

CRACK-THE-TAX

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Tax CruiserTM

CA Intermediate Income Tax

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A **unique** tool to quickly identify **inter-linkage** of concepts for solving case study based income tax questions

CA. SHARAD BHARGAVA

Tax Learning Master, CA Ranker, Former EY India Tax Learning Leader, Teacher & Trainer, Author & Editor, Content Advisor, Mentor & Coach

“

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”

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- Concepts are covered only to the extent relevant for **CA Intermediate Income Tax exam**
- Objective is to **briefly highlight** inter-linkages. For details, refer **TaxBook⁺** and relevant legal provisions.
- Law stated is as updated till the date of version mentioned on cover page.

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Advance money in respect of transfer of capital asset

Area	Impact	Chapter	Para
Forfeited before 1.4.2014	Reduced from COA u/s 51	CG	135
Forfeited on or after 1.4.2014	Taxable as IFOS u/s 56(2)(ix)	IFOS	178

Agricultural income

Area	Agricultural land in India	Any other land	Chapter	Para
Rent or revenue from land	Exempt u/s 10(1)	Taxable as IFOS	Exemption	28
Transfer of land	Exempt (rural); Taxable as capital gain (urban)	Taxable as capital gain	CG	126
Income from agricultural business	Apportioned u/r 7, 7A, 7B, 8 as PGBP & Exempt	Taxable as PGBP	Exemption	28
Income from farm house	Exempt (in rural area or liable to local tax), Taxable as PGBP/IHP (other case)	Taxable as PGBP/IHP	Exemption	28

Award or reward

Area	Impact	Chapter	Para
Instituted/approved by Government	Exempt u/s 10(17A)	Exemption	30
Pension of notified gallantry award winner (or family pension on death of such person)	Exempt u/s 10(18)	Exemption	30
Others	Taxable as IFOS	IFOS	178

Bonds - See under '[Shares and securities](#)'

Business or profession – Income taxable even if relevant business or profession not in existence during PY

Area	Section	Chapter	Para
Recovery against deduction allowed earlier	41(1)	PGBP	119
Balancing charge on sale of depreciable asset by power undertaking	41(2)	PGBP	93.7
Sale of assets used for scientific research	41(3)	PGBP	100
Recovery against bad debt	41(4)	PGBP	111
Sum received after discontinuance of business or profession	176	PGBP	120
Unabsorbed business loss (non-speculative) of year of discontinuance can be set off against income u/s 41(1) to (4) even beyond 8-year carry forward limit	41(5)	Set off	191

Business or profession - Expenditure deductible if incurred before commencement

Area	Section	Chapter	Para
Investment linked tax incentives for specified businesses	35AD	PGBP	94
Preliminary expenses	35D	PGBP	97
Scientific research (within 3Y preceding commencement)	35	PGBP	100

Buy back - See under '[Shares and securities](#)'

Cash payments (or payments by non-specified mode)

Non specified mode : Other than A/c payee cheque/DD, bank ECS, credit/debit card, net banking, IMPS, UPI, RTGS, NEFT, BHIM Aadhar Pay.

Payment	Mode		Impact	Chapter	Para
	Cash	Non-specified			
Employee health insurance premium	√		Not deductible u/s 36(1)(ib)	PGBP	106
Payment to acquire depreciable asset > 10,000 to a person in a day	√	√	Not part of actual cost of asset u/s 43(1)	PGBP	93.5
Capital expenditure in specified business > 10,000 to a person in a day	√	√	No deduction u/s 35AD	PGBP	94
Business expenditure > 10,000 to a person in a day	√	√	Disallowed u/s 40A(3)	PGBP	117
Cash-mode receipts > 5% of total receipts & cash-mode payments > 5% of total payments	√	Non a/c payee cheque/draft	10 Cr Tax Audit limit u/s 44AB for business does not apply	PGBP	123
Consideration for transfer of L/B paid on or before date of agreement	√	√	Benefit of SDV on date of agreement not available u/s 56(2)(x)	IFOS	172
Health insurance and medical expenditure (other than preventive health check-up)	√		No deduction u/s 80D	GTI	197
Donation to funds/institutions > 2,000	√		No deduction u/s 80G	GTI	200
Donation for scientific research or rural development > 2,000	√		No deduction u/s 80GGA	GTI	201
Contribution to political party or electoral trust	√		No deduction u/s 80GGB or 80GGC	GTI	201
Emoluments to employees	√	√	Additional Employee Cost is Nil u/s 80JJAA	GTI	204
Dividend paid by domestic company to individual	√		No TDS exemption u/s 194 even if ≤ 5,000 for FY	TDS	213
Payment by bank, co-op bank or Post Office to account holder	√		TDS u/s 194N if > 1 cr (> 20L for ROI defaulter)	TDS	218

Cash receipts (or receipts by specified mode)

Specified mode : A/c payee cheque/DD, bank ECS, credit/debit card, net banking, IMPS, UPI, RTGS, NEFT, BHIM Aadhar Pay.

Receipt	Impact	Chapter	Para
Unexplained cash credits	Taxable u/s 68	Basics	4.4
Cash assistance against exports	Taxable as PGBP u/s 28(iib)	PGBP	90
Cash-mode* receipts ≤ 5% of total receipts & cash-mode* payments ≤ 5% of total payments	Limit of 10 Cr for Tax Audit u/s 44AB available in case of business	PGBP	123
TO/GR received by specified mode by ROI due date	Income @ 6% u/s 44AD	PGBP	124
Consideration for transfer of L/B received by specified mode on or before date of agreement	Benefit of SDV on date of agreement available u/s 43CA or 50C	PGBP, CG	121, 144
Cash consideration under Joint Development Agreement (JDA)	Included in FVC u/s 45(5A)	CG	141

*Cash or non a/c payee cheque/draft

Closely held company - See under '[Substantial interest](#)'

Compensation

Area	Impact	Chapter	Para
Any disaster – From Government or local authority	Exempt u/s 10(10BC)	Exemption	30
VRS compensation	Exempt u/s 10(10C)	Salary	45
• Amortized for employer	Amortized u/s 35DDA	PGBP	98
Retrenchment compensation	Exempt u/s 10(10B)	Salary	46
On termination or modification of terms/conditions:			
• Of employment (received from employer)	Taxable as salary u/s 17(3)	Salary	-
• Of agency, business contract or office of management of company OR for statutory vesting of management in Government	Taxable as PGBP u/s 28(ii)	PGBP	90
• Not covered above	Taxable as IFOS u/s 56(2)(xi)	IFOS	178
On compulsory acquisition of capital asset	Taxable as capital gain u/s 45(5)	CG	140
• TDS on compensation or consideration	TDS u/s 194LA if payment for FY > 2.5 lakh	TDS	217
Insurance compensation on damage/destruction of capital asset	Taxable as CG u/s 45(1A)	CG	138
Interest on compensation or enhanced compensation	Taxable as IFOS after deduction of 50% (u/s 56(2)(viii), 145B)	IFOS	176

Commission or brokerage

Area	Impact	Chapter	Para
Business activity carried on in India by NR through independent general commission agent	Not a business connection for NR u/s 9(1)(i)	RS & TI	26.1
Commission earned by employee	Taxable as salary u/s 17(1)	Salary	35
• Commission based on fixed % of turnover	Part of salary for computing retirement benefits	Salary	35
Commission to a partner from firm	Taxable as PGBP u/s 28(v) for partner; deductible for firm u/s 40(b)	PGBP	112
Underwriting commission paid by company as preliminary expenses	Amortization u/s 35D	PGBP	97
Commission paid to employee (not in lieu of profit or dividend)	Deductible u/s 36(1)(ii) r/w 43B	PGBP	107
Presumptive income for person earning commission or brokerage income	44AD is not applicable	PGBP	124
Commission paid for realizing interest on securities	Deductible u/s 57(i)	IFOS	176
Commission earned by spouse from concern in which assessee has substantial interest	Clubbed u/s 64(1)(ii)	Clubbing	182
Commission or brokerage	TDS u/s 194H if > 15,000 for FY	TDS	215
Commission or brokerage paid by individual/HUF not covered u/s 194H	TDS u/s 194M if > 50 lakh for FY	TDS	216
Insurance commission	TDS u/s 194D if > 15,000 for FY	TDS	215
Lottery commission	TDS u/s 194G if > 15,000	TDS	215
Director's commission	TDS u/s 192 or 194J (no threshold)	TDS	216

Conversion

A: Stock-in-trade to capital asset

Area	Impact	Chapter	Para
On conversion	Business income u/s 28(via) = FMV	PGBBP	113
On use for B/P post conversion	Actual cost u/s 43(1) = FMV	PGBBP	113
Subsequent sale of capital asset	Capital gain: COA u/s 49(9) = FMV u/s 28(via))	CG	139.2

B. Capital Asset to stock-in-trade

Area	Impact	Chapter	Para
On conversion	Capital gain u/s 45(2): FVC = FMV on date of conversion	CG	139.1
Subsequent sale of stock in trade	Business income: Cost = FMV on date of conversion	PGBBP	139.1

Debentures - See under '[Shares and securities](#)'

Disability

Area	Impact	Chapter	Para
Income of minor child with disability u/s 80U	Not clubbed with income of parent u/s 64(1A)	Clubbing	181
Life insurance policy on person with 80U or 80DDDB disability or disease	Deduction u/s 80C for premium up to 15% of SA; Proceeds exempt u/s 10(10D) if premium is up to 15% of SA	GTI, Exemption	193, 30
Deduction for maintenance of disabled dependant	Deduction u/s 80DD	GTI	198
Deduction in case of person with disability	Deduction u/s 80U	GTI	198

Dividend

Area	Impact	Chapter	Para
Meaning	Scope defined u/s 2(22)	IFOS	168.1
Paid by Indian company outside India	Deemed to accrue/arise in India u/s 9(1)(iv)	RS & TI	26.3
In case of Sikkimese individual	Exempt u/s 10(26AAA)	Exemption	30
In the hands of shareholder	Taxable	IFOS	170
Deduction in computing dividend income	Only interest up to 20% of dividend [u/s 57]	IFOS	169
Rate of tax and surcharge	Normal rate, SC can't exceed 15% for individual, HUF, AOP, BOI, AJP	Rate of tax	14
On liquidation of company	See under 'Liquidation'	IFOS	171
TDS	U/s 194	TDS	213
Interest for deferment of advance tax on dividend (not being u/s 2(22)(e))	No interest u/s 234C if shortfall is due to underestimate or failure to estimate	TDS	231

Education

Area	Impact	Chapter	Para
Scholarship granted to meet cost of education	Exempt u/s 10(16)	Exemption	30
Allowances received from employer:			
• Research allowance	Official expenditure exempt u/s 10(14)	Salary	58
• Children education allowance	Exempt u/s 10(14) @ Rs. 100 per child (max 2 children)	Salary	58

• Children hostel allowance	Exempt u/s 10(14) @ Rs. 300 per child (max 2 children)	Salary	58
Education facility provided by employer	Taxable/Exempt as perquisite u/r 3	Salary	59
Expenses on training to gain skills for use in business or profession	Deduction u/s 37(1)	PGBP	114
Tuition fee paid for full time education of children	Deduction u/s 80C (up to 2 children)	GTI	193
Interest paid on loan for higher education	Deduction u/s 80E	GTI	199

Employee welfare funds (PF, SF, GF, etc.)

A: Provident Fund, Superannuation Fund, other welfare fund – Recognized/Approved

Area	Impact	Chapter	Para
Impact on employer			
Employer's contribution	Deductible u/s 36(1)(iv) subject to 43B	PGBP	105
Employee's contribution	Deductible u/s 36(1)(va) if credited by due date of fund	PGBP/IFOS	105, 178
Impact on employee			
Employer's contribution	Exempt/taxable, as provided	Salary	41.2
Employee's contribution	Deduction u/s 80C	GTI	193
Accretion	Exempt/taxable, as provided	Salary	41.2
Payment of accumulated balance	Exempt/taxable, as provided. TDS u/s 192/192A if taxable.	Salary, TDS	41.2, 212

B: Gratuity Fund (Approved)

Area	Impact	Chapter	Para
Impact on employer			
Employer's contribution	Deductible u/s 36(1)(v) subject to 43B	PGBP	105
Payment of gratuity	Deductible u/s 37(1)	PGBP	114
Impact on employee			
Receipt of gratuity	Exempt u/s 10(10), as provided	Salary	38

ESOP - See under '[Fair market value](#)' and '[Shares and securities](#)'

Fair market value (FMV)

Area	Impact	Chapter	Para
ESOP:			
• Taxable as salary	Perquisite u/s 17 = FMV on date of exercise of option – Amount paid by employee	Salary	66
• Taxable as capital gain	COA = FMV taken u/s 17	CG	154
Payment to a related party	Disallowed u/s 40A(2) to the extent excessive or unreasonable having regard to FMV, etc.	PGBP	116
Conversion of stock-in-trade to capital asset and vice-versa	See under 'Conversion'	PGBP, CG	113, 139
Full value of consideration (FVC) of capital asset cannot be determined	FVC u/s 50D = FMV on date of transfer of asset	CG	130
Capital asset acquired before 1.4.2001	COA u/s 55 = Higher of COA or FMV on 1.4.2001. FMV can't exceed SDV in case of land/building.	CG	132
Equity shares or units of EOF, referred	COA u/s 55 = Higher of (A) COA or (B) Lower of FMV on	CG	166

u/s 112A, acquired before 1.2.2018	31.1.2018 or FVC		
Cost of capital asset to previous owner cannot be determined	COA u/s 55 = FMV on date the capital asset became property of previous owner	CG	136
Insurance compensation on damage or destruction of capital asset	FVC u/s 45(1A) = Money or FMV of assets received	CG	138
Slump sale of undertaking	FVC u/s 50B = FMV calculated as prescribed	CG	162
Transfer of unquoted shares	FVC u/s 50CA = FMV, if FVC < FMV	CG	145
Claim that SDV of land/building > FMV and SDV not disputed by assessee	AO to refer valuation to Valuation Officer u/s 50C/43CA/56(2)(x)	PGBP, CG, IFOS	121, 144, 172
Distribution of assets to shareholders by company in liquidation	Capital gain u/s 46 to shareholder on distribution: FVC = Money received + FMV of assets distributed – Dividend u/s 2(22)(c) Capital gain on subsequent transfer: COA u/s 55 = FMV on date of distribution	CG, IFOS	171
Reference by AO to Valuation Officer to determine FMV of capital asset	Reference can be made u/s 55A	CG	146
Receipt of specified movable property	Taxable u/s 56(2)(x) = Gift: Aggregate FMV, if it is > 50,000; Others: Excess (i.e., Aggregate FMV – Consideration), if it is > 50,000	IFOS	172
Issue of shares by closely-held company to resident (issue price > face value)	Taxable u/s 56(2)(viib) = Issue price – FMV	IFOS	177

Fees for technical services (FTS)

Only provisions specific to FTS are highlighted below

Area	Impact	Chapter	Para
FTS is income deemed to accrue/arise in India	U/s 9(1)(vii)	RS & TI	26.5
Expenses in forex to render technical services outside India by SEZ unit	Excluded from export turnover & total turnover u/s 10AA	Exemption	29
Paid without TDS	Disallowance u/s 40(a)(i) or 40(a)(ia)	PGBP	115
Technical consultancy	Is a specified profession u/s 44AA	PGBP	122
Remuneration from concern in which spouse has substantial interest	No clubbing u/s 64(1)(ii) if spouse possesses technical or professional qualification	Clubbing	182
TDS on FTS	TDS u/s 194J if > 30,000 for FY	TDS	216
TDS on provision of services (includes FTS) by e-commerce participant facilitated by e-commerce operator	TDS u/s 194-O	TDS	218

Gift or benefit

Area	Impact	Chapter	Para
From employer to employee (gift, voucher or token)	Taxable as perquisite u/s 17(2) in hands of employee	Salary	67
House property transferred to spouse or minor child (not married daughter) without adequate consideration	Transferor is deemed owner u/s 27(i)	IHP	88
Benefit or perquisite arising from business or profession	Taxable u/s 28(iv) in hands of recipient	PGBP	90
Business asset acquired on gift/inheritance	Special provision to determine actual cost u/s 43(1) for depreciation	PGBP	93.9
Gift of capital asset:			

• Transferor	No capital gain u/s 47(iii)	CG	136
• Transferee	COA = Cost to previous owner u/s 49(1)	CG	136
Money or property received without consideration or for inadequate consideration	Taxable u/s 56(2)(x) in hands of recipient	IFOS	172
• Income arising outside India from gift of money from resident to NR taxable u/s 56(2)(x)	Deemed to accrue/arise in India u/s 9(1)(viii)	RS & TI	26.6
Transfer of capital asset whose FMV/SDV was charged u/s 56(2)(x)	COA = Value taken into account u/s 56(2)(x)	CG, IFOS	173
Income of spouse or son's wife from asset transferred without adequate consideration	Clubbed u/s 64(1)(iv)/(vi)	Clubbing	183
Income of any person/AOP (for benefit of spouse or son's wife) from asset transferred without adequate consideration	Clubbed u/s 64(1)(vii)/(viii)	Clubbing	183
Income from property transferred to HUF without adequate consideration	Clubbed u/s 64(2)	Clubbing	184

Also see under '[Fair market value](#)'

Goods carriage (transport operators)

Area	Impact	Chapter	Para
Business of plying, hiring or leasing goods carriages	Presumptive income u/s 44AE if owns ≤ 10 goods carriage	PGBP	124
Disallowance for expenditure by non specified mode	Enhanced limit u/s 40A(3) of Rs. 35,000	PGBP	117
Self generated stage carriage permit	COA is Nil for purpose of capital gain	CG	159
TDS for transport contract payments	TDS u/s 194C (but no TDS if owns ≤ 10 goods carriage and PAN furnished to payer)	TDS	216

Hindu Undivided Family (HUF)

Only provisions related to an individual assessee qua transaction with HUF are given above

Area	Impact	Chapter	Para
Residential status	NR if control & management wholly outside India; else Resident (ROR or RNOR based on status of Karta) [u/s 6]	RS & TI	20
Sum paid to member out of income of HUF	Exempt u/s 10(2)	Exemption	30
Excessive or unreasonable payment to HUF in which member has ≥ 20% profit share	Disallowed u/s 40A(2) in hands of member	PGBP and IFOS	116
Capital asset acquired by distribution on partition of HUF:			
• Transferor HUF	No capital gain u/s 47(i)	CG	136
• Transferee	COA = Cost to previous owner u/s 49(1)	CG	136
Loan/advance by closely-held company to HUF in which shareholder (holding ≥ 10% equity shares) is entitled to ≥ 20% income	Deemed dividend in hands of shareholder u/s 2(22)(e)	IFOS	168.2
Money/property received as gift or for inadequate consideration:			
• By member as distribution on partition of HUF	Not taxable u/s 56(2)(x) in hands of recipient member	IFOS	172
• By HUF from its member	Not taxable u/s 56(2)(x) in hands of recipient HUF	IFOS	172
Conversion by member of self-acquired property as property of HUF or transfer for inadequate consideration	Income from property clubbed in hands of member u/s 64(2)	Clubbing	184

Immovable property – Land or building

Area	Land	Building	Impact	Chapter	Para
Scope of total income					
Income from property in India	√	√	Deemed to accrue/arise in India u/s 9(1)(i)	RS & TI	26.1
Property, how used?					
Owned by assessee		√	Annual value taxable u/s 22	IHP	78
Occupied for business/profession	√	√	Relevant in computing PGBP	PGBP	78
Held as stock-in-trade		√	Annual value taxable u/s 22	IHP	78
Letting of building with services		√	Split as IHP and PGBP/IFOS	IHP, IFOS	86, 178
Letting of building with other assets (machinery, plant, furniture)		√	<i>Inseparable</i> – Taxable as PGBP/IFOS <i>Separable</i> – Split as IHP and PGBP/IFOS	IHP, IFOS	86, 178
Land in India used for agriculture	√		Exempt u/s 10(1)	Exemption	28
Farm house used for agriculture		√	Exempt u/s 10(1)	Exemption	28
HRA received from employer		√	Exempt u/s 10(13A)	Salary	49
Residential accommodation provided by employer		√	Taxable as perquisite u/r 3	Salary	50
Rent paid by person not receiving HRA		√	Deduction u/s 80GG	GTI	202
Deductions					
Income chargeable as IHP:					
• Municipal taxes paid by owner		√	Deduction u/s 23(1)	IHP	80.4
• Unrealized rent		√	Deduction u/s 23(1)	IHP	80.2
• Standard deduction @ 30% of NAV		√	Deduction u/s 24(a)	IHP	80.5
• Interest on borrowed capital		√	Deduction u/s 24(b)	IHP	80.6
• Repayment of loan, stamp duty, etc. for purchase or construction or residential house property		√	Deduction u/s 80C	GTI	193
• Interest on loan for acquisition of residential house property		√	Deduction u/s 80EE, 80EEA	GTI	199
Used for business or profession:					
• Depreciation		√	U/s 32	PGBP	93
• Rent, rates, taxes, repairs, insurance		√	Deductible u/s 30	PGBP	92
• Not exclusively used for B/P		√	Proportionate deduction u/s 30/32 (u/s 38)	PGBP	92, 93
• Private building, brought into use for B/P		√	Special provision for actual cost u/s 43(1)	PGBP	93.9
• Capital expenditure for business specified u/s 35AD		√	Deduction u/s 35AD	PGBP	94
Transactions					
Transfer of house property to spouse or minor child (not married daughter) without adequate consideration		√	Transferor is deemed owner u/s 27(i)	IHP	88

Person acquiring house property on lease \geq 12 years		✓	Person is deemed owner u/s 27(iib)	IHP	88
Holder of Impartible estate		✓	Holder is deemed owner u/s 27(ii)	IHP	88
Possession in part performance of contract:					
• Transferor	✓	✓	It is a transfer u/s 2(47) liable to capital gain	CG	127
• Transferee		✓	Deemed owner u/s 27(iia) (in case of house property)	IHP	88
Allotment/lease to member of society/company/AOP:					
• Transferor	✓	✓	It is a transfer u/s 2(47) liable to capital gain	CG	127
• Transferee		✓	Deemed owner u/s 27(iii) (in case of house property)	IHP	88
Transfer of stock-in-trade	✓	✓	Consideration u/s 43CA = SDV, if it is $>$ 110% of consideration	PGBP	121
Transfer of capital asset	✓	✓	Consideration u/s 50C = SDV, if it is $>$ 110% of consideration	CG	144
Transfer of rural agricultural land in India	✓		Not a capital asset u/s 2(14); no capital gain	CG	126
Period of holding	✓	✓	24 months u/s 2(42A)	CG	128
Acquired before 1.4.2001	✓	✓	COA = Higher of cost or FMV on 1.4.2001 (FMV can't exceed SDV on this date)	CG	132
Transfer under Joint Development Agreement by individual or HUF:					
• Capital gain	✓	✓	Special provision u/s 45(5A)	CG	141
• TDS on cash consideration	✓	✓	U/s 194-IC (no threshold)	TDS	217
Reverse mortgage of residential house property in India:					
• Transfer in a reverse mortgage		✓	No capital gain u/s 47(xvi)	CG	163
• Loan received		✓	Exempt u/s 10(43)	Exemption	30
• Sale of mortgaged property by mortgagee for recovering the loan		✓	Capital gain in hands of borrower	CG	163
Transfer of residential house property		✓	Rollover exemption u/s 54	CG	164
Transfer of urban agricultural land:					
• Rollover exemption	✓		Rollover exemption u/s 54B	CG	164
• Compulsory acquisition from individual or HUF	✓		Capital gain exempt u/s 10(37)	CG	164
Transfer of land or building	✓	✓	Exemption u/s 54EC	CG	164
Compulsory acquisition of land or building used in industrial undertaking	✓	✓	Rollover exemption u/s 54D	CG	164
Transfer of any asset (includes land or building but not residential house)	✓	✓	Exemption u/s 54F	CG	164
Receipt of land or building (being capital asset) for no or inadequate consideration	✓	✓	Taxable in hands of recipient u/s 56(2)(x)	IFOS	172

TDS					
Payment of rent for use of	√	√	TDS us 194-I (if > 2.4L for FY), 194-IB (if rent pm > 50K)	TDS	217
Consideration for transfer (not rural agricultural land in India)	√	√	TDS u/s 194-IA if ≥ 50L	TDS	217
Compensation for compulsory acquisition (not agricultural land in India)	√	√	TDS u/s 194LA if > 2.5L for FY	TDS	217
Other aspects					
Sale/purchase (amount or SDV > 10 lakh)	√	√	PAN to be quoted u/s 139A	ROI	239.1

Inheritance - See under '[Will or inheritance](#)'

Insurance

Area	Impact	Chapter	Para
Keyman insurance policy			
Premium paid	Deductible u/s 37(1)	PGBP	114
Sum received :			
1. By employer (taking the policy)	Taxable u/s 28(vi)	PGBP	90
2. By employee (policy assigned)	Taxable u/s 17(3)	Salary	-
3. By any other person	Taxable u/s 56(2)(iv)	IFOS	178
Life insurance policy (other than Keyman insurance)			
Premium paid	Deduction u/s 80C upto specified % of premium	GTI	193
Sum received:			
• On death	Exempt u/s 10(10D)	Exemption	30
• Otherwise than on death	Exempt u/s 10(10D) (but taxable for Excess Premium policy or High Premium ULIP)	Exemption	30
Capital gain on sum received under High Premium ULIP	Capital gain u/s 45(1B); taxable u/s 111A or 112A (if EOF); taxable normally (if not EOF)	CG	158
Health insurance			
Premium paid for employees (not in cash)	Deductible u/s 36(1)(ib)	PGBP	106
Premium paid for self, family or parents	Deductible u/s 80D	GTI	197
Other insurance premium			
Personal accident insurance taken by employer on life of employee	Not taxable for employee	Salary	47
On building, P&M, furniture	Deductible u/s 30, 31	PGBP	92
For stocks or stores	Deductible u/s 36(1)(i)	PGBP	96
Other points			
TDS on insurance commission	TDS u/s 194D if > 15,000 for FY	TDS	215
TDS on taxable payment under life insurance policy	TDS u/s 194DA if ≥ 1 lakh for FY	TDS	213
Payment of life insurance premium (aggregate > 50K in FY)	PAN to be quoted u/s 139A	ROI	239

Intangible asset

Area	Impact	Chapter	Para
Consideration for transfer, or rights in respect of, or imparting of information concerning, or use or right to use, of specified intangibles	Is royalty u/s 9(1)(vi)	RS & TI	26.5
Non compete receipt for not sharing specified intangibles	Taxable u/s 28(va)	PGBP	90
• TDS thereon	U/s 194J if > 30,000 for FY	TDS	216
Profit on sale of import license, DEPB, DFRC	Taxable u/s 28	PGBP	90
Normal depreciation u/s 32(1) on specified intangibles	@ 25%	PGBP	93.3
Additional depreciation u/s 32(1)(iia)	Not available	PGBP	93.6
Capital expenditure on goodwill	Depreciation u/s 32 and deduction u/s 35AD not available	PGBP	93.1, 94
Transfer of self-generated assets	COA/COI for capital gain = Nil for specified assets u/s 55; no capital gain for other assets	CG	159
Royalty/consideration for assignment of copyright or copyright fees	Deduction u/s 80QQB	GTI	205
Royalty on patent	Deduction u/s 80RRB	GTI	205
Receipt on account of grant of license in parking lot, toll plaza, mine or quarry	TCS u/s 206C(1C)	TCS	224

Interest

Area	Impact	Chapter	Para
Deemed to accrue/arise in India in certain cases	U/s 9(1)(v)	RS & TI	26.4
Interest on NR(E) A/c in any bank in India	Exempt u/s 10(4)(ii)	Exemption	30
Interest on securities earned by Sikkimese individual	Exempt u/s 10(26AAA)	Exemption	30
Interest free / concessional loan from employer to employee	Perquisite taxable u/s 17(2)(viii); R.3	Salary	65
Interest on capital borrowed for house property	Deductible u/s 24(b)	IHP	80.6
• Interest payable outside India if TDS not deducted and there is no agent in India u/s 163	Not deductible u/s 24(b)	IHP	80.6
Interest on capital borrowed for B/P:			
• For acquisition of asset for business:			
○ Till date asset is first put to use	Added to actual cost u/s 43(1)	PGBP	93.5
○ After asset is first put to use	Deductible u/s 36(1)(iii)	PGBP	103
• For any other purpose:		PGBP	
○ From PFI, SFC, SIIC, NBFC, Bank	Deductible u/s 36(1)(iii) subject to 43B	PGBP	103
○ From others	Deductible u/s 36(1)(iii)	PGBP	103
Discount on Zero Coupon Bonds	Amortized u/s 36(1)(iiia)	PGBP	104
Interest credited or paid by firm to partner	Deductible for firm u/s 40(b) and taxable for partner u/s 28(v)	PGBP	112
• No TDS thereon	U/s 194A	TDS	213
Interest on securities	Taxable as IFOS u/s 56(2)(id); commission or remuneration paid to realize interest specifically deductible u/s 57(i)	IFOS	176

• TDS thereon	U/s 193	TDS	213
Interest other than interest on securities	Taxable as IFOS u/s 56(1)	IFOS	176
• TDS thereon	U/s 194A	TDS	213
Interest on compensation or enhanced compensation	Taxable as IFOS on receipt basis after deduction of 50% (S. 56((2)(viii), 145B)	IFOS	176
Interest expense in respect of income from dividend or MF units	Deductible up to 20% of such income included in TI before such deduction [u/s 57]	IFOS	169, 178
Interest payable outside India on which tax is not paid or deducted	Disallowed u/s 40(a)(i) or 58	PGBP, IFOS	115, 179
Interest on capital contribution by spouse or son's wife in a firm, out of assets transferred by individual without adequate consideration	Clubbed in hands of individual u/s 64(1)(iv), (vi)	Clubbing	183
Interest on loan for higher education	Deduction u/s 80E	GTI	199
Interest on loan for acquisition of residential house	Deduction u/s 80EE/80EEA	GTI	199
Interest on loan for purchase of electric vehicle	Deduction u/s 80EEB	GTI	199
Interest on saving bank a/c with bank/PO	Deduction u/s 80TTA	GTI	203
Interest on deposit with bank/PO	Deduction u/s 80TTB for senior citizen	GTI	203
Interest payable by assessee under the Act:			
• Interest for default in TDS	U/s 201(1A)	TDS	223.2
• Interest for default in furnishing ROI	U/s 234A	ROI	240.1
• Interest for default in advance tax	U/s 234B	TDS	230
• Interest for deferment of advance tax	U/s 234C	TDS	231

Liquidation

Area	Impact	Chapter	Para
Distribution to shareholders (to the extent attributable to accumulated profits)	Dividend in the hands of shareholders u/s 2(22)(c)	IFOS	168.1
Distribution of assets to shareholders:			
• Company	No capital gain for company u/s 46	IFOS	171
• Shareholders	Capital gain for shareholders u/s 46	IFOS	171

Minor

Area	Impact	Chapter	Para
House property transferred to minor child (not being married daughter) without adequate consideration	Transferor is deemed owner u/s 27(i)	IHP	88
Income of minor child (not from work, skill etc or of child with 80U disability)	Clubbed in hands of parent u/s 64(1A) after exemption of 1,500 per child u/s 10(32)	Clubbing	181
Rent paid at a place where minor child owns a residential accommodation	Deduction u/s 80GG not available	GTI	202
Verification of ROI u/s 140:			
• Managing Partner of firm unable to verify ROI or there is no Managing Partner	Any partner (not being a minor) can verify	ROI	237
• Karta of HUF absent from India or mentally incapacitated	Any other adult member of HUF can verify	ROI	237

MP/MLA/MLC

Area	Impact	Chapter	Para
Salary	Taxable as IFOS u/s 56	IFOS	178
Daily allowance & constituency allowance	Exempt u/s 10(17)	Exemption	30

Partnership firm

Firm				Partner			
Area	Impact	Chapter	Para	Area	Impact	Chapter	Para
Total income	Taxable u/s 28	PGBP	112	Share in the total income of firm	Exempt u/s 10(2A)	Exemption	30
Interest, salary, bonus, commission, remuneration to partner	Deductible u/s 40(b)	PGBP	112	Interest, salary, bonus, commission, remuneration from the firm	Taxable to the extent deductible for firm u/s 40(b)	PGBP	112

Area	Impact	Chapter	Para
Firm includes LLP	U/s 2(23)	Basics	5
Residential status	NR if control & management wholly outside India; else Resident [u/s 6]	RS & TI	21
Shooting of cinematographic film in India by NR firm having no Indian citizen or resident as partner	Income is not deemed to accrue or arise in India u/s 9(1)(i)	RS & TI	26.1
Presumptive income u/s 44AD, 44ADA, 44AE	Salary and interest to partner is not deductible u/s 44AD & 44ADA; but is deductible u/s 40(b) for 44AE	PGBP	124
Interest on capital contribution by spouse or son's wife in a firm, out of assets transferred by individual without adequate consideration	Clubbed in hands of individual u/s 64(1)(iv), (vi)	Clubbing	183
Interest on deposits with Bank/PO held by or on behalf of a firm by the partner	Deduction u/s 80TTA/80TTB not allowed to partner	GTI	203
Filing of ROI	Compulsory u/s 139(1)	ROI	232
Due date to file ROI for firm liable to Tax Audit (+ its partners)	31 October u/s 139(1)	ROI	232
Verification of ROI u/s 140	By Managing Partner (in absence, by any partner (not minor))	ROI	237
Interest credited or paid by firm to partner	No TDS u/s 194A	TDS	213

Pension

Area	Impact	Chapter	Para
Pension of Government employee awarded gallantry award or family pension to family on death	Exempt u/s 10(18)	Exemption	30
Family pension on death of member of armed forces	Exempt u/s 10(19)	Exemption	30
Family pension to family members after death of employee	Taxable u/s 56(1) after deduction of lower of 1/3 rd or 15,000	IFOS	178
Pension after retirement	Uncommuted pension taxable u/s 17(1); Commuted pension exempt u/s 10(10A)	Salary	39
Pension fund of Mutual Fund or UTI	Contribution deductible u/s 80C	GTI	193

Pension fund of LIC or any other insurer	Contribution deductible u/s 80CCC; Pension or receipt on surrender is taxable	GTI	194
NPS or Atal Pension Yojana	See below	GTI	-
Person, aged ≥ 75 years, having pension and interest income (from same bank)	Bank to deduct TDS u/s 194P on total income; Person not required to file ROI u/s 139	TDS; ROI	218, 232
Pension scheme of Central Government (NPS or Atal Pension Yojana)			
In the hands of employer:			
Employer's contribution	Deductible u/s 36(1)(iva) up to 10% of salary, subject to 43B	PGBP	105
In the hands of employee (or self employed person):			
Employer's contribution	First included in salary, as provided u/s 17; then deduction u/s 80CCD(2)	Salary; GTI	195
Own contribution to Tier-1 Account	Deduction u/s 80CCD(1)/(1B)	GTI	195
Own contribution to Tier-2 Account	Deduction u/s 80C for Central Govt. employee	GTI	193
Accretion	Exempt u/s 10(44) (but accretion on employer's contribution above a certain limit, taxable u/s 17(2))	Salary	193, 43
Payment of accumulated balance	Exempt up to limits specified u/s 10(12A)/(12B); pension taxable	GTI	193, 43

Profession

Only provisions specific to profession are highlighted below. Specified profession = Profession specified u/s 44AA.

Area	Impact	Chapter	Para
Income which accrues or arises outside India and is derived from a profession set up in India	Taxable for RNOR u/s 5	RS & TI	23
Meaning of 'profession'	It includes vocation [S. 2(36)]	PGBP	89
Compulsory maintenance of accounts	Rules for specified and non-specified profession u/s 44AA	PGBP	122
Specified profession whose GR ≤ 50 lakh	Presumptive income u/s 44ADA	PGBP	124
Tax Audit limit	GR > 50 lakh u/s 44AB	PGBP	123
Transfer of self-generated goodwill, trade-mark or brand name of profession	COA for capital gain = Nil	CG	159
Remuneration from concern in which spouse has substantial interest	No clubbing u/s 64(1)(ii) if spouse possesses technical or professional qualification	Clubbing	182
Royalty income of author derived in exercise of his profession	Deduction u/s 80QQB	GTI	205
Fees for professional services	TDS u/s 194J (if > 30K for FY) or 194M (if > 50L for FY)	TDS	216
Provision of services (includes fees for professional services) by e-commerce participant facilitated by e-commerce operator	TDS u/s 194-O	TDS	218
TDS to be deducted u/s 194A, 194H, 194C, 194J, 194-I or TCS to be collected u/s 206C(1)/(1F), by person carrying profession	If total sales, gross receipts or turnover > 50 lakh during immediately preceding FY	TDS	Various

Public Provident Fund (PPF)

Area	Impact	Chapter	Para
Contribution	Deduction u/s 80C	GTI	193
Interest	Exempt u/s 10(11)	IFOS	176
Payment of accumulated balance	Exempt u/s 10(11)	IFOS	176

Race horses

Area	Impact	Chapter	Para
Winnings from horse races	See under ' Winnings '	-	-
Activity of owning and maintaining race horses:			
• Deductions in computing such income	Allowed, i.e., not disallowed u/s 58(4) like in case of winnings	IFOS	178
• Set off of loss	Loss from such activity cannot be set off against any other income [u/s 74A] but reverse is possible; can be c/fd for 4 years	Set off	191

Relative, related party

LAD = Lineal ascendant/descendant (would include parent as well as child); B/S = Brother or sister; D = Dependent; M = Minor; SW = Son's wife

Area	Spouse	Child	Parent	B/S	LAD	SW	Impact	Chapter	Para
Children education or hostel allowance received from employer		√					Exempt u/s 10(14) as provided	Salary	58
Medical facility provided by employer to >	√	√	D	D			Exempt u/s 17(2) as provided	Salary	47
Specified perquisites provided by employer to member of household ¹ >	√	√	√	D	D	√	Taxable u/r 3	Salary	34
LTC received from employer for travel by employee and family >	√	√	D	D			Exempt u/s 10(5) as provided	Salary	54
House property transferred without adequate consideration ² to >	√	M					Transferor is deemed owner u/s 27(i)	IHP	88
Excessive or unreasonable payment to relative (or connected persons) >	√	√	√	√	√		Disallowed u/s 40A(2)	PGBP and IFOS	116
Personal effect used by dependent family member >	D	D	D	D	D	D	Not capital asset u/s 2(14); no capital gain	CG	126
Money/property received as gift or for inadequate consideration from relative (as defined) >	√	√	√	√	√	√	Not taxable u/s 56(2)(x)	IFOS	172
Income of minor child (not from work, skill etc or of child with 80U disability)		M					Clubbed with parent u/s 64(1A)	Clubbing	181
Income from assets transferred without adequate consideration to >	√					√	Clubbed with transferor u/s 64(1)(iv)/(vi)	Clubbing	183
Remuneration of spouse from concern in which individual has substantial interest (along with relative >)	√	√	√	√	√		Clubbed with individual u/s 64(1)(ii)	Clubbing	182
Family pension							See under ' Pension '	-	-

¹ Servants, car, transport, travel & tour, education, movable asset, loan, gift, credit card, club

² Not minor married daughter or under agreement to live apart

Life insurance premium on life of >	√	√				Deduction u/s 80C	GTI	193
Payment for deferred annuity contract on life of >	√	√				Deduction u/s 80C	GTI	193
Deposit in PPF account of >	√	√				Deduction u/s 80C	GTI	193
Deposit in Sukanya Samridhi for girl child		√				Deduction u/s 80C	GTI	193
Deposit in ULIP of UTI or LIC Mutual Fund in name of >	√	√				Deduction u/s 80C	GTI	193
Payment of tuition fee for >		√				Deduction u/s 80C	GTI	193
Mediclaim, medical treatment, check-up of >	√	D	√			Deduction u/s 80D	GTI	197
Treatment of disabled >	D	D	D	D		Deduction u/s 80DD	GTI	198
Treatment of diseases for >	D	D	D	D		Deduction u/s 80DDB	GTI	198
Interest on loan for higher education of >	√	√				Deduction u/s 80E	GTI	199

Return of Income - Default

Area	Section	Chapter	Para
Interest for default in furnishing return	234A	ROI	240
Fee for default in furnishing return	234F	ROI	240
Certain losses cannot be carried forward	139(3), 80	Losses	191
Deduction under certain sections cannot be claimed (80JJAA, 80QQB, 80RRB)	80AC	GTI	204, 205
Higher rate of TDS and TCS for non-filers: Higher of 2X normal rate or 5%	206AB; 206CCA	TDS/TCS	Ch. 14
Higher rate and lower threshold of TDS for ROI defaulter in case of cash withdrawal: 2% for > 20L upto 1 Cr; 5% for > 1 Cr	194N	TDS/TCS	218

Royalty

Only provisions specific to royalty are highlighted below.

Area	Impact	Chapter	Para
Income deemed to accrue/arise in India in certain cases	U/s 9(1)(vi)	RS & TI	26.5
Head under which taxable	PGBP or IFOS (if not taxable as PGBP)	IFOS	178
Levied by State Govt on State Govt undertaking	Disallowed u/s 40(a)(iib)	PGBP	102
Paid without TDS	Disallowed u/s 40(a)(i) or 40(a)(ia)	PGBP	115
Royalty income of author	Deduction u/s 80QQB	GTI	205
Royalty earned by patentee from patent	Deduction u/s 80RRB	GTI	205
TDS on royalty	U/s 194J if > 30,000 during FY	TDS	216

Salary (received)

Special provisions have been highlighted below. General provisions for taxability under the head 'Salaries' are not highlighted.

Area	Impact	Chapter	Para
Received for service rendered in India	Deemed to accrue/arise in India u/s 9(1)(ii)	RS & TI	26.2
Received by Indian citizen from Government, for service rendered outside India	Deemed to accrue/arise in India u/s 9(1)(iii); but allowance/perquisite exempt u/s 10(7)	RS & TI	26.2

Remuneration received by individual (not an Indian citizen)	Exempt u/s 10(6) in specified cases	Exemption	30
Received by partner from firm	Taxable as PGBP u/s 28(v) to the extent allowed to firm u/s 40(b)	PGBP	112
Received by MP or MLA/MLC	Taxable as IFOS u/s 56(1) (but daily allowance & constituency allowance exempt u/s 10(17))	IFOS	178, 30
Earned by spouse from concern in which assessee has substantial interest	Clubbed in hands of assessee u/s 64(1)(ii)	Clubbing	182

Salary (paid)

Special provisions have been highlighted below. General provisions for taxability under the head 'Salaries' are not highlighted.

Area	Impact	Chapter	Para
Paid to self	Not deductible	-	-
Payable outside India or to NR	Disallowed u/s 40(a)(iii) if tax not paid not deducted	PGBP, IFOS	115
Paid to employees engaged in scientific research	Deductible u/s 35(1) (including certified pre-commencement expense)	PGBP	100
Paid by firm to partner	Deductible u/s 40(b)	PGBP	112
Paid to employee:			
• Salary	Deductible u/s 37(1)	PGBP	114
• Employer's contribution to Provident / Superannuation / Gratuity Fund, NPS	Deductible u/s 36(1) subject to 43B	PGBP	105
• Bonus or commission	Deductible u/s 36(1)(ii) subject to 43B	PGBP	107
• Leave salary	Deductible u/s 37(1) subject to 43B	PGBP	118
• Additional employee cost	Deductible u/s 80JJAA	GTI	204
TDS	U/s 192/192A	TDS	212

Senior citizen

Senior citizen = Resident individual of cut off age or more at any time during the PY

Area	Impact	Cut off age	Chapter	Para
Deposit in Senior Citizens Savings Scheme	Deduction u/s 80C up to 1.5 lakh	60	GTI	193
Health insurance premium, health checkup or medical expenditure	Enhanced deduction u/s 80D up to 50,000	60	GTI	197
Medical treatment of dependent for specified diseases	Enhanced deduction u/s 80DDB up to 1 lakh	60	GTI	198
Interest on deposits with bank, co-operative bank or Post Office	Deduction u/s 80TTB up to 50,000	60	GTI	203
TDS on interest by bank, co-operative bank or Post Office	Enhanced exemption limit u/s 194A of 50,000	60	TDS	213
Exemption from TDS u/s 197A	If No-Tax declaration furnished to payer	60	TDS	220
Person having pension and interest income (from same bank)	Bank to deduct TDS u/s 194P on total income; Person not required to file ROI u/s 139	75	TDS; ROI	218, 232
Advance tax liability	No advance tax u/s 207, if not having any PGBP income	60	TDS	226
Basic exemption limit	3 lakh (5 lakh if age 80 years or more)	60, 80	Rates of Tax	13

Shares & securities

Area	Impact	Chapter	Para
Shares and securities			
Income from transfer of shares/securities situated in India	Deemed to accrue or arise in India u/s 9(1)(i)	RS & TI	26.1
Income from indirect transfer of shares or interest, i.e., share or interest in FCo deriving its value substantially from assets located in India	Deemed to accrue or arise in India u/s 9(1)(i)	RS & TI	26.1
Dividend or interest on securities of Sikkimese individual	Exempt u/s 10(26AAA)	Exemption	30
Capital expenditure on financial instruments	Deduction u/s 35AD not available	PGBP	94
Securities held by FII as per SEBI regulations	Treated as capital asset u/s 2(14) even if stock-in-trade	CG	126
Period of holding	12, 24, 36 months for LTCG depending on type of capital asset	CG	128
Securities Transaction Tax	See under 'Taxes'	PGBP, CG	-
Bonus shares or securities	COA = Nil; POH from date of allotment	CG	147
Right shares or securities	Special provisions for COA/POH in respect of shares subscribed and entitlement renounced	CG	147
Interest on securities	Defined u/s 2(28B) and taxable as IFOS, if not as PGBP	IFOS	176
Interest on specified/notified securities	Exempt u/s 10(15)	IFOS	176
Receipt of shares or securities (being capital asset) for no or inadequate consideration	Taxable in hands of recipient u/s 56(2)(x)	IFOS	172
Subscription to equity shares, debentures or units of MF in an approved issue	Deduction u/s 80C	GTI	193
Interest on securities	TDS u/s 193	TDS	213
Opening demat A/c, purchase of units (> 50,000), purchase of debentures/bonds (> 50,000), sale/purchase of unlisted shares or other securities (> 1 lakh)	PAN to be quoted u/s 139A	ROI	239.1
Shares (specific provisions)			
Preliminary expenditure on public issue of shares	Amortized u/s 35D	PGBP	97
Unquoted shares	FVC can't be less than FMV u/s 50CA	CG	145
Receipt of share premium by closely held company from a resident, in excess of FMV	Taxable u/s 56(2)(viib)	IFOS	177
Preference shares (specific provisions)			
Conversion to equity shares	No capital gain u/s 47(xb) on conversion; capital gain on transfer of equity shares	CG	151
Distribution of bonus shares to preference shareholders	Dividend u/s 2(22)(b)	IFOS	168.1
Buy back of shares or specified securities (specific provisions)			
Buy-back of shares by domestic company	Buy-back Tax on company u/s 115QA @ 20% of distributed income (+SC/HEC); Exempt for shareholder u/s 10(34A)	CG	152
Buy-back of shares by foreign company	Capital gain on shareholder u/s 46A; not taxable for company	CG	152
Buy-back of specified security by any company	Capital gain on shareholder u/s 46A; not taxable for company	CG	152

Dividend	Not treated as dividend u/s 2(22)	IFOS	168.1
Debentures (specific provisions)			
Preliminary expenditure on public issue of debentures	Amortized u/s 35D	PGBP	97
Indexation for capital gain	No indexation u/s 48	CG	155
Conversion to shares	No capital gain on conversion to shares u/s 47(x); capital gain on transfer of shares	CG	155
Distribution to shareholders	Dividend u/s 2(22)(b)	IFOS	168.1
Interest on debentures of widely-held company	No TDS u/s 193 if payable to individual/HUF ≤ 5,000 for FY and paid by A/c payee cheque	TDS	213
Bonds (specific provisions)			
Indexation for capital gain	No indexation (other than Sovereign Gold Bonds or Capital Indexed Bonds)	CG	156
Conversion to shares	No capital gain on conversion u/s 47(x); capital gain on transfer of shares	CG	156
Sovereign Gold Bond	No capital gain on redemption by individual u/s 47(viic); indexation available u/s 48	CG	156
Capital indexed bonds	Indexation available u/s 48	CG	156
Gold Deposit Bonds	Not a capital asset u/s 2(14) - no capital gain; interest exempt u/s 10(15)	CG, IFOS	126, 176
Rupee denominated bonds of Indian company issued outside India	No capital gain on transfer outside India by NR to NR u/s 47(viiaa)	CG	156
RBI Relief Bonds	Interest exempt u/s 10(15)	IFOS	156
7% Capital Investment Bonds	Interest exempt u/s 10(15)	IFOS	156
Capital gain on transfer of land or building	Exemption u/s 54EC on investment in specified bonds	CG	164
Subscription to notified bonds of NABARD	Deduction u/s 80C	GTI	193
Interest on 8% Savings (Taxable) Bonds, 2003 or 7.75% Savings (Taxable) Bonds, 2018	No TDS u/s 193 if interest for FY ≤ 10,000	TDS	213
Zero Coupon Bond:			
• Issuer - Discount on ZCB	Amortized over life u/s 36(1)(iia)	PGBP	104
• Investor - Transfer, maturity or redemption of ZCB held as capital asset:			
○ Capital gain	Taxable; it is transfer u/s 2(47)	CG	156
○ Period of holding	12 months for LTCG u/s 2(42A)	CG	156
• Interest on ZCB	No TDS u/s 194A	TDS	213
ESOP (specific provisions)			
Allotment or transfer by employer to employee	Taxable as salary (perquisite u/s 17) , TDS u/s 192 (deferment of TDS for eligible startup)	Salary, TDS	66, 212
Subsequent sale by employee	Taxable as capital gain	CG	154
Units (specific provisions)			
Income in respect of units	See under ' Units of Mutual Fund or UTI – Income from '	-	-

Tax on capital gain			
1. Equity share or unit of EOF (STT paid)	STCG u/s 111A @ 15% (if transfer chargeable to STT); LTCG u/s 112A @ 10% (> 1 lakh) (if STT paid on acquisition & transfer (only on transfer for unit)) COA of share/unit u/s 112A acquired before 1.2.2018 = Higher of (A) COA or (B) Lower of FMV on 31.1.2018 or FVC	CG	165, 166
2. Unlisted securities or shares of closely held company, in case of NR	LTCG u/s 112 @ 10%; STCG at normal rates	CG	165
3. Listed securities (not unit) or ZCB	LTCG u/s 112 @ 20% with indexation or @ 10% without indexation; STCG at normal rates	CG	165
4. Any other asset	LTCG u/s 112 @ 20%; STCG at normal rates	CG	165
Surcharge on income tax u/s 111A, 112A	Cannot exceed 15%	Rates of Tax	14
Indexation	Only on LTCG in # 3 and #4 above	CG	165
Benefit of unexhausted basic exemption limit	Only to resident individual or HUF; not available on STCG at normal rates	CG	165
Deduction from GTI u/c VIA allowed from above said incomes	Only from STCG at normal rates	CG	165, 192
Rebate u/s 87A from tax on above said income	Only to resident individual with TI ≤ 5 lakh; not on LTCG u/s 112A	CG	165, 15

Speculative income			
Contract settled without delivery	Speculative u/s 43(5)	Set off	190.1
Contract settled with delivery	Non speculative u/s 43(5)	Set off	190.1
Hedging contract	Non speculative u/s 43(5)	Set off	190.1
Trading in derivatives	Non speculative u/s 43(5)	Set off	190.1
Share purchase/sale by company:			
• GTI consists mainly of IHP/CG/IFOS	Non speculative u/s 73	Set off	190.1
• Principal business is share trading, banking, money lending	Non speculative u/s 73	Set off	190.1
• Other company	Deemed to be speculative u/s 73	Set off	190.1

Speculative income - See under '[Shares and securities](#)'

Subsidy/grant/reimbursement

Area	Impact	Chapter	Para
Used to meet the cost of asset used in business	Reduced from actual cost of asset u/s 43(1)	PGBP	93.5
Any other case	Taxable [S. 2(24)(xviii)]	-	-

Substantial interest (SI)

Area	Meaning of SI	Impact	Chapter	Para
Employee who has SI in employer company (specified employee)	≥ 20% equity shares	Certain perquisites are taxable only in the hands of specified employee u/s 17(2)(iii)	Salary	72
Payment to related party in which	≥ 20% equity shares (company) or business profits (others) at any	Disallowed u/s 40A(2) to the extent excessive or	PGBP,	116

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assessee has SI	time during PY	unreasonable	IFOS	
Loan/advance by closely held company to concern in which shareholder (holding ≥ 10% equity shares) has SI	≥ 20% equity shares (company) or income (others) at any time during PY	Deemed dividend u/s 2(22)(e)	IFOS	168.2
Income of unqualified spouse from concern in which individual has SI	Individual (along with relatives) ≥ 20% equity shares (company) or profits (others) at any time during PY	Clubbed with individual u/s 64(1)(ii)	Clubbing	182
Closely held company (CHC) – It is a company in which the public are not substantially interested (as per S. 2(18)):				
• Loan/advance by CHC to shareholder or connected persons		Deemed dividend u/s 2(22)(e)	IFOS	168.2
• Issue of shares by CHC to resident (issue price > face value)		Taxable u/s 56(2)(viib) = Issue price – FMV	IFOS	177
• Transfer of unlisted shares or securities of CHC by NR		10% tax u/s 112	CG	165
Interest payable to individual/HUF on debentures of widely-held company (i.e., not CHC)		No TDS u/s 193 if ≤ 5,000 for FY and paid by a/c payee cheque	TDS	213

Sukanya Samriddhi Account

Area	Impact	Chapter	Para
Deposits in the account	Deduction u/s 80C	GTI	193
Any payment from the account	Exempt u/s 10(11A)	Exemption	30

Taxes

Area	Impact	Chapter	Para
Tax on non-monetary perquisites paid by employer on behalf of employee:			
• For employee	Exempt u/s 10(10CC)	Salary	70
• For employer	Disallowed u/s 40(a)(v)	PGBP	110
• TDS by employer on such income paid to employee	Not required u/s 192	TDS	212
Professional tax:			
• Paid by employee	Deductible u/s 16(iii)	Salary	75
• Paid by person carrying on business or profession	Deductible u/s 37(1)	PGBP	114
Municipal taxes:			
• On house property paid by owner during PY	Deductible u/s 23(1)	IHP	80.4
• On building used for business or profession	Deductible u/s 30	PGBP	92
Securities Transaction Tax / Commodities Transaction Tax:			
• STT paid in respect of stock-in-trade	Deductible u/s 36(1)(xv)	PGBP	108
• STT paid in respect of capital asset	Not deductible u/s 48 as COA or as expenditure on transfer	CG	165
• CTT paid in respect of stock-in-trade	Deductible u/s 36(1)(xvi)	PGBP	108
Income-tax			
• Income-tax (including SC, HEC, interest, fine, penalty, fee)	Disallowed u/s 40(a)(ii)	PGBP	109

• Refund of income-tax	Not taxable	PGBP	109
• Interest on refund of income-tax	Taxable	IFOS	176
Tax, duty, cess or fee (e.g. GST/Excise/Customs, etc.)	Deductible u/s 37(1)	PGBP	114
Asset on which depreciation allowable: GST/Excise/Customs on which ITC has been allowed	Not added to actual cost u/s 43(1)	PGBP	93.5

Taxes are deductible in computing PGBP subject to section 43B.

TDS - Default

Area	Impact	Chapter	Para
Payer does not deduct TDS, or after deducting fails to pay TDS	Deemed to be assessee-in-default u/s 201(1)	TDS	223
Payment on which tax not deducted or paid	Disallowed u/s 40(a)(i)/(ia)/(iii)	PGBP	115
Interest for default in deducting or paying TDS	Interest u/s 201(1A)	TDS	223
Penalty for failure to deduct TDS	Penalty u/s 271C	-	-
Prosecution for failure to pay TDS to Government	Prosecution u/s 276B	-	-
Fee for default in furnishing TDS statement	Lower of Rs. 200 per day of default or amount of TDS [u/s 234E]	TDS	223

Undisclosed sources of income

Area	Chapter	Para
1. Cash credits [S. 68]	Basics	4.4
2. Unexplained investments [S. 69]		
3. Unexplained money, etc. [S. 69A]		
4. Amount of investments, etc., not fully disclosed in the books [S. 69B]		
5. Unexplained expenditure, etc. [S. 69C]		
6. Amount borrowed or repaid on Hundi [S. 69D]		
Rate of tax: @ 60% + SC @ 25% + HEC @ 4% [S. 115BBE]	Rates of tax	17
No deduction allowed in computing such income [S. 115BBE]	Rates of tax, IFOS	17, 178
No set off of losses allowed against such income [S. 115BBE]	Set off	190

Units of Mutual Fund or UTI - Income from

Area	Impact	Chapter	Para
Period of holding for LTCG	12 months for units of UTI or EOF; 36 months for units of debt oriented fund	CG	128
Income of unit holder	Taxable u/s 56(1)	IFOS	178
Deduction in computing income	Only interest up to 20% of income [u/s 57]	IFOS	178
Rate of tax	Normal rate	Rate of tax	13
TDS on income in respect of units	U/s 194K if income for FY > 5,000	TDS	213

Also see under '[Shares and Securities](#)'

Voluntary retirement scheme (VRS) compensation

Area	Impact	Chapter	Para
Receipt by employee	Exempt as provided u/s 10(10C) up to max Rs. 5 lakh	Salary	45
Expenditure by employer	Amortized u/s 35DDA in 5 annual instalments	PGBP	98

Will or inheritance

Area	Impact	Chapter	Para
Capital asset acquired under will or inheritance			
• Transferor	Not liable to capital gain	CG	136
• Transferee	Cost is cost to previous owner u/s 49(1)	CG	136
Business asset acquired on inheritance	Special provision to determine actual cost u/s 43(1) for depreciation	PGBP	93.9
Money/property received as gift or for inadequate consideration under will or by inheritance	Not taxable u/s 56(2)(x) in hands of recipient	IFOS	172

Winnings from lotteries, crossword puzzles, races (including horse races), games, gambling, betting

Area	Impact	Chapter	Para
Taxability	Taxable u/s 56(2)(ib)	IFOS	178
Deduction	No deduction allowed [u/s 58(4)]	IFOS	178
Exemption u/s 10(32) from winnings of minor child clubbed with parent u/s 64(1A)	Yes/No (both views possible)	Clubbing	181
Set off of loss	No loss can be set off against winnings; Loss from such activities cannot be set off against any income or carried forward	Set off	Ch. 11
Deduction u/c VIA	Not allowed [u/s 58(4)]	IFOS	178, 192
Benefit of unexhausted basic exemption limit	Not allowed [u/s 58(4)]	Rates of tax	178, 17
Rebate u/s 87A	Allowed from tax on such winnings	Rates of tax	15, 17
Tax rate	30% + SC/HEC [u/s 115BB]	Rates of tax	17
TDS on winnings	U/s 194B, 194BB if winnings > 10,000	TDS	214
TDS on commission to lottery agent	U/s 194G if amount > 15,000	TDS	215
Interest for deferment of advance tax on winning	No interest u/s 234C if shortfall is due to under-estimate or failure to estimate	TDS	231

For activity of owning and maintaining race horses, see under '[Race horses](#)'

