

*Commercial's*

*Systematic Approach to*  
**INCOME TAX**

**For CA Inter NEW SYLLABUS 2023 &  
Other Specialised Studies**

Applicable for May 2024 and Nov. 2024 Exams

**Dr. Girish Ahuja**

**Dr. Ravi Gupta**

**49th  
EDITION**

**A.Y. 2024-2025**

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WITH SAI KRIPA

*Dedicated to our Mothers*

*Late Mrs. Shanta Roshan Lal Ahuja*

*Late Mrs. Nirmal Om Prakash Gupta*

*And*

*Our Wives*

*Late Mrs. Ranjana Ahuja*

*Mrs. Renu Gupta*

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*By the same authors*

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## Preface to the Forty-ninth Edition

It is with pride and pleasure that we place before the readers the forty-ninth edition of our book "Systematic Approach to Income-tax" containing Income Tax. This book caters to the revised syllabus of CA Inter. The book contains Income-tax.

The main features of this book are:

- It is user-friendly and provides information in a concise manner.
- It is a comprehensive and critical study of the law relating to Income Tax.
- Even the last-minute changes in the law have been incorporated in the book and it is, therefore, the latest and most up-to-date book for the Assessment Year 2024-25. The amendments made by the Finance Act, 2023 have been given at appropriate places in the book.
- All important case-laws and circulars/notifications have been incorporated.

We also appreciate the efforts put in by Sh. Sandeep Garg, Ms Sunita Kaekar and the entire team of M/s Commercial Law Publishers (India) Pvt. Ltd. in bringing out the book in a very precise time and with excellent quality.

We look forward to the comments, suggestions and criticisms from the readers.

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## Intermediate Course Paper 3: Taxation (100 Marks)

### Section A: Income-tax Law (50 Marks)

Sections	Content Area
I	<b>1. Basic Concepts</b> (i) Income-tax law: An introduction (ii) Significant concepts in income-tax law, including person, assessee, previous year, assessment year, income, agricultural income (iii) Basis of Charge (iv) Procedure for computation of total income and tax payable in case of individuals
II	<b>2. Residential status and scope of total income</b> (i) Residential status (ii) Scope of total income
III	<b>3. Heads of income and the provisions governing computation of income under different heads:</b> (i) Salaries (ii) Income from house property (iii) Profits and gains of business or profession Capital gains (iv) Income from other sources
	<b>4. Provisions relating to clubbing of income, set-off or carry forward and set-off of losses, deductions from gross total income.</b>
IV	<b>5. Advance Tax, Tax deduction at source and tax collection at source</b>
	<b>6. Provisions for filing return of income and self-assessment</b>
	<b>7. Computation of total income and income-tax payable by an individual under the alternative tax regimes under the Income-tax Act, 1961 to optimise tax liability.</b>

### Section B: Goods and Services Tax (GST) (50 Marks)

Sections	Content Area
I	<b>1. GST Laws: An introduction including Constitutional aspects</b>
II	<b>2. Levy and collection of CGST and IGST</b> (i) Application of CGST/IGST law (ii) Concept of supply including composite and mixed supplies (iii) Charge of tax including reverse charge (iv) Exemption from tax (v) Composition levy

III	<b>3. Basic concepts of:</b> (i) Classification (ii) Place of supply (iii) Time of supply (iv) Value of supply (v) Input tax credit
IV	<b>4. Computation of GST liability</b>
V	<b>5. Registration</b>
VI	<b>6. Tax invoice; Credit and Debit Notes; Electronic way bill</b>
VIII	<b>7. Accounts and Records</b>
VIII	<b>8. Returns</b>
IX	<b>9. Payment of tax</b>



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INCOME TAX

## Introduction

[Sections 1 to 4]

### SECTIONWISE STUDY

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### SYSTEMATIC STUDY

#### 1.1 Income Tax Law

An understanding of the Income-tax law requires a study of the following:

- (A) The Income-tax Act, 1961 (amended up-to-date)
- (B) The Income-tax Rules, 1962 (amended up-to-date)
- (C) Notifications, Circulars and clarifications issued from time to time by the CBDT
- (D) Judicial decisions

- (A) **The Income-tax Act, 1961 (Amended upto date):** The provisions of income-tax are contained in the Income-tax Act, 1961 which extends to the whole of India and became effective from 1.4.1962 (Section 1).

**Scope of Income-tax Act:** The Income-tax Act contains provisions for determination of taxable income, determination of tax liability, procedure for assessment, appeals, penalties and prosecutions. It also lays down the powers and duties of various Income-tax authorities.

Since the Income-tax Act, 1961 is a revenue law, there are bound to be amendments from time to time in this law. Therefore, the Income-tax Act has undergone innumerable changes from the time it was originally enacted. These amendments are generally brought in annually alongwith the Union Budget. Besides these amendments, whenever it



... financial statements, the Government introduces amendments in the form of various Amendment Acts and

... financial statements. Every year a Budget is presented before the Parliament by the Finance Minister. This of the ... and important components of the Budget is the Finance Bill, which declares the financial proposals of the Government for the next financial year. The Bill contains various amendments which are sought to be made in the ... of direct and indirect taxes levied by the Central Government.

The Finance Bill also mentions the rates of income-tax and other taxes which are given in the First Schedule attached to each Finance Bill. The First Schedule gives the rates of income tax in 4 parts.

Part-I It gives the normal rates of income tax for various assessors for the current assessment year, e.g. the Finance Act, 2023 had given the rates of income tax for the assessment year 2023-24 and the Finance Act, 2024 has given the rates of income tax for the assessment year 2024-25.

Part-II It gives the rates for deduction of tax at source (TDS) from the income earned in the current financial year, e.g. the Finance Act, 2023 has given the rates at which tax is to be deducted at source in the financial year 2023-24. Similarly, the Finance Act, 2024 shall give the rates of TDS on the income earned during the financial year 2024-25.

Note: A certain rates of TDS are given in the Income tax Act itself.

Part-III It gives the normal rates for calculating income tax for deducting tax from income chargeable under the head 'Salaries'. The same rates are applicable for computation of advance tax to be paid in the current financial year for incomes taxable at normal rates, e.g. Finance Act, 2023 had given the rates for the computation of advance tax for the financial year 2023-24 (i.e., assessment year 2024-25) and the Finance Act, 2024 has given the rates of advance tax for financial year 2024-25 (i.e., assessment year 2025-26).

1. When the Finance Bill is approved by both the Houses of Parliament and receives the assent of the President, it becomes the Finance Act. The provisions of such Finance Act are thereafter incorporated in the Income-tax Act.
  2. Part-III of Schedule I of a particular Finance Act, which gives the rates for computation of Advance Tax and TDS on salary, etc., generally becomes Part I of the subsequent Finance Act, e.g., Finance Act, 2022, Part-III, had given the rates for computation of advance tax for the financial year 2022-23 (i.e., assessment year 2023-24). The same rates have become the rates of income-tax for the assessment year 2023-24 in the Finance Act, 2024. Similarly, rates given under Part III of Schedule I of the Finance Act, 2023 will become Part I of Schedule I of the Finance Act, 2024 and these will be the rates of income-tax for assessment year 2024-25.
  3. The total income of the assessee is taxable at the following two rates:
    - (1) Normal rates, which are given in section 2 of Chapter II read with First Schedule of the Finance Act, every year.
    - (2) Special rates, which are given in the Income-tax Act itself, e.g., long-term capital gain is taxable @ 10%, short-term capital gain referred to in section 111A is taxable @ 15% and income from lotteries, crossword puzzles, and income from transfer of virtual digital assets, etc., is taxable @ 30% for assessment year 2024-25.
- Note: The rates of income tax other than of TDS given in the first schedule are for those assesseees who opt to be taxed or wish to remain under the old regime of taxation.
- The concessional rates of income-tax other than of TDS for certain assesseees are also given under various sections, mentioned below provided certain conditions specified in the relevant sections are satisfied.
- (1) For a domestic company, the concessional rate of income tax is given under section 115BAA or 115BAB (known as new regime of taxation). Such concessional rate of tax is applicable, if the conditions mentioned under sections 115BAA(2) or 115BAB(2), as the case may be, are satisfied. In this case the company has to opt for the new regime of taxation, otherwise it will remain under the old regime.
  - (2) For an individual or HUF or AOP/BOI or an artificial juridical person, the concessional rates of income tax are given under section 115BAC(1A). Such concessional rates of income-tax are applicable if certain conditions mentioned under section 115BAC(2) are satisfied. These rates are default rates under the new regime and applicable for such assesseees unless he/it opts to be taxed under the old regime. Section 115BAC, shall be discussed in details, separately under Chapter 13, (i.e. Assessment of Individuals).
  - (3) For a cooperative society, the concessional rate of income tax is given under section 115BAD or 115BAE (known as new regime of taxation). Such concessional rate of tax is applicable if the