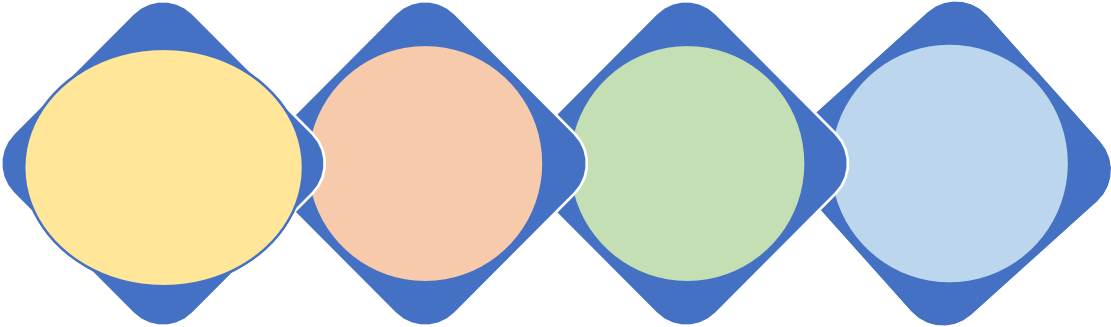
BASIC CONCEPTS

SECTION 4 [CHARGING SECTION]

Income- tax shall be

charged for any assessment year (A.Y.)

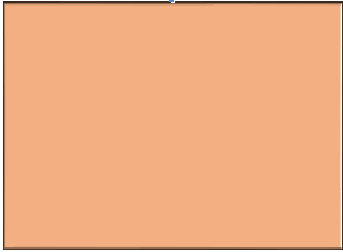
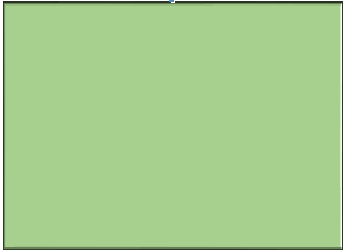
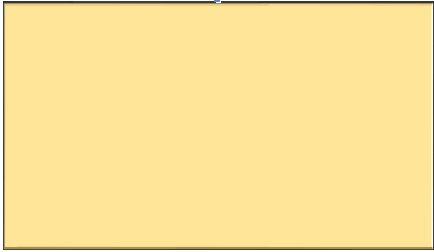
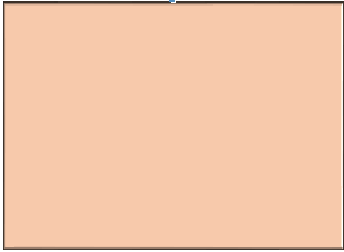
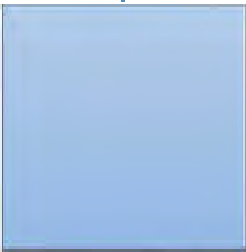
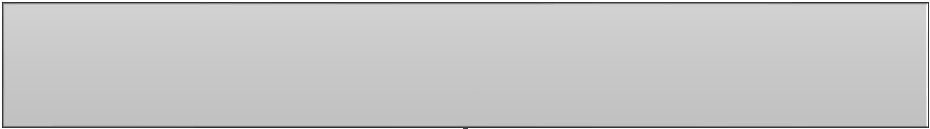
at the rates prescribed for that year by the Annual Finance Act

in respect of the total income of the previous year (P.Y.)

on every person specified under section 2(31).

CLASSIFICATION OF INCOME

The income of an assessee is classified into following five heads of income:



HEADS OF INCOME

Salaries

Income from

house property

Profits and gains of

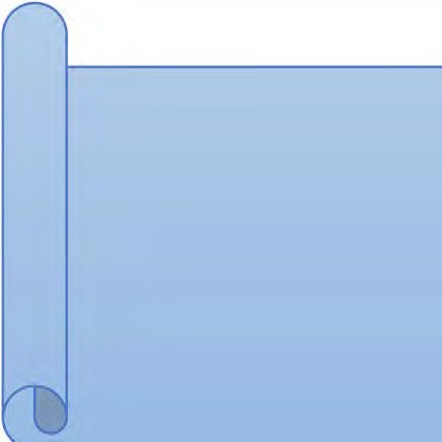
business or profession

Capital gains

Income from

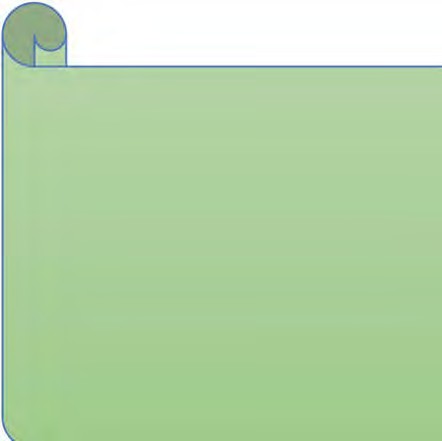
other sources

PREVIOUS YEAR AND ASSESSMENT YEAR



Assessment Year

* It means a period of 12 months commencing on 1st April every year.
* The year in which income is earned is the previous year and such income is taxable in the immediately following year which is the assessment year.



Previous year

* It means the financial year immediately preceding the assessment year.
* In case of a business or profession newly set up, or a source of income newly coming into existence during the financial year, the previous year shall be the period beginning with the date of setting up of the business or profession or, as the case may be, the date on which the source of income newly comes into existence and ending with the said financial year.



General Rule

In

Income of a previous year is assessed in the assessement year

following the previous year

Exception to this rule

Cases where income of a previous year is assessed in

the previous year itself

Shipping business of

non-resident

Persons

leaving Inida

AoP/BoI/ Artificial Juridical Person formed for a particular event or

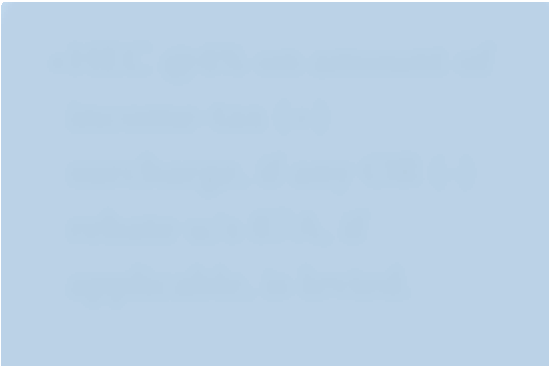
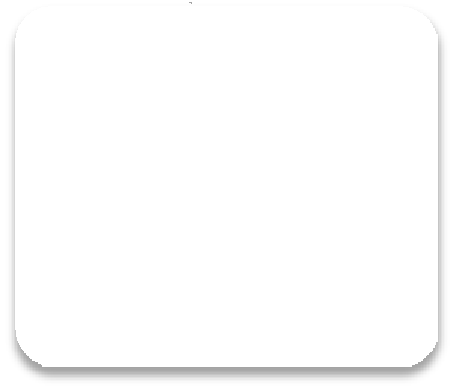
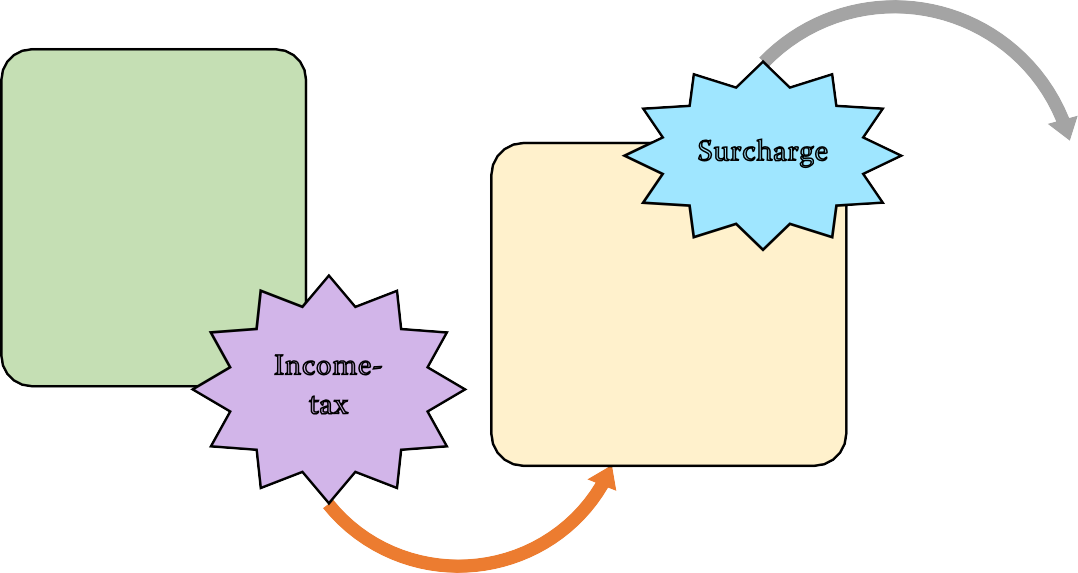
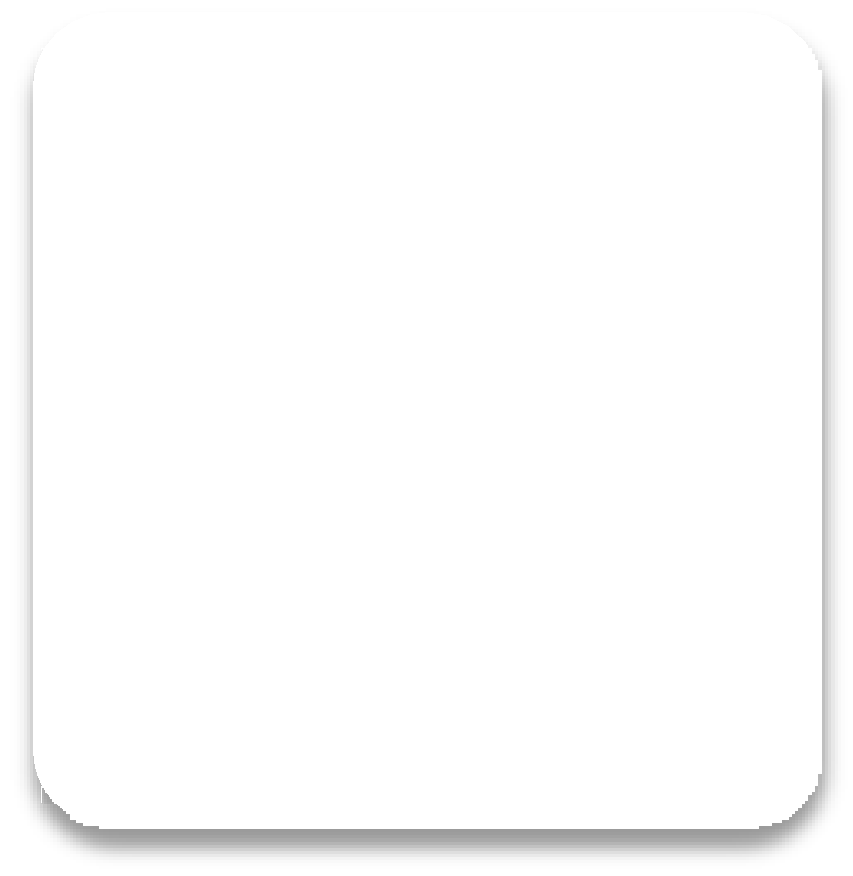
purpose

Person likely to transfer property to

avoid tax

Discountinued

business



* Income-tax is to be charged on every person at the rates prescribed for the year by the Annual Finance Act or the Income-tax Act,

1961 or both.

Surcharge

Income-

tax

* Surcharge is an additional tax payable over and above the income-tax. Surcharge is levied as a percentage of

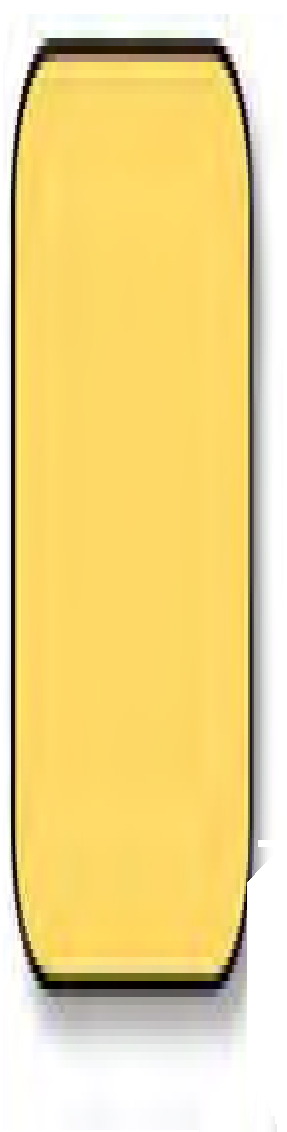
income-tax.

* HEC @4% on amount of income-tax (+) surcharge, if any OR (-) rebate u/s 87A, if applicable, is levied.

Health and Education

cess (HEC)

PERSON [SECTION 2(31)]



Individual

Artificial juridical

person

Hindu Undivided Family

(HUF)

Local

Authority

Person

Company

Association of Persons (AoP)/ Body of Individuals (BoI)

Firm

RATES OF TAX, SURCHARGE AND CESS

#### INDIVIDUAL/HUF/AOP/BOI/ARTIFICIAL JURIDICAL PERSON

1. INCOME TAX RATES

Individuals/HUF/AoP/BoI and Artificial Juridical Persons can pay tax at concessional rates under the default tax regime under section 115BAC. However, such persons have to forego certain exemptions and deductions under this regime. Alternatively, they can exercise the option to shift out of the default tax regime and pay tax under the optional tax regime as per the regular provisions of the Act at the tax rates prescribed by the Annual Finance Act of that year.

OLD REGIME

Individuals/ Hindu Undivided Family (HUF)/Association of Persons (AoP)/Body of Individuals (BoI)/Artificial Juridical Persons can pay tax atOL

|  |  |
| --- | --- |
|  | |
| Total Income (TI) | Tax |
| Upto ` 3,00,000 | NIL |
| > ` 3,00,000 but ≤  ` 6,00,000 | 5% of TI > ` 3,00,000 |
| > ` 6,00,000 but ≤  ` 9,00,000 | ` 15,000 (+) 10% of TI  > ` 6,00,000 |
| > ` 9,00,000 but ≤  ` 12,00,000 | ` 45,000 (+) 15% of TI  > ` 9,00,000 |
| > ` 12,00,000 but ≤  ` 15,00,000 | ` 90,000 (+) 20% of TI  > ` 12,00,000 |
| > ` 15,00,000 | ` 1,50,000 (+) 30% of TI  > ` 15,00,000 |

|  |  |
| --- | --- |
|  | |
| Total Income (TI) | Tax |
| Upto ` 2,50,000 | NIL |
| > ` 2,50,000 but ≤  ` 5,00,000 | 5% of TI > ` 2,50,000 |
| > ` 5,00,000 but ≤  ` 10,00,000 | ` 12,500 (+) 20% of TI >  ` 5,00,000 |
| > ` 10,00,000 | ` 1,12,500 (+) 30% of TI  > ` 10,00,000 |

tax rates prescribed by the Annual Finance Act for optional tax regime

concessional tax rates under the default tax regime under section 115BAC(1A)

NEW REGIME TAX RATES

Note – Income covered under Chapter XII would be subject to tax at the rates mentioned in the sections specified in the said Chapter.

Notes -

* 1. For a senior citizen, being a resident individual of the age of 60 years or more but less than 80 years at any time during the P.Y., the basic exemption limit is ` 3,00,000.
  2. For a very senior citizen, being a resident individual of the age of 80 years or more at any time during the P.Y., the basic exemption limit is ` 5,00,000.

Concessional tax rates under the default tax regime under section 115BAC(1A) 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 | | | |
| (1) | Certain deductions/exemptions not allowable: Section 115BAC(2) provides that while computing total income, the following deductions/exemptions would not be allowed: | | | |
|  | Section | Exemption/Deduction |  |
| 10(5) | Leave travel concession |  |
| 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). |  |
| 10(17) | Daily allowance or constituency allowance of MPs and MLAs |  |
| 10(32) | Exemption in respect of income of minor child included in the income of parent |  |
| 10AA | Tax holiday for units established in SEZ |  |
| 16 | Entertainment allowance and Professional tax |  |
| 24(b) | Interest on loan in respect of self-occupied property |  |
| 32(1)(iia) | Additional depreciation |  |
| 33AB | Tea/Coffee/Rubber development account |  |
| 33ABA | Site Restoration Fund |  |
| 35(1)(ii)/  (iia)/(iii)/ 35(2AA) | Deduction in respect of contribution to   * notified approved research association/university/college/other institutions for scientific research [Section 35(1)(ii)] * approved Indian company for scientific research [Section 35(1)(iia)] * notified approved research association/university/college/other institutions for research in social science or statistical research [Section 35(1)(iii)] * an approved National laboratory/university/IIT/specified person for scientific   research undertaken under an approved programme [Section 35(2AA)] |  |
| 35AD | Investment linked tax incentives for specified businesses |  |
| 35CCC | Deduction in respect of expenditure incurred on notified agricultural project |  |
| 80C to 80U | Deductions under Chapter VI-A (other than employers contribution towards NPS under section 80CCD(2), Central Government contribution towards Agnipath Scheme under section 80CCH(2) and deduction in respect of  employment of new employees under section 80JJAA) |  |
| (2) | Certain losses not allowed to be set-off: While computing total income, set-off of any loss -   1. 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 2. under the head house property with any other head of income would not be allowed. | | | |

|  |  |
| --- | --- |
| (3) | Depreciation or additional depreciation: Depreciation u/s 32 is to be determined in the prescribed manner. Depreciation in respect of any block of assets entitled to more than 40%, would be restricted to 40% on the written down value of such block of assets. Additional  depreciation u/s 32(1)(iia), however, cannot be claimed. |
| (4) | Exemption or deduction for allowances or perquisite: While computing total income, any exemption or deduction for allowances or perquisite, by whatever name called, provided under  any other law for the time being force in India would not be allowed. |
| (5) | In case of a person having a unit in IFSC referred to in section 80LA(1A), whose income is chargeable to tax under section 115BAC(1A), deduction under section 80LA would be allowed  subject to fulfilment of the conditions specified in that section. |
| Additional points:   1. An employee whose income is chargeable to tax under section 115BAC(1A) would be entitled for -    * travelling allowance (i.e., allowance granted to meet the cost of travel on tour or transfer);    * daily allowance (i.e., allowance granted on tour or for the period of journey in connection with transfer, to meet the ordinary daily charges incurred by an employee on account of absence from his normal place of duty);    * conveyance allowance (i.e., allowance granted to meet the expenditure incurred on conveyance in performance of duties of an office or employment of profit, where free conveyance is not provided by the employer); and    * exemption in respect of transport allowance granted to an employee who is blind or deaf and dumb or orthopedically handicapped with disability of the lower extremities of the body to the extent of ` 3,200 p.m. 2. An individual, being an employee paying tax as per section 115BAC, would not be entitled for exemption of perquisite of free food and non-alcoholic beverages provided by an employer through paid vouchers. 3. Total income under default tax regime should be computed without set-off of any loss brought forward or depreciation from any earlier assessment year, where such loss or depreciation is attributable to any of the deductions listed in (1) above. Such loss and depreciation would be deemed to have been already given effect to and no further deduction for such loss or depreciation shall be allowed for any subsequent year.   Where income-tax on total income of the assessee is computed under this section and there is a depreciation allowance in respect of a block of asset from an earlier assessment year attributable to additional depreciation u/s 32(1)(iia), which has not been given full effect to prior to A.Y. 2024-25 and which is not allowed to be set-off in the A.Y.2024-25 due to section 115BAC, corresponding adjustment shall be made to the WDV of such block of assets as on 1.4.2023 in the prescribed manner i.e., the WDV as on 1.4.2023 will be increased by the unabsorbed additional depreciation  not allowed to be set-off. | |

Time limit for exercising the option to shift out of the default tax regime

1. In case of an assessee having no income from business or profession: Where such individual/HUF/AoP (other than a co-operative society)/BoI or Artificial Juridical person is not having income from business or profession, he/it can exercise an option to shift out/opt out of the default tax regime under this section and such option has to be exercised along with the return of

income to be furnished under section 139(1) for a previous year relevant to the assessment year. In effect, such individual/HUF/AoP/BoI or Artificial Juridical person can choose whether or not to exercise the option of shifting out of the default tax regime in each previous year. He may choose to pay tax under default tax regime under section 115BAC in one year and exercise the option to shift out of default tax regime in another year.

1. In case of an assessee having income from business or profession: Such individual/HUF/AoP/BoI or Artificial Juridical person having income from business or profession has an option to shift out/ opt out of the default tax regime under this section and the option has to be exercised on or before the due date specified under section 139(1) for furnishing the return of income for such previous year and once such option is exercised, it would apply to subsequent assessment years.

Such person who has exercised the above option of shifting out of the default tax regime for any previous year shall be able to withdraw such option only once and pay tax under the default tax regime under section 115BAC for a previous year other than the year in which it was exercised.

Thereafter, such person shall never be eligible to exercise option under this section, except where such person ceases to have any business income in which case, option under (i) above would be available.

AMT liability not attracted

Individual/HUF/AoP/BoI or Artificial Juridical person paying tax under default tax regime under section 115BAC is not liable to alternate minimum tax u/s 115JC. Such person would not be eligible to claim AMT credit also.

1. SURCHARGE

Income-tax computed above would be increased by surcharge given under the following table: Individual/HUF/AoP[1](#_bookmark0)/BoI and Artificial Juridical Person

paying tax under default tax regime u/s 115BAC

exercising the option to shift out of the default tax regime and paying tax under the

normal provisions of the Act

(i)

|  |  |  |
| --- | --- | --- |
|  | Particulars | Rate of surcharge on income-tax |
| (i) | TI [including dividend income and capital gains chargeable to tax u/s 111A, 112 and 112A) > ` 50 lakhs  but ≤ ` 1 crore | 10% |
| (ii) | TI (including dividend income and capital gains chargeable to tax u/s 111A, 112 and 112A) > ` 1 crore  but ≤ ` 2 crore | 15% |
| (iii) | TI (excluding dividend income and capital gains chargeable to tax u/s 111A,  112 and 112A) > ` 2 crore | 25% |
|  | Dividend income and capital gains chargeable to tax u/s  111A, 112 and 112A | Not  exceeding  15% |
| (iv) | TI (including dividend income and capital gains chargeable to tax u/s 111A, 112 and 112A) > ` 2 crore in cases not covered under (iii)  above | 15% |

(ii)

Particulars

TI (including dividend income and capital gains chargeable to tax u/s 111A, 112 and 112A) > ` 50 lakhs but ≤ ` 1 crore

TI (including dividend income and capital gains chargeable to tax u/s 111A, 112 and 112A) > ` 1 crore but

≤ ` 2 crore

TI (excluding dividend income and capital gains chargeable to tax u/s 111A, 112 and 112A) >

` 2 crore but ≤ ` 5 crore Dividend income and capital gains chargeable to tax u/s 111A, 112 and 112A

TI (excluding dividend income and capital gains chargeable to tax u/s 111A, 112 and 112A) >

` 5 crore

Dividend income and capital gains chargeable to tax u/s 111A, 112 and 112A

TI (including dividend income and capital gains chargeable to tax u/s 111A, 112 and 112A) > ` 2 crore in cases not covered under (iii) and (iv) above

Rate of surcharge on income-tax

10%

15%

25%

Not

exceeding 15%

37%

Not

exceeding 15%

15%

1 (other than an AOP consisting of only companies as members)

SPECIAL RATES OF TAX IN RESPECT OF CERTAIN INCOMES

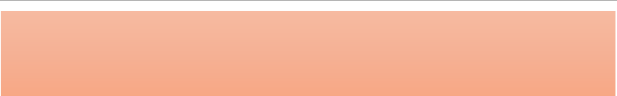
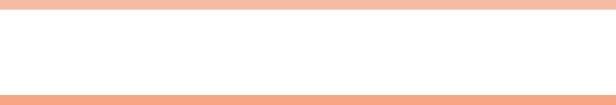
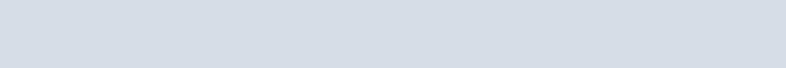
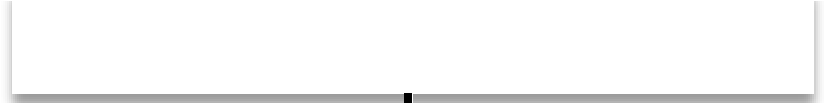
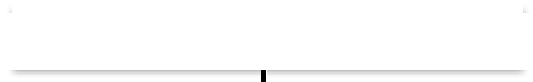
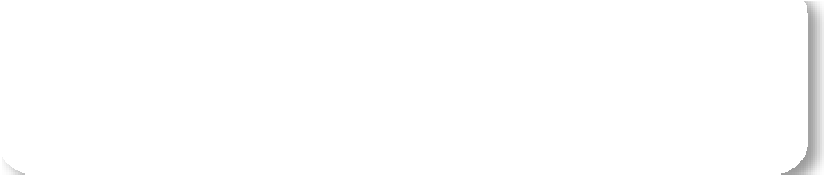
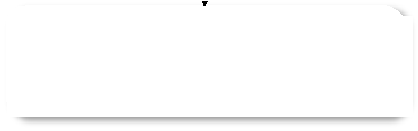
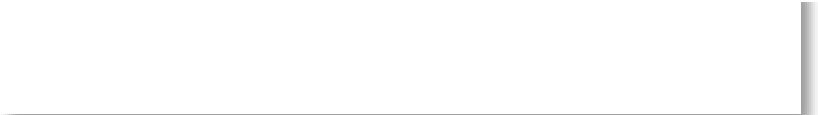
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| --- | --- |
| In case of (Capital Asset) | Time of payment of STT |
| Equity shares in a company | both at the time of acquisition and transfer |
| Unit of equity oriented fund or unit of business trust | at the time of transfer |

In respect of certain types of income, as mentioned below, the Income-tax Act, 1961 has prescribed specific rates. The special rates of tax have to be applied on the respective component of total income, irrespective of the tax regime and assessee.

|  |  |  |  |
| --- | --- | --- | --- |
| S. No. | Section | Income | Rate of Tax |
| (a) | 112 | Long term capital gains (other than LTCG taxable as per section  112A) | 20% |
| (b) | 112A | LTCGs on transfer of –   * Equity share in a company * Unit of an equity oriented fund * Unit of business trust   Condition for availing the benefit of this concessional rate is that securities transaction tax should have been paid –  Note: LTCG upto ` 1 lakh is exempt. LTCG exceeding ` 1 lakh is taxable @10%. | 10% [On LTCG   * ` 1 lakh] |
| (c) | 111A | Short-term capital gains on transfer of –   * Equity shares in a company * Unit of an equity oriented fund * Unit of business trust   The conditions for availing the benefit of this concessional rate are –   1. the transaction of sale of such equity share or unit should be entered into on or after 1.10.2004; and 2. such transaction should be chargeable to securities transaction   tax. | 15% |
| (d) | 115BB | Winnings from   * Lotteries; * Crossword puzzles; * Races including horse races; * Card games and other games of any sort; * Gambling or betting of any form or nature   (other than winning from any online game) | 30% |
| (e) | 115BBJ | Net winnings from online games | 30% |
| (f) | 115BBE | Unexplained money, investment, expenditure, etc. deemed as income under section 68 or section 69 or section 69A or section 69B  or section 69C or section 69D. | 60% |



REBATE UNDER SECTION 87A TO RESIDENT INDIVIDUALS



Where resident individual

paying tax u/s 115BAC

Where resident individual paying

tax under optional tax regime

If TI ≤ ` 7 lakhs

If TI ≤ ` 5 lakhs

available to a resident individual only

Rebate under section 87A

Lower of income-tax or

` 12,500 is allowable as rebate

Lower of income-tax or ` 25,000 is allowable as rebate [Refer note (1) below]



Notes –

1. In case of resident individual paying tax u/s 115BAC and if TI of such individual > ` 7,00,000 and income-tax payable on such TI exceeds the amount by which the TI is in excess of ` 7,00,000, the rebate would be as follows.

Step 1 – TI (-) ` 7 lakhs (A)

Step 2 - Compute income-tax liability on TI (B)

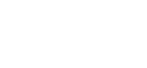
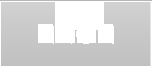
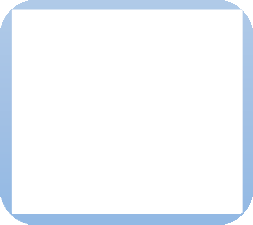
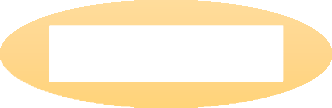
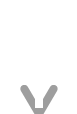
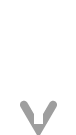
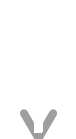
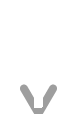
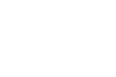
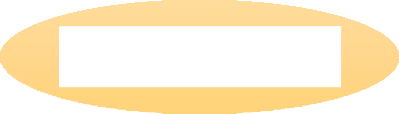
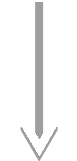
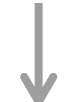
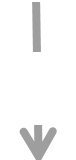
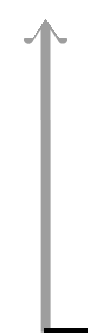
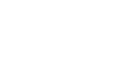
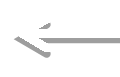
Step 3 - If B > A, rebate under section 87A would be B – A.

1. The amount of rebate under section 87A shall not exceed the amount of income-tax (as computed before allowing such rebate) on the TI of the assessee.
2. Rebate is allowed from income-tax computed before adding HEC on income-tax.
3. Rebate is, however, not available in respect of tax payable @10% on LTCG taxable u/s 112A.

### RESIDENTIAL STATUS AND SCOPE OF TOTAL INCOME

RESIDENTIAL STATUS OF AN INDIVIDUAL

Individual



Has he stayed in India < 60 days in the RPY?

Yes

*NR*

Resident

Yes

No

Has he stayed ≥ 182 days in the RPY?

No

Is he a NR in any 9 IPPYs out of 10 IPPYs?

Has he left India during the RPY for employment OR as Crew Member of an Indian Ship?

No

Yes

*NR*

No

No

Has he stayed in India for ≤ 729 days during the 7 IPPYs?

Is he an Indian Citizen or a Person of Indian Origin visiting India during the RPY?

No

Yes

Is his total income, other than income from foreign source

* ` 15 lakhs? Yes

Deemed resident [Section 6(1A)] An individual, being an Indian citizen, having total income (other than the income from foreign sources) > ` 15 lakhs during the RPY would be deemed to be resident in India in that PY, if he is not liable to pay tax in any other country or territory by reason of his domicile or residence or any other criteria of similar nature. A deemed resident u/s 6(1A) would always be a RNOR.



*Abbreviations*

*RPY = Relevant Previous Year NR = Non-resident ROR = Resident and Ordinarily Resident*

*IPPYs = Immediately Preceding Previous Years RNOR = Resident but Not Ordinarily Resident*

*Note – If an individual is a resident in India in the PY as per section 6(1), then, the provision of deemed resident u/s 6(1A) would not apply to him.*

Yes

Has he stayed in India for ≥ 365 days during the 4 IPPYs?

Is his stay in India during RPY ≥ 120 days + his stay in 4 IPPYs ≥ 365 days?

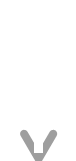
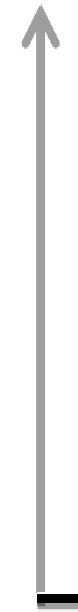
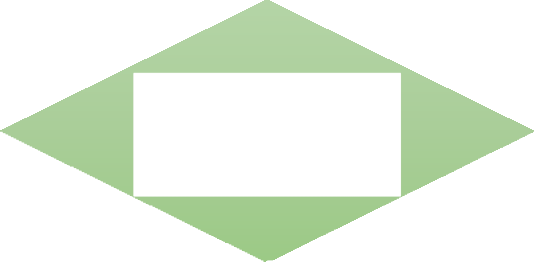
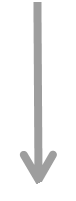
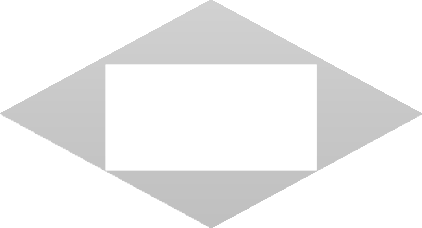
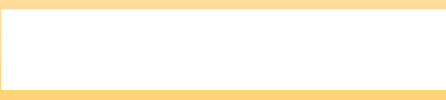
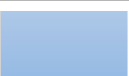
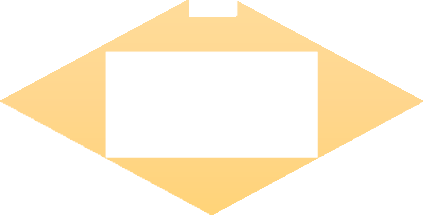
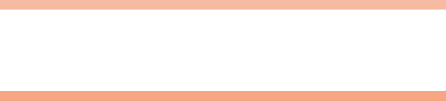
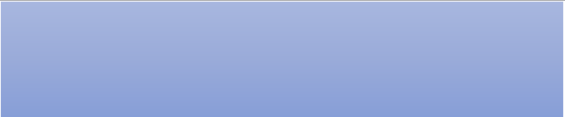
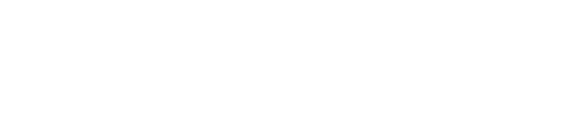
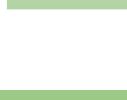
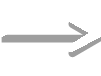
Yes

RNOR

DETERMINATION OF RESIDENTIAL STATUS OF HINDU UNDIVIDED FAMILY (HUF)/

FIRM/ ASSOCIATION OF PERSONS (AOP)/ BODY OF INDIVIDUALS (BOI) /LOCAL

AUTHORITY/ ARTIFICIAL JURIDICAL PERSON/COMPANY



No

R

Yes

Yes

No

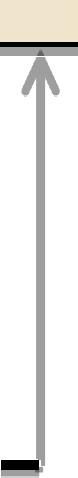
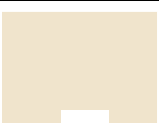
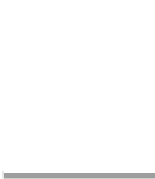
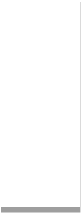
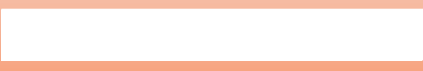
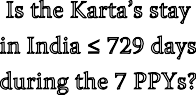
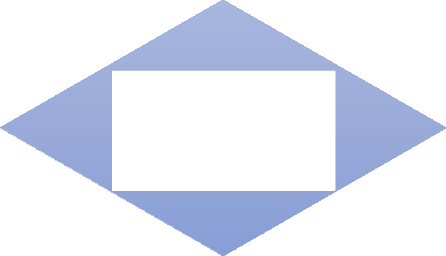
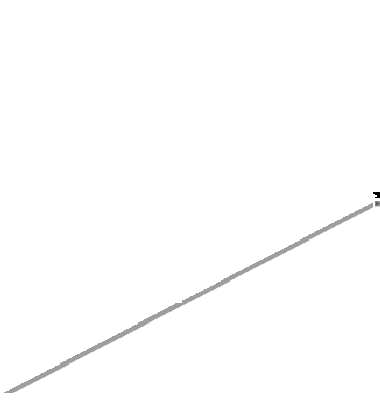
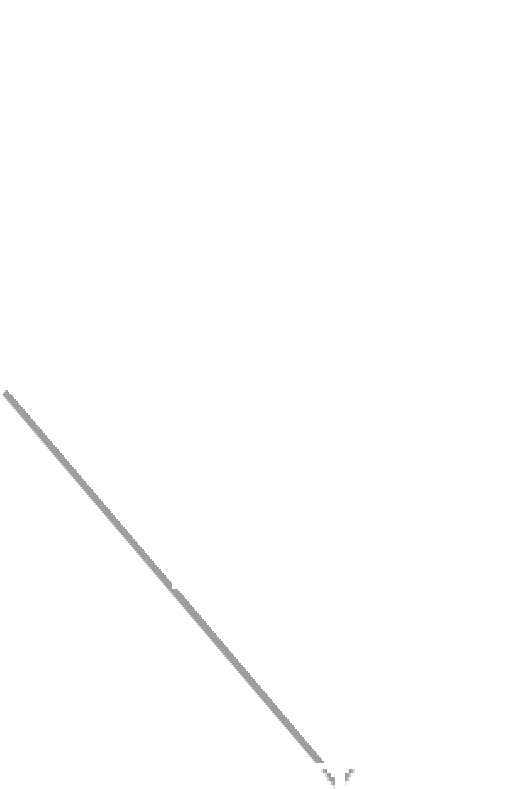
Yes

No

NR

Place of effective management i.e., Place where key management and commercial decisions necessary for conduct of business of an entity as a whole are, in substance made. [Determination of POEM is discussed in this booklet later on in the topic Non-resident taxation]

*# PPP = Preceding Previous Year*



Resident HUF

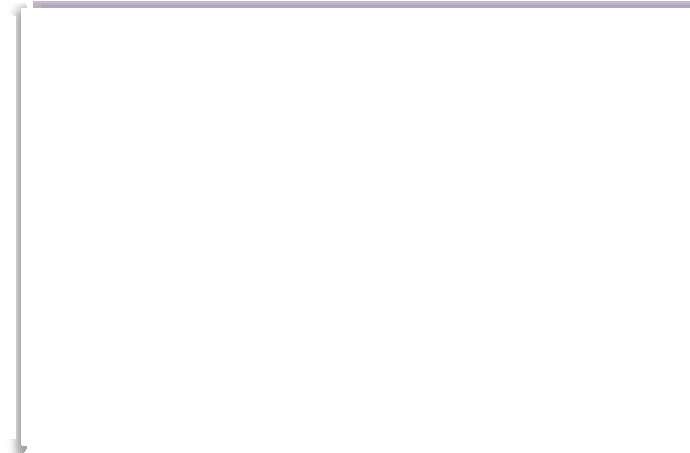
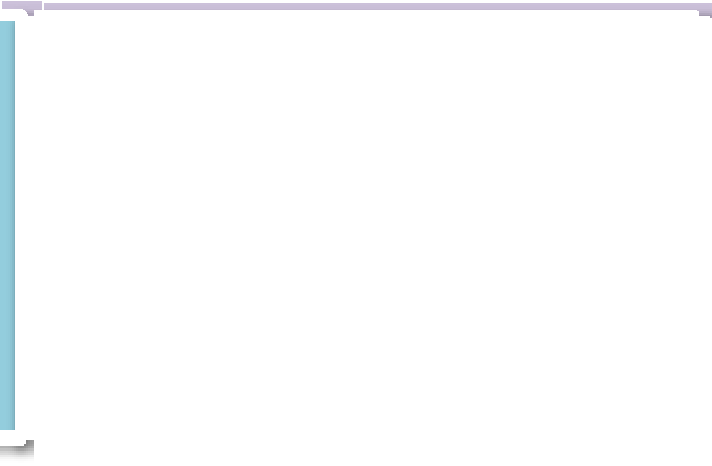
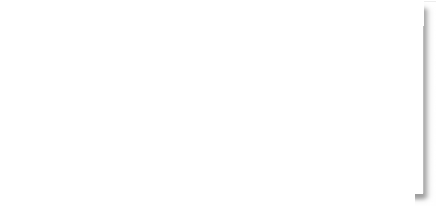
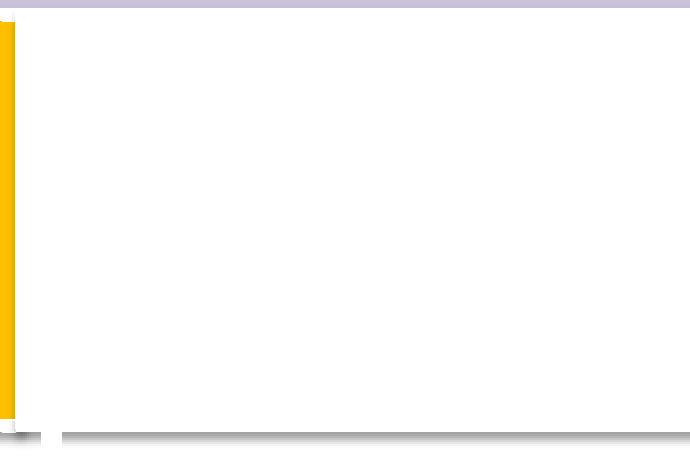
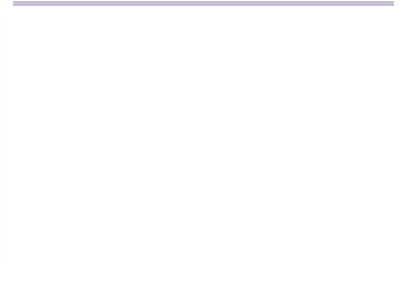
Yes

No

Yes

No

SALARIES



- Salary due

* Paid or allowed, though not due
  + Arrears of salary

- Salary

* + Perquisite
* Profits in lieu of salary
  + Standard deduction
* Entertainment allowance
  + Professional tax

BASIS OF CHARGE [SECTION 15]

|  |
| --- |
| Salary is chargeable to tax either on ‘due’ basis or on ‘receipt’ basis, whichever is earlier. |
| However, where any salary, paid in advance, is assessed in the year of payment, it cannot be subsequently brought to tax in the year in which it becomes due. |
| If the salary paid in arrears has already been assessed on due basis, the same cannot be taxed again when it is paid. |

TAXABILITY/ EXEMPTION OF CERTAIN ALLOWANCES

HOUSE RENT ALLOWANCE [SECTION 10(13A)]

|  |  |
| --- | --- |
| Least of the following is exempt: | |
|  |  |
| 1) HRA actually received for the relevant period | 1) HRA actually received for the relevant period |
| 2) Rent paid (-) 10% of salary for the relevant period | 2) Rent paid (-) 10% of salary for the relevant period |
| 3) 50% of salary for the relevant period | 3) 40% of salary for the relevant period |

OTHER ALLOWANCES [SECTION 10(14)]

Children education allowance

Transport allowance for commuting between the place of residence and the place of duty

Hostel expenditure of employee’s children

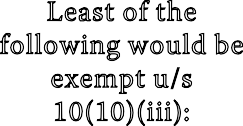
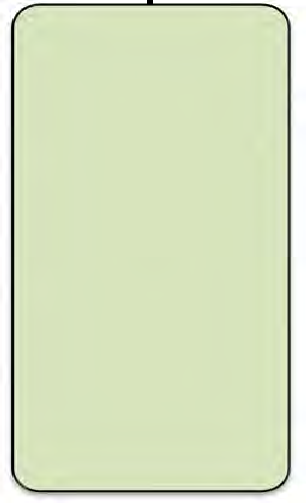
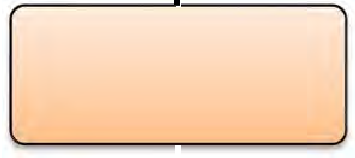
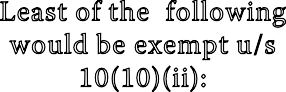
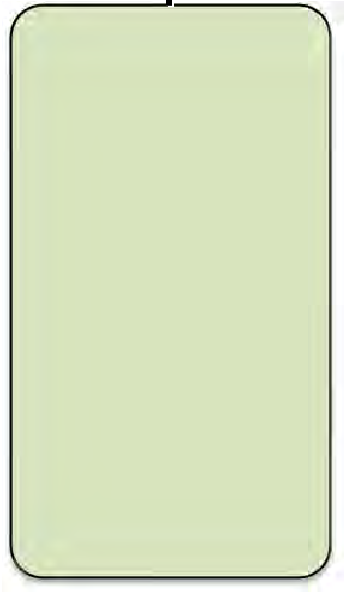
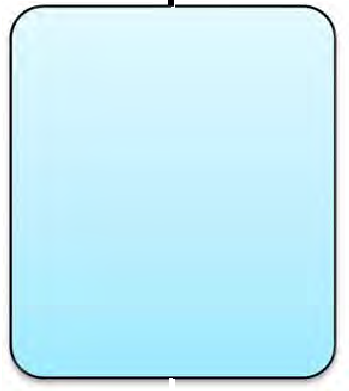
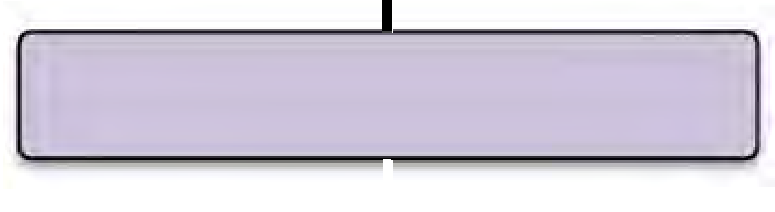
•` 100 per month per child upto maximum of two children

•` 3,200 per month for an employee who is blind or deaf and dumb or orthopedically handicapped

•` 300 per month per child up to a maximum of two children

EXEMPTION IN RESPECT OF TERMINAL BENEFIT

Gratuity



GRATUITY [SECTION 10(10)]

Received during service

Received at the time of retirement/Death

Fully Taxable

Received under the Pension Code or

Other Employees

Regulations applicable to members of the Defence Service/ Employees of Central Government/ Members of Civil Services/ local authority employees etc.

Fully Exempt u/s 10(10)(i)

Covered under the Payment of Gratuity Act, 1972

Least of the following would be exempt u/s 10(10)(ii):

- ` 20 lakh

- Actual gratuity received

* 15 days' salary (based on last drawn salary) for every completed year of service or part in excess of 6 months (No. of days in a month to be taken as 26)

Not covered under the Payment of Gratuity Act, 1972

Least of the following would be exempt u/s 10(10)(iii):

* + ` 20 lakh
* Actual gratuity received

- Half month salary (based on avg of last 10 months salary) for every completed year of service (fraction to be ignored)

Least is exempt

3 months’ salary x completed years of service

RETRENCHMENT COMPENSATION [SECTION 10(10B)]

Least of the following is exempt



* Compensation actually received
* 15 days average pay x completed

years of service and part thereof in excess of 6 months

- ` 5,00,000

VOLUNTARY RETIREMENT COMPENSATION [SECTION 10(10C)]

Exemption is available to employees of Central and State Government, Public sector company, any other company, local authority, co-operative society, IIT etc.

Compensation actually received

` 5,00,000

Last drawn salary x remaining months of services left

LEAVE TRAVEL CONCESSION [SECTION 10(10C)]

|  |  |  |  |
| --- | --- | --- | --- |
| S. No. | Journey performed by | | Exemption |
| 1 | Air | | Amount not exceeding air economy fare by the shortest route. |
| 2 | Any other mode : | |  |
|  | (i) | Where rail service is  available | Amount not exceeding air-conditioned first-class rail fare by the  shortest route to the place of destination |
| (ii) | Where rail service is  not available |  |
| a) and public transport  does not exist | Amount equivalent to air conditioned first class rail fares by the  shortest route, as if the journey had been performed by rail |
| b) but public transport  exists. | Amount not exceeding the first class or deluxe class fare by the  shortest route to the place of destination |
| Exemption is available for 2 trips in a block of 4 calendar years. | | | |

PROVIDENT FUNDS - EXEMPTION & TAXABILITY PROVISIONS

Types of Provident Funds

Recognised Provident Fund (RPF)

Unrecognised Provident Fund (URPF)

Statutory Provident Fund (SPF)

Public Provident Fund (PPF)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Particulars | Recognized PF | Unrecognized PF | Statutory PF | Public PF |
| Employer’s Contribution | Contribution in excess of 12% of salary is taxable as  “salary” u/s 17(1) | Not taxable at the time of contribution | Fully exempt | N.A. (as there is only assessee’s own  contribution) |
| Employee’s Contribution | Eligible for deduction u/s 80C | Not eligible for deduction | Eligible for  deduction u/s  80C | Eligible for  deduction u/s  80C |
| Interest Credited on Employer’s  Contribution | Amount in excess of 9.5% p.a. is taxable as “salary”  u/s 17(1) | Not taxable at the time of credit of interest | Fully exempt | N.A. |
| Interest Credited on Employee’s Contribution | Amount in excess of 9.5% p.a. is taxable as “salary” u/s 17(1) [See  Note below] | Not taxable at the time of credit of interest | Exempt upto certain limit of contribution [See Note below] | Fully exempt |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Amount  withdrawn on retirement/ termination | Exempt from tax if (i) employee  served a  continuous period of 5 years or more; or   1. retires before rendering 5 years of service because of ill health, contraction or discontinuance of employer’s business or reason beyond the control of the employee; or 2. on cessation of employment, the employee obtains employment with any other employer, to the extent the accumulated balance in RPF is transferred to his RPF account maintained by the new   employer.   1. The entire balance   standing to the | * Employer’s contribution and interest thereon is   taxable as salary.   * Employee’s contribution is not   taxable.   * Interest on employee’s contribution is taxable under income from other source. | Fully exempt u/s 10(11) | Fully exempt u/s 10(11) |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | credit of the employee is transferred to his NPS  account referred to in section 80CCD and notified by the Central Government  In other cases, it  will be taxable. |  |  |  |
| *Notes:*   1. *As per section 10(11), any payment from a Provident Fund (PF) to which Provident Fund Act, 1925, applies or from Public Provident Fund would be exempt.* 2. *Accumulated balance due and becoming payable to an employee participating in a Recognized Provident Fund (RPF) would be exempt under section 10(12).* 3. *However, the exemption under section 10(11) or 10(12) would not be available in respect of income by way of interest accrued during the previous year to the extent it relates to the amount or the aggregate of amounts of contribution made by that person/employee exceeding ` 2,50,000 in any previous year in that fund, on or after 1st April, 2021.* 4. *If the contribution by such person/employee is in a fund in which there is no employer’s contribution, then, a higher limit of ` 5,00,000 would be applicable for such contribution, and interest accrued in any previous year in that fund, on or after 1st April, 2021 would be*   *exempt upto that limit.* | | | | |

VALUATION OF PERQUISITES [SECTION 17(2) READ WITH RULE 3]

RENT-FREE RESIDENTIAL ACCOMMODATION/ ACCOMMODATION

EMPLOYEE AT CONCESSIONAL RATE

PROVIDED

TO AN

|  |  |  |  |
| --- | --- | --- | --- |
| S.  No.  (A) | Category of employee (B) | Unfurnished accommodation (C) | Furnished accommodation (D) |
| 1. | Government employee | License fee determined as per Government rules as reduced by the rent actually paid by the employee. | Value determined under column (C) *Add:* 10% p.a. of the cost of furniture  However, if the furniture is hired, then hire charges payable/paid |

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  | should be added to the value determined under column (C),  as reduced by  charges recovered from employee. |
| 2. | Non- government employee | Where accommodation is owned by employer  Location Perquisite value | Value determined under column (C)  *Add:* 10% p.a. of the cost of furniture |
|  |  | In cities having a 10% of salary population > 40 lakhs  as per 2011 census  In cities having a 7.5% of salary population > 15 lakhs  ≤ 40 lakhs as per 2011 census | However, if the furniture is hired, then hire charges payable/paid should be added to the value determined under column (C),  as reduced by  charges recovered from employee. |
|  |  | In other areas 5% of salary |  |
|  |  | The perquisite value should be arrived at by reducing the rent, if any, actually paid by the employee, from the above value. |  |
|  |  | Where the accommodation is taken on lease or rent by employer  Lower of the following is taxable:   1. actual amount of lease rent paid or payable by employer or 2. 10% of salary   The lower of the above should be reduced by the rent, actually paid by the employee, to arrive at the perquisite value. | Value determined under column (C) |
|  |  | *Add:* 10% p.a. of the cost of furniture |
|  |  | However, if the furniture is hired, then hire charges payable/paid should be added to the value  determined under column (C), |
|  |  | as reduced by |
|  |  | charges recovered from employee. |

MOTOR CAR

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| S. No. | Car owned/ hired by | Expenses met by | Wholly official use | Partly personal use (c) | | | |
| 1 | Employer | Employer | Not a perquisite\* |  | cc of engine | Perquisite value |  |
| upto 1.6 litres | ` 1,800 p.m. |  |
| above 1.6 litres | ` 2,400 p.m. |  |
| If chauffeur is also provided, ` 900 p.m. should be added to the above value. | | | |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 2 | Employee | Employer | Not a perquisite\* | Actual amount of expenditure incurred by the employer as reduced by the perquisite value arrived at in (1) above. | | | |
| 3 | Employer | Employee | - |  | cc of engine | Perquisite value |  |
| upto 1.6 litres | ` 600 p.m. |  |
| above 1.6 litres | ` 900 p.m. |  |
| If chauffeur is also provided, ` 900 p.m. should be added to the above value. | | | |
| \* Provided employer maintains the complete details of such journey and expenditure thereon and gives a certificate that such expenditure are incurred wholly for official use.  *Note: Where car is owned by employer and expenses are also met by the employer, the taxable perquisites in case such car is used wholly for personal purposes of the employee would be equal to the actual expenditure incurred by the employer on running and maintenance expenses and normal wear and tear (calculated @10% p.a. of actual cost of motor car) less amount charged from the employee for such use.* | | | | | | | |

INTEREST FREE OR CONCESSIONAL LOAN

In respect of any loan given by employer to employee or any member of his household

as reduced by the interest, if any, actually paid by him or any member of his household

excluding for medical treatment for specified ailments or where loans amount in aggregate does not exceed ` 20,000

the interest at the rate charged by SBI as on the first day of the relevant previous year at maximum outstanding monthly balance

USE OF MOVABLE ASSETS BY EMPLOYEE/ ANY MEMBER OF HIS HOUSEHOLD

|  |  |
| --- | --- |
| Asset given | Value of benefit |
| (a) Use of laptops and computers | Nil |
| 1. Movable assets, other than -    1. laptops and computers; and    2. assets already specified | 10% p.a. of the actual cost of such asset, or the amount of rent or charge paid, or payable by the employer, as the case may be  (-)  Amount paid by/ recovered from an employee |

TRANSFER OF MOVABLE ASSETS

|  |  |
| --- | --- |
| Actual cost of asset to employer (-) cost of normal wear and tear (-) amount paid or recovered from employee | |
| Assets transferred | Value of perquisite |
| Computers and electronic items | @50% on WDV for each completed year of usage |
| Motor cars | @20% on WDV for each completed year of usage |
| Any other asset | @10% of actual cost of such asset to employer for each completed year of usage [on SLM basis] |

MEANING OF SALARY

|  |  |  |  |
| --- | --- | --- | --- |
| S. No. | Calculation of exemption of Allowance/Terminal benefit/Valuation of perquisite | | Meaning of salary |
| 1 | Gratuity  (in case of non-Government employees covered by the Payment of Gratuity Act, 1972) | | Basic salary and dearness allowance. |
| 2 | a) | Gratuity (in case of non- Government employee not covered by Payment of Gratuity Act, 1972) | Basic salary and dearness allowance, if provided in terms of employment, and commission calculated as a fixed percentage of turnover. |
| b) | Leave Salary |
| c) | House Rent Allowance |
| d) | Recognized Provident Fund |
| e) | Voluntary Retirement Compensation |
| 3 | Rent free accommodation and Accommodation provided to an employee at a concessional rate | | All pay, allowance, bonus or commission or any monetary payment by whatever name called but excludes – |

|  |  |  |
| --- | --- | --- |
|  |  | 1. Dearness allowance not forming part of computation of superannuation or retirement benefit 2. employer’s contribution to the provident fund account of the employee 3. allowances which are exempted from the payment of tax 4. value of the perquisites specified in section 17(2) 5. any payment or expenditure specifically excluded under the proviso to section 17(2) i.e., payment of medical insurance premium specified therein 6. lump-sum payments received at the time of termination of service or superannuation or voluntary retirement, like gratuity, leave encashment, voluntary retirement benefits, commutation of pension and similar payments |

DEDUCTIONS FROM GROSS SALARY [SECTION 16]

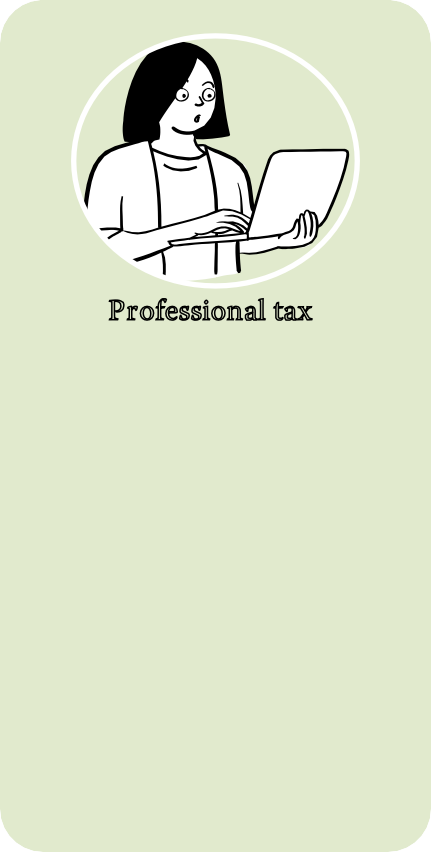
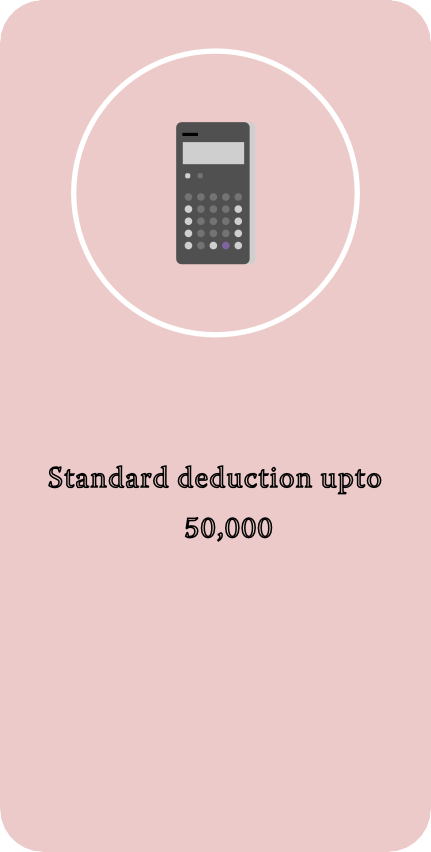
Least of the following is allowed as deduction

- ` 5,000

- 1/5th of basic salary

- Actual entertainment allowance received

Any sum paid by the assessee on account of tax on employment is allowable as deduction.



In case professional tax is paid by employer on behalf of employee, the amount paid shall be included in

gross salary as a perquisite and then deduction can be claimed.

INCOME FROM HOUSE PROPERTY

Determination Amount Chargeability of Annual Deductions not [Section 22] Value [Section [Section 24] deductible

23] [Section

25]

Taxability of arrears of rent and unrealized rent [Section

25A]

Taxability

of Co- Deemed

owned ownership

property [Section [Section 27]

26]

BASIS OF CHARGE [SECTION 22]

Property occupied by the assessee for business or profession carried on by him



The annual value of any property comprising of buildings or lands appurtenant thereto, of which the assessee is the owner, is chargeable to tax under the head “Income from house property”.

Annual value of the following properties are chargeable under the head “Profits and gains of business or profession”-

Properties of an assessee engaged in the business of letting out of properties

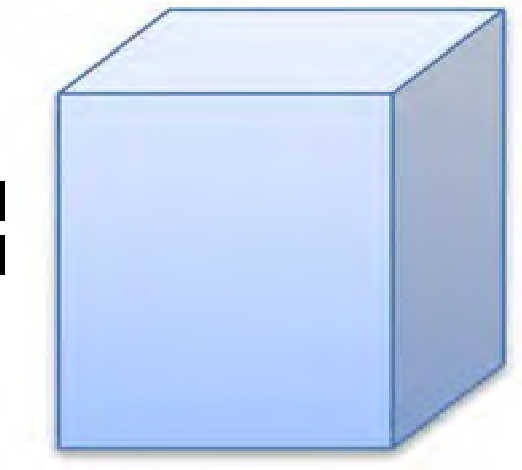
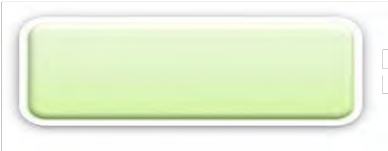
DETERMINATION OF ANNUAL VALUE [SECTION 23]



Annual Value of the let-out property [Section 23(1)]



Gross Annual Value (GAV)



Municipal taxes paid by the owner during the

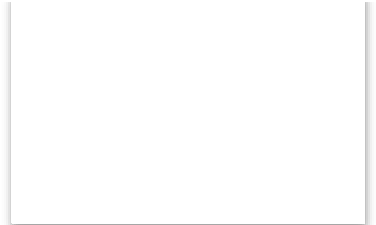
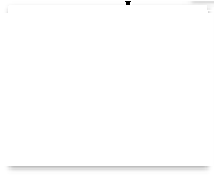
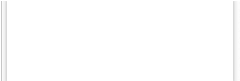
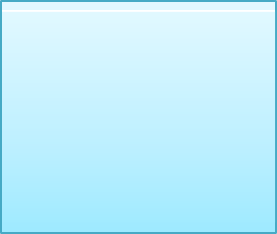
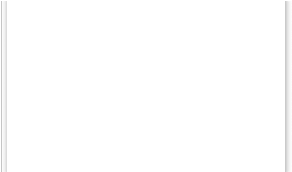
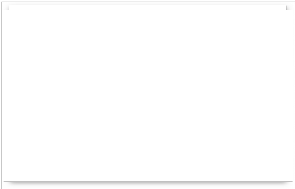
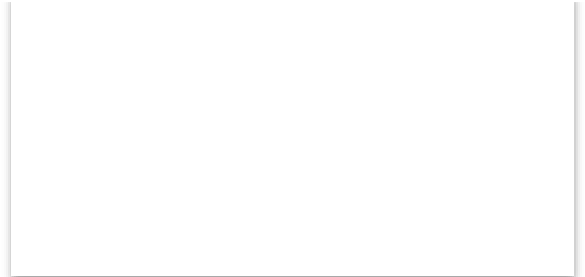
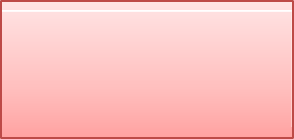
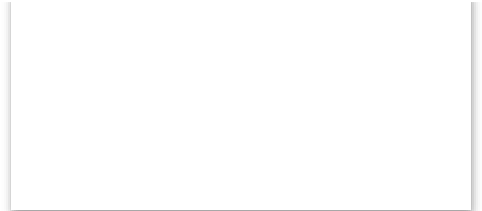
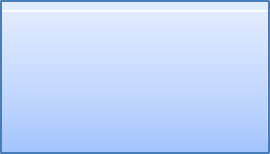
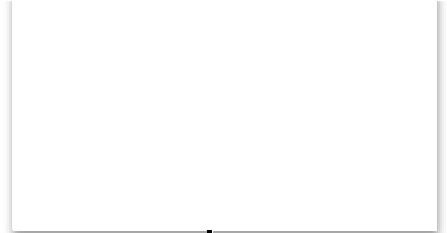
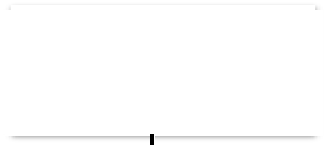
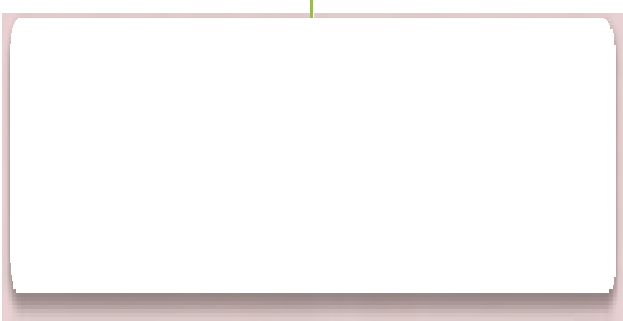
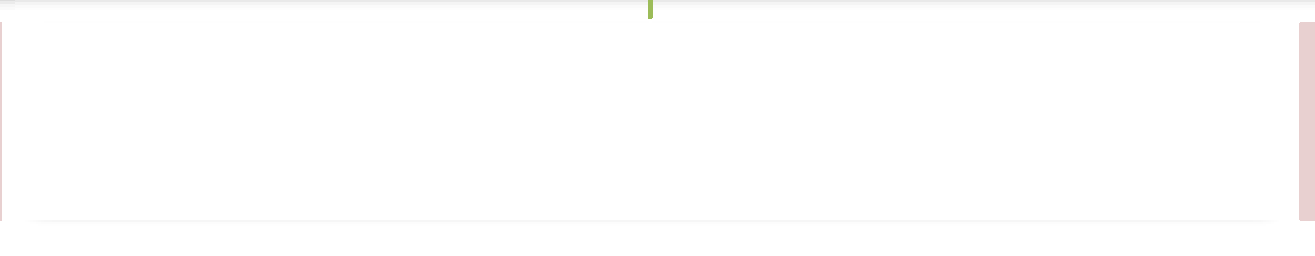
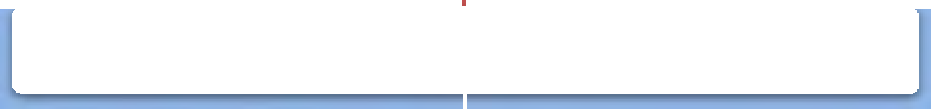
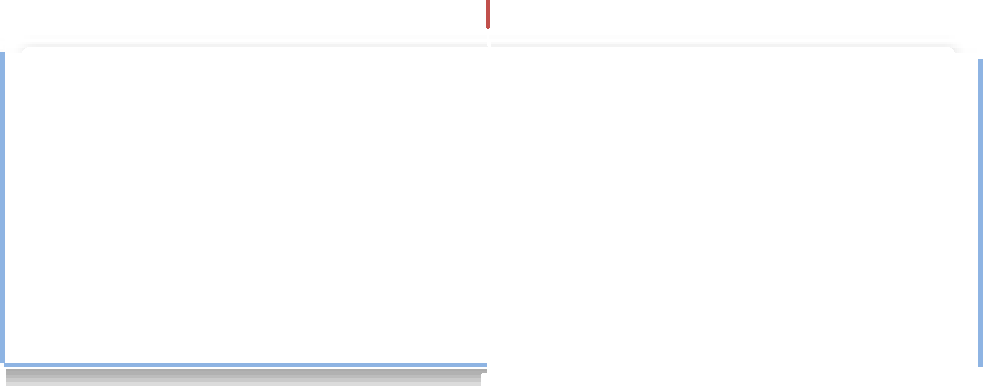
previous year

Net Annual Value

(NAV)



Step 1:



Lower of step 1 and standard rent is Expected Rent

Higher of fair rent and municipal value

Compare the Expected rent determined above with actual rent

Step 2:

Step 3:

Actual rent > Expected Rent

Actual rent < Expected Rent

Actual rent is GAV

Actual rent < Expected Rent because of vacancy

Actual rent < Expected Rent because of any other reason

Expected Rent is GAV

*Note - The Actual rent received/receivable should not include any amount of rent which is not capable of being realized i.e., unrealized rent while determining gross annual value in case let-out property, provided the conditions specified in Rule 4 are satisfied.*

*The income-tax returns, however, permit deduction of unrealized rent from gross annual value. If this view is taken, the unrealized rent should be deducted only after computing gross annual value.*

ANNUAL VALUE OF ONE SELF-OCCUPIED PROPERTY [SECTION 23(2)/(3)]/ A

Where the property is self-occupied for own residence or unoccupied throughout the PY owing to his



employment, business or profession carried on at any other place

its Annual Value will be Nil, provided no other benefit is

derived by the owner from such property.

An assessee can

claim benefit of "Nil" annual value in respect of one or two residential house properties self occupied by him.

If more than two properties are so self- occupied/unoccupied, the assessee may claim benefit of Nil Annual Value in respect of any two properties at his option.

The other property(s) would be deemed to be let out, in respect of which Expected Rent would be the

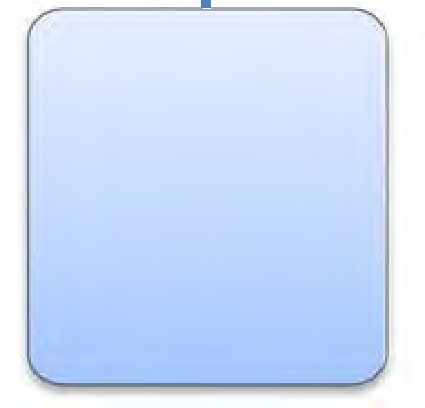
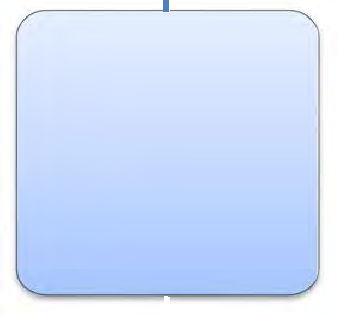
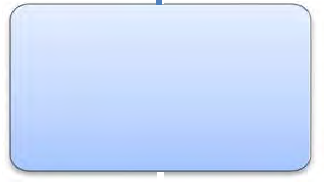
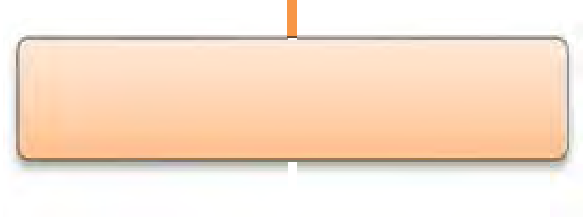
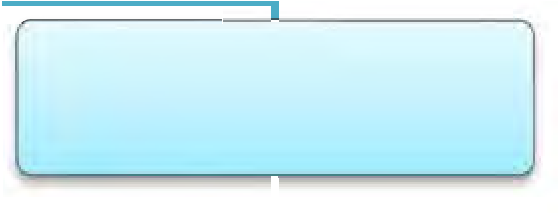
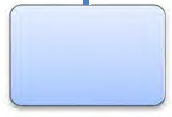
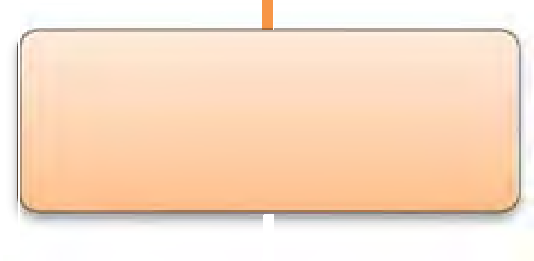
GAV

ANNUAL VALUE WHERE THE PROPERTY HELD AS STOCK-IN-TRADE ETC. [SECTION 23(5)]

Where property consisting of any buildings or lands appurtenant thereto is held as stock-in-trade and the whole or any part of the property is not let out during the whole or any part of the PY, the annual value of property or part of the property for the period upto 2 years from the end of the F.Y in which certificate of completion of construction of the property is obtained from the competent authority shall be taken as “Nil”.

DEDUCTIONS FROM NET ANNUAL VALUE [SECTION 24]

Deductions allowed from NAV



Let out/ deemed let out property

Self occupied property/ properties

Standard deduction u/s 24(a)

Interest on borrowed capital u/s 24(b)

Interest on borrowed capital u/s 24(b)

30% of NAV

Fully Allowed

where loan is taken for repair, renewal or reconstruction of house property

where loan is taken for acquisition or construction of house property

Maximum

` 30,000 *in toto* for one or two self occupied properties

Acquisition or construction completed within 5 years from the end of the FY in which the capital was borrowed

+

Certificate from lender specifying interest payable

No Yes

Maximum

` 30,000 *in toto* for one or two self occupied properties

Maximum

` 2,00,000 *in*

*toto* for one or two self occupied properties

*Notes: (1) Pre-construction interest allowable as deduction in 5 equal installments from the P.Y. of completion of construction.*

*(2) If a portion of property is let out and a portion self-occupied, then, income will be computed separately for let out and self-occupied portion.*

|  |  |  |
| --- | --- | --- |
| INADMISSIBLE DEDUCTION [SECTION 25] | | |
|  | | |
| tax has not been paid or deducted from such interest | and | there is no person in India who may be treated as an agent |

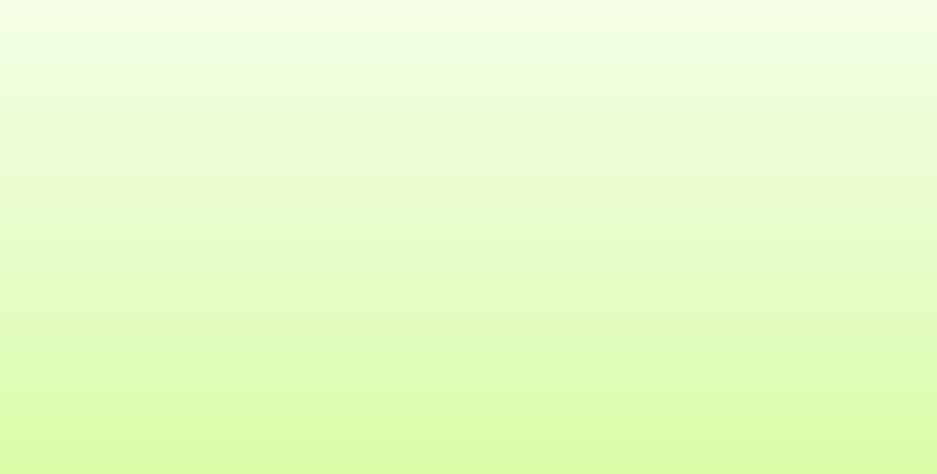
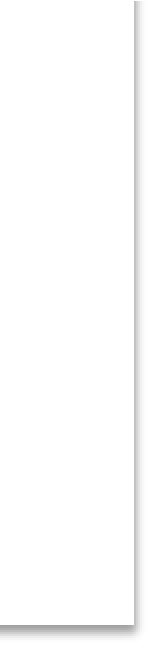
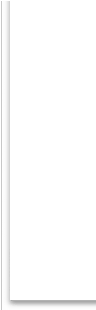
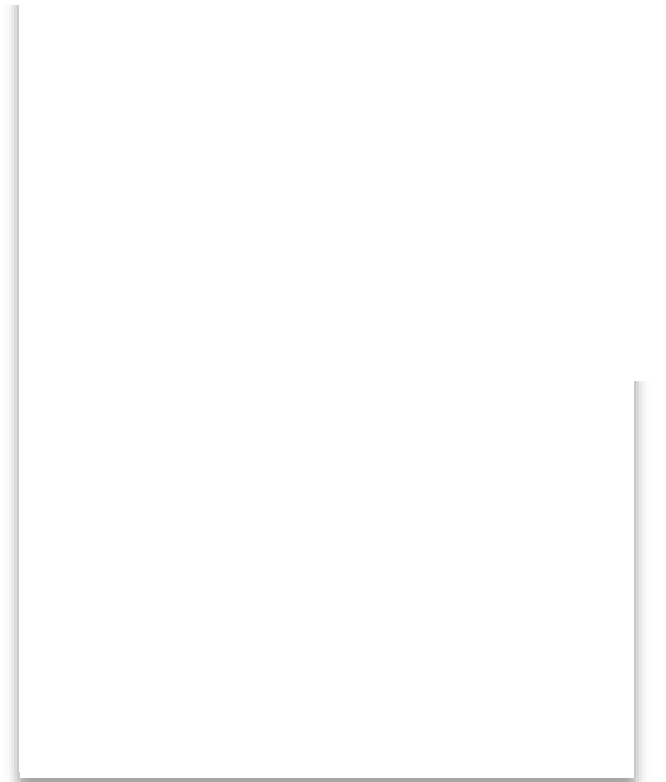
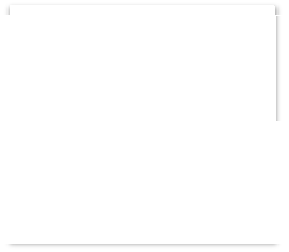
TAXABILITY OF RECOVERY OF UNREALISED RENT & ARREARS OF RENT RECEIVED [SECTION 25A]

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Arrears of Rent / Unrealised Rent | | | | | | | | | | |
| (i) | Taxable in the year of receipt/realization | | | | | | | | | |
| (ii) | Deduction@30% of rent received/realized | | | | | | | | | |
| (iii) | Taxable even if receipt/realisation. | assessee is | not | the | owner of | the | property in the | financial | year | of |

CO-OWNED PROPERTY [SECTION 26]

|  |  |
| --- | --- |
| Self-occupied property | Let-out property |
| The annual value of the property of each co- owner will be Nil and each co-owner shall be entitled to a deduction of ` 30,000 /  ` 2,00,000, as the case may be, on account of interest on borrowed capital. | The income from such property shall be computed as if the property is owned by one owner and thereafter the income so computed shall be apportioned amongst each co-owner as per their specific share. |

DEEMED OWNERSHIP [SECTION 27]



The following persons, though not legal owners of a property, are deemed to be the owners:

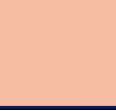
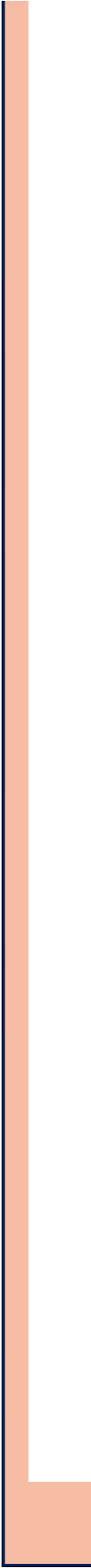
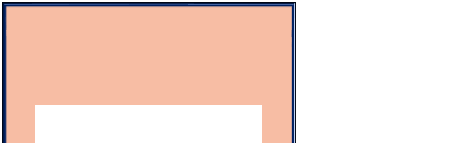
* Transferor of the property, where the property is transferred to the spouse

(not in connection with an agreement to live apart) or to minor child except minor married daughter, without adequate consideration

* Holder of an impartible estate is deemed to be the individual owner of all the properties comprised in the estate.
* Member of a co-operative society, company or other association of persons is deemed to be the owner of the building or part thereof allotted or leased to him under a house building scheme.
* Person in possession of a property in part performance of a contract u/s 53A of the Transfer of Property Act, 1882.
* Person having lease right in a property for a period not less than 12 years.

### PROFITS AND GAINS OF BUSINESS OR PROFESSION

* Profits and gains of any business or profession



* Any compensation or other payment due to or received by a person, at or in connection with termination or the modification of the terms and conditions, of any contract relating to his business

Income Chargeable under the head “Profits and Gains from

Business or Profession”

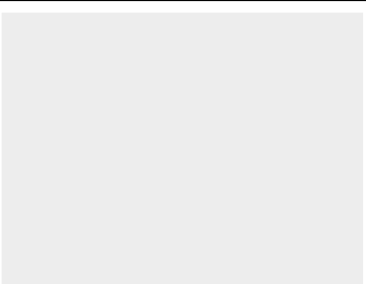
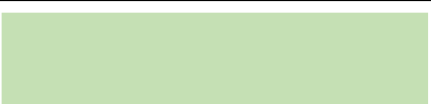
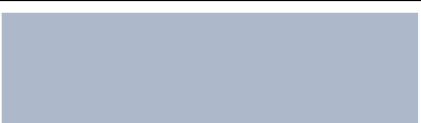
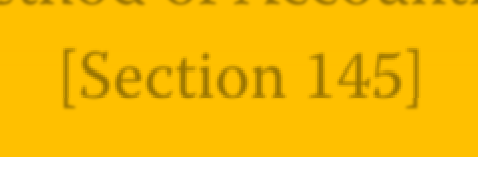
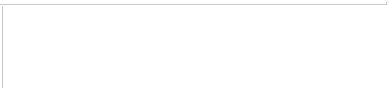
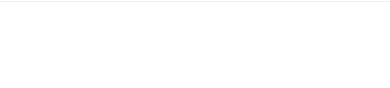
* Income derived by a trade, professional or similar association from specific services performed for its members
* In the case of an assessee carrying on export business, the following incentives –
  + Profit on sale of import entitlements
  + Cash assistance against exports under any scheme of GoI
  + Customs duty or excise duty re-paid or repayable as drawback
  + Profit on transfer of Duty Entitlement Pass Book Scheme or Duty Free Replenishment Certificate
* The value of any benefit or perquisite arising from business or the exercise of profession, whether
  + convertible into money or not or
  + in cash or in kind or partly in cash and partly in kind
* Any interest, salary, bonus, commission or remuneration due to, or received by, a partner of a firm from such firm (to the extent allowed as deduction in the hands of the firm)

However, the partner’s share in the Total Income of the firm or LLP is exempt from tax [Section 10(2A)]

* Any sum, received or receivable, in cash or kind under an agreement for –
  + not carrying out any activity in relation to any business or profession or
  + not sharing any know-how, patent, copyright, trademark, licence, franchise or any other business of commercial right of similar nature or information or technique likely to assist in the manufacture or processing of goods or provision of services
* Any sum received under a Keyman insurance policy including the sum allocated by way of bonus on such policy
* Fair Market Value (FMV) of inventory as on date on which it is converted into or treated as a capital asset
* Any sum, whether received or receivable, in cash or kind, on account of any capital asset (other than land or goodwill or financial instrument) being demolished, destroyed, discarded or transfered, in respect of which the whole of the expenditure had been allowed as deduction u/s 35AD

|  |  |
| --- | --- |
| SPECULATIVE TRANSACTION | |
|  |  |
| A transaction in which a contract for the purchase or sales of any commodity including stocks and shares, is periodically or ultimately settled otherwise than by the actual delivery or transfer of the commodity or scrips. | |

|  |  |  |  |
| --- | --- | --- | --- |
|  | | | Hedging contract in respect of raw material or merchandise |
| Transactions not deemed to be speculative transactions |  | |
|  |  |
|  | |
|  | Hedging contract in respect of stocks and shares |
|  |
|  | |
|  | Forward contracts |
|  |  |
|  | |
|  | Trading in derivatives in a recognized stock exchange |
|  |
|  | |
|  | Trading in commodity derivatives in a recognized stock exchange and chargeable to commodity transaction tax (CTT). Condition of CTT is not applicable in case of trading in agricultural commodity derivatives. |
|  | |
|  | | |



Method of Accounting

[Section 145]

Income chargeable under this head shall be computed in accordance with the method of accounting, either cash or mercantile basis, regularly and consistently employed by the

assessee.

Exceptions u/s 145B

Income of the P.Y. in which it

is received

Income of the P.Y. in which reasonable certainty of its

realisation is achieved

Income of the P.Y. in which it

is received

Subsidy/grant/ cash incentive/ duty drawback/ waiver/ concession/ reimbursement by the Central Govt. or a State Govt. or any authority or body or agency in cash or kind

Claim for escalation of price in a contract or export incentives

Interest received by an assessee on compensation or on enhanced compensation

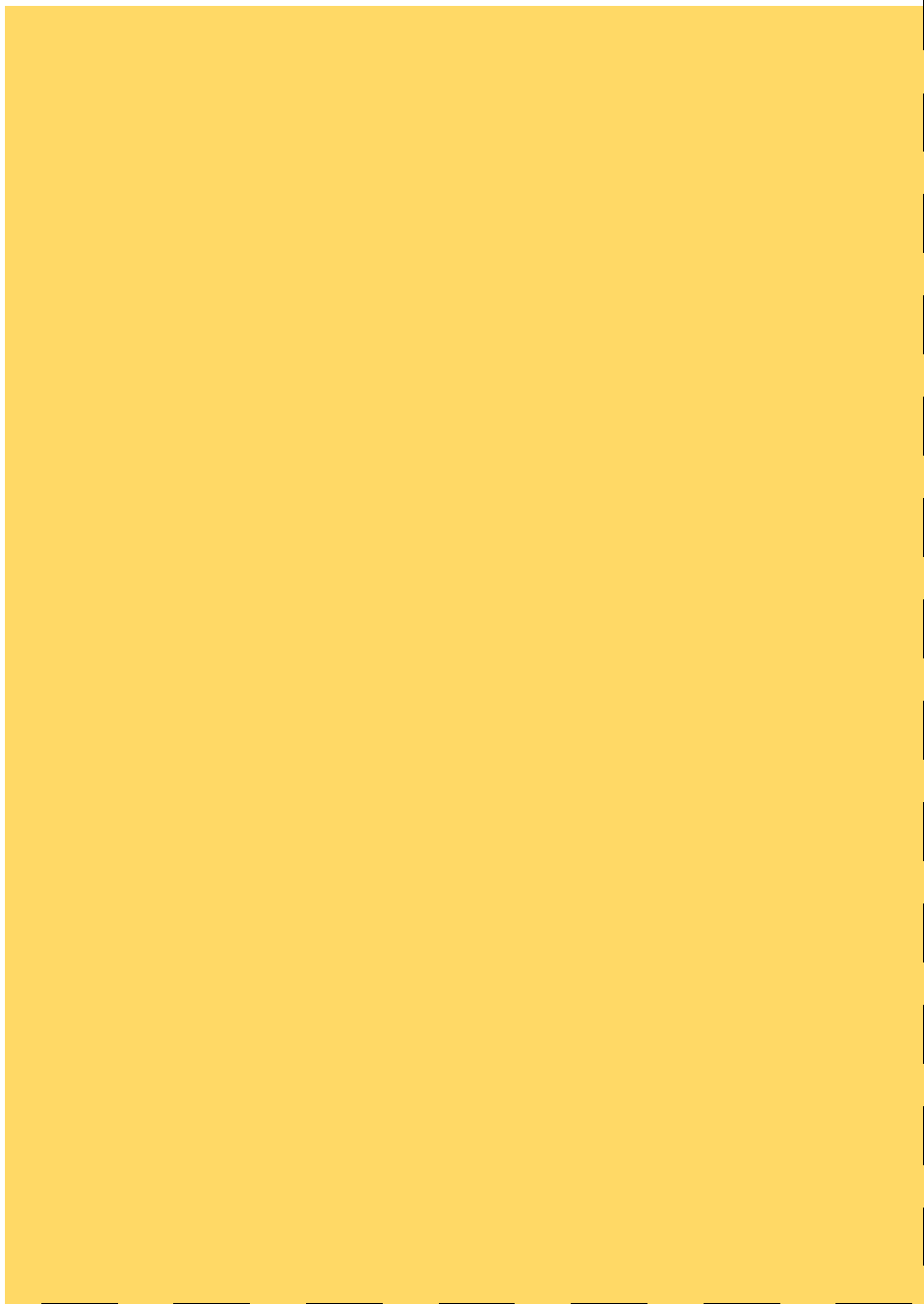
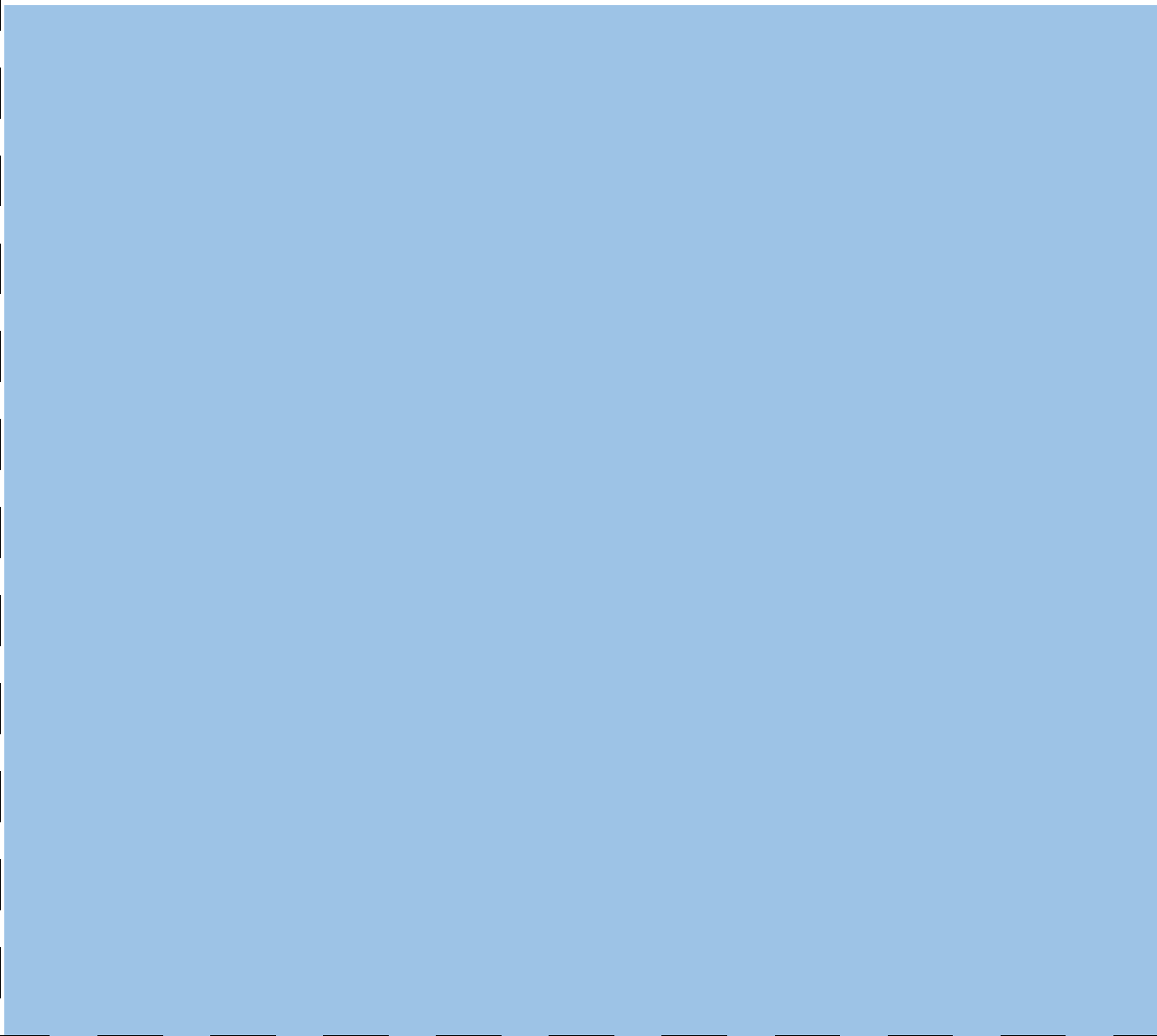
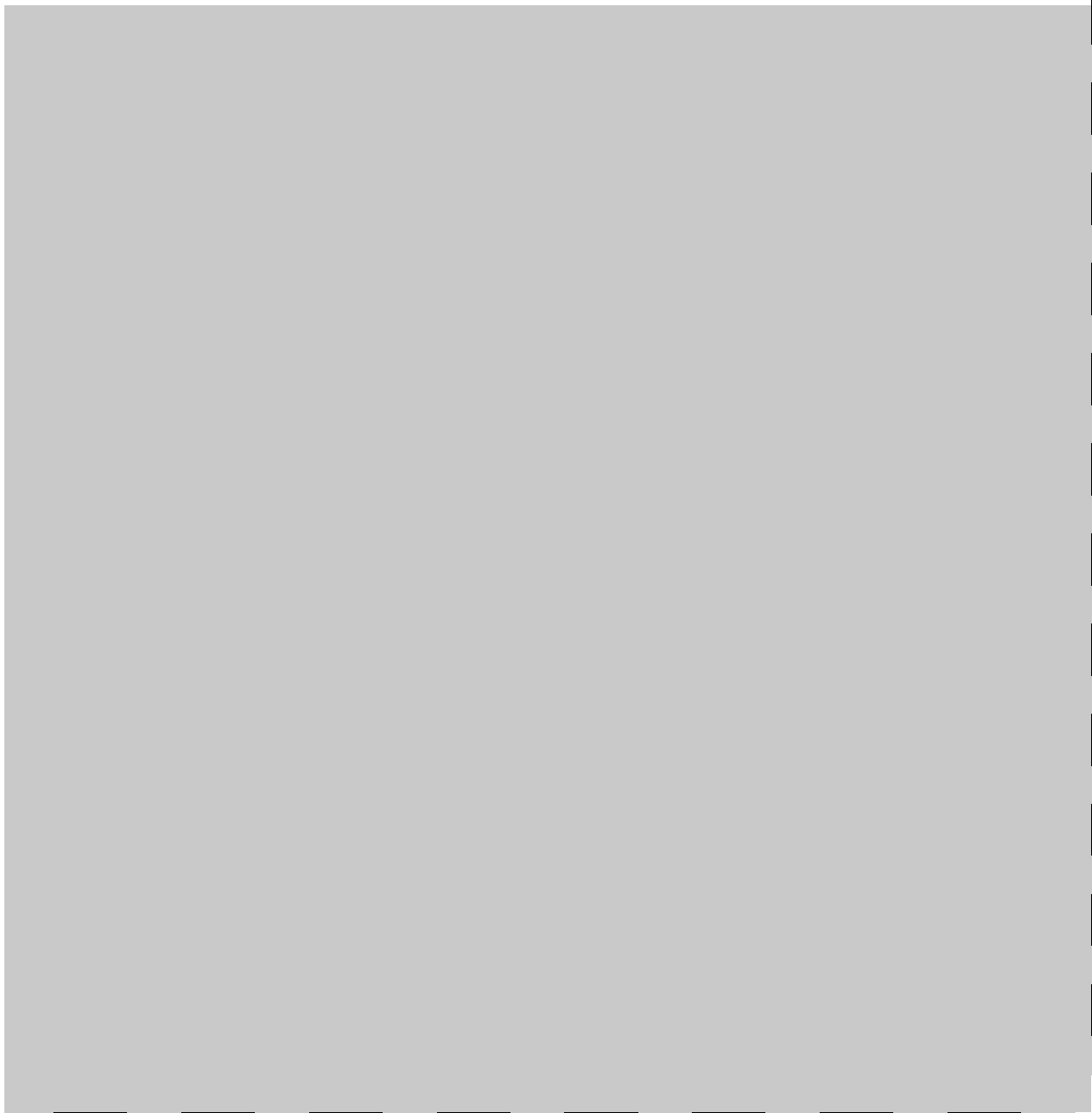
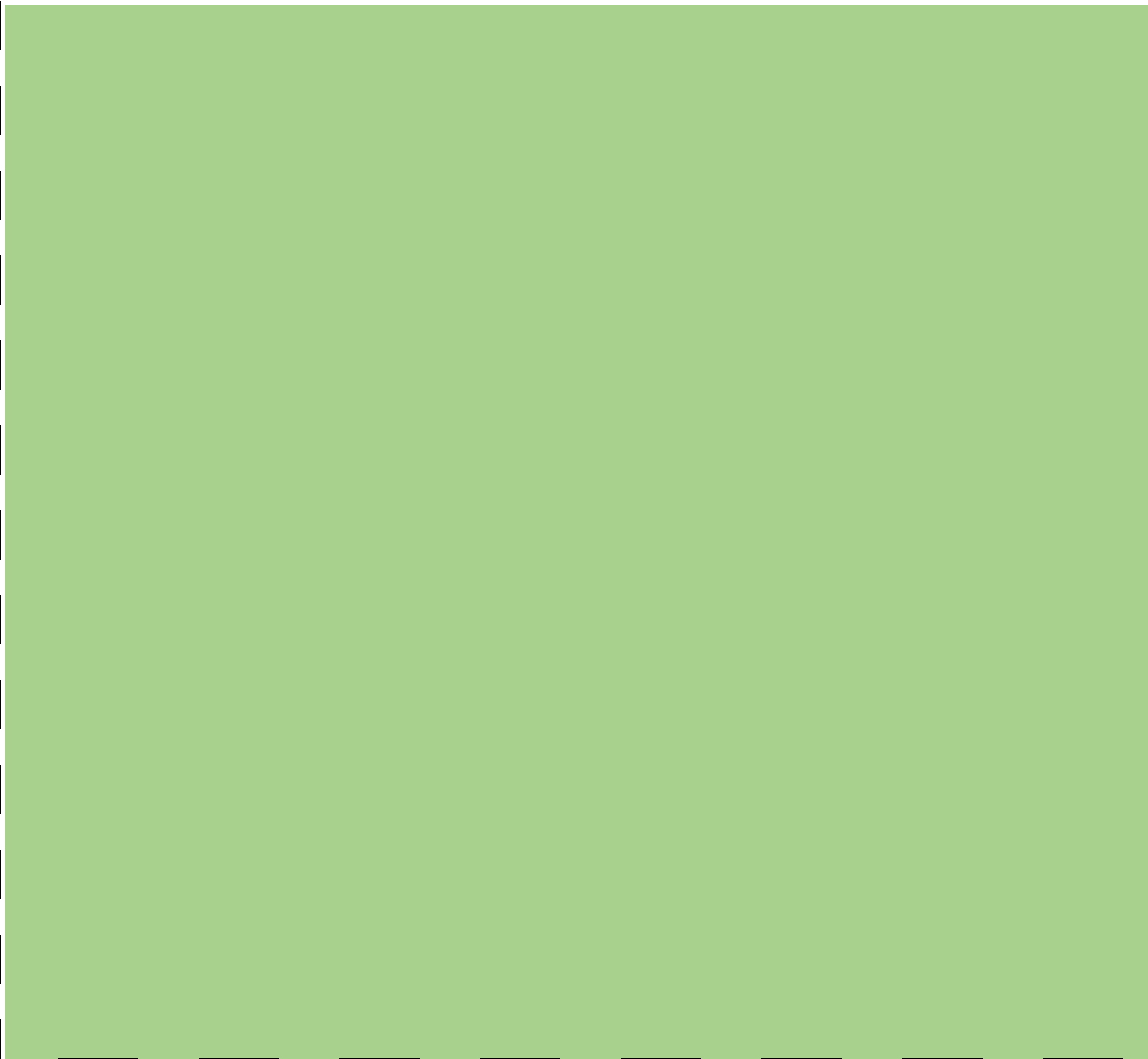


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RENT, RATES, TAXES, REPAIRS AND INSURANCE FOR BUILDING USED FOR THE

PURPOSE OF BUSINESS OR PROFESSION [SECTION 30]

**Rates, taxes, current repairs** (not including expenditure in the



nature of capital

Amount paid on account of

**for buildings** used

for the purpose of business or profession.

expenditure) **and insurance** by an assessee being an owner

**Rent, Rates, taxes, current repairs** (not including expenditure in the nature of capital expenditure) **and insurance** by an assessee being a tenant

REPAIRS AND INSURANCE OF MACHINERY, PLANT AND FURNITURE [SECTION 31]

Amount paid on account for

current repairs and insurance of machinery, plant and furniture

used for the purpose of business or profession

Premises/building or machinery, plant and furniture used partly for business and partly for other purposes

only a proportionate part of the expenses attributable to that part of the premises or machinery, plant and furniture used for purposes of business will be allowed as a deduction [Section 38(1)/(2)]

DEPRECIATION [SECTION 32]

Depreciation is mandatorily allowable as deduction

Asset must be used for the purpose of business or profession at any time during the P.Y.

The asset should be owned (wholly or partly) by the assessee.

Note: If the asset is acquired during the P.Y. and is put to use for less than 180 days during that P.Y. then, only 50% of the depreciation calculated at the rates prescribed will be allowed.

Capital expditure incurrred by the lessee/tenant on the building

would be treated as deemed building owned by the lessee/tenant

and depreciation would be allowed to the lessee/tenant on that capital expditure



Engaged in generation or generation

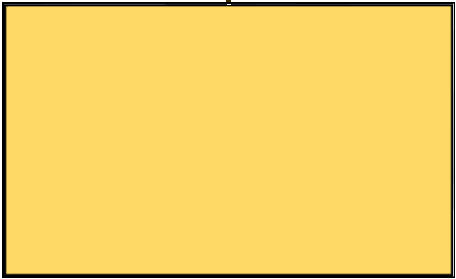
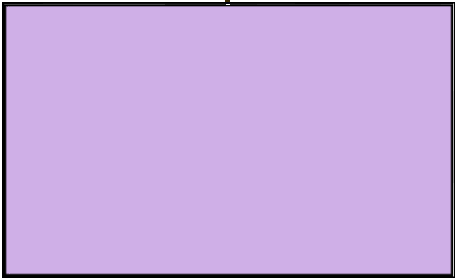
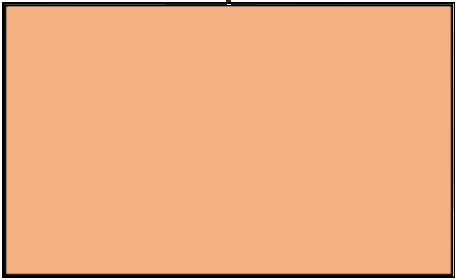
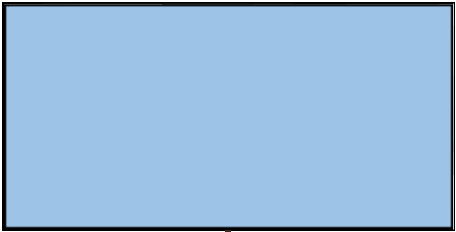
and distribution of power

Other assessee

Depreciation @prescribed % on actual cost.

Option to provide depreciation on WDV basis if such option is exercised in the year in whch it begins to generate power.

Depreciation @ prescribed % on WDV



Building Furniture Plant & Machinery (P & M)

Intangible assets, being know how, patent, copyrights, trademarks, etc

Additional depreciation will not be allowed on the following plant or machinery:

Ships, aircraft, road transport vehicles, office appliances;

Machinery previously used within or outside India by any other person;

Machinery installed in any office premises, residential accommodation, or guest house;

Machinery in respect of which, the whole of the actual cost is fully allowed as deduction

(whether by way of depreciation or otherwise) of any one previous year.

Assessee engaged in the business of printing and publishing, eligible for additional depreciation

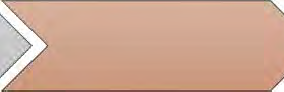
Additional depreciation is not allowed to power generation undertakings claiming depreciation as a % of actual cost.

WRITTEN DOWN VALUE OF ASSETS (WDV) [SECTION 43(6)]

|  |  |  |
| --- | --- | --- |
| (1) | W.D.V. of the block of assets in immediately preceding previous year | xxx |
| (2) | *Less:* Depreciation actually allowed in respect of that block of assets in said preceding  previous year | xxx |
| Opening balance as on 1st April of the current P.Y. | | xxx |
| *Add:* | |  |
| (3) | Actual cost of assets acquired during the P.Y., not being on a/c of acquisition of goodwill of a business or profession | xxx |
| (4) | Total (1) - (2) + (3) | xxx |
| *Less:* | |  |
| (5) | Money receivable in respect of any asset falling within the block which is sold, discarded, demolished or destroyed during that P.Y. together with scrap value. | xxx |
| (6) | In case of slump sale, actual cost of the asset (-) amount of depreciation that would have  been allowable to the assessee | xxx |

|  |  |  |
| --- | --- | --- |
| (7) | W.D.V at the end of the year (on which depreciation is allowable) [(4) – (5) – (6)] | xxx |
| (8) | Depreciation at the prescribed rate  (Rate of Depreciation × WDV arrived at in (7) above) | xxx |
| Additional points   * If the assets are used partly for business and partly for other purposes, only a proportionate part of the depreciation will be allowed as a deduction. * If the asset is acquired during the P.Y. and is not put to use in the same year, no depreciation would be allowed in that year but asset would be added to the block of asset. * In case of lease, depreciation would be allowable to the lessor only. * EPABX & Mobile phone are not computers, hence not eligible for 40% rate of depreciation while computer   accessories such as UPS, printers, scanners, etc. are eligible for 40% rate. | | |

ORDER OF SET-OFF



Current Year

Depreciation

Brought forward

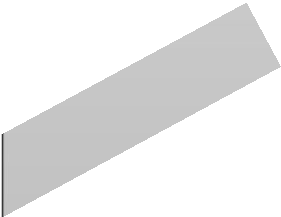
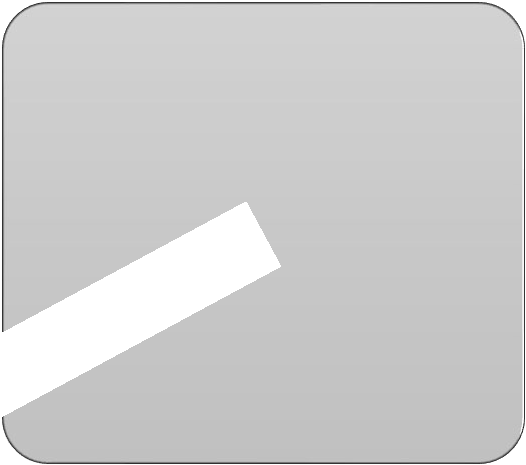
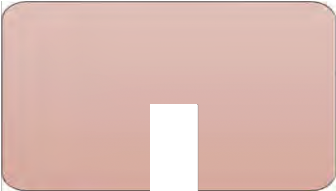
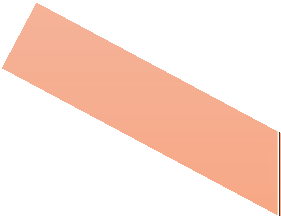
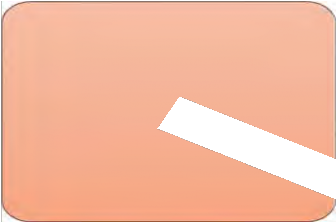
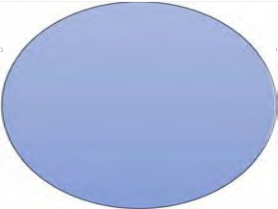
Business Loss

Unabsorbed

depreciation

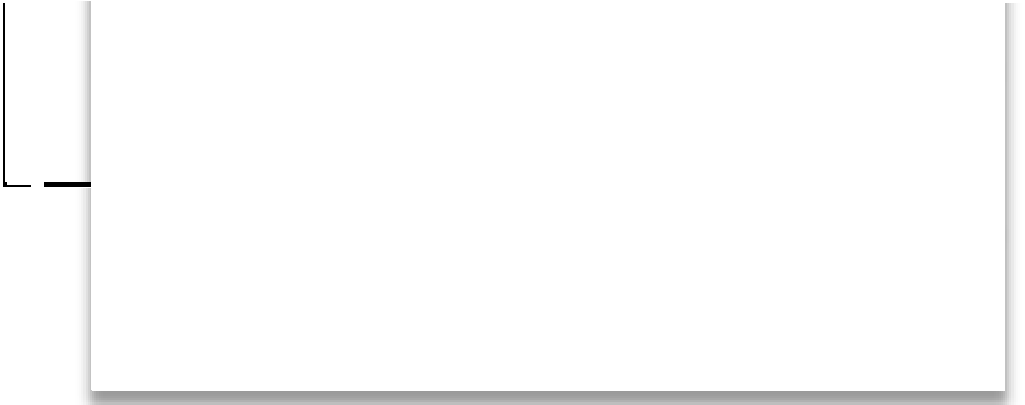
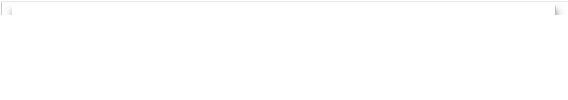
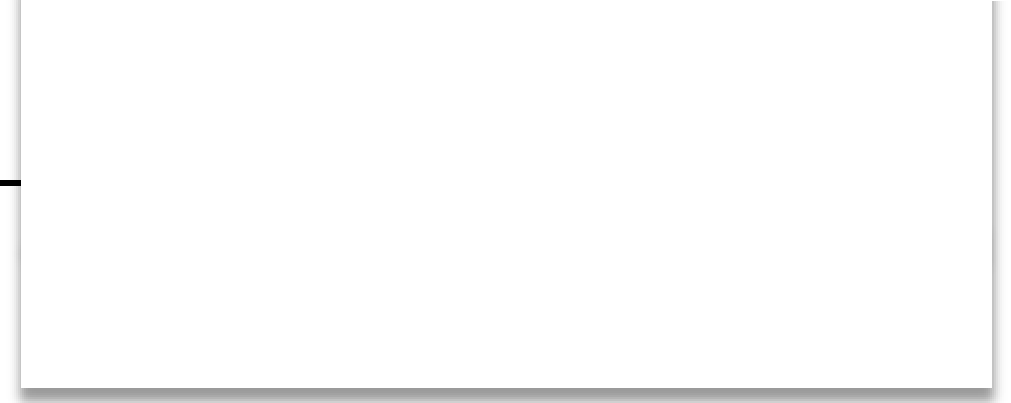
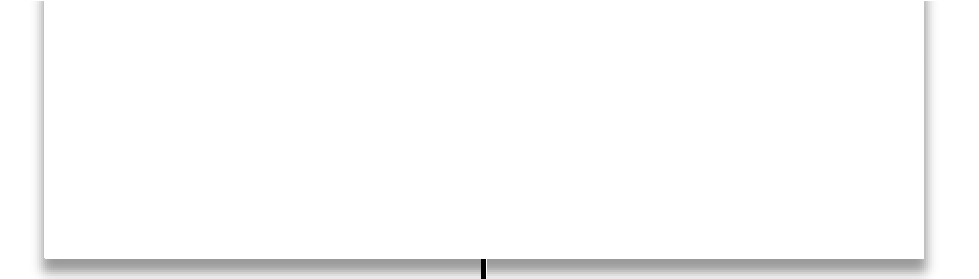
Since the unabsorbed depreciation forms part of the current year’s depreciation, it can be set off against any other head of income except “Salaries”.

The unabsorbed depreciation can be carried forward for indefinitely.



Set off will be allowed even if the same business to which it relates is no longer in existence.

EXPENDITURE ON SCIENTIFIC RESEARCH [SECTION 35]



1

00% of following contributions to outsiders would be allowed as deduction

Capital expenditure incurred during 3 years immediately preceding the year of commencement of the business would also be allowed in the year of commencement of business

Payment of salary or purchase of material inputs for such scientific research during 3 years immediately preceding the year of commencement of business would also be allowed in the year of commencement of business

Capital Expenditure (other than cost of acquisition of land)

Revenue Expenditure

Approved Indian company for scientific research

Notified approved University/ college/ Research association/ other institution for social science or statistical research

Notified approved University/ college/ Research association/ other institution for scientific research

Approved National Laboratory/ university/IIT/ specified person for scientific research undertaken under an approved programme



100% of expenditure incurred (other than expenditure on land

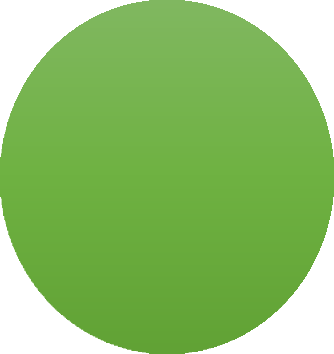
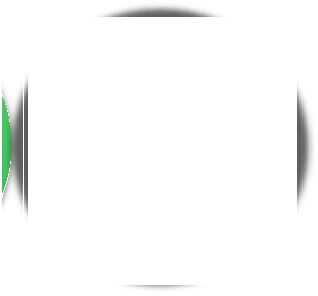
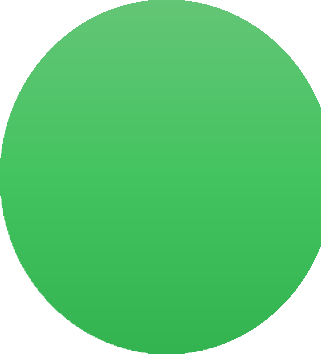
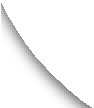
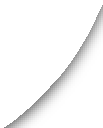
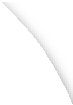
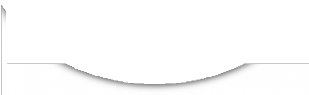
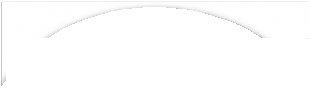
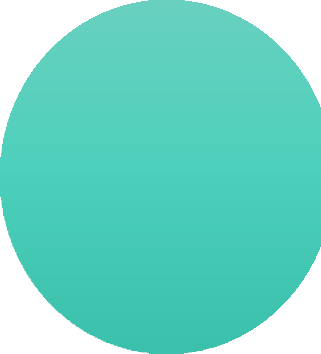
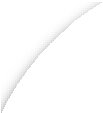
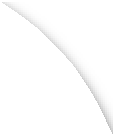
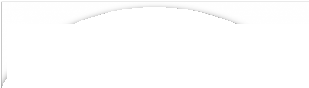
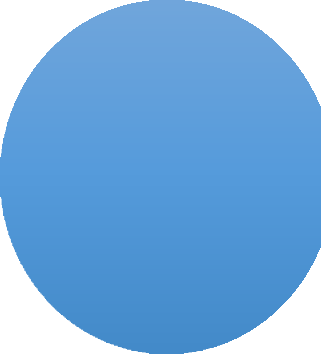
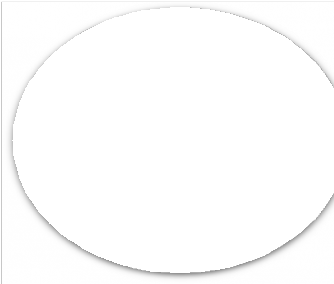


& building)



by a company engaged

in business of Bio-technology or in any business of manufacture or production of any article, not being article or thing specified in the list of the Eleventh Schedule on an approved in-house research and development facility, would be allowed as deduction u/s 35(2AB)



DEDUCTION IN RESPECT OF THE SPECIFIED BUSINESSES [SECTION 35AD]

If Capital expenditure (other than expenditure on acquisition of any land, goodwill or financial

instrument) incurred during the previous year

100% of the expd would be allowed as deduction from the business income, if he has opted for the

provisions of section 35AD.

If Capital expenditure (other than expenditure on acquisition of any land, goodwill or financial instrument) incurred prior to commencement of

operation

100% of the expd would be allowed as deduction from the business income during the P.Y. in which the assessee commences operation of his specified business.

Condition: Deduction is allowed if the amount incurred prior to commencement has been capitalized in the books of account of the assessee on the date of commencement of its operations.

|  |  |  |
| --- | --- | --- |
| LIST OF SPECIFIED BUSINESS | | |
| S. No. | Business | Commenced operations |
| 1 | Laying and operating a cross-country natural gas or crude or petroleum oil pipeline network for distribution, including storage facilities being an integral part of such network | on or after 1.4.2007 |
| 2 | Setting-up and operating warehousing facilities for storing agricultural produce | on or after 1.4.2009 |
| 3 | Setting-up and operating ‘cold chain’ facilities for specified products |
| 4 | Building and operating a hotel of two star or above category, anywhere in India | on or after 1.4.2010 |
| 5 | Building and operating a hospital, anywhere in India, with at least 100 beds for patients |
| 6 | Developing and building a housing project under a notified scheme for slum redevelopment or rehabilitation framed by the Central Government or a State Government |
| 7 | Developing and building a housing project under a notified scheme for affordable housing framed by the Central Government or State Government | on or after 1.4.2011 |
| 8 | Production of fertilizer in a new plant or in a newly installed capacity in an existing plant in India |
| 9 | Setting up and operating an inland container depot or a container freight station notified or approved under the Customs Act, 1962 | on or after 1.4.2012 |
| 10 | Bee-keeping and production of honey and beeswax |

|  |  |  |
| --- | --- | --- |
| 11 | Setting up and operating a warehousing facility for storage of sugar |  |
| 12 | Laying and operating a slurry pipeline for transportation of iron-ore | on or after 1.4.2014 |
| 13 | Setting up and operating a semiconductor wafer fabrication manufacturing unit, if such unit is notified by the Board in accordance with the prescribed guidelines |
| 14 | Developing or maintaining and operating or developing, maintaining and operating a new infrastructure facility | on or after 1.4.2017 |

Other conditions for claiming deduction u/s 35AD

Asset to be used only for specified business for 8 years. If such asset is used for any other purpose, deduction claimed and allowed u/s 35AD in respect of such asset *less* depreciation allowable under section 32, would be deemed to be the business income of the assessee of the P.Y. in which the asset is so used.

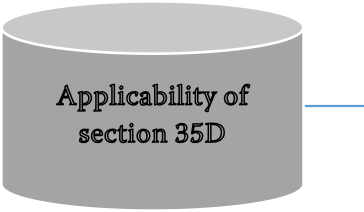
No deduction u/s 10AA or Chapter VI-A is allowed in respect of an expenditure for which deduction is claimed u/s 35AD.

Payment exceeding ` 10,000 to be made through a/c payee cheque, a/c payee bank draft, use of ECS or through prescribed electronic modes to qualify for deduction u/s 35AD

AMORTISATION OF PRELIMINARY EXPENSES [SECTION 35D]

Examples of Preliminary expenses – Expenses on preparation of project report, feasibility report, market survey, engineering services, legal charges for drafting agreement.

In case of a Company, preliminary expenses would include, in addition to the above, legal charges for drafting Memorandum of Association (MOA), Articles of Association (AOA), printing of MOA and AOA, fee for registration of Co., expenditure in connection with issue of shares or debentures of Co. (i.e. underwriting commission, brokerage and charges for drafting, typing, printing and advertisement of the prospectus)



In case of new companies, in resepct of expenses incurred before

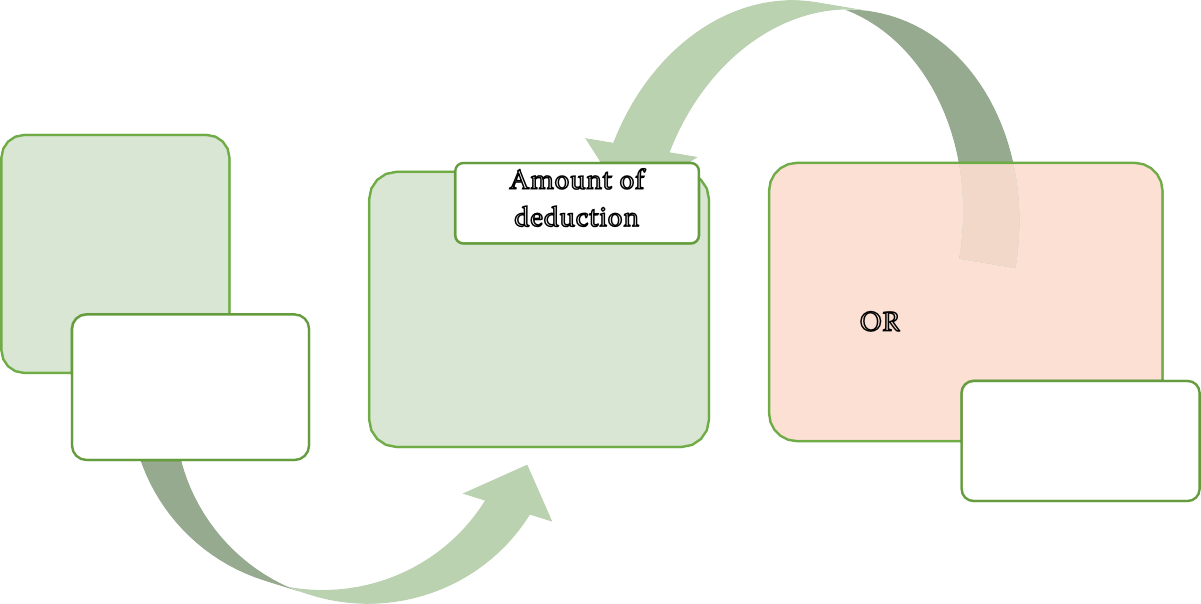
the commencement of the business

Indian companies and resident non corporate

assessee

In case of extension of an existing business, in respect of expenses till

the extension is completed



* 5% of the cost of the

project

In case of resident non-corporate

assessees

* 1/5th of qualifying limit
* for each five successive years
* Lower of -
  + 5% of cost of project
  + 5% of capital

employed

In case of Indian

companies

AMORTISATION OF EXPENSE FOR AMALGAMATION/DEMERGER [SECTION 35DD]

Deduction u/s 35DD

Allowed to an assessee, being an Indian company, incurs expenditure, wholly and exclusively for the purpose of amalgamation or demerger

Equal to 1/5th of such expenditure for five successive P.Ys. beginning with the P.Y. in which amalgamation or demerger takes place.

No deduction shall be allowed in respect of the above expenditure under any other provisions of the Act.

AMORTISATION OF EXPENDITURE INCURRED UNDER VOLUNTARY RETIREMENT SCHEME [SECTION 35DDA]

Equal to one-fifth of the amount paid for that P.Y., and the balance in four equal installments in the four immediately succeeding P.Ys. allowed as deduction

Deduction u/s 35DDA

Allowed to an assessee who has incurred expenditure in any P.Y. in the form of payment to any employee in connection with his voluntary retirement, in accordance with any scheme or schemes of voluntary retirement

INADMISSIBLE DEDUCTIONS [SECTION 40]

1. In case of any assessee, the following expenses are not deductible [Section 40(a)]:

Section 40(a)(i)

100% of payment which is chargeable to tax in India made outside India or in India to a NCNR or to a foreign company, on which tax deductible at source has not been deducted or after deduction has not been paid on or before the due date specified u/s 139(1).

If TDS has been deducted in subsequent year or has been deducted in the P.Y. but paid in the subsequent year after the due date specified under section 139(1), such sum shall be allowed as deduction in computing the income of the previous year in which such tax is paid.

30% of payment to a resident, on which tax deductible at source has not been deducted or after deduction has not been paid on or before the due date specified u/s 139(1).

Amounts not deductible [Section 40(a)]

Section 40(a)(ia)

If TDS has been deducted in subsequent year or has been deducted in the P.Y. but paid in the subsequent year after the due date specified under section 139(1), 30% of such sum shall be allowed as deduction in computing the income of the previous year in which such tax is paid.

Section 40(a)(ib)

100% of consideration paid or payable to a non-resident for a specified service on which equalisation levy is deductible, and such levy has not been deducted or after deduction, has not been paid on or before the due date under section 139(1)

If equalisation levy has been deducted in subsequent year or has been deducted in the P.Y. but paid in the subsequent year after the due date specified under section 139(1), such sum shall be allowed as deduction in computing the income of the previous year in which such levy is paid.



Section 40(a)(ii) Income-tax including surcharge or cess

Section 40(a)(iii) “Salaries”, if it is payable outside India or to a non-resident, if tax

has not been paid thereon nor deducted therefrom

Section 40(a)(v) Tax paid by the employer on non-monetary perquisites

MANDATORY AUDIT OF ACCOUNTS OF CERTAIN PERSONS [SECTION 44AB]

|  |  |  |
| --- | --- | --- |
|  | Category of person | Condition for applicability of section 44AB |
| I | In case of a person carrying on business |  |
| (a) | In case of a person carrying on business | If his total sales, turnover or gross receipts in business > ` 1 crore in the relevant P.Y.  *Note – The requirement of audit u/s 44AB does not apply to a person who declares profits and gains for the previous year on presumptive basis u/s 44AD(1).* |
|  | If in case of such person carrying on business –   1. Aggregate cash receipts in the relevant PY ≤ 5% of total receipts (incl. receipts for sales, turnover, gross receipts); and 2. Aggregate cash payments in the relevant PY ≤ 5% of total payments (incl. amount incurred for expenditure) | If his total sales, turnover or gross receipts in business > **`** 10 crore in the relevant PY |
|  | Note – For this purpose, the payment or receipt, as the case may be, by a cheque drawn on a bank or by a bank draft, which is not account payee, would be deemed to be the payment or receipt, as the case may be, in cash. | |

|  |  |  |
| --- | --- | --- |
| (b) | In case of an assessee covered u/s 44AE i.e., an assessee engaged in the business of plying, hiring or leasing goods carriages who owns not more than 10 goods carriages at any time during the P.Y. | If such assessee claims that the profits and gains from business in the relevant P.Y. are lower than the profits and gains computed on a presumptive basis u/s 44AE [i.e., ` 1000 per ton of gross vehicle weight or unladen weight in case of each heavy goods vehicle and  ` 7,500 for each vehicle, other than heavy goods vehicle, for every month or part of the month for which the vehicle is owned by the assessee]. |
| (c) | In case of an eligible assessee carrying on business, whose total turnover, sales, gross receipts ≤ ` 200 lakhs, and who has opted for section 44AD in any earlier PY | If he declares profit for any of the five successive PYs not in accordance with section 44AD (i.e., he declares profits lower than 8% or 6% of total turnover, sales or gross receipts, as the case may be, in that year), then, he cannot opt for section 44AD for five successive PYs after the year of such default. For the year of default and five successive previous years, he has to maintain books of account u/s 44AA and get them audited u/s 44AB, if his income exceeds the basic exemption limit. |
| In case of an eligible assessee carrying on business, whose aggregate cash receipts in the relevant PY ≤ 5% of total turnover or gross receipts and whose total turnover, sales, gross receipts ≤  ` 300 lakhs, and who has opted for section 44AD in any earlier PY |
| II | In case of persons carrying on profession |  |
| (a) | In case of a person carrying on profession | If his gross receipts in profession > ` 50 lakh in the relevant PY  *Note – The requirement of audit u/s 44AB does not apply to a person who declares profits and gains for the previous year on presumptive basis u/s 44ADA(1).* |
| (b) | In case of an assessee carrying on a notified profession under section 44AA(1) i.e., legal medical, engineering, accountancy, architecture, interior decoration, technical consultancy, whose gross receipts ≤ ` 50 lakhs. | If such resident assessee claims that the proﬁts and gains from such profession in the relevant PY are lower than the proﬁts and gains computed on a presumptive basis u/s 44ADA (50% of gross receipts) and his income exceeds the basic exemption limit in that PY. |
|  | In case of an assessee carrying on a notified profession under section 44AA(1) i.e., legal medical, engineering, accountancy, architecture, interior decoration, |  |

|  |  |  |
| --- | --- | --- |
|  | technical consultancy, whose aggregate cash receipts in the relevant PY ≤ 5% of total gross receipts and whose gross receipts ≤ ` 75 lakhs. |  |
| e persons mentioned above would have to furnish by the speciﬁed date a report of the audit in the prescribed forms.  “speciﬁed date” means the date one month prior to the due date for furnishing the return of income under section 139(1). | | |

PRESUMPTIVE INCOME PROVISIONS

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Particulars | Section 44AD | Section 44ADA | Section 44AE |
| (1) | Eligible Assessee | Resident individual, HUF or Partnership ﬁrm (but not LLP) engaged in eligible business and who has not claimed deduction under section 10AA or Chapter VIA under “C – Deductions in respect of certain incomes”  Non-applicability of section 44AD in respect of the following persons:  - A person carrying on profession speciﬁed u/s 44AA(1); | Resident individual or resident partnership ﬁrm (but not LLP) engaged in any profession speciﬁed u/s 4AA(1), namely, legal, medical, engineering, architectural profession or profession of accountancy or technical consultancy or interior decoration or notiﬁed profession (authorized representative, ﬁlm artist, company secretary, profession of information technology) | An assessee owning not more than 10 goods carriages at any time during the P.Y. |
|  |  | - A person earning income in the nature of commission or brokerage; |  |  |
|  |  | - A person carrying on any agency business. |  |  |
| (2) | Eligible business/ profession | Any business, other than business referred to in section 44AE, whose total turnover/ gross receipts in the P.Y. ≤ **`** 200 lakhs | Any profession speciﬁed under section 44AA(1), whose gross receipts ≤  **`** 50 lakhs in the relevant P.Y. | Business of plying, hiring or leasing goods carriages |
| Any business, other than business referred to in  section 44AE, whose total | Any profession specified u/s 44AA(1), whose gross  receipts ≤ **`** 75 lakhs in the |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | turnover/gross receipts in the P.Y. ≤ **`** 300 lakhs in the relevant P.Y., if aggregate cash receipts in the relevant PY ≤ 5% of total turnover or gross receipts. | relevant P.Y., if aggregate cash receipts in the relevant PY ≤ 5% of total gross receipts. | |  |
| In eﬀect, if the turnover of business is > ` 200 lakhs ≤  ` 300 lakhs, the beneﬁt of section 44AD can be availed only if aggregate cash receipts in relevant  P.Y. ≤ 5% of total turnover or gross receipts. | In effect, if the gross receipts from profession is > ` 50 lakhs ≤ ` 75 lakhs, the benefit of section 44ADA can be availed only if aggregate cash receipts in relevant P.Y. ≤ 5% of total gross receipts. | |
| Note: For this purpose, the receipt of amount or aggregate of amounts by a cheque drawn on a bank or by a bank draft, which is not account payee, would be deemed to be the receipt in cash. | | |
| (3) | Presumptive income | 8% of total turnover/ sales/gross receipts or a sum higher than the aforesaid sum claimed to have been earned by the assessee.  6% of total turnover/ gross receipts in respect of the amount of total turnover/ sales/ gross receipts received by A/c payee cheque/ bank draft/ ECS through a bank account or through such other prescribed electronic modes (credit card, debit card, net banking, IMPS, UPI, RTGS, NEFT, and BHIM  Aadhar Pay) during the  P.Y. or before due date of filing of return u/s 139(1) | | 50% of gross receipts of such profession or a sum higher than the aforesaid sum claimed to have been earned by the assessee. | For each heavy goods vehicle  **`** 1,000 per ton of gross vehicle weight or unladen weight, as the case may be, for every month or part of a month;  For each vehicle, other than heavy goods vehicle:  **`** 7,500 per month or part of a month during which such vehicle is owned by the assessee or an amount claimed to have been actually earned from such vehicle, whichever is higher. |

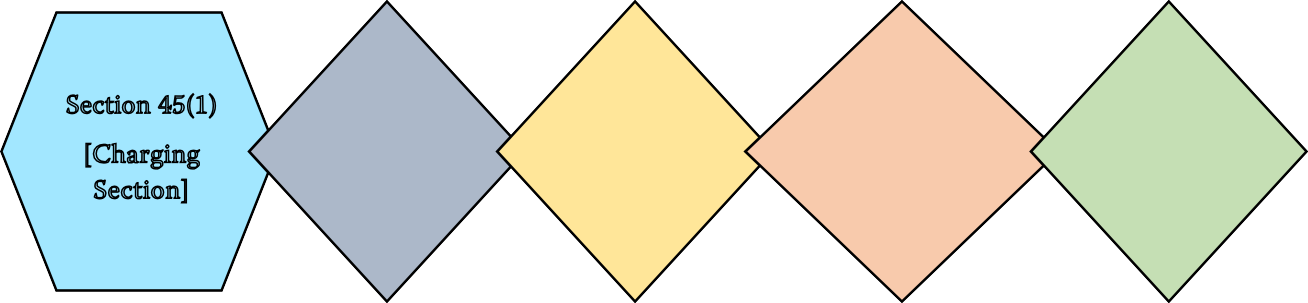
|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | in respect of that P.Y. (or) such higher sum claimed to have been earned by the assessee. |  |  |
| (4) | Non- | Deductions allowable under sections 30 to 38 shall be deemed to have been given | | |
|  | allowability of | full eﬀect to and no further deduction shall be allowed. | | |
|  | deductions while computing presumptive income |  | | |
| Even in case of a ﬁrm, salary and interest paid to partners is not deductible. | Even in case of a ﬁrm, salary and interest paid to partners is not deductible. | In case of a ﬁrm, salary and interest paid to partners is deductible subject to the  conditions and limits |
|  |  |  |  | speciﬁed in section |
|  |  |  |  | 40(b). |
| (5) | Requirement of maintenance of books of account u/s 44AA and audit u/s 44AB | If eligible assessee declares proﬁts and gains in accordance with the provisions of section 44AD, he is not required to maintain books of account u/s 44AA or get them audited u/s 44AB.  However, if after declaring profits on presumptive basis u/s 44AD, non- declaration of profits on presumptive basis for any of the 5 successive A.Y.s thereafter, would disentitle the assessee from claiming profits on presumptive basis for five successive AYs subsequent to the AY relevant to the PY of such non- declaration. In such a case, the assessee would have to maintain books of account and other documents u/s 44AA(2)  and get his accounts audited u/s 44AB, if his | If eligible assessee declares proﬁts and gains in accordance with the provisions of section 44ADA, he is not required to maintain books of account u/s 44AA or get them audited u/s 44AB.  However, if the assessee claims his proﬁts to be lower than the proﬁts computed by applying the presumptive rate, he has to maintain books of account and other documents u/s 44AA(1) and get his accounts audited u/s 44AB, if his total income > basic exemption limit for that year. | If eligible assessee declares proﬁts and gains in accordance with the provisions of section 44AE, he is not required to maintain books of account u/s 44AA or get them audited u/s 44AB.  However, if the assessee claims his proﬁts to be lower than the proﬁts computed by applying the presumptive rate, he has to maintain books of account u/s 44AA(2) and get his accounts audited u/s 44AB. |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | total income exceeds the basic exemption limit in those years. |  |  |
| (7) | Advance tax obligation | e eligible assessee opting for section 44AD is required to pay advance tax by 15th March of the ﬁnancial year (F.Y.). | The eligible assessee opting for section 44ADA is required to pay advance tax by 15th March of the F.Y. | The eligible assessee has to pay advance tax in four instalments. |

TAXABILITY IN CASE OF COMPOSITE INCOME

|  |  |  |  |
| --- | --- | --- | --- |
| Rule | Nature of composite income | Business income (Taxable) | Agricultural Income (Exempt) |
| 7A | Income from sale of rubber products derived from rubber plants grown by the seller in India | 35% | 65% |
| 7B | Income from sale of coffee   * grown and cured by the seller in India * grown, cured, roasted and grounded by the   seller in India | 25%  40% | 75%  60% |
| 8 | Income from sale of tea grown and manufactured by the seller in India | 40% | 60% |

CAPITAL GAINS



Section 45(1)

[Charging Section]

Any profits or gains arising from the

transfer

of a capital asset effected in

the P.Y.

will be chargeable to income-tax under the head ‘Capital

Gains’

in the P.Y. in which transfer

took place.

Exceptions where capital gain is not taxable in the year of transfer



Insurance receipts [Section 45(1A)]



Unit Linked Insurance Policy Receipts [Section 45(1B)]



Conversion or treatment of a capital asset as stock-in- trade [Section 45(2)]



Introduction of capital asset as capital contribution [Section 45(3)]

Receipt of money or capital asset or stock-in trade by a partner or a member on dissolution or reconstitution of firm/AOPs/ BOIs [Section 9B and 45(4)]

Compensation on compulsory acquisition [Section 45(5)]

Taxability of capital gains in case of Specified Agreement [Section 45(5A)]

These exceptions are discussed here below:

INSURANCE RECEIPTS [SECTION 45(1A)]

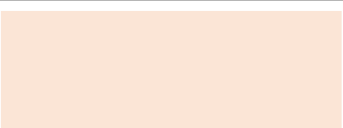
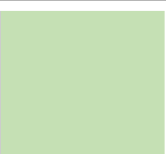
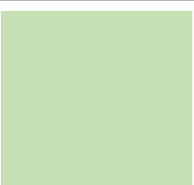
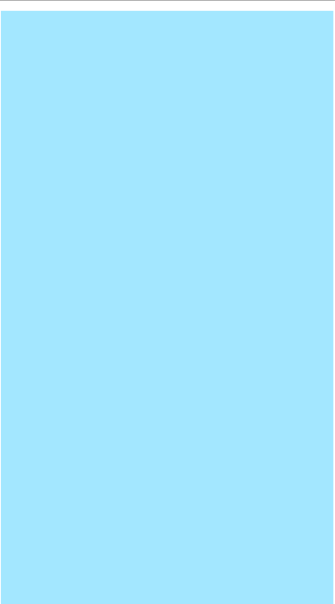
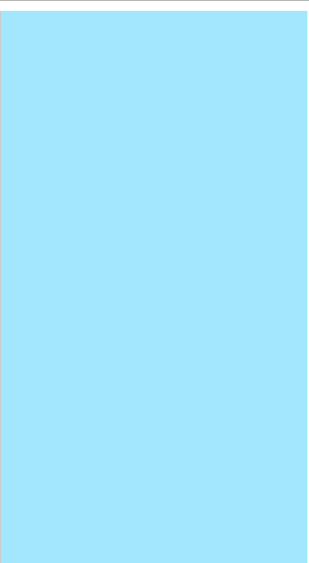
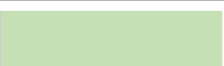
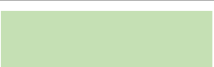
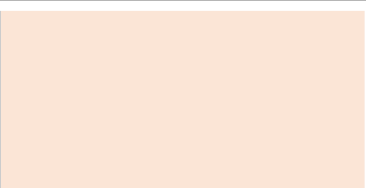
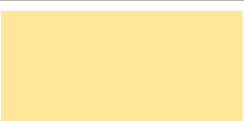
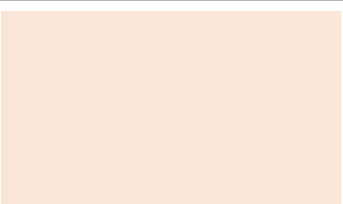
Money or other asset received under an insurance on account of damage / destruction of any capital asset, as a result of, flood, hurricane, cyclone, etc.

will be chargeable to tax in the P.Y. in which such money or other asset is received

Deemed Full value of consideration for calculating capital gains

= The value of money or the FMV of other asset on the date of receipt

UNIT LINKED INSURANCE POLICY RECEIPTS [SECTION 45(1B)]



1. Exemption can be claimed in respect of those ULIP, at the option of the assessee, whose aggregate premium payable does not exceed ` 2,50,000 and where premium does not exceed 10% of SA.
2. Remaining ULIP’s would be taxable u/s 112A

Multiple ULIP

premium paid

during the term of the policy

(-)

of

=

Capital gain

Maturity proceeds aggregate

(3)

1. Such ULIP will

be taxable as capital asset

1. Capital Gain on maturity will be taxable u/s 112A

Single ULIP

No

Yes

If premium or aggregate of premium exceed

` 2,50,000 in any P.Y during the term of policy

If premium does not exceed ` 2,50,000 in any

P.Y during the term of policy

Does premium exceed 10%/15%/20% of Sum assured (SA)?

Exempt u/s 10(10D)

Taxable under the head “Other Sources”

Unit Linked Insurance Policy (ULIP)

Policy taken before 1.2.2021

Policy taken on or after 1.2.2021



CONVERSION OR TREATMENT OF A CAPITAL ASSET AS STOCK-IN-TRADE [SECTION 45(2)]

Components of income arising on sale of stock-in-

trade

Manner of Computation of capital gains and

business income

FMV on the date of conversion (-) Cost/Indexed Cost of acquisition/

improvement

Capital Gains

Conversion of capital asset into stock-in-

trade

Indexation benefit would be considered in relation to the year of conversion of capital asset into stock-

in-trade

Business Income

Sale price of stock-in-trade (-) FMV

on the date of conversion

*Note – Both Capital Gains and Business income are chargeable to tax in the year in which stock-in- trade is sold or otherwise transferred.*

INTRODUCTION OF CAPITAL ASSET AS CAPITAL CONTRIBUTION [SECTION

45(3)]

Transfer of capital asset as capital contribution or otherwise by a partner in a firm, AoP or BoI

will be chargeable to tax in the P.Y. in which such transfer takes place.

Deemed Full value of consideration for computing capital gain = Amount recorded in the books of account of the firm, AOP or BOI as the value of the capital asset





TAX IMPLICATIONS ON RECEIPT OF MONEY OR CAPITAL ASSET OR STOCK-IN TRADE BY A PARTNER

OR A MEMBER ON DISSOLUTION OR RECONSTITUTION OF FIRM/AOP/BOI [SECTION 9B AND 45(4)]

1. IN CASE OF DISSOLUTION OF FIRM/AOP/BOI

|  |  |  |  |
| --- | --- | --- | --- |
| Particulars | Assets received by a partner/member from Firm/ AoP or BoI on  dissolution | | |
| Stock in trade | Money | Capital Asset |
| Implications of section 9B | √ | × | √ |
| Deemed transfer in the hands of the firm/AOP/BOI and taxable in the year in which asset is  received by partner/ member | √ | × | √ |
| Full value of consideration | FMV of the stock in trade on the date of receipt by partner or member shall be deemed to be full value of  consideration | × | FMV of the capital asset on the date of receipt by partner or member shall be deemed to be full value of  consideration |
| Chargeability under which head | PGBP | × | Capital Gains |
| Implications of section 45(4) | × | × | × |

1. IN CASE OF RECONSTITUTION OF FIRM/AOP/BOI

|  |  |  |  |
| --- | --- | --- | --- |
| Particulars | Assets received by a partner/member from Firm/ AoP or BoI on  reconstitution | | |
| Stock in trade | Money | Capital Asset |
| Implications of section 9B | √ | × | √ |
| Deemed transfer in the hands of the ﬁrm/AOP/BOI and taxable in the year in which asset is received  by partner/ member | √ | × | √ |
| Full value of consideration | FMV of the stock in trade on the date of receipt by partner or member shall  be deemed to be full value of consideration | × | FMV of the capital asset on the date of receipt by partner or member shall  be deemed to be full value of consideration |
| Chargeability under which head | PGBP | × | Capital Gains |
| Implications of section 45(4) | × | √ | √ |
| Deemed income in hands of ﬁrm/ AOP/BOI, where partner or member receives money or capital asset or both on reconstitution | × | Money received (+)  FMV of Capital Asset (–)  Balance in capital a/c of partner in the books of the firm on the date of reconstitution | |

|  |  |  |
| --- | --- | --- |
|  |  | (to be calculated without taking into A/c the ↑ in the capital A/c of the Partner due to -   * revaluation of any asset (or) * self-generated goodwill (or) * any other self-generated asset) |
| Chargeability under which head | × | Capital Gains |

COMPENSATION ON COMPULSORY ACQUISITION [SECTION 45(5)]





Compensation on compulsory

acquisition is chargeable in the year in which it was first received



Enhanced compensation is chargeable in the year in which it is received from Govt and cost of acquisition would be Nil



Compensation due to interim order is chargeable to tax in the year in which final order is made

TAXABILITY OF CAPITAL GAINS IN CASE OF SPECIFIED AGREEMENT [SECTION

45(5A)]

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Individual/ HUF entering into specified agreement for development of project | |  | | |
|  |  | | | |
| Is the individual/ HUF transferring his share in the project after the date of issue of completion certificate? | | No | Is the individual/ HUF transferring his share in the project on or before the date of issue of completion certificate? | |
|  |
| Yes | Yes | | |  |
| Capital gains tax liability would arise in the P.Y. in which Certificate of Completion for whole or part of project is issued by the Competent Authority | |  | Capital gains tax liability would arise in the P.Y. in which the property is handed over to the developer | |
|  |  | | | |
| Stamp duty value of his share, on the date of issue of certificate of completion (+) Consideration in cash or cheque or draft or any other mode = Full Value of  Consideration as per section 45(5A) | |  | | |
|  |  | | | |
| Full value of consideration deemed to be the cost of acquisition for determining capital gains on subsequent  sale of share of developed property [Section 49(7)] | |  | | |

MEANING OF CAPITAL ASSET [SECTION 2(14)]

CAPITAL ASSET [SECTION 2(14)]

Property of any kind held by an assessee, whether or not connected with his business or profession

EXCLUSIONS

Any securities held by a FII which has

invested in such securities as per SEBI

Regulations

A ULIP which is issued on or after 1.2.2021, to which exemption u/s 10(10D) does not apply on A/c of premium payable exceeding ` 2,50,000 for any of the PYs during the term of such

policy.

In a case where premium is payable for more than one ULIP issued on or after 1.2.2021 and the aggregate of premium payable on such ULIPs > ` 2,50,000 for any of the PYs during the term of any such ULIP(s), the exemption u/s

10(10D) would be available in respect of any of those ULIPs (at the option of the assessee)

whose aggregate premium payable does not exceed ` 2,50,000 for any of the PYs during their term. All other ULIPs would be capital assets.

Stock-in- trade, consumable stores, raw materials held for business or profession

Personal Effects [i.e., movable property including wearing apparel and furniture held for personal use by the assessee or his family]

Rural Agricultural Land

6½ Gold Bonds, 1977, 7% Gold

Bonds, 1980, National Defence Gold Bonds, 1980, Special Bearer Bonds, 1991 issued by the Central Govt.

Gold Deposit Bonds issued under Gold

Deposit Scheme, 1999/ Deposit Certificates issued under the Gold Monetisation Scheme, 2015/ 2018 notified by the Central Govt.

EXCLUSIONS FROM PERSONAL EFFECTS

Jewellery Archaeological collections

Drawings Paintings & Sculptures

Any work of art

ese assets are hence, capital assets u/s



TYPE OF CAPITAL ASSET BASED ON PERIOD OF HOLDING

Capital Assets

Short-term capital asset [Section 2(42A)]

Long-term capital asset [Section 2(29A)]

PERIOD OF HOLDING

|  |  |
| --- | --- |
| STCA, if held for ≤ 12  month  LTCA, if held for > 12  months | * Security (other than unit) listed in a recognized stock exchange * Unit of equity oriented fund/ unit of UTI * Zero Coupon bond |
| STCA, if held for ≤ 24  month | * Unlisted shares |
| LTCA, if held for > 24  months | * Land or building or both |
| STCA, if held for ≤ 36  month | * Unlisted securities other than shares |
| LTCA, if held for > 36  months | * Other capital assets |

MEANING OF TRANSFER [SECTION 2(47)]



*Note – Capital gains arising from transfer of units of a specified mutual fund acquired on or after 1.4.2023 and market linked debentures would always be deemed as arising from transfer of short-term capital assets irrespective of the period of holding of such assets. This is provided in section 50AA.*

Transfer in relation to a capital asset includes the following types of transactions

* + Sale, exchange or relinquishment of the asset
  + Extinguishment of any rights therein
  + Compulsory acquisition thereof under any law
  + Conversion of a capital asset into stock-in-trade of a business
  + Maturity or redemption of a zero coupon bond
  + Possession of an immovable property in consideration of part- performance of a contract referred to in section 53A of the Transfer of Property Act, 1882.
  + Transactions which have the effect of transferring or enabling the enjoyment of an immovable property.

|  |
| --- |
| Transactions not regarded as transfer [Section 47]: Some Examples |
| * Any distribution of capital assets on the total or partial partition of a HUF |
| * Any transfer of capital asset under a gift or will or an irrevocable trust |
| * Any transfer of capital asset by a holding company to its 100% subsidiary Indian company or by a subsidiary company to its 100% holding Indian company |
| * Any transfer or issue of shares by the resulting company, in a scheme of demerger to the shareholders of the demerged company |
| * Any transfer by a shareholder in a scheme of amalgamation of shares held by him in the amalgamating company |
| * Any transfer by an individual of sovereign gold bonds issued by RBI by way of redemption * Any transfer of a capital asset, being conversion of gold into Electronic Gold Receipt issued by a Vault Manager, or conversion of Electronic Gold Receipt into gold. * Any transfer by way of conversion of bonds, debentures, debenture stock, deposit certificates of a company, into shares or debentures of that company. |
| * Any transfer by way of conversion of preference shares of a company into equity shares of that company * Any transfer of a capital asset in a transaction of reverse mortgage under a scheme made and notified by the CG |

MODE OF COMPUTATION OF CAPITAL GAINS [SECTION 48]

|  |  |  |
| --- | --- | --- |
| Computation of Short-term capital gains | | |
| Particulars | Amt (**`**) | Amt (**`**) |
| Full value of consideration received or accruing as a result of transfer | xxx |  |
| *Less:* Expenditure incurred wholly and exclusively in connection with such transfer (for e.g., brokerage on sale)  However, cost of acquisition of the asset or the cost of improvement thereto would not include the deductions claimed in respect of interest u/s 24(b) or under the provisions of Chapter VI-A  *Note: Deduction on account of STT paid will not be allowed* | xxx |  |
| Net Sale Consideration |  | xxx |
| *Less:* Cost of acquisition | xxx |  |
| Cost of improvement | xxx | xxx |
| Short-term capital gain (STCG) |  | xxx |
| *Less:* Exemptions |  | xxx |
| Short-term capital gain chargeable to tax |  | xxx |

|  |  |  |
| --- | --- | --- |
| Computation of Long-term Capital Gains | | |
| Particulars | Amt (**`**) | Amt (**`**) |
| Full value of consideration received or accruing as a result of transfer | xxx |  |
| *Less:* Expenditure incurred wholly and exclusively in connection with such transfer (for e.g., brokerage on sale)  However, cost of acquisition of the asset or the cost of improvement thereto would not include the deductions claimed in respect of interest u/s 24(b) or under the provisions of Chapter VI-A  *(Note: Deduction on account of STT paid will not be allowed)* | xxx |  |
| Net Sale Consideration |  | xxx |
| *Less*: Indexed cost of acquisition (ICOA) | xxx |  |
| CII for the year in which the asset is transferred  Cost of CII for the year in which the asset was first acquisition × held by the assessee or P.Y. 2001-02,  whichever is later |  |  |
| *Note: Benefit of indexation will, however, not be available in respect of LTCG taxable u/s 112A and LTCG from transfer of bonds or debentures (other than capital indexed bonds issued by the Government and sovereign gold bonds issued by RBI)* |  |  |
| *Less*: Indexed cost of improvement (ICOI) | xxx | xxx |
| CII for the year in which the asset is transferred  Cost of  improvement × CII for the year in which the improvement took  place |  |  |
| Long-term capital gains (LTCG) |  | xxx |
| *Less:* Exemptions |  | xxx |
| Long-term capital gains chargeable to tax |  | xxx |

COST OF ACQUISITION [SECTION 55]

|  |  |  |
| --- | --- | --- |
| Sl.  No. | Nature of asset | Cost of acquisition |
| 1 | Goodwill of business or profession, trademark, brand name or any other intangible asset etc.,   * Self generated * Acquired from previous owner   However, in case of capital asset, being goodwill of a business or profession, in respect of which depreciation u/s 32(1) has been obtained by the assessee in any P.Y. (upto P.Y.2019-20) | Nil  Purchase price  Purchase price as reduced by the total amount of depreciation obtained by the assessee under section 32(1). |

|  |  |  |
| --- | --- | --- |
|  | - became the property of the assessee by way of distribution of assets on total or partial partition of HUF, under a gift or will, by succession, inheritance, distribution of assets on liquidation of a company, etc. and previous owner has acquired it by purchase  However, in case of capital asset, being goodwill of a business or profession which was acquired by the previous owner by purchase and in respect of which depreciation u/s 32(1) has been obtained by the assessee in any P.Y. (upto P.Y.2019-20)  The cost of improvement of such assets would be Nil. | Purchase price for such previous owner  Purchase price as reduced by the total amount of depreciation obtained by the assessee under section 32(1). |
| 2. | Bonus shares  If bonus shares are allotted before 1.4.2001  If bonus shares are allotted on or after 1.4.2001 | FMV on 1.4.2001  Nil |
|  | Bonus shares allotted before 1.2.2018, on which STT has been paid at the time of transfer | The higher of –   1. Actual cost of acquisition (i.e., Nil, in case of bonus shares allotted on or after 1.4.2001; and   FMV on 1.4.2001, in case of bonus shares allotted before 1.4.2001)   1. Lower of –    1. FMV as on 31.1.2018; and    2. Actual sale consideration |
| 3. | Rights Shares |  |
|  | Original shares (which forms the basis of entitlement of rights shares) | Amount actually paid for acquiring the original shares |
|  | Rights shares subscribed for by the assessee | Amount actually paid for acquiring the rights shares |
|  | Rights entitlement (which is renounced by the assessee in favour of a person) | Nil |
|  | Rights shares which are purchased by the person in whose favour the assessee has renounced the rights entitlement | Purchase price paid to the renouncer of rights entitlement as well as the amount paid to the Co. which has allotted the rights shares. |
| 4. | Long term capital assets being,  - equity shares in a company on which STT is paid both at the time of purchase and transfer or | Cost of acquisition shall be the higher of -   1. cost of acquisition of such asset; and 2. lower of |

|  |  |  |
| --- | --- | --- |
|  | - unit of equity oriented fund on which STT is paid at the time of transfer.  acquired before 1st February, 2018 | * the FMV of such asset on 31.1.2018; and * the full value of consideration received or accruing as a result of the transfer of the capital asset. |
| 5. | Any other capital asset  Where such capital asset became the property of the assessee before 1.4.2001 | Cost of the asset to the assessee, or FMV as on 1.4.2001, at the option of the assessee.  However, in case of capital asset being land or building, FMV as on 1.4.2001 shall not exceed stamp duty value as on 1.4.2001. |
|  | Where capital assets became the property of the assessee by way of distribution of assets on total or partial partition of HUF, under a gift or will, by succession, inheritance, distribution of assets on liquidation of a company, etc. and the capital asset became the property of the previous owner before 1.4.2001. | Cost to the previous owner or FMV as on 1.4.2001, at the option of the assessee.  However, in case of capital asset being land or building, FMV as on 1.4.2001 shall not exceed stamp duty value as on 1.4.2001. |
|  | *The provisions contained in (5) above shall also apply to the assets mentioned in (2), (3) and (4) above.* | |
| 6. | Cost of the property in the hands of previous owner cannot be ascertained | The FMV on the date on which the capital asset become the property of the previous owner would be considered as cost of acquisition. |

|  |  |  |
| --- | --- | --- |
| COST OF IMPROVEMENT OF CERTAIN ASSETS [SECTION 55] | | |
| Sl. Nature of asset Cost of improvement No. | | |
| 1 | Goodwill or any other intangible asset of a business, right to manufacture, produce or process any article or thing, right to carry on any business or profession or any other right. | Nil |
| 2 | Where the capital asset became the property of the previous owner or the assessee before 1-4-2001 | All expenditure of a capital nature incurred in making any addition or alteration to the capital asset on or after 1.4.2001 by the previous owner or the assessee. |
| 3 | In relation to any other capital asset | All capital expenditure incurred in making additions or alterations to the capital asset on or after 1.4.2001 –   * by the assessee after it became his property; and * by the previous owner [in a case where the assessee acquired the property by modes specified in section 49(1)]. |

*Note - However, cost of improvement does not include any expenditure which is deductible in computing the income chargeable under the head “Income from house property”, “Profits and gains of business or profession” or “Income from other sources”. Routine expenses on repairs and maintenance do not form part of cost of improvement.*

\* Higher of FMV1 and FMV2

\*\*Ignore revaluation effect

COMPUTATION OF CAPITAL GAINS ON SALE OF LAND OR BUILDING OR BOTH [SECTION 50C]

|  |  |  |
| --- | --- | --- |
| Sl.  No. | Condition | Deemed Sale Consideration |
| 1. | Stamp Duty Value > Actual Consideration  If Stamp Duty Value > 110% of actual consideration  If Stamp Duty Value  110% of actual sale consideration | Stamp Duty Value Actual sale consideration |
| 2. | Actual Consideration > Stamp Duty Value | Actual Sale Consideration |
| Where the Assessing Officer refers the valuation to a Valuation Officer, on the assessee’s claim that the stamp duty value exceeds the FMV of the property on the date of transfer and the stamp duty value has not been disputed in any appeal or revision or no reference has been made before any other authority, court or High Court. | | |
| 3. | Value ascertained by Valuation Officer > Stamp Duty Value | Stamp Duty Value |
| 4. | Value ascertained by Valuation Officer < Stamp Duty Value | Value ascertained by Valuation Officer |
| *Note – If the date of agreement is different from the date of transfer, stamp duty value on the date of agreement can be considered, if whole or part of the consideration is received by way of account payee cheque/bank draft or ECS or prescribed electronic modes (IMPS, UPI, RTGS, NEFT, Net banking, debit card, credit card or BHIM Aadhar Pay) on or before the date of agreement. Otherwise, stamp duty value on the date of transfer has to be considered.* | | |

ADVANCE MONEY RECEIVED AND FORFEITED UPTO 31.3.2014

If advance was received and

forfeited

before 1-4-2014

If advance was received and

forfeited on or

after 1-4-2014

Advance forfeited to be taxed under 56(2)(ix) as Income fromother sources

Taxability is postponed to the year of actual transfer ofcapital asset.

Advance forfeited to be deducted while

determining Cost of acquisition for computing capital gains

Tax treatment of advance money forfeited on

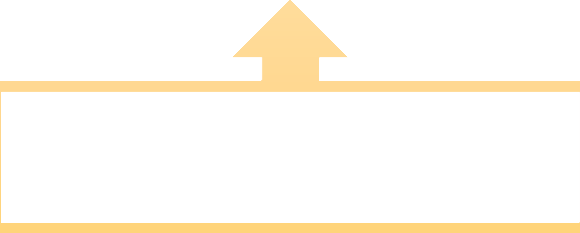
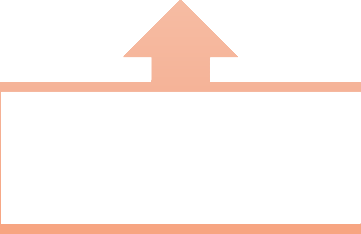
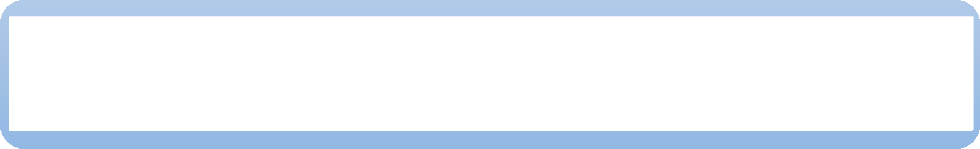
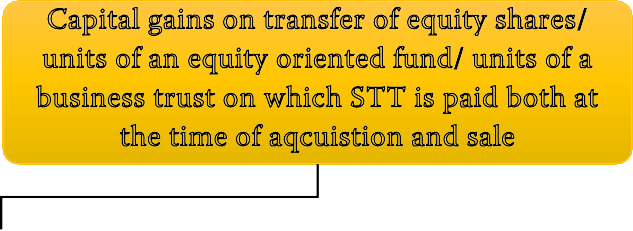
failure of negotiations for transfer of a capital asset [Sections 51 & 56(2)(ix)]

Tax liability is attracted in

the year of forfeiture of advance

TAX ON CAPITAL GAINS IN RESPECT OF EQUITY SHARES/ UNITS OF AN EQUITY

ORIENTED FUND/ UNITS OF A BUSINESS TRUST



Short term

Long term

In case of resident individuals and HUF, the LTCG exceeding ` 1,00,000 and STCG

shall be reduced by the unexhausted basic exemption limit and the balance would

be taxable as above

No deduction under Chapter

VI-A can be claimed in

respect of STCG

No deduction under Chapter VI-A and rebate

under section 87A can be claimed in respect of

such long-term capital gain

Taxable long term capital gains exceeding

` 1,00,000 @10% u/s 112A

Taxable @15% u/s 111A

TAX ON LONG-TERM CAPITAL GAINS [SECTION 112]

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Person | Rate of tax | Particulars | | |
| 1. | Resident persons, other than companies |  |  |  | |
|  | Resident Individuals and HUF | 20% | Unexhausted basic exemption limit can be exhausted against LTCG taxable u/s 112 |  | In case of transfer of listed securities (other than units) and Zero Coupon Bonds, LTCG would be taxable at the lower of the following rates –  (1) 10% without indexation benefit; |
|  | Resident AOPs and BOIs | 20% | Unexhausted basic exemption limit cannot be adjusted against LTCG taxable u/s 112 |
|  | Resident Firms and LLPs | 20% |
| 2. | Domestic companies | 20% |  |
| 3. | Non-corporate non- residents and foreign companies | 20% | Capital assets, other than unlisted securities or shares of closely held companies |
|  |  | 10% | Unlisted securities or shares of closely held companies (without benefit of indexation or foreign currency fluctuation) | and  (2) 20% with indexation benefit. | |

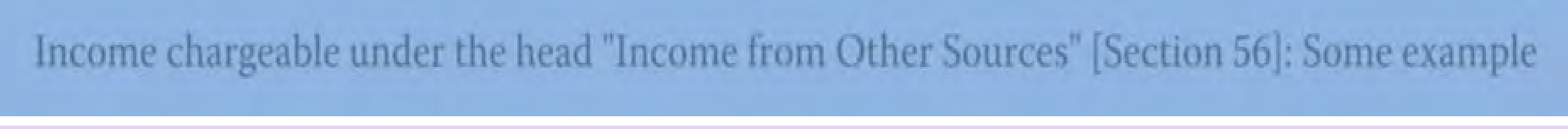
EXEMPTION OF CAPITAL GAINS [SECTIONS 54 TO 54GA]

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| S.  No. | Particulars | Section 54 | Section 54B | Section 54D | Section 54EC | Section 54F | Section 54G | Section 54GA |
| 1 | Eligible Assessee | Individual/ HUF | Individual/ HUF | Any assessee | Any assessee | Individual/ HUF | Any assessee | Any assessee |
| 2 | Asset transferred | Residential House (LTCA) | Urban Agricultural Land | Land &  building forming part of an industrial undertaking | Land or building or both (LTCA) | Any LTCA  other than Residential House | Machinery, plant, building or land or any right in  building or land used for the business of an  industrial undertaking situated in an urban area | Machinery, plant, building or land or any right in building or land used  for the business of an industrial undertaking situated in an urban area |
| 3 | Other  Conditions | Income from such house  should be chargeable under the head “Income from house property” | Land should be used for agricultural purposes by assessee or his parents or HUF for 2 years immediately preceding the date of  transfer | Land &  building have been used for business of undertaking for at least 2 years immediately preceding the date of transfer.  The transfer should be by way of  compulsory acquisition of the industrial undertaking | - | Assessee should not  own more  than one residential house on the date of  transfer. He should not purchase within 2 years or construct within 3 years after the date of transfer, another residential house. | Shifting of the industrial undertaking from an  urban area to any other area other  than an urban area | Shifting of the industrial undertaking from an urban area to any SEZ |
| 4 | Qualifying asset i.e.,  asset in which capital gains has  to be | One Residential House situated in India/Two residential  houses in | Land for being used for agricultural purpose  (Urban/ Rural) | Land or  Building or right in land or building | Bonds of  NHAI or  RECL or  any other bond notified by  C.G. | One Residential House situated in India | Purchase new plant and machinery, acquisition of building or  land or | Purchase new plant and machinery, acquisition of building or land or |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | invested | India, at the option of the assessee, where capital gains do not exceed  ` 2 crores |  |  | (Redeemable after 5  years) |  | construction  of building  for the  purposes of business of the industrial undertaking, shifting of original asset and incurred expenses | construction of building for the purposes of business of the industrial undertaking, shifting of original asset and incurred expenses |
| 5 | Time limit for purchase/ construction | Purchase within 1 year  before or 2 years after the date of transfer  (or) construct within 3  years after  the date of transfer | Purchase within a period of 2 years after the date of  transfer | Purchase/ construct within 3 years after the date of transfer, for shifting or re- establishing the existing undertaking or setting up a new industrial undertaking. | Purchase within a period of 6 months after the date of transfer | Purchase within 1 year  before or 2 years after the date of transfer  (or) Construct within 3  years after the date of transfer | Purchase within 1 year  before or 3 years after the date of transfer | Purchase within 1 year before or 3 years after the  date of transfer |
| 6 | Amount of Exemption | Cost of new Residential House or two houses, as the case may be or Capital Gain, whichever is lower, is exempt.  However, if the cost of new residential house exceeds  ` 10 crores, the amount exceeding  ` 10 crores  would not | Cost of new Agricultural Land or Capital Gain, whichever is lower, is exempt | Cost of new asset or Capital Gain, whichever is lower. | Capital Gain or amount invested in specified bonds, whichever is lower.  Maximum permissible investment out of  capital gains arising in any financial year is ` 50 lakhs, whether such investment is made in the current | Cost of new Residential House ≥ Net sale consideration of original asset, entire Capital gain is exempt.  Cost of new Residential House < Net sale consideration of original asset, proportionate capital gain is exempt.  However, if the cost of | Cost of new assets plus expenses incurred for shifting or Capital Gain (STCG or LTCG),  whichever is lower, is exempt | Cost of new assets plus  expenses incurred for shifting or Capital Gain  (STCG or LTCG),  whichever is lower, is exempt |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | be taken into account for exemption. The maximum exemption that can be claimed by the assessee is ` 10 crores. |  |  | FY or  subsequent FY or both. | new residential house exceeds  ` 10 crores, the amount exceeding  ` 10 crores would not  be taken into account for exemption. |  |  |

INCOME FROM OTHER SOURCES



Income chargeable under the head "Income from Other Sources" [Section 56]: Some example

* Dividend Income
* Casual Income (winnings from lotteries, crossword puzzles, races including horse races, card games and other games, gambling, betting etc.)
* Consideration received in excess of FMV of shares of a closely held company, where such shares are issued at a premium
* Interest received on compensation/ enhanced compensation deemed to be income in the year of receipt
* Advance forfeited due to failure of negotiations for transfer of a capital asset
* Sum of money or property received by any person
* Specified sum received by a unit holder from a business trust during the previous year
* Sum received, including the amount allocated by way of bonus, under a LIP other than under a ULIP and keyman insurance policy, which is not exempt under section 10(10D)
* Interest on securities
* Any income chargeable to tax under the Act, but not falling under any other head of income

If consideration is received by a company, other than a company in which public are substantially interested



from any person for issue of shares at premium

(Issue price of share – FMV of such share) x No. of shares, would be taxable in the hands of the company as income from Other Sources

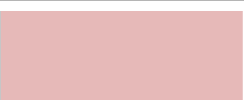
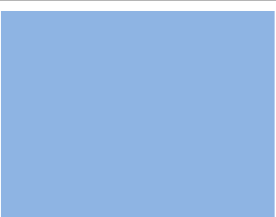
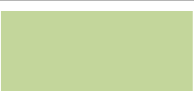
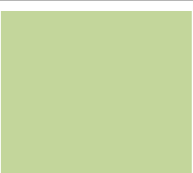
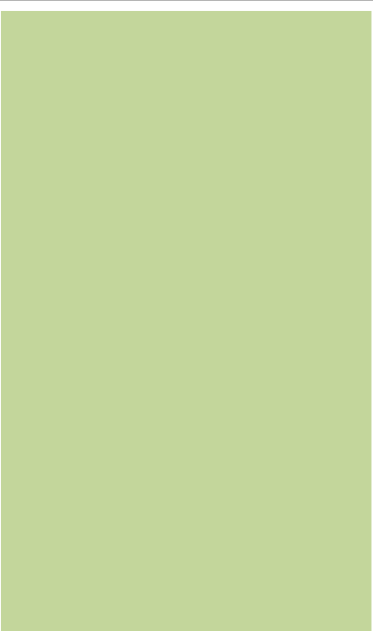
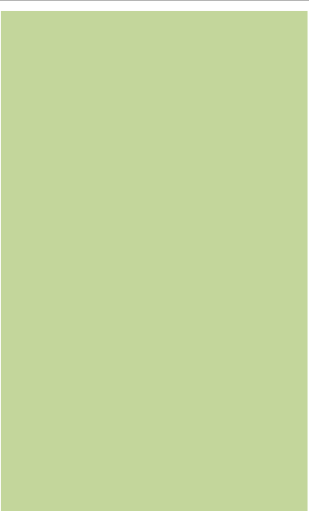
SUM OF MONEY OR PROPERTY RECEIVED BY ANY PERSON [SECTION 56(2)(x)]

|  |  |  |
| --- | --- | --- |
|  | Nature of asset | Taxable value |
| 1 | Money | The whole amount if the same exceeds ` 50,000. |
| 2 | Movable property | 1. Without consideration:   The aggregate fair market value of the property, if it exceeds ` 50,000.   1. Inadequate consideration:   The difference between the aggregate fair market value and the consideration, if such difference exceeds ` 50,000. |
| 3 | Immovable property | 1. Without consideration:   The stamp value of the property, if it exceeds ` 50,000.   1. Inadequate consideration:   The difference between the stamp duty value and the consideration, if such difference is more than the higher of ` 50,000 and 10% of consideration. |
| *However, any sum of money or value of property received in the following circumstances would be outside the ambit of section 56(2)(x)*   1. *from any relative; or* 2. *on the occasion of the marriage of the individual; or* 3. *under a will or by way of inheritance; or* 4. *in contemplation of death of the payer or donor, as the case may be; or* 5. *from any local authority as defined in the Explanation to section 10(20); or* 6. *from any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution referred to in section 10(23C); or* 7. *from or by any trust or institution registered under section 12A or section 12AA or section 12AB; or However, where sum of money or property has been received by specified persons under section 13(3), this relaxation is not available and section 56(2)(x) would be applicable.* 8. *by any fund or trust or institution or any university or other educational institution or any hospital or other medical institution referred to in Section 10(23C)(iv)/(v)/ (vi)/(via); or* 9. *by way of transaction not regarded as transfer under specified clauses of section 47; or* 10. *from an individual by a trust created or established solely for the benefit of relative of the individual; or* 11. *by an individual, from any person, in respect of any expenditure actually incurred by him on his medical treatment or treatment of any member of his family, for any illness related to COVID-19 subject to conditions notified by the Central Government; or*   *(xiii) by a member of the family of a deceased person from the employer of the deceased person (without any limit); or from any other person or persons to the extent that such sum or aggregate of such sums ≤ ` 10 lakhs, where the cause of death of such person is illness related to COVID-19 and the payment is received within 12 months from the date of death of such person; and subject to such other conditions notified by the Central Government; or*  *(xiii) from such class of persons and subject to such conditions, as may be prescribed.* | | |

Yes No

If premium does not exceed

` 5,00,000 in any



1. Exemption can be claimed in respect of those LIP, at the option of the assessee, whose aggregate premium payable does not exceed

` 5,00,000 and where premium does not exceed 10% of SA.

1. Remaining LIP’s would be taxable as income from Other Sources

premium paid

during the term of the policy

(-)

of

=

Other Sources

Income Maturity proceeds aggregate

(2)

(1) Such LIP will be

taxable as

Income from

Does premium exceed 10%/15%/20% of Sum Assured (SA)?

If premium or aggregate of premium exceed

` 5,00,000 in any P.Y during the term of policy

Policy taken on or after 1.4.2023

Policy taken before 1.4.2023

LIP

Exempt u/s 10(10D)

Taxable under the head “Other Sources”

P.Y during the term of policy

Single LIP Multiple LIP



TAXATION OF CERTAIN INCOMES

|  |  |  |  |
| --- | --- | --- | --- |
| Income | Winnings from lotteries, crossword puzzles, races including horse races, card games and other games,  gambling, betting etc. (other than winning from any online game) | Unexplained cash credits/ investments/ money, bullion, jewellery etc./ expenditure, etc. | Net winnings from online games |
| Section | 115BB | 115BBE | 115BBJ |
| Tax rate | 30% of such winnings (further increased by surcharge, if applicable, and health and education cess@4%) | 60% of such income *plus* surcharge @25% of tax (Effective rate of tax is 78%, including health and education cess@4%) | 30% of net winnings from online game (further increased by surcharge, if applicable, and health and education cess@4%) |
| Other conditions | * No expenditure or allowance can be allowed from such income. * Deduction under Chapter VI-A is not allowable from such income. * Adjustment of unexhausted basic exemption limit is also not permitted against such income. * Set-off of losses is not permissible against such income. | | |

DEDUCTIONS ALLOWABLE [SECTION 57]

|  |  |  |
| --- | --- | --- |
| S. No. | Particulars | Deduction |
| 1. | In case of dividend or income in respect of units of mutual fund or income in respect of units from a specified company | Interest expenditure to earn such income.  However, such interest expenses cannot exceed 20% of such income included in total income, without deduction under this section. |
| 2. | In case of interest on securities | Any reasonable sum paid by way of commission or remuneration to a banker or any other person. |
| 3. | Income consists of recovery from employees as contribution to any PF, superannuation fund etc. | Amount of contribution remitted before the due date under the respective Acts, in accordance with the provisions of section 36(1)(va). |
| 4. | Income from letting on hire of machinery, plant and furniture, with or without building | Current repairs to the machinery, plant, furniture or building, insurance premium, depreciation/ unabsorbed depreciation. |
| 5. | Family Pension | Sum equal to  - 33 ⅓% of such income or  - ` 15,000,  whichever is less. |
| 6. | Interest on compensation/ enhanced compensation received | 50% of such interest income. |

DEDUCTIONS NOT ALLOWABLE [SECTION 58]

|  |  |
| --- | --- |
| S. No. | Deductions not allowable |
| 1. | Any personal expense of the assessee. |
| 2. | Any interest chargeable to tax under the Act which is payable outside India on which tax has not been paid or deducted at source. |
| 3. | Any payment chargeable to tax under the head “Salaries”, if it is payable outside India unless tax has been paid thereon or deducted at source. |
| 4. | Any expenditure in respect of which a payment or aggregate payments exceeding ` 10,000 is made to a person in a day otherwise than by account payee cheque or draft or ECS through bank account or through such other prescribed electronic mode such as credit card, debit card, net banking, IMPS, UPI, RTGS, NEFT and BHIM Aadhar pay. |
| 5. | 30% of expenditure in respect of sum which is payable to a resident on which tax is deductible at source, if such tax has not been deducted or after deduction has not been paid on or before the due date of return specified in section 139(1). |
| 6 | Expenditure incurred in connection with casual income. |

CLUBBING PROVISIONS

Transfer of income without transfer of asset

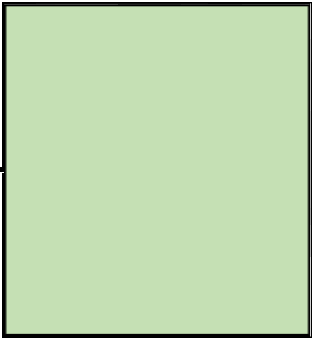
Inco revocable transfer of

assets

Exception

Transfer by way of a trust which is not revocable during the life time of the

beneficiary or in case of any other



Transferor derives no direct or indirect benefit

from such income

As and when power to revoke arises, clubbing provisions would

apply

transfer, not revocable during the lifetime of the transferee

Remuneration to spouse from a

INCOME OF OTHER PERSONS INCLUDED IN ASSESSEE'S TOTAL INCOME

concern in which individual has a substantial interest

[

Exception

Where spouse possesses technical or professional qualifications, clubbing provisions will not apply

Income arising to spouse from an asset\* transferred without adequate consideration or not in connection with an agreement to live apart]

Income arising to any person or AoP from assets transferred without adequate consideration for the benefit of spouse [

All income of a minor is clubbed with the income of parent, whose total

income excluding minor's income, is greater. Exemption of upto ` 1,500 per

child is available u/s 10(32)

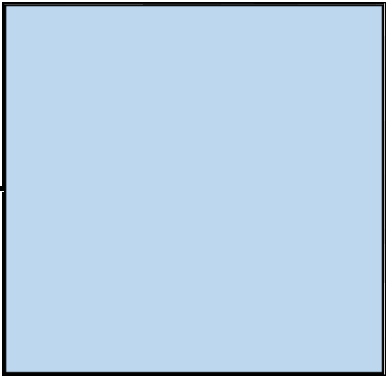
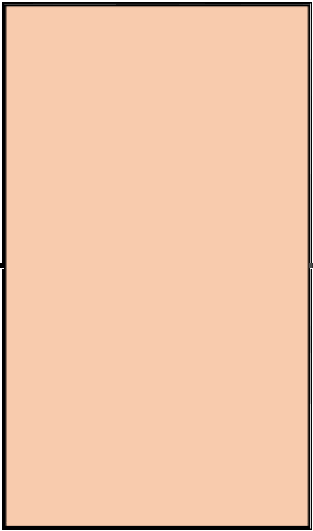
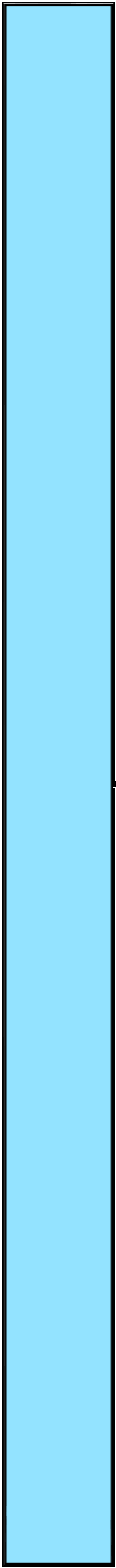
Income arising to son's wife from an asset transferred without adequate consideration

Exceptions

Income from manual work or from skill, talent or specialised knowledge or experience will not be clubbed

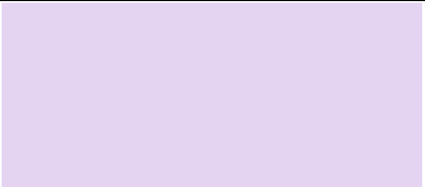
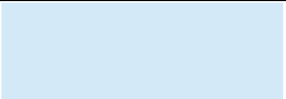
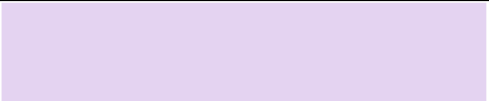
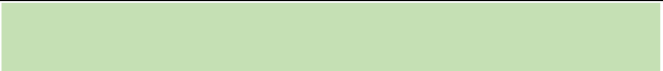
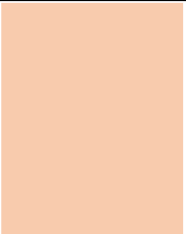
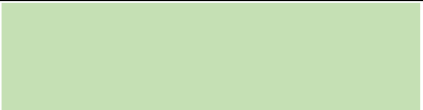
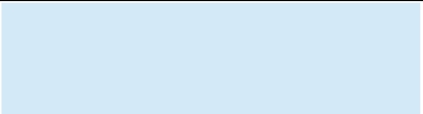
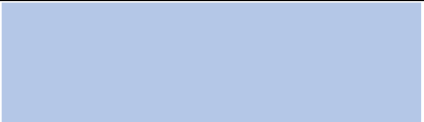
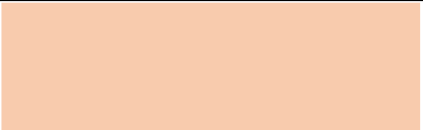
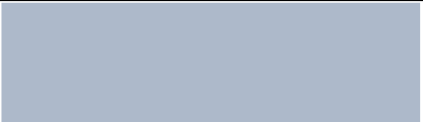
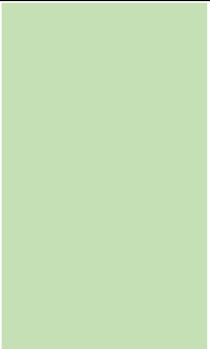
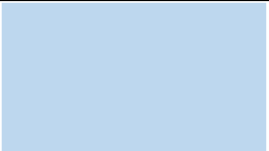
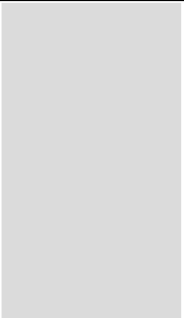
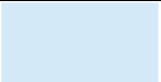
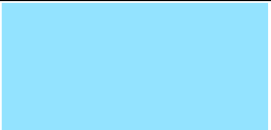
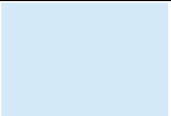
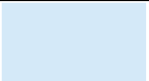
Income of a minor child suffering from disability mentioned u/s 80U shall not be clubbed

Income arising to any p



erson or AoP from assets transferred without adequate consideration for the benefit of sons's wife

\* In case of transfer of house property to spouse without adequate consideration, transferor will be deemed as owner of such property as per section 27(i). In such a case, section 64(1)(iv) will not apply.



Unabsorbed loss from the activity of owning and maintaining race horses can be carried forward for

maximum 4 AYs for set off against income from the activity of owning and maintaining race

horses

Short-term capital loss can be carried forward for maximum 8 AYs for set off against capital gains

Long-term capital loss can be carried forward for maximum 8 AYs for set off against long-term capital gains

Loss from specified business u/s 35AD

Loss under the head “Profits and gains of business or profession” cannot be set off against income under the head

“Salaries”

Unabsorbed loss from specified business under section 35AD can be carried forward for indefinite period for set off against profit from any specified business

Loss from speculative business

Unabsorbed loss from speculation business can be carried forward for maximum 4 AYs for set off against income from speculation business

Unabsorbed business loss can be carried forward for maximum 8 AYs for set off against profits and gains of business or profession

Long term capital loss

Unabsorbed loss from house

property can be carried forward for maximum 8 AYs for set off against income from house property

Speculation loss, loss from specified business u/s 35AD and loss from the activity of owning and maintaining race horses cannot be set off against

income under

any other head

Loss from the activity of owning and maintaining race horses

Loss under the head “Capital gains” cannot be set off against income under any

other head

Loss from house property can be set off against income under any

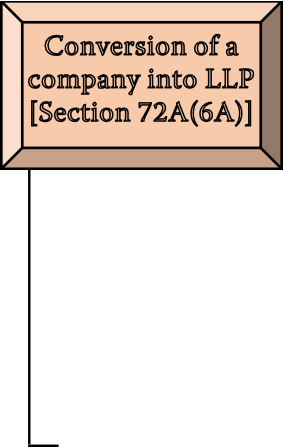
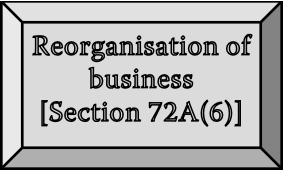
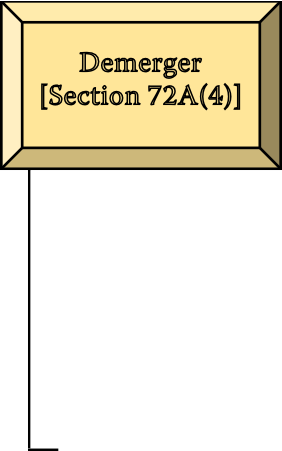
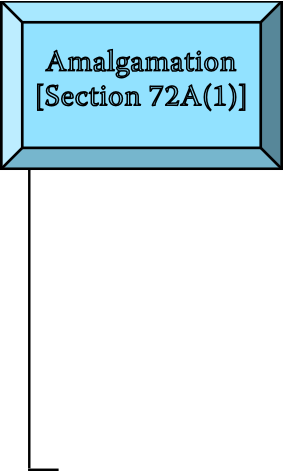
other head only to the extent of

` 2 lakhs

|  |
| --- |
| Following brought forward losses/depreciation is not allowed to be set off while computing total income under the special concessional tax regimes under section 115BAA/115BAB/115BAC/115BAD/115BAE -   1. Brought forward business loss of specified business u/s 35AD. 2. Brought forward business loss on account of deduction u/s 35(1)(ii)/(iia)/(iii) or u/s 35(2AA) [or u/s 35(2AB), in case of computation of total income under sections 115BAA/115BAB, applicable to companies]. 3. Unabsorbed depreciation attributable to additional depreciation u/s 32(1)(iia).   This is because deductions u/s 35AD, u/s 35(i)(ii)/(iia)/(iii), u/s 35(2AA), u/s 35(2AB) and additional depreciation u/s 32(1)(iia) are not allowable under the special concessional tax regimes. In addition, in case of persons covered under section 115BAC, brought forward loss from self-occupied house property is not allowed to be set-off while computing total income under the default tax regime thereunder. |

CARRY FORWARD AND SET OFF OF ACCUMULATED LOSS AND UNABSORBED

DEPRECIATION IN CERTAIN CASES OF AMALGAMATION/DEMERGER, ETC. [SECTION 72A]



The accumulated loss and unabsorbed depreciation of the amalgamating company shall be deemed to be the loss or allowance for depreciation of the amalgamated company for the previous year in which the amalgamation took place.

However, such deemed loss and unabsorbed depreciation, in case of an amalgamation of erstwhile public sector company with one or more company or companies, shall not be more than the accumulated loss and unabsorbed depreciation of the public sector company as on the date on which the public sector company ceases to be a public sector company as a result of strategic disinvestment.

The accumulated loss and the unabsorbed depreciation directly relatable to the undertaking transferred by the demerged company to the resulting company shall be allowed to be carried forward and set off in the hands of the resulting company.

The accumulated loss and the unabsorbed depreciation not directly relatable to the undertaking transferred by the demerged company to the resulting company shall be apportioned between the demerged company and the resulting company in the same proportion in which the assets of the undertaking have retained by the demerged company and transferred to the resulting company, and allowed to be carried forward and set off in the hands of the demerged or resulting company.

Where

* a firm is succeeded by a company as per the provisions of section 47(xiii), or
* a sole proprietary concern is succeeded by a company as per the provisions of section 47(xiv),

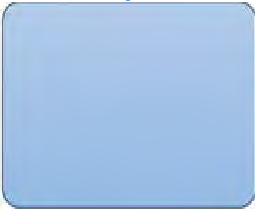
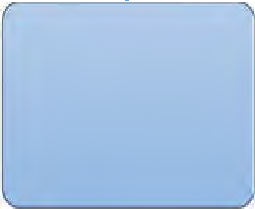
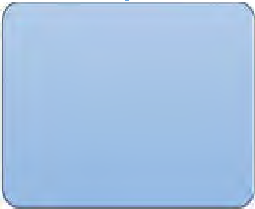
then, the accumulated loss and the unabsorbed depreciation of the firm/proprietary concern shall be deemed to be the loss or allowance for depreciation of the successor company for the previous year in which the business reorganisation took place.

In case the conditions laid down in the corresponding sections 47(xiii) or 47(xiv) have not been complied with, the set-off of loss or allowance of depreciation made in any previous year in the hands of the successor company, shall be deemed to be the income of the company chargeable to tax in the year in which the conditions have been violated.

Where a private or unlisted public company is succeeded by a LLP as per the provisions of section 47(xiiib), then, the accumulated loss and the unabsorbed depreciation of such company shall be deemed to be the loss or depreciation allowance of the successor LLP for the previous year in which the business reorganisation took place.

In case the conditions laid down in section 47(xiiib) have not been complied with, the set-off of loss or allowance of depreciation made in any previous year in the hands of the successor LLP shall be deemed to be the income of the LLP chargeable to tax in the year in which the conditions have been violated.

DEDUCTIONS FROM GROSS TOTAL INCOME



Deductions from Gross Total Income

Deductions under Chapter

VI-A

Deduction under section

10AA

Deductions in respect of

certain payments

Deductions in respect of

certain incomes

Deductions in respect of other

incomes

Other

Deductions

DEDUCTIONS IN RESPECT OF CERTAIN PAYMENTS

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| Section | Eligible  Assessee | Eligible Payments | Permissible Deduction |
| 80C | Individual or HUF | Contribution to PPF, Payment of LIC premium, etc. | Sum paid or deposited, subject to a maximum of ` 1,50,000 |
|  |  | Sums paid or deposited in the previous year by way of |  |
|  |  | - Life insurance premium |  |
|  |  | - Contribution to PPF/SPF/RPF and approved superannuation fund |  |
|  |  | - Repayment of housing loan taken from Govt., bank, LIC, specified employer etc. |  |
|  |  | - Tuition fees to any Indian university, college, school for full-time education of any two children |  |
|  |  | - Term deposit for a fixed period of not less than 5 years with schedule bank |  |
|  |  | - Subscription to notified bonds of NABARD |  |
|  |  | - Five year post office time deposit |  |

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| Section | Eligible Assessee | Eligible Payments | Permissible Deduction |
|  |  | * Senior Citizen’s Savings Scheme Account etc. * Contribution by Central Government employee to additional account (Tier II A/c) of NPS referred to u/s 80CCD |  |
| 80CCC | Individual | Contribution to certain pension funds  Any amount paid or deposited to keep in force a contract for any annuity plan of LIC of India or any other insurer for receiving pension from the fund. | Amount paid or deposited, subject to a maximum of  ` 1,50,000 |
| 80CCD | Individuals employed by the Central Government or any other employer; Any other individual assessee | Contribution to Pension Scheme of Central Government  An individual employed by the Central Government on or after 1.1.2004 or any other employer or any other assessee, being an individual, who has paid or deposited any amount in his account under a notified pension scheme [to his individual pension account [Tier I A/c] under National Pension Scheme & Atal Pension Yojana] | Employee’s Contribution/ Individual’s Contribution  In case of a salaried individual, deduction of own contribution u/s 80CCD(1) is restricted to 10% of his salary.  In any other case, deduction u/s 80CCD(1) is restricted to 20% of gross total income.  Further, additional deduction of upto ` 50,000 is available u/s 80CCD(1B). |
| Employer’s Contribution  The entire employer’s contribution would be included in the salary of the employee. The deduction of employer’s contribution u/s 80CCD(2) would be restricted to 14% of salary, where the employer is the Central Government or State Government; and 10%, in case of any other employer. |
| *Note – As per section 80CCE, maximum permissible deduction u/s 80C, 80CCC & 80CCD(1) is*  *` 1,50,000. However, the limit ` 1,50,000 u/s 80CCE does not apply to deduction u/s 80CCD(2) and 80CCD(1B).* | | | |

Section 80CCH

80D

Eligible Assessee

Individual

Individual and HUF

Eligible Payments

Contribution to Agniveer Corpus Fund

An individual enrolled in the Agnipath Scheme and subscribing to the Agniveer Corpus Fund on or after 1.11.2022, who has paid or deposited any amount in his account in the Agniveer Corpus Fund

Medical Insurance Premium

1. Any premium paid, otherwise than by way of cash, to keep inforce an insurance on the health of–

Permissible Deduction

Individual’s Contribution

Whole of the amount paid or deposited

Central Government’s Contribution

The entire Central Government’s contribution to the Agniveer Corpus Fund would be included in the salary of the assessee. Thereafter, deduction u/s 80CCH(2) would be available for the same.

in case of an

individual

in case of HUF

self, spouse and dependent children

family member

Maximum ` 25,000 (` 50,000, in case the

individual or his or her spouse is a senior citizen)

1. In case of an individual, contribution, otherwise than by way of cash, to CGHS or any other scheme as notified by Central Government.
2. Any premium paid, otherwise than by way of cash, to keep in force an insurance on the health of parents, whether or not dependent on the individual.

Notes:

* 1. Any amount paid, otherwise than by way of cash, on account of medical expenditure incurred on the health of the assessee or his family member or his parent, who is a senior citizen and no amount has been paid to effect or to keep

Maximum ` 25,000

(` 50,000, in case either or both of the parents are senior citizen(s))

Amount paid subject to a cap of

` 50,000 (in case one parent is a senior citizen, in respect of whom insurance premium is paid, and the other is a senior citizen on whom medical expenditure is incurred, the total deduction

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| (1)  In case of | (2)  Dependant |
| An  individual | Spouse, children,  parents, brothers, sisters |
| A HUF | Any member |

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| Section | Eligible Assessee | Eligible Payments | Permissible Deduction |
|  |  | in force an insurance on the health of such person.  (ii) Payment, including cash payment, for preventive health check up of himself, spouse, dependent children and parents. | cannot exceed ` 50,000)  Amount paid subject to a cap of  ` 5,000, in aggregate (subject to the overall individual limits of ` 25,000/  ` 50,000, as the case may be) |
| (4) In case where medical premium is  paid lumpsum for more than one year | Deduction for each of the relevant  previous year = 1/number of relevnat previous year  Relevant previous year means previous year in which such lumpsum is paid and the subsequent previous years during which the insurance would be in force. |
| 80DD | Resident Individual or HUF | Maintenance including medical treatment of a dependant disabled Any amount incurred for the medical treatment (including nursing), training and rehabilitation of a dependent disabled  and / or  Any amount paid or deposited under the scheme framed in this behalf by the LIC or any other insurer or Administrator or Specified Company and approved by Board.  Meaning of Dependant  Persons mentioned in column (2) should be wholly or mainly dependant on the person mentioned in corresponding column (1) for support and maintenance. Such persons should not have claimed deduction under section 80U in computing total income  of that year. | Flat deduction of ` 75,000.  In case of severe disability (i.e., person with 80% or more disability) the flat deduction shall be ` 1,25,000. |

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| Section | Eligible Assessee | Eligible Payments | | | Permissible Deduction |
| 80DDB | Resident Individual or HUF | Deduction for medical treatment of specified diseases or ailments Amount paid for specified diseases or  ailment | | | Actual sum paid or ` 40,000 (` 1,00,000, if the payment is for medical treatment of a senior citizen), whichever is less,  (-)  the amount received from the insurance company or reimbursed by the employer. |
|  | Assessee | Amount spent |
| An individual | For himself or his dependant being spouse, children, parents, brothers or sisters, wholly or mainly dependant on the individual for support  and maintenance |
| A HUF | For any member |
| 80E | Individual | Interest on loan taken for higher education  Interest on loan taken from any financial institution or approved charitable institution.  Such loan is taken for pursuing his higher education or higher education of his or her relative i.e., spouse or children of the individual or the student for whom the individual is  the legal guardian. | | | The deduction is available for interest payment in the initial assessment year (year of commencement of interest payment) and seven assessment years immediately succeeding the initial assessment year  (or)  until the interest is paid in full by the assessee,  whichever is earlier. |
| 80EE | Individual | Deduction for interest on loan borrowed from any financial institution [bank/housing finance company (HFC)] for acquisition of residential house property | | | Deduction of upto ` 50,000 would be allowed in respect of interest on loan taken from a financial institution.  Conditions:   * Loan should be sanctioned during P.Y.2016-17 * Loan sanctioned ≤ ` 35 lakhs * Value of house ≤ ` 50 lakhs * The assessee should not own any residential house on the date of sanction of loan. |
| 80EEA | Individual | Deduction in respect of interest payable on loan taken from a  financial institution (bank/HFC) for | | | Deduction of upto ` 1,50,000 would be allowed in respect of  interest payable on loan taken |

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| Section | Eligible Assessee | Eligible Payments | | | | Permissible Deduction | |
|  |  | acquisition of residential house property | | | | from a financial institution for acquisition of house property.  Conditions:   * Loan should be sanctioned during the period between 1.4.2019 to 31.3.2022. * Stamp Duty Value of house ≤   ` 45 lakhs   * The individual should not own any residential house on the date of sanction of loan. * The individual should not be eligible to claim deduction u/s 80EE. | |
| 80EEB | Individual | Deduction in respect of interest payable on loan taken from a financial institution (bank or certain NBFCs) for purchase of electric vehicle | | | | Deduction of upto ` 1,50,000 would be allowed in respect of interest payable on loan taken for purchase of electric vehicle.  Loan should be sanctioned during the period from 1.4.2019 to 31.3.2023. | |
| 80G | All assessees | Donations to certain funds, charitable institutions etc.  There are four categories of deductions – | | | | | |
|  |  | Category | Donee | |  |
| (I) | 100% deduction of amount donated, without any qualifying  limit | Prime Minister’s National Relief Fund, National Children’s Fund, Swachh Bharat Kosh, National Defence Fund,  PM CARES Fund etc. | |
| (II) | 50% deduction of amount donated,  without any qualifying limit | Prime Minister’s Drought Relief Fund. | |
| (III) | 100% deduction of amount donated, subject  to qualifying limit | Government or local authority, institution for promotion of family  planning etc. | |
| (IV) | 50% deduction of amount donated, subject to qualifying limit | Government or any local authority to be used for charitable purpose, other than promotion of family planning, notified temple, church, gurudwara,  mosque etc. | |

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| 1. | Deductions under Chapter VI-A, except u/s 80G |
| 2. | Capital gains taxable u/s 111A, 112 & 112A |

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| Section | Eligible Assessee | Eligible Payments | Permissible Deduction |
|  |  | Calculation of Qualifying limit for Category III & IV donations:  Step 1: Compute adjusted total income, i.e., the gross total income as reduced by the following:  Step 2: Calculate 10% of adjusted total income.  Step 3: Calculate the actual donation, which is subject to qualifying limit Step 4: Lower of Step 2 or Step 3 is the maximum permissible deduction. Step 5: The said deduction is adjusted first against donations qualifying for 100% deduction (i.e., Category III donations). Thereafter, 50% of balance qualifies for deduction under section 80G.  *Note - No deduction shall be allowed for donation in excess of ` 2,000, if*  *paid in cash.* | |
| 80GG | Individual not in receipt of house rent allowance | Rent paid for residential accommodation | Least of the following is allowable as deduction:   1. 25% of total income; 2. Rent paid – 10% of total income 3. ` 5,000 p.m.   No deduction if any residential accommodation is owned by the assessee/his spouse/minor child/ HUF at the place where he ordinarily resides or performs the duties of his office or employment or carries on his business or profession. |
| 80GGA | Any assessee not having income chargeable under the head “Profits and gains of business or  profession” | Donations for scientific research or rural development | Actual donation  [No deduction shall be allowed for donation in excess of ` 2,000, if paid in cash] |
| 80GGB | Indian company | Contributions to political parties Any sum contributed by it to a registered political party or an  electoral trust. | Actual contribution  (otherwise than by way of cash) |

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| Section | Eligible Assessee | Eligible Payments | Permissible Deduction |
| 80GGC | Any person, other than local authority and an artificial juridical person funded by the  Government | Contributions to political parties Amount contributed to a registered political party or an electoral trust. | Actual contribution  (otherwise than by way of cash) |

DEDUCTIONS IN RESPECT OF CERTAIN INCOMES

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| Section | Eligible  Assessee | Eligible Income | Permissible Deduction |
| 80JJAA | An assessee to whom section 44AB applies, whose gross  total income includes profits and gains derived  from business | Deduction in respect of employment of new employees | 30% of additional employee cost incurred in the previous year.  Deduction is allowable for 3 assessment years including assessment year relevant to the previous year in which such employment is provided. |
| 80M | A domestic company | Deduction in respect of inter- corporate dividend  The gross total income of domestic company includes in any P.Y., any income by way of dividends from any other domestic company or foreign company or a business trust. | Amount of dividend received from other domestic company or foreign company or business trust or the amount of dividend distributed by such domestic company on or before the due date, whichever is less.  Due date means one month prior to the date of furnishing return of income u/s 139(1). |
| 80QQB | Resident individual, being an author | Royalty income, etc., of authors of certain books other than text books Consideration for assignment or grant of any of his interests in the copyright of any book, being a work of literary, artistic or scientific nature or royalty or copyright fee  received as lumpsum or otherwise | Income derived in the exercise of profession or ` 3,00,000, whichever is less.  In respect of royalty or copyright fee received otherwise than by way of lumpsum, income to be restricted to 15% of value of books sold during the relevant previous year. |

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| Section | Eligible Assessee | Eligible Income | Permissible Deduction |
| 80RRB | Resident individual, being a  patentee | Royalty on patents  Any income by way of royalty on patents registered on or after  1.4.2003 | Whole of such income or  ` 3,00,000, whichever is less. |
| As per section 80AC, furnishing return of income on or before due date specified u/s 139(1) is mandatory for claiming deduction in respect of certain incomes. Deductions u/s 80-IA to 80-IE are  discussed after this table. | | | |

DEDUCTIONS IN RESPECT OF CERTAIN INCOMES: SECTIONS 80-IA TO 80-IE

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| Section | Eligible Business | | Year of commencement of eligible  business | Period of Deduction | Quantum of Deduction |
| 80-IA | (1) | 1. Developing or 2. Operating and maintaining or 3. Developing, operating and   maintaining any infrastructure facility | On or after 1.4.1995 but not later than  1.4.2017 | Infrastructure Facility of  road, or a bridge or a rail system or a highway  project or a water supply project: 10  consecutive assessment years out of 20 years beginning from the year in which the enterprise develops or  begins to  operate the eligible business.  Other eligible businesses: 10 consecutive | 100% of the profits and gains derived from such business for 10 consecutive assessment years |
| (2) | Industrial parks | Industrial parks: Notified by the Central Government for the period on or after 1.4.1997 & ending on  31.3.2011 |
| (3) | Power  undertakings | Generation or Generation and distribution: Set up between 1.4.1993 &  31.3.2017  Transmission or distribution: Start transmission |

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| Section | Eligible Business | | Year of commencement of eligible  business | Period of Deduction | Quantum of Deduction |
|  |  |  | during the period from 1.4.1999 &  31.3.2017  Renovation and modernisation of existing network: Undertakes substantial renovation and modernisation during the period on or after 1.4.2004 & ending  on 31.3.2017 | assessment years out of 15 years beginning from the year in which the enterprise develops or  begins to  operate the eligible business. |  |
| (4) | Undertaking  owned by an Indian Company set up for Reconstruction or revival of a power generating plant | Company formed on or before 30th November, 2005 and begins to generate or  transmit or distribute power before 31.3.2011 and notified before 31.12.2005 by Central Government |
| 80-IAB | Development of Special Economic Zones(SEZs) | | Develops SEZ, notified on or after 1st April 2005 but before 1st April 2017. | 10 consecutive AYs out of 15 years beginning from the year in SEZ has been notified. | 100% of the profits and gains derived from such business |
| 80-IAC | A business carried out by an eligible start-up engaged in Innovation, Development or  Improvement of products or processes or | | The company or LLP is  incorporated during the period | 3 consecutive AYs out of 10 years beginning from the year in which company | 100% of the profits and gains derived from such business |

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| Section | Eligible Business | Year of commencement of eligible  business | | Period of Deduction | | Quantum of Deduction |
|  | services or a scalable | 1.4.2016 | - | or LLP | is |  |
| business model with a | 31.3.2024 |  | incorporated. |  |
| high potential of |  |  |  |  |
| employment generation |  |  |  |  |
| or wealth creation |  |  |  |  |
| 80-IB | Processing, preservation and packaging of fruits or vegetables or meat and meat products or poultry or marine or dairy products or from the integrated business of handling, storage and transportation of foodgrains | Processing,  preservation and packaging of meat or meat products or poultry or marine or dairy  products: On or after 1.4.2009  Other eligible businesses: On or after 1.4.2001 | | 10 consecutive AYs beginning with the initial AY | | 100% of the profits and gains derived from such business for 5 AYs beginning with the initial AY 25% (30% in case of company) for remaining 5 years |
| 80-IBA | Developing and | Housing Project | |  | | 100% of the profits and gains |
|  | building housing | referred u/s 80- | | - | | derived from such housing project |
|  | projects or rental | IBA(1) is | |  | |  |
|  | housing project | approved after | |  | |  |
|  |  | 1st June 2016 but | |  | |  |
|  |  | on or before 31st | |  | |  |
|  |  | March 2022 | |  | |  |
| 80-IE | Undertaking begun or begins, in any of the North-Eastern States (i.e., the States of Arunachal Pradesh,  Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and  Tripura) - | Between 1st April, 2007 and ending before 1st April, 2017 | | 10 consecutive AYs commencing with the initial AY | | 100% of the profits and gains derived from such business |
|  | (1) to manufacture or produce any eligible article or thing; |  | |  | |  |

###### Deductions from Gross Total Income

**SARANSH**

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|  |  |  |  |  |
| Section | Eligible Business | Year of commencement of eligible  business | Period of Deduction | Quantum of Deduction |
|  | 1. to undertake substantial expansion to   manufacture or produce any eligible article or thing;   1. to carry on any eligible business. |  |  |  |

DEDUCTIONS IN RESPECT OF OTHER INCOME

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| Section | Eligible  Assessee | Eligible Income | Permissible Deduction |
| 80TTA | Individual, other than a resident senior citizen or HUF | Interest on deposits in savings account  Interest on deposits in a savings account with a bank, a co-operative society or a post office (not being time deposits, which are repayable on expiry of fixed periods) | Actual interest subject to a maximum of  ` 10,000. |
| 80TTB | Resident senior citizen (i.e., an  individual of the age of 60 years or more at any time during the  previous year) | Interest on deposits Interest on deposits (both fixed deposits and saving accounts) with banking company, co-operative society engaged in the business of banking or a post office | Actual interest or ` 50,000, whichever is less. |

OTHER DEDUCTIONS

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| Section | Eligible  Assessee | Condition for deduction | Permissible Deduction |
| 80U | Resident Individual | Deduction in case of a person with disability  Any person, who is certified by the medical authority to be a person with disability | Flat deduction of ` 75,000, in case of a person with disability.  Flat deduction of ` 1,25,000, in case of a person with severe disability (80% or more disability). |

DEDUCTION UNDER SECTION 10AA

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| --- | --- | --- | --- |
| Section | Eligible  Assessee | Eligible Income | Permissible Deduction |
| 10AA | An assessee  who derives profits from an under-taking, being a Unit established in SEZ, which  begins to manufacture or produce articles or  things or  provide any service on or after  1.4.2005 but  before 1.4.2021 | Profits derived from exports of such articles or things or export of services (including computer software).  Conditions for deduction   1. Proceeds to be received in convertible foreign exchange within 6 months from the end of the P.Y. or such further period as the competent authority may allow in this behalf. 2. The report of Chartered Accountant certifying that the deduction has been correctly claimed should be furnished before the date specified in section 44AB. 3. Return of income to   be filed on or before due date u/s 139(1). | Deduction for 15 consecutive assessment years  Amount of deduction =  Export turnover of Unit SEZ  Profits of Unit in SEZ ×  Total turnover of Unit SEZ  Years 1 to 5 - 100% of such profits would be exempt in the first five years;  Years 6 to 10 - 50% of such profits in the next five years; and  Years 11 to 15 - In the last five years, 50% of such profits subject to transfer to SEZ Re- investment Reserve Account. |