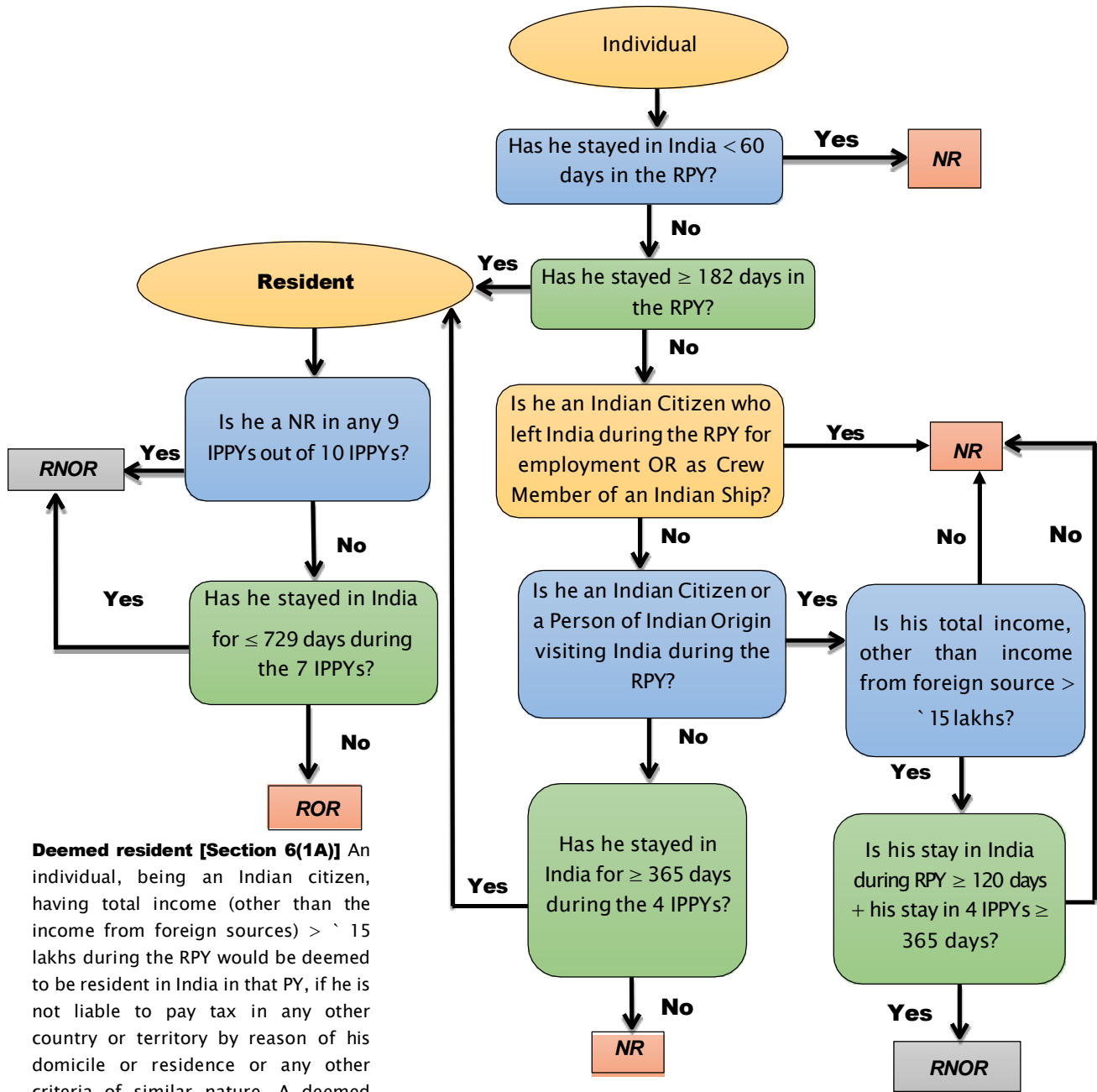


RESIDENTIAL STATUS AND SCOPE OF TOTAL INCOME

RESIDENTIAL STATUS OF AN INDIVIDUAL



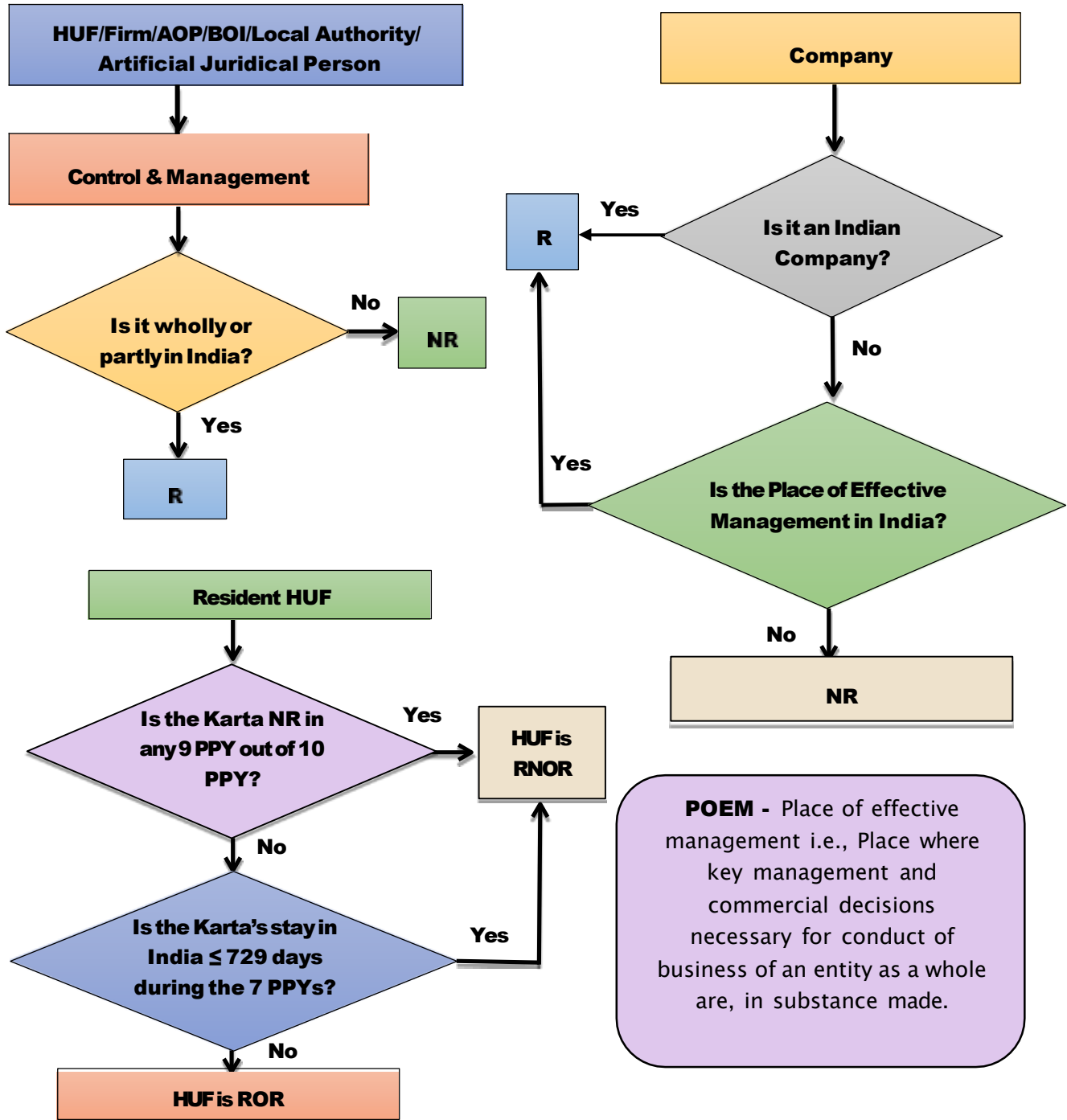
Deemed resident [Section 6(1A)] An individual, being an Indian citizen, having total income (other than the income from foreign sources) > ` 15 lakhs during the RPY would be deemed to be resident in India in that PY, if he is not liable to pay tax in any other country or territory by reason of his domicile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

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.

Abbreviations	
RPY = Relevant Previous Year	NR = Non-resident
ROR = Resident and Ordinarily Resident	
IPPYs = Immediately Preceding Previous Years	
RNOR = Resident but Not Ordinarily Resident	

RESIDENTIAL STATUS AND SCOPE OF TOTAL INCOME

DETERMINATION OF RESIDENTIAL STATUS OF HINDU UNDIVIDED FAMILY (HUF)/ FIRM/ ASSOCIATION OF PERSONS (AOP)/ BODY OF INDIVIDUALS (BOI) /LOCAL AUTHORITY/ ARTIFICIAL JURIDICAL PERSON/COMPANY



PPP = Preceding Previous Year

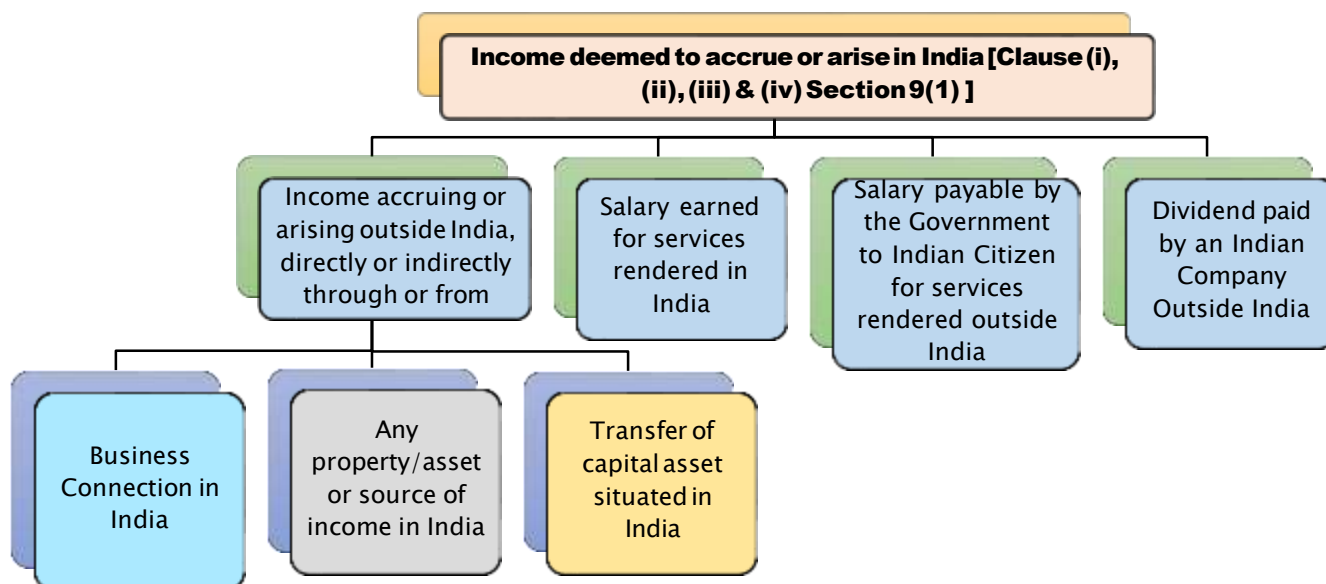
RESIDENTIAL STATUS AND SCOPE OF TOTAL INCOME

SCOPE OF TOTAL INCOME

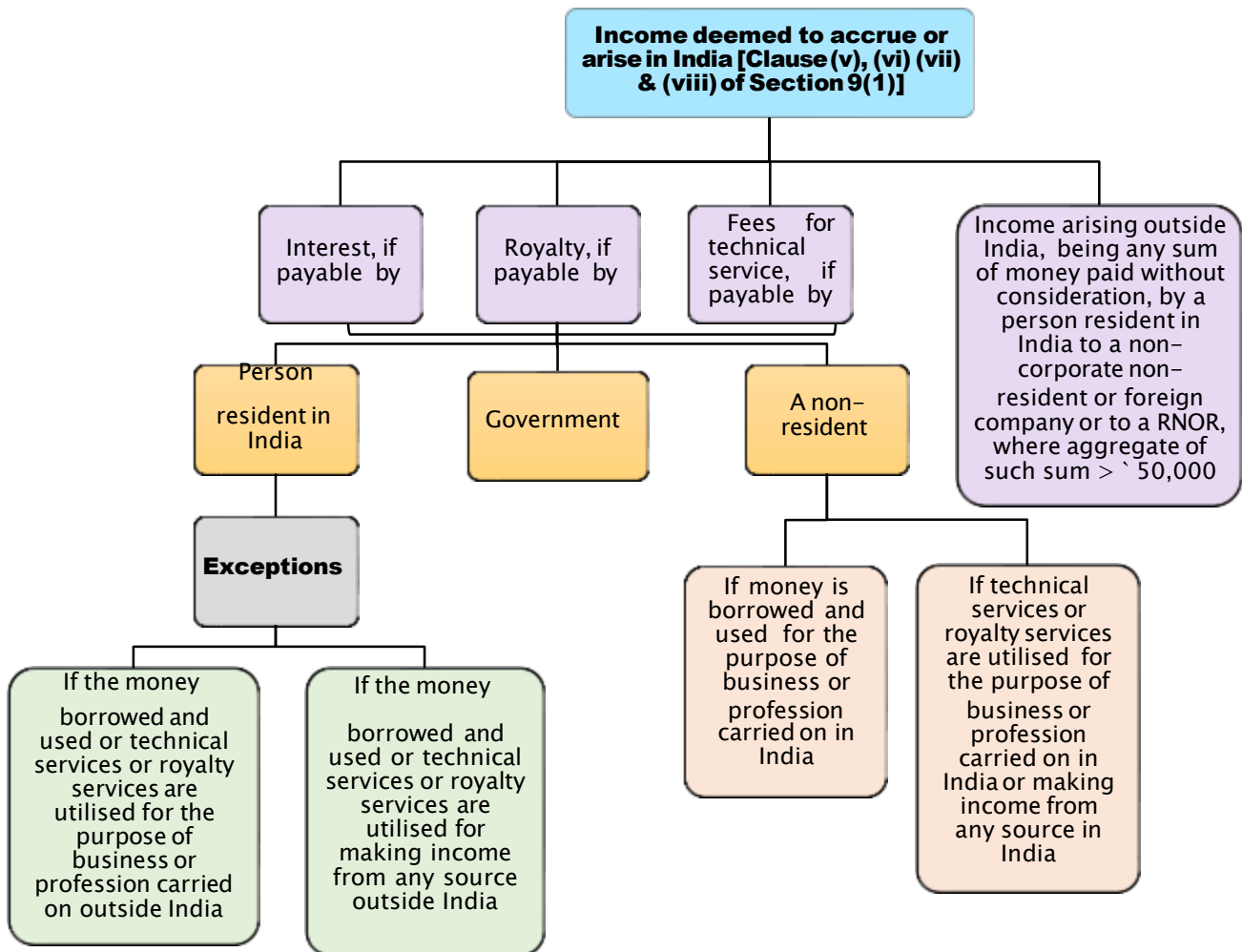
Scope of Total Income: Whether the following incomes are to be included in Total Income?

Particulars	ROR	RNOR	NR
Income received or deemed to be received in India during the RPY	Yes	Yes	Yes
Income accruing or arising or deeming to accrue or arise in India during the RPY	Yes	Yes	Yes
Income accruing or arising outside India during the RPY	Yes, even if such income is not received or brought into India during the P.Y.	Yes, but only if such income is derived from a business controlled in or profession set up in India ; Otherwise, No.	No

INCOME DEEMED TO ACCRUE OR ARISE IN INDIA [SECTION 9]



RESIDENTIAL STATUS AND SCOPE OF TOTAL INCOME



SALARIES

INCOME UNDER THE HEAD "SALARIES"

Chargeability (Section 15) – Salary due – Paid or allowed, though not due – Arrears of salary	Meaning (Section 17) – Salary – Perquisite – Profits in lieu of salary	Deduction (Section 16) – Standard deduction – Entertainment allowance – Professional tax
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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.

EXEMPTION UNDER SECTION 10

Section	Income	Available to
10(7)	Any allowance or perquisites paid or allowed outside India by the Government to a citizen of India for rendering services outside India.	Individual, being citizen of India
10(6)(ii)	Remuneration received by Foreign Diplomats/ Consulate and their staff Conditions: <ol style="list-style-type: none"> The remuneration received by our corresponding Govt. officials/member of staff resident in such foreign countries should be exempt. The member of staff should be the subjects of the respective countries and should not be engaged in any other business or profession or employment in India. 	Individual (not being a citizen of India)

SALARIES

Section	Income	Available to
10(6)(vi)	Remuneration received by a foreign national as an employee of a foreign enterprise for services rendered by him during his stay in India, if: a) foreign enterprise is not engaged in any trade or business in India; b) His stay in India does not exceed 90 days in aggregate in such P.Y.; and c) Such remuneration is not liable to be deducted from the income of employer chargeable under IT Act	Individual – Salaried Employee (not being a citizen of India) of a foreign enterprise
10(6)(viii)	Salary received by or due for services rendered in connection with his employment on a foreign ship if his total stay in India does not exceed 90 days in the P.Y.	Individual – Salaried Employee (NR who is not a citizen of India) of a foreign ship
10(6)(xi)	Remuneration received as an employee of the Govt. of a foreign State during his stay in India in connection with his training in any Govt. Office/ State Undertaking/ corporation/ registered society etc.	Individual – Salaried Employee (not being a citizen of India) of Govt. of foreign State

TAXABILITY/ EXEMPTION OF CERTAIN ALLOWANCES

HOUSE RENT ALLOWANCE [SECTION 10(13A)]

[Available under normal provisions of the Act only]

Least of the following is exempt:

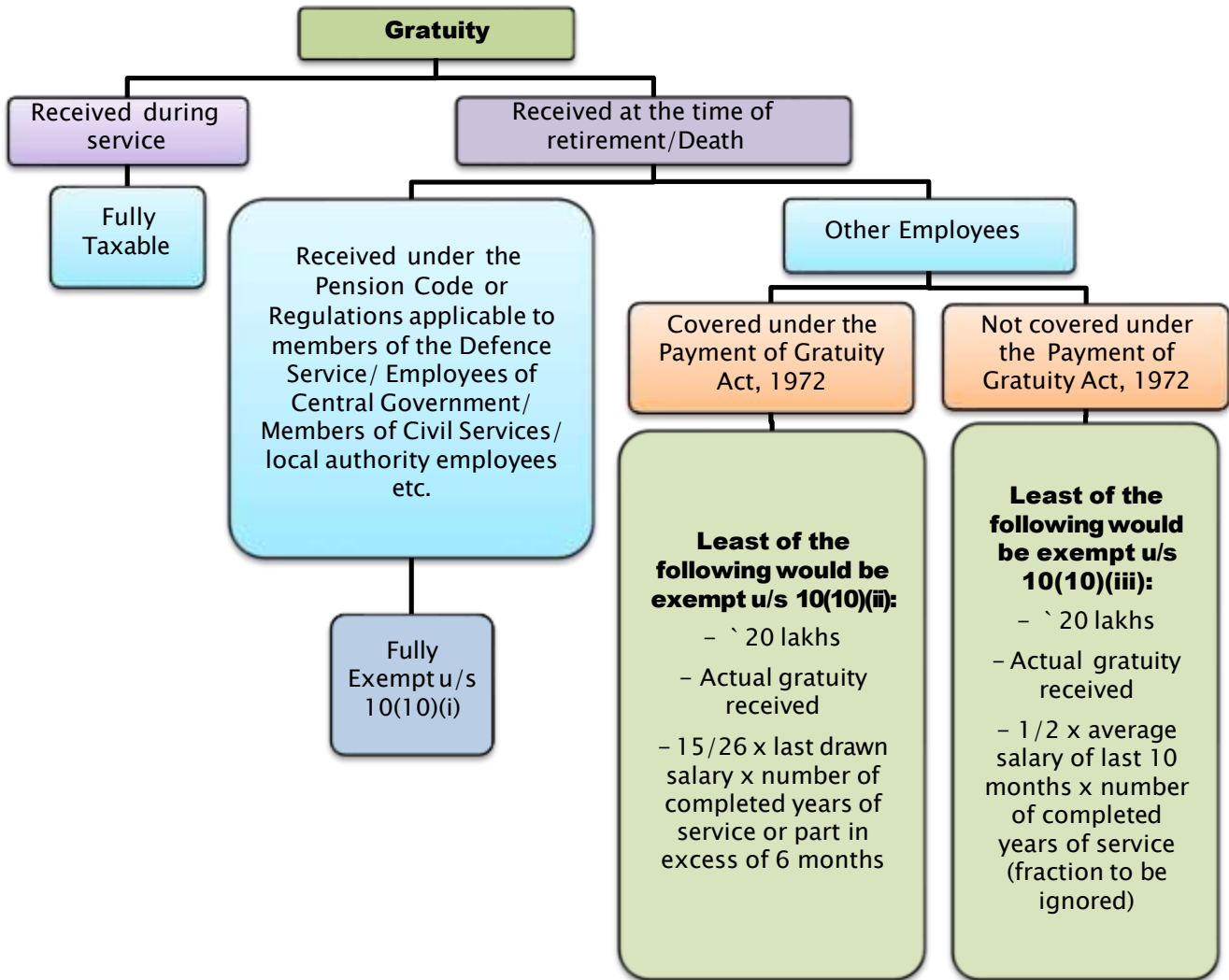
Metro Cities (i.e., Delhi, Kolkata, Mumbai, Chennai)	Other Cities
1) HRA actually received for the relevant period	1) HRA actually received for the relevant period
2) Rent paid (-) 10% of salary for the relevant period	2) Rent paid (-) 10% of salary for the relevant period
3) 50% of salary for the relevant period	3) 40% of salary for the relevant period

OTHER ALLOWANCES [SECTION 10(14)]
[Available under normal provisions of the Act only]

Children education allowance	• ` 100 per month per child upto maximum of two children
Transport allowance for commuting between the place of residence and the place of duty	• ` 3,200 per month for an employee who is blind or deaf and dumb or orthopedically handicapped [Available under both the tax regimes]
Hostel expenditure of employee's children	• ` 300 per month per child up to a maximum of two children

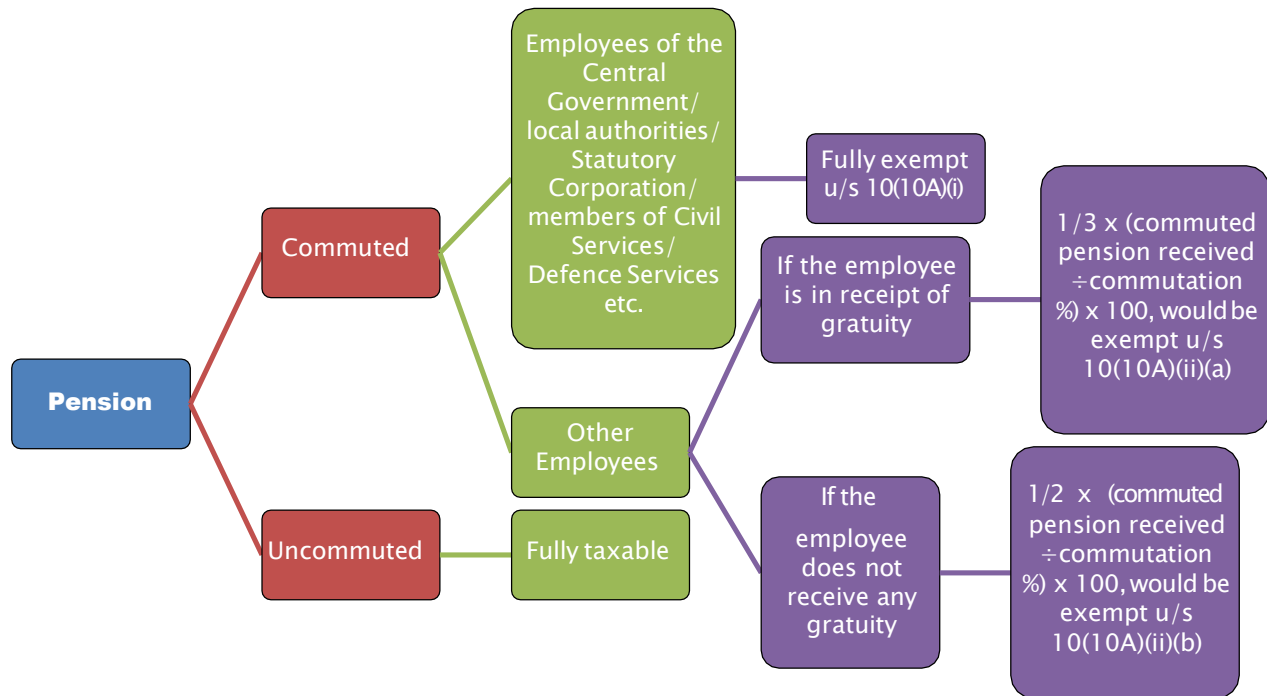
EXEMPTION IN RESPECT OF TERMINAL BENEFIT

GRATUITY [SECTION 10(10)]

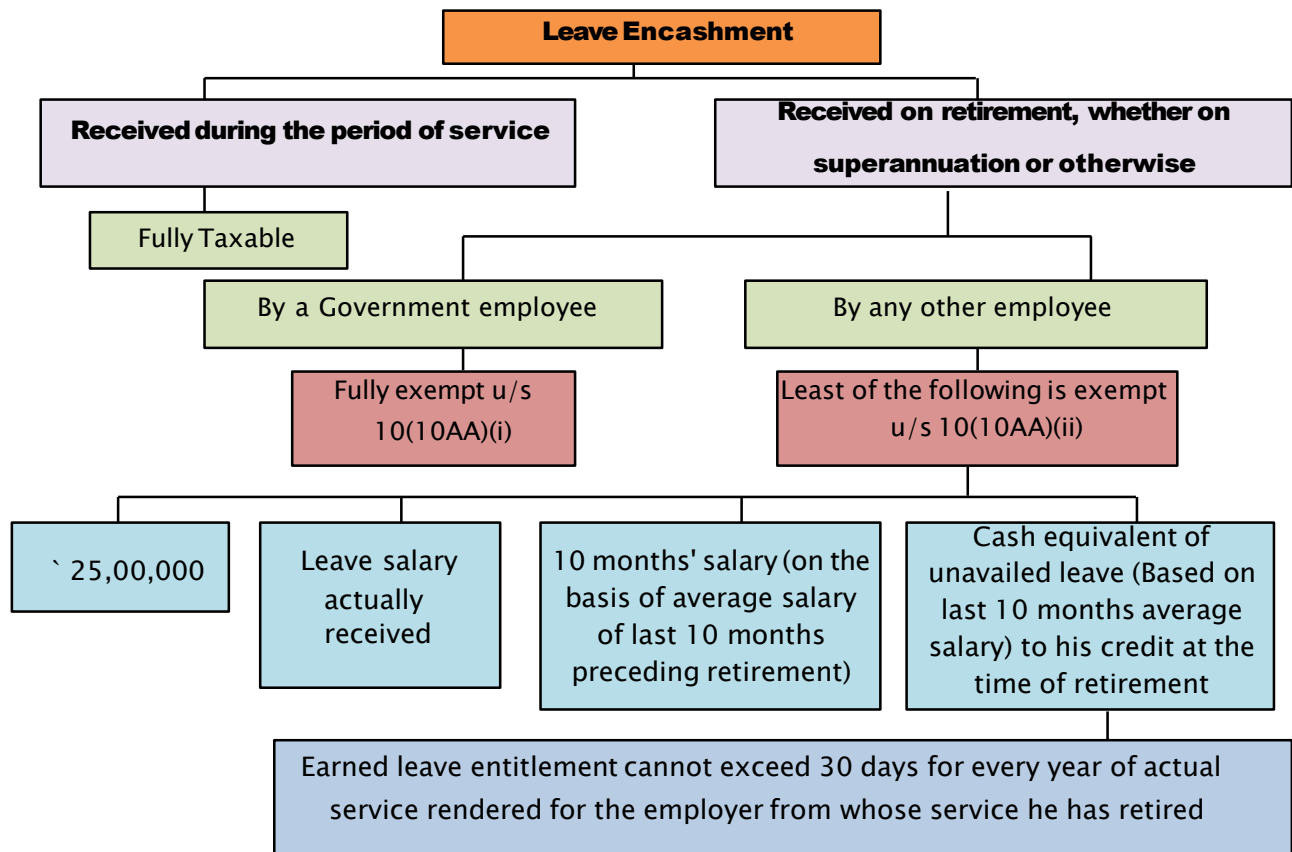


SALARIES

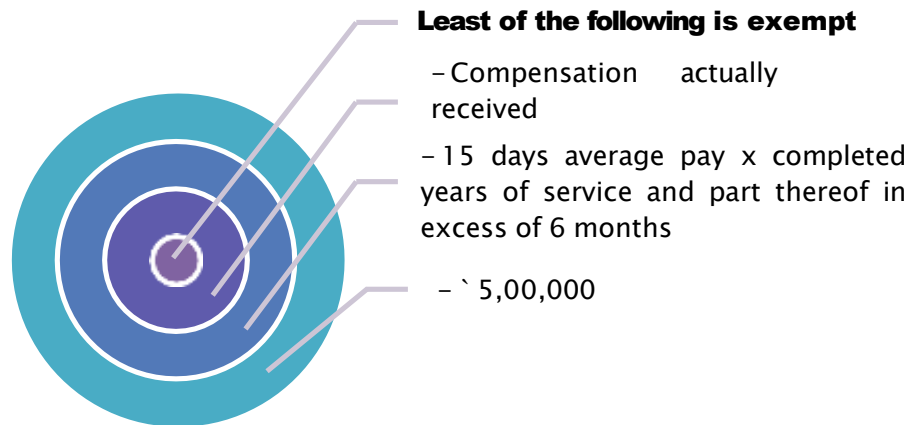
PENSION [SECTION 10(10A)]



LEAVE SALARY [SECTION 10(10AA)]



RETRENCHMENT COMPENSATION [SECTION 10(10B)]



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.



SALARIES

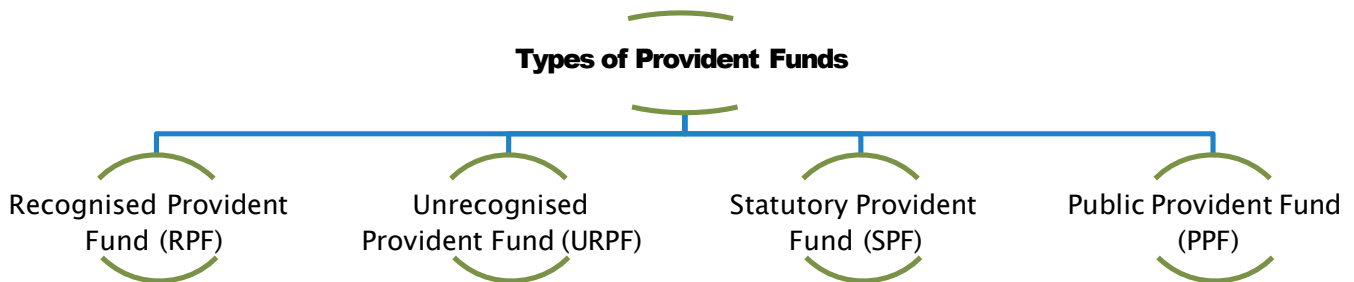
LEAVE TRAVEL CONCESSION [SECTION 10(10C)]

[Available under normal provisions of the Act only]

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



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 where an employee exercises the option of shifting out of the default tax regime	Not eligible for deduction	Eligible for deduction u/s 80C, where an employee exercises the option of shifting	Eligible for deduction u/s 80C, where an employee exercises the option of shifting

SALARIES

			out of the default tax regime	out of the default tax regime
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	<p>Exempt from tax if</p> <p>(i) employee served a continuous period of 5 years or more; or</p> <p>(ii) 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</p> <p>(iii) 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.</p> <p>(iv) The entire balance standing to the credit of the employee is</p>	<ul style="list-style-type: none"> • 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)

SALARIES

	<p>transferred to his NPS account referred to in section 80CCD and notified by the Central Government</p> <p>In other cases, it will be taxable.</p>			
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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 PROVIDED TO AN EMPLOYEE AT CONCESSIONAL RATE

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 the accommodation is owned by employer		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.
		value		
		population > 40 lakhs as per 2011 census		
		population > 15 lakhs ≤ 40 lakhs as per 2011 census	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		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.
		Lower of the following is taxable: (a) actual amount of lease rent paid or payable by employer or (b) 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 of perquisite to be restricted to CII: Where the accommodation is owned or taken on lease or rent by the employer and the same accommodation is continued to be provided to the same employee for more than one previous year, the value of perquisite as calculated above shall not exceed the amount so calculated for the first previous year, as multiplied by the amount which is a ratio of the CII for the previous year for which the value is calculated and the CII for the previous year in which the accommodation was initially provided to the employee.

“First previous year” means the P.Y. 2023–24 or the previous year in which the accommodation was provided to the employee, whichever is later.

SALARIES

MOTOR CAR

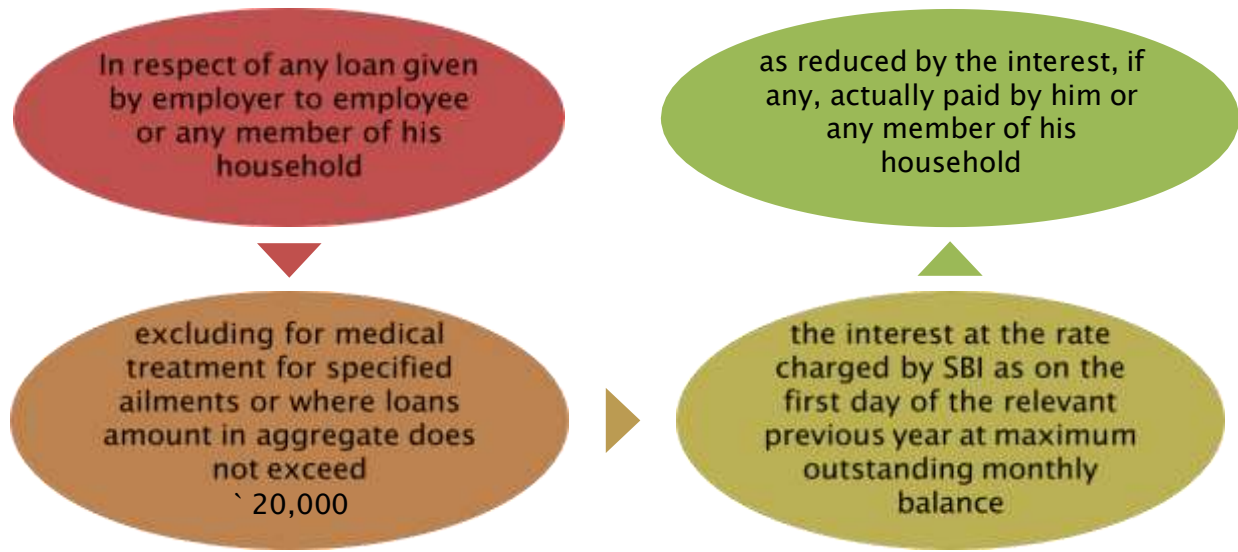
S. No.	Car owned/hired by	Expenses met by	Wholly official use	Partly personal use	
				cc of engine	Perquisite value
1	Employer	Employer	Not a perquisite*	upto 1.6 litres	` 1,800 p.m.
				above 1.6 litres	` 2,400 p.m.
				If chauffeur is also provided, ` 900 p.m. should be added to the above value.	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

SALARIES

INTEREST FREE OR CONCESSIONAL LOAN



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

Asset given	Value of benefit
(a) Use of laptops and computers	Nil
(b) Movable assets, other than – (i) laptops and computers; and (ii) 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]


SALARIES

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) b) Leave Salary c) House Rent Allowance d) Recognized Provident Fund e) Voluntary Retirement Compensation	Basic salary and dearness allowance, if provided in terms of employment, and commission calculated as a fixed percentage of turnover.
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
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DEDUCTIONS FROM GROSS SALARY [SECTION 16]




Standard deduction
 Upto ₹ 50,000 if assessee is paying tax under normal provisions of the Act

 Upto ₹ 75,000 if assessee is paying tax under default tax regime



Entertainment allowance
[Available under normal provisions of the Act only]


 Least of the following is allowed as deduction
 – ₹ 5,000
 – 1/5th of basic salary
 – Actual entertainment allowance received



Professional tax
[Available under normal provisions of the Act only]

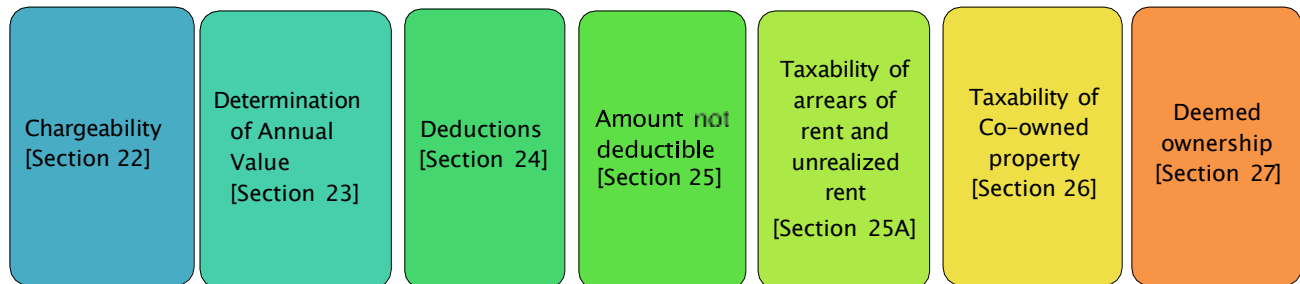
 Any sum paid by the assessee on account of tax on employment is allowable as deduction.

 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

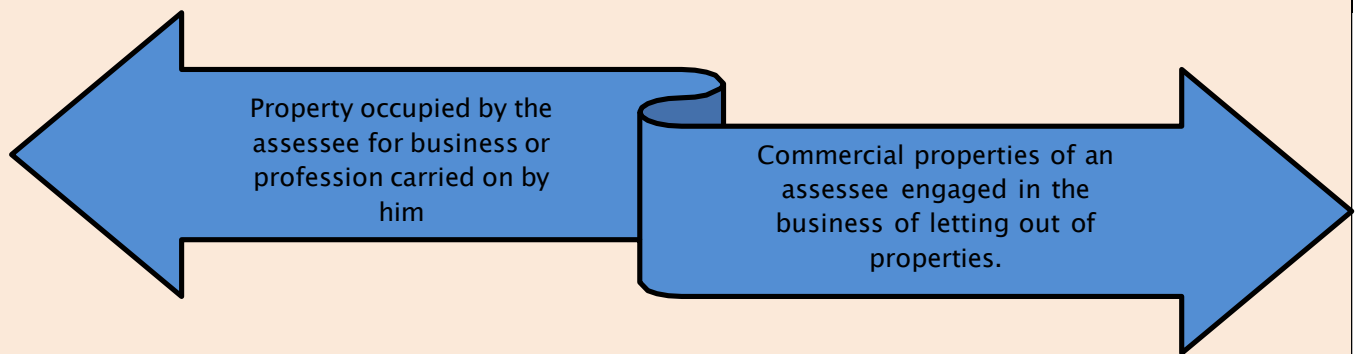
INCOME FROM HOUSE PROPERTY



BASIS OF CHARGE [SECTION 22]

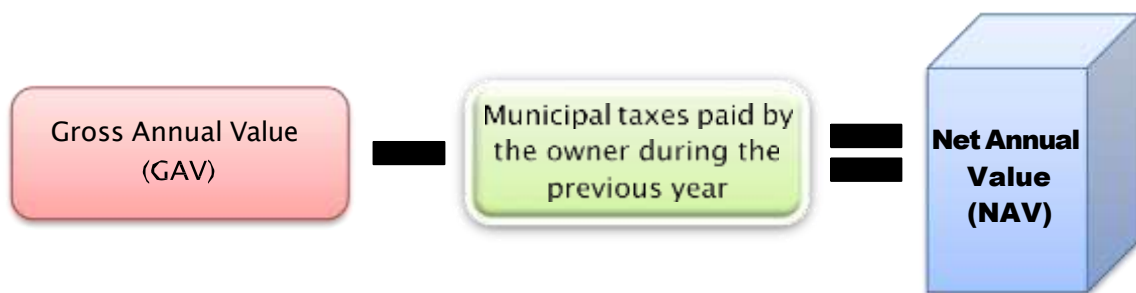
The annual value of any property comprising of buildings or lands appurtenant thereto, of which the assessee is the owner, is chargeable to tax under the head “Income from house property”.

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

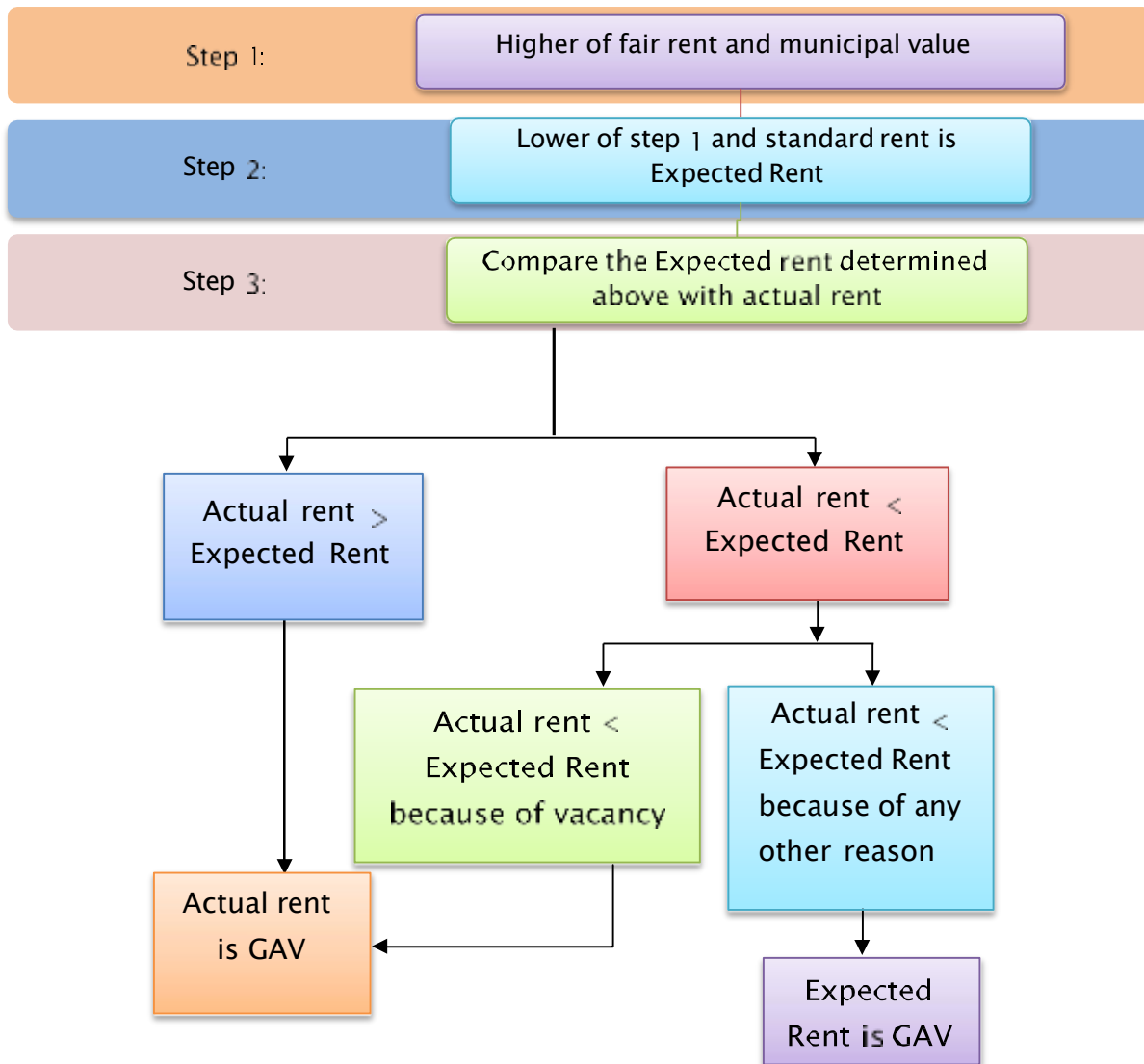


DETERMINATION OF ANNUAL VALUE [SECTION 23]

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



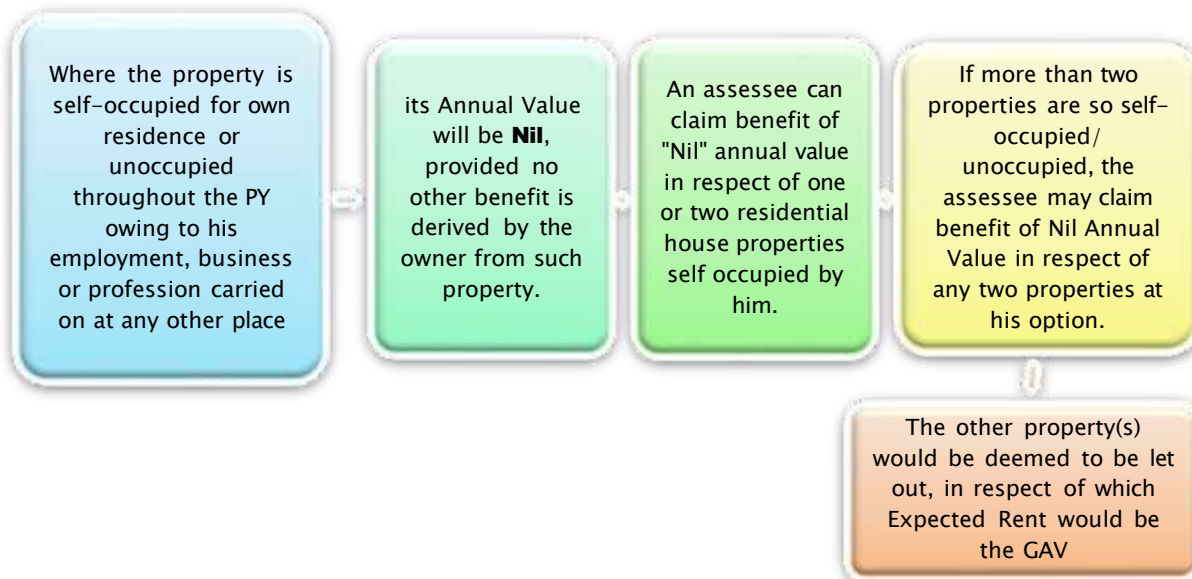
Determination of GAV of let out property



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 SELF-OCCUPIED PROPERTY [SECTION 23(2)/(3)]/ ANNUAL VALUE OF DEEMED TO BE LET OUT PROPERTY [SECTION 23(4)]

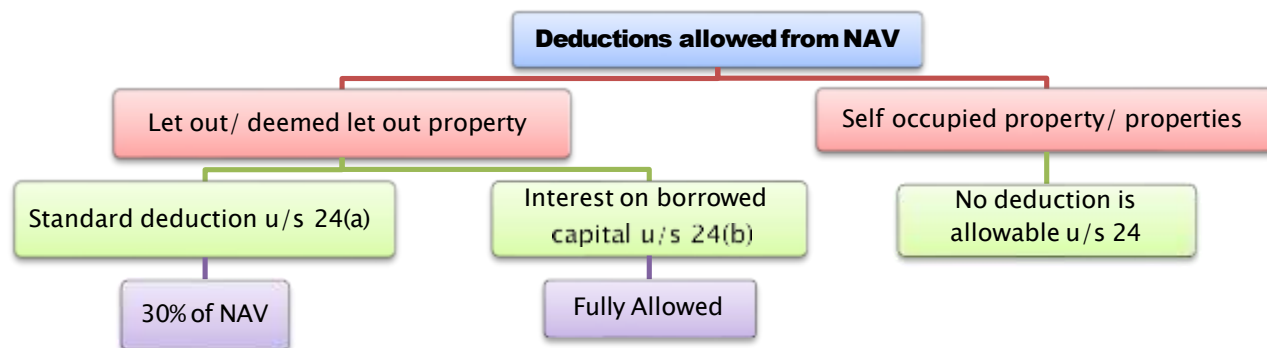


ANNUAL VALUE WHERE THE PROPERTY HELD AS STOCK-IN-TRADE ETC. [SECTION 23(5)]

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".

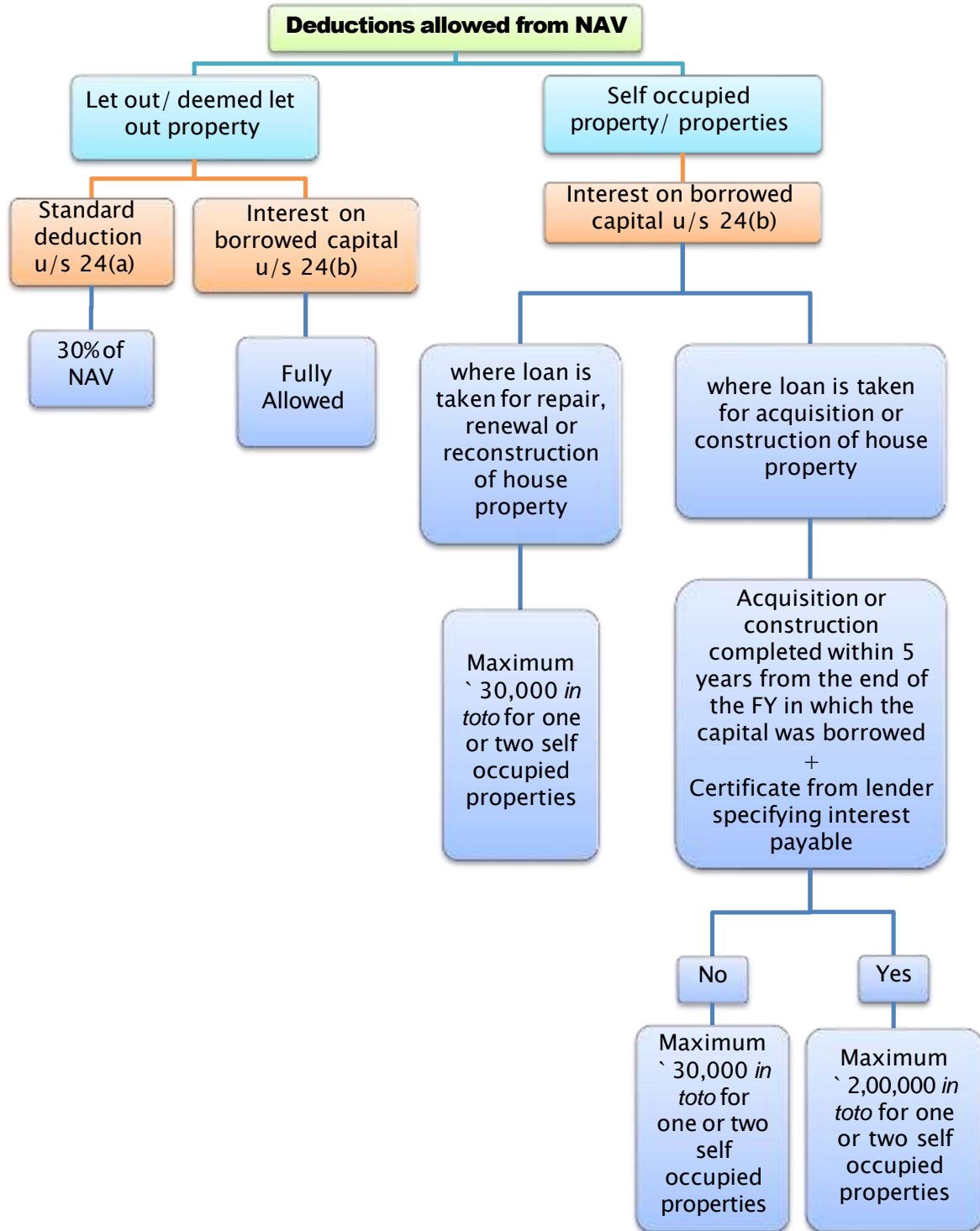
DEDUCTIONS FROM NET ANNUAL VALUE [SECTION 24]

In case assessee pays tax under default tax regime under section 115BAC



INCOME FROM HOUSE PROPERTY

In case assessee pays tax under normal provisions of the Act



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.

INCOME FROM HOUSE PROPERTY

INADMISSIBLE DEDUCTION [SECTION 25]

Interest chargeable under this Act which is payable outside India shall not be deducted if

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/realisation
(ii)	Deduction@30% of rent received/realised
(iii)	Taxable even if assessee is not the owner of the property in the financial year of receipt/realisation.

CO-OWNED PROPERTY [SECTION 26]

Self-occupied property	Let-out property
<p>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.</p> <p>No interest deduction would be available if the co-owner pays tax under default tax regime.</p>	<p>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.</p>

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

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.

Income Chargeable under the head “ Profits and Gains from Business or Profession”

- Profits and gains of any business or profession
- However, income from letting out of a residential house or a part of the house by the owner shall not be chargeable under the head “Profits and gains of business or profession” and shall be chargeable under the head “Income from house property”.
- 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 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 transferred, in respect of which the whole of the expenditure had been allowed as deduction u/s 35AD