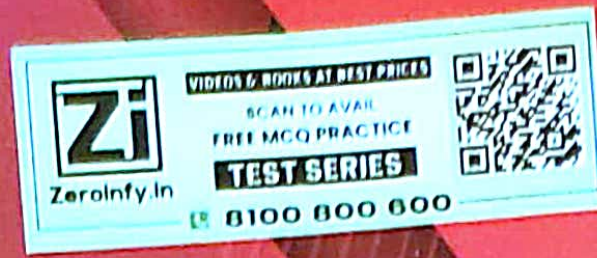


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MODULE



VTM
41st Edition
2024-2025

Profits & Gains of

**BUSINESS or
PROFESSION**

**and
TDS & TCS**

As per The New Syllabus
of ICAI C.A. Final

ASSESSMENT YEAR 2024-25

Finance Act, 2023

CA. VINOD GUPTA

(B.COM (H), FCA, ACCA)

Assisted by

CA. RAHUL AGRAWAL

[M.Com, ACA, LLB, DISA, FAFD]

INTRODUCTION

For May/ November, 2024 Exams, Finance Act, 2023 is applicable.

Previous year: 1.4.2023 to 31.3.2024

Assessment Year: 2024-25 i.e., 1.4.2024 to 31.3.2025

FORMATION OF FINANCE ACT

Budget is presented on first day of February every year.

In the election year, the Budget is presented after the formation of new government.

Budget 2023



Presented on 1st Feb, 2023



Contains Finance Bill, 2023



Finance Bill includes amendments in Income tax Act



Normally amendments are for the previous year 31.3.2024 i.e., Assessment Year 2024-25.

Retrospective Amendments are also made.



Bill when passed by Lok Sabha & Rajya Sabha
and receives the assent of President becomes Finance Act, 2023



The Finance Act, 2023

WHO CAN BE THE ASSESSING OFFICER (A.O.)

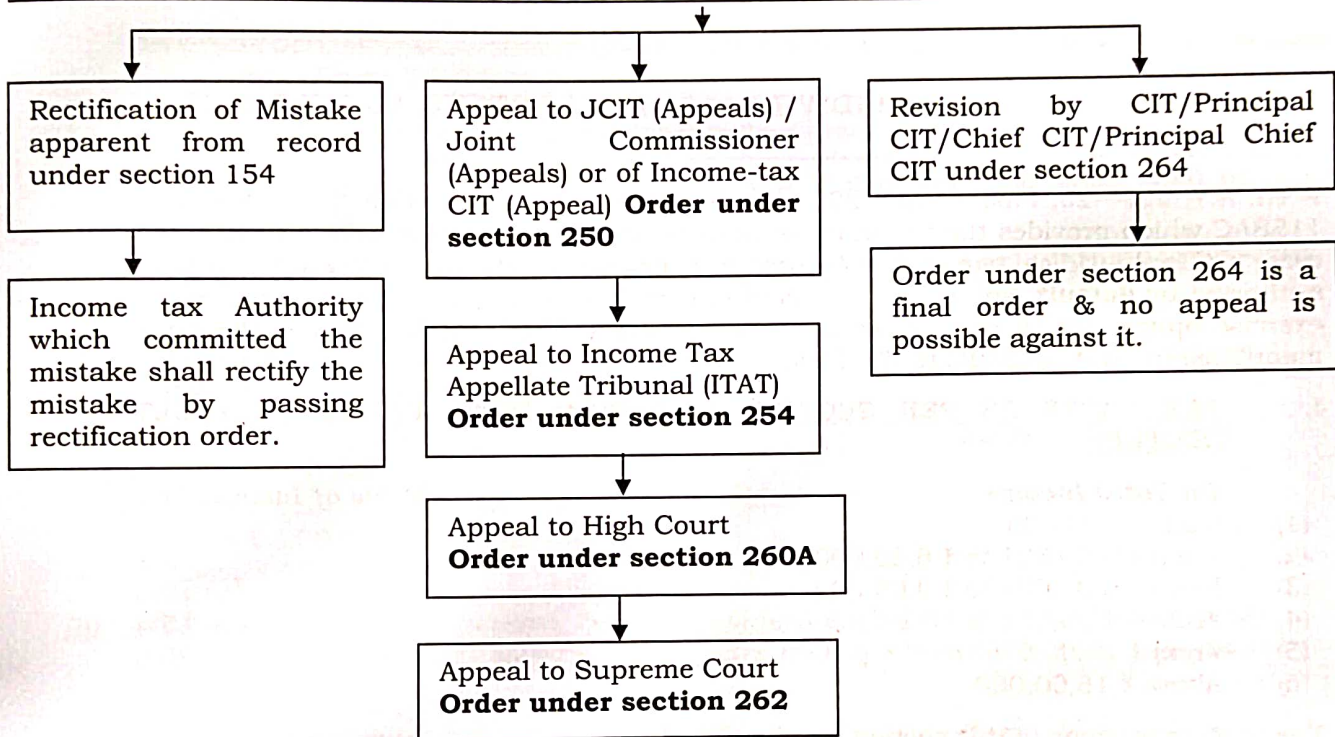
- | | | |
|---|------|---------|
| 1. Joint Commissioner of Income tax. (JC) | | Rank -1 |
| 2. Deputy Commissioner of Income tax (DC) | } ←→ | Rank -2 |
| Assistant Commissioner of Income tax (AC) | | |
| 3. Income tax Officer (ITO) | | Rank -3 |

From Assessment Year 2020-21 the assessment shall be done by National E-assessment Centre accordingly the above criteria of ranking of officers is no more relevant.

TYPES OF ASSESSMENT WHICH ASSESSING OFFICER CAN MAKE

1. *Regular Assessment / Scrutiny Assessment under section 143(3)*: This assessment is possible only if the assessee has filed the R.O.I.
2. *Best Judgment Assessment / Ex-Parte Assessment under section 144*: This assessment is possible whether assessee has filed R.O.I. or not.
3. *Assessment or Re-assessment of incomes escaping assessment under section 147*.

REMEDIES AGAINST THE ORDER OF ASSESSING OFFICER



Note 1: Supreme Court judgement can be nullified by amending the law through Finance Act.

Note 2: For an Assessment Year either an appeal can be made to JCIT (Appeals)/CIT (Appeals) **OR** a revision application can be made to CIT/Principal CIT/Chief CIT/Principal Chief CIT under section 264. Both the remedies are not available for an Assessment Year.

Note 3: Generally, an assessee files an appeal to Joint Commissioner (Appeals) or of Income-tax Commissioner of Income-tax (Appeals) against the order of Assessing Officer and does not file revision application under section 264. Normally, the revision application under section 264 is filed when appeal has not been made to Joint Commissioner (Appeals) or of Income-tax Commissioner of Income-tax (Appeals) and time period for filing such appeal has expired.

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TAX RATES FOR ASSESSMENT YEAR 2024-25

TAX RATES IN CASE OF INDIVIDUALS/ HUF/ ARTIFICIAL JURIDICAL PERSON

W.e.f. A.Y. 2024-25, Finance Act, 2023 has inserted a new sub-section "(1A)" to section 115BAC which provides the tax rates as shall be applicable to an Individual/ HUF and every artificial juridical person (not being a co-operative society, firm, company or a local authority) by **default**, subject to fulfilment of certain conditions unless such assessee exercises option not to pay tax as per said section 115BAC(1A) but as per the rates mentioned in First schedule to the Finance Act.

I. TAX RATES AS PER SECTION 115BAC(1A) [NEW REGIME/ DEFAULT REGIME]:

<i>On Total Income</i>	<i>Rates of Income-Tax</i>
(1) Upto ₹ 3,00,000	NIL
(2) From ₹ 3,00,001 to ₹ 6,00,000	5%
(3) From ₹ 6,00,001 to ₹ 9,00,000	10%
(4) From ₹ 9,00,001 to ₹ 12,00,000	15%
(5) From ₹ 12,00,001 to ₹ 15,00,000	20%
(6) Above ₹ 15,00,000	30%

The other provisions of this section are discussed in a separate chapter.

KEY NOTES:

1. **Surcharge on Income-tax (Residents and Non-Residents)**

Where Total Income DOES NOT INCLUDE Capital Gains referred to in section 111A and/ or section 112 and/ or section 112A and/ or dividend income, then surcharge shall be as under:

<i>Total Income</i>	<i>Surcharge</i>
(i) Does not exceed ₹ 50 lakhs	No surcharge
(ii) Exceeds ₹ 50 lakhs but does not exceed ₹ 1 crore	10% on Income-tax
(iii) Exceeds ₹ 1 crore but does not exceed ₹ 2 crores	15% on Income-tax
(iv) Exceeds ₹ 2 crores	25% on Income-tax

Where Total Income INCLUDES Capital Gains referred to in section 111A and/ or section 112 and/ or section 112A and/ or dividend income, then surcharge shall be as under:

Total Income	Surcharge
(i) Does not exceed ₹ 50 lakhs	No surcharge
(ii) Exceeds ₹ 50 lakhs but does not exceed ₹ 1 crore	10% on Income-tax
(iii) Exceeds ₹ 1 crore but does not exceed ₹ 2 crores	15% on Income-tax
(iv) Exceeds ₹ 2 crores	
(A) On tax computed on Capital Gains under section 111A, 112 & 112A and dividend income	15% on Income-tax
(B) On tax computed on	
Total Income - Capital Gains under section 111A, 112 & 112A and dividend income	
If Total Income - Capital Gains under section 111A, 112 & 112A and dividend income	
(a) is upto ₹ 2 crores	15% on Income-tax
(b) Above ₹ 2 crores	25% on Income-tax

2. No special tax rates in new regime for senior/ super senior citizens.
3. Certain deductions are not available in New Regime and the same shall be discussed later.

II. TAX RATES AS PER FIRST SCHEDULE TO FINANCE ACT (OLD REGIME/ OPTIONAL REGIME):

(A) **In all the cases other than the individual referred to in B and C below (Residents as well as Non-residents)**

On Total Income	Rates of Income-Tax
(1) Upto ₹ 2,50,000	NIL
(2) From ₹ 2,50,001 to ₹ 5,00,000	5%
(3) From ₹ 5,00,001 to ₹ 10,00,000	20%
(4) Above ₹ 10,00,000	30%

(B) **In case of every individual, being a resident in India, who is of the age of 60 years or more but less than 80 years at any time during the previous year:**

On Total Income	Rates of Income-Tax
(1) Upto ₹ 3,00,000	NIL
(2) From ₹ 3,00,001 to ₹ 5,00,000	5%
(3) From ₹ 5,00,001 to ₹ 10,00,000	20%
(4) Above ₹ 10,00,000	30%

(C) **In case of every individual, being a resident in India, who is of the age of 80 years or more at any time during the previous year:**

On Total Income	Rates of Income-Tax
(1) Upto ₹ 5,00,000	NIL
(2) From ₹ 5,00,001 to ₹ 10,00,000	20%
(3) Above ₹ 10,00,000	30%

KEY NOTES:

1. The tax rates given in II(B) and II(C) are for a resident individual. Therefore, in case of a senior citizen or super senior citizen being a non-resident, the tax rates given in II(A) shall apply.

2. **Surcharge on Income-tax (Residents and Non-Residents)**

Where Total Income DOES NOT INCLUDE Capital Gains referred to in section 111A and/or section 112 and/or section 112A and/or dividend income, then surcharge shall be as under:

Total Income	Surcharge
(i) Does not exceed ₹ 50 lakhs	No surcharge
(ii) Exceeds ₹ 50 lakhs but does not exceed ₹ 1 crore	10% on Income-tax
(iii) Exceeds ₹ 1 crore but does not exceed ₹ 2 crores	15% on Income-tax
(iv) Exceeds ₹ 2 crores but does not exceed ₹ 5 crores	25% on Income-tax
(v) Exceeds ₹ 5 crores	37% on Income-tax

Where Total Income INCLUDES Capital Gains referred to in section 111A and/ or section 112 and/ or section 112A and/or dividend income, then surcharge shall be as under:

Total Income	Surcharge
(i) Does not exceed ₹ 50 lakhs	No surcharge
(ii) Exceeds ₹ 50 lakhs but does not exceed ₹ 1 crore	10% on Income-tax
(iii) Exceeds ₹ 1 crore but does not exceed ₹ 2 crores	15% on Income-tax
(iv) Exceeds ₹ 2 crores	15% on Income-tax
A. On tax computed on Capital Gains under section 111A, 112 & 112A and dividend income	15% on Income-tax
B. On tax computed on Total Income - Capital Gains under section 111A, 112 & 112A and dividend income	
If Total Income - Capital Gains under section 111A, 112 & 112A and dividend income	
(a) is upto ₹ 2 crores	15% on Income-tax
(b) is above ₹ 2 crores but upto ₹ 5 crores	25% on Income-tax
(c) Above ₹ 5 crores	37% on Income-tax

FOLLOWING EXAMPLES HAVE BEEN SOLVED AS PER DEFAULT REGIME/ NEW REGIME

Example 1: Non Resident/ Resident Individual

P/G/B/P	1,00,00,000
LTCG 112A	51,00,000
STCG 111A	60,00,000
Total Income	2,11,00,000

Computation of Tax

Tax on LTCG of 112A @ 10% (No Tax on first ₹ 1,00,000)	5,00,000
Tax on STCG of 111A @ 15%	9,00,000
Tax on 1,00,00,000	27,00,000
Total Tax	41,00,000

Surcharge

Surcharge @ 15% on 14,00,000	2,10,000
Surcharge @ 15% on 27,00,000	4,05,000
	<hr/>
Add: 4% cess	47,15,000
Total Tax liability	1,88,600
	<hr/>
	49,03,600

Example 2: Non Resident/ Resident Individual

P/G/B/P	2,50,00,000
LTCG of 112A	3,01,00,000
STCG of 111A	1,00,00,000
Total Income	6,51,00,000
Tax on LTCG of 112A @ 10% (No Tax on first ₹ 1,00,000)	30,00,000
Tax on STCG of 111A @ 15%	15,00,000
Tax on 2,50,00,000	72,00,000
Total Tax	1,17,00,000
Surcharge @ 15% on 45,00,000	6,75,000
Surcharge @ 25% on 72,00,000	18,00,000
	<hr/>
	1,41,75,000
Add: 4% cess	5,67,000
Total Tax liability	1,47,42,000

Example 3:

Determine the tax liability of Mr A (aged 42 years) for the A.Y. 2024-25 in following cases:

Particulars	Case 1	Case 2	Case 3	Case 4
Dividend Income	30,00,000	40,00,000	95,00,000	49,00,000
Capital Gain u/s 111A	10,00,000	20,00,000	55,00,000	3,00,000
Capital Gain u/s 112A	14,00,000	15,00,000	8,00,000	8,00,00,000
Other income	1,26,00,000	2,25,00,000	70,00,000	6,59,00,000
Total Income	1,80,00,000	3,00,00,000	2,28,00,000	15,11,00,000

Answer:

	Assessment Year 2024-25			
Particulars	Case 1	Case 2	Case 3	Case 4
Tax on Capital Gain u/s 111A @ 15%	1,50,000	3,00,000	8,25,000	45,000
Tax on Capital Gain u/s 112A @ 10%	1,30,000	1,40,000	70,000	79,90,000
Tax on other income including dividend income	43,80,000	76,50,000	46,50,000	2,09,40,000
	<hr/>	<hr/>	<hr/>	<hr/>
	46,60,000	80,90,000	55,45,000	2,89,75,000
Surcharge on income tax (See working Note)	6,99,000	18,63,029	8,31,750	62,95,327
Income-tax and Surcharge	<hr/>	<hr/>	<hr/>	<hr/>
	53,59,000	99,53,029	63,76,750	3,52,70,327
Add: 4% cess	2,14,360	3,98,121	2,55,070	14,10,813
Tax liability	<hr/>	<hr/>	<hr/>	<hr/>
	55,73,360	1,03,51,150	66,31,820	3,66,81,140

Working Note: Computation of surcharge

Particulars	Case 1	Case 2	Case 3	Case 4
Total Income (excluding dividend income and income u/s 111A and 112A)	1,26,00,000	2,25,00,000	70,00,000	6,59,00,000
Total Income (including dividend income and income u/s 111A and 112A)	1,80,00,000	3,00,00,000	2,28,00,000	15,11,00,000
Applicable surcharge rate	15%	25% subject to a maximum of 15% on dividend income &	15%	25% subject to a maximum of 15% on dividend income &

		income u/s 111A/112A		income u/s 111A/112A
Surcharge on tax on:				6,750
Income u/s 111A @ 15%		45,000	1,23,750	
Income u/s 112A @ 15%		21,000	10,500	11,98,500
Dividend income				
$\left(\frac{40,00,000}{2,65,00,000} \times 76,50,000\right) \times 15\%$	Since the total income exceeds ₹ 1 crore but is less than ₹ 2 crores, surcharge shall be @ 15% of income tax ₹ 46,60,000 i.e., ₹ 6,99,000.	1,73,208		
$\left(\frac{49,00,000}{7,08,00,000} \times 2,09,40,000\right) \times 15\%$				2,17,386
Balance income			6,97,500 (including dividend income)	
$\left(\frac{2,25,00,000}{2,65,00,000} \times 76,50,000\right) \times 25\%$		16,23,821		
$\left(\frac{6,59,00,000}{7,08,00,000} \times 2,09,40,000\right) \times 25\%$				48,72,691
Total	6,99,000	18,63,029	8,31,750	62,95,327

FOLLOWING EXAMPLES HAVE BEEN SOLVED AS PER RATES GIVEN IN OLD REGIME

Example 1: Non Resident/ Resident Individual

P/G/B/P	1,00,00,000
LTCG 112A	51,00,000
STCG 111A	60,00,000
Total Income	2,11,00,000

Computation of Tax

Tax on LTCG of 112A @ 10% (No Tax on first ₹ 1,00,000)	5,00,000
Tax on STCG of 111A @ 15%	9,00,000
Tax on 1,00,00,000	28,12,500
Total Tax	42,12,500

Surcharge

Surcharge @ 15% on 14,00,000	2,10,000
Surcharge @ 15% on 28,12,500	4,21,875
	<u>48,44,375</u>
Add: 4% cess	1,93,775
Total Tax liability	50,38,150

Example 2: Non Resident/ Resident Individual

P/G/B/P	2,50,00,000
LTCG of 112A	3,01,00,000
STCG of 111A	1,00,00,000
Total Income	6,51,00,000

Tax on LTCG of 112A @ 10% (No Tax on first ₹ 1,00,000)	30,00,000
Tax on STCG of 111A @ 15%	15,00,000
Tax on 2,50,00,000	73,12,500
Total Tax	118,12,500
Surcharge @ 15% on 45,00,000	6,75,000
Surcharge @ 25% on 73,12,500	18,28,125
	<u>1,43,15,625</u>

Add: 4% cess

Total Tax liability

5,72,625
1,48,88,250

Example 3:

Determine the tax liability of Mr A (aged 42 years) for the A.Y. 2024-25 in following cases:

Particulars	Case 1	Case 2	Case 3	Case 4
Dividend Income	30,00,000	40,00,000	95,00,000	49,00,000
Capital Gain u/s 111A	10,00,000	20,00,000	55,00,000	3,00,000
Capital Gain u/s 112A	14,00,000	15,00,000	8,00,000	8,00,00,000
Other income	1,26,00,000	2,25,00,000	70,00,000	6,59,00,000
Total Income	1,80,00,000	3,00,00,000	2,28,00,000	15,11,00,000

Answer:

Assessment Year 2024-25

Particulars	Case 1	Case 2	Case 3	Case 4
Tax on Capital Gain u/s 111A @ 15%	1,50,000	3,00,000	8,25,000	45,000
Tax on Capital Gain u/s 112A @ 10%	1,30,000	1,40,000	70,000	79,90,000
Tax on other income including dividend income	44,92,500	77,62,500	47,62,500	2,10,52,500
	47,72,500	82,02,500	56,57,500	2,90,87,500
Surcharge on income tax (See working Note)	7,15,875	18,89,455	8,48,625	86,74,130
Income-tax and Surcharge	54,88,375	1,00,91,955	65,06,125	37,761,630
Add: 4% cess	2,19,535	4,03,678	2,60,245	15,10,465
Tax liability	57,07,910	1,04,95,630	67,66,370	3,92,72,020

Working Note: Computation of surcharge

Particulars	Case 1	Case 2	Case 3	Case 4
Total Income (excluding dividend income and income u/s 111A and 112A)	1,26,00,000	2,25,00,000	70,00,000	6,59,00,000
Total Income (including dividend income and income u/s 111A and 112A)	1,80,00,000	3,00,00,000	2,28,00,000	15,11,00,000
Applicable surcharge rate	15%	25% subject to a maximum of 15% on dividend income & income u/s 111A/112A	15%	37% subject to a maximum of 15% on dividend income & income u/s 111A/112A
Surcharge on tax on:				
Income u/s 111A @ 15%	Since the total income exceeds ₹ 1 crore but is less than ₹ 2 crores, surcharge	45,000	1,23,750	6,750
Income u/s 112A @ 15%		21,000	10,500	11,98,500
Dividend income			-	
$\left(\frac{40,00,000}{2,65,00,000} \times 77,62,500\right) \times 15\%$		1,75,755		
$\left(\frac{49,00,000}{7,08,00,000} \times 2,10,52,500\right) \times 15\%$				2,18,554

Balance income	shall be @ 15% of income tax ₹ 47,72,500		7,14,375 (including dividend income)	
$\left(\frac{2,25,00,000}{2,65,00,000} \times 77,62,500\right) \times 25\%$	i.e., ₹ 7,15,875.	16,47,700		
$\left(\frac{6,59,00,000}{7,08,00,000} \times 2,10,52,500\right) \times 37\%$				72,50,326
Total	7,15,875	18,89,455	8,48,625	86,74,130

- III. In case of every **LOCAL AUTHORITY**, 30% of the total income. The income tax on total income shall, in case of every local authority, be increased by a **surcharge of 12%** of such income tax, **if the total income exceeds ₹ 1 crore.**
- IV. In case of a **FIRM**, 30% of the total income. The income tax on total income shall, in case of every firm, be increased by a **surcharge of 12%** of such income tax, **if the total income exceeds ₹ 1 crore.**
- V. In case of a **DOMESTIC COMPANY**,
- (i) Where the total turnover or the gross receipts in Previous Year 2021-22 does not exceed ₹ 400 crores - 25% of the total income
- (ii) Other than referred in (i) above - 30% of the total income

The income tax on total income shall, in case of every domestic company, be increased by a **surcharge of 7%** of such income tax, **if the total income exceeds ₹ 1 crore but does not exceed ₹ 10 crores. And where total income exceeds ₹ 10 crores, surcharge shall be levied at 12% of such income tax.**

Special taxation regime under section 115BAA and 115BAB have been discussed in separate chapter. Subject to fulfilment of certain conditions, tax is levied @ 22% and 15% respectively except on certain types of incomes. Surcharge is leviable @ 10% of Income-tax irrespective of quantum of income.

- VI. In case of a **FOREIGN COMPANY**, 40% of the total income. The income tax on total income shall in case of every foreign company be increased by a **surcharge of 2%** of such income tax, **if the total income exceeds ₹ 1 crore but does not exceed ₹ 10 crores. And where total income exceeds ₹ 10 crores, surcharge shall be levied at 5% of such income tax.**

- VII. In the case of every co-operative society, -

Total Income	Rates of Income-Tax
(1) Upto ₹ 10,000	10%
(2) From ₹ 10,001 to ₹ 20,000	20%
(3) Above ₹ 20,000	30%

The income tax on total income shall, in case of every co-operative society, be increased by a **surcharge of 7%** of such income tax, **if the total income exceeds ₹ 1 crore but does not exceed ₹ 10 crores. And where total income exceeds ₹ 10 crores, surcharge shall be levied at 12% of such income tax.**

Special taxation regime under section 115BAD and 115BAE have been discussed in separate chapter. Subject to fulfilment of certain conditions, tax is levied @ 22% and 15% respectively except on certain types of incomes. Surcharge is leviable @ 10% of Income-tax irrespective of quantum of income.

MARGINAL RELIEF IN CASE OF SURCHARGE

A. IN CASE OF ASSESSEES UNDER DEFAULT REGIME [SECTION 115BAC(1)]

- (1) Where total income exceeds ₹50 lakhs but does not exceed ₹ 1 crore, the aggregate of income tax and surcharge shall be restricted to:

(Tax on ₹ 50 lakhs) + (Total Income - ₹ 50 lakhs)

- (2) Where total income exceeds ₹ 1 crore but does not exceed ₹ 2 crores, the aggregate of income tax and surcharge shall be restricted to:

(Tax on ₹ 1 crore with surcharge of 10%) + (Total Income - ₹ 1 crore)

- (3) Where total income exceeds ₹ 2 crores, the aggregate of income tax and surcharge shall be restricted to:

(Tax on ₹ 2 crores with surcharge of 15%) + (Total Income - ₹ 2 crores)

B. IN CASE OF ASSESSEES UNDER OLD REGIME [FIRST SCHEDULE TO FINANCE ACT]

- (1) Where total income exceeds ₹50 lakhs but does not exceed ₹ 1 crore, the aggregate of income tax and surcharge shall be restricted to:

(Tax on ₹ 50 lakhs) + (Total Income - ₹ 50 lakhs)

- (2) Where total income exceeds ₹ 1 crore but does not exceed ₹ 2 crores, the aggregate of income tax and surcharge shall be restricted to:

(Tax on ₹ 1 crore with surcharge of 10%) + (Total Income - ₹ 1 crore)

- (3) Where total income exceeds ₹ 2 crores, the aggregate of income tax and surcharge shall be restricted to:

(Tax on ₹ 2 crores with surcharge of 15%) + (Total Income - ₹ 2 crores)

- (4) Where total income exceeds ₹ 5 crores, the aggregate of income tax and surcharge shall be restricted to:

(Tax on ₹ 5 crores with surcharge of 25%) + (Total Income - ₹ 5 crores)

In case of III and IV above i.e., in case of Local Authority and Firm, where the total income exceeds ₹ 1 crore, then, the aggregate of income tax and surcharge shall be restricted to:

(Tax on ₹ 1 crore) + (Total Income - ₹ 1 crore)

C. In case of Co-operative Society or Domestic/ Foreign company, where the total income exceeds ₹ 1 crore but does not exceed ₹ 10 crores, then the aggregate of income tax and surcharge shall be restricted to:

(Tax on ₹ 1 crore) + (Total Income - ₹ 1 crore)

D. In case of Co-operative Society or Domestic company, where the total income exceeds ₹ 10 crore, then the aggregate of income tax and surcharge shall be restricted to:

(Tax on ₹ 10 crore with surcharge of 7%) + (Total Income - ₹ 10 crore)

E. In case of Foreign Company, where the total income exceeds ₹ 10 crore, then the aggregate of income tax and surcharge shall be restricted to:

(Tax on ₹10 crore with surcharge of 2%) + (Total Income - ₹ 10 crore)

Illustration 1A:

In case of a resident individual, calculation of tax liability and marginal relief shall be as under in default regime:

Total Income	Income Tax & Surcharge [Restricted to: (₹ 12,00,000) + (T.I. - ₹ 50 lakhs)]
₹ 50,00,000	₹ 12,00,000 + Nil
₹ 50,10,000	₹ 12,03,000 + ₹ 1,20,300 = ₹ 13,23,300 (Restricted to ₹ 12,10,000)
₹ 50,20,000	₹ 12,06,000 + ₹ 1,20,600 = ₹ 13,26,600 (Restricted to ₹ 12,20,000)
₹ 50,40,000	₹ 12,12,000 + ₹ 1,21,200 = ₹ 13,33,200 (Restricted to ₹ 12,40,000)
₹ 51,00,000	₹ 12,30,000 + ₹ 1,23,000 = ₹ 13,53,000 (Restricted to ₹ 13,00,000)
₹ 52,00,000	₹ 12,60,000 + ₹ 1,26,000 = ₹ 13,86,000 (No Restriction)

Total Income	Income Tax & Surcharge [Restricted to: (₹ 29,70,000) + (T.I. - ₹ 1 crore)]
₹ 1,00,00,000	₹ 27,00,000 + ₹ 2,70,000 = ₹ 29,70,000
₹ 1,01,00,000	₹ 27,30,000 + ₹ 4,09,500 = ₹ 31,39,500 (Restricted to ₹ 30,70,000)
₹ 1,02,00,000	₹ 27,60,000 + ₹ 4,14,000 = ₹ 31,74,000 (Restricted to ₹ 31,70,000)
₹ 1,03,00,000	₹ 27,90,000 + ₹ 4,18,500 = ₹ 32,08,500 (No Restriction)

Total Income	Income Tax & Surcharge [Restricted to: (₹ 65,55,000) + (T.I. - ₹ 2 crores)]
₹ 2,00,00,000	₹ 57,00,000 + ₹ 8,55,000 = ₹ 65,55,000
₹ 2,00,10,000	₹ 57,03,000 + ₹ 14,25,750 = ₹ 71,28,750 (Restricted to ₹ 65,65,000)
₹ 2,01,00,000	₹ 57,30,000 + ₹ 14,32,500 = ₹ 71,62,500 (Restricted to ₹ 66,55,000)
₹ 2,03,00,000	₹ 57,90,000 + ₹ 14,47,500 = ₹ 72,37,500 (Restricted to ₹ 68,55,000)
₹ 2,04,00,000	₹ 58,20,000 + ₹ 14,55,000 = ₹ 72,75,000 (Restricted to ₹ 69,55,000)
₹ 2,08,00,000	₹ 59,40,000 + ₹ 14,85,000 = ₹ 74,25,000 (Restricted to ₹ 73,55,000)
₹ 2,10,00,000	₹ 60,00,000 + ₹ 15,00,000 = ₹ 75,00,000 (No Restriction)

Illustration 1B:

In case of a resident individual, age below 60 years, calculation of tax liability and marginal relief shall be as under, where the individual opts to pay tax under Old Regime:

Total Income	Income Tax & Surcharge [Restricted to: (₹ 13,12,500) + (T.I. - ₹ 50 lakhs)]
₹ 50,00,000	₹ 13,12,500 + Nil
₹ 50,10,000	₹ 13,15,500 + ₹ 1,31,550 = ₹ 14,47,050 (Restricted to ₹ 13,22,500)
₹ 50,20,000	₹ 13,18,500 + ₹ 1,31,850 = ₹ 14,50,350 (Restricted to ₹ 13,32,500)
₹ 50,40,000	₹ 13,24,500 + ₹ 1,32,450 = ₹ 14,56,950 (Restricted to ₹ 13,52,500)
₹ 51,00,000	₹ 13,42,500 + ₹ 1,34,250 = ₹ 14,76,750 (Restricted to ₹ 14,12,500)
₹ 52,00,000	₹ 13,72,500 + ₹ 1,37,250 = ₹ 15,09,750 (No Restriction)

Total Income	Income Tax & Surcharge [Restricted to: (₹ 30,93,750) + (T.I. - ₹ 1 crore)]
₹ 1,00,00,000	₹ 28,12,500 + ₹ 2,81,250 = ₹ 30,93,750
₹ 1,01,00,000	₹ 28,42,500 + ₹ 4,26,375 = ₹ 32,68,875 (Restricted to ₹ 31,93,750)
₹ 1,02,00,000	₹ 28,72,500 + ₹ 4,30,875 = ₹ 33,03,375 (Restricted to ₹ 32,93,750)
₹ 1,03,00,000	₹ 29,02,500 + ₹ 4,35,375 = ₹ 33,37,875 (No Restriction)

Total Income	Income Tax & Surcharge [Restricted to: (₹ 66,84,375) + (T.I. - ₹ 2 crores)]
₹ 2,00,00,000	₹ 58,12,500 + ₹ 8,71,875 = ₹ 66,84,375
₹ 2,00,10,000	₹ 58,15,500 + ₹ 14,53,875 = ₹ 72,69,375 (Restricted to ₹ 66,94,375)
₹ 2,01,00,000	₹ 58,42,500 + ₹ 14,60,625 = ₹ 73,03,125 (Restricted to ₹ 67,57,375)
₹ 2,03,00,000	₹ 59,02,500 + ₹ 14,75,625 = ₹ 73,78,125 (Restricted to ₹ 69,84,375)
₹ 2,04,00,000	₹ 59,32,500 + ₹ 14,83,125 = ₹ 74,15,625 (Restricted to ₹ 70,84,375)
₹ 2,08,00,000	₹ 60,52,500 + ₹ 15,13,125 = ₹ 75,65,625 (Restricted to ₹ 74,84,375)
₹ 2,10,00,000	₹ 61,12,500 + ₹ 15,28,125 = ₹ 76,40,625 (No Restriction)

Total Income	Income Tax & Surcharge [Restricted to: (₹ 1,85,15,625) + (T.I. - ₹ 5 crores)]
₹ 5,00,00,000	₹ 1,48,12,500 + ₹ 37,03,125 = ₹ 1,85,15,625
₹ 5,05,00,000	₹ 1,49,62,500 + ₹ 55,36,125 = ₹ 2,04,98,625 (Restricted to ₹ 1,90,15,625)
₹ 5,10,00,000	₹ 1,51,12,500 + ₹ 55,91,625 = ₹ 2,07,04,125 (Restricted to ₹ 1,95,15,625)

₹ 5,15,00,000	₹ 1,52,62,500 + ₹ 56,47,125 = ₹ 2,09,09,625 (Restricted to ₹ 2,00,15,625)
₹ 5,25,00,000	₹ 1,55,62,500 + ₹ 57,58,125 = ₹ 2,13,20,625 (Restricted to ₹ 2,10,15,625)
₹ 5,32,00,000	₹ 1,57,72,500 + ₹ 58,35,825 = ₹ 2,16,08,325 (No Restriction)

Illustration 2:

In case of domestic company, (having turnover in P.Y. 2021-22 more than ₹ 400 crores), calculation of tax liability and marginal relief shall be as under:

Total Income	Income tax & Surcharge [Restricted to: (₹ 30,00,000) + (T.I. - ₹ 1 crore)]
₹ 1,00,00,000	₹ 30,00,000
₹ 1,01,00,000	₹ 30,30,000 + ₹ 2,12,100 = ₹ 32,42,100 (Restricted to ₹ 31,00,000)
₹ 1,02,00,000	₹ 30,60,000 + ₹ 2,14,200 = ₹ 32,74,200 (Restricted to ₹ 32,00,000)
₹ 1,02,10,000	₹ 30,63,000 + ₹ 2,14,410 = ₹ 32,77,410 (Restricted to ₹ 32,10,000)
₹ 1,03,00,000	₹ 30,90,000 + ₹ 2,16,300 = ₹ 33,06,300 (Restricted to ₹ 33,00,000)
₹ 1,04,00,000	₹ 31,20,000 + ₹ 2,18,400 = ₹ 33,38,400 (No Restriction)

Total Income	Income tax & Surcharge [Restricted to: (₹ 3,00,00,000) + (T.I. - ₹ 10 crores)]
₹ 10,00,00,000	₹ 3,00,00,000 + ₹ 21,00,000 = ₹ 3,21,00,000
₹ 10,01,00,000	₹ 3,00,30,000 + ₹ 36,03,600 = ₹ 3,36,33,600 (Restricted to 3,22,00,000)
₹ 10,05,00,000	₹ 3,01,50,000 + ₹ 36,18,000 = ₹ 3,37,68,000 (Restricted to 3,26,00,000)
₹ 10,10,00,000	₹ 3,03,00,000 + ₹ 36,36,000 = ₹ 3,39,36,000 (Restricted to 3,31,00,000)
₹ 10,20,00,000	₹ 3,06,00,000 + ₹ 36,72,000 = ₹ 3,42,72,000 (Restricted to 3,41,00,000)
₹ 10,25,00,000	₹ 3,07,50,000 + ₹ 36,90,000 = ₹ 3,44,40,000 (No Restriction)

In case, company opts to be taxed under section 115BAA or 115BAB, marginal relief shall be inapplicable as surcharge is leviable irrespective of quantum of income.

Illustration 3:

In case of Co-operative Society, calculation of tax liability and marginal relief shall be as under:

Total Income	Income Tax & Surcharge [Restricted to: (₹ 29,97,000) + (T.I. - ₹ 1 crore)]
₹ 1,00,00,000	₹ 29,97,000
₹ 1,01,00,000	₹ 30,27,000 + ₹ 2,11,890 = ₹ 32,38,890 (Restricted to ₹ 30,97,000)
₹ 1,02,00,000	₹ 30,57,000 + ₹ 2,13,990 = ₹ 32,70,990 (Restricted to ₹ 31,97,000)
₹ 1,03,00,000	₹ 30,87,000 + ₹ 2,16,090 = ₹ 33,03,090 (Restricted to ₹ 32,97,000)
₹ 1,04,00,000	₹ 31,17,000 + ₹ 2,18,190 = ₹ 33,35,190 (No Restriction)

Total Income	Income Tax & Surcharge [Restricted to: (₹ 3,20,96,790) + (T.I. - ₹ 10 crores)]
₹ 10,00,00,000	₹ 2,99,97,000 + ₹ 20,99,790 = ₹ 3,20,96,790
₹ 10,01,00,000	₹ 3,00,27,000 + ₹ 36,03,240 = ₹ 3,36,30,240 (Restricted to ₹ 3,21,96,790)
₹ 10,05,00,000	₹ 3,01,47,000 + ₹ 36,17,640 = ₹ 3,37,64,640 (Restricted to ₹ 3,25,96,790)
₹ 10,10,00,000	₹ 3,02,97,000 + ₹ 36,35,640 = ₹ 3,39,32,640 (Restricted to ₹ 3,30,96,790)
₹ 10,20,00,000	₹ 3,05,97,000 + ₹ 36,71,640 = ₹ 3,42,68,640 (Restricted to ₹ 3,40,96,790)
₹ 10,25,00,000	₹ 3,07,47,000 + ₹ 36,89,640 = ₹ 3,44,36,640 (No Restriction)

In case Co-operative Society opts to be taxed under section 115BAD or 115BAE, marginal relief shall be inapplicable as surcharge is leviable irrespective of quantum of income.

Illustration 4:

In case of foreign company, calculation of tax liability and marginal relief shall be as under:

Total Income	Income Tax & Surcharge [Restricted to: (₹ 40,00,000) + (T.I. - ₹ 1 crore)]
₹ 1,00,00,000	₹ 40,00,000
₹ 1,01,00,000	₹ 40,40,000 + ₹ 80,800 = ₹ 41,20,800 (Restricted to ₹ 41,00,000)
₹ 1,01,10,000	₹ 40,44,000 + ₹ 80,880 = ₹ 41,24,880 (Restricted to ₹ 41,10,000)
₹ 1,01,20,000	₹ 40,48,000 + ₹ 80,960 = ₹ 41,28,960 (Restricted to ₹ 41,20,000)
₹ 1,01,40,000	₹ 40,56,000 + ₹ 81,120 = ₹ 41,37,120 (No Restriction)

Total Income	Income Tax & Surcharge [Restricted to: (₹ 4,08,00,000) + (T.I. - ₹ 10 crores)]
₹ 10,00,00,000	₹ 4,00,00,000 + ₹ 8,00,000 = ₹ 4,08,00,000
₹ 10,01,00,000	₹ 4,00,40,000 + ₹ 20,02,000 = ₹ 4,20,42,000 (Restricted to ₹ 4,09,00,000)
₹ 10,05,00,000	₹ 4,02,00,000 + ₹ 20,10,000 = ₹ 4,22,10,000 (Restricted to ₹ 4,13,00,000)
₹ 10,10,00,000	₹ 4,04,00,000 + ₹ 20,20,000 = ₹ 4,24,20,000 (Restricted to ₹ 4,18,00,000)
₹ 10,20,00,000	₹ 4,08,00,000 + ₹ 20,40,000 = ₹ 4,28,40,000 (Restricted to ₹ 4,28,00,000)
₹ 10,25,00,000	₹ 4,10,00,000 + ₹ 20,50,000 = ₹ 4,30,50,000 (No Restriction)

Illustration 5:

In case of local authority or firm, calculation of tax liability and marginal relief shall be as under:

Total Income	Income Tax & Surcharge [Restricted to: (₹ 30,00,000) + (T.I. - ₹ 1 crore)]
₹ 1,00,00,000	₹ 30,00,000
₹ 1,01,00,000	₹ 30,30,000 + ₹ 3,63,600 = ₹ 33,93,600 (Restricted to ₹ 31,00,000)
₹ 1,02,00,000	₹ 30,60,000 + ₹ 3,67,200 = ₹ 34,27,200 (Restricted to ₹ 32,00,000)
₹ 1,02,10,000	₹ 30,63,000 + ₹ 3,67,620 = ₹ 34,30,620 (Restricted to ₹ 32,10,000)
₹ 1,04,00,000	₹ 31,20,000 + ₹ 3,74,400 = ₹ 34,94,400 (Restricted to ₹ 34,00,000)
₹ 1,06,00,000	₹ 31,80,000 + ₹ 3,81,600 = ₹ 35,61,600 (No Restriction)

SECTION 87A

Rebate of income-tax in case of certain individuals

- An assessee, being an **individual resident in India**,
- whose total income does not exceed ₹ 5,00,000, shall be entitled to a deduction,
- from the amount of income-tax on his total income with which he is chargeable for any assessment year,
- of an amount **equal to 100% of such income-tax** or
- **an amount of ₹ 12,500**,
- **whichever is less. (Amended by Finance Act, 2019)**

However, where the total income of the assessee is chargeable to tax under section 115BAC (1) and:

- Total income **does not exceed ₹ 7,00,000** he shall be entitled to a deduction from the amount of Income-tax on his total income with which he is chargeable for any assessment year, of an amount **equal to 100% of such Income-tax or amount of ₹ 25,000 whichever is less;**
- Total income **exceeds ₹ 7,00,000** and the Income-tax payable on such total income exceeds the amount by which the total income is in excess of ₹ 7,00,000, he shall be entitled to a deduction from the amount of Income-tax on his total income with which he is chargeable for any assessment year, of an amount **equal to the amount by which the Income-tax payable on such total income is in excess of the amount by which the total income exceeds ₹ 7,00,000.**

NOTE:

Rebate under section 87A is not available from tax computed under section 112A.

Illustration:

Mr. A, aged 50 years, earned a total income of ₹3,40,000. Compute his tax liability:

	DEFAULT REGIME	OLD REGIME
Tax on ₹ 3,40,000	₹ 2,000	₹ 4,500
Less: Relief under section 87A	₹ 2,000	₹ 4,500
Net tax payable	Nil	Nil