

Online Induction Course for Tax Assistants  
**Organised by Zonal Training Institute, NACIN, New Delhi**

Venue : Faridabad Campus, Sector 29, Faridabad, Haryana.

**Topic :** Income Tax

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- Post-qualification experience of around 24 years in the field of direct & indirect tax particularly income tax, GST , service tax and VAT ,sales tax .
- Experience of handling the litigation matters and advisory matters of Direct taxes particularly income tax and indirect tax like GST, service tax, DVAT, CST, Central Excise and other related matters.
- Authored the book **DNA of GST Audit and Annual return, The *DNA of TDS&TCS* (including withholding tax, advance tax )** ,Background material on GST for empowerment of girl students ICAI, New Delhi
- Guest faculty for certification course on **GST & Certification course on appeal and representation ICAI** , New Delhi;
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## Course contents

### Topics to be discussed:

- Calculation of Income Tax
- Rate of tax as per F.A (No. 2 ) 2024 and special tax rate new tax regime – section 115BAC
- rebate thereof
- Deductions under chapter VI-A and exemptions to salary income
- TDS deduction on salary income
- Changes through F.A (No. 2) bill 2024 related to TDS
- ITR filing

# Contents for discussion

- Finance Act (No. 2) 2024
- Rate of tax as per section 115BAC
- Section 192,15,16 and 17.
- Rule 9(1), 10, 11(2) of - part A, 6 - part B (Forth Schedule), 2A, 2B, 2BB, 2BBA, 3, 3A, 6AAA, 11A, 11B, 11DD, 26, 26A, 28AA, 30, 31, 115, 125, 126B.

**Rate of tax, surcharge and cess.**

# Rates of tax- other than section 115BAC

Individual other than senior citizen

<i>Sl. No.</i>	<i>Total Income</i>	<i>Rate of tax</i>
1	Where the total income does not exceed Rs. 2,50,000/-.	Nil
2	Where the total income exceeds Rs. 2,50,000/- but does not exceed Rs. 5,00,000/-.	5 % of the amount by which the total income exceeds Rs. 2,50,000/-
3	Where the total income exceeds Rs. 5,00,000/- but does not exceed Rs. 10,00,000/-.	Rs. 12,500/- plus 20 % of the amount by which the total income exceeds Rs. 5,00,000/-.
4	Where the total income exceeds Rs. 10,00,000/-.	Rs. 1,12,500/- plus 30 % of the amount by which the total income exceeds Rs. 10,00,000/-

# Rates of tax

Individual Age 60 years but less than 80 years

<i>Sl. No.</i>	<i>Total Income</i>	<i>Rate of tax</i>
1	Where the total income does not exceed Rs. 3,00,000/-	Nil
2	Where the total income exceeds Rs. 3,00,000 but does not exceed Rs. 5,00,000/-	5 % of the amount by which the total income exceeds Rs. 3,00,000/-
3	Where the total income exceeds Rs. 5,00,000/- but does not exceed Rs. 10,00,000/-	Rs. 10,000/- plus 20 % of the amount by which the total income exceeds Rs. 5,00,000/-.
4	Where the total income exceeds Rs. 10,00,000/-	Rs. 1,10,000/- plus 30 % of the amount by which the total income exceeds Rs. 10,00,000/-

# Rates of tax

Individual Age above 80 years

<i>Sl. No.</i>	<i>Total Income</i>	<i>Rate of tax</i>
1	Where the total income does not exceed Rs. 5,00,000/-	Nil
2	Where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000/-	20 % of the amount by which the total income exceeds Rs. 5,00,000/-
3	Where the total income exceeds Rs. 10,00,000/-	Rs. 1,00,000/- plus 30 % of the amount by which the total income exceeds Rs. 10,00,000/-



# Surcharge on Income Tax

total income" "(including the income under the provisions of section 111A and section 112A)"	Rate of surcharge on income tax
TI exceeding ₹ 50 lakh but not exceeding ₹ 1 crore	10 %
TI exceeding ₹1 crore but not exceeding ₹2 crore	15%
TI exceeding ₹ 2 crore but not exceeding ₹ 5 crore	25%
TI exceeding ₹ 5 crore	37%

**Section 111 A is related to tax on accumulated provident fund and Section 112 A tax on long term capital gain on securities without indexation .**

**Concessional surcharge- Separate reporting of surcharge on income chargeable to tax under sections 112A, 111A, 115AD in ITR -2,3,5.**

The rate of surcharge was enhanced by the Finance (No. 2) Act, 2019. Two new additional rates of surcharge have been introduced, that is, 25% and 37% where the income exceeds Rs. 2 crores and Rs. 5 crore, respectively. However, due to the concerns raised by the domestic and foreign investors, the enhanced rates of surcharge of 25% or 37% were withdrawn on the **individual, HUF, AOP, BOI and Artificial Juridical Person** in respect of tax payable on income arising from the transfer of long-term or short-term capital assets taxable under sections 111A, 112A and income taxable under proviso to section 115AD(1)(ii)(iii).

Columns have been inserted in ITR for separate reporting of surcharge on income chargeable under sections 111A, 112A and proviso to section 115AD(1)(ii)/(iii).

**concession in Surcharge on certain income**

Total income less than Rs. 50 lakh – nil

Total income more than 50 lakh but upto Rs 1 cr- 10%

Total income more than 1 cr but upto Rs 2 cr- 15%

Total income more than Rs. 2 cr but upto Rs 5 cr- 25% on income tax other than tax on income arising from the transfer of long-term or short-term capital assets taxable under sections 111A, 112A, surcharge on tax on income referred u/s 111A, 112A- 15%

Total income more than Rs. 5 cr - 37% on income tax other than tax on income arising from the transfer of long-term or short-term capital assets taxable under sections 111A, 112A. surcharge on tax on income referred u/s 111A, 112A- 15%

# Health and Education Cess

- **Health and Education Cess" shall be levied at the rate of 4% of income tax** including surcharge wherever applicable,
- No marginal relief shall be available in respect of such cess.

## NEW TAX RATE UNDER 115BAC FOR AY 2025-26 AS PER F. A (No. 2) 2024

existing slab & Tax rate		proposal of new slab & Tax rate	
income upto Rs 3 lakh	NIL	income upto Rs 3 lakh	NIL
Rs.3 Lakh to Rs 6 Lakh	5%	Rs.3 Lakh to Rs 7 Lakh	5%
Rs.6 Lakh to Rs 9 Lakh	10 %.	Rs.7 Lakh to Rs 10 Lakh	10 %
Rs.9 Lakh to Rs 12 Lakh	15%	Rs. 10 Lakh to Rs 12 Lakh	15%
Rs.12 Lakh to Rs 15 Lakh	20%	Rs.12 Lakh to Rs 15 Lakh	20%.
Above Rs 15 lakh	30%	Above Rs 15 lakh	30%

## Features of newly inserted section 115BAC- optional tax rate for individual and HUF

- ☐ Option for old scheme to be *exercised in the prescribed manner before due date of return of income filed under section 139(1)*
- ☐ Belated return – no option but compulsion to pay tax under new scheme and he can't C/F losses.
- ☐ Beneficial for those not interested in making investment
- ☐ More liquidity in market for expenditure
- ☐ Increase in collection of GST if more expenditure

- Optional of tax payer
- Certain conditions for opting lower tax rate such as :
- No exemption u/s 10(5) for LTC,
- No exemption u/s 10(13A) for HRA, 10(14) special allowance, 10(17) allowance to MLA/MP, 10(32) income of minor upto Rs.1500/- per child or
- only standard deduction allowed u/s 16(i) but no deduction u/s section 16(ii/iii) for professional tax/entertainment allowance or
- *No deduction for interest on housing loan u/s 24(b) or Chapter VI-A only deduction under section 80CCD(2)-employer contribution to pension fund, 80CCH(2)-Agniveer Corpus Fund or section 80JJAA deduction of 30% of additional cost for new employee;*
- *without set off of any loss*

Head of income ,  
deductions  
Rebate

- Salary – section 10,15,16,17
- House property section 22,23,24,25,26,27
- Business/ profession income section 28-44 DB
- Capital gain section 45 to 55AA
- Income from other sources section 56 to 58
- Clubbing provisions section 64,65
- Set off /c/f and set off section 71 to 79
- Deductions section 80C to 80U
- Rebate u/s 87A
- Tax rate F.A, Income tax Act

# Tax on Dividend

- Earlier the incidence of tax on dividend distribution by domestic companies was to such company as per sec 115-O but now this sec abolished and now incidence of tax on dividend distribution shifted to the shareholders of such domestic companies.
- Earlier it was taxable in the hand of individual shareholders as per similar line if dividend received from domestic companies (in aggregate) exceed by Rs10,00,000 only but now as from 1-04-2021 are irrespective of the limit the dividend received from domestic companies are chargeable to tax in the hand of shareholder.

## Amendment in the definition of perquisites u/s 17(2)

- A combined upper limit of Rs. 7.50 lakh per employee in respect of Employer's Contribution in a year to NPS, Superannuation Fund and Recognized Provident fund has been proposed and any **excess contribution is proposed to be taxable in the hands of employees.**
- Consequently, it is also proposed that any annual accretion in the form of interest, dividend or any other amount of similar nature on such taxable Employer's Contribution during the previous year shall also be treated as perquisite.



# **Chargeability of salary income, deductions & exemption**

## Income chargeable under head salary

- ☐ Salaried due
- ☐ Salary received or advance Received
- ☐ Arrear of salary

**15.** The following income shall be chargeable to income-tax under the head "Salaries"—

- (a) any **salary due** from an employer or a former employer to an assessee in the previous year, whether paid or not;
- (b) any **salary paid or allowed** to him in the previous year by or on behalf of an employer or a former employer though not due or before it became due to him;
- (c) any **arrears of salary** paid or allowed to him in the previous year by or on behalf of an employer or a former employer, if not charged to income-tax for any earlier previous year.

[*Explanation 1*].—For the removal of doubts, it is hereby declared that where any salary **paid in advance** is included in the total income of any person for any previous year it shall not be included again in the total income of the person when the salary becomes due.

[*Explanation 2*.—Any **salary, bonus, commission or remuneration**, by whatever name called, due to, or received by, a partner of a firm from the firm shall not be regarded as "salary" for the purposes of this section.]

## DEDUCTIONS FROM SALARY INCOME U/S 16

Limit of Standard deduction has been increased from Rs. 50,000 to Rs. 75,000 by the Finance (no-2) Act, 2024 , w.e.f. .i. e AY 2025-26

In some of the state like Jharkhand, Bihar, Maharashtra etc there is employment tax levied by the State government, deduction shall be available for tax on employment

The income chargeable under the head “Salaries” shall be computed after making the following **deductions**, namely:-

(i) Standard deduction not allowed. Omitted by the Finance Act, 2005, w.e.f. 1-4-2006. Re-introduced again by Finance act 2018 w.e.f 2019-20.

“(ia) a deduction of ₹ 75,000/- by (F.A No.2) 2024(earlier ₹50,000/- or the amount of the salary, whichever is less;”.

[(ii) a deduction in respect of any allowance in the nature of an **entertainment allowance** specifically granted by an employer to the assessee who is in receipt of a **salary from the Government**, a sum equal to **one-fifth of his salary** (exclusive of any allowance, benefit or other perquisite) or **Rs 5000/-**, whichever is **less**;

(iii) a deduction of any sum paid by the assessee on account of a **tax on employment** within the meaning of clause (2) of article 276 of the Constitution, leviable by or under any law.]

**Note:** so only 3 deductions against salary income namely standard deduction, entertainment allowance to government employee and tax on employment for all type of employee.

# Meaning of Salary under section 17 (1)

- ❑ Inclusive definition of salary
- ❑ Salary includes monetary as well as non-monetary consideration
- ❑ Salary includes retirement benefits as well

salary” includes

- (i) wages;
- (ii) any annuity or pension;
- (iii) any gratuity;
- (iv) any fees, commissions, **perquisites** or **profits in lieu of or in addition to any salary** or wages;
- (v) any advance of salary;
- [(va) any payment received by an employee in respect of any period of leave not availed of by him;]
- (vi) the annual accretion to the balance at the credit of an employee participating in a recognized provident fund, to the extent to which it is chargeable to tax under rule 6 of Part A of the Fourth Schedule;
- (vii) the aggregate of all sums that are comprised in the transferred balance as referred to in sub-rule (2) of rule 11 of Part A of the Fourth Schedule of an employee participating in a recognized provident fund, to the extent to which it is chargeable to tax under sub-rule (4) thereof; and
- [(viii) the contribution made by the Central Government [or any other employer] in the previous year, to the account of an employee under a pension scheme referred to in section 80CCD;]

## Perquisite under section 17(2)

Perquisite consist of any benefit or amenity are granted or provided free of cost or at concessional rate like rent-free accommodation etc or Obligation of employee paid by employer

- (i) the value of **rent-free accommodation** provided to the assessee by his employer;
- (ii) the value of any **concession in the matter of rent** respecting any accommodation provided to the assessee by his employer;
- (iii) the **value of any benefit or amenity granted or provided free of cost or at concessional rate** in any of the following cases
  - (a) by a **company** to an employee who is a **director** thereof;
  - (b) by a company to an **employee being a person who has a substantial interest** in the company;
  - (c) by any employer (including a company) to an employee to whom the provisions of paragraphs (a) and (b) of this sub-clause do not apply and whose income [under the head “Salaries” (whether due from, or paid or allowed by, one or more employers), exclusive of the value of all benefits or amenities not provided for by way of monetary payment, **exceeds Rs 50000/-**

- (iv) any sum **paid by the employer in respect of any obligation** which, but for such payment, would have been payable by the assessee;
- (v) any sum payable by the employer, whether directly or through a fund, other than a recognized provident fund or an approved superannuation fund [or a Deposit-linked Insurance Fund established under section 3G of the Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948 (46 of 1948), or, as the case may be, section 6C of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (19 of 1952)], to **effect an assurance on the life of the assessee** or to effect a contract for an annuity;
- [(vi) the value of any specified security or **sweat equity shares allotted or transferred**, directly or indirectly, by the employer, or former employer, free of cost or at concessional rate to the assessee.
- (vii) the amount of any contribution to an approved superannuation fund by the employer in respect of the assessee, to the extent it exceeds `1 lac (w.e.f. 01st April 2017 increased to Rs. 1,50,000); and
- (viii) the value of any other fringe benefit or amenity as may be prescribed:

**Note refer rule 3 of the Income Tax Rule is the prescribed rule for valuation of perquisite**

## ***For valuation of the perquisite***

***valuation of the perquisite of  
rent free unfurnished  
accommodation,***

***A. For all employees are divided into two  
categories:***

(i) For employees of the Central and State governments the value of perquisite shall be equal to the **licence fee** charged for such accommodation as reduced by the rent actually paid by the employee.

**Example:** Suppose license fee is Rs. 25,000 p.m. and rent actually paid by employee is Rs. 10,000 per month then value of perquisite shall be 15,000 (25,000-10,000) p.m.

**Note:** Employees of autonomous, semi-autonomous institutions, PSUs/PSEs & subsidiaries, Universities, etc. are not covered under this method valuation.

***Valuation of the  
perquisite of furnished  
accommodation***

Valuation of unfurnished accommodation (+) 10% of cost of furniture/hire charges less amount recovered from employee

***Value of perquisite as determined by the above method (in A) shall be increased by-***

- (i) 10% of the **cost** of furniture, appliances and equipments, or
- (ii) where the furniture, appliances and equipments have been taken on hire, by the amount of actual **hire charges** payable.

and the value so arrived shall be reduced by any charges paid by the employee himself.



## Profits in lieu of salary

Compensation for termination or modification in the terms and conditions of employment is known as profit in lieu of salary

(i) the amount of any **compensation** *due to or received* by an assessee from his employer or former employer at or in connection with the *termination* of his employment or the *modification* of the terms and conditions relating thereto;

(ii) any payment (other than any payment referred to in clause (10), [clause (10A)], [clause (10B)], clause (11), [clause (12) [clause (13)] or clause (13A)] of section 10), due to or received by an assessee from an employer or a former employer or from a provident or other fund , to the extent to which it does not consist of contributions by the assessee or [interest on such contributions or any sum received under a Keyman insurance policy including the sum allocated by way of bonus on such policy.

“Keyman insurance policy” shall have the meaning assigned to it in clause (10D) of section 10;]

(iii) any amount due to or received, whether in **lump sum** or otherwise, by any assessee from any person:-

a. Before his joining any employment with that person; or

b. After cessation of his employment with that person.

## Major Exemptions from the salary income

## GRATUITY [SECTION 10(10)]

**Death-cum-retirement gratuity** or any other gratuity is exempt to the extent specified from inclusion in computing the total income under Section 10(10).

1. Any death-*cum*-retirement gratuity received under the revised Pension Rules of the **Central Government** or, as the case may be, the Central Civil Services (Pension) Rules, 1972, or under any similar scheme applicable to the members of the civil services of the Union or holders of posts connected with defence or of civil posts under the Union (such members or holders being persons not governed by the said Rules) or to the members of the all-India services or to the members of the civil services of a State or holders of civil posts under a State or to the employees of a local authority or any payment of retiring gratuity received under the Pension Code or Regulations applicable to the members of the defence service is **fully exempt**.
2. Gratuity received in cases **other** than those mentioned above, on retirement, termination etc is exempt up to the limit as prescribed by the Board. Presently the limit is Rs. 20 lakhs w.e.f. 29.03.2018 as per CBDT Notification No. S.O. 1213(E), dated 8 March 2019.

**Note:** A professor/teacher of University established under an act of Parliament or a state legislature as well as of a colleges affiliated to such University or constituent college of such University is treated as government employee and therefore eligible for leave encashment exemption. Ram Kanwar Rana versus ITO (2016) 71 taxmann.com 54(Delhi Tribunal)]

## Commutation of pension u/s 10(10A)

- 1) **In case of Government employee:** Any payment in commutation of pension received under the Civil Pensions (Commutation) Rules of the Central Government or under any similar scheme applicable to the members of the civil services of the Union or holders of posts connected with defence or of civil posts under the Union (such members or holders being persons not governed by the said Rules) or to the members of the all- India services or to the members of the defence services or to the members of the civil services of a State or holders of civil posts under a State or to the employees of a local authority] or a corporation established by a Central, State or Provincial Act, **is fully exempt**
- 2) In case of Judges: Fully exempt in case of commutation of pension by judges of Supreme Court and High Court. Un-commutated pension will continue to be assessed as income from salary (Circular 623 dated 06/01/1992).
- 3) In case of other employees: As regards payments in commutation of pension received under any scheme of any other employer, exemption will be governed by the provisions of section 10(10A)(ii).
- 4) In case of non-government employee entitled to gratuity, committed value of  $\frac{1}{3}$ <sup>rd</sup> of the pension shall be exempt and balance amount shall be taxable.
- 5) In case of non-government employee not entitled to gratuity,  $\frac{1}{2}$ <sup>th</sup> of the commutated value of pension shall be exempt and remaining shall be taxable.
- 6) Also, any payment in commutation of pension from a fund referred to in Section 10(23AAB) is exempt under Section 10(10A)(iii).

## LEAVE ENCASHMENT [SECTION 10(10AA)]

1. Any payment received by an employee of the **Central Government\* or a State Government\***, as **cash-equivalent of the leave salary** in respect of the period of earned leave at his credit **at the time of his retirement**, whether on superannuation or otherwise, is **fully exempt** under Section 10(10AA)(i).
2. In the case of **other employees**, this exemption will be determined with reference to the leave to their credit at the time of retirement on superannuation or otherwise, subject to a maximum of **10 months' leave**. This exemption will be further limited to the maximum amount specified by the Government of India NOTIFICATION S.O. 2276(E) [NO. 31/2023/F. NO. 200/3/2023-ITA-I], DATED 24-5-2023 **at Rs. 25 lakh ( earlier Rs. 3 lakh applicable from 01-04-2023.**
3. Leave encashment in the hand of legal heir is not a payment received by employee from the employer and therefore not liable to TDS under 192.

**Note: A professor/teacher of University established under an act of Parliament or a state legislature as well as of a colleges affiliated to such University or constituent college of such University is treated as government employee and therefore eligible for leave encashment exemption. Ram Kanwar Rana versus ITO (2016) 71 taxmann.com 54(Delhi Tribunal)]**

## RETRENCHMENT COMPENSATION [SECTION 10(10B)]

1. The **retrenchment compensation** received by a workman is exempt from income-tax subject to certain limits. The maximum amount of retrenchment compensation exempt is the sum calculated on the basis provided in section 25F(b) of the Industrial Disputes Act, 1947 which shall be 15 days average pay for every completed year of continuous service or part thereof subject to limit of 6 months or any amount not less than `50,000/- as the Central Government may by notification specify in the Official Gazette, whichever is less. The maximum limit of such payment is Rs. 5,00,000/- where retrenchment is on or after 1.1.1997 as specified in Notification No. 10969 of 25-06-1999.
2. No limits shall in the case where the compensation is paid under any **scheme which is approved in this behalf by the Central Government**, having regard to the need for extending special protection to the workmen in the undertaking to which the scheme applies and other relevant circumstances.

## VOLUNTARY RETIREMENT/SEPARATION [SECTION 10(10C)]

Any payment received or receivable (even if received in instalments) by an employee of the following bodies at the time of his voluntary retirement or termination of his service, in accordance with any scheme or **schemes of voluntary retirement** or in the case of public sector company, a **scheme of voluntary separation**, **is exempt from income-tax to the extent** that such amount does not exceed **Rs. 5,00,000/-**

- (a) A public sector company;
- (b) Any other company;
- (c) An Authority established under a Central, State or Provincial Act;
- (d) A Local Authority;
- (e) A Cooperative Society;
- (f) A university established or incorporated or under a Central, State or Provincial Act, or, an Institution declared to be a University under section 3 of the University Grants Commission Act, 1956;
- (g) Any Indian Institute of Technology within the meaning of Section 3(g) of the Institute of Technology Act, 1961;
- (h) Such Institute of Management as the Central Government may by notification in the Official Gazette, specify in this behalf. The exemption of amount received under VRS has been extended to employees of the Central Government and State Government and employees of notified institutions having importance throughout India or any State or States.

**PAYMENT FROM A  
PROVIDENT FUND  
[SECTION 10(11)]**

**Any payment from a Provident Fund** to which the Provident Funds Act, 1925, applies or from any other provident fund set up by the Central Government and notified by it in the Official Gazette is exempt under section 10(11).



# HRA [SECTION 10(13A) READ WITH RULE 2A]

If no actual expenditure by way of payment of rent no exemption of HRA

Any special allowance specifically granted to an assessee by his employer to meet **expenditure incurred on payment of rent** (by whatever name called) in respect of residential accommodation **occupied by the assessee** is exempt from Income-tax to the extent as may be **prescribed**, having regard to the area or place in which such accommodation is situated and other relevant considerations.

According to Rule 2A of the Rules, the **quantum of exemption** allowable on account of grant of special allowance to meet expenditure on payment of rent shall be the least of the following:

- (a) the **actual amount** of such allowance received by the assessee in respect of the relevant period i. e. the period during which the accommodation was occupied by the assessee during the financial year; or
- (b) the **actual expenditure incurred** in payment of rent in **excess** of 1/10th of the salary due for the relevant period; or
- (c )
  - (i) where such accommodation is situated in Bombay, Calcutta, Delhi or Madras, **50%** of the salary due to the employee for the relevant period; or
  - (ii) where such accommodation is situated in any other places, **40%** of the salary due to the employee for the relevant period,

## Meaning of Salary for HRA calculation

**Salary** includes dearness allowance, if the terms of employment so provide, but excludes all other allowances and perquisites.

It has to be noted that only the expenditure actually incurred on payment of rent in respect of residential accommodation occupied by the assessee subject to the limits laid down in Rule 2A, qualifies for exemption from income-tax.

# Major Deduction

**Section 80C, Deduction in respect of life insurance premia, deferred annuity, contributions to provident fund**

**Section 80CCC: Deduction in respect of contribution to certain pension funds**

**Section 80D: Deduction in respect of health insurance premia and preventive health checkup of individual , parents, spouse family member**

**Section 80DD: Deductions in respect of maintenance including medical treatment of a dependent who is a person with disability (section 80DD):**

**Section 80DDB:Deduction in respect of medical treatment, etc;**

**Section 80E: Deduction in respect of interest on loan taken for higher education**

**Section 80EE: Deduction in respect of interest on loan taken for residential house property**

**80EEA:Deduction in respect of interest on loan taken during FY 19 20 for certain house property.**

## Major Deduction

**Section 80C**, entitles an employee to deductions for the whole of amounts paid or deposited in the current financial year in the following schemes, **subject to a limit of Rs.1,50,000/-**:

**Deduction in respect of Life insurance premia, deferred annuity, contributions to provident fund, subscription to certain equity shares or debentures, etc. (section 80C)**

## Section 80D

S. No.	Persons for whom payment made	Nature of payment	Mode of payment	Allowable Deduction (in Rs)
1	Employee or his family	the whole of the amount paid to effect or to keep in force an insurance on the health of the employee or his family or any contribution made to the CGHS or such other scheme as may be notified by Central Government (Finance Act 2013) any payment on account of preventive health check-up of the employee or family, <i>[restricted to Rs 5000/-; cash payment allowed here]</i>	any mode other than cash	Aggregate allowable is Rs 25,000/ (Rs 50000*/-for senior and very senior citizen)
2	Parent or Parents of employee	the whole of the amount paid to effect or keep in force an insurance on the health of the parent or parents of the employee or any payment made on account of preventive health check-up of the parent or parents of the employee <i>[restricted to Rs 5000/-; cash payment allowed here]</i>	any mode other than cash	Aggregate allowable is Rs 25,000/ (Rs 50000*/- for senior and very senior citizen)

### **Deductions in respect of maintenance including medical treatment of a dependent who is a person with disability (section 80DD):**

Under **section 80DD**, where an employee, who is a resident in India, has, during the previous year:-

- (a) incurred any **expenditure for the medical treatment (including nursing), training and rehabilitation of a dependant, being a person with disability**; or
- (b) **paid or deposited** any amount under a scheme framed in this behalf by the Life Insurance Corporation or any other insurer or the Administrator or the specified company subject to the conditions specified in this regard and **approved by the Board** in this behalf for the maintenance of a dependant, being a person with disability, the employee shall be allowed a deduction of a sum of Rs. 75000\*/- from his gross total income of that year. However, where such dependant is a person with **severe disability**, an amount of Rs. 1 lac\* shall be allowed as deduction subject to the specified conditions.

\*Note: In view of the rising cost of medical care and special needs of a disabled person, section 80DD has been amended to raise the limit of deduction in respect of a person with disability from ₹ 50000/- to ₹75000/-. Section 80DD has further been amended to raise the limit of deduction in respect of a person with severe disability from **₹1,00,000 to ₹ 1,25,000**.

**Note:** disability" shall have the meaning assigned to it in clause (i) of section 2 of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995 (1 of 1996) <sup>68</sup>[and includes "autism", "cerebral palsy" and "multiple disability" referred to in clauses (a), (c) and (h) of section 2 of the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999 (44 of 1999)];

## Section 80DDB

### Deduction in respect of medical treatment of specified disease for himself or dependent, etc.

- Section **80DDB** allows a deduction in case of employee, who is **resident** in India, during the previous year, of any **amount actually paid for the medical treatment of such disease or ailment** as may be specified in the rules 11DD (1) **for himself or a dependant**. The deduction allowed is equal to the amount actually paid or Rs. 40,000 whichever is less.
- Further the amount paid should also be reduced by the amount received if any under insurance from an insurer or reimbursed by an employer.
- In case of a senior citizen (an individual resident in India who is of the age of **60 years** or more at any time during the relevant previous year) the amount of deduction allowed is Rs. 60,000\*/-.
- In case of very senior citizen of the age of 80 years or more and the limit will be Rs. 80,000\*/-with effect from assessment year 2016 – 17
- DDO must ensure that the **employee furnishes a certificate in Form 10-I from a neurologist, an oncologist, a urologist, nephrologist, a haematologist, an immunologist or such other specialist, as mentioned in Rule 11DD. Certificate from a doctor working in government Hospital is essential for claiming deduction under this section\***.

\*It is proposed to amend the provisions of section 80DDB of the Act by Finance Act 2018 w.e.f 2019-20 so as to raise this monetary limit of deduction to Rs 1,00,000/- for both senior citizens and very senior citizens.

## Section 80E

### **Deduction in respect of interest on loan taken for higher education (Section 80E):**

Section 80E allows deduction in respect of **payment of interest** on loan taken from any **financial institution or any approved charitable institution** for higher education for the purpose of pursuing **his** higher education or for the purpose of higher education of **his spouse or his children** or the student for whom he is the legal guardian.

The deduction shall be allowed in computing the total income for the financial year in which the **employee starts paying the interest** on the loan taken and immediately succeeding **seven Financial years** or until the Financial year in which the interest is paid in full by the employee, whichever is earlier.

For the purpose of this section:-

- (a)“approved charitable institution” means an institution established for charitable purposes and approved by the prescribed authority section 10(23C), or an institution referred to in section 80G(2)(a);
- (b)“financial institution” means a banking company to which the Banking Regulation Act, 1949 applies (including any bank or banking institution referred to in section 51 of that Act); or any other financial institution which the Central Government may, by notification in the Official Gazette, specify in this behalf;
- (c)“higher education” means any course of study pursued after passing the Senior Secondary Examination or its equivalent from any school, board or university recognized by the Central Government or State Government or local authority or by any other authority authorized by the Central Government or State Government or local authority to do so;

## **Section 80EE: Deduction in respect of interest on loan taken for residential house property**

- ☐ Loan < Rs. 35 Lakhs
- ☐ Value of house property upto ₹ 50laks
- ☐ Assessee has One residential house, spouse or parents may have other.

- In computing the total income of an individual, there shall be deducted, in accordance with and subject to the provisions of this section, interest payable on loan taken by him from any financial institution for the purpose of acquisition of a residential property.
- limit of deduction : ₹ 50000/-
- conditions:
  - i. the loan has been sanctioned by the financial institution during the period 1st day of April, 2016 to 31st day of March, 2017;
  - ii. the amount of loan sanctioned for acquisition of the residential house property does not exceed ₹ 35lakh ;
  - iii. the value of residential house property does not exceed ₹ 50 lakh;
  - iv. the assessee does not own any residential house property on the date of sanction of loan.



## Section 80EEA: Deduction in respect of interest on loan taken for certain house property.

*Where a deduction under this section is allowed for any interest referred to in sub-section (1), deduction shall not be allowed in respect of such interest under any other provision of this Act for the same or any other assessment year [ 80EEA(4)] in other words no deduction u/s 24(b)*

- (1) In computing the total income of an assessee, being an **individual** not eligible to claim deduction under [section 80EE](#) , there shall be deducted, in accordance with and subject to the provisions of this section, interest payable on loan taken by him from any financial institution for the purpose of acquisition of a residential house property.
- limit of deduction : ₹ 1,50,000/- from **AY 20-21**
- conditions: The deduction under sub-section (1) shall be subject to the following conditions, namely:—
  - i. the loan has been sanctioned by the financial institution during 1st day of April, 2019 to 31st day of March, 2022;
  - ii. the stamp duty value of residential house property does not exceed ₹45 lakh;
  - iii. the assessee does not own any residential house property on the date of sanction of loan.

## Section 80EEB: Deduction in respect of purchase of electric vehicle.

*Where a deduction under this section is allowed for any interest referred to in sub-section (1), deduction shall not be allowed in respect of such interest under any other provision of this Act for the same or any other assessment year. [80EEB(4)]*

- *(1) In computing the total income of an assessee, being an individual, there shall be deducted, in accordance with and subject to the provisions of this section, interest payable on loan taken by him from any financial institution for the purpose of purchase of an electric vehicle.*
- *limit of deduction : ₹ 1,50,000/- from AY 20-21*
- *conditions: The deduction under sub-section (1) shall be subject to the condition\* that the loan has been sanctioned by the financial institution during the period beginning on the 1st day of April, 2019 and ending on the 31st day of March, 2023.*
- **electric vehicle"** means a vehicle which is powered **exclusively by an electric motor** whose traction energy is supplied exclusively by traction battery installed in the vehicle and has such electric regenerative braking system, which during braking provides for the conversion of vehicle kinetic energy into electrical energy;

## Section 80G

- **Section 80G** provides for deductions on account of donation made to various funds , charitable organizations etc. In cases where employees make donations to the Prime Minister's National Relief Fund, the Chief Minister's Relief Fund or the Lieutenant Governor's Relief Fund through their respective employers, it is not possible for such funds to issue separate certificate to every such employee in respect of donations made to such funds as contributions made to these funds are in the form of a consolidated cheque. An employee who makes donations towards these funds is eligible to claim deduction under section 80G. It is, hereby, clarified that the claim in respect of such donations as indicated above will be admissible under section 80G on the basis of the certificate issued by the Drawing and Disbursing Officer (DDO)/Employer in this behalf - Circular No. 2/2005, dated 12-1-2005.
- The National Fund for Control of Drug Abuse is a fund created by the Government of India in the year 1989, under the Narcotic Drugs and Psychotropic Substances Act, 1985. Since National Fund for Control of Drug Abuse is also a Fund of national importance, section 80G has been amended to provide hundred per cent. deduction in respect of donations made to the said **National Fund for Control of Drug Abuse**.
- **Amendment BY FA 2020**:the institution or fund furnishes to the donor, a certificate specifying the amount of donation in such manner, containing such particulars and within such time from the date of receipt of donation, as may be prescribed: Form 10BD statement of NGO and form 10BE certificate for 80G deduction.
- **TAXATION AND OTHER LAWS (RELAXATION OF CERTAIN PROVISIONS) ORDINANCE, 2020** : Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund(**PM care fund**) is also eligible for 100% deduction.

# Section 80GG

**Deductions in respect of rents paid (Section 80GG):**

**Section 80GG** allows the employee to a deduction in respect of **house rent paid by him for his own residence**. Such deduction is permissible subject to the following conditions:-

- (a) The employee has not been in receipt of any House Rent Allowance specifically granted to him which qualifies for exemption under section 10(13A) of the Act;
- (b) The employee files the declaration in Form No.10BA. **(Annexure X)**
- (c) The employee does not own:
  - (i) any residential accommodation himself or by his spouse or minor child or where such employee is a member of a Hindu Undivided Family, by such family, at the place where he ordinarily resides or performs duties of his office or carries on his business or profession; or
  - (ii) at any other place, any residential accommodation which is in the occupation of the employee, the value of which is to be determined under section 23(2)(a) or section 23(4)(a), as the case may be.
- (d) He will be entitled to a deduction in respect of house rent paid by him in excess of 10% of his total income. The deduction shall be equal to 25% of total income or Rs. 2,000/- per month (Increased to **Rs. 5000 w.e.f. 01st April 2017**), whichever is less. The total income for working out these percentages will be computed before making any deduction under section 80GG.

Note: Drawing and Disbursing Authorities(DDO) should satisfy themselves that all the conditions mentioned above are satisfied before such deduction is allowed by them to the employee. They should also satisfy themselves in this regard by insisting on production of evidence of actual payment of rent.

# Deduction in respect of certain donations for scientific research or rural development- section 80GGA

LIMIT HAS BEEN REDUCED TO ₹ 2000/-  
FROM ₹10000/- BY FA 2020 for cash  
donation.

## Section 80TTA :Deduction in respect of interest on deposits in savings account- available to individual or a Hindu undivided family

**Section 80TTA** has been introduced from the Financial Year 2012-13 and it allows from his gross total income if it includes any income by way of **interest on deposits** (*not being time deposits*) in a savings account, a **deduction** amounting to:

- (i) in a case where the amount of such income does not exceed in the aggregate ₹ 10000/-, the whole of such amount; and
- (ii) in any other case, ₹ 10000/-.

The deduction is available if such savings account is maintained in a

- (a) banking company
- (b) co-operative society engaged in carrying on the business of banking
- (c) Post Office as defined in clause (k) of section 2 of the Indian Post Office Act, 1898,

*For this section, “time deposits” means the deposits repayable on expiry of fixed periods.*

**Note:** No deduction u/s 80 TTA, shall be allowed if deduction claimed u/s 80TTB.

***Deduction in respect of interest on deposits in case of senior citizens.***—(1) Where the gross total income of an assessee, being a **senior citizen**, includes any income by way of **interest on deposits** with—

- (a) a banking company
- (b) a co-operative society engaged in carrying on the business of banking; or
- (c) a Post Office

there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction—

- (i) in a case where the amount of such income does not exceed in the aggregate **₹50,000/-**, the whole of such amount; and
- (ii) in any other case, **₹50,000/-**.

**Explanation.**—For the purposes of this section, “senior citizen” means an individual resident in India who is of the age of 60 years or more at any time during the relevant previous year.’

## **Deductions in respect of a person with disability (section 80U):**

Under **section 80U**, in computing the total income of an individual, being a **resident**, who, at any time during the previous year, is certified by the medical authority to be a **person with disability**, there shall be allowed a deduction of a sum of Rs. 75000/-. However, where such individual is a person with **severe disability**, a higher deduction of Rs. **1,25,000/-** shall be allowable.

DDOs should note that 80DD deduction is in case of the dependent of the employee whereas 80U deduction is in case of the employee himself. However under both the Sections the employee **shall** furnish to the DDO following:

1. A copy of the **certificate issued by the medical authority in form 10-IA**. as defined in Rule 11A(1) in the prescribed form as per Rule 11A(2) of the Rules. The DDO has to allow deduction only after seeing that the Certificate furnished is from the Medical Authority defined in this Rule and the same is in the form as mentioned therein.
2. Further in cases where the condition of disability is temporary and requires reassessment of its extent after a period stipulated in the aforesaid certificate, no deduction under this section shall be allowed for any subsequent period **unless a new certificate** is obtained from the medical authority as in 1 above and furnished before the DDO.



## Section 87A

- Rebate of tax eligibility :
- Individual only
- Resident
- Total income upto ₹ 5 lakhs
- Rebate amount upto ₹ 12,500/-
- Rebate from tax

### **REBATE OF TAX FOR INDIVIDUALS HAVING TOTAL INCOME UPTO CERTAIN AMOUNT [SECTION 87A] – old tax regime**

An assessee, being an individual resident in India, whose total income does not exceed ₹ 5 lakhs , shall be entitled to a deduction, from the amount of income-tax (as computed before allowing the deductions under this Chapter) on his total income with which he is chargeable for any assessment year, of an amount equal to 100% of such income-tax or an amount of ₹ 12,500/-, whichever is less.

Accordingly while calculating the amount of tax to be deducted correct amount of rebate must be reduced from the gross total tax liability in eligible cases.

## Section 87A

- Rebate of tax eligibility :
- Individual only
- Resident
- Total income upto ₹ 7 lakhs
- Rebate amount 100% of tax upto ₹ 25000/-
- Rebate from tax

### REBATE OF TAX [SECTION 87A] – new tax regime

1. *total income does not exceed Rs. 7 lakh , the assessee shall be entitled to a deduction, from the amount of income-tax (as computed before allowing for the deductions under this Chapter) on his total income with which he is chargeable for any assessment year, of an amount equal to 100 % of such income-tax or Rs. 25000, whichever is less;*
2. *total income exceed Rs. 7 lakh , the assessee shall be entitled to a deduction, from the amount of income-tax (as computed before allowing for the deductions under this Chapter) on his total income equal to tax on total income – (total income – Rs. 7 lakh)*

*Example : in AY 2024-25 total income Rs. 7,15,000, tax on such income is Rs upto 3 lakh – Rs. Nil, next 3 lakh Rs tax@ 5% = Rs. 15000 balance Rs. 1,15,000 tax @ 10% = Rs. 11500 total tax = Rs. 26500, rebate = 26500- (Rs. 7,15,000-7,00,000) = Rs. 26500-15000= Rs. 11500.*

*In AY 2025-26 tax shall be equal to upto Rs. 3 lakh tax shall be nil + from 3 lakh to Rs. 7 lakh tax shall be Rs 20000+ beyond 7 lakh income tax shall be 10% of excess 1500= Rs. 21500, rebate shall be Rs 21500-(715000-700000)=21500-15000= Rs. 6500 therefore tax liabilities shall be Rs. 15000. no difference in tax liabilities.*

# Claim of Deduction of Interest on Borrowed Capital for Computation of Income From House Property [Section 24(b)]

Section 24(b) of the Act allows deduction from income from houses property on interest on borrowed capital as under:-

- (i) The deduction is allowed only in case of house property which is owned and is in the occupation of the employee for his own residence.
- (ii) The quantum of deduction allowed as per table below:

S. No	Purpose of borrowing capital	Date of borrowing capital	Maximum Deduction allowable
1	Repair or renewal or reconstruction of the house	Any time	Rs. 30,000/-
2	Acquisition or construction of the house	Before 01.04.1999	Rs. 30,000/-
3	Acquisition or construction of the house	On or after 01.04.1999	Rs. 2,00,000/- ( w. e. f. AY 2015-16)

Deductions of Tax  
from salary Income  
**Section 16**

# Deduction of Tax from salary Income-[Section 192]

- (1) Any person responsible for paying any **income chargeable under the head “Salaries”** shall, **at the time of payment**, deduct income-tax on the amount payable **at the average rate of income-tax** computed on the basis of the **[rates in force]** for the **financial year** in which the payment is made, on the **estimated income** of the assessee under **this head** for that financial year.
- [(2) Where, during the financial year, an *assessee is employed **simultaneously under more than one employer***, or where he has held **successively employment under more than one employer**, he **may** furnish to the person responsible for making the payment referred to in sub-section (1) (being one of the said employers as the assessee may, having regard to the circumstances of his case, choose), such details of the income under the head “Salaries” due or received by him from the other employer or employers, the tax deducted at source there from and such other particulars, in such form and verified in such manner as may be **prescribed**, and thereupon the person responsible for making the payment referred to above shall take into account the details so furnished for the purposes of making the deduction under sub-section (1).]
- [(2A) Where the assessee, being a Government servant or an employee in a [company, co-operative society, local authority, university, institution, association or body] is **entitled to the relief** under sub-section (1) of section 89, he **may furnish** to the person responsible for making the payment referred to in sub-section (1), such particulars, in such form and verified in such manner as may be prescribed, and thereupon the person responsible as aforesaid shall compute the relief on the basis of such particulars and take it into account in making the deduction under sub-section (1).]

# Reporting of Other Income/loss of house property of Employee to employer for TDS on such income –Now amended by F.A (No.2)-2024

[(2B) Where an assessee who receives any income chargeable under the head “Salaries” has, *in addition*, **any income chargeable under any other head of income (not being a loss under any such head other than the loss under the head “Income from house property”)** for the same financial year, **he may send** to the person responsible for making the payment referred to in sub-section (1) the particulars of:-

(a) **such other income** and of any tax deducted thereon under any other provision of this Chapter;

(b) the **loss**, if any, under the head “**Income from house property**”,  
in such form and verified in such manner as may be prescribed, and thereupon the person responsible as aforesaid **shall take:-**

(i) **such other income** and tax, if any, deducted thereon; and

(ii) the **loss**, if any, under the head “Income from house property”,

also into account for the purposes of making the deduction under sub- section (1):

**Provided** that this sub-section shall not in any case have the effect of reducing the tax deductible except where the loss under the head “Income from house property” has been taken into account, from income under the head “Salaries” below the amount that would be so deductible if the other income and the tax deducted thereon had not been taken into account.

**Note : - Rule 26 B no specific form , only details with verification like**

## **FORM OF VERIFICATION**

I, .....(name of the assessee), do declare that what is stated above is true to the best of my information and belief.]

# Section-192(2B) Finance Act (No.2)-2024

192 (2B) Where an assessee who receives any income chargeable under the head “Salaries” has, in addition, —

- (i) any income chargeable under any other head of income (not being a loss under any such head other than the loss under the head “Income from house property”); or
- (ii) any tax deducted or collected under the provisions of Part B or Part BB of this Chapter, as the case may be, for the same financial year,

he may send to the person responsible for making the payment referred to in sub-section (1), the particulars of—

- (a) such other income;
- (b) any tax deducted or collected under any other provision of Part B or Part BB of this Chapter, as the case may be; and
- (c) the loss, if any, under the head “Income from house property”,

in such form and verified in such manner as may be prescribed, and

thereupon the person responsible as aforesaid shall take into account the particulars referred to in clauses (a), (b) and (c) for the purposes of making the deduction under sub- section (1):

Provided that this sub-section shall not in any case have the effect of reducing the tax deductible except where the loss under the head “Income from house property” has been taken into account, from income under the head “Salaries” below the amount that would be so deductible if the other income and the tax deducted in accordance with other provisions of Part B and collected in accordance with the provisions of Part BB, of this Chapter, had not been taken into account.’

# Computation of average tax

- Estimated total income after all deductions and exemptions(₹ 6 lakh)
- Tax as per normal rate on total salary including cess (₹33800/-)
- Average rate of tax = tax in step 2/total income $\times 100$   
(₹33800/600000 $\times 100$  =5.63%)
- Tax payable on ₹50000/- salary = 5.63% of ₹ 50000/-= ₹2815

Note: salary payable in foreign currency conversion in Indian currency by TT buying rate on the date on which tax required to be deducted.  
(Rule 26)



## Non Monetary Perquisite – No Need to deduct tax, if employer pay tax thereon

- Option to employer to pay tax on non monetary perquisite
- If employer pay the tax no need to deduct tax at the time of payment of salary to employee
- If employee bear the tax , employer have to deduct the tax.

- [(1A) Without prejudice to the provisions contained in sub-section (1), the person responsible for paying any income in the nature of a **perquisite** which is *not provided for by way of monetary payment*, referred to in clause (2) of section 17, may pay, at his **option**, tax on the whole or part of such income **without making any deduction there from** at the time when such tax was otherwise deductible under the provisions of sub-section (1).
- (1B) For the purpose of paying tax under sub-section (1A), tax shall be determined at the **average of income-tax** computed on the basis of the rates in force for the financial year, on the income chargeable under the head “Salaries” including the income referred to in sub-section (1A), and the tax so payable shall be construed as if it were, a tax deductible at source, from the income under the head “Salaries” as per the provisions of sub-section (1), and shall be subject to the provisions of this Chapter.]

# More than one employer

(2) Where, during the financial year, an *assessee is employed **simultaneously under more than one employer***, or where he has held **successively employment under more than one employer**, he **may** furnish to the person responsible for making the payment referred to in sub-section (1) (being one of the said employers as the assessee may, having regard to the circumstances of his case, choose), such details of the income under the head “Salaries” due or received by him from the other employer or employers, the tax deducted at source there from and such other particulars, in such form and verified in such manner as may be **prescribed**, and thereupon the person responsible for making the payment referred to above shall take into account the details so furnished for the purposes of making the deduction under sub-section (1).]

**Note : - Rule 26 A and form 12 B**

## Furnishing of Form 10 E – Relief u/s 89 (1) – Arrear salary

(2A) Where the assessee, being a Government servant or an employee in a [company, co-operative society, local authority, university, institution, association or body] is **entitled to the relief** under sub-section (1) of section 89, he **may furnish** to the person responsible for making the payment referred to in sub-section (1), such particulars, in such form and verified in such manner as may be prescribed, and thereupon the person responsible as aforesaid shall compute the relief on the basis of such particulars and take it into account in making the deduction under sub-section (1).]

Rule 21 AA and Form 10 E

**Note :- Form 10 E along with ITR electronically online**

Details of perquisite  
and profit in lieu of  
salary Form 12 BA

192 (2C) A person responsible for paying any income chargeable under the head “Salaries” shall **furnish** to the person to whom such payment is made a statement giving correct and complete **particulars of perquisites or profits in lieu of salary** provided to him and the value thereof in such form and manner as may be **prescribed**.

**Note Rule 26 A and form 12 BA along with form 16.**

**Evidence or proof or particulars of claims from the employee[Section 192(2D) ]**  
**[Section 192 (2D) inserted by Finance Act 2015]**

The person responsible for making the payment referred to in sub-section (1) shall, for the purposes of estimating income of the assessee or computing tax deductible under sub-section (1), **obtain** from the assessee the **evidence or proof or particulars of prescribed claims** (including claim for set-off of loss) under the provisions of the Act in such form and manner as may be prescribed.

## **Adjustment of excess / short deductions- Section 192(3)**

The person responsible for making the payment referred to in sub-section (1) [or sub-section (1A)] [or sub-section (2) or sub-section (2A) or sub-section (2B)] **may**, at the time of making any deduction, **increase or reduce** the amount to be deducted under this section **for** the purpose of **adjusting any excess or deficiency arising out of any previous deduction or failure to deduct tax** during the financial year.

Miscellaneous-  
section 192(4)

The **trustees of a recognized provident fund**, or any person authorized by the regulations of the fund to make payment of accumulated balances due to employees, shall, in cases where sub-rule (1) of rule 9 of Part A of the Fourth Schedule applies, at the time an accumulated balance due to an employee is paid, make there from the **deduction** provided in rule 10 of Part A of the Fourth Schedule.

(5) Where any **contribution made by an employer**, including interest on such contributions, if any, in an approved superannuation fund is paid to the employee, **[tax]** on the amount so paid shall **be deducted by the trustees** of the fund to the extent provided in rule 6 of Part B of the Fourth Schedule.

(6) For the purposes of deduction of tax on **salary payable in foreign currency**, the value in rupees of such salary shall be **calculated at the prescribed rate of exchange**.

# Due dates for payment of TDS (Rule 30)

## (a) In case of an Office of Government:

<i>Sl. No.</i>	<i>Description</i>	<i>Time up to which to be deposited.</i>
1	Tax deposited without Challan [Book Entry]	SAME DAY
2	Tax deposited with Challan	7th DAY NEXT MONTH
3	Tax on perquisites opted to be deposited by the employer.	7 th DAY NEXT MONTH

However, if a DDO applies before the jurisdictional Additional/Joint Commissioner of Income Tax to permit quarterly payments of TDS under section 192, the Rule 30(3) allows for payments on quarterly basis and as per time given in Table below:

<i>Sl. No.</i>	<i>Description</i>	<i>Time up to which to be deposited.</i>
1	30th June	7th July
2	30th September	7th October
3	31st December	7th January
4	31st March	30th April next Financial Year



# TDS due dates continued.....

## **(b) In any case other than an Office of Government**

<i>Sl. No.</i>	<i>Description</i>	<i>Time up to which to be deposited.</i>
1	Tax deducted in March	30th APRIL NEXT FINANCIAL YEAR
2	Tax deducted in any other month	7th DAY NEXT MONTH
3	Tax on perquisites opted to be deposited by the employer	7th DAY NEXT MONTH

# Mode of payment of TDS

1 Compulsory filing of Statement by PAO, Treasury Officer, etc in case of payment of TDS by Book Entry u/ s 200 (2A):

(A)	submit a statement in Form No. 24G under section 200 (2A) on or before the 30th day of April where statement relates to the month of March; and in any other case, on or before 15 days from the end of relevant month to the agency authorized by the Director General of Income-tax (Systems) [TIN Facilitation Centres currently managed by M/s National Securities Depository Ltd] in respect of tax deducted by the deductor and reported to him for that month; and
(B)	intimate the number (hereinafter referred to as the Book Identification Number or BIN) generated by the agency to each of the deductor in respect of whom the sum deducted has been credited. BIN consist of receipt number of Form 24G, DDO sequence number in Form No. 24G and date on which tax is deposited.

If the PAO/CDDO/TO etc, as stated above, fails to deliver the statement as required u/s 200(2A), he will be liable to pay, by way of penalty, under section 272A(2)(m), a sum which shall be Rs.100/- for every day during which the failure continues. However, the amount of such penalty shall not exceed the amount of tax which is deductible at source.

## Consequence of Failure to deduct or deposit of tax deducted

For failure to deduct tax- Deductor shall be deemed to be assessee in default

for failure to deposit the tax after deduction- Deductor shall be deemed to be to be assessee in default

Interest or non- deduction @1% per month or part of month

Interest or non- deposit @1.5 % per month or part of month

4.5.1 If a person fails to deduct the whole or any part of the tax at source, or, after deducting, fails to pay the whole or any part of the tax to the credit of the Central Government within the prescribed time, he shall be liable to action in accordance with the provisions of section 201 and shall be deemed to be an assessee-in-default in respect of such tax and liable for penal action u/s 221 of the Act.

Further Section 201(1A) provides that such person shall be liable to pay simple interest

- i. @1% for every month or part of the month on the amount of such tax from the date on which such tax was deductible to the date on which such tax is deducted; and
- ii. @ 1.5% for every month or part of a month on the amount of such tax from the date on which such tax was deducted to the date on which such tax is actually paid.

Such interest, if chargeable, is mandatory in nature and has to be paid before furnishing of quarterly statement of TDS for respective quarter.

## Penalty and prosecution

**Penalty** for failure to deduct tax or failure to deposit of tax after deduction- penalty equal to amount of tax

**Punishment** : **rigorous** imprisonment for a term which shall be **between 3 months and 7 years, along with fine.**

**4.5.2** Section 271C inter alia lays down that if any person fails to deduct whole or any part of tax at source or fails to pay the whole or part of tax under the second proviso to section 1B, he shall be liable to pay, by way of penalty, a sum equal to the amount of tax not deducted or paid by him.

- **4.5.3** Further, section 276B lays down that if a person fails to pay to the credit of the Central Government within the prescribed time, as above, the tax deducted at source by him or tax payable by him under the second proviso to Section 1B, he shall be punishable with A punishment for late deposit of tax or none deposit of tax-**rigorous** imprisonment for a term which shall be **between 3 months and 7 years, along with fine.**

- ***No prosecution if tax deposited before due date of TDS Statement:*** *It is proposed to insert a proviso to the said section so as to provide that the provisions of this section shall not apply if the payment referred to in clause (a) has been made to the credit of the Central Government at any time on or before the time prescribed for filing the statement under sub-section (3) of section 200. This amendment will take effect from **1st October, 2024.***

# TDS Certificate (Section 203)

**4.6.1** Section 203 requires the DDO to furnish to the employee a certificate in Form 16 detailing the amount of TDS and certain other particulars. Rule 31 prescribes that Form 16 should be furnished to the employee by 15th June after the end of the financial year in which the income was paid and tax deducted. Even the banks deducting tax at the time of payment of pension are required to issue such certificates. A copy of Form 16 is enclosed. The certificate in Form 16 shall specify

a	Valid permanent account number (PAN) or Aadhaar number, as the case may be, of the deductee;
b	Valid tax deduction and collection account number (TAN) of the deductor;
c	(i) Book identification number or numbers (BIN) where deposit of tax deducted is without production of challan in case of an office of the Government;
	(ii) Challan identification number or numbers (CIN*) in case of payment through bank.
	(*Challan identification number (CIN) means the number comprising the Basic Statistical Returns (BSR) Code of the Bank branch where the tax has been deposited, the date on which the tax has been deposited and challan serial number given by the bank.)
d	Receipt numbers of all the relevant quarterly statements of TDS (24Q). The receipt number of the quarterly statement is of 8 digit.

## Certain essential points regarding the filing of the Statement and obtaining TDS certificates are mentioned below:

a	TDS certificate (Form 16) would be generated for the deductee only if Valid PAN or Aadhaar number as the case may be, is correctly mentioned in the Annexure II of Form 24Q in Quarter 4 filed by the deductor. Moreover, employers are advised to ensure in Form 16 that the status of "matching" with respect to "Form 24G/OLTAS" is 'F'. If the status of matching other than 'F', kindly take necessary action promptly to rectify the same. It is pertinent to mention here that certain facilities have been provided to the deductor at website <a href="http://www.tdscpc.gov.in/">www.tdscpc.gov.in/</a> including online correction of statements (Form 24Q).
b	The employer should quote the <b>gross amount of salary</b> (including any amount exempt under section 10 and the deductions under chapter VI A) in column 321 (Amount paid/credited) of Annexure I of Form 24Q as per NSDL RPU (hereafter Return Preparation Utility).
c	The employer should quote the <b>amount of salary excluding any amount exempt under section 10</b> in column 333 (Total amount of salary) of Annexure II of Form 24Q as per NSDL RPU.
d	TDS on <b>Income (including loss from House Property)</b> under any Head other than the head "Salaries" offered for TDS (shown in column 339) can be shown in column 350 (Reported amount of TDS by previous employer, as per NSDL RPU).
e	Employer is advised to quote <b>Total Taxable Income</b> (Column 346) in Annexure II without rounding-off and TDS should be deducted and reported accordingly i.e. without rounding-off of TDS also.

### 4.6.3 Authentication by Digital Signatures:

(i)	Where a certificate is to be furnished in Form No. 16, the deductor may, at his option, use digital signatures to authenticate such certificates.
(ii)	In case of certificates issued under clause (i), the deductor shall ensure that
(a)	the conditions prescribed in para 4.6.1 above are complied with;
(b)	once the certificate is digitally signed, the contents of the certificates are not amenable to change; and
(c)	the certificates have a control number and a log of such certificates is maintained by the deductor.
	The digital signature is being used to authenticate most of the e-transactions on the internet as transmission of information using digital signature is failsafe. It saves time specially in organisations having large number of employees where issuance of certificate of deduction of tax with manual signature is time consuming (Circular no 2 of 2007 dated 21.05.2007)

**PART B OF FORM NO.  
16 ON OR AFTER 1st  
day of April, 2018 from  
TRACES**

**NOTIFICATION NO. S.O.  
584(E) [NO.9/2019 (F.NO.  
370142/5/2018-TPL(PT.))],  
DATED 6-5-2019.**

- **All deductors** (including Government deductor who deposit TDS in the Central Government Account through book entry) **shall be able to issue the TDS certificate in Part B of Form No. 16 (by generation and download through TRACES Portal)** in respect of all sums deducted on or after the 1st day of April, 2018 under the provisions of section 192 of Chapter XVII-B **provided that the relevant TDS statement for the fourth quarter i.e. Form 24Q is furnished along with duly filled in Annexure II of Form 24Q as substituted vide Central Board of Direct Taxes Notification No. 36/2019 dated 12-4-2019.**
- To ensure generation of accurate TDS certificate in Part B of Form No. 16, the deductor(s) need to report correct data in Annexure II of Form 24Q.
- The TRACES generated Form No. 16 shall have a unique TDS certificate number.



## Changes in **Part B of form 16**

**NOTIFICATION NO.36/2019  
DATED 12-4-2019 amended  
on 03/05/2019**

- Death-cum-retirement gratuity under section 10(10)
- Commuted value of pension under section 10(10A)
- Cash equivalent of leave salary encashment under section 10(10AA)
- Deduction u/s 80G, Deduction in respect of interest on deposits in savings account under section 80TTA and other deduction added

## ***Compulsory Requirement to furnish PAN by employee (Section 206AA)***

- Section 206AA in the Act makes furnishing of PAN or Aadhaar number as the case may be, by the employee compulsory in case of receipt of any sum or income or amount, on which tax is deductible. If employee (deductee) fails to furnish his/her PAN or Aadhaar number as the case may be, to the deductor, the deductor has been made responsible to make TDS at **higher of the following rates**:
  - (i) at the rate specified in the relevant provision of this Act; or
  - (ii) at the rate or rates in force; or
  - (iii) at the rate of 20%.
- The deductor has to determine the tax amount in all the three conditions and apply the higher rate of TDS.

However, where the income of the employee computed for TDS u/s 192 is below taxable limit, no tax will be deducted.
- But where the income of the employee computed for TDS u/s 192 is above taxable limit, the deductor will calculate the average rate of income-tax based on rates in force as provided in sec 192. If the tax so calculated is below 20%, deduction of tax will be made at the rate of 20% and in case the average rate exceeds 20%, tax is to be deducted at the average rate.
- Health and Education cess @ 4% is not to be deducted, in case the tax is deducted at 20% u/s 206AA of the Act.

**[Special provision for deduction of tax at source for non-filers of income-tax return. S- 206AB. ]** High TDS for non-filer of ITR.

(1) Notwithstanding anything contained in any other provisions of this Act, where tax is required to be deducted at source under the provisions of Chapter XVIIIB, **other than section** 192, 192A, 194B, [194BA,]194BB, [194-IA, 194-IB, 194LBC, 194M or 194N] on any sum or income or amount paid, or payable or credited, by a person to a **specified person**, the tax shall be deducted at the higher of the following rates, namely:—

- (i) at twice the rate specified in the relevant provision of the Act; or
- (ii) at twice the rate or rates in force; or
- (iii) @ 5% .

(2) If the provisions of section 206AA & 206AB both are applicable to a specified person, tax shall be deducted at higher of the two rates provided in section 206AB and section 206AA.

(3) "**specified person**" means a person who has not [furnished the return of income for the assessment year relevant to the previous year immediately preceding the financial year in which tax is required to be deducted, for which the time limit for furnishing the return of income under section 139(1) has expired and the aggregate of tax deducted at source and tax collected at source in his case is Rs. 50000/-or more in the said previous year]:

[Provided that the specified person shall not include—

- (i) a non-resident who does not have a permanent establishment in India; or
- (ii) a person who is not required to furnish the return of income for the assessment year relevant to the said previous year and is notified by the Central Government in the Official Gazette in this behalf.

Explanation.—For the purposes of this sub-section, the expression "permanent establishment" includes a fixed place of business through which the business of the enterprise is wholly or partly carried on.]

## Person responsible for deduction of tax on salary [section 204]

- in the case of credit, or as the case may be, payment of any sum chargeable under the provisions of this Act made by or on behalf of the Central Government or the Government of a State, the drawing and disbursing officer (DDO) or any other person, by whatever name called, responsible for crediting, or as the case may be, paying such sum;[ section 204(iv)]
- *Payer is a person not resident in India, the person himself or any person authorised by such person or the agent of such person in India including any person treated as an agent under [section 163](#). ]*
- Other cases- employer himself or, if the employer is a company, the company itself, including the principal officer thereof;

# Deduction of tax at lower rate – section 197

- Section 197
- Rule 28AA
- Form 13 – application form for lower deduction certificate
- Reporting in 24 Q about lower deduction certificate

- If employee has lower deduction certificate, DDO shall deduct tax as per rate mentioned in certificate and reporting 24 Q about the certificate.
- Subject to rules made under sub-section (2A), [where, in the case of any income of any person [or sum payable to any person], income-tax is required to be deducted at the time of credit or, as the case may be, at the time of payment at the rates in force under the provisions of [sections 192](#), [193](#), [\[194\]](#), [194A](#), [\[194C\]](#), [194D](#), [\[194G\]](#) [, [194H\]](#) [, [194-I\]](#) [, [194J\]](#) [, [194K\]](#) [, [194LA\]](#) [, [194LBB](#), [194LBC\]](#) [, [194M\]](#) [, [194-O\]](#) and [195](#), the Assessing Officer is satisfied] that the total income of the recipient justifies the deduction of income-tax at any lower rates or no deduction of income-tax , as the case may be, the [Assessing] Officer shall, on an application made by the assessee in this behalf, give to him such certificate as may be appropriate.
- Where any such certificate is given, the person responsible for paying the income shall, until such certificate is cancelled by the [Assessing] Officer, deduct income-tax at the rates specified in such certificate or deduct no tax, as the case may be.[s-197(2)]

Due date of payment  
of tax – rule 30  
For government  
deductor

- tax deposited without challan by Book entry – same day
- Other cases – within 7 days of next month

Note: DDO may apply to Assessing Officer, he may with the prior approval of the Joint Commissioner, permit quarterly payment of the tax deducted under section 192 in the 7th of next month.[ R-30(3)]

**deduction of tax  
under section 200(3)  
[Quarterly Statement  
of TDS in form 24Q]**

**TAXATION AND OTHER  
LAWS (RELAXATION AND  
AMENDMENT OF  
CERTAIN PROVISIONS)  
ACT, 2020**

**For 24 Q OF Q-4 OF FY  
19-20 upto 31-07-2020**

**For Q-1 and Q-2 of FY  
2020-21 DUE DATE UPTO  
31-03-2021.**

**Due dates of filing Quarterly Statements in  
Form 24Q**

Sl. No.	Date of ending of quarter of financial year	Due date
1	30th June	31st July of the financial year
2	30th September	31st October of the financial year
3	31st December	31st January of the financial year
4	31st March	31st May of the financial year immediately following the financial year in which the deduction is made

## **Fee for default in furnishing statements (Section 234E)**

- If a person fails to deliver or caused to be delivered a statement within the time prescribed in section 200(3) in respect of tax deducted at source [on or after 1.07.2012] he shall be liable to pay, by way of fee a sum of **Rs. 200 for every day** during which the failure continues. However, the amount of such fee shall not exceed the amount of tax which was deductible at source.
- This fee is mandatory in nature and to be paid before furnishing of such statement.



## Penalty for failure in furnishing statements or furnishing incorrect information (section 271H)

No penalty if filing of statement of TDS after payment of interest and late fee within 1 year

If a person fails to deliver or caused to be delivered a statement within the time prescribed in section 200(3) or furnishes an incorrect statement, in respect of tax deducted at source [on or after 1.07.2012], he shall be liable to pay, by way of penalty a sum which shall **not be less than Rs. 10,000/- but which may extend to Rs 1,00,000/-**.

However, the penalty shall not be levied if the person proves that after paying TDS with the fee and interest, if any, to the credit of Central Government, he had delivered such statement before the expiry of one year from the time prescribed for delivering the statement.

# furnishing of TDS certificates

- ☐ Section 203
- ☐ Rule 31
- ☐ Form 16 ( Salary u/s 192 & *and section 194P* )
- ☐ Form 16A( other than salary)
- ☐ 16B immovable property sale exceeding Rs.50 Lakhs.
- ☐ Form 16C Tds on rent exceeding Rs. 50000 per month 194IB.
- ☐ Form 16D Tds on payment for work exceeding Rs. 50 lakh @ 5% by individual/HUF not under tax audit
- ☐ Form 16E Tds @ 1% on payment for transfer of Virtual diital assets

- Form 16 – by 16<sup>th</sup> June of next FY
- Form –16A- within 15 days of due date of TDS return
- Form No.16B - within 15 days of due date of Challan cum statement in 26QB.(Section-194IA)
- Form No.16C - within 15 days of due date of Challan cum statement in 26QC.(Section-194IB)
- Form No.16D - within 15 days of due date of Challan cum statement in 26QD.(Section-194M)
- Form No.16E - within 15 days of due date of Challan cum statement in 26QE.(Section-194S)

CHANGES THROUGH  
F.A(No.2) 2024 IN TDS  
PROVISIONS

Section with nature of payments	Present TDS Rate	Proposed TDS Rate	With effect from
Section 194D - Payment of insurance commission (in case of person other than company).	5%	2%	1.4.2025
Section 194DA - Payment in respect of life insurance policy.	5%	2%	01.10.2024
Section 194G – Commission etc on sale of lottery tickets	5%	2%	01.10.2024
Section 194H - Payment of commission or brokerage	5%	2%	01.10.2024
Section 194IB - Payment of rent by ind/HUF rent exceeding Rs. 50000/- p.m	5%	2%	01.10.2024
Section 194 M - Payment of certain sums by certain individuals or Hindu undivided family	5%	2%	01.10.2024
Section 194-O - Payment of certain sums by e-commerce operator to e-commerce participant	1%	0.1%	01.10.2024
Section 194F relating to payments on account of repurchase of units by Mutual Fund or Unit Trust of India	Proposed to be omitted		01.10.2024

## **TDS On of remuneration, interest to Partners. New section 194 T from 1-4-2025**

Presently there is no provision for deduction of tax at source (TDS) on payment of salary, remuneration, interest, bonus, or commission to partners by the partnership firm. Hence, it is proposed that a new TDS section 194T may be inserted to bring payments such as salary, remuneration, commission, bonus and interest to any account (including capital account) of the partner of the firm under the purview of TDS for aggregate amounts more than Rs 20,000 in the financial year. Applicable TDS rate will be 10%.

# TCS under sub-section (1F) of section 206C on notified goods

Sub-section (1F) of section 206C provides that every person, being a seller, who receives any amount as consideration for sale of a **motor vehicle** of the value exceeding 10 lakh rupees, shall, at the time of receipt of such amount, collect from the buyer, a sum equal to 1% of the sale consideration as income-tax.

It has been seen that there has been an increase in expenditure on **luxury goods** by high net worth persons. For proper tracking of such expenses and in order to widen and deepen the tax net, it is proposed to amend sub-section (1F) of section 206C to also levy TCS on any other goods of value exceeding 10 lakh rupees, as may be notified by the Central Government in this behalf. Such goods would be in the nature of luxury goods.

**With effect from the 1st day of January, 2025.**

## **Amendment of provisions of TDS on sale of immovable property in section 194IA**

limit of Rs 50, Lakh to be checked per property and not per Payer or per Payee in the case of Joint Property. amendments will take effect from the **1st day of October, 2024.**

# Section 194C and 194J are mutually exclusive

Section 194C of the Act provides for TDS on payments to contractors at the rate of 1% when the payment is being made or credit is being given to an individual or HUF and 2% in other cases. Section 194J of the Act relates to TDS on fees for professional or technical services wherein the applicable TDS rates are 2% or 10% depending on the nature of payment being made.

Clause (iv) of the Explanation of section 194C **defines “work”** to specify which all activities would attract TDS under section 194C. However, there is no explicit exclusion of assessee who are required to deduct tax under section 194J from requirement or ability to deduct tax under section 194C of the Act. Therefore some deductor are deducting tax under section 194C of the Act when in fact they should be deducting tax under section 194J of the Act.

3. In view of the above, it is proposed to explicitly state that any sum referred to in sub-section (1) of section 194J does not constitute “work” for the purposes of TDS under section 194C.

4. The amendment will take effect from 1st day of October 2024.



**Interest on late payment of TCS after collection @ 1% p.m** whereas Interest on late payment of TDS after deduction @1.5% now section 206C amended so as interest on late payment of TCS after collection is also 1.5% from 01-04-2025.

**Claiming credit for TCS of minor in the hands of parent :** there is no provision in the Act for allowing credit of TCS to any other person (e.g. parent) other than the collectee. For example, funds remitted under the Liberalized Remittance Scheme of the Reserve Bank of India may have been remitted in the name of minor and accordingly tax would have been collected under sub-section (1G) of section 206C. However, there is no provision for the parent to claim the same in their tax return. However, to ensure that this provision is not misused, credit of TCS of the minor shall only be allowed where the income of the minor is being clubbed with the parent as under sub-section (1A) of section 64 of the Act which states that in computing the total income of any individual, there shall be included all such income as arises or accrues to his minor child. The amendment will take effect from the 1st day of January, 2025.

# **Provision pertaining to filing of ITR**

## Contents:

- Section 139 of income tax Act 1961 read with rule 12 of the income tax rules 1962
- Changes in Income Tax law By F.A (No.2) 2024
- Changes in ITR Form-1 to 7 for AY 2020-21
- **NOTIFICATION NO. G.S.R. 338(E) [NO. 31/2020/F. NO. 370142/32/2019-TPL], DATED 29-5-2020 notifying new ITR form**

## Mandatory filing of ITR

- ❑ Mandatory filing on crossing total income beyond threshold limit- other than company , Firm, LLP
- ❑ Mandatory filing irrespective of income or loss such as Company, firm, LLP, other cases where ITR filing mandated.

## Other cases where ITR filing mandated:

1. 1<sup>st</sup> proviso to section 139(1): 1/6 economic criteria not applicable now.
2. 3<sup>rd</sup> proviso to section 139(1): company or firm( including LLP) return of income or loss
3. 4<sup>th</sup> proviso to section 139(1): beneficial owner of any foreign assets or signing authority in accounts located outside India or beneficiary of foreign asset.
4. 7<sup>th</sup> proviso to section 139(1): deposit in one or more current a/c exceeding ₹1 crore, or expense of electricity consumption exceeds ₹1 lakh or foreign travel expense exceeds ₹ 2 lakhs.

## Mandatory filing based on threshold limit

6<sup>th</sup> proviso to section in 139(1)  
Inserted by the Finance Act,  
2005, w.e.f. 1-4-2006 AY 2006-07

- ❑ Threshold limit for AY 2020-21: age > 85 years : ₹ 5 lakh; age > 60 years : ₹ 3 lakh; below 60 years ₹ 2.50 lakh ( refer schedule -1 Part -I of FA 2020.
- ❑ For mandatory ITR filing requirement whether we have to check total income exceeding threshold limit or we have to check total income before exemption u/s 10(38), 10A, 10B, 10BA, 54 to 54GB or deduction under chapter VIA.?
- ❑ Section 139(1) Vs. 6th proviso of section 139(1)

Provided also that every person, being an individual or a HUF or an AOP or a BOI, whether incorporated or not, or an artificial juridical person, if his total income or the total income of any other person in respect of which he is assessable under this Act during the previous year, **without giving effect** to the provisions of section 10(38) or section 10A or section 10B or section 10BA or section 54 or section 54B or section 54D or section 54EC or section 54F or section 54G or section 54GA or section 54GB or Chapter VI-A exceeded the maximum amount which is not chargeable to income-tax, shall, on or before the due date, furnish a return of his income or the income of such other person during the previous year, in the prescribed form and verified in the prescribed manner and setting forth such other particulars as may be prescribed

## 4<sup>th</sup> proviso to section 139(1):

**beneficial owner**" in respect of an asset means an individual who has **provided**, directly or indirectly, **consideration for the asset** for the immediate or future benefit, direct or indirect, of himself or any other person.*[Explanation 4]*

**beneficiary**" in respect of an asset means an individual who **derives benefit from the asset** during the previous year and the consideration for such asset has been provided by any person other than such beneficiary

Provided also that a person, being a **resident other than not ordinarily resident in India** within the meaning of clause (6) of section 6, who is not required to furnish a return under this sub-section and who at any time during the previous year,—

(a) holds, as a beneficial owner or otherwise, any asset (including any financial interest in any entity) located outside India or has signing authority in any account located outside India; or

(b) is a beneficiary of any asset (including any financial interest in any entity) located outside India,

shall furnish, on or before the due date, a return in respect of his income or loss for the previous year in such form and verified in such manner and setting forth such other particulars as may be prescribed:

7th proviso of section 139(1) Inserted by the Finance (No. 2) Act, 2019, w.e.f. 1-4-2020 .i.e AY 2020-21

**Meaning of *travel to a foreign country*:** expression "travel to any foreign country" **does not include** travel to the neighbouring countries or to such places of pilgrimage as the Board may specify in this behalf by notification in the Official Gazette.[*Explanation 3*]

Covers any person **other than firm or company** (individuals, HUF, BOI, AOP etc.) *who is otherwise not required to furnish a return under section 139(1)*

- (a) deposit more than **Rs 1 crore** in one or more current accounts *maintained with a **banking company** or a **co-operative bank*** in the FY,
- (b) spent more than **Rs 2 lakh** *for **travel to a foreign country*** on him/herself or any other person and
- (c) ***incurred expenditure of an amount or aggregate of the amounts exceeding ₹ 1 lakh towards consumption of electricity***
- (d) *fulfils such other conditions as may be prescribed*

Such person have to mandatorily filed ITR.

**Note:** such person may be individual as well and such individual can file ITR-1.



Special Tax rate on income referred to in [section 68](#) or section 69 or [section 69A](#) or [section 69B](#) or [section 69C](#) or [section 69D](#).

**115BBE.** [(1) Where the total income of an assessee,—

(a) includes any income referred to in [section 68](#) , section 69, [section 69A](#) , [section 69B](#) , [section 69C](#) or [section 69D](#) and reflected in the return of income furnished under [section 139](#) ; or

(b) determined by the Assessing Officer includes any income referred to in [section 68](#) , section 69, [section 69A](#) , [section 69B](#) , [section 69C](#) or [section 69D](#) , if such income is not covered under clause (a),

the income-tax payable shall be the aggregate of—

(i) the amount of income-tax calculated on the income referred to in clause (a) and clause (b), at the rate of 60%; and

(ii) the amount of income-tax with which the assessee would have been chargeable had his total income been reduced by the amount of income referred to in clause (i).

(2) Notwithstanding anything contained in this Act, **no deduction** in respect of **any expenditure or allowance** or set off of any loss] shall be allowed to the assessee under any provision of this Act in computing his income referred to in clause (a) [and clause (b)] of sub-section (1).

# common mistakes to be avoided while filing ITR

- *Avoid filing ITR at the last hour and in a hurry*
- *Incorrect personal details:*
- *If you are a partner or director in a company or signatory in any foreign bank account*
- *Correct details of residential status*
- *Incorrect classification of nature of income*
- *Interest income left to be reported*
- *Self-occupied house property*
- *Proportionate ownership share*
- *Mismatch of reporting of income without considering the transaction reported in 26AS, AIS, and TIS of the taxpayer.*
- *Non-reporting of Exempt income*
- *Clubbing of income:*

# common mistakes to be avoided while filing ITR

- *Clubbing of income:*
- *If Loss suffered during the year*
- *Set off of one head of income with losses of other head*
- *Opting for section 115BAC*
- *Wrong reporting of capital gain transactions in the ITR*
- *No reporting of capital gain*
- *None filing of ITR by the legal heir or successor in the case of death of assessee.*
- *Filing of return without scrutinizing the bank statement*
- *Claiming any Relief u/s 89 (Arrear of salary ) without Filling of Form 10E before the filing of the return –*
- *Ensure correct detail in schedule AL of the ITR*
- *ensure new deductions available under chapter VIA*
- *Avoid claiming of fake deductions*



**Thank You**

THANK YOU

CA PP SINGH

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