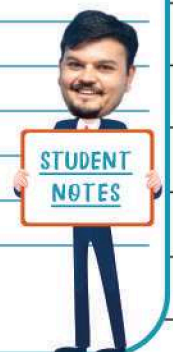


## 1. BASICS OF INCOME TAX

- > Deduction u/s 33ABA.[Site restoration fund]
  - > Deduction u/s 35/35[2AB]/352[AA] [Scientific Research]
  - > Deduction u/s 35AD.[ Specified business]
  - > Deduction u/s 35CCC [Agriculture Extension project]
  - > Deduction u/s 35CCD [Skill Development Expenditure]
  - > Deduction under any provision of Chapter VIA but other than 80JJAA
- 8) Total Income of the company is calculated without adjusting B/f losses from any earlier years, moreover such loss will not be carried forward.
- 9) Total Income of the company so calculated after claiming depreciation.
- 10) If the above conditions are satisfied then tax rate = 15% + 10% Sur [irrespective of quantum of Income] + 4% HEC. Effective Rate 17.16%.
- 11) Where the total income of person, includes any income, which has neither been derived from nor is incidental to manufacturing or production of an article or thing and in respect of which no specific rate of tax has been provided separately under this Chapter, such income shall be taxed at the rate of twenty-two per cent and no deduction or allowance in respect of any expenditure or allowance shall be allowed in computing such income
- 12) The income-tax payable in respect of the income of the person deemed so in case of arrangement which involves a specified domestic transaction shall be computed @ 30%
- 13) The income-tax payable in respect of income being short term capital gains derived from transfer of a capital asset on which no depreciation is allowable under the Act shall be computed at the rate of 22%.



# 1. BASICS OF INCOME TAX

- 14) If the option is exercised in Sec.115BAC MAT provision is not applicable u/s 115JB.
- 15) U/s 115BAC Co is required to opt in the first year itself. If the company does not opt for sec.115BAC in the first year then it will become ineligible to opt for the scheme in subsequent year.
- 16) Company has opted the this scheme in prescribe manner before filling ROI, however once the co has taken the option it cannot be withdrawn

## Sec 115BAC Tax Incentive for Individual & HUF [FA'20]

From AY 21-22, Individual & HUF taxpayers have an option to opt for taxation under the newly inserted sec 115BAC of the Act.

- ☞ The condition for concessional rate shall be that the total income of the individual or HUF is computed -
- A. Without exemption / deduction under the foll provisions:
- > Leave travel concession [clause (5) of sec10];
  - > House rent allowance [clause (13A) of sec 10];
  - > Some of the allowance mentioned in clause (14) of sec 10;
  - > Allowances to MPs/MLAs [clause (17) of sec 10];
  - > Allowance for income of minor [clause (32) of sec 10];
  - > Exemption for SEZ unit contained in section 10AA
  - > Standard deduction, Entertainment allowance & employment/professional tax u/s 16;
  - > Interest u/s 24 in respect of self-occupied or vacant property referred to in Sec 23(2). (Loss from house property for rented house not be allowed to be set off under any other head & would be allowed to be c/f as per extant law)



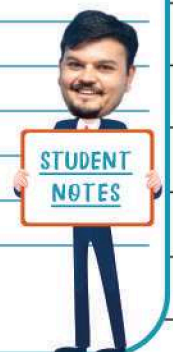
## 1. BASICS OF INCOME TAX

- > Additional depreciation under section 32(1)(ia);
- > Deductions under section 32AD, 33AB, 33ABA;
- > Various deduction for donation for or expenditure on scientific research contained in sub-clause (ii) or sub-clause (ia) or sub-clause (iii) of sub-section (1) or sub-section (2AA) of section 35;
- > Deduction under section 35AD or section 35CCC;
- > Deduction from family pension under section 57(ia);
- > Any deduction under chapter VIA except Sec 80CCD (employer contribution on account of employee in notified pension scheme) & Sec 80JJAA (new employment).

Amendments to the Income-tax Rules, 1962 (the Rules), allow only following allowances notified u/s 10(14) of the Act to Individual / HUF exercising option under this sec:

- > Transport Allowance granted to a divyang employee to meet expenditure for the purpose of commuting between place of residence and place of duty;
- > Conveyance Allowance granted to meet the expenditure on conveyance in performance of duties of an office
- > Any Allowance granted to meet the cost of travel on tour or on transfer
- > Daily Allowance to meet ordinary daily charges incurred by an employee on absence from his normal place of duty

Further, amendment to Rule 3, removes exemption in respect of free food & beverage through vouchers provided to the employee, being the person exercising option under this section, by the employer.



## 1. BASICS OF INCOME TAX

- B. Without Set off of any loss c/f or depreciation from an earlier AY, if the same is attributable to any of the deductions referred in point A. Also, without setting off any loss under the head House Property with any other head of income. Both the losses mentioned cannot be c/f.
- C. By claiming Depreciation u/s 32 except Additional depre
- D. Without any exemption or deduction for allowances or perquisite, by whatever name called, provided under any other law for the time being in force

☞ The concessional rate shall not apply unless option is exercised by the individual or HUF in the form and manner as may be prescribed,

- A. where such individual or HUF has no business income, along with the return of income be furnished u/s 139(1);
- B. in any other case, on or before the due date specified u/s 139(1) for furnishing the return of income for any PY relevant to AY commencing on / after 1st April, 2021 & such option once exercised shall apply to subsequent AYs.

☞ Provisions of Sec 115JC, AMT, shall not apply to such individual or HUF having business income. Similarly, provisions in Sec 115JD relating to carry forward and set off of AMT credit, if any, shall not apply to such individual or HUF having business income.

☞ The option shall be exercised for every previous year where the individual or the HUF has no business income, and in other cases the option once exercised for a previous year shall be valid for that previous year & all subsequent years.



The Option can be withdrawn only once where it was exercised by the Assessee having business income for a PY other than the year in which it exercised & thereafter, the Assessee shall never be eligible to exercise the option under this section, except where such individual or HUF ceases to have any business income.

☞ On satisfying above mentioned conditions, Assessee will be eligible to pay tax w.r.t total income at following rates :

Total Income	Rate (%)
Upto ₹ 250000	Nil
₹ 2.5L to 5L	5%
₹ 5L to 7.5L	10%
₹ 7.5L to 10L	15%
₹ 10L to 12.5L	20%
₹ 12.5L to 15L	25%
Excess of ₹ 15L	30%

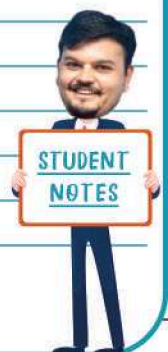
## Sec 115BAD Tax Incentive for Resident Co-operative Society [FA'20]

☞ The condition for concessional rate shall be that the total income of the co-operative society is computed -

A. Without claiming the following deductions :

- > Exemption for SEZ unit contained in section 10AA
- > Additional Depreciation u/s 32(1)(ia)
- > Deductions under section 32AD, 33AB, 33ABA sub-clause (ii) or sub-clause (ia) or sub-clause (iii) of sub-sec (1) or sub-sec (2AA) of sec 35 / 35AD / 35CCC
- > Provisions under Chapter VI A

B. Without Set off of any loss c/f or depreciation from an earlier AY, if the same is attributable to any of the deductions referred in point A. Also, the same cannot be carried forward.



# 1. BASICS OF INCOME TAX

C. By claiming Depreciation u/s 32 except Additional depre

☞ The concessional rate shall not apply unless option is exercised by the co-operative society in the prescribed manner on or before the due date specified u/s 139(1) of the Act for furnishing the returns of income for any previous year relevant to the assessment year commencing on or after 1st April, 2021 and such option once exercised shall apply to subsequent assessment years

☞ Provisions of Sec 115JC, AMT, shall not apply to such Resident Co-operative Society. Similarly, provisions in Sec 115JD relating to carry forward and set off of AMT credit, if any, shall not apply.

☞ Option once exercised cannot be withdrawn;

☞ On fulfillment of above conditions, a co-operative society resident in India shall have the option to pay tax at 22% for AY 2021-22 onwards in respect of its total income so however that if it fails to satisfy the conditions in any previous year, the option shall become invalid and other provisions of the Act shall apply.

The surcharge applicable to such co-operative society shall be levied at 10%

## Marginal Relief

A) In case of an **Local Authority & Firm**, where  $TI < ₹1cr$ , aggregate of income tax & surcharge shall be restricted to:  
 $(Tax\ on\ ₹1cr) + (Total\ Income - ₹1cr)$



## 1. BASICS OF INCOME TAX

B) In case of an **Individual & HUF**

Total Income	Income tax & Surcharge restricted to
₹50L <= ₹1cr	(Tax on ₹50 lakhs) + (Total Income - ₹50 lakhs)
₹1cr <= ₹2cr	(Tax on ₹1 crore with surch @ 10%) + (Total Income - ₹1 crore)
₹2cr <= ₹5cr	(Tax on ₹2 crore with surch @ 15%) + (Total Income - ₹2 crore)
Exceeds ₹5cr	(Tax on ₹5 crore with surch @ 25%) + (Total Income - ₹5 crore)

C) In case of a **Domestic / Foreign Company**, where **TI ₹1cr <= ₹10cr**, aggregate of income tax & surcharge shall be restricted to:

$$(\text{Tax on ₹1cr}) + (\text{Total Income} - ₹1\text{cr})$$

D) In case of a **Domestic Company**, where **TI > ₹10cr**, aggregate of income tax & surcharge shall be restricted to:

$$(\text{Tax on ₹10cr with surch of 7\%}) + (\text{Total Income} - ₹10\text{cr})$$

E) In case of a **Foreign Company**, where **TI > ₹10cr**, aggregate of income tax & surcharge shall be restricted to:

$$(\text{Tax on ₹10cr with surch of 2\%}) + (\text{Total Income} - ₹10\text{cr})$$

### For Other Assessee or Persons - Surcharge

Assessee	Rate of Tax	Applicable Surcharge			Rate of HEC
		TI < 1Cr	1Cr < TI < 10Cr	TI > 10Cr	
Domestic Co turnover not exceed not exceed 400 crore in PY 18-19 [FA'20]	25%	-	7%	12%	4%
Other Companies	30%	-	7%	12%	4%
Foreign Company	40%	-	2%	5%	4%
Firm & LLP	30%	-	12%	12%	4%
Local Authority	30%	-	12%	12%	4%
Co Operative Society					
For 1st ₹10000	10%	-	-	-	4%
For next ₹10000	20%	-	-	-	4%
For the balance	30%	-	12%	12%	4%
Sec 115BAD (NewSec inserted for Resident Co-Operative Societies subject to conditions) [FA'20]	22%	10%	10%	10%	4%

## 1. BASICS OF INCOME TAX

### Format to Compute Total Income

Particulars	Amount (₹)
Income from Salary	xxx
Income from House Property	xxx
Income from Profit and gains from Business and profession	xxx
Income from Capital Gains	xxx
Income from Other Sources	xxx
Gross Total Income	xxx
Less: Deduction under Chapter VIA (Sec.80C to 80U)	(xxx)
Total Income	xxx