

CA | CMA INTERMEDIATE
COMPACT

MAY | JUNE & NOV | DEC 2024 EXAMS



DIRECT
TAX

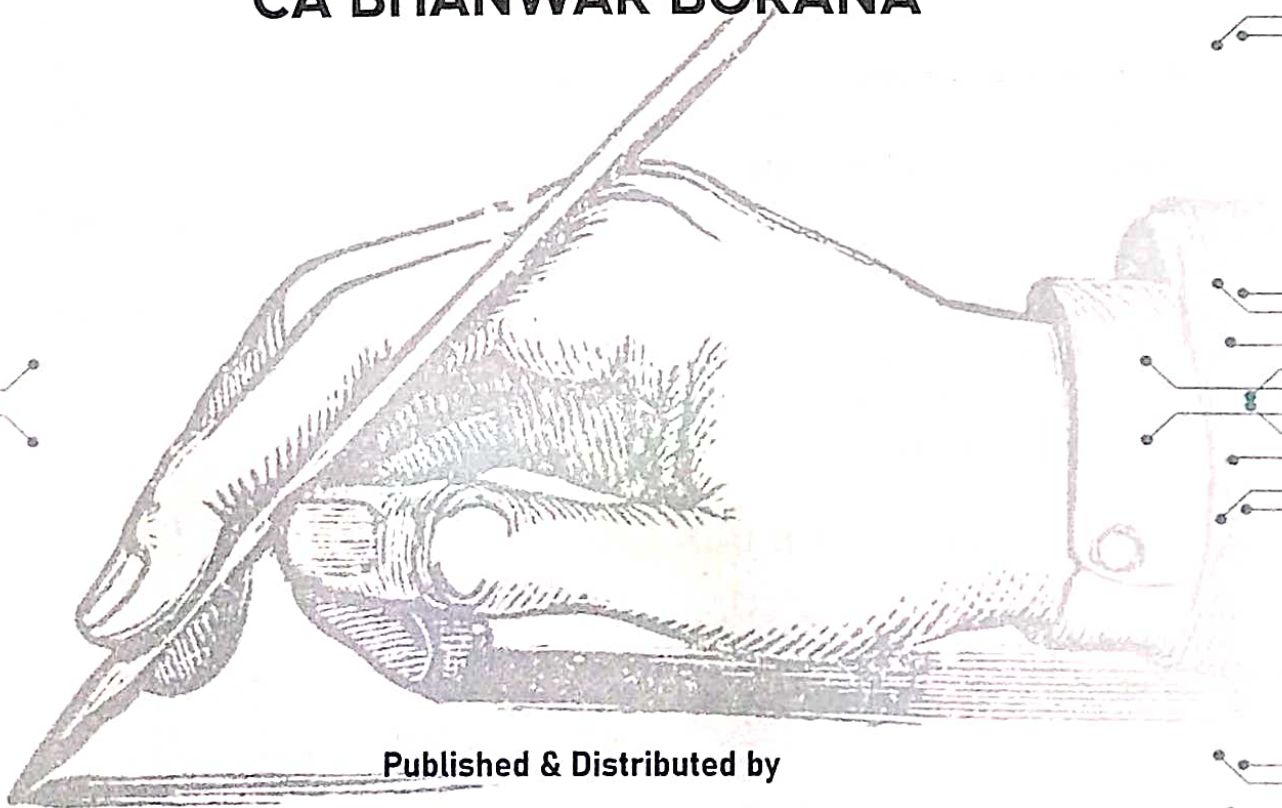
BY CA BHANWAR BORANA

Handwritten Notes

CA | CMA INTERMEDIATE DIRECT TAX
May | June & Nov | Dec 2024

All New Revised Edition
A.Y. 2024-25

CA BHANWAR BORANA



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- Black-Headings
- Blue - Main Content
- Red - Important Point & Words
- Green - Amendments

Thanks to **Aadil Sayyed** for Design this Book

Wishing you all the best for your career.
Happy reading.
Regards,

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All the Best!

Do the Well
God will do the Rest



Entry 82 of the Union List i.e., List I in the Seventh Schedule to Article 246 of the Constitution of India has given the power to the CG to make laws on Income tax other than agricultural income. Entry 46 of state list give power to State Govt. to make law on tax on agriculture income.

Sources of Income Tax Law

- Income Tax Act, 1961: It is the main source of Income tax law. It's provide determination of Total Income, Tax Liability & Procedure of assessment etc. It applicable to whole of India w.e.f. 1st April, 1962.
- Income Tax Rules, 1962: IT Act empowered Central Board of Direct Tax (CBDT) to make rules. All Forms, procedure, depreciation rates, principles of Valuation of perquisites are provided in the Rules.
- Annual Finance Act: Every year, the FM presents a Finance Bill in the parliament, which contains various amendments proposed to be made in the DT & IDT. Finance Bill, 2023 presented by Nirmala Sitharaman on 1st February, 2023.
As soon as the Bill passed by both the houses of the parliament and thereafter receives the assent of President, in becomes the Finance Act. Finance Bill, 2023 became Finance Act, 2023 on 31st March, 2023 after receive assent of president.
- Circulars/Notifications from CBDT: Circulars are issued by the CBDT to clarify the meaning & scope of certain provisions contained in the Act. Notifications are issued by Central Govt./CBDT to give effect to the provision of The Act.
Circulars are binding to Assessing officer but not on Assessee and Courts. However Assessee can take advantage of Circulars which are beneficial to them.
- Supreme Court & High Court Decisions: Various issues which are arise out of the provisions are decided by HC/SC. The SC is the Apex Court and the law laid down by the SC is the law of the land. The decision of HC will apply in the respective state in which such HC have jurisdiction.

Sec. 4: Charging Section of Income Tax

Income Tax is charged for every Assessment Year. It is charge on every person as define u/s 2(31). It is charge on the total income earned by the person during Previous Year. The tax is levied at the rates prescribed by Finance Act.

Sec. 2(9): Assessment Year

A.Y. means the period of 12 months starting from 1st April every year. Income earned in Previous year (PY) is taxed in AY. The A.Y. 24-25 is a period of 12 months from the 1st April 24 till 31st March 25.

Sec. 3: Previous Year

P.Y. means the financial year immediately preceding the AY. For A.Y. 24-25, the PY shall be period from 1st April 23 to 31st March 24 & the Income earned in PY 23-24 is assessed in the AY 24-25.



Provided that, in the case of a business or profession newly set up, or a source of income newly coming into existence, in the FY, the PY shall be the period starting from the date of setting up of the business or profession or, the date on which the source of income newly comes into existence and ending with 31st March of FY.

Sec. 2(31): Person

Person includes—

- ✓ Individual: Natural Person like Man, Woman, Minor, person of Unsound mind. E.g., Mr. BB
- ✓ Hindu Undivided Family (HUF): Consists of all males lineally descended from a common ancestor and includes their wives and daughters. E.g., Ram's HUF
- ✓ Company: Any body corporate incorporated in India or outside India. E.g., BB Virtuals Pvt. Ltd.
- ✓ Firm (Includes LLP): E.g., Gupme Foods LLP
- ✓ Association of Person or Body of Individual (AOP/BOI): E.g., Joint Ventures, Unregistered Trust
- ✓ Local Authority: E.g., Municipality, Gram Panchayat
- ✓ Artificial juridical person: E.g., Deities, Bar Council, Universities

Sec. 2(7): Assessee

It means any person who is liable to pay any tax or any other sum under IT Act, 1961. It includes person in respect of which any proceeding initiated, deemed assessee or assessee in default.

Certain cases where Income assessed to Tax in Previous Year itself

- Sec 172 - Shipping Business of NR: Where a ship of NR, carries passengers, livestock, mail or goods shipped at a port in India, the ship is allowed to leave the port only when the tax has been paid.
- Sec 174 - Person leaving India: Where it appears to the AO that any individual may leave India and he has no intention of returning, the income of such individual for the period upto the probable date of his departure from India is chargeable to tax in current year only.
- Sec 174A - AOP/ BOI/ AJP formed for a particular event or purpose: AO apprehends that the AOP/ BOI is likely to be dissolved in the same year, he can make assessment of the income up to the date of dissolution as income of the current year.
- Sec 175 - Persons likely to transfer property to avoid tax: If it appears to the AO that a person is likely to charge, sell, transfer, dispose of his assets to avoid payment of any liability, the total income of such person charge to tax in current year itself.
- Sec 176 - Discontinued business: Where any business or profession is discontinued, the income of the period upto the date of such discontinuance may, at the discretion of the AO, be charged to tax in current year.



Tax Rates for Assessment Year 2024-25 (General Tax Rates as per FA-23)

◆ In case of Individual, HUF, AOP, BOI, Artificial Juridical Person	Rates
➤ For Individual, HUF, AOP, BOI, AJP (Resident or Non-resident)	
Total Income (NTI) upto ₹ 2,50,000 (Basic Exemption limit)	Nil
above ₹ 2,50,000 upto ₹ 5,00,000	5%
above ₹ 5,00,000 upto ₹ 10,00,000	20%
above ₹ 10,00,000	30%
➤ For Senior Citizen (Resident Individual age 60 years or more in PY but less than 80 years)	
Total Income (NTI) upto ₹ 3,00,000 (Basic Exemption limit)	Nil
above ₹ 3,00,000 upto ₹ 5,00,000	5%
above ₹ 5,00,000 upto ₹ 10,00,000	20%
above ₹ 10,00,000	30%
➤ For Super Senior Citizen (Resident Individual age 80 years or more in PY)	
Total Income (NTI) upto ₹ 5,00,000 (Basic Exemption limit)	Nil
above ₹ 5,00,000 upto ₹ 10,00,000	20%
above ₹ 10,00,000	30%
◆ Circular No 28/2016 dt 27.07.2016: Any Resident Individual whose 60 th /80 th birthday falls on 1 st April, 2024 shall be treated as having completed the age of 60/80 years on 31 st March, 2024 i.e. PY 2023-24 (AY 24-25) and hence would be eligible for the higher basic exemption limit of ₹ 3,00,000 & ₹ 5,00,000.	

◆ Surcharge for Assessee being Individual, HUF, AOP, BOI and AJP:

S.No.	Conditions	Surcharge %
1.	Total Income upto ₹ 50 lakhs	No Surcharge
2.	Total Income more than ₹ 50 lakhs upto ₹ 1 crore	10% on tax
3.	Total Income more than ₹ 1 crore upto ₹ 2 crores	15% on tax
4.	Total Income more than 2 crores and it includes Dividend, Capital gain u/s 111A, 112A & 112 (Special income)	15% on tax on special income
➤	Remaining Total Income (Total Income excluding Special Income) is upto ₹ 2 crores	15% on tax on remaining income
➤	Remaining Total Income (Total Income excluding Special Income) more than ₹ 2 crores upto ₹ 5 crores	25% on tax on remaining income
➤	Remaining Total Income (Total Income excluding Special Income) more than ₹ 5 crores.	37% on tax on remaining income



"₹ in Lakhs"

Examples

Sr. No.	Total Income excluding special Income	Special Income (CG & Dividend)	Total Income	Surcharge applicable on Tax Calculated on	
				Special Income	Other Income
(i)	20	25	45	NIL	NIL
(ii)	45	50	95	10%	10%
(iii)	45	70	115	15%	15%
(iv)	45	300	345	15%	15%
(v)	60	700	760	15%	15%
(vi)	150	250	400	15%	15%
(vii)	150	500	650	15%	15%
(viii)	300	100	400	15%	25%
(ix)	300	250	550	15%	25%
(x)	600	100	700	15%	37%

◆ In case of Company

A. Domestic Company	Tax Rate	
➤ Total Turnover or Gross Receipt of P.Y. 2021-22 upto ₹ 400 Crore	25%	
➤ Otherwise	30%	
B. Foreign Company	40%	
Surcharge:		
	Domestic Company	Foreign Company
Total Income > ₹ 1 crore but upto ₹ 10 crores	7%	2%
Total Income > ₹ 10 crores	12%	5%

◆ In case of Firm, LLP, Local Authority

Tax Rate: 30%

Surcharge @ 12% if Total Income more than ₹ 1 crore.

◆ In case of Co. operative society

Tax Rate

Total Income upto ₹ 10,000	10%
Total Income > ₹ 10,000 but upto ₹ 20,000	20%
Total Income > ₹ 20,000	30%

Surcharge: Same as domestic company (7% & 12%)

◆ In all the above cases Health & Education cess applicable @4% on tax (including SC if any).



Sec 288A/288B: Amount of Total Income and Tax rounded off to the nearest ₹ 10.

Example: 1

Mr. Jay is a resident, aged 32 years. His income details for FY 2023-24 are as follows:

- (i) Capital gains u/s 112A ₹ 1,00,00,000
- (ii) Capital gains u/s 112 ₹ 60,00,000
- (ii) Capital gains u/s 111A ₹ 2,00,00,000
- (iii) Other income ₹ 1,00,00,000

Calculate his tax liability for AY 2024-25. Assessee not opted 115BAC.

Solution:

Particular	Tax Rate	Income	Tax
LTCG 112A (in excess of ₹ 1,00,000)	10%	1,00,00,000	9,90,000
LTCG 112	20%	60,00,000	12,00,000
STCG 111A	15%	2,00,00,000	30,00,000
Balance NTI	Slab Rate	1,00,00,000	28,12,500
	Total	4,60,00,000	80,02,500
Add: Surcharge on LTCG & STCG 111A @15%			7,78,500
Add: Surcharge on Balance Tax @15%			4,21,875
Add: Health & Edu. Cess @4%			92,02,875
Net Tax Payable			3,68,115
			95,70,990

Example: 2

Mr. BB is a resident, aged 34 years. His income details for FY 2023-24 are as follows:

- (i) Capital gains u/s 112A ₹ 2,00,000
- (ii) Capital gains u/s 112 ₹ 1,00,000
- (iii) Capital gains u/s 111A ₹ 3,00,000
- (iii) Dividend ₹ 13,00,000
- (iv) Other income - ₹ 3,34,00,000

Calculate his tax liability for AY 2024-25. Assessee not opted 115BAC.

Solution:

Particular	Tax Rate	Income	Tax
LTCG 112A (in excess of ₹ 1,00,000)	10%	2,00,000	10,000
LTCG 112	20%	1,00,000	20,000
STCG 111A	15%	3,00,000	45,000
Balance NTI	Slab Rate	3,47,00,000	1,02,22,500
		3,53,00,000	1,02,97,500

Add: Surcharge on LTCG & STCG 111A @15%	11,250
Add: Surcharge on Tax on Dividend @15% #	57,446
Add: Surcharge on Balance Tax@25% (9839524 x 25%)	24,59,881
Add: Health & Edu. Cess @4%	1,28,26,077
Net Tax Payable	5,13,043
	1,33,39,120

Tax on dividend = $1,02,22,500 / 3,47,00,000 \times 13,00,000 = 3,82,976$

Test Yourself

From following information calculate net tax liability & assume assessee not opted 115BAC.

Nature of Income	Mr. SK (64 years NR)	Mr. Dev (28 years)	Mr. AK (52 years)
Capital gains u/s 112A	1,20,000	-	8,00,00,000
Capital gains u/s 112	1,70,000	1,90,00,000	2,00,000
Capital gains u/s 111A	4,10,000	7,00,00,000	1,00,000
Dividend	-	-	49,00,000
Other Income	97,00,000	60,00,000	6,59,00,000
Total Income	1,04,00,000	9,50,00,000	15,11,00,000
Final Answer	33,72,720	1,90,31,350	3,92,84,050



◆ Marginal Relief in Surcharge: If there is little bit increase in income over 50 Lakhs/1 Crore/2 Crore/5 Crore (in case of Ind/HUF/AOP/ BOI/AJP) or 1 Crore (in case of Company/Firm/local Authority/Co. op. society) or 10 Crore (in case of Company/ Co. op Society), surcharge is applicable on entire amount of tax and as a result increase in tax is more than the increase in income. In order to remove this defect, assessee shall be allowed relief to the extent increase in tax is more than the increase in income.

Example-1 Total income of Shree Ltd. (Indian Company) ₹ 1,01,00,000. T/o of PY 21-22 is ₹ 450 crores. Assessee not opted sec. 115BAA. Calculate tax liability.

Solution

Tax on Total Income (1,01,00,000 × 30%)	₹	
Add: Surcharge @7%	30,30,000	
	<u>2,12,100</u>	
Above amount is restricted to Tax on 1 crore + (NTI - 1 crore)	32,42,100	Marginal Relief ₹ 1,42,100
(30,00,000 + 1,00,000)	<u>31,00,000</u>	
Add: HEC @ 4%	31,00,000	
Net Tax Liability	<u>1,24,000</u>	
	<u>32,24,000</u>	

Example-2 Total income of Tree Ltd. (Indian Company) ₹ 10,02,30,000. T/o of PY 21-22 is ₹ 350 crores. Assessee not opted sec. 115BAA. Calculate tax liability.

Solution

Tax on Total Income (10,02,30,000 × 25%)	₹	
Add: Surcharge @12%	2,50,57,500	
	<u>30,06,900</u>	
Above amount is restricted to Tax on 10 crore + (NTI - 10 crore)	2,80,64,400	Marginal Relief ₹ 10,84,400
(2,67,50,000 + 2,30,000)	<u>2,69,80,000</u>	
Add: HEC @ 4%	2,69,80,000	
Net Tax Liability	<u>10,79,200</u>	
	<u>2,80,59,200</u>	

Example-3 Total income of Mr. Sam (62 years) NR is ₹ 1,01,00,000. Assessee not opted sec. 115BAC. Calculate tax liability.

Solution

Tax on Total Income	₹
Upto 2,50,000	Nil
> 2,50,000 upto 5,00,000	12,500
> 5,00,000 upto 10,00,000	1,00,000
>10,00,000 upto 1,01,00,000	<u>27,30,000</u>



	28,42,500	
	<u>4,26,375</u>	
Add: Surcharge @ 15%	32,68,875	Relief
Above amount is restricted to Tax on 1 crore + (NTI - 1 crore) (30,93,750 + 1,00,000)	<u>31,93,750</u>	₹ 75,125
	31,93,750	
Add: HEC @ 4%	<u>1,27,750</u>	
Net Tax Payable	<u>33,21,500</u>	

Test Yourself

From following information calculate net tax liability & assume assessee not opted 115BAC.

	Mr. Devam (49 years)	Mr. Krishiv (28 years)
Total Income	5,07,20,000	2,04,40,000
Final Answer	2,00,05,050	74,09,350



Sec. 87A: Rebate from Tax to Certain Individuals

For **Resident Individual** having Total Income upto ₹ 5,00,000.

- a.) 100% of tax payable, or
- b.) ₹ 12,500

Whichever is **Lower**

Notes:

1. This rebate shall be reduced before adding health & education cess.
2. Rebate u/s 87A available against all types of Income **except LTCG u/s 112A**.
3. Marginal relief concept not applicable on rebate **except when assessee opted 115BAC**.
4. Rebate in case of 115BAC discussed with concept of 115BAC in later part of this topic.

Example: Calculate tax liability of Ms. Sneha resident Individual (Age 24 years).

	Case - 1	Case - 2
Total Income	4,40,000	5,07,000
Tax Liability	9,500	13,900
Less: Rebate 87A		
a) Tax Amount		Not Available
9,500	9,500	
b) 12,500		
<u>12,500</u>		
Whichever is lower		
Add: HEC @ 4%	Nil	13,900
	Nil	556
Net Tax Liability	Nil	14,456

Alternate Taxation Regime

Sec. 115BAC: Tax on Income of Ind, HUF, AOP, BOI, AJP [Amended w.e.f. AY 24-25]

Assessee	Individual, HUF, AOP/BOI (other than Co.op. society), AJP	
Tax rate	Total income	
	Upto ₹ 3,00,000	Nil
	₹ 3,00,001 to ₹ 6,00,000	5%
	₹ 6,00,001 to ₹ 9,00,000	10%
	₹ 9,00,001 to ₹ 12,00,000	15%
	₹ 12,00,001 to ₹ 15,00,000	20%
	Above ₹ 15,00,000	30%
	Special Income (u/s 111A, 112, 112A etc.) shall be taxable @ Special rates.	
Surcharge & cess	➤ Surcharge will be @ 10%/15%/25% depending on Total Income of assessee. In this case 37% surcharge not applicable even Total Income > ₹ 5 crores. ➤ Health & Education cess shall be @ 4% always.	



AMT	<ul style="list-style-type: none"> Assessee paid tax as per sec. 115BAC is not required to pay AMT. B/F AMT credit cannot be set off against income u/s 115BAC. Therefore, if assessee has b/f AMT credit, it should first exhaust the AMT credit and thereafter opt for sec 115BAC. 										
Conditions	<p>1. Assessee does not claim following deductions/exemptions:</p> <table border="1"> <tr> <td data-bbox="343 459 526 627">HP</td> <td data-bbox="526 459 1484 627"> <ul style="list-style-type: none"> Interest u/s 24(b) for Self-occupied property Set-off of HP loss (Let out/Deemed to be let-out property) against other head (HP loss shall be allowed to be carried forward as per law) </td> </tr> <tr> <td data-bbox="343 627 526 1142">Salary</td> <td data-bbox="526 627 1484 1142"> <ul style="list-style-type: none"> Entertainment allowance and Professional tax u/s 16(ii)& (iii) Leave travel concession u/s 10(5) HRA u/s 10(13A) Allowance u/s 10(14) (except: DTDC) <ul style="list-style-type: none"> D. Travel allowance to a Divyang employee for commuting between the place of residence and place of duty. T. Travelling or tour allowance: to meet the cost of travel on tour or on transfer. D. Daily allowance: to meet the ordinary daily charges incurred by an employee due to absence from his normal place of duty. C. Conveyance allowance: to meet the expenditure on conveyance in performance of duties of an office. </td> </tr> <tr> <td data-bbox="343 1142 526 1198">PGBP</td> <td data-bbox="526 1142 1484 1198">Sec. 10AA, 32(1)(iia), 35(1)(ii),(iia),(iii),35(2AA),35AD.</td> </tr> <tr> <td data-bbox="343 1198 526 1276">IFOS</td> <td data-bbox="526 1198 1484 1276"> Allowance for income of minor u/s 10(32) Allowance to MP/MLA u/s 10(17) </td> </tr> <tr> <td data-bbox="343 1276 526 1377">Deduction</td> <td data-bbox="526 1276 1484 1377"> Deduction under Chapter VI-A Except: deduction u/s 80JJAA, 80CCD(2), 80CCH(2). </td> </tr> </table> <p>2. Assessee cannot set-off any b/f loss or unabsorbed depreciation attributable to deduction referred above.</p> <p>3. HP loss cannot be set off against other head.</p> <p>4. No deduction or exemption for allowance or perquisite provided under any other law for the time being in force.</p>	HP	<ul style="list-style-type: none"> Interest u/s 24(b) for Self-occupied property Set-off of HP loss (Let out/Deemed to be let-out property) against other head (HP loss shall be allowed to be carried forward as per law) 	Salary	<ul style="list-style-type: none"> Entertainment allowance and Professional tax u/s 16(ii)& (iii) Leave travel concession u/s 10(5) HRA u/s 10(13A) Allowance u/s 10(14) (except: DTDC) <ul style="list-style-type: none"> D. Travel allowance to a Divyang employee for commuting between the place of residence and place of duty. T. Travelling or tour allowance: to meet the cost of travel on tour or on transfer. D. Daily allowance: to meet the ordinary daily charges incurred by an employee due to absence from his normal place of duty. C. Conveyance allowance: to meet the expenditure on conveyance in performance of duties of an office. 	PGBP	Sec. 10AA, 32(1)(iia), 35(1)(ii),(iia),(iii),35(2AA),35AD.	IFOS	Allowance for income of minor u/s 10(32) Allowance to MP/MLA u/s 10(17)	Deduction	Deduction under Chapter VI-A Except: deduction u/s 80JJAA, 80CCD(2), 80CCH(2).
HP	<ul style="list-style-type: none"> Interest u/s 24(b) for Self-occupied property Set-off of HP loss (Let out/Deemed to be let-out property) against other head (HP loss shall be allowed to be carried forward as per law) 										
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PGBP	Sec. 10AA, 32(1)(iia), 35(1)(ii),(iia),(iii),35(2AA),35AD.										
IFOS	Allowance for income of minor u/s 10(32) Allowance to MP/MLA u/s 10(17)										
Deduction	Deduction under Chapter VI-A Except: deduction u/s 80JJAA, 80CCD(2), 80CCH(2).										
Option not to opt 115BAC [115BAC(6)]	<p>Section 115BAC is default tax regime. However assessee can avail the benefit of regular tax regime by exercising the option.</p> <ul style="list-style-type: none"> Assessee does not have PGBP: Option of regular tax regime must be exercise alongwith the return u/s 139(1) for every PY. Assessee having PGBP: Option of regular tax regime must be exercise alongwith the return u/s 139(1). Such option once exercised shall apply for subsequent AY also. However the option once exercise for regular tax regime can be withdraw only once for PY & there after the person 										

	shall never be eligible for the benefit of regular tax regime till the time having any income under PGBP.
Rebate u/s 87A If assessee	For Resident Individual having Total Income upto ₹ 7,00,000. a.) 100% of tax payable, or b.) ₹ 25,000 Whichever is Lower Marginal Relief: If Total Income more than ₹ 7,00,000 but does not exceed ₹ 7,27,770, tax on such income cannot exceed the amount by which the Total Income exceeds ₹ 7,00,000. However marginal Relief not available in case of regular tax regime.

Example: Mr. BB (age 34 years) is a Resident Individual. His total income for AY 24-25 is ₹ 7,00,000 or ₹ 7,27,000 or ₹ 7,30,000 or ₹ 7,50,000. Assessee not opted regular tax regime. Calculate tax liability.

Total Income	7,00,000	7,27,000	7,30,000	7,50,000
Tax as per 115BAC	25,000	27,700	28,000	30,000
Less: Rebate u/s 87A a.) 100% of tax payable, or b.) ₹ 25,000	25,000	Nil	Nil	Nil
Restricted to	Nil	27,700	28,000	30,000
Tax on 7 lakhs + (NTI - 7 lakhs)	Nil	27,000	30,000	50,000
Add: Health & Edu. Cess @ 4%	Nil	1,080	1,120	1,200
Net Tax Liability	Nil	28,080	29,120	31,200
Marginal Relief	-	7,00	-	-



Some other Special Tax Rates

Sec. 115BB: Tax on winnings from lotteries, crossword puzzles, races, card games etc

Tax Rate: 30%

Sec. 115BBJ: Income from Online Games (Added by FA 23 w.e.f. AY 24-25)

Tax Rate: 30% on winning from online games computed as manner may be prescribed.

"Online Game" means a game that is offered on the internet and is accessible by a user through a computer resource including any telecommunication device.

Sec. 115BBE: Deemed Income u/s 68 to 69D

Tax Rate: 60% (surcharge @ 25% and HEC @ 4%) effective rate 78%

Note: No set off of any loss shall be allowable against deemed income.

Notes for all above sections:

- Deduction u/s 28 to 44C or sec 57 not allowed against above income, means gross income taxable.
- Deduction u/c VI-A not available.
- Basic Exemption Benefit NOT Available against above income (Except 112 (LTCG), 112A & 111A in case of resident Individual & HUF)

Deemed Income [Sec 68 to 69D]

Sec 68: Cash Credit

Where any sum is found credited in the books of the assessee and assessee offers no explanation about the nature and source or the explanation offered is not satisfactory in the opinion of the AO, the sum so credited may be treated as income of the assessee of that PY.

However, where the sum so credited consists of loan or borrowing or any such amount, by whatever name called, any explanation offered by the assessee shall not be deemed to be satisfactory, if, the person in whose name such credit is recorded also offers no explanation about the nature and source or explanation not satisfactory.

Further, any explanation offered by a closely held company in respect of any sum credited as share application money, share capital, share premium or any such amount, in the a/c's of such company shall be deemed to be not satisfactory, if, the resident person, in whose name such credit is recorded in the books of such company also not explains about the nature and the source of such sum or explanation not satisfactory.



Sec 69: Unexplained Investments

Where in the PY, the assessee has made investments which are not recorded in the BOA and the assessee offers no explanation about the nature and the source of investments or explanation not satisfactory in the opinion of the AO, the value of the investments are taxed as deemed income of the assessee of that PY.

Sec 69A: Unexplained Money, Assets etc.

Where in any PY, the assessee is found to be the owner of any money, bullion, jewellery or other valuable article and the same is not recorded in the BOA and the assessee offers no explanation about the nature and source of acquisition of such money, bullion etc. or the explanation not satisfactory in the opinion of the AO, the money and the value of bullion etc. may be deemed income of the assessee of that PY.

Sec 69B: Amount of investments etc., not fully disclosed in the books of account

Where in any PY, the assessee has made investments or is found to be the owner of any bullion, jewellery or other valuable article and the AO finds that the amount spent on making such investments or in acquiring such articles exceeds the amount recorded in the BOA by the assessee and he offers no explanation for the difference or the explanation is unsatisfactory in the opinion of the AO, such excess may be deemed income of the assessee of that PY.

Sec 69C: Unexplained Expenditure

Where in any PY, an assessee has incurred any expenditure and he offers no explanation about the source of such expenditure or the explanation is unsatisfactory in the opinion of the AO, AO can treat such unexplained expenditure as the income for such PY. Such unexplained expenditure which is deemed to be the income of the assessee shall not be allowed as deduction under any head of income.

Sec 69D: Amount borrowed or repaid on hundi

Where any amount is borrowed on a hundi or any amount due thereon is repaid other than through an account payee cheque drawn on a bank, the amount so borrowed or repaid shall be deemed to be the income of the person borrowing or repaying for the PY in which the amount was borrowed or repaid, as the case may be.

However, where any amount borrowed on a hundi has been deemed to be the income of any person, he will not be again liable to be assessed in respect of such amount on repayment of such amount.

The amount repaid shall include interest paid on the amount borrowed.

Note: Income mentioned u/s 68 to 69D taxable @60% (+25% Surcharge +4% HEC i.e.78%)

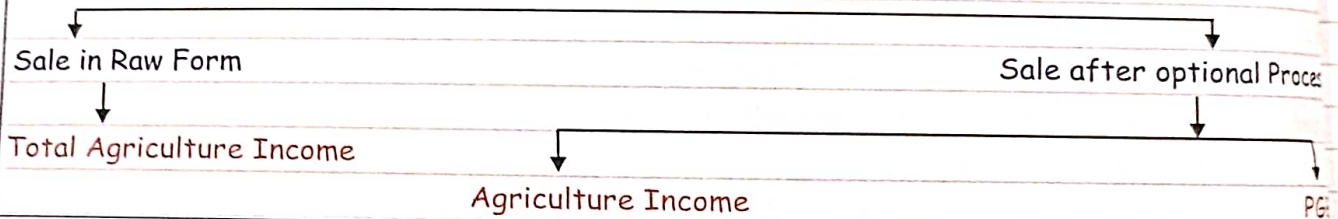


> Sec 10(1) Agriculture Income - It is exempt from Tax if its from agriculture land in India.

As per section 2(1A), Agriculture income means -

- (a) Rent from agriculture land (used for agriculture purpose).
- (b) Income from sale of agriculture produce. (Note 1)
- (c) Rent from house (use as dwelling house, store house).
- (d) Income from nursery.

Note 1: Rule 7- Sale of agriculture produce



FMV of Agri. Produce further Process	xx
Less: Cost of Agri. Produce	xx
Agriculture Income	xx

Sale of Final Products	x
Less: FMV of Agri. Produced used	x
Less: Further process cost	x
PGBP	x

> Special Rules for Tea, Coffee & Rubber

Rules	Activity	Agri. Income	PGBP
8	Growing and Manufacturing of Tea	60%	40%
7B	Growing & Manufacturing of Coffee		
	(a) Grown & cured	75%	25%
	(b) Grown, Cured, Roasted & Grounded	60%	40%
7A	Growing & Manufacturing of Rubber	65%	35%

Remember:- Higher% represents income from Agriculture

> Partial Integration in case of Agricultural Income

Agriculture income is exempt from tax but for computation of tax it shall be considered if following conditions are satisfied

- (i) Assessee is Individual, HUF, AOP, BOI, AJP.
- (ii) Agriculture income more than ₹ 5,000.
- (iii) Non-agriculture income more than Basic exemption.



Computation of Tax Liability		₹
Non-Agriculture Income (Total Income) [A]		xx
Agriculture Income [B]		xx
Total [C]		xx
Tax Payable on "C" [D]		xx
Aggregation of "B" and Basic Exemption [E]		xx
Tax payable on "E" [F]		xx
Net Tax payable "D-F" [G]		xx