

12th Edition

The Invictus
CA Simplified

DT-Simplified

[Amended as per Finance Act 2022]

CA FINAL

November – 2023



www.theinvictus.in

CA Dhaval Patanvadia

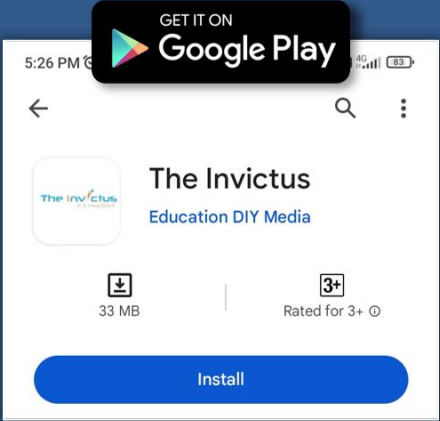
DT-Simplified

1st Edition: February 2018


12th Edition: August 2023

Price: *Your commitment towards sincere preparation :)*

Download APP for more Free Resources



GET IT ON
Google Play



Download on the
App Store

Use ORG Code : **EOVTAB**

[CLICK TO DOWNLOAD](#)

[CLICK TO DOWNLOAD](#)

Published by: The Invictus Institute, Ahmedabad



We welcome your valuable feedbacks & suggestions

Connect with us for regular updates...



www.theinvictus.in



[/ca_dhaval](#)



[@theinvictusca](#)



[+91-87800 58699](tel:+91-8780058699)

About “DT-Simplified”

12th Edition (August 2023)

I believe that students learn best when they read with enjoyment.

With intent to developing the interest of students in reading and enable them to cover the entire syllabus with multiple revision in very short span of time, I have brought out an abridged version of Direct Tax Laws. I hope It will prove to be a significant preparation resource for the students

1st Edition was introduced in February 2018 and It gives immense pleasure to introduce **12th Edition** of “*DT - Simplified*” to the students of Final Level. In order to make it more simplified and smarter and benefit of student at large, I am introducing this as E-Book, so students can easily store on digital devices and read the same at any time anywhere. It is not just summary book but Smart Book.

I will urge all students to take maximum benefit out of it. Multiple revisions will develop better understanding of the concepts and provide stronger grip on the subject, for which “*DT - Simplified*” will certainly serve as a means.

I would like express my sincere gratitude to CA Prarthana Bhatt, Students and other academic and technical members of the team for the constant support & motivation. It would never have been possible for me to take this work to completion without their incredible support and encouragement

Based on your feedbacks, this book has been divided in three parts

- **Part I** - **Basic Concepts**
- **Part II** - Assessment, Appeals etc. [Available on APP]
- **Part III** - Non-Resident & International Taxation [Available on APP]

Features of this E-Book

- Covers the recent amendments [Written with **RED** colour]
- Section wise approach.
- Covers the Selected Case Studies.
- No need to carry physical book, Read anytime anywhere.

Enjoy Reading...

My best wishes to you all...!

*We are committed to Simplify your **CA**reer*

CA Dhaval Patanvadia

Thanks for your love and support...

Part I – BASIC CONCEPTS		
CHAPTER	PARTICULARS	PAGE NO.
1	Basic Concepts	1.1
2	Income from House Property	2.1
3	Profit & Gains from Business or Profession	3.1
4	Capital Gain	4.1
5	Income from Other Sources	5.1
6	Clubbing of Income	6.1
7	Set Off and Carry Forward of Losses	7.1
8	Exempt Income	8.1
9	Deductions from Gross Total Income	9.1
10	Tax Deduction and Tax Collection at Source	10.1

===== XXXXX =====

INCOME TAX RATES FOR A.Y. 2023-24
[FINANCE ACT 2022]

Assessee	Total Income	Rate
❖ Individual / HUF / AOP / BOI / AJP		
– Income Tax		
▪ All Individual < 60 Years & HUF/AOP/BOI/AJP	BEL = 2,50,000	NIL
▪ Resident Individual Age ≥ 60 Years but < 80 Years	BEL = 3,00,000	NIL
▪ Resident Individual Age ≥ 80 Years	BEL = 5,00,000	NIL
	Above BEL but upto 5,00,000	5%
	5,00,001 to 10,00,000	20%
	> 10,00,000	30%
– Rebate to Resident Individual (Sec 87A)	if Total Income ≤ 5,00,000 No Rebate on LTCC taxable @10% u/s 112A	Lower of 12,500 or Actual Tax

Concessional Tax Rates [Section 115BAC]

▪ Individuals & HUF [Other than Income Chargeable at Special Rates e.g. 111A, 112, 112A etc.]	Upto 2,50,000	NIL
▪ BEL for Senior Citizen and Very Senior Citizen is also 2,50,000 i.e. Not entitled for Higher BEL	2,50,001 to 5,00,000	5%
	5,00,001 to 7,50,000	10%
	7,50,001 to 10,00,000	15%
	10,00,001 to 12,50,000	20%
	12,50,001 to 15,00,000	25%
	Above 15,00,000	30%

 Assessee exercising option u/s 115BAC is **not liable to AMT** u/s 115JC

Deductions / Exemptions NOT Available

10(5) – Leave Travel Concession	10(13A) – House Rent Allowance	10(32) – Clubbing of Minor Income
10AA – Tax Holidays in SEZ	16 – Deductions under Salary (Std. Ded. / Ent. All / P. Tax)	24(b) – Interest on Loan of SOP
32(1)(ii) – Additional Depre.	35 – Contribution for Scientific Research	35AD – Investment Linked Deductions
57 – Deduction in Respect of Family Pension	80C to 80U – Deductions under Chapter VI-A (Other than 80CCD(2) Employers Contribution and 80JJAA)	

▪ Losses not allowed to be Set Off

- ✓ Carried forward losses attributable to any deductions above
- ✓ Loss under the head IFHP with any other head of Income

▪ **Time Limit for Exercise of Option**

- ✓ Individual / HUF having NO Business Income – Along with ITR, Option to choose in one year and change in another year
- ✓ Individual / HUF having Business Income – Along with ITR, NO option to change in subsequent AY
Option can be withdrawn only once. Where it was exercised by Assessee having business income for PY other than the year in which it was exercised.
Once withdrawn Assessee shall never be eligible to exercise the option again **except** assessee ceases to have business income

Where the person **born on 1st April** would be considered to have **attained** the particular **age on 31st March** i.e. day preceding the anniversary of his birthday [circular 28/2016]
e.g. if person born on **1st April 1963**, he will be considered to have attained the age of **60 years** (i.e. become senior citizen in FY 2022-23) **on 31st March 2023**

❖ Co-Operative Society		
– Income Tax	≤ 10,000	10%
	10,001 to 20,000	20%
	> 20,000	30%
– Surcharge	Total Income > 1 Crore	12% of Income Tax
Concessional Tax Rates [Section 115BAD] [Similar to 115BAA in case of Companies]		
25.168 % [22% Tax + 10% Surcharge + 4% HEC]		

❖ Firm / LLP / Local Authority		
– Income Tax	Flat Rate	30%
– Surcharge	Total Income > 1 Crore	12% of Income Tax

❖ Specific Rates as per IT Act 1961	(Refer respective Chapter for details)
– Unexplained Income u/s 68/69/A/B/C/D	Any Assessee : 60% Income Tax + 25% surcharge on Income Tax
– Long Term Capital Gain	20% (Section 112)
– Long Term Capital Gain on transfer of <ul style="list-style-type: none"> ▪ Equity Share in a company (STT paid on acquisition & transfer both) ▪ Unit of Equity Oriented Fund (STT paid on transfer only) ▪ Unit of Business Trust (STT paid on transfer only) 	10% (Section 112A) Above tax is applicable only when LTCC > ₹ 1,00,000 LTCC upto ₹ 1,00,000 is exempt (It will be included in Total Income but ONLY TAX WILL NOT BE levied)
– STCG on Share/Securities subject to STT	15% (Section 111A)
– Casual Income i.e. Lottery income etc.	30% (Section 115BB)
– Health & Education Cess	@ 4% on Income Tax + Surcharge as the case may be
– Rounding of Total Income (288A)	Rounded off to the nearest multiple of Ten Rupees
– Rounding of Tax (288B)	Rounded off to the nearest multiple of Ten Rupees

Marginal Relief:

- In case any assessee having total income **exceeding** 50 Lakh/1 Crore/10 Crores as the case may be,
- Total amount of **Income Tax Including Surcharge** should **not exceed**
- **Income Tax Including Surcharge**, if any, payable **on total income upto** 50 Lakh/1 Crore/10 Crores **by more than** the amount of **Income** that **exceeds** 50 Lakh/1 Crore/10 Crores

Example of marginal relief

Sr.	Particulars (₹ in Lakh)	Individual/HUF/AOP/BOI/AJP			Companies			
		50.00	51.00	52.00	100.00	101.00	1,000.00	1,010.00
A	Total Income	50.00	51.00	52.00	100.00	101.00	1,000.00	1,010.00
B	Income Tax	13.13	13.43	13.73	30.00	30.30	300.00	303.00
C	Surcharge	NA	1.34	1.37	NA	2.12	21.00	36.36
D	Income Tax + Surcharge (B+C)	13.13	14.77	15.10	30.00	32.42	321.00	339.36
E	Additional Tax over Tax on Income of 50/100/1000 Lakh	-	1.64	1.97	-	2.42	-	18.36
F	Additional Income over 50/100/1000 Lakh	-	1.00	2.00	-	1.00	-	10.00
G	Marginal Relief where Additional Tax > Additional Income (E-F)	NA	0.64	NA	NA	1.42	NA	8.36
H	Tax Payable = Income Tax + Surcharge - Marginal Relief (B + C - G)	13.13	14.13	15.10	30.00	31.00	321.00	331.00
I	Add : HEC @ 4% (H × 4%)	0.53	0.57	0.60	1.20	1.24	12.84	13.24
J	Total Tax Payable (H + I)	13.66	14.70	15.70	31.20	32.24	333.84	344.24

❖ Tax Rates in case of Companies		
– Income Tax		
▪ Domestic Companies	If Turnover ≤ 400 Crore in PY 2020-21	25%
▪ Domestic Companies	Any Other Case	30%
▪ Foreign Companies	All the Cases	40%
– Surcharge		
▪ Domestic Companies	Total Income > 1 Cr. but ≤ 10 Cr.	7% of Income Tax
	Total Income > 10	12% of Income Tax
▪ Foreign Companies	Total Income > 1 Cr. but ≤ 10 Cr.	2% of Income Tax
	Total Income > 10	5% of Income Tax

Special Rates for Tax for certain Co.	Taxation Laws (Amendment) Act 2019	
	Section 115BAB (New Co.)	Section 115BAA (New & Old Co)
Particulars		
Applicability	Domestic MANUFACTURING Co. or Electricity Generating Co. Setup & Regd. on or AFTER 01-10-2019 & Commence Manufacturing on or BEFORE 31-03-2024	Any Domestic Co. Applicable to Existing or New both Need not to be a manufacturing Co.
Rate of Tax	15%	22%
Surcharge	10%	10%
Effective Rate (including Surcharge & Cess)	17.16%	25.168%

MAT Provisions	Not Applicable	Not Applicable
MAT Credit	New Co. so there would be no b/f MAT Credit	B/f MAT credit cannot be set-off against income u/s 115BAA
Rate of Tax on Income Covered under Chapter XII (Specific Rates) e.g. Capital Gain u/s 112A, 111A, 112 etc.	Tax Rate as per Chapter XII will be apply + Surcharge @10% + HEC @ 4%	Tax Rate as per Chapter XII will be apply + Surcharge @10% + HEC @ 4%
Rate of of and STCG derived on Capital Asset on which no Depreciation allowed under Act	Tax Rate will be 25.168% [22% Tax + 10% Surcharge + 4% HEC] No restriction on allowance of any expenditure or deductions.	Tax Rate will be 25.168% [22% Tax + 10% Surcharge + 4% HEC] No restriction on allowance of any expenditure or deductions.
Rate of Tax on Other Income in respect of which no specific rate is provided e.g. IFHP, IFOS	Tax Rate will be 25.168% [22% Tax + 10% Surcharge + 4% HEC] No Deductions in respect of any expenditure will be allowed.	Tax Rate will be 25.168% [22% Tax + 10% Surcharge + 4% HEC] No restriction on allowance of any expenditure or deductions.
Adjustments for transactions with persons having close connection	<p>Tax Rate will be 34.32% [30% Tax + 10% Surcharge + 4% HEC]</p> <p>If the Assessing Officer opines that the course of business between the company and any other person having close connection therewith is so arranged that the business transacted between them produces more than the ordinary profits to the company, he is empowered to take into account the amount of profits as may be reasonably deemed to have been derived therefrom, while computing profits and gains of such company.</p> <p>In case the arrangement referred to above involves a specified domestic transaction referred to in section 92BA, then, the amount of profits from such transaction would be determined by considering the arm's length price (ALP).</p> <p>Note – The scope of “specified domestic transaction” referred to in section 92BA has been expanded to include within its ambit, any business transacted between such persons with close connection, where one such person is a company claiming benefit under section 115BAB</p>	No such requirement to make any adjustment
Exercise of option by the company within the prescribed time	<p>On or before due date of furnishing FIRST of the returns of Income</p> <p>If company fails to opt in within time limit, It cannot be exercised in subsequent AYs</p>	<p>On or before due date of furnishing of the return of Income for any AY.</p> <p>Once Opted, Applicable for subsequent AYs.</p>

	<p>However Company can opt for Section 115BAA</p> <p>Once Opted, Applicable for subsequent AYs.</p> <p>It's a NEW co. so need to exercise option in FIRST Year.</p> <p>In Case of Amalgamation, The option exercised u/s 115BAB shall remain valid in case of Amalgamated Co. if all the conditions are satisfied by Co.</p>	It can exercise this option from ANY Year
Common Conditions	Deductions under following sections shall not be allowable	
	10AA	Exemption to SEZ Unit
	32(1)(iia)	Additional Depreciation 20% or 35%
	32AD	Deduction @ 15% from Actual cost of Asset
	33AB	Deduction – Tea Coffee Rubber
	33ABA	Deduction – Extraction of Petroleum or Natural Gas
	35	Weighted Deductions for Contribution to Scientific Research Institutes
	35AD	Specified Businesses
	35CCC	Notified Agricultural Extension Business
	35CCD	Notified Skill Development Project
	80IA to 80 RRB	Deductions under Chapter VI-A under Heading – C (Except 80JJAA / 80LA / 80M)
	<p>Adjustment of Carried forward Losses</p> <p>In case of company option for Section 115BAA income shall be calculated without set-off of any loss carried forward from any earlier assessment year, if such loss is attributable to any of the deductions listed above</p> <p>Adjustment of Balance ADDITIONAL DEPRECIATION</p> <p>In case of asset acquired and put to use for the period less than 180 days in PY 2018-19 and effect of Balance ADDITIONAL DEPRECIATION to be allowed in PY 2019-20 will be made in WDV as on 01-04-2019 if option for 115BAA exercised for PY 2019-20 relevant to AY 2020-21</p>	

❖ Surcharge in case of Individual / HUF / AOP / BOI / AJP				
Nature of Income	50 L to 1 Cr.	1 Cr. to 2 Cr.	2 Cr. to 5 Cr.	5 Cr. to 10 Cr.
CG (111A / 112A / 112 / 115AD)	10%	15%	15%	15%
Dividend Income	10%	15%	15%	15%
Any Other Income	10%	15%	25%	37%

The Finance (No. 2) Act, 2019 has been amended to withdraw the enhanced surcharge, i.e., 25% or 37%, as the case may be, from income chargeable to tax under (111A / 112A / 112 / 115AD) and Dividend.
Hence, the maximum rate of surcharge on tax payable on such incomes shall be 15%.

However, where other income of a person does not exceed ₹ 2 crores but after including the incomes as CG (111A / 112A / 112) and Dividend, the total income exceeds Rs. 2 crores then irrespective of the amount of other income, surcharge shall be levied at the rate of 15% on the amount of tax payable on both normal income as well as income of CG (111A / 112A / 112 / 115AD) and Dividend

Section 115AD – CG for Specified fund or FII

Example

Sr.	Amount (₹ in Lakhs)				
	CG & Dividend	Other Income	Total Income	Surcharge on CG & Dividend	Surcharge on Other Income
1	10	45	55	10%	10%
2	30	90	120	15%	15%
3	40	210	250	15%	25%
4	30	190	220	15%	15%
5	200	310	510	15%	37%
6	350	160	510	15%	15%

Average Rate & Maximum Marginal Rate of Tax

- Average Rate = Total Tax Calculated / Total Income
- Maximum Marginal Rate = Highest Rate in Slab plus Highest Surcharge plus Cess

Application of Income v/s Diversion of Income

- Application of Income means,
 - Income arise or accrues and reaches to the assessee
 - Income is applied to discharge an obligation, whether self-imposed or gratuitous
 - Income shall be charged in the hands of assessee
- Diversion of Income means,
 - Income does not reach to the assessee, it is diverted at source
 - There is an overriding title or charge for such diversion
 - Charge/Obligation is on Source from which income is diverted and not on assessee
 - It shall not be charged in the hands of assessee

Other Points

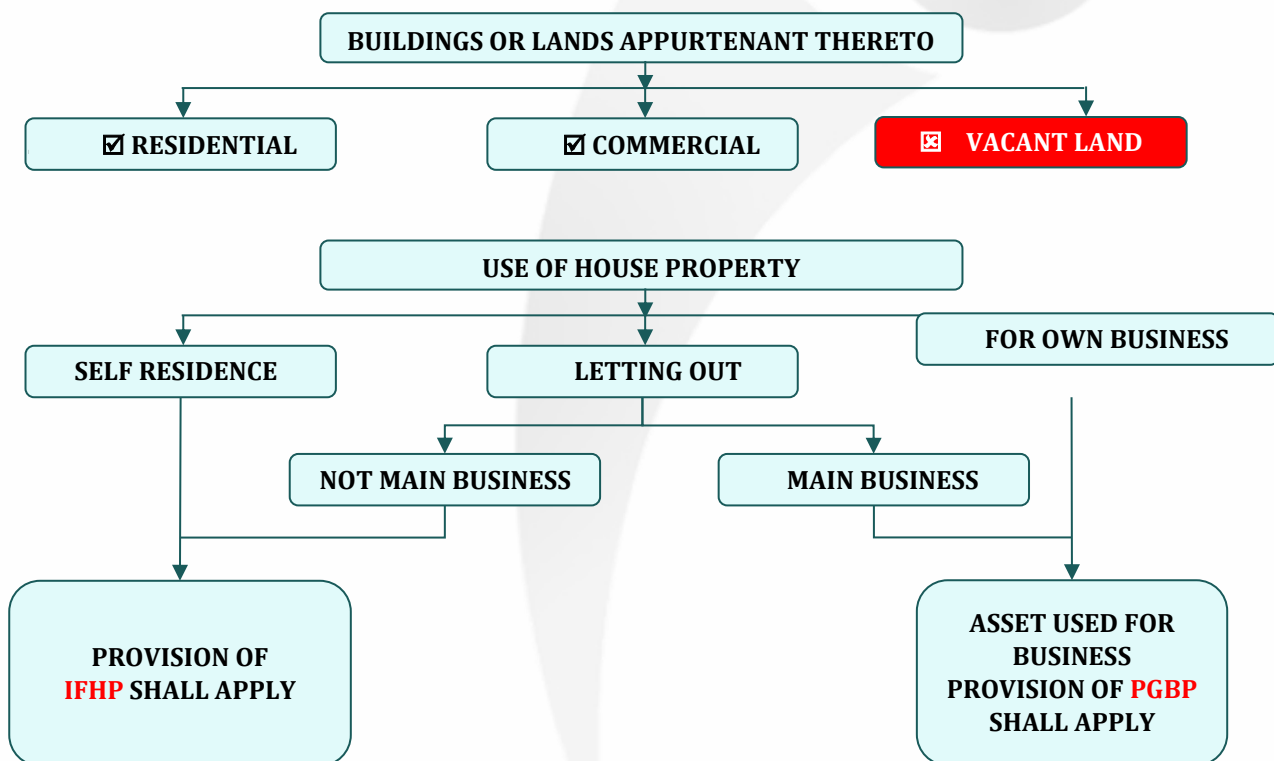
- Only revenue receipts shall be taxable as Income, Capital Receipt shall be excluded
- If capital receipt falls within purview of 'Capital Gain', Capital Income shall be taxable
- Even a single transaction may constitute as business or adventure in nature of trade, Repetition of such transaction is not necessary to constitute business income
- Gifts constitutes capital receipt, Certain gift transactions brought within purview of Income Tax

Computation of Total Income & Tax Liability		
	Particulars	Amount
	Income from Salary	XXXX
	Income from House Property	XXXX
	Profit & Gain from Business or Profession	XXXX
	Capital Gains	XXXX
	Income from Other Sources	XXXX
	Set Off & Carry Forward of Losses	XXXX
	Clubbing of Income	XXXX
	GROSS TOTAL INCOME	XXXX
Less :	Deductions under Chapter VI-A	XXXX
	TOTAL INCOME	XXXX
	Tax on Income Taxable at Special Rates	XXXX
	Tax on Income Taxable at Normal Rates	XXXX
	TOTAL TAX PAYABLE	XXXX
Less :	Rebate u/s 87A	XXXX
	TAX PAYABLE AFTER REBATE	XXXX
Add :	Surcharge	XXXX
	TAX + SURCHARGE	XXXX
Add :	Health & Education Cess @ 4%	XXXX
	GROSS TAX LIABILITY	XXXX
Add :	Interest & Fees	XXXX
	AGGREGATE LIABILITY	XXXX
Less :	TDS	XXXX
Less :	TCS	XXXX
Less :	Advance Tax	XXXX
	NET TAX PAYABLE [Paid as Self-Assessment Tax]	XXXX

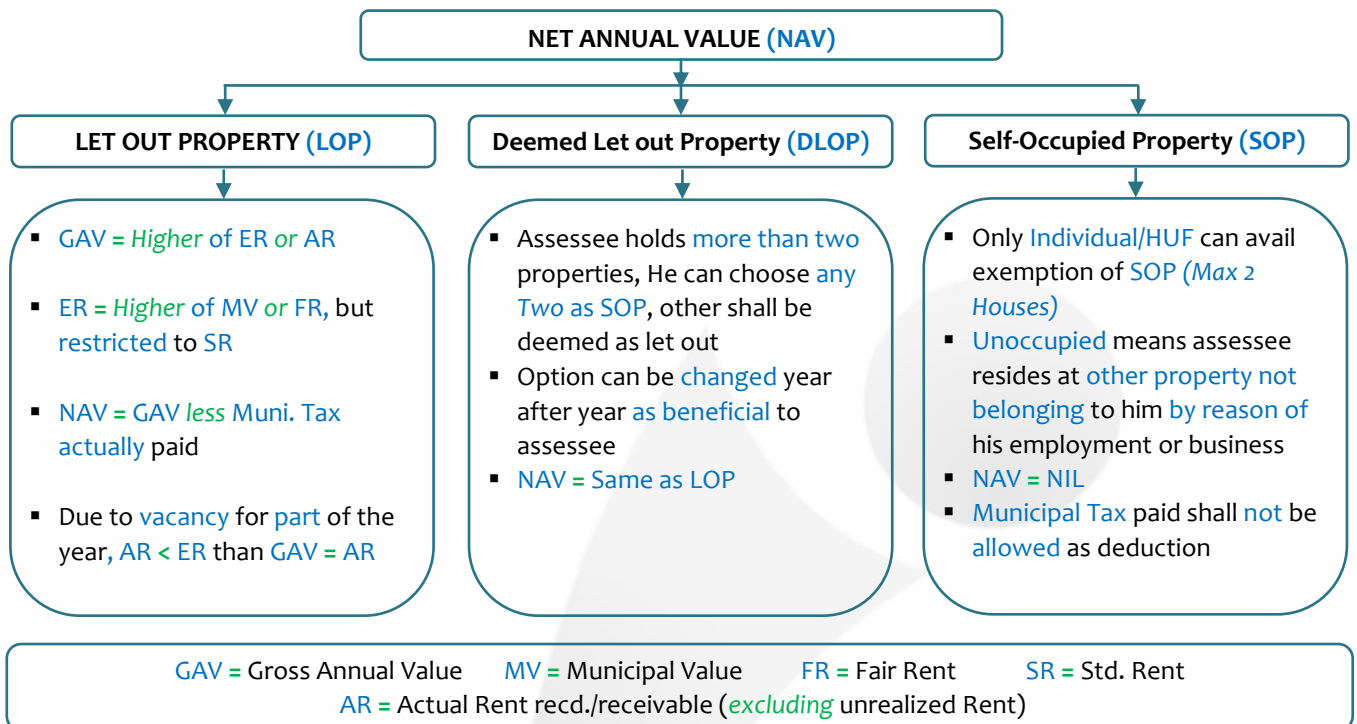
The Invictus

SECTION 22 – BASIS OF CHARGE

- Annual value of property comprising of building or land appurtenant thereto shall be chargeable under the head house property
- Where the property is occupied for the purpose of Business or Profession, profit of which chargeable under PGBP shall not be chargeable under IFHP
- Building includes residential as well as commercial premises such as factory, office etc.
- Land appurtenant means connected with building such as garden, parking etc.
- Income from vacant land & assets other than building are chargeable under PGBP/IFOS
- Assessee must be the owner of the property during the previous year. However, registration of sale deed is not warranted.



SECTION 23 – DETERMINATION OF ANNUAL VALUE

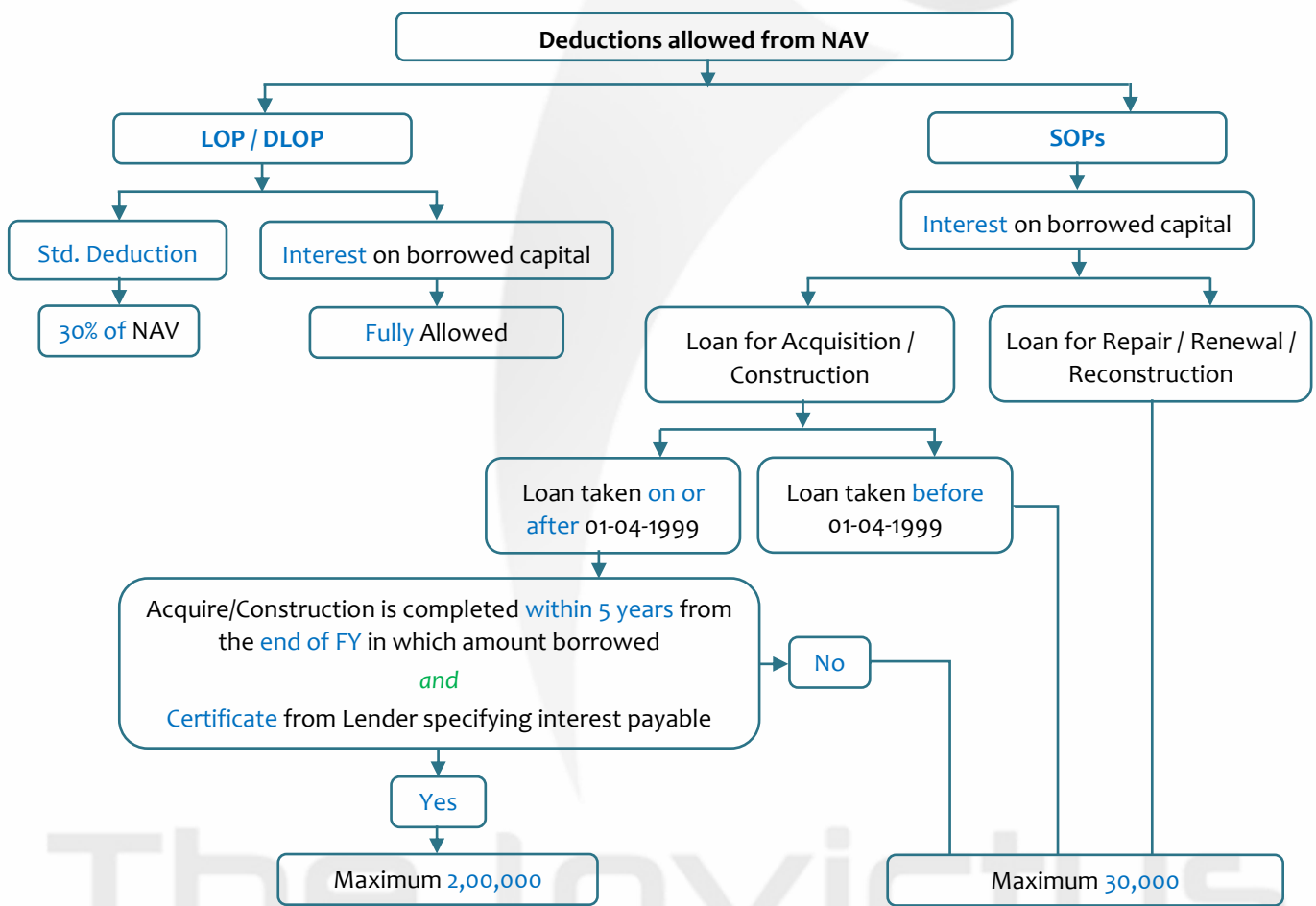


- ❖ **Single unit of property is LOP for part of the year and SOP for part of the year**
 - **GAV = Higher of ER for whole year or AR (for Let out Period) i.e. it shall be treated as fully LOP**
 - **NAV = GAV less Municipal Tax whole year if actually paid**
- ❖ **Any portion of property is LOP and a portion is SOP**
 - **GAV = Apportioned GAV of LOP shall be taxable**
 - **NAV = Apportioned GAV less Apportioned Municipal Tax if actually paid**
- ❖ **Municipal Taxes**
 - **Municipal taxes borne by assessee shall qualify for deduction**
 - **Tax is allowed on payment basis irrespective of accounting method**
 - **Arrears of preceding years / Advance Tax paid are also allowed if paid in previous year**
 - **Tax related to property situated outside India is also allowed**
- ❖ **Unrealised Rent**
 - **AR shall not include rent which is not capable of being realised**
 - **Conditions as per Rule – 4 must be satisfied**
 - **Tenancy is bona fide**
 - **Defaulting tenant has vacated or steps taken compel him to vacate**
 - **Defaulting tenant should not be occupation of other property of assessee**
 - **Assessee has taken legal steps or satisfies AO that legal step would be useless even if taken**
- ❖ **Property held as stock in trade [w.e.f. 01-04-2018]**
 - **Property consisting of any building or land appurtenant thereto is held as stock-in-trade,**
 - **Such property should not be let out during the whole or any part of the previous year.**
 - **Annual Value of such property shall be taken as Nil for the period upto Two Years**
 - **From the end of FY in which certificate of completion of construction is obtained**

❖ Treatment of Composite Rent

- Composite rent includes **rent of building** and **charges for different services** (lifts, security etc.), the composite rent has to be split up in the following manner,
- Let out of Building & Other Assets are **inseparable** means other party **does not accept** letting out building without other assets or Services
 - Entire Income **shall Taxable** under **PGBP / IFOS** as the case may be
 - **Even if** sum receivable for two lettings **fixed separately**
- Let out of Building & Other Assets are **separable** means other party **accepts** letting out building without other assets or Services
 - **Income** from Letting out of **Building** – Taxable under **IFHP**
 - **Income** from Letting out of **other assets** – Taxable under **PGBP/IFOS** as the case may be

SECTION 24 – DEDUCTIONS FROM NAV



❖ Important Points

- Interest on **Pre-Construction period** (Date of Borrowing to **31st March** Immediately Preceding to Date of Completion) shall be allowed in **5 equal instalments** commencing from the **year of acquisition or completion** of construction
- **Interest** relating to **year of completion** of construction can be **fully claimed** irrespective of date of completion
- If House taken on **instalments**, such **outstanding instalments** are also treated as **capital borrowed**
- Interest on **fresh loan** taken to **repay the original** also qualify for deduction
- Interest allowed on **accrual basis** hence **accrued but not paid** during the year **also allowed**

SECTION 25 – INADMISSIBLE DEDUCTIONS

- Interest paid outside India without deducting tax (TDS) and
- There is no person in India can be treated as agent u/s 163

SECTION 25A – ARREARS/UNREALISED RENT RECEIVED SUBSEQUENTLY

- Taxable in the FY of receipt under IFHP, whether assessee is owner or not in such FY and
- 30% deduction is allowed from such rent

SECTION 26 – CO-OWNED PROPERTIES

- If Shares of each owner is definite and ascertainable, such property cannot be taxed as an AOP
- Income shall be calculated as per above provisions and apportioned between them
- In case of SOP, each Co-owner is entitled to a deduction of 30,000/2,00,000 as the case may be

SECTION 27 – DEEMED OWNERSHIP

- Transferred to spouse otherwise than adequate consideration
Exception, Property transferred under agreement to leave apart
- Transferred to minor child otherwise than adequate consideration
Exception, Property transferred minor married daughter
- Holder of an impartible estate which is not legally divisible
- Member of Co-operative Society/Company/AOP to whom property is allotted or leased under House Building Scheme of Society/Company/AOP
- Person who is in possession of a property where, Possession is transferred to buyer and buyer has paid or promised to pay sale consideration under agreement to sell/power of attorney although property is not registered in buyer's name.
- A person acquires right in property under lease for not less than 12 years.
Exception, Person acquiring right by way of lease from month to month for period not exceeding one year

INCOME FROM HOUSE PROPERTY IS EXEMPT

Sr.	Section	Particulars
1	10(1)	Farm House forming part of agricultural income
2	10(19A)	Annual value of any one palace of Ex-Ruler
3	10(20)	House property of Local Authority
4	10(21)	An approved Scientific Research Association
5	10(23C)	Property income of Universities, Educational Institute etc.
6	10(24)	Property income of Registered Trade Union
7	11	Property held for Charitable/Religious purpose
8	13A	Property income of a Political Party

COMPUTATION OF IFHP UNDER VARIOUS CASES				
Particulars		Let Out Property (LOP)	Deemed Let Out Property (DLOP)	Self-Occupied Property (SOP)
A	Gross Annual Value (GAV)	Higher of ER or AR	ER	NIL
B	Municipal Taxes	Allowed as deduction if actually paid	Allowed as deduction if actually paid	Not Allowed hence NIL
C	Net Annual Value (NAV)	A - B	A - B	NIL
D	Deductions u/s 24			
(i)	Std. Deduction	30% of NAV	30% of NAV	NIL
(ii)	Interest on Borrowed Capital	Fully Allowed	Fully Allowed	Allowed, Subject to some restrictions
E	Income from House Property	C - D(i) - D(ii)	C - D(i) - D(ii)	C - D(i) - D(ii)

The Invictus

CHAPTER – 03
PROFIT & GAINS OF BUSINESS OR PROFESSION

SECTION 28 - PROFITS AND GAINS OF BUSINESS OR PROFESSION – CHARGING SECTION

Following income shall be chargeable to income-tax, in nature of business, under the head PGBP

- PGBP
- Perquisite/Gift/Benefit if its related to business or profession
- Compensation – Managing Company, Holding Agency or Vesting Management in Govt. Co.
- Specific Service for members by Trade, Professional or Similar AOP
- Sum Received under Keymen Insurance Policy in the hands of Business Entity
- Sum Received by Partner of Firm Sub. to Sec 40(b)
- Sum received from Capital Asset referred u/s 35AD
- Sum received under Non-Compete Fees – Not to Carry activity or Not to Share Know How
Exception – Transfer (Sale) of Right, which is Chargeable under CG
- Compensation or other payment due to or received by any person at or in connection with the termination or the modification of the terms and conditions, of any contract relating to his business; whether capital or revenue in nature [w.e.f. 01-04-2019]
- The FMV of inventory as on the date on which it is converted into, or treated as, a capital asset determined in the prescribed manner (SIT → CA)[w.e.f. 1-4-2019]
- Any stock in trade transferred by Firm or AOP/BOI to Partner or Member in connection with dissolution or reconstitution of Firm or AOP/BOI [SECTION 9B w.e.f. 01-04-2021]
 - FMV on date of transfer will be considered as Sale Price and
 - Any Profit arising from such deemed transfer shall be chargeable to income under PGBP in hands of Firm or AOP/BOI
 [for deemed transfer of Capital Asset, Provision of Capital Gain shall Apply]

SECTION 29 - INCOME FROM PROFITS AND GAINS OF BUSINESS OR PROFESSION, HOW COMPUTED.

- The income referred to in section 28 shall be computed in accordance with sections 30 to 43D.
- Profit should be computed according to method of accounting [Section 145] regularly followed by the assessee.
- Profit & Gains must comply with ICDS notified, wherever applicable.

SECTION 30 – ALLOWABLE RENT, RATES, TAXES, REPAIRS AND INSURANCE EXPENSES FOR BUILDINGS.

- Rent & Revenue Repairs are allowed to assessee being tenant / lessee / licensee etc.
- As an owner of building notional rent is not allowed, however rent paid to partner by Firm shall be allowed to Firm.
- Other expenses such as, land revenue, local rates, municipal taxes and insurance etc are Allowed.
- If expenditure is in nature of capital
 - To Owner - It will be added to cost of asset
 - To Tenant – It will be treated as Building
- Rent paid would be allowable even though it is exempt in the hands of the owner
- If building is given as sub-let = Rent paid Less Rent recovered shall be allowed (Net Rent)

SECTION 31 – ALLOWABLE REPAIRS AND INSURANCE EXPENSES OF MACHINERY, PLANT AND FURNITURE.

- Current repairs and insurance of machinery, plant and furniture, if it is revenue in nature
- Assets must have been used wholly and exclusively for purposes of the assessee's own business
- Even if used for a part of the previous year, entitled to the deduction of the full amount

SECTION 32 - DEPRECIATION.

Usage of asset	Ownership
The asset must have been actually put to use . If Put to use for period < 180 days , half of the depreciation shall be allowed	It is allowable to the owner of the asset – e.g. Lessor or Licensor not user but allowed as owner
Use includes passive use or kept ready to use e.g. Fire Extinguisher, Machinery Spares linked to Fixed Assets	Capital Expenses by way of renovation or extension of, or improvement – By Assessee being holder of lease or other right Depreciation shall be allowed on such expenses.
If asset is not used exclusively for business, proportionate depreciation shall be allowed (Section 38).	No depreciation shall be allowed on asset which is not own but only used or hired
<ul style="list-style-type: none"> – Mandatory Deduction : Deduction on account of depreciation shall be made compulsorily, whether or not the assessee has claimed the deduction in computing his total income. – Expression “Used for the purpose of business” with respect to discarded machinery would mean the use in the business, not only in relevant previous year but also in the earlier previous years. Discarded machinery may not be actually used relevant previous year but depreciation can be claimed as long as it was used for the purpose of business in the earlier year provided block continues to exist. [CIT v/s Yamaha Motor India Pvt. Ltd. (SC)] 	

Computation of Depreciation Allowance:

- ❖ **Assessee in the business of Generation or Generation and Distribution of Power [Rule 5(1A)]**
 - **SLM Method** - Percentage on the **ACTUAL COST**
– Refer 43(1)
 - **Option** to Choose SLM **or** WDV
 - **Before** due date of Filing of Return
 - **Cannot** Change for subsequent A.Y.
 - Aggregate depreciation shall **not exceed** the **actual cost** of the asset
 - **Terminal depreciation**
if **Deficiency (i.e. SP < WDV)** on Asset sold/discarded/ demolished/ destroyed in the previous year & **actually written off** in books
 - Depreciation = **Moneys payable less WDV**
(Moneys Payable = Selling Price **or** scrap value)
- ❖ **Other Assessee [WDV Method]**
 - **Percentage** on the **WRITTEN DOWN VALUE** of **Block** of Asset
 - **Block** of Asset = **Group** of Asset having Same **Rate**, Same **Class**
- ❖ **Additional Depreciation @20% [Section 32(1)(ia)]**
 - **Acquired & Installed** (other than ships and aircraft) after the 31st day of March, **2005**,
 - **Manufacture** or **production** of any article or thing or in the business of generation, transmission or distribution of power,
 - Additional **20% of the actual cost**
 - Period of less than **180 days** –
50 per cent & Balance in next year
 - **No Additional Depreciation** if –
 - **Used/Second Hand Asset**,
 - **Non Production use** i.e. **Office use**,
 - **Road Transport Vehicles**,
 - Actual Cost **already allowed** earlier under PGBP
- ❖ **Depreciation in the event of Succession/Amalgamation/Demerger**
 - **Succession** of firm/sole proprietary concern by a company **or business reorganization**, amalgamation **or demerger** of companies **or** succession of business **otherwise than** on death
 - Fulfils the conditions mentioned in section 47
 - Total depreciation shall **not exceed** the amount of depreciation **as if event does not take place**
 - Depreciation shall be **apportioned** between the two entities in the **ratio of the number of days**

RATES OF DEPRECIATION

PART A TANGIBLE ASSETS		
I Buildings - include roads, bridges, culverts, wells and tube wells		
1	Residential Purposes	5%
2	General	10%
3	Temporary Structures	40%
II Furniture and Fittings		
1	Furniture and Fittings including Electrical Fittings	10%
III Plant & Machinery		
1.	Motors buses running them on hire [Other than Below]	30%
2	Motors buses running than on hire acquired AND Put to use between 23-08-19 to 31-03-20	45%
3	Motor cars other than running on hire [Other than Below]	15%
4	Motors buses OTHER than on hire acquired AND Put to use between 23-08-19 to 31-03-20	30%
5	Aeroplanes, Aero engines	40%
6	Computers including computer software (UPS, Printers, Scanners)	40%
7	Annual publications owned by assessee carrying on a profession	40%
8	Books owned by assessee carrying on business in running lending libraries	40%
9	Books, other than annual publications, owned by assessee carrying on a profession	40%
10	Lifesaving medical equipment	40%
11	Plant & machinery (General rate)	15%
12	Energy Saving Devices (as specified)	40%
13	Windmills on or after 01-04-2014	40%
14	Windmills before 01-04-2014	15%
PART B INTANGIBLE ASSETS		
1.	Know-how, patents, copyrights, trademarks, licences, franchises or any other business or commercial rights of similar nature (Excluding Goodwill of Business or Profession i.e. No Depreciation on Goodwill – w.e.f. 01-04-2021]	25%

❖ Carry forward and set off of depreciation [Section 32(2)]

- Unabsorbed depreciation shall be carried forward indefinitely till it is fully set off.
- Order of set-off: Current Year Depreciation → B/F Business Loss → Unabsorbed Depreciation

The Invictus

SECTION 43(1) - ACTUAL COST

- **Actual Cost of Asset** = Purchase Cost plus Incidental Expense less Subsidies/Credit of taxes availed
- If Cash paid in excess of ₹ 10,000 in a day: Such payment shall be excluded from cost of asset

Explanation to Section 43(1) provides for actual cost in following cases

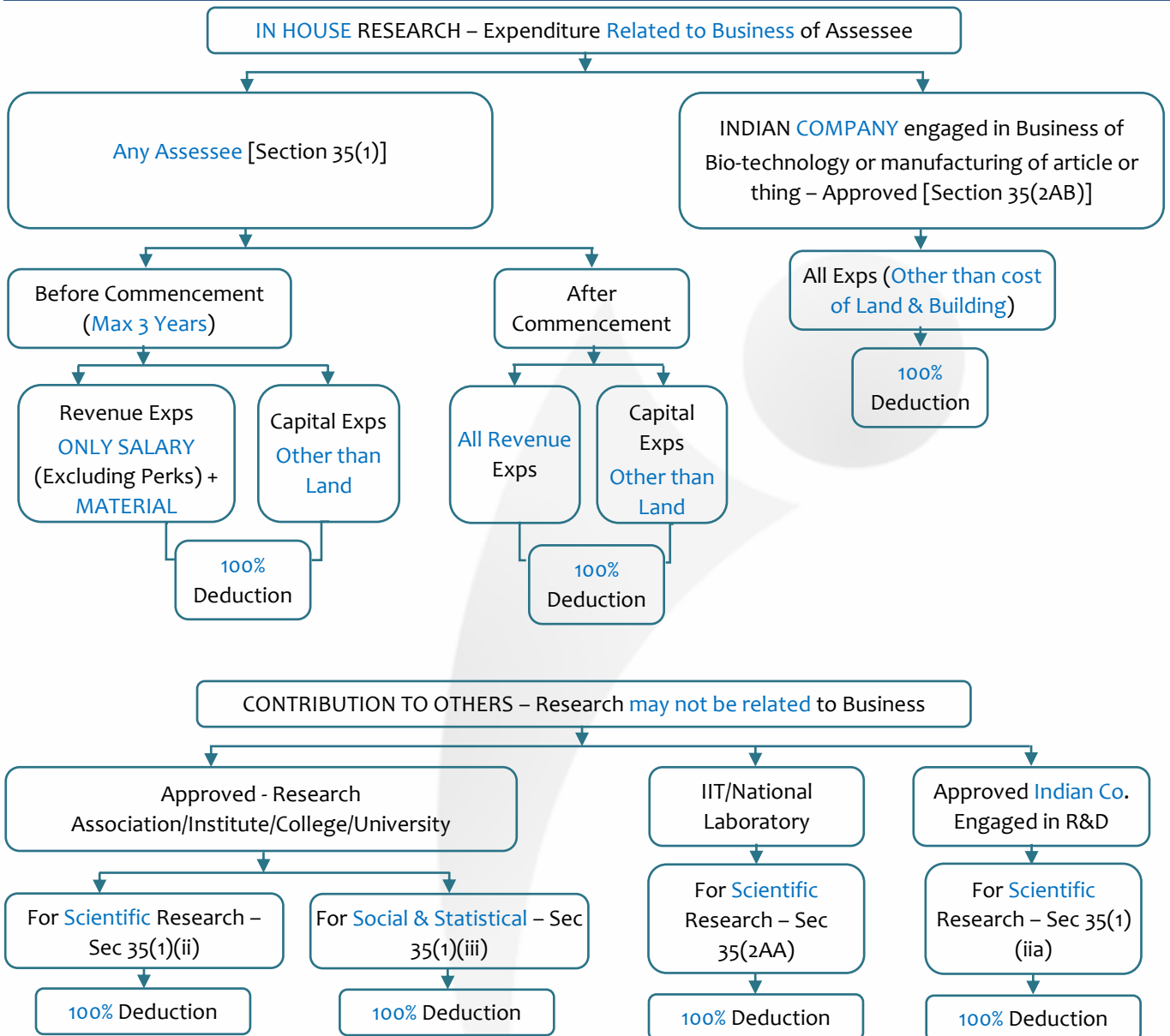
	Situations	Actual Cost
1	Previously used for scientific research	Actual Cost less Deduction allowed u/s 35(1)(iv)
2	Gift or Inheritance	WDV to previous owner
3	Second hand asset [in the hands of buyer]	If Intention to claim higher Depreciation Fair Value Determined by AO with approval JCIT
4	Re-acquisition of asset	Lower of WDV at time of sale or re-acquisition cost
5	Purchased and leased back	WDV to Lessee
6	Building previously used by assessee brought to Business	Actual Cost less Notional Depreciation at rate in force since acquisition, as if it was used for business
7	Transferred by 100% Holding to Sub or Sub to Holding	WDV to transferor
8	Amalgamating company to the amalgamated company in Amalgamation	WDV to Amalgamating
9	Demerged company to the resulting company	WDV to Demerged Co.
10	Asset acquired out of borrowed capital	Actual Cost plus Interest up to first put to use
11	Taxes, Excise Duty / Custom Duty paid	Actual Cost less Duty Paid if Tax Credit is availed
12	Subsidy or grant or loan waiver	Reduced from Actual Cost
13	Acquired outside India and brought to India	Actual Cost less Notional Depreciation at current rate
14	Scheme for Corporatization Stock Exch.	Actual Cost as if no Corporatisation taken place
15	Deduction is allowable under section 35AD	NIL
16	Inventory converted into Capital Asset	FMV as on the date of conversion

SECTION	SECTION 33AB - TEA/COFFEE/RUBBER DEVELOPMENT ACCOUNT	SECTION 33ABA - SITE RESTORATION FUND
Assessee in business of	Growing and manufacturing tea or coffee or rubber in India	Prospecting for or extraction or production of petroleum/natural in India
Deposit any amount	Any amount with NABARD, up to Due date of Filing of ITR	Special account with SBI before end of PY – Interest Credited is deemed deposit
Deduction	Lower of Actual Amount or 40% of PGBP	Lower of Actual Amount or 20% of PGBP
Utilisation	Utilize only for Specified Purpose prescribed by Tea/Coffee/Rubber Board	Utilize only for Specified Purpose prescribed by Deposit Scheme

Common Points for Section 33AB/33ABA

1. No deduction to partner of assessee-firm or member of AOP/BOI
2. Utilisation from scheme for other expenses not allowed as a deduction
3. Non-utilisation of withdrawn amount in the year of withdrawal - deemed to be profits u/s 41
4. Withdrawal of deduction – if Any machinery or plant installed for office use
5. Sale or transfer of an asset before 8 years - deemed to be profits Exception trans. to Govt /Succession of firm by Co
6. Deduction allowed before the setting off of b/f loss
7. Treated as Taxable profit if Used for residential accommodation including a guest house/office appliance except Computer

SECTION 35 - EXPENDITURE ON SCIENTIFIC RESEARCH

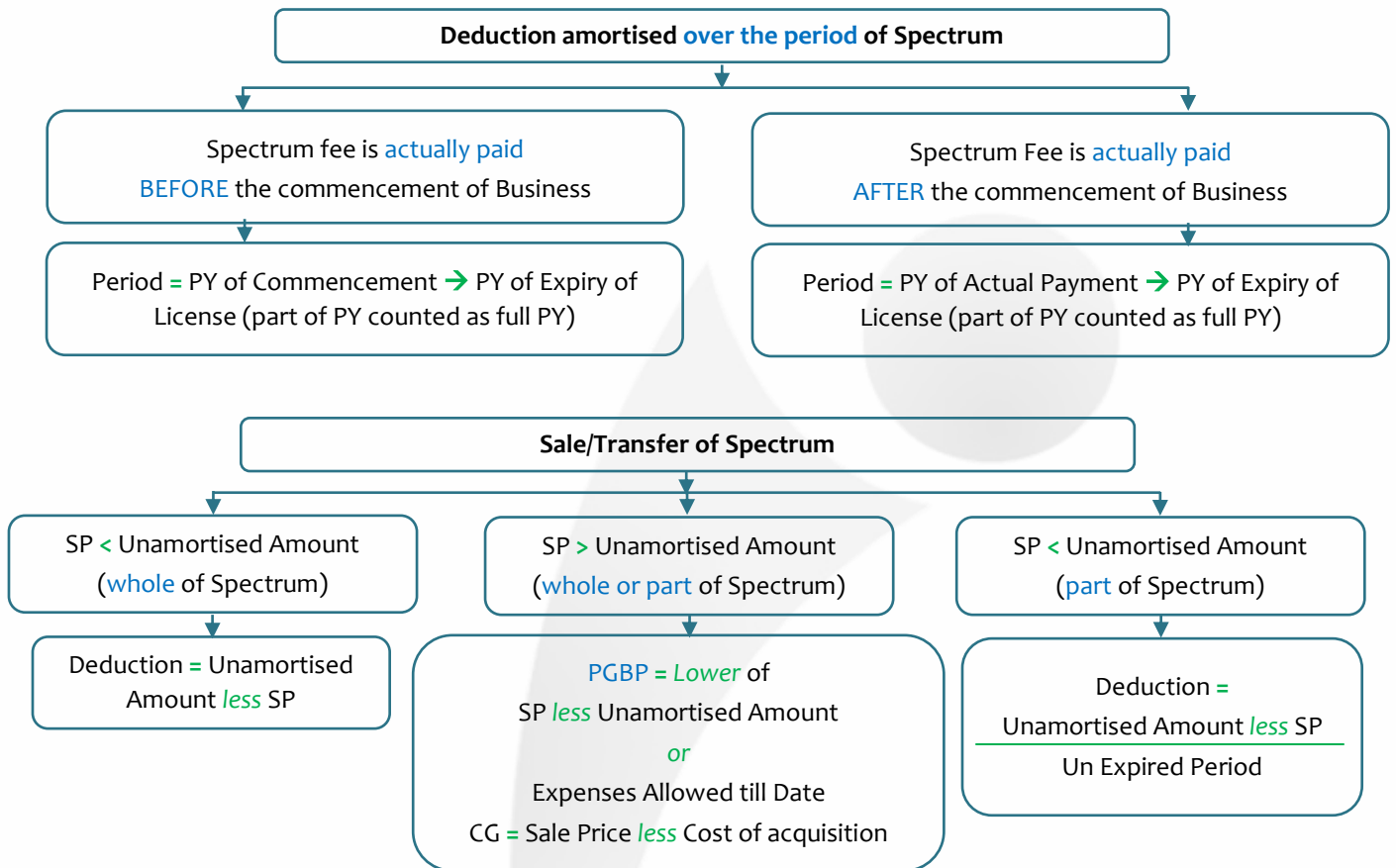


Key Points:

1. Expenditure on land will be disallowed for deduction, cost of land will be bifurcated on FMV
2. Unabsorbed Loss due to deduction will be carried forward – No Time bar
3. No depreciation allowed on Capital Asset
4. Taxability in case of asset ceased to be used for scientific research –
 Sold after using : Sale price plus scrap value if any = Taxable as PGBP
 Sold without using –
 a. Lower of Sale price or Deduction allowed = Taxable as PGBP
 b. Sale price less Cost of Asset = Taxable as CG
5. Contribution made to approved researcher and approval subsequently withdrawn – Deduction allowed to contributor shall not be denied.
6. No Deduction Allowed to Donor – Such research association, university, college or other institution or company complies with the above requirements stipulated under section 35(1A) i.e. Such association are required to submit statements of donation of prescribed authority and issue certificate of donation to Donor

SECTION 35ABA - EXPENSES FOR OBTAINING RIGHT TO USE SPECTRUM FOR TELECOM SERVICES

SECTION 35ABB - EXPENSES FOR OBTAINING RIGHT TO USE LICENSE FOR TELECOM SERVICES



1. No Depreciation allowed for such expenditure
2. Deferred payment treated as if opted for full upfront payment for Date of Actual Payment
3. In Case of Amalgamation/Demerger – Deduction allowed to Amalgamated/Resulting Co.

SECTION 35AD - “INVESTMENT-LINKED TAX INCENTIVES” FOR SPECIFIED BUSINESSES

Commencement of following specified business on or after 1st April -

1	Cold chain facilities	2009	2	Warehousing – Agricultural	2009	3	Cross-country Pipeline	2009
4	Hotel of two-star or above	2010	5	Hospital min. 100 beds for patients	2010	6	Housing slum redevelopment or rehabilitation	2010
7	Affordable housing Scheme	2011	8	Fertilizer	2011	9	ICD/CFS approved by Custom	2012
10	Bee-keeping / Honey/ Beeswax;	2012	11	Warehousing - sugar	2012	12	Slurry pipeline - iron ore	2014
13	Semiconductor wafer fabrication	2014	14	Developing / maintaining and operating /developing, maintaining & operating a NEW infrastructure facility				2017

- Deduction for Capital Expenditure: 100% *excluding*,
 - Payment for Land/Goodwill/Fin. Instrument *and*
 - Cash Payment > ₹ 10,000 in a day for expenditure [Exceptions under rule 6DD are not applicable]
- Expenditure *prior* to commencement allowed in PY – if it is *capitalised* in books

General Conditions:

- It should *not be* set up by *splitting up or* the *reconstruction* of a business *already in existence*
- Plant and Machinery should be *newly acquired*
 - *Exception* – *Max. 20% old or Imported* old P&M (Not used in India & Depn not allowed earlier in India)
- Deduction u/s 80-IA to 80RRB and Sec 10AA are *not allowed*, if deduction claimed in 35AD
- *No Depreciation* on Capital Expenditure
- Loss can be *set off against specified business* only and *carried forward indefinitely*
- On *Sale/Transfer of Asset* – *Entire* sale price taxable under PGBP, *No CG* arise
- If asset *used for other purpose than* specified business *during 8 years* in will result in–
 - *Deemed Income* = Deduction claimed *less* Depreciation u/s 32, as if no deduction allowed
- In case of Hotel business – *Operation* of the hotel can be transfer to other person

SECTION 35CCC - AGRICULTURAL EXTENSION PROJECT

- Sum *equal to 100%* of expenditure incurred by an assessee on agricultural extension *project notified* by CBDT in accordance with the prescribed guidelines

SECTION 35CCD - SKILL DEVELOPMENT PROJECT – TO COMPANIES ONLY

- Standard deduction of *100% of the expenditure* (other than *land or building*) incurred on Public Private Partnership (PPP) project for skill development in the ITIs in manufacturing sector as *notified* by CBDT

SECTION 35D - AMORTISATION OF PRELIMINARY EXPENSES

- Assessee: being *Indian Companies* and Other *Resident Non-Corporates*
- Preliminary Expenses = Expenses before Commencement *or* Setting up New Unit in case of Existing Business
- Amortisation = Over the period of *Five Years* in *Five equal instalments*

Eligible Expenses:

- Preparation of Feasibility Report / Project Report
- Marketing Survey
- Engineering Services
- Legal Charges
- ROC Fees/Drafting & Printing of MOA/AOA
- Expenses on issue of shares/debentures
- Other Expenses as notified.

Overall Limit: *Actual preliminary expenses* for the purpose of amortisation shall be *restricted to below limits*

In case of companies	In case of Other Assessee
<ul style="list-style-type: none"> - 5% of <i>Cost of Project</i> <li style="text-align: center;"><i>or</i> - 5% of <i>Capital Employed</i> <li style="text-align: center;"><i>Whichever is Higher</i> 	<ul style="list-style-type: none"> - 5% of <i>Cost of Project</i>
<ul style="list-style-type: none"> ▪ Capital Employed = Issued <i>Shares plus Debentures plus Long Term</i> Borrowings ▪ Cost of Project = <i>Actual cost</i> of Fixed Assets being land, buildings, leaseholds, plant, machinery, furniture, fittings, railway sidings (including expenditure on the development of land, buildings) which are <i>shown in the books</i> of the assessee <p>As on the <i>LAST DAY of the PY</i> in which business/New unit is commenced.</p>	

SECTION 35DD - AMORTISATION OF EXPENSE FOR AMALGAMATION/DEMERGER

- Indian Company who has incurred such expenditure
- Deduction allowed in 5 equal Instalments

SECTION 35DDA - VOLUNTARY RETIREMENT SCHEME

- All Assessee - Payment to any employee in connection with his voluntary retirement
- Deduction allowed in 5 equal Instalments
- Amalgamation/Demerger/Succession – Deduction to Successor Company

SECTION 35E - EXPENSES FOR PROSPECTING AND DEVELOPMENT OF CERTAIN MINERALS

- Expenditure incurred by: Indian company /other resident non-corporate
- Expenditure Allowed: In equal instalments over the period of 10 Years
- Allowable Expenses:
 - Incurred during the year of commercial production and
 - Any time during four years immediately preceding that year
 - wholly and exclusively on prospecting for or extraction of certain minerals
- Expenses Not Allowable:
 - Expenditure incurred on the acquisition of the site of the source/Deposits of Mineral
 - Buildings, Plant, Machinery, Intangibles etc. on which Depreciation is allowed

SECTION 36 – OTHER ALLOWABLE DEDUCTIONS

- Insurance Premium – for Stock/Stores
- Health Insurance Premium of employees – only if payment made by mode other than Cash
- Bonus and Commission to the employees – if it is not paid in lieu of Profit or Dividends
- Interest on borrowed capital – if amount borrowed for the purposes of business
- Amortisation of Discount on ZCB = (Redemption Amount less Issue Price)/No. of Years to Maturity
- Contributions to PF/Gratuity/Super Annuation funds – Only made to Approved Funds
- Employer's contri. to pension fund u/s 80CCD – Max. 10% of Salary [Basic + DA if terms provide]
- Employees' portion towards welfare fund – if Deposited by assessee being employer before due date specified in respective act – e.g. Employees' PF – Due Date is 15 days from close of month
- **Bad Debts and Provision for Bad and Doubtful Debts**
 - ❖ **Provision for Bad Debts**
 - **General Assessee:**
 - ✓ Provision for bad debt is not allowed
 - **Banks – Maximum provision allowed:**
 - ✓ Specified Indian Banks: ≤ 8.5% of Total Income (Before deduction under VI-A)
 - ✓ Rural Branch of Above Banks: ≤ 10% of Aggregate avge. advance made
 - ✓ Foreign Banks/PFI/NBFC/State Fin. Corp: ≤ 5% of Total Income (Before dedn under VI-A)
 - ❖ **Bad Debts**
 - For General Assessee = Fully Allowed
 - For Banks = Amount not recovered less Provision for bad debts allowed earlier
 - ✓ Debt should have been included in income earlier years
 - ✓ Debts should have been written off in books of accounts
 - ✓ No need to prove that debt becomes bad

- Expenses on **family planning** – Only **Companies**
 - **Revenue** Expenditure – **Fully** Allowed in year of occurrence
 - **Capital** Expenditure - Allowed in **Five Equal Instalments**
 - Can be set off and Carried forward same way as depreciation
- Deduction of securities transaction tax (**STT**) paid
- Deduction for commodities transaction tax (**CTT**) paid
- **Market to Market** (MTM) losses **specifically permitted** under any **other ICDS** would be allowable as deduction u/s 36. [w.r.e.f. 01-04-2017]
- **Co-operative society** for purchase of **sugarcane** at **price fixed** by the Government
- **Special reserve** created by financial Corporation providing long term finance
Lower of **Actual** Amount **or 20%** of Profit **or 200%** of (Share Capital **plus** Gen. Res)

SECTION 37 - RESIDUARY EXPENSES

- **Revenue** Expenses which is in **nature of business** and not covered u/s 30 to 36 only is allowed
- It should **not** be **personal or capital** in nature
- It should not be prohibited by Law or for the purpose which is an offence
 - **Offence / Prohibited by law in India or Outside India**
 - **Provide / Accept any perquisite or benefit, related to business / profession or not, which is violation of rules, regulations, guidelines [Freebies given by Phrama Co. to Doctors]**
 - **Compound an offence under any law in India or Outside India**
- **CSR** Expenditure – It is **not** in nature of business hence **disallowed**
- **Advertisements** in souvenirs of **political parties** – **Not Allowed** [However allowed as deduction u/s 80GGB / 80 GGC]
- Some Examples:
 - **Keyman** Insurance Policy – **Allowed**
 - Cost of production of **Abandoned Feature Films** – **Allowed** (it is not covered under Rule – 9A)
 - Expenses for development of **highways in BOT** agreements – **Amortised** over the period of right to collect toll
 - **Dividend** & CDT, Provision for Loss of Subsidiary, Deferred Tax – **Not Allowed**
 - **Income Tax** is personal – **Not Allowed** but fees for Tax Audit **or** Consultation for Income Tax Allowed
 - Interest on Indirect Tax – Allowed
 - Penalty Levied for **breach** of **contract** is **allowed** however penalty levied for **breach** of **law** is **not allowed**

SECTION – 38 BUILDING, ETC., PARTLY USED FOR BUSINESS, ETC., OR NOT EXCLUSIVELY SO USED

- Where any building, machinery, plant or furniture is **not exclusively used** for the purposes of the business **or** profession
- Deductions u/s 30 (Rent etc. for building), 31 (Repairs etc. for P&M) and 32 (Depreciation) shall be
- Restricted to a **fair proportionate** part thereof which the as **A.O. may determine**

SECTION 40 - INADMISSIBLE DEDUCTIONS

SECTION 40(A) – NON-DEDUCTION / NON-PAYMENT OF TDS

- Amount paid/credited on which TDS **not deducted or** deducted but **not deposited** on or before the **due date** of filing of ITR
 - To **Non Resident or Foreign Company** – **100%** of Amount Paid/credited Disallowed in P.Y.
 - To **Resident** – **30%** of Amount Paid/credited Disallowed in P.Y.
- Amount paid to **non-resident** for specified services on which **equalisation levy** is **not deducted**
 - **100%** of amount on which equalisation levy was deductible.
- If TDS/Equalisation levy **deducted** in subsequent year **or** Deducted in P.Y. but **deposited after** due date of ITR

- Amount disallowed above i.e. 100%/30% shall be allowed in the year of payment of TDS

Exception,

- In case of resident payee amount paid/credited without deduction shall be allowed if
 - Payee has included in his income
 - Paid the tax due on such income
 - Furnished ITR
 - Payer shall furnish Certificate from CA
- Date of payment of TDS shall be date on which Payee furnishes ITR. Expenses shall be allowed accordingly

Tax on Perquisites paid by Employer

- Tax on perquisites (other than monetary payments) Paid by Employer on behalf of Employee
 - Employer – Such payment of Tax will be disallowed as Income Tax is personal Expenses
 - Employee – Such payment of Tax by employer shall be exempt and not charged to tax [10(10CC)]

SECTION 40(B) – PAYMENT OF REMUNERATION, INTEREST BY FIRM TO PARTNER

- Salary, Bonus, Commission paid to Non-Working Partner - Disallowed
- Remuneration or Interest Not authorised by Partnership Deed or Authorised with Retrospective effect by revised deed not allowed for any prior period.
- Interest on capital = Max. 12% p.a.
- Remuneration = Book Profit up to 3 Lakh = Higher of 1,50,000 or 90% of Book Profit
On Balance Book Profit = 60 % of Balance Book Profit
- Interest paid to Partner on representative capacity shall also be considered for this clause

SECTION 40(BA) – SALARY, INTEREST PAID BY AOP/BOI TO MEMBER

- Any payment of interest, salary, commission, bonus or remuneration – Disallowed

Explanations:

1. Net Interest Disallowed = Interest Paid to Member less Interest received from Member
2. If Member in Individual Capacity, then Interest in Representative Capacity is Allowed
3. If Member in Representative Capacity, then Interest in Individual Capacity is Allowed

SECTION 40A - EXPENSES OR PAYMENTS NOT DEDUCTIBLE IN CERTAIN CIRCUMSTANCES

SECTION 40A (2) - PAYMENT TO RELATIVES

- Unreasonable or excessive payment to specified person for expenses incurred
- Disallowed by A.O. after considering – FMV or Legitimate business needs or Benefit to Assessee

Specified Persons means,

Individuals	Relatives - Spouse/Brother/Sister/Lineal Ascendant/ Lineal descendant
HUF/AOP/BOI	Members and their Relatives
Firm/LLP	Partners and their Relatives
Company	Directors and their Relatives / Subsidiaries / Holdings/ Co-Subsidiaries
Having Substantial Interest [\geq 20% shareholding or profit sharing] in business of Assessee	By Any person
	By Company/Firm-LLP/HUF/AOP-BOI or By Directors/Partners/Members or Relative of them

SECTION 40A (3) - CASH PAYMENTS IN EXCESS OF ₹10,000

- In respect of any expenditure incurred, payment or aggregate of payments made to a person in a day otherwise than by account payee Cheque/DD/ECS/Other Prescribed Modes to a person in a day shall be disallowed
- Other Prescribed modes : Credit Card / Debit Card / IMPS / RTGS / NEFT / UPI / BHIM / Aadhar Pay
- In case of Transport Operator – Limit = 35000
- If expenses allowed on due basis in previous year, such payment shall be deemed to be income in subsequent year
- Loan Transactions – Allowed as no expenses incurred
- Payment by Commission Agent for Goods sold on Commission or Consignment basis - Allowed

Exceptions [Rule 6DD] - No disallowance if payment made to

- Banks/LIC /Govt.
- Book adjustments
- Payment to employee or legal heirs - gratuity, compensation etc. Max, ₹ 50,000
- Payment made on a day on which the Banks Closed due to holiday or strike
- Cultivator/Grower/Producer of Agricultural/Forest Product/Fish/Apiculture/Horticulture
- Authorised dealer/money changer against purchase of foreign currency
- Village having no bank facility

SECTION 40A (7) - DISALLOWANCE OF PROVISION FOR GRATUITY

- Deduction in respect of gratuity be allowable to the employer on payment basis
- In the year in which the gratuity is actually paid or
- In the year in which contributions to an approved gratuity fund are actually made

SECTION 41 – DEEMED INCOME [Following are deemed Income]

- Remission or cessation of trading liability by writing off in books = Amount allowed earlier as deduction
- Balancing Charge in case of Power Undertakings = Sale Price of Asset less WDV
- Bad Debt Recovery = Amount Recovered less Bad debts not allowed earlier as deductions
- Amount withdrawn from Special reserve created and not used for specified purpose
- Income can be set off against an unabsorbed loss, even if business ceased to exist

SECTION 43A - CHANGES IN THE RATE OF EXCHANGE OF CURRENCY

- Currency fluctuations shall be adjusted to amount of capital expenditure or the cost of acquisition of the capital asset
- If Forward contract is entered with Authorised Dealer, Exchange Rate of Contract is considered
- If expenses incurred is in revenue nature, Exchange loss allowed u/s 37

SECTION 43AA - TAX ON FOREIGN EXCHANGE FLUCTUATION

Section 43AA provides that, subject to the provisions of section 43A, [Newly Inserted Section by FA 2018]

- Any gain or loss arising on account of any change in foreign exchange rates shall be
- Treated as income or loss, as the case may be,
- Which shall be computed in accordance with the notified ICDS
- i.e., ICDS VI: The effects of changes in foreign exchange rates.

Gain or loss arising on account of the effects of change in foreign exchange rates shall be in respect of all foreign currency transactions, including those relating to

- Monetary items and non-monetary items;
- Translation of financial statements of foreign operations
- Forward exchange contracts;
- Foreign currency translation reserves

SECTION 43B - CERTAIN DEDUCTIONS TO BE MADE ONLY ON ACTUAL PAYMENT

Deductions shall be allowed only if **payment made on or before the due date of filing of return**

- Any sum payable by way of **tax**, duty, cess or fee, by whatever name called
- Any sum payable by the assessee **as an employer** by way of contribution to any **PF**, Gratuity etc.
 - **Employer's Contribution to PF** – Due date of Filing of **ITR**
 - **Employees' Contribution to PF** – Due date mentioned in **PF Act** [Governed by section 36]
- **Bonus** or Commission, Earned leave payable to employees.
- **Interest** on loan from Scheduled Bank **or** Co-Op Bank **other than** Agricultural or Rural Bank if Interest **converted** into loan / **Debentures** due to rescheduling **does not mean actually paid** hence not allowed
- To the Indian Railways for use of Railway assets

If the **payment is not made** before due date of filing of return, deductions shall be allowed **in the PY** in which **actual payment** is made.

SECTION 43C - SPECIAL PROVISION FOR COMPUTATION OF COST OF ACQUISITION OF CERTAIN ASSETS

Stock in Trade transferred under the following cases in the event of amalgamation

- **Stock in Trade** → **Taken over** at revalued Price by amalgamated Co. **or**
- **Capital Asset** → **Taken over as Stock in Trade** at revalued price by amalgamated Co. **or**
- **Capital Asset converted** Into Stock in Trade by Amalgamating Co → **Transferred** to amalgamated co.

Cost of Acquisition = **Cost of Acquisition to Amalgamating Co.** **plus** Any Expenses in this relation

However, where Capital Asset → taken over as Capital Asset & Converted into SIT and revalued thereafter Section 45(2) apply in such cases

SECTION 43CA - STAMP DUTY VALUE OF LAND AND BUILDING TO BE TAKEN AS CONSIDERATION.

- Where transferor held **Land & Building as Stock in Trade** and Value < Stamp Duty Value
- Stamp Duty Valued shall be deemed to be the full value of the consideration for computing **PGBP**
- **Date of Valuation** = Date of **Agreement**, in case of part/full **payment** made by mode **other than CASH**
Date of **Registration** – In any **other case**

Reference to Valuation Officer by A.O.

- If Assessee **claims** that **Stamp Duty Value > FMV** of asset, AO may refer case to VO
- In such case, where Value determined by VO > Stamp Duty Value, **Stamp Duty Value** shall be **Consideration for Asset**

Allowability of Variance between Sale Consideration or SDV [w.e.f. 01-04-2019]

- No adjustments shall be made in a case where the variation between SDV and the sale consideration is
- Not more than ten percent of the sale consideration
- if $SDV \leq 110\%$ of **Sale Consideration**
- In such cases Sale Consideration will be taken as value, not SDV

SECTION 43CB - INCOME FROM CONSTRUCTION & SERVICE CONTRACTS

The profits and gains arising from [Newly Inserted Section by FA 2018]

- **Construction** contract [ICDS III] or
- **Service** contract [ICDS IV]
- Shall be computed on the basis of **percentage of completion method** (POCM) in accordance with the notified ICDS

❖ **Exception in case of certain Service Contract**

Method	Condition
Project Completion Method	If duration of Contract ≤ 90 Days

Straight Line Method

If **Contract** involves **indeterminate** number of **acts** over a specific period of time

- For the purpose of percentage of completion method, project completion method **or** straight line method
- The contract revenue shall **include retention money**;
- The contract cost shall **not be reduced** by any **incidental income** in the nature of interest, dividends or capital gains.

SECTION 44AA - COMPULSORY MAINTENANCE BOOKS OF ACCOUNTS

❖ Notified Profession [Section 44AA (1) read with Rule 6F]

- | | | |
|----------------|--------------------------|--|
| 1. Legal | 4. Architectural | 7. Interior Decoration |
| 2. Medical | 5. Accountancy | 8. Other Profession Notified (Film Artist, CS & IT Professional) |
| 3. Engineering | 6. Technical Consultancy | |
- If Gross Receipts > ₹ 1,50,000 in **all** 3 Years immediately preceding PY

❖ Assessee other than above mentioned [Section 44AA (2)]

Individual / HUF

Income > ₹ 2,50,000 **or** Turnover > ₹25,00,000

Other than Individual / HUF

Income > ₹ 1,20,000 **or** Turnover > ₹10,00,000

- In **any one** of 3 Years immediately preceding PY
- In case of **Newly set up** business or Profession above limits **likely to exceed** in PY

❖ Prescribed Books of Accounts, Place and Period

- | | |
|-----------------------------------|--|
| – Cash Book | – Original Bills or Voucher in case of bills are not issued < ₹50 |
| – Journal | – Medical Professionals – Case Register and Medical Inventory |
| – Ledger | |
| – Carbon Copies of receipt > ₹ 25 | |

Books of Accounts to be kept **at Principal Place** of Business or Profession

Kept and retained for the period of **6 Years**

SECTION 44AB - AUDIT OF ACCOUNTS

Following person required to get books of account audited by Chartered Accountant

1. **BUSINESS** – Turnover/Gross Receipts/Sales > 100 Lakh
2. **PROFESSION** – Gross Receipts > 50 Lakh
3. **Does not Opt** for Presumptive Income i.e. Profit lower then limit in 44ADA, 44AE, 44BB, 44BB
4. Assessee **covered u/s 44AD (4)** and Income **exceeds** basic exemption limit

❖ Audit Not Required if

- **Turnover [Business] ≤ ₹ 200** Lakh and **opt** for Presumptive Income **u/s 44AD**
- **Turnover [Business] ≤ ₹ 100** Lakh and **also do not opt** for Presumptive Income **u/s 44AD** - if maintain Books of Account u/s 44AA
- **Turnover [Business] ≤ ₹ 10** Crore and
 - **Cash Receipts < 5%** of **Total Receipts** &
 - **Cash Payments < 5%** of **Total Payments**

❖ Audit Report

- To be submitted **One month prior to [30th Sept / 31st Oct]** Due Date of Filing of Return **[31st Oct / 30th Nov]** as the **case may be** in following Forms
- Required Audit under other statute (e.g. Companies Act 2013) – **Form 3CA/3CD**
- Any other case – **Form 3CB /3CD**

❖ **Penalty u/s 271B**

- if failure of get books of account audited or furnish report with ITR
- 0.5% of Turnover or ₹ 1,50,000 whichever is lower

SECTION 44AD – PROFIT & GAIN OF BUSINESS ON PRESUMPTIVE BASIS

- Eligibility - Assessee (except Co. & LLP) having Turnover form BUSINESS \leq ₹ 200 Lakh
- Tax Audit limit of ₹ 100 Lakh not applicable to person opt for presumptive income
- Presumptive Profit Minimum (Higher profit can be declared)
 - 6% of Turnover - in case of Receipt by Account Payee Cheque/DD/ECS before due date ITR
 - 8% of Turnover – in any other case
 - In case of Firm, No further deduction for Partner Interest and remuneration allowed
- Deductions u/s 30 to 38 deemed to be allowed, No Further deductions allowed
- Relief from maintenance of Books of Accounts u/s 44AA and Audit u/s 44AB
- Required to Pay Advance tax by 15th March instead of instalments
- Person having income from Commission or Agency Business not eligible

Non-Eligibility for 5 Assessment Years [Section 44AD (4)]

- Assessee Opted for presumptive income scheme in for any PY u/s 44AD (1)
- Then assessee have to opt for presumptive income for 5 consecutive AY
- If he violates this section i.e. does not declare income as per scheme (6% or 8%) for subsequent AY
- He shall not eligible for 5 AY subsequent to AY in which he breaches this section
- Assessee now required to maintain books of account u/s 44AA and get audited u/s 44AB for 5 subsequent AY if total income exceeds BEL

SECTION 44ADA – PROFIT & GAIN OF PROFESSION ON PRESUMPTIVE BASIS

1. Resident Assessee (Individual, HUF and Partnership Firm other than LLP) engaged in any PROFESSION have option to declare on presumptive basis.
2. gross receipts \leq 50 lakh rupees in a previous year
3. Presumptive Profit \geq 50% of the total gross receipts
4. Relief from maintenance of Books of Accounts u/s 44AA and Audit u/s 44AB
5. Required to pay Advance tax by 15th March instead of instalments
6. Lower Profit can be claimed subject to Compliance of Section 44AA and 44AB

The Invictus

SECTION 44AE - PROFITS & GAINS OF BUSINESS OF PLYING, HIRING OR LEASING GOODS CARRIAGES

1. OWNING \leq 10 goods vehicles at any time during the previous year
2. Presumptive Income:
 - ₹ 1,000 PER TON of gross vehicle weight or unladen weight for every month or part of the month – In case of Heavy Goods Vehicles (Gross Vehicle Weights > 12,000 Kgs)
 - ₹ 7,500 for every MONTH or part of the month – In case of other vehicles
3. Relief from maintenance of Books of Accounts u/s 44AA and Audit u/s 44AB
4. Lower Profit can be claimed subject to Compliance of Section 44AA and 44AB

INCOME IS PARTLY AGRICULTURAL AND PARTLY BUSINESS IN NATURE [RULE 7 & 8]

Rule	COMPOSITE Income	Business Income (Taxable)	Agricultural Income (Exempt)
7A	Manufacturer of Rubber	35%	65%
7B	Manufacturer of Coffee - Grown & Cured	25%	75%
	- Grown, Cured, Roasted, Grounded	40%	60%
8	Manufacturer of Tea	40%	60%

The Invictus

SECTION 45 - SCOPE AND YEAR OF CHARGEABILITY

SECTION 45(1) - GENERAL PROVISION

- Any profits or gains arising from the **Transfer** of a **Capital Asset** chargeable to Income-tax under this head in the **previous year** in which the transfer took place.

❖ **Capital Asset [Section 2(14)]**

- Capital Asset **Includes** property of any kind **connected with business or not or**
- Securities held by FII **or**
- ULIP** issued ON OR AFTER 01ST FEB 2021 to which **exemption u/s 10(10D) DOES NOT** apply on account of premium payable exceeding **2,50,000 / Aggregate 2,50,000** in case of multiple ULIP for ANY PYs

But does not include,

- Stock-in trade or Gold Deposit Bond or Special Bearer Bond-1991 or**
- Personal effects – Movable assets for personal use but excludes**
 - ✓ Jewellery
 - ✓ Drawings
 - ✓ Paintings
 - ✓ Sculptures
 - ✓ Any work of art.
 - ✓ Archaeological collection
- Rural Agricultural Land in India – within Jurisdiction of Municipal/Cantonment having population as below, CG from Rural Agricultural Land is exempt u/s 10(1)**

Population	≤ 2 Kms	≤ 6 Kms	≤ 8 Kms	> 8 Kms
≤ 10,000	Rural Agricultural Land (RAL)			
≤ 100,000				
≤ 10,00,000	Urban Agricultural Land (UAL)			
> 10,00,000				

❖ **Transfer [Section 2(47)]**

Transfer includes deemed transfer also.

- Sale**, exchange or relinquishment
- Extinguishment** of any rights therein
- Compulsory** acquisition
- Conversion** into Stock-in-trade
- Maturity/Redemption of **ZCB**
- Possession** on part performance of Cont.

❖ **Short Term & Long-Term Capital Assets [Section 2(42A)]**

STCA – Holding Period	Assets
≤ 12 month	Listed Securities / Equity Oriented Units / ZCB
≤ 24 month	Unlisted Shares/Land or Building or Both
≤ 36 month	Unlisted securities other than shares / Debt oriented Unit / Other Assets

Period of Holding – [Explanation 1 to section 2(42A) read with Rule 8AA]

- Asset acquired by way of **Gift – Holding** period and **CII** shall be considered **from the year** in which asset first acquired by **previous owner [CIT v. Manjula J. Shah (2013) – Bombay High Court]**.
- Right/Bonus** Shares – From **Allotment Date** – **Right Sold** – Period from right **offered**
- Conversion** Pref. Shares/Bonds/Debentures into Equity – Include **previous period** of security
- Securities of company in liquidation – Period **upto date of liquidation** shall be considered
- Inventory** converted into **Capital Asset** – Period from **date of conversion**
- Units allotted under **segregated portfolio** referred to in Section 49(2AG) – Period from Main Portfolio

SECTION 45(1A) - RECEIPTS FROM INSURANCE PARTIES

- Profit and Gain arising from receipt of **money/other assets** from an insurer for damage/destruction
- Deemed to be the income as CG (money or FMV of asset) in the **previous year of receipt**

Capital Gain = Claim Received or FMV of Asset received less Cost of Asset or WDV in case of depreciable asset
Taxability : Year in which such money or other asset is received

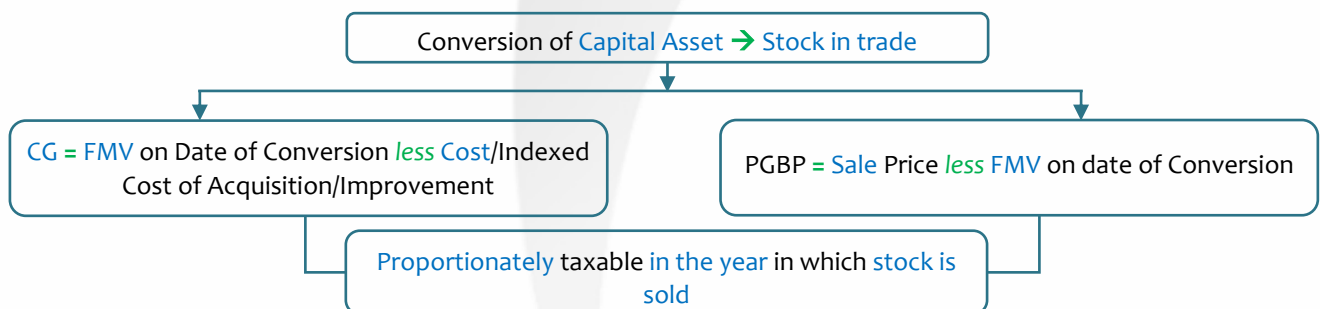
SECTION 45(1B) – UNIT LINKED INSURANCE POLICY RECEIPTS [w.e.f. 01-04-2021]

- Profit and Gain arising from receipt of **money under ULIP**
- ULIP issued **ON OR AFTER 01st FEB 2021** to which exemption u/s 10(10D) DOES NOT apply on account of premium payable exceeding 2,50,000 / Aggregate 2,50,000 in case of multiple ULIP for ANY PYs
- Taxable in the **year in which such amount was received.**

Capital Gain [Rule 8AD]

1	Amount received for the First Time under ULIP during PY Capital Gain = A – B	A = Amount received for the first time during the PY + Bonus if Any B = Aggregate of Premium paid till the date of receipt of Amount
2	Amount is received under such specified ULIP during the PY, at any time after the receipt of the amount as referred to in 1 Capital Gain = C – D	C = Amount received AFTER first Receipt during the PY + Bonus if Any [Excluding Amount, if Any, Considered taxable in earlier years] D = Aggregate of Premium paid till the date of receipt of Amount Less Amount in B above

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



Note: **Indexation** benefit would be considered in relation to **year of Conversion**

SECTION 45(3) - INTRODUCTION OF CAPITAL ASSET AS CAPITAL CONTRIBUTION BY PARTNER/MEMBER

- Capital asset as **contribution or otherwise**, by **existing or incoming** partner/member, in firm/AOP/BOI
- Chargeable to tax in hands of **partner/member** in the **year of such transfer**
- Sale **Consideration** = Amount **recorded** in the books of Firm/AOP/BOI

Capital Gain = Amount recorded in books of Firm being FVOC less Cost of Asset

SECTION 45(4) - DISTRIBUTION OF CAPITAL ASSETS OR MONEY ON A DISSOLUTION /RECONSTITUTION OF FIRM/AOP/BOI OR OTHERWISE [Substituted Old Section 45(4)]

- Where **Partner/Member** (Specified Person) of any **Firm/AOP/BOI** (Specified Entity) receives any Asset or Money or Both on dissolution or reconstitution
- Such transfer **shall be taxable in the hands of firm/AOP/BOI** in the year in which transfer took place

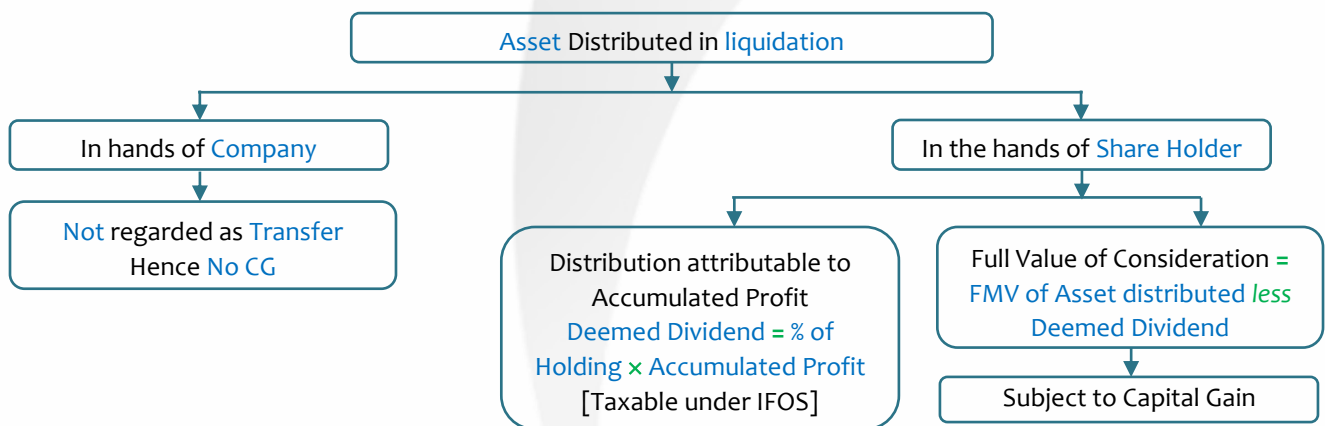
Profit or Gain $A = B + C - D$ (if A is NEGATIVE, Value shall be deemed to be ZERO)

- A = **Income Taxable** in the hands of Specified Entity
 - B = **Value of MONEY Received** by Specified Person
 - C = **FMV of ASSET** Received by Specified Person on date of Receipt
 - D = **Balance in Capital Account** as on the date of **RECONSTITUTION/DISSOLUTION**
- Balance in Capital Account shall EXCLUDE increase on account of
- **Revaluation** of any Asset
 - Value of **SELF GENERATED** Goodwill or Any other Asset

SECTION 45(5A) - TAXABILITY OF CAPITAL GAINS IN CASE OF SPECIFIED AGREEMENT [W.E.F. 01-04-18]

- 'Transfer' includes - where any 'rights' are handed over in as part performance of contract
- **Possession** of property is handed over to the developer for development (e.g. Land/Building)
- **Consideration** for such transfer of rights will be **received only after couple of years**.
- Transaction attracts taxability in year of transfer of such right as per definition
- Hence, **Relief given** by **Postponement** of taxability of capital gains to –
 - **Individual** or **HUF** only
 - Chargeable to income-tax as year in which the **certificate of completion** (whole or part) is received
 - Value of **Consideration = Stamp Duty Value** of his share **plus Consideration received in cash**, if any
 - When assessee transfer his share **before completion** certificate received – **No relief** available

SECTION 46 - CAPITAL GAINS ON DISTRIBUTION OF ASSETS BY COMPANIES IN LIQUIDATION



Note: if liquidator directly sells assets and distribute fund : Company shall be liable to CG

SECTION 46A - CAPITAL GAINS ON BUYBACK, ETC. OF SHARES

Taxability	Domestic Companies (Listed (w.e.f. 05-07-2019) or Unlisted) [Section 115QA]	Other than Domestic Companies [Section 46A]
Company	Taxable Income = Consideration Paid to Shareholder less Amount Received at the time of issue of Shares Taxable @ 23.296% [20 % Tax + 12% Surcharge + 4% HEC] [No indexation to be done]	No Taxability in the hands of Company
Share Holder	Exempt u/s 10(34A)	Capital Gain = Amount Received less Cost of Acquisition of such shares

SECTION 47 & 49 - SPECIFIED CASES OF EXEMPT TRANSFER AND COST OF ACQUISITION TO TRANSFEREE

Nothing contained in section 45 shall apply to the following transfers

- 1 Specific transaction of asset distribution or transfer of asset [Sec. 47]**
- a) Distribution of capital assets on the **total** or **partial partition** of a HUF [47(i)]
 - b) Transfer of a capital asset under a **gift** or **will** or an irrevocable trust **excluding ESOP** [47(iii)]
 - c) Transfer of capital asset by 100% **Holding** to **Subsidiary** or **Vice-versa**, Transferee Company must be an **INDIAN** Co. in both the cases [47(iv) & (v)]
 - **Exception**, Capital Asset Transferred **as Stock in Trade** exemption shall not apply
 - Exemption Withdrawn if, [Sec. 47A(1)]
 - Any time before the expiry of **8 years** from the date of transfer
 - Transferee **converts** such capital asset into stock in trade or
 - Parent company **ceases** to Hold 100% shares in subsidiary company
 - Capital Gain not charged on such transfer shall be deemed to be the capital gain of the PY in which such transfer took place.

Cost of Acquisition [Sec. 49]

Transactions covered by Section 49(1)

Where the **capital asset** became the property of the assessee—

- On any distribution of assets on the **total** or **partial partition** of a HUF;
- Under a **gift** or **will**;
- By **succession**, **inheritance** or **devolution**, or
- On any distribution of assets on the **liquidation** of a company, or
- Under a transfer to a **revocable** or an **irrevocable trust**, or
- Under any such transfer as is referred to in clause (iv) or clause (v)
- Such assessee being a **Hindu undivided family**, by the mode referred to in sub-section (2) of section 64 at any time after the 31st day of December, 1969,

Deemed Cost of Acquisition

- Deemed cost of Acquisition = Cost of acquisition by **Previous Owner** + Cost of Improvement by **Previous Owner** or **Assessee**
- However, in case of Point C above - if exemption is withdrawn by virtue of Section 47A, Cost of Acquisition = Cost at which asset acquired from transferor

Previous Owner of Property

In this sub-section the expression "previous owner of the property" in relation to any capital asset owned by an assessee means the last previous owner of the capital asset who acquired it by a mode of acquisition **OTHER THAN** transactions referred above

- 2 Transfer of Asset in relation to Amalgamation/Demerger – Exempt transfer [Sec. 47]**
- a) Transfer of **Capital Asset** held by
 - **Amalgamating** Company → **Amalgamated** INDIAN Company [47(vi)]
 - **Demerged** Company → **Resulting** INDIAN Company [(vib)]
 - b) Transfer of **Shares** held in **INDIAN Company** by
 - **Amalgamating** FOREIGN Company → **Amalgamated** FOREIGN Company [47(via)]
 - ✦ At least **25%** of shareholders (Numbers) of Amalgamating FC continue to remain shareholder of Amalgamated FC
 - **Demerged** FOREIGN Company → **Resulting** FOREIGN Company [(vic)]

	<ul style="list-style-type: none"> ✦ Shareholders holding not less than 3/4 in Value of Shares of Demerged FC continue to remain shareholder of Resulting FC – Such transaction Should not attract CG in the country in which the amalgamating/ Demerged company is incorporated <p>c) Transfer of Capital Asset held in banking company into banking institution in the scheme of amalgamation [47(viaa)]</p> <p>d) Transfer of Capital Asset held in predecessor co-op bank to the successor co-op bank in business reorganization [47(vica)]</p> <p>Cost of Acquisition [Sec. 49]</p> <ul style="list-style-type: none"> – Deemed cost of Acquisition = Cost of acquisition by Previous Owner + Cost of Improvement by Previous Owner or Assessee
<p>3</p>	<p>Transfer of shares of a FOREIGN Company – Exempt transfer [Sec. 47]</p> <p>a) By Amalgamating FOREIGN Company into Amalgamated FOREIGN Company [47(viab)]</p> <ul style="list-style-type: none"> ✦ At least 25% of shareholders (Numbers) of Amalgamating FC continue to remain shareholder of Amalgamated FC <p>b) By Demerged FOREIGN Company into Resulting FOREIGN Company [47(vicc)]</p> <ul style="list-style-type: none"> ✦ Shareholders holding not less than 3/4 in Value of Shares of Demerged FC continue to remain shareholder of Resulting FC – Such transaction Should not attract CG in the country in which the amalgamating/ Demerged company is incorporated – Share of a foreign company referred to in Explanation 5 to section 9(1)(i), which derives, directly or indirectly, its value substantially from the share or shares of an INDIAN company <p>Cost of Acquisition [Sec. 49]</p> <ul style="list-style-type: none"> – Deemed cost of Acquisition = Cost of acquisition by Previous Owner + Cost of Improvement by Previous Owner or Assessee
<p>4</p>	<p>Transfer or issue of share to shareholder in relation to Amalgamation/Demerger – Exempt [Sec. 47]</p> <p>a) Transfer or issue of shares by the resulting company to the shareholder of demerged company in a scheme of demerger [47(vid)]</p> <p>b) Transfer of shares held in the amalgamating company by a shareholder, in a scheme of amalgamation. [47(vii)]</p> <ul style="list-style-type: none"> ✦ The amalgamated company is an Indian Company ✦ The transfer is made in consideration of the allotment to him of any SHARES in the amalgamated company ✦ Where the shareholder itself is the amalgamated company, this conditions does not apply (if Co. itself is a shareholder so cannot issue shares to itself) <p>c) Shares held by shareholder in Predecessor co-op bank on allotment of shares in Successor co-op bank in business reorganization [47(viicb)]</p> <p>Cost of Acquisition [Sec. 49]</p> <ul style="list-style-type: none"> – In case of demerger cost of acquisition in Resulting Company = A × B / C <ul style="list-style-type: none"> A = Cost of shares of Demerged Co. B = Net worth transferred to Resulting C = Total Net worth of Demerged Co. – In case of demerger cost of share held in Demerged Company

	<p>Cost of Shares of Demerged Co. <i>reduced</i> by Cost allotted to share of <i>resulting</i> as above</p> <ul style="list-style-type: none"> – Cost of acquisition in Amalgamated/Successor Company will be Cost of Share acquired in Amalgamating/Predecessor Co.
5	<p>Related to Succession, Conversion for Firm, Company and Demutualisation & Corporatisation (Scheme) of Recognised Stock Exchange (RSE) – Exempt [Sec. 47]</p> <p>a) Transfer of a <i>capital asset</i> or <i>intangible asset</i> (in the case of a <i>firm</i>) [47(xiii)]</p> <ul style="list-style-type: none"> – By a firm to a company where such firm is <i>succeeded</i> by that company or – To a <i>company</i> in the course of <i>demutualisation</i> or <i>corporatisation</i> of a Recognised Stock Exchange (RSE) in India as a result of which an AOP or BOI is succeeded by that company. <p>Conditions –</p> <ul style="list-style-type: none"> ✦ All assets and liabilities of the firm or AOP or BOI relating to the business immediately before the succession become the assets and liabilities of the company; ✦ All the partners of the firm immediately before the succession become the shareholders of the company and the proportion in which their capital accounts stood in the books of the firm on the date of succession remains the same; ✦ The partners of the firm do not receive any consideration or benefit in any form, directly or indirectly, other than by way of allotment of shares in the company. ✦ The partners of the firm together hold not less than 50% of the total voting power in the company, and their shareholding continues in such manner for a period of 5 years from the date of succession. ✦ The demutualisation or corporatisation of a RSE in India is carried out in accordance with a scheme for demutualisation or corporatisation approved by SEBI <p>Exemption Withdrawn if any of the condition not complied with and deemed income shall be chargeable to tax in hands of Successor, [Sec. 47A (3)]</p> <p>b) Any <i>transfer</i> of a <i>membership right</i> by a member of RSE in India [47(xiiiia)]</p> <ul style="list-style-type: none"> – For acquisition of shares and – Trading or clearing rights – Acquired by such member in that RSE in accordance with a scheme for demutualization or corporatisation approved by SEBI. <p>c) Transfer of capital asset or intangible asset by <i>private company</i> and share held by <i>shareholder to LLP</i> in a conversion of private company by a LLP [47(xiiib)]</p> <ul style="list-style-type: none"> – Any transfer of a capital asset or intangible asset by a private company or unlisted public company to a LLP or – Any transfer of a share or shares held in a company by a shareholder on conversion of a company into a LLP. <p>Conditions –</p> <ul style="list-style-type: none"> ✦ All assets and liabilities of the company immediately before the conversion become the assets and liabilities of the LLP; ✦ All the shareholders of the company immediately before the conversion become partners of the LLP in the same proportion as their shareholding in the company on the date of conversion; ✦ No consideration other than share in profit and capital contribution in the LLP arises to the shareholders; ✦ The erstwhile shareholders of the company continue to be entitled to receive at least 50% of the profits of the LLP for a period of 5 years from the date of conversion; ✦ The total sales, turnover or gross receipts in business of the company should not exceed ₹ 60 lakh in any of the three preceding PYs;

	<ul style="list-style-type: none"> ✦ The total value of assets as appearing in the books of account of the company in any of the three previous years preceding the previous year in which the conversion takes place, should not exceed ₹ 5 crore; and ✦ No amount is paid, either directly or indirectly, to any partner out of the accumulated profit of the company for a period of 3 years from the date of conversion <p>Exemption Withdrawn if any of the condition not complied with and deemed income shall be chargeable to tax in hands of Successor, [Sec. 47A (4)]</p> <p>d) Transfer of capital asset or intangible asset by sole proprietary concern to a company in a succession of sole proprietary concern by a company [47(xiv)]</p> <p>Conditions –</p> <ul style="list-style-type: none"> ✦ All assets and liabilities of the sole proprietary concern relating to the business immediately before the succession become the assets and liabilities of the company; ✦ The sole proprietor holds not less than 50% of the total voting power in the company, and his shareholding continues in such manner for a period of 5 years from the date of succession; ✦ The sole proprietor does not receive any consideration or benefit in any form, directly or indirectly, other than by way of allotment of shares in the company; <p>Exemption Withdrawn if any of the condition not complied with and deemed income shall be chargeable to tax in hands of Successor, [Sec. 47A (3)]</p> <p>Cost of Asset [Sec. 49]</p> <ul style="list-style-type: none"> – Deemed Cost of Asset = Cost of acquisition by Previous Owner <i>plus</i> Cost of Improvement by Previous Owner or Assessee – Cost of acquisition of rights in LLP of a partner received on conversion of private or unlisted public company into LLP shall be Cost of Share held in predecessor Company <p>Cost of Asset [Sec. 55]</p> <ul style="list-style-type: none"> – Cost of Shares allotted in Scheme of RSE to a member = Cost of acquiring original membership of exchange before scheme – Cost of acquiring Trading or Clearing Right = NIL
<p>6</p>	<p>Conversion of Bonds/Preference into Shares – Exempt Transfer [Sec. 47]</p> <ul style="list-style-type: none"> a) Any transfer by way of conversion of bonds or debentures, debenture-stock or deposit certificates in any form, of a company into shares or debentures of that company [47(x)] b) Any transfer by way of conversion of Foreign Currency Exchangeable Bonds referred to in clause (a) of section 115AC(1) into shares or debentures of a company [47(xa)] c) Any transfer by way of conversion of preference shares of a company into equity shares of that company [47(xb)] <p>Cost of Asset [Sec. 49]</p> <ul style="list-style-type: none"> – Cost of Bonds/Preference shares etc. in relation to which asset acquired.
<p>7</p>	<p>Transfer of Capital Asset / Units from Original Fund to Resulting Fund – Exempt Transfer [Sec. 47]</p> <ul style="list-style-type: none"> a) Transfer of Capital Asset in relocation from Original fund to Resulting Fund (in the case of a Fund) [47(viiac)] <ul style="list-style-type: none"> – Original Fund Established OUTSIDE India – Resultant Fund Incorporated IN INDIA in form of Trust / Company / LLP b) Transfer of Unit/Share/Interest of Original fund in consideration of Unit/Share/Interest in Resulting Fund (in the case of a Unit holder) [47(viia)]

	<p>Cost of Asset [Sec. 49] Deemed cost of Acquisition = Cost of acquisition by Previous Owner + Cost of Improvement by Previous Owner or Assessee</p>
	<p>Certain Transfer of Capital Asset to CG Notified Companies or Institution</p> <ul style="list-style-type: none"> a) Transfer of Capital Asset by India Infrastructure Finance Company Limited to an institution established for financing the infrastructure and development, set up under an Act of Parliament [47(viiae)] b) Any transfer of capital asset, under a plan approved by the CG, by a public sector company to another public sector company notified by the Central Government for the purpose of this clause or to the CG or to a SG [47(viiaf)] <p>Cost of Asset [Sec. 49] Deemed cost of Acquisition = Cost of acquisition by Previous Owner + Cost of Improvement by Previous Owner or Assessee</p>
9	<p>Some Other Exempt Transfer [Sec. 47]</p> <ul style="list-style-type: none"> a) Following capital assets transferred by a non-resident on a recognised stock exchange located in any International Financial Services Centre (IFSC) shall not be regarded as transfer, where the consideration for such transaction is paid or payable in foreign currency: [47(viiab)] <ul style="list-style-type: none"> – Bond or GDR referred to in section 115AC (1); or – Rupee denominated bond of an Indian company; or – Derivative – Such other securities notified by central government in this behalf b) Any transfer of bonds or Global Depository Receipts referred to in section 115AC(1), by a non-resident to another non-resident outside India [47(viia)]. c) Any transfer, made outside India, of a capital asset being rupee denominated bond of an Indian company issued outside India, by a non-resident to another non-resident [47(viiaa)] d) Any transfer of a capital asset, [47(viib)] <ul style="list-style-type: none"> – being a Government Security carrying a periodic payment of interest, – made outside India through an intermediary dealing in settlement of securities, – by a non-resident to another non-resident e) Redemption by an individual of Sovereign Gold Bond issued by RBI under the Sovereign Gold Bond Scheme, 2015 [47(viic)] f) Any transfer of any of the following capital asset to the Government or to the University or the National Museum, National Art Gallery, National Archives or any other public museum or institution notified by the Central Government to be of national importance or to be of renown throughout any State [47(ix)]: <ul style="list-style-type: none"> – Work of art – Archaeological, scientific or art collection – Book – Manuscript – Drawing – Painting – Photograph or – Print.

	<p>g) Transfer of land by a sick industrial company [47(xii)]</p> <p>h) Transfer in a scheme for lending of any securities – Security Lending Scheme [47(xv)]</p> <p>i) Any transfer of a capital asset in a transaction of reverse mortgage under a scheme made and notified by the Central Government [47(xvi)]</p> <p>j) Any transfer of a capital asset, being share of a special purpose vehicle to a business trust in exchange of units allotted by that trust to the transferor [47(xvii)]</p> <p>k) Transfer of unit(s) by a unit holder under consolidating Scheme/Plan of Mutual Fund [47(xviii) & 47(xix)]</p>
8	<p>Other cases of Cost of Acquisition [Sec. 49]</p> <p>a) Where the capital gain arises from the transfer of specified security or sweat equity shares referred to in section 17(2)(vi), the cost of acquisition of such security or shares shall be the FMV which has been taken into account for perquisite valuation [49(2AA)].</p> <p>b) Where the capital gain arises from the transfer of a capital asset which was used by the assessee as inventory earlier before its conversion into capital asset, the cost of acquisition of such capital asset shall be the FMV of the inventory as on the date of such conversion determined in the prescribed manner. [49(9)]</p> <p>c) The cost of acquisition of the capital asset, being share or shares of a company acquired by a non-resident assessee, consequent to redemption of GDRs [referred to in section 115AC(1)(b)] held by him would be the price of such share or shares prevailing on any recognized stock exchange on the date on which a request for such redemption was made [49(2ABB)]</p> <p>d) Where the capital asset, being unit of a business trust, became the property of the assessee in consideration of transfer of shares of a special purpose vehicle as referred to in section 47(xvii), the cost of acquisition of the unit would be the cost of acquisition of the shares to him [49(2AC)]</p> <p>e) The cost of acquisition of the units acquired by the assessee in consolidated scheme/plan of mutual fund in consideration of transfer referred in section 47(xviii) & 47(xix) shall be deemed to be the cost of acquisition to him of the units in the consolidating scheme/plan of mutual fund [49(2AD) & 49(2AF)]</p> <p>f) Where the capital gain arises from the transfer of such property which has been subject to tax under section 56(2)(x), the cost of acquisition of the property shall be deemed to be the value taken into account for the purposes of section 56(2)(x) [49(4)]</p> <p>g) Where capital gain arises from the transfer of asset declared under the Income Declaration Scheme, 2016 and the tax, surcharge and penalty have been paid in accordance with the provisions of the Scheme on the FMV of the asset as on the date of commencement of the Scheme, the cost of acquisition of the asset shall be deemed to be the FMV of the asset which has been taken into account for the purposes of the said scheme [49(5)]</p> <p>h) Deemed cost of acquisition being stamp duty value as on the last day of the second financial year after the end of the financial year in which the possession of the said plot or land was handed over to the assessee under Land Pooling Ownership Scheme (LOPC) in the state of Andhra Pradesh [49(6)]</p> <p>i) Cost of acquisition of capital asset, being share in the project referred u/s 45(5A) would be amount which is deemed value of consideration under 45(5A) [49(7)]</p> <p>j) The cost of acquisition of a unit or units in the segregated portfolio shall be the amount which bears, to the cost of acquisition of a unit or units held by the assessee in the total portfolio, the same proportion</p>

	<p>as the net asset value of the asset transferred to the segregated portfolio bears to the net asset value of the total portfolio immediately before the segregation of portfolios. [49(2AG)]</p> <p>k) The cost of the acquisition of the original units held by the unit holder in the main portfolio shall be deemed to have been reduced by the amount as so arrived at under sub-section (2AG). [49(2AH)]</p>
--	---

SECTION 55 – COST OF ACQUISITION / IMPROVEMENT – CERTAIN CASES

- ❖ **Goodwill / Business Rights etc. [Sub. old clause (a)]**
 - In case of acquired from previous owner : Amount paid for acquisition
 - If depreciation is claimed for any PYs preceding the PY relevant to AY commencing on or after 01-04-21, such depreciation shall be reduced from such cost
 - In case of acquired from previous owner u/s 47 : Cost at which previous owner has acquired
 - If depreciation is claimed for any PYs preceding the PY relevant to AY commencing on or after 01-04-21, such depreciation shall be reduced from such cost
 - Cost of Improvement = NIL in any case

- ❖ **Financial Assets**
 - Cost of Acquisition of Original / Right Shares = Amount Paid
 - Cost of right entitlement which is renounced = NIL
 - Cost of Bonus Shares = NIL
 - In case of bonus allotted before 01-04-2001 Assessee can Opt of for FMV as on 01-04-2001
 - Shares purchased by buying Right Entitlement = Amount paid for Shares less Amount paid for Right

- ❖ **Any other capital assets**
 - Asset acquired before 1-4-2001 = Cost of Acquisition or FMV on 01-04-2001, as assessee may Opt
 - Cost of Improvement = All expenses in capital nature incurred Only after 01-04-2001
 - Cost of Asset as per Section 49 = Cost to Previous Owner, However Option for FMV is available as above if acquired before 01-04-2001.

Provided that in case of a capital asset referred above, being LAND or BUILDING or BOTH,

 - the FMV of such asset on the 01-04-2001 for the purposes
 - shall not exceed the stamp duty value, wherever available, of such asset as on the 01-04-2001.

- ❖ **Long-term capital assets referred to in section 112A**
 - The cost of acquisition in relation to the long-term capital assets being,
 - Equity shares in a company on which STT is paid both at the time of purchase and transfer or
 - Unit of equity oriented fund or unit of business trust on which STT is paid at the time of transfer.
 - Acquired before 1st February, 2018 shall be the higher of
 - (i) Cost of acquisition of such asset; and
 - (ii) Lower of
 - a) The FMV of such asset; and
 - b) The FVOC received or accruing as a result of the transfer of the capital asset.

Sr. No	Circumstances	Fair Market Value
A	In a case where the capital asset is listed on any recognized stock exchange as on 31.01.2018	If there is trading in such asset on such exchange on 31.01.2018 The highest price of the capital asset quoted on such exchange on the said date

		<p>If there is no trading in such asset on such exchange on 31.01.2018</p> <p>The highest price of such asset on such exchange on a date immediately preceding 31.01.2018 when such asset was traded on such exchange.</p>
B	In a case where the capital asset is a unit which is not listed on any recognized stock exchange as on 31.01.2018	The NAV of such unit as on the said date
C	<p>In a case where the capital asset is an equity share in a company which is</p> <ul style="list-style-type: none"> – Not listed on a recognized stock exchange as on 31.01.2018 but listed on such exchange on the date of transfer – Listed on a recognized stock exchange on the date of transfer and which became the property of the assessee in consideration of share which is not listed on such exchange as on 31.01.2018 by way of transaction not regarded as transfer under section 47 	<p>An amount which bears to the cost of acquisition the same proportion as CII for the financial year 2017-18 bears to the CII for the first year in which the asset was held by the assessee or on 01.04.2001, whichever is later.</p> <p><i>Simply,</i></p> $FMV = \frac{\text{Cost of Acquisition} \times \text{CII [2017-18]}}{\text{CII [Yr. of Acquisition] or For 2001-02}}$ <p style="text-align: center;">Whichever is later</p>

SECTION 48 - MODE OF COMPUTATION OF CAPITAL GAINS

Particulars	Amount
Full Value of Consideration / Sale Consideration	XXXX
<i>Less:</i> Expense Related to Transfer [STT paid not allowed]	XXXX
Net Sale Consideration	XXXX
<i>Less:</i> Cost/Indexed Cost of Acquisition/Improvement	XXXX
Capital Gain / Loss	XXXX
<i>Less:</i> Exemption available	XXXX
Capital Gain / Loss chargeable to Tax	XXXX

- Indexation benefit **only** applicable for **LTCA**
- **No Indexation** benefit in following Cases
 - **Bonds / Debentures** acquired in Foreign Currency **except**, Capital Indexed Bonds and SGB 2015
 - **Depreciable Asset**
 - **Short Term Capital Asset**
 - Sale of undertaking under **Slump Sale** u/s 50B
 - **Non-resident Assessee** and **Foreign Co.**

Value attributable remaining assets in case of Section 45(4)

in case of value of any money or capital asset received by a specified person from a specified entity referred to in section 45(4), the amount chargeable to income-tax as income of such specified entity under that section which is attributable to the capital asset being transferred by the specified entity, calculated in the prescribed manner

Sr. No.	Money or Assets received by Partner in EXCESS of CAPITAL BALANCE and Such EXCESS relates to	Amount Attributable to remaining assets of Specified Entity (Firm / AOP / BOI)
1	REVALUATION of Assets or RECOGNITION of Asset or Self-Generated Assets	$\text{Profit Charged u/s 45(4)} \times \frac{\text{Increase due to Revaluation Amount OR Recognised Amount of New Asset}}{\text{Aggregate Amount of Revaluation of ALL assets OR Recognised Amount of all New Assets}}$
2	Revaluation ONLY Relates to Capital Assets received by Specified Person	Profit Charged u/s 45(4) shall not be attributed to remaining assets
3	Excess does not relates to revaluation of Assets	Profit Charged u/s 45(4) shall not be attributed to remaining assets
For Detailed explanation – Please refer Study Material		

❖ **Special provision for non-residents who invest foreign Exchange to acquire Capital Asset**

- CG arising from the transfer of shares or debentures of an Indian company computed by conversion of Foreign Currency as under [Rule 115A]

Particulars	Amount
Sale Consideration [@Avge. Ex. Rate on Transfer]	XXXX [FC]
Less: Expenses on Transfer [@Avge. Ex. Rate on Transfer]	XXXX [FC]
Net Sale Consideration	XXXX [FC]
Less: Cost of Acquisition [@Avge. Ex. Rate on Purchase]	XXXX [FC]
Capital Gain / Loss [in Foreign Currency]	XXXX [FC]
Capital Gain in INR [FC x TT Buying Rate on date of Transfer]	XXXX [INR]

Avge Exchange Rate = Avge Rate of Telegraphic Transfer Buying and Selling Rate

❖ **Capital Gain due to rupee appreciation in case of Rupee Denominated Bonds (RDBs) is exempt**

- Indian companies are allowed to Issue RDB outside India to raise the funds.
- In case any non-resident holds such RDB and bears risk of foreign exchange fluctuation.

Particulars		Amount
Redeemed at par		
Redemption Price [FV in INR / Ex. Rate]	1000/62	\$ 16.12
Less: Cost of Acquisition [FV in INR / Ex. Rate]	1000/66	\$ 15.15
Gain/loss due to Rupee Appreciation [in FC] [Such gain is not taxable, excluded from CG]		\$ 0.97
Now let's assume that RDB redeemed at premium		
Redemption Price [FV in INR / Ex. Rate]	1050/62	\$ 16.93
Less: Cost of Acquisition [FV in INR / Ex. Rate]	1000/66	\$ 15.15
Gain/loss on Redemption [in FC]		\$ 1.78
Less: Gain due to rupee appreciation exempt [as above]		\$ 0.97
Net gain chargeable to tax	50/62	\$ 0.81

❖ Cost Inflation Index Table

Cost Inflation Indices (CII)							
FY	CII	FY	CII	FY	CII	FY	CII
2001-02	100	2006-07	122	2011-12	184	2016-17	264
2002-03	105	2007-08	129	2012-13	200	2017-18	272
2003-04	109	2008-09	137	2013-14	220	2018-19	280
2004-05	113	2009-10	148	2014-15	240	2019-20	289
2005-06	117	2010-11	167	2015-16	254	2020-21	301
2022-23	331						

SECTION 50 – GAIN/LOSS ON TRANSFER OF DEPRECIABLE ASSETS

– Always STCG/STCL on Depreciable asset, Irrespective of Period of Holding u/s 2(42A)

❖ Where all assets of blocks are not transferred

– Let take example Asset A, B & C are falling in same block say Plant & Machinery

Block – Plant & Machinery	Amount
WDV at beginning of the year (Asset A & B)	1,00,000
Add: Actual Cost of asset acquired during the year (Asset C)	4,00,000
Less: Net Sale Consideration of Asset Transferred (Asset B)	7,50,000
STCG	2,50,000

- Net sale consideration of one asset (Asset B) exceeds opening Balance of WDV and Cost of asset acquired during the year (Asset C)
- Hence there is no value remain in block. The excess amount (INR 2,50,000) will be STCG

❖ Where all assets of block are transferred

- Now, Let’s assume all asset (A, B, & C) in above example sold for INR 4,50,000.
- There is balance amount in block of INR 50,000 (5,00,000 – 4,50,000) will be STCL as there is no asset remain in the block so Block cease to exist.

So Simply,

Situation	Value Remain in Block	Asset remain in Block	STCG/STCL
Sale Consideration > Op WDV + Asset Acquired	No	Yes	STCG, No Depreciation on remaining Asset
Sale Consideration < Op WDV + Asset Acquired	Yes	No	STCL, No depreciation on remaining Value
Any of above situation	Yes	Yes	No STCG/STCL, Depreciation allowed on Closing Balance

Determination of WDV where Goodwill of Business or Profession forms part of block of asset for AY 2020-21 and depreciation has been claimed on such goodwill

WDV of Block of Intangible assets (Amount of Goodwill shall be deducted from Block)

Amount of Block of Assets consist of Goodwill LESS Amount of Goodwill reduced by depreciation claimed

STCG (Excess as below will be STCG)

Reduction Amount u/s 43(6) > WDV of Block at beginning of PY 2020-21 (Without Reduction)
 (Goodwill Amount – Depreciation Claimed) Add : Intangibles acquired OTHER THAN Goodwill

❖ In case of Asset belongs to Power Sector Undertakings in which SLM applicable

- When Sale Consideration > Actual cost of Asset
- Actual Cost less WDV = Terminal Depreciation
- Sale Consideration less Actual Cost = STCG

SECTION 50B – GAIN/LOSS ON TRANSFER OF UNDERTAKING AS SLUMP SALE

- Capital Gain/Loss = Sale Consideration (FMV on Date transfer shall be deemed to be FVOC) less Net Worth (Deemed Cost of Acquisition)
- Net Worth = Assets less Liabilities (Belongs to Undertaking transferred)
- A report of a Chartered Accountant before the specified date referred to in section 44AB
- If Undertaking held for > 36 Months = LTCG, However Indexation benefit not available
- Value of Assets Transferred under Slump Sale (Ignore Revaluation effect)
 - ✓ Depreciable Asset = WDV as per Section 43(6)(C)
 - WDV of Asset = Cost of Asset less Depreciation
 - However, such WDV is restricted to total WDV of Block of which asset belongs
 - ✓ Other Assets = Book Value of Other Assets

Example: WDV of Block 'Buildings' = 55,00,000 as on 01-04-2022 includes 'Building A' 'Building A' (Cost = 62,00,000, Acquired 01-04-2022) is transferred under slump sale of undertaking
 WDV of 'Building A' Transferred = 62,00,000 (Cost) less 6,20,000 (Depreciation @10% for 2022-23)
 = 55,80,000

Total WDV of Block 'Buildings' = 55,00,000 < WDV of 'Building A' alone i.e. 55,80,000
 Hence WDV of Asset Transferred restricted to WDV of Block 'Buildings' = 55,00,000

SECTION 50C - STAMP DUTY VALUE WOULD BE THE FULL VALUE OF CONSIDERATION

- Where consideration received on transfer of capital asset and such Consideration < Stamp Duty Value
- Stamp Duty Value shall be deemed to be the sale consideration for computing PGBP
- Date of Valuation = Date of Agreement : in case of at least part of payment made other than CASH
 or = Date of Registration : In any other case

Reference to Valuation Officer by A.O.

- if Assessee claims that Stamp Duty Value > FMV of Asset.
- Where Valuation done by Valuation Officer > Stamp Duty Value, in such cases Stamp Duty Value shall be full value of Consideration for Asset

Allowability of Variance between Sale Consideration or SDV

- No adjustments shall be made in a case where the variation between SDV and the sale consideration is
- Not more than five percent of the sale consideration
- if SDV ≤ 110% of Sale Consideration
- In such cases Sale Consideration = FVOC, not SDV

SECTION 50CA – SALE CONSIDERATION FOR TRANSFER OF SHARES OTHER THAN QUOTED SHARES

- Sale Consideration received < FMV, In such case FMV shall be the deemed Value of Consideration
- Quoted share = the share quoted on any RSE with regularity from time to time, where the quotation of such share is based on current transaction made in the ordinary course of business.
- Calculation of FMV as per Rule 11U and Rule 11UA

SECTION 50D – SALE CONSIDERATION FOR TRANSFER OF ANY CAPITAL ASSET

- Where the consideration received on transfer of a capital asset is not ascertainable/determined,
- FMV shall be the full Value of Consideration

SECTION 51 – ADVANCE MONEY RECEIVED – FORFEITED ON FAILURE OF NEGOTIATION

- Before 01-04-2014 : Deducted from Cost of Acquisition before indexation, Taxable in the year of Transfer of Asset
- On or After 01-04-2014 : Taxable u/s 56(2)(ix) as IFOS, Taxable in the year of forfeiture

EXEMPTIONS IN CAPITAL GAIN [SECTION 10]

1. Capital gain on transfer of a unit of Unit Scheme, 1964 [Section 10(33)]
2. Capital gains on compulsory acquisition of Urban Agricultural Land [Section 10(37)]
 - Available to Individual or HUF,
 - Provided Such Land used during preceding 2 years for agricultural purpose by Individual or his Parents or by HUF

The Invictus

EXEMPTIONS IN CAPITAL GAIN ON INVESTMENT BASIS

PROVISIONS	SECTION 54 – CG ON SALE OF RESIDENTIAL HOUSE	SECTION 54B – GAIN ON TRANSFER OF URBAN AGRICULTURAL LAND [UAL]	SECTION 54F – CAPITAL GAIN ON SALE OF ANY LTCA
Assessee	Individual & HUF		
Conditions	<ul style="list-style-type: none"> Transfer of residential house, Income of which is charged under IFHP It must be LTCA Used for Residential Purpose 	<ul style="list-style-type: none"> UAL [LTCA or STCA] Land must be used for agri. purpose by Individual or his parents/HUF – Preceding 2 yrs. immediately preceding the date of transfer 	<ul style="list-style-type: none"> Any LTCA other than Residential House Assessee should not own more than one residential house on date of transfer
New Asset	<p>If CG ≤ 2 Cr</p> <ul style="list-style-type: none"> Two Resi. House (Option can be exercised once only. Not available again for same or subsequent AY even if CG ≤ 2 Cr) in India <p>If CG > 2 Cr. One Resi. House in India</p>	Any Agricultural Land [UAL or RAL]	Residential House situated in India
Amount of Exemption	Lower of CG or Cost of New Asset	Lower of CG or Cost of New Land	Proportionate $\frac{\text{CG} \times \text{Amount Invested}}{\text{Net Sale Consideration}}$
Time Period to acquire New Asset	<ul style="list-style-type: none"> Purchased within 1 yr. before or 2 yrs. after the date of Transfer. or Constructed within 3 yrs. From the date of transfer 	<ul style="list-style-type: none"> Purchased within 2 yrs. from date of transfer 	<ul style="list-style-type: none"> Purchased within 1 yr. before or 2 yrs. after the date of Transfer. or Constructed within 3 yrs. From the date of transfer
Restriction on transfer of New Asset / Acquisition	New asset acquired shall not be transferred within 3 yrs. from the date of purchase / Construction	<p>New UAL shall not be transferred within 3 yrs. from the date of purchase of New UAL</p> <p>N.A. if New land is RAL, as it is already exempted from CG</p>	<p>Should not Transfer within 3 yrs. from the date of purchase / Construction</p> <p>or</p> <p>Should not, Purchase within 2 yrs. / Construct within 3 yrs. from the date of transfer</p> <p>Any residential house other than above new asset</p>

<p>Consequences on Violation of any condition</p>	<p>Cost of Acquisition of asset transferred shall be reduced by CG exempted earlier for the purpose of computation of CG of new asset</p>	<p>Cost of Acquisition of land transferred shall be reduced by CG exempted earlier for the purpose of computation of CG of new land</p>	<p>Exemption not available and CG exempted earlier Chargeable to tax</p>
--	---	---	---

<p>PROVISIONS</p>	<p>SECTION 54D – CG ON COMPULSORY ACQUISITION OF LAND & BUILDING OF INDUSTRIAL UNDERTAKING</p>	<p>SECTION 54EC – INVESTMENT IN CERTAIN BONDS</p>	<p>SECTION 54EE – INVESTMENT IN CERTAIN NOTIFIED UNITS OF BONDS</p>
<p>Assessee</p>	<p>Any Assessee</p>		
<p>Conditions</p>	<ul style="list-style-type: none"> Must be Land & Building Used by the assessee for business of industrial undertaking – 2 yrs. preceding date of transfer Even if he is not owner during 2 yrs. (e.g. Rented Premise which purchased later on) 	<ul style="list-style-type: none"> Transfer of any LTCA being Land or Building or Both Money recd. on liquidation of company is taxable however there is not transfer of capital asset hence no exemption u/s 54EC available [CIT vs. Ruby Trading (Raj HC)] Depreciable asset held for > 36 months – Also eligible [CIT vs. Dempo Co. (SC)] 	<ul style="list-style-type: none"> Transfer of any LTCA
<p>New Asset</p>	<p>Purchase/Construct any other land or Building for Shifting/Re-establish existing or Setting up new industrial undertaking</p>	<p>Bonds of NHA I or RECL or Power Finance Corp. (PFC) or Railway Finance Corp (RFC) Redeemable after 5 yrs., issued on or after 01-04-2018</p>	<p>Unit issued before 01-04-2019 of such fund as notified by Govt.</p>
<p>Amount of Exemption</p>	<p>Lower of CG or Cost of New Asset</p>	<p>Lower of CG or Cost of Investment [Max. 50 Lakh]</p>	<p>Lower of CG or Cost of Investment</p> <ul style="list-style-type: none"> [Max. 50 Lakh]
<p>Time Period to acquire New Asset</p>	<ul style="list-style-type: none"> Purchase/Construct: within 3 yrs. From date of transfer 	<ul style="list-style-type: none"> Purchase: Within 6 months from date of transfer Capital Asset converted into stock in trade, 6 months shall be reckoned from the date of sale of stock in trade 	<ul style="list-style-type: none"> Purchase: Within 6 months from date of transfer

Restriction on transfer of New Asset / Acquisition	New undertaking shall not be transferred within 3 yrs. from the date of purchase / Construction	Should not Transfer/Convert/avail loan/advance on security within 5 yrs. from the date of purchase of bonds	Should not Transfer/Convert/avail loan/advance on security within 3 yrs. from the date of purchase of bonds
Consequences on Violation of any condition	Cost of Acquisition of asset transferred shall be reduced by CG exempted earlier for the purpose of computation of CG of new asset	CG exempted earlier shall be taxed in the year of violation	CG exempted earlier shall be taxed in the year of violation

PROVISIONS	SECTION 54G - CG ON SHIFTING OF INDUSTRIAL UNDERTAKING FROM URBAN AREAS	SECTION 54GA - CG ON SHIFTING OF INDUSTRIAL UNDERTAKING FROM URBAN AREAS TO SEZ	SECTION 54GB - CG ON RESI. HOUSE & USED TO SUBSCRIBE EQUITY IN START-UP
Assessee	Any Assessee transfers Industrial Undertaking		Individual or HUF
Conditions	<ul style="list-style-type: none"> Shifting of industrial undertaking from Urban area to any area other than urban area Transfer of 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 	<ul style="list-style-type: none"> Shifting of an industrial undertaking from an urban area to any SEZ, whether developed in an urban area or not Transfer of 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 	<ul style="list-style-type: none"> Sale of a residential property (house or plot of land) owned by an individual or a HUF Invest in an Eligible company being an Eligible Start Up
New Asset	<ul style="list-style-type: none"> Purchase of new plant and machinery for the purposes of business of the industrial undertaking in the area to which the said undertaking is shifted Acquisition of building or land or construction of building for the purposes of his business in the said area Expenses on shifting of the industrial undertaking from the urban area to the other area Other Expenses as notified by Government 		Individual or HUF shall Subscribe > 50% of Equity share or Voting Rights in eligible company and Such amount is utilized by eligible Co. for purchase of NEW Plant & Machinery/Computers / Software
Amount of Exemption	Lower of CG or Cost of New Asset/Expenses		Proportionate $\frac{\text{CG x Amount Invested}}{\text{Net Sale Consideration}}$

<p>Time Period to acquire New Asset</p>	<ul style="list-style-type: none"> ▪ Purchase/Construct: Before 1 yr. or within 3 yrs. From date of transfer 	<ul style="list-style-type: none"> ▪ Company should be incorporated on or before due date of ITR by Individual or HUF ▪ Amount shall be utilized by Co. within 1 yr. from date of Subscription
<p>Restriction on transfer of New Asset / Acquisition</p>	<p>New assets should not be transferred within 3 yrs. from the date of purchase / Construction</p>	<p>Should not Transfer within 5 yrs.</p> <ul style="list-style-type: none"> ▪ Equity shares subscribed or ▪ Plant & Machinery Acquired
<p>Consequences on Violation of any condition</p>	<p>Cost of Acquisition of asset transferred shall be reduced by CG exempted earlier for the purpose of computation of CG of new asset</p>	<p>If the amount deposited by the company in specified banks/ institutions, is not utilized wholly or partly for the purchase of new plant and machinery within the period specified, then, The amount of capital gains not charged to tax u/s 45 on account of such deposit by the company shall be charged to tax u/s 45 as income of the assessee For the PY in which the period of 1 year from the date of subscription in the equity shares by the assessee expires</p>

➤ **Eligible Co.** - Incorporated in the year in which CG arise or Incorporated on or before the due date of filing of ITR in following year

➤ **Eligible Start-up**

- Incorporated during 01-04-2016 to 31-03-2022 & Holds Certificate of eligible business
- Turnover ≤ 25 Crore in from PY 2016-17 to PY 2020-21
- Eligible Business of Innovation/Development/Deployment/Commercialization of New Process/ Product/Service driven by Technology/Intellectual Property

➤ **New plant and machinery does not include**

- Any machinery or plant which, before its installation by the assessee, was used either within or outside India by any other person;
- Any machinery or plant installed in any office premises or any residential accommodation, including accommodation in the nature of a guest house;
- Any office appliances including computer and computer software;
- Any vehicle; or
- Any machinery or plant, the whole of the actual cost of which is allowed as a deduction, whether by way of depreciation or otherwise, in computing the income chargeable under the head “Profits and gains of business or profession” of any previous year.
- In case of an eligible start-up, being a technology driven start-up so certified by the notified Inter-Ministerial Board of Certification (IMBC), the company can also utilize the amount invested in shares to purchase computers or computer software. This is because computers or computer software form the core asset base of such technology driven start-ups.

CAPITAL GAINS ACCOUNT SCHEME (CGAS)

- Under sections 54, 54B, 54D, 54F, 54G and 54GA, CG is exempt only on investment of such gains or net consideration (54F),
- In case of 54GB amount deposited in Specified A/c and not in CGAS
- If Such Investment is not made before due date of filing of ITR,
- Such Amount should be deposited in CGAS on or before the due date of filing of ITR
- If amount deposited is not utilised before time specified, Unutilised amount will be charged to Tax

In event of death of an individual before the specified period, the unutilized amount is not chargeable to tax in the hands of the legal heirs. It is not income but is a part of the estate devolving upon them.

[CBDT Circular No.743 dated 06-05-1996]

SECTION 54H - EXTENSION OF TIME FOR ACQUIRING NEW ASSET OR DEPOSITING

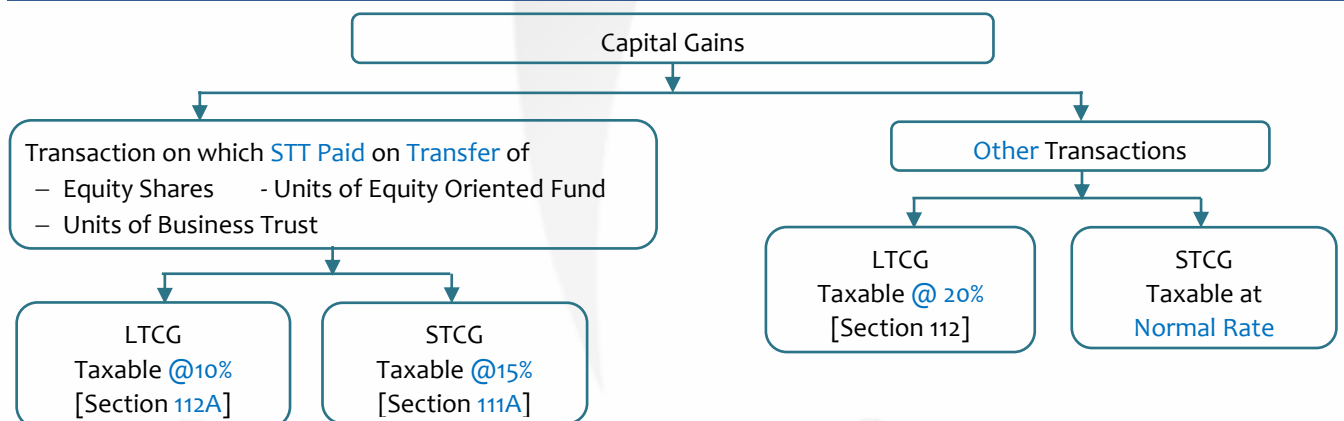
- In case of Compulsory acquisition, Period specified for Investment or Deposit shall be considered from the date of receipt of Compensation.

SECTION 55A - REFERENCE TO VALUATION OFFICER

AO may refer to Valuation Officer in following Cases

- Value claimed by Assessee in accordance with estimate by Regd. Valuer varies with FMV to determine Sale consideration or Cost of asset
- If there is difference between FMV of the asset and Value claimed by assessee.
- Such difference exceeds by more than 15% of value claimed or by more than 25,000
- If AO is of the opinion that it is necessary to refer case to VO, considering nature of asset and relevant circumstances

TAX RATES ON CAPITAL GAINS



- Transactions undertaken in foreign currency on a RSE located in an IFSC would be taxable @10% u/s 112A even though STT is not leviable in respect of such transaction.
- Gain upto ₹ 1,00,000 is Not Taxable (It will be included in Total Income), in case of LTCG taxable u/s 112A
- No benefit of rebate u/s 87A shall be available in case of LTCG taxable u/s 112A
- In case of LTCG on Unlisted Securities (Other than Units) & ZCB, Option to Pay Tax
 - 10% (without Indexation) or 20% (with Indexation) Whichever is lower
- No deduction under Chapter VI-A allowed against STCG u/s 111A, LTCG u/s 112A and LTCG u/s 112
- Basic Exemption Limit shall be first exhausted by any Other Income and LTCG u/s 112, STCG u/s 111A, LTCG u/s and 112A (exceeding ₹ 1,00,000) can be reduced by unexhausted limit only. [For Resident Only]

SALE OF SHARES WHETHER BUSINESS INCOME OR CAPITAL GAIN?**[CIRCULAR NO. 06/2016 DT. 29-02-2016]**

- Shares can be held either as capital assets or stock-in-trade/trading assets or both.
- Where the assessee itself, irrespective of the period of holding, opts
- To treat them as stock-in-trade / Capital Asset
- Income arising from transfer of such shares/securities would be treated accordingly
- Stand once taken shall be final for subsequent year also.



The Invictus

SECTION 56 – INCOME CHARGEABLE UNDER THIS HEAD

This head is the **residuary head**. When any income, profit or gain is chargeable to tax but **does not fall precisely** under any of the other specific heads, it would be charged under this head.

Following is the **illustrative list** of Income Chargeable under this head.

DIVIDEND INCLUDING DEEMED DIVIDEND [56(2)(I)]

Following payment shall be deemed dividend only to the **extent of accumulated profit** (Whether capitalised or not)

- a) **Distribution of Assets** like shares etc. [ASSET]
- b) **Debentures, Deposit Certificate or Bonus to Preference Share Holders**. [BONUS]
- c) Asset distributed **on liquidation** [CLOSURE]
- d) **Reduction** of capital [DIMINUTION]
- e) Loan by **closely held** company to **Shareholder** holding $\geq 10\%$ equity **or to Concern** in which such shareholder having substantial interest **except** loan given in **ordinary course** & lending is **substantial part** of business

– **Exception** to deemed dividend i.e. following shall not be considered as deemed dividend

- **Bonus** shares given to **equity** share holder is not dividend
- Distribution **after the date of liquidation** is not dividend
- **Buyback** of shares **or** issue of shares on **demerger** is not dividend
- Dividend setoff against loan which has been deemed dividend u/s 2(22) (e) not taxable again

– **Taxability of Dividend**

Any income by way of **dividend received** from a company, whether **domestic or foreign**, is taxable in the hands of **Share Holder** at **Normal Rate** of Tax [w.e.f. 01-04-2020]

However, dividend DISTRIBUTED by domestic companies BEFORE 01-04-2020 but received after 01-04-2020 on which DDT u/s 115-O has been paid by company would be exempt in the hands of shareholder

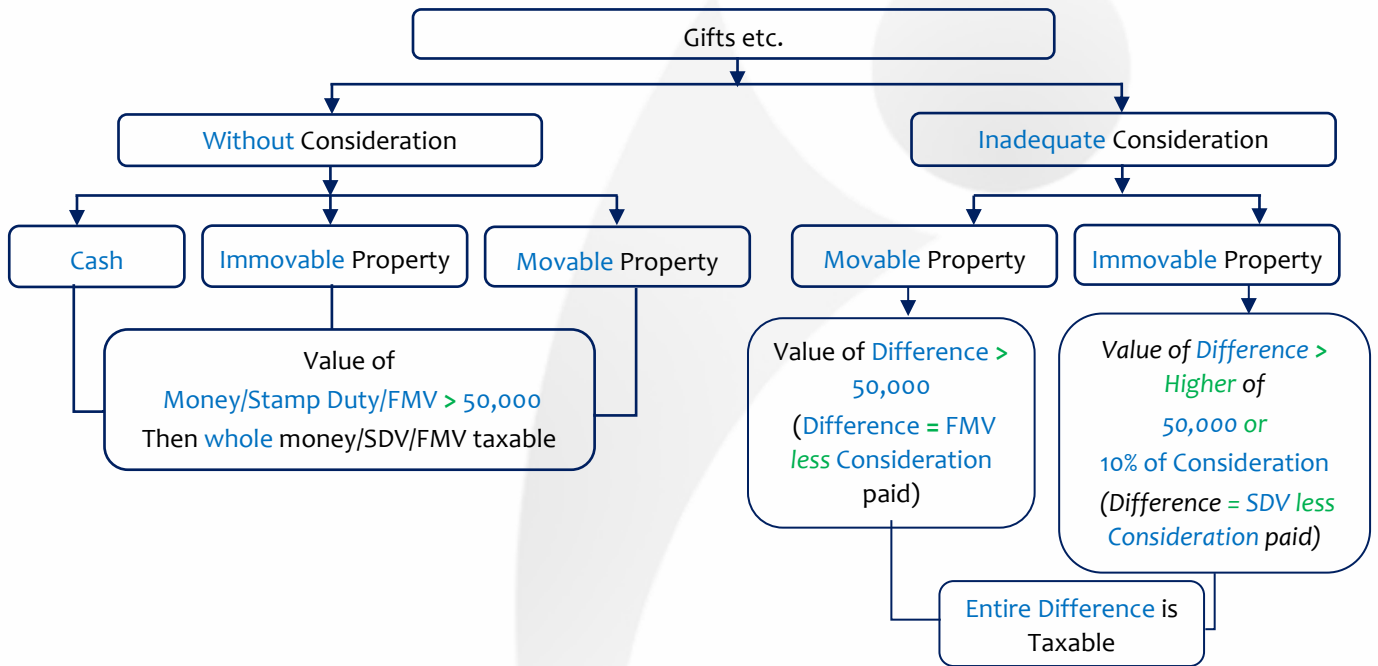
OTHER INCOMES

1. **Casual Income** in the nature of winning from lotteries, crossword puzzles, races including horse races, card games and other games of any sort, gambling, betting etc. [56(2)(ib)]
 - Chargeable @ **flat rate of 30%** [Section 115BB]
 - **No expenditure** allowed from such income
 - **No benefit** of Basic Exemption Limit or **No deduction** under Chapter VI-A allowed
2. Advance received and forfeited due to failure of negotiations [56(2)(ix)]
 - Advance received **upto 31-03-2014** = **Reduced from cost of acquisition** of capital asset under CG
 - Advance received **after 31-03-2014** = Taxable under IFOS
3. Salary received by an MPs/MLAs – it is **not chargeable** to income-tax **under the head ‘Salary’**
4. Interest on bank deposit/Loan given/Income tax refund.
5. Interest on **Post Office Saving Account** (**exempt** u/s 10(15) up to 3500/7000 to Individual/Joint Account)
Apart from the above exemption **deduction u/s 80TTA** is also available
6. Interest on compensation/enhanced compensation – Taxable **in the year of receipt** [56(2)(viii)]
50% flat deduction allowed u/s 57 from the interest received on compensation
7. **Compensation or Payment** due to or received by any person [56(2)(xi)]
 - In connection with or **termination** of his **employment** or

- Modification of the terms & conditions relating there to
- Shall be chargeable under this head

8. Following income chargeable under IFOS only if not chargeable under PGBP/IFHP
- Sum received under a Keyman insurance policy.
 - Income from letting out on hire, machinery, Plant or furniture.
 - Income from letting out of Building is inseparable from machinery let out above.
 - Interest on Securities.

TAXATION OF GIFTS (APPLICABLE TO ALL ASSESSEE) [56(2)(X)]



Note

- Tax implications for transfer of immovable property for inadequate consideration in the hands of seller shall be dealt as per Section 43CA (in case of Stock in trade) and 50C (in case of Capital Asset)

➤ **Non-applicability of section 56(2)(x)**

Any sum of money or value of property received in the following circumstances would be outside the ambit of section 56(2)(x) i.e. Exempt

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 any trust or institution referred in section 10(23C); or
7. From any trust or institution registered under section 12AA; or
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 exempt transfer under clause referred in Section 47 or
10. From an individual by a trust created or established solely for the benefit of relative of Individual
11. Any amount received by person for treatment of COVID related illness for his own / Family Members
12. Any amount received by Family Member of deceased person where death caused due to COVID related illness
From Employer – No Limit From Other Person – Upto ₹10 Lakh

Relative Means,		
1	Spouse	of Individual /of any person referred in 2 or 3 below
2	Brother or Sister	of Individual / of Spouse / of Parents
3	Lineal ascendant or descendant	of Individual / of Spouse
4	HUF	Any member of HUF

Property means, Capital Asset being

- (a) immovable property being land or building or both,
- (b) Shares and securities,
- (c) Jewellery,
- (d) Archaeological collections,
- (e) Drawings,
- (f) Paintings,
- (g) Sculptures,
- (h) any work of Art or Bullion

- Date for determining Stamp duty value.
 - Date of agreement if part/full payment made in mode other than cash or
 - Date of registration will be considered in any other case
- Only transfer of capital asset, without consideration or for inadequate consideration would attract the provisions of section 56(2)(x).

SHARES ISSUED AT PREMIUM BY CLOSELY HELD COMPANY TO A RESIDENT PERSON [56(2) (VIIB)]

- Issue price (Face Value + Premium) > FMV of Shares
- Taxable Amount under IFOS = Issue Price less FMV of Shares, Taxable in the hands of Company.
- If shares issued at Discount or Face Value, this section not attracted though issue price > FMV

Example:

Issue Price = 120 Face Value = 100 FMV = 110
 Issue Price 120 > FMV 110 Taxable Amount = 120 - 110 = 10

Exception: This section not attracted in following transactions

- Shares issued by Venture Capital Undertaking (VCU) from VC Fund or by Venture Capital Company or
- Shares issued by a company notified by Central Government

SECTION 57 – DEDUCTIONS ALLOWABLE

- Reasonable commission or remuneration paid for the purpose of realising such dividend or interest other than dividend referred in section 115-O
 - Deductions in respect of letting on hire of machinery, plant and furniture, with or without building,
 - Current repairs on machinery, plant or Furniture
 - Insurance paid for such asset
 - Normal Depreciation
 - Family pension, a deduction of 33.33% of such income or 15,000, whichever is less
- Exemption**
- Family pension received by widow/children of member of armed forces of Union and death of such member occurred in course of operational duties [10(19)]
 - Family pension received by member of family who had been awarded notified gallantry awards like “Param Vir Chakra” or “Vir Chakra”
- Other revenue expenditure incurred exclusively to earn the income
 - 50% of interest on compensation/enhanced compensation received u/s 56(2)(viii)

SECTION 58 – DEDUCTIONS NOT ALLOWABLE

- Personal Expenses
- Interest/Salary paid outside India without TDS – Full amount disallowed
- Payment to resident without TDS or TDS deposited after due date of ITR – 30% of exps. disallowed
- Excessive payment to Relative/Associate Concerns or Cash Payment exceeding 10,000 as covered in Section 40A is also applicable to IFOS

SECTION – 59 DEEMED INCOME

- Expenditure claimed or loss deducted earlier and subsequently any amount received or benefit derived = Amount allowed earlier as deduction shall be deemed income

SECTION 94 - BOND WASHING OR DIVIDEND STRIPPING & BONUS STRIPPING TRANSACTIONS**DIVIDEND STRIPPING [Applicable to Unit Holders of Business Trust – Where SPV does not opt 115BAA and Dividend is taxable in the hands of Unit holder]**

- To avoid tax on income from Securities owner of a security/unit transfers the Security/Unit just before the due date of income and buys back the same immediately after Income on such security is paid
- Taxability in the hands of Transferor being owner of securities
 - Such income will be taxable as deemed income in the hand of Transferor and not the transferee
- Taxability in the hands of Transferee
 - Loss if any, on transfer to Securities/Unit ignored to the extent of income received as above if all the three conditions below is satisfied
 - ✓ Person acquires Securities/Unit within period of 3 Months prior to record date and
 - ✓ Income received on such Securities/Unit is exempted and
 - ✓ Sells or Transfers Securities within 3 Months/ Units within 9 Months after such date
- However, Section 94 shall not be attracted in following cases
 - Securities/Unit acquired before 3 months prior to record date or
 - Income earned on such Securities/Unit is not exempt or
 - Securities/Unit transferred or sold after 3 Months/9 Months as the case may be

BONUS STRIPPING

- Person acquires Securities/Unit within period of 3 Months prior to record date (Original) and
 - Such person is allotted Bonus Securities/Unit and
 - Sells or Transfers Original Securities / Units within 9 Months after such date and and
 - Continue to hold Bonus Securities/Unit
- Loss incurred on sale of Original Securities / Units within 9 months shall be Ignored.
- Amount of Loss Ignored = Deemed Cost of Acquisition for Bonus Allotment

The Invictus

SECTION 60 – TRANSFER OF INCOME WITHOUT TRANSFER OF ASSET

- Income shall be clubbed in the hands of **Transferor**

SECTION 61 – INCOME ARISING FROM REVOCABLE TRANSFER OF ASSET MADE BY ANY PERSON

- Income shall be clubbed in the hands of **Transferor**

SECTION 62 – INCOME ARISING FROM REVOCABLE TRANSFER OF ASSET WILL NOT BE CLUBBED

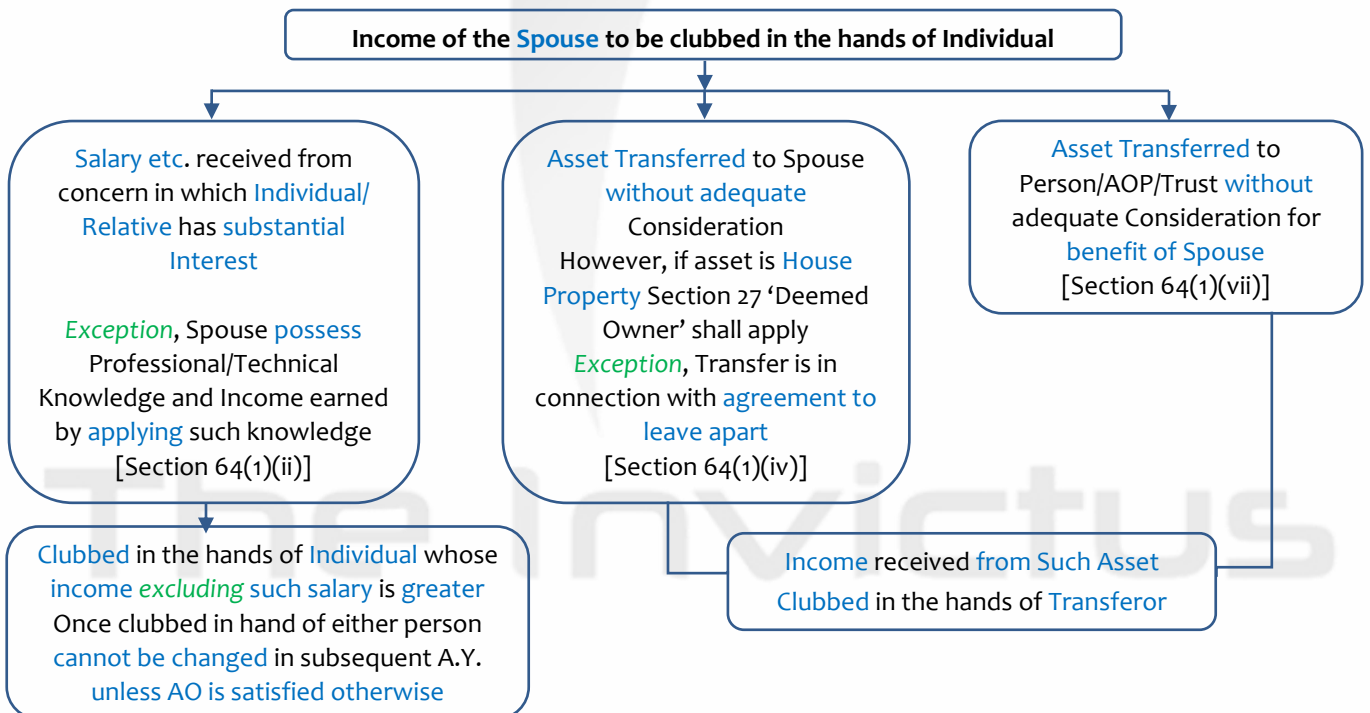
- Transfer is **not revocable** during the **lifetime** and
- Transferor **derives no direct or indirect benefit** of such income,
- **Exception** - when **power to revoke is arise**, Income shall be **clubbed** in the hands of transferor **even if actually not revoked**.

SECTION 63 – TRANSFER DEEMED TO BE REVOCABLE

- If it contains **provision** of re-transfer of Income/Asset
- Contains **right to re-assume** power over whole/part of the Income/Asset.

SECTION 64 – CLUBBING OF INCOME OF SPOUSE, MINOR CHILD ETC.

INCOME OF SPOUSE

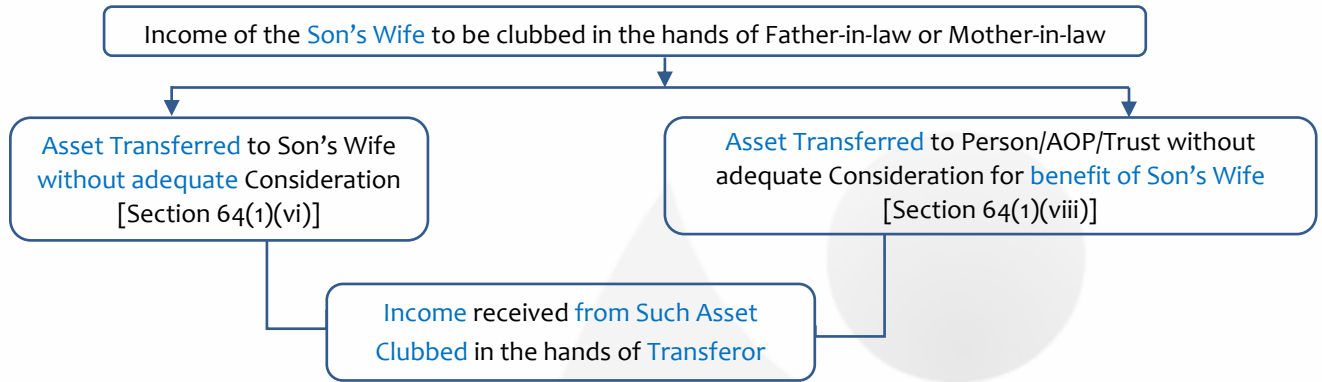


Relative = Husband, Wife, Brother, Sister, Lineal Ascendant or Descendant of Individual

- Where the assets transferred to Spouse are **invested** by the Spouse **in the business**,
- **Proportionate income** arising from such investment will **be clubbed** with total income of the transferor.
- If investment is in the **nature of capital contribution**, Proportionate **Interest on capital** will be clubbed

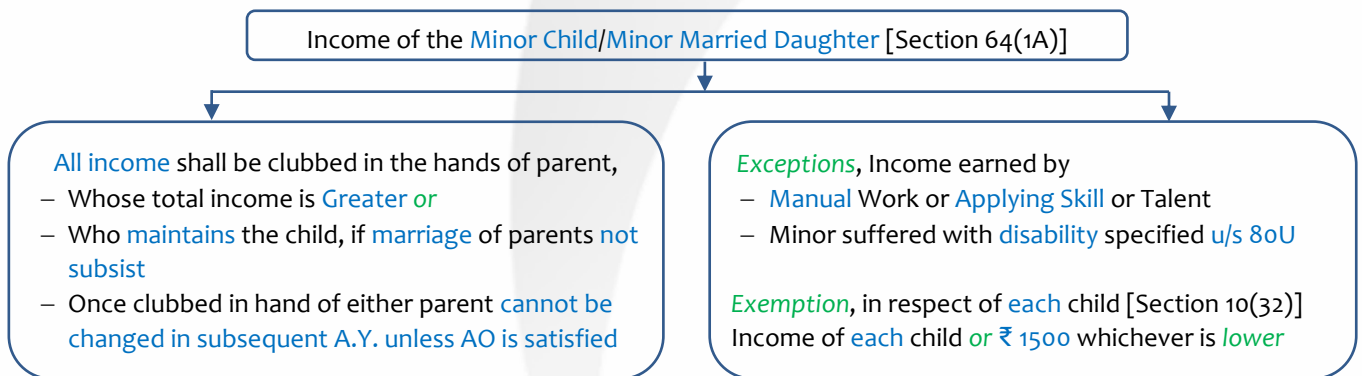
- Proportion = Value of the aforesaid investment / Total Investment as on FIRST DAY of previous year.
- Total Investment = Capital of Spouse on First Day of PY plus Value of aforesaid Investment

INCOME OF SON'S WIFE

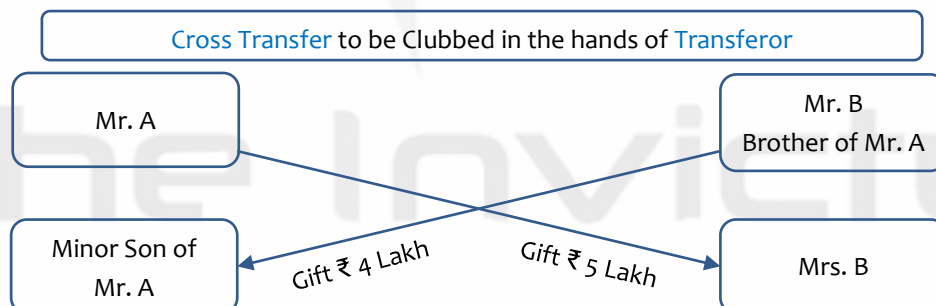


- Where the assets transferred to Son's Wife are invested by the Son's Wife in the business,
- Proportionate income shall be clubbed as discussed above.

INCOME OF MINOR CHILD

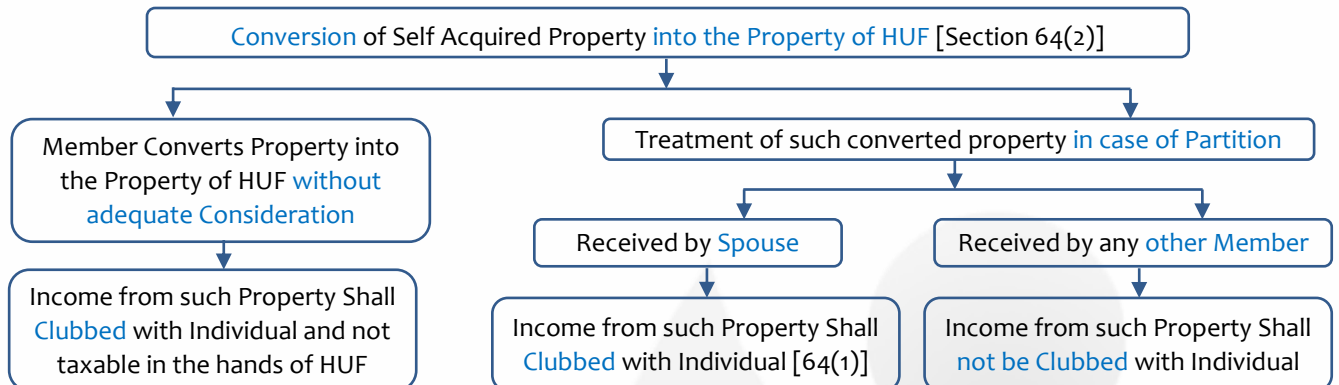


CROSS TRANSFER



- Interest @ 9% earned by Minor Son ₹ 36,000 and Mrs. B ₹ 45,000 by Investing such amount
- Amount to the extent of ₹ 4,00,000 shall be considered as Cross Transfer in this case
- Hence, Interest of ₹ 36,000 shall be clubbed in the hands of Mr. A and Mr. B (not ₹ 45,000)

TRANSFER OF PROPERTY TO HUF



SECTION – 65 LIABILITY OF TRANSFEEE IN RESPECT OF INCOME CLUBBED IN THE HANDS OF TRANSFEROR

- When any income of transferee is clubbed in the hands of transferor by virtue of Section 60 to 64 and Section 27
- Transferee shall be liable to pay that portion of tax which is attributable to clubbed income, if notice to pay such tax is served by AO to Transferee.

OTHER PROVISIONS.

- Income includes loss also, hence loss shall also be clubbed. [Explanation 2 to Section 64].
- Section 61 applies to any person while Section 64 applicable to Individual only.
- If loan given is bona fide, whether interest free or not, such bona fide loan shall not be considered as transfer of asset hence clubbing provision on such income not applicable.
- Clubbing shall be done under the same head in which it is earned.
- Clubbing provision shall continue to apply even if transferee has converted the asset in other form.
- Income earned by transferee by applying the income which is clubbed shall not be clubbed.
- Individual must have substantial interest in Individual Capacity and not in representative capacity

The Invictus

AGGREGATION OF INCOME

SECTION 66 – TOTAL INCOME

- In computing the total income of an assessee, there shall be **included all income** on which no income-tax is payable under Chapter VII

SECTION 67A – METHOD OF COMPUTING MEMBER'S SHARE IN AOP/BOI

- Discussed in “Assessment of Various Entities”

SECTION 68 – CASH CREDIT

- **Any sum credited** in the books of account shall be charged to Income Tax,
 - If **satisfactory explanation** about **nature and source is not offered** to AO
 - **The person in whose name such credit is recorded also need to give satisfactory explanation to AO about nature & source of sum so credited**
- Share Application money, Premium, Capital credited in the books of **Closely held Companies**
 - Explanation offered by such company is **deemed** to be **unsatisfactory**
 - **Unless** Resident **person**, in whose name such amount is credited, **explains satisfactorily** to AO
 - **Exception**, if such person is Venture Capital Fund (VCF)/ VC Company, no explanation required.

SECTION 69 – UNEXPLAINED INVESTMENT, MONEY, EXPENDITURE ETC.

- Following amount shall be **deemed income** of such FY, if satisfactory **explanation not offered** to AO
 - Value of **Investment** which is **not recorded** in the Books of Account [69]
 - **Money, Bullion, Jewellery** etc. **not recorded** in the Books of Account [69A]
 - **Investment, Bullion, Jewellery** etc. **not fully disclosed**, undisclosed part is deemed income [69B]
 - **Unexplained expenditure** shall be deemed income and shall not be allowed as deduction [69C]
- Amount borrowed/repaid **otherwise than account payee cheque**. repayment includes interest paid If amount **borrowed is included** than **repayment** of such borrowing **shall not be assessed** again [69D]

SECTION 115 BBE - RATE OF TAX ON UNEXPLAINED MONEY, INVESTMENTS ETC.

The unexplained money, investment, expenditure, etc. **deemed as income** under section 68/69/A/B/C/D would be taxed at the rate of

- **Tax @ 60% + Surcharge @ 25% + HEC @ 4% = Effective Tax Rate 78%**

No BEL or allowance or expenditure shall be allowed to the assessee under any provision of the Income-tax Act, 1961 in computing such deemed income.

Further, **no set off of any loss** shall be allowable against income brought to tax under sections 68/69/A/B/C/D.

SECTION 271AAC – PENALTY IN CASE OF UNEXPLAINED MONEY, INVESTMENT ETC.

- **Penalty @ 10% of tax payable** u/s 115BBE
- **No penalty** will be levied if **income is included** in ITR and **Tax** u/s 115BBE has **been** paid before the end of Relevant PY

SET OFF AND CARRY FORWARD OF LOSSES [SECTION 70 TO SECTION 80]

Sr. No.	Loss under the Head	Current Year Loss can be set-off against	Carried Forward Loss	
			Set off Against	No. of Years
1	House Property	IFHP – Full Loss Other Head – Upto ₹ 2 Lakh	IFHP	8 Years
2	PGBP			
	– Normal Business	Any Head except Salary	Any PGBP	8 Years
	– Speculation Business	Only Speculative Income	Speculative Income	4 Years
	– Business Specified u/s 35AD	Specified Business u/s 35AD	Specified Business u/s 35AD	Indefinite
	– Owning & Maintaining Race Horses	Income from O & M of Race Horses	Income from O & M of Race Horses	4 Years
3	Capital Gains			
	– STCL	Only LTCG or STCG	LTCG or STCG	8 Years
	– LTCL	Only LTCG	Only LTCG	8 Years
4	IFOS	Any Income	No Carry Forward	

REHABILITATION OF BUSINESS [PROVISO TO SECTION 72(1)]

- Normally loss of discontinued business cannot be set off against any other business income.
- However, Business is discontinued due to flood, earthquake, riots etc.
- Such business is revived, re-established or reconstructed by assessee within 3 years
- Such loss can be set-off against any other business income
- Such unabsorbed loss can be carried forward upto 7 years.

ORDER OF SET OFF OF LOSSES

- Current year depreciation/expense on scientific research/expense on family planning
- Brought Forward loss from Business/Profession [Section 72(1)]
- Unabsorbed Depreciation [Section 32(2)]
- Unabsorbed Capital Expenditure on Scientific Research [Section 35(4)]
- Unabsorbed Expenditure on Family Planning [Section 36(1)(ix)]

The Invictus

SECTION – 72A ALLOWABILITY IN CASE OF AMALGAMATION, DEMERGER ETC.				
Sr.	Unabsorbed loss of	Carried forward by	Quantum of Loss	Period
1	Amalgamating Co.	Amalgamated Co.	Full Unabsorbed loss (Excluding Speculative Loss)	Fresh 8 Years
	Amalgamating one or more Public Sector Co.	Amalgamated one or more Public Sector Co.		
	Amalgamating Earstwhile Public Sector Co. (Now ceased to be PSC by way of strategic disinvestment (eg. Air India)	Amalgamated Co [Loss will be restricted to date on which public co. ceased to be pub. co.]		
2	Private or Unlisted Co.	Successor LLP		
3	Firm / Sole Proprietary	Successor Co.		
4	Banking Co.	Banking Institution		
5	Demerged Co.	Resulting Co.	Full – If Directly Related to resulting company Proportionate – Other Case (Excluding Speculative Loss)	Balance Period
6	Demerged Co-Operative Bank	Resulting Co-Operative Bank		
7	Amalgamating Co-Operative Bank	Amalgamated Co-Operative Bank	Full Unabsorbed loss (Excluding Speculative Loss)	Balance Period

SECTION – 78 LOSS OR DEPRECIATION IN CASE OF CHANGE IN CONSTITUTION OF FIRM OR SUCCESSION

- Change in constitution of Firm
 - Loss proportionate to share of retired/deceased partner cannot be carried forward
 - However, no restriction on carry forward of unabsorbed depreciation
- Succession otherwise than by inheritance –
 - Cannot be carried forward by Successor
- Succession by inheritance –
 - Allowed to carry forward by legal heirs
 - Even if legal heirs constitute themselves as Partnership Firm, Firm can carry forward
[Madhukant M. Mehta – Supreme Court]

SECTION 79 - CARRY FORWARD AND SET-OFF OF LOSSES IN CASE OF CLOSELY HELD COMPANIES

- Closely held companies not being eligible start up referred to in Section 80-IAC
 - Loss of any year prior to previous year cannot be set off against income of previous year or carried forward, if change in shareholding takes place in closely held companies unless,
 - 51% or more of Voting power beneficially held by persons are same
 - ✓ On the last day of previous year and
 - ✓ On the last day of year or years in which loss is incurred
- Closely held companies being eligible start up referred to in Section 80-IAC
 - Loss of any year prior to previous year allowed set off against income of previous year or carried forward, only if
 - 51% or more of Voting power beneficially held by persons are same
 - ✓ On the last day of previous year and
 - ✓ On the last day of year or years in which loss is incurred

or

- All the shareholders held shares carrying voting power are same
 - ✓ On the last day of previous year and
 - ✓ On the last day of year or years in which loss is incurred
 - ✓ Such loss incurred during the period of 7 years from beginning from the Incorporation
- Non-applicability of restriction if change in shareholding takes place
 - Due to death of shareholder or transfer by shareholder to relative by way of gift
 - In an Indian Company, being subsidiary of foreign co, as a result of amalgamation or demerger of the foreign company and at least 51% of shareholders continue in new company
 - where a change in shareholding takes place in a previous year as a result to a resolution plan approved under the IBC 2016, after affording a reasonable opportunity of being heard to the jurisdictional Principal Commissioner or Commissioner
 - Change in subsidiary takes place to a company and its subsidiary and subsidiary of such subsidiary where
 - ✓ The Tribunal, on application by CG, suspended board u/s 242 of Companies Act 2013 and
 - ✓ Such change taken place pursuant to resolution a resolution plan approved by tribunal u/s 242 of Companies Act 2013

SECTION 79A - NO SET OFF OF LOSSES AGAINST UNDISCLOSED INCOME BROUGHT TO TAX CONSEQUENT TO SEARCH, REQUISITION AND SURVEY

No loss (whether brought forward or otherwise) or unabsorbed depreciation under section 32(2) can be set-off against

- Undisclosed income included in the total income of any previous year of an assessee [consequent to a search under section 132 or a requisition under section 132A or a survey under section 133A (other than a survey conducted for TDS verification under section 133A(2A))]
- while computing his total income for such previous year.

Meaning of undisclosed income: Undisclosed income means –

- Any income of the previous year represented, either wholly or partly, by any money, bullion, jewellery or other valuable article or thing or any entry in the books of account or other documents or transactions found in the course of a search under section 132 or a requisition under section 132A or a survey under section 133A [other than under section 133A(2A)], which has -
 - ✓ Not been recorded on or before the date of search or requisition or survey, as the case may be, in the books of account or other documents maintained in the normal course relating to such previous year; or
 - ✓ Not been disclosed to the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner before the date of search or requisition or survey, as the case may be; or
- Income represented by any entry in respect of an expense:
 - ✓ Any income of the previous year represented, either wholly or partly, by any entry in respect of an expense recorded in the books of account or other documents maintained in the normal course relating to the previous year which is found to be false and which would not have been found to be so, had the search not been initiated or the survey not been conducted or the requisition not been made.

SECTION – 8o SUBMISSION OF RETURN FOR LOSSES

- Non-filing of a return of loss within the time allowed under section 139(1)
- Disentitles the assessee from carrying forward following loss
 - Business Loss [Section 72(1)]
 - Speculative Business Loss [Section 73(2)]
 - Specified Business u/s 35AD [Section 73A]
 - Capital Gain [Section 74(1)]
 - Owning & Maintaining Race Horses [Section 74A (3)]

Exception, Loss from House Property [Section 71B] and Unabsorbed depreciation [Section 32(2)] allowed to carried forward even if, return is not filed



The Invictus

SECTION 10(1) – AGRICULTURAL INCOME

- Central Government has **no power** to levy tax on agricultural income
- Agricultural income **must be in direct connection** with land.

Rent or Revenue derived from land situated in India used for agricultural purpose

- Amount received in **money** or in **kind** for **right to use** land shall be treated as **rent**
- **Ownership** of land is **not necessary**, rent received by **sub-tenant** is also an agricultural income
- Following **conditions** need to be satisfied to be treated as agricultural income
 - Income should be **derived from** land
 - Land should be **used** for **agricultural** purpose
 - Land must be **situated in India**

Income through Agriculture

- **Cultivation** of a field involving **human skill** and labour **on the land** can be treated as agriculture
- **Basic** Operations, which are absolutely **necessary for** the purpose of effectively **raising** produce **from the land** such as tilling of land, sowing of the seeds, watering etc.
- **Subsequent** Operations, which are performed **after** produce **sprouts** from the land such as weeding, digging, harvesting, threshing etc. but **it must be** in **conjunction** with and as **continuation** of the **basic** operations to qualify as agriculture
- Income derived from saplings or seedlings grown in a **nursery** would be **deemed** to be agricultural income, **whether or not** the **basic operations** were carried out **on land**.
- Dairy farming, breeding of livestock, poultry farming, fisheries etc. **are not agricultural** activity

Income from process employed to produce marketable and sale of such produce

- It **must** be a process ordinarily employed **by** the **cultivator** or **receiver of rent in kind**, such as thrashing, winnowing, cleaning, drying etc.
- The produce must **retain** its **original character** in spite of the processing **unless** there is **no market** for selling it **in that condition**.
- Any income from the **sale** of any produce **by** the **cultivator** or **receiver of rent-in kind** is agricultural income provided it is **from the land situated in India** and **used** for **agricultural** purposes

Partly Agriculture and partly Business Income

- If marketing process is performed on a produce which **can be sold in its raw form**, i.e. process **other than ordinarily** employed by cultivator or receiver of rent in kind
- Income derived therefrom is **partly agricultural** income and **partly business** income

Rule 7 - Income from Growing or Manufacturing any product by agriculturist

- If Agricultural **produce capable** of being sold in raw form **is used** to manufacture any product
 - **Business Income** = **Sales less Market Value** of such produce used **less Manufacturing** Exps.
 - **Agricultural Income** = **Market Value** of such produce **less Cultivation** Exps.

Rule 7A, 7B & 8 - Income is Partly Agricultural and Partly Business in Nature			
Rule	Composite Income	Business [Taxable]	Agricultural [Exempt]
7A	Manufacturer of Rubber	35%	65%
7B	Manufacturer of Coffee		
	- Grown & Cured	25%	75%
	- Grown, Cured, Roasted, Grounded	40%	60%
8	Manufacturer of Tea	40%	60%

Income from Farm Building

- Income from building **situated on land** on which agricultural activity, as discussed above, is carried on shall be agricultural income

AGRICULTURAL INCOME INCLUDED IN TOTAL INCOME FOR RATE PURPOSE

- Applicable **only to** Individuals, HUF, AOP/BOI and AJP
 - If Net agricultural income > 5,000 **and**
 - Non-agricultural income > BEL

Example

Particulars (Individual having age 35 years)		Amount (Rs.)	Amount (Rs.)
Step – 1 Calculate Tax on combined income			
A	Non-agricultural Income	5,10,000	5,10,000
B	Agricultural Income	1,00,000	NIL
C	Total (A+B)	6,10,000	5,10,000
D	Tax on (C)	34,500	14,500
Step – 2 Calculate Tax on BEL + Agricultural Income			
E	BEL + Agricultural Income	3,50,000	2,50,000
F	Tax on (E)	5,000	NIL
Step – 3 Compute Net Tax payable [Step-1 less Step-2]			
G	Net Tax (D-E)	29,500	14,500
Step – 4 Apply Surcharge, Rebate, Cess as applicable			
H	Surcharge	NA	NA
I	Rebate u/s 87A	NA	NA
K	Net Tax Payable (G+H-I)	29,500	14,500
L	Cess @ 4%	1,180	580
M	Total Tax Payable	30,680	15,080

SECTION 10AA – TAX HOLIDAYS FOR NEWLY ESTABLISHED UNITS IN SEZ

❖ Eligible Assessee

- Any assessee being an **entrepreneur** as per SEZ Act 2005 and who has been granted **letter of approval** by Development Commissioner of SEZ
- Profit & Gains derived from an undertaking engaged in the **export** of goods or services.
- **Begun** to manufacture goods or providing services **on or after PY 2005-06**
- It should not be formed by **splitting up** existing business **or reconstruction or formed by transfer** of **plant & machinery previously used exceeding 20%** of total Plant & Machineries used in business.

❖ Period of deduction

- **First 5 AY** : 100% of Profit derived from **export** i.e. 1 to 5 years
- **Next 5 AY** : 50% of Profit derived from **export** i.e. 6 to 10 years
- **Further 5 AY** : Amount **transferred** to SEZ Re-Investment **Reserve** Account **not exceeding 50%** of the profit and should be **utilised** for following purpose **within 3 years** from creation of reserve
 - **Acquiring** Plant & Machinery and **put to use** before expiry of 3 years from creation of reserve
 - It should **not be utilised** for distribution of **dividends/profits or remittance outside** India as profit **or** creation of any **asset outside** India.
 - Non-utilisation/Mis-utilisation shall be deemed profit & charged to tax accordingly

❖ Apportionment of profit & gain from exports

- **Profit from Export = Total Profit** of Unit in SEZ \times **Export Turnover** of SEZ / **Total Turnover** of SEZ

❖ Other Points

- **Return** along with **report** from CA **must** be filed to claim deduction
- In case of amalgamation/demerger, **amalgamated/resulting** company **can enjoy** benefit for **balance period** of tax holiday
- During the period of deduction, **Depreciation** is **deemed** to be **allowed** and WDV shall be reduced.
- **No further deduction** u/s 80-IA or 80-IB or 35AD shall be allowed
- **Unabsorbed depreciation or Business loss or Capital loss** shall be **allowed** to be **carried forward** and **set off** for subsequent years.

Section 14A – Expenditure incurred for exempt income shall be disallowed

- **Expenditure** incurred in **relation to earnings of exempt** income shall be **disallowed**
- Whether such income **earned / Accrued / Arisen / Received during** the financial year or not
- This section is **not applicable** to **deductions** under **Chapter VI-A**
- AO is **empowered** to determine expenditure in relation to exempt income if,
 - He is **not satisfied** with correctness of claim of expenditure **or**
 - **Assessee claims** that **no** such expenditure incurred

RULE 8D – DETERMINATION OF EXPENDITURE IN RELATION TO EXEMPT INCOME BY AO

- Expenditure in relation to exempt shall be the **aggregate** of the following
 - Amount **directly relating** to income not forming part of total income i.e. exempt income
 - **1%** of **Annual Average** of **Monthly Average** of **opening & closing balance** of Investment
 - However, such **aggregate** should **not exceed total expenses** claimed by assessee

Sub Section	Other Exemptions under Section 10
2	Amounts received by a member from the income of the HUF
2A	Share income of a partner from Partnership Firm
10BC	Compensation received from CG/SG/Local Authority on account of disaster
11A	Payment from Sukanya Samridhi Account
16	Educational scholarships
17	Payments to MPs & MLAs – Daily allowance & Constituency Allowance
17A	Awards for literary, scientific and artistic works and other awards by the Government
18	Pension received by recipient/Family of gallantry awards
19A	Annual value of any one palace of former rulers shall be excluded
20	Income of local authorities
21	Income of research associations approved under section 35(1)(ii)
22B	Income of news agency – Press Trust of India Ltd. is Notified by CG
23A	Income of professional associations except IFHP, Income from specific service rendered, Interest/Dividend on Investments
23AA	Income of institutions established by armed forces
23AAA	Income of Funds established for welfare of employees of which such employees are members
23AAB	Income of Fund set up by Life Insurance Corporation or other insurer under pension Scheme
23B	Income of institution established for development of Khadi and Village industries
23BB	Income of authorities set up under State or Provincial Act for promotion of Khadi and Village Industries
23BBA	Income of authorities set up to administer religious or charitable trusts
23BBE	Income of the IRDA
23BBG	Income of Central Electricity Regulatory Commission (CERC)
23BBH	Income of Prasar Bharati (Broadcasting Corporation of India)
23C	Income of certain funds or institutions [Refer Chapter 13]
23D	Income of Mutual Fund set up by Public Sector Bank/PFI/SEBI/RBI [Section 10(23D)]
23EA	Income of Investor Protection Funds set up by recognised stock exchanges in India
23EC	Specified income of Investor Protection Fund set up by commodity exchanges
23ED	Income of Investor Protection Fund set up by depositories
23EE	Specified income of Core Settlement Guarantee Fund (SGF) set up by a recognized Clearing Corporation
24	Income of trade unions
25	Income of provident funds, superannuation funds, gratuity funds
25A	Income of Employees' State Insurance (ESI) Fund
26	Income of member of a scheduled tribe
26AAA	Specified income of a Sikkimese Individual from Source in the state of Sikkim Sikkimese woman who, on or after 01-04-2008 marries a non-Sikkimese individual exemption not available
26AAB	Income of an Agricultural Produce Market Committee (APMC) or Board

26B	Income of a corporation etc. for the promotion of interests of members of scheduled castes or tribes or backward classes or any two or all of them
26BB	Income of corporations established to protect interests of minority community
26BBB	Income of corporation established for welfare and economic upliftment of Ex-Servicemen
27	Income of a co-operative society for promoting interest of members of scheduled castes or tribes or both
29A	Incomes of certain bodies like Coffee Board, etc.
30	Tea board subsidy
31	Other subsidies for business of growing and manufacturing rubber, coffee, cardamom or other specified commodity in India
35	Income from units from the Administrator of specified undertaking/specified company / mutual fund specified in clause
39	Specified income arising from any international sporting event in India
40	Certain grants etc. received by a subsidiary from its Indian holding company engaged in the business of generation or transmission or distribution of power
42	Specified income of certain bodies or authorities
44	Income received by any person on behalf of NPS Trust
46	Specified income of notified entities not engaged in commercial activity
47	Income of notified infrastructure debt funds

CHAPTER – 09
DEDUCTIONS FROM GROSS TOTAL INCOME

HEADING A – GENERAL PROVISIONS

SECTIONS 80A

- Deductions u/s 80C to 80U shall be allowed as deduction from gross total income (GTI)
- Aggregate of deductions shall not exceed GTI and not allowed to carry forward as loss
- If deductions allowed to AOP, Members shall not be allowed deductions for the same
- Deductions allowed under provision of chapter VIA, no deductions allowed under other provisions
- No deductions allowed unless it is claimed in return of income, It is necessary to file return

SECTION 80AB – CALCULATIONS OF DEDUCTION ALLOWED IN RESPECT OF CERTAIN INCOME – ‘HEADING C’

- First, Net Income computed shall be regarded as income and included in GTI
- Thereafter deductions will be allowed in respect of such income

SECTION 80AC – RETURN MUST BE FILED ON OR BEFORE DUE DATE TO CLAIM CERTAIN DEDUCTIONS

- To claim deductions under sections 80IA, 80IAB and 80IB to 80IE under ‘Heading C’, (Before 01-04-2018)
- To claim any deductions under ‘Heading C’, (On or after 01-04-2018)
- It is mandatory to file ITR on or before due date specified u/s 139(1)

HEADING B – PAYMENT BASED DEDUCTIONS

SECTION	NATURE OF PAYMENT
<p>80C (Allowed to Individual and HUF)</p>	<p>Life Insurance Premium</p> <ul style="list-style-type: none"> – Premium paid for <ul style="list-style-type: none"> ▪ Individual - Self, Spouse, Child (Major/Minor), Parents are not covered, ▪ HUF- Any Member – Maximum Sum allowed in respect of policy issued <ul style="list-style-type: none"> ▪ Before 01-04-12, 20% of sum assured, ▪ On or After 01-04-12, 10% of Sum assured ▪ Person with disability u/s 80U or Disease u/s 80DDB – 15% from 1-4-2013 – Exemption u/s 10(10D) <ul style="list-style-type: none"> ▪ Any sum received under LIP including Bonus shall be exempt, However exemption would not be available if premium payable for any years during the term of policy exceeds 20% or 10% of sum assured as the case may be ▪ Any sum received under ULIP issued on or after 01-02-2021 including Bonus – Taxable if Premium / Aggregate of Premium Payable exceeds 2,50,000 for Any PY ▪ Any sum received on death of insured person shall be exempt <p>Repayment of Housing Loan including stamp duty, registration fees and other expenses</p> <ul style="list-style-type: none"> – Conditions / Eligible payments <ul style="list-style-type: none"> ▪ Purchase or construction of House property, Chargeable under IFHP ▪ Instalment of part amount paid to Development Authority / Co-operative Society in which house is allotted ▪ Repayment of Borrowings from Bank/Govt/LIC/NHB/Financing Company

	<ul style="list-style-type: none"> ▪ Lock in - HP cannot be transferred for 5 years, else deductions claimed in earlier years shall be taxable in respective years in which deductions claimed - Not eligible payments <ul style="list-style-type: none"> ▪ Admission fees or cost of share or initial deposit to become a member of Co-op. society ▪ Cost of addition/alteration/renovation after the completion of construction or Property occupied by assessee
	Deductions from salary for Govt employee for deferred annuity – Max 20% of Salary
	Contribution of PPF/SPF/RPF
	Contribution of Approved Super Annuation Fund
	Sukanya Samridhi Scheme in name of himself/Girl Child
	Tuition fees (School, College, Education Institution in India) for full time education of Two Children
	Subscription NSC VII Issue
	Notified bonds by NABARD
	Contribution of Unit Linked Insurance Plan 1971/ ULIP of LIC / Approved annuity plans
	Tax Saver Units or Notified Pension fund of MF/UTI
	National Housing Bank (Tax Saving) Term Deposit 2008
	Five years term deposit with scheduled banks/Post Office
	Deposit in senior citizen savings scheme
80CCC (Individual)	<p>Contribution made to Pension plans of LIC/other insurer</p> <ul style="list-style-type: none"> - Interest or Bonus accrued and credited to such account cannot be considered as contribution and shall not be allowed as deduction.
80CCD (Individual)	<p>80CCD (1) – Atal Pension Yojna (Scheme notified by CG)</p> <ul style="list-style-type: none"> - Maximum Deductions <ul style="list-style-type: none"> ▪ Person in employment – 10% of Salary ▪ Self Employed – 20% of GTI <p>Additional deductions in respect of NPS [Over and above limit of 1,50,000 u/s 80CCE]</p> <ul style="list-style-type: none"> - Maximum Deductions <ul style="list-style-type: none"> ▪ 80CCD(1B) - Employee's Contribution – ₹ 50,000 ▪ 80CCD(2) - Employer's Contribution – Such contribution shall be included in salary as income and thereafter allowed as deduction to the extent of <ul style="list-style-type: none"> ✓ By CG or SG to NPS account of their employees - 14% of salary ✓ By Other Employer to NPS account of their employees - 10% of salary <p>SALARY = Basic + DA (forming part of Retirement Benefit)</p>
80CCE	Aggregate deductions u/s 80C, 80CCC, 80CCD(1) – Ceiling limit of 1,50,000
80D (Individual and HUF)	<p>Mediclaim Premium or Contribution of Central Govt. Health Scheme (CGHS)</p> <ul style="list-style-type: none"> - Premium Allowable (Individual and HUF) <ul style="list-style-type: none"> ▪ ₹ 25,000 – for Self, Spouse, Child (Dependent) or member of HUF plus ▪ ₹ 25,000 – for Parents ▪ ₹ 50,000 – if above persons are RESIDENT Senior Citizen ▪ Payment must be made by any mode other than cash - Payment in respect of Preventive Health Check-up (Individual) <ul style="list-style-type: none"> ▪ ₹ 5,000 – within overall limit of 25,000 or 50,000 as above ▪ ₹ 50,000 – RESIDENT Senior Citizen if no payment for premium is made

	<ul style="list-style-type: none"> ▪ Payment can be made any mode including cash – Lump Sum payment of Medical Insurance Premium [Section 80D(4A)] <ul style="list-style-type: none"> ▪ Where Medclaim premium paid in lump sum for more than one year ▪ Deduction allowable would be appropriate fraction of such lump sum payment ▪ Appropriate Fraction = $1 \div \text{Total No. of relevant PYs}$ ▪ Relevant PYs = PY of payment to PY of validity of insurance
80DD (Resident Individual and HUF)	<p>Payment in respect of Medical Treatment/training/rehabilitation of dependent with disability</p> <ul style="list-style-type: none"> ▪ ₹ 75,000 – Person with disability ▪ ₹ 1,25,000 – Person with severe disability <p>Dependent means person who wholly/mainly dependent and not claiming deductions u/s 80U</p> <ul style="list-style-type: none"> ▪ Spouse, Children, Parents, Brother, Sister of Individual ▪ Any Member of HUF
80DDB (RESIDENT Individual and HUF)	<p>Payment in respect of Medical Treatment for Specified Disease for self / dependent</p> <ul style="list-style-type: none"> ▪ ₹ 1,00,000 – RESIDENT Senior Citizen ▪ ₹ 40,000 – Any other cases
80E (Individual)	<p>Interest on loan taken for Higher Education (After Class XII) of Self/Spouse/Children</p> <ul style="list-style-type: none"> ▪ Starting year of interest payment plus Seven succeeding years or ▪ Interest is paid in full <p>Whichever is earlier</p> <p>Eligible borrowings : Loan taken from Financial Institution or Approved Charitable Institution</p>
80EE (Individual)	<p>Interest on loan for acquisition of Self-Occupied Property from Financial Institution.</p> <ul style="list-style-type: none"> ▪ Maximum Deduction ₹ 50,000 (Over and above ₹ 2,00,000 allowed under IFHP) ▪ Assessee should not own any residential house on the date of sanction of loan ▪ Value of house acquired ≤ ₹ 50 Lakh ▪ Loan must be sanctioned during PY 2016-17 ▪ Loan amount ≤ 35 Lakh
80EEA (Individual)	<p>Interest on loan for acquisition of RESIDENTIAL HOUSE Property from Financial Institution or Housing Finance Company)</p> <ul style="list-style-type: none"> ▪ Maximum Deduction ₹ 1,50,000 (Over and above ₹ 2,00,000 allowed under IFHP) ▪ Assessee should not own any residential house on the date of sanction of loan ▪ SDV of house acquired ≤ ₹ 45 Lakh ▪ Loan must be sanctioned during 01-04-2019 to 31-03-2022
80EEB (Individual)	<p>Interest on loan for acquisition of ELECTRICAL VEHICLE from Financial Institution (Bank or Specified NBFCs)</p> <ul style="list-style-type: none"> ▪ Maximum Deduction ₹ 1,50,000 till repayment of loan ▪ Loan must be sanctioned between period during 01-04-2019 to 31-03-2023
80G (All)	<p>Donation to eligible funds or institutions (100% or 50%)</p> <ul style="list-style-type: none"> – Subject of 10% of adjusted GTI in respect of donation made to certain funds or institutions – Adjusted GTI = GTI as reduced by <ul style="list-style-type: none"> ▪ Deductions from 80C to 80U (except 80G) ▪ Any income on which tax is not payable ▪ LTCG taxable u/s 112, u/s 112A and STCG taxable u/s 111A – No deductions allowed in respect of sum exceeding ₹ 2,000 paid in cash

	<ul style="list-style-type: none"> – Limit of 10% of Adjusted GTI first Adjusted towards deductions qualifying for 100% deductions and balance amount utilized for deductions qualifying for 50% deductions
80GG (Individual not receiving HRA)	<p>Deductions in respect of Rent paid for furnished/unfurnished accommodation</p> <ul style="list-style-type: none"> – Maximum Limit, lower of <ul style="list-style-type: none"> ▪ Actual Rent Paid less 10% of Total income after allowing deductions (except 80GG) ▪ 25% of total income after allowing deductions (except 80GG) ▪ ₹ 5,000 p.m.
80GGA (Any assessee)	<p>Donation for Scientific Research & Rural Development By assessee not having income from PGBP</p> <ul style="list-style-type: none"> – No deductions allowed in respect of sum paid in Cash <ul style="list-style-type: none"> Exceeding ₹ 10,000 [upto 31-05-2020] Exceeding ₹ 2,000 [on or after 01-06-2020]
80GGB (Ind. Co.)	<p>Contributions given by companies to Political Parties or Electoral Trust or Expenditure incurred on advertisement in publication of political party</p> <ul style="list-style-type: none"> – No deductions allowed in respect of sum paid in cash – Expenditure incurred shall be disallowed u/s 37 and allowed as deductions u/s 80GGB
80GGC (Any)	<p>Contributions given person to Political Parties or Electoral Trust or Expenditure incurred on advertisement in publication of political party</p> <ul style="list-style-type: none"> – No deductions allowed in respect of any amount paid in cash – Local Authorities or AJP wholly or partly funded with Govt. are not eligible

HEADING C – DEDUCTIONS IN RESPECT OF CERTAIN INCOME

80IAC (Company and LLP)	<p>Profit & Gain derived by an Eligible Start-up from Specified Business</p> <ul style="list-style-type: none"> ▪ Incorporated during the period from 01-04-2016 to 31-03-2023 ▪ Quantum of Deductions: 100% of Profit & Gains ▪ Total turnover ≤ ₹ 100 Crores in the PY relevant to AY for which deductions is claimed ▪ Period of Deductions: 3 consecutive AYS out of 10 AYS beginning from the incorporation <p>Eligible Business</p> <ul style="list-style-type: none"> ▪ A business carried out by an eligible start-up engaged in ▪ Innovation, development or improvement of products or processes or services or ▪ a scalable business model with a high potential of employment generation or wealth creation
80IBA (All)	<p>Developing & Building Housing Projects.</p> <ul style="list-style-type: none"> ▪ Project is approved during the period from 01-07-2016 to 31-03-2022 ▪ Project should be completed within 5 years from date of approval ▪ Quantum of Deductions: 100% of Profit & Gains ▪ the business of developing and BUILDING RENTAL HOUSING PROJECT (as notified) : also eligible for 100% Deduction
80IC (All)	<p>New undertakings or substantial expansion of existing undertakings in the states of Himachal Pradesh and Uttaranchal</p> <ul style="list-style-type: none"> ▪ Manufacturing started during the period from 07-01-2003 to 31-03-2012 ▪ Quantum of Deductions: 100% for first 5 Years and 25% (30% in case of company) for next five years ▪ Period of Deductions: 10 AYS beginning from starting of manufacturing.
80IE (All)	<p>Undertakings begun or begins in the North Eastern states</p> <ul style="list-style-type: none"> ▪ Commenced during the period from 01-04-2007 to 31-03-2017

	<ul style="list-style-type: none"> Quantum of Deductions: 100% Period of Deductions: 10 AYS beginning from initial year.
80JJA (All)	<p>Profit from business of collecting and processing or treating of bio-degradable waste</p> <ul style="list-style-type: none"> Quantum of Deductions: 100% Period of Deductions: 5 AYS
80JJAA (Assessee to whom section 44AB applies)	<p>Deductions in respect of employment of New Employees</p> <ul style="list-style-type: none"> Quantum of Deductions: 30% of the additional employee cost Period of Deductions: 3 AYS including the year in which employment provided <p>– Additional Employee = Total Employees employed during the PY <i>excluding</i></p> <ul style="list-style-type: none"> Casual Employees or Employees who do not participate in RPF <i>or</i> Employees whose emoluments > 25,000 pm. <i>or</i> An employee employed for less than 240 days (Apparel <i>or Footwear or Leather Products Business 150 days</i>) during PY If an employee is employed during the previous year for less than 240 days or 150 days, as the case may be, but is employed for a period of 240 days or 150 days, as the case may be, in the immediately succeeding year, he shall be deemed to have been employed in the succeeding year. Accordingly, the employer would be entitled to deduction of 30% of additional employee cost of such employees in the succeeding year
80LA	<p>Deductions in respect of income of off-shore Banking units in SEZ <i>or</i> Unit of an IFSC</p> <ul style="list-style-type: none"> Deductions : 100% for first 5 years and 50% for next 5 years
80M	<p>Deductions in respect of Inter-Corporate Dividends</p> <ul style="list-style-type: none"> Eligible Co. : Domestic Co. which receives dividend from other domestic co. <i>or</i> foreign co. Deduction Allowed: <ul style="list-style-type: none"> ✓ Dividend Received from other Domestic Co. & Foreign Co. <i>or</i> ✓ Dividend Distributed by Co. before Date of one month prior to the Due date of Filing of ITR Whichever is Lower
80PA [Newly Inserted Section by FA 2018]	<p>Deduction in respect of certain income of Farm Producer Companies (FPC)</p> <ul style="list-style-type: none"> FPC having turnover < 100 Cr. in any PY from Eligible Business Deduction Allowed 100% of profit & gains attributable to eligible business From AY 2019-20 to AY 2024-25 <p>Eligible Business</p> <ul style="list-style-type: none"> the marketing of agricultural produce grown by its members, <i>or</i> the purchase of agricultural implements, seeds, livestock or other articles intended for agriculture for the purpose of supplying them to its members, <i>or</i> the processing of the agricultural produce of its members
80QQB (Resi. Individual)	<p>Royalty from the books of literacy, artistic or scientific nature</p> <ul style="list-style-type: none"> Deductions : Eligible royalty (Max 3,00,000) <p>Eligible royalty:</p> <ul style="list-style-type: none"> Where lump sum royalty received – Amount of royalty received Other case – 15% of value of books sold
80RRB (Resi. Individual)	<p>Royalty from Patents</p> <ul style="list-style-type: none"> Deductions : Actual Royalty (Max 3,00,000) <p>If royalty is earned outside India, then deduction allowed only if such royalty brought to India in convertible foreign exchange within 6 months from the end of PY <i>or</i> such period allowed by RBI</p>

OTHER DEDUCTIONS

80TTA (Individual & HUF)	Interest earned in saving account with Banks/Co-Op Societies/Post Office <ul style="list-style-type: none"> ▪ Deductions : Actual Interest (Max 10,000) ▪ Eligible assessee shall be Individual & HUF excluding Senior Citizen
80TTB [Newly Inserted Section by FA 2018]	Deduction in respect of interest on deposits (Saving + FD] in case of RESIDENT senior citizens <ul style="list-style-type: none"> ▪ Having income by way of interest on deposits with Bank/Co-Op Societies/Post Office ▪ Deduction allowed = Max 50,000 of aggregate interest
80U (Resident Individual)	Deductions in respect of person with disability <ul style="list-style-type: none"> ▪ Deductions : 75,000 or 1,25,000 in case of severe disability

The Invictus

CHAPTER – 10
TAX DEDUCTION AND COLLECTION AT SOURCE

SECTION 190 – DEDUCTION AT SOURCE AND ADVANCE PAYMENT

- Income shall be assessed in AY however, tax on such income shall be recovered in PY through TDS or TCS or Advance Tax
- Any balance tax payable shall be paid by Self-Assessment tax u/s 140A in AY

SECTION 191 – DIRECT PAYMENT

- Tax shall be directly paid by assessee if,
 - Income in respect of which tax not required to be deducted at source
 - Tax liable to be deducted but not deducted at source
- If person responsible to deduct tax including principal officer of the company,
 - Fails to deduct the tax or after deducting fails to pay the same
 - And assessee also fails to pay tax directly
 - Such person shall be deemed to be an assessee in default u/s 201(1)
- Income includes Specified Securities or Sweat Equity Shares by Employer being an Eligible Start Up u/s 80 IAC, Tax shall be paid by assessee directly within 14 days from the earliest of following dates [191(2)]
 - After the expiry of 48 months from the end of relevant AY or
 - From date of sale of such specified securities or sweat equity shares or
 - From date of assessee ceasing to be employee of the employer who allotted or transferred such shares

SECTION 192 – TDS ON SALARY

Deductor	Person responsible to making payment of Income chargeable under the head “Salary”
Deductee	Resident/Non Resident Employee
Rate	At Average Tax Rate = Total Tax Computed / Total Income
Time	At the time of Payment
Notes	<ul style="list-style-type: none"> ▪ Total Income = Taxable Salary Income plus Other income/Loss from HP only less Deductions of chapter VI-A as reported by employee ▪ Employer is responsible for genuineness of any claim of exemption or deduction hence employer shall obtain necessary proof for such purpose ▪ Income chargeable under a head other than “Salary” does not attract TDS u/s 192 [ITC Hotel v/s CIT (2016) (SC)]

SECTION 192A – TDS ON PREMATURE WITHDRAWAL FROM EMPLOYEES PROVIDENT FUND

Deductor	Trustees of EPF Scheme
Deductee	Resident/Non Resident
Rate	10% of Amount paid or MMR if PAN is not furnished
Time	At the time of Payment
Non Applicability	<ul style="list-style-type: none"> ▪ Payment < 50,000 or ▪ Employee completes Continuous service of 5 Years ▪ Employee could not complete continuous service of 5 years due to ill health, contraction or discontinuance of business, cessation of employment etc.

SECTION 193 – INTEREST ON SECURITIES	
Deductor	Any Person
Deductee	Resident Person
Rate	10%
Time	Payment <i>or</i> Credit whichever is earlier
Non Applicability	<ul style="list-style-type: none"> ▪ Interest on Govt. Securities ▪ Interest paid to LIC/GIC/Other Insurer ▪ Interest on Listed securities in DEMAT form ▪ Non DEMAT Form, If Interest paid to Individual/HUF < 5,000

SECTION 194 – DIVIDEND	
Deductor	Domestic Company making payment of Dividend including Preference Dividend
Deductee	Resident Shareholders
Rate	10%
Time	Before making payment of dividend Before making payment or distribution of Deemed Dividend u/s 2(22)(a) to (e)
Threshold Limit	<ul style="list-style-type: none"> ▪ No TDS if Dividend paid to Share holder being an Individual ▪ Dividend including Deemed Dividend u/s 2(22) (a) to (d) > 10 Lakh i.e. Not exempt u/s 115-O by virtue of Section 115BBDA ▪ Deemed Dividend u/s 2(22) (e) > 2,500
Non Applicability	No TDS if Dividend paid to Share holder being an Individual <ul style="list-style-type: none"> ▪ Dividend paid by any mode other than CASH ▪ Amount of Dividend distributed or likely to be distributed < 5,000 Dividend paid to LIC, GIC or Other Insurer provided shares owend by them and having full beneficial interest Dividend paid to a Business Trust or any other person notified

SECTION 194A – INTEREST OTHER THAN INTEREST ON SECURITIES	
Deductor	Any Person except Individual/HUF whose turnover does not exceed limit prescribed (1 Cr / 50 Lakh) for Audit u/s 44AB during preceding FY
Deductee	Resident Person
Rate	10%
Time	Payment <i>or</i> Credit whichever is earlier
Threshold Limit	<ul style="list-style-type: none"> ▪ 40,000 in case of Interest on deposit with Bank/Post Office etc. ▪ 50,000 in case of Interest on deposit with Bank/Post Office etc. – if Payee is RESIDENT Senior Citizen ▪ 5,000 in any other case
Non Applicability	<ul style="list-style-type: none"> ▪ Interest paid by Firm/Co-op Society to Partner/Member ▪ Interest paid by Central Government to Resident ▪ Interest paid by Credit Society/ Land Development Bank etc. ▪ Interest paid to Banks/Govt. Financial Corporations/LIC/Insurance Co. etc.
Notes	<ul style="list-style-type: none"> ▪ Threshold limit shall be reckoned with reference to total interest of all branch if Bank has adopted CBS System ▪ Bank, using CBS, calculates interest on daily/monthly basis. In such case TDS shall be deducted when Interest actually credited to Customer's Account

SECTION 194B AND 194BB – WINNINGS FROM LOTTERIES, CROSSWORD PUZZLES AND HORSE RACES	
Deductor	Any Person in case of Winnings from Lotteries, Crossword Puzzles [194B] Book maker or Person holding license for horse racing [194BB]
Deductee	Resident/Non Resident
Rate	30%
Time	At the time of Payment
Threshold Limit	<ul style="list-style-type: none"> 10,000
Notes	<ul style="list-style-type: none"> If winnings in nature of kind or partly cash and partly in kind but cash is not sufficient to deduct tax. In such cases payer shall ensure that payee has paid tax or recover the tax from payee before releasing the winnings [CIT v/s Hindustan Lever Ltd. (Karnataka High Court)]

SECTION 194C – PAYMENT TO CONTRACTOR AND SUB-CONTRACTOR	
Deductor	Any Person except Individual/HUF whose turnover not exceed limit prescribed (1 Cr / 50 Lakh) for Audit u/s 44AB during preceding FY
Deductee	Resident Contractor or Sub-Contractor
Rate	<ul style="list-style-type: none"> 1% in case of Deductee is Individual/HUF 2% in any other Deductee
Time	Payment or Credit whichever is earlier
Threshold Limit	<ul style="list-style-type: none"> 30,000 for Single Payment 1,00,000 in aggregate during FY
Non Applicability	<ul style="list-style-type: none"> Payment made by Individual/HUF exclusively for personal purpose Contract of 'Sale' Deductee is in business of Plying, Hiring or Leasing of goods carriages if, Owns ≤ 10 carriages and Furnish such declaration along with PAN
Notes	<ul style="list-style-type: none"> Work includes Manufacture/Supply of product as per specification using Material purchased from customer. <ul style="list-style-type: none"> Tax deductible on Invoice Value excluding cost of such material if shown separately in invoice In above case, if material purchase from person other than customer, it will be treated as contract of sale hence no TDS If Transport charges of supply of Gas is paid to Third Party, Tax is deductible Payment by Broadcasters or TV Channels to Production Houses <ul style="list-style-type: none"> For production of content/programme as per specification – Tax deductible For purchase of content/programme already produced – No Contract, No TDS

SECTION 194D - INSURANCE COMMISSION	
Deductor	Any Person
Deductee	Resident Person
Rate	5%
Time	Payment or Credit whichever is earlier
Threshold Limit	<ul style="list-style-type: none"> 15,000

SECTION 194DA - PAYMENT IN RESPECT OF LIFE INSURANCE POLICY

Deductor	Any Person
Deductee	Resident Life insurance policy holder which does not fulfil condition u/s 10(10D)
Rate	5%
Time	At the time of Payment
Threshold Limit	▪ 1,00,000

SECTION 194E - PAYMENTS TO NON-RESIDENT SPORTSMEN OR SPORTS ASSOCIATION

Deductor	Any Person
Deductee	<ul style="list-style-type: none"> ▪ Non Resident Sportsman/Entertainer who is not Citizen of India for receipt of income in India ▪ Non Resident Sport Association or Institution
Rate	20% plus Cess@4%
Time	Payment or Credit whichever is earlier
Threshold Limit	▪ No Limit

SECTION 194EE - PAYMENTS IN RESPECT OF DEPOSIT UNDER NATIONAL SAVING SCHEME

Deductor	Any Person
Deductee	Any person except payment made to legal heirs of assessee
Rate	10%
Time	At the time of Payment
Threshold Limit	▪ 2,500

SECTION 194G – COMMISSION ETC. ON SALE OF LOTTERY TICKETS

Deductor	Any Person
Deductee	Any person
Rate	5%
Time	Payment or Credit whichever is earlier
Threshold Limit	▪ 15,000

SECTION 194H – COMMISSION OR BROKERAGE

Deductor	Any Person except Individual/HUF whose turnover does not exceed limit prescribed (1 Cr / 50 Lakh) for Audit u/s 44AB during preceding FY
Deductee	Any person
Rate	5%
Time	Payment or Credit whichever is earlier
Threshold Limit	▪ 15,000
Non Applicability	<ul style="list-style-type: none"> ▪ TDS applicability on below transactions [Circular No. 05/2016, Dt 29-2-2016] <ul style="list-style-type: none"> – Payment by client to advertising agency - Section 194C applicable – Payment by Advertising agency to Newspaper company/Television – No TDS ▪ Payment by Airlines Company to Agent <ul style="list-style-type: none"> – TDS is applicable only on minimum fixed commercial price

	<ul style="list-style-type: none"> No TDS on difference between minimum and maximum price or actual price at which agent has sold to customer [CIT v/s Qatar Airways (Bombay HC)]
--	--

SECTION 194I – RENT	
Deductor	Any Person except Individual/HUF whose turnover not exceed limit prescribed (1 Cr / 50 Lakh) for Audit u/s 44AB during preceding FY
Deductee	Resident
Rate	<ul style="list-style-type: none"> 2% in respect of rent for plant, machinery or equipment; 10% Any other Rental payment
Time	Payment or Credit whichever is earlier
Threshold Limit	<ul style="list-style-type: none"> 2,40,000 (Aggregate amount of Plant, Machinery & Other Rental Payment)
Non-Applicability	<ul style="list-style-type: none"> Rent payment to REIT in respect of any asset directly owned by it
Notes	<ul style="list-style-type: none"> Tax deductible even if asset not owned by Deductee Tax deductible on rent amount only excluding GST Payment made to cold storage owners for cooling charges – Section 194C applies Lump sum lease premium or one-time upfront lease charges – it is Not in nature of rent hence no TDS applicable [Circular 3/2016] Charges fixed by Airport Authority of India (AAI) for Landing & parking facilities are not just use of land but for number of services provided by airport hence it cannot be treated as rent u/s 194I [Japan Airlines v/s CIT (SC)]

SECTION 194IA - PAYMENT ON TRANSFER OF CERTAIN IMMOVABLE PROPERTY OTHER THAN AGRICULTURAL LAND	
Deductor	Any Person
Deductee	Resident
Rate	1% of Such Sum or SDV whichever is higher
Time	Payment or Credit whichever is earlier
Threshold Limit	<ul style="list-style-type: none"> 50,00,000
Non Applicability	<ul style="list-style-type: none"> Specified Transactions u/s 45(5A) where 194IC attracted Compulsory acquisition of immovable property covered u/s 194LA

SECTION 194IB - PAYMENT OF RENT BY CERTAIN INDIVIDUALS OR HUF	
Deductor	<ul style="list-style-type: none"> Any Individual/HUF receives any income from any source/head Excludes those whose turnover exceeds limit prescribed (1 Cr / 50 Lakh) for Audit u/s 44AB during preceding FY
Deductee	Resident
Rate	5%
Time	Payment or Credit of the rent of Last month of Previous year or Last month of Tenancy , if property is vacated whichever is earlier
Threshold Limit	<ul style="list-style-type: none"> Amount of Rent exceeds 50,000 per month or part of month
Notes	<ul style="list-style-type: none"> If PAN is not furnished Tax shall be deducted @20% or Higher rate However such deductions shall not exceed rent amount of last month

SECTION 194IC - PAYMENT UNDER SPECIFIED AGREEMENT	
Deductor	Any Person paying consideration as per Specified Agreement u/s 45(5A)
Deductee	Resident
Rate	10%
Time	Payment or Credit whichever is earlier
Threshold Limit	<ul style="list-style-type: none"> ▪ Any share, being land or building or both ▪ Part of such consideration may be in cash
Notes	<ul style="list-style-type: none"> ▪ Specified Transactions u/s 45(5A) refers to <ul style="list-style-type: none"> – Owner of land or building allows another person to develop real estate project on such land or building

SECTION 194J – FEES FOR PROFESSIONAL OR TECHNICAL SERVICE			
Deductor	Any Person except Individual/HUF whose turnover does not exceed limit prescribed (1 Cr / 50 Lakh) for Audit u/s 44AB during preceding FY [Individual HUF do not require to deduct tax on Royalty and Non-Compete Fees]		
Deductee	Resident		
Rate	<ul style="list-style-type: none"> ▪ 10% ▪ 2% if Deductee in the business of operation of call centre 		
Time	Payment or Credit whichever is earlier		
Threshold Limit	<ul style="list-style-type: none"> ▪ 30,000 ▪ Limit is applicable separately for Professional Service, Technical Service, Royalty & Non-Compete Fees. ▪ However no threshold limit for payment to director 		
Non Applicability	<ul style="list-style-type: none"> ▪ Right to use of Computer Software amounts to Royalty however TDS not apply if, <ul style="list-style-type: none"> – Software acquired on subsequent transfer without modification and – Tax already deducted on previous transfer u/s 194J or 195 – Transferee obtains such declaration and PAN from transferee ▪ Payment by Airlines Company to Agent <ul style="list-style-type: none"> – TDS is applicable only on minimum fixed commercial price – No TDS on difference between minimum and maximum price or actual price at which agent has sold to customer [CIT v/s Qatar Airways (Bombay HC)] 		
Notes	<p>TDS applicable under this section on</p> <table border="0" style="width: 100%;"> <tr> <td style="vertical-align: top;"> <ul style="list-style-type: none"> ▪ Professional Fees ▪ Technical Fees ▪ Royalty </td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> ▪ Non-Compete Fees ▪ Payment of Director other than Salary </td> </tr> </table>	<ul style="list-style-type: none"> ▪ Professional Fees ▪ Technical Fees ▪ Royalty 	<ul style="list-style-type: none"> ▪ Non-Compete Fees ▪ Payment of Director other than Salary
<ul style="list-style-type: none"> ▪ Professional Fees ▪ Technical Fees ▪ Royalty 	<ul style="list-style-type: none"> ▪ Non-Compete Fees ▪ Payment of Director other than Salary 		
Meaning	<table border="0" style="width: 100%;"> <tr> <td style="vertical-align: top;">Professional Service</td> <td style="vertical-align: top;">Technical Service</td> </tr> </table>	Professional Service	Technical Service
Professional Service	Technical Service		
	<table border="0" style="width: 100%;"> <tr> <td style="vertical-align: top;"> <ul style="list-style-type: none"> ▪ Profession as per Section 44AA ▪ Persons in relation to Sport Activity </td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> ▪ Managerial/Technical/Consultancy ▪ Technical or Other Personnel </td> </tr> </table>	<ul style="list-style-type: none"> ▪ Profession as per Section 44AA ▪ Persons in relation to Sport Activity 	<ul style="list-style-type: none"> ▪ Managerial/Technical/Consultancy ▪ Technical or Other Personnel
<ul style="list-style-type: none"> ▪ Profession as per Section 44AA ▪ Persons in relation to Sport Activity 	<ul style="list-style-type: none"> ▪ Managerial/Technical/Consultancy ▪ Technical or Other Personnel 		

SECTION 194K – INCOME IN RESPECT OF SPECIFIED UNITS

Deductor	Person responsible for Paying any Income in respect of <ul style="list-style-type: none"> ▪ Units of a Mutual Fund Specified u/s 10(23D) ▪ Units from Administrator of Specified Undertaking ▪ Units from a Specified Company
Deductee	Resident
Rate	▪ 10%
Time	Payment <i>or</i> Credit whichever is <i>earlier</i>
Threshold Limit	▪ 5,000
Non-Applicability	▪ Income distributed is in nature of Capital Gains

SECTION 194LA - COMPENSATION ON COMPULSORY ACQUISITION OF CERTAIN IMMOVABLE PROPERTY

Deductor	Any Person
Deductee	Resident
Rate	10% on Compensation or Enhanced Compensation
Time	At the time of <i>Payment</i>
Threshold Limit	▪ 2,50,000
Non Applicability	▪ Compulsory acquisition of <i>any agricultural</i> land

SECTION 194LB – INTEREST ON NOTIFIED INFRASTRUCTURE DEBT FUND

Deductor	Notified Infrastructure debt fund
Deductee	Non-corporate non-resident <i>or</i> a Foreign Company
Rate	5%
Time	At the time of <i>Payment</i>
Threshold Limit	Any Amount

SECTION 194LC – INTEREST ON FOREIGN CURRENCY BORROWING FROM SOURCES OUTSIDE INDIA

Deductor	Indian Company or Business Trust
Deductee	Non-corporate non-resident <i>or</i> a Foreign Company
Rate	<ul style="list-style-type: none"> ▪ 5% + Surcharge + HEC ▪ 4% + Surcharge + HEC if Money borrowed by way of issue of <i>Long Term Bond or RDB</i> between 01-04-2020 to 30-06-2023 which is listed on RSE in ISFC
Time	At the time of <i>Payment</i>
Threshold Limit	Any Amount

SECTION 194LD – INTEREST ON GOVERNMENT SECURITIES OR RUPEE-DENOMINATED BONDS OF AN INDIAN COMPANY PAYABLE TO A FOREIGN INSTITUTIONAL INVESTOR (FII) OR A QUALIFIED FOREIGN INVESTOR (QFI)

Deductor	Government or Indian Company
Deductee	Foreign Institutional Investor (FII) <i>or</i> Qualified Foreign Investor (QFI)
Rate	5% + Surcharge + HEC
Time	Payment <i>or</i> Credit whichever is <i>earlier</i>
Threshold Limit	Any Amount

SECTION 194M – PAYMENT IN RESPECT OF ANY WORK

Deductor	<ul style="list-style-type: none"> – Any Individual/HUF (other than those who are required to deduct income-tax as per the provisions of section 194C, section 194H or section 194J) – Responsible for paying any sum carrying out any work (including supply of labour for carrying out any work) in pursuance of a contract, by way of commission (not being insurance commission referred to in section 194D) or brokerage or by way of fees for professional services during the financial year – Excludes those whose turnover EXCEEDS limit prescribed (1 Cr / 50 Lakh) for Audit u/s 44AB during preceding FY
Deductee	Resident
Rate	5%
Time	At the time of Payment or Credit whichever is earlier
Threshold Limit	₹ 50,00,000
Notes	Non requirement of TAN & Payment of Tax and Filing of Statement <ul style="list-style-type: none"> – Person responsible to deduct tax u/s 194IA is not required to Obtain TAN u/s 203A

SECTION 194N – PAYMENT OF CERTAIN AMOUNT IN CASH

Deductor	Every person, being,— <ul style="list-style-type: none"> – A banking company to which the Banking Regulation Act, 1949 (10 of 1949) applies (including any bank or banking institution referred to in section 51 of that Act); – A co-operative society engaged in carrying on the business of banking; or – A post office, – who is responsible for paying any sum, or, as the case may be, aggregate of sums, in cash, <ul style="list-style-type: none"> ▪ in excess of one crore rupees during the previous year, to any person (herein referred to as the recipient) ▪ from one or more accounts maintained by the recipient with it shall, at the time of payment of such sum, deducts an amount equal to two per cent of sum exceeding one crore rupees
Deductee	Any Person being recipient
Rate	2% of such sum exceeding ₹ 1 Crore Person who has not filed return of income of Last 3 years (w.e.f. 01-07-2020) 2% of such sum > ₹ 20 Lakhs but ≤ ₹ 1 Crore 5% of such sum exceeding ₹ 1 Crore
Time	At the time of Payment of such sum
Threshold Limit	₹ 1,00,00,000
Non Applicability	This section is not applicable in case of payment made to <ul style="list-style-type: none"> – The Government; – Any banking company or co-operative society engaged in carrying on the business of banking or a post office; – Any business correspondent of a banking company or co-operative society engaged in carrying on the business of banking, in accordance with the guidelines issued in this regard by the Reserve Bank of India under the Reserve Bank of India Act, 1934 (2 of 1934);

	<ul style="list-style-type: none"> - Any white label ATM operator of a banking company or co-operative society engaged in carrying on the business of banking, in accordance with the authorisation issued by the Reserve Bank of India under the Payment and Settlement Systems Act, 2007 (51 of 2007); - Commission agent or trader, operating under Agriculture Produce Market Committee (APMC) - Such other person or class of persons, which the Central Government may, by notification in the Official Gazette, specify in consultation with the Reserve Bank of India.]
--	--

SECTION 194O – CERTAIN PAYMENT BY E-COMMERCE OPERATOR TO E-COMMERCE PARTICIPANT
[w.e.f. 01-10-2020]

Deductor	E-Commerce Operator
Deductee	E-Commerce Participant
Rate	1%
Time	Payment or Credit whichever is earlier
Threshold Limit	Any Amount
Non Applicability	E-Commerce Participant being Individual or HUF (who has furnished PAN/Aadhar), Where gross amount of such sale or service < 5 Lakh

SECTION 194P – DEDUCTION OF TAX IN CASE OF SPECIFIED SENIOR CITIZEN [w.e.f. 01-04-2021]

Deductor	Specified Banks [Scheduled Banks]
Deductee	<p>Specified Senior Citizen</p> <ul style="list-style-type: none"> ▪ AGE : 75 Years or more at ANY TIME during PY ▪ INCOME : Pension Income & Interest Income from Accounts maintained with Bank (NO OTHER INCOME APART FROM THIS) ▪ DECLARATION : Furnish declaration in FORM 12BBA <p>Exempted from Filing of ITR for PY in which Tax deducted under this Section</p>
Rate	<p>Rates in Force (Slab Rates)</p> <p>On TOTAL INCOME after considering</p> <ul style="list-style-type: none"> ▪ Deduction of Chapter VI-A (Proofs to be verified by Banks) ▪ Rebate allowable u/s 87A

SECTION 194Q – DEDUCTION OF TAX AT SOURCE ON PAYMENT OF CERTAIN SUM FOR PURCHASE OF GOODS
[w.e.f. 01-07-2021]

Deductor	<p>Buyer, whose total sales, gross receipts or turnover FROM THE BUSINESS carried on by him exceed TEN CRORE RUPEES during the IMMEDIATELY PRECEDING THE FINANCIAL YEAR in which the purchase of goods is carried out</p> <p>This provision DOES NOT apply to Buyer being NON-RESIDENT and NOT CONNECTED with PE in INDIA</p>
Deductee	<p>RESIDENT Seller</p> <p>No Deduction if ENTIRE Income of Seller is Exempt (e.g. Section 10 or any under any other act)</p>
Rate	0.1% of Sum Exceeding ₹ 50 Lakhs
Threshold Limit	Value or Aggregate value exceeding ₹ 50 Lakhs (GST Amount shall be Excluded)
Time	Payment or Credit whichever is earlier
Other Points	<ul style="list-style-type: none"> ▪ Transactions on which Provisions of Section 194-O (E-Commerce Operator) applies, NO DEDUCTION requires under this section again.

- Person making payment shall submit one copy to CCIT/CIT before 7th of following month
- Interest paid by Offshore/IFSC Banking Unit to Non-resident/Non Ordinarily Resident
- Payment to any person for or on behalf of New Pension System Trust (NPS)
- Specified payments to Bank listed in Second Schedule excluding foreign bank or any payment system Company authorised by RBI. Following are the specified Payments
 - Bank Guarantee Commission
 - Cash Management Charges
 - Underwriting Charges
 - Depository Charges on DEMAT
 - Clearing Charges
 - Credit/Debit Card Commission

SECTION 198 – TAX DEDUCTED SHALL BE DEEMED TO BE INCOME RECEIVED

- All sums deducted under forgoing provision shall be deemed to be the income received
- Except, Tax paid by employer on non-monetary perquisite shall not be treated as income

SECTION 199 – CREDIT FOR TDS

- All sums deducted and paid to government shall be treated as Income Tax paid by Deductee
- If such income is assessable in the hands of other person, Credit shall be given to other person and not the Deductee

SECTION 200 – DUTY OF PERSON DEDUCTING TAX

SECTION 200 – DUTY OF PERSON DEDUCTING TAX					
Payment of TDS through Challan		Quarterly Statement [24Q / 26Q / 27Q]		Issue of TDS Certificates	
Income Paid/ Credited in	Due Date	Quarter Ending	Due Date	Section 192	Other Case
March	30 th April	31 st Mar	31 st May	Form 16	Form 16A
Any other Month	7 th of Next Month	Any other Quarter	31 st of Next Month	15 th Jun of immediately following FY	Within 15 days from due date of filing of Quarterly Statement
if Govt. Office, Pays tax by direct credit without challan		Submit Monthly statement in 24G on 30 th April for March/ within 15 days other month			
On same day		Submit Monthly statement in 24G on 30 th April for March/ within 15 days other month			
<ul style="list-style-type: none"> – AO with prior approval of JCIT may permit to deposit TDS u/s 192, 194A/D/H quarterly – TDS u/s 194 IA and 194IB and 194M shall be deposited through Challan-cum-Statement within 30 days from end of month of deduction and furnish Certificate in 16B/16C within 15 days from due date of filing of Challan-cum-Statement 					

SECTION 201 – CONSEQUENCES OF FAILURE TO DEDUCT OR PAY

Assessee shall be deemed to be in default & Simple Interest shall be levied per month or part of the month

Default	Rate of Interest	Starting from	Ending with
Late deduction	1%	Date on which deductible	Date of actual deduction
Late deposit	1.5%	Date of deduction	Date of actual payment

- Exception, Assessee shall not be deemed to be in default if,
 - Payee has furnished return of income u/s 139
 - Payee has taken such income for computing his income and paid the tax due thereon
 - Payer shall furnish certificate to this effect from CA

SECTION 205 – BAR AGAINST DIRECT DEMAND FROM ASSESSEE

- Deductee shall not be called upon to pay such tax himself
- To the extent tax has been deducted from that income

SECTION 206AA – NON-FURNISHING OF PAN BY PAYEE

- Non furnishing or furnishing wrong PAN, Tax shall be deducted at Higher of
 - Rate prescribed in Income Tax Act
 - 20% (If TDS Required u/s 194-O or 194-Q, instead of 20%, deduction shall be made at 5%)
 - Rate mentioned in Finance Act
- Non Applicability, if Deductee is Non-Resident and furnish the prescribed details such as Name, Contact Number, e-mail id etc.

SECTION 206AB – SPECIAL PROVISION FOR DEDUCTION OF TAX AT SOURCE FOR NON-FILERS OF INCOME-TAX RETURN [w.e.f. 01-07-2021]

- Non furnishing or furnishing wrong PAN, by SPECIFIED PERSON (i.e. Non Filers) Tax shall be deducted at Higher of
 - TWICE of rate prescribed in the Provisions of Act
 - TWICE of the Rate mentioned in Annual Finance Act
 - 5%
- If Section 206AA is also applicable, HIGHER Rates in this section and 206AA shall be applicable
- This Section is not applicable for TDS u/s 192, 192A, 194B, 194BB or 194LBC (Non-Resident Chapter) or 194N

Meaning of Specified Person (Non-Filers)

- A Person who has not filed Return of Income
 - for both of the two AYs relevant to the two PYs immediately prior to the PY in which tax is required to be deducted, for which the time limit of filing return of income under section 139(1) has expired, and
 - the aggregate of TDS and TCS in his case is ₹ 50,000 or more in EACH of these two previous years
- Specified person DOES NOT include Non-Resident who does not have PE in India

The Invictus

TAX COLLECTION AT SOURCE

SECTION 206C – TAX COLLECTION AT SOURCE (TCS)			
206C (1)	TCS by seller of certain goods Collection of Tax on Debit or Receipt whichever is earlier Excludes , Buyer being Public Sector Company, Government or Govt agencies, any buyer who buys the goods for personal consumption Exception , No TCS if Goods purchased for Manufacture of article/thing or Generation of power. Buyer shall furnish declaration in Form 27C to seller , such goods to be used for specified purpose		
	<ul style="list-style-type: none"> ▪ Liquor for human consumption ▪ Tendu Leaves ▪ Scrap ▪ Minerals being Coal/Lignite/Iron Ore 	1% 5% 1% 1%	<ul style="list-style-type: none"> ▪ Timber under forest lease ▪ Timber other than above ▪ Any other forest produce 2.5% 2.5% 2.5%
206C (1C)	Sale on lease/license in respect of Parking Lot/Toll Plaza/Mine or Quarry Collection of Tax on Debit or Receipt whichever is earlier Excludes , Buyer as mentioned above		2%
206C (1F)	Retail Sale of any Motor Vehicle Value > 10 Lakh Collection of Tax on Receipt Excludes , Buyer being Government, Govt. Agencies and Public Sector Co. engaged in business of carrying passengers		1%
Excludes Seller being Individual/HUF whose turnover < limit prescribed u/s 44AB in all above cases			
206C (1G)	Overseas Remittance or an overseas tour package [w.e.f. 01-10-2020] Person Responsible for Collection Authorised person who receives amount under LRS of RBI A Seller of overseas tour programme package Time of Collection Collection of Tax on debit or receipt whichever is earlier Rate of Collection		
	Amount Remitted for purpose other than purchase of overseas tour programme AND Amount < 7 lakh in a FY		NIL
	Amount Remitted for purpose other than purchase of overseas tour programme AND Amount > 7 lakh in a FY		5%
	Amount Remitted is Education Loan AND Amount > 7 lakh in a FY		0.5%
	Non Applicability (No TCS by Authorised Dealer) 1) TCS already collected by Seller 2) Buyer is liable to Deduct Tax (TDS) 3) CG / SG / Local Authority / Embassy etc.		
206C (1H)	Sale of Goods Value > 50 Lakh [w.e.f. 01-10-2020] Person Responsible for Collection A Seller whose total sales > 10 Crore during immediately preceding FY and who receives amount for Sale of Goods aggregating > 50 Lakh in FY [Other than Exported Goods or Goods already covered in above provisions] Time of Collection		

<p>At the time of Receipt</p> <p>Rate of Collection 0.1% of Sale Consideration exceeding Rs. 50 Lakh</p> <p>Non Applicability If buyer is liable to Deduct Tax (TDS) u/s 194-O and 194-Q</p> <p>Non furnishing of PAN or Aadhar</p> <ul style="list-style-type: none"> ▪ Twice the rate specified or ▪ 1% <p>Whichever is higher</p>

RESPONSIBILITY OF TAX COLLECTOR				
Payment of TCS through Challan		Quarterly Statement [27EQ]		Issue of TCS Certificates
Income received/ Debited in	Due Date	Quarter Ending	Due Date	All Cases
All Month	7 th of Following Month	Any Quarter	15 th of Following Month	Form 27D
if Govt. Office, Pays tax by direct credit without challan				Within 15 days from due date of filing of Quarterly Statement
On same day		Submit Monthly statement in 24G on 30 th April for March/within 15 days other month		

SECTION 201 – CONSEQUENCES OF FAILURE TO COLLECT OR PAY			
Default	Rate of Interest	Starting from	Ending with
Late Collection/Deposit	1%	Date on which Collectable	Date of actual Deposit

- Exception, Assessee shall not be deemed to be in default if,
 - Buyer has furnished return of income u/s 139
 - Buyer has paid the tax due thereon
 - Interest shall be payable by Seller from Date on which collectible to date on which buyer has furnished the return

SECTION 206CC – NON-FURNISHING OF PAN BY PAYEE

- Non furnishing or furnishing wrong PAN by collectee, Tax shall be collected at Higher of
 - Twice Rate prescribed in Income Tax Act or
 - 5%

SECTION 206CCA – SPECIAL PROVISION FOR COLLECTION OF TAX AT SOURCE FOR NON-FILERS OF INCOME-TAX RETURN [w.e.f. 01-07-2021]

- Non furnishing or furnishing wrong PAN, by **SPECIFIED PERSON (i.e. Non Filers)** Tax shall be deducted at **Higher** of
 - **TWICE** of rate prescribed in the Provisions of Act
 - **TWICE** of the Rate mentioned in Annual Finance Act
 - 5%
- If Section 206CC is also applicable, HIGHER Rates in this section and 206CCA shall be applicable
- This Section is not applicable for TDS u/s 192, 192A, 194B, 194BB or 194LBC (Non-Resident Chapter) or 194N

Meaning of Specified Person (Non-Filers)

- A Person who has **not filed Return of Income**
 - for both of the **two AYs** relevant to the **two PYs immediately prior to the PY** in which tax is required to be deducted, for which the time limit of filing return of income under section 139(1) has expired, **and**
 - the aggregate of **TDS and TCS in his case is ₹ 50,000 or more in EACH** of these two previous yearsSpecified person DOES NOT include Non-Resident who does not have PE in India

The Invictus

We issue this book free of Cost ??? NO, Here is the Price we get, which cannot be measured in terms of Money...

Hello sir..i studied DT from your notes dis tym..n i scored 56 in DT...they are short an crisp ones n thus learning n revision becomes easier..they were like a key to me clear CA finals 🙏🙏😊



9:54 pm

Hello sir...It's awesome to read ur DT simplified notes...Getting more confidence on subject while reading notes...Thanks a lot sir 😊🙏

1:12 pm

Good morning sir!! 8:31 am

My name is

I came across ur e book DT simplified

8:33 am

It is fabulous... The way u have summarized the otherwise bulky provisions is commendable

8:34 am

Hello sir i have downloaded ur dt simplified.. and its amazing sir... I hv to ask is it for old syllabus also... And do we hv to study anything else other than this and case laws,rtp,amendments to clear dt paper..

1:05 pm

CA ban gya mai 12:02 am

Sir 12:02 am

Wow...

Many many congratulations dear...

12:03 am ✓

You

Wow...

Many many congratulations dear...

Thanks 🙏🙏

12:03 am

Got the tag...
Matter of proud

Welcome

12:03 am ✓

Your short DT material helped me to ace DT paper in very short time

12:03 am

I prepared for less than 20 days including every subject. Because of good materials I passed.

12:04 am

Good evening Sir..

I referred your "DT Simplified" and must say... it's..best summary book till date for DT 🙌😊

Sir..you have covered all the aspects..very.. nicely..

Sir..planning to read your book just before exams carry the book for my open book exam ie International tax..

Thank you sir..😊

7:28 pm

Thanks a lot for your feedback...

7:29 pm ✓

You

Its all your efforts and hard work that lead to success

But smart way is always key to success. Smart way was to choose wisely the material. Otherwise DT is ocean. I never failed in DT . I was stuck due to ISCA

12:05 am

I was confident enough to make it because I had taste of your DT material earlier too

12:06 am

A token of gratitude 🙏🙏

12:06 am

We always feel happy when students gets converted to MEMBER

12:07 am ✓

Hi Sir...

I read your book DT simplified part 1 for May 19

It is really helpful & to the point book from examination point of view..

Thanks for sharing such book..

9:10 am

Really sir **DT SIMPLIFIED** is too good for entire revision in just Few 🕒 hours its incredible work that every student want Its not book but its a cup of tea ☕ from Sea 🌊

Thank you for your Great contribution 🙏😊

Thanks a lot.... Its a result of continuous love and support from the students...

Thanks sir, actually i am doing self study, aur 7-8 saal bad fir se time nikal kr study start kr raha hu kyuki last group bacha tha, apke notes easily samaz me aa rahe hai, without investing more time.

Thanks alot for the DT notes i cant tell you how its helping me i have just totald and its 217 pages only and whole of the DT is covered thank you so much sir

Sure Plz send us ur query, will forward to sir once get free from lecture he will revert

You are appearing for Nov 19?

In order to get exemption under sec 13A the political party have to satisfy all the conditions or even if few satisfied they are eligible for exemption?

You

You are appearing for Nov 19?

No sir I am qualified CA, I working in abroad just I want to keep update all tax law. Your summary module good I am going through that

Final Old Examination Results, November 2019

Roll Number	Grade
XXXXXXXXXX	XX

'E' Indicates Marks obtained in an earlier attempt
'<' Indicates passed under CA Regulations, 1988.

Hosted by National Informatics

Finally done 😊

Amazing Congratulations...

Thank you

And Many More...

Thanks for showering your love & Support...

This encourages us lot to give best every time...

We believe that, there is always room for improvement, so please share your valuable feedbacks & Suggestions...

Student Speaks...

"Great Faculties having great attitude about teaching. Genuinely cared about making the subject interesting and comprehensible to everyone"

CMA Vishal Shah

"Very practical approach towards teaching. Classes are always filled with positive energy and enthusiasm. Style of teaching is very dynamic and on point. I have always enjoyed studying in lecture"

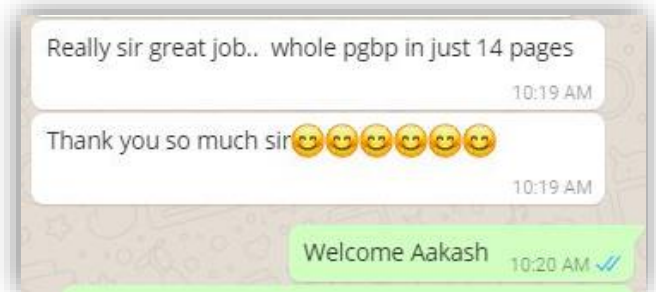
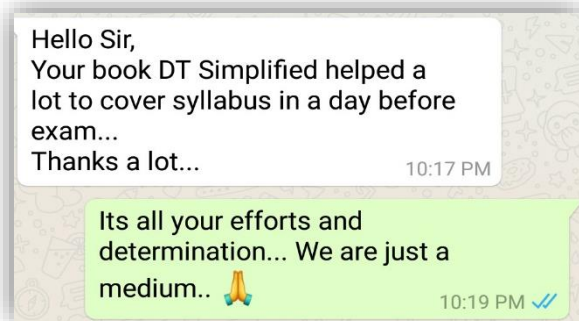
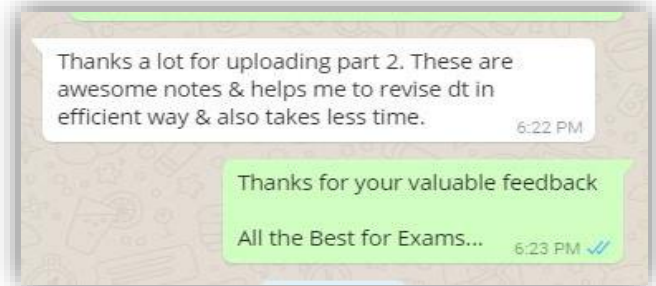
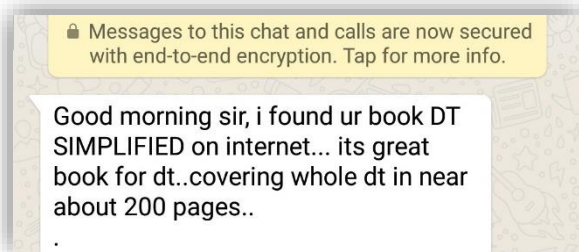
Jeneel – CA Inter

"Best faculties... Conceptually clear. Always remains open and receptive to the comments and suggestions.... His efforts to make 'DT-Simplified' are very appreciable"

Chirasha – CA Final

"Where, all faculties are engaged in mugging concepts-formulas to the students, Dhaval sir provides the best conceptual clarity where no mugging is required. Very positive and helping sir!"

Alay – CA Inter



"We sincerely acknowledge your love and support... Please send your valuable feedbacks & suggestions... It encourages & helps us to make it more simple..."

Committed to simplify your dreams....

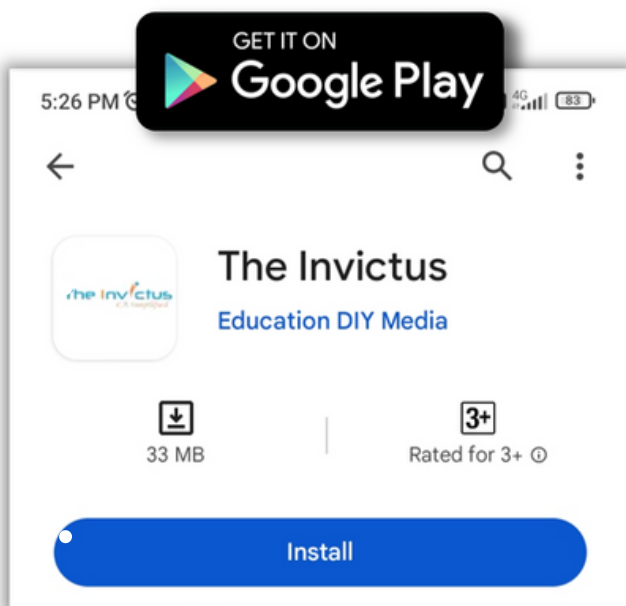
Thanks a lot...

Team The Invictus

The Invictus

CA Simplified

Get in Touch – Download App



We are Committed to Simplify your
CA Career