000	1,90,00,000	2,00,000
Capital gains u/s 111A	4,10,000	7,00,00,000	1,00,000
Dividend	-	-	49,00,000
Other Income	99,00,000	60,00,000	6,59,00,000
Total Income	1,06,30,000	9,50,00,000	15,11,00,000
Final Answer	34,55,095	2,15,13,050	4,16,57,366



◆ **Marginal Relief in Surcharge:** If there is little bit increase in income over 50 Lakhs/1 Crore/2 Crore/5 Crore (in case of Ind/HUF/AOP/ BOI/AJP) or 1 Crore (in case of Company/Firm/local Authority/Co. op. society) or 10 Crore (in case of Company/ Co. op Society), surcharge is applicable on entire amount of tax and as a result increase in tax is more than the increase in income. In order to remove this defect, assessee shall be allowed relief to the extent increase in tax is more than the increase in income.

Example-1 Total income of Shree Ltd. (Indian Company) ₹ 1,01,00,000. T/o of PY 23-24 is ₹ 450 crores. Assessee not opted sec. 115BAA. Calculate tax liability.

Solution

	₹	
Tax on Total Income (1,01,00,000 × 30%)	30,30,000	
Add: Surcharge @7%	<u>2,12,100</u>	
	32,42,100	Marginal Relief
Above amount is restricted to Tax on 1 crore + (NTI - 1 crore)		₹ 1,42,100
(30,00,000 + 1,00,000)	<u>31,00,000</u>	↓
	31,00,000	
Add: HEC @ 4%	<u>1,24,000</u>	
Net Tax Liability	<u>32,24,000</u>	

Example-2 Total income of Tree Ltd. (Indian Company) ₹ 10,02,30,000. T/o of PY 23-24 is ₹ 350 crores. Assessee not opted sec. 115BAA. Calculate tax liability.

Solution

	₹	
Tax on Total Income (10,02,30,000 × 25%)	2,50,57,500	
Add: Surcharge @12%	<u>30,06,900</u>	
	2,80,64,400	Marginal Relief
Above amount is restricted to Tax on 10 crore + (NTI - 10 crore)		₹ 10,84,400
(2,67,50,000 + 2,30,000)	<u>2,69,80,000</u>	↓
	2,69,80,000	
Add: HEC @ 4%	<u>10,79,200</u>	
Net Tax Liability	<u>2,80,59,200</u>	

Example-3 Total income of Mr. Sam (62 years) NR is ₹ 1,01,00,000. Assessee shifted out from default tax regime u/s 115BAC. Calculate tax liability.

Solution

	₹
Tax on Total Income	Nil
Upto 2,50,000	12,500
> 2,50,000 upto 5,00,000	1,00,000
> 5,00,000 upto 10,00,000	<u>27,30,000</u>
>10,00,000 upto 1,01,00,000	

	28,42,500	
Add: Surcharge @ 15%	<u>4,26,375</u>	
	32,68,875	Relief
Above amount is restricted to Tax on 1 crore + (NTI - 1 crore) (30,93,750 + 1,00,000)	<u>31,93,750</u>	₹ 75,125
	31,93,750	
Add: HEC @ 4%	<u>1,27,750</u>	
Net Tax Payable	<u>33,21,500</u>	

Test Yourself

From following information calculate net tax liability & assume assessee shifted out from 115BAC

	Mr. Devam (49 years)	Mr. Krishiv (28 years)
Total Income	5,07,20,000	2,04,40,000
Final Answer	2,00,05,050	74,09,350

Sec. 87A: Rebate from Tax to Certain Individuals

For **Resident Individual** having Total Income upto ₹ 5,00,000.

- ↓ a.) 100% of tax payable, or
b.) ₹ 12,500

Whichever is **Lower**

Notes:

1. This rebate shall be reduced before adding health & education cess.
2. Rebate u/s 87A available against all types of Income **except LTCG u/s 112A**.
3. Marginal relief concept not applicable on rebate **except when assessee opted 115BAC**.
4. Rebate in case of 115BAC discussed with concept of 115BAC in later part of this topic.

Example: Calculate tax liability of Ms. Sneha resident Individual (Age 24 years).

	Case - 1	Case - 2
Total Income	4,40,000	5,07,000
Tax Liability	9,500	13,900
Less: Rebate 87A		
a) Tax Amount	9,500	Not Available
b) 12,500	<u>12,500</u>	
Whichever is lower	9,500	
Add: HEC @ 4%	Nil	13,900
	Nil	556
Net Tax Liability	Nil	14,456

Alternate Taxation Regime

Sec. 115BAC: Tax on Income of Ind, HUF, AOP, BOI, AJP [Amended w.e.f. AY 26-27]

Assessee	Individual, HUF, AOP/BOI (other than Co.op. society), AJP	
Tax rate	<u>Total income</u>	
	Upto ₹ 4,00,000	<u>Tax rate</u>
	₹ 4,00,001 to ₹ 8,00,000	Nil
	₹ 8,00,001 to ₹ 12,00,000	5%
	₹ 12,00,001 to ₹ 16,00,000	10%
	₹ 16,00,001 to ₹ 20,00,000	15%
	₹ 20,00,001 to ₹ 24,00,000	20%
	Above ₹ 24,00,000	25%
		30%
Surcharge & cess	Special Income (u/s 111A, 112, 112A etc.) shall be taxable @ Special rates.	
	➤ Surcharge will be @ 10%/15%/25% depending on Total Income of assessee. In this case 37% surcharge not applicable even Total Income > ₹ 5 crores.	
	➤ Health & Education cess shall be @ 4% always.	
AMT	➤ Assessee paid tax as per sec. 115BAC is not required to pay AMT.	
	➤ B/F AMT credit cannot be set off against income u/s 115BAC. Therefore, if assessee has b/f AMT credit, it should first exhaust the AMT credit and thereafter opt for sec 115BAC.	
Conditions	1. Assessee does not claim following deductions/exemptions:	
	HP	➤ Interest u/s 24(b) for Self-occupied property
		➤ Set-off of HP loss (Let out/Deemed to be let-out property) against other head (HP loss shall not be allowed to be carried forward)
	Salary	➤ Entertainment allowance and Professional tax u/s 16(ii)& (iii)
		➤ Leave travel concession u/s 10(5)
		➤ HRA u/s 10(13A)
		➤ Allowance u/s 10(14) (except: DTDC)
		D. Travel allowance to a Divyang employee for commuting between the place of residence and place of duty.
		T. Travelling or tour allowance: to meet the cost of travel on tour or on transfer.
		D. Daily allowance: to meet the ordinary daily charges incurred by an employee due to absence from his normal place of duty.
	C. Conveyance allowance: to meet the expenditure on conveyance in performance of duties of an office.	
PGBP	Sec. 10AA, 32(1)(ia), 33AB, 33ABA, 35(1)(ii),(ia),(iii),35(2AA), 35AD, 35CCC.	
IFOS	Allowance for income of minor u/s 10(32)	

	Allowance to MP/MLA u/s 10(17) Deduction under Chapter VI-A Except: deduction u/s 80JJAA, 80CCD(2), 80CCH(2), 80LA.
	2. Assessee cannot set-off any b/f loss or unabsorbed depreciation attributable to deduction referred above. 3. HP loss cannot be set off against other head. 4. No deduction or exemption for allowance or perquisite provided under any other law for the time being in force.
Option not to opt 115BAC [115BAC(6)]	Section 115BAC is default tax regime. However assessee can avail the benefit of regular tax regime by exercising the option. ➤ Assessee does not have PGBP: Option of regular tax regime must be exercise alongwith the return u/s 139(1) for every PY. ➤ Assessee having PGBP: Option of regular tax regime must be exercise alongwith the return u/s 139(1). Such option once exercised shall apply for subsequent AY also. However the option once exercise for regular tax regime can be withdraw only once for PY & there after the person shall never be eligible for the benefit of regular tax regime till the time having any income under PGBP.
Rebate u/s 87A As per default tax regime u/s 115BAC	For Resident Individual having Total Income upto ₹ 12,00,000. a.) 100% of tax payable, or b.) ₹ 60,000 Whichever is Lower Note: Rebate u/s 87A available only against tax calculated as per section 115BAC. This rebate not available against tax calculated as per special rates. Marginal Relief: If Total Income more than ₹ 12,00,000 but does not exceed ₹ 12,70,585, tax on such income cannot exceed the amount by which the Total Income exceeds ₹ 12,00,000. However marginal Relief not available in case of regular tax regime .

Example: Mr. BB (age 35 years) is a Resident Individual. His total income for AY 26-27 is ₹ 12,00,000 or ₹ 12,30,000 or ₹ 12,60,000 or ₹ 12,90,000. Assume assessee don't have any special rate of income. Assessee not opted regular tax regime. Calculate tax liability.

Total Income	12,00,000	12,30,000	12,60,000	12,90,000
Tax as per 115BAC	60,000	64,500	69,000	73,500
Less: Rebate u/s 87A				
a.) 100% of tax payable, or				
b.) ₹ 60,000	60,000	Nil	Nil	Nil
	Nil	64,500	69,000	73,500
Restricted to				
Tax on 12 lakhs + (NTI - 12 lakhs)	Nil	30,000	60,000	90,000



Add: Health & Edu. Cess @ 4%	Nil	30,000	60,000	73,500
Net Tax Liability	Nil	1,200	2,400	2,940
Marginal Relief	Nil	31,200	62,400	76,440
	-	34,500	9,000	-

Example: Mr. Ravi (age 32 years) and Kavi (age 36 years) are resident individuals, from following information calculate rebate u/s 87A and tax liability for AY 2026-27.

Particular	Ravi (opt out from 115BAC)	Kavi (opted 115BAC)
STCG 111A	80,000	2,40,000
LTCG 112A	1,30,000	4,50,000
Salary and HP Income (Computed)	2,80,000	5,10,000
Total Income	4,90,000	12,00,000
Computation of Tax Liability		
Tax on STCG 111A	16,000	48,000
Tax on LTCG 112A	625	40,625
Tax on Balance Income	1,500	5,500
Total	18,125	94,125
Less: Rebate u/s 87A	18,125	94,125
Ravi: 17,500 or 12,500, whichever is lower	(12,500)	
Kavi: 5,500 or 60,000, whichever is lower		(5,500)
	5,625	88,625
Add: HEC @ 4%	225	3,545
Net Tax Liability	5,850	92,170

Some other Special Tax Rates

Sec. 115BB: Tax on winnings from lotteries, crossword puzzles, races, card games etc

Tax Rate: 30%

Sec. 115BBE: Deemed Income u/s 68 to 69D

Tax Rate: 60% (surcharge @ 25% and HEC @ 4%) effective rate 78%

Note: No set off of any loss shall be allowable against deemed income.

Sec. 115BBJ: Income from Online Games

Tax Rate: 30% on winning from online games.

"Online Game" means a game that is offered on the internet and is accessible by a user through a computer resource including any telecommunication device.

Notes for all above sections:

- Deduction u/s 28 to 44C or sec 57 not allowed against above income, means gross income taxable.
- Deduction u/c VI-A not available.



- Basic Exemption Benefit NOT Available against above income (Except 112 (LTCG), 112A & 111A in case of resident Individual & HUF)

Deemed Income [Sec 68 to 69D]

Sec 68: Cash Credit

Where any sum is found credited in the books of the assessee and assessee offers no explanation about the nature and source or the explanation offered is not satisfactory in the opinion of the AO, the sum so credited may be treated as income of the assessee of that PY.

However, where the sum so credited consists of loan or borrowing or any such amount, by whatever name called, any explanation offered by the assessee shall not be deemed to be satisfactory, if, the person in whose name such credit is recorded also offers no explanation about the nature and source or explanation not satisfactory.

Further, any explanation offered by a closely held company in respect of any sum credited as share application money, share capital, share premium or any such amount, in the a/c's of such company shall be deemed to be not satisfactory, if, the resident person, in whose name such credit is recorded in the books of such company also not explains about the nature and the source of such sum or explanation not satisfactory.

Sec 69: Unexplained Investments

Where in the PY, the assessee has made investments which are not recorded in the BOA and the assessee offers no explanation about the nature and the source of investments or explanation not satisfactory in the opinion of the AO, the value of the investments are taxed as deemed income of the assessee of that PY.

Sec 69A: Unexplained Money, Assets etc.

Where in any PY, the assessee is found to be the owner of any money, bullion, jewellery or other valuable article and the same is not recorded in the BOA and the assessee offers no explanation about the nature and source of acquisition of such money, bullion etc. or the explanation not satisfactory in the opinion of the AO, the money and the value of bullion etc. may be deemed income of the assessee of that PY.

Sec 69B: Amount of investments etc., not fully disclosed in the books of account

Where in any PY, the assessee has made investments or is found to be the owner of any bullion, jewellery or other valuable article and the AO finds that the amount spent on making such investments or in acquiring such articles exceeds the amount recorded in the BOA by the assessee and he offers no explanation for the difference or the explanation is unsatisfactory in the opinion of the AO, such excess may be deemed income of the assessee of that PY.



Sec 69C: Unexplained Expenditure

Where in any PY, an assessee has incurred any **expenditure** and he offers **no explanation** about the source of such expenditure or the explanation is unsatisfactory in the opinion of the AO, AO can treat such unexplained expenditure as the income for such PY. Such unexplained expenditure which is deemed to be the income of the assessee shall not be allowed as deduction under any head of income.

Sec 69D: Amount borrowed or repaid on hundi

Where any amount is borrowed on a hundi or any amount due thereon is repaid other than through an account payee cheque drawn on a bank, the amount so borrowed or repaid shall be deemed to be the income of the person borrowing or repaying for the PY in which the amount was borrowed or repaid, as the case may be.

However, where any amount borrowed on a hundi has been deemed to be the income of any person, he will not be again liable to be assessed in respect of such amount on repayment of such amount. The amount repaid shall include interest paid on the amount borrowed.

Note: Income mentioned u/s 68 to 69D taxable @60% (+25% Surcharge +4% HEC i.e.78%)

Agriculture Income

➤ Sec 10(1) Agriculture Income - It is exempt from Tax if its from agriculture land in India.

As per section 2(1A), Agriculture income means -

- (a) Rent from agriculture land (used for agriculture purpose).
- (b) Income from sale of agriculture produce. (Note 1)
- (c) Rent from house located in Rural Area (use as dwelling house, store house).
- (d) Income from nursery.

Note 1: Rule 7- Sale of agriculture produce

Sale in Raw Form

Total Agriculture Income

FMV of Agri. Produce further Process	xx
Less: Cost of Agri. Produce	xx
Agriculture Income	xx

Sale after optional Process

Agriculture Income

Sale of Final Products	xx
Less: FMV of Agri. Produced used	xx
Less: Further process cost	xx
PGBP	xx

PGBP

Special Rules for Tea, Coffee & Rubber		Agri. Income	PGBP
Rules	Activity	60%	40%
8	Growing and Manufacturing of Tea		
7B	Growing & Manufacturing of Coffee	75%	25%
	(a) Grown & cured	60%	40%
	(b) Grown, Cured, Roasted & Grounded	65%	35%
7A	Growing & Manufacturing of Rubber		

Remember:- Higher% represents income from Agriculture

- Partial Integration in case of Agricultural Income
Agriculture income is exempt from tax but for computation of tax it shall be considered if following conditions are satisfied

- Assessee is Individual, HUF, AOP, BOI, AJP.
- Agriculture income more than ₹ 5,000.
- Non-agriculture income more than Basic exemption.

Computation of Tax Liability		₹
Non-Agriculture Income (Total Income)	[A]	xx
Agriculture Income	[B]	xx
Total	[C]	xx
Tax Payable on "C"	[D]	xx
Aggregation of "B" and Basic Exemption	[E]	xx
Tax payable on "E"	[F]	xx
Net Tax payable "D-F"	[G]	xx