

Contents



	Page No.
About the Author	<i>I-5</i>
Preface	<i>I-7</i>
Acknowledgement	<i>I-9</i>

DIRECT TAX LAWS

Topics

1

BASIC CONCEPTS OF INCOME-TAX LAW AND TAX RATES

◆ Income Tax Law	<i>1.3</i>
◆ Charge of Income-tax [Sec. 4]	<i>1.4</i>
◆ Assessment Year [Sec. 2(9)]	<i>1.4</i>
◆ Previous Year [Sec. 3]	<i>1.4</i>
◆ Person [Sec. 2(31)]	<i>1.4</i>
◆ Assessee [Sec. 2(7)]	<i>1.5</i>
◆ Certain Principles relating to Income under the Income-tax Act	<i>1.5</i>
◆ Income [Sec. 2(24)]	<i>1.5</i>
◆ Heads of Income [Sec. 14]	<i>1.6</i>
◆ Total Income and Computation of Tax Liability	<i>1.7</i>
◆ Exemption and Deduction in respect of income	<i>1.8</i>
◆ Rounding off of Income [Sec. 288A]	<i>1.8</i>
◆ Rounding off of Tax [Sec. 288B]	<i>1.8</i>
◆ Definition of 'Liable to Tax' [Sec. 2(29A)]	<i>1.9</i>
◆ Definition of 'Company' [Sec. 2(17)]	<i>1.9</i>
◆ Definition of 'Company in which the public are substantially interested' [Sec. 2(18)]	<i>1.9</i>
◆ Definition of 'Person having substantial interest in the company' [Sec. 2(32)]	<i>1.10</i>
◆ Definition of 'India' [Sec. 2(25A)]	<i>1.10</i>
◆ Definition of 'Indian Company' [Sec. 2(26)]	<i>1.10</i>
◆ Definition of 'Domestic Company' [Sec. 2(22A)]	<i>1.10</i>
◆ Definition of 'Foreign Company' [Sec. 2(23A)]	<i>1.10</i>
◆ Definition of 'Amalgamation' [Sec. 2(1B)]	<i>1.10</i>

Topics	Page No.
◆ Definition of 'Demerger' [Sec. 2(19AA)]	1.11
Income Tax Rates	
◆ Introduction	1.12
◆ Tax rates for Non-Corporate Assessee [For Assessment Year 2023-24]	1.12
◆ Maximum Marginal Rate [Sec. 2(29C)]	1.14
◆ Marginal Relief for Non-corporates	1.14
◆ Optional tax scheme for individuals and Hindu undivided family [Sec. 115BAC]	1.16
◆ Rebate of Income-tax for Resident Individuals having taxable income not exceeding ₹ 5,00,000 [Sec. 87A]	1.21
◆ Optional tax scheme for Resident Co-operative Societies [Sec. 115BAD]	1.22
◆ Tax rates for Company Assessee	1.24
◆ Marginal Relief for Companies	1.24
◆ Option to tax @ 25% for certain Domestic Manufacturing Companies [Sec. 115BA]	1.25
◆ Option to tax @ 22% for certain Domestic Companies [Sec. 115BAA]	1.26
◆ Option to tax @ 15% for certain New Domestic Manufacturing Companies [Sec. 115BAB]	1.27

2

RESIDENTIAL STATUS

◆ Determination of Residential Status of Individual [Sec. 6(1)]	2.1
◆ Residential status of 'Stateless' Person [Sec. 6(1A)]	2.2
◆ Resident and Ordinarily Resident or Resident but Not Ordinarily Resident [Sec. 6(6)]	2.3
◆ Residential Status of HUF, Firm or AOP [Sec. 6(2)]	2.4
◆ Residential Status of a Company [Sec. 6(3)]	2.4
◆ Residential Status of any other person [Sec. 6(4)]	2.4
◆ Assessee deemed to be resident in India in respect of his other sources of income [Sec. 6(5)]	2.4

3

INCOMES WHICH DO NOT FORM PART OF TOTAL INCOME

◆ Incomes exempt from tax [Sec. 10(1) to 10(50)]	3.1
◆ Income by non-resident on transfer of non-deliverable forward contracts or offshore derivative instruments or over-the-counter derivatives entered into with Offshore Banking Unit [Sec. 10(4E)]	3.8
◆ Circumstances in which remuneration received by persons who are not citizens of India will be exempt [Sec. 10(6)]	3.9
◆ Amount paid on life insurance policy [Sec. 10(10D)]	3.9
◆ Amount received from PPF, SPF, RPF and URPF [Sec. 10(11)/(12)]	3.16
◆ Payment received from approved superannuation fund [Sec. 10(13)]	3.17
◆ Interest on Securities [Sec. 10(15)]	3.17
◆ Educational scholarship or the scholarship granted to meet cost of education [Sec. 10(16)]	3.18

Topics	Page No.
◆ Award and Reward given by Central or State Government [Sec. 10(17A)]	3.18
◆ Income of Sovereign Wealth Funds [Sec. 10(23FE)]	3.18
◆ Practical Questions	3.20

4

INCOME FROM SALARIES

◆ Basic Concepts for taxability of Salary Income	4.1
◆ Basis of Charge [Sec. 15]	4.2
◆ Place of Accrual of Salary [Sec. 9(1)]	4.2
◆ Definition of Salary [Sec. 17(1)]	4.3
◆ House Rent Allowance [Sec. 10(13A) read with rule 2A]	4.3
◆ Entertainment Allowance [Sec. 16(i)]	4.4
◆ Allowances Exempt to the extent of Expenditure incurred [Sec. 10(14)(i)]	4.4
◆ Allowances Exempt to the extent of Amount Specified [Sec. 10(14)(ii)]	4.4
◆ Allowances which are exempt for certain categories of persons	4.5
◆ Certain Allowances Fully Taxable	4.5
◆ Definition of Perquisite under Income-tax Act [Sec. 17(2)]	4.5
◆ Valuation of Perquisites	4.8
◆ Perquisites and taxability for Specified employees	4.8
◆ Facility of Sweeper, Gardener, Watchman, Cook, etc. [Rule 3(3)]	4.9
◆ Supply of gas, electricity or water [Rule 3(4)]	4.9
◆ Education Facilities [Rule 3(5)]	4.9
◆ Leave Travel Concession [Sec. 10(5)]	4.10
◆ Medical Facilities [Proviso to Sec. 17(2)]	4.11
◆ Use of Motor-Car Facility [Rule 3(2)]	4.12
◆ Free transport provided by a Transport Undertaking to its employees [Rule 3(6)]	4.14
◆ Rent free Unfurnished Accommodation [Rule 3(1)]	4.14
◆ Rent-free Furnished Accommodation [Rule 3(1)]	4.15
◆ Accommodation in Hotel	4.16
◆ Life Insurance Premium [Sec. 17(2)(v)]	4.17
◆ Interest-free or Concessional Loans [Rule 3(7)(i)]	4.17
◆ Value of Travelling, Touring, Accommodation and other expenses for Holiday availed by the employee [other than LTC u/s 10(5)] [Rule 3(7)(ii)]	4.18
◆ Free Food & Non-Alcoholic beverages [Rule 3(7)(iii)]	4.18
◆ Value of any Gift, vouchers or token [Rule 3(7)(iv)]	4.18
◆ Expenses on Credit Cards [Rule 3(7)(v)]	4.18
◆ Club Expenditure [Rule 3(7)(vi)]	4.19
◆ Use of Movable Assets [Rule 3(7)(vii)]	4.19
◆ Transfer of any Movable Asset [Rule 3(7)(viii)]	4.19
◆ Taxability of ESOP as Perquisites	4.20
◆ Valuation of any other Perquisite	4.22

Topics	Page No.
◆ Perquisites which are Not Taxable	4.22
◆ Profits in lieu of Salary [Sec. 17(3)]	4.22
◆ Keyman Insurance Policy	4.23
◆ Gratuity [Sec. 10(10)]	4.23
◆ Pension [Sec. 10(10A)]	4.24
◆ Leave Salary [Sec. 10(10AA)]	4.25
◆ Retrenchment Compensation [Sec. 10(10B)]	4.26
◆ Voluntary Retirement Scheme [VRS] [Sec. 10(10C)]	4.27
◆ Guidelines for claiming exemption of VRS [Rule 2BA]	4.27
◆ Tax on Non-monetary perquisites paid by employer [Sec. 10(10CC)]	4.27
◆ Provident Fund	4.27
◆ Approved Superannuation Fund	4.28
◆ Deductions from Salaries [Sec. 16]	4.29
◆ Relief for Salaried Employees [Sec. 89 with Rule 21A]	4.29
◆ Practical Questions	4.32

5

INCOME FROM HOUSE PROPERTY

◆ Basis of Charge [Sec. 22]	5.1
◆ Analysis of Sec. 22	5.1
◆ Composite Rent	5.4
◆ Income from House Property situated Outside India	5.4
◆ Cases where income from house property is not chargeable to tax	5.5
◆ Determination of Annual Value [Sec. 23]	5.5
◆ Deduction of Unrealized rent [<i>Explanation</i> to Sec. 23(1)]	5.7
◆ Property Taxes (Municipal Taxes)	5.7
◆ Deductions from Annual value [Sec. 24]	5.8
◆ Deduction of Interest on Borrowed Capital for Self-Occupied House property	5.8
◆ Computation of Income from House Property in case of let out property	5.10
◆ Arrears of rent and unrealised rent received subsequently [Sec. 25A]	5.12
◆ Property owned by Co-owners [Sec. 26]	5.12
◆ Deemed ownership [Sec. 27]	5.13
◆ Practical Questions	5.14

6

PROFITS AND GAINS OF BUSINESS OR PROFESSION

◆ Charging Section [Sec. 28]	6.1
◆ Subsidy taxable as Income u/s 2(24)(xviii)	6.3
◆ Method of Accounting [Sec. 145(1)]	6.4
◆ Method of Accounting for Valuation of Purchase and Sale of Goods and Inventory [Sec. 145A]	6.4

Topics	Page No.
◆ Income from PGBP, how to compute [Sec. 29]	6.5
◆ Rent, Rates, Taxes, Repairs and Insurance Premium of Buildings [Sec. 30]	6.6
◆ Repairs and Insurance premium of Machinery, Plant and Furniture [Sec. 31]	6.6
◆ Depreciation [Sec. 32]	6.6
◆ Conditions for claiming Depreciation	6.7
◆ WDV for charging 'Depreciation' [Sec. 43(6)]	6.9
◆ "Actual cost" of asset [Sec. 43(1)]	6.11
◆ Rates of Depreciation for WDV [Rule 5, Appendix I to Income-tax Rules, 1962]	6.11
◆ Depreciation restricted to 50% of the normal depreciation	6.14
◆ Additional Depreciation on new plant or machinery [Sec. 32(1)(<i>ia</i>)]	6.17
◆ SLM Depreciation for assessees engaged in Power sector [Sec. 32(1)(<i>i</i>)]	6.19
◆ Terminal depreciation [Sec. 32(1)(<i>ii</i>)]	6.19
◆ Balancing Charge [Sec. 41(2)]	6.19
◆ Unabsorbed Depreciation [Sec. 32(2)]	6.20
◆ Assets not exclusively used for Business/Profession [Sec. 38(2)]	6.20
◆ Determination of Actual Cost in Special Cases [<i>Explanations</i> to Sec. 43(1)]	6.20
◆ Effects of Changes in Rate of Exchange of Currency on the Actual Cost of the Asset [Sec. 43A]	6.25
◆ Proportionate Depreciation [6 th proviso to Sec. 32]	6.26
◆ WDV of the block of asset [<i>Explanations 1 to 2C</i> of Sec. 43(6)]	6.26
◆ Depreciation provided in the books of account deemed to be depreciation actually allowed [<i>Explanation 6</i> to Sec. 43(6)]	6.29
◆ Depreciation allowance on composite income [<i>Explanation 7</i> to Sec. 43(6)]	6.30
◆ Deduction @ 15% of Actual cost of investment in New Plant and Machinery in notified backward areas in certain states [Sec. 32AD]	6.30
◆ Tea, Coffee and Rubber Development A/c [Sec. 33AB]	6.31
◆ Site Restoration Fund [Sec. 33ABA]	6.33
◆ Scientific Research [Sec. 35]	6.34
◆ Sale of Assets used for Scientific research [Sec. 41(3)]	6.34
◆ In-House Research & Development [Sec. 35(2AB)]	6.35
◆ Contribution to National Laboratory, IIT, University, Persons approved by Prescribed Authority [Sec. 35(2AA)]	6.35
◆ Outside Contribution [Sec. 35(1)]	6.35
◆ Contribution to Indian Companies engaged in Scientific Research [Sec. 35(1)(<i>ia</i>)]	6.35
◆ Intimation to prescribed authority to avoid withdrawal of notification in respect of research association, university, college or other institution or company u/s 35(1)(<i>ia</i>) [Provisos to Sec. 35(1)]	6.35
◆ Amortization of Telecom Spectrum Fees [Sec. 35ABA]	6.36
◆ Amortization of Telecom License Fees [Sec. 35ABB]	6.38
◆ Investment linked tax incentive to 'Specified Business' [Sec. 35AD]	6.38
◆ Expenditure by payment to association/institution for Rural development programme (RDP) [Sec. 35CCA]	6.43

Topics	Page No.
◆ Expenditure on Agricultural Extension Project [Sec. 35CCC]	6.43
◆ Expenditure on Skill Development Project [Sec. 35CCD]	6.43
◆ Amortization of Preliminary Expenditure [Sec. 35D]	6.44
◆ Amortization of Expenditure of Amalgamation or Demerger [Sec. 35DD]	6.46
◆ Amortization of VRS Expenditure [Sec. 35DDA]	6.46
◆ Amortization of Expenditure on Prospecting etc. of minerals (listed in 7 th Schedule) [Sec. 35E]	6.47
◆ Certain Deductions u/s 36(1)	6.49
◆ General Deductions [Sec. 37(1)]	6.57
◆ Judicial Decisions on Sec. 37(1)	6.58
◆ Advertisement to political parties [Sec. 37(2B)]	6.63
◆ Amounts not deductible in the case of any assessee [Sec. 40(a)]	6.63
◆ Payments made to Relatives/Specified Persons [Sec. 40A(2)]	6.66
◆ Disallowance of 100% of expenditure if payment is made by any mode other than Account Payee Cheque or Draft [Sec. 40A(3)]	6.67
◆ Payments made by Account Payee Cheque in violation of contract [Sec. 40A(4)]	6.70
◆ Disallowance in respect of Marked to Market loss [Sec. 40A(13)]	6.70
◆ Taxation of foreign exchange fluctuations [Sec. 43AA]	6.70
◆ Amount not deductible in respect of certain unpaid liabilities [Sec. 43B]	6.71
◆ Special Provision for Cost of Acquisition in Certain Cases [Sec. 43C]	6.73
◆ Special provision for Full value of consideration for Transfer of Assets (Other than capital assets) [Sec. 43CA]	6.75
◆ Computation of income from construction and service contracts [Sec. 43CB]	6.76
◆ Interest income on prescribed categories of Bad or Doubtful Debts [Sec. 43D]	6.76
◆ Maintenance of Accounts [Sec. 44AA]	6.77
◆ Compulsory Audit of Accounts [Sec. 44AB]	6.77
◆ Special provision for Computing Profits and Gains of any Business on Presumptive basis [Sec. 44AD]	6.79
◆ Special provision for Computing Profits and Gains of any Profession on Presumptive basis [Sec. 44ADA]	6.82
◆ Special provision for Computing Profits and Gains of Business of plying, hiring or leasing goods carriages [Sec. 44AE]	6.82
◆ Special provisions for computing Profits of Shipping business of non-residents [Sec. 44B]	6.83
◆ Recovery of Tax on the Shipping business of Non-residents [Sec. 172]	6.84
◆ Special provisions for computing profits of exploration, etc., of mineral oils [Sec. 44BB]	6.86
◆ Special provisions for computing profits and gains of business of operation of aircraft in the case of non-residents [Sec. 44BBA]	6.87
◆ Special provisions for computing profits and gains of foreign companies engaged in the business of civil construction, etc. in certain turnkey power projects [Sec. 44BBB]	6.87
◆ Taxation of Branches of Foreign Company - Head Office Expenditure [Sec. 44C]	6.88

Topics	Page No.
◆ Special provision for computing deductions in the case of business reorganisation of co-operative banks [Sec. 44DB]	6.89
◆ Deemed Profits [Sec. 41]	6.90
◆ Practical Questions	6.92

7

CAPITAL GAINS

◆ Basis of Charge [Sec. 45(1)]	7.1
◆ Definition of 'Capital Asset' [Sec. 2(14)]	7.1
◆ Determining whether an asset is Stock-in-trade or Capital asset	7.2
◆ Items of precious metals; to what extent constitutes Jewellery	7.3
◆ Short Term Capital Asset [Sec. 2(42A)]	7.4
◆ Long Term Capital Asset [Sec. 2(29AA)]	7.4
◆ Types of Capital Gains	7.4
◆ Tax on Short Term Capital Gains where STT is charged [Sec. 111A]	7.5
◆ Tax on Long Term Capital Gains [Sec. 112]	7.5
◆ Option to Tax LTCG @ 10% without Indexation for Specified Securities: (First proviso to Sec. 112)	7.6
◆ Deductions under Chapter VI-A not allowed against any LTCG [Sec. 112(2)]	7.7
◆ Tax on LTCG on transfer where STT is charged [Sec. 112A]	7.7
◆ Definition of Transfer [Sec. 2(47)]	7.9
◆ Transactions not regarded as Transfer [Secs. 46 & 47]	7.10
◆ Computation of Capital Gains [Sec. 48]	7.16
◆ Capital Gains on transfer of shares/debentures of an Indian company by a Non-Residents [1st Proviso to Sec. 48]	7.17
◆ Indexation [2 nd proviso to Sec. 48]	7.19
◆ No indexation on long term capital gains referred to in Sec. 112A [3 rd Proviso to Sec. 48]	7.19
◆ No Indexation on Bonds & Debentures [4 th Proviso to Sec. 48]	7.19
◆ Gains from appreciation of rupee against a foreign currency on redemption of RDB shall be ignored [5 th Proviso to Sec. 48]	7.20
◆ Market value deemed to be the full value of consideration on transfer of shares, debentures or warrants allotted under ESOP [6 th Proviso to Sec. 48]	7.20
◆ STT not to be allowed as Deduction [7 th Proviso to Sec. 48]	7.20
◆ Withdrawal of exemption under clauses (iv) and (v) of Sec. 47 [Sec. 47A(1)]	7.21
◆ Withdrawal of exemption under clause (xiii) or (xiv) of Sec. 47 [Sec. 47A(3)]	7.22
◆ Withdrawal of exemption under clause (xiiib) of Sec. 47 [Sec. 47A(4)]	7.25
◆ Capital Gains on Insurance Claims for Damage or Destruction of Capital Asset [Sec. 45(1A)]	7.25
◆ Capital Gains on amount received under unit linked insurance policy which is not exempt u/s 10(10D) [Sec. 45(1B)]	7.27
◆ Capital Gain on Conversion of Capital Assets into Stock-in-trade [Sec. 45(2)]	7.27

Topics	Page No.
◆ Transfer of Security through Depository [Sec. 45(2A)]	7.28
◆ Capital Gain on transfer of Capital Asset by a Partner/Member to Firm/AOP/BOI [Sec. 45(3)]	7.29
◆ Income on receipt of capital asset or stock in trade by specified person from specified entity [Sec. 9B]	7.31
◆ Capital gain on transfer of capital asset on reconstitution of specified entity [Sec. 45(4)]	7.32
◆ Capital gain on transfer by way of Compulsory Acquisition of Capital Asset [Sec. 45(5)]	7.36
◆ Capital gain on transfer of Land or Building or both under a Specified Agreement (Joint Development Agreement) [Sec. 45(5A)]	7.38
◆ Capital Gain on repurchase of units of Mutual Fund or UTI [Sec. 45(6)]	7.39
◆ Capital Gains on Distribution of Assets by Companies in Liquidation [Sec. 46]	7.39
◆ Cost of Acquisition [Sec. 55(2)]	7.40
◆ Cost of Acquisition of Assets acquired before 01.04.2001 [Sec. 55(2)(b)]	7.41
◆ Cost of Acquisition of Self Generated Assets	7.41
◆ Cost of Acquisition of Right Shares [Sec. 55(2)(aa)]	7.42
◆ Cost of Acquisition of Bonus Shares or any other financial asset allotted without payment [Sec. 55(2)(aa)(iia)]	7.43
◆ Cost of Acquisition of equity shares allotted to the shareholder of a recognised stock exchange on corporatisation [Sec. 55(2)(ab)]	7.44
◆ Cost of Acquisition of capital asset referred to in Sec. 112A acquired before 01.02.2018 [Sec. 55(2)(ac)]	7.44
◆ Cost of Improvement [Sec. 55(1)(b)]	7.45
◆ Cost to the previous owner [Sec. 49(1)]	7.46
◆ Cost of shares in the Indian Amalgamated Company [Sec. 49(2)]	7.47
◆ Cost of acquisition in the case of shares/debentures acquired on conversion of debentures/Bonds [Sec. 49(2A)]	7.48
◆ Cost of acquisition of specified security or sweat equity shares already taxed as perquisite in the hands of the employee [Sec. 49(2AA)]	7.49
◆ Cost of Acquisition of shares acquired on redemption of GDRs [Sec. 49(2ABB)]	7.49
◆ Cost of acquisition of unit of business trust acquired u/s 47(xvii) [Sec. 49(2AC)]	7.50
◆ Cost of Acquisition of Units acquired in Consolidated Scheme of Mutual Fund u/s 47(xviii) [Sec. 49(2AD)]	7.50
◆ Cost of Acquisition of equity shares acquired on conversion of preference shares [Sec. 49(2AE)]	7.50
◆ Cost of Acquisition of Units acquired in Consolidated Plan of Mutual Fund Scheme u/s 47(xix) [Sec. 49(2AF)]	7.50
◆ Cost of Acquisition of Units acquired in Segregated portfolio of Mutual Fund Schemes [Sec. 49(2AG)]	7.50
◆ Cost of acquisition of the original units in the Main Portfolio [Sec. 49(2AH)]	7.51
◆ Cost of acquisition of the shares in the resulting company [Sec. 49(2C)]	7.51
◆ Cost of acquisition of original shares in demerged company [Sec. 49(2D)]	7.52
◆ Cost of acquisition to Transferee Company where section 47A(1) is applicable [Sec. 49(3)]	7.52

Topics	Page No.
◆ Cost of acquisition of property acquired in a manner given under section 56(2)(vii)/(viii)/(x) [Sec. 49(4)]	7.52
◆ Cost of acquisition of an asset declared under the Income Declaration Scheme, 2016 shall be the FMV of the asset as on 01.06.2016 [Sec. 49(5)]	7.53
◆ Cost of Acquisition of Specified Capital Asset transferred after expiry period specified u/s 10(37A) [Sec. 49(6)]	7.53
◆ Cost of Acquisition of Share in the form of Land or Building or both u/s 45(5A) [Sec. 49(7)]	7.53
◆ Cost of Acquisition of Asset in respect of which Accreted income has been computed under Chapter XII-EB [Sec. 49(8)]	7.53
◆ Cost of Acquisition of inventory which is converted into or treated as capital asset as referred to in Sec. 28(via) [Sec. 49(9)]	7.53
◆ Capital gains in case of Depreciable Assets (For block of Asset u/s 32) [Sec. 50]	7.54
◆ Computation of capital gains in case of Depreciable Assets of Power Sector Units [Sec. 50A]	7.57
◆ Special provisions for capital gains in Slump Sale [Sec. 50B]	7.57
◆ Determination of Fair Market Value u/s 50B [Rule 11UAE]	7.62
◆ Special provision for full value of consideration for computation of capital gains in real estate transactions [Sec. 50C]	7.63
◆ Special provision for full value of consideration for transfer of unlisted shares [Sec. 50CA]	7.65
◆ FMV to be the Full value of consideration in certain cases [Sec. 50D]	7.65
◆ Treatment of Advance Money Received [Sec. 51]	7.66
◆ Capital Gains Exempt on compulsory acquisition of Urban Agricultural Land [Sec. 10(37)]	7.67
◆ Exemption in respect of Capital Gains in case of Specified Capital Asset [Sec. 10(37A)]	7.68
◆ Tax on Income from Virtual Digital Asset (VDA) [Sec. 115BBH]	7.69
◆ Reference to Valuation Officer [Sec. 55A and Rule 111AA]	7.71
Exemptions from Capital Gains u/ss 54, 54B, 54D, 54EC, 54F, 54G, 54GA, 54GB and 54H	
◆ Capital Gain on Transfer of Long term Residential House Property [Sec. 54]	7.72
◆ Capital Gain on Transfer of Land used for Agricultural Purposes [Sec. 54B]	7.75
◆ Capital Gain on Compulsory Acquisition of Land & Buildings forming part of an Industrial Undertaking [Sec. 54D]	7.77
◆ Capital gain on transfer of Long term Capital Assets being land or building or both not to be charged on Investment in Certain Bonds [Sec. 54EC]	7.78
◆ Capital Gain on Transfer of Long Term Capital Asset (<i>other than Residential House</i>) [Sec. 54F]	7.80
◆ Capital Gain on Transfer of Assets in cases of Shifting of Industrial Undertaking from Urban Areas [Sec. 54G]	7.84
◆ Exemption of Capital Gain on Transfer of Assets of Shifting of Industrial Undertaking from Urban Area to any SEZ [Sec. 54GA]	7.86
◆ Exemption of Long term Capital Gains tax on transfer of Residential Property if invested in a New Manufacturing SME Company [Sec. 54GB]	7.86
◆ Extension of Time Limit for acquiring New Asset or Depositing or Investing Amount of Capital Gain in case of Compulsory Acquisition [Sec. 54H]	7.88

Topics	Page No.
◆ Snapshots of Exemption u/ss 54, 54B, 54D, 54EC, 54F, 54G, 54GA	7.89
◆ Practical Questions	7.90

8

INCOME FROM OTHER SOURCES

◆ Basis of Charge [Sec. 56]	8.1
Deemed Dividends	
◆ Distribution of Assets [Sec. 2(22)(a)]	8.2
◆ Distribution of Bonus shares to Preference Shareholders and Debentures to any shareholder [Sec. 2(22)(b)]	8.2
◆ Distribution of Assets in the Event of Liquidation [Sec. 2(22)(c)]	8.3
◆ Reduction of Share Capital [Sec. 2(22)(d)]	8.3
◆ Loans and Advances by Closely Held Company [Sec. 2(22)(e)]	8.4
◆ Cases not to be treated as deemed dividend as per Sec. 2(22)(e)	8.6
◆ Year of chargeability of Dividend income [Sec. 8]	8.7
◆ Dividends received by Indian companies from Specified Foreign Companies entitled to Concessional rate of tax [Sec. 115BBD]	8.8
◆ Amounts Deductible under Income from Other Sources [Sec. 57]	8.8
◆ Amounts Not Deductible [Sec. 58]	8.9
◆ Deemed Profits [Sec. 59(1)]	8.10
◆ Practical Questions	8.11

9

TAX ON CONVERSION OF UNACCOUNTED MONEY

◆ Gifts received by any person [Sec. 56(2)(x)]	9.1
◆ Premium on Issue of Shares by Closely held Company [Sec. 56(2)(viib)]	9.9
◆ Determination of Fair Market Value (FMV) [Rule 11UA]	9.11
◆ Bond washing transactions [Sec. 94(1), (2)]	9.13
◆ Interest Stripping [Sec. 94(7)]	9.13
◆ Bonus Stripping [Sec. 94(8)]	9.14
◆ Cash Credits [Sec. 68]	9.15
◆ Unexplained Investments [Sec. 69]	9.17
◆ Unexplained Money or other Valuables [Sec. 69A]	9.17
◆ Amount of Investments, etc., not fully disclosed in books of account [Sec. 69B]	9.17
◆ Unexplained Expenditure [Sec. 69C]	9.18
◆ Amount borrowed or repaid on hundi [Sec. 69D]	9.18
◆ Taxation of Cash Credits, Unexplained Money, Investments, etc. [Sec. 115BBE]	9.18
◆ Practical Questions	9.20

10

INCOME COMPUTATION AND DISCLOSURE STANDARDS [ICDS]

◆ Introduction to Income Computation and Disclosures Standards (ICDS)	10.1
---	------

Topics	Page No.
◆ ICDS-I Accounting Policies	10.2
◆ ICDS-II Valuation of Inventories	10.3
◆ ICDS-III Construction Contracts	10.6
◆ ICDS-IV Revenue Recognition	10.10
◆ ICDS-V Tangible Fixed Assets	10.12
◆ ICDS-VI Effects of Changes in Foreign Exchange Rates	10.14
◆ ICDS-VII Government Grants	10.16
◆ ICDS-VIII Securities	10.17
◆ ICDS-IX Borrowing Costs	10.19
◆ ICDS-X Provisions, Contingent Liabilities and Contingent Assets	10.21
◆ Clarifications made by the CBDT on certain issues arising out of the notified ICDSs	10.23

11

INCOME OF OTHER PERSONS, INCLUDED IN ASSESSEE'S TOTAL INCOME

◆ Introduction	11.1
◆ Transfer of income without transfer of Assets [Sec. 60]	11.1
◆ Revocable transfer of Assets [Sec. 61]	11.1
◆ Transfer irrevocable for a specified period [Sec. 62]	11.1
◆ 'Revocable Transfer' defined [Sec. 63]	11.2
◆ Income of Individual to include income of Spouse [Sec. 64(1)(ii)]	11.2
◆ Income from Assets transferred to the Spouse [Sec. 64(1)(iv)]	11.4
◆ Income from Assets transferred to the Son's wife [Sec. 64(1)(vi)]	11.4
◆ Income from assets transferred to any person or AOP for the benefit of the spouse/ son's wife [Sec. 64(1)(vii)/(viii)]	11.4
◆ Clubbing when transferred asset is invested in business by the spouse or son's wife [Explanation 3 to Sec. 64(1)]	11.5
◆ Clubbing of Income of Minor Child [Sec. 64(1A)]	11.6
◆ Income from self-acquired property converted to joint family property [Sec. 64(2)]	11.7
◆ Liability of the Transferee in respect of clubbed income [Sec. 65]	11.8
◆ Practical Questions	11.8

12

SET-OFF OF LOSSES OR CARRY FORWARD AND SET-OFF OF LOSSES

◆ Introduction	12.1
◆ Set off of loss from one Source against income from Other Source under the SAME head of income (Intra head adjustments) [Sec. 70]	12.1
◆ Set off of loss from one head against income from another head (Inter head adjustments) [Sec. 71]	12.2
◆ Carry forward and Set-off of Loss from House Property [Sec. 71B]	12.4
◆ Carry Forward and Set-off of Business Losses [Sec. 72]	12.4
◆ Rehabilitation of Business Discontinued due to Natural Calamities [Proviso to Sec. 72(1)]	12.5

Topics	Page No.
◆ Set off and Carry Forward and Set off of Speculation Business Loss [Sec. 73]	12.6
◆ Meaning of Speculative Transaction [Sec. 43(5)]	12.6
◆ Companies carrying on business of buying and selling of shares [Expl. to Sec. 73]	12.7
◆ Set off and Carry forward & set off of loss of specified business referred to in Sec. 35AD [Sec. 73A]	12.8
◆ Carry forward of losses under the head 'Capital gains' [Sec. 74]	12.9
◆ Loss from the activity of Owning and Maintaining race horses [Sec. 74A]	12.9
◆ Losses can be set off only by the assessee who has incurred loss [Sec. 78(2)]	12.11
◆ Exceptions to section 78(2): Inheritance	12.11
◆ Amalgamation [Sec. 72A(1)]	12.11
◆ Demerger [Sec. 72A(4), (5)]	12.12
◆ Succession of proprietary concern or a firm by a company [Sec. 72A(6)]	12.12
◆ Succession of a private company/unlisted public company by an LLP [Sec. 72A(6A)]	12.12
◆ Definition of Accumulated Loss for the purpose of Section 72A [Sec. 72A(7)]	12.13
◆ Business loss carried forward for more than eight assessment years [Sec. 41(5)]	12.13
◆ Carry Forward and Set Off of Accumulated Loss and Unabsorbed Depreciation in case of Amalgamation [Sec. 72A(1), (2)]	12.13
◆ Carry Forward and set off of accumulated loss and unabsorbed depreciation allowance in scheme of amalgamation in certain cases [Sec. 72AA]	12.16
◆ Carry Forward and Set Off of Accumulated Loss and Unabsorbed Depreciation in case of Business Re-organisation of Co-operative Banks [Sec. 72AB(1), (2), (3)]	12.16
◆ Carry Forward and Set-off of Losses of Closely Held Companies [Sec. 79]	12.17
◆ No set off of losses consequent to search, requisition and survey [Sec. 79A]	12.19
◆ Losses of Firms	12.19
◆ Carry-forward of Losses in case of Change in Constitution of Firms [Sec. 78(1)]	12.20
◆ Practical Questions	12.21

13

DEDUCTIONS FROM GROSS TOTAL INCOME

◆ Introduction	13.1
◆ Deduction in respect of payments for life insurance premium, deferred annuity, contributions to provident fund, subscription to units of mutual fund, equity shares, etc. [Sec. 80C]	13.1
◆ Deduction allowed u/s 80C subsequently taxed, if certain investments withdrawn	13.3
◆ Deduction for Contribution to certain Pension Funds [Sec. 80CCC]	13.6
◆ Deduction for Contribution to National Pension Scheme (NPS) [Sec. 80CCD]	13.6
◆ Limit on Deduction under Sections 80C, 80CCC, 80CCD(1) [Sec. 80CCE]	13.7
◆ Deduction in respect of Medical Insurance Premium [Sec. 80D]	13.9
◆ Deduction for maintenance including medical treatment of a dependent relative with disability [Sec. 80DD]	13.13
◆ Deduction in respect of Medical Treatment [Sec. 80DDB]	13.15
◆ Deduction in respect of Interest paid on Education Loan [Sec. 80E]	13.16

Topics	Page No.
◆ Deduction in respect of loan taken for residential house property [Sec. 80EE]	13.17
◆ Deduction in respect of loan taken for certain house property [Sec. 80EEA]	13.17
◆ Deduction in respect of purchase of electric vehicle [Sec. 80EEB]	13.18
◆ Deduction for Donation to certain Funds, Charitable Institutions [Sec. 80G]	13.18
◆ Deduction in respect of Rent Paid [Sec. 80GG]	13.24
◆ Deduction for Donations for Scientific Research or Rural Development [Sec. 80GGA]	13.25
◆ Deduction for Contributions given by Companies to Political Parties or Electoral Trust [Sec. 80GGB]	13.26
◆ Deduction for Contributions to Political Parties or Electoral Trust [Sec. 80GGC]	13.26
◆ Deduction in respect of profits and gains from undertakings or enterprises engaged in infrastructure development [Sec. 80-IA]	13.26
◆ Profits of housing or other activities which are an integral part of the Highway Project [Sec. 80-IA(6)]	13.30
◆ Deduction in respect of Profits and Gains from Undertaking or Enterprise engaged in Development of Special Economic Zone [Sec. 80-IAB]	13.31
◆ Special provision in respect of specified business [Sec. 80-IAC]	13.31
◆ Deduction of Profits and Gains from Industrial Undertaking other than Infrastructure Development Undertakings [Sec. 80-IB]	13.32
◆ Ten year tax holiday for approved companies carrying on Scientific Research and Development [Sec. 80-IB(8A)]	13.35
◆ Industrial undertaking Producing or Refining Mineral oil in the North Eastern Region or in any part of India [Sec. 80-IB(9)]	13.35
◆ Undertaking engaged in Developing and Building Housing Projects [Sec. 80-IB(10)]	13.36
◆ Undertaking engaged in the business of Processing, Preservation and Packaging of fruits or vegetables, meats products, etc. or integrated business of handling, storage and transportation of food grains [Sec. 80-IB(11A)]	13.37
◆ Deduction in respect of operating and Maintaining a Hospital located anywhere in India other than excluded area [Sec. 80-IB(11C)]	13.37
◆ Deduction in respect of profits and gains from Housing Projects [Sec. 80-IBA]	13.38
◆ Special provisions in respect of certain undertakings or enterprises in certain special category States [Sec. 80-IC]	13.40
◆ Deduction in respect of Profits and gains from Business of Hotels and Convention Centers in Specified Area [Sec. 80-ID]	13.41
◆ Special provisions in respect of certain undertakings in North Eastern States [Sec. 80-IE]	13.42
◆ Deduction in respect of profits and gains from business of collecting and processing of bio-degradable waste [Sec. 80JJA]	13.46
◆ Deduction in respect of Employment of New Employees [Sec. 80JJAA]	13.46
◆ Deduction in respect of certain incomes of Offshore Banking Units and International Financial Services Centre [Sec. 80LA]	13.48
◆ Deduction in respect of certain inter-corporate dividends [Sec. 80M]	13.49
◆ Deduction in respect of Royalty income of authors of books [Sec. 80QQB]	13.49
◆ Deduction in respect of Royalty on Patents [Sec. 80RRB]	13.50
◆ Deductions u/ss 80-IA to 80RRB and Sec. 10AA not to exceed the Profits [Sec. 80A]	13.51

Topics	Page No.
◆ Deduction not to be allowed unless return furnished [Sec. 80AC]	13.52
◆ Deduction of Interest on Deposits in Savings Accounts [Sec. 80TTA]	13.52
◆ Deduction of Interest on Deposits for Senior Citizen [Sec. 80TTB]	13.53
◆ Deduction in case of a person with disability [Sec. 80U]	13.53
◆ Practical Questions	13.54

14

TAXATION OF CO-OPERATIVE SOCIETIES

◆ Definition of 'Co-operative Society' [Sec. 2(19)]	14.1
◆ Deduction in respect of Income of Co-operative Societies [Sec. 80P]	14.1
◆ Tax rates applicable for Co-operative Societies	14.2
◆ Deduction in respect of Income of Producer Companies [Sec. 80PA]	14.2
◆ Practical Questions	14.2

15

DEDUCTION FOR SPECIAL ECONOMIC ZONE

◆ Special Provisions in respect of Newly Established Units in Special Economic Zones (SEZ) [Sec. 10AA]	15.1
◆ Definition for the purpose of Sec. 10AA	15.2
◆ Computation of Deduction u/s 10AA	15.3
◆ Computation of Profits for Sec. 10AA	15.3
◆ Essential conditions to claim deduction u/s 10AA	15.4
◆ Conversion of EPZ/FTZ into 'Special Economic Zone' [2 nd Proviso to Sec. 10AA]	15.4
◆ Extracts from the clarification on issues relating to Export of Computer Software [Circular No. 1/2013, dt. 17.01.2013]	15.5
◆ Practical Question	15.6

16

TAXATION OF FILM PRODUCERS/DISTRIBUTORS

◆ Deduction of expenditure on production of feature films for Film Producer [Rule 9A]	16.1
◆ Deduction of expenditure on acquisition of distribution rights of Films for Distributor [Rule 9B]	16.1
◆ Summarized provisions of Rule 9A	16.2
◆ Summarized provisions of Rule 9B	16.2
◆ Deduction in respect of 'Cost of production' allowable u/s 37 in case of Abandoned Feature Films [CBDT Circular No. 16, dated 6.10.2015]	16.3
◆ Practical Question	16.3

17

TAXATION OF BONDS

◆ Deep Discount Bond	17.1
◆ Background of Taxation of Deep Discount Bond	17.1

Topics	Page No.
◆ Tax treatment of income from Deep Discount Bonds (DDB) [Circular No. 2/2002, dt. 15.02.2002]	17.1
◆ Tax Deducted at Source on DDB	17.2
◆ Option to small investors	17.3
◆ Definition of Zero Coupon Bond [Sec. 2(48)]	17.3
◆ Tax treatment in the hands of the company issuing Zero Coupon Bonds	17.3
◆ Tax treatment in the hands of the investor	17.4

18

EXPENDITURE ON EXEMPT INCOME

◆ Section 14A	18.1
◆ Method for determining the amount of expenditure in relation to income not includible in total income [Rule 8D]	18.1
◆ Clarification regarding disallowance of expenses u/s 14A where corresponding exempt income has not been earned during the financial year	18.3

19

AGRICULTURAL INCOME AND ITS TAX TREATMENT

◆ Agricultural Income Exempt [Sec. 10(1)]	19.1
◆ Definition of Agricultural Income [Sec. 2(1A)]	19.1
◆ Income from Farm Building [Proviso to sec. 2(1A)(c)]	19.1
◆ Instances of Agricultural Income	19.2
◆ Instances of Non-Agricultural Income	19.3
◆ Computation of Agricultural and Non-Agricultural Income of Rubber/Coffee/Tea Business [Rules 7A, 7B, 7B(1A), 8]	19.3
◆ Computation of Agricultural Income and Non-Agricultural Income from any product other than tea, rubber and coffee [Rule 7]	19.4
◆ Tax on Non-agricultural income if the assessee earns Agricultural income also	19.5

20

TAXATION OF POLITICAL PARTIES & ELECTORAL TRUST

◆ Exemption to Incomes of Political Parties [Sec. 13A]	20.1
◆ Contributions received by Electoral Trust Exempt [Sec. 13B]	20.2
◆ Exemption of Income of MPs and MLAs [Sec. 10(17)]	20.3
◆ Incomes of Local Authority Exempt [Sec. 10(20)]	20.5