

Contents

	PAGE
♦ <i>A few words from the authors</i>	I-5
♦ <i>About the authors</i>	I-6
♦ <i>Section-wise Index</i>	I-23
♦ <i>Amendments at a glance</i>	I-29
♦ <i>Gist of relevant Circulars, Clarifications and Notifications issued during January 1, 2010 to February 2022</i>	I-83
♦ <i>Gist of landmark rulings of Supreme Court/High Courts [2010 - Feb. 2022]</i>	I-319

1

Basic concepts

1. Assessment year	1
2. Previous year	1
3. Person	5
4. Assessee	6
5. Charge of income-tax	6
6. Income	7
7. Gross total income	17
8. Total income and tax liability	21
9. Agricultural income	23
10. Difference between exemption and deduction	23
11. Assessment	23
12. Definition of “manufacture”	24
13. Capital asset	24
14. Company	24
15. Fair market value	24
16. Capital receipts vs. Revenue receipts	24
17. Capital expenditure vs. Revenue expenditure	31
18. Method of accounting	31
19. Definitions of amalgamation, demerger, infrastructure capital company and infrastructure capital fund	32
20. Rules of interpretation	33

2

Residential status and tax incidence

22. What is relevance of residential status	47
23. Residential status - General norms	47
24. Residential status of an individual	48
25. Residential status of a Hindu undivided family	56
26. Residential status of the firm and association of persons	57
27. Residential status of a company	58
28. Residential status of “every other person”	62
29. Relation between residential status and incidence of tax	62

	PAGE
30. Receipt of income	65
31. Accrual of income	67
32. Income deemed to accrue or arise in India	71
32A. Fund Managers in India not to constitute business connection of offshore funds	88
33. Hints for tax planning in respect of residential status	90
34. Problems on residential status and tax incidence	91

3

Incomes exempt from tax

38. Incomes exempt under section 10	94
39. Special provisions in respect of newly established undertakings in free trade zone, etc.	130
40. Special provisions in respect of newly established units in Special Economic Zone	130
41. Special provisions in respect of newly established hundred per cent export-oriented undertakings	134
42. Special provision in respect of export of artistic hand-made wooden articles	134
43. Income exempt under section 13A	134
44. Exemption to Electoral Trust	135

4

Salaries

46. Essential norms of salary income	136
47. Basis of charge	138
48. Place of accrual of salary income	139
49. Tax treatment of different forms of salary income	140
50. Allowance	158
51. Perquisites	165
52. Valuation of perquisites	169
53. Deduction from salary income	200
54. Tax on salary of non-resident technicians	200
55. Salaries of other foreign citizens	200
56. Employees' provident fund	201
57. Approved superannuation fund	206
58. Approved gratuity fund	206
59. Deduction under section 80C	206
60. Relief under section 89	206
61. Meaning of salary for different computations	209
62. Hints for tax planning	211
63. Problems on salary income	212
Annex 1 : Frequently Asked Questions (FAQs) about computation of salary income	224

5

Income from house property

86. Chargeability	225
87. Applicability of section 22 in certain typical situations	230
88. Principle of mutuality <i>vis-a-vis</i> section 22	232
89. Property income exempt from tax	233
90. Computation of income from a let out house property	233

	PAGE
91. Computation of income from self-occupied property	242
92. Special provisions when unrealised rent is realised subsequently	251
93. Mode of taxation of arrears of rent in the year of receipt	251
94. Hints for tax planning	251
95. Problems on computation of property income	252
App. Frequently Asked Questions (FAQs) about mode of computation of annual value	262

6

Profits and gains of business or profession

101. Chargeability	266
102. General principles governing assessment of business income	279
103. Method of accounting	285
104. Scheme of deductions and allowances	286
105. Basic principles governing admissibility of deduction under sections 30 to 44DB	286
106. Deductions expressly allowed in respect of expenses/allowances	288
107. Rent, rates, taxes, repairs and insurance of building	288
108. Repairs and insurance of machinery, plant and furniture	289
109. Depreciation	290
110. Investment allowance for acquisition and installation of new plant and machinery	333
110A. Investment allowance in backward area in Andhra Pradesh, Bihar, Telangana or West Bengal	333
111. Tea/coffee/rubber development account	334
112. Site restoration fund	338
113. Reserves for shipping business	339
114. Expenditure on scientific research	339
115. Expenditure on acquisition of patent rights, copyrights, know-how	350
116. Expenditure for obtaining right to use spectrum for telecommunication services	350
117. Amortization of telecom licence fees	351
118. Expenditure on eligible projects or scheme	353
119. Deduction in respect of expenditure on specified business	353
120. Payment to the associations and institutions carrying out rural development programmes	358
120A. Deduction for expenditure incurred on agricultural extension project	359
120B. Deduction for expenditure for skill development	359
121. Amortisation of preliminary expenses	360
121A. Amortisation of expenditure in the case of amalgamation/demerger	364
121B. Amortisation of expenditure under voluntary retirement scheme	364
122. Amortisation of expenditure on prospecting, etc., for development of certain minerals	364
123. Insurance premium	367
124. Insurance premium paid by a federal milk co-operative society	367
125. Insurance premium on health of employees	367
126. Bonus or commission to employees	367
127. Interest on borrowed capital	368
127A. Discount on zero coupon bonds	371
128. Employer's contribution to recognised provident fund and approved superannuation fund	372
128A. Employer's contribution to notified pension scheme	373
129. Contribution towards approved gratuity fund	373
130. Employees' contribution towards staff welfare schemes	373

	PAGE
131. Write off allowance for animals	374
132. Bad debts	374
133. Provision for bad and doubtful debts relating to rural branches of commercial banks	378
134. Transfer to special reserve	381
135. Family planning expenditure	383
136. Contribution towards Exchange Risk Administration Fund	384
137. Revenue expenditure incurred by entities established under any Central, State or Provincial Act	384
137A. Contribution to credit guarantee trust fund	384
137B. Commodities transaction tax/Securities transaction tax	384
138. Expenditure for purchase of sugarcane by a co-operative society engaged in sugar manufacturing	384
138A. Marked to market loss	385
139. Expenditure on advertisement	385
140. Expenses deductible from commission earned by life insurance agents, UTI agents, post office/Government securities agents and agents of notified mutual funds	386
141. General deduction	387
142. Amounts expressly disallowed under the Act	445
143. Amount not deductible under section 40(a)	445
144. Amount not deductible in the case of partnership firm	457
145. Amounts not deductible in the case of an association of persons and body of individuals	457
146. Amount not deductible under section 40(c)/(d)	457
147. Payments to relative	457
148. Payments exceeding Rs. 10,000 paid otherwise than by account payee cheques or bank drafts	460
149. Expenditure on payment of salary or perquisite to employees	464
150. Fees for services payable to a former employee	464
151. Provision for payment of gratuity	464
152. Interest on public deposit	465
153. Restriction on contributions by employers to non-statutory funds	465
154. Disallowance of marked to market loss	466
155. Disallowance of unpaid liability	466
156. Deemed profit	476
157. Income from undisclosed sources	480
158. Maintenance of accounts by certain persons	482
159. Audit of accounts by certain persons	484
160. Special provisions consequential to changes in the rate of exchange of currency	486
161. Special provision for deduction in the case of trade, professional or similar associations	488
162. Special provisions	489
163. Valuation of stock	513
164. Hints for tax planning	518
165. Problems on computation of income from business/profession	524

7

Capital gains

166. Chargeability	533
167. Meaning of capital asset	533

	PAGE
168. Types of capital assets	537
169. Transfer of capital asset	540
170. Computation of capital gain	554
171. Full value of consideration	557
172. Expenditure on transfer	559
173. Cost of acquisition	560
174. Cost of improvement	573
175. Indexed cost of acquisition and indexed cost of improvement	575
176. Computation of capital gain in certain special cases	579
177. Reference to Valuation Officer	609
178. Capital gains exempt from tax	610
179. Capital gains arising from transfer of residential house	611
180. Capital gains arising from the transfer of land used for agricultural purpose	617
181. Capital gains on compulsory acquisition of land and buildings forming part of industrial undertaking	619
182. Capital gain not to be charged on investment in certain bonds	620
182A. Capital gain not to be charged on investment in units of a specified fund	623
183. Capital gains on transfer of a long-term capital asset other than a house property	624
184. Capital gains on transfer of assets in cases of shifting of industrial undertaking from urban area	630
185. Exemption of capital gains on transfer of assets in cases of shifting of industrial undertaking from urban area to any Special Economic Zone	632
185A. Capital gain on transfer of residential property	633
185B. Extension of time-limit for acquiring new asset	637
186. Short-term/long-term capital gains - How charged to tax	638
187. Hints for tax planning	654
188. Problems on computation of capital gains	656

8

Income from other sources

191. Basis of charge	662
192. Relevance of method of accounting	665
193. Dividend	665
194. Winnings from lotteries, crossword puzzles, horse races and card games, etc.	674
195. Sum received from employees as their contribution towards staff welfare schemes	676
196. Interest on securities	676
197. Income from machinery, plant or furniture let on hire	680
198. Income from composite letting of building, machinery, plant or furniture	680
199. Money/property is received without consideration or for inadequate consideration	682
200. Share premium in excess of fair market value	692
201. Advance money received in course of negotiations for transfer of a capital asset	695
201A. Compensation on termination of employment or modification of terms of employment	696
202. Interest on KVP, IVP, NSC, etc.	696
203. Deductions	697
204. Other points	699
205. Problems on computation of income from other sources	700

9	Income of other persons included in assessee's total income	
206.	Transfer of income without transfer of assets	706
207.	Revocable transfer of assets	706
208.	When an individual is assessable in respect of remuneration of spouse	707
209.	When an individual is assessable in respect of income from assets transferred to spouse	710
210.	When individual is assessable in respect of income from assets transferred to son's wife	714
211.	When individual is assessable in respect of income from assets transferred to a person for the benefit of spouse	715
212.	When an individual is assessable in respect of income from assets transferred to a person for the benefit of son's wife	716
213.	Income of minor child	716
214.	Conversion of self-acquired property into joint family property and subsequent partition	718
215.	Other profits	719
216.	Recovery of tax	719
217.	Hints for tax planning	720
218.	Problems explaining clubbing provisions	721
10	Set off and carry forward of losses	
226.	Mode of set off and carry forward - The three steps	726
227.	Inter-source adjustment - How made	726
228.	Inter-head adjustment - How made	727
229.	Carry forward of loss	729
230.	Loss of partnership firms	742
231.	Loss of closely held companies	742
232.	Carry forward and set off of loss and depreciation - When permissible in the hands of amalgamated and demerged company or co-operative bank	742
233.	Problems illustrating the provisions of set off and carry forward of losses	743
11	Deductions from gross total income and tax liability	
234.	Essential rules governing deductions	747
235.	Deduction in respect of life insurance premia, deferred annuity, contributions to provident fund, subscription to certain equity shares or debentures, etc.	748
235A.	Deduction in respect of deposit under National Savings Scheme	756
236.	Equity Linked Savings Scheme	757
237.	Deduction in respect of pension fund	758
237A.	Deduction in respect of contribution to a National Pension System (NPS)	759
237B.	Deduction in respect of subscription to long-term infrastructure bonds - When available under section 80CCF	761
237C.	Deduction in respect of investment made under any equity saving scheme	761
238.	Deduction in respect of medical insurance premia	762
239.	Deduction in respect of maintenance including medical treatment of a dependent being a person with disability - When and to what extent available	765
240.	Deduction in respect of medical treatment, etc.	767
241.	Deduction in respect of payment of interest on loan taken for higher studies	770

	PAGE
241A. Deduction in respect of interest on loan taken for residential house property	770
241B. Deduction in respect of interest on loan taken for certain house property	771
241C. Deduction in respect of interest on loan taken for purchase of electric vehicle	772
242. Deduction in respect of donation to certain funds, charitable institutions, etc.	772
243. Deduction in respect of rent paid	778
244. Deduction in respect of certain donations for scientific research or rural development	780
245. Deduction in respect of contributions given by companies to political parties or electoral trust	781
246. Deduction in respect of contributions given by any person to political parties or electoral trust	781
247. Deduction in respect of profits and gains from projects outside India	782
248. Deduction in respect of profits and gains from housing projects aided by World Bank	782
249. Tax incentives for exports	782
250. Deduction in respect of earnings in convertible foreign exchange	782
251. Deduction in respect of profit from export of computer software	782
252. Deduction in respect of profits and gains from export or transfer of films software	782
253. Deduction in respect of profits and gains from industrial undertaking or enterprises engaged in infrastructure development etc. - How to find out	782
253A. Deductions in respect of profits and gains by an undertaking or enterprise engaged in development of Special Economic Zone	794
253B. Deduction in respect of eligible start-up	795
254. Deduction in respect of profits and gains from certain industrial undertakings other than infrastructure development undertakings - How to avail	796
254A. Deduction in respect of profits from housing projects	813
255. Deduction in respect of profits and gains of certain undertakings in certain special category of States - How to find out	815
255A. Deduction in the case of hotels and convention centre in NCR	818
255B. Deduction in respect of certain undertakings in North-Eastern States	818
256. Deduction in respect of profits and gains from the business of collecting and processing of bio-degradable waste	819
257. Deduction in respect of employment of new employees	820
258. Deduction in respect of interest on certain securities, investments, etc.	822
259. Deduction in respect of certain income of Offshore Banking Units and International Financial Services Centre	823
260. Deduction in respect of inter-corporate investment	824
261. Deduction in respect of income of a co-operative society	826
262. Deduction in respect of certain income of producer companies	826
263. Deduction in respect of royalty income of authors	826
264. Deduction in respect of remuneration or professional income from certain foreign sources	828
265. Deduction in respect of royalty on patents	828
266. Deduction in respect of interest on deposits in savings accounts	829
267. Deduction in respect of interest on deposits in case of senior citizens	830
268. Deduction in case of a person with disability	830
269. Deductions from tax liability	832
270. Rebate for resident individuals	832

	PAGE
12	Agricultural income
278.	Definition 834
279.	Income which is partly agricultural and partly from business 840
280.	Partially integrated taxation of non-agricultural income with income derived from agriculture 842
281.	Computation of net agricultural income 843
13	Typical problems on assessment of individuals
285.	Tax incidence on individuals 851
286.	Taxable income - How computed 851
287.	Tax liability 852
288.	Problems on computation of taxable income 856
14	Tax treatment of Hindu undivided families
295.	Meaning of Hindu undivided family 867
296.	Hindu coparcenary 867
297.	Different schools of Hindu law 867
298.	Jain and Sikh families 868
299.	Assessment as Hindu undivided family - Basic conditions 868
300.	Taxable income - How to compute 869
301.	Rates of tax 871
302.	Partition of a Hindu undivided family 871
303.	Problems on Hindu undivided families 873
15	Special provisions governing assessment of firms and association of persons
313.	Meaning of partnership 880
314.	Scheme of taxation of firms 880
315.	When remuneration/interest is deductible 880
316.	What are the conditions a firm should fulfil under section 184 881
317.	What are the conditions for claiming deduction of remuneration to partners under section 40(b) 882
318.	What are the conditions for claiming deduction of interest to partners under section 40(b) 888
319.	Carry forward and set-off of loss in the case of change in the constitution of firm 889
320.	Computation of income of firm 892
321.	Computation of tax of firm 894
322.	Assessment of partners of a firm 901
323.	How to compute income of an association of persons (AOP) or body of individuals (BOI) 904
324.	Computation of income of an AOP/BOI 906
325.	Computation of tax of AOP or BOI 906
326.	Assessment of member of AOP/BOI 908
327.	Hints for tax planning 913

	PAGE
328. Problems on computation of taxable income of firms/partners and association of persons	920
16 Taxation of companies	
333. Definitions	926
334. Taxable income and tax liability - How computed	928
335. Carry forward and set-off of losses in the cases of certain companies	930
336. Minimum alternate tax	932
337. Tax on distributed profits of domestic companies	954
337A. Tax on income distributed to unitholders	955
337B. Tax on income received from venture capital companies and venture capital funds	955
337C. Additional income-tax on distributed income by company for buy-back of unlisted shares	955
338. Problems on computation of taxable income of a corporate-assessee	956
17 Assessment of co-operative societies	
339. Meaning of co-operative society	980
340. Taxable income and tax liability - How computed	980
341. Deduction in respect of income of co-operative societies	981
342. Problems on computation of income of a co-operative society	989
18 Assessment of charitable and other trusts	
343. Meaning of trust	991
344. Tax exemption	991
345. Charitable purpose	991
346. Essential conditions for exemption	995
347. How to find out exemption u/s 11	1001
348. Accumulation of income	1008
349. Forfeiture of exemption	1010
350. Public charitable/religious trust - How chargeable to tax	1020
351. Private discretionary trust	1023
352. Income from property held under trust partly for religious purposes and partly for other purposes	1024
352A. Oral trust	1026
352B. Tax on distributed income by securitization trusts	1026
352C. Special provisions pertaining to business trust	1027
352D. Pass through status to Category I and Category II Alternative Investment Funds	1029
19 Return of income and assessment	
353. Voluntary return	1034
354. Return of loss	1038
355. Belated return	1038
356. Revised return	1039

	PAGE
357. Updated return	1041
358. Defective or incomplete return	1043
358A. Modified return	1046
359. Scheme to facilitate submission of returns through Tax Return Preparers	1046
359A. Power of Board to dispense with furnishing of documents	1046
359B. Filing of return in electronic form	1046
360. Return by whom to be verified	1047
361. Permanent Account Number (PAN)	1048
361A. Quoting of Aadhaar number	1052
362. What is self-assessment	1053
363. Inquiry before assessment	1055
364. Summary assessment without calling the assessee	1059
365. Assessment in response to notice under section 143(2)	1062
366. Best judgment assessment	1073
366A. Reference to dispute resolution panel	1075
367. Income escaping assessment and re-assessments	1077
368. Issue of notice for reassessment under section 148	1084
369. What are the provisions regarding rectification of mistake	1091
370. Time limit for completion of assessments/reassessments	1096
371. Provisions of section 155	1102
372. Problems on return of income and assessment	1103
372A. Obligation to furnish annual information return pertaining to financial transactions	1107
372B. Submission of statement by a non-resident having liaison office in India	1109
372C. Furnishing of information or document by an Indian concern	1109
372D. Reporting by producers of cinematograph films or persons engaged in specified activities	1110

20

Penalties and prosecutions

373. Penalties for defaults in brief	1111
374. Penalty for concealment/under-reporting of Income	1122
375. Who can levy penalty	1142
376. Power of Commissioner to reduce or waive penalty	1142
377. Procedure for imposition of penalty	1147
378. Time-limit for completion of penalty proceedings	1147
379. Offences and prosecutions	1150
380. Onus of proof	1154

21

Advance payment of tax

381. Income liable for advance tax	1156
382. Advance tax liability - Under different situations	1157
383. Interest payable by the assessee or Government	1158
384. Problems illustrating advance tax provisions	1158

22

Interest

385. Interest payable by the assessee	1160
386. Interest payable to assessee	1176

	PAGE
387. Procedure to be followed in calculation of interest	1180
388. Waiver or reduction of interest under sections 234A, 234B and 234C	1180
389. Chief Commissioner/Director General (Investigation) to reduce penal interest in certain cases	1181
390. Power of CBDT and Settlement Commission to reduce/waive interest	1181
391. Writ petition	1182
392. Problems illustrating computation of interest	1182

23

Tax deduction or collection at source

404. Scheme of tax deduction at source	1189
405. Deduction of tax from salaries	1193
405A. Tax deduction at source from withdrawal from employees provident fund scheme	1198
406. Deduction of tax at source from interest on securities	1201
407. Deduction of tax at source from dividends	1202
408. Deduction of tax at source from interest other than interest on securities	1203
409. Deduction of tax at source from winnings from lotteries or crossword puzzles	1208
410. Deduction of tax at source from winnings from horse races	1208
411. Deduction of tax at source from payments to contractors or sub-contractors	1208
412. Deduction of tax at source from insurance commission	1215
412A. Tax deduction from payment of life insurance policy	1215
413. Payment to non-resident sportsman or sports association	1216
414. Deduction of tax from payments in respect of National Savings Scheme	1217
415. Deduction of tax at source on payments on account of repurchase of units by Mutual Funds or UTI	1217
416. Deduction of tax from commission, etc., on sale of lottery tickets	1217
417. Deduction of tax at source from commission or brokerage	1218
418. Deduction of tax at source from income by way of rent	1220
418A. Tax deduction at source on purchase of immovable property	1225
418B. Tax deduction from payment of rent by certain individuals/HUFs	1225
418C. Tax deduction from payment under joint development agreement	1226
419. Tax deduction at source on fees for professional or technical services, royalty or directors fees	1227
419A. Tax deduction at source in respect of income from units	1231
420. Tax deduction from payment of compensation in certain cases	1231
420A. Deduction of tax at source from interest payable on infrastructure debt fund	1232
420AA. Tax deduction from income from units of business trust	1232
420AB. Tax deduction from income in respect of units of investment fund	1233
420ABB. Tax deduction from income in respect of investment in Securitization fund	1233
420B. Tax deduction by an Indian specified company or business trust from interest to a non-resident/foreign company	1234
420C. Tax deduction at source on interest on bonds/Government securities	1235
420D. TDS on certain payments by individual/HUF	1236
420E. TDS on payment of certain amounts in cash	1237
420F. TDS on payment by e-commerce operator to e-commerce participants	1238
420G. Deduction of tax in case of specified Senior Citizen	1239
420H. Deduction of tax at source on payment for purchase of goods	1240
420-I. Deduction of tax on benefit/perquisite pertaining to business/profession	1243
420-J. Deduction of tax from payment on transfer of virtual digital asset	1244
421. Deduction of tax at source from other sums	1245
422. Tax deduction from any income payable to non-resident unit-holders of Mutual Fund	1251

	PAGE
423. Deduction of tax at source in respect of units referred to in section 115AB	1251
424. Deduction of tax from income or long-term capital gain from foreign currency bonds/Global Depository Receipts	1251
425. Deduction of tax from income of Foreign Institutional Investors from securities	1252
426. Payment without tax deduction or with deduction at lower rate	1252
427. Processing of statements of tax deducted at source	1256
428. Other points for consideration	1256
429. Tax collection at source	1265

24

Refund of excess payments

430. Right to claim refund - When arises	1276
431. Who can claim refund	1276
432. How to claim refund	1276
433. Other points	1277

25

Appeals and revisions

435. Meaning of appeal	1279
436. Appellate hierarchy	1279
437. Appeal to the Commissioner (Appeals)	1280
438. Revision by the Commissioner of Income-tax	1293
439. Appeal to the Appellate Tribunal	1301
440. Appeal to High Court	1313
441. Appeal to the Supreme Court	1319
442. Provision for avoiding repetitive appeals	1320
443. Procedure for appeal by revenue when an identical question of law is pending before High Court/Supreme Court	1321
444. Consequence of non-filing of appeal in respect of cases where the tax effect is less than the prescribed monetary limit	1322

26

Income-tax authorities

445. Tax authorities	1324
446. Central Board of Direct Taxes	1324

27

Settlement Commission and Dispute Resolution Committee

457. Settlement Commission	1328
458. Discontinuation of Income-tax Settlement Commission	1328
459. Dispute Resolution Committee	1332

28

Special measures in respect of transactions with persons located in notified jurisdictional area

471. Special measures in respect of certain transactions	1334
--	------

	PAGE
472. Notified jurisdictional area	1334
473. Applicability of transfer pricing provisions	1334
474. Disallowance of payment to financial institutions located in notified jurisdictional area	1335
475. Disallowance of other expenditure	1335
476. Amount received to be treated as income in some cases	1335
477. TDS at higher rate	1335
478. Provisions illustrated	1335

29

General Anti-avoidance Rule

480. Applicability of general anti-avoidance rule	1338
481. Impermissible avoidance arrangement	1338
482. Procedure for invoking GAAR	1340
483. Clarifications given by Board	1340

30

Advance ruling

485. Constitution of the Board for Advance Ruling	1342
486. Advance ruling	1344
487. Procedure for filing application	1345
488. Procedure on receipt of application	1347
489. Applicability of advance ruling	1349
490. Advance ruling to be void in certain circumstances	1350
491. Powers of authority	1350
491A. Authority for advance rulings	1350

31

Search, seizure and assessment

492. Powers regarding discovery, production of evidence, etc.	1352
493. Search and seizure	1353
494. Requisitioning of books of account, etc.	1361
495. Application of assets seized or requisitioned	1362
496. Power to call for information	1363
497. Power of survey	1364
498. Power to collect certain information	1367
498A. Power to call for information by prescribed income-tax authority	1367
499. Scheme of assessment in case of search or requisition	1368
500. Prior approval in the case of search	1375

32

Transfer pricing

506. Taxation of international transaction	1376
507. Computation of the arm's length price	1380
508. Arm's length price - Computation of	1381

	PAGE
509. Computation of arm's length price in cases where more than one price is determined under most appropriate method	1388
510. Reference to transfer pricing officer	1398
510A. Power of Board to make Safe Harbour Rules	1401
511. Maintenance of books of account and furnishing of report in respect of international group	1404
512. Report from accountant	1409
513. Specified domestic transactions	1409
514. Advance Pricing Agreement (APA)	1410
514A. Secondary adjustment in certain international transactions	1412
514B. Provisions pertaining to thin capitalisation	1416
514C. Important judicial rulings	1419

33

Business restructuring

515. Restructuring business	1420
516. Amalgamation	1420
517. Demerger	1429
518. Conversion of sole proprietary business into company	1439
519. Conversion of firm into company	1440
520. Slump sale	1442
521. Transfer of assets between holding and subsidiary companies	1448
522. Amalgamation or demerger of co-operative banks	1453
523. Conversion of private company/unlisted public company into Limited Liability Partnership (LLP)	1455

34

Alternative tax regime

531. Alternative tax regime available under different sections	1460
532. Manufacturing domestic companies under section 115BA	1462
533. Tax on income of certain domestic companies	1463
534. Conditions and restrictions	1463
535. Tax rate	1464
536. Option	1464
537. MAT not applicable	1464
538. Case studies	1464
539. New manufacturing domestic companies	1468
540. Conditions	1468
541. Mode of computation of income	1469
542. Computation of tax liability under section 115BAB	1469
543. Option	1470
544. MAT not applicable	1470
545. Case study	1471
546. Income of individuals and Hindu undivided family	1471
547. Rate of income-tax under the alternative tax regime	1472

	PAGE
548. Conditions and restrictions	1472
549. Option	1474
550. Case studies	1475
551. Tax on certain resident co-operative societies	1478
552. Conditions and restrictions under section 115BAD	1478
553. Tax rate	1479
554. Option	1479
35 Tax planning	
565. Tax planning	1480
566. Tax planning with reference to setting up of a new business	1482
567. Tax planning with reference to financial management decisions	1484
568. Tax planning with reference to specific managerial decisions	1485
569. Tax planning in respect of employees' remuneration	1489
570. Tax planning in respect of non-residents	1491
571. Tax planning in respect of amalgamation or demerger of companies or business restructuring	1496
36 Miscellaneous	
572. Introduction of Tonnage Tax	1497
573. Securities Transaction Tax	1500
574. Tax clearance certificate	1502
575. Equalisation levy	1504
577. Provisions pertaining to successor entity subsequent to business reorganization	1508
578. Commodities transaction tax	1509
580. Facility for electronic communication	1510
581. Introduction of Document Identification Number	1510
582. Power to withdraw approvals	1510
583. Restriction on cash transactions	1510
ANNEXURES	
1. Tax rates	1514
2. Rates of depreciation	1538
3. The Eleventh Schedule, Thirteenth Schedule, Fourteenth Schedule/ Investment ceiling in the case of small scale industrial undertaking	1545
4. Notified backward districts	1552
5. Case Studies	1554