



CRACK-THE-TAX

Sharad's

# Tax Cruiser<sup>TM</sup>

## CA Intermediate Income Tax

[Jump to Index](#)

A **unique** tool to quickly grasp **interlinking** of multiple concepts for solving practical questions

**CA. SHARAD BHARGAVA**

*Tax Learning Expert, CA Ranker, Alumni of EY & KPMG, Former EY India Tax Learning Leader, Teacher & Trainer, Author & Editor of Several Tax Books, Mentor & Coach*

# SAMPLE

“

Overcome the **top** reason why most fail

”

Every Reading =  
**SUPER REVISION!**

**55 TOPICS**  
And Growing!

Need A Topic?  
**GET IT ADDED!**

Tax Cruiser comes with  
CRACK-THE-TAX

Click to buy

[www.TaxWithSharad.com](http://www.TaxWithSharad.com)

amazon

Flipkart



Connect with CA. Sharad Bhargava

CLICK



# WHY Tax Cruiser ?

- Most exam questions cover **multiple** concepts cutting across **several** provisions of Act
- It is must to apply all **interlinked** concepts to solve questions
- Inability to do so is one of the **top reasons** why many students **fail** to clear the Tax exam



## Is there a way?

**Yes! Tax Cruiser** highlights tax concepts connected to key topics so that you clearly understand and quickly grasp the **interlinkages**

# SAMPLE HOW to use Tax Cruiser for maximum benefit?

**Tax Cruiser** refers to the relevant Chapter and Para of TaxBook.<sup>+</sup> This way, both are **cross-linked**. So, when you study a topic, you are aware of inter-linked concepts.

Every reading of **Tax Cruiser** works like a '**super revision**' and gets ingrained in your mind. So, when you solve questions, inter-linked concepts easily spring in your mind.

What's more, you can **get a topic added** to **Tax Cruiser!**

**Tax Cruiser** is a living document. It keeps growing. You are **notified** of updates when you register on [www.TaxWithSharad.com](http://www.TaxWithSharad.com)



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

© Sharad Bhargava. Publishing rights with Bright Spark Ventures. All rights reserved.

Price: **FREE**

## Caution

No part of this document should be reproduced or copied in any form or by any means without the prior written permission of author & publisher. **Breach of this condition will attract severe legal action.** If you come across any such infringement, please notify us immediately on [www.TaxWithSharad.com](http://www.TaxWithSharad.com)



# ABOUT CA. Sharad Bhargava

## The journey

- ✓ B.Com (H) from Shri Ram College of Commerce (SRCC), Delhi University
- ✓ CA Internship from KPMG
- ✓ All India CA Ranker clearing both groups together in first attempt
- ✓ Chartered Accountant
- ✓ Former EY India Tax Learning Leader
- ✓ Teacher & Trainer
- ✓ Author, Editor & Content Advisor of several tax books & publications
- ✓ Tax Learning Mentor & Coach

- > A powerful combination of tax subject matter expertise, strong research and teaching experience and professional services industry experience in Big 4.
- > Numerous training sessions for tax professionals and students.
- > Author of several publications on income-tax for students and professionals. Content advisor and editor to several tax publications and products.
- > Certified Executive Life Coach, having mentored and counselled several students and professionals.

Connect with CA. Sharad Bhargava

CLICK

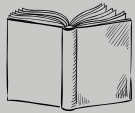




# CRACK-THE-TAX

Best Ever Material, With "On Demand" Mentorship

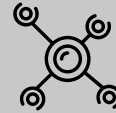
Curated by CA. Sharad Bhargava, the Tax Learning Expert



## TAXBOOK<sup>+</sup>

Sharply exam oriented Tax Workbook (DT) loaded with powerful tools for sure-shot success

Learn maximum in least time with a sharp focus on exams



## TAX CRUISER

A unique tool to quickly grasp interlinking of multiple concepts for solving practical questions

Overcome the top reason why most fail



## GET DIRECT SUPPORT FROM SHARAD SIR

Ask anything on Concepts, TaxBook, Tax Cruiser, Practice Questions & Clear Your Tax Doubts

'On Demand Guidance' for you to learn, connect and ask



## BOOSTERS

Practice high quality ICAI-pattern Case Scenarios & Benefit from Updates & Tips

After studying hard, don't lose out in exams just because you didn't practice enough

# GET CRACK-THE-TAX

ONLY ₹ 399

INTRO OFFER



1



2



Direct Support From Sharad Sir For 9 Months!

3



BOOSTERS Case Scenarios, Important Updates & Exclusive Tips!

4

Or Sign Up FREE & Get Tax Cruiser, Updates & Tips!

Click to buy

[www.TaxWithSharad.com](http://www.TaxWithSharad.com)




Flipkart



Happy with *Tax Cruiser* >>> Share it with your friends & colleagues



# INDEX

Click below to jump to item. Click  to return.

1. [Advance money](#)
2. [Agricultural income](#)
3. [Award or reward](#)
4. [Bonds](#)
5. [Business or profession – Income taxable even if no B/P](#)
6. [Business or profession – Pre commencement expenditure](#)
7. [Buy back](#)
8. [Cash payments](#)
9. [Cash receipts](#)
10. [Closely held company](#)
11. [Compensation](#)
12. [Commission or brokerage](#)
13. [Conversion](#)
14. [Debentures](#)
15. [Disability](#)
16. [Dividend](#)
17. [Education](#)
18. [Employee welfare funds \(PF, SF, GF, etc.\)](#)
19. [ESOP](#)
20. [Fair market value \(FMV\)](#)
21. [Fees for technical services \(FTS\)](#)
22. [Gift or benefit](#)
23. [Goods carriage \(transport operators\)](#)
24. [Hindu Undivided Family \(HUF\)](#)
25. [Immovable property – Land/Building](#)
26. [Inheritance](#)
27. [Insurance](#)
28. [Intangible asset](#)
29. [Interest](#)
30. [Liquidation](#)
31. [Minor](#)
32. [MP/MLA/MLC](#)
33. [Partnership firm](#)
34. [Pension](#)
35. [Profession](#)
36. [Public Provident Fund \(PPF\)](#)
37. [Race horses](#)
38. [Relative, related party](#)
39. [Return of Income - Default](#)
40. [Royalty](#)
41. [Salary \(received\)](#)
42. [Salary \(paid\)](#)
43. [Senior citizen](#)
44. [Shares & securities](#)
45. [Speculative income](#)
46. [Subsidy/grant/reimbursement](#)
47. [Substantial interest](#)
48. [Sukanya Samriddhi Account](#)
49. [Taxes](#)
50. [TDS - Default](#)
51. [Undisclosed sources of income](#)
52. [Units of MF/UTI - Income from](#)
53. [VRS compensation](#)
54. [Will or inheritance](#)
55. [Winnings from lotteries, etc](#)

For best results

**Use Tax Cruiser along with TaxBook<sup>+</sup>**

Get now on [www.TaxWithSharad.com](http://www.TaxWithSharad.com)

### 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 ( <b>FA 2021</b> )	5 Cr ( <b>10 Cr by Finance Act 2021</b> ) 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(iiiib)	PGBP	90
Cash-mode* receipts ≤ 5% of total receipts & cash-mode* payments ≤ 5% of total payments	Limit of 5 Cr ( <b>10 Cr by Finance Act 2021</b> ) 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 (**Finance Act 2021**)

**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
<ul style="list-style-type: none"> <li>Amortized for employer</li> </ul>	Amortized u/s 35DDA	PGBP	98
Retrenchment compensation	Exempt u/s 10(10B)	Salary	46
On termination or modification of terms/conditions:			
<ul style="list-style-type: none"> <li>Of employment (received from employer)</li> </ul>	Taxable as salary u/s 17(3)	Salary	-
<ul style="list-style-type: none"> <li>Of agency, business contract or office of management of company OR for statutory vesting of management in Government</li> </ul>	Taxable as PGBP u/s 28(ii)	PGBP	90
<ul style="list-style-type: none"> <li>Not covered above</li> </ul>	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
<ul style="list-style-type: none"> <li>TDS on compensation or consideration</li> </ul>	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
<ul style="list-style-type: none"> <li>Commission based on fixed % of turnover</li> </ul>	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



### 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](#)'

Happy with *Tax Cruiser* ?



Share it with your  
friends and colleagues !

*Tax Cruiser* comes with  
CRACK-THE-TAX

Click to buy

[www.TaxWithSharad.com](http://www.TaxWithSharad.com)

amazon

Flipkart

